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Customer Experience Management :
A Framework For Successfully Managing The
Customer Experience

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Abstract

Customer Experience Management has gained in importance in recent years. As companies are faced with the prospect of decreasing customer loyalty coupled with increasing costs of customer acquisition, it has become immensely important for companies to ensure a good experience for customers through every stage of customer interaction. This paper focuses on the various aspects that impact customer experience and offers a framework that incorporates these factors.

Introduction

The reduced scope of differentiation through product features and the increasing impetus on customer service have resulted in the growing importance of managing the customer experience. In fact, Forrester Research has created a report that explains how organizations can practice Experience Based Differentiation. A survey conducted by Forrester Research shows that only 28% of companies closely monitor the quality of customer experience. Therefore, managers need to focus more on managing customer experience in a proper manner. This paper aims at creating a framework for the better management of customer experience by broad-basing the concept of customer experience to cover all aspects of customer interactions.

Literature Review

Gupta and Vajic (1999) have mentioned that an experience occurs when the customer has any sensation or knowledge acquisition as a result of interactions with different elements that have been created by the marketer. In this regard, Gilmore and Pine (1998) has pointed out that the best relationships with customers are those that are emotional in nature. Therefore, the company needs to cultivate stronger bonds with customers to ensure pleasant customer experiences. Authors like Prahalad and Ramaswamy (2000) have also pointed out the increasing value co-creation being done through active participation of customers thereby enhancing the scope of and need of

managing customer experiences. In fact, Cova (1996) goes a step further to state that consumers seek to become a part of the experience instead of merely encountering products and services and wish to have a more inclusive role. This has also been pointed out by Willmott and Nelson (2003) - the mindset of customers has changed whereby they seek experiences instead of being content with a mundane transactional relationship with the company.

The consumption experience has been defined by Holbrook and Hirschman (1982) as 'a personal occurrence, often with important emotional significance, founded on the interaction with stimuli which are the products or services consumed'. The aspect of experience has become so important for consumers that Pine and Gilmore (1998) have mentioned that 'we will increasingly pay companies to stage experiences for us just as we now pay companies for services we once delivered ourselves, goods we once made ourselves, and commodities we once extracted ourselves'.

Taking a cue from the importance ascribed to managing the customer experience, various researchers have conducted studies to highlight certain aspects of customer experience management. Pullman and Gross (2003) have pointed out the importance of various emotions in a specific service setting. Stuart-Menteth, Wilson, and Baker (2006) have highlighted the importance of managing the multi-channel experience properly while Jenkinson (2006) has drawn attention to the importance of information in managing the customer experience. Berry, Carbone and Haeckel (2002) have adopted a comprehensive approach in their research and pointed out the necessity of conducting an experience audit. The authors have mentioned the need for undertaking a holistic effort at managing customer experience instead of making improvements in certain 'pockets'. However, researchers have not provided a framework that can serve as a guide for managing the customer experience in a holistic manner. This paper aims at creating such a framework based on the proposed aspects of customer experience and conducting an analysis that takes into account the experience management practices of various companies.

Methodology

This paper would analyse customer experiences across the following categories:
- Impact on Senses
- Impact of Processes
- Impact of Communication
- Impact of Expertise
- Impact on Relationship

The analysis would be done under each of these categories considering the practices of various companies and result in the creation of a framework that can be used by managers for successfully managing the customer experience. These categories can also be used to create the 'Customer Experience Pyramid' that depicts the hierarchical level of the various categories of customer experiences. Companies need to work on the customer's experience by focusing on the base of the pyramid first and then going

up the hierarchical levels to reach the relationship experience management stage.

I) Customer Experience - Impact on Senses

At the most basic level, the sensory experience has to create the right impact. Schmitt (1999) has mentioned about 'SENSE marketing' which involves the use of suitable music, colour, sound effects etc. to create the right stimulus. According to Schmitt, the aspect of 'FEEL marketing' takes into account the feelings aroused in the customers as a result of the stimuli. The impact on senses can be categorized into visual impact, auditory impact, and olfactory impact.

