

# Customer Experience: A Roadmap for Marketers

From strategy  
to execution,  
this Whitepaper  
discusses the core  
aspects of a  
customer experience  
program



CANADIAN  
MARKETING  
ASSOCIATION

CMA

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It's the sum of a lot of activity – “ALL interactions a customer has ever had with your brand”. Overwhelming? It doesn't have to be. Developing and refining customer experience programs can work like a fine-tuned engine, with the right approach.

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There are many opportunities for measurement – both quantitative and qualitative, throughout a customer experience strategy. Determine what can be measured, the value of the metric, and then use measurement learning to evolve the metrics further. Equally important is communicating the results of customer experience research and measurement to the right people at the right time.

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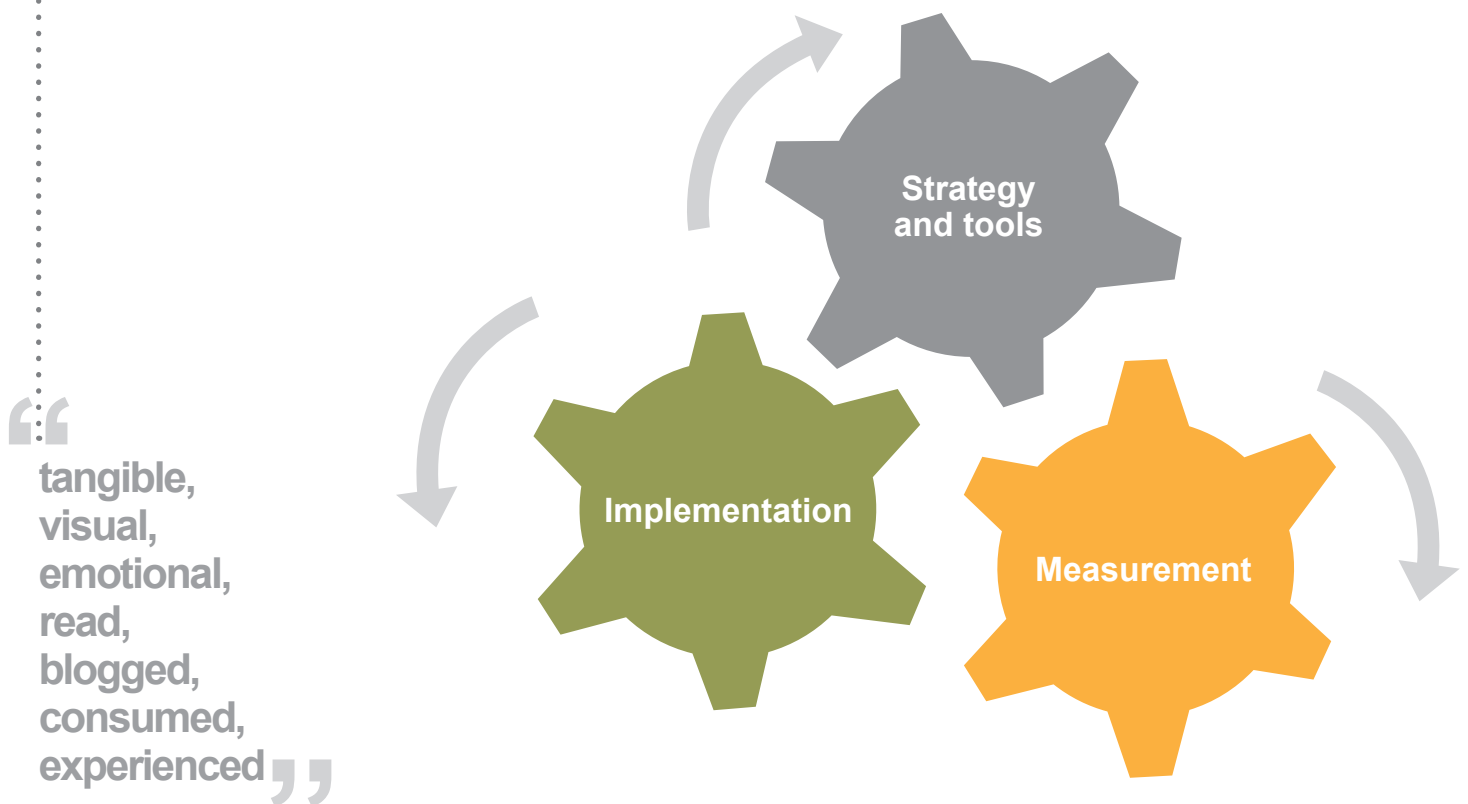
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# Customer Experience Defined

The Canadian Marketing Association's Integrated Marketing & Customer Experience Council defines customer experience (CE) as: the sum total of ALL interactions a customer has ever had with your brand: tangible, visual, emotional, read, blogged, consumed, experienced. In short, managing customer experience is everybody's job. So how do you know what to manage and

where do you start? Whether you're a senior leader, a brand strategist or a product expert, breaking the customer experience discipline into its main components can help. From strategy to execution, this Whitepaper discusses the core aspects of a customer experience program and the ways they interconnect, as illustrated below.



# Strategy and Tools

## In this section:

- **Aligning Customer Experience Strategy with Corporate Strategy: Where does your organization operate?**
- **Defining the Audience: Where do you fit in the customer's world?**
- **Mapping the Customer Experience**
- **Using Maps to Drive Prioritization**

Where do great marketers look in order to get the best perspective on customer experience? Not down into the complexities of their own organizations, but up and out. To capture the customer's perspective, great marketers start by looking at their businesses from the outside in, envisioning the brand experience as their customers see it.

Whatever methodology your organization chooses to dig deeper into the customer experience, there are several key areas that should be explored: 1) identify where your organization operates, 2) define the audience, and 3) understand the current customer experience.

## 1. Aligning Customer Experience Strategy with Corporate Strategy

Imagine you are looking up, exactly as most great marketers would advise. What do you see? Does the vantage point from which you are standing matter? And what about those customers who look in toward your organization - where are they standing?

This place is critically important. We can call it 'the lookout'; the foundational place an organization stands, or known by another name, its business strategy. So, how is this relevant to customer experience? Strategy directs an organization's specific environment, shaping the behaviour of those working within it. As an example, entrepreneurial companies, where decisions have to be made in more precarious and less stable environments, often operate very differently from more mature firms.

