Experience Co-creation: Lessons from the UK Customer Experience Awards 2013

Farah Arkadan, Marisa Brandt, Lindsay Bruce, Gladys Linghui Ge, Yingxue Gong & Emma Macdonald

Cranfield School of Management
Contents

Background............................................................................................1
The customer's role in experience co-creation........................................1
The UK Customer Experience Awards....................................................2

The changing face of value creation .................................................3
Customer experience as a source of competitive advantage..................3
Co-creation of experience......................................................................4
A new framework for customer experience co-creation..........................5
Managing the encounter processes to create value.................................9

Learnings from UK Customer Experience Awards 2013.......................11
Employee engagement...........................................................................12
Personalised experiences.......................................................................16
Use of media platforms.........................................................................18
Understanding customer behaviour.......................................................21
Building brand communities..................................................................24
Triggering emotional values...................................................................26
Triggering functional values...................................................................26
Meeting / exceeding customer expectations..........................................30
Proactive customers...............................................................................32
Innovation with customers – and the frontline.......................................33

Lessons for managers...........................................................................35

References............................................................................................37

Appendix: UK Customer Experience Award Winners 2013...................38

About the Authors..................................................................................39
Background

The customer’s role in experience co-creation

Much of what is written about customer experience considers the company’s role in experience design and value creation. However, the notion that companies and customers together have joint responsibility for co-creation of value has inspired this research. This paper explores the processes of collaboration and interaction between the company and the customer that can enhance the customer experience.

Students from Cranfield’s Masters in Strategic Marketing (MScSM) programme conducted their thesis research by firstly, conducting extensive academic literature reviews and secondly, by reviewing real-world case studies. This synthesis of literature and current case studies identified the processes by which engagement and collaboration with customers can drive innovation and value creation.

This white paper first presents an overview of the framework of co-creation developed from the Cranfield literature review. It then uses examples from entrants to and winners of the 2013 UK Customer Experience Awards to illustrate how co-creation of value can occur. The framework and ten dimensions of co-creation provide a useful perspective for managers who are grappling with the challenges of effectively delivering better customer experience in collaboration with customers.

Dr Emma K. Macdonald
Research Director,
Cranfield Customer Management Forum (CCMF)
The UK Customer Experience Awards

The **UK Customer Experience Awards** are now in their fourth year, celebrating and promoting excellence in customer experience across a broad spectrum of industry sectors. The awards are a unique opportunity to showcase the outstanding achievements of companies who proudly demonstrate best practice in customer experience management. In 2013 the awards program was run for the first time in partnership with Cranfield Customer Management Forum (CCMF).

We are delighted to be collaborating with the Forum and with the marketing faculty and research students at Cranfield School of Management. Customer experience is a developing area of management competency. Each year we see examples from across the range of industries demonstrating impressive customer experience management practice.

The synthesis of knowledge and practice that appears in this white paper will go some way to capturing the learnings from these leading organisations and to establishing known principles about customer experience management. This review and analysis by Cranfield faculty and research students will be extremely valuable for all who participate in the awards.

Neil Skehel  
*Founder and Managing Director, Awards International*
The changing face of value creation

Good service is becoming commoditised and insufficient as an effective differentiator or generator of value. Customers expect good product performance and excellent service as a matter of course. It is no longer enough to find the right product and receive good service when making a purchase. Delivering great value now means delivering a great experience.

Customer experience as a source of competitive advantage

In studies of customer experience, its definition has shifted from the general to some really quite detailed views outlining its components. It is known that customer experience can generate customer satisfaction, loyalty, retention and advocacy. It is also known that there is a link between each of these and profitability. Much effort has gone into identifying the gaps between customer expectations and current experience as well as cross-functional integration to gathering insight and creating a response. Yet research still offers little in the way of conclusive understanding of how desirable experiential outcomes can be achieved.