1) **Visual Impact**: Essentially focusing on the visual aesthetics by ensuring a suitable décor and furnishings. The visual impact of the logo and the signage that is viewed by customers should be created in a manner that ensures a pleasant experience and puts the customer in the right mood. The visual impact should serve to initiate a bond with the customer and apart from the basic function of enabling differentiation from the competition; a kind of harmony should emerge between the customer and the organization. This is being initiated by a number of banks in India where the leading private banks like ICICI, HSBC, HDFC had taken the lead. Thereafter, public sector banks like Bank of Baroda, Union Bank of India etc. have also undertaken facelifts for ensuring proper visual impact. The aesthetics are also important in the case of products and not only for services. For example, the iPod has been a great success not only because of its storage capacity but also the look and feel of the product. It has been regarded as a 'cool' product to own and flaunt – especially among the young population. In the mobile phone segment, Motorola has been able to gain market share after the launch of visually appealing products like the MotoRAZR and the MotoPEBL.

2) **Auditory And Olfactory Impact**: Among the various aspects of sensory experiences, the impact on the auditory and olfactory senses assumes great importance especially in the case of services. The contact with customers is more prolonged as in the case of airlines, entertainment complexes, and shopping malls. At times, the impact can result in an unpleasant customer experience as is evident at the railway stations in India. On the other hand, airlines like Kingfisher Airlines have taken the effort of installing personal entertainment systems even for their economy class customers to ensure that the sensory experience is enjoyable. In fact, Kingfisher Airlines has also ensured that the visual appeal of the aircraft cabin results in a superior customer experience. Likewise, an airline like Jet Airways ensure that the cabin is pleasant smelling and the fragrance used is very distinctive wherein the customer can distinguish the interior of the airline from other airlines on the basis of the olfactory impact. Similarly, luxury hotels like the Taj Group ensure that soft music is audible inside the hotel lobby and the corridors while the use of suitable fragrances ensures a pleasant olfactory impact.

The importance of the sensory experience in the context of customer experience management can be understood by taking into account the example of Barista or Starbucks. Though coffee and the various fast food items these joints sell are available elsewhere at a fraction of the price, customers prefer paying a premium owing to the superior experience offered by them. The superior sensory experience is created

through suitable visual, auditory and olfactory impact. The sensory experience is one of the components that help to create the total customer experience for the up market food joints like Barista and Starbucks.

II) Impact of Processes on Customer Experience

The process followed during interactions that the customer undergoes in the course of purchase and usage of a product/service results in shaping the customer's experience. Chase and Dasu (2001) have pointed out that the key elements in this regard are sequence and duration. Deighton (1992) has compared experience design to story-like time pattern that is similar to episodes in human life.

1) **Method of Interaction**: The processes that are followed for interfacing with the customer need a suitable design. The method of interaction should be convenient and easy for customers. Banks enable customers to access the services through multiple channels – websites, ATMs, retail counters, phone banking etc. The processes should suit the customer's needs. Therefore, the tracking of customer behaviour and evaluation of processes from the point of view of the customer experience need to be done. Companies like Dell regularly track the time that customers are kept on hold after they have called the call centre with service requests. However, some banks using the IVR (Interactive Voice Response) method results in irritation for the customers owing to the complicated menu. Another important aspect that is important is to ensure that customers get a seamless view of the company. Generally, companies comprise of departments that tend to work as 'silos' wherein the customer needs to deal with multiple departments and sometimes these departments even work at cross purposes. These factors can result in unpleasantness in the customer's experience and sometimes too much harassment can lead to frustration and disgust. The governmental departments in India are known for causing such situations. Seybold (2005) has pointed out the need for a proper organizational culture and structure that fosters the creation of a good customer experience. Apart from the facilitation, the author also draws attention to the aspect of accountability mechanisms that would ensure that the empowerment of personnel is used in the right manner for fostering a better customer experience.

2) **Unified Customer View**: A seamless organization would require sharing of data across departments. The integration of data from the various departments and divisions can help to create a unified view of the customer. This will ensure that there is no duplication of efforts and the same customer is not targeted improperly. The Standard Life Group in the UK comprised of four main companies – life assurance, general insurance, banking, and healthcare. However, the data on customers were maintained separately and this resulted in failure to identify marketing opportunities. The multiple systems followed within the same company became hurdles for sharing of data. But once the data sharing was initiated, it resulted in noteworthy benefits to employees across the organization. Goldsmith (1999) suggested that personalization should be incorporated as the eighth P in the services marketing mix. To enable personalization of offerings for customers, a unified customer view is very essential. Hewlett Packard (HP) has created newsletters for customers after taking into account how technology-savvy the individual customer is and also

the interest of the customer for certain products. In this way, the personalization enables a more useful customer experience wherein the customer's individual requirements are met better by the company. Amazon.com was able to offer a better customer experience compared with established book retailers like Barnes & Noble through ensuring a unified customer view and proper personalization. The customer was treated as an individual wherein her needs and interests were of foremost importance to Amazon and was manifested during the interactions with customers through the website.

