# The Enterprise Guide to Customer Experience

**How to improve the end-to-end customer journey**

By Tyler Douglas

*Illustrations by Doublenaut*

# The Rise of Customer Experience

Customer Experience is not a new idea. In 1984, as the leader of customer experience efforts at Lands' End, I helped map the company's customer journey and identify 267 touchpoints, narrowing that list down to the key 15 that were most critical to our customers. When the company went public in 1987, I walked the analysts through the stages of the customer journey, connecting the dots for them between the emotions at key intersections and business growth.

However, the acceptance of customer experience as a differentiator to grow your business is new to most companies. This appreciation for delivering a comprehensive one-company experience brings with it a new appreciation for the need for a Chief Customer Officer to unite the organization in understanding and developing the competencies to work in this manner.

**I've identified three market conditions that have compelled leaders and organizations to focus on customer experience:**

**1.** After years of CEOs asking their organizations to become customer-focused it has become plainly apparent that the

silos do not organically unite. In fact, some might argue that departmental silos have become more robust as channels such as mobile have emerged within organizations. While these are critical to give customers the options they want for how to do business with a company, their often-independent operations and key performance indicators deliver the company's organization chart to the customer, rather than a one-company experience.

**2.** Social media has put the megaphone in customers' hands to tell the story of their experience of your brand. I am supremely grateful for this forcing function that has

leaders around the world prioritizing experience that earns the rave of their customers. The key here is to earn it—not make social media a marketing campaign, or something to go "get" from customers.

**3.** During the economic downturn, a shift in understanding took hold that nurturing existing customers is more profitable than acquiring new customers. I've been espousing and proving the return on investment in focusing on the customer base for many, many years. Now the message has finally caught on. Chief Executives and Chief Financial Officers, the two leaders most needed to commit to this shift, are

coming on board, as the math on the profitability cannot be refuted.

With this increasing focus to "do customer experience" comes a responsibility inside organizations to "do" it correctly. This work is not about programs or simply fixing what's broken. It's about embedding new skills inside the organization for how they will and will not grow. I call these Customer Experience Leadership Competencies in my book Chief Customer Officer 2.0: How to Build Your Customer Driven Growth Engine. Competency three, which connects most directly to the content in this ebook, is "Building a Customer Listening Path" to tell the story of customers' lives.

And so, as you dig into Tyler Douglas' The Enterprise Guide to Customer Experience, I urge you to consider your role in customer experience as the connector of this information. For customer experience to stick and be embedded into the business, it must connect to tell the story of customers' lives—so that people are compelled to do something about it. I wish you well in your journey.

**Jeanne Bliss**

**CEO of CustomerBLISS, author of *Chief Customer Officer 2.0* and cofounder of the Customer Experience Professionals Association.**

# What keeps a company thriving?

**Product developers will tell you it's innovative ideas.** Marketers will argue it's reputation. But customer experience professionals know that a company's most valuable asset is its brand. A great brand sets you apart from your competitors. It builds an emotional connection with customers. Your brand is the sum total of experiences a customer has with your company.

   Customer experience professionals live in fear of brand failure: expensive product launches that fail to meet customer expectations; marketing campaigns that miss the mark; maddening wait times on a customer service line. Every less-than-perfect interaction with your company impacts the value of your brand.

   Writing for *Harvard Business Review*, a

group of partners at McKinsey described their experience working with a pay TV provider that, according to the company's internal metrics, was delighting customers at every interaction but somehow left them displeased with the overall experience. Digging deeper to solve the mystery, McKinsey discovered that there was no specific problem area—the problem was in the experience as a whole. The numerous phone calls, technician home visits and email exchanges, even if each one was executed masterfully, added up to an extremely irritating experience for customers who just wanted to watch their favorite programs.