This makes life difficult for managers. We know that to achieve competitive advantage we must deliver above average customer value. And we can see that experience is now a significant element of value as determined by the customer. Yet, experience is, by nature, personal. Therefore, unless we work in a most rare environment, where it is possible to profitably deliver genuinely one-to-one experiences, we must accept that it is now no longer possible for an organisation to fully own the creation of value.

Fortunately, with access to a wide range of highly portable technology and, having developed behaviour patterns of permanent connection and virtually constant dialogue, customers are not only well-placed, but often predisposed to participate in the creation of their experiences and, therefore, the value they enjoy.
Co-creation of experience

In academic literature, the perspective of ‘co-creation’ is gaining popularity and increased recognition.

“Co-creation is the interaction and collaboration between customers and producers in order to create value.”
(Prahalad and Ramaswamy, 2004)

That customers are interactive with, and influential in, market dynamics is an observation that rings true if we simply look around us. Web 2.0 and the proliferation of mobile devices means that customers can now be in a dialogue with suppliers during every stage of design, delivery and post-purchase usage. Habitually, they are also in a dialogue with each other, sharing opinions, views, recommendations and experiences of the products and services they buy. For suppliers to break into this constant hubbub of conversation, the experience needs to be beyond the norm – meaningful to customers in a way that is engaging and valuable at a highly personal level. The active participation by customers provides the opportunity for companies to gain insight into customer behaviours and preferences.

However, collaboration can deliver more than just insight. Taking a step further to co-creation can improve the relationship between customer and supplier. Co-creation can extend from new product development to improved delivery and service, elements at the core of our organisational focus and marketing strategy.

Research suggests that experience is created in a series of interactive, dynamic activities between the customer and the supplier – partly deliberate and overt, partly driven by unconscious behaviour. Not all activities are equally influential. Some enhance customer experience more than others. Some are more critical for relationship building and value creation. For marketers this means that many activities - such as generating ideas, designing products, developing production processes, crafting marketing messages and controlling sales channels – are no longer reasonable to consider without the involvement of customers.
A new framework for customer experience co-creation

Establishing the right business processes to improve customer experience is a concern for managers.

We looked to literature in the fields of customer and organisational learning, customer experience management, innovation and co-creation to develop a new framework. This framework (Figure 1) is based on prior work in academic journals and illustrates the importance of encounter processes in the successful creation of customer value. This framework also makes a good starting point to explore how companies might understand the components of their customers’ experience and the customer’s value creation processes in relation to those of the company processes. Accordingly, companies can adjust their practices to be better aligned with and in support of their customers’ value creating processes in order to strategically co-create value and enhance the customer experience.

Figure 1 is adapted from a framework developed by Cranfield Visiting Professor, Adrian Payne (and colleagues) in 2008. The components of the model include the customer’s and supplier’s value creating process, encounters where experiences are created and the impact of further sources of brand experience. In the customer’s value creating process the customer co-creates and experiences a brand. The supplier’s value creation processes are concerned with planning and co-creating the brand experience. The key to this model is that experiences encourage customers to participate in value co-creation. The encounter process, illustrated by the two-sided arrows, translates into interactions or points of exchange between customer and company. Managers simply have to identify the most critical points of encounter and should focus on these when planning customer experiences.

Understanding the three overall processes (customer value creation processes, supplier value creation processes and encounter processes) should guide companies to successfully identify co-creation opportunities. The big arrows indicate that customers learn with each encounter with the company. This learning affects customers’
emotions, attitudes and behaviours which in turn affect the value that customers perceive from an experience. Hence, managers need to understand these customer processes to be able to design experiences accordingly.

