Are you ready to lead the charge in 2023?
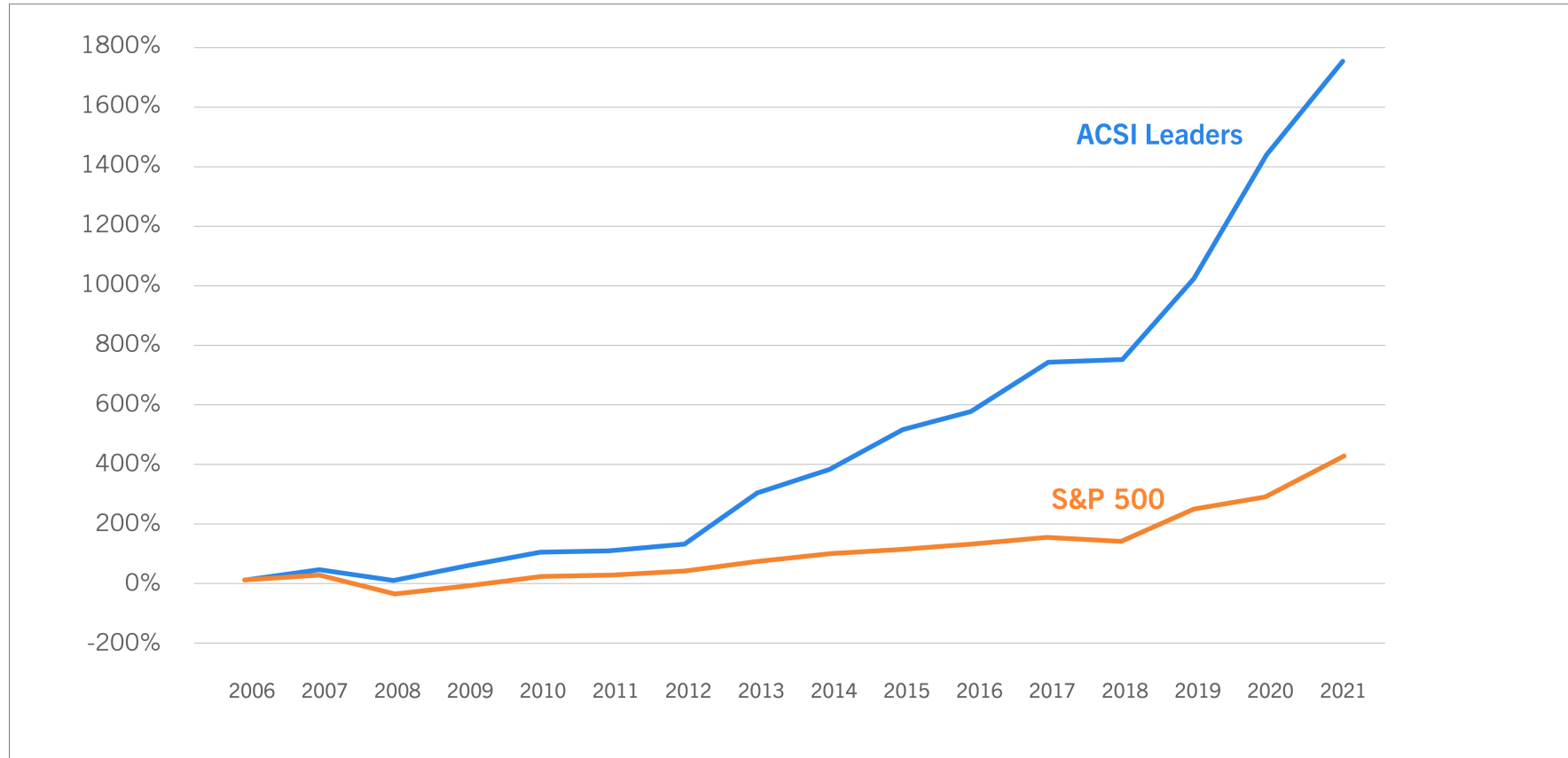
AED Annual Conference
Benchmark Presentation
January 11th, 2023

PATH Industry Benchmarking

Driving Growth Long Term

Cumulative Stock Returns: The American Customer Satisfaction
Index (ACSI) Leaders vs. the S&P 500

PATH Industry Benchmarking

Are you ready to lead the charge in 2023?

