PROACTIVE LISTENING TO OUR

CUSTOMERS' FEEDBACK– THE KEY FOR

BUILDING A VERY CUSTOMER-CENTRIC CULTURE

12th Annual BMDA Conference "Successful 21st Century Organization"
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NET PROMOTER APPROACH AT DHL EXPRESS

What? NPA is DHL's way to capture and enhance customer loyalty
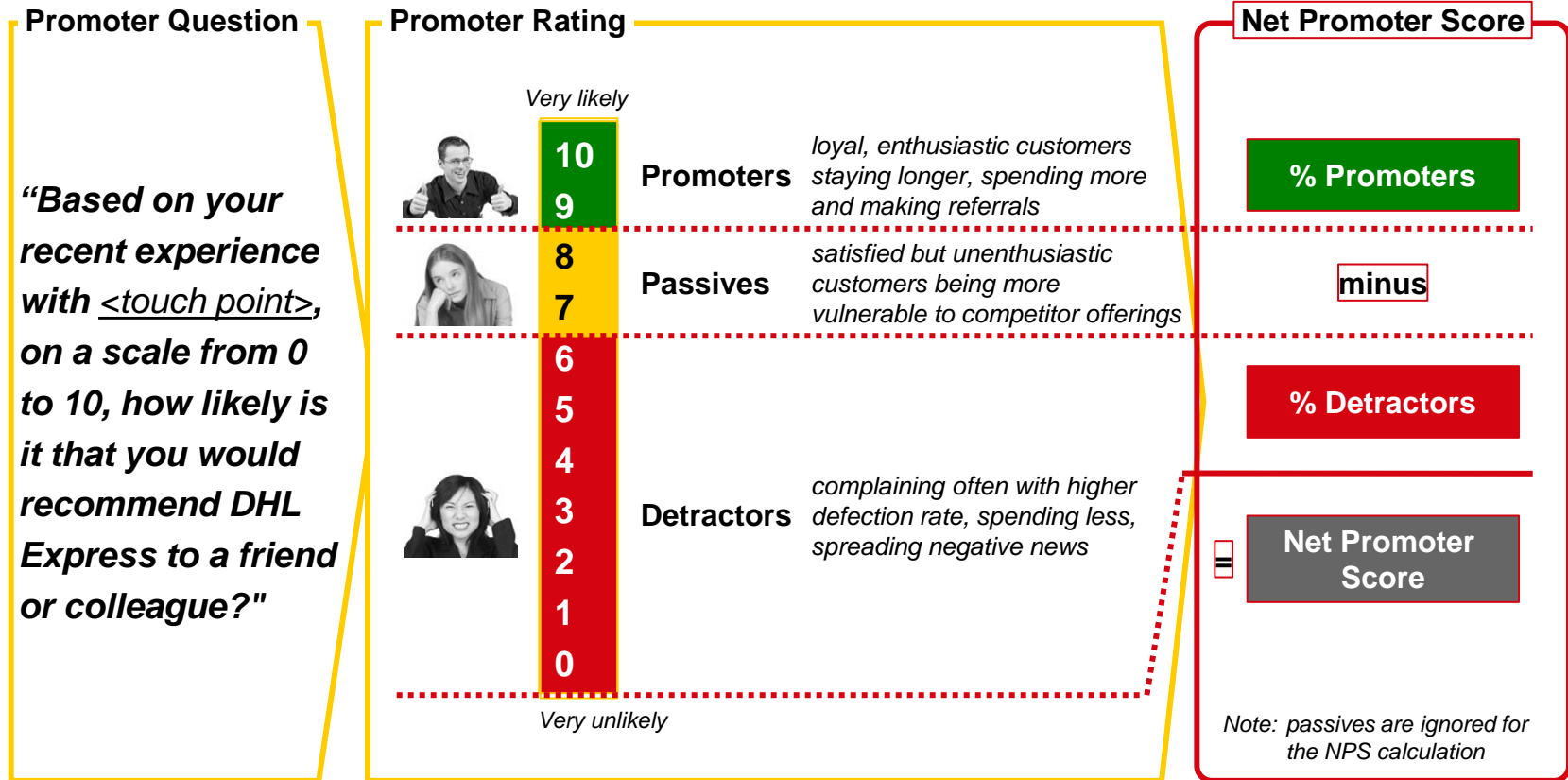
How? Engaging our people in proactively listening to our customers experiences, seek feedback for improvement opportunities and drive actions

Why? To build a customer centric culture that creates loyal fans of DHL who experience excellent service driving sustainable business growth

