Eighth Edition

SUCCESSFUL DIRECT MARKETING METHODS

Interactive, Database, and Customer Marketing for the Multichannel Communications Age

BOB STONE AND RON JACOBS

Foreword by John A. Greco, Jr., President and CEO, Direct Marketing Association

CHAPTER 6

BUILDING CUSTOMER RELATIONSHIPS

It has been called the decade of the customer, the customer millennium, and virtually every name that can incorporate “customer” within. There’s nothing new about businesses focusing on customers or wanting to be customer-centered. However, in today’s marketplace just saying an enterprise is “customer-centric” is not enough. It is a promise that organizations must keep. The problem is that most organizations still fall short of this goal.

This chapter will address customer management and the variety of techniques used in customer relationship building, nurturing, loyalty, retention, and reactivation. These include Customer Relationship Management (CRM), Customer Performance Management (CPM), Customer Experience Management (CEM), and customer win-back. The objective of these techniques is to help organizations coax the greatest value from their customers. While the strategies are different, all of these methods use the tools and techniques of direct marketing in their execution.

What is “Customer-Centric”?

There is a clear definition of “customer-centric.” To be customer-centric, an organization must have customers at the center of its business. Many organizations are sales-focused and not marketing-oriented. Many enterprises that have a marketing focus are brand- or product-centric. Being a customer-centered organization is much more complex than it appears.

Enterprises can’t just decide to organize around customers. Today, it is often customers who dictate how an enterprise should be organized to better serve their needs. Customers want their needs met, to be cared for, and to be delighted. Customers don’t want enterprises to put up barriers. Customers are not concerned with the organization’s policies or processes, business rules, mission, positioning, the software they use, or their infrastructure. And, customers are not concerned with an organization’s profits. But, organizations can’t put customers ahead of profits, can they?

Customers *are* the source of an organization's profits. A firm's existing customers are its surest and most reliable source of future revenue. And, customers are the one key asset that can separate one organization from another. So, in successful organizations, corporate strategies are customer strategies, where customers have become the mission of the business.

Focus on Customer Equity

In their book, *Driving Customer Equity: How Customer Lifetime Value is Reshaping Corporate Strategy*, Roland Rust, Valarie Zeithaml, and Katherine Lemon write about a conceptual framework that realigns an organization's strategies to make it more customer-centered and to help it build "Customer Equity." They define a firm's customer equity as the total discounted lifetime value of all of its customers.

The concept of Customer Lifetime Value is well known to traditional mail-order and direct marketing firms (see Chapters 21 and 22). What makes the concept of customer equity so important is that Rust, Zeithaml, and Lemon contend that while a firm's physical assets, competencies, and intellectual value are also important, customer equity is the most important component of a firm's value. Intuitive and actionable strategies for driving customer equity must be central to a firm's core activities.

For Rust, Zeithaml, and Lemon, there are three drivers of customer equity and organizations should focus on those that most influence the organization:

- Value equity
- Brand equity
- Retention equity

Value equity is primarily formed by the perceptions of an organization's quality, price, and convenience. These perceptions are cognitive, objective, and rational. Value equity may be as simple as picking up milk at the corner store to save time. Or, it may be as complex as bidding on designer products on eBay to save money.

Brand equity is made up of perceptions that are not explained by a product or a firm's objective attributes. These are perceptions that are emotional, subjective, and sometimes irrational. Customers of nearly every great brand exhibit this behavior, as they remain loyal to the brand, pay more for it, and will often do without something in a category rather than purchase a different brand. Driving a $50,000-plus BMW SUV while living in the city and fuel approaches $4 a gallon is an example. As researcher Clotaire Rapaille notes, we don't drive cars, we wear them like a piece of clothing.

Retention equity comes from customers who have chosen the firm in their most recent purchase for any reason. These customers are most likely to be positively affected by retention and relationship-building activities. These most recent customers are often the most likely to purchase again, often before they have a need. However, they must be nurtured; loyalty cannot be assumed.

Profitability, Retention Measures of Customer Equity

Central to this idea is that organizations must balance growth with profitability. Growth requires acquisition, which is expensive and a significant expense to an organization. Retention yields profitability but must be balanced to maximize value. When an organization spends too much on growing its customer base, it may never be profitable. When an organization stops adding customers to its database, the database shrinks through attrition and changes in customer lifecycles. It is a balance that must be achieved.

To maintain the balance, enterprises must be able to measure the customer performance. And, customers must become an element in the organization's summary of key performance indicators. Cost targets and headcounts may be where they need to be, but the organization must know how it is doing with customer value. It needs to be able to have a way to improve customer value or react quickly if the value of a key customer segment begins to erode. One way is to track profit goals for various customer segments, and to clearly differentiate customer groups based on value. This helps organizations to invest in customers where it will do the most good.

Organizations need to identify and manage their *Most Valuable Customers* (MVCs). Who are the most valuable customers? It depends on how the organization defines it. It may be customers that have the greatest propensity to buy. It may be the profitable customers. In many organizations, as few as 10 percent of the customers provide 90 percent of the profit. It is different for every organization.

Organizations need to identify and manage their *Most Growable Customers* (MGCs). These may not be the most profitable customers, but they may represent the future for the enterprise. MGCs include segments that may represent lower purchase amounts but have higher potential, such as second-time buyers. For a children's clothing marketer, it might be buyers of younger sizes.

Another group that needs to be addressed is the *Most Costly Customers* (MCCs). This group, while still customers, often cost more to service than the revenue that they bring in. Often, this includes segments that have high return rates, high bad-debt rates, or only purchase items on deal. The most costly customer segments need to be identified so that they may be removed from further promotional activities.

The Nature of Loyalty and Satisfaction

While satisfaction and loyalty are related, they are different attributes of marketing effectiveness. Satisfaction reflects how well an organization fulfills customer expectations of quality, service, and other material elements of a brand's value proposition. Both logic and emotion affect satisfaction.

Loyalty is a behavioral system of repetition that helps to build value over time. It is transactional in nature and becomes habitual (e.g., stopping at a Starbucks on the way to the office). While it may seem counter-intuitive, organizations don't always need to satisfy customers to generate loyalty.

Contractual, emotional, or functional loyalty are types of loyalty that are less dependent upon satisfaction to affect purchase events or trigger defections. Service gaffs, the kinds reported in satisfaction surveys, are often ignored or forgiven. This is common where there is a long-term emotional bond to a brand, where loyalty is based on vendor agreements (e.g., where a purchase threshold must be met to qualify for a discount), or where loyalty is based on convenience (e.g., the only air carrier with nonstop flights to a destination). While service lapses may be forgiven, they are not overlooked. It may simply take longer for them to have a negative effect.

What's more, an organization can reach high satisfaction levels but not generate customer loyalty. There is more than one example of this. In the automotive field, J.D. Power is well known for measuring satisfaction. Routinely, they report satisfaction levels for auto brands in the 80th percentile. However, repurchase rates for auto brands are in the range of 30–40 percent. And, only 20 percent of customers return to the same dealer to purchase their next car. It is clear that there is a disconnect, one not explained by statistical variations, which is why marketers must work to improve both satisfaction and loyalty. It is misleading to assume that if one improves, so will the other.

This complexity makes it difficult to measure effects of a single program. The short-term transactional gains of CRM tactics don't always turn into long-term profits. Nonetheless, loyalty is a behavior that marketers can focus on as a way of growing and building their businesses.

Segmenting for Loyalty

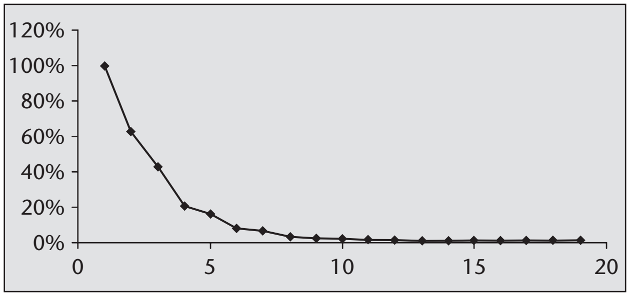
Segmenting customers is one key to building customer loyalty. The idea of value segmentation as a tool for building customer loyalty is not new. In the 1920s, Alfred P. Sloan, president of General Motors (GM), developed a system for GM brands in which they were differentiated by style, quality, and performance. Each brand (Chevrolet, Pontiac, Buick, Oldsmobile, and Cadillac) was a step up from the last. The concept was based on the idea that upwardly mobile consumers were willing to pay progressively more for the added features and status of owning a more prestigious brand, while remaining within the GM family.

