

Marketing guru
Andrew Pound says
customer advocacy
is a proven and
powerful sales driver.

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A ringing endorsement of a company's products or services can do more to generate sales than a slick advertising campaign. So it pays to keep the customer happy.

STORY BY ED CHARLES PHOTO BY ANDREW JACOB

beyond

The business world is always in a state of flux. New technologies or paradigms change industry structures. But there can be no greater challenge than when an economy moves from boom to bust.

"A recession changes everything," says Andrew Pound, a senior consultant at Mulberry Consulting and a pioneer of using customer data in direct marketing. "It forcibly reorders your customers' priorities."

Pound says that in times of economic downturn, customers re-evaluate the value that companies offer, focusing more on price and being less forgiving of shortfalls in service or process problems.

He cites studies showing that 68 per cent of the time, a customer is lost due to poor service and that customer advocacy is five times more effective than advertising to sell a brand. In short, customers become less loyal to established suppliers and place far more emphasis on peer endorsement.

And therein lies an opportunity for companies to improve profits – simply by finding out what their customers really want and delivering that in the best possible way. The result is not only customer retention but more advocates for your business.

However, the road to gaining customer advocacy isn't always easy and there are some basic lessons that should be followed.

"Don't shout loudly about how great you are," advises Pound. "Instead, delight your consumers with an experience that exceeds their expectations. People so rarely get good service that they can rave about you when they receive it. Word of mouth is a powerful sales driver."

Essentially, the idea is to under-promise and over-deliver. Pound says the problem is that companies too often forget about the customer because they become so focused on internal operations. The marketing department, for example, can get so wrapped up in analysis and research that it loses sight of trying to provide a good customer experience, he says.

"Somebody in the organisation has to be bothered about the customer," says Pound. "The customer's point of view isn't only a task for marketing."

Pound, who has 20 years' background in marketing for brand leaders such as Mars and Kraft, nowadays finds himself playing the customer advocate. He says, for a company, it is about having the data-gathering systems in place and the attitude of mind to respond to what customers really want and to evolve with their expectations.

"Getting to the heart of the customer's desired experience and then addressing their emotional dimension pays back big time," he says.

History is littered with cases where companies have missed the real expectations of customers. He gives an example where a person takes out a car insurance policy, has an accident and makes a claim. The insurer approves it quickly and efficiently and sends out a cheque.

"The job is done, right?" asks Pound. "No – the insurer can't see beyond the 'efficient' and 'speedy' claims process. The customer doesn't want the hassle of finding a garage, organising repairs, sorting out transportation and so on. Offering help with these issues adds real value. The customer has the money but there is more to solving the problem than just the financial issue."

Another example, says Pound, is a call centre, which may have a different idea of what is important to the customer. While the timely answering of a call may seem a priority from the company's point of view, the fact is that, if questioned, customers really just want to have their problems solved.

Pound says it isn't difficult for companies to find out how their customers view their business and measure customer loyalty.

One effective and fairly simple way of doing this is to apply the Net Promoter Score (NPS) – an objective, data-based assessment used by many of the world's leading brands to determine customer satisfaction levels and identify areas for improvement (see breakout, right).

The NPS results can then be used in conjunction with a "customer experience map", says Pound, which charts different brand touchpoints, such as human contact, advertising, publications, websites, signage and so on.

"Fundamentally, it boils down to asking people what's important to them," says Pound. "Traditional market research panels

"Delight your consumers with an experience that exceeds expectations. People so rarely get good service that they can rave about you when they receive it."

and survey techniques may not always give accurate answers. When you ask them what they liked or what they want, customers tend to have a rosy view of the world."

Similarly, in monitoring the success of marketing, measuring the awareness of an ad campaign or the response rate to some direct mail, ultimately "it is people's behaviour that's important", says Pound.

Pound says that feedback mechanisms across a range of media, whether via a website, toll-free telephone number or paper form, can all help.

He says companies need to bear in mind that while many products may be mass market and it may be appropriate to communicate using mass media, individual customers each have very different needs and expectations that may be better met through market segmentation.

"Not all customers are equal," he says. "It's a question of what the customer wants and what the expectations are." ■

THE SCORECARD FOR SUCCESS

Westpac, GE, Philips, American Express, ... some of Australia's and the world's biggest companies keep their finger on the pulse of their customers' loyalty and advocacy by using the Net Promoter Score (NPS).

To work out its NPS, a company simply needs to run a survey that asks just two questions scored on a scale of one to 10:

1. How likely is it that you would recommend this company to a friend or colleague?

2. What is the single thing that
a. makes you recommend us; b. we could do to make you more likely to recommend us; c. stops you recommending us?

Based on their responses, customers are then divided into three groups –

- detractors (less likely to continue buying and more likely to spread bad word-of-mouth)
- passives (may be satisfied but are open to brand switching)
- promoters (advocates who will buy more in the future and recommend the brand / company to others)

The real benefit is derived when a company uses the insights gained through the NPS to improve its customers' experience at the appropriate touchpoints. In doing this, a brand can, in theory, improve the attitudes of its detractors and passives.

"Any point at which a human interacts with a customer has the potential to either improve or dilute the customer perception of your brand," adds Andrew Pound.