Chapter 6
Customer relationship management and customer experience

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Introduction

The introduction of strategic CRM, or the implementation of CRM technology, has potentially major consequences for customer experience. In this chapter you'll find out more about customer experience and how CRM can change it: often for the better, but sometimes for the worse.

What is meant by customer experience?

These days, companies are becoming more interested in managing and improving customer experience. Amazon, for example, asserts that its mission is to deliver 'high quality end-to-end, order-to-delivery customer experience'. Customer experience has been described as 'the next competitive battleground'.[1]

In general terms an experience is an intrapersonal response to, or interpretation of, an external stimulus. But, what about **customer** experience? If you were to ask your customers, 'What is it like doing business with us?' their answers would be descriptions of their customer experience. More formally, customer experience can be defined as follows:

> Customer experience is the cognitive and affective outcome of the customer's exposure to, or interaction with, a company's people, processes, technologies, products, services and other outputs.

Let's pick apart this definition. When customers do business with a company they not only buy products, but they are also exposed to, or interact with, other types of company output. They might be exposed to your company's television commercials, they might interact with a customer service agent in a call centre or they might place an order at your company's sales portal. All these actions contribute to customer experience.

Based on their research in the e-commerce arena, Marian Petre and her colleagues wrote:

> 'A customer's experience with e-commerce extends beyond the interaction with the website. It includes finding the website, delivery of products, post-sales support, consumption of products and services, and so on. It is the "total customer experience" (TCE) that influences customers' perceptions of value and service quality, which consequently affects customer loyalty'.[2]

During all these exposures and interactions customers form both cognitive impressions (beliefs, thoughts) and affective impressions (feelings, attitudes) about value and quality, which in turn influence future buying and word-of-mouth intentions. One study in the hospitality industry, for example, found that 75 per cent of restaurant customers tell others about their poor service experiences but only 38 per cent tell others about their excellent experiences. Improving customer experience can therefore have two referral benefits. It can reduce negative word-of-mouth (WOM); it can also increase positive WOM.

The idea of customer experience has its origins in the work of Joseph Pine and James Gilmore.[3] They suggested that economies have shifted through four stages of economic development: extraction of commodities, manufacture of goods, delivery of services and staging of experiences, as shown in Figure 6.1. Customers have always had experiences, but Pine and Gilmore recognized a new form of value-adding economic activity that has previously been hidden or embedded in the service economy and they named this the experience economy.

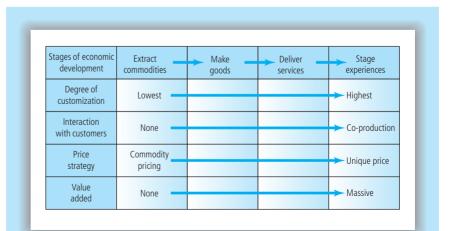| Stages of economic development	Extract commodities	Make goods	Deliver services	Stage experiences
Degree of customization	Lowest			Highest
Interaction with customers	None			Co-production
Price strategy	Commodity pricing			Unique price
Value added	None			Massive

Figure 6.1
The experience economy

From service to experience

Services management experts have identified a number of special attributes that characterize services. Services are performances or acts that are:

- **Intangible–dominant**: services cannot be seen, tasted or sensed in other ways before consumption. A customer buying an office cleaning service cannot see the service outcome before it has been performed. Services are high in experience and credence attributes, but low on search attributes. Experience attributes are those attributes that can only be experienced by sampling a product. Your last vacation was high in experience attributes. You weren't able to judge fully what it would be like before you took the trip. Services like health, insurance and investment advice are high in credence attributes. Even when you have consumed these services you cannot be sure of the quality of the service delivered. How confident are you that your car is well serviced by your garage? Search attributes are attributes that can be checked out in advance of a purchase. Services are low in these because of their intangible–dominant character. Buyers therefore look for tangible clues to help them make sensible choices. Perhaps a buyer will look at the appearance of the equipment and personnel and view testimonials in a 'brag-book'. Service marketers therefore need to manage tangible evidence by 'tangibilizing the intangible'.
- **Inseparable**: unlike goods that can be manufactured in one time and location and consumed at a later time in another location, services are produced at the same time and place that they are consumed. Your dentist produces service at the same time you consume it. This means that service customers are involved in, and sometimes co-produce, the service. This co-production means that quality is more difficult to control and service outcomes are harder to guarantee. For example, a correct diagnosis by a doctor depends largely on the ability of the patient to recognize and describe his or her symptoms. Sometimes service providers' best intentions can be undone by customer behaviour. Promoters of rock concerts where there have been riots know only too well that customer behaviour can change the fundamental character of a concert experience. Sometimes, other customers participate in the service experience, making it more, or less, satisfying. In a bar, other customers create atmosphere, adding to the value of the experience. In a cinema, ringing mobile phones and talkative patrons can spoil an otherwise excellent movie experience.
- **Heterogeneous**: unlike goods that can be mechanically reproduced to exact specifications and tolerances, services cannot. Many services are produced by people. People do no always behave as scripted or trained. A band can perform brilliantly one weekend but 'die' the next. Sometimes the service outcome is co-produced by customer and service provider. All of these factors make it hard for companies to guarantee the content and quality of a service encounter. Many services, for example in the financial services sector, are becoming

