

Customer Experience Fundamentals



e-satisfaction



Understand it, Measure it and Grow your Brand!



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1

What do we talk about when we talk about customer experience (CX)?

Best Case Scenario: You purchased a product online and you received it, properly packaged, looking exactly like its photos and at the expected time of delivery. Plus, you got a handwritten note from the online store with a personalized message!

Doesn't this make you even happier for choosing this particular online store? Now, think of the people that you will recommend this store to: how would you describe your purchase experience to them and what thoughts and feelings will be cultivated by the mention of such a positive experience?

Worst Case Scenario: You purchased a product online. Your order has been delayed, you have already contacted the store/brand via phone to find out what is wrong. After all this trouble, you received your product, which looks like its online image, but it came in a package whose condition is far from mint.

Things could have been worse if the received product did not resemble the one you chose online, but you still feel more or less angry and you will probably recount the whole ordeal to more people in the next few days, as compared to the people you would share your best case scenario experience. It is also highly likely that you will advise your peers to avoid making a purchase at this particular e-shop.

Those two scenarios can be used to describe customer experience (also known as CX) in a nutshell! To use a more formal definition, **customer experience is the sentiment that is formed from a customer's overall purchase experience:** from e-shop browsing to getting in touch with the contact centre, from placing an order to receiving it, from the delivery method to the after sales process.

Now, you may think that you are already offering your customers a satisfactory experience but studies have shown that there is a gap dividing what brands and customers believe:

And to bridge that gap, brands need to realize that their customers' perception is influenced by multiple touchpoints in the buyer's journey. This determines whether they will keep interacting with a brand/product and the ways they will choose to communicate their experience.

It has also been proven that **an improved customer experience results in better feedback** and this eBook is the starting point to make this happen for your brand, store and products!



80%

of CEOs **believe** they deliver a superior customer experience,

but only **8%** of their customers agree.

Bain & Company

2

What makes customer experience so important?

The Best and Worst CX Case Scenarios presented on the previous chapter paint a pretty coherent picture of the importance of customer experience. And with the advent and establishment of online e-commerce, the power shifted from the brands to the consumers.

Nowadays, any potential customer has so many different choices at this disposal with virtually no restrictions. This state of affairs has certainly shaped the new criteria that form consumer choices.

Let's take a look at some research evidence that illustrates this point:

- When it comes to making a purchase, 64% of people find customer experience more important than price.

Gartner Survey

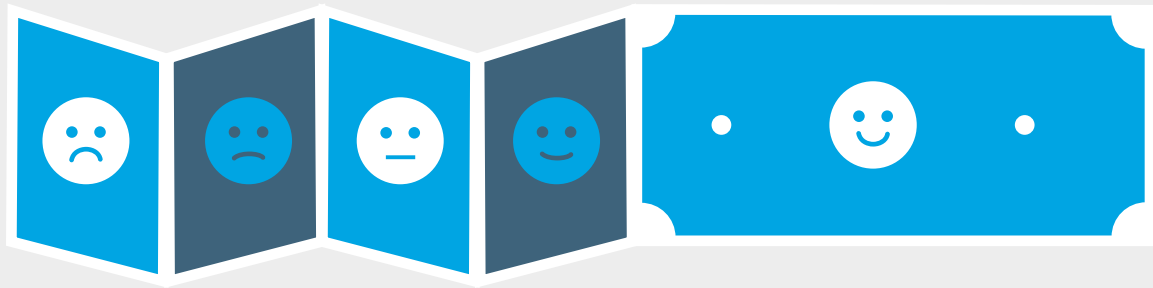
- A customer is 4 times more likely to buy from a competitor if the problem is service related VS price or product related.

Bain & Co

And some words from an expert:

Customers are no longer buying products and services
-they are buying experiences delivered
via the products and services.

