

The Value of Customer Experience Management

Customer experience management (CEM) has three major benefits: 1) Short term improvement in retained business and customers; 2) improvements in customer loyalty for longer term gain; and 3) the creation of competitive differentiation. This Strategic Analysis Report examines CEM and provides insights to enterprises into how to design, implement, manage and profit from it.

Management Summary

CEM is part of customer relationship management (CRM) and the natural extension of building brand awareness. Where brand gives the promise, CEM is the physical delivery of that promise and is vital in an economy where a brand is increasingly built on value delivered rather than product features.

An enterprise's reputation — its brand — is no longer built solely via mass media. It is also built at customer touch points. Whenever customers come into contact with an enterprise, they experience what it is like to deal with that organization and form an opinion — good, bad or indifferent. The experience is the ultimate conveyor of value to the customer and a primary influence on future behavior; thus, it has potential value for the enterprise. Enterprises cannot avoid providing an experience, so designing and managing it is an important ingredient of CRM. A poor customer experience is a step on the path to defection, while a good one encourages loyalty. Customer experience is what ultimately creates the highly prized relationship and brand.

Customer experience is delivered through touch points (e.g., salespeople, call center agents, advertising, events, debt collectors, receptions, product brochures and Web sites). It is based on a customer's expectation of the value the enterprise will deliver, so managing expectations of the value proposition through reputation and publicity is an important part of delivering a good customer experience. The experience is designed based on expectations, translated into touch point processes to ensure consistency across channels and managed via customer feedback.

Constant feedback is important in managing the experience and should be obtained as soon after the experience as possible. Feedback, then, serves two purposes. It is used:

- By front-line staff to improve the experience and make changes to processes immediately
- As feedback to the customer strategy to ensure that customer objectives are on track

Feedback is an important part of the real time, adaptive enterprise that is able to react quickly to changes in the environment.

This *Strategic Analysis Report* examines CEM and provides insights to enterprises to succeed in this crucial effort. In doing so, the following Key Issues are presented:

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- What is CEM and why is it important?
- How will organizations create and drive positive customer experiences?
- What are the techniques and technologies that enable organizations to drive CEM?
- How will organizations determine CEM readiness and take steps to get there?

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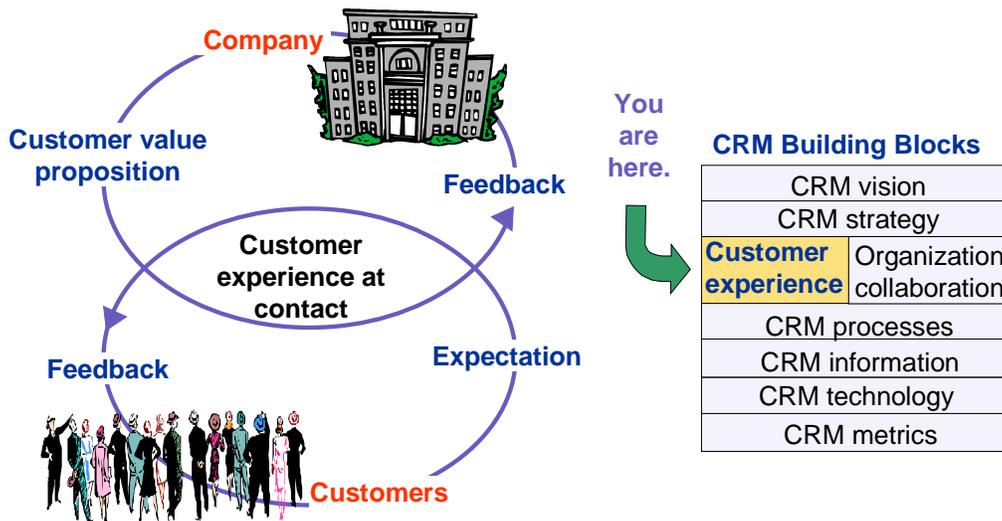
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1.0 Introduction

Key Issue: What is CEM, and why is it important?

Strategic Planning Assumption: Through 2006, enterprises that fail to establish strong relationships with their constituents will erode their competitive position by 15 percent to 20 percent per year (0.6 probability).

The customer experience is the delivery of the brand promise. It happens at touch points — the intersection of the customer and the enterprise. Thus, CEM is delivered through salespeople, call center agents, advertising, events, debt collectors, product brochures, receptions and Web sites. The customer's experience is filtered through the customer's expectations of the enterprise, which is determined by the publicized customer value proposition and feedback from other customers (see Figure 1).



Source: Gartner Research

Figure 1. What Is Customer Experience Management?

Thus, it is extremely possible for the customer experience at a high-end store (e.g., Neiman Marcus and Harrods) to be as good as that given to shoppers in "value for money" stores (e.g., Costco and Ikea). Interestingly, these are often the same shoppers

Ultimately, the management part of CEM comes in two parts:

- The strategic design
- The continuous improvement

Important input to both parts includes customer feedback and an enterprise's response to that feedback. Feedback can be explicit, as in a survey; or it can be implicit, as when an enterprise follows a customer's mouse clicks as the customer travels around a Web site. In designing and managing the customer experience, it is important to aim to *just* exceed expectations at the touch points that really matter to a customer, and *just* meet their expectations at the rest. This is the art of effective CEM that brings the benefits.

CEM is not separate from CRM, as some vendors and service providers would like to portray it. Customer experience is one of the key building blocks of CRM as shown in Figure 1. However, before an enterprise can manage the experience, it needs to have a customer-centric vision and strategy as well as the right

