

## Customer Recommendations Drive Business Success

Apple, Google, and Symantec have something in common: They each work the hardest at maximizing the customer experience in their respective industries and have reaped the rewards of customer loyalty, according to three studies by Satmetrix Systems. The customer experience management firm's Net Promoter Score (NPS) of leading businesses in online services, computers, and consumer software detail an intuitive but rarely quantified fact that loyal customers breed success.

The NPS, co-developed by Satmetrix and Fred Reichheld of Bain and Co., measures customer experience and profitable growth by asking consumers how likely it is that they would recommend the product or service to friends and colleagues. The answer, scaled from zero (lowest) to 10 (highest), sorts respondents into promoters who actively recommend the company, passives, and detractors who encourage people to take their business elsewhere. The final score is the percent of promoters minus the percent of detractors.

"Net Promoter is a measure of the health of a company's customer relationships, the loyalty metric that has the highest correlation to financial returns," says Shelley Symonds, vice president of marketing for Satmetrix. "Companies need a disciplined approach to measuring and improving customer loyalty. It's the ultimate question." So is the title of Reichheld's book on the topic.

Apple was far and away the computer company with the most loyal customers, earning an NPS of 76.6 percent, compared to the industry mean of 30.39. This should come as no surprise, according to Dr. Laura Brooks, vice president of research and business consulting at Satmetrix. "Apple, whose score far outranks its closest competitor, is well known for its passionate and dedicated customer base," Brooks said in a written statement. The high degree of loyalty has enabled Apple to survive and thrive despite the dominance of Windows machines.

Google is likewise the loyalty leader among online services, its 71.3 percent NPS easily surpassing the average score of 45.51 percent. "Google's high Net Promoter Score establishes it as a clear leader in the emerging market of online services," with corresponding strong performance in share price," Brooks said. Symantec, maker of the Norton family of utilities, was tops in a very tight race; its NPS of 43.9 percent was slightly better than the industry mean of 38 percent, but still within sight of the lowest-ranked competitor at 33.04 percent. "Symantec, in the more highly competitive and established consumer software business, is beginning to differentiate itself, largely on the strong showing of its Norton suite of products," Brooks said.

The scores can mean different things to companies, depending on the market position they occupy, according to Symonds. A successful company with a high NPS will see better results from converting passive customers into promoters, while a poor performer's first priority should be to mollify the detractors. In such cases, Symonds says, "The difference in revenue from converting one or two percent of detractors into passives can far outweigh the advocacy from new promoters."