# Implementing a Customer Experience Strategy

**By Nicholas T. Miller and Rebecca Marek**

*Starbucks and Dunkin' Donuts. Their basic coffees taste a little different; their customer experiences are significantly different—from store lighting to coffee options to food choices to team members' raps with customers—reflecting widely divergent company values, target markets and strategies. Like banks, the companies sell similar core products. Unlike banks, they have designed their customer experiences to appeal to some clearly defined customer segments and not others.*

A designed customer experience translates a company's brand and strategy into activities and style that consistently engage target customers and gain their trust so they become loyal and buy more from the companies whose experiences they prefer.

For banks, the path to stronger differentiation, more loyal customers, and higher revenues lies in choosing specific target customer segments, carefully designing and choreographing even the smallest details that produce preferred experiences, rehearsing team members to ensure they perform their roles as designed, and managing the details of the process daily.

## A success case

The mass affluent group of a major bank saw an opportunity to invite families holding a portion of their wealth with the bank to consolidate their holdings. The bank decided to offer a basic financial planning service as part of the package. Previous attempts involving pricing, products, and differential service levels had produced no result. They knew through focus group feedback that trust and "feeling involved" would be keys to the credibility of the offer.

This time, though, they paid attention to each detail of the sales process, from the moment of first contact, through development of alternative plans to account maintenance. Yes, down even to the smallest details around how customers would be greeted, where they would sit and what customers would be handed to read while they waited for the financial planning adviser. This meticulous attention to detail paid off handsomely as the bank quickly exceeded its targets around numbers of completed financial plans. Fees earned per completed plan were four times initial estimates. Better yet, over the last six years portfolio sizes and fees have grown nicely.

Lessons from the story:

--*Strategy*. The bank identified a market objective and devised an approach offering a differentiated value proposition to specific target customers.

--*Design*. The bank crafted an end-to-end sales process. No detail was too small to consider.

--*Deployment*. The bank created scripts, presentation aids, guidelines about where and how meetings should be arranged, and outlines and other tools to ensure that all staff "followed the script" to create the customer experience the target population would find attractive. The financial planning advisers were trained to deliver the value embedded in the process and to represent a set of *values* that desired customers would find attractive.

While attentive, consistent and effective customer service is part of the overall customer experience, it is largely reactive, task-oriented, and in direct response to a customer, generally during a face-to-face event. Customer experience, however, is far more inclusive and demanding. Customer experience is influenced at every touch point between the institution and the customer—from the delivery and appearance of a statement to the physical attributes of the branch office, to the website, to the phone channel, to the ATM.

## Getting it right—customer experience implementation

Implementing a customer experience strategy requires a top-down, multi-departmental commitment. Fortunately, customer experience possibilities are vast and leave ample room to be innovative and create the experience that works for any organization. Six steps can improve customer experience and pay dividends many times over:

*Focus.* Choose the target customer segments the bank wants to attract. Strategy, differentiation and value propositions require choices.

*Assess from the outside in.* While some famously successful customer experience elements are the result of a CEO's whim or sudden insight (Richard Branson comes to mind), most successful customer experience strategies are the result of deep understanding of targeted customer segments—their values, aspirations, self-images, fears, irritations, daily habits, preferences and routines—learned through direct observation, focus groups and pilot programs. Bank managers must then decide which of these elements are most critical to the buying decision a particular company wants them to make? The "mass affluent" bank's desired customers wanted to trust the bank and feel involved. Investment returns were an obvious requirement. But with many providers from which to chose, trust and involvement were the keys to the initial buying decision and the willingness to consolidate their assets.

*Develop strategy.* A well-developed strategy defines a company's approach to engaging, retaining and expanding its most desired customers better than its competitors, including offers, price points and distribution. To these traditional strategy elements, add the 'customers' buying experience." A designed customer experience integrates all strategy elements into a customer's preferred virtual and physical interactions with the company.

*Choreograph customer interactions.* This is the spot where most banks, in our experience, fall short—mapping details and communicating them to team members. Banks must think through customer interactions in detail, mapping out each customer pathway—physical and virtual—each customer interaction with staff; interactions between staff members; physical layouts of branches and ATMs; and the content and design of website pages.