increasingly automated in order to reduce the unacceptably variable level of quality that is associated with human interaction. Many customer service centres now script their service agents' interactions with customers to eliminate unacceptable customer experience.

● **Perishable**: services cannot be held in inventory for sale at a later time. A hotel room that is unoccupied on Monday night cannot be added to the inventory for Tuesday night. The opportunity to provide service and make a sale is gone forever. This presents marketers with the challenge of matching supply and demand.

You can remember these attributes using the mnemonic HIPI: heterogeneity, intangibility, perishability and inseparability.

Customers have always experienced services, but Pine and Gilmore suggest that the planned customer experience differs because management tries to engage the customer in a positive and memorable way. Using stage performance as their metaphor, they write: 'the newly identified offering of experience occurs whenever a company intentionally uses services as the stage and goods as props to engage a (customer)'.[4] This distinction points us towards two perspectives of customer experience: normative and positive.

● **Positive** customer experience describes customer experience as it is. It is a value free and objective statement of what it is like to be a customer.
● **Normative** customer experience describes customer experience as management or customers believe it should be. It is a value-based judgement of what the experience ought to be for a customer.

The planned customer experience

As noted above, customers have always undergone an experience whenever service is performed. Customers experience viewing a movie, going to a supermarket, or undergoing a Government tax audit. They also experience goods as they are consumed or used: driving a car, wearing a suit or operating a flight simulator.

Some customer experiences are commodity-like and purchased frequently; others are one-off experiences never to be experienced again. One experience of travelling to work on London Underground is much like another, but co-piloting a jet fighter to celebrate an important birthday would be, for most of us, a unique experience.

Customer experience may be the core product that customers buy or a differentiating value-add. Some companies are now in the business of staging and selling customer experiences as a core product.[5] You can buy experiences such as white water rafting, swimming with dolphins, feeding elephants, paragliding, bungee-jumping, driving a racing car, going on safari or climbing Sydney Harbour Bridge. Customers buy the experience: the bundle of cognitive and affective impressions that the purchase delivers (see Case 6.1).

Case 6.1

The Kiwi Experience

The Kiwi Experience is a company that takes customers, mostly backpackers, on bus tours around New Zealand. Unlike most bus tours customers can join, leave and rejoin the tour whenever they want. Kiwi Experience customers aren't buying a ticket from A to B; they buy an entire experience that incorporates accommodation, travel, entry to attractions, the company of other travellers and the leadership of the driver. Each customer's experience has the potential to be unique, even among those travelling on the same tour.

Source: Kiwi Experience[6]

However, many marketers try to add value to, and differentiate, their service by enhancing customer experience. You can see this when the variety of experiences in a service category differs substantially. Your experience on a charter flight differs from your experience on a scheduled flight; your experience at the Hard Rock Cafe differs from your experience at McCafé.

Sometimes these differentiated experiences are so singular that they become the embodiment of the brand. Branded customer experiences such as the Rainforest Café experience, the Dell online computer purchase experience or the IKEA shopping experience (Case 6.2) are all very distinct.

When companies plan customer experience they are attempting to influence the cognitive and affective responses of customers by carefully designing the elements that influence these responses.

