

## *Building Great Customer Experiences*

### *Chapter One – The Customer Experience Tsunami*

*“Nothing is more powerful than an idea whose time has come.”*  
Victor Hugo

Why do Dell Computers have signs around their Round Rock offices near Austin, Texas stating “Customer Experience – Own it”. Why, do Starbucks talk about the “Third Place” when they sell coffee? Why are we seeing the growth in positions with the words “Customer Experience” in their job title? What do Harley Davidson sell? Bikes, or the ability for 40 year old accountants to dress in leather and frighten people? Why are Hilton Hotels re-defining what their hotel rooms are about? Why have we seen a rise in “themed” restaurants like the Hard Rock Café, Rain Forest Café, Bubba Gumps and Planet Hollywood? Why are a number of people starting to say:

*“The Customer Experience is the next competitive battleground”*

The answer...we are witnessing the first ripples of a fast approaching new wave of change, breaking upon the shore of a new business differentiator. However, this is no ordinary wave, it's a Tsunami. A Tsunami is a massive tidal wave generated by seismic activity; fundamental shifts in the earth's crust. In our view:

#### *The Customer Experience will be the next business Tsunami*

The origins of the Customer Experience Tsunami lie in the dramatic increase in the commoditisation of products, across all markets, driven by the advent of the Internet. Its



size has been increased by the demands of an increasingly affluent society that craves more and more stimuli as it develops and self-

actualises. The Tsunami has also grown further in strength as the timescales from “Innovation to Imitation” reduces dramatically and other traditional differentials; price, features, quality and service are losing their ability to differentiate companies. The Tsunami will sweep all companies before it as customers quickly switch to those companies that offer great Customer Experiences. It will become the new sustainable differentiator, a new source of competitive advantage and a new threat to those organisations that do not react to its onset.

Like modern day Noahs, there are some business leaders who recognise the signs and are already busily building their arks to audaciously ride the Customer Experience

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Tsunami to a new level of prosperity, thus propelling their companies into the new era and turning a threat into a competitive advantage. They know premium prices can be gained in these markets and they crave first mover advantages. Like Noah before them, some people ridicule these forward thinking business leaders and then simply return to "business as usual", oblivious to their impending, inevitable demise as their profitability declines and their markets commoditise.

Unfortunately, the reality is that many of the Customer Experiences that companies are delivering today have a number of gaping holes in them, and will not survive the wave. If those organisations put to sail with their existing Customer Experience, they will sink without trace. The holes need to be repaired if we are to prepare ourselves for the Customer Experience Tsunami without delay. However, the reality is this will only put us in a position where our Customer Experience is just about able to sail on the new wave. Further construction of our crafts will need to be undertaken to seriously compete; we need to "Build Great Customer Experiences" to provide a credible differentiator.

### *Where are the signs of this Customer Experience Tsunami?*

They are all around us. In research we have conducted 85% of Senior Business Leaders (1) agree that differentiating solely on the traditional physical elements such as price, delivery, lead times is no longer a sustainable business strategy. A new differentiator needs to be found. The Customer Experience is that differentiator. The signs are also evident in the position companies are taking. Do you go to the Hard Rock Café for the food or the experience? Granted the food has to be of a good quality, but that is now a given. The food is a commodity. At Starbucks the coffee is a commodity, the "Third Place" is the experience you are buying. Look at the sudden growth in "Experience" products. You can now visit stores and web sites offering off the shelf experiences ranging from Balloon rides to Rally driving, being a vet for the day to flying a MiG jet (2).

Other signs include our personal conversations and debates with senior business leaders around the world, the work we have undertaken with our clients, the media and other business gurus. We will share all these stories with you in this book. For instance, during a discussion with Ian McAllister CBE, former Chairman & Managing Director, Ford Motor Company Limited or Ford of Britain articulated it very well.

