Customer experience management: importance and its impact on various behavioral outcomes

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Abstract

Every organization, whether it's a market leader or running to attain that position always think of the importance of customer experience improvement. Happy customers do transactions more, spends more, drives growth and promotes the business whereas unhappy customers damages the business soon and throws it away. To determine how much the business flourishes tomorrow, it's important to know how the customers feel about it today. Customer Experience Management views and improves the interactions between the business and the customer entirely from customer's point of view. This paper focuses on the importance of customer experience management and its impact on various behavioral outcomes.

Keywords: Customer Experience Management, Customer Loyalty, Customer delight, Word of Mouth.

Introduction

Customer Experience Management has become the hottest topic in the business field. Gartner figures "that customer experience management as the practice of designing and reacting to customer interactions to meet or exceed customer expectations and thereby increasing customer satisfaction, loyalty and advocacy". Due to the competitive edge, Customer Experience Management is crucial and has become a niche for firm's performance. A successful implementation for a Customer Experience Management system is achieved when it helps business organisations meet their business objectives.

These objectives are grabbing the new customers, retaining existing customer, increasing customer satisfaction, improves customer loyalty and converts advocates. In other words, better business results.

Objectives & Methodology

This conceptual study aims at achieving the following objective:

➢ To identify the importance of Customer Experience Management in various aspects and its impact on various outcomes. Also, the study focuses on the innovative steps to improve customer experience.

This study is based on Secondary data collected from various journals, articles, blogs, publications and other websites.

Need for Customer Experience Management

Customer experience concept might sound idealistic, but anyone who neglects it faces decreased customer loyalty, reduced scope of differentiation through product features, and with increasing costs of customer acquisition. Customer experience management combines technology, strategy, and resources to improve how the customer experiences your brand. Thus it has become a critical differentiator in today"s hyper-competitive, hyper-connected global marketplace.

To get a better experience, customers are ready to pay even more than the usual. As per a report from Forrester Research, 10% improvement in customer experience can produce cost savings of about $1 billion. Customer experience management helps businesses with a different approach for creating better experience for the customers every time they approach the product or service.

Good customer experience management always

• Provides memorable experience that enriches brand preference
• Increases profit by more sales from already existing customers and creating new customers from word of mouth.
• Lowers cost by decreasing customer attrition

Steps to get customer experience management right

Customer experience can be shaped by so many things and so one should know where to start.

Successful customer experience management includes

- Creating complete customer profiles
- Personalizing customer interactions
- Right message, right place, right time

Creating complete customer profiles

Organizations should know their customer better than ever before. Complete customer profiles should be maintained at every touch point across multiple channels.

The more the organization knows its customers, the more effective it will be at delivering relevant offers to them. The more relevant the offers are, the closer the relationship between the business and the customers that drives metrics like loyalty and retention.

In addition to using demographic, transactional and log data, organizations should focus on emerging types of data from social media, video, RFID, sensor, geolocation, etc. By analyzing complete customer profiles, Organization can

- Find out the ways at every touch points to enhance customer experience

- Learn wants and expectations of the customers

- Take superior decisions much faster

Personalizing customer interactions

Now a day"s customers have more choices than ever before. After getting the thorough knowledge about the customers, every interaction should be personalized using that knowledge. The customers as well as the context in which they operate should be focused. If the timely, personal and relevant messages are provided to the customers, brand loyalty can be driven, if not the customers would be missed immediately.

Right message, right place, right time

To improve customer experience, each customer touch point has to be delivered with the

most value. Analytics should be mapped to every particular stages in the customer life cycle so that right message can be delivered to the right place at the right time. Each stage in the customer life cycle is important as it is an opportunity to improve customer experience.

Innovative Tips to Improve the Customer Experience

Organizations looking to improve the customer experience should stay away from usual things and take up attractive tactics. Every organization often talks about innovation, but very few organizations implement and consistently good at it. The same could be true in case of customer experience management also. People who are responsible for innovation initiatives and customer experience projects are always never in a position to mandate all the changes required.