"Companies have long emphasized

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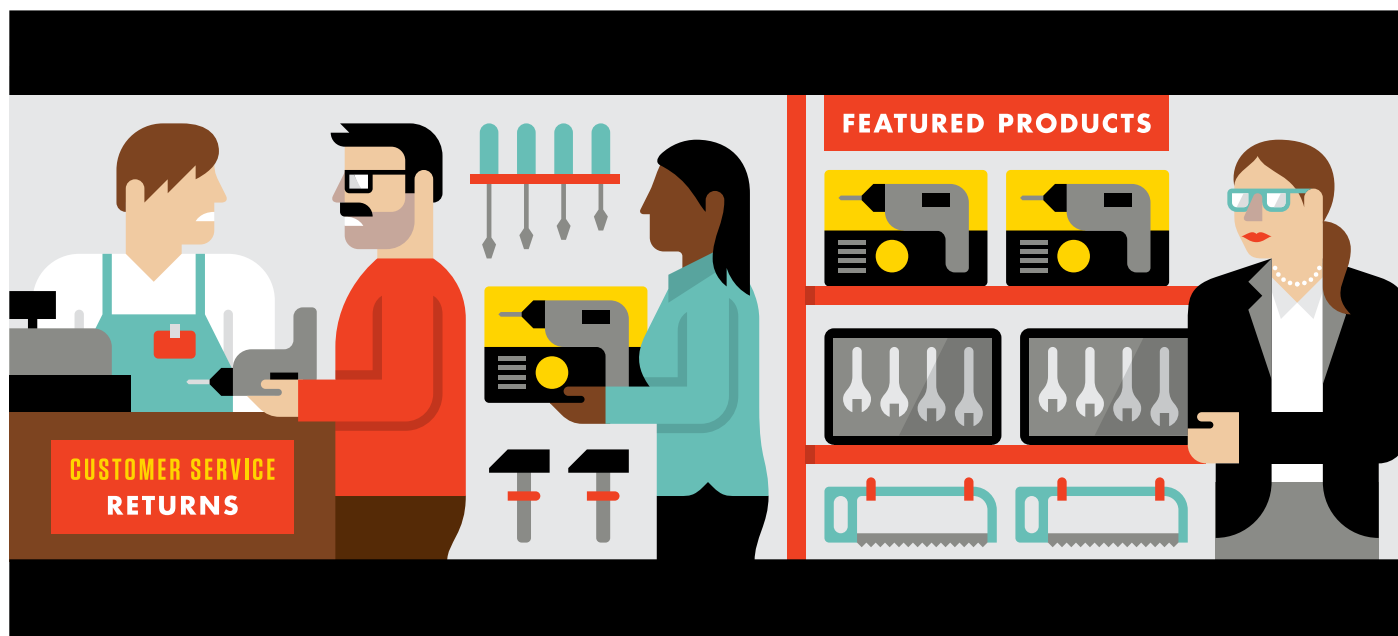
touchpoints—the many critical moments when customers interact with the organization and its offerings on their way to purchase and after," the authors write. "But the narrow focus on maximizing satisfaction at those moments can create a distorted picture, suggesting that customers are happier with the company than they actually are. It also diverts attention from the bigger—and more important—picture: the customer's end-to-end journey."[1]

Many brands are now cultivating an interest in optimizing the customer's end-to-end experience and reaping the rewards: according

to the analyst firm Forrester, companies that are leaders in perfecting customer experience outperformed, over a six-year period, the S&P500 by more than 25 percent. Customer experience laggards performance fell over the same period by more than 30 percent.[2]

Sensing opportunity—and also the risk of failing to act—companies are making big investments in improving customer experience. According to the research firm Gartner, in 2014 companies spent roughly a fifth of their marketing budgets to support and improve customer experience. Unfortunately, many of those efforts have had limited success and the return on those investments has flatlined. Whereas, in 2010, 39 percent of respondents to a Temkin Group management survey said their company's efforts to improve customer experience made a significantly positive impact on performance, in 2014 and 2015 just 11 percent

of respondents said the same.[3]

Here's the root of the problem: many companies, to improve their customer experience, depend on feedback from customer satisfaction trackers. Those sources provide plenty of data about a large group of customers, but it's difficult to find in that data meaningful, actionable insight. The data is plentiful but shallow: it only skims the surface of customers' motivations and behaviors.

eBay thought it found a solution to this dilemma. In 1999, the company launched a program called Voice of the Customer. eBay wanted to bring a small group of sellers together once a quarter for a phone call or

**The data collected from CSAT is plentiful but shallow: it only skims the surface of customer motivations**

webinar, to get input on planned changes to prices or the makeup of the website itself. At first, the program was a great success: eBay sellers provided regular feedback on the site's functionality and the group was small enough to foster discussion, solicit ideas and, when desired, focus closely on the specific experience of a single seller.

