

What's Your Customer Experience Value Quotient?

by Lynn Hunsaker

If value is defined as benefits versus costs, what's your company's customer experience value ratio? Superior value is the objective of customers and marketers alike. And since customers hold the purse strings, marketers are compelled to view value as customers do. In the customer experience value ratio, the numerator includes product and service value, as well as image and personal value. We may often overlook or be unaware of some of the cost dimensions in the denominator: money ... plus time, energy and psychic costs.

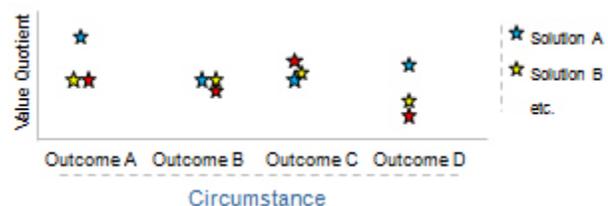
In managing customer experience, the challenge is not only to maximize the numerator, but also to minimize the denominator. Touch-point analysis can be very helpful, but make sure non-touch-points are also considered, as the customer experience contains several elements that do not touch the company or channel. By carefully identifying and improving the time, energy and psychic costs to customers, the customer experience value quotient can be boosted significantly. In fact, the intangible elements of the denominator may be the hardest things for your competitors to copy, and therefore, your surest strategy to sustainable value superiority.

A great exercise in exploring your value quotient is to quantify the value ratio for all choices available to your customer. To develop a holistic perspective, plot these quotients as they existed in the past, as they currently exist, and as you project them to evolve in the future.



While the exercise above is illuminating, it's incomplete in its prescriptive value to your organization. You may realize that your solution is inferior or superior to other alternatives available to your target customer, but which superior elements should you prioritize for protection and strengthening, and which inferior elements should you prioritize for improvement? The answer lies in customer experience outcome research, which involves ethnography to observe customers in their natural surroundings, revealing a more accurate and realistic viewpoint of the dimensions in the numerator and denominator of the customer's value equation.

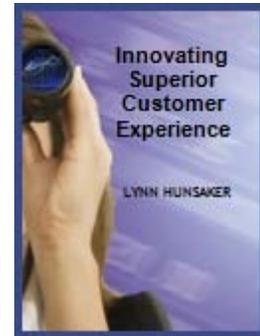
To innovate superior value, plot all available solutions by customers' desired outcomes. If you have conducted customer outcome research, rank-order desired outcomes by importance x frustration x frequency. Now you're able to see things the way the customer



does: for the most important outcomes, how do the choices compare?

Root cause analysis may identify engineering issues, service skill gaps, business process complications, or outdated policies.

Involve your whole organization in outside-in thinking and continual improvement by teaching them about the customer experience value quotient. For similar ideas, see my newest handbook, *Innovating Superior Customer Experience* at <http://tinyurl.com/cem-show>.



Let's discuss how to customize this to your situation; contact us at OptimizeCX@ClearActionCX.com