3) **Tools for Enabling Processes**: The process experience can be improved with the use of modern tools. The use of IT for enabling better customer experience has received considerable attention. Dardan, Stylianou, and Kumar (2006) have conducted research on customer related IT investments and mention that they have considered the investments that were made with the intention of enhancing the customer experience by increasing customer satisfaction. Prahalad and Ramaswamy (2004) have highlighted the need of co-creating value through customer involvement. Dell had used this effectively to enable personalization of PCs wherein customers could configure their computers based on their individual requirements. The suitable tools for enabling the processes were key to the superior customer experience. In the case of Dell, the website dell.com served the purpose along with the call centres. Investments in the latest technology can help in ensuring that customers' experience gets enhanced through superior value delivery. The mobile telephony service provider Airtel signed a $100 million deal with IBM for developing, operating and managing the service delivery platform. By investing in the proper tools, the service delivery and customer experience are enhanced. Likewise, entertainment and hospitality major Harrah's invested in SAS datawarehousing solutions to understand customer behaviour better and create personalized offerings for loyal customers.

III) Impact of Communication on Customer Experience

In the modern age of multi-channel marketing, Schultz (2003) has pointed out that connectivity and interaction are the focus. In this regard, Frazier (2005) has mentioned that the direct communication of the marketer needs to be integrated properly with the communication that emanates from the distributors and the other channel partners. The aspect of properly managing the communication experience has a noteworthy impact on the customer experience. The relevant issues in this regard include:

1) **Communication Formats**: The formats followed by the personnel for communication becomes critical to shaping the customer experience. When the customer calls up for making inquiries, the exact format for replying to the query can be standardized and the manner in which the communication is structured needs to ensure a good experience for the customer. Therefore, the language used should be easily comprehended and also serve the purpose of addressing the query that has been raised by the customer. The aspects of courtesy, empathy need to be given due consideration while planning the communication. In case of machines being used for interaction (such as the ATMs used by banks), the communication format should take into account the background of the customer. In rural India the percentage of literate people is lesser and banks have decided to make use of pictorial depictions

for enabling the local people to use the ATMs. Essentially, the communication must be made pro-customer. ABN AMRO Bank implemented a CRM solution that ensured a flexible customer experience by adopting rules-based approach that ensured the client's acceptance. Likewise, companies using the website and the internet to communicate with customers need to adopt suitable communication methods. This is more important when companies using traditional channels begin to use the internet for customer interactions. LEGO began offering downloads of LEGO Digital Designer Software from its site legofactory.com which was a new initiative. Also, LEGO had planned to make the site a place where its customers could interact to create a community of like-minded people. It also launched a bi-monthly newsletter that went out to two million customers around the world. The customers belonging to diverse cultures and social backgrounds may require different approaches for managing the customer experience.

2) **Consistency Across Multi-Channels:** In today's competitive environment, multi-channels have become the norm. The manner in which the communications are handled across the channels has termed 'integrated marketing communications'. The process has been explained by Duncan and Moriarty (1994) as: 'the process of strategically controlling or influencing all messages and encouraging purposeful dialogue to create and nourish profitable relationships with customers and other stakeholders'. In this respect, Stuart-Menteth, Wilson, and Baker (2006) have conducted research on channel experiences and mention that the quality of channel experience has a high correlation with customer relationship quality. The authors have cited the example of Lexus and the customer's experience at the showroom, with the contact centre and the website. The customer's experience would make an impact on the brand values of Lexus. A number of service industries like banking, mobile telephony etc. need to offer access through multiple channels to ensure customer convenience. The communication received by the customer through these channels should have consistency. For example, banks communicate with customers through the following channels:

*   Retail counters (face to face communication)
*   ATMs (machine to human communication)
*   Call centres (human to human but not face to face)
*   Website (automated software to human communication)

Understandably, the manner in which the communication would be undertaken for each of the four channels mentioned above would be different. However, to ensure a consistent customer experience, the communication needs to follow certain norms that would ensure the consistency.

