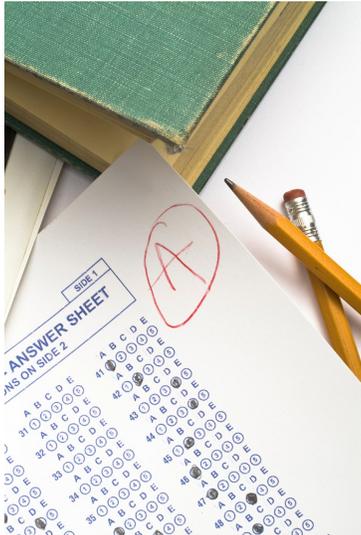


## CUSTOMER EXPERIENCE PARTNERS

## Scoring Customers: A Critical Step to Achieve Delight



In our Christmastime Emailer we described our beliefs about customer delight; that to bond with a customer an organization must excel in performance, not merely satisfy. In this installment, we'll continue to explore **Delight Analysis**.

One of the core tenets of **Customer Experience Partners'** Delight Analysis is to fully understand a business's customers and then selectively administer programs on the most receptive and productive customers. This insight was born from observations that far too many satisfaction and loyalty programs directed at customers either failed to show significant impact or ended up costing much more than originally budgeted. We realized both problems resulted from a failure to segment the customerbase so that only the *right* customers were included in a program. Or, said another way, to make sure the right offers and benefits are directed to the right customers.

We found (from principles of activity-based cost accounting) that businesses have three types of customers: **Breakeven Customers** (those customers who neither contribute to nor drain from the bottom line); **Costly Customers** (those who either demand so much special treatment or so abuse privileges offered them that they ultimately end up costing a business more than they contribute); and **Desired Customers** (customers who, because of their constancy and buying volume, contribute significantly to the bottom line).

While most businesspeople will casually acknowledge the existence of these three types, few actually manage their businesses accordingly. We find few organizations who have actually scored the customers in their customerbase. If one does so, two learnings emerge.

The first, the "macro perspective", is an understanding of the "health" of one's customerbase. Most customerbases will be predominated by Breakeven Customers. Desired and Costly customers will each be in the minority – with hopefully more Desired than Costly. If one has more Costly Customers than Desired Customers, the first order of business has to be to reduce the number of Costly Customers – either by "firing" them or by converting them to at least be Breakeven Customers. Convention dictates that a business's customers will be allocated as follows: about **40-60%** will be **Breakeven**, with ideally no more than **10-15%** as **Costly**, and hopefully as many as **25-35%** as **Desired Customers**.

The second learning, the "micro perspective" identifies specific customers who are in each category. This allows treating customers differentially according to their value or profitability to the business. The reason so many retention programs fail is that they've overlooked identifying the most valuable customers to retain!

To learn more about Delight Analysis, call us or visit our website:

[www.customerexperiencepartners.com](http://www.customerexperiencepartners.com).

**CUSTOMER  
EXPERIENCE  
PARTNERS**

P.O. Box 574  
Allendale, NJ 07401  
Phone: 203-655-0090  
Email: [pruden-vavra@customerexperiencepartners.com](mailto:pruden-vavra@customerexperiencepartners.com)

Unsubscribe: [unsubscribe@customerexperiencepartners.com](mailto:unsubscribe@customerexperiencepartners.com)

Copyright 2011