

## Satmetrix Client Success Story

Industry: Media and Telecommunications

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*- Sean Risebrow, director of customer experience, Virgin Media*

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### About Virgin Media

Virgin Media is the UK's leading entertainment and communications company. Thanks to Virgin Media, consumers can for the first time, get everything they need from one company - a 'quad-play' of broadband, digital TV, phone and mobile. Almost 10 million customers choose Virgin Media, which makes it:

- one of the largest residential broadband providers in the UK
- the UK's largest mobile virtual network operator, and
- the second largest home phone and pay TV provider.

Virgin Media is one of the finest examples of how putting the customer at the heart of business decisions becomes a powerful driver for business improvement and enhanced customer loyalty. [www.virginmedia.com](http://www.virginmedia.com).

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### Embracing the Net Promoter® Discipline at Virgin Media - Putting the customer at the heart of the business

From the moment the company was formed, the leadership team knew that it would be faced with managing significant change. The largest Virgin company, with 14,000 employees, it had been formed by the merger of ntl:Telewest and Virgin Mobile, each with its own culture, business model, identity and customer service level. In a competitive marketplace, used to aggressive customer acquisition strategies, the new company realised the importance of driving down customer churn.

It was therefore a key early priority of the new company to make the quality of the customer experience consistently excellent throughout the business. Enhanced customer loyalty was seen as the key to achieving business success. What was needed was an effective and sustainable way to bring the companies together and get everybody focused on the customer.

To achieve this goal, Virgin Media chose to work with Satmetrix, the Net Promoter Company, to deploy a Net Promoter programme that would enable all employees, across the company, to work together with a single focus on what matters most to the customer.

Since rolling out the Satmetrix-enabled programme in August 2007, the business has seen a dramatic 18-point rise in its operational NPS, a reduction in customer churn levels, an increase in the number of customers buying multiple services and a host of operational improvements that combine to enhance the lifetime value of a customer. By using Net Promoter, Virgin Media has achieved a significant cultural change in the organisation, rallying 14,000 employees around the need to put the customer at the heart of everything they do.

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### Planning to Change

Virgin Media decided to use Net Promoter for its customer loyalty programme. Net Promoter is both a customer loyalty metric (NPS) and an operating discipline for using customer feedback to fuel profitable growth in your business. Developed by Satmetrix, Bain & Company, and Fred Reichheld, the concept was first popularised through Reichheld's book *The Ultimate Question*, and has since been embraced by leading companies worldwide as the standard for measuring and improving customer loyalty. Using a '0 to 10' scale and one simple question, customers can be divided into those who positively recommend – 'Promoters', those who are satisfied but unenthusiastic – 'Passives', and those who negatively recommend – 'Detractors'. Companies are able to calculate the Net Promoter Score by subtracting the percentage of Detractors from the percentage of Promoters.

Because Virgin Media is using Net Promoter to drive a change in behaviour right across the company, it needed to collect data on a huge scale and be able to respond quickly and effectively. As one of the co-creators of Net Promoter, Satmetrix offered Virgin Media a comprehensive programme for implementing every aspect of the Net Promoter Discipline, supported by an enterprise application to support a full roll-out across multiple locations. Satmetrix was able to provide key capabilities such as:

- A fully systematic discipline that could be embraced by everyone in the business
- An operational tool to collect customer feedback at every customer touch point
- Real-time customer feedback via alerts and reporting.

Once the Satmetrix Net Promoter solution was selected, a key challenge for Virgin Media was to “operationalise” the programme – making it real across the organisation. The way NPS has been implemented is one of the most important aspects of Virgin Media's success.

From the outset, Virgin Media executive sponsors aligned on the need to improve the customer service function. Working with a team of experts from Satmetrix, they began by following key steps in the Satmetrix methodology: Executive Engagement, Organisational Alignment, Root Cause Analysis and Closed Loop Processes. The first six months were used to secure top-down buy-in, plan a pilot, and deploy it with the goal of finding out firsthand if this new type of effort would be insightful and valuable to the business.

A small project team was assigned to help verify issues, track NPS versus the competition, map out customer touch points, and develop a roadmap. This team developed proof points and linked NPS to customer lifetime value (CLV) to build confidence in their approach.

Over the following six months, Virgin Media defined its approach to full deployment, educated and communicated across the company, and extended the programme team. These actions aligned with the Internal Communication and Clear Accountability roadmap steps in the Satmetrix process. They defined the deployment strategy, determined roles and responsibilities, and identified who, what, when, and how to deploy the programme to achieve NPS improvements.

