



Customer experience future trends & insights

Chapter 1.

L Reflections of the authors, Colin, Qaalfa and Steven ...

We remember:

- when Colin's wife Lorraine said, "Why would I want to have a mobile phone or use email?"
- when mobile phones were so small they could fit in an attaché case
- when the remote control was the kids!
- when lemonade soda was delivered to your front door
- using a payphone
- when no car had air conditioning
- not having the internet
- not having a computer at home or at work
- photocopying memos to share with the team
- being in the queue in the 1970s when the first McDonald's opened in London, England
- when supermarkets were a new concept
- typing pools at work
- when there was no such thing as political correctness
- when kids played in the street
- when the insurance man used to collect your money from your house
- black and white television
- when you didn't have to wear seat belts in a car
- when writing a check made out to yourself was the only way to get cash from the bank
- when it was a big deal that a calculator didn't require batteries – solar power had arrived
- when music portability went from vinyl 45s to eight-track to cassette tapes to CDs
- when you bought an extra-long cord for the phone so you could speak with some privacy in the other room.

How times change. It is amazing to think of all the things that have changed over our lifetime, and we are sure you could add to this list.

In the early 1970s if someone had told us that most people would have a cellphone and this could allow you to watch television or a video as you walk down the street, and you could also view satellite images of anywhere in the world, all free of charge, you would have thought them mad. How times have changed.

In 2002 we started Beyond Philosophy, a niche consultancy and specialized research company focusing only on the Customer Experience. It's fun to reflect back on those days. At the time, we were amongst the first pioneers of the Customer Experience, following Pine and Gilmore's seminal book *The Experience Economy*. At the time many people had not really considered what a Customer Experience was, let alone understood it. We spent a great deal of our time educating people on what this really means, and we still do so today. However sitting here today, writing this, we realize eight years later how times have

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changed.

What were you doing eight years ago? Have you learned a lot over that time? We are sure you have. The same applies with us. For the past eight years all we have focused on is the Customer Experience and helping clients around the globe to build great Customer Experiences – oh, and writing four books on the subject!

As you can imagine, what we have learned is quite amazing. Over the years, we have undertaken countless research studies, and have had many successes as well as a few failures. For us this is OK as we live life by this quote from Theodore Roosevelt, 26th president of the United States:

Far better it is to dare mighty things, to win glorious triumphs even though chequered by failure, than to rank with those poor spirits who neither enjoy nor suffer much, because they live in the gray twilight that knows neither victory nor defeat.

Sometime when you fail, you learn more than if you succeed. With all this experience we have a pretty good idea of what works and what doesn't. For example we now know:

- Customer Experience is far more about the emotional side of the Customer Experience than people recognize.
- Many people don't understand that.
- It is CRITICAL to understand customers much more deeply than most organizations do.
- It is fundamental to design a deliberate experience.
- You need to define the experience that you want to deliver.
- You need to find out what customers really want, not what they tell you at a superficial level.
- Senior managers will want to understand the impact on value, in pounds, dollars, and so on.
- You need to focus on the things that drive or destroy value to get the win/win of improving the experience for the customer and gaining more profit.
- The Web and social media are changing everything.
- People in the business to business environment think this doesn't apply to them, when it does.
- Research shows that a business to business experience has the same basic ingredients as a business to consumer experience, as in both cases we are dealing with people!
- Many more things!

In this book we shall address a number of these issues, and more. From our research and discussions with forward-thinking clients, academia, and industry analysts, we shall reveal to you the emerging trends in Customer Experience. As with any predictions, we are certain we will get some right and some wrong. However, to a degree, we are also living by what Alan Kay observed:

The best way to predict the future is to invent it.

As our learning has increased, so we have needed to enhance previous thinking. The definition of a Customer Experience is a case in point. We believe we now need to change this from the one we gave in our last book. This will be our third revision over eight years. Our new definition of a Customer Experience is:

A Customer Experience is an interaction between an organization and a customer as perceived through a customer's conscious and subconscious mind. It is a blend of an organization's rational performance, the senses stimulated and emotions evoked, and intuitively measured against customer expectations across all moments of contact.

We are not going to go into this, as we have done so in previous books. Suffice it to say that we know over 50 percent of a Customer Experience is about emotions: in other words, how a customer feels.

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The only way we take information in, as people, is via our five senses, meaning that the five senses need to be considered when designing a deliberate Customer Experience. All of these are measured intuitively, by each individual. The big change we have made in this definition is by introducing the conscious and the subconscious aspects of a Customer Experience. This is probably our biggest learning from the past two or three years. We have discovered there is a conscious and a subconscious aspect of every Customer Experience.

In the next chapter, we will go into these in much greater depth, but to give you a flavor, the conscious mind is what you see all around you and you are conscious of. For example as you read this you will be conscious of the words you are reading and their meaning. You will be conscious of how comfortable you are.

The subconscious is all about the signals that are being registered in your subconscious mind but are not reaching your conscious mind. They are being “seen” but do not register in your conscious mind yet. Your conscious mind is not large enough to deal with all the signals it receives, and thus only important messages are received by it.

