Beyond Satisfaction:
J.D. Power 2012 Customer Service Champions
BRANDS THAT DELIVER SERVICE EXCELLENCE TO MAXIMIZE BUSINESS RESULTS

A Special Report by J.D. Power and Associates

March 2012

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Introduction

Beginning in 1968, the company's founder, Dave Power, set off on a journey to represent the Voice of the Customer. Over these past 44 years, J.D. Power and Associates has worked alongside hundreds of companies across dozens of industries, touching every corner of the globe. In our quest to make a difference for our customers, and theirs, we've helped poor performers get better, companies mired in mediocrity rise to the top, and perennial top performers hang onto their envied position. In J.D. Power's service to these companies, we've seen from a business perspective what customers see from their own perspective: a varied marketplace of disparate brands, all intent on winning and keeping customers.

This endless quest for market share and mind share rages on. Some improve, others fall behind, and a select few stand above the rest. We continue our tradition of recognizing the best brands in the United States with our second annual list of J.D. Power 2012 Customer Service Champions.

At first glance, these Champions appear to have little in common—Clark Public Utilities is much different than USAA; while Amazon and Apple are ubiquitous, Frost Bank and Wegmans Pharmacy are not as well-known. But don't be misled—each of these brands has earned its place among this elite group.

For this special report, J.D. Power analyzed the feedback from hundreds of thousands of US consumers who do business with more than 800 companies. You will see examples throughout this special report of how remarkable companies use service excellence to drive business results. These brands consistently rely on key performance indicators to secure and maintain their leadership positions, as well as to satisfy and retain their customers.

This year, 50 companies have earned the distinction of J.D. Power 2012 Customer Service Champion, yet more than half of them are new to the list, demonstrating that excellence is not easily won and may be even harder to sustain.

A True Challenge—Turbulent Times

Market uncertainty, global currency fluctuations, ecological and political volatility—each of these factors has contributed to a difficult economic environment for consumers and the brands that serve them. To face this "new norm" of constant change and increasingly high demands, J.D. Power 2012 Customer Service Champions must be both nimble in their adaptability and unwavering in their performance against priorities.

In times of uncertainty, consumers look for brands they can rely on to provide value, meet their needs, and consistently satisfy their evolving expectations.

Is your brand ready for the new norm?

Gary Tucker
Senior Vice President, J.D. Power and Associates

J.D. Power 2012 Customer Service Champions

The J.D. Power 2012 Customer Service Champions are as diverse in the industries they serve as they are in the way they present themselves in the market. Nevertheless, they all have one thing in common—for each of them, good is no longer good enough. These companies have become Champions by going beyond satisfaction. The way in which they deliver and exceed their customers' expectations not only helps them win market share and maximize financial performance, but also raises the bar for other companies, both within and outside their industry.

J.D. Power 2012 Customer Service Champions

ENERGY	FINANCIAL SERVICES	HEALTHCARE	INSURANCE	PRODUCTS	RETAIL	TELECOM	TRAVEL
Clark Public Utilities	First Federal	Good Neighbor Pharmacy	Amica Auto Home Life	Cadillac	Amazon.com	boost mobile	ACE Rent A Car
Jackson Electric Membership Corporation	Frost Banking Investments Insurance	Health Mart Pharmacy	Auto-Owners Insurance	Cadillac	Apple	metroPCS Wireless for All.	Drury Hotels
SRP	Hancock Bank	Publix	Erie Insurance	David Weekley Homes	Barnes & Noble bn.com	Straight Talk	enterprise
Sawnee An Electric Membership Corporation	ING Direct Save your money®	Pharmacy Services	NJM Insurance Group	Jaguar	Bass Pro Shops	U.S. Cellular	Four Seasons Hotels and Resorts
SMECO	Quicken Loans Engineered to Amaze	Wegmans	USAA	Lexus	Kohl's	Virgin mobile	Hampton
	Scottrade			Mini	L.L.Bean		hotel INDIGO
				SheaHomes Caring since 1881	Saks Fifth Avenue		jetBlue AIRWAYS
					Wegmans		SOUTHWEST AIRLINES
							THE RITZ-CARLTON®
							Virgin america

Source: J.D. Power and Associates   **Figure 1**

Why Excellence Matters

As companies struggle to identify opportunities for improvement; justify investments of effort, labor, or capital; or predict their financial success, few metrics are more valuable or informative than those related to customer satisfaction. This is not to say satisfaction is a single metric. Rather, it's the sum of all experiences a customer has with a company, and is most informative of any company's ongoing success.

The importance of customer satisfaction can perhaps be best described when considering how it is linked to common business goals such as loyalty—specifically, levels of customer recommendation or intent to repurchase.

Without exception, J.D. Power finds a strong relationship across industries between the level of customer satisfaction and demand-side benefits, such as repurchase intent rates.

"If customers are buying excellence—and they are the people who define excellence—you've constantly got to measure whether they agree with your interpretation of excellence at that particular time. And that definition of excellence evolves constantly."

> **– Craig Reid,**
> **President of Operations,**
> **Americas, Four Seasons**
> **Hotels and Resorts**

Repurchase Intentions by Satisfaction Level
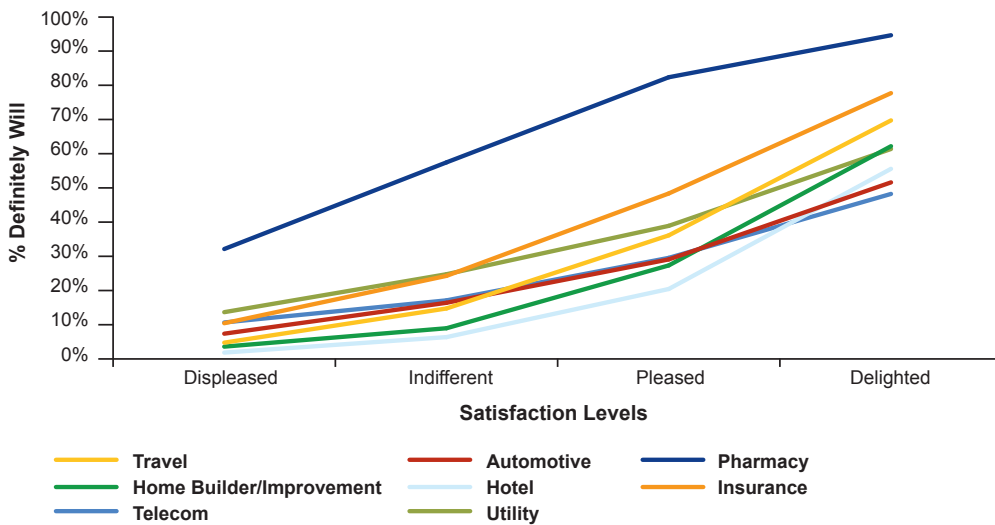
On a 10-point scale, Displeased is 1-5 points; Pleased is 6-7 points; Satisfied is 8-9 points; Delighted is 10 points

Source: J.D. Power and Associates 2011 US Syndicated Studies   **Figure 2**

In examining the rates of repurchase and advocacy among the J.D. Power 2012 Customer Service Champions, the benefits of focusing on satisfaction translate to double-digit improvements in performance.
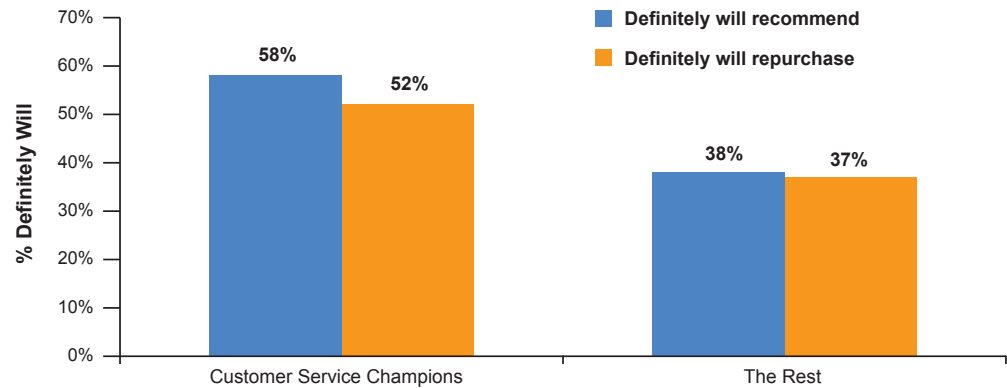
Recommendation and Repurchase Levels by Customer Service Excellence

Source: J.D. Power and Associates 2011 US Syndicated Studies

Figure 3

In industries such as banking, the impact on financial indicators is clear: highly satisfied customers are the best customers. They are not only more loyal, but are also stronger, more active advocates and have a higher level of product penetration.

Impact of High Satisfaction on Financial Indicators–Banking Industry

	High Satisfaction (OSAT 800+)	Medium Satisfaction OSAT (500-799)	Low Satisfaction (OSAT <500)
Retention			
Definitely will reuse next time in need of product	54%	14%	4%
Definitely will not reuse next time in need of product	2%	2%	20%
Advocacy			
Definitely will recommend	58%	14%	2%
Average # of positive recommendations in past 12 mos.	3.9	1.8	0.7
Definitely will not recommend	2%	3%	31%
Average # of negative recommendations in past 12 mos.	0.1	0.7	4.7
Brand Image (on a 7-point scale)			
Good reputation (mean score)	6.33	5.22	3.65
Customer driven (mean score)	5.28	3.88	2.41
Product Penetration			
Average # of products with bank	2.8	2.7	2.5
Average # of products with another institution	2.2	2.7	2.6

Source: J.D. Power and Associates 2011 US Retail Banking Satisfaction Study[SM]

Figure 4

The insurance industry provides other examples of how high satisfaction can impact key business metrics. Retention and acquisition costs—two measures that are particularly impactful in this industry—are heavily influenced by customer satisfaction.

Satisfaction Impact on Insurance Industry–Retention and Acquisition

	Overall Satisfaction (based on 1,000-point index)	Retention-Related			Acquisition Cost-Related					% Will Not Switch for Any Price
		Actual Retention	% Definitely Will Renew	% Definitely Plan to Shop	3-Year Growth	Acquisition Cost	% Definitely Will Recommend	Avg. # of Positive Mentions	Avg. # of Negative Mentions	
High Satisfaction	824	94%	61%	4%	10.6%	14.3%	58%	2.8	0.1	29%
Medium Satisfaction	781	83%	46%	6%	0.0%	17.0%	42%	2.0	0.2	20%
Among the Rest	754	80%	37%	8%	-8.2%	17.4%	34%	1.5	0.2	13%

Source: J.D. Power and Associates 2011 US National Auto Insurance Study[SM]

Figure 5

Even when the product is not differentiated in a market or industry, in their efforts to reach their business goals, companies must focus on people, presentation, process, and price to satisfy their customers. Companies in the cable and telecommunications industries, often viewed as offering commodity products and not widely known for high levels of satisfaction, garner notable business results when high levels of customer satisfaction are achieved. In 2011, the highest performers in the cable industry yielded 4.75% growth, while low performers lost market share.

Satisfaction Impact on TV Service Industry

New Customer Acquisition Rates by Satisfaction Tier
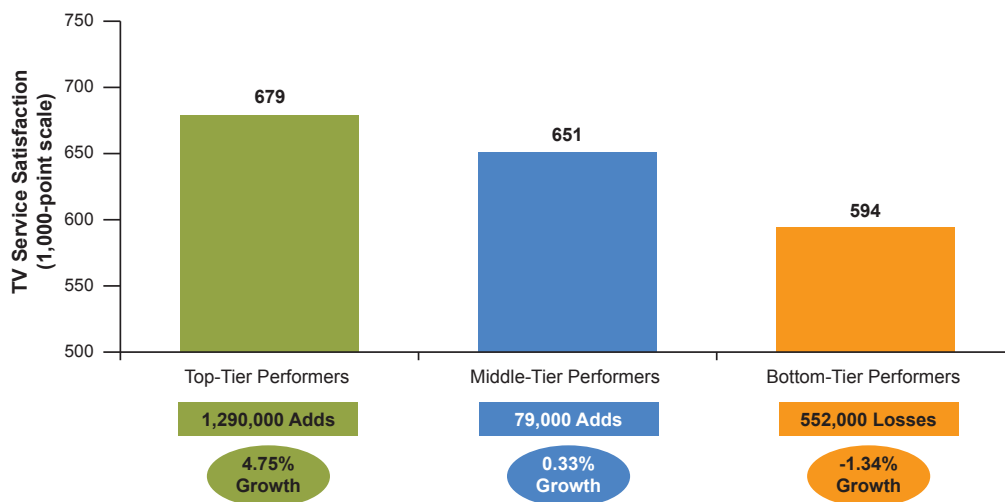
Top-Tier Satisfaction is 677>; Middle-Tier is 616-676; Bottom-Tier is <615

Source: J.D. Power and Associates 2011 Residential Television Service Satisfaction Study[SM]   **Figure 6**

Top performers in the television and cable industries benefit from high levels of satisfaction by realizing lower operational expenses—costs that would have otherwise been necessitated due to an excessive number of customer contacts or technician visits. These performers are also well-positioned to market new and premium products in the future.

TV Industry Service Diagnostics

	Top-Tier Performers	Middle-Performers	Bottom-Performers
Retention and Acquisition			
% Definitely will not switch	31%	26%	20%
% Definitely will recommend	26%	15%	6%
Positive recommendations (mean)	2.4	1.4	0.9
Reduced Operational Cost			
% Contacted customer care	46%	45%	49%
% Required tech visit for problem*	11%	11%	15%
Increased Revenue			
% Subscribe to premium package	17%	11%	12%
% Definitely/probably will buy additional products	25%	20%	15%

* Tech visit problems include equipment failure, reception issues, and extended outages. Does not include service installations.

Source: J.D. Power and Associates 2011 Residential Television Service Satisfaction Study[SM]　　　　　**Figure 7**

Whether a brand sells products or services, operates retail locations, or facilitates transactions online, a commitment to customer service excellence positions it for success by aligning the brand's priorities with those of their customers. Simply put, achieving high customer satisfaction yields the best business results.

However, having a commitment to customer service excellence is just the beginning.

The Foundation of Excellence—The J.D. Power 5 Ps

While the economy has shown some improvement since the start of the recession in 2008, consumers still feel uncertain about the future. They want more than simply the lowest price or a product that is just "good enough." In service industries, in particular, consumers' expectations are high. Not only do they expect a good product, they also expect it to be packaged and delivered in a compelling presentation, through fast and easy-to-understand processes that are supported by responsive and concerned people—and, of course, the price must be perceived as fair and competitive.

In times of economic uncertainty and high customer expectations, the J.D. Power 2012 Customer Service Champions rely on principles of excellence year after year. What are these principles—or put another way, what are the drivers of excellence? J.D. Power identifies five critical-to-customer drivers of satisfaction: People, Presentation, Price, Process, and Product.

These *J.D. Power 5 Ps*[SM] are the foundation upon which Champions build excellence. J.D. Power's experience shows that, regardless of the industry, companies must outperform their competition in some or all of these areas in order to excel in attracting and retaining customers.

J.D. Power 5 Ps

■ **People**
(Agent, Salesperson, Call Center Reps)

■ **Presentation**
(Packaging, Marketing, Facilities, Websites)

■ **Price**
(Value, Price Options, Financing, Bundling)

■ **Process**
(Transaction, Paperwork, Wait Time)

■ **Product**
(Quality, Style, Features, Service)
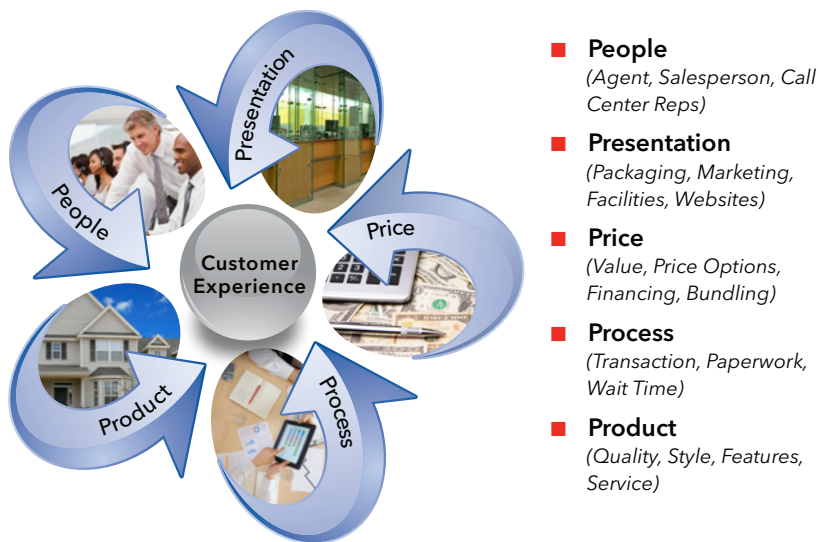
Source: J.D. Power and Associates   **Figure 8**

PEOPLE

People don't always start their jobs as experts, regardless of their skill level, personal style, or how much experience they bring to their work. Brands that achieve excellence make a concerted effort to assure their workforce is aligned around their values and mission. They further assure their people are well-equipped, well-trained, and properly motivated so that their work style, product, and productivity support specific goals, including brand image.

