

Customer Experience Innovation: What it is, What's Driving it and Why it Matters to You.

An McorpCX Customer
Experience Leadership
Webinar

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President, MCorpCX

mcorp.cx



Your Host: Michael Hinshaw



President, MCorpCX

- Teacher (and student) of customer experience and digital innovation
- Designing innovative customer experiences since 1998
- CMO.com columnist and best-selling author: *Smart Customers, Stupid Companies: Why Only Intelligent Companies Will Thrive, and How To Be One of Them*
- Mentor and Richard H. Holton Teaching Fellow in Entrepreneurship at UC Berkeley's Haas Business School

We advise across industries, with many leading brands

MCorpCX is a global customer experience transformation consultancy



at&t



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Today, we're going
to discuss: **Why CX
Innovation matters,
What's Driving it and
CX Innovation in Action**

The lifespan of companies is quickly decreasing

On average, an S&P 500 company is being replaced about every two weeks

On the list:



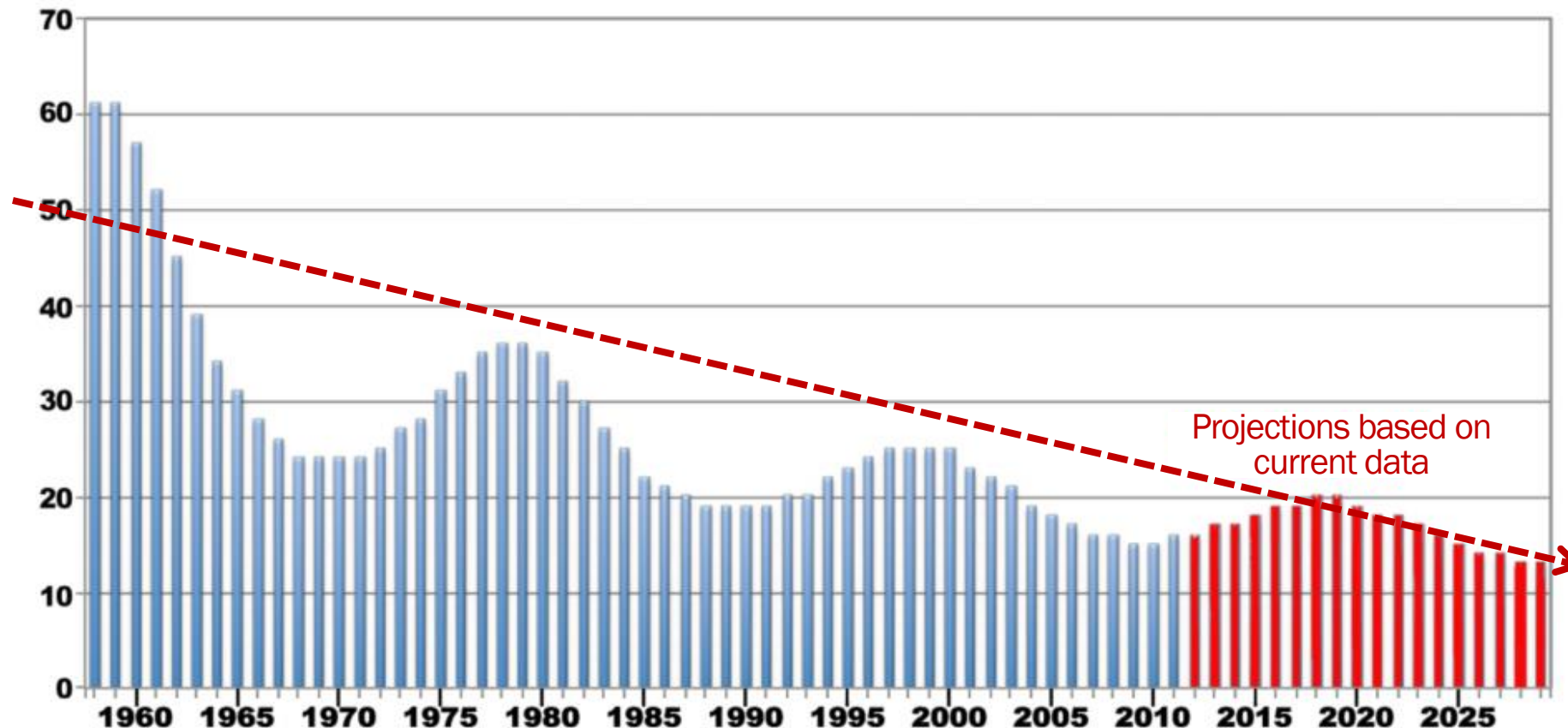
Off the list:



Today, innovation matters more than ever.

At current churn (1 every 2 weeks) 75% of S&P 500 will be replaced by 2027

Average company lifespan on S&P 500 Index is quickly decreasing



As does customer experience, driven by global mega-trends

90 percent of executives say customer experience now “critical” to compete.

1. The Era of Smart Customers¹

- Customers are increasingly in control of the relationship
- Digital devices change the ways customers transact and buy
- Bring expectations of “the best” experiences to all interactions

2. Customers Less Loyal, More Vocal²

- 86% of retail customers leave after a single bad experience
- 1% feel expectations are always met
- 79% will share their complaints with others

3. CX Drives Measurable Value

- Millions in additional revenue even for mid-size companies
- Direct links to increased customer loyalty and wallet share
- Customer experience leaders significantly outperform the market

“Customer experience is the sum of all experiences a customer has with a brand, over the duration of their relationship with that brand.”

Customer experience actually “lives” in the minds of customers, driven by all their interactions with you

I trust them to do what's right for me...

The in-store experience is wonderfully low-pressure...

I need them to “know” what I want

I gladly tell others about the experience

It needs to be easier...



Customers judge the quality of experiences based on how:



Easy

Enjoyable



Effective

They perceive them to be.

Your customers expectations are radically changing. Across all channels, they expect..

- Service
- Accessibility
- Experience
- Choice
- Speed
- Customization
- Personalization
- And more...

