



nunWOOD

A New Era of Experience Branding

Customer Experience Excellence Centre 2015 UK Analysis

Tim Knight, David Conway & Tamsin Jenkins



Customer Experience
Excellence Centre



The UK customer experience top 100 achieved double the 5-year revenue growth of the FTSE 100

Those in positions 1-10 grew revenues by £43m more *every year* than those positioned 11-100

Competing in tomorrow's world means embracing their best practices today

1. Understand international customer best practice

2. Through The Six Pillars™ of customer experience excellence

3. Apply to key customer experience challenges:



6 years of ongoing research



Across 3 continents



Over 1 million customer evaluations



900+ cross sector brands



Personalisation



Integrity



Expectations



Resolution



Time and Effort



Empathy



Journey Mapping & Experience Design



NPS, Management & Voice of the Customer



Strategic Insight & Investment Analytics



Feedback Technologies



Customer Experience Strategy

Foreword

It is a universal truth, increasingly understood, that a brand is not what a company says it is, but what its customers feel it is. A brand is no longer a marketing confection, sustained by persuasive advertising. Rather, a brand is what a brand does. It is what customers experience. This 2015 analysis of the UK shows we are moving rapidly into the second great age of branding: the era of experience branding.

This is the sixth time *The Customer Experience Excellence Centre* has analysed the UK market. Drawing on executive interviews and over 10,000 customer evaluations of almost 300 brands, this work expands our analysis of what commentators describe as the last great commercial battleground.

This report is a summary of a much deeper, more extensive bank of resources for executive leaders and customer experience professionals. Its purpose is to codify customer experience best practice in such a way as to enable readers to understand and adopt it within their own businesses.

It shows that, as a whole, the UK is making scant progress, as the great customer experience movement fails to live up to its own promise and hyperbole. Those brands that buck the trend and realise the associated commercial rewards are those that balance the new art of branding with rock solid business fundamentals.

This is apparent in this year's leaders, each of which is actively managing customer experiences to deliver consistent brand messages, feelings and perceptions across every touchpoint. The highest rated company this year, Lush, is an exemplar of this. It eschews advertising in favour of experience. It is a beacon brand, fuelled by word of mouth, which, in turn, is driven by day-to-day experiences.

In a recent KPMG report on challenger banks, the CEOs interviewed described that a differentiated brand, by definition, must alienate some. Lush fits this definition. Lush isn't for everyone; what it does and what it stands for will polarise opinions. However, for those who love it, it is a vital part of their lives. The Lush brand personality plays to their personalities, its brand values lock onto their personal values. It establishes a deep connection with its customers that other brands can only dream about.

This has long been true of First Direct, ranked second this year. Its distinctive brand, its customer-

oriented brand values and its intense focus on consistent brand delivery across all touchpoints stand it apart from the other banks.

John Lewis, in third place this year, has become the byword for customer experience. At its heart lies a set of brand values that have remained true since John Spedan Lewis first bequeathed his business to his employees, stating that the role of the partnership is to "make the world a little bit happier, a little bit more decent". The John Lewis brand does not eschew advertising, indeed, it uses it to recrystallize the brand meaning annually, with the Christmas advert now a highly anticipated television event. However, what the brand stands for is delivered each day, every day, across channels, touchpoints and communications.

Similarly, this is true of Richer Sounds, placed fourth in 2015. For many years, founder Julian Richer was the doyen of customer service. Whilst his business has had to weather the dark, post-recession days and endure severe structural change in its core market, it is, once again, competing at the highest level. Posting record profits in an intensely competitive market, Richer Sounds has held true to its values and continued to grow its cult following. At the heart of the brand lie its employees: dedicated, passionate and knowledgeable, they are the personification of what the business stands for.

You might well therefore be asking what we can learn from purveyors of trendy soap, electronics retailers or high-end department stores? The answer is a simple one: how to harness customer experience to drive supernormal commercial performance. These firms not only provide engaging and entertaining experiences for their customers, they have developed leading-edge approaches to digital, supply chain, manufacturing processes and ethical sourcing. Their customer success and innovation translates clearly to healthier, better business.

To compete in tomorrow's world, you need to embrace their best practices today.

Tim Knight & David Conway
September 2015

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01 / Executive Summary

This year's analysis is a story of "diamonds in the rough": shining examples of best practice surrounded by mediocrity. The great customer experience project is failing for many organisations, as the overall score remains static for the second year in succession. Despite higher-than-ever spends and executive visibility, progress has been inconsistent. Piecemeal high-profile improvements are being undermined by systemic failings on business basics.

Those that do succeed master The Six Pillars – the universal determinants of customer experience success. Great organisations explicitly or tacitly enshrine these principles in their customer experience strategy, work them into every customer journey and monitor them through effective voice of the customer activity.

The Six Pillars create profound, long-term financial value. This year's analysis establishes "the economics of excellence" – the role of customer experiences in creating growth, profitability and shareholder return. Those that achieve top 100 rankings double their revenue growth compared to the FTSE 100, as well as posting more favourable EBITDA. Companies that shine most brightly, achieving top 10 positions, added an extra £43 million to sales *every year* over the last 5 years, compared to positions 11-100.

To understand how this financial benefit is unlocked, we focus specifically on those brands that have transformed their customer experiences successfully and rapidly. This shows that there is no silver bullet, no single idea that will lead to transformation. Customer experience requires a progressive approach which, in NPS terms, deals with the causes of detractor first, before attending to the drivers of promoter. The first step is realising that these are not the same.

Rapid transformers also understand that:

- The brand has become the epicentre of the experience – "bringing the brand alive at each touchpoint" is becoming a vital customer experience competence. In the second great era of branding, the world's best customer experience leaders are supplanting traditional brand marketers as the custodians of their business' identity.
- Knowledge is the new currency of experience. The provision of situationally

relevant knowledge at point of need is becoming a critical factor. Being smarter than the smart consumer is the challenge. Product knowledge, application knowledge and "how to" knowledge are differentiating factors for firms such as AO, Richer Sounds and John Lewis.

- The employee experience precedes the customer experience. Culture, engagement and enablement all play a vital part. The great organisations start with these factors first.
- There is now a direct link between overall customer experience satisfaction and omnichannel delivery. Consumers expect to be able to move easily across channels and receive a consistent "flow" through their experience.

The economic prize of an outstanding customer experience is an enormous one, but compared to the world's best brands, few UK businesses achieve their potential. As a whole, UK Plc lags behind the global leaders. However, as this year's report shows, successful transformation is occurring and, for ambitious business leaders, there is still everything to play for.

The 2015 UK analysis...



Research conducted in July 2015



10,177 UK consumers evaluated
272 brands



Spanning 11 sectors, including:



Financial Services



Utilities



Entertainment and Leisure



Travel and Hotels



Telecoms



Restaurants and Fast Food



Non-Grocery Retail



Grocery Retail



Logistics



Aggregators








Public Sector

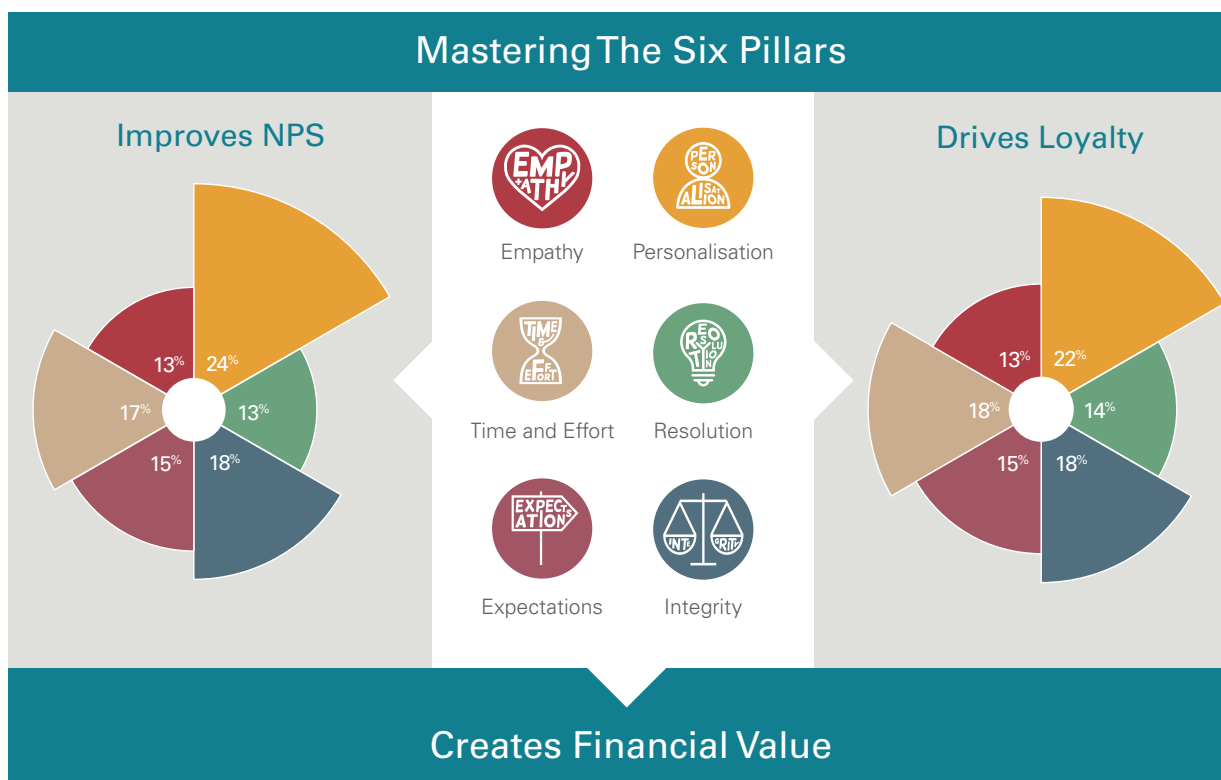
02 / The Economics of Customer Excellence

Six years of research shows that every outstanding customer relationship has a universal set of emotional qualities. The Six Pillars have been validated in the UK, USA and Australia, across sectors and customer types.

These emotional goals have hard economic consequences. Businesses that understand and deliver against The Six Pillars have been proven to create enhanced commercial outcomes and greater shareholder value. This is powerfully demonstrated in this year's analysis.

The Six Pillars – the goals for customer transformation:

 <p>Personalisation Using individualised attention to drive an emotional connection.</p>	 <p>Integrity Being trustworthy and engendering trust.</p>
 <p>Expectations Managing, meeting and exceeding customer expectations.</p>	 <p>Resolution Turning a poor experience into a great one.</p>
 <p>Time and Effort Minimising customer effort and creating frictionless processes.</p>	 <p>Empathy Achieving an understanding of the customer's circumstances to drive deep rapport.</p>

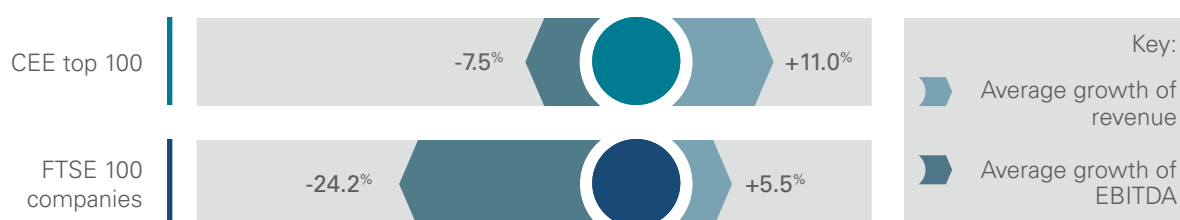


The Economics of Customer Excellence

The Six Pillars are not simply predictors of customer experience success, but also of long-term financial value. This is powerfully apparent within this year's analysis, where customer experience performance has been compared to revenues and EBITDA over previous years.

This allows us to contrast the performance of the CEE top 100 brands, our "customer champions", to the main FTSE 100 index. The difference is striking:

Average growth of revenue and EBITDA – last five years¹:



¹ Only those companies have been covered which reported financials in 2014 or 2015. Source: FAME database accessed on 25 August 2015; FTSE 100 Constituents, London Stock Exchange Website, accessed on 27 August 2015.

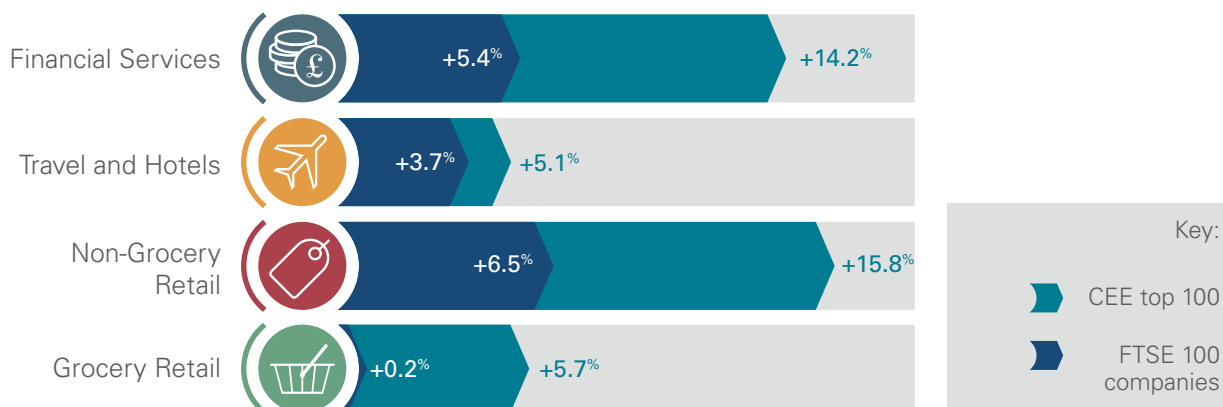
Over this five-year period, the CEE top 100 brands have achieved:

- Double the revenue growth of the FTSE 100 – an average of 11%, rather than 5.5%.
- Significant insulation from recessionary downturns in profitability.