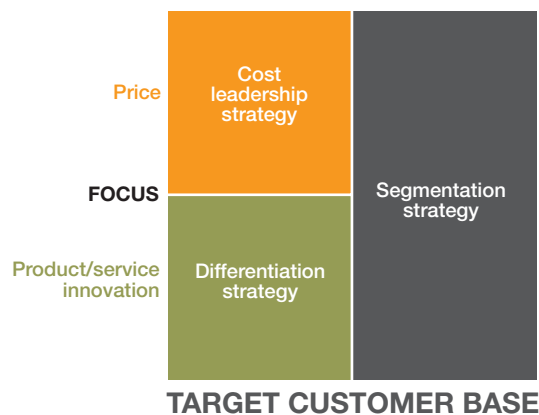
But direction on customer experience doesn't have to wait for involvement at an enterprise-wide level. It can start with articulating what you already know, the business you're in and what your customers expect.

Paul Hagen of Forrester Research offers an intuitive approach to aligning customer experience strategy with corporate strategy, grounded in Michael Porter's generic company strategies.

Great marketers start by looking at their businesses from the outside in.”

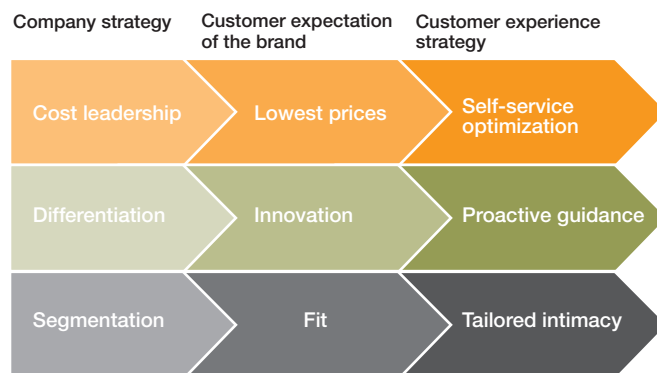
customer experience maps audience corporate strategy environment tools opportunities

### Michael Porter's Generic Strategies



Source: Hagen, Paul. "What is the Right Customer Experience Strategy?", Forester, 2010

### Company Strategy Guides Expectations for a Customer Experience Strategy



Source: Hagen, Paul. "What is the Right Customer Experience Strategy?", Forester, 2010

From this basic grid, Hagen extrapolates the core strategies to incorporate the customer-focused approaches that would fit them best. Cost leaders competing on low prices, such as Costco, IKEA, Vanguard or Southwest Airlines, should optimize self-service to deliver a simple, efficient, and error-free experience. Differentiators competing on innovation (Apple, Nikon, Disney) should create proactive guidance to help customers find and use the delights of innovative products and services. Companies that focus on narrow markets or segments need to create attuned and personalized interactions to show an intimate understanding of lifestyles and identities.

With an identification of core strategy, the maps to customer experience become clearer.

Through the use of macro methodologies, such as Hagen's mapping tools, strategy can provide a starting point and can help frame the expectation a customer might have for their experience. Strategy, though, won't necessarily help capture what these customers look like. The customer has their own vantage point, their own lookout with unique dimensions and characteristics. What tools can help capture the place where the customer stands?

## 2. Defining Your Audience: Where do you Fit in the Customer's World?

Just as the answer to the question "What business are we in?" is typically a straightforward one, so too is the answer to this one: "Who do we serve?" The challenge lies in the fact that this sense of the customer is often a broad one. The role for tools here is to bring definition and detailed focus to the customer portrait, and in a dynamic landscape of constant customer influence, it is no longer sufficient to look just at moments of product or service consideration. Current tools can instead define experience widely and ask, "What else are they thinking about?"

With an identification of core strategy, the maps to customer experience become clear.”



Take the example of Earth's Best, an organic baby food maker. To help this company envision its customers, the consulting firm Adamson mapped 'mom's customer journey' to capture a broad spectrum of emotional, social and family touchstones alongside medical and developmental ones. They did this twice; first, a nine-month version leading up to the birth of a baby, and a second version for the twelve months following birth. Earth's Best could clearly identify their key customer base of new and expecting parents - but the rich context of complete experience enabled them to plot 'big ideas' against every step of their journey, pre- and post-birth.

As another example, take the case of a leading entertainment organization in Canada. Customer insights firm Spark Ideas Inc. helped this company tackle customer experience in two stages. First, they worked with the company's customers through such tools as diaries and storytelling aimed not at assessing specific products, but rather at the broader context within which any product would have to fit. These stories painted rich pictures of customers' interactions and how they lived their lives.

Then, in looking to build new programs and acquisition models, Spark went beyond the company's own customer base to look at infrequent or non-customers - this included how these groups perceived the company's brand and products as well as an experiential map of the ways they managed a range of related touch-points in their interactions and in their own homes. This process allowed the organization to learn that there is a complex web of decision-making that redefined the parameters of their customer experience well outside of the company's typical marketing program targets. They also learned that the experience didn't begin anywhere near their online and/or physical locations and in fact, began much earlier, as customers planned their activities weeks in advance.

Broadly, such tools are based in narrative insight. Through journals and storytelling, through personal creation or lifestyle and attitudinal capture, these methodologies help keep the focus on the customers an organization serves. This allows marketers to step out from their own program concerns and join the customer from their vantage point - on their lookout.

So if tools can help identify where a customer stands, can they also help map the path they take in their journey to connect with an organization?

### 3. Mapping the Customer Experience

If you have a clear sense of what business you're in and who you serve, the next step will be to assess the customer experience in detail.

The role of tools here is not necessarily to create an all-encompassing picture, but rather to focus organizational efforts on the best opportunities while addressing key challenges or obstacles. Customer journey maps can help. Forrester Research offers the following definition: "Journey maps are documents that visually illustrate customers' processes, needs, and perceptions throughout their relationships with a company."

To use these tools, analysis is typically the first step. Bruce Temkin, a Forrester contributor and leading voice through his Experience Matters blog, describes this process using a five-step model, presented on the next page.