**...to be easier, more enjoyable
and to better meet their needs**



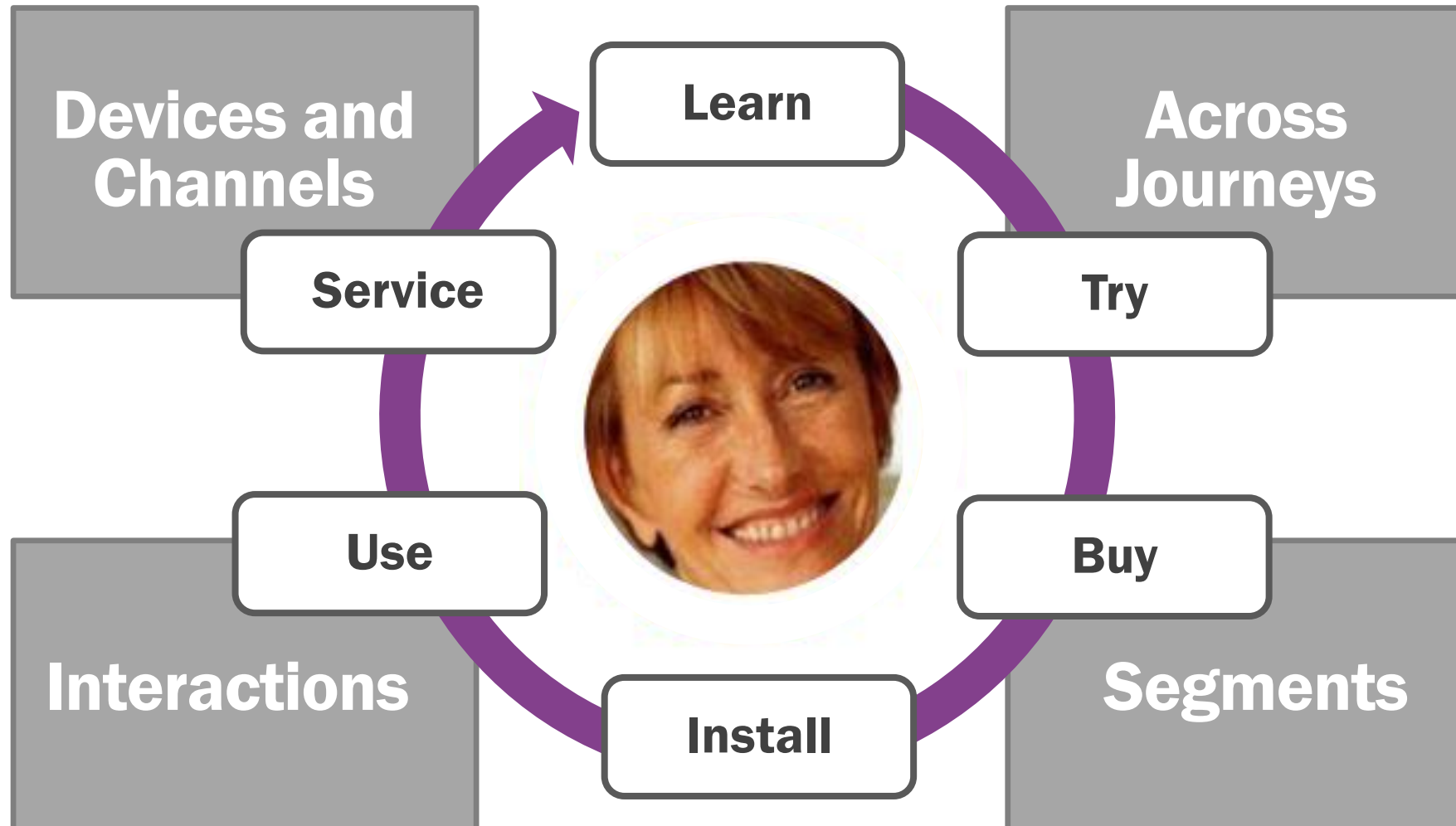
In a world of radically changing customer expectations, there is only one sustainable competitive advantage:



Deliver a better customer (employee, partner, etc.) experience - across all channels and interactions



How? Seamless, differentiated customer experiences



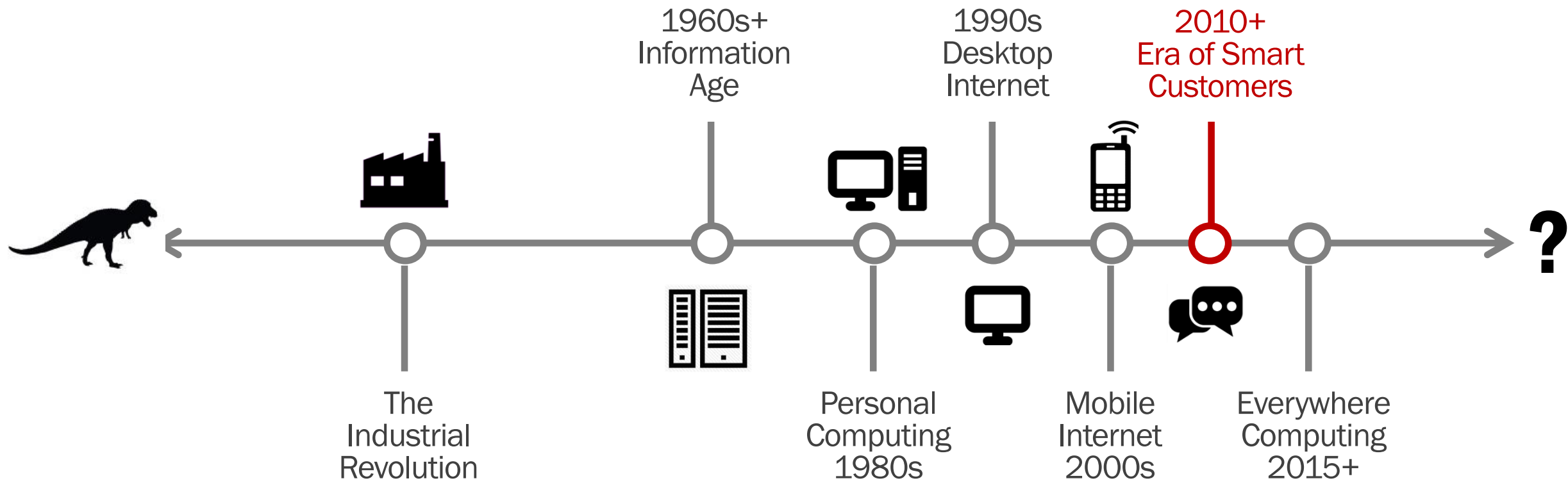
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“In most organizations,
change only comes in
two flavors: **trivial** and
traumatic.”

