

Customers for life

Building relationships
that last a lifetime

Common thread

The digital revolution has wrested power away from organizations and handed it to the consumer. They are the most valuable capital of any organization, which is why you must do everything in your power to build great long-term customer relationships.

Customer Experience Management is the management of all interactions within the never-ending customer lifecycle. However, organizations mess up – a lot – which is not surprising because the execution of an effective CEM strategy is not easy.

What matters is that an organization focuses on where it matters most. These so-called ‘micro-moments’ are where an organization must deliver what a customer needs. Research shows it adds to the bottom line.

In the past decade, organizations have been working on a solution for this struggle from a data perspective. The next step is to also improve content capabilities and build those same bridges between channels and interactions from a content perspective. Liberating content should be the goal.

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Customers in charge

It is easy to forget that 'consumer choice' as we know it today is a recent phenomenon. Before the digital revolution, consumers were restricted in the choices they could make. Gas and electricity suppliers were government-controlled monopolies. To buy a book, you went to a bookstore, and you got your car at a local dealership. If you had a complaint about a product or service, all you could do was go back to the shop or write an angry letter to some head office. What you could *not* do was take your business elsewhere, for the simple reason that there was nowhere else to go. Buyer and seller were inextricably linked; they took each other for granted, and neither could escape from the relationship.

1.1 Informed and influential

The situation could not be more different today. The internet has turned the world into a virtual mall, where – armed with a smartphone – the consumer can shop 24 hours a day¹. And this virtual mall doesn't only sell goods and services, it also provides the consumer with a wealth of information about product quality and price. The supplier in the virtual mall can't pull the wool over the consumers' eyes, because prices and offers can be compared at a glance.

The digital consumer is not only much better informed but there is also much more that he or she can do with that information. It determines not only what a consumer buys but can also be used to influence others. Before the digital age, if a consumer had a bad experience, he might

¹ For statistics on current consumer internet and smartphone behaviour see *Micro-Moments: Your Guide to Winning the Shift to Mobile*, 2015 (Google).

complain about it to friends and neighbors at most – nowadays feelings about a bad experience are broadcast on social media to thousands of others as well. This means all customer experiences are out there for everyone to read: the good, the bad, and the ugly.

1.2 From consumer to customer

The digital revolution has wrested power away from organizations and handed it to the consumer; it was in 2013 that Forrester called our era ‘the age of the consumer’². But this new era needs a fresh definition of what we mean by ‘consumer’. The ‘old’ consumer, who took whatever the supplier cared to offer, no longer exists. The ‘modern’ consumer searches, selects, publishes, and shares like an activist consumer – or, as we shall describe it, as a customer.

Our definition of customers

In this whitepaper, we shall from now on talk of customers rather than consumers. To refine our concept of the customer, we need to add the following:

- We affectionately call customers ‘activists’. Their voice can inspire other customers to follow their lead – for better or for worse. Customers can share bad reviews or negative feelings but also create fantastic word of mouth.
- Our definition of a customer includes not only those who have already purchased goods or services, but also potential customers (prospects).

² Competitive Strategy in the Age of the Customer, David M. Cooperstein, 2013 (Forrester).

- Customers come in many shapes and sizes. A sports club has fans, a charity has donors, a transport company has travelers, an association has members and so on. For the sake of readability, we will use the general term customer throughout.
- Customers are also companies that purchase goods or services (B2B).

1.3 The paradox of the digital revolution

It is often assumed that the digital age has brought organizations and customers closer together. This seems self-evident: the dizzying rise in the number of channels for doing business has removed all barriers between an organization and its customers, who are online virtually all day. Yet the opposite is true: organizations and customers have grown further apart. With the exponential increase in goods and services and an abundance of information about what to purchase, customers can easily take their business anywhere and change suppliers in a heartbeat if dissatisfied.

This change has consigned all classic business models to the trash can. Mutual, long-term relationships between organizations and customers are much less common in the digital age and can no longer be taken for granted. As organizations, we need a new way of connecting. But what kind of connection are we after? How do we talk to the 'activist' customer who shares complaints, experiences and comes and goes as he or she pleases?

1.4 The need for Customer Experience Management

Fortunately, organizations that want to retain their customers can still rely on two time-honored values that have survived the digital onslaught:

- An organization that knows and serves its customers consistently well is always going to have the edge on its competitors.³
- It is cheaper to retain an existing customer than to acquire a new one.⁴

To put it another way, customers are the most valuable capital of any organization, which is why you must do everything in your power to maintain good customer relationships. A happy customer will come back and persuade others too by sharing their positive experiences. By keeping existing customers content, you acquire new ones.

