

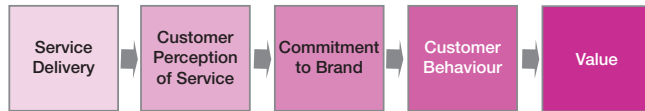
# Intelligent Database Marketing Services

## Assessing the Financial Impact of Customer Experience on Portfolio Performance



To justify investment decisions on customer services, **British Gas** carried out pioneering work to quantify the impact of the customer experience on product portfolio value and identify which service elements were the most important. This underpinned the case for a 20 per cent increase in call centre staff to improve customer satisfaction levels.

The approach adopted was to build a model which for the first time combined hard data – transactional information – and soft data – attitudinal data gathered via quantitative tracking studies. The concept was to relate perceptions of service with consequent product holding.

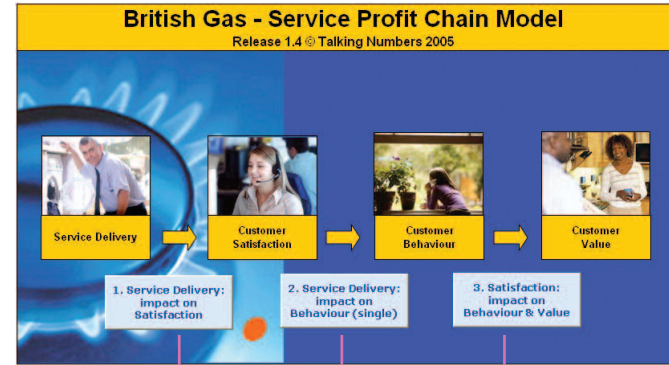


Existing data sources were assessed for being fit for purpose then manipulated using SPSS. This allowed the correlation between customer satisfaction and product holding dynamics to be explored. Customer satisfaction is monitored via surveys, phone calls and engineer visits. Product holding at the time of the survey provided the base for the opening and closing of accounts. Metrics, such as lifetime value, were also included, plus summaries of customer satisfaction.

Using a proprietary data fusion product, the model was then built. The service profit chain model enabled what-if scenario modelling for different types of service delivery and service elements. This enabled British Gas to identify areas of greatest financial return. Primary users of the model would be non-technical marketing and operational management, meaning it had to be simple to use.

British Gas was undertaking a major business review, including a study of customer service resource levels. The model had to be ready in time for this meeting. **For the first time, the business was able to put a financial value, via customer retention, on any service improvements.**

As a result, telephone-answering metrics are now based on a target that balances customer needs with business resources. The model has become part of the annual budgeting process in this area, while driving up awareness among senior executives of the role of customer satisfaction.



1. Understand the relationship between individual service elements and overall customer satisfaction

- Which are the elements of service that have the greatest impact on customer satisfaction

**Q:** “If you want to really keep your customers satisfied, what do you need to focus on first?”

2. Understand the relationship between customer satisfaction and customer behaviour

- How does customer satisfaction impact on product opening and closing

**Q:** “Where should you focus your efforts to maximise cross-sell and retention?”

3. Understand the relationship between customer satisfaction and customer value

- How do improvements in customer satisfaction affect customer value

**Q:** “Where should you focus your efforts to maximise customer life-time value?”

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