CUSTOMER EXPERIENCE

Perception and Determining Factors

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ABSTRACT

A brand is made up of interactive associations between its customers, staff, management etc and the emotions and attitudes the brand evokes when considering it.
A summarised definition of customer experience would therefore be the holistic perception the customer has towards the brand and its products. Engaged Customers often respond to both the tangible as well as intangible offerings of the brand. While it is not plausible to define or quantify the customer experience, the empathetic understanding of it leading to betterment would help brands leverage on the "best" customers.

It encompasses every aspect of a brand including - its offerings, quality, price, quality of service, branding, promotions, ease of interaction etc. Brands' reputation in the market is also one of the key factors molding customer expectations.

Many of the market giants are continually trying to merge the link between the Brand and the customer experience. For example, Apple has successfully maintained its product and service differentiation with its unique and elegant product designs and service offerings.
The key results of a better customer experience can include various points like increased customer retention, increased loyalty, higher sales, better marketing and reviews etc.

DESCRIPTION

## Why CX is important
(Secondary Source)

Delivering a positively impactful customer experience is crucial for any brand as it can significantly affect the sales and revenues of the brand. In a recent survey by Helpscout, it has been concluded that around **65%** of the customers value customer experience more than the price of the product. With customers valuing their experience on such a heightened magnitude, it only makes sense for brands to invest aggressively in ensuring a better customer experience to its visitors.

Further research by Rosetta Consultancy also states that engaged customers on an average spend around **300%** more than the un-engaged customers each year. This additional spending accumulated on the overall customer base of the brand would end up proving a fortune for it.

A report on State of the Connected Customer from Salesforce states that over two-thirds (**67%**) of customers will pay a premium to companies that offer superior experiences, creating opportunities for not only competitive differentiation, but increased or even new revenue streams as well.

This further states that **80%** of customers value experience as much as a company's products and services, **95%** say they are more likely to be loyal to a company they trust, and **67%** say their standard for good experiences are higher than ever.

Expectation

68%
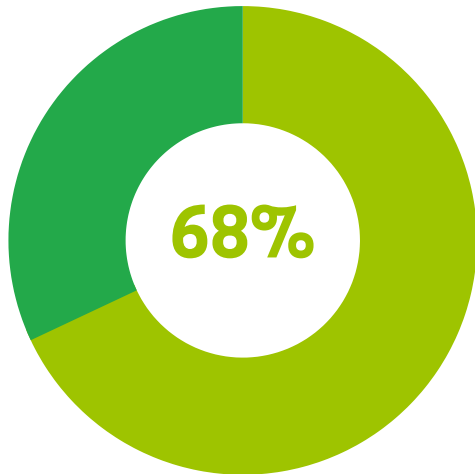
68% of customers expect brands to demonstrate empathy

Reality

37%
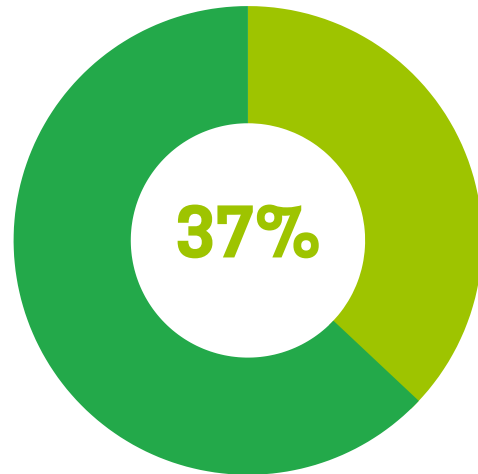
37% of customers say brands generally demonstrate empathy

66%
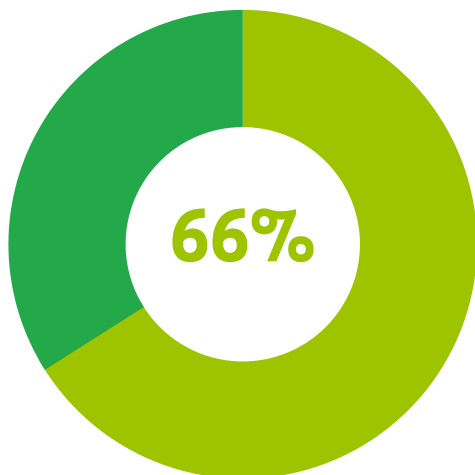
66% of customers expect companies to understand their unique needs and expectations

