

# FOSS

developing  
customer insight

# developing customer insight

## what is 'customer insight'?

'Customer Insight' is knowledge derived from the variety of qualitative and quantitative data and information that local authorities collect about their area. Sources of insight include demographic data, surveys, feedback from focus groups and consultation exercises, service usage data, and 'complaints, compliments and comments'.

By having a comprehensive understanding of our customers based on insight we are more likely to deliver services aligned to their needs and expectations. As Sir David Varney said in his paper *Service Transformation: A Better Service for Citizens and Businesses, a Better Deal for the Taxpayer* (December 2006):

**'Deep insight into customer needs, behaviours and motivations, plus the ability for citizens and businesses to have better information on the services we offer, are all important for the design of public services that support the Government's desired policy outcomes. Citizen or business insight is a starting point to answering this challenge'.**

*Sir David Varney*

The mounting importance for all public sector bodies to design services around the needs of their customers is demonstrated in the cross government Service Transformation Agreement that was launched as part of the Comprehensive Spending Review (CSR) 2007.

The emphasis on insight work has created debate around insight's definition and remit. This paper provides some answers and outlines various techniques and sources for building 'customer insight'. Through interviewing a range of local authorities that have embarked on the customer insight journey, we have identified some of the key benefits and challenges that are associated with gathering and using customer insight.

## how do local authorities develop and use 'customer insight'?

Customer insight allows us to systematically understand the needs and behaviours of our customers. The Government Communications Network's Engage Programme defines insight as 'a deep truth about the customer based on their behaviour, experiences, beliefs, needs or desires, that is relevant to the tasks or issue and rings bells with target people'.

It encompasses a huge range of tools and techniques, from simple to highly sophisticated, and covers both qualitative and quantitative data. Local authorities already hold and have access to massive amounts of data on their customers. This should form the basis of insight work, as simple insight into customer preferences can be carried out using the data authorities already have. The most advanced local authorities will systematically analyse data from a range of sources to draw out insight about their customers.

At the beginning of their customer service transformation programme, the London Borough of Camden carried out comprehensive research into customer needs and preferences drawing on the following sources of insight:

- discussions with front line staff
- open staff sessions
- commercial data (Mosaic produced by Experian)
- satisfaction surveys
- review of complaints and compliments
- Customer Relations Management (CRM) System data
- focus groups with residents and service users
- service databases e.g. Council Tax, Benefits, Adult Social Care, Children's Social Care
- partner agencies e.g. Police, Health
- ONS (Office National Statistics)

The London Borough of Camden then used the commercial data as a basis for segmentation and layered internal data and intelligence on top. The London Borough of Camden used data from Mosaic, produced by Experian, (an alternative is Acorn data produced by CACI). From this they gained a deep understanding about the services each customer segment consumes, their preferred means for accessing these services and what drives satisfaction for them. Information on channel preference and the address of those customers segments that use face-to-face services, have allowed them to identify where best to locate their face to face access points, and to map what services should be delivered across all the various access channels. This provided the foundation for delivering better and more accessible services to their customers.

A similar approach to customer insight has been carried out in other local authorities, including: the London Borough of Hammersmith and Fulham, the Royal Borough of Kensington and Chelsea and Birmingham City Council. The diagram opposite demonstrates the segments that were developed by the London Borough of Hammersmith and Fulham.

