

# The Customer Satisfaction Manual

Learn how to increase customer satisfaction at  
your company



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# 01.

# Introduction



## Chattermill on CSAT

In a world of constant change, companies can easily lose track of what matters most.

Today, what matters most, is customer satisfaction.

Particularly, how customer satisfaction (CSAT) helps increase retention and reduce churn.

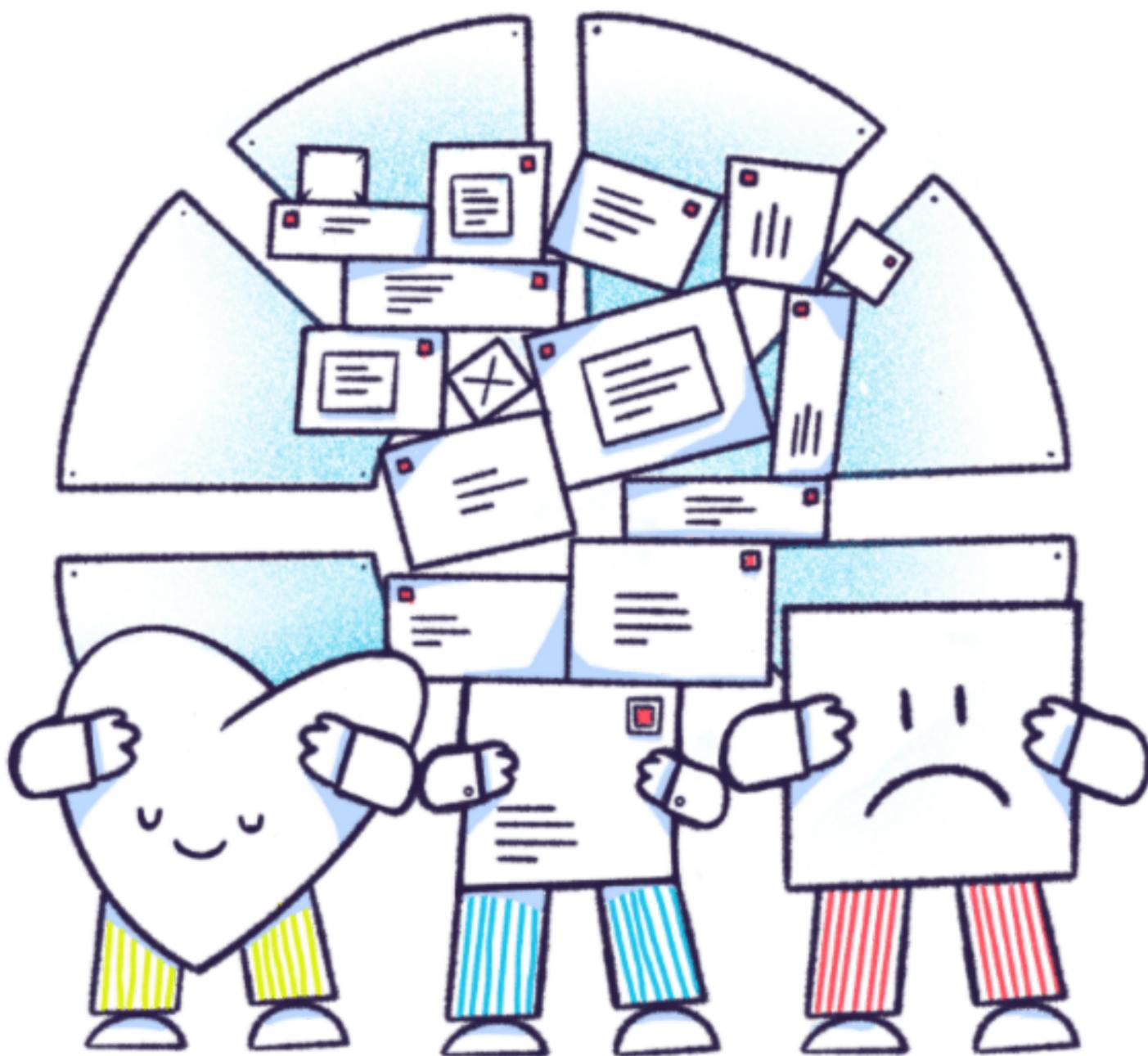
With customers ever more fickle and frugal, companies must prioritize CSAT over everything in order to win a share of the mind and heart of their potential customers so that they can build sustainable advantages for the new world we are all entering together.

First things first, let's get a better look at the big picture.

What exactly are you trying to measure with customer satisfaction metrics? Think of it like this: every customer that interacts with your brand has a certain set of expectations, based on their previous experience with your brand, even if that experience is as small as reading an online review or seeing one of your Instagram ads.

Customer satisfaction measures how well your brand's product and services meet those customer expectations.

This manual will guide you all the way to intuitively understand what is CSAT and why it's so important (especially nowadays!), how to measure it accurately and how to use all this know-how and intellectual firepower to boost customer satisfaction and strengthen the bond between your company's offerings and your customers.



# 02.

## What Is Customer Satisfaction?



Though the two terms are often confused with one another, customer satisfaction is not the same thing as customer experience. Customer satisfaction can be thought of as the overarching umbrella term, while customer experience is a factor in creating customer satisfaction. It's important to measure a variety of factors to get a clear picture of this, as your business may be excelling in one customer satisfaction metric but failing in another.

