



Source: Economist Intelligence Unit survey, 2007.

Among the survey's key findings are the following:

Most executives believe that customer engagement is exceptionally important to their business.

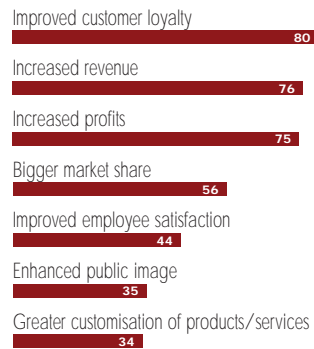
Nearly 90% of all respondents say that customer relationships are either very or extremely important to the success of their business.

More customer engagement, they believe, would translate into improved customer loyalty (80%), increased revenue (76%) and increased profits (75%) (see chart 22).

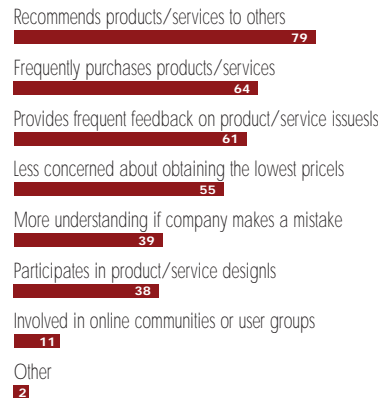
Perhaps the most important benefit of an engaged customer is as a source of referrals: 79% of those surveyed say that engaged customers recommend products and services to others. Sixty-four percent say engaged customers are frequent purchasers.

And nearly 61% describe an engaged customer as someone who provides frequent feedback on products and services. Engaged customers are also less price-sensitive, say 55% of those surveyed (see chart 17).

22. What does your company perceive as the benefits of achieving customer engagement?

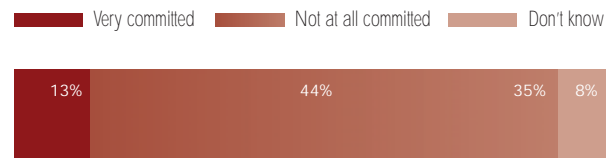


17. In your opinion, which of the following attributes describe an engaged customer, or one who is committed to your company's products and services?



However, highly engaged customers are the exception, not the rule. Of the respondents, 13% believe their customers are very committed to their product, while 44% believe their customers are only somewhat committed. The remaining executives surveyed believe that their customers' level of engagement is even more tepid than that: 35% say that their customers are not especially committed to their product and 8% report that they are not at all committed (see chart 2).

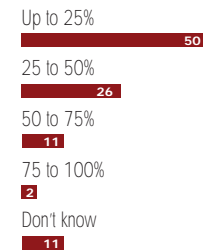
2. To what degree do you believe your customers are committed to purchasing your company's products and services?



Source: Economist Intelligence Unit survey, 2007.

Almost all executives believe that lack of customer engagement results in lost sales. Nearly 50% of respondents estimate that insufficient engagement costs them up to 25% of sales, while about 26% believe that it costs them between 25% and 50% of their annual total. Eleven percent peg the number of lost sales at an even higher level, somewhere between 50% and 75% (see chart 3).

3. In your opinion, how much does a lack of customer commitment to your company's products and services cost your business in lost sales each year (eg, customers who switch to another company or fail to complete a planned purchase)?

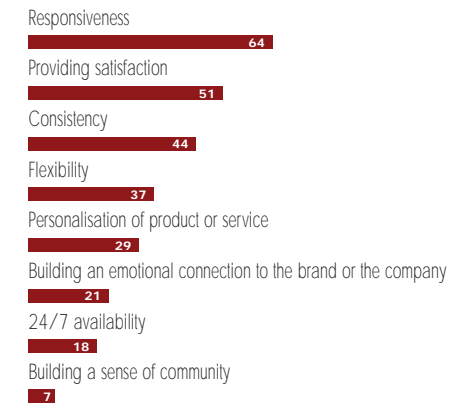


Respect for the customer is important in creating engagement. Trust in the company is seen by executives as the single most important determinant of a purchasing decision, 35% of respondents cite this factor, a far higher number than those choosing quality (21%). Executives believe that three traits are key to engaging customers: responsiveness (64%), consistency (44%) and customer satisfaction (51%) (see charts 14 and 15).

