# The Four Dimensions of the Customer Experience

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To succeed in today's digital environment, companies must embrace the Customer Experience (CX) as an omni-channel composition of many interactions. In addition to a deep understanding of all the possible ways customers may engage with your organization, a similar level of understanding of customers, products and usage patterns, in conjunction with those engagement channels, provides a holistic perspective needed to design the ideal Customer Experience. From that point, it's essential to align the right technologies to power your Customer Experience.

These dimensions are also deeply integrated and mutually interdependent. They should be distinctly understood and examined, and collectively evaluated in terms of the overall Customer Experience.
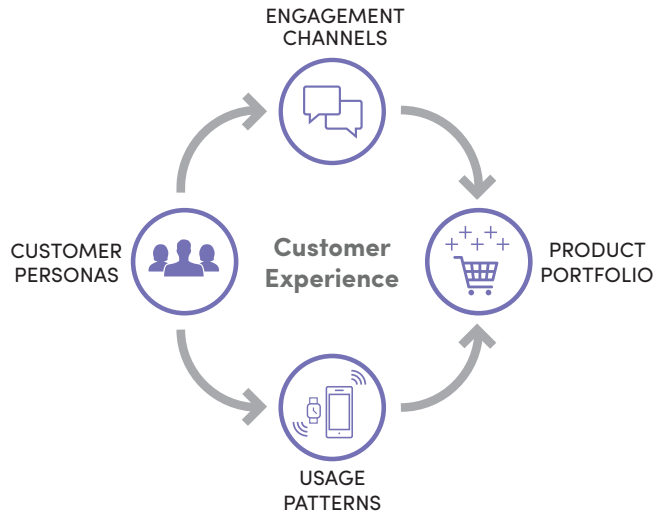
At the most basic level, successful commerce can be characterized by the alignment of a company's products and services with its customers. This alignment must occur across four foundational dimensions, each of which plays a critical role that helps determine whether your customer views your company positively or negatively. They are:

1. Personas – Characteristics of a company's customers which are frequently grouped into categories that describe common types of customers (demographics, ethnographics, psychographics, behaviors, etc.)

2. Engagement Channels – The way customers engage directly with your company. These engagements begin with the Marketing function as customers first become aware of your products. Other examples include interactions at retail locations, phone/email/text transactions with the contact center, as well as exchanges online and via social media.

3. Product Portfolio – The catalog of all products and/or services offered to the market.

4. Usage Patterns – How a customer uses your products and services. This usage can vary based on several factors including frequency, consistency and purpose. Another significant consideration is the maturity or sophistication of your product. Usage patterns evolve significantly with companies that have invested in Internet of Things (IoT) and Machine Learning.

1 CUSTOMER PERSONAS

It is critical that companies know their customers and prospects. A best practice is to categorize your customers into common classifications that are frequently defined based on key demographic attributes such as ethnicity, gender, age, income, geography, political views, interests, opinions and personality. Customer segments also can be defined through buying patterns, including total spend, customer lifetime value (CLV), usage patterns, product penetration rates, engagement frequency and channels, and retention rates, to name a few.

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There are many documented approaches / methodologies to examining and defining customer personas, such as:

Buyer Type	Generational	Tech Tolerance
Trend Setter	Traditionalist	Innovator
Cost-conscious	Baby Boomer	Early Adopter
Analytical	GenX	Early Majority
Skeptical	Millennial	Late Majority
Collaborative		Laggard
Decisive		

Many companies define customer personas in ways that are specific to their industry. However, each business is unique, and strategies and objectives are generally not uniform. So, while similarities may exist, it is important to give consideration and definition to company-specific language and descriptions.

The value of the customer persona exercise is important and complex. It provides insight into who is and who isn't your customer, what is resonating with the market and why, areas of strength and opportunity, and how your customers are changing and evolving over time. This exercise also provides significant insight into return on your investments by revealing the overall value and costs of different segments.

