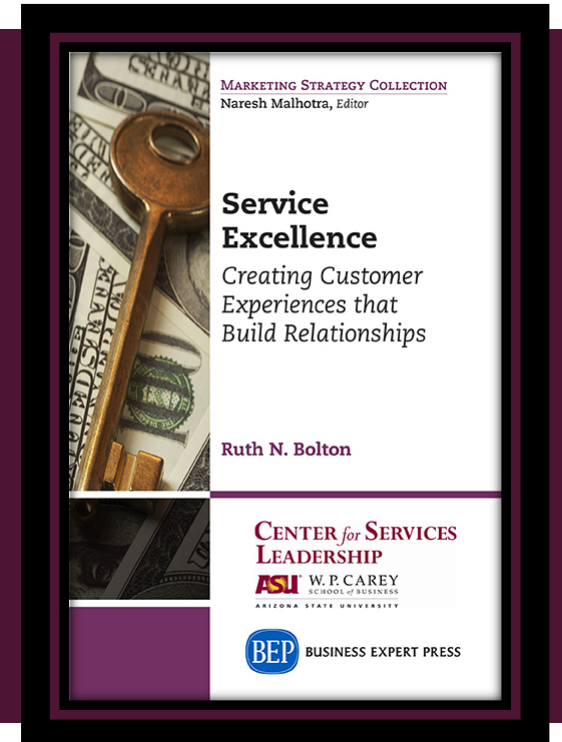


SERVICE EXCELLENCE: CREATING CUSTOMER EXPERIENCES THAT BUILD RELATIONSHIPS

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What is one of your company's CX challenges?