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“Every level of our organisation has embraced NPS. The first step in aligning the organisation around Net Promoter is to achieve real buy-in from key influencers within the company. I've been out in the field and have seen NPS on walls and in call centres. I've spoken with team leaders about their use of NPS and see that it is being driven right through to the engineer level. There is not a day that goes by where NPS is not used in some conversation I hear.”

- Neil Berkett, chief executive officer, Virgin Media

In order to establish the correct infrastructure for Net Promoter, a typical customer journey was identified by cross-functional team members, including the main touch points along the customer lifecycle, from joining Virgin Media to getting help and paying their bills. This wasn't as simple as understanding the customer experience of an engineer's visit or for a call to a call centre. Virgin Media wanted to measure whether the customers' expectations were being missed, met or exceeded at every touch point on the journey.

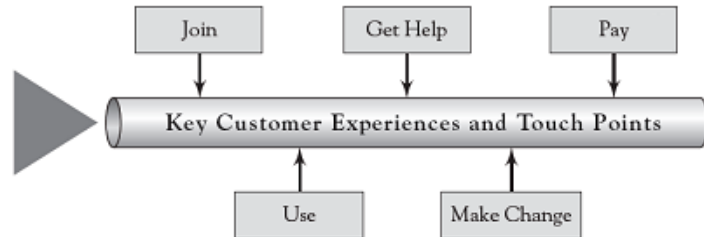


Figure 4.4 Virgin Media's Customer Corridor

“It is vitally important to ensure that the right end-to-end customer experience is delivered. Therefore, all the measures of customer experience along the journey need to be interconnected so the reason for either a delightful experience or an issue can be identified and addressed,” said Sean Risebrow, director of customer experience at Virgin Media.

### Big Bang Approach Drives Rapid Acceptance and Improvement

Following the planning phase, Virgin Media took a 'big bang' approach, went live in August 2007 and began collecting Net Promoter Scores across the company. Sean Risebrow explains: “We knew that the Satmetrix application would give the speed of feedback and quality of data required for success. From day one, we wanted all employees to tune into the voice of the customer. By being able to measure the customer experience at every touch point, all employees, from the front line to senior management, are able to see the impact of their personal interaction and decisions on the customer experience.”

Since the launch, NPS has been collected continuously, providing about 1,000 responses a day from all customer touch points. The significant milestone of half a million responses was reached at the end of March 2009 – representing a hugely valuable reservoir of data for use in predicting future customer behaviour.

### Personal Feedback is Important

The Satmetrix application enables each Virgin Media employee to gather customer feedback, make decisions and take action, at an individual customer level and across the whole range of experiences. Each employee can see how their actions are reflected in the customer feedback and how to improve that experience. The change in NPS shows up quickly and the insights captured by Satmetrix are critical to managers understanding very quickly what infuriates or delights the customer, enabling them to take action accordingly.

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Sean Risebrow said: "NPS has been a catalyst to focus everybody on what's most important to customers. Since going live, we have collected over 500,000 responses. This might sound like a lot to digest, but from a front line employee's point of view, this translates into three or four bits of personal feedback per week from the customer. As this feedback sometimes demands improvements to be made, you might think our employees would resist it. But actually they want more. They like the immediacy of the feedback and the knowledge that their own efforts have such a personal impact. It makes them feel a very personal connection with the customer."

Net Promoter surveys are collected at 14 key touch points, or customer events such as making a phone call, paying a bill, or seeing an engineer. The customer is asked three simple questions:

1. How likely are you to recommend us? (Scale of 0-10)
2. How could we improve?
3. Why would you recommend us?

Consistent asking of the same questions gives trustworthy data that can be compared across time periods. Individual feedback from customers is automatically driven back to the agent who took the phone call, or the engineer, at every touch point.

Action is taken in four ways:

1. Collect and drive the feedback into the business.
2. Interpret results.
3. Drive the business plan to improve the experience in the long term.
4. Enhance operational delivery in the short term.

Neil Berkett, chief executive officer at Virgin Media said: "Every level of our organisation has embraced NPS. The first step in aligning the organisation around Net Promoter is to achieve real buy-in from key influencers within the company. I've been out in the field and have seen NPS on walls and in call centres. I've spoken with team leaders about their use of NPS and see that it is being driven right through to the engineer level. There is not a day that goes by where NPS is not used in some conversation I hear."

### **Closing the Loop to Encourage Further Feedback**

Virgin Media's closed-loop process for service recovery stands out as a best practice. It's an extremely effective way of achieving quick wins and managing change in the short term. Part of Virgin Media's customer-centric policy is to let their customers tell them — in their own words — what is important to them.

Virgin Media's closed loop process decides:

- Which customers receive a follow-up
- Who conducts the follow-up
- When the follow-up occurs
- What happens after the follow-up
- How the follow-up is handled.

