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Measure Customer Loyalty to Sweeten Results!

Creating loyalty based relationships is worth it – for all!

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Are you listening to your customer?



A Startling Fact!

*70% of defecting customers declared themselves
satisfied or highly satisfied on their previous
satisfaction survey*...
so how do you really **KNOW** which customers will
retain you?* HBR Article

Is there such a thing as a loyal customer?

YES!

Experiences on Loyalty...



Visualize Loyalty Activity

- Think of and write down a Person, Group, Supplier, Customer (anyone / anything) that you would personally associate with having a state of loyalty toward...
 - Introduce yourself to your neighbor
 - Discuss with your neighbor the top factor(s) that moved you to this state of “Loyalty”?

Five Questions We Will Explore

1. What are today's leading organizations doing to create more engaged and loyal customers?
2. What is the economic value of Loyal Customers?
3. Creating Loyal Customers – what are **Right** facts/insights to know and act on?
4. Are we using and optimizing these facts / insights in our business?
5. Have we Closed the Loop with customers on their feedback?

Q & A

**...And Simple Practices to
Incorporate Into Your
Business**

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Facts About Customers that Should Encourage Us to All Create More Loyal Customers

- *Fully engaged customers deliver a 23% premium* over the average customer in terms of share of wallet, profitability, revenue and relationship growth. (Sales Research Group, LLC)
- Could take *\$5 Sales / Marketing expenditure to replace \$1* dollar of current revenue; (American Management Association)
- Raising customer retention rates *by five percentage points could increase the value of an average customer by 25% to 100%* (Harvard Business Review).

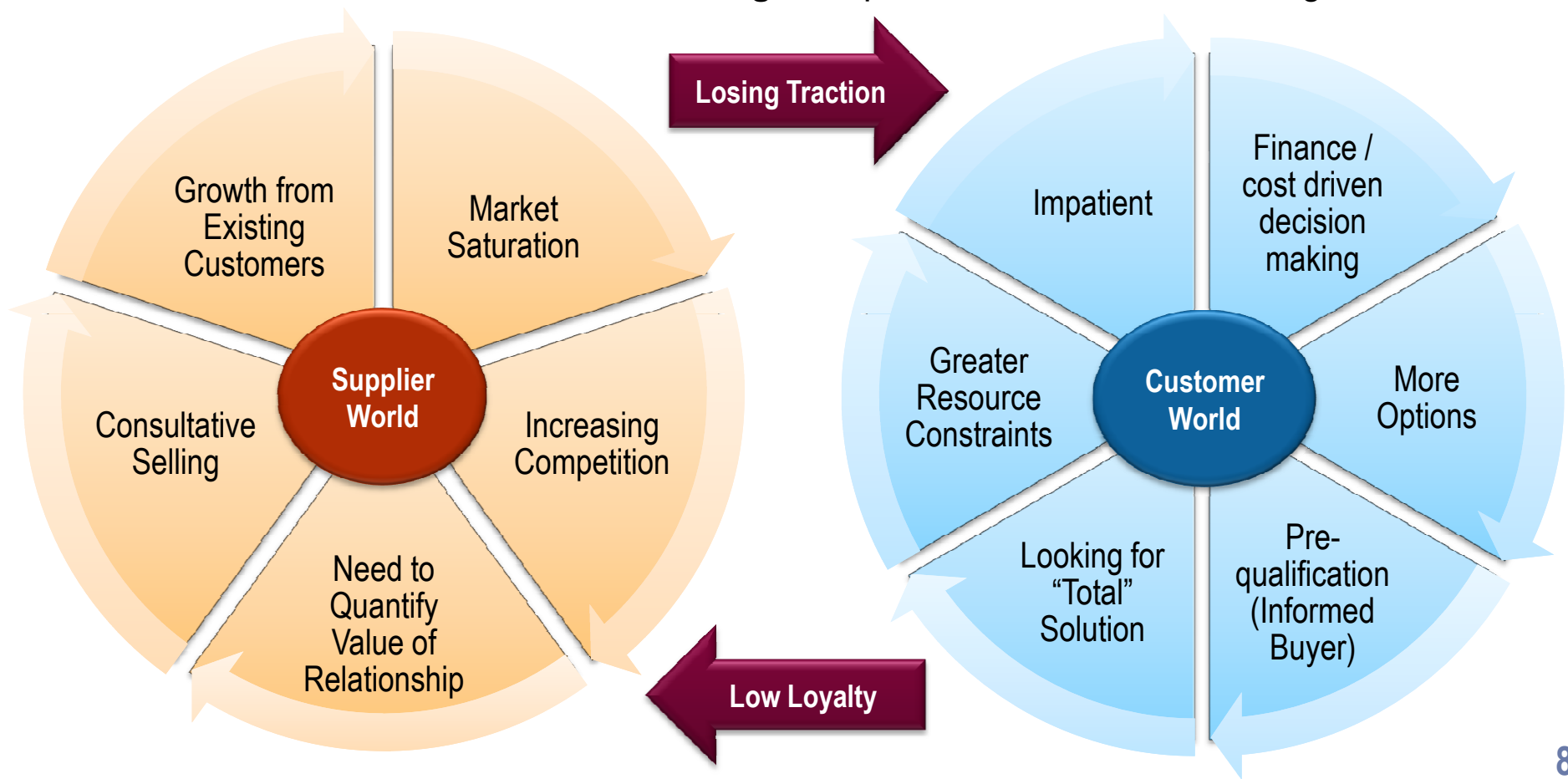
Every customer's expectations and needs vary – know them – act on them and you will create more loyal client relationships!