Case 6.2

The IKEA shopping experience

IKEA is a global home furnishings retailer with a distinctive blue and yellow livery. Most IKEA stores offer free parking. The in-store experience directs shoppers on a one way route through room setups that allow IKEA merchandise to be displayed as it would be in use. On arrival at a store entrance customers can pick up pencils, paper, tape measure, store layout guides, catalogues, shopping carts, shopping bags and baby strollers. Shoppers can try out merchandise without being bothered by IKEA salespeople. Price tags contain details including item name, colours, materials, and sizes. Shoppers note the items they want and either collect them from the self-serve area or have a staff member arrange for it to be available at the furniture pick-up point. Since most IKEA furniture is flat packed, shoppers can take purchases home immediately, or IKEA will arrange home delivery. There are in-store restaurants. IKEA accepts cash, credit cards, debit cards and IKEA gift cards. IKEA offers a return and exchange solution to customers who are not fully satisfied. The entire in-store experience is very carefully planned, and periodically reviewed and improved.

Customer experience concepts

There are a number of core concepts that are associated with customer experience management. These include touchpoint, moment of truth, and engagement.

Touchpoints are found wherever your customer comes into virtual or actual contact with your company's products, services, communications, places, people, processes or technologies.

Touchpoints include websites, service centres, warehouses, contact centres, events, exhibitions, trade shows, seminars, Webinars, direct mail, e-mail, advertising, sales calls and retail stores. The variety and number of customer touchpoints varies across industries and between companies. The National Australia Bank, for example, has identified nine customer touchpoints: branch, e-mail, website, ATM, financial planner, Internet banking, personal banker, mobile mortgage specialist and customer contact centre. If you were undergoing hospital treatment your 'customer' experience would be made up of experiences at a number of touchpoints: during admission, in the ward, in the theatre, after surgery and during discharge.

An important challenge for managers is to ensure the customer's experience is consistent across all touchpoints. For example, if a campaign manager mails out a customer offer, all the sales representatives must be informed of the offer before they call on a customer to discuss pricing. Similarly, if the customer calls the contact centre for assistance, the offer should be on display in the centre so the customer service agent can treat the customer correctly.

The expression 'moment of truth' (MOT) was first introduced by Richard Normann, and popularized by Jan Carlzon, former President of the airline SAS.[7] Carlzon described a MOT as follows:

> 'Last year, each of our ten million customers came in contact with approximately five SAS employees, and this contact lasted an average of 15 seconds each time. Thus SAS is created 50 million times year, 15 seconds at a time. These 50 million "moments of truth" are the moments that ultimately determine whether SAS will succeed or fail as a business'.

Extending the metaphor beyond the importance of people, Carlzon's original focus, we can identify a MOT as any occasion the customer interacts with, or is exposed to, any organizational output which leads to the formation of an impression of the organization. Moments of truth occur during customer interactions at touchpoints. These are the moments when customers form evaluative judgements, positive or negative, about their experience. For example, when a customer calls a contact centre and interacts with an interactive voice response (IVR) robot, receives a visit from an account executive or enters a branch office, these are moments of truth. If a service technician arrives late for an appointment, this negative moment of truth might taint the entire experience, even though the service task was well performed. Customers generally have expectations of what should happen during moments of truth, and if those expectations are not met, dissatisfaction will result.

Engagement is a term that has become widely touted in the advertising industry in recent years. Agencies speak of engaging the consumer. Although there is no agreed definition of the term, in the present context, it can be thought of as the customer's emotional and rational response to a customer experience. Creating highly engaged customers – with strong levels of emotional or rational connection to a brand, experience or organization – presents a greater challenge than creating satisfied customers. Traditional measures of satisfaction do not perform well as measures of engagement, so managers need to develop new metrics.[8]

Companies that consciously design customer experience want to evoke strong, positive engagement. Such engagement might be expressed in a sense of confidence, integrity, pride, delight or passion.[9] Companies do this by carefully designing what happens during moments of truth at customer touchpoints. Customer experience can become stale over time, and stale experiences are not engaging. Repeat business from customers at Planet Hollywood and Rainforest Café is low for this reason. It is therefore necessary to constantly refresh the customer experience, provoking customer surprise by doing the unexpected.

How to understand customer experience

In order to improve customer experience, first it is necessary to understand it. Companies can use a number of methods for improving their insight into customer experience: mystery shopping, experience mapping, process mapping, plotting the customer activity cycle, performing ethnographies, and conducting participant and non-participant observation.

Mystery shopping

Mystery shopping involves the recruitment of paid shoppers to report on their customer experience with the company sponsoring the research. They might also perform a comparative shop during which they compare the sponsor's performance with competitors. A number of market research companies offer mystery shopping services. Mystery shopping is widely used in B2C environments such as retailing, banks, service stations, bars, restaurants and hotels. It is sometimes used in B2B environments. For example, an insurance company might use mystery shopping to assess the performance of its broker network.

