

THAT MAKES CENTS



Season 4 Episode 1

Harnessing the Power of Data: Transforming Customer Experience with CVS Health

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Bobby: Hi, everybody. I'm Bobby Stephens. Welcome, or welcome back, to That Makes Cents. This is the podcast where we break down consumer industry trends and explore their impact on both businesses and on us as consumers. First, I'd like to start by thanking you, our listeners, for joining us over these past three seasons, and now an extra special thanks for joining us as we kick off season 4. We have some amazing guests and some unbelievable topics lined up, and today is no exception. So our first conversation of this season will be with CVS Health. It'll be on how data can be

used to track sentiment and help identify key changes to the customer experience in certain segments that are undergoing challenges. Joining me today, we have Sri Narasimhan, vice president and head of enterprise customer experience at CVS Health. Welcome, Sri.

Sri: Thanks, Bobby. Glad to be here. I'm excited to be the first guest on season 4. I'm actually quite honored. So, excited to be with you today.

Bobby: (laughs) Thank you, sir. And also joining me is my colleague Tim

Greulich, Deloitte's Customer Experience Management practice leader. Welcome, Tim.

Tim: Hey, Bobby. Hey, Sri. Looking forward to it.

Bobby: Cool. Well, let's set the stage for this episode. So, Sri, Tim, why don't we start by just each of you giving a brief overview of your background and your interest in this topic. So, Sri, maybe you go first, and Tim you follow up.

Sri: Yeah, I'd love to. So, as the head of enterprise customer experience at CVS

Health, I cover our entire organization—so retail, Aetna, Caremark, health care delivery. And the focus of my role is really on how do we capture and understand consumers, their experiences with us, all the signals they give us, and act on that feedback to make sure we're driving the best experiences possible and engendering consumer loyalty? Our goal and our vision is really to be the most consumer-centric company in health care.

In terms of why I'm interested in this topic, my background is in economics and analytics. So I always joke that I take a much more data-centric view of customer experience than probably most. And I come from a family of scientists, so when they see that I work in customer experience, I think they often envision me as the guy in the stock image—you know, on the phone and talking to a customer (laughs) directly. But it's a much more data-centric field for me. So that's the lens I like to bring to it. And that's why, you know, I speak for him, but I love working with a guy like Tim because I think he has a similar view.

Tim: Yeah, yeah. Thanks Sri. I mean, we definitely share our passion for data-driven insights and using data sources both kind of structured and unstructured to figure out how can we better serve clients and customers? How can we better create more loyal, more valuable experiences from our customers? And more broadly, how can we just make the overall experience of interacting with brands better? And as Sri mentioned, I come from a line of not only kind of data-driven research and insights, but also an operational background. And I love tying the two together, being able to look at kind of signals that matter. The data that's telling us one thing, and then figuring out how do you translate that into operational systems of action so you can actually drive change in the organization.

Sri: And Bobby, I'd say Tim and I are also huge baseball fans, so we could easily turn this into a fantasy baseball podcast—

Bobby: Oh, boy.

Sri: If you want to go that way too. So just let us know.

Tim: Data-driven fantasy sports! (laughs)