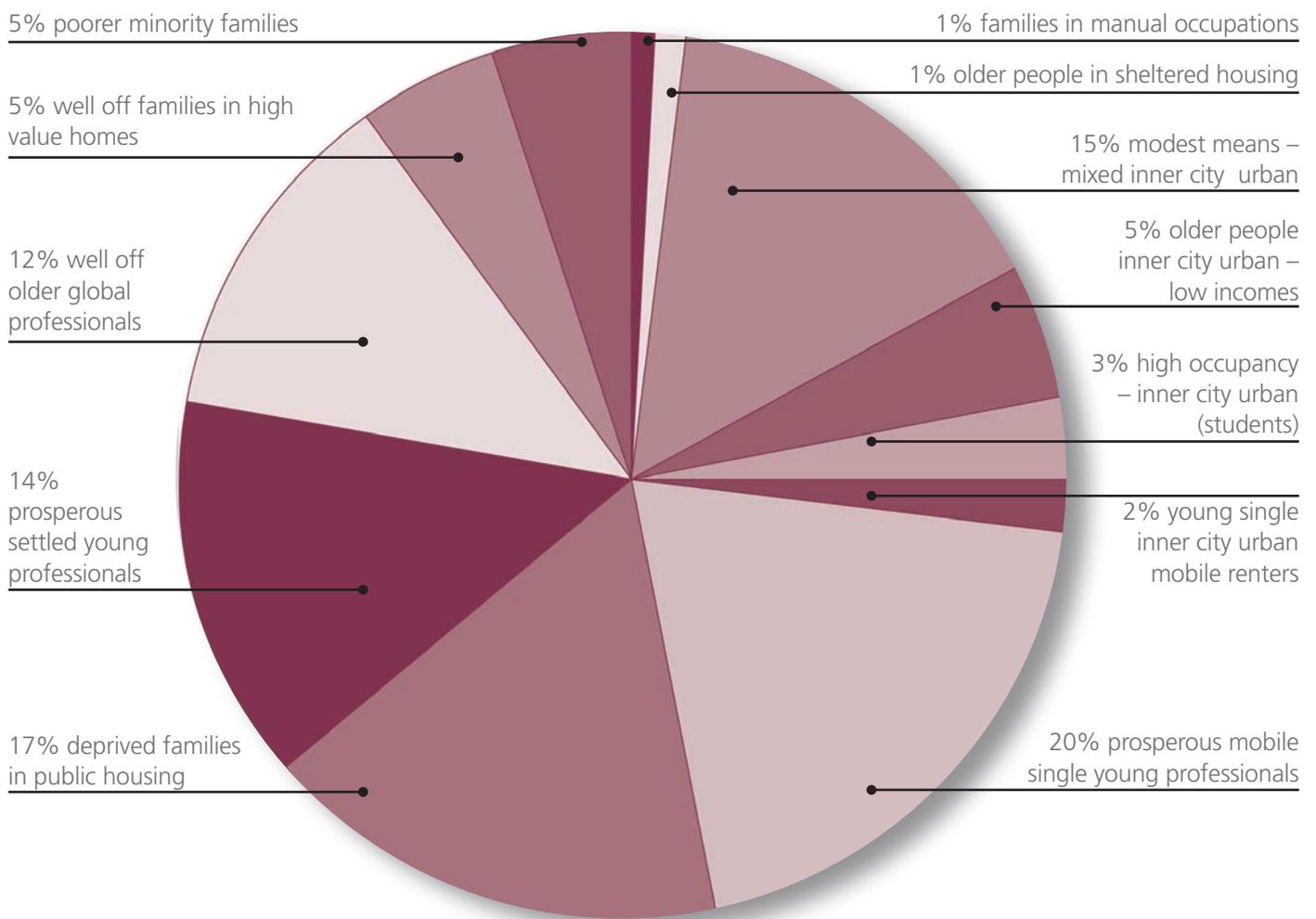
As demonstrated, there is a plethora of sources, both internal and external, from which local authorities can gain insight into the expectations and needs of their customers. It is essential to find out what the organisation already knows and to carry out an internal audit to identify these sources of data.

The Cabinet Office's paper *'How To Measure Customer Satisfaction: A Toolkit For Improving The Customer Experience In Public Services'* advises: 'Collecting the data in the right way and asking the right questions are critical steps along the way ... But the research will only be valuable if it delivers insight that can be used as a basis for service transformation'. The key is to systematically analyse the data to form a multi-dimensional view of the customer and use this to inform future decisions about the design and location of your services.

Following in the footsteps of the local authorities above, Nottinghamshire County Council has adopted a similar approach. An early piece of work produced a composite document referencing existing customer research and sources of insight data. Since Nottinghamshire comprises a county and district councils that share a customer base and overlaps with a unitary City Council, undertaking customer insight work is challenging. Joint events, such as an April 'Insight month' are being

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Diagram 1: Customer segments in the London Borough of Hammersmith and Fulham



organised to pool knowledge, resources and approaches that will ensure the outcomes of this work can quickly inform planning and priorities for all the councils involved.

### **national initiatives**

In addition to the range of work going on in local government around customer insight there are some key national projects that are worth noting.

The Cabinet Office runs the Customer Insight Forum and the Business Insight Forum that meet regularly. The forums form a network of heads of insight from central government who work together to establish a culture that is willing to act on and values insight.

The customer insight forum, which is overseen by the Cabinet Office, commissioned three papers to explore different elements of customer insight and are good reference points. The three papers address:

- **Promoting Customer Satisfaction:** Offering guidance on improving the customer experience on public services. This paper discusses customer satisfaction measurement and its role and limitations in public service transformation. It is important to remember that customer satisfaction is an element of customer insight and not the totality.
- **How to Measure Customer Satisfaction:** A toolkit for improving the customer experience in public services. This looks at how to improve the experience of customers by undertaking effective customer satisfaction measurement. It includes tips on measuring satisfaction and communicating the results.

- **Customer Journey Mapping: An Introduction.** Sets out the value of journey mapping and looks at how and when to use it.

The Local Government Delivery Council has recently set up a local government Customer Insight Forum to carry out a similar role but within the local government sector and will work closely with the Delivery Council's Customer Insight Forum. These fora help share learning and jointly maximise the benefits of customer insight to help design and deliver public services that better meet the needs of the citizen.

