



SPOTLIGHT

How to Engage Your Employees in Delighting Your Customers

Have you ever had an exceptional customer experience (CX) —one that really stood out—and wondered, ‘Why doesn’t that happen everywhere?’ The big differentiator usually has to do with a company’s employees and their level of engagement. When employees are highly engaged in delivering great customer experiences, they work harder to delight customers. They also learn more from each customer interaction, which in turn helps their companies adapt more quickly to changes in the marketplace, such as rising customer expectations or new threats from competitors.

The Medallia Institute set out to quantify the relationship between employee engagement and customer experience. We looked specifically at two key aspects of employee engagement—engagement attitudes and engagement behaviors.

- **Customer-centric attitudes:** how employees feel about aspects of their job that relate to serving and satisfying customers
- **Customer-centric behaviors:** how employees interact with customers and customer feedback

[Research](#) has shown that attitudes and behaviors reinforce each other in creating strong customer-centric [engagement](#) among employees.

Customer-Centric Attitudes: How Employees Feel Impacts CX

The first component of customer-centric engagement is how employees feel about their company as a place to work, especially aspects of their job that relate to interacting with customers.

When the Medallia Institute compared employee engagement and customer loyalty across more than 130 retail outlets, we found that stores with more engaged employees (i.e., employee Net Promoter Scores® (NPS) >90), had customer loyalty ratings that were 12 percent higher (see Figure 1) than stores with less engaged employees (i.e., employee NPS<10). Stores with high employee engagement also achieved greater increases in customer loyalty year-over-year, while stores with low employee engagement actually saw loyalty drop (see Figure 2).

Customer loyalty also suffers when employee experiences are inconsistent. For example, in our study, when some sales associates were highly engaged and ready to go above and beyond for customers, but others were not, customers were less likely to recommend the store (see Figure 3).

Customer-Centric Behaviors: How Employees Act Impacts CX

The second component of customer-centric engagement is how employees interact with customers and learn from customer feedback.

One way to influence employee behavior is by gathering and [sharing customer feedback across the organization](#). Employees with real-time access to customer feedback report feeling more engaged at work, most likely because they receive a constant flow of information, which helps them learn and improve. As they get better at serving customers, they get more positive feedback, which creates a self-sustaining cycle of growth and development.

Another way to influence engagement behavior is by empowering employees to make changes that will enhance the customer experience. With a shared vision of the customer experience, better feedback loops, and accountability systems in place, companies can empower their employees to try new things and make a meaningful impact, which increases their engagement.

Three employee behaviors, in particular, make it possible for companies to provide better customer experiences:

Digging deep into customer feedback

Employees who use customer feedback to identify the root cause of a negative experience, or to discover new things that customers appreciate, are better able to improve customer outcomes. They understand what's working and what's not, and can adjust their behavior accordingly. A large financial services company found that when call center agents regularly dug deep into customer feedback data, their unit scored 10 points higher on customer NPS in a given month than units whose agents were less engaged.

Closing the loop with customers

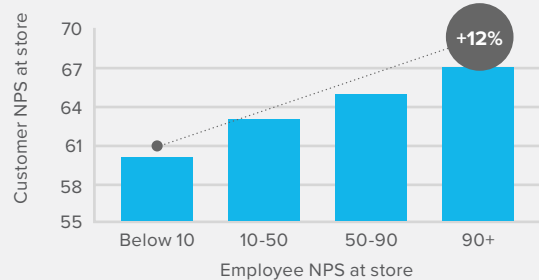
Closing the loop requires collecting and reviewing customer feedback, and following up with individual customers. These actions promote a two-way dialogue between customers and employees, which helps the company as a whole gain a deeper understanding of customer problems and how to fix them. In one Medallia study of more than 200 CX programs, companies that closed the loop with customers had an average NPS 23 points higher than companies that didn't.

Sharing learnings from customer feedback

One large automobile company asked its employees to categorize pieces of customer feedback as they reviewed them and add any notes that might provide additional context. When employees investigated and documented customer issues from more than 80 percent of the customer feedback they saw, they achieved customer scores 26 percent higher than employees who analyzed less than 50 percent of feedback.

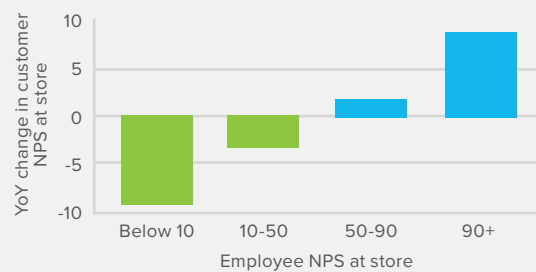
Simply stated, greater employee engagement leads to greater customer loyalty.

Figure 1: Stores with highly engaged employees provide better customer experiences



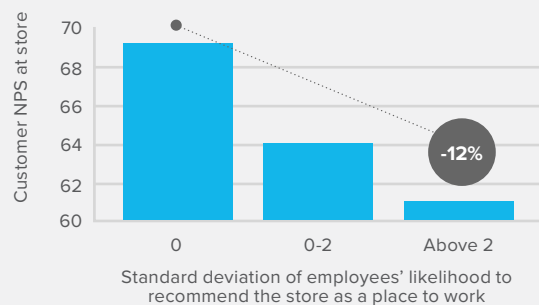
Analysis controls for employee demographics, customer demographics, time trend, brand; store location; loyalty member penetration; p<.05, n= 133 stores.

Figure 2: Stores with highly engaged employees improve customer experiences year-over-year



Analysis controls for employee demographics, customer demographics, time trend, brand; store location; loyalty member penetration; p<.01, n= 105 stores.

Figure 3: When employee engagement varies customer loyalty declines



Analysis controls for number of employees per store, brand division (e.g., luxury), store location, employee demographics; and customer demographics, p<.01, n=118 stores.

To learn more about creating greater customer-centric engagement among employees, read our white paper: [The Missing Piece of the Customer Experience Puzzle: Customer-Centric Employees.](#)