

# **CUSTOMER EXPERIENCE MANAGEMENT**

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**ERASMUS 2019**

# WHAT THE CUSTOMER EXPERIENCE IS?

- Customer experience is the overall impression your company creates with each of your clients ( - image and reputation, usability, service mix, eco responsibility, environment social, cool - ).
- It is influenced by many factors,
  - from the way your brand is perceived as socially and environmentally responsible,
  - to what happens when someone complains about your product or service.
- From a practical perspective, it is about the 'customer journey' and the interactions in contact points

It starts with the way a customer becomes aware of your existence and continues through the cycle of comparison, purchase, implementation, use of the product or service, decision to renew or repurchase, and their decision to talk about you positively, negatively or not at all.

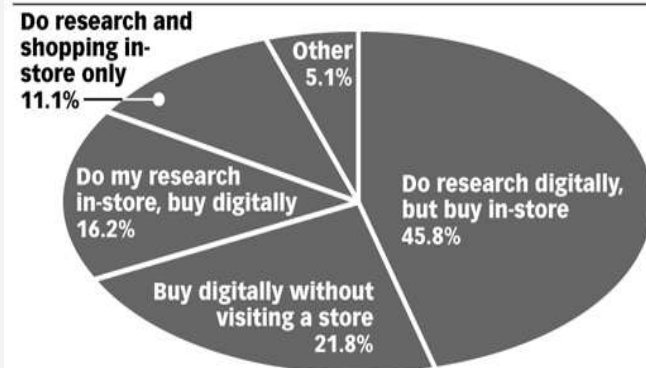
# **CUSTOMER EXPECTATION IN DIGITAL ECONOMY**

**DIGITAL IS NOT ONLY  
CHANGING  
CUSTOMER BEHAVIOR,  
BUT ALSO THEIR  
EXPECTATION FOR  
THE SHOPPER  
EXPERIENCE**

# NO. 1: RETAILERS MUST BE DIGITAL AND CORPOREAL

## What Is the Preferred Method of US Millennials for Making a Significant\* Purchase?

% of respondents, Sep 2018



Note: ages 18-38; \*among those surveyed, 66% consider purchases of \$100+ to be significant

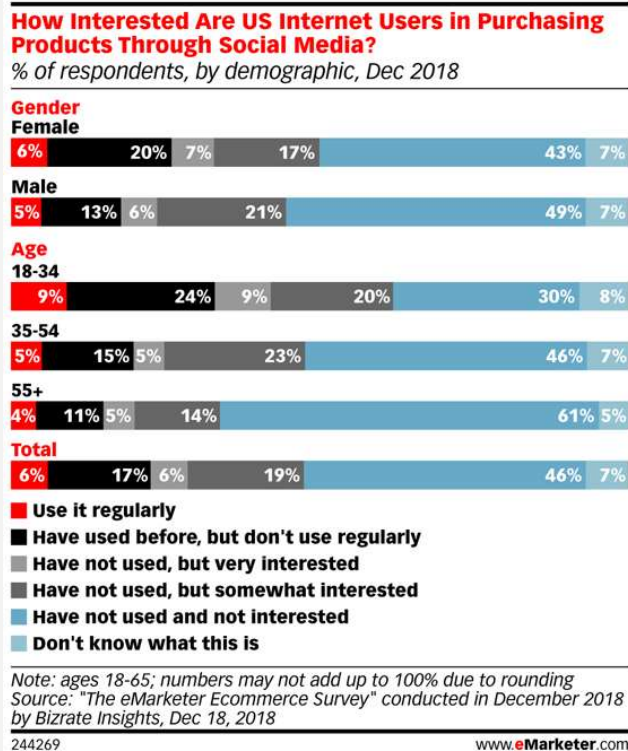
Source: Roth Capital Partners (ROTH), "2018-2019 Millennial Survey" conducted by MFour Mobile Research, Nov 12, 2018

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- The concept of omnichannel is simple
  - be where your customers are,
  - whether that's online or at a brick-and-mortar location.
- But bridging the gap between digital and physical is easier said than done. Retailers that figure it out will be rewarded, however.
- A September 2018 poll conducted by Roth Capital Partners found that nearly two-thirds of US millennials used some mix of digital and in-store to research and then make a purchase.
- Similarly, research from Alliance Data revealed that more than half of millennials surveyed also used a mix of online and in-store channels to shop for products across a wide variety of categories, including clothing, beauty items and even furniture.

