The Top 5 Reasons Companies Improve Things Customers Don’t Care About

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The Top 5 Reasons Companies Improve Things Customers Don’t Care About

EXECUTIVE SUMMARY

In our experience, this is an epidemic. Organizations introduce changes to the experience they deliver that have little if any impact on customer behavior. Even worse, the changes add costs to the operating margin that don’t translate into value that customers are willing to pay for. In this White Paper, we explain why this occurs, citing five chronic problems prevalent in many organizations. We also review five strategies to help overcome these problems and move the organization toward engaging customers in co-designing solutions. As a result, risk is reduced, premiums are earned, and customer advocacy is enthusiastic.

THE PROBLEM

Every day in organizations around the world, managers are assigned to teams charged with creating improvements to the customer experience. In truth, many of the actions of these teams will have at best a marginal impact on customer satisfaction, loyalty, advocacy or spending. Why does this happen?

It begins, with the most obvious of problems.

1. The Folly of the Obvious

It seemed clear enough. Our hospitality client was positive that improving a key touchpoint in their customers’ arrival experience would pay off big time. So they spent real money and cut the time required to check in by almost half. The result? No change in spending, no change in satisfaction. They hired us to find out why. When we called customers, it was clear: their view of when their arrival began and ended was completely different. Improving one small part of the experience that our client controlled wasn’t a significant enough change in their customers’ eyes to garner greater satisfaction. This sort of thing happens in organizations every day. It may even be happening right now in your own organization. Teams of people blasting away at making changes to your customer’s experience that have little or no impact, all well intended, all certain that the improvements they are targeting are obvious issues for customers. The problem isn’t that they’re wrong.

The problem is that they’re right.
The reason this occurs is just as obvious as the problem itself. We tend to react to what we see, what is clearly problematic and think; “well, that we should definitely fix.” True, but relative to other, more pressing, less obvious, perhaps even hidden issues, it may land much farther down on your customers’ priority list. Even worse, it may be an issue, but not one that “fixing” would increase satisfaction, spending or loyalty.

2. The Researcher’s Unspoken Compromise

After the quantitative report has been printed and bound, and the statistically significant conclusions displayed with fitted plot lines and multi-variate regressions, few managers flip back to the appendix to read the footnote of how many focus groups produced the survey fielded to the representative sample.

But they should. Because what happens in the world of customer research is that compromises have to be made. For example, if you have a customer journey map with 150 touchpoints, and then only have 2 or 3 hours in your focus groups with eight customers, you simply can’t cover 150 questions or issues. You have to make a choice, so researchers talk with subject matter experts and pick four or five big questions to explore.

Were they the right questions? Well, who would question it after feeling the weight of that quantitative study? The truth is, traditional qualitative methods have limited utility for understanding the broad set of issues in the customer experience, and lots of hurdles to jump through to get to the right answers, and more importantly, the right questions.

3. The Trap of the Top Right Quadrant

We all know the quadrant being referenced; The Impact/Effort Matrix. It poses Impact on Customer across the y axis; Effort from “Hard” to “Easy” across the x axis. Spread about the quadrants are dots representing issues in the customer experience. It is unlikely that anyone in your company got a promotion by suggesting you go after “High Impact” and “High Effort.” No, those meetings always end with basically everything but the top right-hand quadrant going into a “parking lot.” And therein lies the trap.

Why a trap? Because if the only thing you are willing to focus on is what appears easiest, didn’t you miss the whole point?

Isn’t the purpose of mapping the customer journey and defining all those touchpoints to determine where you are missing customer expectations? Isn’t the goal to create greater differentiation and loyalty by identifying those touchpoints that mattered most to customers and to re-design the experience to exceed their expectations at those Moments of Truth?

We are all for achieving some “quick wins” but leading organizations we work with don’t get trapped into picking just the “low-hanging fruit” and leaving the ripest on the top for their competitors. Remember the words of John F. Kennedy when speaking at Rice University in 1962 about the space program’s goal of a moon landing: he said “We do these things not because they are easy, but because they are hard.”

4. The “Means” Becomes the “End”

A talented graphic artist who understands storytelling can take a customer journey map and turn it into an actual work of art worthy of professional framing. There is only one problem: It’s not art. And once it becomes art, even if it did its job and told a good story, it has defeated its purpose.

At a minimum, a journey map is a visual expression of the customer experience. It helps move us out of our “product out” mentality, walk in our customers’ shoes, and really appreciate the impact of a dropped call on a small business owner trying to place a supply order before the last day of the shipment window. Or what a late departure means for a daughter trying to reach an ailing parent back home. They help chart the emotional journey of the customer along with the functional steps, and highlight not just what customers are doing, but what they are thinking and feeling as well. They have the potential to
expose the chronic problems in the experience and uncover less obvious opportunities to exceed customer expectations that could create even stronger loyalty to the brand.

However, remember, that a framed, beautifully depicted journey map is the means to the end, not the end itself.

But that was then. Today, mobile has changed everything about how, when and where customers choose to interact with brands and it has left organizations without a mobile mindset reeling.

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We take a completely different approach to customer journey maps. Of course, we lay out a creative view of the journey, but rather than framing it, we keep it online and empower employees and customers with mobile devices to fill each Touchpoint and Customer Action with videos, photos and real-time insights about their experience. We turn journey maps from something you might frame, to something that stimulates conversation, creates alignment across functions, and most importantly, inspires action.

### 5. The Absolute Winner: “What Can Customers Really Teach Us?”

True story, we actually heard a very senior executive from a company celebrate for its “open innovation” capability tell us this personally: “What can customers really teach us?” He went on to explain how most of their new products came from studying adjacencies from other industries or from open innovation contests promoted globally.