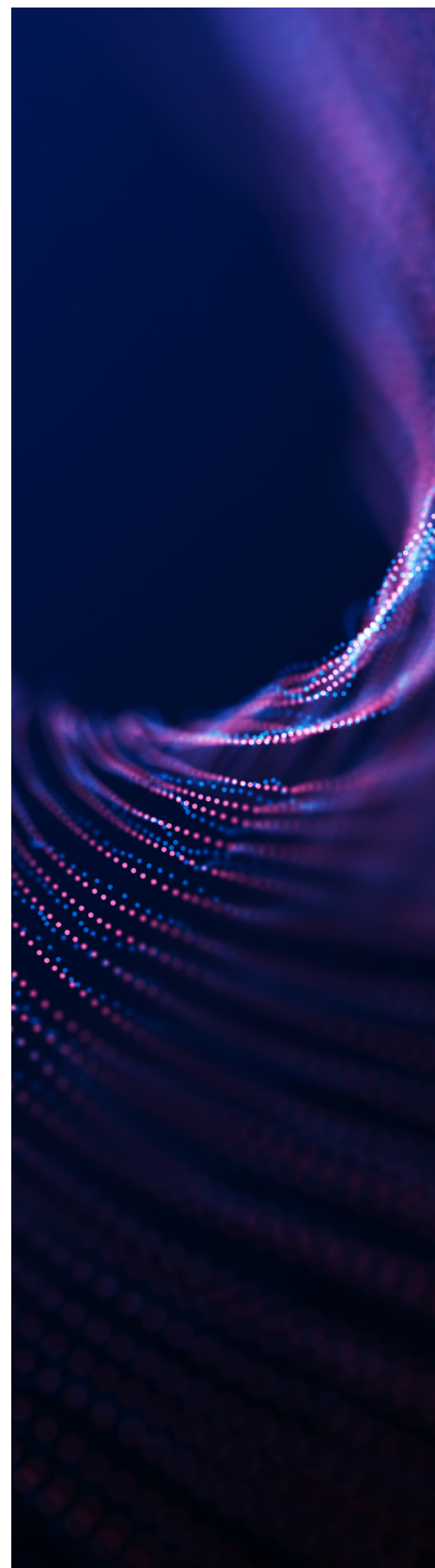
Bobby: Same here. Just to my left, I'm looking at a picture of Yadier Molina. I'm a big Cardinals fan, so I have a signed picture of him to the left of my desk.

Sri: Oh, man, I'm a Pirates fan, and he's a Reds fan. This thing's going off the rails already!

Bobby: Oh, wow! Look at that. Divisional rivalry right here. I love it. (laughs) Well, hey, thanks for that. We got the right crew—and it sounds like for a number of reasons. Maybe there's a Moneyball podcast that we could follow up with after this as well. But you know, I do want to start a little bit with a broader question, and to both of you— but again, Sri, maybe you can start—how has this data-driven approach and the desire to get signals feedback—how has that impacted the consumer landscape and how has it really impacted your ability to improve the customer experience?

You know, what really caused—besides your science background and your desire to go into the numbers—what really caused your team and the team at CVS Health to explore this model, as you're thinking about the customer experience and managing that?

Sri: Well, one of the most interesting things that I think about the whole space is that consumers are no longer evaluating you within an industry. Like no one walks into a CVS and says like, "This is better than Walgreens." And no one walks into Aetna and compares it to, like, Cigna or UnitedHealthcare. You're comparing things to the best experiences you have, period. So really the aperture of what you're looking at and the point of comparison has completely changed for consumers, I think. And given the world we live in today, where



everything's so easy and personalized across all of the experiences we have, it's really changed the way you've had to approach the problem. I think in terms of why we've taken a more data-centric approach? There is more data available today and more tools to capture that data than I think ever before. And that's not even thinking about the evolution with AI [artificial intelligence] and ChatGPT and all those different things that have come up.

So, given that, you now understand your consumer better than you ever have in the past, and your consumers understand you better than they ever have in the past. So you have to meet that challenge and, I think, take advantage of all of those different aspects and all the different feedback that you get to build this really unified view of the customer. And I think about it in terms of you have direct feedback, which is through your survey programs. You have indirect feedback, which is via social media. You can observe people via chat transcripts, call transcripts, even digital session data. And now you're getting to the point where you can even predict and infer experience. You have to leverage all of that, or you'll be left in the past.

I think a lot of the way the industry's moving is you have to not only be reactive to that, you have to be proactive and get ahead of those experiences as they occur and do things like journey orchestration and all those different things. So it's not so much a "we want to"—we have to. If you don't do this, if you don't meet this new challenge and this new way we're operating in the consumer landscape, you'll be left behind.

Tim: Yeah. I think maybe just to add a little bit to what Sri's saying, and he said that it's not that we want to, it's that we have to. I think it's also, to kind of echo that, like the timing is now. We've talked about the broader set of data available to people, how we often drown in data, and how do we kind of take out the noise from what's actually the signal, right? But there's a confluence of things that are

just happening. And to Sri's point, even excluding kind of the broader AI and ChatGPT advances, it just accelerates the pace, right?

