

Simplicity is the ultimate customer experience

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Freddie McMahon, Head of Customer Experience Practice at Fusion Experience examines how engaging with the customer is about streamlining interactions across all touchpoints for definitive outcomes.

During the last deep recession, those corporates that increased their spending on customer engagement achieved an average return on capital employed of 4.3%^{vi}, while boosting their market share by 0.9%^{vi}. Compare that to the corporates that reduced their budgets. Not only did they suffer a negative return on capital employed of 0.8%^{vi} but they also found that their income had effectively declined over two years by 45%^{vii}. In the current recession, these differentials are likely to become even more pronounced, largely thanks to a significant shift from supply-side to demand-side dynamics, combined with the emerging problems of trust stemming from financial services.

Customer vs. Corporate perception

The Customer Experience Index ^{iv} for 2008 states that 89% of corporates delivered a sub-optimal service, with 38% of corporates rated by their customers as poor or very poor. This data is in marked difference to corporates' own customer satisfaction ratings - the ones that are often reported to the Board. While the gap between corporate and customer perception is not a new phenomenon, in a market that is shifting towards the buyer, it really does matter. Driven by a combination of innovation, competition, and recessionary pressures, the statistics reveal seismic shifts in customer behaviour and expectations which demand a change in corporate behaviour.

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In a market where the customer really is the king, the real risk comes in failing to act and in merely maintaining the status quo. To achieve top-line growth and market responsiveness, executives need to rethink four basic elements of their work:

- Customer interaction
- Joined-up organisation (i.e. one that knows itself from top to bottom)
- Measurement and accountability
- Project investments to deliver future wealth

Moving the goalposts

In the ideal customer experience, organisations must integrate all of their customer touchpoints into a single strategy that embraces all digital and offline interactions. This can be a transformative move for many companies because it spotlights the silo mentality that afflicts both the services and technology sides of their businesses.

Superior customer experience demands a consistency of understanding and service that meets all needs across all customer interactions. To best evaluate the customer experience and the company's success in delivering it, the same rigorous metrics must be applied as those used in other areas of the business. In a world where marketing and customer experience budgets are being merged, executives must be able to focus on the classification of definitive and measurable outcomes.

Assessing the customer experience

Another bedrock in the foundations of the ideal customer experience is the ability to influence customer behaviour towards a best-fit outcome. The old terminology of 'up-sell' and 'cross-sell' is being replaced by the new mantras of customer decision-gates' and 'outcomes'. The customer journey needs to be mapped alongside these decision-gates.

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Of even greater importance is the behavioural step-by-step decision path that leads to differently valued outcomes. The financial services sector ought to be at the forefront of this level of personalisation and customised product offerings.

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When customer engagement is achieved at an appropriate level of granularity, the customer decision-making process can often be seen as too binary. What if the customer is not sure and needs more hand holding? What if the customer needs to understand the affordability options and risks? A customer experience is about helping customers make smarter decisions along the pathways that lead to the best fit outcome. Therefore their ‘journey’ needs to cross a number of ‘decision-gates’, in a way that has clarity while masking complexity.

The smartest customer interactions will engage the customer with innovative tools that can be offered over the life cycle of the relationship. Such tools, if used properly, will succeed in creating a stickiness that is of greater importance to the customer than pricing differentials. One example might be a health insurance policy that includes a tool to monitor blood pressure. A customer would input his blood pressure on a regular basis and benefit from a trend analysis, risk assessment and some advisory guidelines. Such a proactive tool could flag up problems at an early stage, with a preventative approach that leads to reduced claims and even creates opportunities to sell new products. A customer who grows to like or depend on such an offer is less likely to switch to a competitor with better price points - a classic example of an intangible measurement that can also be used to determine a financial value.

Looking ahead

The best customer experiences must be seen as dynamic services, where change is fluid and moves in response to shifts in customer behaviour. The days of effecting change on a three month cycle are long gone – they are a legacy of the supply side era. Today’s ‘must have’ is proper demand-sensing of customer interaction with the requisite decision making flows and patterns. Demand-sensing needs to be visualised in advance so that emergent insights can also lead to decisive actions.

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So to conclude, customer experience projects are investments that create future value. They need to be supported by outcome-based modelling steeped in financial and intangible measurements. Furthermore, before a software investment is authorised, it is important to understand the total customer experience; the aim being to save organisations a minimum of between 30% and 75% of the software build costs, whilst delivering definitive outcomes for a much improved customer experience. A target certainly worth striving for.

i PIMS (Profit Impact of Marketing Strategy) Study

ii Alexander L. Biel & Associates

iii McGraw-Hill

iv Forrester Customer Experience Index, 2008

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