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The Customer Experience: It's Not Just About Products Anymore

Sue Luikens

Director, Client Relationship Management

Martin Group, Inc.

It's Not Just About the Product...

“The customer experience is the next competitive battleground”

Jerry Gregoire, CIO, Dell Computers

Why?

- **Increased Commoditization of Products;
Driven by Advent of the Internet**
- **Demands of Increasingly Affluent Society with
High Expectations**
- **Reduced Time from Innovation to Imitation**
- **Price, Features, Quality and Service No Longer
Differentiate You**

Today's Customer Experience

- **When you entered today and found a seat, did you notice anything different?**
- **What was your initial impression?**
- **How did it make you feel?**

Customer Experience: the Best and the Worst

- **What is the worst customer experience you ever had?**
- **What is the best customer experience you ever had?**

Frequency of the Customer Experience

- How many customer experiences did you have yesterday?
 - 5 to 10
 - 10 to 15
 - Over 20?
- Fill a prescription, buy a cup of coffee, lunch, visit the gym, watch a commercial on cable, read a magazine.....
- Estimated people are exposed to around 3,000 product messages each day*

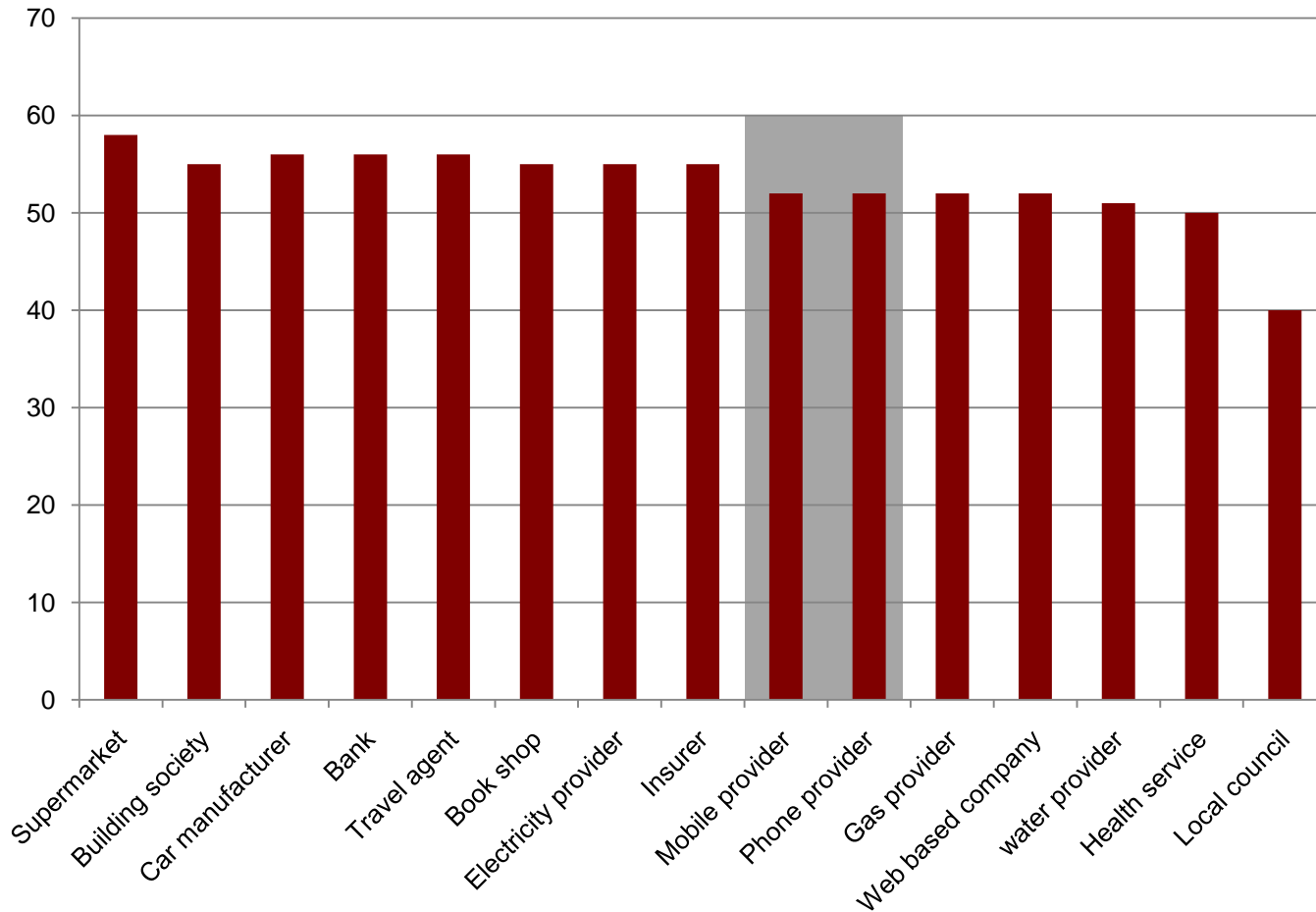
Building Great Customer Experiences, Colin Shaw and John Ivens

Welcome to King Burger – Where we can do it your way..... but don't get crazy.

