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WHAT IS CUSTOMER EXPERIENCE?

Customer experience has become something of a buzzword. It has such a broad definition that it encompasses nearly everything. It can be a broad, intangible, largely unquantifiable concept, making it very tough to pitch in boardrooms and challenging to gain buy-in.

It makes more sense, and becomes a more practical guide for improvement and strategy, if we look at customer experience through the context of the major changes that the digital age has brought to business.

WHAT TRADITIONAL CUSTOMER EXPERIENCE LOOKS LIKE



Learning, purchasing, using and asking are four very general tasks that consumers perform when interacting with businesses. Not coincidentally, these four tasks map to four standard departmental divisions:

- Marketing (learning)
- Sales (purchasing)
- Product design/engineering (using)
- Customer support (asking)

Traditionally, these four business units are very well-versed in improving CXs. At the very least, they understand how they can improve CXs (though they often lack the budgets or buy-in needed to actually enact them). For example:

- Product designers know how design for better CX by focusing on things like usability, aesthetics and cost.
- Salespeople know how to balance CX with company goals (e.g., they know that pushing too hard on potential customers usually backfires and thus must find a balance).

HOW DIGITAL CUSTOMER EXPERIENCE (DCEX) DIFFERS



So what happens when we switch to a digital context? The four main activities remain the same: learning, purchasing, using and asking.

Customers are still engaged in the same collection of tasks. So what changed?

Four Disruptors Affecting DCXs

The most obvious change is the proliferation of digital devices. New digital communications technology changes rapidly, and it's easy to point to technology as the reason your local business is losing out to a bigger, more tech-savvy competitor.

Customer Behavior Is the Real Difference

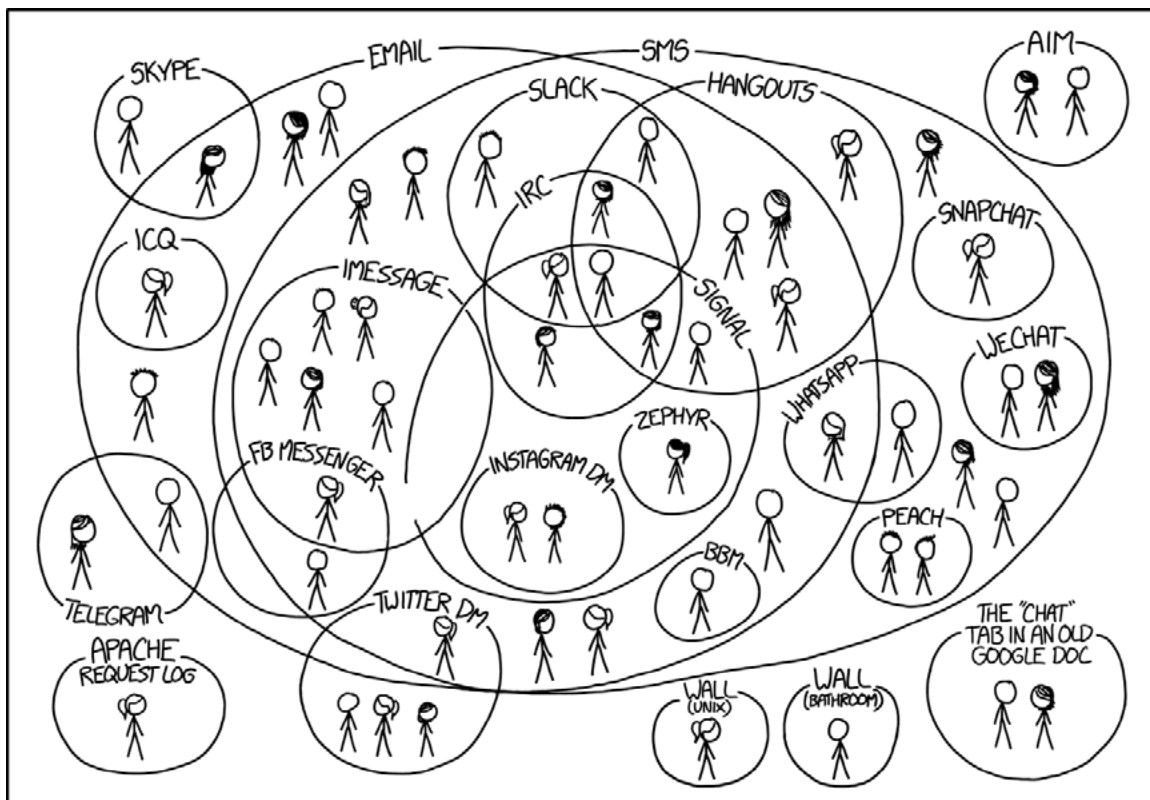
Changing technology is a red herring, however...

The important change is in the behavior and expectations that accompany new digital technologies. Digital technology opened the door to many brand new forms of communication. These forms offered compelling value to consumers, leading to the rapid success of sites like Facebook, Reddit and other community-based discussion forums.

The Way We Communicate and Absorb Information has Changed

Obviously, new forms of communication have appeared before. But the telegraph and the telephone didn't disrupt business nearly as much as digital technology.

Digital technology opened the door to new contexts, and ultimately, new behaviors, new habits and new preferences.



I HAVE A HARD TIME KEEPING TRACK OF WHICH CONTACTS USE WHICH CHAT SYSTEMS.

Communicating to Consumers Today Is Different, and More Complex

The new forms of communication differ from traditional forms, both qualitatively and quantitatively:

- Quality has become unstructured and free-form, and is no longer under a company's direct control.
- Quantity is now measured not just in the amount of communications, but the speed with which they occur (e.g., think of the challenges companies have responding at the speed of social media).