34%
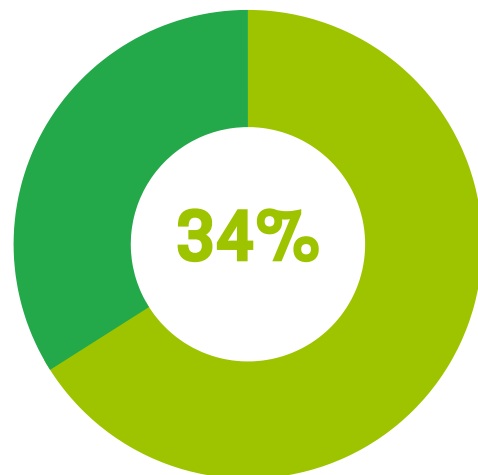
34% of companies generally treat customers as unique individuals

CORE IDEA of the paper

To understand the perception of good experience from the customers

To understand the potential reason for good/bad customer experience and the effect it has on the brand

To suggest optimal measures to alleviate customer experience

RESEARCH AND ANALYSIS

To understand the relevance and perception of customer experience while choosing brands, a survey consisting of a widely mixed demographic has been conducted including organizational members as well as regular customers of online and ecommerce websites.

DEMOGRAPHIC

Boomers and Gen z being the majority of online shoppers, the demographic consisted of people with ages between **18-50** from different regions.

VALUE OF CUSTOMER EXPERIENCE

In order to understand the importance of customer experience while choosing brands, respondents were asked about their consideration for shopping experience while choosing a brand. Surprisingly **41%** of the respondents mentioned it is the most important factor while **48%** mentioned it's equally important on par with other factors.

Neutral
11.5%

Most Important
41.3%

Important on par with other factors
47.1%
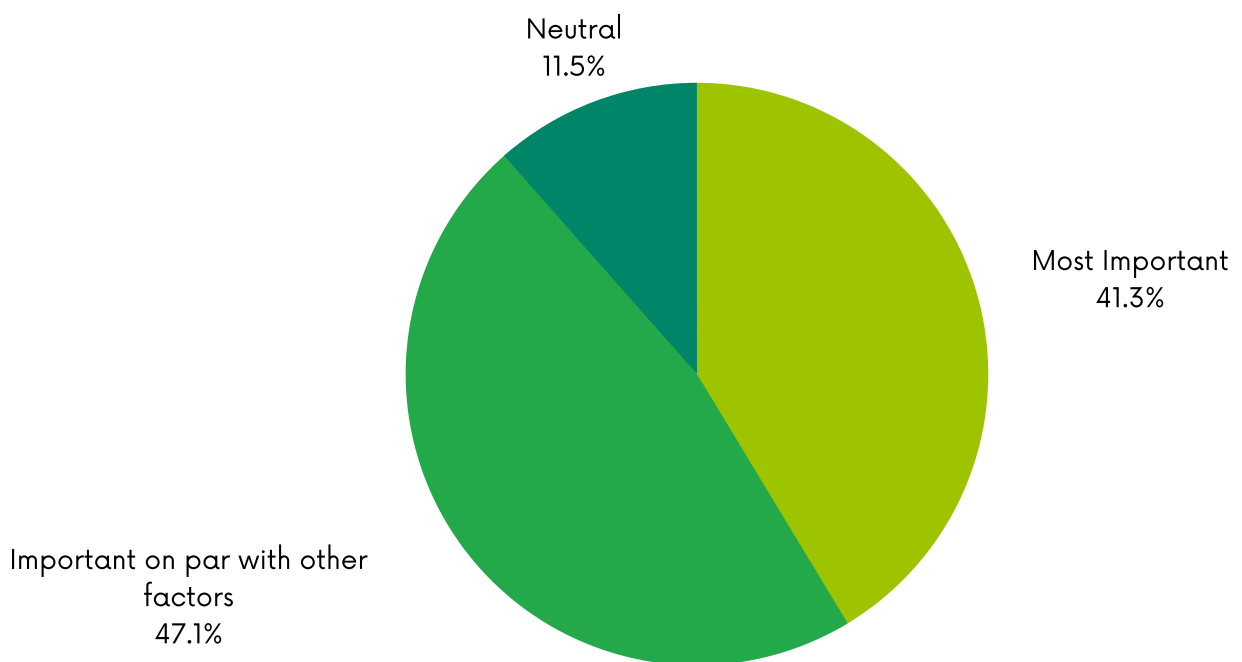
41% opined that customer experience is the most important factor while choosing a brand

