

“It’s the customer who pays the wages”¹

The customer experience imperative for EU Institutions

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Moving from citizen service toward customer experience

In the private sector, companies leading in customer experience (CX) systematically outperform companies lagging behind, and as a result, the importance of CX has become crystal clear. Organizations have realized that investing in CX has a direct impact on profits and shareholder value, and they have reacted. In 2006, the European Union started to follow suit by putting citizen service at its core, launching several initiatives including an inventory of best practices to prepare guidelines on how to measure citizen satisfaction. However, existing initiatives focus on citizen service rather than the entire customer experience. They may be excluding potential gains, as customer service represents only a part of customer experience and focuses on one specific customer group—citizens.

The public sector, especially European Institutions with their multiple stakeholders, have an enormous amount to gain by expanding their view of customer experience and delivering a better experience to all stakeholders. A study by Forrester has shown that the positive correlation between performance

and CX is similar across most industries and also works in the public sector. For EU Institutions, measurable benefits of delivering CX include more citizen engagement, public trust and legitimacy, as well as increased positive behaviors (e.g., timely submission of forms) and compliance, a general reduction in costs, and even easier recruitment and higher employee satisfaction.

Let’s start from the beginning - Who are EU Institutions’ customers and why do they matter?

The EU’s specific setup, with its three legislative institutions (the European Commission, whose members are appointed by national governments, the council of the European Union where governments defend their own country’s national interests, and the European Parliament, which assembles directly elected MEPs to represent European citizens) results in a complex environment, where EU institutions have to serve multiple different customers, with different needs, including the general public, its member states, as well as other EU Institutions and agencies.

The general public and member states have a very specific role; on one hand they regularly consume services from European Institutions directly or indirectly. At the same time, they also contribute directly or indirectly to the financing of institutions, or as Henry Ford so fittingly stated: “They pay the wages.”

These customers—if we want them to be willing to continue paying “the wages”—need to be kept happy, and the best way of doing this is by maximizing the value that they receive for their money, while at the same time reducing the costs that they have to bear; this is where CX comes in!



“As the customer is the one who pays, we need to fulfill two objectives: maximize their value and minimize their costs”

¹ Henry Ford



EU Institutions have different types of customers that they serve, which each have different needs

“The public” needs

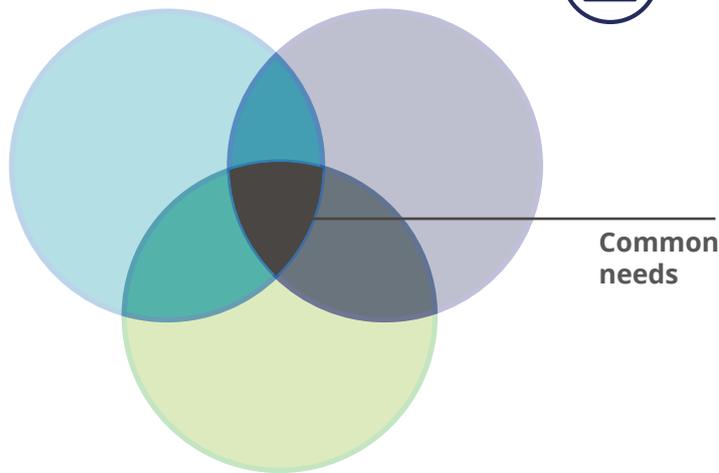


Citizens



Companies

Member states needs



Other EU institutions needs

CX – a holistic view to drive customer value and efficiency

CX encompasses the entirety of all interactions that customers have with an organization. It includes all of the feelings that a customer can experience before, during, and after product or service sales and touchpoints are diverse. They may include the discovery of a product, but also the choice process itself or even post-consumption interactions. The combination of all of these critical touchpoints with an organization forms the customer experience. This cannot be equated with customer service, which focuses mainly on the transaction rather than the entire combination of touchpoints. This complexity is why customer experience is taking an increasingly pivotal role for companies. As Bruce Jones of the Disney Institute states in a recent article in the Harvard Business Review: “The term ‘customer experience’ is ubiquitous in business these days. In fact, focusing on the customer experience has become

the single most important way for an organization to achieve success—often becoming its key differentiator.”

