Customer Experience
CX

Customer's changing expectations, preferences, and patterns of how and why they buy should be at the heart of any digital transformation.
In this article, you'll learn what customer experience (CS) is and what makes it an experience your customer will remember.

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1.   Definition

Every product, every service, every interaction with a company is associated with experiences for the customer.

> **Customer Experience (CX) refers to the totality of all impressions that a customer receives from a company throughout the duration of the customer relationship.**

2. CX in the Digital Transformation

Digital transformation is the fundamental rethinking of a company's management to prepare products, services, and business models for the conditions of an increasingly digitized world. Operational customer relationships, business strategies, and processes are subject to a profound change process.

The changing expectations, preferences, and buying habits of customers are at the heart of Digital Transformation. Digital Transformation initiatives can only thrive and come to life by building on this.

Digital transformation has brought this topic to the forefront, which is at least as important as the quality of products and services.

Customer Experience is a topic that is not new in the world of marketing and sales, but one that companies clearly must also keep in mind in their operations to gain a place in the minds and preferences of their customers.

Customer Experience is of great importance as the most important change feature and as a growth driver for every company.

3. What exactly is CX and why is it so important?

When was the last time you were treated so pleasantly that you felt at home? Surely you can remember it easily. Our mind stores the moments where we feel happy and satisfied.

Or maybe you remember a time when you were treated so badly that you said something like: "I will never go back to this store or buy this brand again".

This is Customer Experience, that's CX.

CS is the sum total of how your customers perceive your company. It is how your customers perceive your brand, based on the interactions and touch points with it. The better the interactions, the better the experience is rated.

CX encompasses the entirety of being a customer of your company, the entire customer journey, at every interaction, from the first impressions of their marketing to how the customer feels after the purchase when talking to your customer service. Everything a company does to put the customer first, manage their journey, and address their needs is found in CX.

Initiatives that do not sufficiently incorporate the customer experience and focus only on internal numbers are too narrowly focused and can only be short-lived.

> **A pleasant, positive experience can pay immediate and exponential dividends for any business, because the wat a company serves its customers is at least as important as the products and services it offers.**

Self-evident and basic features of a product or service must be right. And the better these are fulfilled, the more satisfied the customer is. The real enthusiasm comes when a product has positive features that the customer did not expect. These features need only increase the performance a little, and the enthusiasm creates a disproportionate benefit for the customer. This means that the technical prerequisites for a strong foundation must be built, and high-quality and strategic communication measures must be developed, because CS also means communication.

In a digital world where customers comment and share their experiences with a company in public forums, it has become essential for companies to connect with their customers on an emotional level.

4. Customer Experience and Customer Service and Customer Care

The customer's overall perception of your company based on their interactions with the company forms the CX. Customer service and customer support are only part of it.

Customer service refers to specific touchpoints within the customer experience where a customer requests and receives support or assistance. Example: If a customer cannot find the size of a particular model in a clothing store and an employee helps them find it, that's customer service.

Customer care often takes place in conjunction with a call center. Its employees support customers throughout their experience with your products or services, regardless of where they need help (in-store, online, via mobile apps, etc.).

> **Customer experience is more than just serving the customer.**

5.   Customer Experience and Employee Experience

Employee Experience is the sum of all experiences an employee has with their employer. It also includes how an employee feels about their interactions with their employer throughout their professional relationship with them.

A positive employee experience leads to greater engagement, retention, performance, and long-term profitability. Employees who feel empowered, valued, and motivated at work are more likely to create an excellent customer experience.

6.   Customer Experience and User Experience (UX)

UX refers to the specific end user, i.e., the person who uses the product or service, which is not always the customer. For example, the Chief Information Officer (CIO) of a large company may be the person who approves a new application that will be used by employees throughout the company. She/he is the customer; the employees are the users. A positive

CX is a prerequisite for purchasing the product; a good UX is the positive user experience for the employee.

7.   Customer Experience Structure and Quality

Customer Experience is not completely in the hands of a company. There are few reasons for this:

- CX is made up of a variety of factors, some of which are beyond the direct control of the company.
- Customers design their own journey rather than following a prescribed process. They stop and start, move from one platform or channel to another, and sometimes return.

Against this backdrop, what does positive customer experience look like and how can the company achieve its CX goals?

There is no universal checklist to ensure good customer experience. Your business is unique and so are your customers. Nevertheless, in surveys that companies conducted with their customers, we found a number of common principles.

According to this, a good customer experience can be achieved if your company:

- Makes it a priority throughout the company to listen to the customer.
- Uses customer feedback to develop a deep understanding of customers.
- Implements a system to regularly collect, analyze, and act on feedback.
- Reduces friction, solves your customer's specific problems, and addresses their unique challenges.

> **It's not rocket science: a good Customer Experience comes from asking your customers questions, listening to their answers, and responding to them.**

On the other hand, bad customer experiences also come in many shapes and sizes. One set of problems is commonly found in experience. Bad customer experience is caused by:

- Long wait times.
- Employees who do not understand the customer's needs.
- Unresolved issues/questions.
- Too much automation / not enough human touch.
- Service that is not personalized.
- Rude/angry employees

Think about the last time you were frustrated as a customer. There is a good chance that one (or more) of the above was the cause.

