

CUSTOMER LOYALTY

Build Loyalty Through Experience Management

by **Leonard L. Berry and Lewis P. Carbone**

Great organizations establish strong emotional connections with their customers. Emotional connectivity with customers decommoditizes a business, elevating a brand beyond price and features to a higher level of

meaning and commitment for customers.

Connecting emotionally with customers requires an organization to create a cohesive, authentic and sensory-stimulating total customer experience that resonates, pleases, communicates effectively and differentiates the organization from the competition.

Maintaining an emotional connection requires systematic management of the customers' experiences with an organization and its offerings from the customers' perspectives. Why is this important? Because it is the customers' overall experiences with an organization and the goods or services it offers that evoke the perception of value that determines brand preference. Actual experiences of customers trump all else.

It is important to systematically manage customers' experiences. All organizations are service ones in the sense that all create value for customers through performances (services). Some firms are hybrids, creating value through manufactured goods and services. The services can facilitate the sale of the goods, directly generate revenue or do both. Other firms exclusively market services. But

In 50 Words Or Less

- **Process management requires monitoring for execution; experience management requires monitoring for both execution and effect.**
- **Both rational and emotional clues carry messages that create total customer experience.**
- **Research helps identify emotions that evoke customer commitment and lead organizations to a customer experience plan that builds loyalty.**



all organizations interact with customers.

An experience is inherent; a positive experience is not. Customers consciously and unconsciously filter a barrage of clues, in the form of experiences, and organize them into sets of impressions—some rational and others more emotional. Anything perceived or sensed—or conspicuous in its absence—is an experience clue. If customers can see, smell, taste or hear it, it is a clue. Goods and services provide clues, as does the physical environment in which they are offered.

Employees also provide clues. Specific clues carry messages, and the clues and messages converge to create the customers' total experiences.¹ The clues, in effect, tell the customers the organization's story:

- Does this organization care about its customers?
- Does it want customers to feel well cared for?
- Is it progressive, honest, modern, in-touch, community minded, family friendly, dependable, responsive, flexible and so forth?

Managing the customers' experiences excellently means telling customers the right story excellently.

Focus on Feelings

Emotional connectivity is an opportunity for all types of organizations. There is no such thing as a commodity business—only managers who think of their businesses as commodity businesses.

Food retailing is supposed to be all about prices, deals and advertising. Yet, many of the most successful food retailers have created an overall experience that resonates with customers emotionally and establishes a bond that a competitor's price deal is unlikely to break.

Whole Foods, Central Market, Wegmans, HEB and Byerly's are among these. Starbucks, the Mayo Clinic, Target, Southwest Airlines, Apple Stores, Zane's Cycles and Zingerman's Delicatessen are other firms that focus on orchestrating a distinctive, appealing customer experience. A closer look at Zingerman's illustrates how the concept works.

Zingerman's is an Ann Arbor, MI, institution, the source of great food and experiences for thousands of visitors every year. It's one of the top 25 food markets in the world, according to *Food & Wine Magazine*. Browsing Zingerman's website

(www.zingermans.com), paging through its catalog or visiting the store reveals a cohesive experience that makes customers feel smart, special and privileged.

Ari Weinzweig and Paul Saginaw, who started Zingerman's, understand that a sandwich is an experience. They want sandwiches to be so big you need two hands to hold them. They want people to say about other sandwiches, "This is a great sandwich, but it's not a Zingerman's."^{2,3} They conceived their sandwich from the customer's perspective, going inside the customer's head and feeling what the customer feels and senses. That's quite different from viewing a sandwich as 5 ounces of meat and 1 ounce of sauce.

Zingerman's provides a quality experience that, like other companies, depends on understanding what customers feel through their senses and knowing what customers want to feel. What customers feel about the experience is what potentially creates value for the customer and emotional connection to the company.

The concept of experience quality is often difficult for managers to grasp because many have learned to focus on efficiency, productivity, defect reduction and other numeric quality indicators. When the product is a performance, however, manufacturing based metrics are not sufficient. In delivering excellent experience quality, it is the effect or customer feeling that is paramount, and the effect will not be created exactly the same way for every customer.⁴

