

Driving The Net Promoter Score: Gestures of Goodwill and Apology



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Introduction

Simply Thank You programs are designed to build emotional connections with customers, growing collective loyalty because they feel valued, and with it the Net Promoter Score – or levels of customer advocacy.

Customer Service Recovery, and by extension Acts of Random Kindness (or ARK), programs equip organisations with the means to swiftly recover from errors in service, repair customer relationships and even employ the Service Recovery Paradox – whereby people are more satisfied with an outcome following failure and recovery, than if there had been no recovery at all.

The principle of sending a service recovery gesture or ARK (which calls more for surprise, delight and loyalty than apology) is closely linked to Fred Reichheld's concept of the Frugal Wow – a small gesture that doesn't cost much, but brings a smile to a customer's face and sets brands apart from competitors as those that go further to show appreciation for the people that matter.

Gestures of goodwill created with these programs are proven to be effective in reaching customers to atone for a customer service error, for inspiring customer switch and simply to reach out and say thanks – it's a gesture that goes above and beyond.



Five Golden Rules of NPS

When customers suffer a service failure, some complain. 96% don't complain, but they don't come back either – seeing a complaint as an opportunity for improvement is the first step on the road to NPS growth.

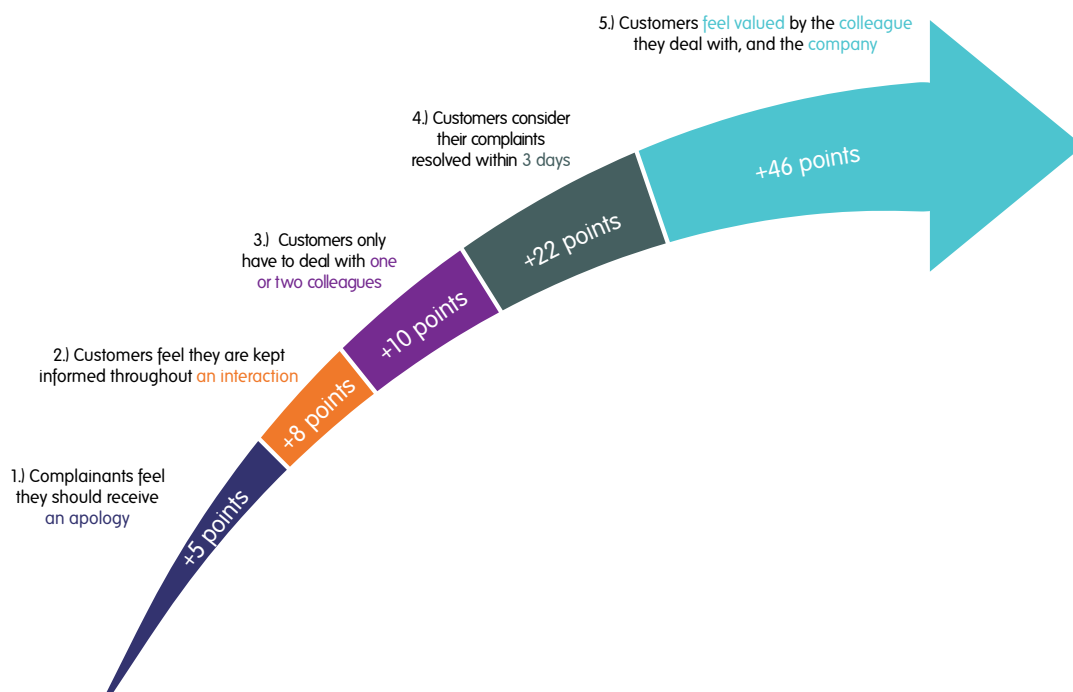
Our experience shows repeatedly that customer loyalty is strengthened when customers feel valued.

The Net Promoter Score is a measure of how likely a customer is to recommend a service to a friend. The higher the score, the more satisfied customers are and the more desirable a brand and its perceived customer service.

In 2014, a scheme designed for a leading financial institution saw NPS jump by 32 points in 2 months when customers were sent a goodwill gift following calls to their information centre.

More recently, a study performed by one of our largest clients has confirmed that five core NPS drivers, or Five Golden Rules of NPS. They've been identified as the drivers which receive the best increased score in Net Promoter measurement as customer satisfaction improves following a service failure – when a customer would typically give their lowest score.

Some NPS drivers rely on operational efficiency, but the one revealed to have the most impressive effect on the score can be directly influenced with the adoption of a service recovery program: customers want to feel valued.



- 1.) Complainants feel they should receive an apology
- 2.) Customers feel they are kept informed throughout an interaction
- 3.) Customers only have to deal with one or two colleagues
- 4.) Customers consider their complaints resolved within 3 days
- 5.) Customers feel valued by the colleague they deal with, and the company

These drivers can improve NPS, on average, a considerable amount.

Seek Justice When Service Recovery Slips

After a customer service failure, win customers back by demonstrating integrity with a good will gesture showing courtesy and fairness, and demonstrating appreciation.

So, what's fair?

For customers, the overall notion of 'fairness,' or Justice, is largely based on what they feel they deserve in comparison to their input so, broadly speaking, the longer a customer has been loyal, the more strongly they are likely to feel about our identified NPS drivers – but everybody expects a just response.

