Driving performance with top box scores

SMG focuses on top box scores to differentiate between an exceptional customer experience and an ordinary one. Although it is easy to assume all customers satisfied to any degree are similar, research has found that customers who are highly satisfied are far more loyal and therefore more influential on a company's bottom line. Focusing on top box scores reinforces company-wide standards for quality customer service while uncovering performance differences between units.

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When considering what scores to report for a customer satisfaction and loyalty measurement program, some companies are tempted to focus on customers who indicate they are satisfied to any degree. On a typical 5-point satisfaction scale, this means calculating the percentage of customers who say they are *satisfied* (4s) as well as those who say they are *highly satisfied* (5s). The "non-satisfied" customers are the remainder who say they are *neutral, dissatisfied,* or *highly dissatisfied* (1–3s). The logic that underlies focusing on all satisfied customers is that satisfaction equals happiness. The belief is that the difference between happy and unhappy customers is sufficient enough to understand how a company is treating its customers.

Unfortunately, combining *satisfied* and *highly satisfied* ratings into a single measure to track company performance can be a big mistake. There are at least three main reasons why tracking "top box" scores (e.g., *highly satisfied* scores) is preferable to tracking "top two box" scores (e.g., *highly satisfied* combined with *satisfied* scores): 1) top box scores send a message to customers and employees that excellence is the goal, 2) ratings by *highly satisfied* customers have stronger relationships with more important outcomes than *satisfied* ratings, and 3) tracking top box scores uncovers important variability in unit performance.

Top box focuses on excellence

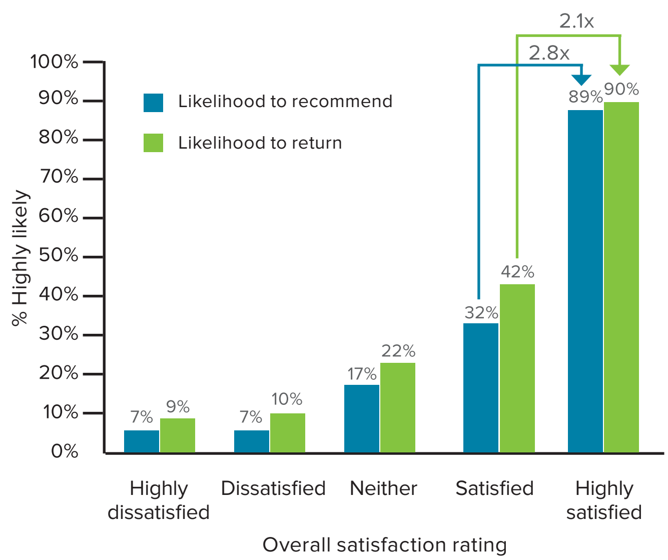
The first reason to track top box scores is primarily philosophical, but has some implications for motivating employees. A top box score by definition means that the customer has given the highest possible rating—there is no room for improvement. Top box is the highest performance measure. For most companies in the restaurant and retail space, receiving the second highest score possible (e.g., merely *satisfied* instead of *highly satisfied*) is simply not enough to differentiate them from competitors. Whether the goal is exceeding expectations, delighting customers, or optimum performance, it is always best measured as top box scores. The practical side of this conceptual argument is that having employees focus on top box scores communicates that your organization wants to be the best. Rallying employees around a challenging, yet achievable target can be very motivating if they are provided the right tools to assist in improving their scores.

Satisfied and highly satisfied ratings are not equal

The second reason to track top box scores is the preponderance of evidence showing how different satisfied and *highly satisfied customers* truly are. The distinction between *satisfied* and *highly satisfied* customers was the focus of the Harvard Business Review article *Why Satisfied Customers Defect* (Jones & Sasser, 1995). The authors demonstrate persuasively that merely satisfied customers are not as loyal and are at a much higher risk to be lost to competitors than their *highly satisfied* counterparts. Our own research with SMG clients consistently demonstrates that *highly satisfied* customers are not only more likely to say they will return and/or recommend a business, but are also more likely to actually do so. A typical "loyalty curve" that demonstrates this relationship is shown in FIGURE 1. *Highly satisfied* customers are about 2–3 times more likely to say they are *highly likely* to return and recommend than *satisfied* guests.

