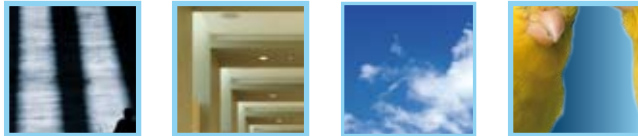


Are you listening to your customers?



Customer focus for today's economy:
adopt the strategies that worked in the 1990s downturn





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Customer satisfaction and retention strategies

Came of age in the 1990s and are just as relevant in the current economic downturn

When interest rates soared and people stopped spending in the early 1990s, we explored new marketing strategies to help our clients understand and cope with the downturn.

Then, like now, one of the first budgets to get cut was the marketing budget, which is somehow seen as a discretionary spend, so we had to evangelise to get attention for anything that was not lead generation or quick-win sales.

New metrics about customer behaviour were coming to light. We were told that customers who had a good experience were likely to talk about the experience to three other people, while those who had a bad experience were likely to tell (or even shout at) about ten other people.

The implications for loyalty and potential defection to a competitor, and the retention or loss of the potentially huge lifetime value of a customer came to the fore.

Subsequently books such as *The Loyalty Effect* have reliably told us that a 5% improvement in customer retention rates will yield between 25% to 100% increase in profits across a wide range of industries.

The other popular marketing stat-fact at the time was that it costs about ten times as much to acquire a new customer as it does to satisfy and retain a current one.

Armed with our facts and figures, we approached organisations to let us explore appropriate customer satisfaction strategies for them. We worked with hotels, manufacturers, distributors and retailers to survey their customers, sometimes about specific plans afoot and sometimes on generic topics like value for money.



“5% improvement in customer retention rates will yield between 25% to 100% increase in profits across a wide range of industries”

Always Surprised

My first observation and one I would re-emphasise now is that we have never conducted a survey that didn't surprise the company we ran it for. Never. I think that's because staff get too close to their subject matter, too familiar with their service or products. Or they are too easily influenced by the loudest speaker in the boardroom or the most recent customer praise or complaint.

Surprise hotel survey findings

The first large hotel we worked for was a flagship hotel in the middle of London. The General Manager thought he had a problem with the UK brand insofar that it caused confusion among his US guests. He also believed guests were moving to neighbouring hotels because of the relatively small size of the hotel's health club. Finally, we were to benchmark certain aspects of hotel service delivery so that the Manager could reliably implement a programme of continuous service improvement.

Too often people rely on guesswork or anecdotal feedback for their decision making. This manager, however, was new and wanted a truly objective view that would provide him with actionable information. A similar body of evidence later helped another US group become the first hotelier to win the prestigious Malcolm Baldrige quality award.

However, the most dramatic outcomes for profitability came from the other survey questions. The decision of customers to buy or repurchase was not influenced by the size of health club or any brand differences. But we did discover that customers were staying at the hotel and going to nearby hotels for conference facilities, notwithstanding a recent investment of several £million on two state-of-the-art conference floors.

The positive results were that the hotel was able to save the large budget it believed it would have to invest in

its health club and it was able to improve its bottom line substantially by re-promoting its conference facilities to corporate travel and function organisers.

The conclusion we drew then and are drawing again today is that in good times, your business can succeed (well enough, just about or even quite well) without having an in-depth understanding of customer needs and preferences. More than likely you'll pick up as many as you lose. No one concentrates too hard on the gap between actual and optimum performance. But that's reversed in tough times when the customer has more power, and these days more knowledge and easier access via the Net to alternatives and substitutes to your service or product.

The other aspect of the hotel survey that worked extremely well in terms of retention and improved satisfaction was that we were able to discover a significant number of guests who had experienced problems. By addressing their issues we were able to retain customer loyalty. It was an emerging notion at the time that has become a truism: fixing a customer's problem makes them a more loyal customer and even a willing advocate.

Customers prefer an approach that makes them feel communicated *with* rather than *at*.

