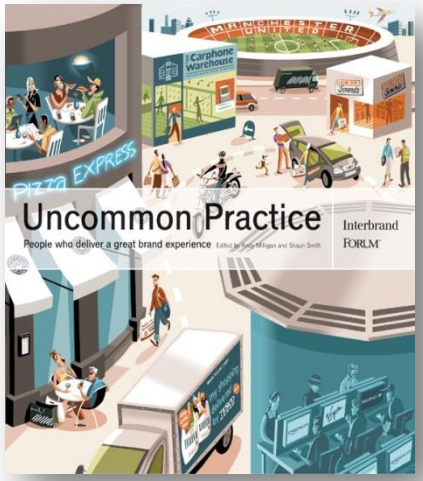
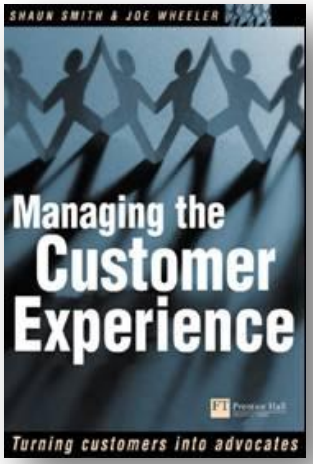
Customer Experience Management+

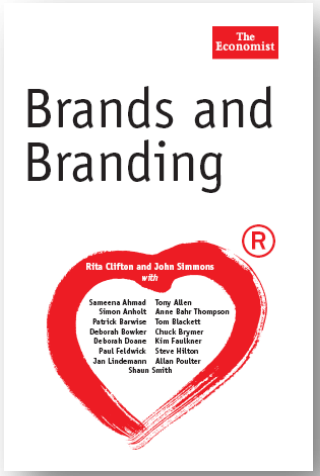
smith+co
defining customer experience

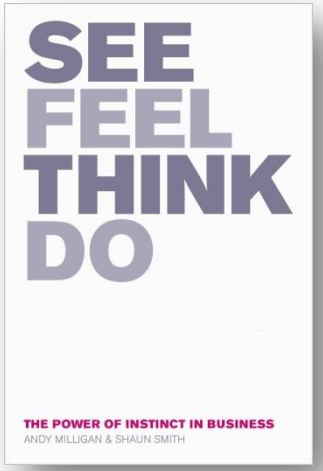
Managing Director of shaunsmith+co

- Author of best selling books on brand and customer experience
- Consulting internationally for 20 years









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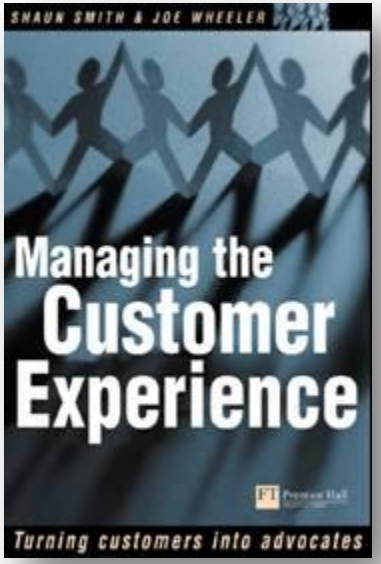

CEM+ Customer Experience Management+™

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Introductions

- Your name and organisation
- What is your major challenge in delivering your brand?

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Some facts…

- Those firms in the top quartile, in terms of **strength of their relationship** with customers, achieve loyalty levels three times higher than bottom quartile brands
- Those companies that enjoy **higher levels of brand loyalty** achieve price/earnings ratios twice those of average companies
- Even in an economic downturn, **50%** of consumers will pay more for a better customer experience

Sources:
1) Carlson Marketing Group Relationship Builder Survey
2) Satmetrix Systems Customer Loyalty survey
3) Customer Experience Impact Report. RightNow Technologies

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The changing economy

- Product orientation – *share of manufacturing*
- Market orientation – *share of market*
- Value orientation – *share of mind*

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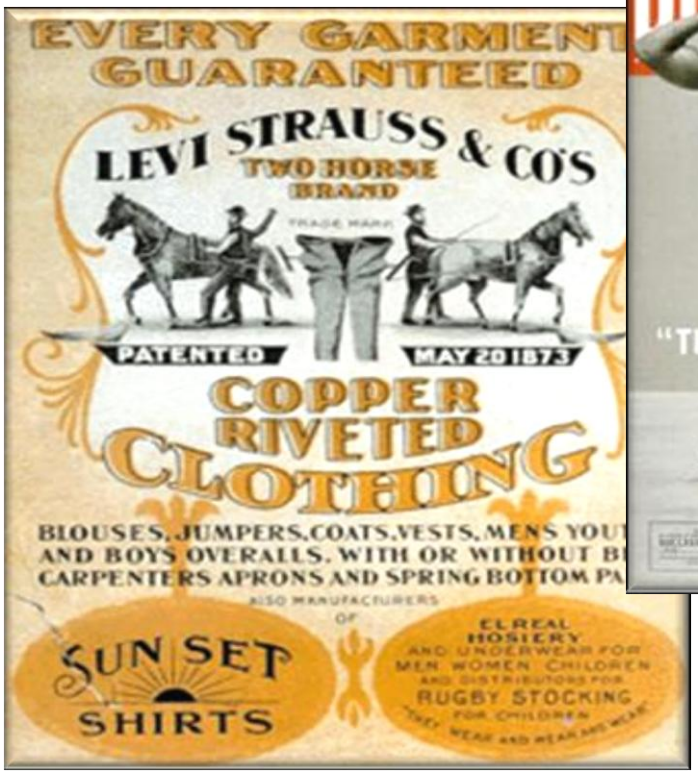
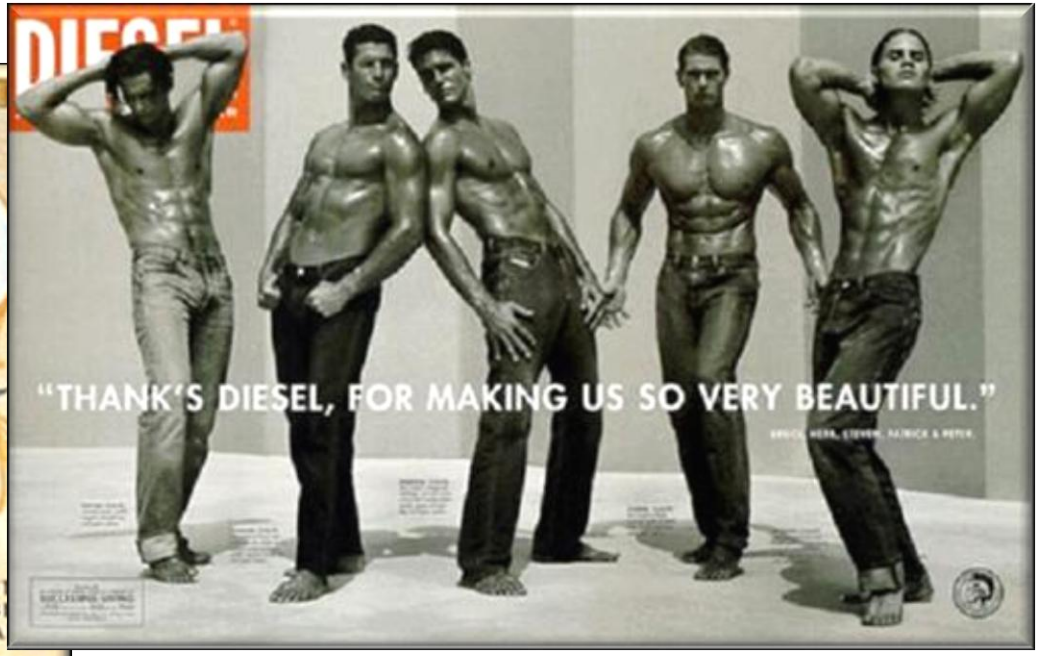
From product brands to lifestyle brands





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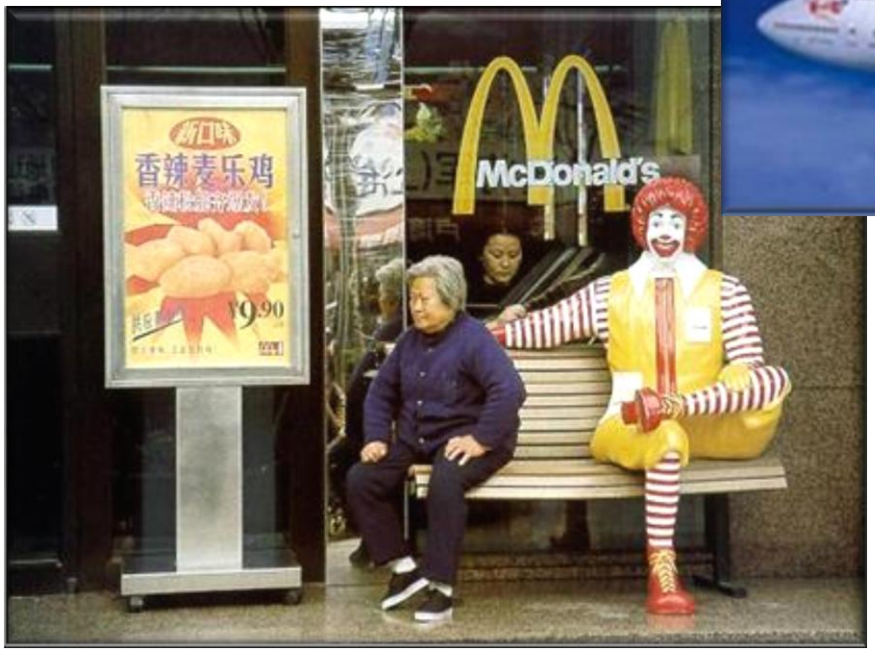
From service brands to experience brands



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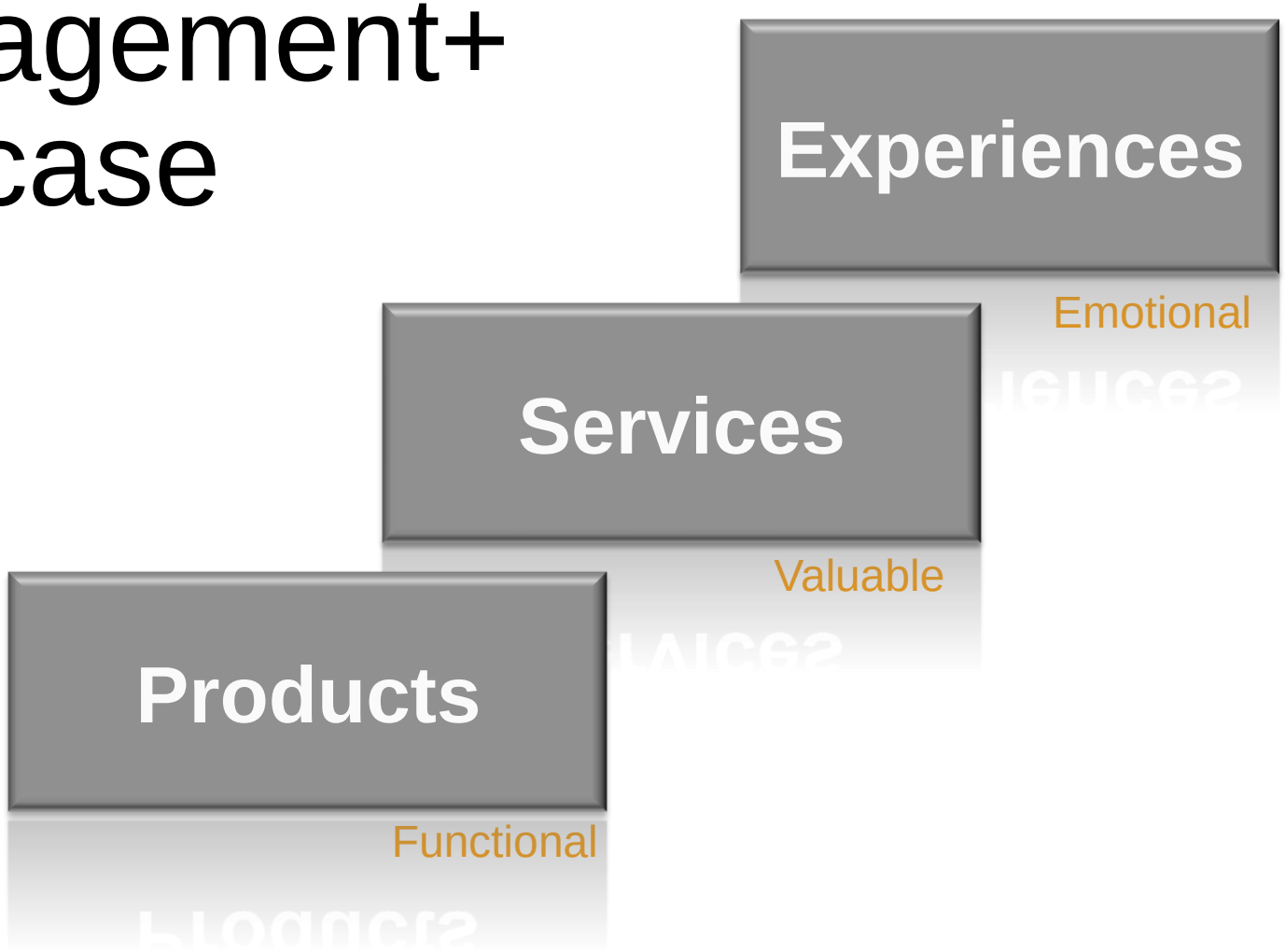
Customer Experience Management+ staircase



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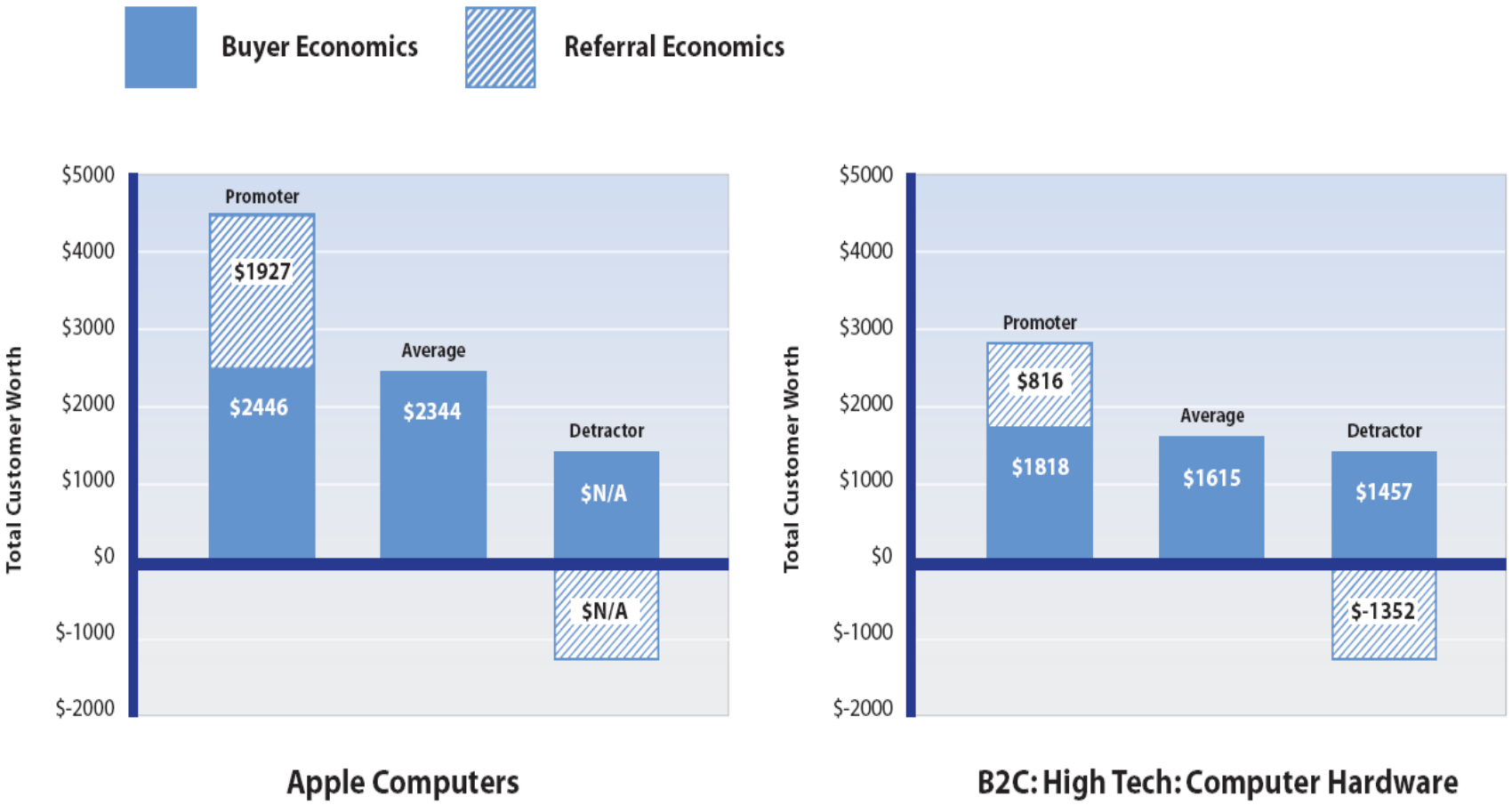
Impact on growth



Source: Satmetrix. Exploring the relationship between Net Promoter and Word Of Mouth in the computer hardware industry. 2008

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"Customer experience is **bigger than customer service** in that it is the full, end-to-end experience. It starts when you first hear about Amazon from a friend, and ends when you get the package in the mail and open it."