By establishing this framework, Virgin Media has been able to rapidly identify the root causes of loyalty and customer churn. And by being able to deploy changes to the most important touch points in the eyes of the customer, Virgin Media has achieved rapid improvements in NPS.

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**“Now that we have over 18 months of trustworthy data to draw on, we can take pre-emptive action in addition to responding to what the customer tells us. This powerful combination will see us continue to develop a business that is designed to delight the customer at every touch point.”**

*- Sean Risebrow, director of customer experience, Virgin Media*

Risebrow added: “Further up the organisation, the data becomes a guide for strategic decision making as it provides tangible proof points for management. We have built business improvement plans around the top ten customer issues, making sure that we implement them at each touch point.”

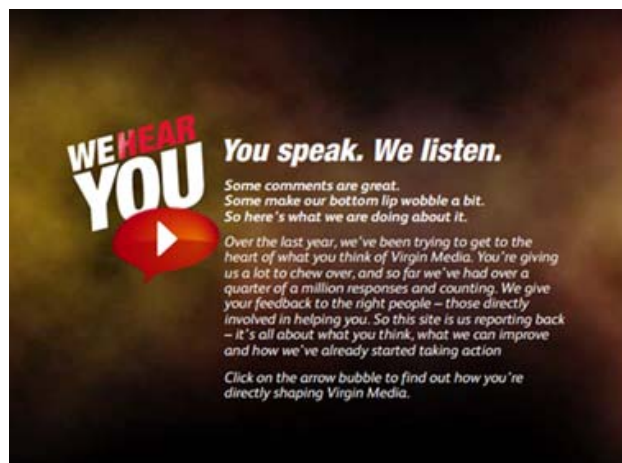
For example, the Get Help service at call centres was prioritised for improvement because it had low NPS compared to other groups. The team took action and introduced training programmes into call centres with high call volumes. These call centres changed their culture, improved agent skills, and as a result improved NPS by 24 percentage points within only a few months.

Because NPS is measured daily at both an individual employee and individual customer level, comparative analysis of touch points can be done. The customer journey-led design directs Virgin Media to the root causes of customer issues. These are not necessarily at the touch point where customers are reporting it. For example, some customers were surprised by their first bill because their expectations during the initial contact when subscribing to services were incorrectly set or communication wasn't clear. Action was taken to improve communication at the Join touch point and this has led to an improved experience at the Pay touch point. This has really helped all employees to understand how their decisions can impact on a touch point further along the customer journey.

Virgin Media is now able to use NPS as a lead indicator of customer churn by analysing each customer touch point. As a result it can take steps to remove the sources of churn by focusing its improvement resources on the most important touch point as directed by the customer feedback.

### The Listening Website - “We hear you”

To prove that it is not only listening but acting on what customers say, Virgin Media has opened a “We hear you” website for its customers at: <http://www.virginmedia.com/wehearyou/>. The site enables Virgin Media to feed information back directly to its customers. It is split into several easy to understand sections under key headings such as: “What we're doing about billing.” When the customer clicks through, they can read a simple explanation of what the main complaints have been and what is actually being done to address them.



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### Operational Changes Give the Fastest Results

The main changes that have been seen by Virgin Media so far are improvements across specific process actions at key touch points. NPS results, and the accompanying customer insight made possible with the Satmetrix application, focus management and individual employees on making beneficial changes that bring rapid results:

#### **1. Fault Resolution**

By far the biggest improvement in the eyes of the customer has been in technical fault resolution — with the percentage of 'first time fixes' in the field rising significantly. Engineers have improved their ability to resolve the problem. This used to take up to four days, now 75% of faults are resolved the same day or the next day. This figure directly correlates to improvements in NPS over the same period, August 2008 to March 2009. As a result, the NPS score has increased by 15 percentage points.

By being able to link NPS to individual customers, Virgin Media has been able to fully understand the significance of different Net Promoter Scores. For example, Virgin Media discovered that at the 'fault fix' touch point, a customer who has given a zero is eleven times more likely to leave in the next twelve weeks than somebody who has given them a 10. This insight really helps employees to understand how their behaviour can directly impact on customer retention.

#### **2. Call Charge Changes**

Virgin Media has dropped its 25p per minute call charge for setting up broadband, as a result of customer feedback. Sean Risebrow comments: "This is a good example of how the organisation has focused on putting the customer at the heart of our decisions. Rather than solely focusing on each revenue stream, we're looking at the bigger picture of delivering a sustainable business built on loyal customers, we recognised that charging for support calls actually delivered more harm than good."