As you read this, think about whether you are feeling hot, cold, or just right. These signals about how comfortable you are with the temperature were being sent to your subconscious mind, but as they were not important enough to disturb your conscious mind, they remained in your subconscious. If you get too hot or too cold, you reach a threshold where these messages are sent through to your conscious mind and interrupt your thoughts, resulting in a little voice telling you, “Oh, I’m a little cold.” You then decide what to do about it.

The same applies with a Customer Experience. There are many signals that organizations give out to customers that tell them what they really think. Our favorite is when you enter a bank, and the pens are on chains.

What is the subconscious message this gives to a customer? It says, “We don’t trust you.”

Here is the critical question for us. Do you know what conscious and subconscious signals you are giving in your experience today? If not, how can you describe your Customer Experience as deliberate? Another critical question: which parts of your Customer Experience drive or destroy most value? If you don’t know the answer to this, how do you target your resources? We shall share with you over the next few chapters how we go about doing this.

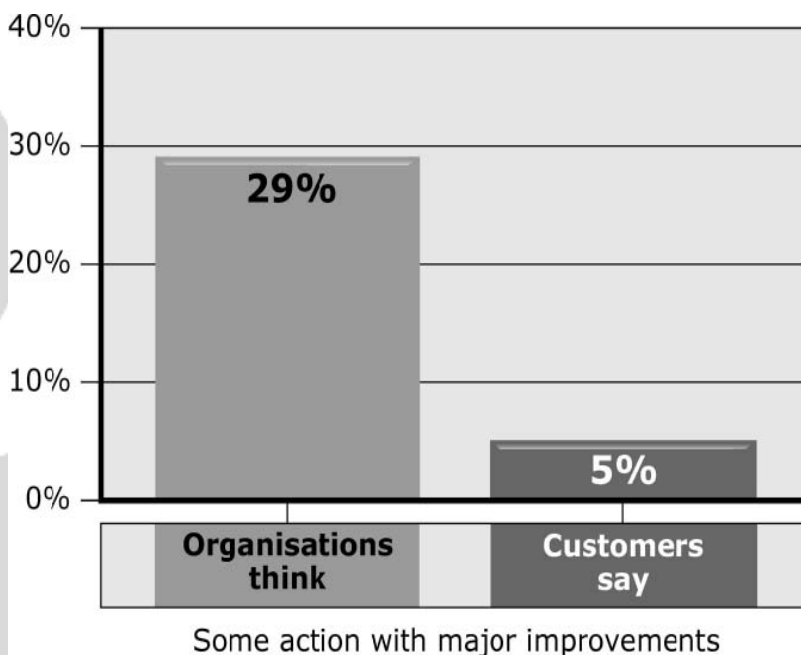


Figure 1.1 How has the customer experience improved over the past six months?

We find that most organizations don’t know the answer to this question, and therefore they focus on things that are not perceived by customers as improving their experience.

How do we know this? Well, every six months we conduct a survey and then webinar on what we call a “Customer Experience Tracker.” This monitors trends in the industry. It surveys over 1,000 people in the United Kingdom and the United States, looking at the state of the Customer Experience as measured by organizations and then by customers. There have been several interesting results. In our most recent survey, released in February 2010, we

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found considerable conflict between what organizations think they are doing and how customers perceive it.

For example we asked customers and organizations, “How do you think organizations have improved their Customer Experience in the last six months?” As you will see from Figure 1.1, there is a big gap between what customers and organizations think. Twenty-nine percent of organizations think they have improved their Customer Experience, but only 5 percent of customers would agree! What a disparity! Read another way, this says that 29 percent of organizations are taking action; however, the:

Action being undertaken is the wrong action!

The actions are clearly not having the desired effect, and customers are not noticing them. At what cost is this happening? Think of the time, money and people that organizations are putting into this with no return.

More worryingly ...

Seventy-one percent of organizations say that they have not improved their Customer Experience.

This is appalling. Nearly three-quarters of organizations are not taking any action to improve their Customer Experience. Most customers, 79 percent, believe all that organizations are worried about are managing costs. We can see from Figure 1.2 that only 0.89 percent of customers think that organizations focus on their emotional needs, therefore:

99 percent of organizations do not focus on customers' emotional needs!

This is a massive opportunity! The challenge is to understand what is required to realize this opportunity. Remember:

Opportunities are never lost; someone will take the one you miss. (Anon.)

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Let us be very clear: someone in your industry will improve their Customer Experience, and using this thinking, it is only a question of who and when. The question you need to ask is, will it be you?

In addition, in our work with academia we have discovered there is a new branch of psychology that had not been looked at before.

We are calling it “experience psychology.” To understand why customers behave the way they do, it is important to understand experience psychology.

Experience psychology uses criteria to understand customers in much greater depth than the average market research would normally do.

