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Research on Customer Experience Management and its Implementation Framework

Tongtong ZHENG^{1,*}, Qiongjie ZHOU^{1,a}

¹ Wuhan Donghu University, 301 wenhua Road, Jiangxia District, wuhan, 430212, Hubei, China

* ppllztt@163.com

^a Corresponding author

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ABSTRACT

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Customer Experience Management (CEM) is a new theory about customer relationship after customer satisfaction theory, aiming to provide personalized experience to customers, promote customer satisfaction level and bring profit to enterprises. Based on the concept of customer experience, this paper explores deep contents of CEM, constructs CEM platform and implementation route; then, gives advices to enterprises.

1. Introduction

With the rapid development of information technology and aggravation of market competition, product homogenization is becoming more and more prominent, and consumers' personalized demand is not satisfied. Customer experience is a new and dynamic economy which could meet consumer's personalized demand and bring new source of value to enterprises. Customer experience Management is a powerful tool for companies to maintain a lasting competitiveness by providing personalized experience, which is aimed at improving customer experience value and customer satisfaction.

Many researchers find that which customers concern are not only quality and service but also psychological satisfaction and emotional pleasure. Holbrook and Hirschman (1982) put forward that customer is the combination of sensibility and rationality, which always search a feel of command, joy, aesthetic and be respected with some emotion [1]. Joseph PineII and James H. Gilmore define experience as individuals participate in the events in a personalized way. They think customer experience is that when a person achieve emotional, physical, intellectual, and even the spirit of a particular level, his consciousness of good feeling which is its own state of mind and the result of the interaction between the planning events[2]. Bernd H. Schmitt (2003) considers that experience is an internal response to certain stimuli in the process of directly viewing or participating in an event [3]. LaSalle and Britton (2003) consider that customer experience is the interaction between one or a series of customer and product, company, these interactions can lead to some responses, if the response is positive, customers could recognize the value of a product or service [4]. Sott Robinet thinks experience is a collection of communicating sensory stimulation, information and emotion between enterprise and customer, and this collection is the key point between the supply and demand, customer can be either individual consumer, also can be another company[5].

In China, the concept of experience put forwards firstly by Xiucheng FAN, he considers the value of brand depends on the customer's experience in the process of accepting service; customer experience is customer's true feeling and experience to service, which is the conclusive factor of a service brand [6].

After deep analysis to existing research, it is not hard to find that the academic definition of customer experience mainly from two perspectives.

From the perspective of the experience, the definition stresses that experience is something could exchange. From the perspective of customer psychology, the definition emphasizes that experience is customer's interaction and psychological feeling to some situations. Based on these two points, customer experience is customer's perception and interaction to a series of activities provided by enterprise.

2. Customer Experience and CEM

2.1 Traits of Customer Experience

As the forth economic offering named by B. Joseph PineII and James H. Gilmore in 1999, experience has its distinct traits. First, experience stresses the importance of customer involvement. Customer experience requires enterprise to pay attention on the training of staff quality, the establishing of brand image and the promoting of service quality, and makes customers trust enterprise, not only behavioral satisfaction. Therefore, enterprises provide a stage for customers to experience consumption, customers are involved in a unique way; there is no experience without customer participation.

Second, customer experience exhibits significant differences. Customers involve in experience in different way, so experience varies with each individual, time and place. Even the same people experience changes at different times. That is because experience not only up to enterprises' specific measures but also customer's temporal emotion.

Third, the effect of experience can be continuous. Experience directly affects the customer's psychological feeling, and the effect can be continuous. Therefore, a good experience is unforgettable, and its value will remain in the customer's mind forever.

Forth, experience can bring premium to customers. Experience is a new economic offering. Then, enterprise can gain value by selling experiences, and customers are more and more willing to pay for experience.

Fifth, experience can be completely separate from products and services and becomes independent value source, without relying on tangible products and invisible services. Experience can be a selling point for companies to attract customers, Disneyland is a good example. Customer's visited Disneyland are not want to get a product or service, but all kinds of

experience, such as sweet, exciting, surprised and so on. In Disneyland, experience is the main offering, and other products are the assistant of better experience.