# NO. 2: THEY'RE OPEN TO SOCIAL COMMERCE



- That is not critical idea of buying something on social media, however it might be difficult for older generations
- According to a Bizrate Insights survey conducted for eMarketer in December 2018, 35% of millennials made a purchase on social media.
- And nearly 30% said they hadn't done so but were open to the idea.
- Those figures were higher for the 18- to 34-year-old group than older cohorts.
- The takeaway? Retailers should ensure that their social media strategies don't ignore the "buy" button.

# NO. 3: DON'T FORGET ABOUT EMAIL!

## Have US Digital Shoppers Experienced a Moment of Panic After Not Immediately Receiving a Confirmation Email from a Digital Purchase?

% of respondents, by demographic, Nov 2018

	Female	Male	18-24	25-34	35-44	45-54	55+
Yes	48.7%	57.3%	62.4%	61.7%	57.7%	42.8%	37.6%
No	28.4%	29.8%	22.2%	24.0%	31.6%	34.8%	33.5%
Always received a confirmation email immediately after	23.0%	12.9%	15.4%	14.3%	10.8%	22.4%	28.9%

Source: Forster, "Shopping Cart Second Thoughts" conducted by OnePoll, Nov 16, 2018

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- Email remains a **workhorse of digital marketing that delivers results.**
- Data shows that it works also as a security blanket for millennials making online purchases.
- A November 2018 survey of US digital shoppers found that 62.4% of those ages 18 to 24 had experienced a moment of panic after failing to immediately receive a purchase confirmation by email.
- That figure was higher than any other age group.
- Retailers can spare young shoppers some stress by ensuring that emails arrive quickly after an online transaction.

# NO. 4 THEY'RE READY FOR INNOVATION

## What New Technologies Would UK and US Younger vs. Older Millennial Internet Users Be Comfortable with as Part of Their Digital Shopping Experience?

% of respondents, by age, July 2018

### Ability to search by image (visual search)



### Shoppable content/click to purchase (images, videos, articles, blogs, user-generated content on social)



### AR (try before you buy)



### Live chat/messaging (digital assistants)



■ Younger millennials (18-20) ■ Older millennials (21-34)

Source: ViSenze, Aug 29, 2018

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- Millennials are willing to run with open arms toward emerging technologies that could reshape the path to purchase.
- In fact, more than 60% of millennials in the US and the UK polled by ViSenze in July 2018 said they would be comfortable using visual search tools.
- Shoppable content such as clickable images and videos was also popular among most respondents.
- But not all technologies were viewed equally. A minority of those polled were similarly open to using augmented reality (AR) or live chat and messaging to shop online.
- If retailers want to invest in the newest shiny thing, they should pick and choose their investments carefully.

# NO. 5: BRING ON THE BOTS

## How Interested Are US Internet Users in Using Self-Service Checkouts at Stores?

% of respondents, by demographic, Dec 2018

### Gender

#### Female



#### Male



### Age

#### 18-34



#### 35-54



#### 55+



### Total



■ Use it regularly

■ Have used before, but don't use regularly

■ Have not used, but very interested

■ Have not used, but somewhat interested

■ Have not used and not interested

■ Don't know what this is

Note: ages 18-65; numbers may not add up to 100% due to rounding

Source: "The eMarketer Ecommerce Survey" conducted in December 2018 by Bizrate Insights, Dec 18, 2018