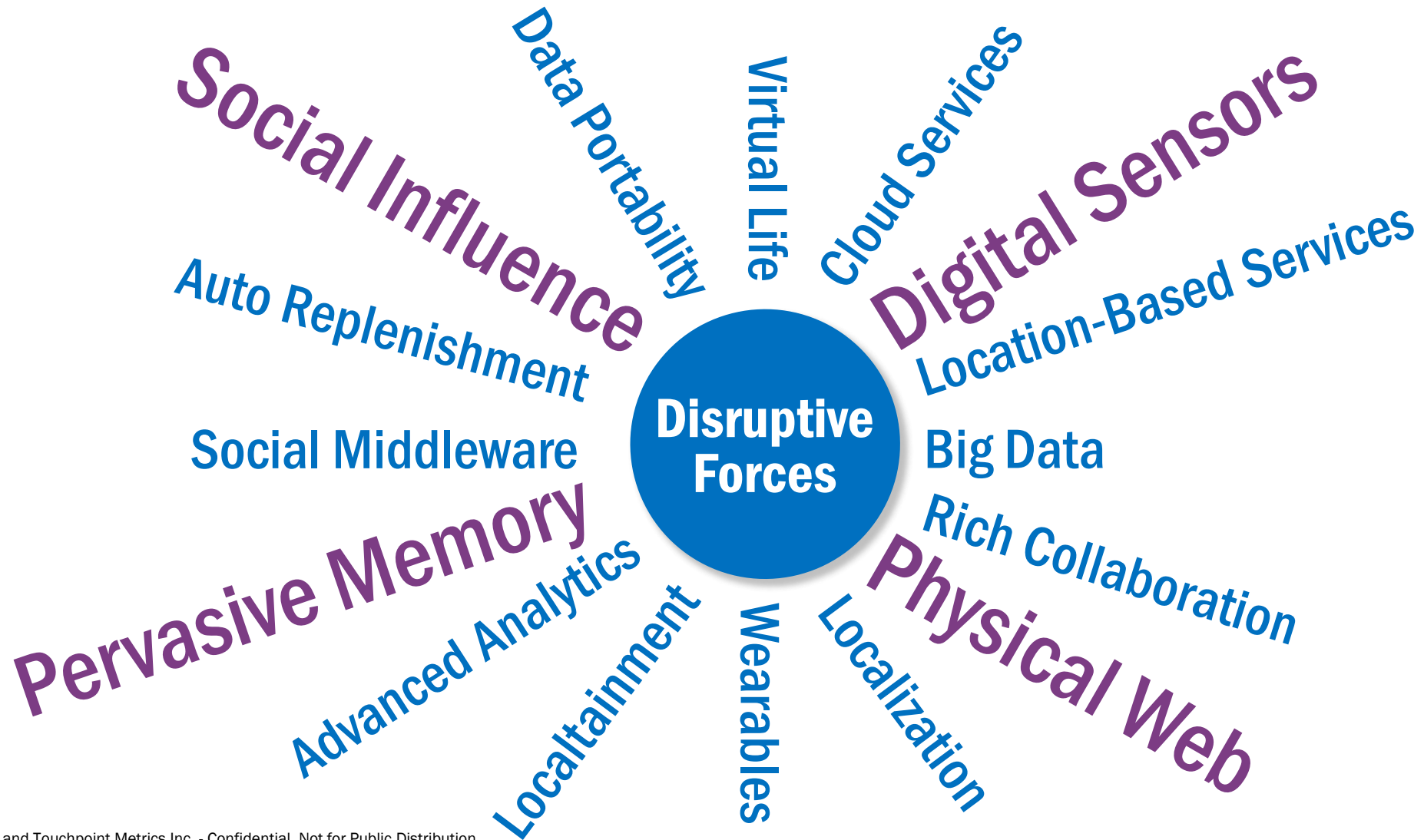
- Gary Hamel, Wall Street Journal, Sept. 29, 2009

We're well into the era of Smart Customers...

Yet many companies are using business models from the 70s, 80s and 90s... to serve "smart customers" (B2B and B2C) decades ahead of them.



Swept in by a perfect storm of digitally-driven disruption



Pervasive Memory lets you remember **everything**

Driven by the “digital data trails” created every time we use a digital device

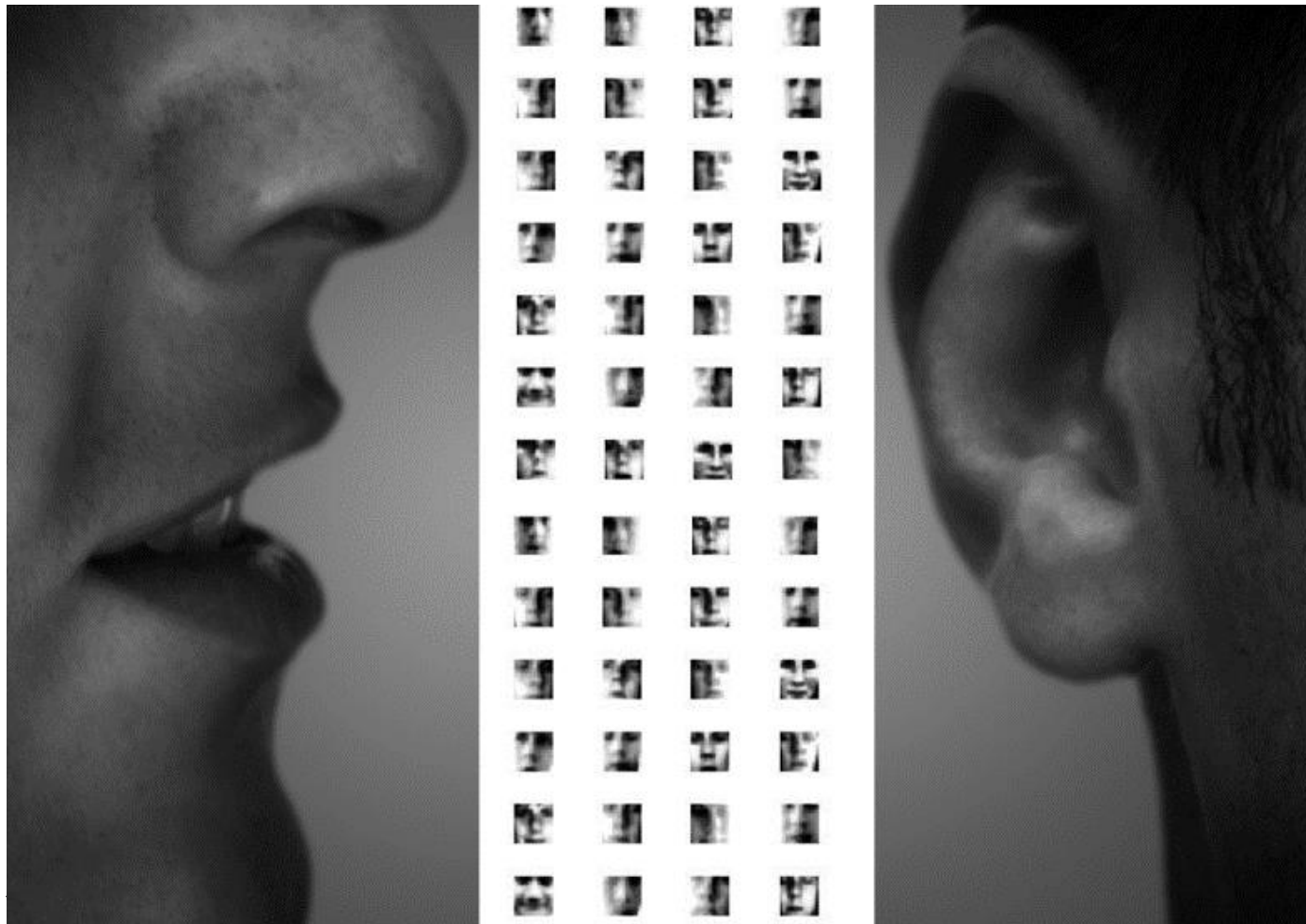
**Individuals’
actions now
generate 70%
of all digital
data created**

**Enterprises are
responsible for
storing and
managing 80%
of it.**



Social influence is changing the conversation

Inserting other people and their opinions between you and your customers



Digital Sensors mean you can “sense” almost anything

Trillions of devices that see, hear, and feel what’s happening in our world.