In addition, the Local Government Association (LGA) recently commissioned a '*Customer Insight Protocol*' based on four case study local authorities: Birmingham City Council, Somerset County Council, Taunton Deane Borough Council and Uttlesford District Council, and input from a wider stakeholder group of different types of councils from all around the country. This guide outlines a practical and standardised way of gathering and holding data about people that use local services. This project also produced a '*Guide to Segmentation*' that looks at the advantages of segmentation analysis and outlines how local authorities might develop their own segmentation models depending on the time and resources available, whilst maintaining a consistent approach. These are available at <http://www.lga.gov.uk/lga/core/page.do?pagelid=18342>.

By segmenting the customer base into groups that share distinguishing characteristics or profiles you can gain further insight into customers. Profiling features are now available from the ESD-Toolkit Customer Profiling Menu.

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This provides maps showing profiles of each subscribing authority's citizens by ward, with drill-downs for authorities with licensed data. Guidance and online profiling features have been developed in conjunction with 20 councils for a high volume of service transactions. This allows authorities to:

- record transaction data for all services, including the profile of customers accessing each service by different channels
- record the cost to deliver each service through different channels and model the cost savings from 'channel shift'
- create charts comparing data with other authorities

For more information go to

**<http://www.esd.org.uk/profiling/>**

Comprehensive Area Assessment, will require every area to shadow how it understands and responds to its customers. Key questions for the area assessment will be:

- how well does the partnership understand and assess the needs of its communities now and in the future?
- does it use this understanding to inform its local priorities?

## local success and benefits

### better understanding our customers

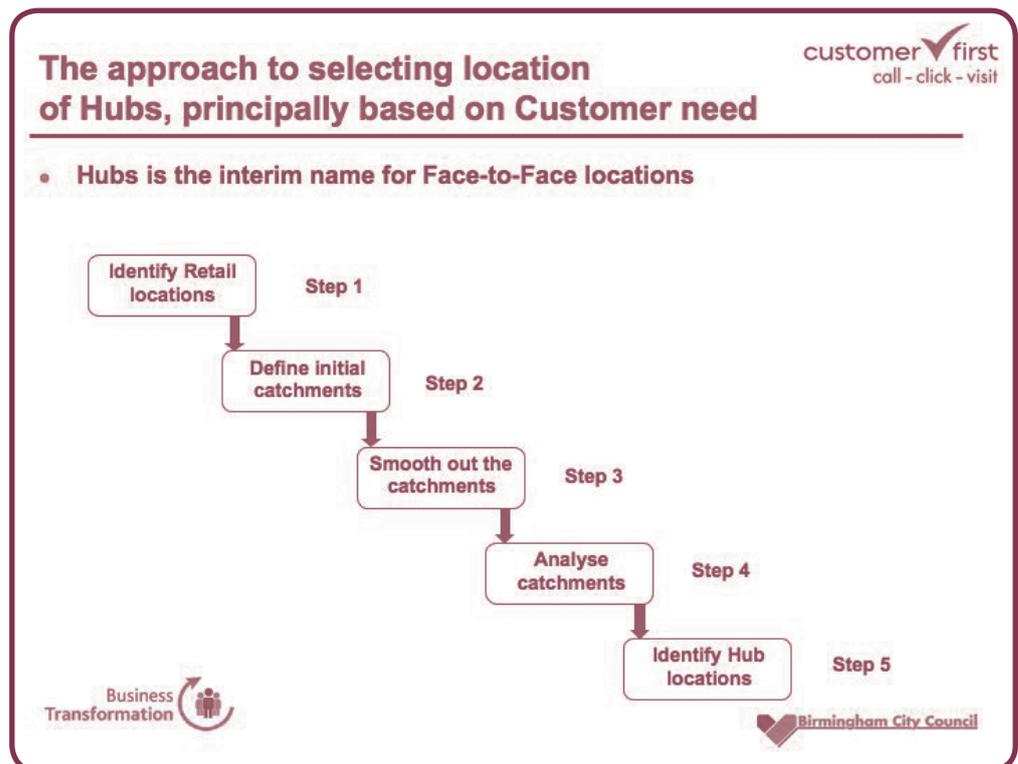
Carrying out customer insight work can provide a whole range of benefits. The most obvious advantage is a better understanding of the needs and expectations of customers which can provide important evidence for decision making.

The Royal Borough of Kensington and Chelsea insight work revealed that 85% of their customers prefer to transact electronically. Consequently they have

decided to provide a greater range of services on the web and have re-aligned and co-located several services to meet the lifestyle and expectations of their residents.

