

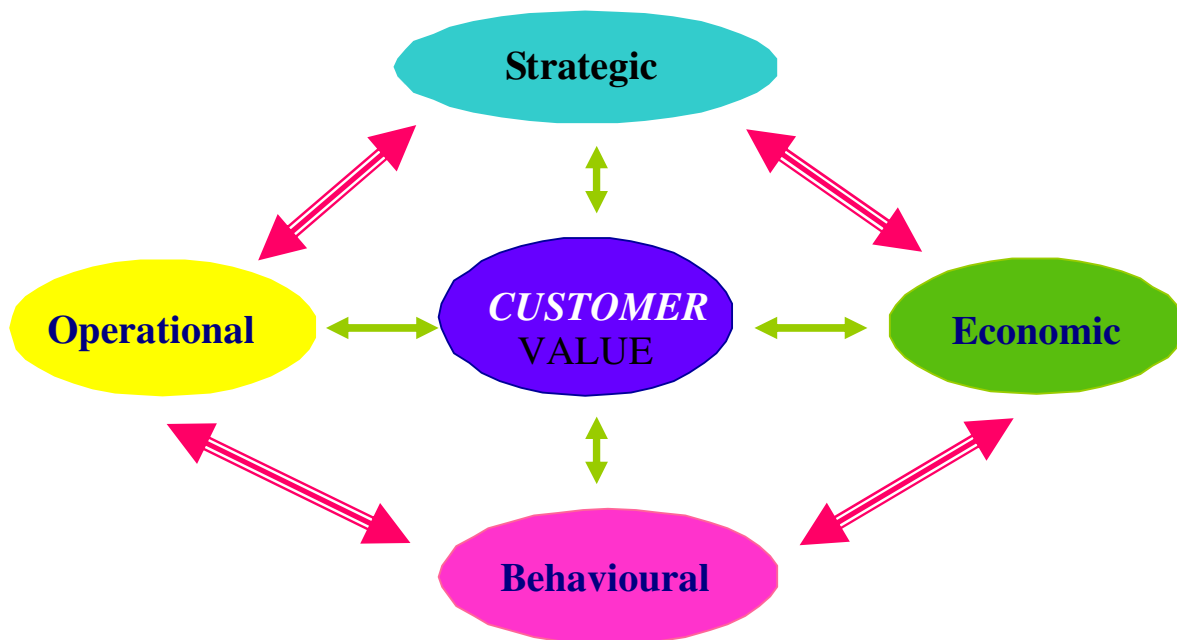
## **Never Mind The Satisfaction – How's the Value?**

***"Customer loyalty is driven by customers' perceptions of the value they receive."***

The Loyalty Connection – Measure What Matters and Create Customer Advocates, Right Now Technology (see Nuggets link October 2007).

Thanks, Right Now Technology! We've been saying this for years, based on academic research and several years of commercial experience!

Now, Right Now Technology have done some research that focuses on exactly this.



Delivering customer value is a two way thing, meaning:

- You have to be clear about how your customers are thinking, and what direction they are heading in (so as to align your strategy with theirs)
- You ensure that when speaking, acting, thinking and behaving (including when you communicate them by mail or email) this is as they expect of you and your brand
- The channels, service and processes you have in place are appropriate to their diverse needs (i.e. operationally easy to do business with)
- Finally, to sustain the value, you need to appreciate customer profitability, cost to serve and where the added value of your brand or service means that you can charge a price premium.

Experience tells us that when consumers are happy with the three former components, they are less likely to be concerned by price, even in a price sensitive market.

Where's the proof? Think about your own behaviour as a customer.

In their interesting paper, Right Now go on to explore the drivers of loyalty, based on an extensive survey, and have some interesting findings and comparisons with an earlier 2004 one. They explore the best single "metric" for tracking customer loyalty, including the "net promoter score" and then debate its value. The paper then goes on to discuss the use of customer feedback which gives a more comprehensive and systematic range of indicators.

The important messages are these:

1. Establish the range of measures that capture what it is you are trying to achieve, what customers expect and experience.
2. Ensure that it fits with your business and brand.
3. Give the measurement credence and visibility through ensuring it is supported at the highest level and throughout the company.
4. Remember that the scores in themselves do not generate the loyalty! You still have work to do and ICD would suggest that you start by using the model above as a way of breaking down the components of value.

By understanding who clients' customers really are, how they break down and where value is added within these relationships, ICD Insight can provide a real steer as to how to attract, retain and grow your customer base over the longer term.

To discuss any of the above, or to find out more about setting up a robust system of measurement and feedback, contact [russell@icdinsight.co.uk](mailto:russell@icdinsight.co.uk)