This idea was in sharp contrast to the positioning and thinking of Ford Motor Company. At the same time, Ford's president, Henry Ford, remained fixed on a lowest delivered cost strategy. Ford's quest was focused on keeping a low unit

EXHIBIT 6–1

The Loyalty Curve

Percentage of customers that repurchased 1–20 times:



cost for the manufacturing of their cars. They did this by only offering one model of automobile, the Model T.

Loyalty remains complex. Exhibit 6–1, "The Loyalty Curve," demonstrates one aspect of this. Loyalty curves almost always have the same hook shape. More people are loyal at the start than after a number of purchases. In this example, the group or segment is tracked over 20 purchases. Of those who made the first purchase, only a few remain. It is the goal of loyalty programs to identify those most likely to continue to purchase, and find ways to keep them loyal.

Today, marketers routinely use analytics to predict which customers are likely to buy more, be profitable, defect, or cost an organization money. They do this by segmenting age, income, geography, purchase history, and other recognizable patterns. Each segment can be targeted with different kinds of offers, such as savings, different levels of service, offers to repurchase, retain, etc. These offers can easily be driven by database marketing programs. CRM programs help to automate this process. So, small shifts in customer demand for products or services can be monitored in real time and trigger changes in communications, channels, offers, and messaging to produce the desired customer behavior.

For example, credit card marketer Capital One conducts over 30,000 tests, matching different customer segments and offers annually. Such testing would be unmanageable without a CRM system that automates and bridges customer-facing and back-end analysis.

Managing Customer Lifecycles

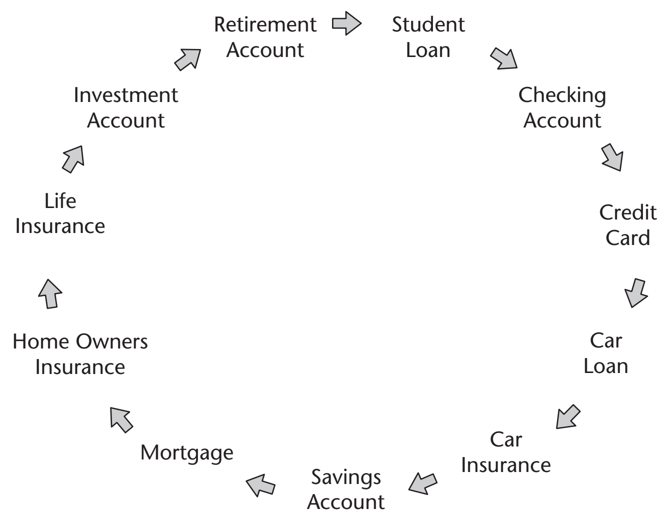
One of the goals of CRM is to help gain a greater share of a customer's wallet. One way to earn a greater share is to extend relationships with customers through the customer lifecycle. The customer lifecycle summarizes different stages in a customer's relationship with an organization. It is based on consumer or business life stages or events where needs change. Enterprises have different brands, product, and service offerings, so the customer lifecycle is different for each. This concept benefits organizations with broader product offerings, such as banks or financial institutions.

Banks, credit card companies, investment groups, and insurance companies offer an extensive portfolio of financial products. Companies such as Citibank, HSBC, Fidelity, and Morgan Stanley offer checking and savings accounts, loans, credit cards, insurance, and brokerage services to consumers at different points in the customer lifecycle. The goal is to have a customer use as many of their product offerings as possible. This is driven by direct marketing communications targeted to consumers as they pass through different stages in the lifecycle. Exhibit 6–2 illustrates the customer lifecycle for a financial services firm.

A financial services firm may start by giving a teenager a *student loan* for college. The consumer will get direct mail and e-mail offers for a *checking account* and a *credit card* during college years. When the student graduates from college, they will be offered *auto loans* and *car insurance* for the purchase of a new car. Then, they will receive communications for a *savings account* as they plan for marriage, the purchase of a home, and college for their children. They will receive offers for *mortgages* and *homeowners' insurance*. As they grow older, consumers will receive offers for *life insurance*, *investment*, and *retirement accounts*.

EXHIBIT 6–2

Customer Lifecycle



Often, a customer lifecycle is made up of a number of shorter lifecycles. BMW expects to maintain customers by offering a variety of models, each appealing to different demographics. Each purchase is an entry point into a longer customer lifecycle. BMW tracks customers through lifecycles and knows that someone purchasing a 3 Series sedan may be a good candidate for a Sport Utility Vehicle or 5 Series sedan as their needs change with their family size.

The purchase of each new vehicle becomes a smaller customer lifecycle in itself, as the buyer compares models online, goes to the BMW Web site for product information, test drives at the dealer, decides upon the model and accessories, decides on financing, takes delivery of the car, and returns to a dealer for service. Then, after a few years, the cycle begins again. The longer-term lifecycle is made up of a group of shorter-term lifecycles viewed repeatedly.

Customer lifecycles are an important tool for marketers. While decisions as to what to communicate and when are complex, understanding a customer's lifecycle is a starting point for managing customer relationships.

The Role of Customer Relationship Management

Customer Relationship Management (CRM) is a ubiquitous acronym that has no single definition. The accepted definition of CRM is often different for each organization and for different groups within the organization. Marketing may have its definition of CRM, sales its definition, customer service its definition, and information technology (IT) its definition.

The authors prefer a definition of CRM from research company The Gartner Group: "A business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behavior that satisfies customers, and implementing customer-centric processes."

In *CRM Unplugged*, authors Philip Bligh and Douglas Turk add to this idea by proposing that CRM investments should be aimed at providing sustainable competitive advantage for an organization, not just operational efficiency. Bligh and Turk note that high failure rates associated with CRM are often the result of a focus on short-term improvements versus long-term profit goals. Long-term advantage comes from a business strategy that is driven by improving the effectiveness of overall customer outcomes. This includes improved return on investment for customer acquisition, retention, win-back, up-sell, and cross-sell of products, services, and solutions.

Failure has long plagued the concept of CRM. Many experts have predicted the death of CRM or have already decreed its end. Yet, many important customer marketing analytical tools, such as customer scorecards and dashboards, have come out of CRM. While the goals of CRM are laudable, unfortunately the results do not match up.

It is estimated that organizations have spent $80 billion on CRM software over the last decade trying to create the elusive 360-degree view of their customers. Yet, according to Gartner, 41.9 percent of CRM software "licenses" bought by respondents were never deployed. A study by AMR Research concluded that more than half of CRM implementations had, at best, difficulty with end-user adoption and, at worst, created chaos among end-users.

Too often CRM was thought of as a software technology that could be implemented across an enterprise. It was likened to database marketing, and it was argued that much of CRM can simply be duplicated with databases. While CRM is supported by technology, it is not driven by software. While CRM technology can centralize customer data, making it useful requires a much more complex approach. Corporate management has discovered that CRM's real challenge is improving staff skills and commitment, unifying intelligence from many internal data sources, and implementing ways to apply the data across multiple touchpoints to enable relevant customer interactions.

There are three factors that influence the success of CRM programs:

- People
- Process
- Technology

The People Factor

People are the most important factor in the success of CRM. No other business strategy cuts across so many organizational lines or requires so much interdepartmental cooperation. This is not something that can be implemented with an e-mail asking everyone to just get along. It requires that top management make clear that the goals of CRM are one of their priorities. Management must invest resources and let staffers know that they expect a return on the investment for CRM.

