

Do you think he
feels valued?



When did you last
ask her opinion?

Is he "loyal"? ... or
simply complacent?



Do you "exceed" her
expectations?

Take a walk in your customers' shoes



Introduction

Today's business world is a complex, diverse, and fast moving one, characterised by ever increasing customer demands, shorter product life cycles, global competition, and tighter integration of the value delivery chain. Combine this landscape with the rise in the cost of living, soaring fuel prices, higher mortgage costs, tumbling house prices and the credit crunch, no company in existence today can be indefinitely immune to such negative impacts on consumer spending and on the economy's unpredictability as a whole.

There are six primary business imperatives which form the focus of organisations across the globe. How to:

- ◆ Improve profitability
- ◆ Optimise costs
- ◆ Improve customer satisfaction
- ◆ Create differentiation
- ◆ Create innovation
- ◆ Increase employee satisfaction

"The weakening economy in 2008 is going to force companies to take a look at everything to retain current customers, gain new ones, and drive more value from every customer interaction."
Forrester, 2008

These are all inextricably linked objectives, each having a profound impact on the other. In this challenging climate companies' internal focus is largely on cost-cutting programs in order to maintain profitability, and ultimately ride out the storm. Could there be a smarter way of dealing with the challenge at hand and emerging stronger than ever before as the economy recovers???

The answer is yes, and it is all about securing **customer loyalty** and **advocacy**.

Customer Advocacy

A very real and prominent issue for most companies is how to sustain growth over the long-term while meeting the expectations of their shareholders in the short-term. Since customer loyalty and advocacy are the principle drivers of profit, securing loyalty and building brand advocacy must be at the forefront of any company strategy designed to deliver shareholder value, both immediate and long-term.

So what is loyalty and advocacy?

A company's growth and profitability is inextricably linked to loyalty i.e. the extent to which customers prefer doing business with you; and advocacy i.e. the extent to which customers refer others to you.

According to Forum research, 80% of customers who switched suppliers expressed satisfaction with their previous supplier. So just because a customer indicates a high level of satisfaction does not mean that they are or will be loyal to your company.



Customer loyalty and advocacy entails an emotional connection and a requirement for you to embed yourself in the heart and mind of that customer.

Loyal customers are those who have formed an emotional bond with a company, they have moved beyond being simply "satisfied", and they are prepared to stay with a product or service provider through thick and thin. Advocates are those who have moved beyond loyalty and go out of their way to recommend you to others, they effectively become your best performing sales people!

What benefits do loyalty and advocacy deliver?

True customer loyalty and advocacy is still rare in the market place, but customer-centric organisations that have whole heartedly embraced customer focused initiatives designed to achieve this, typically see:

- ◆ Consistent revenue growth year on year
- ◆ A reduction in the average cost to serve
- ◆ Significantly increased profitability
- ◆ Increased shareholder value
- ◆ Large numbers of brand advocates well equipped to support the company's customer acquisition strategy
- ◆ Increased innovation potential through greater customer insight and intelligence of surrounding their needs, wants and expectations
- ◆ An ability to differentiate through service excellence

- ◆ Sustainable, long-term competitive advantage
- ◆ Increased employee satisfaction rates
- ◆ Increased brand recognition and equity

How does a company achieve loyalty and advocacy?

Loyal customers and brand advocates are more profitable! They are more cost effective to maintain in difficult times; they typically increase their purchases and percentage of spend with you; they cost less to administer, their value exponentially increases as they go out of their way to refer others, they are willing to pay a premium in return for what they perceive as value, and the costs of sales associated with them are amortised over a longer period.

"Research showed that best in class companies who had embarked on customer experience initiatives added an average 15% year-over-year increase in Customer Retention, added an average 19% year-over-year increase in Customer Satisfaction, and added an average 8% to the bottom line"

Aberdeen Group, 2008

So now that we've identified that customer loyalty and advocacy equates to profitable growth whatever the nature of your business or the profile of your customers. However the challenge facing companies today is how to delight these highly profitable customers, keep them loyal and eventually turn them into advocates who attract others.

