



The ultimate guide to measure customer satisfaction



"A satisfied customer is the best business strategy of all"

-Michael LeBoeuf

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Chapter 01

Customer satisfaction: Understanding the basics

“Measurement is the first step that leads to control and, eventually, to improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.”

— H. James Harrington



What is Customer Satisfaction?

Customer satisfaction is a measurement that defines how happy customers are with a company’s products, services and the overall experience. To understand true customer sentiments, businesses must measure customer satisfaction through ratings and surveys rather than relying on assumptions. This will help them gain detailed insights to better personalize their products or services to meet or exceed customer expectations.

The ability to make better business decisions will be significantly improved if businesses are aware of customers’ perceptions of its products and services. Therefore, businesses irrespective of their size, level, or form must take the time to set up measurement solutions, collect data, measure customer satisfaction and act upon the data. Doing so will help them discover problem areas that are worth massive amounts in terms of ROI.

Why Should You Measure Customer Satisfaction?

Measuring customer satisfaction helps businesses in the following ways,

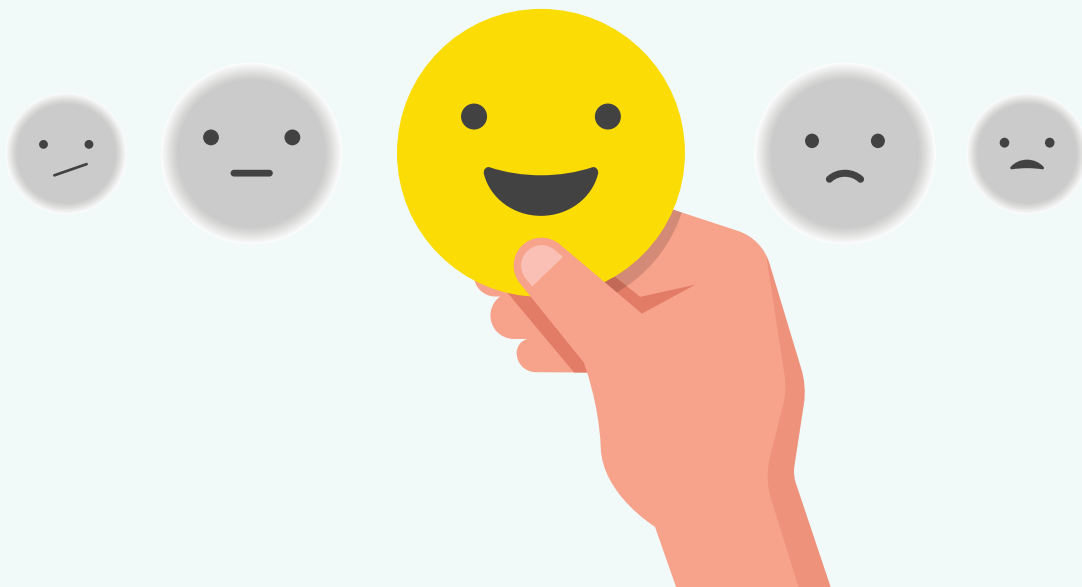
- Gauge how well their business process, product, or service is working
- Know where to make changes to create improvement
- Determine if the changes led to improvement
- Understand how happy customers are with your product or service
- Find red flags of customer churn
- Build loyalty
- Prevent revenue drops

To retain the customers you have to serve them in such a way that they are satisfied and happy to the best extent. On the other hand, if you fail to care for your customers, they would churn.

And to determine who is happy and unhappy with your product or service, as well as why, it is crucial to measure customer satisfaction. This will help you decide whether you need to improve or continue with the same strategies to delight your customers.

Further, a satisfied customer is a profitable customer because they are more likely to recommend your business to others and make repeat purchases, reducing the expense on acquiring new customers. Since the cost of acquiring a new customer is 5 times higher than keeping an existing one, keeping them happy makes a lot of financial sense.

