INTERNATIONAL CUSTOMER EXPERIENCE INSTITUTE

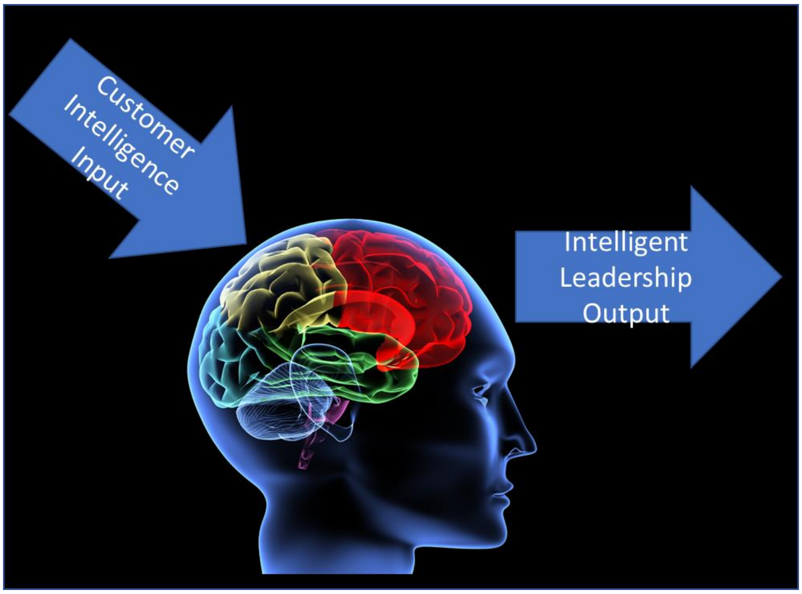
ICXI -POST newsbriefing

Vol 2 – Issue 11 April 2023

Introduction From The President

The old question that seeks to establish a formula that establishes an international proof between the relationship of customer service and revenue continues unresolved in absolute terms. Finding an $x + y = z$ solution that fits all organisations in all situations is probably impossible and is likely to be so for ever. It is like trying to find a rock-solid formula for the impact on revenue for employing more men than women or investing in one kind of technology or another. Customer service investment, like most organisational investments, carries a degree of risk and part of the skill set required in successfully managing that risk is to understand the downsides.
It is a generally accepted truth that that customers are the only source of revenue for every organisation so treating customers badly and/or dishonestly with unskilled people, poor quality products and service, complex, ineffective processes in difficult, insecure places are unlikely to be the strategic foundations for a universal recipe for success.

Yet there are many organisations that appear to try to operate using some or more of these attributes. This appears to be the result of failures in either intelligence or intelligence or both. On one hand the proactive gathering of intelligence on the expectations of the target customer (aka revenue) groups and on the other hand the intelligent(aka leadership) application of that data to inform customer experience strategy.



Is This Getting Any Easier?

The general global economic outlook appears to suggest that for many, who have not planned ahead or have been taken unawares, that the funding for customer experience management programmes may not be sustained at their present levels.

A report by Forrester - ***Predictions 2023: Customer Experience***
states that
The challenges of 2022 — when companies lost their customer focus amid rising customer expectations and a worsening economy — will create an inflection point for CX programs in 2023. CX programs that help their organizations achieve their brand aspirations — and have the data to prove it — will thrive despite corporate belt tightening. Other programs will wither since they'll no longer have a strong economy to buoy them. This will surprise many CX leaders, given that a shockingly high 82% of them expect their budgets to rise next year. Despite this unwarranted optimism, we predict that in 2023:

- ***One in five CX programs will disappear** — and one in 10 will be stronger than ever. The estimated 80% of companies for which great CX is not part of their brand identity will finally demand proof that spending on CX improvement is necessary, and some of these companies will dissolve CX teams that can't show numbers.*
- ***Four in five CX teams will lack critical design, data, and journey skills**. Already, a majority of CX teams lack crucial skills in inclusive experience design; design thinking; survey design; data literacy and storytelling; and journey mapping, analytics, and management. These skills are "accelerants" that help CX teams understand, improve, and manage the customer experience — and ultimately elevate the team's impact. CX teams without these skills will remain stuck on basic find-and-fix work, unable to help their organizations innovate to thrive in a challenging business environment.*
- ***Proactive service recovery (PSR) will override strategy as the focus of CX work**. PSR is an umbrella term for actions that try to turn around bad experiences for individual customers — even those who don't complain — usually in as close to real time as possible.*
- ***CX differentiation will erode in three-fourths of industries**. The range between the best and worst CX in these industries will narrow as 25% of below-average brands improve and 50% of above-average brands decline or stagnate. Differentiation has already narrowed in at least one industry in eight of the 11 countries for which we have year-over-year Customer Experience Index (CX Index™) data — including 10 of the 13 industries we study in the US and five of the nine industries in Canada. Why is differentiation narrowing across so many industries? Lower-performing brands are solving basic CX problems, while top brands are struggling to embrace transformative CX improvements that ensure their differentiation. To stand out from this tightening pack, companies must embrace customer obsession and pursue CX innovations that differentiate their brand, rather than relying on CX strategies that consumers perceive as similar.*

• ***One-third of point solution CX tech providers will get acquired by platform players***. *Point solution providers are companies that offer a single specialty product or service, like a journey mapping application, design tool, or chatbot. The past two years have witnessed an uptick in acquisition of these companies by larger tech providers trying to fill out their own offerings, absorb innovative competitors, or enter new markets. Two factors will drive acquisitions to a fever pitch in 2023:*

1) many companies' desires to have best-in-class solutions within a single platform and

2) 2) low selling prices for point solution providers that are struggling due to economic trouble and a crowded CX tech market.

