CUSTOMER EXPERIENCE – DOES IT MATTER?

The purpose of this article is to describe a role of a Customer Experience as a tool to increase the sale of products and/or services provided by an organization, on the example of Oracle Corporation. The customer experience is a mix of the physical image of the enterprise and the feelings and sensations evoked by it, consciously and unconsciously at every stage of the customer contact with the enterprise and the brand at all points of the contact (so called touch-points). A set of experiences creates the image in the mind of the customer and at the same time the image of the brand and its values, having influence on the evaluation of the activities of the firm and the brand, a tendency to go into closer relations with the enterprise and purchasing decisions (CRM)\(^3\). In its study on the relationship between customer experience and customer loyalty, the company Forrester Research\(^4\) found that customers who had a positive experience were more likely to come back for another purchase, more likely to recommend the business to a friend, and less likely to switch to a competitor\(^5\). The article is a part of a series of articles on building the model of the professional customer service and the relationship sales in the enterprise.

**Keywords:** Customer Experience, Customer Relationship Management, customer value, customer loyalty, customer satisfaction

1. INTRODUCTION

A Customer Experience is a process of interactions between an organization and a customer over the duration of their relationship. These interactions include a customer's attraction, awareness, discovery, cultivation, advocacy along with purchase of goods and use of services. It is measured by an individual's experience during all points of contact against his/her expectations\(^6\).

Customer Experience Management is a science about knowing your customers as completely as possible. Such knowledge can create and deliver personalized experiences that will make them not only to be loyal to the organization, but also to advertise to others about its offer. This positive word of mouth is considered in various researches introduced

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\(^1\) Wioletta Wereda, PhD, Wydział Nauk Ekonomicznych i Prawnych, Uniwersytet Przyrodniczo-Humanistyczny w Siedlcach, ul. Żytnia 17/19, 08-110 Siedlce, weredawioletta@tlen.pl, tel. 504 128 144 (Author for correspondence)

\(^2\) Monika Grzybowska, MSc, doktorantka Kolegium Gospodarki Światowej, SGH, Warszawa, monika.grzybowska@o2.pl, tel. 607 24 24 40.

\(^3\) CRM – Customer Relationship Management, more you can read in: W. Wereda, Zarządzanie relacjami z klientem (CRM) a postępowanie nabywców na rynku usług, Difin, Warszawa 2009.


by McColl-Kennedy & Smith\textsuperscript{7}; Bernhardt & Kennett\textsuperscript{8} and Piercy\textsuperscript{9} as the most valuable form of effective marketing any organization can work out.

2. **GAINING KNOWLEDGE ABOUT CUSTOMERS**

A deep knowledge about customers comes from extracting records about them from all points of contacts and channels across the entire organization. It’s about gathering, mining and processing customers’ data quickly and efficiently with precision and accuracy.

The concept of Customer Experience is a crucial differentiator in today’s competitive global marketplace. There is substantial business value in managing the customer experience effectively. Good customer experience management can:

- strengthen brand preference through great experiences;
- increase revenue with incremental sales from existing customers and new sales from positive word of mouth;
- improve customer loyalty and create advocates through valued and memorable customer interactions;
- lower costs by reducing customers fluctuation\textsuperscript{10}.

To achieve that an organization should create and use the system that will be able to consolidate data into a single view of the customer. Having such single view across interactions, channels, products and time, would facilitate coordinated customer communications. Various factors can affect the customer experience, therefore it is important to:

- create and maintain complete customer profiles;
- personalize all customer interactions;
- get the right information to the right place at the right time on regular basis.

To deliver a five star Customer Experience, the organization should know its customers better than competitors do. This means the organization should understand and measure customers’ journeys at the point of his/her first contact till the completed purchase, use and lastly return of products or warranty/claim procedure, when needed. The more an organization knows about its current and prospective customers, the more effective it will be at delivering relevant offers to them. The more relevant offers are, the closer relationship between business and customers becomes driving metrics like loyalty and retention up due to the positive customers’ experience\textsuperscript{11}.

In the past, companies have used mainly structured data e.g., demographic, transactional and log data to construct customer profiles. Today, organizations should include emerging types of data like social media, video, RFID (radio-frequency identification), sensor, geolocation, etc. tied together with cross-channel coordination. And add contact, data from


\textsuperscript{11} SAS Institute Inc., *Customer Experience Management...*
response and transactional history throughout the customer life cycle, as well as customer value, profitability and behavioural analysis. By analyzing traditional, structured data in conjunction with newer types of data, an organization can:

- learn how to improve the customer experience at every touch point;
- understand what customers want and expect from it;
- make better decisions and faster;
- make it personal.