ADVOCACY

To understand the possibility of the experience of one person affecting the brand preference of other person, the respondents were enquired about how often they share information about these experiences to their affiliations. While around **62%** of the customers often mention their experiences to their friends and coworkers, **46%** mention it to their families. At the same time, **57%** respondents rely on these suggestions from their friends and families while evaluating a brand for their purchase.

Completely follow the suggestion
16.5%

Consider
26.2%

Verify and follow
57.3%
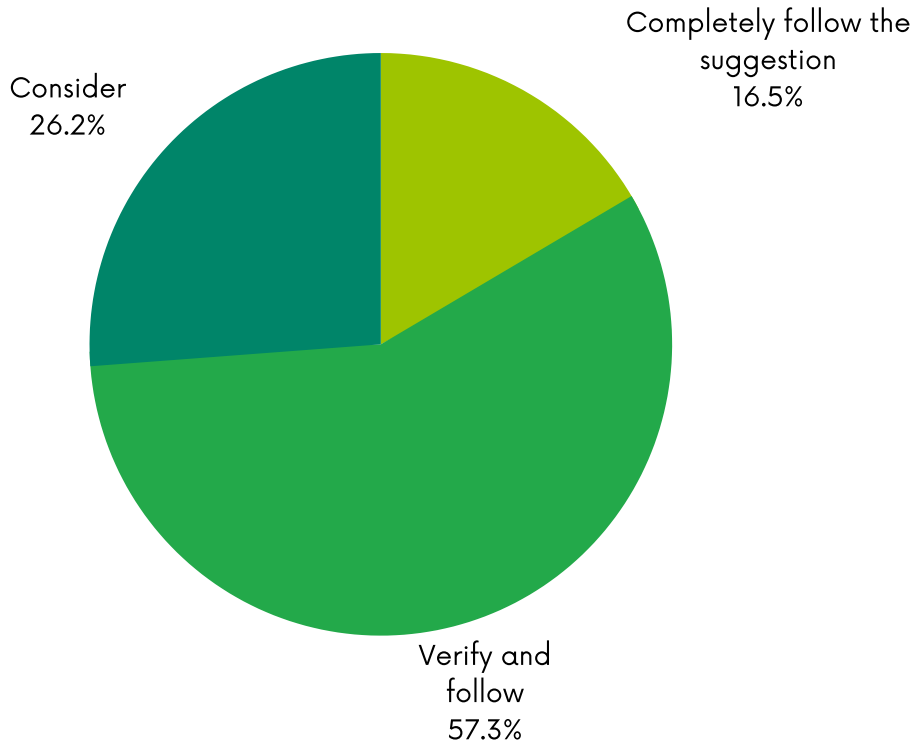
57.3% of the respondents mentioned verifying and following the suggestions of friends and family while evaluating a brand

REVIEW DEPENDENCE

Apart from these, customers often review their experiences on various online forums and websites. Our survey has quantified that around **60%** of the respondents consider these reviews on a really suggestive level while reviewing their purchase decisions from a particular brand.

With information passing through advocacy at such a high magnitude, experience can have a huge impact on the customer base of the brand with the potential to affect its overall income.