But we have so much data that we gather on individuals—and just more broadly, we've built the processing power to capture and process that data. We have the applications that can sit up on top of those big databases to kind of make sense out of it and move at the speed of humans. And we now have the ability to kind of put all of that together and orchestrate experiences both kind of online and offline with people, and they expect it. And so I think the confluence of those things happening together is forcing us as data-driven insights and customer experience professionals to figure out how do we scale what we've always done as kind of mass insights and really drive that to personalized, orchestrated experiences? Because we can do it now, and consumers expect it of us.

Bobby: Yeah, it's interesting. I mean, obviously continuing to tinker with and refine the customer experience seems like a good way to stay connected to your customer, your consumer, and their shopping habit. Sri, you said something that I thought was interesting, that we have more data than ever, but—I'm paraphrasing—this kind of goes both ways. Customer now knows more about us as well. So how does gathering this data and through all the methods you mentioned—direct, indirect, observational, but then moving to a more proactive manner—like, how does this play a role in trying to drive and foster loyalty among your consumers?

And what factors really play a role in being able to meet these demands and provide those proactive, personalized experiences, Tim, that you were mentioning, while also still the traditional and probably a very important thing of addressing issues, addressing complaints quickly—and not just focusing on proactive, forward-looking things, but also being able to react to things

in a timely manner as well? Maybe Tim start, and Sri finish up.

Tim: Yeah, I mean, I think it's a balance, right? It's a balance of how do we predict what consumers need and make sure that we're creating experiences for them. But at the same time, how do we use the systems and listing posts that we put in place to make sure that we're reacting to very explicit personal needs? And it's something that we can't forget about in our quest for the future. And it's something that's very core to kind of how organizations differentiate themselves. I think Sri will probably comment on the broader closed-loop feedback system that he has set up. But if you think about it from a consumer perspective, our ultimate game is to create long-lasting relationships with customers. And to do that, we have to kind of get some fundamental things right, right?

One, we have to meet their rational needs. They have to come to us for—because something is—they have the things we need, there's a price available point that they want, we deliver on some capability. Once we've met that rational need, then we earn the opportunity to kind of create a relationship with them and build loyalty. Through loyalty, we can create a very loyal experiential brand. But as Sri will talk about, maybe even become an institution. And I think you have to start and never forget that the small things around closing the loop, reacting to things that are told to you—those need to be done well before you can earn the right to move on to creating those broader relationships, being more proactive, and driving those differentiated experiences

Sri: You guys stole my line, man. He stole my line. (laughs)

Tim: I was teeing you up. I was teeing you up.

Sri: Uh, yeah, Tim is right. I mean, I think what you think about—just on that last comment—is all of these individualized interactions, like, they build your company.

You know, the millions of interactions you have with consumers every day, and really, you want to be the company that when consumers think about if you were to go away, they can't live without you. And so that's kind of the North Star that we always drive toward at CVS is how do we become that company to our consumers.

But just going back to the question, I don't think of it as different things, right? I mean, I think a lot of what we do in terms of root cause and solving problems then feeds what we do in terms of being proactive and personalized. And I'll give you a quick example, and Tim hit on closing the loop: If I know that this set of criteria makes you a detractor. Like you're on the phone for X number of minutes, you've been transferred two times, you have this set of disease conditions which make you more, you know, sensitive to service and things like that, I don't need to ask did you have a good experience. I probably already know, right?

Like I know, Bobby, "Hey, we transferred you two times. You're trying to get your blood pressure or some kind of medication that's really important to you. You've been on the phone for 35 minutes." Like, I don't need to say like, "Hey Bobby, how was that?" Like, I already know it was a bad experience. So it's taking that data and that information you get and feeding it into that proactive engine, and then getting

ahead of that, where I don't have to ask; I just say, "Hey, sorry, we apologize for that experience. Let's make it right."

That shows I know you, right? That shows that personalized feeling of you're not just another caller. You're not just another person who walked in our store. We actually know you and what happened and what we need to do to get better. And as Tim mentioned, as you solve those issues, you are in the right to then do more with that, right? So how do we—if you're potentially someone that would benefit from an in-home health visit, could we leverage that to get you that additional tool? Not for like the purposes of cross-sell or anything like that, but for the purposes of, "Hey, this could really help your health," right?