Once there is a thorough understanding of the customer, the organization can use that knowledge to personalize every interaction. It is important to focus not only on the customer, but also on the context in which the customer operates. By adding context to the focus, the organization can deliver relevant, insightful offers, recommendations, advice and service actions and thus creates again a positive customer experience.

These days customers have more presence, power and choice than before. Therefore, improving the interactions between business processes and customers entirely from their perspective is a vital subject to discuss within the organization. If the organization ignores that subject and do not provide a personal, relevant, timely and insightful service, it will start to alienate itself from customers effecting in customers outflow.

To deliver the best value at each customer touch point and improve the Customer Experience the organization needs to map a path in the customer life cycle. Each path’s stage is important from initial consideration, through active evaluation, to the moment of purchase and even to the post-purchase procedure. And each stage is an opportunity to gain more insight in customers’ requirements.

The another important fact about Customer Experience is gaining positive aspects of clients’ satisfaction. Customer satisfaction is variously presented in the literature for example P. Kotler defines satisfaction as the “state felt by the body and connected with a comparison of perceived characteristics of the product and the expectations of individuals regarding these characteristics”.

According to K. Mazurek-Łopacińska satisfaction is the “emotional response to the comparative processes started by the client, consisting of the combination of their experiences and feelings after consumption of a product or service with expectations, individual standards or specific evaluation pattern”.

The complete definition of consumer satisfaction formulated R.B. Woodruff and S.F. Gardial, describing it as a positive or negative feeling a client in relation to the value received as a result of use of a particular product offered in a given situation. This feeling

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12 Ibidem.
13 Ibidem.
may be a direct reaction to the use of the product or complete response to a series of situations experienced\textsuperscript{16}.

Among the steps leading to the achievement of satisfaction stand out:

- fulfillment – consisting in the offering by the company what the buyer needs;
- value – meaning the fulfillment of the expectations of the buyer with regard to price;
- convenience – consisting of the easy availability of the product;
- confidence – the confidence of the buyer as to the fact that the product is trustworthy;
- achieving customer satisfaction\textsuperscript{17}.

The level of customer satisfaction thus depends on the actual characteristics of the product or service, the individual characteristics of the buyer and its requirements for the product (service), communication policy pursued by the company and previous experience of the consumer. These factors affect the perception of the product or service by the purchaser and the shape of its expectations, and that as a result determine the level of satisfaction\textsuperscript{18}.

3. THE CUSTOMER EXPERIENCE VALUE EQUATION

According to Oracle research, Customer Experience (CX) is a complex practice area that requires clear vision, the right tools, and great execution to succeed. They recommend thinking about CX in terms of three major areas: Acquisition (A), Retention (R), and Efficiency (E). These areas play a critical role in any business. When combined, these three areas as the CX Value Equation looks as below\textsuperscript{19}:

\[
CX = A + R + E
\]

Acquisition refers to an organization’s ability to increase its customer base. Retention is the ability to keep and grow current customers. And Efficiency allows an organization to do more for its customers with less resources. Each CX practice area has three identified business challenges, adding up to a total of nine CX business challenges for success (Tab. 1)\textsuperscript{20}.

\textsuperscript{16} P. Nowicki, T. Sikora, Czynniki kształtujące satysfakcję klienta oraz korzyści z pomiaru satysfakcji klienta w procesie doskonalenia jakości \[w:\] Zarządzanie jakością – doskonalenie organizacji, red. T. Sikora, Wydawnictwo Uniwersytetu Ekonomicznego w Krakowie, Kraków 2010, s. 204–205.

\textsuperscript{17} A. Iwanicka, Satysfakcja i jej rola w aktywności rynkowej nabywcy finalnego, „Zeszyty Naukowe Politechniki Rzeszowskiej” 2009, nr 260, s. 57.

\textsuperscript{18} K. Mazurek-Łopacińska, \textit{op. cit.}, s. 308.

\textsuperscript{19} Oracle Corporation, \textit{‘Customer Experience (CX) Metrics and Key Performance Indicators’}, online leaflet, 2012 (10.12.2016).

