

# Strategic Drivers of Customer and Employee Engagement: Practical Applications

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## Introduction

If an organisation takes steps beyond just encouraging customers to make once-off purchases, and instead, attempts to create engaged customers, they can dramatically increase business performance, including sales and growth. However, it is easier to acknowledge that engaged customers are valuable, than it is to earn them. This chapter draws on and expands the discussion around our earlier article, “Total Customer Engagement: Designing and Aligning Key Strategic Elements to Achieve Growth” (Roberts and Alpert, 2010). With five more years’ experience of working with companies using the Total Engagement Model® to create customer engagement, since our earlier article, our confidence in the model has grown, and there are new insights to share.

A key factor we have identified when investigating customer engagement is understanding how engaged customers are more likely to deliver positive recommendations or word of mouth marketing for the brand. Customer engagement has many benefits, but this is a key one. It would be expected that ‘Promoters’ (those more likely to recommend as per the Net Promoter model, who would be positively engaged customers) would be more likely to provide positive comments than ‘Detractors’ (those less likely to recommend). The 2014/15 Engaged Marketing consumer benchmarking study found that Promoters (the most engaged customers) typically make almost *five times more* positive comments than Detractors across five categories.

Engaged Marketing conducted a survey of 4815 respondents in the general population in our location, Australia, to investigate both the extent and importance of word of mouth. How important are word of mouth comments in influencing purchasing decisions? Respondents were asked which of the marketing channels detailed in Table 1 had the greatest influence on them when making a purchase decision. The results indicate that WOM by people we know and trust has by far the greatest influence on purchase decisions. Specifically, WOM was found to be the most influential channel for almost half the respondents (46.8%). The next most

popular choice was ‘Product Reviews,’ which was selected by 22.5% of respondents, which is effectively a peer assessment. Taken in combination this means that nearly 70% of participants are most influenced by what an organisation does (i.e. the customer experience and proposition that is actually delivered to customers and stimulates WOM), as opposed to what an organization says (organisation-initiated marketing and advertising activities). Good WOM follows from customer engagement.

### **Table 1 about here**

The chapter is organised as follows. First we describe the Total Engagement Model, as the model completely reflects our perspective on how to achieve customer engagement. Second, we provide some general observations based on five years of consumer benchmarking that outline the key distinguishing factors of loyalty leaders in relation to the Total Engagement Model. In particular, we focus in on the importance of employee engagement and present new survey evidence regarding the state of employee engagement today and how that affects customer engagement. Finally, we present five case studies that illustrate total customer engagement, and draw our conclusions.

### **Total Engagement Model**

Our definition of an engaged customer is one that is loyal to a focal brand and actively recommends the brand and its products and services to others. Our suggestion for how to create engaged customers is via the Total Engagement Model which is presented as Figure 1.

### **Figure 1 about here**

The model starts with the proposition that key strategic elements of a business need to be **designed and aligned** to create engaged customers. These elements are present in most organisations and the individual benefits of these are well documented. They are:

- Your Customer Value Proposition (CVP) in simple terms is the value you offer your customers. In other words, this is the reason customers should purchase from you over your competitors.

- Brand is effectively the sum total of who you are and what you stand for, not just your logo or name. Your value proposition must form a key part of your brand and your brand advertising, which is how you communicate the brand to consumers.
- Culture refers to ‘the way we do things around here,’ and represents the internal aspects of the organisation, such as its goals, values and internal behaviours. This should be designed to create an environment where staff have the capability to consistently deliver the brand’s value proposition and planned customer experience.
- Customer Experience is a combination of physical and emotional elements, which customers experience when they interact with the brand and the organisation.

The design and, more importantly, alignment of these elements to specifically drive loyalty and engagement forms the basis of the Total Engagement Model. The model was developed by first author Christopher Roberts and is described more fully in Roberts and Alpert (2010). The model was developed when Christopher Roberts was Head of Marketing and Communications at a major utility. It was used to effectively recover a severely damaged brand from being the worst in its category, to being the best in its category. Essentially, the model poses the following question: How often are an organisation’s intent, or what they think (i.e. value proposition), who they are (i.e. culture), what they say (i.e. brand advertising) and what they do (i.e. value delivered and customer experience) *in perfect harmony, from a customer perspective?*

Considering the challenges that brands face today, every communication and customer interaction should be fully leveraged, optimised and treated as an opportunity to create engaged customers. These linkages are brought together in the Total Engagement Model, which focuses on *aligning the four key elements* of customer value proposition, brand advertising, culture, and customer experience. To create engaged customers an organisation should implement the following steps:

1. Develop a unique *value proposition* based on strong customer insight and competitor positioning.
2. It should then communicate this value proposition to customers consistently in its *brand advertising*.
3. This promise is then ideally delivered by engaged staff that support and understand the strategy and importantly, *understand* their individual role in making it a success.

4. This *cultural* foundation results in the delivery of a planned customer experience that delivers strongly against the promise made in the brand's advertising.

