5 Questions Your Customer Experience Strategy Must Answer

White Paper

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5 Questions Your Customer Experience Strategy Must Answer

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It had been a long two days. The management team had spent the previous morning with us going through all of our research findings of how well they were delivering service to their customers. In the afternoon, we shared what their highest-performing employees valued about working there and the key reasons driving turnover. The next day, we visited a Ritz Carlton Hotel to learn how it executes its Employee and Guest Experience so consistently.

It was impressive. We all learned a lot.

Finally, after everyone retreated to his or her respective rooms to decompress from the last two days, the General Manager and I sat in the hotel lounge for a final discussion. After reflecting for a few moments, he said, “One thing is really clear to me. This isn’t just about customers or just about our employees. It really is about whether our management system is truly competitive. Do we have an operating model that ensures our results are reliable, even predictable? We are so busy running the business, it makes me wonder if it is really running us.” It was both a powerful insight and important turning point.

MANAGING YOUR PERFORMANCE

There is an old saying that “it’s not obvious to a fish that it’s surrounded by water.” For many managers, it’s easy to believe they are running successful enterprises because, for the most part, they receive so much reinforcement that things are working. Sure, the odd forecast gets missed, perhaps a few customers have complained about late deliveries—no organization is perfect. Perhaps one or two divisions have had some turnover issues, but that probably is to be expected in this economy, right?

Wrong. Companies we work with and study understand that their performance reflects their management system. Lots of things are beyond their control, but not the way they manage the delivery, measurement and
constant improvement of the service they deliver to their employees and customers. That is why Customer Experience isn’t a fad or one person’s job; it really is how you control the assets entrusted to management to create long-term competitive advantage and sustainable growth.

So, as our General Manager came to realize, literally at the end of the day, Customer Experience truly IS your business. And it forces you to ask five key questions:

1. **WHAT IS YOUR BRAND PROMISE?**

More accurately we might ask, what does your Brand promise? Once a customer has moved through the path to purchase – what have you promised him or her in terms of tangible value? Did you measure up? Did the experience he or she received match the promise you made? Even more important, is your Brand Promise consistent with your company’s Brand Position? If you are known in the market for reliability or safety, is the promise you’re communicating consistent with the way your customers think about you in the first place?

Traditional Brand Positioning science suggests that your Brand Positioning statement should describe your target customer, the market you are playing in, what you are promising in terms of emotional and rational benefits and the facts that prove why you are a better choice than your competitors. This is good advice, and you should understand these elements, but at the core of what we mean by Brand Position is what you stand for. Target is a popular, well-known example. Its Brand Position is **Style on a budget.** Home Depot is another good example: The hardware department store for do-it-yourselfers.

The point is that your position must define what you stand for so it can guide your decisions about what you will and will not do. For example, should a marketing manager at Target launch a new mobile app that provides a range of exciting new features she thinks customers would love? Well, besides all of the business case criteria that must be met, she needs to determine if it would help the brand’s target customer achieve style while staying on budget. If so, then it might be worth testing. Should a real estate manager at Home Depot suggest expanding store development into the Southwest? Besides all the other information someone like that would gather about population density, access to transportation hubs, etc., he would have to answer one other question: could they be the leading hardware department store for the do-it-yourselfers in that region?

In a nutshell, what you stand for tells you what you will, and will not, invest in.

The Brand Promise is different. Sometimes the Brand Promise is an external expression of the value your company has committed to deliver. To continue our examples from above, for Target, its Brand Promise is: **Expect more. Pay less.** For Home Depot: **You can do it. We can help.**

In our book, *Managing the Customer Experience, Turning Customers into Advocates*, Shaun Smith and I defined...
the Brand Promise as “an articulation of what target customers can expect from their experience with an organization.” It describes the proposition and the value this represents to the customer. We shared some examples:

- Carphone Warehouse: Simple – impartial – advice
- Midwest Express Airlines: The Best Care in the Air
- First Direct Bank: A bank designed around you, which doesn’t expect you to fit around it

Each of these statements represents a clear articulation of the value you should expect if you choose to buy from any of these companies. They are, quite simply, promises. And a promise needs to be kept or else it’s not a promise, it’s a lie.

Here are some criteria from Managing the Customer Experience that can help you evaluate your Brand Promise:

- **Value** - It should be of value to target customers: Richard Branson believes the Virgin brand is based on five key factors: value for money, quality, reliability, innovation and a sense of fun.