Mary Mesaglio said, "Most people charged with improving the customer experience sincerely needs to innovate more, but held by business-as-usual processes failed to innovate their company"s customer experience".

Customer Experience Innovation

Aim not to delight the customer

Organizations need to find the exact meaning of delight and all the efforts should be focused there.CX innovators should take off the hairy things such as "delight the customer" and plan for something more specific.

Care for small changes

Small changes can make or break the customer experience. All the ideas are not equal and small ideas might make all the difference. People responsible for customer experience should always start small but aim big.

Reality must be revealed not conveyed

Every new idea has to be inclined beyond the expectation by creating a rule. It is very difficult to distinguish the value of technology theoretically, rather it should be touched and felt to make it clear to the customers what it offers.

Customer needs should be led by the technology

Customer"s actual need has to be driven by the technology innovators and not the technology"s potential. The more you are away from the customer, the more it is difficult to assess the effects that a technological innovation has produced on a real-world customer experience.

Impact of Customer Experience Management on behavioral outcomes

The most relevant research, theories and models pertaining specifically to customer experience management are discussed in chronological order from 2005 to latest. The discussion provides a theoretical assessment of the major concepts of customer experience management to understand its relationship with various behavioral outcomes.

Zillur Rahman (2005) explored and tested the relationship between customer experience and loyalty. For this purpose, a modified „loyalty acid test" was used. The study concluded that, on average, a majority of customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its interface with the customers to become more cognitive (intelligent), emotional, physically pleasing and well connected.

Nancy M.Puccinelli, Ronald C.Goodstein, Dhruv Grewal, Robert Price, Priya Raghubir and David Stewart (2009) explored how to enhance customer satisfaction and retail performance by understanding customers and proved that the specific elements of consumer behavior influences consumer decision.

Dhruv Grewal, Michael Levy, V.Kumar (2009) examined the influence of macro factors in the retail environment in shaping customer experiences and behaviors. He identified promotion, price, merchandise, supply chain and location to deliver better customer experience for higher customer satisfaction, more frequent shopping visits, larger wallet shares and higher profits.

Peter C.Verhoef, Katherine N.Lemon, A.Parasuraman, Anne Roggeveen, Michael Tsiros and Leonard A.Schlesinger (2009) studied the holistic perspective of the customer experience creation and proposed a conceptual model on the determinants of customer experience. They focused on issues such as how and to what extent an experience-based business can create growth, argued that prior customer experiences will influence future customer experiences, and discussed the importance of social environment, self-service technologies and the store brand.

Lywood et al. (2009) explored the relationship between customer experiences with call centres and company profitability. The study sample included the following companies: BT Mobile, Bupa Health Insurance, Cotton Traders, Dial-a-Phone, EDF Energy, Freemans, Grattan, Halifax Travel Insurance, Halifax Home Insurance, J D Williams, Lands " End, Legal & General, Littlewoods, MBNA, Morgan Stanley Credit Cards, Norwich Union Life, O2, Sainsbury " s Bank, Scottish Hydro Electric, Scottish Power, Sony Ericsson, South East Water, South Staffs Water, Tesco Personal Finance, The Carphone Warehouse, Three Valleys Water, Virgin Mobile,

Virgin Money Life Insurance, Vodafone and Yorkshire Water. The study identified that there is a strong relationship between certain dimensions of the customer experience and profitability.

Hsuan Yu Hsu and Hung-Tai Tsou (2011) proposed a theoretical framework that explained the relationship among information credibility, customer experiences and purchase intention in the blog environment. Data was collected from 468 respondents. The study concludes that the information credibility is important for enhancing customer experiences, which in turn improves the purchase intention. The study also proved that the greater involvement with blog significantly enhance the customer experiences on purchase intention.

Sharmila Pudaruth (2011) investigated the factors that have an impact on customer experience management for home loan providers in Mauritius. The research paper explores online customer experiences; the impact of electronic technologies on service delivery, preference for human interaction or electronic technologies for home loan providers. It is concluded that embracing newer channels of distribution such as ATM, Telephone Banking, Call Centres and Internet Banking is important for home loan providers. Finally, the need to provide an exceptional customer experience at every customer contact point is a key challenge for home loan providers in Mauritius.