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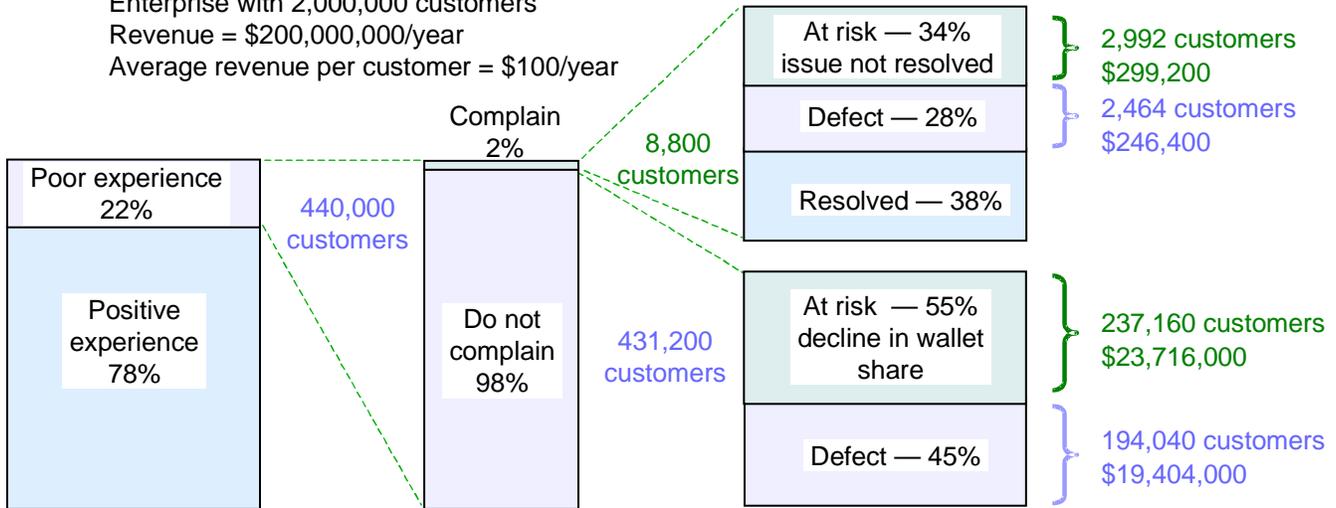
collaborative culture for delivery. Enterprises also need the support of customer processes, information, technology and enterprise metrics to deliver it consistently.

It is important to manage the customer experience because enterprises cannot avoid providing one. In the fight for the customers' hearts as well as their minds, it is an ever-growing battlefield. Experience is the ultimate conveyor of value and is a major influence on future buying behavior. A good customer experience encourages loyalty, while a poor customer experience can put relationships at risk resulting in reduced wallet share and defection (see Figure 2).

The Economics of a Poor Customer Experience

Case Study:

Enterprise with 2,000,000 customers
 Revenue = \$200,000,000/year
 Average revenue per customer = \$100/year



Source: ResponseTek Networks

Figure 2. Customer Experience Is a Business Issue

In the case study illustrated in Figure 2, a retail store has \$200 million in annual sales. Its average customer spends approximately \$100 per year. In research, it found that 78 percent of its customers were having a positive experience, but 22 percent were not; however, only 2 percent of the people with bad experiences complained. Of that 2 percent, 38 percent of the issues were resolved and the business was retained. By contrast, of those that did not complain, 45 percent defected. Worse still, there was a much less visible loss — 55 percent of the customers reduced their business. Unfortunately, as there was no complaint from this group, none of the issues could be resolved.

The lost business from the noncomplainers with a poor experience alone accounted for \$19.6 million in lost revenue per year. The immediate remedy for this drain on revenue was to put in place operational customer feedback and encourage complaints, allowing more of them to be resolved.

Resolving complaints and improving the customer experience via feedback will have an immediate effect on business by reducing the level of defection and business at risk, as well as providing longer-term gains in loyalty and competitive differentiation. Enterprises specializing in customer feedback technology (e.g., ResponseTek Networks, CustomerSat, Respond and ViewsCast) report that, on average, operational feedback can help reduce defection by 2 percent to 3 percent per year.

Thus, the three main benefits of managing the customer experience are:

- Short-term improvement in retained business and customers
- Longer-term gains in improvements in customer loyalty — with its resultant benefits

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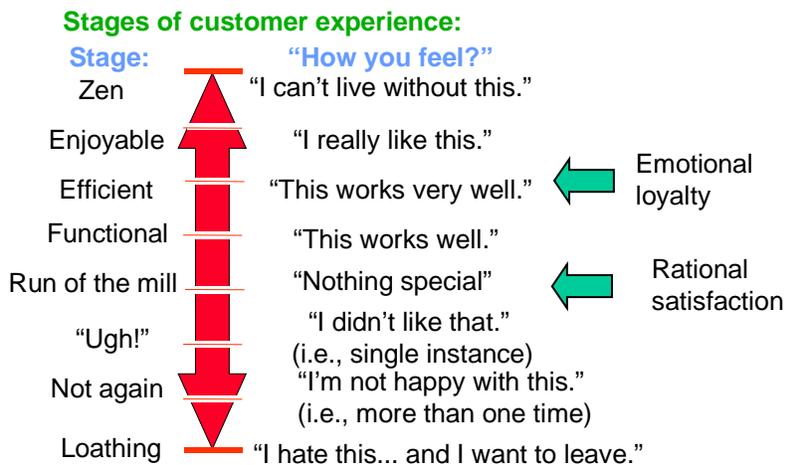
- The creation of competitive differentiation

Action Items: Use customer and staff input and feedback to design, evolve and personalize the customer experience. Encourage customer feedback by telling them how their feedback changes the service.

1.1 Customer Satisfaction and Customer Loyalty

Strategic Planning Assumption: More than 80 percent of CRM strategies will fail to articulate the brand values in the customer experience; the result will be a large decrease in benefits from CRM (0.8 probability).

The customer experience is important in building up longer-term emotional "loyalty" or commitment to an enterprise. People remember experiences — especially the very good and particularly the bad. Interestingly, only 15 percent of companies worldwide are currently gearing up to create emotional loyalty; but in the new economic climate of demand-driven markets, they are creating a big advantage over those that still look only at rational satisfaction. As one IBM executive put it, "people buy emotionally and then justify with logic."



Source: Gartner Research

Figure 3. Stages of Customer Experience

The graphic in Figure 3 shows the emotional values customers put on their experiences from feelings of loathing to Zen. It provides a way to quantify emotions from a customer experience perspective, and it shows the emotional values customers put on their experiences.

Ultimately, customer satisfaction is only the run-of-the-mill entry point. It is the degree to which customers perceive their rational needs are being met and the relative value to them of what is supplied compared with purchases from other enterprises. Loyalty is higher up the Zen scale. It is more qualitative and subjective — it is a feeling of connection to, and a belief in, an enterprise and its proposition, created by a "feel good" factor from the customer experience during interactions. Thus, a Zen experience can be:

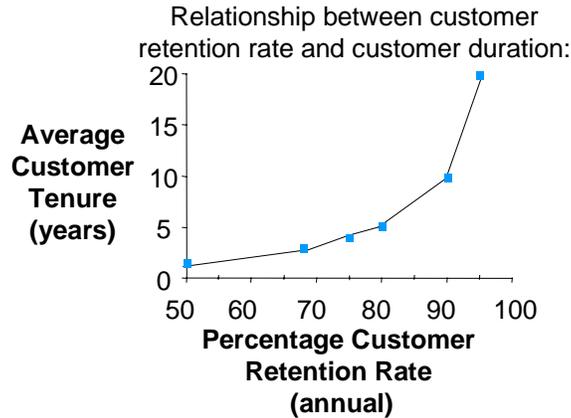
- Drinking a Coke on a hot day — the classically shaped bottle
- Driving a Porsche down a winding road on a beautiful day
- Drinking coffee and reading the Sunday newspaper

Not every customer will have a Zen experience. The aim is to move customers up the scale based on their potential. Some may never get past "run of the mill"; however, it must be understood that an

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enterprise can offer satisfaction without gaining loyalty, but not loyalty without satisfaction. Ultimately, loyalty is the crucial measure in creating valuable customer relationships.