No effect
6.7%

Yes, review
positive
18.3%

Yes, review
negative
14.4%

Yes, review positive and
negative
60.6%
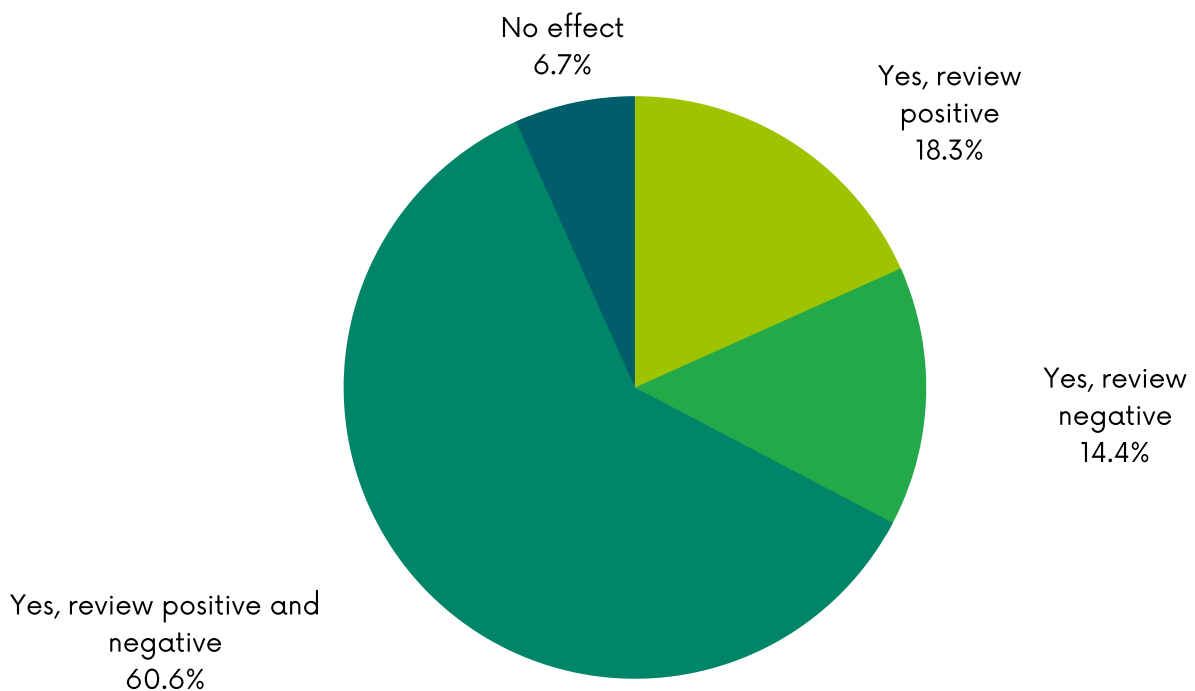
60% mention both positive and negative reviews
impact their purchase decision

