

CUSTOMER EXPERIENCES AND ENGAGEMENT: CRITICAL DRIVERS ON THE HORIZON

Vimalnath V.* and B. Balaji**

Abstract: Customer experience has gone beyond CRM and is now a critical phenomenon in a complex world. Customer engagement is a game changer and the voice of the customer needs to be constantly monitored. An exploratory study was undertaken in key service sectors like retail, travel and hospitality, financial services, healthcare and Telecom. Key attributes influencing engagement and experiences were compiled as well as the latest trends in the industries. This study would throw more light on current developments and drivers.

Keywords: Customer Experiences, Customer Engagement, Service Sectors.

1. INTRODUCTION

1.1. Customer Experience (CX)

The words 'Customer Experience' is abbreviated in literature as CX or CE. However, in this paper, CE would refer to Customer Engagement and CX to Customer Experience.

Some definitions of CX are:

"Sum total of cognitive, emotional, sensorial and behavioural responses produced during the entire buying process, involving an integrated series of interaction with people, objects, processes and environment in retailing" - Bagdare and Jain (2013).

"Service experience is the customer's assessment of all attributes of their direct and indirect dealings with a service provider that explains their behavioural loyalty through repeat purchasing" - Klaus and Maklan (2012).

"Customer's direct and indirect experience with the firm and its representatives, facilities, processes and other customers" - Walter et al. (2010).

Knowledge and information for customers is no more a hassle these days. The digital revolution has ensured that shoppers have easy access to information and reviews, which are predominantly available on web sites. Such transparent information persuades the community to compare prices, exchange opinions and seek encouragement from online communities. Today we have communities

* Doctoral Research Scholar, R & D Centre, Bharathiar University, Coimbatore and Faculty, Gurukripa Institute of Finance & Management, Chennai

** Professor, Shree Gurukripa Institute of Finance & Management, Chennai

not just for socialising but for brand advocacy and affinity. Therefore CX has become the differentiating tool for marketers to woo existing and prospective customers, sometimes even unsuspecting customers.

It is interesting to note that despite exhaustive information available about companies and brands online and offline, many purchases are made either emotionally or instinctively. Emotions rule over rational thoughts and create a sentimental value.

Emotional attachment is one of the key dimensions of Customer Experience. There always exists a wide chasm between human interactions (encounters) and automated interactions (Interactive Voice Response).

Physical retail has always been plagued by time issues. Provision of round-the-clock service may be rare for stores. This impediment has been alleviated by online solutions that work 24 x 7. Hence customer experience today also does not have time frames. Customer needs to be served at all times!

McColl-Kennedy *et al.* (2015) emphasized the importance of captivating a multi-party co-created outlook of customer experiences, arguing that service providers have to recognize that customer practices are lengthening in scope and that the customer experience goes ahead of the conventional firm-to customer dyadic conceptualization. Results of the study denoted that fresh perspectives for understanding the customer experience that can motivate potential research and move forwards managerial practice. This study was suggested that researchers and practitioners to think another way about the customer experience adjusting their practices and investigation methods to take into account these areas which hold huge possibility to outline the subsequent evolutionary phase in consumer experience research.

Joshi (2014) aimed at understanding the factors that influence customer experience for cellular mobile services. It was found that customer experience is described as the total of all experiences that a customer has at each touch-point of the customer-company interaction. It is a deliberate attempt on the part of the company to expand and preserve good experience which is discriminated from the competition, constant at every touch point and most significantly valued by the customer. The cellular mobile industry in India is undergoing fast changes as a result of globalization and liberalization. As a result of fast expansion and harsh competition, customer retention and managing high blend rate are the most significant challenges faced by telecom companies at present. It was concluded that customer retention can be attained by spotting utmost revenue generating customers and managing the customer experience for such beneficial customers.

Nasution *et al.* (2014) revealed that service marketing have newly believed customer satisfaction from the standpoint of what and how they experienced the

service encounter resulting in the notion of customer experience management. This study intended a new customer experience framework that spotlighted more centrally on the passage of the customer in experiencing the service. This framework contains that customer values, experimental marketing strategy, customer experience stages, accumulated customer experience and customer behaviour change. It was concluded that customer experience framework will be highly helpful both as an instrument for experience formation and to examine consumer experiences post-encounter.