In time, eBay encountered a problem. A little over a decade after starting up Voice of the Customer, the site had more than 150 million users and over a million sellers. Single verticals, like consumer electronics, had become enormous communities unto themselves. In the quarterly Voice of the Customer meetings, getting a cross-section of sellers on the site meant including just one or two people from verticals like consumer electronics. The company deployed traditional surveys with dozens of questions to try to get input from greater numbers of

its customers, but those didn't provide the same quality of feedback on the full customer experience as the Voice of the Customer. "We felt like we could get more and better information," says Brian Burke, director of Customer Experience at eBay. "Wouldn't it be nice to get input from a large group of folks across all our verticals and across all types of sellers?"

**The challenges eBay confronted are similar to those faced by nearly all brands today:**

● Features in products are so easily replicable they are almost instantly commoditized.

● Online review sites have democratized access to information about products and social media has given every customer a megaphone.

● The rise of e-commerce has given customers access to a world of shopping options.

● For today's empowered customer, switching from one product to another is increasingly frictionless.

**The greater challenge for companies is to build a dynamic and comprehensive end-to-end CX that anticipates customers' needs**

As eBay was learning, it's easy enough to make a few tweaks here and there to improve how customers experience your company. The greater challenge—which, if achieved, will set your company above the competition—is to build a dynamic and comprehensive end-to-end customer experience that anticipates and truly understands the customer's needs.
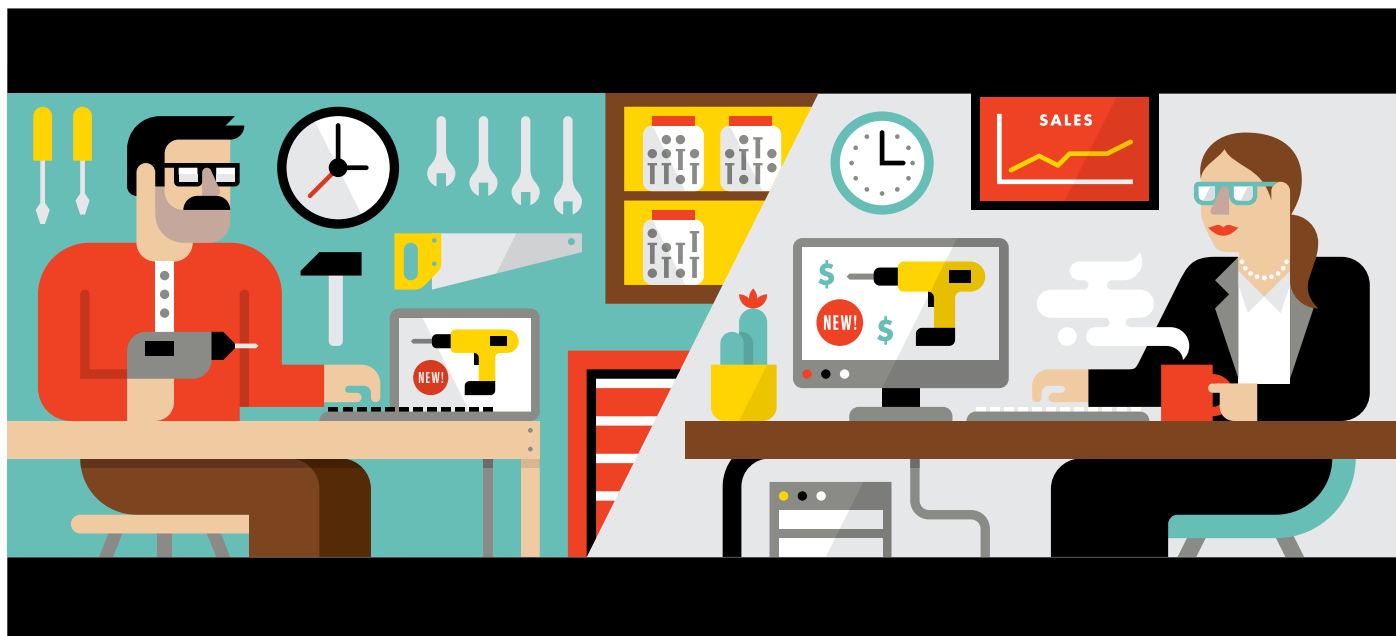
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# How to Measure Customer Experience