Gregory Yankelovich,
Founder Customer Experience
Marketing software company



A positive customer experience is crucial to the success of a business. A satisfied client is the person that will have a good word to say about a brand, thus enhancing its word of mouth. He/she is also the person more likely to be engaged with the brand, become loyal and finally assume the role of brand/product/service advocate. A dissatisfied customer, on

the other hand, may do harm to the brand's WoM if he/she chooses to share his expression with a large number of his peers or even publicly. Alos, a single negative customer experience reduces customer loyalty by an average 20 percent, and reduces the chances of repurchase by 91% (Source: Incognito).

Let's now sum up the **reasons why customer experience (CX) is important:**

01.

CX builds loyalty:

Good experiences result in customers consciously choosing a brand/e-shop, because they know that they will enjoy the purchase process they are looking for (even if the shop's prices are higher compared to competitors). Loyal customers also return because they feel comfortable with the steps they need to take and feel a sense of familiarity. Loyal customers are five times more likely to purchase again and four times more likely to refer a friend to the company (Source: Experience Matters).

02.

CX boosts Word of Mouth (WoM):

The concept of social proof along with rising trends, like that of product reviews, spread positive WoM and address the modern consumer's need to choose brands, stores and products based on experiences rather than advertising or marketing efforts. That's why it's no wonder that the #1 most common source of new leads are referrals (Source: HubSpot, State of Inbound).

03.

CX can reduce service costs in the long-run:

This is a CX benefit that requires focus and actions on different areas, such as communication via various channels, process optimization (e.g. check out or return process), personalized content etc. These actions initially also require an increase in operational costs, but employing practices that improve CX result in long-term revenue increase. 83% of companies that believe it's important to make customers happy also experience growing revenue (Source: HubSpot.)

04.

CX helps with customer retention:

And customer retention is the way to go for growing revenue. After all -according to Harvard Business Review- it costs 5x to 25x more money to acquire a new customer than keep existing ones happy. Keeping all customer experiences pristine is of course impossible. There are always going to be disgruntled buyers but that doesn't mean that there are no solutions. There are always ways to fix mistakes and mend relationships, especially if a brand strategically decides to seriously take customer feedback into consideration and come up with methods that make it easy for customers to share their opinion.

05.

CX enhances Customer Life Value (CLV):

An improvement in your CLV metric signifies that your customers enjoy a level of experience that makes them ignore other purchase decision - making criteria that may be satisfied by a competitor. This is a direct result of good customer experience and your investment in customer acquisition will be significantly decreased when existing customers keep your business model viable, as highly-engaged customers buy 90% more often and spend 60% more per transaction (Source: Rosetta).

06.

CX creates opportunities for Premium pricing:

A happy customer that has turned into a loyal one through good customer experiences will be more likely to pay good money to have access to a product or service. That is because his/her perceived value of the brand surpasses the true value.

07.

CX is more effective than pricing tactics:

We have entered a stage in the global ecommerce scene where product/service quality or lowest possible prices alone are not enough to build loyalty. A personalized and customer-centric approach that creates unique experiences is where brands are turning in order to stand out and build their USPs (Unique Selling Propositions).

3

Good and bad customer experiences: what characterizes them?

What makes someone describe a customer experience as good?

The general rule is that good experiences are the products of simple processes that are also easy to carry out. These processes mimic the average user's thinking process and lead him to the desired outcome and the fulfillment of his/her expectations.



List of good customer experience characteristics:



- + Easy and user-friendly search, purchase, delivery and return processes.
- + Various brand communication options with a low estimated response rate.
- + Access to informational material that helps customers solve a problem or find the answer to a question (e.g. FAQs), since not all customers wish to communicate via telephone, regardless of the average call wait time.
- + Creative, out of the box problem solving approach, proven not only to reduce churned customers, but also creating customers committed for life.
- + Brand communication that shows empathy, understanding and inclusivity.
- + Proactive messaging about known issues.
- + Personalized communication,

treating the customer as a human being instead of a number. Knowing your customers' birthdays, zodiac sign or interests sure shows more interest than just knowing their names.