We often get calls from people who say, “We have undertaken research with customers and then implemented work to improve our Customer Experience, but our results are not improving. Why is this?” or “We have been undertaking a Customer Experience program and it has had no effect on our Customer Satisfaction score. Why?” The answer is simple. You do not understand your customers from an experience psychology perspective. The wrong type of research is being carried out, and you are not getting under the skin of your customers, so you are focusing on the wrong things. Here’s the irony. These people then say, “Oh, but we know what our customers want,” or “We are consumers of our own products, so we know what customers want, as we are customers ourselves.” WRONG! You don’t know. Your view is tainted by your knowledge. The other push back we get is, “We can’t afford to do detailed research.” Our reply is to ask them how much time and effort has been wasted on implementing things that don’t work. What was the cost of that?

Our view is simple: you must understand the principles of experience psychology to improve any aspect of a Customer Experience.

The second trend we are seeing is the whole area of social media. It’s ironic that organizations are making the same mistakes as they always do when a new channel emerges. Typically, their actions follow the following pattern. First, senior managers in the organization try to ignore the opportunity. Second, they make some steps to take advantage of it, but they try to treat the new channel as they do everything else, and after a time, they realize they have made a mistake. Finally, after a good period of time, they put the right investment into developing the new channel. This means they effectively have to unravel the work they have already done, try to salvage the good bits and lose the bad bits. The irony is that if they had considered the issues at the beginning, they would have saved time and money. Isn’t it more sensible to realize that social media is going to be a huge channel and embrace it now? That’s the way to save time and money.

In working with clients, we have discovered that social media require a new way of thinking. They call for a different mindset. They require a new strategy. All too often we see organizations playing with this. Stop playing and get serious! Social media and its derivatives are going to be enormous! We

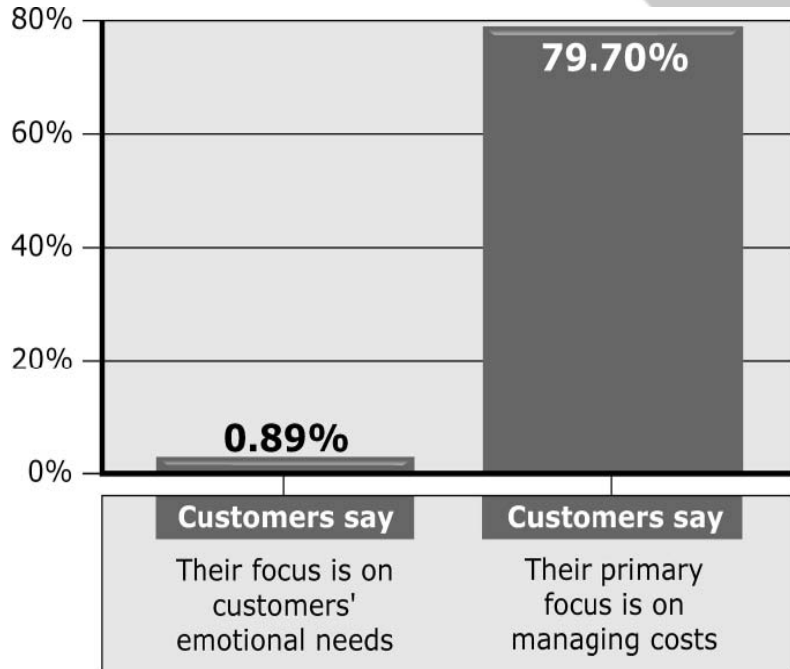


Figure 1.2 When it comes to addressing customers' needs, how do organizations behave?

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are talking about a basic human need to socialize and communicate. Granted, social media may morph into something else over the next few years, but the basic human requirement will remain. People are tribal and what to be part of a group, they want to belong, they want to communicate. This is a basic need, and will remain the same whatever the outcome of social media. The words are not important; the behaviors of people –customers – are.

Finally, we shall take a really good look into the future, and look at the fascinating subject of neuroscience: the study of the nervous system, including, most prominently the brain. Don't get put off by its complexity, we have made it simple for everyone to understand.

To retain our thought leadership in the subject of Customer Experience, we have been investigating this for some time, and discussing possibilities of its use in understanding customers with experts on the subject for some time. In fact Qaafa Dibeehi was a research neuroscientist specializing in computational neuropsychology in a previous work life long ago. Suffice it to say that he knows a bit about the brain.

This is pioneering work. While everyday usable applications for this are some way off, we wanted you to give you a glimpse of the future. This will be a world where you won't have to ask customers questions about what they like; you will be able to read it from their brain activity. Don't get fooled into thinking this is very far away. Companies have already started to redesign their products based on brain scan feedback. There is a growing body of work on the true nature of consumer decision making. Indeed, the first Nobel Prize has already been awarded in this area. It's true we are still in the early stages of applying neuro-science to business, but the tipping point is on this side of the horizon. Remember, people once thought the cellphone was a long way off. Now they are commonplace. We shall expose you to the latest thinking in this area, and explain how we think this will affect you.

Finally, before we get into the meat of the subject matter and onto the next chapter, in this book we are postulating possible, probable, and preferable futures. We are seeking to understand what is likely to change and how it will affect you.

Let's start by looking at experience psychology.

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For more information please visit:

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