Thus, measuring customer satisfaction and implementing customer feedback is what helps businesses stand out from the competition.



The benefits of measuring customer satisfaction

81%

According to Gartner, **81%** of marketers consider customer happiness to be the major area of competitiveness in their sector. Customer satisfaction surveys offer information that helps you determine how to enhance customer satisfaction. And whatever measures you take to improve your customer satisfaction benefits your business in the following ways.



Increases Revenue

When you monitor customer satisfaction, you can keep up the positive experience or work on a negative one. This promotes customer retention and improves customer satisfaction. Satisfied customers buy more and become repeat customers.

Retains Customers

Measuring customer satisfaction enables you to identify customers who are likely to leave in advance and take preventative measures to stop the churn before it happens. To retain them, find ways to enhance their experience, address their problems, and take action on their suggestions.

Builds Customer Loyalty

Measuring customer satisfaction and diligently working on customers' feedback will earn you their loyalty. It is a known fact that loyal customers buy more frequently than new ones, adding to the revenue. Overall, measuring customer satisfaction aids in the survival, expansion, and enormous success of businesses.

“**65%** of a company’s business comes from existing customers.”-(Source: Fundera)

Chapter 02

Measuring Customer Satisfaction

Measuring customer satisfaction is worth it because satisfied customers are a major growth lever since they are less likely to abandon you. Trust these numbers.

13%

A dissatisfied customer will tell between 9-15 people about their experience. Around **13%** of dissatisfied customers tell more than 20 people.

– White House Office of Consumer Affairs

33%

American Express found that **33%** of customers will consider switching companies after just one instance of poor customer service.

60-70%

5-20%

The success rate of selling to a customer you already have is **60-70%**, while the success rate of selling to a new customer is **5-20%**.

– www.invespro.com

How to Measure Customer Satisfaction Through KPIs?

Measuring customer satisfaction lets you get customers' feedback on the products, services, and customer experience, which tells you straight away whether customers are satisfied or not.

Customer surveys are the most effective and reliable method of measuring customer satisfaction. So have specific scores in mind, before you start gauging customer satisfaction. This will let you evaluate your performance in relation to a company- or industry-wide benchmark. You can set reasonable targets for your customer satisfaction score by taking note of the following aspects.

- Use your previous scores as a standard and work to raise the bar.
- Take a peek at the market, to find out how you stack up against the competition.
- Judge against industry benchmarks to assist you to meet the industry baselines.



3 Most Important Customer Satisfaction Metrics

The right customer satisfaction metrics are necessary to ensure your customer satisfaction measurement hits the right track. Here's a look at the tried and tested metrics to measure customer satisfaction.

1.CSAT (Customer Satisfaction)

The most significant metric for measuring customer happiness is CSAT. In a CSAT survey, you ask customers to assess your products or services on a scale of 1 to 5 and to justify that rating.

Adjectives or emoticons can be used to describe the possible answers. A sample survey question and rating scale are shown below. What did you think of our products or services?

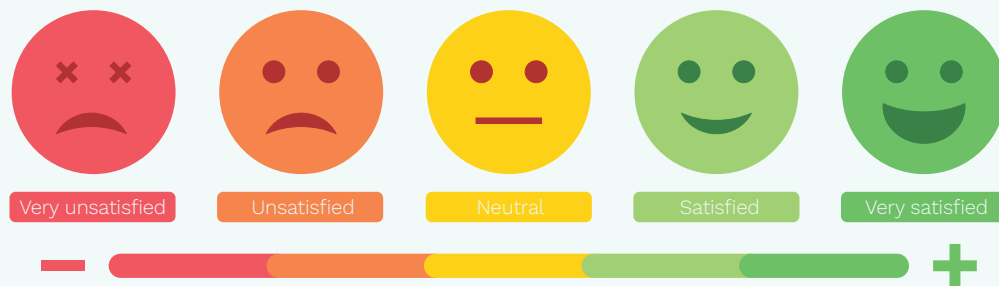
I. Very unsatisfied

II. Unsatisfied

III. Neutral

IV. Satisfied

V. Very satisfied



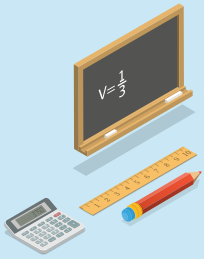
The question can be changed depending on your needs. The typical CSAT survey questions are listed below.