The role of the tools here is not necessarily to create an all encompassing picture, but rather, to focus organizational efforts on the best opportunities...

methodologies  
maps  
journals  
customer experience  
storytelling  
analysis  
touchpoints  
brand-it

## Five Steps To Map The Customer Journey

<b>Step 1: Collect internal insights</b>	<b>Output</b> <ul style="list-style-type: none"> <li>• A central repository of internal insights about customers</li> <li>• An inventory of customer touchpoints</li> </ul> <b>Key activities</b> <ul style="list-style-type: none"> <li>• Collecting siloed views of customers and their experiences</li> <li>• Compiling existing customer research and data sources</li> </ul> <b>Obstacles to avoid</b> <ul style="list-style-type: none"> <li>• Failing to include stakeholders across all functions and channels</li> <li>• Failing to include frontline employees</li> </ul>
<b>Step 2: Develop initial hypotheses</b>	<b>Output</b> <ul style="list-style-type: none"> <li>• An “assumption” customer journey map based on internal insights</li> </ul> <b>Key activities</b> <ul style="list-style-type: none"> <li>• Synthesizing internal views of: customer processes, needs, and perceptions; customer experience strengths and opportunities; customer segments</li> <li>• Identifying gaps in existing customer research</li> </ul> <b>Obstacles to avoid</b> <ul style="list-style-type: none"> <li>• Assuming stakeholders share unified views of customers and customer experience</li> </ul>
<b>Step 3: Research customer processes, needs, and perceptions</b>	<b>Output</b> <ul style="list-style-type: none"> <li>• A central repository of customer research</li> </ul> <b>Key activities</b> <ul style="list-style-type: none"> <li>• Filling gaps in existing research</li> <li>• Using multiple research methods to gain new insights</li> </ul> <b>Obstacles to avoid</b> <ul style="list-style-type: none"> <li>• Focusing on demographic and transactional data rather than ethnographic and voice of the customer data</li> </ul>
<b>Step 4: Analyze customer research</b>	<b>Output</b> <ul style="list-style-type: none"> <li>• Clear insights about customer processes, needs, and perceptions</li> <li>• Research-based personas</li> </ul> <b>Key activities</b> <ul style="list-style-type: none"> <li>• Synthesizing multiple sources of customer insight</li> <li>• Validating initial hypotheses</li> <li>• Distilling customer segments into personas</li> </ul> <b>Obstacles to avoid</b> <ul style="list-style-type: none"> <li>• Getting lost in the academic exercise of segmentation</li> <li>• Dismissing contextual data that doesn’t achieve statistical significance</li> </ul>
<b>Step 5: Map the customer journey</b>	<b>Output</b> <ul style="list-style-type: none"> <li>• A document or series of documents illustrating customers’ processes, needs, and perceptions throughout their relationships with a company</li> </ul> <b>Key activities</b> <ul style="list-style-type: none"> <li>• Visually charting customer processes and touchpoints</li> <li>• Defining customer needs at each touchpoint</li> <li>• Identifying whether current experiences meet customer needs at each touchpoint</li> <li>• Organizing insights by persona</li> </ul> <b>Obstacles to avoid</b> <ul style="list-style-type: none"> <li>• Adding too much detail</li> <li>• Ignoring graphic design best practices</li> </ul>

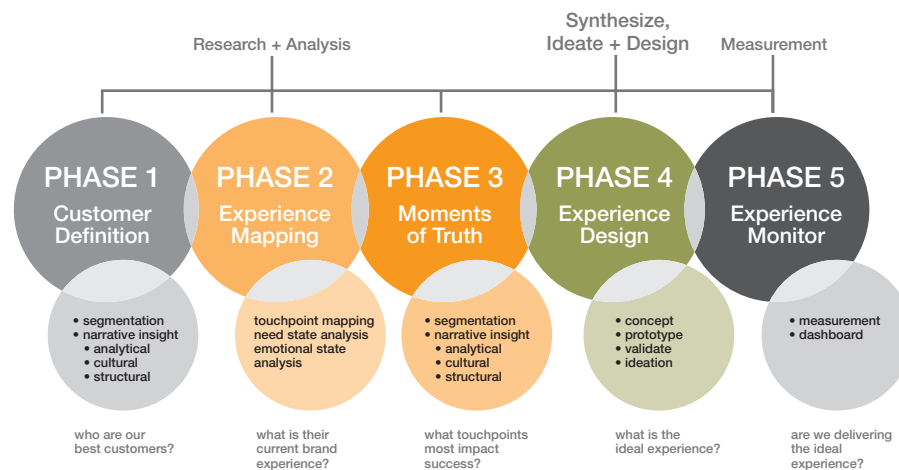
Source: Temkin, Bruce D. “Mapping the Customer Journey”, Forrester, 2010

There are clearly many steps in the analytical process. The elegance of Temkin’s approach is that it seeks to prioritize and focus not just on the key things a customer experience leader should be doing, but also on what obstacles to avoid. For another journey mapping model, let’s return to

the Earth’s Best example discussed before. What Adamson did, before tackling the holistic customer views, was identify critical phases of the cycle through a visual model that included moments of truth, design and monitoring factors, illustrated on the following page.

Map the customer journey.”

## Our Customer Journey Approach



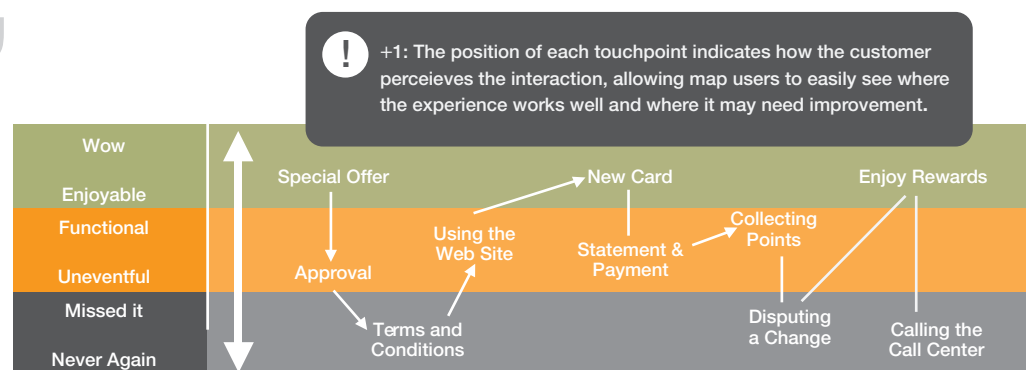
Source: Adamson, 2009. <http://www.slideshare.net/marketingorbet/5-critical-steps-to-mapping-your-optimal-customer-journey>

With these mapping approaches in hand, more questions arise, such as “how do we apply these maps to define next steps and the most important actions?”

### 4. Using Maps to Drive Prioritization

One approach to decision-making is to keep in mind the multi-dimensional nature of a customer journey and assigning a ‘weight’ to the impact of each step of the organization’s success. Consider the model below, captured by Forrester from the consulting firm Strativity.

#### Strativity Positions Touchpoints To Illustrate Customers’ Perceptions



Source: Temkin, Bruce D. “Mapping the Customer Journey”, Forrester, 2010

When both moments of delight and points of customer pain are highlighted by the journey map, the direction toward first priorities in program management become clear. There is another important step, though, that involves taking a strategic view and prioritizing the action that arises from customer knowledge. Even if an organization can identify positive and negative points along the customer journey, it also must be able to judge whether the experience is both important and differentiating.