Employees need to understand where they are going and why. This may require rethinking organizational structures, compensation, and training to help staffers learn how to integrate new processes and applications into their daily work flow. It is not just *customer-facing* staff that must change the way that they think and act. Everyone within the organization must be trained to understand the goals of CRM and be enlisted to help make it work.

In this lies the paradox of CRM. When asked why they want to implement CRM, the number one goal of most CRM programs is to integrate data captured by sales, marketing, and customer service. Yet, according to The Gartner Group, the number one reason CRM programs are unsuccessful is the failure of sales, marketing, and customer service to cooperate. Bain & Co. ranks CRM as the fastest growing management "tool," with the third-lowest satisfaction score. For CRM to be successful, this must change.

While successful CRM requires top management's commitment, implementation requires the cooperation of employees and staff. Those that will be using new systems need to be involved from the beginning to help manage their own change. Organizations should let users test drive systems and have input on specifications, to find strengths and weaknesses and gain valuable buy-in. And, enterprises should have good internal communications through every stage to keep staff up to date on the CRM initiative, its timeline and benefits, and how it will impact the day-to-day work environment.

From a people perspective, CRM is a two-way street. While it offers many benefits, it requires many changes in the ways that business is done. It will require a new level of participation from employees, a new level of cooperation among departments, and a new way of implementing dialogue with customers. These are not simple changes; however, they are right for these times.

The Process Factor

One of the outcomes of CRM is that the many business processes are automated. Most CRM systems come with their own built-in business processes. They are usually generic and don't correspond to the way that an organization's processes work. Trying to make these processes work can be a difficult and frustrating task.

Some organizations simply take their old processes and try to implement them within their new CRM system. Generally, these processes need a complete review to learn which can be implemented, which need updating, and which need to be replaced.

For CRM to be successful, an enterprise must carefully review internal and external customer-facing business processes to make the greatest use of technology. The organization needs to decide what the objectives of the processes are, how it measures success, and who owns and maintains the business process.

A process as simple as communicating information about products and services requires significant thought. Will the firm have a FAQ (Frequently Asked Questions) on its Web site? If so, who will keep it updated? If a prospect or customer wants additional information, can they get it via phone? By e-mail? Will someone be available 24/7 to respond? If not, how quickly will contacts be responded to? Will a confirmation e-mail be sent immediately when an information request is received? Will someone respond with the information requested the next business day, and what is the measurement standard for response time? Who will respond? The contact center, customer service, or sales? Are inquiries viewed as prospects and qualified for follow-up by the sales force? Will inquiry e-mail addresses be added to the contact database? Will other contact information (name, company, address, phone number, etc.) be asked for at the time of inquiry or in a later communication?

Now, imagine the hundreds or thousands of an enterprise's daily business processes going through the same analysis! Businesses processes must have documented procedures and the capability to be implemented, no matter what department or channel is responsible.

Cross-departmental processes must have buy-in from all sides, clear rules and interfaces for customer information flows across departments. Organizations can't make the mistake of expecting bad processes to work better once they are automated. CRM will simply allow the issues with bad processes to be seen more quickly, but only addressing process improvement can help repair processes that don't work.

The Technology Factor

Technology is the most difficult factor, given the number of CRM alternatives now available. Organizations need to know what capabilities they are looking for, which of their current systems they must integrate with CRM, and have some idea of their budget. There are endless CRM vendors and applications from which to choose, and the number continues to grow.

There is Enterprise cRM (e.g., PeopleSoft) as well as applications for various functions of CRM (sales force automation, campaign management, call center management, etc.). There are installed software solutions (e.g. Oracle) as well as hosted services (Salesforce.com). The choices of solutions and vendors are endless. However, enterprises must do their due diligence. They shouldn't believe what vendors tell them without doing a thorough review. They should have real-time examples of the software in action, not just PowerPoint presentations or sample reports.

Integration with existing systems is always an issue with software. Fixes can almost always be found, but they may require expensive middleware or other software not part of the CRM suite. This should be discussed thoroughly with IT included in discussions. It is important to confer with references who have implemented the same applications, not just with any organization that has implemented a vendor's CRM suite.

While it is not possible for organizations to be aware of the CRM technology trend, organizations do need to track technologies that are likely to impact their efforts. This may include a variety of future capabilities, such as building their own permission e-mail list, computer telephony integration, interactive voice response, Web-support services, workforce optimization, etc. Organizations should consider the future and what their ideal CRM system will look like in a few years. Doing so may change their decisions about CRM implementation and so avoid a costly and avoidable investment in a system that won't scale as their business does.

Loyalty and Frequency Programs

Too often, CRM initiatives become nothing more than a loyalty or frequency program. Airlines, credit cards, and supermarkets all have extensive loyalty marketing programs. There is nothing wrong with clubs, bonus, or points programs. However, the problem is that most consumers belong to a number of frequent flier, frequent shopper, and other frequent buyer programs and don't see any differentiation among them. Strictly speaking, frequency and loyalty programs are not CRM.

Frequency programs reward customers for purchases. The more a customer purchases, the more points are earned and the greater is the reward. Loyalty programs capture vast amounts of customer data. The promise of these programs is that captured data will be used for additional programs and processes, which will lead to greater customer loyalty. Too often, loyalty programs are nothing more than a series of tactics such as e-mails, direct mail, etc. Consumers simply don't see the value, even as their wallets are filled with loyalty cards.

The goals and emphasis of CRM are different. CRM is focused on effectively and efficiently using information to segment customers based on profit, value, events, etc. A loyalty program can be part of an enterprise's CRM initiatives. However, as this chapter has described, CRM is much more.

Often, loyalty programs send out monthly communications. Too often, every member receives the same newsletter. Compare that to Amazon.com's approach. Amazon's analytical CRM system uses past-purchase behavior to trigger targeted e-mails to customers.

Exhibit 6–3, "Amazon's Customer E-mail," is an example which was triggered by a past book purchase. The copy explains that Amazon.com noticed that buyers of books by author Sam Hill have also "purchased books by author David Apgar." The e-mail describes a new book available by David Apgar and includes links so that the recipient can go to the Amazon.com Web site and review and purchase the book.

Customer Experience Management

While there can be a debate on whether customers can be "managed," there can be no doubt that marketers can manage the customer experience. And, they can do it without the large investments, robust technology, and organizational process improvements required of CRM. At a time when the velocity of change is increasing, Customer Experience Management (CEM), with its emphasis just at the point of a customer's interactions and experience with a brand's product, channels, and communications, has great appeal.

The customer experience is the set of connections between a customer and a brand that delivers benefits through touchpoints. Each connection is an event between the brand and the customer. Connections are defined by:

- The mode of the connection (how the connection occurs)
- The benefits delivered through the connection
- The touchpoint where the connection takes place

EXHIBIT 6–3

Amazon's Customer E-mail

From: Amazon.com [mailto:books@amazon.com]
Sent: Tuesday, August 22, 2006 8:38 AM
To: Ron Jacobs
Subject: Save 34% on "Risk Intelligence: Learning to Manage What We Don t Know" by David Apgar at Amazon.com

amazonwire PODCAST Interviews and Exclusives--Books, Music, Movies, and Those Who Create Them ▸Learn more

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This message was sent to the following e-mail address:
ronjacobs@jacobsclevenger.com

Reference: 2666260

Type: 6

To be successful, a customer experience must go beyond personalized and customized connections. It must become a collaborative process where there is a fair exchange of value for both the customer and the brand at all touchpoints. Organizations that focus on the customer experience provide a broad portfolio of solutions and benefits adapted to each customer preference, especially the customers considered the most valuable to the enterprise. They are empowering and provide access to customers that allow them to define their own experience as much as possible.

The quality of these interactions must be very high. The dialogue must be transparent. There can't be a hard sell or hidden agenda. Organizations must ask questions but leave ample time to hear the answers. This is an iterative process, where touchpoints become interactive to provide immediately accessible and tangible benefits/value to customers.

Two keys to providing a great customer experience are consistency and relevancy. Each touchpoint should be used for what it is best at to deliver an optimal experience. And, there can be no gulf between what communication promises and the experience the enterprise delivers.