Those brands in the top 10 achieve even greater returns. On average, these companies grew sales by £43 million more *every year* compared to those positioned 11-100.

The composition of the main FTSE index is, of course, different to the makeup of the top 100, so it's useful to validate this at a sector level. This is clearest when we look at medium-term revenue growth for our four largest sectors:

Sector revenue growth rate – last three years²:



² For the purpose of sector analysis (second figure), 56 companies of the FTSE 100 were not considered as they did not belong to any of the B2C / financial sectors of the top customer experience brands.


















Whilst the dynamics vary from business to business, there is a clear link between customer excellence and financial success. Put simply, those who master The Six Pillars also best capitalise on the economics of customer excellence and, by doing so, create significant shareholder value.

03 / The 2015 UK Customer Champions

The overall quality of UK customer experience has not improved in the last year, with no measurable change on 2014 scores. In the top 10, however, we see significant movements, as successful customer programmes pay dividends for ambitious brands:

- **Lush** moves to the top of the leaderboard as it sets a new standard for its customers by defining a new era of experience branding.
- **Richer Sounds** joins the top 10 for the first time, in the same year as it posts record profits.
- **Skipton Building Society** continues its advance up the table due to its highly empathetic staff and intense focus on the quality of the experience.
- **American Express**, which has relentlessly focused on the quality of its customer experience on a global basis, also joins the elite group.
- Home delivery specialists **Ocado** and **AO** continue to excel; creating fans and excited customers in equal measure.

The top 10 are united by a common thread – the experience they deliver is their brand. They may or may not choose to advertise, however, when they do, it is the experience itself that they are communicating. What is crucial to them is not what they say they do, but how they do it and how they make people feel.

CEE Rank 2015		Brand	CEE Score 2015	CEE Rank 2014
1			8.32	4
2		first direct	8.26	1
3		John Lewis	8.12	2
4		richerSOUNDS	8.08	22
5			8.05	3
6			7.96	5
7			7.92	13
8=			7.90	49
8=			7.90	12
10			7.85	6

Customer Champions in Brief

1st



Engaging and inspiring its “fans”

Lush tops the leaderboard this year. Its extraordinary exercise in transparency, Lush Kitchen, where you can watch and follow your product being made, provides a real example of how to engage and inspire customers online. Respondents talked about being inspired by the continually changing “menu” and the endlessly enticing range of new products.

6th

amazon Customer experience revolutionaries

Amazon in many ways has led the customer experience revolution. It continues to deliver outstanding service. However, customers’ perception of its historic corporate tax position has continued to impact its integrity score and reduced its position on the overall leader board.

2nd

first direct

A different type of bank

First Direct continues to relentlessly deliver outstanding service. Memorable, quirky advertising reinforces the brand identity and sets an agenda of being a different type of bank: one focused on the customer. The deep, cultural roots of its success are hard for others to replicate.

7th



Making customers feel personally valued

Skipton Building Society has inexorably risen up the top 100. With exceptionally high Personalisation scores, customers of Skipton are made to feel that each interaction is tailored specifically for them. The net result is that its customers feel valued and cared for.

3rd

John Lewis Delivering heroic customer service

John Lewis is expanding, more people are being exposed to its products and services, yet standards are being maintained. Empathetic, knowledgeable staff are at the heart of the brand. Delivering what they call “heroic” customer service, these staff regularly wow their customers with their knowledge and desire to please.

8th



A customer driven focus

American Express has systematically re-engineered its approach to the customer over many years. Empowered, knowledgeable agents working to customer-driven rather than operational metrics have made a real difference to how customers feel about their interactions with the brand.

4th

richersOUNDS

Passionate staff gain customer trust

Richer Sounds has a cult following, largely driven by the honesty of the sales staff. Finding products that are exactly right for the customer, often cheaper than the product they thought of buying, means customers trust the advice they are given and wouldn’t want to shop anywhere else.

8th



Staff empowerment builds customer relationships

Ocado’s high scores for both Personalisation and Time and Effort reveal the reasons for its customer experience success. It is delivering an ultra-easy, high quality service that feels unique to the individual. Empowered staff, who know how to build a relationship with customers, ensure that Ocado’s service excels.

5th



Creating Empathy in a unique way

QVC is built around a set of values that manifest themselves in everyday behaviour, starting with customer Empathy: understanding in detail exactly what customers need and want at any one time. Presenters don’t sell but inform, a style characterised as an “over the garden fence conversation”, as you may have with a close friend. All supported by a product line built from direct customer feedback.

10th



A brand promise that captures customers’ hearts

AO customers love the brand promise and how it is delivered. Order before 12.00pm for a same-day delivery, order before 8.00pm for a delivery the following day. Respondents are then wowed by the competence, personality and downright good humour of the delivery crews, coupled with highly competitive pricing.

Spotlight on Customer Champions

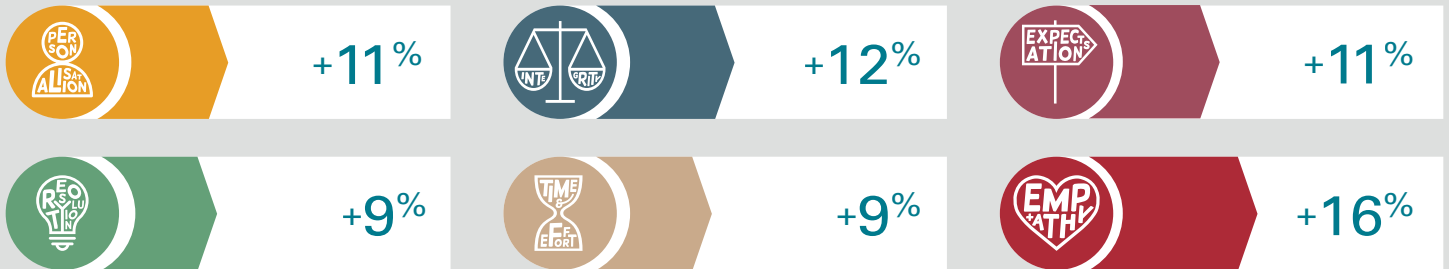


1st Rank in 2015
of 272 brands

↑ 3 places
from 2014



The Six Pillars: Scores vs Industry Average



Lush utilises multisensorial experience branding to scream differentiation.

Every aspect of the experience is carefully orchestrated to be on brand; there are no dissonant notes. The stores and product displays take their design cues from the delicatessens and patisseries of world class department stores, providing a fitting home for products made from the freshest possible ingredients.

But the experience branding goes much deeper than just cleverly presented products: it is aimed at people who share the same values, who see aspects of their own personality, real or aspired to, within the Lush brand. These personality traits infuse every product, every communication, every experience and every touchpoint.

The brand personality arises naturally from a clearly defined set of brand values and a detailed brand manifesto that clearly articulates a set of beliefs to guide and shape brand behaviours. These values and beliefs inspire actions and activities that span all Six Pillars:

The Brand	The Experience					
	Personalisation	Integrity	Expectations	Resolution	Time and Effort	Empathy
Lush Brand Values						
Campaigning company, good value, profit, customer always right	<ul style="list-style-type: none"> Very personal customer relationships 	<ul style="list-style-type: none"> No animal testing Environmental campaigns Champion causes 		<ul style="list-style-type: none"> No quibble returns Direct action Human rights Animal welfare 	<ul style="list-style-type: none"> Online Mobile 	<ul style="list-style-type: none"> Donations to charities People who care
Long baths, sharing showers, massage, filling the world with perfume	<ul style="list-style-type: none"> Product range Ballistics (bath bombs) 	<ul style="list-style-type: none"> Lush Kitchen 	<ul style="list-style-type: none"> Fragrance from stores 		<ul style="list-style-type: none"> Me time Indulgence Relax time Shared experience 	<ul style="list-style-type: none"> Creation of "Lushies" fan club Like people who like us
Happy people making happy soap – making our mums proud	<ul style="list-style-type: none"> Diagnostic sales process Pamper Demonstrations for conversations 	<ul style="list-style-type: none"> Staff knowledge Product match to skin conditions Staff make products Real people's names on products 	<ul style="list-style-type: none"> Delicatessen style Best-by dates 	<ul style="list-style-type: none"> No preservatives No alcohol Skincare routines 	<ul style="list-style-type: none"> Store parties Demonstrations Samples 	<ul style="list-style-type: none"> Staff on a mission Passion for product FUN exercises Shop floor is a theatre
Fresh and organic – more than marketing		<ul style="list-style-type: none"> No packaging Liquid to solids 	<ul style="list-style-type: none"> Ingredient descriptors Batch code sticker 		<ul style="list-style-type: none"> 'Fresh' food store Reviews 	<ul style="list-style-type: none"> Delicatessen layout Passion for materials
Invent own products, make by hand	<ul style="list-style-type: none"> Personal prescription Spa treatments Emotional psychology Mind therapy 	<ul style="list-style-type: none"> Perception of artisanal manufacture Fresh organic fruit and vegetables 	<ul style="list-style-type: none"> 'Secret' Lush Lush Times Advise of product withdrawals (one third retired per annum) 	<ul style="list-style-type: none"> Encourage customers to be critical 	<ul style="list-style-type: none"> Immediate gratification 	<ul style="list-style-type: none"> Continuous human testing Feedback mechanisms "Lushie" forum

Lush Six Pillar Performance



Integrity

Lush is a business that stands for something and believes that actions count. It is genuinely concerned about being a good, morally guided business that, as its brand states, will make their “mums proud.” It is the campaigning nature of Lush that excites the passions of its people. Lush avoids the word ethical, but does describe itself as sustainable, responsible and good. Lush shuns animal testing, needless packaging, excessive executive pay, donates extensively to aligned causes and pays its suppliers a fair price.



Resolution

Lush has an instant, no quibble returns policy. Its mantra is “the customer is always right”; it wants customers to be completely happy with their product purchase and will exchange or refund the product, no matter what the reason. Often customers receive a range of free samples as recompense for their trouble.



Expectations

The Lush brand promise is a clear one: Fresh Handmade Cosmetics. Every dimension of the Lush experience serves to deliver on this explicit pledge. Implicitly, customer expectations are met by the behaviours and personality of its staff – passionate, enthusiastic fans of the products they sell.



Personalisation

Personalisation starts with the way that staff interact. No attempt to sell, just a series of diagnostic questions to understand more about the customer’s specific needs, before prescribing the right type of products. Lush achieves the ultimate prize of Personalisation: customers who feel their self-worth has been increased because of their association with Lush and other “Lushies”.



Empathy

Lush has operationalised Empathy in the way it approaches the customer. Asking a series of open diagnostic questions, it is gradually able to home in on products that are exactly right for the individual customer. The commercial outcome of this is astonishing, with high NPS scores and high levels of cross sales – all because it is prepared to listen.



Time and Effort

In most organisations, the focus is on how you save customers’ time; how you make the organisation easy to access and to engage with. At Lush, all of these are true. But Lush is remarkable for focusing on how you spend time. How you create the Lush experience at home. How you unwind and de-stress.

The return on this time is hugely valuable and restorative – it is “me time.” A time for indulgence and contemplation, all made easier by a clearly signposted set of products to create the type of “me time” experience you need.

“ Our teams work hard to ensure that our customers receive not just great customer service, but a great Lush customer experience, which is genuine, exciting and includes our beautiful fresh handmade products. It is important to us that each customer leaves our store happy with their experience and with trust in our staff’s knowledge and product recommendations to suit their personal needs. ”

Nadya Candy, Global Retail Standards and Customer Experience at Lush



More about Lush on the Excellence Centre.

