



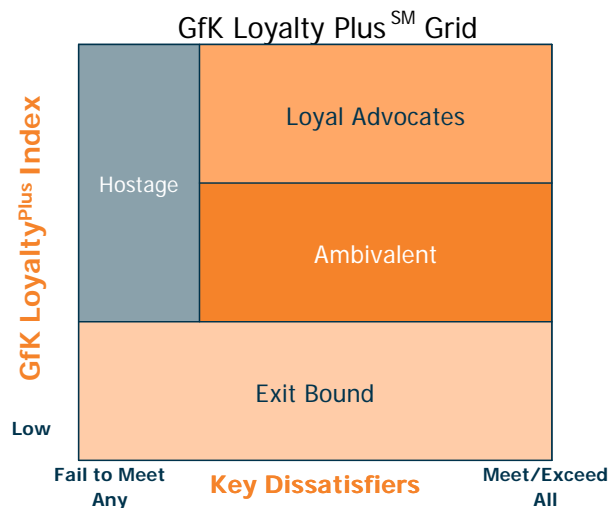
Case History: Reducing Customer Attrition

Industry	Financial Services
Business Problem	Improve company financial performance by reducing attrition among credit card holders.
Background	A GfK client called when they experienced increased customer attrition in a key business segment, resulting in erosion of overall profitability. They wanted to understand the key drivers of customer loyalty in order to develop action plans to reduce attrition.
Approach	<p>To accomplish these goals, GfK led a three-phase program:</p> <ul style="list-style-type: none">▪ A comprehensive customer survey was completed, measuring overall commitment, emotional ties, and satisfaction on approximately 30 customer needs. Commitment and emotional ties were combined with current customer behavior to create a GfK LOYALTY^{PLUS}SM score for each customer.▪ An innovative and in-depth data analysis was completed, utilizing GfK proprietary Key Driver Analysis^{Plus}SM (KDA+). It identified just five customer needs that explained 90% of customer dissatisfaction (referred to as <i>Key Dissatisfiers</i>). When customer needs are not met on any of these requirements, a reason for customer attrition is created.

GfK also identified seven needs explaining 70% of the highest levels of customer delight (referred to as *Key Enhancers*). When needs are exceeded on any of these, a bond is built that helps immunize the customer from competitive offers.

By combining GfK LOYALTY^{PLUS} score with KDA+ information, four Loyalty Segments were identified—each with different opportunities.

- Loyal Advocates. Those with high loyalty scores whose expectations were met or exceeded on all Key Dissatisfiers.
- Hostages. Those with high or medium loyalty scores who were dissatisfied with one or more Key Dissatisfiers.
- Ambivalent. Those with medium loyalty scores who were satisfied on all Key Dissatisfiers.
- Exit Bound. Those with low loyalty scores.



Identifying customers by Loyalty Segments revealed that Loyal Advocates averaged 40% more revenue and 25% more profit. Thus reducing dissatisfaction on Key Dissatisfiers and increasing customer delight for Key Enhancers would move customers into the more profitable Loyal Advocate segment.

- An Action Planning Session was facilitated by GfK using KDA+SM as stimuli. It was designed to address the salient issues uncovered in the analysis. Specific ideas for improvement initiatives were generated and responsibilities assigned for implementing programs to reduce dissatisfaction and/or increase delight on the key items.

One aspect of a key program was identified as a Key Dissatisfier. Client stakeholders reviewed current processes and how they addressed customer needs. GfK used survey data and verbatim responses to interject the "Voice of the Customer" into the discussion, resulting in several specific action plans.

Results

A loyalty program was introduced to accomplish this. Attrition decreased, average customer spending increased, and the downward trend in this segment's profits was reversed.

Specifically, the next year's dissatisfaction with the problem area fell from 20% to 12%, while delight increased from 20% to 30%. As a result, the number of more profitable Loyal Advocates grew 22% to 28%. And, all this happened with no increase in delinquent accounts.