A Conceptual Study on Customer Experience Management

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Abstract
Customer experience management as a contemporary strategic tool in marketing has its importance because marketing in the 21st century is more challenging than ever due fragmented media, cleaver and articulated consumers, and the rise of the “free thinking” consumer. Now-a-days many organizations putting focus on customer and customer experience management. Some organization used customer experience management as tool to create their customer forum. Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representations of a company’s products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews, and so forth. Customer experience management is becoming a strategy to increase number of customer, gaining more profit and to create good position in market. With help of this tool organization can analyze its customer and understand their demand. If organization is able to understand its customer then it is easy to understand consumption in the market. This paper highlights the importance of customer experience management as a new marketing strategy. This study will help to understand customer, their consumption and their loyalty towards the organization.

Keywords
Customer Experience, Strategic Tool, Experiential Marketing, and organization

I. Introduction
Customers are the life blood of any organization and the heart demand driven economy. All industries agreed that understandings of customers are critical things for the survival of a firm, they are their most valuable assets, and the entire organization must be customer centric. Yet, in spite of the apparently universal acceptance of the importance of customers, the actions of the most firms do not always match it. To become customer focused, a company needs to be able to deliver the right customer experience. Growing customer demand comes from focuses not just on products, but on the total experience. Starbucks, a small Seattle start-up did not become a global business leader on the basis of its dark roasted beans alone. The company revolutionized the coffee category (and indeed the casual dining category) by providing an experience that includes service, ambience, product naming, and even the smell as the customer walks in the door. This kind of customer experience management is essential if companies are to succeed in providing real value to their customers. In present scenario it’s very difficult to hold your customer tightly. Companies use their experience to manage and to understand their customers. Customer Experience management can be considered as a business philosophy which aimed at creating and increasing customer value in ways that motivate customers to remain loyal to the firm and retain the right customers for the firm. Companies of all kind acknowledge that their customers are important; that customers are the company’s most valuable asset; that the company survives only when it has customers and grows only when it can retain them and recruit new ones and that the company, therefore, should be structured and managed around the customer. A customer experience is an interaction between an organization and a customer as perceived through a customer conscious and subconscious mind. It is a blend of an organization’s rational performance, the senses stimulated and emotions evoked, and intuitively measured against customer expectations across all moments of contract. The purpose of a customer experience is to create an interaction. This means there is communication between the organization and the individual. Ideally this interaction moves on to conducting a transaction, providing the individual with the service the organization is offering. At the same time the organization should be looking to create a desire within customers for future interactions and transactions. Customers will only come back if they perceive value in the interaction. Also organization has to see value in this interaction for it to continue to offer it. Today, customers take functional features and benefits, product quality and a positive brand image as a given. What they want is products; communications and campaign that dazzle their senses touch their hearts and stimulate their minds. They want products, communications and, marketing campaign to deliver an experience. The degree to which a company is able to deliver a desirable customer experience- and to use information technology, brands and integrated communications and entertainment to do so- largely determine its success in the global marketplace of the new millennium.

II. Objectives of the Study
- To analyze the concept of customer experience management
- To understand the use of customer experience management in an organization
- To analyze the CEM as a strategic decisions towards customer and company

III. Definition of Customer Experience Management
Customer experience management (CEM) is the collection of processes a company uses to track, oversee and organize every interaction between a customer and the organization throughout the customer lifecycle. The goal of CEM is to optimize interactions from the customer’s perspective and, as a result, foster customer loyalty. Customer Experience Management (CEM) is a business strategy that focuses and redefines the business from the customer view point. CEM assumes that products and services are no longer sufficient to satisfy the customer and elevate the value proposition to the level of an experience. At the core of the CEM strategy is an organizational experience that defines the value for both employees and customers. Through employees’ experiences, CEM unleashes the best innovations and creates superior value and excellent customer experience. In addition, it promotes an equal relationship between customers and corporations and an ongoing dialogue that improves and strengthens the quality and length of relationships. Companies that have adapted CEM strategies have placed greater emphasis on their employees and customers as part
of the experience creation and delivery. While no individual really “owns” the term “Customer Experience Management,” it is often attributed to Bernd Schmitt, who in 2003 defined CEM as “the process of strategically managing a customer’s entire experience with a product or company.” Building further on Schmitt’s definition: “The term ‘Customer Experience Management’ represents the discipline, methodology and/or process used to comprehensively manage a customer’s cross-channel exposure, interaction and transaction with a company, product, brand or service”.