Other literature (Gentile et al. 2007) helps us to understand customer processes through identifying six dimensions of interaction between customer and company, including sensorial, emotional, cognitive, pragmatic/physical, lifestyle and rational dimensions. The sensorial component relates to the five senses whereby experiences may arouse aesthetic pleasure, satisfaction and excitement. The emotional component involves the generation of feelings, moods and emotions, and acknowledges that customers will usually feel something towards the company, its products/services and/or brand. The cognitive component involves customer thinking and engagement towards the company’s offerings. The pragmatic component relates to aspects of usability, for example physical product-related information. The lifestyle component relates to the customer’s values and beliefs and role of the product/service in the customer’s lifestyle. Finally, the relational component relates to the customer’s relationship with the brand, employees and other customers.
In terms of the company process of identifying and taking advantage of co-creation opportunities, represented in Figure 1, one example of such an opportunity is innovation. New product development is usually characterised by high costs and high risk. Both theory and practice suggest that collaborative innovation with customers is beneficial and, at the very least getting customers involved early in the process makes innovations more successful. Co-creation with customers might involve co-ideation, co-evaluation, co-design and co-testing. Opportunities to innovate through value add arise from gaps between customer expectations and experience. Organisations combine customer experience management with innovation management on a strategic level. Three types of questions should be asked: (1) What aspects related to usability and functionality of the product/service have experiential appeal in different usage situations?; (2) What is the customers’ overall feeling towards the product/service?; (3) What is the specific experiential impact on senses, feeling, thinking, acting, and relating?.
It is now the norm for customer-centric companies to adopt the strategies, programs, tools, and technology that enable effective customer relationship management. Without these, it is difficult to deliver a good level of customer service. However, if the goal is a collaborative, partnering relationship with customers, then in-depth and integrated customer knowledge is essential.

New channels and technologies have significantly altered how companies interface with customers and allow communication and collaboration either online or offline, at a time and in an environment of the customer’s choice. Many businesses now use the likes of Twitter and Facebook to keep customers informed about everything from special offers, to new product launches to scheduled system maintenance.

They also allow customers additional platforms to ask questions, point out service problems and share experience in real time both with the organisation and other followers. This type of co-creation can be helpful – for example if a rail passenger tweets that their train has been stopped because a fellow passenger has become critically ill, other passengers may be able to adapt their travel plans or, at least be more tolerant because they quickly know the reason for a delay. It also puts an additional level of pressure onto the company – for example, if a rail passenger tweets that their train is delayed for the fifth day in a row for no obvious reason and making them late for an important appointment, failure to respond quickly and apologetically to the customer’s satisfaction may escalate badly.
Managing the encounter processes to create value

In encounter processes, the customer experience can be broken down to help understand where value is found. Firstly, there are elements that relate to the customer’s cognitive processing of information. Here, customers talk consciously about a company’s website being easy to navigate, their ability to compare products and purchase being straightforward; they know how long it took for their call to be answered and whether the representative seemed knowledgeable and capable or not.

Secondly, there are experiences that do not relate directly to use, but which are emotionally or symbolically important to the customer. Customers begin to use emotional language when talking about their experience, how exciting it was to open the box the first time, that they were relieved the delivery arrived as scheduled, that they enjoy (or dislike) working with a supplier because the supplier’s account team is helpful (or difficult to work with).

Thirdly, there are customer behaviours that stem from or result in their experience. For example, the customer may choose to follow on social media, join in online discussions or add other people’s discussions to their experience. In B2B, a positive experience may generate willingness to consider a closer relationship, allowing the supplier access to information or areas of the business that are normally restricted.

Customer value depends on the overall experience, incorporating the cognitive, the emotional and the behavioural. The value package we offer our customers needs to address all of these elements. It is, of course, relatively easy to measure how long it takes to answer a phone and it is straightforward to provide skills and training to our staff. It is more difficult to create an emotional response in our customers unless we have some real insights into what makes them tick. And it is next to impossible to cause our customers to behave differently; we can only lay the ground and give them good reason to want to do so.
Having established that customer collaboration is necessary for the creation of customer value, and that customer value is comprised of different elements, some of which are, by nature, difficult for the organisation to influence. Our research identified ten dimensions that were considered crucial for delivering superior customer experience (Figure 2).