Fatma (2014) consolidated the previous research on customer experience management and developed a theoretical model of antecedents and consequences of customer experience management through an extensive study of literature. Findings of the study revealed that six categories of antecedents that are brand performance, multichannel interaction, service interface, physical environment, social environment and price and promotions are known through extensive review of earlier literature and three straight consequences that is customer satisfaction, customer loyalty and customer equity were also recognized. This study was concluded that this framework could be used by executives and practitioners to conceptualize and gauge customer experiences and also be used by educationists for further studies in Customer Experience Management (CXM).

Gronholdt *et al.* (2014) investigated how the necessary dimension of customer experience management drive business performance. It was conducted to examine the associations between seven customer experience management dimensions. The findings offer evidence that the seven customer experience management dimensions influence financial performance such as, rational customer experience, emotional customer experience, rational skills on recruitment and training, emotional skills on recruitment and training, customer touch points, using customer insight, and top management involvement. It was concluded that the extended customer experience management model offers a complete means of covering significant dimensions of customer experience management in addition to a better understanding of these dimensions' connection to business performance.

Sharma & Chaubey (2014) revealed that creating and managing customer experiences seems to be a key area for most companies, predominantly for those in the service sector, and the theme of customer experience has attracted huge concentration from marketing executives and practitioners. It was also found that the customer experience has appeared as the single most significant facet in achieving success for companies across all industries. This study was concluded that a set of characteristics of customer experience management telling applicable areas of actions that is top management participation, customer touch points, customer focal point, aims for customer experiences, customer insight, customer-driven modernism, staffing and training, and branding.

Vijayakumar and Ramana (2013) examined the customer experiences in different hypermarkets and highlighted the need for enhancement across various customer touch points to offer an unforgettable shopping experience. Findings of the study revealed that the new age customer is in search of various factors like atmosphere in the store, personnel interaction levels, and billing speed as well as product quality and price. But the paradox is that, most of the retailers are still using tactics that are not customer focussed, thus not meeting the customers' anticipation. Consequently, it is concluded that for hypermarkets to reinforce their inputs and bring a fair value to all segments of consumers on gorgeous and durable terms with a win-win result.

Olenius (2013) investigated the customer experience approach and judged the requirement of development in customer experience management. Results of the study revealed that customer experience is vital to take into account if the company needs to develop their customer satisfaction and this way to tender an added value to its main customers. It was also found that CEM deliberates to the experiencing and how customer experiences about the dealings with a business, its representatives and its creations. Companies can no longer battle only with price or with products, they want to build up services and practices that really matter to their customers and that contestant cannot reproduce too effortlessly. Products don't essentially change much from each other but the competitive advantage can actually be in a customer experience. It was suggested that the healthier a customer's experience is taken into concern and complete strategies on how it's managed, the healthier value it will offer both for the concern and the clients.

Haery and Farahmand (2013) conducted this to identify and prioritize the important success factor of customer experience from the point of view of bank customers. For this purpose the most imperative components of crucial success factor of customer experiences was mainly concluded by interviewing specialists and academicians and gathering their opinion. Results of the study concluded that from the standpoint of customers, behavioural facet possesses the maximum priority among all the other factors and cognitive component has the second priority. Also sub-criteria assessment result designate that sub-factors of employee, service process, speed, physical evidence, marketing mix and convenience are ranked first to sixth among other sub-factors. It was concluded that bank must particularly think these factors from tactical level to practical level since all of these factors have important role in formation and assessment of customer's experience which can impact on satisfaction, preservation, word of mouth and development of bank.

The main CX trends of 2016 (Web 1, 2) were found to be:

- (i) Personal Experience: Customer profile information is used to facilitate personalised communication and promotions.
- (ii) Transparent Process: Customers are updated as to how their feedback has been utilised.

- (iii) Feeling of Relationship: Differentiation would stem from relationships and experiences rather than product mix.
- (iv) Voice of customer: Customers are encouraged to share their stories without any conditions.
- (v) Mobile Priority: Providing round-the-clock mobile support taking cognizance of increasing number of such users.
- (vi) Virtual Reviews: Ensuring reliable information from peers and verification of posts.