Recent advances on the analytics front allow companies not only to leverage customer personas but to also direct communications to specific customers. This practice is called microtargeting and leverages Big Data to track spending habits, interests and other attributes specific to a customer or prospect, which are then used in individualized marketing campaigns and communications.
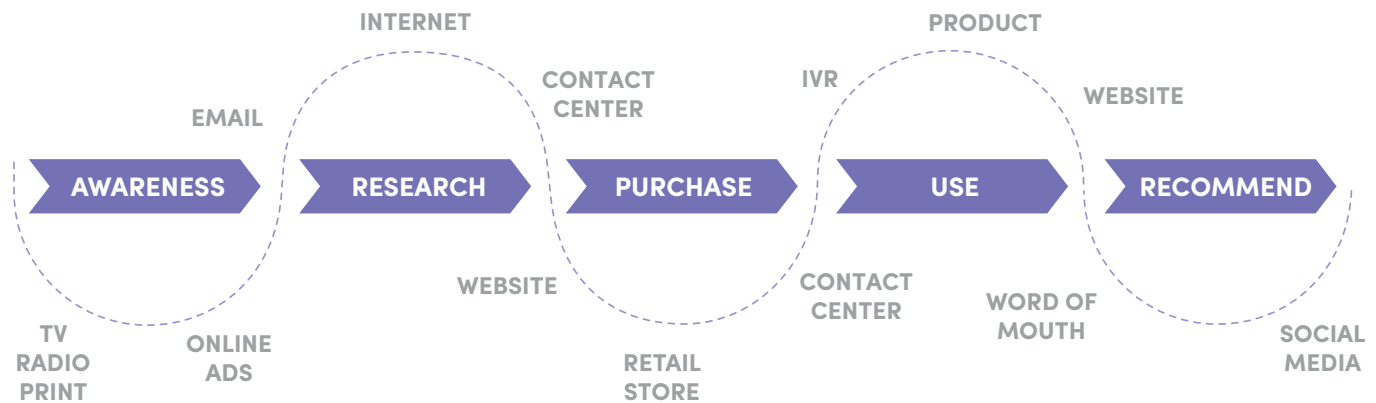
2 ENGAGEMENT CHANNELS

As examined in a previous Cimphoni White Paper entitled "Five Key Steps to Align Customer Experience with Evolving Customer Expectations," companies must view the Customer Experience as a customer's aggregated collective experiences with a brand. This Customer Journey begins with Brand Awareness and evolves through Marketing, Sales and Service functions and touchpoints. These interactions span a variety of marketing media and include interactions across a multitude of communication channels. Understanding this journey provides deeper understanding of the functions listed above while also shedding light on other critical roles such as Product Development, Production and Distribution.

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TOUCHPOINTS IN THE CUSTOMER'S JOURNEY

INTERNET

EMAIL

CONTACT
CENTER

PRODUCT

IVR

WEBSITE

AWARENESS → **RESEARCH** → **PURCHASE** → **USE** → **RECOMMEND**

TV
RADIO
PRINT

ONLINE
ADS

WEBSITE

RETAIL
STORE

CONTACT
CENTER

WORD OF
MOUTH

SOCIAL
MEDIA

Customers are interacting both anonymously and openly through many touchpoints and channels throughout the Customer Journey.

Without a firm grasp of this journey, companies will quickly fall behind their competition. Customer Expectations are evolving every day as technology continues to provide more timely and relevant information on the customer's terms. However, with a structured commitment to Customer Journey design and analytics, companies glean insight that can be used to optimize, refine and streamline the customers' experiences.

Successful organizations are taking a two-fold approach to these analytics:

1. At the micro level, companies can score and track performance of **each interaction** in terms of efficiency and value across people, process and technology. These results can then be evaluated against those customers' expectations, and the resulting gap represents opportunity.

2. Organizations then **aggregate scores across interactions** into a composite Customer Experience score, which represents the overall perception that a customer has of your brand and products, created across all interactions that they have experienced.

A recent service experience illustrates how an organization's commitment to improving one step in the journey had a very negative impact on a downstream interaction.

I recently purchased a new laptop directly through the manufacturer's website. This manufacturer had made a strategic commitment to self-service and outsourced support, so the company could focus on product development, production and distribution instead of service. Their website was extremely helpful when reviewing their products, describing features in detail and allowing me to research other brands directly. In fact, the entire purchasing process was easy, allowing me to quickly move from Awareness, through Research, to Purchase in a very short timeframe and, quite possibly, with one interaction and channel – the website. Additionally, the purchase price through their website was unbeatable (as opposed to other channels). This experience exceeded my expectations, and I became a strong advocate for their brand.