In looking at opportunities for co-creation of value, managers need to consider the nature of their business, the culture within the organisation and current insights about customers, their behaviour and their needs. Customers will not collaborate if they do not perceive enhanced value, so it is important not to confuse customer perceived value with value to the organisation. Therefore, it is important to consider which of these ten dimensions are relevant to your customers’ experience and how collaboration will result in a more valued experience. Only when these questions have been addressed is it time to ask the question: how can the organisation facilitate and encourage co-creation?

In this white paper, we look to those that lead the field in customer experience management for ideas and examples of how suppliers can support co-creation and align their organisations to activities that generate improved customer experience and, thus, greater customer value.
Learnings from UK Customer Experience Awards 2013

The UK Customer Experience Awards (UKCEA) is an annual competition that recognises outstanding achievement in the field of customer experience management. The UKCEA celebrates and promotes excellence in customer experience across a broad spectrum of industry sectors.

The UKCEA 2013 attracted 100 entrants, each of which submitted details of their leading edge customer experience initiatives completed between January 2012 and April 2013. Entries were assessed by a panel of judges for the award. Entrants answered six questions to showcase how they delivered superior customer experience through a particular project or initiative by providing information about their insights on, strategies, actions, and measures of the customer experience. Twenty-five entrants won across various categories broadly classified by discipline-specific, industry and individual/team categories (see Appendix).

We now present examples from the UKCEA 2013 winners and finalists on how they managed encounter processes to facilitate and encourage co-creation and deliver superior customer experience and value. Examples are presented in terms of the ten dimensions of customer experience co-creation.
Employee engagement

Employee engagement - particularly conversation and interaction between employees and their customers - is considered crucial in experience creation. Some companies create specialist teams; others run workshops internally to engage employees and help them better understand the importance of customer experience. Empowering front line staff and encouraging an attitude of ‘what can I do?’ rather than ‘there’s nothing I can do’ makes employees aware of their role and helps them to understand how they can contribute to the customer experience. In order to exceed customer expectations, employees should be fulfilled and motivated to really look out for customer needs and be able to perform extra-role activities.

There is extensive research to support the premise that engagement, interaction and conversation between the brand and its customers is a prerequisite for co-creation and that it will create improved value to both stakeholders (see for example, CCMF report “Improving customer experience through employee engagement” by Qiu and Macdonald 2013). Satisfied and engaged employees help companies deliver better experiences, thus improving customer satisfaction and corporate performance. Therefore, managers should continually invest in a range of employee engagement initiatives. Even the investment in non-transaction associated front line employee engagement is beneficial to a company’s overall customer experience and satisfaction levels. Without fully engaged front line employees, it may be impossible to deliver a superior customer experience and remain competitive among rivals.

At Findel Education, the UK’s leading educational resources provider, for example, every employee was involved in the process of defining what the Findel Education customer experience looks like to ensure it is accessible and owned by all employees, not just the management team. Among many initiatives, the company invested time and resource in internal communications and made them engaging, compelling and meaningful so they weren’t just ‘posters on the wall’. A simple “Ask yourself” campaign meant that every decision, meeting and discussion was focused on the customer. These communications continuously reinforced how everybody played a part in
improving and delivering the customer experience. Findel Education ran an internal road show of workshops, including drop in sessions, training sessions and “brown paper” exercises with a business improvement company. This gave employees a voice about how they do business and how they serve customers.

At British Gas, Britain’s leading residential energy and services supplier, each agent understands the individual contribution they are making to customers they serve, in this case landlords, as well as the collective impact they are driving through their department.

Front line agents at credit card company Capital One Europe provided 356 ideas to improve the customer experience, all of which have been reviewed by the company. These front line associates are actively encouraged to make suggestions on how the customer experience can be improved based on the customer feedback and insights they receive on a day-to-day basis, making them one of Capital One’s most valuable assets.