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The Customer / Supplier Relationship

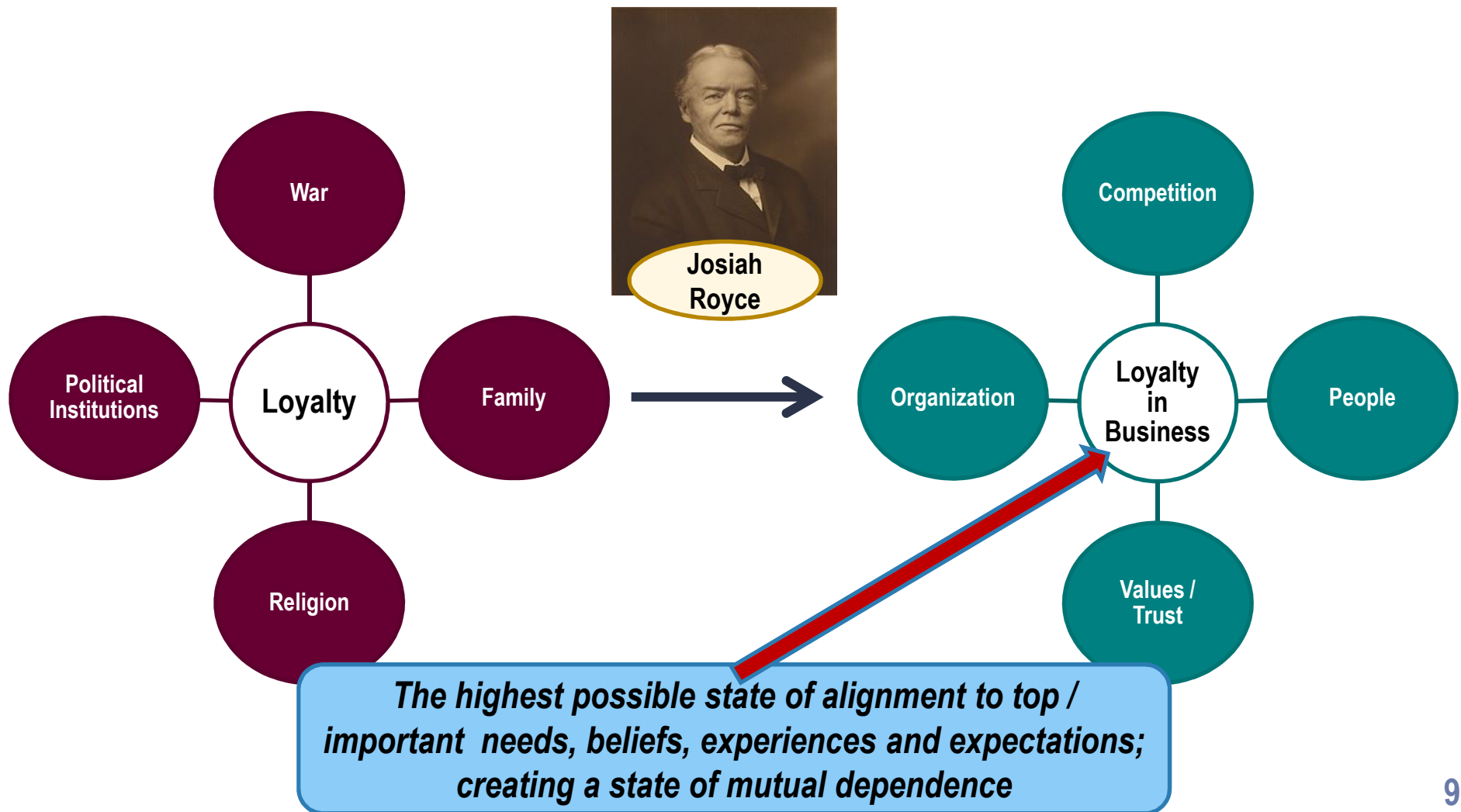
Today's Reality

- Today's reality is that there is **greater incongruence** between the customer and the supplier. ***Greater collaboration and understanding*** is required to minimize this incongruence



Let's Speak on Loyalty...

Translating Josiah Royce to Business World



Conclusion 1: There is a Difference!

SATISFACTION

A moment in time measurement of a strategic account's testimony to your performance (usually by one individual).

*No emotional investment or connection
Stay until a better alternative is offered*

**** Attitudinal ****

LOYALTY

A measurement of "customer dependency" that predicts the staying power of the overall account relationship (from multiple points of contact) at multiple points of time within the same year.

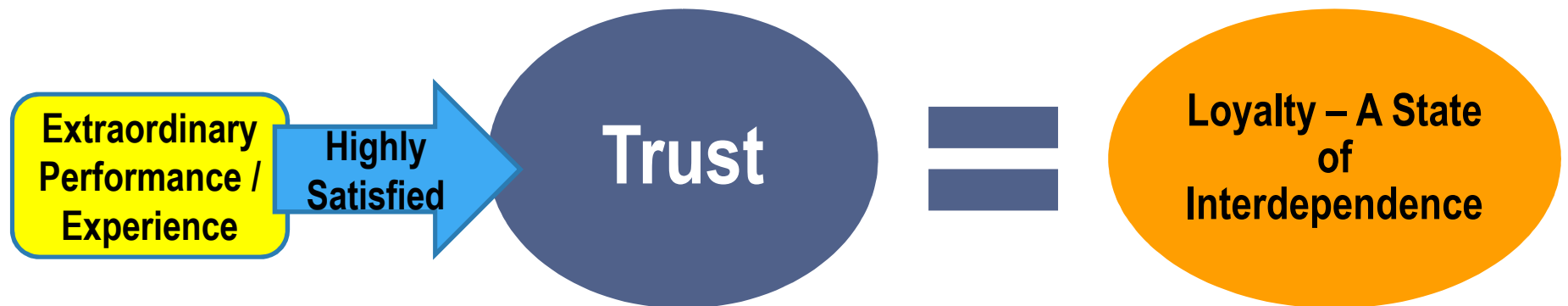
*Strong emotional connection with a feeling of
being a part of the process (a business
partnership)*

**** Behavioral ****

*Harvard Business Review

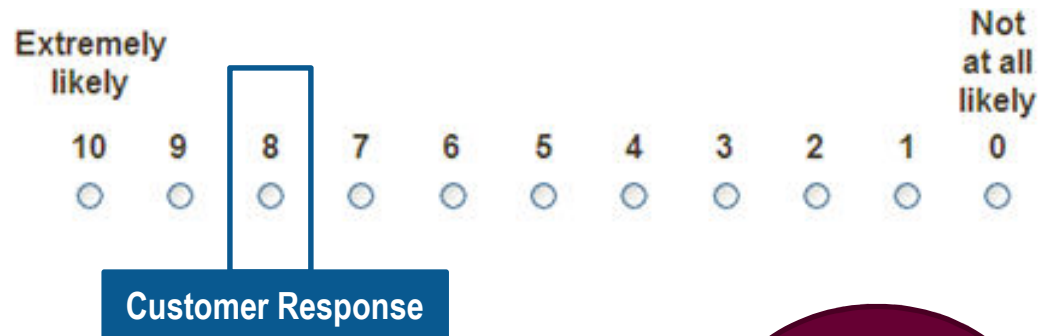
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Conclusion 2



Measuring *RIGHT* Satisfaction Criteria Enables One to Focus On Right Drivers To Create More Loyal Relationships

How likely is it that you would recommend ABC Company to a friend or colleague?