Customer satisfaction (CSAT) is a metric used to quantify the degree to which a customer is happy with a product, service, or experience. This metric is usually calculated by deploying a customer satisfaction survey that asks on a five or seven-point scale how a customer feels about a support interaction, purchase, or overall customer experience, with answers between "highly unsatisfied" and "highly satisfied" to choose from.

When it comes down to it, customer satisfaction is a reflection of how a customer feels about interacting with your brand. Businesses and brands utilize many metrics to quantify positive and negative feelings. Understanding and mindfully utilizing these customer satisfaction metrics can help improve customer loyalty, revenue retention, and brand image. With so many similar-sounding terms out there, it can be difficult to know where to start digging into your data.

# 03.

## Why Customer Satisfaction Matters?



## **Exceed Customer Expectations**

The root cause of dissatisfaction often boils down to expectations.

Customer satisfaction surveys gather point-in-time feedback for different customer touchpoints to reveal customers' expectations, whether you have met them, and how to do better.

## **Use CSAT as a differentiator**

Companies differentiate themselves on their customer experience. Assure prospective customers by publishing your CSAT score alongside your first response time to show that post-purchase care is both swift and high quality.

## **Drive experience improvement**

All industries can use targeted CSAT surveys to identify pain points around sales, onboarding, customer service, product, internal processes, and other key touchpoints. Improve the customer and employee experience and ultimately increase brand loyalty and customer lifetime value.

Since 60% of customers will leave a company due to a poor customer service experience, you may only get one opportunity to stop someone from churning. CSAT optimizes your chances by providing you with relevant information about the customer's experience with your brand.

## Reduce Customer Churn

At scale, it can be hard to tell who your unhappy customers are simply by referencing business metrics, let alone understand why they're unhappy. Customer satisfaction surveys help identify customers who are likely to churn, so you can resolve their pain points before it's too late.

**Brian Balfour, Former VP Growth @ Hubspot,** explains very clearly:

*“The point is, every improvement that you make to retention also improves all of these other things - virality, LTV, payback period. It is literally foundation all of the growth, and that’s really why retention is king.”*

# 04.

## How To Measure Customer Satisfaction



Monitoring and analyzing customer satisfaction metrics is a critical practice for your business. And the reason why is pretty obvious: not only do unsatisfied customers mean a loss of revenue when they churn but garnering a bad reputation amongst your key audience can also turn away potential new customers as well.

## I. Net Promoter Score (NPS)



**Definition:** Net Promoter Score is a newer school of thought when it comes to measuring customer satisfaction, though its popularity has surged in the last decade and a half since its inception. NPS is specifically concerned with customer loyalty to a brand.

**How it Works:** NPS is measured on a scale of -100 to 100, with positive 100 being the best possible score. Customer data is gathered using a specific NPS survey, with the question “How likely is it that you would recommend COMPANY/PRODUCT to a friend or colleague?”

Respondents are asked to give an answer to this question between 0 (not at all likely) and 10 (extremely likely).

**Responses are then split into 3 buckets:**

- Detractors (responses 0-6): These are people who are not loyal to your company.
- Passives (responses 7-8): These are people who are satisfied but not necessarily loyal.
- Promoters (responses 9-10): These are people who are extremely satisfied, highly loyal to your company, and likely to recommend you to others.

To calculate your NPS, simply subtract the percentage of Detractor responses from the percentage of Promoter responses to get a number between -100 and 100.

For example, 50% Promoter responses - 20% Detractor responses = an NPS of 30. You don't have to do anything with the remaining 30% of Passive responses.

Pros and Cons:

- Pros: Easy to use, studies have shown it correlates to revenue growth
- Cons: Narrowed focus doesn't give the full story on customer satisfaction

