What is customer experience? How can it be measured? And who should own it?

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Customer experience is an oft-talked about topic in digital and marketing circles. What brands offer the best, what the benefits are… we're always going on about CX[2].

But can you define what customer experience actually is?

It's easy to get lost when it comes to large and lofty topics, so let's get back to basics and explore the term, what it means, and how organisations can excel.

(Before we start remember to check out Econsultancy's range of CX-related training courses[3] or our Implementing a Customer Experience Strategy[4] report)

Finding value in brand interactions

Forrester defines customer experience as 'how customers perceive experiences with your company.'

The word 'perceive' is key here, as it signifies that CX is subjective or can be different for each individual customer – and that's what makes success so difficult to achieve.

For instance, one customer might value fast customer service over and above the quality of a product. This means they'd be likely to cite a positive CX if a company rapidly responds to a complaint about a faulty or broken item. In contrast, another person in the same situation might cite a negative CX, if they place greater value on the quality of a product rather than a brand's swiftness in remedying it.

So, how are brands meant to account for differences in personal opinion like this?

Forrester's more in-depth explanation might help to clarify things. It suggests that to achieve a good customer experience, companies must ensure that interactions are useful (i.e. they provide value), usable (the value is obvious and easy to find) and enjoyable (customers would repeat the interaction).

In other words, this seems to suggest that companies must work hard to ensure every step of the customer journey is strong – not just one area in particular.

What about peak-end theory?

Not everyone agrees that the best CX comes from being a good all-rounder. The peak-end rule is worth thinking about. It is a theory that suggests 'finishing strong[5]' leaves people with a long-lasting and therefore great overall impression.

In other words, a good CX can be achieved by deliberately creating a positive experience at the end of the funnel to outweigh earlier pain points.

One general example could be a restaurant offering you a free drink in response to slow service, or even more simply, an employee thanking you as you leave a retail store.

It's all about the emotions

While ending on a good note should always be encouraged, it's potentially foolish to think that this is what a good CX boils down to.

What the theory does prove however is that being memorable plays a huge part – and this is something that is often achieved by tapping into people's emotions.

The link between emotion and consumer behaviour is nothing new. This study[6] from Northwestern University is particularly interesting. It found that consumer choice is affected when ads are deliberately matched with emotional state (in this case, anger or sadness in relation to relaxing or active holiday-locations).

Other research has found that consumers care more about being emotionally-connected to a brand than feeling satisfied. HBR suggests that appealing to 'emotional motivators[7]' (including a desire to feel a sense of belonging, to succeed in life, or to feel secure) generates customers that are nearly twice as valuable as those that are merely satisfied.

This is because being emotionally-connected typically creates higher levels of loyalty, as well as increased chances of recommending a brand.

Let's not forget personalisation

Alongside an emotional connection, personalisation is another important element of CX strategy. Naturally, one impacts the other, with personalised marketing helping to evoke emotions and create a stronger and more memorable connection with consumers.
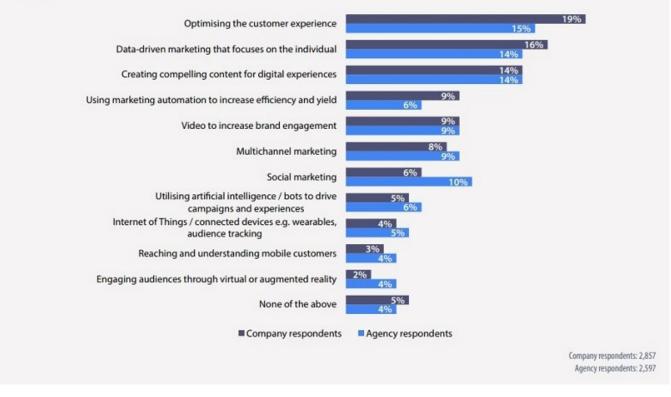
The real key is data, of course, with a data-driven CX strategy helping brands to continuously improve and optimise the customer journey. While the two areas seem worlds apart – with the more holistic area of 'happiness' seemingly at odds with one entirely based on numbers - brands that are well-known for CX tend to make brilliant use of data.

According to Econsultancy research[8], leading companies are twice as likely to say that they routinely take action based on insights and recommendations from analytics than their peers in the mainstream. (60% vs. 26%). Netflix and Amazon are two obvious examples of this, both drawing on data to deliver a unique and personalised customer experience.

For a lot of companies, however, doing so remains a challenge – and not just because of limitations in technology. Company structure remains a big issue, with siloed data, lack of skills, and confused 'ownership' creating big barriers. More on this later.

That being said, data is becoming more of a focus. Econsultancy's Digital Trends report[9] found that 16% of company respondents cited data as the most exciting opportunity for 2018, compared to just 10% the year previously. This shows that companies are becoming increasingly focused on specific opportunities (like data-driven marketing) that feed into the overall customer experience.

