



# Customer Experience Is the New Black

The Key to Revenue Generation in the 21st Century

*“By 2020, customer experience will overtake price  
and product as the key brand differentiator.”*

—Customers 2020 Report

*“... 62% of global consumers switched service providers due to poor customer service experiences...”*

—Accenture Global Consumer Pulse Survey

*“Reducing your customer defection rate by 5% can increase your profitability by 25–125%.”*

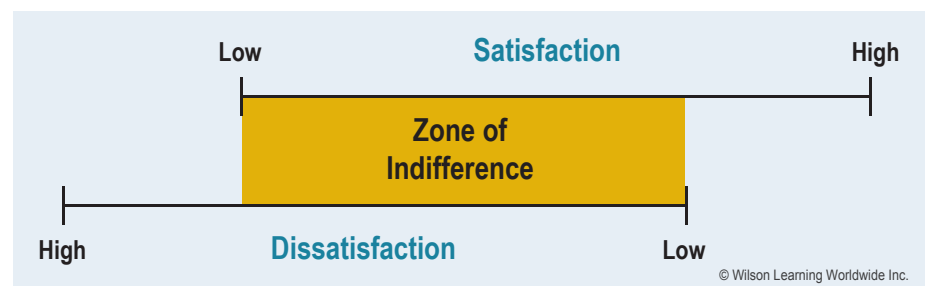
—Leading on the Edge of Chaos

**Y**our customers are at risk. A recent White House Office of Consumer Affairs study stated that three out of five consumers are willing to try a new brand or company for a better service experience. Today’s customers are not willing to stay satisfied in the same way as just a few years ago. They are more fluent in search technologies and come to each customer experience more informed with more strongly held expectations for the buying process and outcome. Most organizations are slow to acknowledge and adapt to the new “black”—and customers aren’t waiting around for organizations to catch up. Customers are forming their own value expectations independent of the outdated, one-size-fits-all value propositions of lagging organizations. More and more customers are forming expectations that increasingly reflect their desire for a better total customer experience. If organizations aren’t willing to do something about it, their customers aren’t only at risk, they’re gone.

### A Satisfied Customer Is Not a Loyal Customer

A recent study by Lee Research compared organizations’ customer satisfaction scores with direct customer interviews. Only 8% of customers claimed they were strongly satisfied with their experience, and these were customers of organizations that claim 80% of their customers are strongly satisfied!

Wilson Learning’s own research shows that almost 80% of an organization’s customer base falls into a Zone of Indifference.



We have found that customers who fall into the zone:

- > Are no more likely to buy again than a dissatisfied customer
- > Tend not to express their dissatisfaction, meaning there isn’t an opportunity for recovery
- > Are relatively easy for a competitor to steal away with minimal effort
- > Are not a positive source of references and referrals

Bottom line, if 80% of customers are neither loyal nor dissatisfied, there is a greater risk of customer defection from the largest segment of your customer population.

## The Advantage of a Deeply Engaged Customer Experience

The good news is that huge opportunities are available when you lead your organization toward a new, more deeply engaged relationship with each customer's total experience. There exists an opportunity to build powerful loyalty in your existing customer base and to win indifferent customers away from your competitors.

Time and again, research shows **the development of a branded customer experience** not only provides differentiation against “me too” competitors but also leads to a higher, more personalized level of customer engagement. A branded customer experience leads to sharply increased revenue as loyal customers spend more, more frequently, and at higher margins than indifferent customers. This kind of customer experience provides a powerful source for stronger referrals to help grow and retain new customers. It should be noted that customers who hold a perception of greater total value because of a fully branded customer experience are more tolerant of mistakes and are more patient and confident the organization will recover and repair the mistake.



*“70% of the buying experience is based on how the customer ‘feels they are being treated.’”*

—McKinsey & Company

## Trust Is the Primary Source of Customer Loyalty

Wilson Learning's proprietary research on customer behavior points to one element that is common to all customers with strongly held loyalty: **Trust**. To restate this concept . . . customers who demonstrate strong customer loyalty trust the brand, the product, or service they are engaged with, and they trust the customer experience. This determination that they trust an organization has both rational and emotional components. Too many times organizations deploy customer experience strategies that fail to address the emotional aspect of trust. They may invest in tangible operational capabilities that improve product or service performance, but neglect to address the crucial emotional components that arise from “how customers feel they are being treated.”

As they interact with an organization at every touchpoint in the customer experience, each customer forms a complex emotional and logical mix of impressions, reasons, anecdotes, judgments, and opinions. For organizations to develop a branded customer experience, customers must feel a strong emotional connection to the brand that engages them in a long-lasting, trust-based relationship.

*“According to a CEI Survey, 86% of buyers will pay more for a better customer experience, but only 1% of customers feel that vendors consistently meet their expectations.”*

—Forbes

# Credibility + Empathy = Trust

*“Research has shown the emotional factors that are addressed by empathy have the greatest impact on enhanced value and long-term customer loyalty.”*

Credibility is the customer’s **logical assessment** of an organization’s capability and reliability for delivering what is needed. Empathy is the **emotional connection** that enables associates to establish a high level of rapport with customers by understanding the emotional component of their business and/or personal needs.