IV) Impact of Expertise on Customer Experience

Another important component of the customer experience is the expertise experience. The level of expertise that is experienced by the customer results in shaping the customer experience. The aspect of expertise should not be thought of in the limited context of 'manufacturing quality' but should be broad-based to take into account the expertise of other departments like sales, accounts, repairs etc. The issues that should be given importance for ensuring proper expertise experience include the following:

1) **Excellent Product/Service Performance**: The experience of the customer while using the product or service would result in enabling suitable expertise experience for the customer. The aspects like product design, product performance, and servicing expertise of the personnel become critical parameters for customers in judging the expertise experience. The success of products like Sony's Handycam or Apple's iPod can be also attributed to suitable expertise experience. Motorola has been developing cutting edge mobile phones like the MotoRAZR or the MotoPEBL with the same intent. The performance of services also requires expertise. Baristas at coffee shops like Starbucks enable a high expertise experience for the customer owing to their skill. Also, the Starbucks experience is savoured by customers for other reasons as well. Customers have mentioned that it is the 'third place' after the home and the office since it offers features like wi-fi internet facility, reading lounge etc. Therefore, the customer experience is constituted by the total value that is offered by the company and the product/service quality should conform to customer expectations. Likewise, the PC service technicians attending customer calls also need to possess the necessary skills to enable a proper expertise experience. Dell monitors the time taken for addressing customer problems. Companies have taken proactive steps to improve the customers' experience. For example, Sun Microsystems offers tools like 'predictive self-healing tool' and 'suninstall check tool' that help customers to rectify problems in the software. In the service sector, the customer experience can be enhanced through proper information sharing and promptly updating customers on new developments. Air Deccan sends SMS on customer's mobile phone to keep them informed of the exact departure time of their flights thereby enabling the customer to reach the airport at the right time. Likewise, banks have introduced the token system that enables customers to avail of the service without having to stand in the queue.

2) **Modern Practices**: The customer's experience is determined by the company's total value delivery. By adopting modern technology, state-of-the-art equipment, and the latest business practices, the expertise experience is enhanced. ICICI Bank invested in the latest CRM tools from Metadata to create a better customer experience. The banks have also used ATMs, phone banking etc. that require the use of modern tools and practices to be effectively deployed. Using business analytics, banks can also predict customer behaviour and thereby prepare for enabling a better experience. The expertise of the company is evident from the use of modern practices. The old single-screen theatres have failed to match the multiplexes since they use modern equipment and have invested in glitzy infrastructure to create a more alluring customer experience. Though the movies that are shown are the same, customers do not mind paying several times more to be at a multiplex instead of the single-screen theatres. The use of IT has enabled many companies to offer a better customer experience. Walt Disney World Resorts have used IT for ensuring that guests receive up-to-date information on their cell phones and reminders for the preset schedule. Also, using GPS and mobile internet technology, Walt Disney can run its fleet of buses in real-time customer demand to obviate the need for customers to wait in long queues. Apart from investing in IT tools, Walt Disney also trains its customer service personnel to speak multiple languages and have a pro-customer attitude.

Rubis (1998) mentions that Disney spends months on training employees on relational methods to ensure that they connect emotionally with guests during interactions. All these practices result in a proper demonstration of expertise experience and serve to enhance the customers' experience.

V) Impact on Relationship Owing to The Customer Experience

Pine and Gilmore (1998) mention that when companies succeed in not just satisfying customers but also make the interactions pleasurable, customers are inclined to stay loyal even when a mistake takes place. The issues that need to be managed for ensuring proper relationship experience include the following:

1) **Treatment Offered to Loyal Customers**: The loyal customers ought to receive preferential treatment which they would perceive through the experience. Essentially, distinction must be made between loyal customers and occasional customers. The experience offered to loyal customers needs to be created with due consideration. Harrah's instituted the Total Rewards Program to track loyal customers and ensured that the moment they entered the casino they were given preferential treatment. Also, the rewards programme was made in a manner that enabled customers to accumulate rewards points across Harrah's various properties. The distinctions (and rewards) are also done by categorizing the loyal customers. Shoppers' Stop created the First Citizen Club to distinguish its loyal customers and categorizes them into various categories that include: Classic Moments, Silver Edge, and Golden Glow. The privileges offered to these categories vary and customers can upgrade to the higher category to avail of the privileges offered to the higher category. Similarly, credit card companies also use this method to categorize customers. Sometimes, the rewards can be offered in an innovative manner. The UK headquartered retailer Tesco offered its women customers a scheme called 'Me Time' which offered free sessions at leading health spas, gyms and beauty salons apart from discounts on designer clothes, perfumes and cosmetics.

