# CUSTOMER EXPERIENCE MANAGEMENT - THE MANTRA FOR SUCCESS

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## Abstract

The past decade has seen several changes in the business environment and markets are flooded with several me-too brands making the consumer perplexed and further increasing his search time. With new brands encroaching the mind space of the customers and displacing the existing ones, the only differentiator the brands can rely on for lasting advantage is the experience that lingers in the customer's head.

Providing a meaningful experience is a challenging task for companies and they need to incorporate a CEM (customer experience management) culture by managing their customer, brand and their operational processes. CEM would not be possible without managing employee experience because they act as an interface between the company and the customer. It is also important to gain insights regarding perceptions of customers through research, so that changes can be incorporated to improve experiences in the future. In order to achieve strategic advantage organisations need to adopt policies and strategies that promote and enhance the experience environment.

Branding has come a long way with brand proliferation and the complex purchase behaviour keeping brand managers perplexed. There has been a constant change

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in the global scenario with several challenges faced by brand makers like mergers and acquisitions, media fragmentation, savvy consumers and brand extensions. Market research has shown that most of the products are perceived as commodities with several me-too brands floating into the market. Marketers have taken various approaches to solve this problem like branding, market segmentation and relationship marketing.

Companies have tried to capture spaces in the mind of consumers through their branding exercise but realised that product and service led differentiation does not work any more. Both are easy to imitate and cannot be a source of value. There is a need for companies to differentiate on the basis of customer experience they provide whether the product is experiential in character or a physical product. They have also realised that no matter what they do; there may be a competitor willing to do it cheaper or better. In order to retain premium-positioning brands need to deliver a really powerful and pleasant customer experience and manage it over time.

# The Journey towards Customer Centric Organisations

The changing company orientations towards marketplace began with the production concept where organisations concentrated on achieving high production efficiency because they felt that consumers favour products, which were low in cost. Others followed the product concept by providing products with innovative features. Companies soon realised that consumers show symptoms of buying inertia and aggressive selling and promotional strategies would speed the adoption process but such efforts did not provide the expected results. The adoption of the marketing concept by several businesses can be considered as the first milestone in the journey towards customer focused orientation of the market place.
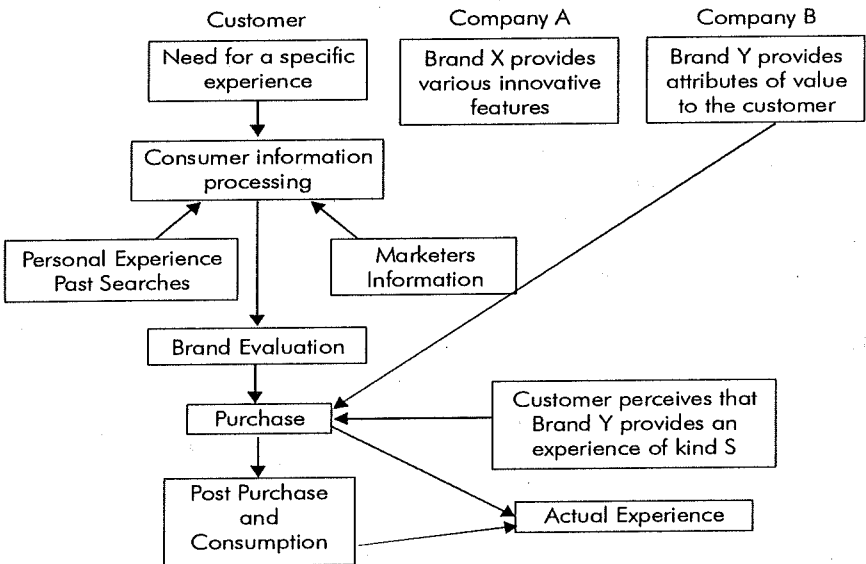
The effective implementation of this concept is debatable because very rarely products are developed out of an understanding of what customers really want. This approach is still considered functional with similarities and differences between competitors being defined mostly by product features and customer benefits.

