

# Is Customer Experience the Last Differentiator?



**Evolving Customer Experience.**

# Is Customer Experience the Last Differentiator?



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# Introduction

## Choice.

It's something every one of your customers has and can choose to exercise anytime they see fit. Moreover, the competition of today means your customers have options galore. Options which mean the customer experience you provide isn't merely important, it's absolutely paramount to your success. Delighting your customers and instilling customer loyalty is no longer one way to set your business apart from the competition, it is truly the only differentiator left.

As such, delivering a beyond exceptional customer experience will not only bring you new customers but also help you retain the tried and true by improving customer loyalty. So go ahead and put your customer experience cap on because it's the most important controllable factor to your success.



*“A dissatisfied customer will tell between **9-15** people about their experience.*

White House Office of  
Consumer Affairs

There's no reason that providing an outstanding customer experience needs to feel like a mystery though. Through expert interviews and our own insights based on more than twenty years as customer experience experts we have created this ebook to shed light on why the customer experience you offer is so important and how the informed measurement of it keeps your finger on the pulse of your business, how well it is doing and allowing you to adjust and fine-tune as necessary. We are **Reality Based Group** and we're evolving customer experience.

# The Customer Experience

***“The big question is do you want repeat customers? Do you want customers to talk about you? To their friends? Their colleagues? In a positive way?”***

*The bottom line is if you’ve got a customer, customer experience is very important. It’s no longer an option to deliver this; it’s table stakes to just get and stay in the game.*



## **The Expert:**

**Shep Hyken**, CSP, CPAE is a customer service expert, professional speaker and New York Times and Wall Street Journal bestselling author who works with companies and organizations who want to build loyal relationships with their customers and employees.

Visit [www.hyken.com](http://www.hyken.com)

# The Customer Experience

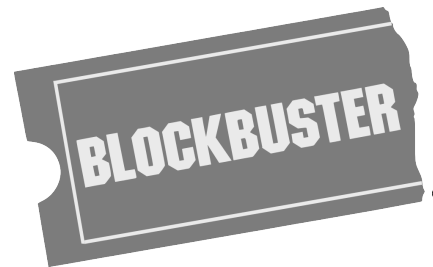
***“Do you want new and repeat customers?”***

Shep Hyken boils it down to one important question. There's no ifs, ands, or buts about it either. Sure, we could get technical but at the end of the day your answer to that question better be yes. It's the customer that makes your world go round and it's the experience they receive from you that will keep them coming back for more or heading to the competition that's delivering that total customer experience.

In recent years, we've all watched brands we might have thought too big to fail suddenly begin to tumble. Circuit City, Radio Shack, Blockbuster, Kodak. The list goes on. Poor and reactive customer service often plays a large role both in terms of overall customer satisfaction and a company's willingness to adapt to changing customer needs. Whether you're a nationwide chain or a mom-and-pop operation, chances are you've got competitors operating at the same price point and offering the same quality.



**RadioShack**



**Kodak**

# The Customer Experience

**How do you compete?** Expert Colin Shaw walks us through how and why customer experience has become the real differentiator between many competitors.

*“Customer experience has grown over the years, mainly grown out of the fact that everything is becoming the same. So if you look at what’s happened over the past few years – the Internet provides mass commoditization, technology moves so rapidly that the time from innovation to imitation is now down to a matter of weeks.*

*So consequently to differentiate yourself, to provide a different level of service to your customers, you have to focus on something else. And traditionally organizations have been fairly inwardly focused; therefore, as we all know the experiences customers have been having have not been great and therefore focusing on what that experience looked like becomes important.” -Colin Shaw*



## The Expert:

**Colin Shaw**, Founder and CEO of Beyond Philosophy, is a five time best selling author, speaker and recognized as a Top 150 LinkedIn Business Influencer worldwide.

Visit [www.beyondphilosophy.com](http://www.beyondphilosophy.com)

# The Customer Experience

Delivering a solid customer experience is no longer considered going above and beyond but key to survival.

It starts with consistency and commitment; customer expectations cannot be exceeded until they have been routinely met. Think about your own relationship with a brand or business, once they begin delivering great customer service every time, you come to expect it. When it's provided as promised your expectations are met and satisfied. That's when the real customer experience magic can occur with the creation of additional opportunities to wow as well as strong employee training so your employees know exactly how to make the most of those opportunities.

It's during these moments that a business can exceed expectations and foster a relationship between brand and customer that can increase customer loyalty to new levels.



*"To differentiate yourself in the market and to get the Holy Grail – getting loyal customers. You can only do that through providing a good experience."*

Colin Shaw



# Customer Loyalty

Customer loyalty is about more than a returning customer. While much can be said about the cost-effectiveness of keeping an existing customer versus gaining a new one, you stand to gain something even more powerful than savings.

