

Engineering a human touch into a digital future

2017 US Customer Experience Excellence Analysis



“

If human interaction is what drives emotionally meaningful customer experiences, how do we compete in a digital future?



Customer Experience Excellence Centre



The *Customer Experience Excellence Centre* is an international think tank, dedicated to helping members turn global customer experience best practice into more effective business results.



8 years of research and analysis



1,500 detailed brand reviews



1.7+ million individual B2C and B2B evaluations



Interviews with employees and business leaders

Defining customer best practice:



Through the lens of The Six Pillars: the DNA of every outstanding customer experience and fuel of fast-growth business

Enabling members to:



Implement superior customer experience strategies



Design more competitive journeys



Master customer experience economics



Provide deeper comparative insights



Enhance their Voice of the Customer (VoC) programmes

Foreword

“

It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.

Charles Darwin

The die is cast. We are marching inexorably into a new generation of digitally enabled customer experiences. There is no turning back. Estimates vary as to the number of customer service roles that will be replaced by bots, robots, cognitive technologies and artificial intelligence (AI). But commentators are agreed: we have reached an inflection point on the curve of customer experience (CX) improvement where the baton is passed from human to digital interaction.

Against this backdrop, the question CX professionals ask most frequently is: “If human interaction is what drives emotionally meaningful customer experiences, how do we compete in a digital future?”

In this our eighth year of researching customer experience best practice, we seek to understand how the exemplar organisations are mastering this new world. The challenges they are meeting and overcoming, the preparations they are making for future change and the capabilities required.

Customer expectations are on a rapidly escalating upward spiral. But what happens when expectations are moving faster than a company’s ability to react?

Firms such as Blockbuster and Borders have experienced “future shock” - an inability to respond to overwhelming change in a competitive timeframe. Ultimately, they were not quite prepared for the future.

For top performers, the inverse is true. Their leaders focus intently on anticipating disruptive forces defining the needs of tomorrow’s customer.

To do this, a new set of skills is required, focused on identifying future trends, sifting them for relevance and rapidly developing these ideas for operation.

This has required CX and digital leaders to adopt a new, more integrated organisational lens. Digital is no longer a technology-based island, a walled department or function, but rather a central driver of enterprise-wide plans and strategies. Its focus? Engineering a human touch into a digital future.

Becoming effective in this regard is not simple. The middle of our rankings shows approximately 60 brands who spend heavily on CX and digital, but see little economic or customer return. Whilst they may drive some efficiencies, they have yet to turn customer experience into real business results.

So what makes the difference? This analysis and recent *Customer Experience Excellence Centre* work in Europe shows those that achieve effectiveness have built up four macro-capabilities: an understanding of excellence, colleague engagement, understanding of CX economics and customer-centric execution. If customer and digital transformation is the goal, then all four of these traits must be nurtured by leadership.

Understanding excellence requires more than benchmarking. Rather, it demands a competitively differentiating capability focused on defining and propagating an integrated vision of a customer-centric future. Internal centres of customer experience excellence are increasingly common, rapidly becoming the powerhouse behind change. They are responsible for the customer experience architecture - human and digital, the organisational culture and the cross-functional implementation plan.

A second prerequisite for success, digital or otherwise, is engaged employees. The leading organisations market the customer to their people internally with the same fervour as they market themselves to the customer externally.

These firms have aligned the employee experience with the customer experience, and at the heart of the employee experience is culture. A culture where the needs of the customer are as important as the needs of the organisation. These are empathic organisations that work hard to understand what it is like to be an employee or a customer of their business.

Execution is the Achilles heel of most businesses. Again, estimates vary but some 70% of change programmes fail to meet their objectives (Source: Harvard Business Review. Cracking the Code of Change, 2000). Unless faced with a cataclysmic event, most businesses fail to get the traction required for effective strategy execution. For the best organisations, the discipline of experience design has become the means of orchestrating customer-centric change. As a core business capability, rather than a marketing project, it allows the iterative and continuous execution of CX strategy.

An emerging final capability is the nascent discipline of customer experience economics. To become central to change, at some leading-edge brands, CX is maturing to provide a financial vocabulary rooted in both cost

saving and growth. Much like the brand accounting movement of the last millennium, it is becoming a more serious, economically founded discipline.

For the organisation, this means ensuring the nurturing and harvesting of non-financial asset classes as well as the management of financial assets. It requires an expansion from the factors companies traditionally value: products, margins, efficiency and productivity, to also encompass what the customer values: solutions to life’s problems, feeling valued, peace of mind and mood enhancing, uplifting experiences. The realisation and acceptance that customer and company value different things is a catalyst for effective change. The new economic reality is that the company needs to account for both sets of requirements.

This does not mean spending more. Organisations such as USAA, the US leader for a third successive year, have driven huge cost savings by designing out inefficiencies and duplication, whilst improving the customer experience. For these organisations, improvements in customer experience are self-funding.

This requires customer experience teams to capitalise on enhancements in predictive analytics and journey-centred P&Ls to design in a CFO-credible way. Equally, it requires finance teams to become more integrated with experience design.

In this model, as the sources of business value change, the role of finance is changing from financial governance to customer transformation enablers.

Our research this year shows some shining examples of organisations that have grappled with these issues and, in so doing, have emerged triumphant. Firms such as USAA and Disney Parks are beacons for excellence, engagement, execution and outstanding experience economics.

Contents

07

The 2017 US Analysis

- 07 US 2017 Executive Summary
- 08 The Six Pillars of Customer Experience
- 09 State of the Nation 2017
- 12 Sector Highlights
- 14 Digital Futures

23

Customer Experience Economics

- 24 The Economics of Excellence

34

Customer Experience Execution

- 35 The Psychology of Digitally Enabled Experiences
- 39 The Six Pillars in a Digital World
- 44 Customer Experience Effectiveness Success Stories
- 50 Customer Experience Effectiveness Criteria

17

Understanding Excellence

- 18 The 2017 US Customer Champions

28

Colleague Engagement

- 29 Bridging the Customer Experience Effectiveness Gap

52

Further Information

- 52 Contact the *Customer Experience Excellence Centre*
- 53 2017 US Top 100 Results

US 2017 Executive Summary

- Customer experience remains a more mature discipline in the US.
- The customer experience gap is widening between the UK and the US - following a dip, the US now leads by 6%, vs 2% in 2016.
- There are many more examples of outstanding experiences and world class practice in the US - fifteen times more brands in the US achieve a Customer Experience Excellence (CEE) score of 8 or more.
- The US appears to be adopting the drivers of effective customer experience at a faster pace than the UK - embracing new technologies, designing journeys around the customer, adapting organisational structures to best meet customer needs, developing company culture and engaging employees in a way that will drive customer experience improvements.
- We are starting to see greater consistency across sectors, as those historically low performing sectors are making strides to improve their customer experience, with progression for utilities and telecoms in particular. These are consistently underperforming sectors in the UK, but these organisations are doing far less to frustrate their customers in the US.
- The progress in the utilities sector has particularly been driven by gains in Empathy - one of the hardest pillars to get right. In part, this has been driven by the accelerated roll-out of smart meters, enabling these utilities to be proactive in helping customers to manage their costs themselves.
- USAA, Disney Parks and Publix are examples of "empathic organisations". They see the world through the same lens as their employees and customers, prizing emotional intelligence as a competitively distinguishing capability.
- Increasingly, we are observing that successful organisations demonstrate four characteristics: they aspire to achieve excellence, engage their people, execute faultlessly and understand the economics of experience.
- The key themes we are seeing amongst the US leaders:
 - Culture, employee experience, employee behaviour and customer experience are linked.
 - Digital is not a separate island, but the tip of the experience spear.
- The Six Pillars, even in the digital space, continue to be the backbone of outstanding experiences.

Customer Experience Excellence Methodology

- The research was conducted in March 2017
- 7,695 US consumers were interviewed
- 257 brands are included in the final results
- Additional analysis of employee reviews has also been incorporated
- Spans 10 sectors:



Financial Services



Grocery Retail



Non-Grocery Retail



Restaurants and Fast Food



Entertainment and Leisure



Travel and Hotels



Logistics



Utilities



Telecoms



Public Sector

The Six Pillars of Customer Experience

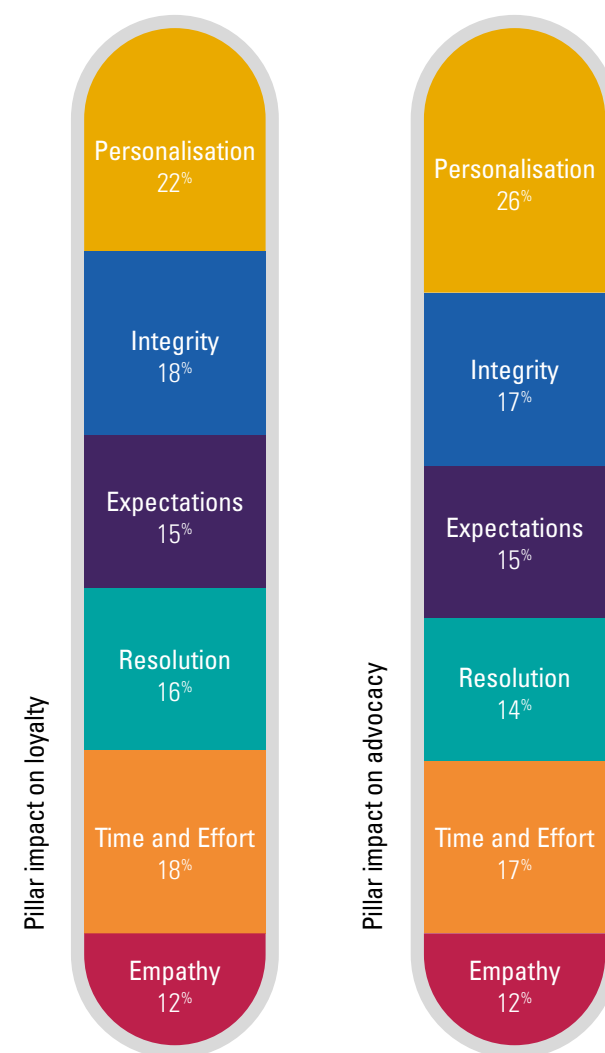
Eight years of research by the *Customer Experience Excellence Centre* has provided a deep understanding of the characteristics of an outstanding customer experience.

Through more than 1.7 million evaluations across multiple markets, six fundamental components of every great customer experience have been identified and validated - these are The Six Pillars of customer experience excellence.



Not only do The Six Pillars define customer experience excellence, but so too do they predict commercial success, with strong performance across The Six Pillars improving loyalty and advocacy.

Pillar impact on loyalty and advocacy



State of the Nation 2017

The US strengthens its lead

This year's US CEE analysis shows that US organisations continue to make progress in delivering customer experience excellence, widening the gap against their UK counterparts. The US is now 6% ahead of the UK.

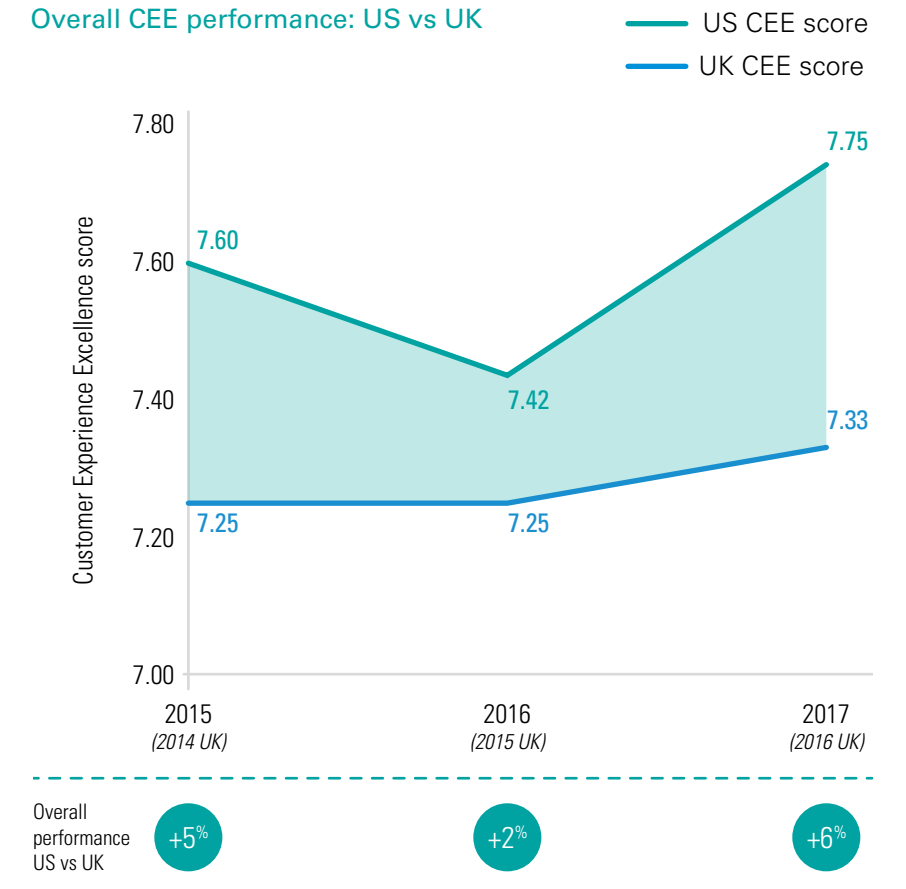
The analysis also reveals significant movers entering the top 100 - underlining that, in today's dynamic, high-expectation environment, adaptability to change is crucial.

