THE FORCES OF CUSTOMER EXPERIENCE

The science of strong relationships in challenging times

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IPSOS VIEWS

GAME CHANGERS

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The importance of customer experience (CX) as a driver of financial performance is widely acknowledged. Customers' decisions about brands directly impact the bottom line. Customer retention, advocacy and share of spend are crucial customer outcomes that organisations need to drive to generate revenue growth. This paper outlines how organisations can drive positive customer outcomes by better understanding and meeting customers' functional and relational needs.

The COVID-19 crisis has brought significant changes in customers' expectations, attitudes and behaviours. Our recent paper, *Staying Close to your Customers – Why customer experience still matters amid COVID-19 and social distancing*[1], demonstrates the importance of CX measurement and management during this period. Indeed, keeping close and listening to customers during these challenging times is crucial for organisations to understand and adapt to changing customers' needs, and anticipate what the future of customer-company interactions and relationships might look like as we enter a period of transition post-crisis.

The impact of the crisis will be sustained as we enter that period of transition, post-lockdown, where businesses have to adjust to a new normal where, for example, physical outlets have reopened while social distancing still applies, or where digital channels see a surge in demand as more customers continue to interact digitally following the end of the lockdown.

In this new normal, a priority for organisations will be to work out how to re-invent their ability to service customers in a way that is in line with health and safety requirements, but also meets changing customer needs; the ultimate goal remaining the same as before – designing experiences that drive stronger relationships, competitive advantage and revenue growth.

Nurturing relationships in times of crisis is critical. We know that critical moments can create strong and long-lasting memories. And there is no doubt that customers will remember brands that support them during these challenging times, leading to stronger and more meaningful relationships.

Tracking key performance indicators such as Net Promoter Score (NPS) is a good way to keep a pulse on customer sentiment, but it is not enough. In order to design experiences that truly connect with customers' needs, organisations need to leverage proven frameworks that provide strategic guidance to focus on what truly matters.

This paper introduces the 'The Forces of CX – The science of strong relationships', a human-centric framework that helps organisations better design and deliver customer experience, so that it drives true

competitive advantage and a better 'Return on CX Investment' (ROCXI).

The Forces of CX is built from a set of questions that capture true building blocks of relationship strength to help organisations take their CX strategy to the next level. Organisations need to leverage such a framework to move from creating experiences that are shallow and transactional to deeper and more relational. Only then will the customer experience bring the financial return associated with relationship strength and competitive advantage.

