

Customer Experience Management

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Abstract: *Experience is everything, this trend is crossing over to the service sector, from hotels to restaurants to airlines, it is becoming all pervasive customers are looking for suppliers who go beyond the basics to meet their unique needs, what they are looking for experience that is intentional, consistent, differentiated, and valuable.ⁱ In order to sustain customer in this economy firms need to build up exquisite branded experiences and measure as well as monitor what matters to customers. The present paper is an endeavour to understand the experience framework, experience clues, customer experience management and how the customer experience can be made the plank of a sustainable differentiation strategy in the competitive business environment using information technology.*

Key words: *Customer Experience, Experience Clues, Customer Experience Management, Information Technology*

I. INTRODUCTION

The nature of customer experience is a psychological phenomenon; this requires analysing what motivates the customer. Psychologist Abraham Maslow conceived the theory of Motivation, as suggested by Maslow in his theory of motivation humans evolve through five stages of motivation: first the physical need for food and shelter; second, the need for long-term security and protection; then the social needs for friends, and family. Only after these are satisfied other higher order needs like needs to satisfy ego, achievement and recognition becomes dominant. For many people of Maslow's generation, moving up this hierarchy of needs was a lifelong struggle, today most young people take meeting the physical needs for granted, their social needs and ego needs become their starting point.

For increasing number of customers, Maslow's higher order needs have become the key drivers, Maslow called it self-actualization, the desire to fulfill one's potential. As for many people in developed societies, income levels are increasing, for example in Indian context the middle class boom of the recent times; people have the choice and freedom to pursue their higher order needs. Self-actualization is the most deeply felt need, allied to realize one's full potential is the need for time to do it. Convenience has become increasingly valuable. One wants rather expects speedy and valuable experiences.

Joseph Pine and James Gilmore in their book *The Experience Economy*ⁱⁱ explain the experience phenomenon with an interesting example of birthday party- in the times of our parents their parents used to prepare birthday at home buying ingredients from the market, after this generation parents used to buy ready-made birthday cakes. In the present times parents prefer taking their children to McDonald's or other such destinations for birthday treats, increasingly parents prefer to delegate the entire birthday experience, complete with decorations and entertainment. In this manner each generation of consumers has enhanced the buying experience. In recent times, drastic changes have taken in the competitive business environment Customer

satisfaction is now supposed to be a primary tool for retaining customers.ⁱⁱⁱ

Customer satisfaction is considered to a means of customer retention, customer loyalty as well as profitability but this relationship between satisfaction and loyalty is more complex than was originally thought^{iv-v} a lot of evidence is available regarding how satisfaction influences repeat purchase (both volume and frequency) behaviour and price-sensitivity.^{vi}

The advantages of customer loyalty come from repeat business and promotion of the company through word of mouth^{vii} but customer loyalty is much more than repeat purchases or increased volume of purchases, loyalty does not only mean anyone who buys repeatedly from the same company^{viii}; in many instances, a customer may not be purchasing as frequently because changed circumstances have reduced his or her requirements for the company's products and services in this manner repeat purchases or increased number of purchases may not be a true indicator of loyalty.^{ix} After removing these disadvantages the advantage of positive word of mouth publicity generated by the customer by way of advocating a company's offerings to friends, colleagues and family, this act of recommendation should be considered as an important indicator of customer loyalty.

Reichheld (1996) is of the view that loyal customers are more profitable, because the costs of sales are amortized over a longer period, they increase their purchases and percentage of spending with the company, cost less to administer, provide benefits like referrals and are willing to pay a premium as well.

Loyal customers are considered a key for the success of businesses, slight change in percentage of loyal customers can bring about a huge change in profits and the overall value of the firm^x in this manner company's path to profit and growth may lie in its ability to make its loyal customers market. As commoditisation of many service offerings continues, a new source of competitive differentiation/advantage will come from focusing on the management of customer experiences.

