Editorial

Journal of Database Marketing & Customer Strategy Management (2009) **16**, 175–177.
doi:10.1057/dbm.2009.23

We have in the past been critical of the new technique of measuring marketing effect using Net Promoter Score (NPS). At least, we have published a number of articles from academics and practitioners who have been less than fulsome in their praise of that system.

They have raised some large and important questions about the mechanism by which NPS works, questioning whether it is reasonable to compare the success potential of differing organisations on the basis of a score that is in many senses arbitrary. That is, one organisation may have twice the score of another organisation: but what then is the hard, provable relationship between this difference in score and organisational performance?

This is not simply an issue with NPS. Another measure of company performance that has long been regarded as highly dubious – but still persists because, we suspect, it is very easy to calculate – is the satisfaction score. Studies from the United States consistently turn up companies with ‘satisfaction scores’ in the 80s or 90s – which ought to indicate a highly content customer base – that are losing customers in droves.

What customers say is not what they do, and listening too hard to the background noise may lead to a very false sense of security.

On the other hand, this journal has been increasingly aware of the recent focus by marketers on customer experience. It is the next step on from customer management, in terms of ‘Holy Grails’

and, on the surface at least, is a far safer way to go. That is, simply, because most Customer Relationship Management (CRM) initiatives seem unable to progress without major investment in systems and processes. Customer experience, by contrast, appears to preach a gospel that has at its heart a much simpler principle: be nice to your customers, and they will be nice back to you.

A typical customer experience pitch will explain how, in these recession-hit times, customer experience is as close to a free lunch as an organisation can have. For many of the initiatives that bundle together to create improved experience can be had at minimum or no cost.

The lunch reference is pretty apposite in this context, as it is in the area of gastronomy that I have recently had one experience that appears to bear out many of the claims made by advocates of improving the customer experience. Although in this case, the experience was all bad.

It was one of those anniversary events, involving myself and my almost adult daughter. I had decided to take her out to a restaurant widely acclaimed as one of the few places where one can still eat well-prepared and quality fish in the United Kingdom. Part of a chain – though perhaps that is as far as we need to go in terms of detail. You may guess as to which chain it is, but I could not possibly confirm.

A major selling point for this particular chain of restaurants is the alleged excellence of its fish: this in turn is supposed to reflect both the selection of raw material that goes into each dish, as well as the ability of its

chefs. It was therefore with some regret that I found myself not eating my main course: it was not what I had understood it should be from the menu; and it also appeared to represent one of those triumphs of pretentious cuisine over good solid preparation of food. Not one of that restaurant's better days.

Yet that is not really an issue. There can scarcely be a provider of services about whom someone, somewhere has not got an anecdote to tell: whether we turn our attention to the Café Ritz, or Harrods or John Lewis – or indeed, any other organisation that is highly regarded for its ability to delight customers – it is inevitable that there will be instances where something goes wrong.

I have no adverse experiences of the first of those organisations: but have had cause to return product to the last two. Over the years, I have even had problems with those giants of retailing, Tesco and Sainsbury. In every case, it was the way the store dealt with complaint that was key: because in each and every case, their customer services' teams took what could have been a cause for lasting dissatisfaction, acknowledged that something had gone wrong and rectified matters instantly.

Of course, being lead organisations in their field, they also went a stage further, finding ways to delight even in the face of complaint and left me – much as research in this field predicts – far more wedded to them as a customer than I had been before.

If this is no more than 'sample of one' anecdote, then it adds little in terms of lesson for how organisations should act. But it is not: time and time again, research underscores how customers will tolerate and understand mistakes, so long as they are put right in a grown-up way.

Which brings me back to my now unfavourite restaurant and NPS. What they did not do, despite my returning a relatively expensive main course uneaten,

was ask, comment, or in any way react to that fact. Not even a simple: 'how was your meal?'

So I filled out a customer satisfaction card and handed it in. I did not rate them highly: I gave contact details; I stated the reason for the low rating I had given. This data, presumably, was to be taken off elsewhere, captured and fed back to marketing. I say presumably, as I have no direct evidence that it was: there has been no acknowledgment, no follow-up communication of any kind.

Perhaps mine is a single adverse rating in a multitude of positive ones, and so I have done no more than reduce their satisfaction average for the month by 0.1 per cent. Perhaps it is an outlier and therefore not worth considering in the overall analysis.

Whatever the case, my own experience suggests a possible issue for this organisation. A canvas of colleagues who have had experience of this chain documents a remarkably similar outcome: product very good indeed, service average to poor. That, in turn, may well be attributable to organisational attitude and even, service process, which means that issues do not get raised when they need to be.

Which brings us full circle to NPS. Our own outward negativity on the subject has been the result, in part, of organisations that should have been positive about NPS not providing articles at times when we were looking at the issue. Since then, I have been privileged to attend various presentations on the subject – and, of greatest interest, to hear Fred Reichheld, the founding father of NPS, hold forth on the topic.

Pressed, he certainly would claim a direct and measurable link between experience and outcome: and as NPS is a valid measure of experience, between NPS and outcome. The essence of his presentation, though, was far more basic. There are, as far as he is concerned, simple cultural

differences between organisations with high NPS and low NPS: because in order to gain a high score, organisations have to be treating their customers in certain ways. They must be treating their customers positively, with respect, and at different points in the customer journey, they must be delighting them.

This is as much philosophy and credo as bald marketing method. Reichheld ended one presentation with a challenge to his audience: 'imagine what your organisation would be like if NPS was elevated to the same level as bottom-line profit – or even placed above it?'

That is not quite what Finance Directors wish to hear. Yet both he and Laura Brooks – who writes in this issue of the journal, can point to cases where getting the customer relationship right has been a precursor to business success. Not so much looking after the pennies, as looking after the customers, leads to the pounds taking care of themselves.

It is, no doubt, a debate we will return to.

Two other articles in this issue highlight another topic that we have had cause to consider over the past few years. That is the essential complexity of modern marketing implementation – and the difficulty of getting it right. Stone *et al* also provide some insight into issues of customer management, as they highlight issues around Customer Relationships in Services Industries.

Valos looks at the difficulties organisations face when confronted with the need to implement multi-channel marketing. It is not something that organisations find easy to do, and his broad conclusion is that many organisations are simply not structured in ways that enable a full and effective multi-channel implementation.

Complexity. That, in itself, is worthy of future consideration – and it is likely that we will return to it as a future subject.

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