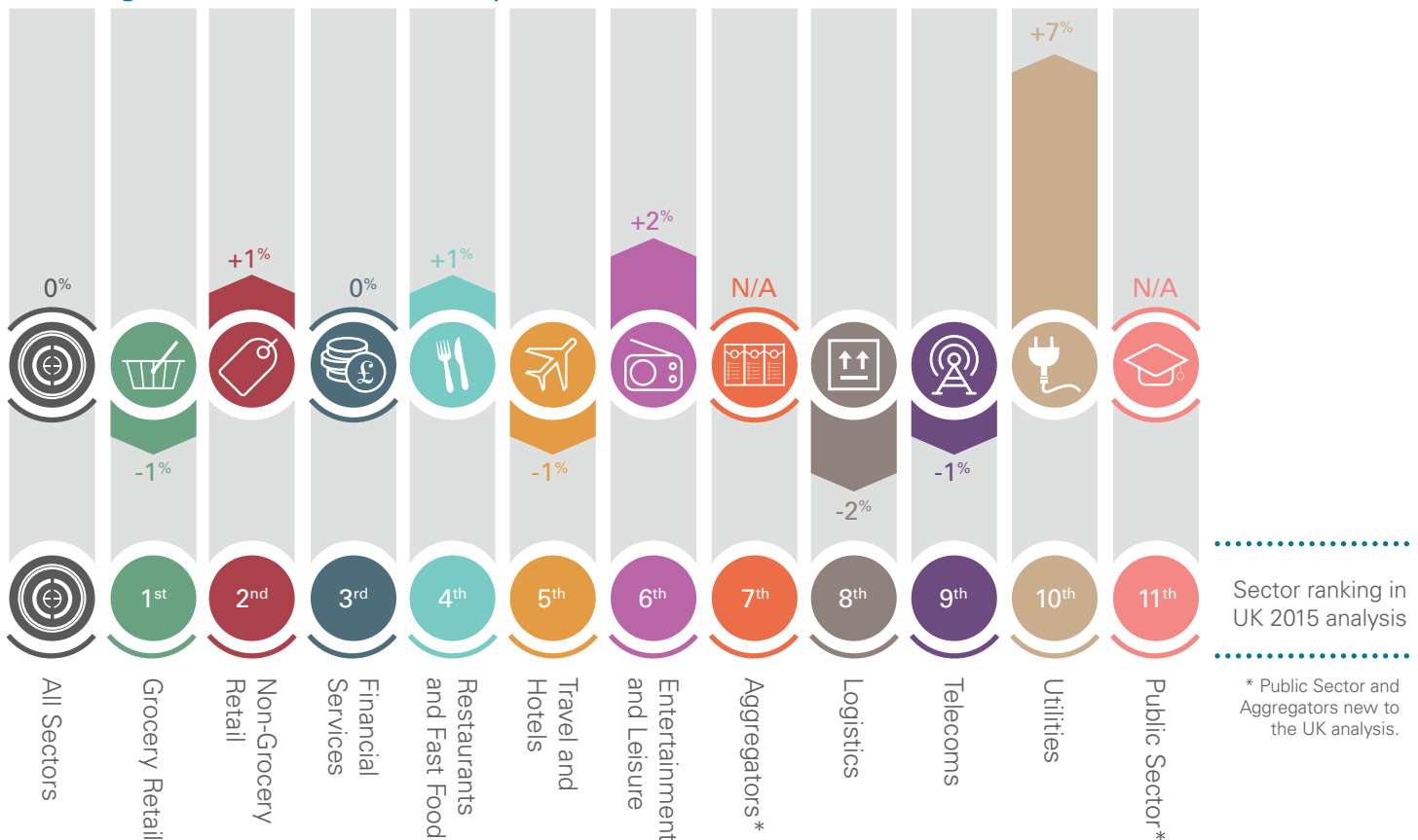
04 / UK Sector Focus

Customers' overall experiences with UK businesses have not improved for a second consecutive year. Whilst this masks a number of exceptional individual companies – “diamonds in the rough” – there are few sectors achieving clear and consistent movement.

- Utilities bucks the trend, and is starting to progress, albeit from a low base. Regulatory pressures, new market entrants (such as OVO) and new technologies (such as smart meters) all play a role. Whilst the Big Six have improved, many brands continue to drag at the bottom of the rankings.
- Telecoms declines slightly, but consistently, with almost every brand slipping in customers' expectations. The increasing sophistication of the product, coupled with forthcoming M&A activity, will spell either opportunities for new customer success or deeper challenges for an uncertain sector.
- Financial services have undone much of the damage of the recession, though progress has largely stalled this year, compared to a sharp improvement in 2014. Many brands are focused on loyalty, whilst customers would prefer they fixed the basics.
- The retail sector fragments into grocery and non-grocery, with quite different experiences in each. Fashion retail, in particular, recognises that customers want inspiration and creativity, not just the efficient presentation of goods.
- Travel and hospitality brands achieve inconsistent performance, with the best-in-class mastering how to deliver warm and friendly human interactions. Premier Inn and British Airways set an exciting standard amongst UK companies in this regard.
- The restaurant sector has long lived by word of mouth; by its very nature it is more experientially based than others, but we have yet to see the emergence of the hugely strong experience brands that compare with Olive Garden, Chick Fil-A and Panera Bread in the US.

Within each sector, whilst there are some strong practitioners of the art of experience branding, there is no one sector leading the way.

% Change in Sector Customer Experience Excellence Score 2015 vs 2014:



UK Sector Focus Financial Services

Last year's robust progress has stalled: overall customer experience in the financial sector has stayed static. However, First Direct, American Express, Skipton Building Society, M&S Bank and newcomer Hargreaves Lansdown have shown that excellence is possible in different product areas.

The regulator has forced a swing from product sales to service which has led to a focus on loyalty: as such, it has become the age of the "hero product". A single product offering that, when coupled with excellent service, begins to change customer perceptions. Focused on rewarding customers for their loyalty and, at the same time, attracting new ones.

Recognition of tenure has long been an issue for customers of financial services companies. Increasingly, they have been seeking recognition of their loyalty and, more recently, a tangible reward. Seven-day switching and the 1:2:3 account have caused all of the banks to react to protect their customer bases.

In fact, it is Santander that has led the way and jumped an impressive 84 places, entering the top 100 and nearly making the top 50. The 1:2:3 account has linked and simplified customers'

banking arrangements across accounts and has been cleverly marketed through endorsements by wholesome, trustworthy celebrities to help overcome the sector stereotyping of banks.

Behavioural economics teaches us that we trust people we like and respect. The halo effect created by their brand ambassadors has undoubtedly had a positive effect.

On its own, however, this would not be sufficient. Santander has also worked on core systems, ensuring it gets the basics right. It has developed a red carpet welcome to ensure that the very first experience is an entirely positive one.

Barclays, Lloyds, TSB and others have followed the hero product route, however, their service delivery is still a work in progress.

The mutual sector continues to drive customer experience improvement. Coventry, Nationwide, Yorkshire and Skipton are all in the top 30. They are able to focus more easily on the customer and invest in the right actions for the longer term, worrying less about the short-term commercial requirements for a Plc.

It is no exaggeration to say that at Santander our customers mean everything to us, and at every level we aspire to put our customers at the heart of everything we do. We also place a huge emphasis on listening to our customers.

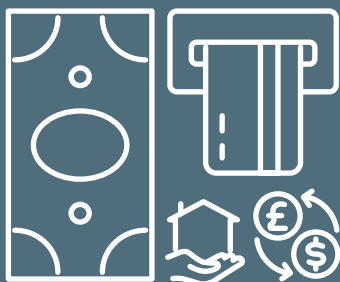
Sue Willis,
Managing Director of Customer Experience and Channels,
Santander

Customer experience has a very high priority within our business. 'Customers at our heart' is the core value at the centre of our strategy as created by all our people in our business. We have five clear strategic priorities, all of which are customer focused.

Chris Pilling, Chief Executive,
Yorkshire Building Society



3rd
ranking
sector,
behind
retail



No progress in
financial services'
performance
overall in 2015



Greater strides for
some key brands,
particularly the
mutuals



Spotlight on Customer Champions



18th Rank in 2015
of 272 brands

166 places
from 2014



The Six Pillars: Scores vs Industry Average



+5%



+7%



+6%



+4%



+5%



+2%

Hargreaves Lansdown has simplified the complex world of investment. With a recently updated online platform which streamlines investment options, it is focused on demystifying investment, reducing complexity and educating its customers. As a result, they are trusted with more than £55.3 billion by 707,000 clients.

“ Hargreaves Lansdown’s success in customer experience is driven by the relentless commitment to put the client first and deliver ‘knock your socks off’ service. The financial services industry has spent generations putting information in the hands of the adviser and not the consumer, launching complex products where issues such as charges are unclear. We are here to help people to make the most of their money, making the complex world of investing easier to understand, cheaper and simpler to execute.

We believe that Hargreaves Lansdown particularly stands out within the financial services industry for the pillars of Integrity and Expectations because of our dedication to service and making complex matters easy to understand. Our website is one of the most popular of all the financial services sites, and we also ensure we have significant offline resource. Almost half of all transactions made

online are done so after some offline interaction, making the work done by our helpdesks an essential part of the service. The most common question asked is “where should I invest?,” so we dedicate significant resource to investment research and then onto the next stage, investment ideas and model portfolios to help people with their choices.

Improving the client experience is a never ending process. Notable in the last year was that we ensured we were able to offer our clients access to the new pension freedoms from day one, when large numbers of providers were not able to and many have chosen not to do so. Pension rules are constantly changing and so it’s vital to keep our helpdesks and technical team trained in their positions as experts to support our clients.

The culture of Hargreaves Lansdown is one of empowerment, responsibility and putting the client first; delivering ‘knock your socks off’ service. Everyone endeavours to take responsibility for the whole firm – we hope to never hear the words “oh that’s another part of the firm” – the One Firm mentality stretches right across the organisation.

Ian Gorham
CEO, Hargreaves Lansdown

“

I wanted to transfer an investment to them so phoned first to make sure I was doing everything correctly. I didn’t have to press 1 for this or 2 for that. The person on the phone knew what he was talking about and explained everything to me simply. They kept me informed every step of the way.

UK CEE 2015 respondent

”

Implication

Cutting complexity is a crucial step. Not only does it ensure minimal Time and Effort for the customer, but the resultant impact on customer trust and perceptions of Integrity are evident.



More about Hargreaves Lansdown on the Excellence Centre.

UK Sector Focus

Grocery Retail

Retailing is a story of two sectors: one successfully building customer experience and one beginning to see its previous high standards slightly decline in the face of changing customer habits and preferences.

The Big Four supermarkets' commercial fortunes mirror their customers' experiences. The gap between leading US supermarkets such as Publix, Wegmans and Trader Joes and their UK equivalents is stark. US grocery leaders seek to inspire, to energise and to motivate, with food presentations designed to engage and stimulate creativity; at the same time, creating enjoyable working environments for colleagues beyond the sector norm. In many of these stores the food isn't just displayed, it is showcased with in store demonstrations providing the 'how to', with motivated and knowledgeable staff keen to help and inspire. Where Publix describes its mission as "making shopping a pleasure," for many in the UK it is at risk of becoming a chore.

It is no surprise that customer experiences in the UK grocery sector are slipping. With bold visionaries, such as Justin King, now no longer at the helm, we are seeing a focus on short-term cost and price management as everyone strains to stem the growth of no-frills brands, such as Aldi and Lidl. Although lip service is paid to the customer, there is a clear belief that if the price is right, everything else is secondary. In contrast, in the US in particular, we are seeing the emergence of a new shopping paradigm – micro-retailing. Small, sophisticated retailers are bringing range, choice and expertise to previously moribund sectors, giving rise to a new mantra "small is beautiful".

At the heart of the problem for legacy supermarkets is that the last three decades of range, brand, store and experience development never envisaged a world of customers picking and choosing the best from an array of stores. Big was always beautiful and

estate development always assumed an end game of highly loyal, big-basket weekly shoppers buying into whatever brand extensions were offered.

The Big Four are now losing out as better connected, less loyal consumers learn to pick and choose from the best of the marketplace, online or in store. Despite slipping down in 2015, Aldi and Lidl's time-saving and quality formula is difficult to beat. Conversely, the Big Four are stuck with large stores, high overheads and no apparent view of what the customer experience should look like to beat their German competitors. In the short term, they are largely focusing efforts on cutting costs and cutting prices. Morrisons' bold attempt to reinvent its brand under Dalton Philips failed, but it's likely that Asda, Tesco and Sainsbury's will all have to, at some point, re-engineer a sustainable proposition, built on creating an experience gap to the discounters that can justify their inevitable cost premium.

Looking online, Ocado bucks the sector trend this year, as the only grocery retailer in the top 100 to progress up the CEE rankings, in the same year as reporting its first full-year profit in its 15 year history. As Tim Steiner, CEO, has previously stated "we are well equipped to continue to lead the online grocery revolution, in the UK and overseas, as increasing numbers of customers shift away from traditional forms of retailing."

Online shopping returns time and convenience to the customer. Online will be the fastest growing channel in grocery over the next five years. It will grow to account for 8.3% of sales by 2019.

Ocado Annual Report 2014
Source: IGD



1% decline in sector performance in 2015



Grocery retail remains the top performing sector



All top 100 grocers have slipped down the rankings apart from Ocado



Spotlight on Customer Champions



8th Rank in 2015
of 272 brands

↑ 4 places
from 2014



The Six Pillars: Scores vs Industry Average



+5%



+6%



+5%



+5%



+3%



+7%

As the only grocery retailer in the top 100 that has advanced in the 2015 rankings, Ocado's progress sees the brand now feature in the top 10.

Driving Ocado's progress in 2015 is the pillar of Integrity. Central to Ocado's relationship with the customer is trust, which is the attitudinal outcome of a business that acts with Integrity. Ocado sets its green credentials out very clearly at a macro level. At a micro level, ordering groceries digitally is a trust-based relationship that is built over time. You do not see the products until they are delivered; you have to trust they will be good quality, delivered on time, that you can let the driver into your home, that any substitutions will be the ones that you would pick and that any problems will be resolved quickly and reflect what you would do.

In short, dealing with Ocado involves hundreds of trust-building moments. Ocado has identified these and ensured that it never undermines its customer relationship by failing on these key moments of truth. Ocado's marketing cleverly encourages its customers to form the habit of shopping with the brand, and it realises that one sure way to break a customer's habit is to undermine trust.

In fact, Ocado has set new standards in this area, sending text messages to customers with information about the delivery vehicle, its colour, driver name and contact details. The aim being to provide reassurance and allay any concerns as to whether the person at your door is genuine. An estimate of the delivery time and any substitutions are also conveyed. All these actions build customer trust.

Added to this, Ocado drivers are carefully chosen for their personality and relationship-building competencies. They are empowered to deal with issues there and then, encouraged to use their judgement on what is best for the customer. The net result is a high trust relationship which drives advocacy and loyalty.

Ocado depends, more than almost any other brand, on the experience it creates being its differentiator. Competition in home delivery is intense. But Ocado has focused on being better than its competitors and building its brand accordingly. The brand is about being competitively superior in accurate delivery times, dealing with substitutions, managing breakages and in how its staff engage with customers. In short – it is what it does, and as a result, it provides a masterclass in experience branding.