In the early days of marketing and advertising companies used to focus on differentiation based on products features and benefits as competition forced rival brands to create competitive products, in this race of competition price wars began lowering the cost of products and driving customers towards cost-based purchase decisions. Further with the innovations in middle of the twentieth century there came a revolution in advertising through customer-focused marketing communications, customers were encouraged to aspire to a lifestyle that the brand represented, as brand evolved taking on unique personalities. This was the beginning of a new change from product-focused era to the customer-focused, brand and lifestyle inspired advertising era this marked a shift from message to an emotional message, or a combination of both^{xi}.

II. NATURE AND CONCEPT OF CUSTOMER EXPERIENCE

Customer Experience is the aggregate of all experiences a customer has with a supplier of goods and services, over duration of their relationship with that supplier. Customers receive some kind of experience, ranging from positive to negative, lasting, fleeting, a random phenomenon or an engineered perception during the course of buying goods and service. An experience is defined as the sum total of conscious events. As such, a supplier cannot avoid creating an experience every time it interacts with the customer.

Philosopher Merleau-Ponty describes in his book *Phenomenology of Perception*- 'The world is not an object such that I have in my possession the law of its making; it is the natural setting of, and field for, all my thoughts and all my explicit perceptions' (Merleau-Ponty 2002)^{xii}. In simpler words the marketer need to provide the right environment and setting for the desired customer experiences to take place.

According to the philosophers and psychologists viewpoints experiences are 'of' or 'about' something; they have reference and insight (Husserl, 1931^{xiii} and Brentano 1973^{xiv}). Experiences are usually not self-generated rather induced, having reference and intentionality.

Experience clues may be either performance or context based. Performance clues relate to the function of the product or the service Context clues relate to the appearance, décor, cleanliness, smell, and feel sound as well as to the people and things in the environment. There are two types of context clues – Humanics and Mechanics. Humanics clues come from people such clues can be generated by defining the desired behaviour of employees involved in the customer encounter as well as ensuring such behaviour is shown up by the employees having direct interaction with the customer. Humanics determine the interpersonal relationships in a buying experience, it is all about what employees make customers feel, whereas Mechanics refer to sights, smells, tastes, sounds and textures generated by things e.g. graphics, scents, landscaping etc.

Services are performances, customers look for clues that are available before and during service performance that can be evaluated by the customers. A number of clues

are embedded in these performances on which customers rely to choose, assess and evaluate service experiences. Customer develop perceptions of experiences based on the technical performance of services (functional clues), the tangibles associated with the service (Mechanics clues), and the behaviour and appearance of service providers (Humanic clues).

All the clues taken together i.e. functional, humanic, and mechanic clues play vital role in creating the customers service experience, influencing both the rational as well as emotional perceptions of service quality Consistent design, symbiosis and orchestration of these clues is imperative to enhance service quality and customer experiences.^{xv} Clues create the service experience by influencing customer's thoughts, feelings and behaviour, Research shows that affect or mood influences how people think (Poon, 2001). This can be explained with an example- positive mood help people recall positive aspects from the memory, the reason is when people are in a particular feeling state they try to maintain that state. Consequently memories that are congruent with that feeling are more accessible and more likely to come to mind (Isen, 1987).

This pattern may not hold for negative mood, it is considered that people try to improve negative mood by avoiding recall of negative memories (Poon, 2001). Mood also influence people's evaluation, according to one study cartoons were rated as funnier by subjects who were smiling than subjects who were frowning (Laird, 1974).

Moods or affective states also influence the information processing strategy individuals are likely to adopt. People in good mood are more likely to use quicker mental short-cuts in decision-making whereas people in sad mood are more likely to use a thorough decision-making strategy (Schwarz, 2000; Schwarz & Clore, 1996). Customer's moods may have particular impact on how they think and act in service encounters because of interpersonal nature of such encounters (Gardner, 1985). In this manner it is imperative for firms to manage experience clues in ways that positively influence customer's mood.