Recent studies have shown that enterprises with loyal customers can have profits up to 60 percent higher than competitors, and they are twice as likely to exceed the forecasts of financial analysts (see Figure 4). So, the basic tenet of CRM — that customer intimacy is good and valuable — is not wrong. It just needs to be understood, managed and measured in the right way.



Source: The Loyalty Effect

Figure 4. Impact of CEM on Customer Retention and Revenue

The dynamics of loyalty are not the same in all industries. Loyalty is far more likely where involvement with the product or service is strong (i.e., the purchase is personal or important to an enterprise, and the transaction is more complex than routine) and less likely when it is not. However, loyalty can be created for what an enterprise represents and how it delivers, and this is the essence of creating a customer experience with the brand.

1.2 The Importance of Brand and Competitive Differentiation

Brands are important in creating an image, and building mass-market brand awareness was important in the supply driven markets of the past. However, in today's demand-driven individualized markets, brands are becoming less distinct (see Figure 5). What is the perceived difference between Visa and MasterCard, or L'Oreal and Clairol? Increasingly, brands need to be distinctive from the competition. They need a "personality" that can differentiate brand values that can be brought to life at the touch points in a personalized customer experience.

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* **Similarity scores: the higher the score, the greater the perceived increase in similarity between brands.**

Source: Copernicus Marketing Consulting

Figure 5. Brand Differentiation

Many enterprises have values — often focused internally and, in many cases, just taking up wall space (e.g., "We will be honest and trustworthy."). Few enterprises:

- Base their values on what customers want
- Involve employees in developing the values
- Link the values to the brand promise
- Encourage staff to align their behavior with the values
- Reward employees for delivering the brand values

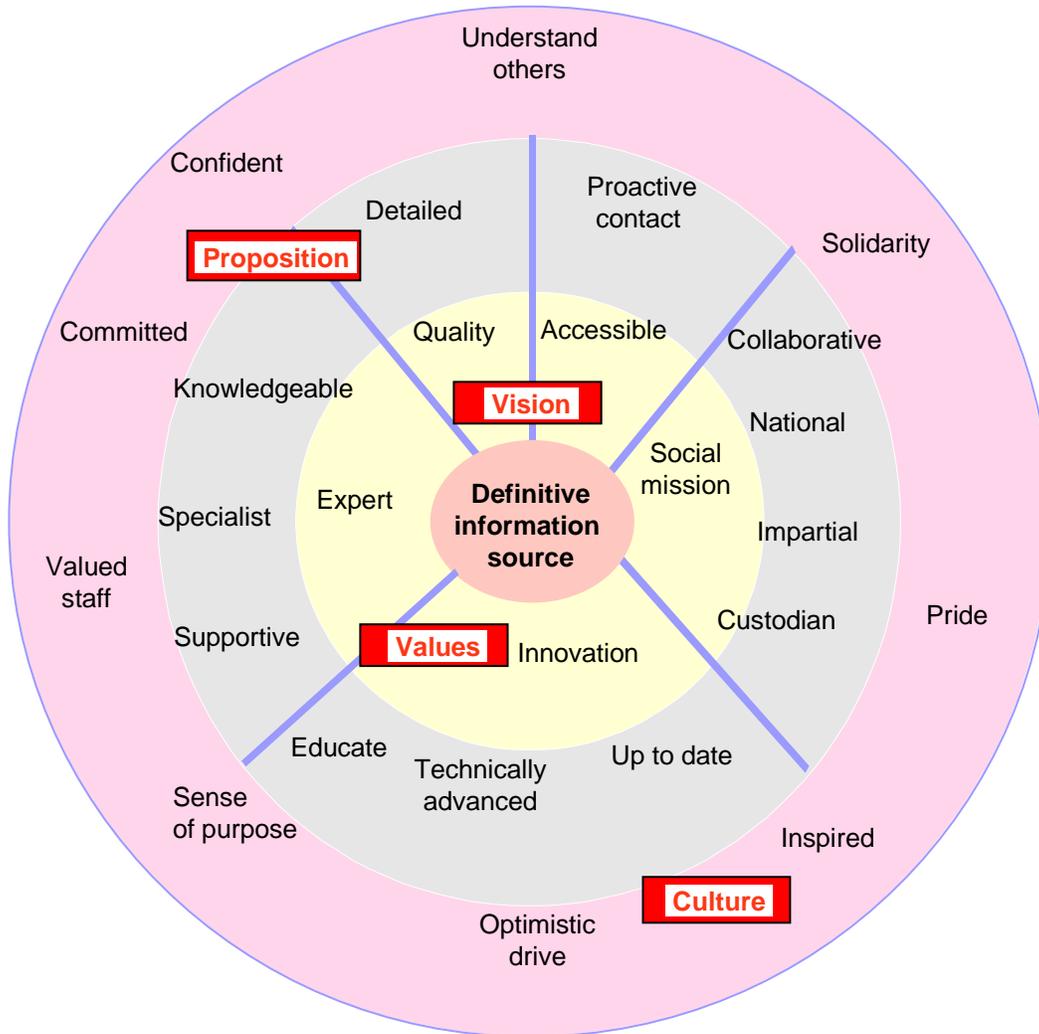
Brand values and the customer experience derived from them now need to play a greater role in creating a common purpose for the enterprise. Brands need to:

- Define the promise to customers and potential customers about the likely customer experience they will get by dealing with that enterprise, especially in relation to the competition
- Act to unify the enterprise's operations in delivering a consistent customer experience

Increasingly, enterprises are moving to corporate unifying brands rather than a mass of product brands (see Figure 6). If differentiated and distinctive customer experiences are to be delivered, this has to be done by enterprise employees, who have to behave in a knowledgeable and consistent manner, paying attention to the details.