Of course, that's more easily said than done. Customer loyalty has to be earned; an organization that wants loyal customers has to show loyalty to its customers – it's a two-way street. The relationship does not end with a customer purchase; it has to be continuously maintained and developed. This is where many organizations get it wrong.

You need to get to know your customers. Put yourself in their place. Think with them. Respond to what they need from you, and always keep your promises. Not as an advertising gimmick, or to gain popularity in the short term, but as a necessary strategy. In the digital age, you have no other choice.

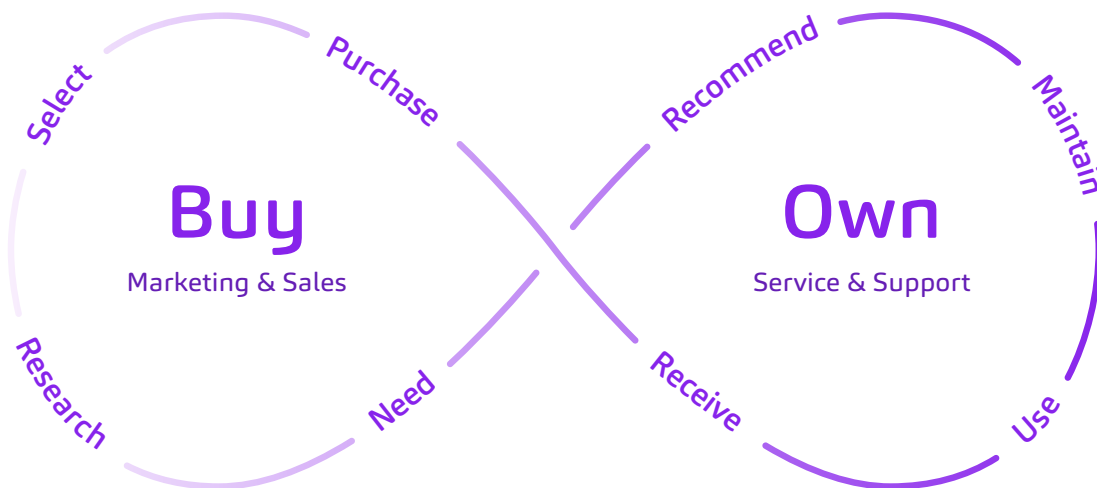
Put simply: what you need is Customer Experience Management (CEM).

³ Competitive Strategy in the Age of the Customer, David M. Cooperstein, 2013 (Forrester).

⁴ <http://bright.stellasevice.com/uncategorized/7-ways-customer-service-impacts-retention-rates/>

The importance of CEM

Customer Experience Management is a continuous process of interaction with customers, involving everyone in the organization. It consists of two interconnected cycles which, put together, form the ongoing customer lifecycle: the buy cycle and the own cycle.



In the **buy** cycle (light purple) the customer is a potential buyer looking for a service or product, exploring the market, settling on a choice, making a purchase, sharing thoughts and beliefs. In the **own** cycle (purple), the customer uses and experiences the product or service, judges if the purchase meets expectations, and shares his or her experiences about that too. Both cycles involve processes that are pivotal to any organization: marketing and sales in the buy cycle, operations and support in the own cycle.

Based on these principles, we suggest the following definition of Customer Experience Management:



“Customer Experience Management is the management and coordination of all interactions within the never-ending lifecycle between a customer and an organization during the buy and own cycles and on all channels available to them.”⁵

⁵ This definition is based on that of the Digital Clarity Group: ‘Customer experience is the totality of a customer’s interactions with a company or brand. Note that in this definition, customer refers as well to prospects – those who have not yet conducted a transaction with the company – and that the totality of interactions includes all channels and touch points over the entire life of the relationship.’
Bron: *The CEM Imperative: Customer Experience in the Age of the Empowered Consumer*, Tim Walters, 2014 (Digital Clarity Group).

2.1 It's not cut and dried

This definition makes Customer Experience Management sound like a simple, clear, linear process. This might have been the case when most markets tended to be local, and organizations and customers knew each other personally. But as we all know, CEM is now a complex process – and for the following two reasons:

Customer behavior is never linear

A customer is almost always both buyer and owner. A customer in the own cycle often purchases additional products, triggering a new buy cycle in parallel. A customer never goes through the cycles chronologically but is constantly shifting position. This makes it difficult for organizations to respond to the appropriate buy/own needs of their customers.

