

Building Loyalty Through Stakeholder Focus



Background

CSMM, is an independent, specialist unit of IMRB International and an exclusive member of the Walker Information Global Network (WIGN) in the Indian subcontinent, providing solutions to companies for measuring and managing their key stakeholders. Formed in the year 1994, CSMM has a rich experience of conducting over 1000 programs across diverse industry verticals and various stakeholders ranging from internal stakeholders to external stakeholders.

CSMM believes in engaging with its clients in building customer-centric organizations through enhancing capabilities and competencies within the organization and thereby aligning the entire organization to deliver customer delight.

To drive customer delight, it is essential to address relationships with all key stakeholders such as end customer, vendor, channel member, other stakeholders such as media, government, investment community, etc.

CSMM uses specialized tools and techniques to understand the quality of these relationships and the aspects that drive their loyalty.

CSMM Philosophy: Building Customer Centric Organizations

CSMM studies consistently show that two broad themes have a very high impact on driving customer loyalty- **brand and people**. Further, the **brand promise** needs to be delivered to the customers consistently across all touch points and for this people across the organization needs to be aligned to the essence of the brand. Therefore, to sum up

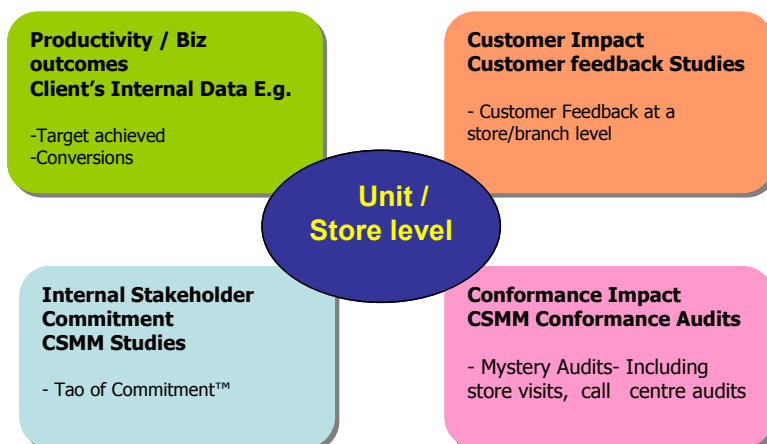
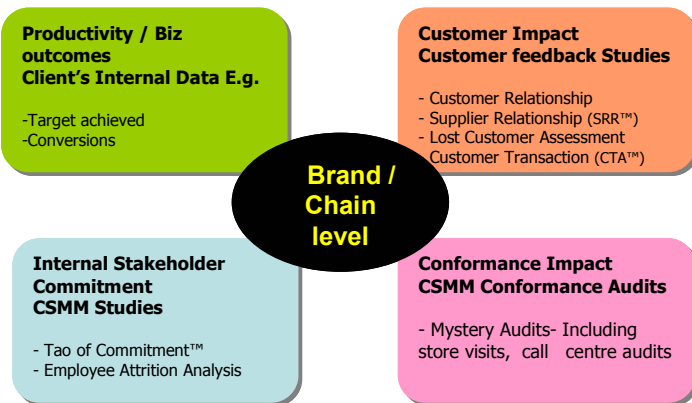
- Touch points are where the "**brand**" is delivered.
- Variability in service delivery exists at touch points: call centers, retail (physical branches) etc and there is a need to ensure that a minimum standard of service is being delivered across all units and touch-points.
- Need for managing customer experience at these touch points is critical due to the high impact on "customer loyalty"
- Also customer loyalty cannot move up unless everyone in the system is made accountable for improvement in scores. Here, "everyone" would refer to the smallest unit , which is the "Branch office"
- Need for "complete" information attributable to individual unit /branch office to enable "focused" action
- All the above is linked to financial and business performance

Through our experience, we have evolved an approach which addresses all the above points. This is called the Performance Measurement Framework (PmF)

Performance Measurement Framework (PmF)

CSMM takes a holistic view and through its PmF (Performance Measurement Framework) integrates different sources of information to help identify improvements at a strategic as well as tactical level to raise the "Quality bar" and make more informed decisions. Further the framework adapts itself to different users of the information as well.

In the retail scenario, not only is it important manage brand/chain performance, it is even more imperative to manage performance at a unit level (Branch/Store) to drive customer delight. The company must manage its internal stakeholders such as employees, channel members and vendors in order to engender customer loyalty; this in turn results in superior business performance and market share.