- + Coherent, comprehensive product description with no grammatical/syntax errors.
- + Short waiting time (delivery, reps response, social media response, customer service response etc.)
- + Brand departments that communicate effectively to provide a seamless and consistent customer experience.
- + Empowered employees with customer insights. This is a sign of a business culture that helps to meet customers' expectations for personalized, easy and dynamic experiences.

CX Tip: Keep your word, be consistent, be customer centric, be creative!

What makes someone describe a customer experience as bad?



Anything that makes the buying and after sales process difficult results in diminishing customer satisfaction and does no wonders WoM-wise.

List of bad customer experience characteristics:

- Hidden charges, difficult shipping cost calculation, extra charges on the check out stage.
- “Siloed” brand departments with no internal communication. In such cases, customers have to repeat information, something that makes their journey longer and complicated.
- Fragmented customer experience management. A more holistic and organizational approach, where all the relevant factors are taken into account, can lead to better customer satisfaction and loyalty.

In a nutshell, a good customer experience is all about reducing the element of unpleasant surprise in business transactions so that there are no recurring after-sales expenses or unpleasant customer grievances.

4

How to collect feedback and measure customer experience? Meet the 3 key metrics!

Keeping track of your customer experience level is vital in your efforts to improve it and enjoy the benefits of successful CX! Recording and measuring CX is now its own kind of science and there are myriad researches, reports and extended literature on the subject.



77%

of consumers say they favor brands that ask for and accept **customer feedback.**



Microsoft

Employing the three key CX metrics (NPS, CSAT, CES) to collect customer feedback and systematically measuring it has **4 major benefits**:

1. It is a practice that indicates that a **brand has shown initiative** and wants to take care of its customers, starting with asking them to share their opinion and taking that opinion into serious consideration.
2. A consistently executed customer experience is one of the best strategies for **increasing ROT** (return over time), improving loyalty, and enhancing retention as well.
3. Keeping track of these metrics helps brands build a customer-centric profile, offer their audience improved experiences and gain **the competitive advantage of an emotional connection** that cannot be easily broken by coupons or offers.
4. Investing in customer feedback is an approach that significantly **reduces a brand's churn rate**, while enhancing its WoM and helping it achieve top-of-mind awareness.

Now, it's time to delve deeper on customer feedback collection and measurement... **Meet the CX metrics!**

Customer feedback metrics can seem tricky at first glance but they become extremely valuable once you understand the reasoning behind them and learnt to activate and measure them.

The three main customer feedback metrics are:

- a. **Net Promoter Score (NPS)** aka "the famous one", since it is the most used metric of the three.
- b. **Customer Satisfaction Score (CSAT)** aka "the older one", since it has been around longer than the others and is also better known.
- c. **Customer Effort Score (CES)** aka "the newcomer", since it was developed fairly recently and has caused numerous debates about each metric's function.

NPS

CSAT

CES

NPS

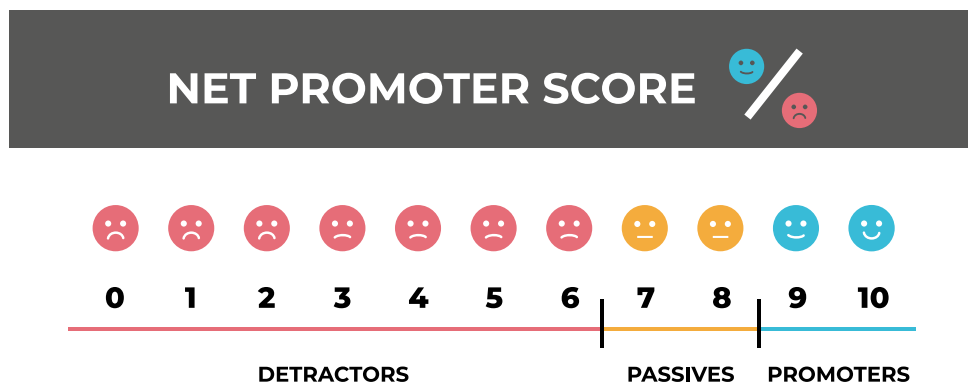
What is NPS?