Customers are on multiple channels

Customers can contact organizations in many different ways: offline in shops and call centers, and online via websites, apps, email, or social media. This makes it tricky for organizations to interact with customers on the right channel.

CEM offers a way out of this dilemma – as long as you make sure you target key moments in customer interactions.

2.2 Being there at key moments

Theoretically, it is possible to devise a Customer Experience Management process that would allow an organization to reach its customers at any time on any channel with any given message. Apart from the question of whether the customer would want this, going for the widest range possible is undesirable (and practically impossible⁶). Interacting or communicating digitally is not an end in itself, but a way to map customer wishes and needs and respond to them in such a way as to create a lasting business relationship.

What matters is that an organization can deliver what a customer needs them to deliver at exactly the right moment. Without downplaying the importance of any customer interaction, it is fair to say there are only a few key moments in the buy cycle, because at this phase in the relationship a customer can still choose from a wide range of suppliers.

Customer journeys or interactions after purchase that take place in the own cycle are often inherently more valuable. The organization and customer have entered into a relationship of mutual trust for an undefined period. If the customer has a problem with a purchase or any questions about the transaction, he or she will in this phase turn to the supplier. These so-called 'moments of truth' or 'micro-moments'⁷ are where a company can really differentiate itself. A great customer experience at such a key moment does most to build a relationship of trust with customers and gives a powerful impetus to customer values such as satisfaction and loyalty. such as satisfaction and loyalty.

⁶ Do you want to know why this is impossible? Look at the presentation The Total Impossibility of Customer Experience Management, T. Walters, 2015 (Digital Clarity Group).

⁷ If you want to know more about these concepts read Sander Duivestijn's blog at www.marketingfacts.nl/berichten/micro-moments-wordt-het-buzzword-van-2016 of Micro-Moments: Your Guide to Winning the Shift to Mobile, 2015 (Google).

Long owner cycle

Organizations with longer own cycles include banks, telecoms firms, government agencies, charities, and sports clubs. For instance, buying life assurance just takes a couple of clicks (short buy cycle) but the policy lasts for years (long own cycle). Whereas a can of coke is an impulse buy (short buy cycle) and usually thrown away within the hour (short own cycle).

2.3 Worth your investment

Investment in Customer Experience Management not only enhances customer values such as satisfaction and loyalty, it also adds to the bottom line. Research shows that:

- 86% of customers are willing to pay more to get a better customer experience⁸
- the percentage of customers planning to make further purchases is 18% higher for companies that score well on Customer Experience Management⁹
- 89% of customers go to a competitor as a result of poor service¹⁰
- it costs 6 to 7 times more to acquire a new customer than to retain an existing one¹¹
- if you can reduce customer defection by 5%, you can boost profits by 75%¹²

So there really is no excuse to put off Customer Experience Management any longer. Let's make a start!

⁸ 2011 Customer Experience Impact Report. *Getting to the Heart of the Consumer and Brand Relationship*, 2012 (Harris Interactive).

⁹ ROI of Customer Experience, 2014, Bruce Temkin, 2014 (Temkin Group).

¹⁰ 2011 Customer Experience Impact Report. *Getting to the Heart of the Consumer and Brand Relationship*, 2012 (Harris Interactive).

¹¹ <http://bright.stellasevice.com/uncategorized/7-ways-customer-service-impacts-retention-rates/>

¹² 2011 Customer Experience Impact Report. *Getting to the Heart of the Consumer and Brand Relationship*, 2012 (Harris Interactive).

The challenges ahead

Customer Experience Management is indispensable for organizations wishing to survive in the digital age. But how has this process been implemented and practiced up until now? Numerous studies have been carried out on what European and American customers think about the level of service they get from organizations. The research does not make cheerful reading. Just look at the following figures:



Simply put, organizations mess up – a lot – which is not surprising because the execution of an effective CEM strategy is not easy – and for various reasons.

3.1 The reasons why

1. Seeing it as a 'fun' marketing ploy

Customer Experience Management is too often regarded as the latest marketing fad. It is not enough to just add the slogan 'Putting the customer at the core'; CEM needs to be embedded in all thinking and processes of your organization, become part of its DNA. This is the only way your service and support team can honor the promises made by your co-workers in sales and marketing in the buy cycle.

2. Organizations are not set up to put customers at the heart of their operations

Organizations tend to be organized either by channel (with online, social media, and app teams), by product (such as a bank with separate divisions for loans, mortgages, pensions), or by department (marketing, sales, services, support). Separating activity by channel, product or department fragments customer data that really ought to be integrated. The lack of a complete and up-to-date customer profile, accessible to everyone in the organization, makes effective Customer Experience Management impossible.