WHY?



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SMOOZE...

Author Richard
Abraham

Get it Started!

Create a Culture - Focus on Understanding the Voice of the Customer (VoC)

Optimizing the customer experience based on facts/insights (VoC) may be the most effective business strategy to sustain (retain) a company's greatest assets (current customer revenue) as well as drive incremental revenue/profit growth.

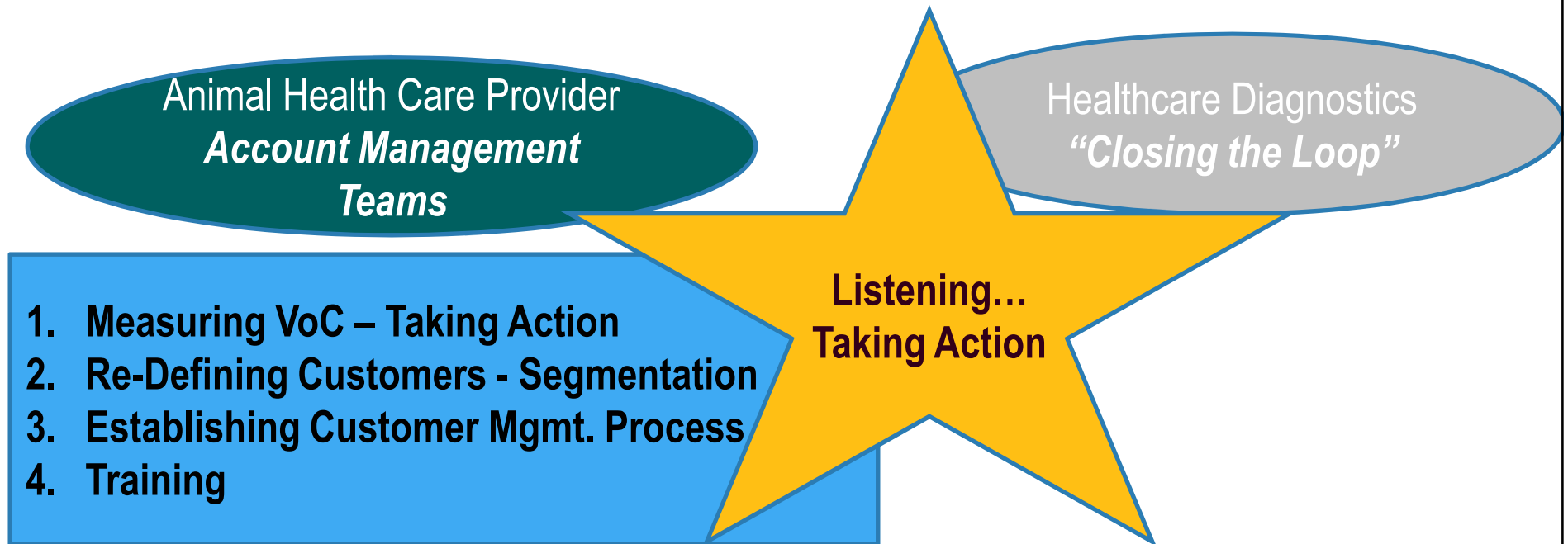
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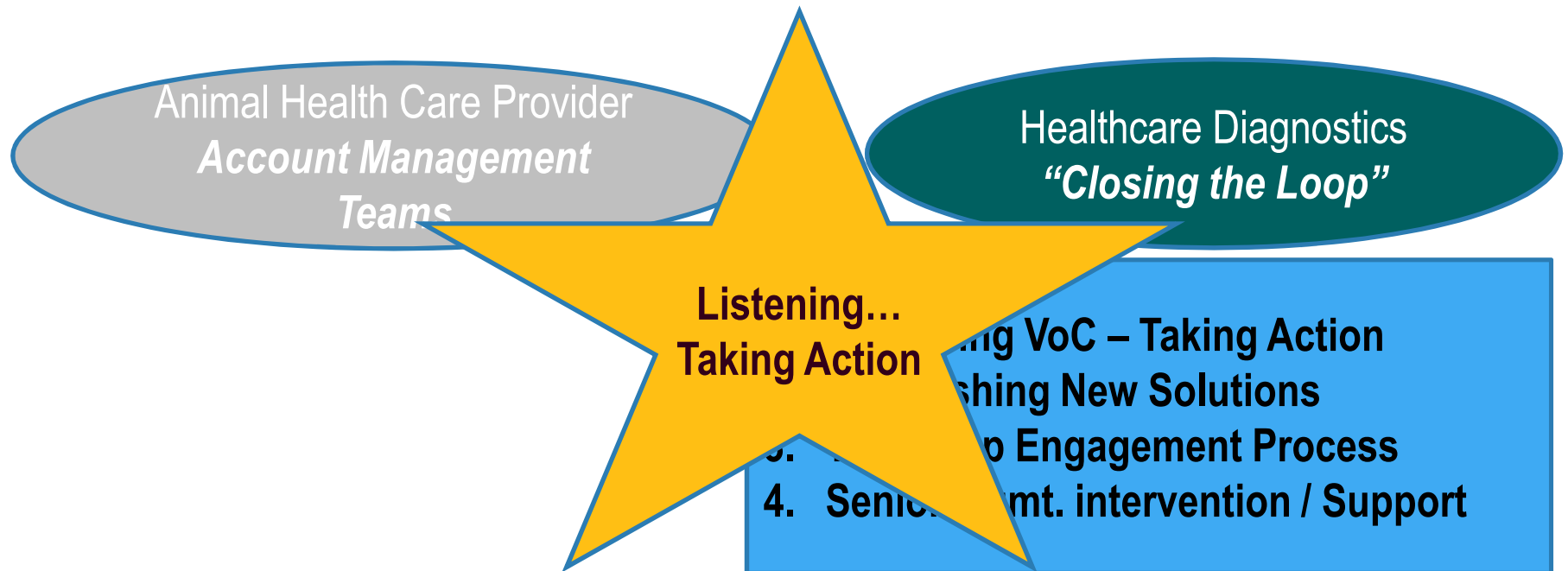
What are they doing...