EVERY BUSINESS IS A DIGITAL BUSINESS

Chart of the Day

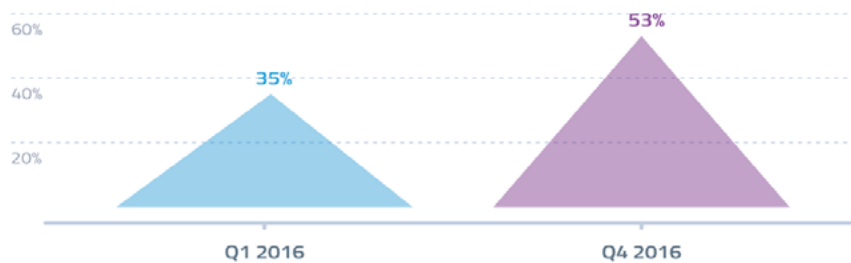
27 FEBRUARY 2017



Smartphones Extend Lead as Most Important Device

Smartphone Importance Over Time

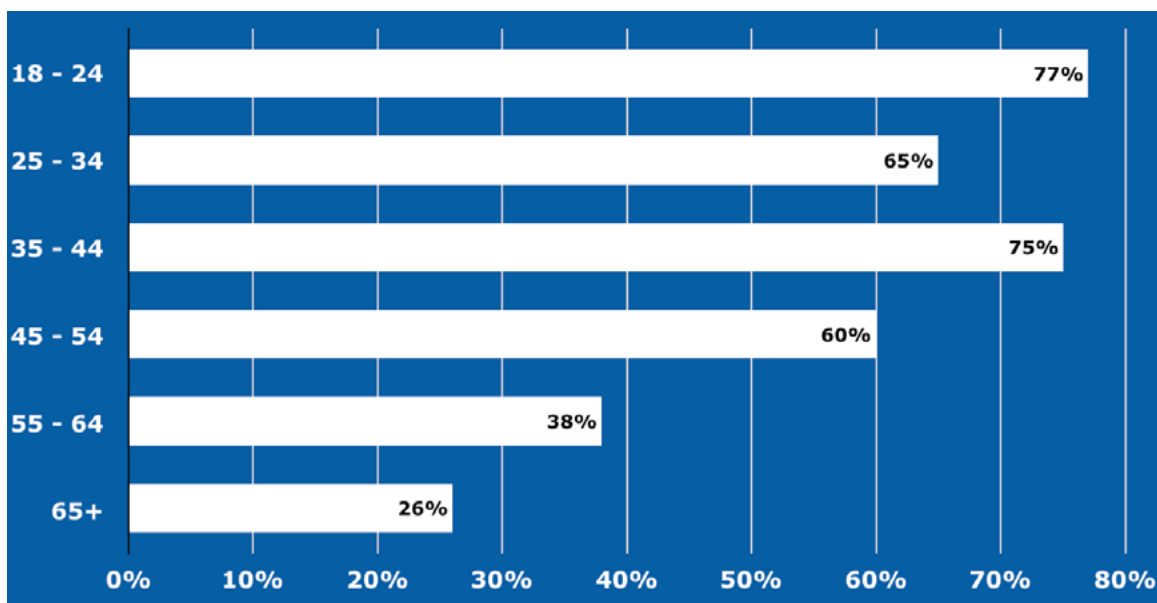
% of internet users who say a smartphone is the most important device they use to access the internet



Question: Which would you say is the most important device you use to access the internet, whether at home or elsewhere? Smartphone/Mobile phone **Source:** GlobalWebIndex Q1, Q4 2016
Base: 51,280 (Q1) and 56,767 (Q4) Internet Users aged 16-64

Through the 2000s, businesses realigned their public-facing resources to fit on computer monitors, standard laptops and computer screens. While they were doing this, consumers were switching over to something entirely new: mobile devices, which have limited screen real estate.

HOW THE SHIFT TO DIGITAL HAS AFFECTED BUSINESSES



How did these changes affect businesses? Let's imagine a simple example—one that's played out repeatedly and with many variations.

A company has been in business for 25 years. It watched from the sidelines as the “dot-com” era boomed, busted, then slowly began to rebuild itself. Through all those digital changes, this company changed very little, even congratulating itself for not having participated in any of recent history's digital trends. It continued to grow, slowly but steadily.

The ticket volume of the company's customer service department remained steady over time. Leadership mistakenly assumed this meant that its service standards were competitive or, at the very least, acceptable.

But at some point around 2010, sales began to shrink and customer satisfaction scores began to drop. After a lengthy analysis, the company came to a painful realization: while it had remained the same over the years, its customers changed. The company's marketing messages stopped reaching customers through traditional channels, and instead, customers began to learn more about the company via other channels, such as social media.

Many of these customers were solving their support issues by themselves, in online forums and discussion groups. When those efforts failed, they'd contact the company's official service department. Service staff faced an increasingly challenging body of service requests, as customers handled many of the simpler issues themselves.

From the company's perspective, little had changed. But from the consumers' point of view, the company gained a bad reputation. It became known as the company that offered terrible online support.

Even worse, all of this online customer activity was under the company's radar, so it couldn't appreciate the extent of the toll it was having on consumers' perceptions.

The company's online self-service resources also did not work on mobile devices, but the company didn't know that. To this day, too many companies overlook the importance of providing mobile-compatible customer support.

People Haven't Changed, but Their Behavior Has When It Comes to Digital Interactions

New technologies lead to new behaviors. And contrary to what most of us likely assumed, those new behaviors are, in many cases, unexpected.