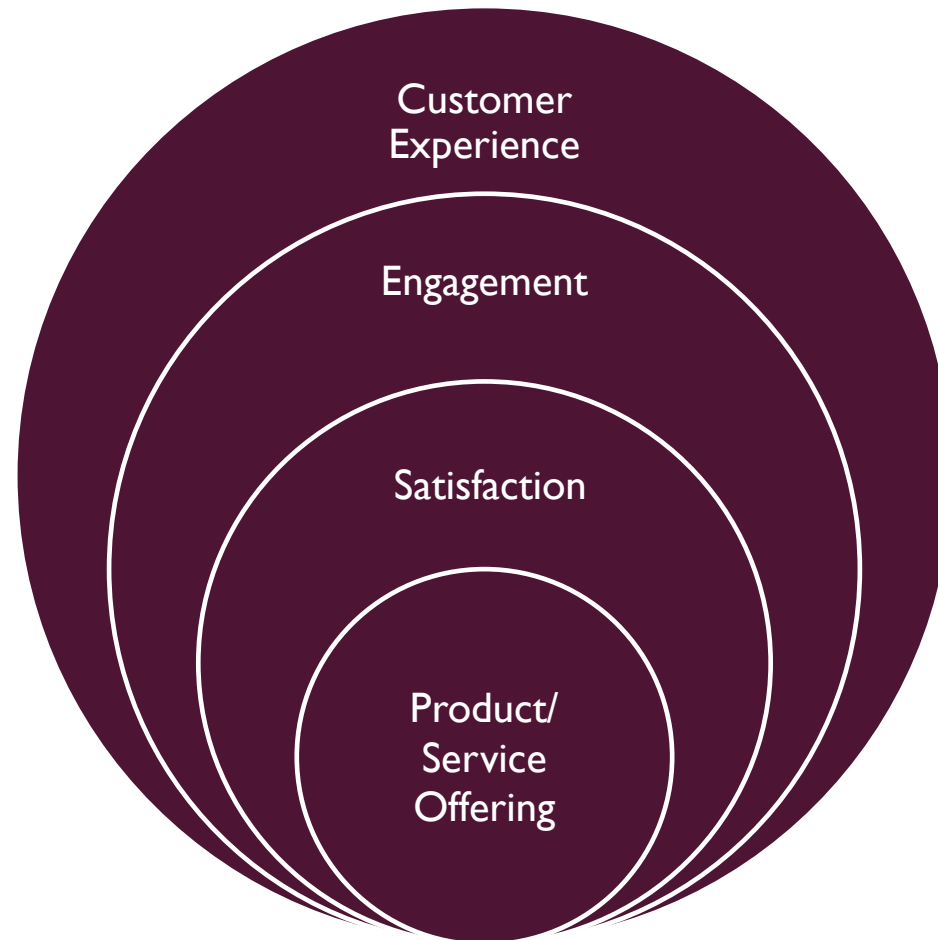
Examples



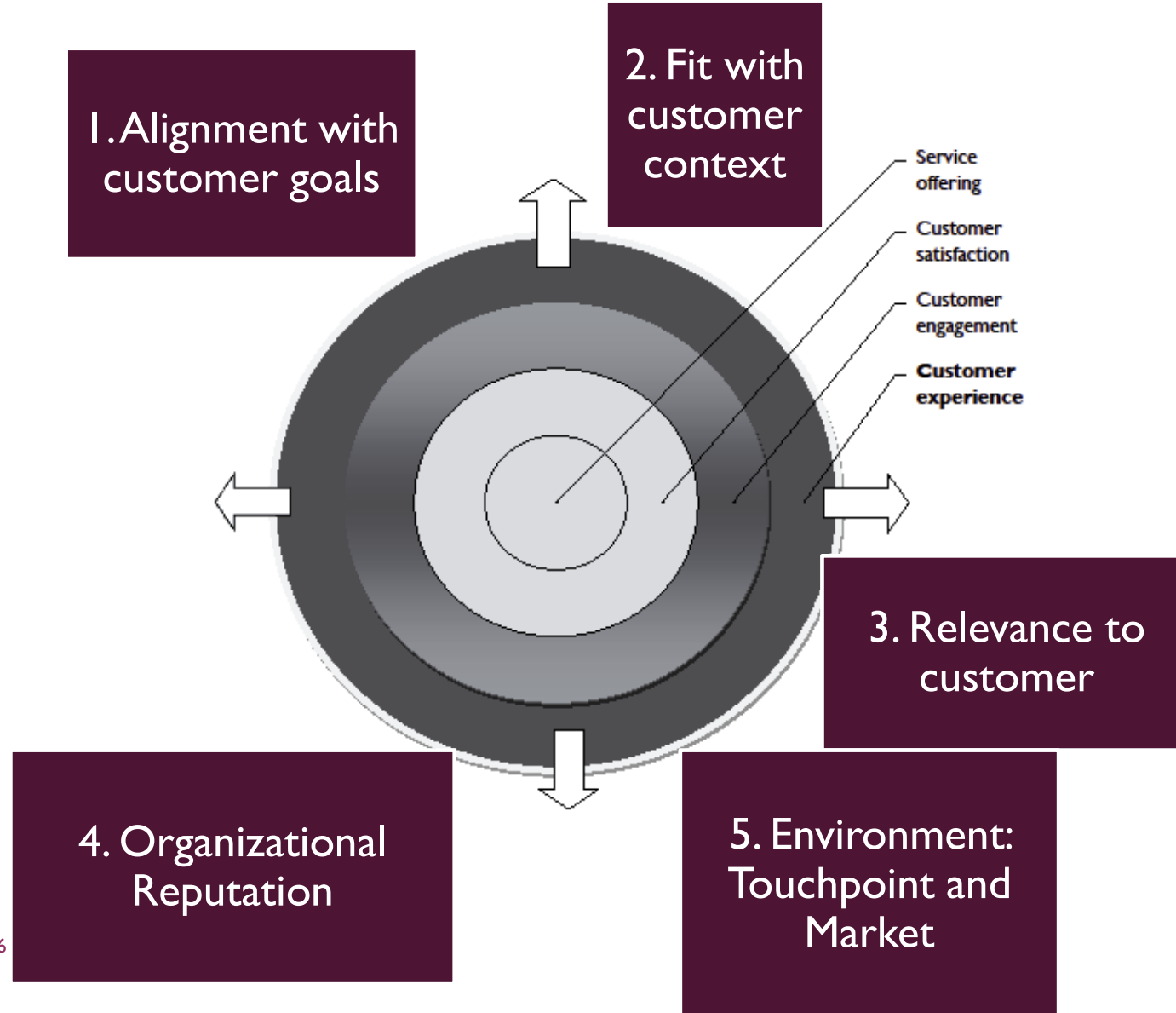
A SERVICE-CENTERED VIEW OF THE CUSTOMER EXPERIENCE

SERVICE CENTERED VIEW	TRADITIONAL VIEW
Holistic experiences are <u>co-created</u> by participants in a network, where experiences include beliefs, emotions, sensory elements and other “small details.” Variance must be harnessed, not eliminated – by transferring solutions, not standardizing them!	Experiences are delivered through firm’s processes that are <u>standardized</u> to create “best” outcomes.
Customers seek to achieve specific <u>goals</u> that can be situation specific (e.g., touchpoint) and change over time.	Organizations <u>funnel</u> customers toward purchase and re-purchase (i.e., the firm’s goals).
Organizations <u>integrate</u> participants’ resources and capabilities (e.g., AirBnB, Uber).	Organizations <u>deliver</u> value to customers.
Innovation requires organizations to <u>anticipate</u> and plan for customer participation – which will vary over time and across customers.	Innovations in technology and new media are used to <u>leverage</u> firms’ capabilities and “scale up” delivery of benefits to customers.

CUSTOMER EXPERIENCE - DEFINITIONS



Is anything
left out?