What are they doing...



What are they doing...



New NCA VoC Initiative - A Macro View

1. Helping customers become even *more loyal to industry* and associations
2. Enable NCA to continue *to represent industry well*; act on behalf of industry
3. Help *prioritize industry efforts* and choices

Many organizations recognize the value of *Measuring* the Voice of their Customer (VOC) and working hard to capture and leverage this critical data source... Capturing voice of the customer is one thing, “*putting it to work*” is quite another

The Difference!

Source: What's Preventing You from Putting the Voice of the Customer to Work?

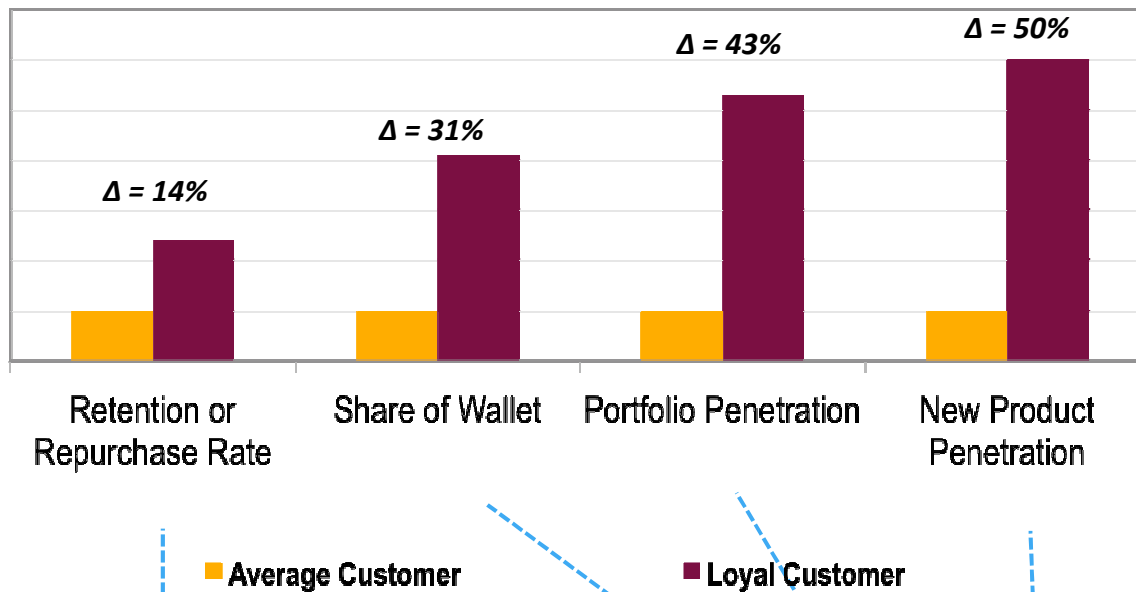
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Increased Loyalty and Commitment = Increased Revenues / Improved Relationships

Loyalty Impacts Revenue



Loyal customers renew contracts and repurchase more frequently than average satisfied customers

... And reward their suppliers by spending more on existing and new product offerings

* Redefining Customer Loyalty; Corporate Executive Board

Except in a few rare instances, a complete and extraordinary customer experience is the key to securing Customer loyalty and generating superior long-term financial performance.

Harvard Business Review

Determining the Economic Impact of Transitioning a Non-Loyal Customer to a Loyal Customer*

	Average Value	Non-Loyal Customer		Loyal Customer		Overall Total	Total w/ Increase in Loyalty	Δ
		Close Rate	Total Value	Close Rate	Total Value			
RENEWALS	\$ 500,000	85.0%	\$ 76,500,000	96.9%	\$ 9,690,000	\$ 86,190,000	\$ 86,547,000	\$ 357,000
CROSS/UP-SELL OPPORTUNITIES	\$ 50,000	65.0%	\$ 5,850,000	93.0%	\$ 929,500	\$ 6,779,500	\$ 6,863,350	\$ 83,850
NEW PRODUCT SALES	\$ 100,000	35.0%	\$ 6,300,000	52.5%	\$ 1,050,000	\$ 7,350,000	\$ 7,455,000	\$ 105,000
TOTAL:						\$100,319,500	\$100,865,350	\$ 545,850

Number of Non-Loyal Customers: 180
 Number of Loyal Customers: 20
 Increase in Loyal Customers: 10%