1.2. Customer Engagement (CE)

A working definition of Customer Engagement “*involves specific interactive experiences between consumers and the brand. It is context-dependant psychological state characterized by fluctuation in density levels that occur within dynamic, iterative processes. It has cognitive, affective behavioral dimensions and plays a central role in the process of relational exchange which could act as engagement antecedents and / or consequences in iterative engagement processes*” (Brodie, et al., 2011).

Customer Engagement has been necessitated by a variety of factors:

- (a) *Choice of Media*: There are several media options to refer and search for information, ask queries, discuss and debate. However, all media are not consumed by individual customers. The provision of multiple channels of contact (omni-channel) becomes imperative for companies to ensure that customers are not lost.
- (b) *Loyalty*: Today's market, either online or offline, is fraught with myriad challenges like imitations, duplications, substitutes, product and design complexity, width and depth of productline/serviceline, confusing and exciting sales promotions. Customers would show inclination of loyalty only if their needs are met, else swirching to other competitors is very easy.
- (c) *Customer as communicator*: Customer have become powerful bloggers in virtual communities, Companies, brands and experiences are discussed, debated, appreciated and criticized in cyber space and also through word-of-mouth (offline). A negative word-of-mouth could prove to be very detrimental to the company.
- (d) *Marketing Communications*: The Share of Voice (SOV) is the share of advertising costs of a firm relative to the total advertising costs in that sector (industry). Firms are experimenting with non-traditional media like central spaces in shopping malls, screening advertisements during cinema shows, vending machines and kiosks, aerial displays to foster customer involvement.

Challenges are galore in today's competitive market and swirching service providers is no more rare. The e-commerce world enables a customer / shopper to

purchase products at a click of a mouse button and has several options (web pages) to choose from. The added advantage of comparing costs and quality makes it also the more easier for decision-making.

Companies need to focus on appropriate communication / promotion tactics to not just lure the potential customer but also to retain them. The emphasis on provision of more information and less enquiry-handling enhances customer interest and loyalty. This would foster a better customer experience as well as lower company expenditure. Strategies for outbound communications can help in Customer Relationship Management (CRM).

2. MATERIALS AND METHODS

Exploratory research was employed for two phases. The first phase endeavoured to compile outbound customer engagement activities in different sectors, namely, Telecommunication, Healthcare, Financial Services, Retail, Travel and Hospitality. Service professionals across service sectors numbering 36 respondents were interviewed face-to-face. Unstructured interviews were conducted to compile popular customer engagement activities, both online and offline.

The second phase of the research endeavoured to ascertain the key CX attributes that would ultimately drive effective CXM. Similar to Phase One, Service professionals across three service sectors (Retail, Hospitality and Financial Services) numbering 11 respondents were interviewed face-to-face. Unstructured interviews were conducted to compile popular CX activities, both online and offline.

3. ANALYSIS AND DISCUSSION

3.1. Phase One: Outbound Engagement Strategies

The key components of a comprehensive outbound engagement strategies that were identified as part of the analysis is presented in the following sections.

3.1.1. Telecom

- a) Customer surveys
- b) Upgrading eligibility
- c) Payment reminders
- d) Customer win back
- e) Going over plan alerts

3.1.2. Healthcare

- a) Appointment of confirmations
- b) Wellness updates

- c) Payment reminders
- d) Refill prescriptions
- e) Claim status updates

3.1.3. Financial Services

- a) New customer engagement
- b) Replenish prepaid cards
- c) Telemarketing
- d) Payment reminders
- e) Credit fraud alerts

3.1.4. Travel and Hospitality

- a) Booking confirmation
- b) Upselling a service
- c) Payment reminders
- d) Travel updates
- e) Loyalty program activities

3.1.5. Retail

- a) Sales alerts
- b) Order confirmations
- c) Customer surveys
- d) Loyalty program activities
- e) Product recalls

As consumers increasingly make purchasing decisions based on reputation and recommendations, companies must proactively manage their brand and the customer relationship. Outbound engagement solutions offer a set of capabilities to let businesses gather data, provide information, and manage customer accounts in a streamlined manner to provide the best customer experience.

