

## **Customer Experience Management: A Paradigm Shift in Superior Customer Service.**

By Elliot Shoniwa.

According to respected Research and Business Advisory Consultancy firm Gartner (2019), Customer Experience Management (CX) “is the practice of designing and reacting to customer interactions to meet or exceed their expectations, leading to greater customer satisfaction, loyalty and advocacy”.

CX goes beyond Customer Relationship Management (CRM) by tracking customer experiences at every touchpoint with the organisation.

Furthermore, CX seeks to understand current transactions and their connection to previous encounters and how best to make future ones memorable. Another broader definition of customer experience is given by Gupta and Vajic (2000) who state that “an experience occurs when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by the service provider”. In simple terms Abbott defines an experience as the transformation of products into value as perceived by the customer.

As this transformation occurs emotive responses associated with the product or service consumption occur. These emotions underline the experience that the consumer goes through which can be either positive or negative.

CX is an emerging concept that has gained a lot of prominence in many sectors though the retail sector embraced this concept much earlier than most sectors. It has been observed that the “experience” factor in this ecosystem comprises the ambience of the environment in which the service is provided, for example a restaurant.

The whole customer purchase journey involves contact with the firm or its representatives, product or service consumption and all the touch points contribute to the experience, (Berry et al., 2002, Lemon and Verhoef, 2016). Katherine & Verhoef (2016) define CEM from a strategic as well as holistic angle focusing on organisational design, measuring and monitoring the customer experience so that the whole organisation is wired for total customer satisfaction.

This approach requires customer experience management matters to be discussed in the highest levels of any organisation, which is the boardroom. The corporate vision and top management support are a strategic imperative in implementing a superior customer experience culture.

### **Evolution of Differentiation over the years.**

Below is a summary of the evolution that differentiation has undergone over the last six decades

<b>Evolution variable</b>	<b>Definition</b>
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from being product centred to experience centred.

**Year**

<b>1</b>	1950 - 1960	Product	Differentiation based on tangible product features.
<b>2</b>	1970's	service	Differentiation based on service benefits
<b>3</b>	1980's	CRM	Differentiation based on relationships
<b>4</b>	2000 +	experience	Differentiation based on experiential values

CEM has gained popularity over CRM as available evidence has proven that even if some customers are satisfied with relationships they enjoy with a supplier, nonetheless they may not return to that supplier, Brady & Cronin, (2001). There is a growing body of knowledge showing the link between a service encounter and emotions, Allen et al (1992), Barsky & Nash, (2002).

The role of emotions in service experience is a critical factor that needs to be considered in buyer-seller relationships, Palmer, A (2010). The experiences that customers derive when they do business with companies gives them feelings which could be positive or negative.

What consumers like are satisfying experiences when they consume a product or a service. It is the consumption of these products that create feelings of satisfaction or dissatisfaction. Customers like experiences that are unique, memorable and endure over time. These days more firms face the dynamics of a fast-changing business landscape which is dominated by empowered customers and a highly competitive landscape. This places huge demands on businesses to shift their focus from just being product centred to being customer centric.

This mind-set shift can define the survival or failure of a business enterprise.

In a world of high competitive pressures and demanding customers organisations that win are the ones that have an in depth understanding of their customers coupled by a sharp customer experience focus. In the banking sector players have observed that to do well in their businesses and meeting the growing needs and demands of their clientele base they have to use integrated multi access computer software to track customer preferences through gathering data on their behaviours and experiences throughout the various touch points. Each encounter is used as an opportunity to gather more client data and various know your customer (KYC) dictates.

The end result is a service experience that is seamless and highly individualised. Still in this industry players are being forced to define their institutional boundaries along customer segments as opposed to product segments. This allows them to understand their customer needs better thereby delivering customised products and services. Nowadays customers demand uninterrupted access to banking services 24/7 and from anywhere in the world throughout the year.

Banks have been forced to realign their processes to meet this demand. It is now common knowledge that brick and mortar are no longer prerequisites to carry out banking. Very often these days one can do banking outside a conventional banking hall.

### **CX Vs CRM**

One of the differences between CX and CRM is that former goes beyond the latter by creating strategic brand touch points as a nudge to create relevant experiences along the key customer experience journey. Sometimes this is referred to as the “customer corridor” which is a series of interactions between a customer and a firm over a period of time. In addition, one of the shortcomings of the CRM approach is that it focuses on relationships and customer satisfaction while CX’s thrust is the measurement of past and current customer experiences and redesigning systems and processes to enhance these experiences. CX enhances and enables customer interactions while CRM focuses on

managing relationships and maximising revenues at the same time.