The focus on customer experience has gained great interest since the development of the Internet, where the customer experience can be observed, altered, and measured in real time. Marketers have learned that very small changes in the customer experience can have a great impact on results. While this parallels what direct marketers have learned through testing, the Internet's ability to change so many variables and measure them has caused customer experience to become a center of attention itself.

Today, organizations must manage the customer experience across all touchpoints. This includes: communications (advertising, DM, promotion, PR, online, etc.); visual/verbal identities (product names, logos, packaging, signage, etc.); brand environments (retail spaces, offices, trade shows, Web sites, etc.); people (sales, service, etc.); co-branding (event marketing, sponsorships, partnerships, alliances, product placement, etc.); and all other controllable brand contacts.

CRM, loyalty, and Customer Experience Management are all interwoven. They are focused on helping organizations market to customers based on their differences, not their similarities. On an objective basis, this requires the enterprise to direct a complex combination of results, benefits, paths, and touchpoints, making it different from customer to customer. On a subjective basis, it varies based on the customer's personal mindset, making it personal and unique, even as a result of the same inducements.

Customer Performance Management

At a time when organizations have never been more concerned with measurement and accountability, customer marketing tools have gained a new focus based on how well they work. Customer Performance Management (CPM) is the next generation, the evolution of CRM and CEM, evolving into a way of not just communicating and delighting customers, but enabling better financial and business performance monitoring (See Exhibit 6–4).

The importance of developing customer performance metrics should be on every marketer's mind as they look for ways to ensure their seat at the table. Too many CRM and customer marketing investments fail on this count. Marketers shouldn't enjoy reaching their customer's marketing goals unless those metrics can be related to their own organization's financial and profit goals.

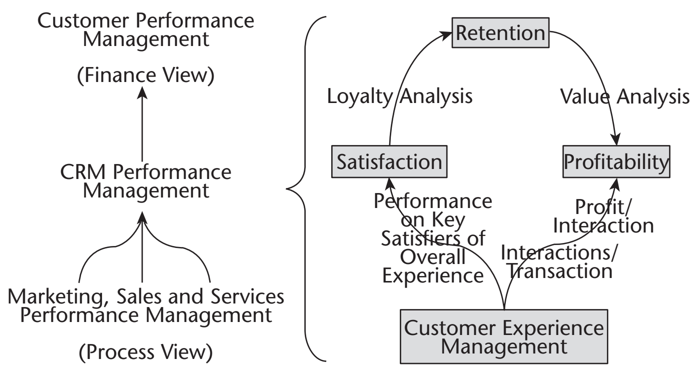
To track performance, top management needs a more granular approach, one where success metrics are related to the thousands of financial variables locked up in the organization's data. The data needs to be linked to profitability metrics such as profit per promotion, percentage increase customer, employee, quarter, etc. Some additional metrics might be:

- Overall customer acquisition versus the acquisition goal per segment
- Adoption rates of new product/service adoption versus segment goals
- Percentage change in revenue by period, segment, and/or customer
- Change in profit percent by period, segment, and/or customer
- Customer service performance (e.g., turn-around time, delivery time, defects, service calls on time, etc.) by segment or customer versus goals

Lastly, these financial and profitability metrics need to be published in a way that top managers, line managers, and anyone else that needs them can have access to.

EXHIBIT 6–4

Customer Performance Management Process



For example, a franchise organization knew that point of sale at its stores was an important touchpoint for customers. Its CPM system shared customer data from their loyalty program with store managers to help them develop programs to bring more customers into stores. A credit card company consolidated the view of their customers so that phone reps would have the information on one customer screen to instantly make decisions on waving the annual fee, forgiving a missed payment, or reversing an interest fee or service charge.

Customer Performance Management seems a method of the future. By including the best of CRM and CEM, but adding performance metrics and monitoring, CPM provides a set of tools that marketers need. One tool that has come out of CPM and been adopted by many marketers is the marketing dashboard.

Marketing Dashboard

A marketing dashboard is a graphical representation of the most important performance indicators of an enterprise. Marketing dashboards can be customized to provide the relevant information that a marketing group may need and be adapted to share essential marketing metrics to other groups within the organization. Information can be displayed online in HTML, within PowerPoint files, or distributed as printed files within a work group or more globally. Some marketing dashboards provide information in real time, others as a morning e-mail, and yet others as part of the monthly reports circulated throughout the organization.

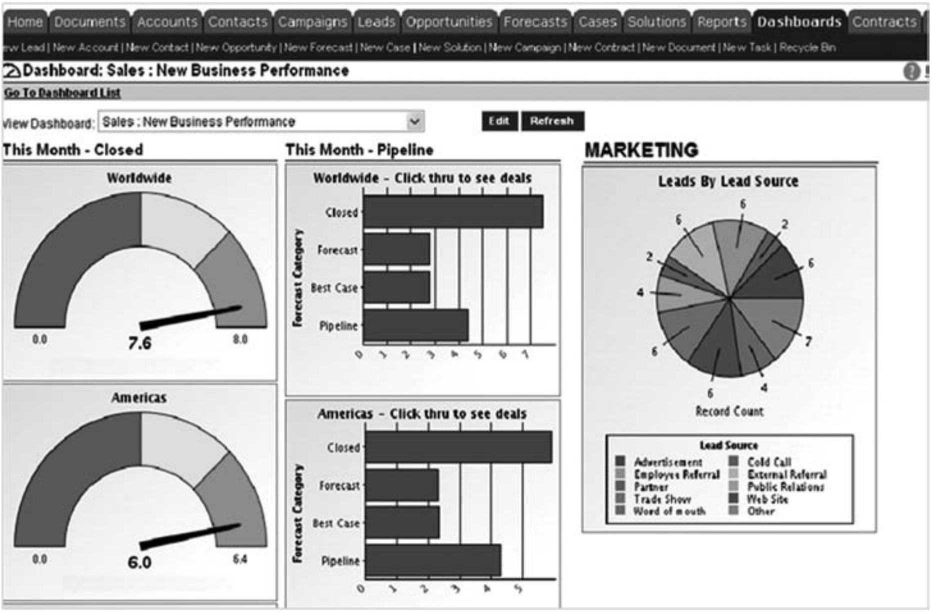
The amount of information included in the marketing dashboard is different in each organization. It may show just a few of the most critical marketing metrics or as many as 25 different metrics depending upon the company. It may show leads to sales conversions; the number of new customers per day, week, or month; revenue by customer segment versus costs; or the latest results from a win-back program.

Marketing dashboards allow marketers to monitor what's working and what's not. The use of charts and graphs helps to simplify complex marketing metrics, which are a constantly moving target in most organizations. Organizations can tailor the dashboard to monitor customer segments, program results, systems, and processes through the marketing organization. It is a tool that improves efficiency and effectiveness while helping to communicate each organization's key data.

Exhibit 6–5 is a marketing dashboard for a global lead generation program. It includes a U.S. domestic and international lead pipeline report (where the lead is in the sales funnel), closing percentages, and lead flow by source. In this, the lead program can be adjusted quickly to ensure that it meets the organization's lead generation goals.

EXHIBIT 6–5

Marketing Dashboard



Customer Scorecards

To make customer insights valuable, they must be a product of two or more data or information elements. True customer insights can be gained by looking at the points where various data elements cross. Marketers can segment groups and see their similarities and differences by viewing various data intersection points (e.g., customer needs, behaviors, demographics, etc.). By looking at the various segments from different perspectives, marketers get closer to the more extensive view of customers that is a goal of customer marketing.

One way to monitor this is to create a customer scorecard. The customer scorecard helps to communicate to every department within an enterprise how various initiatives are doing. In many organizations, multiple versions of the scorecard are maintained for various uses (e.g., financial, marketing, management, etc.) to provide the most information in the most relevant way.

A customer scorecard graphically displays important marketing metrics. It tells a story about the health of a marketer's customers, providing knowledge, not just data points. The customer scorecard generally shows changes in the metrics over time, for example on a quarterly basis. This provides a way to gauge how well the enterprise is doing, what its strengths are, and where weaknesses start to show up.