Maklan, S. and Klaus, Ph. (2011) developed a measure for Customer Experience Quality (EXQ) to identify the dimensions, and their attributes, that explain its most important marketing outcomes: loyalty, word-of-mouth recommendation and satisfaction. 218 qualified responses were collected through an online questionnaire accessible through a link sent by the Bank to a random sample of customers. The study discovered that the four POMP dimensions of customer experience explain most of the Bank's loyalty, word-of-mouth and customer satisfaction.

Ching-Shu Su (2011) explored the role of service innovation and customer experience in ethnic restaurants. Also, explored the mediating effect of customer experience on service innovation and behavioral intention in ethnic restaurants. Data were collected from 10 types of ethnic restaurants. In total, 322 samples were obtained. The study concludes that there is significant influence of service innovation on behavioral intention and customer experience.

Zi-Ying Yang and Ling-Yun He (2011) investigated the effect of goals on customer experience and the impact of customer experience on customer purchase intentions in retail sector. The data was collected in china. The study highlights the importance of goals in affecting customer experience as well as the significance of customer experience on customer purchase intentions.

Susan Rose et al. (2012) explored the relationship between antecedents and outcomes of online of online customer experience within internet shopping websites. The respondents are online shoppers from USA and Europe. Ten antecedent variables discussed in the study includes interactive speed, telepresence, challenge, skill, ease-of-use, customization, connectedness, aesthetics, perceived control and perceived benefits. The outcome variables discussed includes satisfaction, trust and repurchase intention. The study made contributions of how e-retailers can give effective online experiences for customers.

Songsak Wijaithammarit and Teera Taechamaneestit (2012) examined the impact of customer experience management components that affected customer loyalty in Thailand‟s Supercenters. The study concludes that customer experience management influences loyalty behavior such as increased purchase, cross-buying, up-buying, re-buying, word-of-mouth, and share of wallet through affective experience and cognitive experience.

Margaret L. Sheng and Thompson S.H. Teo (2012) examined the mediating effect of customer experience on the relationship between utilitarian (perceived ease of use and perceived usefulness) and hedonic (entertainment and aesthetics) attributes of products on mobile brand equity. Data was collected from 262 mobile users in Taiwan. Findings of this study showed that the effect of perceived ease of use on mobile brand equity is partially mediated by customer experience and perceived usefulness, entertainment, and aesthetics are fully mediated by customer experience.

Dr.N.Gladson Nwokah and Juliet Gladson Nwokah (2013) assessed the relationship between the dimensions of customer experience and delivery total customer experience management and compares the differences in delivery total customer experience management practices in the UK and Nigeria aviations industry. The study adopted a survey method through the use of refined open and closed ended questionnaire and found that there was a positive relationship between the dimension of customer experience and delivery total customer experience management practices. Also concluded that there was significant differences in delivering customer experience management practices in UK and Nigeria aviation industry, with the UK aviation performing better than Nigeria aviation.

Sujata Joshi (2013) conducted a study on understanding the role of retailer as an effective touch-point for enhancing customer experience for cellular service providers, to find out the retailers influence on customer decision making and expectation of customer from the retailer. It was concluded that retailer had become an effective tool for a service provider in creating positive customer experiences.

Sathish Arumbi Saravanan (2013) attempted to develop the factors contributing to customer experience in the context of air travel. Various factors such as website and information, flight booking agent, sales office, and service providers in the airport, gate management, and cabin on board services, internal/external environment of the airport and location of the airport are studied. Strong recommendations of the dimensions that contribute in creating customer experience are brought out.

Sujata Joshi (2014) explored the parameters that affect customer experience for cellular mobile services. Data was collected from 536 mobile customers in City of Pune, Maharashtra. The study proved that service delivery or service performance is the major factor affecting customer experience for cellular mobile services.

