A close-up photograph of a person's hands using a silver stylus to interact with a tablet device. The person is wearing a maroon shirt. The background is blurred.

**“A deep understanding of touchpoints can improve customer experiences, strengthen relationships and boost your bottom line.”**

**MCorp Consulting White Paper**

**MCorpConsulting** 

## **Understanding Touchpoints and your Customer Relationship Lifecycle**

**How Touchpoint Mapping® can help you increase acquisition, boost retention and drive brand loyalty by moving more of the right prospects and customers closer to your organization.**

# Overview: Improving the quality of customer relationships

**What marketers can learn through a deep understanding of touchpoints, and their relationship to the Customer Relationship Lifecycle unique to their organization.**

## Key Issues:

- 1. What are the most effective ways for organizations to drive key audiences closer to their sphere of influence?**
- 2. How do organizations focus and sequence touchpoints to increase customer acquisition and retention?**
- 3. How can a better understanding of the Customer Relationship Lifecycle increase the efficacy and ROI of brand marketing, sales and customer experience initiatives?**

Every organization has relationships with audience segments that impact performance and are key to achieving goals. These audiences can include customers (both current and prospective), employees, suppliers, partners, media, investors, government and others.

While some organizations struggle with customer churn and low growth, others seem to naturally draw their key audience groups closer, cementing loyalty, driving retention and word-of-mouth referrals, and enjoying consistent growth year after year.

They have a steady supply of new customers, attract and retain the best employees, develop beneficial, long-term partnerships with suppliers, are media darlings, have positive and constructive relationships with their investors, and have a productive relationship with governmental agencies and officials.

How do they do it? In this white paper, we'll show you how.

First published by MCorp Consulting in 2004, this is one of our most popular publications, now updated with more recent references and case examples for 2009.

# Understanding the relationship between touchpoints and your Customer Relationship Lifecycle.

## An explosion in touchpoints is increasing the complexity of marketing and customer relationships.

The constantly changing space between you and your customers is comprised of those places where you “touch” or come into contact with your customers. They are the foundation of customer experiences and relationships. In terms of perception, your organization is the sum of your touchpoints.

Touchpoints are all the interactions that your company’s audiences experience over their relationship lifecycle with your company. Interactive, human or static, the number of these touchpoints is increasing exponentially.

Fueled by the internet, customer choice, and ever-more-finite segmentation, the fragmentation of traditional and new channels—such as mobile and social media—makes it even more difficult for marketers to effectively track their organization’s interactions with key audiences.

## Focusing on the “right” customers.

This increase in touchpoints makes acquiring and retaining customers more complex, and more important than ever. And as this complexity increases, the time, expense and skill required of companies selling to these customers increases as well.

## Static, human and interactive touchpoints define your brand, and drive your customer experience.

Touchpoints occur every time customers come into contact with, or ‘touch’ your brand, and anything associated with it. Individually and in groups, these touchpoints define the landscape between the customer’s world and yours.

At the same time, the customer experience is more involved and important than ever, fueling acquisition, driving word-of-mouth referrals, and ensuring retention of the right customers.

