



Mu Sigma

Customer Strategy - 3

Myths and realities/challenges around customer experience

Do The Math

Chicago, IL
Bangalore, India
www.mu-sigma.com

09/20/2018

Proprietary Information

"This document and its attachments are confidential. Any unauthorized copying, disclosure or distribution of the material is strictly forbidden"

Agenda

Quick Recap

Customer experience measurement

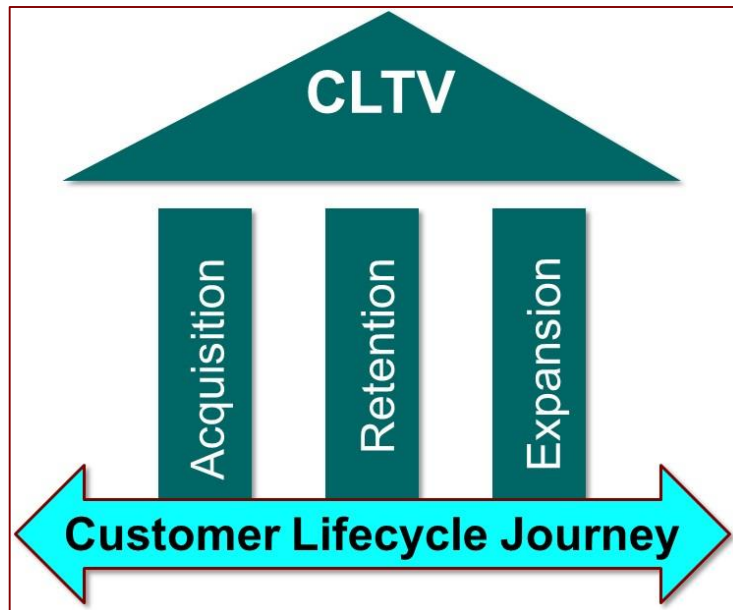
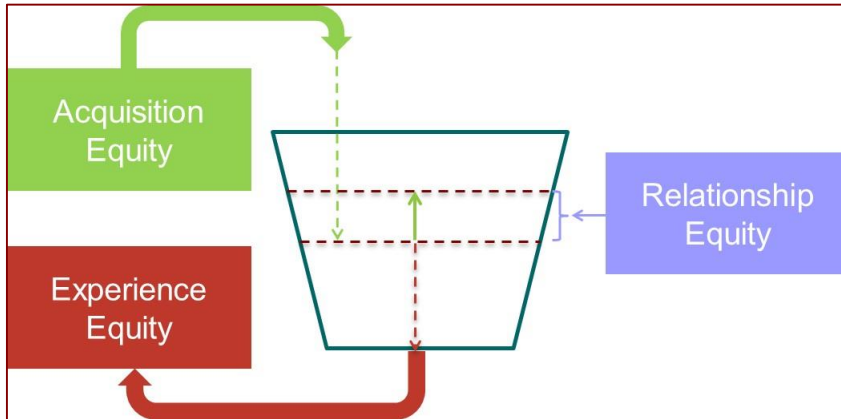
Customer satisfaction and business outcomes

Optimizing customer satisfaction and Maximizing customer complaints

Customer satisfaction and productivity

Customer satisfaction and the “theory of relativity”