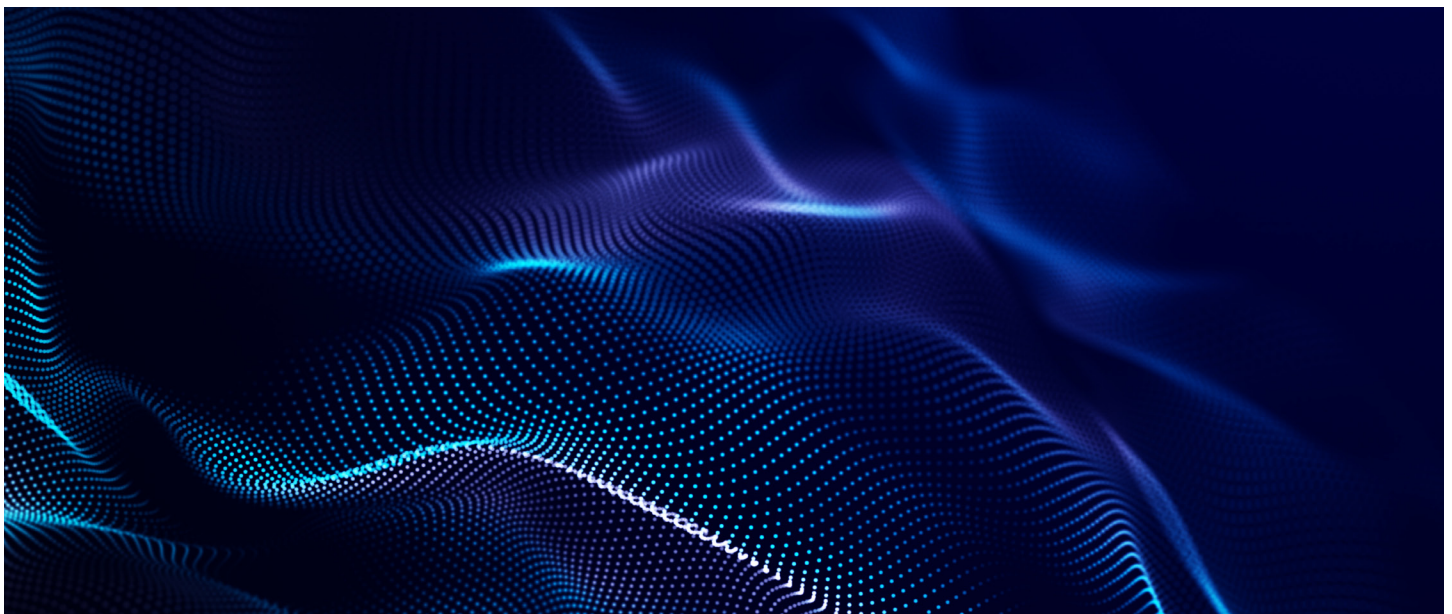
And so that's where we're going. And that's the line I think you have to draw. It always has to be adding value to the consumer, and it always has to be done in a way where it shows, "I know you, and I'm trying to make this better for you." Not "I know you, and I'm trying to sell you more wares." And I think that's where we're really trying to drive the benefit here. We're trying to impact people's health as a company, and that's the vision for us.

Bobby: That makes sense. I mean, the aspiration to become so important to an everyday life of a consumer is huge. And

I mean, given the different places that a retail health company plays, that's certainly something that's important. And those millions of interactions per day, that's kind of fascinating, in that I love that you said solving a problem is sort of another input into being proactive in the future, right? And that's really an interesting way to look at it. I hadn't really thought about it before.

As we think about that, going back to the millions of interactions a day, there's lots of data generated, right? Tons. And I would say sort of transparency and privacy, at least to me, seemed to be usually at the forefront or at least one of the major through lines when you're talking about consumer data. And inevitably we'll have to play a role here. So, what are some of the challenges that arise when you're trying to integrate customer sentiment signals, media, other both direct and indirect sources of data into your broad set of analytics around the consumer—and how does this feedback and loop continue to evolve?

Sri: Yeah, I can start, Tim, and then I don't know if you want to jump in, but I think it's a huge thing we have to address. And there's not only the aspect of legally and making sure that we're legally sound, but in terms of a consumer, you have to do it in a way that doesn't feel invasive and doesn't feel like you're Big Brother, right?