A complete outbound customer engagement strategy must support an omni-channel environment across the customer journey, including voice, dialer, text, email, and push notifications. Plus, it must deliver easy-to-use list, compliance, and campaign-management capabilities that enable organizations to easily customize a variety of proactive customer communications campaigns covering

everything from real-time alerts to renewal notices to customer surveys. This will build customer loyalty, improve satisfaction, lower inbound customer contacts, and drive new revenue opportunities.

3.2. Phase Two: Key CX Strategy Attributes

The key CX strategy attributes that were identified as part of the analysis is presented in Table 1.

Table 1
Key CX Strategy Attributes

<i>Key Attributes</i>	<i>Sub-dimensions</i>
Excellence in execution	<ul style="list-style-type: none"> · Speedy service recovery · Quick transactions · Service consistency · Service reliability
Seamless (Smooth) Operations	<ul style="list-style-type: none"> · Innovation · Easy comprehension of productline and serviceline · Smooth enquiry and complaint resolution · Negligible contact queing time
Employee engagement(Internal)	<ul style="list-style-type: none"> · Fulfilling promises · Knowledgeable and able staff · Positivity and honesty
Spatial Proximity	<ul style="list-style-type: none"> · Omni-channel presence with touch-points · Physical and online proximity · Atmospherics and ambience
Value-addition	<ul style="list-style-type: none"> · Loyalty programs and rewards · Cost-benefit trade-off
Customisation	<ul style="list-style-type: none"> · Tailored to specific needs · Provision of choices
Image Proliferation	<ul style="list-style-type: none"> · Inspiration brands · Deliverables and reputation · Trust in brand
Communication	<ul style="list-style-type: none"> · Promotion and Branding · Clarity and transparency
Technology	<ul style="list-style-type: none"> · Integrated system · Human-Computer Interaction (HCI)
Mapping	<ul style="list-style-type: none"> · Customer Journeys · Positive and negative experiences (critical incidents)
Measurement and Index	<ul style="list-style-type: none"> · Benchmarks · Net Promoter Score (NPS) · Forrester CE Index (CxPi) · IZO Best CE (BCX)
Customer Care (Centre)	<ul style="list-style-type: none"> · Multi-channel operation · Listening (Voice of Customer) · Flexibility and Follow-up

Source: Compiled by Researcher.

The query “what makes a good (great) CX” elicited the following replies (in random order):

- a) Proper and timely Communication
- b) Ease of use
- c) The culture (customer-oriented)
- d) Product quality
- e) Innovative approach
- f) Moment of truth (surprises)
- g) Quality of services
- h) Number and quality of touch-points
- i) Understanding the customers’ needs / preferences
- j) Service provider honesty and reliability
- k) Proactive measures rather than service recovery
- l) Financial returns model in place
- m) Quick and correct delivery.

The query “what makes a poor (unpleasant) CX” elicited the following replies (in random order):

- i. Lack of service quality
- ii. Lack of problem resolution
- iii. Lack of courtesy / responsiveness
- iv. Only being profit/money-oriented
- v. Lack of consistently fostering experience
- vi. Advertisement are aggressive but other attributes are lacking
- vii. Lack of individual attention/care
- viii. Absence of communication
- ix. Defective or poor quality products
- x. Cumbersome and tiring dealing with company employees
- xi. Customer needs remain unfulfilled.

The query “what are the critical CX issues / questions to be confronted” elicited the following replies (in random order):

- a) How to hire the right human resources for CXM?
- b) How is CX defined? What are CX components concerned with particular industry/sector?
- c) How to ensure authentic customer feedback (voice)?

- d) What financials (analysis) is required for CXM?
- e) What software (technology) support is required for CXM?
- f) What are the best CXM practices? How can they be executed?
- g) How can engagement be achieved? What is the impact of culture / leadership?
- h) What future CX trends can be anticipated?

4. CONCLUSION

The inclination of various departments in an organisation to function in isolation is common and they are typically concerned with only their department's mission. An impression has come about that CXM is the duty of specific departments.

This research has aided the compilation of key CXM attributes and engagement strategies. This clearly highlights the need for organisations to take a holistic view about CXM where every department is required to equally contribute to make experiences memorable for the customers.

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