14. In your opinion, which of the following factors most influences the purchasing decisions of your company's customers?



15. Which of the following attributes does your company believe to be most important in engaging its customers?





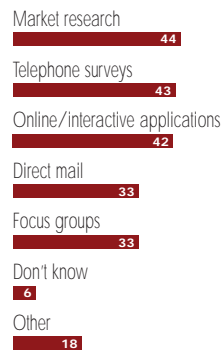
Source: Economist Intelligence Unit survey, 2007.

Technology is seen as an increasingly important tool for building engagement.

From Internet-based customer relationship management software to interactive electronic forms, the tools now being used to build customer engagement are likely to grow even more popular. About 42% of executives report that they are using online/interactive feedback to collect customer information today, and nearly 60% say their companies will be using it in five years (see chart 20).

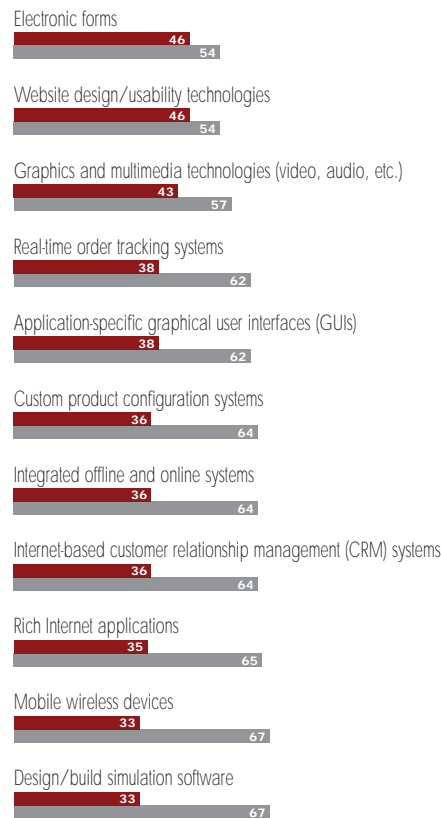
Almost every kind of technology now used to help engage customers is likely to become increasingly important in five years' time, executives predict. Many are optimistic that the online and offline tools used to manage the relationship will become more integrated. Nearly 64% believe that their companies' online and offline customer relationship systems will be integrated in five years. The remaining 36% say their companies' systems already are integrated (see chart 21).

20. Which of the following mechanisms does your company use to obtain customer feedback?



21. Which of the following technologies/applications does your company use or will use in five years to increase customer commitment to its products and services?

Legend: ■ now ■ in 5 years



Source: Economist Intelligence Unit survey, 2007.

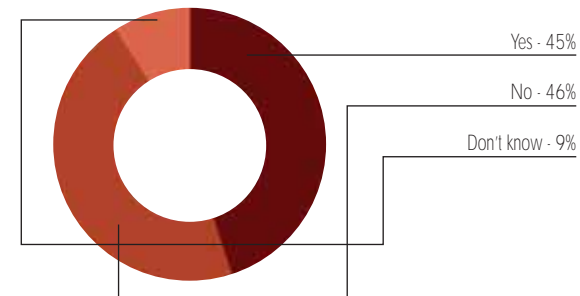
Measurement is a major challenge in implementing engagement initiatives.

In spite of executives' enthusiasm for creating greater engagement, many engagement efforts are stymied by insufficient quantitative measurements.

A full 47% of respondents say that the difficulty of measuring customer engagement is the biggest barrier to achieving greater levels of engagement. Perhaps not coincidentally, 46% say they do not measure customer engagement in any formal way (see chart 18).

To remedy this, companies will need to develop new metrics for measuring engagement. A more comprehensive understanding of measurement also will address the issue of competing strategic priorities, which 43% of survey respondents say often sidetrack customer engagement efforts.