But let's not go too deep into the realm of psychology and sociology. In business, the most important fact is that ...

Digital customers have different standards and different expectations.

Consumers Have Different Preferences When It Comes to Digital

Most of the business world missed this memo and assumed that since those same four tasks are the same online as off (learning, purchasing, using, asking), the standards and expectations for them would be, too.

As a result, companies created digital storefronts that lived up to the standards and expectations of brick-and-mortar customers—not of digital customers.

MISTAKEN DIGITAL CONSUMER PREFERENCE ASSUMPTIONS



Assumption #1

Online shoppers are people—and people like choices. We have choices, let's give that to them!

Reality: Online, people become overwhelmed when too many choices are presented all at once.

Assumption #2

People like information! We have information, let's give it to them!

Reality: Online, people seek specific information—not all the information.

In Reality, Consumers Behave Differently Online

Now we know better. For the most part, businesses understand that online and offline behaviors are different. Yet many, especially in the SMB space, think that

digital success is essentially a roll of the dice. They look at digital initiatives that have succeeded and those that haven't and are unable to understand why.

Let's break this down further ...

How Consumers Behave Offline

Offline consumers are (relatively) patient. Of course, anyone who has ever worked in retail might disagree. (If that's the boat you're in, then try this little thought experiment: Imagine a world where all your retail customers act like people in online comments sections, or where comments on YouTube or local news websites represent the best of human behavior and civility. Now imagine those commenters acting like that in real-life, in your retail store.)

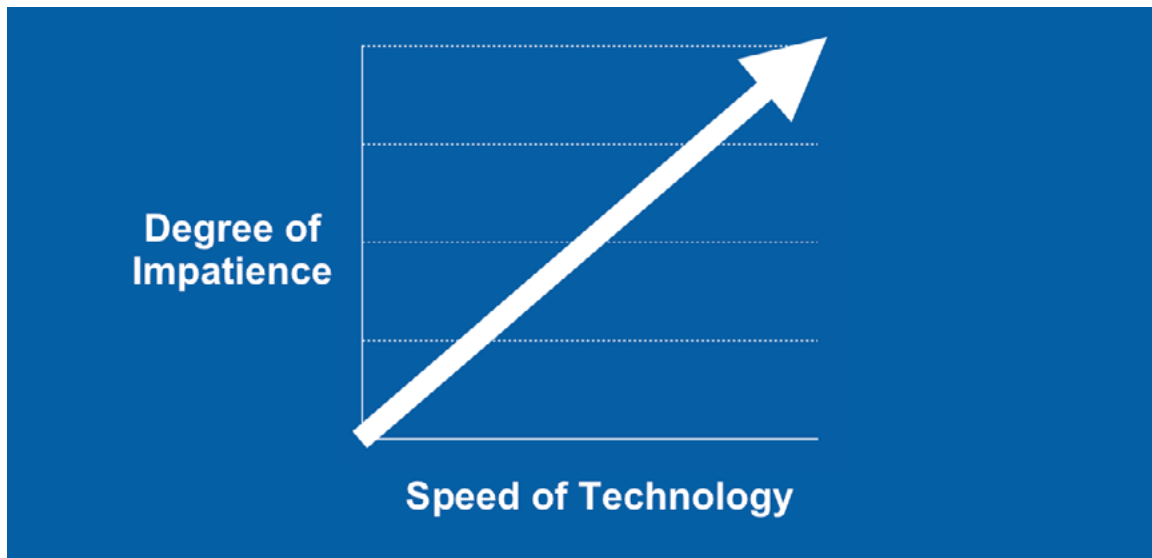
Compared to online, in-person consumers have the patience of saints.

How Consumers Behave Online

Online consumers can't see the cause of problems, yet attribute problems to the company whose site/app they're using.

If your site is loading slowly, is it their internet service provider (ISP)? Is it your server provider? Is it simply the device they're using? Is it your webpage design?

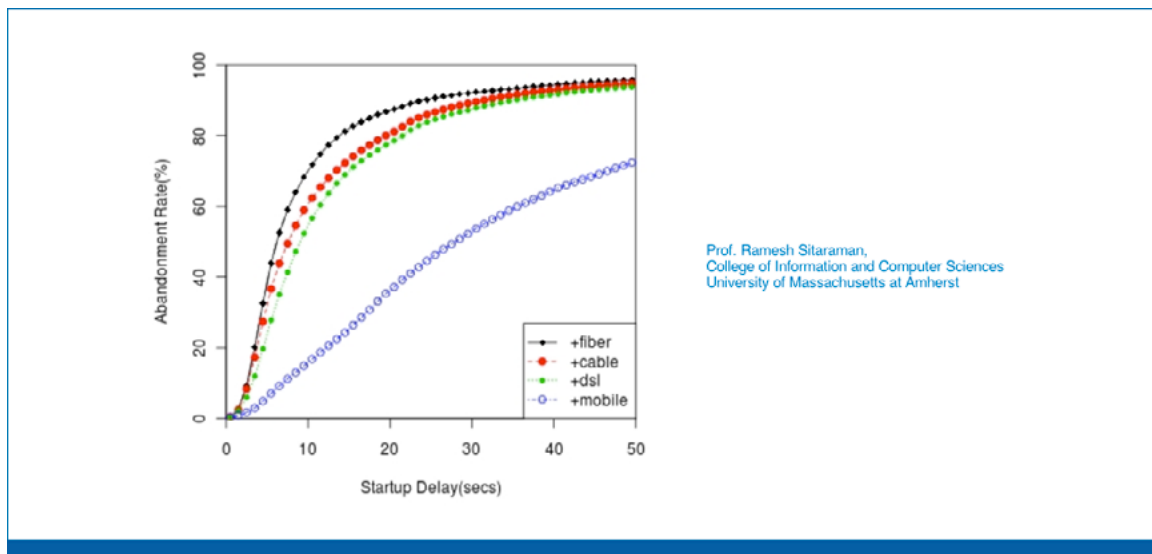
In the end, it doesn't really matter—you've already lost their attention and chance at creating a great digital customer experience.