- Macro trend predictions are saying 2023 is going to be a hard year

- But, organizations that track voice of the customer see their customer satisfaction scores going up

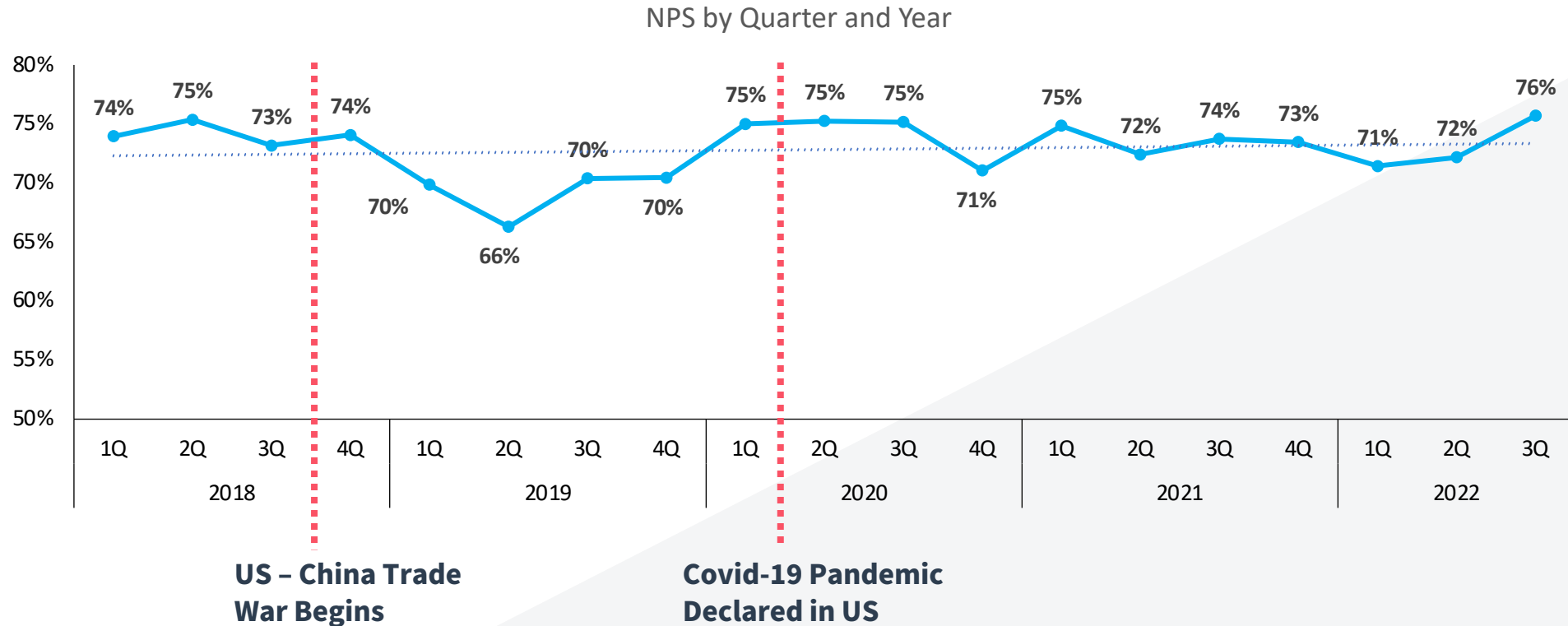- Do you have the data you need to turn down the noise and decisively grow in 2023?

The insights we're going to give you today are based on:

- 100,000+ conversations with customers over 5 years

- Customer perceptions throughout North America

- 27+ distinct businesses with dealer/distributor networks across the supply chain

PATH Industry Benchmarking

NPS is trending up in 2022 – where are you?

Companies across the industry tracking customer voice are seeing an uptick in Net Promoter Score

- US/China Trade War had a bigger impact than Covid

- How resilient is your supply chain and how are you de-risking your customer experience?

PATH Industry Benchmarking

NPS by Quarter and Year

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	74%	75%	73%	74%	70%	66%	70%	70%	75%	75%	75%	71%	75%	72%	74%	73%	71%	72%	76%
		2018				2019				2020				2021				2022	

US – China Trade War Begins

Covid-19 Pandemic Declared in US

There is a clear threshold where your relationships are at risk - it's measured in customer problems/crises

- When over 9% of your customers have problems, you have a big problem and it's *systemic*

- The nuance - customer problems/crises happen *after* they leave your dealers' facilities

- Do you have a system to manage it? The data is telling us this is where you should focus.