And I think there it goes back to finding the right opportunities where you're really adding value. Because if they find value in that interaction or value in the way that you've approached personalization, they'll be more receptive to it. So, it's something that I think is evolving, and I think it's actually a huge concern that you have to be intentional about solving. As you start approaching, how do you start becoming more personalized?

And I think the way that I think about approaching the problem is figuring out the right set of—like, you're never going to do everything. To your point, you're swimming in data, right? So, yeah, you could build some super advanced model and do all this stuff, but maybe, I think as a starting point, figuring out what are the right opportunities where you can wow, surprise, and delight, or do really essential service recovery to get to that consumer and make that experience personalized in a way that's really meaningful to them. So, it's a tough problem to solve. I think the way you take it is "you can't boil the ocean" to use that expression. You have to find the targeted opportunities to do it.

Tim: Yeah, and I'll even kind of interject a little bit, too, on I think the programs, like, the tree runs around customer experience, management, insights, customer feedback, become ultimately more important as we drew goal on this quest for personalization, because as you set up the goal to be kind of the most consumer-centric company, you have to have systems and mechanisms in place that truly listen for feedback and react back to your customers, whether it be service recovery or whether it's just being acknowledging that that piece of feedback was heard. And this is what you do.

As you do that, you begin to build trust. As you begin to build trust, you earn the right to have more information provided to you. And as you also build that trust, you need to be explicit about how you're using that information. I think if you've built that muscle and those systems of action, not only does

it allow you to gain the trust of customers and probably have more first-party data provided to you, I think it ends up becoming a differentiating factor for you in the future as some of these third-party concrete sources of data maybe go away. And I think customers appreciate that mechanism, but it's not always in place.

Sri: Hey Tim, I would add to that, too. Just to give a concrete example, like, getting back to consumers on what you're doing about their feedback is critical. And that's actually one thing we've done. We're doing it in retail, we're doing it soon in all of our businesses. We get back to folks when they provide survey feedback, and we say, everyone who took a survey, we send them a communication that says, "Here are the things we're doing. We heard you, here are the things we're doing." And I think that the vision for that would be even more personalized if Tim can build it for me.

But it would be like, "Hey, can we get back to the individual consumer on" by maybe even looking at their text feedback and their open-end feedback and saying something to the effect of, "You mentioned this in your feedback, here's what we're doing about that." So that they feel like, hey, this is actually a true feedback loop, and you're not just screaming into the void or just expressing anger without anyone listening. So I think that's another way where you can build that trust. Because Tim's right, I think building the trust earns you the right to do more. And we need to find ways to build that trust explicitly and intentionally with consumers. So they really do feel that sense of loyalty, and they want that personalization from us.

Tim: Well, and it's just going to get more complicated as people continue to have more channels and options to interact with you. So, you have to do the basics of creating trust through the service recovery communications to close the feedback. But then you have to figure out how do you build those into your AI, your GenAI, automated messages, your orchestrations. And so, it's

the next sort of steps in the progress, but it kind of all builds upon each other.

Bobby: So, I mean, that was a ton of really, really good stuff, and I'm going to try to go into it at the end there. But really covering just how you sort of—I love the idea of closing the loop with the consumer individually, or finding those opportune moments to do that. Tim, you've used the word trust or a synonym of trust a lot. And I like the idea of that being almost a currency to earn the right to have more interactions, the right to get more data and more signals from your consumers, and then the ability to then capitalize on them as a business because of that trust and that loyalty and that institution that you've become to them. So really good, good stuff. And as we near the end, I do want to hit on a bit of a familiar theme. It's changing directions just a little bit.

Most of our repeat listeners know the team here at That Makes Cents loves to get to know our guests just a little bit more in our final question. And we use this concept of buying into better as a way to frame up a question. And so for those who don't know or who are new, buying into better simply refers to the act of adding intention on how you spend your money as a consumer, right? So we're playing the other side the coin now to positively impact the broader world, right? Wellness, environmental impact, social impact, whatever it might be.

What are some things that you use your wallet to vote with the companies you choose to spend your money on. To kick off this season and in alignment with Women's History Month, I would love to just ask you to honor a woman in your life, maybe tell us a little bit about how she—you don't have to name them specifically if you don't want to—but a little bit about how she may motivate you to ultimately buy into better as you spend your time as a consumer. So maybe Tim, you go first and, Sri, you close this out.