Recap from earlier Sessions

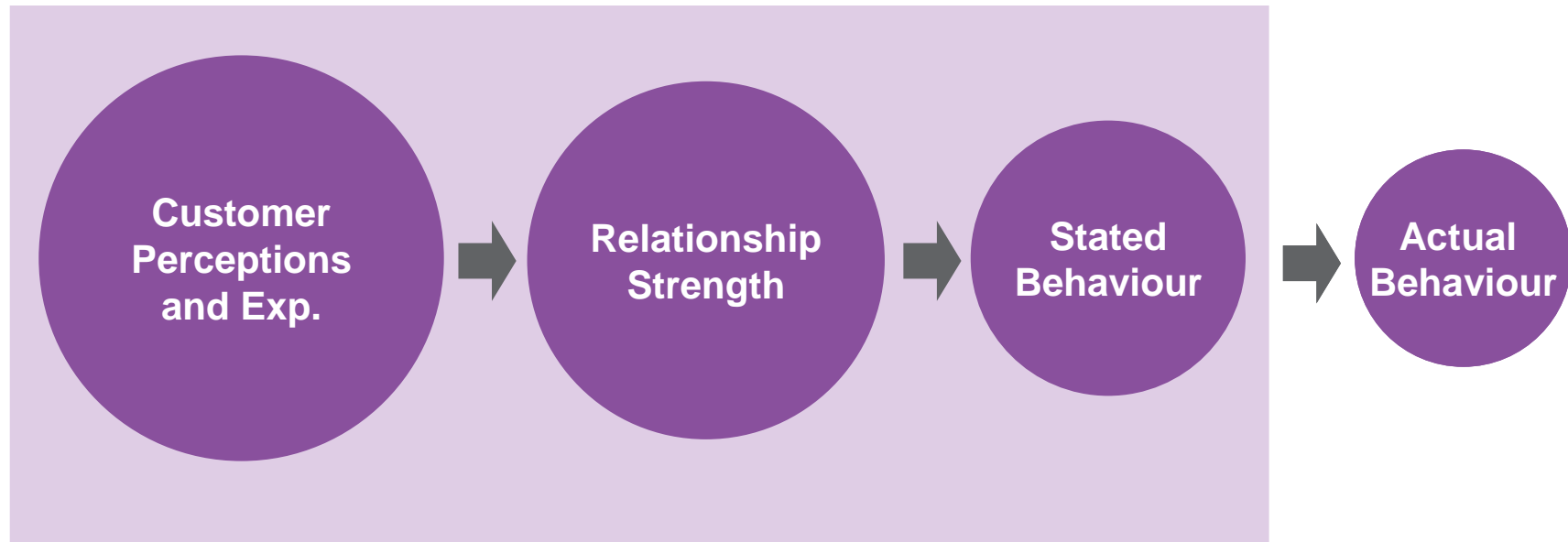


Pragmatic Phil

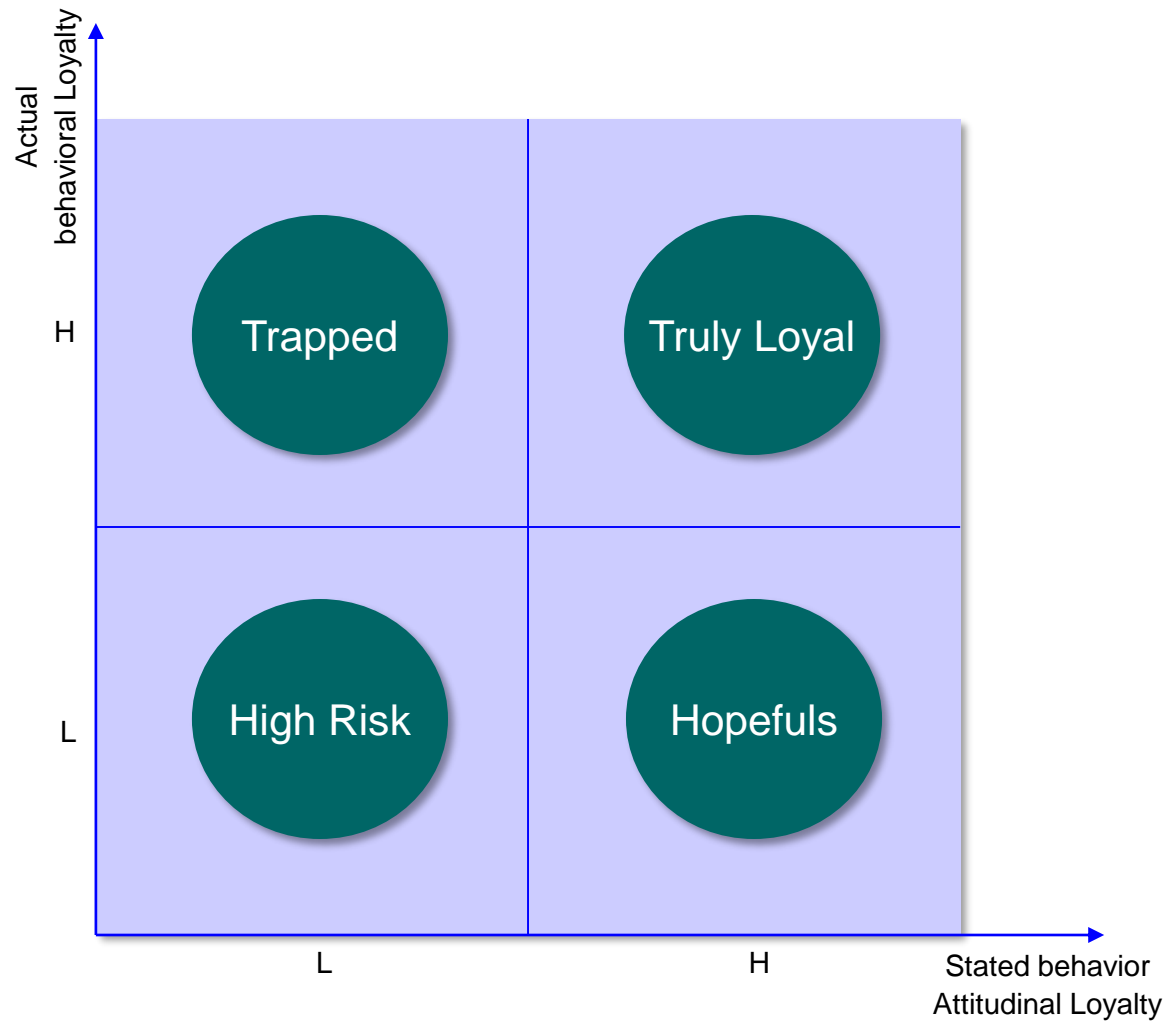
- Computer takes a long time to boot, crashes frequently.
- Has limited memory causing Phil to delete files for new software.
- He is not a technology laggard but does not need cutting edge tech either
- A PC that can be used both at home and work.
- Compact enough to be able to travel and watch movies with his kids