Experience mapping

Experience mapping is a process that strives to understand, chart and improve what happens at customer touchpoints. Focus groups, face-to-face interviews or telephone interviews are conducted with a sample of customers who describe their experience at these touchpoints. The focus is on two important questions. What is the experience like? How can it be improved? The objective is to identify the gaps between actual and desired experience. Then the company can begin to focus on strategies to close the gaps. These strategies typically involve improvements to people

and processes. Outcomes might be better training and reward schemes for people, or investment in IT to support process improvements. Figure 6.2 illustrates a hotel guest's experience map.
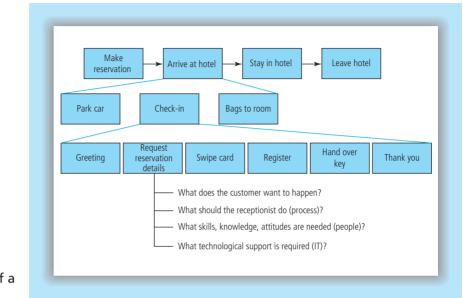

Figure 6.2
Experience map of a hotel guest

The map shows that the customer's experience occurs over four time periods. 'Arrival at hotel' is decomposed into three secondary episodes: parking the car, checking-in and taking bags to the room. The check-in episode is again decomposed, this time into six main components. It is at this level that the customer experiences the hotel's people and processes. This is where opportunities for improving people and processes can focus. Every customer experience can be decomposed and redesigned in this way. However, not all customer encounters contribute equally to the overall assessment of experience. For example, hospital patients are often prepared to tolerate food quality to a standard that would be utterly unacceptable because they need a surgical procedure. Companies are well advised to focus on the critical episodes and encounters that make up customer experience.

Process mapping

Process mapping is a form of blueprinting, a technique popularized by G. Lyn Shostack.[10] Blueprints are graphical representations of business processes. They are useful not only for developing ways to improve customer experience, but also for improving back-office internal customer–supplier relationships, setting service standards, identifying fail-points, training new people, and eliminating process redundancy and duplication.

The customer activity cycle (CAC)

The customer activity cycle (CAC) aims to depict the processes that customers go through in making and reviewing buying decisions.[11] Sandra Vandermerwe broke the process into three main stages:

1. deciding what to do
2. implementing the decision
3. reviewing what was done.

Sometimes, this process might be of very short duration but other times might last years. Consider at one extreme a ten-minute coffee break, and at the other, a multi-year relationship with a credit card vendor.

The CAC enables companies to break down a complex process into more basic elements and to collect data on the customer's experience at each point in the cycle. Then companies can look for ways to improve the experience. Figure 6.3 depicts the relationship between Citibank and a customer whose needs are changing as it begins to transact across borders. The basic CAC is shown as comprising four stages: opening a bank account, using banking facilities, expanding banking needs across borders and updating banking needs. The italicized box content shows what Citibank was able to do to improve the experience of the customer at each of these four stages.
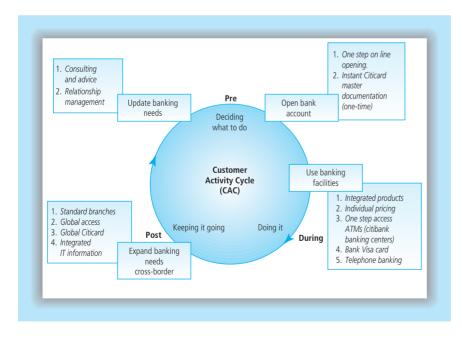

Figure 6.3 Citibank's understanding of the customer activity cycle

Ethnographic methods

Ethnographic methods can be used to gain a better understanding of the socio-cultural context of customer experience. Martyn Hammersley characterizes ethnography as participation, either overt or covert, in people's daily lives over a prolonged period of time, watching what

happens, listening to what is said and asking questions.[12] Ethnography is a naturalistic form of investigation that reveals customer experience as it occurs in everyday life. Even mundane goods can be experienced in emotionally-charged ways. Eric Arnould, for example, shows how a table can be much more than just a piece of furniture. '(T)he table has become the "heart of the home" where meals, crafts, and study occur under mother's watchful eye'.[13] It has been well established that customers appropriate the values of upmarket brands such as Rolex or Chanel when they consume, but Jennifer Coupland's ethnography also shows how low-involvement, 'invisible', everyday products can serve an important social purpose, allowing families to create meanings that transcend the values that are associated with the brand name. She notes how families 'strive to erase brands … and create their own product value as if the brand never existed in the first place. Brands get in the way'.[14]

Participant observation

Companies can develop a better understanding of customer experience by participating in the customer experience at various touchpoints. Some companies require their senior management to learn about customer experience by providing front line customer service. This ensures that executives who are several hierarchical levels removed from customers understand what it is like to be a customer. For example, McDonald's periodically requires its senior managers to work as staff members in restaurants.

