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Customer Experience: Roots And Reasons

by Ron McCulloch

Attentive service combined with well-planned and executed operations foster positive customer experiences, which in turn yield loyalty and increased customer lifetime value. However, these results do not come from simply desiring them. They require focus and intentionality to achieve.

In his manifesto, Bruce Temkin asserts, "Great customer experience is not only free, it is an honest-to-everything profit maker...if you concentrate on improving customer experience, you can very likely increase your profits." [1] This assertion has inspired healthy debate, and in some cases may foster deeper understanding of principles, behaviors and outcomes of cultivating truly outstanding customer experiences.

For many consumers, price is the primary driver for purchasing decisions. However, people usually have a choice of where to buy nearly everything, whether goods or services. One or two negative encounters may not drive away a customer forever, but people tend to find or even create alternatives when faced with consistently poor experiences.

Regarding whether customer experience is truly free, people who interact directly with customers sometimes have to sacrifice their own time for this cause. The advantage, though, is that such extra-mile efforts often have enduring effects on customer retention. In the near term there may be costs, especially in the form of time, but such investments often yield desirable long-term returns.

Even without measuring customer satisfaction, managers often can easily see who is exerting effective efforts to enhance customer experience if they pay attention and are not too inwardly focused. It makes sense to reward and invest in these people openly. This is a simple way to reliably communicate a customer-centered organization's values.

Excellent service, inviting environment and skillful execution all enhance customer experience. This cultivates satisfaction. Satisfaction begets loyalty. Loyalty begets referrals, reputation and retention. All three Rs are beneficial, but the merits of retention are quantifiable by way of customer lifetime value: a customer's income generating potential. This principle underscores the difference between the costs of acquiring versus retaining customers. When you can bring such a concept to life on a profit and loss projection, that idea merits close attention.

Root Causes

Regardless of how dedicated staff may be to creating exceptional experiences, delivering desirable results on an ongoing basis requires consistent executive commitment and involvement. Lip service is not enough; the underlying causes and activities must be intentional. This requires serious strategic thinking and planning, as well as communication and feedback mechanisms. Excellence in customer-facing processes is not accidental.

One useful route to improving customer experience is to allow staff creative freedom to improve internal effectiveness. When processes happen more quickly and accurately, customers often greatly appreciate the results. This approach can also cultivate a sense of personal ownership and motivation. Innovations that create value in this way can dramatically improve short-term satisfaction and longer-term retention.

To reliably deliver positive customer experience, consistent, timely follow-through is paramount. If you communicate openly with your customers, they tend to be more willing to forgive minor shortcomings. With this, it is important to be forthright about any missteps that affect customers and to make things right with them. Often, openness combined with persistent effort to satisfy carries greater weight than flawless performance.

Educating and coaching employees in customer service principles is another important element. One key to that education is reassurance that the company will not retaliate for employees' mistakes along the way. This reassurance must take not only the form of verbal or written messages, but manifold examples of consistent, reinforcing behavior. Historically, employee experiences in this vein range from peers and supervisors closing ranks to help solve serious problems to deflecting and blame-throwing over minor anomalies. It should be clear to anyone who has been in such situations that employees will only feel truly empowered to act in the best interest of customers when they are assured of support from their leaders.

What Works?

Customers are often willing to pay at least marginally higher prices for a more satisfying buying experience. An interesting case in point is Lowes Foods, which recently opened a store near my home. This store has been draining the customer base of a nearby low-cost competitor. Their attention to customers far outpaces the other chain, and they keep a much cleaner, more organized store, both of which enhance the experience. Prices are somewhat higher, but many people I know, notably my wife, have abandoned the other store

altogether. During recent visits to the competitor in question, I have noticed deliberate efforts to greet customers and offer help. Unfortunately, this comes off as a me-too effort, and seems compulsory rather than sincere.

Regarding the often perceived need for over the top attentiveness in retail environments, I usually know what I want, can find it by myself, and don't really want help. That said, I think there is an art to effective greeting and helpfulness. "Welcome to Walmart" is rote, but expected. With the Moe's Southwest Grill chain the "Welcome to Moe's" greeting is somehow a different case. When staff members offer this enthusiastic salute it seems a little cheesy, but sets a warm tone for the visit. Conversely, when the greeting is listless, I tend to feel the employees' implied fatigue and frustration. Fortunately, I can not taste it. The difference tends to come from how managers and team leaders treat the staff. An uncommon case in point is Chick-fil-A restaurants, where the line staff members are consistently friendly and helpful. The managers and team leaders drive this by how they treat the staff ? they encourage and coach their teams. They set high expectations, but back it up with their own actions. Such effort more naturally transmits itself to customers.

A noteworthy type of customer experience-enhancing innovation is in the area of retail checkout efficiency. Best Buy is one of my favorites. Their forked line approach seems to move customers quickly and efficiently without sacrificing friendliness. Self-checkout aisles are also excellent examples in this area of innovation. Some people seem to find the technology impersonal, intimidating, or even anti-social, but many others view it as a tool to help them use their time more effectively and to move on to other places and activities that they value. Irrespective of some negative impressions and experiences, the technology is rapidly achieving high levels of acceptance both from retailers and customers. [2]

EarthLink technical support is another good illustration of generating positive experiences. Their live chat staff has impressed me favorably for years. I do not know if the representatives are located predominantly in India, the United States, Antarctica or Mars, but they have always been polite, patient and persistent in helping me to resolve my problems. The combination of knowledge and responsiveness is very powerful for creating an excellent customer experience. On the other hand, my experiences with other software vendors' support lines have ranged from marginal to utter failure. In most cases I have ultimately had to find a solution on my own ? not a positive customer experience.

Traps

Dealing with difficult customers requires considerable judgment and care. Even with unreasonable customers, there is often a reason they are being so. Reserving judgment and extending extra effort to understand and help can yield long term benefits in such situations. On the other hand, persistent difficulty may provide a clue that it is time to reconsider the value of retaining certain customers.

Complacency is another noteworthy hazard to creating sustained positive customer experience. A sometimes common, but dangerous attitude is embodied in the statement "if the customer didn't fire us, we must have done well." Merely averting disaster is, by far, not the same as creating satisfaction. It may create a memorable experience, but not necessarily a positive one. Leaders who espouse this attitude invite serious struggles later.

The Take-Away

In the long run, excellent customer experience is indeed a profit driver. In the short run, the underlying activities may be costly, but businesses ignore or avoid them at their potential peril. While there are embedded costs within the idea that positive experiences are "free," the rewards tend to outweigh the effort and cost invested. In addition to these investments, intentionality and consistency are imperative to build and maintain a culture that sustains rewarding customer experiences.

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End Notes

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