

7 Steps to Deliver Better Customer Experiences

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OVERVIEW

Customer experience is becoming the single most important factor for business success. Yet many companies still use an incomplete definition of customer experience and have incomplete tools and approaches to manage it. A common pitfall is focusing on different pieces of the customer experience in an uncoordinated way. A better approach is to use new tools, such as the Customer Experience Architecture, to deliver optimal experiences to different customer segments.

CONTEXT

Denise Lee Yohn discussed the importance of customer experience and described how organizations can apply the seven-step Customer Experience Architecture framework to improve the experiences their enterprises provide.

KEY LEARNINGS

Shopping is no longer a discrete process and the role of the retail stores is changing.

Two significant changes are affecting how companies deal with customer centricity:

- **Shopping is no longer a discrete activity tied to transactions.** In the past, shopping was associated with a place, an occasion, and a process. Now shopping occurs anywhere, anytime, and in many ways. Consumers continually monitor information about products and services. As a result, companies must constantly build preference and influence.
- **The role of the retail store has changed.** Brick and mortar stores are becoming places that provide a customer experience. This is true of Apple Stores, as well as Amazon Books. Both places have become community gathering places.

Customer experience is the new battleground for businesses.

By 2020, customer experience will be more important than price. This is true for both B2C and B2B companies. Organizations of all types must rethink customer experience.

- **Customer experience is the sum of all interactions a customer has with a company.** Customer experience begins the moment that customers become aware of a brand and through the moment of purchase.
- **Customer experience is not the same as customer service.** Customer service is only one element of the experience. The lines between customer service and customer support are blurring.

CONTRIBUTORS

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Brand Building Expert

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Editor, Special Projects and Research, *Harvard Business Review*

- **Customer marketing and customer experience aren't the same.** Like customer service, customer marketing is only one aspect of the customer experience. When companies take an incomplete view of the customer experience, it results in mediocre experiences.
- **Company leaders and customers don't perceive customer experience the same way.** Research has found that 80% of leaders believe their companies provide a superior customer experience, but only 8% of customers agree.

The new reality is that customers know more about brands than the brands do themselves. Customer expectations are elevated and every customer is a global media channel. As a result, companies must rethink their customer experiences.

Companies need new tools and methods to design and deliver outstanding customer experiences.

The Customer Experience Architecture offers a planning framework to prescribe the optimal experiences for different segments across different channels. It unifies both business and customer perspectives.

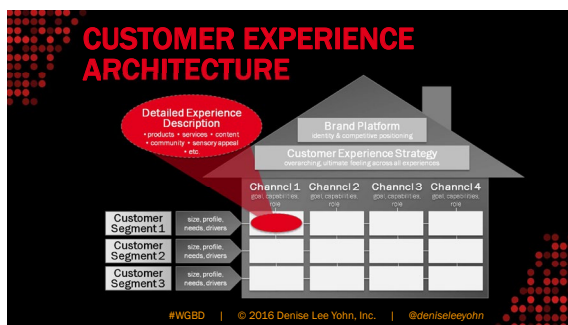


Figure 1
The Customer Experience Architecture

The Customer Experience Architecture is composed of seven elements:

1. **Brand Platform.** This articulates what a brand stands for, as well as its competitive brand positioning.
2. **Customer Experience Strategy.** This defines the overarching experience the brand promises to deliver across all touchpoints, channels, and segments.
3. **Channel Segmentation.** For each channel, companies must identify its business goal, key capabilities, and the role the channel plays in the shopping and purchase process. Channel segmentation defines what the company does, how it does it, and how its channels serve customers.
4. **Customer Segmentation.** Companies must define each segment's size and value, the needs of customers in the segment, and the segment's shopping and purchase drivers. When analyzing a customer segment, organizations should consider segment members' future purchasing potential and ability to influence others.

“Customer experience is the sum of all interactions that a customer has with a company.”

– DENISE LEE YOHN

5. **Prioritization and Alignment.** After defining the channel and customer segments, companies must determine which channels and customer segments align. They must evaluate which intersections represent the greatest profit potential.
6. **Detailed Experience Description.** This step is where organizations design the customer experience for each priority intersection of channel and customer segments. The levers that can be used to create customer experiences include products, service levels, value-added services, tools and resources, content, community, sensory appeal, and more.
7. **Clear Expression of the Brand Platform.** Companies must ensure that all segments and their associated customer experiences complement one another. It is essential to avoid disjointed customer experiences.

When designing customer experiences, it is important to get the whole organization on board. All key customer experience stakeholders should be involved. Applying the Customer Experience Architecture requires discipline, data, and deliberate decision making.