Area	Company respondents	Agency respondents
Optimising the customer experience	19%	15%
Data-driven marketing that focuses on the individual	16%	14%
Creating compelling content for digital experiences	14%	14%
Using marketing automation to increase efficiency and yield	9%	6%
Video to increase brand engagement	9%	9%
Multichannel marketing	8%	9%
Social marketing	6%	10%
Utilising artificial intelligence / bots to drive campaigns and experiences	5%	6%
Internet of Things / connected devices e.g. wearables, audience tracking	4%	5%
Reaching and understanding mobile customers	3%	4%
Engaging audiences through virtual or augmented reality	2%	4%
None of the above	5%	4%

■ Company respondents ■ Agency respondents

Company respondents: 2,857
Agency respondents: 2,597

How can it be measured?

For data-driven marketers, there might be a big temptation to measure the ROI of CX efforts. However, this can be tricky and also dangerous, potentially leading marketers to focus on getting value *out* of the customer rather than delivering value[10] to them.

Instead, there are a number of more specific, industry-approved metrics that provide worthwhile insight. The first and arguably most popular is NPS (Net Promoter Score), which involves a survey asking customers (on a scale of one to 10) how likely they are to recommend the brand or service to a friend.

This can then be used to determine what percentage of customers are 'promoters', 'passives', or 'detractors', and to generate a company's overall NPS, which is a good indicator of how CX is faring.

CES (Customer Effort Score) is another common metric, more-often used to measure how happy someone is about customer service rather than overall brand experience. This is because it rates the ease of an experience, ranging from very difficult to very easy. As a result, brands tend to use CES after a customer interacts with a service touchpoint, such as email or social media channel.

Customer Satisfaction Score (CSAT) is the third metric, and it is probably the most basic of all. It rates how satisfied a customer is on a scale, but it can be pretty vague and inconclusive due to differences in what people might class as 'satisfactory'.

It's also been suggested that brands striving to improve CX should aim much higher than simply making customers feel satisfied.

Who should own it?

The question of who should own CX within organisations has been hotly debated. Most marketers assume it's their bag, with CMOs leading the charge. However, for organisations that are intent of making CX a priority, the role of the CCO (Chief Customer Officer) can be hugely valuable.

This is because it is the CCO's responsibility to champion and implement customer-centric initiatives throughout entire organisations, including marketing, sales, customer service, and finance teams. What's more, they can also help to convince other C-Suite leaders of the benefits of CX initiatives, simultaneously driving investment and advocacy.

For organisations that are still unsure where CX should sit, it can be harder to achieve end-goals. According to Calabrio, 47% of CMOs[11] feel they do not have the right tools to understand their customers' needs, while 31% of senior leaders believe integrating customer data is the greatest challenge their company faces.

In contrast, with proper ownership, customer experience can become a long-term mind-set rather than a single execution, ultimately leading to greater confidence and company-wide implementation.

To sum up…

It's hard to summarise CX, but let's consider a few key points to remember.

1. Care about every step of the customer journey. While high-impact changes or a focus on customer service might work in the short-term, it's unlikely to lead to long-term success. As highlighted in Econsultancy's Digital Trends report, organisations with 'a cohesive plan, long-term view and executive support for the future of their customer' are more than twice as likely as their peers to outperform competitors.

2. Data is a key differentiator. With an analytical approach proven to separate the wheat from the chaff - i.e. a mediocre CX from a superior one - data should be embedded into strategy to deliver personalised experiences (that, in turn, delight customers).

3. Set valuable KPI's. While are a number of metrics that can measure CX, it's vital to choose the ones that are most relevant for your individual organisation. For customer service-driven brands, CES can offer great insight, while NPS might be more beneficial for brands looking to gauge an overall picture of customer loyalty.

4. Leadership leads to long-term success. Lastly, the question of ownership should not be underestimated, as organisations that bandy it between internal teams run the risk of creating a confused and poorly-executed CX. In contrast, those that implement strong CX leaders have a greater chance of integrating initiatives (and encouraging investment) across the board.

Links

1. https://econsultancy.com/blog/authors/nikki-gilliland/

2. https://econsultancy.com/blog/69269-17-stats-that-show-why-cx-is-so-important/

3. https://econsultancy.com/training/courses/topics/customer-experience/

4. https://econsultancy.com/reports/implementing-a-customer-experience-cx-strategy-best-practice-guide

5. https://econsultancy.com/blog/67915-what-can-we-learn-about-customer-experience-from-a-colonoscopy

6. https://insight.kellogg.northwestern.edu/article/emotion_and_consumer_behavior

7. https://hbr.org/2015/11/the-new-science-of-customer-emotions

8. https://econsultancy.com/reports/the-customer-experience-is-written-in-data/

9. https://econsultancy.com/reports/digital-intelligence-briefing-2018-digital-trends/

10. https://econsultancy.com/blog/69631-four-steps-to-optimizing-customer-experience-using-data-analytics

11. http://learn.calabrio.com/customer-experience-era-intl/Econsultancy%E2%80%99s%20%E2%80%98Implementing%20a%20CX%20Strategy