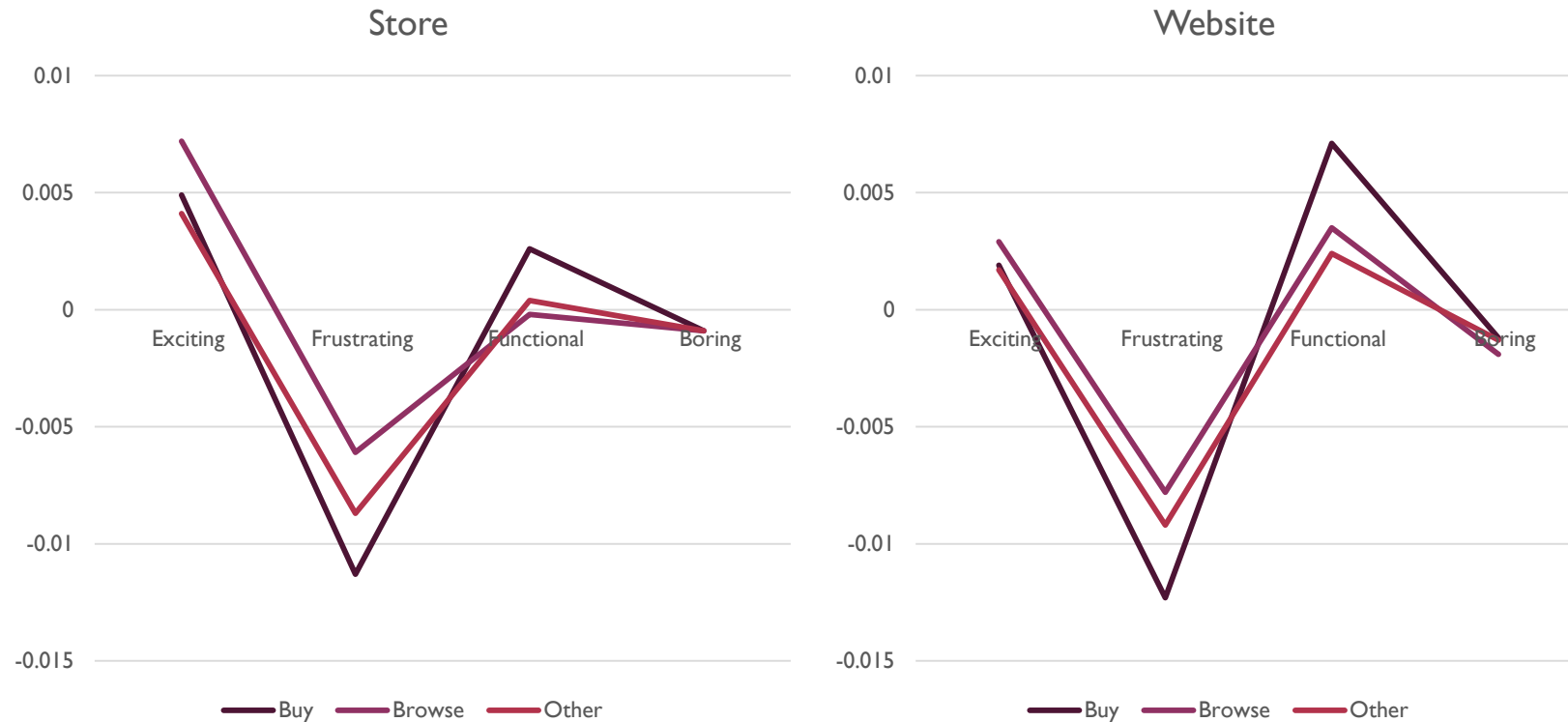


This presentation will focus on
“Forward Looking”
Components

Source: "Forward-Looking Focus: Can Firms Have Adaptive Foresight?" by Zeithaml, Bolton, Deighton et al (2006) Journal of Service Research, 9 (2).

(I) ALIGNMENT WITH CUSTOMER MOTIVATIONS AND GOALS: MODERATING EFFECT OF EMOTIONS

Example: Study
by a Global
Retailer
Charts show
the **MULTIPLIER
EFFECTS** of
goals and
emotions on
customers'
response to
experiential
elements



(I) ALIGNMENT WITH CUSTOMER GOALS: STRATEGIES & ACTIONS

	Emphasize Functional Components	Emphasize Emotional Components
Quality & Contractual Approach to Designing Customer Experiences	Traditional Approach	Approach 2: Emotionally Engaged Experience
Align Goals in Designing and Delivering Customer Experiences	Approach 1: Flexible Goal Alignment	Approach 3: Goal Alignment in Design and Delivery with Emotionally Engaged Experience

In what quadrant is your company usually operating?
Other companies?