- **Need** - It should speak to Maslow’s hierarchy of needs. For example, Harley-Davidson promises “We Fulfill Dreams,” which directly targets those seeking self-actualization.

- **Action** - It must be achievable: A private banking group translated its Brand Promise into standards for each client interaction.

- **Focus** - It must be the focus and anchor for the organization. It serves as the promise made to customers, what the brand represents to customers and employees, and the internal values required to deliver it.

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**5. HOW DO YOU KNOW IF THE EXPERIENCE YOU ARE DELIVERING IS DIFFERENTIATING IN THE MARKETPLACE?**

Think about the experience you deliver to your target customers today. Is it measurably different from competitors? What would you describe as the “defining element” of the experience? A company that really understands this is IKEA, the Swedish furniture manufacturer. Although its products can be purchased through different channels, the brand has apparently figured out that if you are going to stand half a chance of defending your argument for the love seat over the sectional, the discussion is most effective while in the store, standing in front of the particular items. Ikea understands the “defining element” of the Ikea experience and doesn’t dilute it with distractions that move it away from something it isn’t.

Let’s never forget the many lessons learned about differentiation in the airline industry. When Virgin Atlantic decided to give United and British Airways a run for their money on their transatlantic route between London and New York, it didn’t just announce a schedule, it...
introduced a whole new level of service and value. Not only would Virgin fly you from London to New York and back, it would pick you up at your house or hotel in London and fly you to New York, where a limousine would be waiting to take you to any destination within 50 miles of Kennedy Airport -- all for about the same price as a comparable flight on United and British Airways. It has been estimated that within the year, Virgin took 19 points of market share away from its two competitors on that route.

When Wegmans Food Markets opened in a sleepy Pennsylvania neighborhood, the manager of a local grocery chain store didn’t pay much attention; that was until about 18% of his customers seemed to disappear. One visit to a Wegmans store explains why. Its brand promise is to “Eat Well – Live Well” by following four simple principles. Once inside the store, you know you are in for a different experience. Employees are “Cooking Coaches” and have been trained to help you put together great meals that are simple to prepare. In newer stores, food bars are located in different departments so you can actually enjoy a meal of the different food products at affordable prices. Companies like Virgin Atlantic and Wegmans, that provide significantly more value in areas their target customers really care about, deliver a competitively superior experience that produces results.

4. DO YOU UNDERSTAND THE END-TO-END JOURNEY OF YOUR CUSTOMERS AND THE EMOTIONAL HIGHS AND LOWS THEY ENCOUNTER IN DOING BUSINESS WITH YOU?

We spend a lot of time mapping out a customer’s journey in doing business with our clients. It is really worthwhile work because we discover things that traditional market research alone would never uncover. For example, it is pretty straightforward to identify those factors that influence loyalty in your business, such as what you must do to deliver better or differently from competitors to win over a segment of customers. What are harder to decode are the touchpoints and interactions in the experience that have the greatest influence over implementing those loyalty factors. These can be obvious or subtle.

For example, one retail banking client discovered that the way its Loans Officer physically handled a new client’s loan application had an enormous impact on client satisfaction. At a critical care children’s hospital, we learned how the Big Apple Circus’s Clown Care Unit trained its clowns to use creative ways to ask “permission” of patients to enter their hospital rooms for a visit to cheer them up or entertain them for a few minutes. To this untrained observer, the skill appeared to require a combination of humor, empathy, acceptance and authentic presence that was only honed over time. These tiny, often unnoticed interactions can have an enormous impact on whether you create loyal customers or not.
Some interactions are less subtle and even more challenging when they are outside of your control. We have all been the airline traveler waiting on a delayed flight with no information or explanation as to what is happening. Less so with JetBlue. This airline clearly understands that when customers are delayed, if the pilot comes out from the cockpit to personally explain what is happening and what actions they are taking to resolve the issue, assuming the wait is reasonable, dissatisfaction for the most part disappears. This is a critical touchpoint that the airline manages quite consistently.

Ask yourself, how steep are the various emotional curves in the experience you deliver? How strong are the emotions customers feel when they are calling your service desk or trying to understand the operating instructions you have so carefully prepared?

We apply principles from behavioral science to engineer experiences that produce greater “emotional involvement” between brands and their customers.

