

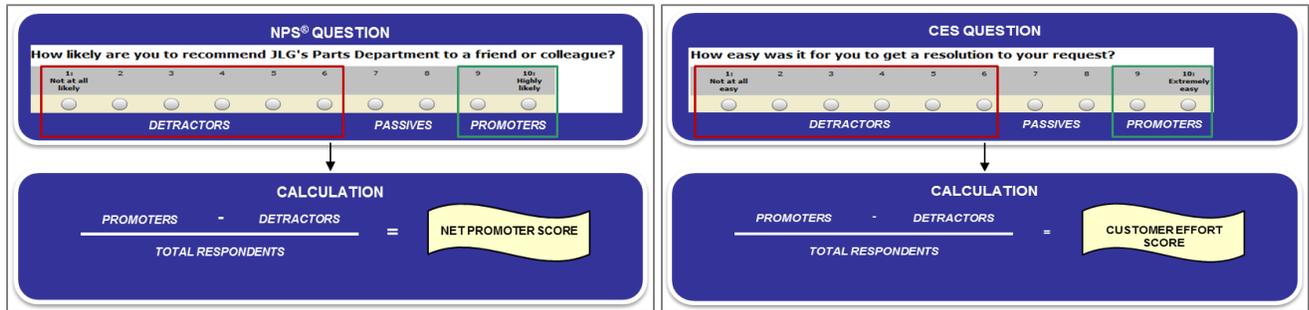
## *Is it you or is it your product?*

# What is your company doing to lock-in customer retention and unlock revenue streams?

Today companies are investing in Big Data, Technology Infrastructure and IT Security, but at the same time are losing touch-points with the most important part of any business – the customer. You can keep tabs on your customers through social media, but how do you know if the same customers are coming back to you? Most companies don't know for sure, and the scariest part is that in this tech driven age your competitors are only a click away.

We have been hearing the same angst from companies for years, but in the past three years the fear of not knowing has seemed to hit a zenith. Large or small, B to C or B to B, the problem is the same, the question is clear. In such a 'me now' society, how do we make sure that our customer touch-points are making a positive impact on the customer experience - bringing our customers back to us and not sending them to our competitors?

It was Peter Drucker who once said that “what gets measured gets improved” and that is where customer loyalty and retention begins in today's ever-changing business environment. There are many, many ways to measure the customer experience. However, time and time again it has been shown that the most efficient, economical and actionable metric is actually a combination of three metrics: Net Promoter Score<sup>®</sup> (NPS), Customer Effort Score (CES) and Net Value Score (NVS). Each provides a view into the customer experience and is a strong indicator of loyalty and retention.