**1** Customer Satisfaction Score

**2** Net Promoter Score

**3** Customer Effort

**4** Big Data

**5** Share of Wallet

Most companies use one or several measurements of customer experience. Here's an assessment of the pros and cons of the most popular methods.

# **1** Customer Satisfaction Score (CSAT)

CSAT is a straightforward metric tabulated from responses to simple surveys asking customers questions like, "How satisfied are you with X?"

**PROS:** Since these survey questions are posed to customers after a touchpoint of some kind (a meeting with a technician, a customer support call, etc.), they can be useful for getting simple feedback about how a specific interaction went.

**Though it's useful to have feedback on discrete touchpoints, CSAT can't tell you how customers feel about the experience as a whole**

**CONS:** Surveys repeatedly asking if you're satisfied after every business interaction can irritate customers and lead to lower response rates and less useful data. Though it's useful to have feedback on discrete touchpoints, CSAT can't tell you how customers feel about their experience as a whole.

Customers of the pay TV provider for which McKinsey consulted were perfectly satisfied with each interaction with the company—it was the totality of the customer experience, the full end-to-end journey, that was the bigger problem. However, feedback on each constituent part of the customer experience didn't yield the necessary insight to fix overall problems.

# 2 Net Promoter Score

To calculate NPS, brands pose a single question to customers: "How likely are you to recommend X?" NPS was developed by the business strategist Frederick Reichheld, whose objective was to get a metric more sophisticated than CSAT while contending with falling survey response rates. NPS has become extremely influential, with entire bonus structures and major company decisions tied to the score.

**PROS:** As Reichheld wrote in the *Harvard Business Review*, "evangelistic customer loyalty is clearly one of the most important drivers of growth."[4] NPS measures loyalty, which is a good indicator of growth. It's also calculated with a short, succinct question rather than the long-winded surveys that customers hate.

**CONS:** The problem with NPS is that, while it can tell you if customers are likely to recommend you it can't tell you why. NPS can't tell you what about an experience makes a customer want to recommend you to a friend or not. And, like CSAT, NPS only addresses a single part of the customer journey and is by definition reactive. Since surveys ask customers after

**NPS has a built-in lag: by the time feedback is collected and analyzed, it's already dated**

the fact about a touchpoint that has already happened, they have built-in lag: by the time feedback is collected and analyzed by a brand, it's already dated. In today's hyper-competitive environment, when the speed of business is always Right Now, companies that don't stay ahead of the curve have already fallen behind the times.

# 3  Customer Effort Score

CES was introduced by a group of Corporate Executive Board researchers in 2010 after they found that, in their words, "delighting customers doesn't build loyalty: reducing their effort—the work they must do to get their problem solved—does." This backs up what the researchers at McKinsey, as described above, found about the frustrated customers of a pay-TV provider, who found that dealing with the company to take too much time and effort. To get a CES, brands ask customers a single question—"How much effort did you personally have to put forth to handle your request?"

**"Delighting customers doesn't build loyalty: reducing the work to get a problem solved does"**

**PROS:** CES gives analysts a clear indication of where brands are making customers lives more difficult than they need to be. Ultimately CES—like CSAT and NPS—only gives you one truly valuable piece of information: that you're doing something wrong. These metrics serve as useful alarm bells.