– Jeff Bezos, CEO

amazon.com

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What builds great brands?

List the labels in an order that describes how you believe brand value and profitability is created

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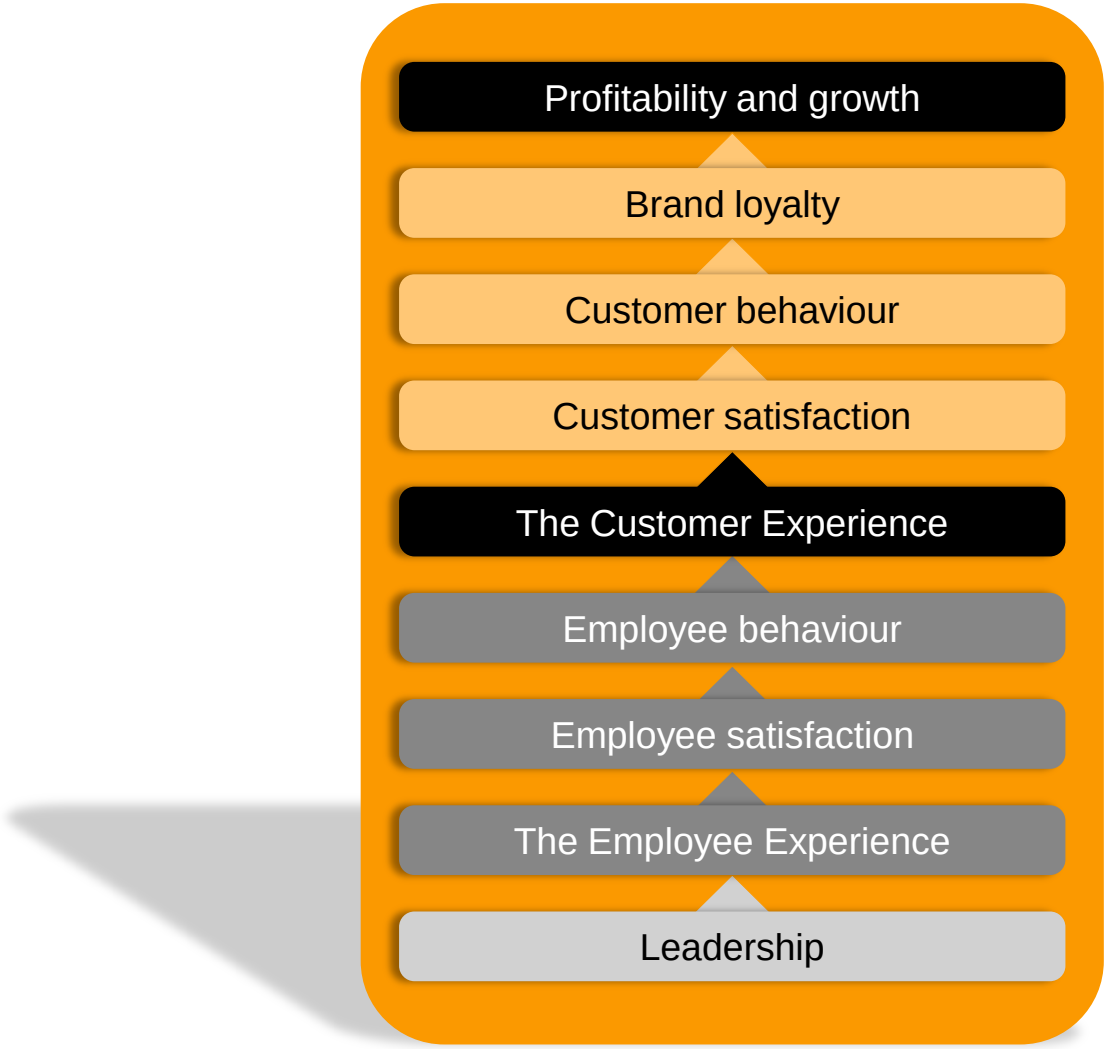
The CEM+ profit chain



Adapted from "Putting the Service Profit Chain to Work," Harvard Business Review, March/April 1994

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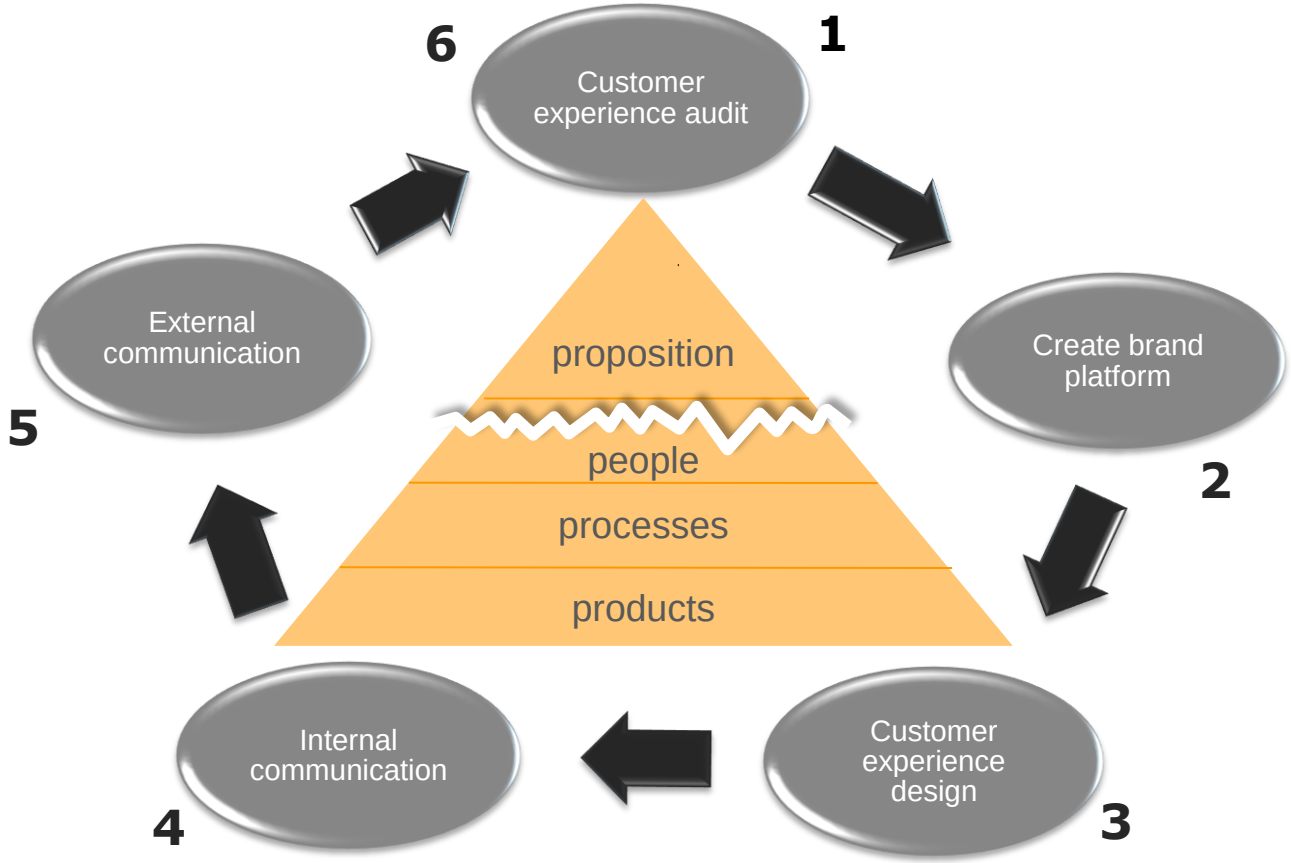
The CEM+ six step process



 Source: Brands and Branding. Profile Books. 2003

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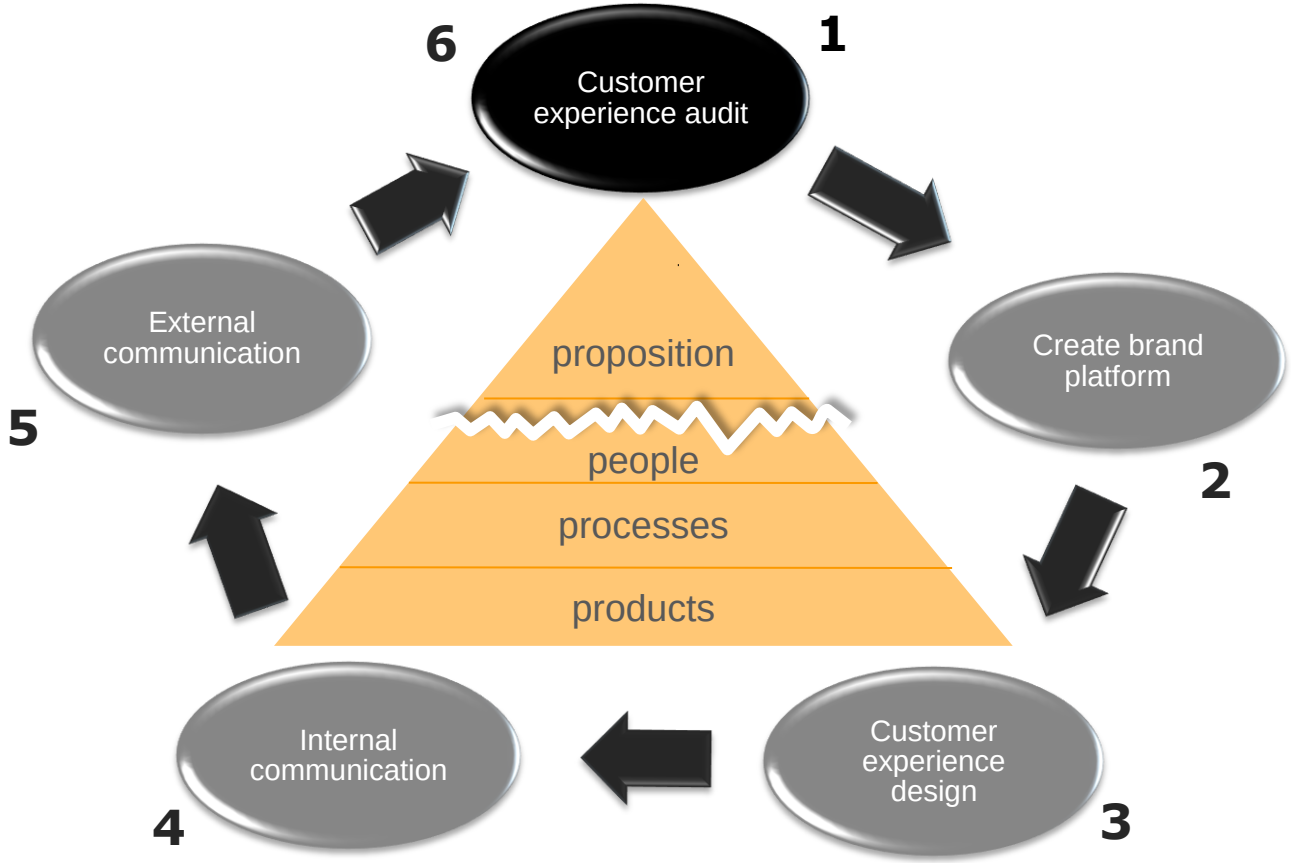
Customer Experience audit



 Source: Brands and Branding. Profile Books. 2003

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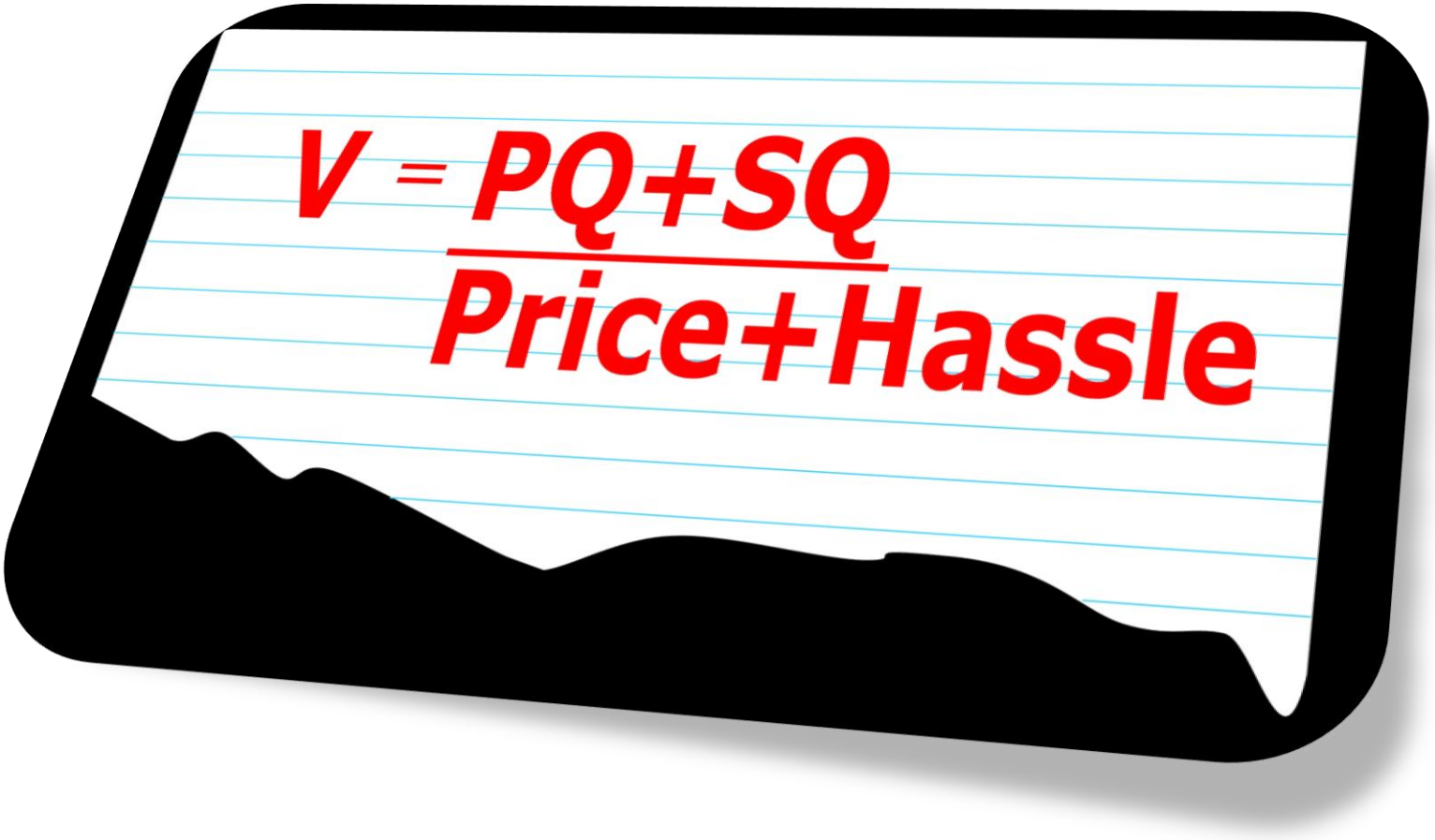
What do customers value?



