



Customer Experience White Paper

What does Customer Experience really mean?

What's behind customer experience as a business practice and a methodology for business transformation?

"Customer Experience" is bandied around frequently. Sometimes, I sense Customer Experience has become the new fashionable term for Customer Services, and yet, it's a whole lot more than Customer Service.

Sometimes, Customer Experience seems to be synonymous with technology investment in CRM, digital and other channel platforms. Technology investment can be an outcome to support the desired Customer Experience but only after customer drivers and insights are clearly understood.

And sometimes, Customer Experience is viewed purely as design thinking. This, too, is a critical component of Customer Experience, but it is not sufficient in and of itself. Holistic business change is required to fully support and implement the outcomes of design projects.

To reap the full rewards of a customer experience strategy, an organisation-wide focus is required, with focus on the business value.

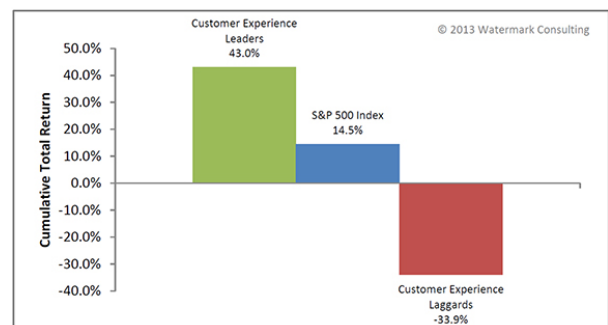
In this Age of Customers, we fail to invest in Customer Experience at our peril. Research shows 89% of customers switch after one poor experience. However, Customer Experience can achieve so much more than mitigating risk and negative consequences. Did you know 86% of customers pay **more** for a better experience?¹

Customer Experience isn't being "nice to customers"; it's about delivering real shareholder value. The alternative is to leave financial performance to other initiatives that may actually undermine customer experience goals.

Customer Experience can, if we so choose, be a foundation of company strategy, targeting better than average market returns. US research found that from 2007 to 2012, customer experience leaders outperformed the broader share market, generating a total return that was three times higher on average than the S&P 500 index.²

Customer Experience Leaders Outperform the Market

6-Year Stock Performance of Customer Experience Leaders vs. Laggards vs. S&P 500 (2007-2012)



Do you have a financial case behind your customer experience efforts that has caught the attention of your CFO? Customer experience delivers compelling business returns, especially when focus is placed on top line revenue growth, as well as cost efficiency.

To achieve strong financial returns, companies need to undertake a customer-centred business transformation.

Customer Experience transformation requires us to change the way we operate. "To achieve the full potential of Customer Experience as a business strategy, you must manage from the perspective of your customers, and you must do it in a systematic, repeatable and disciplined way."³

Managing from the perspective of your customers is to be truly customer-centric. This is another term that we use so often that we forget what it means. The opposite of being customer-centric is to be organisational-centric.

To illustrate, I once observed a customer focus group with small business customers. One customer's comment really resonated with me: "What is it about large companies, that cause them to spend so much time thinking about themselves? As a small business, if I don't take my lead from what's important to my customers and think about how to deliver to their needs everyday, I'd go out of business."

Customer-centricity isn't about recognising that there is a customer at the end of our process, or that a customer pays the bill. It's about acquiring a rich understanding of our customers' world: their dreams, their

¹ Oracle Customer Experience Research 2012

² Watermark Consulting Ltd - The ROI of a Great Customer Experience 2013.

³ Outside In - The Power of Putting Customers at the Centre of Your Business; Manning, Bodine, Forrester Research 2012

pain-points, and their needs. Then we join this understanding with our knowledge of our business capability and financial strengths. This way, our organisation can create better solutions that customers don't expect us to provide.

How much time do we dedicate in our busy workday to understand our customers' world? For example, how frequently do we observe our customers in their environment using our products? Or listen to conversations in our contact centres? Or read our customers' posts on social media? Or talk directly with customers to hear their perspective?

Research reports help us to monitor customer sentiment and trends. But research reports are not sufficient. To truly take the lead from customers, our decisions need to be rooted in a rich, first-hand understanding of customer needs and motivations.

Being customer-centred requires a culture change to create a new norm for how we operate our business.

We all recognise that culture change is hard because it's changing our everyday conversations and actions. It is this same culture change that builds and sustains the momentum necessary to achieve transformation. The power of the contribution of many people to achieve real and rewarding change.

The alternative to culture change is to establish numerous projects designed to create improvements in customer experience. Whilst projects are critical to create step change and sustained innovation, it takes a huge number of projects to create the level of change necessary for customers to change their view of a brand.

Customer experience is about people – our people as much as our customers. Genuine and persistent people-focused leadership creates and nurtures a customer-centric culture. Time devoted to supporting leaders to lead, role model and coach in a consistent way will be directly visible in customer measures. And in a matter of months, not years.

When people believe that this isn't a passing fad, they will actively engage, support and shape the way forward. From my personal experience, this is what makes customer experience an exciting journey.

With lots of individual ideas and contributions, other aspects become critical - a shared vision, clear accountabilities and strong governance.

Customer Experience programmes of work require operating in a systematic, repeatable and disciplined way.

Everyone needs to aim for the same goal that is simply and clearly articulated so everyone knows and understands it. Everyone needs to know "how" they can contribute when we're aiming for a positive change in customer perception. They also need to know their individual accountability of "what" we deliver.

Governance requires special mention. Customer Experience is, by nature, cross-functional and cross-departmental. To create a better customer experience requires true collaboration. Governance is critical to sponsor and support initiatives that require change in multiple areas. This is another form of direct leadership to open doors and support new ways of working.

Governance and clear accountabilities are also key ways to establish and maintain a level of momentum and activity in an organisation that can be sustained over multiple years. Starting out with a big bang of high profile initiatives, and then fading out to nothing is a real danger that should be considered and mitigated.

Has your organization thought about ways of supporting everyone to get involved with Customer Experience - not only setting up project teams; not only Customer Services? When everyone is empowered to contribute to creating truly customer-centric solutions, then real transformation will occur.

Customer Experience is therefore an organisational wide strategy; enabled by highly engaged people who leverage rich customer understanding when making decisions. The results are explicitly designed solutions and experiences that build customer brand loyalty and share of wallet.



Sue Atkins sue@betterresults.co.nz

Sue is passionate about customer experience as it is one strategy that delivers to customers, staff and stakeholder requirements. Sue works with clients to establish strategies and initiatives to change the way the business operates to take full advantage of customer experience as a business opportunity.