2) **Experience Across the Product Life Cycle**: Generally, salespeople offer customers a very pleasant experience during the pre-purchase stage. However, the customer's experience across the life cycle of the product should be taken into account to enable a judgement on the customer's experience. Therefore, the post-purchase experience needs to be considered. Cult brands like Harley Davidson have been able to create the experience that Schmitt (1999) calls 'RELATE' which adds to relate experiences wherein the individual is able to relate with the ideal self, other people or other cultures. Apart from the exalting experiences offered by iconic brands, the objective of the experience management should be to ensure 'least pain' for the customers at the primary level. A multi-channel access for customers seeking attention helps in this regard. Airtel enables its customers to access the company through the website, email, call centre, and also the retail outlets. Also, the company should take the initiative to keep in touch with the customer. Newsletters are a common method used by various companies. Maruti sends a magazine called 'Gateway' to its customers for one year after the purchase of a vehicle. The manner in which the company meets its obligatory requirements also helps to shape the customer's experience.

Car manufacturers offer customers a few free services during the first year after purchase. The customer's experience during these encounters also comprises the 'experience across product life cycle'. In case any warranties or other benefits have been mentioned as part of the purchase, the manner in which the company fulfils these obligations also makes an impact on the customer's experience. Therefore, the company needs to strategize in order to ensure the proper management of the customer's experience during the product's life cycle.

Based on the discussion presented above, the following framework has been created that attempts a holistic approach towards management of customer experience.

Impact of Customer Experience	Issues
Impact on Senses	• Visual impact • Auditory & Olfactory impact
Impact of Processes	• Method of interactions • Unified customer view • Tools for enabling processes
Impact of Communication	• Communication formats • Consistency across multi-channels
Impact of Expertise	• Excellent product /service performance • Modern practices
Impact on Relationship	• Treatment offered to loyal customers • Experience across product life cycle

Figure 1: Customer Experience Management – A Framework

The hierarchy of the various issues can be depicted through the Customer Experience Management Pyramid presented in **Figure 2.**
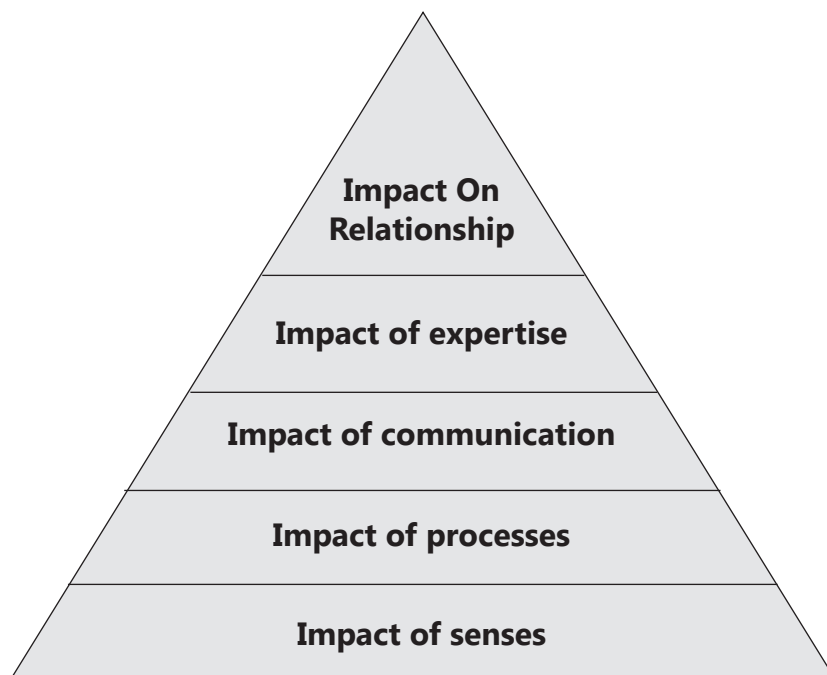

Figure 2: The Customer Experience Management Pyramid

Conclusion

Based on the analysis of the various issues of customer experience management, it is concluded that managers need to adopt a strategic approach towards managing the customer's experience which would involve focusing on the various important aspects mentioned in the framework for customer experience management.

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