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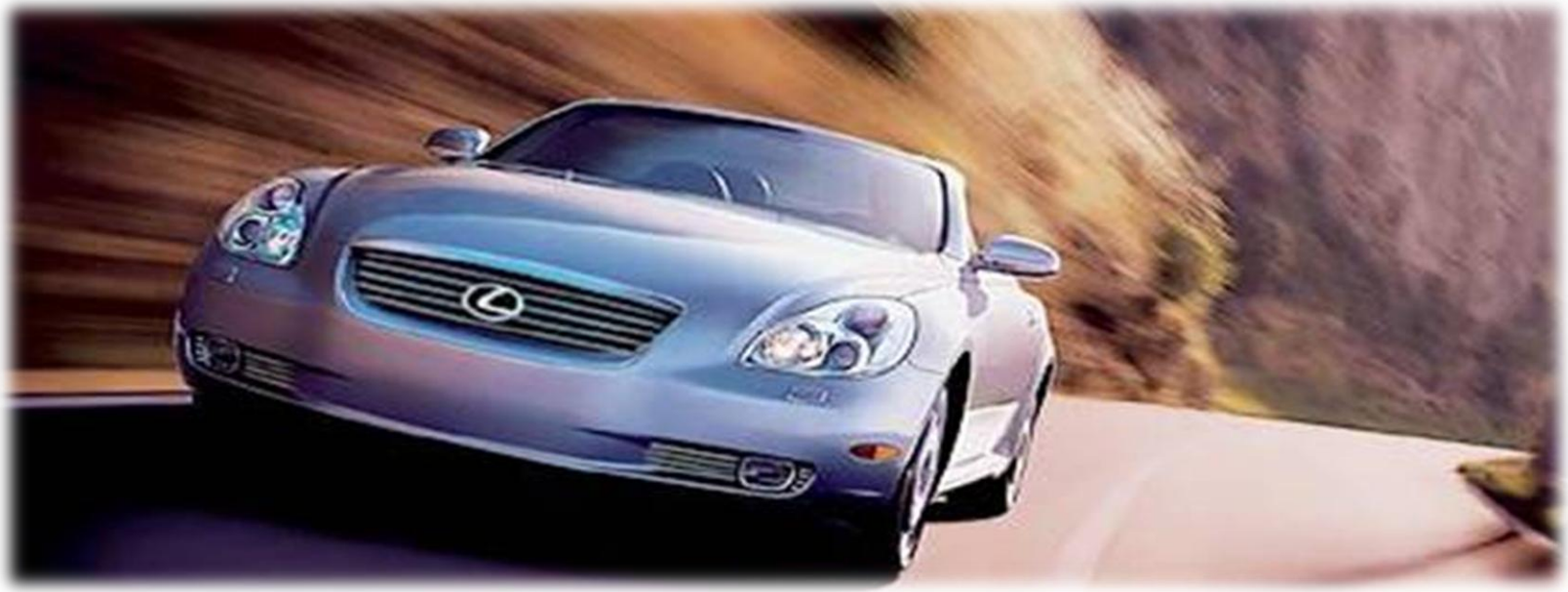

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Value strategies

- ***Operational Excellence: Ryan Air***
  - Competitive pricing
  - Speedy order fulfilment
  - On time delivery
- ***Product Leadership: Sony***
  - Functionality
  - Features
  - Performance
- ***Customer Experience: Ritz Carlton***
  - Quality of relationships with customers
  - Exceptional or individual service
  - Completeness of solutions

Source: The Discipline Of Market Leaders
Treacy and Wiersema. Addiison Wesley.1995

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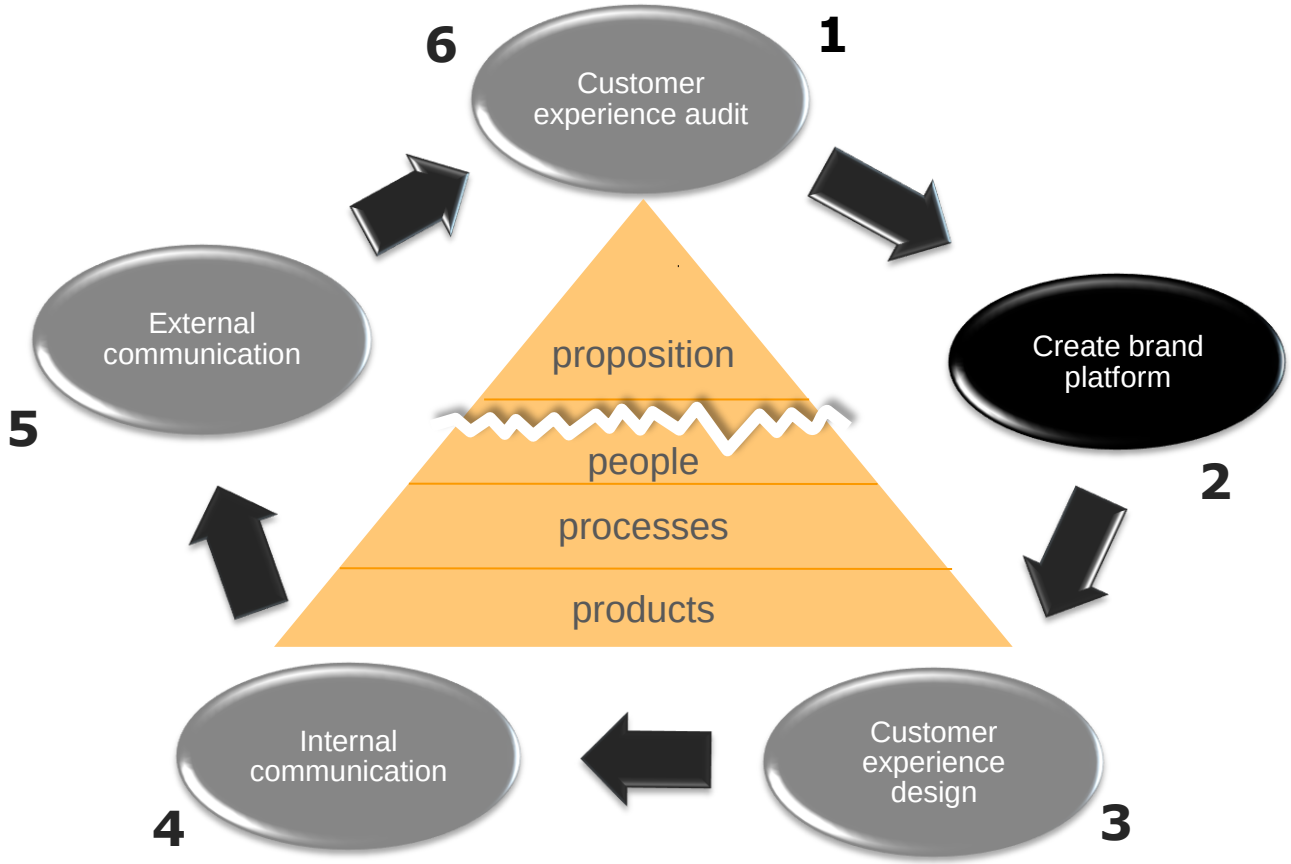
The CEM+ process



 Source: Brands and Branding. Profile Books. 2003

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What do these brands stand for?

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What do these companies stand for?

- Innovation
- Service
- Value

- Quality
- Prestige
- Technical excellence

- Selection
- Convenience
- Price

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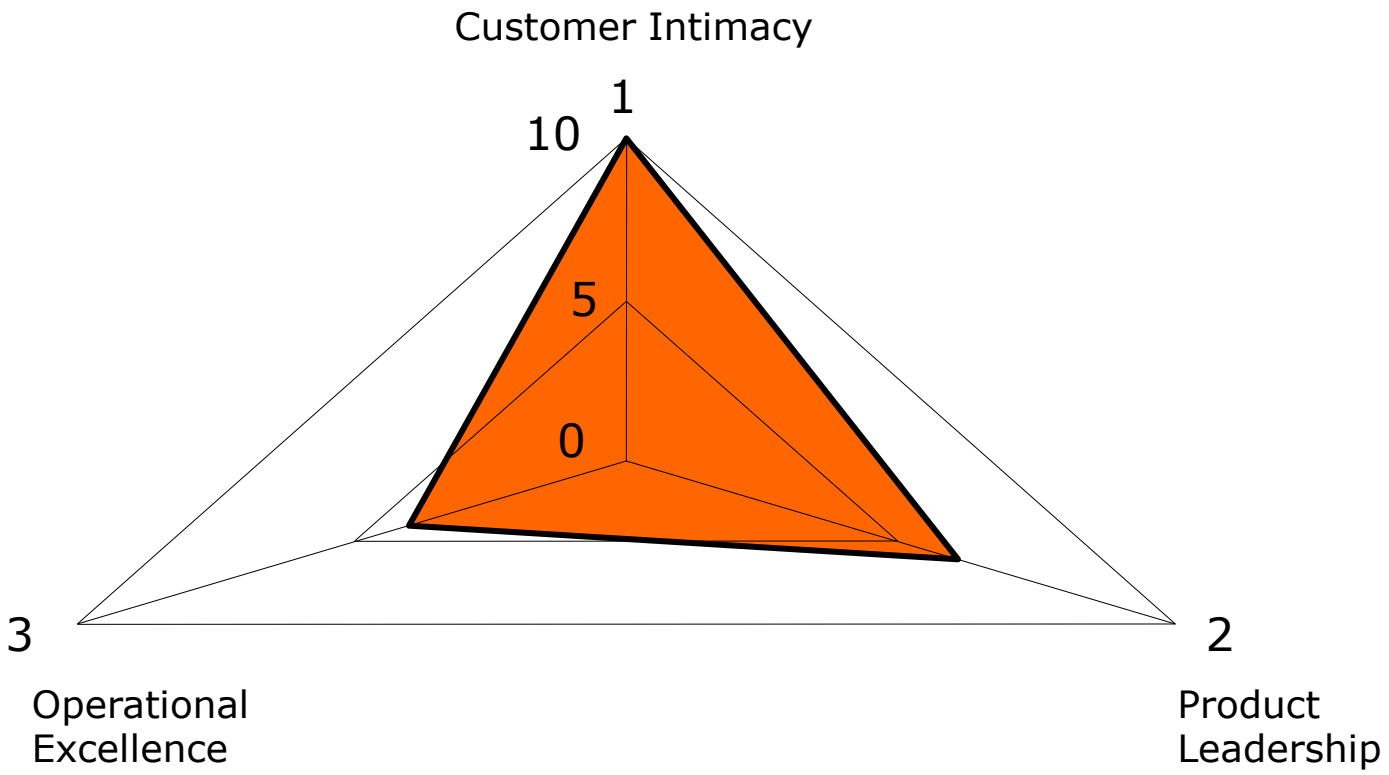
Value disciplines: Virgin



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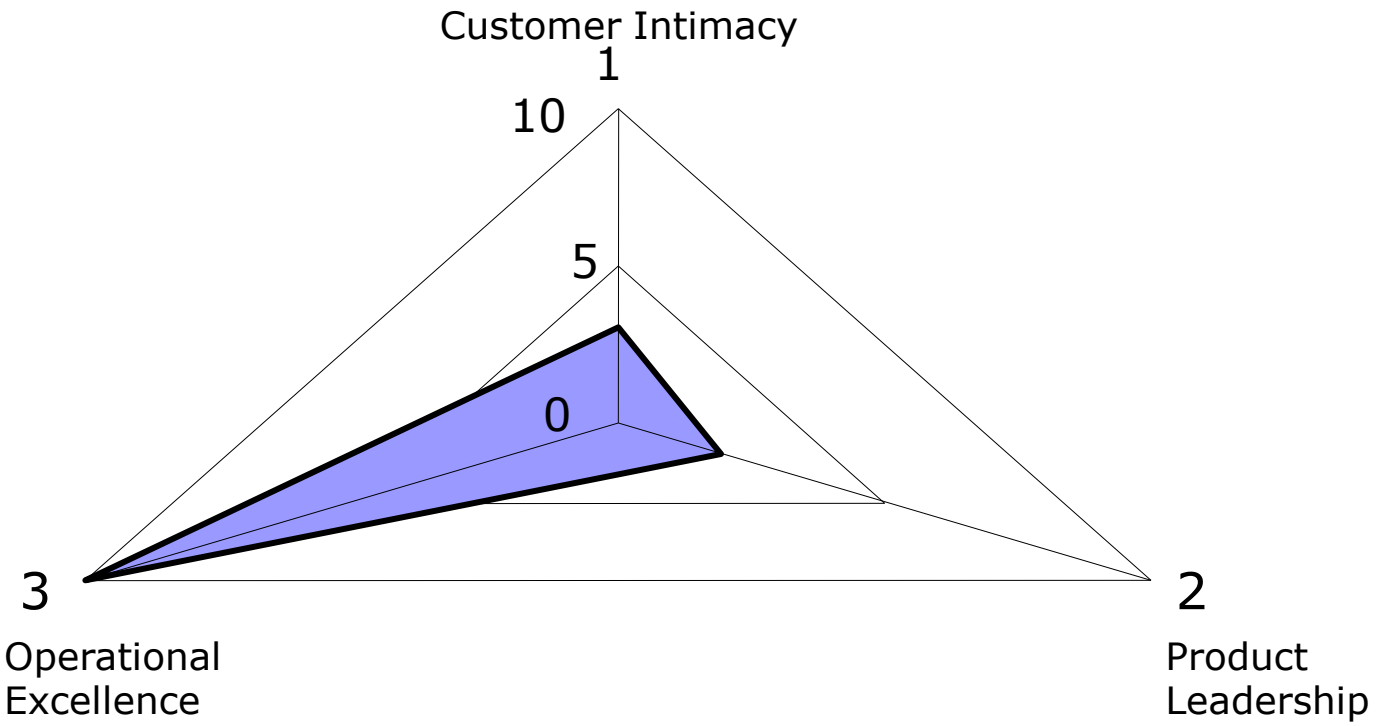
Value disciplines: Ryan Air



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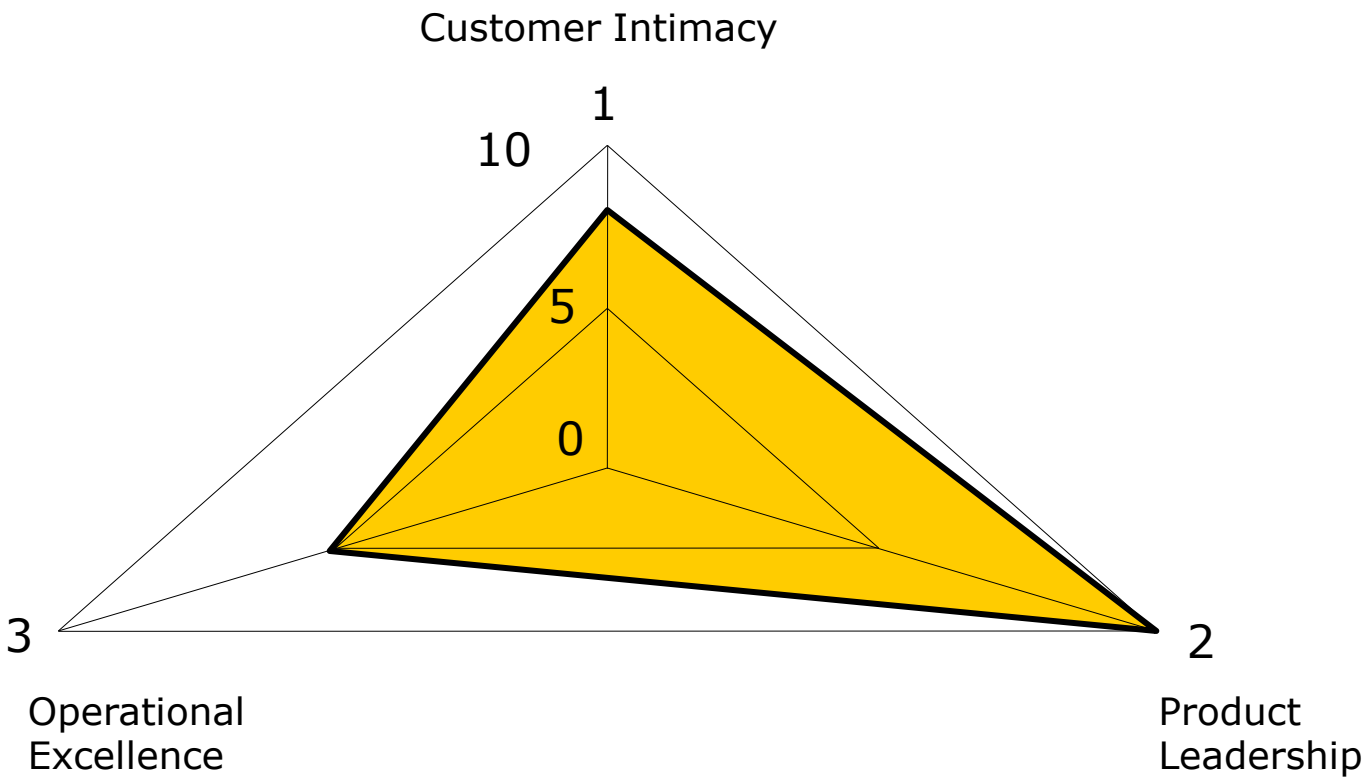
Value disciplines: Singapore Airlines