Sixth, experience is the combination of customer's internal and external response. Customer experience is customer's mental impression to some outside stimulation, and the behavior caused by these feeling. Hence, customer experience is the combination of customer's internal and external response.

Last but not the least, experience is cumulative. Customer experience is the outcome of long time accumulation.

2.2 Connotation of CEM

Customer experience is influenced by customer demand, individual preference, psychological feature, knowledge and income levels, sense, intuition and scene. Therefore, CEM is management of the customer experience based on these elements.

CEM manages the customer's overall experience of the product or company strategically^[3], and its ultimate goal is providing comprehensive customer experience, enhancing customer loyalty and intensifying customer perceived value.

CEM forms based on the theory of customer satisfaction, and aims at providing personalized experience for customers and improving customer experience value.

2.3 Necessity of Implementing CEM

Firstly, implementing CEM is to adapt to the development of productive forces and economic forms. The development of social productivity and market economy is the root cause of the experience. With the improvement of social productivity, the division of labor, exchange and specialization have entered a higher stage of development, and economic activities have different themes and content. In the agricultural economy, the productivity level is low, families are both producers and consumers, and the theme of economic activity is self-sufficiency. In the industrial economy, the division of labor, exchange and specialization have been further developed, the enterprise is the basic unit of production, and the family is gradually separated from the production, becomes the pure consumer unit. In service economy, social productivity improves largely, and machine and instrument appear, that makes technical enterprise with scale effect appear and customers are customers. Nevertheless, with the maturity of service economy, scale economy is severely limited. Standard products could not meet customer needs. What customers want is not only the service quality, but also the service grade. That the sprout of experience economy. In experience economy, customer need reach to the highest level. Hence, the theme of economic development is mass customization in experience economy. The root reason of the appearance of experience economy is the improvement of social productivity and the development of market economy.

Secondly, implementing CEM is to adapt to market competition and the change of customers need. Any economic activities have the factor of experience economy. But in the former three economies, the themes of development are self-sufficiency, rational consumption and scale economy, the development condition of experience economy is not enough. However, with the booming of service economy and the aggravating of market competition, standardization and scale expanding show each defect. In this situation, there is a challenge faced by all the enterprises which is the traits of customers need change severely. Customer expectation is higher, and decision-making power is bigger; and customers have more and more leisure time and pay more attention to the new technology.

Thirdly, implementing CEM is to adapt to the development of enterprises. The development of new technology is the solid support for experience economy, especially the modern information technology and network technology. With these new technology customers could receive information at anytime, anywhere through words, sounds, images, etc. to learn about market, business and product status, and share experiences with all people online. Enterprises provide customers with all-round, multi-channel, seamless experience by using these advanced technologies. For instance, both Total Customer Experience put forward by HP and XP (experiential product) exploited by Microsoft are excellent customer experience practice cases supported by modern high technology and gain the recognition of the industry and customers.

3. Implementation Framework of CEM

3.1 Construction of CEM platform

The implementation framework of CEM should deploy from the three layers of strategy, tactics and operation, and brand, relationship, scene and commodity are four supports of customer experience management platform which is shown as Fig.1.

The layer of strategy mainly solves the problem of customer experience management in strategic level. First, the integration of experience culture and value, that the value concept of creating personalized experience for customers is formed within companies. Second, establish a unified, clear experience management object. CEM is invalid even have a huge negative effect without explicit CEM object. Third, ensure that focusing on customer experience is the core operation principle, and improve the staff's recognition of customer experience.

The layer of tactics is the specific strategy arrangements and deployment of CEM, and a series of institutional norms about how to coordinate relations, how to divide the rights and obligations and how to regulate behaviors of all parties within the enterprise. These norms are the assurance that customer experience management can be carried out regularly, mainly including incentive and constraint mechanism, communication and coordination mechanism, experience evaluation mechanism, etc.