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However, a year later, I experienced an issue requiring service, and I learned that their investment in the Support side of their website was not as robust as the Sales side. They informed me that they partner with a big box retailer for product support and all I needed to do was to take my laptop to them and they would fix the issue under the terms of the warranty. But, after driving to the retailer and then waiting over an hour for a technician to be available (the manufacturer didn't inform me that appointments are highly recommended), they indicated that the issue was an OS issue which they didn't cover and that I had to contact the manufacturer.

Big Data and Analytics can be leveraged to measure the success of each interaction across the journey and its corresponding costs.

While I commend this brand for their commitment to customer empowerment during the Sales cycle, they also then cemented my expectation of my future interactions. However, their limited investment in self-service post sale, and their awkward Support partner workflow design left me highly disappointed. This company, like many others, clearly needs to invest more in the Support side of its customer journey to improve the customer experience end-to-end.

Big Data and Analytics can be leveraged to measure the success of each interaction across the journey and its corresponding costs. As gaps are identified, such as the example above, companies can focus on optimizing steps in the process and can frequently remove unnecessary steps altogether, thus streamlining the costs to support, improving customer experience and improving the timeline for revenue recognition. This activity drives the design of the ideal customer journey by eliminating issues such as the "wandering customer" who is not effectively managed and guided throughout the process.

For example:

- **Marketing** can review data from within the Awareness phase and see patterns of how future behavior is likely to unfold.

- **Sales** can ensure that information is easily available throughout the Research phase.

- **Provisioning** can measure the simplicity and ease of set-up post-purchase.

- **Service** can review support calls and enhance their self-service to reduce call volume and improve customer satisfaction.

Each function can also examine how its designs affect others up or down stream. For instance, Marketing can prevent gaps between Customer Experience and Customer Expectation by reviewing Voice of the Customer feedback to ensure that product functionality and capabilities align with the way that the product performs from a user perspective. By closing the loop, organizations can find the right balance between promoting their products vs. burdening service with disenfranchised customers who have lost faith in the integrity of the brand. This higher-level process insight allows organizations to quantifiably determine which is worse: losing sales that were made with aggressive claims, or winning a short-term customer who is likely to have service issues and is, thus, likely to tell others about that negative experience. With the right process mapping and measurements, questions like these can be more effectively answered.

Companies that effectively set expectations and then meet those expectations have the strongest brand advocates. Companies that analyze, refine and optimize the Customer Journey can then design engagements that deliver the 4 Es:

1. **Easy** to find and engage with,

2. **Efficient** in terms of speed to answer and resolution,

3. **Effective** by delivering value to the customer, and

4. **Enjoyable** from a customer perspective.

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3 PRODUCT PORTFOLIO

The process of examining your product portfolio in the context of the Customer Experience is extremely beneficial and will yield deep insight. From a financial analysis perspective, products should be mapped along the bell curve (assumed) of profitability to determine if your customers are buying the products you want them to buy. Many vendors tout their massive SKU list, but without examination of that portfolio relative to revenues, costs and customer perception, it is possible that the perceived benefit is outweighed by customer confusion, which negatively impacts profitability. Additionally, product sales trends can provide insight into both loss leaders and gateway purchases, which are critical to up-selling/cross-selling (penetration rates) and customer retention rates (especially important with the pervasiveness of today's subscription pricing models).

> Just as unreliable products lauded by Marketing for their quality can create a significant gap between Customer Expectation and Customer Experience, so too can warranty and refund policies that fall short of customer expectations.

Functionally, Product Development must align with Marketing, Sales and Service to develop policies that promote customer satisfaction. Just as unreliable products lauded by Marketing for their quality can create a significant gap between Customer Expectation and Customer Experience, so too can warranty and refund policies that fall short of customer expectations.

Nothing is worse for a customer than to have purchased a product based on sales promises, only then to experience product quality issues that result in time-consuming calls into the Service organization – unless, the company then exacerbates that situation by not standing behind their product, leaving the customer with no recourse. This triple-whammy is likely to result in a highly unsatisfied and very vocal customer for a long time to come.

Here are two real-life scenarios from the past year that illustrate both ends of the Customer Experience spectrum and how product quality and warranty policies drive customer satisfaction.