### **Benchmarking Studies about Drivers of Customer Engagement**

The real world of business represents a very complex and dynamic environment. The key drivers of customer engagement can be examined by investigating how leading brands achieve their success within their respective sector. Engaged Marketing's consumer benchmarking studies span 9 industries in Australia and include 40,000+ category-specific responses. The studies measure NPS (Net Promoter Score), stated loyalty, recommendation, brand strength, performance of key touch points and attributes, and customer experience elements. Our key findings show that the two elements that drive advocacy and recommendation more than anything else are the *delivery of a strong and unique value proposition*, and *great customer experiences* that include key emotions.

We now elaborate further on some of the key findings from Engaged Marketing's benchmarking studies.

#### ***Customer Value Propositions***

Examining Engaged Marketing's consumer benchmarking 'Loyalty Leaders' (i.e. organisations, which have achieved the highest category-specific Net Promoter Score across Engaged Marketing's consumer benchmarking studies) over the years, their commonality is a unique value proposition. For example:

- Apia Insurance – for the over 50's market
- Youi Insurance – pay for what you use
- ING Direct – branchless banking
- Bank of Queensland – personalised service because it is owner operated
- Virgin Mobile – challenging the status quo

This is a fundamental principle of marketing, makes intuitive sense, and would be consistent with most people's experience. Think about the last time you recommended a product or service to someone, it would have been because of the delivery of a distinct value proposition, which may include product dimensions such as functionality, price, image, fashion or

innovation. Alternatively, it would have been because the customer experience with the organisation was great.

### ***Customer Experiences and Emotions***

The other unique aspect of loyalty leaders is their ability to deliver great customer experiences. Great customer experiences typically consist of functional (e.g. reliable, timely, knowledgeable) and emotional elements (e.g. supported, happy, valued). The distinguishing factor of Loyalty Leaders is the transfer of key positive emotions, such as ‘valued’ or ‘cared for.’ There is increasing interest in the customer experience aspect of customer engagement. We next provide more detail on a key driver of, and key challenge for delivering, great experience for customers: employee engagement.

### ***Importance of Employee Engagement***

In order to deliver great customer experiences, in particular through the transfer of key *positive emotions from customer-facing employees to customers*, employee engagement is very important. In our experience it is one of the key differentiators between organisations that do and do not achieve superior experiences for their customers. Employee engagement is easy to pay lip service to but hard to truly deliver in hierarchical organisations. It is often the key hurdle, and thus worth focusing on. In order to better understand what is actually happening with employee engagement today from employees’ perspective, which is how it must be measured, a nationwide survey was conducted by Engaged Marketing. A total of 3361 employees across Australia were recruited from an independent market research panel for an online opt-in email survey. This provided a high quality sample of participants from small and large organisations and from all levels of the organisational hierarchy. The key measures were eNPS (employee likelihood to recommend their company as a great place to work) and NPS (employee likelihood to recommend their organisation’s products and services). These were measured using an 11 point scale from 0-10, where 0 is “not likely at all to recommend” and 10 is “extremely likely to recommend,” as per standard NPS measurement (Reichheld, 2006). Scores of 0-6 are labelled Detractors, 7 to 8 are labelled Passives, and scores of 9 or 10 are referred to as Promoters. Both eNPS and NPS are calculated by subtracting the percentage of Detractors from the percentage of Promoters. Other ratings are measured on satisfaction or agreement scales ranging from 1-10.

### ***Frontline staff engagement***

The results show staff are substantially less engaged than the leadership. Despite common admonitions in the management literature to empower employees, those lower in the organisational hierarchy appear to be less engaged. We would intuitively expect lower level staff engagement to be less, but this survey quantifies the degree of engagement by employee level. There are more organization Promoters than Detractors at the very top of the organization hierarchy in comparison to lower levels. The critical aspect of great customer experiences is the transfer of key positive emotions from staff to customers. This will be a challenge if staff do not feel positive emotions. Can they fake positive emotions in the customer interaction? Even if they tried to, there is a risk the faked emotion would be detected as inauthentic.

### ***Understanding and commitment to strategy***

Discretionary effort is a rating of employees' likelihood to do more than what is expected in their day-to-day job/function. Staff members that give their companies discretionary effort are, typically, the ones that deliver experiences worthy of recommendation. Simultaneously, these staff members are often motivated to find new ways to increase efficiencies and reduce costs. The Champion Analysis examines the composition of employees who understand the brand's strategy in conjunction with their levels of personal commitment to it. Kevin Thomson, who at the time worked for MCA Communications, developed the champion approach (Thomson, de Chernatony, Arganbright and Khan, 1999). It is based on two simple axes. One axis reflects the intellectual understanding of an organisation's strategy, while the other axis reflects the personal commitment employees have towards making the strategy successful.