NPS is the willingness of consumers to recommend your product to someone they know. It is also a good way to measure your potential Word of Mouth (WoM) and to diagnose if your customers are OK with their choice. Furthermore, NPS is a valid metric to check whether your customers are becoming loyal to the brand/store.

The question set has a simple wording:

On a scale from 0-10, how likely are you to recommend this company to a friend or colleague?

NPS is not a % index. It is the result of a logical equation that counts how many customers are willing to recommend the brand/store/company in comparison to those that wouldn't. The latter customer category is very important since their opinions and feelings may possibly compromise the brand.



There are different NPS benchmarks depending on the industry and they keep changing over the years.

Net Promoter Scores range from -100 to +100, and **what is considered 'good,' 'bad,' or 'neutral' can vary greatly across industries.** Some count a positive score (i.e. any score over 0) as good, since it shows some customer loyalty and customer satisfaction. But to be more specific, in the e-commerce world a score of 50 or higher is generally considered a very good NPS score.



NPS Pros (+)

- It is a simple, easy to compare index that measures the brand's efficiency and not just the satisfaction from a single transaction.
- It employs a clear and specific wording. There are no double meanings or misunderstandings for the customer when asked to answer.
- Its measuring is straightforward. NPS is easy to calculate, even without any prior statistical knowledge.
- It is easy to implement through all survey channels (phone, online, SMS).
- NPS results may act as the trigger for further investigation of a negative score or as a reminder to apply engagement actions.
- NPS is an indicator that can enhance internal communication and corporate culture. It can form the basis of a common -measurable- goal equally understood by all departments,
- It has been proven to be one of the best indicators of loyalty as the customer puts his own reputation on the line when he/she refers a product or service to a peer.

NPS Cons (-)

- NPS is by no means a cure-all when it comes to all the customer-related problems that brand is probably facing.
- NPS surveys need to incorporate open-end questions so that respondents will be able to justify their score.
- It can become a cause for considerable fireback if customers realize that a brand takes no action even after they have provided their feedback.
- Its measuring method is a bit more complicated compared to those of CSAT and CES.

CSAT

What is CSAT?

Customer Satisfaction or CSAT is the metric that tracks how satisfied customers are with their experiences with a brand, product or service. It essentially quantifies your audience's satisfaction level.

The question usually used in CSAT surveys is this:

How satisfied are you with our e-shop?

Not at all satisfied (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) Extremely satisfied

Variations of this simple question can be also employed depending on the point of interest. Customers can rate a single product or process, but they can also rate their overall impression of the brand. This versatility is what makes CSAT one of the most important metrics in Customer Experience. The question at the heart of this metric may seem simple, but the feedback that it offers is important and multifaceted.

CSAT calculation follows this formula:

(Number of satisfied customers (4 and 5 / 6 and 7 or 9 and 10 -depending on the rating scale used) / Number of survey responses) x 100 = % of satisfied customers

A good CSAT score is estimated between 75% and 85%, but benchmarks vary across industries.



CSAT Pros (+)

- It's a simple, brief and easy to use metric.
- Its versatility allows you to ask customers a variety of questions.
- It allows you to use various rating scales (1-5, 1-7, 1-10, symbol scale etc.)
- If you add 1-2 extra questions you can easily create a short but thorough survey.
- It is a metric that separates satisfied from unsatisfied clients.
- It is a gateway towards discovering your brand's strong suits and highlight them to protect and boost retention.
- It is indicative of how "healthy" a brand/company is and the information it provides helps prioritize the actions of each department.