The highest-performing companies understand the impact that excellent people can have on their business, particularly during times of adversity and when facing the increasing scrutiny of discriminating and demanding customers.

> **"25% of Scottrade's branch managers started as an intern in [our] college internship program."**
> – Rodger Riney,
>   Founder and CEO, Scottrade

A common theme among the J.D. Power 2012 Customer Service Champions is that they recruit employees for their attitude rather than their skill or experience. Skills can be taught and experience can be gained, but a genuine focus on customer service cannot. Methods of recruitment vary. Some brands such as Scottrade bring an extensive number of new employees into the organization through their internship program. Other brands report recruiting new hires wherever they find excellence, including their local auto dealership, the neighborhood coffee shop, or over the phone when calling a contact center. Regardless of the sources of staffing, one theme is evident: a successful candidate in any company committed to excellence must first be a good fit with that organization's culture.

The J.D. Power 2012 Customer Service Champions such as Frost Bank and USAA depend on their people not only to satisfy their customers' or members' needs, but also to create lasting relationships that promote loyalty. In USAA's advertising, it isn't their product that is featured—they promote their people and the values they share with their customers.

Leaders in customer service excellence establish and clearly communicate the organization's culture. Frost Bank uses what they call the "Blue Book," which is provided to employees on their first day of work. It outlines the bank's philosophy and acts as a combination of mission statement and statement of core values for the organization. The Blue Book includes examples of the values Frost Bank feels their employees exemplify toward one another, their customers, communities, and shareholders.

Excellent people—those who are able to connect with customers in personal ways, support them, and create value through their interaction—have the power to elevate a brand, impact price tolerance, inspire loyalty and retention, and instill in customers a feeling that a brand cares about their welfare.

Scottrade is another example of a leader that uses this approach. Despite being an online provider of self-directed investment for its customers, Scottrade has 505 brick-and-mortar branches in communities around the country, each staffed with a small number of employees to establish relationships with new customers, as well as foster ongoing education and deepen relationships with existing customers. The branches do not provide investment advice, leaving the online tools to do that. However, they do hold "Welcome to Scottrade"

meetings as a way of developing one-on-one relationships with new customers and to educate them on all that Scottrade offers. Further, branch offices hold several seminars each month at convenient times for established customers to provide ongoing education about investments and available tools for them to use.

In yet another example, Erie Insurance uses its network of independent agents as an extension of its organization—as if they were direct employees—to develop and grow the company's relationship with its policyholders. This relationship is based on trust, transparency, and simplicity. Agents are recruited and selected for their focus on service. The partnership is so successful that independent agents write more than 80% of their policies for Erie Insurance rather than other insurers they serve. Agents credit this loyalty to the ease of doing business with the company and the trust they have in Erie to do the right thing for their policyholders.

When economic pressures force brands to consider layoffs or to automate functions usually performed by their customer-facing employees, it's important for those brands to weigh the impact of such actions against the impact on their customer service by eliminating well-trained, well-equipped, highly skilled people.

PRESENTATION

How a company brings its product or service to market is often the difference between building a brand and diminishing it. Just ask Netflix how 2011 went for the company after they split their online offerings into two separate services—providing customers with movies on DVD or streaming video—without considering the overwhelmingly negative impact such presentation would have on their customer base. The J.D. Power 2012 Customer Service Champions have successfully used Presentation to support their brand rather than subvert it.

How a company leverages its facilities, packages its products, or presents itself online makes a lasting first impression. For example, Apple creates a consistent presentation, from the sleek austerity of its packaging to the minimalistic way it presents its products in Apple Stores. The brand has not only imbued its message of simplicity in the function and features of its products, but also in the presentation.

Another example is Four Seasons Hotels and Resorts, which aims to provide guests with a home away from home—an environment where they may take a break from the stress of everyday life. Staff are trained, encouraged, and expected to provide a personalized experience for guests, and Four Seasons utilizes what it calls "guest historians" to gather and share guest information with the rest of the staff to achieve this goal.

> "95% of our premium volume is with Erie Insurance. We use a few other companies, too, but nobody even comes close to Erie."
> — Stephen E. Gutting, CPCU, CIC; Independent Agent, Historic Square Agency

> "One of the reasons we primarily use Erie Insurance is the ease of doing business and open lines of communication between the upper management and the agency force. We're able to convey our satisfaction and dissatisfaction with the company and they are very receptive to that give and take."
> — Stephen E. Gutting, CPCU, CIC; Independent Agent, Historic Square Agency

"When you walk up to one of our branches, one of our wonderful people opens the door for you. The minute you walk in, you start to feel this brand, which is really created by our people."
        – Dick Evans,
          Chairman and CEO, Frost

Frost Bank is also very focused on Presentation and relies on its "Texan culture" to build a relationship with customers and provide a platform for service excellence. The bank's branches set the tone immediately as places where customers feel at home. Outside the door of each branch is located a boot scraper, where customers are able to clean their shoes (or boots) before they walk into the branch—a Texas tradition. At each branch, customers are welcomed and greeted by an employee who opens the door for them, as one would do at home. The lobby of each branch is intentionally set up to resemble a living room, and refreshments are available for customers.

The J.D. Power 2012 Customer Service Champions take great care when executing Presentation. They understand that it must be consistent with their culture and their mission, as well as the elements of the other four Ps.

PRICE

Many companies may assume that offering low prices is the best way to differentiate their products or services. In fact, some of this year's J.D. Power 2012 Customer Service Champions offer great prices: customers of MINI and Virgin Mobile are highly satisfied with the prices they are offered, according to J.D. Power data. However, Price is considerably more nuanced than just offering low prices, and many of this year's Champions go beyond that.

The price levels set by a company, or the pricing discussions companies have with their customers, are often more successful when customers see the value the company provides and perceives the price is consistent with that value.

Perhaps the best way to understand the impact Price has on satisfaction is to think of it in terms of value—the lowest price won't always win the day if consumers don't associate good value with that price. While MINI may not be the lowest-priced model offered in its vehicle segment, other factors—such as the features, functions, style, reliability, associated financing, warranties, and servicing, among others—all build a value proposition in the minds of consumers. It's against the backdrop of the total value of a MINI vehicle that consumers perceive the appropriateness of its price.

This year's list of J.D. Power 2012 Customer Service Champions encompasses not only luxury brands, such as Cadillac or Four Seasons Hotels and Resorts, but also includes Scottrade, which boasts that they have offered a price of $7.00 per trade since 1998, and Enterprise Rent-A-Car, whose mission is to offer a quality service at a good value. In addition, Frost Bank works to provide a safe, sound place to do business and offers what it terms a "square deal"— excellence at a fair price in a commoditized industry.

Regardless of whether a brand offers a luxury item or a commodity, a product or a service, excellence is achieved when customers feel they are getting quality and value for a fair price.

PROCESS

In an economic environment where customers expect personal service in consideration for the value of their time, few companies have managed to strike a balance better than the J.D. Power 2012 Customer Service Champions. Processes of companies such as Amazon.com are designed to foster loyalty, create value, and meet customers' needs.

Amazon's online search options can be general or specific within a given product set. Products identified from searches include a notation of best available prices at Amazon as well as at other vendors, where applicable, as well as options for new and used products. Five-star ratings for seller experience, based on input from other users who have purchased from the seller, allow shoppers to factor this information into their own purchase decision. Amazon also provides a one-click checkout for returning customers to expedite their purchase transaction.

However, the transaction is not the end of Amazon's customer support. The company also provides shipping status updates and a liberal return policy with instructions for processing, should the customer be unhappy with their product for any reason. Using these processes, Amazon has created a virtual marketplace that focuses on selection, speed, simplicity, and value.

In a similar fashion, Erie Insurance has used its focus on Process to keep things simple and consistent for its customers by minimizing steps involved in any customer interaction. To achieve this, Erie empowers its employees to take ownership of the customer experience and expects them to listen to customers and understand what is needed, and then to positively resolve the situation. By eliminating handoffs up the internal chain, Erie has reduced cycle time to process and resolve insurance claims, and issues cash cards to claimants for immediate necessities until they receive their claim settlement check.

PRODUCT

Product refers to tangible, durable goods or to service, depending on what a company sells. This makes any cross-comparison analysis potentially difficult. As noted earlier, the highest performers in Product excel in delivering a consistent, trouble-free product or service, regardless of the industry or the form that the product or service takes.

Cadillac offers a product that speaks to consumers' sense of luxury, indulgence, and nuance. Standard vehicle features that are perceived as elegant, user-friendly, helpful, and valuable all create an image for consumers. Building on an established reputation of luxury, Cadillac focuses on providing a product that delivers the value consistent with its brand promise.

Similarly, L.L. Bean draws from a distinctive image in providing products that appeal to consumers interested in classic style, durability, and high performance, both indoors and outdoors.

"We look for opportunities to take cycle time out of a claim. One example is car repair claims: we worked to take a day out of the repair process … so that the claimant's satisfaction increases and they are put back to their pre-loss condition much faster."

> – Chip Dufala,
> EVP, Services,
> Erie Insurance

"I think people are looking for a good value for their money, and they're certainly very busy and very time-conscious. So we're continuing to look at services and processes that make it easier and require less of their time. How can we make any process as efficient as possible when customers need to interact with any of our Cadillac dealerships?"

> – Kurt J. McNeil,
> Vice President of Sales and
> Service, Cadillac

Scottrade, an online brokerage services firm, has established 505 branch offices around the US to support its product—its online investment website. These small (4- to 5-person) local customer centers work to establish and deepen relationships with their clients by having a bricks-and-mortar facility people can go to for questions, seminars, and other educational forums to learn how to make better decisions, how to be better investors.

These two brands offer completely different products, but both rely on the style, features, and emotional qualities of their respective products to deliver on their brand promise.

Four Seasons Hotels and Resorts is a good example of a brand that has developed its service "product" around evolving consumer needs. In response to the downturn in the economy and changing trends in what consumers value, Four Seasons perceived a shift in what their guests considered important. The brand noted an increasing interest by guests in local connections or local points of reference related to the specific hotel properties. Four Seasons responded by creating menus for their restaurants that emphasize local "farm to table" ingredients and entrees and adding new restaurants that offer a more casual atmosphere—still very elegant, still very luxurious, in keeping with their brand promise, but in a much more understated way and with a greater sense of personality and local flavor.

Each of these J.D. Power 2012 Customer Service Champions uses Product to support their customers' perceptions of excellence.

A Closer Look at the J.D. Power 2012 Customer Service Champions

Customers don't base their service expectations solely on their comparative experiences within a single industry or channel—they think of them more broadly across a number of industries or channels. For example, an outstanding service experience online may quickly become the desired or expected experience in another interaction, such as retail shopping. Thus, when one company innovates on service delivery, it sets a new bar for all companies in every industry.

Although all 50 of the J.D. Power 2012 Customer Service Champions are exceptional, some brands stand out even among this elite group. To better understand the specific ways in which these companies excel in the J.D. Power 5 Ps, each brand was compared to the other 49 Champions. Significant strengths are identified with an arrow in Figure 9.

Industry	J.D. Power 2012 Customer Service Champions	Where Champions Most Excel				
		People	Presentation	Price	Process	Product
ENERGY	Clark Public Utilities *	▲				
ENERGY	Jackson EMC					
ENERGY	Salt River Project (SRP)					
ENERGY	Sawnee EMC					
ENERGY	Southern Maryland Electric Cooperative					
FINANCIAL SERVICES	First Federal	▲				
FINANCIAL SERVICES	Frost Bank	▲	▲		▲	
FINANCIAL SERVICES	Hancock Bank					
FINANCIAL SERVICES	ING DIRECT Home Loans			▲		
FINANCIAL SERVICES	Quicken Loans *					
FINANCIAL SERVICES	Scottrade	▲		▲		
HEALTHCARE	Good Neighbor Pharmacy *	▲	▲		▲	▲
HEALTHCARE	Health Mart Pharmacy *	▲	▲		▲	
HEALTHCARE	Publix Pharmacy *		▲	▲	▲	▲
HEALTHCARE	United States Department of Veterans Affairs, Pharmacy Services *		▲	▲		
HEALTHCARE	Wegmans Pharmacy *		▲			▲
INSURANCE	Amica *	▲	▲	▲	▲	
INSURANCE	Auto-Owners Insurance *	▲			▲	
INSURANCE	Erie Insurance *					
INSURANCE	New Jersey Manufacturers Insurance Company*	▲	▲	▲	▲	▲
INSURANCE	USAA *	▲	▲	▲	▲	▲
PRODUCTS	Cadillac *	▲	▲	▲	▲	▲
PRODUCTS	David Weekley Homes	▲			▲	▲
PRODUCTS	Jaguar *	▲	▲	▲		▲
PRODUCTS	Lexus *	▲	▲			▲
PRODUCTS	MINI	▲	▲	▲		▲
PRODUCTS	Shea Homes *	▲			▲	▲
RETAIL	Amazon.com		▲	▲	▲	▲
RETAIL	Apple	▲	▲		▲	▲
RETAIL	Barnes & Noble					▲
RETAIL	Bass Pro Shops *	▲	▲		▲	▲
RETAIL	Kohl's		▲	▲		▲
RETAIL	L.L. Bean	▲	▲		▲	▲
RETAIL	Saks Fifth Avenue	▲	▲		▲	▲
RETAIL	Wegmans		▲		▲	▲
TELECOM	Boost Mobile			▲		
TELECOM	MetroPCS			▲		
TELECOM	Straight Talk			▲		
TELECOM	U.S. Cellular *					
TELECOM	Virgin Mobile			▲		
TRAVEL	ACE Rent A Car					
TRAVEL	Drury Inn & Suites	▲		▲	▲	
TRAVEL	Enterprise Rent-A-Car *					
TRAVEL	Four Seasons Hotels and Resorts *	▲	▲		▲	▲
TRAVEL	Hampton Hotels	▲		▲	▲	
TRAVEL	Hotel Indigo		▲	▲	▲	
TRAVEL	JetBlue Airways *					
TRAVEL	Southwest Airlines *					
TRAVEL	The Ritz-Carlton *	▲	▲		▲	▲
TRAVEL	Virgin America					

KEY ▲ Notable Strength vs. Customer Service Champion Average * 2011 Customer Service Champions

*Source: J.D. Power and Associates Research*

Figure 9

Impacts of the Recession

Despite some economic improvement in the wake of the 2008 recession, recent reports from both the US Department of Commerce Bureau of Economic Analysis and The Conference Board suggest that the pace of recovery in the United States will be slow in the years ahead. While the gross domestic product is higher now than it was at the onset of the 2008 recession, many companies are still laying off employees or delaying hiring new ones, which contributes to stubbornly high unemployment and lagging consumer confidence.

