

Public Sector Practice

The global case for customer experience in government

The latest research shows: when government agencies offer a better customer experience, they deliver measurable impact across multiple priorities. Public-sector leaders should pick their spots and be bold.

by Tony D'Emidio, Sarah Greenberg, Kevin Heidenreich, Julia Klier, Jonah Wagner, and Thomas Weber



In the private sector, customer experience has become a core metric of performance—with leaders outperforming laggards in the S&P 500 by more than 200 percent in the past decade. Government leaders around the world are waking up to the implications. On the one hand, there are rising public expectations and pressure to improve. On the other hand, there is an immense opportunity to adopt new approaches and technologies to accelerate the change.

Some government agencies have caught the wave—reimagining their services end to end from the standpoint of their customers—and employing next-generation levers from the private sector, such as digitization and design thinking, advanced analytics, and automation, to upend traditional ways of working.

However, these examples remain the exception, not the rule. Given competing priorities and structural barriers to change, many agencies bet small—making changes piecemeal and spreading investment thinly across services and channels. Such efforts may lead to incremental improvements but fall short of delivering the impact government leaders (and citizen customers) expect.

In 2018, we launched a customer-experience benchmarking survey of more than 20,000 citizens across 140 government services in seven countries.¹ This research sought to uncover insights to help government leaders define, promote, and focus their customer experience programs on what matters most.

Our results highlight the powerful link between improvement in customer experience and a host of benefits that extend far beyond making citizens happy. We found that better customer experience can help *every agency*—be it national parks or tax—have quantifiable impact on the outcomes that matter, including achieving the mission, managing to budget, mitigating risk, improving employee morale, and (most important) strengthening public trust.

The implication: every agency can transform the customer experience, given a clarity of focus and the courage to act. Our findings offer a blueprint for government leaders looking to make the case for change and guidance on where they should focus their investment.

Making the case

In our experience, agency leaders often view customer experience as a trade-off with other priorities. Leaders invest where they are used to seeing the value—whether in mission outcomes, operational efficiency, or responding to (or anticipating) public or regulatory pressure for change. As a result, when the budget season rolls around, customer-experience programs are generally subordinated to other efforts and may starve.

Our research suggests that in many cases this kind of decision making may be a false choice. By investing in customer-experience programs, we've found that agencies can address the priorities that matter to every government leader (Exhibit 1).²

Trust. Our research reveals that government customers are on average nine times more likely to trust a government agency if they are satisfied with its service. In some cases, this number is much higher. For example, for Immigration, Refugees, and Citizenship Canada, a department of the Canadian government, citizens are 26 times more likely to trust the agency when they're satisfied. An effort undertaken by the US Department of Veterans Affairs focused on transforming veterans' experiences with the agency increased trust from 47 percent in 2015 to 70 percent just three years later. On the whole, satisfied customers are five times more likely than their unsatisfied counterparts to agree that a public service is a good investment of taxpayers' money.

Mission. We also found that satisfied customers are nine times more likely to agree that an

¹ This research builds on previous McKinsey research into customer experience in US government agencies. McKinsey conducted this additional research not only to compare service experiences across countries but also to put US results in a global context.

² For more on making the case for customer experience, see Tony D'Emidio and David Malfara, "Build a case, build a following: Laying the groundwork to transform customer experience in government," April 2018, McKinsey.com.

Exhibit 1

Improving customer experience can drive better critical outcomes for government agencies around the world.



Source: Global results from Canada, France, Germany, Mexico, United Kingdom, and United States, McKinsey Public Sector Journey Benchmark Survey, 2018

agency is delivering on its mission, which plays out operationally in different ways. For example, “Trusted Traveler” programs instituted by the US Department of Homeland Security (DHS) created faster, lower-intensity screening lanes for travelers deemed lower risk. Those travelers report a markedly better experience, and the programs allow DHS officers and resources to be reallocated to address greater potential threats in line with the agency’s public-safety mission.

