

Jack Felton Golden Ruler Award
**“Research Based Business Transformation:
Benchmark and Tracking the Customer Experience”**
Padilla Speer Beardsley and GfK for Rockwell Automation

Executive Summary

Listen. Think. Solve. This is the brand strategy Rockwell Automation adopted in 2005 – the result of global customer research conducted by Padilla Speer Beardsley (Padilla) and GfK. It captures what current and potential customers said differentiated Rockwell Automation from its competitors. As a result of 168 qualitative interviews conducted in 2005, the company changed its go-to-market strategy from “most valued global provider of power, control and information solutions” to delivering an “experience” based on listening, understanding and problem solving. The organization’s commitment to this new paradigm led to the creation of The Office of Customer Experience, which is responsible for setting ambitious goals to improve customer loyalty and advocacy, and close performance gaps on what customers say matters most.

What began as a brand differentiation study led the company to focus on loyalty and advocacy and commit to annually measure the factors that drive them. As part of this commitment, Padilla and GfK conducted quantitative research in 2006 to establish benchmark measures for satisfaction, loyalty and advocacy. These results, embraced by the company’s senior leadership team, were embedded into goals and targets set for the company, business units and individual managers. In 2007, the survey was repeated to measure the effect of actions taken. The data has become the principal driver of Rockwell Automation’s overall business and communication strategy, and the cornerstone of delivering on its brand promise to listen, think and solve.

Overview

Rockwell Automation, formerly Allen-Bradley, is a Fortune 500 company headquartered in Milwaukee, Wisconsin. It makes automation controls and systems, and sells related goods and services used in manufacturing environments worldwide. Its customer list includes some of the most recognized global brands in the automotive, food and beverage, oil and gas, and life sciences industries, among others.

Historically, Rockwell Automation’s use of customer research was limited to an annual satisfaction survey evaluating the quality, reliability and performance of products and services marketed under a variety of brand names including Allen-Bradley and Rockwell Software. Until 2005, Rockwell Automation – like its competitors – focused communication on product and service offerings with phrases like “Complete Automation” and “the most valued global provider of power, control and information solutions.” Neither of these differentiated Rockwell Automation from competitors.

In 2005 Rockwell Automation launched a brand study asking customers how they compare and evaluate automation suppliers. This research was done by the collaborative research team of Padilla Speer Beardsley (Rockwell Automation’s public relations firm) and GfK (a global research firm). Together with Rockwell Automation’s global marketing group, this team designed a qualitative study to answer the following questions:

- How do customers make buying decisions?
- What motivates them?
- What vendor selection criteria do they consider?
- How do they evaluate and compare competitors?
- What does Rockwell Automation stand for from the customers’ perspective?

The results of this first phase of the research – 168 telephone interviews with customers and prospects on four continents – were surprising. Rockwell Automation was known for above-and-beyond customer

service. This discovery drove the current brand strategy (Listen. Think. Solve.), but more importantly transformed the company from product-centered to customer-centered. Communication, operations, training, billing, sales, employee orientation, employee recruitment and other business functions were redesigned and engineered to capitalize on what the company already delivered – superior customer service. Such terms as “customer experience” and “customer intimacy” were added to business plans and performance goals for executives and managers. Most importantly, the company’s commitment to customer service launched a tracking study begun in 2006 to annually measure customer satisfaction, loyalty and advocacy. These metrics now drive how the company evaluates its performance and success, and how it sets goals and priorities.

Benchmark Study (2006)

The knowledge and insight of the qualitative research (2005) immediately triggered a company-wide change management process to re-engineer its business model around customer intimacy as a core value and competitive differentiator. In 2006, the company turned to quantitative research to reaffirm the qualitative findings, but more importantly to define benchmark metrics for satisfaction, loyalty and advocacy against which to measure success and long-term progress. Again, Padilla Speer Beardsley and GfK teamed up to design a study to achieve the following objectives:

Objective #1: Confirm findings of 2005 qualitative interviews

Objective #2: Develop benchmarks for customer satisfaction, loyalty and advocacy

- Set baseline metric for satisfaction based on performance rating of 20 attributes
- Establish baseline metrics for customer loyalty and advocacy
- Compare Rockwell Automation to competitors
- Identify drivers of performance (satisfaction), repeat business (loyalty), and referral (advocacy)

Objective #3: Identify actions required to drive loyalty and advocacy, and therefore, growth and profitability

The questionnaire, jointly designed by Padilla and GfK, focused on brands considered, brands recently purchased, likelihood of future purchase and likelihood to recommend, in addition to importance and satisfaction with performance of the 20 “customer experience” attributes. The questionnaire was specifically designed to include the variables needed to apply GfK’s proprietary analytical models – GfK Loyalty^{PLUS} and GfK Advocacy MultiplierTM. The questionnaire, prepared for online distribution, was translated into Spanish, German, French, Italian, Portuguese, Chinese (Mandarin), and Korean. The English questionnaire is attached. (Attachment B)

The sample of customer contacts was provided by Rockwell Automation with selection based on customer type, industry, sales volume, product mix, and functional role of respondent. An e-mail with a link to the questionnaire was sent to 33,100 customers and prospects; of these, 68 percent (n=22,438) were delivered. Response rate was 11.1 percent; 2,494 were completed by customers and prospects in 20 countries. The margin of error is +/- 1.8 percent (95 percent confidence).

Mean scores for “importance” and “performance” ratings were compared across the 20 customer experience attributes and presented in tables, graphs and scatter plots. Additionally, three proprietary GfK analytical models were applied to measure loyalty (GfK Loyalty^{PLUS} Index) and advocacy (Advocacy MultiplierTM Segmentation), and to derive the key drivers of satisfaction and loyalty (KDA^{PLUS}).