58 US brands achieved an overall Customer Experience Excellence (CEE) score¹ of 8 or above in this year's analysis. However, in the most recent UK ranking, only the top four ranked brands achieved such a high overall score; demonstrating there is much to be learnt from the US.

The improvement in US customer experience over the last year supports the trend seen by the American Customer Satisfaction Index (ACSI). In the most recent ACSI report, the national level of customer satisfaction has seen an upswing in 2016, returning to levels previously seen in 2013.

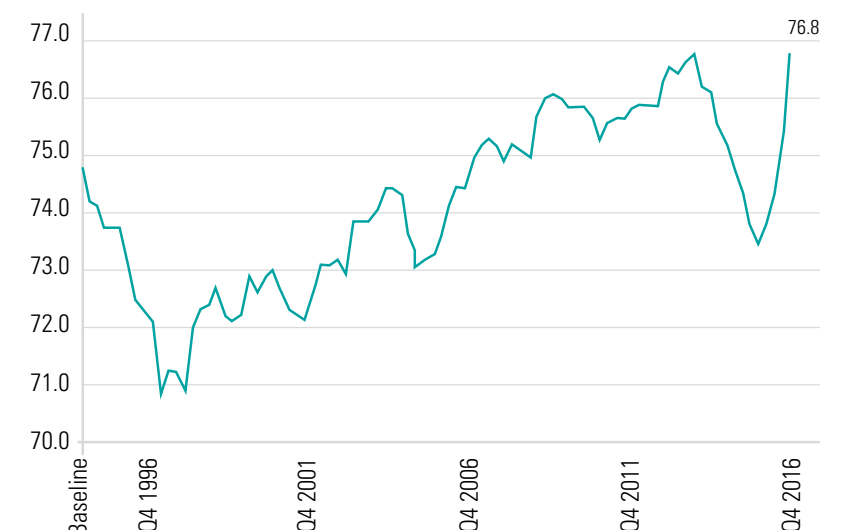
1. The Customer Experience Excellence (CEE) score is derived via a weighted average of the brand's score for each of The Six Pillars.

Overall CEE performance: US vs UK



National ACSI score

Baseline 1994 to Q4 2016 (0-100 scale)



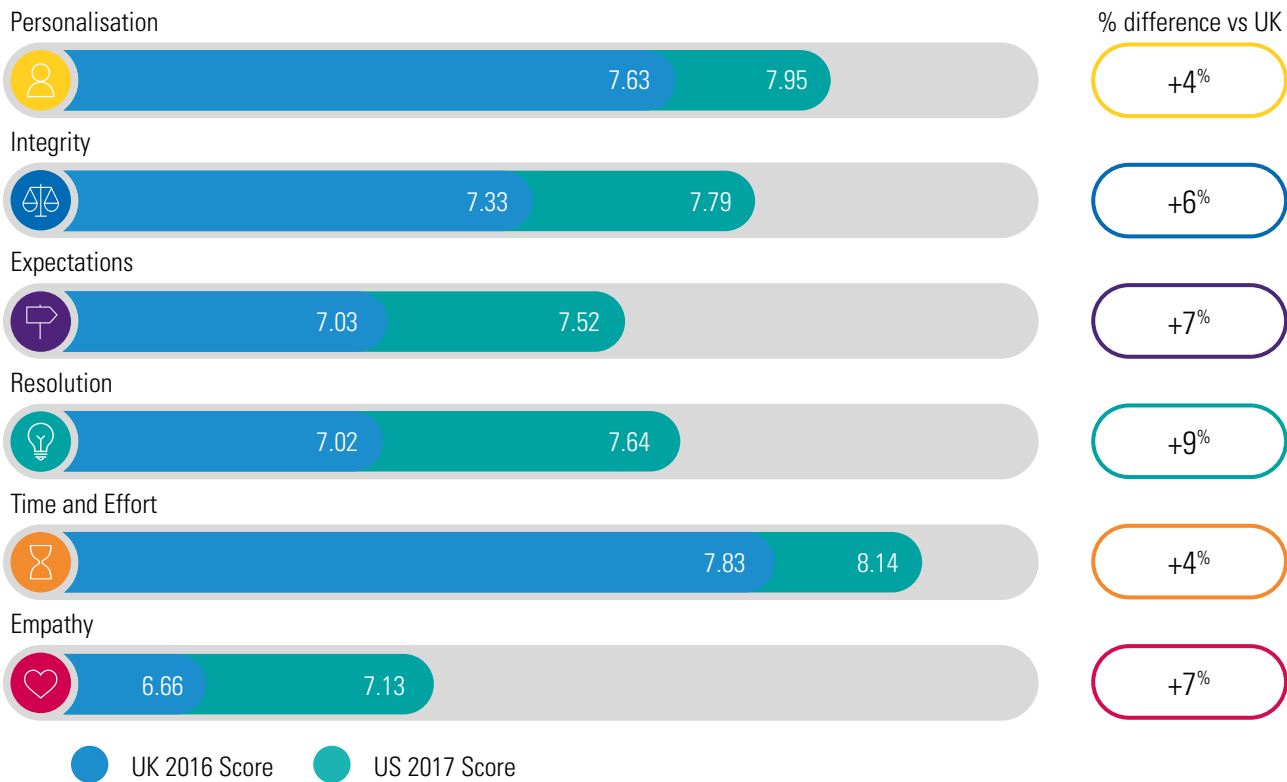
US companies shine thanks to Six Pillar delivery

The US outperforms the UK across all of The Six Pillars, most notably, for Resolution. The results illustrate how important it is to get the fundamentals right, such as resolving customer queries to their satisfaction. It is clear that, when things go wrong, US companies excel at customer recovery.

The most improved pillar this year was Empathy. This shows that maintaining a human touch remains as important as ever for the best performers, even as brands rush to integrate technologies such as AI and automation as key components of their customer engagement processes.

It is clear that, when things go wrong, US companies excel at customer recovery.

US vs UK Six Pillar performance



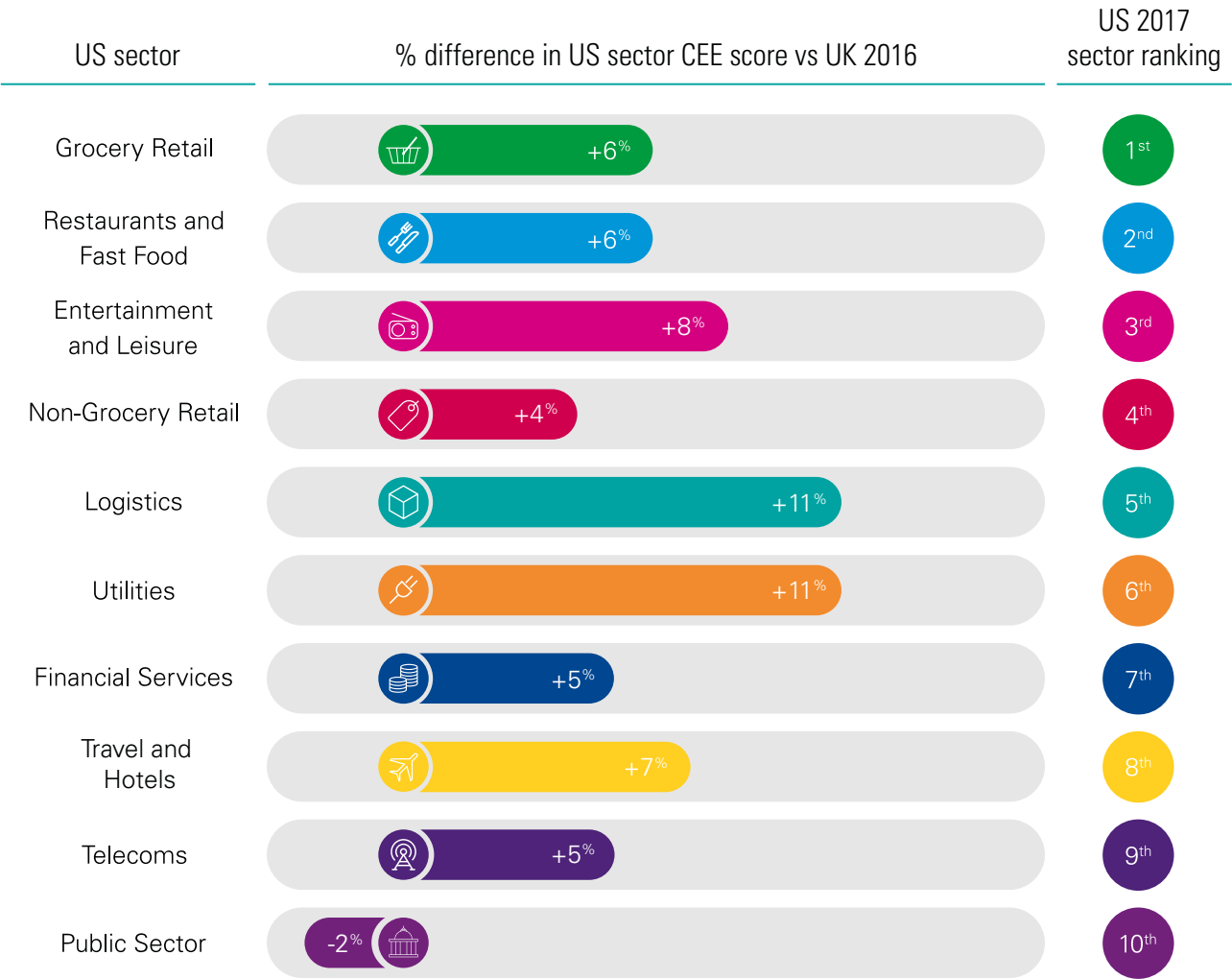
US outperforms the UK at a sector level

The US has a clear lead across all sectors, showing improvements in both overall performance and across The Six Pillars. As a result, the US outperforms the UK across all industries, with the exception of the public sector, which remains the lowest performing category.

Grocery retail, remains the leading sector, with continued high scores. Meanwhile, the two industries with the greatest improvements in the US in 2017 are utilities and telecoms.

The dynamism of this year’s ranking demonstrates that, with the right execution of CX strategies, improvements can be made: 70 brands moved up the ranking this year, 46 of those moving up at least 20 places.

US sector performance vs UK



Sector Highlights

Utilities

The utilities sector has been a big mover in this year's US analysis, the rise in Empathy showing that the ability to engineer human warmth into customer interactions plays a key role. A new entrant into the ranking, Southern Company, has made it into the top 10, coming in at number 5.

The Empathy score for this sector increased by 18% vs the 2016 rankings, with new

entrants playing a role in this rise. Even if new entrants are excluded, however, the utilities sector still increases its average CEE score by 9% and its Empathy pillar score by 16%. The sector achieves this in part thanks to its employees: the sector achieved a staff enthusiasm score 11% above the overall study average.

Telecoms

Historically, the telecoms sector has underperformed in customer experience. This year's results, however, see a handful of telecoms companies making advances in the rankings.