DHL

THE NPS IS A SIMPLE YET MEANINGFUL AND INTUITIVE MEASUREMENT FOR CUSTOMER LOYALTY USED IN THE NPA TO IDENTIFY DETRACTORS
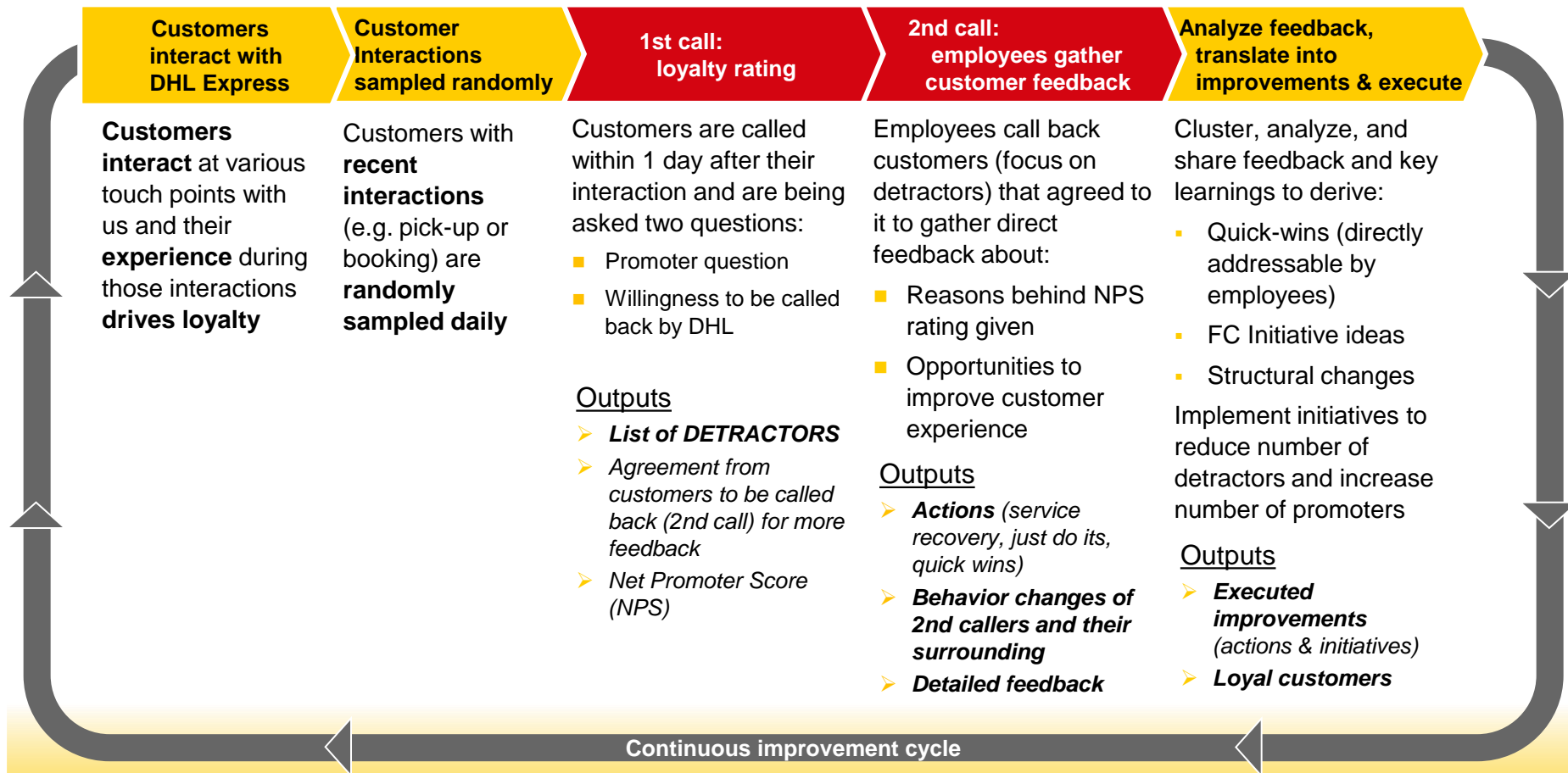
Basic Principle of the Net Promoter Score (NPS)

Promoter Question

"Based on your recent experience with <u>touch point</u>, on a scale from 0 to 10, how likely is it that you would recommend DHL Express to a friend or colleague?"

