



Beyond Satisfaction: J.D. Power 2012 Customer Service Champions

BRANDS THAT DELIVER SERVICE EXCELLENCE TO MAXIMIZE BUSINESS RESULTS

Executive Summary

March 2012

Table of Contents

Introduction	1
A True Challenge–Turbulent Times	1
J.D. Power 2012 Customer Service Champions	2
Why Excellence Matters	3

 $Copyright @ 2012 \ by \ J.D. \ Power \ and \ Associates, The \ McGraw-Hill \ Companies, Inc. \ All \ Rights \ Reserved. \ Reproduction \ Prohibited.$

The information contained herein has been obtained by J.D. Power and Associates from sources believed to be reliable. However, because of the possibility of human or mechanical error by these sources, J.D. Power and Associates does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or for the results obtained from use of such information.

This material is the property of J.D. Power and Associates or is licensed to J.D. Power and Associates. This material may only be reproduced, transmitted, excerpted, distributed, or commingled with other information, with the express written permission of J.D. Power and Associates. The user of this material shall not edit, modify, or alter any portion. Requests for use may be submitted to information@jdpa.com. Any material quoted from this publication must be attributed to "Beyond Satisfaction: J.D. Power 2012 Customer Service Champions, Brands That Deliver Customer Service Excellence to Maximize Business Results" published by J.D. Power and Associates, © 2012 by J.D. Power and Associates, The McGraw-Hill Companies, Inc. All Rights Reserved." Advertising claims cannot be based on information published in this special report.

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		Amazon.com	boost	RENT A CAR
JACKSON CLEATER MEMBERSHIP COMPORATION	Frost BANKING INVESTMENTS INSURANCE	Health Mart.	Auto-Owners Insurance	Cadillac	Apple	metro PCS. Wireless for All.	DRURY HOTELS
	↑ Hancock Bank.	Publix.	Erie Insurance	David Weekley Homes	BARNES & NOBLE	Straight Talk	nterprise
SAWNEE An Electric Membership Corporation	ING DIRECT Save your money*		NJM Insurance	JAGUAR	Bass Pro Shops	US. Cellular. The way greefe tall termed lare?	FOUR SEASONS Hotels and Reserts
SMECO	Quicken Loans' Engineered to Amaze'	Pharmacy Services	1	(C)	Kohl's	Virgin	Hampton
	Scottrade	Wegmans	USAA®	MINI	L.L.Bean		hotel
				SheaHomes. Caring since 1881	Saks Fifih Avenue		jetBlue
					Wegmans		AIRWAYS
							SOUTHWEST AIRLINES
							THE RITZ-CARLTON®
							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.

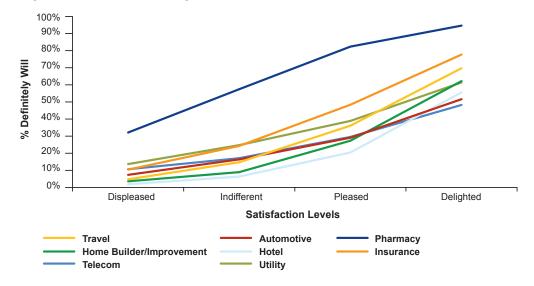
The importance of customer satisfaction can perhaps be best described when considering how it is linked to common business goals such as loyalty–specifically, levels of customer recommendation or intent to repurchase.

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



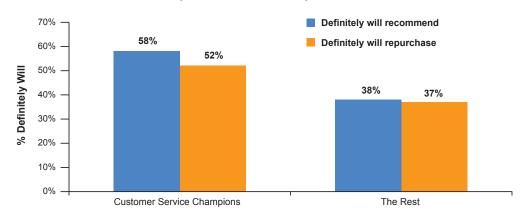
On a 10-point scale, Displeased is 1-5 points; Pleased is 6-7 points; Satisfied is 8-9 points; Delighted is 10 points

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 Satisfact	ion 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

		Retention-Related			Acquisition Cost-Related					
	Overall Satisfaction (based on 1,000-point index)	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	% Will Not Switch for Any Price
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%