18. Does your company formally measure customer engagement, or the extent of customer commitment to its products and services?

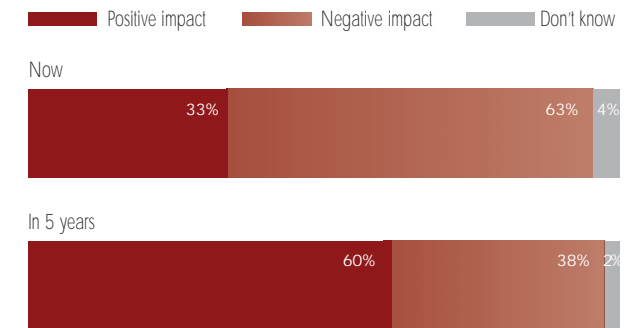


Strategic implications

Companies also realise that today's customers, whether consumer or business-to-business, have higher expectations of the companies they deal with and how they expect those companies to interact with them. Customers have come to expect more than just good products and good service. Responding to this realization, companies are seeing the need to develop closer long-term relationships with their customers, and, specifically, highly engaging relationships. A majority of executives believe a strategy of creating deeper engagement is likely to pay off in the next five years.

Nearly 60% believe that such an initiative is likely to have a very strong impact within five years, while 26% believe it will have a fairly strong impact (see chart 5). This finding suggests that companies expect to go beyond creating traditional customer satisfaction programmes - which largely measure such factors as returns, complaints and order cancellations - to developing creative ways to ensure that customers are engaged in all their interactions with the company.

5. What impact do you believe a strategy of creating deeper customer engagement will have on your company's growth now and in five years?





Source: Economist Intelligence Unit survey, 2007.

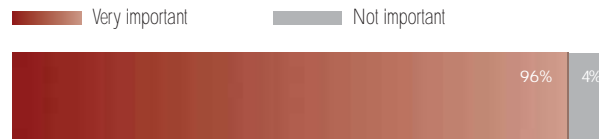
Conclusion

Our survey indicates that executives in a variety of industries believe customer engagement moves beyond customer loyalty and satisfaction to provide a crucial competitive advantage. Yet, despite their general optimism about the value of customer-engagement initiatives, many respondents find them difficult to implement in their own companies. To effectively implement engagement initiatives, it is clear that companies must develop an engagement strategy. This strategy will include cultivating a closer understanding of the customer and what he or she expects from the company in order to become more fully committed. It will define what an engaged customer looks like and provide the metrics for measuring the success of engagement initiatives in terms of sales and other desired customer behaviours. It also will address the role of technology in creating engagement and identify how new technologies can help to engage customers. By creating a clearer vision of how engagement can support company objectives, companies can move engagement closer to the top of the management agenda where executives would like to place it.

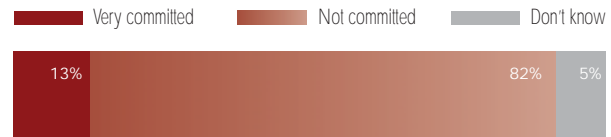
Appendix: Survey results

In December 2006 and January 2007, the Economist Intelligence Unit queried 311 executives on their companies' customer engagement practices. Our sincere thanks go to all those who took part in the survey. Please note that not all answers add up to 100%, because of rounding or because respondents were able to provide multiple answers to some questions.

1. "Engagement" can be defined as building customer relationships that increase customer commitment to a company or brand. Engagement motivates customer participation by connecting with the customer in a way that drives purchase decisions and loyalty. To what extent does your company currently consider engagement to be of strategic importance to the business?