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Customer experiences can be the antidote:



Source: Gartner Research

Figure 6. Customer Experience Can Differentiate

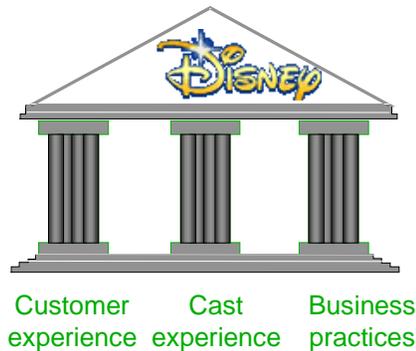
Figure 6 provides an example of a brand model in development. This company decided that its market position was to be the definitive source for its product. It set out to establish from customers and potential customers what values it had to enshrine in everything it did to ensure it built up customer loyalty. At the proposition level, it set out more-detailed information on how the values were to be delivered to customers so that this could be broken down by segment. Finally, it decided on the type of culture it would require to ensure the values were met and the market position was achieved. All this was done in conjunction with staff.

1.3 Case Study: Disney

Disney exemplifies the importance of enterprise employees to the delivery of a consistent customer experience. In the Disney film *Who Framed Roger Rabbit?* there is a scene in which the real life detective played by Bob Hoskins grabs the cartoon rabbit and pulls him up, repeatedly bumping his head on an overhanging lamp. As the lamp swings back and forth, it casts a realistic shadow that covers the people in the live frame and the animation in the cartoon and back again. Although Disney believes that 99 percent of the audience would not notice the shadow, it is Disney's attention to detail that makes the

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animator's work special — and time-consuming — in the delivery of the Disney experience. This is the mantra behind the development and management of its theme parks and the “secret sauce” — to mix metaphors — in its ability to create a world-class customer experience (see Figure 7).



“Bumping the Lamp”

- “Cast,” don’t hire.
- Associates embrace company culture, traditions and mission.
- Align company mission with behaviors.
- “Guest-ology”: Know and understand guest needs.
- Engage the mind.
- Exceed expectations.
- Every opportunity to touch a customer is a moment of truth.

Source: Gartner Research

Figure 7. Case Study: Disney Theme Parks

Disney's value proposition is built on three pillars: customer experience, business practices and environment. Disney realizes that creating a positive experience for employees enables it to create a positive experience for its customers. The Disney culture empowers employees and views every opportunity to touch a customer as a "moment of truth." Thus, attention to detail includes making certain that employees are comfortable (e.g., refreshment vendors standing on a rubber mat rather than concrete), so they are pleasant to customers, which will make for a more positive customer experience.

2.0 Designing the Customer Experience

Key Issue: How will organizations create positive customer experiences?

The customer experience is not the same as a service, just as a service is not a tangible product. Service is an activity that an enterprise provides, and the experience is a combination of stimuli (e.g., visual, tone of voice, smell, care and attention to detail) that creates "feelings" in the customer. The customer experience is a step beyond service in the "progression of economic value" and, like the product or the service, needs designing.

An example of this is the evolution of the birthday cake:

- Originally, mothers made cakes from basic ingredients — costing very little.
- Then, premixed birthday cakes were bought and made — costing more.
- As mothers had less time, parents outsourced the provision of the cake to people providing a service (i.e., they got the local baker to make one) — costing significantly more.
- Now, parents buy a complete birthday party experience together with cake — costing a great deal more.

Today, more companies selling to consumers and businesses alike are adding services and thinking about staging experiences. The buying of art for reception and staff areas, the staging of themes at exhibitions, the attention to the details of navigation on a Web site, a supportive attitude in response to a complaint and ensuring easy visitor car parking are all part of the same phenomenon — creating a positive customer experience.

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Designing the customer experience means establishing all the customer touch points and determining which ones matter most to different customer segments and, thus, can be capitalized on. Like the Disney animation, exceeding expectations can be time consuming and costly, so it has to be done where it will have the most effect. That is all part of managing the experience.

Thus, the major steps of designing the experience are:

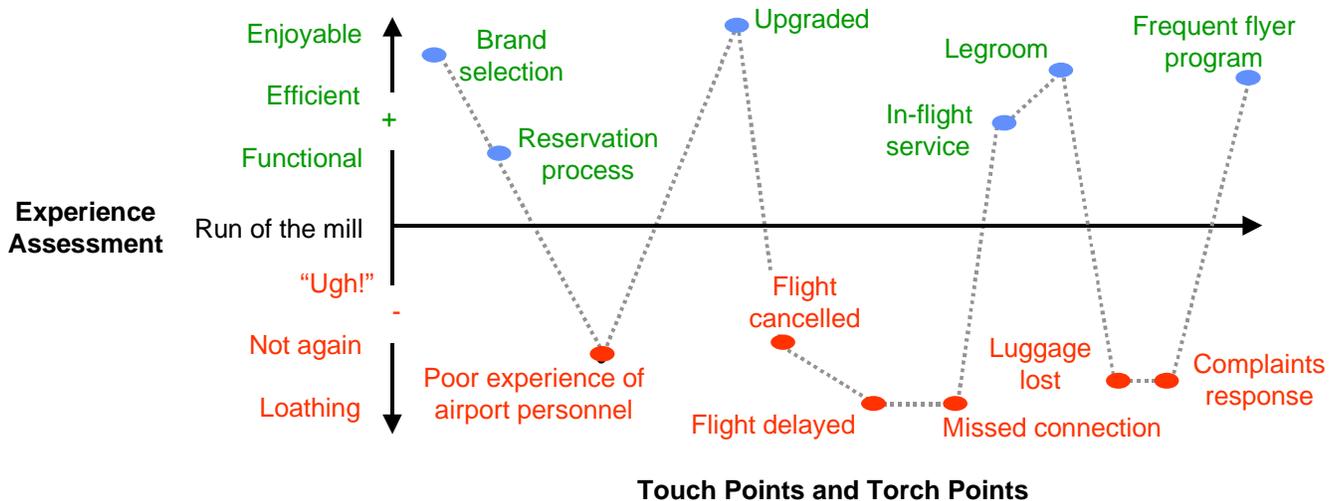
- Confirm that the enterprise's brand values are valued by customers and are seen as different from the competition in strategic brand image and market position research.
- Carry out strategic research to "listen to the voice of the customer" (i.e., How do they currently feel about the experience, what do they expect, what do they particularly value and what do they not want?) (see "If They're So Satisfied, Why Are They Leaving?" COM-13-3754, 23 March 2001 and "Customer Experience: The Voice of The Customer," TG-14-9567, 13 December 2001).
- In a senior manager workshop, design the outline of the customer experience in storyboard form for different segments to get senior management buy in and leadership for the changes needed, which is often easier said than done (see "CRM: Workers Own the Means of Production," COM-13-9554, 9 July 2001).
- In the CRM strategy, build the required experience for each segment into the customer value proposition (i.e., based on the specific drivers of loyalty established during research).
- Using a combination of touch point analysis, customer life cycle interaction processes mapping and known loyalty drivers, map out the moments of truth in customer interactions (i.e., where does the experience make the most positive and negative impact on customers?).
- Establish the gap between desired and actual experience at the moments of truth.
- Establish both the customer and employee experience, determine gaps and experiment with improvements to enhance the experience and minimize any negative effect.
- Recruit, train, coach and provide incentives to staff to support the brand values and improve the experience.
- Build feedback systems from customers and staff.