On us, in
our clothes

“Wearables”



In the

Air

Water

Woods

Bridge

Laptop

Car

TV

In our
Homes

Wired and
Wireless



Sensing

Distance

Pressure

Speed

Location

Temperature

Velocity

Height

In our
Phones

15+ Sensors

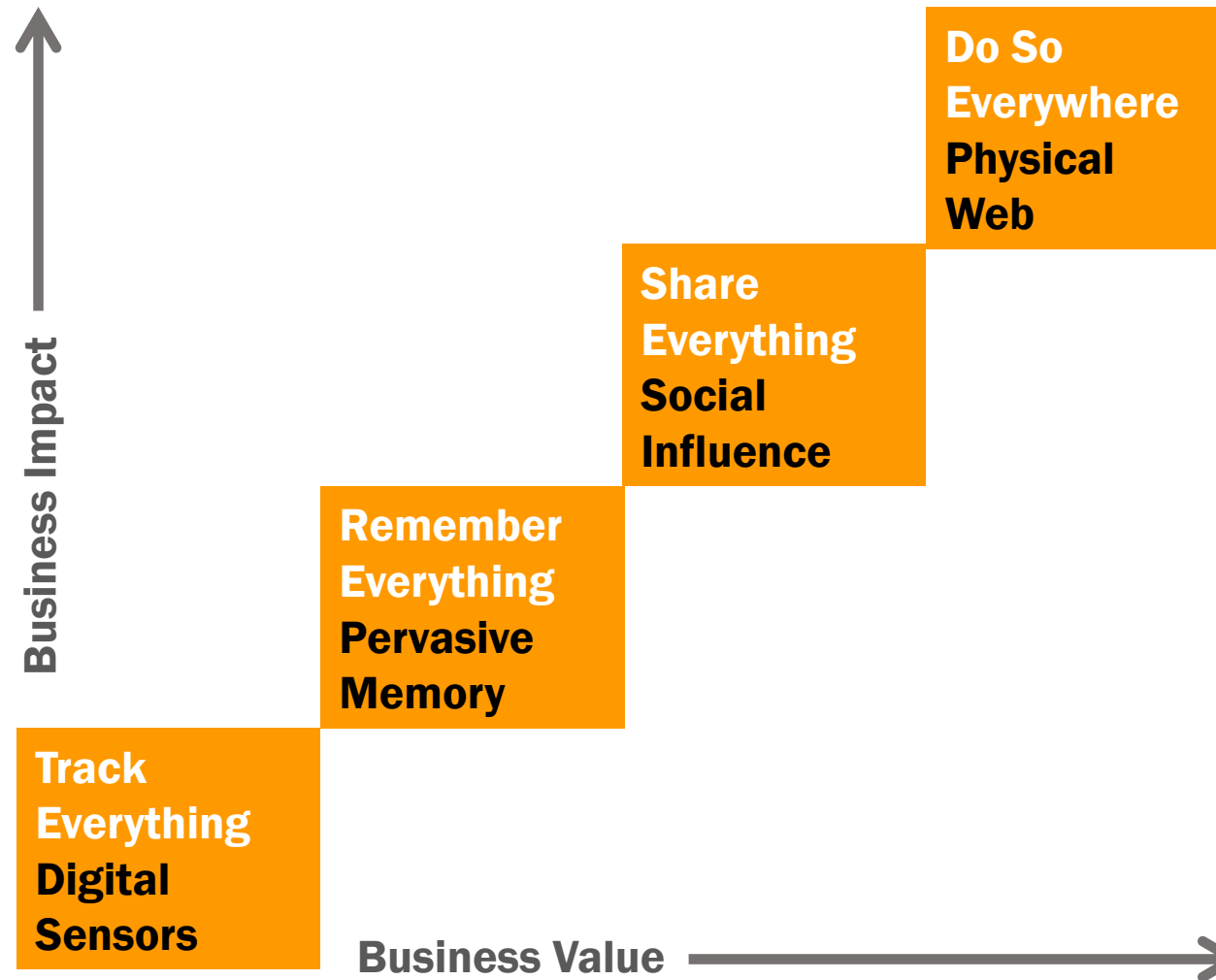


The “Physical Web” is arriving now...

Allowing us to browse, bookmark and tag the real world, like we do the Web



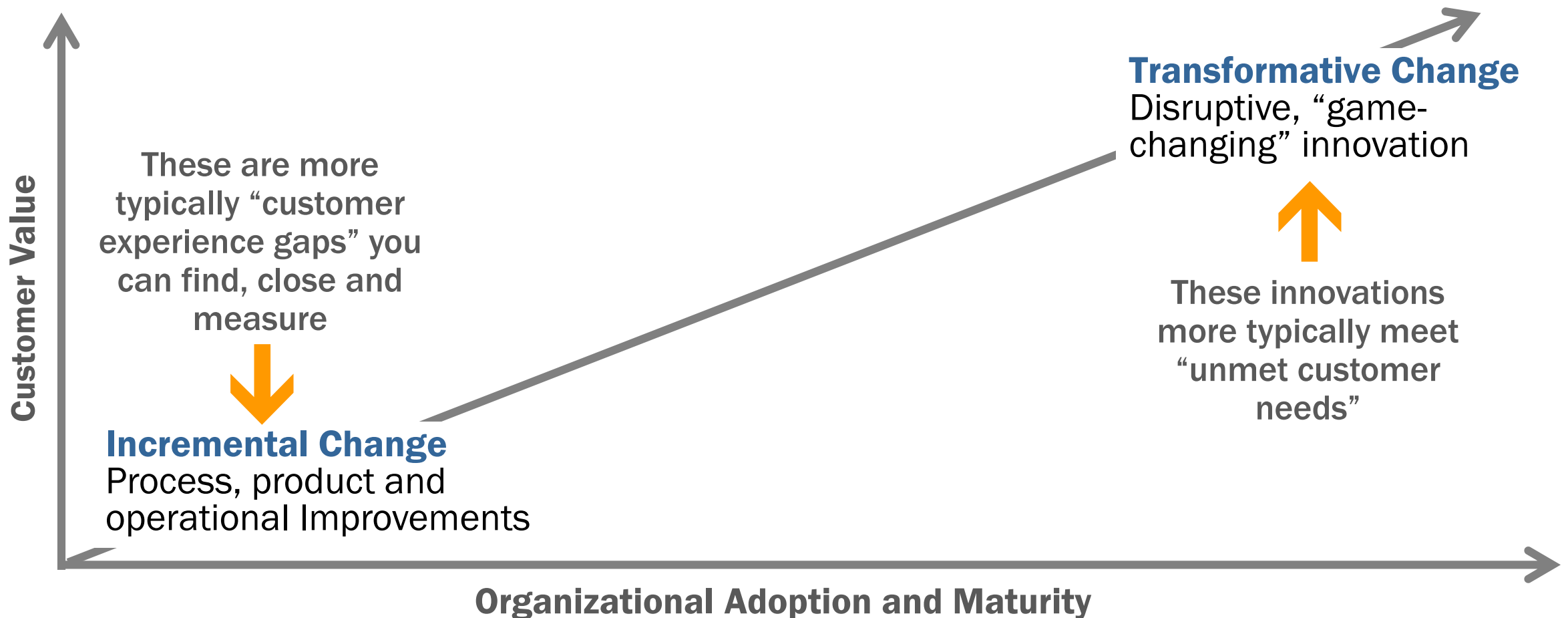
Happening all at once, building on each other