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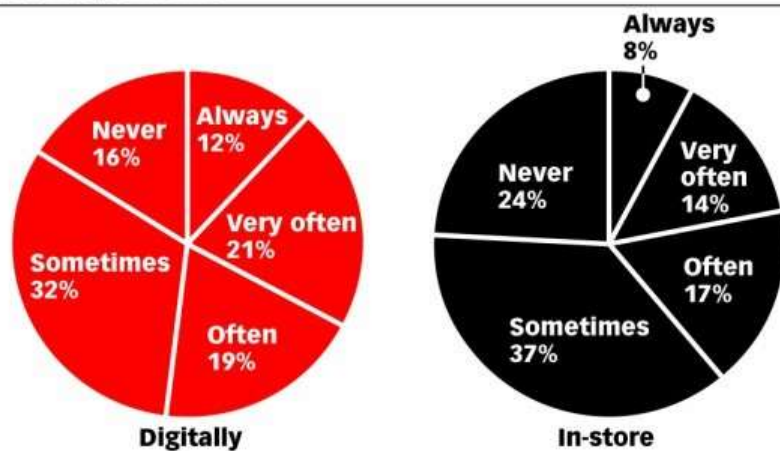
- Millennials are more likely than other generations to bypass human interactions at the point-of-sale.
- Bizrate Insights survey from December 2018 showed that more than half used self-service checkouts at brick-and-mortar stores, and only 7% said they were uninterested in ever using the technology.
- That might surprise some retailers who link a solid in-store customer experience with having a lot of staff on hand.
- When it comes to purchases, millennials want to go it alone.



# THEY LIKE A DISCOUNT

## Frequency with Which US Millennial Internet Users Use Coupons When Shopping Digitally vs. In-Store, Nov 2017

% of respondents



Note: ages 20-35

Source: CouponFollow, "Millennial Money Report: Shopping, Spending and Saving," Dec 5, 2017

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- If there's a coupon out there, millennials will find it.
- And discounts impact the way they shop.
- November 2017 data from Coupon Follow found that more than 8 in 10 millennials surveyed said they used coupon codes when shopping online—and they used them often.
- Separate data from YouGov mirrors CouponFollow's findings. YouGov revealed that nearly a third (34%) of respondents look for online coupons on a weekly basis, and another 40% do so with print coupons.
- But, millennials aren't just looking for a discount for a pair of shoes they like. They're also looking for deals on restaurants too.

# THE GOALS FOR THE LECTURE ARE ...

1. Discover multichannel sales framework
2. Learn how to organize multi channel sales
3. Transfer it to omnichannel
4. Build the strategy of great customer experience
5. Manage omnichannel customer experience
6. Become Customer Experience Manager for CV

What are You goals and expectations ?

1. ...
2. ....



# HOW WE WILL BE TALKING ABOUT CUSTOMER EXPERIENCE

1. Basics
2. Strategy
3. Implementation
4. Measurement
5. Achievements
6. Projects

Lecture & project groups

1. The best group is for one pizza, good for 2 pizzas
2. What pizza do you like?



# HOW OMNICHANNEL CREATES CUSTOMER EXPERIENCE ?

1. New age business models, value offering - value capture
2. Dead of strategy - new execution model
3. Transformation challenge, linking on- and offline business
4. Platform business - new monopoly
5. Exponential companies - new age of competition
6. Chaos under control
7. Brand management – getting attention, winning customers
8. Personalize everything - customer segmentation, paradox of choice
9. Co-creation, inspiration, engagement and loyalty

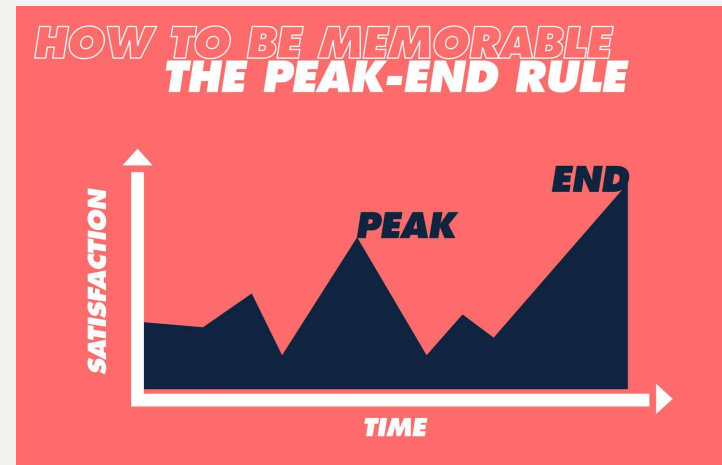
# CUSTOMER EXPERIENCE IS AN OBJECT OF BEHAVIORAL ECONOMY

1. Behavioral Economics combines economic and psychological theory for new conclusions.
2. Economic theory holds that people always behave rationally, optimizing their financial outcomes in a totally predictable way.
3. Psychologists don't care much for the economists' view of the world, often proving that people behave irrationally.
4. Behavioral Economics combines the two world views, giving us new insights about the way people, including your customers, really behave.

