

CUSTOMER EXPERIENCE: A STRATEGIC APPROACH

This article considers major points and essentials of a strategic approach to customer experience. It describes the essence, the meaning and importance of a strategic approach to developing customer experience strategy and analyzes its key points and necessary components.

Keywords: customer experience (CEx), competitive advantage, customer, strategy.

Superior service, customer loyalty, cost reduction, and customer excellence. This combination forms the pure grail for any customer care activities in an organization. With the various dynamics being experienced in the technology and customer expectations, stakeholders must find a way to achieve the greatest service grail. Various stakeholders, from a company's decision makers to customer contact points in an organization are concerned about customer experience (CEx) [10, p. 15].

Before analyzing the concept of strategic approach towards CEx, it is important to understand its fundamental meaning in a wider sense. We should also analyze the chronology of its development.

The concept of CEx was first brought into the business world in mid-1980 by Hirschman, and Holbrook. The initial traditional ideology and understanding of CEx was that, a customer was a lucid decision maker. Recent developments have seen this ideology about customer excellence shift from the primitive traditional ideology to a more pragmatic ideology. This pragmatic ideology views CEx as an important element that can be used to create value for both customers and the company [7, p. 20].

CEx deals with the idea of managing a positive relationship between the company and customers. CEx can be defined as a set of contacts between a customer and a company, product, the relevant stakeholders or any part of an organization that might provoke reaction. This kind of reaction is relative and personal, and will eventually indicate the customer's involvement at different levels. In evaluating such a kind of reaction, a customer's expectations, the stimuli, and the contacts points should be considered. CEx is multifaceted and multi-dimensional, and includes aspects of affective, relational, physical, cognitive and sensory [14, p. 25].

Understanding CEx and adopting a strategic approach towards CEx is a daunting and complex process filled with challenges. It starts with understanding and meeting customers' needs, and providing exceptional experiences. In most cases, organizations tend to be fixated on the notion that, CEx is only limited to marketing communication and product support. According to Shaw, customers have specific needs when it comes to service [7, p. 20].

Customer excellence can be defined as the activities which are geared towards providing high quality services to customers. Customer excellence helps an organization to come up with initiatives and strategies which will improve on the quality of service delivery to customers. In

any company the customer is the most important component towards the success of a company. The main essence of customer excellence is to guarantee customer satisfaction and ensure that customer needs are met to the utmost [8]. This underpins the importance of having a good CEx strategy in organization [10]. Good CEx strategy calls for continuous improvement in the various functional areas and business processes in organization.

Offering customers the right service, at the right time and using the relevant channels creates value, increases customer loyalty and reduces service costs. The main challenge facing most organizations is the adoption of the proper strategy towards CEx. It requires companies to adopt the relevant radical paradigms that will guarantee exceptional customer service. Such radical paradigms can only be achieved through the adoption of an integrated customer care processes and tools [14, p. 18].

There are various approaches an organization can adopt towards deploying a strategic approach towards CEx. The following are some of the approaches an organization can adopt in implementing a strategic approach towards CEx:

1. Home based service approach;
2. Matching customer's needs to the relevant and proper services;
3. Measuring success, and executing on it.

Data monitor projects an increase in the number of home based customer service departments in the near future. The increase is estimated at 35% by the year 2013. In-house customer care service has various advantages which include the following: lower the overall overhead costs of contact centers, higher customer satisfaction, increased flexibility in filling peak call times, and high sales conversions [9, p. 9]. The above advantages outline the importance of adopting the home based customer care services.

Customer trends are changing and most customers demand an instinctive multidimensional communication channels. A good CEx strategy is the strategy that guarantees good call cycle management. Call cycle management is a cycle that starts from the point a customer makes the first call to the completion process, and extends beyond the completion process. Matching customers' needs to the required service approaches will require a complete suite that contains proactive automated notifications, home based agents, and self-service web portals and speech automation tools [8, p. 30].

Strategic approach to CEx involves the activities which

are geared towards measuring and evaluating the performance of an organization. Performance measurement is an important factor in organization because it will determine the level of deviation it is experiencing in terms of performance. Customer needs are evolving and businesses need to be well updated with these changes. In undertaking a measurement evaluation strategy, the following questions need to be addressed:

1. How does your organization deliver results?
2. How does your organization deploy customer surveys?
3. How do you evaluate the performance of your organization?

There is a strong correlation between good CEx and customer loyalty. Customer loyalty can be measured by the ability of a customer to recommend a business to other customers. According to Shaw, a customer who is poorly handled at any business contact point is likely to be unwilling to recommend a business [7, p. 11]. With today's social media, customers who are not satisfied are likely to tell the whole world about the bad experience they had with a particular company. On the other hand, a good CEx will enhance and promote customer loyalty towards the company.

The first impression or any other subsequent customer experience will largely affect the willingness of customer to continue being loyal to the company's products. A good CEx will lead to customer retention while a bad CEx will eventually chase customers away. Customer retention is important because it builds a strong client base for the company. Another advantage of maintaining and retaining customers is building confidence among customers and thus increasing the level of customer referrals to the business. Customers always want value for their money, and such value can also be achieved through a good experience they receive. A good CEx strategy will ensure growing customer base, thus guaranteeing profitability in the future.

