

8 Questions to Determine if Your Company is Committed to Personalizing the Customer Experience

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I. Overview

Too many companies are still struggling to achieve deep and high-value relationships with customers. As a result, churn, attrition, and high opt-out rates continue to be significant problems. This is especially true among Millennial customers, who expect unprecedented levels of value and personalization from brands.

These findings are based on results from more than 160 [VoC research studies](#) our firm, ERDM, has conducted for brands such as Microsoft, HP, MassMutual, Gilt and QVC.

In response to requests from CMOs, who are understandably frustrated and concerned by these persistent issues, we prepared eight questions to help determine whether your company is truly committed to personalizing the customer experience (CX) and building loyalty.

This Ebook will provide you the 8 critical questions you need to answer to determine if your company is committed to personalizing the customer experience. It will also provide recommended answers and essential action items.

This information was originally published in articles featured on [CMO.com](#)



Question 1: What is your company's true appetite for CX and loyalty transformation?

According to [Mike Polner, director of product marketing for Five Stars](#), a mobile loyalty app provider:

“The most successful businesses ensure their staff is engaged and understand the value of loyalty.”

And according to [Jeroen Hoencamp, CEO of Vodafone UK](#):

“Transformation needs to take place both internally and externally. ... Listening to customers and understanding customer value from their perspective will allow customer-centric transformation to take place.”

Question 1: Action Items

- Your brand culture and senior management need to support CX and loyalty initiatives by creating a customer-focused culture, customer-focused metrics, CX-based compensation, integrated consumer communication across all touch points, and an adequate CX budget allocation.
- Keep the company engaged in the CX journey by establishing formal and regular means of providing the organization with progress report cards and performance against CX metrics.



Question 2: Do your fellow execs have a deep understanding of why you are focusing on CX and loyalty?

[Bloomingdale chairman and CEO Tony Spring](#) noted that consumer understanding is paramount in every aspect of the company's marketing.

Here are some key quotes:

- “This is the age of empowered consumers. We need to connect with customers on their terms.”
- “Consumers demand personalization and privacy. It's a push-and-pull thing. We must instill trust as we build our relationship with our customers.”

Additionally, [John Gerhardt, senior vice president, creative branding direction, at LVMH-owned DFS Group](#), noted:

“Every person has a story to tell about where their loyalty lies, and we were thrilled to explore that concept ... to celebrate and thank our customers for the immense loyalty they show us. ... We wanted to celebrate the value of loyalty, which is at the core of all these experiences.”

Question 2: Action Items

- A CX program without a clear-cut goal is a useless CX program. Know what you want to accomplish by engaging your customers, understand what engagement actually means to your customers, and understand what it will take to accomplish this goal.
- Define the criteria for evaluating the success of your CX and loyalty strategies. Set benchmarks and determine what factors and data will be monitored on a regular basis to determine progress, success, and improvements.



Question 3: Do you have the right data, metrics, and segments to measure CX impact and success?

In structuring its loyalty program, [Safeway examined many data factors](#), some of which were surprising.

Here is an important note from the agency that structured the program:

“You will run the danger of cannibalizing your business by giving rewards to people who are going to shop with you anyway. ... It is better to target your programs mainly to those whose behavior you want to change.”

Prior to instituting the program, Safeway surveyed its customers and asked: How much do you spend on groceries every week, and where else do you shop? Answers were combined with the actual spending data to determine Safeway’s “share of wallet” and gain understanding of new opportunities that could be uncovered with a loyalty program.

Question 3: Action Items

- How are consumers interacting with your brand? Does your data provide that answer? If not, it’s time to rethink how you collect and interpret incoming information to be sure that the data you are collecting is useful and brings actual insights to drive marketing initiatives.
- Reinvent your data to put consumers into segments based on [preferences](#), purchases, communication methods, inquiries/customer service issues, lapsed, new, loyal, etc. Then rethink communication and engagement strategies for each segment, not for customers in general.



Question 4: Does your staff have the right CX and loyalty skills, and do you have a customer advisory group?

[Nick Mehta, CEO of marketing firm Gainsight](#), noted that having a dedicated customer success team, as well as a group of consumer advocates, is a necessity for building successful loyalty and CX.

“The customer success team should be your eyes and ears. ... CS can tell you which users love using your service. ... Many times, users can offer informal advocacy and on-the-ground feedback that decision makers can't. In addition, there are usually far more users than decision makers.”

Question 4: Action Items

- Who on your team could offer customer success insights? Take a look at your entire staff and handpick representatives who can report on real-life CX interactions, problems, and successes for key learnings that can prompt new actions.
- Arrange a consumer advocacy program with your most engaged customers to gain insights on how and why consumers are or aren't motivated to engage with the brand.



Question 5: Do you have in place the necessary CX/loyalty/CRM technology to connect with customers?

“Forward-looking organizations are making strides by focusing on three key ingredients: technology, data, and ownership,”
said [Jefrey Gomez](#), managing director, Asia Pacific at Econsultancy.

In [this B&T article](#). Michael Kustreba, managing director of Epsilon, Asia Pacific, agreed:
“The good news is that there are valuable insights from data, technology and proven methodologies that organizations can adopt to help them improve their customer experience delivery.”

Case in point:

Online retailer Zappos has devised [“Zappos Labs,”](#) which focuses on solving consumers’ pain points and creating optimized customer experiences across all channels. The brand’s mobile app allows consumers to send Zappos employees a photograph of items seen on the street via text, email, or Instagram. A link is then sent back to the consumer to purchase it online.

