

Building Multi-Channel Customer Satisfaction and Loyalty



Theme

Many retailers measure customer satisfaction based solely on the point of sale, but satisfaction and loyalty are often strongly cemented—and potentially damaged—by other stages of the customer experience. A multi-channel retailer that truly understands the value of customer relationships treats the total customer experience as a portfolio of touch points. By measuring satisfaction across the entire customer life cycle, Best Buy discovers the impact of each touch point and how best to capitalize on opportunities to strengthen customer relationships for long-term profitability.

The Challenge

Creating a Seamless Customer Experience.

When Best Buy started out over 40 years ago, there were only two stores; today there are more than 1,300. The emergence of multi-channel experiences for a single retailer has posed many challenges over the years, particularly for a company driven by innovation and growth. As the world's largest provider of consumer electronics, Best Buy strives to provide the support customers need with the purchase of cutting-edge technology. By identifying unmet customer needs and finding the best ways to meet them, Best Buy has evolved into multiple new service channels, products and touch points, including the call center, Geek Squad, BestBuy.com, and Best Buy Mobile.

Regardless of the nature of their interaction with Best Buy, customers do not differentiate—they see one brand. Every touch point is “Best Buy” whether it is a third party delivering a refrigerator, or a person in Texas answering a 1-888-Best Buy call.

According to Best Buy's Julie Beth McFall, Director of Best Buy's Consumer Tracking and Analytics, “Building strong customer relationships has always been a priority for Best Buy, but we needed a scientific way to understand what drives customer behavior, to predict which improvements will ensure long-term customer loyalty, and to measure our progress.”

For Best Buy, the challenge was to create a seamless multi-channel experience and understand exactly how each interaction impacts customer satisfaction and loyalty. They needed a scientific means to measure the value of each element of the customer experience and gain deeper insights into purchase behavior. Best Buy also wanted a reliable way to determine the effectiveness of their efforts. Best Buy turned to CFI Group and the methodology of the American Customer Satisfaction Index (ACSI) to measure customer satisfaction across every point of customer interaction.

Monitor.

Satisfaction Insight 1

Satisfaction Drives Revenue.

By building customer relationships across multiple channels, retailers encourage increased future spend. CFI Group found that customers who were highly satisfied across multiple touch points spend nearly 50% more over the next 90 days than those who are less satisfied. Retailers of major consumer durables will positively impact their bottom lines by successfully executing on every step of a customer's experience over time.

Satisfaction Insight 2

Employees Drive the Customer Experience.

Across a variety of channels, interactions with Best Buy employees account for almost two-thirds of overall satisfaction. Although Best Buy associates were viewed well already, personal interactions proved to be the single biggest opportunity to increase satisfaction and build loyalty. CFI Group and Best Buy identified specific employee behaviors that improve the customer experience. With this knowledge, Best Buy associates strive to proactively meet all needs at the time of the purchase thereby reducing the need for customers to initiate follow up contacts to complete the experience.

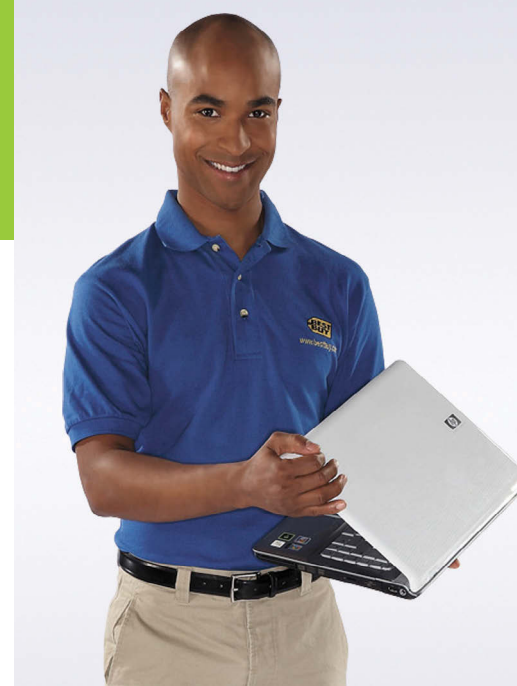
Best Buy learned that one of their greatest opportunities to maintain and build on their competitive advantage in the marketplace was by educating and empowering employees. The amount of time employees spend explaining products and features has a tremendous influence on customers, as does offering assistance even after the sale.

To this end, "Best Buy has worked to build a culture of empowerment among all of our associates so that they can innovate in ways that show an understanding of unique customer needs, and can deliver on those needs," notes Julie Beth McFall, Director of Best Buy's Consumer Tracking and Analytics.

Satisfaction Insight 3

Employees Only Make a Difference if the Fundamentals are Sound.

That does not mean, however, that a retailer should focus only on the employee interaction with the customer. A retailer must first ensure the building blocks are successfully in place, such as merchandise offerings, variety and price to position itself for continued growth in satisfaction in another channel. Because Best Buy was generally able to deliver well on the merchandise aspect of the experience, customers look to other service facets as a point of differentiation.



"Best Buy treats you like a member of the family. I trust that the products I buy at your store are the best and that the information regarding these products will make me feel very comfortable. Your employees will not tell you what you want to hear, instead they will relay the truth about your choices so making a mistake can be avoided ... Because of that I am a loyal Best Buy customer."

—Best Buy customer comment

Analyze.

