BEYOND PHILOSOPHY

Building Great Customer Experiences

The Future of Customer Experience, Today

While most organizations recognize that the Customer Experience is vital to their competitive differentiation, our research reveals that it doesn't translate into their actions. We share our findings over the past year that shows what areas need work to take Customer Experience understanding into Customer Experience action.

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Introduction:

Last year, Colin Shaw one of the world's leading thought leaders on customer experience published a new book called *The Intuitive Customer*. Shaw and his co-author Professor Ryan Hamilton publicized seven imperatives to move your customer experience to the next level. The book seeks to instruct people how to implement the future customer experience today and gain the competitive advantage. Since publishing the book, Beyond Philosophy has conducted research with organizations around the world through an online self-assessment form. Over 350 responses reveal the level of understanding that organizations have regarding what improves a customer experience.

So, Where Are We Today?

Most organizations recognize that customer experience is vital to their business. However, most organizations do not understand what it takes to improve their customer experience.

The fact is that to move your customer experience to the next level, you must also move your thinking to the next level. Too many organizations believe improving the rational part of an experience, such as the delivery time or price, etc. will enhance their experience. What they discover is that whilst these improvements produce some initial gains in Net Promoter Score, which measures how likely a customer is to recommend you to their friends and family, the program then plateaus. We get calls that tell us this story with increasing regularity every day, each of them imploring us to help them understand where they went wrong.

That's simple: they have reached a glass ceiling for their customer experience improvement actions. Improving beyond this point requires modern thinking about customer experience. It's a new world for customer experience, and your understanding of it needs to incorporate new concepts.

This new world abandons the old concepts of rational people who make logical decisions based solely on price and quality. It also throws out the idea that people never buy emotionally. Moreover, it destroys the belief that improving your customer experience adds costs to your business. The new world of customer experience realizes that all of these long-held beliefs are the old thinking that results in NPS plateaus and limited improvements blocked by a glass ceiling.

Breaking through to the next level of customer experience necessitates accepting that people do buy emotionally and do not always make decisions rationally as customers. It also means that you must understand the psychological influences that drive people's behavior. Most of all, it demands you abandon the notion that people buy based on price alone. Buying decisions are far more complicated than that.

Seven Imperatives That Provide the Foundation of New World Customer Experiences

Building on this new way of thinking, Shaw and Hamilton divulge seven imperatives for taking customer experience to the next level in *The Intuitive Customer*. They include:

1. Recognize that customers decide emotionally and justify rationally.
2. Embrace the all-encompassing nature of customers' irrationality.
3. Understand that customers' minds can be in conflict with themselves.
4. Commit yourself to understanding and predicting customer habits and behaviors.
5. Uncover the hidden causes and unintended consequences of customers wanting things to be easy.

6. Accept that apparently irrelevant aspects of your Customer Experience are sometimes the most important aspects.
7. Realize that the only way to build customer loyalty is through customers memories.

These imperatives are designed to help navigate the new thinking in the new world. They provide a starting point for developing an experience that breaks through the glass ceiling and jumpstarts a plateauing NPS. They are the foundation of building a customer experience with the new thinking needed to succeed in a new world.
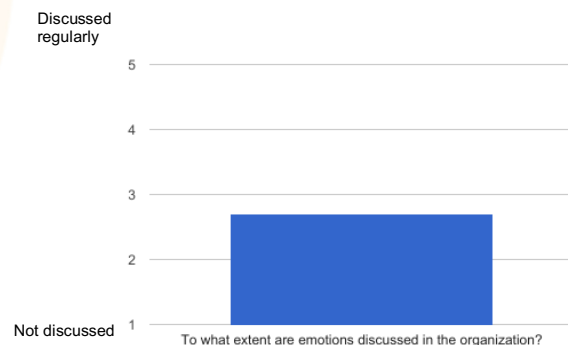
Many organizations have embraced these concepts, at least in philosophy. They know emotion drives much of our behavior as customers. They are working on their experiences even now to incorporate these tenets. They have entered the new world of customer experience.
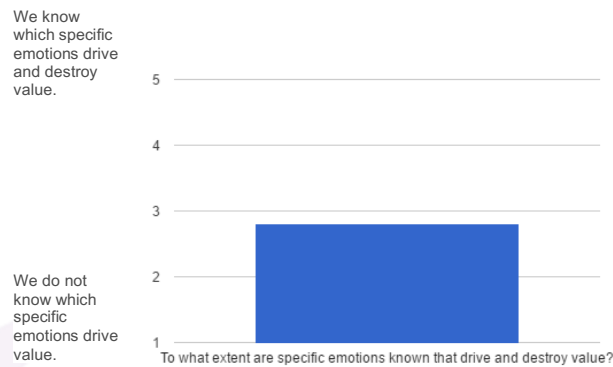
So How Are We Doing?

