



Positive Customer Experience – Thanks to Service Excellence

Positive customer experience is developing more and more to a decisive competitive advantage for all companies in the market. The awareness for it is steadily increasing. But the implementation of successful measures to improve Customer Experience Management (CX) is often more difficult than expected. With the guidance of the Service Excellence Cockpit, many possible stumbling blocks can be cleared out of the way.

By Rémon Elsten and Lukas Stiefel

Gary Wingrove, CEO KPMG Australia gets to the point: «Over the next five years, almost 90 percent of companies expect to be competing on the basis of customer experience alone. The world according to the customer will define organisations' design, processes and technology changes.» (Wingrove 2018) This prediction corresponds perfectly with the trend towards a more strategic perception of the service center, which we observe since the start of the Service Excellence Cockpit. Nearly 90 percent of our survey participants expect the strategic importance of their service center to be «very important» or «important» in 5 years' time, compared to only 34 percent 5 years ago.

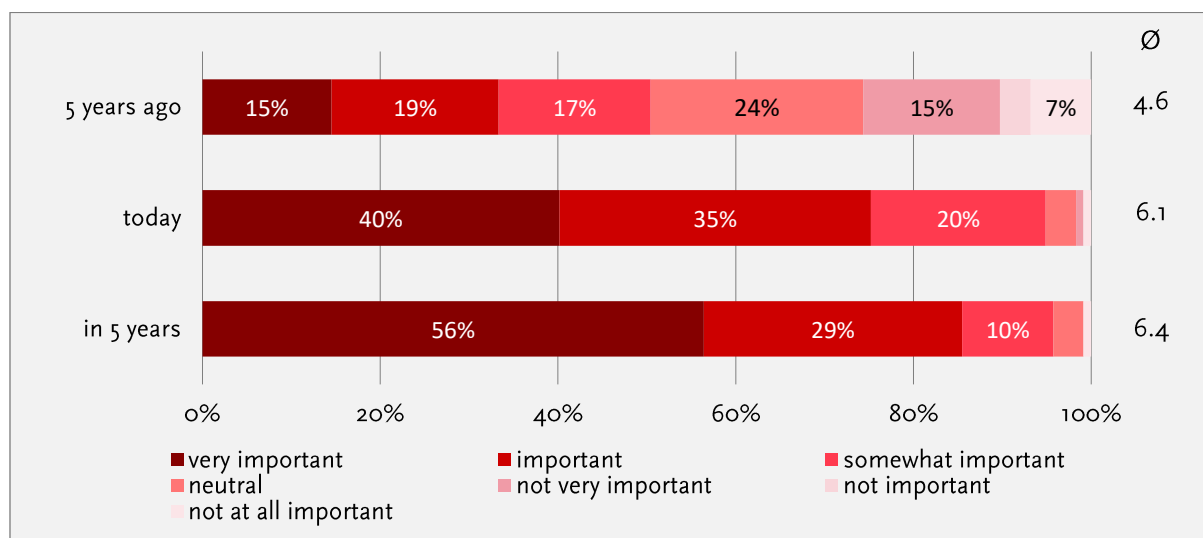


Figure 1: Strategic importance of service centers from the perspective of the service center management 2018

Meaning of customer experience

But what does customer experience actually mean? Prof. Dr. Heinrich Holland of the University of Mainz defines it as follows: «Each product and each service corresponds to an experience for the customer. (...) The «experience» is a crucial dimension of the market, which is characterised by an increasing competition and interchangeability of products and services.» (Holland 2018) To provide such a positive customer experience, adequate concepts are necessary in the companies. They allow them «to differentiate themselves from the competitors, to develop sustainable customer loyalty and to bind the customer more closely to the company in the end.» (Holland 2018) Especially considering the sinking loyalty rates, such stronger customer retention has an important influence on sustainable business success. An effective Customer Experience Management (CX) does therefore not only directly lead to more consumer acceptance and higher turnover but has indirect positive effects as well, for example better word-of-mouth advertising.

Probleme zu lösen. Es gilt also ganzheitliche Konzepte anzustreben, die das Kundenerlebnis umfassend und an allen möglichen Schnittpunkten zwischen Unternehmen und Kunden verstehen.