Standard CSAT survey questions:

- How would you rate the quality of our delivery service?
- How was your experience dealing with our support staff?
- How did you find using our product?
- How did you feel about our organization in general?

Formula to Calculate CSAT

The CSAT percentage is calculated by dividing the total number of positive responses by the total number of responses multiplied by a hundred.



$$\text{CSAT (\%)} = \frac{\text{No. of Positive Responses}}{\text{Total No. of Responses}} \times 100$$

Suppose, if you receive 63 positive responses from a total of 90 responses, then

$$\text{CSAT (\%)} = \frac{63}{90} \times 100$$

A scale from 0 to 100 percent is used to express CSAT scores. If you receive a score of 100, every single customer is happy with your services.

0 - 40%: Below Average

40 - 60%: Average

60 - 80%: Good

80 - 100%: Excellent

It's crucial to follow up with a question to find out why customers gave you the particular rating. This will help you uncover qualitative insights into your customers' expectations and gaps in your services.

You can ask them an open-ended question, for instance, "What could we do to improve the score by just one mark?" or "What aspects of our business, products, or services would you like to see changed?". Getting your customers to think big will offer you critical insights into how your product helps or hinders them and what needs to be done to satisfy them.

A list of typical follow-up questions is provided below.

- What is the primary factor that lets you choose the rating?
- What do you find the most objectionable about our product/service/company?
- What can we do to enhance your relationship with us?
- What do you find the most appealing about our product/service/company?
- What can we do to make you feel amazing?

A rating of three or less is a clear indication that you should contact the customer again and follow up to see if things have improved.

2.NPS

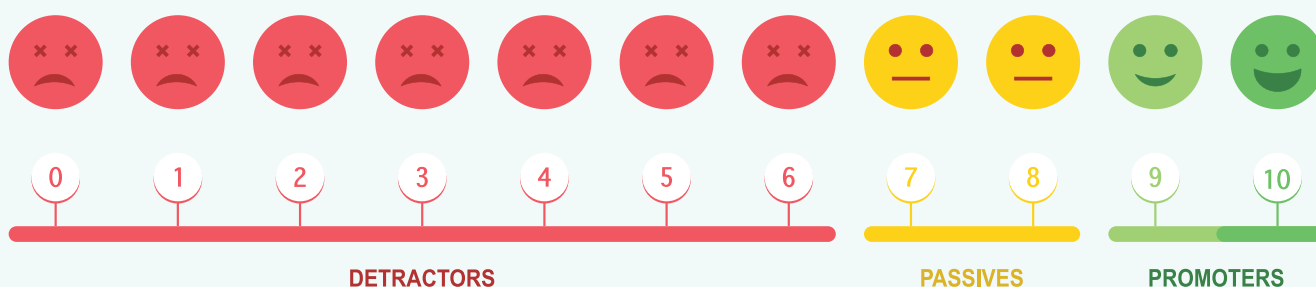
NPS metric (created in 2003 by Fred Reichheld, Bain & Company, and Satmetrix) measures the likelihood that a customer will recommend your products or service to their friends and colleagues.

Customers can be classified into 3 categories based on their responses:

- Promoters (score of 9 or 10)
- Passives (score of 7 or 8)
- Detractors (score 0-6)

The NPS score lies between -100 to 100.

The standard NPS question is “How likely are you to recommend our products or services to your friends and family, on a scale of 1 to 10? The cause for the customers' contentment or unhappiness is then explored in an open-ended question that follows.