Figure 1 The Forces of CX

Enjoyment

Status

Belonging

Forces of
CX

Control

Certainty

Fair Treatment
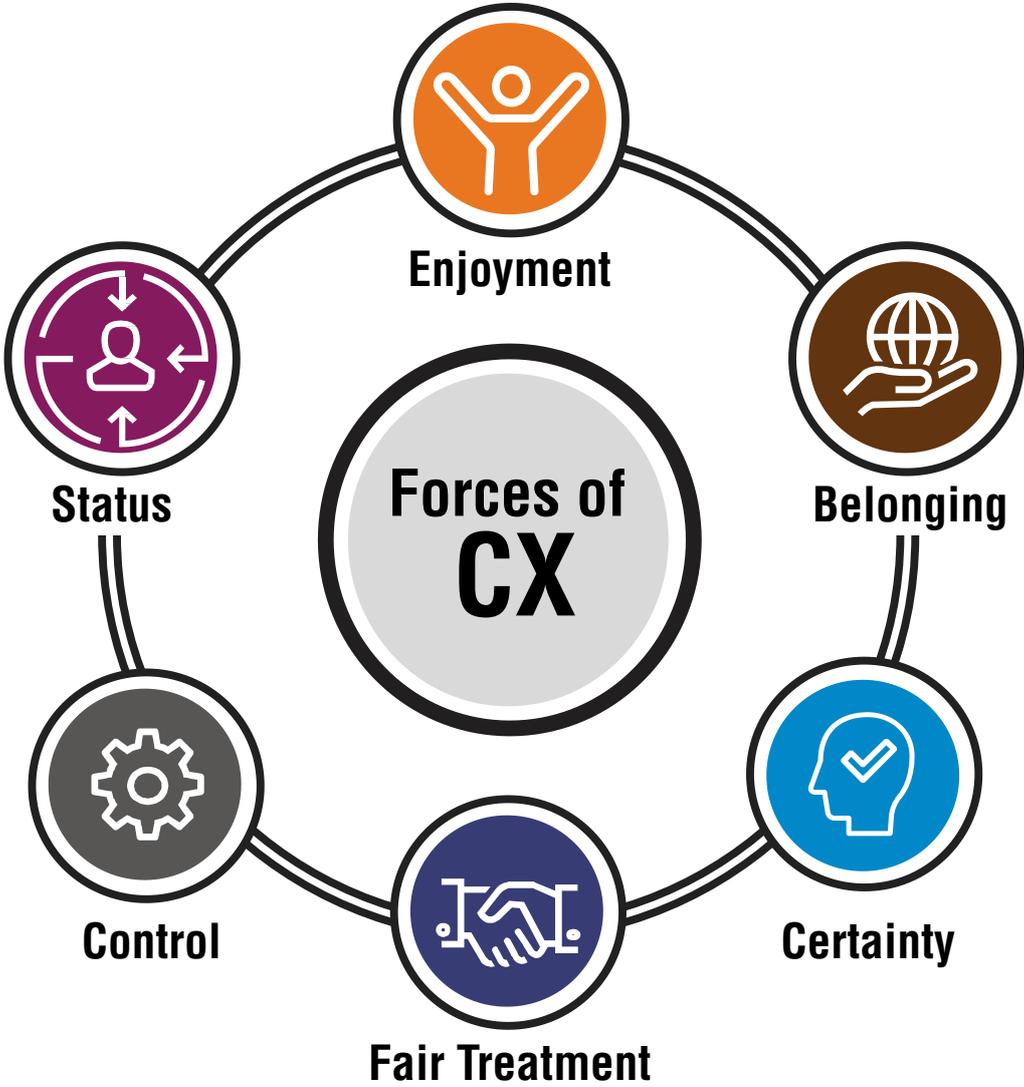
Source: Ipsos R&D

TOWARDS A MORE HUMAN-CENTRIC CX

The Forces of CX builds on previous R&D[2] conducted over the last 12 months on the importance of 'emotional attachment' when it comes to driving relationship strength and higher customer lifetime values. Relationship strength reflects the current level of attitudinal and behavioural loyalty and is linked to positive customer outcomes. 'Emotional attachment' is defined as a high level of relationship strength that goes beyond mere satisfaction. Emotionally attached customers tend to feel a special bond with an organisation, which can lead to higher loyalty over time.
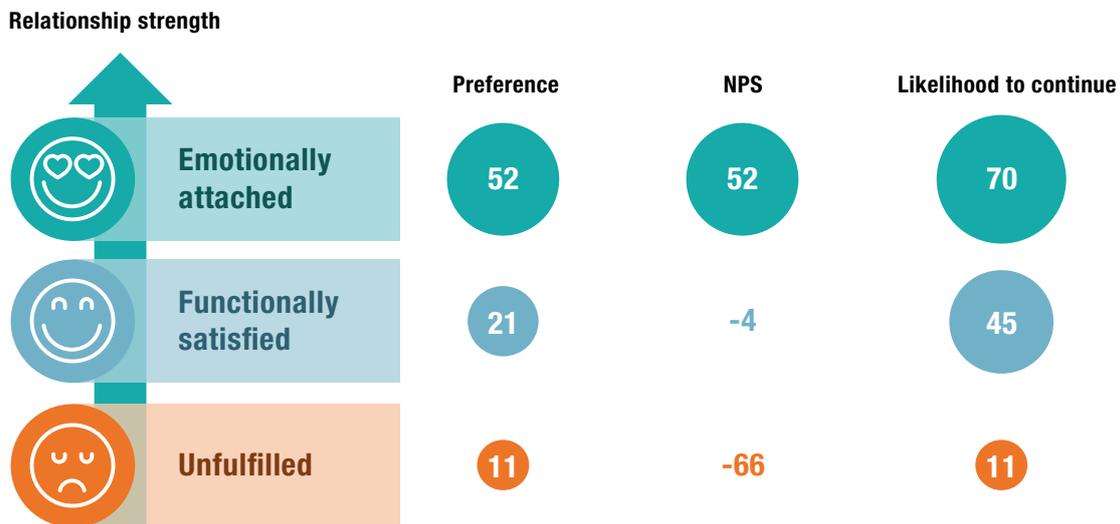
This Ipsos research spans nine sectors and employs behavioural science theory to frame our analysis of more than 9,000 evaluations of customers and boost our understanding of their expectations of interactions and relationships with brands. We were able to quantify the impact of 'emotional attachment' on relationship strength and customer outcomes, and to identify the key ingredients of strong relationships between customers and companies.