%Issues & Net Promoter Score

Inflection Point

Critical Threshold 9%

Detractors — Passives — Promoters
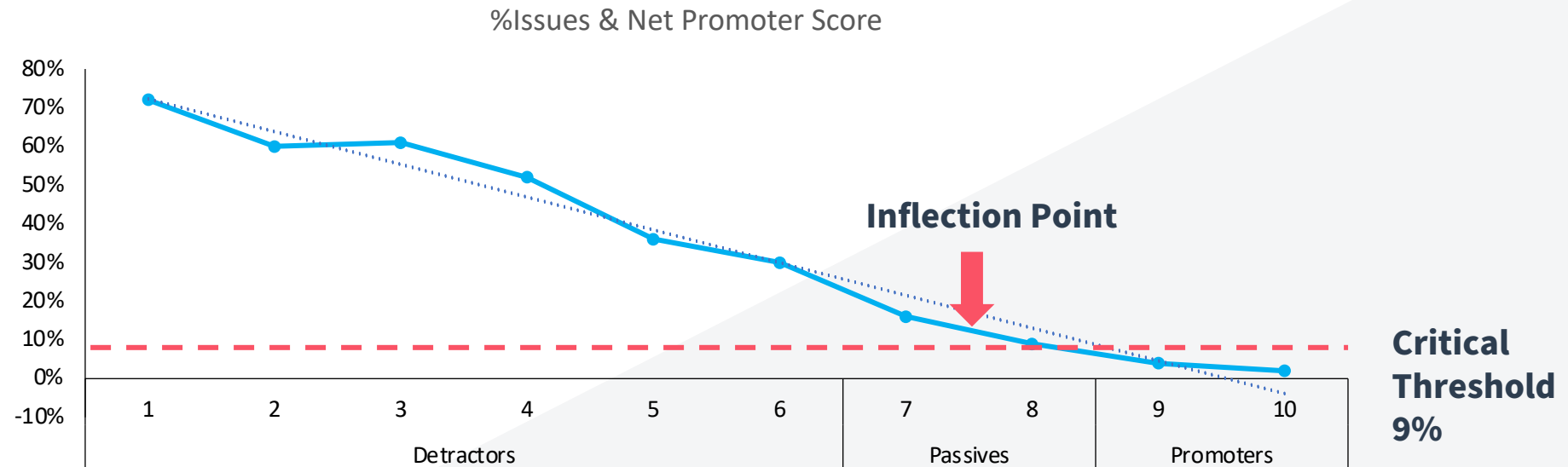
# Even when customer problems aren't 9% overall, there's still work to do

- The location is where you control ongoing customer relationship threats

- Normal continuous improvement process efforts address these problems, but not all locations need support

- Do you have the data you need to know where your continuous improvement focus should be?