*In the eighties Quality was a differentiator. In the nineties, I think Brand was a differentiator. My own view is that for the 2000s, the Customer Experience will be the differentiator.*

Peter Teague, Former Deputy Chief Executive & MD Consumer Publishing, BBC Worldwide Limited who was responsible for the commercial activity of the BBC, selling the licences and BBC television programmes around the world puts it this way.

*I think there's no doubt that the battle ground is changing. The differentiator used to be product quality or functionality. It then became difficult to differentiate your products and we saw a switch to differentiating on price. It*

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*then moved onto service and delivery. Now it's getting increasingly difficult to differentiate on service. With all these gone the only differentiators left are the emotional attachment built with a brand and the Customer Experience.*

Finally we were discussing with Stuart McCullough, Lexus Director, Lexus GB Ltd whether the Customer Experience was the next competitive battleground. He said,

*The Customer Experience is not the next competitive battleground, it is already here!*

The evidence is there, the first ripples of the tsunami are already coming ashore. You have a decision to make. Are you going to join other senior business leaders and prepare your company for Building Great Customer Experiences, or not? Are you going to be an innovator and use the Customer Experience as a key differentiator and source of competitive advantage, or, follow on as an imitator when you do not have a choice.

*A ship in harbour is safe,  
but that is not what ships are built for  
– Anon*

*What is a Customer Experience?*

Over the last few years, we have found the best way of answering that question is for the individuals to discover it for themselves. So let us ask you a question we have asked hundreds of people. We ask you to give this some serious thought, as you will refer back to it as you read this book.

*What is the best Customer experience you have ever had?*

In a shop? On a vacation? At a restaurant? On a flight? Stop for a moment and think. Picture that experience in your mind; re-live it. Think of the place you were in, picture the peoples' faces in your mind and how you felt during and after the experience.

.....if you are anything like the many people we have asked, typically it would have taken you a fair time to think of a great experience. They don't immediately spring to mind. *Why does it take so long to think of one?* ...because there are not many of them. There are not many *great* Customer Experiences otherwise you would immediately have been able to think of two or three examples. This shows they are difficult to achieve. If we had asked you to think of some bad Customer Experiences, we are sure that you would have many to choose from. Bad Customer Experiences are easy to produce!

Another question:

*How many Customer experiences did you have yesterday?*

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...your immediate answer will be far less than the actual number you really had. Think again. Did you remember calling your bank? Popping into a shop? Browsing a web site? *Why can't people even remember what happened yesterday!* This is because most Customer Experiences are unimportant, irrelevant, inconsequential, insignificant, boring and bland. They are neither one thing nor another. They are just there! How boring! How similar.

### *How is a Customer Experience made up?*

Think back to your best Customer Experience, how would you describe it?

Typically, people say things like:

*"I felt like she understood what I wanted"*  
*"They treated me like an individual"*  
*"He cared about me",*  
*"They did everything they could to help"*  
*"They made me feel I was the most important person in the world".*

Many consumers will tell you that it is the people that make the difference. We would agree, however unfortunately, this is not the only answer. Re-live your Customer Experience again. What was happening? We are sure that when you entered that experience you wanted a need to be fulfilled. You wanted to buy a product or a service. This is what we call the Physical – *the what*. Mistakenly this is the area that many companies focus on entirely. This is the area where business has historically been over the centuries. We sell baked beans, we sell photocopiers, we sell a delivery service.

Now reflect back to your best Customer experience...was it just about the delivery of the product or service? No. It was about *how* you were dealt with. How it made you feel.

*A great Customer Experience is about how it makes you feel.*

Equally the product may have been delivered quicker than you expected, it may have been of a higher quality than you expected or at a better price than you expected. However, these are all physical attributes and will certainly have contributed to your greatest experience. But is that all? What were your *feelings* during your greatest Customer Experience. A Customer Experience is also about emotions.