Throughout the course of the entire customer experience, the customer is forming and re-forming their assessment of trust in an organization’s brand. Customer trust is being replenished or depleted at each touchpoint in the total customer experience. Wilson Learning’s research shows that customer perceptions of credibility are determined by four concepts.

- > **Propriety:** Expectations of business customs and the ability and willingness to meet the customer’s behaviors.
- > **Competence:** The perception you create in the customer’s mind that you have the capability and experience to help solve the business problem.
- > **Commonality:** The customer’s perception that you both hold things in common—interests, beliefs, and values.
- > **Intent:** An open declaration of your interest in the customer’s success and well-being.

While rational trust accrues from meeting the immediate needs of a customer, it does not lead to long-term customer loyalty by itself. Research has shown the emotional factors that result from empathy have the greatest impact on enhanced value and long-term customer loyalty. Developing the emotional (empathetic) factors of trust requires organizations to focus on four key areas:

**1. Organizational Alignment:** Building trust through a branded customer experience is the responsibility of everyone in the organization. To engage customers, organizations need a clearly developed customer experience vision and a process that outlines the roles and responsibilities of all associates.

**2. Leadership Responsibility:** While many organizations identify the responsibilities of the frontline associate in executing a branded customer experience, it is ultimately the responsibility of leaders at every level of the organization to support the effort. This can be done by articulating the brand’s value and desired experience and effectively coaching, supporting, and motivating employees to successfully deliver a branded customer experience.

**3. Associate Capability:** The interpersonal skills necessary to build rapport and establish trust, and the ability to demonstrate a willingness to help, are critical to a customer’s overall perception of the experience.



**4. Marketing Communications:** Marketing messages must set realistic expectations of service or product performance. They must support the execution of the customer experience and align to the brand's value, while setting realistic expectations that can maximize a customer's perception.

## Summary

Developing a branded customer experience that enhances the perceived value of doing business with your company is critical to enhancing customer loyalty.

The requisite organizational components that build brand loyalty include:

- > A compelling vision for excellence expressed in the total customer experience
- > Proper training for building trust and delivering excellence across the total customer experience
- > Management policies and practices that empower the consistent delivery of excellent customer experience
- > Infrastructure investments that support excellent customer experience



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Organizations that deploy these components will achieve their customer loyalty goals and ultimately reap the rewards that loyalty produces.

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## How Wilson Learning Can Help

Wilson Learning guides organizations to success by inspiring, developing, and transforming their greatest investment—their people.

We help our clients navigate the complex path of creating solutions that will enable them to achieve real business results.

Our work frequently guides organizations into the “black”—integrating their culture, brand experience, service, and sales through simple, elegant, and highly customized performance solutions.

## Wilson Learning . . . Helping Others Become Industry Leaders

# Client Results

*Renowned luxury retail store realized a **30% increase** in sales from return buyers*

*American multinational financial institution boosted customer satisfaction scores **by 17%***



*World-class gaming resort increased net promoter scores by **more than 11%***

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## About the Author

### **K.C. Blonski, VP, Business Development, Wilson Learning Corporation**

K.C. Blonski is Vice President, Business Development for Wilson Learning Corporation. His responsibilities include developing new markets for Wilson Learning's offerings, as well as supporting the North American Sales Team in the analysis, development, and implementation of strategies that focus on customer experience. K.C.'s work in developing new markets combines his passions for customer-centric marketing, organizational development, and customer experience. He has worked closely with organizations such as Wells Fargo Bank, Saks Fifth Avenue, AIG, Tiffany & Co., MGM Resorts, AAA, Coach, Alliance Data, and Walmart, among others. Prior to his role at Wilson Learning, K.C. was Senior Director of New Business Partnerships for a global training and organizational development company. He also served as Director of Retail Client Services for GE Capital where he was a charter member of GE's Six Sigma team and a graduate of GE's Corporate University.

K.C. holds degrees in Marketing and Organizational Development and is an accomplished speaker and recognized thought leader in the fields of customer experience, sales effectiveness, and leadership development. He has presented at numerous national and global conferences, including the National Retail Federation Conference, Asia Retail Conference, Global Gaming Conference, and Food Marketing Institute Future Connect Conference. He has been published and quoted in many media outlets, including *USA Today*, *The Washington Post*, *CNBC*, *The New York Times*, and *Reuters*. K.C. is an active member of the National Retail Federation (NRF), American Hotel and Lodging Association (AHLA), and a past board member of Food Marketing Institute (FMI) and Make-A-Wish® Foundation.

*To learn more about transforming your customer experience, please contact Wilson Learning at 800.328.7937 or visit [www.WilsonLearning.com](http://www.WilsonLearning.com).*



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