That Justice can be broken down into 3 dimensions:

- Procedural
- Interactional
- Distributive



For Interactional justice, the key indicator is the interpersonal behaviour and manner experienced by the customer: how is their complaint treated, how are they treated personally, throughout the process? The people delivering your service recovery procedure are delivering justice in the form of courtesy, empathy and helpfulness, and the level to which they do so has a profound effect on customer-perceived fairness. Rely on your customer service team to fulfil the Interactional justice dimension; hire for emotional intelligence and train for procedure.

Procedural justice deals with the way the problem is handled overall: how effective the customer deems the policies and procedures to be and therefore how well they are planned by executives. This includes the processes used to escalate complaints, involve the right colleagues, offer the correct help systems and of course distribute a good will gesture. Speed is a key influencer on the judgement of procedural justice, since a fast conclusion indicates an efficient procedure.

Distributive justice relates to tangible outcomes or, what's distributed: how much perceived investment has been made in the form of a goodwill gesture, and how much emotional goodwill has been representatively devoted by the organisation? Distributive justice can even stretch to complaining costs (is the helpline free?) and ego benefits (does the customer feel sufficiently valued?). Your customer service team interacts with customers on a personal level, and they can provide Distributive justice with a low-cost, high-perceived-value gift, and appeal to the individual by taking the time to make it personal.

Only a complete experience of justice will recover a customer relationship.

The Power of the Goodwill Gift

Gifts are better than cash:
tangible, thoughtful, meaningful

A goodwill gift is more effective at building (or rebuilding) a customer relationship because its connotations are that it required thought and effort from those involved; it's proof of the human touch. Gifts suggest that an individual's loyalty is worth a little extra exertion, it doesn't put a price tag on their feelings and in some cases, the gift is a keepsake, while cash just disappears into the everyday budget.

According to studies, complaining customers want the staff they deal with to be authentic and show genuine empathy with their situation, understanding their annoyance and being friendly in a courteous, helpful way. They want to be listened to, treated with respect and most of all acknowledged as an individual with personal circumstances.

Taking firmer hold of complaint handling with a service recovery program empowers staff to provide this kind of service in a way that Distress and Inconvenience payments can't: on a positive, emotional level. Our experience indicates that when it comes to providing compensation for trouble and upset, a monetary gesture doesn't reach customers on an emotional level the way a personalised gesture can.

There lies the power of the goodwill gift: it is entirely individual.

“Most of all, people want to be treated like individuals”

Service Recovery with a Goodwill Gesture

To improve NPS, customers must receive an apology which makes them feel valued by the company.

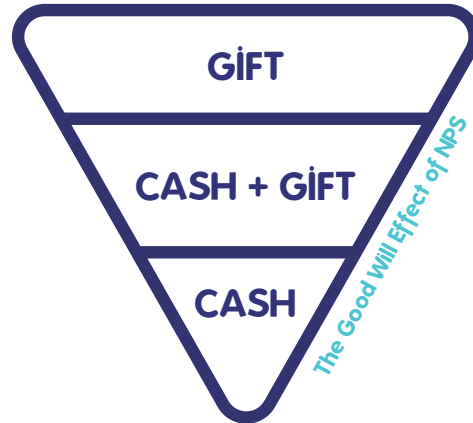
A monetary gesture is weak and badly received – it puts a price on customer inconvenience and can't reach customers on an emotional level. Mostly, cash compensation or refunds, for example to a bill, disappears into daily spend and makes no impact whatsoever.

A goodwill gift is a powerful alternative, proven to improve NPS, with the added benefit of the social share. Service recovery gifts have the unique ability to surprise and delight a disappointed customer by arriving unannounced in branded wrap, ribbon and personalised message – in many cases swiftly making its way onto social media as customers share their delight, and positive experience, with friends and family.

A financial services client, obligated to make compensation payments where Distress and Inconvenience is caused, noted that D&I payments, in some cases up to £500, did not drive higher customer satisfaction. They also recorded a drop and flat line in NPS overall.

Where D&I payments were couple with an ARK or other goodwill gift, the customer cohort was made up 100% of promoters, placing service recovery gifts as a fitting gesture.

Companies who choose not to provide cash compensation, favouring only an ARK or similar gesture, also report significant improvements in NPS. In 2014, our power generation client reported an NPS improvement of 25 points over a period of 12 months, during which they replaced cash with gifts.



Acts of Random Kindness and NPS

Acts of Random Kindness are a personal gifts, chosen specifically for individuals, to improve customer loyalty and drive up NPS as part of an ongoing customer retention drive. With its flexibility, it's also an ideal way to empower staff to recover a service error.

Customers feeling acknowledged as an individual is a strong driver to satisfying a complaint, and feeling valued by the colleague they deal with is the strongest driver of NPS. Employing the ARK invites staff to choose a gift especially for their customer (as specific as they choose), which directly references their interests, hobbies or circumstance to put an extra personal spin on the gift experience.

Gifts and Social Feedback

Goodwill gestures deliver surprise and delight which people want to share.

Arriving unannounced is part of the power of the ARK or service recovery. Customers are truly surprised and an emotional spark is created, prompting them to share the experience with friends, family and on social media.

With an equivalent press value of £1.50 per view, posts on Twitter and Facebook accumulate a press value based on follower numbers. The average person has 208 followers on Twitter and 338 Facebook friends, so the equivalent value of a delighted tweet is £312, and a status update around £507.

That's an average press value of about £819 per ARK, and a message to friends, family and followers that shows your brand in an excellent light.



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