

2017 Children's Services Industry Report



TEXT ANALYSIS OF NET PROMOTER SCORE SURVEYS

INTRODUCTION

With so many competitors in the marketplace, every interaction counts. Understanding what makes children's services clients have both wonderful and unpleasant experiences is the first step to offering a service that will foster loyal customers and generate referrals that drive new business.

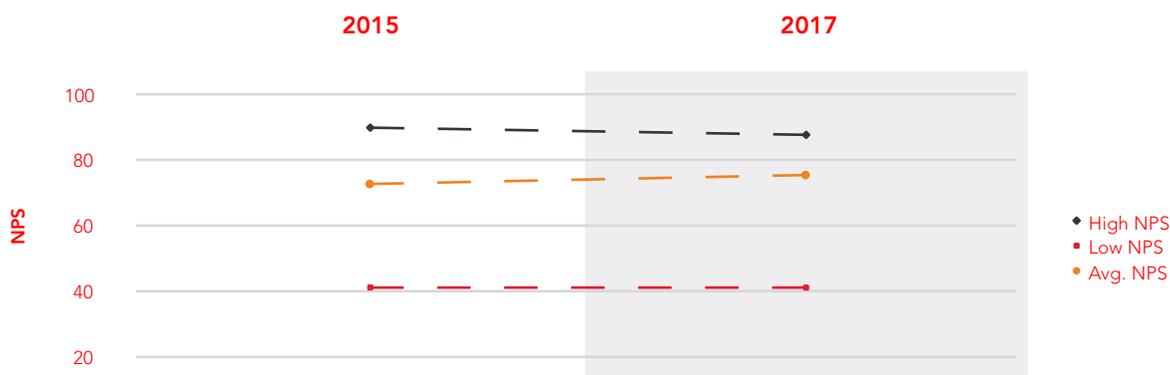
To find out exactly what captures the heart of children's services customers, Listen360 analyzed more than 1,500 survey responses. Similar to a study completed in 2015, the 2017 study sought to identify exactly what is dissatisfying children's services clients, which aspects of the customer experience have the greatest impact on customer loyalty, and what has changed in the last two years.

This information was gathered by Listen360 using Net Promoter Score (NPS)¹, the de facto industry standard for measuring customer loyalty. The surveys ask customers to rate, on a scale from 0 to 10, how likely they are to recommend [the client's brand] to a friend or colleague. This ranking is followed by an open-ended question that digs deeper into their rating. The collection of ratings is then translated into an NPS score.

FIGURE 1: Children's Services Net Promoter Scores 2015 vs 2017

The average Net Promoter Score for the children's services industry has increased in the last two years. However, the top range has decreased since 2015 indicating a decline in customer experience for some children's services companies.

By maintaining a focus on the customer experience and aiming towards a high NPS, children's services companies can set themselves apart from the competition and drive organic growth for their business.



¹ NPS is a trademark of Bain & Company, Satmetrix Systems, and Fred Reichheld.