## 2. Customer Satisfaction Score (CSAT)

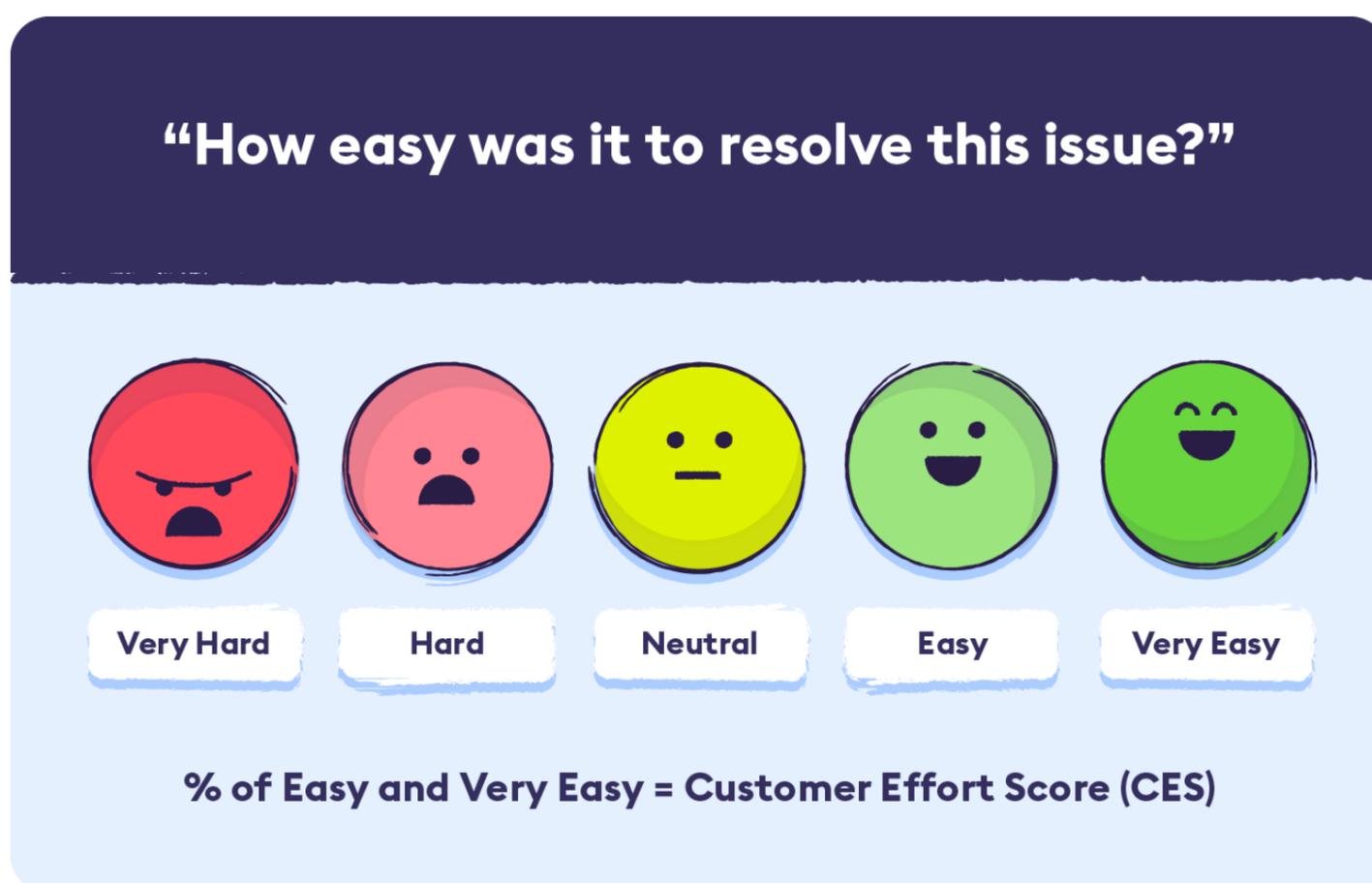
**Definition:** Unsurprisingly, CSAT remains one of the most widely-used customer satisfaction metrics. Once again, this data is gathered using a specific question in a customer feedback survey, such as “How satisfied are you with your experience?” Respondents typically answer this question on a scale of 1-5 or 1-10.

**How it Works:** CSAT is calculated as an overall percentage out of 100. Once you decide on your specific survey question and have gathered your responses, you simply divide to find the percentage of positive respondents. For a scale of 1-5, you'll want to take just the 4 and 5 responses, and for 1-10 just the 8, 9, and 10 responses. For example, 120 positive responses/200 total responses = 0.6, or 60% CSAT.

Pros and Cons:

- Pros: Short and easy for customers to complete, easily adaptable to measure different products or services.
- Cons: High potential for response bias, leading to skewed data.

### 3. Customer Effort Score (CES)



**Definition:** CES measures how much effort a customer had to put in to interact with your brand, product, or service. Examples include working with a customer service rep to resolve an issue or setting up newly purchased software. CES has become increasingly popular in the last decade as a way to specifically measure customer loyalty, similar to NPS.

**How it Works:** Once again, CES is best measured through customer feedback surveys. These types of questions typically look something like “How easy was it to interact with COMPANY/PRODUCT?” or “How easy was it to resolve this issue?” Respondents are asked to answer on a scale of “very difficult” to “very easy.” Using the same method as CSAT above, you can calculate the percentage of “easy” and “very easy” responses, or perhaps more usefully, the percentage of “difficult” and “very difficult” responses to see where things need to be improved.

Pros and Cons:

- Pros: Easy to identify touchpoints that need improvement, strong direct correlation with conversions.
- Cons: Doesn't represent a customer's holistic relationship with a brand.

