
UNIT 7 CUSTOMER EXPERIENCE MANAGEMENT

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7.0 OBJECTIVES

After reading this unit, you should be able to:

- Define customer experience management
- Explain key areas of customer experience management
- Understand benefits of customer experience management
- Understand the major customer contact points.

7.1 INTRODUCTION

Today, how you deliver your product or services is as important as what they are. Goods stored by different retail outlets may not differ greatly from each other and the customers will choose where to shop based on the service they get. That means, customers buy an experience that starts from when they enter your store or may be even before, when they park their vehicles. They may enjoy browsing your shelves or appreciate the advice you give on what they like or if they are buying a present they will be happy if you offer to wrap it for them. Everything you do for the customer is a part of their buying experience and part of how your store is differentiated from others.

Customer Experience Management (CEM) is a business strategy that focuses and redefines the business from the customer view point. CEM assumes that products and services are no longer sufficient to satisfy the customer and elevate the value proposition to the level of an experience. At the core of the CEM strategy is an organizational experience that defines the value for both employees and customers. Through employees' experiences, CEM unleashes the best innovations and creates superior value and excellent customer experience. In addition, it promotes an equal relationship between customers and corporations and an ongoing dialogue that improves and strengthens the quality and length of relationships. Companies that have adapted CEM strategies have placed greater emphasis on their employees and customers as part of the experience creation and delivery.

"The customer experience is the next competitive battleground."

- Jerry Greguire, CIO, Dell Computers

7.2 KEY AREAS OF CUSTOMER EXPERIENCE MANAGEMENT

When we look at the nature of Customer Experience Management, there are essentially five key areas that CEM practitioners or "Experience Architects" examine. While these are broken down by consultants in slightly different ways, based on individual methodologies, they can be described, at a high level, as follows:

1. **The Customer:** CEM focuses on developing a multidimensional understanding of customers. This understanding includes cultural, sociological, behavioral and demographic analysis, and culminates in a detailed ability to articulate the needs, wants, desires, expectations, conditions, context, and intentions of various customer groups. This understanding informs audience segmentation and guides the prioritization of key segments. Customer analysis is proactively benchmarked against a company's capability to meet customer needs both in the present and in the future.

Customer understanding therefore serves as the primary driver in shaping the business approach, aligning strategy and investment.

2. **The Environment:** Examining the "landscape for brand discovery" is an essential tenet of customer experience management (CEM). This landscape is composed largely of market conditions, competitive factors, channel use (and **channel/cross-channel dynamics**), the process for purchasing (steps to buying), the "real" purchasing environment (store, phone, Web, etc.), and the service environment.

Leveraging this knowledge against customer analysis, CEM strategists work with companies to create integrated plans which "order the paths" that customers commonly follow in the purchasing process. These multi-path strategies work to ensure that customers have an intuitive, pleasing experience at every step in the journey to brand discovery.

As a part of Environmental Analysis, strategists also focus on applying experience innovation to customer environments to remove barriers that confuse, inhibit, discourage or de-motivate customers, and create a more engaging, efficient, pleasing, personable or memorable environment within which to interact.

3. **The Brand:** From a tactical perspective, this analysis involves the development of visual identity, assets, taglines, communications, logos, and other brand assets that help shape perception and define the brand in the marketplace. From a strategic perspective, however, this analysis focuses on innovation and differentiation.

This includes the consistent and iterative evaluation, planning, and refinement of product or service features, functionality, pricing, options, attributes, benefits, and positioning of the company, service, or product.

The Platform: A company's operational infrastructure is the platform on which customer experience is delivered. As a result, operational efficiency has a direct impact on customer experience. As companies move from an "inside-out" focus (on internal operational constraints such as production, capacity, etc.) to an "outside-focus" (on customer-centric delivery), operational analysis is essential. This includes comprehensive evaluation and improvement of people, process, policies, technology, and systems that facilitate, track, and measure customer interaction and transaction.

CEM Platform analysis may include workforce evaluation, fulfillment and logistics analysis, process improvement, technological analysis, policy reviews, and a myriad other tasks. The goals of platform analysis include streamlining operations, increasing

time to market, removing barriers to customer satisfaction, lowering costs, and improving the overall customer experience by creating operational excellence.

5. **The Interface:** This area of CEM analysis focuses on the interaction between consumers and the brand, from a **human-to-technology**, human-to-human, and human-to-environment perspective. Simply defined, this area focuses on refining and optimizing the customer interaction within any channel to produce desired and pleasing outcomes.