\textsuperscript{20} \textit{Ibidem}.
Table 1. Customer Experience (CX) Metrics and Key Performance Indicators

<table>
<thead>
<tr>
<th>ACQUISITION (increase sales)</th>
<th>RETENTION (monetize relationships)</th>
<th>EFFICIENCY (leverage investments)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generate more opportunities</td>
<td>Increase share of wallet</td>
<td>Increase ROIC/EVA</td>
</tr>
<tr>
<td>Increase brand equity</td>
<td>Drive loyalty</td>
<td>Increase productivity</td>
</tr>
<tr>
<td>Increase market share</td>
<td>Drive advocacy</td>
<td>Decrease cost of operations</td>
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Acquisition focuses on how an organization can increase its customers’ base by gaining new or additional customers. It can consist of three business challenges:

- generate More Opportunities through an increase in visitor and customer traffic so that there are additional opportunities for sales transactions; organizations benefit from having a respected brand, being visible and by creating great Customer Experiences;
- increasing Brand Equity as a key objective that builds corporate value and can influence sales and customer measurements such as increasing the average value of an order, improving customer conversion (switching from a competitor) rates and driving higher revenues;
- increase in Market Share provides companies with sustainability, growth, and pricing influence; improving market share naturally leads to an overall better financial position for companies.

Retention focuses on how organizations keep their customers to reduce outflow and to increase their life-time value. There are three important business challenges associated with Retention:

- the first challenge is to create customer Loyalty; a customer who is loyal is one who resists switching to another brand or doing business with another organization;
- drive Advocacy is a desired result that goes beyond loyalty; in the social age, a positive word of mouth can drive a company to success. A customer who tells their friends, family, or colleagues about how much they are satisfied by doing business with the organization is the best advocate of all.
- increasing the Share of Wallet for each customer drives higher profit; expanding sales through expansion of sales to each customer is one of the best and most profitable approaches to increase revenue.

Efficiency focuses on doing the right operational activity to deliver the desired results at a lower cost to the organization. There are also three important business challenges in this area:

- increase Return on Invested Capital (ROIC) or Economic Value Add (EVA), both are key measures of a company’s efficiency (increases in these areas typically indicate a strengthening of the company’s financial position);

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21 Ibidem.
the major challenge represents traditional accounting of the expenses associated with
the customer interaction and Decreasing the Cost of Operations (these expenses refer
to those costs associated with servicing the customer base either before they pur-
chase a product or after);

– at most organizations, the largest cost associated with doing business is its employ-
ees (improving the productivity of this asset can go a long way toward improving the
overall impact that employees can have delivering a great customer experience22).

Each of business challenges provided above has measurements that organizations
can use to track the results in general performance. These measures inform the management if
there are any areas where the organization is currently underperforming and where im-
provements may be made, or if there are any areas of excellence that can be treated as a
perfect example for other departments and people to create positive customer experience
during mutual interactions.

4. ROLE OF CUSTOMER SERVICE IN CUSTOMER EXPERIENCE

From a Human Resources Management perspective, it is important to highlight the
significance of attracting, developing, and retaining employees who display a customer-
oriented personality. Thus, best practices in selection/hiring procedures should be imple-
mented to ensure that front-line service employees represent the behaviour of a customer-
oriented profile. The organization may be able to better place the right applicants into the
right job. Customer Orientated employees are able to better take care of customers, can
correctly read customers’ needs, develop personal relationships with them, and deliver
good service on time, and thus they will create a unique positive Customer Experience23.

Recent studies have also found that customer services employees empowerment exerts
a positive influence on their customer orientation24. According to Lee and Koh, empower-
ment is “the psychological state of a subordinate perceiving four dimensions of mean-
ingfulness, competence, self-determination and impact, which is affected by the empow-
ering behaviours of the supervisor”25. Thus, training supervisors on how to empower their
employees may be crucial for the development of customer-oriented workers. Service
organizations having an empowerment culture may enhance employees’ predisposition to
meet customers’ needs. If employees find meaning in their tasks, they should be more
inclined to give their customers individual attention and resolve any problem thus creating
a positive experience for customers. Customer service employees who are confident about
their role in the organization are more likely to feel that it is important to anticipate cus-
tomers’ needs, and find satisfaction in delivering a good service on time. Finally, if em-
ployees have influence and control over their jobs, they may be inclined to exercise initia-
tives in improving interactions and developing closer relationships with their customers26.

Employee Job Satisfaction has been defined by Antoncic et. al. as a combination of
following elements: general satisfaction with work, employee relationships, the remunera-