## 4. Customer Service Satisfaction (CSS)

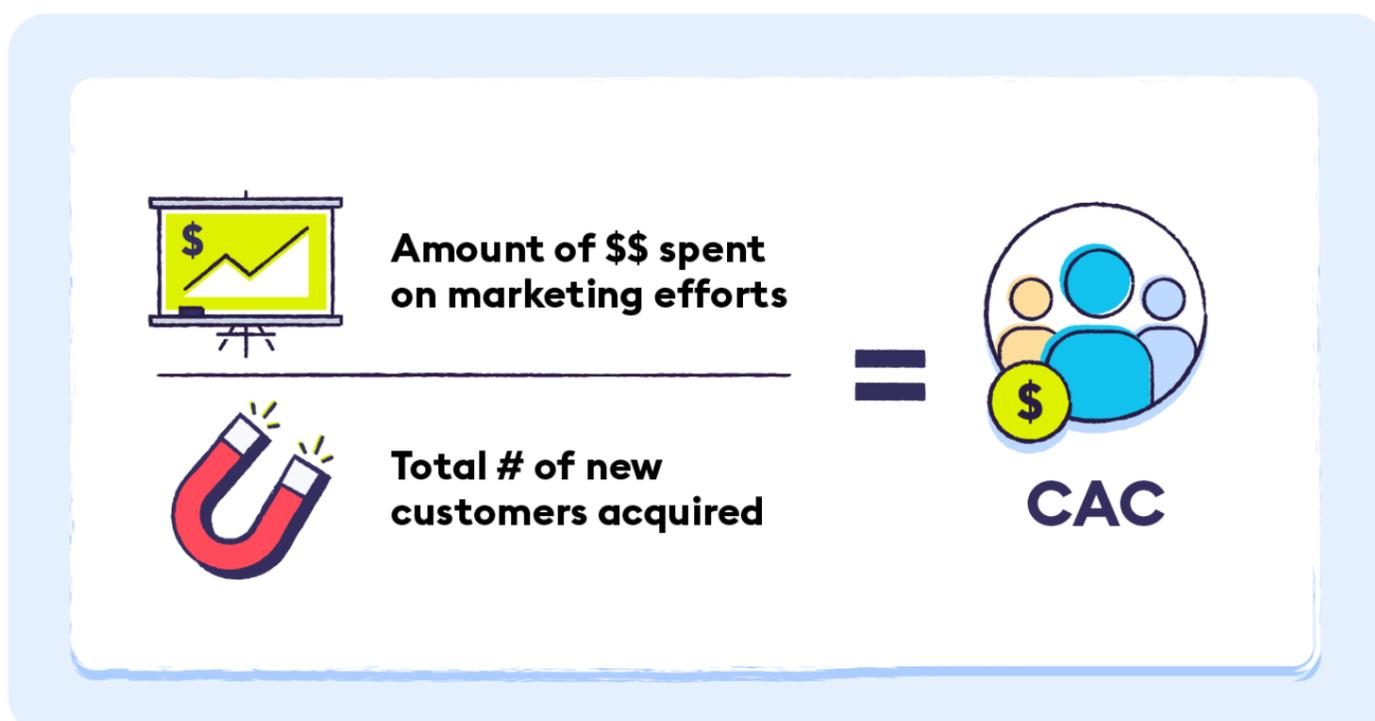
**Definition:** As the name would imply, CSS measures how satisfied your customers are with the support provided by your customer service team. You can gather this data through a customer feedback survey, or, more typically through an automated message sent directly after a customer interacts with a representative.

**How it Works:** CSS can be easily calculated as a percentage, depending on the type of scale you choose to use. For example, after an issue is resolved with the support team via email, you could send the customer a follow up email asking them to rate their experience on a scale of 1-10. Or, after they use a live chat feature on your site, you could give them the option to select great, neutral, or bad customer service. Then, you simply gather all the responses for the specific channel you'd like to measure and calculate the percentages.

Pros and Cons:

- Pros: Directly measures one of the most important customer satisfaction metrics, easy to break down by channel or team.
- Cons: Obviously, only provides data on this specific metric without giving the full customer satisfaction picture.

## 5. Customer Acquisition Cost (CAC)



**Definition:** Though CAC is typically used more by sales and business development departments, it can serve as an important benchmark for customer satisfaction as well. CAC measures how much money, on average, your company is spending to gain one new customer.

**How it Works:** Calculating CAC is straightforward. Take the total amount of money your company spent on marketing efforts for the period, divided by the number of new customers for the period. For example, say in one month 500 people purchased from your website, after you spent \$3,000 on social media advertising. Your CAC for this period and channel would be \$6.

Pros and Cons:

- Pros: Understanding CAC's for specific periods and channels can help you identify issues with your customer satisfaction.
- Cons: CAC can't help you understand exactly what is going wrong or right, it's used more as an indicator.