#### **3. Improved NPS at Third Party Suppliers**

Virgin Media has five outsourced partners that are also tracking NPS as they deliver services to the customer. The results have been similarly impressive. Increased transparency enables suppliers to make the right decisions. Net Promoter is contagious and is creating long-term cultural change throughout the business and beyond.

In fact, Net Promoter has been consistently applied across Virgin Media's business, with the result that all areas have improved across the board — onshore, offshore, in-house and outsourced.

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**“Our customers are staying longer, average revenue per customer is going up and the number of customers taking three services is at a record high. This is conclusive proof that putting the customer at the heart of your business really does pay off.”**

*- Sean Risebrow, director of customer experience, Virgin Media*

### Using Net Promoter to Drive Future Improvements

By embracing a 'big bang' deployment of the Satmetrix-powered Net Promoter solution, Virgin Media has seen rapid improvements in its operational performance. But this is no short-term customer loyalty fix, but rather the complete adoption of a customer-centric culture. Sean Risebrow explains: “Now that we have over 18 months of trustworthy data to draw on, we can take pre-emptive action in addition to responding to what the customer tells us. This powerful combination will see us continue to develop a business that is designed to delight the customer at every touch point.”

As a partner to Virgin Media, Satmetrix is helping translate what customers say they want into financial value, and then use that value to further optimise the customer experience. As the programme matures, loyalty driver analysis is being used to uncover structural ways to improve the customer experience for sustained advantage in its market.

Virgin Media is now predicting trends through detailed economic modeling. This can show the negative economic value of Detractors and the positive economic value of Promoters. The delta between these two segments is persuasive in encouraging further efforts to delight customers. This modeling allows Virgin Media to forecast the financial value of taking actions at an operational level, such as calling back an unhappy customer, and closing the loop by providing feedback to customers on actions taken. The net effect is to be able to forecast what can be done to create systemic changes to improve customer loyalty.

### The Compelling Value of Customer Delight

Research by Satmetrix has identified that Promoter customers demonstrate four valuable behaviours:

- They buy again.
- They will buy additional products or services.
- They refer or recommend.
- They provide helpful feedback.

Virgin Media is benefiting from the impact of all of these behaviours as its efforts have increased the number of Promoters and reduced the number of Detractors.

Overall, since 2008, Virgin Media has achieved world-class improvements in its Net Promoter Score for both its operational touch points (join/help/change) and in its overall relationship.

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- Since last year, the operational NPS has improved by 18 points, representing very significant changes in customer opinion of the business, recognized by Satmetrix as a truly world-class improvement.
- Virgin Media has improved customer contact strategies based on real-time customer feedback.
- Customer churn has been reduced by 20% from 1.5% to 1.2% in one year — a record low.
- Superior cross sell is resulting in triple-play (TV, broadband, phone) penetration going from 49.5% to 55.9% in a year. In other words, a strong focus on customer loyalty is starting to pay significant dividends.

To embed best practice knowledge about Net Promoter in the organisation so that these improvements can be sustained, Satmetrix has delivered a tailored internal workshop for 130 of Virgin Media's employees who have responsibility for change. In addition, Virgin Media has launched its annual customer experience awards, which is run for all 14,000 employees including outsourced staff. The company has also recently organised 'Love the Customer' events and other initiatives to maintain commitment to the customer.

Sean Risebrow concludes: "Our customers are staying longer, average revenue per customer is going up and the number of customers taking three services is at a record high. This is conclusive proof that putting the customer at the heart of your business really does pay off."

### **Additional Resources:**

Blogs: Highlight Virgin Media presentation at Net Promoter® Conference 2008

- [Don't Just Identify Promoters - Activate Them](#)
- [The Promises You Keep: Making NPS Operational at Every Touch Point](#)

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### About Satmetrix

Satmetrix, the Net Promoter Company, delivers customer experience programmes that increase retention, repurchase and referrals. We are the only company to combine innovative technology and proven expertise to mobilise your organisation to act on customer feedback at every touch point. While most programmes focus on measuring satisfaction levels, Satmetrix focuses on creating customer loyalty by delivering real-time customer information to every employee, developing business processes that create a differentiated customer experience, and identifying key areas for improvement. Some of Satmetrix global clients include Experian, Orange Business Services, Symantec, and Virgin Media. In addition to more than 700 enterprise deployments in 40 languages, we offer a range of services for Net Promoter professionals and maintain the online community, [www.netpromoter.com](http://www.netpromoter.com).

For more information, visit [www.satmetrix.com](http://www.satmetrix.com), or call 1-650-227-8300, 1-888-800-2313 in the US or +44 (0) 845-371-1040 in the UK and Europe.

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