We undertook research to answer this question. We invited organizations across the globe to participate in an online self-assessment giving respondents the chance to take an honest look at their actions. They were encouraged to examine their day-to-day actions against these concepts. The following are results we have from over 350 respondents so far:

Imperative 1: Recognize that customers decide emotionally and justify rationally.

We have said for over a decade that over 50% of a customer experience outcome involves emotions. Research has proven it to be true. People are irrational by nature, but this seems to be ignored by organizations. It is essential to recognize that emotions are the root of this irrationality. When people make decisions, they use emotion to make the decisions, and then rationality comes in to tidy up the details. We appreciate that this concept may be inconvenient, but that is how people act. Customers do not fit nicely into a box of rationality and logic. Understanding and accepting this imperative is vital to moving forward in the new world.

We know which specific emotions drive and destroy value.

We do not know which specific emotions drive value.

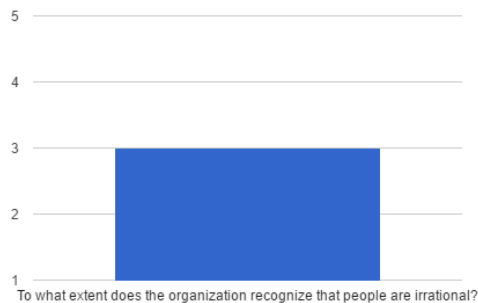To what extent are specific emotions known that drive and destroy value?

Our research shows that organizations are starting to accept that customers buy emotionally, 3.2 out of five. This figure is clearly off from the five out of five that organizations should score. It is no surprise that internal discussions within the company leave emotion out of it, 2.7 out of five, which tells us about the culture of the organization. As a consequence, organizations have not defined the particular feeling that they wish to evoke with their customer experience, 2.8 out of five, a huge mistake. Think of all the brands that you like the most. You like them the most because you have an emotional connection to the brand. By not setting the emotions they want, organizations leave over 50% of the customer experience to chance. Due to all of these factors, it appears customer experience design still lacks implementation of emotion that drives value for the organization, only 2.7 out of five. It shows a massive gap and opportunity to get it right.

Specific actions can improve these scores. Companies should undertake research to define the levels of emotional engagement with customers they have today with the current experience. Next, they should gain an understanding of what emotions drive and destroy value in a customer experience by using the methodology we use in the Emotional Signature®. The Emotional Signature is the level of emotional engagement a company has with its customers. Creating this product, we learned through extensive research that 20 emotions drive or destroy value for an organization, with Happy and Pleased at the top of the value-driving pyramid. Once you have this information, the senior team must agree with what you determine to be the Emotional Signature you are aiming for and a strategy to get it.

Imperative 2: Embrace the all-encompassing nature of customers' irrationality.
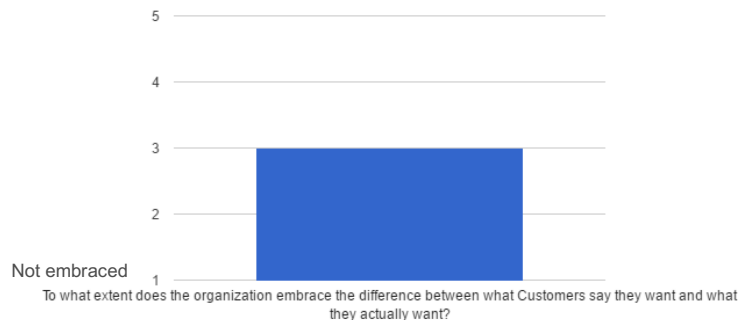
People can always tell you why they did something, but they won't always be correct. They are not deceiving you on purpose, however. They don't always know the actual reason why they did what they did. Hidden influences exist in the subconscious mind. Whether it's a visual or external cue or an embedded emotional response, we often react without our conscious awareness. Psychologists have names for these reactions and how they influence our behavior. Understanding the psychological experience helps you understand the real reasons people do what they do, no matter what they tell you.