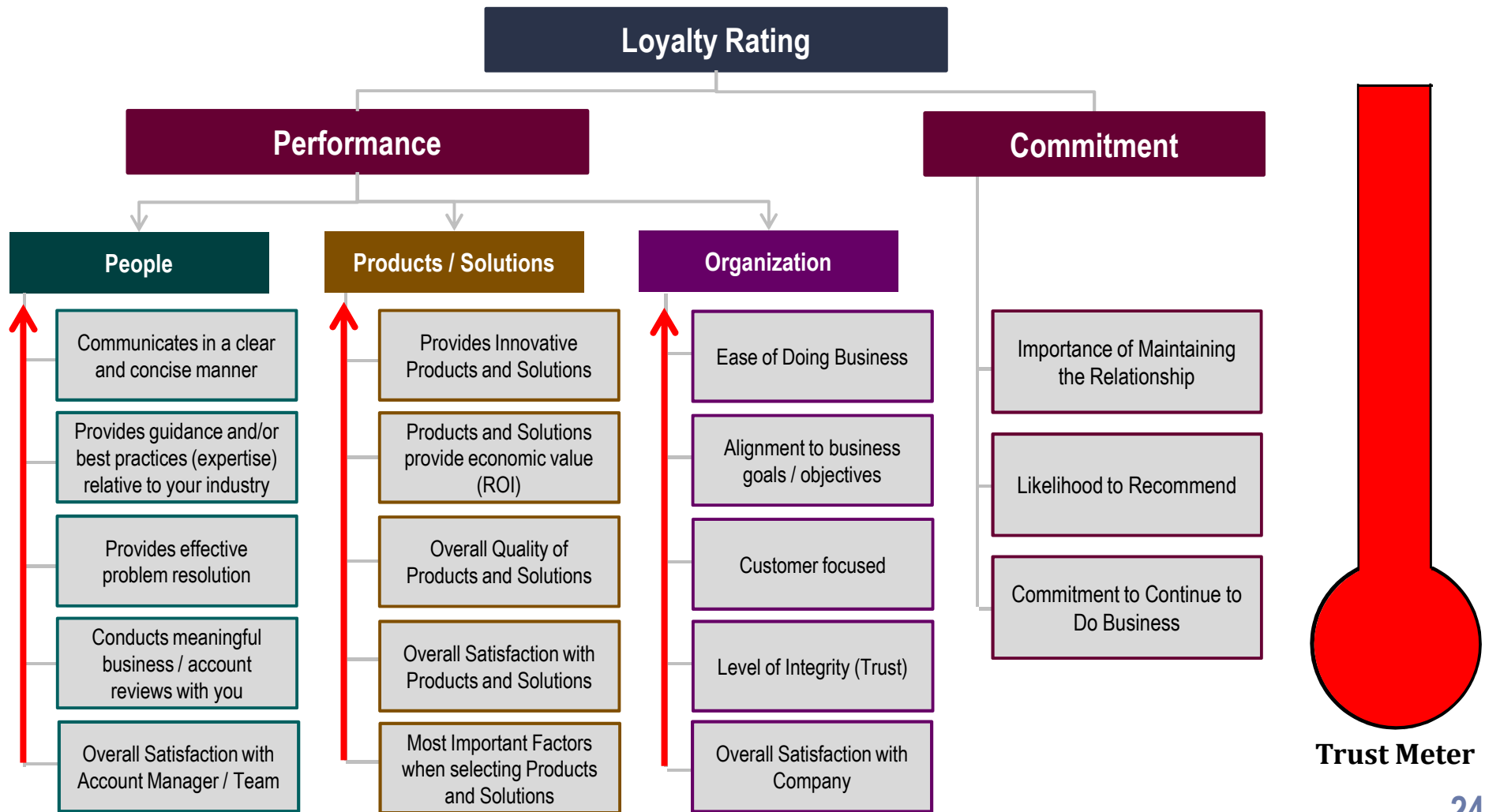
* Assumes Loyal Customers have 14% greater renewal rate, 43% greater up-sell potential, and 50% greater propensity to purchase new products

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The Next Generation Relationship Assessment

The “Right” Facts and Insights to Understand Your Customer Relationships



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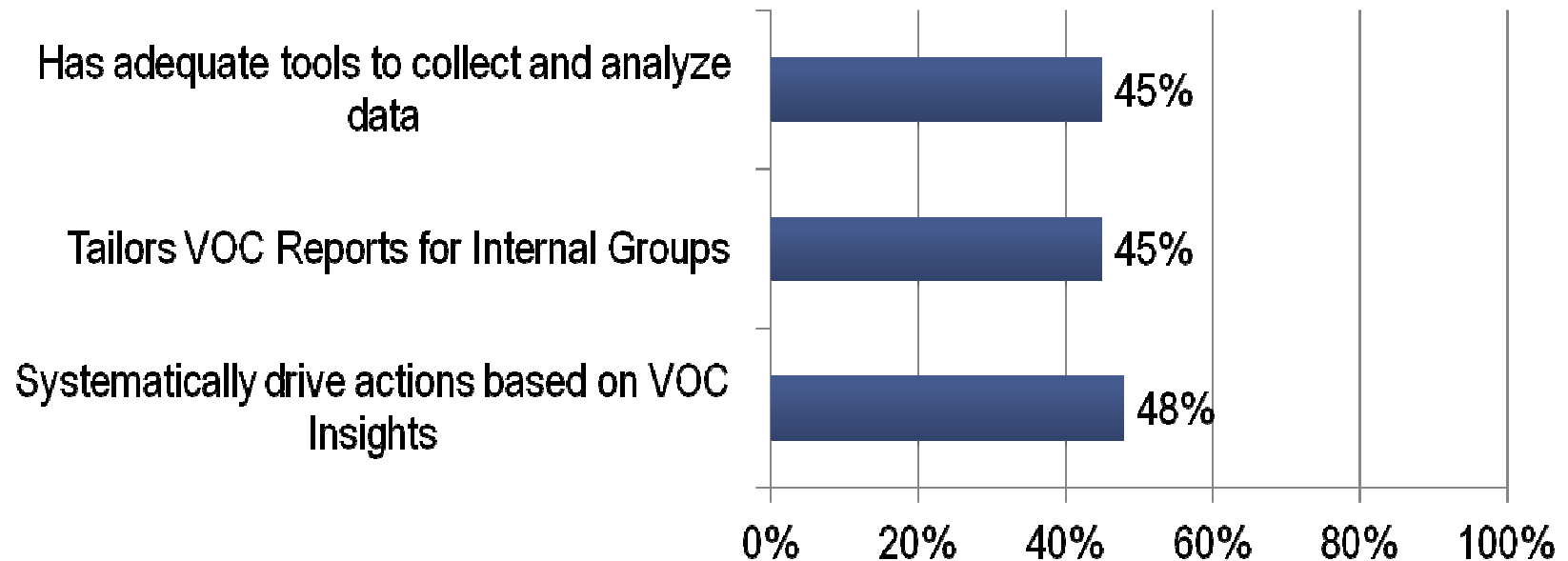
Experience the Approach

Loyalty Assessment – Handout on table

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Driving Action Based on VOC Results