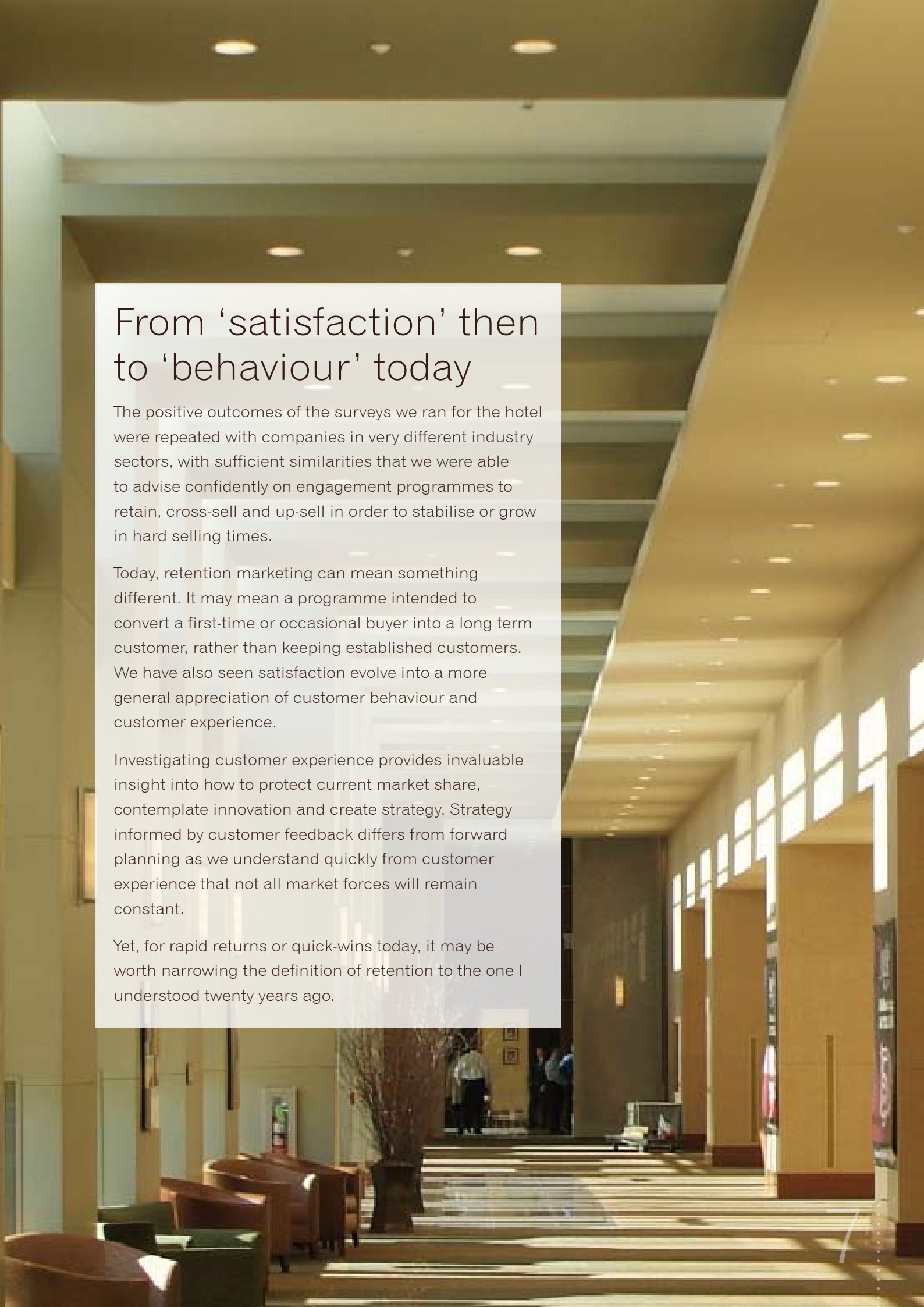
From 'satisfaction' then to 'behaviour' today

The positive outcomes of the surveys we ran for the hotel were repeated with companies in very different industry sectors, with sufficient similarities that we were able to advise confidently on engagement programmes to retain, cross-sell and up-sell in order to stabilise or grow in hard selling times.

Today, retention marketing can mean something different. It may mean a programme intended to convert a first-time or occasional buyer into a long term customer, rather than keeping established customers. We have also seen satisfaction evolve into a more general appreciation of customer behaviour and customer experience.

Investigating customer experience provides invaluable insight into how to protect current market share, contemplate innovation and create strategy. Strategy informed by customer feedback differs from forward planning as we understand quickly from customer experience that not all market forces will remain constant.

Yet, for rapid returns or quick-wins today, it may be worth narrowing the definition of retention to the one I understood twenty years ago.



What can I do in 2009

to keep my current crop of customers happy so they stay loyal, perhaps buy more and refer my services?

