The Big Story Behind Your Big Data

Six practices for making an impact with text anayltics

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WHY THIS MATTERS

Text analytics provides companies with the potential to mine customer feedback for insights hidden deep within millions of customer comments and online social chatter. But realizing that potential is not a given. While text analytics brings big data capabilities to customer experience management, early adopters are still figuring out how to use these capabilities most effectively. To understand how some companies are successfully leveraging text analytics to strategically improve the customer experience, the Medallia Institute interviewed customer experience professionals at 12 companies actively using text analytics to promote customer-driven change in their organizations.

KEY FINDINGS

Research suggests that most digitally mature businesses deploy technologies like text analytics to improve the customer experience and increase efficiency. But they don't stop there— they use these technologies, and the insights they generate, to transform their business and move ahead of the competition. This report identifies six practices that customer experience professionals use to get the most value from text analytics, leveraging it to create a better understanding of what customers want, and building the executive buy-in and cross-functional support needed to adapt to changing customer expectations.

Text analytics provides companies with the potential to mine customer feedback for insights hidden deep within millions of customer comments. But realizing that potential is not a given. While text analytics brings big data capabilities to customer experience management, early adopters are still figuring out how to use these new capabilities most effectively.

It's not unusual for companies to struggle when adopting big data technologies. Although technologies like text analytics are designed to glean intelligence from data, the technology alone rarely creates value. It's only when business processes and technology align that companies realize the benefits of their investment. For example, customer support agents, trapped in rigid service protocols and boxed in by corporate silos, are often powerless to fix customer problems. Even when agents can resolve a problem on the first call, they often have no way to address the underlying issue—such as, a product defect or systematic billing error—so the problem continues to recur for other customers. While text analytics might be able to surface problems that cross channels, and even suggest root causes, insights from analytics alone can't fix execution problems. For real change to happen, managers have to believe that the insights are valid and must have the resources, influence, and support needed to convert insights into action.

According to researchers at MIT's Center for Digital Business, while the technical challenges of using big data analytics are very real, the managerial challenges are even greater.[1] Customer experience professionals using text analytics to drive strategic and operational change face many of the same issues. The most common challenges include:

Structural Impediments. Technical specialists trained in text analytics are often hidden away in a centralized insights function. They may be viewed as out of touch or removed from the day-to-day realities of the business; as a result, their analyses may not be considered relevant or actionable by line managers or frontline employees.

Data Skeptics. People accustomed to traditional survey analysis are sometimes skeptical of text analytics because it doesn't provide the definitive, quantifiable insights that traditional analytics yield. Because of the nature of human language, text analytics will never be 100 percent accurate. While accuracy above 80 percent is usually sufficient to identify core themes in customer feedback, errors can reduce confidence among those unfamiliar with the technology.

> # Customer experience professionals must move from support function to strategic business partner.

New Role Requirements. Companies have to be willing to redesign roles and processes to accommodate and support their new analytic capabilities. Customer experience professionals must move beyond simply identifying insights and monitoring brand compliance to actively leading a multifunctional process of data-driven discovery and decision making. This requires new leadership and facilitation skills.

Executive roles will also change. Executives who typically rely on experience and intuition to guide a company's direction may have to reformulate how they make decisions and provide value. While their experience will remain valuable, their most important role may no longer be coming up with the right answers, but knowing the right questions.

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[1] Erik Brynjolfsson and Andrew McAfee, "Big Data: The Management Revolution," Harvard Business Review, October 2012.

Cultural Misalignment. Embracing innovative ideas from customer feedback requires an organizational culture that encourages exploration and experimentation. When customer experience management is viewed primarily as a mechanism for maintaining consistency and brand compliance, there may be relatively few avenues for innovation.

None of these challenges is insurmountable. In fact, they mirror challenges that companies have faced for centuries when implementing new technologies that create powerful new capabilities. To realize the enormous potential of text analytics, customer experience professionals are doing what generations of managers have done before them: they are learning where and how to use the technology most effectively to make a positive impact on the business. And they are adapting work practices, roles, and decision-making processes to ensure they realize the technology's full potential across the organization.