Where the UK can learn most from US telecoms is in the pillar of Resolution, where the

average score is 8% higher than its UK counterpart. In fact, top performer MetroPCS increased its Resolution score by 13% in the last year, resulting in a dramatic rise up the rankings to 59th place. The organisation is frequently referenced in the sector for its customer experience.

Non-Grocery Retail

The non-grocery retail sector ranks fourth overall, with two brands in this year's top 10 that are regular features: Amazon and Costco Wholesale.

Two new entrants to the analysis, fashion retailers Tommy Hilfiger and Calvin Klein, have gone straight into the top 20, ranking 11th and 12th respectively - potentially a function of the brand halo

effect uplifting perceptions of the experience.

The US non-grocery retail sector outperforms its UK equivalent across all pillars, most notably Resolution and Expectations. The gap between UK and US retail performance is widening, as US retailers outperform UK counterparts to a greater degree than previous years.

Grocery Retail

Grocery retail remains the leading sector in the US for another successive year, with two grocers, Publix and Wegmans, making the top 10.

UK grocery retail falls behind its US counterpart across all pillars, in particular, Resolution and Expectations. US consumers variously describe their grocery shopping experiences as "fun to shop", "an atmosphere like home" and "basically perfect" - descriptions that emphasise

the positive perceptions of a US grocery experience.

The leading US grocers are recognised for the excitement they bring to shopping, particularly through in-store food showcasing, range of cuisines and innovative products. The use of technology is also cited as making shopping simple for their customers - which is fitting with the sector's strongest performance being in the pillar of Time and Effort.

Financial Services

Improving, but not at the same pace as some of the other US industries, the country's financial services sector is nevertheless still 5% ahead of its UK counterpart. The best example of the sector's ability to consistently deliver outstanding customer experiences is USAA - positioned at the very top of the ranking for the third consecutive year.

As seen in other sectors, US financial services providers are at greatest advantage compared to their UK counterparts for the pillar of Resolution, achieving scores that are, on average, 8% higher. Meanwhile, UK companies are closing the gap for performance within the pillar of Time and Effort - now just 2% behind the US within this sector.

Travel and Hotels

The US travel and hotels sector has dropped down the rankings in 2017 - largely driven by the transport industry. Meanwhile, the hospitality industry provides a number of outstanding examples of best practice, with two hotel brands featuring within the top 10 (no hotel brands made the ranks of the top 10 in 2016). InterContinental

Hotels and Resorts (part of the InterContinental Hotels Group, IHG) is the highest mover, up 64 places to reach third, whilst W Hotels debuted at sixth this year. Both perform well for Empathy, the pillar which has seen the greatest improvement in the sector (scores increased 8% on average).

Digital Futures

Blending the best of humans and machines

91% of UK homes have access to superfast broadband (Source: BBC News. Swiss beat UK's BT to next-gen G.fast broadband, 2016). The move from digital automation of existing processes, to digital enhancement of new processes, to full digital integration with The Internet of Things (IoT), demonstrates that the pace of digital adoption is faster than most businesses can respond.

IoT, robotics, cognitive, AI, self-driving vehicles, bitcoin, blockchain, cyber security, virtual reality, augmented reality, ambient intelligence - the list is as

impressive as it is long. Technology-based disruption lurks behind every aspect of the customer experience.

But at the heart of the digital revolution is a customer, and it is organisations that are developing digital to solve real life problems that are resonating most with customers.

This requires not only putting digital first, but coupling it with a deep understanding of customer needs, wants and problems, as well as the implications for the organisation's people as the nature of work changes.

The importance of customer knowledge

This is especially the case, for example, in the FinTech vertical where a myriad of start-ups have completely rethought their customers' relationship with their money and their bank. From a customer experience point of view, perhaps most significant is

the fact that the process design in these businesses tends to be led from a true understanding of what the customer wants, often through customer journey mapping and VoC programmes.

The AI difference

For the customer, this has some key benefits. Digital interactions are likely to be more intuitive, improving Time and Effort perceptions, and ultimately creating a much more pleasing experience.

The first wave of AI-driven implementations are already providing great personalisation benefits. As this

capability becomes more sophisticated, we expect to see digital processes become central to customer preference i.e. for customers most of the time, digital will be quicker, more intuitive and more accurate than human interactions.

Organisational implications

This has big implications for how organisations design future customer experiences and how they recruit both frontline and head office staff. The shape of organisations and the nature of the skill mix within them are poised for a huge change.

As the customer agenda becomes more and more central to organisational thinking, we will see the principal organising

philosophy move from a functional focus to a customer journey focus.

Structuring the organisation around these common journeys will help focus minds, expedite decisions and dilute the influence of functional specialists who tend to focus only on mechanical barriers rather than customer goals.

Redefining the role of the frontline

We expect to see future organisations needing fewer, better remunerated people, employed for their people skills rather than their knowledge and experience. As AI enhances the tools they work with day-to-day, it will be their ability to build brand loyalty, deliver branded signature actions and connect on a human level that will govern their employability.

With this in mind, we predict human-to-human interactions will be focused as much as possible into experience points that are

potentially emotionally charged, or where a signature experience could be particularly powerful in building future loyalty.

For example, financial services brands are combining digital and human to build experience excellence into life-stage inflection points, such as buying a first house, marriage or a family bereavement. It is at these points that, as human beings, we seek reassurance and empathy.

The increasing importance of employee experience

As the workforce is increasingly made up of millennials, we see a distinct shift towards the importance of employee experience over and above engagement.

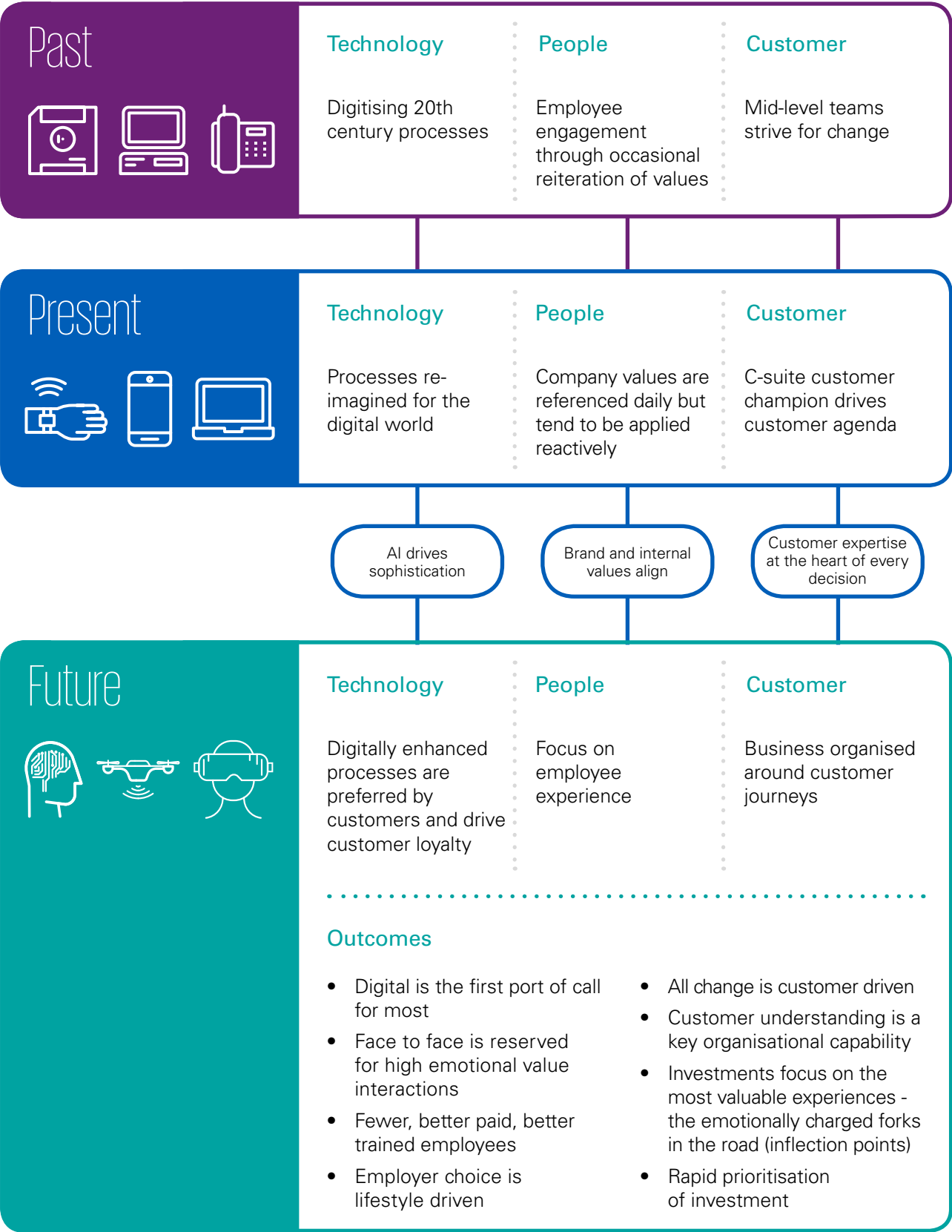
Most damagingly, if the typical day-to-day employee experience is at odds with that which is sought for customers, it becomes very hard to excel at serving the customer.

The modern millennial

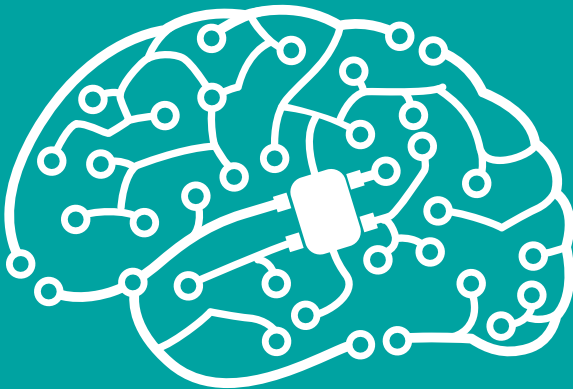
Millennials are naturally taking an increasing proportion of roles in the workplace as boomers retire. This is especially important in terms of human resources because the millennial mindset is very different to their Gen X and boomer

predecessors. This will result in the choice of employer being increasingly influenced by lifestyle considerations, in addition to the more traditional drivers of choice. This will become even more the case for Gen K.

The evolution of customer experience



Understanding Excellence



The 2017 US Customer Champions

01. USAA

Topping the rankings for another successive year, financial services organisation USAA puts the customer at the heart of the business. It doesn't just strive to sympathise with their needs - it goes to great lengths to see the world from the customer perspective and design the experience around this. Technology plays a key role

in the way it enhances its processes around the needs of the customer, with recent developments including a mobile voice recognition system, along with providing customers access to electronic health records to accelerate life insurance purchases - one of the first US life insurers to do so.



02. Disney Parks

Disney Parks continues to surprise and delight its visitors - including some 52 million per year at Walt Disney World in Florida alone. Recognised for its human touch thanks to highly trained and engaged employees ("cast members")

who live and breathe the Disney culture, its clever use of technology, including smartphone apps, MagicBand bracelets and interactive queuing systems, also keeps the company at the forefront of customer experience.



03. InterContinental Hotels and Resorts

InterContinental Hotels and Resorts celebrated its 70th anniversary last year. Continually looking at innovative ways to engage with the customer, the company used the anniversary as a catalyst to engage with the organisation and invest behind the brand, rekindling passion and pride for the brand among

employees and increasing focus on Global Service Etiquette. This was supported by the first global campaign in a decade, "Live the InterContinental Life," to inspire its guests. Following this activity, InterContinental Hotels and Resorts has moved into the top 10.



04. Amazon

As the highest-scoring retailer in 2017, much of Amazon's success is rooted in its ability to innovate. Its new Amazon Go service allows shoppers to purchase groceries instore without queuing, and its Echo device uses

voice recognition to control lights and thermostats. A desire to adapt and learn to continually improve the customer experience seems to be at the heart of what Amazon does best.



05. Southern Company

Southern Company is a brand that values its people. All of its employees are made to feel part of a family, motivated to improve its customers' lives. When searching for new ways to deliver electricity, Southern Company invites employees to contribute ideas. There is a sense that everyone is valued, and this ethos extends to the

customer. Some Southern Company customers in our analysis claim to have never had a bad experience with the organisation in 50 years. Ranked among the top utilities in Fortune's World's Most Admired Electric and Gas Utility rankings, Southern Company is a new entrant to the CEE analysis, and the first utility to feature in the top 10.