Customer insights firms like Spark Ideas frame this next step as a question. With the best possible grasp of business strategy linked to customer understanding, how can an organization act on that in order to truly differentiate them in the eyes of those customers?

Even if an organization can identify positive and negative points... it must also be capable to judge whether the experience is both important and differentiating.”



There are bound to be common obstacles and effective steps that can be taken to move past them, into action and success.

Among the diverse ways that customers interact, there will be some aspects that are simply table stakes - a company must provide these, just as all their competitors will. Even with pain points, if the customer's view is that "this is unpleasant, but it's like that everywhere" then there will be little gain from new programs.

It's better to instead look for the opportunities to create unique interaction, where a customer feels that "this is extraordinary, and nobody else does anything like it." Customer experience programs that target these points of differentiation will be the ones that can deliver extraordinary returns.

Where does your organization stand in its knowledge of how customers perceive your brand and business? Can these tools help? The answer lies in the flexibility and customization the tools can offer. You will know when you start the process, and the experience will be different for every organization.

So dive in and find your lookout. Know where you stand and where your customers stand. Then join them on their adventure. How do you do this? In the next section, we review some key approaches and best practices in the implementation of customer experience programs.

## Keys to Implementation

### In this section:

- **Best Practices Checklist**
- **Implementation Challenges**
- **Customer Experience Program Implementation: A Case Study**

Part 1 of this paper looked at ways to take a clear view of the core drivers of a customer experience program. With the help of tools and methodologies, an organization can work to map their business strategy and the nature of their customers against a rich and comprehensive view of the role a brand, product or service may play in the lives of those customers.

Tools can help capture an organization's current customer experience. They may help to recognize areas for improvement or drive the definition of new goals. Through research and a deep dive into customer insights, they can help shape what an organization wants to achieve through a customer experience initiative.

Then, with insights, information and targets in hand, what's next? It's time for implementation.

At the outset, the thought of implementing a customer experience program may be overwhelming, perhaps even terrifying - but it doesn't have to be. As a comparison, let's take the idea of starting an engine. Perhaps a steam engine, your car's engine, or a jet aircraft engine. Just as there are different types of engines and work required to get them running, there are many different types of organizations with a range of different needs. To implement a customer experience program, some organizations may simply need to turn the key. Some may need to rebuild the engine, while others may need supporting work, like filling the tires and cleaning the windshield.

The real key, though, is that no matter how evolved an organization's program may be, there are bound to be common obstacles and effective steps that can be taken to move past them, into action and success. Let's look at these in turn: effective action, obstacles, and then a real-world example of successful customer experience implementation.

implementation  
action  
customer experience  
research  
insights



Celebrate  
success at  
the individual  
employee and  
department  
level.”

## Best Practices Checklist

Where do you begin when implementing a new strategy? For small organizations, the changes may be easier and quicker to implement, while for larger corporations, it may take years to get to a place where everyone within the organization is focused on achieving a winning customer experience, for every customer and at every touchpoint.

To get started, it can help to have a checklist of best practices to keep in mind when implementing a customer experience program:

**1. Get budget and buy-in.** Hold out until you get active, involved support from the executive team - including adequate budget. If customer experience budget allocations are the same year over year, the customer experience will be too.

**2. Create a team.** Create a good, small, centralized, cross functional group (not just customer-facing); a working implementation team led by an executive with responsibility across all products and channels.

**3. Brand-it.** Brand the customer strategy internally and explain why it is important. Let people know that customer experience improvement is a 'day job', rather than a side job.

**4. Quick wins.** Kick-off with a quick win project such as an improvement in a regular daily transaction (this can be extremely valuable when aggregated across customers and over time).

**5. Prioritize and be flexible.** Prioritize projects against criteria such as customer exposure, customer impact and ease & cost of implementation. Have a pipeline of projects to bring online as current projects are completed or discontinued. Be prepared to be flexible.

**6. Co-ordinate efforts.** Centralize the basic processes and work plans for customer experience activities. Co-ordinate efforts to eliminate redundant or competing initiatives. Get at the root cause of recurring issues so that they can be solved cross-functionally.

**7. Share progress regularly.** Track progress against the plan as well as customer metrics. Create company-wide visibility of customer feedback. Provide regular operational information to promote corrective action. Regularly build

time into meeting agendas to review and discuss customer experience programs, activities and progress.

**8. Rejoice!** Celebrate success at the individual employee and department level. Facilitate peer-to-peer sharing.

**9. Look for the right attitude.** Don't forget to include recruitment, orientation and training processes and programs. Hire for a customer focused attitude and 'fit' - not just technical skills.

**10. Stay strong and true to your vision.**

It's easy in the midst of projects to get caught up with executional details, varying opinions and waning commitment. Remember this is a journey. Stay focused on the goal of becoming a company that customers flock to because of how much they feel welcomed, appreciated and rewarded as your customer.

A checklist such as this one can help shape initial directions and goals while also aiding efforts to work through typical obstacles and challenges.

## Implementation Challenges

The obstacles to implementation can include a range of common organizational challenges that are not necessarily unique to customer experience programs.

The most common gaps and implementation challenges are:

- Lack of executive involvement
- Lack of budget
- Lack of co-operation
- Lack of customer experience management processes
- Lack of clear customer experience strategy (especially at the departmental and individual levels)
- Lack of understanding about customers
- Lack of urgency
- Lack of supporting technology infrastructure
- Lack of tracking results and making adjustments along the way
- Lack of sharing and celebrating progress

Consider focusing first on quick-wins so that everyone... can see improvements and value fairly quickly.”

Every organization faces challenges to some degree. The key is to keep the focus on actions and solutions that will aid in reaching the bigger goal of customer experience. Finally, consider focusing first on quick-wins so that everyone – especially your key stakeholders and senior management – can see improvements and value fairly quickly. This will give you momentum and support for the mid to long-term implementation needs.

To move back to actions and solutions, let's look at how an actual company has adapted best practice approaches to fit its business strategy and customer view.

## Customer Experience Program Implementation: A Case Study

### A Large North American Retailer

#### About the Company

- Leading industry position.
- Product leadership strong for decades, but customer loyalty driven more by price than service.
- Multiple independent business units and disjointed customer experience.
- Employee compensation based on sales/margin, not customer metrics or satisfaction
- Company needs came first, not role in customer's lives.
- Recognition of evolving customer expectations: aim to provide best solution for their needs, right price, best channel and overall service.

#### Upon reflection they...

- Aspired to realize a shared customer vision: unify customer experience across all channels and units (not just stores).
- Developed a set of customer centric operating principles to guide the journey.
- Developed performance incentive model to plan, measure and realize business value and growth.
- Developed a roadmap: capture current business unit positions and quantify overall customer maturity for entire enterprise.
- Executive commitment to all of the above.

