

## Touch Point Management: Prioritizing the Investment Opportunities

By: Rolf M. Wulfsberg, Ph.D.

Group Director, Research

212.817.6626

rwulfsberg@siegelgale.com

www.siegelgale.com

Touch point management is a cornerstone of both brand management and customer relationship management (CRM). But given the number of touch points that a brand has with customers and prospects, how do you prioritize which ones to tackle first? And how can you estimate the return on investment (ROI) for an investment in a particular touch point?

Any company today that practices brand management understands the importance of its touch points with its customers and prospects. As Dr. Paul Temporal puts it:

*“Brand management is, at its simplest, managing the consumer experience by managing all the interactions (touch points) that any current or potential customer has with your brand. It is about those “moments of truth” that we all know too well can make us happy or frustrated.”<sup>1</sup>*

Try searching “touch points” on Google. You should get over 1.4 million results. Refine the search to “managing touch points.” You still get over 400,000 results. The fact is, touch point management is a critical issue to companies.

If you read these articles on managing touch points, you likely will be given the advice that one should initially identify those interactions that make the most difference—that is, you should prioritize the touch points. For example, in advising on how to manage digital touch points, Patrick Fleck offers a 10-point action plan with the following as points 4 and 5:

4. *“Assess risk. Classify each touch-point by level of business risk. Identify and quantify, if possible, the revenue volume associated with each touch-point. In other words, measure what is at stake at each digital touch-point. Don’t forget intangibles—like brand.*
5. *Prioritize. Beginning with the highest risk touch-points, perform customer research as necessary to clearly identify customer goals and needs.”<sup>2</sup>*

This is very sound advice, but it is easier said than done. How do you determine the business risk associated with a specific touch point?

To answer this question, we need to classify touch points into categories based on when customers or prospects are exposed to them. George<sup>3</sup> suggests three categories: pre-purchase, purchase, and post-purchase. Olson<sup>4</sup> identifies the same groupings, but refers to them as pre-member, member, and post-member.

The first category refers to those touch points that prospects might encounter as they decide whether they want to do business with the company. Examples of pre-purchase touch points include advertising, direct mail, promotions, websites, etc.

George suggests that purchase touch points are those “that move a customer from considering a company’s brand to purchasing a product or service and initiating a brand relationship.” Examples of purchase touch points include the sales force, other company representatives, store environments, etc.

Post-purchase touch points are those that customers encounter when doing business with a company. They include call centers, loyalty programs, and (of course) the very product or service itself.

The first challenge is identifying appropriate metrics for evaluating a touch point’s effectiveness. For the first two categories, an obvious metric is whether or not the purchase was made. One might argue that a more appropriate metric for pre-purchase touch points is whether the prospect moved from consideration into initiating a brand

relationship. However, this metric may be more difficult to measure with complete objectivity.

Obvious choices for post-purchase touch points include loyalty and expansion of the brand relationship (e.g., purchasing additional products). Frederick Reichheld, popular author of such books as *The Loyalty Effect*, *Loyalty Rules!* and *The Ultimate Question*, argues that customer loyalty is the most important factor. He believes that the ultimate metric for measuring loyalty is customers' likelihood to recommend the brand or company to others. This question is the basis for the Net Promoter Score (NPS), utilized by many leading companies around the world as a critical element of their brand dashboards.

The likelihood to recommend metric and the associated NPS allow us to evaluate the impact of a particular touch point on current customers. Consider the following relationship observed from a leading business-to-business service provider regarding its billing statements.

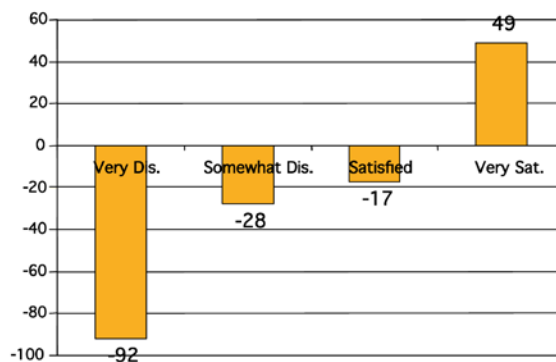
**NPS by Satisfaction with Billing Statements**



Customers who were very dissatisfied with their billing statements (as measured by a rating of 1–4 on a 10-point satisfaction scale) had an NPS of -41, suggesting many more Detractors than Promoters. In contrast, those customers who were very satisfied with the billing statement (i.e., 9–10 on the satisfaction scale) had an NPS of 55, far higher than the overall company average of 28.

This suggests that the billing statement is a critical touch point worthy of an investment. During focus groups, the customers' inability to understand the statement always comes up. However, look at the similar results for the call center or Customer Service touch point.

**NPS by Satisfaction with Customer Service**



This chart indicates that the call center is an even more critical touch point. But how can we tell for sure? Almost all the customers who were very dissatisfied with the call center had also experienced other touch points. How much of the low NPS score was due to the call center experience and how much was due to failures at other touch points (such as the one that precipitated the call in the first place)?