However, acquisition-prone platform players risk backlash by the end of 2023 if clients perceive that they're:

1) unable to integrate their acquisitions,

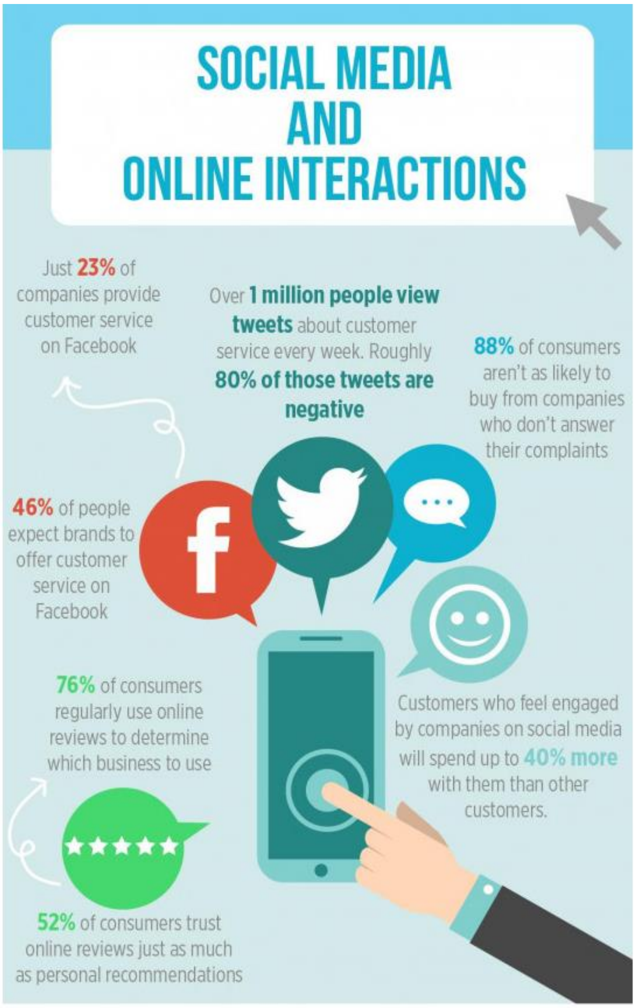
2) unwilling to modularize offerings for buyers who don't want an entire platform,

3) charging too much, or

4) struggling with lack luster relationship management.

https://learning.callminer.com/uk/whitepaper-forrester-predictions

Beware the customer's customer!



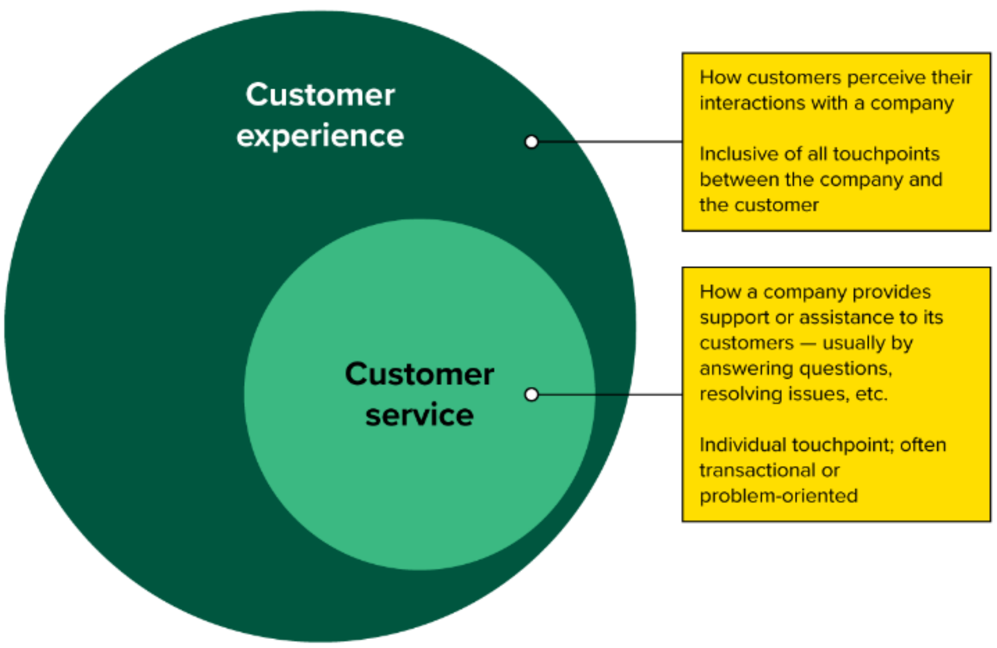
So as the sensitivity of the customer(aka Revenue) to poor service remains high what are the key justification priorities for CEX Investment?

Another **Forrester** report suggests that there are very good reasons for many sectors to invest in their customers experience management strategies. It starts by seeking to create a distinction between ***customer experience*** and ***customer service***.
The rolling redefinition of customer service over the years, (vis service quality, customer focus, customer first, customer obsession, customer satisfaction, service excellence, et al) has perhaps created some confusion and the use of one element, customer service, as a component of customer experience may be useful at this example.

The Report **Money On The Table: Proof That Customer Service Drives Revenue**
How Good Customer Service Can Drive Billions In New Revenue Across Industries

Customer service is often seen as a cost center — a necessary evil to handle customer questions and complaints. This could not be further from the truth. A customer's experience with the contact center has enormous impact on their perception of customer experience (CX) quality. This report reveals the massive revenue gains from delivering good customer service. Customer service leaders will also learn what changes they can make to drive contact-center-led CX transformation.

Customer Service Is A Crucial Part Of CX



Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

Let's face it: Customer service — especially the contact center — gets a bad rap. Touted as too operational or labeled a "cost center," customer service is often one of the first targets for budget cuts or other cost reduction measures. But it's a crucial part of a customer's experience (see Figure 1). And that means that improving customer service is critical for driving business growth.

The report focuses on call centre operations but the underlying messages appear equally relevant and applicable to any situation in which customers (aka revenue) engage with an organisation. It goes on to identify three important drivers of customer service and the impact they have on other indicators of customer experience management performance.

Forrester's Model Identifies Three Important Customer Service Drivers

Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

The report goes on to explain their impact on the following valuable metrics.

CX Index Scores, Satisfaction, Advocacy, Trust, And Enrichment Improve With Better Service

In addition to examining the impact on top-line revenue, we looked at how these three customer service drivers have an impact on:

CX Index scores. Forrester's CX Index measures how the quality of customer experience drives loyalty. *CX leaders use the CX Index to both assess their CX quality and understand where they can focus to drive better loyalty and ultimately higher revenue. The metric looks at the three E's of customer experience: effectiveness, ease, and emotion. Many CX leaders (including some we've highlighted in sections below) have incorporated these measures into their customer service delivery (e.g., agent scorecards, post-contact surveys). The customer service drivers we evaluated have a sizable impact on brands' CX Index scores. Auto and home insurers could see an additional 19.2 CX Index points per customer by ensuring agents can answer all questions. Health insurers that resolve customer issues on the first contact could increase their CX Index score by 16.4 points per customer.*