Broad Map	Awareness	Consideration	Preference	Action	Experience	Loyalty			
Detailed Map	Define Need	Evaluate Need	Response Decision	Category Decision	Brand Decision	Purchase	Setup/Unbox	Initial Usage	Extended Usage
Customer Question	I answer all my emails On my phone While Waiting for My PC to load	I saw a Commercial That said I could Speed up My PC	I need a new computer	I've always Had a Dell And my Dad said They are The way to go	Dell seems The most Reliable And my Friend Recommended them	I found a Coupon code But it took me a Lot of time to Configure on The web site	I had A problem installin g The software	Configuring Monitor Was painful	I wish The hard Drive would Not be Big enough When I was Configurin g it
Customer Touch point	Ads & Website	Ads & Website PC Magazine	Online user Reviews Expert online reviews	Website Phone Support Chat Support Retail Partner	Shipping Website Forums Chat Support Retail Store	Website Forum Chat Support			
Customer Metrics	Industry Metrics Demographics- Annual PC sales, Life span of user	Brand Awareness Index	Feature Affinity, Market share	Brand Affinity Index, Social Media Brand leaders & Laggards.	Usability Scores - Click Through rates, Shopping cart Abandonment, average time on site	Repurchase Rates, NPS			
Customer Problems	Prospects not Aware that prod/ Brand exists. Not aware of need	Customer- Perception of quality & value low. Unable to find info. about co. product	Lack of clarity on what features differentiate the prod. Tech specs do not resonate	Brand Affinity Index, Social Media Brand leaders & Laggards.	Configuring PC online is complicated It takes 3 to 5 weeks to receive laptop Set up process is time consuming and difficult	Certain software downloads corrupt the OS. Hard drive fills up Fast.			