The More Technology Progresses, the More Consumers Expect

Now, you might be thinking: With increasing broadband coverage, don't concerns over page load times, network congestion and page optimization become meaningless?

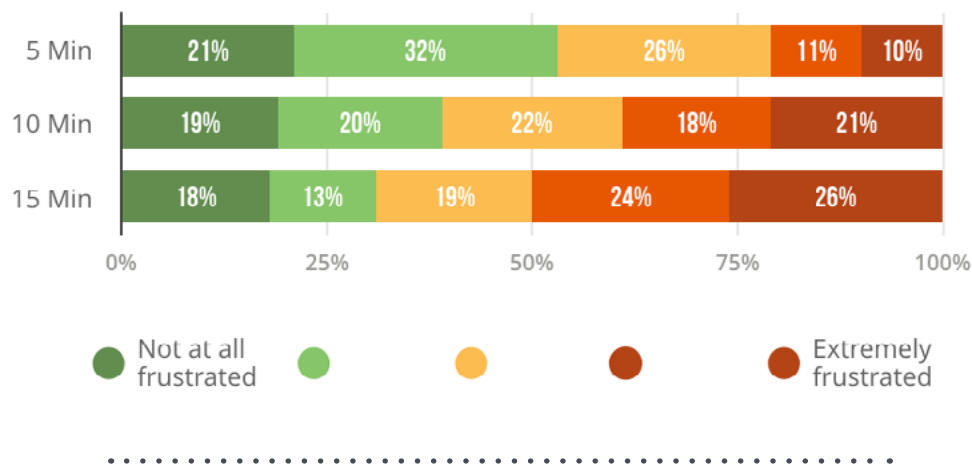
Nope. As it turns out, the bar for impatience raises along with the speed of technology.



The Faster It Moves, The Less Patient Consumers Are

As IT networks get faster, people's expectations for what an acceptable speed of service rises. The takeaway? Don't overestimate the patience of customers who are searching online for answers about your product(s) and/or service(s).

Frustration Level, Over Time, When Answers Aren't Found Online



Offline Consumers Are More Forgiving

Offline customers are birds of a different feather. They'll forgive mistakes, because that's often easier than driving across town to a competitor.

They'll consider the big picture. They'll accept reasonable explanations for issues, such as, "Our delivery person arrived late today, so that item is currently out of stock."

They're personally invested. They might know the staff or owner, or might know about the business's community involvement.

Lastly, people are creatures of habit. Think of a person running errands on the weekend, regularly visiting the same places. People feel connections to places and locations—not so much to websites and apps.

Online Consumers Are Unforgiving

Online customers, on the other hand, can't see the cause of most problems that occur. As a result, online loyalty programs need much more aggressive offers to generate the same level of offline loyalty.

Retention rates are higher for customers who report a positive experience than for those who report a poor experience, yet it's much easier to have a poor CX online.

WHAT COUNTS AS DCX IMPROVEMENT?

In light of all these differences between on- and offline customer behavior, what can a business do to improve digital customer experiences? We've identified a few approaches that can help companies get started on the right path. They relate to:

- Time savings
- Increased availability
- Anticipation of needs

1. Time Savings

Remember the “supernatural impatience” of online customers:

- Delays are measured in milliseconds.
- Must compare apples to apples.

To appreciate the scale upon which time savings are measured, look into the many stats and studies that relate page-load times to visitor bounce rates.

When measuring time savings, you must compare apples to apples and include all stages and steps of a process.

For example, if it takes 30 seconds to sign up for a new account, and 300 seconds to receive the email to activate the new account, then it really takes 330 seconds (over five minutes) to sign up for a new account. And every one of those seconds degrades DCX.

2. Increased Availability

- Wider range of products and services
- Putting an offline service online
- Online Self-service