Results from the survey (Figure 2), show that *Champions' stated discretionary effort is 61% higher than that expressed by Weak Links (7.1 vs. 4.4)*; thus indicating the importance of staff understanding and commitment towards organisational strategy. While it may be expected that Champions' discretionary effort would exceed that of Weak Links, these results quantify the difference. The Champion Analysis lends more insight than simply looking at the average discretionary effort, as it provides the link between discretionary effort, understanding of strategy and personal commitment to the strategy. To address this result leaders not only need to inform staff of the organisation's strategy and direction (i.e. 'tell' staff so that they truly understand), but also need to 'sell' it (i.e. earning staff commitment). Thus, senior management that do not invest in either activity (i.e. neither telling nor selling) risk creating Weak Links.

**Figure 2 about here**

### ***Employees' likelihood to recommend their organization's own products and services***

A key statistic rarely discussed or measured is employees' likelihood to recommend their own organisation's products or services. The results in the survey on the NPS question revealed that while 30% of employees were Promoters for their company's products or services, 36% of employees were Detractors. Note that this NPS measure differs from eNPS as it measures, where appropriate, an employee's likelihood to recommend their company's products and services to their friends and family, rather than as a place of work, which forms the basis of eNPS. The 30% Promoters vs. 36% Detractors results in a shocking NPS score of -6%. More than one third of employees reported a low likelihood to recommend the own organization's products and services. *Less than a third of employees were actually strongly willing to recommend their very own organisation's products and services.*

These findings beg the question: If your own employees are not willing to recommend your products and services to other people, what chance do you have? A score like this is indicative of employees who lack understanding of key organisational strategic elements. If staff do not understand the organisation's strategy, direction or value propositions, it is no mystery as to why they do not feel comfortable recommending your products and services to their friends and family. Alternatively, a more worrying explanation may be that staff simply do not believe that their organisation delivers high-quality products or services.

### ***Purpose beyond economics***

Our experience with implementing the model suggests that the secret ingredient that can truly power your brand is an internal purpose beyond economics "Where strategy is concerned with what an organisation wants to achieve, and how that will happen, purpose deals with why the organisation exists in the first place and what ultimately matters in its work" (Springett, 2004).

A clear and strong organizational purpose beyond profit and shareholder return is essential to motivate employees beyond pure economics. Those financial purposes are considered central to capitalism and would be the dominant paradigm, but if financial returns are the only purpose for the organisation it can leave employees cold.



Critically if you can align the organizational purpose with a noble purpose that individual employees can get behind, then you have something very powerful. For example, when you look at the brands in the case studies to follow, the underlying purpose beyond economics is:

- TUH – the health of its members
- Jetts – passionate about inspiring others to enhance their health and fitness
- PETstock – pets are loved so much that they are family

What if a brand does not have a natural somewhat altruistic purpose like the above brands? Then it should focus on either (a) being extremely customer focused as customers and employees want to be associated with a customer focused brand, (b) take on a strong competitor focus such as destroying the competition (e.g. Coke versus Pepsi, Nike versus Adidas, etc.), or (c) challenge the status quo of a whole category which is a strategy that brands such as Virgin and Apple have utilized over the years. These are also purposes that can motivate employees.

### ***Link between customer and staff emotions***

In the previous section we suggested the importance of emotions within the customer experience. Our assertion is that there is an *inextricable link* between employee engagement and customer engagement. Our view is that, ultimately, emotions play a key role when it comes to employee and customer engagement. Pugh (2001) found that employees' displayed positive emotions were not only associated with customers' positive emotions post-interaction, but also their service evaluations. Many aspects of a service experience can be automated. We believe that staff must feel a particular emotion before they can transfer this across to customers. As an example, a staff member cannot make customers feel valued if they do not feel valued as employees. This observation is illustrated by the following analysis drawn from Engaged Marketing's nationwide benchmarking study of the financial institutions category and nationwide employee engagement insights.

The surveys also provide new evidence on the importance of emotion to customer engagement and employee engagement. NPS will be the measure of engagement used throughout the data we present here. Likelihood to recommend is a higher-order measure of engagement in comparison to satisfaction. The following from the financial institutions benchmarking study illustrates the variation in NPS based on whether the customer felt 'valued' or not:

- Average NPS across the financial institution category = -6%

- NPS when customers felt ‘valued’ = +33%
- NPS when customers did not feel ‘valued’ = -29%

Thus, customers who felt valued are more likely to recommend the company than customers who did not feel valued. This data quantifies the difference, and it shows that shifting customers from not feeling valued to feeling valued has a huge effect (raising NPS from -29% to +33%).

We then looked at similar data in the employee survey, again in terms of eNPS. The following results indicate the key role that emotions play in eNPS.

- Average eNPS across Australia = -23%
- eNPS when staff felt ‘valued’ = +11%
- eNPS when staff did not feel ‘valued’ = -41%

Thus, the same effect holds for employees. The size of the effect is in the same ballpark, a 52% shift in eNPS compared to a slightly larger 62% shift for NPS. These are large changes. Shifting employees from not feeling valued to feeling valued would make a huge positive change in employees’ likelihood to recommend their workplace to others.