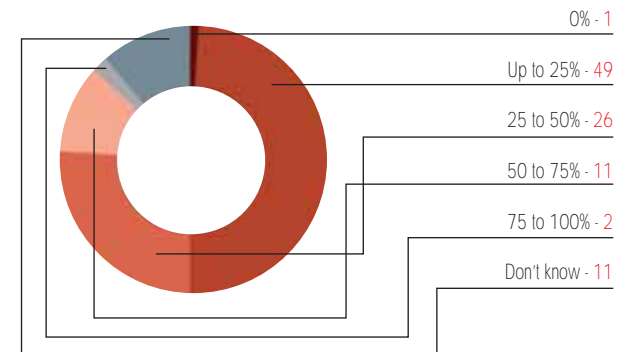


2. To what degree do you believe your customers are committed to purchasing your company's products and services?

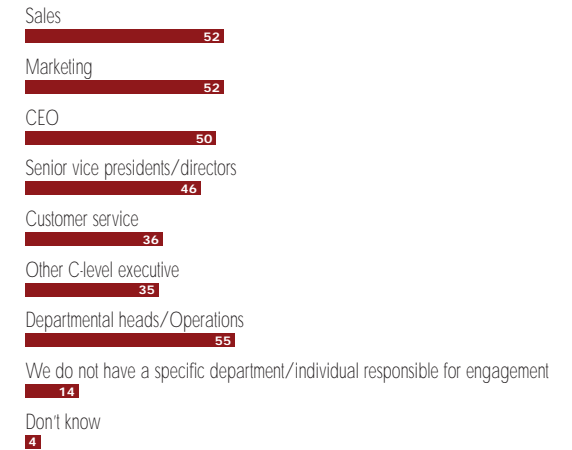


Source: Economist Intelligence Unit survey, 2007.

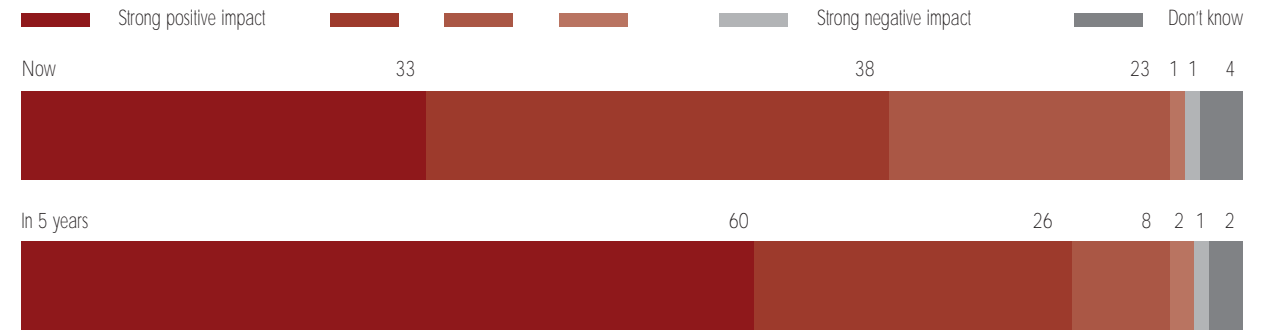
3. In your opinion, how much does a lack of customer commitment to your company's products and services cost your business in lost sales each year (eg, customers who switch to another company or fail to complete a planned purchase)?



4. Which of the following departments/individuals is responsible for creating engagement at your company? Select all that apply.



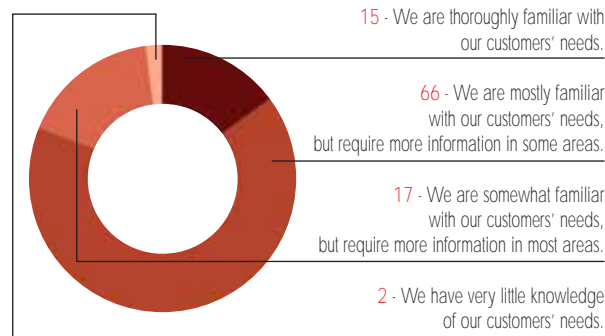
5. What impact do you believe a strategy of creating deeper customer engagement will have on your company's growth now and in five years?



