

## **The customer experience: have customers been forgotten?**

In the current economic climate, keeping customers happy ought to be at the top of every company's agenda. But many managers are simply too bogged down with cost cutting and reorganisation to focus on their customers' basic needs. With budgets over-stretched and sales people under pressure to hit their targets, are we forgetting that Customer Experience needs to be at the heart of everything we do?

### **Customers are real people**

When customers feel valued by a company, they tend to encourage others to buy from that company too, creating much-needed revenue growth. Not surprisingly, they want to be treated as individuals, a factor which challenges large organisations worldwide. Consistency of delivery across all customer touchpoints is the key to building relationships which can withstand the draw of other companies offering new and exciting products or services. A CEO who places a dedicated senior level individual at the forefront of customer service is giving a strong message to both customers and staff, that exceptional levels of service are not only important to the firm, but fundamental to its strategic direction. Concentrating on sales performance or cost reduction may seem the best policy when revenues are squeezed, but ignoring the customers' needs can have catastrophic long-term consequences, such as losing loyal customers at an increasing rate. Taking a retail bank as an example, we find on average that 40% of customer churn is due to poor service, yet 80% of this is entirely avoidable.

### **Reputational Damage**

Today's customers are both more sophisticated and more demanding too. With greater exposure to multiple sales and service channels, their expectations are rising. Any company that fails to take customer satisfaction seriously is risking complaints of all kinds being made public via various social media. It is no longer the case of one unhappy customer telling twenty people of his or her bad experience, but through access to new technology, not least interest groups, blogs and social networking sites, a single customer can cause reputational damage on a global scale. While executives focus on marketing a range of products to the customer, few stop to ask what the customer actually experiences either on-line, on the phone or in person when they are trying to purchase or renew a product swiftly and at a reasonable cost. Multiple channels, whilst offering tempting opportunities for the business, add further levels of complexity and internal competition which can simply switch your customer off buying a product altogether.

### **Service intrinsic to culture**

Ignoring poor or indifferent Customer Experience can seriously impact your business with new more agile competitors increasingly gaining market share. It's essential that organisations align themselves with the customers' agenda and lay a customer lens over sales related activities. Customer service must become intrinsic to a company's culture so that it is felt to be genuine, and keeping a customer happy throughout the sales and annual renewal process should be at the forefront of any organisation's long-term strategy.

Since the global financial crisis, we have seen an interesting move away from a product centric model to a more client centric model with CEOs building performance management systems around Net Promoter Score. In the Banking sector, companies differ in the importance they attach to customer service and we have found some pronounced variances in performance. Positive results come from strengthening CEO commitment to customer service and redefining Moments of Truth – the moment when an interaction occurs between a customer and a service provider. Negative results in a sales environment generally occur when the primary focus is on selling too many products to an individual, where sales teams no longer report directly to the Board and where service related variable pay is eliminated.

### **Champion the Customer**

So, how do you stay customer focused? Intelligent process re-engineering which reduces the number of customer touchpoints or simplifies a process can itself lead to greater levels of customer contentment but this is not enough. There must also be a positive drive towards improving standards and treating customers well. Ideally, the CEO will set the goals and communicate the organisation's beliefs and values, to place greater value on the customer. This gives gravitas to Customer Experience within an organisation and has the additional advantage of driving internal cultural change. To be truly effective, the person leading the Customer Experience programme must have enough influence within the organisation to bring about real change. To allow Customer Experience to be driven from further down the organisation results in its importance being diminished. In line with this, each employee, not solely the front line, should have a Customer Experience target as part of their incentive scheme. The effect this has on employees is also worth noting, with decreased staff attrition and a greater sense of achievement for those in sales related roles. The key here is to champion the customer, focus on enabling a superior Customer Experience, develop customer advocacy-centric policies and provide a holistic perspective across all channels, products and operations.

### **The five steps to success**

In summary, as part of the enhancement exercise, the following should be considered to improve the Customer Experience.

#### **Make a client-centric culture a priority:**

The CEO or Senior Manager needs to demonstrate a real commitment to improving Customer Experience and to communicate this to staff at all levels.

#### **Fix nuisance factors:**

Avoid creating detractors as a result of basic process errors, excess fees or clumsy sales techniques.

#### **Transform critical end-to-end customer experiences:**

Create promoters by delivering consistently superior customer experiences across all channels.

#### **Create an advocacy focused people model:**

Hire, train and incentivise empathetic service-oriented and sales-savvy front-line employees

#### **Create a culture of continuous improvement in advocacy:**

Track overall customer relationship quality and performance at key touchpoints and create dialogue from which to learn from and act on what our customers tell us.

### **The Challenge**

As members of the public we've all had frustrating and annoying experiences as customers, whether it is in paying our electricity bill, dealing with our bank account, or speaking to a telecoms provider. As customers we want to feel that we are being treated in a reasonable manner, that things are simple, and above all, that the person we are dealing with is an expert who is genuinely capable of understanding our needs.