At the end of the day, however, the customer experience at your company is unique. You only learn about them if you open the door to customer feedback and then work on it. This applies to positive customer experiences as well as negative ones.

8. Customer Experience Goals

Competing brands offer equivalent products and services in terms of quality and price. The most important differentiator for customers is the customer experience they have with a brand.

It has become very easy for customers to switch brands if they are not satisfied. A poor customer experience can cost a brand dearly and will ultimately impact their bottom line.

Companies can invest in creating an excellent CX to retrain customers and improve business results. The measures are aimed at:

- Reinforce brand preference. Customers are delighted when they witness human experiences, which turns them into loyal customers.
- Reduce customer churn. The cost of acquiring a new customer is more than retaining an existing one. A satisfied customer stays with the brand and is unlikely to leave because of factors such as price.
- Inspire customer advocacy. A memorable customer experience generates happy customers. Loyal customers are the best brand ambassadors or advocates.
- Drive revenue. Satisfied customers increase revenue with incremental sales and positive word-of-mouth helps add more value in terms of new sales.

9. Customer Experience Management (CXM)

CXM is the process a company uses to manage and organize every customer interaction with a brand throughout the entire customer journey. Customer experience management is defined as "the practice of designing and reacting to customer interactions to meet or exceed customer expectations and thereby increase customer satisfaction, loyalty, and advocacy" (Gartner Inc., www.gartner.de).

The goal of customer experience management is to optimize the customer's perception of the brand and, in the best-case scenario, to exceed their expectations. In this way, long-term customer relationships can be promoted and strengthened. Customer Experience Management is therefore a key practice for gaining a competitive advantage in today's hyper-competitive market.

For this reason, more than half of companies are expected to focus their future investments on customer experience innovation. The probability that the competition will focus on CX in the future is more than 50%, so an

excellent customer experience management framework is a must for you. This is based on three pillars:

- **Knowing your customer.** Brands that know their customers well can create memorable customer experiences. Companies should pay attention to customer data to gain insights into their customer's needs and preferences to create good experiences.
- **Develop a strategy.** Once the customer persona is identified, a customer experience strategy needs to be defined that maps all relevant touchpoints along the customer journey to better plan and organize how the brand will interact with customers.
- **Measure satisfaction.** It is essential to measure customer satisfaction in real time to gauge the success of the strategy. The customer satisfaction index can be created based on customer feedback, which gives a clear indication of the customer's perception of the brand.

Customer experience management places the customer at the center of the strategy and daily decisions. This benefits both your customers and your company, because greater customer satisfaction through better experiences leads to greater brand loyalty and lower costs.

10. Customer Experience Management Framework

Customer experience is the perception that customers have of your company. CXM is therefore the practice used to optimize these perceptions.

Most companies say they want to differentiate themselves from the competition through excellent customer experience management, but few succeed in delivering an experience that truly sets a brand apart from its competitors.

So how can companies excel in CX and reach a higher level of maturity? And how can they maintain this progress once it has been achieved?

The foundation of organizational maturity fundamentally lies in the systematic adoption and application of a set of sound, repeatable practices that lead to excellent. In the world of customer experience, maturity refers to the practices required to design, implement, and manage the customer experience in a disciplined manner.

We particularly recommend the approaches of Forrester Inc. (Forrester research Inc. 2023, www.forrester.com), which has identified several key practices for achieving CX maturity.

1. **Strategy.** Build a strategy that includes all touchpoints throughout the customer journey. Ensure acceptance in your company and bring the concept to life.

2. **Customer Understanding.** Understand your customers, their wants and needs, their pain points and how they perceive your brand.

3. **Design.** Optimize the interactions between your brand and your customers. Make these interactions as pleasant and simple as possible.

4. **Measurement.** Continuously track the quality of the customer experience by collecting customer perceptions to determine what is good.

5. **Governance.** Optimize the customer contact process, design different contact options, make them available and link them to the quality awareness of your employees.

6. **Culture.** Establish customer orientation as a core value that is firmly integrated into the DNA of your employees.

11. Conclusion

Customers not only have an emotional relationship with a product or service, but also with a brand. To create and foster this emotional connection with customers, you need the right community of people, systems, and infrastructure.

At a strategic level, many companies have now begun to align their goals and put the customer experience at the center of their brand strategy.

> **Focus on improving the experience you offer to your customers. This will give you an unbeatable advantage over your competitors. The market is highly competitive, use your insights as a competitive advantage.**

About advisio

The advisio GmbH team consists of competent employees with many years of experience in the fields of business innovation and transformation, organizational project management, and governance of information and technology.

The use of frameworks and practices to innovate and transform organizations is one of our core competencies. Our specialists perform, upon request, advisory, consulting, and training services in business transformation, customer experience, business innovation, product management, value management, and change management. Together with its knowledge and experience, advisio accompanies its clients on their innovation and transformation journey for the digital era.

If you are not sure how to start the innovation and transformation process in your organization, advisio will help you determine it. Do not hesitate to make an appointment for a no-obligation consultation.

About the Autor

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