Tim: Yeah, I'll go first, and I'll have to first honor my wife. She would kill me if I did not honor her on this podcast because of all the things that she's, yeah, all the things that she does for our family that allows me to go out and interact with our clients and have these conversations about how to drive better experiences and ultimately create more loyal customers. Without her, I wouldn't be able to do that. But I also want to honor one other one that Sri and I both know, Angel Hollis Vaccaro. She was the leader of our broader customer experience and customer practice from the Deloitte perspective. She was my mentor, and I say was because she passed a couple years ago. But she was my mentor in trying to understand how do we really take the next step in what customer experience, customer experience, management data-driven insights can be?

And you know, she came to life and to business events with the same energy, passion, and almost that drive to do better. Like, we can always do better. We would come up with an idea, and her next question would be, "How do we make it that much better?" That drives me to kind of keep our practice going. It drives me to have conversations with people like Sri on how we can do better for their customers. So to honor her, her legacy, we'll call her—she would hate if I said this—but we'll call her the godmother of customer experience management.

Sri: Oh, that's awesome. I echo those because Angel was wonderful. I also have to start with honoring my wife. She's an amazing woman, and we have two lovely kids. What I think that she really helps me do is one, always stay grounded and [she] always gives me that perspective I need to be effective in my role, whether that's leading people or trying to drive the organization forward. But she also just has a

way of like reframing and thinking about the positive in any situation that I think I try to leverage and use in my life because it's really important from a mindset perspective.

You know, there's so many mindset defeaters in corporate America. Being able to reframe is just a really important tool. So my wife I learn so much from her all the time, so it'd be her. But I'd also honor my mom. My mom had three of us, and we were (laughs) not the easiest growing up. But she was a nuclear engineer and, in a field where it was male-dominated, was really among the first women in the United States to be in the field. And I've always just thought of her as a pioneer. Her attention to detail and her focus on doing the right thing and operating with integrity is something I've always admired. So I've always gotten that from my mom. And so I'd say my wife and my mom... I gave you two. My wife and my mom are two that I would call out. I'm probably getting Tim in trouble with his mom now.

Tim: Yeah. You probably are. We're overachievers here. Two instead of one, right?

Bobby: Hey, if she's listening, we're glad. But yeah, I mean, that's awesome. I mean, it can't be better than some of the folks that you guys mentioned. A shout-out to my daughter, who is in third grade and going to be entering BizTown here pretty soon. Shout-out to my wife, who is an amazing consumer executive in her own right. And then Sri, you brought something to mind. Shout-out to my late mom, who was an emergency room doctor, so had probably a similar experience in a male-dominated field and was a great example for me growing up.

So overall, Sri, Tim, this was an absolutely fascinating discussion today on the power of data and the amount of data and signals that are out there and we're able to harness

today. It's really clear that the right use of this data can truly transform the way we understand and serve our customers. And it really can lead to a better, more trusted, more personalized experience for them. But it's not without its challenges, from data privacy to the quality and accuracy of the data we use. But, you know, if you can overcome or manage those challenges integrating those signals really expands how customers can engage with their consumers across the board and really careful management and focus on it, it can provide some really substantial rewards.

So as we wrap up today's episode of That Makes Cents, for our listeners, right, think about how your customers or your consumers are comparing to the best ever, right? Not just the direct competitors, but the best experiences they're having. And sure you have more data or are able to capture more data, but they know more about you as well. So it's important to be proactive, to be trusting, to close the loop where possible and really think about where to start. And Sri, you mentioned don't boil the ocean. So how do you find those areas to either really wow or solve a problem that's just a real pain in the butt and solve it elegantly, proactively, quickly, and move on. And those types of things, I think, go a long way for our consumers.

So thank you so much Sri, thank you Tim, for joining us today. We hope you found this discussion as insightful as we have. And listeners, don't forget to subscribe so you don't miss our next episode. And take a look at the description for more content. Till then, keep making sense of our world. This is Bobby Stephens signing off. Stay safe, take care, and happy Women's History Month. And that's it.

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