In addition, Capital One Europe encourages proactive employees by giving their associates the tools they need to organise their own charitable activities. They cover travel expenses and provide a small budget for materials and a “community day toolkit” which includes a checklist of essentials, risk assessment details, travel policy and top tips for collecting feedback. As a result, associates have come up with numerous initiatives to help the local community and/or raise money for charity, often utilising their own business skills when doing so. For example HR delivered employability sessions for students, IT designed a website for a local school, and Marketing developed the marketing strategy for a local charity.

An important part of the customer experience initiative at Clothes2Order, an online B2B retailer based in the UK, is to ensure all departments live up to their core value of, “Customer focus – customer experience comes before short term profit”. Therefore every department within the company has at least one KPI related to customer satisfaction. The overall goal of all teams in the business is
to develop ways to surprise and delight customers. To promote this objective, Clothes2Order offers its employees the “Remarkable Ideas” Awards. If anyone in the business comes up with an idea to help surprise and delight their customers, and it ends up being implemented and getting commented on by customers, they receive a gift voucher. Such employee engagement initiatives help create a positive impression amongst Clothes2Order’s customers across all encounters.

At Virgin Media, the first provider of all four broadband, TV, mobile phone and home phone services in the UK, a dashboard was developed to track customer comments on the behaviours of front line employees across every customer encounter. The dashboard updates every 15 minutes, is easy to access and simple to comprehend, encouraging employee engagement and enabling front line managers to continually strive to improve the customer experience.

In line with their deep customer-centric ethos, DPD UK, the UK’s fastest-growing B2B parcel delivery company, launched a programme that assigns ten of their Top 100 customers to each of the ten members of their strategic management team (SMT). Each SMT member personally visits the client several times a year to ensure that DPD customers have a voice in the boardroom. These Top 100 customers also have direct mobile phone access to their assigned board director.

Telecommunications provider Lebara Mobile’s contact centre places a lot of emphasis on their company culture. Their engagement score reflects a fun and vibrant atmosphere where the culture is the dominant factor. From “SMILE Fridays” to “daily morning stretches” to “nights out” to engaging through the company’s internal social media tool, they believe their number one differentiator from any other centre is that they “get involved”.

In addition, they provide an open and honest environment by providing a monthly survey in which employees can express their views on any issue, be it customer affecting or environmental. This also includes
freeform comments and suggestions. Thirty per cent of staff each month regularly add extra comments. Lebara Mobile also creates a Culture Book every year for their teams to say what it is like to be part of the Lebara family.
Personalised experiences

Encouraging customers to engage in experience creation supports the personalisation of experiences by providing choice and the opportunity to communicate their needs and preferences. Offering different experiences to different people through different media is one way in which companies are able to personalise experiences and some companies follow this philosophy rigorously. Other companies personalise customer experiences through closeness of interactions. Generally speaking, personalised experiences require either one-to-one marketing or sufficient interactive points so that customers can choose their preferred channel.

Clothes2Order takes a photograph of customers’ orders during production and automatically emails the customer the image. This idea was originally suggested by an employee and has been incredibly well received by customers. One customer review writes:

“\textit{I was a bit sceptical of how it would turn out as it was all done through the net but I was super excited from when they sent me a picture showing me one of my sweatshirts and even more when I opened the packet to reveal what I call Class A work. Service A+ and Delivery A+. Will definitely be using again.}”

Capital One Europe tries to anticipate customers’ needs through their award winning information-based strategy, which combines statistical modelling techniques with an army of statisticians and financial analysts. The result is products and services tailored to the individual consumer.

Arrow XL, the UK’s leading two-man home delivery specialist, servicing many of the UK’s most prominent retailers, contacts its customer first to ask for their preferred delivery window – offering a personalized customer service and one that saves both parties time and money. In changing their internal processes to be able to do this, and also by using a multichannel approach, Arrow XL has already seen the number of first time deliveries rise.
Levy Restaurants is a leading provider of premium quality food and drink experiences, operating within some of the UK’s most recognised sporting, leisure and culturally significant buildings, including The O2 Arena, Chelsea Football Club and Millennium Stadium. Match-day preparation for them involves strategic research of the types of local produce that away fans may be accustomed to. The company directly contacts the away club to ascertain popular food and drink items. During a Manchester City game, Levy sourced Blue Moon beer as it related to Manchester City's history, and on another occasion Newcastle ale was provided especially for away fans.