1. I recently purchased $200+ soccer shoes for my son's senior year of high school. We chose these shoes partly due to the one-year full warranty. In the second game of the season, the plastic sole snapped in half and our son was not able to finish the game. I called the manufacturer, who referred us to a retail store (after significant delay and two transfers). I drove across town to the retail store whose manager was very surprised that the manufacturer sent us to them since they were not a manufacturer-specific retailer, but rather a retailer of multiple manufacturers and, thus, could not cover the warranty. I drove back home and then called the manufacturer again, who, after much conversation and arguments about whether the product registration card was filled out correctly, asked that the shoes be shipped to them for inspection and claimed that a decision would be made in 4-6 weeks. We had to purchase a second pair of cleats mid-season while we waited for the manufacturer's verdict, which finally came in the form of a $200 voucher to be used only on their website (where products are all steeply marked up as compared to retail locations).

2. I purchased $150 gardening shears at big box retailer a few years ago and never completed the product registration card. This spring, I snapped one

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of the blades while, admittedly, cutting something far too large for garden shears. While still standing in the yard, I pulled up the manufacturer's website on my phone and hit the Support link. That link asked me to upload a photo of the product including the serial number and immediately sent me an email indicating that a new product was being shipped that day. The entire process took no more than 10 minutes from the time that I broke the shears.

This is an example of divergent policy designs. The first was clearly driven by a narrow view of the financials, whereas the second was designed from a product quality and customer satisfaction perspective. Predictably, I have been vocal about both experiences.

Companies that collect and analyze comprehensive product portfolio data from a wide range of perspectives can leverage that information in the context of the Customer Experience to better understand which products and policies drive customer satisfaction, which trigger additional purchases and, conversely, which adversely impact customer loyalty.

4 USAGE PATTERNS

Finally, how customers use your products is an area that is changing drastically. Not only are products rapidly expanding core functionality, they also are evolving in the level of interaction a customer has with the product itself. The amount of information that a product is capturing and reporting back to the manufacturer is exploding.

Companies must now understand (track and measure) how products within their portfolio are being used by their customers. As such, usage patterns fall into a wide variety of categories, including the following:

- **Products vs. Services**: This is a fundamental difference in regard to the delivery, but both conform to the same four dimensions described in this paper.

- **Consumable vs. Persistent:** Products that, when purchased, are consumed by customers and must be replenished compared to products that once purchased, persist over long periods of time. There are also hybrid products that have a core which is persistent, but include consumable components, such as razors (handle is persistent but blades are consumable), mop heads and water filters.

- **Predictable vs. Ad hoc:** Some products are used daily in very predictable ways, such as alarm clocks and thermostats, household appliances, cell phones, internet service and cars. Other products usage patterns are far less predictable, and usage can be far less frequent. Examples in this category include tools, tickets and events (plane and hotel reservations, sporting events, concerts) and safety equipment.

- **Frequency:** Many products are used daily, and often hourly. Parents can testify that cell phones have become essential parts of their teenagers' ability to function, and issues such as OS upgrades and internet outages can become major events. Other products are used far less frequently, but if there is an issue when the product is needed, customer satisfaction can be significantly eroded. Products in this category include things like jumper cables, snow blowers and, for some, credit cards.

- **Product Criticality:** There are many products that come with a very high standard and expectation of reliability. Products should be evaluated based on the importance of that product functioning as intended when used. Ovens are expensive appliances that come with an expectation of reliability, but are also considered far less critical than things like Emergency Roadside Assistance plans, certain pharmaceuticals, and the myriad products used in hospitals every day. Companies need to ensure varying levels of safeguards, redundancy and replacement policies based on the criticality of the product functioning when needed.

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The level of intelligence inherent in a product can drastically affect Customer Experience. Products that are self-healing and self-reporting offer customers proactive assurances that there will not be unexpected product quality or functionality issues in the future. Additionally, this intelligence can prolong the overall life of the product, thus driving increased satisfaction. Smart products can tell how a customer is using those products, which provides insight into frequency, duration, location, time and steps required to complete tasks and transactions.

However, not all companies have made sufficient investment in this area. My neighbor's experience last month with his Internet Service Provider (ISP) is a prime example of how the Customer Experience can be impacted by a lack of IoT investment in a company's delivery chain.