Gartner defines Customer Experience Management (CEM) as “the practice of designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty and advocacy”. It is a strategy that requires process change and many technologies to accomplish. Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representations of a company’s products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews, and so forth. Customer experience data capture customers’ subjective thoughts about a particular company. CEM (customer experience management) capture the immediate response of the customer to its encounters with the company. Customer experience should be such that the individual wants to tell others how great it was. This can all happen over weeks or a few seconds. Pulling this all together, ideally this is what you want customers to say when they are talking with their friends: “I had a great holiday, we are planning to do it again next year, and you should go there”. Customers always have an experience -- good, bad or indifferent -- whenever they purchase a product or service from a company. The key is how effectively the company manages the experience. Organizations that simply tweak design elements or focus on the customer experience in isolated pockets of their business - - by providing a quick hit of entertainment, for example -- will be disappointed in the results. Companies compete best when they combine functional and emotional benefits in their offerings. Emotional bonds between companies and customers are difficult for competitors to sever. To compete successfully in this territory, a growing number of organizations are systematically applying the principles and tools of customer-experience management to strengthen customer loyalty. Unlike many product or service enhancements, the holistic nature of these experiential designs makes them very difficult for competitors to copy. Customer experience management can provide strategic guidance for increasing that value and can specify precisely which aspect of the customer experience is likely to impact which aspect of customer profitability.

IV. Methodology
It is descriptive types of research. The study is based on secondary data, which was collected from internet and other secondary sources like Books, magazine, newspaper, published journal etc.

A. Understanding of Customer Experience is Based on Following Things:

1. Customer expectation towards goods & service – Customer expectation starts from the intention to purchase a goods or services. When a person is mentally prepared to purchase something then obviously he or she has some expectation from that product. In that case it is required that to understand customer expectation from the buyer. In marketing there are different level channel of distribution like wholesaler, distributor, retailer etc. it is also understood by company with whom customer is dealing, accordingly company needs to take strategies.

2. Customer interaction with goods and service – Customer interaction with product and service starts with purchasing of product and service. When a consumer purchases a product he/she have some pre-defined expectation regarding that product. Customer compares product expectation with benefit of the product while dealing with product. Company needs to recognize how and when customer using its good and services.

3. Customer reflection with experience with goods and service – It obvious after using a product consumer memorizes some positive or negative experience. Customer reflection arises out of past memory of experience with product. Company should take initiative to know each aspect of customer experience with the product.

Experiential marketing has developed as a research area, as well as management perspective aimed at emphasizing the importance of consumption experiences in consumer pleasure experiences generations. The concept of experiential marketing, first introduced in the work of Pine and Gilmore on experience economy and Schmitt on experiential marketing, has gained significant traction, both among marketing academics and among practitioners. Experiential marketing is said to occur ‘when a company intentionally uses services as the stage and goods as props to engage individual customers in a way that creates a memorable event’. One of the major benefits said to accrue from a well executed experiential marketing strategy is an increase in profit margins: companies that offer experiences- as opposed to mere products and services- the argument goes, are able to charge a higher premium for their offerings because customers are willing to pay the higher prices. The issue concerns the reasons underlying the evolution of the economies: proponents of experiential marketing provide little rationale for why the economies have evolved over time-from commodities, to good, to services, to experiences. That is, while there is general acceptance that business now operates in an experience economy, it is unclear what the underlying drivers are (or were) in the evolutions of the economies.

B. Focused Decision Making in Customer Experience Management Towards Customer and Company:
CEM as strategic tool is becoming useful to manage business process. Only product and services are no longer sufficient to satisfy the customer and elevate the value proposition to the next
level of an experience. CEM also useful to promote an equal relationship between customers with company which helps to improves and strengthens quality and length of the relationships. In present business market scenario efficient customer attraction, acquisition and retention is critical. To respond this competitive pressure, company needs to take a move from product centric to customer centric mind set in order to provide excellent customer service, build brand loyalty, and maximize profitability. To become customer focused, a company needs to be able to deliver the right customer experience. Customer experience management is highly customer centric and utilizes systems, technologies, and simplified processes to improve the customer’s experience with the company. Customer experience management is emphasizing the length of the relationship and the treatment of the customer as a journey and not as a destination. In addition CEM places a greater emphasis on every interaction, thus leading to the creation of experience to the delivery of those promised relationships to the desired target customers. Starbucks, a small start-up, did not become a global business leader on the basis of its dark roasted beans alone. The firm revolutionized the coffee category (and indeed the casual dining category) by providing an experience that includes service, ambience, product naming and even the smell as you walk by the door. This kind of customer experience management is essential if companies are to succeed.

