

Getting Clued in to Experience Management

Creating fiercely loyal customers requires purposefully managing their experiences



It's possible to create value for customers that foster the same fierce loyalty and commitment that top corporations such as Krispy Kreme, Disney, Progressive Auto Insurance, Harley Davidson and Southwest Airlines enjoy, but it means thinking about customer value creation differently than most organizations do now.

It's not just about product attributes, features, benefits or customer service. It's not about bolting on the latest program or management trend du jour.

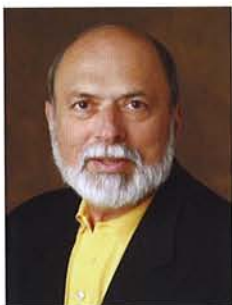
It's not just about employee recruitment and selection. And it most certainly isn't about accumulating more bonus points or miles than a customer can use in their lifetime.

Fostering fierce commitment and loyalty requires thinking about the value that customers perceive, well beyond product and service and into the realm of experience. Customers place great value on experiences. This includes how they perceive, interact and recollect the experiences they have with organizations and the products and services they purchase from them.

More and more businesses are stepping up to the challenge of creating value experientially because they're faced with "white sales" that never end and a heroine-like addiction to promotions. Which more often than not, land them in the abyss I refer to as the "commodity zone."

Competition, the broad range of selection and the fickle nature of the economy have

compelled businesses to understand customer experience preferences on a deeper level. And to begin to design, manage and steward experiences from a perspective that moves the company from "make and sell" to "sense and respond." From "cross your fingers and hope we create value" to a rigorous, systematic approach to managing both the rational and emotional value perceived by customers – which is best accessed through a focus on the experience.



BY LEWIS P. CARBONE

Creating experience value is a strong foundation for organizations to build on. Basic tenets include understanding the following: 1) that our preferences are generally influenced by emotions, not exclusively or predominantly by rational thought; 2) approximately 95 percent of what people process in an experience takes place in our unconscious thoughts; 3) experiences are comprised of clues that are interpreted by our senses, and they must be designed and systematically managed to effectively imprint experiences; and 4) what customers feel emotionally in their experience and about themselves establishes the value they associate with a brand.

Demonstrated benefits derived by firms that have effectively leveraged customer experience value include strong sales growth, market share strength, enhanced profitability and pricing inelasticity. Avis Rent A Car adopted a customer experience-based perspective and moved from third to currently being ranked first in customer loyalty among the big three on-airport car rental compa-

nies. And of 147 top worldwide brands, Avis has ranked #1 in "most consistently meeting customer expectations" four years in a row, after never being ranked before (Brand Keys Customer Brand Loyalty Study, 2000-2004).

Leveraging experience as a company's value proposition moves organizations beyond commoditized relationships with customers, employees and stakeholders, building strong preference and emotional commitment. It leads to increased loyalty, greater financial efficiencies in knowing where and how to invest dollars, and improved financial performance. It can also enhance brand value, lessen pricing and promotional dependence, and lower acquisition costs to attract new customers and employees because of a lower "churn rate."

Don't be remiss in understanding the value created for customers by the experiences they have with you because that is the key to optimizing your value.

Customers cannot not have an experience, it's a question of how random or managed that experience is.

Above all, don't miss the boat on ensuring their experiences are purposefully designed and managed to optimize the value generated for them. Because in these turbulent waters more and more companies are realizing the value of customer experiences and the opportunity represented. Don't be left in the wake! ☺

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