CUSTOMER LOYALTY GROWS THROUGH POSITIVE MEMORIES
Strategically managing each customer’s experience to create a positive memory is perhaps the most important ingredient in cultivating customer loyalty. To successfully manage customer relationships and achieve high levels of customer loyalty, organizations are learning that they not only have to focus on managing customer experiences, but they also have to rethink managerial priorities and how to drive their quality improvement efforts.

CUSTOMER LOYALTY IS AN INDIVIDUAL CONCEPT
Creating a customer-focused organization begins with shifting our managerial priorities to deal with customers as individuals rather than as groups or segments. We earn customer loyalty one customer at a time. While customer segmentation is critical to our acquisition and marketing efforts, we cannot make groups of people loyal to us; we have to earn the loyalty of each individual.

These individual customers evaluate our service through sets of transactions (defined as cycles of service) they experience with our organization. During these cycles of service, customers experience various moments of truth, where they contrast their own perceptions of our service quality with the expectations they had coming into the transaction.

If perceptions exceed expectations, the customer is pleased or delighted. If perceptions are about equal to what was expected, the customer is satisfied. If perceptions fall below expectations, disappointment results…and, depending on the particular situation, the customer may feel victimized or even outraged.

EQUAL TREATMENT RESULTS IN UNEQUAL SATISFACTION
AchieveGlobal has spent more than 20 years studying what makes individual customers loyal to a particular organization or business.

One of our conclusions is that individual customers have very different expectations and needs. By treating each situation exactly the same, an organization will perhaps delight one customer while disappointing another.
To build customer loyalty, organizations need to create consistently positive experiences for each customer. And because these individual customers have widely varying needs and expectations at their particular moments of truth, we must vary the treatment for individual customers to produce consistently positive outcomes.

This flexibility is fostered by providing employees with a wide range of customer contact skills and responses so that they can effectively handle disparate customer situations. It's important to examine policies and procedures to make sure they allow the employee to solve problems and exercise latitude in decision making without seeking higher approvals. It also may involve determining guidelines for situations where the organization has to immediately recover with the customer and fix something that has gone wrong from the customer's perspective. Flexibility is a key enabler to managing quality at the point of customer interaction.

THE HUMAN-BUSINESS MODEL
Each customer transaction has two key components: a human component and a business component. At AchieveGlobal, we depict these two components with what we call the Human-Business Model.

Most organizations tend to focus on the business (core service) side of the interaction, which includes providing what the customer is purchasing in the most expedient and efficient manner. Unfortunately, customers often experience the business side of the transaction as simply meeting their expectations. If done poorly, the business side can disappoint the customer. For the most part, even if done well, the core service can't differentiate the service experience or make a strong, memorable impression on the customer. It is difficult to build customer loyalty by focusing on the business side of the transaction. Poorly delivered business side can, of course, drive away customers.

The human side of the interaction affects how individual customers feel about how they are treated by the organization. If this impression is extremely positive or negative, it often creates a strong memory. These memories directly affect how customers feel about doing business with the organization and whether they'll continue to do business with it. If organizations can manage the human side of the transaction in a consistently positive way, they can build strong customer loyalty.

Sixty-eight percent of customer defection takes place because customers feel poorly treated by a person, according to TARP (Technical Assistance Research Program).

LINKING QUALITY IMPROVEMENT TO CUSTOMER EXPERIENCES
Our experience shows that practically every organization that has a service component to its deliverables and is facing competition for its customers will greatly benefit by connecting its total quality efforts with managing customer experiences. We have worked with approximately 600 organizations across a wide spectrum of industries and have spoken with executives and managers (including quality directors and champions) from hundreds of other organizations in our forums, workshops, conferences and speeches. The majority of these organizations have recognized the need to become more customer focused, and many are beginning to rethink the importance of managing the customer's experience.