//

I love Ocado. They lead the way with stocking a vast amount of healthier foods and organic products. Their prices are competitive and they give their customers great additional benefits, such as free products to test, anniversary gifts and free product bundles. Ocado are truly the very best, and their customer services and delivery drivers are a cut above any other grocery retailer.

UK 2015 CEE respondent

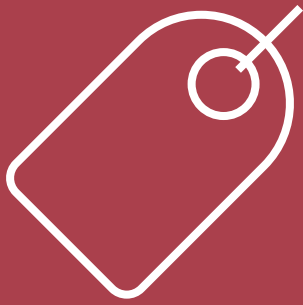
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Implication

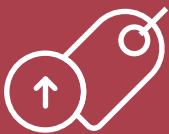
Integrity precedes trust and trust precedes customer commitment. The leaders understand this link and commit to building a high trust relationship with their customers, by excelling in the key moments of truth.



More about Ocado on the Excellence Centre.



2nd highest performing sector, behind only grocery retail



1% increase in sector performance in 2015



A high proportion of transformation brands over the last 3 years are fashion retailers



UK Sector Focus Non-Grocery Retail

The non-grocery retail sector is a different story to grocery. For fashion retailers in particular, progress has been made in 2015, as a number of brands have strengthened their customer experience.

Zara, Selfridges, New Look, Dorothy Perkins, Topshop and Topman have all improved their scores in 2015. Zara, recognised as one of our transformation brands of 2015, has moved 57 places in the last year alone as its customer experience strategy gains fans. Retail store staff are trained to listen to what customers say and the feedback goes straight to the designer's desk. There is also an emphasis on understanding exactly when to get involved in a customer purchase – the business has learnt that a simple but unwelcome offer of help can scare off customers who are made to feel under pressure to buy.

A major element in non-grocery retail is staff engagement, which was identified as a key factor amongst our US retail leaders and is increasingly becoming a differentiating factor in the UK. John Lewis and M&S are perceived by respondents to have highly engaged, customer-oriented staff. In this sector, how staff manage queues, their general demeanour and their interactions with other colleagues, were all widely commented on in the UK 2015 analysis and are an increasingly important part of the total customer experience.

John Lewis continues to set the standards in omnichannel retail, estimating that at least two-thirds of its customers are omnichannel shoppers (Source: Computer Weekly). Digital remains an exciting area for the sector, as customers demand more relevant, more personalised experiences. Having had such a huge impact on customer experience on the high street, Lush has now shown how to move the digital experience to the next level with the unique 'Lush Kitchen' concept.

Technological innovations are also enhancing the in store experience, with availability in particular set to be

revolutionised. RFID (Radio Frequency Identification) technology has been spoken about for years, but M&S and Zara have both expanded their tagging programmes over the last year, with M&S becoming the first retailer to tag 100 percent of its general merchandise items, the goal being to be 'the store in which you can always find your size'.

RFID technology has huge benefits for both customer and retailer: M&S's former Retail Director, Steve Finlan, highlighted, "from the beginning, the M&S RFID implementation was driven by measurable financial benefits, as well as a desire to improve customer service through greater stock availability."

Topshop has also embraced technology, leveraging social media to join up the customer experience across channels. At Christmas, for example, Topshop linked up with Pinterest for its Christmas gift guide, where shoppers pinned their gift ideas online, and then the most popular items were physically tagged with "most pinned item" labels in store. Its latest use of technology was to live stream a virtual reality experience of its London Fashion Week show – customers could use headsets to get a front row catwalk experience. With these developments and many more in the pipeline, non-grocery retailers look set to continue their customer experience progression, putting engaged colleagues and technological innovation at the heart of their offer.

// **The way we all interact with each other, the way we interact with businesses and the way we shop have all changed fundamentally over the last decade and that change has been accelerating ever faster.**

Paul Coby, IT Director, John Lewis



Spotlight on Customer Champions

ZARA

62nd Rank in 2015 of 272 brands

57 places from 2014



The Six Pillars: Scores vs Industry Average



0%



+3%



+3%



0%



-1%



+2%

Moving up 99 places in the last two years, Zara is one of the transformation brands of 2015.

The flagship brand of Spanish group Inditex, Zara's strides in customer experience have been driven by improvements in the pillars of Expectations and Integrity.

Zara's progression is, in no small part, driven by its famous, rapid-fire fulfilment strategy, enabling the company to move from design to store in just two weeks. Keeping all design, warehousing, distribution and logistics functions in-house as part of this strategy means Zara has total control over the supply chain, enabling such rapid production.

As a result, Zara can continually refresh its range, keeping its fashion-conscious customers at the cutting edge of European trends, exceeding expectations by providing what are felt to be limited edition items (due to the fast turnaround of lines) and encouraging customers to shop more frequently. Consequently, Zara has changed the definition of success in fashion retail: customers make an average 17 annual store visits to Zara, compared to four visits for other retailers (Source: Harvard Business Review on Managing Supply Chains).

Guided by the views of Zara's founder, Amancio Ortega, that "innovation and

commitment towards our customers define our corporate culture", Zara's innovative use of technology has also helped to drive its advancement. Stores across the globe, including 66 stores in the UK, are able to transmit information directly to head office via customised PDAs. Not only can they provide updates on the store's sales in this way, but they can also capture and share customer feedback at point of sale and the general 'buzz' around items. This information links Zara's customers directly to its designers, as it goes straight back to the design team to guide and inspire the development of new lines – reinforcing the importance placed on customer feedback. Inditex, Zara's parent company, says that an item requested by enough customers can be in their stores to accommodate that request within 10 days.

Inditex continues to trial new technology which could become part of Zara's future customer experience. From mirrors that allow customers to virtually try on clothes, RFID technology that allows the brand to track every garment and to restock sizes and styles faster, to 3D window projections and a mobile payment system – Zara is looking to technological innovation to continue its customer experience progression.

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I prefer to order online and Zara's deliveries always arrive well presented, even wrapped in tissue paper – it's like opening a present! They're great at communicating if there's any delay to my online orders, though they generally arrive quicker than I expect anyway.

UK CEE 2015 respondent

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Implication

Accurately setting and delivering against customer expectations is a core competence of outstanding organisations. You have to understand what motivates them – this requires a process of continually listening to the voice of the customer.



More on the Excellence Centre.

UK Sector Focus

Utilities

Another sector subject to intense regulatory pressure, utilities is showing signs of improvement. For most brands, this has required root and branch re-engineering: changing cultures and attitudes, as well as systems and processes. However, no matter the improvement in service, there has, for some time now, been a far more fundamental issue.

At the heart of the issue for utilities has been the matter of trust. Opaque tariffs, a failure to track price decreases on raw materials and well-publicised political interventions have undermined perceptions of the Integrity of these organisations.

However, our analysis shows that not only has the utilities sector improved overall since 2014, but that trust in all major utilities brands is showing signs of improvement in absolute terms. The Integrity score for utilities moved seven percentage points in this year's analysis.

At the same time, the relationship between utilities and consumers is changing. It is moving from one characterised by distress purchase to one where richer information flows between producers and consumers, yields new value streams and new insights. Looking forward, Smart Energy and the Internet of Things – sensors and devices embedded in monitors, meters, phones, thermostats even – offer the possibility of richer, information-based exchanges, radically changing the nature of energy supply to be more than simply a commodity-based purchase.

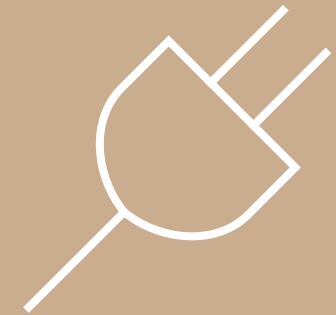
These information-based relationships allow greater value and control to be delivered, pinpointing infrastructure and supply constraints and enabling consumers to make more informed choices about the services and solutions that fit their needs. This, in turn, increases Personalisation and helps manage Expectations more effectively. For example, OVO Energy's Smart PAYG app enables consumers to view energy consumption anywhere.

Notably, in our 2015 analysis, it is the digital experience with which customers are now finding fault. In particular, customers find it difficult to self-serve and problem solve in the way that they are able to do in other industries.

Our 2015 CEE analysis of the US, where Smart Energy technologies are further advanced, highlighted the approach of Florida Power and Light, which systematically rebuilt the business, restored its reputation and which now delivers an outstanding experience. In the mid-2000s, with its reputation at an all-time low following a series of natural disasters, FPL worked tirelessly to restore public faith, investing in numerous corporate citizenship initiatives to show that making the world a better place was more important to it than profits. Investment in infrastructure, especially smart meters, has enabled it to dramatically change the way it provides services to its customers. This year, it ranked 31st in our US analysis, but, in a lesson for UK utilities, this was a ten-year programme of customer transformation.

// Customer experience rules everything. The first meeting on a Monday morning is to evaluate the previous week and how we served our customers. Every decision we make is as if a customer is sitting in the room with us. Rather than hiring on great energy experience we hire people who love customers and love giving great service. We can teach them the rest but the customer needs to be part of their DNA.

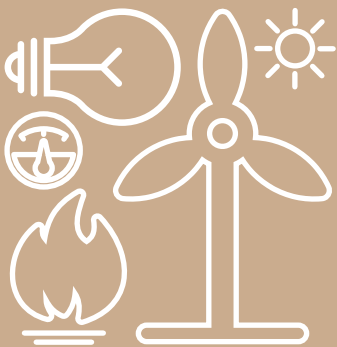
Justin Haines,
Executive Customer Services
Director, OVO Energy //



Utilities is the only sector to see marked progress in 2015



Progress across all Six Pillars, particularly driven by perceptions of Integrity



Yet still a low ranking sector in CEE – ahead of the public sector only



Spotlight on Customer Champions



88th Rank in 2015
of 272 brands

NEW in 2015



The Six Pillars: Scores vs Industry Average



A relative newcomer to the energy market, OVO Energy is the only utility company to feature in the UK top 100, outperforming the industry across The Six Pillars.

“ We are a company built around what’s best for customers, our sole purpose is to design new ways to make interactions with us efficient and effortless. In fact, we’d like things to be so simple for them that they walk away from any conversations with an unexpected smile on their face.

There are a number of ways we try to do this; the first is real-time customer feedback that goes directly to our agents. We reward our customer service team for service quality and providing a great customer experience. These moments are celebrated and play a huge role in our business. We also circulate a voice of the customer report to the entire business so we all know how our customers are feeling. Our customers and our staff are the most important things in our company, in fact, we make every single one of our employees spend a day on the phones each year to ensure we never lose sight of what really matters.

We believe our strong performance for the pillars of Expectations and Time and Effort, in particular, are

because we make it easy for our customers to contact us. We don’t have a complicated phone menu, there are just four simple options and you then get through to an agent. We also make sure we keep waiting times as low as possible, as there is nothing quite as frustrating as being left on hold. Our agents are multi-skilled and so, no matter what our customers’ needs are, we can help them there and then. We also give our customers a number of options to contact us on, as a phone call for one customer could be just the ticket, but for another it could be a complete drain on their time and frustrate them.

Technology has been a key area of investment for us this year. Operationally we’ve integrated a new front-line system for our agents, as well as a new billing platform. For our customers, we’ve built and developed our apps, most recently our new Apple Watch app. And earlier this year we launched the UK’s first full-service pay-as-you-go app, which allows customers to top up from the comfort of their own home. We’re always looking for new ways to make our customers’ lives easier.

Justin Haines,
Executive Customer Services
Director, OVO Energy

“

I deal with OVO almost entirely online – I provide my readings, manage my account, set up direct debits etc. Bills are always accurate and always on time and they are transparent in their charging. I have been with OVO for 7 months now and am very satisfied.

UK CEE 2015 respondent

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Implication

The customer champions recognise the often time poor lives of their customers and design the experience to fit. From minimising Time and Effort, to developing new technologies, the leading brands cater to this need.



More on the
Excellence Centre.



1% decline in sector performance in 2015



The pillar requiring greatest focus is Resolution – travel brands remain poor problem solvers



Hotels and airlines achieve more positive results than rail companies



UK Sector Focus Travel and Hotels

Digital is transforming how the customer engages with travel companies. From airport luggage drops, to digital boarding cards, to automated hotel check-in, the work is gradually being transferred to the customer. However, the benefit to the traveller of taking on this work and self-serving is worth the effort. Saving time, energy and anxiety, it is an acceptable quid pro quo.

The result is that travellers are rapidly and readily adopting new technologies, reducing waiting times and simplifying processes.

The travel industry, meanwhile, is learning that it needs to demonstrate the personal touch and ensure that every human interaction counts. The consequence is that there is much others can learn as to how hospitality and travel companies are teaching their staff to deliver fantastic experiences. In the US, for example, banks are partnering with Ritz Carlton for staff training.

In the UK, Premier Inn continues to improve, moving rapidly up the league table. Its staff training has ensured a 'warm welcome' and a 'fond farewell'. Staff actively engage with guests and seek to provide a helpful, personal service. Premier Inn has also driven extensive improvement across its digital offerings, making booking simple and easy. In short, it seeks to continually deliver on its brand promise "A Good Night's Sleep Guaranteed".

In the airline sector, Emirates continues to lead. Passenger retention is a commercial imperative, so much so that all staff are required to attend a mandatory finance course on the costs of losing a customer.

British Airways' scores continue to improve as its focus on customer experience extends end-to-end, embracing booking, airport arrival, in-flight and destination help. British Airways is catching up on, and now

passing, its key competitors. A focus on bringing "to fly to serve" to life for customers is taking effect through a series of service hallmarks criteria that set and then monitor experience standards.

Virgin Atlantic is feeling its way into its alliance with Delta, as well as restructuring routes. Virgin is also in the midst of retiring older aircraft and introducing new state-of-the-art airliners, aiming to underpin a resurgence in its famous service levels.