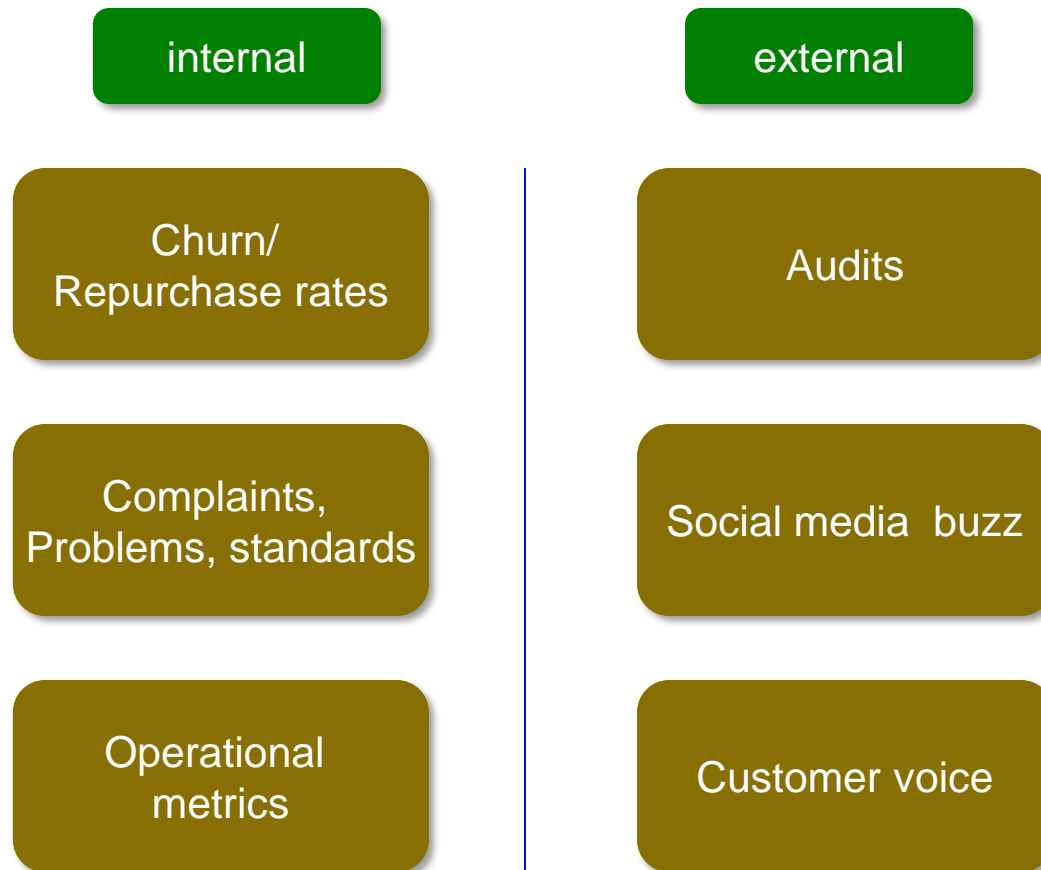
1. Customer experience hierarchy



1a. Customer experience hierarchy

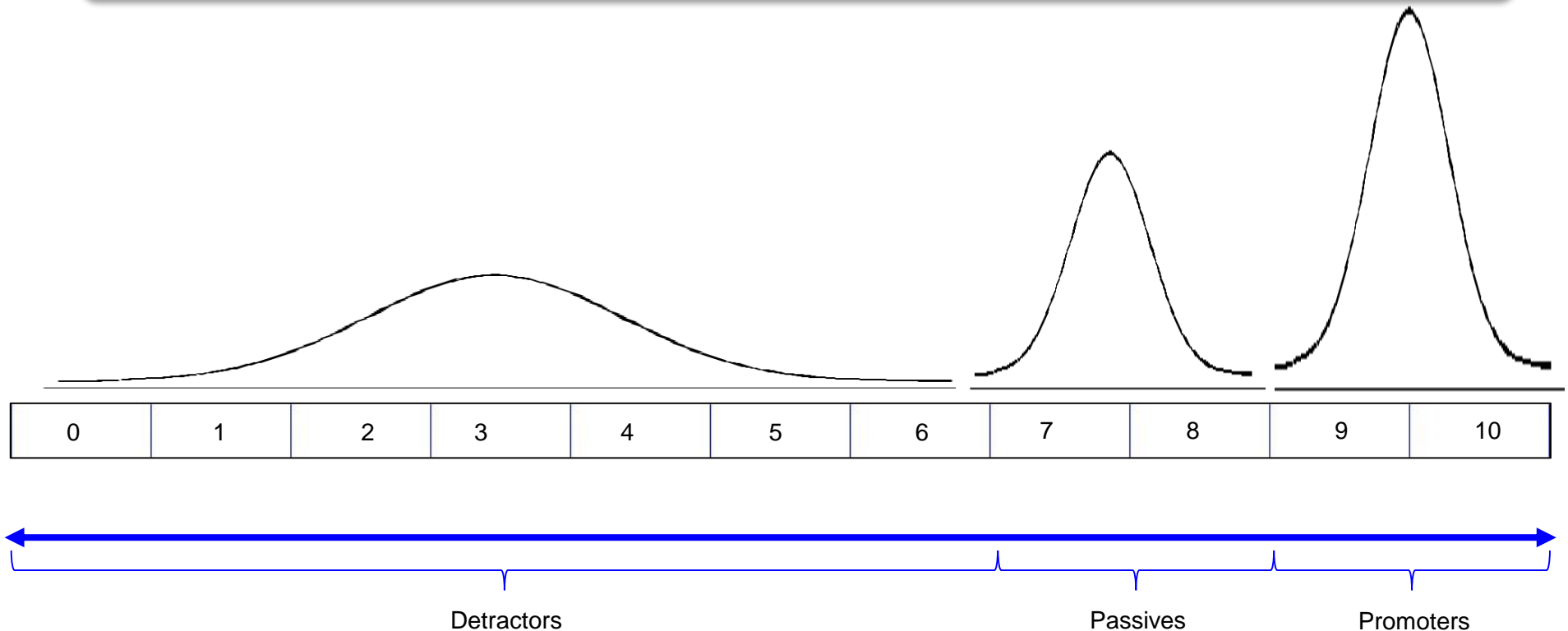


2. Customer experience measurement



2a. Customer satisfaction and business outcomes

True or False – Organizations with high NPS grow X times more than low NPS firms



The danger of averages. Always check the fine print! Aggregated statistics make sense only when strong relationships exist at a customer level

2b. Customer satisfaction and business outcomes

Customer satisfaction leads to better business outcomes but...not easy to establish