DETRACTORS

Rate you from 1-6
Require proactive outreach to mitigate brand damage
Are not particularly satisfied by your product or service

PASSIVES

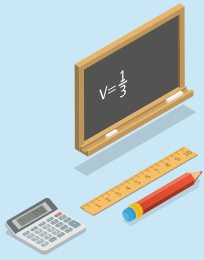
Rate you from 7-8
Are susceptible to competitive offerings
Are left out of the NPS calculation

PROMOTERS

Rate you from 9-10
Are loyal and likely to repurchase from you
Fuel viral growth through word of mouth

Formula to Calculate NPS

The NPS is calculated by subtracting the number of percentage detractors from the number of percentage promoters.



Net Promoter Score = % Promoters – % Detractors

Suppose there are 100 respondents, out of which 10 respondents rated in the range of 0 to 6 (Detractors), 40 respondents rated 7 or 8 (Passives) and 50 responses rated 9 or 10 (Promoters).

$$\text{NPS} = \text{Percentage of Promoters} - \text{Percentage of Detractors}$$
$$= [(50/100) \times 100] - [(10/100) \times 100] = 40$$

The maximum score you can receive is +100, while the minimum score you can receive is -100.

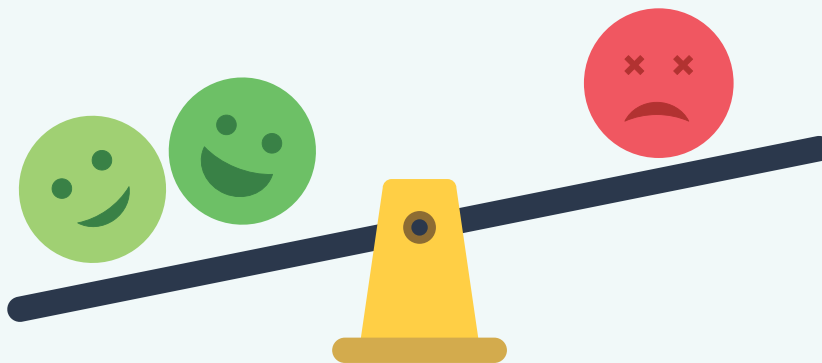
Net promoter scores may be interpreted in several ways. But here is a helpful guideline:

70 or more: Outstanding or world-class

50 to 69: Excellent

49 or less: Needs improvement

Below 0: Red flag!



3.CES

Customer Effort Score or CES (created in 2010 by the Corporate Executive Board CEB Global, now Gartner) is a metric that assesses the effort customers must expend to solve problems or complete tasks.

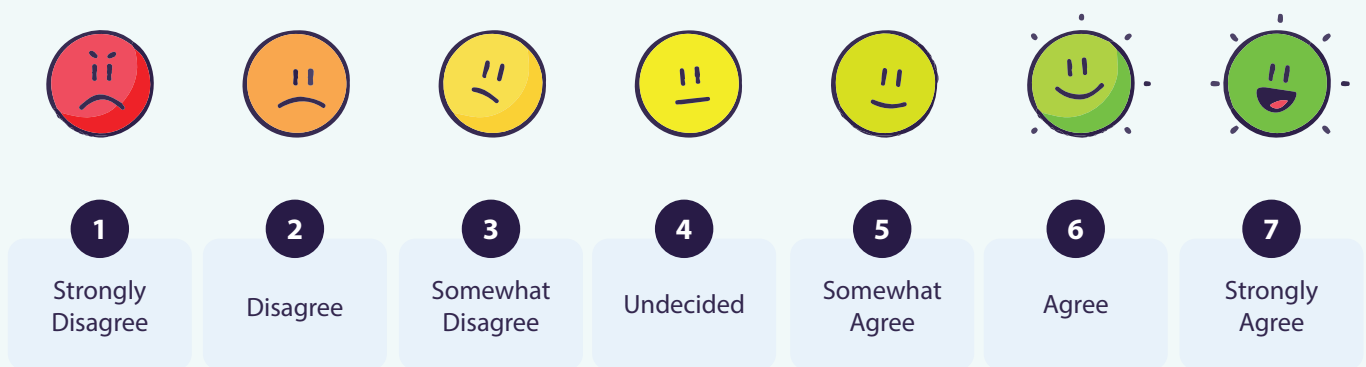
Customers are asked to rate how well the business assisted them in completing their tasks. The customer's task can include resolving an issue with a customer service agent, buying or returning a product, getting a question answered, and more.