Importantly, the retailer defined one customer vision: “No one knows our customers and their communities better than us, and in return, they prefer to shop with us.”

They then defined their set of customer experience strategies:

#### **Understand customers and treat them as individuals**

- Treat customers as individuals, not as a mass group of consumers segmented into areas defined by what they buy.
- Use insights to ensure relevancy and importance in the customers' world (price sensitivity, life stages, community attributes).
- Understand their actual shopping behaviour (frequency, price, product, share of wallet - captured through research, loyalty and credit card data).

#### **Establish customer promises and measure organizational performance around the customer**

- Use customer metrics to audit store performance.
- Treat each customer interaction as an opportunity to grow the relationship.
- Establish a set of enterprise customer promises that capture the entire experience (promotion, shopping, sales, use, returns, warranty).
- Measure divisions on specific customer promises that ladder up to enterprise customer vision.

#### **Create a multi-channel experience**

- Engage customers positively and consistently in every channel.
- Base success of interaction across all channels on customer satisfaction (not company-specific need).
- Track customer experience across all touchpoints using a consistent set of metrics.

With strategy in mind, the retailer put in place targeted tactical approaches that allow them to deliver on the strategy:

- Improved data collection and insight capture, leveraging loyalty program and credit cards.
- Moved from consumer mentality (large blocks of individuals) to customer mentality (offers and service tailored to the customer).
- Implemented customer service index scores, with results driving both store performance and executive compensation.
- Created a consumer dashboard to drive a shift from product focus to brand/customer experience focus.
- Developed new programs to create more direct store interaction (vs. national call centre only) and improve online service.

See Appendix for additional case studies that focus on either simple actions that can make a big difference or broader long-term initiatives.

Thus far, we have looked at tools and methodologies in the context of business strategy and a unique view of customers. In short, “What business are we in?” and “Who are we in business for?”

We explored how core customer insights extended into the work of customer experience implementation; “starting the engine”, overcoming obstacles and leveraging best practices in building programs.

It doesn’t end with implementation. In the next section, we discuss measuring for success, a top-line view of the considerations and tools that can help you measure and track.

## Measuring for Success

### In this section:

- **Why Measure?**
- **Measurement Opportunities**
- **Communicating Measurement Results**

There are diverse approaches to measurement and tracking, and likely as many dashboard tools as there are organizations with differing program stages and needs. The choice of specific tools, however, is less important than the discipline you bring to their use. You need to understand if you are reaching your goal, where the gaps are, and what returns you’re getting for your customers and business. As management consultant Peter Drucker has observed, “You can’t manage what you can’t measure.”

Measurement is an integral part of an effective customer experience program because it helps ensure the delivery of expected performance, both in terms of total business results as well as at the touchpoints. Equally important is the fact that current reporting is only one aspect of

measurement; it also helps drive the continuous monitoring and evolution of customer experience initiatives to ensure they remain relevant as business results and conditions change.

What an organization measures will certainly be an important aspect of any program. Organizations that track key performance indicators (KPIs) tend to have higher customer retention rates and profitability than others. Reducing customer churn has been shown to reduce revenue loss for companies as well.

These results, though, are based on more than the mere act of KPI measurement. The actual metrics are only part of the story. At the highest level, what these measurement results demonstrate is the impact of key stakeholder buy-in. They are the outward evidence of a profound commitment to customer experience culture that extends into every aspect of an organization’s activity. Measurement is not just a characteristic of such culture, it is its lifeblood.

The actual metrics are only part of the story.”

“Organizations look to differentiate themselves by hearing the voice of their customers.”

## Why Measure?

Keeping customers is crucial to business success. One of the most valuable assets businesses have is their existing customers. It is a widely held belief in many industries that it costs five to ten times more to acquire a new customer than it does to keep an existing customer.

With this fact in mind, organizations look to differentiate themselves by hearing the voice of their customers, understanding what drives their behaviour and then acting on these insights by implementing customer experience initiatives.

Organizations can then look to track and assess their programs. As a reflection of customer experience management as a foundational discipline, an effective measurement program will provide valuable learning.

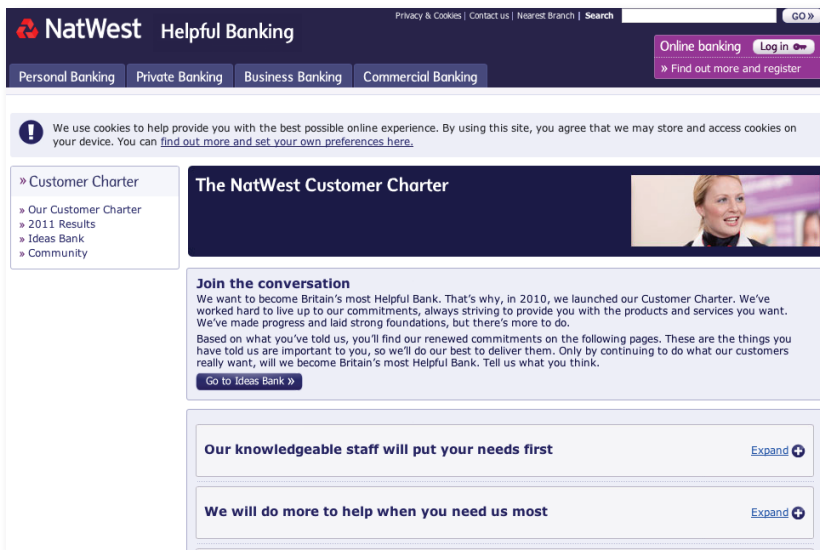
As an example of this multi-point thinking and practice, let's look at a financial services measurement program from NatWest Bank in the United Kingdom. First, NatWest articulated four key Customer Charter areas that shape their commitment to being “Britain's most Helpful Bank”.

In NatWest's case, they first took the steps to establish their roadmap through insight-focused planning and strategy. Then, their approach to implementation of customer-targeted initiatives across the organization involved the publication of 14 customer commitments; essentially, a “contract” to be shared by every team member, supported by the rich fabric of background insights and an internal system of benchmarks and monitoring tools.

Having made these commitments, NatWest then measures its success in achieving their goals by gathering customer feedback and translating this customer feedback into success measures expressed in quantitative percentage terms. Finally, they make the process fully transparent by publishing on their website both the measurement results and the impact they have on new targets and the continuous evolution of their customer experience initiatives.