Is that create customer experience ... ?

The best-selling Behavioral Economics books are Predictably Irrational, by Dan Ariely, Thinking, Fast and Slow by Daniel Kahneman, and Nudge by Thaler and Sunstein.

# CUSTOMER RATIONALITY - KAHNEMAN EXPERIMENT



The Peak-End rule - What customers experience and what they remember are different. The most relevant difference is what happens at the end of interaction.

Let's consider an experiment - 'cold hand situation'.

Participants were asked to hold hand in painfully cold water (14 degrees Celsius). They were told they would have three trials, but actually only had two, in random sequence. In one trial, they put one hand in the water for 60 seconds and took it out. The other trial lasted 90 seconds and used the other hand. The first 60 seconds were identical. During the last 30 seconds, warmer water was added, taking the temperature up by one degree. The subjects were not given any information about what was happening.

Participants were then told that they had a choice between repeating either of the first two trials. 80 percent chose the 90-second version. This is totally irrational, as the first 60 seconds are identical in the two situations. 80 percent chose to have extra pain. They were irrational. What they experienced and what they remembered were different. In the cold hand situation, the slightly better last 30 seconds had huge weight, and carried the decision

## **CUSTOMER RATIONALITY - PRICE AND DELIGHT**

1. Price communicates quality ...  
what communicate price decrease  
or increase ?
2. Revenge - rude treatment – what it  
results ...
3. Appreciation - gift makes respond



# WHAT IS STRATEGY ABOUT ?

Strategy is about how you deploy your resources to win.

1. You don't have unlimited resources and can't afford to do everything. You have to build a system to determine what to do that you will have the highest impact for the goals.
2. A common but ineffective strategy is to “meet or even exceed customer expectations in all our interactions.” Nobody has the resources needed to do this. ( ... despite the thousands of web and printed pages that say the opposite)
3. The question is how you determine
  - a. where doing the strict minimum is appropriate, and
  - b. how you will gain market share by doing something exceptional.

It is absolutely not random, isn't it ?



# CUSTOMER EXPERIENCE, QUALITY AND ORGANIZATIONAL DESIGN

- Quality tends to be defined broadly - an excellent sales team could be said to be of high quality. For the purposes of this lecture, 'quality' means product and service reliability - their ability to continue functioning.
- Organization design needs to be done after work design. We will cover innovative ideas about staffing and how to make customer experience work into an attractive people-development path in your organization.

# BUSINESS-TO-BUSINESS (B2B)

1. In B2B, a single person is never responsible for all the client's interactions with your company.
2. The difference in the relative financial importance of your largest and smallest customers is much greater than for B2C.
3. The people who use your products or services are usually not the ones who make the purchase decisions.
4. Your relationship with your customer requires more constant attention because multiple sales and support engagements are likely to be happening at the same time.
5. Relationships with individual people in the customer organization matter as much as relationships with positions on organization charts. It takes time to know whether you are improving things.
6. Your customers want and need you to be successful.
7. Angry customers stay with you.

# PROJECTS



**The theme park** - multi channel business model based on entertainment and curiosity mixed with new experience, rest and well been (fan park, winery, agriculture tourism, hotel and spa, ski region, any region)



**Service plaza** - body service, massage, nails, hair dressing, relaxing, energy sourcing, training of sport or relaxation, yoga, etc



**Shopping center** - a mix of marketing activity and entertainment, product presentation different forms, inspiring for purchase, shop space management, loyalty building, etc.



**Factory outlet** - sale based on production process presentation to customer. Customer involvement. Show how product origins, what materials and technology you are using. Use customers to assemble it themselves. Clouts personalization,

# PROJECT VALUE INDICATORS

1. Test of explanation
2. Test of numbers

## Project sponsorship

1. Influential people are talking your projects or area of work
2. Be on the senior leaders priority list - top five
3. Take care of the project name - make it with some sense, ... having business objectives, cost reduction or market share increase or trendy phrases as digitalisation, etc.
4. Pregnancy test - deliver results in 9 months, the best is every 2-3 months
5. Communication - adjust to auditory, make it clear and consistent