A key part of designing the customer experience, therefore, is finding the moments of truth, where the enterprise delivers value to customers during interactions and touch points (i.e., as distinct from the touch points).

2.1 Case Study: Airline Moments of Truth

Touch points are the places and moments where and when, if left alone, problems could flame up and spread, causing even bigger "fires" (see Figure 8). Figure 8 is an example from an airline and a customer development interaction process (i.e., taking a business flight). It illustrates the moments of truth as points at which a good experience will reap benefits and a negative one will have a very detrimental effect.

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Source: Gartner Research

Figure 8. Mapping the Moments of Truth

The business traveler in this case study experienced every one of the negative moments of truth in one journey, with little compensation on the positive side. The following is an excerpt from the actual complaint and claim-for-compensation letter.

"This was a most horrendous experience. Without my persistence in trying to find my luggage, and managing to find someone who had the sense and ability to help, I do not think I would have been reunited with it for a few days. At the moment, I will never fly XXX again, unless I am forced to do so. The whole experience from late planes to unhelpful staff has been very stressful. However, I would be grateful if Ronald could be officially thanked for his help. He fully deserves it."

The customer went from a view of the airline company as "run of the mill" to loathing in one journey, and even the helpfulness of one staff member did not compensate for the bad experience.

The heart of the complaint was not so much about the flight being cancelled and delayed and luggage lost, but more about the poor attitude of staff and the lack of help in quickly putting things right. The staff were more interested in sticking to their processes and procedures than providing a quality customer experience.

Given the tough economic conditions and the competitive environment in which enterprises find themselves, can any business — airlines included — afford such bad publicity, the loss of a valuable customer and a claim for compensation? This case illustrates how staff plays such a valuable role in customer experience and shows that a valued customer experience plays a great part in CEM.

2.2 Organizational Collaboration Improves CEM

Strategic Planning Assumption: Organizations without customer-focused management, metrics and "behaviors" will be unable to deliver a consistently positive customer experience (0.8 probability).

It is difficult to talk about designing and delivering a good customer experience without talking about organizational and cultural requirements for staff to be able to deliver it. Discussion of the one factor naturally leads to the other. This is why organizational collaboration sits side by side with customer experience on the eight building blocks of CRM. An enterprise's culture comes through loud and clear in the experience, and the experience is determined by the culture. The beliefs, behaviors, attitudes and values used in meeting customer demands are the differential competitive advantage. Imitating

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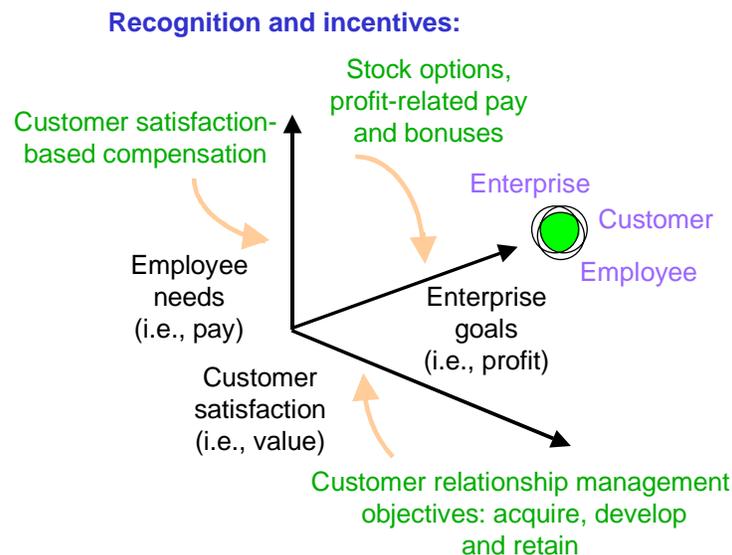
competitors via best practices is a waste of time in the game of differentiation. Products can be copied and prices can be undercut, but culture cannot be replicated easily, which is why culture is so important when creating a distinctive brand.

The tools for organizational collaboration include:

- Leadership and partnership
- Skills and competencies
- Knowledge and learning
- Organization
- Recognition and incentives

Every enterprise must discover its own formula for using these tools and align employee needs, enterprise goals, and customer satisfaction and loyalty. The customer experience must not be left to chance. The right staff needs casting, and then skills should be developed through continuous coaching and support in delivering the brand values and promise. Staff must have the skills and experience to tailor the customer experience for each individual customer. It is important that customer feedback is part of staff coaching so that the customer can play a part in the redesign of problem areas and help staff understand the issues. It is also important that knowledge management processes are built around the customer interaction processes because the delivery of a good customer experience is dependent on the learning and support that staff give each other as a natural part of everyday life.

Ensuring the right compensation and incentives are in place is a vital part of supporting organizational alignment for delivering the right customer experience. For many enterprises today, this will mean changing their compensation and incentive plans (see Figure 9).