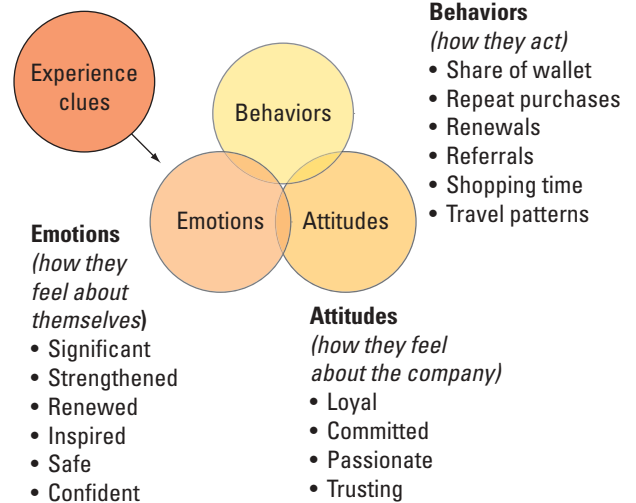
Managers are often understandably skeptical about concepts such as experience quality, emotional connection and customer feelings. A common question they ask is, "How can you manage customers' emotions?"

Our answer is that an organization cannot manage customers' emotions, but it can manage the clues embedded in customers' experiences with the organization that trigger their emotions. Those emotions consciously and unconsciously influence attitudes that drive behavior. Figure 1 shows these relationships.

Experience Quality Versus Process Quality

Creating an experience is much less linear than manufacturing a product to specifications. It is much more dynamic. Moreover, the end effect occurs in the customer's mind and not on the

FIGURE 1 It All Starts With the Clues



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equivalent of an assembly line.

To illustrate the nuances of experience quality management versus process quality management, consider the Ritz-Carlton Hotel Co.'s use of the phrase "It's my pleasure."

The original intent was to make guests feel special, important and served. However, repeating such an expression as a litany diminishes its effectiveness and perhaps results in its becoming irritating and disingenuous. In fact, as more hospitality firms have begun to copy and benchmark this hotel chain, the phrase risks becoming generalized, resulting in a loss of impact for anyone using it.

Noted New York restaurateur Danny Meyer cites the feeling he has when visiting Ritz-Carlton: "As a guest, I have occasionally sensed a rote quality when every employee responds with exactly the same phrase, 'My pleasure,' to anything guests ask or say. Hearing 'My pleasure' over and over again can get rather creepy after a while. It's like hearing a flight attendant chirp 'Bye now' and 'Bye-bye' 200 times as passengers disembark from an airplane. Hospitality cannot flow from a monologue."⁵

Scripting of language illustrates how a company can become more adept at consistently doing the same thing but less adept at creating the right effect, which ultimately dictates how the customer feels.

Experience quality management requires consis-

tently delivering the right feeling through an array of clues that create the experience. It requires educating employees about the power of clues and how to execute clusters of clues that generate specific desired feelings.

Experience quality management values improvisation anchored in the research and knowledge of the specific feelings desired by customers. These feelings can be identified by research techniques that uncover some of the unconscious feelings customers have that will create greater emotional connections.

In goods manufacturing, standardization translates to product performance consistency. For services in which human beings interact, standardization can convey a lack of authenticity or commitment.

Ritz-Carlton is an exemplary service company and its signature phrase, "it's my pleasure," helped build its reputation for stellar service. But the phrase has now become overused and tired, illustrating that clues can become commoditized or otherwise lose their effectiveness over time.

Process quality management requires monitor-

ing for execution; experience quality management requires monitoring for execution and effect. Consistent monitoring helps determine clue relevance and identifies opportunities to refresh, redesign or spontaneously improvise experience clues.

Three Types of Clues

Experience clues generally fall into three main categories: functional, mechanic and humanic.^{6,7}

1. Functional clues concern the technical quality of the offering. These clues are the "what" of the experience, reflecting the reliability and functionality of the good or service. Anything that influences the customer's perception of technical quality—by its presence or absence—is a functional clue.

For example, one way the Mayo Clinic communicates its technical quality to patients is through the integrated, cumulative electronic medical record (EMR) it compiles for each individual patient.

The EMR provides an up-to-date narrative of the patient's medical symptoms, diagnoses, test results (including X-rays and scans), treatment plans, procedures and related information. All clinicians

Experience Motif at IBM Palisades

IBM Palisades, IBM's award-winning executive education center, is home to IBM's Executive Business Institute and numerous other educational programs. With its spectacular wooded grounds, technologically advanced meeting rooms, a deluxe fitness facility and several highly rated restaurants, the center enjoys high customer satisfaction scores and even won an IBM award that is based on the Malcolm Baldrige National Quality Award criteria for performance excellence.