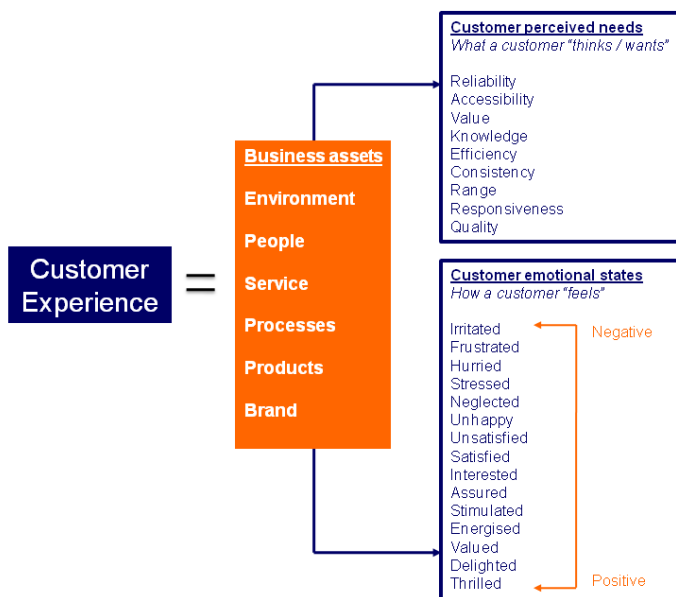
The answer is to provide a *customer experience* that is so consistent, intentional, distinctive, and valuable that it successfully differentiates your organisation, generates a high degree of trust in your brand, and transforms your loyal customers into advocates.

The role of customer experience in achieving loyalty and advocacy

All shareholder value comes from customers buying your brand, usually in competition with other brands that they might have bought instead. A company's "brand" and "customer experience" are inextricably linked: the customer experience is the delivery of the brand promise. Positive customer experiences generate a desire within your customers for future interactions and transactions.

A positive customer experience is something which can turn customers from being simply engaged, distracted or even oblivious to a company's offering to being totally "captivated".

iCustomerExperience believes that *"optimal customer experience is achieved when a company leverages its business assets in order to exceed its customers' perceived needs and to achieve the most positive of customer emotional states"*. See our *Hierarchy of Customer-perceived Needs and Emotional States* diagram below.



A company's assets such as People, Service, Products etc. can all be perceived as *change levers*.

By manipulating these levers a company can radically alter and improve its ability to exceed a customer's perceived need (what he/she thinks or thinks he/she wants), whilst also evoking the most positive of emotional states (how he/she feels).

Ultimately loyal customers and advocates are those who have formed an "emotional" bond with your company and who have a perceived "value for experience".

Customers are human beings and human beings are driven, in part, by their emotions; understanding these emotions, priorities, and choice processes is fundamental to long-term business success. Moreover understanding how to design a customer experience that evokes the most positive of emotions is what really creates customers that are resistant to competitor offerings and compelled to refer other customers to you i.e. *Loyal customers and advocates*.

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About iCustomerExperience

How better to understand how your customers feel, what is important to them, and what they think about their relationship with you than to "take a walk in their shoes"?

iCustomerExperience is a cost effective, fully outsourced indicator and performance benchmarking service in the domain of customer experience. We primarily use survey methodology, surveying our clients' customers on their behalf, managing the entire process from survey execution through to data analysis and reporting, enabling our clients to focus on their own business priorities and core competencies. The iCustomerExperience Indicator survey asks the same questions of each client's customers, thus facilitating performance benchmarking amongst peer companies, across sectors and the wider market via the iCustomerExperience Index.



Most companies already perform some degree of performance benchmarking, be that via revenue, profit, share price, customer base etc. However ascertaining your company's competitiveness in the domain of customer service is a lot more complex and difficult. iCustomerExperience is uniquely positioned to provide a voice to your customers and enable you to rate your performance in relation to other companies in the marketplace.

The Indicator

Customer experience should be measured in relation to the customer context and customers' definition of value - not against a company's internal, self-fulfilling functional statistics.

The iCustomerExperience Indicator survey asks twenty close-ended, ordered choice questions, focusing on the Customer Experience Hierarchy of Customer-perceived Needs and Emotional States. Cognitive design has been applied to the survey to reduce error and optimise response rates.

The results obtained from the survey enable iCustomerExperience to:

- ◆ calculate an overall Customer Experience Rating (CER) for each client, this is a score between 0 and 100 and provides the ability to benchmark performance against other companies
- ◆ provide the client with a breakdown of results in the form of the Customer State Analysis (CSA), this analysis allows clients to see what percentage of the customers surveyed fit into which state i.e. Disengaged, Indifferent, Engaged, Captivated, Advocate; again facilitating performance benchmarking and providing a baseline for improvement
- ◆ perform more detailed analysis to identify data commonalities and correlation between responses
- ◆ focus the efforts of further investigation before applying domain expertise and best practice in order to recommend possible strategies for change that when applied can result in a CER increase and deliver all the benefits associated with the provision of superior customer experience and customer loyalty.