Our data shows that while there are benefits associated with creating functional satisfaction, huge gains can be achieved in terms of 'business success metrics' as relationship strength increases. As demonstrated in the chart below, when a customer is emotionally attached, they are:

- Far more likely to express a preference towards the brand
- Much more likely to recommend the brand (than if they were just functionally satisfied)
- Significantly more likely to stay with the brand in the future.

In addition to being crucial to driving customer retention, advocacy, preference and the resulting share of spend, emotional attachment can insulate brands from mistakes. Emotionally attached customers are more likely to be forgiving, which can lead to reduced rates of complaining behaviour and a higher operational efficiency.

Figure 2 Emotional attachment is key to driving higher Customer Lifetime Values

Relationship strength

	Preference	NPS	Likelihood to continue
Emotionally attached	52	52	70
Functionally satisfied	21	-4	45
Unfulfilled	11	-66	11

Preference (% top box), Likelihood to continue (% top 2 box)

Unfulfilled – customers fundamentally dissatisfied with value proposition and services

Functionally satisfied – customers who think the company is delivering well on all the basics but not showing any emotional attachment

Emotionally attached – customers who feel an emotional connection with the brand in addition to being functionally satisfied

Source: Ipsos R&D

THE FORCES OF CX – THE SCIENCE OF STRONG RELATIONSHIPS

So, how can organisations design and deliver the customer experience to drive 'emotional attachment' and strong, meaningful and profitable relationships?

A lot of the CX measurement and management focus is currently centred on functional aspects of the customer experience – the amount of effort a customer puts in to get something done, the speed of getting things done, or how to fix issues when they arise. Organisations often struggle to understand how to design and deliver experiences that go beyond the transactional and create stronger relationships, and true competitive advantage.

Clearly, functional performance is key to meeting basic needs and preventing dissatisfaction. But it is not enough. Understanding and meeting customers' relational needs in addition is key to creating meaningful customer-company interactions that drive positive memories and lead to strong and profitable relationships.

In collaboration with Ipsos' Global Behavioural Science team, we have developed a framework for customer experience that helps organisations drive stronger relationships through a better understanding of customers' functional and relational needs. The framework builds on Ipsos' existing understanding[3] of people's needs and motivations which frequently appear in the psychological literature that explores how social relationships are established and flourish[4].

We were able to identify key dimensions, which we then validated to be strong predictors of 'emotional attachment' and relationship strength. These dimensions have particular relevance to the COVID-19 crisis. Focusing on them will allow brands to refocus customer experience measurement and management to address what truly matters.

Organisations need to move from creating experiences that are shallow and transactional to deep and truly relational.

Figure 3 The Forces of CX

Fair Treatment
Make customers feel that there is a fair exchange in their relationship with you

Status
Make customers feel valued, respected and worthy of special treatment

Certainty
Make customers feel that things are clear, transparent and working as expected

Belonging
Help customers feel a sense of belonging and show you care about the greater good

Control
Help customers feel in control of the situation and in the driving seat

Enjoyment
Make customers' lives easier, so they feel a sense of freedom

Source: Ipsos R&D

Fair Treatment – previous research, including our paper *Get Fair or Fail – Why fairness is key to business success*[5] highlighted the importance of Fair Treatment on customers' relationships with brands. If an organisation's value proposition or service handling is fundamentally unfair, customers will simply not engage further. In the context of COVID-19, it is, of course, crucial for brands not to be seen to be profiting unfairly from the current crisis. Some internet service providers have upgraded their customers' package at no extra cost to help them better interact with others during lockdown.

Certainty is all about making customers feel that things are clear, transparent and working as expected. Customers like to be able to understand what the next steps are and get clarity on outcomes. Customer choice quite often involves some amount of uncertainty, particularly in challenging times. Brands should be mitigating this by providing clear information and a strong, consistent service proposition. For example, providing estimated availabilities for products currently out of stock can help customers feel less uncertain.