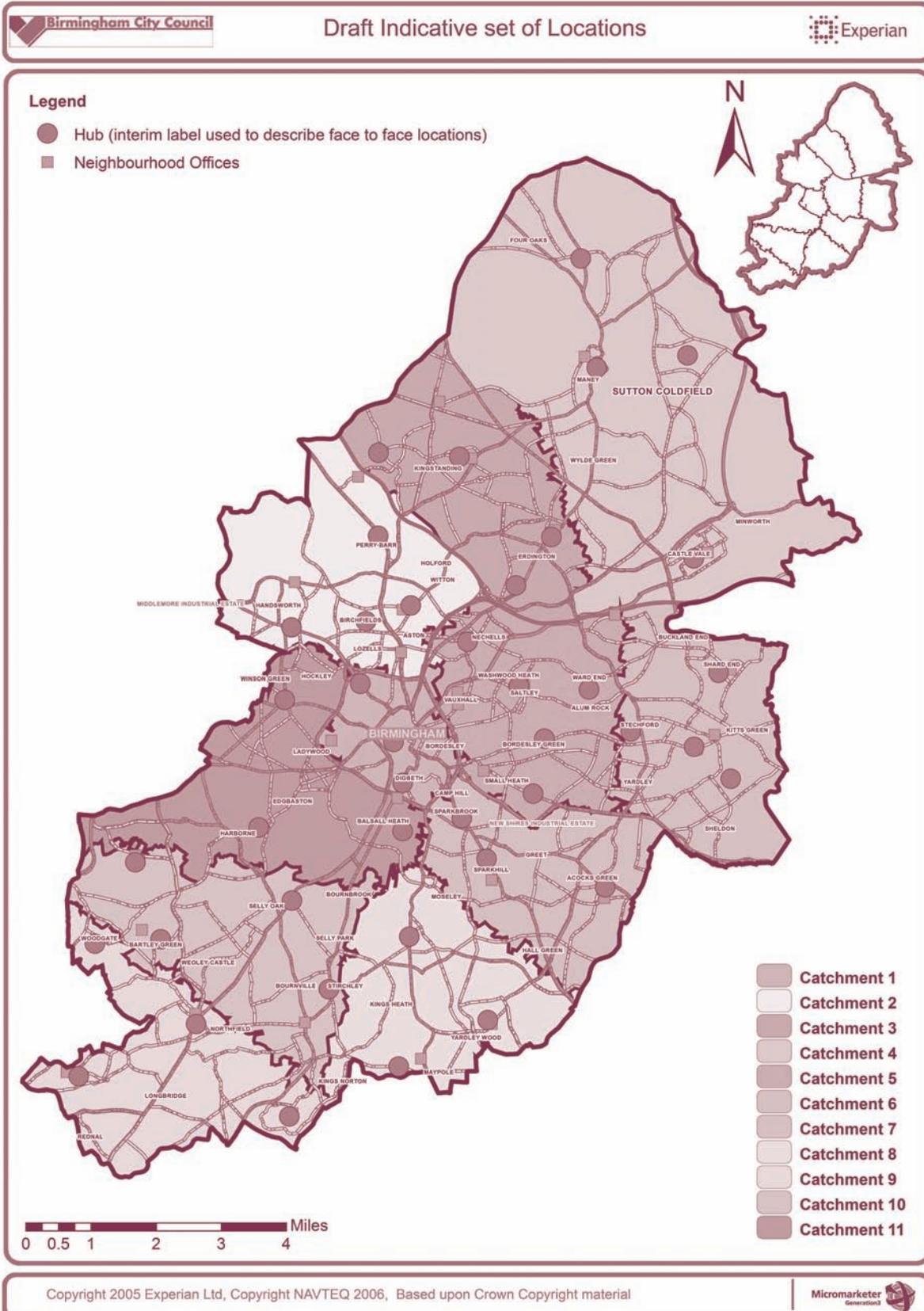
Birmingham City Council has used their insight on customer preferences and behaviours to determine what would be optimum locations for face to face customer access points. The diagrams below highlight how they went about this and an indicative draft outcome.

### Diagram 2: Birmingham City Council Service Centres / Location Planning



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Diagram 3: Birmingham City Council Draft Face-to-Face Locations using Customer Insight Data



front office shared services – developing customer insight

## methodology

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### **providing better, more joined-up services**

The Neighbourhoods and Adults Services Directorate at Rotherham Metropolitan Borough Council has used very simple insight tools, under the banner of 'learning from customers'. One of their innovative tools was a Home Truths project, which tested the quality of services by using video, photographs and storyboard diaries to record customer experiences. 'Home Truths is our most innovative and effective method of seeing services from start to finish and has allowed some of our most vulnerable customers to tell us how they really feel'.

Other initiatives include learning from complaints, contacting dissatisfied customers to discuss their experiences (named '*Reacting to our Customers Thoughts*' (REACT)) and a customer-led mystery shopping service. As a result, Rotherham have seen a direct increase in customer satisfaction from 72% to 96%, a reduction in complaints and an increase in compliments received by the Council.

