

Creating Positive Customer Experiences

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*Suppliers fall short in truly acknowledging Customer's business drivers and personal values and fail to deliver consistent positive experiences. **Sarina Sorrenti** explores some of the dimensions of creating positive experiences for Customers and at the same time creating a sustainable competitive advantage.*

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Eating out in Australia can provide you with a myriad of experiences from elegant cuisine that looks like a master piece yet leaves you hungry to stodgy meat and potatoes in a corner pub that fills you up to the brim. The combination of good food, friendly service and great ambience is a recipe I look for in my eating out experiences. The actual client experience we have starts from when we make a booking to how we pay for our meal. It also includes parking availability, acknowledgement when you walk through the door, décor, size of tables, comfort of seats, range of menu, prices, the food itself, I could go on and on... A customer experience dictates how much value we perceive as customers, the more negative the experience the less value we are willing to place and the more positive the experience the more we are willing to pay.

Coffee places have had an amazing renaissance in the past ten years, particularly among the mobile workers who use the excuse of coffee to meet with a colleague or client. There is a particular coffee place I frequent more regularly than others because of their friendly service in general but particularly because of the personal acknowledgement I am given as I walk into the their premises. Its convenient location close to the office and its adequate parking facilities are added bonuses. There is another coffee place to which I used to go frequently but which I now visit only occasionally. There, the coffee is OK but each time I call in I note that I am not greeted personally; my earlier loyalty was not acknowledged. My decision to use the former more often and the other less frequently raises in my mind the question - why is it that businesses differ so much in the customer experiences they deliver?

On a recent trip to France and Italy we experienced varied levels of customer service from ordinary to extraordinary. Four foolish foreigners were meandering through Cannes hoping to bump into the train station. An elderly French madam could see we were lost and without us asking, she gave us instructions in her broken English on how to find the station. We were surprised and very appreciative and continued our journey, we didn't realise that our French guide was keeping a close eye on us and we heard remonstrations from a short distance that we were going the wrong way again

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and should turn back at the previous street. This was just a small sample of the kindness we experienced from the French, the rest of our two weeks was filled with similar rendezvous. Would the same favours that we had experienced be extended in Flinders St in Melbourne – I am not so sure?

When was the last time you had an extraordinary customer experience in Australia – one where you felt acknowledged, understood, provided with services/goods you really needed and given the extra bit of priceless advice or knowledge? I ask this question in many of my workshops and seminars and many people can give numerous accounts of bad experiences, but very few quality experiences. Is good customer service part of the Australian archetype? The Cultural Imprint Study conducted by Telstra in the early 90's sought to determine how Australians perceive a quality experience. The study found that a quality experience is closely linked to having a secure relationship with others in which there is an awareness and appreciation of their own identity and self-worth. Australians have difficulty in disassociating quality from one's relationship with those providing the product or service if that relationship is not seen as satisfactory. As Australians we require both a good product and service and acknowledgement of our self-worth or identity.

The numerous Excellence Awards that have developed over the last fifteen years have been designed to recognise and lift customer service globally. The Australian Customer Service Institute promotes the Australian Service Excellence Awards. On the Awards home page there is a quote from our very own Prime Minister – John Howard 'I commend the Customer Service Institute of Australia for organising the Australian Service Excellence Awards. Excellence in the provision of customer service is critical to the success of Australian business in the global trading environment and, therefore, to the continued reputation and prosperity of the nation as a whole...' Customer Service seems to have attracted the attention of our highest political levels, yet too many Australian corporations from the largest to the smallest continue to ignore this key criteria in their recipe for success.

I was very fortunate to work with and learn from Michael Lanning and Dr Lyn Phillips developers of the value proposition theory in the early 90s at Kodak. The value proposition theory, unlike many other customer service or selling models truly acknowledges both customer's real values and experiences and the suppliers need to make a profit. My marketing and accounting background latched onto this model very quickly.

As Michael Lanning states in his article *Delivering Profitable Value*:
'Those who would make a business succeed face crucial decisions. Most important of these, yet most overlooked and poorly understood, is a disciplined choice of the experiences the business will cause some intended customers to have. These are the resulting experiences a business delivers, and they are the essence of a value proposition.'