Control is about helping customers feel that they are in the driving seat. It means providing customers with meaningful choices and the ability to access the full range of services and options available. Fluctuating levels of service and product availability associated with the COVID-19 crisis means that it is important for brands to find ways to give consumers back their sense of control. We've seen some supermarket chains providing step-by-step instructions on how deliveries will be made to customers to foster a sense of control.

Status is about making customers feel valued, respected and worthy of special treatment. If that is accomplished, it can, of course, help to strengthen the relationship. Very loyal customers tend to expect preferential treatment, and this is also true in challenging times, meaning that brands need to find ways to show flexibility and recognise loyalty. For example, freezing tier membership status for frequent flyers while international travel is banned for their most valued customers.

Belonging is about helping customers feel you care about the greater good and that they share your values. A brand's ability to build a sense of belonging is key to building a truly meaningful relationship with a sense of purpose and authenticity. Some organisations successfully demonstrate, via the customer experience, that they truly care about people. For example, some e-commerce companies have provided free e-books and audiobooks to keep children entertained and help with home schooling.

Enjoyment can take different shapes depending on the nature of the sector, but it is ultimately about enabling achievement of goals and removing hassle. In some cases it can be about allowing customers to focus on themselves and feel a sense of pleasure throughout the experience (e.g. restaurants). In other cases it can be about delivering services in a way that makes customers' lives easier so that they can feel a sense of freedom.

By adding these dimensions to customer surveys, organisations can diagnose, prioritise, and (re)design their customer experience accordingly, so that it drives the right outcome.

LEVERAGING THE FORCES OF CX TO DRIVE COMPETITIVE ADVANTAGE

As part of our R&D, we were able to identify statements that can be included in customer surveys to capture these Forces of CX. By adding these dimensions to customer surveys, organisations can diagnose, prioritise, and (re)design their customer experience accordingly, so that it drives the right outcome. The use of the framework can be extended to the analysis of customer comments – from surveys or social media – and enable organisations to boost the value they can derive from unstructured feedback by providing a meaningful frame to the analysis.

Figure 4 Diagnose, prioritise, design

THREE KEY ANALYTICAL STEPS ARE NEEDED TO PROVIDE THE RIGHT GUIDANCE:

Assess performance and impact of the CX Forces

DIAGNOSE

Understand whether the current experience drives the right response and identify gaps

PRIORITISE

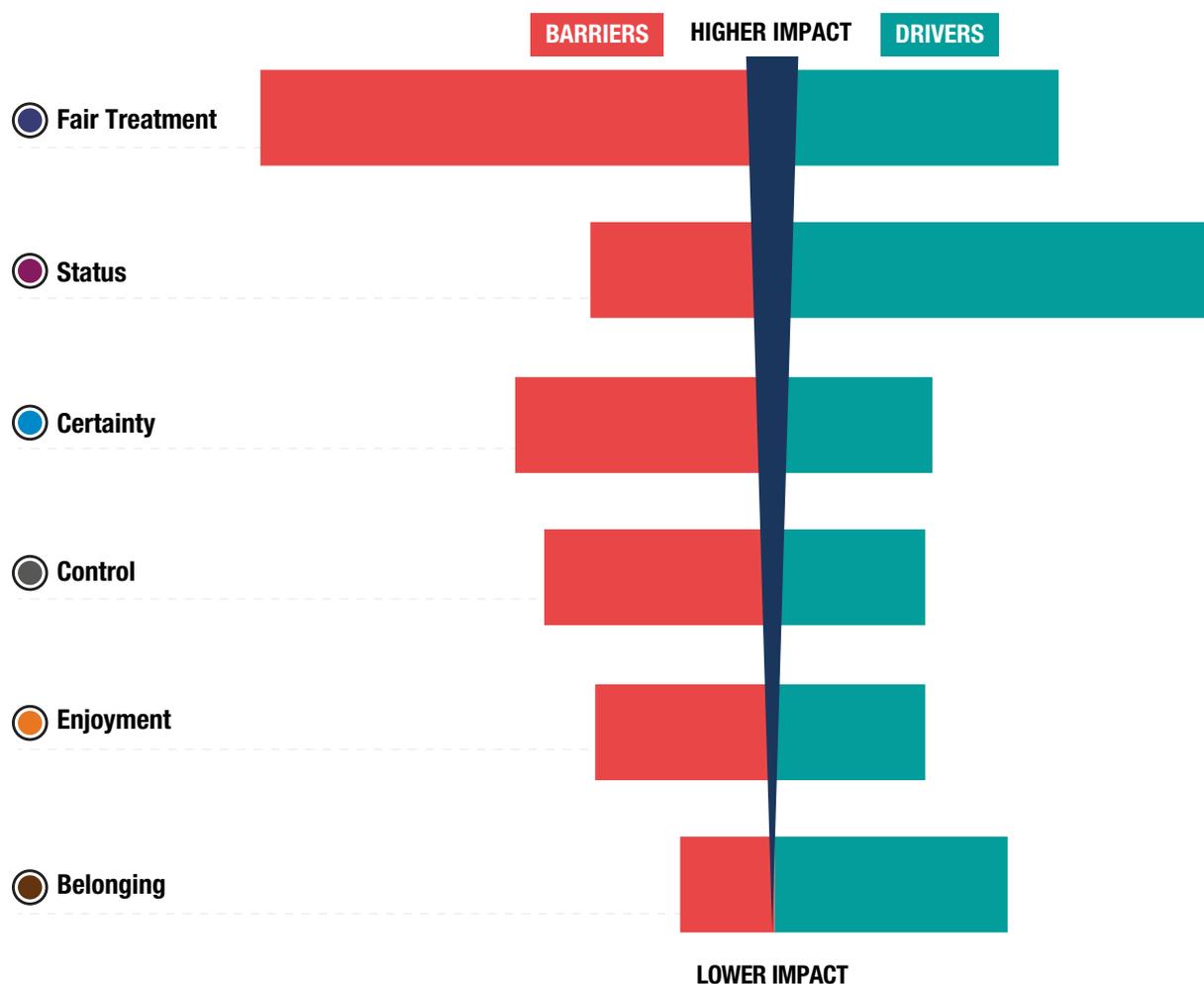Optimise the CX/journey by dialling up the right Forces when it matters

