

The Smart Manager

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brand building and customer experience

Most businesses lay emphasis on profit without focusing on customers. The first and last role of an entrepreneur should be passion for customers.

What is brand building?

Most businesspeople I have met have this to say about their brands: 'We invest a lot of time and money in building our brand'; or 'We have appointed a brand expert to reposition our brand'; or even 'We have a reputed agency working on our brand equity'. But updating the company website, altering the company logo, colors and stationery, or even launching massive ad campaigns does not constitute brand building, as none of these strategies affects customer experience. In this scenario, branding becomes merely a set of promotional gimmicks aimed at selling the end product. And this is why admen and ad agencies are perceived today as brand builders. However, they are not.

who are brand builders?

Entrepreneurs in capitalist societies have forgotten that customers, not shareholders,

are at the center of all entrepreneurial endeavors. Every venture capitalist asks for customer adoption before commencing negotiations with start-up entrepreneurs. It is through customers that entrepreneurs earn profit and they are thus the purpose behind every business.

Every enterprise starts off with a view to serve the needs of the customer and thereby earn a profit. Enterprise karma is the creation of customer experience and the fruit of this effort is profit. Most businesses today focus on the fruit and have lost sight of the karma. We should have company annual reports addressed to customers and not shareholders!

We need to remember that it is business owners, company employees and customers who are brand builders. Unless entrepreneurs concentrate on customer experience, they will not be able to tailor their

products in line with the needs of their clients. In fact, customers are hardly ever on the agenda of meetings convened by senior and top management. How many top management meetings start and end with the customer in focus? When did the top brass last meet the final customer? When one visits websites of companies or goes through their annual reports, this lamentable sidelining of the customer becomes even more evident.

The top brass of any company have a host of duties to perform, and function within their area of expertise. At the same time, CEOs have so many other responsibilities clamoring for their attention that they often assume that someone else will oversee the customer experience. In times of inorganic growth, deal-making receives more attention than creating customer experience. And companies that do designate

80% of SATISFIED customers also SWITCH brands

customer service officers are merely expected to address the area of customer complaints, or, at best, customer satisfaction.

Thus, disgruntled customers have no option but to share their experience on social media sites where they castigate and condemn the service they have consumed, becoming 'anti-advocates' of the brand. Of those customers who are not dissatisfied, the question to ask is whether they are actively excited or happy about the product.

why customer experience?

In today's attention-deficit world, every product and service has become commoditized. With a plethora of similar products vying for consumer attention in the market, businesses have resorted to creating innovative advertisements that make their products stand out. But while the advertisement may be distinctive or unique, this quality is sadly lacking in the product itself. For instance, insurance and mutual fund companies sell more or less similar products with

similar customer services and similar returns and with the same monopoly registrar. The same could be argued of ACs and TVs, soaps and detergents, colas, pizzas, cellular services, banking services (although there are a few differentiators here), etc. They are all in the 'Red Ocean' and none in the 'Blue Ocean' of innovation and startling differentiation.

Today, new-age entrepreneurs and innovators are changing the business landscape so rapidly that the old guard that refuses to change will find it difficult to make money. While companies that aim solely for customer satisfaction may survive for the time being, they will find it difficult to go far. Satisfied customers will leave you the moment they get better alternatives, while devoted and delighted customers will refer you. As per the report 'Learning from Customer Defections' by Reichheld, as many as 80% of satisfied customers also switch brands.

The greatest enemy of customer experience is Customer Relationship Management (CRM). Billions of dollars are spent on CRM

systems to help institutions get closer to their customers. Yet, According to Shaun Smith, co-author of the book *Managing the Customer Experience: Turning Customers Into Advocates* referring to Gartner Research states that that 55% of all these CRM programs actually drive customers away and dilute earnings! But why do we need Gartner to say this to us? Don't we know how irritating CRM is when we want to reach right person in companies or when telecallers call us at odd hours? Yet, most customer-focused companies believe that CRM is the last word in customer experience. Most CRMs are designed in accordance with the company's needs and not those of its customers.

Jeff Bezos, CEO, Amazon, explains, "Customer experience is bigger than customer service in that it is the full and end experience. It starts when you first hear about Amazon from a friend and ends when you get the package in the mail and open it." I will add that the experience must stretch beyond that one point of interaction to make the user a lifelong customer of the brand. Therefore, customer experience encompasses every point of contact, ie,

touch point, with the brand, whereas service is just one component of it.