Painful blunders

The decentralized structure of organizations can lead to embarrassing mistakes in the customer experience. For example, marketing often sends out newsletters without knowing if any contact has taken place between the customer and the service department. This means a telecoms provider might send out an offer of unlimited internet for €20 a month, while a week earlier the customer arranged to increase his or her bundle to €30 a month. Despite the good intentions of the marketing team to send out great newsletters, the failure to exchange relevant customer data leads them into error.

3. There is no Customer Experience Management software

However convenient this might be, there is no off-the-shelf software for rolling out a complete Customer Experience Management strategy. And in all probability, there won't be any for a long time. There are too many organizational processes involved in Customer Experience Management, each with its own specific data and functionality requirements. This entails a degree of complexity that would be beyond the capabilities of any all-in-one solution.

4. The transition continues from omnichannel to multiexperience

The digital customer journey keeps changing, going from multichannel to cross-channel to omnichannel. The latter ensures customers can reach an organization via a multitude of channels connected to one another. However, omnichannel still has an inside-out customer experience

¹⁴ The CEM Imperative: Customer Experience in the Age of the Empowered Consumer, Tim Walters, 2014 (Digital Clarity Group).

approach, focused on technology and connecting with customers at several touchpoints *across all channels*. Multiexperience moves away from technology and focuses on customers, developing an effortless and consistent customer experience *regardless of channels*. Furthermore, multiexperience is not limited to interaction modalities such as a keyboard, mouse, and touch but goes beyond that including chat, voice, vision, pointing, gesture, and motion. As technology evolves, customer expectations evolve and so should your organization. You need to look ahead, or your Customer Experience Management will never be up to par.

5. Too many apps are a barrier to holistic CEM

Organizations run one or more applications for each channel created by the digital revolutions; and of course, the number of channels keeps growing. This has resulted in a proliferation of systems that are all useful, as they each contribute to Customer Experience Management. However, the sheer extent of them makes it difficult to optimize the customer experience as a whole, as all these disparate systems require their own content, data, and processes.¹³ If the process of delivering the desired customer experience across multiple systems keeps expanding, your employees could end up spending their time duplicating, organizing, consulting, and aligning – rather than going the extra mile for their customers¹⁴.

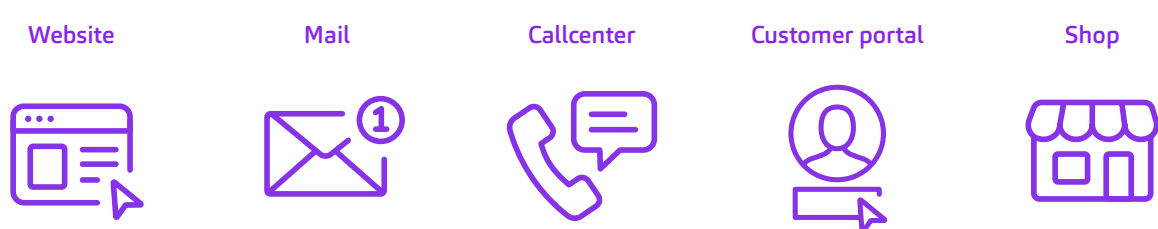
Customer Experience Management is indispensable, yet most organizations are bad at it. Why don't we have a look at how it should be done?

¹³ *The CEM Imperative: Customer Experience in the Age of the Empowered Consumer*, Tim Walters, 2014 (Digital Clarity Group).

¹⁴ *Multiexperience: Where the Customer Journey and Employee Journey Converge*, Liad Churchill (CustomerThink)