Even more important, to what extent have you designed an experience to intentionally create customer advocates? Charlotte Beers, Chairman Emeritus, Ogilvy & Mather, has said, “The truth is, what makes a brand powerful is the emotional involvement of customers.” It’s a penetrating insight. We apply principles from behavioral science to engineer experiences that produce greater “emotional involvement” between brands and their customers. It requires collaboration from many parts of the organization to accomplish, but the result creates experiences that companies like Virgin and Wegmans deliver every day. Grounded in what truly matters to customers and delivered through a combination of People, Products, and Processes, a customer’s journey through your experience should be both involving and memorable. As authors, Joe Pine and James Gilmore once said so articulately, “If service businesses such as banks, grocery stores, and insurance companies find no demand for memorabilia, it is because they do not offer anything anyone wants to remember.”

5. How do you know if the experience you are delivering is outperforming competitors and achieving your shareholders’ financial expectations?

We have talked about reasons to understand the customer journey, but in the end how do you measure your experience? One metric that has become popular over the years is the Net Promoter® Score developed by Frederick Reichheld and Dr. Laura Brooks. It asks customers one question, using a 0 to 10 scale: “How
likely is it that you would recommend X to a friend or colleague?” It analyzes the responses and categorizes them into one of three groups: Promoters (9–10 rating), Passives (7–8 rating) and Detractors (0–6 rating). The percentage of Promoters is then subtracted from the percentage of Detractors to obtain a Net Promoter score (NPS). NPS can be as low as -100 (everybody is a Detractor) or as high as +100 (everybody is a Promoter). So if 30% of customers selected a 9 or 10 and 30% selected anywhere from 0 to 6, your NPS score would be 0.

NPS has grown in popularity for several reasons:

- It becomes a single measure of performance that every person in the organization can understand.

- It has become a standard by which to benchmark your performance against other companies using the NPS score.

- Customer research moves from an annual “rear-view mirror” evaluation of performance to a rich and often real-time operational tool for measuring and taking action on things that create competitive advantage in ways that customers can see and feel.

But the real value of NPS goes beyond measuring customer satisfaction. If you believe that you are delivering a competitively superior customer experience, then your NPS score should be improving because you are exceeding customer expectations on touchpoints in the experiences that really matter. But when it comes to measuring customer experience, whether you use NPS or some other metric, what matters is to make sure performance is measured on those touchpoints that have been selected to consistently exceed your customers’ expectations. For example, I wasn’t surprised when, after being on a delayed JetBlue flight, I received a survey asking me about my experience. Sure enough, early in the survey, they asked me point blank: “Did the pilot address the passengers?” This is a good example of a company aligning what it measures to what it has chosen to differentiate on in the experience.

At AT&T, the company’s commitment to delivering a “Smart, Friendly and Fast” experience is reinforced by what it measures. Shortly after a customer visits an AT&T store, he or she receives a text message asking just three questions:
1. How satisfied were you with the service provided by the sales representative?

2. How likely are you to recommend AT&T to a friend? And why did you provide the rating you did?

3. About how long did you have to wait for service?

When a customer responds to any survey question with a score of 1-4, an alert is sent to the appropriate team for contact and resolution:

- Store-related issues go to local field management
- Global or brand-related issues go to specialized Care teams

Once the issue is resolved, AT&T re-surveys the customer to gauge the impact of the resolution and any improvement in brand loyalty.

Most companies that have adopted NPS separate transactional measures like these from relationship surveys that ask the customer to consider his or her overall experience with the company during a 12-month period. This relationship survey supplies important additional data that transactional measures alone won’t capture. It also provides a more comprehensive understanding of the degree to which they are building long-term loyalty and advocacy with their target customers.

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**SUMMARY**

Positive Customer Experience equals brand loyalty, repeat business, and customer advocacy. We hope these five key questions help you assess how your company defines its performance beyond the results reported to shareholders, and further upstream, to reflect on the moment when prospective customers decide to choose you over your competitors and then keep coming back because what you delivered exceeded their expectations on things that really mattered to them.

Obviously, more important than these questions are your answers to them. Tread carefully and be sure to shape your actions based on both profound knowledge of customer preferences and methods that include co-creating solutions with customers. Armed with these insights and a spirit of collaboration with customers, your efforts are sure to exceed even your own aspirations.