

# Customer Loyalty



by Martin Gosling

# Creating loyal customers

## Key Business Areas

Key to establishing customer loyalty using the Dynamic Questionnaire Engine™ is the definition of a minimum of four Key Business Areas (KBAs). These KBAs should be a summary of all the business areas which could influence a customer's satisfaction. In a retail environment such as that for a mobile 'phone service provider, for example, the 4 KBAs could be defined as follows:

- 1) Coverage and Reliability
- 2) Packages and Prices
- 3) Advertising
- 4) Outlets

Basing a satisfaction survey on these four areas would cover the major influencing factors of a customer's mobile 'phone experience, so that not only would their satisfaction be measured, but also a more representative value for their loyalty.

## Improving customer satisfaction does not automatically ensure a greater customer loyalty.

If you have ever had the feeling that although you are satisfied with something, whether it be the service in a restaurant or your stay in a hotel, for example, but on reflection, something had been missing from your experience, then you have been exposed to the subtle difference between satisfaction and loyalty.

It may have been that service was included on the bill in the restaurant, or that the hotel was just too big for your liking which affected your experience negatively, but it was not something you could easily see at the time.

Of course, given the time and inclination, we could all identify the reasons for our feelings, but in today's competitive world, it is something we don't see a need to do, as the choice for alternatives we have is vast. We are therefore more likely to just go to a different restaurant or hotel next time, just to try it out, rather than return to the original restaurant or hotel where something had apparently been missing.

### A Loyal Customer

Conversely, if we come out of a restaurant, for example, feeling not only satisfied, but happy with being satisfied (i.e. at both a conscious and subconscious level) then we wouldn't think twice about returning to that restaurant on the next occasion.

However, with the vast choice we have today for everything service related, we will tend to try an alternative anyway, maybe out of choice, curiosity or even necessity. But in the event, we will always compare the overall experience with that of our 'first choice'. Only when we get to this stage can we be truly be regarded as a loyal customer to our 'first choice'.

### Creating Loyal Customers

The process of creating loyal customers is therefore not just a case of measuring and optimising those customers' satisfaction, but also of identifying their most likely areas of influence, which, as we have seen previously, may or may not even be obvious to the customers themselves.

## Ensuring a more accurate results' analysis with DQE technology

Satisfaction is based upon a person's emotional state, which is never constant. It is possible, for example, for a person to take the same satisfaction survey on two different days within the same week, which results in two different levels of satisfaction being recorded. This is due to the influence of the person's constantly changing *daily emotional state*, which always influences the current way of thinking. This is not what is wanted for a survey measuring loyalty and is therefore filtered out by the DQE technology.

In addition, the results from today's typical satisfaction surveys tend to only capture an average value for respondent satisfaction i.e. how customer satisfaction is now. With DQE technology, however, not only is this average value recorded, but also the *weighted value* of the results is recorded. This value represents the respondent's level of conviction in their answers, and shows how customer satisfaction and thereby customer loyalty can be expected to change over time, if nothing were to be undertaken.

### DQE Technology

The Gosling Group's patent pending Dynamic Questionnaire Engine™ (DQE) technology enables satisfaction surveys to be developed which measure a customer's satisfaction within at least four Key Business Areas (KBAs). By carefully defining these KBAs the customer is forced to not only consider their conscious decision process whilst completing a survey, but also their subconscious decision process. As such, the results from the survey not only indicate the customer's level of satisfaction, but also their level of loyalty.

### Establishing Loyalty in Real Time

By using DQE technology, companies not only receive a more accurate representation of their customers' inputs, but also can get at the results quicker: turnaround times for a loyalty survey using DQE technology are typically measured in weeks rather than months. Companies are therefore now able to react in real time to the results from a loyalty survey, thereby increasing the likelihood that their customers become loyal and actually return.

*An analysis of respondents' opinions to surveys based upon DQE technology have shown that on average 60% agree with the summary of their individual inputs on completion of the survey. From the remaining 40%, 80% have agreed with the summary "on reflection" - i.e. having been able to "sleep on it". This is an unprecedented accuracy of over 90% in the summary report.*