% Issues by Location

Critical Threshold 9%
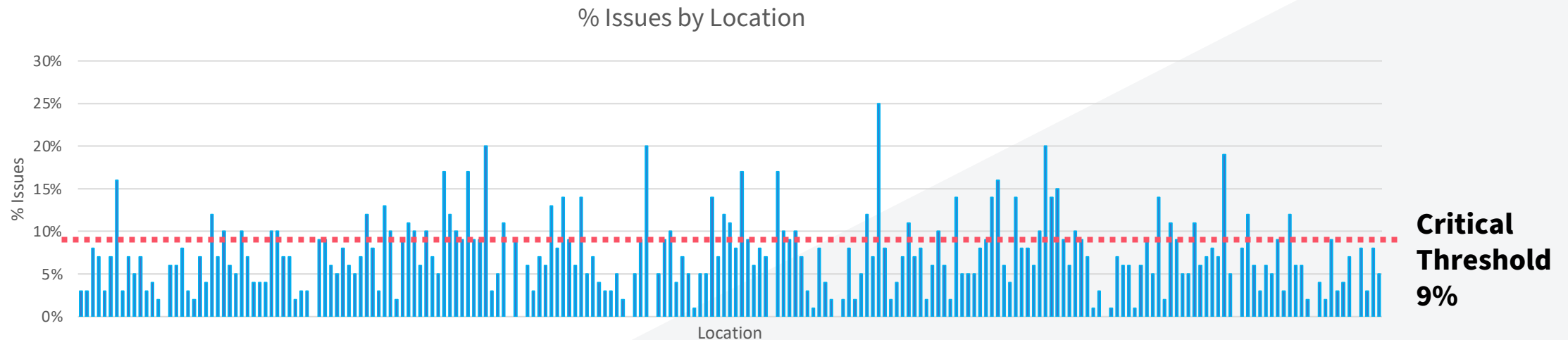
Do you have the customized data you need to level up?
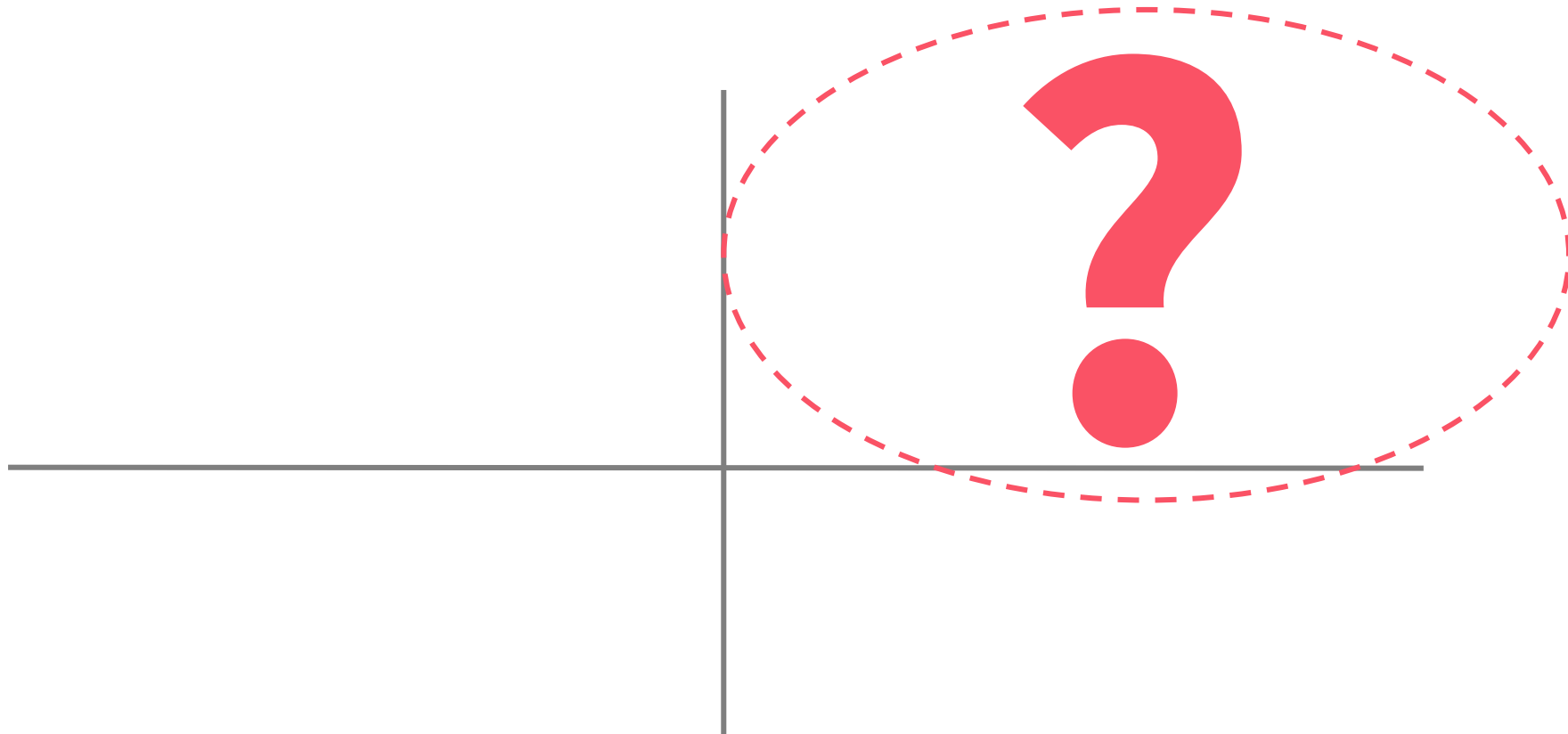
Location-level data is the GPS targeting needed to define your standard of excellence