iCustomerExperience "Customer State Analysis" definitions



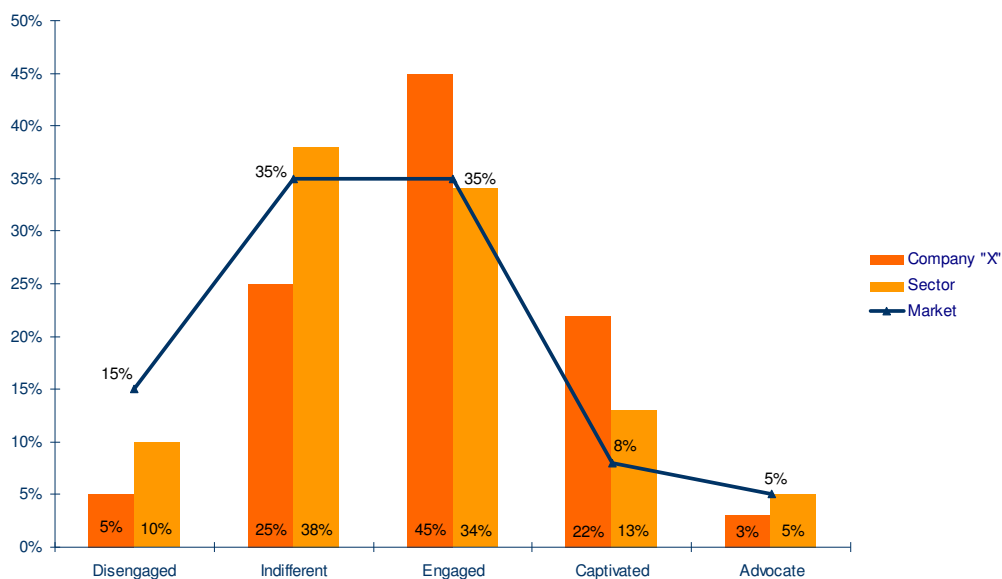
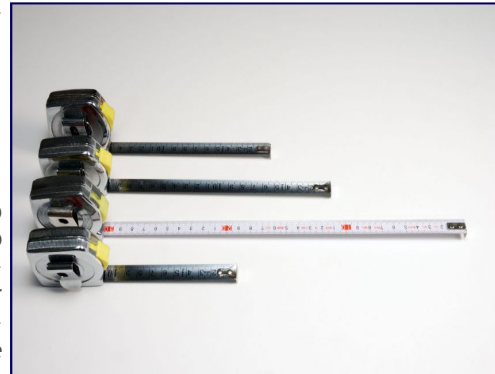
The Index

The iCustomerExperience Index provides the ability for participating companies to benchmark their own performance in the domain of customer experience, in relation to other peer and best of breed companies either within their sector or within the wider market.

Two measurements form part of the Index:

- ◆ The company's Customer Experience Rating (CER)
- ◆ The company's Customer State Analysis (CSA)

Traditional cost-focused management tools no longer equip managers with the kind of information they require in order to compete in this new experience economy. Identifying customers' physical and emotional needs in the realms of customer experience is a complex issue; organisations need a way of effectively measuring their performance in this area, and the iCustomerExperience Index provides just that.



Example of iCustomerExperience “Customer State Analysis” Benchmarking

The Index provides a baseline for measuring performance improvement internally but also for vital benchmarking against the wider marketplace. Customer satisfaction levels do not exist in a vacuum; customers are evaluating companies in relationship to the wider marketplace all the time. Companies need to understand how their metrics compare to their major competition to see whether their “good” scores are good enough to be competitive.

Why iCustomerExperience

Data collated from internal customer surveys can often be disappointing and reveal little that isn't known already. Often this is because the organisation has unconsciously been looking only for data it knows how to deal with, or subconsciously focusing on data that agrees with its viewpoint or expectations, even though this does not uncover the true state of service provision. The iCustomerExperience Indicator survey has been specially designed to solicit the most accurate responses to questions that encapsulate the very definition of customer experience.

Furthermore, research shows that customers are less forthcoming with negative information when the survey is managed and administered by the company itself; this is a real data accuracy and validity concern. iCustomerExperience Indicator surveys are completed online providing the respondent with a sense of privacy and convenience i.e. he / she can complete the survey at a time that suits them. Unless a respondent has chosen to “opt-in”, survey responses would be provided to the client in aggregate, with no links between data and individual respondents.

Finally but by no means least relevant is the average cost associated with conducting this type of activity in-house. Companies typically have to enlist the services of web developers, business analysts, internal marketing personnel, content authors etc. in order to launch a survey of this kind. Whilst a one-off survey is sufficient to provide an indication of “where you are”, an on-going study that lets you compare results over different time periods enables you to determine “where you are going”. Both one-off and longitudinal surveys can ultimately prove to be very costly exercises, coupled with the fact that the surveys themselves are potentially internalised, the return on the funds invested can be questionable.

