How to Thrive: The Customer Experience Ecosystem

Loras College Business Analytics Symposium

Vizability LLC

March 16, 2016
Agenda

- **Background**
  - What is Customer Experience (CX)?
  - CX & Analytics

- **The CX Trend**
  - CX Impact
  - CX Challenges

- **Real World CX**
  - Tune In
  - Voice of Customer
  - Case Studies

- **How to Thrive**
  - Vizability Ecosystem
  - Take Aways
What is CX?
Whatever your customer thinks it is!
• “The sum of all experiences at various touch-points a customer has with a supplier of goods and/or services, over the duration of their relationship with that supplier.”

• An outside looking in approach to your business

• Essential in creating any transformation

• Uncovering what delights the customer—or not

• Enabling the appropriate people, process, and technology
The following items are just pieces of the overall CX:

- CX is not customer service. Customer service is a reactive situation usually relating to an inquiry or problem.

- CX is not user experience (UX). UX is limited to a single or limited number of technical touch points.

- CX is not user interface (UI). UI is usually limited to how a technical interface appears to the customer.

- CX is not addressed by a minimum viable product (MVP). MVP provides only a start to CX to help ensure things start out on the right track.
CX & Analytics
WHAT ISN’T MEASURED ISN’T IMPROVED
80% of executives think they deliver “excellent” customer experience.
Only 8% of customers think they deliver “excellent” customer experience.

Source: Bain & Company Report: “Closing The Delivery Gap”
YOU GET WHAT YOU MEASURE
Measures Drive Behavior

- **Product/Service**
  - Performance
  - Innovation

- **Customer Satisfaction**
  - Sales
  - Support

- **Accountability**
  - Who is responsible?
  - How are the results shared in the organization?
Big Data is Dead

- **Big does not mean better**
  - “Big Data” = complex, slow moving, introspective
  - Large enterprise initiatives with no real-world application/goals spelled out from the start are doomed to fail

- **Customer-centric data**
  - Business-led initiatives based on customer-centric goals
  - One source of truth
  - IT enabled

- **Actionable is key**
Measure Something

Chose what you can take action on...

26% believe quantitative or “hard data” is actionable

23% believe qualitative or “soft data” is actionable

51% believe both are actionable

Source: InMoment, “Gaining a Competitive Edge by Optimizing B2B Customer Experience”
Why Analytics?

• Businesses need to define success in measurable terms
  • Key Business Objectives (KBO)
  • Key Performance Indicators (KPI)

• Businesses need multiple measures
  • Businesses usually have financial measures
  • Businesses often have operational measures
  • Businesses rarely have CX measures

• Businesses fly blind without analytics
  • No idea where the biggest opportunities are
  • No idea how to prioritize
CX Trends
IT’S OFFICIAL
CX IS IN CHARGE
CX is a mega-trend.

- Data-driven marketing that focuses on the individual: 16% (most exciting opportunity in 2016), 21% (most exciting opportunity in five years' time)
- Optimising the customer experience: 19% (most exciting opportunity in 2016), 22% (most exciting opportunity in five years' time)
- Creating compelling content for digital experiences: 16% (most exciting opportunity in 2016)
- Internet of Things / connected devices: 6% (most exciting opportunity in 2016), 10% (most exciting opportunity in five years' time)
- Using marketing automation to increase efficiency and yield: 9% (most exciting opportunity in 2016), 9% (most exciting opportunity in five years' time)
- Cross-channel marketing: 8% (most exciting opportunity in 2016), 7% (most exciting opportunity in five years' time)
- Social marketing: 6% (most exciting opportunity in 2016), 5% (most exciting opportunity in five years' time)
- Location-based services that add place and time to the customer relationship: 3% (most exciting opportunity in 2016), 4% (most exciting opportunity in five years' time)
- Video to increase brand engagement: 6% (most exciting opportunity in 2016), 4% (most exciting opportunity in five years' time)
- Reaching and understanding mobile customers: 4% (most exciting opportunity in 2016), 4% (most exciting opportunity in five years' time)

Source: Adobe, “2016 Digital Trends”
CX Drives Sales

Annual Revenue Increase Per Customer

<table>
<thead>
<tr>
<th>CUSTOMER EXPERIENCE SCORE</th>
<th>1-3</th>
<th>4-6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.0x</td>
<td>1.3x</td>
<td>1.5x</td>
<td>1.8x</td>
<td>1.9x</td>
<td>2.5x</td>
</tr>
</tbody>
</table>

CX Improves ROI

6-year stock performance of customer experience leaders versus laggards versus S&P 500 (2007 to 2012)

- Customer experience leaders: 43.0%
- S&P 500 Index: 14.5%
- Customer experience laggards: -33.9%

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**CX Builds Value**

**The Declining Value of Brands (and the Rise of Customer Relationships)**

- **Enterprise Value**: (Purchase price of acquired business for 100% of shares, plus interest-bearing debt minus cash acquired)
- **Customer Value**: (Gauge of the worth of existing repeat customers who are known in person)
- **Brand Value**: (Brands, trademarks, trade names, product names, banners and mastheads, publishing titles, domains, and other similar items owned by the acquired business)


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CX Benefits

- Improved customer satisfaction: 73%
- Improved employee engagement: 64%
- Improved customer retention: 61%
- Achieved competitive differentiation: 61%

Source: InMoment, “Gaining a Competitive Edge by Optimizing B2B Customer Experience”
Creative destruction refers to the incessant product and process innovation mechanism by which new production units replace outdated ones. It was coined by Joseph Schumpeter (1942), who considered it 'the essential fact about capitalism'.