NPS & ESE By Location

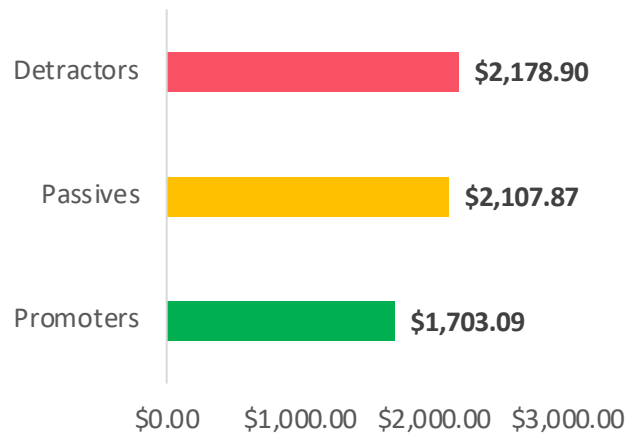Mean = 52%

Mean = 73%

%Excellence

NPS
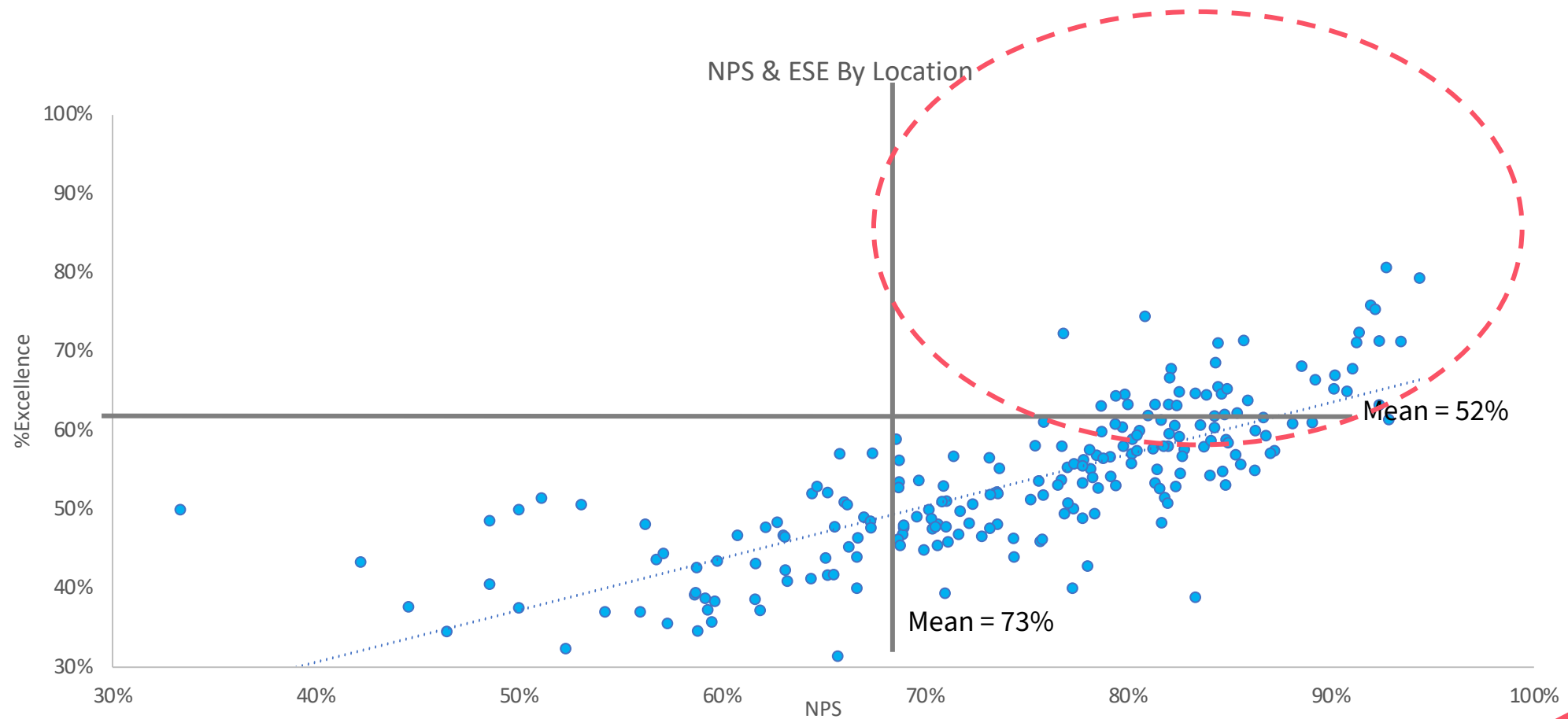
Effectively managing customer expectations has topline and bottom-line impact
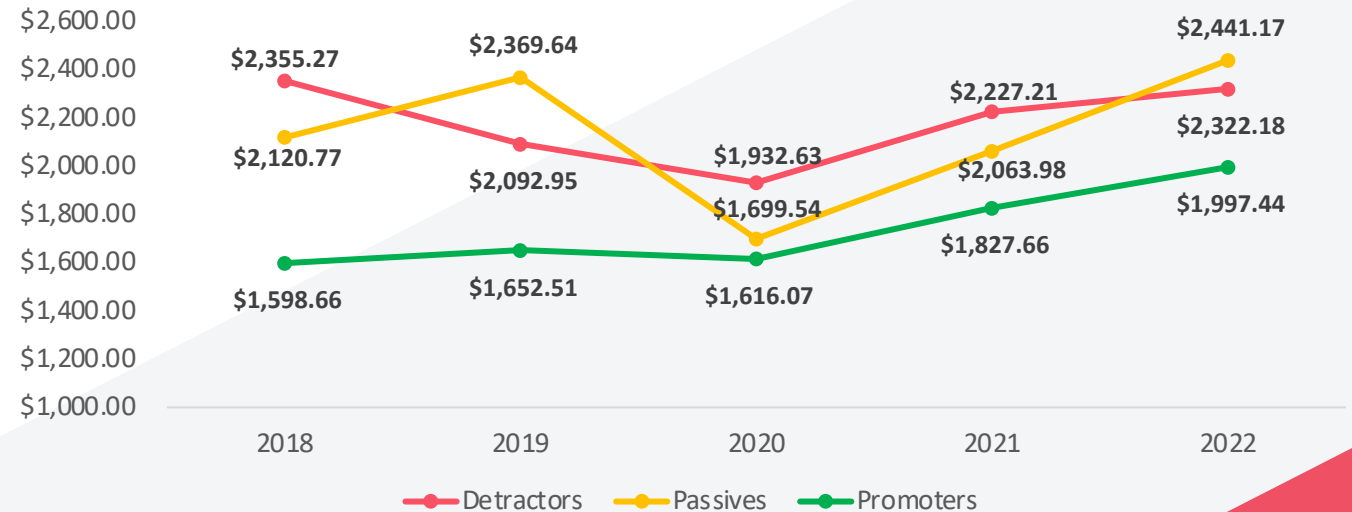
People who spend more with you have higher expectations:

- Detractors (NPS of 1-6) spend, on average, more than passives and promoters, and have higher expectations

- Passives (NPS of 7/8) are the "opportunity group" as they move to higher or lower scores more easily than Detractors or Promoters

- Promoters NPS of 9/10)are more "steady" customers, spending a similar amount each year

PATH Industry Benchmarking

Average Total Spend by NPS Group

NPS Group	Average Total Spend
Detractors	$2,178.90
Passives	$2,107.87
Promoters	$1,703.09

Average Yearly Spend by NPS Group

Year	Detractors	Passives	Promoters
2018	$2,355.27	$2,120.77	$1,598.66
2019	$2,092.95	$2,369.64	$1,652.51
2020	$1,932.63	$1,699.54	$1,616.07
2021	$2,227.21	$2,063.98	$1,827.66
2022	$2,322.18	$2,441.17	$1,997.44

Detractors · Passives · Promoters

It can be easy to write problem customers off, but you're leaving money on the table

Sample NPS Return On Investment – 2021

NPS CATEGORIES	2021 AVG TRANSACTION SPEND	AVERAGE # OF TRANSACTIONS BY CUSTOMERS PER YEAR	2021 AVG ANNUAL SPEND	% OF CUSTOMERS SURVEYED BY NPS CATEGORY	# OF TOTAL 2021 CUSTOMERS BY % OF NPS CATEGORY*	TOTAL 2021 CUSTOMER SPEND BY NPS CATEGORY	REVENUE GENERATED BY MOVING 50% (1,675) OF PASSIVES TO PROMOTERS
DETRACTORS	$1,449.96	2.02*	$2,928.92	6%	1,436	$4,205,929	
PASSIVES	$1,564.23	3.16*	$4,942.97	14%	3,350	$16,558,950	**$5,905,648**
PROMOTERS	$1,616.17	5.24*	$8,468.73	80%	19,142	$162,108,430	
*NOTE: TOTAL 2021 CUSTOMERS = 23,927							

PATH Industry Benchmarking

Are you ready to lead the charge in 2023?

The data is clear. Companies that are <u>great</u>, not just good, outperform the market by:

- Having a process that turns down market noise and focuses you on what your customers want

- Tracking customer problems and taking action when it's critical

- Learning from your highest performers and driving ROI

If not, you'll fall behind.

Thank you!

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