CEx has great impact on the overall business performance, operating and overhead costs. By adopting best practices for CEx, an organization can reduce unnecessary operational steps, improve internal

processes and shortens real time service delivery which increases efficiency and effectiveness [9, p. 19]. Such strategy will help lower business operating costs and improve performance which will eventually lead to an increase in the profitability margins of a business.

Good CEx will also put an organization at a competitive advantage over its competitors. Competitive advantage can be described as the processes undertaken by a business in order to stay ahead of its competitors. It is aimed at ensuring that a business adopts the relevant technologies and strategies that will put it ahead of its competitors. Competitive advantage will involve activities that are geared towards continuous improvement. A good CEx will ensure there is continuous improvement in organization, hence putting the organization at a competitive advantage. CEx enhances competitive advantage in an organization in the sense that, organizations are able to identify and address specific customer needs. Such identification will allow the organization to re-engineer, alter, modify and improve on the services and products it provides so as to better suit the varied customer needs [9].

Another major advantage of having a good CEx strategy is that, it enhances interaction between a customer and a business entity; hence a business is able to better identify individual customer needs. This interaction will lead to delivering better products and services that customers need and want.

The actual growth in any business is a direct result of the quality of the experience customers have with the products of the business. The ability to acquire and retain customers as well as improving their profitability over time can only be determined by the quality of the customer's experience. Those companies that provide their customers with proper services, relationships, and experience are usually capable of performing well and ensuring they have met their business goals [6].

CEx is a strategic approach that can be used by a company to orient its business towards the realization of the greatest gains.

References

1. Arussy, L. *Customer experience strategy - the complete guide from innovation to execution* [Текст] / L. Arussy.- NJ: Strativity Group Media Company, 2010, p.339
2. Frei F, Morriss A. *Uncommon Service: how to win by putting customers at the core of your business* [Текст] / F Frances, A. Morriss.- Harvard Business Review Press, 2012, p. 243
3. *How to Approach Customer Experience Management*. [Електронний ресурс]. - Режим доступу: http://www.gartner.com/it/products/research/asset_129491_2395.jsp
4. Meyer, C., Schwager, A. *Understanding customer experience*. [Електронний ресурс]. - Режим доступу: Harvard business school publishing, 2007 <http://hbr.org/2007/02/understanding-customer-experience/ar/1>
5. Peppers D, Rogers M. *Rules to Break and Laws to Follow* [Текст] / D.Peppers, M.Rogers.- Wiley; 2008 , pp. 24, 164
6. Schmitt B.H. *Customer Experience Management: A Revolutionary Approach to Connecting with Your Customers* [Текст] / B. H. Schmitt.- Wiley; 2003, 1 edition
7. Shaw, C. *Revolutionize your customer experience*. [Текст] / C. Shaw.- Houndmills, Basingstoke Hampshire: Palgrave Macmillan; 2005
8. Shaw, C., Dibeehi, Q., Walden, S. *Customer experience: Future trends and insights*. [Текст] / C. Shaw, Q. Dibeehi, S. Walden.- Houndmills, Basingstoke Hampshire: Palgrave Macmillan; 2011
9. Shaw, C., Ivens, J. *Building great customer experiences*. [Текст] / C. Shaw, J.Ivens.- Houndmills, Basingstoke Hampshire: Palgrave Macmillan; 2005
10. Smith, S., Wheeler, J. *Managing the customer experience: Turning customers into Advocates..* [Текст] / S. Smith, J. Wheeler.- London: Financial Times Prentice Hall; 2002
11. *The ROI of Customer Experience* [Електронний ресурс].- Режим доступу: Temkin Group <http://experiencematters.wordpress.com/2012/03/28/report-the-roi-of-customer-experience/>
12. *The State Of Customer Experience, 2012* [Електронний ресурс].- Режим доступу: Forrester Research <http://www.forrester.com/The+State+Of+Customer+Experience+2012/fulltext/-/E-RES61249?intcmp=blog:forlink>
13. *When people strategy drives business strategy*. [Електронний ресурс].- Режим доступу: The Boston Consulting Group, 2006 <http://www.bcg.com/documents/file14856.pdf>
14. Wilburn, M. *Managing the customer experience: A measurement-based approach*. [Текст] / M.Wilburn.- Milwaukee: ASQ Quality

РЕЗЮМЕ

Шеремета Йосиф

Управління досвідом клієнта: стратегічний підхід

У статті розглянуто особливості стратегічного підходу до формування управління досвідом клієнта. та проаналізовано основну суть, значення та важливість системного підходу до управління досвідом клієнта та наведено основні та необхідні складники для побудови успішної стратегії.

РЕЗЮМЕ

Шеремета Йосиф

Управления опытом клиента: стратегический подход

В статье рассмотрены особенности стратегического подхода к формированию управления опытом клиента. Выделены и проанализированы главная сущность, значение и важность системного подхода к управлению опытом клиента и приведены главные и необходимые сопоставляемые для построения успешной стратегии.

Стаття надійшла до редакції 19.10.2012 р.