For example, in 2011 NatWest formalized a commitment to extending opening hours at its busiest branches and to serve the majority of customers within five minutes. They reported success on both fronts: 1) they now have more than 1,200 branches open on Saturday, with 240 of its busiest branches open until 6 p.m. every night during the week, and 2) they served 88% of customers within five minutes across all branches.

To attain a measurement discipline like NatWest's, there are a number of steps involved.



Measurement can:

- Set customer benchmarks for a successful relationship.
- Define key performance indicators for customers and business.
- Provide strategic level information.
- Provide detailed information for operations at the granular level.
- Deliver competitive and consumer insights.



“The goal is to determine what can be measured...”

Among these will be the approaches covered in the earlier parts of this paper, including the capture of strategic customer learning and insights:

- Key drivers of desired customer behavior.
- Identification of key customer touchpoints and key pain points - moments of delight, moments of truth, and visual representations through journey mapping.
- Prioritization of action to deliver in areas that provide greatest impact.

Effective implementation will also be critical, including quick wins and best practices:

- Buy-in (and budget) from key stakeholders.
- Acceptance and operationalizing across the organization.
- Roadmaps for the customer experience strategy that frame measurement milestones.

However, each organization will have unique opportunities and different starting points as they assess opportunities for measurement and tracking. The following sections provide an overview of four important areas for consideration when thinking about measurement and customer experience.

## Measurement Opportunities

There are many opportunities for measurement – both qualitative and quantitative, throughout a customer experience strategy. The goal is to determine what can be measured, the value of the metric, and the ability (and willingness) to adapt and evolve using measurement learning.

Here, an overview of four important areas for consideration when thinking about measurement and customer experience.

### 1. Customer Value Measurement

This is one of the most important dimensions that can be tracked and measured. It should be a priority both as a source of insight to develop customer segmentation models and as a means to identify and capture the measurement criteria that make up customer lifetime value (LTV).

It will likely be a quantitative measurement that represents an organization's identifiable financial benchmark, such as tenure or share of wallet.

### Sample Customer Value Metrics:

- Share of wallet
- Up-sell rate
- Cross-sell rate
- Customer profitability
- Cost to serve
- Tenure

Source: Peppers and Rogers, "Interaction to Profit Customer Experience Management that Drives Results", 2008

### 2. Relationship-level Measurement

Measurement in this area will likely involve quantitative surveys that are conducted on an annual or bi-annual basis, unless the market is fast-moving or significant changes have occurred recently. These measures assess the effectiveness of the CE program in delivering on overall program objectives, such as increased customer loyalty.

In addition to behavioural measures, such as buying more of the product or service, relationship measures should cover other areas related to a stronger relationship, such as compliance with company requests (e.g., paying bills online), and buying a broader range of products or services from the organization and advocacy (e.g., recommending the organization to others).

Emotional relationship measures track how the customer feels about the organization. Attitudes and perceptions about an organization can often be stronger drivers of overall experience than rational factors such as price or availability. Consumer attitude about an organization might be best measured via interactions with customer-facing employees.

Among the metrics included in relationship-level surveys is a dependent variable - a measure representing the intended result of the CE initiative, such as customer satisfaction or loyalty. It is very important that this dependent variable correlates with business results of the organization. As well, measures relating to the drivers of the dependent variable (such as touchpoint performance, brand-relationship or motivational factors) should be included so that the model on which the CE strategy and roadmap is based can be validated and adjusted as needed over time.



... high-level assessment of the customer's experience with competitors should take place on a regular basis.”

### Sample Relationship Metrics:

- Customer engagement
- Customer satisfaction
- Customer loyalty
- Rate of referral
- Relationship strength
- Customer retention
- Customer churn
- Shopping cart abandonment
- Number of customer complaints

### 3. Transactional-level Measurement

Assesses the overall performance of each key customer touch-point and provides diagnostic information to operations managers to alert each when action is needed and where. It is therefore useful if the measurement can be made and assessed close to the time of the transaction, so that the customer response is reliable and meaningful corrective action can be taken if needed.

A metric should be included for each key pain point, moment of truth and moment of delight as determined in previous research such as customer journey mapping. Associated with this metric should be a concrete description of the event that can be understood and acted on by managers and staff in the field.

Action standards for each metric should be determined in advance based on prior research so that the company knows when success has been reached or how far you must go to achieve success.

While customer transactions are the ultimate outcome, measurement still relies on recall of the situation by the customer. As well, the customer may not have experienced a transaction as fully as desired for any number of reasons. For this reason, additional techniques, such as mystery shopping, can be used to supplement - not replace - transactional measurement with customers. Mystery shopping is used primarily to measure compliance with stated standards.

### Sample Approaches to Gather Customer Feedback:

- Front-line observation
- Customer intercepts
- Surveys
- Focus groups
- Market research
- Ad hoc customer feedback (both criticism and praise)

### 4. Competitive Research

Although customer experience research is by definition internally focused for an organization, it cannot ignore the competition. Even though customers may be satisfied with service delivery by a current provider, service innovations by a competitor may alter the usage behavior of some customers. Customers rarely have one exclusive provider of a product or service, so they will have exposure to other offers and organizations on a regular basis.

In conjunction with customer value, relationship and transactional measurement approaches, high-level assessment of the customer's experience with competitors should take place on a regular basis. This could be done as part of a relationship-level study, and if results indicate customer movement to a competitor or increased acceptance of a competitor then more focused research can explore this in greater depth.

Once a comprehensive set of measurement approaches are up and running, however, there is one more critical step required to ensure success. To support a disciplined, customer-centric culture, measurement learning must be widely available and understood.

lifetime  
value  
relationship  
advocacy  
customer  
satisfaction  
metrics  
customer  
experience

Think like a customer. Then, assess and build, implement and measure.”

## Communicating Measurement Results

Communicating the results of customer experience research and measurement to the right people at the right time keeps the program alive within the organization, and there are many ways to approach the dissemination challenge.

First and foremost, measurement information must be readily available, easy to access, and supportive of “quick win” delivery that embeds customer experience perspective in the day-to-day work of the organization. Online reporting tools, for instance, now allow dynamic reporting of key results on a real-time basis, offering targeted views and levels of data appropriate to different areas within the organization.

Key stakeholders can also view results of KPIs on dashboards aggregated across key business units over time periods to assess performance change. Operations managers can see results of measures related to their own area of responsibility. These results can be delivered at an extremely granular level, in real-time with direct comparison to benchmarks or action standards in order to pinpoint problems as they occur and chart corrective action.

At a strategic level, the impact of a customer experience program on overall business results may be obvious, especially if the program is strong and the baseline is low for both customer loyalty and business performance. However, overall business performance can and will be affected by many factors not related to the customer experience strategy directly or indirectly. For this reason, an analysis should be conducted regularly to determine the actual impact of the program on business results. With comprehensive and integrated communication, the value or return on investment of the customer experience program will be highly visible across the organization.

