Together, the Customer Is Everywhere and Everyone
How To Increase Sales and Win Market Share by Creating Exceptional Experiences

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Providing exceptional customer experiences is the new battleground for increasing sales and winning market share in today's challenging economic environment. Given the growth of the Internet, popularity of social media, and rise of new consumer technologies, customers are more informed and empowered than ever before. With just a few clicks, customers can easily broadcast their opinions—positive or negative—to your competition, the media, and their peers.

The three new tenets of this "customer-in-control" universe are:

1. **Increasingly high expectations.** Customers demand high-quality service and company credibility (for example, positive feedback from other customers or independent experts), and consistency across every company touchpoint.

2. **Willingness and ability to share.** Customers have always been enthusiastic about sharing their experiences—especially bad ones. Today their voices are amplified by robust social networking tools that include blogs, wikis, and websites such as Facebook, Twitter, and YouTube—all of which provide the ability to broadcast their opinions to friends, family, colleagues, and even strangers.

3. **Desire to be heard.** Customers want to be part of the product development process. When this happens, customers are more satisfied and loyal because they feel that they have been heard and that their needs and desires will be addressed.

For businesses, customer empowerment offers both downside risks and upside potential.

Downside Risks

The ability of customers to voice their opinions can adversely affect companies' reputations and tarnish brands that have taken years to build. There are numerous examples of negative stories being posted online about leading companies such as Apple, Dell, United Airlines, and many others. While there is no way to prevent customers from posting this type of material, companies should have a strategy for how to respond when it does happen. By acting smartly and quickly (within hours, not days), companies can show they are listening and reduce the potential impact from negative feedback.

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Upside Opportunity

While the risks may seem daunting, there is significant upside to tapping into the new power of consumers. Direct communication with customers creates an unprecedented opportunity to learn what they care about. This allows companies to identify and correct issues such as weaknesses in new product launches. Armed with these insights, companies can respond more rapidly to shifting trends, and design products that will be more readily accepted by consumers. In a crowded and competitive marketplace, companies that focus on what people want will enjoy increased brand awareness and improved customer relationships that lead to growth in sales and market share.

Creating Exceptional Customer Experiences

As customers continue to gain control, delivery of exceptional experiences becomes even more critical to companies' bottom lines. To create exceptional customer experiences, companies should implement the following four steps. This approach can be applied to new initiatives, specific process improvements, and company-wide transformation strategies. Once these steps have been completed for a particular project or initiative, they should be repeated to gain new insights, make ongoing improvements, and expand programs where appropriate.

Learn

- Identify and understand customer segments that offer the most potential
- Gather customer insights from reports (sales and customer service), behaviors (store visits and at-home usage), and discussions (roundtables and focus groups)
- "Walk in customers' shoes" by using techniques such as secret shopping or observational studies to gain further insights and build empathy toward customers
- Brainstorm with customers about concepts or solutions that might meet their needs more effectively than current offerings

Analyze

- Map the customer journey and identify key touchpoints where you can improve conversion rates by delivering exceptional experiences with your company
- Develop personas (representations of target customers) with demographic, attitudinal, behavioral, consumptive, and technological attributes that embody your typical customer segments
- Ideate and innovate using customer-journey hotspots and personas. Seek ideas from inside and outside your company to receive multidisciplinary, diverse, and creative input.

Design

- Aggregate all of the insights, ideas, analysis, and input into a cohesive vision of the ideal experience for your customers
- Create and prioritize a roadmap and architecture that align with business, product / service, and technology goals
- Develop prototypes that depict customer experience touchpoints. Test the experience with customers and make adjustments based on feedback until you are satisfied with the results

Implement
- Build the technology solutions, service experience, and new processes
- Test the experience with actual customers at multiple stages to evaluate process flows and solution performance
- Develop metrics that track performance and customer satisfaction after the launch

Critical Success Factors

While these steps explain how to create exceptional customer experiences, it is important to consider several factors that are critical to success:

Cross-functional teams. Customer experience is no longer just the responsibility of contact centers and marketing groups. Cross-functional teams that consist of executives and employees from all business units—including IT—need to align around a comprehensive, customer-centric strategy, with the goal of exceeding customer expectations.