CSAT Cons (-)

- It showcases a short-term sentiment. Customers are asked to evaluate on the basis of their last interaction with a brand.
- CSAT benchmarks show significant variations across industries and countries.
- It may contain an element of cultural bias. For example, some ethnicities (like Americans) tend to choose more frequently between the extreme answers (great/terrible), while others are inclined towards using more neutral terms (e.g. fine)
- Passive or unsatisfied customers often don't take part in surveys and this fact may lead to high scores which don't necessarily reflect reality.
- The word "satisfaction" is subjective, so the word can mean different things to different people.

CES

What is Customer Effort Score (CES)?

CES is a fairly recent CX metric that, along with NPS (Net Promoter Score) and CSAT (Customer Satisfaction Score), can provide insights on customers' satisfaction and the quality of their relationship with a brand/store. The question used to measure CES is along the lines of **"How easy was it for you to (e.g. complete your transaction)?"**

Overall, how easy was it to shop online, today?

Very difficult 1 2 3 4 5 6 7 8 9 10 Very easy

A scale from 1 to 5, 1 to 7 or 1-10 (1 standing for "very difficult" and 5, 7 or 10 for "very easy") tracks the effort that customers put into a transaction/interaction with a company. Answers between 5 and 7 are considered a good CES, although an industry benchmark has not been set yet.



CES Pros (+)

- CES effectively helps in predicting:
 - future purchase decisions,
 - chances of customer referral.
- CES surveys are easy to implement.
- It keeps solutions focused on a single element: customer effort.
- CES has been proven to be the best indicator of customer loyalty.
- It is less volatile than other metrics.
- It is a highly actionable metric.

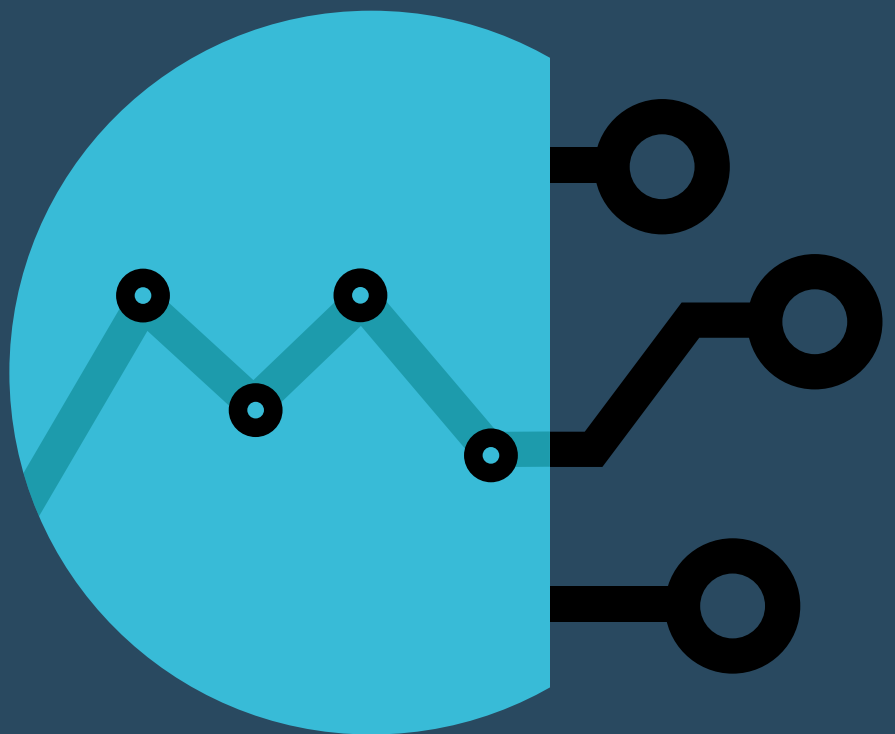
CES Cons (-)

- Overall customer satisfaction cannot be measured by CES
- The focus on effort excludes factors like cost or product quality.
- CES doesn't delve into why customers have any issues in the first place or what those obstacles may be.