## 6. Customer Churn Rate (CCR)

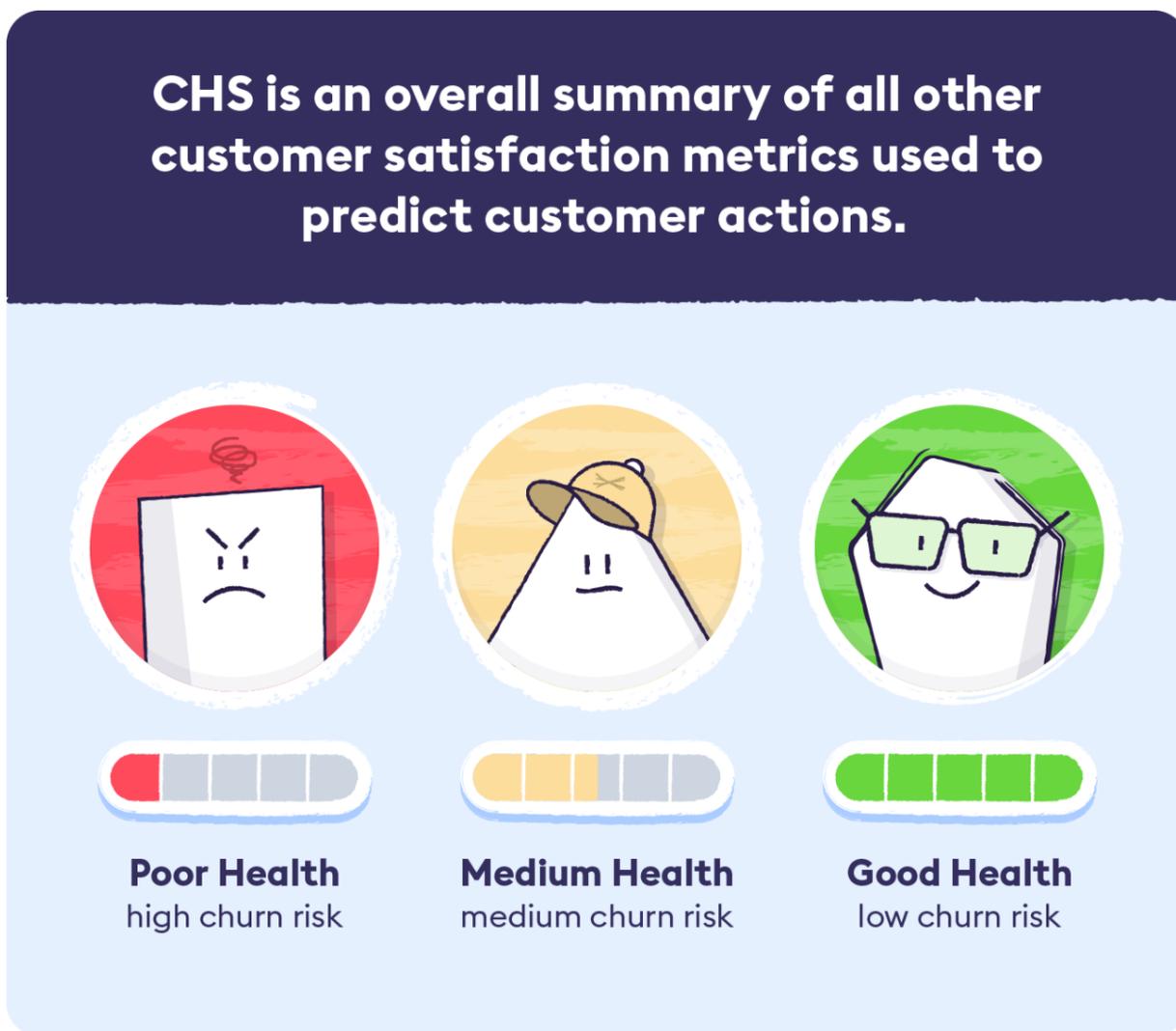
**Definition:** Similar to CAC, CCR is typically a metric used more by sales and marketing departments, but it can be an important check for customer satisfaction efforts as well. CCR is the percentage of customers that leave your business over a period of time. If other customer satisfaction metrics are positive, you can reasonably expect that CCR will be positive as well. If not, it is a definite indication to dig deeper into your other metrics.

**How it Works:** The calculation for CCR is also fairly simple. Take the total number of customers at the beginning of the period, subtract the total number of customers at the end of the period, then divide by the total number of customers at the beginning of the period to get your churn rate. For example, say you started the summer with 1000 customers. By the end of the summer, you had 850 customers. Your CCR would be  $1000 - 850 = 150$ ,  $150/1000 = 0.15$  or 15% CCR.

Pros and Cons:

- Pros and Cons: Same as CAC above. This metric is more useful to provide context to your other customer satisfaction metrics than as its own measurement.

## 7. Customer Health Score (CHS)



**Definition:** You can think of CHS as a summary of all your other customer satisfaction metrics combined. Basically, how “healthy” is the customer? How likely are they to take a specific action based on that “health”, such as churn, upsell, refer a friend, etc.?

**How it Works:** CHS is hard to define, because it’s different for every business. On a basic level, it works by first defining a customer health scale. This could be 1-5, very unsatisfied to very satisfied, red, yellow, and green color profiles, or any other type of measurement that’s easy to differentiate. Next, you define the outcomes or actions you want to predict and utilize the rest of your customer satisfaction data to sort customer health.

For example, a customer who answered “very difficult” on a recent CES survey might be placed in the “red zone” for CHS, with a prediction that they will churn in the next period. Here is an excellent resource to learn more about this process.

#### Pros and Cons:

- Pros: Saves time and effort by combining customer satisfaction metrics for an accurate, holistic view of a customer.
- Cons: Difficult to set up and manage, will likely be time-intensive in the beginning.

# 05.

## How To Boost Customer Satisfaction



# I. Measure Consistently

If we weren't so clear, it's pretty important to measure CSAT diligently and consistently.

Studies show that 91% of unhappy customers will never come back to a business they believe is below par. By frequently measuring customer satisfaction, you can reduce the number of unsatisfied customers and prevent churn.

You can't improve or change what you haven't measured.

Therefore, the first step to improving customer satisfaction is measuring its development so you can understand your company's rate limiting step. Only then will you be able to employ all the brain power, tools and creativity to boost it.

***“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

## 2. Use Customer Satisfaction Surveys

These types of surveys allow you to ask your customers targeted questions about interactions they've had with your business, allowing you to pinpoint exact problems or successes. For example, if you recently redesigned your site, you could send out a survey to recent conversions asking them what they thought about the new layout.

Feedback surveys are not without biases of their own, however, so take a look at our guide on how to properly structure surveys to avoid response bias and gather more accurate data for customer experience analysis.

With a customer feedback survey, you are able to find out how happy your customers are with you, if and what you need to do to improve your product or service and to identify those customers who love your product and could possibly send new customers your way.

## 3. Be Aware Of What Your Customers Are Saying About You On Social Media

Social media is one of the most valuable places for brands to track customer sentiment because it's often the most honest. Most people are on social media and on their phones over 50 times a day. Therefore, you must be present where your customers are hanging out.

Though online reviews and other channels are also important, unique insights can be gained from social because users feel more comfortable expressing feedback and interacting with each other from the safety of the comments section, vs a more formal platform like a customer feedback survey. Use the knowledge you gain about your customers from social as a way to improve not just your company's social CX, but your overall customer experience as well.