DESIGN

Source: Ipsos R&D

DIAGNOSE

As always, the first step is to understand how brands stack up against each of these forces; how well do they perform on each. Then, using key driver analysis, we can understand the relative impact of each of the Forces on the relationship strength and rank them.

Figure 5 shows the relative importance of the Forces for all sectors combined. Fair Treatment comes out on top and is mainly a barrier, or hygiene factor. The lack of Control and Certainty can also be significant barriers to strong relationships, while on the other hand Status and Belonging are positive drivers.

Figure 5 Relative impact of CX Forces on relationship strength

BARRIERS HIGHER IMPACT DRIVERS

- Fair Treatment
- Status
- Certainty
- Control
- Enjoyment
- Belonging

LOWER IMPACT

Source: Ipsos R&D

Our analysis also shows that the importance of each force varies by sector. For example, Control is a stronger driver for hotel booking sites compared to other sectors, reflecting the importance of being able to control all aspects of the experience via a digital platform. Of course, drivers also vary by brands within the same sector. It is therefore crucial for organisations to work out which Forces drive their relationship strength most among their own customers, as well as at an overall sector level.

Organisations need to compare their performance against competitors to identify the 'battlegrounds' worth fighting over. But this does not go far enough. By analysing performance and importance, we can identify priorities for action. And we can go further still and model the potential return on investment associated with improving performance on the Forces of CX.

We also need to understand how to leverage the customer experience to drive the right response on the key Forces. This can be achieved by looking at the interplay between various aspects of the CX and the Forces. We can then work out which elements of service delivery impact these core customer needs and pinpoint gaps in the CX delivery, in other words, aspects of the experience that can be optimised to drive a better customer response.