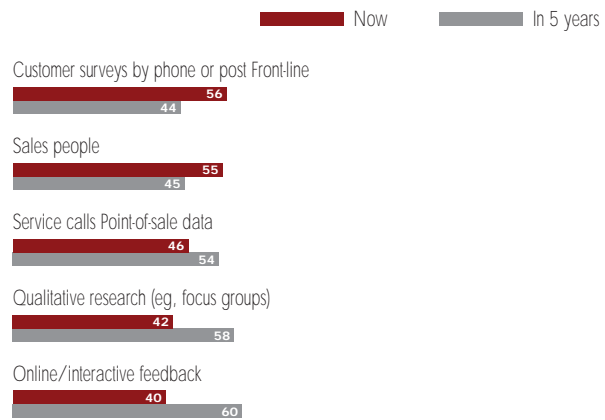


Source: Economist Intelligence Unit survey, 2007.

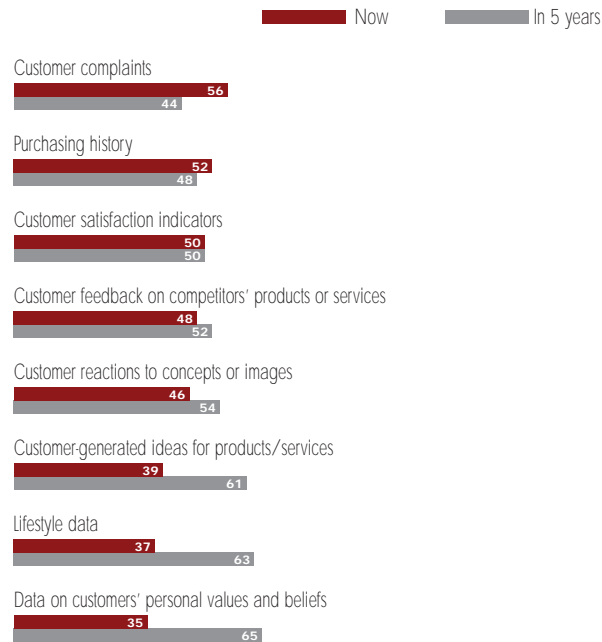
6. In your opinion, how knowledgeable is your company about its customers' needs?



7. What methods does your company currently use or expect to use in five years to collect customer information?

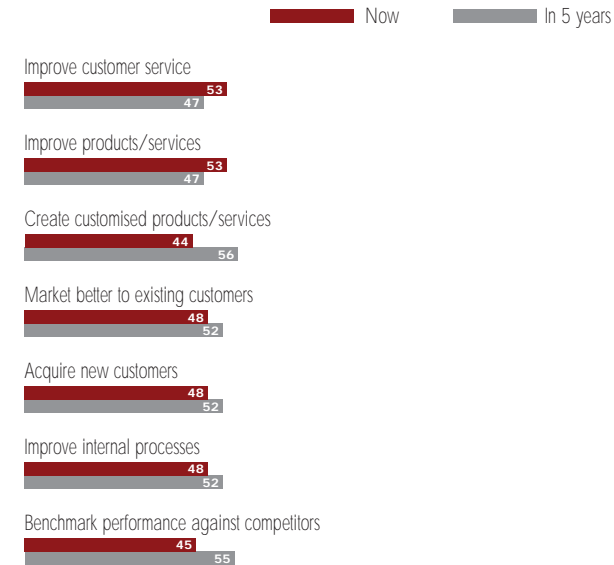


8. Which of the following types of customer information does your company currently collect or expect to collect in five years? Select all that apply.

