

### Using Voice of the Customer Information to Improve Business Performance: 5 Keys to Success

### 2012 SERVICE EXCELLENCE SUMMIT

Presenter: Dan Seldin, Ph. D. Director, Corporate Research and Marketing Sciences

© 2012 J.D. Power and Associates, The McGraw-Hill Companies, Inc. All Rights Reserved. J.D. POWER AND ASSOCIATES PROPRIETARY AND CONFIDENTIAL—FOR INTERNAL USE ONLY

The McGraw-Hill Companies

## **5 Keys to Success**

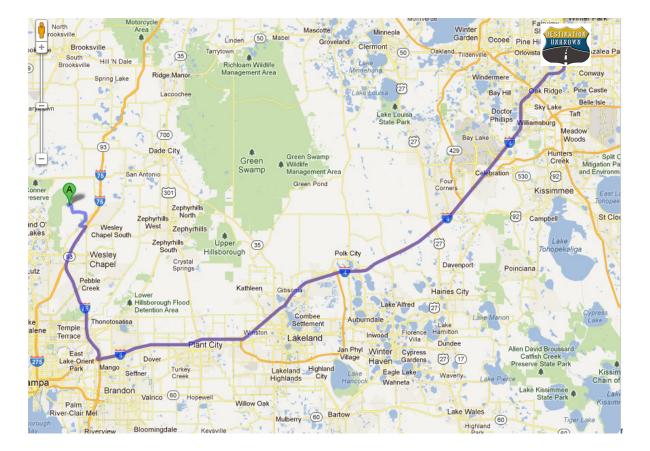
- Where do we start?
- What do we measure and who uses it?
- How do we make the data actionable?
- What do we do next?
- How do we get buy-in?



SERVICE EXCELLENCE



## 5 Keys to Success: 1) Where do you start?



#### Start with a question:

#### Where do we want to go?



SERVICE EXCELLENCE SUMMIT

## 5 Keys to Success: 1) Where do you start?

#### <u>Questions</u>

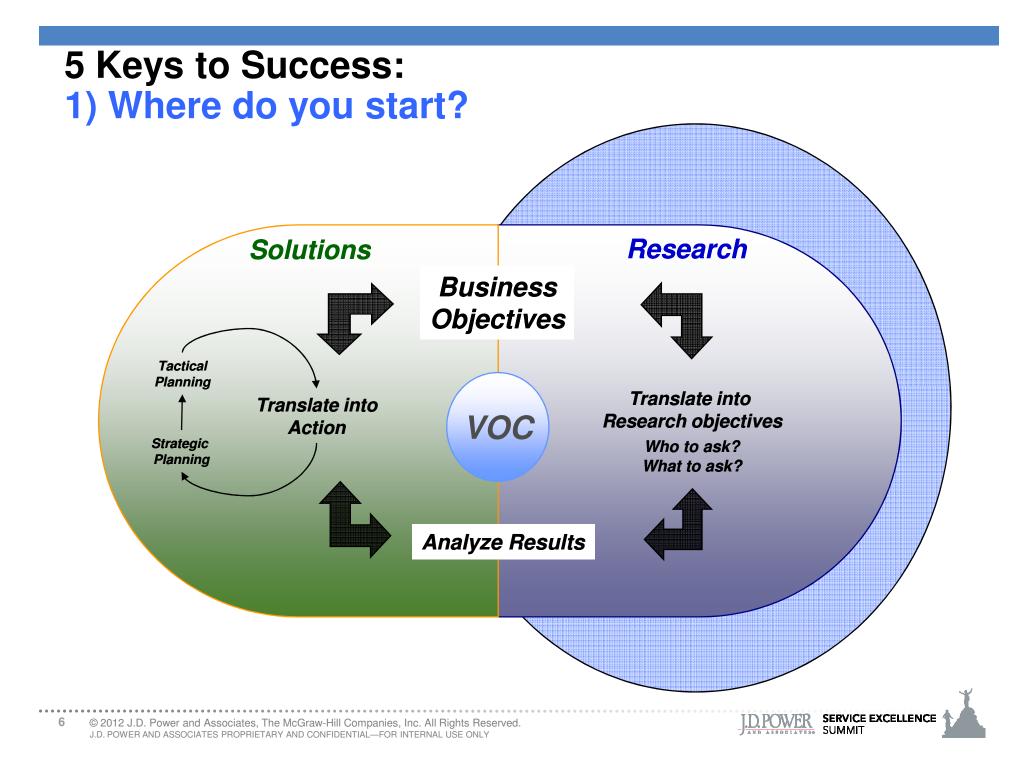
- What primary problems/issues need to be solved?
  - Star with one to three clearly defined high priority items
- What business outcomes do we want to impact?
  - Reduce attrition?
  - Acquire new customers?
  - Improve efficiencies?
  - Develop new products/services?
- What does success look like?