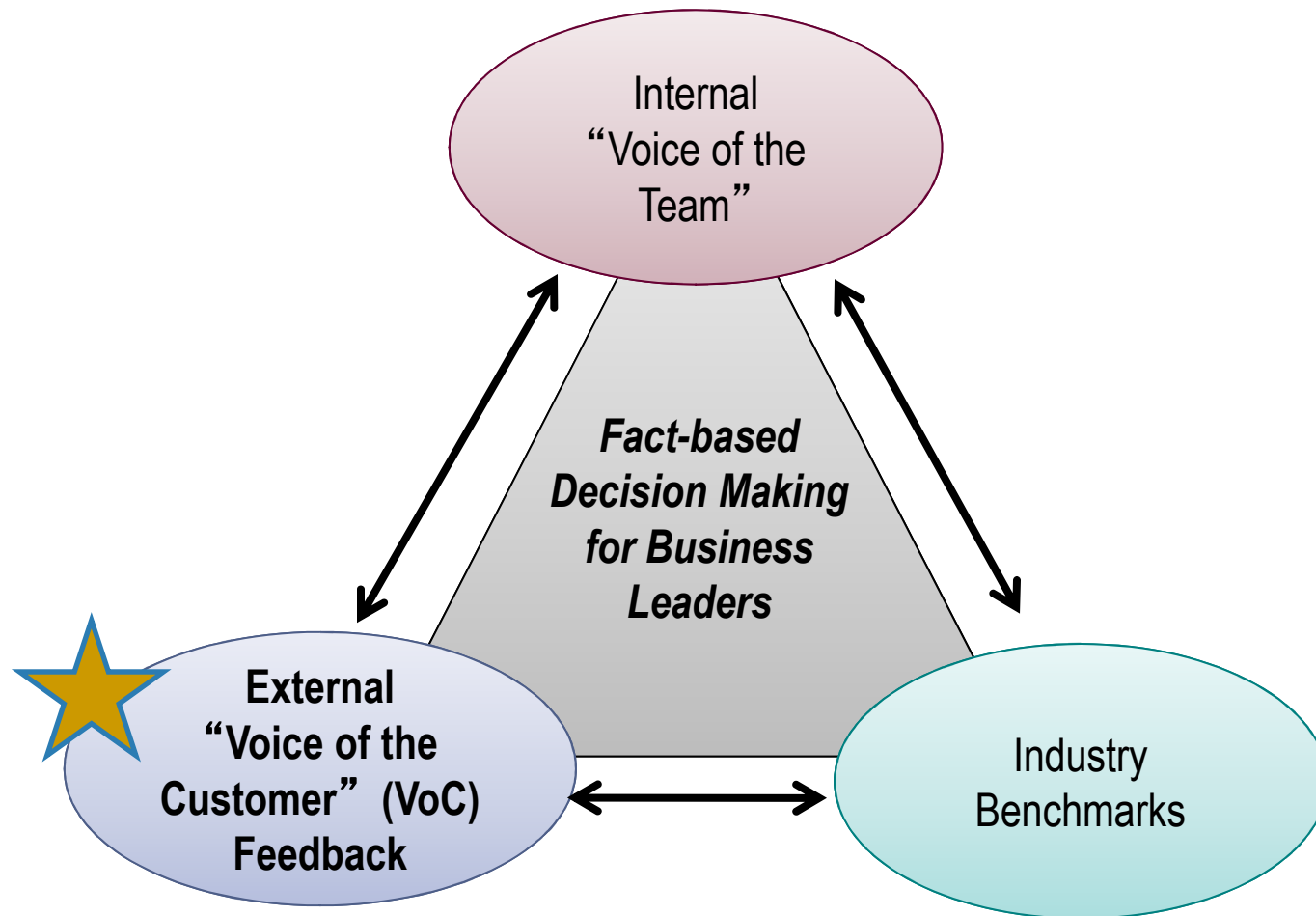


Source: Q2 2012 Global Customer Experience Peer Research Panel Online Survey

*Lack of tools, analysis and **Action** leads to little if any business results!*

VoC as a Best Practice - Triangulation of Facts / Insights

Incorporating Internal and External Feedback into Business and Account Planning



Case Study... NCA Use of Market Feedback for EXPO *“Sold Out and Growing!” – Improving Loyalty!*

Feedback	Action
1. New products/innovation	<ul style="list-style-type: none"> Enhanced <i>new product awards - elite tasting panel</i> of top customers, food editors, and industry experts. <i>“Innovation Alley” to celebrate newest companies</i> in the industry with <i>innovative offerings</i>.
2. Networking	<i>Networking reception</i> - to encourage exhibitors and customers to remain for <i>casual networking discussions</i>
3. Keeping current w/ the industry	<i>Enhanced merchandising display area</i> – rebranded <i>“Shopper Solutions Theater”</i>
4. Top to top customer engagement	<i>Added “Diamond Club”</i> - Executive networking and dining experience <i>for top Expo sponsors and executives</i>

As a result of ‘loyalty research’ for Expo :

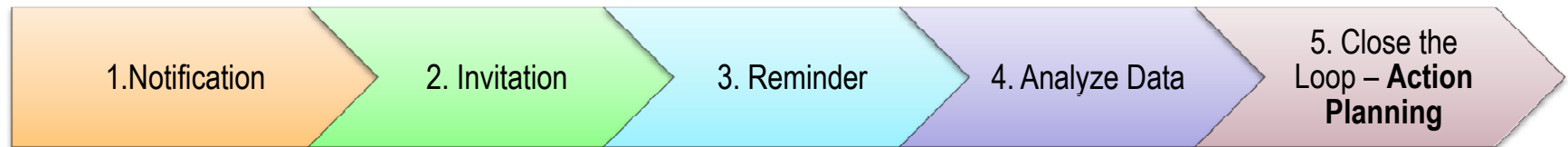
- 4 years of record participation and ***sold out*** the show back in January with a ***waiting list of 60+ companies***
- Our ***overall loyalty scores continue to go up as measured by “overall satisfaction”, “likelihood of attending next year”, “likelihood of recommending to colleague”***

Larry Wilson, Vice President Customer Relations, National Confectioners Association

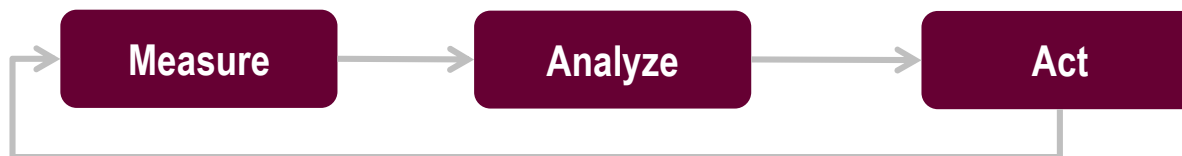
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Executing a VOC Survey – Best Practices

- **High, Wide, Deep Sample** – survey all management levels across all geographies/BUs to obtain all perspectives
- **Tailored Survey Script** – ask participants relevant questions through skipping patterns / built in survey logic
- **Established Survey Launch Process**



- **Touch Point Frequency** – touch contacts a minimum of once, ideally twice per year to enable trending and the ability to predict issues before they become significant issues!
- **Commitment to the Process / Program** – ensure consistent execution of program efforts



Loyalty Rating and GAP Analysis

Executive Summary - Thursday, March 12, 2009

Survey: [Q4-2008 Customer Loyalty Survey](#)