Jeff had been experiencing and reporting intermittent issues with his internet service for well over two years. Each time he called, he waited on hold for an excessively long time, the representative always indicated there were no known issues in his area, and that the issue was likely not an ISP-provider issue, but rather an issue with Jeff's wireless router. After spending $1200 over these two years on unreliable Internet service, and enduring countless condescending support calls, he finally connected with a representative who indicated they had a new diagnostic tool and were, in fact, seeing service issues. They sent out a tech who inspected Jeff's entire house and then made his way to the utility boxes that service the neighborhood, where he found "significant issues." After another two months, the ISP finally resolved the issue. Jeff then called the Billing department, which informed him that they would be issuing a $24 credit, representing the amount of downtime captured with their new diagnostic tool that only tracked issues backward for the last two months.

There are countless opportunities for improvement by this company, including keeping call history longer than one year and recording all calls. By investing in the delivery chain of service to each house this company would generate enormous savings in terms of customer service calls, while simultaneously improving customer satisfaction. Additionally, Jeff would likely still be using their service as opposed to having switched to another ISP.

Examination of Interdependencies

Relationships between customer personas and the specific products within a company's portfolio were referenced earlier and it is critical to specifically map each persona to individual products. Taking that understanding to further depths, tracking and measuring additional correlations (by persona and by product) yields additional insight:

These and many more examples can provide

- Conversion rates throughout the sales cycle identify opportunities to streamline or add value to specific interactions that are the most critical predictors of purchases.

- Retention rates and lifetime value of customers can be leveraged to determine where time and resources should be added and where there isn't sufficient return on those investments.

- Cross- and up-sell rates and "timeline to achieve" are essential understandings that can help companies most effectively capitalize at the ideal intersection of customer persona, stage in the Customer Journey and products under consideration.

- Product warranty and return policies should be designed based on product and persona profitability, knowing that some policies can drive sales and retention whereas others adversely affect profitability.

- Smart products powered by the Internet of Things provide valuable insight into usage patterns. This data can be used proactively to address product defects, thus reducing customer engagements related to product quality. The value of investment in these smart products can be directly quantified by the adverse impact of product replacements, service calls and the high cost of customer dissatisfaction.

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awareness to help organizations design the optimal marketing, sales and service approaches specific to each customer persona while focusing on the highest value products within the broader portfolio. The process of examination of each of these dimensions will yield insight not immediately understood on the surface. This examination is as much about the process and thoughtfulness, as the specific answers and decisions that are made. For example, the specific customer personas that are ultimately identified are not only useful in executing sales and marketing campaigns, but they also provide numerous individual data points and insights that can be leveraged across sales, marketing and service to optimize results. Additionally, the market and your business will continue to evolve, driving changes and refinements to those personas. Agile, customer-focused organizations establish the structure to review and refine all four of these CX dimensions over time. This discipline drives results and provides guidance into on-going adjustments and optimization.

By examining processes, collecting data and understanding each of the four dimensions of CX individually, companies can build a critical foundation and can subsequently realize exponential value by examining their interdependencies. In addition to investments in data and analytics, companies must also invest in other areas including marketing and sales automation solutions, omni-channel communications platforms, IoT, Artificial Intelligence and Machine Learning. Each of these technologies can be leveraged to drive improved CX.

It all begins with a strategic vision that puts the customer first. With the appropriate support from senior leadership, companies can transform and design people, process and technology around the CX that maximizes revenue while decreasing costs leading to long-term client advocacy. Understanding and designing the CX through analysis of your customers, their engagement channels, your products and how customers use your products creates the essential foundation needed to optimize your results.

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ABOUT THE AUTHOR

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Ruben is a senior leader who combines extensive technology, operational and business expertise to help clients maximize and align technology with their strategic objectives. Ruben's specialties include customer experience, workforce optimization, business intelligence, software development, infrastructure, cloud solutions and professional and technical services management. He is a graduate of Cornell College and holds an MBA from the University of Iowa. Ruben spends his free time playing hockey and attending his children's soccer games, cross country and track meets and dance competitions.

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About Cimphoni

Cimphoni is built on the premise that technology, when properly applied and led, can deliver innovative solutions that transform businesses, enrich the products we use daily and improve the quality of our lives. The Cimphoni team is comprised of highly experienced technology and business leaders with a thirst for innovation and a passion for solving problems. Founded in 2012, we serve customers throughout the United States from our offices in suburban Milwaukee.

Contact Cimphoni

If you would like to enhance your understanding of the customer experience you are delivering at your company, please contact us at (888) 470-0448 or info@cimphoni.com. We can help you improve every step and every touchpoint in your Customer Journey.

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