

CUSTOMER EXPERIENCE

CREATING THE STORY YOUR CLIENTS LIVE OUT

White Paper

FEDERICO CESCONI



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customer intelligence **made in switzerland**

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CREATING THE STORY YOUR CLIENTS LIVE OUT

Most marketing experts today talk about customer satisfaction: how to increase customer satisfaction, how to make a client a loyal customer, how to increase their share-of-wallet and how to eventually engage them as a new promotion and sales channel for their products

"Customer Centricity", "Customer Experience Management", "Loyalty", "Customer Lifetime Value", "Net Promoter Score" and "Recommendation" are just some of the keywords which are frequently mentioned in this context

Regarding this matter, I asked myself several, simple questions: what is customer satisfaction? How is the client's experience with the brand, the product and the service related to each other? What's the true meaning behind the customer experience and how can we truly influence the future behaviour of a client by managing their experiences in a specific way?



"How can we truly influence the future behaviour of a client by managing their experiences in a specific way?"

And last but not least: what has changed since 2010 with regards to customer experience the year in which I wrote my point of view on a paper entitled:

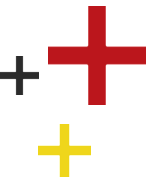
CUSTOMER EXPERIENCE MANAGEMENT THAT IMPROVES THE BOTTOM LINE: A FRAMEWORK FOR IMPLEMENTING CXM.

Here you will find some of the solutions I thought of to answer my own questions:

Let's picture experience as the summary of the emotional and rational transactions that we make when trying out a product. Can we separate that from the service? Can we really say that a product, nowadays, is able to exist without being related to a service?

Or, generally speaking, can we say that products featuring Kotler's definition of marketing (Kotler, 1967) ceased to exist? Or rather what we get now is a service with the product being only its physical manifestation?



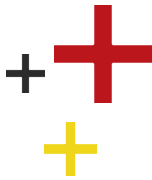


Let's think about a commodity like coffee. With an insight into the consumer field, using Starbucks as the example we can state categorically that from the viewpoint of an average consumer coffee doesn't exist anymore as a product that serves an end in itself, but it's the service designed around the product that creates the emotional experience, which makes us feel attached to the brand.

We can draw the same conclusion on the coffee inside the Nespresso capsules. I'm quite sure that when we think about Nespresso, we won't only remember the coffee capsule but we will have set up clearly in our minds, this multi-channel experience, matched with a brand of design that goes far beyond simple coffee.

To answer my previous question I can firmly state that the products, as they once were, don't exist anymore. Instead only the experience that surrounds a product still lingers inside the consumers' minds. The element that gets us attached to a brand is the emotional component rather than just the physical appearance of the product itself, even if Apple taught us that the design of a product can have a fundamental influence on the experience that the client will remember about a specific product.

But this is a limit that I set for myself for a reason: I'm not an expert in user experience design and so I leave it in the hands of professionals to dig deeper into this aspect. It's surely an important point and I do recognize it as such. Companies have noticed this emotional component and have reacted by moving the competitive field into this form of experience: all enterprises want to make their customers feel satisfied and thus there is a huge interest in trying to understand how to handle the client's experience properly.



In fact I conducted a small research on Amazon and found around 27,000 books on this theme. To give you an idea of scale, back in 2006, when I started to get into themes like customer feedback management and net promoter score, the pages found on Google that were about customer experience could be counted in a few lines of results.

Despite the volume of information there are several "cognitive traps", which in some ways make it impossible to elaborate correct ideas about the satisfaction and experience we are talking about.

The first trap is to not to want to admit to the complexity of the matter. It seems in fact that the word 'satisfaction' isn't useful anymore, as we apply it on a generic vision of things. I believe we can distill it down to a specific meaning, but to do so we will have to forget about its normal conception and adopt a more complex vision of what satisfaction really means.

The second trap is confusing experience with memory: in short it's about choosing to be satisfied by the consumption of a product or service, or being satisfied with the global experience the product and its service provides us. These, as you can see, are two different concepts. Both are elements that we can relate to satisfaction. Being satisfied with my experience towards a certain airline or company differs greatly from being satisfied with a specific flight I had with that airline. And being satisfied with that specific flight is, once again, different from being satisfied with the 'boarding' phase of the same flight.



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"We will have to forget about its normal conception and adopt a more complex vision of what satisfaction really means."

The third trap is the illusion of focalization, specifically the unfortunate event in which we can't think of any circumstance that can influence the client's satisfaction without twisting its importance. The illusion of focalization is a cognitive bias that manifests when the first part of information referring to a problem is emphasized excessively, generating an evaluation prejudice in judging accurately the entire situation.

