

The ROI of Customer Excellence



“A brand for a company is like a reputation for a person. You earn a good reputation by doing hard things well.” – Jeff Bezos

Delighting customers is more difficult than ever. The difficulty of the task is why delivering excellent customer service will pay big dividends for your organization.

But, is delivering a consistently excellent customer experience worth the cost and effort? Does customer excellence deliver a good return on investment?

I believe it does. Today I want to give you some great examples of the bottom-line return on customer excellence.

Customer excellence, customer engagement, and customer satisfaction can all be tricky to measure. There are plenty of systems out there, but there is one system that has taken the complicated world of

customer measurement and turned it into a single question – it is the Net Promoter Score (NPS).

NPS asks one simple question – “How likely is it you would recommend this product or service to a friend?” Based on the answers to the question, customers are lumped into one of three categories – Promoters, Passives or Detractors. You would expect a promoter to be a more profitable customer, but you will be amazed at exactly how much more profitable they are.

When Philips electronics implemented NPS they found that in markets where their NPS was the highest, their revenue growth was 8% higher than their average competitor. If their NPS was in the middle of the pack compared to their competition, their growth only beat the average by 2%. In segments where Phillips’ NPS lagged their competition, their growth was 5% lower than the segment average. Those are huge differences!

In an analysis of the North American banking sector, Bain (the consulting firm that started NPS) found that promoters were significantly more

profitable customers. They found the following about clients who were promoters:

- Promoters give their bank 45% more of their household deposits than detractors,
- Promoters buy 25% more products than detractors, and
- Promoters buy a more profitable mix of products.

When Bain determined the lifetime value to the banks of promoters versus detractors, they found that a promoter client was worth roughly \$9,500 more to a bank than a detractor. That calculation did not consider the additional value of referrals or the decreased costs of serving promoters. Which would make promoters even more valuable!

Bain also found that detractors had a negative lifetime value.

Dell was able to prove that its promoters were worth \$328 more than their average customer and detractors were worth \$267 less than the average.

British Gas was able to decrease bad debts by 90% and increase growth

rates by 30% as they moved their NPS scores from 45% to 75%. And there are many more examples of the positive return on investment of increasing customer engagement.

Engaged and happy customers are truly worth the effort.

If you'd like some great resources to help you on your customer excellence journey you can find them on our resources page at

www.valuesdrivenresults.com or call me at 229.244.1559. We'd love to help.

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