After learning about the management of experience clues, the Palisades management team identified several hundred clues, both humanic and mechanic, that needed to be managed. A major insight for the team was that while the center offered excellence in curriculum, food, hotel facilities and meeting rooms, participants left with little or no feeling of having experienced the possibility and promise of technology, an emotional element that could differentiate the IBM Palisades experience.

The staff responded by creating an experience motif that combined the unique attributes of the center with IBM's heritage. The experience motif that promises an inspiring "techsperience" became the internal filter for creating and managing experience clues.

These and other practical clues included antique IBM equipment in the entrance and classrooms, Leonardo da Vinci sketches and working models in the hallways to symbolize the earliest innovation and technology genius, and even a cookie cutter in the shape of IBM's e-business logo designed by the executive chef.

—L.B. and L.P.

treating the patient contribute to the same medical record. Other hospitals and clinics might also have EMRs, but these usually are not integrated across different specialties and between outpatient and inpatient care.

Mayo's informational capabilities reassure patients. As one patient said in an interview: "On my last visit, the doctor pulled up all my test scores from the past five years on a computer and showed me the trends, and we discussed what to do. I thought that was excellent."⁸

2. Mechanic clues come from inanimate objects and offer a physical representation of the intangible service. Building design, equipment, furnishings, displays, colors, textures, sounds, smells, lighting and other sensory clues visualize the service, communicating with customers without words.

Few, if any, organizations have more effectively leveraged the powerful influence of mechanic clues than Barnes & Noble. Chairman Len Riggio's concept of the business was to broaden the book market. To accomplish this, he designed stores that would make people feel comfortable and welcome. Riggio's strategy led to the creation of spacious stores with plenty of seating for customers to relax with a book. Starbucks coffee outlets were included in the stores, further encouraging customers to stay awhile.

Riggio considers his best decision to be including easy-to-find public restrooms in the stores. As he once stated in a speech: "You work so hard and invest so much to get people to visit your store, why would you want them to have to leave?"⁹

3. Humanic clues come from the behavior and appearance of service providers—choice of words, tone of voice, level of enthusiasm, body language, neatness and appropriate dress. Human interaction in the service experience provides the primary opportunity to extend respect and esteem to customers and, in so doing, exceed their expectations and cultivate emotional connectivity.

Surveyed travelers consistently rate Singapore Airlines as one of the world's best airlines. The airline's investment in humanic clues is one reason. Female flight attendants wear designer dresses and receive intensive training in body posture, grooming and voice tone. They learn how to gracefully place a meal on an airline tray and how to deal with difficult passengers respectfully but firmly.

One veteran flight attendant believes the dresses

TABLE 1 Three Types of Clues

Clue	Emitted by	Interpretation
Functional	Good or service	Rational
Mechanic	Service environment	Emotional
Humanic	Service providers	Emotional

reduce air rage incidents: "It's hard to be nasty to a girl in a sarong *kebaya*. ... Put them in pants, and passengers think they can take more abuse."^{10,11}

Whereas functional clues pertain to the "what" of the service experience, humanic and mechanic clues pertain more to "how" the experience is delivered. All clue categories are synergistic rather than additive. They need to be melded to tell not only a cohesive story, but also a compelling one.

Although functionality is interpreted primarily by the conscious and logical circuitry of the brain, deficiencies often provoke emotional reactions, such as when a key or magnetic card issued at the front desk fails to open a tired traveler's hotel room door.

To fully capitalize on customer experience management as a value proposition, organizations must understand and manage the emotional aspects of experiences with the same degree of rigor as they bring to understanding and managing manufactured product or service functionality.¹² Table 1 summarizes the source and interpretation of the different clues.

Implementing Experience Quality

The ultimate goal of experience quality management is to enable an organization to deliver just the right set of experience clues that evoke specific feelings desired by its customers. This involves defining a targeted customer perception and set of feelings followed by designing and orchestrating clues that create the desired perception and feelings.

This organizational competency doesn't develop overnight, but management tools are fortunately available to help organizations develop the necessary skills.

Gerald Zaltman, professor emeritus at the Harvard Business School, has written extensively on differences in how customers actually think, how managers think customers think and how customers themselves think they think.¹³

As Zaltman stated in a presentation, “Consumer preference and motivation are far less influenced by the functional attributes of products and services than the subconscious sensory and emotional elements derived by the total experience.”¹⁴

In effect, customers’ desire to come back to a business again (loyalty) results more from how they feel about the total experience they receive than from what they rationally think about a company’s products and services.

Zaltman’s research approach, trademarked as Zaltman Metaphor Elicitation Technique (ZMET), reveals mental models that shape customer thought and behavior. Arguing that emotions are interrelated with reasoning processes in impacting behavior, Zaltman designed ZMET to use metaphor to capture both thoughts and feelings.