To quote an example, during the negotiation for the purchase of a second-hand car the first price given creates a baseline for the entire negotiation, even if this price is actually quite far from the car's real value.

I will try to elaborate these three traps around the concept of satisfaction and the management of the customer experience. Let's start with a practical example:

My experience on a business class flight from Kuala Lumpur to Sydney, which started in a perfect way -in fact beyond my expectations - was compromised towards the end of the trip by a small accident caused by a slightly careless hostess who spilled a glass of Coke on my trousers. Emotionally speaking (you will understand later on), this ruined the whole experience.



What this hostess truly ruined was the memory of the whole experience. My flight lasted about 6 hours and everything had been absolutely fantastic, beyond any of my expectations, but this stopped counting because a bad memory was left behind, now being the only thing I remember from that flight.

I will take this opportunity to introduce the research of the Nobel Prize winner Daniel Kahneman to explain this experience with a more scientific approach. We should think of ourselves and other people in terms of two “selves”:

There is a “self that lives inside experiences”, who lives in the present and is aware of it. It’s also able to relive the past, but it’s basically centered in the present. It’s the self who “lives the experiences”, the one whom the doctor approaches and asks “does it hurt now, when I touch you here?”

And then there’s the “self that remembers”. It’s this “self that remembers” that signs certain spots and is in charge of the story of our life, and it’s that “self” whom the doctor approaches, asking: “How have you been these past weeks?” or “How did your trip to Australia go?” or something similar. The vice president customer experience, the directors and marketing managers, all of those who are professionally involved with the management of customer experience have to understand this fundamental difference.

Of course, Kahneman doesn’t explicitly tell us that the self that remembers is a storyteller. This process starts with important feedback from our memories – it starts immediately. We don’t tell stories only when we decide to talk about them. Our memory tells us stories, or better, what remains of our experiences becomes a story.

Thus, we can state there are different types of memory, and please note that it’s not me making this statement. I’ve quoted a Nobel Prize winner to give solid ground to my reasoning.



“Those are two different entities – the self that lives the experience and the self that remembers – and confusing them can generate a nasty error for those who work on a daily basis managing clients’ experiences.”



The various types of memory – and note that I don't have the arrogance to quote them all – which can influence the memory of the experience are:

- Long-Term Memory
- Short-Term Memory
- Working Memory, which can be immediately used in combination with short-term memory

HOW DO WE DEFINE THESE MEMORIES?



The Long-Term

Memory is a container of knowledge and a recorder of events that have happened in a chronological order in our lives. This kind of memory is acknowledged, more or less, by all the researchers and experts of this field and any normal person – my father would have said even a forgetful person like me – has a wide range, if not a flawless record, of memories collected over a long period of time. The self that remembers relies almost exclusively on this long-term memory.

The Short-Term

Memory is connected to the studies of James (James, 1890) and is a concept that was later elaborated on by Broadbent (1958), Atkinson and Shiffrin (1968), applied in slightly different ways by each of them. Generally speaking, it refers to the ability of the human mind to hold on to a certain amount of information, which can be accessed immediately in a short temporal span.

This type of memory can also be influenced in an unconscious way. To quote an example, when you speak your native language with a foreigner, at a certain point you will notice your accent mutate and try to imitate, or better, accommodate the stranger's accent.

I do not wish, however, to get too much into the details of this matter. If you are interested, you can consult the studies of Hebb (Hebb, 1949) on this topic. Short- Term Memory, together with Working Memory, is bound to the self that lives experiences, to the self that considers single transactions and, furthermore, influences the self that will remember the experience.

The Working Memory

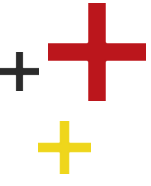
The Working Memory is defined by Miller's studies (Miller et al., 1960) as the memory that is used to plan out and follow a certain behavioural pattern.

Each one of us uses the working memory when, to cite an example, we 'keep in mind' the carryovers of a calculation, elaborating a complex arithmetic sum without using a calculator or a piece of paper – I must honestly admit though, that without paper I have great trouble calculating, but that's another story.

The working memory became a widely used term after Baddely and Hitch (1974) demonstrated that a single form of memory cannot be responsible for all the various kinds of temporary memory out there.

Their thinking brought up a new inspiring model (Baddeley, 1986), where the verbal-phonological representations and the visual-spatial representations are carried out separately and are managed and manipulated with the help of the relative attention processes, called central executions.






Let's consider how these types of memories are influenced by experience and what kind of effect they have on satisfaction. We can do this by quoting another example from Daniel Kahneman. It's about an old study regarding two patients who had to go through a colonoscopy, which was carried out in the 90s.