The challenge for organisations is to enable each sales person to develop expertise and a sense of ownership so that no customer is left feeling dissatisfied with the service. A company which rewards its sales people for promoting customer excellence, even in testing market conditions, is one which will ensure its long-term survival.

Loyalty schemes which offer new customers preferential treatment may alienate a company's existing customers. Whereas offering incentives to loyal customers may improve customer advocacy and reduce attrition. Similarly, any move to cut costs which also reduces customer benefits will probably result in dissatisfaction and complaints. Understanding your customer and why they chose you in the first place is as important as acting to improve the bottom line. And it's always worth remembering that the time, energy and cost involved in gaining any new customer is far greater than the cost of keeping one.

## Industry statistics

**Fig 1: Customer Satisfaction Levels with Industries – Australia\***

	Very satisfied	Somewhat satisfied	Neutral	Very/ Somewhat dissatisfied
Financial Services	24%	46%	24%	6%
Telecommunications	18%	42%	20%	20%
ISPs	28%	41%	17%	14%
Insurance	31%	40%	21%	7%
Travel/ Hospitality	38%	48%	11%	2%
Utilities	15%	39%	29%	16%
Online Retailers	28%	53%	16%	3%

**Fig 2: Poor Customer Service/ Experiences – Australia\***

Telecommunications	67%
ISPs	47%
Insurance	29%
Financial Services	36%
Travel/ Hospitality	27%
Utilities	40%
Online Retailers	29%

**Fig 3: Consumer Satisfaction Levels, 2011 vs. 2010 – Australia\***

	Somewhat satisfied		Neutral		Very/ Somewhat dissatisfied	
	2011	+/- %	2011	+/- %	2011	+/- %
Telecommunications	42%	N	20%	+2	20%	-2
ISPs	41%	-1	17%	+2	14%	-1
Insurance	40%	-4	21%	+4	7%	+3
Financial Services	46%	-2	24%	+7	6%	-3
Travel/ Hospitality	48%	+2	11%	+4	2%	-3
Utilities	39%	N	29%	+2	16%	+4
Online Retailers	53%	-2	16%	N	3%	N

\*Statistics taken from the Customer Experience Report Australia and New Zealand 2011 sponsored by Right Now Technologies

### **Quick facts (multi sector):**

- In Australia and New Zealand consumers are most satisfied with travel companies and least satisfied with ISPs.
- 91% of unhappy customers will never purchase services from you again.
- It costs five times as much to attract a new customer as it does to keep an old one.
- Potentially 70% of customers are open to pitches from competitors since only 25-30% of customers on average enjoy very high levels of satisfaction.
- The channel preference for customers in Australia is speaking with a person on the phone. This is the case for all industries aside from on-line retailers whose channel preference is email. Face-to-face contact is the second most desired form of communication for customers of Financial Services organisations in Australia.

### **Customer Centricity**

*70% of best in-class adopters of customer experience management use customer feedback to influence strategic decisions, compared to half of industry-average organisations and 29% of laggards.*

***2009 Customer Experience Management: Engaging Loyal Customers to Evangelize your Brand, Aberdeen Group***

### **Voice of the Customer**

*26% of companies rate themselves as good or excellent in creating a complete and integrated view of each customer across multiple products and channels, or at making a current view of necessary customer information available to all customer touchpoints.*

***Customer Experience Maturity Monitor, Peppers & Rogers Group***

### **Employee Engagement**

*76% of companies motivate employees to treat customers fairly; 62% provide the right tools and training to earn customers' trust; 42% agree that they can do what is right despite the pressure to make current-period financial numbers.*

***Customer Experience Maturity Monitor, Peppers & Rogers Group***

## **Customer Experience Innovation**

*51% of companies that are investing at least 10% in customer experience efforts are reaping referral rates of 10% or more; only 22% of companies that are investing less than 1% in CEM achieve referral rates of 10% or more.*

**Customer Experience Management Benchmark Study, Strativity Group**

## **Proactive Customer Experience Management**

*80% of companies want to use customer experience as a form of differentiation, yet only 11% have a “very disciplined” approach to customer experience management* **2010 State of Customer Experience, Forrester Research**

## **Performance Metrics**

*43% of companies are using customer metrics to evaluate your organizational performance. 31% are aligning incentive compensation to customer metrics*

**2009 Customer Experience Maturity Monitor, Pepper & Rogers Group**

## **About ea Consulting Group**

Founded in 1998, ea Consulting Group has become one of the largest Change Management Consultancies in the UK, engaging over 700 consultants mainly in the Financial Services sector in the last year. In 2010 eacg entered the Asia-Pacific market with the establishment of an office in Sydney, and, with new offices in Melbourne, Singapore and Hong Kong, the company is establishing a strong reputation in the region.

ea Consulting is passionate about improving Customer Experience – with Industry awards and a history of remarkable improvements in both customer satisfaction and business profitability, predominantly in the Financial Services and Telecommunications sectors.