Customer Understanding: The Cornerstone of Customer-Centricity

Insights Association
The X Event

Annette Franz, CCXP
Founder + CEO, CX Journey Inc.
ABOUT ANNETTE FRANZ, CCXP

- Coach, Consultant, Keynote Speaker
- 25+ years in CX
- Author of *Customer Understanding: Three Ways to Put the “Customer” in Customer Experience (and at the Heart of Your Business)*
- Founder and CEO, CX Journey Inc.
- Internationally recognized CX thought leader and influencer
- Immediate Past Chair, CXPA Board of Directors
- Certified Customer Experience Professional (CCXP)
- CEM Certified
- Official Member, Forbes Coaches Council
- CX@UCI Advisory Board Member
- CX Technology Start-Up Advisor
What is Customer Experience?
WHAT CX IS... AND IS NOT

customer experience

[kuhs-tuh-mer ik-speer-ee-uhs] noun

• The sum of all the interactions (including with product and price) that a customer has with an organization over the life of the “relationship” with that company...
• ... and, more importantly, the feelings, emotions, and perceptions the customer has about those interactions.

• Customer service
• Customer care
• Customer success
• Customer satisfaction
• Customer marketing
• Technology
• Just the frontline
In a world where products and services are becoming more and more commoditized every day, customer experience is really the one true differentiator.
Customers want to feel valued and appreciated. When brands (a) remember there’s a human on the other end of the transaction and (b) deliver a great experience, customers will pay more for the product or the experience.

**The price premium of good customer experience**

<table>
<thead>
<tr>
<th>Service</th>
<th>Premium (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>16%</td>
</tr>
<tr>
<td>Hotel Stay</td>
<td>14%</td>
</tr>
<tr>
<td>Annual Physical</td>
<td>14%</td>
</tr>
<tr>
<td>Sports Ticket</td>
<td>13%</td>
</tr>
<tr>
<td>Dinner</td>
<td>12%</td>
</tr>
<tr>
<td>Airline Ticket</td>
<td>10%</td>
</tr>
<tr>
<td>Cable Subscription</td>
<td>9%</td>
</tr>
<tr>
<td>Cell Phone Plan</td>
<td>8%</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>8%</td>
</tr>
<tr>
<td>Winter Coat</td>
<td>7%</td>
</tr>
</tbody>
</table>

(Q: How much would you pay for the following product or service if the company provides a great customer experience?)

Source: PwC Future of Customer Experience Survey 2017/18

**When do consumers stop interacting with a brand they love?**

<table>
<thead>
<tr>
<th>Service</th>
<th>After one bad experiences</th>
<th>After several bad experiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>55%</td>
<td>52%</td>
</tr>
<tr>
<td>Hotel Stay</td>
<td>54%</td>
<td>51%</td>
</tr>
<tr>
<td>Annual Physical</td>
<td>54%</td>
<td>51%</td>
</tr>
<tr>
<td>Sports Ticket</td>
<td>53%</td>
<td>51%</td>
</tr>
<tr>
<td>Dinner</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td>Airline Ticket</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td>Cable Subscription</td>
<td>49%</td>
<td>47%</td>
</tr>
<tr>
<td>Cell Phone Plan</td>
<td>49%</td>
<td>47%</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>49%</td>
<td>47%</td>
</tr>
<tr>
<td>Winter Coat</td>
<td>49%</td>
<td>47%</td>
</tr>
</tbody>
</table>

(Q: At what point would you stop interacting with a company that you love shopping at or using?)

Source: PwC Future of Customer Experience Survey 2017/18
What is Customer-Centricity?
customer centricity
[kuhs-tuh-mer sen-tris-i-tee]

noun

... has culture as its foundation
... is organization-wide, not an individual effort
... requires mindset, behavior, and culture shifts
... places the customer at the center of all the business does
... ensures the customer’s voice is brought into all discussions, decisions, designs
... benefits the customer and the business
WHAT IS CUSTOMER-CENTRICITY?

Customer-centricity

[kuhs-tuh-mer sen-ˈtri-sə-tē]

noun

An approach to doing business in which the business:

• Focuses on creating a positive experience for the customer by understanding the customer, her needs, pain points, problems to solve, jobs to be done

• Places the customer at the center of its philosophy, operations, and ideas

• Believes customers are the primary reason that they exist
CUSTOMER-CENTRICITY

Culture = core values + behaviors

Platinum Rule
Treat customers the way they want to be treated.

Outside-In Thinking and Doing
Bring the customer voice into everything you do.

Employees...
... more first. Employees and the employee experience drive the customer experience.

People Before...
... products, profits, and metrics.

Customer Understanding
Listen, characterize, empathize
WHY CUSTOMER-CENTRICITY?

**HUMAN BENEFITS**
- Problems solved
- Value delivered
- Feel valued
- Feel listened to
- Feel cared for
- Feel understood
- Consistency
- Trust
- Innovation

**BUSINESS BENEFITS**
- Growth
- Competitive advantage
- Increased retention
- Increased CLV
- Increased loyalty
- Increased referrals
- Reduced costs
- Increased revenue
- Profitability
Customer Understanding is the Cornerstone
HOW TO ACHIEVE CUSTOMER UNDERSTANDING
4 Things You Need to Know

... to Achieve Customer Understanding
#1 | Listen
LISTEN INCLUDES...