An effective customer experience management system should involve the customer, integrate the customer's voice into processes as well as employee activities and be dynamic in nature i.e. improve on a continuous basis. Creating your CEM strategy around these three elements will provide the greatest benefits.

- a) **Involve: Capture the customer's experience whenever and wherever it occurs.**

The best CEM starts by involving the customer and listening to them at every touch point. This means continuously gathering customer insights whether customer, company, or event-initiated from any channel such as the call center, web, or in-store point of sale, when they want and when their opinions are formed at the moment of delight or disappointment.

- b) **Integrate: Integrate the customer's voice into processes and employee activities.**

The right customer experience information needs to be filtered to the right person at the right time from executives down to front-line employees so they can make informed decisions and communicate improvements or comments back to the customer.

- c) **Improve: Continuously turn customer experience insights into actionable improvements.**

The ability to use customer experience information to facilitate enterprise-wide communication and change is the third critical element required to achieve the greatest customer experience management benefits. Assigning actions and following up with customers enables companies to align business strategies with customer insights and in the process, create customer advocates.

Thus Involving, Integrating, and Improving require closing the gap between the company's promise and the delivered customer experience.

7.3 IMPORTANCE OF CUSTOMER EXPERIENCE MANAGEMENT

Customers have needs which include, among others, function, price, quality, emotion, prestige, value, and convenience. How well a product or service meets those needs defines the **experience** that the customer has. How well the experience meets, fails, or exceeds the customer's expectations determines whether the customer has a positive, neutral, or negative experience. That, in return, determines whether the customer continues to purchase.

If a customer has a negative experience along any of the touch points or among any of his or her needs, they are not likely to purchase. They may spread their negative opinions among friends or even across **the internet**. If the experience is neutral, they will likely continue purchasing until a better alternative comes along. If the experience is positive, they are likely to continue purchasing and recommend the product or service to others. Therefore customer experiences should be managed efficiently by the company or **enterprises**.

Benefits of customer experience management

A Customer Experience Management strategy or approach provides all the tools, tips, frameworks, and actionable ideas needed to create a customer focused organization passionate about providing great customer service and unlocking hidden revenue potential.

The concept can be simple, consistently provide positive, valuable experiences to the customers and they will return loyally again and again and that leads to increased profitability. Implementation is the hard part, a complexity that continually challenges most organizations today.

Customer Experience Management is a holistic approach to managing the experiences the customer has with the company, cutting across functions, to drive customer satisfaction, loyalty, and profitability at all levels of the organization.

The following are some of the benefits of CEM:

1. **Improving Customer Service:** This consists of additional services that support the customer's needs including offering training and assistance via telephone or online. The customers can ask their queries regarding the product or service by contacting the customer contact centre. This ensures the customers are provided with adequate services. This is possible through effective customer experiences. The customer experiences should be recorded so that their next experience with the company would be a delightful experience.
2. **Improving Customer Satisfaction:** Satisfaction of the customers should be the ultimate aim of the company. This can be achieved with the help of customer experiences. Customers should communicate their experiences whether positive or negative to the company through the customer touch points such as contact centre so that the company will improve or try to make the experience of the customers positive. This will help in the overall satisfaction of the customers.
3. **Increasing Customer Retention:** The organisation can increase customer retention with the help of customer experiences. Once the company manages their customer's experiences efficiently then they can satisfy their needs and wants accordingly. The first experience of the customer with the company should be entertaining to the customers like welcoming them and offering them something to drink etc. This makes them feel special and they would visit again and again to experience the same. This way the company can increase customer retention.
4. **Building Customer Loyalty:** Customer loyalty can be effectively built if their experiences are positive. This means that the first experience of the customers with the company will create an impression in their mind. If this experience was a bad one then the customers are not likely to return. But on the other hand if their first experience with the company was a delight to them, then they come back for repeat purchases. This makes the customers loyal to them. To make the customers loyal the company should ensure that the customer's each experience is a positive experience.
5. **Improving Customer Profitability:** While implementing a relationship program it is not wise to maintain similar relationships of high value with all the customers. It advocates attracting, keeping and maintaining profitable customers. In fact relationship is based on the value offered by the customer to the company and the value created by the company to the customer. This is possible through customer experience management by carefully analyzing each customer, their purchasing power etc.
6. **Building Customer Lifetime Value:** The value of the entire stream of purchases

that the customer would make over a lifetime of patronage is far higher than the value of a single sale. So organizations should seek to **establish** good relationships with the customers for conducting repeat business with them. Value of the customer for the company can be understood as the amount by which revenues from a given customer, over time will exceed the company's costs of attracting, **selling** and servicing that customer. A dissatisfied customer who is **walking** out of any organization should not be viewed as a sale lost for one time, rather the organization should realize that it is losing the entire stream of revenues which could have been generated by the customer, if **he/she** were happy with the products/ services. Hence to tackle such situation employees should be trained to handle the customer experiences efficiently.