Promoter Rating

Very likely

10 9	**Promoters**	*loyal, enthusiastic customers staying longer, spending more and making referrals*
8 7	**Passives**	*satisfied but unenthusiastic customers being more vulnerable to competitor offerings*
6 5 4 3 2 1 0	**Detractors**	*complaining often with higher defection rate, spending less, spreading negative news*

Very unlikely

Net Promoter Score

% Promoters

minus

% Detractors

= Net Promoter Score

Note: passives are ignored for the NPS calculation

Note: Net Promoter® is a registered trademark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
Source: Bain research, Frederick F. Reichheld's "The One Number You Need to Grow", HBR Dec 03

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THE NPA TRACKS CUSTOMER LOYALTY AND EMPLOYEES GATHER DIRECT CUSTOMER FEEDBACK TO UNDERSTAND THEIR RATINGS

Basic Principle of the Net Promoter Approach (NPA)

| Customers interact with DHL Express	Customer Interactions sampled randomly	1st call: loyalty rating	2nd call: employees gather customer feedback	Analyze feedback, translate into improvements & execute
Customers interact at various touch points with us and their **experience** during those interactions **drives loyalty**	Customers with **recent interactions** (e.g. pick-up or booking) are **randomly sampled daily**	Customers are called within 1 day after their interaction and are being asked two questions: ■ Promoter question ■ Willingness to be called back by DHL <u>Outputs</u> ➢ *List of DETRACTORS* ➢ *Agreement from customers to be called back (2nd call) for more feedback* ➢ *Net Promoter Score (NPS)*	Employees call back customers (focus on detractors) that agreed to it to gather direct feedback about: ■ Reasons behind NPS rating given ■ Opportunities to improve customer experience <u>Outputs</u> ➢ *Actions (service recovery, just do its, quick wins)* ➢ *Behavior changes of 2nd callers and their surrounding* ➢ *Detailed feedback*	Cluster, analyze, and share feedback and key learnings to derive: ▪ Quick-wins (directly addressable by employees) ▪ FC Initiative ideas ▪ Structural changes Implement initiatives to reduce number of detractors and increase number of promoters <u>Outputs</u> ➢ *Executed improvements (actions & initiatives)* ➢ *Loyal customers*

Continuous improvement cycle

DHL

NET PROMOTER APPROACH VS. SCORE

Net Promoter Approach (NPA)

- Identifying detractors (1st call)
- Callback from DHL managers/supervisors (2nd call)
- Direct Action by middle management (issue resolution)
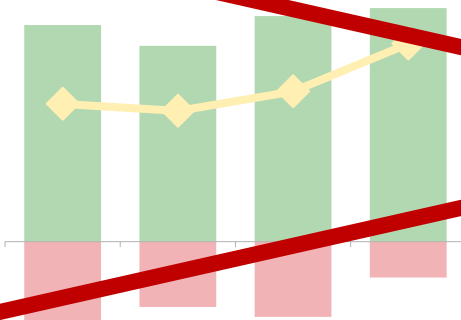- Feedback on overarching issues to SMT
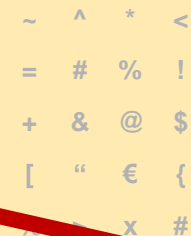
Loyal Customers
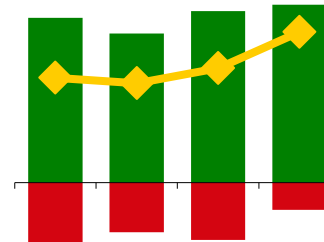
Profitable Network

Net Promoter Score (NPS)

NPS "Management"

- Avoiding detractors
- Celebrating high scores
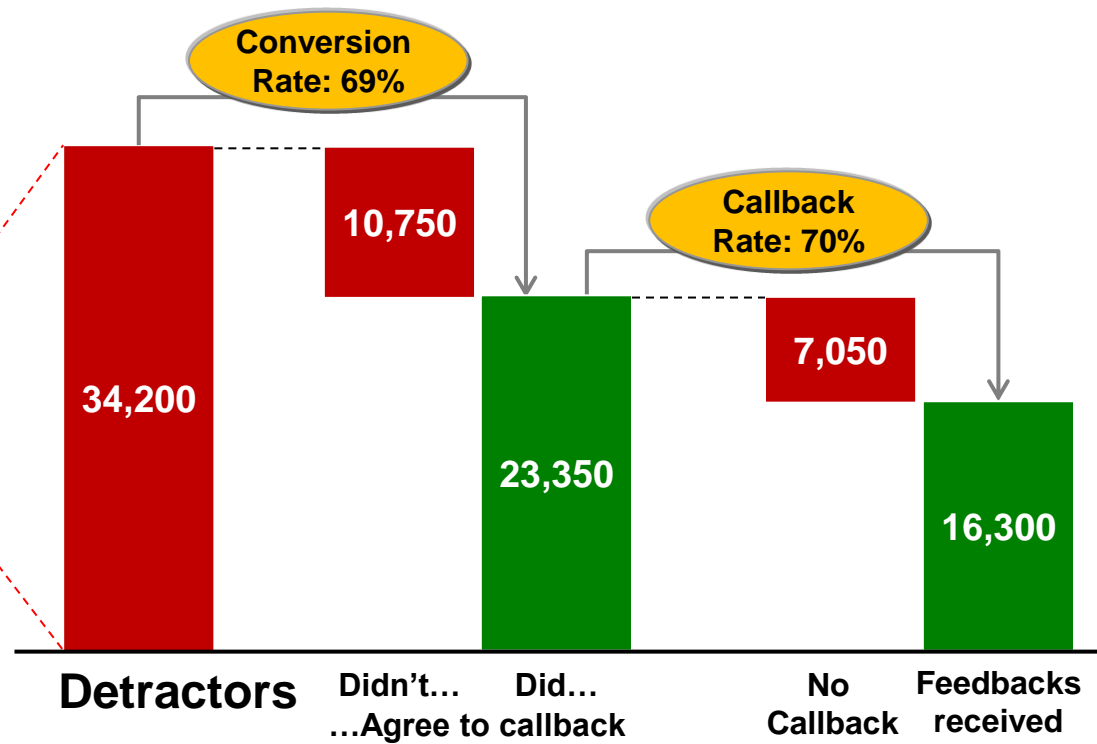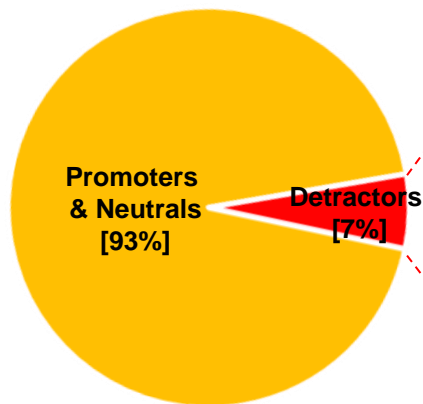- Defining actions plans
- Incentivizing employees on high scores