The GfK Loyalty^{PLUS} Index is a modeling technique using an algorithm to measure four dimensions of customer attitudes and behaviors to derive a composite loyalty index score. The four dimensions are: Behavioral (commitment to company as main supplier and word-of-mouth); Future Intent (likelihood to consider, buy or recommend in the future); Relational (perceived value or ROI and ease of doing business); and Emotional (trust and respect). These four dimensions, plus the composite index score, are compared to a normative database representing more than 100,000 respondents in 100+ business-to-business organizations.

The Advocacy Multiplier™ is a segmentation technique used to assess the strength of customer word-of-mouth recommendations. The degree to which customers advocate on behalf of a brand is based on telling others good or bad things about the brand, and their likelihood of recommending it. This analytical tool compares impressions, behaviors and intentions to categorize customers into four segments for Rockwell Automation and each of its competitors. The four segments are: Active Brand Advocate, Committed, Fulfilled and Indifferent. Fulfilled and Indifferent segments have low emotional involvement and are considered to be “at risk” for defecting to competitors.

Key Driver Analysis (KDA^{PLUS}) is a proprietary analysis tool that uses Kano Theory to derive the variables that explain dissatisfaction and loyalty. This analytical tool identifies risk factors (drivers of dissatisfaction) and opportunity factors (drivers of loyalty).

Benchmark Study Findings and Actions (2006)

Benchmarks on differentiation, satisfaction, loyalty, and advocacy were reported to Rockwell Automation’s senior management and the newly formed Customer Experience Office. This report served to confirm the findings of the 2005 interviews and gauged how well the company had delivered on its brand promise to Listen. Think. and Solve.

Objective #1: Confirm findings of 2005 qualitative interviews:

Objective #2: Set benchmarks for satisfaction, loyalty and advocacy:

- Importance/performance gaps (e.g., the difference between means on these two scales) identified areas Rockwell Automation fell short of satisfying customer expectations
- Four key drivers of loyalty were identified

Objective #3: Identify actions to drive growth and profitability:

- Internal actions
 - Create The Office of Customer Experience
 - Define and align internal behavior with customer expectations
 - Drive “Customer Experience” message through internal communication
 - Align employee orientation and training to emphasize customer service
- External actions
 - Build a knowledge base of customer inquiries and track case volume per week/month
 - Track “anomaly” inquiries in knowledge database
 - Improve region Web pages through translation and track hits
 - Continue "Listen. Think. Solve." campaign
 - Track loyalty/advocacy metrics (2007)

Tracking Study (2007)

A tracking study was completed in 2007 using a modified questionnaire to preserve key metrics from the Benchmark while adding product-specific questions Rockwell Automation has used to measure product quality and customer satisfaction.

Objectives:

- Provide information from customers to make management decisions, adjust priorities and goals, and track progress
- Measure progress on GfK Loyalty^{PLUS} Index and Advocacy Multiplier™
- Identify actionable data points to fuel continuous improvement in customer service deliverables

The same methodology used in 2006 was repeated. A much larger sample (n=38,700) was provided by Rockwell Automation which yielded a larger response pool (n=3,200), though the response rate was virtually the same (11 percent). The data set was weighted to match regional sales figures. To assure accurate comparability, the 2006 data was also weighted and reported using the same criteria. The margin of error was +/- 1.7 percent (95 percent confidence).

Mean scores were again used to compare importance/performance gaps. GfK's proprietary analytical tools (e.g., Loyalty^{PLUS} Index, Advocacy Multiplier™ and KDA^{PLUS}) were again applied to the data and compared to the prior year.

Using graphs, tables and scatter plots, the overall data was reported for the company as a whole, as well as for subgroups representing regions, business units, product groups, and customer type, including titles and sales volume categories. Verbatim responses were also analyzed and reported by these subgroups.

Overall, the tracking study results demonstrated that the year-long focus on customer service and resources behind it is working. Observable improvement is evident in closing the gap on meeting customer expectations and strengthening loyalty.

- Rockwell Automation made significant improvements on all but two performance measures.
- Rockwell Automation posted gains on three of the four components of the Loyalty^{PLUS} Index.
- Rockwell Automation saw no significant change in customer advocacy.
- Drivers of loyalty and dissatisfaction shifted from the short list of broad to a longer, but more specific list, providing Rockwell Automation's Customer Experience Office with better insight and the ability to develop more tangible action plans to close performance gaps.

Data results were shared with Rockwell Automation's senior management and with leadership and product teams from company's three business units. It is the responsibility of these executives, along with the senior leadership team and the Customer Experience Office, to incorporate the findings into specific actions and initiatives to continue to close performance gaps, increase loyalty and strengthen advocacy.

Benchmark/Tracking Study – Contribution to Communication/Public Relations

This study is significantly different from most public relations research in that it moves the boundaries of the fields of communication and marketing and into areas of management and business operations. The research design approaches a relationship question (i.e., customer service) from a unique perspective of where and how the company and customers intersect.

This series of studies resulted in enterprise level strategies at Rockwell Automation – including marketing and communication. The study results and corresponding implementation plans underscore that reputation and competitive differentiation are not solely the domain of marketers and communicators. It also demonstrates that without top management involvement and ownership, such insight would fail to have meaningful impact on the organization's ability to advance and change.

This study was embraced by Rockwell Automation's senior management team because it:

- Was fact-based and quantifiable (e.g., includes metrics from which to track progress over time)
- Focused and aligned the goals of customer-centered business functions
- Identified business operations that could and should be improved
- Defined and drove desired behavior
- Integrated internal functions (e.g., human resources and communication) with external functions (e.g., marketing, sales and support)

In significant ways, this research expands the impact and role of internal communication, marketing communication, public relations, and advertising beyond traditional boundaries of these disciplines.

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