



Designing The Ideal Customer Experience

White Paper
Retail Industry



Customer Centricity Gives Your Company a Competitive Edge

Every company knows the value of loyal customers and the greater cost of attracting new ones. Customer relationships are top of mind and relevant in almost all functions in a company.

Companies also experience how transparent the world has become and the fact that customers evaluate far more information than price, function, and product quality before they make a purchase decision and begin a relationship with a company.

Today, companies need to think harder about how, when, and where a customer interacts with the company and what experiences are created.

Making things even more challenging, but also more inspiring, are the vast possibilities to methods to interact with the customer. Interactions take place in all kinds of channels, such as department stores, catalogs, websites, blogs, social media, events, and so on, which make up only a fraction of possible ways for interacting with the customer.

We present why companies need to be more customer-centric to create real differentiation and competitive edge. We share how it can be done by the design of how your customer experiences your company. We also share our experience of what can be the first steps in creating outstanding customer experiences.



The Importance of Customer Centricity

The relationship between a company and a customer is the sum of the rational and emotional experiences that the customer has with the company over time. There is no escape from this reality.

A company always provides an experience for the customer, either good or bad. The customers can easily benchmark between the experiences with similar products and offerings. The company offering the best experience sets the standard for an industry. The key to grow your business is to design and improve those delivered experiences to be satisfying, exciting and mutually beneficial.

To what level are companies already providing an outstanding customer experience? Research in the field and our experience shows that there is still room for improvements in most industries. Some specific industries may serve as good benchmarks, such as luxury brands, or certain airline and car companies.

Often there is a discrepancy between how a company and a customer value an experience, where the company often overvalues its efforts to meet a customer expectation. Many companies have a great opportunity to get a competitive edge and to be admired by their customers by focusing on the experiences they create.



Rapha®

An example of a brand acting on customer-centricity is the bicycling apparel brand Rapha. Rapha was founded by Simon Mottram, who envisioned a brand revolutionizing the cycling market. What Rapha has focused on from day one was innovating the customer's experience of the brand. Rapha is presenting itself and its products in an inspiring and relevant context. Branded content such as films and image series sell the aspirations and situation associated with the brand, as well as the products themselves. The products have a truly "Rapha" design look that breaks with the traditional look of bicycling clothing.

Relationships with the customers are being built by the possibilities to travel with Rapha to iconic cycling locations, promoting loyal customers by providing unique collections, selling memberships to a Rapha cycling club, blogs, and so on. Rapha clothing is being sold with a 30-50% price premium over other brands and is succeeding with that price point.

The Customer Journey and Customer Touch Points

To build and improve the customer experience of your brand, it is vital to have a common definition and a view of what a good customer experience is. Often this builds upon a company's vision and goals to be strongly interwoven into the brand image, but that is not enough. Visions and goals tend to be too general to provide true guidance for the work designing customer experiences.

A customer embarks on a journey with a company. A customer journey starts when they become aware of a company as a resource to fulfill their needs. The journey "ends" when the customer becomes an advocate of the company. Traditionally, the point at which the customer has used a product or service is the critical point of this journey, although other parts of the journey also matter to delivering the optimal customer experience

Mercedes-Benz USA started a program of product concierges. The program aims "to take better care of our customers" because of the "increasing complexity of our product line and the increasing level of technology. According to Steve Cannon, the CEO of Mercedes-Benz USA, "For us, in our customer car journey, a concierge is there for your service, to answer your questions, and to solve your problems." (Automotive News, November 8, 2014) These concierges then become guides along the customer journey, serving as sources of information and expertise for the customers looking to learn and experience more about the available options.

During the customer journey a lot of interactions take place in touch points between the company and the customer. These touch points can be shopping in a store, paying a bill, making service appointments, or ordering a product online. A company needs to know how many touchpoints they must manage, and which ones are most critical for the customer experience. In our work helping companies to become more customer-centric we have discovered that these touch points are truly unique to each company, and they tend to be more numerous than our clients expect.

Customer touchpoints and the responsibility to handle them are spread over different corporate functions. In the past, the delivery of an outstanding customer experience has usually been a marketing task, but not anymore. The delivery requires the cooperation and alignment between most corporate functions, but especially between marketing, sales, and IT. Innovative companies have created a different kind of marketing organization, one that is more interactive and more collaborative with other functions in a company, rendering the marketing function to become more effective in designing outstanding customer experiences.

Challenges in Designing the Optimal Customer Experience

To start, the information on customer experiences is out there, waiting to be retrieved among your existing and potential customers. Often, the information is already in the hands of a company through aggregated data from company-customer interactions, and just needs to be mined and analyzed.

A company needs to have a sense of what kind of emotions it would like to evoke in a customer, to be able to benchmark how well it is doing. It is a task of manifesting a brand and what it should stand for in a customer experience. Companies now have the possibility to move from a subjective and intuitive process to a more customer-centric, information, and fact-driven process in creating, testing, and improving customer experiences.

Here are our three tips for where to start when it comes to designing an innovative and revolutionary customer experience:

#1: Turn Over Every Stone

A company needs to examine and map the whole customer journey and its touchpoints to better understand how the customer interacts with the company. Make sure to capture every possibility opportunity that a customer has for interacting with your brand to accurately monitor all possibilities for innovation. A company needs to know how well they fulfill the customer's physical and emotional needs, and if any unsatisfied needs could be identified and addressed. Both qualitative and quantitative research is vital input for making potential improvements

Great Customer Experiences are designed "Outside In" rather than "Inside Out".

Colin Shaw and John Ivens, *Building Great Customer Experiences*



#2: Measure the Right Metrics

It is imperative for a company to measure the relevant metrics. Customer relevance is a key point here. It is a challenge to get to know the customer and their needs and preferences. With the right partner for market research, a company can reveal valuable information that easily can be transformed into actions, building greater customer experiences. Another challenge is to identify and define the right customers to focus on. Customer segmentation based on value and potential helps a company to allocate, often scarce resources, where they can create most value for their bottom line.

#3: Prioritize the Right Actions

There are a vast number of possible activities to be launched to build customer experiences. The difficult part is choosing the right ones. A company will get true and effective guidance in the work prioritizing activities by cultivating a more customer-centric approach for their business.

A well-known outdoor power equipment manufacturer had the difficult task to prioritize from 183 product innovation ideas alone. This company turned to OSG Analytics to get help matching customer needs to the product innovations by the company. We were able to help our client identify the most attractive innovations, resulting in 10 new breakthrough products.

Conclusion

We have helped clients build tools allowing them to test development initiatives by prototyping them and matching them against customer needs. These are effective tools since the testing can be done early in the product development process and guide the right, customer approved ideas to be launched into the market. This way, businesses practices start and end with the audience that matters most to bottom line growth: your customers.

The Power of OSG Analytics

OSG is a **global technology and analytics provider** that delivers outcomes on customer engagement to Fortune 500 clients with the help of leading analytical technologies and world-class global resources. OSG uniquely combines historical data with the future needs of patients, physicians, consumers, or customers of our clients by going beyond the “who” and the “what” and understanding the “**how**” and “**why**” **behind their decision-making**. OSG focuses on the 3E’s, Behavioral Expectations, Superior Experiences, Guaranteed Engagement, to help drive growth through **customer-centricity**.

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