Levy Restaurants’ tailored “Home from Home” approach incorporates a strong focus on a number of initiatives to ensure that away fans feel welcome and receive an exceptional service from the stadium—from pie fillings to local beer to translation of menus for away fans. Italian language menus were provided for a Juventus match so that non-English speaking fans could easily read the menus. Kiosk staff may be seen sporting away team football shirts and there will be screen shots containing imagery relevant to the away team. Business Director of Levy Restaurants explains, “It’s our unique tailor-made approach that we are most proud of; we work with individual clients to develop food and drink solutions that work for them and their customers; driving real results.”

Insurance company, Cornish Mutual, restructured and trained its member services to become a multi-skilled team rather than specialist skilled technical departments. This means that customers are more likely to get the support they need from the first person they speak to, rather than being transferred to another member of staff. Even the main receptionist has received insurance training to allow her to answer some of the most frequent customer queries. This, combined with a new telephony system allows incoming calls to be routed by skill set in real time to reduce customer waiting time.
Use of media platforms

In order to offer customer channel choice, it is necessary to identify all possible touchpoints to capture all experience creation opportunities. With customers constantly hopping from one preferred platform to another and different segments having different preferences, this is not an easy task – and one that needs to be constantly under review. Some companies have identified a small number of media platforms preferred by their customers and ensure that they are ‘always on' those platforms, ready to engage with their customers on demand. In this way, they offer personalised value, answering questions or handling transactions on demand. Other companies use media platforms to generate emotional experiences relating to the brand.

Foreign currency exchange and international transfer services provider, Currency Index, uses various media to connect with their clients. This helps generate feedback, which they assess and act on as efficiently as possible. At the same time, it also provides clients with additional routes to market. Currency Index connects with its clients through social media, using Twitter as a medium to communicate directly with consumers and increasing revenue per client life cycle. Improved website and cross-platform connectivity has driven more traffic and increased conversion rates. In addition, through local and national press and TV, a preferred way among many of their clients to access information, Currency Index transmits its marketing messages to the wider public.

The multichannel approach of delivery provider Arrow XL’s CRM system allows the business to communicate with customers and manage their queries via a whole host of channels. With one system, Arrow XL can view all interactions with customers allowing real-time rectification of situations.

World First, the UK’s fastest growing foreign exchange company, offers its corporate clients a live chat service. Clients can chat with dealers via their website on their computers, tablets and mobile phones. Since launch, about 10% of their corporate clients use this method to communicate with World First.
In a B2B context, Bristan, one of the UK’s leading suppliers of showers and taps, has received excellent feedback from the launch of their mobile app, Bristan Go. This innovation allows installers to have easy access to their product range and prices and enables selection and ordering whilst “on the go” or at customer’s premises, improving the customer access and overall experience. Bristan is the first of its competitors to launch a mobile website that includes a ‘quote builder’ functionality which allows the installer to generate quotes for his customer.

Companies are also using various media platforms to co-create experiences with their employees. At Hungry Horse, which is Greene King’s range of family friendly pubs, an internal talent contest was held for team members. Team members were asked to come forward and showcase the amazing things they do. Talents varied from singing and dancing, rapping and magic. The event was recorded on film and the footage was used to create two DVDs, one for a team member induction film and the other for a management leadership program. The video footage for team member induction was made to show current, new and potential employees that Hungry Horse is a fun place to work.