*Aha! A great Customer experience is also about Stimulating Customers Emotions...!*

So our contention is that there are two elements to a customer experience: The physical and the emotional. In our view, emotions are one of the most overlooked aspects in business today. They exist within each of us, as we are all human beings. Emotions are a constant. They are there all the time. When something happens, data travels through the right, emotional side of the brain before then entering into the left logical side. You feel an emotion before you can make logical sense of it. In business, we have been trained to control our emotions and not talk about them.

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Ask yourself how many meetings you or your organisation has to discuss the price of a product, its quality, the lead times for delivery? *Thousands*. How many meetings have you been to where you have discussed the types of emotions you are deliberately going to evoke in your customers? *Very few, if any*. Emotions are one of the key differentiators for the award winning (3) First Direct, a highly successful telephone bank in the UK. They are constantly top of most Customer satisfaction indices. David Mead, Chief Operating Officer, First Direct, told us at a meeting in the Leeds HQ.

*For me the emotional side of the Customer Experience is the essence of First Direct. All the other things, the physical things, are what a customer is entitled to get from any bank. The emotional piece is what will make First Direct successful over the next ten years. For a customer to put the phone down, or click off the internet and not only know that something has been sorted, but feel good about it means the customer won't want to go anywhere else.*

So the Customer Experience is made up of physical and emotional elements. We asked a number of Senior Business Leaders what they thought the Customer Experience was all about. Here are some of the answers they gave us:

*For most companies, when you look at the customer experience, if you are looking at a retailer, for example, say Tesco's or Wall Mart, the customer experience is relatively short lived in that people have a view of the business before they go into it. They have a view when they buy the goods that they buy when they are there. But within a week or two, the food is consumed and that experience has gone. For a car company, the customer is living with your brand in a very intense way for up to 3 or 4 years following the day they bought the car. In our terms, we try and not limit our definition of the customer experience to be that point at which you are just touching the place of business. It is every time you get in the car. Stuart McCullough, Lexus Director, Lexus GB Ltd*

*It's the total experience of going into a shop. It would be every aspect of what the customer sees, feels, every kind of dimension. Functional elements as well as emotional elements. Beverley Hodson, Managing Director, WHSmith UK Retail*

*The Customer Experience is your view and your feelings of what a company is offering you. It's the physical things, the comfort of a seat, the suitability of a meal, the cleanliness of a train, of a building, of our terminals, but mixed with the more intangible things, the psychological aspects. Things like how the staff handled me. Do I feel valued? Do the people treat me as a commodity or are they treating me as an individual? Is there a heart to this business? Do they actually care? How do they react when things go wrong? I think it's a physical and psychological mix. Gordon Bye, Managing Director, Eurostar UK*

These definitions start to uncover what the Customer Experience is and how it pervades every aspect of business. They also start to uncover the construction of a Customer Experience.

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We use the following definition to describe the Customer Experience:

*The Customer Experience is a blend of a company's physical performance and the emotions evoked, intuitively measured against Customer expectations across all touch-points.*

As usual there are a number of important words in this definition. It is a BLEND, not one thing or another but blended together. It is about the PHYSICAL and very importantly the EMOTIONAL. It is measured INTUITIVELY by the customer against their EXPECTATIONS. Finally it is NOT just when you are in a shop, it's whenever you come into contact with that organisation or its brand ACROSS ALL OF THEIR CUSTOMER TOUCH-POINTS. It goes into vital details that tell you the truth about an organisation. Peter Scott, Customer Service Director, One 2 One

