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Managing the Total Customer Experience

Offering products or services alone is no longer enough: Organizations must provide their customers with satisfactory experiences. Competing on this dimension means orchestrating all the “clues” that people detect in the buying process.

**Leonard L. Berry, Lewis P. Carbone
and Stephan H. Haeckel**

In recent years, managers have become increasingly aware of the need to create value for their customers in the form of experiences. Unfortunately, they have often proceeded as if managing experiences simply meant providing entertainment or being engagingly creative. The issue is far more complex than that.¹ Restaurants that put photographs of movie stars on their walls and retailers that hang motorcycles from their ceilings — to give just two examples — will ultimately be disappointed in customers’ responses if they fail to make such objects part of a well-conceived, comprehensive strategy of managing the customer’s experience.

To carry out such a strategy, companies must gain an understanding of the customer’s journey — from the expectations they have before the experience occurs to the assessments they are likely to make when it’s over. Using that knowledge, companies can orchestrate an integrated series of “clues” that collectively meet or exceed people’s emotional needs and expectations. The internalized meaning and value the clues take on can create a deep-seated preference for a particular experience — and thus for one company’s product or service over another’s.

An organization’s first step toward managing the total customer experience is recognizing the clues it is sending to customers. Companies that sense trouble — in the form of falling customer-satisfaction scores or new competitive threats — would do well to consider undertaking the focused, comprehensive management of all the clues that give off signals to people. Fortunately, specific tools are available to help organizations with this process. And, as we’ll show, some companies are using the tools of customer-experience management to create a competitive advantage that is difficult to match.

Recognizing the Clues

When we talk about clues, we don't mean the snippets of information or bits of physical evidence that only crime-novel detectives can find. In fact, the clues that make up a customer experience are everywhere, and they're easily discerned. Anything that can be perceived or sensed — or recognized by its absence — is an experience clue. Thus the product or service for sale gives off one set of clues, the physical setting offers more clues, and the employees — through their gestures, comments, dress and tones of voice — still more clues.

Each clue carries a message, suggesting something to the customer. The composite of all the clues makes up the customer's total experience.

The clues that make up a customer experience fit into two categories. The first concerns the actual functioning of the good or service. Clues relating to functionality are interpreted primarily by the logical circuitry of the brain. Did the plumber fix the leak? Did the rental car start when I turned the key? A car that starts when it is supposed to provides a clue that other aspects of functionality may also be in good working order, such as the heater or the global positioning system.

The second category concerns the emotions and includes the smells, sounds, sights, tastes and textures of the good or service, as well as the environment in which it is offered. The feel of leather upholstery, the sound and smell of a steak on the grill, the tone of voice of the person answering the customer-service line are all clues that envelop the functionality of a product or service. This category of clues includes two types: "mechanics" (clues emitted by things) and "humanics" (clues emitted by people).² Such clues tend to address emotions rather than reason, as people consider whether to buy or move on.

It's no doubt clear that providing the right clues about functionality is essential — if a product is perceived as shoddy, people won't buy it, period. Providing a car that starts upon ignition, fixing the faucet so that it always shuts off when the handle is turned — these are table stakes that companies must have to enter the game. What's less clear, perhaps, is that the emotional clues, the mechanics and humanics, are just as important to the customer experience and work synergistically with functional clues. Customer value can't be reduced to functionality versus price. Instead, it is composed of both the functional and the emotional benefits customers receive minus the financial and the nonfinancial burdens they bear.³

The importance of sensory experience helps explain how

nonmonetary burdens (a disorganized store, long lines at the checkout) can outweigh the customer's consideration of price. Indeed, if the burden component of value were driven strictly by price, no one would ever pay to fly first-class and Wal-Mart would have vanquished Target by now. Companies that have little or no sensitivity to the customer's experience and focus only on reducing their costs to support lower prices may actually decrease the value of their offerings.

To fully leverage experience as part of a customer-value proposition, organizations must manage the emotional component of experiences with the same rigor they bring to the management of product and service functionality. The way to begin that effort is by observing customers and talking to them about their experiences in order to gain a deeper understanding of the clues they're processing during their encounters with the company.

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Building a New Competency

The company's goal, of course, is to get to the point where it is providing just the right set of clues to its customers. But a competency in customer-experience management can't be built overnight. Fortunately, specific tools exist that can, when used systematically, help organizations develop this necessary skill.