Satisfaction. *Customer satisfaction is the preferred CX beacon metric for 43% of executives we surveyed, according to Forrester's 2022 State Of VoC And CX Measurement Practices Survey. Satisfaction is one of the most popular perception metrics, and contact centers routinely track it via post-interaction surveys and through sentiment analysis as part of their conversation analytics program. Airlines that resolve customer issues on the first contact could see an 8-percentage-point improvement in satisfaction. Both utilities and health insurers could see a 7-percentage-point improvement in satisfaction by ensuring agents can answer all customer questions. Luxury auto manufacturers, credit card issuers, and hotels could see a 5-percentage-point improvement by ensuring their agents can solve problems without a supervisor.*

Advocacy. *One of the primary sources of customer loyalty, advocacy represents a customer's intention to recommend a brand to others. As with satisfaction, customer service teams aren't new to measuring advocacy — this outcome metric is in many post-interaction surveys. That said, the impact of the customer service experience on customer advocacy is larger than we expected. Of the three drivers we evaluated, an agent's ability to solve problems without escalating to a supervisor had the biggest impact on a customer's willingness to recommend a brand. Federal government agencies could increase customer advocacy by a whopping 10 percentage points by empowering their agents to solve problems themselves — the largest potential increase we identified. By improving the same driver, utilities and health insurers could see an 8-percentage-point improvement to customer advocacy.*

Trust. *Earning customer trust matters — a lot. Consumers who believe a brand is trustworthy are more willing to forgive it for missteps and more likely to increase engagement and spend. Perhaps unsurprisingly, customer trust is enormously important for financial services brands. Forrester's Financial Services Customer Trust Index looks at the level of trust consumers have with their financial services providers across various parameters. Customer service has a role to play in increasing (or decreasing) customer trust. Both multichannel and direct banks that resolve inquiries on the first contact could increase trust by 5 percentage points. But the importance of trust is not exclusive to banks. By empowering agents to solve problems themselves without a supervisor, airlines could increase customer trust by 7 percentage points, and health insurers could see a 6-percentage-point improvement for the same driver.*

Enrichment. *Enrichment — the willingness to purchase more products and services from a brand — is one of the three main outcomes of CX quality as measured by Forrester's Customer Experience Benchmark Survey. Of course, this behavior is most closely linked to revenue, which we'll explore in detail later. By ensuring they resolve customer issues on the first contact, investment firms could see a 5-percentage-point increase in customer willingness to increase assets under management. By ensuring that their agents have the authority to solve problems themselves, multichannel banks, hotels, and credit card issuers could each see a 5-percentage-point increase in customer enrichment.*

Your Customers Have Questions? Make Sure You Have Answers

Customers don't contact customer service for the thrill of it — they've got questions, and they expect your agents to have the answers. Ensuring agents are equipped with the right knowledge and tools to answer customer questions could mean billions in top-line revenue.

Retailers that ensure their agents can answer customer questions could see $1.1 billion, and multichannel banks could see $356 million. To unlock this value, agents should have:

Access to answers
The time to share the answers
Experience being a customer.
Time away from the phones.

The report and research indicates the outcome potential of these actions

The Potential Impact Of Answering All Customer Questions

The revenue impact of answering all customer questions

Industry	Customer Experience Index (CX Index™) points available[1]	Avg. number of customers per company (millions)	Percentage of customers who are likely to increase the points awarded	Avg. revenue increase per customer who increases CX Index score	Incremental revenue per company (millions)
Airlines	16.8	40	25%	$67	$667
Auto/home insurers	19.2	18	18%	$324	$1,023
Banks (direct)	15.6	10	21%	$88	$187
Banks (multichannel)	18.2	15	19%	$127	$356
Credit card issuers	16.8	60	19%	$14	$157
Hotels	16.7	37	20%	$83	$604
Retailers	15.8	100	22%	$50	$1,101

The invested assets impact of answering all customer questions

Industry	CX Index points available[1]	Avg. number of customers per company (millions)	Percentage of customers who are likely to increase the points awarded	Avg. increase in invested assets per customer who increases CX Index score	Incremental invested assets per company (millions)
Investment firms	16.9	46	20%	$8,214	$76,864

Note: Numbers have been rounded.
Base: 96,211 US online consumers (18+) who interacted with a specific brand within the past 12 months
Source: Forrester's Customer Experience Benchmark Survey, US Consumers, 2022

Customer Service Teams Should Be Focused On Resolution

When you resolve customers' problems the first time around, it can lead to hundreds of millions (or even billions) in revenue (see Figure 4). Auto and home insurers that improve their first-contact resolution could see an additional 18 CX Index points per customer, resulting in a whopping $1 billion in additional revenue. Hotels that work to improve first-contact resolution could unlock $716 million, and credit card issuers $165 million.

To access these revenue gains, customer service teams should:

Anticipate the next issue. *One step toward truly anticipatory experiences is leveraging data about your customers to uncover the next likely issue or call.*

Prevent the need for a contact. *The best service interaction is the one that doesn't happen. Leading brands recognize this and take concerted effort to solve the underlying problems that customers call them about*

Get customers to the right agent. *Increase the chance that you resolve customers' issues on the first try by ensuring they reach the right person the first time*

Use technology to blur the contact boundaries. *It is not always going to be feasible to resolve issues on the first contact*

Invest in resolution-centric coaching. *Align agent coaching and enablement with that objective.*

Update how they measure first-contact resolution (FCR) – *Customers see touchpoints on the same topic as one issue*

The Potential Impact Of Improving First-Contact Resolution

The revenue impact of resolving customer issues on the first contact

Industry	Customer Experience Index (CX Index™) points available[1]	Avg. number of customers per company (millions)	Percentage of customers who are likely to increase the points awarded	Avg. revenue increase per customer who increases CX Index score	Incremental revenue per company (millions)
Airlines	16.7	40	27%	$66	$705
Auto/home insurers	18.0	18	20%	$304	$1,078
Auto manufacturers (luxury)	16.5	0.35	21%	$2,003	$147
Auto manufacturers (mass market)	16.9	18	24%	$1,174	$4,994
Banks (direct)	17.4	10	22%	$100	$215
Banks (multichannel)	18.8	15	21%	$133	$417
Credit card issuers	17.1	60	20%	$14	$165
Hotels	17.1	37	23%	$86	$716
Retailers	16.0	100	24%	$51	$1,204

The invested assets impact of resolving customer issues on the first contact

Industry	CX Index points available[1]	Avg. number of customers per company (millions)	Percentage of customers who are likely to increase the points awarded	Avg. increase in invested assets per customer who increases CX Index score	Incremental invested assets per company (millions)
Investment firms	16.7	46	21%	$8,255	$79,440

