



Crystal Ball Metrics

Predicting Growth Across Your Brand



The Convenience Stores For Metal[®]

 **Metal Supermarkets Case Study**

Happy customers and positive reviews are somewhere in the minds of every member of upper management. How far towards the front is it, though? Somewhere in the pursuit of growth and acquisition, many let customer relationships slip from a priority to “We’re doing what we can.”

Your customers need to be so in love with your brand that they want their friends, family, and even strangers on the street to hear about it too. These are your promoters. They are free advertising, cost your employees less time to service, and are less affected by price changes. Cultivating a surplus of promoters ensures sustainable growth, and to do that, measuring customer loyalty is essential.

Enter the Net Promoter System.¹ Developed by Bain & Company, NPS uses short, simple survey questions to monitor customer engagement with a brand. The system breaks customer feedback down into a score to help consistently gauge your brand performance over time.

The higher the score, the more enthused about your brand your customers are. With a high score, you will, in all likelihood, get more referrals, have more repeat customers, and see a higher customer lifetime value. By treating customers well and making sure their needs are met, your needs will be met as well.

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

This all has a very feel-good sound to it. Do unto others and whatnot, and growth shall be yours. As much as we'd all like to hold hands and sing "Kumbaya," the reality is, there are businesses to run. A mission statement putting the customer first sounds great on paper, but upper management has responsibilities to employees and ultimately to the bottom line. It takes more than a promise and a nice feeling to move mountains. Right? To put a spin on an old saying: the proof is in the profits.

Consider Metal Supermarkets. With over 90 brick-and-mortar locations, it is the world's largest small-quantity metal supplier. Spanning the US, Canada, and the United Kingdom, this growing franchised network sells everything from steel to bronze and copper and offers many value-added services on-site. Regardless of the industry or range of products, it is strong customer loyalty that keeps businesses growing. CEO Stephen Schober has been working with Listen360, an NPS company, to monitor and improve the customer success of his locations.

With over 25 years of franchise experience and leadership roles with multinational brands, Schober has seen the value of monitoring NPS over time. He has worked closely with Listen360 to establish a comprehensive, top-down program to elevate customer experience. Having a software platform that tracks customer loyalty allows him to monitor his various locations for patterns in service and performance. Over the years, Schober compared NPS data to his financial reports in search of a correlation, and the findings were more than impressive.

From 2012-2017, locations with the lowest NPS scores saw a sales growth of only 15% while those with the highest enjoyed a 41% increase. Even a difference of 3-5 points translated to a dramatic difference in performance.

Schober reviewed the Metal Supermarkets stores that had been open for at least 5 years and looked at sales growth. He held those numbers up to the NPS scores of these locations, and the correlation was very clear. From 2012-2017, locations with the lowest NPS scores saw a sales growth of only 15% while those with the highest enjoyed a 41% increase. Even a difference of 3-5 points translated to a dramatic difference in performance.

Schober had set out to prove some sort of relationship, but he was astonished at the drastic margin. “Extol the virtues of customer service to franchisees,” he insists, emphasizing the importance of training and staffing. He is a firm believer that any upward movement in NPS will have a positive impact on business. “I am confident that better ratings equals better margins and better sales [which] drive profitability.”

Schober’s findings are very promising, but he didn’t just sit back and marvel at the math. He investigated the lower scoring stores and found that they were struggling in particular service areas in which the high scoring locations were excelling. He installed new policies to remedy the mistakes and now monitors them consistently with Listen360’s tools to quickly mitigate potential dips in profits before they become systemic problems.



As Metal Supermarkets so well demonstrates, NPS provides multi-location businesses a system of monitoring small issues across a network. Not only does it correlate with and predict profitability, but it provides a fail-safe for existing locations while in the throes of expansion. It may seem too good to be true, but the numbers don't lie: there is now a way to quantify the Golden Rule.



ABOUT LISTEN360

Listen360's software compiles customer feedback in real time and in one place, so you can address complaints quickly, keep existing customers happy, and win more referrals. You shouldn't have to choose between caring for your customers and growing your business. With Listen360, you can build a brand that you and your customers will both be proud of.

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