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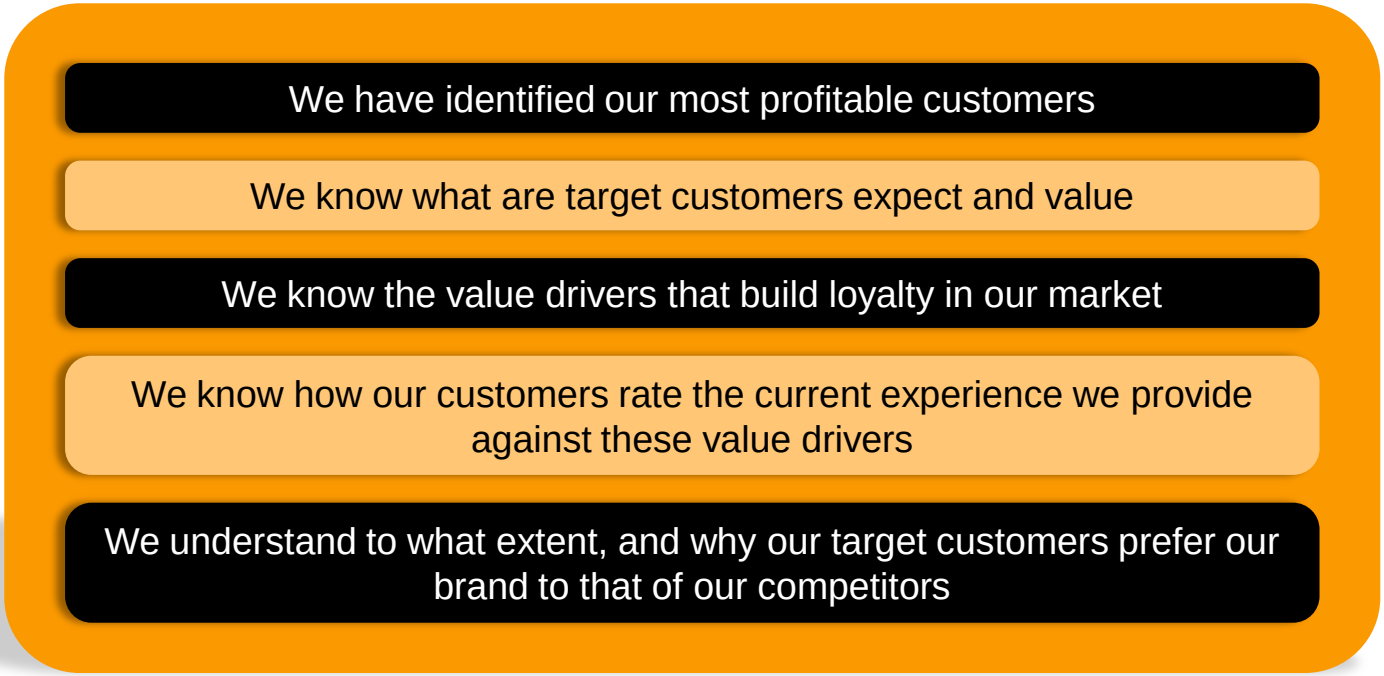
Understanding our customers



1. Review your scores and identify one or two actions that you can take in your organisation.

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“A brand is a promise and you have to keep your promises”

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Case study two: First Direct

"What First Direct did was to realise that people were changing their habits and would want to bank 24 hours a day, 7 days a week. So that was the insight,… I think that all great brands have insight"

– Peter Simpson, Commercial Director

Source: Uncommon Practice –People who deliver a great brand experience. S.Smith and A. Milligan. FT.Prentice Hall 2002

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it's this simple

the real difference about first direct is simple. most banks are about money. first direct is about people. simple but revolutionary.

We believe banking should fit around you, not us. It's your money. You come first. The way we respond to you is what matters. That's why our people have personality and attitude. We are keen to learn.

Quick and efficient, yes, but with a touch of what we call 'magical rapport'. Wit, intelligence, common sense. It's what separates us from the others, why we're the most recommended bank with the most satisfied customers.

Respect for the individual is our philosophy. It's how we treat each other and how we treat you.

So whether it's your day-to-day banking, agreeing a loan or arranging one of our exciting new **smart**mortgages, it's just the same. You come first.

why us
- different banking
- a fair deal

find out more
- beat the system

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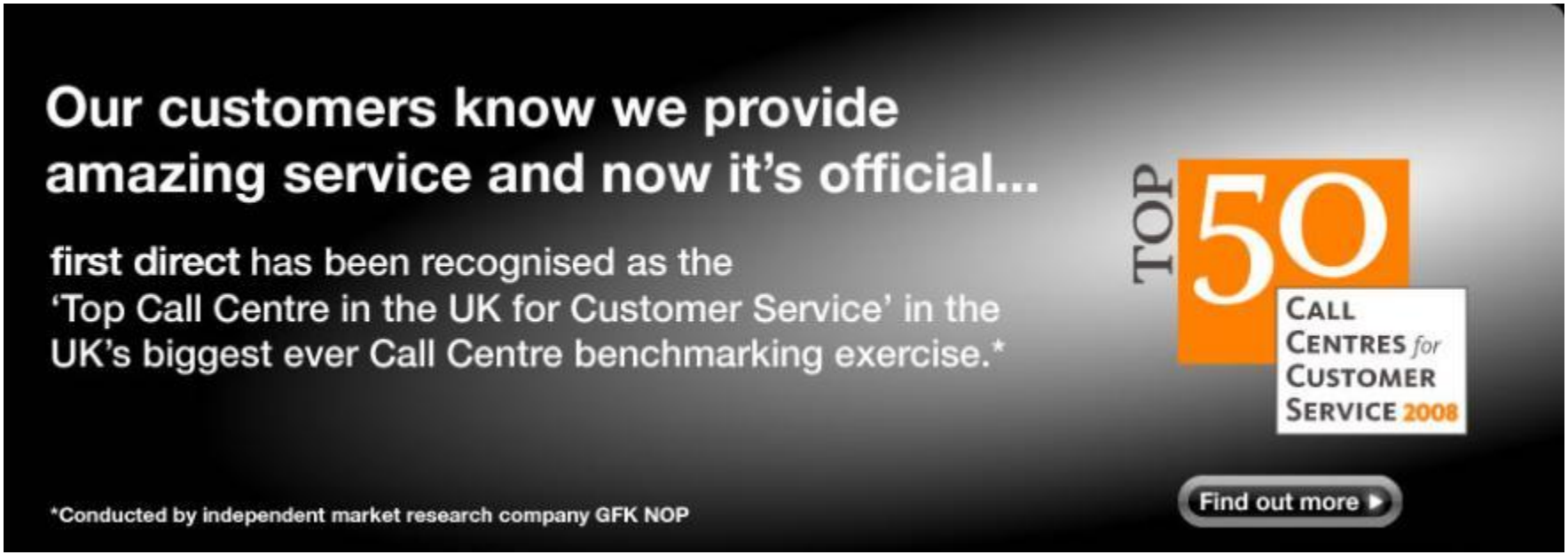

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EVERY 8 SECONDS SOMEBODY SOMEWHERE RECOMMENDS ***FIRST DIRECT*** TO A FRIEND

Black & white banking

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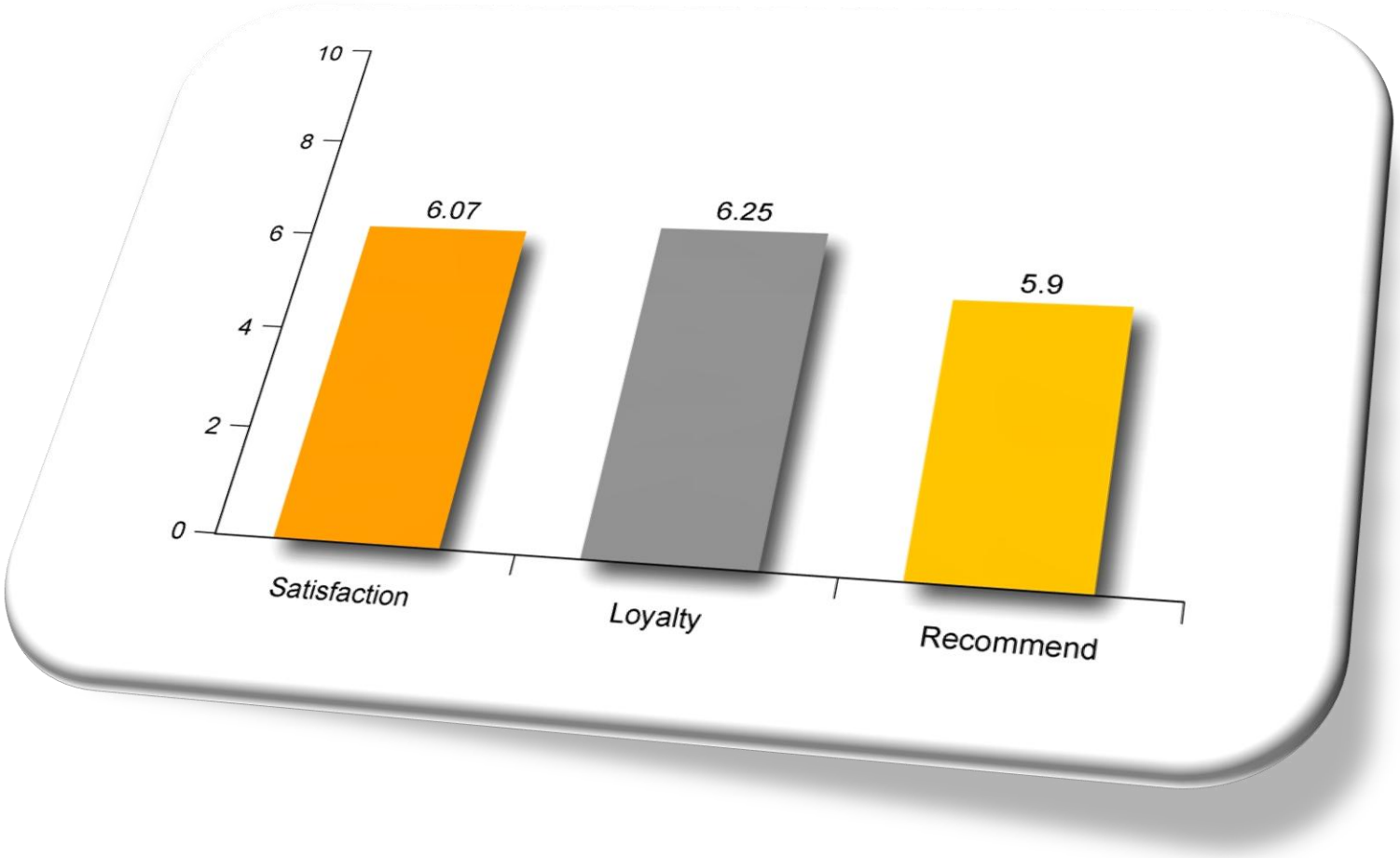
Customer loyalty



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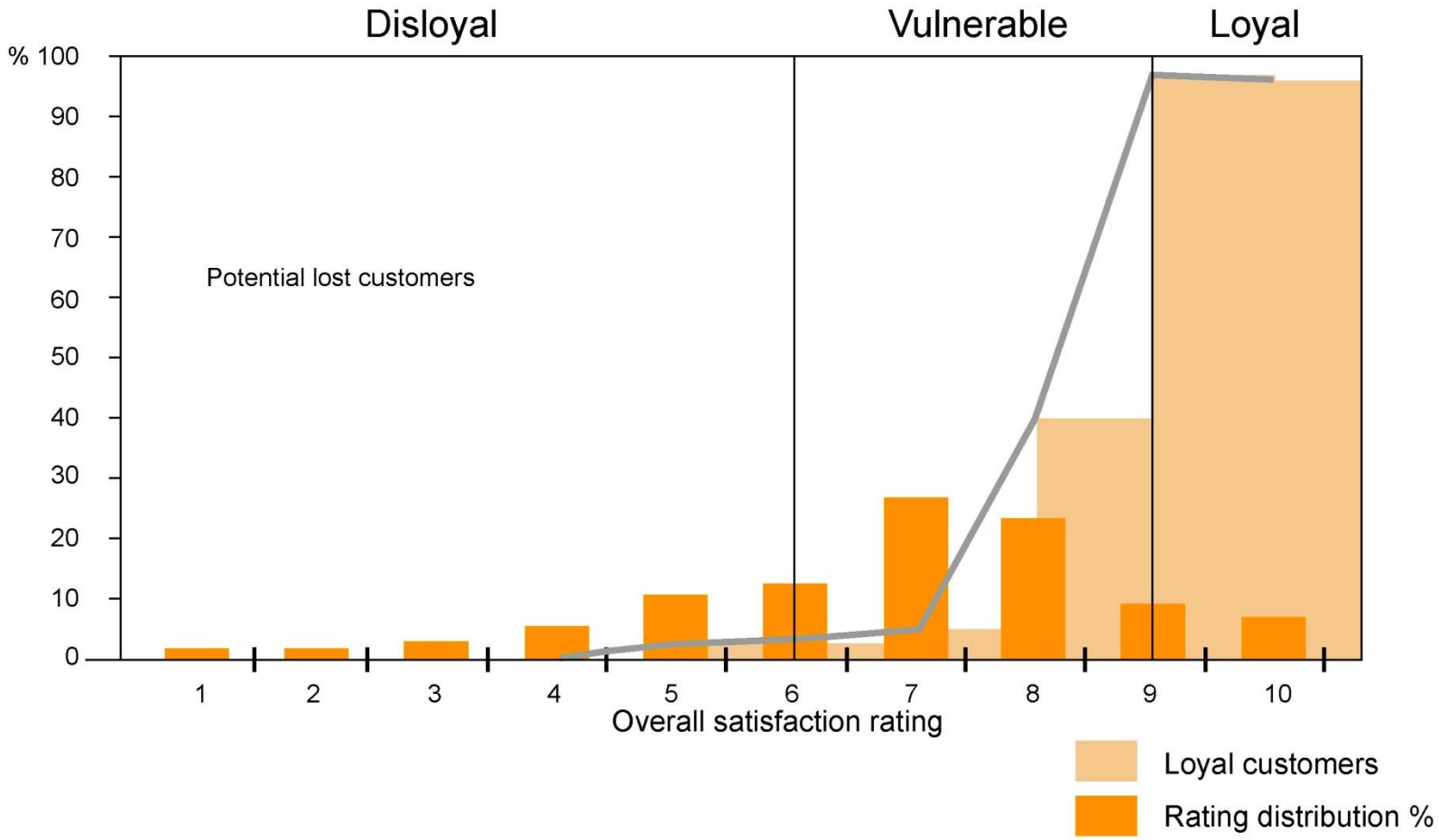
Customer loyalty



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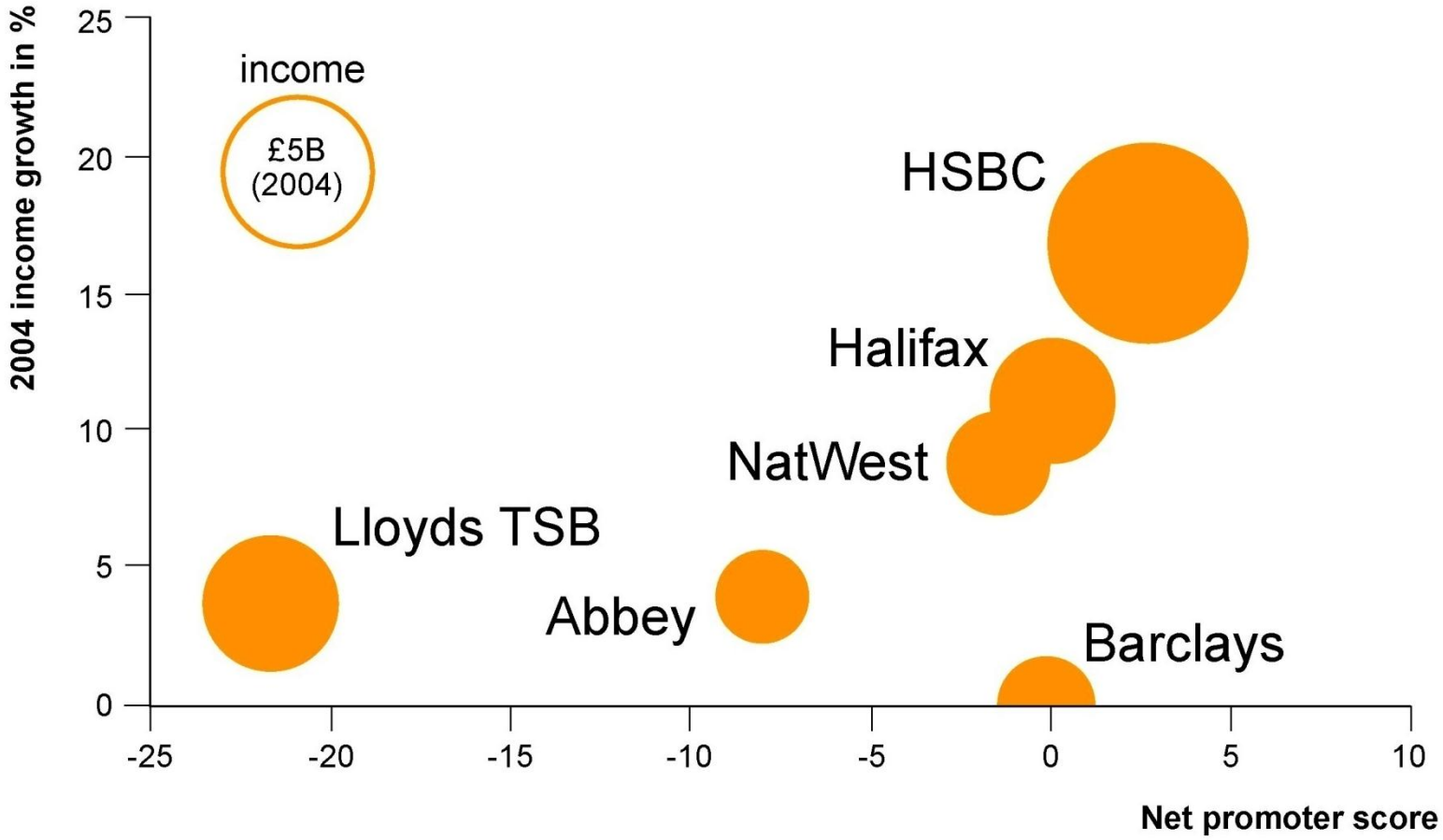
Advocacy drives growth

Banking: Effect of Word of Mouth (Net Promoter Score) on Income Growth



Source. Advocacy Drives Growth. Dr. Paul Marsden. London School of Economics. December 2005.