Income

Need

Risk

Competitive offering

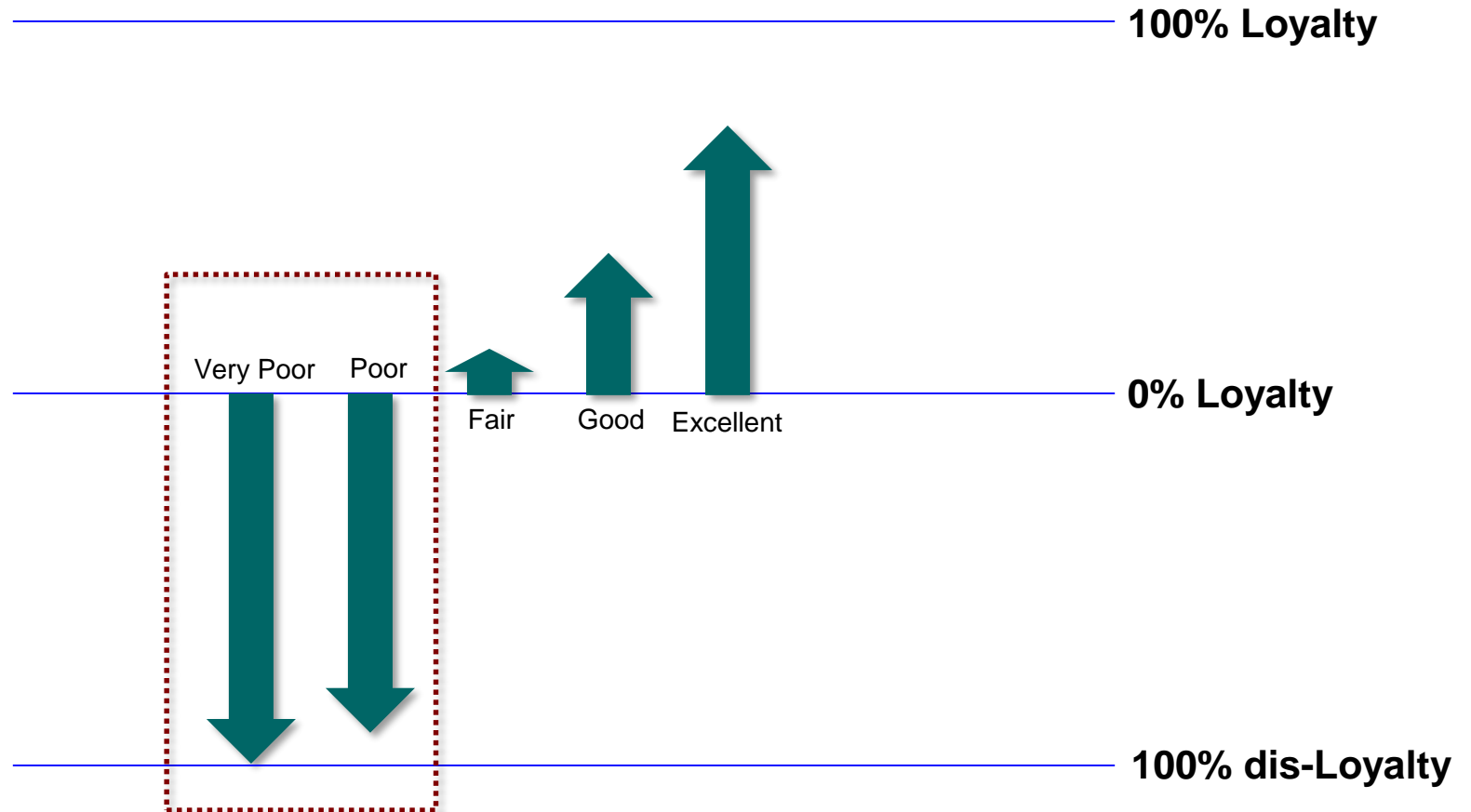
Long run

Organization approach

Brand size


Which outcomes should be used?

2c. Customer satisfaction and business outcomes - Churn




Retention or churn is usually a good indicator of customer satisfaction

3. Should firms strive for 100% customer satisfaction?

A large, solid olive green circle with a subtle drop shadow, containing text.

Customers want to
maximize satisfaction

A large, solid olive green circle with a subtle drop shadow, containing text.