**Today, we're going
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There are many different 'kinds' of experience innovation

The ultimate goal? To reduce "friction" between you and your customers.



Walk in their shoes. Take the customer journey with them.

Discover what happens along the way, and how. What opportunities do you see?

Wanting

- What does he want or need to accomplish?
- How does this change across the journey?

Thinking

- What are his expectations and perceptions across the journey?
- Are we meeting his needs?

Doing

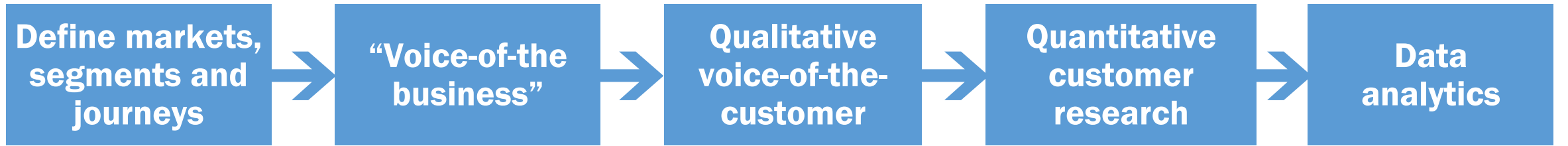
- What is he doing at each stage of the journey?
- What are the touchpoints he encounters?

Feeling

- What is he feeling? (Does he feel great? Is he unhappy or angry?)
- Are we causing him “pain”?

To find friction (pain!) you need to talk to your customers

Understanding customer wants and needs at the individual segment level



What defines the market we are trying to address?

Gather internal view of what we believe that market to be

Gather open-ended customer perspectives

Quantify all aspects of the experience across audiences

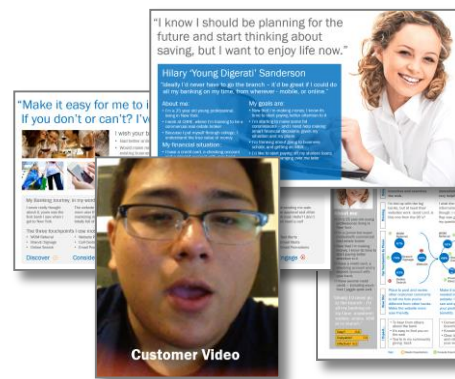
Analyze data to identify gaps and opportunities



Audience identification, segmentation and prioritization



SME-driven internal workshops, inventory creation



Customer Interviews, social listening, focus groups



Primarily web surveys, data mining, multiple interviews



Analysis of drivers (correlation, e.g. Kano) of desired outcomes

Shifting towards a transformational way of thinking...

Traditional Approach	Transformational Change Approach
Adopt a “present to future” orientation – taking today as the starting point	Starts with the end in mind – identifies long-term opportunities and then bridges back to the present
Assumes defensive/follower posture	Assumes a rule-breaker (revolutionary) posture
Accepts established business boundaries/experiences	Seeks to create new competitive space/playing fields
Focuses on incremental innovation	Seeks breakthrough, disruptive innovation – while continuing to build the core
Follows traditional, linear planning models	Marries process discipline with creative inspiration
Seeks information from obvious sources	Seeks inspiration from unconventional sources
Seeks articulated customer needs (Close gaps)	Seeks unarticulated customer needs (Unmet)
Is technology-driven	Is customer-inspired
Seeks customer satisfaction	Seeks customer delight

You found an opportunity to improve experience. Now what?

How do you come up ideas for addressing them?

Customer Needs



- Remove Pain
- Save Time
- Simplify Experience
- Reduce Effort
- Improve Service



The Right Idea



Business Opportunities

- Differentiation
- Retention
- New Markets
- Greater Margins
- Penetration

An innovation machine: CX improvement framework

Four disruptive forces, at your command

Physical Web



Allows us to browse, bookmark, tag, interact with and manipulate the real world, much as we do on the Web.

Social Influence



Creates an environment where customers talk to, ask questions of and learn from others...while also interacting with your company.

Pervasive Memory



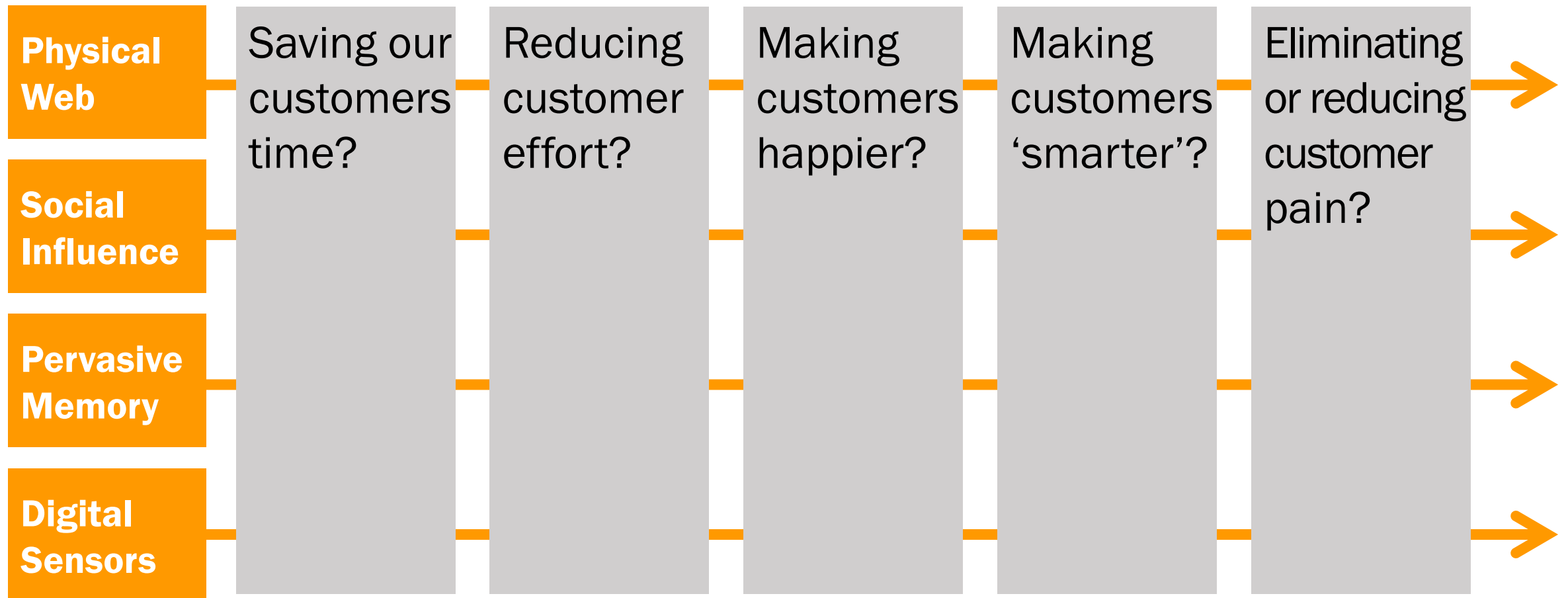
The data that accumulates as we carry, interact with and transact through on-and offline digital devices of all types and kinds