For the rail companies there is much to do. None of them make the top 100. Despite the new names on the trains and even the new trains themselves, for our respondents it still "feels like British Rail". The "headmaster like" pre-departure announcements and the attitude of ticket inspectors being common discussion points. Lack of seating on key routes and uncomfortable conditions in the summer all have an impact on rail performance in the analysis.

Like utilities, the rail industry is anchored in its public ownership past and coming to terms with the struggles of a market economy. Consequently, it has yet to learn the art of experience branding. However, there are some positive early signs as companies like First and Virgin strive to improve the day-to-day experiences of their customers, recognising they are what they do – not what they say they do.

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The key is to set realistic customer expectations, and then not to just meet them, but to exceed them – preferably in unexpected and helpful ways.

Richard Branson,
Founder, Virgin Atlantic

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Spotlight on Customer Champions



11th Rank in 2015
of 272 brands

3 places
from 2014



The Six Pillars: Scores vs Industry Average



Central to Premier Inn's strategy lies a focus on a "connective customer experience". This, in turn, is supported by a bold brand promise. Premier Inn promises a 'Good Night Guaranteed', a unique, no quibble money back guarantee that encompasses all elements of a customer's stay, from the moment they check in to when they leave the hotel. No other hotel does this.

The brand promise is carried through the experience, different pillows to suit people's preferences, consistent colour (purple symbolising warmth and luxury), furniture and room styles, the ability to pay on arrival and avoid check out queues, mattresses specifically designed for Premier Inn (you can even buy a Premier Inn mattress direct from manufacturer Hypnos), online videos with tips on how to get a good night's sleep and black out curtains all serve to deliver on the brand promise.

Also central to the delivery of this brand promise are its people. TripAdvisor reviews frequently illustrate how great human interaction has become central to the guest experience.

Premier Inn has set out to ensure that every staff member will go the extra mile as and when necessary. Training, motivation and energised managers

ensure staff not only engage in a warm and friendly way with customers, but seem to genuinely want to improve their customers' days. Premier Inn employees are unfailingly polite and radiate enjoyment of their jobs.

The friendly, emotionally connective approach extends into the digital world also. Premier Inn has won awards for the quality of its omni-channel approach. Consistent, simple and easy delivery across all platforms, alongside brand promise reinforcement, ensure the Premier Inn connective experience is replicated online.

Intriguingly, Whitbread, the owners of Premier Inn, ascribe its success to harnessing the psychological and behavioural economics concept of social proof. At one level this works by using a well-known celebrity, Lenny Henry, as their brand ambassador. At a deeper level, it is about showing that they consistently deliver their brand promise each night every night, to which the number of satisfied, loyal customers are testament.

“

As customers' expectations and tastes become increasingly sophisticated, innovation is vital for us to stay ahead of the competition.

Andy Harrison,
Chief Executive, Whitbread
(parent company of Premier Inn)

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Implication

An emotionally connected customer experience is supported by consistent delivery of the brand promise across all platforms.



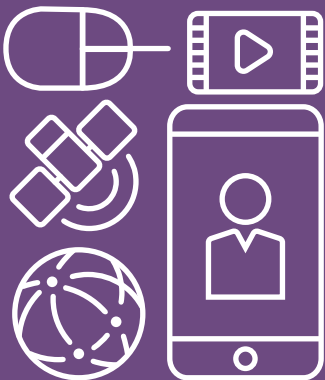
More about Premier Inn on the Excellence Centre.



Telecoms is now ranked 9th in the UK, ahead of only utilities and the public sector



Most major telecoms brands are in decline



Customer experience investments in telecoms are not creating consistent value



UK Sector Focus Telecommunications

Telecommunications faces something of a customer experience crisis, with slight but near universal declines from an already weak position. Even Giff Gaff – a previous leader – has seen its scores fall over the last two years, whilst other technical innovators drop out of the top 100.

Tesco Mobile and Giff Gaff are the only telecoms companies in the top 100, both positioned on the side of the consumer. Tesco Mobile excels at Personalisation and being able to tailor a package to the unique needs of the individual.

This is against a backdrop of what has been a highly acquisition-focused industry, whereby tying a contract to a phone and getting someone to buy it was a simple marketing strategy. Transitioning from this to customer centricity continues to be a challenge:

- Operators fail to understand the emotional connection consumers have with their devices and services. Empathy is key.
- There is a complex and diverse set of products and services. Telecoms companies need to get better at using data to personalise their offerings to individual customer needs. Though Tesco Mobile has done well here for the more basic, 'no nonsense' segment.
- There is a very complex life cycle with a huge volume of potential journeys across multiple channels. Customer effort comes into play when they are forced to use channels they don't really want to. Not only does this result in an experience that does not match customer needs, but it also drives cost for the operators.
- There are multiple third parties involved across the life cycle, with some journeys necessitating the customer deals with as many as three to four different

organisations. Customers want the operator or retailer to own this.

- The sector has become associated with a lack of Integrity for encouraging customers to buy more than they need or inappropriate services. Customers simply don't trust operators when bills are high and they don't understand what they have been sold.

Whilst firms have worked hard to improve aspects of the technology, such as 4G, the market has shifted from voice to data and the network has struggled to keep up. Meanwhile, marketing efforts have focused on reward schemes and upgrades, but customers complain about the failure to deliver the basic service, lost calls, no service areas, maintaining calls whilst on the move and slow download times.

Resolution of these complaints is also a problem, with the regulator taking to fining providers over failures in dealing with complaints effectively.

The telecoms market is mature and intensely competitive. Customers talked about being plagued with calls at the end of their contract to encourage them to sign up on new, usually more expensive, deals. But it is about selling loyalty rather than earning it. Increasingly, any loyalty in the industry is, in fact, to the handset provider, largely as a result of the high penetration of smartphones and the historic investment customers have made in a particular system.

The content providers such as Apple, BT and Sky are increasingly becoming more important in the decision process, whilst line provision is now a commodity.

The forthcoming round of M&A activity could be seen as an opportunity to create a new closeness to customers, though equally, it could herald a damaging, long-term decline in already fraught relationships.

05 / Underlying Customer Experience Themes

Sitting behind this year's insights are a number of central customer experience themes. One of the most significant of these is encapsulated in a recent Gartner report, which predicts that by 2020 85% of all customer interactions will be digital. For many of the CEOs that we meet, this is a worrying statistic. How do they build an emotional connection with their customers when there are few, if any, human-to-human interactions?

Compounding the problem is the fact that actually, even the human-to-human interactions that take place today warrant considerable improvement. CEOs of these companies are still endeavouring to put humanity back into the experience. Furthermore, how do they ensure that every customer interaction is on brand? This – as we've seen – is no longer a challenge for marketing alone.

In the context of the increasing digitisation of the customer experience and its side effects, we have observed five critical trends and identified the companies that are making significant progress in harnessing each to their benefit.

2015 UK customer experience themes



1. Customer experience is the new branding

We enter a new era of business

A brand is more than just how your customers perceive you, it is how they talk about you to others. Customers are looking for more than a brand that makes money for shareholders, they are also looking for a brand that stands for something.



2. Omnichannel is everything

Digital must be integrated, not isolated

Our analysis confirms that to consistently master The Six Pillars, brands must also master omnichannel. How brands "think customer" across channels plays a key role in customer experience excellence.



3. Experiences must be re-humanised

Emotionally engaging with customers

In an ever-increasing digital world, large businesses run the risk of removing humanity from their human-to-human interactions. Ensuring customers feel emotionally engaged relies on finding the right balance between human and machine.



4. Knowledge management ensures success

Superior insights distributed to many

Turning a good experience into an excellent one requires a dedicated amount of time getting to know customers. Some brands excel at truly listening to theirs: the return is an army of advocates driving faster growth.



5. UK Plc is being outperformed globally

Many programmes fail to deliver value

UK Plc is being outperformed on the global stage. We're being left behind by the customer experience leaders across the world, notably the US which sets the strongest examples of best practice.



Customer Experience is the New Branding

Increasingly, Excellence Centre research shows that a brand is the sum total of its behaviour, the promises it fulfils and the experiences its customers have of it.

Consumers are looking for more than just a brand that makes money for shareholders, they are looking for brands that add to the human condition and say something about the customers who buy from them.

Dame Anita Roddick, founder of The Body Shop, was once posed the question “How do you ennoble the human spirit when you sell something as inconsequential as cosmetic cream?” Her answer was a simple one: by following a set of principles (Source: The Leadership Lifecycle: Matching Leaders to Evolving Organisations).

This is advice seemingly taken to heart by the founders of Lush. They shun the term ‘ethics’, preferring instead to focus on ‘goodness’, ‘sustainability’ and ‘animal welfare’. Their view is simple: every business should be ethical – why should we talk about it?

John Spedan Lewis somewhat presciently called it the “third way”, the duty a business has not just to its customers, staff and shareholders, but also to make the world a better place.

We have consistently tracked the effect of M&S Food Plan A (because there is no Plan B). Consumers feel more than reassured that M&S is doing the right thing; rather they feel personally engaged in doing the right thing.

Our 2015 US analysis highlighted the role of ethical behaviour amongst US companies, where doing

the right thing for the customer is doing the right thing for the business.

In the UK, we have witnessed the birth of a new form of profitability: good profits (versus those regulators can recover in fines and remediation). We are witnessing the slow death of caveat emptor. However, the issue of brand trust remains.

In the world of the great amplifier that is social media, brand behaviour is under constant scrutiny. The great brands anchor their market behaviour in a set of values and principles that guide and shape thinking in a way that ensures all behaviours are ‘on brand’. Lush, First Direct, John Lewis, Ocado and QVC are best practice examples of organisations who have mastered this.

These masters start with the experience first. They hold every touchpoint to account – how does it deliver the brand? Is every communication, every interaction on brand? How does the cumulative impact of a series of experiences leave the customer feeling about the brand? Are these emotional outcomes consistent with the brand memories the company is seeking to create?

It is this rigorous approach to experience brand delivery that is increasingly setting our global leaders apart.

Our study shows that experience branding isn’t just confined to the top 10. In fact many of the top 100 are developing skills in this critical area. None more so than those aspirant brands in the 11-20 group. These companies are harnessing experience branding in interesting and unique ways, with ASOS and Apple providing strong examples:

12th



ASOS articulates its approach as follows: “Our customer means everything to us. In fact we are obsessed with them. We will always keep this customer obsession at the core of what we do”

This obsession with the customer manifests itself in every aspect of the experience and ensures that the experience reflects the uniqueness of the brand.

14th



Apple Store has set the global standard for reimagining retail space as part of a wider customer experience ecosystem. Fastidious attention to detail has long typified Apple’s brand implementation and in the retail environment this has transformed how the experience is delivered and perceived.

Store design, layout, product presentation and ambience – the basics of retail – are complemented by genius bars, knowledgeable and helpful staff and an overarching service ethic.



Omnichannel is Everything

Our 2015 US analysis identified that leading American corporates have largely a different approach to the adoption of digital technologies. In the US, it is simply an extension of the business model – an additional way to create engagement – in an integrated ecosystem with the customer at the centre. In the UK, by contrast, digital has been seen historically as a separate line of sight to the customer, a different channel with different products, prices and costs.

In the US, the role of the Chief Digital Officer has been short lived, already starting to be replaced by that of the Chief Omnichannel Officer. We are seeing this emerge in the UK as John Lewis, for example, reintegrates their digital team with mainstream operations. The integrated whole being greater than the sum of its parts.

The reality is that customers use channels situationally, not exclusively. They want to be able to move easily between modes of engagement, without having to repeat details or enter the same information. They are looking for a consistent personalised experience, regardless of the

combination of channels they use to achieve an objective.

It is no accident that those customer-centric companies that top our leaderboard are also the most advanced in their customers' eyes when it comes to the omnichannel experience. Few are better when it comes to implementing an integrated customer ecosystem than QVC.

QVC is the definition of an omnichannel retailer. It tops our omnichannel index, which is based on a company's consistency and ease of movement across channels, in the eyes of the consumer. It uses all media, including live TV, to interact with its customers. Being available when customers are available via TV, live studio feed on its website, pictures and embedded videos online, enabling customers to share their experiences via product feedback, ratings, community forums and on-air testimonials.

It is a completely integrated approach that enables the customer to choose how, when and where they want to interact.

Omnichannel leaders in 2015:

Rank	Industry	Brand	Omnichannel index
1			7.85
2		first direct	7.70
3		LUSH FRESH HANDMADE COSMETICS	7.55
4		John Lewis	7.45
5		NEW LOOK	7.41
6		richerSOUNDS	7.37
7			7.35
8		SKIPTON BUILDING SOCIETY	7.34
9		next	7.32
10		Argos	7.31



Experiences Must be Re-humanised

For many customers their interactions with staff are robotic, transactional and perfunctory – at best unremarkable, at worst sterile. Staff often confuse dispassionate aloofness with professionalism.

The great companies have re-humanised the experience. Their staff are working with the customer, for the customer. They are empathetic, sympathetic and compassionate, showing kindness and care in equal measure.

Decisions are made based on brand values and what is right for the customer. The strongest companies have a clear moral compass that ensures staff consistently provide the right outcomes for the customer.

Many large businesses have, over time, removed the humanity from their human-to-human interactions. This is more than a friendly smile or studied politeness, it is about genuinely caring about the person in front of you.

However, the leaders in our table are guiding a revolution to re-humanise the experience. Lush, Ocado and AO have built their businesses around people who care about what they do for the customer. First Direct go as far as recruiting from the caring professions to get the type of staff who can connect with customers. Coventry Building Society, a new entrant in this year's analysis in 22nd place, has emotional engagement at its very heart – with 'caring' and 'attentive' being two of the core values that are embedded throughout the business.