Organizations want to
maximize profit

3a. Optimizing Customer Satisfaction – some data

K. Matzler et al.

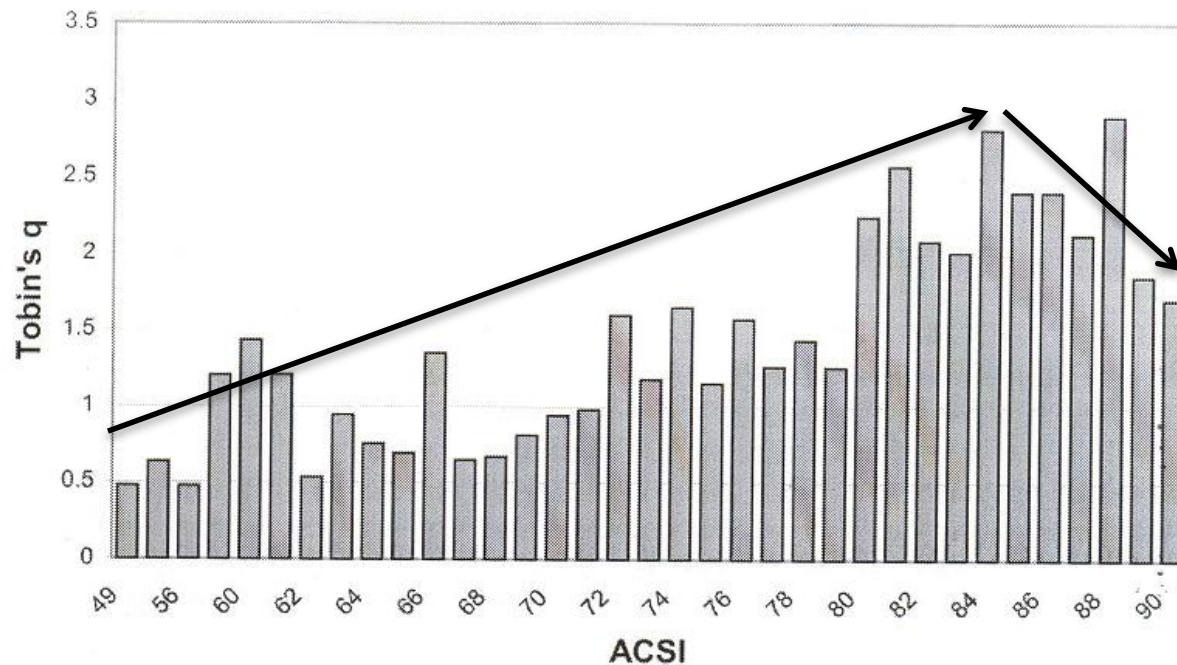



Figure 2. Average Tobin's q per ACSI level

Tobin's q is defined as the firm's market value to the current replacement costs of its assets.

A Tobin's q of 1 or more is considered good.

The higher the better

3b. Optimizing Customer Satisfaction

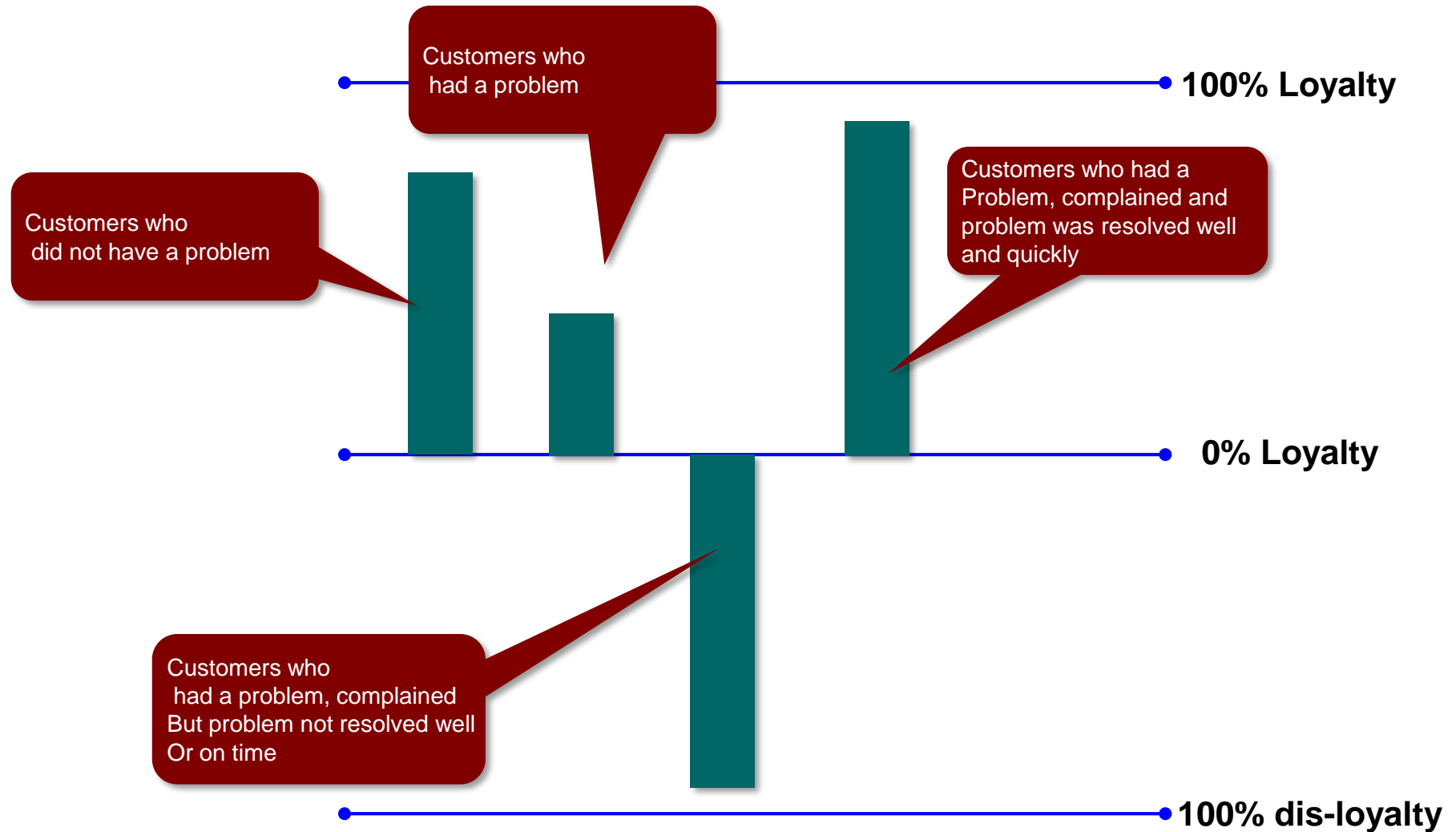
Three olive-green circles are arranged horizontally across the middle of the slide. Each circle contains a key strategy for optimizing customer satisfaction.

