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CUSTOMER EXPERIENCE MANAGEMENT VS. CUSTOMER RELATIONSHIP MANAGEMENT: COMPARATIVE ANALYSIS

This article features major points and essentials of customer experience management vs. customer relationship management and provides comparative analysis between them. It describes the meaning, the value and the importance of customer experience management and shows the examples of its successful applications by leading companies. It highlights the nature and the value of customer relationship management and provides examples of its successful application and the main obstacles to implementation.

Keywords: *customer experience management (CEM), customer relationship management (CRM), comparative analysis, customer service, strategy.*

In the contemporary business environment, companies are required to establish clear, distinctive and sustainable competitive advantage in the marketplace. This strategic differentiation can only be achieved by focusing on one of the most essential assets in the organization - customers. A business can maintain success by adequately managing customer relationships and providing outstanding customer care. There are several customer service drivers with profound impacts on customer services across all kinds of organizations. The common goal for all these strategies is to ensure enhanced customer value which ultimately leads to customer retention thus increased profits.

Of importance in this topic are Customer Experience Management (CEM) and Customer Relationship Management (CRM). These two concepts underpin an organization's ability to deal with its customers and they are rapidly gaining application in modern organizations. They have however, been misunderstood as many people use them interchangeably. Analysts and scholars who write about customer experience and customer relationship management have increasingly recognized the importance of managing the customer's experience [3]. Some of the most prominent names are Lior Arussy, Frances Frei, Ann Morriss, Don Peppers, etc. [1; 2; 4]. This article intends to provide a clear distinction between the two concepts.

Customer experience is the journey taken by a customer in a bid to learn about the company. It is defined as "the internal and subjective response customers have to any direct or indirect contact with the company". Direct contact, which is usually initiated by the customer, occurs during purchase and usage of the product or service. Indirect contact takes the form of unplanned encounters usually representation of the company's brands, products or services through advertisement, word of mouth criticisms or recommendations, reviews and news reports [4]. The secret to good customer experience is not in the multiplicity of the offers. For instance, Microsoft might be rich in terms of features and may provide what corporate IT experts term as good experience for users, but many people prefer Apple's Macintosh operating system even with its limited features. Customer's experience with

Apple begins well before the purchase of the device. For instance, in the iPod advertisement, many people would be pleased with the dancing silhouettes or their small sticker, "Designed in California, Made in China" which clearly indicates that the company is not only interested in producing quality products but also at cheaper prices [10, p. 35].

To create a superior customer experience requires understanding the customer's point of view [5, p. 24].

The success of a brand also shapes the experience of customers in using it as it embeds the fundamental value proposition offered in its features. BMW's slogan, "The Ultimate Driving Machine" is not just a mere slogan but rather informs and demonstrates the company's design and manufacturing choices. Service scope and quality also matters more so when the core offering or delivering it is a service. For instance FedEx shipping and tracking support provided in the internet and phones are fundamental value proposition for customers [4]. Customers are not just interested on what a company provides but with the logistics-how they are provided. Therefore, a company ensures a good experience of its customers by providing a balance of benefits and costs; it satisfies operations by producing goods and services that are easy to use; and it satisfies its customers by expanding at the same rate with its customer base, which means that it evolves with it at the same rate. Sales and marketing are not necessarily the only points of contact with a customer that would influence customer's experience. Operations people, right at the company's production department, interaction with their direct counterparts and the interaction of these counterparts with the next line of employees, and so forth greatly influence customer experience. The functional nature underlying these relationships, the realization that these relationships are real, creates a persuasive awareness of experience priorities and issues [1, p. 339].

Customer experience is quantified or collected at touch points. Touch points refers to the instances of direct contact with the company's products or services or the representation of the company by a third party. The term customer corridor is basically used to refer to the different touch points during customer experiences. Touch points vary in the course of the customer's life with the company.

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Customers experience during their first instance greatly influences their experience in their next encounter with the company. Instinctively, customers will compare each experience, positive or negative; with the previous ones thus make their judgments accordingly. Other factors that shape a customer's expectations include their own personal conditions, competition and market conditions.