7. **Creating Word-Of-Mouth Marketing:** Every interaction with a customer is an opportunity to delight the customer. Therefore, when the customers are delighted with the treatment they get from the company, they tend to purchase repeatedly thereby becoming loyal to the company or enterprise. When the customers are satisfied and happy they spread the same through word of mouth to others. This indirectly helps the company to market their products.
8. **Boosting Employee Motivation and Retention Rates:** Managing customer experiences efficiently is a collective or team work. Employees should be treated properly and motivated to interact with the customers in a polite manner. The employees should be properly trained. They should be given some incentives for reaching the target set by the company. This will not only motivate them to work but also make them attached to the company thereby reducing employee turnover.

Welcome To The Experience Economy

As goods and services become commoditized the customer experiences that companies create will matter most. Leading-edge companies – whether they sell to consumers or businesses – will find that the next competitive battleground lies in staging experiences.

- An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customer in a way that creates a memorable event.
- Retailers in order to stage a better experience for customers may have to add demonstrations, showcases, contest etc.
- In the full-fledged experience economy, retail store and even entire shopping malls will charge admission fee before they let a customer even set foot in them.
- Experiences have always been at the heart of entertainment business - a fact that Walt Disney and the company he founded have creatively exploited. At theme restaurants the food is just a prop for what's known as 'eatertainment'.
- Experiences are not exclusively about entertainment, companies stage an experience whenever they engage customer in a personal, memorable way. Companies should move from commodity mind set (thinking that retailer is performing only a selling function) and go beyond the function and compete on the basis of providing an experience.

Excerpted from: 'Welcome to the Experience Economy', B. Joseph Pine II and James H. Gilmore, **Harvard Business Review**, July-August 1998

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Every interaction with a customer is an opportunity to delight the customer. The major customer touch points or the moments of truth are as follows:

1. **Marketing and sales:** It is a major customer touch point wherein the salespersons

will have a direct contact with the customers. This interaction between the customer and the salesperson is an opportunity to impress or delight the customers. Therefore the first experience of the customers should be made delightful and memorable.

2. **Customer support:** This is yet another customer touch point wherein the customers can interact with the company. Here the customer's can directly enquire regarding the product or the services and can even suggest their recommendations.
3. **Billing and payment:** Every customer has to pay for the product that is being purchased by them. The person at the billing and payment counter comes in direct contact with the customers. They should try to make the customers feel at ease in order to make their first experience a delightful one.
4. **Dispute resolution:** When the customers complain, the company should see to it that their disputes are resolved as early as possible. Delay in resolving the disputes would mean that the customers are not important to the company and this would result in bad customer experiences.
5. **Product development and testing:** To make the customer experiences positive, the organization should involve the customers in the process of product development and testing. This would ensure that the customers are taken seriously and their likes and dislikes have been taken in to consideration.

Therefore each of these interactions offers the enterprise an opportunity to demonstrate its commitment to total customer satisfaction. Building loyalty starts with taking the right marketing approach. Relationship marketing focuses on building and reinforcing a long-term relationship with the customer with every interaction. Availability of the right information on the customer and ability to offer the right value proposition is the key to continuance of the relationship.

7.5 LET US SUM UP

Customer Experience Management (CEM) is a business strategy that focuses and redefines the business from the customer view point. CEM assumes that products and services are no longer sufficient to satisfy the customer and elevate the value proposition to the level of an experience. When we look at the nature of Customer Experience Management, there are essentially five key areas that CEM practitioners or "Experience Architects" examine. They are the customer, environment, brand, platform and interface. Customers have needs which include, among others, function, price, quality, emotion, prestige, value, and convenience. Every interaction with a customer is an opportunity to delight the customer. Therefore each of these interactions offers the enterprise an opportunity to demonstrate its commitment to total customer satisfaction.

7.6 TERMINAL QUESTIONS

1. What is Customer Experience Management? Explain.
2. Explain the key areas of Customer Experience Management.
3. What are the benefits of CEM?
4. What are the various customer contact points? Explain their importance for a retailer.

7.7 REFERENCES

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