To judge ongoing effectiveness and assist in evolving customer experience initiatives, an assessment of customer lifetime value should also be considered after the program has been established. If the program has been successful, the company will have gained new customers via legacy customer advocacy and gained increased revenue from legacy customers through a larger share of wallet and possible purchases of other services offered. This will be an additional demonstration of the success of the program.

## Conclusion: Think Like A Customer

Given the data-rich perspectives that measurement can bring, it is worth revisiting how the journey of developing a new customer strategy begins. It starts with the first concepts discussed in this paper - experiencing your brand as the customer does.

Through the use of strategic tools and insights, organization-wide approaches to implementation, and focused measurement, the ultimate goal is to think like a customer.

By looking up, by looking outside the confines of internal constraints and demands, and by capturing the broadest context for a customer's interaction with a brand or product or service, an organization can align and harness the very best of their ideas and capabilities. Think like a customer. Then assess and build, implement and measure. As it does in the best of customer-centric organizations, success will follow.

tools  
implementation  
measurement  
maps  
customer experience  
strategy  
audience  
loyalty

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# Appendix

The following case studies from Ipsos illustrate how customer experience objectives and approaches differ by industry category.

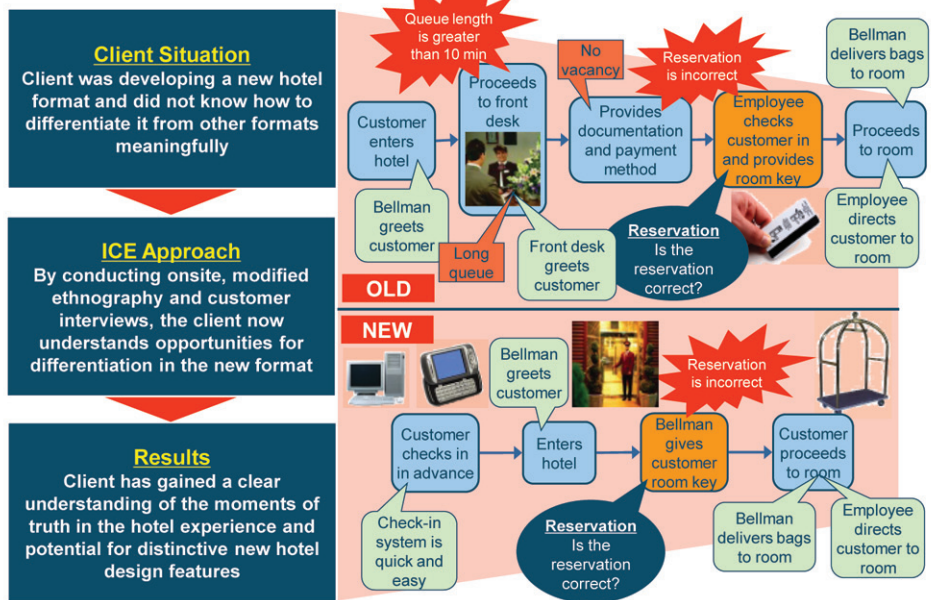
It might be the simple things can make a big difference, like an improved registration process at a hotel or a new store layout for a grocery chain. Or for a technology company, clear

and concise product descriptions and online resources to help customers determine what they need. Sometimes there are broader longer term initiatives that need to be explored to improve customer experience, as in the financial services case below that identifies the need for branding and product improvements.

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## Case Study: Travel and Leisure