Six Practices to Maximize the Value of Text Analytics

To understand how some companies are successfully leveraging text analytics to strategically improve the customer experience, the Medallia Institute interviewed customer experience professionals at 12 companies actively using text analytics to promote customer-driven change. While the companies varied in their specific practices, they all had considerable experience using text analytics to better understand their customers and drive improvement efforts. The interviews were supplemented with examples from other companies, as well as previous studies examining similar technology adoption.

Our research revealed six practices that successful customer experience teams are using to get the most value from text analytics.

Practice 1: Become a True Business Partner

Companies succeed with text analytics because their leadership teams value text analytics insights and use those insights to make important decisions. This doesn't happen by chance. Effective customer experience teams know how to frame big issues for senior management, and they spend a great deal of time actively engaging with managers who have a deep understanding of the company's products and services.

Becoming a true business partner means working closely with line and functional managers to identify issues and jointly solve problems. Without business direction and a well-informed model, unstructured text analysis can be a big waste of resources. The most effective customer experience teams start with customer satisfaction patterns that they know will attract the attention of senior leaders. Then they collaborate directly with managers who understand the business and have the relevant domain expertise to guide the next level of investigation.

For example, when the customer experience team at an enterprise software company discovered that customers were complaining about a new product, the text analytics team immediately reached out to managers in the product function. The product group offered specific questions that helped to clarify the problem and its origin: Which configurations were reporting problems and how frequently? Which features appeared to be buggy? Were the problems happening with specific screens or locations, or were they occurring more broadly? Working together, the analysts and managers zeroed in on the key questions and sources of information needed to shape the investigation and, ultimately, generated the insights required to take appropriate action.

Being a true business partner also means proactively providing value to the business. The customer experience manager at a major cruise line used text analytics to resolve an unexpected source of customer frustration. Surprised by a sudden drop in customer satisfaction ratings for one of the company's newly renovated ships, he notified the ship's general manager. Working together, the analyst and the GM used text analytics to form hypotheses, investigate possibilities, and identify the source of the complaints. Their investigation revealed that the renovation had reduced the size of the dining facilities in one part of the ship, and had made it less convenient to get to other dining options. With this information in hand, the company quickly came up with a solution that allowed customers to reach their dining destinations more easily, thereby stemming the flood of negative reviews. By combining text analytics with the GM's operating expertise, the program manager provided significant value to the business by identifying the root cause of a critical problem before it hurt the bottom line.

Customer experience business partners also know how to make a strong financial case. One customer experience team we spoke with performed a set of analyses that showed how text analytics could be used to predict customer satisfaction scores. The team also worked with its internal champions to demonstrate that customer satisfaction scores were directly associated with contract renewal rates, which, in turn, influenced revenue. The analyses made a concrete case for the financial value of text analytics.

Practice 2: Bust Silos With Cross-Organizational Dialogue

As customers increasingly interact with companies across multiple channels, customer experience problems rarely fit squarely within any one business unit or function. Our findings suggest that customer experience teams are most effective when they use text analytics insights to stimulate dialogue and debate across departments.

> Using text analytics, companies can leverage insights generated centrally to stimulate more specific exploration locally.

Take, for example, a US insurance company. During strategic planning discussions, text analytics results helped spark the realization that the product development and sales organizations needed to collaborate more effectively if the company hoped to increase sales. As part of the planning exercise, executives drew on text analytics combined with other analyses to arrive at a shared understanding of the factors causing coordination gaps. Armed with these new insights, the executive team made the bold decision to integrate the two groups within a single reporting structure.

Using text analytics to convene managers and stimulate dialogue across the organization serves several purposes. First, it reveals when problems are more pervasive than first thought. Managers reviewing text analytics together may discover other units struggling with similar challenges. This brings more attention to common issues and stimulates information sharing and joint problem solving.

