Companies struggle to get a clear view of customer satisfaction and loyalty because these programs are usually managed separately. By integrating them, not only can companies accurately judge customer opinion, but they will also be better able to act on those opinions and build a cadre of loyal customers and advocates.

Abbreviated Summary | October 2012
Note: This Abbreviated summary highlights some of the significant findings from How to Build Successful Customer Satisfaction and Loyalty Programs That Drive Growth. A more in-depth analysis can be found in the full report.
Take a Holistic Approach to Managing the Customer Experience

Every B2B company can point to some big successes in building strong after-sales relationships with customers. But not enough companies take a broad view of the customer relationship and create an integrated approach that begins the moment a customer first engages with the company and extends post-sale to the point when that customer becomes a faithful advocate and perhaps even a partner in co-developing new solutions.

A holistic approach to a customer loyalty and satisfaction program requires:

- **A well-defined organization structure**
  - Chief Customer Officer
  - Customer Experience Center of Expertise

- **A rigorous process and program design**

Listening  Acting  Evaluating
Organizational Structure: Bring Programs Together

In most companies, customer satisfaction and loyalty programs are not managed at a high-enough level, which leads to the silo problem because those who manage them have neither the seniority nor the leadership skills to work across programs.

ITSMA research finds that companies invest a lot in service delivery but don’t pay enough attention to other pieces of customer service. These uncoordinated touch points result in an inconsistent customer experience and fragmented customer satisfaction and loyalty efforts that never rise to a strategic level.

Here’s how you bring your programs together:

1. **Appoint a Chief Customer Officer.** Companies will never be able to manage every touch point of the customer experience holistically unless a senior-level executive is in charge of the end-to-end customer experience.

2. **Create a center of expertise to bring all the different programs together.** Centralization will enable process and experience sharing to improve existing programs, as well as ensure the effectiveness of new ones.

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Organizational Structure: Centralize Oversight

When measuring customer satisfaction and loyalty, it’s easy to game the system. Another important role of the center of expertise is to act as referee over the programs, ensuring that all areas of the company play by the same rules when it comes to the high-stakes issues of loyalty and satisfaction.

When you end up with little fiefdoms all doing things autonomously, employees are not being held to the same standard across the company. And that means it’s impossible to establish a meaningful benchmark for improvement. If measurement—and interpretation of the results—is not consistent, companies lose the programs’ value.
Listening: Gather Data and Choose Approach

The tendency in many companies is to equate the customer satisfaction survey with the overall program; however, the survey is just part of the customer satisfaction and loyalty program. Further, the survey should not be the sole customer listening post.

Things to keep in mind:

1. **Customer information integrity.**
   
   Without data integrity, companies cannot measure satisfaction or loyalty consistently or effectively.

2. **Choose the best approach for your business.**
   
   You can conduct surveys on a project or transactional basis, a relationship basis, or both, depending on what makes the most sense for your business model.
What exactly should companies be measuring when they ask customers to participate in satisfaction and loyalty programs? ITSMA recommends that companies create a customer loyalty index that incorporates three broad measures:

1. **Satisfaction**
2. **Loyalty**
3. **Advocacy**

With the increasing proliferation of channels, surveys are not enough. Other customer listening posts include:

- Customer service hotline
- Customer visits
- Online communities
- Social media
- Customer councils/advisory boards
- Face-to-face individual customer interviews
- Customer reviews

**Net Promoter Score (NPS) of 30 is Above Average**

- **The Question:** “How likely is it that you would recommend XYZ Company to a friend or colleague?”
- **Reichheld’s NPS Model**
  - Detractors (0-6)
  - Passives (7-8)
  - Promoters (9-10)

- **Net Promoter Score (NPS)** = \( \% \) of Promoters (9s and 10s) - \( \% \) of Detractors (0 through 6)

- **The Answer:** NPS is 30% (promoters minus detractors)

**Sample Data**

- **Likelihood to Recommend XYZ Company** (% of respondents in each category)
  - Detractors
  - Passives
  - Promoters


Acting: Take Action with All Customers

How a company responds to customer feedback says a lot about the importance it places on customer relationships. Companies that promptly take action in response to both positive and negative feedback have made a commitment to improve the customer experience. However, responding customer by customer is not enough. Some feedback needs to be addressed on a more strategic, company-wide level.

Integrating Customer Satisfaction and Loyalty Programs Creates a Continuous Feedback Loop of Information and Action

- **Client Feedback**
  - End of Project
  - Transactional
  - Annual
  - Ongoing

- **Services Provider Action**
  - Conduct surveys
  - Monitor all customer-listening posts
  - Capture client-initiated feedback

- **Strategic/Operational Changes**
  - Advocacy Program
  - Reference Program
  - Account Based Marketing
  - Client Councils/Advisory Boards
  - Thought Leadership Activities
  - Special Events/Briefings
  - Collaborative Development/Beta Projects
  - Recreation and Social Activities
  - Online Communities
  - Key Executive Relationship Program

- **Customer Engagement Activities**
  - Promoters
  - Passives
  - Detractors

- **Remediation Actions**

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Customer engagement, which strengthens relationships and builds loyalty with key stakeholders at existing customer accounts, is most successful when managed *programmatically*—not as ad hoc, one-off activities.

ITSMA has created a framework, consisting of **6 elements**, to help companies create more effective customer engagement programs.

1. Set Clear Objectives
2. Tier and Target Customer Accounts
3. Balance the Event and Communications Mix
4. Create Optimal Content
5. Implement Great Program Management
6. Garner Internal Stakeholder Commitment and Support
Evaluating: Measure to Prove and Improve the Program

As with any business activity, it is important to measure results to know what’s working and what isn’t, as well as to communicate the value. In other words, we measure to both prove and improve the results delivered by the program.

Using baselines is a powerful way to demonstrate the value of the customer satisfaction and loyalty program. Showing the value of these programs helps executives understand their importance, resulting in continued support and funding.

Keep these in mind when coming up with and measuring evaluation metrics:

- Measure results at three levels
  - overall program
  - individual activity
  - specific accounts
- Measure your listening program, not just customers’ responses
- Tailor results reporting to the target audience
Learn More

ITSMA SPECIAL REPORT | 2012

How to Build Successful Customer Satisfaction and Loyalty Programs That Drive Growth

By Julie Schwartz

Companies struggle to get a clear view of customer satisfaction and loyalty because these programs are usually managed separately. By integrating them, not only can companies accurately judge customer opinion, but they will also be better able to act on those opinions and build a cadre of loyal customers and advocates.

For more information on how to build a best-in-class customer satisfaction and loyalty program, buy the ITSMA Special Report

How to Build Successful Customer Satisfaction and Loyalty Programs That Drive Growth.

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