Fully embrace

5

5

4

4

3

3

2

2

Not embraced

1
To what extent does the organization recognize that people are irrational?

1
To what extent does the organization embrace the difference between what Customers say they want and what they actually want?
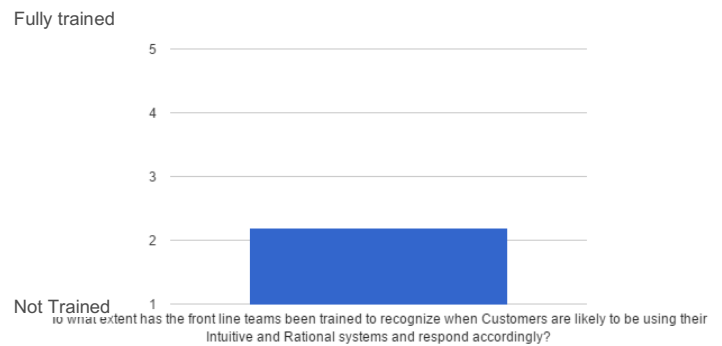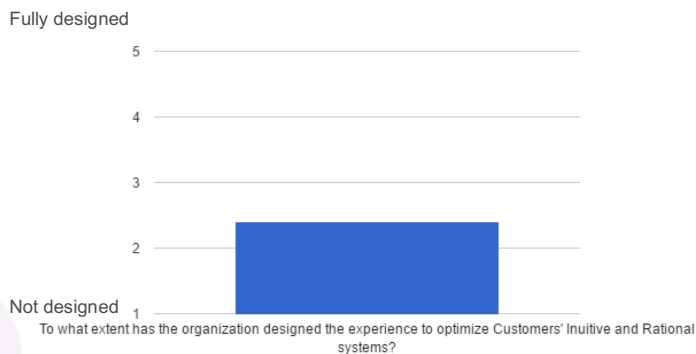
Recognition that people, and therefore customers, are irrational was about average, 3 out of 5. But, again, it is not entirely embraced by organizations, 3 out of 5. In other words, people see that there is irrationality but do not do a lot about it.

So what should we do to change? Begin by educating senior managers on the psychology that influences the customer experience. Next, train the team, not only on the psychology but also the broader concepts supporting the customer experience. You will enjoy more success if you can prove where these psychological influences on behavior manifest in the customer data you collect about your experience. Having the evidence from actual customers will solidify the concepts in a practical way that facilitates genuine acceptance of what you want members of your organization to know.

Imperative 3: Understand that customers' minds can be in conflict with themselves.

This imperative reveals that inside every person's mind, there are two different systems of thinking. We call them the "Intuitive System" and the "Rational System." The Intuitive System is fast and automatic. Skilled at discerning emotional interpretation, the Intuitive System jumps to conclusions and produces gut reactions. The Rational System is slow and methodical. Requiring more cognitive method, the Rational System solves complex math problems, logical suppositions, and other deep thinking exercises. Rational thinking also takes a lot of energy where intuitive thinking does not. Therefore, intuitive thinking takes the lead most of the time, producing conclusions and decisions. Sometimes the Rational System weighs in; sometimes it doesn't, particularly when a person's energy is low. We call this cognitive depletion and designing experiences that anticipate the decisions people make when cognitively depleted is vital to taking your customer experience to the next level.

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Fully designed

5

4

3

2

Not designed   1

To what extent has the organization designed the experience to optimize Customers' Inuitive and Rational systems?

