

A black and white photograph of a woman, likely a retail employee, smiling warmly. She has short, dark, wavy hair and is wearing a light-colored cardigan over a white shirt. A name tag is visible on her chest. The background is a blurred retail environment with shelves of products. This image serves as the background for the central text.

# **ARE YOUR CUSTOMER SERVICE METRICS TELLING THE TRUTH?**

Many rank frontline teams unfairly.



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It's frightening how many companies are measuring and managing customer service with inaccurate metrics.

— Sandy Rogers, Customer Loyalty Practice Leader

# LET'S GET THE BAD NEWS OUT OF THE WAY.

If you're relying on receipt or email surveys to measure customer service, there's a good chance you're promoting, praising, and paying the wrong people.

WHEN SURVEY RESULTS  
IMPACT THE RANKING OF  
INDIVIDUAL MANAGERS,  
IT'S ONLY FAIR TO GET  
THE RANKING RIGHT.

We all want good customer service metrics that represent our customer views as a whole. It's how we rank managers and locations, glean best practices, and learn who to coach. Sure, receipt and email surveys are cheap and we get some data to analyze.

The problem? The response rates are so low that survey results for a specific location or frontline leader are often dead wrong.

# CUSTOMER LOYALTY MYTH #1

## BIGGER SAMPLES ARE MORE ACCURATE.

Not necessarily. What's more important than the size is how random it is. A random sample ensures that your respondents behave like your entire customer base. That means you can trust the feedback from a small group to accurately predict what all your customers think.

## Beware of low response rates.

Most receipt and email surveys violate a key principle of accurate statistics: randomness. Sure, they are easy to distribute, but only a small percentage of people respond to receipt surveys and less than 40% respond to most email surveys, often people who are unusually vocal, want the free appetizer coupon, or simply have a lot of time on their hands. Let's be honest—when was the last time you completed a survey?

With low-response receipt and email surveys, your respondents likely don't represent the views of all your customers, which means you don't really know which frontline teams are delivering excellent service and which aren't.

Since low response surveys often fail to provide a random sample, you may be:

- Ranking locations incorrectly
- Identifying the wrong locations and managers to emulate
- Rewarding and penalizing the wrong people

Here's a quick test: take a look at a recent batch of receipt or email survey respondents and their subsequent spending or retention. Does it match the behavior of your overall customer base? If not, you've got a problem.

# AND NOW THE GOOD NEWS.

To improve the customer experience across your chain, you need reliable rankings that your operational leaders can use to identify which frontline managers to reward and study for best practices, and which ones to coach and hold accountable for poor service.



So how do we get these reliable rankings? In our experience, the best way to get a random sample is a survey that gets a high cooperation rate from randomly chosen customers. We've found that a short, live telephone interview achieves 75-95% cooperation rates, more than double the average email cooperation rate. And rankings of frontline teams based on this data, in turn, correlate much better with growth and customer retention.

## CUSTOMER LOYALTY MYTH #2

### SHORT PHONE SURVEYS AREN'T WORTH THE EXTRA MONEY.

Phone surveys can cost up to three times more than receipt and email surveys. But if the sample from cheaper receipt or email surveys for a location isn't accurate and doesn't correlate with growth, it's a waste of money. Accurate data is critical to managing your business effectively. All the leading polls that rank political candidates use phone surveys for this reason.

### Let's look at a real-life example.

We recently worked with a well-known retail chain that was serious about providing a great customer experience. Their customer satisfaction data affected performance reviews, salary changes, bonuses, and promotions for their store managers. They gathered this data using receipt surveys to rank their stores. We wanted to see how accurate this ranking was.

The organization randomly selected 30 stores across the chain to participate in a test that compared their traditional receipt surveys to short, live phone surveys. Here's what we found:

	TRIED TO REACH	% AWARE OF SURVEY	# SURVEY INVITATIONS	# COMPLETED INTERVIEWS	CO-OP RATE
RECEIPT	200,362 <sup>1</sup>	50% <sup>2</sup>	100,180	3,922	4%
PHONE	29,456 <sup>3</sup>	13% <sup>4</sup>	3,801	3,000	79%

Of the customers that were aware of these surveys, we had a 4% cooperation rate from receipt surveys and a whopping 79% cooperation rate from the phone surveys.