Real customer loyalty is about building a relationship between your business and your customers that can be empowering for both sides. By creating loyalty within a customer, your business gains a strong ally – one that can sing your praises and convince others to try your business or product.

Just thinking about customer loyalty might bring a few brands to your mind. Nordstrom, American Express, Southwest Airlines, Apple. Entire books have been devoted to what they're getting right in the customer experience department. While their individual strategies may differ, there's one thing we can guarantee they are all doing and that's putting the customer experience first.



*“Loyal customers have a larger share of the wall, everyone knows the financial ramifications, they’re less likely to disappear, there’s a number of great financial benefits. But also they’re your advocates, they talk about you.”*

Mark Johnson

# Customer Loyalty

*“When you’re loyal to a brand, or loyal to your football team, or loyal to your family, there’s a great and measurable benefit to your wife, to your kids, to your sports franchise, from a number of different ways, from a monetary perspective.*

*However, brands really struggle with regard to understanding what that is. Loyalty has always been about points or thresholds or rewards, trying to get people to switch or change behaviors. But you don’t do the same thing with your sports team or your wife.” -Mark Johnson*



## The Expert:

**Mark Johnson**, CEO & CMO of Loyalty360, has significant experience selling, designing and administering prepaid, loyalty/CRM programs, as well as data-driven marketing communication programs.

Visit [www.loyalty360.org](http://www.loyalty360.org)

# Great Customer Experiences – In Action

As Mark Johnson points out you're looking to instill customer loyalty beyond a punch card. Think about your own experiences as a customer. Are you willing to keep visiting a business with sub-par service just for something free after so many visits? Probably not. On the flip side, you might be willing to keep visiting that business that delivers great service every time even without the punch card.

The customer experience is how you stand to differentiate yourself from the competition and make the fans you need to succeed.

Customer loyalty doesn't happen overnight just like great customer experiences don't materialize from thin air. First, let's explore **RBG's** own experience with a brand putting customer experience front and center.



*"It costs **6–7** times more to acquire a new customer than retain an existing one."*

Bain & Company

# Great Customer Experiences – In Action

K&N Management is the owner and operator of Mighty Fine Burgers, Fries & Shakes, as well as the licensed area developer of the four Austin area locations of Rudy's Country Store & Bar-B-Q. They partner with **RBG** in order to accomplish their goal of delighting each and every guest they serve.

K&N Management uses **RBG's** video mystery shopping solution, **GameFilm®**, to improve customer satisfaction. **RBG** makes weekly visits to each store and these videos are used for ongoing coaching and training modules.

K&N Management was the second restaurant organization to ever have been awarded the Malcolm Baldrige National Quality Award, the highest level of national recognition for performance excellence



## The Expert:

**Gini Quiroz**, is the Director of Team Member Engagement at K&N Management and was awarded the certified hospitality trainer designation by the Educational Institute of the American Hotel & Lodging Association.

Attributing much of their success to their work with **RBG**, we spoke with Gini Quiroz, K&N Management's Director of Team Member Engagement, to learn more about how they continually work to make excellent customer experiences central to the way they do business.

For K&N Management, it's about hiring the right people and constantly improving the customer experience they provide through employee training and coaching. As Quiroz explains, *"We hire and train people around several themes but we focus on the five components of what we call Texas hospitality... we feel it's critical to hire someone based on those competencies then also to train them on."*

**Those five components being:**



K&N Management doesn't stop there though. Quiroz provides more insight into how they approach employee training and coaching:

*“For us there’s a difference between training and coaching. Training is teaching someone a new skill while coaching is giving the feedback they need to perform at the highest level they’re capable of. And so we have coaching processes in place for our managers every day to give feedback back to our team members. One of them is being filmed, which is a large measurement for us and then about 30-45 days after they’re hired they come back through a class about Texas hospitality videos (which **Reality Based Group** actually made the videos for us) and get to watch **GameFilm®** and learn it in its deeper manner because now they have an understanding as they’ve been applying it for a month. They get to understand now at a higher, deeper level what’s expected of them.”* –Gini Quiroz

K&N Management weren't simply looking to provide a satisfactory experience but one that keep people coming back. They set goals and enlisted our help to achieve them. Most importantly, though, they put the customer experience first. It became their differentiator from the competition.