Digital Sensors



In our phones, cars and cameras, they measure light, motion, sound, temperature, position, speed, gravity, and more.

How can we innovate our company (industry?!) by Solving some of our customers/industries/markets common issues...



Issue 1: Find and eliminate customer pain.

**Pervasive
Memory**

Remember
everything
about our
customers



Industry:
Shipping

**Eliminate
Pain**

What's
bothering our
customers?



Eliminating a customer pain point (and boosting revenue)

GET HOME DELIVERY ON YOUR SCHEDULE

Sign up for UPS My ChoiceSM – it's **free** and easy.

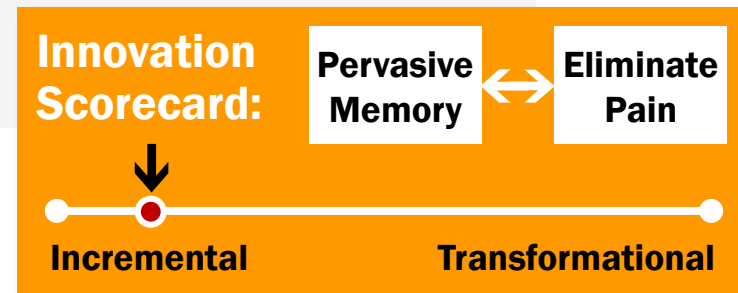
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1 Sign Up & Set Your Preferences
It's free and easy to get started. Just choose the delivery features that fit your life.
- 

2 Relax & Wait for Delivery Alerts
You'll get an email, voice, or text message the day before your delivery letting you know when your package will arrive.
- 

3 Manage Deliveries & Get Packages
Log in to **ups.com** and track your packages to reroute, reschedule, or authorize a shipment release for your delivery.

[▶ Sign up now](#)



Issue 2: See where we can save our customers time

**Physical
Web**

Browse
and tag the
“real world”



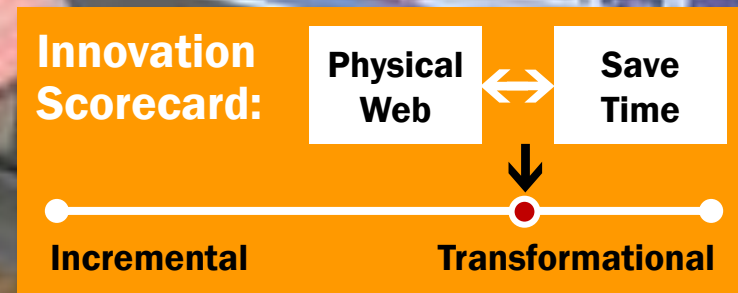
Industry:
Grocery
Shopping

**Save
Time**

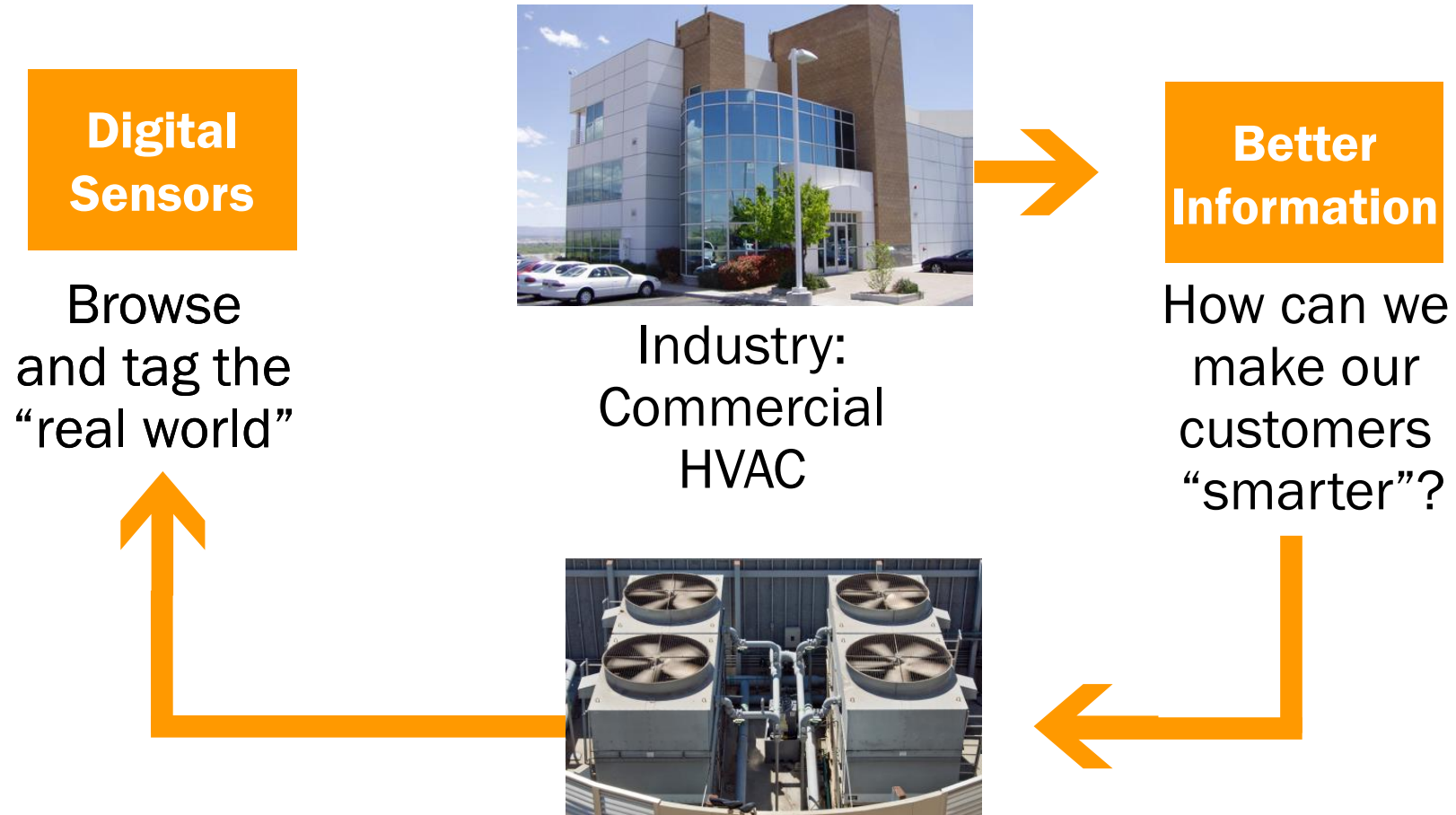
Where is
customer
time being
wasted?