Even with the adequate knowledge that customer experience is paramount in ensuring success of a business, CEOs have continually neglected the concept and failed to implement it in their organizations. This is due to the ongoing perception that money will simply be going down the drain as with most of the CRM projects that failed in the past. This clearly shows a misconception of the terminology as many people use it synonymously with CRM. To put it starkly, the difference is that CRM is concerned with what the company knows about a particular customer, that is, their history with the products returns, inquiries and service requests among other things. On the other hand customer experience entails a customer's subjective thoughts about the company. In addition, CRM tracks the actions of customers after facts while customer experience management tracks the immediate response of the customer after his encounter with the company.

Unlike customer experience which is basically a tool that ensures a positive customer's perceived value towards the organization, CRM is believed to the strongest weapon that ensures that customers become and remain loyal to the company. By definition, the term refers to a comprehensive approach of creating, maintain and expanding relationships with customers. Contrary to customer experience, which is a factor of sales, marketing and operations, CRM is a broad phenomenon encompassing a wide range of activities. CRM is not the sole responsibility of the customer service department but instead an ongoing process within the company that touches every member and every department. It is a way of thinking or a strategy of dealing with customer relationships. It is therefore, a well articulate plan [10, p. 45].

CRM begins by gathering and analyzing information about targeted customers more so about their buying habits. It is then easy to predict customer behavior from this wealth of information. Marketing and sales efforts armed with customer intelligence has the potential of capturing brand new customers and cultivating a deeper share of contribution from existing customers. A vital aspect underlying CRM is supporting and adding value to the people within the organization who come into direct contact with customers. Research indicates that customer satisfaction is directly proportional to employee satisfaction.

A good CRM strategy is one that adds value to customers and reinforces their relationship with the company by all possible means. In a changing business environment where the company and its customers never meet at a person-to-person level, a CRM strategy should create a feel of high touch between the company and the customer. This is clearly demonstrated by Amazon which has a vast customer base across the world through its comprehensive CRM. Amazon adds value to customer transactions through identification of related items, as in the slogan "customers who bought this book also bought....". In addition, it reinforces a sense of relationship with existing customers by recognizing regular shoppers through gifts. In simpler terms, customers want to do business with an organization that understands their needs and wants [12, p.89].

CRM has not been without its share of drawbacks. To opponents of the phenomenon, it is a device used by companies to extract surplus from customers. In short, the company strives to learn about its clients which enable it to maximize on the customers from the information gathered. Sometimes, the company collects information about its clients during the time of transaction or directly gathers information from the clients. As a result of the latter approach, customers will anticipate the company's next move and will tend to modify their behavior. In this case, the company loses on its anticipated positive outcome of the CRM strategy [12].

With the clear distinction between CRM and Customer Experience Management, managers are left with a major task of determining whether to apply one or both approaches as a way of dealing with their customers. As earlier noted, customer experience is determined by the direct contact of customers with the company or with the company's representatives and its shapes the customers perception towards the company. CRM on the other hand, deals with creating, maintaining and retaining customers who are loyal. Evidently, the two concepts are closely related by the fact that the experience that customers receive on their first interaction with the company greatly influences their willingness to stick with the company or to look for a better offer. It is therefore imperative for companies to consider both concepts and integrate them accordingly.

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РЕЗЮМЕ

Шеремета Йосиф

Управління досвідом клієнта та управління відносин з клієнтом: порівняльний аналіз

У статті розглянуто особливості поняття управління досвідом клієнта, управління відносин з клієнтом та зроблено порівняльний аналіз між ними. Виділено основну суть, значення та важливість системи управління досвідом клієнта та наведено приклади її успішного застосування провідними компаніями світу. Виділено суть та значення системи управління відносин з клієнтом та наведемо приклади успішного застосування та основні перешкоди її впровадження.

РЕЗЮМЕ

Шеремета Йосиф

Управления опытом клиента и управление отношений с клиентом: сравнительный анализ

В статье рассмотрены особенности понятия управления опытом клиента, управления отношений с клиентом и сделан сравнительный анализ между ними. Выделены основная сущность, значение и важность системы управления опытом клиента и приведены примеры ее успешного применения ведущими компаниями мира. Выделены сущность и значение системы управления отношений с клиентом и приведены примеры успешного применения и основные препятствия ее внедрению.

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