The first tool is an "experience audit" in which companies get close to their customers in a literal sense. Using stationary video cameras as well as pinhole cameras hidden in a researcher's wristwatch or clothing, organizations can document a great body of actual customer experiences. (Although these activities are legal, companies may wish to post signs to inform customers that cameras are in use.) Researchers can subsequently analyze hours of tape, frame by frame, watching facial expressions, gestures and body language in order to understand customers' emotional states in various situations. For example, it is easy to monitor the growing anxiety of a potential car buyer after she enters a dealership. People in that situation behave almost like prey in the wild: The vehicles are the bait, the surrounding offices are like hunting stands, and the salesperson converges, in the customer's eyes, almost like a hunter. It's no wonder that so many people dread the car-buying experience.

The use of videotape alone isn't enough to conduct an experience audit; companies should also conduct in-depth interviews with customers and employees to find out how people on both sides of a transaction feel about different aspects of an experience

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and the emotional associations that go along with it. Consider what such interviews revealed about the way customers and salespeople perceived the experience of shopping for computers. Potential buyers often felt they were being talked down to by know-it-all clerks; they much preferred being assisted in a hands-on, trial-and-error manner in which they could learn about the equipment through direct experience to find what they really needed and wanted. The salespeople, on the other hand, explained that they felt enormous pressure to know everything about everything — in other words, to develop a knowledge of the products that would lead them, quite naturally if unintentionally, to condescend to customers.

Once the audit has been completed, the team in charge of overhauling the customer experience should use the results to develop an “experience motif” that reflects the organization’s core values and branding strategy. Captured in a few words, the motif then serves as the North Star for all experience-management efforts. In other words, it acts as the unifying element for every clue in the newly designed customer experience. One financial institution, for example, wanted its customers to feel “recognized, reassured and engaged”; those terms became shorthand for the motif. Only mechanics and humanics that reinforced these watchwords were accepted as part of the newly designed experience.

The experience motif is the touchstone from which clues can be developed and defined. Mechanics can be represented graphically in drawings, and humanics should be described in narratives pegged to employee roles. For example, a bank’s motif might be “create a feeling of psychological comfort” for its customers. A drawing of the bank’s entry that reflected the motif would depict a message welcoming customers rather than a notice warning would-be robbers of video surveillance. And the employee narrative would indicate how tellers should greet customers to make them comfortable before they conduct transactions. When done thoroughly and thoughtfully, the drawings and narratives can become a critical part of an organization’s road map for communicating, implementing and monitoring a customer-experience management system.

Organizations that conduct a thorough audit and then implement the necessary changes put themselves in a superior position. Competitors can, of course, attempt to catch up by putting in experience-management systems of their own. And while competitors can reap some initial benefits by doing so, they will never

be able to replicate another system in its entirety. Meanwhile, companies that have gotten a head start by implementing complete systems will continue to find ways to cement their bonds with customers by improving their overall experiences.

To see how such systems work in practice, let’s follow two examples in which the customer experience improved dramatically.

Emergency Room Connections

One might assume that emotional connections would come naturally in any health-care setting. But past experience of the University Hospital emergency department in Augusta, Georgia, illustrates how the emotional needs of customers are often systematically overlooked — even when the customers are called patients.

In 1997, University Hospital was concerned about competition from other health-care providers as well as slowly declining customer-satisfaction scores. As a result, it went through an experience audit and implemented customer-experience management in its emergency facility. The audit revealed that the clues coming from the facility showed minimal recognition of the emotional needs of patients, and even less for the needs of their families. The hospital subsequently developed a motif and clues that focused on creating a reassuring, empathetic connection between the ER facility on one hand and patients and their family and friends on the other.

Eventually, the task force in charge of this project — nurses, doctors and administrative staff — created more than 100 clues, some of which were visible well before any prospective patient began his or her experience at the site. The hospital added more signs farther away in all directions; signs reading “Hospital 3 miles” reassured people, especially newcomers to the area, who might one day need to obtain emergency help quickly. The hospital also created entrances that were easy to use. Before the audit, a giant “Emergency” sign observable from the street directed traffic to an easily found entrance — one that turned out to be for ambulances only. People arriving in cars were perpetually confused about which entrance to use and where to park. Repositioned and reworded signage addressed that problem. Similarly, the site made internal signs easier to follow. Visitors no longer had to decipher the meaning of “Triage Station”; the sign was changed to “Care Point 1 — Reception.” And Care Point 3, the location for pediatric emergencies, could be found in the redesigned setting by following a popsicle icon.

