

How Do You Measure the Customer Experience?

Marketing challenges the traditional methods.

By Gordon A. Wyner

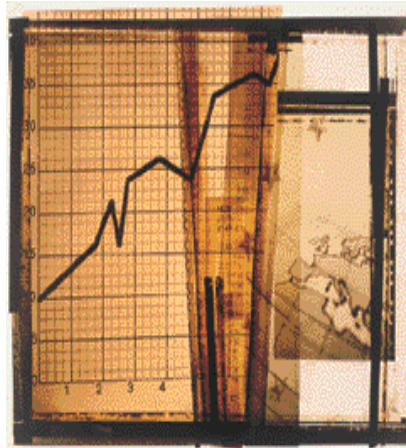
One of the most compelling marketing concepts to emerge in recent years is the notion that to fully develop customer brand relationships we must understand and optimally design the customer experience. Research method developments have not kept pace with the need for information about the customer experience. If this gap is not addressed, research risks taking another hit for being less than relevant to the most important business drivers.

Two major challenges arise for researchers. One is that most marketing research methods, especially quantitative ones, are designed to achieve different goals and therefore don't do a particularly good job at measuring experience. The other is that improvement of the experience calls for manipulating some very elusive variables. Experience hasn't been optimized unless it can be defined, measured, and linked to specific business outcomes.

To make progress on these issues will probably call for some new marketing research methods. While it's difficult to say precisely what the methods would look like, it is possible to say where the solutions may be found. One place to look is in the traditional research design categories, such as sampling, data collection, measurement, and analysis. Some issues come from outside the traditional research domain and may require new thinking about the marketing and research processes that attempt to model them.

Cases

The Starbucks experience is certainly more than coffee; it combines the location, the ambience, the types of people that might be there, and the activities they might engage in. Has the proliferation of Starbucks outlets into many corners of city streets and airports and shop-



ping malls correctly replicated the original concept? Does it work as well as the original? Will efforts to improve short-term profitability of the corporation by raising prices and cutting costs adversely affect the experience and lead to long term problems?

The Dell computer experience is certainly more than the PC. Dell's success coincided with increasing commoditization of the product but differentiation on how it is bought (direct mail and Internet channels, self-configuration of equipment, selection among servicing options) and how it is serviced after the sale. Can Dell apply its successful PC business model to the more complex corporate IT world? How does Dell tailor the experience for a small or medium business vs. a large corporation or government agency?

The experience of managing one's finances is more than the sum of insurance policies, investments, and financial plans provided by an assortment of companies from banks to insurance carriers to brokerages. This experience unfolds over a lifetime. How can the various financial service providers cope in an environment where they control only a portion of the experience that extends over many years?

These examples remind us that just delivering the traditional marketing mix isn't sufficient. Just managing and improving customer satisfaction with interactions with the company won't do. Marketers need to create the appropriate context for customers and provide the right stimuli so they can get the most value from using the product or service. Some strategists emphasize how the customers' actions contribute greatly to the creation of the experience. Put differently, the marketer doesn't so much design the experience for the customer as enable the customer to do his or her own thing.

Experience Measurements

Some firms define customer experience in terms of "touch points" between the company and customer, such as installation, change of service, or discontinuation. Companies that provide a venue (e.g., restaurants, retail stores, entertainment businesses) define the experience as specific occasions. Transportation companies define it as trips between origin and destination.

For many consumer packaged goods, the usage experience takes place out of the reach of the company. And, like virtually all companies, these firms create messages to convey a branded experience via advertising and other forms of marketing communication. An important feature of some of the most powerful advertising is its ability to evoke the experience in the customer's mind.

It's important to distinguish between the physical delivery of the experience and the way the consumer feels about it (i.e., the customer's emotional state). This formulation of the concept is challenging to define discretely because experience occurs over time and is implicitly evaluated against expectations formed from prior experiences.

For many product and service categories the definition of the various components of

experience is complex. Do all these individual components need to be defined and measured separately? Are they all equally important? Is there some natural selection of experiences based on frequency or intensity that helps focus the definition?

In this instance, traditional qualitative research helps identify the full range of elements of the customer experience. Quantitative research has been less clear on how to define experience. It can be thought of as the unit of analysis (e.g., a particular service encounter is the experience). Or it can be thought of as experience-related measured dimensions that drive customer choice and economics (e.g., satisfaction with aspects of service during an encounter).

Sampling. The definitional questions naturally lead into concerns about how to sample experience in order to generalize observations to the market population. While most research methods emphasize sampling of people, sampling of occasions is feasible in many markets (e.g., trips, visits, channel interactions). Practical issues come into play here because there's often no reasonable sampling frame or list. Nor can customers directly be observed in their natural purchase or usage habitats.

An even bigger issue is how to combine all the different specific experiences an individual might have to get an accurate portrait of their overall experience. Traditional sampling methods can be used in cases where there's some spread of customers across all the relevant experience domains. For example, a bank or brokerage firm that uses branches, telephone, mail, and the Web to interact with customers can rely on a broad sampling of people to get a sense of the combinations of channels people use.

Continuous panels may be especially useful in this connection to incorporate more types of experience per individual than can be done in a one-time survey. They can assess changes over time that occur naturally or in response to marketing initiatives seeking to change the total experience for targeted individuals. This all assumes the usual limitations of panels can be tolerated.

It's important to emphasize the relatively small number of high value customers because they have disproportionate impact on a company's business results. Their experience won't necessarily be represented properly by sampling the different touch points they happen to encounter.

For example, in the airline industry the top 10% of customers, who are generally business flyers, account for a huge portion of the profitability. They encounter the airline in checking schedules, making reservations, boarding, and deplaning, just like all the other passengers. But they do it more

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often, with a greater sense of urgency, and are more dependent on seamless performance across these activities than infrequent, non-business travelers.

In sampling these interactions, it's more important to know how they collectively affected the high value customers than how each individual touch point performed across all interactions. Research effort should be allocated disproportionately to sampling these types of customers and measuring the full range of their experiences, even at high cost. Accomplishing this may call for specially designed survey or panel instruments combined with data capture from internal systems.

Measuring and modeling. Researchers need additional metrics beyond the traditional ones like brand perception and customer satisfaction with products, services, and channels. All the relevant touch points, interactions, and media must be measured so their extent and importance can be quantified. For example, ideally measures of frequency, duration, and intensity can produce metrics like share of experience (e.g., media vs. non-media experiences), combinations

of experience (e.g., Web, in person, phone), and variability in experience over time (e.g., consistency or lack thereof). While difficult to obtain, these metrics are needed to go beyond the average experience and capture the individual's total experience.

The notion of experience suggests that context is extremely important and therefore should be measured. This could be the presence of other people in the environment (e.g., other shoppers or users), the degree of control a person has to design one's own experience (e.g., product recommendations, diagnostic information, self-configuration), and response to self-designed experiences (e.g., satisfaction with one's own choices).

Once the experience metrics have been identified, the next step is to link to customer performance dimensions (e.g., behavior and economics) so their relative importance in producing business outcomes can emerge. After quantifying the experience, researchers can change it to improve the customer's utility, which ultimately increases value to the company.

Causal modeling can estimate the structure by which different elements of the customer experience combine. It's then used to simulate the business outcomes of hypothetical changes in any of the marketing and organizational levers that help create experiences.

This is fine as far as it goes, but it's just the first step toward creating new customer experiences that are more than extrapolation of past experiences. Testing new concepts and levels of experience dimensions can help companies discover the best levels to implement. But more work is needed. To succeed, companies must learn how to design and conduct experiments across a wider range of alternative scenarios. ●

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