By demonstrating their focus on customers and the service they receive, Rotherham Council achieved the prestigious CharterMark award across a range of services during 2006/07. The awarding body commented that 'there is a strong focus on quality customer service, you are forward looking and extremely customer orientated' (CharterMark 2007).

Customer insight data can play a vital role in triggering and shaping service transformation programmes. Evidence on the needs and preferences of customers can help to build support for change among managers and staff.

Focusing on the holistic needs of the customer also encourages councils to overcome traditional organisational silos and structures. It encourages a shift away from back office processes towards a more customer focused approach that serves the needs of the customer regardless of department and team.

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### **efficiency savings**

Customer insight led the London Borough of Hammersmith and Fulham to create three main customer facing business units: residents' direct, cleaner greener, and community support. By providing services in a more joined-up way and over the right channels for their customers they are both meeting the needs of the customer and delivering significant efficiency savings. The launch of on-line parking permits was a direct consequence of this work and will achieve savings of around £150,000 a year in its own right.

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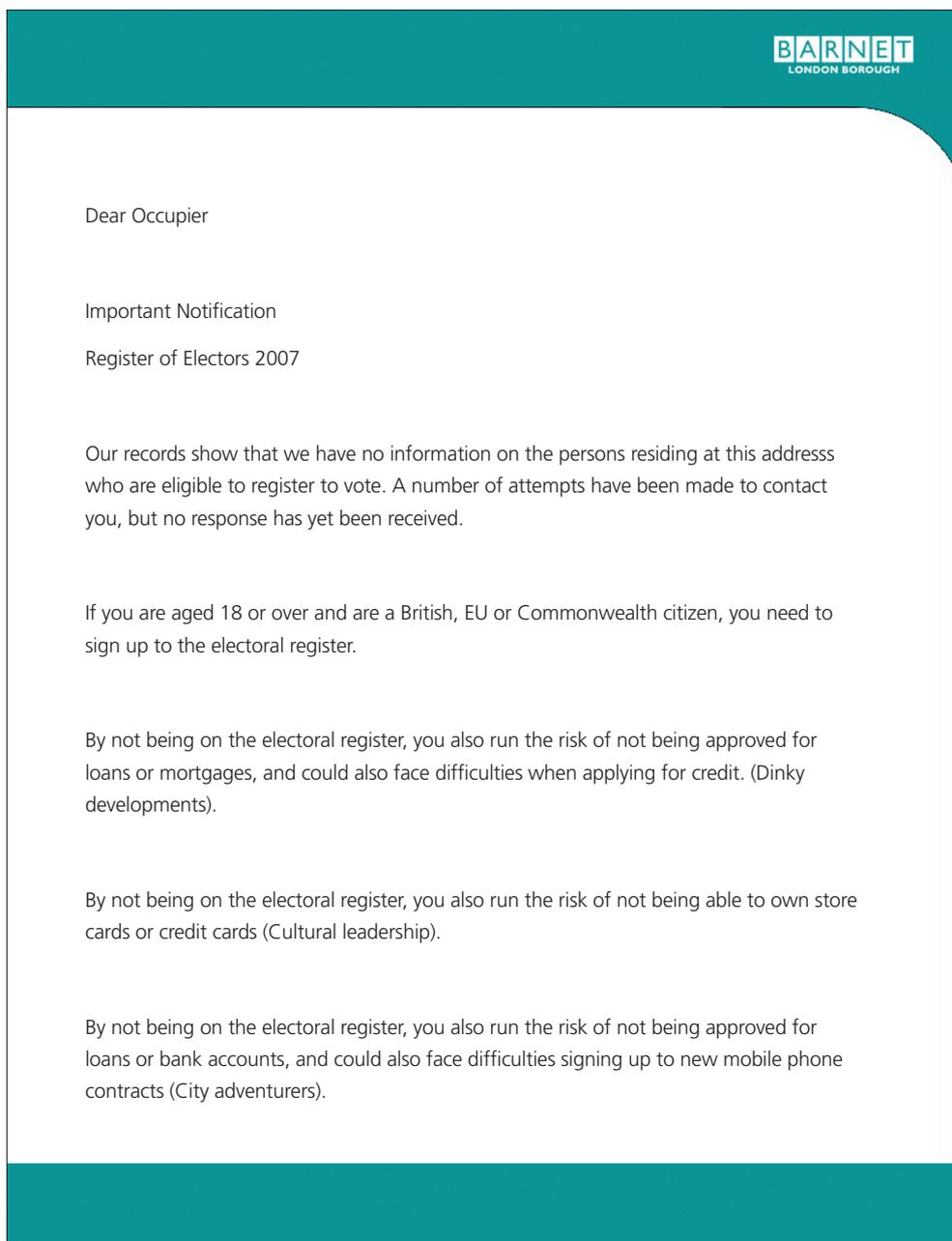
### **greater uptake of services**

Greater insight into the needs and preferences of customers can also encourage greater uptake of services by making them more accessible. Furthermore, insight allows us to understand who is accessing specific services and who is 'left-out'. This information can help plug the gap between service need and service delivery. This is crucial in services such as benefits where many eligible customers do not access the service.