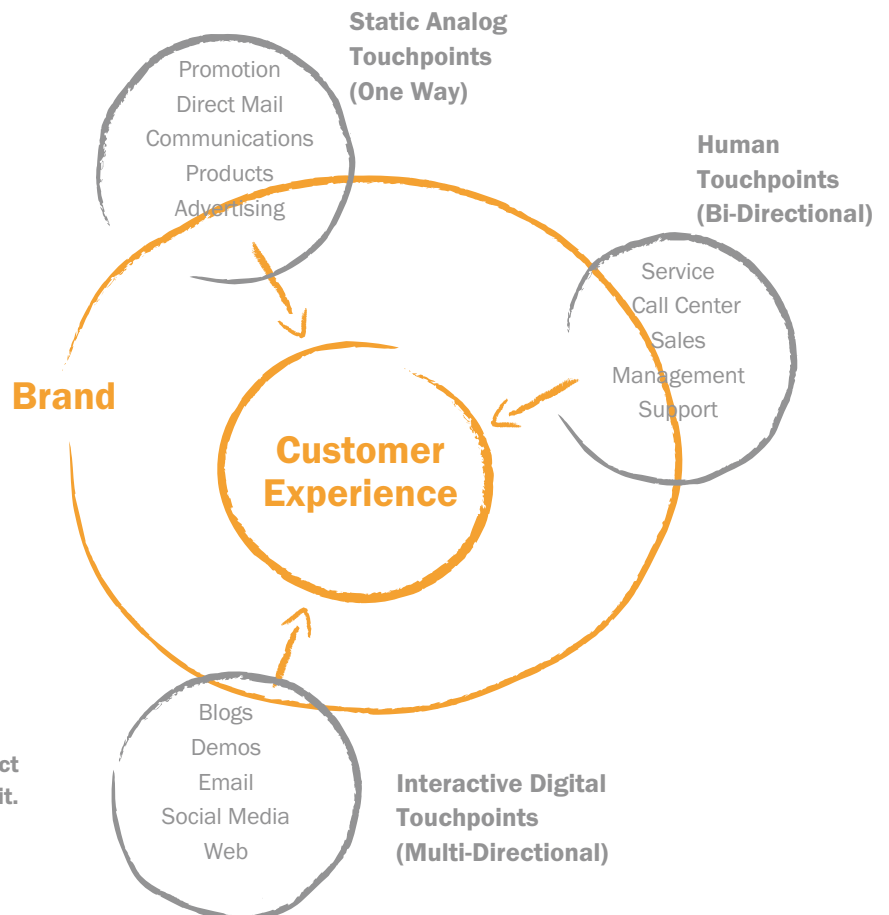
In response to this evolving landscape, marketing is being redefined as “the science and art of finding, retaining, and growing profitable customers.”

The first step towards moving audiences closer to your organization is to understand where and how each one influences your success. Those companies that understand and systematically review the unique relationship lifecycles of their audiences experience higher loyalty, stronger brands, and more profitable relationships.

They have another secret as well—they monitor and improve the touchpoints that these groups encounter as they interact with their company, improving experience along the way.

## Touchpoints:

**All the physical and communication interactions (static, human and interactive) your audiences experience during their relationship with your company.**



# Touchpoints encountered through your lifecycle define the territory where your customers and organization interact.

## Leverage touchpoints as marketing and customer relationship levers.

Touchpoints are the key for driving audiences through this progression, from awareness to usage, usage to satisfaction, and satisfaction to loyalty and advocacy. Every point of contact or communication—online and off, in-person or not—between your organization and any member of your audience universe is a touchpoint.

Ranging from brand, marketing, and call centers to web sites, point-of-purchase, sales tools and more, each and every touchpoint drives audience perceptions, actions and relationships—both positive and negative. Simply put, effective touchpoints move customers closer to your organization. Ineffective touchpoints push customers away.

Consciously guiding customers through your touchpoints while using them as levers to influence perception and action results in a “magnetic attraction” as customers are drawn through the lifecycle, ever closer to your company.

## Understand and capitalize on your Customer Relationship Lifecycle.

With revenue as a driver, most companies focus primarily on their customers. Those they have, those they want and those they don't want. The better you understand the importance and characteristics of your unique customer lifecycle, the easier it is for you to increase the effectiveness of branding, marketing and customer experience investments while driving the right customers closer.

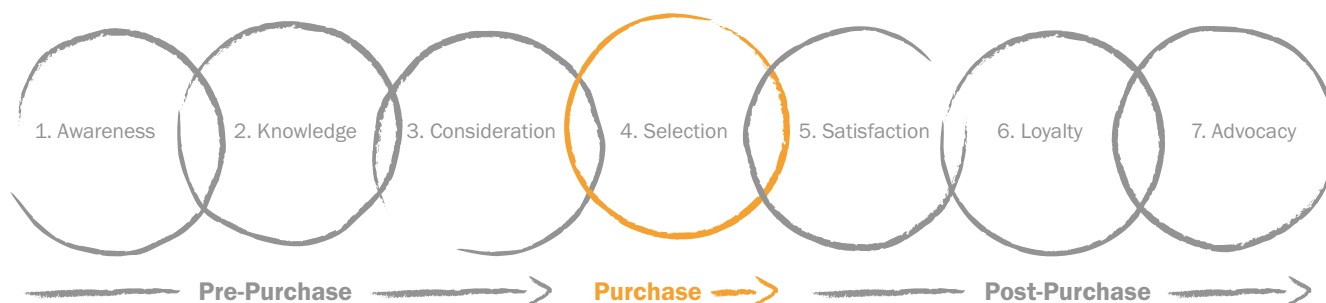
Every customer relationship begins with awareness, the first of the seven stages that make up the lifecycle. Progress through these stages can occur sequentially, or an individual may skip stages or even reverse to prior stages. But the stages themselves seldom vary.

