8 A Short History of Customer Retention – The TRI*M Benchmarking Database as an Experience Database

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The History of Benchmarking is said to go back into the 70s. At that time Xerox Cooperation was facing difficulties in business, competitors were introducing copiers to the market with a price below the production costs of Xerox. Xerox decided to learn from its competitors, find out how their processes have been set up in order to improve their own production. Originally mainly focused on production processes, benchmarking has been more and more widely used also for service-related processes. There are many ways for companies to do benchmarking, one can compare industry norms of key performance indicators or look at best practice examples, focus on products or processes, conduct benchmarking internally or externally. All these different approaches have one aspect in common: the overall objective of conducting benchmarking is the willingness of a company to learn and improve itself.

This idea of improving through comparison with others is also the basic philosophy behind the TRI*M Benchmarking Database. Set up in 1997, the TRI*M Benchmarking Database now contains over 12 000 projects based on over 12 mio. Interviews conducted for more than 1500 companies. Many different stakeholder groups are covered: Customers, Employees, General Public (Corporate Reputation), Managers (Leadership Evaluation), Internal Departments (Internal Service Quality) and Consumers as a special target group for the FMCG Markets. The process of benchmarking is highly sophisticated and the task of a specially dedicated team. Precise rules have been set up for handling this exclusive database – one of these rules is strict confidentiality of company-based results: To ensure our clients’ anonymity each reported figure is based on a multitude of companies. Each project which gets included into the benchmarking database is carefully analysed for validity and robustness of data. All reported norms are checked for possible inconsistencies, for companies who conduct a multitude of surveys, decisions have to be made on which data to include, in order not to have the results of one particular company dominating the overall benchmarking figures.
This process is completed by discussing the final results with industry experts who bring in their own experiences of trends and developments in particular areas. The result is a database which is one of the greatest assets of Stakeholder Management Research with TNS: it is a database of more than 10 years experience with TRI*M from which we gather valuable insight for general trends in customer satisfaction, employee research and many other Stakeholder Groups.

This article is summarizing some of these experiences we have made with Customer Retention over the past years by looking at our benchmarking data. It describes differences in the overall TRI*M Index and single Index questions in certain regions and industries and shows how the TRI*M Typology has developed over time and which insight can be drawn from comparing the TRI*M Typology in different markets.

8.1 How Customer Retention Differs in Regions and Industries

Already the years 2001 – 2004 showed marked differences between single regions. North America was keeping up to the reputation as being far advanced when it comes to customer orientation with Indices already in the mid 70s. Europe was at the time lagging markedly behind. An index of 69 showed the difficulties which companies were facing in not only meeting, but exceeding customers’ demands. Asia is showing a similar picture: here Indices reached only 67.

*All results are calculated on three-years rolling averages in order to ensure robustness of the data