This allows marketers a way to make positive changes before issues become a problem for the firm.

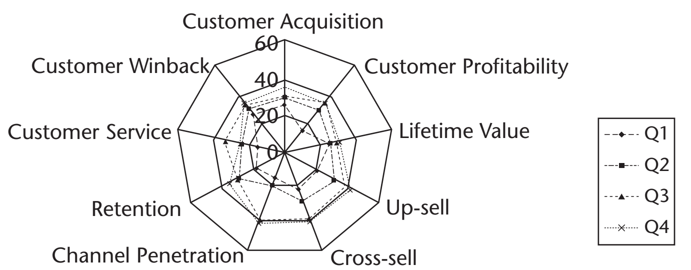
The first step in developing the customer scorecard is to identify marketing metrics that will be tracked. One view of the metrics may be for all customers. However, it is best to display metrics for various customer segments. For example, new customers will likely have different trends than mature customers. High-value customers will have a different trend than low-value customers. For an example of a customer scorecard, see Exhibit 6–6.

The first step in creating a customer scorecard is to define the marketing metrics that will be tracked. These may include:

- *Existing Customers*. Identify current customers vs. former customers.
- *New Customers*. Evaluate this against customer acquisition goals.
- *Retention or Defection*. Are you keeping or losing profitable customers?
- *Market Penetration*. What is the opportunity for growth in a segment?
- *Category, Product, or Brand Penetration*. Displays the percent of customers that have purchased, own, or use.
- *Cross-Sell*. The ratio of additional products, services, or categories purchased.
- *Up-Sell*. This can be average order, market basket of products, frequency of purchase, monthly revenue, or average balance in financial accounts.
- *Profitability*. Current margins or other drivers of fees such as warranties, etc.
- *Customer Lifetime Value*. This gives an idea of the long-term potential and shows if the trend is increasing or declining.
- *Channel Penetration*. This has become important as different channels have different revenues, costs, and other metrics. It can be retail vs. online, ATM vs. branch visit, or auction vs. "buy now."

EXHIBIT 6–6

The Customer Scorecard



- *Customer Service*. Displays the number of service calls and/or results satisfaction surveys.

Like other areas of business, customer scorecards are dynamic. Scorecards should be updated when there are changes in business drivers, strategies, customer segments, and when you simply need another view. Surveying customers may help learn what is important to them and should, therefore, be important to the organization. The goal of the customer scorecard is to improve and refine the metrics of a business. It is an important and valuable tool.

The Net Promoter Score

Times have changed for marketers. While many organizations are focused on turning their best and most loyal customers into advocates, they find that a small, vocal minority are in the marketplace doing harm to their brands. In the past, this unhappy group would be satisfied to simply not purchase from an enterprise again. Today, they actively communicate their unhappiness, with e-mails, Web sites, and damaging word of mouth. While marketers do what they can to improve satisfaction levels, they must come to grips with the role that is played by both their most loyal customers and those that actively disparage their organization.

Marketers focus on advocates, as they should. More time needs to be spent on detractors. Detractors are no longer benign. They can build their own Web sites to express their anger, or find comfort in many Web sites all too willing to bash corporate behavior. One such site is Consumerist.com, one of Gawker Media's titles. Consumerist.com works, in the words of some, as a "brand killer." The site acts as a channel for getting consumers "through the delinquencies of retail and service organizations." The site skewers the customer service shortcomings of cable companies, computer makers, phone companies, ISPs, and organizations in the travel and entertainment category (e.g., airlines, hotels, and fast-food chains).

An article in *BusinessWeek* magazine pointed out that major brands worry about blogs and sites like Consumerist.com as much for their misinformation as their truths. These Web sites allow posts by readers, which are only later checked for their veracity.

BusinessWeek reported an event where Consumerist.com was quick to post a damaging audiotape of a phone call to America Online (AOL) in which a member found it difficult to near impossible to simply cancel their membership with a live agent. The poster, whose voice was heard on the tape placing the call to AOL, became an instant celebrity.

This post was picked up by many other Web sites, including news sites, and spread throughout the Web. The poster and the tape were featured on cable and radio talk shows and news programs, although there were rumors that the poster had made a number of calls to organizations "fishing" for just such a result to tape and post. When Consumerist.com was able to post a copy of AOL's Customer Retention Manual, AOL found itself in a very defensive posture, as their detractors found an "I told you so" rallying point.

Contrast this to Dell Computer's experience reported by *BusinessWeek*. In July 2006, while Dell Computers was undergoing criticism for overheating batteries, which it later recalled, Consumerist.com posted a claim by a reader that Dell's computers "contained equipment that secretly recorded a user's every keystroke." The Web site referenced national security, privacy, and the Freedom of Information Acts. They added a minor note at the bottom of the post as follows: "Edit: D'oh! This is much ado about nothing. Snopes debunks." It seems that a Web site called "Snopes," which focuses on finding the truth regarding urban legends, had already debunked this rumor as false. Yet, the message was posted and the damage was done.

Detractors have many avenues for their complaints. These complaints can quickly spread throughout the Web and even to traditional media channels. While arguments about responsibility can be made, the truth is that such errant posts by detractors can severely wound an otherwise strong brand. Organizations do well to mollify and placate detractors or at least move them to the neutral range.

In his book *The Loyalty Effect*, Fred Reichheld of Bain & Co. forced marketers to take a new look at customer loyalty by pointing out that a 5 percent improvement in customer retention can boost profits by up to 100 percent. This observation has had great influence on customer marketing. In his book *The Ultimate Question*, Reichheld provides a measurable bridge between word of mouth communications and customer loyalty. Reichheld calls it the Net Promoter Score (NPS).

The NPS is based on the answer to a simple question, "*Would you recommend us to a friend?*" This question may be asked as part of a user or customer satisfaction survey, personal contacts with customers, at the end of every phone contact and e-mail, or on Web site visits. NPS has been used by organizations as diverse as General Electric, Enterprise Rent-a-Car, Amazon.com, and Intuit (Turbo Tax).

The concept is simple: the answer to this question provides feedback to help an organization identify customers that have potential to help or hurt their profitability. NPS divides an organization's customers into categories based on their answer to the Ultimate Question. Their response puts them into one of three categories:

- Promoters
- Passives
- Detractors

Notes Reichheld: *Promoters* are "loyal enthusiasts who keep buying from a company and urge their friends to do the same." *Passives* are "satisfied but unenthusiastic customers who can be easily wooed by the competition." *Detractors* are "unhappy customers trapped in a bad relationship." The goal for an organization is to create more "promoters" than "detractors."

To measure how well a company is doing, Reichheld recommends that promoters be thought of as assets and detractors as liabilities. Passives are neutral, and often the greatest percentage of customers. They can be swayed one way or the other, so they cannot be ignored.

To calculate an enterprise's Net Promoter Score, the percent of customers that are detractors is subtracted from the percent of customers that are promoters. This can be expressed as a simple formula: Promoters – Detractors = Net Promoter Score. Based on this formula, customers that score nines and tens are "promoters," customers that make up over 80 percent of an enterprise's positive word of mouth. This segment accounts for a business's organic growth, growth that comes from existing customers. "Passives" fall in the range of sevens and eights and are satisfied for now. An organization may have a share of their wallet, but "passives" are switchers who shop with whoever has the best deal. "Detractors," those scoring one to six, give the enterprise a failing grade. They are vocal, they complain, their average purchase is smaller, and they have a high propensity for defecting.

The importance of this is in Reichheld's experience. According to Reichheld, in more than 24 industry segments analyzed by Bain, the enterprise that had the highest net promoter score was the leader, with growth at two and a half times that of their competitors.

It is human nature to look for silver bullets or an easy way to achieve a difficult goal. When it comes to customers, businesses know that they need to acquire, maintain, grow, nurture, and turn their customers into advocates. They have learned that it is much more profitable to market to customers than to prospects. And, they have learned that customer loyalty is key to long-term growth. How to accomplish that is still a mystery for most.