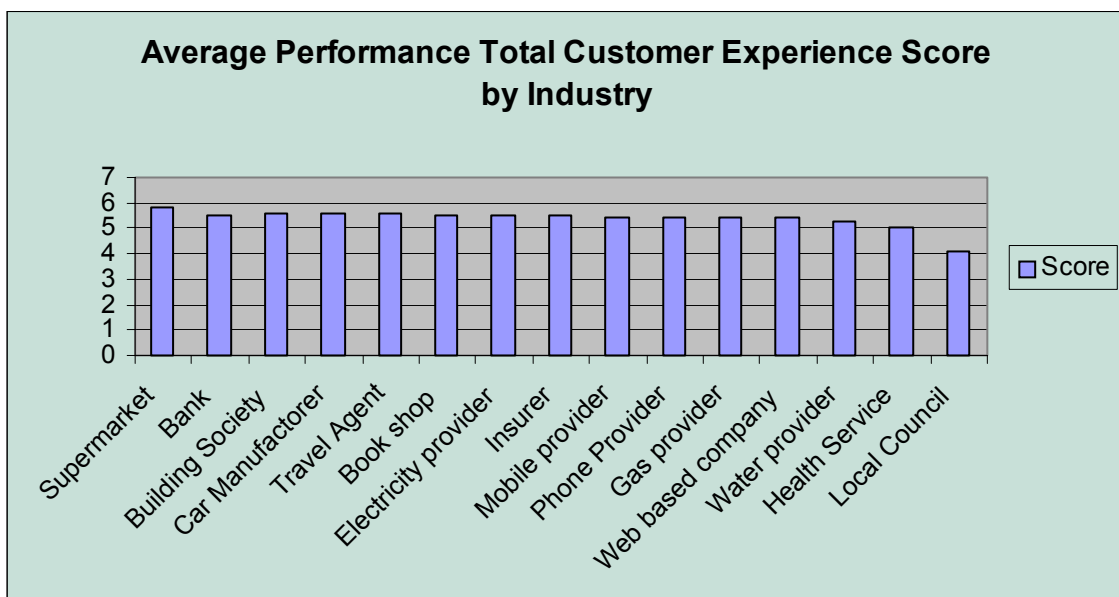
*A Customer Experience can go into such details as what colour your shoes are, what your briefcase looks like, your first opening line or your hair cut, even what a customer thinks of your stature and image. That immediate contact builds a perception about the person and therefore the company and that's part of the Customer Experience.*

*Where we are today.*

This is an extract from a Market research report conducted for "The Marketing Forum" on Customer Centricity (4). It asked consumers to score their Customer Experience across a range of industries. This is the result...a flat line, everything is the same....

### *"The Blight of the Bland"*

If you need any evidence of the grey, bland world we live in, then this is it.



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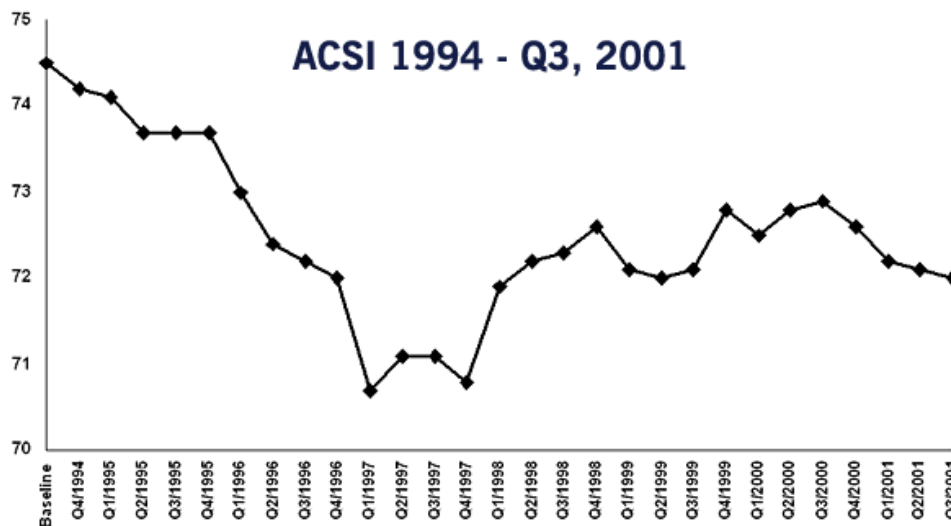
Two of the key findings of the research (4) are:

1. *There is a significant gap between companies strategic plans and their commitment to actually achieving them. Companies have strategies in place without the accompanying process, measures and targets.*
2. *The biggest hurdle to achieving customer centricity are leadership and culture. Organisations are paying lip service to customer centricity without wanting to compromise their short-term financial targets by actually investing at the appropriate level to create change at scale and at pace.*

We would concur and will be addressing both of these points latter in the book, but all of this is forcing us to the conclusion that:

***“We live in a grey world”.***

If this grey world needed any further confirmation, just take a look at The American Customer Satisfaction Index (ACSI) (5). This is a national economic indicator of customer satisfaction with the quality of goods and services available to household consumers in the United States. ACSI is the only cross-industry national indicator that links customer satisfaction to financial returns. Again, the graph speaks for itself. Satisfaction is LOWER today than it was in 1994!



You can see from these data sources that it is the demand from Customers for companies to improve their Customer Experience that is accelerating the growth and pace of the Customer Experience Tsunami. Your attitude will determine how you see these statistics – “Is your glass is half empty or the glass is half full?”. The “Half empty” brigade will say it shows how difficult it is, it's all too difficult, it's all a problem. “Half full” people say:

“Wow! What a great opportunity to be different  
and *really* take the market by storm!”

We believe that most companies have, with the benefit of hindsight, delivered a poor or bland Customer Experience due to evolution, nothing else. People do not wake up in the morning and say, “Great I’m going to deliver some really poor or bland experiences today!” However, the reality is that “we are where we are”. The good news is that this can be changed. We believe that historically companies have been internally focussed. Despite the rhetoric of being Customer Centric, a number remain internally focussed. We will give you examples of this as you read the book. This manifests itself in what we call “*inside out*” organisation, processes, systems and attitudes. “*Inside Out*” defines when a company are more concerned about what is good for them rather than the Customer. We propose “*Outside In*” is the correct approach. “*Outside In*” defines when a company builds itself around what is good for the customer, and changes their organisational structures, systems and processes to Build Great Customer Experiences. So how do we do this? According to the Oxford English Dictionary the word, Philosophy means “A theory or attitude that guides one’s behaviour”. The difficulty is that a number of business books and management theories are just that, theories. In our experience it is important that you go beyond the philosophy and actually do something, otherwise it’s all just an intellectual exercise. We believe this so much that we have named our company, *Beyond Philosophy*. As critically, it’s about going *beyond* the *philosophy* and into the implementation. Only by doing this will you Build and Deliver Great Customer Experiences.

To *guide our behaviour* we have developed:

*The Seven Philosophies for Building Great Customer Experiences™*

These *Seven Philosophies™* enable us to break down the elements of a Customer Experience into its constituent parts. They recognise and highlight a hitherto ignored ingredient that is totally underestimated by the business world today. *Emotions*. The *Seven Philosophies™* stress the critical role that leaders, culture and people play in Building Great Customer Experiences. They explain how most organisations have built their organisation structure, systems and processes “inside out” rather than “outside in”, and outline the subsequent negative impact this is having on the Customer Experience. The *Seven Philosophies™* emphasise how the Customer Experience can be used to dramatically increase revenue and significantly reduce costs. Finally, the *Seven Philosophies™* clarify how your Customer Experience should be an embodiment of your brand. So let’s introduce them to you.

*The Seven Philosophies to Build Great Customer Experiences™*

Great Customer Experiences are:

1. A source of long-term *competitive advantage*.
2. Created by *consistently exceeding* Customers physical and emotional expectations.

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3. Differentiated by focussing on stimulating *planned emotions*.
4. Enabled through inspirational *leadership*, an empowering *culture* and empathetic *people who are happy and fulfilled*..
5. Designed "*outside in*" rather than "*inside out*".
6. *Revenue* generating and can significantly *reduce costs*.
7. The embodiment of the *brand*.