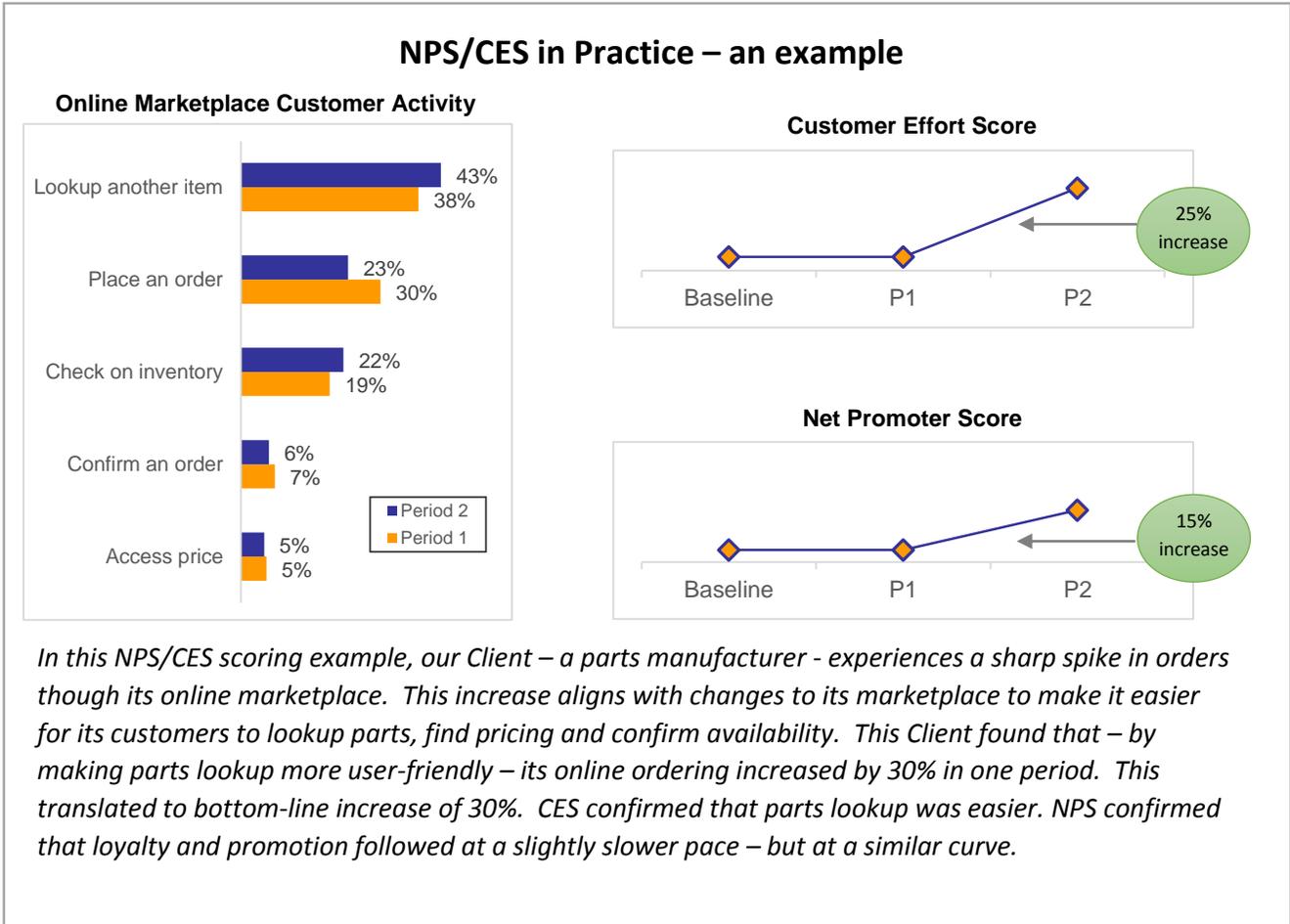
Net Promoter Score<sup>®</sup> has been in the marketing lexicon for over a decade. Many business professionals understand that it measures the likelihood of a customer to recommend a company to friends or colleagues. The score categorizes the customer as a promoter or a detractor of the business, or as being passive. It is a very simple calculation and a nice metric, but how strong is the recommendation to the friend or colleague? We need to dig deeper into the customer experience and consciousness – we need to know how hard or difficult it was for the customer to do business with the company.

By adding to the NPS metric we do not change the scale or the calculation, but using the Customer Effort Score, we spin the question to the interaction or transaction itself. *'How easy was it for you to do business with the company?'* In this way, we can unpeel a layer of loyalty that is more important today than ever before – do you make it easy for your customer to work with you? You don't want your customer to say to a friend or colleague, "I would definitely use that product but if you have a problem don't bother calling them, it's impossible."

We, as customers, have all been there – frustrated at one time or another with the difficulty of getting a question answered. We love the product but we walk away wondering, why do they make it so hard? This is vital to understanding retention and loyalty. NPS can't uncover this frustration, but CES can and does.