5

How can customer feedback data generate actions through marketing automations?

Once you collect and measure customer feedback data, you can use it in two different approaches.



**Approach #1:
Use customer feedback data to fuel
and plan your marketing strategy.**

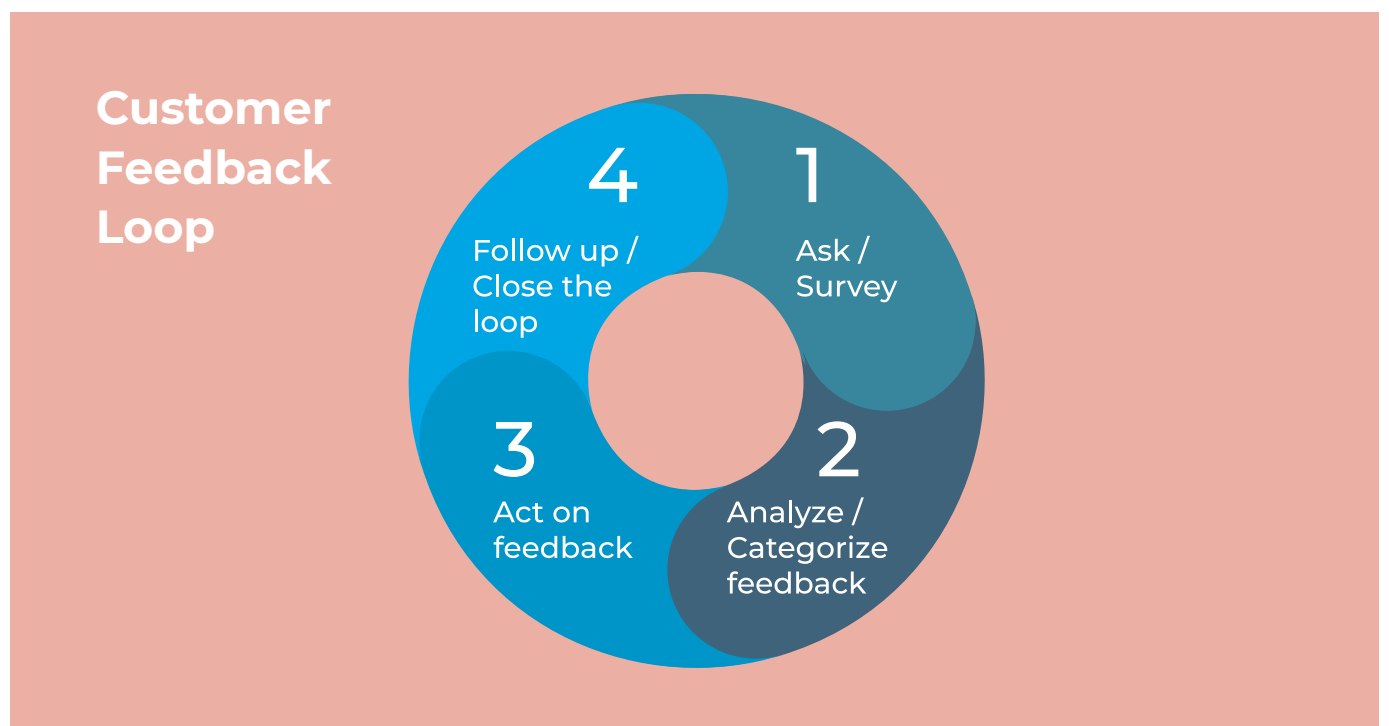
Here's how:

- Customer feedback data helps you create or revise your buyer personas and get familiar with the language and expressions they use in order to address them in a tone of voice that they, and your prospective customers, will resonate with.
- This data can also assist you in shaping the direction of your content strategy to strengthen your brand's image and set the tone of your communication.
- Customer feedback data offers insights on where your brand stands in comparison to your competitors

- Customer feedback enables you to optimize the customer support experience by identifying the main issues and challenges that customers face with your product or service
- Last but not least, customer feedback data can showcase in detail your strong suits, the potential bottlenecks, the usps that stand out and those that don't, which may need you to work on them.