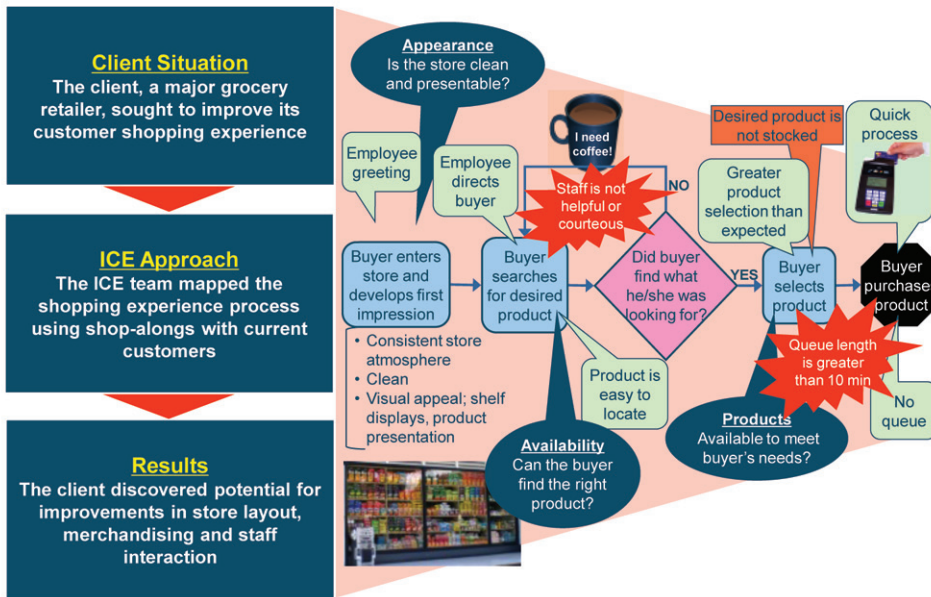
### Ideal Customer Experience





## Case Study: Retail

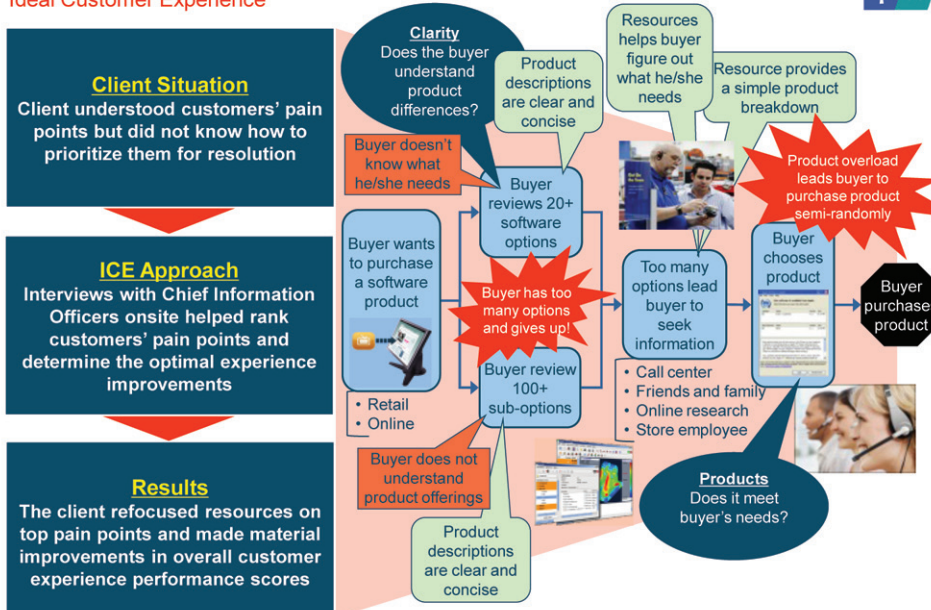
Ideal Customer Experience



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## Case Study: Technology

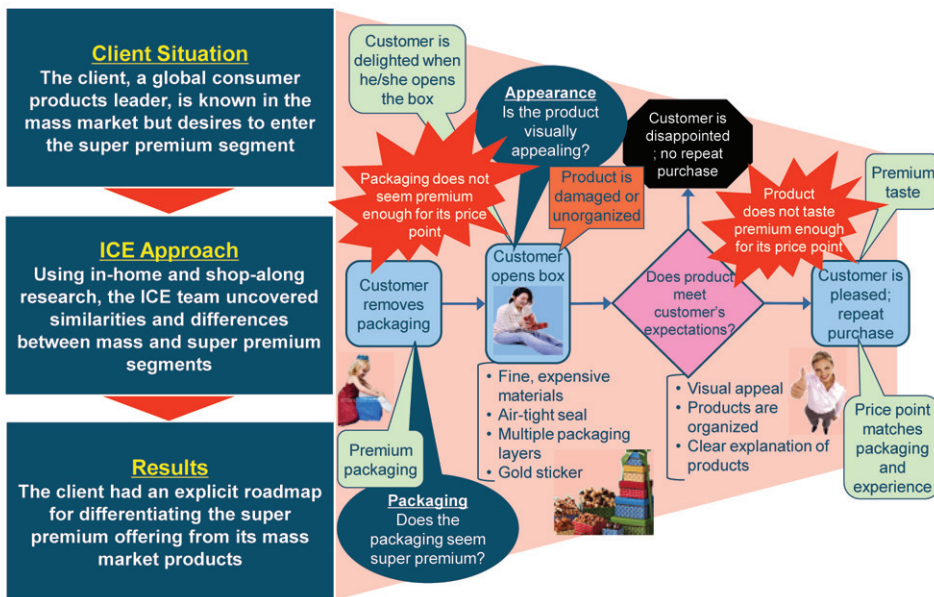
Ideal Customer Experience



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## Case Study: Consumer Goods

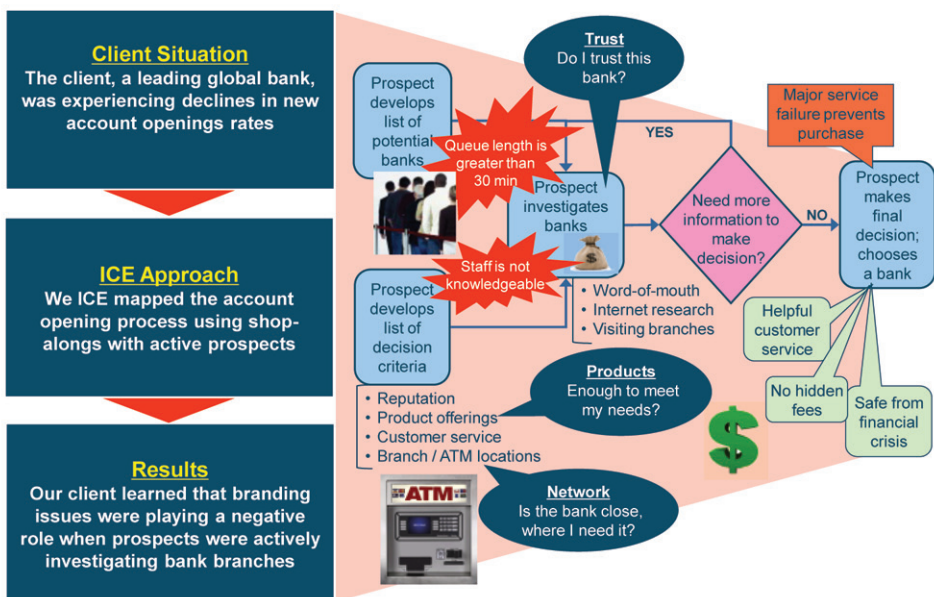
### Ideal Customer Experience



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## Case Study: Financial Services

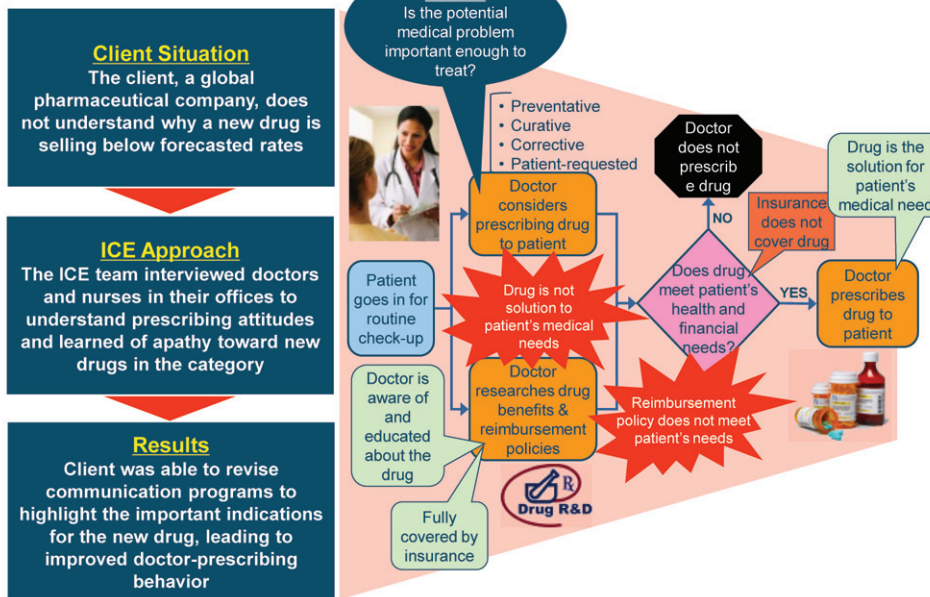
### Ideal Customer Experience



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## Case Study: Healthcare

### Ideal Customer Experience



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