Further to becoming a differentiator, CX also strongly contributes to efficiency. During a TEDx talk following a million pound upgrade of the Eurostar train rails to shorten travel time by approximately 40 minutes, the renowned advertising and customer expert Rory Sutherland provokingly noted: “For 0.01 percent of this money, you could have put Wi-Fi on the trains, which wouldn’t have reduced the duration of the journey, but would have improved its enjoyment and its usefulness far more. For maybe 10 percent of the money, you could have paid all of the world’s top male and female supermodels to walk up and down the train handing out free Chateau Petrus to all the passengers. You’d still have five [million] pounds in change, and people would ask for the trains to be slowed down.”²

This statement may seem exaggerated, but it nevertheless highlights a very important point: By focusing on the known (in this case engineering), we may be limiting our field of vision and miss solutions that could deliver high value at a significantly lower cost. It is essential that organizations take a step back and look at their strategy through an entirely different lens—the CX lens.

The CX transformation toolset – enabling a new CX-centered strategic transformation

The European Union has already put a number initiatives in place in order to put citizen service at the forefront of its activities. The initiatives include the development of a an auto-evaluation framework for public organizations in Europe, developed by the Innovative Public Services Group (IPSG), regular recensions of public opinion (e.g., Eurobarometer), and a solution to facilitate citizens’ mobility through digital channels. One of these

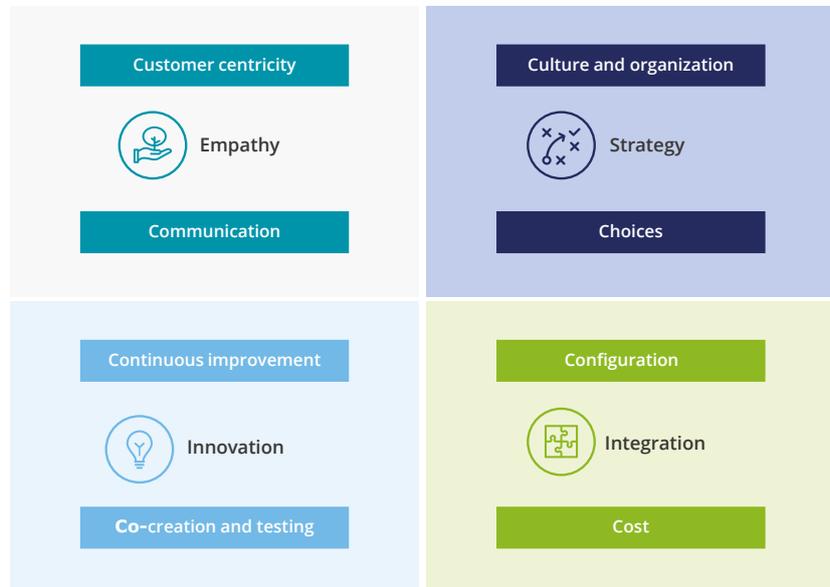
2 Sutherland, R. (2010) - “Sweat the small stuff” TED.com



solutions is ISA (Interoperability Solutions for European public Administrations), a program aimed to support cooperation between public administrations in the European countries and to facilitate share of information, and are centered on delivering better customer service.

These initiatives focus more on customer service rather than on customer experience. While citizen service is essentially a key part of the customer experience, it remains only a part. In order to further drive value and reduce costs, it may be necessary to look beyond customer service toward a more fundamental change—crafting an organizational strategy centered on the customer to drive a truly groundbreaking transformation. ➔

The CX transformation framework helps organizations drive a customer-centric strategy



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The “8C” CX transformation toolset provides organizations with a framework to develop a CX-oriented vision. Based on the four key dimensions—empathy, strategy, innovation, and integration—it allows for the reevaluation of key aspects of strategy.

Know your customer and communicate to create empathy

Knowing the end-audience is crucial in order to create the relevant products, services, and experiences that the customer wants. Before crafting customer experiences, we need to understand exactly who our customers are by widening the net to include all stakeholders, what their needs are, and what their expected experience³ may be.