Figure 6 Linkage between functional factors and CX Forces (illustrative example)
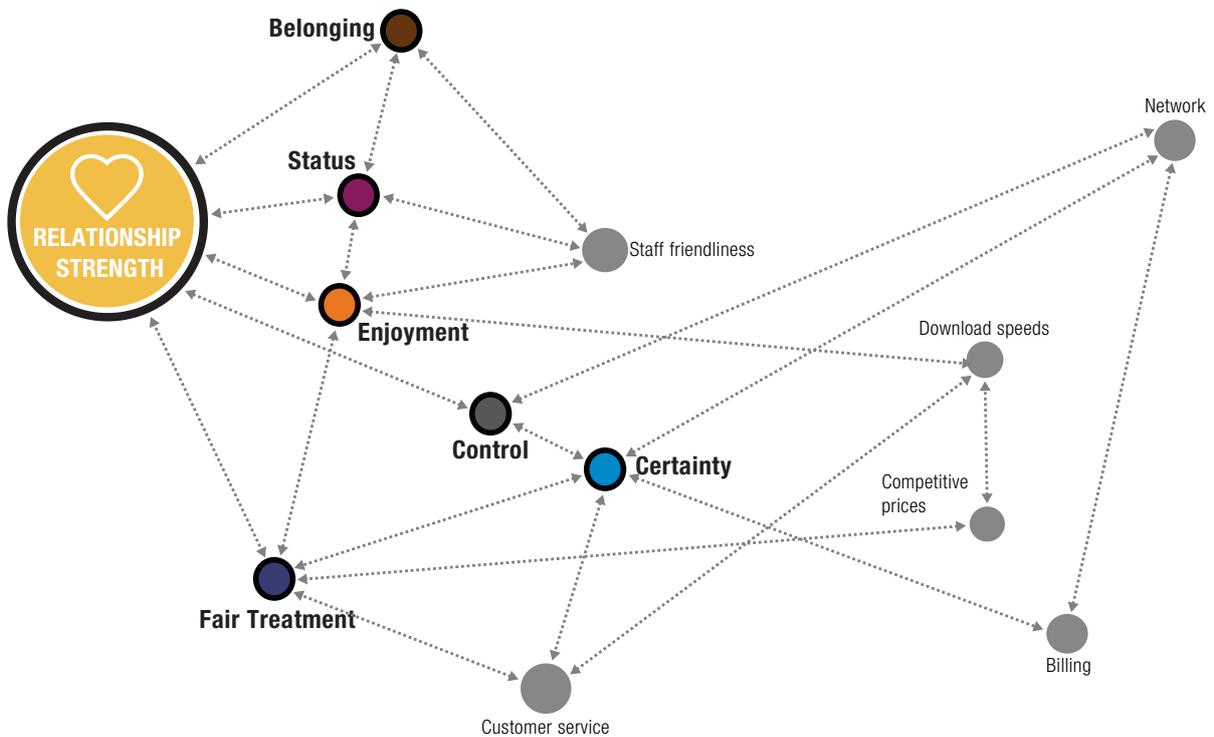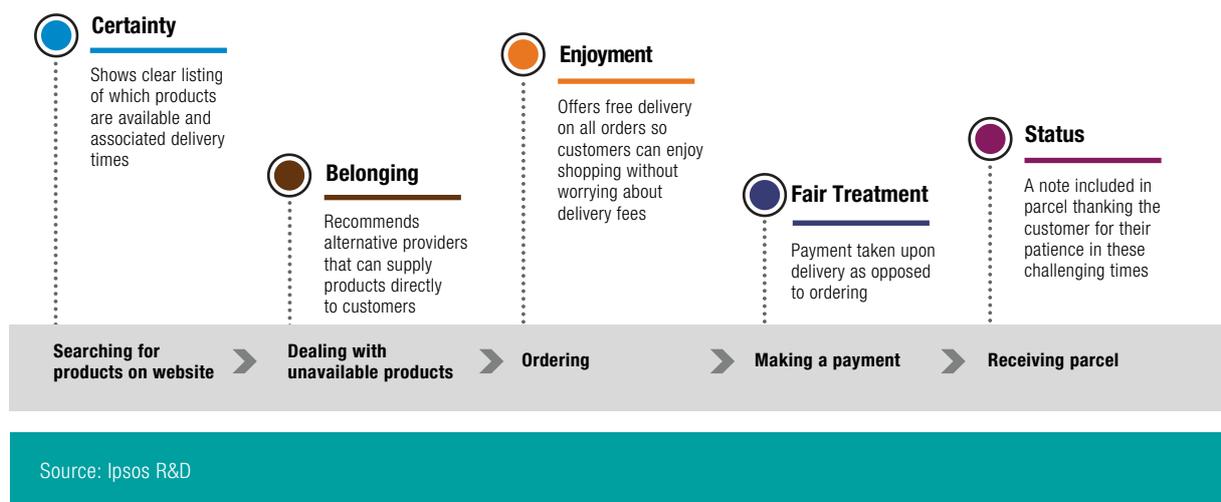

Source: Ipsos R&D

DESIGN

The Forces can be used as a frame to better map customer journeys. We can identify opportunities to dial up the right forces, in the right way, at the right moments in the customer journey. This is particularly relevant to the COVID-19 situation and the transition period post-crisis, as organisations will need to develop a new customer experience vision to accommodate the changing environment and customer needs. This involves going beyond diagnosis and prioritisation and generating ideas for potential interventions or process improvements to address any gaps we may see across the customer journey. Of course, using a truly human-centric framework to make sure that the design then truly connects to customers' needs is vital.

