

Customer Loyalty

WHAT YOU NEED TO KNOW
TO RETAIN AND GROW
CUSTOMERS.



At Scantron we know that customer loyalty is the true test of customer satisfaction. Even when satisfaction scores tend to be high, many so called satisfied customers go elsewhere for services and do not maintain the majority of their financial assets at any one institution.

CAN A DOLLAR VALUE BE PLACED ON LOYALTY?

- Research from Purdue University reveals that customer satisfaction ratings of excellent are six times more likely to continue doing business with that institution than are those who score the company one position lower on the scale. Therefore, 'excellent' respondents are six times more likely to continue doing business compared to 'good' responses.
- Replacing a lost account relationship costs between \$75 and \$200 depending on the type of account closed.
- Word-of-mouth recommendations from friends and family are one of the most powerful reasons for selecting a new institution.
- Some research shows profitability and satisfaction scores are correlated, others do not. We suspect the disparity comes from the measure of satisfaction used. However, we know that a lost customer or a missed chance to gain a new customer means a lost opportunity to profit in the future from the relationship.
- Overall satisfaction is driven by a combination of factors – service quality, product satisfaction, absence of problems, ease of use, etc. The importance of each factor varies from customer to customer.





THE SCANTRON LOYALTY INDEX

Scantron has created a “Loyalty Index” to be used with our recommended baseline survey. The maximum score possible is “100”; however, it is more important to determine the distribution of scores (e.g.

10% of customers rate at 90 or above and track the changes over time) than to focus on the actual average. The components of our measure of customer loyalty are shown in this table.

CUSTOMER LOYALTY SURVEY

QUESTION	LOYALTY RESPONSE
Importance and satisfaction	5 for each Very and Excellent up to 20 pts.
# of Accounts at this institution	1 for each up to 5 pts.
This financial institution is PFI	Yes
Overall satisfaction with relationship	Excellent=5 Outstanding=10
Come to us first for new service	Definitely
Better deal, stick with us for relationship	Relationship
Have personal relationship with FI	Yes
Recommend checking, savings, CDs, mortgages, other loans, business and/or investments?	2.5 each ‘Definitely’ to maximum of 10 pts.
Overall recommend	Definitely
Ever have a problem doing business with us	None reported
Overall staff rating	Excellent
Percent of assets at FI	25-50%=5, 50-75%=10 75% + =10
Total Loyalty Index Score	

For more information, visit us at www.scantron.com or contact your Scantron representative at 1-800-722-6876 or email info@scantron.com.

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