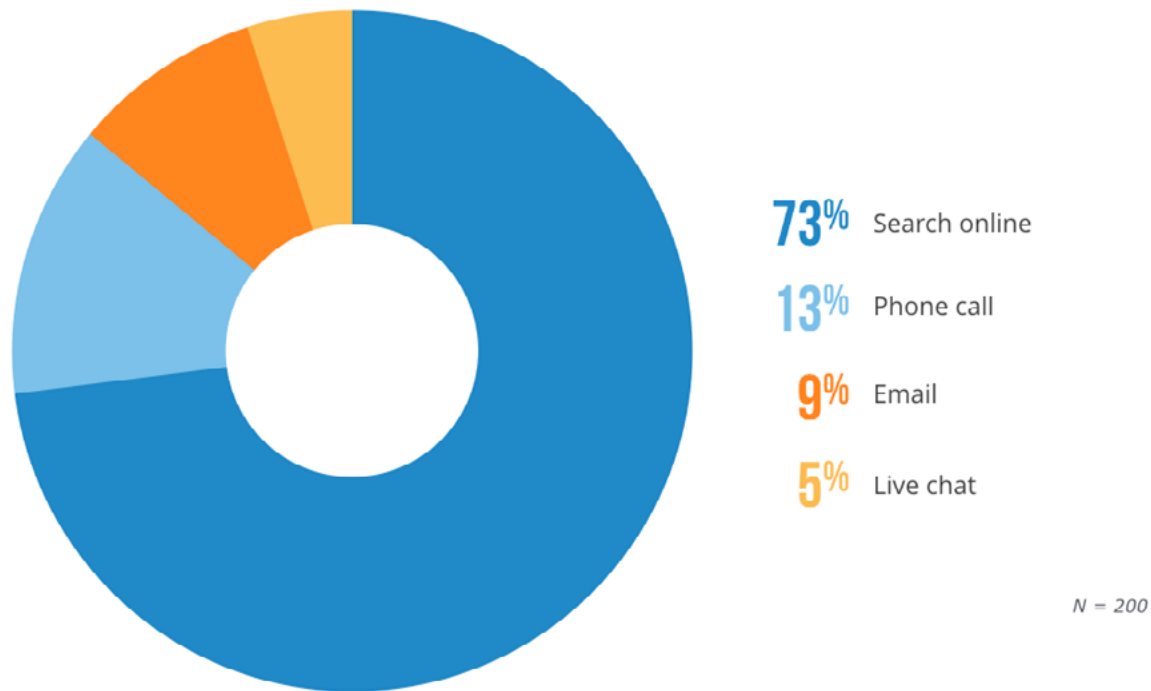
WHAT COUNTS AS DCX IMPROVEMENT?

Offering a wider range of products/services can be a DCX improvement, but not if it increases the time it takes to find particular products.

In other words: Don't violate the first rule on time savings when trying to increase availability.

Next, let's take a moment to highlight the importance of online self-service:

What's the first thing you do when you have a question about a product or service?



Most customers in need of customer service begin with a generic (Google) online search. Some will go directly to the company website.

But when someone searches online with questions about your products/services, what pages show up in the search results? Will those pages answer their questions easily and accurately? Companies should run this test themselves and know the answer.

Companies with a weak online presence may never realize that customers are searching online. But if customers don't find what they're looking for, they will eventually contact the company directly. With one failure under its belt, the company is already starting off on the wrong foot ... often without even knowing it. This leads many to falsely identify a problem as a customer service issue, when in fact it's a DCX problem.

3. Anticipation of Needs

At most basic level, just another form of time savings:

- Automating repetitive processes.

Next up on our DCX improvement list: being able to anticipate customers' needs. This is where user-centered design plays a role. Starting with a simple list of known painful touch points, (e.g., merchandise returns, long online forms), businesses can begin to make incremental improvements.

At higher level, can become key differentiator:

- Automating high-effort processes.
- Proactively offering assistance.

It's also essential to understand the concept of "creative anticipation." For example, think of online tax preparation companies that DO and DON'T automatically e-file with the IRS. The former has clearly anticipated user needs and built that anticipation into its digital service.

DCX IMPROVEMENTS: EXAMPLES FROM DIFFERENT INDUSTRIES

Local Restaurant Chain

“Digital” and “online” are not synonyms for convenient.



It's important to know that “digital” and “online” are not synonyms for convenient. Let's take a look at an example.

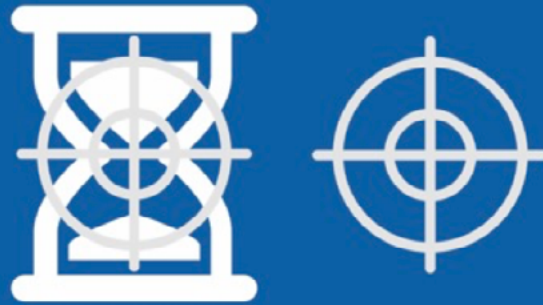
For months now, a regional deli I frequent has been asking me to answer an online survey. With every meal I purchase, the cashier highlights a web address on my receipt that they'd like me to visit to complete this survey.

But to date, my customer journey with this sandwich shop has never had any digital components—so why would they expect me to go online and complete their survey now?

Fortunately, the deli realized its mistake. Now, they ask that you text your feedback to a code they highlight on your receipt. Why the change to text? They were clearly having poor results with the online survey and, perhaps because they noticed how frequently people text while in line, they switched to that as the preferred communication channel.

Media: News App

Carefully time offers of digital services to maximize value



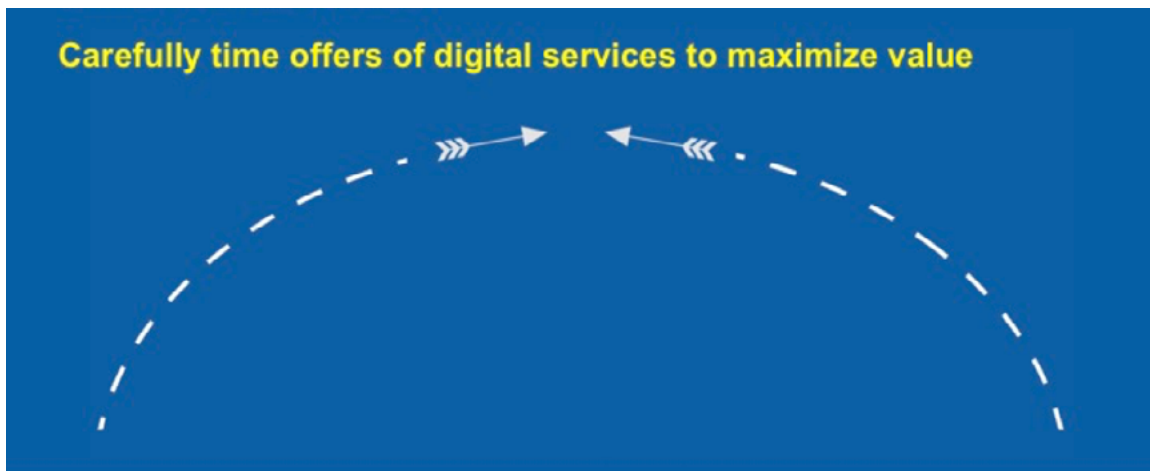
It's also important to pay attention to the timing and placement of offers. For our next example, let's consider how two different national newspapers push and promote their apps. In both cases, the app is an alternative portal for newspaper subscribers to read content and receive alerts.