FIGURE 1

Loyalty curve



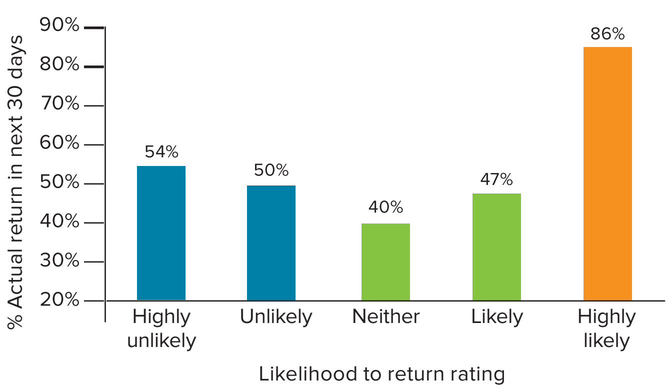
For some high-involvement retailers or service companies, the difference is even greater (i.e., 4–8 times more likely).

Not only do top box scores predict loyalty intentions better, they also predict actual loyalty behaviors better. For many of our clients, we are starting to collect actual return information by credit card matching via the POS. »

In FIGURE 2, we can see what percentage of top box customers actually return compared to those who provide lesser ratings. For this client, 86% of those who said they were *highly likely* to return (this is the top box for the Return measure) did so within the next 30 days, compared to only 47% of those who said they were *likely* to return. In fact, for this client's customers, saying that one is *likely* to return is really no better predictor of actual return than saying he or she is *unlikely* or *highly unlikely* to return!

FIGURE 2

Actual return and likelihood to return



We have seen this pattern over and over with top box scores, whether we are looking at loyalty intentions, actual return/repurchase, average dollar spend, or the relationship between top box scores and comp sales at the unit level. Combining top two box percentages masks the significant differences between these ratings and reduces the predictive ability of customer satisfaction measures.

Top box scores identify variability in performance

The third reason to focus on top box instead of top two box scores is that the latter can mask important variability in unit-level performance. Because our clients have been successful enough to get to the multi-unit stage, most customers system-wide tend to be *satisfied* or *highly satisfied* with elements of their experience. Based on the research cited earlier, we know that *satisfied* and *highly satisfied* customers have different consequences for the organization. Because *highly satisfied* customers are more likely to return, recommend, and spend more, top box is the number to track.

The following table shows top two box, *highly satisfied,* and *satisfied* scores for ten units of a multi-unit chain. When considering the top two box scores, all units score equally well (90%). This suggests that no unit is any better at satisfying customers than the others. However, when we look at the percentage of *satisfied* and *highly satisfied* customers at each unit, we see dramatic differences.

FIGURE 3

Unit level scores

Store #	Top two box score	**Highly satisfied store**	**Satisfied store**
1	90%	**77%**	**13%**
2	90%	**74%**	**16%**
3	90%	**70%**	**20%**
4	90%	**67%**	**23%**
5	90%	**65%**	**25%**
6	90%	**62%**	**28%**
7	90%	**60%**	**30%**
8	90%	**58%**	**32%**
9	90%	**56%**	**34%**
10	90%	**53%**	**37%**

The benefit of tracking satisfaction at each and every unit is identifying variability, correcting deficiencies at poor performing units, and having high performing units share best practices. Combining two top box scores limits our ability to distinguish high performing units from units that are simply OK in the customer's mind.

Conclusion

In SMG's experience, focusing on top two box scores is primarily undertaken for two specific reasons: 1) a belief that *satisfied* and *highly satisfied* ratings are indistinguishable or 2) an effort to make company and unit-level performance look better than it really is. Top box scores not only convey to employees and customers that excellence is important, they also lead to real differences >>

in outcomes important to the business, like customer loyalty and comp sales. Finally, the real power of multi-unit measurement is to identify poor performing units that can tarnish the brand and to leverage the knowledge gained from high performing units to improve the customer experience across the chain, and top box scores accomplish this better than top two box scores.

Andy Taylor, Chairman and CEO of Enterprise Rent-A-Car had this to say about his company's experience tracking performance in their customer satisfaction program:

> "In retrospect, the most important decision we made in this entire process was to track only completely satisfied customers—the 'top box' customers. We could have made ourselves look better by folding in the 'somewhat satisfied' category, with resulting scores averaging in the 90s. But this whole effort was not about making us look better or feel better about ourselves. It was about helping us perform better for customers." (Taylor, 2003, p. 8)

If a company is really serious about improving the customer's experience and gaining the loyalty and financial benefits that come with it, tracking top box scores is the obvious choice. ●

REFERENCES:

Jones, T. O., & Sasser, W. E., Jr. (1995). Why satisfied customers defect. *Harvard Business Review*, November-December, 88-99.

Taylor, A. (2003). Top box: Rediscovering customer satisfaction. *Business Horizons,* September-October, 3- 14.

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