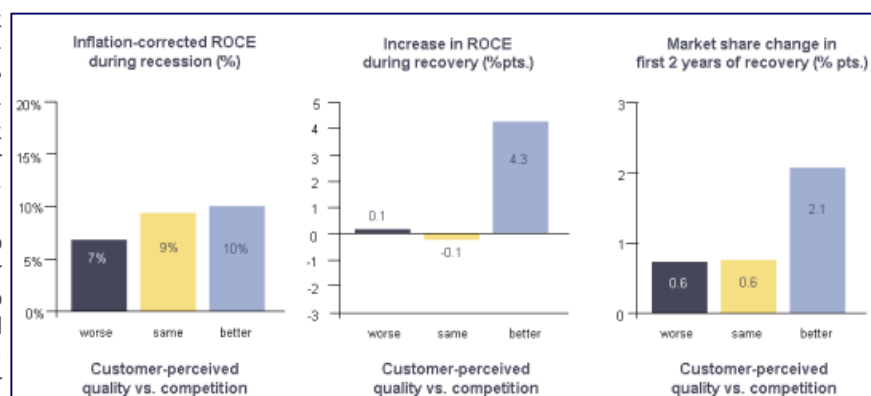
Ultimately iCustomerExperience offers the following benefits to companies over and above what they are able to achieve in-house:

- ◆ **Benchmarking:** As customer value is relative, an understanding of the wider market’s performance in the area of customer experience is imperative. The iCustomerExperience Index is an invaluable part of the offering; it provides a unique and unparalleled means by which companies can benchmark their own performance against their competitors and other companies in the market.
- ◆ **Cost efficiency:** iCustomerExperience provides the ability to execute frequent surveys at a fraction of what it would cost a company to conduct this kind of exercise in-house. iCustomerExperience’s Client Portal and supporting technology enables companies to execute surveys quickly and with minimal fuss; whilst our expertise and experience ensures that findings are correctly processed, analysed, and presented back to company in which ever format they prefer.
- ◆ **Domain expertise:** The iCustomerExperience team has many years combined experience in assisting companies across a multitude of vertical sectors address their customer relationship and growth strategy challenges. Our professionals possess not only the relevant statistical and analytical expertise but most importantly the skills required to translate this analytical insight into valuable business strategies.
- ◆ **Objectivity:** Furthermore companies conducting their own customer surveys can be very insular, questions and the interpretation of responses can lack objectivity. iCustomerExperience provides a “fresh pair of eyes” (an “outside in” as opposed to “inside-out” view of the world); a level playing field for fair assessment; and a wealth of information regarding the make up of a truly superior customer experience.
- ◆ **Continuous improvement:** Customer purpose and value is not static but rather in a constant state of change, so companies need to be flexible and open to change in order to keep up. The customer experience demands of customers are constantly changing so it is imperative that companies “keep listening”. iCustomerExperience has packages available to companies wishing to poll customer views throughout the year, so that they can map and showcase their improvement in this area.

Conclusion

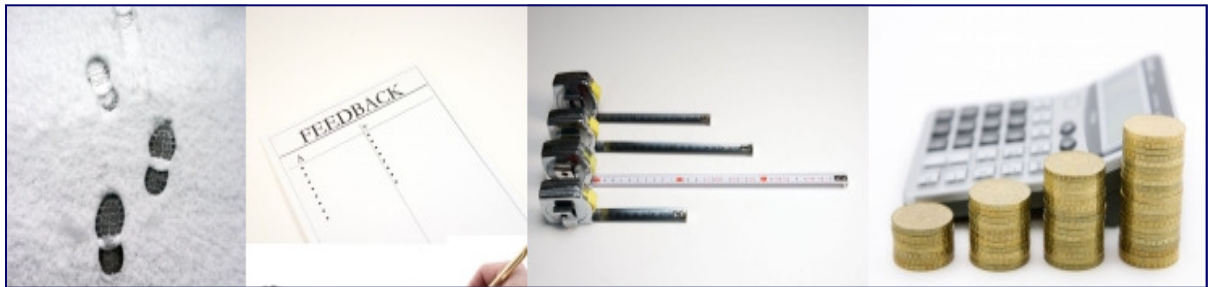
Customer loyalty and advocacy has never been as important as it is during this difficult economic climate. A study by PIMS looked at the experience of 1,000 companies in whose sectors there had been a downturn. The data showed that those firms that increased marketing spend on activities that affected customer perceptions of value typically saw the largest increments to profitability and market share during the upturn. What is more, they saw it without any great damage to their profitability during the downturn.

Ultimately companies that emerge strong from this challenging economic climate will be those who have demonstrated a real commitment to their customers and their requirements despite experiencing a difficult period. They will be companies who have taken a walk in their customers’ shoes in order to discover what they think and how they feel, before assessing the full spectrum of their service. The competitor bar has risen in recent years, companies have to go beyond simple customer satisfaction and create an indelible impression that results in customers becoming true advocates for the company, its products, and services.



To find out how you can **take a walk in your customers’ shoes** and a leap towards customer experience excellence, contact us now without delay:

Contact@iCustomerExperience.com



Survey - Benchmark - Improve

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