Note: Numbers have been rounded.
Base: 96,211 US online consumers (18+) who interacted with a specific brand within the past 12 months
Source: Forrester's Customer Experience Benchmark Survey, US Consumers, 2022

Give Agents The Authority To Solve Problems

The tendency for contact centers to be more operational than other departments has long been used as a pejorative, as though operations and good CX are incompatible concepts

Having a culture of ownership. *Some customer service leaders may not be ready to hear this, but preventing your agents from making decisions is keeping you from your CX potential.*

Setting the guardrails. *Many service leaders are squeamish about providing agents with more autonomy.*

Ditching the script. *If your customers expect your agents to have the authority to help them (and they do), then agents need to have their own voice.*

Focusing on accountability. *If your quality form places significant emphasis on empathy statements, you might consider a new approach.*

Being intentional about escalations. *In some cases, you can't avoid escalations*

https://learning.callminer.com/uk/forrester-money-on-table

/

A perspective on Revenue and Profit from Micah Soloman in Forbes Magazine ask the question

Is the point of customer service to make a profit?

The point of this perspective is to draw the distinction between **Revenue** and **Profit.** In so much as it is not possible to create an *x + y =z* formula for customer/experience revenue it is even less achievable for profit because of the myriad of ways in which organisations calculate that figure. However it is from profit that the investments needed for customer service and customer experience improvement primarily will be funded so leaders need to have a clear vision of the degree to which the potential benefits of any investment outweigh the actual investment in improvement in their organisation and the sector in which it operates. So….

***Is the point of customer service to make a profit?* - Micah Soloman in Forbes Magazine**

Well, let's back up. Is the point of your business to make a profit?

The answer to that is probably yes and no.

Most people I know in business would give you "yes and no" as their answer. (Or, at least most who have been in business a while; sometimes, when you're just starting out, you're only about the "yes" —money, money, money — or, occasionally, the "no": so fascinated by the art or artisanship of your new venture that you forget the bottom line entirely.)

In other words, veteran businesspeople do watch the bottom line carefully: While they don't always take the safest path, at the same time they avoid pursuing an opportunity if it's guaranteed to have no (ultimate) profit potential.

Yet those same people do tend to see their business in a perspective larger than the flow of debits and credits. As something with value on its own as an activity, a group of activities. And of more value if it is a conduit for helping employees to have good, insured, secure, respected, engaging ways to make a livelihood. With chances to be involved in the design/ creation of the work they do and the work lives they lead.

Customer service and profit

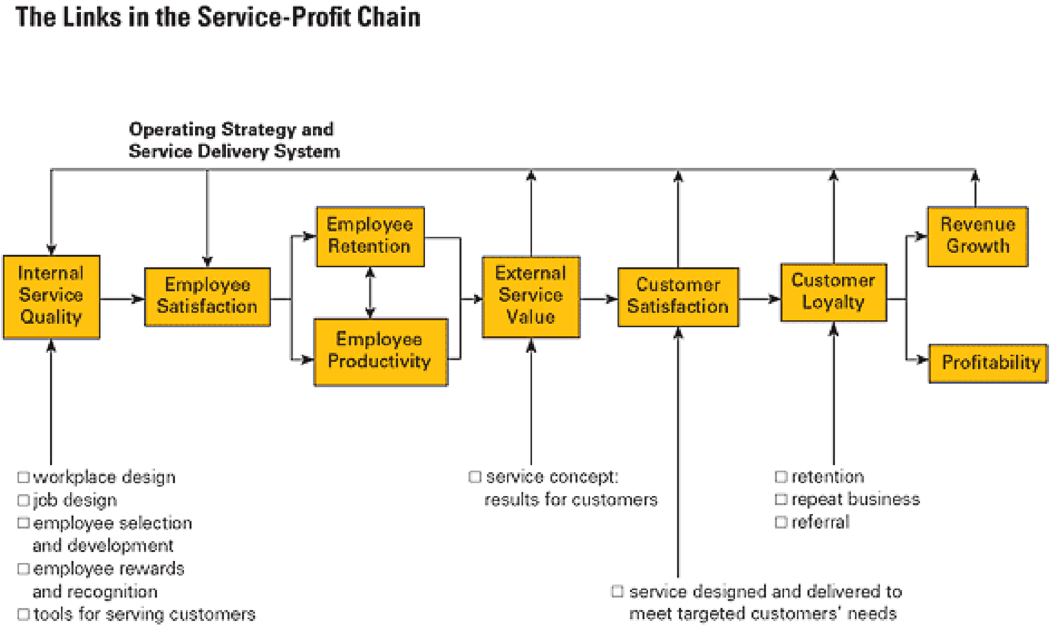
Customer service, I'd argue, is one of the most profitable parts of a business. It's not the only profitable part of a business, nor the most obviously profitable part of a business. Innovation can be profitable. Operational improvements, ditto--in ways that may be more obvious. Innovation-based revenue is sexy, although it does require patience to achieve. And gains for operational improvements occur in a way that is measurable and discrete. In contrast, customer service's contribution to the bottom line doesn't necessarily even come from the customer your agent is investing her time with right now. It may come from that customer's mom. From his neighbor. Or from that customer, but not on this interaction but, rather, five years in the future when he starts his own company and partners with you in a profitable way because of his prior experience with your gracious representative and empathetically designed customer service systems.

So customer service: is it about profit? Absolutely*. To whatever extent your business is. But you can't define the value of it too narrowly, because then you will start compensating too narrowly. And ultimately cost cutting too broadly.*

[Is The Point Of Customer Service To Make A Profit? (forbes.com)]

A Blast from The Past – Looking Back to Tomorrow

A paper *Putting the Service-Profit Chain to Work* in the Harvard Business Review republishes an article from 1994 which is as relevant today as it was almost 30 years ago on how service quality impacts revenue and profitability . The platform for the hypothesis is the Service Profit Chain.



The Links in the Service-Profit Chain

The service-profit chain is also defined by a special kind of leadership. CEOs of exemplary service companies emphasize the importance of each employee and customer. For these CEOs, the focus on customers and employees is no empty slogan tailored to an annual management meeting.