**CES will let you now when something is being done badly—what it can't tell you is how to do it better**

**CONS:** CES will tell you you're doing something wrong but it can't answer the crucial follow-up question: in what way? Like other variations of the traditional survey, CES isn't much help when you want to drill down on a specific question or problem. CES can let you know when something is being done badly. What it can't tell you is how to do it better.

# **4** Big Data

The digital trails customers leave behind are valuable sources of information about behavior. Companies collect transactional data to reveal in-store and online purchasing patterns, usage stats that show how customers are interacting with software, social media analysis and innumerable other kinds of granular data brands. New wearable technologies, like a Fitbit bracelet or a GoPro camera, for instance, are particularly fertile ground for companies to mine for information about customers. (According to a study by PricewaterhouseCoopers[5], one in five American adults owns some type of wearable device today, and customers are increasingly welcoming brands to responsibly use their digital trails to offer better products and services.)

**PROS:** Big Data is a partial fix for what social science researchers call "social desirability bias," or the tendency of people responding to a survey to give an answer they think is socially acceptable (when surveyed, about a fifth of nonvoters lie about voting, for example). The mountain of Big Data can offer a straightforward and unvarnished look at customer behavior. Owing to the sheer size of data sets, it can reveal hidden patterns and emerging trends.

**CONS:** One of the problems with Big Data is the same quality that makes it invaluable: there's so much of it. According to estimates from IDC, only about a half a percent of all the Big Data companies collect ever gets analyzed[6]. Of that, an even smaller portion yields useful insight. For example, social media analysis offers an unprecedented window into the thoughts

**Customers are rarely happy to find out that companies are collecting data about them without their knowledge**

and experiences of customers, often in real time. But about 90 percent of social media updates come from about 30 percent of users, meaning insight gleaned from social media analysis is heavily skewed to reflect the experience of these enthusiasts.[7] Companies that rely on social media ultimately lack insight into the majority of the users. Another drawback of big data: customers are rarely happy to find out that companies collect data about them without their knowledge, which jeopardizes their trust in the company and its values. And finally, while Big Data can give you an extraordinary window into what your customers are doing, it can't answer the most important question: why?

# **5** Share of Wallet

Facing the inherent difficulty of turning data like NPS and CSAT scores into relevant business metrics, customer experience professionals are always looking for new ways to look at their data that might offer better insight into how they're doing in the marketplace as a whole. In 2011, Tim Keiningham, the global chief of strategy for Ipsos Loyalty, along with colleagues, introduced the "Share of Wallet" metric to provide a clearer picture. The researchers noted that customer satisfaction and loyalty correlate poorly with the big picture of customer spending behavior. While useful, those metrics don't offer a complete picture, because they don't look at the competitive marketplace as a whole. The researchers found, for instance, that customers with high promoter

scores were almost always big promoters of other brands too, meaning the metric can offer a skewed image of how a brand is doing. Put simply, share of wallet measures the amount of customer spending your brand receives relative to the entire pot of customer spending in a particular category.

**PROS:** Share of Wallet solves problems with survey results by putting your brand into the context of the wider marketplace, showing you how much of the whole pie a brand is getting. This metric can reveal hidden opportunities and expose the false illusion of success.