Budget. Our research results show that dissatisfied citizens are twice as likely to contact agency hotlines three or more times for help. Making the experience easy, providing the right information, and setting expectations can help. For example, a tax agency reset customer expectations regarding refund distribution. Originally, in its customer communications, it noted that the average time to distribute refunds was two days. When the agency

changed its communications to say that refunds were distributed in 21 days—which reflects a response time in the 90th percentile—there was no meaningful change to service execution, but customers were happier and inbound calls were reduced dramatically.

Risk. We found that dissatisfied customers are twice as likely to publicly express their unhappiness through social media, letters, hotlines, or calls to local politicians. While leaders can focus on keeping their happy customers content, it is equally if not more important that they reduce the number of unhappy ones. In Canada, citizens who are dissatisfied with the customs and entry processing when returning to the country from abroad are about five times more likely to express issues publicly.

Morale. Building a customer-centric culture mutually reinforces employee engagement and

organizational health—the ability to set and achieve strategic goals—and it can have powerful long-term effects on performance.³ In the midst of a public crisis of confidence, one emergency-management agency launched a customer-experience transformation. Two years into the transformation, the agency had experienced a 40 percent improvement in its Federal Employee Viewpoint Survey (FEVS) results.

Our research also showed that any agency can outperform and create a great experience for its customers. This may seem counterintuitive—some agencies are in the business of providing direct services and benefits to their customers (for example, retirement, disability, and other forms of public assistance), while others are quite literally taking money from them (taxes). There is a sense among some agency leaders that service is destiny, meaning if you are fortunate enough to provide a benefit or run a national park, your customers are more likely to be satisfied.

In general, this is not the case. What matters is how the agency performs relative to expectations. For example, the US Internal Revenue Service (IRS) is in the second quartile of our results for overall customer satisfaction. In other words, an agency that collects money outperforms many whose sole job is the disbursement of benefits.

We also find that scores for similar services across geographies have wide ranges in customer satisfaction—underlining the opportunity to improve and to “borrow” lessons from other agencies (Exhibit 2).

For example, comparing satisfaction with passport services across countries reveals that citizens in the United States are between 10 and 20 percent more satisfied than their German counterparts. Agencies—dependent of their functions—can

raise the bar by creating experiences that excite their customers. All leaders should set the bar high.

Where to focus

Government leaders who believe in the power of customer experience to transform how their agency delivers the mission nonetheless struggle when they lack clarity on where and how to focus. Every agency creates a unique experience for its customers through the services and interactions it provides. Determining where to focus is essential for leaders with finite resources looking to truly move the needle on experience—and to promote critical outcomes linked to those efforts.

Understanding the customer journey—that is, the complete series of interactions a customer has with an agency—and drivers of experience that matter most is the starting point. There are many ways agency leaders can tackle this problem—from comprehensive journey-based assessment across services to the squeaky-wheel approach (fixing what is most broken first). We have published extensively on the topic of customer-experience assessment and measurement⁴—both what to measure (across journeys, drivers, channels, and touchpoints) and how (from retrospective surveys to real-time closed-loop feedback to big data and prescriptive analytics). There are advantages and limitations of each, depending on the maturity of the organization and the scale of the ambition.

However, for agency leaders looking for guidance on where to focus their resources, our research surfaced some meaningful insights.

Not all journeys are created equal

Across agencies and geographies, four archetypal journeys—“learn,” “apply and/or submit,” “use and/or visit,” and “receive”—consistently matter more