- **Newspaper A** promotes its app far and wide, in banner ads on their website, in notices that content is for “Subscribers Only” and in ads that pop up blocking content. Anyone who's ever read any of Newspaper A's content knows they offer an app.
- **Newspaper B** promotes its app very selectively. You wouldn't even know they have an app unless and until you become a subscriber. Once subscribed, the app is promoted to you as a more convenient way to get the content you've just paid for.

End result? Newspaper A's app is a total failure while Newspaper B's app is a smashing success!

- **Newspaper A** used the “shotgun” approach. It failed to realize that without a subscription to the newspaper, the app has nothing to add. More importantly, pestering non-subscribers to install an app is a great way to make them remain non-subscribers.
- **Newspaper B** found a well-timed value-add for customers: It makes sense to offer it to subscribers, since they're more likely to use and benefit from it.

Online Software (SaaS)



You also need to understand the trajectory of new customers. Ask yourself:

- Why do customers sign up in the first place?
- What value do they seek that we offer?
- How is that value demonstrated?
- Where are they likely to get cold feet?

Answering these questions will help you determine the best way to time offers to increase the chances that your customers will convert.

Sometimes, the best way to assist customers (and increase conversions) requires jumping channels. This is typically something to be avoided, but in some cases, it makes the most sense. Cross-channel coordination is important for DCX, even if one of those channels is not digital.

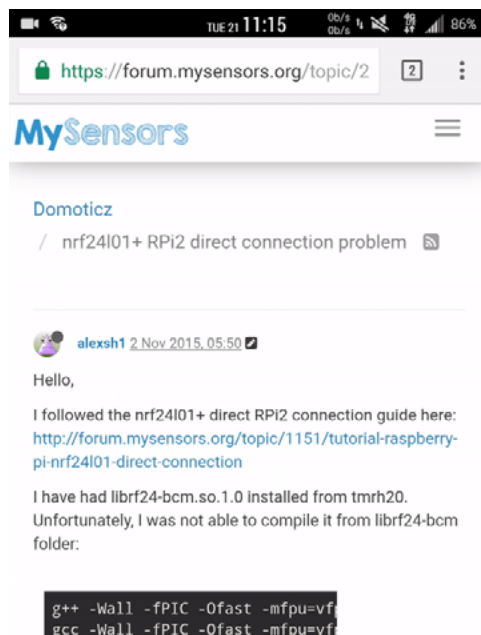
Take [BadgerMaps](#) as an example. It wanted to increase its new-user conversion rate, and so set out to learn when and why new customers were uninstalling the app. It then made some subtle changes to its new user sign-up process.

Now, when customers reach the point where new users are most likely to uninstall the app, they receive a call from the company offering to answer questions. Because the call is well timed and in sync with customers' journey maps, customers appreciate it. It's increased BadgerMaps' conversion rate by ~15 percent.

Online Forums

A great DCX raises the bar.

This next example is small, but great DCXs are often the result of many small incremental improvements.



Consider troubleshooting discussion forums. Incidentally, these are often a fully organic form of customer service fueled by interested, loyal users who may (or may not be) direct customers.

The Mysensors.org example above helps users (especially mobile) return to the same spot in a multi-page discussion. It's a clever design, and it means that the company understands the context of the forum (users are most often troubleshooting) and solves problems of clicking back and forth while comparing information.

Local Services

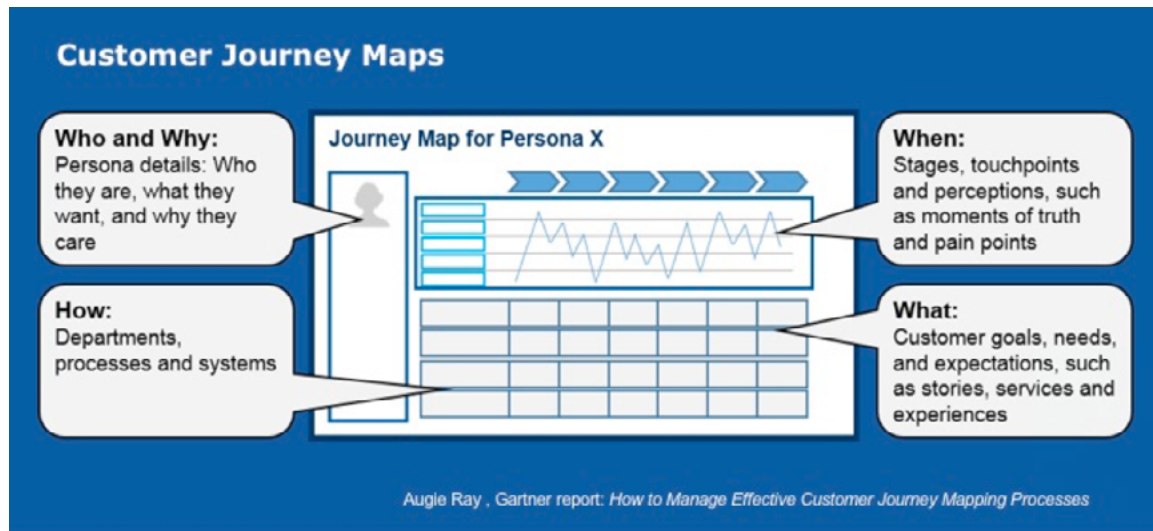
Internal IT determines ability to improve CX and DCX



Internal IT capabilities also determine a company's ability to improve CX and DCX. For example, I recently emailed my veterinarian with a question about my dog. I received a great, detailed reply. So far, so good. But at our next vet appointment, the vet was unaware of my email, and thus unaware of the issue I'd asked about.