Managing the Experience

- **Customer experiences must be managed as a business strategy**
- **You are already in the experience business – so manage it to your advantage.**

How High is the Bar Set Today?



The Marketing Forum market research report on customer centricity

How Does It Impact the Bottom Line?

- Produce loyal customers
- Attract new customers at least cost
- Reduce costs as much as possible
- Increase customer spending on your products

How MUCH Does It Impact the Bottom Line?

- **Study by Accenture and Montgomery in 2000:**
- **If a \$1 billion enterprise increased its investment in customer interactions from average to high, it could anticipate a \$42 million return on the investment.**
- **Conclusion: “superior relationship management is worth half your bottom line.**

Relate the Customer Experience to YOUR Bottom Line

- **What are your key growth goals?**
- **How do customers need to behave to achieve them?**
 - Increased buying patterns
 - Referrals
- **What avenues are available to you today that drive that behavior?**

Companies Who “Get It”

- **Disney started the trend**
- **Southwest Airlines and Virgin Atlantic**
- **Howard Schultz of Starbucks**
- **Amazon**
- **Intuit**
- **Harley Davidson**
- **Saturn**

Amazon

- In 1995 Amazon set out to be the world's largest bookstore; today it is rapidly becoming the world's biggest store of any kind.
- In the first six years, sales have risen to \$3 billion.
- Amazon's mission – to be the earth's most customer-centered company.
 - Listen
 - Invent
 - Personalize

Harrah's Entertainment

- **Improve customer experience so target customers would return.**
- **Cost of the program \$10 million**
- **Metric for success: Same-store revenues increased by 15% to a record \$184 million**
- **31% drop in employee turnover**
- **22% increase in customer satisfaction with 17% increase in target customer spend**

Definition: Customer Experience

A Customer Experience is an interaction between an organization and a customer. It is a blend of an organization's physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all moments of contact.

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The Physical Aspects

- **Price**
- **Product**
- **Delivery and Installation**
- **Location**
- **Business hours**
- **Channels used**
 - **Stores**
 - **Online**
 - **Phone**

The Senses:

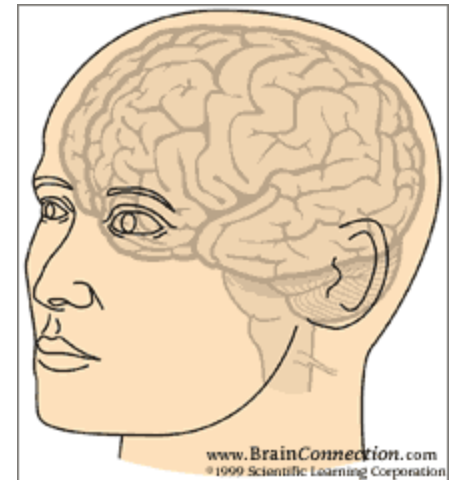
How a Customer Gathers Data

- We use our senses to gather data: sight, sound, taste, touch smell.
- The Customer Experience is about the senses being stimulated.
- Organizations can control what senses to stimulate and the data the individual collects.
- 69% of consumers said that emotions account for over half of their customer experience.

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The Emotions

- How it makes you feel.
- How it stimulates your emotions.
- You feel an emotion before you make logical sense of it.



Emotional Buying

“People buy emotionally and then justify with logic”

Buck Rodgers, IBM

- **Identify the emotions you want to generate**

Avoiding Emotions that De-Value

- **Emotions to Avoid**
 - **Stress**
 - **Neglect**
 - **Dissatisfaction**
 - **Frustration**
 - **Disappointment**
 - **Unhappiness**
 - **Hurry**
 - **Irritation**

Evoking Emotions that Drive Value

- **Focus on Gaining the Customer's Attention**
 - Stimulate
 - Gain Their Interest
 - Encourage Them to Explore
 - Energize Them
 - Indulge Them

Evoking Emotions that Drive Recommendations

- **A Customer Recommends You When They Feel**
 - Valued
 - Cared for
 - Trusting
 - They Have Your Focus
 - Safe

Evoking Emotions that Generate Advocacy

- **A Customer will Proactively Advocate Your Company and Products When They are**
 - **Happy**
 - **Pleased**

Customer Expectations

- **Customers Make Judgments Based on Expectations**
 - How long should it take to deliver high-speed after the order is placed?
 - What are reasonable business hours for a telecommunications provider?
 - How long should it take to resolve a reported trouble?
- **Be Careful What You Look for, Because You will Find It**

Moments of Contact

- **Map all Customer Moments of Contact**
- **Review Every Aspect of the Customer Experience as it Exists Today**
 - **Pre-experience (advertising, research)**
 - **Experience(actual transaction)**
 - **Post-experience (use of the product, product manuals, surveys, trouble reports and repair)**

How to Get There

- **Document the Current Customer Experience**
- **Identify your target market**
- **Determine what that target market values**
- **Define the Desired Customer Experience**
- **Align your entire organization to deliver that customer experience**
- **Live the Promise and generate loyalty**
- **Sustain and Enhance**

Define the Current Client Experience

Identify the Experience You Create for Your Customers Today:

- What are the customer touchpoints?
- Is it sufficiently valuable and differentiated to cause your customers to behave as you wish?
- What promise does your brand make?
- Do your customers believe that you deliver on the promise?