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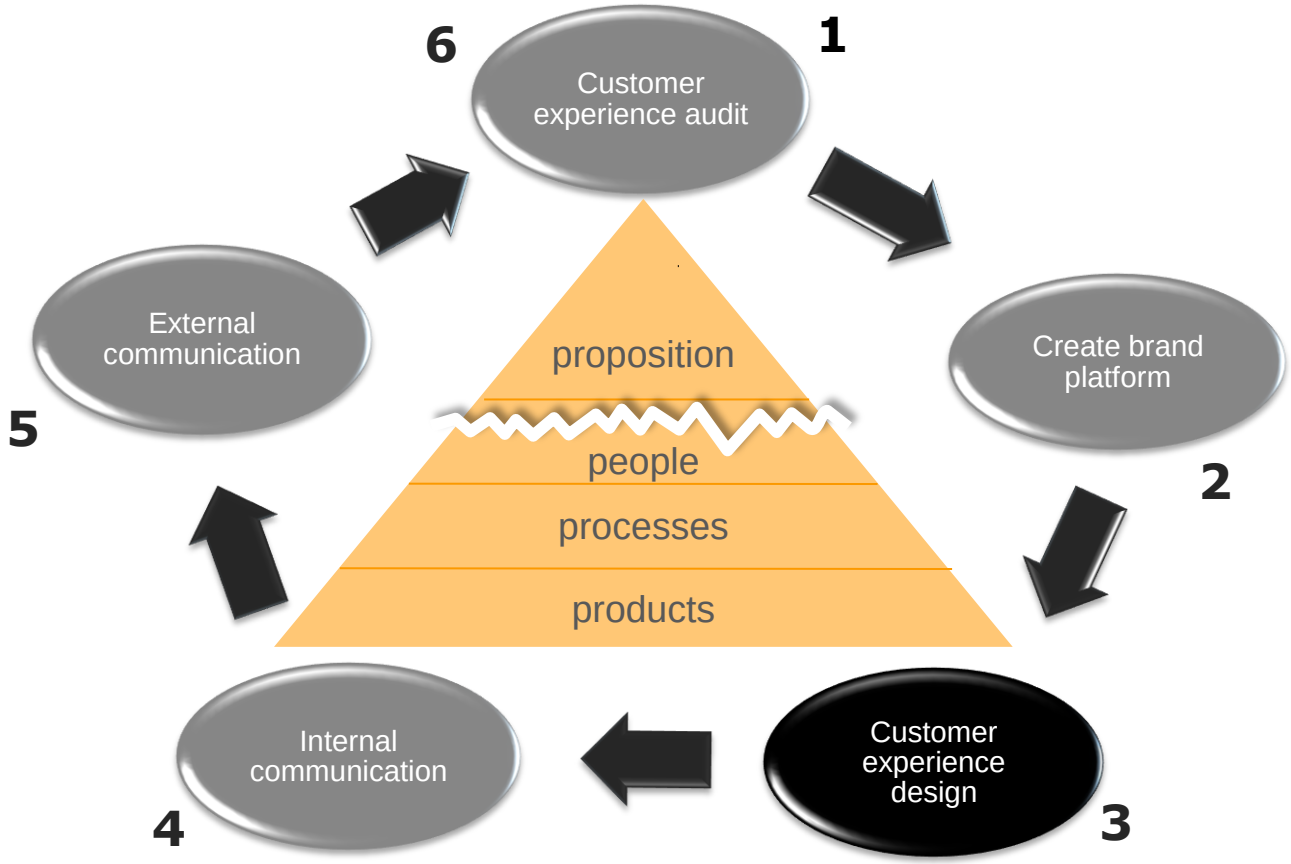
“The clear winner in the banking industry was First Direct, which received a 42% rating compared with the sector average of -4%.

Fans liked the fact that customer service staff were accessible, friendly and knowledgeable...”

Source: Annual NPS awards. Satmetrix June 2010

The CEM+ process



 Source: Brands and Branding. Profile Books. 2003

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Imagine you are in a hotel room….

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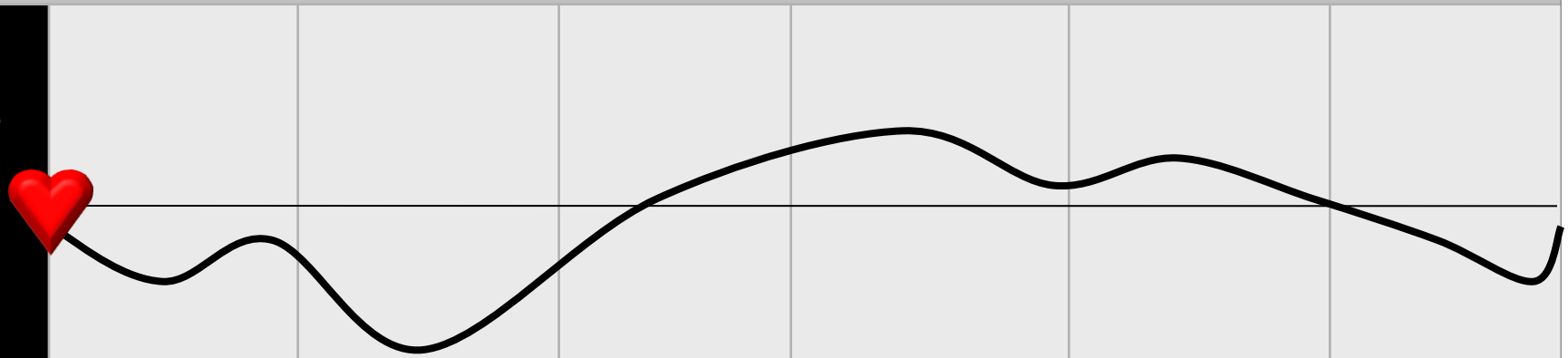
designing the
new experience

Customer Journey

Customer Touchline	Getting to the airport	Check-In	Comfort until Flight	In-Flight Comfort	Arrival	Getting to Destination
Customer Experience Issues	• Stressful • Complicated • Parking • Lugging	• Long, frustrating lines • Security hassles	• Want/need to work • Want/need to relax	• Planes are uncomfortable by nature • Long-time spent in a seat • Boredom	• Unkempt • Unshowered • Clothes a mess	• Traffic • Unfamiliar place
CUSTOMER EXPERIENCE						
Pleasure Pain						

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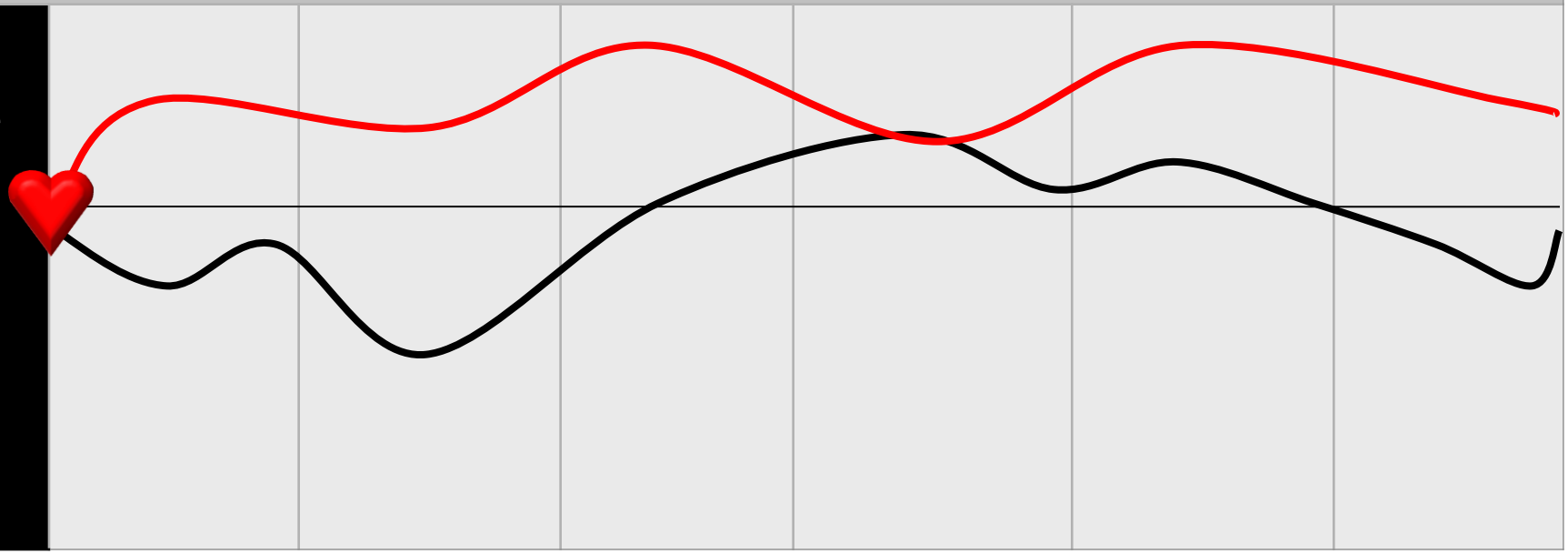
Virgin customer journey

Customer Touchline	Getting to the airport	Check-In	Comfort until Flight	In-Flight Comfort	Arrival	Getting to Destination
Customer Experience Issues	• Stressful • Complicated • Parking • Lugging	• Long, frustrating lines • Security hassles	• Want/need to work • Want/need to relax	• Planes are uncomfortable by nature • Long-time spent in a seat • Boredom	• Unkempt • Unshowered • Clothes a mess	• Traffic • Unfamiliar place
CUSTOMER EXPERIENCE						
Pleasure Pain						

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Virgin – brand Icons

Customer Touchline	Getting to the airport	Check-In	Comfort until Flight	In-Flight Comfort	Arrival	Getting to Destination
Customer Experience Issues	• Stressful • Complicate • Parking • Lugging	• Long, frustrating lines • Unnecessary (only necessary to the airline)	• Want/need to work • Want/need to relax	• Planes are uncomfortable by nature • Long-time spent in a seat • Boredom	• Unkempt • Unshowered • Clothes a mess	• Traffic • Unfamiliar place
CUSTOMER EXPERIENCE						
Design features	• Transport to airport provided • Driver handles luggage	• "Drive-though" check-in • Airline knows where you are	• Clubhouse with Internet access, fax, library • Salon, messages, beauty • Sound room, driving range, skiing machine	• Full-sleeper seats • Mood lighting • Gradual dawn • Bar • You decide meals	• Arrival valet • 18 showers • Makeup & shave • Heated floors • Clothes pressed • Hot & Cold Breakfast	• Chauffeured delivery to destination • Comfortable ride door-to-door • Knowledgeable local driver

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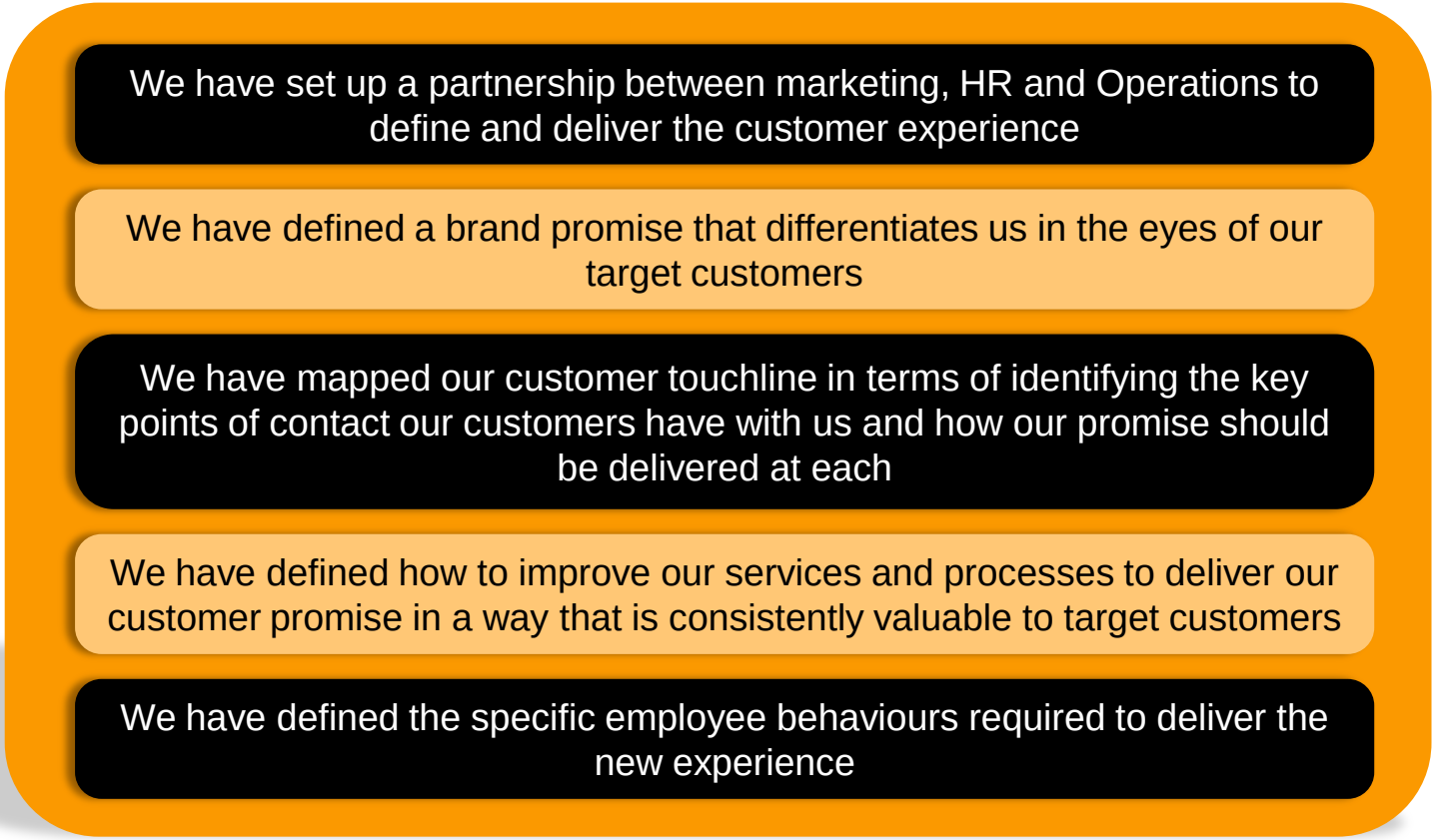
Defining the new customer experience