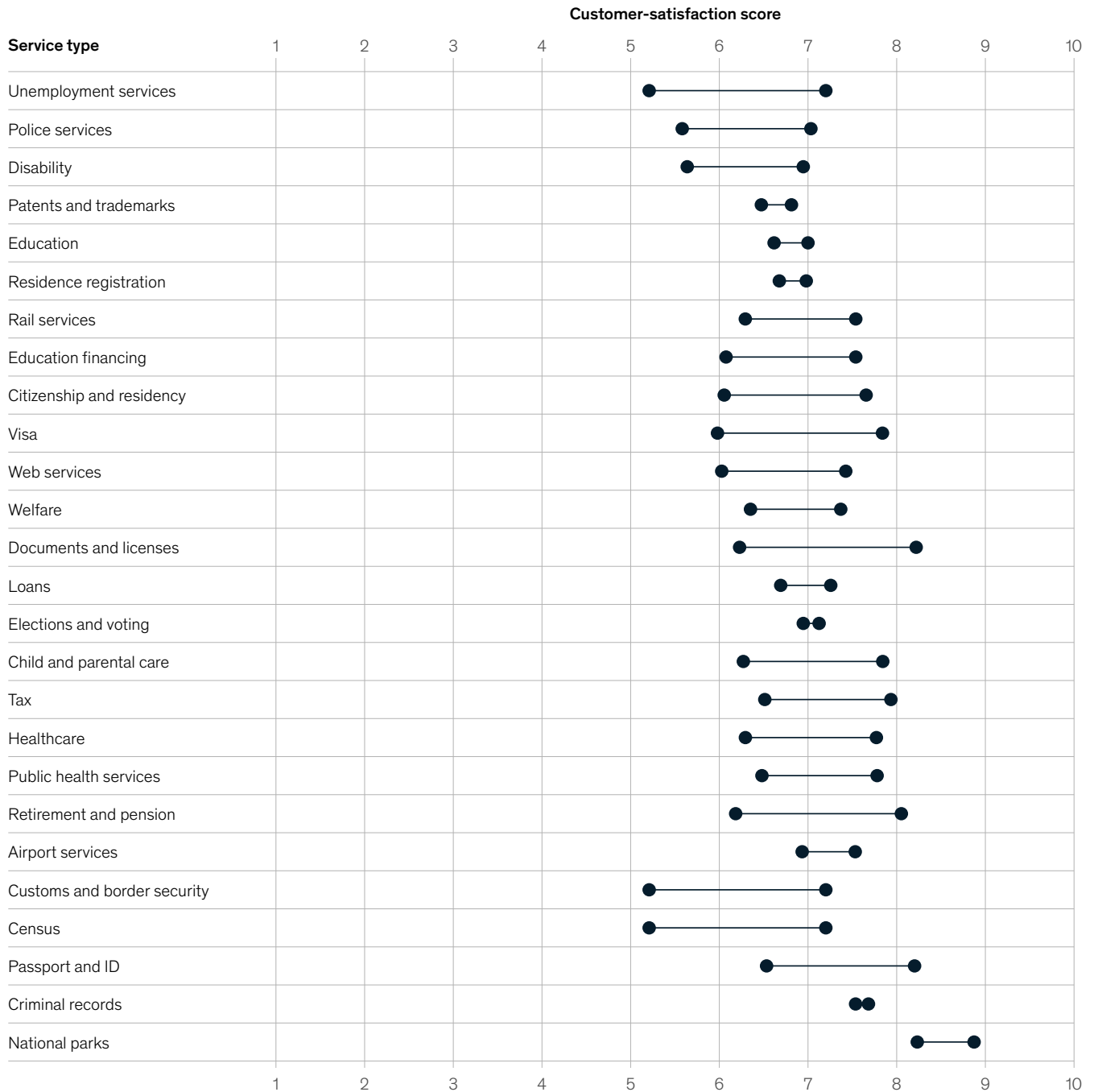
³ For more on organizational health, see Chris Gagnon, Elizabeth John, and Rob Theunissen, “Organizational health: A fast track to performance improvement,” September 2017, McKinsey.com.

⁴ Tony D’Emidio and Jonah Wagner, “Understanding the customer experience with government,” April 2018, McKinsey.com; Victoria Bough, Ralph Breuer, Harald Fanderl, and Kevin Neher, “Four ways to shape customer-experience measurement for impact,” April 2017, McKinsey.com; Harald Fanderl, Kevin Neher, and Alfonso Pulido, “Are you really listening to what your customers are saying?,” March 2016, McKinsey.com; and Nicolas Maechler, Kevin Neher, and Robert Park, “From touchpoints to journeys: Seeing the world as customers do,” March 2016, McKinsey.com.

Exhibit 2

Consumer satisfaction with government services varies widely across countries.

Range of customer satisfaction across services in Canada, France, Germany, Mexico, United Kingdom, and United States¹



¹On a scale from 1 (very dissatisfied) to 10 (very satisfied).