The two patients were asked to report the amount of pain they felt every 60 seconds and Kahneman, while studying the two patients, questioned himself which of the patients suffered the most. A simple question, answered by an even simpler result: patient B suffered more. His colonoscopy lasted longer and for every minute that patient A was in pain, so was patient B, if not more so.

Now, we must be careful at this point. We are observing the two patients from the point of view of the 'self that lives the experience'. We have observed the data we gathered from the experience without bothering ourselves with how the two patients remember this experience.

Let's try to change our perspective now and ask ourselves "How much do the patients think they suffered?" and here our perception changes completely. We are considering something personal. We are trying to hear the story of the 'self that remembers'. We will enter the sphere that I call – relating to the client – the 'customer intimacy'. Something you won't be able to capture in any other way in the world, except when you hear first hand the person of interest talk about it.



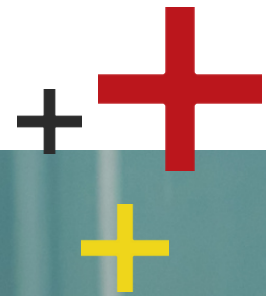
The surprise: patient A has a far worse memory of the colonoscopy in comparison to patient B. The stories about the colonoscopies were different because the most delicate part of the procedure is how it ends. One of the two was apparently worse than the other.

Be sure to keep this concept of the ending in your mind, because, as we will see afterwards, it is extremely influential on the memory left behind by the experience. The 'self that remembers' of the two patients considers the experience with the most pain during the ending phase to be the worse of the two.

Kahneman questioned these two people after the colonoscopies and, even after a relevant time span, “how negative was the whole experience, considering it in its integrity?” it turned out that the memory of it was noticeably worse for A, rather than B.

There can be a direct conflict between the self that lives experiences and the self that remembers. More precisely, it’s a conflict between Short-Term Memory and Long-Term Memory. From the point of view of the ‘self that lives the experience’ it’s obvious that B suffered more.

But it’s the ‘self that remembers’ who tells the tale differently, and A seemingly elaborated the memory of this experience in a far more negative way than B. Thus, we can draw a conclusion that what we can do to effectively improve the patient A’s experience, and Kahneman proved it, is to extend the colonoscopy of the patient without moving the tube too much. This will cause a little pain for the patient, but only a small amount, much less than before.



By doing this for several minutes, the self that lives the experience of patient A will be worse, but the self that remembers the experience of the same patient will be better, because now we made an effort to improve his conception and memory of the procedure on the long run.

What did we learn from Kahneman's example? The importance of the story that the 'self that remembers' will tell. And what is it that defines a story? The elements that define a story are the changes, the significant and final moments. The final moments are certainly extremely important and it's in this case, as well as in the other experience I told you about during my flight to Australia, that the negative ending dominated the memory.

The self that lives experiences, lives life in a continuous way. Some studies demonstrated that the psychological present lasts about three seconds. This means that, in an average life, there's a total of 600 million seconds, about 600,000 every month. May I ask you how many of these seconds you remember from last week? Or last month? Or of a specific day two years ago?

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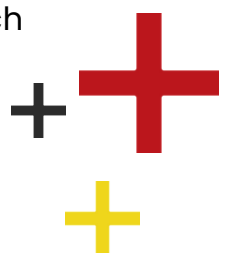
Probably few, because the great majority of these seconds are ignored by your 'self that remembers'. However we have the sensation that, in some way, all of it should matter, that these moments and experiences make up our life. They are the limited resources we are spending while we are in this world. How we spend them should be relevant, but this is not the story that the self that remembers and keeps for us.

It seems obvious that the 'self that remembers' and the 'self that lives experiences' are quite different. The main difference between the two is how they handle time. From the point of view of the self that lives experiences, if you go on vacation and the second week is as fun as the first week, then your two weeks' vacation is twice as good as a one-week vacation.

But this doesn't apply to the self that remembers. For the self that remembers, a two-week vacation is vaguely better than a one-week vacation because there aren't any particular events that will add up to more than what has been so far. It didn't change the story much. Time is the critical variable that distinguishes the self that remembers from the self that lives experiences. It has a limited impact on the story that the self who remembers tells us.

Anyway, you need to know that the self that remembers the experiences does way more than remembering and telling stories. The truth is that it's this self who makes decisions because, if we consider as an example a patient that had two different colonoscopies done by two different doctors and is deciding which of the two to choose, the one he will vote for is going to be the doctor that gave him the less "negative" memory of it.