Hey, we get it. We can’t expect customers to tell us how our technology or services could be enhanced to create new products or services. As someone once said, “If Henry Ford had asked customers what they wanted, they would have said ‘faster horses.’” But let’s hold those horses for just one minute. Certainly it’s our job to understand how our technologies can engineer solutions that customers could not describe, but isn’t it also our job to shape those solutions through the lens of how a customer sees them? Experiences them? Evolves them? And perhaps, if we let them, co-create those solutions with us?

Now there’s an idea.

¹ Moments that Matter, Intent-Rich Moments are Critical to Winning Today’s Consumer Journey, Forrester Consulting Thought Leadership Paper Commissioned by Google, July 2015, Page 5
THE SOLUTION

Assuming your organization doesn’t suffer from reason number five – how do you overcome the inertia that exists as described in the other four? It’s not easy and clearly it begins with leadership. Here are five remedies that may go a long way toward moving you into a greater partnership with your customers to help you drive greater innovation together.

Five Strategies to Drive Greater Customer Co-Creation:

1. Engage Senior Leaders: Start small. Set up some low-risk customer advisory panels or customer ride-a-longs that your most senior leaders can participate in. Often, in large companies especially, senior executives tend to meet with other senior executives, especially those that tend to be the happiest. Get off the pre-arranged tour, make it easy for executives to work the front line without embarrassing themselves, but letting them experience firsthand the chronic problems, as well as the opportunities to delight that customers and frontline employees face every day.

2. Create a Map of the Customer Journey: As noted, CX journey maps of old are helpful visual representations of the stages, steps and emotional highs and lows of the customer’s experience. Journey maps of today need to become software platforms that leverage mobile devices to engage customers in real time to deeply understand the more subtle, often hidden aspects of the experience that frequently represent new sources for innovation and competitive differentiation.

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3. Benchmark other Firms: The reason to pursue customer co-creation is far from altruistic. If you benchmark companies who are good at this, you will find out quickly that this is about outperforming competitors. Companies like Nike and Starbucks are leaders in their industry for many reasons, including how they co-design solutions with their customers – benchmark one or two companies that have strong brand or customer segment similarities to your company and see a new way of thinking about product or service development.

4. Become a Student of Platform Leadership: The late Prof. C.K. Prahalad and Prof. Venkat Ramaswamy suggested in the Journal of Interactive Marketing that a “...firm centric view of the world, refined over the last 75 years, is being challenged not by new competitors, but by communities of connected, informed, empowered and active consumers.” Making the transition to fully embrace the core precepts of customer co-creation is not a trivial matter. Companies must re-think and re-interpret their fundamental assumptions about how and where value is created and extracted and the role that each eco-system participant plays. Besides the work of these two acclaimed scholars, academic thought leaders like Michael Cusumano from MIT’s Sloan School of Management and the Kellogg School of Management’s Mohan Sawhney have researched and written extensively on how to compete and win by committing to a platform strategy that embraces the fact that the Internet of Things is upon us and customers have become active agents in not only receiving value, but in creating it as well.

5. Look for a Customer Co-Creation Opportunity: Work with managers in your organization to ask yourself: what assets exist that could be re-purposed into methods for engaging with customers? Could your mobile app be extended to facilitate more experience-based insights with customers? Could the combination of a few simple technologies create a new opportunity for changing the
game? Consider the NikePlus Running example. Nike inserted a smart sensor in the shoe that communicates with a receiver on an iPod, the accelerometer of the iPhone, or their Nike Fuelband and a dedicated website. They built an engagement platform that connects communities of runners and trainers to both Nike and each other. Further, they expanded the engagement platform to third-party developers to increase participants and add new sources of value. Growth in this category for Nike has been staggering, cost of marketing has been reduced and as Nike’s global director of consumer connections has said, in the past “the product was the end point of the consumer experience,” as the company viewed it, but now “it’s the starting point.”

**THE BENEFITS**

Coming full circle to the title of this White Paper, the first benefit is focusing on things that don’t just matter to customers, but create incremental value that ensures a competitive advantage. But three other benefits are worth considering. The first has to do with de-risking the product and service investments. When customers are part of your design process, not just participants in a handful of focus groups at the beginning, your likelihood of success grows significantly. Second, having a source of early adopters prior to introducing a new product or service cannot be beaten, especially if you have picked top brands that set the trend for their respective industries. Finally, and perhaps most important, there may be no greater source of competitive advantage than to be able to anticipate customer needs, or uncover an underserved market you could quickly address. Managed well, customers have no shortage of needs to discuss, and ideas to share to help guide you toward solutions before your competitors even imagine them.

**ABOUT CX WORKOUT**

CX Workout is the world’s first SaaS-based software platform enabling true customer co-creation. CX Workout removes the traditional friction associated with co-designing solutions with customers and results in higher impact innovations in half the time.

With CX Workout you can understand exactly what is happening at any point in your customers’ journey with the click of your mouse. Customers bring their journey to life with videos and photos of their actual experience; you see their reactions; hear their voices; capture their emotions and learn their ideas for improvement, all right at your fingertips.

Our implementation process answers three important questions:

- **Discover**: What really matters to your customers and do you have the ability to reliably exceed their expectations to ensure their loyalty and advocacy?

- **Design**: What improvements to the current experience would have the greatest impact and how do you align every part of the organization to a shared set of priorities?

- **Deploy**: How can you achieve measurable results faster than competitors and continuously innovate over time?

At CX Workout, our Mission is to revolutionize customer co-creation. Visit us at [www.cxworkout.com](http://www.cxworkout.com) to learn more or email info@cxworkout.com.

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2 Leavy, Brian, Interview: Venkat Ramaswamy – a ten-year perspective on how the value co-creation revolution is transforming competition, Strategy & Leadership Vol 41 No 6 2013, page 16