## An understanding of your lifecycle, and the sequence of touchpoints encountered in it, will drive more of the right customers closer to your company.

Simply put, customer needs and wants drive their actions throughout the lifecycle. At the same time, barriers to this progression exist that affect these needs, wants and perceptions. Properly planned, implemented and sequenced, touchpoints have the power to remove these barriers and effectively address needs and wants.

In each stage of the lifecycle, you have the opportunity to meet their needs. Or you can leave these needs unfulfilled, unwittingly erecting barriers to along the way.

Through a deep understanding of the lifecycle unique to your organization, as well as the touchpoints encountered as your customers move through it, you will have the framework for moving customers closer, increasing awareness, retention and profitability as a result.



## The Customer Relationship Lifecycle (CRL)

Companies that understand their Customer Relationship Lifecycle constantly work to identify and improve the multiple touchpoints encountered in each stage. Looked at both individually and in groups from the perspectives of value, efficacy, function, sequence and more, touchpoints are the key to driving more of the right customers through your lifecycle, and closer to your organization. By knowing precisely how to successfully move prospects and customers closer, the number, quality and retention of customers increases dramatically.

On the following pages, we address each stage of the Customer Relationship Lifecycle and some of the myriad potential needs, barriers and outcomes possible as a result of a prospect or customer moving through these stages.

While we recognize that the subject can be both a prospect and an existing customer at pre-purchase stages, we use the phrase Prospect in the pre-purchase and Customer in post-purchase phases for simplicity.

## Stage 1: Awareness

1. A prospect realizes a need or want.
2. Companies who communicate the ability to potentially address these needs create awareness.

### Barriers to Awareness

- Your organization is not positioned to register on the customer's radar;
- Prospects aren't aware your company can address their need (poor brand awareness);
- Customers don't feel they know you as well as they know your competition (low brand recognition);
- Inability to stand out among the media and communications clutter.

### Strategic Considerations

- Understand where your audience is looking for information, and how;
- Understand the perceptions of your brand within your audience. Does it match your vision?
- Know your competitors and their market position in relation to yours;
- Determine appropriate touchpoints and marketing levers to drive awareness.

### Touchpoint Insight: Awareness

#### Where is your audience looking?

We've seen companies boost awareness through an understanding of touchpoints that may be outside their direct control, but which they may be able to influence. The resulting interactive strategies leverage the broad scope of social media, from Twitter and Digg to third-party blogs and consumer-driven buying sites. Customers, including "C" level executives, use the Internet as a primary awareness-generating tool, with every \$1 spent online now influencing \$3.45 in offline spending.

# “Touchpoints encompass much more than traditional marketing communications.”

## Stage 2: Knowledge

1. A prospect obtains knowledge about a company, product or service.
2. If passive, the customer will absorb information pushed through various media, or obtained through unstructured communication.
3. If active, they seek knowledge that addresses their need, using key criteria and ideal attributes which they have identified.

### Barriers to Knowledge

- Insufficient information exists to assure a customer that a given solution will address their wants or needs;
- Available data does not address the customer’s key criteria or required attributes;
- Too difficult to determine the relevance of a given solution;
- Competitive brands may be perceived as being more effective, or as having a greater value.

### Strategic Considerations

- Know what your prospects want and need in this stage, and provide pertinent information in a way that answers questions quickly and easily;
- Ensure that your message, benefits and processes are clear, relevant and believable to your audience;
- Position branding, messaging, pricing, and products to effectively address (or dismiss) your competition;
- Clarity trumps persuasion at this stage.