The self that lives experiences has no vote on this. In fact, we do not choose by experiences but by our memories of experiences. Even when we think of the future, generally speaking, we do not think of the future as proper experiences but of anticipated memories of experiences. Practically, the 'self that remembers' dominates the 'self that experiences'. It influences everything in a direct manner and imposes decisions which are based on what we remember of the past and how we foretell or imagine future memories.



I'd like to carry out another small analysis on flight experiences. I happen to fly often and I've tried to remember the flights that I've taken these past years. Those that I manage to remember, and thus the ones that my 'self that remembers' recalls and applies dominantly to my choices, are those where:

- I had a terrifying/frightening experience and still have a hard time remembering in a positive way today.
- I had a negative experience, which was consequently transformed into a good memory by the prompt resolution of the problem, be it a wrong ticket, a strike or a delayed flight that forced me to spend the night somewhere.
- I had a really positive experience, beyond any of my expectations and the memory was greatly affected by it.

The memories which I connect to the experiences B and C clearly bound me emotionally to the company that gave me these experiences.

The choice of the company I fly with is the prerogative of my self that remembers. And this can be somewhat difficult to justify. Or let's just say, how much do we "consume" our memories? If I think of all the flights I have taken, they probably count for various months of my life, but if I think about the memories I have of those same flights and how much I thought about them, I'd say that I cannot bring up more than 10 minutes of memories.





My question therefore becomes: why do I value memories so much, compared to the importance I give to experiences?

The two selves carry two completely separate notions of satisfaction inside them. Truth being told there are two concepts of satisfaction we could apply to these two distinct selves, one for each self. So, you might ask, how satisfied is the self that lives the experience? And then you will ask, how satisfying are the moments of our lives that the experiencing self goes through? It's all about short-lived satisfaction and it's a complicated process. Which are the emotions we can measure?

We are, however, able to get a neat idea about the satisfaction that the 'self that experiences' lives during a specific period of time. If we think instead about the satisfaction experienced by the 'self that remembers', we realize it's a completely different thing. It's not about how many positive or negative feelings a person lives anymore; it revolves around how much a person is satisfied and fulfilled when this person thinks, remembers and sums up the experiences she or he had. It's a completely foreign concept, compared to what we had before.

Managing the customers' experiences and providing them with emotional satisfaction is not a linear process, such as collecting feedbacks or acting according to observations. We have to consider the two selves, the one that lives the experience and the one that remembers it.

Thinking about the experience is different from living the experience. We can state, however, that by affecting the self that lives the experience, we can influence the memory of that same experience. Having the power to make a difference inside the story will surely have a great impact on the memory.

The customer experience, for this same reason, is influenced by the self that remembers and this is surely the biggest implication, together with the starting point of a punctual management from the self that lives experiences towards the self that remembers.

If I think back to the first study I did on customer experience, I see that I only focused on the importance of collecting the clients' feedbacks (customer intimacy), and thus tried to close the loop with these clients. I focused on the correlation between the business' goals (e.g.: reducing the churn, augmenting the share-of-wallet, etc...) and the key performance indicator of satisfaction, like the Net Promoter Score.

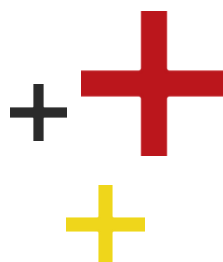
What I want to focus on today are two aspects that I completely neglected back then: the memory of the experience, the possibility of handling the memory proactively and, clearly, the possibility to obtain an immediate business benefit.

And the issue is this: we need to think of a new way to do marketing and this means we need to forget what we have considered up until now and build a real, dedicated and involved relationship towards our clients.

We have to make sure our clients go through memorable moments. And here I want you to be careful about this concept: memorable doesn't mean expensive but it has to be something different, something disruptive, that leaves a mark in a person's memories and influences their future memories.

This means creating an industrialized system to affect the memory of the self that remembers, something that becomes inevitably a set point that the self who lives the experience transfers to the self that remembers, transforming, for example, a flight that was meant to be forgotten into a flight to be remembered positively and for a long time, so that the customer will associate emotionally to that brand.

If you work for an airline take note that I'm not telling you to have your pilots make a drastic descent while landing. That may likely affect the self that remembers, but not in the way we want and are suggesting for a spectacular customer experience.





If you all agree with what I outlined above, then we can move on to the fundamentality of the proactive customer journey. The stories we want to transmit to our customers are essential and to create these stories we have to manage the memory that lives the experience, without leaving it to chance. We have to plan it out and create occasions to make it memorable. Essentially, we need to manage the experiences during the cycle of life and nothing should be left random.