Case Study: Applying the Customer Experience Architecture to a Multi-Channel Sporting Goods Retailer

Yohn recently worked with a multi-channel sporting goods retailer to apply the Customer Experience Architecture. This company used the framework to define its:

1. **Brand Platform.** The firm's brand platform is: "The absolute perfect gear for you."
2. **Customer Experience Strategy.** The strategy combined two components: 1) "The best gear and convenience of shopping you expect from any retailer;" and 2) "The expert knowledge and care you expect from a specialty store."
3. **Channel Segmentation.** This retailer had three key channels: catalog, stores, and the website.
4. **Customer Segmentation.** The retailer identified three customer segments: loyal customers, new customers, and individuals who are not yet customers.
5. **Prioritization and Alignment.** This retailer felt that loyal customers were aligned with the catalog channel, new customers were more likely to visit stores, and potential customers would be attracted to the website.

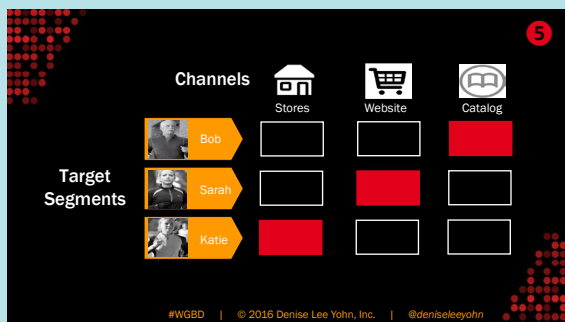


Figure 2
Prioritization and Alignment at the Multi-Channel Sporting Goods Retailer

Based on this analysis, the company completed the Customer Experience Architecture by designing customer experiences and ensuring they were consistent with the brand platform. The team drafted short stories about how each customer segment would experience the brand. The company recognized that the sales team would need new training to support a consultative selling approach.

As a result of this work, the sporting goods retailer increased its marketing effectiveness by 40%, created an operational plan to support growth goals, and enjoyed its best sales month ever. The Customer Experience Architecture helped the firm move to the next level.

Extraordinary customer experiences are characterized by 5Es.

These five E's are:

1. Engaging
2. Empathetic
3. Engage the senses
4. Executed with excellence
5. Embody the brand

Starbucks and Salesforce are examples of companies that deliver extraordinary customer experiences across all five dimensions.

OTHER IMPORTANT POINT

- **Additional Resources.** Tools and materials including the Customer Experience Architecture Template and Worksheet, a free chapter from *What Great Brands Do*, and a free chapter from *Extraordinary Experiences* can be downloaded from Yohn's [website](#).

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– DENISE LEE YOHN

BIOGRAPHIES



Denise Lee Yohn
Brand Building Expert

Denise initially cultivated her brand-building approaches through several high-level positions in advertising and client-side marketing. She served as lead strategist at advertising agencies for Burger King and Land Rover and as the marketing leader and analyst for Jack in the Box restaurants and Spiegel catalogs. Denise went on to head Sony Electronic Inc.'s first ever brand office, where she was the vice president/general manager of brand and strategy and garnered major corporate awards. She has run her own firm as an independent consulting partner since 2004.

An influential writer and brand expert, Denise wrote the bestselling book *What Great Brands Do: The Seven Brand-Building Principles that Separate the Best from the Rest* and the new book *Extraordinary Experiences: What Great Retail and Restaurant Brands Do*. She enjoys challenging readers to think differently about brand building. She has been a regular contributor to the *Harvard Business Review* blog, *Forbes*, *Seeking Alpha*, and the monthly column *Brand New Perspectives* to *QSR Magazine*. Denise regularly

appears on Fox Business TV and other international news media as a commentator on breaking business news. In 2008 she launched her blog, *brand-as-business bites™*, which the Marketing Executives Networking Group (MENG) named as one of the top 20 marketing blogs.

With her expertise and personal approach, Denise has become an in-demand keynote speaker and addresses business leaders around the world. When she's not writing or speaking, she serves as a board member of San Diego Sport Innovators and the non-profit Urban Life.

Outside of her professional roles, Denise counts hiking Mount Kilimanjaro, dancing with a professional ballet company, and flying a helicopter as some of her greatest life experiences.



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Angelia Herrin is the editor for special projects and research at HBR. Her journalism experience spans 25 years, primarily with Knight-Ridder newspapers and *USA TODAY*, where she was the Washington editor. She won the Knight Fellowship in Professional Journalism at Stanford University in 1990. She has taught journalism at the University of Maryland and Harvard University.

Prior to coming to HBR, Angelia was the vice president for content at *womenConnect.com*, a website focused on women business owners and executives.

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