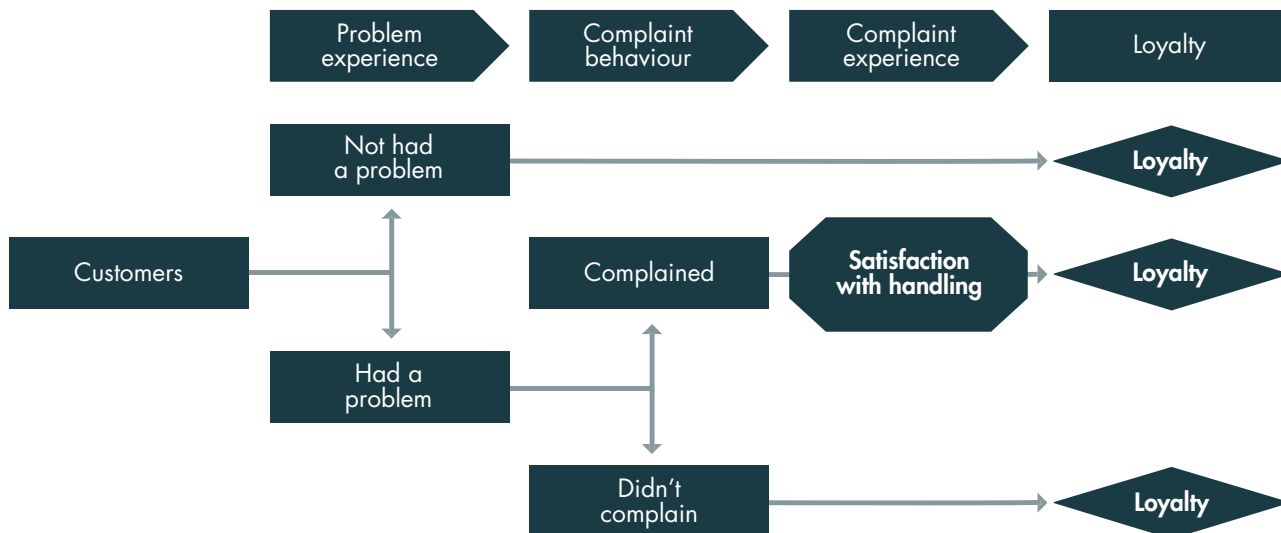
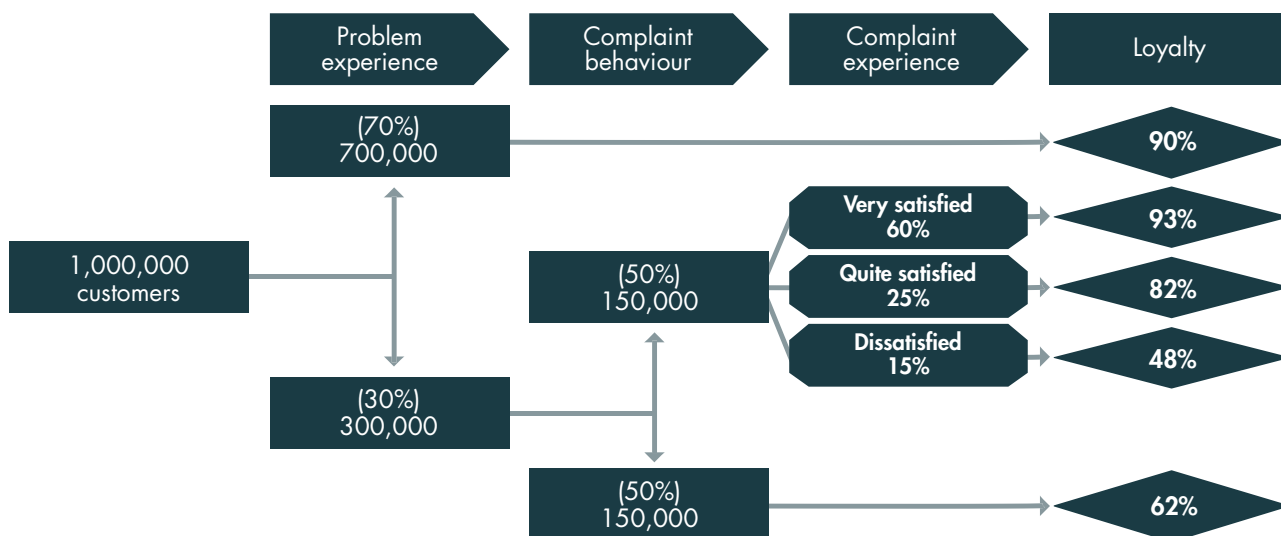


Customer Experience Modelling

Salient events, especially problems and their resolution, often have a disproportionate impact on subsequent customer satisfaction and loyalty. A short sequence of questions in a customer survey will help to monitor the level of problem occurrence, where things are going wrong, how problems transfer to complaints and how well complaints are handled.



Plugging data into the model above allows you to calculate the value of lost custom attributable to the occurrence of problems and the handling of complaints. In the example below, of the 1,000,000 initial customers 30% have experienced a problem, but it can be seen that the most significant factor affecting customer loyalty is not whether there was a problem, but how complaints are handled. Another source of concern is the fact that 50% of customers who experience a problem do not draw the organisation's attention to this, and they are less loyal than most other customers.



With an understanding of customer lifetime value, the financial damage to the company of current levels of service on problem handling can be quantified as can the financial benefit from improving service in this area. Negative word of mouth can also be included to quantify the full financial damage of poor problem handling.