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Second, it brings together groups with multiple perspectives vital to generating ideas for subsequent analysis. By convening representatives from across the organization to make sense of text analytics results, the customer experience team creates an iterative process of discovery that leverages relevant expertise. The process ensures that insights are used not only to identify the root cause of customer problems, but also to drive decisions that lead to actions and resolution.

Third, cross-organizational dialogue builds ownership and commitment to implementing solutions. Referring back to our enterprise software company, once text analytics revealed the source of the buggy software, the customer experience team didn't just inform the product group and walk away. The team continued meeting with functional leaders to gain agreement that the problem was legitimate and that responsibility for it belonged with product. And the leaders didn't stop there. They worked with the team to determine who would be accountable for resolving the issue, and by when.

Strategies for Building Confidence in Text Analytics

- Track topics that are measured in other customer surveys, and then show that the results from both the traditional survey and text analytics tell the same story.

- Look at text analytics results in relation to a well-defined journey map. Demonstrate that the topics with the highest comment volume and impact correspond directly to the journey's key touchpoints.

- Compare text analytics results to those obtained through manual coding and highlight consistent themes.

Some of the most effective customer experience teams create formal governance structures and regular forums to review insights from text analytics and other analyses. These governing bodies bring leaders together to discuss customer issues and expedite decision making. Several companies in our study created "customer experience councils" or "champion networks" that convened stakeholders from around the company to review critical themes and topics identified through text analytics. This collaboration ensured not only that the customer experience team addressed business questions that managers cared about, but also that strategic, cross-functional challenges were resolved with input from diverse stakeholders.

Practice 3: Build Empathy Through Compelling Stories

One of the biggest benefits of text analytics is that it engages senior decision makers with customer feedback, thereby increasing their empathy with the customer and their awareness of the customer's experience. Regardless of the merits, there is no guarantee that insights generated by the text analytics team will influence strategic or operational decisions. Such decisions often require the backing and support of senior executives, so getting their buy-in is essential.

Text analytics can surface compelling stories that vividly illustrate customer frustrations and the consequences of a bad experience. The most compelling stories capture and convey emotion. It's one thing for executives to see satisfaction scores for a baby registry hovering at four out of ten points. It's quite another to read a customer's angry complaint on Facebook as she tells her friends to shop a the company's biggest competitor.

In many ways, text analytics incorporates principles similar to those used in design thinking, a human-centered approach to innovation. Like text analytics, design thinking seeks to understand the customers' experience through their eyes, in their own words, and in the context of their natural surroundings. Design thinkers recognize

that connecting executives with customers' deep emotional experiences is a better way to spur action than simply presenting them with graphs, charts, and statistics.
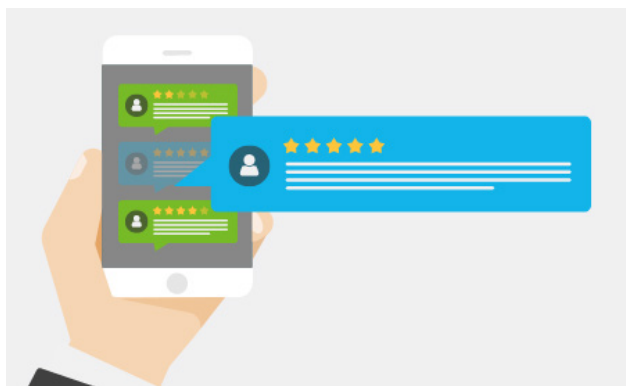
For example, when a product designer at GE wanted to make a magnetic resonance imaging system less frightening for sick children, putting together a slick presentation with lots of charts and numbers would have been a logical approach. But instead the designer chose to tell a vivid and compelling story from the eyes of the customer—in this case, a young child. The story of a frail young girl with tears running down her cheeks, having to be sedated before she would lie still and alone in the huge noisy machine, generated far greater support across the organization than any quantitative analysis ever could.

Likewise, with text analytics, customer experience professionals can weave together convincing stories of customer experiences to persuade executives and managers that change is needed. Combining big data with "big stories" makes it possible for companies to create the seemingly impossible — customer empathy at scale.[2]

Practice 4: Use Data to Validate and Innovate

Text analytics is a powerful tool for discovery and for challenging assumptions. It can identify sources of customer frustration that point the way to promising opportunities for change and innovation. But doing something new requires taking risks, and managers are often reluctant to take risks when they don't trust the underlying analytics.