Ask
- Surveys
- Interviews
- CABs

Listen
- Social media
- Online reviews
- VoCe
- CABs

Capture
- Customer data
- Interaction data
- Transaction data
- Etc.
#2 Characterize
CHARACTERIZE

Susan Smith
Chief Customer Officer

“In my work, I ensure that there are no discussions, decisions, or designs without bringing in the customer and her voice.”
EMPATHY MAP

Empathy Map Canvas

1. WHO are we empathizing with?
   - Who is the person we want to understand?
   - What is the situation they are in?
   - What is their role in the situation?

2. GOAL
   - What do they need to DO?
     - What do they need to do differently?
     - What job(s) do they want or need to get done?
     - What decision(s) do they need to make?
     - How will we know they were successful?

3. What do they SEE?
   - What do they see in the marketplace?
   - What do they see in their immediate environment?
   - What do they see others saying and doing?
   - What are they watching and reading?

4. What do they SAY?
   - What have we heard them say?
   - What can we imagine them saying?

5. What do they HEAR?
   - What are they hearing others say?
   - What are they hearing from friends?
   - What are they hearing from colleagues?
   - What are they hearing second hand?

6. What do they THINK and FEEL?
   - PAINS
     - What are their fears, frustrations, and anxieties?
   - GAINS
     - What are their wants, needs, hopes, and dreams?

7. What do they DO?
   - What do they do today?
   - What behavior have we observed?
   - What can we imagine them doing?

© 2017 Dave Gray, xplane.com

©2021 CX Journey Inc. All Rights Reserved.
#3 Empathize
KNOW THE TOOL. EMBRACE THE PROCESS.

Objectives, outcomes, metrics, personas, scope, participants

Moments of truth, root cause analysis, action/project plans, owners

Service blueprint

Prototype, test, fail, launch, train, close the loop

Plan

Identify

Introspect

Ideate

Empathize

Mapping workshop, data, step owners

Ideation, future state mapping workshop

©2021 CX Journey Inc. All Rights Reserved.
USE THE MAPPING PROCESS TO...

- **Understand current experiences**: outline and identify what customers do, think, and feel as they interact with your brand.
- **Evaluate current experiences**: measure, highlight, and diagnose existing issues and opportunities.
- **Design new/future experiences**: prioritize and rethink existing processes, products, and services and/or create new ones.
- **Implement new experiences**: future-state maps become blueprints or statements of direction.
- **Inform CX strategy**: help to identify listening gaps, prioritize improvement opportunities, and enhance operational (in)efficiencies.
- **Communicate experiences**: onboarding, training, telling the customer story, and ongoing education in support of a customer-centric culture.
- **Align around the customer**: garner executive commitment, bring the customer front and center, and show line of sight to customer.
THE BACKBONE OF CEM

Executive Alignment
- Build the business case/get CX commitment
- Explain the what and the why behind customer experience
- Ensure all executives aligned on the customer-centric vision
- Clear line of sight to customer and build empathy for customer
- Understand how they contribute to – and impact – the customer and experience
- Teach employees about customer and experience

Org Adoption & Alignment

Brand Promise
- Communicate and amplify the brand promise
- Identify where promise is kept or broken
- Align employees with the brand promise
- Align training to customer needs and expectations
- Identify missing/broken tools, resources, processes
- Highlight how the employee experience intersects with the customer experience

Employee Experience

Customer Understanding
- Understand what customers are doing, thinking, feeling
- Understand who your customers are, their expectations, and jobs to be done
- Identify listening gaps and provide co-creation opportunities with customers
- Identify and prioritize key moments of truth/what to fix, what to keep doing
- Identify operational (in)efficiencies and cost savings
- Break down/connect silos

Process Improvements

©2019 CX Journey Inc. All Rights Reserved.
#4 Action
DATA IS JUST DATA UNTIL...

Listen
Characterize
Empathize

Financial outcomes
Customer-centric culture
Stronger relationships

©2021 CX Journey Inc. All Rights Reserved.
5 STEPS FROM DATA TO ADVANTAGE

STEP 1
Data
Objectives
Listen
Characterize
Empathize
Gather
Centralize

STEP 2
Insight
Analyze
Synthesize
Contextualize

STEP 3
Action
Socialize
Root Cause
Action Plan
Operationalize
Close the loop

STEP 4
Outcomes
For the
Business
and
For the
Customer

STEP 5
Advantage
Outperform:
Expectations
Competitors
Market

©2021 CX Journey Inc. All Rights Reserved.
BRING THE CUSTOMER INTO YOUR BUSINESS EVERY DAY

- Share data/insights
- Customers before metrics
- Personas on every wall
- Persona animations
- Persona product stories
- Customer pictures
- Customer cut-outs
- A real customer
- Streamed customer feedback
- Customer interviews/videos
- Journey maps
- Journey walk/gallery
- Customer room
- Empty chair
- CCO/CX professionals
- And more...
Putting It All Together
customer understanding
[kuhs-tuh-mer un-der-stan-ding]

verb

... is seeing, feeling, experiencing, and learning through the eyes of the customer, through the customer’s heart and mind
... is achieved in three ways
... builds empathy for the customer
... puts the “customer” in customer experience
... informs your CX strategy
... drives business growth

noun

... is the cornerstone of customer-centricity
Customer-Centric Companies...

01. Deliberately design a culture that puts the customer at the center

02. Understand their customers by listening, characterizing, and empathizing

03. Act on what’s learned from listening, characterizing, and empathizing

04. Bring the customer and her voice into all they do: discussions, decisions, designs

05. See the value in putting the customer front and center – and reap the benefits
Thank You!

Annette Franz, CCXP
Founder + CEO
CX Journey Inc.
anette@cx-journey.com

Available on Amazon in paperback and Kindle formats!