Customer Experience (CX) as a strategy is gaining popularity as it can be easily transformed into a source of competitive advantage by a firm. In line with this strategic imperative, it is common for companies to appoint key personnel in customer facing functional areas with 3 titles such as Chief Experience Officer, Customer Care Officer, Customer Experience Director or Customer Enhancement Officer.

Normally such personnel report either to the Chief Executive Officer or to a very senior office in the organisational hierarchy. Semantics may vary from one organisation to another but the objective is basically the same, which is to address and direct customer experience matters at the apex of the organisation.

Grewal et al (2016) identified five key areas that need to be looked at by firms serious about enhancing their customers' service experience. These include-:

- • Promotion experience
- • Pricing experience
- • Merchandising and brand experience
- • Supply chain management experience
- • Location.

It is also advisable for firms to measure their customer service experience continuously in order to keep track of changing consumer needs. This is important in that when consumer tastes change for one reason or another firms are able to adjust their service experience accordingly. Firms are

also required to be proactive in anticipating future customer expectations in their consumption and experience needs. Some firms prefer to use an integrated customer experience strategy as a foundation for a sustainable CX strategy. This allows the organisation to be more customer centric and market focused. Integration deliberately creates memorable experiences for customers across all the firm's touch points. This involves the total alignment of the firm's processes, systems, culture, structure and procedures thereby putting pleasurable customer experiences at the centre of everything the organisation does, Galbraith (2005).

Other avenues being used include developing CX based solutions and reengineering business systems to suit customer needs. In view of the fact that the banking industry is generally high-tech driven players are being forced to implement end to end solutions and various interfaces such as ATM's, online banking and call centres in order to be more responsive to customer needs. Besides the banking sector firms in other industries have embraced the technology bandwagon to enable speedier collection and storage of customer-centric data. Every encounter with a customer is seen as an opportunity to learn more about that customer.

### **Preparing for a CX Strategy.**

As an organisation moves towards creating a comprehensive CEM strategy, there are three key areas that need to be addressed.

- The first one is financial planning. This involves the alignment of organisational processes and systems so that they all point towards CX. Aligning an organization's processes towards customer-centricity is because of the important role of customer satisfaction in organizational performance.
- Secondly the company must invest in the customer experience so that it is able to get a financial return for this investment (ROI). By investing in CX, technically speaking the company is directly investing in its customers. The reward to the organisation is in the form of repeat business from its various customers. The value of the customer sometimes referred to as customer equity will increase due to the business generated.
- Lastly employees play a critical part in providing a seamless CX dimension to customers. It should be noted that employees are internal customers to the organisation. As such their feelings, ability and competency levels greatly affect how they relate with the external customer.

Integrating human resource policies with CX creates corporate brand integrity. Morsely (2013) further highlighted that any CX strategy that is not employee driven is unlikely to succeed. Empowered employees are a key element on the CX transformation journey. Once employees feel that they are getting a rewarding employment experience they become an invaluable component of the CX philosophy. Job satisfaction and personal development propel them to offer superior customer service.



It has been observed that in an ecosystem where there is high interaction in the service encounter employees identify more with the values of the brand and deliver an experience in accordance with consumers' expectations (Knox and Freeman, 2006). When employees believe in the brand DNA or the brand promise this allows them to convince customers on the attributes and benefits of associating with a particular brand. This is very common in some industries of which good examples include the tourism and hospitality sectors and the airline and fashion industries. The automotive sector is another good example where employees' especially sales staff are expected to "live' the brand before they can convince a prospect to experience it.

Firms need to invest in value seeking behaviour for corporate success and customer satisfaction. This investment is important in that it shows a firm's commitment towards superior customer service and more importantly to excellence in the service experience. This leads to long term customer loyalty and offers the firm more opportunities to do repeat business with such customers.

Brand equity enhances profitability for the firm, promotes repeat business, increase in word of mouth and customer share of the wallet. All these ensure a sustainable and profitable future for the business. Once the organisation transforms their ordinary customers into brand "evangelists and advocates" then the future of the business is guaranteed other things held constant.

In conclusion, it is important to mention that an integrated CX strategy is key to any business that seeks to excel. A robust and responsive CX system cannot operate in isolation in order for it to be effective. It must cut across all the various functional areas in an organisation with the top management playing an overarching responsibility by holding everything together so that things flow smoothly. This is a good example of a CX based organisation.

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