United States GDP Growth Rate (2008-2012)
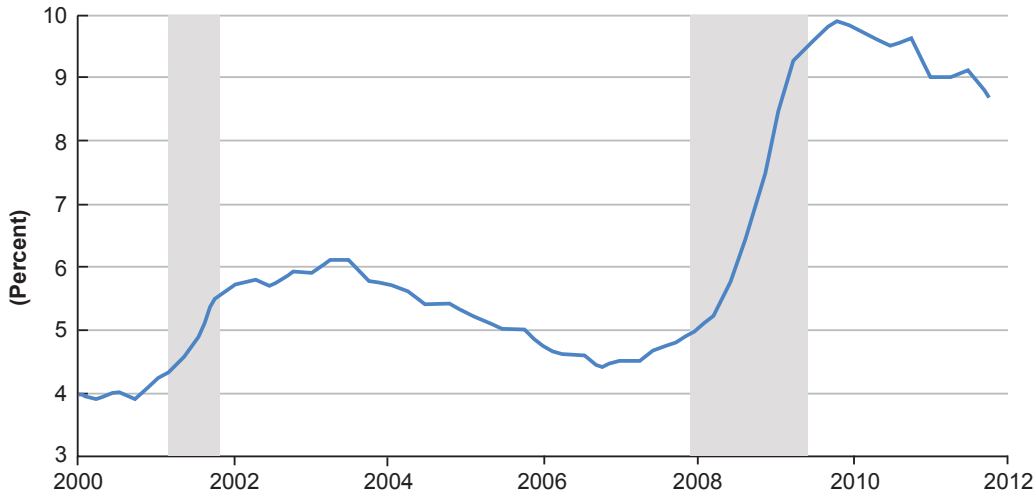**Percent Change in Gross Domestic Product**
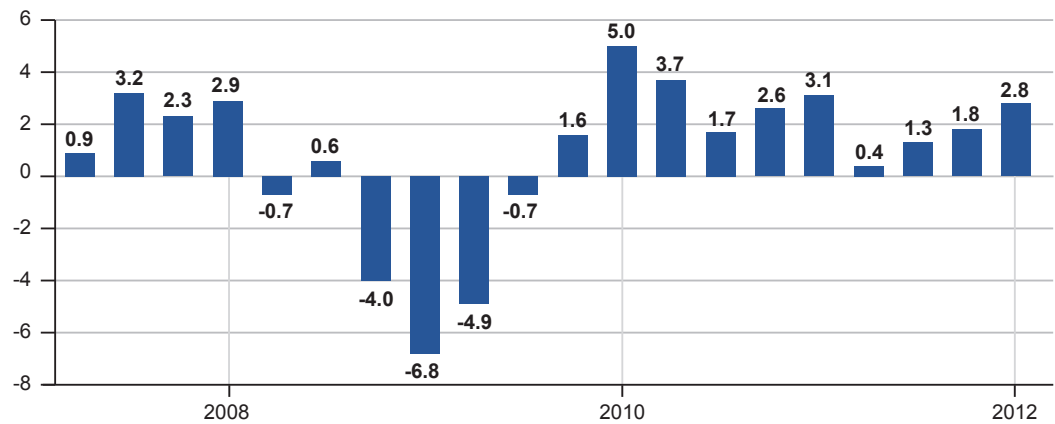
Source: FRED, Federal Reserve Economic Data, Federal Reserve Bank of St. Louis:
United States GDP Growth Rate] ; U.S. Department of Labor: Bureau of Labor Statistics;
http://TradingEconomics.com/GDP, accessed February 15, 2012.

Figure 10

The unemployment rates since 2000 are a reflection of the roller coaster ride faced by consumers and companies alike—when employment is uncertain, consumer spending is impacted.
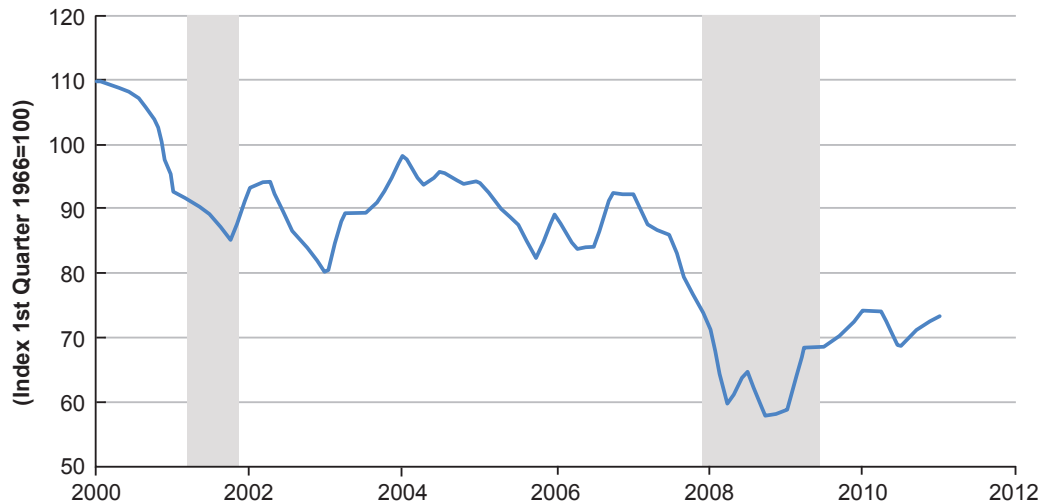
Unemployment Rate (2000-2012)

Shaded areas indicate US recessions
Source: FRED, Federal Reserve Economic Data, Federal Reserve Bank of St. Louis:
Civilian Unemployment Rate [UNRATE] ; U.S. Department of Labor: Bureau of Labor Statistics;
http://research.stlouisfed.org/fred2/series/UNRATE; accessed February 15, 2012.

Figure 11

Consumer sentiment, while more volatile than recent employment figures, is understandably inverse—as unemployment rates rise, confidence drops.

Consumer Sentiment (2000-2012)

Shaded areas indicate US recessions
Source: FRED, Federal Reserve Economic Data, Federal Reserve Bank of St. Louis:
Consumer Sentiment; Thomson Reuters/University of Michigan, 2012,
accessed February 15, 2012.

Figure 12

Results from The Conference Board Measure of CEO Confidence reflect a guarded outlook among the nation's CEOs. The report, released early in 2012, finds that while CEOs' optimism for the economy has improved from last year, only about one-third foresee an improvement in the overall economy in the near term, and just one-fourth expect conditions to improve within their respective industry.

Has the Recession Changed Expectations?

With the economic uncertainty that has followed the onset of the recession, one might question whether there have been any measurable changes in consumer attitudes toward the five key drivers of satisfaction. The average importance of each of the J.D. Power 5 Ps among all US industries the company measures was analyzed by comparing the findings for two key periods: the 4-year period leading up to the recession (2003-2007) and the 3-year period following the onset of the recession (2008-2011).

The analysis also included an examination of the trends in levels of satisfaction across these diverse industries to determine how, or if, satisfaction levels have changed during the same time frame. The pre- and post-recession analyses identified two significant findings.

The first is that the importance of People has increased as a driver of satisfaction, while the importance of Process has correspondingly decreased. This may be unexpected, given the increased use of technology and automated self-service in many companies, rather than more People-related transactions. However, it makes sense when considering that automation technologies have actually had the unintended consequence of increasing customers' demand for real-time response and one-call resolution, with no holds or transfers. In such an environment, People has a greater impact on satisfaction.

The second finding concerns the importance of Price as a driver of satisfaction. Considering the economic pressures in recent years, it might be expected that consumers have become more price sensitive, but the findings indicate that the importance of Price has not increased as significantly when compared to the other four Ps.

Service Excellence–Importance Weights of the 5 Ps

Recession Period	People	Presentation	Price	Process	Product
Pre-Recession (2003-2007)	26%	17%	17%	18%	21%
During/Since Recession (2008 – 2011)	29%	15%	20%	15%	22%

Source: J.D. Power and Associates US Syndicated Studies–2000-2011   **Figure 13**

The J.D. Power 2012 Customer Service Champions have capitalized on these drivers of satisfaction, which are discussed in more detail later in this report.

PERFORMANCE ACROSS TIME

The drivers of satisfaction and the corresponding performance of companies in service industries remained flat during the years preceding the recession, but have increased slightly following the recession. More notably, across all industries measured since 2000 by J.D. Power, there has been an increasing gap in the range of satisfaction scores between the highest- and lowest-performing brands—meaning the leaders continue to get better and those below industry average lag even further.

Overall Satisfaction Levels (2000-2011)
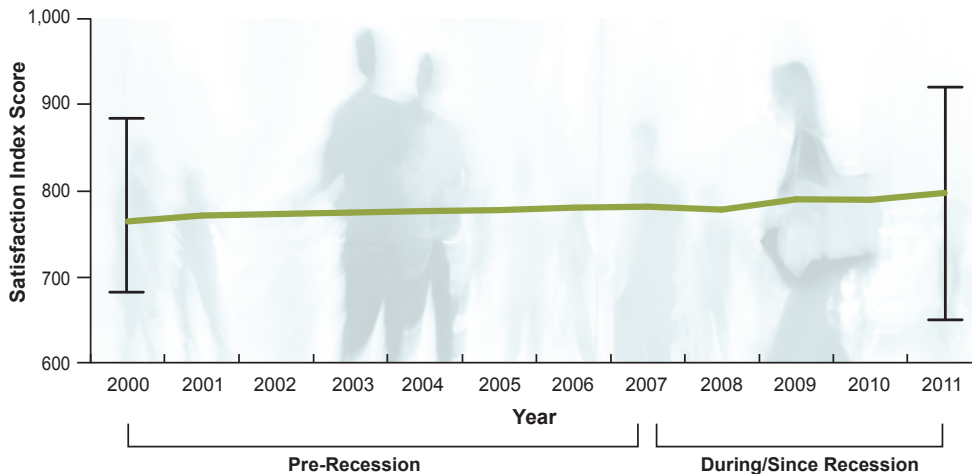
Source: J.D. Power and Associates US Syndicated Studies—2000-2011

Figure 14

What differentiates companies that improve from those that don't? There is no one answer, no silver bullet. In fact, across every industry examined, companies that have improved follow a process that is disciplined, pragmatic, and committed to excellence. These companies understand that excellence occurs over the long haul, and they keep customer satisfaction as a central focus. They know what to measure, when, and how to get the information into the hands of the right people. In fact, these companies spend time every day endeavoring to understand and improve their customers' experience. They share a philosophy that seeing things from the customer perspective provides more leverage to get the right things done within their organization.

"You really do have to be persistent. You can't say one week you're going to focus on customer service and the next week focus on something else. You have to focus on customer service all the time. … It just has to be continual, you can't give up."

— Rod Rupp,
Executive Vice President,
Auto-Owners Insurance

Best Practices of the J.D. Power 2012 Customer Service Champions

Any brand that aspires to achieve excellence might consider turning to the J.D. Power 2012 Customer Service Champions for insight on how to do so within their own organization. Understand that to truly excel—and to sustain that excellence over time—takes more than just an adherence to a set of practices or following arcane procedures. It takes a commitment and a culture that supports excellence. From the highest-ranking executive to frontline personnel, from the sales and marketing staff to the call center operators, everyone in the company must be clearly focused on the needs of their customers, especially as those needs evolve and change.

Although the J.D. Power 2012 Customer Service Champions are in a diverse number of industries, they share three key organizational traits that serve as the foundation for excellence. Regardless of the industry a brand serves, or the unique needs of its customers, these key traits should be repurposed and applied:

- Focus on your people

- Understand and act on customer differences

- Assure consistency across service channels

Best Practice #1:
Focus on Your People

Regardless of the industry a company serves, one fact is clear—people are a key component in delivering excellence. Customers expect employees to be available when they want them to be and to be able to answer their questions in a way they will understand.

Beyond availability and clarity of communication, customers want to feel valued. They look to the company's employees to express concern for their needs and a commitment to resolving any issues that arise. When this personal connection is achieved, customers reward such companies with their business and their loyalty.

To ensure employees deliver the experience customers want, the J.D. Power 2012 Customer Service Champions do the following:

- Maintain focus on sustaining a culture of excellence

- Ensure customer-facing staff communicates clearly

- Deliver fast and effective responses to customer concerns

- Empower customer-facing staff to make the right decisions on behalf of their customers

- Create opportunities for staff to connect and follow up with customers after their initial transaction

SUSTAINING A CULTURE OF EXCELLENCE

The J.D. Power 2012 Customer Service Champions have in place strategies that ensure the right employees are hired to engage their customers. They not only understand what their customers want, but also watch for customer needs and trends as they evolve. This means Champions put the right measurement in place, conduct the right analysis, and remain committed to taking action when necessary.

Frost Bank, one of the highest-performing retail banking institutions as measured in the *J.D. Power and Associates 2011 US Retail Banking Satisfaction Study,*[SM] understands the value of developing and sustaining a culture grounded in excellence. Frost Bank's performance demonstrates their belief in the value of creating strong, lasting customer relationships through human interaction. One way Frost Bank does this is by utilizing a culture-based hiring and training program, and also ensures their customer service representatives have the right attitude and service orientation to fit the bank's customer-centric culture and that they are empowered to deliver what customers need.

Frost Bank has developed a culture they refer to as "Better the Best." Despite knowing they are among the highest-ranked service providers within the retail banking industry, they remain oriented toward a culture of excellence, thus seeking to build banking services around customers' needs and desires rather than only focusing on the internal rules and policies of the bank.

COMMUNICATE EFFECTIVELY AND PROACTIVELY WITH CUSTOMERS

When customers receive communication about available options, their relationship with a brand grows stronger. When a brand helps them select the best alternatives and caters to their needs, customers understand they have an advocate, someone who understands and cares about them.

Even in the automotive industry, in which many think that excellence depends solely upon Product, it should be remembered that customer-facing staff may play a critical role in customer satisfaction. In fact, four of the J.D. Power 2012 Customer Service Champions are in the automotive industry, and each has achieved excellence because they understand the importance of People in the purchase and post-purchase (vehicle service) experiences.

Cadillac, Jaguar, Lexus, and MINI each provide a level of customer service in the sales process that is significantly above industry average. According to the *J.D. Power 2011 US Sales Satisfaction Index (SSI) Study,*[SM] there are three key performance indicators associated with People as they engage in the sales process. Each of these brands applies less sales pressure than industry average, while at the same time thoroughly explaining the vehicle's features.

"We're really trying to decentralize and get our people closer to the customers. When you do that, you absolutely have to give your associates the authority and the power to make decisions."
— Rod Rupp,
Executive Vice President,
Auto-Owners Insurance

"It's very, very hard to build a great company, a great brand, a great organization if you don't have a strong culture where everyone's empowered to make a difference. And [our] people show up every day wanting to be at work because they care about it."
— Jay Farner,
President and CMO,
Quicken Loans

Best Practices in Automotive Sales
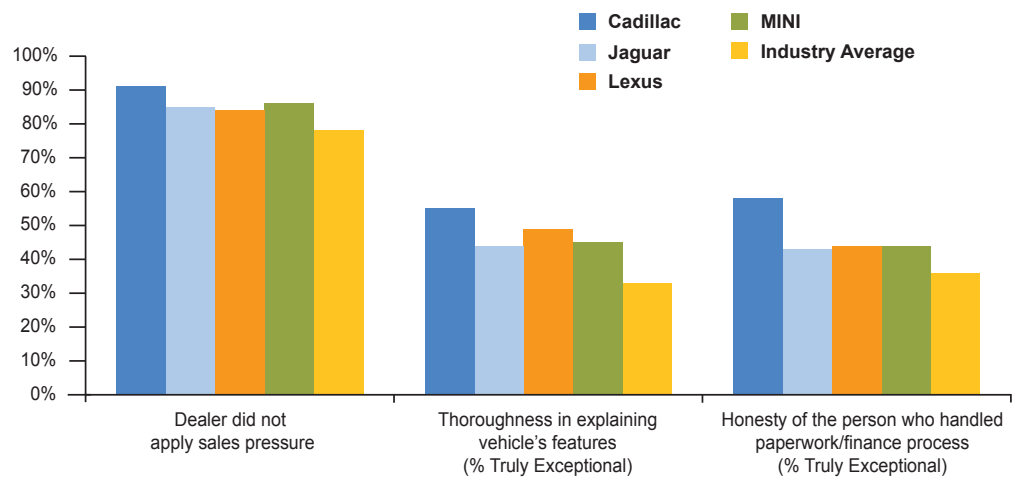
Source: J.D. Power and Associates 2011 US Sales Satisfaction Index (SSI) Study[SM]   **Figure 15**

Another important differentiator is the perception of honesty. Each of these four brands has a higher percentage of salespeople rated by customers as "truly exceptional" in honesty when handling the paperwork and financial process. When customers perceive that their salesperson is honest and has integrity, it not only impacts their satisfaction, but also demonstrates the value for their money spent.

Customer communication is also important in the insurance industry. For example, it is a key to excellence in auto insurance claims. Claims customers tend to be significantly more satisfied when their insurer lets them know when to expect their vehicle to be repaired and then provides updates during the process, compared with satisfaction among customers whose insurer provides less communication.

Best Practices in Automotive Insurance

	Impact on CSI if KPI is missed
Return calls	(252)
Set expectations for claim length	(226)
Ensure claimant feels at ease with process	(187)
Answer questions at FNOL	(180)
Provide updates on claim status	(204)
Avoid customer repeating information	(177)
Limit out-of-pocket expenses	(141)
Provide flexible appraisal appointments	(99)
Avoid settlement negotiations	(230)
	(134)

% Compliance with Service Practices

▲ Lowest-Scoring Insurer ● Industry ■ Highest-Scoring Insurer

Source: J.D. Power and Associates 2011 US Auto Claims Satisfaction Study^SM

Figure 16

> "Service excellence means to me that we are Rewarding, Easy, and Pleasant (REP) to do business with, that there are no friction points with our customers. That our processes are simple, they're clean, they're transparent to the customer, and that we have a delighted customer."
> — Mike Lowe,
>   Associate GM for Customer
>   Satisfaction & Shareholder
>   Services, Salt River Project

The J.D. Power 2012 Customer Service Champions in the insurance industry understand this and exceed industry averages on these and other customer care touch points, such as avoiding negotiating the settlement.