### Touchpoint Insight: Awareness

#### Know what your target needs

A non-profit needed to stand out from a sea of competitive giving opportunities, with research revealing that knowledge of the non-profit itself was very high, but that specific benefits (that is, what the non-profit accomplished with the donations) were unknown. As a result, brand spend was shifted from a priority goal of creating brand awareness to delivering messaging that communicated relevant results of donor contributions to key audiences.

## Stage 3: Consideration

1. Prospects weigh their knowledge of available solutions against their hierarchy of needs. These needs can be broad, such as practical needs of cost/value, timing, specific expertise; personal, such as status or relationship; and emotional, such as overcoming fear of failure.
2. The prospect will examine criteria and attributes against their hierarchy of needs to develop a profile of the ideal solution.

### Barriers to Consideration

- Can’t easily access information;
- Difficult to determine the relevance of given solution to their problem;
- Brand position or values do not “speak” to prospect needs;
- Poor sales process experience.

### Strategic Considerations

- Ensure your brand’s relevance in the marketplace;
- Grant access to information;
- Know your prospects’ key criteria and hierarchy of needs;
- Sequence of marketing communications and sales materials should support the brand, while addressing identified needs;
- Provide a consistent brand experience across all touchpoints, including the sales process and related interactions.

## Stage 4: Selection/Trial

1. The prospect makes a selection based on how well an organization meets their hierarchy of needs, and matches their “ideal” profile, as well as the process and quality of interaction during the information-gathering stages.

2. The prospect becomes a customer; if expectations are met and/or exceeded during this stage, the customer may be ready to move to Stage 5, Satisfaction.

### Barriers to Selection

- Indecisiveness or “no decision”;
- Conflicting opinions from other spheres of influence;
- Pricing structure does not incent trial;
- Objections exist that have not been uncovered or overcome;
- External factors—e.g. economy, legislation;
- Internal factors—e.g. competitive “champions,” budgets, shifting priorities.

### Strategic Considerations

- Provide communications that confirm your company’s ability to address the prospect’s hierarchy of needs;
- Understand real objections;
- Understand the prospect’s evaluation procedure;
- Marry brand value and messaging with personal interaction experience.

### Touchpoint Insight: Selection

#### Understand barriers to purchase

For a commercial lender we discovered that a key touchpoint in the selection process was the application. Yet the gap in performance between the highest-value customers and the next tiers was significant. Analysis showed that loan officers filled applications out for their best customers, while lower value customers were left to their own devices. Through simplification of the application process, the number of total applications submitted increased by over 30%.



# “A systematic approach to managing the touchpoints that drive customer experience will increase loyalty.”

## Stage 5: Satisfaction

1. The relationship intensifies as the customer discovers whether performance meets expectations.
2. Performance itself does not dictate satisfaction; rather, it is performance against expectations that determines satisfaction.
3. Many companies lose focus and commitment to new customers at this critical point.

### Barriers to Satisfaction

- Unrealistic expectations (performance, service, etc.);
- The company represented a brand or service in the sales process that didn't accurately reflect reality;
- Poor product or service performance;
- Poor customer service;
- Inconsistent customer experience;
- Price/value ratio changes.

### Strategic Considerations

- Clearly understand customer expectations; don't make promises you can't keep;
- Personalize or customize service or offerings;
- Implement customer listening tools, and provide forum for two-way communication;
- Identify and solve service delivery problems before they happen.

### Touchpoint Insight: Satisfaction

#### Focus your spending to drive ROI

Working with a large telecom to understand why satisfaction—as measured in the first 60 days of service for small-business customers—was so low, we discovered a series of interesting facts. Though a total of 47 individual touchpoints were deployed at this stage, the average number encountered by customers was between 5 and 18, with an average of six encountered in the first 60 days of service. And of these, three were redundant communications, annoying their customers and costing a significant amount of money to deliver. As a result of this analysis, the total number of touchpoints was reduced by over a third, and the three pieces were combined into one—boosting satisfaction, and reducing costs by over \$550,000 in the first year alone.

## Stage 6: Loyalty

1. A consistently delivered, relevantly branded customer experience can account for up to one-third of your organization's ability to drive loyalty.
2. Product and service quality is also a significant driver of Loyalty, accounting for up to one-third of the overall “loyalty equation.”
3. Price, trust and performance on relevant brand values are also key determinants.

