

Customer experience and 7 emerging trends in sales leadership

Is there anything new to learn about customer experience and the impact on revenues and profit?

Sales and operational leaders tend to be healthily sceptical about the industry that has sprung into life in recent years around 'Customer Experience' and 'Customer Journey'. Many conclude that this new form of management speak is just a shiny veneer on conventional wisdom that has been around since Adam and Eve.

That said, most organisations continue to focus mainly on results rather than the enterprise-wide sales activities, service ethos and customer experiences that actually produce the results.

Historically, leaders have diligently reviewed and refined sales forecasts, and found increasingly robust ways to measure sales conversions and marketing ROI. *Yet, despite plenty of evidence linking superior customer experience to improved financial results, relatively few leaders have applied the same rigour to measuring sales and service capabilities throughout the customer journey and across all business functions that touch a customer, including sharing best practice and benchmarking customer experience against the competition.*

Acquiring this knowledge requires regular diagnostic work that pinpoints strengths and weaknesses in selling and service across the whole organisation, not just the sales team – and does so with sufficient granularity to enable remedial action to be taken and for progress to be measured.

So how do you measure the points in the new enquiry journey which are increasing or decreasing your prospects' propensity to engage and buy?

How do you know what it feels like for a potential or existing customer when they use your website, switchboard or call centre, or what impression your partners or account managers create during an initial telephone consultation with a prospect?

And how do you pinpoint which areas across the entire organisation are failing to inspire trust, causing prospects to hesitate or go to a competitor?

Customer experience and the impact on profit

A growing number of business and professional services providers are answering these questions by using independent mystery shopping techniques to measure the end-to-end experience for prospects and customers when they make a new enquiry.

They forensically analyse what it feels like to be a customer, independently measuring satisfaction levels at each stage in the customer journey: from searching the website, to ringing an account manager or fee earner for some initial advice, through to on-boarding, loyalty building and complaint handling.

Companies that have embraced this approach have witnessed an exponential impact on profit, revenues and customer retention as a result. Research conducted in early 2015 by Ian Golding and Jerry Angrave* into the world's top customer experience brands revealed that:

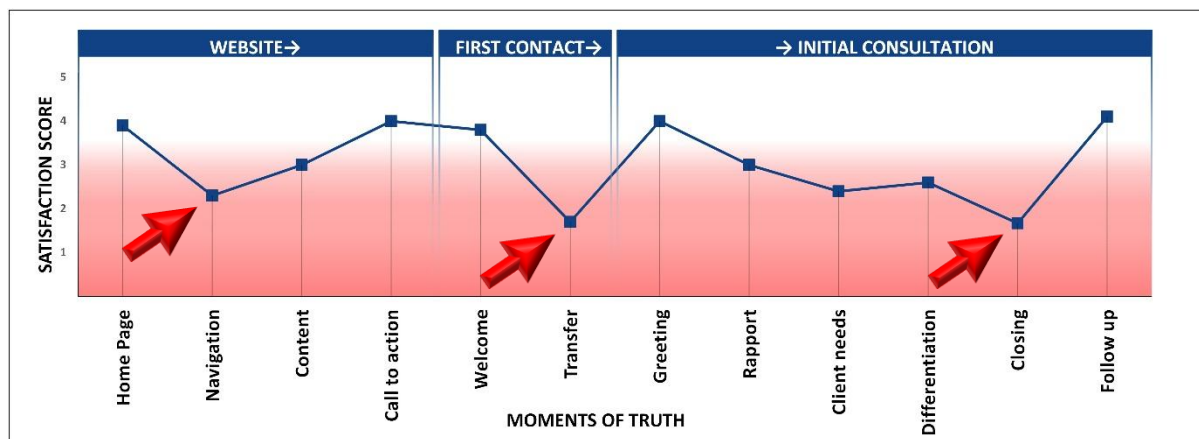
- Amazon Q4 14, net sales increased by 15% over Q4 13
- Apple 39.9% profit per product (3 months to end Dec 14)
- First Direct Moneywise “Most Trusted” and Which? Best Banking Brand
- John Lewis profit before tax up 12% in 2014 vs 2013
- Disney Earnings per share up 27% in year to Dec 2014
- Air New Zealand Earnings before taxation up 20% in H1 15 vs H1 14
- Mercedes Revenue increased 12% from 2013 to 2014
- Starbucks Revenue rise 13% in Q1 FY15
- BMW 7% increase in vehicle sales in Jan 15 vs Jan 14

Conversely, companies are acknowledging that a negative customer experience is punished more severely than ever before as customers are increasingly likely to switch to a competitor, or to broadcast their complaints on social media.