EMPOWER YOUR PEOPLE WITH THE BEST PROCESSES

In the mortgage industry, customer satisfaction with the mortgage origination process has improved, which is evident in higher satisfaction scores in 2011, according to the *J.D. Power and Associates 2011 Primary Mortgage Origination Satisfaction Study,^SM* and reverses a significant downward trend since the heart of the housing crisis in 2008.

So, how has satisfaction improved in light of dramatic shifts in volume and processing time frames that are still significantly longer than in previous years? This question is best answered by examining the practices in the mortgage origination process that optimize customer satisfaction. The *2011 Primary Mortgage Origination Satisfaction Study* identifies the 13 most influential practices—or Key Performance Indicators (KPIs)—that influence customer satisfaction with the mortgage origination process. Quicken Loans, a two-time J.D. Power Customer Service Champion, leverages these KPIs and the results are reflected in its customer satisfaction rankings: it ranks among the highest-performing loan originators in the industry in every factor in the study.

Satisfaction is Negatively Impacted When Key Performance Indicators Are Not Leveraged
Decline in Satisfaction Indicated in Red
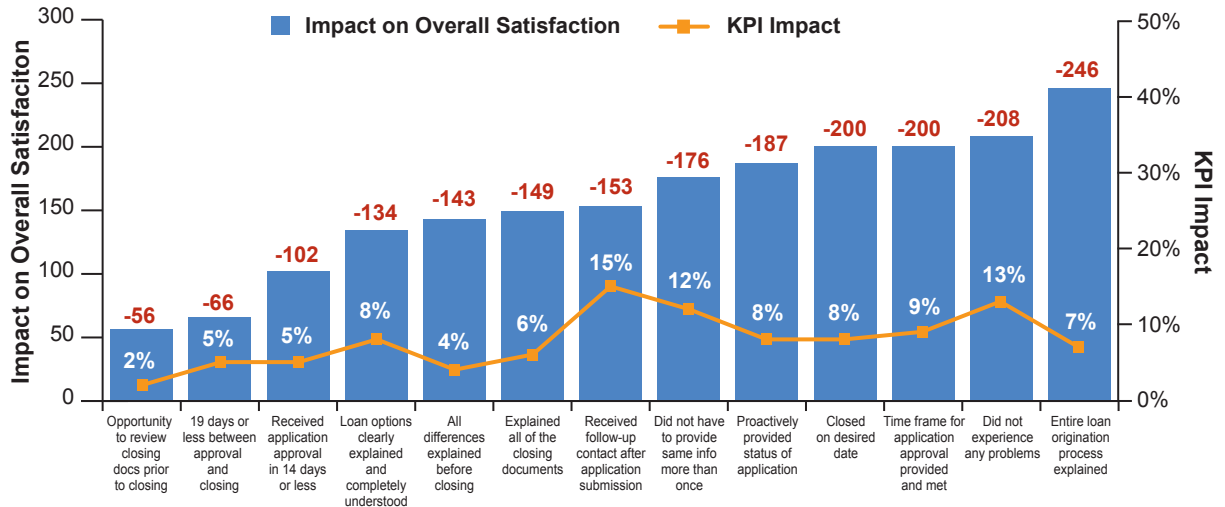
Source: J.D. Power and Associates 2011 Primary Mortgage Origination Satisfaction Study^SM   **Figure 17**

While a large proportion of Quicken Loans customers complete their application online or via the telephone call center or 800 number—two channels that traditionally yield lower customer satisfaction—Quicken Loans achieves the highest ranking in the Application/Approval Process. The brand provides an application/approval process that is easy, streamlined, and fast. While customers typically have at least some in-person interaction with a representative from their lender, a large majority of Quicken Loan customers (97%) never meet their loan representative in person. Despite removing much of the in-person contact historically considered to be a requirement in providing a satisfying experience, Quicken Loans continues to be highly successful in communicating with customers.

In particular, Quicken Loans leads the industry in compliance on three of the four Application/Approval Process KPIs:

- Received follow-up contact after application submission   95%

- Proactively provided status updates   89%

- Received application approval in 14 days or less   62%

In the absence of a local loan representative, good communication and KPI consistency likely magnify the impact of solid performance across all aspects of the origination experience, especially in managing customer expectations of the application approval process. Quicken Loans representatives update customers an average of 5.1 times on the status of their application prior to final approval, which is well above the industry average of 3.9 times.

Quicken Loans' strong communication and customer-focused approach also extend to the Closing factor, in which the lender ranks highest. Quicken Loans' closing process is convenient and short, compared with other lenders, and achieves the highest ratings for length of time from approval to closing and convenience of closing.

ASSURE YOUR SUPPORT DOESN'T END WITH THE SALE

Service after purchase (such as vehicle repair or maintenance service) is also an important opportunity to support a long-term client relationship and communicate or connect with customers—and the J.D. Power 2012 Customer Service Champions in the automotive industry understand this.

For example, these Champions often employ service advisors to focus exclusively on their customers' needs and keep them informed of their vehicle's repair status more often than industry average. Also, once the service is completed, the vehicle is more likely to be delivered cleaner than when it was brought in.

J.D. Power 2012 Customer Service Champions KPI Performance in Automotive Sales
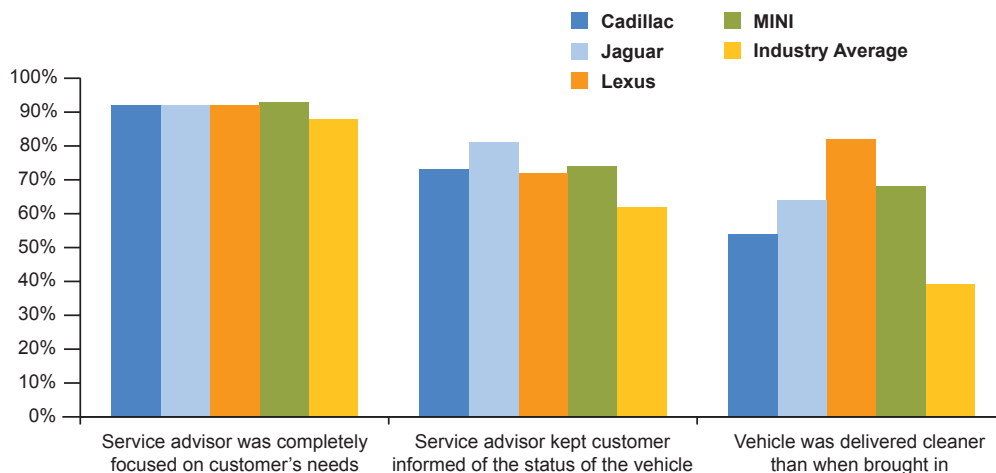
Source: J.D. Power and Associates 2011 US Customer Service Index (CSI) Study^{SM}

Figure 18

> "We have to think about the Gen Xers, the Gen Ys, Baby Boomers, and our seniors. What are they looking for from their insurance company? … Many of those [older] folks want that high-touch, personal interaction. The Gen Xers want a blend, and the Millennials want online offerings. They want social media. They want quick responses 24 hours a day, 365 days a year."
>
> — Chip Dufala,
> EVP, Services, Erie Insurance

Best Practice #2:
Understand and Act on Customer Differences

There is a difference between identifying who your customers are and understanding them. Different types of customers want and need different things. Although most companies spend their time identifying who their customers are, only a few companies focus on truly understanding them.

The J.D. Power 2012 Customer Service Champions take the time to understand their customers, as well as the differences among customers in various segments. They leverage this understanding to offer clear and differentiating value propositions to customers in each segment. Although there are a number of different ways to identify, describe, and understand customer differences, three methods of segmentation are particularly useful: generational, socioeconomic, and behavioral.

GENERATIONAL SEGMENTATION

The generational group to which customers belong may have a profound impact on what they expect from service providers. For example, in measuring loyalty, Pre-Boomers[1] and Boomers are the most content with their relationship with their service providers, whether it is a financial institution, utility company, or automotive company. In fact, across the industries measured by J.D. Power and Associates, Pre-Boomers have the highest levels of loyalty. Many of these older customers have more established and deeper relationships with their service providers than do younger customers. This "service capital," which is built over a number of years, provides a risk cushion against potential attrition and may allow for greater tolerance of any noted declines in service quality.

Conversely, younger customers—those representing Generation X and Generation Y—are more critical of their service providers and typically question processes or policies with which they do not agree or don't understand. Based on where they are in their income-earning life span, Generation X and Y customers are building wealth and are, in fact, the future that all companies need to understand and to whom they should pay special attention.

The more discerning nature of younger customers regarding the services and products they purchase is evident not only in lower satisfaction ratings they provide, but also in the risk associated with their rates of intention to switch companies—which are almost double those of Pre-Boomers and Boomers. Additionally, Generation X and Y customers are unique in the sense that they want everything now and are much more tech savvy than older customers. As such, they build expectations of the companies they select to serve them through technology, and will force companies to be more nimble and innovative than they have had to be in the past.

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1 J.D. Power defines Pre-Boomers as consumers born prior to 1946; Boomers as born 1946-1964; Generation X as born 1965-1976; and Generation Y as born 1977-1994.

The *J.D. Power and Associates 2011 US Retail Banking Satisfaction Study*[SM] finds notable differences with regard to what is important to banking customers in each generational group. Figure 19 shows the relative importance weights of factors used to measure satisfaction in this study by generational group.

Among these factors, Fees and Product Offerings are more important to Gen X and Gen Y customers than to Pre-Boomers and Boomers. Conversely, older customers place more importance on Account Activities than do younger customers (39% for Pre-Boomers and 35% for Boomers vs. 33% for Gen X and 32% for Gen Y).

2011 Retail Banking Satisfaction Index Model–Importance Weights by Generational Segments

Factors	2011 Index Model	Generational Segments			
		Pre-Boomer	Boomer	Generation X	Generation Y
Product Offerings	15%	12%	15%	17%	17%
Facility	15%	15%	15%	14%	15%
Account Information	15%	17%	15%	16%	15%
Fees	14%	12%	13%	15%	15%
Problem Resolution	6%	4%	6%	6%	6%
Account Activities	34%	39%	35%	33%	32%
In-Person Activities	36%	44%	38%	32%	32%
ATM Activities	22%	16%	20%	24%	24%
Online Activities	28%	25%	27%	29%	30%
Automated Phone Activities	4%	3%	4%	4%	4%
Live Phone Activities	11%	11%	11%	11%	11%

Source: J.D. Power and Associates 2011 US Retail Banking Satisfaction Study[SM]   **Figure 19**

Additionally, there are notable generational differences in importance when comparing the different transaction channels. Specifically, In-Person Activities are more important to older customers and, as might be expected, remote channels (ATM and online) are more important to younger customers.

This same study also finds meaningful differences in overall satisfaction levels as well as key loyalty outcomes such as share of wallet, investable assets, and switching rates.

2011 Retail Banking Satisfaction by Generational Segment–Loyalty Factors

Factors	Generational Segments			
	Pre-Boomer	Boomer	Generation X	Generation Y
Overall Satisfaction	793	756	738	748
Share of Wallet	53%	50%	50%	57%
Number of Products	2.8	2.8	2.7	2.5
Income (median)	$52,905	$75,144	$77,055	$53,901
Investable Assets (median)	$145,754	$89,516	$37,840	$9,715
% Definitely or Probably Will Switch	5%	9%	12%	13%
% Definitely Will Reuse	39%	30%	27%	29%
% Definitely Will Recommend	38%	32%	29%	32%

Source: J.D. Power and Associates 2011 US Retail Banking Satisfaction Study[SM]   **Figure 20**

J.D. Power 2012 Customer Service Champion Frost Bank understands this. Satisfaction with Frost Bank is higher among Pre-Boomers and Boomers–nearly 100 points above the banking industry average for these two segments. This is likely due to the value placed on the service received by Frost Bank's customers, who historically pay high fees but among whom satisfaction is high.

In the Pre-Boomer and Boomer segments, Frost Bank achieves scores above segment average for Fees and Product Offerings and is one of the most transparent financial institutions included in the 2011 study–it not only communicates fees to customers, but also provides easy access to its full fee schedule via an online link.

Furthermore, 82% of Frost Bank's Pre-Boomer and Boomer customers say their fee schedule did not change in the previous 12 months, compared with the segment average of 61%. This indicates a greater understanding of fees among customers in these two generational groups, with 50% saying they "completely" understand their fee structure, compared with a segment average of 31%.

SOCIOECONOMIC SEGMENTATION

It's important for companies to understand the differences among customers in different wealth segments, particularly as they influence needs and behaviors. Across all industries, there is a subtle but meaningful difference in wealth segments.

In examining these different needs and behaviors, J.D. Power divides customers into three socioeconomic segments: Affluent, Emerging Affluent, and Mass Market.[2] Affluent customers are typically the most sought after, as they have greater financial resources to buy or use more products and services. This group of customers tends to have lower satisfaction, perhaps due in part to a belief that since they have more, they should expect more.

The *2011 US Retail Banking Satisfaction Study* finds that satisfaction among customers in the Affluent segment is the lowest among the three segments and that they have the highest likelihood of switching banks (12% vs. 10% for Emerging Affluent and Mass Market customers). Customers in the Affluent segment have the lowest advocacy rate—only 25% express a willingness to recommend their bank vs. 33% of Mass Market customers.

As companies develop a stratified approach to customers, it is critical to understand the behavior of all customers, not just those with the greatest financial resources. Many of the J.D. Power 2012 Customer Service Champions endeavor to understand the needs of Mass Market customers, in addition to their Affluent customers.

J.D. Power 2012 Customer Service Champion MetroPCS identifies the Mass Market demographic as "value seekers"—those customers at mass market income levels who are particularly keen on finding great value on their limited budget. MetroPCS makes it easy for value-seeking customers to compare options and prices across different wireless carriers by providing valuable information to help them select the right mobile device and wireless service.

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2 Affluent is defined as annual income of $150K or more and investable assets of $250K or more; Mass Market is defined as annual income less than $150K and investable assets of less than $100K; Emerging Affluent is defined as annual income of $150K or more and investable assets less than $250K, or as annual income less than $150K and investable assets of $100K or more.

> "Guests are not commodities. Each individual is very, very, very different. You've always got to be wary of over-simplifying who your customer is, and what their expectation might be."
> – Craig Reid,
>   President of Operations,
>   Americas, Four Seasons
>   Hotels and Resorts

MetroPCS Price Comparison

	METROPCS	VERIZON	AT&T	SPRINT	T-MOBILE
Monthly Rate	$60	$119.99	$134.99	$109.99	$79.99
Applicable Taxes & Regulatory Fees	Included	Not Included	Not Included	Not Included	Not Included
Annual Contract Required (Early Termination Fee)	No ($0)	2 Years (Up to $350)	2 Years (Up to $325)	2 Years (Up to $200)	2 Years (Up to $200)
Activation Fees	$0	$35	$36	$36	$35
Technology	4G LTE	4G LTE	4G LTE	4G	4G
Unlimited Talk & Text	Yes	Yes	Yes	Yes	Yes
Unlimited Web	Yes	No (up to 4GB)	No (up to 4GB)	Yes	No (up to 2GB)
4G Smartphone with Touchscreen	Samsung Galaxy Indulge™ ($199.00 with Instant Discount)	HTZ Rezound™ ($299.99 w/ 2-Year contract)	Samsung Galaxy SII ($199.99 w/ 2-Year contract)	Motorola PHOTON™ 4G ($199.99 w/ 2-Year contract)	HTZ® Amaze™ 4G ($229.99 w/ 2-Year contract)
TOTAL COST after 2 Years	$1,639.00	$3,214.75	$3,475.75	$2,875.75	$2,184.75
Savings after 2 years with MetroPCS		$1,575.75	$1,836.75	$1,236.75	$545.75

Source: http://www.metropcs.com/metro/static/compare4g-plans.jsp **Figure 21**

BEHAVIORAL SEGMENTATION

Companies often rely on the actions of their customers and potential customers to build a strategy on how best to meet their needs. Behavioral segmentation examines the ways customers behave when using or interacting with a company's products and services.

The electric utility industry faces many challenges when enlisting energy customers to participate in their smart grid initiatives. One common goal shared among utility companies with smart grid launch plans is to enable customers' involvement in when, where, and how much electricity they consume. Fundamentally, this requires a new definition of the customer's role in the power supply chain, which is predicated on encouraging smart energy behaviors currently unfamiliar to many customers.