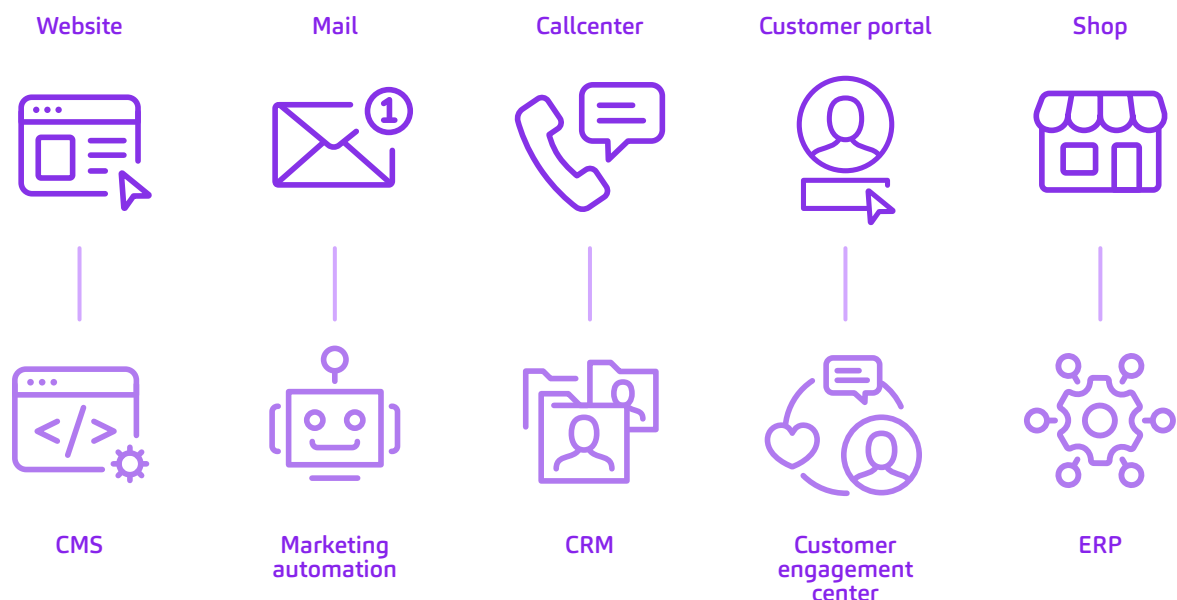
Transcending channels

We know Customer Experience Management is *“the management and coordination of all interactions between a customer and an organization on all online and offline channels”* – a daunting task, given the huge number of channels. Organizations struggle with managing differences in consistency, quality and overall messaging of their customer experiences across the full range of channels.



4.1 So many channels, so many applications

From a management perspective, organizations have their hands full managing the different online and offline channels listed in the graphic above (not to mention all those we left out for the sake of clarity). And it doesn't stop there. Organizations also have to cope with an equal or greater number of 'behind-the-scenes' applications, as every business workflow is connected to such an application. Whether it's a CMS fuelling your website or an ERP connected with an employee in a shop – everyone and everything holds a piece of the customer experience puzzle.



In the past decade organizations have been working on a solution for this struggle from a data perspective. They have improved (or are still improving) their data capabilities to build bridges between channels and interactions. As data collection and analysis have transcended the channels, data provides omnichannel insights and actionability. It is on the verge of growing even further- towards multiexperience insights.