Customers must select a level of agreement or disagreement for the assertion-
“The organization made it easy for me to handle my issue.”

- Strongly Disagree
- Disagree
- Somewhat Disagree
- Neither Agree Nor Disagree (Undecided)
- Somewhat Agree
- Agree
- Strongly Agree

How do you agree with the following statement:

The company made it easy for me to solve my problem



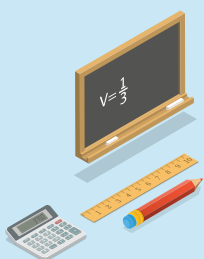
A CES of 5.0+ is good

You can formulate questions that directly address the outcomes you wish to evaluate.

- How easy was it to locate our store?
- How simple was it to use our machine?
- How easy was it to get in touch with our customer support team?
- How easy was it for you to locate the required documentation?

Formula to Calculate CES

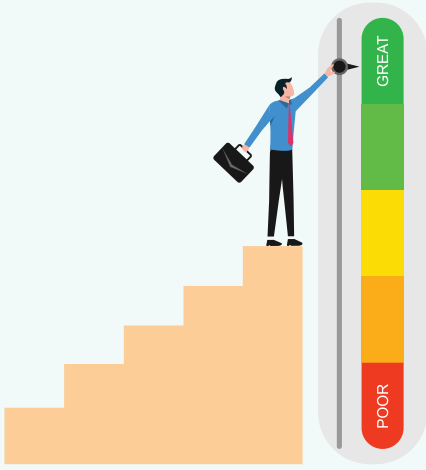
CES is calculated by summing up all the customer effort scores and then dividing by the total number of responses.



$$\text{CES} = \frac{\text{Sum of all Customer Effort Scores}}{\text{Total No. of Responses}}$$

Consider a scenario in which 100 customers answered a Customer Effort Score survey, adding up to a total CES score of 700, then

$$\text{CES} = 700/100 = 7 \text{ (out of 10)}$$



A good customer effort score is a strong indicator that a customer will **stay with or purchase again from a company**

The disadvantage of CES is that the score is centered on evaluating a single process or customer interaction, so it doesn't provide a complete picture of the entire customer experience. For this reason, CES is used in conjunction with two other customer experience metrics, Net Promoter Score (NPS) and Customer Satisfaction (CSAT), to obtain a more comprehensive picture of customer satisfaction and loyalty.



Chapter 03

Action plan for measuring customer satisfaction

Now that you are aware of what metrics to measure, knowing the intricacies of the measuring process such as the who, what, when, and how will yield better response rates.



When to Send Surveys?