Companies must manage the emotional component of experiences with the same rigor they bring to the management of product and service functionality.

The hospital also changed clues on the humanics side. In the failed setup, a stationary security guard sat behind an imposing desk; in the new design, the guard became a greeter and a roving ambassador, helping people navigate the registration process. The facility also added a new position that essentially added an air-traffic controller to the ER. The person in this role keeps track of patients and their progress and updates family members in the waiting room, who are otherwise cut off from what's going on in the examination rooms.

Once the task force began looking at patients' experience through the lens of an experience-management system, "a huge revelation and transformation took place," according to George Ann Phillips, director of emergency services at the hospital. No single new clue was responsible for the change. The

benefits came in the elimination of negatives, followed by the cumulative design and development of emotionally positive clues, all of which were related to the motif. Within months of the implementation of the experience-management initiatives, the facility saw a 13% improvement in the rating of its overall quality of care and a decline by one-third in customer complaints.

One example of the transformation can be seen in the way the morgue experience was improved. Sounds like a dismal task and maybe an impossible one: What can it mean to design the morgue experience from a customer perspective? But consider that normally someone simply wheeled a gurney with the body on it into a stark, brightly lit "storage" room where the family was left to stand briefly with the deceased. Some members of the project team decided on their own to devote part of a weekend to changing things. In a day's time, the group put up curtains to create privacy, disconnected harsh fluorescent lighting, brought in incandescent lamps, furnished the area with chairs, and even put up a wallpaper border. Visitors to the morgue may now have an experience that makes it a little easier to deal with their loss and enhances how they remember their time at the hospital.

Trying Harder — and Succeeding

In the early 1990s, Avis Rent A Car had declining customer-service scores. In 1994, Avis applied experience-management techniques at its Newark International Airport location, one of its largest operations. The experience design was guided by a core team of eight that set broad policy and a project team in Newark that handled day-to-day implementation.

An experience audit was conducted, complete with videotape and in-depth interviews, to evaluate customers' needs and desires at specific points in the car-renting experience. Insights from the audit led to the development of an experience motif based on relieving customer stress and anxiety. The motif anchored and aligned all the experience clues subsequently developed by the team.

For example, the research revealed that customers were usually anxious when they returned cars and concerned about making their flights. To reduce that anxiety, Avis installed monitors showing flight departure times and gates and placed them at the door of the return facility where customers would be likely to see them. The research also indicated that arriving passengers were anxious about communicating with their offices or conducting business before leaving in their rental cars. Avis created a communication center for people who needed to make calls, send faxes or plug in their laptops.

Another set of new clues centered on the location's security guards. While continuing to maintain security, they began to double as customer-courtesy representatives, and their uniforms and workstations reflected the change. In their new roles, they checked out cars for people who were part of Avis' growing frequent-renter express program. Customers in the program could avoid going inside to deal with counter personnel, and the outside reps received coaching on actions and dialogue that would support the experience motif.

Following the implementation of the new experience design, the Avis location at Newark Airport won the J.D. Power award for customer satisfaction the next year. Within 18 months, the company's management rolled out the experience design to other key locations that accounted for more than 65% of Avis' business. By 1999, Avis had moved from near the bottom to twelfth in the Brand Keys customer-loyalty recognition survey of more than 140 national brands in 26 industries. In 2000 and 2001, Avis ranked number one in the same survey.

Competing With Experiences

Customers always have an experience — good, bad or indifferent — whenever they purchase a product or service from a company. The key is how effectively the company manages the experience. Organizations that simply tweak design elements or focus on the customer experience in isolated pockets of their business — by providing a quick hit of entertainment, for

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example — will be disappointed in the results.

Companies compete best when they combine functional and emotional benefits in their offerings. Emotional bonds between companies and customers are difficult for competitors to sever. To compete successfully in this territory, a growing number of organizations are systematically applying the principles and tools of customer-experience management to strengthen customer loyalty. Unlike many product or service enhancements, the holistic nature of these experiential designs makes them very difficult for competitors to copy.

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