22 Ibidem.
23 G. Gazzoli, H. Murat, P.B. Kim, Explaining Why Employee-Customer Orientation Influences Customers’
24 Ibidem.
26 G. Gazzoli, H. Murat, P.B. Kim, Explaining...
tion, benefits, organizational culture and an employee loyalty as a crucial antecedent of intrapreneurship. Additionally, the job satisfaction is “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” and this is considered to be vital for the delivery of quality. Pugh used emotional contagion theory to explain the correspondence between employee affect and customer’s responses to service. The service-profit chain framework holds that satisfied employees are more productive and provide better service quality then less satisfied employees, leading to higher customer satisfaction and experience. Theoretically, a committed employee is more likely than a less committed employee to accept and support organizational goals by demonstrating behaviours that enhance the quality of interaction in service encounter. Various researchers have empirically demonstrated the relationship between Customer Orientation and the Customer Experience. The results presented in their studies support the suggestion that Job Satisfaction and Customer Orientation are key drivers of employee performance, and that high quality interactions between frontline employees and customers are likely to positively affect a customer’s consumption experience. Overall, the pattern of results reported here suggests that the higher an employee rates of Customer Orientation level, the more the employee is satisfied with and committed to the job; in turn, customers will view their interaction with such an employee higher than usual, resulting in increasing levels of positive Customer Experience through the Customer Satisfaction.

Another aspect of gaining better results in organizations is the introduction of Customer Experience Management (CXM) which can be defined as a system of comprehensive and long-term actions and not closed in time the marketing campaign. Its implementation is basically a reconstruction of the enterprise in all its pillars which relate to the interaction with customers. Marketing is the only action centered around the product and it is an important complement to CXM. As a product (or a service) is of the poor quality and did not meet the expectations, even the most friendly customer service can act little things to make a success. It should be known as well that the replacement of the advertising campaigns by Customer Experience Management is a good solution especially for large enterprises with the established position in the market and fighting with several rivals. Small and entering the market enterprises should not give up the large enterprises with the established position in the market and fighting with several rivals. It should be known as well that the replacement of the advertising campaigns by Customer Experience Management is a good solution especially for large enterprises with the established position in the market and fighting with several rivals. The enterprise should first find people who visit the place, make a purchase and then recommend the brand to others.

31 G. Gazzoli, et. al., op. cit.
5. CONCLUSIONS

According to Rawson et. al an organization that is able to skilfully manage the entire Customer Experience path obtains such rewards as: enhanced customer satisfaction, reduced outflow, increased revenue, higher employee satisfaction leading to overall positive Customer Experience.

In today’s connected, digital world, managing the Customer Experience can be even more critical in gaining a competitive advantage than ever. The Internet has enabled a new era of transparency, empowering consumers to instantly share their experiences with other users around the world. Today, transforming Customer Experience into an advantage requires taking the service well beyond just customer service. It requires engaging in continuous dialogue with customers, distributing feedback and insights throughout the business, empowering employees to take action, and innovating in response to create an excellent Customer Experience. The companies that can develop these capabilities will be able to drive a real financial impact.

REFERENCES


DOŚWIADCZENIE KLIENTA – CZY TO MA ZNACZENIE?

Celem niniejszego artykułu jest opisanie roli, jaką pełni doświadczenie klienta (CX – Customer Experience) jako narzędzie umożliwiające podnoszenie poziomu sprzedaży produktów lub usług świadczonych przez daną organizację, na przykładzie studium przypadku firmy Oracle. „Doświadczenie klienta to mieszanka fizycznego wizerunku firmy oraz uczuć i doznawanych przez nią świadomie i bezwiednie na każdym etapie kontaktu klienta z firmą i marką, we wszystkich punktach kontaktu (touch-points). Zbiór doświadczeń tworzy obraz w umyśle klienta, a zarazem wizerunek marki i jej wartości, wpływając na ocenę działań firmy i marki, skłonność do wchodzenia z firmą w bliższe relacje oraz na decyzje zakupowe” (CRM). W badaniach na temat relacji między doświadczeniem klienta a jego lojalnością firma Forrester Research stwierdziła, iż klienci, którzy odniesieli pozytywne wrażenia w kontaktach z daną organizacją, byli skłonni ponawiać zakupy lub korzystać z usług tejże instytucji oraz, co bardzo istotne, polecać ją swoim znajomym i rodzinie. Przy tym ryzyko odejścia do konkurencji znacznie maleło. Co więcej, klienci ci wskazywali chęć pozostania przy danej organizacji na dłużej, czyli zatrudniali pierwsze oznaki lojalności. Artykuł stanowi część serii artykułów na temat budowania modelu profesjonalnej obsługi klienta i sprzedaży relacyjnej w przedsiębiorstwie. Ponadto w tekście zaprezentowano najważniejsze informacje dotyczące satysfakcji klienta, jak i pracowników w organizacji, którzy poprzez odpowiednią motywację mogą stanowić istotny element budowania pozytywnego doświadczenia klienta.

Słowa kluczowe: doświadczenie klienta, zarządzanie relacjami z klientami, wartość dla klienta, lojalność klienta, satysfakcja klienta

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