Customer Experience Management - Q&A
A chat with leaders

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Q: Let us first start with understanding, what is Customer Experience Management?

A: First let us address customer experience. It is the customer's assessment from their point of view of interaction with an organisation. It includes the rational assessment (for example, how quickly was the problem fixed?), as well the sub-conscious feeling of the interaction (for example, the driving experience of a BMW car). Customer Experience Management (CEM) is the collection of people, processes and technology that an organisation uses to manage, track, measure and optimise every single interaction between a customer and the organisation, product, service or brand.

Q: This leads us to the follow-on question of, what is the objective of Customer Experience Management?

A: Customers are the primary source of revenue for an organisation. Products, services and brands generate the value for an organisation only when customers buy, use and advocate these. Creating loyal customers is a driving factor to sustain long term growth and value. Hence the primary goal of CEM is to foster customer loyalty by optimising each interaction from the customer's point of view.

Q: With the above background, the more interesting question is, why is it now that there is lot of discussion as well as strategic and implementation focus on CEM?

A: We currently live in a very dynamic technology and digital data driven age. The answer lies in understanding how these changes are influencing the customer, competition and compliance.

Customer: With advancement in communication networks, digital technology and inter-connectivity between the digital and physical world, customer expectations and behaviour have changed. The balance of power has shifted towards the customer. Customers are more aware of the market offerings, they have access to tools to provide quick and simple research and analysis. Similarly, they have access to media to share their experiences. Customers expect to be serviced at a time of their choosing, and not only during/after business hours, but through a channel of their preference, and most importantly obtain the product or service that matches their need.

Competition: Each industry is leading and implementing CEM in a different way. The interesting point is that irrespective of the industry, each interaction that the customer has with the various companies influences their expectations. For example, Click-and-Collect is now a standard service expected by customers, whether from a retailer or even Forex collection from a bank. Based on their last best experience, customers at a minimum expect similar experience. The second interesting trend is of organisations creating different business models through the insights they have gained from their customers. For instance, Peugeot's "Just Add Fuel" is very innovative and cuts across insurance, road side assistance and servicing in a single monthly payment. These new models have the potential to disrupt the market.

Compliance: The financial crisis has significantly impacted the trust and credibility customers hold, not only with their banks and insurers, but also extending to other industries such as energy, utilities and telecom providers. Regulators are focussing on the topic of treating customers fairly, protecting customer privacy, empowering the customer and making it easier for customers to switch products and services.

The combination of the above is significantly influencing customer expectations and behaviour. Unless managed strategically, this makes fostering customer loyalty extremely challenging.

Q: Given that we have established the importance of CEM and the need to manage it strategically, how should companies start developing their CEM approach?

A: Putting the customer right at the centre of everything is very important. The internal silos created within an organisation is one of the prime challenges to address. A good starting point is to conduct a value stream analysis of each process from a customer's point of view. This analysis should ignore the organisation's internal view of the customer journey and break through the existing internal organisation silos. Another key aspect is to extend the process beyond the internal boundaries and include the partner ecosystem servicing the customer. The output will provide very interesting insights around the key touch points that customers describe as of most value to them. This insight combined with the brand strategy should be used as the driver for designing the CEM strategy.

From an implementation point of view, the dynamic nature of the environment we live in and speed of technology advancements or obsolescence introduces significant challenges. To address this, one approach is to focus on clearly defining the end state vision, and to draw a high level roadmap to deliver and detail out only the first couple of phases. Building an ecosystem of partners that specialise in discovering the value stream analysis, measuring and designing the strategy is vital.

Q: How can the IT team collaborate with business in defining and implementing CEM?

A: We have seen how IT has moved from the back-office into the board room. There are three key components that IT brings to drive the CEM change; customer engagement, digital data and analytics. Let us address each one of these:

Customer engagement: Digital technology extends the ability of the channels available for an organisation to engage with the customer. Customers expect to move seamlessly between using their mobile device to research and transact, to calling the help desk to negotiate and move into a branch office for collection. Organisations would gain significant advantages by blending the digital and the physical interactions, thus providing a consistent and high quality experience irrespective of the channel.

Digital data: There are several statistics available on the amount of digital data being generated each day. While still expecting compliance with data privacy and security expectations, customers have demonstrated their readiness to allow organisations to use the information given to them if it is beneficial to the customer. Exploiting the use of digital data to simplify and automate processes provides a significant lever to influence customer engagement.

Analytics: Apart from the value to be gained from big data analytics, there is another fundamental shift into the next generation of data analytics. This is the movement away from programming systems to cognitive systems. These two technology advancements provide opportunities for organisations to utilise the digital data assets in a different way to gain actionable insights and knowledge from the data available.

Q: And finally to close the discussion, what is the key IT challenge posed in the implementation of the CEM strategy?

A: As we have discussed during the session, the speed of change is the one certain element that organisations need to embrace. Organisations need to develop frontline capabilities to respond to change rapidly. Towards this they need to classify the IT enterprise into two groups; system of engagement and system of records. Primarily, the system of engagement needs to follow a start-up model, while the system of record follows the established corporate governance model. Furthermore, building a seamless integration layer between these two systems will provide organisations the ability to implement at dual speed capability. Implementing this model correctly will be the key factor for CEM success.

About the Author

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Vijay is VP, Strategic Business and Technology expert at Mphasis. Vijay is an IT professional leader with 20+ years of experience across the customer lifecycle of demand generation, demand fulfilment, delivery, growth and retention.

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