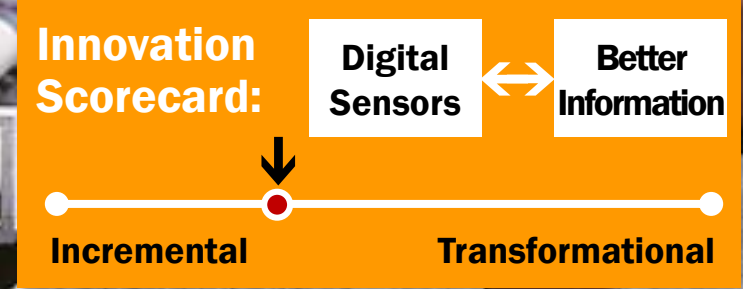
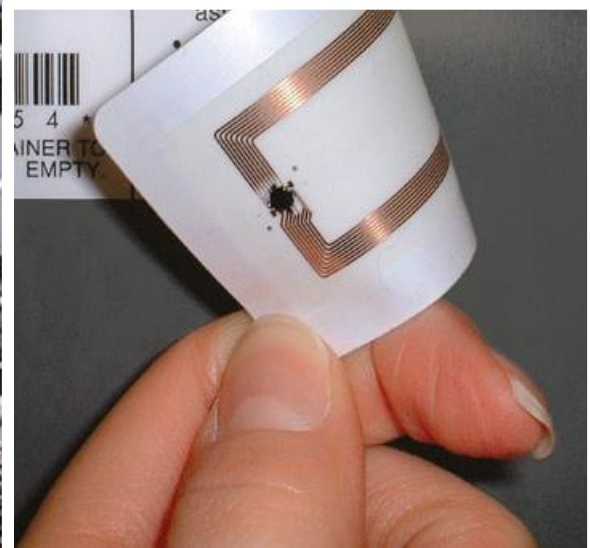
By making 'dumb' advertising smart...



Issue 3: Let's give our customers better information



Reinvent (and de-commoditize) how you serve customers.



Issue 4: Let's make it easier for our target customers

**Digital
Sensors**

Browse
and tag the
“real world”



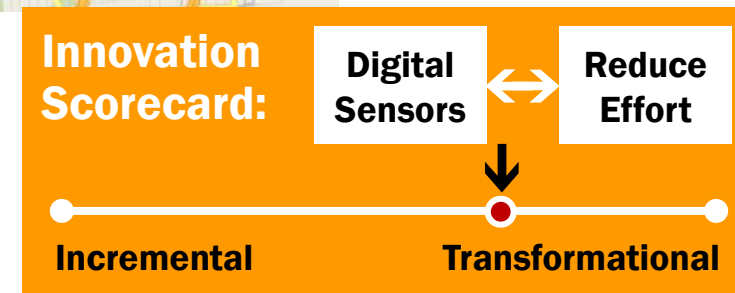
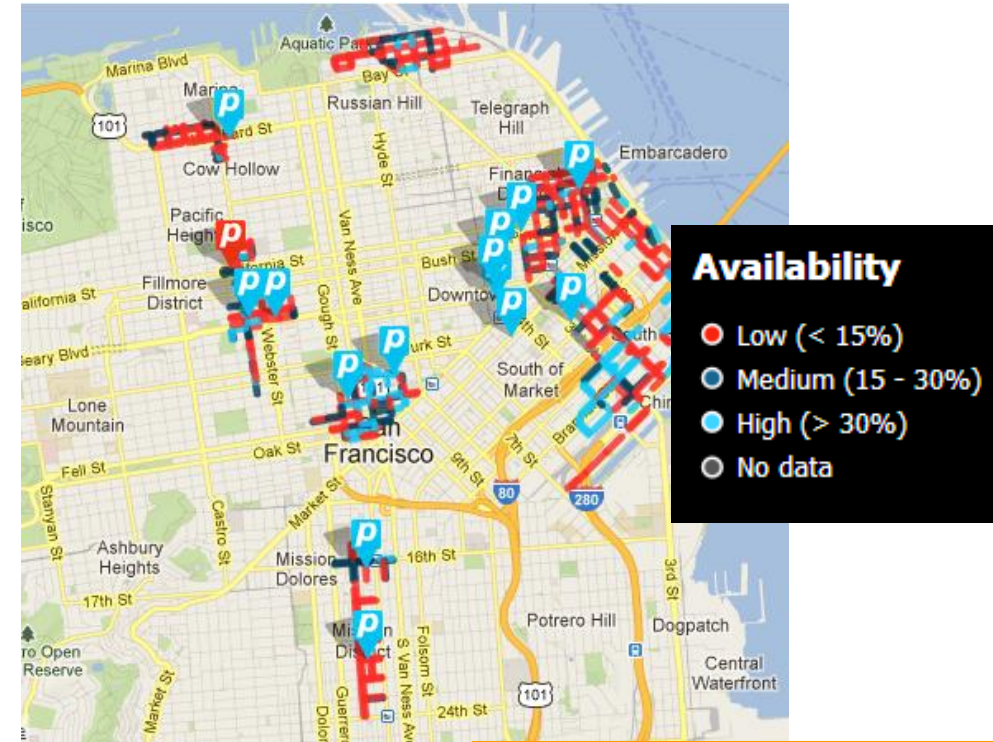
Industry:
Parking

**Reduce
Effort**

How can we
make it
easier for our
customers?



Helping cities (and customers) be more efficient

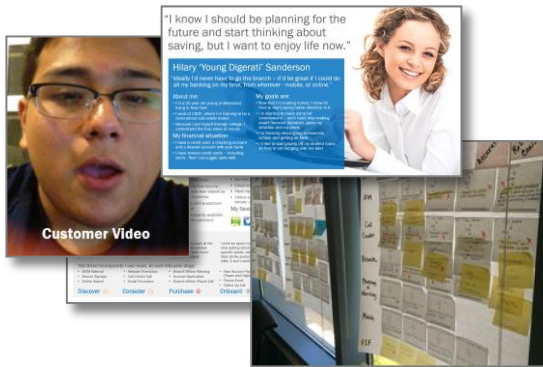


Making customer experience innovation real...

