Apptentive

The Ultimate Guide to Closed-loop Feedback

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What is Closed-loop Feedback, And Why Does It Matter?

Closed-loop feedback is the process of capturing, analyzing, acting on, and following up on customer feedback.

Simply following three of these four steps is not enough to fully understand the customer experience and inform your marketing and product initiatives.

You must do all four:

1. **Capture**
2. **Analyze**
3. **Act**
4. **Follow up**

While closing the loop certainly benefits companies by helping inform product roadmaps, drive marketing initiatives, and increase customer loyalty, it also benefits customers directly to know their voice is being heard (and acted upon!).

Customers want to know you're not just hearing their feedback—you're acting on it, too.

> "Of the 95% of companies who collect customer feedback, only 10% use the feedback to improve, and only 5% tell customers what they are doing in response to what they heard."
>
> **- Gartner**

> "Companies that close the feedback loop can improve their customer retention by an average 10%"
>
> **- NPS Benchmark**

How do you create a feedback loop?

STEP 1
Capture feedback

The first step to fostering a continuous feedback loop is to first start collecting feedback. While this might sound like a no-brainer, it's often assumed that customers will offer up feedback without being prompted. In fact, most brands hear from less than one percent of their customers. We've found that proactively gathering feedback is the key to collecting useful feedback from the largest sample size possible.

How to collect mobile customer feedback

Ratings and reviews

In-app surveys

Two-way messaging channels

Shameless plug: These channels can be built into any app or effortlessly integrated with a customer experience solution like Apptentive.

STEP 2

Analyze and share insights

This step might also seem obvious, but far too many businesses collect customer feedback and then let it sit. The first step to leveraging feedback as fuel for your business is to analyze it critically in order to understand what customers really want.

Analyzing feedback looks different for every business depending on what questions are asked and where it's collected. But regardless of the what and the where, the feedback you collect is only as good as what you do with it.

While it can be easy to assume customer feedback is owned solely by product managers, in reality, it impacts your entire organization. Marketers, product managers, research teams, customer success managers, and everyone in between can benefit from understanding what customers want, so it's important to share it with all stakeholders across your org.

Data shows that customers expect to be interacted with, and those interactions heavily influence retention. **Our research shows that 51 percent of consumers expect companies to ask them for feedback directly,** which may explain why the volume of feedback is low for companies who don't bother asking. Not only do customers expect it, but prioritizing the voice of the customer is also a strategic investment that helps improve metrics across your end-to-end business strategy.
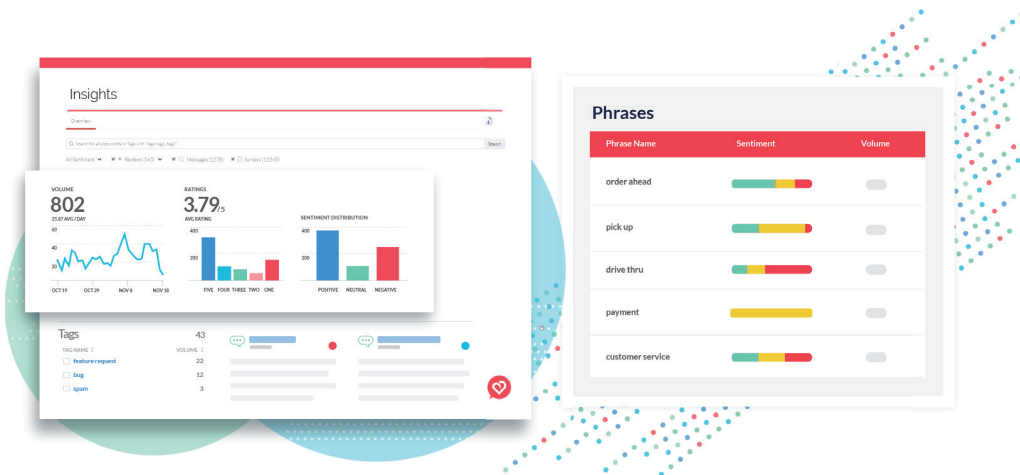
STEP 3

Take action

Companies don't take enough action based on the feedback their customers provide. A lack of communication and implementation of customer feedback can affect brand loyalty and customers' willingness to provide feedback in the future.

Listen to your customers wants and needs, then build solutions to meet those desires.