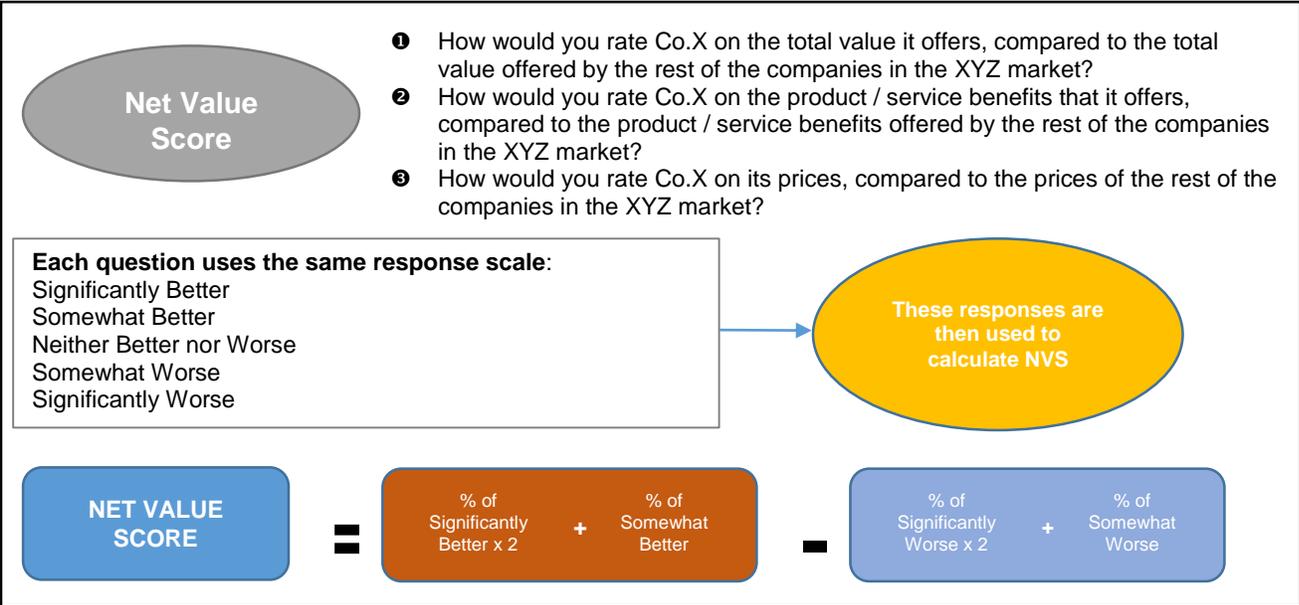
By combining Net Promoter Score and Customer Effort Score we can measure whether it is the product / service or the interaction that your customers are actually drawn to – perhaps it is both, maybe it is neither. By asking the question at the right point in the customer experience, we know exactly where the breakdown occurs, or hopefully, does not occur. This is tremendously powerful.

Even more powerful is the commentary that many customers add to the scores that they assign. *nxtMOVE* clients have repeatedly noted that the open ended comments that they get back from NPS/CES scoring is really what helps drive the right change. The astonishing part is that only about 15% of customers responding to NPS/CES questions actually write in an open ended response. But this 15% is all companies need to take immediate action on bottlenecks, barriers or unnecessary components of the process. These responses are powerful and actionable – they almost always drive positive change for the company.



We believe in NPS/CES programs as the barometer for measuring loyalty and retention. But we also believe we can go even farther. We are confident that you can determine if your performance is enough to keep your customers from considering substitutes. When you add Net Value Score to the NPS/CES equation, you can assess any dilution in loyalty via substitutes. In NVS we measure your company’s quality, price and value relative to the rest of the market and wrap it

into one score. The scoring requires three questions compared to the NPS/CES metrics that each require one question. So – yes – it requires more attention from the customer to employ NVS. However, an NVS score will help you understand whether you are outperforming or underperforming the market overall. But, the greater value is demonstrated in the individual performance scores for quality, value and price – the three most important purchase criteria that we find in any market.



What is your company doing to ensure your customers are coming back? Are you tracking customer satisfaction with the product? Are you measuring satisfaction with your sales process – whether it is through a direct sales force or an online marketplace? Are you measuring your performance against your competition? Maybe your company is tracking one of these, but loyalty and retention requires all three – tracked in concert with one another.

NPS, CES and NVS – individually – have their own purpose, but can be one-dimensional and misrepresent what actions should be taken next. For customer loyalty and retention we believe, as Steve Jobs once alluded to, older thinkers will ask ‘What is it?’ while newer / younger thinkers will ask ‘What can I do with it.’ We believe you can increase retention, engender loyalty and unlock revenue

streams by leveraging the combination of these metrics. The whole is more valuable than the sum of its parts.

*nxtMOVE is a decision support firm that leverages market research and analysis to help businesses test their assumptions and strategies in order to achieve successful business outcomes.*

*Experience. Insight. Proven Results.*

[www.thenxtmove.com](http://www.thenxtmove.com)