Change vs 2016: Up Down No change New to analysis

06. W Hotels

W Hotels promises to deliver whatever the customer wants, whenever they want it - be it a pair of jogging shoes delivered at 2am, or a bespoke wedding cake delivered by helicopter. W Hotels wants its customers to be happy, and by extension, it wants its workers to be happy too. Employees are referred

to as "talents" rather than staff, who are motivated and incentivised to make every experience memorable by delivering true "wow" moments to customers - The "W" stands for "wow", representing the brand's "whatever, whenever" promise.



07. Publix

Publix aims to make shopping fun. Its stores are more like destinations than just retail outlets; they are places where customers can learn how to roll sushi, discover new recipe ideas, or recline in lounge areas with refreshing cups of coffee. Its stress-free innovations, such as its smartphone app, allows customers to navigate to their nearest

stores, use a barcode scanner to add to their digital shopping lists, clip coupons and browse recipes for meal ideas. Employees, meanwhile, are welcomed into a culture that is employee-owned, promotes from within and boasts a sense of teamwork that is designed to foster lasting friendships.



08. Chick-fil-A

In eighth place is restaurant chain Chick-fil-A, a brand whose mission is to have a positive influence on all who come into contact with it, be it employees or customers. Built on heartfelt Christian values, Chick-fil-A makes a point of being closed on Sundays, encouraging its employees and customers to

relax and spend more time with their families. Employee engagement starts right from the recruitment process, with Chick-fil-A looking not just "for good heads, (...) for people with good hearts too."



09. Costco Wholesale

Whether a member or colleague, being part of retailer Costco Wholesale is like being welcomed into a family. Employees are afforded such benefits as emotional support programmes and gym memberships, whilst frequent shoppers are

rewarded with financial dividends. There is a sense of unity, rather than exclusivity, to the organisation. As a result, Costco employees are highly engaged to deliver a personalised customer experience which is welcomed by its members.



10. Wegmans

The grocery retailer Wegmans goes to great lengths to make the shopping experience simple. Its smartphone app automatically categorises products by aisle, and customers can use the brand's Personal Shopper service to have groceries brought

to their car. Fortune magazine lists Wegmans as one of the 100 best places to work; the brand cares about the well-being of its workers, listening to and respecting their views, whilst empowering them to make decisions for the benefit of shoppers.



Understanding Excellence USAA



For the third consecutive year, USAA is the leading organisation in our US CEE analysis.

Serving nearly 12 million members in 2016, the military financial services provider has again achieved consistently high scores across The Six Pillars. Across all brands measured, USAA tops the rankings for Time and Effort, Integrity and Resolution. The organisation is truly delivering on its core values: service, loyalty, honesty and integrity.

As USAA's SVP of Banking and Insurance Solutions, Thomas Grothues, affirms: "Customer experience is our main priority; the service we provide to our members is the foundation USAA was built on. We are focused on knowing our members and fully understanding their individual needs, so we can effectively provide appropriate and customised solutions to protect and enhance their financial security."

"We are focused on knowing our members and fully understanding their individual needs, so we can effectively provide appropriate and customised solutions to protect and enhance their financial security."

USAA has achieved many accolades, ranging from renowned customer experience to ethical and best workplace awards - the company culture at USAA is one to take inspiration from. Company culture is anchored from the very top, with 85% of USAA employees approving of the CEO (Source: Glassdoor, May 2017).

USAA recognises that customer experience is rooted in the employee behaviours that emerge from its culture, as Grothues highlights: "Our member service representatives are some of our most mission-driven employees. They are the face and voice of USAA and live USAA's core values, and are behind our continued success in the *Customer Experience Excellence Centre* analysis."

USAA has proven itself to be an empathic organisation - naturally good at seeing the world from the customer perspective to deliver emotionally

connective experiences - to such an extent that the business is now organised around customer needs and journeys, rather than functions.

This profound focus on the customer is ingrained in its digital first approach to enhancing its processes. On a mission to be the pioneers for voice transactions, award winning Eva - USAA's answer to Alexa - is already a favourite feature of many customers. The voice-based technology assists members with their queries quickly and securely.

Their mission with Eva was again, customer driven - USAA's members can be rapidly reassigned or deployed, leaving them unable to speak to a live representative. With Eva's success, the vast majority of customer-bank interactions now happen via the mobile app, eliminating the need for phone calls.

Intuitive technology reduces Time and Effort. Fully understanding this, USAA has put customer

feedback centre stage when it comes to driving innovation and has recently launched its own design studio to continue to develop intuitive and seamless digital interactions.

Read more on the *Customer Experience Excellence Centre*

Understanding Excellence Disney Parks



Disney Parks' commitment to creating a seamless magical experience for its guests has resulted in second place once more in this year's US analysis.

The founder of the parks, Walt Disney, recognised that the magic was powered by the process and his fixation with this is still at the heart of 12 theme parks and 50 resorts, a testament to the organisation's continuing customer experience success.

Walt Disney would go to endless lengths to improve the parks' process and see it from a guest's eyes. There are stories of Disney going incognito, wearing old clothes and a straw farmer's hat to perfect rides from a customer point of view.

Disney Parks outperforms the average across all of The Six Pillars, and is recognised as the leading brand in the US for the pillar of Empathy, performing 17% above the industry average. The entertainment and leisure brand is a leading example of an empathic organisation, identifying the needs of each individual guest, from the viral example of helping a young girl meet her heroine, Tinker Bell, who had learnt sign language to be able to communicate with the guest, to employees ("cast members") being on the lookout for those that appear to need help, even before the guest approaches them.

The army of cast members are the driving force behind the many examples of empathic experiences at Disney Parks. As Walt Disney himself once said: "You can design and create, and build the most wonderful place in the world. But it takes people to make the dream a reality."

Disney Parks takes the training of its cast members so seriously that it has a university which all new cast members must attend. Here cast members are taught how to create happiness and magic,

and that "I don't know" is a foreign term at Disney Parks. Cast members are made to feel a valued part of the team from day one.

Walt Disney's vision for the organisation set the company culture which continues today and is based around the Four Circumstances:

1. Innovation: leaders must be innovative and accepting of an ever-evolving company
2. Support: leaders must be supporters of employee development and lead the way, no one is too big to learn at Disney
3. Education: extensive, tailored education is offered to all cast members at Disney Parks

4. Entertain: Disney makes employee development a memorable and fun experience and believes that it is possible to entertain and educate simultaneously.

(Source: Thedisneyproject.com. Disney University Program Recap, 2013)

The Four Circumstances play a vital role in the creation of an organisational culture that has sustained the "Happiest Place on Earth".

Not only is Disney Parks a leader in the humanity of an

experience, it is also leading in the digital touch, embracing technology as an opportunity rather than a threat.

The MyMagic+ system, including the well-reviewed MagicBand (an RFID bracelet) and My Disney Experience app, assists guests in planning every detail of their visit and has helped Disney accommodate 3,000 additional daily visitors by reducing congestion and improving efficiency.

The app and MagicBand enable guests to plan and share a visit, schedule fast pass entry, make restaurant reservations and much more. Recent

Understanding Excellence Disney Parks



updates to enhance the experience of the app now mean it opens straight to the park maps, making restaurants, attractions and much more, easier to locate. Another new feature, Spotlight, allows guests to keep up-to-date with the latest happenings in the parks and suggests attractions they might like, based on previous customer preference.

In the parks themselves, Disney utilises technology to enrich the personalised experience. For example, the Test Track ride allows guests to customise their own cars with colours and specifications before they drive away. And gathering information from the MagicBand that guests scan when entering the It's a Small World attraction allows Disney Parks to personalise a goodbye message on screen as the ride ends.

Technological advancements at Disney Parks are set to continue, with the recent patent filed for humanoid robots. The humanoid will be able to interact safely with young children using AI technology, truly enabling a human touch to the digital future. Such emerging technologies are going to be key to the next generation of entertainment experience.

Disney wants to invest in the best and having the leaders of digital, including the founder of Twitter and COO of Facebook on their board, enables the organisation to be at the forefront of digital innovation.

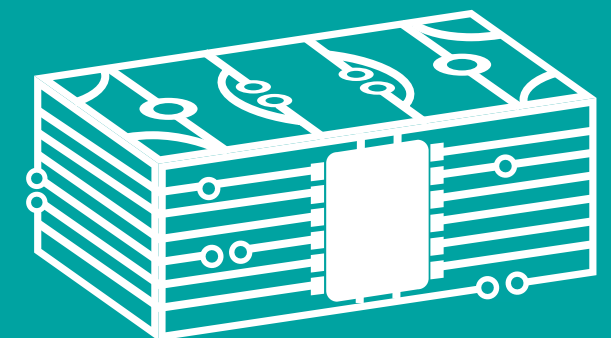
“

Being able to plan my holiday using the MyMagic+ system was really exciting, especially because I could share my activity with friends who were also going.

US 2017 respondent

Read more on the *Customer Experience Excellence Centre*

Customer Experience Economics



The Economics of Excellence

The most successful organisations not only have a mature understanding of customer experience, but they are also able to deliver a CFO-credible business case to justify CX investment, ensuring that they neither under- nor overspend on customer experience delivery. Indeed, for the top organisations in our analysis, the reduction in costs and the improvement in customer experience are not mutually incompatible objectives.

Leading US organisation, USAA, has publicly demonstrated that its focus on customer journeys has enabled it to substantially reduce costs by removing duplication and inefficiencies whilst continuing to improve the customer experience.

Many organisations believe that treating the customer well must have a positive impact on commercial outcomes. This year we tested this belief using actual data. Our analysis provides reinforcement that incremental commercial benefits accrue from steering the organisation to invest in a competitively superior customer experience.

Various commentators have shown that firms are better focused on removing reasons for detraction than focusing on the drivers of promotion. A study conducted by the London School of Economics showed that a one-point reduction in the reasons for detraction made a four times more positive

contribution to revenue than a one-point increase in promotion (Source: LSE. Advocacy Drives Growth, 2005).

In terms of revenue growth, EBITDA and overall CEE progress, we also see a positive story for the CX leaders when compared to the CX laggards.

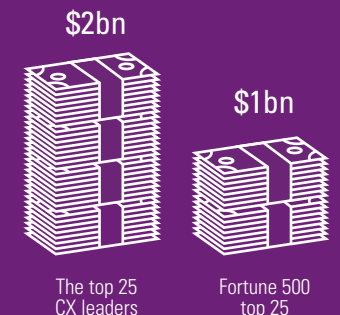
Whilst at the high-level we can be very confident that customer experience drives the commercial outcomes of a firm, just being nice to customers is not enough. It is necessary to really understand the economics of achieving customer experience excellence and to understand the true relationship between fixed and variable costs when it comes to delivering a superior experience.

This is more than simply linking customer experience improvement to customer value. It is understanding the structural costs of delivering the current experience versus the structural costs of delivering the target experience. In the new world, where customer journeys are becoming a significant component of organisation design, it has become much easier to relate costs to experience. The top companies understand this and are improving their customers' experience and reducing their costs to serve by designing unnecessary costs out.

Revenue growth of CX leaders vs Fortune 500 companies

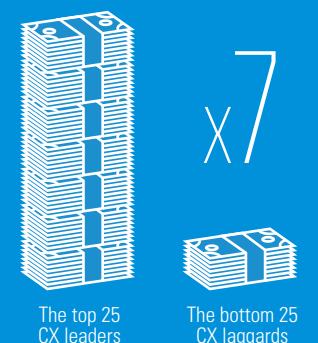
The top 25 CX leaders in the US CEE achieved almost double the **% revenue growth** of the top 25 Fortune 500 companies.

In **incremental revenue** terms that equates to an average of \$2bn for each of the CEE top 25 vs \$1bn for each of the Fortune 500 top 25.



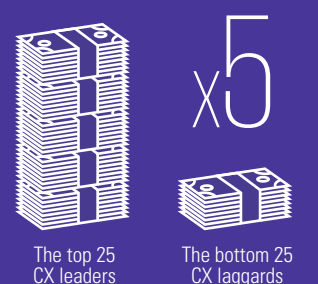
Revenue growth of CX leaders vs CX laggards

The **% revenue growth** of the top 25 CX leaders over one year alone was more than seven times that of the CX laggards - the bottom 25.