## Here are a few practical tips for your social CX strategy:

- Invest in the right channels. Figure out who your ideal customer is and who your brand best appeals to, then figure out where they hang out online.
- Educate and engage with your customers directly, in real-time, by holding live Q&A sessions, chats, podcasts and tutorials.
- Provide real-time customer support. Make sure you are there for your customers, to solve any problems they might have. Be active and respond to your customers' queries within 24 hours.
- Foster connection. If customers are reaching out on social media, it's because they want to communicate with an actual human.
- Show your customer and followers the personality behind your brand by listening to what they have to say, and responding authentically and personably.
- Monitor brand mentions

## 4. Respond to Complaints Quickly

Today's customers have high expectations when it comes to response time.

Depending on the scale of your brand, it will, of course, be impossible to respond to every comment, request and help ticket but you should be interacting with your customers everyday. This shows that you actually care what your customers have to say and are willing to take the time to engage with them.

And although replying to positive feedback is easy enough (oftentimes a like or emoji reply is enough), a brand's true character comes out when responding to negative reviews. This is your chance to not only turn that customer around but also show your audience that your business has integrity and care for its customers. When responding to negative feedback, it will be especially important for teams to collaborate on the best solution to present the unsatisfied customer.

Furthermore, as we're dealing with a population that has an increasingly short attention span and a need for instant gratification, we must respond quickly.

If a customer is taking the time to direct message your brand on social media, you need to be responding to them as quickly as possible. Social

media has become the new customer service interface - you wouldn't expect a customer to wait on the phone for four hours, would you? They shouldn't have to wait four hours on a Messenger reply either.

## **5. Build Your CSAT Analysis Arsenal & Leverage The Power Of A.I.**

Many of the tools discussed in the next section can bring you closer to the superpower that AI provides for customer experience and satisfaction analysis.

However, you can significantly speed up the customer experience analysis process enormously by making use of AI analytics tools. AI-backed software can even provide more in-depth insights than manual categorization by making use of sentiment and intent tracking.

## **6. Make A Human Connection**

If customers are reaching out on social media, it's because they want to communicate with an actual human. Show your followers the personality behind the brand by listening to what they have to say, and responding authentically. Most people don't want to feel like they're interacting with a faceless corporation, but that they're interacting with the people who make up that corporation. Running a business's social media accounts is a balancing act between professionalism and approachability, which is why

it's so important to establish your brand voice ahead of time and work with multiple teams to iron out your company's online presence.

When it comes down to it, creating a relatable, human connection with customers on social is what will serve you best. A good example of this is the shift in strategy for fast food brands over the past couple of years. On Twitter especially, companies like Arby's and Wendy's have been making a splash by incorporating an irreverent sense of humor combined with a willingness to engage with fans and even other brands. Their online presence is relatable, memorable, and certainly not stuffy.

## **7. Reduce Customer Effort**

Another way of increasing customer satisfaction is through reducing customer effort. This means reducing the time and trouble it takes customers to reach out to you. Put in place a comprehensive FAQ section and efficient support channels such as live chat or mobile messenger.

Having quick support channels is essential to customer satisfaction, as it ensures your clients will have a smooth customer journey.

Instead of making customers search for the relevant support channel, you can assist them with technology. For example, contemporary live chat apps have features that connect customers to just the right representative. Let's say you need to forward a question to a different department. The apps will

will make it easy to attach a transcript detailing a client's problem.

Therefore, neither your employees or your customers will have to exert additional effort.

## **8. Maintain A Consistent Brand Voice**

Part of the collaborative efforts between social media managers, upper management, and customer service teams should include establishing a brand voice that will appeal to and resonate with customers. Once you've settled on a tone that best fits your brand, be it cool and collected or bubbly and excited, you'll need to maintain that tone everywhere your brand can be found online.

Not only do your website pages, product descriptions, and social post captions need to reflect this voice, but your online customer service reps, chatbots, and interactions with followers should as well. Consumers value consistency and your brand should feel recognizable and familiar whether a customer is reading a blog post or chatting about an issue through Facebook Messenger.

## **9. Respond To Both Good And Bad Reviews**

Today's customers have high expectations when it comes to follower engagement.

Depending on the scale of your brand, it will, of course, be impossible to respond to every comment, but you should be interacting with your followers every day. This shows that you actually care what your customers have to say and are willing to take the time to engage with them.

And although replying to positive feedback is easy enough (oftentimes a like or emoji reply is enough), a brand's true character comes out when responding to negative reviews. This is your chance to not only turn that customer around but also show your audience that your business has integrity and care for its customers. When responding to negative reviews online, it will be especially important for customer service and social management teams to collaborate on the best solution to present the unsatisfied customer.

## **IO. Surprise Your Customers**

Satisfy your customers? That's a good start, but you should really be aiming to delight your customers. To wow your customers.

At least that's the advice that Warren Buffett gives ... so it's probably pertinent wisdom.