This realization retroactively degraded the DCX of my email interaction. It felt as though the email inquiry was totally disconnected from my in-person experience. And of course, it was literally disconnected: The company's email system was not connected to its internal record-keeping system.

ROADMAP TO DCX IMPROVEMENT (AND ROADBLOCKS TO EXPECT)

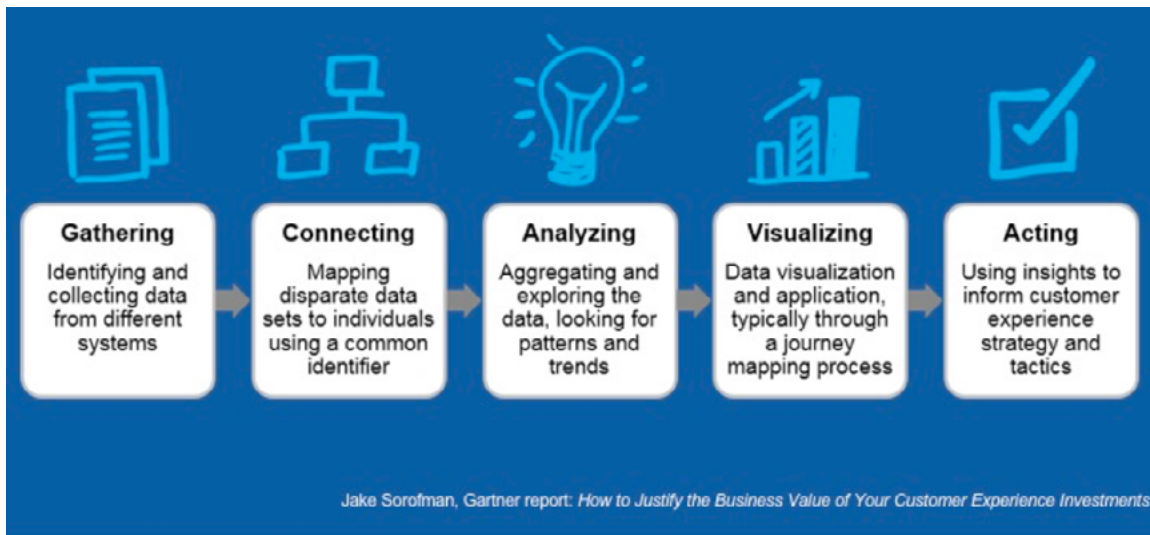


We can't understate the importance of understanding a customer at their specific point in time, space and in their relationship with a company. The more granularly a company understands these things, the better able they'll be to avoid the mistakes outlined in the previous section. For example:

- The restaurant wouldn't have wasted time and resources on a survey that customers were predictably going to ignore.
- Newspaper A could have saved time and frustration by not promoting its app to the wrong group of people. They might not have ever developed the app in the first place.
- The veterinarian's office would have realized that customers both call and email with questions, and those questions often come up again during in-person appointments.
- The SaaS company might never have improved its conversion rate if it hadn't identified (then addressed) the moment when new users are most likely to uninstall the app.

Creating customer journey maps (like the one above) is the best way to avoid these common pitfalls. Remember, assumptions are a terrible foundation for a CX or DCX improvement initiative.

The Five Stages of DCX Improvement Initiatives



The image above illustrates a great way to systemize your approach to improving digital customer experiences. Note that the first two steps (Gathering and Connecting) are part of customer journey map creation (explained above). As long as journey maps are current and reflective of actual customer needs and touch points, they don't need to be repeated for every new initiative.

Sources of Feedback

Online Reviews play two roles:

- They give feedback to the company.
- They build trust in the company.

Customer engagement needs to become a two-way street. Few companies take the suggestions of customers (which often occur in online reviews) to heart.

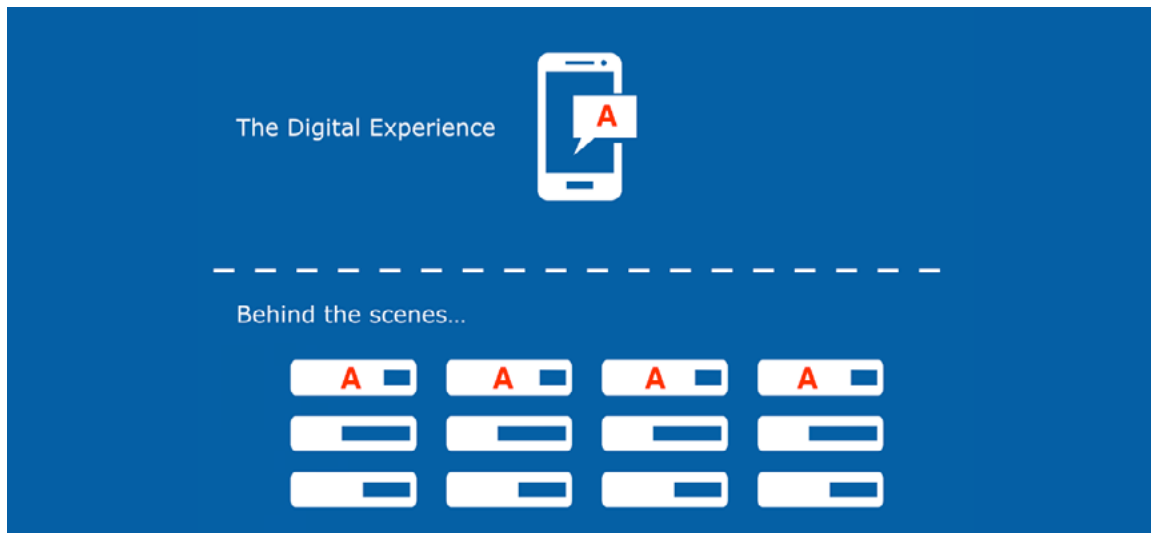
Sometimes this can be very costly. Wells Fargo leadership, for example, had customers giving them feedback on their fraudulent account problem long before the problem exploded into the national spotlight in March 2017. The warnings were there in online reviews for well over a year before the media got wind of the issue.