One of the best methods for linking quality improvement to customer experience management is by using cycles of service analysis as a service quality improvement tool. By involving teams of
employees in mapping and analyzing the actual moments of truth and cycles of service customers experience, the organization can drive initiatives such as service quality improvement and process re-engineering from the perspective of what is actually most important to the individual customer. Internal teams make significant process changes that ultimately affect service delivery and, therefore, alter the experiences of your customers. To be meaningful to your customers, these efforts should begin and end with a cycle of service analysis. This focus allows the organization to build process and systems changes from a true reflection of the customer’s experience — and positively affect customer loyalty.

THE VITAL QUESTIONS
The answers to these initial questions may offer a valuable perspective on your current initiatives and guide your future improvement efforts.

- How well are your quality improvement efforts connected with actual customer experiences?
- How many of your quality projects are driven by a desire to improve the experiences individual customers are having with your organization?
- Are your processes really customer driven, or are they driven by what is in the best interest of the organization?
- Does your quality approach allow for flexibility and variability at the point of customer interaction?
- If you are currently measuring customer satisfaction, are you capturing the individual customer’s feedback on his or her actual experience with your organization?
- Does your data collection follow a specific transaction immediately?
- Does your data collection format allow for qualitative responses about how the customer feels about your service?
- Does your feedback system focus on individual customers versus customer groups or segments?
- Is customer retention one of the key drivers in how you measure the effectiveness of your organization?

Finding the answers to these questions will help frame what changes in thinking might be necessary if your organization wants to improve its customer focus.

MANAGING MOMENTS OF TRUTH: THE FIRST GOAL
An organization’s first priority around customer retention should be to manage customer experiences effectively. This process often requires a shift in understanding what is important to customers, and enlisting managers and employees to understand and analyze what is transpiring at the moments of truth with their customers.

Solid customer contact skills are essential, as is increased flexibility in policies and procedures. Also vital is empowering and coaching employees to do what is necessary to satisfy their customers at the moment of truth. These strategies allow the individual employee to have choices and to consistently produce positive outcomes for the customer. In teams, employees can map and analyze cycles of service and make recommendations for improving service quality or implementing improvements within their locus of control.

STRATEGIC MANAGEMENT OF THE CUSTOMER’S EXPERIENCE: THE ULTIMATE GOAL
The single most important element in determining customer loyalty—management of the customer’s experience — is left largely to chance by most organizations. How well does your organization actually design, develop and create the kind of positive experiences that excite your customers and differentiate your service? How often do those executives involved in your corporate strategy personally interact with customers or
inspect what is happening at the organization’s moments of truth? To what degree do your corporate strategies include anything about managing the customer’s experience?

Strategy usually occurs near the top of the organization and sets the direction for the entire organization. That strategy is proactive, where we conceive or design something, then set about implementing it. If your strategies don’t reflect an overwhelming interest in managing the customer’s experience, the good news is that you have a tremendous opportunity. Organizations that figure out how to take advantage of this perspective will begin to differentiate themselves from their competition. They also will enjoy a head start in building customer loyalty and retention others will envy.

Why must corporate strategy change? Can’t we be just as effective by empowering our frontline employees to manage moments of truth? Unfortunately, even when done well, starting with the front line is a reactive strategy. It centers on assessing and reacting to what is occurring, instead of designing and delivering what should occur ideally. It also creates potential conflicts, as frontline employees try to satisfy customers while the rest of the organization is more focused on internally driven goals.

Imagine doing business with an organization that designs customer experiences and then executes them flawlessly! Disney is a good example: Disney’s results and reputation reflect the impact it has on its customers. Other organizations can be just as effective in strategically managing customer experiences.

The ultimate goal of any customer-focused organization is to design and create the experiences its customers want. A customer-focused organization will engage all of its resources in making this happen (just as they do when launching a new product, opening a new office, or cutting in a new technology). After all, what could be more important?

ABOUT ACHIEVEGLOBAL
AchieveGlobal is the world leader in helping organizations translate business strategies into business results by developing the skills and performance of their people. Our learning-based solutions focus on skills training and consulting services in sales performance, customer service, leadership and teamwork.

With offices throughout North America and a presence on every continent, we serve more than 70 countries, and offer programs and services in more than 40 languages and dialects. We continually adapt and translate our programs and services to meet the needs of global cultures.