Stumbling blocks for excellent customer experience

The awareness for the importance of customer experience seems to be well established. This is reflected in the creation of new positions for Service Excellence Manager as well. However, many companies realise, that focusing on positive customer experience is not an easy task at all. An implementation of a chat bot

alone, for example, most probably doesn't lead to the desired success. A great stumbling block is, that different initiatives of marketing, CX and customer care are not properly coordinated. A company might be great in designing «wow-experiences» for sales but this effect won't last long, when their customer care is insufficient. It's therefore crucial to develop holistic concepts which define customer experience on every possible interface between customer and company.

Measuring success is equally difficult. The common KPI's for efficiency and effectivity are insufficient. Customer satisfaction can of course be measured by different methods such as NPS, Customer Effort Score or Churn Rate, but neither of those indicators give much evidence about the own positioning in the market and possible reasons for a good respectively a bad result.

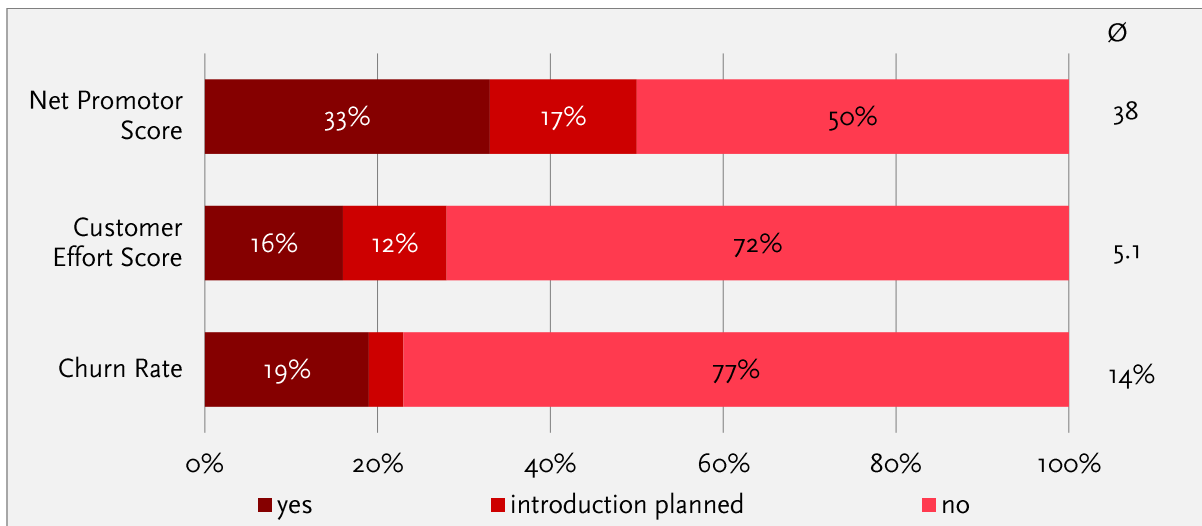


Figure 2: Appliace of Net Promotor Score, Customer Effort Score and Churn Rate

For a correct and meaningful examination of the own KPI's, relevant peer groups are necessary. In digital age, the customer will compare his experience across industries and processes. Besides this, direct competitors, other industries and processes are equally important peer groups. Extensive key figures for the processual, technological and organisational implementation of customer experience are needed. Customer management can only be made quantifiable and comparable with such benchmarking. That's the main idea behind the Service Excellence Cockpit.

Service excellence organisation

The focus on customer experience to be a decisive comparative advantage and criteria for differentiation in the market has consequences on the set-up of the service organisation. While before, the focus laid primarily on trimming the contact center towards a very efficient «service factory», the development nowadays goes more in the direction of a «customer experience center». Positive customer experience is thereby the main focus with the goal of establishing sustainable customer loyalty.

Thus, management functions in service centers change. They get more complex and sophisticated. That's most probably the reason why more and more service centers create new positions for service excellence managers as a support-staff for the service center management. Typically, a service excellence manager is responsible for the following tasks: personnel deployment planning, quality checks, training plans, reporting and benchmarking, coordination of marketing and sales regarding customer processes, evaluation of IT-systems and more.

It still seems to be a long way until most of the service center change their organisational structures accordingly. But we already observe developments in the right direction. First of all, a successful restructuring requires the awareness for the necessity of the respective changes. This awareness already seems to be high, as we examined in figure 1.