1. Review your scores and identify one or two actions that you can take in your organisation.

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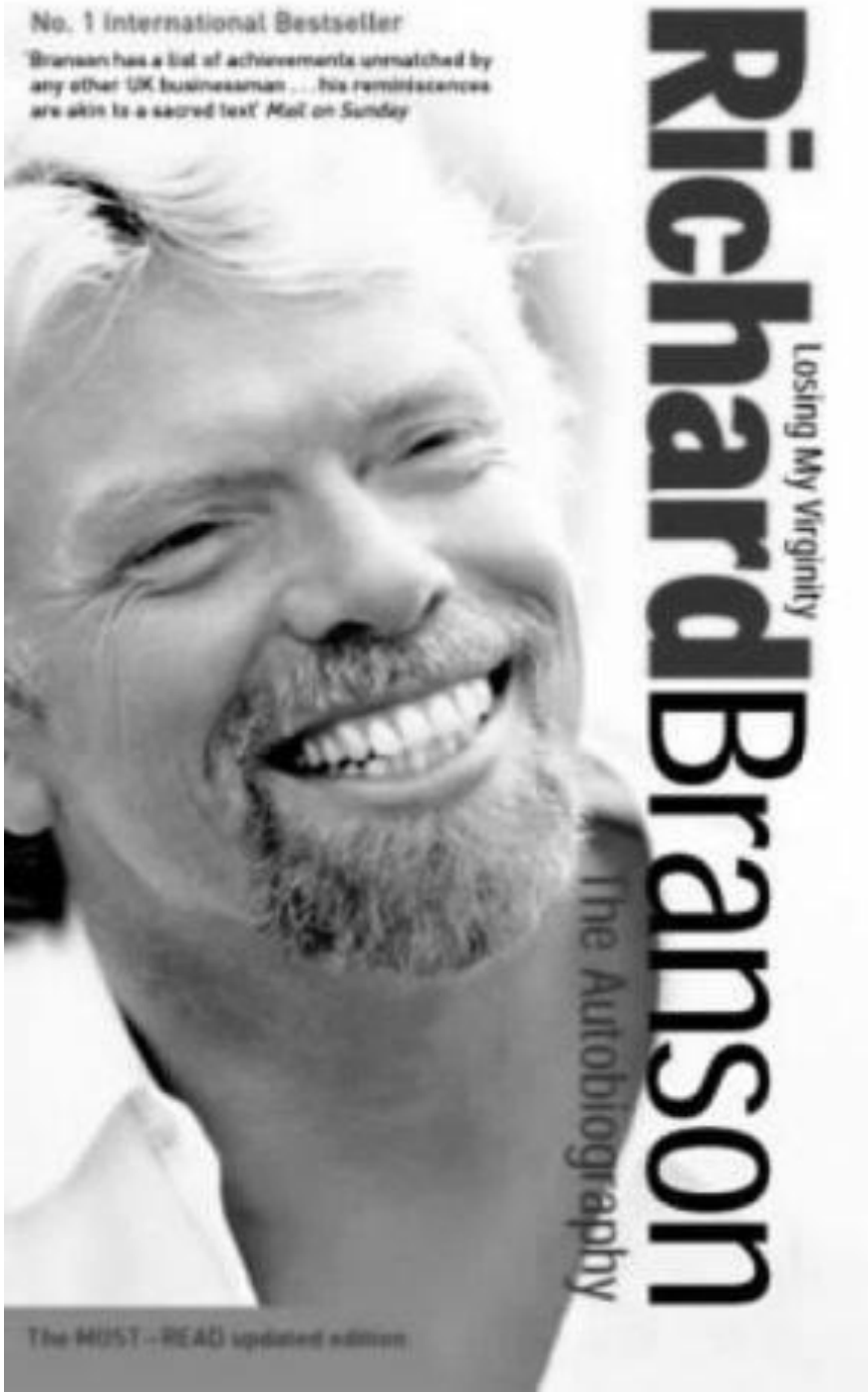
coffee time

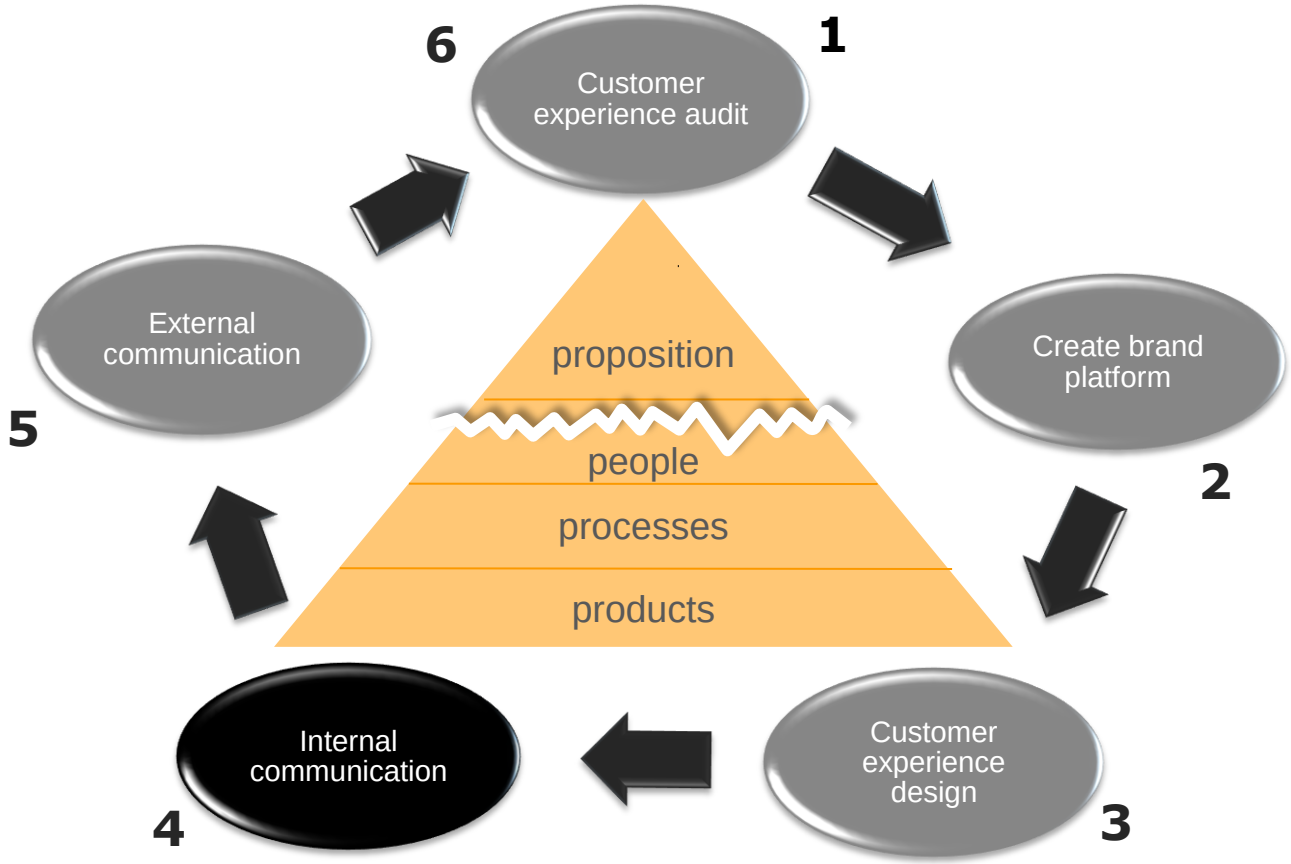
"I've always said I would put my employees first, customers second and shareholders third, but if you do that… the customers and the shareholders benefit anyway"

– Richard Branson, Chairman



Source: Uncommon Practice- People who deliver a great brand experience Shaun Smith and Andy Milligan. FTPrentice Hall 2002.

The CEM+ process



 Source: Brands and Branding. Profile Books. 2003

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THE BURBERRY EXPERIENCE MODULES

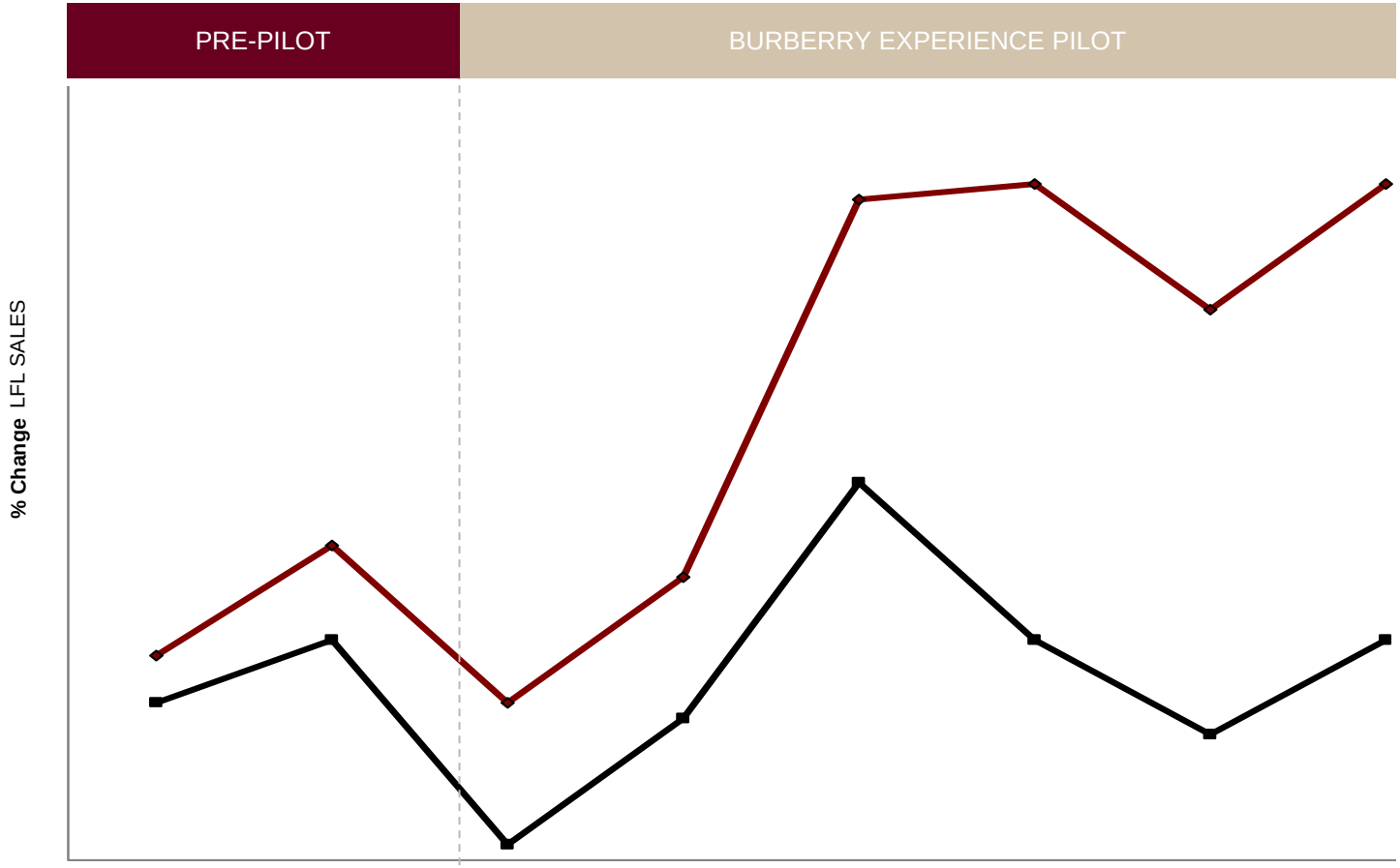
Delivering the Burberry Experience in our Store
Module 1 – Be Professional
Module 2 – Be Perceptive
Module 3 – Be Proactive
Module 4 – Be Passionate
Module 5 – Persevere
Module 6 – Personalise
Module 7 – Partnership

THE BURBERRY EXPERIENCE PILOT HIGHLIGHTS
FINANCIAL RESULTS

- **KPIs over the first 6 months compared to 2 months pre-initiative:**

–15% points better performance in change in LFL sales growth

–0.3% points better performance in UPT



WHAT WERE THE RESULTS?- 2010

The top three factors that shoppers consider before recommending a brand are merchandise, service and store atmosphere. Two standouts across several criteria are British fashion house ***Burberry*** *and French luxury outfit Louis Vuitton, with* ***77% of shoppers saying they would recommend Burberry to family and close friends****..."*

Source: The Luxury Institute April 2010

WHAT WERE THE RESULTS? -2010

WIZARD RESULTS FROM BURBERRY

BURBERRY is accelerating its growth plans after strong sales helped the luxury goods group to a 23pc jump in profit in the year to March 31, *writes Tom Bawden.*

The better-than-expected result catapulted the shares to the top of the FTSE 100 leaderboard as they closed the day up 46.5p, or nearly 8pc, at 659p.

Burberry – which this year features Harry Potter star Emma Watson in its Spring/Summer advertising campaign (pictured) – reported pre-tax profits of £215m. Underlying retail sales increased by 15pc to £748.8m.

The result provided further evidence that the market for luxury goods may be rebounding after Prada posted a near six-fold jump in first-quarter revenue on Monday. Both companies benefited from a strong increase in demand among emerging markets.

The 154-year-old British company said it would almost double capital spending over the next year to £130m as it announced plans to open between 20 and 30 new outlets over the period, mostly in the Americas and Asia Pacific region.

Burberry reported £433.6m of revenues from its wholesale business and €97.5m [illegible] peration, giving total group sales of £1.28bn.

CHECK BURBERRY'S RECORD YEAR FOR PROFITS

Rock star progeny Matt Gilmour, actress Emma Watson and Lord Hurd's grandson Max model Burberry

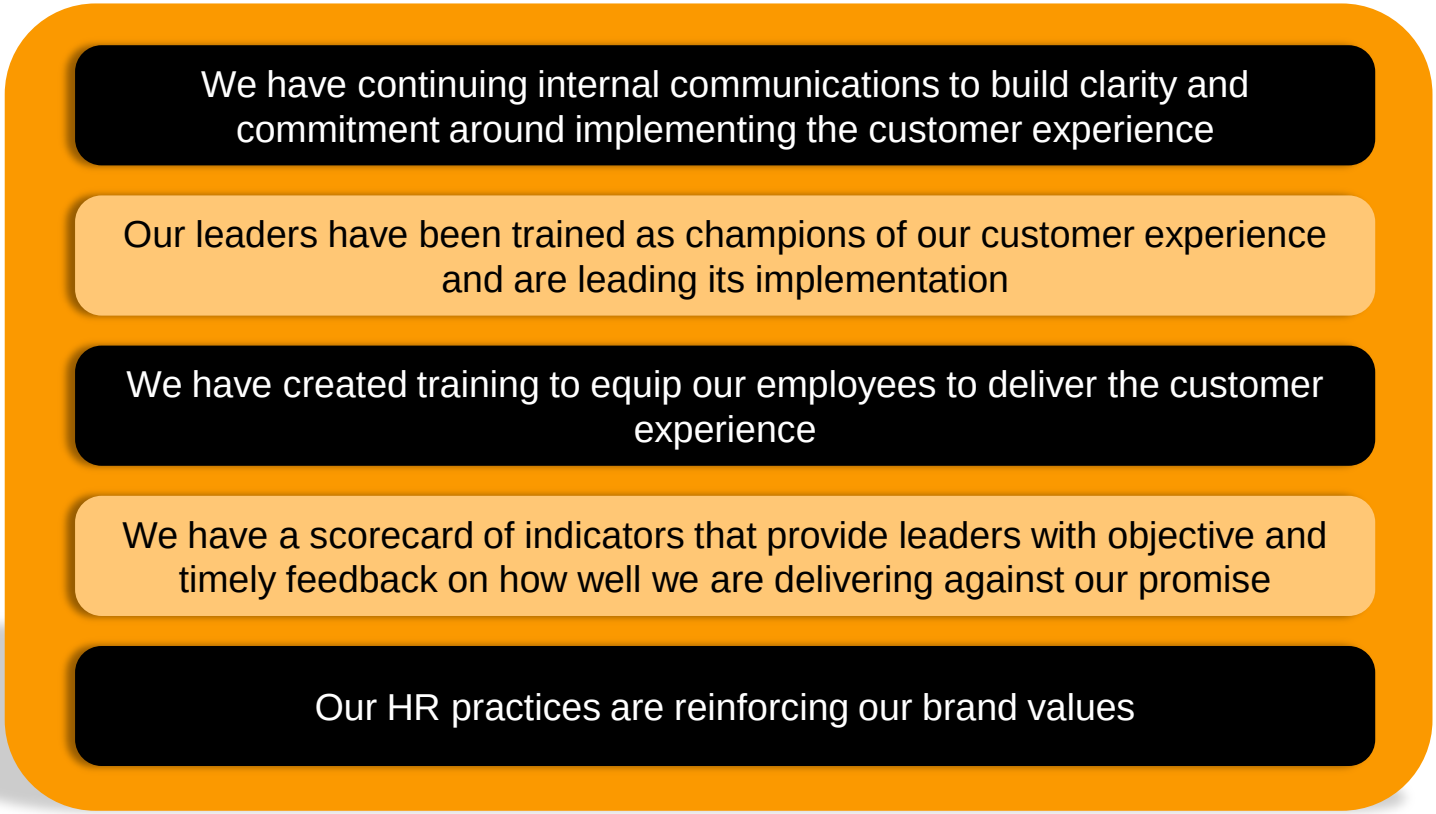
BURBERRY ramped up its expansion plans yesterday after wealthy consumers snapping up its trademark raincoats and leather handbags helped it to record annual profits.