### Barriers to Loyalty

- Customer experience is inconsistent, flawed, or results in unpleasant interactions;
- The relationship with your brand does not map to perceived/expected attributes and values;
- Product or service performance declines, or is perceived to decline;
- Company processes or product changes, adversely affecting the customer.

### Strategic Considerations

- Understand brand and customer experience drivers to loyalty, and deliver consistently against these;
- Understand the true value of each customer segment to your business; invest appropriately in the right customers;
- Satisfied customers are not loyal customers;
- Recognize that good customer service is expected as a matter of course;
- Continually improve product and service offerings based on customer feedback;
- Identify, measure and improve performance against key loyalty metrics.

### Touchpoint Insight: Loyalty

#### **Beware of satisfaction measures**

Across clients and industries, we've seen the fallacy of tracking satisfaction over loyalty first hand. Take a typical bank that routinely enjoys satisfaction scores in the 80% range, and reports this information routinely as a success metric. Yet, research reveals that less than one-third of this bank's customers would even consider it for their next financial services product purchase. More alarming, of customer defections, over 60% of these customers had surveyed as "very" or "extremely" satisfied in the tracking period prior to defection. What gives? The bottom line is that satisfied customers are not loyal; satisfaction is a middle ground where you are in great danger of losing customers if you don't actively attempt to move them to loyalty.

## Stage 7: Advocacy

**1. Many customers will never move beyond loyalty. However, those who do become advocates will provide significant benefit to your business, ranging from price premiums and lower service costs to greater usage.**

**2. Advocates will actively recommend your product or service to friends and colleagues, moving prospects through early stages of the lifecycle on your behalf (Word of Mouth Marketing or "WOM").**

**3. Trust (in your brand, company, people and products) is a significant factor in gaining and retaining advocacy.**

### Influencers

- Customers are comfortable recommending the organization, product or service;
- The recommendation reflects positively on them;
- Delivering consistently against emotional (soft) drivers is of increased importance;
- A highly fulfilling relationship exists between the customer and the organization.

### Strategic Considerations

- Understand what emotional and functional drivers are important to your advocates;
- Develop and implement customer listening tools that allow you to identify, measure and improve your performance on key attributes, experiences and loyalty metrics;
- Track and understand your Net Promoter® scores, and benchmark against your competition;
- Understand that loyal customers are not necessarily advocates.

### Touchpoint Insight: Advocacy

#### **Control your touchpoints**

A retail bank manager noted with pride that their branch had consistently higher Net Promoter® scores than others. Yet a sharp drop in performance scores was of concern to this manager as well as bank management. A survey of bank customer experiences quickly revealed the source of the problem. In this branch, one teller was in the habit of providing dog biscuits to drive-through customers with dogs. Customers would pass two or three other branches of this same institution to drive-through with Fido. Yet when she left, this teller took her biscuits with her. The conclusion is that touchpoints can be powerful tools for relationship building. Now, all branches hand out biscuits at the drive through—and an initiative to identify both known and unknown touchpoints, and their impact, is well under way.

# “The Touchpoint Metrics<sup>SM</sup> that get measured will drive customer experience results.”

## A note on relationship dissolution

The price of failure at any stage of the lifecycle is dissolution. For instance, if an organization does not effectively communicate differentiation in the pre-purchase stage, or fails to move a customer to satisfaction, the relationship will be ended by the customer, often quickly and without warning.

Successful companies recognize the high cost of acquiring new customers and losing existing ones, and strive to measure and reduce customer turnover at every stage of the lifecycle, from awareness through advocacy.

## Investing the right amount in the right customers

Those organizations that are most successful at driving prospects and customers through their lifecycle also have a deep understanding of the value of their customers. These organizations consciously decide to invest more heavily in higher-value customers at each stage.

For example, a customer with a potential lifetime of value ( $X$ ) will receive a certain amount of recognition and investment throughout the Customer Relationship Lifecycle. However, the investment in customers with a lifetime value of  $(X - 2)$  may be purposefully capitulated to ensure greater profits. At the same time, a segment with a value of  $(X + 2)$  may (in fact, probably should) receive a much greater share of the marketing and relationship investment.