**Approach #2:
Use customer feedback data to close
the loop.**

Collecting and using customer feedback is not a straight-line process, but one that works more effectively as a loop, as demonstrated below:



step 01

Ask:

The trigger that activates the loop is a customer's action. Most times, this action is a purchase completion, but the loop can also be activated after he/she made contact via your call centre or after the return of a product. Stage 1 is when a brand asks customers to describe and rate their experiences using the CX metrics discussed in Chapter 4, as well as other questions that vary depending on the industry, the exact point of a customer's journey and the brand's objectives. One thing is for sure: **Asking the right questions is the first step towards effective feedback collection.**

step 02

Analyze:

When data collection is over, it's time for the truth to shine! But how can these individual pieces of information be translated into **learnings that will paint the big picture of your brand's level of customer satisfaction?** This is where discipline and rules come into play to help you detect and extract the information that will benefit you: areas in need of improvement, your brand's strong points and USPs as well as opportunities for customer engagement and retention.

This second stage is extremely crucial for the two that follow and for the ways a brand will capitalize on customer feedback. And that is the reason why **attention should be paid on the choice of tools that collect and measure feedback.** A tool whose features offer a comprehensive approach of the two first steps of the customer feedback loop and allows brands to continuously monitor results can make a big difference in the overall process and expected outcomes.

step 03

Act on feedback:

When feedback analysis is completed, it's time to turn that data into actionable insights that will be shared to various brand departments in order to plan the next steps. For example, if bottlenecks or other problems have been detected via customer feedback, the logical step is to come up with solutions. If feedback helped with bringing your brand's USPs into focus, then these strong suits must be employed in your communication. Feedback analysis will result in a "to-do" list for every touchpoint and this list can come handy when it comes to planning.

step 04

Follow Up/Close the loop:

People respond to customer satisfaction surveys because it is important for them to make their voice heard and see if a brand or company will value and use their feedback, in a direct or indirect fashion.

Closing the loop is the step that will determine customers' overall experience with a brand's survey.

Ignoring respondents is detrimental since it makes you look like you don't value their trust and this will naturally influence their opinion and attitude towards your brand.

That being said, a customer feedback loop is not complete without the following actions:

- **Thank respondents** for the time they spared to answer your questions. The content of your thank you message can be customized to correspond to the respondents' experience (e.g. were they happy or not with their recent interaction with your brand)
- **Go after further communication**, especially when it comes to managing complaints or negative experiences.
- **Showcase the results** of customer satisfaction surveys.
- **Remind customers**, using new ideas and activations, **that their opinion counts** and is valued.
- Also, remind them of the **available touchpoints** and means of contact with your brand.

By closing the loop through these actions, you enhance the possibility of receiving future feedback from your customers.

6

How to embark on your own CX journey?

Think this through a personal perspective: when you feel that your voice is heard and appreciated, don't you feel more motivated to share your experience?

If your answer is yes, then you can grasp how important it is to give the same opportunity to your customers as a professional! If you don't motivate them to share their opinions, then they simply won't do and your decisions on how to improve their experience and satisfaction would lack a concrete basis.

Hopefully, you don't have to be alone in your CX journey...

Choosing the right customer feedback tool is crucial to the outcome of your efforts. This tool must recognize the different customer journey touchpoints and their influence on engagement and loyalty to offer you appropriate solutions for feedback collection. It also needs to provide a **holistic approach to customer satisfaction**, be user-friendly and offer you the support of a dedicated Success Team that will guide you in every step of the way.

And all you need to discover a tool that can do all this and more is 15 minutes of your time!

15' IS ALL IT TAKES...

[Book a demo](#)