Need For PmF In A Store Context

In a retail scenario, a particular unit /store/branch could typically face any one of the situations (as shown below). As one can see **Situation I** & **Situation V** are extremes and relatively easier to interpret and action. However in situations such as **Situation III or IV or VI** where variability exists across different information sources, organizations need to adopt a more creative approach of interpretation.

Situation	Employee Satisfaction	Adherence to internal norms	Internal Productivity /Sales Data	Customer Satisfaction
I	High	High	High	High
II	High	High	High	Low
III	Low	High	High	High
IV	High	Low	Low	Low
V	Low	Low	Low	Low
VI	High	High	Low	Low

Therefore, CSMM recommends that data and information be integrated across all the four areas (as highlighted in the framework) for arriving at solutions. For instance,

- Situation II may need a revision of internal norms,
- Situation III could be a result of extremely high task orientation and/or compensation and may not be sustainable over a long period. It could also lead to high levels of attrition.
- Situation IV may require greater awareness for employees on internal norms/ or objectives or KRA are not well defined. Subsequently, conformance to internal norms can be tracked through "Mystery Audits".
- Situation VI could be due to competition or tough market conditions, and hence may need revision of norms

Live Examples Of Creative Interpretation

Our client, a white goods company providing after sales services had been tracking customer satisfaction scores internally at an all India level, but was perplexed to find that scores were not moving up. CSMM was brought in at this point. One of our key recommendations to them was to conduct a customer satisfaction study at the franchisee level and involve the franchisee in action planning. The study was conducted and during the presentation of the findings, the franchisees were also involved. Another recommendation was to also look at internal productivity scores (which the client computed on several parameters like parameters like no. of employees per franchisee, no. of customers load per employee, competence grading of employees (% of high graders per franchisee) etc

FINDINGS:

Two franchisees showed extremely low C-Sat scores as well as low employee satisfaction scores, however the reasons were very different and hence the action ability differed

In CASE 1 it was found that the service engineer's poor performance was a result of excess workload (High customer load), therefore employees were unhappy on account of work pressure and also not delivering on the job as well

In CASE 2, it was the lack of adequate training and obviously there were not able to do their job well and employees unhappy as they felt they were not growing

In yet another study, covering franchisee stores, franchise employees and customers, done for a leading jewellery brand revealed some very interesting facts. While the brand was performing very well in the market place, some stores were doing much better than the company average. The productivity was also very high but the employee satisfaction scores were actually lower than the company average. On investigation, CSMM found out that supervision quality and compensation were the two major irritants for employees in these high performing stores. We suggested that a compensation benchmark study be undertaken and supervisors be sent for training.

Driving Strategy Loyalty At A Brand/Chain level: CSMM Experience

CSMM has done a variety of work across stakeholders in the retail sector and has found

- In a retail environment, today in India – the key experiences that are driving loyalty are
 - Merchandise/Product
 - Store ambience including the people

Today, the impact of experiences like billing etc has come down (as these are hygiene). If these experiences are consistently favorable, over a period of time customers develop both attitudinal and behavioral loyalty. The more committed (favorable attitude) a customer is, the more likely he is to be loyal (visit more often, recommend) towards the retailer.

Today it is also becoming increasingly important to invest in “segmentation” of your customers. The customers that visit a store are heterogeneous in nature. The chain/brand needs to identify its target segment and focus on delivering customer delight to its key segments.

- The same applies to employees too. The way they are treated in the store - facilities offered, personal care shown, being rewarded, given adequate training, uniforms etc. make them feel as part of the organization and make them committed towards it. This in turn makes them stay longer, and recommend the store as a good place to work.
- Customer experiences are also dependent on the internal service norms laid down by the company. For example, in a chain of quick service restaurants, all incoming calls have to be picked up before three rings. Typically, these norms should be revised to meet changing customer expectations.

Measurement of these 3 aspects (adherence to norms, customer loyalty and employee loyalty) is critical as they link into each other and can help understand how one is affecting the other. One is not a replacement of the other. Together they can help you re-align your organization to (dynamic) customer expectations.

Striking The Balance Between Customer Satisfaction And Expectation

One common myth is that by conducting “Mystery Audits/Visits”, one can keep a finger on the pulse of the customer. However one must understand that Mystery audits /visits are not substitutes for customer satisfaction studies.