Source: Gartner Research

Figure 9. Align Organizations and Incentives With the Customer

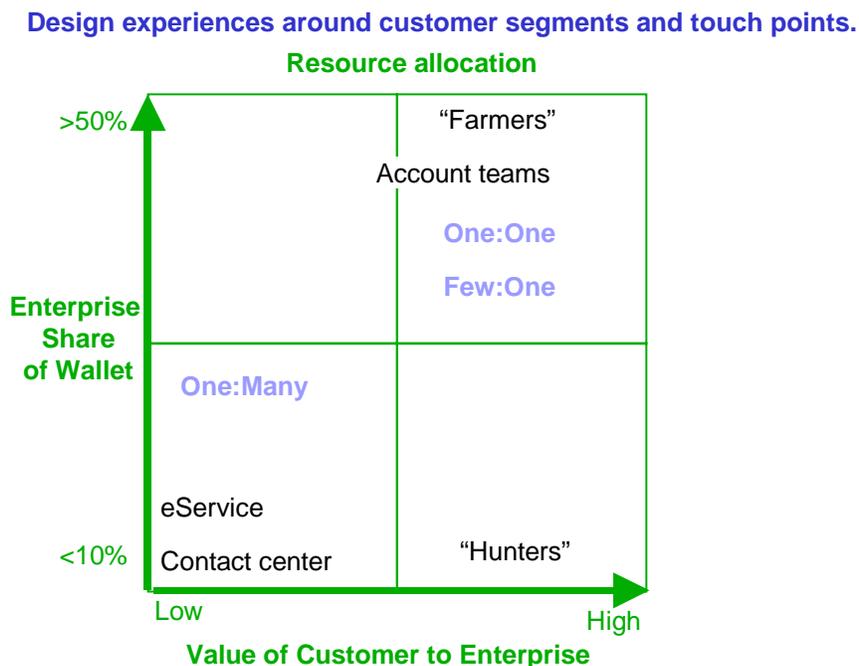
Unfortunately, many compensation systems focus exclusively on financial considerations, ignoring staff and customer satisfaction. Incentives are often based on the “what” that is being delivered — objectives

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with direct financial goals. There is little alignment of enterprise goals with customer value and, therefore, no alignment of staff incentives with delivering customer value and a good experience.

Incentive schemes that are trying to shift this state of affairs so that enterprise profits, customer value and employee compensation are all aligned tend to look at the “how” of delivery — performance management. With performance management, commission bonus, for example, could be based on customer experience as well as sales. Leading organizations in the field of CEM are also paying great attention to creating a customer value culture by fostering a community among staff. This community then becomes part of the incentive of working for the enterprise.

Organizational structures also come into question when designing a better customer experience, particularly when different segments are likely to need a different experience and resources. It is easy to visualize the benefits of changing sales resources-to-account ratios, so that the largest customer accounts have the most support, and greater customer spending is rewarded with greater attentiveness (i.e., if this is what the customer wants) (see Figure 10). The chart in Figure 10 shows some of the relationship models that enterprises are using when allocating their resources to improve the customer experience.



Source: Gartner Research

Figure 10. Design Experiences Around Customer Segments and Channels

However, resource allocation is not so easy. The hidden danger is that customer movements across segments are more dynamic than product changes in many vertical sectors. Consequently, the real challenge of segment-based resource allocation is the ability to alter resources dynamically as individual customers move among segments. Leading organizations are starting to design flexible delivery teams pulled from “communities of practice” (i.e., similar skill pools) as required and when required.

The case for improving the elements of organizational collaboration is made by the following two case studies.

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2.3 Case Study — Ben, a Dutch Mobile Phone Provider

Ben, a Dutch mobile phone provider, has more than 1.2 million subscribers, making it the country's third-largest mobile telephone operator. Three years ago, Ben was ranked last in customer service. With staff requirements jumping from 45 to more than 700 agents in a country with low unemployment and more than 300 call centers all vying for candidates, Ben had its hands full. Because process and people must precede technology, Ben's managers made it their first priority to attract, motivate and retain high-quality agents. Working collaboratively with supervisors and managers, a plan was put in place to develop clearly defined career paths and establish objectives, benchmarks and measurements to evaluate and motivate the staff.

To determine promotion eligibility, supervisors view the agents' interactions (i.e., in the call center and via the Web) and score them. Agents' compensation and career opportunities are tied directly to their skills as well as customer satisfaction. Ultimately, career paths and tying compensation to achieved levels drives behaviors and enables attracting and retaining high-quality staff.

The result was a multipronged effort that included internal marketing, an innovative career path program, training (i.e., \$8,000 per agent) and a search for suitable technology. A team of agents and managers selected NICE System's Customer Experience Management interaction center solution to aid in agent development. To determine promotion eligibility, using the NICE system, supervisors review agents' phone and Web interactions and score this against approximately 40 performance indicators, ranging from the greeting to more complex scenarios. Agent compensation is tied to skills and delivering a quality customer experience.

The result was that Ben's turnover is averaging less than half the industry average (i.e., 2.8 percent per month turnover rate, compared with an industry average of 7 percent per month). Ben is now delivering great customer services by using technology-based training to drive agents' skills. Because 90 percent of issues are addressed on the first call, and 80 percent of calls are picked up within 20 seconds, its interaction center earned top honors the past two years from the Netherlands' National Contact Center Awards committee.

2.4 Case Study: Package Delivery Company Migration to the Web

A company with a successful call center operation wanted to begin to drive customers to the Web for some self-serve functions. This would allow customers to be more in control, and it would lower costs for the enterprise by reducing the need for some agents.

This company did all of the right things, including:

- Breaking down the internal stovepipes of e-commerce and marketing
- Knowing how to articulate and drive customer awareness via an intervention program
- Training and providing scripting for agents
- Changing the call center agent metrics to allow more talk time and give credit for migrated customers
- Creating an improved Web experience

Unfortunately, the result was that only one-third of those customers that were asked if they wanted to learn about the self-serve option accepted the opportunity. In addition, only one-third of those that accepted actually migrated. What was the problem? Ultimately, the experience that the company wanted to migrate customers away from was so positive customers had little incentive to change the way they

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interacted with the company. Specifically, the current experience via the call center was of high value. It was faster and easier to do the function via the call center than the Web. Thus, there was no perceived value in migrating for the customer.

Consequently, the company's results included:

- The pilot was not expanded.
- The company is looking for higher-value customer tasks that could be candidates for self-service on the Web.
- The company anticipates that use of these functions would increase use of others as well.

Unfortunately, as this company has learned, an enterprise can do everything right; however, changing customer behaviors, especially when they are happy with the established experience, is hard to do.

3.0 CEM Applications and Technologies

Key Issue: What are the techniques and technologies that will enable organizations to drive CEM?

The techniques and technologies for continuously improving the customer experience are growing, as the whole area of CEM becomes more important to enterprises. The growth in ill conceived Web sites that damaged brand values and the appalling experience many customers, and staff, have had with call centers have led to an urgent need to monitor and improve the customer experience through feedback and analysis. This, in turn, has led to a growth in techniques and technologies for the job from three areas of specialization:

- Call center quality management
- Complaints management
- Market research

In addition, there are the developing methods and technologies for business activity monitoring — designed to increase the agility and adaptiveness of organizations — and enterprise performance measurements that take account of more than financial metrics.