Non-participant observation

In preference to participant observation, other companies require their senior managers to observe customer interactions at customer touchpoints. This is particularly suitable when the primary customer touchpoint is a call centre or contact centre. Managers can listen in to customer calls to acquire a better understanding of customer experience, but not actually make or receive calls.[15]

Experiential marketing strategies and tactics

Managers wanting to improve customer experience will need answers to a number of questions, such as:

1. What sort of outcomes do our customers want to experience?
2. What is the current customer experience?
3. What tools and strategies are available to close any gap between current and desired experience?
4. How can we measure whether we have succeeded?

Len Berry writes that it is critical for companies to manage the experience clues which customers are exposed to or interact with. 'Anything that can

be perceived or sensed – or recognized by its absence – is an experience clue'.[16] Bernd Schmitt identifies a number of experience clues that can be composed by customer management, whether in sales, marketing or service, to influence experiential outcomes. They include: communications, visual identity, product presence, co-branding, spatial environments, websites and electronic media, and people.[17]

Communications

Communications include company-generated messaging such as advertising, brochures, newsletters and annual reports. Increasingly, companies are also enabling customers to generate their own product or service-related messaging through user groups, chat sites and blogs. Much advertising, it must be said, is barely noticeable, and it takes an exceptional campaign to evoke a strong emotional response by rising above the noise generated by thousands of humdrum advertisements. You'll no doubt have your own short list of ads that evoke strong emotions.

Visual identity

Visual identity is communicated through brand names, logos and livery. BP, formerly British Petroleum, has been repositioning itself as a broadbased energy company rather than an oil refiner. BPs flower logo has helped in that repositioning, with the company name now signifying Beyond Petroleum.

Consumer brand names such as Jolt, a high caffeine and sugar cola, and business brands such as Accenture, have strong experiential value.

Product presence

Product presence comprises a number of product-related variables, such as product design, packaging, display, brand characteristics and point-of-sale. Innovative design can evoke strong emotional responses. James Dyson's dual cyclone vacuum cleaner completely revitalized the moribund vacuum cleaner market that had suffered the same low-tech industrial design values for the previous 80 years. Dyson's innovation excited the retail market, who found the new designs sexy, and consumers ditched their Hoovers and Electroluxes to buy Dyson's DC01 model at prices significantly above market norms.

Given that a large number of consumer brand choices are made at the supermarket shelf, packaging is very important, having only fractions of seconds to capture the attention and evoke a response from shoppers. Figure 6.4 shows an Australian packaging design innovation award winner: a supermarket package for a NESCAFÉ coffee line extension. The award citation read:

> 'This design expresses the very essence of "short black": neat, dark, concise. Here is a pack that is the personification of its promise. No-nonsense, pure, and pared back to basics: this is the essence of good

Figure 6.4
Packaging that
evokes emotional
response[18]

design. This diminutive jar has great "feel" in the hand, in fact it is
very hard to resist picking it up'.

Brand characters such as Ronald McDonald (fast service food retail),
Johnnie Walker (Scotch whisky) or Bertie Bassett (liquorice allsorts), can
become important brand icons in their own right, which customers can
become fiercely protective about when brand owners threaten change.

Co-branding

Co-branding includes a number of activities such as event marketing,
sponsorship, alliances, partnerships, licensing, product placement, and
cooperative campaigns of all kinds. Many companies have been associated
with the fervour emanating from the Super Bowl, FIFA World Cup and
the Olympics. Coca Cola knows the significance of event marketing, and
has agreed to extend its sponsorship of the Olympics by remaining the
'Official Soft Drink' of the games until 2020. Ambush marketers attempt to
capitalize on the audience size and event significance by feigning an 'official
association' with events. This is often done in a jocular way, but official
sponsors regard this as an infringement of their rights. Anheuser-Busch
paid over US$50 million to become official sponsor of the 2002 Winter
Olympics in Salt Lake City. The sponsorship agreement gave the brewery
the rights to use the word Olympic and the five-ring logo. Schirf Brewery,
a small local company, came up with an ambush marketing strategy. They
marked their delivery trucks with 'Wasutch Beers. The Unofficial Beer. 2002
Winter Games'. Schirf technically didn't breach the sponsors' rights because