Fully trained

5

4

3

2

Not Trained   1

To what extent has the front line teams been trained to recognize when Customers are likely to be using their Intuitive and Rational systems and respond accordingly?
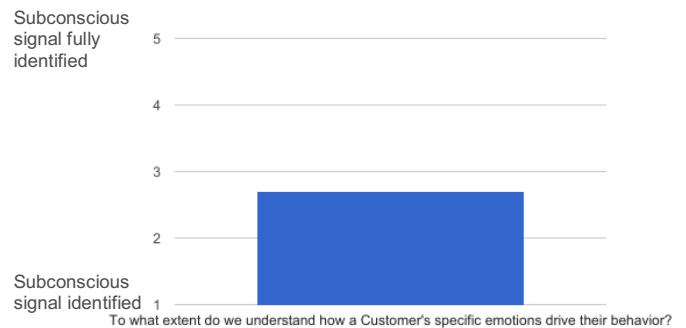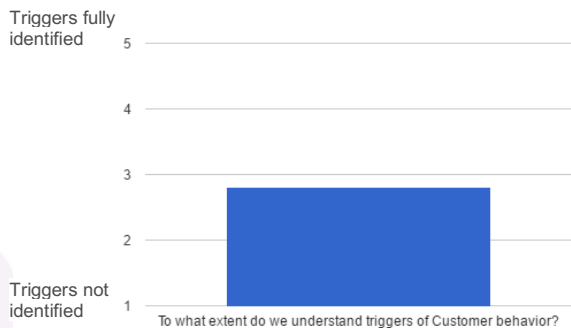
Our research shows that whilst recognition exists that customers have an intuitive and rational system, 2.9 out of five, most organizations do not design for it in their experience, 2.4 out of 5. What's more worrying is that organizations do not train their front-line people about the Intuitive and Rational Systems and how they can use this to their advantage when dealing with customers, scoring only 2.2 out of 5.

To improve these results for our new world, you should once again educate senior managers and the team on why the ways of thinking matter to the customer experience. Then, train your people to identify these subconscious clues by using advanced behavioral training techniques like our Memory-Maker Training. Memory-Maker Training is designed to provide team members the skills needed to interpret verbal and nonverbal communication and recognize how customers feel entering the interaction. But it also teaches team members how to convert customer feelings to the desired emotion for your experience through their verbal and nonverbal communication to customers.

Imperative 4: Commit yourself to understanding and predicting customer habits and behaviors.

Habits are automatic responses to stimuli. Governed by the Intuitive System, habits conserve cognitive resources. Their automatic nature makes them difficult to change. When they work in your favor, it's great, but when they don't, it's devastating. Efforts to change habitual behavior with logic are less successful than those that focus on habit triggers. By targeting the stimuli and response mechanism inherent to habits, you have a much better chance of changing habits to your favor.

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Triggers fully identified 5

4

3

2

Triggers not identified 1

To what extent do we understand triggers of Customer behavior?

Subconscious signal fully identified 5

4

3

2

Subconscious signal identified 1

To what extent do we understand how a Customer's specific emotions drive their behavior?

We fully understand 5

4

3

2

We do not understand 1

To what extent do we understand when Customers have to use most of their brainpower to deal with us?
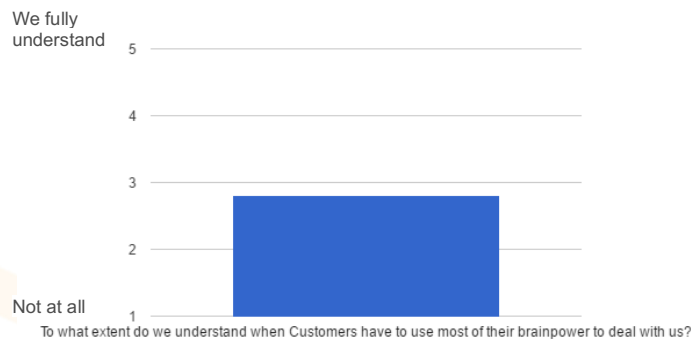
A limited understanding exists of how specific emotions drive customer behavior. We discovered that most organizations do not understand what triggers a customer behavior, 2.8 out of five. Furthermore, they do not understand the subconscious signals they are giving to customers, 2.4 out of five.

First and foremost, you need to identify the cause of consumer behavior. These causes may not be logical and, in some cases, might seem innocuous. As you will see in imperative 6, it can be the little things. Once identified, design these moments to correct customer behavior. Find the trigger that inspires the habitual behavior and then disrupt it. An example is how airlines convinced us to use self check-in rather than lining up at the counter to get a boarding pass. When self-check-in kiosks first appeared, the airlines had an employee pull passengers from the check-in line and walk them to the kiosk to use instead. Whatever disruption method you use, ensure you measure your success in changing customer habits.