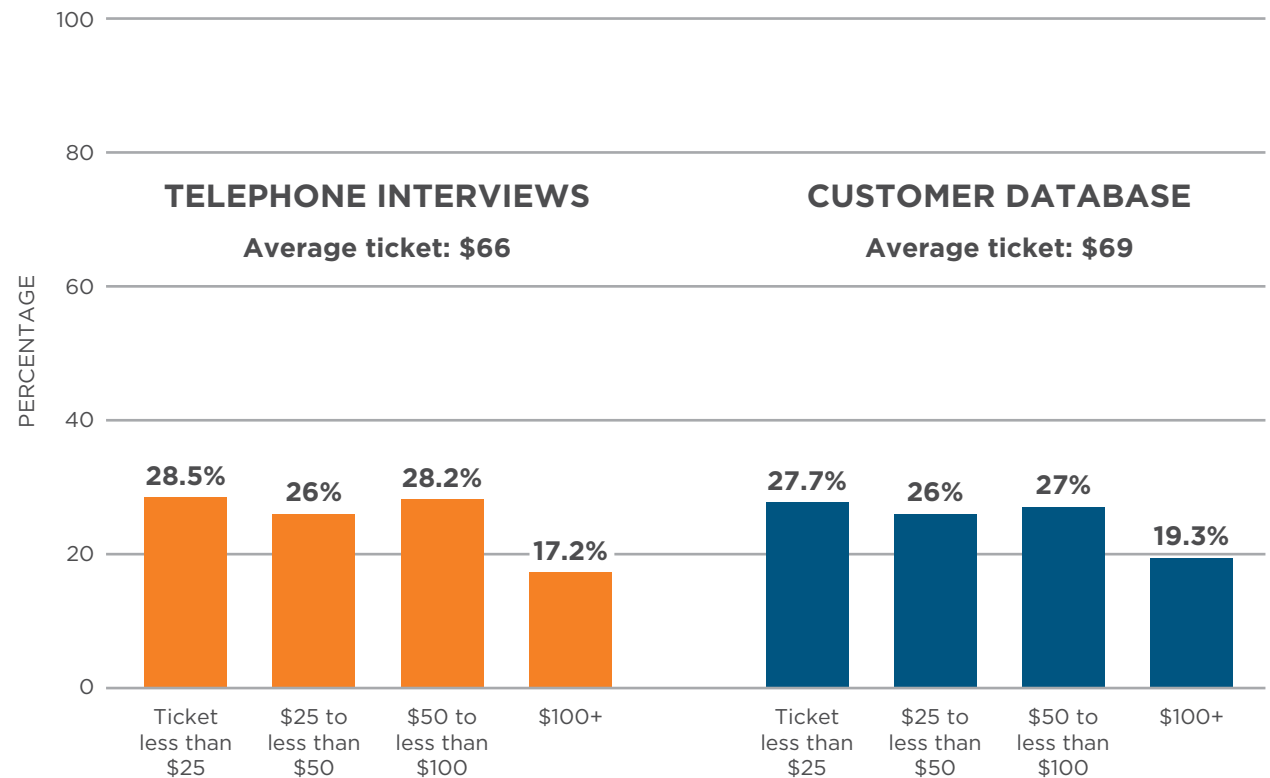
1. Approximately 1/3 of the 601,085 customers completing transactions were given the survey on their receipt.
2. Chain management believed at least 50% of customers were aware of the survey opportunity.
3. We phoned 29,456 customers, if there was no answer, we went on to next customer.
4. We were not concerned that only 13% answered their phone because they did not know who was calling; whether or not they answered their phone had nothing to do with their satisfaction with this chain.



It's inherently difficult to get passives and detractors (other than the angriest detractors) to invest the time necessary to respond to the survey and thus join the sample. Promoters nearly always have the highest response rates. The only way companies can minimize this bias is to create a system with very high response rates from the correct sample of customers.

— Fred Reichheld, *The Ultimate Question 2.0*

We then looked to see if the average purchase amount for the telephone respondents mirrored the entire customer base.