they used neither the word Olympics nor the logo. Product placement in TV shows, movies, books and video games has become part of the marketer's armoury. There is little doubt that much of Aston Martin's brand cachet is linked to the James Bond movie franchise. There is a strong association between the brand and the context of its seen consumption. The 'Men in Black' movies have featured product placement for Ray-Ban, Mercedes Benz, Sprint and Burger King.

Spatial environments

Areas such as retail stores, office spaces, lobbies, car parks, buildings, gardens and public spaces can evoke strong cognitive and emotional responses. People in these spaces can be exposed a number of stimuli including noise, temperature, odour, colour, vibration, air characteristics (quality, movement, pressure, humidity), other people, architectural design, traffic, spatial arrangements, building size, space, complexity, signage and information load. Environmental psychologists study the impact of spatial environments on human behaviour. Albert Mehrabian and James Russell argued that all emotional responses to environmental stimuli could be reduced to three basic dimensions, pleasure, arousal and dominance, which, when moderated by the individual's personality is expressed as approach or avoidance behaviour towards the environment.[19] Environments that offer too little or too much arousal are unpleasant for most people and promote avoidance behaviours. Environments in which people feel they lack control are unattractive. Architects, interior designers and landscapers can construct environments that promote desired emotional or cognitive outcomes. Traditional bank branches feature classical architectural styles, oversized and heavy doors, solid timber furnishings, all carefully constructed to promote a sense of financial probity and conservatism.

Websites and electronic media

Websites and electronic media offer enormous opportunities to create customer experiences that are compelling. The use of sound, animation, audio and video clips, chat rooms, blogs, RSS feeds, and the capacity for site visitors to customize their own pages offers rich potential for emotional engagement. Figure 6.5 shows that online visitors are able to discriminate between good and bad experiences.

People

In many service contexts, people are absolutely critical. They can be the service (counsellor), produce the service (chef), sell the service (account manager), and represent tangible evidence of the service (consultant). The performance of people can evoke strong approach and avoidance behaviours in customers. Pushy salespeople may make one-off sales, but they don't build long-term relationships. Customers can become very attached to particular service providers. The significance of people to customer experience is recognized in the service–profit chain. This theory

TOP 5 BEST-LIKED E-TAILERS IN TERMS OF CUSTOMER EXPERIENCE:
1. Amazon.com
2. Barnes and Noble
3. Circuit city
4. eBay
5. Lands' end

5 E-TAILERS WITH LOWEST SCORES IN TERMS OF CUSTOMER EXPERIENCE:
1. Best Buy
2. Target
3. Nordstrom
4. JC penney
5. Costco

Figure 6.5
Online customer experience[20]

proposes that happy employees make happy customers make happy shareholders. Research conducted in the USA indicates a clear connection between employee experience, customer experience and business results.[21]

Customer experience and the role of CRM

The implementation of a CRM strategy, and the deployment of CRM technologies, can have a significant impact on customer experience. Strategic CRMs goal of winning and keeping profitable customers through a customer-centric organizational culture implies that there will be a dedicated focus on meeting the requirements of defined customer groups. Customer experience should therefore satisfy targeted customer expectations, while other potential customers or market segments may not be served. The principles of customer portfolio management, discussed in Chapter 5, suggest that companies will offer different value propositions and service levels to different clusters of customers. There will therefore be differentiated customer experiences across the portfolio.

Operational CRM involves the application of technology in the customer-facing functions of sales, marketing and service. CRM practitioners want and expect CRM to influence customer experience in a number of positive ways: customers will be recognized, their needs better understood, order fulfilment will be more accurate, communications will be more relevant and timely, and service will be more responsive and reliable. However, CRM technology implementations are often motivated by efficiency motives. For example, the implementation of interactive voice response (IVR) technologies in call centres has allowed

routine customer interactions to be automated, reducing transaction costs by up to 60 per cent, and downsizing the number of service agents to those required for more complex calls. Customer response to IVR implementation is not always positive, particularly in more conservative segments of the customer base. That said, customers may not even be aware of several improvements that IVR can bring to customer experience: more accurate information (less human error), 24–7 access to information and enhanced data security and privacy.

