

## **Insight into the customer experience: What can the public and private sector learn from each other?**

*Ever since John Major's Citizens' Charter there has been a focus on making public services more customer-orientated. There has recently been renewed emphasis on this with the Transformational Government and Customer Insight programmes. There are also many who believe that there are lessons to be learned from private sector approaches in getting insight into customers and designing services around them. We therefore brought together **Gideon Skinner**, a Research Director in Ipsos MORI Public Affairs and expert in Central Government research, and **Simon Atkinson**, Managing Director of Ipsos MORI Loyalty, to compare and contrast public and private sector approaches to understanding their customers, and discuss what each can learn from the other.*

**Gideon Skinner:** There has been a lot of interest recently among our public sector clients in new approaches to understanding their customers to help them design their services around them. There is also a common perception among these clients that the private sector is more advanced in understanding its customers. You have experience of working with both the public and the private sector – do you think this is a true perception? What are the real differences?

**Simon Atkinson:** I don't think that the private sector's approaches are more sophisticated *per se*, but one area for the public sector to consider is that in the public sector, 'satisfaction' is still often the goal when seeking to understand customers. Much of Ipsos MORI's best work for government clients has come where we have sought to place these satisfaction scores in context, such as our Frontiers in Local Government work (Ed: See: <http://www.ipsos-mori.com/researchspecialisms/publicaffairs/socialresearchinstitute/localgovt/local-government-latest-news.ashx> for more on this), which has helped to pinpoint what excellence looks like in different places.

In the private sector, satisfaction is rarely the goal in itself. Instead the focus is more on business outcomes – retention, loyalty, increasing “share of wallet”. What comes with this is a greater focus on understanding behaviour: for example what makes people stay loyal to a particular product or service. We often find that 50-70% who leave the custom of a particular organisation were nevertheless satisfied with it. As a predictor of behaviour satisfaction has limitations.

If done well, loyalty research can provide really valuable insight into your customers and their behaviour. Who are these people? How do they behave? What are the key touchpoints? How are they feeling at each point? How does it impact on their behaviour?

The public sector shouldn't beat themselves up too much on the issue of understanding their customers, however. One area where the private sector can lag behind the public sector in understanding their customers is in deliberative and participative consultation. The public sector tends to be far ahead in terms of seeing the 'whites of their customers' eyes' and establishing a clear dialogue on service design and delivery. This doesn't happen nearly as often in the private sector as you might think – with the important exception of when new products are being tested.

An added dimension in this comparison between public and private is that in the private sector some customers are more important than others, and focus is often given to losing 'unprofitable customers'.

**GS:** It is true of course that losing unprofitable customers is not applicable to the public sector, given their nature and that service users often have low levels of choice or potential to go elsewhere.

However, there *is* an increasing interest in the public sector in moving away from traditional satisfaction-based approaches. There has been a push towards 'customer insight', which focuses more on understanding the customers' experience at each stage, through journey mapping, so that services can understand what really matters from the customers' point of view. The public sector is also trying to get up to speed on segmentation techniques in understanding their publics. There is definitely an interest in going beyond satisfaction – focussing more on changing behaviours, partly to help efficiency targets but also because of a recognition that this is the best way to achieve some of the outcomes we are striving for.

There is also more of a realisation in the public sector that customer insight research should not be 'just' a survey, it should be a cultural focus for the whole organisation to understand and improve their customers' experience.

There are also some exceptionally good examples of customer service in the public sector. The Passport Agency is often used as one and we have many other examples, including when good customer service can still make a difference even if giving bad news.

What are the current trends in the private sector? Are there techniques used by your clients that the public sector could learn from?

**SA:** We have done a lot of work which seeks to give us some different perspectives in understanding how customers deal with organisations and service providers. This includes the work Alex Bollen and Claire Emes have done on customer relationships (a synopsis of this work is elsewhere in this Understanding Government ebulletin - [Understanding Customer Relationships](#)), which seeks to take a holistic look, using the metaphor of personal relationships. Personal relationships can be characterised as much, or even more, by emotions as they are by the rational. We have been seeking to understand how the rational and the emotional play themselves out in the customer's experience. The public sector needs to think about what it is trying to measure: is it customers' feelings during the experience? Is it their expectations? Is it the experience itself, i.e. what actually happened (e.g. a desired outcome rather than satisfaction *per se*)? The private sector is currently more willing to measure the emotional as well as the rational, to give them a more rounded appreciation of their customers' experience.

All relationships will vary according to the levels of attachment and choice. Relationships with public services can be fairly low-choice and high attachment, for example schools in some areas. Relationships with utilities on the other hand can be characterised by low attachment with relatively high levels of choice involved. Again, this will also affect the emotional and personal relationship a customer will have with a service, which needs to be borne in mind.

The private sector is currently more likely to realise that there is a need to use lots of surveys rather than one – for example, they may have a survey that measures their brand, as well as mystery shopping which looks into the customer's experience at key touchpoints, as well as other surveys. In the public sector the culture appears to still be more for using a single survey, often for target setting, without much insight into emotions. Linked to this, the private sector also can be more flexible in designing surveys. Supermarkets frequently place surveys on the back of till receipts and the like. It may not be scientifically pure or allow a particularly long questionnaire, but it certainly gives you insight into a large sample which you can then use to look at performance at branch level. The public sector tends to place more emphasis on ensuring representativeness and this can sometimes create constraints. For example, in local government the ward-based information about residents' experiences on the ground is fairly limited.

**GS:** We should remember that we have found in our work that people do not want the public sector to be exactly like the private sector. Although people often want the public sector to achieve private sector standards in customer service – particularly where they can make comparisons, for example on opening hours – they still see them as qualitatively different (even in some cases allowing public services more latitude in recognition of the public service ethos of their staff). In particular, the human, 'softer' aspect of how customers are dealt with is especially important in the public sector. People want staff to be able to engage with their issues and have the flexibility to deal with often complex problems, not treat them as if they are on a 'computer says no'-style production line. The expectations are different, people expect 'softer' aspects from the public sector, so understanding the emotional aspects of their customers in their dealings with them could be the next step for the public sector. It certainly can be done and it would be very interesting to apply some of these techniques to customer experiences of public services.

There is nevertheless a lot that the public sector are doing right in terms of understanding their customers and handling their customers.

**SA:** Certainly no one thinks that about the utilities! While there are areas to improve, the public sector underestimates how good it is at dealing with enquiries or complaints.