Identify the Target Market

- **Who are your most profitable customers?**
- **Are there a new market segments that could be equally profitable?**
- **How much are they worth to you compared with your average customers?**
- **What measurements do you have in place today to identify and focus on those customers?**

Identify the Customer Values

- **Survey your target market to define**
 - What that market values
 - Which values drive buying and loyalty
- **Track promotions and advertising to determine effectiveness and how that relates to customer values**
- **Survey your staff for their perceptions on existing customer values**

Define the Desired Customer Experience

- **An articulation of what target customers can expect from their experience with an organization.**
- **Must be of Value to Target Customers**
- **Must be Actionable**
- **Must be the Focus of the Organization**
- **Must be Delivered**

Align the Entire Company to Deliver

- **Focus on the Customer**
- **Develop a comprehensive change strategy to implement the new customer experience**
- **Getting the “People” Right**
- **Equip People and Deliver Consistently**
- **Empowering Your People**

Focus on the Customer

- **External Focus; Not Internal Focus.**
- **Company is built around what's good for the customer:**
 - Organizational structure
 - Processes
 - Systems,
 - Employee skills and personality
- **Everyone in the company must be focused on the customer.**
- **The entire approach to managing and measuring must be focused on the customer.**

Focus on the Customer

- **Focus on the Customer**
 - Commitment must come from the top down
 - Must be pervasive across the whole organization
- **Consistently Exceed Customer Expectations**
 - Identify what those expectations are
 - Constantly reset the bar
 - Consistently clear that bar with room to spare
- **Recognize that it Results in a Long-Term Competitive Advantage.**

Getting the “People” Right

- Hire people with competencies to satisfy customer expectations
- Train employees to deliver experiences that uniquely fit your brand promise
- Reward them for the right behaviors
- Most importantly, drive the behaviors from the very top of the organization

Commitment to the Experience

- **Midwest Express Airlines**
 - Account exec flew from St Louis to Milwaukee on one airline, from Milwaukee to Appleton, Wisconsin on Midwest Express.

Making People Matter

- **Are you consciously recruiting against the brand values and seeking a good fit for your culture?**
- **Is your investment in training and developing people at the leading edge end of your industry?**
- **Is your training designed to help people understand how they must behave to deliver your brand?**
- **Are you using involving, engaging processes to earn the right to staff loyalty?**

Making People Matter

- Are you treating people as you would wish them to treat your customers?
- Are you using your own people to help develop their colleagues?
- Are you actively demonstrating your support for the best by recognizing and rewarding them?
- Are you dealing with nonconformance?

Equip People and Deliver Consistently

- **Prepare managers to lead the delivery of the customer experience**
- **Equip employees with the knowledge, skills and tools needed to deliver the brand promise at every customer touchpoint**
- **Support with technology and infrastructure**
- **Reinforce performance through leadership action, incentives and measurement**

Empowering

- **Train on the product and the “how-to”**
- **Train on what customers value, what the promise is, how to deliver it**
- **Have a tight understanding of what customers value and their brand promise so they can empower employees to deliver via their own personalities and instincts**

Generate Loyalty Intentionally

- **Loyalty must be designed and created**
- **The customer's experience is:**
 - **The ultimate builder of a brand**
 - **The ultimate driver of brand loyalty**

Reward the Loyalty

- **How many of you actually provide better incentives to new customers than to the ones who have been your customer for years?**
- **It is well understood that it costs more to gain a new customer than it costs to retain an existing one.**

Sustain and Enhance

- **Use customer and employee feedback to maintain a line of sight to the customer and continuously enhance the customer experience**
- **Align business metrics, HR systems and business processes with the delivery of the customer experience**
- **Continuously communicate progress and results to embed the Customer Experience as the way you do business**

eBay: Sustains and Enhances

- eBay implemented a customer feedback system to measure analyze and improve customer satisfaction and loyalty
- eBay is at the top of its class in internet market space in customer loyalty scores
- Emails 50,000 surveys within 24 hours of interaction and receive about 31-33 percent response
- They monitor the survey results in real time and are alerted to any dissatisfaction instantly

The Customer Experience

- **The Customer Experience Will**
 - Drive Dollars to Your Bottom Line
 - Differentiate You From Your Competitors
 - Develop Loyal Customers

- **What are you going to do about it????**

Any Questions?

Thank You!