Recently, I attended a lecture by CA TN Manoharan who was appointed to the board of directors at Satyam to revive the company after the scam; his contribution in this effort earned him a Padmashri. Manoharan attributes Satyam's recovery to its customers who stood by the company in its time of crisis. And this is because they were happy with the company and its employees. It is this that allowed Satyam to survive a scam of such magnitude. The point to note is that the company would not have survived had it been the customers, instead of the shareholders, who had been defrauded. This demonstrates how customer experience with a company is extremely important. However, most CEOs fail to realize this, and still fewer do something about it.

what is customer experience?

Companies exist to fulfill the needs of customers. This is the primary criterion of customer experience. Thus, a company that cannot satisfy its customers has no reason to be in business.

The next criterion is ease of business—how easy is it for customers to deal with a company and consume its products? Without this, fulfilling customer needs will not go a long way. For example, a product that addresses customer needs but has to be purchased with a lot of effort will lose to a product of inferior quality that is easily available. Most people, however, will tolerate some inconvenience for a costly purchase of long-term relevance. But a company offering a product of similar quality with ease of access will make customers switch their loyalties. This is why companies these days provide so many extra services—home deliveries, phone and internet booking, service centers for post-sale services, etc. Sometimes ease is more critical than need. Businesses that operate on these axes of need fulfillment and ease of access manage to survive.

To be a success, a brand needs to add value to the customer experience (in addition to fulfilling the two basic criteria) at all points of contact with the company. Customer experience is the aggregate of all interaction by a customer with a brand. It could either be one of surprise and delight or be indifferent or dismal. If my

cab driver offers me a choice of songs to play en route, or if I am able to see reviews of products by other users while I shop—all this adds to my experience as a customer. The IPL could have been a normal cricket tournament, but it has cheerleaders, music and what-not to add to the game being played. Thus, customer experience needs to be designed by keeping in mind how customers will feel whenever they interact with the company.

Emphasis on customer experience, therefore, reveals a passion for customers and an allegiance to customer advocacy. This ongoing and end-to-end engagement with the customer has to begin at the level of the top management to result in lifelong loyalty on the part of the customer.

how and hurdles

Companies are so focused on products and services that they can lose sight of customer needs while designing their offerings. Thus, mission and vision statements just end as that—mere statements, without being executed. A survey by Temkin Group Research on 140 top US companies (which can be applied to Indian companies as well) indicates that the

a POSITIVE *customer* EXPERIENCE NEEDS *more than just a CXO*

top three hurdles in customer experience creation are other competing priorities (71%), lack of clear customer experience policy (52%) and internal company conflicts (50%). How paradoxical that companies set up to serve customers have other competing priorities and no customer experience policy. We need some fundamental changes in how modern-day companies are run.

Some major reasons for no or low focus on customer experience are the lack of clear strategy, poor coordination within the organization, inefficient process or insufficient budget and lack of understanding or urgency. All this indicates that top-management priority is not on customers.

Tom Peters' questionnaire, *The Smell of the Customer*, is useful to determine a company's attitude to customer experience. Some of the questions raised are: whether customer concern is high on the company's internal agenda; whether frontline employees are considered heroes; whether a company is listening to customers in as many ways as possible, etc. The complete

list can be found at: www.tompeters.co.uk/pdf/smell_of_the_customer.pdf. Customer experience champion Starbucks measures its in-store customer experience on twenty different parameters ranging from store welcome, store toilets, waiting time, of course, quality of products and smell in the store and many such small but important aspects.

There are different views on having a Chief Experience Officer (CXO) in an organization. However, I strongly feel that unless there is someone completely responsible and accountable for customer experience, it will not happen. To reiterate, CEOs have a huge responsibility, with stringent government norms to follow, expansion and acquisitions to supervise as well as administration and human resource to take care of. And everyone else has their own responsibilities to fulfill. Thus, no one is fully accountable for customer experience. Having a CXO (Chief Experience Officer) is the right approach.

A CXO's role is to represent customers and their needs, ease and delight at every meeting, process

and forum. He will have his ears, nose and eyes in the form of social media, customer feedback and customer experience at every touch point. He will not only ask customers but listen to various alternative channels. He will bring the best customer practice from other industries, design customer experience along with all internal teams and monitor and implement them along with all internal functional groups. He is a customer champion and his only passion is customers.

We should however remember that a positive customer experience needs more than just a CXO. It needs the support and active participation of happy employees. Employees are the first ambassadors of a company and are the prerequisite for creating a delightful and memorable experience. Unhappy employees cannot make customers happy.

In the final analysis, if businesses are not making fans through their offerings, their existence and efforts don't matter. The first and last role of an entrepreneur (CEOs and top management) is passion for customers. It's not the 'what' of business but the 'how' of business that matters. ■