Imperative 5: Uncover the hidden causes and unintended consequences of customers wanting things to be easy.

Everyone knows that customers want things to be easy, but far fewer know why. The answer is evolution. If you go back only 200 years, we know finding food was hard. Hard means it takes energy. When we conserved energy, we needed to find less food. In today's terms, that translates to wanting things to be easy to conserve energy. However, when it comes to easy, few organizations know what that means to customers. Mostly, people don't want to have to think about things all the time. Customers develop habits because habits don't require decisions. People like relying on the Intuitive System because it is simpler thinking than the Rational System. People also like decision-making shortcuts, which psychologists call heuristics, that deliver decent decisions most of the time. In our book, we discuss many of these shortcuts that appeal to the Intuitive Customer.

We fully understand
5
4
3
2
Not at all
1

To what extent do we understand when Customers have to use most of their brainpower to deal with us?

We discovered that many businesses think they are easy to do business with, 3.1 out of 5, but did not recognize where customers need to use effort (brain power) in their experience, 2.8 out of 5.

These figures show us that most organizations need to identify the key reasons for the customer having to use their brain power in their experience. While it isn't always the case, most times customers have to use more brain power as the result of a company's internal process or lack of coordination between a company's departments. Discovering these moments might require taking an outside-in approach, or walking the experience as if you are a customer. We call this exercise a Customer Mirror, and many organizations have used it to great success.

Imperative 6: Accept that apparently irrelevant aspects of your customer experience are sometimes the most important aspects.

Most organization assume that people enter an experience with expectation. Afterward, the customer compares reality with the expectation to determine whether an experience was good or bad. While comparison models are one way people evaluate the experience, they are not the only way. When an evaluation gets tricky, people sometimes rely on their high-level impressions of a brand, what we call a "halo effect," to make a judgment. The halo effect can create a positive or negative influence in the subconscious dependent on many factors. Managing the halo is a critical aspect of taking your customer experience to the next level.
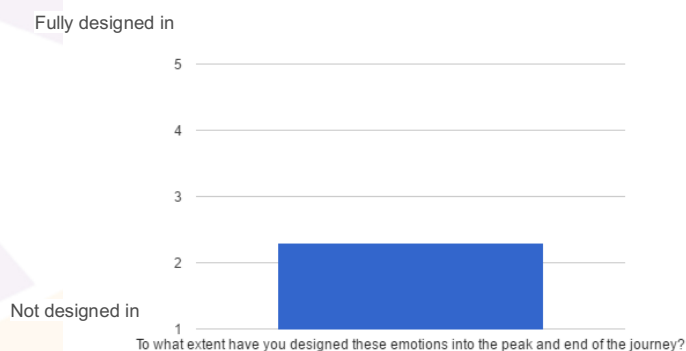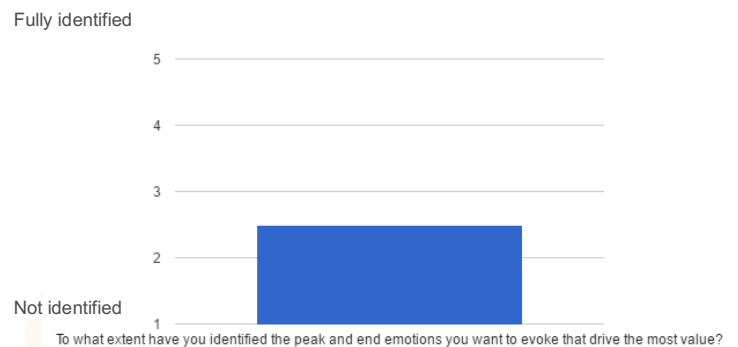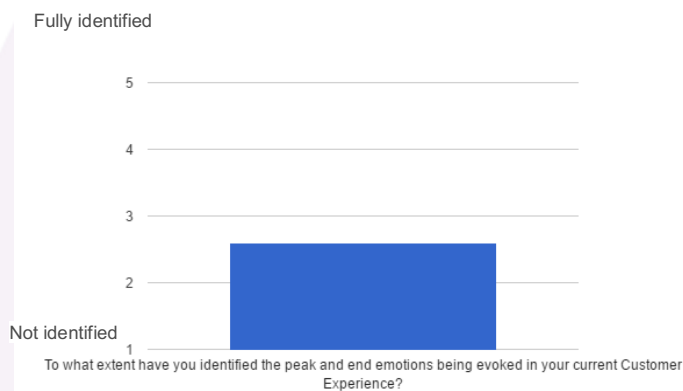
Fully identified	Fully designed

Fully identified

5

4

3

2

Not identified

1

To what extent have you identified the subsconscious aspects of your experience that are driving or destroying value?