...once we know where we want to go, we can figure out how to get there

## 5 Keys to Success: 1) Where do you start?

#### <u>Answers</u>

- With clearly articulated business needs defined, a research program can be designed to address those needs
- For example....
  - Reduce attrition Assess why customers are leaving
    - Customer satisfaction experience
      - What can be improved
      - Benchmark competition
      - Assess self-reported and actual retention rates
  - Acquire new customers Assess upper funnel behaviors
    - Brand image
    - Shopping behaviors
    - Advocacy (customer satisfaction and social media)
  - Develop new products/services Assess customer wants/needs
    - Conjoint studies



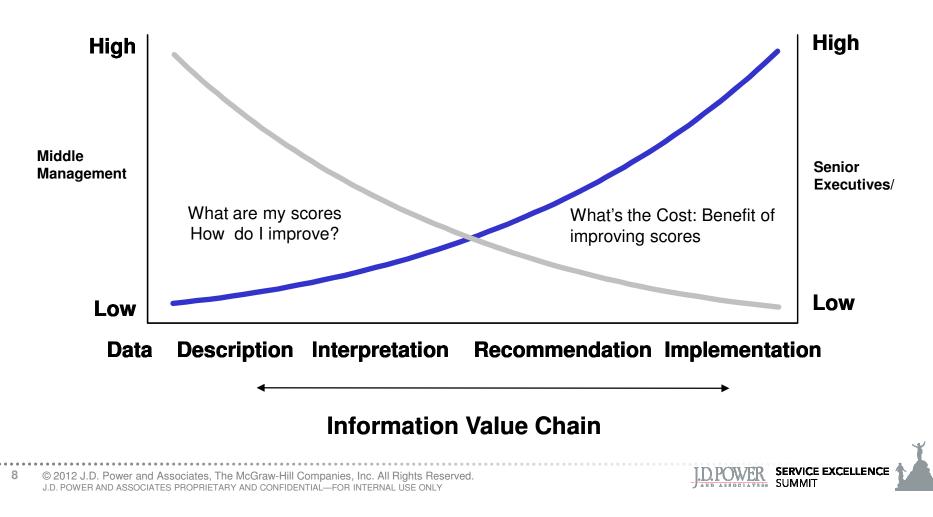
## 5 Keys to Success:2) What do we measure and who uses it?

- Measure the right things at the right time
  - Which customers should be measured at which points during the life-cycle



## 5 Keys to Success:2) What do we measure and who uses it?

- Effectively share information across the business
  - Deliver the right information to the right people at the right time and at the right depth



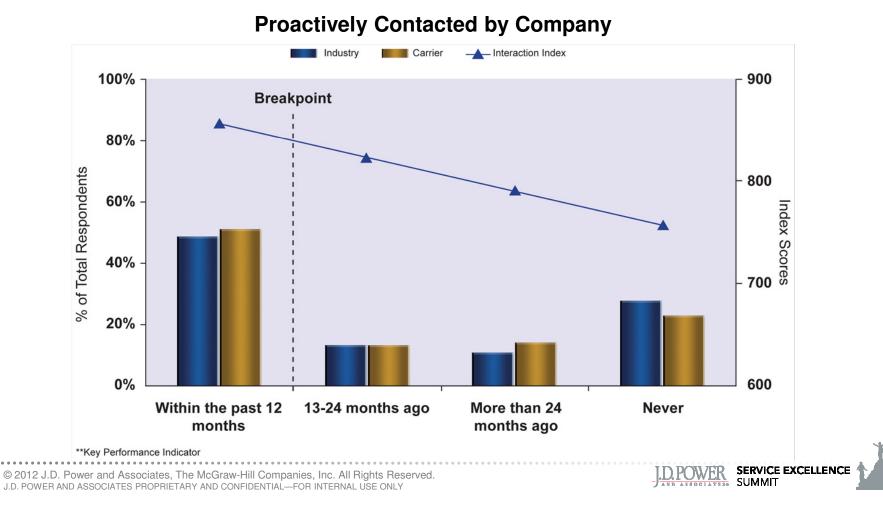
- Analyze the data appropriately to capture actionable information
  - Improvement opportunities
  - Drivers of success



- Simply tracking a score doesn't make it improve
- The relationship between satisfaction and business outcomes can differ by industry
- Different measures do in fact predict and explain different business outcomes

10

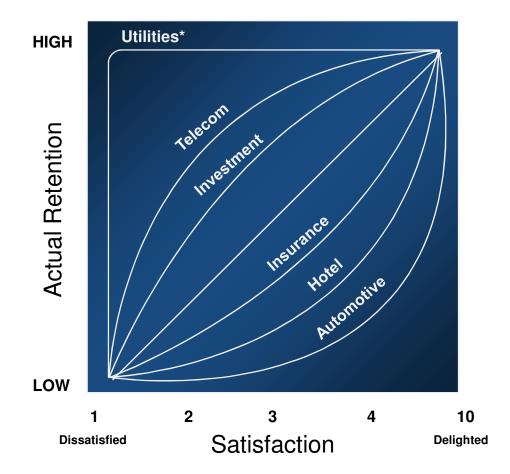
 Data need to be analyzed to identify key drivers of satisfaction and uncover improvement opportunities



• Another example...