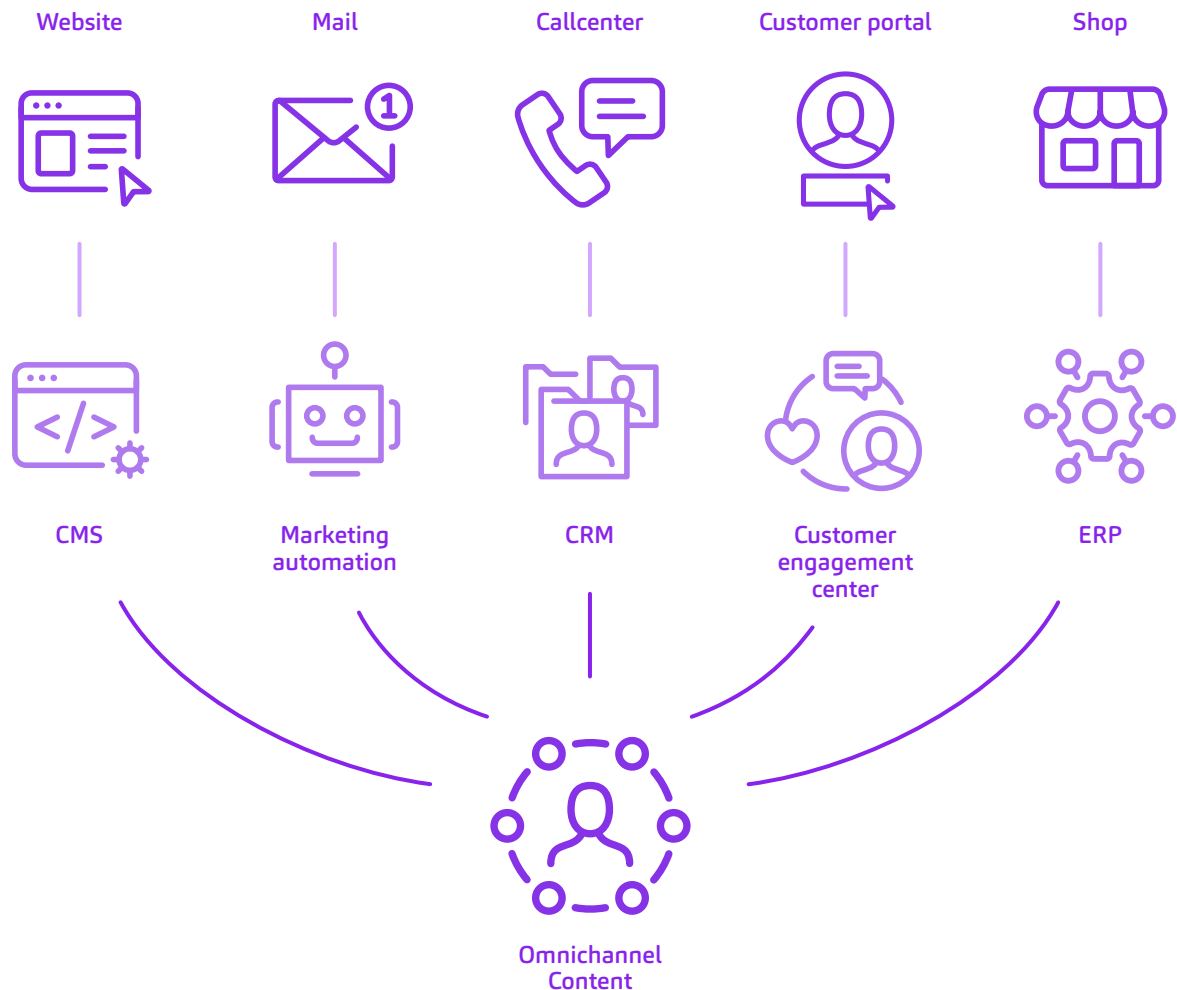
But it has already proven to be a crucial technological foundation for Customer Experience Management. It provides the means for an organization to understand customers across channels. It allows them to connect the dots.

The next step is to also improve content capabilities and build those same bridges between channels and interactions from a content perspective. This would allow organizations to deliver on the promise of seamless omnichannel customer experiences. But why is this so important?

Content has been around forever, stored in siloed systems. This is for an important part due to the channel-specific content repositories with which each system or application is shipped. The technology available today was designed several years ago specifically for managing content and designing experiences on one or more channels; the channel(s) the system or application was dedicated to. It was never designed to provide content for an entire omnichannel – let alone multiexperience – infrastructure.

As a result, content teams manage duplicate pieces of content in a multitude of applications across their entire infrastructure. Or the applications and their content repositories are integrated, making it completely unclear what content is re-used, republished where and when. The end result is that content is duplicated, altered, reviewed, approved over and over again. Content ended up scattered throughout the organization via all these applications.

Another issue arises as a consequence of this. The demands for content continue to grow in order to meet the ever-evolving customer journeys or lifecycles and their content consumption. While current content management processes are in place per channel, it creates a lot of redundancy and inefficiency. This limits content teams and slows down experience managers, rather than support them in their challenge to produce relevant content in large quantities for seamless omnichannel customer experiences.



4.2 Liberating the content should be the goal

In order to improve, organizations need to empower content teams, experience managers and all CX professionals to create richer, better content while also shortening its time to market. Key in all this is liberating the content. By separating channel-specific content on the one hand and reusable, more generic, omnichannel content on the other, each type of content can be managed in a streamlined process. This way omnichannel content provides the building blocks for channel-specific interactions to be tailored.

Just as omnichannel data opened up new possibilities, omnichannel content will too! In fact, to master Customer Experience Management content and data should both be set up from an omnichannel (or multiexperience) perspective and must work hand in hand, not separately side by side, in synergy as part of a modern approach. Put these at the center of all channels and you'll be talking to your customers in ways that matter to them. You'll be able to move beyond silos and build amazing micro-moments throughout the entire customer lifecycle, built with omnichannel content. The outcome is always the same: great customer experiences and customers for life!

About Engatta

Organizations want to offer seamless customer experiences on all channels and need to provide relevant content across the entire customer lifecycle. Engatta is a state-of-the-art Agile CMS that enables organizations to do this. It allows you to compose authentic and appealing headless content in an agile and data-driven way. This is how Engatta empowers organizations to deliver on the promise of seamless omnichannel customer experiences.