Online reviews also generate a huge amount of trust. Evidence for this abounds, and can be seen in rise of reviews-centric sites such as Amazon, Yelp and Trip Advisor.

“88% of consumers trust online reviews as much as personal recommendations.”

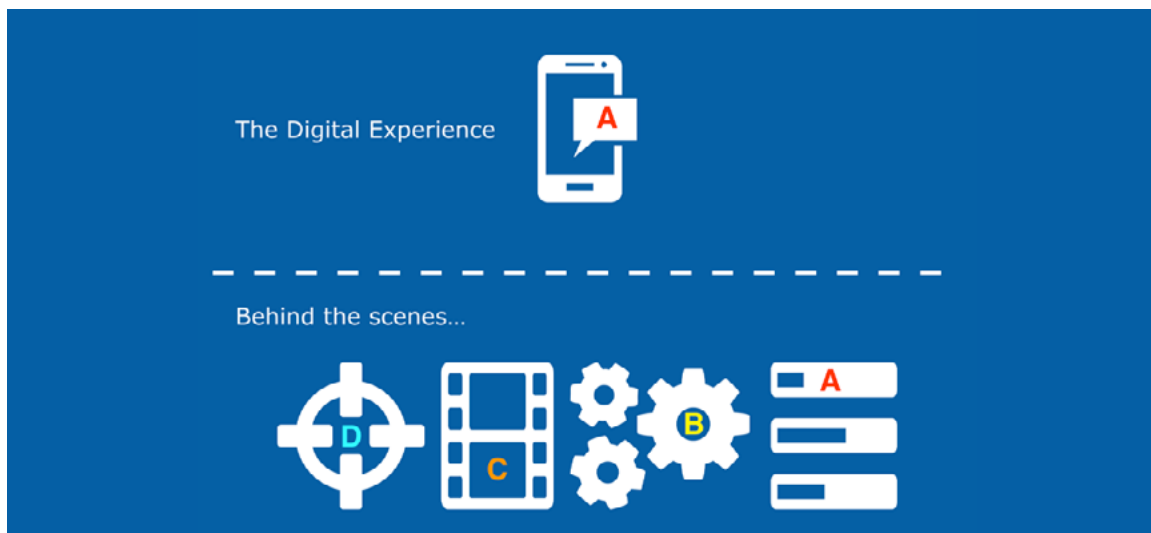
Search Engine Land

ROADMAP TO DCX IMPROVEMENT (AND ROADBLOCKS TO EXPECT)



Traditionally, a company's digital service (e.g., app, website, online functionality) was designed and deployed entirely from within that company.

In the example above, Company A provides the digital experience at the top. That experience is created and supported by many back-end services, all of which are maintained and deployed directly from Company A's servers.



Now, however, a majority of digital services are built upon the services of third-party companies. In the example above, A, B, C and D represent different companies. But the customer only sees Company A's service, and enjoys that company's DCX. The customer doesn't see, know or likely care that it might rely on the services of four other companies.

Businesses should appreciate the growing importance of partnerships when launching new digital services:

- Consider SaaS, PaaS, Communication-aas and Databases-aas, when designing digital services.
- Refocus company efforts on its core competencies, while outsourcing the supporting digital technologies.

That said, be aware of the main pitfall of relying on third-party services: When a supporting service has issues that affect the main functionality, customers won't blame the third-party. They probably won't even know it's part of the equation.

We can even find examples of companies pointing blame at a partner, deflecting fallout from a poor DCX. For example, when YouTube senses buffering issues, it then offers to trace the problem. The goal, of course, is to show that your ISP is the problem—not YouTube.

CONCLUSIONS

There's still a lot we don't know about people's preferences for digital customer experiences. But what we do know is that their preferences (and expectations and actions) are different than they are in real-life physical locations. In some cases, they're drastically different.

While offline customers have at least a minimal amount of patience and loyalty, those traits are largely absent online. As a result, new digital experiences should be designed to:

- Be as fast and easy-to-use as possible
- Focus on the task at hand, without creating disjointed encounters
- Use customer journey maps to identify which tasks customers care about and when
- Anticipate the needs of customers
- Seamlessly address those needs with minimal customer effort

If you're an SMB just starting out or looking to improve the digital elements of your customer experience, start by looking at [customer service software](#) or more [specialized customer experience platforms](#).

The background is a solid blue color with a repeating pattern of white line-art icons. These icons represent various digital marketing and technology concepts, including lightbulbs, gears, speech bubbles, arrows, charts, and social media symbols.

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