## Case studies

The Total Engagement Model requires a complete picture of what a company does; hence what would it look like if an organisation met the criteria of the Total Engagement Model? To illustrate what this would look like, we present examples across five industries. These case studies were developed from interviews with senior executives in these organisations, and address all aspects of the Total Engagement Model. The case studies show a wide-lens snapshot of current industry trends across several different types of companies and industry categories. After presenting the case studies we examine the key alignment factors that lead to engagement.

### *Case Study 1. TUH*

#### Background

TUH is a health insurance brand based in Queensland, Australia. It is a not-for-profit brand that has traditionally served union members within the education sector. In addition to providing health insurance it also has a Health Care Centre incorporated into its Head Office. This centre acts as a ‘one-stop shop’ offering optical, dental, physiotherapy and a range of other medical services to members on-site. It has recently expanded its offerings so that it is also available to union members outside of the education domain.

Loyalty and Growth	TUH has a very high Net Promoter Score and approximately 45% of new sales are sourced via word of mouth. Their growth rate has doubled in recent times; a testament to the excellent service they offer members.
Brand Communications	The positioning line for TUH is “It’s my health fund” to highlight that it is a not-for-profit organization that is owned by members, not shareholders. It communicates that TUH is driven to meet members’ needs not the profit needs of shareholders. Therefore being member-focused is a part of its core DNA.
Customer Value Proposition	<p>TUH competes with much larger health insurance brands. In this category adequate health insurance coverage is key, but what is unique about TUH is that it truly cares about its members. Hence their value proposition, “Covered with Care”, not only perfectly encapsulates TUH’s positioning (which is about offering great coverage) but also emphasises a sense of unrivalled personal care that can only come from an organization that is owned by its members and not driven by profit.</p> <p>According to the Chief Executive Officer of TUH Rob Seljak, the health insurance market is becoming increasingly competitive. “Some insurance funds offer low cost packages especially to younger segments to make it attractive and affordable, but this means excluding some critical coverage. TUH never excludes serious medical conditions. So all our products always cover cancer and cardiac, because it does happen and so I guess it is just part of our value proposition that is in line with our member focus and values”.</p>
Customer Experience	<p>The people at TUH are what make the experience unique with high NPS scores driven by high ratings around emotional elements such as feeling ‘valued’ and ‘cared for’.</p> <p>This is best highlighted by a story Seljak describes: “A few weeks ago we had really bad rains in Brisbane and roads were being closed and we decided it was too dangerous for people to come in to the Health Care Centre so we decided to close it. We had around 100 people booked so we contacted every person and rescheduled all their appointments. There was one person who was an older dental patient who we could not contact. She did not have a mobile and was not at home so one of our dentists made the decision to keep the place open until she got here. She got here after everybody else had left, and the place was closed but he let her in, provided her with her treatment and then closed up.</p> <p>Seljak continues, “Five to seven years ago we started looking at how we could increase member focus and it was not just what we could provide the member but it was what we could provide staff so that they could do more in the way they could benefit the member. So we looked at the ‘one-stop shop’ approach – before if you phoned in to do a claim and then you wanted to change your address you had to be transferred to someone else as they did not have the system on their desk to be able to change it. Now the person you call can do most things without transferring you.”</p>
Culture	The culture is driven by a sense of purpose which is all about caring for members and their health. Staff are recruited and rewarded based on whether they have empathetic skills. Cathy McGuane, Executive Manager Member Services, says “I still remember one of the stories about a dental hygienist who was seeing a patient and this lady was a bit elderly and she says that the TUH carpark was full here so she parked down the road somewhere and this lady had no idea where her car was and this dental hygienist walked this lady to one or two of the local car parks until they found it. Interestingly, we would have never have found out but the member called us the next day to tell us. The great thing about this story is that the staff member did not expect to be recognised; it’s just the way we do things at TUH”.
Disciplines and Accountability	TUH uses the NPS discipline. Overall member relationships are measured as well as the performance of key touch points via transactional surveys.

Detractors are called back to understand member issues and determine ways to improve the overall experience.