Premier Inn has sought to ensure its staff connect with the customer at every possible opportunity. AO has the delightful brand value "having fun with customers." For American Express it is about recruiting people who can build a warm relationship with the customer over the phone, whilst our US research chronicles the success of Southwest Airlines, who first coined the phrase "hire for attitude, train for skills".

For these companies, it is about staff who are authentic and genuine, who care about the category and the people they interact with; engaging with customers in the same way as they would a friend or neighbour.

Ritz Carlton use the phrase "radar on, antenna up": being ultra-sensitive to the customer, such

that colleagues can anticipate what customers might need, even before they know it themselves.

These organisations are able to take their humanity into the digital environment, making it easy to have a human interaction when needed through web chat or video, using human, brand-centred language to convey what they do.

The more sophisticated, such as Amazon, use emotion-centred design principles to embed human cues in the interface design. The use of name, showing that you have a corporate memory of your history together and in the case of Amazon's recommendation engine, finding something unique and personal to you that you might like – all help to humanise the experience.

Lush uses digital as a window into their organisation – so that you can see the real humans who are hand-making your product via the Lush Kitchen.

In the digital world these organisations are re-humanising the experience and answering the question "how do we emotionally engage online?"

//

A big contributor to our success is that we have extremely high levels of staff satisfaction and engagement. All of our staff, whether customer facing or not, genuinely care about our Members. Our culture, including our aim to make things as straightforward as possible for staff and Members, is the reason we are so strong across The Six Pillars. Our complaint levels are lower than other banks or building societies because we genuinely care about our Members and aim to put right any error we may have made.

Rachel Haworth
Customer Experience Director, Coventry Building Society

//

Spotlight on Customer Champions



10th Rank in 2015
of 272 brands

4 places
from 2014



The Six Pillars: Scores vs Industry Average



+5%



+5%



+9%



+3%



+3%



+3%

Remaining in the top 10 for the second consecutive year, AO's unique culture has captured the hearts of its customers.

“ I'd like to think our customer experience success is because we care more about our customers, and our goal of being exceptional in the “Moments that Matter” drives this. Our values are lived every day and our belief of putting the customer first is prevalent throughout the business.

We have no rules in our contact centre which means our people are empowered to do the right thing for our customers. It's all about the people for us, so we make sure we recruit the right people and spend time developing them. We want people to be themselves and have banned scripts, terrible corporate phrases and questions such as “is there anything else I can help you with?,” as they don't mean anything to most customers. In fact, the only real rules in our call centre are to “treat customers as you would want your gran to be treated” and “make sure that your mum would be proud of the decisions you make.” They're simple but effective in making sure our staff care about our customers.

Our business has always been engineered with the customer front of mind. We have strived to create

a model whereby we control our end-to-end operations from the moment a customer hits our website, right through to the delivery of a selected product via our own vehicles and AO driver. Over the last year we have invested more in the last mile – making sure that our drivers, who are the only human face our customers see, live and breathe our values.

What makes AO stand out from the crowd is our customer service-focused culture. We have a saying in the business that “you can't pay people to care, they have to want to care.” Therefore caring about our staff is a fundamental part of our culture. We create working environments in which they can flourish. After all, you spend most of your waking hours at work, it should be fun. Our people know that work at AO is serious but our team does it with a smile on their faces. We also recruit our people based on what we call our AO DNA. AO people act bold, think smart and, most of all, are fun to be around. They are passionate about what they do and innovative with their ideas. Ultimately, they ” care.

David Atherton
Head of Customer Experience,
AO

“

AO are absolutely excellent. I bought a fridge freezer online late afternoon and the item was delivered by 1pm the next day. They kept me up to date on the progress of my order, confirming when they would deliver and then texting half an hour before delivery to confirm.

UK CEE 2015 respondent

”

Implication

The importance of culture is evident across almost all the customer experience leaders – champion the right staff behaviours and create a working environment where employees can flourish.



More about AO on the Excellence Centre.



Knowledge Management Ensures Success

Samuel Johnson once noted that there were only two types of knowledge: knowledge of a subject and knowledge of where to find out about the subject. At an individual level, this is undoubtedly still true. However, when it comes to turning a good customer experience into an excellent one, the two types of knowledge that make the difference are:

- **Knowing me** – what I stand for, my circumstances, my needs, desires, wants and preferences, my level of knowledge on the subject, what I am seeking to achieve.
- **Knowing you** – the what, who, where, when, how and why of relevant aspects of your products and services, when I need it and when it's contextually relevant.

For organisations that top our leaderboard these are woven into the fabric of their customer experiences.


'Know thy customer' is very much the mantra at Lush – ask lots of questions, listen hard and get to know the person. First Direct is noted for its questioning and listening skills and showing that they 'know' the customer. Equally, staff knowledge is one of the key aspects of First Direct's service that respondents remark upon. In the US, Ritz

Carlton provides its staff with special notepads so that as they learn more about the customer's needs and wants, it can be fed into the CRM system and used to improve their guest's stay, obviating the need to ask them every time.

In the digital world, Amazon excels at showing customers it knows them. Using your name, showing your history together, reacting to your preferences and providing little moments of delight as its recommendation engine finds something unique to you. Jeff Bezos refers to the recommendation engine as a "soulmate," someone who knows you almost more than you know yourself.

Knowing you is the bread and butter of companies such as AO. Reviews and product assessments are all made available at exactly the moment they are required. Amazon similarly provides contextually relevant information when it is needed. Detailed product knowledge sets the John Lewis and Richer Sounds staff apart.

We live in the age of the smart consumer. Consumers can self-educate on a subject in minutes. Knowing enough to get by is no longer good enough; you need to know more than your customers.

	"Knowing me" – Show me you know me	"Knowing you" – Enable me to know you
 Personalisation	<ul style="list-style-type: none"> • My needs, wants and desires • My personal details – recognise me • My circumstances • Our history together 	<ul style="list-style-type: none"> • Anticipate my needs • Contextual information • Personally relevant information • What are the next steps
 Integrity	<ul style="list-style-type: none"> • What is important to me • My values 	<ul style="list-style-type: none"> • What you stand for • What your customers think of you • Show me you know more about your products and services than I do
 Expectations	<ul style="list-style-type: none"> • What I expect from previous interactions • Check whether I am happy • Gather my feedback and show you are listening 	<ul style="list-style-type: none"> • What I can expect going forward • Potential pitfalls ahead
 Resolution	<ul style="list-style-type: none"> • What occurred • Its status • How I feel • What I want to happen next 	<ul style="list-style-type: none"> • What will be done and how quickly • Who is dealing with it • What will prevent this happening again
 Time and Effort	<ul style="list-style-type: none"> • My timescales • My time pressures 	<ul style="list-style-type: none"> • Product and service knowledge • Keep me informed • How do I maximise my benefit • "How to" content
 Empathy	<ul style="list-style-type: none"> • Understand my circumstances • Understand my emotions • Understand my aspirations 	<ul style="list-style-type: none"> • How you can help when things are not straightforward

Spotlight on Customer Champions

richerSOUNDS

4th Rank in 2015
of 272 brands

18 places
from 2014



The Six Pillars: Scores vs Industry Average



+8%



+7%



+11%



+6%



+6%



+11%

Posting the highest operating profit in its history in 2014, Richer Sounds has concurrently moved 18 places in the Customer Experience Excellence rankings, into 4th place.

“ I think a key factor in our customer experience success is that we recruit colleagues who love music and movies, as well as for their natural friendliness. We don't employ people for their high-pressure sales skills; we choose team members who are friendly, enthusiastic and genuinely passionate about home entertainment. That means that our sales teams have something in common with our customers straight away, which makes it easier to build a rapport.

Our brand stands out for the pillars of Expectations and Empathy as we treat customers like we would do our friends and family. We ask for feedback at every step of the customer journey and we listen to what they have to say. I personally respond to all correspondence, and ensure that all colleagues are accountable. Because of this, we're constantly evolving based on customers' needs. We empower our colleagues to build relationships with customers and work hard to ensure our in store teams treat our customers as real people with individual needs, rather than reading from a 'one size fits all' sales script.

To ensure we continually deliver to meet customer expectations, our colleagues spend many hundreds of hours a week learning about new products, which has ramped up considerably over the last year. We have also recently worked hard at developing relationships with, and visiting, customers at their homes or places of business in order to offer a much more comprehensive and bespoke service. We have also expanded our install facility, so we can now offer customers a complete home entertainment solution.

We're a diverse team, united by a passion for music and movies. Our stores contain a remarkable number of budding musicians, DJs, scriptwriters and film critics. Each of our stores has a lot of autonomy – they are encouraged to support local events and respond to local demographics. We encourage colleagues at all levels to innovate and improve the business by submitting their ideas. We're constantly appraising what we do, and looking to enhance our customer service offering. I'm not sure where the next innovation will come from, but I'm fairly certain it will be from a colleague or customer suggestion.

Julian Richer
CEO and Founder, Richer Sounds

“

I've never been disappointed – all the staff are knowledgeable and helpful. I was talked out of buying an expensive soundbar and steered to a more reasonably priced model more suited to my use. I was walked through how to set it up, nothing was too much trouble.

UK CEE 2015 respondent

”

Implication

Richer Sounds' success reinforces the impact of the hiring formula 'recruit for attitude, train for skill'. It drives Empathy; a rare pillar to excel in and a basis for clear differentiation.



More about Richer Sounds on the Excellence Centre.



UK Plc is Being Outperformed Globally

Our [US report](#) showed that the leading US firms are some five years ahead of the UK. The average US consumer is 10 times more likely to have an excellent experience than their UK counterparts. The reason for this lies in the systematic approach used by American firms to define, deliver and measure the link between brand and experience.

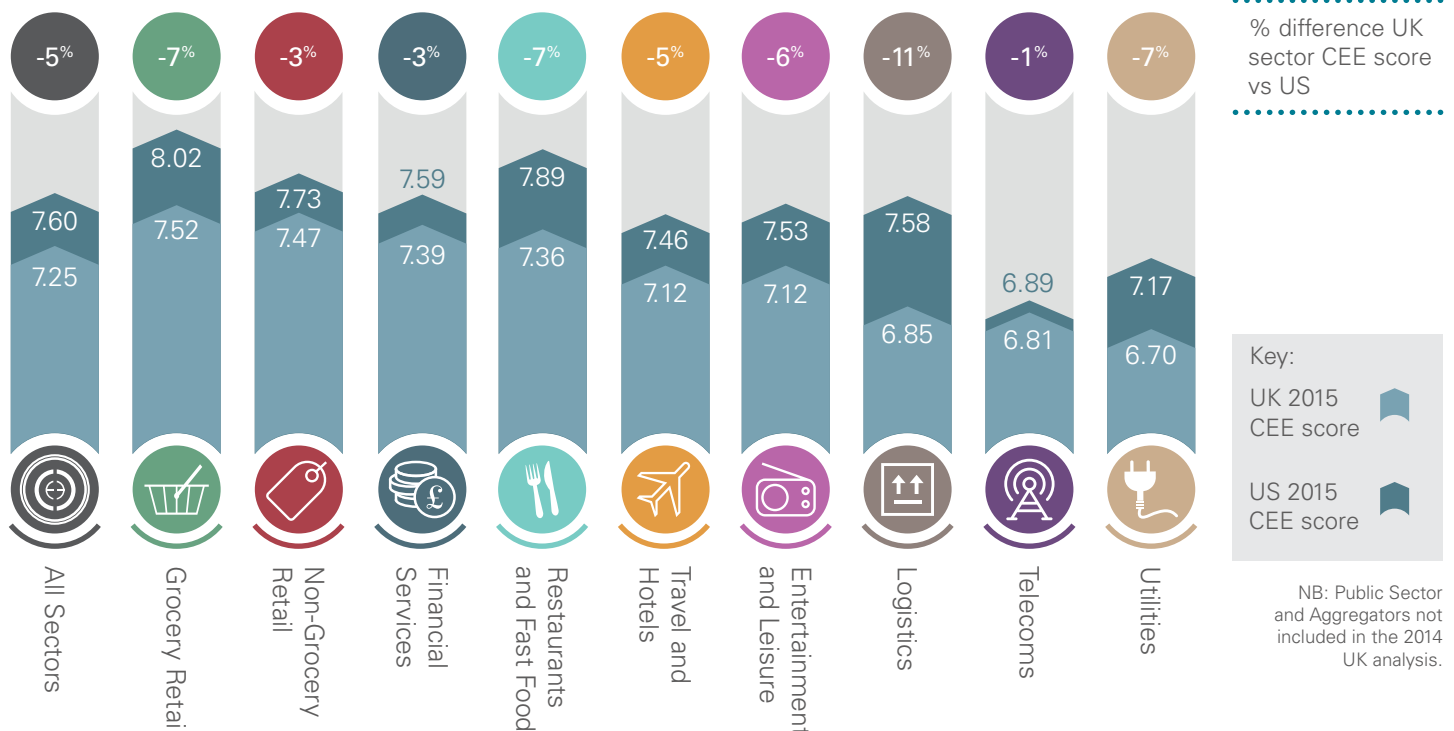
There are a number of factors contributing to this:

- Detailed analytics to understand customer behaviour, motivations and priorities.
- Rapid adoption of seamless omnichannel and, in particular, integration with social media.
- Strong focus on 'how to'. For example, supermarkets providing demonstrations, cookery courses and assembling the ingredients for the 'recipe of the day' in one place. YouTube 'how to' videos on key product features – just making life easier for the customer.
- Micro-management of the small details, removal of irritants.
- Focus on trust-building moments – ensuring delivery of the promise.
- Building the sense of theatre and drama, making things matter, connecting emotionally.
- Careful staff recruitment through alignment of values. Focus on staff attitude liberating a desire to please.
- CEO setting the customer agenda and committing significant diary time to its delivery.

