



RETAIL CHAIN GENERATES 93X ROI FROM 6% IMPROVEMENT IN CUSTOMER SERVICE

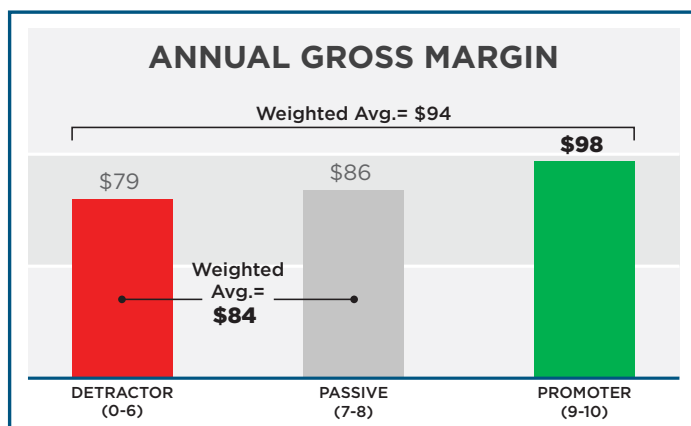
BACKGROUND

Faced with heavy competition from other retail chains and online suppliers, a FranklinCovey retail client wanted to drive faster growth through providing a superior experience to more customers at each store. This chain partnered with FranklinCovey to rank its 470 locations accurately each month based on customer service.

We then helped the chain to improve their customer experience through frontline training and increased accountability. Within two years, the percentage of customers delighted increased from 63% to 69%. What is this 6% improvement worth?

RESULTS

Common sense tells us that happier customers will spend more in the future, and the financial data from this retail chain proves it. The following chart shows the gross margin customers contributed over the next year based on how satisfied they were with their last visit.





For this organization, a customer providing a 0-8 score contributed \$84 in gross margin over the following year, whereas a delighted customer (9-10 score) delivered \$98 (\$14 more).

By working with FranklinCovey, the chain improved 6% (from 63% to 69%). Let's examine the value of this improvement:

- Each location invested \$90 per month with FranklinCovey.
- An average location served 10,000 customers a month.
- By working with FranklinCovey, they delighted 6% more customers, or 600 more people, each month.

We know that delighting a customer contributed \$14 more, so those 600 customers meant an incremental \$8,400 in gross margin over the following year for each store.

Ignoring the time value of money, every month a store delighted 69% instead of 63% of customers, they generated another \$8,400 in incremental gross margin or 93 times more than their \$90 monthly investment with FranklinCovey. This assumes no financial benefit from new customers resulting from referrals.

For every month that a store maintains this 6% improvement in customers delighted, the store creates another incremental \$8,400 in gross margin over the following year. We are confident this retail chain will continue improving and eventually delight 10% more customers, resulting in an even higher return on investment.

Having an accurate measure of the percentage of customers delighted in each store every month, along with accountability for improving it, has helped this retail client achieve this 6% increase in customer service.

ABOUT FRANKLINCOVEY'S CUSTOMER LOYALTY PRACTICE

We help organizations inspire their frontline teams to delight more customers in order to drive faster sales growth. Our clients typically make 5-10% more customers happy within the first three years of our engagement and achieve a substantial return on their FranklinCovey investment.

For more information, please contact us at loyalty@franklincovey.com or 801-817-5420 or visit us online at www.franklincovey.com/loyalty.