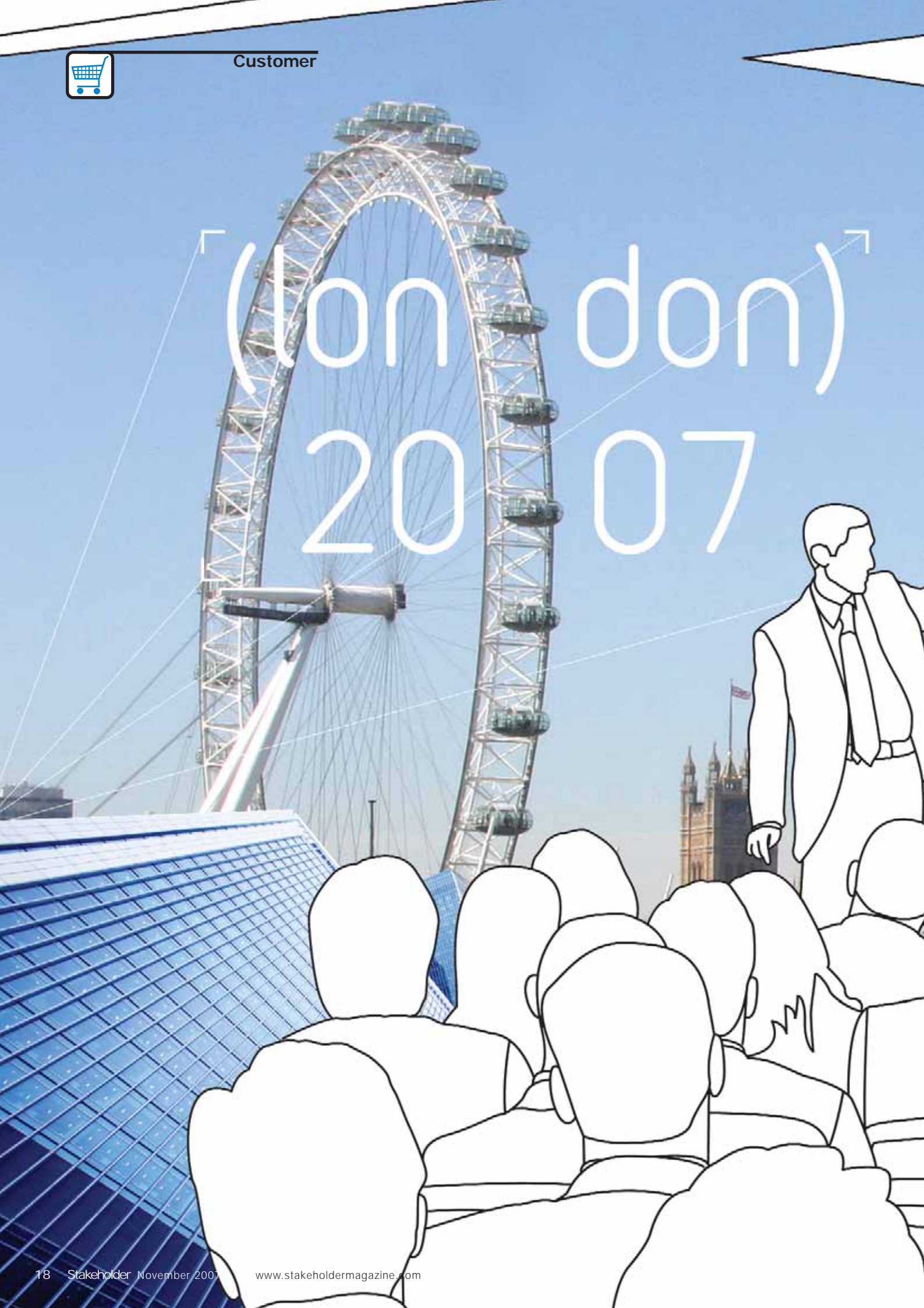




# (London) 2007





# ECMW

European Customer Management World  
putting the customer at the heart of your business

**T**he ECMW began with a pre-conference customer advocacy, loyalty and retention summit. There were several speakers who outlined their approaches to building customer loyalty, but all touched on recurring themes of creating a relationship with the customer, engaging with both staff and customers and communicating with the customer in a relevant and meaningful way. Building trust in relationships was also emphasised as key.



Scott Bredbury ("the world's leading branding expert and former top marketing guru with Nike and Starbucks") began by highlighting why building trust in customer relationships is so vital – building trust engenders loyalty, making customers less price sensitive and less likely to leave if they encounter a problem. He noted how many organisations do not take care of the customers they have and instead constantly go after new ones, creating a high 'churn'. He also emphasised how critical it is to have the right people working at your organisation, as it is pointless spending money on advertising to bring people to your organisation if it doesn't work. Bredbury believes the first step to creating loyalty is setting and delivering expectations. In a climate where so many organisations don't do this, keeping promises is crucial. He found that only 10% of people believe the advertising claims that companies make. Organisations should also surprise and delight by doing the unexpected wherever possible. He gave an example of where he went into a Starbucks after spilling his coffee over himself (bought in another branch) and was given a towel as well as a fresh coffee, without asking or paying.