Profit growth of CX leaders vs CX laggards

The top 25 CX leaders achieved five times the **% EBITDA growth** of the CX laggards - the bottom 25 of the ranking, over one year.



This analysis is based on publicly available figures for the Fortune 500 and CEE measured organisations. Not all organisations have publicly available financial information. For this reason the sample sizes for revenue and EBITDA analysis may vary. Source: Fortune 500 list data (2015, 2016); Nasdaq revenue data; US CEE 2016 data

Understanding Excellence Georgia Power



One of the biggest risers in this year's analysis, Georgia Power has moved up 106 places to rank 37th in 2017. Its parent, Southern Company, also features in the top 10.

Louise Scott, Georgia Power Vice President - Customer Services, discusses the organisation's customer experience transformation:

"Value, reliability, customer service and stewardship are the cornerstones of Georgia Power's promise to our customers. Our commitment to our customers is pervasive throughout the organisation and integral in every customer contact. Our success is based on this being a core component of our culture and our operating principles.

Georgia Power stands out for the pillar of Personalisation as we treat each customer as an individual and realise that their unique needs and circumstances - and our ability to meet those needs - is a key component of our success and of our customers' satisfaction. We have made great strides in implementing personalised messaging to our customers.

For example, during Hurricane Matthew, Georgia Power deployed geographically based experience targeting. We knew a banner highlighting restoration efforts would not be relevant to everyone, so it only appeared on the homepage for visitors from the Coastal Region. We have also deployed A/B testing to determine which promotions for our Marketplace (eCommerce site) would garner the most engagement.

In addition, we have several initiatives in place that will enable us to better serve our customers, by offering them customised solutions as well as communicating with them through relevant

messaging in their preferred channel(s). We realise that highly focused, personalised experiences communicating relevant information to individual customers can increase engagement, while driving brand loyalty.

Both today's business environment and our customer expectations continue to evolve. Online retailers, as well as other service providers such as banks, have set the bar for providing customers with multiple channels for interaction. At the same time, customer expectations for timeliness and ease of information access are growing.

We've made significant changes to our online customer care to improve functionality and evolve it to a more responsive design. We are committed to making ongoing improvements to keep it fresh and relevant. We are also committed to new product development and offering customers more solutions to fit their needs.

Several years ago, we implemented a customer experience function to understand how our customers currently interact with us versus how they would like to

interact with us. As part of this function, we identified areas where customers had undergone extra effort to do business with us and what other pain points existed. We built an integrated database of all residential and commercial customers to study interactions. Additionally, we have implemented customer surveys where we can track how we are performing against customer needs and expectations.

Our big data vector into customer interactions and survey insights enables us to virtually track every component of the customer's journey in their interactions with Georgia Power. We are also able to see where processes, policies or channels

are causing extra customer effort - the barriers that hamper an effortless experience. Having this data enables us to quantify how many customers are affected. The combination of this information helps us prioritise our initiatives so that we can focus on resolving issues that will have the greatest impact on minimising customer effort and maximising satisfaction.

Experts acknowledge that higher satisfaction with a utility increases the propensity of a customer to purchase products and services and, in turn, drives higher value. We know that there is a correlation between higher satisfaction and adoption of our programmes (particularly our FlatBill programmes). In addition, by knowing more about our customers and how to effectively and efficiently interact with them, we can better utilise digital channels, which carry a lower cost per message. Also, by targeting our messaging to the individual customer's unique needs and motivators, our messaging is far more productive in generating incremental sales.

Our own proprietary surveys, as well as virtually every syndicated survey, show that customers have significantly higher overall satisfaction if they are able to self-serve. Maximising performance of our digital channels and enabling customers to self-serve leads to happier customers and enables Georgia Power to reduce operational costs. We will continue to focus on building our capabilities within digital channels to provide customers with digital access which enables them to complete their transactions on the first attempt, within their preferred channel.

At Georgia Power, and parent Southern Company, customer satisfaction is pervasive throughout the organisation and integral in every customer interaction. Results of our internal employee satisfaction studies show that we have a highly engaged, motivated and loyal workforce. This positive mindset is demonstrated in every customer interaction where our employees strive

to provide quality service and resolve issues on first contact, while minimising the customer's effort. We are always exploring opportunities to improve and our focus on customer satisfaction is always at the forefront of our customer-facing personnel."

Louise Scott
Vice President -
Customer Services
Georgia Power

"Maximising performance of our digital channels and enabling customers to self-serve leads to happier customers and enables Georgia Power to reduce operational costs."

Read more on the *Customer Experience Excellence Centre*

Colleague Engagement



Bridging the Customer Experience Effectiveness Gap

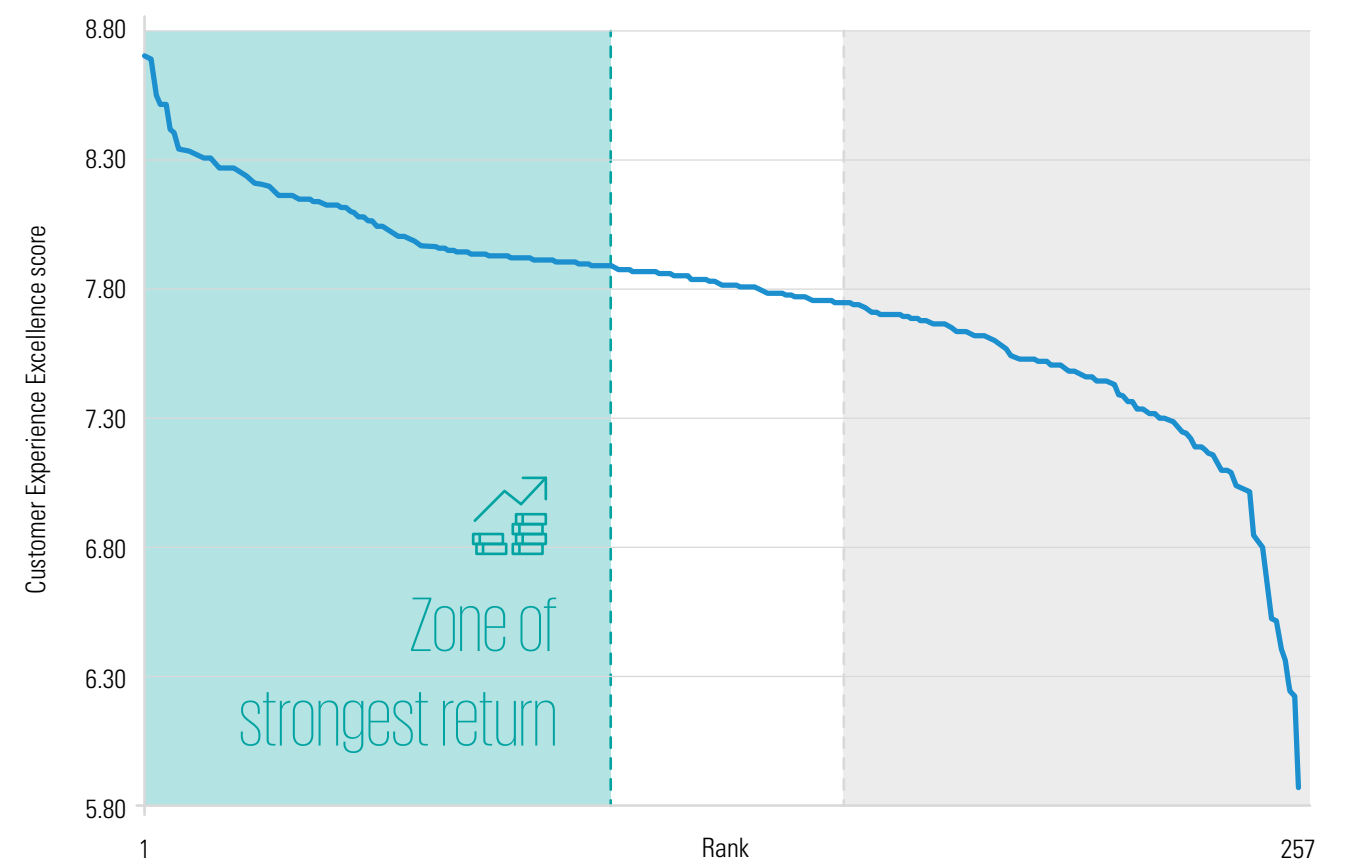
“

Our analysis over the past eight years has consistently shown, across each of the geographies that we cover, that there are a handful of companies that lead the pack when it comes to experience delivery. They have mastered how to convert outstanding experiences into commercial returns.

90% of companies do not execute their strategies effectively.

Kaplan & Norton

The customer effectiveness gap



The defining characteristic of each of these companies is organisational alignment behind a strong sense of shared customer purpose.

These companies have bridged the gap between great strategy and rigorous execution by focusing on alignment. Bridging the gaps between the organisational drivers of their business to ensure they are pulling in the same direction.

Such alignment is complex and multi-faceted. For many organisations that hover in the middle and bottom of the CEE rankings, colleague engagement has been decomposed to systems or technologies: VoC, NPS or closed loop feedback or employee training. Whilst these standards are often helpful ingredients, each with their own success stories, they are rarely effective in isolation.

As CX enters a new age of maturity, business leaders are increasingly recognising there are no silver-bullet solutions to complex cultural, digital and human challenges.

Successful alignment, on the other hand, can take many forms: business structure, operational, technical and cultural.

But at the heart of alignment for the leading organisations is the link between the employee experience and the customer experience - what we call the "spine" of the organisation.

The human equity continuum



Coordination, integration and cohesiveness are achieved through a single plan, stakeholder buy-in, enabling methods and tools that ensure consistent design across the enterprise and a customer experience governance process that prioritises competing demands against a clear roadmap.

Culture is the invisible shaping hand of organisational change. It has the power to accelerate or subvert change initiatives. One of the most powerful questions an executive team can ask is: "Does our culture support or inhibit our strategy?" The reality is that for many companies, their culture - their organisational mental model of how the world works and how they should participate in it - has been left behind in an outdated view of what is needed to compete effectively.

Culture, organisational disconnects and silos are at the centre of poor execution.

Over 30% of the Fortune 500 have sought to organise around the customer with mixed success. (Source: Harvard Business Review. Customer-Centric Org Charts Aren't Right for Every Company, 2015). The change has, in fact, exacerbated organisational disconnects and exposed poor channels of communication, with the net result that, initially at least, the change has been commercially injurious to their business.

The top organisations show that, with a strong organisational spine, it doesn't have to follow that pattern.

This year's US leaders all exhibit a strong organisational spine - brand-based experience design principles managed by an effective enterprise-wide governance process and buy-in from all stakeholders.

The human equity continuum of leading organisations

For aligned organisations there is no distinction between brand values and internal values. The culture is the brand and the brand is the culture; they are synonymous.

The customer experience is rooted in the employee behaviours that emerge from the culture.

The human equity continuum: USAA



The human equity continuum: W Hotels



Company culture

- Own language, e.g. housekeepers called “stylists,” employees called “talents”
- Intense focus on recruitment and acculturation, recruiting for attitude
- Extensive training in creating “wow” moments
- Brand values drive behaviour: “flirty, insider, escape”
- Promoting a culture of energy, vitality and fun
- Every experience should be memorable



Colleague experience

- Intense, productive and involving
- Fast-paced environment
- Tailored to the local culture of the city
- Collaborative
- Focus on creatively meeting guest needs
- Going above and beyond a matter of course
- Felt to be a great place to work



Colleague behaviour

- Brand values and W's Secret Seven ways to create a positive guest experience drive behaviour
- Playful, having fun with guests
- Delivering wow - every guest interaction an opportunity to hone customer service skills



Customer experience

- It is all about the experience
- The consistent delivery of the brand promise “whatever, whenever”
- Emotional connection through “W” moments that inspire and indulge



Customer behaviour

- High loyalty and return rates (76% very/extremely likely to return, US CEE 2017)
- High advocacy (79% very/extremely likely to recommend, US CEE 2017)
- Positive experiences shared on social media



Business outcomes

- Rapid growth
- Highest revenue per allocated room (REVPAR) within Starwood group
- Highest occupancy rates (77%) across Starwood group and considerably in excess of US average (Source: HVS)

Understanding Excellence

W Hotels



W Hotels arose from the Starwood innovation lab ‘Starlab’ in 1998. A unique lifestyle hotel aimed at a younger more fashion conscious traveller.