'Properly understood, business is very much about the exploration and improvement of customers' real life experiences. The traditional concepts of

'needs, requirements and benefits' share important common ground with resulting experiences. However, the differences are considerable, as the conventional concepts focus too much on what the business does or on superficial, vague ideas of benefits and needs. Managers must learn to deeply understand and decisively act on specific experiences customers would most value...The resulting experiences delivered to customers are the essence of a value proposition...

A value proposition is a decision and commitment to deliver a specific combination of resulting experiences, including a price to a group of target customers, profitably and better than the competition...'

Sometimes our customers cannot tell us what new experiences they require – it is up to us to put ourselves in the customer's shoes and discover what they need to improve in their lives. 'Day in the Life' video tapes or virtual video tapes through client observations and interviews can be extremely powerful in understanding our client's values and identifying improvements in our value propositions.

A value proposition articulates

- Who are the customers we are targeting (including decision makers)
- Our customer's values (what is most important to them and not us)
- What services we provide (selection with tradeoffs)
- How we deliver the selected services (direct/indirect/ face to face/on-line)
- Benefits realised from a customer perspective (status/security/trust/growth etc)
- Pricing to ensure a win-win for the customer and supplier
- Communication processes (advertising/conferences/papers/sales calls etc)

Many other traditional customer models promote extreme customer compelled or internally focused behaviour. At times the customer is not always right. In certain situations spending too much time pushing a product and focussing on internal politics and processes is wasting stakeholder's funds. As Deming said all models are wrong, yet some are useful. Many other customer models focus on product/service features and benefits and fail to make the connection with customers' personal values and business outcomes.

Three years ago I had an unpleasant experience at the Dentist. My Dentist at the time did not listen to my needs and provided a physically painful basic procedure. I ignored the follow up reminders for tooth cleaning. I finally built up the courage to try another local Dentist and told him specifically what I wanted. He not only provided a pain free service, but he also made me laugh and kept me very relaxed throughout the whole experience. He then advised me on other procedures that I wasn't aware I could benefit from. Three sessions later, I have loyalty to a new Dentist, better teeth and a good customer experience story. I am not sure if my Dentist understands value proposition theory, but he sure practised it.

The value proposition theory has been useful in turning companies I have worked with around. The biggest sign of an organisation getting their mind

around this is when they stop using price as an excuse for not winning sales. When sales people start to talk in terms of customer business outcomes and customer's customers' metrics and maintaining a healthy gross margin the mindset change takes place.

The term value can be interpreted in many ways. The way that I have applied the term value with the organisations I have worked with is two ways. The first way is to understand customer's personal values and business values – what is most important to them and what is most important to the business. Our customer's personal values and business values can differ from security/stability to being first and a leader. Understanding the different sets of personal and business values first is critical in helping suppliers develop and deliver aligned products and services that create the most important outcomes. The second way I apply the term value is to understand the cost benefit equation of the product/service being offered. $Value = Cost - Benefits$

Diana LaSalle and Terry Britton define value extremely well in their book – *Priceless, Turning Ordinary Products into Extraordinary Experiences*- 'Value is in the eye of the beholder...Only the buyer can determine what that value is worth in terms of payment. So if this is the case, how can we understand or ultimately predict what people will value?'

Value can be defined from both an objective and subjective perspective. Objective perspective includes tangible criteria such as volume, hours, size and is easily measured. An example of this is a diamond ring – the weight, size and features can easily be measured. The subjective value is more elusive and is based on the benefits that the goods or services provide – an increase in comfort, pleasure, self-esteem, style, peace of mind. For example, the diamond ring might have passed down through many generations which would then attract a highly emotive value. Subjective value is what a product/service means to an individual as a result of the benefits derived from the experience.

'Psychologists have suggested that as human beings we operate on four levels: physical, emotional, intellectual and spiritual.'

At the physical level we deal with basic survival needs, if a product/service can be seen, heard, tasted, touched or smelled it will register on the physical level. The emotional level is the hardest to predict and control and is subjective – strong emotions of delight, frustration, loyalty can be triggered through the experience of a product or service. The intellectual level is the logical dimension where people process learning and skills, evaluate preferences and strive for improvement. If a product/service triggers a thought process then the intellectual level is stimulated. The spiritual level, not necessarily religious, is anything that touches your core being – beauty, art, creativity, self-awareness. These are all examples of working at the spiritual level. If a product/service triggers a deep reaction within people in regards to sense of self or inner being a connection has been made at a spiritual level.