Faizan Ali et al.(2014) studied the impact of customer experience on memories and loyalty in Malaysian resort hotels. The study found that all four dimensions of customer experience (Educational experience, Entertainment experience, Esthetic experience, Escapism experience) influence customer‟s memories and loyalty.

Vinay Chauhan and Deepak Manhas (2014) examine the nature and extent of customer experience in civil aviation sector. The study is based on data of sample size of 1005 respondents from selected airlines namely Air India, Jet Airways and Kingfisher. The results of exploratory factor analysis, hierarchical regression model and ANOVA depict that customer experience is a multidimensional construct. It further suggests that there is a significant impact of experiential dimensions on overall customer experience and there exists significant difference on the basis of airlines regarding customer experience. The results also reveal that Jet Airways has higher level of customer experience followed by Kingfisher and Air India.

Katrien Verleye (2014) proposed to provide insight into the customer experience in co-creation situations and its determinants. Higher levels of customer role readiness, technologization, and connectivity positively affect different co-creation experience dimensions. It was concluded that the expected co-creation benefits determine the importance of the level of customer role readiness, technologization, and connectivity for the co-creation experience.

Ali et al. (2015) examined the effect of customer‟s experience with four dimensions on their emotions and satisfaction. A convenience sampling technique was used to select a sample of 600 at two tourist spots of Malaysia i.e., Langkawi and Penang. 450 questionnaires were returned back and the data was analyzed using partial least square based structural equation modeling. Findings revealed that all the four dimensions of customer experience influence customer emotions which develop customer satisfaction.

Shu-Hua Chang and Rungtai Lin (2015) studied the association between experience economy and its dimensions namely education, escapism, esthetics, and entertainment, experiential values, experience process clues, and the behavioral intention theory. The study explored that for establishment of perfect experience and understanding customer evaluations, customer behavioral intention is important for the creative life enterprise.

Yan Yang, Xiaoming Liu and Jun Li (2015) studied the impact of customer experience on customer-based brand equity for tourism destinations. He studied different constituents of CE such as service performance, word-of-mouth (WOM), and advertising and proved that destination service performance has the most significant impact on destination brand equity, followed by WOM. Advertising does not have the significant effect. Ebenezer Paul Rajan.T.Y and A.Vardharaj (2015) identified the online purchase behavior of the customers and analysed the relationship between age, gender and selected components of CEM. The study was conducted at Coimbatore city- Tamilnadu- India. Yang et al. (2015) examined the impact of customer experience (CE) on customer-based brand equity (CBBE) for tourism destinations.

Alisha Stein (2015) explores the impact of customer experience on customer intentions and actual behavior in multichannel retail and service settings. He identified seven distinct elements of customer experience touch points. He revealed that customer experience assessments are influenced by both the past customer experience and the overall touch point evaluation, which are based on the individual touch point elements. He also proved that positive customer experience enhances customer loyalty intentions and influences actual spend and also significantly differs for utilitarian and hedonic motivation orientations.

R. Sivakumar and Dr. S. C. Vetrivel (2016) identified the impact of customer experience management practices on customer satisfaction and customer loyalty in private and public sector banks at Puducherry region based on the view of the respondents and also tried to find the difference in the perceived status of Customer Experience Management between customers and bank employees. It is concluded that the overall customer loyalty tend to increase if there is a significant increase in technology based CEM in banks with marginal increase in customized marketing practices, customer focused practices and creating awareness of Customer Experience Management with frequent customer meet.

The reviews summarize the contribution of customer experience management in shaping various behavioral outcomes. Simply by having greater understanding of customers and building good relationships with the existing customers, the companies can actually have the potential to increase the customer base over time by building customer loyalty.

Conclusion

In today's world, there are more products and services offered to the customers than in the past. This has led to the increase in the customer expectations of the products and the services offered, however satisfaction of the customers is in the downside. Customer experience management can reverse this by acting as a bridge between organization and customers and making satisfied customers to loyal customers and then from loyal customers to advocate. To make this possible, understanding the customers plays an important role. The various reviews discussed in this article highlights the importance of customer experience and its impact on the various outcomes for the success of the business.

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