The London Borough of Barnet have used customer insight generated by their business intelligence team to increase their electoral registration figures. Barnet identified who was not responding to the canvass and then matched this with their Mosaic data to pinpoint the

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Diagram 4: Barnet Council's targeted electoral registration campaign



segments. They then developed different approaches to communicating with the different segments to encourage maximum uptake, as illustrated with the example letter above. Since launching this targeted

campaign they have increased their electoral registration figures from 80.6% to 88%.

## barriers and challenges

### making the business case

Despite the benefits of customer insight, selling it to the rest of the organisation can still be a challenge. Councils have used various tactics to build support and momentum around insight projects.

At the London Borough of Camden, a Director sponsors each of the four customer transformation programme workstreams, including one on insight, to ensure top level buy in and council wide support.

London boroughs have also come together under the Customer Services for London Group and are investigating opportunities for carrying out pan-London work on customer insight, aimed at outlining the value of insight work to local authorities that may be sceptical. The Group are also developing a project aiming to improve channel migration and improve specific services such as recycling.

Customer Insight is a key part of Nottinghamshire County Council's 'Access and Communications Strategic Programme'. The mandate of the Strategic Programme is to improve the relationship between the County Council and their customers. Customer Insight constitutes a Strategic Project in the Programme, one that aims to establish and develop the Council's ability to shape and inform business strategy and improve service delivery through a rich knowledge of customers and citizens. The prominence of Insight in the Strategic Programme indicates senior managers recognition of Insight as a potential asset for the organisation. Nottinghamshire County Council expect the insight work to provide

clear outcomes and inform the priorities and planning of the customer focus strategy and the organisation's emerging business transformation programme.

A more detailed case for customer insight is made in *Customer Insight in Public Services – A Primer*, published by the Cabinet Office.

'By making our customer insight information available on the intranet and accessible across the organisation staff have begun to realise the benefits and predictive value it can add'.

*Ifti Awan, The London Borough of Camden*

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## realising the benefits

To generate value, insight needs to be used to deliver better services. Hence, being clear from the outset about the rationale for the research is critical. To realise the full benefit, the findings should be reviewed and discussed with the key stakeholders and be fed into the priorities of the council and the local area through the LSP and LAA.

The importance of reviewing and communicating findings is demonstrated on the cycle of insight and improvement, shown on the diagram overleaf and articulated in Promoting Customer Satisfaction: Guidance on Improving the Customer Experience in Public Services.

The diagram demonstrates how ‘the different steps in measuring, analysing and communicating the findings from customer satisfaction measurement all feed into a cycle of insight and implementation which should become an ongoing process driving service improvement throughout an organisation.’

The diagram runs in a clockwise direction and usually begins with the Explore + Define stage. However some authorities will already be carrying out some of the activities in the cycle and will be part way through the process. The objective is then to ensure that these activities are joined up and identify where customer insight could be carried out more effectively to drive service improvement using these stages and activities.

