Customer satisfaction v Customer experience

From satisfaction and loyalty, to experiences and relationships
1. Satisfaction is never enough
2. It's all about building strong attachment to the brand
3. Memories build relationships
4. Think about the big picture
5. The devil is in the detail
6. Rethinking your business
Lots of different businesses represented in the room, but the same (broad) goals apply.

- Repeat purchase/loyalty
- Grow share
- Increase profits

Source: GfK 2015
People are spending less, saving more, and are generally more cautious.
Satisfaction is never enough
Contemporary customer experience research can be traced back to the origins of customer satisfaction.
80% of customer service organizations use customer satisfaction (CSAT) scores as the primary metric for gauging the customer’s experience.

20% of “satisfied” customers intended to leave; while

28% of the “dissatisfied” customers intended to stay.

Source: “Stop Trying to Delight Your Customers”; Research conducted & reported in July–August 2010 issue of Harvard Business Review
The One Number You Need to Grow
by Frederick F. Reichheld

Net Promoter Score = % Promoters - % Detractors

However, years of research (including our own) have shown the correlation between satisfaction and loyalty/NPS is rather modest.
The satisfaction paradox:  

**are we asking the wrong question?**

(and would asking a better question give us better results?)
It's all about building strong attachment to the brand
Our research on customer relationships has identified two dynamic factors that impact customer loyalty:

**Brand Stickiness**

Factors that make customers perceive switching could be difficult

*Example:*  
It's unclear to me how I would go about finding a good alternative to …

**Competitive Pull**

Factors that reflect the influence of competitive alternatives

*Example:*  
I've begun to notice other …
In the example below we can see how the CX score drops after just one failure more acutely amongst those at risk.

Germany Smartphones

<table>
<thead>
<tr>
<th>Customer Experience Score</th>
<th>Secure Customers</th>
<th>Neutral Customers</th>
<th>At Risk Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>No (XP) Service Failures</td>
<td>87%</td>
<td>70%</td>
<td>50%</td>
</tr>
<tr>
<td>At Least 1 (XP) Service Failure</td>
<td>72%</td>
<td>39%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Notes: Service Failure = Any XP not rated as positive and memorable; Average number of Service Failures = 1 for all groups
Source: GfK 2013 R&D research
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Memories build relationships
The peak end rule

Source: Thinking, Fast And Slow, Daniel Kahneman, 2013
GfK ConX – A more holistic approach to measuring the customer experience
A more discriminating KPI of the customer experience

Overall ConX Score =

Expresses the net impact of impression and memorability on the overall customer experience

Overall Experience ConX Score

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Source: GfK 2013 R&D conducted in 5 countries and 3 industries
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Think about the big picture
Most customer journeys involve multiple touch points, CX is about optimising them collectively.

<table>
<thead>
<tr>
<th>Customer identifies a need</th>
<th>Researches options</th>
<th>Signs up with a provider</th>
<th>Between sign up and installation</th>
<th>Installation/ activation of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online</td>
<td></td>
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<td></td>
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<tr>
<td>In store</td>
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<tr>
<td>Partner store</td>
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<td></td>
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<tr>
<td>Call centre</td>
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</tr>
</tbody>
</table>

The best customer service finds & resolves the underlying issues

Why Red Energy?

Customer Service has its awards.

At Red we’re extremely proud of our people and their commitment to customer service. In fact Red customers have also acknowledged the exceptional customer experience by voting and helping us win so many customer service awards.

Our approach to service is simple. We keep it simple.

Customer requests are handled by a single point of contact, a locally-based team member. It means our customers don’t get the run-around and one person is accountable for dealing with your query. We don’t outsource overseas, our call centre along with all our customer management functions are based right here in Australia. That simply means a more personal service with a local’s understanding of Aussie culture, lifestyle and customer needs.

Our most recent achievement

We’ve recently won the 2014 Roy Morgan Gas Provider of the Year Award! Well done to everyone in our team who helped make this happen.

Source: Red Energy website, 2015
The devil is in the detail
Good UX Builds

Brand Relationships

Bad UX Erodes

Source: GfK 2015
UX is focused on optimising specific touch points with reference to the broader context

Meet the users’ needs...

Make it useful

next is simplicity...

make it usable

and then comes elegance...

make it awesome!

Source: GfK 2015
Even the best-intentioned customer service solutions can sometimes use a little help!

Source: http://littlefun.org/posts/it-s-in-the-bagging-area
Rethinking your business
The real opportunity lies in using CX as a point of difference by putting the customer at the heart of your thinking.

Route 1: bring the product/service to the market, push it and manage response curves

Route 2: create experiences to strengthen relationships through products/services

Source: GfK 2015
Rethinking the experience as a point of difference
REVOLUTIONISING THE CUSTOMER EXPERIENCE

We continue to invest significantly in innovative technologies to create an outstanding service experience for our customers.
Hassle free claims

Need to make a home or car claim? You can do so right from this app. Add details & upload photos. Then simply hit lodge claim and instantly receive your claim number.

Using technology to rethink the customer experience

Catalogue treasured possessions

Build a collection of your household items, so you have a record if you ever need to claim. From receipts, to pictures and everything else, it helps to reduce the stress when making a claim.
Conclusions

- Satisfaction is not the end in itself and is frequently not enough – especially in competitive categories.

- Satisfied customers are generally an indication that expectations have been met, but meeting expectations does not guarantee ‘loyalty’ (behavioural or attitudinal).

- The goal is to build strong attachments to your brand so that customers choose your products / services over your competitors.

- The best way to build strong, positive relationships with your customers is to create positive memorable experiences (and avoiding / recovering from negative memorable experiences).

- The ‘peak-end’ rule ensures the more memorable interactions are the ones that disproportionately colour consumer perceptions.
Conclusions

In creating memorable experiences, it is critical to avoid being focused *only* on individual interactions,

The core of Customer Experience thinking dictates that it is important to take a *broader* view of customer interactions to understand what customers are trying to achieve.

Applying User Experience thinking to the design of interactions – whether online or offline, product or service is also important in ensuring a positive experiences.

At a minimum, it is about helping customers to solve problems / meet needs & expectations quickly and easily.

To gain a competitive advantage it is about comprehensively rethinking the experience to the extent that it becomes a point of difference to your competitors.
For more information, please contact:

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