Typically it is assumed that the norms are designed to match customer expectations. However, one must keep in mind that customer expectations are dynamic. Not only does what “you do” impact customer expectations, but what your competitor does in the market also influences your customer.

Mystery Visits are used to measure conformance against pre-defined norms to provide information on the gaps that need to be closed as against the company’s norms.

The program must be aligned to measure if the customer expectations are on line with company norms. Therefore unless you measure customer satisfaction along with mystery visits, one will not know when and where to revise norms

To give you another live example

One of the norms that a retail chain had was that the customer must be attended to within 2-5 minutes of their walking in.

Most of the stores of that company were performing well on the Mystery Visit scores. However customer satisfaction study revealed low scores.

The reason revealed was that the retail chain had specified that they must be attended to by someone at the store. During peak time, sometimes the security guard would attach himself to the customer (which was a negative and the customer was not comfortable with the security guard peering over their shoulders).

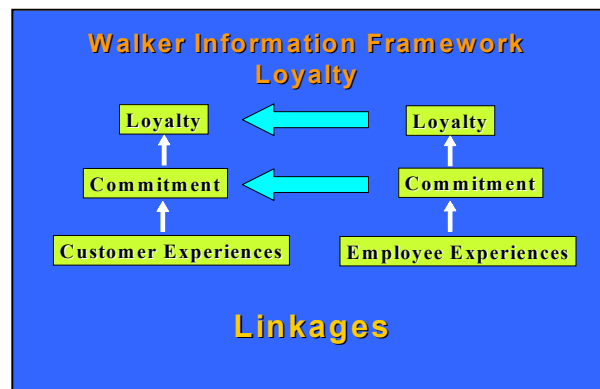
In addition to the same, keeping a tab on “Customer expectations”, CSMM also believes in focusing on the “human capital” of an organization as it plays the most critical part in delivering customer delight. Many organizations across the globe are doing a lot of research to understand and empirically establish the relationship between stakeholder satisfaction, stakeholders being employees, channel partners and service providers, and customer loyalty. Does one influence the other?

CSMM has had the opportunity to explore and establish this link through the various research projects for some of the leading organizations in the country.

Case Study – Linking Employee Satisfaction to Customer Satisfaction

Are employees influencing the customer behavior? Does it impact financial outcomes?

One of the leading retail chains in the country felt the need to measure customer and employee loyalty. Over a three year period, CSMM conducted employee and customer satisfaction programs for the chain. Given below is a brief look at the framework that defined the study and its interpretations



CSMM through research was able to conclude that:

- Higher employee loyalty has the potential to bring in more business over time - more number of visits to the store and higher spending
- Lower employee loyalty has the potential to reduce customer loyalty over time
- Higher the employee loyalty, higher the customer loyalty

Our work has helped some leading names in sectors like Retail in managing their Customer loyalty. Amongst our own clients, where we have had the opportunity to conduct both Employee and Customer research, we have been able to successfully link the two and validate that Employees do play a key role in driving customer loyalty. White papers are available on the same.

Contact Information

New Delhi

Nimai Swain, Associate Vice President
Tel: 91-11-4269 7902(D)
Email: nimai.swain@imrbint.com

Umang Oberoi, Senior Project Director
Tel: 91-11-4269 7933(D)
Email: Umang.oberoi@imrbint.com

8, Balaji Estate Guru Ravidass Marg, Kalkaji, New Delhi-110 019
Board: 91-1-42697800
Fax: 91-11-42697801 / 02

Mumbai

Praveen Nijhara, Research Director
Tel: 91-22-2423 3332(D)
Email: praveen.nijhara@imrbint.com

Nitasha Singh, Senior Project Director
Tel: 91-22-2423 3331(D)
Email: nitasha.singh@imrbint.com

B Wing, Mhatre Pen Bldg. Senapati Bapat Road, Mumbai 400028
Board: 91-22-2423 3000
Fax: 91-22-2423 3800

Bangalore

Subhash Chandra, Senior Project Director
Tel: 91-80-2227 4236 (D)
Email: s.chandra@imrbint.com

D-7, Devatha Plaza, 131 Residency Road, Bangalore 560025
Board: 91-80-22274388, 22213186, 22274236
Fax: 91-80- 2221 0795