



## **Economics of Engagement: How Customer Engagement Increases Revenue, Growth and Profits**

*- New Allegiance paper describes simple way to measure customer engagement in dollars -*

**SALT LAKE CITY – March 26, 2008** – Businesspeople know at a gut level that engaged customers translate into higher revenues and profits, but they struggle with quantifying the impact of engagement efforts on the bottom line. Allegiance, Inc. ([www.allegiance.com](http://www.allegiance.com)) has developed a simple yet powerful method to help businesses measure the impact of engagement activities on revenue. A new Allegiance white paper, **The Positive Economics of Customer Engagement**, provides details that are especially timely as the economy slows and businesses look for ways to retain and grow customers and revenues.

Engagement is the emotional connection or attachment that a customer develops during the repeated and ongoing interactions with a company. Engaged customers demonstrate behaviors such as referring other people, buying more products more often, staying longer in a business relationship, and remaining loyal even when faced with poor customer service or a bad product experience. By measuring the impact of these behaviors, business managers can show how engagement activities increase revenues.

“Engagement is needed more than ever during tough times, because it has a powerful impact on retention, growth and profits,” said Adam Edmunds, Allegiance CEO. “Historically engagement has been elusive and hard to measure. Our research shows that it can be measured, and it is not as difficult as companies think. In fact, we found that improving customer engagement by a small amount, as little as one percent, can have a dramatic impact on financial results.”

The paper identifies four of the top outcomes of customer engagement and shows how to measure them in actual dollars. These include:

- 1. Share of Wallet** – Engaged customers buy more products/services, more often
- 2. Positive Referral** – Engaged customers persuade potential customers to switch brands
- 3. Customer Churn** – Engaged customers remain loyal and stay longer
- 4. Feedback Response** – Engaged customers give more feedback, which allows companies the opportunity to address concerns and save potentially lost revenue

“These measurements work because they are easy to implement by almost any business out there today,” said Kyle LaMalfa, Allegiance best practice manager and engagement expert. “Loyalty and engagement professionals should have absolute confidence that their efforts have a positive impact on their organization, and these measurements help show that reality.”

In the white paper, Allegiance uses a hypothetical business that typifies business in America today -- a medium-to-large retail bank. Using survey data from its Pulse of America for Banking survey, Allegiance segments customers into three categories: engaged, disengaged and swing.

Swing customers are those with the potential to be engaged or disengaged. This group, representing 56 percent of customers in the survey, is where the highest opportunity exists for companies to increase the number of engaged customers and sell more products.

Even using conservative numbers, the paper determines that the financial benefits of engagement are substantial. The paper also includes steps that companies can take to improve customer engagement. The full white paper **The Positive Economics of Customer Engagement** can be downloaded free at <http://www.allegiance.com/library.php>.

### **About Allegiance**

Allegiance, Inc. is the premier provider of [Enterprise Feedback Management](#) (EFM), solutions that drive growth and increased profitability through improved [customer loyalty](#), [employee retention](#) and engagement. The Allegiance [Engage Platform](#) is a suite of web and phone-based solutions joined with best practices consulting that allow companies to measure and manage customer and employee engagement across the enterprise. The components of The Engage Platform are customizable to each company's needs and offer management tools and predictive analytics that link employee and [customer engagement](#) to real business outcomes. Allegiance serves customers of all sizes across a variety of industries. Allegiance is a privately owned company based in South Jordan, Utah. For more information about Allegiance, visit <http://www.allegiance.com> .

# # #

### Media Contacts

Chris Cottle  
Allegiance, Inc.  
801-617-8034  
[chris.cottle@allegiance.com](mailto:chris.cottle@allegiance.com)

Valerie Chereskin  
Chereskin Communications  
760-942-3116  
[valerie@chereskincomm.com](mailto:valerie@chereskincomm.com)