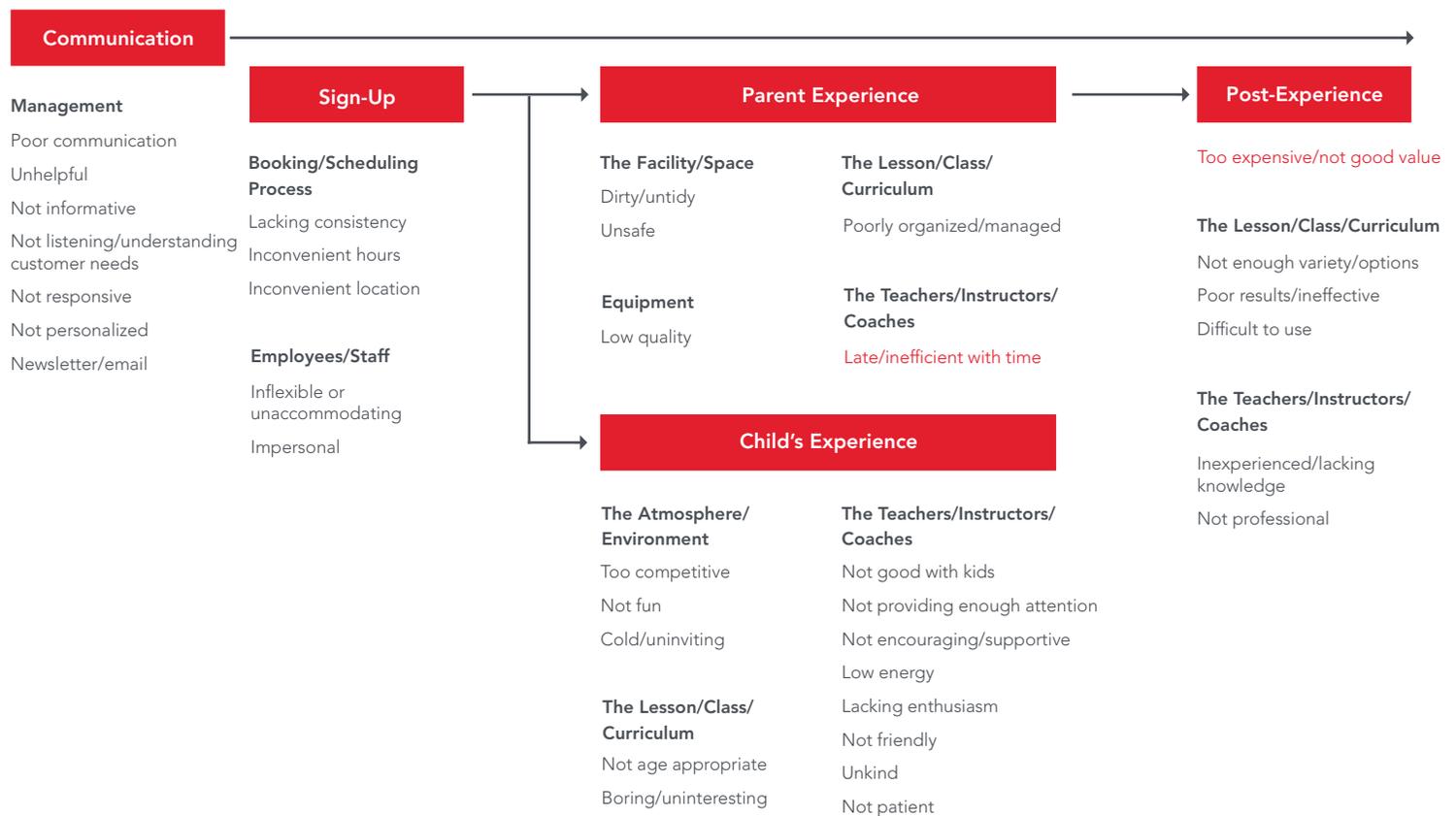


THE CUSTOMER EXPERIENCE

Once you have a new client, the key to long term business is delivering an exceptional customer experience. In fact, **companies that make customer experience a priority, generate 60% greater profits than their competitors.** While creating an engaging learning environment is a crucial part of delivering children’s services, it accounts for only a portion of a customer’s overall perception of your brand.

As part of the study, Listen360 looked at the entire customer journey, from the time a lesson or class is scheduled to after it’s complete in order to identify the most common pain points along the way. Based on 2017 survey response data, the most negative aspects of the experience are: inefficient use of time and the perception of poor value with high cost of services.