Customer experience management is a strategic concept which is also used by company to manage strategically a customer’s entire experience with a product or a company. It is at the frontier of successful loyalty-driven programmes, taking companies into an era where the primary and most valuable way they can differentiate themselves is through a brand immersive experience at every customer touch point. It is obvious that customer experience management is more customer oriented concept, but company is getting maximum data from this programme. Successful CEM programmes, build the consumer’s experience with an organization, ensuring that every step of his or her journey is brand relevant, differentiated and positive. Experiential marketing allows brands to engage with their target audiences through initiatives and engagements that aim, to achieve marketing communication objectives, and add value to consumers’ lives.

V. Research and Development
Companies strive to create new and innovative products to meet market demand. By listening to the voice of the customer and integrating it into the research and development life cycle, companies reduce the risk of developing products not required by the marketplace.

VI. Human Resource Management
For a company to become truly customer focused, it must reward practices that contribute to positive customer feedback. A company’s compensation policy must be aligned so that not only is customer feedback collected, but managers and staff are also rewarded based on the results of ongoing customer satisfaction measures. Implementing a CEM framework to support an unshakable customer relationship is critical to a company’s long term growth. And, like most corporate initiatives, commitment for the process must begin at the top, with the CEO. The CEM framework, as described, is not necessarily an all or nothing proposition. It may be implemented in a phased or modular fashion, and grow over time as companies gain more experience with the concepts, practices and the wealth of information they’re given to work with. A recent trend in implementing CEM is to create “chief customer officer” executive positions, to direct and coordinate all CEM activities. These executives are being given the task of creating and coordinating the CEM framework and, subsequently, implementing specific CEM solutions. With this single point of responsibility, companies have the ability to build solid customer relationships.

VII. Marketing and Sales
Collecting customer feedback provides valuable insights for marketing and sales in a variety of ways. With CRM, companies collect customer feedback to provide a 360-degree view of their customers. CRM doesn’t tell them what a customer is currently thinking. To create an integrated data warehouse, customer feedback should be collected along with transactional customer data. The combined data sets can then be organized by key customer segments to identify historical purchasing patterns,
customer expectations, and satisfaction levels. By combining CRM and CEM data, sales and marketing can better identify emerging trends and patterns, and design more effective marketing and sales strategies and campaigns.

**VIII. Production and operation**

The production and delivery of products and services is at the heart of any customer supplier relationship. And the only accurate way to assess customer satisfaction is to measure it in a systematic manner. Feedback can be collected at the beginning, middle and end of the implementation, as well as during the support and maintenance phases. During the whole process, feedback is gathered from different customer groups, including contracting authorities, users, and IT personnel. This ensures that customer expectations are fully understood and met accordingly. The method used to collect, report, manage, and analyze customer feedback will necessarily differ from industry to industry.

**IX. Service and Support**

Many companies provide some form of customer feedback as part of their after sales service. Customer complaints have to be resolved before they escalate into larger and possibly relationship-destroying problems. A formal complaints management process resolves problems before they result in customer defections. This approach is effectively used in company call centers, where an interactive voice response (IVR) customer feedback tool can trigger a customer recovery solution in real time.

**X. Finance**

Finance department deals accounts, inflow-outflow of cash and maintain financial records. Now-a-days maximum companies heavily invest money on customer acquisition and retention. With the help of CEM it can be easy for the company to hold its customer tightly. As a result finance department can save money.

**Why Customer Experience Management is Effective in an Organization?**

- Enhancing customer retention.
- To enhance brand image.
- Customer emotions evoked by contact with the services.
- Encourage brand promotion.
- It focuses on all sorts of customer related issues.
- It will help in innovation.
- It can help in segmenting and targeting.

Negative aspect of Customer Experience Management

- It is not possible to get accuracy in measuring customer experience.
- Customer experience is a qualitative phenomenon which is differing from person to person.
- Customer experience is different from customer service.
- Customer Experience Management is focused on customers’ needs, wants, habits, etc. Consequently, in such a situation Customer Experience Management can hardly be applied in its marketing aspect.

**XI. Scope for Future Research**

Customer experience management is a new tool in the developing field of marketing. Its theoretical base is far less developed as compare to traditional marketing tool. Hence, sufficient empirical studies/ research have to be carried out to broaden its theoretical understanding. Future research must focus essentially on studying the reason for the success/failure of customer experience management as a tool. Future research can be done to study the impact, implementation, ethical and legal aspects of customer experience management tool in marketing.

**XII. Conclusion**

In today’s hyper competitive scenario, money and time heavily spent by companies to acquire and retain customers. Customer experience management helps the customer in retaining and recalling the service or product offered by companies. CEM can be considered as next marketing tool that can bridge the gap between customers’ increasing demand to engage marketers and brands on their own terms.

**References**


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