The retailer, best known for its camel, red and black check, said it would double its spending on new shops, refurbishments and e-commerce to £130million this financial year. The bulk of the work will be carried out in emerging markets such as Brazil and India but the US and Asia are included.

Chief financial officer Stacey Cartwright said: "We believe that Burberry has got momentum right now. We are outperforming."

Total annual sales grew 7 per cent to £1.28billion and pre-tax profits rose 23 per cent to £215million.

Delivering your customer experience



1. Review your scores and identify one or two actions that you can take in your organisation.

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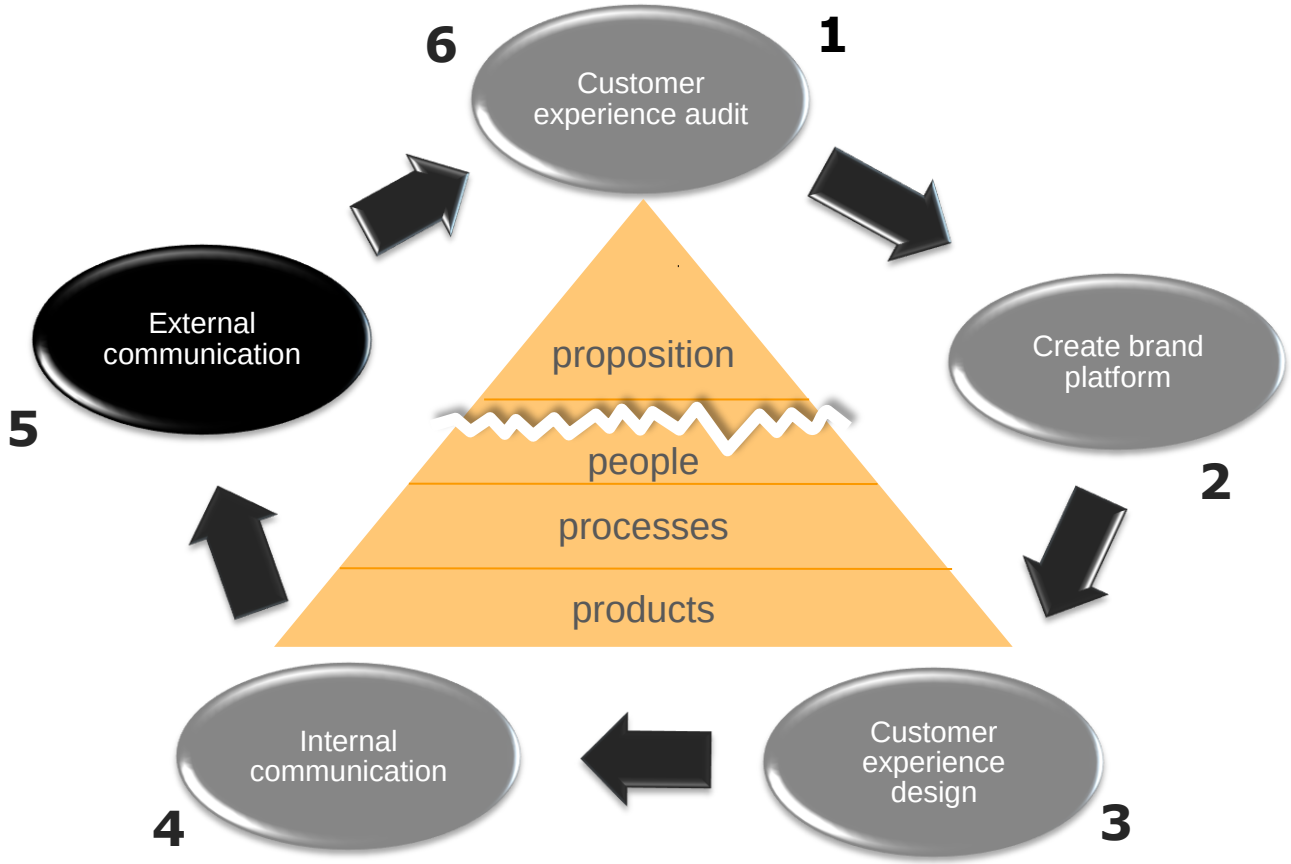
The CEM+ process



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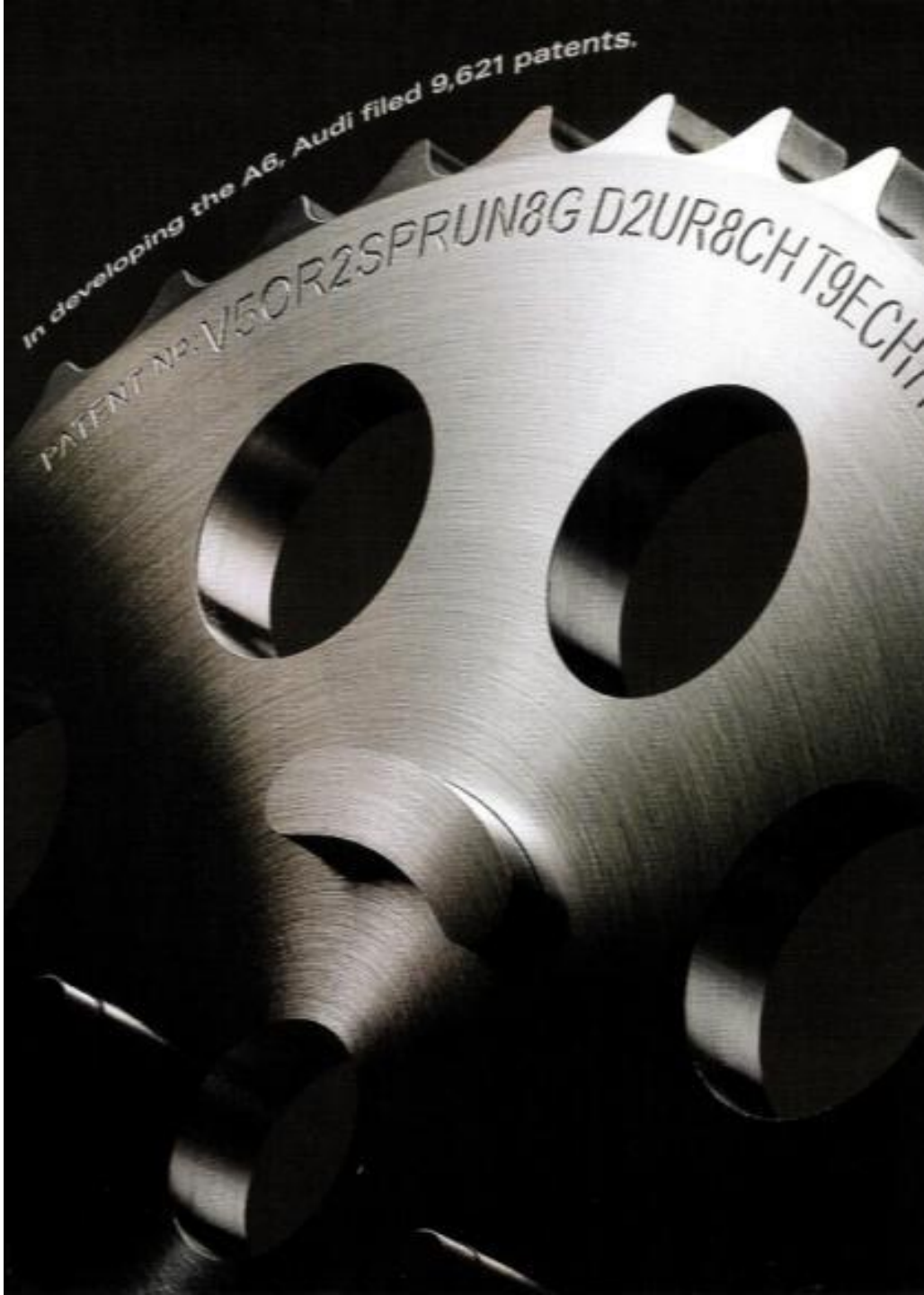
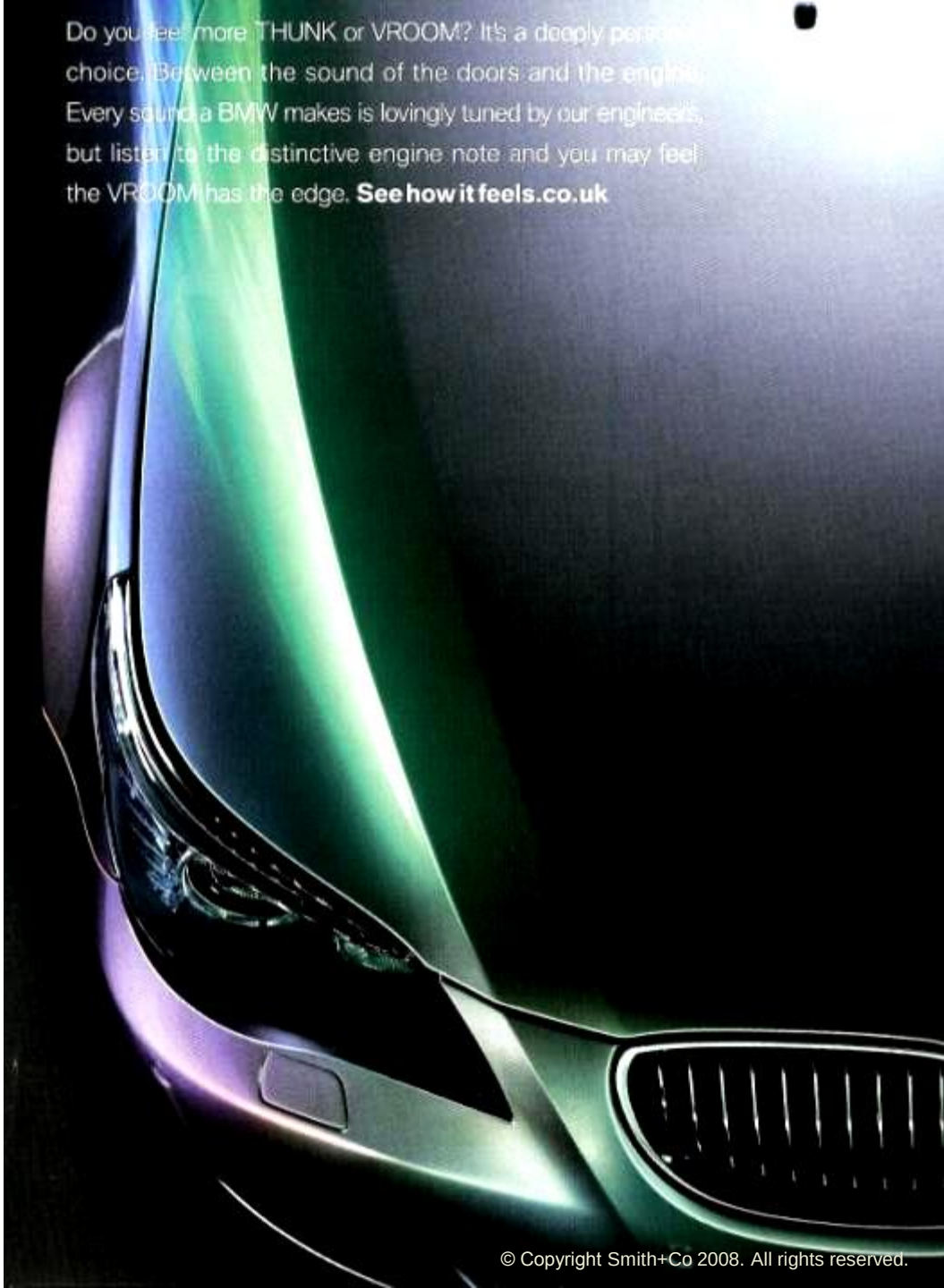
Audi

Vorsprung durch Technik



The Ultimate Driving Machine



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What makes a great brand?

Trustworthy	**97%**
Credible	96%
Tells the truth	96%
Never lets me down	93%
The company has values and ethics	92%
Consistent	91%
Interesting and worth talking about	86%
Innovative	85%
Inventive	84%
Recommended by people I know	78%
Been around for a long time	41%
Seen everywhere	39%
The biggest	**15%**

 Source Grey Worldwide. Eye On Australia survey

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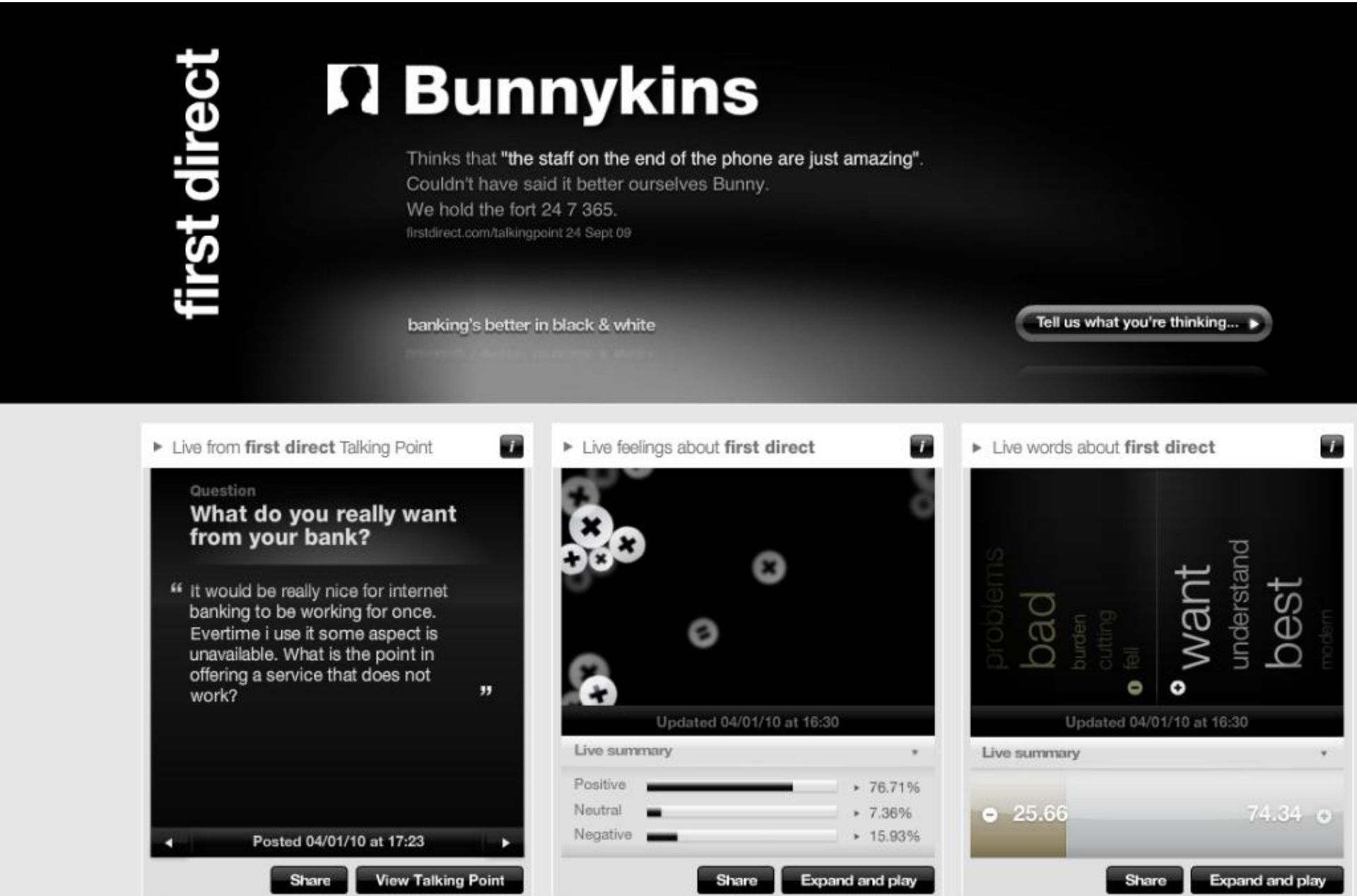
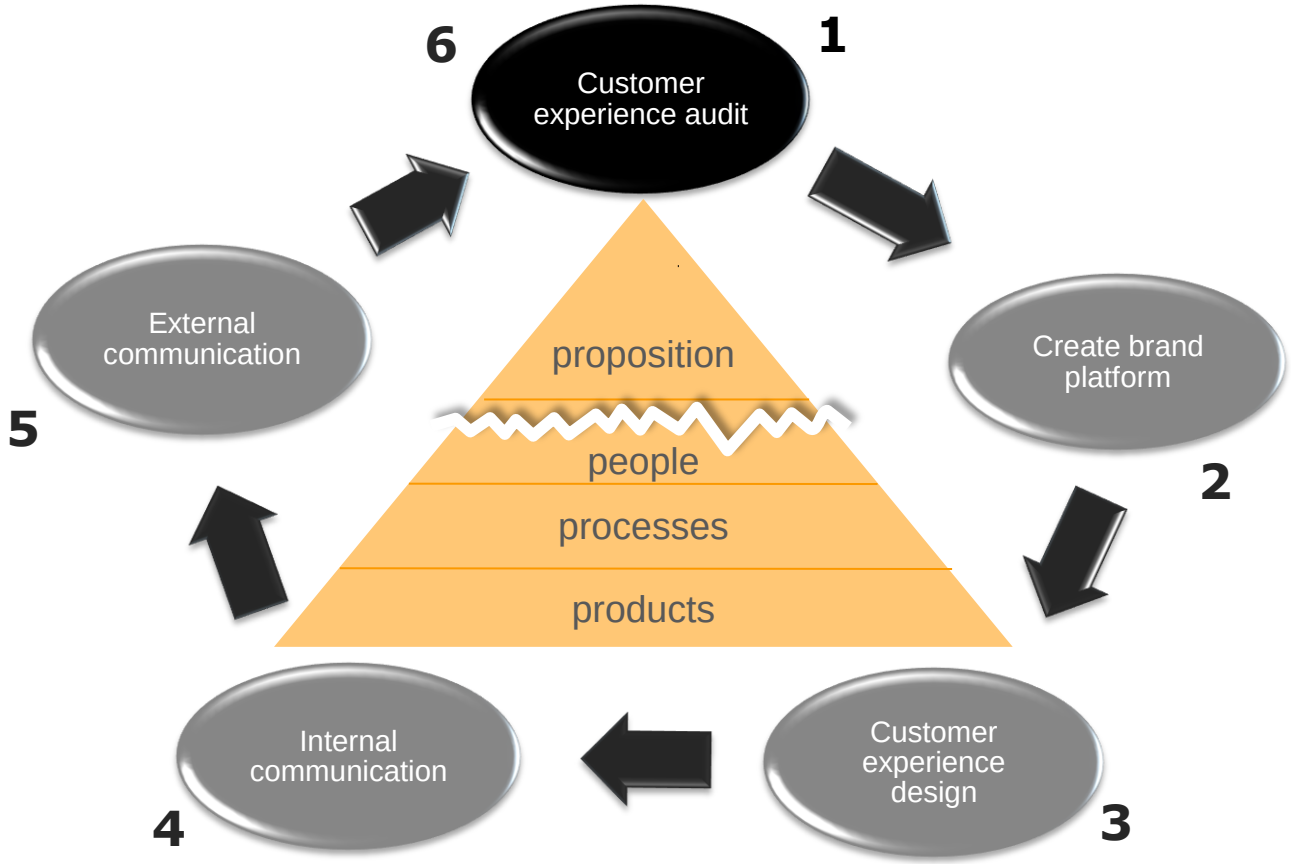
Be engaged…