According to **Warren Buffett**:

*“Any business with delighted customers has a sales force they won’t have to pay; You don’t see them, but they are talking to people all the time.”*

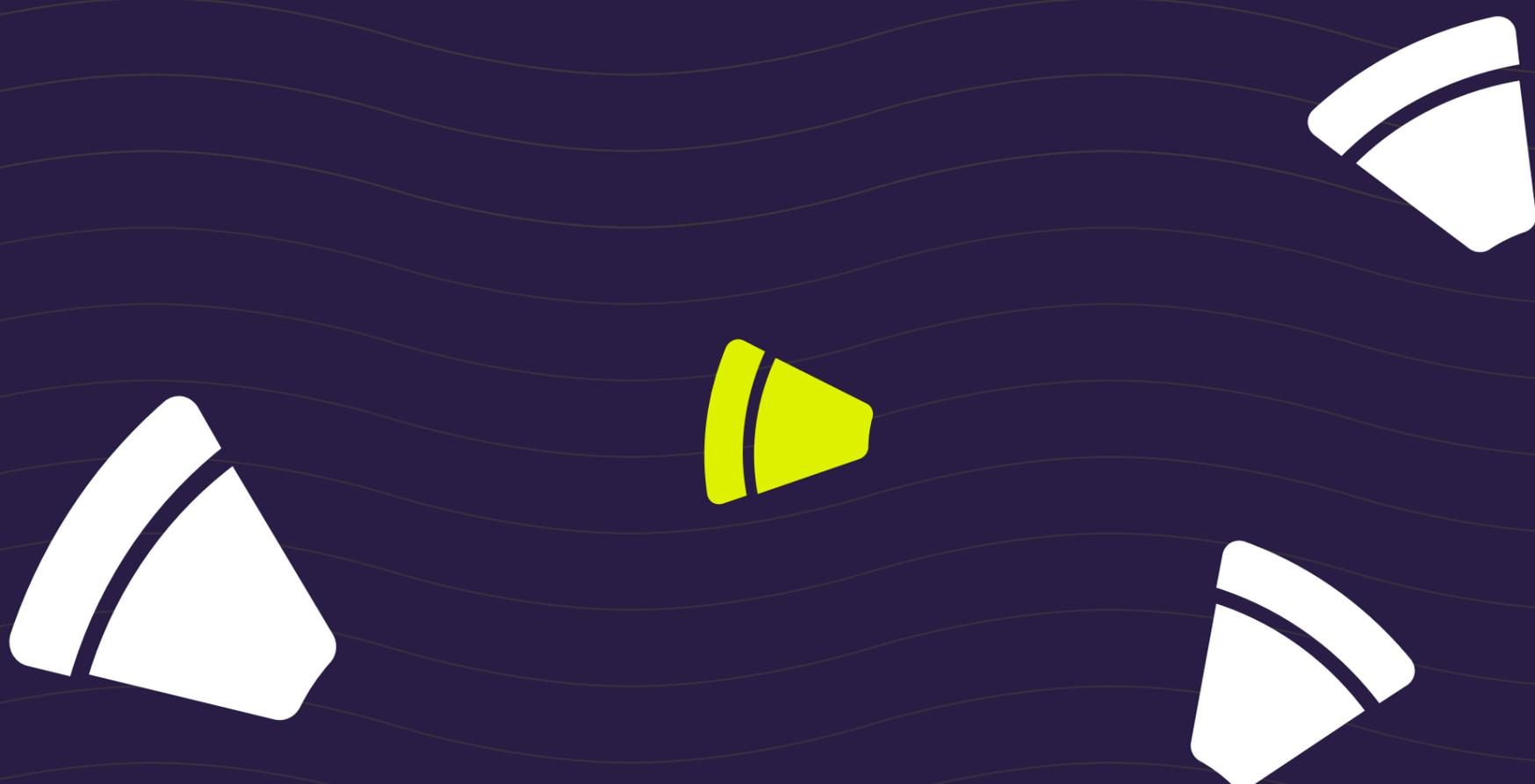
Here’s where things get tricky when it comes to tactical advice, though; there’s no silver bullet strategy to delighting your customers. To be remarkable, you have to, by definition, do something a little outside of the ordinary (and not simply avoiding annoying your customers).

Some companies, like Zappos or Amazon, make that a core part of their operating ethos. When you truly rally your company around customer delight, you don’t need to worry about the individual tactics; those ideas will come.

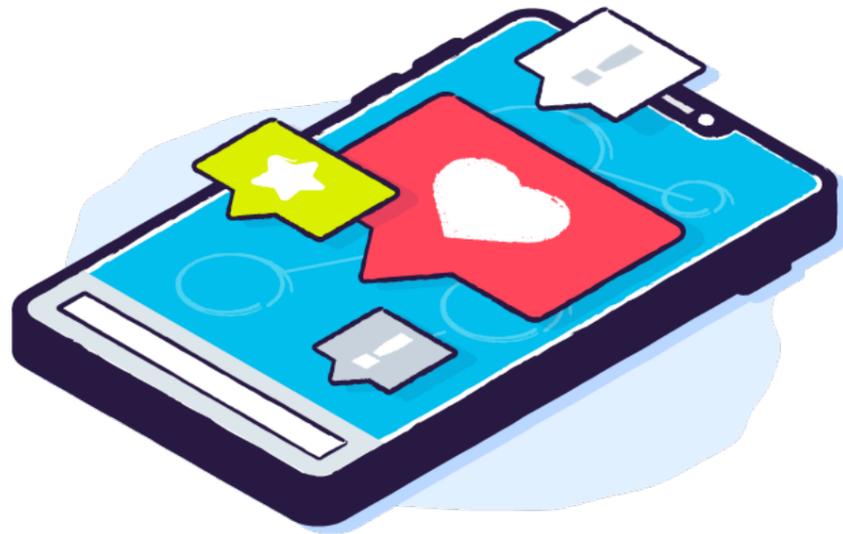
Whether it’s something quirky like sending hoverboards to your best customers, something remarkable like staying on a call for a Guinness Record amount of time (like Zappos), or something thoughtful like writing handwritten thank-you notes to your marketing partners, delighting your customers can bring about amazing business results.