As utilities build the smart grid physical infrastructure, the industry needs to better understand customer energy consumption behavior and develop strategies to accommodate diverse energy behaviors and norms. The industry's long-term objective is to encourage smart energy customer behavior on a wide scale. Addressing this problem is the primary purpose of the *J.D. Power and Associates 2011 Smart Energy Consumer Behavioral Segmentation Study,*[SM] which focuses on five customer behavior questions that collectively may help utilities in their smart grid engagement planning activities:

- What energy management behaviors will different types of customers most readily take up?

- Who are the customers who will take up these energy management behaviors?

- Where are these households located, in order to target them?

- How do utilities educate and engage these customers through targeted communications solutions?

■ How do utilities educate and engage these customers through targeted communications solutions?

Salt River Project (SRP), a J.D. Power 2012 Customer Service Champion in the utility industry, has successfully leveraged their behavioral segmentation in order to develop both new service options and marketing communications. One way it has done so is to target a group of part-time customers commonly referred to as snowbirds. These customers migrate to SRP's Arizona service region during the winter months from other areas, and return to their primary home for the rest of the year.

Twenty years ago, SRP invested in an infrastructure to serve these customers that includes conveniently located kiosks throughout the market area they serve. Customers use these kiosks to prepay for energy consumption by loading funds onto an assigned utility smart card that acts like a debit card. This card is used in conjunction with an SRP-provided device called a User Display Terminal (UDT). The card is inserted into a slot in the portable UDT, which then connects wirelessly with the meter in their home and transfers the energy credit to the device.

This saves time and fees for these part-time residents and enables them to track energy usage through the UDT. They are able to see at all times what they owe or how much credit they have used, and how to identify cheaper rates and times of day for energy usage—in short, to have more control over their energy bills each month.

SRP has found this payment option useful not only for snowbirds, but also for customers who struggle to pay their utility bills. This arrangement enables customers to pay for their energy consumption in advance and on a schedule suited to their resources.

As a result of this program, SRP's monthly disconnection rates due to non-payment have dropped notably, saving customers the expense of reconnection fees—and, more importantly, their dignity.

SRP has enjoyed its own benefits, including a significant positive impact on its bottom line through increased cash flow. In addition, the utility has realized a reduction in the number of delinquent accounts and in the corresponding labor-intensive collection activities and reconnection charges such delinquency would have otherwise necessitated.

SRP has leveraged these benefits by supporting their actions with more targeted marketing communications. Prior to segmenting its customer base, marketing communications regarding the utility's appliance recycling program was notably less successful than after customer segmentation was used. Prior communications, although informative, did not sufficiently resonate with customers because they did not articulate either the reasons for or benefits of changing behavior.

"We segment our customers and we look for similarities. We will group customers based on lifestyle preferences; on income; on the area of town where they live; on [energy] usage level. We try to find unique differences amongst customers, and then appeal to the unique needs of various customer segments."
– Mike Lowe,
Associate GM for Customer Satisfaction & Shareholder Services, Salt River Project

SRP communication before applying customer segmentation:

Source: Salt River Project (SRP)   **Figure 22**

In contrast, after customer segmentation was applied, SRP gained significant insights into core motivations that would resonate across all of their different customer groups. By leveraging these insights, their communications department was able to modify their direct mail piece and focus on key themes that increased customers' interest in, as well as eventual participation in, recycling activities.

SRP communication after segmentation:

Source: Salt River Project (SRP)   **Figure 23**

MAKE IT EASY AND KEEP CUSTOMERS ENGAGED

To provide excellent service to customers online, it is critical to ensure website content is engaging and easy to understand. Although such a strategy may seem obvious, most companies have difficulty achieving both elements.

Two J.D. Power 2012 Customer Service Champions—Apple and Amazon.com—are leaders in this area. While both excel in servicing customers online, they couldn't be any more different in the scope of products they offer. While Apple's product line is fairly specific and focused, Amazon's could be characterized as "everything under the sun." Apple and Amazon have very different, but equally successful, sites that provide excellent service, which they achieve through best practices common to both, such as easy navigation, clear product details, and engaging content driven by each customer's unique interests.

LESSONS FROM APPLE

Much like Apple's actual products, its online service channel is user-friendly—so much so that most would call it intuitive. Apple uses a number of innovative features to facilitate shopping. It showcases its latest products on the home page with clear, large photos. Even so, Apple's site is uncluttered by extraneous text and remains engaging by also providing videos for shoppers who want information in that format.

Figure 24

The top navigation bar is simple and product-focused and directs shoppers easily to the information they need. Additionally, the product pages are similarly simple and easy to use. For example, the Mac landing page showcases a high-quality image of the MacBook Air, with navigation to all Mac models as the primary focus of the page. In addition, there are subordinate menus on the upper navigation bar for applications, accessories, and other content. The simple navigation anticipates the needs of shoppers as they browse products and feature information.

Figure 25

On feature and specification pages, Apple keeps content simple and well-organized. The MacBook Pro page highlights broad information, with heavy emphasis on visuals and high-level content in the Features section.

Throughout the site, content is offered in multiple formats so that shoppers can select what they want to view. The site also allows for comparisons. For example, the iPhone Tech Specs section organizes information in a grid format for easy comparison of models.
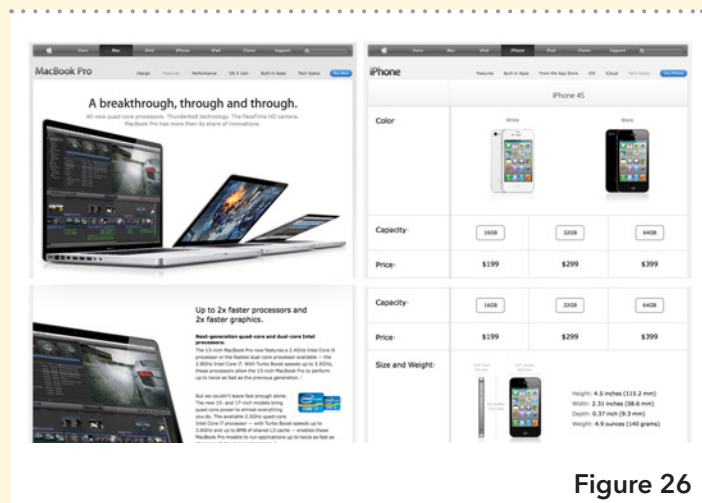

Figure 26

Regardless of the product or the viewing options, Apple consistently uses high-quality visuals, large and clear fonts, and simple but intuitive navigation. All of these website components provide Apple shoppers with a pleasant and easy shopping experience.

LESSONS FROM AMAZON

Unlike Apple, Amazon offers an expansive line of products on its website that is comprised of essentially … well, everything. Although most companies would likely see this as an insurmountable challenge for website design, Amazon delivers a quality experience. From easy-to-use navigation, to extensive product search and categories, to customer feedback options, Amazon understands what it takes to delight shoppers.

Figure 27

All categories and search features are above the page fold, making important content easy to find. Navigation to any item is convenient and deploys a search tool and an extensive list of departments from which to choose. While this is helpful to shoppers who know what they are looking for, Amazon also anticipates that there are shoppers who don't know what they are looking for, and has addressed their needs as well by offering product recommendations and showing what other customers are currently buying.

Regardless of shoppers' place in their decision-making process, Amazon provides them with direct access to options from the home page, minimizing the number of click-throughs. The concept behind this best practice is to optimize the time required to shop. By providing detailed product menus and search tools, shoppers are able to get to the content they want without having to load multiple pages.

Another best practice Amazon uses is customized product recommendations. When returning shoppers log on to their account to browse products or make a purchase, their prior shopping information is referenced to recommend products similar to those previously purchased.

Amazon keeps advertisements to a minimum and localizes them to the right side of website pages to decrease clutter and ensure that the shopping experience is unencumbered and consistent. While the bulk of the home page is dedicated to product information and recommendations, product pages are entirely dedicated to specific information and recommendations for similar products. This strategy reduces unnecessary clutter, allowing shoppers to focus on the product and the shopping process instead of being hindered by inefficient website design or functionality.

Amazon often offers multiple images of products being shopped and includes clear product and pricing information. When shoppers are ready to make a purchase, they are able to access the Purchase section located on the right side of every page. Offering distinct Product, Pricing, and Purchase sections facilitates intuitive movement from product consideration, to research, to purchase.
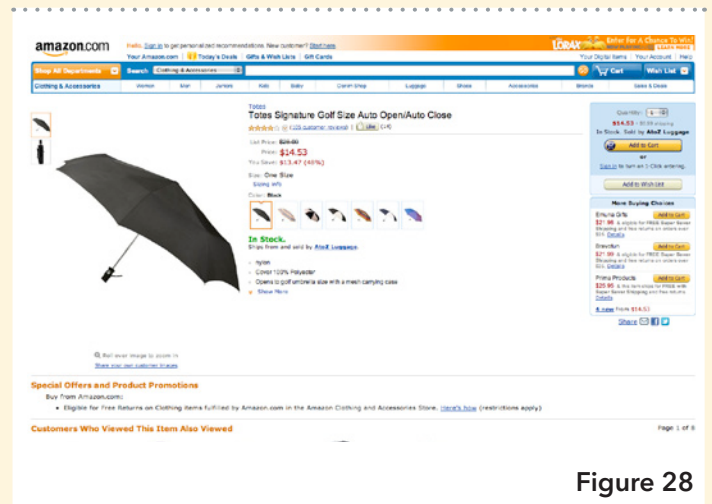

Figure 28

Amazon has very specific navigation for each department as well. The top navigation bar changes once a product department is selected. While these menus are unique to each department, they are consistently located with all other standard navigation, making it easy for shoppers to move to a new department or browse other categories within the current department.

Insights into Service Excellence—Interviews with J.D. Power 2012 Customer Service Champions

CHIP DUFALA, EVP, SERVICES, ERIE INSURANCE

J.D. Power: When you hear the term service excellence, what does it mean to your organization?

Erie: Service excellence is very, very important to us, and I like to relate it simply to the Golden Rule: treat others as you want to be treated. Our founder, H.O. Hirt, believed that. He has instilled that [principle] in every employee from 1925 onward, through his legacy and through executive management, senior management, supervisors, and employees at large. We believe it, and we act upon it accordingly. It's such a simple philosophy: treat others as you want to be treated. But if you think of all the service interactions that you have or that you see—for example when you stay in a hotel, or buy a new car or get your car serviced, or go to the grocery store—you see bad service all around. So our philosophy is: keep it simple, treat others as you want to be treated—and it works. If you keep that as a guiding principle, keep that as your core philosophy, things tend to fall into place quite nicely.

J.D. Power: How do you drive service excellence?

Erie: Once again, it's quite simple—and I say simple because it's simple for us because we've done it for so long. What we look to do is hire employees and recruit agents who have a strong service philosophy embedded inside of them. You quickly can tell when you're talking with folks who believe in providing excellent service [and observe] how they interact with folks. If you really believe it, you've internalized it and you treat others as you want to be treated, and you look to stock the organization with many folks just like that. [I know of a] service manager at a car dealership that takes service to a very high level. We have a need in our claims organization for the expertise that this person has … and this person didn't even realize that during my last five or six service interactions, I've been interviewing him for a job. We're looking to bring this person on-board in a training position so that we can carry on his level of service within our organization. If you find the right people and they possess the right attributes, I personally believe good things will happen.

J.D. Power: How do you keep the organization energized to continue to achieve service excellence?

Erie: You know, this is our 'secret sauce,' but we couldn't bottle and sell it. Service is born inside of people. Employees either have it or they don't. Our agents either have it or they don't. We work hard collectively as a company and with our agency force to be sure that we deliver on that promise of service at each and every turn. We just do it day in and day out. We're consistent—almost painfully so. Folks want to deliver great service. No one gets up in our organization and says, 'Today I'm going to deliver marginal service.' They get up and they say, 'Today, I'm going to be above all in service,' and they live it, they breathe it, and they carry it out.

To recognize that commitment, we celebrate each time we have a positive interaction. [One example is] we use what we call booster letters from customers who write about their positive experience. We share these letters and let the employee know that he/she really went above and beyond the call, or that he/she really was above all in service.

J.D. Power: What makes your company/brand different from others with regard to service excellence?

Erie: By doing three things—by listening, adapting, and always exceeding. It's a winning combination. Each and every employee and agency in our system looks to do that each and every day with each and every customer interaction, and by doing those three things, we will continue to be successful as an organization. Not just next month or next year, but for the next hundred years. That's what we're striving to do: to build a model that will stand the test of time, that will continue to exceed customer expectations.

DICK EVANS, CHAIRMAN AND CEO, FROST BANK

J.D. Power: How do you embed service excellence into the corporate culture, ensuring everyone is focused on it?

Frost: You've got to have your staff, your people, as a number-one priority. The culture has to be a number-one priority, and understanding our philosophy. Those are the things that are important, and … that's my job. I feel that my number-one job is taking care of our staff, being sure that we're in tune with the staff, and totally committed to the customer. You really do it by living it [the culture].

Our mission statement is: 'We will grow and prosper, building long-term relationships based on top quality service, high ethical standards, and safe, sound assets.' You've got to live your mission, and you've got to live your value proposition. When you have a strong culture like Frost has, I guarantee you, [if] a teller or anybody in this company sees me drifting away from our value proposition or our philosophy, they'll straighten me out, and that's when you know that you have the culture that you want. So it's not about me, it's about we, and it's about this entire company doing it, and taking care of customers.

J.D. Power: How do you establish that culture?

Frost: Our 'Blue Book' is used for every new hire into the company. It was created 17 years ago as a result of our asking the question: how did we stay around for over 100 years? We ended up with our philosophy, and used it to write the book: it's got our mission statement, and it's got our core values of integrity, caring, and excellence, and then the most important thing, it describes what they mean. 'We' means we're going to work as a team, 'grow' means that all of us, everybody in this company, wants to grow as an individual, and if we grow as individuals, the company will grow. And so you've got to focus and live it [the philosophy]. The Blue Book defines what does it mean to all of us who work in this company; what does it mean to our customers; and what does it mean to our shareholders?

J.D. Power: What makes your company different from others with regard to service excellence?

Frost: One of the things that's important to understand about our company is our brand—it's about understanding and bringing alive the culture of this company, and everything that we do. [One example] of our branding is that we have a boot scrape, a steel boot scrape, outside each branch … to get the mud off your [boots or] shoes. That's part of the Texas branding—we are a Texas bank. So [we deliver] that experience from the minute you walk up to the door.

Frost
BANKING
INVESTMENTS
INSURANCE

When you walk up to one of our branches, one of our wonderful people opens the door for you. Wouldn't you do that at your house? So, that's a part of [our] branding, and the minute you walk in, you start to feel [what] this brand [is about].

Another area where we are different is that we are a company that's deep [with regard to our] relationships, but we're also very advanced in technology—over 75% of our customers are using Internet banking—and you can say to me, well, how could an old relationship bank like that embrace technology? Well, it can, because even our technology says the same things that our people say when you walk in [the] door: 'Welcome, come in, how are you today?'

Every touch with a customer, whether it's on the phone—and every phone is answered by a real person—whether it's walking into our branch, whether it's on our Internet [site], whether it's in text banking—which we were the first in the country to have—all of that is about branding, and it comes together in how you see our communications, on our billboards, or our ads. It is all one in how we conduct ourselves. As a result of it, the Frost brand is very recognized, and very respected, very trusted. … As we have seen through all different economic downturns, we have an increase in our deposits, and that's because of trust and respect for this company.

JAY FARNER, PRESIDENT AND CHIEF MARKETING OFFICER, QUICKEN LOANS

J.D. Power: Why is customer satisfaction important to the financial services industry?

Quicken Loans: We call it 'client satisfaction' … because we view these folks as our clients. What makes that different is that I think of a customer as a person who maybe comes to you, [conducts] a quick transaction, and then leaves. Whereas a client is someone that you're always helping, always interacting with, and you're taking in information about their situation to help give them guidance on what the best path might be. And so in financial services, in particular, you really think of the people you interact with as clients.

The way we look at it is someone is either a client of Quicken Loans today or they will be a client of Quicken Loans some time in the future, so any person that we interact with needs to have a positive experience because we may not be able to help them today with a mortgage, but when it's time for them to think of a mortgage, we want them to think of us.

In our opinion, words matter. How you talk about your clients, how you describe what you do for them, it just changes how the whole organization thinks about what you're all doing on a daily basis to take care of clients. That's where it all starts. The culture that we try to grow each and every day is a culture of 'we have a client base here,' we want to retain clients. We want our clients to be our strongest advocates out there talking about their amazing experience with Quicken Loans.