An iterative, learning process driven by customer insight and understanding

Outside-In Customer Understanding

Articulate customer wants, needs, journeys and gaps



Primary and secondary research and analytics

Opportunity Identification

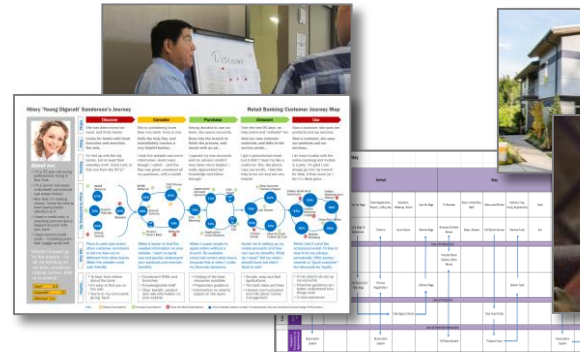
Learn where and how you can better meet customer needs



Align with business objectives, define impact on experience

Experience Ideation+Design

Design new services, products and experiences



Co-creation workshops, ideal state maps, brand alignment

Prototype, test and iterate

Test designs with your customers and your people



Experience blueprints, development, test, iterative and improve

Implement, Monitor and Improve

Align systems and resources, and go to market



Launch, monitor, learn and scale

Closing thoughts...

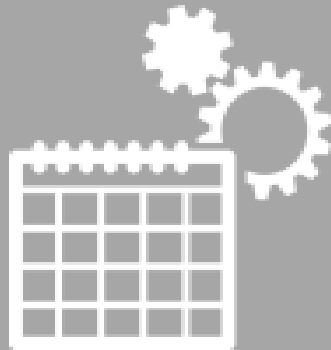
All customers and industries are changing. You must, too.

For many established industries, change happens slowly – then all at once.

The status quo in your industry is changing



Intelligent personalization will become routine (and expected)



Think mobile-led omni-channel vs. Just digital



In this world Customer Experience is the only sustainable advantage

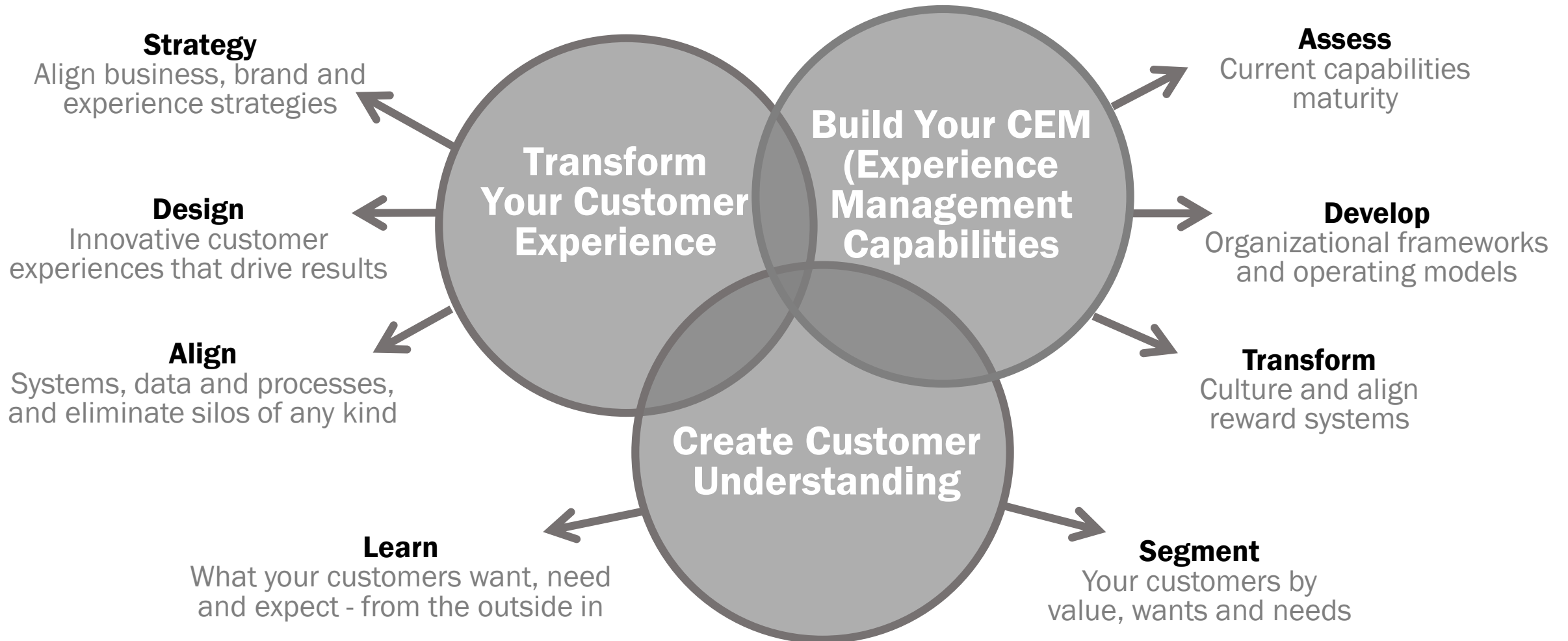


Your ability to manage processes, data and technology drives success



We can help innovate your customers' experience...

Three interrelated competencies and supporting capabilities

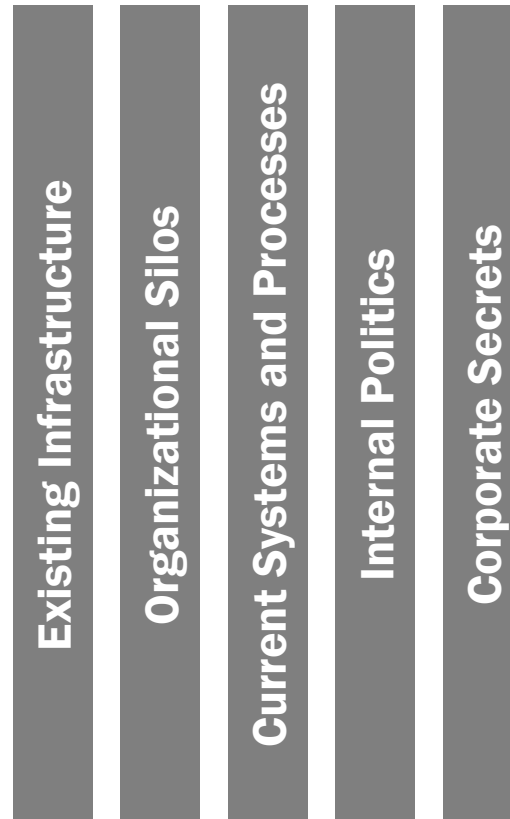


Final thought? Think (and act) like a startup.

Your Company



Barriers to Future Success



Your Customers



Any questions? Let's talk...



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