

Frequently Asked Questions – True Blue: Customer Satisfaction Index

Case for Change

Why did the Loyalty1 program change?

- Consistent with our Customer Centric focus, we want to learn more about how to build relationships with customers through their feedback
- We want to be able to tie back to store financial performance and relate customer behavior to store outcomes.
- Feedback from retail teams and GMs regarding the Loyalty1 program suggested we needed to make some additional changes. Here's what they said:
 - Make the reporting more meaningful and actionable at the store level
 - Since loyalty scores don't change noticeably from day to day, change the reporting frequency.
 - Measuring a customer's experience on one particular day doesn't give us a true picture of loyalty.
 - Make the survey shorter so more people will take it, and take it each time they're invited.

Key Changes

What are the big changes?

- The name of the new program is True Blue: Customer Satisfaction Index. The genesis for the name came from our retail employees. "True" refers to being true to our customers, ourselves and our shareholders. "Blue" is Best Buy's signature color. CSI refers to the Customer Satisfaction Index, an industry-recognized measurement, and the score stores will look at that measures how satisfied and engaged customers are with a particular Best Buy store. The name True Blue: Customer Satisfaction Index will only be used internally and not with customers.
- Our vendor is CFI– Claes Fornell International. They monitor and benchmark customer satisfaction across more than 200 companies and US federal agencies.
- The focus of the survey goes beyond a single transaction to capture the bigger idea of customer engagement with Best Buy
- The 3 x 5 score has been replaced by an "index" score between 1 and 100. This score is called a Customer Satisfaction Index. You no longer have to score a perfect "5" on three questions to get credit for a job well done.
- Survey questions are scored on a 10-point scale. This kind of scale provides more accurate scoring and translates to the 100 point index which is easier to understand than the old 3X5 score. Studies show that respondents think more about their answer when presented with a 10 point scale.
- The survey is shorter because not everyone will get every question. We have the opportunity to rotate some of the questions among different customers' surveys.
- Reporting will be done on a monthly basis with various weekly updates, including verbatims (customer comments).

- Stores access the Customer Satisfaction Index dashboard, which provides specific areas for improvement as well as highlighting what is being done well. The areas with the highest impact on the customer experience will be highlighted so stores can work on increasing their overall score.

Benefits of Changes

What do these changes get us?

- The customer's Best Buy experience is measured more holistically and over time, instead of focusing on just one shopping experience.
- A shorter survey is more attractive to customers, which should increase participation and help provide more accurate and complete data.
- More accurate scoring helps provide better insights into the feedback.
- We will be able to tie store loyalty scores to financial metrics as well as other Best Buy programs such as Mystery Shops, giving us the ability to predict performance, coach, recognize performance, and provide feedback at the store level.

Survey and Scoring Methodology

Why is 3X5 being replaced with a Customer Satisfaction Index (CSI) score of 0-100?

The 3X5 score (also known as "top box") is a percentage that reflects only those customers that answer a 5 out of 5 on all three key satisfaction questions. Any other score (i.e., a 4) doesn't "count" toward the score. There are two primary improvements over the 3X5 by using an indexed scale of 0-100.

1. Questions are scored on a scale of 1-10 instead of 1-5, which gives the customer greater opportunity to differentiate their scores and gives us the ability to gain greater insight about what is working well and what is not. In addition, all scores count and customers do not have to give a perfect score in order to be included in our ratings.
2. We found in many conversations with end users of the 3X5 score that the score was confusing and hard to understand, and the 0-100 index is a more straightforward, easily understood way of reporting.

How can just three questions (the Customer Satisfaction Index score) adequately capture a customer's opinion of a store/brand?

A: The three questions are strategically placed on the survey following other key questions that are designed to get the customer thinking about a variety of experiences. The Customer Satisfaction Index questions are considered to be a "summary" of the collective experiences and perceptions of Best Buy. Using special survey-building techniques, we can show that the questions leading up to the Customer Sat. Index can impact the overall CSI score.

What are the three questions the Customer Satisfaction Index score is calculated from?

The Customer Satisfaction Index (CSI) is a combination of the three questions listed below. These questions are optimally weighted to calculate the overall CSI score.

-How would you rate your overall satisfaction with this Best Buy store as of today? (1 = very dissatisfied and 10 = very satisfied)

-Compared to your expectations, how well has this Best Buy store measured up to your overall expectations? (1 = falls short of your expectations and 10 = exceeds your expectations)

-Think about an ideal store. How close does this Best Buy store come to this ideal? (1 = not very close to the ideal and 10 = very close to the ideal)

What is a “good” CSI score?

CSI scores can range from 0-100. There is a tremendous amount of data available on CSI scores in a variety of industries and businesses. Generally speaking, a score of 80 is good.

Why is the survey structured the way it is?

The survey is built with several objectives in mind:

- We want to let customers tell us which area they are giving feedback about, instead of us inferring it from the receipt (e.g., maybe they spent an hour in the computer department and picked up a DVD on the way out of the store – we want them to be able to choose to talk about computers, rather than being linked to a purchase.)
- We want to ask some questions about what it is like to shop in a given store, but we also want to get at the longer-term relationship we have with the customer, and understand how they think about Best Buy as a brand. Therefore, you will see some questions, such as those in the first section, that ask about BBY as a place that is fair and trustworthy, and other questions, such as those in the Merchandise or Associate sections that are department specific and more immediately actionable.