The customer satisfaction approach provided further insights about the customers' relationship with the product. This approach can be considered as an outcome oriented attitude derived from customers who compare the performance of the product with their expectations regarding that. It is claimed that the customer satisfaction approach depends too heavily on outcome-oriented measures like satisfaction and too superficially on direct experiential measures. Efforts towards

retaining the customers further evolved the concept of customer relationship management that helped companies to understand customer psyche through the customer care initiatives but customer experience management provides insights into the customer mind and taps the emotional associations with the brand.

**Customer Experience Management (CEM):** Customer experience management (CEM) approach can be considered as an answer for organizations attempting to provide a customer focused approach. Bernd Schmitt defined CEM as "The process of strategically managing a customers entire experience with a product or company". It represents the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product or service. Customer experience management is about understanding the essence of the brand and what customers want from that particular brand and then managing it by understanding how the product fits into the consumption situation. This experience is not only a result of better product features, functions or better services but also because of how it makes people feel. It is concerned with building the brand image in the minds of the customer. Customer experience management has been practised by service and hospitality sectors, hence is perceived to be a costly affair. Some organisations have realised that this is a myth and have adopted practices within their established business processes.

## Understanding the Experience Environment

| Customer | Company A | Company B |
|---|---|---|
| Need for a specific experience | Brand X provides various innovative features | Brand Y provides attributes of value to the customer |

Consumer information processing

Personal Experience Past Searches

Marketers Information

Brand Evaluation

Purchase

Customer perceives that Brand Y provides an experience of kind S

Post Purchase and Consumption

Actual Experience

The customers need for a specific experience provokes him to search for various products having the potential to satisfy his need. The consumer processes the information through his subtle and non-subtle experiences with different brands. Advertisements and other awareness creation efforts by the company provide further inputs regarding the brand and the expected experiences associated with them.

Consumers prefer to buy products that offer value to him as opposed to products offering innovative features. The assignment of value to a product is determined through his reflections and other influencers like reference groups. In the figure mentioned above the customer purchases brand Y and expects it to provide an experience of kind S. This includes the purchase and post purchase experiences with the brand.

If the company's perception regarding the experience, the customer's perception about the experience and the actual experience differ then the brand needs to revamp the experience environment. If the Company's perception aligns with the customers' perception regarding the experience, then the following conditions arise

If perceived experience $=$ actual experience; then customer experience is effectively managed

If perceived experience $>$ actual experience; then customer experience is ineffectively managed

If perceived experience $<$ actual experience; the customer experience is efficiently managed

Hence it is crucial for the company to understand the customer's actual experience and manage it so that the actual experience is greater than or equal to the expected experience. In order to achieve efficiency in managing the customer experience companies need to understand the elements of CEM and incorporate modifications accordingly.

# Elements of CEM

Customer focus and delivery of customer experience is not entirely delivered from technology and databases used in customer relationship management but is delivered from the five foundational elements: customer, environment which includes the real purchasing environment, the service environment and market conditions, the brand, platform and interface. Even when delivered over the web

and without human intervention, a customer's interpretation of their experience is largely influenced by what they buy, what procedures they have to follow, what rules may govern them and which people may be reachable if and when they want personal contact.

Customers develop attitude towards the product before purchase. The experience building exercise begins before the customer purchases the product through awareness creation strategies like advertising. The Asian paints campaign 'Har ghar kuch kehta hain' highlights the emotional attachment a person has with his home. Individuals looking out for such experiences purchase products that help them realise it.

The company's operational infrastructure is the platform on which customer experience is delivered. To move towards outside-in focus, operational analysis is essential. It includes comprehensive evaluation and improvement in the 4 p's of CEM – Product, Process, Policy and People that help track and measure customer interaction and transactions. The product itself is a very crucial component of customer experience management. Many products are feature rich but experience poor. The product design, packaging, safety, and utility all play a crucial role. Symphony geysers have a regulator to control the temperature of water thus increasing the utility through improvisation in the product design. Kellogg's cereal has included new flavours to its product line, adding a fun element to the boring category of healthy breakfast options.