The “W” stands for “wow” - the experience that is captured in the brand promise “whatever whenever”.

Every dimension of the guest experience has been designed to appeal to this target customer group.

At the heart of the experience lie the physical surroundings, the staff culture and the brand promise which combine to create a multi-sensorial experience.

Staff are very carefully recruited. When the Boston hotel opened there were 7,000 applicants - leading the local newspaper to remark that it is easier to get into Harvard than get a job at W. Staff (“talents”) are selected for their mindset, energy and vitality, and interviewees are expected to be able to recount the times they have wowed guests and explain how they can do that for W.

New employees are treated as celebrities, exposed to the paparazzi and shown the experience first-hand that they will be expected to deliver to guests. As W puts it - it is all about feelings and knowing what the feeling is like so they can evoke it in others.

Staff are motivated and incentivised to make every experience memorable.

They are seen as an almost theatrical troupe - there to inspire, to entertain and to transport their customers to a better place.

Language and definitions shape cultures. W has developed its own language, especially any words beginning with “w” - “whimsical” for example, which shapes the physical experience of the hotel. So staff are called “talents,” uniforms are “wardrobe” and housekeepers are “stylists.” Areas of the hotel are also redefined: lobbies are “living rooms,” swimming pools the “wet,” and pool bars the “wet deck.”

Staff behaviours are rooted in the brand values:

- Flirty: Playful without being childish. Teasing in a witty and clever way. Having fun with guests.

- Insider: In tune with the times, linking guests to events and happenings that play to their sense of self and provide a sense of belonging, being welcomed into the circle of those in the know.

- Escape: Where you go to escape and recharge to regain your sense of self and to reconnect with what interests you.

There is a focus on brand moments of truth - the details that make a good experience a great experience. Staff are trained in delivering the Secret Seven ways to create a positive guest experience. This starts with listening - active eavesdropping is a key competence - recognising what customers want and need and identifying problems early so they can be resolved. They include smiling, using the guest's name and going above and beyond whenever an opportunity presents itself.

Every detail is examined for brand consistency and ruthlessly executed.

What is interesting is how W has focused on customers that share their values and see themselves reflected in what the chain stands for. This centres on music, design, fashion and being current, delivering what is new on a continual basis.

With industry leading occupancy rates and market leading revenue per room, W is both an experience and a commercial success.

Read more on the *Customer Experience Excellence Centre*

Customer Experience Execution



The Psychology of Digitally Enabled Experiences

Emotional design

Don Norman is the father of emotional design. A field of design that concentrates on the emotional outcome of an interaction with a product, service or system. He focuses on the importance of creating fun and pleasurable technical interactions rather than dull or dreary ones.

The belief is that people can more easily relate to a system when they are able to connect with it at a personal level.

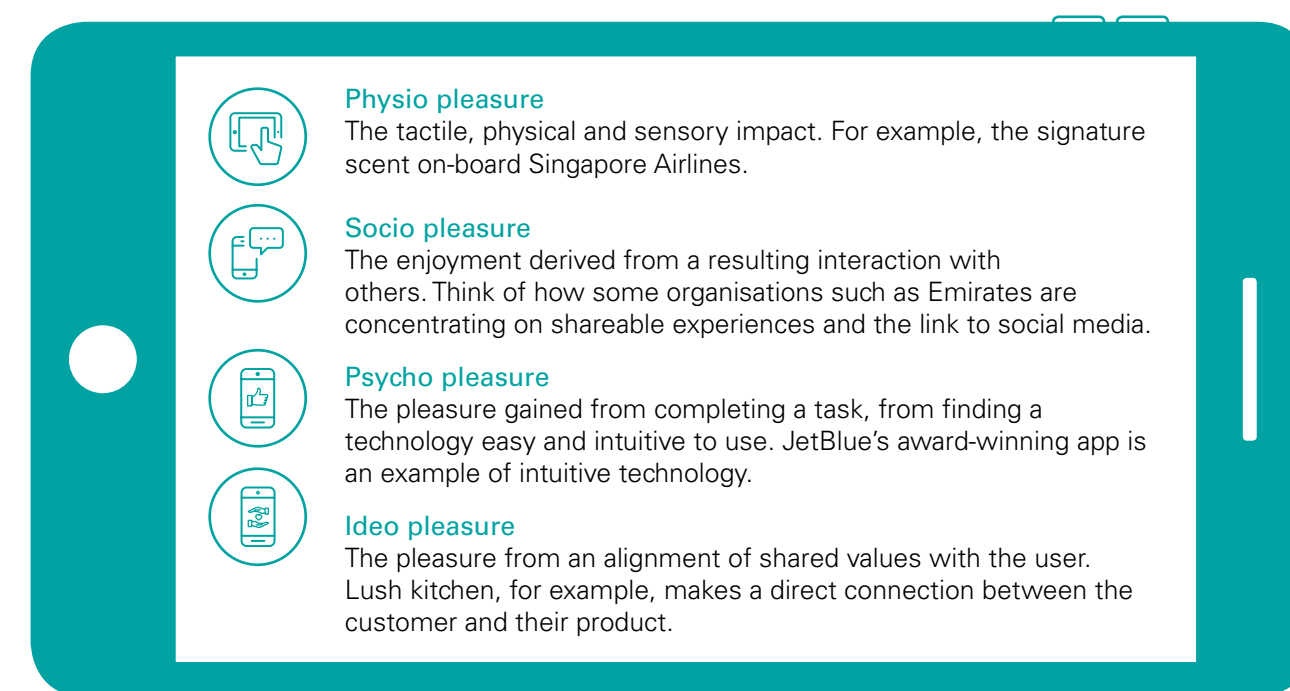
Professor Lionel Tiger of Rutgers University has identified the four pleasures that technology should evoke if it is to create an emotional connection (Source: The Pursuit of Pleasure, Tiger, 2017).

“

Technology should bring more to our lives than improved performance of tasks: it should bring richness and enjoyment.

Don Norman
Author and Director of The Design Lab

The four pleasures of technology



Human-computer interactions

Human-computer interaction (HCI) and human-centred design have tended to concentrate on the interface and usability - all very important - but it has led to very usable but boring digital experiences. Enjoyment and emotional connection need to be designed in much earlier in the process.

- Delta Air Lines' glass bottomed plane is an excellent example of an app that combines functionality with high levels of pleasure and enjoyment - the app simulates looking through the floor of the plane, using Google satellite

images, so passengers can have a bird's-eye view throughout their flight.

- Usability is a vital hygiene factor - researchers at Microsoft have found that a website will lose traffic if it takes 250 milliseconds longer than usual to load, but usability on its own is not enough.
- If people have a less than good online experience they find fault with the company immediately.

The mind in the machine

Scientists have long known that the human brain will not distinguish between humanic cues from a machine versus a human. If a machine remembers and uses our name we are equally as flattered as if a person has done it.

We respond emotionally to machines that appear to act as if they were human. However, when a machine attempts to look human, we are more suspicious and do not respond emotionally.

We are programmed to recognise human minds according to Dr Nicholas Epley of University of Chicago Booth, who, in the Mind in the Machine, identifies the human tendency towards anthropomorphism. Thus any technology that can act as if human tends to be recognised as such deep in our psyche. He finds that our psychological response to humanic cues increases trust and likeability.

Emotion and digital experiences

Emotional design plays across three types of customer experience:

Where the customer is emotional

Apps that solve problems when the customer is in a heightened sense of emotion need to be particularly carefully thought through. USAA's insurance claim app does not make a drama out of a crisis. Instead, it offers reassurance, rapid resolution and enables customers to get on with their lives quickly and efficiently.

Where the customer can be made emotional

Car buying is an activity that can be laden with emotional cues. Like house purchasing, it is 90% emotion and 10% rational (Source: Brandmix. Decisions made with 10% logic, 90% emotion, Bishop, 2008). Apps such as USAA's car purchase app recognise this and connect to and stimulate this emotion whilst, at the same time, offering real value, time saving and high levels of user satisfaction.

Where the customer requires transactional excellence and rapidity

Members of the US military receive a disproportionately large number of cheques, but it is not always easy for them to find bank branches to deposit them. USAA solved this problem elegantly and simply by enabling customers to use their smartphones to photograph the cheque and email it to USAA.

The hierarchy of digital emotional connection



The Six Pillars play out hierarchically across the digital experience as they do in an offline experience. Like Maslow, the benefit of the succeeding stage is not realised until the preceding

stage of the hierarchy is satisfied. There is no point, for example, in focusing on Empathy before ensuring the site is usable and intuitive.

Empathic organisations as natural emotional designers

Our analysis shows that, from a customer's perspective, the biggest driver of an outstanding experience is Personalisation. However, what this year's research illustrates is that the critical means of achieving Personalisation is through corporate Empathy.

It is the organisations that really put themselves into their customers' shoes that see their business from the customer perspective and who, in the end, achieve competitive superiority.

These organisations really listen to their customers. More importantly, they listen to and understand the system behind the words - the psychology that influences future customer behaviour.

To really understand how the micro wants and needs that comprise a customer's experience need to be satisfied it is necessary to live the life of a customer and to be immersed, ethnographically,

in the customer's world. Only then can you play a meaningful role in their lives and deliver emotionally connective and shareable experiences.

These empathic organisations almost naturally practise emotional design, ensuring the humanisation of digital experiences.

For example, USAA's development of its car buying app, its accident claims app and its photo-based cheque deposit app are examples of an empathic organisation naturally solving customer problems through technology in a human way.

Disney Parks is another outstanding example of an empathic organisation. From the outset, the parks were designed from a guest perspective. Walt Disney himself would go inside the castle and look out at a child's level, as he wanted to experience the Park just as a child would do.

Understanding Excellence The Vanguard Group



The Vanguard Group is one of the world's largest investment companies, managing more than \$3.4 trillion of global assets and is ranked 19th place in the 2017 Customer Experience Excellence analysis. It is an organisation built on strong moral and ethical values and has developed a customer experience strategy which strives to put the clients' interests before the brand's. At the heart of its strategy lies Personalisation. Vanguard's score for Personalisation at 8.64 is the fourth highest overall.

CIO and MD of Vanguard's Information Technology Division, John T. Marcante, describes the Vanguard approach as follows:

"There are certain milestones or moments in people's lives, some joyful, some not so joyful, that require people to react financially. Not too long ago, Vanguard looked at our individual investor business to identify these decisive moments in the lives of our clients. When a loved one passes away, for example, a tremendous amount of decisions may have to be made, and quickly. It is our job to make the system that facilitates those decisions as smooth as possible, particularly in times of loss. What we've learned is that we have to design our customer experience around those decisive moments."

Vanguard uses an ethnographic design thinking approach with IT and business teams observing first-hand how people move through life in times of crisis. In the case of losing a loved one, the newly bereaved spends time with estate attorneys, funeral directors, and many other professionals. During their research, they watched incredibly emotionally charged people navigate the emotions and complexities of their circumstances to get things done.

The research helped identify some critical aspects of experience delivery:

- Enable clients to have a single point of contact - someone they trust and can rely on during this stressful time.
- Structure the experience so people can do things in their own timescales, not on Vanguard's timescales.
- Provide continuity. Enable clients to start a process, then disconnect, then reconnect without starting again.

- Look for every opportunity to make each part of the experience as easy as possible.

In addition, Vanguard is using big data to drive increasingly personalised digital experiences for its clients.

Using a combination of big data and analytics enables the testing of large subsets of clients in real-time, such that Vanguard can watch their actual behaviours. A/B testing, where Vanguard runs multiple treatments of scenarios to see how clients respond, enables continuous refinement of the approach.

Vanguard has created full staff teams with the business and IT co-located and working together. Their focus is less about delivering a feature on time and on budget, and more about delivering the right experience outcome.

"Where we see a better experience, we persist. If not, we pivot. It is all a journey, of course. I would say 30% of that journey is technology, but the other 70% of it is culture. We are not perfect at this test-and-learn methodology, but we are committed to creating an entrepreneurial culture within a traditional organisation.

Similarly, a customer experience isn't truly one until you have connected multiple moments of truth into a customer journey. Life isn't a moment in time, a disconnect, and then another moment in time. It's a full journey. As technology leaders, we need to understand that journey and engineer the best experiences possible."