Win-Back: Too Little, Too Late

Most organizations don't have strong win-back policies, programs, or monitoring systems. Research shows that less than 50 percent of organizations monitor defection rates. This is potentially troublesome for organizations. When asked, most think defections are in the 7–8 percent range. However, on average it is a minimum of 20 percent for most B-to-C organizations.

There is too much apathy toward customers that defect. When asked, half of the organizations don't know how many customer they could win back. Most consider "churned" customers lost, with no chance of revival. Many don't interview lost customers. However, many lapsed customers are "dormant" and awaiting resuscitation. There is a 60–70 percent probability of selling again to "active" customers. And, there is a 20–40 percent probability of successfully selling to lapsed customers. Compare this to the 5–20 percent chance of making a successful sale to a new prospect and it is clear why focusing on churned customers is so important.

On average, firms lose 20 percent of their customers annually. They believe that an 80 percent customer retention rate is good enough. However, retaining 80 percent of customers means that the enterprise is losing 20 percent of the customer base per year. Over just four years that is like losing half of the customer base. In five years, just 40 percent is left. Exhibit 6–7 shows how that progression works.

Here is where this becomes important: If a company has 10,000 customers and wants to grow its customer base by 25 percent annually, its goal would be to add 2,500 customers annually (10,000 × 25 percent = 2,500). However, if it loses 20 percent of its existing customers annually (10,000 × 20 percent = 2,000), it must replace those 2,000 customers in addition to the 2,500 it wants to add for growth. So, the company would need to add 4,500 customers annually. Each year, it would have to account for defections in its overall growth plans.

While marketers can't stop defections, it can detect a customer's reasons for defecting. This usually starts with an analysis of account histories. The focus should be on order, re-order, and return patterns. Reviewing customer-service records adds another dimension. This often helps to distinguish differences in product, service, and customer issues.

Marketers need to get both sides of the story. They should conduct in-depth exit interviews with customers. These can be done by phone, mail, e-mail, via the Web, etc. Marketers must be prepared to learn the unexpected. Sometimes product, delivery, or service problems are identified. Or, it may be that the terms and conditions of the offers become an issue once customers become aware. Or, it could simply be that competitors are making offers that are just too good for customers to turn down.

Once a customer has defected, don't try to get too much information right away. Timing can be an important consideration in the response. Wait 30–60 days before asking too many questions. This makes it easier to separate reasons such as emotion or logic. Emotional defectors may churn regularly, drifting from one

EXHIBIT 6–7

Example of Defections at a 20 percent Annual Rate over 5 Years

YEAR	NUMBER OF CUSTOMERS
1	100
2	80
3	64
4	51
5	41

vendor to another. Sometimes emotional defections are easy to repair, once the reason for the defection is identified.

Another tool for this is a "Lost Customer Report." Produced monthly, the goal of the Lost Customer Report is to anticipate reasons and help to prevent future lost customers. This report highlights sales histories and fluctuations as well as the top reasons for customer defections. It may include overall satisfaction and a range of the highest and lowest-rated satisfaction attributes. Plus, it should include verbatim customer comments. A sample of a Lost Customer Report is included as Exhibit 6–8.

Ultimately, some customers always defect. There are many reasons for defections. And, before any efforts to win back lost customers begin, lost customers need to be segmented into groups so that future actions can be properly targeted. Segments are usually based on the reason for the customer defection. Organizations need to distinguish between avoidable and unavoidable defections.

Some customers are *intentionally pushed away* because they are unprofitable to serve, poor credit risks, etc. No win-back action should be taken with this segment in the future.

Another segment of customers are *unintentionally pushed away.* This group finds that brand, product, or service doesn't meet their expectations. The reasons for this can be identified in research. It is likely that this group is a candidate for win-back.

EXHIBIT 6–8

Elements of a Lost Customer Report

- Products/Services
- History
    - First contact
    - Last contact
- Sales
    - Trend
- Profitability
- Source
- Channel(s)
- Demographics/Firmographics
- Customer service contacts
    - Resolutions

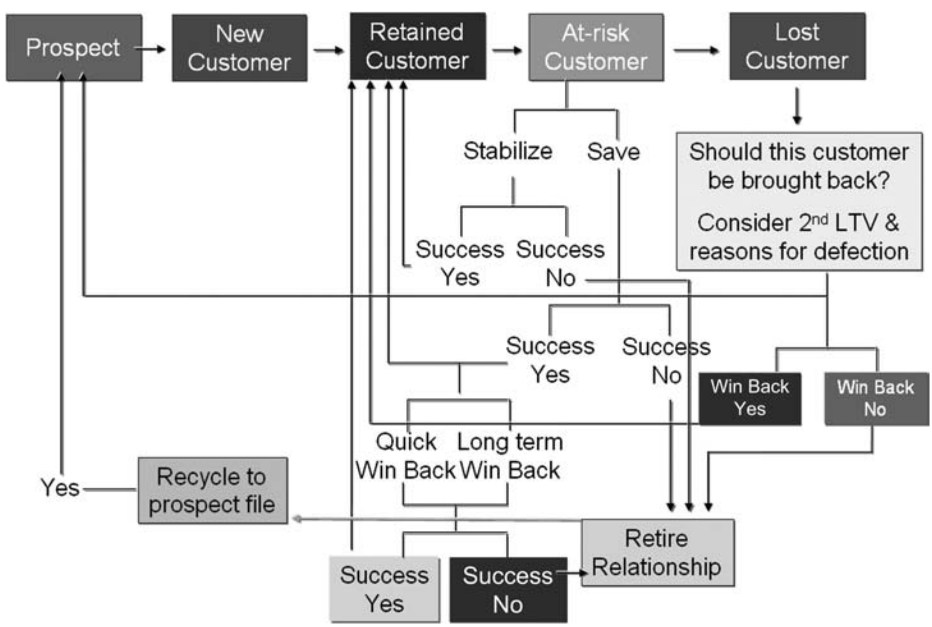
Another group of defections are customers that are *pulled away.* They may have found a competitor with a better offer, left for better service, higher quality, etc. Sometimes they leave paying a higher price but perceive that the overall value proposition is simply better. This is another group worth targeting for win-back efforts.

Another segment is customers who are simply *bought away.* For this segment it is all about the lowest price. They are attracted to low ball or introductory price offers. Likely, that's how they became one of your customers as well. However, this group has loyalty that can be bought. They are likely to churn for the next best offer. This is a group to suppress from win-back offers.

The last group of customers is those who have *moved away.* While this is often used in the geographical sense, some customers have moved into different lifecycles and life stages. Disposable baby diapers can only be sold as long as babies need them. Sears was able to predict that they could keep young families until their middle years, when teenagers and adults became status-conscious, and were attracted to higher-end brands. Sears would attract the same customers as the adults became empty-nesters and focused more on capital conservation than status, and as their children started young families of their own. Changes in demographics also affect loyalty, as needs and wants change through swings in age, income, and personal status. The reasons for *moved away* defections need to be addressed individually to determine if they should be targeted for win-back.

EXHIBIT 6–9

The Win-Back Decision Map



Once groups have been identified, their win-back potential needs to be scored. Often, this is done by calculating a second lifetime value for the segment. This is different from the first lifetime value. Win-back customers are already familiar with the organization's products/services. There is more data about customer likes/dislikes. And, there is a shorter prospect and new customer phase where performance is often increased by recognizing these segments as former buyers, not as prospects. This is all factored into the win-back lifetime value.

Because this group is so important, the win-back process must be ongoing. There are decisions that need to be made about groups, and specific win-back programs need to be developed. The win-back process includes decision points and creative efforts targeted at lost customers. Exhibit 6–9 shows how such a process might work. Note that the process takes into consideration the fact that marketers won't win back all of their customers. It identifies specific decision points where there will be a hard-stop of efforts. Decisions are based on the segments that we described above, as well as exhausting the win-back lifetime value.

CASE STUDY: Guinness Relationship Marketing

Adapted from the Direct Marketing Association International Echo Awards 2005.

