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CUSTOMERS

7 Steps to Deliver Better Customer Experiences

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A surprising thing happened during a recent brainstorming session I led for a retail client. We were supposed to be coming up with ideas for improving the company's customer experiences, but the head of operations could not think of a single new customer service idea to explore. And the development leader failed to identify any new ideas for store layout or building features. And the merchandising vice president had difficulty understanding why "product" was one of the categories we were discussing.

Each of these executives offered plenty of ideas when the discussion turned to promotions, social media tactics, and marketing messages. But apparently none of them understood that generating new customer experience ideas would involve his domain. They seemed to think that designing and managing the customer experience is a marketing function, as if the customer is only associated with marketing, and the store only with operations. They were happy to maintain the age-old silo between marketing and operations.

I was stunned. How could such a misconception of customer experience have developed? After all, it's been 10 years since Don Peppers and Martha Rogers, in their seminal book, *Return on Customer*, declared the customer experience the single most important factor for business success. And since then, countless case studies and analyses have been published about the importance of optimizing a business around the customer experience. If such confusion can exist at a high-growth, $2.5 billion public company, how many other organizations could be struggling to understand and manage customer experience appropriately?

I've discovered that most companies are using an incomplete definition of customer experience, and have incomplete tools and approaches to design and manage it.

While customer experience can be defined as the sum of all interactions a customer has with a company, most people operate with a narrower view. Some understand it as customer service or service excellence — without recognizing that service is only one element of the entire experience. Others, like my client, consider it to be customer marketing — that is, the communications and promotional activities used to attract and retain customers. Again, these activities represent only a fraction of the interactions between company and customer — and as it's been said time and again, what an organization *says* in its advertising has far less impact on customer perceptions than what it *does* in reality.

Even with the correct, complete view of customer experience, it's still possible for companies to mismanage it because they lack the proper tools to help them design and manage their approach. The most common mistake in mismanaging the customer experience is starting with customer data. Using data and analytics as a starting point fails to recognize the importance of coherence between customer experience and brand identity. (By brand identity, I mean the defining values and attributes that distinguish a brand.) Delivering on the brand promise, expressing the brand personality, and bringing the brand attributes to life should be the primary objectives when designing the customer experience. Some companies drive their customer experience with conversion rate and customer lifetime value targets, then end up delivering experiences that are unmemorable and undifferentiated.

Other common tools, like journey maps, are also incomplete because multiple customer journeys usually exist for a single organization. Most companies target more than one customer segment with more than one need or driver, and today's customers engage in more than one channel or sequence of channels.

A more thorough approach to designing and managing customer experience is to use a customer experience architecture. It's a framework for designing and delivering the optimal experiences to different customer segments in different business segments with different business objectives. The "architecture" is similar to other strategic architectures that are used as planning tools, like a brand architecture or an information architecture — or a structural architecture for building a house.

To develop a customer experience architecture, follow these steps:

1. The brand platform — First, define or reaffirm the overarching ideas that represent the brand. REI's brand platform is the excitement and adventure of the outdoors; Chick-fil-A's is exceeding customers' expectations with a servant's spirit.

2. Customer experience strategy — Then describe the desired customer feelings and perceptions of the brand across all interactions with the organization. An electronics website might want to create a "place" for customers to discover and be delighted by innovations. A hotelier might want customers to feel pampered by legendary service.

3. Business segmentation — The next step is to break down the business into discrete units. For a new brand, segmenting the business by traffic vs. trial vs. transition might be an illuminating approach; a restaurant company might segment by service mode, e.g., eat-in vs. drive-thru vs. carry-out; and a

product-line segmentation might be appropriate for a manufacturer. The objective is to identify the different experiences the organization delivers and to articulate the requirements and objectives of each.

4. Customer segmentation — Different target segments have different needs — some customers may value convenience over price, others may be looking for an entertaining experience — so their desired experiences vary. Describe each segment with a profile and a needs inventory, including key drivers of purchase decisions and brand perceptions.

5. Prioritization — Create a grid with the business segments as columns and customer segments as rows. Each business/customer intersection represents a discrete experience to design and deliver. They should be prioritized in order to focus design and management. Prioritization criteria include profit potential, fit with long-term strategy, competitive advantage and differentiation, resource requirements, and how the experience affects and/or reinforces brand values and brand position.

6. Experience design — Determine how to meet the segment-specific needs in each business segment, either by improving existing approaches based on new insights from the architecture or by developing entirely new ones. All the levers of customer experience — product, service, content, channels, touchpoints, pricing, facilities, sensory engagement, etc. — should be considered and described in the design.

7. Assessment and integration — Now the architecture is ready to be inspected for integrity and coherence. Is the brand platform expressed throughout every experience? Do the discrete experiences contribute to the overall customer experience strategy? Do experiences complement and enhance each other, or do they conflict or detract from each other?

Developing a customer experience architecture isn't rocket science, but it requires accepting a broader, fuller definition of customer experience and committing to a robust planning tool and process.

Companies that develop their own architecture will find it breaks down organizational silos, addresses the diversity of customers and their needs, and produces unique and compelling experiences.

Denise Lee Yohn has been inspiring and teaching companies how to operationalize their brands to grow their businesses for 25 years. World-class brands including Sony, Frito-Lay, Burger King, and Nautica have called on Denise, a brand-building expert, speaker, and author of *What Great Brands Do: The Seven Brand-Building Principles that Separate the Best from the Rest* (Jossey-Bass, January 2014).

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