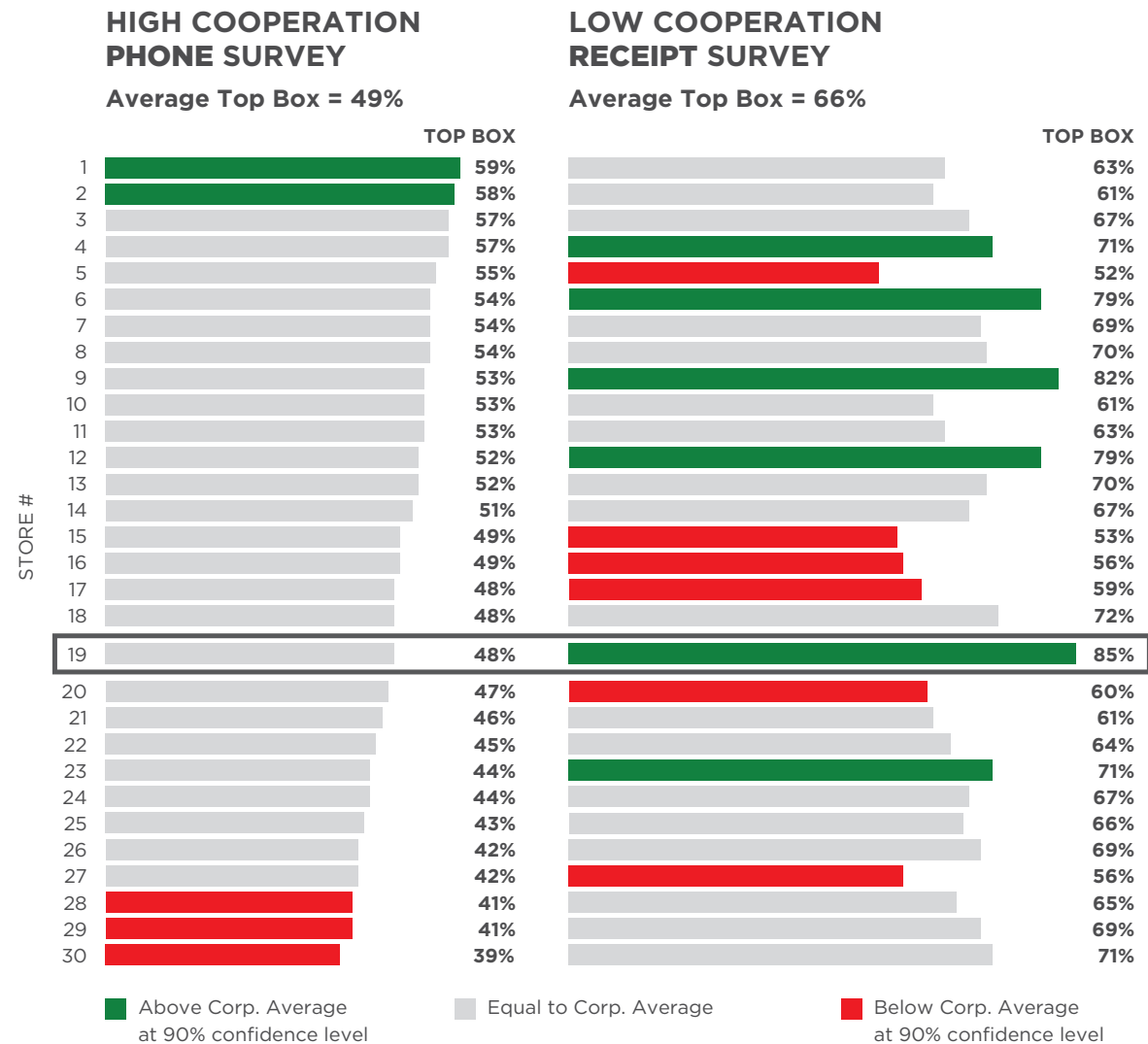


Based on average ticket size, the phone respondents unequivocally represented the entire customer base. So now we had a data set from a high-response survey that mirrored the behavior of all customers: would the short telephone surveys rank their stores differently?

Measuring bottom-up Net Promoter Scores<sup>SM</sup> with a low-response-rate survey process can lead to confusion and misleading results.

— Fred Reichheld, *The Ultimate Question 2.0*

Surveys asking the same question, but having different cooperation rates produced a completely different score and store ranking:



Switching from emailed resident relationship surveys to FranklinCovey phone surveys was a home run for Archstone. The quantity and quality of our survey responses improved dramatically, leading to less month-to-month and community-to-community volatility in our metrics. As a result, our operators placed more faith in the accuracy of measures, allowing management to leverage the data like never before.

— Chris Brust, Vice President,  
Business Intelligence, Archstone

The high cooperation phone surveys provided a much lower top box satisfaction score (49% vs. 66%) and a completely different ranking compared to the low cooperation receipt surveys. The organization had been rewarding, studying, and praising the wrong store leaders based on the receipt data. Here's the kicker: their receipt survey ranking showed no relationship to store growth. In fact, there was a *negative correlation*—red stores (below the corporate average) were growing faster than green stores (above the corporate average)! On the other hand, the store ranking from the phone survey showed a *strong* correlation with store growth.