In 2011, Capital One Europe’s CEO pulled all associates off their day jobs for Vision Day, a day spent introducing them to the company’s vision, “Let’s make lives better”. This wasn’t just a case of telling employees “this is our vision”, it was about encouraging them to explore the vision. The result was 64 thirty-second films created by and shared with other employees on the day, explaining what the vision meant to them, whether it be products, culture, people or something else altogether. As a result, 95% of associates said they understand the company’s vision and why it’s important to Capital One.

**Figure 3: Capital One Europe’s CEO on Vision Day**
Organic vegetable box suppliers, Abel and Cole seek to engage customers and potential customers through a range of social media platforms. They are present and active on Facebook, Twitter and their own blog because “these are the social media channels of choice by our customers”; but they also use Google+, Vine and Instagram because they anticipate customers may also use these platforms now or in the future. Abel and Cole carefully plans social media content with daily, weekly and monthly aims and objectives; they dynamically change and respond to customers to ensure they really feel they are in conversation with the company. “Through social media, we know more about our customers, their interests and sense of humour and diversity. We have several ‘super fans’ that we all know by name.” The daily content calendar plots content ideas, ensures variety and integrates across channels, whilst overall communications are planned weekly because the company is focused on regular weekly deliveries and seasonality of product.
Understanding customer behaviour

Understanding customers’ complex behaviour is crucial in order to meet or exceed customer expectations and, in our research, many companies admit that they need the support and cooperation of their customers in order to achieve this. Customer cooperation with insight research enables companies to prepare and provide for future needs and wants. Many theoretical frameworks on experience creation presume that companies are able to understand and predict customer behaviour, but this appears to require close interaction with customers.

Communications company, Three, launched a customer experience project to gain detailed customer insight and to allow the business to make the necessary changes to improve the quality of service delivered. Previously rather than a formal system for customer feedback from their various customer-facing channels, they had relied on complaint data to understand why customers were dissatisfied.

The South Barking team at Nationwide Building Society, the world’s largest building society, uses an “outside lens approach” to understand customer behaviour. Each week the District Sales Manager visits the branch and approaches it from a customer’s perspective, firstly reviewing the front and window displays then within the branch.

KC, one of the UK’s leading communications providers and part of FTSE 250 company KCOM Group PLC, began regular face-to-face customer forums. Each forum focuses on a specific topic – broadband speeds, or their in-home engineering service, for example. Each forum is attended by around 15 customers—typically those who have complained or contacted KC with feedback about the topic in question. Attendees include members of the KC customer experience team and relevant internal stakeholders. This has led to the identification of 152 improvement initiatives over the year, most of which have already been addressed. A top KC customer commented: "I can’t believe how much you care about your customers, I think it’s fantastic that you really want to hear what they have to say".
World First has several forums to share the day-to-day feedback they get from talking to clients, as well as their own suggestions. These include weekly huddles, management meetings and suggestion boxes, where they can leave comments anonymously. Importantly, World First always reads and responds to comments and feedback within 48 hours. The suggestions box is reviewed at board level in the same timescales.

Close interaction with customers and customer insight research enable companies to prepare and provide for future needs and wants. Currency Index identified a select amount of consumers that work from 9:00 to 5:00 and do not have the time to speak with them. In understanding this customer behaviour, they created a Twitter platform for answering that particular customer segment’s questions. “In the space of 30 days we have a mean of 37 followers a day, who have been trafficked by the organic searches to the news feed”.

Clothes2Order recently undertook a major project utilising user testing laboratories to watch target customers using their website and those of their competitors in order to understand online experience issues and identify ways digital can be used to delight their target market when shopping online. “As a customisation process, ordering personalised clothing in bulk has traditionally been very difficult. We’ve taken that away with significant investment in usability research and testing feeding into our redeveloped website”.
Motability Operations, a not-for-profit company under contract to the charity, Motability, discovered from customer feedback and behavioural profiling that their customers enjoy television. Acting on this piece of insight, they launched key introductory materials on DVD, called “A steer in the right direction”, using an engaging, story-telling based format. Topics included understanding the Motability Car Scheme and choosing a Wheelchair Accessible Vehicle (WAV). A customer and full-time powerchair user explained, “When we needed a WAV, to be honest we didn’t know where to start. ‘A Steer in the Right Direction’ gave us a really useful set of pointers, so we [could talk to vehicle] converters a lot more confidently.”