(I) ALIGNMENT WITH CUSTOMER GOALS: STRATEGIES & ACTIONS

	Emphasize Functional Components	Emphasize Emotional Components
Quality & Contractual Approach to Designing Customer Experiences	Traditional Approach	Approach 2: Emotionally Engaged Experience <ul style="list-style-type: none"> Recognize what has gone before Identify experiential elements that trigger favorable and unfavorable <u>discrete</u> customer emotions Firm provides an “open platform” where customers can access resources to co-create emotionally rewarding experiences (e.g., LEGO & IKEA) Consider hedonic and utilitarian elements Danger: Customer goals change over time, so firms must be flexible and responsive - e.g., Starbucks mobile app
Align Goals in Designing and Delivering Customer Experiences	Approach 1: Flexible Goal Alignment <ul style="list-style-type: none"> Identify & Align with Customer’s Goals (e.g., AmEx Small Business Saturday) Progress towards goals is crucial – enhance “what works” Provide guide-rails, not barriers, to customer activities <p>Challenge: Customers need cues that their goals are being achieved – e.g., mission critical support for B2B customers</p>	Approach 3: Goal Alignment in Design and Delivery with Emotionally Engaged Experience <ul style="list-style-type: none"> Small details contextualize experiences so that they are meaningful for individual customers Small details should be specific <u>and</u> transferable (<u>not generalizable</u>) across situations, markets and cultures Challenge: “Fit” is crucial

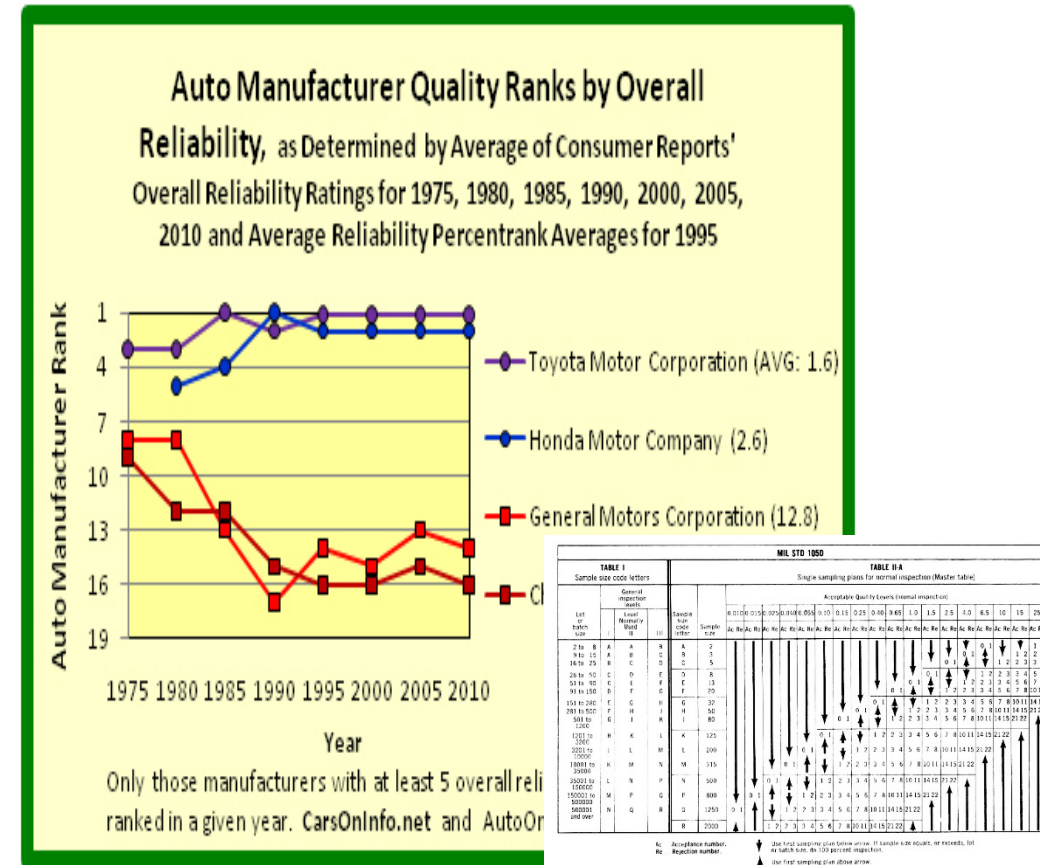
(2) FIT WITH CUSTOMER CONTEXT: OLD VIEW

Increase Average Service Quality Levels



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Increase Reliability (Decrease Variance) in Service Quality



(2) FIT WITH CUSTOMER CONTEXT: NEW VIEW

Anticipate and plan for variability in the customer experience – where the organization aligns its goals and activities to FIT the customer's goals at a point in time.