Customer Loyalty Drives Profitability and Growth

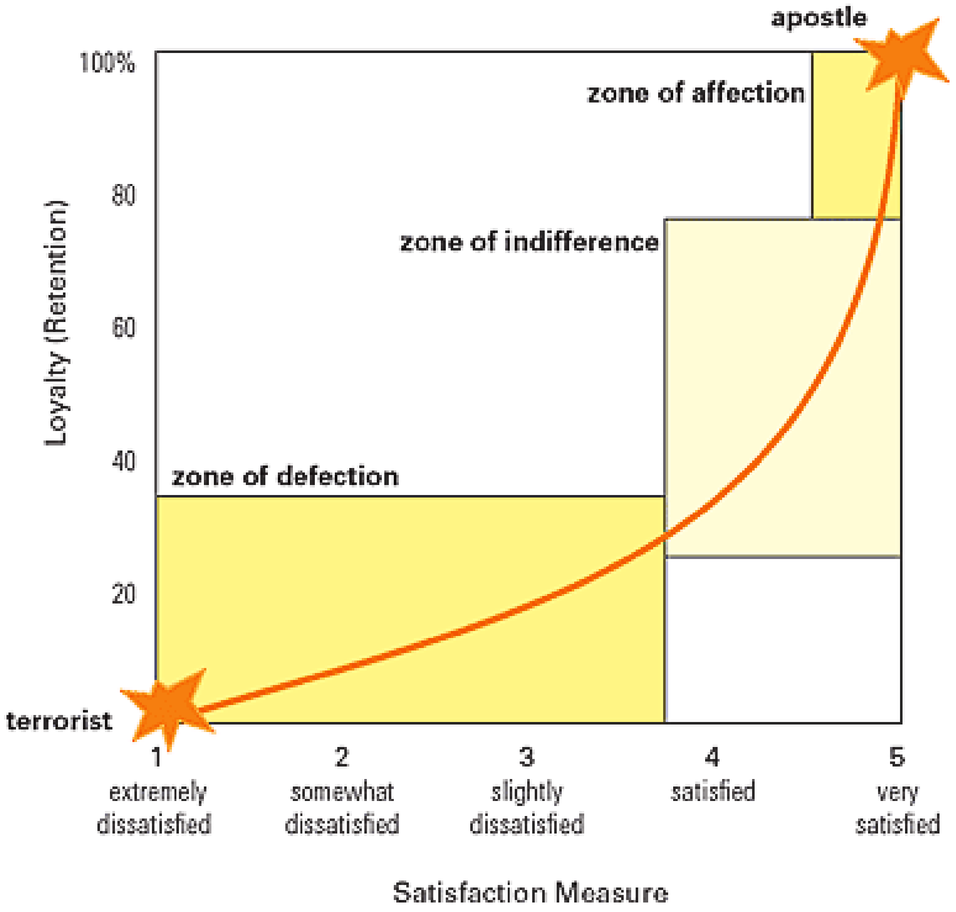
To maximize profit, managers have pursued the Holy Grail of becoming number one or two in their industries for nearly two decades. Recently, however, new measures of service industries like software and banking suggest that customer loyalty is a more important determinant of profit. Reichheld and Sasser estimate that a 5% increase in customer loyalty can produce profit increases from 25% to 85%. They conclude that quality of market share, measured in terms of customer loyalty, deserves as much attention as quantity of share.

Customer Satisfaction Drives Customer Loyalty

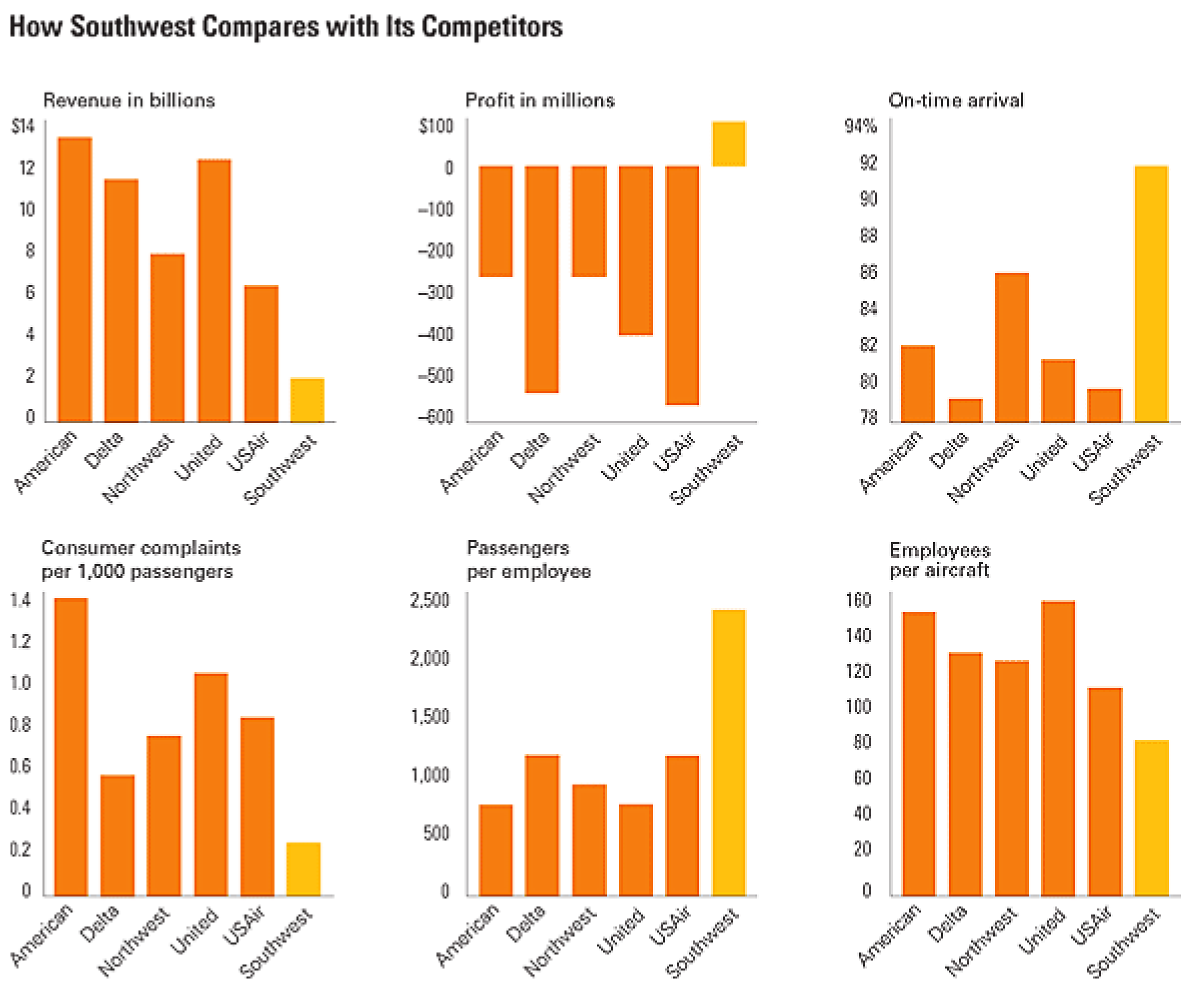
Leading service companies are currently trying to quantify customer satisfaction. For example, for several years, Xerox has polled 480,000 customers per year regarding product and service satisfaction using a five-point scale from 5 (high) to 1 (low). Until two years ago, Xerox's goal was to achieve 100% 4s (satisfied) and 5s (very satisfied) by the end of 1993. But in 1991, an analysis of customers who gave Xerox 4s and 5s on satisfaction found that the relationships between the scores and actual loyalty differed greatly depending on whether the customers were very satisfied or satisfied. Customers giving Xerox 5s were six times more likely to repurchase Xerox equipment than those giving 4s.