# 06.

## CX Tools That Help You Measure CSAT Metrics



You've probably noticed that most of these customer satisfaction metrics can be time-intensive to gather and analyze.



Utilizing CX tools can help cut down on manual research by automating customer feedback surveys, coding the qualitative data you receive from those surveys, tracking sentiment and user intent through text analytics, and more. This all helps to save you time, money, and employee bandwidth while continuing to gather invaluable insights from your customer satisfaction metrics.

There are many tools that do this, with lots of new exciting products joining the market each day.

## **Usabilla:**

Usabilla enables you to collect native feedback in-app, email or website in real time providing intuitive insights. The continuous stream of feedback is an excellent way for your customer to interact with your product. A standout feature of Usabilla is the ability for users to send screenshots along with their feedback making it much easier to understand user's concerns.

## **Qualaroo:**

Qualaroo is a SaaS company that enables companies, like iLlow, Lenovo, eBay, TripAdvisor, to gain valuable insights from their prospects and customers 'in the moment' when they are using your website or app.

Qualaroo makes it possible to target prompts by user behavior, specified needs, demographics, or any other internal data. We call these prompts 'Nudges' that can be used to get insights about visitors and influence their behavior.

## **Typeform:**

Typeforms boasts of a dynamic survey design that is one of its most appealing qualities – it hides survey questions until the preceding answer has been recorded, encouraging better engagement through the survey. Better engagement equals better data, equals more opportunity to build the high quality CX your customers deserve.

## SurveyMonkey:

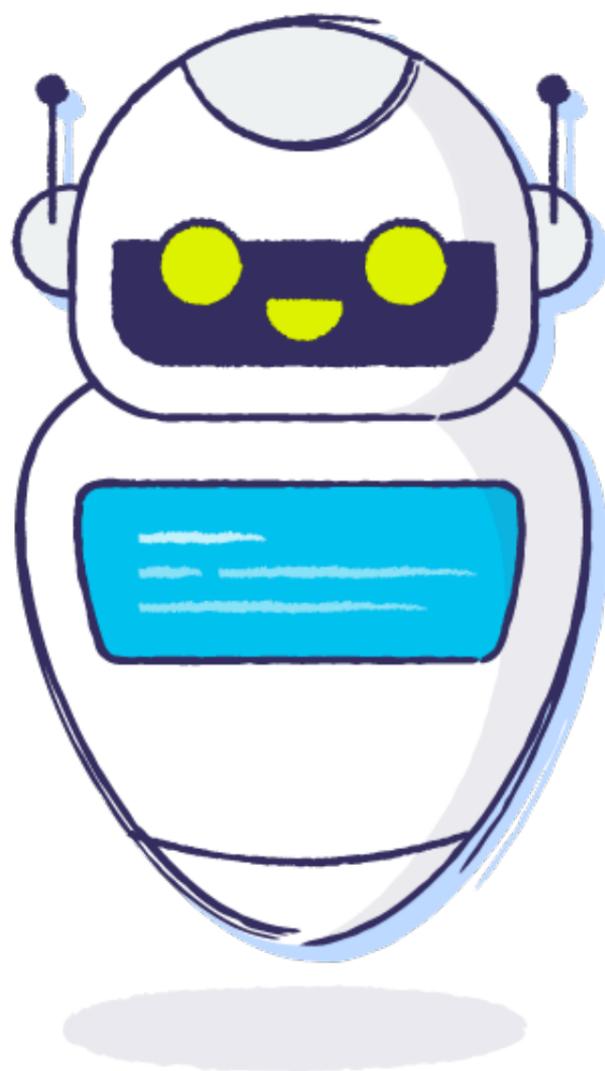
SurveyMonkey offers free, customizable surveys alongside an integratable suite of backend products that can handle data analysis, sample selection, bias elimination, data representation tools and more. Plus, Survey Monkey operates worldwide and is available in more than a dozen languages, so no matter where your company is based or does business, Survey Monkey is likely to be able to meet your data collection needs.

## Google Forms:

Google Forms is a survey administration app that is included in the Google Drive office suite along with Google Docs, Google Sheets, and Google Slides.

This is a tool that allows collecting information from users via a personalized survey or quiz. The information is then collected and automatically connected to a spreadsheet. The spreadsheet is populated with the survey and quiz responses. The Forms service has undergone several updates over the years. New features include, but are not limited to, menu search, shuffle of questions for randomized order, limiting responses to once per person, shorter URLs, custom themes, automatically generating answer suggestions when creating forms, and an "Upload file" option for users answering questions that require them to share content or files from their computer or Google Drive.

There's no shortage of customer survey software out there, though. Just do a quick Google search and see what I mean. It's hard to compare all the options, which is why I recommend using something simple like Google Forms or Survey Monkey, but if you want to do some more research, check out G2 enterprise feedback management category for lots of good options.





# Chattermill Lite

We have recently launched a new product, Chattermill Lite, which is designed for smaller teams and companies who need a real-time view of their CX as they grow.

Get up to 15,000 pieces of feedback analysed and full free access to Chattermill and all its features for three months.

Just email us at [maddy@chattermill.io](mailto:maddy@chattermill.io) including the **promo code: CSAT MANUAL**