- “Fit” is the degree of congruency between the customer's needs and the resources and capabilities of the firm's offering. It includes “hard” attributes (e.g., speed, reliability) and “soft” attributes (e.g., employee warmth, organizational values).

Small details can make a big difference, where small details are specific aspects of the customer experience:

- a sensory input (e.g., iPhone 7)
- a discrete emotion (Build-A-Bear – Star Wars)
- an employee action (Marriott)
- a technology-enabled action (e.g., Amazon Fire TV)

To achieve a competitive advantage, small details should be **non-alignable**

The small detail cannot be directly compared with competitive offerings along a common dimension and has the potential to favorably differentiate the offering.



Source: “Small Details that Make Big Differences: a Radical Approach to Consumption Experience as a Firm's Differentiating Strategy,” by Bolton, et al. (2014), *Journal of Service Management*, 25 (2).

(2) FIT WITH CUSTOMER CONTEXT: STRATEGIES FOR CREATING DYNAMIC, PERSONALIZED, CUSTOMIZED EXPERIENCES OVER TIME

1. Use data and technology to understand the customer's past and present - plus anticipate the future. Harness business analytics – **forecasting is essential**: Who, What, Where, When, Why, How. (e.g., GE).
 2. Involve customers early in the innovation process – allow sufficient time to design and develop innovative concepts before evaluating them from a business standpoint (e.g. Safari.com).
 3. Good design encompasses integrity, completeness, wholeness and balance in the customer experience (e.g., IBM). Aesthetics and functionality should reinforce each other.
 4. Consider tiered value options as a competitive strategy (e.g., unbundling in entertainment industry)
 5. Think about fit and fairness in terms of the customers social identify (e.g., Phoenix Zoo)
- Example: MSA:The Safety Company in Asia.

Challenge: Service experiences are socially constructed. The individual consumer's unique values, actions, beliefs, motives, traditions, possessions, and aspirations shape their response to the experience. Hence, a small detail that effectively creates a favorable experience for one customer will not necessarily be effective for another customer.



(2) FIT

“The best customer service is if the customer doesn’t need to call you, doesn’t need to talk to you. It just works.” Jeff Bezos

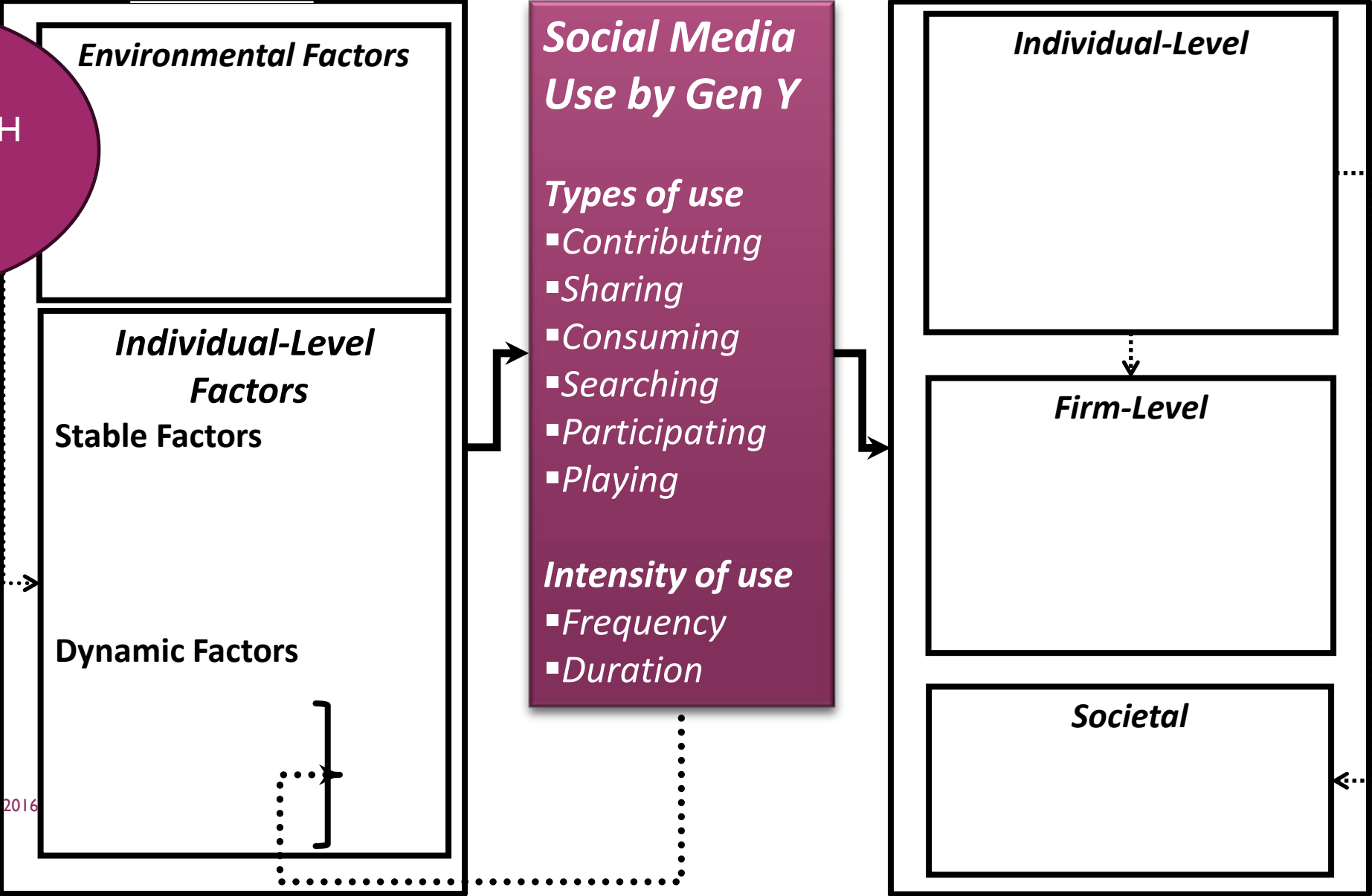
(3) RELEVANCE: LEVERAGING DIGITAL & SOCIAL MEDIA