There are two primary ways for the voice of the customer to positively influence your business plan:

• Let feedback drive your product roadmap
Use customer feedback to continually improve your product. Customer feedback provides publishers with pre-validated ideas to fix or improve their experiences. These insights should inform your product roadmap and rally your development team around a single, centric point: the customer.

• Let feedback influence your marketing initiatives
Feedback doesn't just impact your product. Listen to customers to find ways to adjust your marketing initiatives, like running deals around certain products or time frames, adjusting language to better resonate with the group, and more.

STEP 4

Close the loop and follow up

Once a customer does provide feedback, let them know that it's heard and being acted on. This shows them that their voice is valued and that their feedback isn't going into a black hole.

Regardless of whether the feedback is positive or negative, recognize it for what it is—a gift.

Let's look at an example of what closing the loop actually looks like. If a customer gives a suggestion or submits a bug report, let the customer know where this issue stands in your roadmap. And once that issue
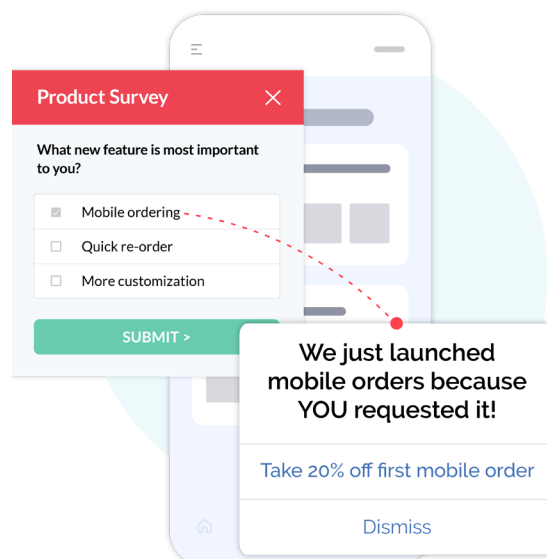
has been fixed or that suggestion has been implemented, reach back out to inform the customer of the impact their feedback made. Consumers want to know their voices are being heard; let them know your team prioritizes what they have to say.

Effective feedback loops should be a frictionless part of the customer experience and designed in a way that resonates with their needs: quick, non-intrusive, and optimized for whatever device they're engaging with, especially when it comes to mobile. Don't interrupt their checkout process to tell them thanks; wait until that experience is over to make sure you're communicating at the right time and in the right place.

Why doesn't everyone do this?

This question leaves us scratching our head most of the time because closing the loop on feedback feels like a no-brainer. However, so many companies leave feedback on the table and their customers in the dark. But why?

We've narrowed it down to three main challenges:

It's difficult to gather feedback from the right people at the right time.

Either brands don't have the tools in place to gather feedback at scale or they lack the resources to appropriately target who they want to reach.

Actually acting on insights gathered is often a missed step.

Valuable feedback gets collected and then sits around untouched and unused.

It's traditionally difficult to scale hyper-personalized customer experiences.

So while it might sound great to close the feedback loop with every customer, many companies lack the tools to actually make this a realistic and scalable practice.

As a result of these three challenges, most companies fail to follow up with customers at all or only follow-up with the vocal minority (i.e. VIPs, detractors). These companies also tend to neglect personalization and send the same message to everyone, which takes away from the customer experience long-term.