BACKGROUND

Trends in the Irish alcohol market were threatening Guinness's market position. The price of drinks in pubs had increased, as a result more consumers were drinking at home, switching brands when doing so. Consumers become less loyal in a market with more and more product choice. In recent years, a smoking ban was enacted, prohibiting smoking in all workplaces including pubs. Because the majority of Guinness is sold in pubs rather than for at-home drinking, these events posed a major challenge for Guinness.

With 90 percent of Guinness consumed by 10 percent of drinkers, the first goal was to secure this volume against such threats by acquiring 100,000 new drinkers to the existing Relationship Marketing program. The idea was to communicate with these drinkers to maintain and deepen their brand commitment (by one pint per week) and to cross-sell products to them from within the Guinness portfolio. The key at-home product offering from Guinness is cans of Guinness Draught. This product suffers from a lack of perceived quality among those consumers who drink Guinness in pubs, resulting in only 5 percent of Guinness in-pub drinkers drinking it at home. This was a big issue in a rapidly changing market, where the future of the brand could depend on converting pub drinkers to at-home drinkers.

TARGET AUDIENCE

For many loyal male Guinness drinkers, aged 21–60. Guinness is the number one brand they choose when having a pint in their local pub. The Guinness drinker has a unique and emotional attachment to Guinness. The quality of the pint influences their preference for the "local" pub and, very often, the quality of the actual night out. For Guinness drinkers, there is an "unspoken" drinking ritual which begins with the way the pint is poured, served, and consumed. Loyal Guinness drinkers can identify with this ritual.

MARKETING STRATEGY

The strategy was to maximize the value of the relationship between consumers and their pubs, leveraging that relationship to build further brand loyalty, and cross-selling cans of Guinness Draught to consumers who change brands when drinking at home.

CASE STUDY: Guinness Relationship Marketing *(continued)*

Objectives were: acquire 100,000 Guinness drinkers to the database; significantly increase sales (by 1 or more Guinness pints per week) while retaining loyalty among consumers by the end of the first year; and convert 20 percent of loyal Guinness consumers to drink cans of Guinness Draught at home (as well as drinking it in the pub), from a base of 0 percent currently drinking it at home.

SOLUTION

For acquisition the program was sold to pubs via sales representatives who provided pubs with "The Big Black Book." The Black Book gave owners and managers the information needed to train staff and recruit consumers, including sign-up forms and point-of-sale material for their pub. Pubs were eager to participate due to a decrease in the numbers in their pubs and the guarantee of consumers being sent back to their pub with a pint voucher on a regular basis. The point-of-sale posters allowed consumers to see themselves as "One of Guinness' most wanted" and encouraged them to register. The pubs were allocated a unique code (on all sign-up forms) so that consumers could be mailed personalized vouchers for their local pub (See Exhibit 6–10). Consumers completed a simple form, which clearly explained the benefits of the program, gathered the essential date of birth and signature information (essential for responsible marketing of alcohol brands), together with their affinity to the brand and all contact information (See Exhibit 6–10). Consumers received a Welcome Pack within six weeks of signing up, followed by maintenance communications to sustain their increased consumption over the course of the year. These maintenance communications prompted consumers to feel like they were being "called" when that black envelope came through the letterbox. The mailings worked to create anticipation of a great night out, while also providing subtle reassurance of the quality of the pint waiting for them. Competition incentives in each mailing ranged from sports tickets to holiday prize draws (incentives shown by research to be of most interest to these consumers).

For cross-sell communications, extensive analysis of the database was undertaken to extract consumers who were loyal to Guinness in the pub, drank at home, but did not drink cans of Guinness Draught. These consumers (hosts) were targeted with an invitation to sign-up friends to watch matches of their favorite sport on three consecutive occasions, facilitated by Guinness who provided them with product vouchers and drinking glasses. The initial communication invited the consumer to sign-up three friends who would then receive invitations to the host's house the week before a big soccer match. All parties received reminder communications on the week and day before the match. The kit box was delivered the week before the match and included vouchers for product, glasses, and a welcome mat which hosts were invited to put outside the door to prompt the guys to "let themselves in, the match is on."

Measurement for acquisition was tracked through the database itself, maintenance mailings were tracked through voucher redemption and pre-post/test and control telephone research. Cross-sell activity was tracked through response rates, telephone research, and voucher redemption rates.

RESULTS

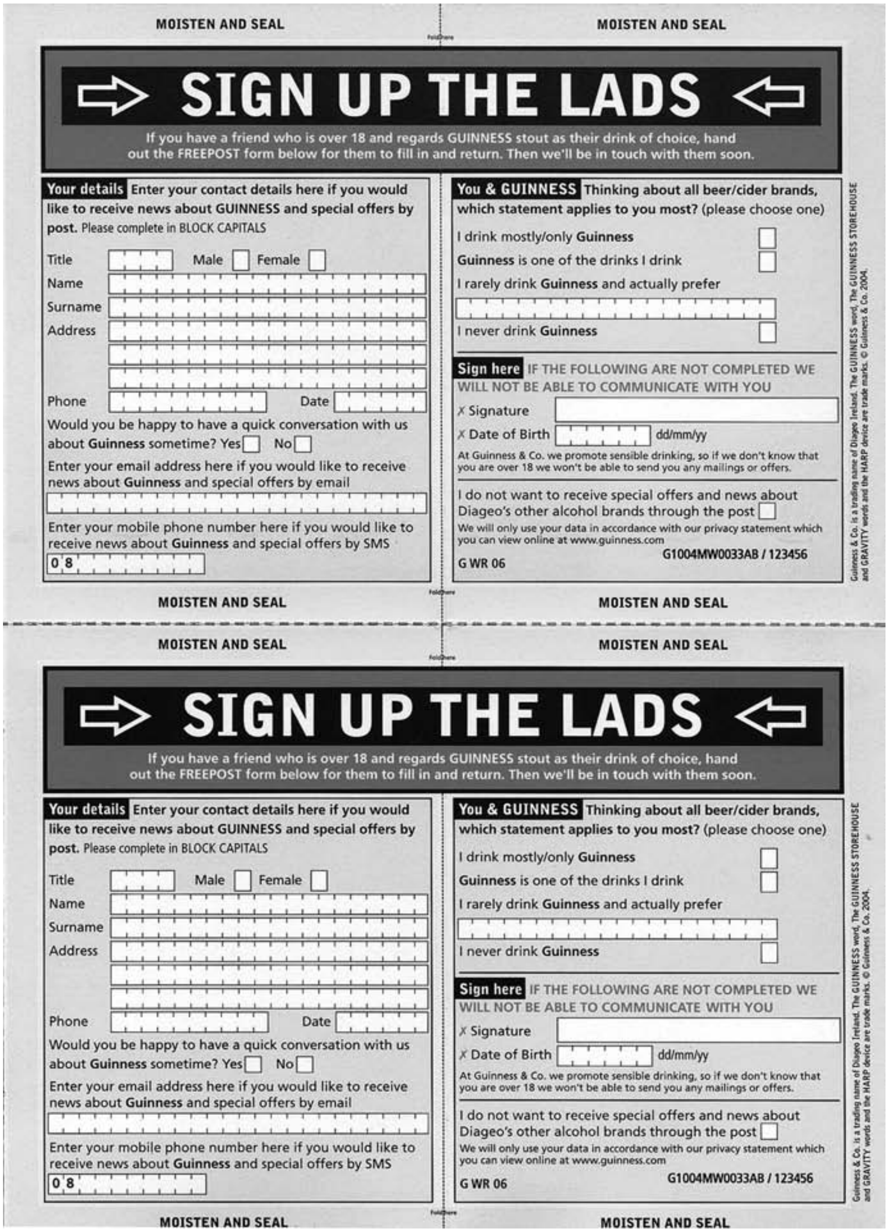
This campaign was a winner. The goal was to hit the acquisition target within 12 months by signing up 5,000 pubs—approximately 70 percent of the pubs targeted—and 98,000 consumers. Acquisition roll-out started in October, and after just three months pub sign-ups had increased 8 percent and 70,000 consumers were acquired.