With all this planning about what the bank wants to deliver, it is easy to lose sight of the customer. Borrow a trick from movie directors. Build storyboards with action seen through customers' eyes, portraying the customers' experiences and the details of each moment. For example, if a bank identifies late middle-life, affluent small-business owners as a major target segment, then storyboard their

experiences with the bank through their eyes. These will be very different eyes than those of mid-twenties entrepreneurs.

To ensure an integrated response, every touch point must be considered—the back office, call centers, marketing and product development.

*Rehearse, rehearse, rehearse.* Whenever sales or service team members face customers, they are acting out a role in the defined customer experience. They need to perform their roles in ways that engage their audience members. A solid performance takes tremendous discipline and practice. This is another spot where most banks fall short: Too little rehearsal, not enough coaching. Without sufficient training and rehearsing, the desired result will not be attained, and the prior steps will have been wasted. Staff should be practicing key customer interactions … daily.

*Execute, measure and adjust*. Measuring the effect of the customer experience initiative is essential in building support, encouraging staff and demonstrating the inherent value of the program. Most importantly, use information gained in the measurement process to re-evaluate and adjust the program to make sure the customer experience being provided is resonating favorably with the customers.

## Obstacles to creating customer experience

Completing the six steps will be more challenging than it looks. New research shows that while 46 percent of banking executives surveyed cited investments in experiential store design and merchandising as being important, 80 percent stated the ability to consistently apply a customer-focused culture across the retail network as the primary factor that makes or breaks their efforts to enhance differentiation at the front line. While an overwhelming majority of executives acknowledge the importance of differentiation, relatively few banks have accomplished it.

The most important obstacles are based on values, or to paraphrase Yogi Berra, “Customer experience is 90 percent mental. The other half is physical.” This mental obstacle is rooted in the assumptions and values of an industrial, mass-consumer economy rather than a knowledge-based, experiential, individualized economy.

First, many bank senior leaders learned that cost cutting is their path to success. Driven by industry overcapacity and failures to grow revenue, “Banks have developed an attitude that spending time with customers costs them money,” notes Joseph Pine, co-author of “The Experience Economy.” “Rather than realizing that spending time with customers gives them a tremendous opportunity, they pushed people out of branches to use ATMs. They pushed them out of the one place where they could control the experience, to use voice response units and to use the Internet instead, all because they wanted to lower the cost,” he adds.

Second, bank senior leaders learned to be risk averse. While they learned to focus intently on development and implementation of compliance and credit procedures (both subject to unblinking regulatory scrutiny), many senior bank leaders developed a “laissez faire” posture with the practices and procedures of sales and customer service, viewing them as somehow an art form, often leaving these to sales training providers to define through their packaged training programs. As a result, banks tend to underestimate the level of detail needed to choreograph and manage customer interactions that generate an intentional, designed, consistent customer experience.

Ask a retail leader, market manager or branch manager to describe compliance standards and procedures, their answers will be snappy and focused. Ask them about their sales, service or customer experience standards and procedures, and they’ll pause.

## The rewards

Banks willing and able to press through these mental obstacles will reap handsome rewards. Recent research demonstrates that loyal customers bring 24 percent more deposits and 14 percent more consumer loan balances to their primary banking institution than the national average and are three times more likely to recommend the bank to friends or family members—money in the bank! Time and resources invested to develop more loyal customer relationships are rarely wasted in retail.

Earning these rewards begins with strategy—choosing the customers a bank wants to attract and defining the methods by which to create a preferred experience, differentiating its offer, attracting the customers, and developing their buying loyalty. Attracting and developing their buying loyalty depend heavily on customers' subjective experiences of sellers. Banks can design buyers' subjective experiences of sellers through storyboarding and other techniques and deploy the processes, procedures and people who can generate the preferred experiences for the desired customers consistently, as designed.

Since we started with Starbucks, let's finish with it. Scott Bedbury, senior vice president of marketing at Starbucks during the formative years between 1995 and 1998 said,

"To me, the question is not how can you be different, but how can you be different in a way that resonates deeply with people? How can you, your people, your products, and therefore your brand—create a human connection? Or, to put it differently, now that everyone's bragging about their brand, how can a product develop humility? Another question is: How can you differentiate your brand? To me, the answer is that being different is ultimately about values—your values, your brand's values, and your company's values. Your values are what sets you apart."

Your values are what shine through in the customer experience.

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