# Great Customer Experiences – In Action

*“There’s a lot of good places where you can get really good food, a clean environment, that’s high quality. For us, service has to be one of those things that differentiates us between one restaurant and the next. And so that when someone comes in we know that our food is going to be great, we can control that with our recipes and our processes, and our restaurant is going to be clean but for our people to perform at a really high level and really make the experience great for the guest is something that does separate us from most restaurants out there.*

*Our guests come in and then they feel like a guest actually, we use that term instead of a customer, because we want people to feel like they’re walking into our house where you’re welcome and we want them to come back and we’re happy to see them.” –Gini Quiroz*



*“Improving customer experience is a top strategic priority for **93%** of companies.”*

The State of Customer Experience, 2012

# Cautionary Tales

We strive to help each and every one of our partners take their customer experience to the next level just like K&N Management. However, a business cannot provide a great customer experience one day and live happily ever after.

Case in point, we had two separate national retailer partners. Each had come to us suffering from low customer satisfaction and slumping sales. We developed unique programs for each and soon each began delivering the type of customer experience that made customers come back while driving revenue.

With things on the upswing and in an effort to save money, each ended the partnership. They decided they would internally handle measuring and maintaining their customers' experience. It didn't go well. Customer satisfaction suffered and, in turn, revenue. In fact, both retailers were soon struggling more than when they had initially come to **RBG**.



*"It takes **12** positive experiences to make up for one unresolved negative experience."*

*"Understanding Customers"*  
by Ruby Newell-Legner



Within 12 to 18 months, each retailer came back to **RBG**. Focus on the customer experience had fallen by the wayside and their hard-won customers were shopping at the competition, a powerful reminder that the customer experience is essential to your success.

# Measurement and the Customer Experience

As we witnessed firsthand with our returning retailer examples delivering a consistently solid customer experience cannot be done on autopilot. Think of the task instead like a winding road with a good sharp curve every now and then – you can't take your eyes off it.

So how do you keep your eyes and your business focused on the customer experience? Measurement. Not just any measurement, measurement based on actionable, revenue-driving behaviors you can precisely and efficiently monitor and change accordingly.

Measuring your customer experience is imperative. You will never know where you started and how you're progressing without measurement. By measuring the customer experience you're



*"Measurement is the crux, the opportunity, and the challenge all in one."*

Mark Johnson

providing you can monitor changes you make and exactly how they are impacting whether or not you are delighting your customers.

Without measurement, the decisions you make and their subsequent ramifications exist in a vacuum. You cannot examine what is working and what is not. Instead, you are left guessing at what might be driving more customers to your door or what seems to be driving them elsewhere.

By truly monitoring progress, you gain a powerful edge over competitors and a better understanding of your business. You cannot accurately change what you do not fully see. For measurement to truly work correctly though you need to be prepared to define the experience you want to deliver.

# Measurement and the Customer Experience

*“Most organizations do not really know what the experience is they are trying to deliver and therefore without knowing that what are you measuring?”*

*“So once you’ve defined the experience you’re trying to deliver, you can then go away and measure that experience. And once you’ve defined the experience you’re trying to deliver, you can then go away and train your people on how to deliver that experience.” -Colin Shaw*



*“**70%** of buying experiences are based on how the customer feels they are being treated.”*

McKinsey

# Measurement and the Customer Experience

How do you make measurement work to start and keep providing the type of customer experience that produces the loyal customers your business needs to be a success?

As Colin Shaw explained you begin by identifying and determining the customer experience you've got your sights on. Break it down into its objective components and how you can gauge whether that component is being delivered.

Remember, Rome wasn't built in a day and small changes can let you pinpoint what's making a difference and what might be falling flat.

*"I always caution my clients, 'Be careful how much you change' because if you change a lot you won't know what's really working. It's small changes over an extended period of time that will produce the growth of a positive experience. Until such time you understand what's working and what's not working."*

Shep Hyken

# Conclusion

Today's marketplace has changed considerably in the last fifty years. The Internet, competition on every corner, and rise of the online marketplace means you're never the only game in town. If you're going to compete, it's the customer experience that will set you apart and instill the type of customer loyalty that will increase your bottom line.

Evaluate that experience using insightful, objective measurement that allows you to know exactly how your business is performing so you can anticipate and identify areas for improvement. We are **RBG** and it's time to evolve your customer experience.



*“For every customer complaint there are **26** other unhappy customers who have remained silent”*

Lee Resource

# About RBG

We are **Reality Based Group** and we're here to make things better by evolving customer experience. We are a leading mystery shopping service that uses cutting-edge video technology to help our customers discover, measure and improve performance and profitability. We are there every step of the way with coaching guides, videos, playbooks and 24/7 access to our online dashboard and reports. We have worked with some of the world's most respected brands to deliver amazing customer experiences and increase customer loyalty and revenue. Learn more about **Reality Based Group**.

Interested in learning more about **RBG** and mystery shopping? We invite you to visit our website and browse.

[www.realitybasedgroup.com](http://www.realitybasedgroup.com)

1-877-990-3456 • [info@realitybasedgroup.com](mailto:info@realitybasedgroup.com)