ZMET is based on several key premises: most communication is nonverbal; thoughts occur as images; thoughts and feelings co-mingle; and people’s senses provide important metaphors.¹⁵ Research participants collect pictures (visual metaphors) that represent their thoughts and feelings on a topic and then are interviewed.

Companies can seek to articulate the conscious and unconscious feelings that customers desire and contrast those feelings with the current experience they are offering by conducting an experience audit, illustrated in Figure 2. This approach involves five steps:

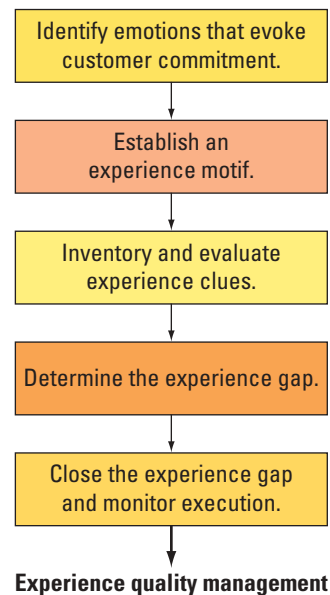
1. Identify emotions that evoke customer commitment. An experience audit starts by surfacing the feelings customers would like to have during an experience. Ideally, emotions that customers deeply desire can be identified by using research techniques designed to reveal needs and desires that are embedded in customers’ unconscious and conscious thoughts and feelings. ZMET is one such approach.

2. Establish an experience motif. The feelings that customers desire in an experience are captured in an experience motif that serves as the unifying element for every experience clue.

The motif helps the firm align all experience clues to create the desired feelings and emotional connection. One financial institution, for example, determined its customers wanted to feel recognized, reassured and engaged. All clues in its redesigned customer experience plan were linked to these three watchwords.

3. Inventory and evaluate experience clues. The existing experience should be viewed from the cus-

FIGURE 2 Experience Auditing Steps



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tomers’ perspective and deconstructed into experience clues that evoke prominent feelings. The clues are then categorized, analyzed and evaluated on their contribution to either strengthening the feelings articulated in the experience motif or detracting from the creation of those feelings.

The presence, consistency and execution of experience clues are evaluated at this point. Forensic research tools from anthropology, heuristics, linguistics and psychology can be used to reveal the clues that customers experience. The capture and identification of clues also can be supported by video or audio recording files for detailed minute-by-minute and frame-by-frame clue scanning analysis.

Using stationary video cameras and pinhole cameras hidden in a researcher’s wristwatch or employees’ clothing enables the observation of facial expressions, gestures, tone of voice, and verbal and body language. Linguistic tools are also used to interpret the degree of communication effectiveness between an organization and customers.

4. Determine the experience gap. Understanding the gap between what customers want to feel in an experience and what they actually feel is an essential step in conducting a successful experience audit. Determining the gap between the current

emotions the experience creates in customers and what they desire provides the basis for designing an overall customer experience plan supported by new and modified clues.

5. Close the experience gap and monitor execution. It is theoretically possible, of course, that an organization's experience audit will not reveal gaps between customers' actual and desired feelings about an experience. In practical terms, however, this is unlikely—unless the experience audit itself is executed poorly.

Typically, organizations will identify numerous opportunities to create and modify clues to optimize the impressions they give customers and to align the overall experience delivered with the one customers desire (the experience motif).

Clues that create negative feelings should be eliminated; commodity clues should be reworked to generate preferences and become more distinctive; and clues that create strong, positive emotions should be sought, tested (if possible) and consistently executed.

The implementation of a new customer experience management strategy should be continuously monitored and refined as needed. Customer experience management is a journey, not a destination. There is always opportunity for improvement.

Go Beyond Traditional Management

A customer's total experience with a company ultimately comes from the feelings he or she has when interacting with an organization as opposed to a chronological series of events or processes. The experience is rooted in the collection of feelings generated by the impressions evoked by clues. Quality improvement through managed clues requires insight into the more dynamic, less linear nature of experience.

Managing experience quality requires pushing beyond the limits of older management paradigms. Organizations must think far more deeply about customers' emotional needs and understand how the consistency and effectiveness of clues evoke the emotions that create their customers' experiences of the company.

Emotional connection extends far beyond customer satisfaction. A customer who says, "I love that store" or "What a special company" is a committed customer. Emotionally connected customers are the best customers. It's all in the clues.

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