BRAND SHIFT

Excluding the direct effects of the engaged customers on the revenue and sales of the company, the reviews of the customers can also have an overall demeaning or acceding effect on the company. In order to understand the impact of a negative experience on future purchasing from the brand, our respondents have been enquired about their actions post a negative experience from a brand.
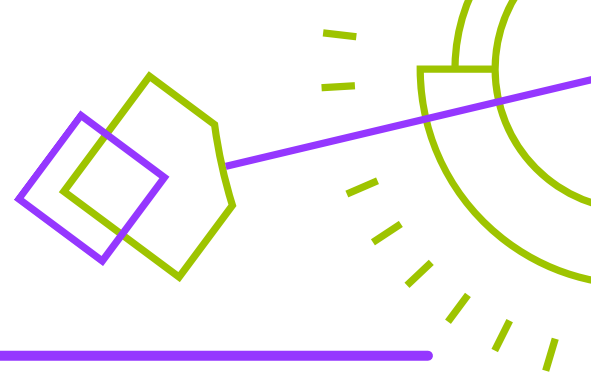
Evaluating our survey responses has resulted in **50%** preferring to shift completely to another company to buy the product as a result of bad experience.
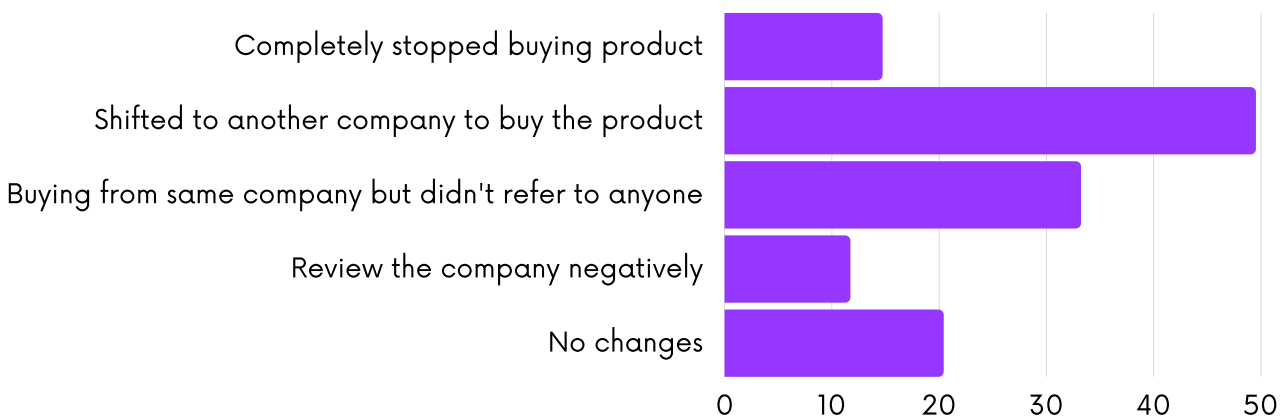
These figures help us understand the quantifying effect customer experience can have on the brands. Considering the importance of these and their overall effect on the brand, it is important for the brands to understand what are key factors that affect the customer experience. Polishing on these factors can help the brand gain a better traction in terms of customer sales and therefore sales.

FACTORS IMPACTING CUSTOMER EXPERIENCE

Good and Bad Customer Experiences

On inquiring the customers regarding the possible reasons for their good/bad experiences, around **42%** of them responded saying that they experienced both good as well as bad experiences from the brand at some particular point.

Neutral
6.8%

Good
Experience
37.9%

Both
42.7%

Bad
Experience
12.6%
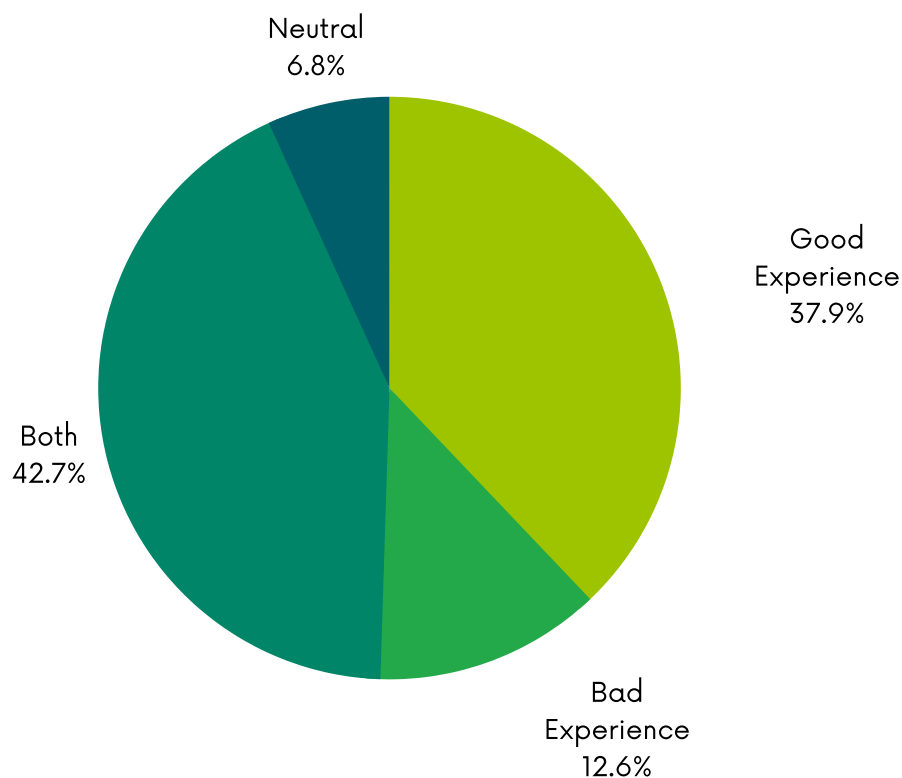
42.7% responded saying they had both good as well as bad experiences with a brand.