Prioritize your customers

Prioritize investments

“One Plus”

3c. Maximizing customer complaints!

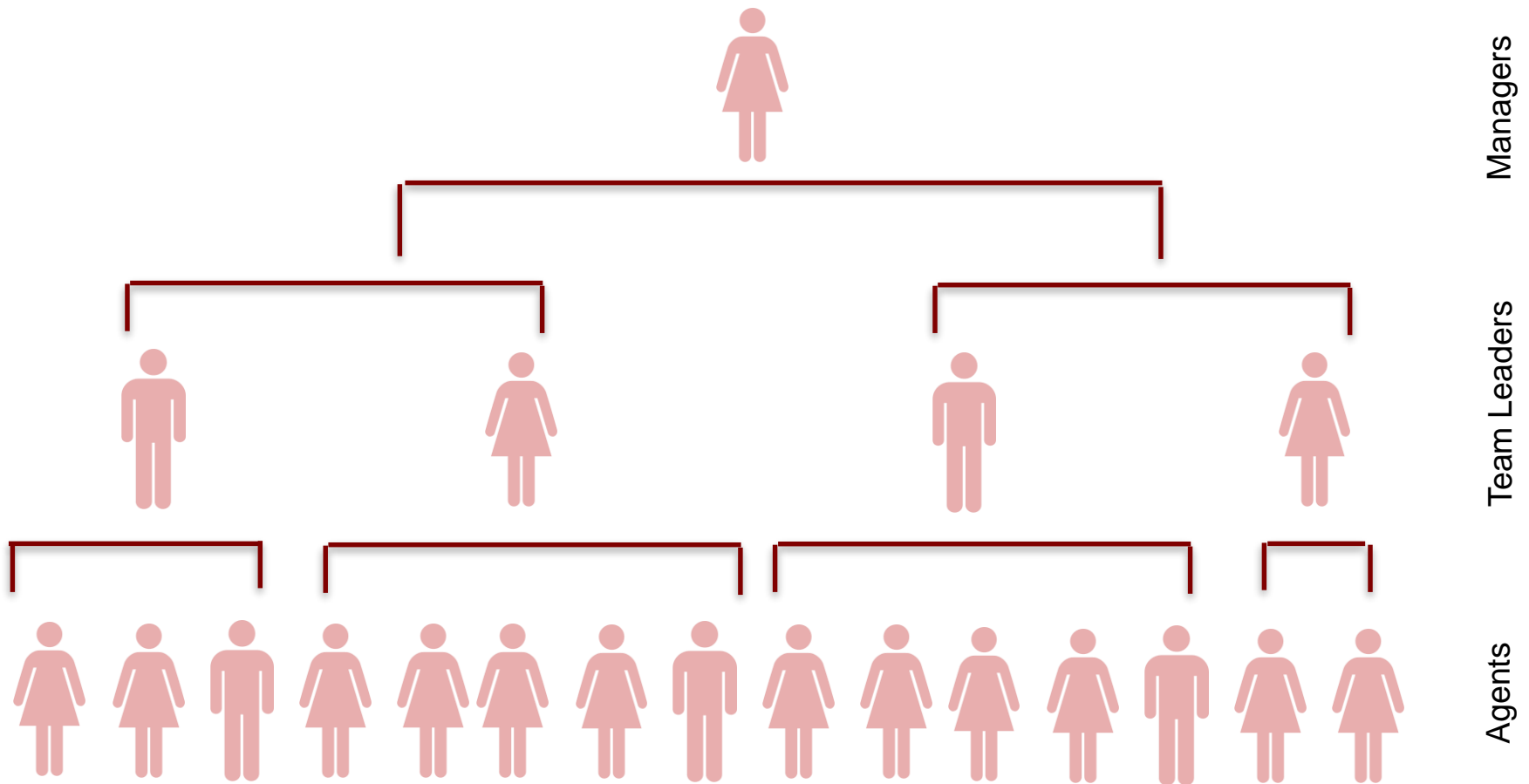


4. What is the relationship between satisfaction and productivity?



The relationship is often an inverse relationship since people deliver experiences

