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THE PAYOFF PROFILE

The purpose of the Payoff Profile is to organize data into a single chart that clearly illustrates, which of the Key Attributes, if improved, will yield the greatest improvements in Overall Satisfaction. Several considerations have gone into the illustrative format of the Payoff Profile.

If a Key Attribute has high Impact on Overall Customer Satisfaction, but the satisfaction level with that Key Attribute is already high, it will probably be very difficult to change it significantly. The probability for a “payoff” for improvement is minimal.

If a Key Attribute has a low impact on Overall Customer Satisfaction, then even if its satisfaction level is low, it is rarely an effective strategy to concentrate on improving it. One again, the “payoff” for improvement simply does not exist.

However, if the satisfaction for that Key Attribute is low, and the Impact on that Key Attribute on Overall Customer Satisfaction is high, the opportunity for a much higher payoff exists.

Finally, it is important to consider all three of the Customer Segments as a whole. The intent is to use all of the Payoff Profiles to identify one or more optimum strategies for increasing Overall Customer Satisfaction. Normally, there will be similarities in some of the available strategies for improving each of the Customer Segments. However, there may also be a range of effective strategies. Thus, it is the amalgamation of the composite picture of your entire customer base that will determine the best way to proceed. The Payoff Profile is intended to help you visualize the parameters that will influence your selection of the optimum strategies.

Various studies performed over the years, including one conducted by Xerox Corp. in the early '90s, have consistently shown that a Totally Satisfied customer is, on average, from 3-10 times more likely to buy from you again than a customer who is merely Somewhat Satisfied.

Additional studies, conducted by Development II, inc., have taken those findings a step further. Not only is the propensity to buy much greater among Totally Satisfied customers, but we have been able to statistically verify that the implied relationship between customer satisfaction and revenues is not only real, but it is a direct measurable, and is predictable.

Specifically, in 1995, Development II, inc. performed a statistical analysis of three consecutive years' worth of Customer Satisfaction data. The data analyzed encompassed the findings of over 20,000 customer satisfaction surveys conducted in 40 countries. The conclusions of the study were as follows:

Over time,

- A Totally Satisfied customer contributes 2.6 times as much revenue to a company as a Somewhat Satisfied customer
- A Totally Satisfied customer contributes 17 times as much revenue as a Somewhat Dissatisfied customer.
- A Totally Dissatisfied customer decreases revenue at a rate which is 1.8 times as much as a Totally Satisfied customer contributes to business.

Thus, it is clear that eliminating customer dissatisfaction is vital to the long-term financial health and performance of any business. Gaining a high percentage of Totally Satisfied customers, in and of itself, is not enough. Even a small group of Totally dissatisfied customers can undo almost everything you have accomplished to convert your other customers to the ranks of the Totally Satisfied.

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