## Putting it all together: Touchpoints are the basis for every interaction your customers experience during their relationship with your company

Through an integral understanding of prospect and customer needs, influencers, and barriers to progress at each stage of the lifecycle, you can identify opportunities for touchpoints to more effectively influence and “move” them from one stage to the other.

Properly sequenced, touchpoints serve as “levers”, actively moving customers from one stage of the lifecycle to the next. Depending on the complexity of your brand and product or service delivery, there can be from dozens to hundreds of relevant touchpoints. The key to success is not the number of touchpoints deployed, but the efficacy of each at moving customers through your lifecycle, and closer to your organization.

## Touchpoint Mapping<sup>®</sup>: How to understand your lifecycle, and the sequencing and efficacy of the touchpoints in it

Few organizations have a thorough understanding of the many ways in which they interact with or “touch” their customers. This lack of understanding often extends to how these touchpoints impact the perceptions and decisions of customers, and the quality of resulting relationships.

While marketers enjoy myriad strategic and tactical options, one of the greatest challenges they face is the lack of a vantage point from which to view them, and analyze their cumulative effect. When these efforts are viewed through the lens of a map—a map that charts all aspects of each touchpoint in relation with a company’s ability to move the prospect or customer closer—then the effects become clear.

By mapping touchpoints, you can measure how effectively your investments support overall strategies and objectives, and how well they do—or don’t—meet the needs of your customers.

# Five steps for leveraging touchpoints to build and profit from stronger customer relationships:

## In Conclusion

Moving prospects and customers along the Customer Relationship Lifecycle requires a deep understanding of their specific needs and influencers, and the barriers they may face in each stage.

A commitment to understanding these motivators and barriers is where you can begin to identify the touchpoint opportunities within each stage, and actively speed progression through the lifecycle unique to your organization.

Through this in-depth understanding, you will have the knowledge to fix or eliminate underperforming touchpoints, or develop new ones. You'll see how your activities can rescue cost, increase revenue, and drive loyalty over time. As a result, you will draw customers closer, improving brand awareness, customer acquisition and retention, and solidifying your position in a crowded marketplace.

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## About MCorp Consulting and Touchpoint Mapping®

MCorp Consulting is a research, brand and strategy consultancy that maps and improves the touchpoints between organizations and their customers, delivering better brand, marketing and customer experiences.

Touchpoint Mapping is a proprietary research methodology that measures the impact of individual touchpoints across your customer relationship lifecycle, and shows you where and how to fix them to drive more customers closer to your business, more efficiently and cost effectively. We invented this approach, and honed it by solving touchpoint problems for some of the nation's biggest companies.

Now, this expertise has been codified and systematized to offer big results to companies of all sizes, from 100 employees to over 10,000. Delivered through research and consulting engagements, diagnostic surveys, audits and workshops, Touchpoint Mapping can help you measure and improve the touchpoints that drive brand, marketing and customer experience results.

## 1. Understand your relationship lifecycle

Understand the stages of your Customer Relationship Lifecycle, by researching audience needs, influencers, and barriers to progression at each stage.

## 2. Improve the customer experience

Map the touchpoints in each stage to gain an understanding of the experience they deliver from the customer's perspective.

## 3. Optimize your touchpoints

Ensure that touchpoints address specifically identified needs, influencers, and barriers—fix, add or remove them as needed to meet your goals.

## 4. Focus marketing and service spend

Focus your budget on those customers and touchpoints that are most effective at driving desired results across key brand, marketing, customer experience and business metrics.

## 5. Measure and improve

Continually measure your success across key metrics, analyzing, monitoring, validating, implementing and improving the systems that drive success.

**MCorp Consulting**  
1-866-526-2655  
[www.mcorpconsulting.com](http://www.mcorpconsulting.com)

**MCorpConsulting** 

**MCorp Consulting** is a research, brand and strategy consultancy that maps and improves the touchpoints between organizations and their customers, delivering better brand, marketing and customer experiences.

Touchpoint Mapping<sup>®</sup>, Brand Mapping<sup>SM</sup> and Loyalty Mapping<sup>®</sup> are proprietary research and analytical tools for brand marketers that take the guesswork out of decision making with proven, actionable and accurate data.