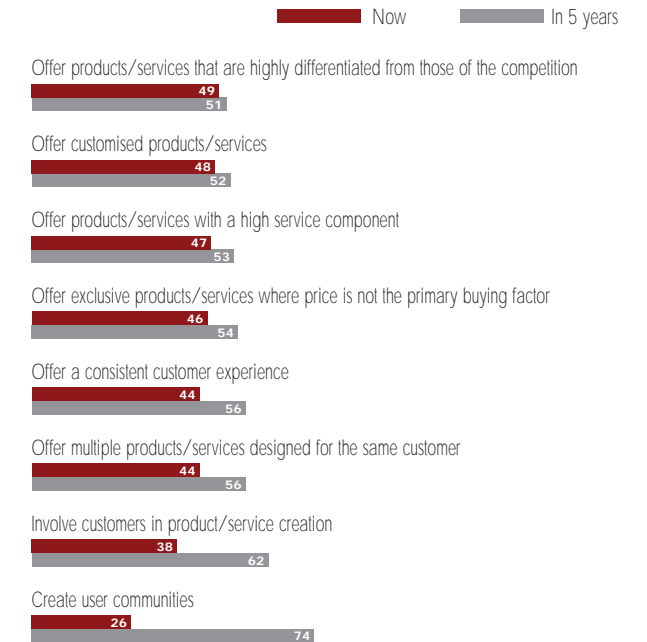


Source: Economist Intelligence Unit survey, 2007.

9. What does your company currently do or expect to do with this information?



10. To strengthen its relationships with customers, does your company currently practice any of the following techniques or expect to do so in five years?



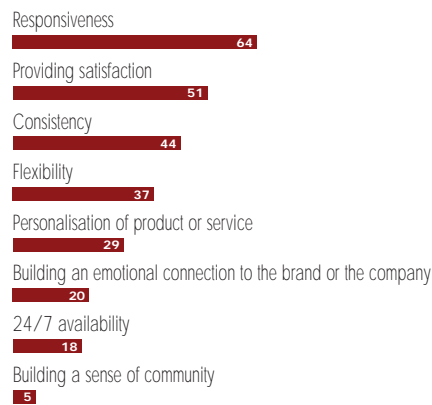


Source: Economist Intelligence Unit survey, 2007.

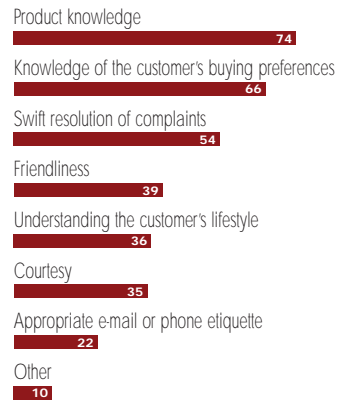
11. In your opinion, which of the following factors most influences the purchasing decisions of your company's customers?



12. Which of the following attributes does your company believe to be most important in engaging its customers?



13. Which traits/skills do you think are most important for your company to possess in order to engage with its customers?

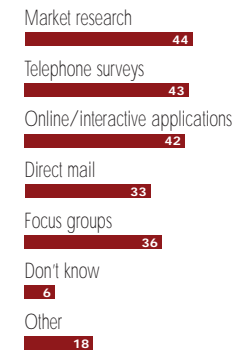


14. In your opinion, which of the following attributes describe an engaged customer, or one who is committed to your company's products and services?

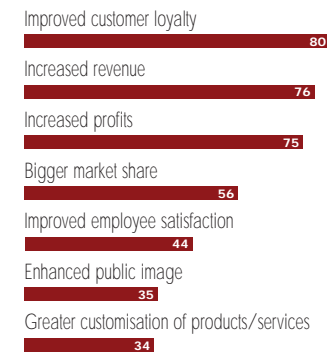


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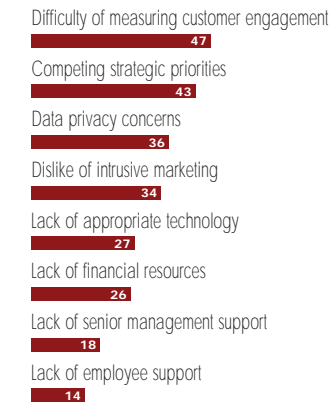
15. Which of the following mechanisms does your company use to obtain feedback?



16. What does your company perceive as the benefits of achieving engagement?



17. What does your company perceive as the barriers to achieving customer engagement?



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