Source: Global results from Canada, France, Germany, Mexico, United Kingdom, and United States, McKinsey Public Sector Journey Benchmark Survey, 2018

than all others. Some version of these journeys is common across the majority of government services we analyzed, and they play an outside role in shaping the customer experience with each. Government agencies worldwide have used various tactics to improve these journeys over the past several years.

A “learn” journey comprises researching and understanding the service options before usage. New South Wales built a one-stop shop for information about government services in Australia and achieved a radical turnaround in customer-satisfaction rates as a result. Customer satisfaction went from less than 60 percent to a sustained average of 97 percent and above in the years since its 2013 launch.⁵

An “apply” journey comprises the steps involved in an end-to-end application process. Dubai recently launched DubaiNow, a unified government-services smart app offering access to more than 50 government services from 24 entities, streamlining and digitizing the application process for several services. For example, all residents in Dubai can apply for and print residence permits for their immediate family members and visit visas for their blood relatives when and where they choose with a few clicks on the application, no longer needing to visit immigration offices and wait in long lines. Postregistration, individuals can apply for entry permits for immediate family members or blood relatives in as little as ten minutes, paying easily with a credit card.⁶

A “use” journey comprises the moment someone actually uses a service (for example, ships a package via the postal service). The Estonian government offers citizens online options for services, from e-health services that revolutionize the way patients interact with their doctors and health records to i-voting, which allows citizens to vote electronically with the click of a button. The owners of the system believe that it is more

efficient, secure, and transparent, saving citizens time and money.

A “receive” journey comprises how citizens experience getting something from the government, for example, a tax refund or social-security benefits. In the United States, the IRS dramatically improved its tax-refund process—adding e-filing options and enhancing the way it notifies consumers about the status of their filing. With the old paper-based process, it could take months for citizens to receive their refunds. The IRS became more transparent about the filing process with the introduction of the “Where’s My Refund?” application on IRS.gov, allowing citizens to know when to expect their refund and therefore enabling them to plan accordingly.

Performing well on one journey doesn’t mean performing well on all

Variance in agency performance across journeys is significant, and satisfaction on one journey does not necessarily predict customer satisfaction with the rest. For example, in Mexico, journey satisfaction for one government healthcare service showed a statistical variance of up to 1.5 times among journeys: some performing best in class, and others at the very bottom. For many agencies, this underscores that there are critical lessons to be learned internally, within their own organization—through cross-functional collaboration, best-practice sharing, and even internal walk-throughs to see how the work is getting done. If every agency performed as well on their best journey as they did on all journeys, average global satisfaction with government agencies would increase about 10 percent, in line with their private-sector peers.

When in doubt, make it simple, not faster

One of the most common complaints agency leaders receive on feedback surveys about their services is that they are “too slow.” Given processing time is