Products being sold to multicultural customers also need modification in their attributes. Mc Donald's has successfully introduced attributes in the product in accordance with the values based on deep-seated norms. It has made its product more affordable with its happy price menu for Rs. 20/- and acceptable by modifying its menu by substituting mutton for beef in its burgers and choosing names like Mc aloo and Maharaja Mac for complete acceptability. In order to emphasize vegetarianism, Mc Donald's opened the Delhi outlet on the first day of Navarathri. It has also attracted vegetarian consumers by having a cooking area for vegetarian products and separate equipment in order to avoid any possibility of contamination.

Another most influential factor in shaping our beliefs about the company is the process. Besides building your brand in the bricks and mortar world, on-line stores make it convenient for consumers by reducing their purchase time. www.sapnaonline.com, an online bookstore provides clear product definitions and follows an uncomplicated order placement procedure, which makes the purchase act simpler. Asian Paints colour world offers consumers more options

and enables them to choose accurate shades economically. The paint calculator feature added to its helpline service provides information to customers regarding the quality and quantity of paint needed for a specific area.

It is believed that one of the handicaps traditional manufacturers have to face is that they sell through distributors and retailers and effectively place the customers a few steps away. Market analysts feel that the help line initiatives help the company to get closer to the consumers by reducing the distance between them. Policies regarding guarantees, servicing and buy back also colour the perceptions of customers.

Experience management would not be possible without employee experience or internal experience. If employees are not satisfied or do not enjoy what they do, it will reflect in their attitude towards the job. There is a need to hire the right people with the required A S K (attitudes, skill and knowledge) for their job. It is normally perceived that customer care department is responsible for CEM but every employee needs to understand the CEM culture. The company also needs to architect a system where employees can provide better experiences without much effort. In this competitive environment the role of human resource management is crucial as it is fairly easy to provide great products but the emotional element required for a lasting experience can be provided only with human interaction. Public sector organisations have not been really efficient in attracting customers as the employees are not motivated to perform because of the system which is not innovative and the rigid policies regarding business processes making experience management difficult to implement.

Providing meaningful experience is difficult as compared to managing the quality of the product. The outcome of product quality management is objective in nature whereas customer experience quality management is subjective and cannot be determined because the customers mind is considered to be a black box and difficult to interpret. There needs to be consistency and flexibility in the process of experience creation for effective implementation. For effective CEM there should not be a gap between what the manufacturers want the consumers to feel and what they really feel.

# Strategies for Effective Implementation of CEM

1.  Every organisation needs to understand the various touch points that drive the customers, which could be the human touch points like interaction with the service executive, communication touch points like websites, advertisements or physical touch points which comprises of the service centre

or the sales outlet. A standardisation across various touch points is vital for building relationships as they drive various customer experiences.

2. Providing attitude change training to employees by using flexible training modules designed to understand customer's needs that vary across different product classes and cultures. Employees should be motivated to trace the experiences of customers through interactions with them regarding their feelings before and after purchase.

3. Understanding consumers' perception about the experience and filling in the gaps so that there are no perceptual distortions between the manufacturers and the final consumer views of the experience using ethnographic research.

4. Companies need to interact with their customers and create an information base of customer experiences and make constant modifications in their experience environment.

5. The company can implement various new improvised policies in the areas of complaint management, guarantees (that hold value to the customer), after sales service and strict supervision regarding customer care.

6. Technologically advanced products require company initiatives regarding product usage and frequency of usage in order to enhance the experience derived from the product.

Customer experience management is the key to gain the mind share of the customers and companies adopting the CEM culture would have a premium positioning in mature markets where genuine product innovations are very scarce. Since products have the tendency to depreciate, it is only a lasting experience resonating in the customer's mind that has the power to nullify the effects of any counter strategy.

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