### ***Case Study 2. Apia***

Background	Apia is an Australian based insurance company for the over 50's market.
Loyalty and Growth	Apia has headed up the leader board as the most recommended Australian insurer in recent years. Based on nationwide, independent benchmarking they have been the most recommended property insurance provider for five years running and the most recommended motor insurance brand four times in the last five years.
Brand Communications	As Apia focusses on the over 50's segment their communication is tailored for this segment. In addition to using imagery around over 50's, they do not discourage customers from calling them and they do not push customers towards self-serve and online channels.
Customer Value Proposition	Apia's value proposition is quite clear. If you are over 50 then this is the insurance company for you, as they understand the needs of this segment better than any other brand.
Customer Experience	<p>The customer experience is tailored to this segment very carefully.</p> <p>As an example the call centre does not utilise IVR systems. When a customer calls they are greeted by a real person. The focus is on customer intimacy and not operational efficiency, so there are no 'Grade of Service' measures in place. Effectively, an Apia representative can speak to a customer for as long as they want.</p> <p>Geoff Keogh Executive Manager for Apia, says "We are about understanding, not just insurance, and this is reflected in every interaction we have with our customers".</p> <p>Staff are multi-skilled and therefore a customer is not transferred from one department to another. In addition, staff are delegated powers to resolve customer issues in one conversation. Apia deploy a personal advice model that is unique in the industry.</p>
Culture	<p>Apia has a strong internal culture driven by engaging staff around the fact that they offer understanding not just insurance.</p> <p>Keogh elaborates, "Sales and service staff are encouraged to visit customers with claims assessors and see first-hand what customers are going through, providing the mechanism for greater levels of empathy when dealing with clients on the phone".</p> <p>A positive culture has been achieved by empowering staff through multi-skilling, deploying a personal advice model unique to the industry and finally the right delegation levels. All this ensures a personalised experience that sincerely meets the needs of the over 50's market.</p>
Disciplines and Accountability	<p>Regular NPS surveys are conducted at an overall relationship level and by key touch points after an interaction.</p> <p>Importantly the results (whether good or bad) are shared with frontline teams. Staff can actually listen to a recording where a customer has given them a rating of ten out of ten.</p> <p>Finally, it does not stop at just sharing results in a top-down fashion. At a granular team level, staff develop initiatives to improve their customer rating scores</p>

### ***Case Study 3. Nimble***

Background	Nimble as a brand was launched in 2012, previously under the name Cash Doctors. It offers small short term loans from \$100 to \$1,600. Key features are a fast application process without paperwork, quick decisions which means approved customers get their money fast.
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Loyalty and Growth	Since 2005 Nimble has provided close to 900,000 small loans and continues to grow rapidly. Nimble’s NPS is higher than any other major financial institution in Australia, based on the industry benchmarking study conducted by Engaged Marketing.
Brand Communications	The tag line is ‘Smart Little Loans’ with a Jack Rabbit as the logo.
Customer Value Proposition	The core value proposition which is also their mission is “To delight people by making borrowing simple, fast and stress-free”.
Customer Experience	The customer experience carefully implements the simple, fast and stress free slogan. This is regardless of whether it is on the phone, mobile app or on their website. Andrew Kirkwood, Head of Operations at Nimble elaborates, “Customer service is part of our very DNA at Nimble. It is ingrained in our hiring and development practices and is a core differentiator within the financial services industry in Australia. For this reason, NPS is a top 3 business objective for us, and will continue to be a focus as long as we are in business, and we don’t plan on going anywhere soon.”
Culture	The internal culture is very customer focused, best illustrated by the fact that customers rate Nimble staff extremely highly. Great customer experiences are always a reflection of a positive culture. Nimble makes sure it maintains a strong culture by conducting regular employee engagement surveys. Kirkwood details: “At Nimble one of our core philosophies and values is "it's all about the people". This is true when speaking not only of our customers but also our employees, as we truly believe that happy employees lead to happy customers. We strongly believe that Engaged People drive Innovation and Customer focus, and as such make sure our frontline employees are given the opportunity and voice to help shape EPIC, our customer service strategy, at every turn. It is this strategy that has enabled us to increase our NPS score to a stable 57%, and it is this strategy that will allow us to push on past our ultimate goal of over 70% NPS each month.”
Disciplines and Accountability	NPS is a top 3 initiative at Nimble. NPS targets are a key KPI for all senior executive and staff. Customer feedback is reviewed and corrective action is taken regularly. As an example, due to sheer growth contact centre wait times dropped below satisfactory levels of 80% of all calls answered within 20 seconds. Nimble was quick to monitor the impact on NPS via its transactional surveys and rather than accept second rate service for a period of time, quickly increased resources to this despite the significant cost and time involved.

#### ***Case Study 4. PETstock***

Background	PETstock is pet retailer in Australia with over 100 retail stores. The Young family (David and Shane) took ownership of Ballarat Produce in 1991 but it was not until 2002 and 11 stores later that the PETstock franchise was born. PETstock was and still remains a family owned and operated organization, with 100+ stores and 1000+ team members Australia wide.
Loyalty and Growth	PETstock has a high NPS score within the market it operates. Its growth is illustrated by going from 11 stores to more than 100 stores in the space of around 12 years.
Brand	In Australia pet supplies can be purchased from a range of retailers. Supermarkets offer a largely transactional service with minimal range, little expertise and limited personal service. You then have the specialist pet shops that are owned by individuals or families which offer personalised service, specialised knowledge but perhaps limited range due to their size. In this market PETstock’s unique positioning offers the consistency of a large chain, a large range of

