

CUSTOMER EXPERIENCE MANAGEMENT AND CUSTOMER RETENTION

**Superior customer care is a powerful
competitive differentiator.**

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In a slow-growth global environment, enterprises cannot rely on a rising tide lifting all boats. If you think you're getting more love from your bank now than you used to, there's a reason. Holding onto the customers they already have now rivals new business development as a core strategy for meeting revenue objectives. The result is a transition to what has become known as customer experience management (CEM).

Savvy businesses understand the power of superior customer care as a competitive differentiator. While new products or services can be readily matched by competitors and lower prices sometimes offer no more than a short-term sales spurt, establishing your organization as No. 1 in the space in terms that "we care first about our customers" is a difference not easily duplicated. Additionally, it is often more profitable. According to recent consumer research, two-thirds of consumers are willing to pay more for excellent customer service ("2012 Global Customer Service Barometer," conducted by Echo Research on behalf of American Express).

Understanding Customer Experience Management

For most of the 40-plus years that formal contact centers have been in existence, their primary role was to process customer queries as quickly and efficiently as possible. There was little or no effort to "engage" the customer, much less attempt to build an affinity that translated into brand loyalty. Customer experience management contrasts with traditional customer service management in many ways, as outlined in Table 1, on page 43.

An important goal of CEM is to migrate callers from users to advocates. It's viewing each interaction as an opportunity to strengthen brand loyalty and consequently increase or at least sustain revenue and profitability. This means going beyond simply answering questions to proactively offer helpful advice and alert the caller to new products and services that are well-suited to the caller's requirements. The CEM discipline is most successful when practiced at all customer touchpoints. Consumers will communicate with bank tellers or restaurant wait staff far more often than they call or message the contact center. Every interaction, whether personal, phone, email or web, represents an "experience" that can have consequences on future buying behavior.

Executive Buy-in

There is evidence that management believes that focusing on the customer is a top priority, although they may not be familiar with the term customer experience management (see Table 2).

This enthusiasm is mirrored in the results of a study conducted by ICMI ("Customer Experience Management in Action! Insight to Differentiate YOUR Company & Contact Center"):

- Customer engagement and loyalty are important priorities to 92% of organizations
- 81% of customer care managers and practitioners recognize correlations between customer experience and loyalty.

However, that same 2013 research report revealed that only 27% of C-level executives have taken ownership of the customer engagement strategy. This suggests that, while there is widespread agreement with the aims and advantages of customer experience management, there remains work to be done in creating organizationwide commitment.

Implementing a CEM Strategy

Personalize. Customers who feel they are being treated as individuals are more satisfied with their customer experience and more inclined to remain loyal customers. That is why we keep going back to the same restaurants, bank branches, neighborhood taverns, doctors and salons. Dale Carnegie said a person's name is, to that person, the most important sound in any

TABLE 1: How Customer Experience Management Contrasts with Traditional Customer Service Management

CUSTOMER SERVICE MANAGEMENT	CUSTOMER EXPERIENCE MANAGEMENT
Objectives	
Seeks to satisfy customers	Seeks to delight customers
Strives for customer loyalty	Strives for customer advocacy
Focuses on cost containment	Focuses on growth and profitability
Scope	
Contact center	All customer-facing functions
Customer Communications	
Customer contacts are transactions	Customer contacts are conversations
Connects with customers on a business level	Connects with customers on an emotional level
Treats all callers the same	Differentiates the experience based on the needs and economic value of the customer
Communicates via the organization's preferred channels	Communicates via the customer's preferred channel
People Management	
Trains people	Motivates people
Limits decision-making	Empowers decision making
Rewards effort	Rewards achievement
Performance Metrics	
Measures processes	Measures results
Relies on system-generated metrics	Relies on system-generated metrics as well as consumer and employee feedback
Technology	
Multiple siloed systems with individual servers tied together via CTI	Completely integrated multifunctional customer engagement optimization suite
Provides CRM info only	Provides 360-degree view of the customer

TABLE 2: Customer Focus Is a Top Priority Among Executives

PRIMARY BUSINESS GOALS, 2013-2014	
Improving CRM process	64%
Increasing customer loyalty	62%
Meeting performance metrics	55%
Increasing sales	51%
Growing brand recognition	42%
Coping with complexity	32%
Other	19%

Source: Executive Priorities 2013, Customer Management IQ, on behalf of Aptean, InContact, LogMeIn

language. Greeting and communicating by name is a good starting point, but today with the rich resources available from both internal and external databases and powerful data-mining engines, customer-facing personnel should have sufficient information about valued customers to craft a personalized interaction.

A key benefit of personalized customer data is knowing your top customers and prospects. A restaurant owner personally knows his top customers and makes sure that they get their favorite table and waiter. Agents armed with internal sales and publicly available personal information know who the high-rollers are and should be trained and motivated to take special care of them. In some contact centers, there are special queues for premiere customers and agents are empowered to go the extra mile to accommodate their requirements.

Be proactive not reactive. Proactive communication helps migrate customers to advocates. Brand advocates are enthusiastic about your product and are terrific ambassadors. They can easily spread good words to thousands of people through Internet postings and consumer ratings. When incoming traffic is low, agents can be making outbound calls or sending messages with offers and updates specifically tailored to the known interests of the customers.

Measure what matters. Contact centers are awash in metrics. Sometimes we keep using the same performance metrics more out of habit than any attempt to establish a relationship between the metrics and the broad goals of the organization. With top management shifting its emphasis to customer retention, it is extremely important that contact center management should develop metrics that are thought to have direct or indirect impact on customer retention. Typical examples are customer satisfaction scores, Net Promoter Scores and Customer Effort Scores. It is also important to go beyond the numbers themselves to identify the underlying root causes of why customers are wandering off the reservation. It is even possible today to establish early warning systems that warn of possible defections.

Empower frontline personnel. First-contact resolution is one of those metrics that has a strong impact on customer satisfaction and consequent customer loyalty. One of the main reasons queries cannot be resolved on the first contact is that the agent lacks the authority to make even minor concessions that would placate dissatisfied customers. Contact center management can extend carefully circumscribed and decision-making authority to agents who have demonstrated good judgment. Empowerment is also a powerful agent motivator. 

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