(Source: [How Vanguard uses design thinking to improve customer experiences](#), John Marcante, 2016).

Read more on the *Customer Experience Excellence Centre*

The Six Pillars in a Digital World

As organisations learn to tackle the social and digital challenges of competing for the future, The Six Pillars, as the guiding principles of world class experiences, are as relevant in a digital world as they are in a human one.

Six Pillar relevance in a digital world



Personalisation

- Central to a personalised experience is context.
- Increasingly, it is about being relevant and present in the customer's life - not just pushing the firm's story and not just when a sale is likely.
- Personalisation plays to a customer's sense of self-worth. At one level, this is about being made to feel valued and important. At another level, it is about shared values and brand personality.
- It requires understanding how organisations play a role in the customer's personal brand - new retail entrants Ralph Lauren and Calvin Klein show the importance of people being able to see their own personalities or characteristics they aspire to in a company's brand.
- The brand experience, digital or human, must amplify and reflect self-perception.




Integrity

- 90% of significant purchase decisions are subject to social influence. Research shows that consumers on average consult 11 different information sources before making a decision (Source: Digital Intelligence Today).
- Decisions may start in a search engine but, increasingly, customers refer to their social networks for insight and direction. Organisations need to be able to join their customers' circle of social trust if they are to be relevant and connect emotionally.
- Firms are beginning to understand that their target audience also has an audience and both need to be satisfied as to the firm's Integrity, reiterating the importance of a positive online profile.




Expectations

- Organisational agility is becoming critical to responding to escalating Expectations.
- Silo based business models are no longer fit for purpose.
- Customers expect simple, intuitive interfaces.




Resolution

- Fixing the basics - the problems that organisations just live with and expect customers to live with also.
- Social amplification and how it is managed is a vital skill.
- Experiences are increasingly socialised. Negative reviews trigger an “it could happen to me” response in existing and potential customers and can severely damage a business.
- It requires the ability to turn negative perceptions into positive ones and, in the process, rebuild social capital.
- Anticipation of likely customer issues is a new science - understanding the obstructions and issues a customer may face in their particular circumstances and fixing them before they arise.



Time and Effort

- Being able to respond to the urgency of now. Social media units that operate 9-5 are no longer acceptable.
- Real-time curation and education are becoming key time savers.
- Being present and available when needed. For example, KLM were the first airline to make all flight documents digitally available in one place and use messenger bots to provide updates for any delays.
- Recognising the touchpoints where human interaction is no longer required. For example, Starbucks’ mobile app manages loyalty points and pre-ordering. Now 7 million purchases are made through the app - 16% of all orders avoid having to queue (Source: Forbes. Starbucks’ Success With Mobile Order And Pay Is Too Much Of A Good Thing, 2017).



Empathy

- In a social world, people’s attention focuses on those who demonstrate an awareness and understanding of their interests, challenges and options.
- It is about creating a sense of belonging through feeling understood.
- Empathy is detectable and vital for psychological satisfaction.

The brands who excel in delivering The Six Pillars in a digital environment not only perform well from a digital customer experience perspective, but also tend to be strong performers in the overall Customer Experience Excellence rankings. We see brands such as Amazon, USAA, InterContinental Hotels and Resorts and Disney Parks all featuring in both the digital CX top 10, as well as the overall CEE top 10.

US CEE 2017 digital customer experience leaders

Digital CX rank	Brand	Digital customer experience score	CEE rank
1 st	Amazon	8.95	4 th
2 nd	USAA	8.80	1 st
3 rd	Tommy Hilfiger	8.78	11 th
4 th	InterContinental Hotels and Resorts	8.71	3 rd
5 th	Disney Parks	8.69	2 nd
6 th	PayPal	8.68	28 th
7 th	Williams-Sonoma	8.67	25 th
8 th	Netflix	8.64	14 th
9 th	Polo Ralph Lauren	8.60	13 th
10 th	GEICO	8.58	54 th

Our leaders in digital customer experience are typically pioneers within their sector. For example, Amazon’s new Amazon Go app is predicted to revolutionise the shopping experience by removing the need to physically queue at the checkout.

USAA is a forerunner in financial services digitisation, and this has continued with the introduction of the Enhanced Virtual Assistant (Eva) for its website and mobile app. Providing immediate online support and answers to USAA’s members’

most critical needs through artificial intelligence, Eva enables members to pay bills or transfer money, among 200 other transactions, simply by talking.

InterContinental Hotels and Resorts is another example of digital first in its sector - its parent IHG was the first company to have a mobile app where customers can book rooms, make changes to reservations, and indicate preferences when they stay.

Understanding Excellence JetBlue



Now the leading airline in the 2017 US CEE analysis, JetBlue has moved up 40 places in the last year. This achievement is echoed by many other accolades for the organisation, not just being recognised for customer experience, but also for innovation and as one of the best places to work in the US.

"JetBlue is dedicated to inspiring humanity in today's experience-driven economy. Our focus on the customer experience is core to who we are as we provide Personal, Helpful and Simple service for our customers. We've always focused on our customer experience and internal culture.

We spend a lot of time examining the differences between transactions and interactions and how they impact the customer experience. Transactions, like the act of buying a ticket, checking in, or checking a bag, are moments we found that customers may not necessarily appreciate crewmember engagement, so we've focused on ways of streamlining those moments and offering simple self-service options for customers, freeing our crewmembers to support those vital interactions. With our new lobbies, for example, we've created spaces without lines by using technology to help move crewmembers out from behind the counters to engage with customers using self-service options, or arrive ready to head straight to their flight.

Since the launch of Mint in 2014 (JetBlue's premium experience), we've learned that customers think we deliver great service, but also really enjoy the

personal touch - such as the Personalisation when we use their name or the Empathy shown when resolving problems, reducing the emotional effort for our customers.

Our business has never been about just getting people from point A to point B: it's about the experience our customer has along the way. The investments in continually improving our customer experience have always been a priority. However, we're really proud of some of the more recent improvements:

"Our business has never been about just getting people from point A to point B: it's about the experience our customer has along the way. The investments in continually improving our customer experience have always been a priority."

- To start, we're focused on truly understanding our customers' needs. It's not just about gathering data that might just exist in silos, but correlating, understanding, and sharing the information contained which can drive strategy, allowing us to predict and manage the experience.

- We've introduced hospitality standards - called JetBlue Promises - that will be expected of all JetBlue crewmembers. We want to ensure crewmembers across the system are delivering service

through hospitality. The main difference is that service refers to delivering a product or completing a transaction - such as booking a flight, boarding the aircraft, or serving snacks, all of which we do well. Whereas hospitality refers to how we make a customer feel while delivering service. For example, brands such as Disney create a true "feeling" for visitors. That's similar to what we're aiming to create at JetBlue. Through our promises, we're

aiming to become world-class in hospitality by elevating everyday transactions to meaningful interactions.

- With kiosks in airports and self bag-tagging, crewmembers are no longer confined behind the ticket counter and now act as roving lobby greeters to assist as needed.
- We are investing in a redesign of our customer-facing gate and flights displays at our primary cities in an effort to streamline the communications to our customers and alleviate some of the transactions happening at the gate.
- We truly believe that our crewmembers are at the heart of delivering excellent customer experience and are therefore investing in a centralised crewmember tool that will connect the teams at the gate, Customer Support and our System Operations hub real-time. The tool will have all the information any operations crewmember might need to perform his/her job with excellence.
- We are doubling down on the "cabin of your dreams" with better seats, bigger televisions, more channels, free Fly-Fi and Amazon streaming on all aircraft.

This focus on the customer is what allows JetBlue to shift from what is otherwise a commodity business in air travel, to position ourselves as a value carrier that can command a premium for the award-winning experience we provide.

We stay focused on innovation to enhance the experience - whether it's JetBlue Technology Ventures in Silicon Valley, set up to cultivate ideas and watch for those start-ups at the intersection of technology, travel, and hospitality, or the programmes we are launching within our own operations to streamline the customer experience - innovation is key.

JetBlue's culture is our brand. There are only two roles for crewmembers at JetBlue: supporting our customers, or supporting the crewmembers who support our customers. For 17 years, we have continued to build a brand that's listened to and remained responsive to the needs of our customers.

We model this same attention to our crewmembers, knowing that when they feel supported, they are able to support our customers. Our people are the heart of the special culture of caring that we cherish. Our customers feel that - and it's what they love about JetBlue.

Safety, caring, integrity, passion, and fun are the values that all crewmembers share, and make decisions by. We also have programmes in place to reward people for demonstrating these values, and regularly survey our crewmembers to measure engagement, even tying the results of the survey to our leadership compensation structure.

We are proud that along with our award-winning customer experience, our crewmembers have named us on Forbes' America's Best Employers list.

Looking to the future, we believe that the things that are important today will still be important to our customers tomorrow. Personal, easy, and seamless experiences will be expected from all industries. There will still be some hardware pieces that we will be using, but most of the experience will be digital. The revolution of social networks and mobility is leading to completely different experiences. There will be an expectation that we all know what our customers want, and the CX of the future will use a lot of AI and predictive analytics to expect the needs of the customer and meet them before the customer has even asked."

Liliana Petrova
Director Customer Experience Programs,
JetBlue

Read more on the *Customer Experience Excellence Centre*

Customer Experience Effectiveness Success Stories

The biggest movers of 2017

Change does not happen overnight. Customer experience transformation can be a slow process taking a number of years, with brands making incremental changes behind the scenes to enhance process, engage staff and, ultimately, improve the quality of their services. For US companies in 2017, two key themes link the very best customer experience transformations: a focus on technological innovation, and a close consideration of employee culture and the resulting impact on the customer.



The biggest mover of 2017, Southern California Edison (SCE) is one of the US' largest electric utilities, serving a population of approximately 15 million Californians. Its progress in the US CEE analysis sees it now ranking at number 72, having climbed 148 places in the last year.

This dramatic upswing follows an intensive period of customer research, where SCE recognised it needed to review and overhaul the way it interacted with its customers and the information it provided to them, particularly around issues that would affect them. The result has been a powerful change in the communication with its customers, to "treat them like adults, make it clear SCE understands that its job is to serve them, tell them what, why, and when, provide details that can be understood easily, tell them why this maintenance and improvement work is necessary, and make messages as simple and honest as possible." (Source: Southern California Edison). A year on and customers acknowledge and welcome the changes the organisation has made - with dramatic improvements across all of The Six Pillars, most notably, Empathy.

The organisation is committed to looking after the future of its customers and also that of the planet, with innovations in renewable energy over the last year. The company has recently unveiled the world's first battery-gas turbine hybrid system, allowing it to expand the use of solar and wind resources to meet the energy needs of the state, reducing environmental impact whilst also enhancing flexibility, reliability and response time to customers' energy demands, along with improved costs.

"We needed them to come out and thought we would have to wait all day, but they came early, diagnosed the problem quickly, explained the issue simply and set up the follow-up appointment just as they said they would."

US 2017 respondent



Travelers is one of the oldest insurance companies in the United States. It has over 30,000 employees and insures over one million small businesses across the globe. (It also insured the moon landing in 1969.) Moreover, it has seen a significant shift in its customer experience performance, recording a climb of 142 places in 2017, to rank 43rd.

In recent years, Travelers has set in place a number of initiatives to enhance the experience for its customers, including:

- Forming a Customer Advocacy Team to ensure that customers' questions and concerns are answered quickly and professionally.
- Opening Claim University, where representatives receive the training they need to effectively help customers.
- Building a catastrophe response model that assures customers Travelers will be there when needed the most.
- Establishing a prestigious CX award to honour and celebrate the contributions of frontline service employees.

(Source: Travelers website)

By extension, Travelers is a favourable place for employees. Workers are invited to leave their personal stamp on projects, and to be "limited only by their own ambition." Indeed, employees talk of the great opportunities to progress in a very collaborative working culture.

"I have been with them for many years due to the personal treatment that I have received. I would highly recommend them."

US 2017 respondent



TiVo is a brand with bold ambitions. Committed to building 'the ultimate entertainment experience', TiVo adopts technology in order to better humanise its customer interactions. The digital entertainment brand's rise up the CEE rankings, climbing 121 places over the last 12 months, is reflective of its recent innovations.