J.D. Power: How do you try to ensure that happens?

Quicken Loans: It starts with the hiring that you do, and when you're looking for the right folks, they've got to be talented, of course, and skilled. But they've [also] got to be a good fit with the culture that you have, and then once they get here, you immediately start speaking to them about the culture of your company.

We have something called 'ISMs' here. They [are principles that] are a guideline for folks to understand how we think about the decisions we make, how we think about our interactions with our clients. One of our 'ISMs' is: 'Every client. Every time. No exceptions. No excuses.' Although it's pretty simple on the surface, because we talk about it so much, it's a guideline whenever you're working on something, whether it be technology, or marketing, or banking, or training. That's something to always think about … how does what I'm building today relate to that 'ISM'?

When someone's hired, we put them through our training to teach them about our culture [which includes the book, ISMs in Action!] and then we reinforce it constantly in how we communicate, in the way that we award people. When we give them recognition, the awards are named after 'ISMs.' It's just something you're always going to see and be reminded of to help keep you grounded on the important things here at the company.

J.D. Power: What has Quicken Loans done to meet the changing needs of its customers who have been affected by the economic downturn?

Quicken Loans: *[Because of the changes in the economy] it's become more challenging for people to qualify for a mortgage. Guidelines have tightened up and people don't fully understand why. [In response] we try to educate our clients about why they may not qualify, to explain how the whole thing works.*

We have created educational videos that are on our website and on YouTube to explain the mortgage or refinance process, explaining how things work. We explain where we [Quicken] have control and explain areas where we don't have control. The goal is to educate our clients so they have the clearest picture of how the process works, what they can expect, and if there are things we can do to assist them.

We've spent time building tools [to help clients]. For example, we've got a website called Quizzle [Quizzle.com]–it's the only free credit report website out there. Clients can go there and get a credit evaluation. It gives you a good indicator of where your score is, and then we'll make suggestions on how you can improve your credit score. We try to provide as many educational tools as we can to empower people to at least understand what's happening and [to] figure out ways where they can improve their situation.

Communication is another way we have tried to meet our clients' needs. We have an 'ISM' Assurance Team that spends its whole time reviewing our communications with our clients, making sure that we're taking the time to listen to clients' concerns. We have a client relations group that is very proactive in reaching out to people if they're concerned at all. We take social media very seriously, and we've got a group of folks that are always looking out there in the social media world for anyone who might be concerned about their mortgage, Quicken Loans or otherwise. We want to reach out to them and address their concerns. We just try to be very, very proactive.

KURT J. MCNEIL, VICE PRESIDENT OF SALES AND SERVICE, CADILLAC

J.D. Power: What are the one or two key things you feel that have most contributed to your brand's success in delivering excellent service to your customers?

Cadillac: You have to start with an excellent product, which we now have. Next is consistency of message [about customer service] throughout our organization. We've been working on this for a couple of years now and we've done a much better job: a truly consistent, excellent customer experience—both on the sales and on the service side. Our business has a lot of variation in it, so [to be consistent] you've got to get all of the various team members involved and participating, understanding the vision, and then delivering on that vision. The consistent approach we have achieved has made a big difference.

J.D. Power: Would you share what you consider to be the biggest one or two challenges your organization faces in delivering service excellence?

Cadillac: The biggest challenge is probably the amount of variation that exists in our business. How do you make sure that you deliver an excellent customer experience every day, every time, in every store across the country? You've got a lot of sales personnel; you've got a lot of service personnel. How do you truly handle that business exceptionally well, each and every time? That's where the true challenge comes in. It's tough, but it's not insurmountable.

J.D. Power: How do you overcome this challenge?

Cadillac: How we overcome that challenge is consistency of message and approach. Having the programs and processes in place to support the team is very important. If you keep after it, you can make some significant progress over time. Examples are after-sales support, like a great warranty to support customers if they have any problems, or courtesy transportation or roadside assistance.

Next, it's the people in your organization who deliver the experience. A consistently excellent service experience is what customers want, and it's what draws them back to a brand like Cadillac. When people—sales, service, and field personnel—feel good about working for your brand, it makes a difference in how they do their jobs. You can't fake that. That positive human element in interaction has to be there.

Then you get into all the other pieces that exist today. For example, a customer's interaction with your websites. Your websites have to be consistent and reinforce that same look, feel, messaging. If people reach out to us on the phone, that human interaction over the phone has to be, once again, consistent. Warm, friendly, welcoming. I think all those elements have to be there and in place, and if you can truly do that on a consistent basis, then you'll be successful.

By doing things consistently, by taking care of your customers consistently in a very methodical [way], in every interaction, is a defining moment, [and] by doing that every day, consistently, you can truly make a difference. You'll see that happen at Cadillac. It's starting to happen. And we're going to make it work and we're going to win in the marketplace.

ROD RUPP, EXECUTIVE VICE PRESIDENT, AUTO-OWNERS INSURANCE

J.D. Power: Why is customer satisfaction important to Auto-Owners Insurance?

Auto-Owners: *I think every industry has to work towards providing the best possible customer service. Having said that, when you sell an intangible product, customer service probably does become a little bit more important, and in the insurance industry we don't have a tangible product. With an insurance policy, we're not selling a tangible product—what we are selling is service.*

At Auto-Owners, one of the goals we have set as a company is to be recognized as one of the best providers of service in the insurance industry. If we are going to differentiate ourselves as a company within the insurance industry, we have to figure out how we're going to do that. One way to do that might be on price, but at Auto-Owners we've decided we're not going to try to be the lowest price. We need to be competitive and we recognize that—it's not a goal for us to be the lowest price, so to differentiate we've decided it has to be with regard to the service that we provide.

J.D. Power: How have you set about achieving this goal? And how do you keep the organization energized to continue to do so year after year?

Auto-Owners: *We provide a lot of types of services. We don't differentiate between internal and external service excellence. Claims service is one, [others are] underwriting services, marketing services, billing services, actuarial services, IT services. We've just decided that whatever that service is, we want to try to be the best that we can be and one of the best in the industry, so that's kind of how we define excellence.*

To achieve this goal, it starts at the top. If senior management is not on board, then there's no reason to expect that anybody else will be on board. Our CEO and senior management are absolutely, positively behind our goals in terms of service.

Secondly, we do put together plans for how we're going to train and educate with regard to service and also plans as to how we're going to measure the level of service that we are providing, but the general philosophy of our company is that service for our company has to be like a dog with a bone. If you've ever tried to take a bone away from a dog, you know how hard that can be—the more you try to get that bone away from that dog, the harder that dog grasps its teeth around that bone. That's how we believe that we have to be with service. No matter how distracted we become with other things, we always have to get back to: what level of service are we providing; are we providing the level of service that our policyholders want; [and] if we are not, then we need to do something about it. So we have to be like a dog with a bone.

J.D. Power: What are some concrete examples of things Auto-Owners does to support that philosophy?

Auto-Owners: *We communicate about service excellence and develop plans for how we are going to provide excellent service. We also create and administer tools to enable service excellence. One of these that has existed for many years is a program to focus on service, currently called 'The Relentless Pursuit of Excellence.'*

In this program, we ask every department, division, [and] office in our company to meet at least monthly just to talk about service, so that everybody in the company is talking about service at a minimum of once a month. Those meetings are simply meetings to talk about what we are doing well, where are we successful in achieving our goals, where are we not successful, where are we falling down. When we recognize those areas for improvement, we then discuss what we have to do as a company in order to raise the level of our service in those areas. This ongoing program [which has had many different names over the years] is the main way that we are keeping service at the top of everybody's mind.

CRAIG REID, PRESIDENT HOTEL OPERATIONS, AMERICAS, FOUR SEASONS HOTELS AND RESORTS

J.D. Power: What does service excellence mean to Four Seasons?

Four Seasons: We have a catch phrase that sets the tone here: 'Get it right. Get me right. And wow me if you can.' The first part means when I request something, I want you to get it right. So, [when I ask] 'Can I have a glass of orange juice, freshly squeezed please?' you know there's a time expectation, and it better be right. 'Get me right' is, 'Welcome back. Would you like your freshly squeezed glass of orange juice again today?' Recognition of who you are and what you like/dislike/requested previously … tailoring the experience to the guest–the more you can do so, the better. The third relates to exceeding expectations and wowing the guests.

J.D. Power: For 'Get me right,' how do you gather and store that information for and about customers?

Four Seasons: The best storage or information-gathering protocol is what we call a well-trained and tenured employee base. We pride ourselves on having amongst the lowest turnover rates in our industry. For example, [at] the hotel in Washington, D.C., where I started 28 years ago, the two doormen that work there have both been there 25 years plus. Two employees who work at the concierge desk have been there for 30 years. When you walk in, they recognize you. Their motivation is … the fact that they have long and established relationships [with our guests], they take pride in what they do, and they realize that recognition is an important element.

So we try and create a network of relationships by investing in our employees–we pay our employees generally more than our competitors and we treat them very well. We measure their satisfaction level religiously–and respond accordingly so it gives us a huge competitive advantage, we believe.

Then we use those relationships and combine them with technology as a way of aggregating this information. In some cases, we have a 'guest historian' and a system in our hotels to gather and share the history of guests [internally] in a meaningful way. We review our arrivals before they come, we review their habits, their preferences, if there was a concern, if there was some positive moment, etc.

J.D. Power: Could you elaborate a bit more with regard to the 'Wow me if you can' part?

Four Seasons: *'Wow me' is creating a culture where our employees are empowered to go the extra step. We hire employees who tend to be wired naturally to recognize such opportunities and to want to act on them, so we provide an environment where they have the latitude to do so.*

An example of this is when I first joined the company in Washington, D.C. In the restaurant, midway through the afternoon before the restaurant opened for dinner, my boss, Carlos, who was the restaurant manager, gave me some money out of his own pocket and told me to go across the street and buy a bunch of roses for, he said, 'In case we get any special occasion customers tonight.'

I remember that evening, literally around 6 o'clock, we had a guest run into the restaurant to ask if we had a spare table for two. It was his anniversary, and he hadn't done anything! We took the roses, put some in a vase and put rose petals on the table, made it look special. The guest was so pleased that he gave my boss a tip that more than paid for all the roses he bought that night. Now, of course the process was repeated three or four times that evening. Carlos had what I call institutionalized the very simple mechanism for wowing his special occasion customers. This happens again and again at Four Seasons hotels and resorts worldwide.

J.D. Power: How do you know when you've got it right, when you've 'wowed'?

Four Seasons: *The measurement process is constant. We do this for existing customers, for customers who don't use us, for customers who may have used us in the past and for customers who may be using us in the future. All those individuals need to be measured and measured regularly.*

We gather the information, we aggregate it, we compare it, we benchmark it, we use it as a tool to motivate. We use it as a tool to learn, we use it as a tool to communicate, so if someone sends us constructive feedback, we'll acknowledge it positively. If someone sends us critical feedback, it's an opportunity for us to engage them and address their concern as well as learn from it. We compare between properties, we compare between regions, we compare between age groups. For example, you might have feedback on your breakfast that's very positive from, say, your American business traveler, but it's not as positive from your European leisure traveler. It could be as simple as the types of breads you offer, or the speed of the breakfast service, and/or one group might be more comfortable with a more familiar style of service, whereas the other group might expect a more formal style of service.

It's critically important to understand the different customer groups, because guests are not commodities—each individual is very different, and you've always got to be wary of over-simplifying who your guest is, and what their expectations might be.

MIKE LOWE, ASSOCIATE GENERAL MANAGER AND CHIEF CUSTOMER EXECUTIVE, CUSTOMER & SHAREHOLDER SERVICES, SALT RIVER PROJECT (SRP)

J.D. Power: Why is customer satisfaction and service excellence so important to the utility industry, and to SRP in particular?

SRP: *Satisfaction builds trust. A satisfied customer believes in you, and the satisfaction makes it easier for the utility to do business: to site generation, transmission, and distribution facilities; to adjust pricing; and simply to work with customers. SRP exists for its customers. We are owned by the landowners in the Metro Phoenix area. Our board is publicly elected by these landowners. We exist for our customers—customer satisfaction is in our DNA.*

J.D. Power: Can you tell us how, if at all, the economic downturn has impacted your customers and their needs?

SRP: *Customers are struggling. Customers need more control over their electric bill, they need compassion. They need someone to talk with, someone to help them through their issues.*

J.D. Power: In what ways have you changed or innovated to be able to meet those needs?

SRP: *SRP has done a number of things to help our customers. We've rolled out additional rate options to give them greater control over their electric bill. We've ramped up equipment availability for our M-power pre-payment program, and that is a paramount program. Customers typically reduce their power consumption and their billing by about 12%. We've increased the amounts-owing threshold required before we will disconnect a customer for non-payment, and we've made it easier for customers to get payment extensions.*

J.D. Power: Tell us more about your pre-payment program.

SRP: *We're very, very proud of our pre-pay program. We've had pre-pay for 20 years. Customers buy power in advance—they buy it in the amounts they choose, and they buy it when they choose. They're not a slave to the monthly electric bill. We find that our typical customer buys power in $20 increments, and the most common purchase time is Friday evenings between 5 and 6 PM, right after they've been paid. So they're able to manage their electric bill within the confines of their income. We've found it a tremendous way for customers to control their usage. They have an in-home display that gives them a real-time readout of how much power they're consuming, and not in kilowatt-hours like we in the electric utility [industry] are used to thinking, but actually in dollars and cents. It makes electricity understandable, tangible for the customer.*

J.D. Power: How do you drive service excellence in your organization?

SRP: *We are so very focused on the customer, so very focused on improving the ways we do business to increase our customer satisfaction—so we are focused on continuous improvement, and everyone through the customer service organization, for example, is always looking for ways to do a job better. Not just faster, not just cheaper, but in ways that increase customer satisfaction. We are open to suggestions from employees. They'll bubble up from*

the front line, like the phone center. They'll be discussed in my staff meetings, and we look for ways to implement those suggestions. We've found some fantastic changes that have lifted satisfaction.

One example came from a regular breakfast I have with front-line employees. This person brought it to our knowledge that customers had a problem with our electric bill when there's been any exceptional activity. The sequence in which we would post activity on the bill was not consistent with time line. As a result, customers were confused by their bills. To correct this issue, we actually performed system development work to change the sequence in which those activities were presented on the bill. The result eliminated customer confusion. It reduced the length of calls associated with those issues, and we actually saw lifts in customer satisfaction.

Evidently, this was a problem that had existed for 15 years and had never, ever been surfaced before. Everyone had just assumed it was the way it had always been done, and it wasn't until the issue was voiced that it got action. We were pleased to act on it.

ROB HIBBARD, VICE PRESIDENT, AIRPORT BUSINESS DEVELOPMENT, ENTERPRISE RENT-A-CAR

J.D. Power: Why is customer satisfaction important to Enterprise?

Enterprise: *For Enterprise, customer satisfaction is a business imperative. We know that if we can exceed our customers' expectations, they're three times more likely to rent from us. As a result of that, it really is a critical business practice, to make sure that our customers are experiencing a positive rental experience.*

J.D. Power: How do you measure customer satisfaction? How do you know how you are doing?

Enterprise: *Quite simply, we ask them. We have what I would call a closed-loop transaction. We have a chance to interact with you when we rent you the car, and we also have a chance to interact with you when you return the car. That gives us an incredible opportunity to understand not only how we did, but what we could do better.*

We actually have structure around that: when they return a rental, we ask each of our customers a couple of simple questions. The first question we ask is, 'How was the rental experience?' which you probably hear, really, in almost any experience you have in a customer-service environment. The normal answer is fairly generic: 'It was good,' or 'It was fine.' But where the magic is, is in the second question we ask: 'What could we have done better?' That is really how we understand what a customer really needs or wants from us, because if we ask that sincerely, customers really want to help us make our business better, to help us become better at serving the next customer. By enabling that customer to give us that honest feedback, we learn. That's how we understand what our customers expect from us.

J.D. Power: What do you do to drive service excellence in your organization?

Enterprise: The first part is to make it part of your overall cultural DNA. That starts from the top. Andy Taylor, our CEO, has, in no uncertain terms, made it clear to everybody that our mission is to take great care of our customers. So that's the start—make sure that you have the right idea about what you want to accomplish.

Second, you need to have a meaningful way to measure that [service performance]. The way we do that is through what we call ESQI, which is [the] Enterprise Service Quality Index. We use that to measure our customers' level of satisfaction. We do that all the way down to the branch level. We want to make sure that we understand how effectively we're delivering customer service at all levels of our organization.