Examples of products/services that touch us at all four levels simultaneously include books, music, art and for many Australians sport.

Providing a product/service that can create value for people at all four levels provide a richer experience to people and will impact on how much they are willing to pay for such services. Generally speaking the more of the four levels touched, the greater value experienced and the greater the value clients are willing to pay.

Finding the connection between customer's personal and business values and the value that is created by a supplier is the art of delivering a positive value proposition with a competitive edge.

All the case studies I have personally worked with on value propositions have been in the commercial areas including healthcare, not-for-profits, IT, professional services and industrial services. Typically the organisations identify between two and six value segments. A value segment is the grouping of customers with similar personal and business values. From there they have developed detailed value propositions that articulate how to develop and deliver offerings that align to these value segments in a competitive manner. This is only the beginning, they then use the value proposition approach to educate all their employees – particularly all customer contact staff. The value propositions are then integrated into future product/service development, sales and marketing collateral, customer knowledge sharing processes. The success of the value propositions are then measured through Value Segment Sales, Gross Margin and Client loyalty and satisfaction metrics.

International companies that have successfully applied the value proposition approach include South West Airlines, Kodak, Honda, Nissan and Nestle.

Does the value proposition methodology align to how Australian's define a quality experience – absolutely. The acknowledgement and recognition of customer's true personal values reinforces their personal identity and sense of self-worth. Think about the positive customer experiences you have had, how did they reinforce your identity?

In practice even though there are a myriad of books, papers, Award programs Australian businesses still fail to remember they would not exist without customers. The next time you have an internal meeting measure how much time you spend on understanding customer's personal values and business outcomes versus internal topics.

If we want to lift the number of positive customer experiences in Australia we need to start with ourselves as consumers, if not, we are then reinforcing mediocrity to continue.

Here are some tips that have worked for us as Consumers when you have a negative customer experience:

1. When contacting a call centre and not getting the answer you want for a particular issue – hang up and call again. The next person you talk to may give you the right answer (we tried three times with a private healthcare provider and finally spoke to someone who was extremely helpful). When receiving dissatisfactory responses from an Over the Counter service provider go back on another day and deal with a different staff member who may be able to solve your problem (we tried two times with a Federal Government agency and the second staff member was able to solve our problem and thanked us for our patience because she took five minutes to work it out!).

2. Activate your customer voice – complain. Most of the times as Australians we act with our feet if we have had a negative experience we walk to another supplier, sometimes though it is worth making a scene and activating your rights as a customer. I have tried this over the last couple of years with three different suppliers. The first time was with an IT supplier who refused to provide me with what I wanted and refused to listen to my needs. This was one of the most difficult situations, however I organised a meeting with my partners and had a very aggressive confrontation. The IT supplier folded and gave us what we wanted for no extra payment. The second time was with an air carrier who had damaged my luggage on a flight. Their policy was for me to go and buy an equivalent bag and then go back to them for reimbursement. I stood my ground and on my flight back a new suitcase was waiting for me at the flight lounge. The third time was an unsatisfactory stay at an international hotel chain, it was our 10th year wedding anniversary a highly emotive occasion and I felt we did not get value for our money. I wrote them a complaint letter and heard nothing back! I suppose it doesn't work all the time.

The variation of customer experiences that you can get from the same supplier is extraordinary. Organisations like Mcdonalds and Virgin have worked very hard at delivering consistent experiences that align to their respective value propositions. What percentage of your customers are having consistently positive experiences?

The acknowledgement and understanding of our customer' personal values and business outcomes is only a small, but very important part of the development of a market focussed organisation. The culture change process of delivering consistent offerings at a competitive price where Suppliers make an appropriate return is the most difficult part. In my experience once the mindset shift takes place with key customer contact people, the rest will fall into place with some careful reinforcement, coaching and support.

As suppliers if we can truly make the time to acknowledge our customer's true values and business outcomes and then design and deliver a competitive offering, we all win. Creating true value for our customer's is rewarding for all of us. Seeing an unhappy customer become a happy advocate is priceless!