Fully designed

5

4

3

2

Not designed

1

To what extent have you designed subsconscious aspects into your experience to evoke specific emotions?

Most organizations have not identified the subsconscious aspects of the experience that they're trying to deliver, 2.5 out of five and yet these elements are critical. Moreover, respondents have not identified which of these hidden influences destroy the most value. It is no wonder then that we see many customer experience programs plateau. Finally, because they haven't identified the subconscious aspects they want for the experience, most organizations do not design subconscious elements to sway emotions within their customer experience, 2.3 out of five.

In the new world of customer experience, organizations would be wise to research the underlying concepts of customer experience, such as the subconscious experience. Gaining this understanding enables an organization to identify unconscious signals that the current experience sends. Once identified, you can design the proper signal into your improved customer experience to inspire the emotional response that drives the most value for your organization.

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Imperative 7: Realize the only way to build customer loyalty is through customers' memories.

People do not choose to return to a customer experience they had. People choose to return to a customer experience they remember they had. Therefore, customer loyalty is a function of memory. Therefore, knowing how memories are formed during and after an experience is vital to moving to the next level of customer experience excellence. Our Memory-Maker Training addresses this process, including identifying the key moments in an experience that have the most sway on the type of memory that forms. These moments are the highest emotionally-charged moment and how the experience ends, what psychologists call the Peak-End Rule. Having the skills to manage these two moments is critical to aiding the formation of a pleasant customer memory.

Fully identified

Not identified

To what extent have you identified the peak and end emotions being evoked in your current Customer Experience?

Fully identified

Not identified

To what extent have you identified the peak and end emotions you want to evoke that drive the most value?

Fully designed in

Not designed in

To what extent have you designed these emotions into the peak and end of the journey?

A disappointing 2.6 out of five organizations have identified the current Peak and End emotions produced in their customer experience. Also, only 2.5 out of five have identified the Peak and End emotions that drive the most value for their organization. Finally, a mere 2.3 out of 5 teams have designed these into the customer experience.

Identifying the Peak and End emotion should be a priority for any organization that wants to create a great memory that brings customers back for more. However, it also should be a priority to identify all the emotions you evoke with your experience today, as well as the emotions you want to evoke with an improved experience. As we said in the beginning, emotions are the foundation of our new thinking in the new world. Using them to build your customer experience is necessary to take a customer experience to the next level.

What Else Did Our Results Reveal?

In addition to the information related to the seven imperatives expressed in our book, we learned many more interesting facts about the state of customer experience today, which include:

- 2.8 out of 5 of organization are now looking at an emotional experience
- 2.5 out of 5 companies are measuring customer emotions
- 2.4 out of 5 are using psychology to design their experience
- 2.4 out of 5 design training courses that address the skills frontline people need to evoke particular emotions from customers

In Conclusion

The good news is that more organizations realize the importance of providing an exceptional customer experience is vital to competitive differentiation. They have begun to accept that positive emotional outcomes are imperative. Some companies have even started to analyze their current emotional experience and design a customer experience that results in an improved emotional outcome for customers.

The bad news is that few organizations realize what it takes from a specific action perspective to achieve an exceptional customer experience. Understanding what to do and how to do it is the purpose behind *The Intuitive Customer*. The concepts we review in the book are the new thinking required for extraordinary results in the new world of customer experience. Learning how our psychology influences our thoughts and behavior is a critical aspect of today's customer experience effort. We can think of no other element as foundational and vital to success. Those organizations that undertake the challenge to gain this understanding and abandon the old ways of thinking are the ones that will break through the glass ceiling of improvement success that hinders what's possible with their experience.

Will you break through? Or will your efforts break you down with plateauing results and a significant bump on the head?

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Contact Beyond Philosophy

Contact Beyond Philosophy to learn how we can aid your efforts to reinvigorate your customer experience program results.

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