Air New Zealand, Singapore Airlines, Changi Airport, USAA, Nordstorm, Publix and Trader Joes are setting a new customer experience agenda across the globe, one which enables them to pull away from their competitors.

The start point to becoming such a 'customer champion' is a single coherent customer experience strategy that draws on global best practice. A strategy that unites brand, service and distribution into a single experience for the customer. This is one of the key requirements of successful customer transformation, which this report now moves on to examine.

UK vs. US sector performance



Spotlight on Customer Champions

NETFLIX

20th Rank in 2015 of 272 brands

58 places from 2014



The Six Pillars: Scores vs Industry Average



+10%



+11%



+8%



+7%



+10%



+7%

Founded less than 20 years ago, online streaming service provider Netflix is the only entertainment brand in the UK top 20.

In 2015, the company reported a growing international subscriber base of 65.55 million. This growth is reflected in its performance in the UK CEE, rising 156 places in the last three years, moving into the top 20. As a result, Netflix is now acknowledged in this report as one of the most transformed customer brands.

Despite transforming the film rental business and the way we watch films, it hasn't all been plain sailing for the business. A bump in the road around five years ago left Netflix needing to rebuild its customer relationships, when the company misinterpreted customer preferences and increased its overall price plan, resulting in uproar from many. Quick to respond to customer feedback and resolve the issue, Netflix's solution has ensured it stands strong for the pillar of Integrity. The brand has steadily progressed from this and is now heralded as a digital leader in customer experience.

Part of Netflix's success lies in its desire to form an almost intimate relationship with its customers, and to understand what holds their attention and what turns them away. The knowledge it has on its customers, combined with its outstanding algorithms that generate customer recommendations, enable

Netflix to deliver a true example of Personalisation. The company does this through recommendations of personalised content that are, more often than not, just what the customer would want to watch.

"We own the Netflix customer experience from the moment they sign up, for the whole time they are with us" says Todd Yellin, Vice President of Product Innovation at Netflix. "We climb under the hood and get all greasy with algorithms, numbers and vast amounts of data. Getting to know a user, millions of them, and what they play. If they play one title, what did they play after, before, what did they abandon after five minutes?"

For the algorithm to decide what you want to watch and what else you like, to ongoing process improvements, Netflix uses technology to drive innovation and in doing so, delivers on Time and Effort.

Looking to the future, Netflix is now investigating artificial intelligence through 'deep learning', a method of organising content to reflect how the brain works. It is this commitment to innovation, combined with its knowledge of the customer, that makes Netflix one of the leading brands in the UK CEE 2015 analysis.

“

If the Starbucks secret is a smile when you get your latte, ours is that the website adapts to the individual's taste.

Reed Hastings, CEO, Netflix

”

Implication

Having a deep, digitally-enabled knowledge of the customer enables a company to create an experience that feels unique to the individual's circumstances – an important facet of Personalisation.

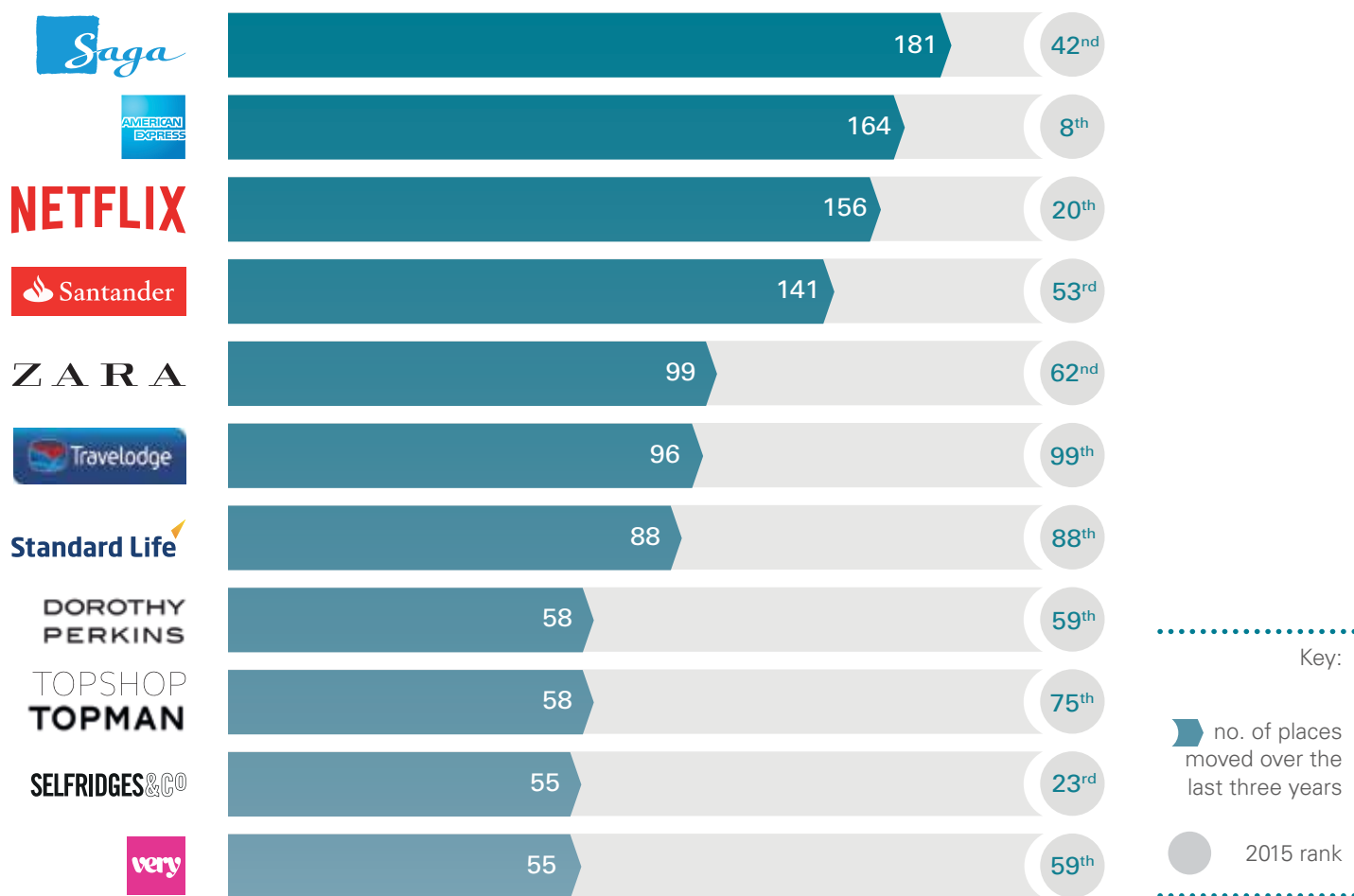


More about Netflix on the Excellence Centre.

06 / Becoming a Customer Champion

“The Economics of Excellence” earlier in this report highlights the considerable financial rewards associated with successful customer transformation. So, what does such a transformation look like and what are the catalysts of change? To understand this, it’s important to focus not on who is best, but who improves the most rapidly and effectively.

The most transformed customer brands in 2015:



Looking at these businesses and others elsewhere in the world identifies that there are no overnight successes. Businesses that transform take three to ten years to turn around, depending on the level of re-engineering required. Focusing on the top three:

1. **Saga** has built its three businesses (financial services, travel and health) into customer experience successes. Their strategy is segment focused: “truly understanding the needs of the UK’s over 50s better than anyone else and designing unique and better services for them.”
2. For **American Express** it has been both a business process revolution and a cultural revolution. Focusing their agents on building relationships has meant dropping traditional call centre metrics, such as calls per hour, and focusing on solving customer issues and building rapport to personalise every interaction.
3. **Netflix** had to first repair its reputational damage following its pricing policy changes, before being able to exploit the huge step forward it made in Personalisation and process improvement.

Spotlight on Customer Champions



99th Rank in 2015
of 272 brands

38 places
from 2014



The Six Pillars: Scores vs Industry Average



+4%



+4%



+4%



+5%



+5%



+5%

Travelodge has invested heavily in customer experience in recent years and the results are evident, as the brand moves 38 places into the top 100 in 2015.

“ We started our evolution of the customer experience by gaining agreement on what our customer journey should look like. We focused our attention on the key drivers of customer loyalty, and then built simple steps that our whole team could understand and deliver against. To support this, we designed our customer survey to line up with these steps, allowing us to measure our customers’ feedback at each stage. Each hotel received their own tailored version, so they knew exactly what their customers were telling them. By providing these building blocks, the leadership teams in the company were well equipped to make the customer journey and customer feedback the cornerstone of how we work, and to grow understanding with each team member of their role in delivering a consistent customer experience.

Our strong performance for the pillars of Time and Effort and Empathy is particularly pleasing, as feedback from our teams in our engagement survey tells us that our culture is authentic, supportive and accessible, and this comes across in the way we work, as we encourage our teams to be themselves with our customers

and take the time to treat them as they would like to be treated. We avoid rote learning and talk-lines and champion good understanding of customer needs and accountability. We try to set our teams up for success so that they are best placed to give customers what they need.

We’ve invested heavily across our employees, company infrastructure, technology and new developments. We’ve now refurbished over 90% of our rooms with the new look and feel, we’ve spent time on training and development for all team members. We’ve provided a better, clearer customer insight report on a weekly basis to hotels which gives them true clarity on what their own customers are saying about their stay.

Looking to the future, a consistent customer experience across more than 500 locations is a never-ending mission. However, our priorities in the immediate future are to ensure we get recruitment and induction spot on, so new team members enhance the quality of our existing service level, regular bite-size training in small groups so we can continually improve on what we do, and more precise information for support functions so they can help hotels when they aren’t able to help themselves.

Jon Hendry-Pickup
COO, Travelodge

“

Travelodge has really improved its facilities in the last two years, so much so that now staying in a Travelodge is an experience I would recommend.

UK CEE 2015 respondent

”

Implication

Understand what drives your customers’ loyalty. Use this to give focus to what you do and when to do it. Customer experience should guide investment, rather than be a symptom of it.



More on the
Excellence Centre.

Components of Successful Transformation

The question at the heart of successful transformation is therefore “how do we accelerate the pace of improvement?” Many UK brands promise to be ‘best-in-class’ within challenging timescales, often damaging their internal and external credibility. Much like training for a marathon, the most effective focus should be on understanding how to improve most rapidly, without injury to business health, to get the best long-term results.

By analysing successful transformers, both in the UK and abroad, we see three elements as being central to this change.



1. Clarity of vision

A single controlling idea, directing the experience as a whole.



2. Sequenced focus

The ability to implement The Six Pillars appropriately, at the right times.



3. CX capability

The right investments in customer experience capabilities to ignite and guide change.

53rd



Santander is an interesting case study in transformation. The introduction of the 1:2:3 account provided an impetus for change. However, it has taken several years for the business process improvements to clearly impact its performance. The three strands of improvement follows the above sequence:

1. Wholesome trustworthy brand ambassadors to re-establish credibility and Integrity. Santander realised that customers bring a range of complex subconscious emotional responses to the use of celebrities as proxies for the organisation itself. If Jessica Ennis-Hill (with all she stands for) is prepared to endorse this company, then it must be OK.
2. Intense focus on problem solving and business process improvement, accurate setting of expectations and ease, alongside simplicity of messaging and product use.
3. Empathy training across 14,000 customer-facing staff to create memorable employee-customer interactions. The result for Santander has been a move of 141 places up the CEE rankings since 2013.

// The transformation journey has never been more exciting – particularly with advances in digital – but above all else we will stay true to our core purpose of helping people and businesses to prosper.

Sue Willis, Managing Director of Customer Experience and Channels,
Santander





1. Clarity of Vision

At the very centre of the most successful customer experiences lies an idea. An idea so powerful and motivating that it infuses and energises all it touches. This ‘controlling idea’ sets the vision and anchors customer experience strategy.

For USAA (the number one brand in the US) and QVC, that idea is Empathy. At Publix, in the US, it is making shopping a pleasure. For Lush, it is helping people feel better about themselves and the world around them. Lush happens to sell soap, it describes its core competence as the ability to turn liquids into solids, but it isn’t about the products themselves, it is about the feelings Lush helps to create in its customers.

Great experiences are about emotion. When our rational mind is satisfied, our feelings make the decisions. Organisations that are adept at managing customer feelings are those that generate experience-driven brands.

How these feelings will be elicited is centred in the controlling idea. Great controlling ideas are

those that capture the attention and prompt great questions that make staff ask “how do we do that?,” not “what do we do?” It is an organising principle that drives cohesion and integration.

A controlling idea is different to how most organisations see ‘brand’ because it shapes the mind set of the whole organisation, not just the marketing and sales teams. It isn’t a sophisticated brand model that lives exclusively in the minds of ad agencies and marketers. It pervades how every employee thinks, what they value, how they make moral decisions. In short, it is an invisible force field that keeps everything on track, on brand and on the customer.

For many businesses their internal lexicon is already complex, full of brand principles, values, behaviours and competency frameworks. It takes committed, detail-orientated leadership to unify this conceptual noise around the customer experience. Those that do, however, achieve the most rapid change.