3.1 Capturing and Improving the Experience in Face-to-Face Contact

Every contact with a customer is an opportunity to deliver the brand values because experiences bring value. It is the way the customer is treated that is important; and, more than that, it is the total experience (i.e., via all five senses) that counts. Experience is a conveyor of future value, and human interaction can be seven times more effective in delivering value than high-tech channels. However, as people can be expensive, they need to be employed at key moments of truth and their effectiveness monitored.

Although enterprises collect customer feedback in varying forms, research shows that it is either not used or it is misused in decision making and deployment. There is a lack of alignment between a desire to listen to customers and the resulting actions. A once-per-year customer satisfaction survey may not be very actionable by front-line staff (see Figure 11). In addition, although not given the same consideration, staff feedback is just as important as customer feedback.

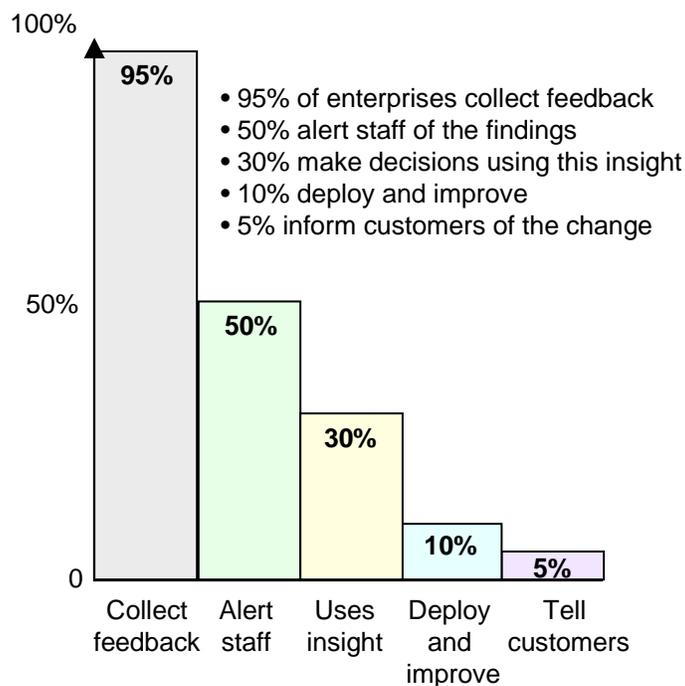
Many techniques are being used to better understand the customer experience, including:

- Regular reporting on customer acquisition and retention, as well as complaints and satisfaction

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- The formation of customer care and insight teams as a center of excellence
- Direct customer interaction for all levels of staff from top managers to shop floor staff
- The building of mechanisms like account reviews and service workshops that use the customer information in decision making
- Cross-cultural teams in model offices that experiment with new services and improvements based on decisions
- The setting up of internal CRM initiatives between departments and teams that allows for greater knowledge sharing and tearing down of departmental barriers
- The continuous coaching of staff in how their behavior supports brand values

Figure 11 shows that almost every enterprise collects feedback in some form. However, most do not use it to improve, and almost none inform their customers that their feedback was what caused the enterprise to make changes.



Source: Customer Champions in European Companies: 2001

Figure 11. Capturing and Improving the Experience in Face-to-Face Contacts

3.2 Capturing and Improving the "E" in Contact Centers

Today, contact center managers rely heavily on traditional service-level metrics (e.g., average handling time and first call resolution close). These metrics are used to assess how well the agents are performing against standard service-level goals — these rarely focus on the customer experience. In the near future, metrics and technology will be used more to “discover” the customer experience, including:

- Business performance metrics (e.g., saves and up-sells),
- Customer experience monitoring (e.g., recordings, visual interaction intelligence and rules-based word spotting)

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- Knowledge management (e.g., e-learning)
- Workforce optimization (e.g., automated agent schedules, staffing forecasts and matching agent skills to task)

Quality monitoring recordings can be tagged (i.e., based on rules or word spotting) and shared, so that departments can be made aware of, and act on, customer feedback. Individual calls can be captured and represented visually, so that managers can analyze such items as agent and team performance, best practices and customer experience. This will give managers a more-complete picture of agent quality as it impacts the business, and a rich set of visual tools to manage the call center and the agents.

E-learning technology enables managers to push training to agents at convenient times of the day. Agent career paths can be crafted based on a demonstrated increase in competencies and actual performance.

Workforce optimization applications gather history for forecasting or scheduling purposes (i.e., typical call volumes experienced and staffing required for a promotion) and can alert managers in real time when an agent is not adhering to a previously assigned schedule, which would negatively impact service-level goals and customer satisfaction.

3.3 Web Experiences

Every time a customer comes into contact with an enterprise, through any of its channels, the customer has an opportunity to form an opinion — good, bad or indifferent. Over time, this collective set of customer experiences forms a picture in the customer's mind, which ultimately forms the image of the brand and its values. Enterprises that are serious about CRM are serious about designing and maintaining a quality customer experience, as they recognize that a poor customer experience is a step toward customer defection; whereas, a good one encourages loyalty.

A recent cross-industry survey of 50 enterprises showed that enterprises do not conduct customer satisfaction and ease-of-use surveys for their Web sites; and, of those that do, fewer than two-thirds use the information to enhance the customer experience. In general, enterprises are not satisfied with the metrics they generate by simply employing traditional methods (e.g., analyzing log files).

The Web offers enterprises powerful ways to garner information regarding customer experiences and, in particular, Web-based experiences (see Figure 12).

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| Desires: | Methods: |
|---|---|
| Business savvy <ul style="list-style-type: none">• Addresses business requirements• Multichannel integration• Globalization/localization | Front line Uncover problems; identify opportunities |
| Ease of use <ul style="list-style-type: none">• Home page• Navigation• Search and browse• Accessibility• Aesthetics• Rock-solid site | Robotic agents Identify “hygiene” and other issues |
| Experience <ul style="list-style-type: none">• Presentation of information• Customer service and support• Build trust and loyalty• Privacy and security• Personalization | Click streams and operations data Identify areas to exploit and services to deliver |
| | Surveys Collect large samples of feedback; inexpensive |
| | Panels Can represent “target” customer |
| | Page tags Tracks real users in a natural setting |
| | Expert analysis Uncover “defects” early in the process |
| | Usability testing Can be done at any stage of the process |
| | Field studies Understand customer’s work and unspoken needs |

Source: Gartner Research

Figure 12. Capturing and Improving the “E” in Web Sites

By appropriately using a combination of the nine approaches identified in Figure 12, enterprises can measure the quality of their customer experience, take the emotion out of the evaluation (i.e., in most cases), make improvements and measure again.