Keep interactions short and sweet

People are busy, and they don't have time to take a 100-question survey (unless they're really, really bored). Short, quick surveys (frequently called microsurvesy) can accomplish the same as an ultra-long survey if you're strategic and straightforward with which questions you chose to ask. If someone is taking the time out of their day to give you feedback, it's best practice to make it as painless and frictionless as possible.
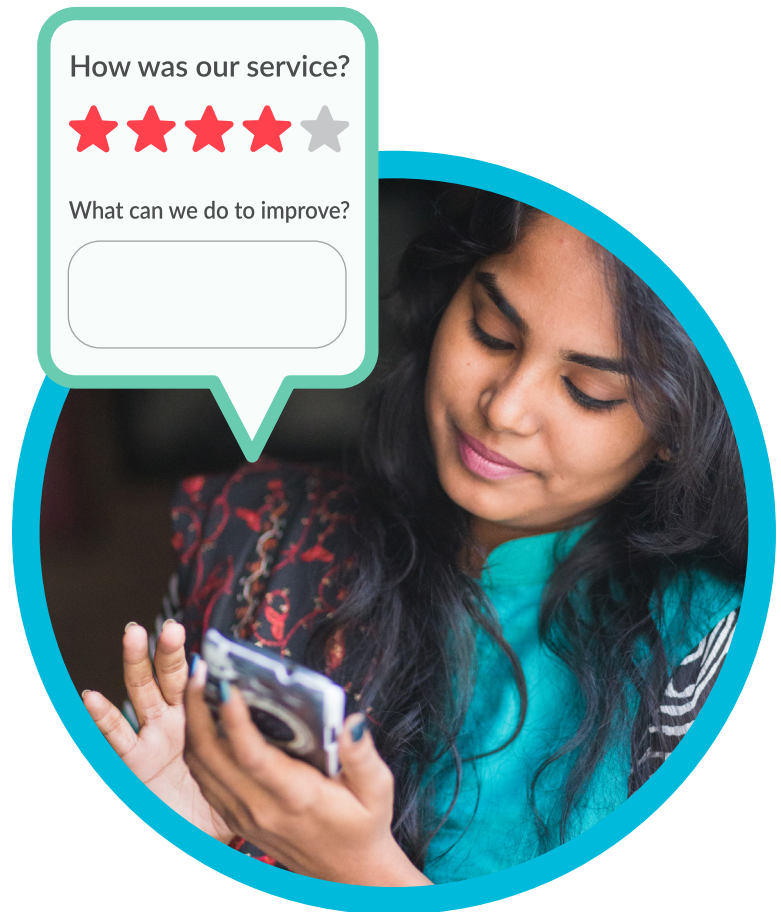
Use a mix of close- and open-ended questions

A close-ended question might also be called a quantitative question, and an open-ended question is often also referred to as a qualitative question. Both types are incredibly valuable and give your customers different ways to give you feedback.

How was our service?

★★★★☆

What can we do to improve?

While close-ended questions allow for quick answers and analysis, open-ended questions allow customers to truly express themselves with their own words. Don't let qualitative feedback scare you, either. If you have a tool like Apptentive, you'll be able to sift through qualitative data, find patterns, and understand sentiment at scale.

Define ownership

This relates back to one of our earlier stated challenges companies face: Oftentimes, brands have the feedback collected, but they don't do anything with it largely due to lack of clear ownership. That valuable customer data just sits around, waiting to be used. It's critical that teams determine clear ownership of analyzing feedback whether that's a data analytics team or someone else.

On top of that, it's important that whoever is responsible for sifting through the data also shares this information in a meaningful and easy-to-digest way. Whether through data visualizations, executive reports, or shared dashboards, customer feedback should be shared widely across different teams.

Capturing the right feedback and taking action on it is just the first step. Complete the loop by telling your customer their voice was heard—and that it drove a specific improvement.

So, while we've outlined some of the best tips and tricks in the section above, let's dig into the most critical (and frequently overlooked) piece of creating a closed-loop customer feedback loop: Interaction Response Targeting.
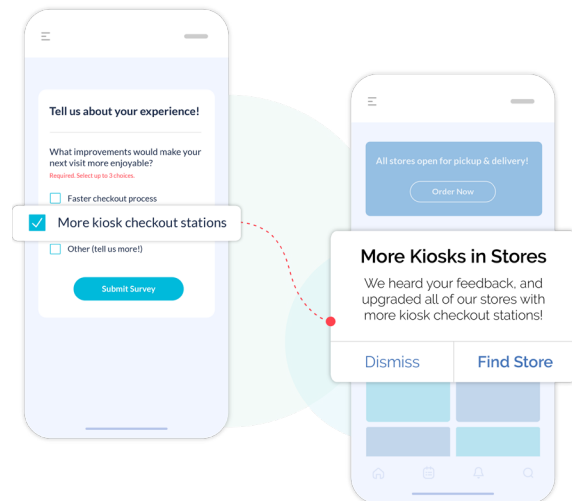
What is Interaction Response Targeting (IRT)?

Proving to your customers that their voice drove impactful change is a powerful way to build loyalty and reduce churn. But many companies struggle to follow-up on their customer's specific feedback in a personalized way, due to the difficulty of scale or limitations across their platforms. Apptentive equips you with the means to capture, analyze, act, and efficiently respond to customer feedback at scale.