This analysis led Xerox to extend its efforts to create apostles—a term coined by Scott D. Cook, CEO of software producer and distributor Intuit, describing customers so satisfied that they convert the uninitiated to a product or service. Xerox's management currently wants to achieve 100% apostles, or 5s, by the end of 1996 by upgrading service levels and guaranteeing customer satisfaction. But just as important for Xerox's profitability is to avoid creating terrorists: customers so unhappy that they speak out against a poorly delivered service at every opportunity. Terrorists can reach hundreds of potential customers. In some instances, they can even discourage acquaintances from trying a service or product.

A Satisfied Customer Is Loyal



Employee Productivity Drives Value
But just what does that mean? Customers tell us that value means the results they receive in relation to the total costs (both the price and other costs to customers incurred in acquiring the service).



Employee Loyalty Drives Productivity
Traditional measures of the losses incurred by employee turnover concentrate only on the cost of recruiting, hiring, and training replacements. In most service jobs, the real cost of turnover is the loss of productivity and decreased customer satisfaction.
Employee Satisfaction Drives Loyalty
In one 1991 proprietary study of a property-and-casualty insurance company's employees, 30% of all dissatisfied employees registered an intention to leave the company, a potential turnover rate three times higher than that for satisfied employees
Internal Quality Drives Employee Satisfaction
What we call the internal quality of a working environment contributes most to employee satisfaction. Internal quality is measured by the feelings that employees have toward their jobs, colleagues, and companies.

[Putting the Service-Profit Chain to Work (hbr.org)]

The Harvard Business Review paper is followed more recently by an article from the Marketing Insider Group entitled

The Service Profit Chain – Why Employee Engagement Matters

Which picks up on the key HBR article references to the role of employees in ensuring that service quality optimises the revenue and profit opportunity.

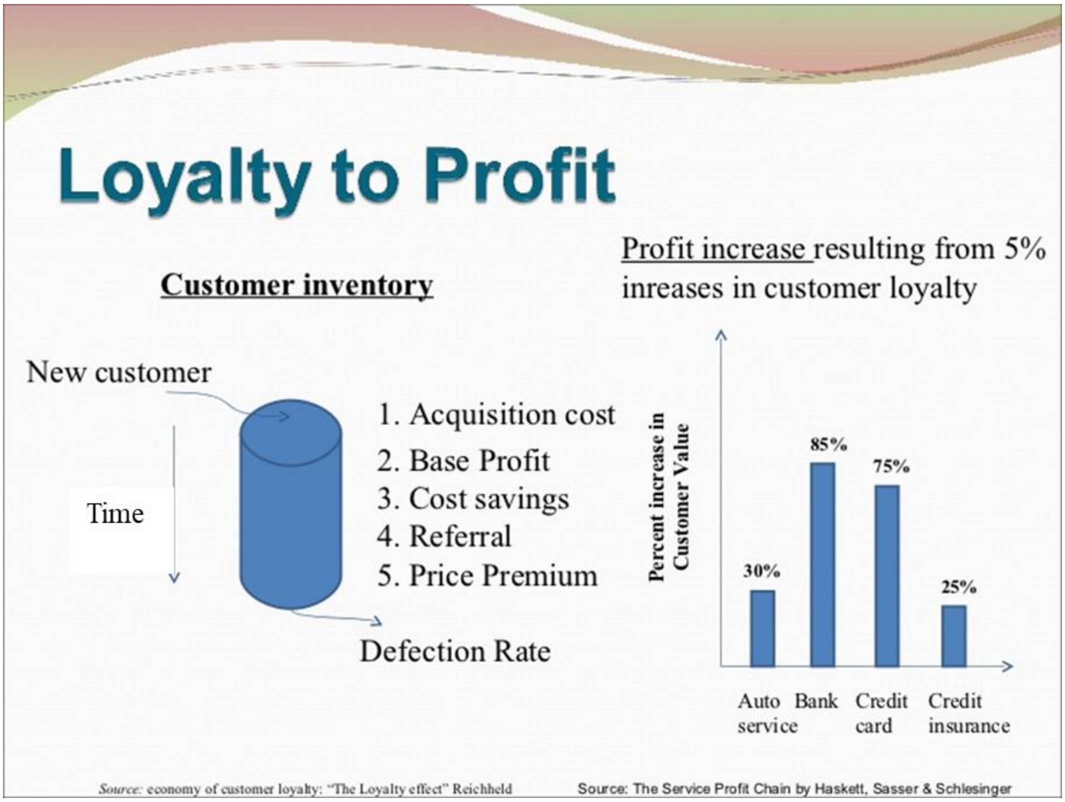
When you master the concept of the service profit chain, you can unlock the secret to higher profits. This ground breaking idea shows the irrefutable link between employee satisfaction, customer loyalty, and ultimately, profits.
If you haven't read the book of the same name yet, put it on your must-read list for this spring. ***The Service Profit Chain*** *is an idea whose time has come.*
Back in the days of parachute pants and the Hammer, a new idea burst forth from a handful of Harvard Business School professors. Before you toss it into the pile marked "Ivory-tower ideas that have no practical application," think again. This principle has never been more important than today.
With all the emphasis on the customer online, have we neglected the most important user experience of all—your customers' interaction with your employees?
When employee satisfaction rises, so does customer satisfaction.