**CONS:** Share of Wallet is a powerful tool for signaling when and where things are going wrong, and even for pointing to unseen growth opportunities, but it can't tell you why things are going wrong, or how best to capitalize on them.
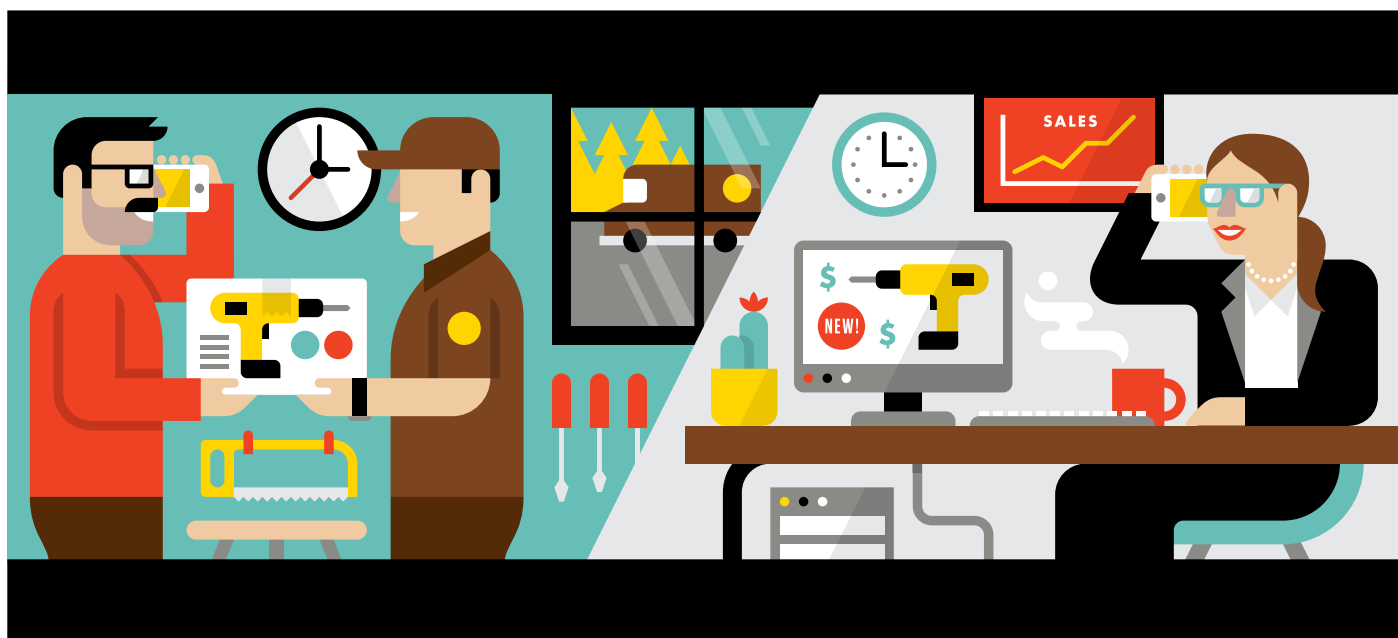
# How to Move from Scorecards to Solutions

Even a revolutionary, billion-dollar idea can be hobbled by a seemingly small misstep in customer experience. In 2009, Airbnb was a floundering company at the startup incubator Y Combinator, with just $200 per week in revenue, nervous investors and three co-founders with maxed-out credit cards. One afternoon, the company's puzzled co-founders realized they needed to pay more attention to how people were experiencing their product—

they needed to pay more attention to their customers. The co-founders sifted through their 40 home rental listings in New York City and noticed a pattern: "The similarity is that the photos sucked," realized co-founder Joe Gebbia.[8] They traveled to New York, got a professional-quality camera, and spent some time with customers who were renting out apartments, taking high-quality photos to promote their listings. Revenue doubled in just a week, the company's first financial improvement in nearly a year.

Speaking to *Wired* about the thinking behind this move, Gebbia explained that it was ultimately about getting to a place of deep, personal understanding of the customer experience. "If we were working on a medical device, we would go out into the world. We would go talk with all of the stakeholders, all of the users of that product, doctors, nurses, patients

**The key to Airbnb's success was empathy—they got as close as possible to the customer experience**

and then we would have that epiphany moment where we would lay down in the bed in the hospital. We'd have the device applied to us and we would sit there and feel exactly what it felt like to be the patient, and it was in that moment where you start to go a-ha, that's really uncomfortable. There's probably a better way to do this."

The key to Airbnb's successful Hail Mary is empathy. The founders of the company knew they had a problem—their balance sheet told them that with unrelenting persistence every week—but they had to get as close to the customer experience as possible in order to find a solution.

The drawback to their process is that it is

extremely inefficient and not realistically scalable—the founders of companies can't spend all day flying around the country to meet personally with customers. Fortunately, today there is a technical solution to this human problem: insight communities.