Closed loop made easy
Companies that close their feedback loop see a strong increase in retention, yet only five percent of companies do this today because the process has been traditionally viewed as expensive, time-consuming or complex. Now, closing the feedback loop can be accomplished easily and entirely within the Apptentive dashboard, without having to rely on ad-hoc marketing campaigns, third-party tools or integrations.

Powerful in-app retargeting based on previous responses
With Apptentive, every response to a Survey or Note can be used as targeting criteria for future interactions. Quickly identify subsegments you want to reach—those who have requested specific features, are most engaged, are most at risk of churn—and follow-up with a tailored Survey or Note in response.

Dive deeper, iterate faster

Discover deeper, actionable insights by retargeting specific customer segments for survey follow-up to understand the "why" behind their scores and sentiment. Quickly build context around NPS and CSAT to identify specific areas of improvement.

A unique expression of customer love

Responding to customer feedback in a personalized way is a powerful incentive proven to increase future survey response rates and drive customer loyalty. It's rare enough to be an unexpected delighter, validates the time and effort your customers put into sharing their thoughts, and demonstrates their input is driving real change.

How Can Different Teams Successfully Practice Closed-Loop Feedback Cycles?

Product teams

What good is feedback if you don't use it to make data-driven decisions? It's not enough to just collect customer feedback and let it sit – you must analyze and act on it. It may seem obvious, but far too many businesses collect customer feedback and then let it sit. A very easy way to use customer feedback is to continually improve your product: Solicit customer feedback to drive your product roadmap, and then delight your customers by notifying them when a feature they specifically requested ships.

Customer feedback provides publishers with pre-validated ideas to fix or improve their experiences. These insights should inform your product roadmap and rally your development team around a single, centric point: the customer.

Marketing teams

Feedback doesn't just impact your product. Listen to customers to find ways to adjust your marketing initiatives, like running deals around certain products or time frames, adjusting language to better resonate with the group, and more.

Boost key app revenue metrics and campaign performance by hyper-targeting customers with special offers based on their previous interactions and responses. Build behavior-based profiles for your customers and easily segment for personalized outreach, retargeting those most at risk of churning while reinforcing loyalty from your fans.

Summary and Next Steps

- Keep interactions short & sweet

- Use close- & open-ended questions

- Define ownership before you start

- Make it personal!

- Keep the loop going
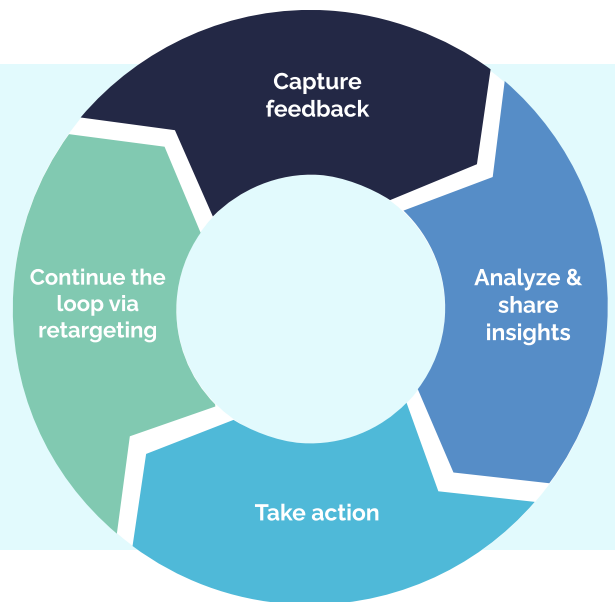
Always remember the golden rule: All feedback is good feedback, regardless of the medium through which it is collected or the sentiment behind it. Feedback is wildly valuable and should always be treated as an opportunity to learn how you can make a better product and experience for your customers.

Next steps

If you're an Apptentive customer:
Reach out to your CSM to learn more about interaction response targeting. They'll work with you to create a detailed action plan based on your goals.

Don't know your CSM? Reach out to support@apptentive.com

If you're not an Apptentive customer:
Need advice? We're here. Talk to a member of our team for 1:1 consultative tips or to schedule a demo to see our product in action. Get started here.