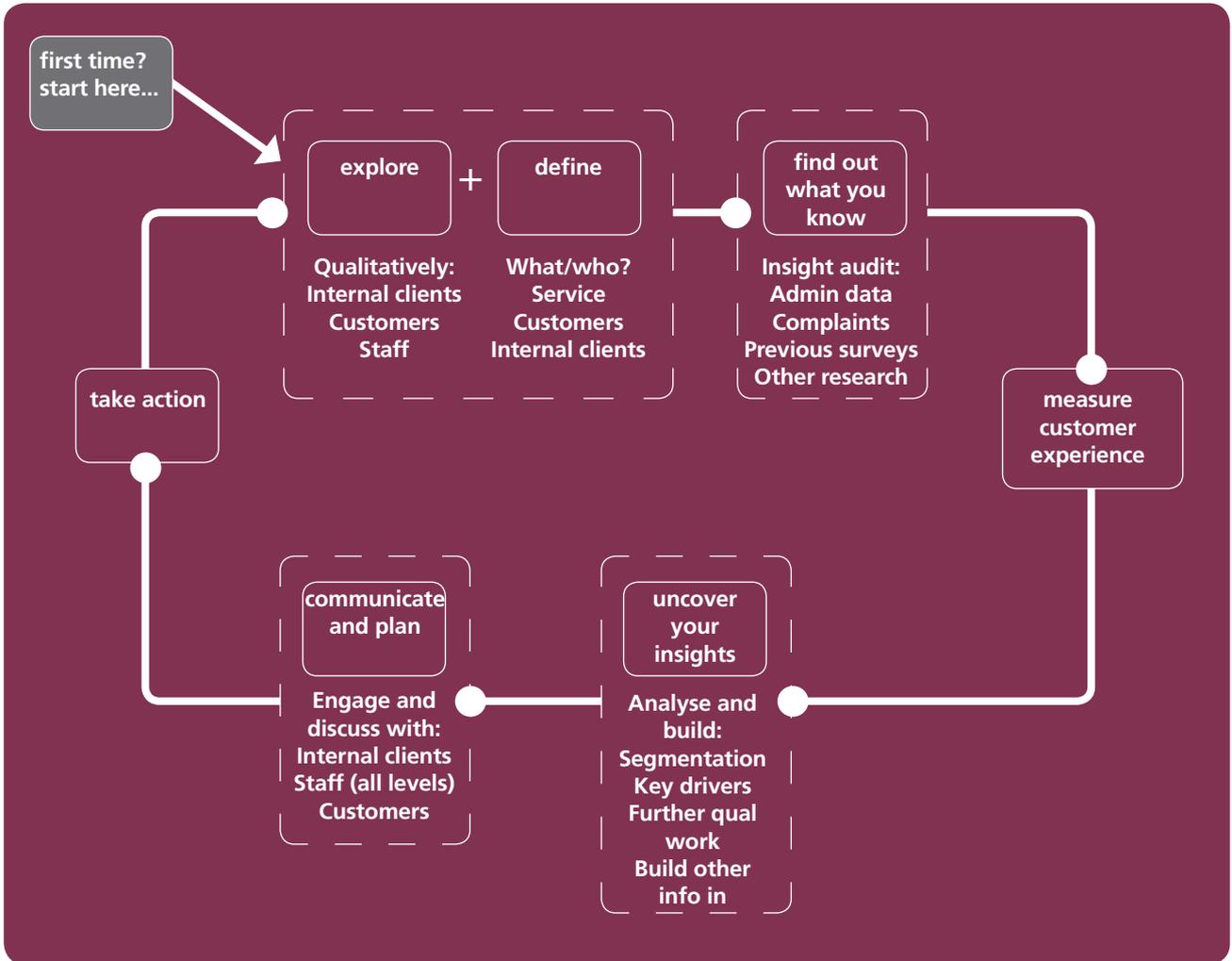
‘If the findings from customer insight work are not taken forward and implemented where appropriate we run the risk of damaging the reputation of customer insight across local government.’

*Guy Mallison, RSe Consulting*

‘Being customer-centric and using insight is not just about being able to collect data and information. It is about having the capability to turn that information into action and it requires a culture which values insight and is willing to act on it.’

*Customer insight in public services – a primer, Cabinet Office, October 2006*

Diagram 5: Service Transformation Cycle



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## refreshing insight work

Customer insight gathering is an ongoing, iterative process that requires adequate resources to refresh the data and analysis.

The London Borough of Camden and the London Borough of Barnet are each developing a central repository of customer data which will draw information from across the councils.

The London Borough of Barnet has created an Information and Improvement Service, which consists of three teams, the GIS Team, Business Intelligence and Business Improvement. The business intelligence team works with a range of internal and external data sources to provide up to date information on their area, analysing factors including demographics, resident movements (in and out of the borough), and building and regeneration projects to help them better understand the current and future needs of the borough. This helps inform future plans and projects and has helped inform the location, and range of services available from their new customer access point.

The service also works with the Council's partner agencies to share data and support a joined up view of their residents. They acknowledge that there is still more work to be done, particularly given the LAA's and CAA's emphasis on the importance of joint working with partners.

'Our Members are very supportive of the Information and Improvement Service that we have set up, and it is supporting the ever changing role of our Councillors and their move towards greater community leadership. The business intelligence team provides Members with ward profiles and they can access information about their area on line.'

*Sean Powley, London Borough of Barnet*

'Customer insight is a long term process. Over time you deepen the understanding of your customers. This must be constantly refreshed if it to improve services and help meet customer expectations. '

*Guy Mallison, RSe Consulting*

## skills for insight

Rather than rely on external support, in-house insight teams enabled the London Boroughs of Camden and Barnet to develop internal capabilities for insight and segmentation analysis.

Smaller authorities are also developing customer insight capabilities, such as Chorley Borough Council. Despite the small size of the Council they have managed to identify the necessary resources and staff to maintain and develop this capability. As a result they have actively embedded customer insight into their service design process.

## stereotyping

One of the main risks of customer insight is that of 'stereotyping', as segmentation analyses could overlook the needs of hard to reach groups. To mitigate the risk, Councils should incorporate a range of surveys, focus groups and other internal databases in its analyses.

Additionally another insight tool, customer journey mapping, can be used to ensure that all the needs and requirements for a particular life event or service request are accounted for. Chorley Borough Council has used a similar idea to develop the Chorley Circle of Need, more details on this can be found in the box below.

Further guidance on journey mapping is also available in '*Customer Journey Mapping: An Introduction*'.