We have to make sure these experiences can be industrialized so that they can become emotional moments that leave a mark in the memory of the self that lives experiences, and consequently influences the self that remembers the experiences. The final goal is that the self that remembers tells us a nice story about that experience and binds us in an emotional way to the brand that made us live those feelings.

An essential point is the industrialization of these emotional moments. It's clear that these moments have to be constructed in a way to guarantee a return on investment. It's not possible, for example, to invite all the clients that have had a problem with your product/service for dinner. I think your role as customer experience expert is to find a compromise between these things. Otherwise, I'm afraid your boss will leave an unforgettable mark on yourself that remembers!

An interesting approach in this field would be not to map the actual customer journey of an organization, but to really create the final story: how we want our clients to live the experience and what we want them to remember of this experience.



Here is another example: recently I received an SMS from the leasing company of my car. In short, they reminded me that the leasing payment has to be made on the first day of every month. Since I had a standing order I was startled, because I thought that something had gone wrong with my bank's transactions. I checked up on it and it was all ok.

So I phoned the leasing company thinking they may have made a mistake while registering the payments. They simply told me I had to pay on the first day of the month and not the third. Very well, so you set up an expensive system to remind me that I have a payment delay of merely two days? What kind of impact do you think this had on my remembering self? A positive one? I don't think so, at all!

Now let's turn the situation around: how many bills do we pay every month?

Mobile phone bills, insurance, satellite television, internet provider and so on. How many SMSs did you get to thank you for paying them on time? Personally, I never received an SMS of this kind. If I got one, would it have influenced my self that remembers?

I think it would have, yes, but sadly no one ever thanked me. What kind of difference would a small gesture have on the emotional involvement of your clients with your brand? Personally I believe it would have a great impact, a tiny investment that can make people remember you in a completely different light. What kind of impact would this have on your clients and on their future decisions?

Your clients interact with you at many touch points but are you truly focalizing on making sure they remember your brand in a good way? Or maybe you provide them, as it usually happens, with good advice without being aware that it may have them remember the negative aspects of their experience?

The holistic view of experience and exact planning of when it's supposed to happen are fundamental. It's not sufficient to only manage transactions, you need to plan out and manage stories too: the story of the moment your client chose your product, used it, had some initial difficulties and progressively solved them, when your client paid your bills on time.



"The final goal is that the self that remembers tells us a nice story about that experience and binds us in an emotional way to the brand."

Simple stories that are relevant for the 'self that remembers' of your customer. Stories that involve them with your brand. Practically, what is needed is the meticulous management of your clients' needs, aligned with the business strategy of your company, on every single touch point so that it is able to supply memorable experiences and a relevant customer experience during the lifecycle of the client.

If you manage to handle all these experiences in a programmed and planned way, you have reached the achievement to have full control over the journey of your clients and you will have the ability to influence their memories and to lead the client into the core of your activities.

An emotional relationship that will be hard to overcome by competitors in your field, a relationship that won't only lead to the creation of positive memories but will fully absorb your clients. An involvement that goes completely in favor of your brand.



ABOUT THE AUTHOR



FEDERICO CESCONI CEO OF **sandsiv+**

Federico has over 20 years' experience in customer experience-based roles including 10 years with UPC Switzerland, where he held several senior roles most latterly as Director of Business Intelligence.

He holds a PhD in Law from Università degli Studi di Milano and received several industry awards, across data mining and customer experience.

Federico co-founded SANDSIV in 2010 where he manages the strategic vision of the company, driving the company's business-and product-strategy as well as operations.



Using the CEM Framework allows a business to continuously improve customer experience in ways that ultimately builds customer satisfaction and loyalty.

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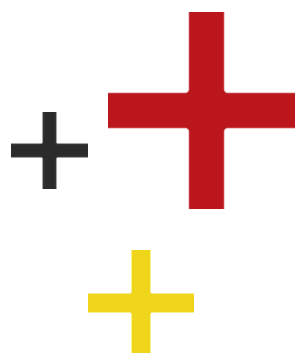
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ABOUT **sandsiv+**

SANDSIV is a Swiss software provider located in Technopark Zurich, Switzerland's main technology hub. Listed as a leading VOC vendor in Gartner's recent VOC Market report, SANDSIV has built its reputation in delivering its state-of-the-art Voice of the Customer enterprise solutions "sandsiv+" to advanced CX teams at leading organizations throughout EMEA, including leading companies in the telco, financial services, utilities, retail and transportation sectors.



HEAD OFFICE

SANDSIV Switzerland Ltd.
Technoparkstrasse 1 CH-8005 Zürich
Phone: +41 43 205 2132
Email: info@sandsiv.com

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