Ultimately, we want to understand how the combination of unique experiences over time creates a positive or negative feeling (Overall Satisfaction). Then we end with a series of behavioral questions based on that overall satisfaction level that tell us how likely this customer is to shop with us in the future. The final questions help us predict future behavior and, thus, tie most closely to store financial performance.

How is the survey administered?

- Invites to take the survey on-line will continue to appear on customer receipts.
- Stores should not set up a kiosk or use any other method allowing customers to take the survey in-store. We want customers to take the survey in the comfort of their own home so they can go at their own pace with no pressure. This helps ensure that we get the best, most accurate feedback.

- Customers also will be asked if they would like to participate in future Best Buy marketing research, for which they'll be compensated. This provides us with a valuable sample of customers from whom we can get additional information on specific topics.
- Customers completing the survey can opt into the sweepstakes if they wish, which will continue to be a \$500 Best Buy gift card.

What about customers who don't buy? Don't we want to know why?

- Yes. There are plans in the works for an improved Walk-out/Non-purchase survey, but it will launch sometime after the new survey. Stay tuned!

Reporting

What does the reporting look like?

- The CSI "dashboard" is available through the ME scorecard. It's in Step 1, Revenue Hbox. The link is called "Co CSI website". Different elements of the dashboard will be updated weekly:
 - **Fiscal Week 1:** Updated CSI scores for the previous month, plus the "Improve Now," "Current Strengths," "Watch for Changes" and "Maintain As Is" components, department breakdowns and verbatims (customer comments).
 - **Fiscal Week 2:** Updated customer comments available. Coming soon there will also be a link to "tips" so you can get ideas from other stores on what they're doing to ensure customers get the best possible Best Buy experience.
 - **Fiscal Week 3:** CSI scores and "Improve Now," "Current Strengths," "Watch for Changes" and "Maintain As Is" component scores (department scores will **not** be updated). Customer comments will be updated as well.
 - **Fiscal Week 4:** Updated customer comments only.
- Use the customer comments to supplement and support the scores and provide coaching and feedback to employees.

How do I access this new "dashboard?"

- Anyone with access to the ME Scorecard can access the CSI dashboard. It's located via Step 1 in the Revenue HBox.

How will I be able to compare my old loyalty scores to the ones from the new platform?

- Because it is a brand new platform, using a new set of questions and a different scoring process, you will not be able to compare old loyalty scores to those your store receives going forward. We started fresh as of March 2006.

How will we know how we're doing if we're a Barry, Jill, Buzz, etc. store?

- The new program is designed to be used by everyone and results will be applicable to all stores. Other options, such as additional ad hoc surveys, exit

interviews, lab store surveys and brand tracker quarterly reporting will be used to gauge how well value prop elements are serving our customers.

Q: Why aren't there more questions about things we've traditionally asked on the survey such as CSR, Services, Pricing, and Dot.com?

A: The Loyalty1 survey was a useful tool for gathering customer feedback, but it quickly became the one and only source for all questions on far too many topics, thus making it long, cumbersome, and unappealing to our customers.

In order to keep the new survey tighter, shorter, and more closely tied to true Loyalty and financials, we included only questions that we believe have a direct and powerful impact on these outcomes. (Note: there are a few questions pertaining to the customer service/returns desk which help us identify what impact that experience is having on overall loyalty.) So, instead of trying to include everything on one survey, we have identified creative alternatives to get customer feedback in these other areas. They include:

- **Dot.com:** Dot.com has recently launched a new survey of their own using a new vendor. They have significantly improved their ability to get information about the web experience - the link between web and store behavior. Dot.com's new vendor is a partner with the vendor for the new loyalty survey, so we will be able to synch up data from the two surveys to have a holistic view of the customer experience across channels. This has allowed us to remove most of the dot.com questions from the retail loyalty survey.
- **Pricing:** We've included a question under the merchandising portion of the survey that asks about pricing. In addition, we will be using our quarterly brand tracker survey (nationwide audience of actual shoppers and non-Best Buy shoppers) to assess perceptions of our pricing strategies. The Pricing team is helping craft these questions and will have access to the data. The former "Non-purchase" question that listed price as a reason for not buying additional items will be captured through a new Walkout survey. The walkout data also will be linked to dot.com's abandonment data.
- **Customer Service and Returns:** After months of tracking detailed customer feedback specific to the CSR desk, we realized that the scores and responses did not vary significantly each month. Generally, people whose problems were resolved were happier and the types of transactions taking place were fairly consistent month to month. Instead of adding an in-depth set of questions on CSR to the loyalty survey, we will be following up quarterly with everyone that indicated that they visited the CSR desk and who opted in to doing additional research for BBY (about 40% of our respondents). We will also include some questions about our customer service policies and practices on our brand tracker survey, and have enlisted the help of CSR folks in building these questions.

- Services: We are in the process of building unique surveys for each of our services businesses, including Geek Squad, Home Theater and Appliance install, mobile install, delivery, and repair. In order to maximize our respective samples as well as our ability to focus customer responses to their experiences, we will provide these surveys separately from the loyalty survey. However, the services surveys also will use a 0-100 index as the scoring mechanism and we will be able to make some comparisons between Services and Retail.

Q: I have additional questions. What do I do?

A: Simply email *CSI.