The Seven Philosophies™ are easy to understand and spell out what you need to look out for when you are Building Great Customer Experiences. Throughout the book we will be referring to these in more depth. However, we will give you the headlines of what they cover to enable you to reference them quickly.

### ***Philosophy One: Great Customer Experiences as a source of long-term competitive advantage.***

- ✚ We have already outlined in this chapter why this is the case. However, your company will need to recognise this and place the resources behind any changes you need to make. We introduce a means of testing whether you are serious about Building Great Customer Experiences or not, and suggest if you are not, don't bother wasting your time and money.

### ***Philosophy Two: Great Customer Experiences are created by consistently exceeding Customers physical & emotional expectations***

- ✚ We examine the role of Customer Expectations during a Customer Experience, how they are built, how they should be understood and how they change throughout a Customer interaction. We show you how you should plan to exceed your customer expectations and then provide you with tools to ensure consistency.

### ***Philosophy Three: Great Customer Experiences are differentiated by focussing on stimulating planned emotions .***

- ✚ We believe that this is a BIG IDEA. According to our research 85% of Senior Business leaders (1) believe that emotions can provide a long-term sustainable differentiator, and yet only 15 percent are doing anything about it. We are all human beings and as such, we all have emotions. Yet we essentially ignore them during a Customer Experience. We examine why this is the case. We examine why, at best, companies are only defining an emotion for their brand and yet there is a massive disconnect between this and the actual delivery to a customer. Do you know what feeling your company wants to leave it's customers with? We explain the methodology on how this can be done and give you tools to complete the job.

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*Philosophy Four: – Great Customer Experiences are enabled through inspirational leadership, an empowering culture and empathetic people who are happy and fulfilled.*

- ✚ Your company culture can cause a poor bland experience. We investigate the types of Leadership & Cultures that exist and observe their impact on the Customer Experience. We inform you why people are NOT your greatest assets, but instead why the right people are. We explore the role Daniel Golemans Emotional Intelligence (6) has on the Customer Experience. We reveal some ground breaking work on Customer Experience Competences™. This shows how to recruit and train people who have "that magic pixie dust", that ability of being able to deal with people from all walks of life. We look at how happy people give you happy customers.

*Philosophy Five: Great Customer Experiences are designed "Outside In" rather than "Inside Out".*

- ✚ We look at how companies are still struggling to move from being "Inside Out" focussed, what is good for them, rather than what is good for the customer, "Outside in". This philosophy spreads throughout the book. Specifically we look at "Inside Out" organisational structures and the impact they have on the Customer Experience. We demonstrate how systems and processes that are built "Inside Out" simply institutionalise "Inside Out" practices. We question whether CRM systems which are having billions lavished on them are being built "inside out" or outside in". Finally, we examine how measures and targets that are built "inside out" have a massive negative effect on the Customer Experience. Finally we propose solutions to how they can be converted to "outside in".

*Philosophy Six: Great Customer Experiences are revenue generating and can significantly reduce costs.*

- ✚ From our practical knowledge and experience of implementing large change programmes and constructing many business cases, we show you how improving your Customer Experience can invariably save you costs. We share with you how to build business cases that even the toughest accountants would back. We explain how improvements in the Customer Experience drive improvements in customer satisfaction which drives increases in revenue.

*Philosophy Seven: Great Customer Experiences are an embodiment of the brand.*

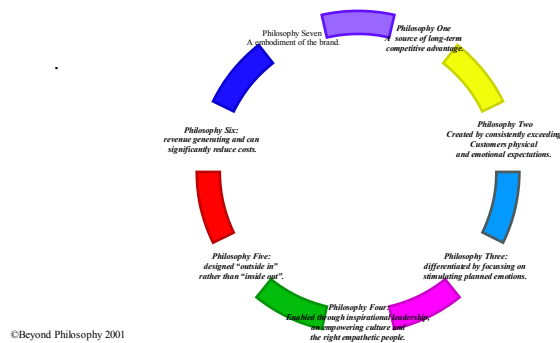
- ✚ We examine why the Customer Experience should reflect your brand and why the people delivering the Customer Experience should be delivering a branded Customer Experience. We look at why this is not the case in so many companies, and why there is a massive gap between branding activities and the activities of the people involved in the practical delivery of the everyday Customer Experience. We examine the impact this can have.