Satisfaction Insight 4

The Next Touch Point is "Make or Break."

It is critical to execute at every service touch point. Even when the in-store experience is excellent, a negative perception of the very next touch point can result in nearly a 60% drop in customer satisfaction. On the other hand, individuals who have a disappointing in-store experience but have a high service experience afterward can regain almost 50% of the customer satisfaction lost initially. Each touch point presents a critical opportunity to win or lose that customer relationship for life.

Satisfaction Insight 5

Customize the Customer Experience.

Best Buy recognized that one size does not fit all, and wanted to understand customer needs across different purchase occasions. Survey results found that many computer customers have a different set of needs than those purchasing a television or appliance. Most influential for a computer customer's satisfaction is making sure to provide education on how to use the product during the in-store set up process. Television customers are influenced most by the quality and timeliness of the delivery and installation, while appliance customers want to be educated at the time of delivery.

Satisfaction Insight 6

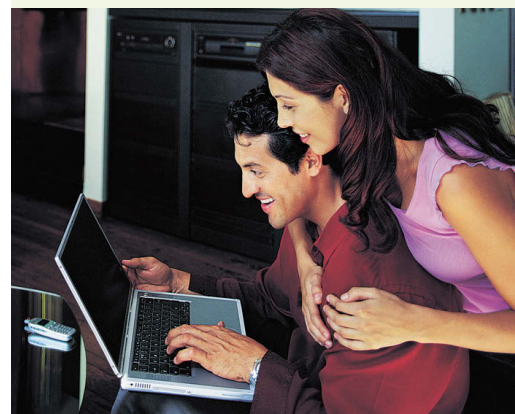
Expect Problems.

Problems will always happen, but timely resolution can be redemption. Customers who experience a problem have 40% lower satisfaction, so resolution is key to gaining and keeping customer loyalty. Frustration intensifies when customers have to initiate additional contacts to the retailer for resolution, rather than the retailer being proactive about solving the issues. Knowing this, Best Buy has improved their ability to anticipate needs and set realistic expectations. Dissatisfaction can be significantly reduced simply by communicating with a follow up call or email, listening and showing empathy and even compensating for inconveniences. To this end, Best Buy has implemented the callback program for customers who experience a problem. They may request that Best Buy call them back regarding their problems via the transactional survey.

Successful retailers empower employees to solve problems as quickly as possible – even if it is not related to their channel. If different retail channels share infrastructure and have transparent access, the customer's time and energy can be optimized.

"I brought my laptop back because I was having trouble pulling up the Internet. When explaining and showing a member of the Geek Squad my problem, he very nicely told me I was doing it wrong and showed me the correct way ... On a different day, another Geek Squad member assisted and advised me of the different wireless routers after telling him I was unable to get on the internet at my house (and probing me with a few more questions) ... the customer service on the floor when buying my laptop was very informational, noproessure at all, which keeps me coming back."

—Best Buy customer comment



"I had problems getting my computer to work when I installed it at home. When I called the customer service rep of the manufacturer and they walked me through the problems I was having I found out that it was a faulty monitor. I was told by the factory to box it up and take it back. There were no questions asked or any hassles when I explained what was wrong or that the manufacturer told me to exchange it. I was in and out of the store with the monitor replaced within 15 minutes. I was very satisfied with the way I was treated."

—Best Buy customer comment

Results

This advanced customer satisfaction program empowers Best Buy to pinpoint the areas most important to satisfaction and loyalty, and then identify actions to ensure a positive and seamless customer experience from start to finish. Best Buy continuously monitors:

- How customer experiences across channels relate to one another
- How experiences in one channel affect experiences and opinions across channels
- Causes of pain points
- Breakdowns in communication
- How well end-to-end solutions are provided
- The role of engaged employees in driving a better customer experience
- Insights from each channel that can be leveraged to understand the holistic customer experience

Best Buy, with a deep understanding of their customers, can focus on listening, working across interaction points, and ensuring that channels are “talking to one another.” Their success in a competitive marketplace is a direct result of their ability to continuously improve the customer experience, building strong customer relationships and loyalty for long-term profitability.

About CFI Group (www.cfigroup.com)

CFI Group is a global leader in providing customer feedback insights through analytics. CFI Group provides a technology platform that leverages the science of the American Customer Satisfaction Index (ACSI). This platform continuously measures the customer experience across multiple channels, benchmarks performance, and prioritizes improvements for maximum impact.

Founded in 1988 and headquartered in Ann Arbor, Michigan, CFI Group serves global clients from a network of offices worldwide. Our clients span a variety of industries, including financial services, hospitality, manufacturing, telecom, retail and government. Regardless of your industry, we can put the power of our technology and the science of the ACSI methodology to work for you.

About the ACSI

The American Customer Satisfaction Index (ACSI) is the only uniform, cross-industry measure of customer satisfaction proven to predict financial results. Founded at the University of Michigan’s Ross School of Business, the ACSI is a leading economic indicator of consumer spending in the United States.

The ACSI measures more than 230 companies and organizations across 43 industries, representing close to half of the U.S. economy. Nearly 20 years of data from the ACSI show that customer satisfaction is an indicator of financial results on both macro and microeconomic levels, including shareholder value and cash flow volatility. The U.S. Federal Government also uses the ACSI as the gold standard of satisfaction measurement for its agencies.