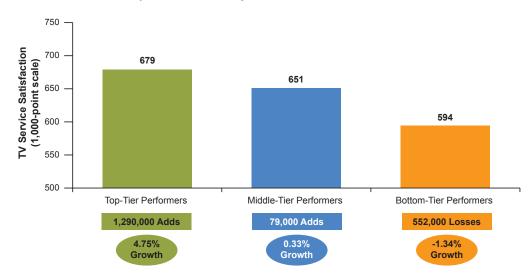
Source: J.D. Power and Associates 2011 US National Auto Insurance StudySM

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 StudySM

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 StudySM

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.

Global Offices

AMERICAS

Headquarters

2625 Townsgate Road Suite 100 Westlake Village, CA 91361 Phone +1 (805) 418-8000 Toll Free +1 (800) 274-5372 Fax +1 (805) 418-8900

Troy, Michigan

320 E. Big Beaver Road Suite 500 Troy, MI 48083 Phone +1 (248) 680-6200 Toll Free +1 (888) 274-5372 Fax +1 (248) 680-6300

Orange, California

770 The City Drive South Suite 1100 Orange, CA 92868 Phone +1 (714) 621-6200 Toll Free +1 (888) 477-5372 Fax +1 (714) 621-6297

Norwalk, Connecticut

200 Connecticut Avenue, Suite 5A Norwalk, CT 06854 Phone +1 (203) 663-4100 Fax +1 (203) 663-4101

Westminster, Colorado

10225 Westmoor Drive, Suite 325 Westminster, CO 80021 Phone +1 (303) 217-8200 Fax +1 (720) 565-6883

Chicago, Illinois

One Prudential Plaza Chicago, IL 60601 Phone +1 (312) 616-4540

Washington, D.C.

1200 G Street NW, Suite 200 Washington, D.C. 20008 Phone +1 (202) 383-3511 Fax +1 (202) 383-2437

Toronto, Canada

130 King Street West Suite 1309 Toronto, Ontario M5X 1E5 Phone +1 416-507-3255 Fax +1 416-507-3263

São Paulo, Brazil

J.D. Power do Brasil Ave. Brigadeiro Faria Lima 201-18° andar Pinheiros, São Paulo - SP 05426-100 Brazil Phone +55-11-3039-9777 Fax +55-11-3039-9701

Mexico City, Mexico

Prol. Paseo de la Reforma 1015 Edificio Punta Santa Fe Piso 17 C.P. 01376, México D.F Phone +52 -55-5005-5305

ASIA PACIFIC

Tokyo, Japan

J.D. Power Asia Pacific Toranomon 45 MT Bldg. 8F 5-1-5 Toranomon Minato-ku, Tokyo Japan 105-0001 Phone +81 3 4550 8080 Fax +81 3 4550 8151

Shanghai, China

J.D. Power Asia Pacific
Suite 1601, Shanghai Kerry Centre
1515 Nanjing West Road
JingAn District
Shanghai 200040 China
Phone +86 21 2208 0818
Fax +86 21 2208 0819

Beijing, China

J.D. Power Asia Pacific
Suite 1601, 16/F Tower D
Beijing CITC
A6 Jianguomenwai Avenue
Chaoyang District
Beijing 100022 China
Phone +86 10 6569 2704
Fax +86 10 6569 2960

Singapore

J.D. Power Asia Pacific 8 Shenton Way #44-02/03/04 Singapore 068811 Phone +65 6733 8980 Fax +65 6733 1861

jdpower.com

EUROPE

München, Germany

Oskar-von-Miller Ring 1 80333 München Phone +49 89 288 0366 0 Fax +49 89 288 0366 10

The **McGraw·Hill** Companies



J.D. Power and Associates 2625 Townsgate Road, Suite 100 Westlake Village, CA 91361 888-JDPOWER (888-537-6937)

A Global Marketing Information Company | jdpower.com

Los Angeles | New York | Detroit | Boulder | Chicago | Washington, D.C. | Toronto | Singapore | München | Shanghai | Beijing | São Paulo | Mexico