Crispin Rogers (global loyalty manager at Shell) told how Shell had created a top tier of loyalty programme to reward the customers that they most wanted. He also mentioned the usefulness of using the loyalty programme data to monitor customer behaviour, e.g. downsizing or buying less, so that investigative action can be taken. Andrew Mann (Clubcard Director at Tesco) shared Tesco's philosophy of putting their company values at the heart of everything they do. These values are 'treating people how you would like to be treated' and 'no one tries harder for customers'. The core purpose of the Clubcard is therefore



to create value to allow customers to earn their lifetime value, rewarding the behaviour Tesco seek, rather than acting as an incentive to buy at Tesco, as they know that the Clubcard isn't what drives people to shop with them, but instead it is used as a thank you. Mann also mentioned how critical it is to communicate with customers in a relevant and timely way, allowing the organisation to demonstrate that they know the customer. For example, Clubcard holders have to inform Tesco when they change their address so that their statements can be re-directed. Tesco

take this opportunity to send out a pack to these customers, telling them where their nearest Tesco store is, and giving them money-off coupons for items usually needed when you move house.

Jill Griffin (author of 'Customer Loyalty: How to Earn it, How to Keep it') introduced the concept of 'winback'. She tells how, for many organisations, a disproportionate amount of business is coming from a relatively small proportion of customers, making it problematic when these customers leave. She also noted that respectable-sounding retention rates hide big losses, for example 80% sounds good

but actually means that in four years you will lose half of your customers. Her research showed that approximately two thirds of customers leave for another supplier offering basically the same service as the organisation they were originally with. Her research also demonstrates that the success rates of selling to an ex customer are significantly higher than selling to brand new prospects. She has found that many organisations don't know the reasons their customers are leaving, don't know how many are leaving and don't have a process for identifying defected customers.

Clearly, not all customers are worth fighting for but by understanding which customers are leaving and for what reason, you can try to win back these former customers. Griffin says that the most appealing customers for winback are those that have been unintentionally pushed away by your organisation or those that have been pulled away by a competitor offering a better value proposition, rather than customers who have been bought away, discount chasers who will never remain loyal to one organisation. Working with a company called BellSouth Mobility who were losing 500 customers a day, she focused on customers who had switched to a competitor, did some focus groups and found that although there were certain things the competition were offering better, they also discovered key defection triggers. After



testing and refining several programmes to approach former customers, they managed to achieve a 11% re-connect rate. When communicating with former customers, Griffin emphasised the importance of showing you know the customer, being relevant, and telling them you want them back.

Griffin also emphasised how crucial it is to proactively manage customer risk; organisations should have a process in place to identify customers who are at risk of leaving. More than this though, there should be a means of valuing those customers at risk. At Gallup, a trigger alert system was introduced, whereby any low scores, on a short regular survey to users, triggered an email to case managers. This trigger system reduced cancellations by 40%.

The main two conference days also featured high-profile speakers such as Ken Blanchard, Steve Redgrave and Gerald Ratner.



Blanchard highlighted the importance of having the right targets (that all staff are aware of), treating both customers and staff right and having the right leadership. He says that a company needs strong values to act as guidelines so that staff know how to behave. According to Blanchard, companies often make the mistake of having too many values, there should only be 3 or 4, and crucially these should be in order of priority.

His guide to getting 'raving fans' was based on three secrets; decide on the experience you want customers to have, discover what customers want and deliver this and more. Similarly to Bredbury, he mentioned that some companies make the mistake of spending money on advertising but don't have the right people to take care of customers. Staff should be empowered to respond to customers individually (eagles not ducks!)

The afternoons of both main conference days were split into themed tracks where speakers from various organisations gave an insight into what they had done in their own organisations. These sessions were very useful for putting the theory into practice.

## **PORTMAN** BUILDING SOCIETY

Paula Chapman of Portman Building Society took us through how they developed and integrated a joined up customer and people strategy. They began in a worrying situation where complaints were on the rise and turned it round to a complaint ratio of less than 1% of active customers. They started by carrying out customer focus groups to understand what their customers wanted and then introduced a monthly event-based customer satisfaction survey. The results of the customer research were used to define the employee attributes that they required. They also compared the behavioural performance of existing top performing

employees and looked for consistent characteristics. They then developed an internet tool test for potential employees based on these identified desired attributes. If the potential employees didn't score above a certain level on the internet test then they didn't get an interview. Recruited employees were told about the behaviours expected of them and that this was based on customers' needs. Chapman also emphasised the criticality of exposing customer satisfaction metrics to leaders and employees – these were reported monthly to a customer experience committee and to the board.



David Williams, Claims Director at AXA Insurance, began by outlining the difficulties of working in an industry where customers have a poor perception of you and the aforementioned all-important trust does not exist. He quoted research findings that showed insurers are less trusted than politicians. Nearly half of survey participants who had made an insurance claim believed that insurers will do anything to avoid paying out. Therefore one of the challenges for AXA was being able to deliver customer service that differentiated them from other insurers. Williams stressed that measurement is key to delivering any transformations in the customer service area; AXA began by researching what their customer service guarantees should be, rather than assuming what customers wanted. AXA's research identified some key customer requirements which revolved around 'taking the pain out of the claim'; empathy, setting expectations, as customers don't want uncertainty, and meeting those expectations. Again, Williams emphasised that you need to measure to what extent these expectations are being met. One of the critical factors involved in AXA's success at improving their customers' satisfaction was the development of a bonus scheme for staff that is based on claim-specific customer satisfaction feedback.

Virgin Media measure their performance delivery to customers using 'net promot-



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er' scores, for both simplicity and its strong links to loyalty. They have set up a continuous cycle of improvement, which begins with customer feedback. The data is then evaluated, results are then cascaded to frontline staff at an individual level,



and improvements made. One major point that Virgin made was that if you're incentivising staff on the wrong measures, such as average handling time or getting a new customer, you're encouraging them to behave in the wrong way. It's important to give frontline staff time to focus on the customer, rather than bogging them down with complex systems. 