Now, that's no small feat. We have about 6,000 locations at Enterprise, so that means we're surveying about 1.8 million customers every year. That's not inexpensive and it's fairly challenging—but we know it's worth it. I can tell you at any of our locations how effectively we're delivering a great customer service experience.

J.D. Power: How does Enterprise keep everyone energized to continue to perform at that level?

Enterprise: The way that we make sure the energy continues to run through the organization is, in part, through the way that we handle our promotion strategies. The vast majority of our employees are promoted from within at Enterprise. If you want to move forward, you need to work in an operation [a branch] that delivers customer satisfaction at or above the company average—you need to be able to deliver great customer service. As a result of that, over time, those who have worked their way up in the organization are those who have demonstrated they can deliver great customer service, lead others to deliver great customer service, and then lead a large number of people to deliver great customer service. As a result, at every level within our organization, you will find people who are very customer-centric in their view of the world.

J.D. Power: You have measurement, you have energy. What do you do to drive service excellence consistency?

Enterprise: To make sure that when customers arrive, they have a consistent and great experience wherever they travel and rent from Enterprise. At airports, we have a process we call Brand Integrity Assessments. We have a team of five individuals that travel throughout North America and visit our airport locations. They arrive unannounced and they measure all the attributes of a successful rental process, objectively—what happens against what is supposed to happen. For example, how quickly the bus arrives [vs. how quickly it is supposed to arrive]. How clean is the vehicle? What is our dress and appearance at the counter?

The information from an assessment is shared with the management team, who then has an opportunity to make sure we do get it right. We continue to evaluate that to make sure that we have the right processes in place.

RODGER RINEY, FOUNDER AND CHIEF EXECUTIVE OFFICER, SCOTTRADE

J.D. Power: What have you done in response to changing customer needs as a result of the economic downturn?

Scottrade: *Customers—clients—want to do more research, consult more resources before they decide what to do with their money. We have put a lot more into client education to try to meet those needs. For example, we put more and more information out on our website to help clients make appropriate decisions.*

But we know that people don't click [through] enough to find out what's at their fingertips, and it's a shame to have the information there and not be used. Therefore, we try to get a face-to-face, one-on-one [meeting] with every new client in a branch, in one of our 505 offices. We introduce them to Scottrade, talk about the website and all it can offer, and show them how to navigate to get the most out of it.

We also hold webinars constantly, and we have branch seminars weekly or every two weeks. During these seminars, our branch teams will discuss various investing topics: options, the basics of investing, how to use our ScottradeELITE® platform that's for a more sophisticated trader.

We also have client education conferences where we have 200-300 investors in a city come for a Saturday, and we tutor them on how to use our resources, how to make better decisions, and how to be better investors. So we do an awful lot to try to help them, guide them to making better decisions all of the time.

J.D. Power: That's interesting, since your business model is online, self-directed investment. Why have you established those branches, invested in the seminars and webinars?

Scottrade: *We believe the more interaction we have with our clients, the higher level of satisfaction they'll achieve. We think a face-to-face [meeting] is more important than an over-the-phone [meeting]—especially an over-the-phone with a call center representative. We try to drive every client to a local branch—if not in person, at least with a phone call. Our aim here is that they can talk to the same broker or the same manager every time they have a question, every time they want to find out something, or pursue a question about their account, drop off a check, or to add to their account—they can ask for the same person. The relationship becomes a lot more personal than you would anticipate with an online brokerage firm that has a call center somewhere. We think our 505 offices, little mini call centers all of those, with personal walk-up capability, is just a better way to deliver the quality and the satisfaction that we want.*

J.D. Power: What do you do at Scottrade to ensure everyone is focused on service excellence?

Scottrade: *The most basic way is you just let everyone know that Scottrade values client interaction, and wants to keep people happy. Number two is we have trained our people to deliver that top level of satisfaction—not just client-facing personnel, but all the way down to the people at our home office: our administrative people, our clerks, the managers, supervisors. We are always thinking: is this a dissatisfier or a satisfier? Can we make sure we turn everything into a satisfier, to the best of our ability?*

Another way Scottrade drives client focus is through what we call our Focus Group, which is an elected group of 16 branch managers that represent their regions from around the US. Each Focus Group leader is elected by the other branch managers in their area [typically constituting 30-35 offices]. They serve a 3-year term, and their terms are staggered so that one-third of the group drops off each year.

This Focus Group is responsible for funneling information—good information as well as problems—and areas for improvement [to corporate]. We bring the Focus Group leaders to the corporate office once every four months, and we spend two and a half days talking about what's going on in the field, how our clients are feeling, how we are doing with our clients. Are we delivering the things that we need to [deliver]? How can we make the firm better? These members are invaluable in terms of helping us continue to improve, to stay close to the client.

JOSUE ROBLES JR., PRESIDENT AND CEO, USAA

J.D. Power: What sets USAA apart in customer service?

USAA: *Number one is the great, emotional bond that we have between our member service reps and our customers. We can relate to our membership because many of our leaders and employees have military service. That helps because you can identify more closely with the needs of the military and the challenges and struggles they go through on a day-to-day, week-to-week, month-to-month basis. We have a program to recruit military spouses and ex-military—especially wounded warriors where we have jobs that they can do. In fact, our goal is to have at least a quarter of our new employees … with a military background.*

When you walk into this headquarters building, which has about 14,000 or so people in it, you can tell immediately that you're in a different place when it comes to customer service. When you talk to our member service reps, they have and exude a passion about the members. They really—and I don't use the phrase lightly—they really do love our members and how they serve our country.

J.D. Power: How do you keep the USAA organization energized to deliver service excellence?

USAA: *We have a lot of tools and techniques we use. Probably the most effective one is the mission statement we have. We keep reminding our member service reps and all of the employees of this organization what our mission's all about. Every time I speak to a group, whether it is our board of directors, outside guests, the rating agencies, our middle management, our employees, I talk about the mission … and our passion, and our brand promise, which is, 'We go above for those who have gone beyond.'*

We [also] have a Gallup survey that we do every year to measure employee engagement. We score some of the highest marks there are on the question, 'Do you understand your mission and purpose?' So our member service reps and all of our support staff know exactly what's important and what we're all about, and we keep reinforcing that every week, every month, every quarter.

[Lastly] we constantly reinforce the fact that we are all about taking care of the military and their families. That we have a special, unique relationship with them and that we need to do everything we can to make their life simpler. Things like that help bring the organization together and help them focus like a laser on customer service.

Best Practice #3:
Assure Consistency across Service Channels

As economic pressures increase and companies look for ways to improve their bottom line, many brands deploy technology to support the customer experience, as well as to lower overall costs. For instance, some companies guide customers through standard sales or service processes and procedures by using an automated phone system (APS) or interactive voice response system (IVR). The capabilities of these systems range from navigation guided by caller-activated touch tones to navigation guided by voice recognition. Some systems qualify the purpose of the call or collect important information in advance of a human interaction, while others replace human interaction altogether with a self-service framework. However, not all companies are equally successful in their deployment of these automated options.

J.D. Power has analyzed trends during the past few years to identify insights into what customers who interact with phone systems and customer service representatives (CSRs) expect from the experience and how these interactions impact their overall satisfaction with a brand.

HUMAN VS. MACHINE

Among multiple industries, the relative importance weights of APS were compared with those of CSRs in terms of the importance each has on influencing a caller's overall satisfaction with the contact experience.

To determine whether this trend was specific to certain industries, J.D. Power conducted a cross-industry analysis of three contact channels during a 3-year period. It is interesting to note how reliance on People and technology varies across these industries and how it has changed during this time frame.

Based on a comparison of J.D. Power data between 2009 and 2011, the customer experience with a CSR continues to have greater impact on overall satisfaction than does an automated system. However, this importance weight has increased—People has a greater impact.

> "Our business is becoming more complex. Automation is handling the simpler transactions. Customers have more energy efficiency options available to them that make the billing much more complex. So when a call comes into the phone center on billing, for example, a lot more information and skill are required for the CSRs to do their jobs and do them well."
>
> — Mike Lowe,
>   Associate GM for Customer
>   Satisfaction & Shareholder
>   Services, Salt River Project

Satisfaction with CSR vs. APS (2009-2011)
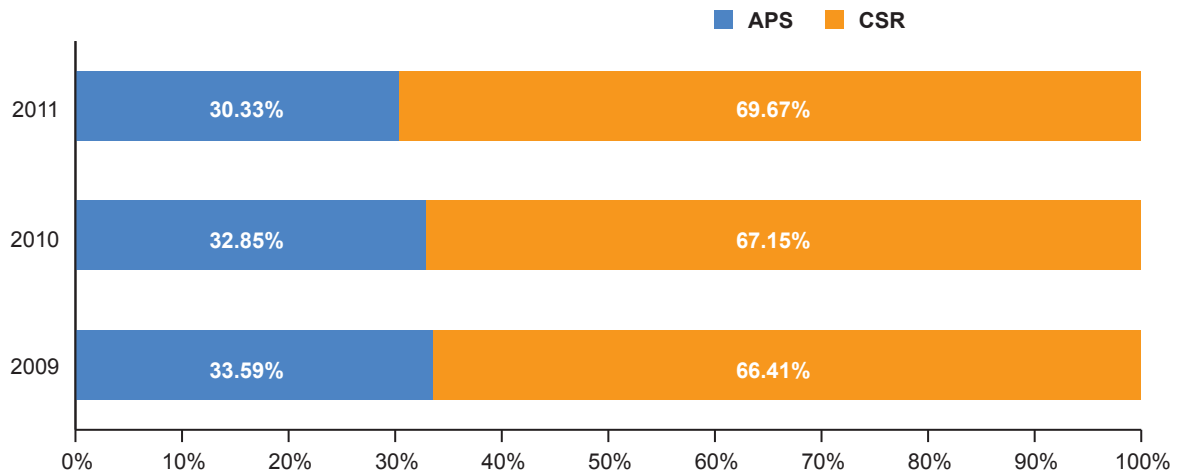
Source: J.D. Power and Associates 2011 US Syndicated Studies—2009-2011

Figure 29

Automated phone systems are not the only technology that companies deploy in support of their customers. Many companies rely on an IVR or their website to facilitate self-serve customer service.

Service Channel Incidence by Industry (2009-2011)

	2009			2010			2011		
	CSR	IVR	Online*	CSR	IVR	Online*	CSR	IVR	Online*
Finance	44%	20%	81%	39%	12%	92%	37%	11%	93%
Healthcare	89%	2%	10%	61%	5%	39%	61%	5%	38%
Insurance	78%	14%	28%	84%	16%	36%	84%	16%	34%
Telecom	85%	47%	10%	86%	54%	9%	78%	44%	17%
Utilities	39%	37%	50%	45%	38%	46%	58%	53%	49%
Total	**66%**	**26%**	**40%**	**61%**	**28%**	**47%**	**64%**	**26%**	**46%**

* Includes email/chat/web

Notes: Incidence is based upon the group of people who has either used CSR, IVR or Online.
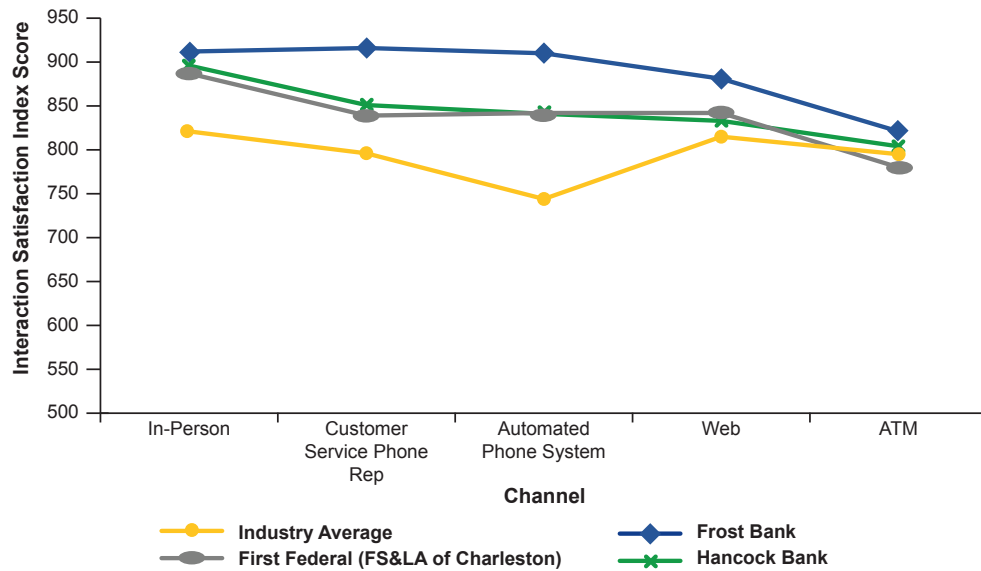
Source: J.D. Power and Associates US Syndicated Studies—2009-2011

Figure 30

Service Channel Performance–A Look at Some of the J.D. Power 2012 Customer Service Champions

When viewing the performance of some of the J.D. Power 2012 Customer Service Champions, it's easy to see that even among this elite group, achieving excellence in every channel is difficult. Among the four Champions in the retail banking industry, it's clear that there are opportunities for enhanced service through the ATM channel–a challenging channel for the entire industry.

Interaction Channel Performance–J.D. Power 2012 Customer Service Champions In the Retail Banking Industry
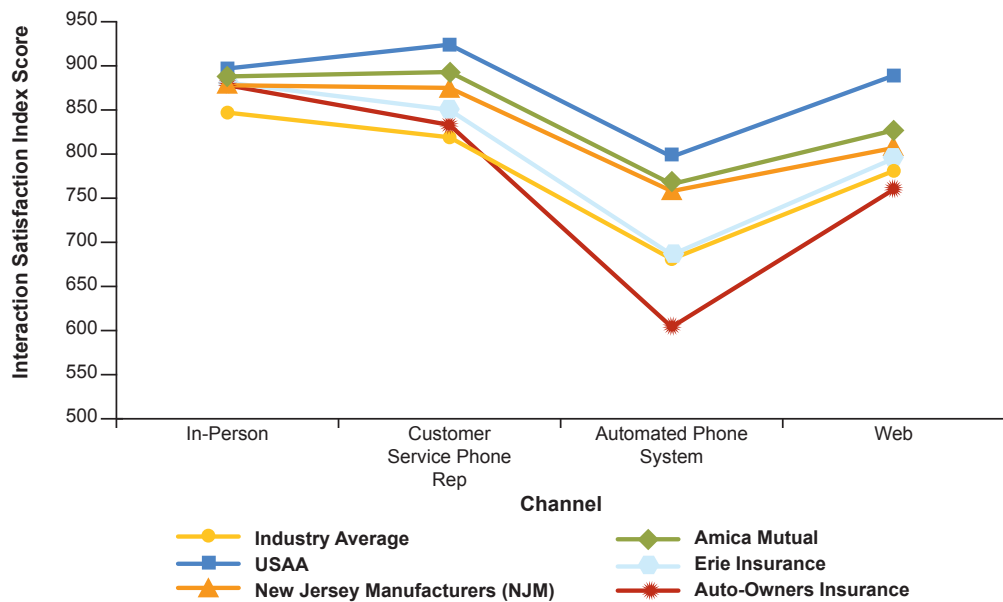

Source: J.D. Power and Associates 2011 US Syndicated Studies

Figure 31

While satisfaction with the APS channel is lower than with other channels in the retail banking industry, it presents a significant comparative strength for the J.D. Power 2012 Customer Service Champions in other industries. For example, when examining performance within the insurance industry, the APS channel is a challenge for the industry and Champions alike.

Interaction Channel Performance–J.D. Power 2012 Customer Service Champions In the Insurance Industry

Source: J.D. Power and Associates 2011 US Syndicated Studies

Figure 32

Nevertheless, the four J.D. Power 2012 Customer Service Champions performed better than the insurance industry average, with the exception of Auto-Owners Insurance in both the Automated Phone and Web channels.

Some of this success is related to an important shift in the way customers report vehicle damage to their insurance company. For example, several agency-based insurers encourage customers to contact a call center rather than their agent to file a claim, also referred to as First Notice of Loss.

This method of notification appeals to customers who just want to file their claim in the quickest and easiest way possible, whether through a call center or online. In fact, customer satisfaction with the call center contact method steadily improved from the second to the fourth quarter of 2011.

LEVERAGING PROGRESSIVE TECHNOLOGY AND CUSTOMER EMPOWERMENT—EXAMPLES FROM THE BANKING INDUSTRY

Customer empowerment—providing customers the ability to interact with a company on their own terms and control all aspects of their experience—is often facilitated through usage of a remote service channel. The banking industry offers numerous examples of how technology may be leveraged to the benefit and satisfaction of customers who want to use remote channels to interact with their bank.

