Bridging the Experience Gap

Beyond Philosophy Webinar

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Webinar Flow

- Introductions and Instructions: 5 minutes
- Research Findings: 25 minutes
- What can you do about it…: 15 minutes
- Questions and Answers: 15 minutes
- Feedback Questionnaire: 2 minutes
The Beyond Philosophy Perspective

Customer Experience is all we do!

Thought leadership is our differentiator

Fourth book launched in September 2010

Offices in London, Atlanta with Partners in Europe & Asia

Links with Academia

Focus on the emotional side of the Customer Experience
We are Proud to Have Helped Some Great Organizations…
Customer Experience Trend Tracker Research

- 1,000 interviews (Organization Managers and Consumers)
- UK and USA
- Online survey

Industries:
- Hospitality/Leisure, 3.10%
- Health-related Services, 10.10%
- Other, 36.10%
- Shops: Retail/Restaurants/etc., 7.50%
- Transportation/Travel, 6.60%
- Utilities/Energy, 3.80%
- IT and Telecommunication, 9.10%
- Financial Services, 9.80%
- Public Sector/Non-profit, 14%

Age:
- 18-24: 2%
- 25-34: 27%
- 35-44: 27%
- 45-54: 27%
- 55-64: 17%
The Definition of Customer Experience

A Customer Experience is an interaction between an organization and a customer.

It is a blend of an organization’s physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all moments of contact.
The Experience Gap

<--- Consumer --->

<--- Rainbow --->

<--- Organizations --->
Emotional Gap
Understanding How Customers Feel
The gap – customers feel more negative than organizations think.

The customer experience is bland: it is not as positive as organizations think!

Customers do not distinguish between the different emotions. This is an opportunity for differentiation.

Source: Beyond Philosophy CETT
Organizations Think They Focus on Emotions but ...

- Less than 20% of organizations consider how customers feel.
- Customers feel that 80% of organizations consider them a transaction.

When it comes to addressing customers' needs, how do organizations behave?

Source: Beyond Philosophy CETT
A Lack of Full Understanding of the Customer Experience

4Ps rational understanding

Sub-conscious & Emotional understanding

...we know that 50% of the Experience is about the emotions
“One figure which always surprises people is...

The subconscious processes 200,000 times more information than the conscious mind without us having to focus on it and does that processing before our eyes have even recognised the person or object.

It is disposed to process emotions even faster, around 10 times faster than our conscious mind.”

-- Dr Peter Jones
Customers Say Inconsistent in Handling Issues

- 61% of customers say there is a problem in terms of consistency in handling issues yet only 23% of managers recognize the problem.

- 66% of organizations think they are honest and cooperative: but in contrast, only 15% of customers think they are!

Source: Beyond Philosophy CETT
When There is an Issue it is Hard to Get to a Manager

- Only 25% of customers say it’s easy to speak to a manager.
- ...despite the fact that 70% of organizations believe they are committed to Customer Experience.

Source: Beyond Philosophy CETT
The Problem of Hidden Defectors

**Case Study:**
Enterprise with 2 million customers
Revenue = $200,000,000 per year
Average Revenue per customer = $100 per year

- Poor experience: 22%
  - Positive experience: 78%
  - 440,000 customers

- Complain: 2%
  - 8,800 customers

- Do not complain: 98%
  - 431,200 customers

- At risk — 34% Issue not resolved
  - Defect — 28%
    - Resolved — 38%
    - 2,464 customers
    - $246,400
  - 2,992 customers
  - $299,200

- At risk — 55% Decline in wallet share
  - Defect — 45%
    - 237,160 customers
    - $23,716,000
  - 194,040 customers
  - $19,404,000

New Economics: Hidden Defectors on Social Media

Silent majority risk worse customer service as companies monitor Twitter, Facebook

Consumers who complain by letter or phone risk getting worse service as companies protect their image by concentrating on higher-profile online gripes, a watchdog warns.