> ***Use social media to listen to and make conversation with your employees, just as you would do with customers.***
> ***Employee satisfaction should be an indicator of management performance.***
> ***Employees shouldn't be afraid of sharing their thoughts on social media.***

The Service Profit Chain Takes Customer-Centric Marketing to New Heights
How do we build the kinds of customer experiences that cultivate satisfaction and loyalty? The kinds of customer experiences that evoke referrals—even brand evangelism from your customers? That road lies right through your satisfied, engaged, and activated employees. Like a chain, it links their enthusiastic service to your bottom line: the service profit chain.
We need to measure each link on this chain as closely as we do our online analytics.
We need to use this chain as the basis for our quality improvement programs.
The service profit chain idea works because profit depends on customer loyalty, employee satisfaction, employee loyalty, and employee productivity. When a business strengthens these supporting links, profits rise.

> ***Customer loyalty stimulates growth and profit.***
> ***Customer loyalty arises from customer satisfaction.***
> ***Customer satisfaction comes from the value of the services they receive***
> ***High-value services come from satisfied—and thus happy, productive, and loyal employees.***
> ***Employee satisfaction comes from company policies that empower employees to deliver quality services and products to their customers.***

Turns out that those "ivory tower" researchers were on to something so practical it could revolutionize our way of doing business and growth arises from superb customer service—which in turn, depends upon your employees' enthusiasm.
It's no wonder. This ivory tower idea has turned to pure gold for those who embrace it. They and their colleagues discovered that even a five percent increase in customer loyalty increased profits from 25% to 85%.



And that customer loyalty—at its heart—depends on one thing: happy employees. To paraphrase that old Southern saying, "If my workers aren't happy, ain't nobody happy.

When a change in management causes these kinds of workers to leave, so do customers. The same is true for almost any industry.

Happy workers make for happy customers. Happy customers keep coming back—and they tell their friends.

Measure your employee satisfaction, and you'll discover that your customer satisfaction rises. Measure your customer satisfaction over the long term, and you'll notice a direct correlation with your customers' lifetime value to your business.

https://marketinginsidergroup.com/employee-activation/the-service-profit-chain-employee-engagement)

So if the relationship between customer (aka revenue) and employee/organisation is a key element in the revenue optimisation equation how should the relationship be viewed. One perspective is to see that the relationship between the organisation and the customer is **Transactiona**l rather than something that may be seen as servile or **Philanthropic**

Seeing things from that viewpoint may help to focus on what each party expects from that transaction. That may not be a conformist view of customer/organisational engagement but sometimes a nonconformist viewpoint can provide a different insight.

A recent paper

Notes on the Benefits of Being a Nonconformist Customer Experience Organisation

Explores the idea

There are of course the ground rule basics of customer experience delivery that apply to every organisation like quality, value, efficiency, responsibility, honesty, integrity et al. But beyond such things does it benefit an organisation to follow the herd to make sure they keep abreast of the competition or is there a better alternative than conformity?

A nonconformist approach starts with truly understanding what is IMPORTANT to both to customers AND employees in receiving and delivering their customer experiences. Whether it is consciously managed or not there is a symbiotic relationship between the two groups which if not managed cannot be controlled or exploited to optimise the potential benefits available. That may well require getting a better understanding of whether each of the two groups is one homogenous unit or whether there are important subdivisions to whom different things have a greater importance.

Once the IMPORTANCE factors are identified then the next step is to understand and measure how the organisation's PERFORMANCE is in each of the importance factors. An organisation's "I P" referring to Intellectual Property is a precious commodity carefully guarded and defended to optimise and prolong its benefits. In this context I P referring to Importance and Performance is an equally precious and potentially valuable benefit resource.

A key to understanding the issue is accepting that all customer journeys for both a commercial organisation and its customer are TRANSACTIONAL not PHILANTHROPIC. Neither party are trying to give each other a gift each side has an expected outcome for the transaction.

> *For the customer it is a positive purchase and ownership experience of the goods or services being bought.*
>
> *For the organisation it is revenue and profit.*

Two very different expectations arising from the same transaction. The key difference, in the majority of instances, arises from the fact that the customer generally has a choice of which supplier to use, for the organisation there is only one source of revenue, the customer.

While there are some organisations that may enjoy a monopoly position, every customer occupies a monopoly position. Customers choose whether to complete the transaction or not – take it or leave it. Making that choice has become easier for customers as factors like the internet and social media has equipped them with real time data to inform their decision.

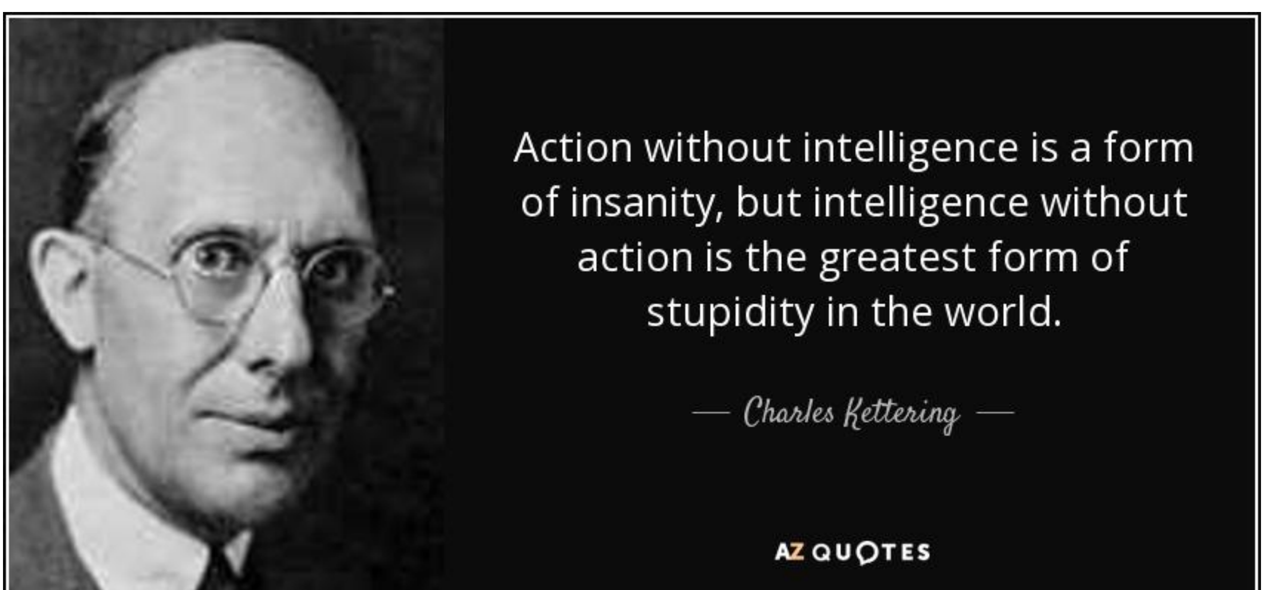
So given that all customers are not created equal because for every organisation there are preferred target customers who are better able to fulfil their revenue and profit aims it would appear to be sensible to have as many of those customers as possible. The target being not simply to get as many customers as possible but to get as many customers of the right kind to fulfil the organisation's revenue and profit aims.