- **Relevance** = practical importance to the matter at hand.
 - Hence, the effects of new and traditional media can't be assessed in isolation. They work together – and with customers -- to co-create the customer experience.
- How should organizations design and implement interactive experiences – including location-based, retail and self-service technology, as well as customer relationship management practices?
- Opportunities for technology and new media to create relevant customer experiences:
 1. Provide new strategies and tools for managing employees (Best Western® Hotels).
 2. Support employee efforts - without reducing customer-employee rapport (e.g., Oracle®)
 3. Customize the customer experience by recognizing scripts, fostering engagement, interacting through new touchpoints (e.g., IKEA® and LEGO®)
 4. Facilitate information/data sharing that improves experiences and outcomes (Kaiser Permanente®)
 5. Opportunities for innovation and new revenue streams (e.g., Dupont EncircaSM)

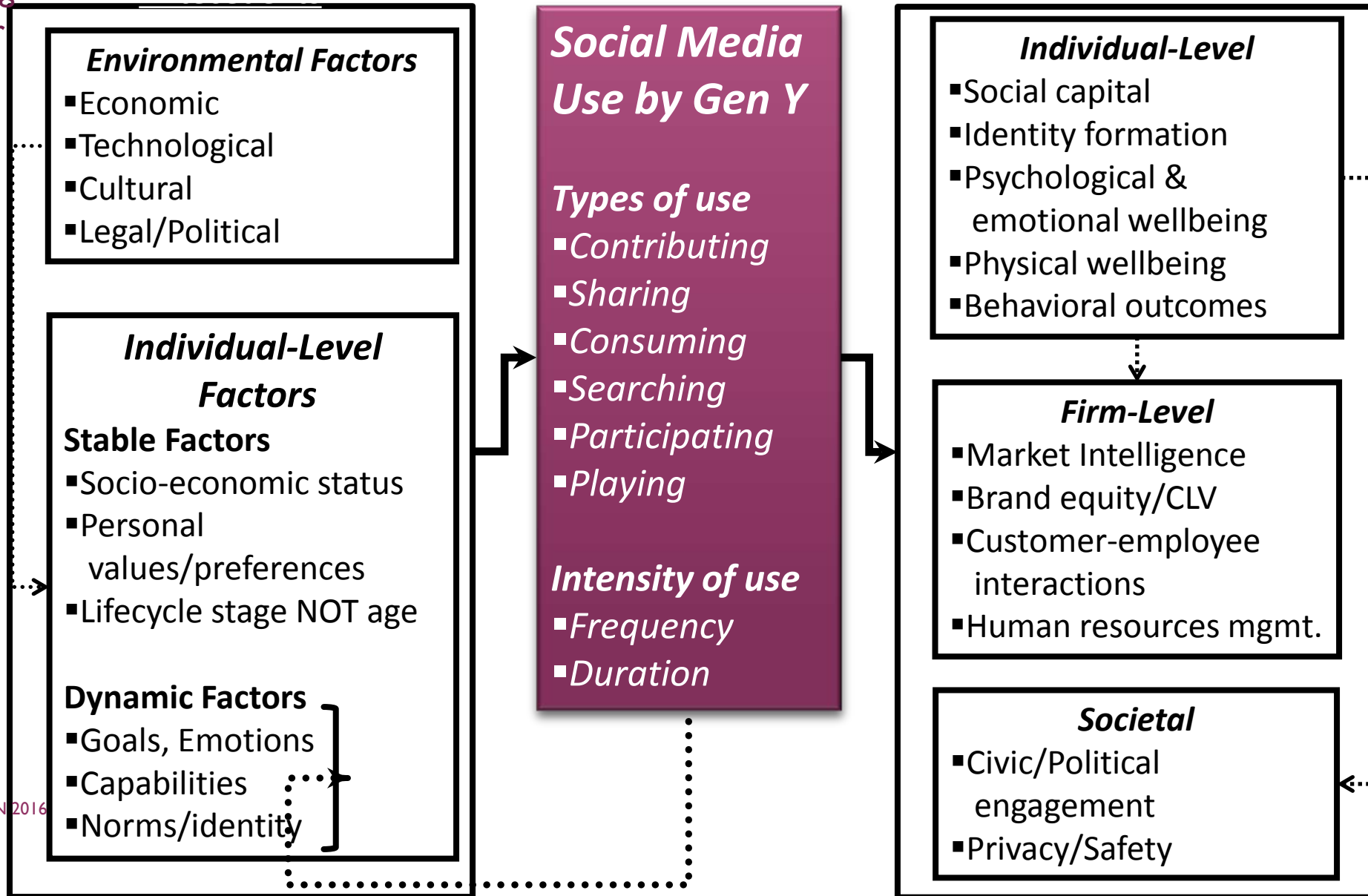


Relevance:
WWWWWH
for Social
Media

Source: Bolton,
Parasuraman,
et al.
“Understanding
Gen Y and
Their Use of
Social Media,”
*Journal of
Service
Management*
2013.



Factors Influencing Relevance in User Or Brand Communities



(4) ORGANIZATIONAL REPUTATION: BRANDS ARE CO-CREATED

- Non-purchase behaviors:
 - Reviews and ratings, blogs etc.
 - C2C WOM & observation
 - B2C or C2B communications
 - User and brand communities
- Social networks have been shown to encourage repurchase and cross-buying, as well as trial.
- Brand equity builders:
 - Brand promise: fit, relevance . . . For the future
 - Corporate social responsibility.
 - Satisfaction, loyalty and recommendation programs.



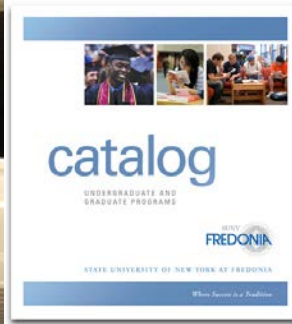
Build reputation by increasing participation and trust levels:

1. Clarify customer roles in customer-company interactions.
2. Reduce customers' perceptions of the risk of participation (i.e., including perceived control)
3. Design of physical landscape and service processes must be congruent
4. Reward desired behaviors (rewards include emotional gratification, social rewards)

Example: Lowe's "LOVE where you LIVE"

Source: "Interactive services: A framework, synthesis and research direction," by Bolton & Saxena-Iyer (2009), *Journal of Interactive Marketing*, 23 (1)

(5) ENVIRONMENT: MULTIPLE TOUCHPOINTS, GLOBAL SCOPE



- For the organization:
 - Touchpoints can generate new sources of revenue (e.g., Alibaba rural service centers).
 - Touchpoints can serve different functions, including providing information, payment handling, product/service delivery, production etc. – often these functions can be separated (e.g., Starbucks mobile orders).
 - Touchpoints can be substitutes or complements.
- For the customer
 - Touchpoints trigger goals and emotions. Customers seek different forms of convenience through touchpoints: decision (reduce risk), access (e.g., search more effectively), transaction (e.g., financial security), benefit (personalization, atmospherics, bundling products/services) and post-benefit convenience (e.g., usability, after-sales service).

TOUCHPOINTS: EXAMPLE FOR A GLOBAL RETAILER

- 1. *What aspects of the consumer experience are important for different touch points?***
 - *when customers may have different purposes and shop in different markets.*
- 2. *How does the importance of these factors differ across contexts, including touchpoints & stores, service activities and countries***

Perception of Access

Ease of Finding

Overview

Providing Info

Help Prepare for Visit

Perception of Appeal

Ideas & Inspiration

Products That I Like

Inviting & Attractive

Ease of Use

Classic customer satisfaction measures

(5) ENVIRONMENT: THE IMPORTANCE OF EXPERIENTIAL ATTRIBUTES TO THE CUSTOMER'S EXPERIENCE DEPENDS ON THESE FACTORS

Experiential attributes can be magnified or diminished!