	<p>products and the personalised service and knowledge you previously would only receive from a family-owned specialised pet shop.</p> <p>PETstock’s brand elements are communicated internally via PETstock’s ‘Kennel’. The Kennel’s purpose is to ensure all staff fully understand and live the PETstock brand and is a constant reference point for all staff.</p>
Customer Value Proposition	<p>PETstock’s value proposition is “Engaging specialists who truly care”. A demonstration of just how deeply this sentiment is embedded within staff can be found from the actions of over 250 PETstock staff members who salary sacrifice to PETstock Assist, which is PETstock’s very own charity foundation dedicated to the rescue, rehabilitation and rehoming of pets and the support of organisations focused on improving the quality of life for disabled or disadvantaged people through animal based companion projects.</p>
Customer Experience	<p>The backbone of PETstock are its people who truly care about animals. It is not unusual for a staff member to remember your pet’s name and the ailment they were suffering from last week. It is normal practice to take large dog food bags out to the customers’ car while still talking to them. David Young, Managing Director of PETstock, provides an example of how staff find clever ways to engage with customers even in uncommon situations: “At the launch of a new vet hospital as part of the grand opening we had sessions where we would take the families through and the kids would come through the operating room. We would have a stuffed teddy so we would put the gown on the kids and give them the utensils and ask them what is wrong with the stuffed dog and the Vet would pull out a lolly out of the dog and say obviously he has eaten a lot of lollies and had a pain in the stomach and then we would give them a certificate to say that they have completed our Vet Training course at PETvet.”</p>
Culture	<p>The culture at PETstock revolves around a couple of key aspects: (1) truly living ‘engaging specialists that truly care’, a ‘family-owned’ culture, and (2) leadership that are happy to go to the front and get their hands dirty.</p> <p>Young goes on to say: “we live and breathe engaging specialists who truly care and we have done this without even realising that we were doing this way before we actually formally developed the value proposition with Engaged Marketing. Obviously we were able to build a business up through word of mouth rather than going out to advertise to the market to say ‘we are here’. We had customers doing it for us without even realising that they were doing it. We wouldn’t ask any of our staff to do anything that we wouldn’t do ourselves. I went to an opening of a new store and while I am not great on the floor anymore in terms of product knowledge I was still out there and helping taking bird cages and kennels to the cars. The traditional way of going to a store and still being served in the way in which you want to be served. I believe this is still very much why customers still warm to us as we are not serving from behind the counter; we are going out and engaging with them. This is a behaviour exhibited by all leaders in the organisation”.</p> <p>Staff have regular yoga classes at work and the flexibility to pick up the kids from school and have them at head office at 3pm. There are regular staff activities such as a Run for Kids and Boot Camps. Which again adds to the family owned culture and atmosphere.</p> <p>Selection of the right staff is key. Staff do not have to own a pet but they have to at least love animals and they have to have a sense of empathy and share the PETstock family values.</p>
Disciplines and Accountability	<p>Besides regular organisational KPI’s PETstock also uses NPS as a regular discipline. In addition to all stores and other key staff having near real-time access to customer feedback via sophisticated dashboards there is a regular discipline around calling customers that are unhappy with the service and resolving their issues.</p>



### Case Study 5. Jetts

Background	Jetts is a family owned gym fitness chain based on the Sunshine Coast, Australia. It was founded by husband and wife team Brendon and Cristy Levenson, with the opening of the very first Jetts Club on the Gold Coast in 2007.
Loyalty and Growth	From its humble beginnings in 2007 Jetts now has more than 220 gyms across three countries (Australia, New Zealand and the Netherlands), which is an impressive expansion rate. Jetts has a high NPS driven largely by consistent service and the passionate Jetts staff.
Brand	The Jetts brand established itself as the first 24/7 fitness chain in Australia. In addition they offer no lock-in contracts. Effectively the brand positioning is all about convenience encapsulated in their current positioning line which is “workout on your terms”. Essentially, Jetts eliminated two key customer complaints about gyms: limited hours and lock-in contracts. Jetts’ goal is to be the ‘most loved gym’.
Customer Value Proposition	The value proposition is convenience, 24/7 access and no lock-in contracts. In addition Jetts is aimed at regular people not serious body builders.
Customer Experience	Jetts has been voted the Number 1 gym in Australia in terms of customer satisfaction two years in a row, independently measured by Canstar. According to Elaine Jobson, Country General Manager of Jetts, “we focus on the ‘brilliant basics’ as we call it and then having the ‘wow’ experience on top of that. I think Jetts is consistently better at delivering the basics that members want on a consistent basis; a clean environment, equipment that works. You can guarantee that when you get into the Club you will have a consistent, quality team member who is able to be knowledgeable because all of our people are qualified and we only recruit people that are fitness passionate”.
Culture	Jetts has an amazing internal culture. Its employee engagement score is much higher than the Australian average. A majority of staff would happily recommend Jetts to others as a great place to work. Feeling ‘love’ for Jetts and other team members is a common theme in verbatim employee engagement staff comments. Jobson outlines how they have achieved this amazing culture: “internal culture is definitely our strength. We do a number of things; it is not just one silver bullet. To make sure our culture is alive it has to be absolutely lived and breathed by the leadership, then with the office support teams. This allows us to hold our Business Owners to high account on being outstanding and being educated in that culture. So when we recruit Business Owners into Jetts we make sure that they go through that kind of ‘brand filter’ and they understand what the culture is and we resist the temptation to bring people in that are not of that type that they will never get our culture. So we recruit to this end and then we look at every possible way to communicate with them. We have newsletters go out, we put it in every single communication on our email we make sure it is on our voicemail messages, it’s on our Power Point slides. Whenever I speak to a Business Owner I make sure culture is part of the conversation in some capacity. So living our culture is a borderline obsession”
Disciplines and Accountability	Jetts uses the NPS discipline for customers and conducts a comprehensive employee engagement study for its staff and measures and manages both down to a granular level of individual Clubs. Detractors are regularly called back and key staff have near real-time dashboards so they can monitor customer feedback. NPS is a key organisational metric. Jobson explains, “I am actually less interested in our overall NPS score than I am in what conversations are happening on the ground. The reason for that is it is about the conversation happening with our Club staff and members. I ask Clubs what they are doing to fix issues highlighted