You should ask a few questions that you have in mind, and try to solve customer issues (now known as "opportunities"), and let the customer tell you about absolutely anything they feel about your service or product. The latter can prove a bit daunting – what will they say? – but the exercise alone will strengthen the customer bond.

Sometimes some expert analysis of results is needed to understand the small levers that can be adjusted to improve marketing and sales performance. Frequently there is something glaring that delivers immediate results. In many of the surveys we have conducted we've discovered the customer was unaware of a service that they would have bought had they known of its existence.

Surveys uncover meaningful ways in which the surveying organisation can adapt its current offer or plan for the future.

Customer surveys will help you make better informed decisions. Finally, your value proposition and brand strategy will drive your retention plan. For example, if your value proposition is customer intimacy, your customers will expect great service. If they're buying on price, you'll usually focus more on automating service to minimise costs. A survey will provide an objective measurement of aspects of service, their value to the customer and the implications for the health of your company.

Today's tools deliver speedy discovery

Surveys used to take weeks to produce statistically accurate data, using face-to-face

interviews and the telephone, plus further intensive time to produce management information and SWOT reports. Now the process is accelerated by on-line tools with dynamic real-time reporting that furnish business intelligence we would once have considered a minor miracle.

One should note, though, that person-to-person contact is even more important now as to attempt too much remotely can alienate the person you want to nurture.

There's a risk to doing things quickly or too often just because they are easy. Regular, balanced customer contact and time for considered analysis of results pay dividends.

The sales team is often one of the first groups to benefit from up to date insight into customer behaviour. It can happen that salespeople were actually performing more like account handlers or order processors in better days of fuller order books and regular enquiries, then conversions fall away.

"Customer satisfaction" is today considered too vague a term so we focus on behaviour and ask whether customers intend to buy again and why or why not, what things could be improved and whether they'll provide referrals.

Proper insight restores a sales team's confidence to present a convincing business case and convert new accounts because they have a fresh understanding of the factors that influence the customer's decision to purchase.

A quick win usually means a cheap win too

Sometimes we overcomplicate business and in difficult times we tend to think that remedies are going to be difficult too. Not necessarily so.

We recently undertook a survey for an established retailer whose business depends to a large extent on vending machines placed at strategic locations around sizable buildings.

The company had invested significantly in the point of sale at the vending machines to make them noticeable and attractive. Nevertheless, 20% of respondents said that the vending machines were difficult or impossible to find.

This 'invisible vending machine' insight revealed a barrier to sale that, by installing directional signage, the customer was able to overcome quickly and without significant outlay.

The very least a survey will reveal is whether or not your customers can find you!

We treat a survey as a marketing campaign in its own right, give customers a reason to respond, thank them and share the results. Sharing, plus the appropriate commentary on results contribute to the customer's sense of care.



Survey Solution

On demand software to manage and deploy surveys, scripts, forms & landing pages with analytics and CRM integration.

- **Collect information from customers, partners, employees at key touchpoints in your customer lifecycle.**
- **Completely reflect your brand to present a seamless customer experience.**
- **Analyse LIVE results to understand and improve your customers' experience.**
- **Integrate responses with your CRM system to increase customer centricity.**

Survey tools provide an environment that can not only be used for surveys but also for the collection, integration and analysis of any content.

Data collected from your customers, partners and employees should be used. So, we focus on providing an environment that is seamlessly integrated with CRM and provides a rich analytics environment. The purpose - simple, enable you to use data to not just collect any feedback but act on it to improve your customers' experience.



Who are we

Established in 1990, AIT Marketing Associates Limited is a full service design and marketing agency with a wealth of experience in many sectors – IT, medical, leisure, manufacturing, retail, third sector and government.

A team of specialists deliver functional consultancy, creative solutions and dedicated project management to ensure key objectives are met. Whether developing identity or simply acting as a think tank, AIT deploys solutions across all media to optimise customer relationships and sales effectiveness.

Strategic Marketing

Creative Services

Production

Deployment

Insourcing

Interim Skills

Key Support Services

- Translation & localisation
- Telemarketing
- Surveys
- Web design and digital services
- Email Marketing
- Exhibitions
- Event Design
- Photography
- Media Buying
- Training



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*Creativity involves breaking out of
established patterns in order to look at
things in a different way.*

Edward de Bono

creative
thinking
driving
business