1. MARKET FACTORS

- CATEGORY RETAIL SIZE
- GROWTH RATE
- DISPOSABLE INCOME
- EDUCATION (% LITERATE)
- % URBAN
- COUNTRY UNCERTAINTY AVOIDANCE INDEX
- % INTERNET SALES FOR CATEGORY
- COMPANY SELLS ONLINE

2. BRAND FACTORS

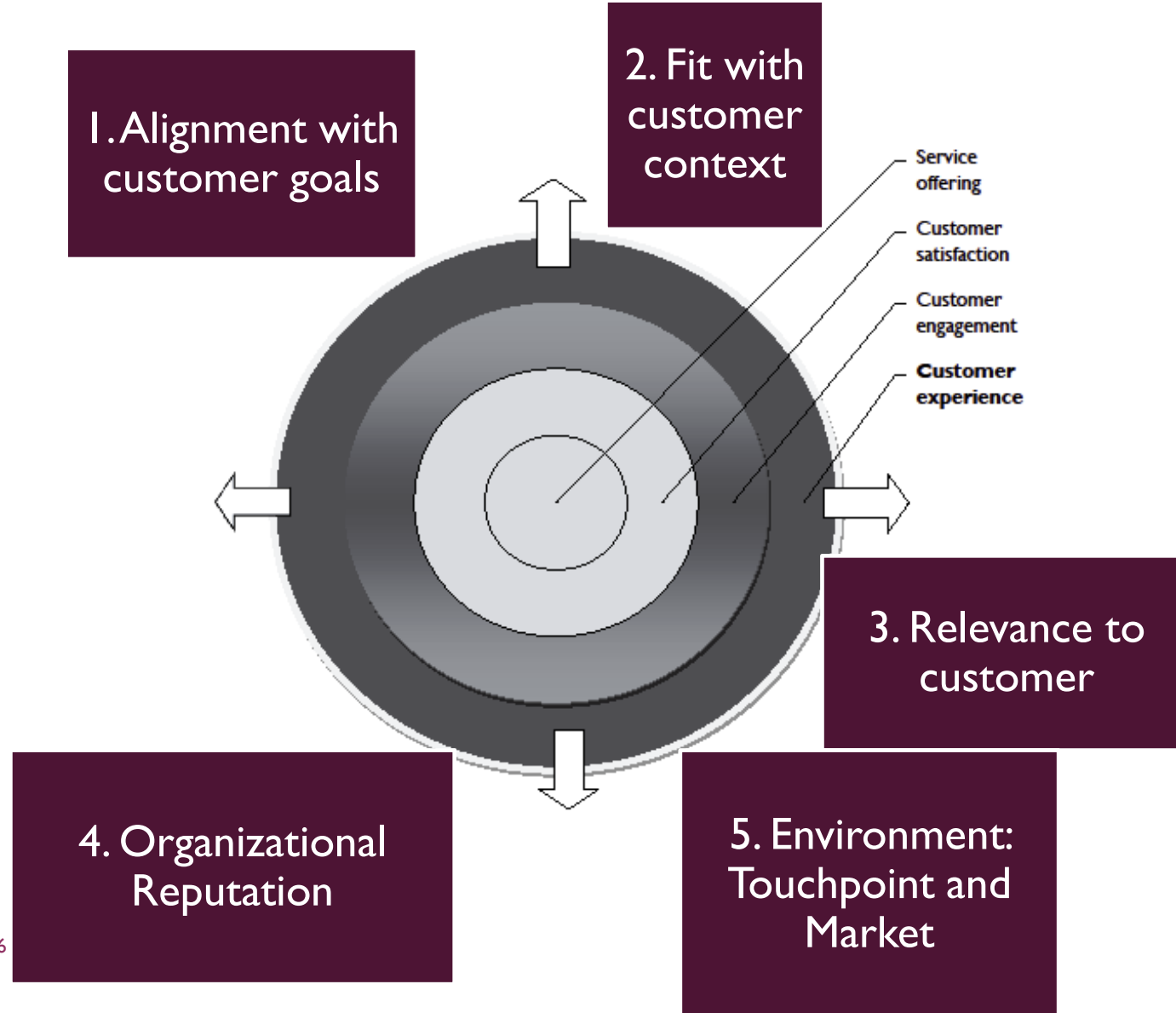
- BRAND EQUITY
- PRODUCT SATISFACTION
- AFFORDABLE
- COMPETITIVE STRENGTH (% SHARE)

3. CHANNEL DESCRIPTORS

- ATTRACTIVE ENVIRONMENT
- EASE OF FINDING
- WAITING
- STORE SIZE/WEB VISITS/CATALOG COVERAGE
- OTHER UNIQUE DESCRIPTORS

4. SEGMENTATION VARIABLES

- TRUST
- ENGAGEMENT (PRIOR BEHAVIOR)
- PURPOSE, LOYALTY CLUB MEMBERS
- WEB USAGE
- CATALOG USAGE



This presentation has focused on
“Forward Looking”
Components

COMMENTS & QUESTIONS??