In 2015, TiVo began incorporating natural language interaction and dynamic metadata into the guide, making entertainment discovery easier, more relevant and more personalised for its users. As users search for entertainment content on their televisions, a dynamic data engine considers context, the subscriber's location, and what programmes are trending in order to make personalised recommendations. Its Seamless Discovery programme also makes use of voice recognition technology to deliver tailored results, with viewers being able to use spoken commands such as "turn on my favourite show" to access content. More recently, the company has developed the technology to allow users to search for shows from any source and add them to a cloud-based watch list. Such commitment to innovation has enhanced the customer experience.

"It was easy to set TiVo up in our new home. I appreciated not needing to make an appointment for help thanks to simple instructions."

US 2017 respondent



With a move of 111 places up the rankings this year, MetroPCS is now the leading telecoms brand in the analysis - and the only US telecoms provider to feature in the top 100.

Following a merger with T-Mobile in 2013, reviews of MetroPCS frequently cite its strong unlimited plan, great value and fast 4G speeds, thanks to the T-Mobile network. However, it is not just the product that appeals to customers - the brand also boasts a glowing customer service reputation within the industry, which is traditionally a sector that languishes towards the bottom of the league when it comes to customer experience.

As a telecoms company that serves over 70 million cell phone users, MetroPCS is continually looking for ways to improve life for its customers beyond the product itself. For example, the integration of a new solution into the POS system this year will allow all MetroPCS stores to operate more efficiently and therefore serve their customers better, ultimately expecting to cut customer wait times in half.

Within call centres, MetroPCS staff are encouraged to bring their personality to the fore, as one respondent in this year's analysis demonstrated: "My favourite part of calling the customer service is that every representative has their own line, for example "Hello, this is Ray here to save your day!" Every time it's a different quote and I think it's awesome how enthusiastic the customer service reps are. It makes my day so much brighter!" (US 2017 respondent)

This example is a reflection of the culture at MetroPCS, which is considered by many employees to feel like a close-knit company with a fun, friendly and supportive environment, despite its size. Indeed, the board strives to make themselves as accessible as possible, with quarterly open sessions for all employees to ask any questions or suggest any ideas for consideration.

"I just recently signed up with MetroPCS about one month ago. The sales person actually spent several hours finding me the best deal and then took the time to make sure I understood how to use my new phone, showing me all the features, not rushing me at all."

US 2017 respondent



Another transformed utility company is Georgia Power, having experienced a climb of 106 places in the US CEE rankings in the last year, particularly driven by the pillar of Empathy.

Over the last five years, Georgia Power, a subsidiary of Southern Company, has invested more than \$1bn on equipment to improve its services, and customers have access to a number of free tools that help them stay informed and connected. One of these is the online Outage and Storm Center, which provides an easy way for people to check the status of outages and estimated restoration times, and users can also choose to receive personalised phone or text notifications. Respondents to our analysis this year frequently cite the responsiveness to storm outages and the resolution of the issue as a key strength: "They have always been a good, affordable, dependable power company. When the power goes out I know it's just a phone call away from restoring it. I can't imagine not having them as my provider." (US 2017 respondent)

Georgia Power's company philosophy is that employees should be "A Citizen Wherever We Serve", with employees encouraged to participate in volunteer activities for charity, and to get involved with local communities - even offering to transport people to hospital in small aircraft. This encouragement to participate in the community is a key part of the company culture, which is felt to be friendly and family-oriented, despite being a large corporation.

"Georgia Power offered the senior discount and they took the time to walk us through the entire process to explain everything clearly to us. I found them very caring and helpful."

US 2017 respondent

Understanding Excellence InterContinental Hotels and Resorts



InterContinental Hotels and Resorts®, the largest luxury hotel brand in the world, has moved up 64 places to rank third in this year's US CEE analysis.

Lisa Gunther, VP Global Brand Strategy and Planning, discusses the focus over the last year that has helped to engage the organisation and drive customer experience.

"In 2016, InterContinental Hotels and Resorts celebrated its 70th anniversary. This was a catalyst to engage the organisation and invest behind the brand. There were three key pillars that we focused on:

1. Rekindle passion for the brand with employees
2. Deliver our Global Service Etiquette
3. Invest in a global campaign, 'Live the InterContinental Life'

With more than 180 hotels and resorts internationally, InterContinental Hotels and Resorts provides our customers more opportunities to experience the InterContinental life. The 70th anniversary was an opportunity for us to showcase the brand's rich heritage and install a renewed sense of pride in what the brand stands for and how it continues to be a pioneer in luxury travel. We celebrated the 70th anniversary with personalised birthday cards for employees, celebrations in-hotel for employees, a bespoke, limited edition magazine celebrating stories of the InterContinental life, and the IHG Foundation donated \$70,000 to four select charities that our hotels already work with to transform our communities.

"The new Brand Orientation provides our colleagues a great understanding of our customers and their needs. Our colleagues are taught to observe and intuitively respond to our customers."

Our second pillar transitioned from internal celebrations to focus on service, the most important driver of customer satisfaction. Customers associate the InterContinental brand with worldliness, and we celebrate this in our service style. We combine our understanding of cultures and customs around the world with our local knowledge to give our customers the best of both worlds. This is what we call Global Etiquette, the service philosophy of InterContinental Hotels and Resorts. This was brought to life for employees through a new Brand Orientation that focused on the key moments that matter most to our customers. This training was delivered in video-based, online modules to appeal to a new generation of in-hotel talent.

The new Brand Orientation provides our colleagues a great understanding of our customers and their needs. Our colleagues are taught to observe and intuitively respond to our customers. Our customers desire discreet luxury versus overt symbols of status. The desired experience is softer and more experiential, bringing a subtle richness to the brand.

Our final pillar was a global campaign, 'Live the InterContinental Life,' which showcased the travel philosophy that we share with our customers. Our customers are global travellers who seek brands that offer both the local and the familiar. The campaign featured immersive, multi-sensory stories to inspire our customers to experience the world through our hotels and create their own stories. The campaign reignited a deep emotional connection with the brand, in addition to boosting awareness.

In the US CEE analysis, InterContinental Hotels and Resorts stands out for the pillar of Empathy, and this is one of the brand's core values. Our campaign juxtaposed InterContinental's brand values with how our customers want to feel as they travel internationally, and we feature an aspirational yet attainable lifestyle. One of the themes we explored in Stories of the InterContinental Life, part of the 'Live the InterContinental Life' campaign, was Empathy, where we featured stories that demonstrate how deepening our connections with other people and cultures can deepen our connection to the world.

Embracing digital innovation is another key opportunity to enhance the customer experience by engaging and supporting our customers. IHG was the first hotel company to introduce apps across all major platforms, and using these apps, customers can book rooms, make changes to reservations, and indicate preference when they stay. InterContinental was the first luxury hotel brand to have a worldwide podcast featuring 'Stories of the InterContinental Life,' and this podcast was frequently downloaded by luxury travellers in the US.

InterContinental Hotels and Resorts also recognises the link between company culture, employee engagement and customer experience. At IHG®, our purpose is to create Great Hotels Guests Love® by delivering True Hospitality for everyone. True Hospitality is making everyone feel welcome and cared for, whoever and wherever they are. It means knowing people better than anyone else, and acting on it. It's more than a friendly hello - it's the special attention that follows, and the smile that changes their day. We're always about people, not just beds.

The InterContinental brand has one of the strongest employee engagement scores in the company. Our colleagues are immensely proud of the brand, and

this translates into how we treat our customers. In one recent example, a mother was travelling with a son who had severe food allergies. When the restaurant manager realised this, he and the chef worked together to develop a custom menu of 40 items that the boy could eat.

"Ultimately, service and human connection will remain key to driving outstanding luxury experiences."

There are several luxury trends that we believe will impact how we provide customer service as well as the service expectations of our customers in the future. One of these trends is that customers increasingly expect a personal experience. Customers want the thoughtful touches that make them feel welcome. We also envision a fully integrated customer

journey that begins before booking and continues after the customer stay. Ultimately, service and human connection will remain key to driving outstanding luxury experiences."

Lisa Gunther
VP Global Brand Strategy and Planning,
IHG

Read more on the *Customer Experience Excellence Centre*

Customer Experience Effectiveness Criteria

The leaders of our 2017 US CEE analysis reinforce the view that customer experience effectiveness requires the organisation to focus on four areas: understanding **excellence**, ensuring colleague **engagement**, speaking the language of finance with customer

experience **economics** and driving transformation through customer experience **execution**.

Within each of these areas, there are key criteria any organisation must deliver against to successfully achieve customer experience effectiveness.

Understanding excellence

We understand what "good" is

- ✓ Customer experience vision, principles and strategy in place
- ✓ We have defined the way we wish to interact with customers and are clear on the target experience
- ✓ We systematically review our approach to the customer against best practice
- ✓ We have established a centre of customer excellence in our organisation
- ✓ We are clear on what "good looks like" for our business
- ✓ We benchmark our tools, techniques and approaches to ensure best-in-class
- ✓ We use best practice from outside our sector to set stretching targets
- ✓ We use examples of excellence to stimulate our thinking
- ✓ When solving an issue we look elsewhere in the world to see how others have tackled it



Customer experience economics

The language of customer experience is aligned with the language of finance to create CFO-credible business cases

- ✓ We understand how the experience we deliver links to customer value
- ✓ We have a measurement framework that links the ongoing quality of experience delivery to high-level financial metrics
- ✓ We understand the impact of modifying the experience on the ROI of key investments
- ✓ We have prioritised those investments that maximise value for both customer and the organisation
- ✓ We monitor the implementation performance of key investments at a senior level



Colleague engagement

The culture and internal mindset required to create the environment within which "good" can be delivered

- ✓ Customer is marketed internally with the same fervour that it is marketed externally
- ✓ The systems, decision processes and commitments are in place around the organisation to bring the customer front of mind
- ✓ Customer feedback is collected from different sources around the organisation and is used to drive local and strategic change in a closed loop
- ✓ Colleagues see customers as individuals
- ✓ We are clear on the empowerment framework our staff operate within
- ✓ We regularly identify and share internal and external best practice
- ✓ We have aligned the target employee experience and the target customer experience
- ✓ We understand whether our culture will accelerate or inhibit the achievement of our customer strategy
- ✓ We have aligned our learning and development to the colleague skills required for the delivery of the customer journey
- ✓ We provide our colleagues with the tools to do their jobs efficiently and effectively



Customer experience execution

Transforming the organisation around the customer journey and the systematic assessment and improvement of customer journey delivery

- ✓ The executive leadership for the organisation are focused on the quality of execution
- ✓ We are clear on what executional excellence looks like for our organisation
- ✓ We recognise how important our people are to ensure successful execution
- ✓ The experience design is a core skill and supported by an enterprise-wide design capability
- ✓ Our governance processes are aligned to managing journeys
- ✓ We are clear on the atlas of customer journeys we are managing across the enterprise
- ✓ Our measurement processes reflect journeys rather than functions
- ✓ We are increasingly aligning our business, cross-functionally, around customer journeys







Contact the Customer Experience Excellence Centre



The *Customer Experience Excellence Centre* is dedicated to rapidly improving customer experience by defining what best-in-class looks like for customers around the world.

Access the *Customer Experience Excellence Centre*

-  Download publications and webinars featuring best practice from leading customer brands
-  Read more about The Six Pillars, including the golden rules of application
-  Apply for *Customer Experience Excellence Centre* membership (eligibility requirements apply)
-  Subscribe to the *Customer Experience Excellence Centre* to receive regular updates

Our members use the Centre to make their customer experience engagement more effective by:

- Measuring and comparing their own organisations through the lens of The Six Pillars
- Developing their CX strategy with best practice understanding as its base
- Rapidly designing brilliant and commercially effective customer journeys
- Understanding the economics of CX excellence to focus customer investments and ensure ROI
- Engaging with other CX professionals through Centre networking
- Learning from CX best practice via Centre training

Acknowledgements

Author: David Conway

Design: Lee Jolley-Brown

Contributors: Craig Ryder, Tamsin Jenkins, Hannah Mac Mahon, Valentina Salvatierra, Massimo Bufi, Shahrzad Horst, Linda Balkema, Victoria Buxton, Lynsey McGregor, Dean Biddulph



Access the *Customer Experience Excellence Centre*

www.nunwood.com



www.nunwood.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 KPMG Nunwood Consulting Limited is a subsidiary of KPMG Holdings Limited, a subsidiary of KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

CREATE Graphics | CRT079211 | May 2017