**Insight communities** are groups of thousands or even hundreds of thousands of customers who opt-in to be a part of a group that offers regular feedback and suggestions to improve products and the customer experience. This feedback gives companies the context they need to find actionable insight in the data they're collecting, be it through NPS, CSAT or CES. By cultivating long-term relationships between customers and brands, insight communities build trust and allow companies to learn about who their customers are, how they behave and why. Insight communities allow brands to learn

about customers progressively over time—unlike the one-off survey data used to tabulate NPS or CES, insight communities yield higher quality insight with each interaction along the customer journey. An insight community is a powerful tool for arriving at a deep understanding of the customer experience because it's agile, allowing brands to take, for example, an NPS score, reach out to the right customers, and dig deeper to identify the root causes driving dissatisfaction.

**Insight communities, because of their agility, arrive at a deep understanding of the customer experience**

With that level of insight—and the ability to go back time and time again—brands can proactively devise solutions to emerging problems. Insight communities allow brands

to solicit suggestions from customers and test ideas on a large group of people, with results that can be easily parsed based on any number of factors. In contrast, surveys used to tabulate CSAT, NPS and CES, and the data harvested from transactions, wearable tech and the like are by definition reactive. They can tell you that something went wrong but they can't necessarily tell you what it was and they certainly can't tell you how to do it better. Not only can insight communities offer up suggestions for how to improve the customer experience, they can be fertile testing ground for new ideas, allowing brands to rapidly iterate, constantly trying out and improving on new ideas.

Because they are such powerful tools for cultivating understanding and empathy between brands and customers, insight communities, unlike forms of feedback like NPS and Big

**CX designers have lacked the ability to get customer insight at scale—to validate ideas with a broad range of customers**

Data, set the stage for exceptional customer experience design.

To support responsive, agile design, customer experience pros generally rely on traditional tools to design their key customer experiences. They rely on groups of experts to map the customer journey, they engage with small groups of customers (i.e. focus groups and one-on-one interviews) to get feedback on solution design and UI. What CX designers have lacked in their toolkit is the ability to get customer insight at scale to iteratively co-create and validate that their designs appeal to the broadest range of customers and lower the risk of failed initiatives.

Traditionally, a brand launches the best

product or service it can, then seeks feedback to identify problem areas and attempts to fix them. Thinking like a designer flips that perspective on its head. Instead of looking for signs of trouble and trying to retrofit parts of the customer journey to improve the full experience, design thinking says you start with an empathetic understanding of what the customer is trying to do, and use that knowledge to build a better experience.

As mentioned above, eBay had attempted to get feedback from a small group of its customers, but as the company grew and it was unable to get that same feedback at scale. In 2015, the company found a solution by launching a Vision Critical insight community. An insight community allowed eBay to ask about specific ideas, solicit new ideas and test out concepts with speed and flexibility, all while cultivating the sense of community and partnership with its

**The insight community allowed eBay to cultivate close customer relationships**

sellers that is essential to the company's success.

"Vision Critical's insight community allows us to engage with customers at a higher level than doing a survey on its own," says Brian Burke, eBay's director of Customer Experience. "The community allows us to highlight individual sellers and make it personal, so it's not just this sterile, 'Oh, we're surveying for information again' thing. Because of that, we're seeing really high response rates." With the agility of its insight communities in its CX arsenal, eBay has been able to cultivate close customer relationships. The quality of insight that comes out of those conversations has allowed the company to be proactive and optimize the customer experience.

# Principles of a Smarter Customer Experience

🟡 **Provide a holistic, multi-channel, multi-experience journey, not a set of discrete experiences.**

🟡 **Incorporate real-time, in-the-moment feedback, so you better understand how your customers are experiencing your brand today.**