III. EXPERIENTIAL FRAMEWORK

The experiential framework can be conceptualized on the basis of strategic experience models and experience providers which together provide the strategic and tactical tools of experiential marketing. The following are the strategic experience models (Schmitt, 1999):

1. Sense: Sense marketing appeals to the senses aiming at creating sensory experiences through sight, sound, touch, taste and smell The sense model is based on the key principles of cognitive consistency/ sensory variety, sense models requires an understanding of stimuli that creates appropriate sensory impact.
2. Feel: Feel model appeals to customer's inner feelings and emotions, with the aim of creating affective experiences that range from mildly positive moods linked to the brand to strong emotions of joy and pride.
3. Think: Think model influences the intellect with the objective of creating cognitive, problem-solving

experiences that engage customers creatively. Think marketing appeals to the target customer's convergent and divergent thinking through surprise, intrigue and provocation.

4 Act: This model aims to affect behaviour, lifestyle and interactions. This model enriches customer's lives by targeting their physical experiences, providing alternative ways of doing things, alternative lifestyles, and interactions.

5 Relate: This model is aggregative of sense, feel and think marketing models, and contains vital aspects of such models, this marketing model expands beyond the individual's personal, private feelings, relating the individual to something outside one's present state. It influences the individual's desire for self-improvement i.e. the ideal self one wants to relate to in the future.

Marketers should aim at developing holistically integrated experiences that possess Sense, Feel, Think, Act and Relate qualities. Logically this kind of integrated experience phenomenon may be a challenge for the marketers. The different experience modules occur by means of experience providers, which refer to the tactical tools and components used by marketers for creating the Sense, Feel, and Act, Think or Relate marketing models. Experience providers covers an entire gamut of tools such as communications, visual and verbal identity, signage, product presence, co-branding, spatial environment, electronic media and people.

Communications include advertising, external and internal company communications like external brochures, newsletters, annual reports etc as well as public relations and event planning. Communications can be used to create different types of experiential connects. Verbal and Visual identity as well as signage can also facilitate to create the different experiential models. Visual identity mainly consists of names, logos, and signage etc. This also provides lot of space for creativity and innovation for influencing customers.

Product Presence comprises of product design, packaging, product display, brand characters that are used as part of packaging and point-of-sales materials. Brand characters like the Pillsbury doughboy have lot of feel value content. Like the other experience providers Co-Branding is also an important tool of creating different experiential modules, it includes event marketing, sponsorship, alliances and partnerships, licensing, product placements in movies, campaigns and other types of cooperative arrangement as well. The purpose of such type of experience providers is to connect emotionally and in a memorable manner with the customers.

Spatial Environment includes buildings, offices and factory spaces, retail and public spaces, trade booths and corporate events. Experiential environments are often the most comprehensive expression of the brand culture and values. Websites and Electronic Media are another kind of experience providers which possess interactive capabilities that facilitate ideal forum for organizations to create experiences for the customers. The usage of these interactive tools is not confined to informational aspect only rather it is an opportunity to entertain or

otherwise relate to the customers through experiential marketing. The web has been used to engage in transactions without ever seeing or talking to real salespeople: the web has also been used for chat rooms instead of face-to-face or spoken phone conversations.

Finally people can be a powerful provider of experiences in all the five experiential modules. People comprise of the salespeople, company representatives, service providers, customer service providers, and anyone else who can be associated with a company or a brand.

IV. EXPERIENCE: DIMENSIONS

Experience concept has been defined across a variety of disciplines like philosophy, cognitive sciences, experiential marketing and management. Philosopher John Dewey (1922,1925) views experiences as the intertwining of human beings and their environments, knowledge is only one part of a person's understanding of the world, in addition to intellectual experiences resulting from knowledge, experiences also include perceiving (through the senses), feeling, and doing. Human beings are fundamentally connected with other person that is inherent of one's characteristics. Dube and LeBel (2003) classify four pleasure dimensions: intellectual, emotional, social and physical pleasures. Cognitive scientists have worked out 'mental modules' or special purpose computational systems that respond to specific environmental cues. Pinker (1997) identifies four mental modules that correspond closely to the experiences: sensory perception, feelings and emotions, creativity and reasoning, and social relationships. However Pinker does not mention a separate 'doing' module, according to him bodily experiences, motor actions and behaviours are a part of the 'sensory-motor module'.