4a. Bottom-up accountability



5. Customer satisfaction and the “Theory of relativity”



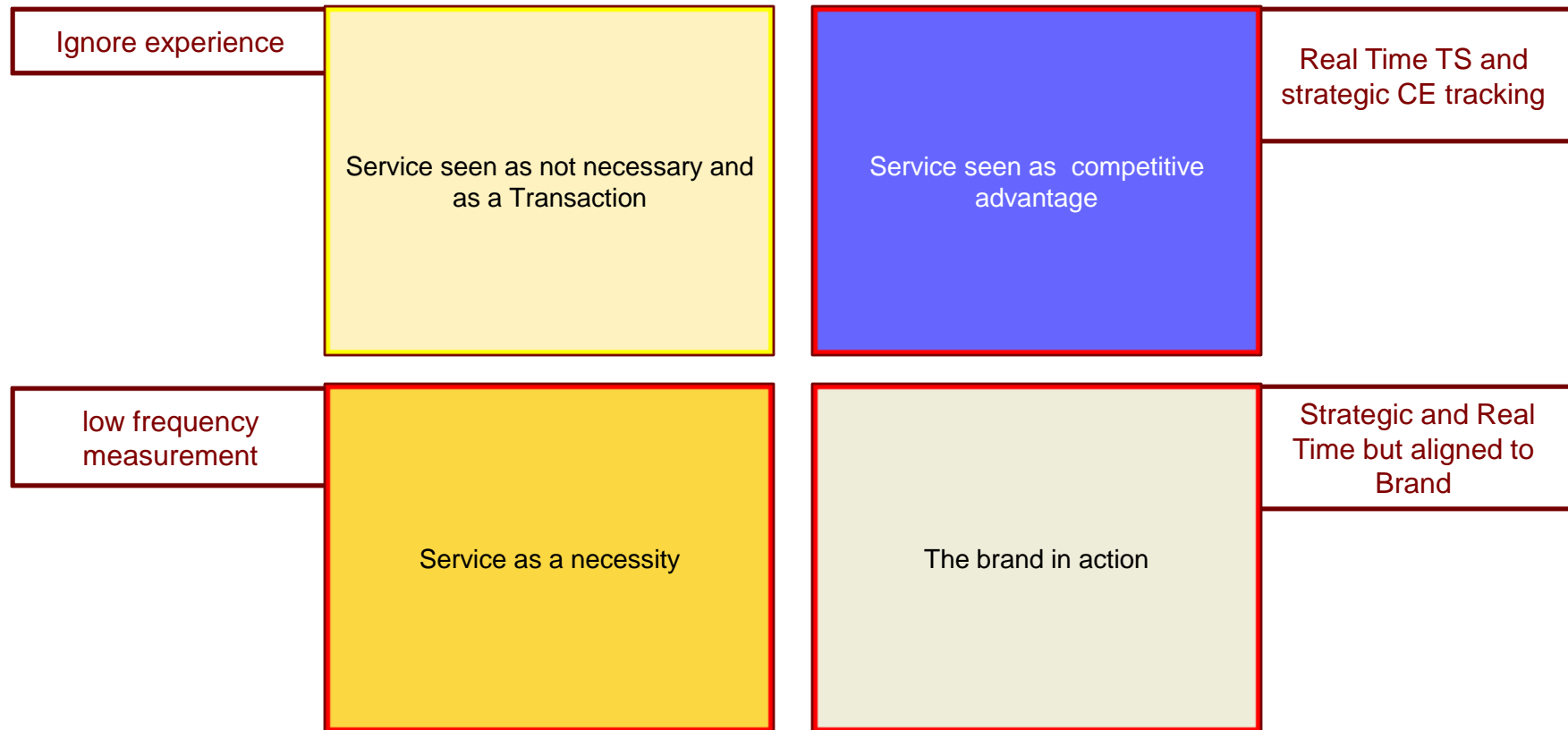
In several categories customers have multiple relationships

5a. Customer satisfaction and the “Theory of relativity”

	Client brand	Comp brand1	Comp brand2
Customer 1	9	10	10
Customer 2	6	5	4
Customer 3	9	9	9

Good customers are good and bad customers are bad only in a relative context

6. Branded customer experience



Source: Branded Customer Service by Janelle Barlow and Paul Stewart

What we have covered?

Customer satisfaction leads to better business outcomes.

Customer satisfaction should not be maximized, but optimized.

Customer complaints need to be maximized.

Optimizing customer satisfaction.

Customer satisfaction and productivity.

Good customers need not be good and bad customers need not be bad.

Branded customer experience is key for differentiation.



Thank You