FIGURE 2: Pain Points in the Customer Experience



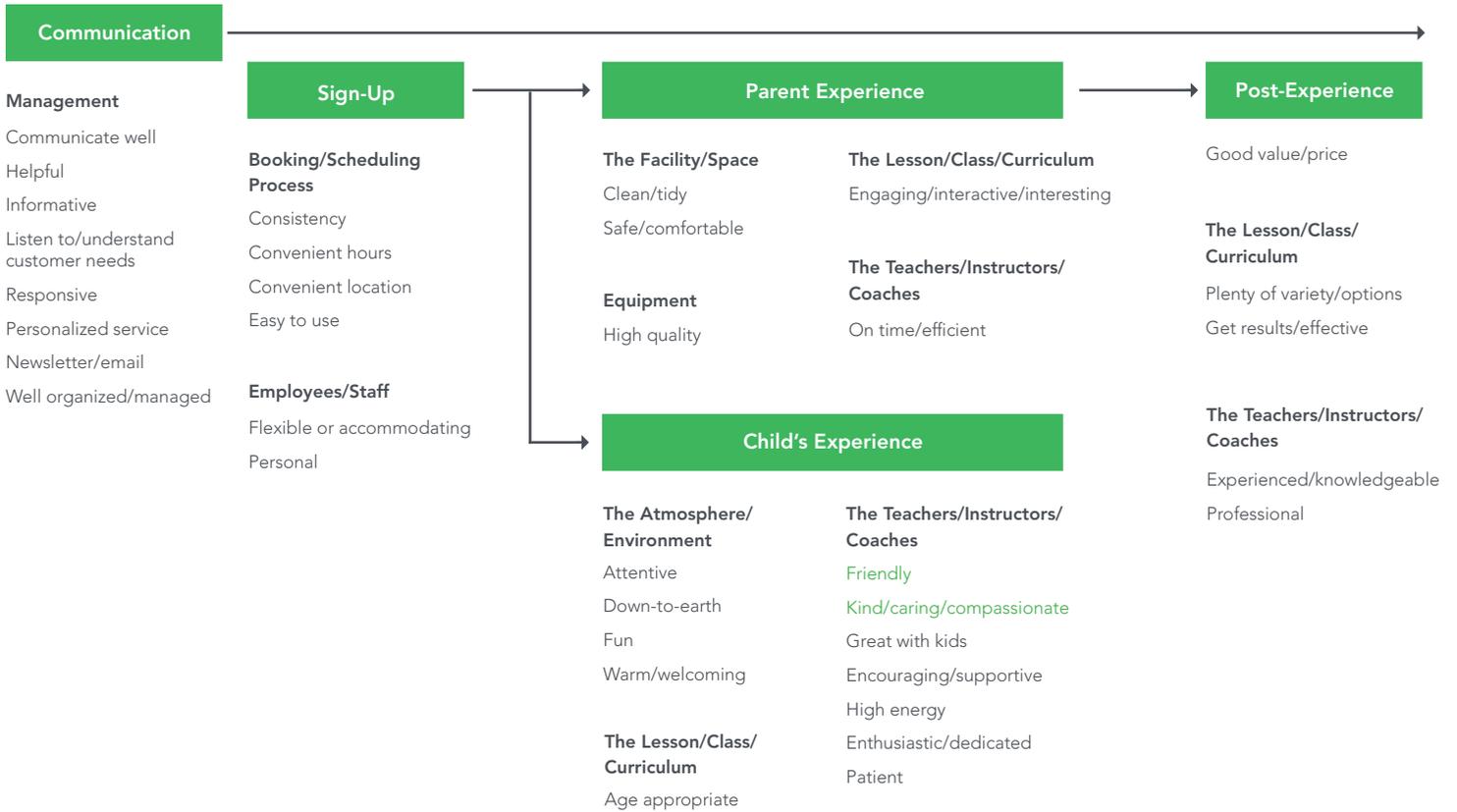
“The price is crazy. The coach we got is never on time. The other members of our team don’t show up regularly. Kids do nothing for 20-30 minutes. I paid a lot of money and it’s a joke.”

In contrast, a great experience has the power to increase retention rates, drive up referrals, and improve your overall brand image. Increasing retention by as little as 5% has been shown to raise profits anywhere from 25% to 95%.

According to the Listen360 study, a great experience has: teachers, coaches, and employees who are friendly, compassionate, and caring.



FIGURE 3: What Makes a Great Customer Experience



MINIMAL EXPECTATIONS OF CHILDREN'S SERVICES CUSTOMERS

While there are many elements in the customer experience, it is critical to know which ones are actually deal-breakers and ensure those components are delivered at the expected level. These deal-breakers are also known as barriers.

Barriers are a customer's minimal expectations which can negatively impact customer satisfaction if performed poorly, but don't have any positive effect on customer loyalty if they are performed well. With barriers, only a minimally acceptable level of performance is required to prevent dissatisfaction. Spending a large part of your budget on barriers would not directly impact customer loyalty, and could potentially be a waste of time and money when compared to focusing on the things that delight your customers. Our analysis identified the top barriers for each children's services industry segment.

According to the Listen360 study, age-appropriateness of instructors, communication ability, newsletters and emails, and competitiveness of curriculum are the newest barriers in 2017. These attributes won't be the reason a customer recommends a children's services brand, but the inability to perform them will decrease loyalty and could lead to negative word of mouth.

Barriers	
2015	2017
Efficient with Time	Efficient with Time
Value/Price	Value/Price
Consistency	Consistency
Responsiveness	Responsiveness
Informative	Informative
Management	Age-Appropriateness
Booking/Scheduling Process	Communication Ability
Equipment	Newsletter/Email
Listen to/Understand Customers' Needs	Competitiveness/Intensity

New Barriers in 2017

FIGURE 4: Barriers | Minimal Expectations that Have the Power to Decrease Loyalty



