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Customer experience

The new differentiator

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Customer experience – the new differentiator

With headlines dominated by downgrades and a challenging economic climate, differentiating your business from the competition is more important than ever.

That's according to Veronique Filip, Customer Advisory and Experience Lead at Deloitte, who says there's a growing realisation among business leaders that the most effective way to stand out from the crowd is by offering superlative customer experience.

Leading by differentiation, says Filip, is when a company delivers more unique value, and in an age of instant digital communication and empowered customers, the notion of value has evolved way beyond product and services.

"For these new consumers, the value is in having accurate information in the format they prefer, in addition to buying exactly what they want, when they want it and how they want it - all while interacting with the company at their convenience."

Filip says numerous global studies have indicated a strong correlation between customer experience and higher share of wallet and revenue, and point to customer experience fast becoming the primary point of brand differentiation, replacing the established norms of product and price.

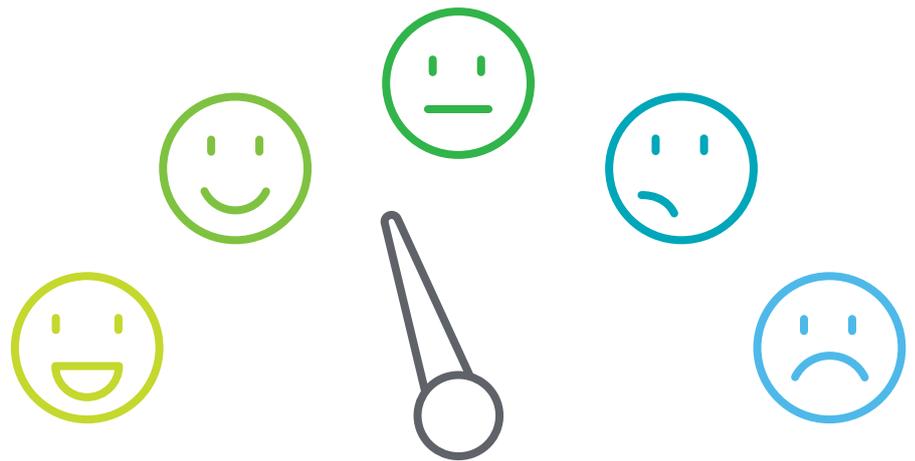
She adds that customer experience is particularly important to preventing churn in emerging markets, and a good customer

experience can help South African companies compete globally.

These findings are reflected in Deloitte's own recent research in the South African financial services sector, which offers an illuminating insight into customers' pain points as well as their expectations.

Comments from customers reveal that they often feel deeply hurt by a perceived lack of loyalty, reciprocity, or sensitivity from their banks. "My bank was not there to help me when my debit orders were rejected – they made me feel intimidated, like I owed them and I was the only person this had ever happened to," said one customer – who later switched banks.

Other comments reveal that problems dealing with call centres, unhelpful and incompetent staff, discovering hidden bank charges and other issues can force customers to leave their bank. Even if a specific interaction does not cause churn, it may still result in a customer speaking negatively about their bank: "I thought about leaving, but I don't want to sit at a branch again. You know how if you're in an



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Veronique Filip
Customer Advisory and Experience
Leader, Deloitte South Africa

abusive relationship you get comfortable? I feel like that,” said one customer.

Positive experiences, on the other hand, often result in referrals. Friends’ and family members’ experiences are customers’ most valued sources of information about where to open a bank account or take out an insurance policy. A typical comment was “I picked my insurance company because one of my friends claimed from them twice and said it was seamless.”

Deloitte’s research also found that people are willing to buy more products if they have a good experience. One customer commented, “If they offered good service, I wouldn’t mind having all my products with one provider: it’s easier”.

These findings point to the business benefits of an effectively implemented customer experience strategy. Filip notes, “A deep understanding of customers’ pain points and their expectations of a company offers the promise of increasing revenue through churn reduction, additional purchases, word of mouth recommendations and acquisition of new customers.”

Addressing customer pain points, once they’ve been identified, need not be a costly or complicated exercise, says Filip. “Sometimes it’s as simple as managing a customer’s expectation: for example, informing them that it will take two days for them to learn whether their loan has been approved.” An important point to remember is that when wanting to improve your customer experience, companies should focus on making the right changes rather than trying to improve everything.

The right customer experience measurement system can help companies prioritise changes, as well as measure progress and benchmark against competitors. However, it can be difficult to find an indicator that can deliver on all of these areas.

Filip says that while many of Deloitte’s clients were aware of the growing importance of customer experience, they complained about a lack of effective measurement systems to aid them in implementing a customer experience strategy. Common complaints included frustration about a lack of granularity, actionability, local relevance and correlation to business results.

This gap in the market led Deloitte to develop the Deloitte eXperience Index (DXi), which consists of an industry-wide barometer, a diagnostic of root causes of customer experience issues, and a framework for ongoing measurement.

“DXi is an overarching indicator which also encompasses the correct level of granularity, offering insights per touch point, channel and perception metric. In addition, it offers insights per customer segment. It will provide companies with competitive and customizable results which can be linked to outcome metrics such as revenue.”

If you have an inquiry related to your organisations’ customer experience journey or would like to learn more about our services, including the DXi, please email us at : ZADXi@deloitte.co.za

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