

## Customer Care, CRM, Customer Experience ... What's the Difference?

by Lynn Hunsaker

*Customer Care ... Customer Relationship Management ... Customer Experience* — what's the difference? All of these terms are components of customer experience management (CEM), which is the broadest and deepest way of viewing customers and their role in the success of any organization (for-profit, non-profit, or government). The purpose of any organization is to serve a customer need. The results of serving that need are typically financial (revenue, profit, funding, paychecks). In essence, customer experience is what makes the world go around!

**Customer Experience (CX):** all interactions people have with or about a solution: messages, people, processes, policies, products and service.

**Customer experience management (CEM):** discipline of treating customer relationships as assets with the goal of engaging customers as brand advocates.

**Customer experience optimization (CXO):** company-wide alignment with buyer priorities to grow both revenue and profit naturally.

The phrases above are sometimes used interchangeably or confused with the following concepts. Indeed, management of customer experience encompasses all of these practices, and more. They can be categorized by Customer Profitability, Customer Knowledge, and Customer Well-Being.

**Customer Profitability** (efforts to increase revenue and profit from customers)

- **Customer relationship management** — use of a database of customer transactions and facts that enable customized communications (1-to-1 marketing), upselling, cross-selling, and data-mining
- **Experiential marketing** — events and campaigns that build customer advocacy
- **Customer advocacy** — word-of-mouth promotion (buzz marketing) of a brand by enamored customers
- **Branding** — creating and communicating a distinctive identity
- **Customer lifetime value** — profitability of customers' cumulative purchases
- **Customer lifecycle management** — nurturing the phases that customers go through over time in their relationship with a brand
- **Customer loyalty** — efforts to expand customers' share of wallet
- **Customer community** — opportunities for customers to engage with one another
- **Customer references** — testimonials from customers
- **Co-innovation** — joint product development efforts with customers
- **Customer retention** — efforts to extend a customer's duration of ongoing purchases



## Customer Knowledge (ways of understanding customers)

- **Voice of the customer** — monitoring customer sentiment
- **Net promoter score** — a way of summarizing voice of the customer: percent who would recommend a brand minus percent who would not
- **Customer intelligence** — integration, mining, and analysis of customer data
- **Customer experience journey map** – pictorial representation of a customer's thoughts and actions while shopping or using a product or service
- **Internal branding** — internal understanding by each employee, supplier, and alliance partner of their specific impact on external customer experience



## Customer Well-Being (efforts to translate customer knowledge into organizational attitudes and behaviors)

- **Customer care** — organization's conscience in favor of customers' welfare, and outreach to customers accordingly
- **Customer satisfaction** — comparison of customer's reality versus expectations
- **Service excellence** — delivery of purchased services or remedial services, or post-sale assistance to customers
- **Customer-centricity** — degree that customers' welfare is at the center of the solution provider's decision-making and actions
- **Customer experience improvement** — process-wide problem resolution and prevention
- **Customer complaint resolution** — solving issues and communicating solution to complaint originators
- **User experience** — intuitive and inviting environment for customers' use of the product or service, or for exploration and purchase of the product or service, e.g. retail store or website
- **Customer touch points** — opportunities for customers to interact with the solution provider or its messages or products/services
- **Customer effort** — amount of effort the customer has to put forth during their experience with a product/service
- **Customer experience innovation** — designing and implementing novel methods to enhance customer experience
- **Customer experience management strategy** — overall objectives and approach for the enterprise



### *Facts about customer experience:*

- A customer/buyer is anyone who weighs in on the purchase decision and/or uses what was purchased.
- CX occurs far in advance of customer service, it is broader than touch-points and user experience, and its duration and components are determined by the customer, not the company.
- CX begins from the time of buyer's realization of a need until the buyer deems the need no longer exists.
- Transactions are COMPONENTS of CX, but not THE CX.
- Functional, emotional and social elements are customers' built-in value judgments across the CX.
- Customers don't buy a product or service per se; they buy a desired end-result, something they integrate with other things to fulfill a "job-to-be-done" in their life/business.
- The core of excellent CX is having the right product/service work the right way the first time and every time, supported by the right processes, policies, attitudes and decisions.
- Technologies are facilitators of CEM, but they are not in and of themselves CEM.
- Prevention of surprises is the essence of CEM: delivering your brand promise and managing customer expectations.
- If what you're doing isn't company-wide or addressing the full customer experience, then it isn't truly CEM – it's a "component" of CEM! And business results you can expect from a component are by definition reduced accordingly.

- CEM is a composite of CRM, customer loyalty, customer care, and other customer management efforts.
- Most efforts to manage CX begin with a focus on revenue growth – a company-centric view; CEM focuses on the buyer’s perspective as a more reliable means to revenue growth.
- Company-wide dedication is essential to consistently deliver the brand promise.
- Cross-functional collaboration is essential to innovate the customer experience for sustainable differentiation.
- Alignment of the company to the target buyer prevents wasted time and costs, for higher margins.
- Doing it right the first time, by every functional area, naturally endears your brand to customers for organic demand and maximized positive word-of-mouth.

All organizations can reach higher potential by carefully managing the above dimensions of customer knowledge, customer well-being, and customer profitability. To truly differentiate your company from competitors, go beyond CEM and strive for CXO: make sure it is integrated in your strategies and culture!

*Let’s discuss how to customize this to your situation; contact us at [OptimizeCX@ClearActionCX.com](mailto:OptimizeCX@ClearActionCX.com)*