De-Focus

GLOBAL NPA PERFORMANCE 2013

521,700 Ratings
[80% Response Rate]

Promoters & Neutrals [93%]

Detractors [7%]

Conversion Rate: 69%

Callback Rate: 70%

34,200

10,750

23,350

7,050

16,300

Detractors | Didn't… …Agree to callback | Did… | No Callback | Feedbacks received

SOME EXAMPLES OF MANY SUCCESSES

NPA
Net Promoter Approach

Fixing PUD Underperformance in Sweden

- Analysis of particular route code revealed low NPS
- VOC showed changes needed to be made

Saving a Customer in the UK

- Through NPA issues of a Customer were detected:
    - Delayed shipments (held in Customs)
    - Dissatisfaction with Account Manager
    - Issues with eCom tool & lack of support

Getting more business from a customer in LV

- Through NPA issues of a Customer were detected:
    - Call center refused Pickup for shipment to SWE
    - Customer use competitor for delivery to this postcode

- Resampled customer showed Detractor turn around
- Change to contracted courier in area led to increase in NPS for that route

- Customer saved through NPA follow up
- Quote from the UK "*Customer had already arranged for another courier company to visit and discuss transferring their business. After the immediate actions taken as a result of the NPA call, customer is delighted that all of their issues had been resolved so quickly and are now more than happy to continue using DHL.*"

- Business grow through NPA follow up
- Team leader contacted customer and they together found the right post code for the address

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FORMER SUCCESS STORY –
NPA TURNS DETRACTORS INTO PROMOTERS

„Some time ago a colleague called. At that time the courier often came late. Since then he's always on time, perfect."

Promoter who used to be a Detractor

+4.2 Rating Points
(with callback +5.5 Rating Points)**

56% became Promoters

140 Detractors called a second time*
(on average after 287 days)

40% became Passives

Data Source: NPA CH from Jan 2012 until Sep 2013
* Based on same Account Number and same TouchPoint
** There is a follow up process for all Detractors in Switzerland not just the ones which agree to a callback

THE POWER OF NPA

Mindaugas Pivoriunas, MD DHL Express LT&LV:

Fist of all it's simplicity. Minimal amount of time/resources consuming process.
Second , very important topic is voice of customers / feedback on selected customers touch points, which gives opportunity to improve situation concentrating on particular issues.
NPA is also a program which increase people engagement and customers centricity as it involves in to improvement and decision making process.
Last but not least , NPA is a way of CONTINUES improvement, because it's not customers satisfaction survey which usually is run as a project once a year, NPA is a part of daily agenda, part of First choice way.

Signe Spandega, CS Manager DHL Express Latvia:

It presents metrics of chosen touch points;
Literally scripted customer feedback – gives us opportunity to react immediately in case customer has not raised claim or complaint;
Customer feedback helps to improve the broken parts of a process.

Krists Ezeriņš, OPS Manager DHL Express Latvia:

It's real time customer feedback on our services!
Earlier detection of our failure and oportunity to keep the customer by fast reaction and solving the issue.

QUESTIONS?

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THANK YOU!