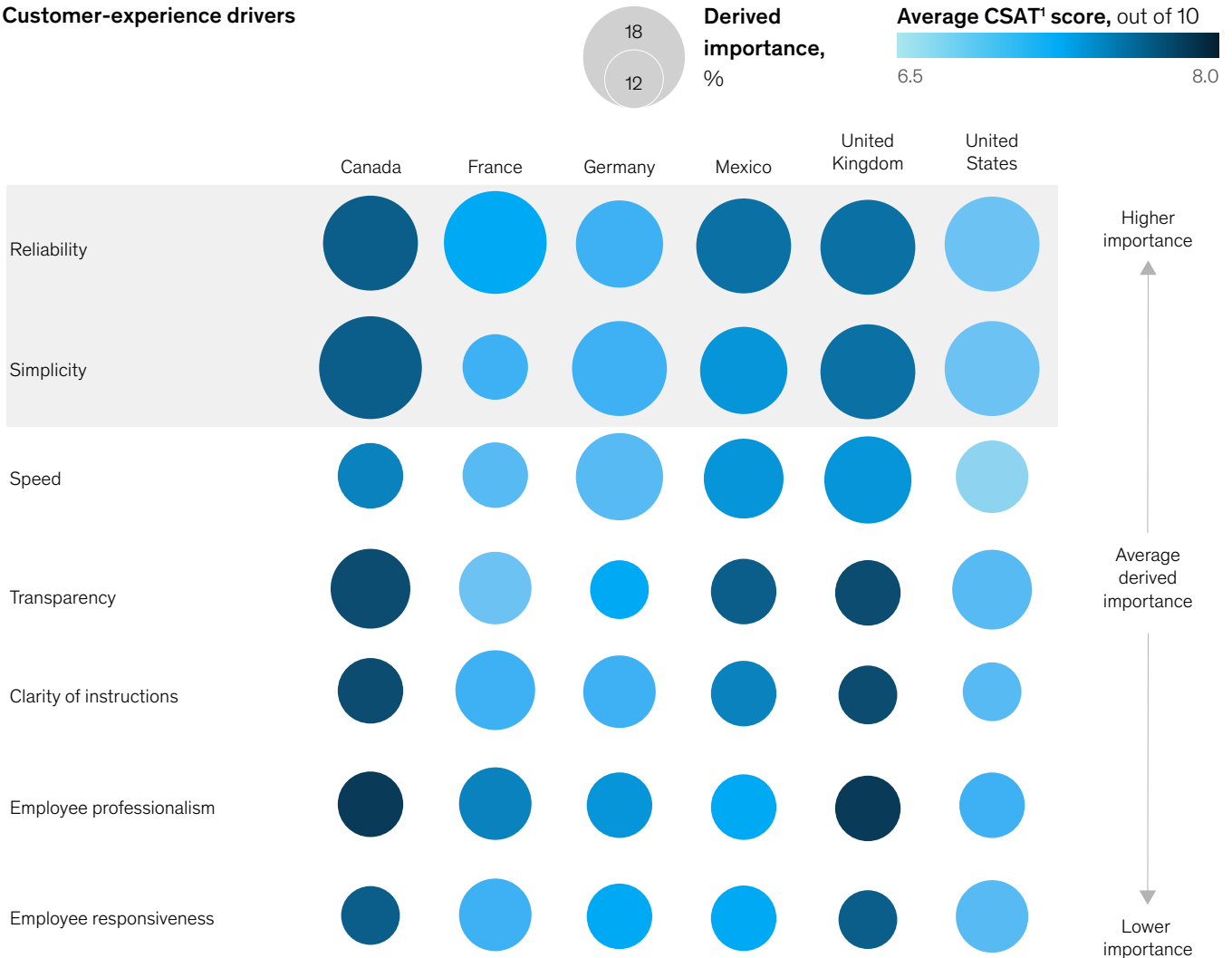
⁵ “Building a one-stop shop for government services in Australia,” December 2018, McKinsey.com.

⁶ Anwar Ahmad, “Smart visa application system goes online,” *Gulf News*, August 2, 2017, gulfnews.com.

Exhibit 3

In almost every country, reliability and simplicity—not speed—are the top two drivers of customer experience.

Customer-experience drivers



Note: Figures may not sum to 100%, because of rounding.

¹Customer satisfaction (CSAT) on a scale from 1 (least satisfied) to 10 (most satisfied).

Source: Global results from Canada, France, Germany, Mexico, United Kingdom, and United States, McKinsey Public Sector Journey Benchmark Survey, 2018

straightforward to measure, speed is often prioritized as a proxy for experience. Yet across the majority of countries and services, we found that “simplicity” and “reliability” tend to matter most across experiential drivers of service satisfaction (Exhibit 3).

“Too slow” tends to be more of a referendum on poor expectations management (reliability and transparency) than actual speed. For example, citizens applying for a passport tend to care less about receiving the passport quickly than about

knowing (and trusting) when it will arrive so that they can plan accordingly.

However, like all rules of thumb, this is true only up to a point. If a process is exceedingly slow, speed may become the only factor that matters. Ultimately, it is for each agency to do the work to understand what its customers need and expect and to identify which critical journeys to improve to keep them happy and satisfied.

Across industries, companies are betting big on customer experience. It's time for government to do the same. Deliberate, focused investments in improving the customer experience can help public-sector leaders achieve better results across the full spectrum of critical outcomes they are charged with delivering. The dramatic progress of a growing number of agencies around the world offers a compelling case for change, and a blueprint for where to start.

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