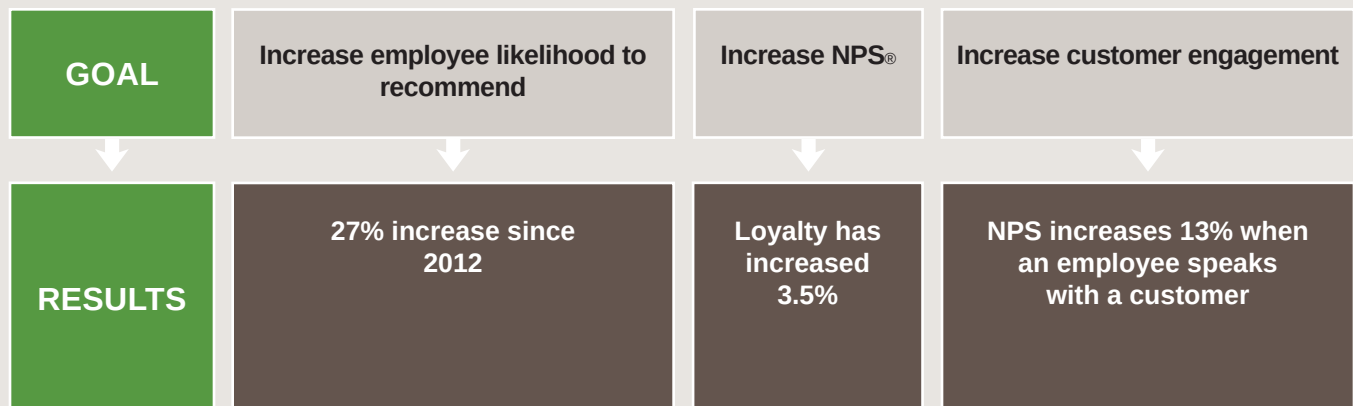


Homewares

The impact of employee engagement on customer satisfaction

KEY RESULTS



JUST HOW IMPORTANT ARE ENGAGED EMPLOYEES TO SATISFIED customers? A leading retailer of homewares in the United Kingdom, turned to Market Force Information® to answer that question.

Market Force has conducted an annual employee engagement survey since 2012 for this retailer, using the Engagement Net Promoter Score® (NPS) as the key metric to understand what makes their employees happy and loyal.

Market Force also manages their customer satisfaction survey program. The brand hears from an average of almost 1,000 customers a day. The NPS metrics from the customer satisfaction survey have become the main key performance indicator (KPI) metric used to evaluate each location's ability to delight customers and capture wallet share.

The retailer takes the results seriously, holding each location accountable for results and creating customized action plans for change. When customers



indicate they are unhappy with service provided, location managers reach out directly to a customer to rectify issues. On the flip side, when survey respondents call out an employee for exceptional service, recognition and rewards are given to that employee. The survey has become a powerful coaching tool for within the entire business.

BETTER TOGETHER

These two rich programs provided an opportunity to explore the relationship between employee engagement and customer loyalty. Would locations with more engaged employees have more loyal customers? Would locations with more engaged employees have lower labor costs? To answer these questions, Market Force used the results from both the employee engagement survey and the customer satisfaction survey to understand those relationships and create a predictive model to customer loyalty.

The relationships were clear. First, Market Force found locations with the most engaged employees had a 23% lower absentee rate and a 15% lower turnover rate when compared to locations with the least engaged employees. Engaged employees show up to work more frequently, thus mitigating the increased costs of reworking schedules in a busy retail environment. In addition, engaged employees stay with the business longer, and that maximizes all the hard work of recruiting and training employees. Market Force's analysis also found that engaged employees create loyal customers. Both employees' ratings of their own engagement with the brand as well as their ratings of how well they felt their location served customers had very strong relationships with a locations' customer loyalty scores.

INSIGHT IS NOT ENOUGH

The analysis didn't stop with just this insight, though. The retailer wanted to know how to improve both employee engagement and customer satisfaction. What actions could they take to ensure that their employees stayed with the company and delivered their best to customers? Market Force created a predictive model using the results from the employee engagement survey. We identified a set of five critical drivers that, when executed in combination, maximized their ability to improve employee engagement.

The result? When locations execute on all five factors, the percentage of highly engaged employees can almost triple. Market Force also identified a set of three critical drivers for customer NPS, showing a lift of 17% in NPS when locations execute on all three.

The next step was to take action on these insights. To do that, the retailer uses KnowledgeForce®, Market Force's reporting platform. Each location can view its data for employee engagement and customer surveys, and focus on the critical drivers that require improvement at each specific location. The platform allows each operator to see what needs to be done and be held accountable for change.

Each of the measures they collect—customer satisfaction surveys, employee engagement surveys, and financial results—is valuable in itself. By using advanced analytics to understand the relationships between these two datastreams, the retailer can leverage the data to create actions with the highest ROI for the business by either reducing their labor costs or increasing their loyalty and wallet share.

Engaged employees create loyal customers



THE BOTTOM LINE

The program is working. Since 2012, they have seen a 27% increase in the likelihood to recommend the company as a great place to work. In addition, the retailer has very high NPS scores that translate into repeat customers, a great brand presence, and a fast-track growth rate with new stores opening throughout the United Kingdom.



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