Potential Triggers

Upon trying to find out the possible reason for any bad experience they encountered, a whopping **54%** of the respondents affiliated their bad experience to a rude/impolite respondent or to the improper resolution of their query. On contrary, **45%** of them mentioned that the reason for their good experience was the proper resolution of their query. This is also coupled with **32%** of them mentioning the respondent was polite while **31%** mentioning that the respondent actually understood their concern.
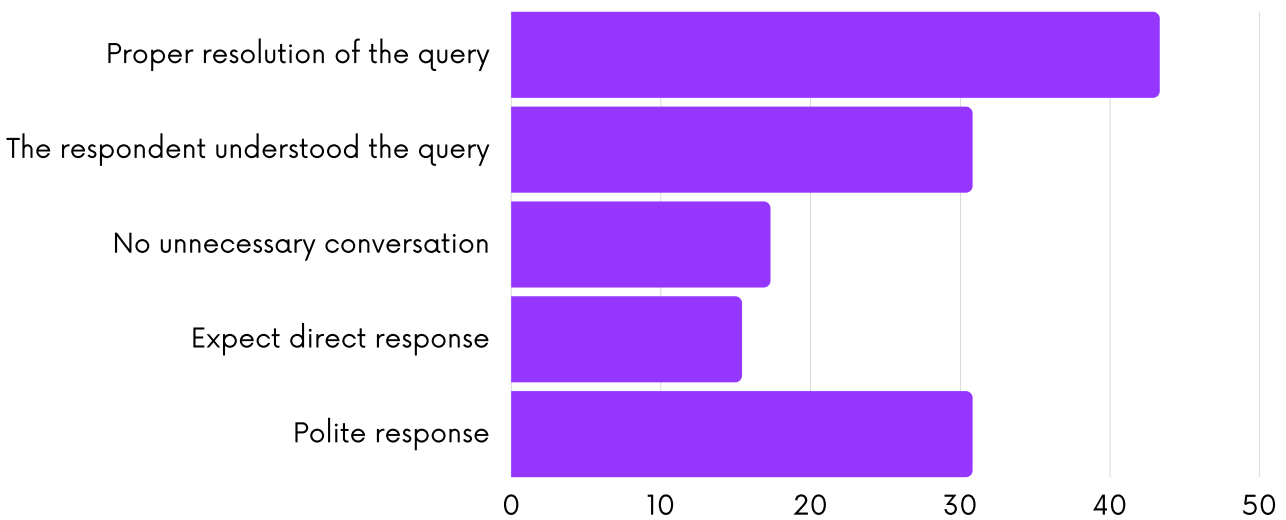
With the majority of customers affiliating both their good and bad experiences to the respondents attitude and the ability to resolve their query, brands need to emphasize on the importance of proper employee training and empathetic approach towards a customer query in order to improve the overall customer experience.

The survey also resulted with around **35%** of the customers directly affiliating good conversation and query resolution to a good experience while **57%** of them emphasising its importance on par with other factors like the product and price.

What causes bad customer experience - Employee side quantifiers

- Improper engagement by the staff :

Most of the brands fail to provide an appreciable customer experience due to the lack of personalized approach brought by either under qualified staff or due to divided attention required by the individual staff members.

- Incomplete employee engagement :

A customer experience is often determined by the understanding of the customers needs and requirements by the employees. A recent study by the management consultancy Brain and Co involving over **2000** employees stated that the front line employees suffered the lowest levels of engagement which in turn affected their commitment and enthusiasm to understand the customer requirement.