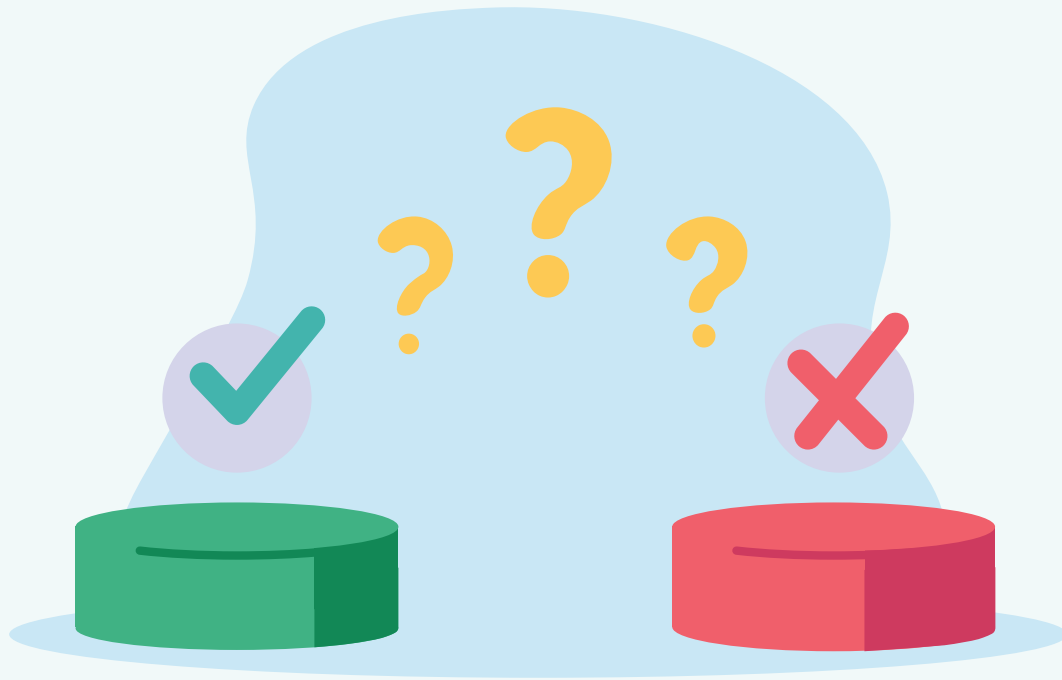
To gain a true representation of the customer experience, send the survey as soon as you can. Sending surveys late can lead to skewed data. In order to improve customer experience, it is crucial to measure customer satisfaction at each touchpoint. This will help you identify your company's strengths and shortcomings so that you may build on the former and strengthen the latter.

Who Should Fill Out Customer Satisfaction Surveys?

Unless you specifically want to focus on a certain demographic for a more thorough survey, you must survey every customer who interacts with your business. A range of factors, such as geography, demographics, and previous purchases, can be used to classify customers into different groups, after which personalized surveys can be sent out to each group.

Ways to Gather Customer Survey Responses

To get as many survey responses as possible, multiple channels can be used. Listed below are some ways you can use to collect responses from customers.



Ask Directly

Customers would most likely give accurate and open responses when asked face-to-face or through telephonic surveys. Ask simple and direct questions and compile the answers into significant customer experience measures.

Website or In-app Surveys

Make sure customers can register their feedback on your website. This is the best way to conduct surveys for SaaS, eCommerce, and online retailers. To encourage customers to complete the survey, embed survey forms in the website or enable pop-up windows to display on their screens. The survey can also be carried out incredibly easily and responsively using apps.

Send Surveys

Engage remote customers through email or SMS platforms. Surveys can be distributed on a recurring basis, such as quarterly, biannually, or annually. Utilizing an automated help desk software has the benefit of triggering surveys at the completion of a transaction or engagement, saving you the time and effort of manually sending surveys. Email can be used to deliver surveys as links or as embedded content. In SMS surveys, a survey link that can be clicked is delivered to the customer.

To further increase the surveys' reach, URLs and QR codes are often put on receipts or shipping boxes. Customers who scan the QR code will be taken to a survey that they may fill out and submit.

What Aspects of the Business Should be Measured?

Although you may believe that your service is flawless, customers who frequently use it may discover shortcomings or safety issues that you may not have even noticed. Customers occasionally might utilize the service in ways you never anticipated. In any case, customer feedback can inspire wholly new approaches while also assisting you in making critical modifications to the way you provide services.