Despite the promise of text analytics, many managers need reassurance that it's actually producing valid results. Experienced text analytics teams build confidence in their analyses by replicating known results that managers already accept, thereby gaining their trust. As one data analyst said, "We don't want to give them some surprising insight without building a level of confidence first."

> Combining big data with "big stories" makes it possible for companies to create the seemingly impossible — customer empathy at scale.

Once managers believe text analytics produces reliable results, they quickly recognize its potential for innovation. Part of the unique value of text analytics is its ability to surface customer ideas that companies may otherwise miss. Consider the European telecom provider that discovered, through text analytics, that customers were becoming increasingly frustrated when requesting copies of their bill. The customers complained that they had to call the company to get a copy of their bill and then wait for it to arrive via regular mail. Once it discovered that customers wanted something more convenient, the company moved quickly to change the process. A new digital billing process cost the company less than $10,000, saves approximately $5 on every transaction, and has cut postage fees by 50 percent. And customers are far happier with the new process.

2   Tom Kelley and David Kelley, Creative Confidence: Unleashing the Creative Potential in All of Us, Crown Business, 2013.

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natural surroundings. Design thinkers recognize that connecting executives with customers' deep emotional experiences is a better way to spur action than simply presenting them with graphs, charts, and statistics.

Analyzing both structured and unstructured data simultaneously can be one of the most powerful ways to gain deep insights from customer feedback. Many companies mentioned the value of incorporating other data into their decision making, like NPS® or operational measures such as first-time problem resolution. When comments and quantitative ratings are combined, along with data on customer demographics, segmentation, and financial outcomes, companies can uncover critical relationships and linkages that can lead to all sorts of opportunities.

As an example, the same telecom provider combined customer survey ratings and text analytics to identify which aspects of the service experience best predicted a customer's likelihood to churn. The CX team analyzed comment topics along with survey ratings to determine the relative impact of the various experience metrics. The company estimated that customers with the worst experience — as measured by ratings and comments — were five times more likely to terminate a contract than those with the best experience. As a result, the company made some innovative changes to its contracts, which ultimately produced a 30 percent increase in new customers and a 20-point jump in NPS among existing customers.

Practice 5: Stimulate Organizational Learning

Organizational learning occurs when insights from one part of the organization combine with insights from other parts to inform broad-based improvements. But fully integrating feedback across the organization continues to be a big challenge because many large companies continue to analyze customer feedback in silos.[3]

[3] Judith Lamont, "Delving into Customer Thoughts: Text Analytics Provides Insights," KM World, July/August 2014.

Text analytics makes it possible to draw insights from unstructured feedback captured across disparate channels, functions, and business units. By integrating customer feedback from these different sources, and combining structured and unstructured data, sophisticated companies can proactively detect important patterns and relationships they might otherwise miss.

Some organizations expand their learning opportunities by embedding specialized text analytics capabilities in key decision-making pockets. For example, the five-person customer experience team at another large telecom company trained 20 "power users" to enhance the central team's reach and impact. Power users were based in groups like corporate marketing, product development, and operations, and acted as advocates helping to explain text analytics insights to their home departments and showing how local results related to broader corporate trends.

> In some cases, organizations apply text analytics to both customer and employee feedback to get a more complete picture of the customer experience.

In some cases, organizations apply text analytics to both customer and employee feedback data to get a more complete picture of the customer experience. Drawing on feedback from employees, a regional manager at one large retailer discovered a significant disparity among stores when it came to employee sentiment. Employees at some stores were clearly more satisfied with their ability to deliver an exceptional customer experience than employees at others. To promote the diffusion of best practice among stores, the manager introduced a rotational program that encouraged employees to move from store to store. The program was so successful that other regions soon followed suit.