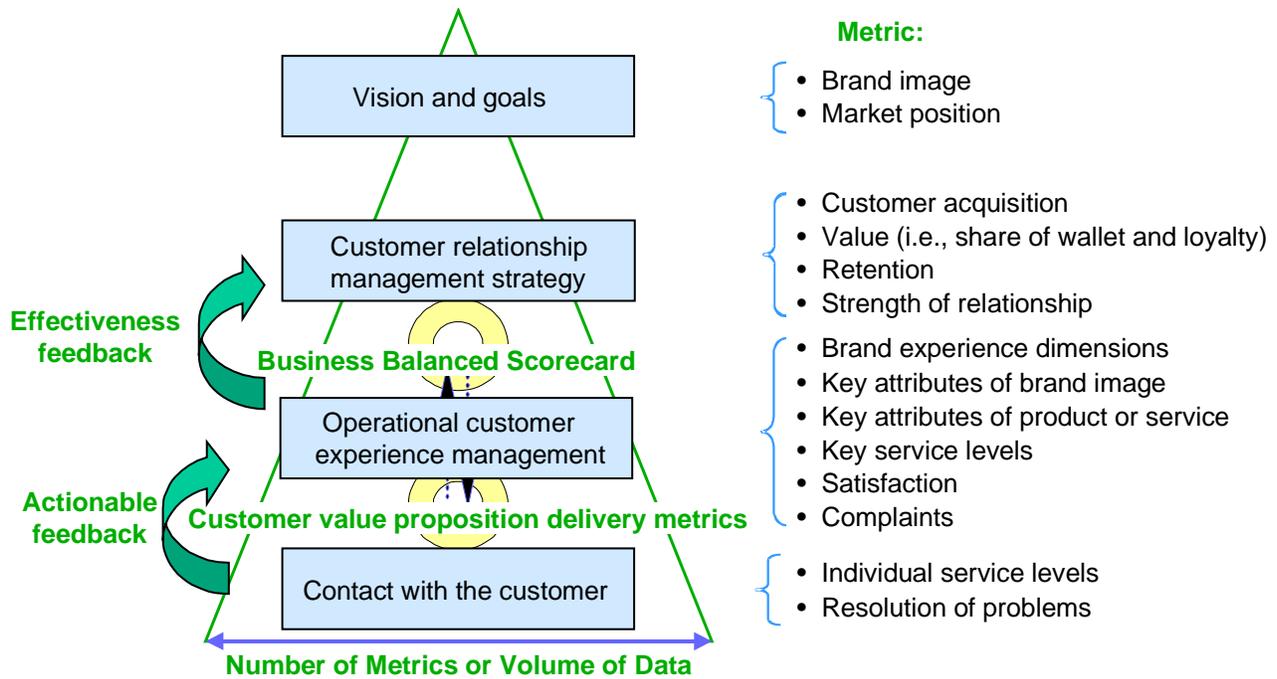
4.0 CEM Metrics and Measurement

Key Issue: How will organizations determine CEM readiness and take steps to get there?

In the past, enterprises have operated using operational cost efficiency metrics and top-level financial performance metrics. For CRM and CEM, these operational and strategic metrics have to expand to include customer value metrics. These show the value obtained from customer management both to the enterprise and, most importantly, to the customer. Including metrics such as key performance indicators focuses the business on achieving goals that are based on delivering customer value.

Metrics should be linked throughout the business at all levels in cause-and-effect chains via the business balanced scorecard. This links metrics at the input level to operations, then to strategy and then, finally, to the enterprise financial goals, plus market position and brand image targets — all of which are important for CEM. In some situations (e.g., business-to-business), it will also be relevant to have individual service-level metrics for customer contact (see Figure 13). Figure 13 shows the metrics at each level that are most important for improving the customer experience.

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Source: Gartner Research

Figure 13. Metrics of CEM

The most important metrics in CEM are the brand experience dimensions at operational level. These can be monitored on a daily basis and can be used quickly in decision making to transform the customer experience into one that is building up the value of the customer at each contact. Brand experience dimensions should be those elements of the enterprise's image and service that customers really care about and which, if delivered well, build up that feel-good factor and loyalty. Each brand experience dimension should have an owner, so that when it is shown to be falling below customer expectations, there can be a fast analysis and reversal of the situation. Fixing a brand experience dimension will likely involve processes in a number of functions, so an owner is needed to drive the necessary change.

CEM metrics require feedback channels to be opened and a feedback loop established — from the operational part of an enterprise back into its strategy — to keep it alive and able to unify the organization. At the same time, feedback provides the information to manage the customer experience at a more individual and personal level. In the future, these feedback loops will be built into the organization's metrics systems (i.e., its business balanced scorecard and individual service standards).

4.1 Determining CEM Readiness

Several factors must be evaluated for enterprises to make the most of customer experiences. Enterprises should consider the following issues and score each one.

Score 1 if you strongly agree with the statement; 2 if you mostly agree; 3 if you agree a bit; and 4 if you are not there yet.

- Good correlation between brand values and customer experience
- Reward systems are aligned with customer experience
- Organization undertakes regular research into customer requirements
- Organization actively encourages customer feedback

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- CRM processes coordinated across lines of business and channels from the customer viewpoint
- Organization undertakes regular research into customer service requirements
- A formal process for handling all forms of feedback and all feedback are acted on in same way
- Ongoing research into customer expectations
- Ongoing research into the customer satisfaction situation
- Organization regularly implements improvements to its CRM processes on the basis of the findings of its customer research goals

What the total score means:

- 18 or less: The enterprise is “bumping the lamp.”
- 19 to 25: World-class CEM
- 26 to 32: The enterprise's CEM efforts are salvageable.
- 33 to 40: Either a monopoly or the enterprise is going out of business

5.0 Conclusion

Ultimately, the customer experience is a business issue. A poor customer experience can put relationships at risk and promote defections.

CEM metrics require that feedback channels be opened and a feedback loop established — from the operational part of an enterprise back into its strategy — to keep it alive and able to unify the organization. At the same time, feedback provides the information at the front line to manage the customer experience at a more individual and personal level. In the future, these feedback loops will be built into the organization's metrics systems (i.e., its business balanced scorecard and individual service standards).

Therefore, enterprises should:

- Inspect to ensure that expectations and brand values are met across channels (i.e., face-to-face, Web and call center) and marketing mediums (e.g., advertising and brochures); make certain that the enterprise delivers on its promises to customers.
- Ensure that there is a feedback system in place; understand the sources of the feedback, the frequency and how the information is used.
- Segment the customer base. This should be the basis to determine the level of investment in the customer experience.
- Events should be mapped to channel delivery to ensure that there is a consistent experience that makes the brand distinct.