The analyses described above are fundamental to shaping the design or redesign of the right end-to-end customer experience. They provide key input into action plans and, importantly, into building business cases to drive CX improvement – across every touchpoint and channel, in every single interaction.

Here is an example of how an online shopping experience can evolve to deal with the COVID-19 situation.

Figure 7 Optimise the CX/journey: an online shopping journey

Certainty
Shows clear listing of which products are available and associated delivery times

Belonging
Recommends alternative providers that can supply products directly to customers

Enjoyment
Offers free delivery on all orders so customers can enjoy shopping without worrying about delivery fees

Fair Treatment
Payment taken upon delivery as opposed to ordering

Status
A note included in parcel thanking the customer for their patience in these challenging times

| Searching for products on website | > | Dealing with unavailable products | > | Ordering | > | Making a payment | > | Receiving parcel |

Source: Ipsos R&D

CONCLUSION

There is a lot at stake. Meeting customers' functional and relational needs in these difficult times will certainly have positive consequences on customers' 'emotional attachment' and goodwill. Brands therefore need to strive to understand, adapt to, and anticipate these needs to strengthen customer relationships and build a competitive advantage.

The Forces of CX is a framework grounded in behavioural science that enables organisations to take their CX strategy to the next level. The framework can help organisations shape experiences which fulfil customers' fundamental needs and create long-lasting and profitable relationships, leading to a better Return on CX Investment (ROCXI).

Consequently, the Forces of CX should be at the heart of any successful CX improvement initiative, and the understanding of the importance of delivering on the Forces of CX must span every level of an organisation – from C-suite to frontline. This framework needs to shape Voice of the Customer programmes and the resulting insights and action plans should be truly embedded into your organisation's culture – a culture that needs to be fundamentally customer- and therefore *people*- centric.

Do you truly understand the forces that are at play in your customers' minds? Doing so is a critical first step in the design of customer experiences that can foster strong relationships and drive competitive advantage.

Figure 8 Delivering a Return on CX Investment (ROCXI)

CUSTOMER JOURNEYS

- Enjoyment
- Belonging
- Certainty
- Control
- Fair Treatment
- Status

Relationship Strength

Retention
Customers are retained and at-risk customers are recovered

Advocacy
Customers share their positive experiences with others

Share of Spend
Customers choose you more often

Operational Efficiency
Customers are served in a quality-driven, cost-effective way

ROCXI

Source: Ipsos R&D

REFERENCES

1. https://www.ipsos.com/en/staying-close-your-customers

2. Ipsos carried out R&D across nine sectors (airlines, banks, broadband, car insurance, energy, hotel booking, mobile networks, online retail, and supermarkets) in the UK (5,000 respondents/9,166 evaluations)

3. True Colours: Growing brands by connecting with deeper human motivations
   https://www.ipsos.com/sites/default/files/ct/publication/documents/2018-07/censydiam_true_colours_print-sm.pdf

4. Fiske, S. T. (2008). Core social motivations: Views from the couch, consciousness, classroom, computers, and collectives. In J. Y. Shah & W. L. Gardner (Eds.), Handbook of motivation science (pp. 3-22). New York: Guilford

5. https://www.ipsos.com/en/get-fair-or-fail-why-fairness-key-business-success

FURTHER READING

Getting Sticky – Emotional attachment and profitable customer relationships

https://www.ipsos.com/en/emotional-attachment-and-profitable-customer-relationships

Get Fair or Fail – Why fairness is key to business success

https://www.ipsos.com/en/get-fair-or-fail-why-fairness-key-business-success

Mind the Gap – Why what a brand promises and what it delivers matter

https://www.ipsos.com/en/mind-gap-why-what-brand-promises-and-what-it-delivers-matter

Staying Close to your Customers – Why customer experience still matters amid COVID-19 and social distancing

https://www.ipsos.com/en/staying-close-your-customers

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