	Brand	Controlling Experience Idea
UK		• Making customers feel good about themselves and the world around them
	first direct	• Outstanding customer service that suits the customer – not the bank
	John Lewis	• Partnership
USA		• Empathy
	Publix	• “Making shopping a pleasure”
		• “Making magical experiences come alive”
APAC		• The exposition of Asian values and a culture of hospitality
	 AIR NEW ZEALAND	• Essential “Kiwiness”
		• Removing stress – using an uplifting service culture to connect to people’s lives



1. Clarity of Vision

The controlling idea can be enhanced or expanded through internal values, brand values, brand personality or indeed, brand attributes. However, these concepts must be aligned and integrated. Each must pass the test of “does it guide how we think and conceive of the customer?”

To do this, The Six Pillars provide a clear compass. When the idea is combined with The Six Pillars they become the beating heart of customer centricity: pumping the brand around the body corporate, influencing how it lives in its environment and indelibly marking all that it touches.

The Six Pillars are the universal experience checklist. They prompt the question “have we considered all dimensions into which our idea has to expand?” They provide the basis for effective measurement of performance and customer impact and, as a consequence, have significant explanatory power over simple, symptomatic measures, such as CSAT and NPS.



Personalisation

How do we get to know which type of person finds alignment with our idea? How do we get to know them deeply and profoundly and spread that knowledge through our business?



Integrity

Have we laid the foundations for our sense of Integrity, our moral purpose, our reason for being? How does the Integrity platform express our controlling idea and inspire trust?



Expectations

Do we know the Expectations our customers bring to their encounters with us? What have we done to shape, reset or challenge those Expectations?



Resolution

Have we considered what we do when things go wrong, as they surely will? What is our plan B? When we fail to deliver on the idea, how will we put things right?



Time and Effort

How do we show what we have done to make our idea easily accessible, to show the customer we value their time, how it is spent and the return they get from investing it with us?



Empathy

How do we manage our own behaviour? How do we build rapport in a way that transfers our passion and our values to the customer? How do we show that we care?

Our research has shown that the keepers of the flame have to be the CEO and their executive team. The CEO can change, but if the idea is strong enough, it lives on. Witness USAA, Publix, John Lewis, QVC and Ocado.

The great organisations tacitly deliver their controlling idea through The Six Pillars. A controlling idea is the touchstone for ensuring the organisation’s mind set is fully attuned to the customer, making the organisation relevant and important in the customer’s life. The Six Pillars ensure cohesiveness and completeness.

When seeking to implement a clear customer vision, our experience would therefore suggest there are three key questions:

1. What is the controlling idea for the experiences we will deliver?
2. How can this idea be discharged through each of The Six Pillars? Where do we start?
3. How do we embed The Six Pillars into our customer journeys and experiences?



2. Sequenced Focus

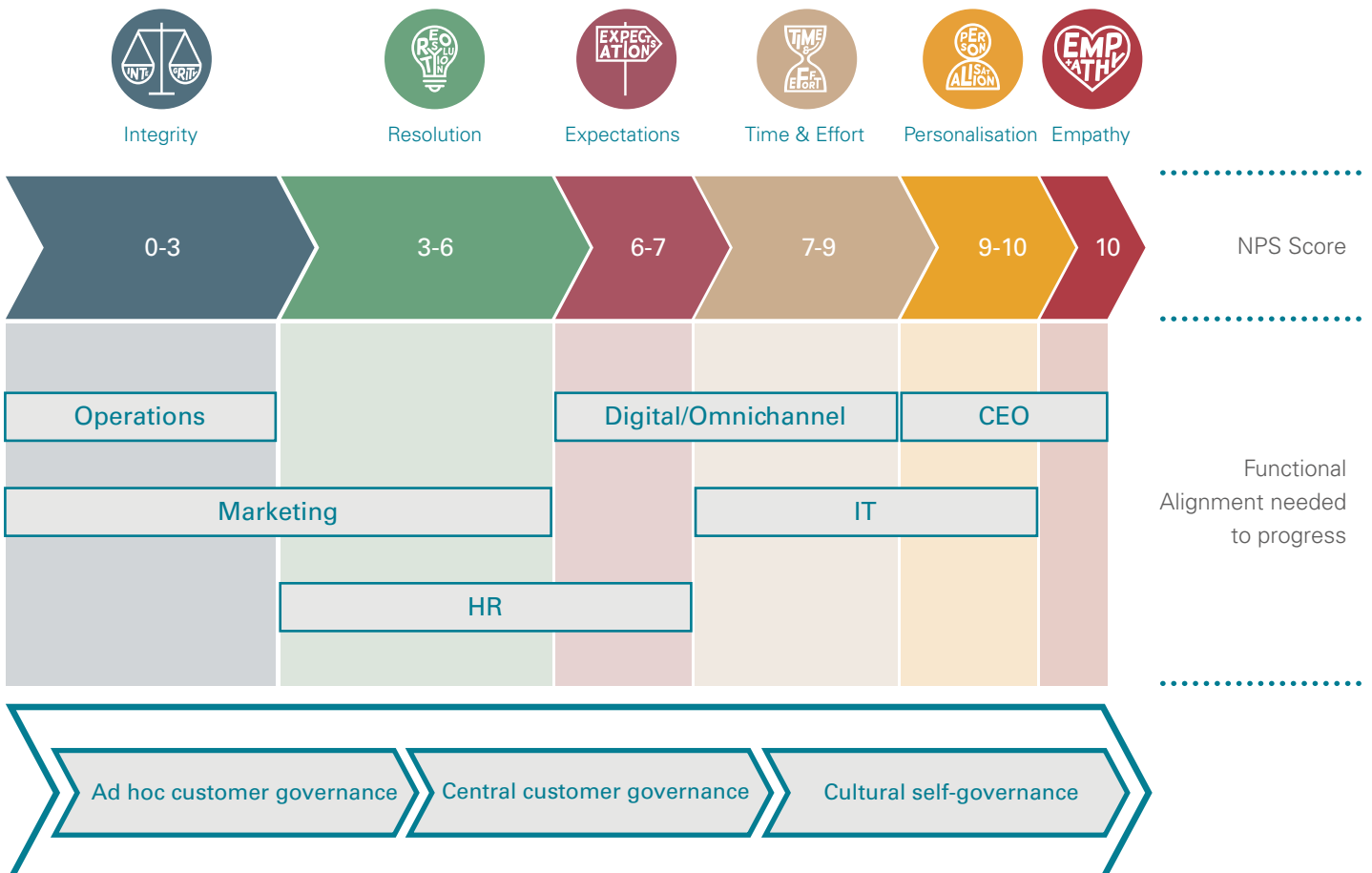
Putting in place a guiding vision to accelerate customer transformation also relies on doing things in the right order. There is a natural sequence that our analysis shows great organisations master. Much of the lacklustre performance in the 2015 UK results is due to premature focus on rich, complex experiences at the expense of business basics. By understanding this sequence, businesses can avoid significant costs and ensure more consistent progress.

We are often asked which of The Six Pillars should be the focus of a given change effort. Our response is that the great organisations get them all right: they are intertwined so it is difficult to separate them out. Simplistically, for instance, analysis shows that Personalisation has the biggest impact on advocacy and loyalty.

However, this year's analysis shows that there is a natural sequence to transformation – a hierarchy of activities across The Six Pillars so that, as each stage is completed, it builds on the last, gradually leading to success. The chart below maps the NPS scores against the reasons themed against the relevant Six Pillars. Typically, the issues most frequently voiced that result in scores of 0-3 are trust and Integrity related. Those that score a 9-10 are Empathy or Personalisation related. In simple terms, the issues that drive detraction tend to be trust and Resolution, and the drivers of advocacy tend to be driven by employee-customer interactions.

The checklist opposite will enable you to think about the sequencing of your own route map.

The Six Pillar implementation sequence:



A Checklist for Six Pillar Implementation



Integrity

- We focus on creating a great first impression to establish trust from the outset
- We have identified key trust-building moments and ensure we deliver on them
- As a company we stand for something more than profit for shareholders
- Our people are wholly competent at what they do
- Our people are likeable and engaging
- We always keep our promises and do what we say we will do

[Learn more:](#)



Resolution

- Our people take clear ownership of an issue and see it through
- We provide accurate and consistent answers at point of contact
- We resolve issues at first point of contact
- We practice heroic recovery and react immediately to customer issues
- We provide accurate timescales for problem resolution
- We equip customers to resolve problems themselves if they prefer to

[Learn more:](#)



Expectations

- We know the set of expectations that customers bring to interactions with us
- We use this knowledge to accurately set and manage customer expectations
- We understand where in the customer journey we need to be accurate in delivering on expectations
- We are careful when we set expectations, even in small ways

[Learn more:](#)



Time and Effort

- We are clear on the return on time we provide to our customer for every interaction
- We make the customer's time investment pleasurable
- We inform the customer as to the time investment they need to make to achieve their objective
- We are clear on next steps and what may go wrong
- We systematically remove unnecessary steps in the process

[Learn more:](#)



Personalisation

- We show the customer we know them
- We understand and follow their preferences
- We show the customer we recognise our history together
- We find interesting ways to show how we use the individual knowledge we have of the customer to better serve them
- We apply our knowledge to put the customer in control at point of need
- We show the customer we value them and their business

[Learn more:](#)



Empathy

- Our people invest time to listen to their customers
- Our people are able to give the right emotionally intelligent response based on the customer's emotional needs
- Our people establish an emotional connection with customers at every interaction
- Our people make this connection by expressing our brand
- Our people are able to show that they care personally about the customer

[Learn more:](#)



3. CX Capability

To execute a guiding vision, sequentially, certain organisational capabilities are required. Like marketing at the turn of the century, customer experience competencies, systems and strategies are often highly fragmented. Organisationally, they often sit across silos. On the supplier side, few firms offer genuinely end-to-end services – tending to emphasise a specific product or approach. The consequence is that many brands' customer transformation efforts stall due to a failure to execute, or undue emphasis on compelling but simplistic 'silver bullet' solutions.

Whilst not an exhaustive capability map, executive interviews with leading brands around the world highlight that any effective end-to-end capability should incorporate many of the following elements:

Vision and Strategy

- Clear articulation of the controlling idea, derived from the main brand, owned by all
- Practical, granular design principles and tools for omnichannel experiences
- Realistic and honest appreciation of internal risk factors, maturity and capability gaps
- Ownership at C-suite, ideally with the CEO championing customer experience

Financial Decision Model

- Explicit and confident understanding of the link between customer and growth
- Prioritisation of customer journeys vs change portfolios, based on value and cost
- Unified data analytics capability, combining operational data and feedback
- Predictive modelling, allowing financial return to be simulated based on customer improvements

Journey Design Capability

- In-house capability, tied to an omnichannel permanent group with clear governance
- Codified in-house approach to journey mapping and design, linked to governance
- Clear emphasis on balancing customer (emotional), process (rational), cost and employee factors
- Agile implementation capability, allowing rapid test, deploy and rollout across markets

Voice of the Customer

- Unified, real-time feedback technology, linking all operational managers to daily issues
- Decision-making model, drawing together relationship-level and event-level feedback
- Incorporation of operational data and digital analytics, allowing a fully rounded view
- Relentless focus on action planning, both at the operational and strategic level

Customer Culture

- Understanding of the target culture and employee experience needed for customer centricity
- Seamless engagement of HR and L&D staff within customer experience governance
- Formal customer closeness programme, engaging top management with real customers
- Incorporation of voice of the employee analysis, alongside voice of the customer

Operational Excellence

- Absolute focus on granular implementation of customer principles via micro journeys
- Continuous focus on checking customer vision against operational reality
- Omnichannel scope, across traditional and digital dimensions, without internal silos
- Clear approaches to identifying and propagating emerging best practices

07 / Further Resources



Customer Experience
Excellence Centre



The Excellence Centre is dedicated to rapidly improving customer experiences, by defining what 'best-in-class' looks like for customers around the world.



Access the Excellence Centre online

Learn from the international best practices of innovative and fast-moving brands.



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(No membership fee, eligibility requirements apply.)



Learn more about The Six Pillars

A universal set of qualities within every customer relationship. The Six Pillars have proven to deliver enhanced commercial outcomes and deliver greater shareholder value.



Get in contact with the authors

Discuss this work, or applying Excellence Centre best practices to your voice of the customer, journey mapping or CX strategy programmes.

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02	first direct	03	John Lewis	04	richerSOUNDS	05	avg	06	amazon
07	SKIPTON BUILDING SOCIETY	08	AMERICAN EXPRESS	08	ocado	10	go.com	11	Premier Inn
14	Apple Store	14	Emirates	16	Waitrose	17	GreenFlag	18	M&S BANK
21	M&S EST. 1884	22	COVENTRY	23	Nationwide	23	SELFRIDGES&CO	23	Waterstones
27	PayPal	29	Sainsbury's	29	Specsavers	29	THE VINEYARD	29	BRITISH AIRWAYS
34	Iceland	34	THE BODY SHOP	34	Clarks	38	mothercare	39	wilko
42	Millie's COOKIES	42	Saga	44	next	44	farmfoods	44	Hilton
49	ASDA	49	GREGGS	51	virgin atlantic	51	son-jarvis wife	53	Argos
53	Boots	53	Knappi Kreme	53	giffgaff	59	very	59	DOROTHY PERKINS
62	TESCO mobile	62	Thorntons	65	Pizza Hut RESTAURANTS	65	schuh	65	DEBENHAMS
70	H&M	71	HALIFAX	71	GAME	71	THE COFFEE SHOP	71	TESCO Bank
75	Superdrug	75	TOPSHOP TOPMAN	75	COSTA	75	KLM	75	Dunelm
83	TESCO	83	SUBWAY	86	Thomson	86	HOUSE OF FRASER	88	MATALAN
88	ovo energy	88	Standard Life	93	FRIDAYS	93	Dobbies	93	PRIMARK
96	RAC	99	Travelodge	99	boohoo.com				



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