The Future Is
Customer Experience Management

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A huge shift in customer service and sales is underway, brought about by changing demographics, new technologies, and new forms of communication and interaction—as well as increasing economic and competitive pressures. ➲

Ultimately, **customer experience management (CEM)** crosses the boundary from contact center to enterprise-wide customer care and provides a new way for companies and organizations to differentiate and grow. Those that effectively shift their focus to address the new realities of CEM will be able to ride the wave of the generational shift—and lead their market by understanding each buyer's journey.

CEM is the discipline of managing and treating customer relationships as assets, with the goal of transforming satisfied customers into loyal brand advocates. CEM must balance customers' needs (such as resolution, value, competence, and convenience) with the organization's needs for growth and revenue, efficiency, and obtaining the highest customer lifetime value (CLV) possible. **This is the future.**

Anticipating Customer Needs

In a world where consumers have numerous choices and switching providers is both easy and inexpensive, many products and services have become commodities. Organizations in such an environment have two choices: Compete on price or add value. While differentiation in a homogenized market is a compelling reason to embrace CEM, organizations in less competitive markets can also benefit greatly from managing the customer experience.

CEM is a proactive process through which a customer's needs are anticipated and pre-emptively solved. It requires an understanding of every touchpoint, every moment of truth when a customer interacts with the organization and forms an impression—negative or positive. It is essential to understand those moments, anticipate them, and take pre-emptive measures to ensure a positive experience.

Positive interactions drive customer satisfaction, loyalty, and lifetime value, but there's also a cost factor that can't be ignored: the cost of acquiring a new customer. It's a widely held notion that it's cheaper and easier to retain a customer than it is to acquire a new one. Managing the customer experience throughout the life cycle can deliver a higher ROI on those initial acquisition costs and increase the lifetime value of the customer. Companies skilled in the art of customer service have an advantage, especially if they embrace the wider discipline of CEM.

Adopting a CEM Mindset

At first glance, CEM seems like a natural fit for the customer service department or contact center. However, successful CEM relies on an enterprise-wide commitment. Obviously, customer service representatives should have a CEM mindset, but so should developers, engineers, and accounts receivable reps. In essence, every employee is potentially an agent to the customer. Therefore, CEM initiatives must be implemented company-wide and made part of the culture.

Consider another critical factor: truly understanding the customer's perspective. Surveys and focus groups can help you gain a deeper understanding of what customers really think. Mystery shopping is another option. In fact, it's not a bad idea for employees from various departments to do their own shopping or self-service support and report their experiences as a customer rather than an employee. Have you ever tried to do business with your company? From an internal perspective, an e-commerce site may have streamlined order fulfillment and payment processes—but how does it work for customers? Is it easy to find products and place an order, or is it confusing, slow, and frustrating? What is it like to shop in one of the company's retail stores? While an internal decision to provide larger shopping carts may have increased sales, are the carts too big to comfortably navigate through the store's displays? What's it like to try to call to place an order or get help?

In addition to surveying customers and walking in their shoes, organizations should identify every possible interaction or touchpoint a customer will experience when dealing with them. Whether via telephone, social media, self-service portals, Web chats, at the store, or

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through some other channel, what moments are critical? What can go wrong? How can the experience be improved regardless of which channel is used? How can the experience be personalized? This may seem overwhelming. Sometimes, however, all it takes to improve an experience is a small tweak or even a simple acknowledgment of an issue.

As a company moves toward CEM, it's smart to set specific goals and define how a successful customer experience will be measured. For example, if the goal is to improve first-call resolution rates, it may be necessary to start looking at Customer Effort Scores as a performance measurement or provide self-service options while a caller waits on hold.

Finally, both front-end and back-end processes will need to be aligned to support the CEM initiative. The IT department will play an integral role in CEM, making it important to include them from the beginning.

Changes in consumer behaviors and market conditions require a new, proactive approach focused on the experience. Delivering a good customer experience addresses both customer and business needs, resulting in value for both the end customer and the business.

- **For the customer,** CEM delivers satisfying experiences so that they feel valued and understood. Loyalty for life and positive word of mouth become likely.

- **For the business,** CEM improves CLV and drives higher revenue and improved margins throughout the customer journey. CEM can transform a cost center into a profit center.

CEM starts with a change in mindset, but that's just the beginning. Organizations must also consider how to integrate their communications, information systems, and internal processes in order to dynamically respond to and proactively manage customers' needs and expectations —in real time.

Each new channel and service added to increase differentiation and stimulate growth also increases the risk of dissatisfying customers. However, the opportunity and rewards are substantial for organizations that recognize that the customer experience is their brand and that understanding and responding to the customer journey drives customer lifetime value. [A]

Stuart Dorman has over 12 years' experience as a contact center and unified communications consultant. As Sabio's Head of Consultancy, he is a leading advisor to businesses on how to get the most out of communication technology. Using his proven consultancy methodology to assess and benchmark enterprise communication environments, Stuart works with customers to identify and implement strategies to improve operational performance, reduce costs, and improve customer service.