Practice 6: Operationalize Text Analytics by Engaging Local Users

Engaging managers with text analytics at the local level creates many benefits. By educating and encouraging local managers to use text analytics to explore their own customer data, customer experience teams can begin to operationalize unstructured feedback much as they do structured feedback. While the true power of text analytics requires feedback from a large number of customer transactions, the themes and insights become most useful when they inspire action at the local level.

The companies in our study encouraged frontline managers to use text analytics in several ways. In most cases, companies leverage insights generated centrally to stimulate more specific exploration locally — for example, at a given location, property, or call center. Some of the most effective text analytics teams develop exercises or prompts that guide local managers in their exploration efforts, helping them to look for specific issues or challenges that play out more broadly.

Take the case of a large multinational retailer. To encourage local managers to engage with issues deemed important to the success of the brand, the trends and insights team sends a quarterly newsletter to store managers summarizing themes that have emerged company-wide. Frontline managers have access to text analytics for their individual store data but not for feedback collected at other stores. The newsletter highlights topics trending nationally and encourages managers to use specific search terms to review the topics in their own data and come up with solutions that might address the issue at their store.

Other companies choose to distribute text analytics insights more extensively. The lead customer experience manager at a B2B cloud computing company decided to leverage text analytics to empower individual employees responsible for solving customer problems.

Each of the company's 6,000 employees, across virtually every function, receives a daily email digest with customer experience feedback, including text analytics specific to the employee's account or role.

Employees can customize the content of the digest by adding topics that interest them. For example, a marketing manager might follow the operations digest to monitor how customers are responding to a new product release. When an engineer chose to follow feedback reported to a customer support team, he noticed that the team was struggling with database problems. He contacted the customer experience manager and was quickly connected to the support team to help resolve the issue.

Good things happen when line managers can use the results of text analytics to improve the customer experience. Because customer experience is often very local and context-specific, empowering managers with text analytics gives them another tool to interpret local feedback that may be unique to a given region or location. Using text analytics, a regional manager responsible for overseeing retail outlets at a large telecom company noticed that the word "coffee" kept popping up in customer feedback for stores that were less centrally located. Digging a bit deeper, he discovered that customers were talking about how they wished they could get a cup of coffee while waiting for their phones to be activated. Recognizing an opportunity to improve the experience, the regional manager made arrangements for the stores to offer customers coffee while they waited. Customer satisfaction scores skyrocketed.

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What's Next for Text Analytics?

In 2015, *MIT Sloan Management Review* and Deloitte published a study of companies at various stages of "digital maturity."[4] The authors concluded that the most digitally mature businesses deploy technologies like text analytics to improve customer experience and increase efficiency. But they don't stop there; they use these technologies to transform their businesses and move ahead of the competition.

Transformation is never easy. To play a pivotal role, customer experience professionals have to raise their game and reexamine the part they play in creating strategic change. No longer can they afford to look for new insights solely through the lens of traditional surveys and structured data. Instead, they must embrace new technologies and create a larger playing field in their organizations. They must move from support function to strategic business partner, working closely with managers across the company to surface and resolve customer problems and leverage the voice of the customer in driving innovation and change.

Allied Market Research, a Portland, Oregon—based technology research firm, projects that text analytics technology will reach a compounded annual growth rate of 25 percent by 2020, creating a $6.6 billion global text analytics market.[5] Text analytics has also been called "a requirement for any company with a social media analytics program."[6]

If these projections are right, widespread adoption of text analytics will raise the bar for managing the customer experience still further.

Text analytics opens up a deeper level of customer dialogue, allowing people greater freedom to express their opinion, wants, and needs. Companies that begin the journey now to deploy text analytics technologies creatively, confidently, and strategically can look forward to their capabilities becoming a sustainable source of competitive advantage for years to come.

[5] Apurva Sale, "Global Text Analytics Market, 2013–2020," Allied Market Research, January 2015.
[6] "DMG Consulting Abstract: 2015–2016 Speech and Text Analytics Product and Market Report," accessed March 1, 2016, http://www.dmgconsult.com/services/speech/abstract.asp.

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