Let’s take the example of Amazon or Netflix, who are fore riders in customer experience. They use their Big Data capabilities to anticipate shopping or television needs to deliver exactly what customers need and expect, creating customer satisfaction, engagement, and loyalty. The public sector can take advantage of its significant data capabilities to be reactive to the actual needs of the society, rather than what are the believed needs of citizens. By applying this tool, increased engagement will encourage the move from “I have to be here” to “I want to be here.”

The choices you make and your organizational culture need to embody customer centricity to drive strategy

The workforce delivers customer experience on a day-to-day basis and it is thus essential that it embodies customer centricity. Daily choices should be clearly made in the light of customer experience. In order for employees to truly embody customer experience while delivering excellent customer service, but not focusing solely on it, the organization needs to have strong and common customer-centered vision and values. Whole Foods, a leading grocery retailer has put the customer at the center of its vision (“We satisfy, delight, and nourish our customers”), and in its core values (“Customers, Meaningful value, Retail

Innovation, Extraordinary customer service, Education, and Inviting store environments”).⁴

Customer experience is not easy – Your current organizational and technological configuration may need to be adapted while closely prioritizing and monitoring costs

According to Forresters, outdated structures, processes, and technologies are a key hurdle to public sector institutions in delivering the customer experience that they want. For example, the process upon the death of a relative in Germany means that family members must deal with four different offices, creating a significant workload for administrations, but above all a painful experience for relatives.

As a result, public institutions will need to reconsider structures and processes, integrating their back-end and front-end processes. However, you cannot fight on all fronts, so in order to ensure their relevance, you need to prioritize initiatives and investments. Your knowledge and understanding of your customer is essential in choosing the right experiences.

Do not rest on your laurels – continuously improve and co-create your experience with your customers

Institutions who have designed their customer experience may be satisfied, but they need to continuously improve and innovate. Customer service and service delivery play a pivotal role here.

In order to make the experience as relevant as possible, a central role of the final users is key in the innovation process, making citizens active contributors to their customer experience, rather than only passive consumers. Numerous ways to co-create exist, including crowdsourcing service design (c.f. focus box on the right), or even public private partnerships. The most appropriate way to engage in co-creation will depend on the organization as well as its customers, and should be carefully aligned with the overall customer-centric strategy.

Experience co-creation methods: Service design

Service design describes the process of crafting services centered on the customer to deliver useful services that respond to real needs, improving user satisfaction. “Service design addresses services from the perspective of clients. It aims to ensure that service interfaces are useful, usable, and desirable from the client’s point of view, and effective, efficient, and distinctive from the supplier’s point of view.” (Mager B, “Service Design as an Emerging Field”)

The designers dive into the needs and experiences of users and providers, visualizing and formalizing solutions to problems that may not even yet exist today. They look at behavioral patterns to transform them into real services. Several methodologies and tools originating from various disciplines can be used to involve end-users, including:

- Survey to gather end-user feedback
- Personas, which are end-user archetypes, allow designers to keep end-users in mind during conception
- Cognitive walkthrough, where assessors try to use a service as a new user and are able to detect usability problems
- Customer journey mapping

The value of this discipline in public services was demonstrated by a project launched in 2013: SPIDER (Supporting Public Service Innovation using Design in European Regions). The partners of this project identified two social challenges—youth unemployment and independent living—and tried to use service design to find and rethink public services. Between 2013 and 2015, SPIDER projects used service design to create nine new public services, which are co-designed by more than 900 citizens and have so far affected the life of 143,555 citizens.

3 Note: According to the disconfirmation theory, the gap between expected performance before using a service and perceived performance after using it will determine perceived customer experience.

4 Wholefoodsmarket.com – Core values



CX - Embarking on a journey of discovery

Changing consumers and new technologies are undermining the preconceived notions of customer behavior and reinventing the world in which organizations act today. While the traditional approach toward serving customers focused on service delivery and service level, the paradigms of the new society mean that the field of vision of organizations needs to be extended to include the entire experience that the customer lives. This does not mean that

customer service becomes obsolete, but much rather that it becomes a part of the holistic concept of customer experience. At the same time, the customer is no longer a static concept that includes only direct consumers of services. Much rather, the customer in a larger sense (including employees and internal customers) becomes relevant. In this changing setting, organizations need to embark on a customer-centric transformation journey, which will allow them to improve the value that they deliver, all the while driving efficiency. ●

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