- **Insufficient product knowledge :**

60% of the customers directly relate improper resolution of the queries, rude responses and unresolved queries to an overall bad experience with the company or brand. While there are numerous factors prying on the experience of a customer, the knowledge and skills of the employees or the service agent plays a crucial role in the resolution of issues. Only with complete knowledge of the product and the service can the agent be able to comprehend the exact issue or requirement of the customer which in turn assures complete and satisfied resolution of their query.

- **Powerless issue resolution :**

While many of the employees want to put in their complete efforts to lead the customer through a satisfied journey of their query resolution, many of them aren't really given enough authoritative control to take their own decisions in situations of complications. By adjusting the guidelines and providing enough capability to the service agents or employees to take their own decisions aligned with the company guidelines and protocols, employees can lead the conversion in a more productive and resolving way.

EFFECTS OF QUANTIFIED CUSTOMER EXPERIENCE

Satisfied Customers add to the lifetime value of the brand in terms of loyalty, advocacy as well as frequency. Individuals consciously are inclined towards brands they can affiliate good experiences with compared to the ones they despise. According to a survey conducted by us, **42%** of the respondents were willing to purchase a product more frequently from the brand they had a good experience with considering other factors like quality, price, post sale services etc. With a margin so high relating to the retention percentage of customers owing to their experience, it has the potential to affect the overall revenues of the company directly.

As a support argument to the survey results, a reference to the "Customer Engagement from the Consumer's Perspective," Findings of the **2014** Rosetta Consulting Customer Engagement Study can be made which further states that actively engaged customers were willing to make **90%** more frequent purchases with a whopping **60%** more spent in each transaction.

ENGAGED CUSTOMERS ADD LIFETIME VALUE TO THE BRAND

While every customer adds value to the brand value, satisfied customers who were retained through positive engagement prodigiously improve the market stand of the brand. Keying in on the factors through which the engaged customer does this can be summarised as follows-

- Increased Revenue :

With **60%** more spent in each transaction and the **90%** of them willing to make frequent purchases from the brand they are satisfied with, engaged customers directly impact the revenue of the brand by immensely purchasing the product at a higher margin compared to the un-engaged customers. Research shows that loyal customers contribute to around 300% revenue increase over a period of three years.

- Advocacy :

Loyal and engaged customers are a great source of spreading positive word of mouth marketing as well as reviews for the brand.
In inclusion to this, customers often discuss regarding their experiences with their friends, family, coworkers, online forums etc.

- **Competitive Edge :**

A good customer experience ensures a better retention rate of the customers thereby enhancing the competitive advantage of the firm. While good experience retains the customers, a single bad experience can have a drastic effect on the overall customer base. A report by Acquia states that around **75%** of the customers said they would shift their buying preference to another brand only after encountering one single bad experience. With such a high rate of slackening, brands should ensure that they always offer good experience to keep up their competitive edge.

- **Employee Satisfaction :**

A research conducted by Foresting Consulting states that companies with an experience driven approach have 1.5 times more satisfied employees compared to the monotonous work driven companies. Studies further suggest that a highly driven staff can outperform the rivals by a whopping **147%** . This quantifies the importance of maintaining a good employee work atmosphere generated through better CX.

CHALLENGES WHILE OPTIMIZING THE CUSTOMER EXPERIENCE

With an established relation between customer engagement and organizational growth, it is only optimal for companies to optimize their approach towards providing a better customer experience through all the potential means. In spite of qualified research and theories drafting, there are always a few uncertain challenges present hurdling the optimum customer experience. Few of them are-

- Customer flexibility :

Not every customer approaching a brand or a company is on the same grounds in terms of knowledge, experience, product clarity, and propensity to buy. With customers being on different levels of interpretation and knowledge base, it is not possible to define a similar approach to every customer. Although flexibility and personalization can be the key factors in resolving these issues, understanding the complete persona of a customer to personalize this experience can be a challenge to the brands.

- Varied channels of interaction :

With many channels of interaction, brands really have to

employ numerous resources to ensure efficient and personalized responses through every channel. Although proper supervision and coordination ensures this, its highly possible to sustain a few setbacks which might have a demeaning effect on the overall customer experience.