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The good news is that *The Seven Philosophies to Build Great Customer Experiences™* becomes a virtuous, circle, reinforcing itself as it travels from philosophy 1–7 and then back to the beginning.

### The Seven Philosophy's for Building Great Customer Experiences™ Virtuous Circle

Great Customer Experience are:



As with this model, we are coming at this from a practical basis, and have therefore developed a number of tools to help you. We have devoted a whole chapter to the Customer Experience Pyramid™ which you can use to Build Great Customer Experiences. In the Strategy chapter we introduce a strategic model that we have called the DICE – Developing Improvements in Customer Experience, which you will be able to use to holistically manage your whole Customer Experience process.

So these are the Seven Philosophies™ for Building Great Customer Experiences. We would urge you to become familiar with them. Sleep on them, try them, test them, use them as a weapon. Use them to guide your own behaviour as well as others actions. Use them to Build Great Customer Experiences. The reality is that the customer finds the Customer Experience a confusing place, particularly in large blue chips companies that have many channels to market. On one day they may get a letter from a company telling them one thing. They perhaps phone the call centre who tell them something else and then the next day have a Sales person call to tell them something different. Let's finish the chapter with one final question.

*What is your Organisation's Customer Experience?*

Do you know? When we asked ourselves this question some time ago, we were amazed that we couldn't answer it, which is a bit frightening! If you, like us, are fumbling over some words to try and describe what it is then it is clear, like most companies, that you don't have one. *If you don't have a clear articulation of what you want your Customer Experience to be how do the people who are delivering it know what to do?*

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The answer is they don't. What happens is that each of your people just do what they think is the right thing. Therefore, by definition it means the Customer Experience they will be delivering will be different. Many organisations have been built "*inside out, rather than outside in*", built in silo organisations - Sales, Marketing, Customer Service. This means that, with the best of intentions, the people in each of these organisations will be doing what they think is the right thing. The one thing that is for certain is that they will all be doing something different.



### *The Tower of Babel*

We have likened this to the Old Testament story of the "Tower of Babel". In those days everyone in the world spoke the same language. In a place called Babel, they decided to build a tower to reach God. God was not very pleased with this and struck the tower down. As a punishment from that day forth man was given the handicap of speaking in different languages.

The reality is the Tower of Babel exists in the Customer Experience today. Everyone is talking a slightly different language to the customer depending on whether they are in Customer Service, Sales or Marketing. We inform you how you should build a Customer Experience Statement so that everyone speaks the same language. We then show you how a strategy can be built from it.

Finally, to end this first chapter we will leave you with the words David Mead, Chief Operating Officer, First Direct, from a recent meeting:

*If you are in the service business, you are there to serve the customer. If all your competitors have got all the functional things sorted out, then the only thing that you can focus on to win is the Customer Experience, the emotional piece.*

Changing from where you are today to where you want to be tomorrow will be a challenge. Remember the words of Theodore Roosevelt.

*Far better it is to dare mighty things, to win glorious triumphs, even though chequered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much, because they live in the grey twilight that knows not victory nor defeat.*

Building Great Customer Experiences is not easy, otherwise you would have been able to recall a large number of great Customer Experiences that you have had. However, most things in life worth having are not easy. By turning the page and starting on the next chapter you are beginning your quest. We hope to see you at the end of the book, much more enlightened, and having taken a number of significant steps towards Building your own Great Customer Experience.

-end-

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Building Great Customer Experiences is available around the globe at all good book stores. ISBN: 0333990137