Brand representation. Brands are a key differentiator in today's commoditized world and should not be underestimated. Because brands represent the sum of customers' experiences with and perceptions about a company, it is critical that customer experience embody the brand promise at every touchpoint.

Technology innovation. As new technologies such as digital signage and more powerful smartphones emerge, technology will play an even greater role in the delivery of customer experiences. And while the ability to introduce new technologies into the customer experience is key, it is important to remember that great experiences are not just about gadgets and new devices—they're also about balancing technology with the right content, organizational support, and process changes. Here are several points to keep in mind when considering how to use technology to enhance customer experiences:

- **Determine the right devices** to support by analyzing which devices your customers are using and understanding how they are using them. For example, Gilt Groupe, an online retailer of luxury goods, claims that 10 percent of its sales come from customers using iPads and iPhones.[1]
- **Make the experience simple and easy to use.** It is often a challenge to hide all of the underlying complexity of a solution from customers. JPMorgan Chase has done a good job of this with the company's new phone application, which allows customers to deposit checks electronically. To make a deposit, customers photograph the front and back of the check with the phone's built-in camera, then transmit the images to their account.[2]
- **Personalize the experience when possible.** As you get to know your customers, acknowledge and reward them for their business by using mechanisms such as targeted offers and suggestions.
- **Create a platform** that makes it easy to deliver content to multiple sources in multiple formats. Whether it's a direct mail piece, digital signage, or a website, employees should be able to update content quickly to respond to rapidly changing situations.
- **Empower employees** with access to the right content at the right time. Extend their ability to communicate with customers through video conferencing and sharing content across all touchpoints.

Zappos.com: Selling More than Just Shoes

Zappos.com (now part of Amazon.com) has become a leading seller of shoes over the Internet. The company contributed $200 million in revenue to Amazon.com's fourth quarter 2009 results (since being acquired, Zappos.com no longer reports separate results). Zappos.com's meteoric success is partly due to the more than 4 million pairs of shoes located in its Kentucky warehouse, next to a UPS hub. It also offers free delivery and pays shipping costs for items that are returned within a year of the purchase date.

Even so, it's the emotional connection with customers that makes Zappos.com stand out. The company is fanatical about providing service that not just satisfies customers, but delights them. For example, the company touts free, four-day delivery but often delivers orders the next day.

Zappos.com has also mastered the art of telephone service—a challenge for most Internet retailers. Zappos.com publishes its free customer service number on every website page. Its smart and entertaining call-center employees are also free to do whatever it takes to make customers happy. There are no scripts, no time limits on calls, no robotic behavior, and plenty of legendary stories from customers about Zappos.com's service.

By selling exceptional customer service, in addition to a great selection of shoes, Zappos.com has become a leading example for other companies to emulate when determining how to increase sales and win market share by creating and delivering exceptional experiences.[3]

Next Steps

To create exceptional customer experiences, CIOs should take three steps:

1. Assess their companies' current customer experience delivery capabilities

- Examine the company's current customer journey. During this process, you will find areas of excellence and areas that are inconsistent or need improvement.
- Important questions to ask include: Are the values of your brand visible at every touchpoint and interaction? Do touchpoints come together in an easy-to-use and intuitive fashion? Where are the gaps that don't work as well as they should? What is the competition doing that you are not?

2. Identify critical areas for improvement

- Create quick wins by addressing the most effective fixes first.
- Learn customers' needs by using social networking to establish a two-way dialogue.
- Look for opportunities to exceed customer expectations. Examine what leading companies are doing outside your industry, and identify areas where you can delight customers even more than you originally anticipated.
- Use the creativity and knowledge that exists within your own company to identify innovations that will enhance the customer experience.

3. Gain executive support and establish a team to address issues by following the four-step process described in this paper

- Customer experience is the sum of your company's activities. Set up cross-functional groups to learn, analyze, design, and implement great customer experiences that reflect your brand, build loyalty, and enhance your bottom line.

Endnotes

1. Source: "Retailer Gilt Sees iPad App Driving Fashion Sales," *The Wall Street Journal,* April 15, 2010, http://blogs.wsj.com/digits/2010/04/15/retailer-gilt-sees-ipad-app-driving-fashion-sales/

2. JPMorgan Chase, September 2010.

3. Source: "Why Zappos Pays New Employees to Quit—And You Should Too," *Harvard Business Review,* May 19, 2008.

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