Filter ▾

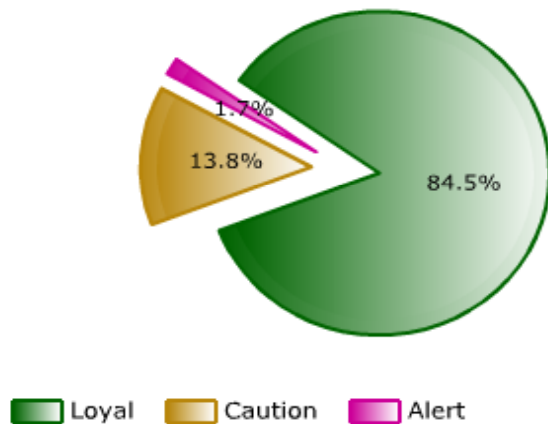
Loyalty Rating
83%

NPS
50%

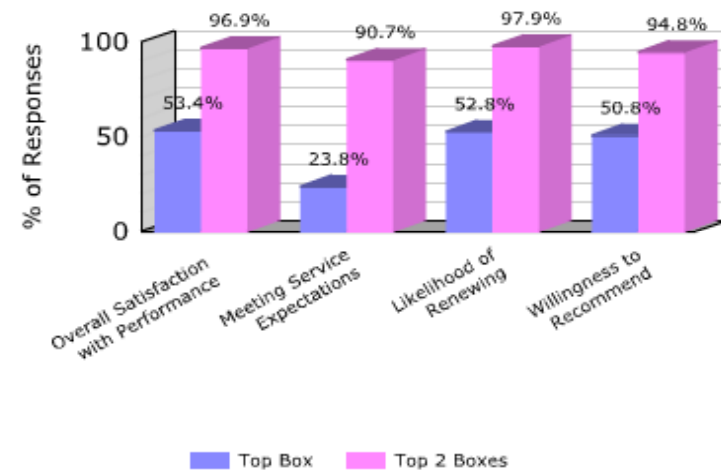
Account Response Rate
27%
(174/627)

Response Rate
22%
(193/868)

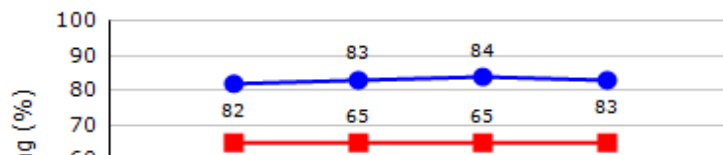
Account Count By Rating



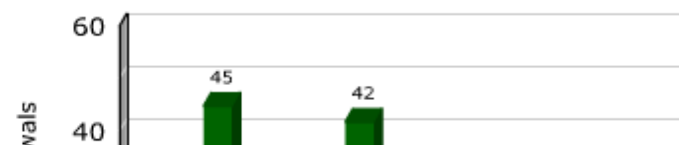
Top Box Analysis



Loyalty Trend v. Target



Renewals By Rating



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The Survey to Action Process

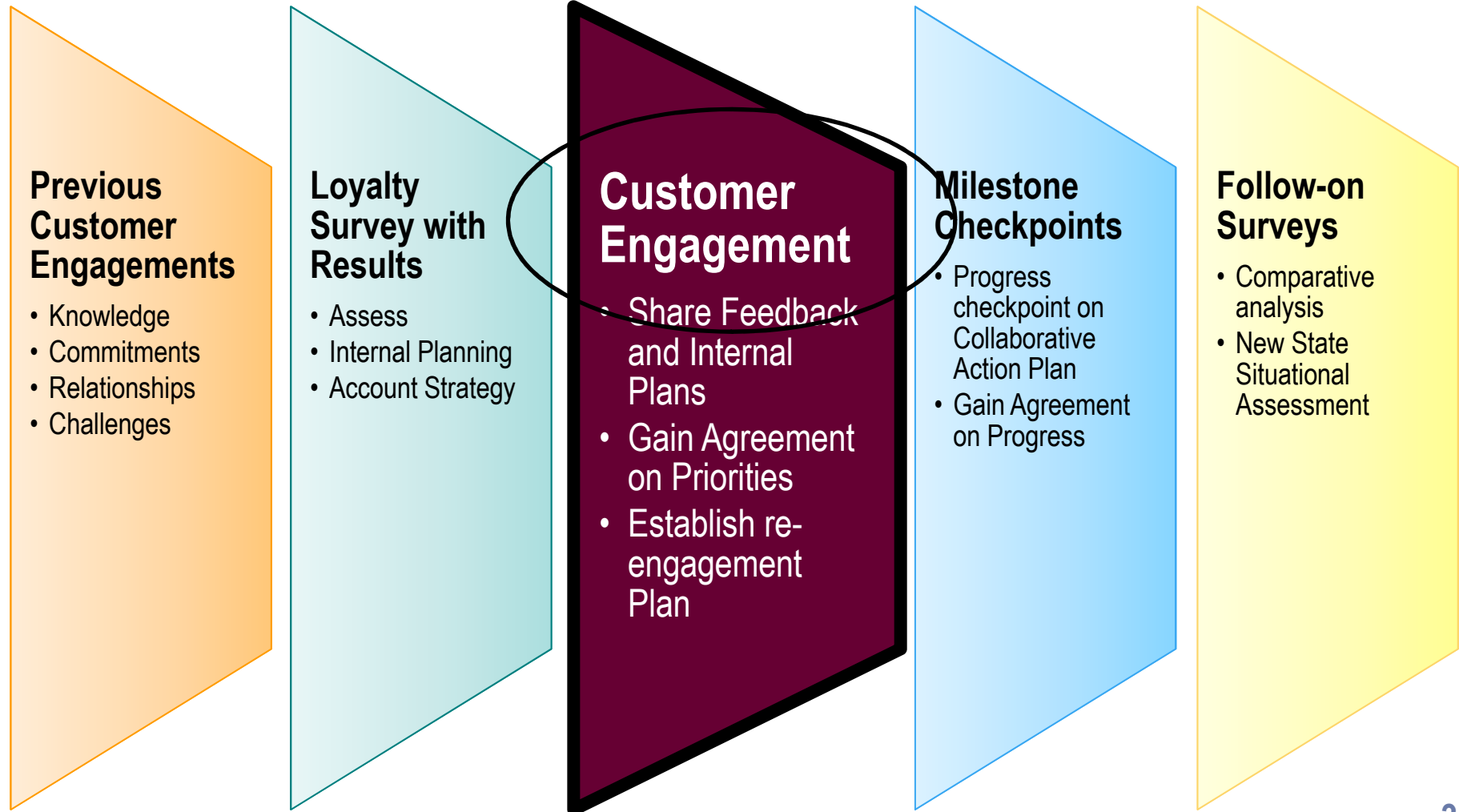
- Taking customer feedback to validate actions and increase customer commitment



Review your results and gain insights that lead to recommendations for optimum customer relationships

Engage the Customer in the Process

“Closing the Loop”



Opportunities for Integrating Customer Feedback into your Business Processes



External
Internal

8 of 10 Managers indicate their organization is falling short in how effectively they integrate VOC into day-to-day management and operations

Source: What's Preventing You from Putting the Voice of the Customer to Work?