The development of this experience rich world has also influenced the brands, in the beginning of the twentieth century brands were considered as a means of identifying lower needs - safety and security were linked with brands with the passage of times brands have evolved as a means of expression, brands communicates our values and lifestyle, they are much more than superficial statements of taste what brands express is much more important and personal. Consumers are looking for experiences that complement their lifestyle, and brands that say something about their aspirations

V. CUSTOMER EXPERIENCE MANAGEMENT (CEM)

The concept of customer experience management was first introduced by Pine and Gilmore in their 1998 Harvard Business Review article. They believe that successful businesses influence people through engaging, authentic experiences that render personal value (Pine and Gilmore 1998). According to Bernd Schmitt (2003) the term Customer Experience Management represents the discipline, methodology and/or process used to comprehensively manage a

customer's cross-channel exposure, interaction and transaction with a company, product, brand or service. Jeananne Rae (2006)^{xvi} mentioned "building great customer experiences is a complex enterprise, involving strategy, integration of technology, orchestrating business models, brand management and CEO commitment."

Morris Wilburn (2007) explained – experience management implies a customer -centric perspective. Experience implies a focus on more than the functional aspects of the company's service and products, programs to manage customer loyalty often overlook important aspect of customer experience with the company these aspects are as follows^{xvii}:

Pine & Gilmore (1999) Experiences are as distinct from services and services and services from goods. Companies stage an experience when they engage in a memorable way. These memorable experiences makes all the difference, according to Colin Shaw (2007) focus on the customer, not the organization, and by doing so this will give you a differentiator, increased profits and a higher shareholder value. Customer experience is the next competitive background and over 50 percent of an experience is emotions, thus provide customers with an emotionally engaging experience and the rest will take care of itself.^{xviii}

Customer Experience is your view and your feelings of what a company is offering to you. It's the physical things, the comfort of a seat, and the suitability of a meal. The cleanliness of a train, of a building, of terminals, but mixed with the more intangible things, the psychological aspects. Shaw & Ivens (2002)^{xix}

VI. SCOPE OF IT IN CUSTOMER EXPERIENCE MANAGEMENT

CEM focuses on certain functional aspects; information technology can be exploited as a useful tool in these functional areas –

1. Customer: CEM analysis focuses on developing a multidimensional understanding of the customer, this understanding includes cultural, sociological, behavioural and demographic analysis, and culminates in a detailed ability to articulate their needs, wants, desires, expectations, conditions, context and intentions of various customer groups.
2. Environment: Analysis of the marketing environment is equally relevant for CEM strategy, this environment comprises of market conditions, competitive factors, channel use (channel and cross- channel dynamics), the process for purchasing, the purchasing environment (store, web, phone, etc) and the service environment.
3. Brand: Analysis of brand is imperative functional concern, from the perspective of customer experience management and from the tactical perspective this analysis involves the development of visual identity, tag-lines, communications, logo and other brand assets that help shape perception and define the brand in the marketplace.
4. Platform: An organization's operational infrastructure is the platform on which customer experience is delivered. As a result, operational efficiency has a direct

impact on customer experience. As businesses move from an "inside-out" focus (on internal operational constraints such as production, capacity etc) to an "outside-in" focus (on customer- centric delivery), operational analysis is essential. This includes comprehensive evaluation and improvement of people, policies, process, technology and systems that facilitate, track and measure customer interaction and transaction.

5. Interface: This area of CEM analysis focuses on the interaction between consumer and the brand, from a human-to-technology; human-to-human and human-to-environment perspective.