🟡 **Track the same customers and segments over time in order to have an early-warning system of how market trends and competitive threats will impact your business's CX.**
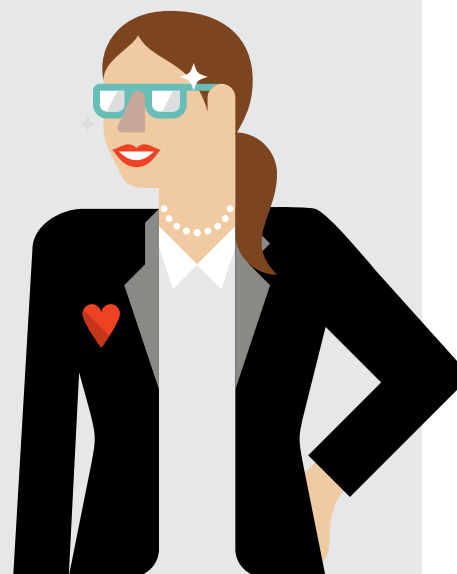
🟡 **Seek a continuous understanding of customers' experiences—right now, over the course of a day and over time.**

🟡 **See customers as more than metrics and scores—they're people.**

🟡 **Contextualize the reasons behind customer dissatisfaction and look to the same customers to help you solve the issues they're experiencing.**

🟡 **Provide forward-looking prescriptions instead of documentation of past behavior.**

🟡 **Search out blind spots not captured by your transactional systems—including experiences with competitors, substitutes and customer-led experiences.**

## ENDNOTES

**1.** https://hbr.org/2013/09/the-truth-about-customer-experience

**2.** Forrester Cx Report Q1 2015

**3.** http://www.temkingroup.com/research-reports/data-snapshot-cx-expectations-and-plans-for-2016/

**4.** https://hbr.org/2003/12/the-one-number-you-need-to-grow/ar/1

**5.** http://www.pwc.com/us/en/industry/entertainment-media/publications/consumer-intelligence-series/assets/pwc-cis-wearable-future.pdf

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**8.** http://firstround.com/review/How-design-thinking-transformed-Airbnb-from-failing-startup-to-billion-dollar-business/
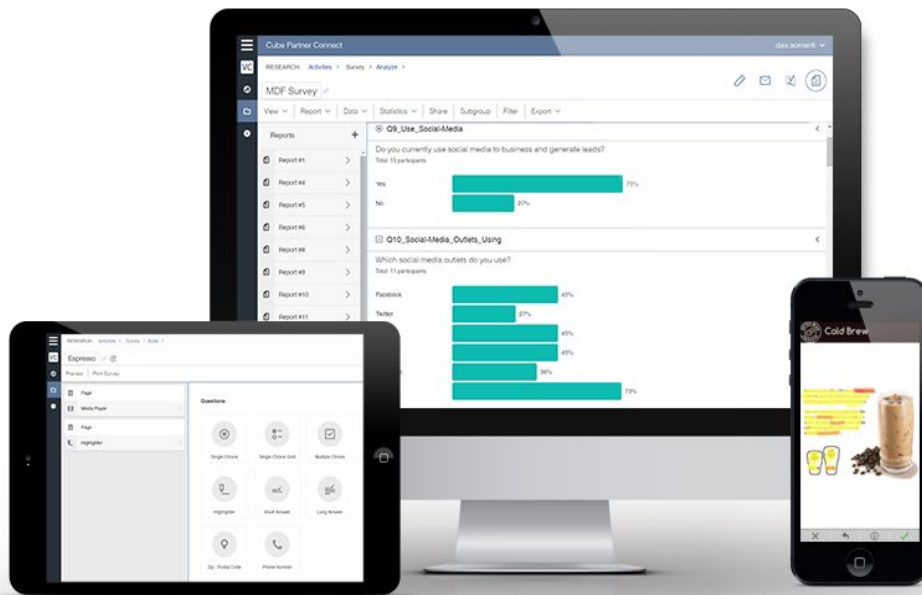
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# Tyler Douglas

## Vision Critical's Chief Sales

## and Marketing Officer

Tyler Douglas heads Vision Critical's global sales and marketing teams. A seasoned leader and entrepreneur, he has a proven track record of building high-performance teams and strategic client relationships.

Tyler previously co-founded IronPoint Technology, a market leader in web content and collaboration software. Within a few years, the company was acquired by Active Network. Staying on at Active Network, Tyler helped drive the company from a $30-million to $300-million organization. It launched a successful IPO on the New York Stock Exchange in May 2011. Tyler also serves as an advisor for several technology start-ups across North America.

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