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Some Experiences

Tips / Suggestions

An Effective VOC (Insuring Your Assets) Program

- Ensure all areas of the **organization buy in** to and are in **support** of the VOC program
- Implement **process and methodology** to capture feedback
- **Dedicate resources** to execute and manage the process
- Data management – ensure customer **data is accurate** and all appropriate customers and customer contacts are included
- **Transition data into action** – interpreting results to be utilize for account and organizational action planning
- **Integrate VOC into operations** such as executive dashboards and compensation planning
- **Use data** to more effectively **engage with and improve customer relationships**

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Developing and/or Elevating Your VOC Program

From here

To Here

Most Organizations are Here

Few Organizations are Here

Build Program
Awareness

Achieve
Organizational
Support & Buy-
in

Execute VOC
Survey

Analyze VOC
Data

Report on Key
Discoveries
(Prescription
for Success)

Develop
Account Level
Action Plan(s)

Implement
Action Plan(s)

Link VOC to
Customer
Results

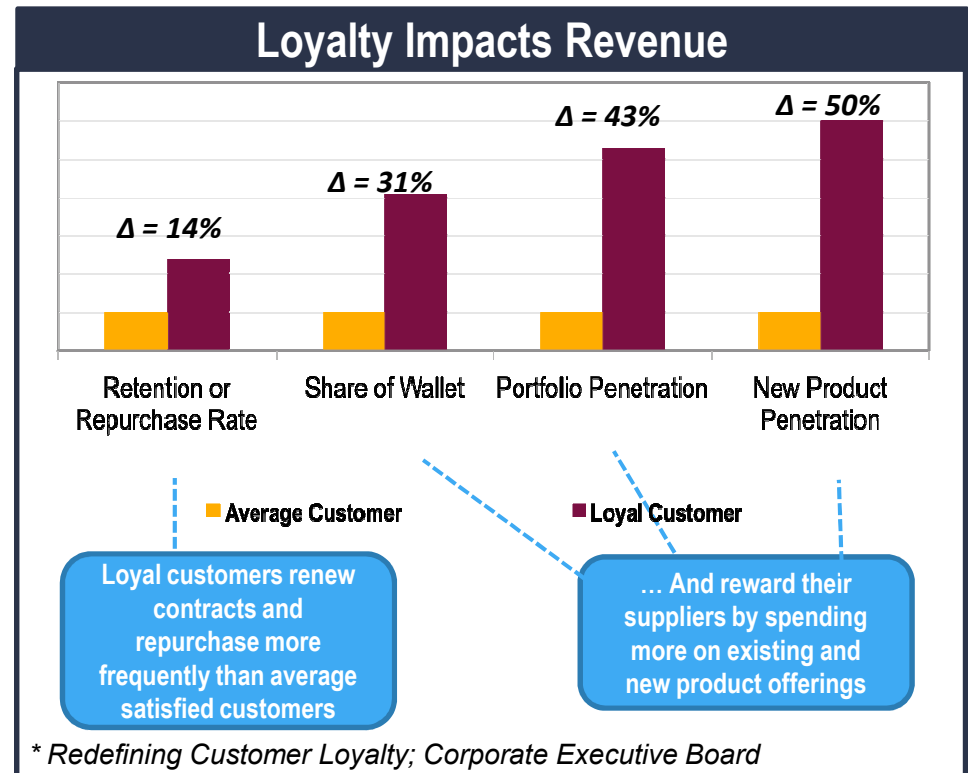
Develop
Program Level
Action Plan(s)

Integrate VOC
into
Management &
Operations

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Getting Started by Establishing Support and Buy-in

- **Socialize the program** giving executives and other stakeholders an opportunity to provide feedback before the program goes live. Socializing program efforts and wins needs to be an ongoing process once the live as well.
- **Create a program roadmap** – what are we doing, why are we doing it and how will it be done
- **Define** internal roles and expectations
- **Establish** “success” criteria
- **Link results** to financial metrics – illustrate potential revenue / profit gains





Summary

Benefits of Voice of the Customer Feedback

Your Organization

1. ***Insures your greatest ASSETS – Customers against attrition*** - Alerts to customer issues - predictive
2. Right facts to move customers from just satisfied to loyal and committed
3. Superior **long-term financial performance** – retention and growth
4. VoC is a **team key performance metric**
5. Prescription for Success Action Plan to **“Close the Loop”** – market/account specific strategy

Your Customers

1. Goals aligned with key supplier – challenges prioritized (not just pricing)
2. **Improved operational performance** – economic value proposition
3. Extraordinary **customer service**
4. Open and complete communications – **stronger relationships**
5. Services meet current and future needs - **innovation**

Infamous quotes...

An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.

Jack Welch

It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.

Author unknown,
commonly misattributed to Charles Darwin



Closing

In-field Actions – Tomorrow...

As Easy As...

1

- Commit to and Collect and Measure “Right” Customer Feedback

2

- Analyze / Correlate Facts – Action Planning

3

- Install Facts / Insights into Customer Relationship Management Process

Closing Thought...

“Success is a lousy teacher. It seduces smart people into thinking they can’t lose.”

Bill Gates; co-founder, Microsoft





CUSTOMER



SUPPLIER

*It's easy to share information and have the expectation that things are going to improve, but if you don't go through that whole **process** of deciding when, with whom, where, how, in what format, often the results are disappointing.*

- How to Build a Better Supplier Partnership

Questions and Discussion

The Chapman Group... Resources

www.chapmanhq.com

www.Youtube.com/themetricschannel

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