



Customer experience management: How to stand out in a crowded market

Our lives are full of experiences. Some we remember vividly years after the fact. Like the first time my son Matthew was able to ride a bicycle without training wheels: I will never forget the look of pure joy on his face when he finally succeeded. Customers are people, so it should not come as a surprise that they, too, react emotionally after an especially good or bad experience with a business. When customers are pleasantly surprised, they are more likely to return again and refer their friends and colleagues. This so-called loyalty effect is what propels business growth for companies of any size.

In CustomerThink's research on US consumer experiences, we found that after just one memorable experience, 19% of happy customers said they had purchased more products/services and nearly one-third said they had recommended the company to a friend or colleague. Negative experiences had the opposite effect: 20% of unhappy customers said that they had switched to another supplier and 25% said that they had complained to a friend or colleague. The rising popularity of social media and other online resources means that good or bad news travels faster and farther than ever before. That makes it all the more critical to ensure that your customers have positive experiences with your business.

Managing "moments of truth"

If you are stuck in a commodity trap fighting for sales based mainly on price, then consider focusing on the customer experience to stand out from your competitors. Consider these personal examples:

- For grocery shopping, we have many options to choose from locally. Yet 70% of our household's money is given to Trader Joe's, because it has interesting selections and friendly staff who really enjoy serving customers.
- When I shop for electronics, I usually go to Best Buy. The products are available from many retail outlets and online. However, Best Buy stands out because its employees always help me find the right solution without aggressive selling.
- Our family dentist is a 30-minute drive from our house. Why do we go there when there are other dentists within walking distance? Because the dentistry practice was recommended by our friends. Sure enough, the dentist and his staff have done a great job, both in terms of technical proficiency and their friendly competence.

Every day, your customers are making decisions like these on where to buy their goods and services. Their "experience" means their perception of all of the interactions with your company, including marketing, selling, purchasing, usage, and service/support. In other words, if the products or services are *what* you are selling, then experiences are *how* you are inter-

acting with your customers. These interactions really matter. CustomerThink research has found that customer experience is about 40% of what customers value, or about equal to the purchased product or service. In developing markets, where products and price may have more weight, customer experience can still play a differentiating role when customers have several similar choices that are priced competitively.

In the 1980s, Scandinavian Airlines CEO Jan Carlzon found that executives were too concerned about the type of aircraft they were flying and were ignoring what mattered to customers. He focused the airline on improving passengers "moments of truth," which included the entire flying experience from reservation to the flight to collecting bags at the final destination. Today we call this customer experience management (CEM). Simply put, CEM means proactively managing customer interactions to build loyalty to your firm. As you will see, to "manage" experiences you must understand customer perceptions, focus on improving interactions, and deliver what you promise through your employees.

Three steps to CEM success

Larger companies have more complicated processes, which can make it difficult to figure out exactly which "touchpoints" need improvement. For example, CEM researcher and trainer Sampson Lee found that credit card customer experiences had 39 different touchpoints across seven different stages: image, application, card usage, promotions, gift redemption, repayment, and service. However, smaller businesses can apply CEM principles without elaborate methodologies or expensive technology. Here are three steps that will help you get started.

1) Listen: Invest in a "voice of customer" program

Sometimes it is hard to understand how your business is perceived. As the Polish proverb goes: "A guest sees more in an hour than the host in a year." Large enterprises are investing in technologies to receive customer feedback through surveys, social media, websites, and other channels. However, if you are running a small business, you can get useful feedback with little time and effort.

Start by taking some time from the daily routine to walk through the entire process your customers go through. Informally interview your customers and ask for feedback on what they like and do not like about doing business with your firm. You could also hire someone to be an "undercover" customer at your firm and key competitors or assign a new employee to this job. You may be surprised to find that after just a few interviews, some common frustrations are revealed. Furthermore, you will also start to get ideas on how to create new customer experiences to stand out from your competition.


2) Improve: Fix what is broken, then wow!

It sounds obvious, but sometimes you can stand out from competitors just by having fewer problems. Getting rid of experiences that detract from customer loyalty is a necessary step. Sprint, a US mobile telecom company, achieved unwanted notoriety in 2007 by "firing" its unprofitable customers. But it failed to account for the media backlash and did not address the core issues of why those customers were calling. Sprint engineered an impressive turnaround by systematically uncovering and fixing customer service problems. As a result, the company dramatically improved its customer satisfaction rating, reduced costs, and increased customer retention rates.

Still, doing exactly what customers expect will not be memorable for long. Innovation is also a key part of any growing business. For creative, low-cost ideas, read about the Purple Goldfish Project (<http://www.marketinglagnappe.com/blog/1001-examples-of-lagnappe/>) to learn how a little something extra can make a big difference. For example, Doubletree Hotels gives away freshly baked chocolate chip cookies to guests at check-in. Wow!

3) Deliver: Hire nice people, empower them to serve

It is certainly important to do things correctly. But it is equally important to have employees who interact pleasantly with customers. During our research we asked consumers to write about why their experiences were memorable, and the most common factor mentioned was friendly employees. Furthermore, your business will be perceived as more customer centric if employees have the authority to take care of problems immediately. During a recent hotel stay, I experienced slow service for my order. The waiter noticed the problem and offered a free beverage for the inconvenience, without asking permission from the boss. This is an example of how an empowered employee turned a negative experience into one that I talk about in my keynote speeches.

In summary, CEM can help your business compete in a world of increasingly commoditized products and services. To succeed, listen to your customers, focus on creating memorable interactions, and be sure that your business is staffed with friendly, competent, empowered employees. 



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