



Targeting Customer Experience for Unprecedented Growth

By Robert Amberg

The future will be won or lost on customer experience. Companies committed to customer centricity will win long-term.

If you ask people what the single most important thing is a CEO can do for their business, you'll usually get answers such as improving the stock price, being a good spokesperson for the company, being a good leader, and so on.

All that pales in comparison to their true first duty—understanding the customer and the customer experience. Everything a CEO can affect in the business comes from that one

nugget of information. Without it, the company is simply guessing.

A focus on customer experience isn't a new concept, but the way companies implement it across their organizations as a competitive advantage is still being realized. Consider this example from the airline industry: To make a standard reservation on Delta Air Lines, you can either book online, through an app, or over the phone.

However, to book a reservation for an unaccompanied minor, you must call a special number. The information gathered by the agent is no different than the information you would provide online, yet you must speak to two different agents. Delta does not save any of the minor's information, your payment information, or the destination information, regardless of whether you are a frequent flyer or rewards member.

So if you book travel for minors often, every time you book, you have to say who you are, who the minors are, what payment you want to use, etc. The process usually takes more than 15 to 20 minutes, assuming you can speak with an agent immediately, which is never certain.

Now consider the experience at Southwest Airlines. You can book by phone, or you can book the same travel entirely through the website or through the mobile app. If you are a member of the Southwest rewards program, your information will be pulled up as well as the information on the minors, assuming you agreed to save it. The entire experience takes less than 5 minutes—with no waiting on an agent. Plus, you can make changes without talking to a human and without a fee.

The experience with Southwest is clearly superior and is one of the reasons the airline is consistently

voted tops for customer service. It is also interesting to note that Southwest, while branded as a “low cost” carrier, isn’t always the lowest price. In fact, on many routes between Delta and Southwest, the latter is more expensive—yet it consistently has higher booking capacities.

A recent Walker research study found that by 2020, customer experience will overtake price and product as a key brand differentiator. No matter your industry, you’re likely to face competitors with lower prices, more product features, or both. However, the perceived value through customer experience can negate both.

Many people look at companies such as Amazon, Uber, or Apple and say they’ve managed the customer experience very well, largely through digital channels, so all hope is lost for older, traditional companies looking to compete. However, any company can start a focus on customer experience and become more competitive, regardless of its industry or its digital maturity.

We already know through countless studies that increases in customer satisfaction translate to increases in customer loyalty. The cost to acquire a customer can be seven to 20 times the cost to keep one, so good customer satisfaction can drive revenue and lower customer service expense, meaning it’s always a good time to start focusing on the customer.

Let’s suppose you’re a CEO and you realize you’re losing competitiveness to other companies that are more customer-centric. How do you go about redesigning the customer experience journey? What are the building blocks?

1

It starts with a vision driven from the top of the organization to be a more customer-centric company—and to communicate the value of doing so. Cost-cutting and efficiency might be ancillary benefits, but greater customer loyalty, growth,

brand strength, competitive advantage, recruiting, etc., will all be affected.

2

The next step is to audit existing customer journeys. This evaluation must include what the customer experiences as well as the back-end business and operational processes required to facilitate the journey. Often you will find duplicative processes, or handoffs between departments that could otherwise be consolidated. The resulting efficiency is both more profitable for the company and more satisfying for the customer.

3

The third step is empowering the organization to change and making customer-centricity central in all areas of the company. It isn’t easy to move an organization formerly focused entirely on financials to one focused primarily on customers. Rewards, compensation, job functions, communications, marketing, etc., will all be affected. A successful transition depends on the leadership to manage expectations and set the tone for the new direction.

4

The final step is communicating to the organization and to your customers. You need to create a feedback loop that allows the company to listen to the customer, to experience the journey with them, and constantly adjust.

Consider what’s being done by Kroger, a large grocery store chain. Faced with increased competition from Publix (higher-end stores) and Whole Foods/Amazon (upscale and delivery), Kroger radically changed how customers can shop at its

stores. After launching a pilot program, Kroger implemented a food delivery service after significantly upgrading its app. Kroger listened to what customers wanted on the app. Its team added things like automatic coupons and deleted things like deal alerts, which often resulted in a bad experience because of inventory issues.

Kroger also replaced nearly 50 percent of the checkout aisles with additional self-checkout stations capable of handling small to medium-sized loads. Additionally, the stores have piloted a self-scanning program that allows you to bypass the checkout lanes altogether. Simply use one of the provided handheld scanners as you add items to your cart. You can use Kroger’s bags or bring your own. When you’re done shopping, you swipe your card on the scanner to pay and walk out. You can see your running total expense and it syncs automatically to your app.

The result: Customer shopping trips and average cost per checkout have gone up.

The future will be won or lost on customer experience. That is where companies will differentiate themselves. Companies committed to customer centricity will win long-term, even in the face of lower prices or more product features.

Creating a customer-centric company starts with truly understanding the customer. It’s an ongoing experience. The old saying might have been “The customer is always right,” but the new saying is “The customer experience is everything.” ◀◀

Robert Amberg

robert.amberg@jabian.com