

Understanding Whether Goodwill Payments Deliver a Return on Investment



Ember
A Davies Company

A vehicle manufacturer wanted to know whether their multi-million pound goodwill programme was delivering a return on investment through building customer loyalty.

Expenditure on the programme was increasing whilst there was no direct evidence that it was achieving its aim of customer retention. The data available was disparate and unexplored and the manufacturer did not have the blend of expertise required to conduct the analysis.

How we helped

- Explored full data landscape to find the most influential indicators of customer retention
- Modelled both new and used vehicle purchase prices to predict ROI as accurately as possible
- Modelled the propensity of customers to return to the dealer network in multiple scenarios
- Demonstrated that goodwill payments for certain issues more effective than for others
- Segmented those advisors who issued a goodwill payment the most often to show how coaching and rigour around decision making would reduce cost



The results

The key finding was that the size of the goodwill payment was secondary to the reason that the goodwill had to be given in the first place. Certain faults and failures were terminal to the relationship between manufacturer and customer, yet these carried the highest goodwill cost. The results of the study were used to amend the goodwill programme to become more selective when goodwill payments were offered, with rules around decision making more readily enforced and subject to audit. This led to a net £2 million saving for the client.

Does your business spend too much on goodwill payments and gestures? If yes, we are here to help!

Our Solutions

We offer a swift and effective way to answer crucial questions and discover hidden trends and patterns – providing actionable insights that relate purely to your business.

Trust our skilled experts to help you understand what better looks like for your business!

[Find out more about our services](#)

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