Additionally, Zappos’ customer service agents are reminded of their CX commitment with a [“Happiness Experience Form,”](#) which reminds them to attempt at least two personal connections with consumers throughout interactions to address any needs and provide an “overall wow experience.”



Question 5: Action Items

- Examine the technology your company has in place to see what measures can be put in place right now to boost CX, such as reminders to staff, per the Zappos example.
- Also, explore how you can expand the technical capabilities and possibilities at each touch point to deliver improved CX. Audit for the necessary level of collaboration of information sharing across the various departments and systems.



Question 6: Do you have a dedicated budget for new research to drive innovative CX/loyalty strategies?

Per research conducted by [Epsilon](#), “Only 7% of companies have a single, dedicated budget for understanding the customer journey, and 27% have a dedicated budget split across different departments.”

[Jonathan Serebrin](#), user experience researcher for The Home Depot, advises that companies include all teams in research results and learnings to make them part of the company culture. Make sure that all departments understand how customers feel about the brand and products, he said. Every step of the testing and development process needs to assure synchronization

While CMOs are now understanding that a dedicated CX budget is essential to transformation, in the [“Spotlight On 2016 CX Helps And Hurts”](#) study by Forrester, a notation was made regarding budgets: “CMOs won’t simply write blank checks. Instead they’ll require CX teams to prove that their projects improve key performance indicators that marketers care about, like customer acquisition and engagement.’

Question 6: Action Items

- Take a closer look at carving out a slice of digital, social, marketing, sales, and IT budgets for one combined CX budget. Rather than depleting one department’s funds, multiple stakeholder departments should contribute to the overall CX cause.
- Be sure you have in place a solid benchmark of customer value and how/when milestones can be measured so that budget investments can be justified or adjusted in the future.



Question 7: Do the highest levels of management in your company support CX programs and staff?

The [“Shifting Sands Of Marketing: Gartner 2015-2016 CMO Spend Survey”](#) reported, “Business leaders understand that consumer expectations for fast, informative, convenient, and personalized transactions will continue to grow and that staying ahead of the competition is paramount.”

“And according to the [Forrester/Heidrick & Struggles “2016 Evolved CMO report,”](#) “Evolved CMOs will need to commit to understanding customers and to driving that philosophy throughout their organizations with a customer-obsessed mindset.”

Question 7: Action Items

- In order for CX to succeed in your company, it is essential that there is buy in and commitment from every involved department at all levels.
- CX innovation is a top-down change process. However, it is marketing’s responsibility to provide the vision and criteria for success.



Question 8: Does your company have a cross-functional and integrated culture?

The [Deloitte “Global Human Capital Trends 2016”](#) report stated

“In today’s evolving marketplace, companies need to adopt a new organizational structure to be more of a “network of teams” with strong communication and rapid information flow cross functionally.”

Additional data points from the report include:

- 92% of companies said they believe redesigning the organization is very important. More than 80% of respondents reported that they are either currently restructuring their organizations or have recently completed the process
- The growth of the Millennial demographic, the diversity of global teams, and the need to innovate and work more closely with customers are driving a new organizational flexibility.

Question 8: Action Items

- Understand what employees can bring to your CX efforts and place them in mission-focused teams by their contribution potential and experience.
- Empower teams to set their own goals and make their own decisions in order to achieve CX goals.
- Replace silos of information with information sharing cross functionally. -



Tips and TakeAways

1. Active consumer listening with a goal of deep understanding is a key element of CX transformation because it lets brands look at touch points and interactions from a value-driven experience standpoint that cultivates ongoing loyalty, not just an end-point transaction goal.
2. Building CX means building trust. If consumers do not trust a brand or trust that the brand will deliver value or appreciation for their loyalty, the consumer will go elsewhere for a better experience.
3. Correct data interpretation is essential in developing CX innovation. True understanding of who and how consumers interact with the brand will shape every strategy, communication, and the CX program's success.
4. Put together a customer success team with representatives from all aspects of CX and loyalty so that your company can continually have a 360-degree view of engagement wins and losses. Cultivate consumer advocacy so that you are regularly receiving input from those who interact with the brand most.



Tips and Takeaways

5. Shape your specific short term and long term achievable CX goals then examine current technologies to uncover hidden potential for new CX activities that can be done with existing resources by using resources in ways. The put in place future needs and the budget needed for expansion.
6. Identify milestones and benchmarks to measure success so that growth can be documented in order to gain buy in from upper management for increased funds and assets.
7. Make sure that every involved employee that has a touchpoint possibility with consumers understands CX goals and get buy in from the highest level to grass roots employees.
8. Rethink your organizational structure to place employees for greatest contributions. Uncover information blocks for cross functional data sharing and collaboration.



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Inducted into the Direct Marketing Association *Hall of Fame* based on the results companies achieve with ERDM's Voice of Customer (VoC) research-based customer experience strategies.

ERDM conducts specialized VoC research to identify customer experience strategies that generate significant increases in revenue. Clients include IBM, Microsoft, MassMutual, Gilt, QVC, HP and Norton AntiVirus.

Named by the Online Marketing Institute as one of the *Top 40 Digital Luminaries* and by Crain's B to B Magazine as one of the *100 most influential people in Business Marketing*.

His influential blog *Ernan's Insights on Marketing Best Practices* appears in Forbes, Huffington Post, CMO.com, CustomerThink, CRMC and Business2Community.

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