Councils should also be prepared to test the assumptions that they make to ensure that they do not overlook anything. Before they began their programme, the London Borough of Hammersmith and Fulham tested the key customer assumptions that formed the basis for their transformation programme through a survey of 1200 residents.

## resourcing insight work

Customer insight work can be the starting point for a major transformation programme. However, the process can be time consuming and resource intensive. As an alternative councils can pick and choose from the tools mentioned above to help them begin the insight journey.

For example, the Adults and Neighbourhoods department at Rotherham Metropolitan Borough Council has taken a back to basics approach and have implemented some simple yet effective projects to better understand their customers and ensure their views are taken into account when designing services (described above in more detail).

Chorley Borough Council has worked in partnership with Lancashire County Council, benefiting from the County's data, expertise and knowledge to ensure an efficient use of resources around customer insight work.

The LGA has also produced the '*Guide to Segmentation*' which outlines the different techniques that can be used depending on the time and resources that are available and an '*Insight Protocol*' explaining how Councils can make the best use of the data they already have.

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## conclusion and recommendations

Below is a summary of the key principles of good customer insight

- have a clear understanding of what you are hoping to achieve through insight work, whether this is improved customer experience, efficiency savings or both
- identify what is and is not within the scope of the project
- carry out an audit of your in-house information and data at the start to identify what information you already have that will help
- engage senior managers and elected members from the start of any insight programme to ensure top-level buy-in across the Council. Customer insight needs to be shared and understood right across the Council
- it is important to work with partners on insight and to develop a common view of your customers for your area. Understandably local authorities often need to get their in-house data in order before engaging with partners
- develop clear data sharing protocols for the Council and its partners
- develop clear guidance on the collection and use of all data. This will allow data from various sources to be combined and added to the melting pot of insight information. (The customer insight protocol has important advice about capturing a basic set of personal characteristics for your customers: date of birth, gender, ethnic group, post code)
- have a clear plan for implementing your findings from the insight work. Findings need to be applied to deliver better services for your customers and not lost within the organisation
- deliver quick wins where possible to demonstrate the value and difference that insight can make
- think of insight work as an ongoing iterative process that needs to be sustained. It should not be treated as a 'one-off' project.

## further information

Customer Insight in Public Service  
'A Primer' by Cabinet Office

[http://www.cabinetoffice.gov.uk/  
public\\_service\\_reform/delivery\\_  
council/workplan.aspx](http://www.cabinetoffice.gov.uk/public_service_reform/delivery_council/workplan.aspx)

Promoting Customer Satisfaction:  
Guidance on improving the customer  
experience in public services

[http://www.cabinetoffice.gov.uk/  
public\\_service\\_reform/delivery\\_  
council/workplan.aspx](http://www.cabinetoffice.gov.uk/public_service_reform/delivery_council/workplan.aspx)

How to Measure Customer Satisfaction:  
A Toolkit for Improving the Customer  
Experience in Public Services

[http://www.cabinetoffice.gov.uk/  
public\\_service\\_reform/delivery\\_  
council/workplan.aspx](http://www.cabinetoffice.gov.uk/public_service_reform/delivery_council/workplan.aspx)

Customer Journey Mapping: An  
Introduction

[http://www.cabinetoffice.gov.uk/  
public\\_service\\_reform/delivery\\_  
council/workplan.aspx](http://www.cabinetoffice.gov.uk/public_service_reform/delivery_council/workplan.aspx)

The journey to the interface by Demos

[http://www.demos.co.uk/publications/  
thejourneytotheinterface](http://www.demos.co.uk/publications/thejourneytotheinterface)

Service Transformation: A better Service for  
citizens and businesses, a better deal for  
the taxpayer, by Sir David Varney

[http://www.hm-treasury.gov.uk/  
pre\\_budget\\_report/prebud\\_pbr06/  
other\\_docs/prebud\\_pbr06\\_varney.cfm](http://www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr06/other_docs/prebud_pbr06_varney.cfm)

Service Transformation Agreement by  
Treasury

[http://www.hm-treasury.gov.uk/pbr\\_  
csr/psa/pbr\\_csr07\\_psaindex.cfm](http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_csr07_psaindex.cfm)

Customer Insight Protocol by LGA, IDeA  
and National Consumer Council [http://  
www.lga.gov.uk/lga/core/page.  
do?pagelId=37632](http://www.lga.gov.uk/lga/core/page.do?pagelId=37632)

Guide to Segmentation by LGA, IDeA and  
National Consumer Council

[http://www.lga.gov.uk/lga/core/page.  
do?pagelId=37760](http://www.lga.gov.uk/lga/core/page.do?pagelId=37760)



The Local Government Association is the national voice for more than 500 local authorities in England and Wales. The LGA group comprises the LGA and four partner organisations which work together to support, promote and improve local government.



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