Analytical CRM is the intelligent mining of customer-related data for strategic or tactical purposes. When analytical CRM works well, customers receive timely, relevant communications and offers. CRM practitioners are able to predict propensities to buy and detect opportune times to make offers, therefore ensuring that customers are not burdened with irrelevant communications. Analytical CRM can also be used to help customers in unexpected ways. Bank customers can be alerted when approaching a credit limit, thereby avoiding unwelcome fees, or telco customers can be migrated to a more suitable telephone contract, thereby reducing their operating costs. The CEO of CRM technology vendor RightNow Technologies uses a mining metaphor to describe how analytical CRM has been deployed historically.[22] He suggests that sales-focused CRM implementations have conventionally been used to strip-mine customers, rather than understand and meet their needs better. Strip-mining has compromised any efforts to deliver excellent customer experience. Rather than strip-mining, he suggests that it makes better sense to nurture customers as if they were renewable resources.

Features of CRM software applications that influence customer experience

CRM software applications that are difficult to navigate or configure or that are slow to respond leave the customer painfully aware of the limitations of a company's customer management expertise. Furthermore, once a CRM application is published on the web for customers and channel partners to use, performance and usability issues are experienced first-hand. Usability, performance, flexibility and scalability are key features of CRM solutions that deliver a favourable customer experience.[23]

Usability

Usability refers to the ease with which a CRM application can be navigated or used. High usability applications are intuitive and require very little effort to perform the required task, whether that is updating customer contact details, making an offer, or resolving a complaint. High usability applications require minimal user training prior to or at

deployment, and are experienced as highly responsive by the customer. A highly responsive application is a necessary ingredient in delivering a highly responsive experience for the customer.

Older-style CRM applications traditionally used menu systems and function keys for navigation. Function keys can be very fast to use. However, they can only take the user through a flow that was originally conceived during system design. These approaches can be cumbersome in the front office and take time to arrive at the customer's desired outcome. Web technologies, on the other hand, incorporate hyperlinks and drill downs that support an intuitive, 'go where the customer wants' approach. If you want more information on something, you can click on the link. For this reason, a web-style interface has become the norm for CRM applications.

The only caveat to this is in the call centre, where high volumes of calls are handled in a largely predictable manner. In these situations, basic web-style technologies are not adequate and must be augmented by scripting or applets in order to deliver the required level of interactivity and performance.

Flexibility

Responsiveness can be 'hard wired' by pre-empting all of the processes that a customer may require and implementing these in the application in advance. The difficulty with this approach is that customers don't always follow the systems engineer's or workflow designer's script. An application's flexibility determines how many alternatives are available to the user at any given time; these alternatives are often implemented through hyperlinks, buttons or screen tabs. A highly flexible application will have many such links, and will not require specific processes to be followed. The customer does not want to be told by a call centre customer service representative 'I'm sorry, but I can't do A until I do B'.

High performance

The performance of a CRM system is often determined by its weakest link. All technologies must be aligned in order to create a high performance system. A CRM application running on an extremely fast network will still be slow if the database is overloaded. Even the best software application will be unresponsive if network performance, database performance or server performance are substandard. Most CRM applications separate the application server from the database server in order to improve performance.

Performance is also determined by integration and synchronization technologies. A CRM application will appear slow if the user has to wait for an automatic e-mail to be created and sent via the e-mail interface. Remote users will perceive the system as slow if they have to wait more than a few minutes for their daily synchronization to their laptop. The speed of these processes can have a dramatic effect on system acceptance and uptake.
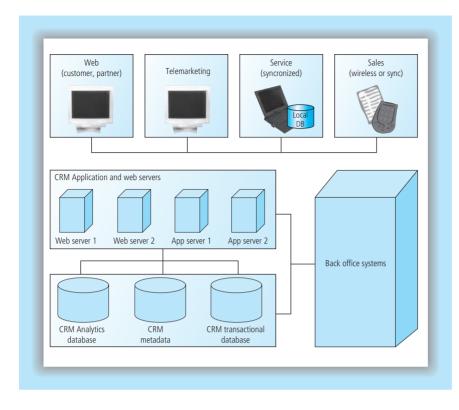
Figure 6.6
Typical CRM architecture, showing web, back-office integration and mobile. Note the database tier (bottom), the application server tier (middle) and the user interface tier (top)

An important characteristic of a high performing CRM system architecture is not only this ability to separate high load areas, such as the database and application servers, but also the ability to expand the application and web server tier by adding more servers as required. This is shown in the Figure 6.6.