Financial ImpactPremium change (\$ million)3-year\$05-year\$0Profit change (\$ million)3-year\$05-year\$0		Change Claim Rate										
		**************************************				800	800 786 727			804 832 816		
iagnostics	Overall		Impact	Baseline	Target	Reset	Index	Purchase				
eceives Safe Driver	Discount		33	65%	65%	$\bigcirc$	0	0	0	0	0	0
Receives Loyalty/Renewal Discount			26	22%	22%		0	0	0	0	0	
Receives multiple policy discount			11	59%	59%		0	0		0	0	4.4.54
Makes monthly or time of renewal payments			20	87%	87%		0	0	0	0	0	0
Pay electronically (auto/payroll deduction, online, bill payer)			6	33%	33%		0		0	0		
Credit card payments accepted			24	31%	31%		0	0	0	0	0	
More than one policy with carrier			19	37%	37%		0	0	0	0	0	0
Most recent contact was not problem related			59	96%	96%		0	0	0	0	0	0
Most recent non-claim contact resolved on one contact			21	60%	60%		0	0	0	0	0	
No follow-up required or followed-up when promised Non-claim issue resolved on same day			52	81% 48%	81%		0	0	0	0	0	0
							U	0	0	0	0	0
Time frame to resolve given and met Policy Review within the goined or followed-up wh				promi	sed			52	0	0	0	0
Interacted daim issue resolved on same day							39		48%	,		
Time frame to resolve given and met							18		49%	,	49%	
Policy Review within the past 12 months							45		53%	,	53%	
Interacted with carrier within last 12 months							7		70%	,	70%	
Used only one interaction channel								33		50%	,	50%
where the second interaction for non-billing				2				40		88%		0
	tiend mate change							7		U	0	0

- In competitive, highinvolvement industries with numerous choices, delighting customers drives actual retention
- In less competitive, lowinvolvement industries with little or no choice, customers remain loyal unless they are dissatisfied



Source: Harvard Business Review: Nov-Dec '95; J.D. Power and Associates research \*Utilities in regulated markets

#### What has J.D. Power and Associates Found?

	Findings Aggregated Across Numerous Industries									
	3 Yr. Sales Growth	3 Yr. Net Income Growth	ROE	ROA	Total Shareholder Return	Tobin's Q				
Index	High	High	High	High	High	High				
Satisfaction	High	High	Weak	High	High	Nil				
Likelihood to Repurchase	Weak	Negative	Weak	High	Nil	Nil				
Likelihood to Recommend	High	High	Negative	High	Negative	Weak				
Net Promoter	Nil	Nil	Negative	Nil	Negative	Nil				
# Recommendations	High	Negative	Negative	High	Nil	Weak				

Note: Findings are adjusted for market concentrations, market share, Industry 5 year growth, Advertising spend, R&D, Firm size

#### The Single-Question Trap; Gina Pingitore, Neil Morgan, Lopo Rego & Adriane Gigliotti, (2006) Market Research



## 5 Keys to Success: 4) What do we do next?

- Have the courage to act on the information
  - Empower employees to make decisions that balance customer's needs with business needs
  - Find innovative ways to use the information

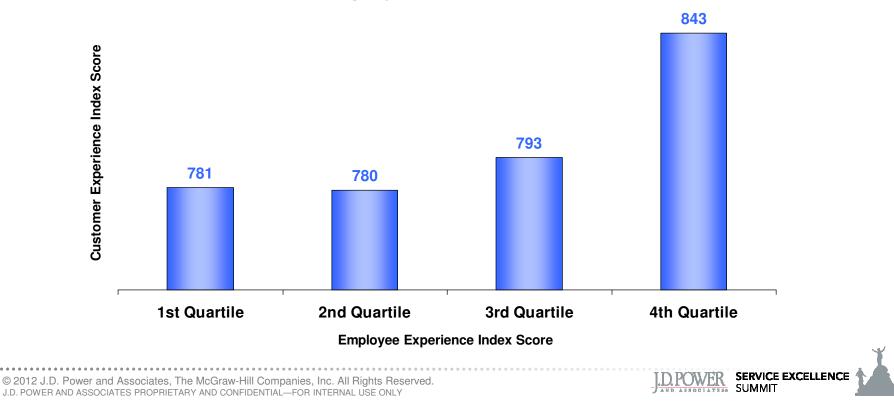




# 5 Keys to Success:5) How do we get buy-in?

15

- Align customer and employee interests
  - Applies from executive level down
  - Goals and incentives have to be meaningful
  - Customer experience is a team sport, incentives need to be as well



#### **Satisfied Hotel Employees Yield Satisfied Customers**

### Where Do You End?

#### ... it's an infinite journey



Get the right information to the right people at the right times

Take action to drive change





## **Questions and Answers**







## **Thank You**

## 2012 SERVICE EXCELLENCE SUMMIT

© 2012 J.D. Power and Associates, The McGraw-Hill Companies, Inc. All Rights Reserved. J.D. POWER AND ASSOCIATES PROPRIETARY AND CONFIDENTIAL—FOR INTERNAL USE ONLY

The McGraw ·Hill Companies