

Mystery shoppers have come in from the cold. Rather than trained market researchers, firms are finding that a more effective way to measure and improve customer satisfaction is to use their own customers

REMOVING THE MYSTERY IN CRM

THE FINANCIAL SERVICES INDUSTRY HAS UNDERGONE A REVOLUTION IN customer service. Quality of service and relationship management have become the key differentiators in a market used to gaining competitive advantage from product diversity. Ensuring levels of customer satisfaction means constantly evaluating and reviewing customer service quality. Enter the mystery shopper.

The need for financial services firms to accurately evaluate the quality of their customer service has never been greater. Many entities from governments and retail firms to restaurants are now looking for more sophisticated mechanisms to test their service levels, but it is for banks that the need is greatest, given the change of focus of the banking sector as it moves towards a more customer-centric model.

As the financial services industry also moves towards a multi-channel model, with customers using a blend of internet, telephone and branch banking, consistency across all channels is crucial. Customers must be confident that they will receive the same level of service, whether they bank online or in person.

Expectation levels among customer have also risen since the introduction of internet banking. Though web-based financial services have not replaced the bank branch, more customers are familiar with the convenience of online banking and this is feeding their desire for the same quality of service across all contact points. In addition customers are also becoming more sophisticated in their approach to financial services, in part because they now have a clearer idea of their own value to financial institutions.

Consumer research has clearly indicated the value of improving customer services in the financial sector. A recent study by the *Harvard Business Review* has shown that a 5 per cent increase in customer satisfaction can lead to an increase of profitability of anywhere between 25 and 125 per cent.

One of the main problems, however, has been finding the right metrics to measure customer satisfaction accurately. Over the last two years, efforts to improve and assess customer service have been concentrated on technology,

with CRM systems leading the way. By amassing detailed customer interaction data, CRM systems have helped firms become aware of service quality issues and devise methods for improving the efficiency of customer interactions.

More recently, the value of this data has been re-evaluated, incorporated into the data flow to senior executives in financial services organisation as an element influencing decisions at a strategic level. However, data such as churn can only reveal part of the story of customer experience. What is needed to complete the picture is the human element. As a result, there is a growing trend among banks towards using mystery shoppers.

Customer-based mystery shopping programmes have in fact been the most effective way to measure and improve customer service performance. Customer-based programmes recruit, train and utilise real customers instead of contract shoppers. There are several advantages to this approach:

- ❑ Evaluations can reach into every service area, including loan servicing and commercial services.
- ❑ Evaluations are based on routine visits, simplifying logistics.
- ❑ Evaluations deliver specific, actionable data based on real transactions.

'With a customer-based mystery shopping programme, you can accurately assess performance from the customer's perspective,' says Steve Kutilek, chief executive officer of Customer Service Profiles, a leader in customer service satisfaction measurement and performance management that offers proprietary methodologies developed exclusively for financial institutions. 'You can assess behaviours by employee, department, location and system-wide – and produce long-term improvements in sales and service behaviours. Customer-based programmes provide the data needed to build an outstanding customer service programme, retain more customers and build sales.'

Such programmes generate the kind of qualitative and quantitative data that cannot be gathered by anything other than first-hand experience. The feedback can also be highly specific. A financial organisation has the ability to evaluate services at any level of specificity. Data can be

targeted at individual staff members or locations, but it can also be wider in its focus to reflect the performance of the entire organisation.

Service level audits can be targeted at administrative functions, or the selling skills of bank employees. They can help identify opportunities for management action to improve sales and service effectiveness bank-wide. Based on the data gathered, a bank can institute training programmes, performance standards and customer service policy reviews, procedural reform, both at the local level and enterprise-wide. Such audits have also proved a useful tool for motivating divisional managers to take proactive action.

Once the data has been gathered, a bank must be able to use it and interact with it in a meaningful way. Client reporting solutions have been developed to complement mystery shoppers' activities, providing web portals, for example, through which customer experience measurement data can be evaluated alongside other key data flows.

Such systems also allow feedback from mystery shopper customers to be delivered in a more timely fashion. This allows banks to be more responsive to the issues to which the data gives rise and to respond to a specific customer need immediately. Using existing customers as mystery shoppers rather than trained market researchers allows banks to assess the experience of many different types of customer, rather than relying on a composite model of the average customer. This further refines the data and the improvement strategies that are implemented as a result.

As the trend towards a customer-focused model for financial services gathers momentum and products continue to become 'commoditised', the emphasis on customer service quality will carry on growing. Banks are likely to invest more in technological solutions that increase the accuracy, versatility and depth of service performance and customer satisfaction data. However, this technology is likely to be complemented more and more by the unique feedback provided by their own customers acting as mystery shoppers. □ □



DO YOUR CUSTOMER SATISFACTION EFFORTS GO FAR ENOUGH?

SWEET GESTURES may have worked in the past – but today's bank customers expect more. At Customer Service Profiles, we have proven methods of identifying problem areas, creating solutions, and taking action. From customer research to training, we'll manage every detail. For a better way to improve your customer service, go to www.csprofiles.com or call **1-800-841-7954**.



CUSTOMER SERVICE
PROFILES

Measuring Customer Satisfaction. Improving Performance.