first direct
Bunnykins
Thinks that "the staff on the end of the phone are just amazing".
Couldn't have said it better ourselves Bunny.
We hold the fort 24 7 365.
firstdirect.com/talkingpoint 24 Sept 09
banking's better in black & white
Tell us what you're thinking...
Live from first direct Talking Point
Question
What do you really want from your bank?
It would be really nice for internet banking to be working for once. Evertime i use it some aspect is unavailable. What is the point in offering a service that does not work?
Posted 04/01/10 at 17:23
Share
View Talking Point
Live feelings about first direct
Updated 04/01/10 at 16:30
Live summary
Positive 76.71%
Neutral 7.36%
Negative 15.93%
Share
Expand and play
Live words about first direct
problems
bad
burden
cutting
fell
want
understand
best
modern
Updated 04/01/10 at 16:30
Live summary
25.66
74.34
Share
Expand and play

The CEM+ process



Source: Brands and Branding. Profile Books. 2003

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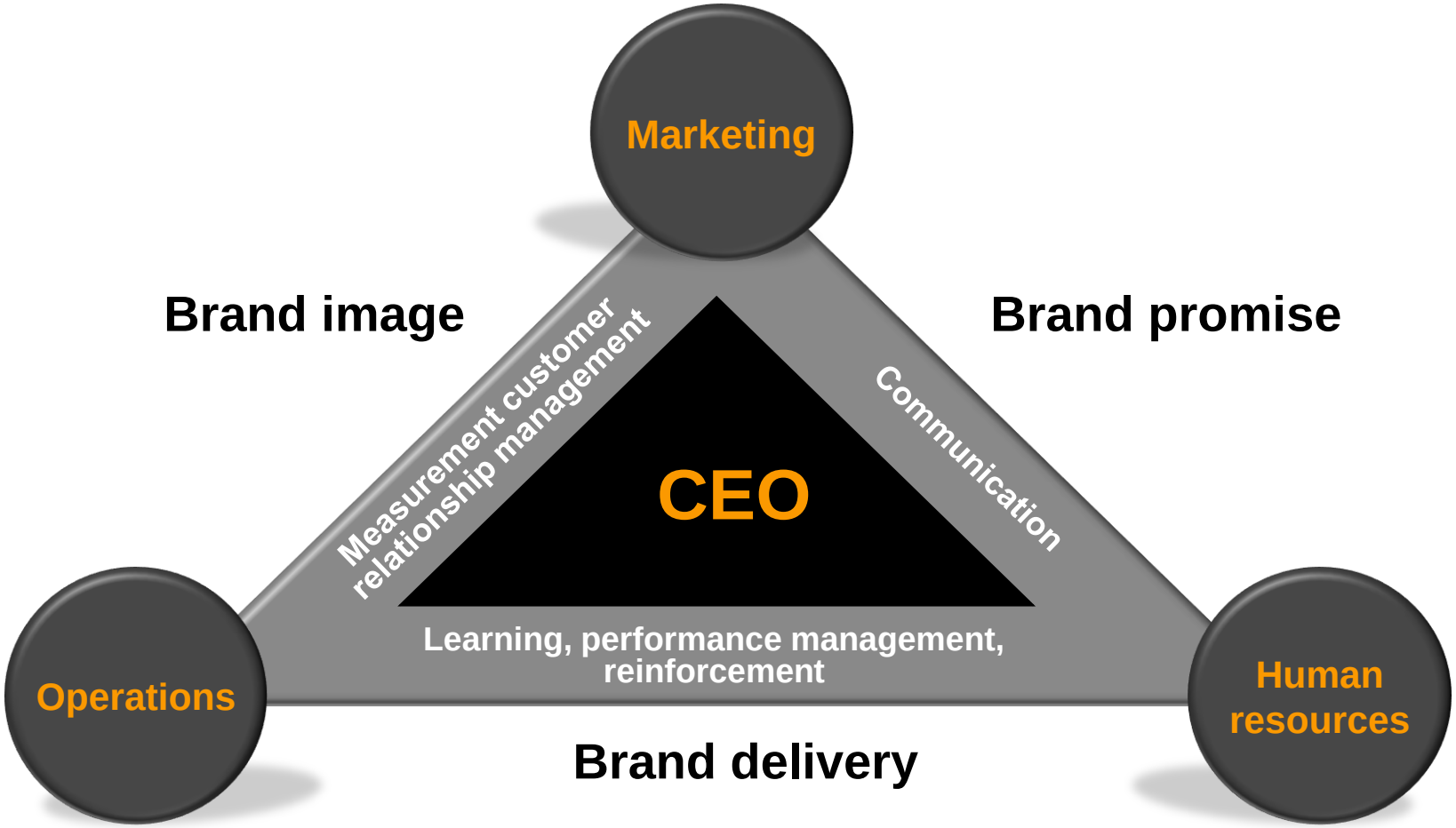
Finally… It requires leaders



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A tale of two CEO's

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Creating alignment

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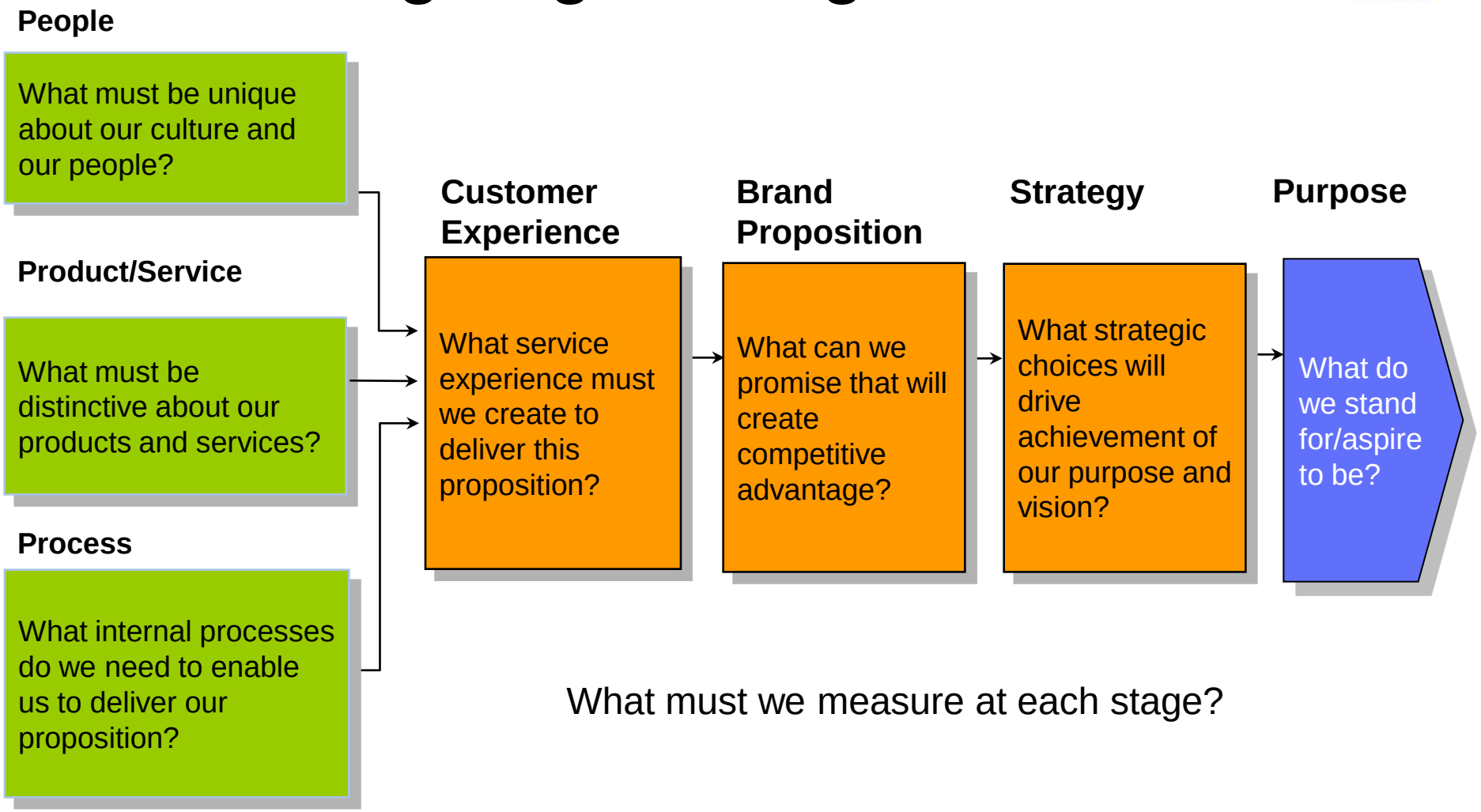
Aligning the organisation



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Leading the customer experience

1. Review your scores and identify one or two actions that you can take in your organisation.

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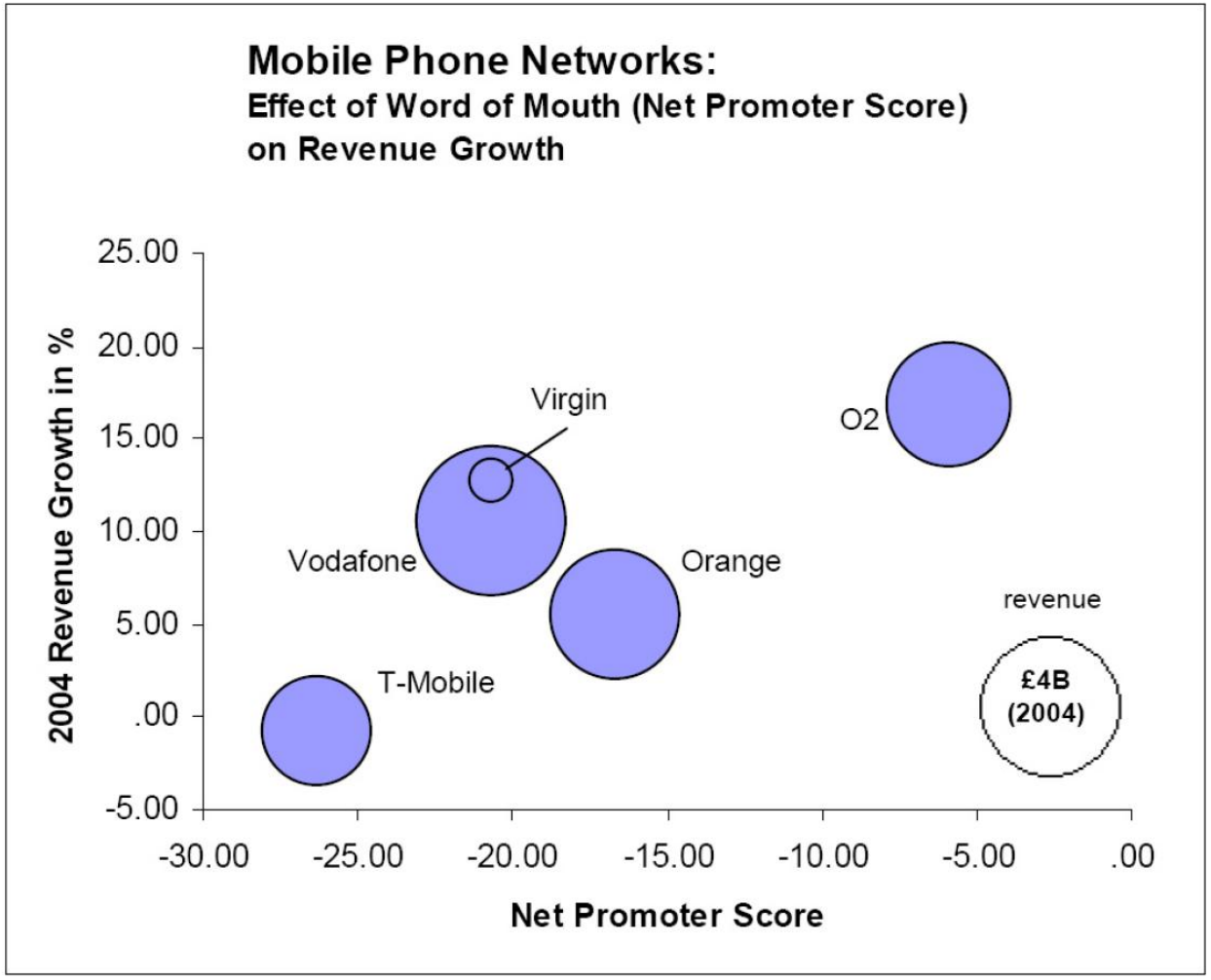
Case Study
O2

The O2

A case study...



Source: Advocacy Drives Growth. Dr Paul Marsden. London School of Economics December 2005.

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“O2 was top of the mobile network scorecard. It gained a rating of 24% compared with an industry average of 3%”

Source: Annual NPS awards. Satmetrix June 2010

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The **experience** you deliver to **your customers** every day, through every transaction, direct and indirect either **builds value** for your **brand** or destroys it.

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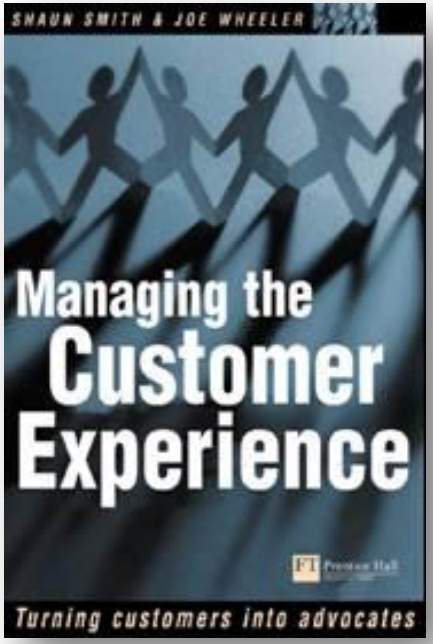

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