Source: Creative destruction – MIT
CX Challenges
CX as a Core Strategy

56% of marketers believe that customer experience technology is extremely important in delivering a competitive advantage for their business.

Source: Digital Doughnut, “Customer Experience – The Next Strategic Business Imperative”
Who Owns the Customer Experience Across the Business?

KEY

- Multiple stakeholders
- Marketing
- Dedicated customer experience team
- Customer services/support
- Outsourced

Split ownership of the customer experience is unlikely to deliver the most effective response for consumers, however the ability to deliver the customer experience is reliant on all the customer-facing departments within the organisation working together. However, only 44% of businesses currently split the delivery across a number of departments, while 29% of businesses put the responsibility solely on the marketing team.

Source: Digital Doughnut, "Customer Experience – The Next Strategic Business Imperative"
## Issues Preventing Effective CX Delivery

<table>
<thead>
<tr>
<th>Issue</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of time, too busy with current departmental jobs</td>
<td>50</td>
</tr>
<tr>
<td>Can’t measure ROI due to data/analytics challenges</td>
<td>40</td>
</tr>
<tr>
<td>CX goals and strategy not defined</td>
<td>38</td>
</tr>
<tr>
<td>Lack of people with the right skills</td>
<td>37</td>
</tr>
<tr>
<td>Lack of cooperation across the organization (silos)</td>
<td>37</td>
</tr>
<tr>
<td>CX is not a part of company culture</td>
<td>25</td>
</tr>
<tr>
<td>Top management doesn't see a business case</td>
<td>22</td>
</tr>
<tr>
<td>Need a senior company leader (e.g. Chief Experience Officer)</td>
<td>23</td>
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<tr>
<td>Not a top priority for the IT department</td>
<td>19</td>
</tr>
<tr>
<td>Need more training on technology</td>
<td>19</td>
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<tr>
<td>Can’t find the right IT solutions or platform</td>
<td>12</td>
</tr>
<tr>
<td>Availability of outside firms to provide services</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: InMoment, “Gaining a Competitive Edge by Optimizing B2B Customer Experience”
### How to deliver exceptional CX?

<table>
<thead>
<tr>
<th>Category</th>
<th>Extremely Important</th>
<th>Somewhat Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>68</td>
<td>20</td>
</tr>
<tr>
<td>Culture</td>
<td>65</td>
<td>24</td>
</tr>
<tr>
<td>Cross-Department Collaboration</td>
<td>59</td>
<td>27</td>
</tr>
<tr>
<td>Training</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Technology</td>
<td>41</td>
<td>38</td>
</tr>
<tr>
<td>Budgets</td>
<td>17</td>
<td>37</td>
</tr>
</tbody>
</table>

Source: Digital Doughnut, “Customer Experience – The Next Strategic Business Imperative”
Real World CX
Tune In:

See yourself as customers do

Wire customers into every decision

Innovate continuously at scale

Drive accountability at all levels

Do you think?

or

Do you know?
Voice of Customer

• In the words of your customer, why do they hire you?

• In the words of your customer, why do they fire you?

• Listen across all channels and devices
Increased Revenue

“86% of consumers will pay up to 25% more for a better customer experience.”

Source: Right Now & Harris Interactive, 2011 Customer Experience Impact Report
CX Case Study
(Show me the money!)

UBER
• Founders were sick of SF taxi experience
• CX focus
• Demand-based pricing

Disrupt yourself

Source: Right Now & Harris Interactive, 2011 Customer Experience Impact Report
**CX Case Study**

*(Listen!)*

**SMB SaaS Technology Company**

**Situation:**
- Frustrated with growth
- No recent contact with customers
- Limited data regarding conversion, attribution, etc.

**Steps:**
- Anecdotal research
- Customer life cycle analysis
- Hot spot analysis
- Customer surveys
- Revised messaging

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What’s Churn Got To Do With It?

• **QUIZ:** How much more does it cost to acquire a customer vs keep an existing one?
  a. 2x
  b. 3x
  c. 4x
  d. 5x

• How much of your budget is spent on marketing / sales?

• How much of your budget is spent on CX?

Source: IBM, “Capturing hearts, minds and market share”
Are YOU listening?
(Or are your competitors?)

Why do customers switch insurers?

- My needs changed and the previous provider could not meet my new needs: 41%
- Poor service by previous provider: 29%
- Agent/broker recommended a new provider: 24%
- Poor product performance: 19%
- Other: 20%
How to Thrive
... a practical guide
Customer | Growth

• **Marketing**
  Demand generation based on the value proposition

• **Sales**
  Align, qualify, close

• **Product**
  Product life cycle management
• **Delivery**
of value proposition end-to-end; keep the promises made by Product/Marketing/Sales

• **Support Functions**
Legal, HR, IT, Finance
• **Talk**  
Know what the left and right hand are doing and vice versa; involve the customer

• **Plan**  
People + process + technology end-to-end between growth | operations

• **Build**  
The planned capability/capacity
Take Aways

- **START SMALL** – measure something
- Make your measures **ACTIONABLE**
- **LISTEN** to the customer – “Help me help you.”
- **ACCOUNTABILITY** is key
- **DISRUPT YOURSELF!**
Questions?

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