



The Road to Loyalty

Creating Customer Relationships that Foster Loyalty
A Case Study

Competitive **EDGE**
Strategy • Execution • Leadership



The only safe long-term customer retention & growth strategies are:

- 1) Create a monopoly; create significant switching costs
- 2) Create a truly unique & sustainable competitive advantage in your product or service
- 3) Or, understand & consistently exceed customer expectations

~Russ Johannesson, EVP, U.S. Client Services, Carlson Marketing



A few data points to consider:

It is 6 to 7 times more costly to acquire a new customer than retain an existing one.

Brand advocates recommend & share products 2 to 4 times more than the average consumer.

60 percent of customers who hear of a positive (or, in fairness, negative) experience will change their buying habits.

Inside-Out



Employee Engagement
If your employees don't care,
why should your customers?

Case Study:



Regional wireless carrier based out of Alexandria, Minnesota

- Four distinct geographical regions
- 15 states
- 1,100 employees
- 750,000 wireless customers

Measured success on several key indicators of which two were:

- Customer acquisition
- Customer retention (churn)

Situation Overview

- Reorg of management to centralized
- Recent brand damage in one region
- Battling the giants: Verizon, AT&T, Sprint, US Cellular, T-Mobile

Programs in place:

- Retention
- Customer satisfaction surveys
- Employee satisfaction surveys

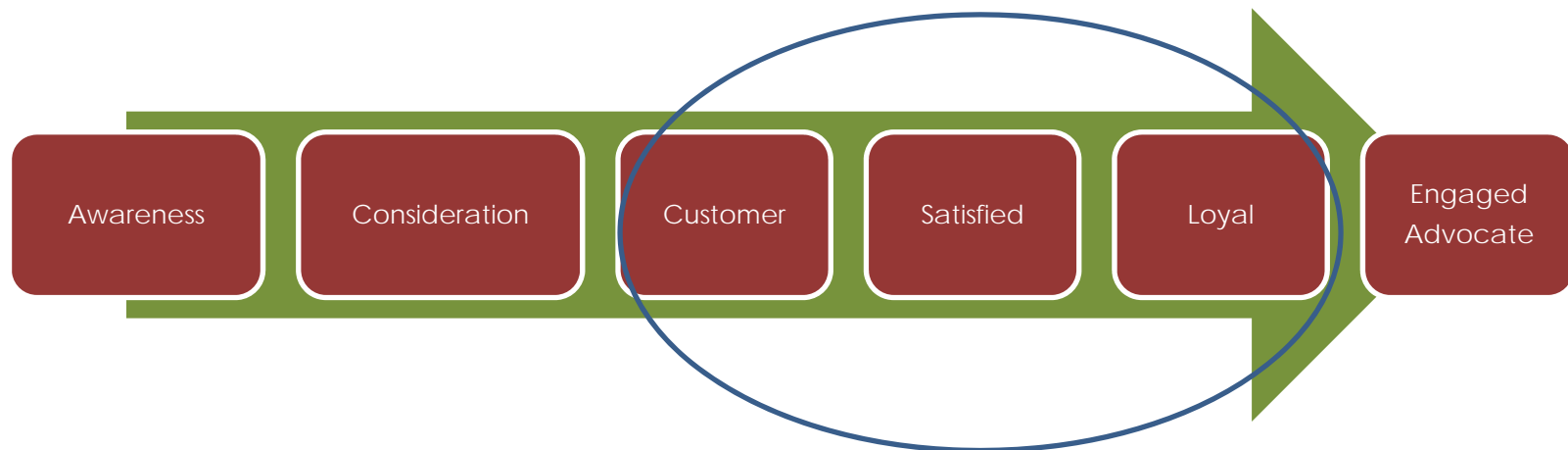
Tools in place:

- Segmentation studies
- Key data fields in billing systems
- Marketing budget

The Approach

Development of a cross-functional loyalty project team

- Created a lifecycle loyalty program
- Focused on growing customer loyalty from time of acquisition
- Utilized a significant amount of customer data
 - Billing system
 - Customer satisfaction data
 - Customer segmentation



The Program

Consisted of lifecycle communication initiatives:

- Welcome call, text, mailer
- 30 day call
- 90 day mailer
- Anniversary mailer
- High value customer rewards
- 10-year customer thank you
- Cross-sell & Up-sell campaigns
- Surprise & Delight frontline programs



A Monumental Change

Create a Customer Focused
Culture

Recalibrate the company to be
customer-centric

Company Culture

“The experiences customers have with organizations are the result of complex corporate behaviors, the deeply engrained beliefs, values, measures, management processes, and written and unwritten rules that shape the employees environment and through it the experience of the customer.”

Designing the Customer Experience, From the Inside Out

David Conway

6/02/11

Everyone on the Bus

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Customer Experience

The customer only has one experience. Make it exceptional, from the customer's point of view.

