

Technology's Best Contribution to Customer Experience and the Bottom Line - Delivering Psychic Pizza! By John Goodman, CCMC

Customer Experience (CE) was listed as a top priority by CIOs in Gartner's 2012 CIO Survey¹. Technology can enhance a wide range of aspects of CE but most companies are missing the biggest opportunity – anticipation and proactive service. While Amazon has gotten much attention for its proposal for drone delivery, its basic strategy has always been one of anticipation and prevention. Amazon knew that once the book was ordered, the next question would be, “when will I receive it?” The company proactively sent the email, “You will receive your order on Tuesday,” which eliminated a phone call and impressed customers with their service.

I refer to this proactive action as “Psychic Pizza” – Your door bell rings and the pizza you were about to order is delivered. By being proactive, the company can cut service cost by 2/3 while dazzling the customer with great service. The biggest payoffs of proactivity often come not from customer service but from enhancing revenue and word of mouth - more effectively setting customer expectations and proactively providing service.

Two recent studies by the American Society for Quality (ASQ) highlight the opportunity. First, a survey in 2012 of 600 U.S. companies found that companies believe the biggest single quality issue is setting proper customer expectations. Second, a new ASQ survey of over 2,000 companies in 22 countries, “Global State of Quality: Discoveries 2013”, found that the quality function lacks the ability to use quality initiatives to anticipate and deliver on opportunities for an enhanced CE. The major weakness of the study is that it does not recognize that technology is the key to both anticipation of customer needs and achieving improvement in all the above areas. If there is not a bottom line payoff, no one will want to invest in it. Technology managers can provide the tools and data to address these issues.

How Technology can Enhance the CE

There are five areas where the technology and service, marketing and quality departments can partner to enhance the CE and the bottom line. First, technology can set proper customer expectations via emails, videos, websites and new customer portals. Second, technology can provide just-in-time education on enhanced product functions. Third, technology can be used to confirm imminent service delivery, thereby eliminating unnecessary service costs. Fourth, technology can warn customers of impending unpleasant surprises like process failures and additional charges. Finally, technology can help service and quality functions gather Voice of the Customer information to make a business case for an enhanced experience. Examples of each contribution follow below.

Technology can set expectations via emails, videos, new user portals and websites. Up to 30 percent of all customer dissatisfaction is caused by customers making simple mistakes or having incorrect expectations. Technology can deliver welcome packages that highlight the top five things customers need to know as well as problems to avoid. The welcome package can be a mashup of video, graphics and bulleted text. Technology can also tailor the welcome package to the customer's level of technical knowledge, e.g. are you a novice, somewhat technical or techno-geek?

¹ MacDonald, Mark; Aron, Dave; Amplifying the Enterprise: The CIO Agenda, Gartner, January 1, 2012

- Zipcar provides short videos on basic transactions such as extending the rental for two more hours. The videos, though only 90 seconds, are fun and entertaining, with real drama, as well as very effective education devices.
- At the beginning of an on-line form, an insurance company highlighted “the top five mistakes made when filling out this form.” The number of mistakes declined precipitously.
- ServiceMaster’s American Home Shield maintenance unit sent an email to customers with hot water repair orders, warning them that they might not have hot water for two days. Customer satisfaction went up 20 points just due to the clear communication of the email.
- Lowe’s provides advice using six second Vine videos – the series is entitled “Fix in Six”.

The IT department can partner with service to provide just-in-time education on product functions or service activities.

- Auto companies can learn, via wireless link to the car, which functions of the entertainment and navigation systems are not being used. They then push a short video on how to use the functionality – using more functions creates higher perceived product value.
- An insurance company emails a tip-sheet of the top ten mistakes group benefits directors make in account administration. Mistakes and calls from those companies went down 30 percent.

Technology can be used to confirm service delivery, eliminating unnecessary service costs.

- When an East Coast utility makes an appointment for a home visit, they obtain the customer’s preferred communication channel. At 2:30 PM the day before the visit, they email or text a confirmation that the technician will call at 8:15 AM with an approximate time of arrival. This eliminates multiple confirmation calls from the customer and reduces the number of times the customer is not present when the technician arrives.