Opportunities for service center

We observe some more specific developments in the survey data. For example, we notice a clear shift towards younger employees, especially on management levels. Team leaders and supervisors are steadily

getting younger on average. For support-employees, which we included for the first time in this year's survey, we observe a high share of young employees as well. A clear sign that the increased importance of customer care creates a more attractive work environments in service centers. The newly created management positions are getting staffed with younger employees. The image of «service factories» as a part time job for students is no longer up-to-date.

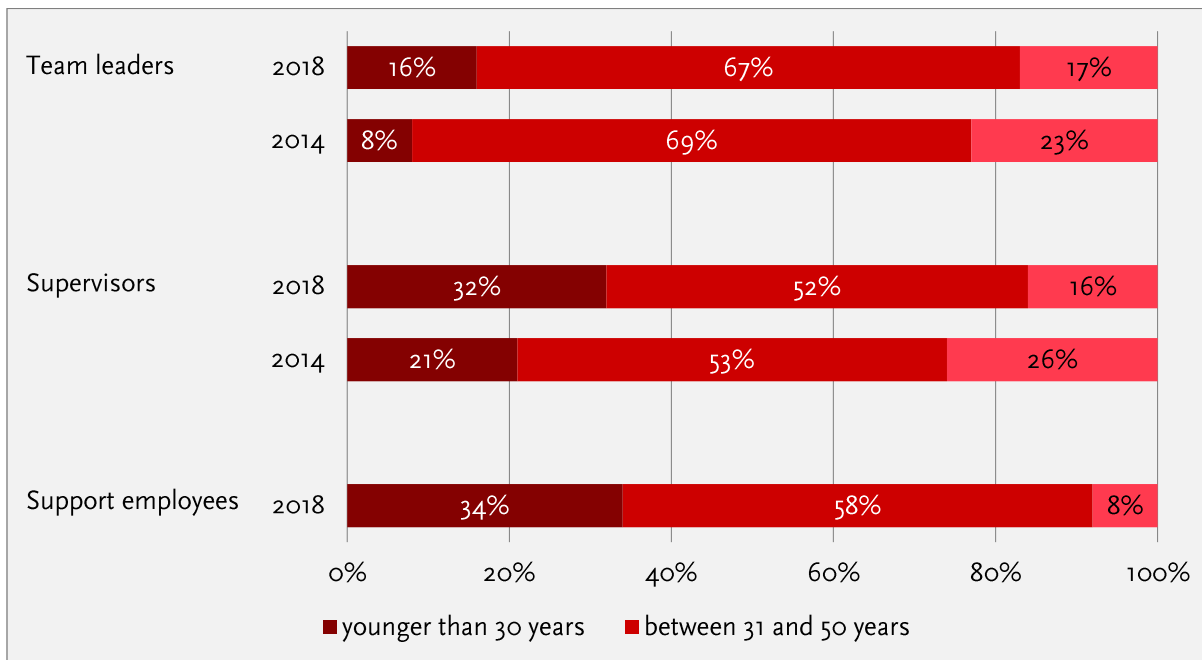


Figure 3: Age structure in service center, 5-year-comparison

Simultaneously, we also observe noticeably higher internal fluctuation rates. This seems to confirm our assumption, that younger employees are systematically being promoted to higher levels or transferred to other departments (e.g. marketing). This shows: a development towards service excellence organization and a «customer experience center» is not only important for sustainable business success through better customer loyalty. It also offers new opportunities for service centers to position themselves better in the labour market. They can offer an attractive working environment for younger employees to start a career inside a company.