The executive team was convinced. The chain adopted the phone survey to track the views of all their customers. Using this data, they could rank stores accurately so leaders knew where to focus attention. After a year, stores that earned high rankings on the new system also showed faster growth.

Improving your customer satisfaction scores by just 1% can yield a significant increase in revenue. For example, one of the chains we work with found that by delighting 1% more customers, they could generate \$2 million more in annual revenue!



Chains using email and receipt surveys do not identify strong and weak customer service locations accurately. These surveys don't indicate which frontline teams are properly serving customers because the samples are not random or representative. Companies selling email and receipt surveys argue they are cheap and the information they provide is 'good enough.' Would you hire an eighth grade math student to calculate the P&L for each of your locations arguing it is 'good enough?'

— Sandy Rogers, Customer Loyalty Practice Leader

## CUSTOMER LOYALTY MYTH #3

### EMAIL SURVEYS ARE BEST BECAUSE THEY GET HIGHER COOPERATION RATES.

Email surveys usually do get higher cooperation rates than receipt surveys, but nowhere near the 75% cooperation rate needed for accuracy. In fact, a leading management consulting firm achieving an email survey response rate in the sixties found the future behavior of survey responders was quite different than non-responders, meaning their survey samples were not representative and therefore not identifying their strong and weak consulting teams accurately.

## But what about email surveys?

As with receipt surveys, we have learned that email surveys—even with 25-40% cooperation rates—also rank locations inaccurately. In our experience, surveys with less than a 75% cooperation rate don't represent the attitudes of all customers and therefore do not rank frontline teams accurately.

Even with low response rates, you can sometimes get a large volume of email respondents. And some argue that more feedback—even if it comes from low-cooperation surveys—gives teams ideas on how to improve. But in our experience, more input from an unrepresentative group of customers can mislead leaders trying to understand which frontline managers are doing a good or bad job in serving customers.

## Keep these key points in mind.

- Be skeptical of data rankings from low response surveys. Your sample may not represent the views of all customers.
- Compare the loyalty behavior of non-responders to survey responders to get a sense if survey participants are representative.
- While not perfect, short phone surveys can provide high cooperation rates and a much more accurate ranking of frontline teams.
- Do a side-by-side test and correlate results with loyalty behavior to see which approach is most accurate.
- If you tie rewards and penalties to scores, make sure you are rewarding and penalizing the right people!



## CUSTOMER LOYALTY MYTH #4

LONG SURVEYS ARE  
MORE HELPFUL THAN  
SHORT SURVEYS.

Long surveys tend to get lower cooperation rates, simply because fewer people are willing to complete them. You also have to contend with the “halo effect”: a negative response on the first question tends to influence all subsequent questions, minimizing differentiation as the questions go on.

### Here’s how FranklinCovey’s Customer Loyalty Practice can help.

The first step in improving your customer experience is learning which frontline managers are doing the best job serving customers and which ones need help. At FranklinCovey, we partner with you to assess the accuracy of your customer service metrics and improve them to generate better business results.

FranklinCovey helps companies measure and improve customer and employee loyalty. At each level of an organization we provide an accurate ranking of customer service and employee engagement in order to change frontline behavior, delight more customers, and drive faster growth. We help companies coach and train the bottom performers and then praise, reward, and gather best practices from the top performers. Through this process, we help companies create a more customer-centric culture.

## ABOUT US

### Sandy Rogers

Sandy Rogers is FranklinCovey's global Customer Loyalty Practice leader and was previously senior vice president and head of marketing at Enterprise Rent-A-Car, where he led the team that developed the system for measuring and improving customer service across their 9,000 branch network, helping triple revenue from \$2.0 to \$7.0 billion in the first 10 years.



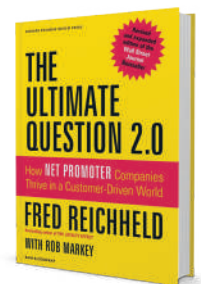
SANDY ROGERS  
Customer Loyalty  
Practice Leader

### Fred Reichheld

Fred Reichheld, creator of the Net Promoter System<sup>SM</sup> (NPS<sup>®</sup>) and author of *The Ultimate Question 2.0*, has teamed up with Sandy Rogers and FranklinCovey to help chains drive faster growth through delighting a higher percentage of their customers.



FRED REICHHELD  
*The Ultimate Question 2.0*



For more information, visit [franklincovey.com/loyalty](http://franklincovey.com/loyalty).

# SCHEDULE A COMPLIMENTARY CONSULTATION ON YOUR CUSTOMER SERVICE PROCESSES

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