The layer of operation includes specific implementation methods and means of customer experience management. First, standardization of information and data collection, analysis, storage, delivery, and sharing, facilitating the rapid and convenient dissemination and sharing of information and data within the internal departments of the enterprise. Second, build customer/commodity information and data real-time dynamic communication platform, realize the sharing of information and data, and respond to customers' actual needs in time.

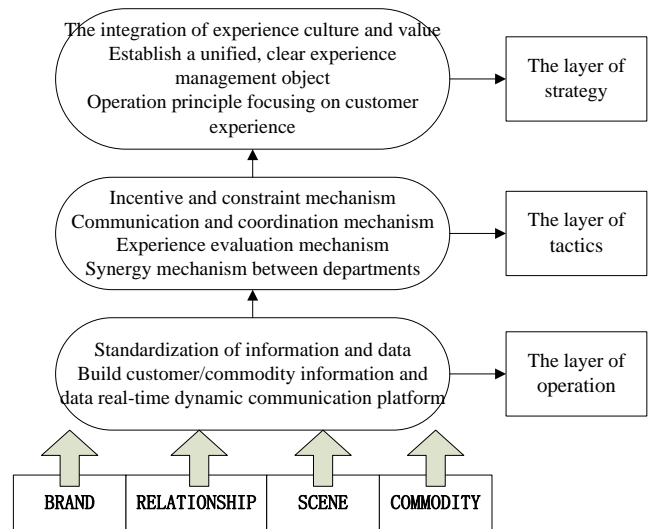


Fig. 1 the platform of customer experience management

3.2 Implement Path of CEM

The implement path of customer experience management includes the following steps: analyzing customer experience demand, building customer experience platform, designing customer experience factors, analyzing the gap of customer experience, transferring the commitment of customer experience, and improving the level of customer experience. The implement path of CEM is shown as Fig.2.

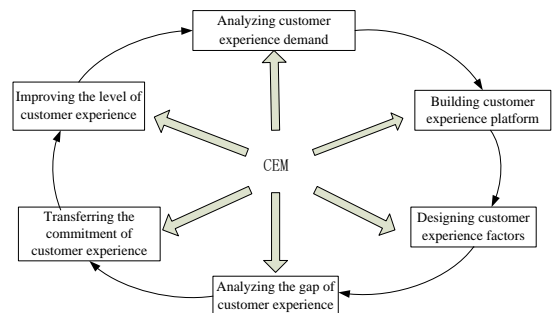


Fig.2 the implement path of CEM

Analyzing customer experience demand is the start point of CEM, means

to understand customers' needs to experience. Building customer experience platform means determining the subject of customer experience at each level. Designing customer experience factors is to conceive that how to combine various experience factors to provide experiences for customers from the aspects of product, service and brand etc., and make customers feel the value of the experience. Transferring the commitment of customer experience means deliver the experience to the customer through frontline staff. The aim of analyzing the gap of customer experience is to compensate the gap. Then, improving the level of customer experience and giving feedback to improve customer experience level continuously.

4. Suggestions for the Implement of CEM

From the aspect of customer psychology and perception, customer experience management put forward a new way of thinking which contributes to cover the shortage of customer satisfaction and help enterprises out of the so-called satisfaction trap. It is of great practical significance to study customer experience management in such a context. Enterprises can launch customer experience management from three aspects.

First, customer is a combination of rationality and sensibility, enterprise needs to provide superior experience from the perspective of customer's rational thinking, and also offer memorable and amazing customer experience from the customer's emotional point of view.

Second, CEM in Chinese enterprises is still in the primary stage, what is provided for customers is low level experience such as product, service and price, while high level experience like brand, relationship is fewer. And, higher level experience brings not only greater value to customers but greater return to enterprise. Therefore, improving the level of experience is a direction that Chinese enterprises need to explore in the future.

Third, there are multiple contact points in the interaction between the customer and the enterprise and not all are important to customers. In consequence, before the implementation of CEM, enterprises need to analyze the target customer in order to specify the key points and key experience elements.

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