In the past, customer empowerment was limited to 24-hour ATM access, online banking portals, and IVR self-service systems. Today's technology provides a more robust offering of channels that expands outside the traditional methods available even 5 years ago.

The addition of tools such as online chat and a click-to-call feature offers customers a myriad of options for connecting with their financial institution to get information, ask questions, or resolve problems. The proliferation of social media sites, such as Facebook and Twitter, has made airing issues with financial institutions more of a public endeavor. At the same time, it has also provided banks with another platform by which to measure customer sentiment and directly engage with their customers, as well as consumers in general.

Even the traditional methods of customer contact are becoming more advanced, such as ATMs now being equipped to handle envelope-free deposits by scanning currency and checks and providing instant images of what is being deposited. The following summary illustrates some of the best practices used by the highest-performing banks to significantly outperform their competition.

- **Website appearance:** In addition to accessibility and reliability of the website itself, the highest-performing banks focus on the navigation of Web pages and the range of information and options offered on the site. Banks need to focus on the activities that customers perform most often, minimizing clutter on the pages and enabling customers to quickly find the desired functions.

- **ATM reliability:** When ATMs are out of service, overall satisfaction, as well as satisfaction with underlying factors, such as Account Activities and ATMs, declines by 30 to 40 index points. Keeping ATMs in service during peak usage periods is critical to maintaining higher levels of customer satisfaction. Customers are significantly more forgiving of service outages than for ATMs not having been replenished with supplies. When an ATM is out of supplies, satisfaction plummets by 60 to 70 index points, emphasizing the importance for branches and servicers to either move to the automated recognition model that doesn't require forms or supplies or to ensure that envelopes, deposit slips, and other required forms are always available.

- **Clear understanding of mobile banking offerings:** Similar to scores for ATM reliability, satisfaction rises by nearly 70 points when customers say they "completely" understand their mobile banking offerings, compared with customers who say they only "partially understand" these offerings.

With more than 75% of its customers using Internet banking, Frost embraces technology because its customers do. For example, Frost was first to offer text banking: customers send texts to designated numbers to trigger certain actions, such as verifying an account balance.

MAXIMIZING LIVE INTERACTION

Although the way customers interact with their banks and financial institutions continues to evolve into an increasing number of remote channels, customers still look to branch representatives for help with more complicated inquiries. This places continual pressure on financial institutions to train and empower branch personnel to resolve complex issues.

Additionally, assuring a personal touch during the life cycle of the relationship is an important part of achieving excellence. This includes such elements as: providing a detailed needs assessment at account opening; greeting customers upon entering the branch; offering friendly interactions both in-branch and through contacts with the call center; and delivering quick resolution of problems when they occur. The following summary illustrates some additional best practices used by the highest-performing banks to significantly outperform their competition.

- **Courteous frontline staff:** Whether an interaction is at a branch or with a live phone representative, courtesy of the representative has the highest impact on satisfaction. It is therefore not unexpected that the highest performers receive considerably higher ratings than the average competitor of comparable size for both in-person and live-phone interaction.

- **Greeting customers:** Regardless of bank size, greeting customers upon entry is an easy best practice, yet one that is applied inconsistently within the retail banking industry. However, the J.D. Power 2012 Customer Service Champions in this industry exceed industry average with a greeting rate of 96%.

In-Branch Experience of J.D. Power 2012 Customer Service Champions vs. Industry
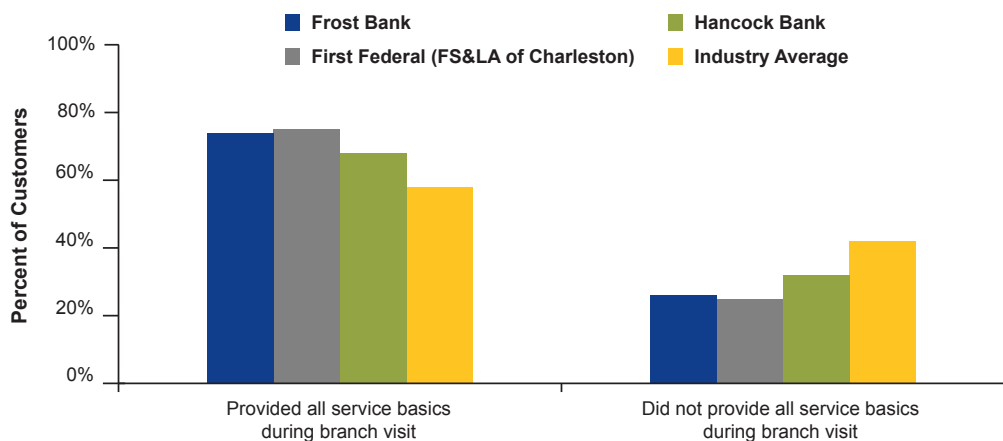
Source: J.D. Power and Associates 2011 US Retail Banking Satisfaction Study[SM]

Figure 33

- **Short wait times:** For interactions that are in-branch or with a live phone representative, the majority of customers of the highest-performing banks report wait times of less than 2 minutes.

- **Ownership of the customer's problem:** Two behaviors that most impact satisfaction are the bank representative's ability to take ownership in resolving a customer's question or problem and not transferring them to another representative for resolution. Each of the highest-performing banks achieves a low rate of transfers.

No matter the channel, brands that wish to reach and sustain high levels of satisfaction must prioritize their attention to customers' needs within the channel and deliver an experience that is consistent, not only with customer expectations, but also with a brand's image and strategy.

Excellence Is a Process, Not a Goal

Achieving excellence is a process, rather than a goal. Truly excellent companies understand that their challenge lies not just in the tracking and understanding of customer needs, but also in remaining focused and nimble enough to evolve with changing needs and committing the appropriate resources toward meeting and exceeding them.

This commitment is effective only when it is shared from the highest levels of the organization and includes customer-facing personnel, policymakers, administrators, and customer service representatives. In short, excellence is part of an excellent brand's culture, not just a part of its policies and mission statement.

Each channel used to support the customer experience should demonstrate this commitment and offer customers clear value—both in the service or product provided and in the way the brand engages the customer's time and attention.

Times of economic uncertainty and growing reliance on technology put increased pressures on companies to offer simple, personalized processes that are effective and beneficial in overt ways.

The J.D. Power 2012 Customer Service Champions remain focused during such times on People, Presentation, Price, Process, and Product. This multi-pronged focus supports their brand message and the needs of their customers, while also securing and maintaining their position in the marketplace.

When economic tides ebb and flow, service excellence and its driving principles provide a solid anchor upon which companies and their customers can rely.

> **"Excellence is relative. The judge of excellence is the customer, the person who pays for the product. It's not a measure of our own perspective of what's good, or what's best. It's a measure of what the *customer perceives* is good and/or best."**
>   – Craig Reid,
>   President of Operations,
>   Americas, Four Seasons
>   Hotels and Resorts

Is Your Company Prepared to Deliver Excellence?

The following questions are offered as a tool for your company to assess its current level of excellence and insight for the future. How many of these questions can your brand answer "yes" to right now?

1. Do you have recruitment and retention strategies that ensure the right employees are hired to engage with customers?

2. Do you watch and measure what customers want now, but also watch for new trends and needs?

3. Do you share insights on customer behavior with your employees?

4. Do you provide employees with the tools and policies to empower them to make the right decision for your customers?

5. Do you have an appreciation and quantified understanding that not all customers are the same?

6. Do you use customer information to offer clear and differentiating value propositions to different customer groups?

7. Do you implement effective, proactive, and targeted customer communications regarding options, choices, and services?

8. Do you provide customers with easy, effective, and consistent experiences across all channels of customer engagement?

9. Is your product or service designed to convey value, meet customers' needs, and support your brand identity?

10. Do you work to ensure and support a culture of excellence from the top of your company through to all levels of staff, including administrators, policymakers, and customer-facing personnel?

Appendix: Objectives and Detailed Methodology

Cross-industry analysis of syndicated data: Data was compiled across all J.D. Power and Associates syndicated study results for B2C (business-to-consumer) studies in the United States between 2006 and 2011. In addition, supplemental benchmark research was conducted in December 2011 to provide greater insight into J.D. Power syndicated data. In total, the combined cross-industry database includes more than 800 brands across 15 distinct industries:

- Airline
- Automotive
- Banking
- Grocery
- Healthcare
- Home Builder
- Hotel
- Insurance

- Investor
- Online retail
- Rental car
- Retail
- Sporting Goods
- Telecom
- Utility

The combined dataset was then used to construct a cross-industry scoring system based on J.D. Power and Associates' proprietary index methodology. The result was an all-new index structure that includes the J.D. Power 5 Ps: People, Presentation, Price, Process, and Product. The maximum score is 1,000 points for both the overall satisfaction score and the score for each factor that comprises the consolidated satisfaction index of syndicated studies.

All brands with sufficient sample were then scored using this new methodology, based on their J.D. Power 2011 syndicated study results.

Identification of the J.D. Power 2012 Customer Service Champions: To be recognized as a J.D. Power 2012 Customer Service Champion, a brand had to meet two specific criteria:

- Excel within their respective industry
- Excel across industry aggregates

1. **Within Industry:** Within each study, or when there were multiple studies within one industry, J.D. Power determined the score at the 80th percentile and established this as the first threshold. Then, to further ensure that the highest-performing brands were selected, a second benchmark was established. Only those brands that scored 10 index points above the 80th percentile within their respective industry were eligible to be considered as a J.D. Power 2012 Customer Service Champion.

2. **Across Industry:** Comparing brand performance across industries presents unique challenges vs. comparisons within an industry. Thus, brands were further scored by creating industry aggregates based on the industry similarity in both the type of products or services provided and the distribution of scores (e.g., financial services

and insurance were combined, as were utility and telecommunications). Scores of the aggregated industries were then averaged and a standardized score (z-score) for each brand was calculated relative to this competitive aggregate. A z-score is a common approach of comparing scores across industries (or any distribution) where the means are notably different. Only those brands with a z-score of 1.0 or greater were eligible to be considered as a J.D. Power 2012 Customer Service Champion. A z-score of 1.0 compares to the upper one-third of the distribution, such that about 68% of all scores are expected to be lower.

3. **Number of Brands within Industry:** Because the number of brands within an industry varies widely, so does the probability that brands within an industry can meet the above two criteria. That is, in industries with numerous national or regional brands included in the rankings, such as utility, financial services, and insurance, there will be more brands that meet the criteria listed above than among industries that have fewer brands. To account for these differences, a cap was applied so that only the top five brands within a specific industry were eligible for inclusion as a J.D. Power 2012 Customer Service Champion. The top five brands were determined by taking the product of the number of index points above the 80th percentile and the z-score among brands that were eligible for consideration as a J.D. Power 2012 Customer Service Champion.

In summary, 50 brands successfully met all of the criteria described above. These brands excel within their respective industry and emerge as leading brands when evaluated across industries, as well.

Finally, for the J.D. Power 2012 Customer Service Champion scorecard, in which notable strengths are identified for each brand, each Champion's scores across the J.D. Power 5 Ps were compared to the average of the 5 P scores for the other 49 Champions. Brands that significantly outperformed the other brands among the top 50 in a given area (e.g., Process) were identified as having strength in that particular area.

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Craig Reid, *President Hotel Operations, Americas, Four Seasons Hotels and Resorts*

Rodger Riney, *Founder and CEO, Scottrade*

Josue Robles Jr., *President and CEO, USAA*

Rod Rupp, *Executive Vice President, Auto-Owners Insurance*

J.D. Power and Associates Data Resources

Data from syndicated studies in the following industries were used in completing this special report:

- Airline
- Automotive
- Cable Service
- Credit Card
- Grocery
- Health Plans
- Home Builder
- Home Improvement
- Home Appliance
- Hotel
- Insurance
- Investor Services

- Mobile Phone
- Mortgage Lending
- Residential Electric Utilities
- Residential Gas Utilities
- Retail Pharmacy
- Rental Car
- Online Retail
- Traditional Retail
- Retail Banking
- Sporting Goods
- Wireless Service
- Wireline Service

Notable deletions are Airport and Restaurant (not published in 2011)

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Gary Tucker is Senior Vice President of the Global Services and Emerging Industries Division at J.D. Power and Associates. He is responsible for overseeing the company's worldwide non-automotive business, which delivers syndicated research, proprietary tracking programs, solutions consulting and performance improvement programs to clients around the world. Industries served include insurance; financial services; healthcare; real estate and construction; travel; energy; telecommunications; recreational vehicle; commercial vehicle; and powersports.

Previously, Mr. Tucker was Senior Vice President and General Manager of the US Services and Emerging Industries Division, where he led the company's US non-automotive operations and earlier was Executive Director of Client Services for the automotive industry.

Mr. Tucker joined J.D. Power and Associates in 2001 with 18 years of automotive experience, including three years as an OEM executive, five years in automotive financing and 10 years in retail automotive.

Prior to joining J.D. Power and Associates, Mr. Tucker was vice president of marketing and product planning for American Isuzu Motors Inc. During his three years with Isuzu, he also served as vice president of sales and as vice president of asset management.

Earlier in his career, Mr. Tucker held various sales and marketing positions at GE Capital Auto Financial Services, including business leader of the Canadian unit, GE Capital Autolease Canada, which is located in Mississauga, Ontario. He also spent 10 years working in the retail automotive industry in the Northeast.

Mr. Tucker studied engineering at the New Jersey Institute of Technology and earned an MBA from the University of Southern California.

Gina Pingitore, Ph.D.

Gina Pingitore is Chief Research Officer at J.D. Power and Associates, where she is responsible for the scientific rigor and oversight of the design and statistical analyses for all syndicated and proprietary studies.

Since joining the company in 2002, Dr. Pingitore has developed models to establish the relationship between various Voice of the Customer measures and business outcomes. These efforts have been published in marketing journals, as well as presented at numerous scientific and business conferences. More recently, she has focused on the development of measures of customer engagement through the creation of a Customer Commitment Model—a statistical construct to assess customers' dedication to a particular brand or product. She has also spearheaded the company's use of statistical techniques in data fusion to integrate disparate data sets that create a third data set able to economically increase insight.

Previously, Dr. Pingitore was a practicing licensed clinical psychologist and behavioral researcher in academia, where she authored numerous articles in professional journals and managed numerous projects funded through federal grants. Later, she worked for a major advertising agency as a strategic planner on numerous engagements, including the 2002 Winter Olympics.

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Before joining J.D. Power and Associates in 1996, Mr. Williams-Dalgart was director of operations at The Lovelace Family Limited, a greeting card and gift manufacturer in Colorado. He was responsible for artist and writer contracts; general budget; and corporate oversight, including management of human resources, accounting, order fulfillment, and collections. Previously, he was the conference program manager for the University of California, Santa Barbara, where he managed international conferences held on the campus.

Mr. Williams-Dalgart is a member of the International Society of Performance Improvement (ISPI) and Southern California Writer's Association (SCWA). He is a recipient of both a McGraw-Hill Corporate Achievement Award and a J.D. Power Thought Leadership Award for his work in certification and service excellence.

Mr. Williams-Dalgart earned a bachelor's degree in English, with honors, from the University of California, Santa Barbara, holds a certificate in screenwriting from the University of California, Los Angeles, and has spent time studying at the Shakespeare Institute in England. He also holds a Green Belt Certification in Six Sigma.

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Sara Wong Hilton is Director of Strategy and Planning at J.D. Power and Associates. She is responsible for administering and facilitating corporate strategy planning and new product development. Her duties include management and execution of company planning and development processes; facilitation of ideation, innovation, and product planning for the company's diverse businesses; management of the product pipeline, including tracking, launch, and post-launch activities and financial results; analysis of opportunities in new markets, as well as with potential partners, alliances and acquisitions; and support of executive management on a full range of strategic issues, including brand strategy, change management, and performance tracking.

Prior to her current position, Ms. Wong Hilton served as Director of New Product Development in the company's Global Services and Emerging Industries Division and as a Senior Engagement Manager in the company's Automotive Solutions group. Earlier, she managed the Market Analysis group. In that position, she was responsible for the publication of comprehensive proprietary and syndicated analytical assessments on industry and consumer trends, and also provided research products and analytical services to automotive manufacturers, suppliers, and financial services clients.

Prior to joining J.D. Power and Associates in 1998, Ms. Wong Hilton held positions in forecasting, inventory management, purchasing, inside sales and account management/client relations at several Tier 1 automotive supplier organizations.

Ms. Wong Hilton earned a bachelor's degree in Chinese and a certificate in Asian studies from Georgetown University. She earned an MBA in international finance/managerial economics from the University of Michigan. She is fluent in Mandarin Chinese and has spent significant time in China.

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