in the research. If you do this and talk to members then the natural outcome will be our overall NPS score improves and members will stay longer.”

A further examination of these case studies reveals a number of common threads which are summarized in Table 2.

### **Table 2 about here**

Firstly, all of the above organisations have invested a substantial amount of time in creating a clear strategic intent around their brand, customer experience, propositions and culture. While most organizations do this, for these brands it is more than just words on a poster or in an annual report; they have actually operationalised these strategic intents into regular disciplines and essentially this drives the entire ethos of these organizations.

Value propositions tend to be functional in nature but this can be enriched by an internal purpose that extends beyond economics. PETstock truly care about pets and this drives their charitable foundation, who they employ, and their decision to not sell puppies and kittens. Another example is Jetts since not only does everyone who works at Jetts truly value fitness but more importantly they values fitness to the point to where they are passionate about helping others achieve their fitness goals. The strong connection between an individual’s purpose in life and their organisation’s purpose can propel a business forward if it is widespread enough. In essence, an internal purpose beyond economics provides true gravitas to the delivery of the organisation’s propositions and experiences. We spend a considerable amount of our lives at work so who wouldn’t want to work for a company which has a purpose beyond economics?

Another common factor across the five case studies above is an engaged culture. A culture which is truly customer focussed, takes customer feedback very seriously, and where excellent customer service is a priority is a culture which attracts and retains a customer-focussed employee.

While the elements discussed so far can be strategically designed, a critical aspect for organisations is to utilise effective disciplines. All of the case studies have embraced the Net Promoter Score discipline and have systems and processes in place allowing them to live and breathe it. A simplistic overview of this process begins with simply capturing regular and timely insight at a relationship and transactional level and taking action at both a top-down (involving strategic action planning around organisation-wide pain points and drivers) and bottom-up level (operational action planning where teams, at a granular level, develop initiatives based on customer feedback).



Finally, what all these brands have in common is strong executive support. Customer measures are a key performance indicator, executives visibly show their support of customer strategies, and executives are not afraid to go out to the frontline. Without this key leadership element these organisations would not have achieved the success they have attained.

## **Conclusion**

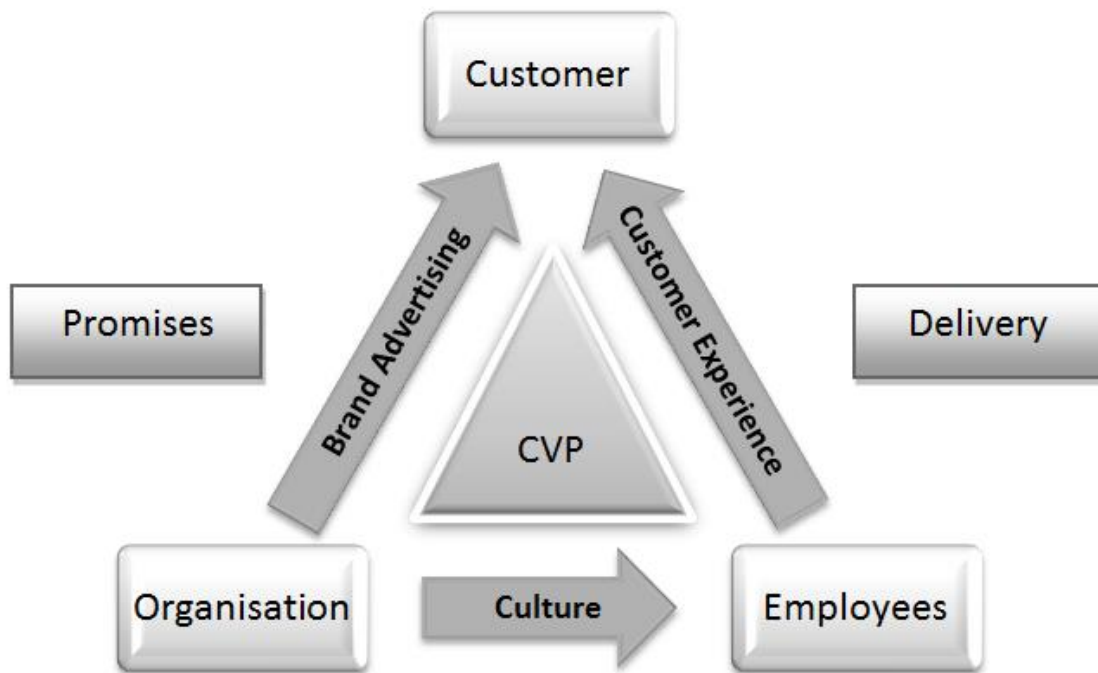
In an increasingly competitive world, customer engagement is absolutely critical, yet difficult to achieve. Single-factor principles to achieve customer engagement are positive steps, yet insufficient without consideration of the total company interaction with customers. The Total Engagement Model addresses total company interaction with customers, and identifies the strategic drivers of customer engagement. This chapter expands discussion of the Total Engagement Model, and contributes new evidence. The key finding attained from nine industry benchmarking studies is that a great customer value proposition combined with delivering a great customer experience are the major drivers of industry leading customer brand loyalty.