By Alastair Jamieson
Published: 11:50AM GMT 13 Dec 2009

Companies are paying more attention to Twitter. Photo: REUTERS

Can Twitter solve customer service hell?
Tara Evans, This is Money
26 November 2009

Frustrated consumers are using social networking websites to fight back and complain about poor customer service experiences.

One in three people affected by bad service are now turning to the internet to share their problems ‘virally’, according to research by consulting firm, Convergys.

Annoyed consumers are turning to websites such as Twitter, Facebook and YouTube to air their views when they are unhappy with the way a company has treated them.

Social media is allowing consumers the power to demand better customer service on a personal level, with big companies such as BT and ASOS using websites like Twitter and Facebook to reach disgruntled customers.

BT has its own Twitter feed where it contacts people who ‘tweet’ negative comments about any BT services.

A member of the BT customer service team will message the customer directly and try to resolve the problem. ASOS, the online retailer, also offers a similar social media service.

In the past companies have been forced to deal with individual complaints as customers have become so frustrated that they’ve resulted to writing blogs or uploading YouTube videos to complain about their experiences.

WANT TO KNOW MORE?
- How to get your complaints heard
- Consumer rights guide
- How to cheat call centre queues

OTHER STORIES
- Money Mail Wooden Spoon Awards
- Who has the worst customer service?
- Wooden Spoon 2006: BT is top of the flops
- How to protect against firms going bust
- Investment and pensions complaints surge

HAVE YOUR SAY
Help us expose poor customer service by telling your story in our forums.
- Customer services
Organizations Lack Familiarity with Customer Expectations

- Only 38% of organizations state with confidence they know their customers’ expectations.

- Mind the gap! Only 6% of customers think organizations know their expectations.

How familiar are organizations with their customers' expectations?

Source: Beyond Philosophy CETT
Starbucks Rebounds by Understanding Expectations

In the First Quarter of 2010, net income was $241.5 million, up from $64.3 million in the year-ago quarter.

Same store sales jumped to 4% from –9% year on year.

- Sun Belt – prefer cold drinks
- Northeast – like drip coffee
- Pacific Northwest – drink more espresso
Majority of organizations either don’t conduct customer research or don’t act upon it.

Organizations are slow to respond to change.

Source: Beyond Philosophy CETT
Improvements to Customer Experience

- Only 5% of consumers think their customer experience with organizations has improved.
- Yet 29% of organizations think it has improved!

Source: Beyond Philosophy CETT
So What is Surprising?

1. The magnitude of the gaps
2. The extent of the gaps
3. The lack of organizational awareness of the gaps and their size
4. The lack of emotional understanding of customers
5. The degree to which customer-centricity has lacked effectiveness within organizations (it is just a word!)

It is not the fact these gaps exist that is the surprise, rather their magnitude and extent. The sheer extent of these gaps represents a call to action.........
What Can Be Done About These Results?
The issue is that senior execs don’t think this is important…
What do Senior Execs Think Important?

- Achieving revenue and cost targets
- Profitability
- Share price
- The reputation
- Future job prospects
- Bonus
- Job retention
- Self esteem
- Job satisfaction
- more….
Understand Customers’ Emotional & Subconscious Links to Value
Top Six Areas to Address…

1. Start to build a business case that shows the $$$ revenue benefits
2. Undertake pilots to prove this works
3. Educate the senior team on the Customer Experience and the opportunity it provides
4. Work on building the Customer centricity of the organization
5. Establish new Customer focussed measures
6. Define the Customer Experience you are trying to deliver
Questions & Answers…
Resting ‘on your laurels’ is a Recipe for Disaster

Like the dinosaurs...nothing is too big to fail or become extinct....

More than 25% of the 1955 Fortune 500 are now extinct:

‘it is not the strongest of the species that survives, nor the most intelligent, but the ones most responsive to change.’

-- Charles Darwin
Next webinar
Customer Experience Trend Tracker (CETT) research on the HEALTHCARE in UK and USA
Date: April 15 at 4pm GMT/ 11am EST / 8am PST
Further Conversation? Contact us …

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