As one of our clients recently put it: *“Handling new enquiries in a mediocre or poor way, given what we spend on marketing, is a bit like having the central heating on full blast and leaving the windows open”.*

Profit leakage throughout the new enquiry journey

Our research includes the customer experience results for more than 50 new enquiries made by specialist mystery shoppers to top 100 law firms, top 50 accountants, leading B2B technology and telecoms providers, and a top four business banking provider. The chart below summarises our findings and illustrates the points in the new enquiry journey that either inspire trust or cause a prospect to hesitate and go elsewhere:



Using business owners and sales professionals to undertake the mystery shopping, the research identified three common sources of *profit leakage* during the customer enquiry journey, highlighted by the arrows above:

- 1. Websites that lack intuitive navigation and with search functions that either don't work or generate irrelevant results**
- 2. Long delays when calls are transferred from switchboard or call centre operatives, many of whom lacked warmth and empathy**
- 3. Reluctance from advisers to show belief and enthusiasm for working with the customer and to agree a next step when closing the conversation.**

The customer experience bar is currently set low across B2B and professional services – there is a big opportunity for leaders who commit to getting this right.

We only have to think about our personal experience with websites and call centres in retail, leisure and utilities to acknowledge that we increasingly expect companies to be easy to buy from and work with. And just how frustrating it is when they fail to meet our expectations.

How quickly do we leave a website if we can't find what we want, or the content bores us?

What do we do if the link we click on is broken or the call-back button doesn't work properly?

How do we feel if we are put on hold for longer than a minute or two, or we get put through to the wrong person or voicemail without being asked?

Just how irritating is it when we have to keep repeating what we want each time we are transferred to yet another person in the same company?

High service expectations extend to buying business and professional services - why wouldn't they? They also lead to an increasing willingness on the part of disaffected customers to publish their feelings on social media, including Linked In, or rating sites like Trustpilot.

Customer experience *is* your brand

The unique way in which companies deliver their own version of a great customer experience is what truly differentiates their brand. It is also something that is difficult for competitors to mimic.

Retail and leisure brands have worked on improving the customer experience for years, which explains why the global annual mystery shopping spend in these sectors exceeds \$3 billion.

The biggest influence on customer loyalty and buying behaviour will probably always be the quality of the advice and strength of the customers' relationships with your front line relationship managers. However, the rules of engagement have changed.

Customers have learned to expect more. They are more discerning and less tolerant than they ever have been. Relationship strength and the customers' propensity to buy is increasingly influenced by their overall experience with the organisation.

When the customer experience is optimised the results can be significant and immediate. During a recent mystery shopping project with a top 50 law firm we identified the points at which they were losing potential customers, where they were giving new and existing customers a negative impression of the brand, and where new enquiries were tying up fee earners with non-productive conversations due to poor filtering at the front end.

The impact of this project was immediately noticed by partners and staff. The evidence (good and bad) generated by the audit was irrefutable and emotive, which proved to be a powerful catalyst for change.

Using the evidence, our client was able to galvanize teams into action and unite partners in a way they hadn't seen happen before. As a result, new enquiry conversion rates doubled across the firm within six months.

7 hallmarks of superior sales leadership

Our research has shown that the organisations who consistently out-sell their peers share the following characteristics:

1. No silos - one member of the leadership team has 'ownership' for improving the end-to-end customer experience across the business
2. They have teeth – i.e. they are empowered and held accountable, with clear and measurable objectives for:
 - a. Maximising the enquiry-to-customer conversion rate (minimising profit leakage)
 - b. Increasing front-line productivity in all departments that touch a customer
 - c. Representing the 'voice of the customer' throughout the business and at all stages of the customer journey
3. Customer segments, profiles and buyer personas that have the biggest impact on achieving the organisations' strategic goals are clearly understood and documented
4. For each customer segment, they have mapped out what a great customer experience looks and feels like at every point of interaction in the company (including website, switchboard, support teams and advisers)
5. They continuously test and measure what it feels like to be a new or existing customer – identifying selling and service strengths and the opportunities for improvement
6. They engage front line teams across all business functions in identifying the root causes of any problems identified and for implementing solutions
7. The leadership team commits to continuous improvement and puts Customer Experience KPI's on the management dashboard.

Tim Dixon-Phillip

One of the founding directors of Service Reality, Tim's experience includes ten years with IBM, seven years as Sales and Marketing Director with Ernst & Young and seven years as BD Director with Pannone, a regional law firm.
tim@servicereality.co.uk +44 113 880 5663



* <http://ijgolding.com/2015/03/24/what-makes-the-the-worlds-1-customer-experience-brands/>