Scalability

As the CRM system grows and is used by more internal and external people, the scalability of the system becomes important. Acceptable performance with 100 call centre users may become unacceptable once the customers are online and hitting the website, or field sales representatives start synchronizing across all territories at the same time. CRM applications should be evaluated based on proven numbers and types of users (concurrent on the web, synchronization, full load call centre, etc.) in order to assess their ability to scale. A system that is unable to scale will deliver inadequate customer experience as user numbers grow.

Finally, it should be recognized that high performance CRM systems require investment to keep up with changing customer expectations. It is most important that the CRM application be constantly monitored against predefined performance targets to ensure performance remains acceptable. This is particularly the case in high turnaround areas where the customer is involved, such as the call centre and website, and where high loads take

place at the same time, such as the afternoon synchronization run or back-office integration run.

Researching the link between customer experience and CRM

There is very little research evidence of how CRM has influenced customer experience. The Meta Group reports that:

> 'business customers want to be identified for their appropriate requirements (e.g. resupply of goods and services that they already purchase), so that they can save time. Many consumers fall into a similar camp. But in exchange for being identified (e.g. providing information about themselves or having it collected), customers/ consumers expect to be treated as "special". This means free products, better service, useful information, etc. They also do not want to be bothered by endless phone calls or e-mails to sell them more "stuff" '.[24]

These comments do indicate that customer experience, following a CRM implementation, is not necessarily positive. Customers who are accustomed to receiving face-to-face calls from sales representatives might find they are expected to place orders and pay through a sales portal. Resistance, resentment and churn may result. Weary workers arriving home after a hard day's labour are confronted with cold calls selling products that aren't of the slightest interest. The avoidance of negative customer experience from ineptly implemented CRM is an important reason for ensuring the voice of the customer is heard during CRM project planning and implementation. It also signals the importance of monitoring customer response after a CRM implementation.

Despite these cautions, technology can fundamentally change customer experience for the better, because it reinvents what happens at customer touchpoints. Imagine a sales representative who has always carried hard copy brochures. Some are dog-eared; some are not current; some are missing. He is sitting in front of a qualified prospect with a product-related query who is ready to buy. The representative goes to his briefcase. The brochure is missing, and he cannot answer the query. 'I'll get back to you', he says. But he doesn't. He forgets and the opportunity is lost. Equipped with CRM, the interaction is very different. The representative carries a laptop with a current, searchable, product database. He answers the query successfully. The prospect asks for a firm quote. The representative activates the quotation engine. A quote is prepared and discussed. The representative requests the order. He wins the order. The order is entered into the laptop. The representative shares the screen information with the customer. An electronic signature is obtained. Order confirmation is sent to the buyer's e-mail address. That night the representative keys in his call

report, synchronizes his laptop with the company's main computer, and the order fulfilment process begins.

Summary

In this chapter you've read about the links between CRM and customer experience. We defined customer experience as the cognitive and affective outcome of the customer's exposure to, or interaction with, a company's people, processes, technologies, products, services and other outputs. Customer experience is important because it influences future buying behaviour and word-of-mouth. Although customers have always had experiences in the purchase and consumption of goods and services, we have recently seen the emergence of the experience economy, in which companies have brought to market experiences such as open garden weekends, team-building exercises and canyoning. Three key concepts capture the essence of customer experience management: touchpoint, moment of truth and engagement. Customers are exposed to, or interact with, companies' people, processes and technologies at touchpoints such as call centres, shop fronts or automated kiosks. Some of these exposures or interactions are more significant than others, and become moments of truth that are important in the delivery of customer experience. Managers are keen to promote rational and emotional engagement with the company, brand or offer by delivering experiences that meet or exceed customer expectations. In order to improve customer experience it is important to understand current customer experience. A number of techniques are available to management for this purpose, including experience mapping, ethnographic research and participant observation. Having determined what the experience should be like, a number of tools and techniques can be deployed, including communications, visual identity, product presence, co-branding, spatial environments, websites and electronic media, and people. CRM practitioners want technology implementations to influence customer experience in a number of positive ways, such as more relevant and timely communications, and more responsive and reliable service, but customers do not always respond positively to change. Features of CRM solutions that influence customer experience include usability, flexibility, high performance and scalability.

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