Based on telephone research on the first two mailings, consumption levels were on track to increase by one pint per week over the course of a year. Voucher redemption rates of 35–55 percent indicate that pub owners/managers are happy with the program. The campaign achieved a participation rate of 73 percent from hosts; the brand conversion rate was 42 percent—well above the 20 percent target rate.

CASE STUDY: Guinness Relationship Marketing *(continued)*

EXHIBIT 6–10

Guinness Reply Form



MOISTEN AND SEAL MOISTEN AND SEAL

SIGN UP THE LADS

If you have a friend who is over 18 and regards GUINNESS stout as their drink of choice, hand out the FREEPOST form below for them to fill in and return. Then we'll be in touch with them soon.

Your details Enter your contact details here if you would like to receive news about GUINNESS and special offers by post. Please complete in BLOCK CAPITALS

Title Male ☐ Female ☐

Name

Surname

Address

Phone Date

Would you be happy to have a quick conversation with us about **Guinness** sometime? Yes ☐ No ☐

Enter your email address here if you would like to receive news about **Guinness** and special offers by email

Enter your mobile phone number here if you would like to receive news about **Guinness** and special offers by SMS

0 8

You & GUINNESS Thinking about all beer/cider brands, which statement applies to you most? (please choose one)

I drink mostly/only **Guinness** ☐

Guinness is one of the drinks I drink ☐

I rarely drink **Guinness** and actually prefer

I never drink **Guinness** ☐

Sign here IF THE FOLLOWING ARE NOT COMPLETED WE WILL NOT BE ABLE TO COMMUNICATE WITH YOU

✗ Signature

✗ Date of Birth dd/mm/yy

At Guinness & Co. we promote sensible drinking, so if we don't know that you are over 18 we won't be able to send you any mailings or offers.

I do not want to receive special offers and news about Diageo's other alcohol brands through the post ☐

We will only use your data in accordance with our privacy statement which you can view online at www.guinness.com

G WR 06 G1004MW0033AB / 123456

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MOISTEN AND SEAL MOISTEN AND SEAL

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Surname

Address

Phone Date

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0 8

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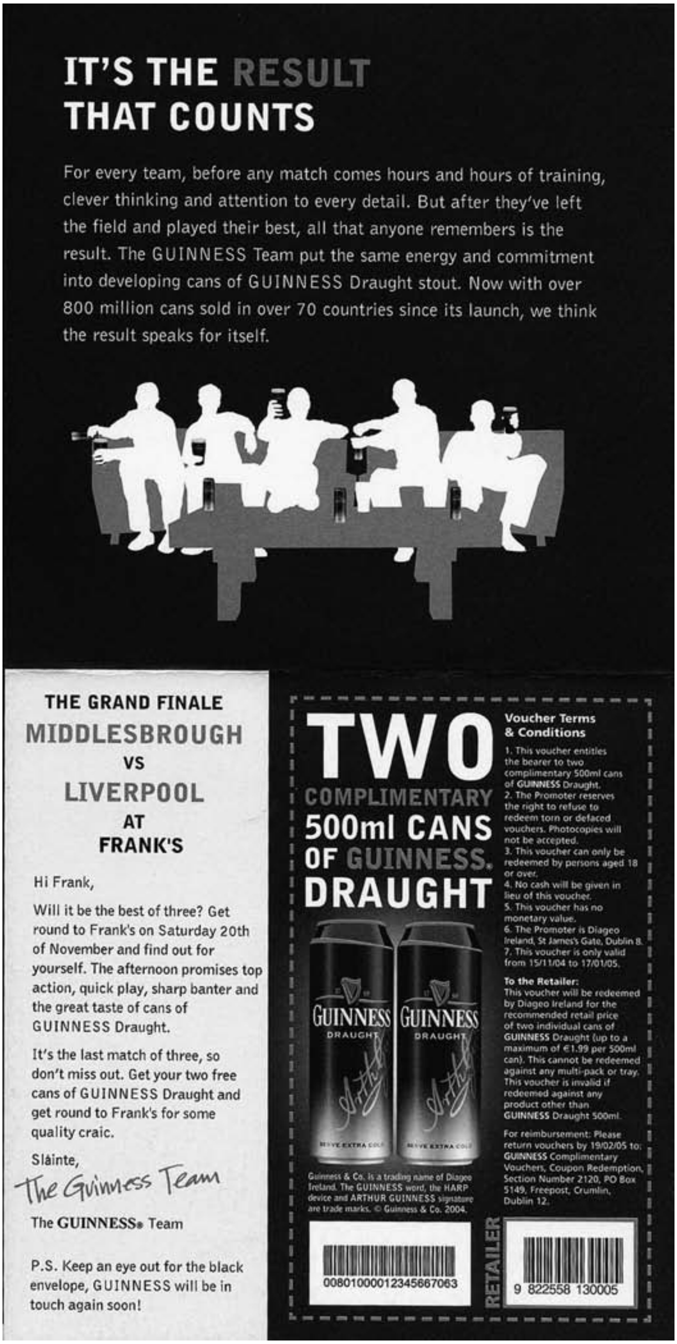
MOISTEN AND SEAL MOISTEN AND SEAL

EXHIBIT 6–11

Guinness Direct Mail Personalized Voucher



PILOT PROJECT

Adapted from "The Case of North State" by Dr. Debra Zahay, Northern Illinois University.

You have been assigned to design a customer relationship management program for the alumni association of the undergraduate programs of North State University. The university currently graduates 1,000 engineering students each year, 100 veterinarians, 700 business students, and about 300 students in various other disciplines. North State U.'s unique positioning among the university system is as a technically oriented school. It is listed among the top engineering programs in the United States.

Currently, the alumni association classifies its alumni into four categories: Named-Building-Candidates, Big Donors, Small Fry, and Off-the-Map. Named-Building-Candidates are those who potentially could give a lot of money to the university in the form of a building or other major gifts, the $10 million-plus range. These alums typically graduated 30-plus years ago. There are several schools whose buildings are waiting for a named donor.

Big Donors give smaller amounts and usually fund scholarships or make gifts to the general fund of $100,000 to $1 million in range. These alumni have been out typically 20-plus years. Students looking for financial aid find these scholarships helpful. Small Fry typically give $50 to $100 a year and have been out for five to ten years. Off-the-Map graduates are those who do not give at all and in many cases cannot be located. In many cases, the university has lost touch with its Off-the-Map graduates. They were recently embarrassed when the local CEO of Big Cap, a dot-com start-up, announced he was giving a building to arch-rival Downstate University, even though he was a North State University graduate. He was not on the current list of alumni as he frequently moved during his rise to the top of the corporate ladder. Total annual fund giving across all categories is $50 million.

Develop a multichannel Customer Relationship Management Program for North State University's undergraduate alumni that makes use of online media. You will want to consider the overall business strategy, and set a reasonable annual fund goal for North State University. Provide a rationale for your goal.

A. Identify: What are the four segments North State University has identified? What are the segment needs and the individual needs? Would you change these segments in any way?

B. Differentiate: Think about how these customers can differentiate themselves. By their value to the university? By their needs by segment? By individual needs?

C. Interact: How would you interact with each segment/each customer within the segment? What interaction mechanism would you use and with what frequency? Would you use the Web? Develop a matrix that explains the strategy for each customer.

D. Personalize/Customize: How would you personalize your feedback and customize your products (services) based on feedback from that interaction?

E. What tactics would you use to reach and nurture the potential donors?

Key Points

- Success comes from finding the right mix of customer equity drivers, and focusing efforts on them.
- Don't forget to ask the "Ultimate Question," *Would you recommend us to a friend?* Then, be ready to act upon its results.
- Organizations need to find a more balanced approach to customer marketing, unlocking data.
- Technology doesn't make an organization customer-centric.
- Align people, processes, and technology to be successful.
- As few as 20 percent defections can reduce a customer base by half in four years.
- Win-back processes can be as complex or simple as needed, but an organization must learn the real reasons that customers defect.
- Segment, segment, segment.