

Making Delight A Part of your Marketing Strategy

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Background

The concept of delighting customers has existed for decades. The issue is what can a company expect in terms of payoff from trying to delight customers and what exactly should they do? This article will address: (1) what is the measurable payoff in enhanced loyalty, (2) what types of actions result in delight, (3) which actions provide the greatest payoff, and (4) what is a strategy for incorporating delight into your marketing and service strategy?

Methodology

TARP analyzed four recent surveys from investments and insurance customers where customers were asked, "Have you received any service that delighted you or was extraordinary? If so, please describe your experience." Of the several thousand responses, about 10% provided a verbatim describing a delightful event.

The comments were categorized into ten types of actions and cross-tabulated with the top box (on a five point-scale) score – "definitely willing to continue to do business" and "definitely willing to recommend the company." These scores were compared to the overall results on loyalty questions for a random sample of customers from the same companies.

Does delighting customers result in real loyalty increases?

The comments all fell rather neatly into about ten categories. The categories were (not in order of importance):

- Tell about a new opportunity, often a new product better suited to the customer's situation
- Personal relationship with a staff member over a period of time
- A single interaction with a very friendly staff member
- No unpleasant surprises
- Provide assistance during a life event or high involvement event such as an accident, divorce or death
- Ongoing provision of information such as relevant commentary on the investment market situation or biannual assessment of account
- Service beyond expectations including expediting complex transactions or heroic actions
- Consistently good service even when the customer makes mistakes (patience is mentioned a lot)
- Flexibility on policies – waiving fees or requirements
- A product offering or aspect that was significantly better than the competition and expectations, often at a lower price.

<i>Delight Experience</i>	<i>Average Lift to Repurchase¹ (Top Box)</i>
<i>Service beyond expectation</i>	12%
<i>Assistance during life event</i>	14%
<i>No unpleasant surprises</i>	22%
<i>Friendly staff interaction</i>	25%
<i>Personal relationship over time</i>	26%
<i>Tell me of new opportunity</i>	30%
<i>Consistently good service</i>	32%
<i>Proactively provide information</i>	32%

The surprising finding was that the actions that took the most effort by the company did not necessarily result in the greatest lifts in loyalty. The actions that required the greatest staff effort, such as handholding during a tragedy and expediting complex transactions, did not result in the greatest lifts in loyalty. Also an ongoing relationship with an individual (usually a specific staff person was named) also provided only a moderate lift.

Two of the actions that provided the greatest lift were proactively providing information and notifying the customer of new opportunities. In many contexts, these contacts would be viewed as **sales activities** but, when carefully targeted, they are very much appreciated by the customer. The most frequent delighters (which provided moderate to high lifts in loyalty) were those that were easiest to execute – no unpleasant surprises, consistently good service and personal relationship! None of these require any extra effort or training for employees. **The key is doing the basics well.**

A strategy for making delight systematic

There are five steps in implementing a strategy.

- 1. Identify the “Points of Pain” that exist in your basic processes to assure you “do the basics well”.** As long as they exist, it’s impossible to create delight. You should survey your customers to identify their key problems. Then, looking at both the prevalence and severity (damage to loyalty), target the top three problems for prevention. The following chart from an electronics company provides an example where the checked issues would be key points of pain. Prevention is critical because half or more of the customers will never tell you about problems but problems preclude any opportunity to delight the customer.²

¹ Percent increase in loyalty (top box score) between general customer base and customers reporting a “delight experience.”

² See, TARP’s working paper titled, “*Identifying Points of Pain via Market at Risk Analysis*” 2002.

Market Damage Estimate: Top Individual Problems, Highlighting Key Points of Pain With A

Problem Experience (45%)	Problem Freq (%) ¹	% Who Will Repurchase		% of Customers Potentially Lost	
		Will Not ²	Likely to Not ³	Minimum	Maximum
 Meeting Promised Delivery Dates	27	10.5	52.6	1.3	6.4
Product Availability Within Desired Time Frame	23	0.0	7.7	0.0	0.8
 Meeting Commitments/ Follow Through	21	30.0	77.0	2.8	7.3
 Equipment/System Fixed Right 1st Time	20	22.2	66.7	2.0	6.0
 Returning Calls	16	33.3	100.0	2.4	7.2

¹ Based on multiple problem selection

² Based on *will not repurchase* only

³ Based on *will not repurchase* and *might/might not*

- 2. Identify the actions that delight the customer.** Inventory and integrate the compliments, statements of delight received on surveys, and other sources in your Voice of the Customer system.³ Evaluate the relative to the cost and impact of each action to determine which are desirable to implement systematically.
- 3. Identify the proactive actions that will create delight.** What information and opportunities provide the customer with genuine opportunity and benefit? Also, what will be a surprise that will produce significant word of mouth? Reflect.com sends orchids to each customer. They then send other gifts at random times, being careful not to create an expectation of ongoing gifts. GE Capital identifies where they can help the commercial customer produce greater profit, even if it is beyond the traditional role of their company. Lexus has asked the customer what channel they want to have used for communications so that the most comfortable channel is used.
- 4. Test the concept with a few of your best customers and measure and evaluate.** Better a small success than a big disaster. Start with your top tier customers and provide your reps with response rules, empowerment, training, and account analysis support. Develop proactive communications that are both semi-tailored but cost effective to produce.

³ John Goodman, Jeff Maszal, "Creating a Customer Relationship Feedback System that has Maximum Bottom Line Impact," *Customer Relationship Management* (March/April 2000), pp. 289-296.

- 5. Track impact and celebrate your successes.** Track satisfaction and loyalty impact for 200 of each type of delight transaction via a survey. Celebration of delight actions is important. One great idea has been implemented by Horizon Blue Cross Blue Shield of New Jersey. They invite 50 subscribers who have complimented a service rep to Newark and they have lunch with the rep they complimented. The voice on the phone becomes a real person.

In summary, delight can have a significant impact on the bottom line. But, to be cost effective, it needs to be managed like any other service transaction, meaning it must be measured and analyzed and implemented in a systematic manner.