- Customer expectation :

With globalization at its pinnacle, switching brands and products is a blink of an eye task for the customers. They are at their own freedom to shift their choices even with the minute inconvenience encountered. This often sets the standards of their expectation high in terms of the products as well as the experience. While expectations are in a way good for the brand since they ensure improved relevance of the product, better customer service etc, the bar set is sometimes unrealistic for the brands to meet and this in turn might affect the customer retention rate.

- Incoming chunks of customers :

A growing brand has a growing customer base. This at the end of the day is the one destination companies try to reach. While better revenues and income are ensured, a large customer base usually has many queries and concerns to be addressed. With a finite number of employees or automated interaction points available, the workload experienced is herculean. This often hinders the capability of the employee to concentrate on one single query or concern rather than handling numerous incoming inputs at once. As a result, the overall productivity of the employees or service agents diminishes affecting the output.

HOW TO IMPROVE CUSTOMER EXPERIENCE

- Formulating a customer centric vision :

Most businesses often formulate their business structures depending upon their product or service lifecycle or the longevity of the business. With that being a co priority businesses should formulate a vision stressing the importance of customer experience. A CX study by Oracle has also found that around **74%** of the senior executives believe that the customer experience is one of the leading factors affecting the long term loyalty of the customers. The survey also stated that around **32%** of the companies that considered their CX experience advances have updated their companies core values to include the necessity of appropriate experience to all the customers

- Bridging the gap between perspectives :

When Bain & Company carried out a survey with the customers as well as the businesses regarding the customer experience, around **79%** of the companies were of the opinion that they were delivering superior quality experience to the customers. However, only **8%** of the customers responded saying that they are experiencing superior services from these companies. What leads to this tremendous gap between the company side and

the customer side evaluation is the fast changing customer expectations. Companies scale up their experiences to a reasonable level depending upon the instantaneous market expectations. However, with advancing technologies like AI chatbots and Virtual Assistants, customers are quickly adapting to the new normal and hence, raising the bar of expectations at a faster pace. Therefore companies need to invest an appreciable amount of time into constant research monitoring the market trends and latest advancements to stay on par with expectations.

- Letting Customer feedback lead the way :

Businesses might employ various surveys and algorithms to understand the current market requirements and what the customers might require going by the trend. However, the only person who can actually convey what the customers require are the customers themselves. It is hence, imperative for the brands to consider customer feedback actively and based on that, modify their product and service features. A Forrester study also showed that customer experience-led companies on an average gained 1.9X than the non-experience-led ones. Customer feedback can be collected through various reach-outs like customer feedback surveys, personal customer interviews, chatbots, various scoring mechanisms that allow brands to measure customer loyalty and the likeliness of customers recommending the brand to others.

- Omni-channel Presence :

Establishing an omni-channel presence enabling the consumers to interact with the brand in any preferred channel will ensure the customer a more convenient approach and hence an overall better experience. One key factor differentiating between multi-channel and omni-channel presence is the possibility for the customer to seamlessly change from one channel of interaction to another at any stage of the sales cycle.

- Emotional Empathy towards the customer :

A research by the Journal of Consumer Research states that more than **50%** of the consumer experience is based on the emotional receptiveness of the brand or company. This obligates the brands to build up an emotional connect with the customer bridging the gap between their requirements and the services offered. Consumers often stay loyal to the brand they are emotionally connected with and hence add to the lifetime value. A journal by Gallup supports a similar argument by stating that businesses which shape out considering the emotional standing of the customer, outperforms competitors by **85%** in terms of the sales.

Brands which positively leverage these factors have the potential to generate a commendable customer experience. Putting efforts in the right direction would not only optimize the functional efficiencies of the brand, but also the customer receptive factors. Step-by-step optimization of the overall landscape would eventually generate a multitude effect which can be witnessed from the overall development and personalization of the customer experience.

ABOUT DAVEAI

DaveAI is a visual AI platform that bridges the gap between self-assisted online discovery & salesperson-assisted offline discovery.

We help brands drive sales with advanced product discovery experiences using an interactive Virtual Sales Avatar that mimics a human sales brain, understands customer requirements & provides hyper-personalized product recommendations.