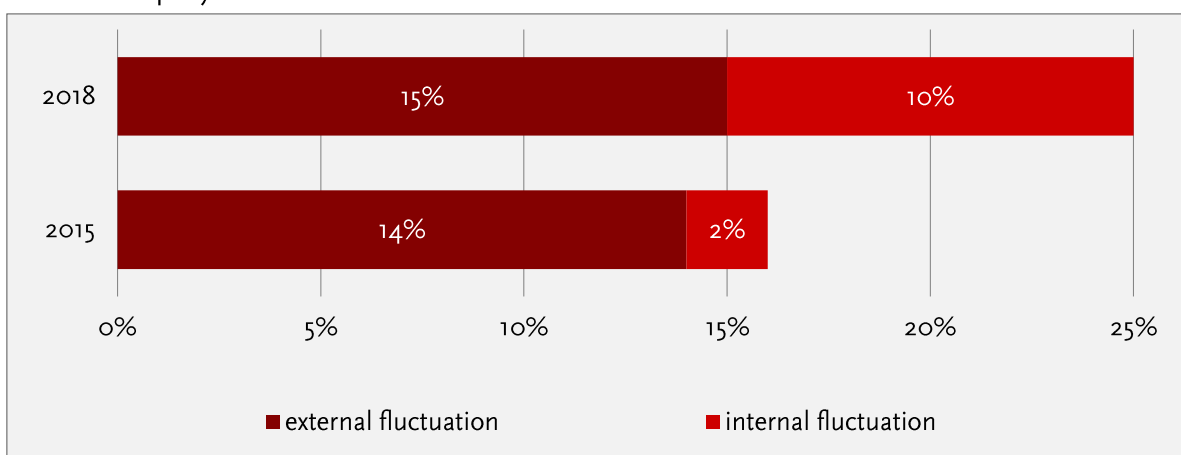


Figure 4: External and internal Fluctuation rate, 3-year-comparison

Successful implementation of customer experience management

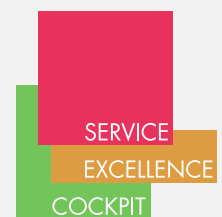
The main question remains: How can customer experience be sustainably improved and how should a successful customer experience management look like? The most important steps for a successful implementation are the following:

1. Understand the strategic importance of the matter
The basis for a successful customer experience management is always the awareness of its strategic importance. One possibility to make this importance clear to the management are the impartial benchmarking data of the Service Excellence Cockpit.
2. Use holistic concepts to achieve service excellence
It's crucial to understand customer experience as an interplay of all different components that are important for the contacts between customer and company. The relevant dimensions are: employees, efficiency, quality, processes and customers. Holistic concepts include all these dimensions.
3. Create appropriate organisational structure for service excellence
Empowering employees is crucial, as well as coordination between marketing, sales and customer service. Defining services and internal checks on service level helps to achieve such coordination. Certification may help as well. For example, the new norm ISO18295 which replaces EN15838. New demanding management- and support-positions such as service excellence managers can be staffed with younger employees. Thereby, the service center can position itself as an attractive employer in the labour market.
4. Using potential of digitalization to support employees and customer
New digital technologies offer new possibilities for the interaction between customer and service center. An average customer service may be improved to «Service Excellence» through a wise appliance of those digital instruments. In customer experience management, the focus should not only be on increasing efficiency through digitalization. It's even more important to think about how much digitalization is compatible with excellent customer care. New digital processes should never endanger the differentiation through excellent service in the market. They should therefore always generate a benefit for the customer as well. And very importantly: never should they give the customer the impression to be part of a cost-reduction measure.
5. Continuously control progress and enhance service quality
An adequate control of such holistic concepts presupposes holistic KPI's and their correct assessment. Our Service Excellence Cockpit benchmarking tool provides you with the necessary figures to do so.

There is broad agreement about the enormous potential of customer experience to differentiate in the future market and gain competitive advantages. It's now time to prepare for a successful future in customer care and develop sustainable customer experience management. The Service Excellence Cockpit will help you on your way!

The Service Excellence Cockpit

With the Service Excellence Cockpit, we initiated a steadily growing network between service center managers, consultants and European marketing & call-center associations. The Service Excellence Cockpit offers a holistic benchmarking tool for customer management. It's based on the data of more than 200 European Service Center and has been developed with the main goal of providing objective benchmarking figures which are necessary for continuous monitoring and improvement of service quality. The market report for the business year 2018 is now available. The survey for 2019 will start in December.



Bibliography

- Holland, Heinrich (2018): Customer Experience Management. (<https://wirtschaftslexikon.gabler.de/definition/customer-experience-management-54478/version-277507> [10.08.2018]).
- Wingrove, Gary (2018): KPMG 'embraces the unknown' with acquisition of innovation consultancy, UDKU. (<https://home.kpmg.com/au/en/home/media/press-releases/2018/07/kpmg-embraces-the-unknown-with-acquisition-of-innovation-consultancy--udku-30-jult-2018.html> [10.08.2018]).