



## High Customer Satisfaction Can Add to Profits

Marketing, public relations, product development, operations, customer service. These are all one-in-the-same in the eyes of the customer. Either we trust and prefer your brand or we don't. If we are satisfied customers, you have the chance of securing our loyalty. If not, you can spend a fortune to win us over and still not generate a purchase.

The smart marketer will follow the path of renewal and create strategies that avoid the heavy cost of unnecessary acquisition. Some of these strategies will be within the marketing portfolio, while others will require commitments from operations, finance, sales, and other departments.

J.D. Power and Associates (JDPa) recently conducted research analyzing the relationship between customer satisfaction and the bottom line.

## Online Brokerage Customers Need a Personal Touch

Customer service is a key driver of satisfaction with **online brokerage** firms, followed by cost of service and integrity of the firm. The erratic market of the past few years has made online investors more cautious about their investment choices, and more dependent on their primary brokerage firm for information and guidance. Investment brokerages offering online rates coupled with in-person support may have the advantage in attracting new clients under current market conditions.

JDPa's 2004 study found that 59% of online investors deem it "extremely" or "very" important to be able to speak with a broker in person. In addition, cost and customer service have become the primary drivers of satisfaction with online brokerages, followed closely by the integrity of the firm.

## Strong Relationship between Satisfaction and Retention

JDPa's **Audit and Tax Firm** Performance Study's results demonstrate a strong relationship between audit firm performance and client loyalty and confidence in the accounting industry.

When auditors are candid, able to explain difficult issues in a clear manner, and are willing to ask the tough questions about all aspects of business operations, the overall satisfaction score averages 684 on a 1,000 point scale. When auditors don't provide this level of communication, the score drops to an average of 475 points.

## Wireless Turnover Ties to Customer Care

The **wireless industry** has a customer turnover rate as high as 30% per year – an expensive item on the balance sheet, given that the price of attracting new customers ranges from \$300 to \$425 per person. Replacing an entire customer base every three to four years is a high expense that involves sales, as well as product development and customer service.

The turnover is three times as high among those customers who rate their wireless carrier below average in customer care.

The most important factors that impact overall wireless carrier performance, and thereby customer retention, in order of importance are: call performance and reliability, customer service, service plan options, brand image, and cost of service and billing.

In a case study of the top ranked T-Mobile's response to improve its customer satisfaction, they learned that there were four areas they had to improve. The result of these initiatives (listed below) was to reach all-time highs in customer service levels and achievement of top ranking in JDPa's Wireless Customer Care Performance for the first time.

- Accurate account information
- Validate customers against up-to-date lists
- Automate the process for identifying "at-risk" customers
- Route at-risk customers (and their issues) to decision makers for immediate resolution

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This issue's editorial contributor is Pete Marlow of J.D. Power & Associates. For more information about the particular customer satisfaction studies for the industries in this issue, visit [www.jdpa.com](http://www.jdpa.com) or contact Pete Marlow at 805-418-8834.