It then follows that in order to attract and retain such customers it would be useful firstly to identify them as individuals or groups and then to know and understand what is IMPORTANT to them. With that data the organisation is better able to create a unique and thereby nonconformist proposition for their target customers.

So how to create the proposition that is unique to the organisation and compellingly attractive to the target market?

There are a number of sources and the mix of the most appropriate will depend on the organisation's sector of operation. These may include factors like big data analytics, AI, full and proper in depth customer research both qualitative and quantitative (not surface skimming three question techniques or smiley face tick boxes) and in depth employee feedback on customer interaction strengths and weaknesses. It is important also to remember in these processes that communication is an open and a two way medium and that being prepared to discover a factor not being intentionally looked for may provide the clue to a proposition design breakthrough. The data collection and analysis process has to seek to do more than merely re-affirming what is already known.

Another key factor is an organisational willingness to experiment and test/innovate new ideas. Good intelligence without action is pointless and fruitless.



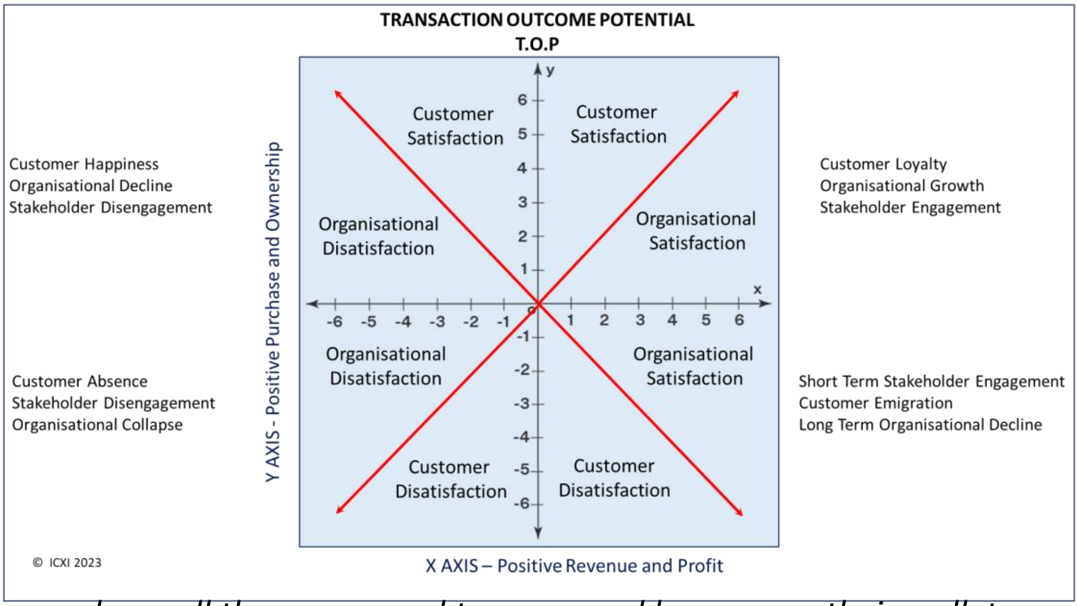
What aspects of experience delivery should be examined. Opportunities may exist in any part of the whole customer journey from the first spark of interest through to the commitment of a lifetime loyalty to a supplier. Within that the key areas of interest are likely to be

1. The Products or Services being offered
2. The Places where the organisation engages with the customer - both physical and online
3. The Processes of engagement the customer experiences throughout their journey
4. The People with whom the customers engage
5. The Policies the organisation which enable the organisation's customer interface and engagement.

In better understanding how employees are able to meet the required performance standards the key areas of understanding will include

a. The Values and Leadership of the organisation
b. The Environment and Climate in which employees operate
c. The Career Control of employees
d. The Teamwork and Supervision in the organisation
e. The Organisation's Effectiveness
f. The Rewards and Recognition throughout the organisation

Potential outcome are shown below. While the absolute link between a positive customer experience and increased revenue and profit has yet to ratified formulaically it is clear that if the expected outcomes of each party is accepted the case for developing a proposition to attract and retain the customers required to meet the organisation's aspirations is very clear.



Customers have all the money and to open, and keep open, their wallets requires understanding what is IMPORTANT to them and making certain the organisation's PERFORMANCE meets their expectations.

Taking the risk of becoming a nonconformist may well prove more beneficial than following the herd

The Last Word

Looking back, it is clear that many of the issues that existed thirty years ago still remain relevant today. Whether that is a commentary on the fact that customer expectations have evolved faster than the response of organisations to meet those needs or whether customer expectations have remained broadly the same and the performance of organisations has declined is a debatable point.

What is not debatable in today’s internet driven, AI enabled , self service CEX environment is the continuing importance of employees as the key success ingredient in any CEX formula.

While an absolute *a + b = z* link between customer service quality and revenue let alone profit may be impossible to discover and will no doubt always provide grounds for debate for the naysayers who resist any investment proposed to improve service quality performance.

What is inarguable is that customers are the only source of revenue and it therefor follows that no customers(a) plus no revenue(b) equals no organisation(z). So, the need for customers is a truth.
The skill, perhaps, comes not in getting as many customers as possible but rather in getting as many customers, of the right kind that are needed to achieve the organisation’s strategic goals.

Given that the global economy may become more challenging in the near future the development and application of such skills by organisational leaders is, arguably, more important than any time over the past thirty years.

Recommended Reading

https://learning.callminer.com/uk/forrester-money-on-table
https://learning.callminer.com/uk/whitepaper-forrester-predictions
Money On The Table: Proof That Customer Service Drives... | Forrester
Is The Point Of Customer Service To Make A Profit? (forbes.com)
https://marketinginsidergroup.com/employee-activation/the-service-profit-chain-employee-engagement)
Putting the Service-Profit Chain to Work (hbr.org)
5 Ways Excellent Customer Service Can Help Increase Your Profits (weanswer.co.uk)
5 Ways Customer Service Influences Profit - CX Central
Methods of good customer service - Good customer service - AQA - GCSE Business Revision - AQA - BBC Bitesize