FIGURE 5: Drivers | Have the Power to Increase and Decrease Customer Loyalty

Key Drivers	
2015	2017
The Teachers/Instructors/Coaches	The Teachers/Instructors/Coaches
Friendliness	Friendliness
Organization/Management	Organization/Management
Capability with Children	Capability with Children
Enthusiasm/Dedication	Enthusiasm/Dedication
The Atmosphere/Environment	The Atmosphere/Environment
Ability to Achieve Results	Ability to Achieve Results
Ability to Accommodate	Ability to Accommodate
Level of Engagement/Excitement	Level of Engagement/Excitement
Encouraging/Supportive/Motivating	Encouraging/Supportive/Motivating
Experience/Knowledge	Experience/Knowledge
Cleanliness	Cleanliness
Safety/Comfort	Safety/Comfort
Professionalism	Professionalism
Fun	Ease of Use
Newsletter/Email	Convenience of Hours/Schedule
Communication Ability	Quality
Welcoming/Inviting	The Lessons/Class/Curriculum
Helpfulness	The Employees/Staff
Age-Appropriateness	Variety/Options
Competitiveness/Intensity	The Facility/Space
	Personalized/Unique
	Management
	Booking/Scheduling Process
	Listen to/Understand Customer Needs
	Equipment

Key drivers are similar to barriers in that if poorly performed, they could have a significant negative impact on the way your customers view your services. Unlike barriers, however, high performance of key drivers has the power to lead to a positive brand reputation amongst current and potential children's services customers.

In Listen360's analysis of the children's services industry, some of the strongest key drivers in 2017 were once delighters and barriers in 2015. When it comes to key drivers, your performance needs to be on target with customer expectations.

Compared to 2015, in 2017...

- Not having quality lessons, employees, or facilities or not offering variety will drive down customer loyalty, as these attributes are no longer delighters.
- Quality management, scheduling, equipment, and listening to customers can now drive up loyalty, as these attributes have shifted from barriers to key drivers.
- New drivers that emerged are the ease of use, convenience of hours, and quality.

"I like that the services are provided by teachers, that there is feedback on the students progress after a tutoring session, that weaknesses are identified and reviewed."

New Key Drivers in 2017

These were Barriers in 2015

These were Delighters in 2015



If you want to truly differentiate your service from the competition, go beyond the barriers and the key drivers and provide a service that delights. Of all the top attributes Listen360 identified, nine of them are considered delighters, with the potential to have the ‘wow factor.’ The newest way to delight customers in 2017 is to ensure that parents and their children have fun, feel helped and welcomed. Incorporating these delighters into your business model will help solidify loyalty amongst your customer base and build the foundation for brand advocacy.

You should aim to over-perform in the areas listed to the right in order to generate positive feelings and chatter about your organization.

“Everyone was so helpful. The owner really knew her stuff, and she was able to pinpoint exactly where our son was struggling. They taught math in a very smart way there.”

FIGURE 6: Delighters | Have the Power to ‘WOW’ Customers and Increase Loyalty

Delighters	
2015	2017
Kindness/Compassion	Kindness/Compassion
Energy Level	Energy Level
Attentiveness	Attentiveness
Convenience (Location)	Convenience (Location)
Personal	Personal
Patience	Patience
The Lesson/Class/Curriculum	Fun
The Employees/Staff	Helpfulness
The Facility/Space	Welcoming/Inviting
Variety/Options	
Personalized/Unique	

New Delighters in 2017

CONTINUAL MONITORING AND IMPROVEMENT

So where do we go from here? This analysis has provided some insight into the positive and negative aspects of the customer experience, what satisfies children’s services customers, and what they need to be wowed. To effectively use this information, we recommend taking the following actions:

- Conduct NPS survey research to measure how your business performs on the touchpoints and attributes at each location.
- Prioritize your improvement efforts to meet your business goals. In general, we recommend prioritizing the improvements in this order:
 1. Reduce dissatisfaction, and meet minimum expectations by improving Barriers that are underperforming.
 2. Increase customer satisfaction and loyalty by fixing and improving on the Key Drivers, starting with the worst performing.
 3. Wow your customers by adding or improving on your performance for Delighters.
- Track your performance over time to monitor the impact of your improvement efforts on customer loyalty and satisfaction.
- Stay current on what effects customer loyalty, as customer needs will inevitably change over time. Yesterday’s delighter is frequently today’s key driver and tomorrow’s barrier.

If you know what your customers need, and you do those things well, your business is well positioned to reap the growth and profitability that comes from a loyal customer base. Your customers are one of your strongest assets—taking the time to listen and appropriately respond to them enables you to make smarter business decisions and build the kind of personal relationships that result in loyalty, organic growth, and sustainable profit.

Listen360 helps businesses understand how their customers truly feel about the services they provide. By gathering real-time feedback via a simple, two question NPS survey, Listen360 offers its clients the ability to quickly resolve issues and identify their most loyal customers.

With reporting that highlights key differentiators, top team members, and aspects of the business that are delighting clients, businesses are given the operational insights they need in order to consistently improve the customer experience and build a better, more profitable business.

In addition to operational improvements, Listen360 helps customers boost their online reputation by prompting their most delighted customers to leave 5-star reviews on sites like Google. **Learn more at listen360.com.**