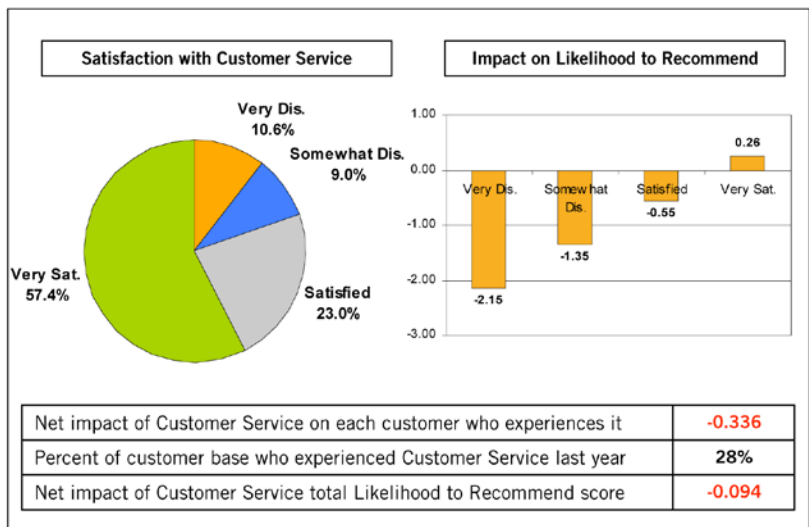
In fact, an individual customer’s likelihood to recommend score (from which the NPS score is calculated) depends on three factors:

- + What touch points the customer experienced
- + The independent impact of each touch point on the customer’s likelihood to recommend score
- + How satisfied the customer was with each touch point experience

Fortunately, there are now tools to segregate the impact of separate touch points, even when a customer has experience several in the recent past. One of these is Siegel+Gale’s Touch Point Evaluator. Using Touch Point Evaluator, it was possible to determine that the typical customer of the company in the previous example “began” the rating period—the previous 12 months—with an average likelihood to recommend score of 8.06. This means that the typical customer was a Passive, to use Net Promoter Score’s language. This customer would need to have his or her likelihood to recommend score elevated to a 9 (or at least an 8.51, if we allow for rounding) to be moved into the Promoter category. This would need to be accomplished through positive experiences in one or more touch points. If the typical customer had no touch point experiences—positive or negative—he or she would remain a Passive, which does not contribute positively to the NPS.

Touch Point Evaluator also determined the impact of each level of service on each touch point to that “starting” likelihood to recommend score. The chart below (which summarizes the Customer Service touch point) shows that if the customer was very dissatisfied with the service they received (as measured by a 1–4 on a 10-point satisfaction scale), their likelihood to recommend score was reduced by 2.15 points. This single act changed their category from a Passive to a Detractor. On the other hand, a positive experience with the call center added 0.26 points to the likelihood to recommend score.

**Profile of the Customer Service Touch Point**

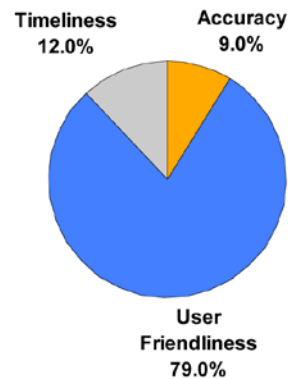


Combining the impact of each level of satisfaction with the impact each level has, we find that the Customer Service function reduced the average likelihood to recommend score by 0.336 points for every customer who contacted it. That is, the company paid a lot of money for a call center that actually hurt its business! Now “only” 28% of the customers called the call center during the previous year, so the net effect on the company’s mean likelihood to recommend score overall was -0.094.

Applying this approach, Touch Point Evaluator determined the net effect of each of 11 touch points—including the service itself and the fees charged—and put them in order of overall impact. The result was that fully 7 of the 11 touch points actually reduced the average likelihood to recommend score (and hence the company’s NPS). The company was only able to offset these reductions through its pricing. By failing to determine the impact of its touch points and taking corrective action, the company gave up a considerable margin in order to maintain its customer base.

An additional benefit of Touch Point Evaluator is that it provides insight into the nature of any problems that may be occurring in a given touch point. In the example presented earlier, Touch Point Evaluator was able to determine that satisfaction with billing statements is due primarily to customers’ inability to understand the statement, not its accuracy or timeliness. This insight suggests that an investment in simplification would likely have a positive ROI.

**Drivers of Satisfaction with Billing Statement**



Hence, prioritizing touch points does not have to be an internal “guessing” exercise. There are tools available to both determine the business impact of each level of service on each touch point and to diagnose likely sources of problems that can be followed up with more diligent investigations and remedial actions.

**References**

1. Temporal, Dr. Paul. “Managing Your Brand Successfully,” *The EDGE*, Temporal Brand Consulting, May 2, 2005, 1.
2. Fleck, Patrick. “Managing the Risk in Digital Customer Touch-Points,” *Cooper Journal*, June 1, 2002, 1.
3. George, Ray, “Tapping Into Brand Touchpoints,” <http://www.MarketingProfs.com>, September 16, 2003, 1.
4. Olson, Chris, “Brand Touchpoints,” *Information Outlook*, November 2003, 1.