Employee engagement represents a key driver, given that employees deliver the relevant value propositions and experiences required to create engaged customers. New evidence suggests that employee engagement is far from being as high as we would like or expect, which translates into less discretionary effort than we would hope to see, and even far less employee recommendation of their company's own products and services than would be expected. Achieving total customer engagement is a complex picture involving all the company's operations. To demonstrate what it looks like in the real world for a company to achieve total customer engagement, five case studies of high customer engagement companies were presented, which reflected each of the dimensions of the Total Engagement Model. Specifically, the findings were based on insider descriptions attained from interviews with senior management and close author observation. Further, this chapter contributes to the literature on customer engagement by providing additional evidence on a model that was designed and tested over time within a series of real world settings and sectors.

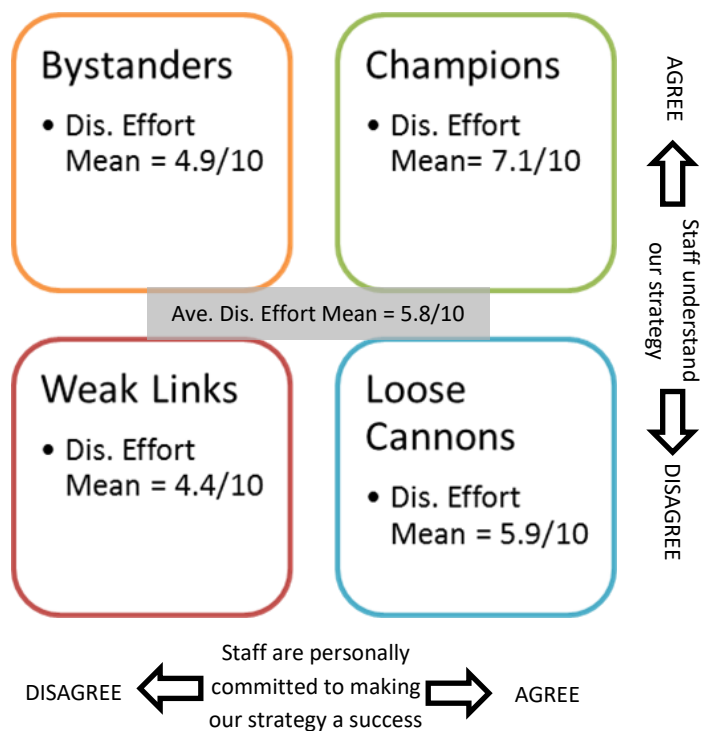
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**Figure 1: The Total Engagement Model (Roberts and Alpert 2010)**



**Figure 2: Discretionary Effort Results Based on the Champion Analysis**



**Table 1: Marketing channels which have the greatest influence on purchase decisions**

Response	Percentage
Recommendation from a friend, family member or colleague	46.8%
Product review websites or publications	22.5%
TV advertising	10.0%
Internet advertising	2.7%
Direct mail	1.9%
Newspaper advertising	1.7%
Social media advertising (e.g. ads on Facebook, LinkedIn, MySpace, etc.)	1.3%
Magazine advertising	1.2%
Email marketing	1.1%
Press articles	1.0%
Blogs	0.9%
Radio advertising	0.6%
Sports sponsorships	0.2%
Celebrity endorsements	0.1%

**Table 2: Key Alignment Factors Leading to Engagement**

Case 1 TUH	“Covered with Care” is the sentiment that best glues TUH’s brand, customer experience and culture together as they are member owned
Case 2 Apia	Understanding the needs of the over 50’s better than any other brand and not just providing insurance is the mechanism Apia use to align their brand, culture and customer experience
Case 3 Nimble	Gearing up the entire organization in terms of people, process and systems “To delight people by making borrowing simple, fast and stress-free”.
Case 4 PETstock	Family owned ‘can do’ culture with a true sense of caring for animals
Case 5 Jetts	An internal culture driven by its mission which is to ‘inspire people to live a better life’ with a no-strings convenient product offering.

**Notes**

The section “Total engagement model” is drawn from our article “Total Customer Engagement: Designing and Aligning Key Strategic Elements to Achieve Growth” (Roberts and Alpert, 2010). More detail is available in that article.

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