Your customers' feedback should be used to improve a variety of aspects of your business, including

- Quality of Service
- Speed of service
- Complaints or problems
- Trust in your employees
- Types of services needed
- Pricing
- The closeness of the relationship with contacts in your firm



Best Practices for Measuring Customer Satisfaction

1. Establish clear objectives before you begin your search to gauge consumer happiness. This will enable you to make the most of your data and direct your plans and actions for the greatest outcomes.
2. Devise a plan that should be implemented in order to reach your objectives.
3. Design effective surveys to help you improve your survey response rates. Surveys shouldn't be tedious or extensive. Keep it straightforward by only asking relevant and necessary questions. You may personalize your surveys and add brand colors
4. to give them an authentic appearance.

Use software to automatically deliver your surveys. You can email or SMS survey links to customers. The tool will help you in quantifying and analyzing results. The findings also allow you to make important inferences that will aid in the revision of your strategies for achieving the predetermined objectives.

What Should you do after Collecting Responses?

After replies are gathered, there are two crucial tasks to complete.

Follow-up: The customers took the time to offer their opinions. Depending on each customer's ratings, follow up with them.

Analyze: The results could differ between segments, so classify and divide your data, and produce reports for analysis.

Which Customer Satisfaction KPI Is Best?

CSAT provides useful data on important business areas, CES aids in measuring usability, and NPS provides insightful data. Therefore, it is advisable to apply all three CX measures and determine which yields the greatest outcomes under various circumstances. You will receive a thorough overview of customer satisfaction and sentiment when CSAT, CES, and NPS surveys are implemented together.

Using multiple metrics is advantageous for a variety of reasons such as



- NPS provides you a general idea of how customers feel about your business and identifies any pressing problems.
- CSAT measures how happy customers are with particular interactions or procedures, whereas
- CES measures how easy it is for customers to interact with you.

But in the end, it's what you do with the data that counts, not simply the numbers themselves. Now that you have your CX data at your disposal, it's time to leverage it to spur growth. Once you have carefully collected and evaluated these facts, be sure to make proactive steps to further satisfy your customers.



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<p>Net Promoter Score (NPS)</p>  <p><i>On a scale from 1-10, how likely are you to recommend us to a friend or colleague?</i></p> <p>★ ★ ★ ★ ★</p> <ul style="list-style-type: none"> • Measures loyalty • Appraises long-time CX • Assess brand's appeal • Segment Promoters, Passives, and Detractors for customized solutions <p>International Benchmark</p>	<p>Customer Effort Score (CES)</p>  <p><i>How easy was it to deal with our company today</i></p> <p>★ ★ ★ ★ ★</p> <ul style="list-style-type: none"> • Measures ease of experience • Appraises individual interactions • Highlights problem areas and scope for improvement <p>Actionable Insights</p>	<p>Customer Satisfaction Score (CSAT)</p>  <p><i>How would you rate your overall satisfaction with the [goods/service] you received</i></p> <p>★ ★ ★ ★ ★</p> <ul style="list-style-type: none"> • Discovers overall satisfaction • Versatile score-checks both long-time and short-time CX performance <p>Summarize Interactions</p>
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Automation Solutions for Measuring Customer Satisfaction

All businesses aim to please their customers and offer a seamless experience. Using help desk software will enable you to design unique and interesting surveys as per your requirements and share them with your customers, which is the greatest way to easily and seamlessly record customer satisfaction. The following are just a few ways that help desk automation systems can assist you in data collection, CSAT scores improvement, and customer journey transformation:

Free Templates

You can save time and work by creating surveys directly using built-in survey templates. These templates are also editable, allowing you to change the questions to suit your needs.

Customizable Dashboards

Create unique survey reports based on various criteria. View data in various forms, download them, and easily share them with stakeholders. You can even have them delivered to your inbox at regular intervals.

Role-based Access


Set access to the surveys based on the role. This will help you to guard sensitive data and ensure information is shared with only relevant stakeholders.

With the aid of an automated tool, you will be able to gather real-time feedback, monitor responses, examine them to spot potential dangers, view reports, and take the required steps to close the loop.



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