Try to remove the bias, try to understand it.

Customer Experience

Time is the currency of all experiences. The time that customers spend is what they actually value when they buy an economic experience.

If your focus on the customer leads you to spending less time with customers, then you're commoditizing yourself, teaching your customers that interacting with you isn't worth their time.

Memorable Events Are the Most Valuable Experiences

April 25, 2011

by B. Joseph Pine II

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Every Department, Every Single Employee

- Billing
- Customer Service
- Engineering
- Network Operations
- Executives
- Housekeeping
- Finance
- Marketing
- Legal
- Training
- IT
- Project Management
- Product Development
- Sales
- Human Resources

Company-Wide Strategy

- Funnel all resources in the same direction
- Focus on the current customers as highest priority
- Make decisions based on the customer experience, from the *customer's* point of view
- Reinforce at every employee opportunity: meetings, communication, events.
- Ownership of the strategy at the very top C-level

NOTE:

Lack of strategy is a top obstacle to customer experience improvement as noted in The State of Customer Experience, 2011 Forrester Research.



Company-Wide Development

- Accountability
- Empowerment
- Creating the Customer Experience
- Cross Functional Engagement
- Quarterly Results
- Officer & Director Meetings

Company-Wide Development

TREAT the customer to excellent service by understanding and focusing on their priorities.

Tangibles/Quality – Products, services, and the appearance of buildings, facilities, and equipment.

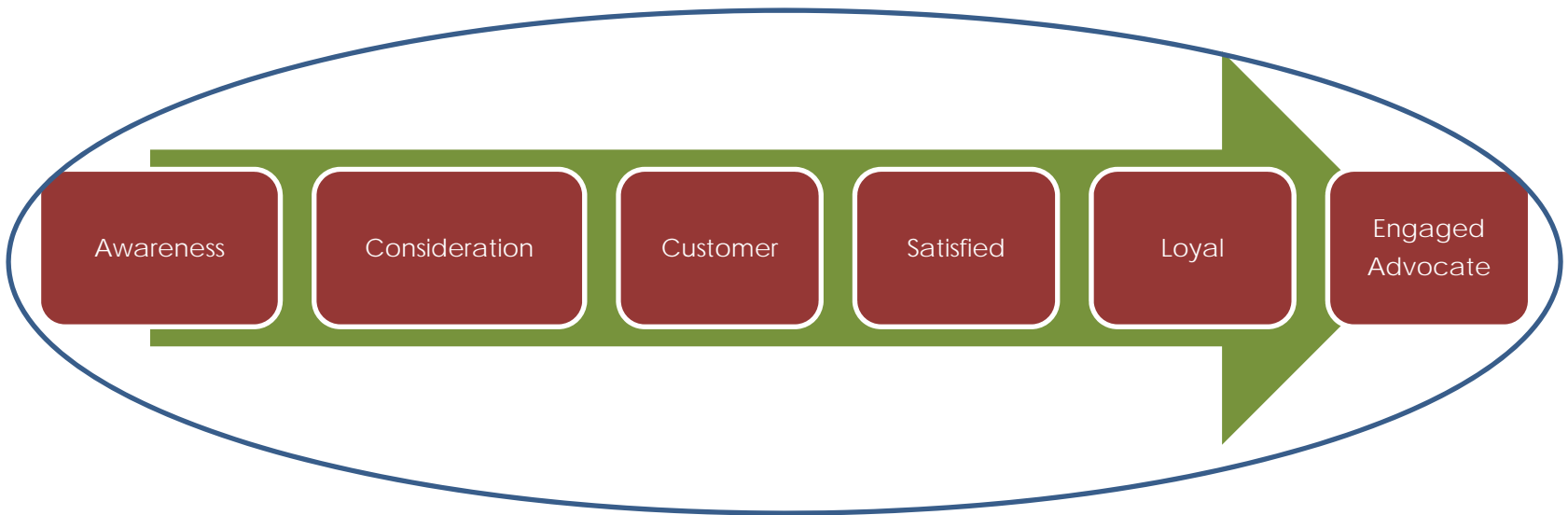
Reliability – Capability to deliver what was promised in a dependable and accurate way.

Empathy – Caring, individual attention, and relationship-building extended to customers.

Assurance – Skill, knowledge, and courtesy of employees and their ability to solve problems confidently and convey trust.

Timely Response – Eagerness to help customers and deliver promptly.

Results = A Holistic Loyalty Approach



Measurements & Results

- Retention increased (measured test groups)
- Customer satisfaction scores improved
- Acquisitions increased
- Referrals increased
- Employee engagement improved
- Better positioned to focus on cross-sell & up-sell programs (increase customer value)

NOTE:

39% of the variance in business results is a function of employee engagement.

69% of the variance in engagement is a function of leadership effectiveness.

Hewitt's Double Digit Growth Research

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