VII. IT ALTERNATIVES TO ENHANCE CUSTOMER EXPERIENCE

Developments in technology allows us to do so much more than just retrieve information, the information technology has really transformed the technological environment. The technological platform provides an opportunity to enhance customer experience, as compared in early days where companies presented content on static web pages only, much has changed today the technological interface has been enhanced with innovative technological tools and applications, providing new channels of communication and interaction for the customers. The online tools like websites, portals, blogs, and kiosks are increasingly used by automobile players.

Websites provide technological interface with informative features, including informative content about – corporate, product profile, service, plant, engineering design, exports, dealer location, dealer network, reviews, media, innovation, corporate social responsibility, contact, after sales queries, sales queries and, customer feedback etc.

A Portal consists of web pages that act as a starting point for using the web or web-based services. The word was first used to describe the sites of popular internet access providers or search engines such as AOL, MSN, Yahoo! later on, it was extended to include a corporate portal or enterprise information portal, which acts as a starting point for employees or associates of an organisation to access corporate information and application.

In this interconnected web world, social media tools are on a meteoric rise, some of the popular applications include Blogs \ Web log (Reference, Social Media), Google Groups (Reference, Social Networking), Wikipedia (Reference), Facebook (Social Networking), LinkedIn (Business Networking), YouTube (Social Networking and Video Sharing), Flickr (Photo Sharing) and Twitter (Social Networking and Micro Blogging) etc. These are the new technological innovative applications to stay connected socially and explore a completely different experience of sharing and expressing, definitely this new channel will influence business.

Social media is gaining importance in the recent days as it provides means for online socialising, information sharing, and self –expression. Blogging, social networking, photo-hosting, video-sharing, are few terms

that have phenomenally altered the way the online population interacts, shares and exchanges information. There are benefits for business firms as well like customer engagement and participation, positive PR for the company, third party opinions, assistance in brand building, provides a low-cost high –return medium, complements other marketing activities, all this can work in synergy with other offline and online advertising activities.

Customers see company blogs as a more open and transparent form of communication, they are more likely to trust its content and as it provides the opportunity to have dialog with a real person in the company online. Blogs publish personal opinion, usually in a informal style, they show the human side of organization and encourage two- way conversation, they are interactive, connected and seek feedback from readers as blogs are frequently updated they are preferred over static web sites. This is valuable for customer analysis, customer feedback, marketing communication and promoting brand equity as well as providing an altogether new experience of connecting, sharing, learning and communicating with customers online.

The connections enabled by social networks help in facilitating the buying decision, as social groups do constitute an important determinant that influence buyer behaviour, the ease, convenience, high speed and efficient systems of connectivity and interface has made things very easy from customers perspective, social networking allows current or perspective customers to easily make real human connections enhancing the technology to human interface.

VII.CONCLUSION-SUSTAINABLE DIFFERENTIATION

Customer experience is the perception of interactions with a brand, from marketing communications to sales and service processes to the use of product or service. Customers always get more than they get in the tangible form of a product or an intangible form of a service because product or service always comes with an experience. Experience means the takeaway impressions, such impression influence the satisfaction derived by the customer. The dynamic nature of business environment and the changing market scenario requires strategies than can sustain customers as customer loyalty seems difficult, so business requires sustainable plank of differentiation, customer experience at different touch points of interaction of the customer with brand/product/ organisation is an important bases of making the customer experience the brand in a different manner, this can be the bases of creating a sustainable differentiation.

Customer loyalty is difficult as the competitive forces segment the market so loyalty can be a short term phenomenon, customers need a special experience that enhance their satisfaction and convert them into loyal customers, experience is subjective phenomenon, so customer experiences need to be intentionally created to sustain customers, this seems to be difficult as well cost challenges are implied but frugal measures using the

humanics and functional clues can be used for that reason.

Customer is logical and rational in making the purchase decision is true but the emotional aspect cannot be ignored, all interactions and the transactions involve the human and emotional element but in the age of information technology and virtual space such human interactions are losing value but this doesn't undermine the relevance of customer experience the same is relevant for the digital environment, experience at the virtual touch points, technological effectiveness and customer satisfaction at the stage of human-to- machine interface.

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