Fourth, technology can warn customers of impending unpleasant surprises. A company’s operational data bases can highlight process failures and automatically communicate them to the customer, such as impending missed appointments, flight cancelations and late charges. While the marketing department tends to shy away from communication of bad news, customers appreciate it since it allows them to avoid or at least prepare for the problem.

- Southern California Edison, using smart meter data, identified 30,000 customers whose bills were on track to be significantly higher than expected. Ten days into the billing cycle, the system sent an email with the header, “Your bill is going to be higher than you expect and we’re concerned.” Over 50 percent of customers opened the email. Compared to a control group, satisfaction rose double digits. Customer calls decreased and those calls that were received were of shorter duration and much more pleasant. Energy usage also dropped among those receiving the email.
- A financial services company sends a text message to customers the day before a late charge will be imposed. Proactive warnings on how to avoid problems create double digit lifts in customer satisfaction because the company cared enough to warn the customer rather than just collecting the extra fee.

Finally, the technology department can help the service and quality functions create an effective Voice of the Customer process that supports quantification of the revenue damage of problems and the payoff of an enhanced experience.

- The Cheesecake Factory and Hilton both use their property-level bill generation system as the basis for a Voice of the Customer process. If a customer has a problem, an adjustment is made to the bill along with a coded reason. Customer survey data and other input such as mystery shops data is tied to the data in the billing system. At Cheesecake Factory, there is a record for each of the 80 million meals served last year as well as any associated CE data. This provides the bases for quality improvement, training, recognition, product development and incentives.

Prerequisites

There are five prerequisites that must be in place if the technology, service, quality and marketing departments are to successfully partner to enhance the CE and maximize the bottom line. These are:

- A process map of the current and ideal CE should be developed jointly by technology and other key departments. These maps provide the context for all CE and technology implementations, assuring they are coordinated.
- A common customer identifier must exist across all data bases and transaction systems, not just CRM platforms but also operational and financial data bases. This facilitates the ability to flag and then proactively communicate to the customer about impending process failures and financial actions like late charges.
- Key operational data bases must be able to flag and communicate process failures. Not all data bases and all errors need be included; just the most prevalent and most important ones. This data, using a common customer identifier, feeds both “Psychic Pizza” actions and the Voice of the Customer.²
- The company’s website must be reoriented to balance education and support with traditional marketing and sales activities. Education, support, expectation setting and a new customer orientation portal should all be featured prominently on the home page – not three clicks inside.
- The marketing and sales departments must accept that proactive communication is a delighter and that setting proper customer expectations will create long term loyalty.

Achieving each of these prerequisites is an ongoing journey, not a quick action.

² See my paper, Driving the Customer Experience with an Integrated Voice of the Customer Process, 2013

The payoff³

Technology, working with service, can get support from the finance, marketing and quality departments to invest in proactive service by making the following arguments.

- Combining problem data with loyalty data will allow the technology department to demonstrate to the finance department the linkage of improved customer experience to enhanced revenue and margins as well as to greater positive word of mouth. One problem for a customer doubles customer sensitivity to price – two problems will double sensitivity again.
- The marketing department will be able to use the integrated CRM, survey and operational data to measure and manage the impact of word of mouth and word of “mouse” (on the web). Word of mouth is the most cost effective of all marketing tools.
- Your CRM technology tied to operational data bases will allow the company to identify and anticipate customers’ problems and information needs and proactively prevent at least ten percent of customers’ problems.
- The marketing and sales departments will benefit from enhancing the expectation setting processes. My research shows that sales and marketing complaints create four times the damage to loyalty on a per problem basis as traditional product quality problems. However such problems are articulated by customers only one fourth as much as other type of problems due to fear of alienating the sales staff. The problems that do the most damage are the ones that the company least hears.

In summary, Psychic Pizza can only be successful if the technology department provides the tools to allow the rest of the company to set and meet customer expectations. Technology is also critical to producing a Voice of the Customer that goes beyond complaints and surveys to include the operational data that actually says how many customers had each good or bad experience. Finally, these combined databases allow key corporate functions to estimate the revenue and word of mouth impact, as well as the reduced cost implications of an enhanced customer experience.

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³ See my paper, Selling Service and Quality to the CFO and CMO.