Figure 4: Images from ”A steer in the right direction” DVD, Motability Operations
Building brand communities

Encouraging engaged brand communities can be crucial for experience creation and co-creation of value. Creating and engaging in customer communities helps to define a unity amongst customers and offers both stakeholders the opportunity to learn and gain the mutual understanding that is important for co-creation processes. Companies with engaged brand communities often experience a rise in brand advocates and a reduction in the number of resentful customers.

Mutual insurer, LV=, has a community of 6,000 members and customers. They ask community members to take part in surveys and research to help develop the company’s products and services to meet their needs.

Avios, part of International Airlines Group (IAG), operates the Avios global rewards currency for frequent flyer programmes British Airways Executive Club and Iberia Plus and the Avios Travel Rewards Programme in the UK. They created an online community of 400 Avios members called the Avios Advisory Hub. Teams across the business engage with the community to work co-creatively with them and bring members even closer to the heart of decision-making. “We continue to listen to members through the online community, the customer experience metrics and Avios feedback tools to work through improvements across the Customer Experience”.

Pearson/Edexcel is the largest awarding body in the UK, offering the widest range of learning programmes, from academic qualifications vocational and business learning and adult literacy and numeracy qualifications. The relationship between teachers and an awarding body is an unusual one. Traditionally, this was viewed as distinctly authoritarian. To change this, Pearson/Edexcel set up a Teaching Services team whose goal was to replace this dynamic with one in which teachers were customers and colleagues and provided with the service and support that such a relationship demanded. Among many initiatives, Pearson/Edexcel has established a Facebook group that boasts 550 members, who support each other in ways the company hadn’t initially thought possible.
Figure 5: Pearson/Edexcel Facebook group

In some cases, the initial investment in and ongoing resources required to manage a brand community are too much for a smaller organisation to justify. Currency Index has side-stepped this challenge by linking their brand to existing off-line communities, making themselves known to both customers and non-customers as an intrinsic part of their local community. Cornish Mutual shares their experience and learning by helping to train employees and volunteers of their local respite charity (CHICKS), by supporting local food and drink festivals, the local Young Farmers Association and air ambulance.
Triggering emotional values

As mentioned earlier, there are experiences that are emotionally or symbolically important to the customer. Such experiences trigger positive emotions in the customer. Successful companies include in their customer experience management strategies those encounter processes that have the potential to trigger positive emotional values in order to support the co-creation of unique and positive experiences.

Virgin Media launched an initiative that identified how the company ensures they deliver their brand value of heartfelt service by quantifying how contact with their front-line employees makes customers feel and what they subsequently say about Virgin Media. In order to comprehend what their customers are saying within 3 million pieces of feedback gathered, two innovative tools were built in-house. The first summarised comments in a structured way; the second quantified customer comments about staff behaviours, enabling further insight. Behaviours improved across all customer touchpoints within each of Virgin Media’s customer journey, delivering a positive impact on the end-to-end customer experience.

World First wanted their clients to feel extra special when they used their services. As a result, they started a program of client gifting in which various clients receive gifts such as homemade ‘elevenses’ after their first trade, a hand-written thank you card after three months of trading, and annual valentines and bonfire night gifts. Last year, World First gave “S’more” packs to their corporate clients to enjoy alongside bonfire night. “Feedback from our clients has been excellent, and we believe these are the little things that keep our client base loyal”.

Figure 6: World First corporate gift: Fish & Chips
Triggering functional values

Functional values are often neglected in the experience economy. However, research suggests that functional values are no less influential than other values when it comes to customer experiences. The prevalent “showrooming” phenomenon, for example, where customers come in store to try out products before buying them online, reveals the weight that functional values have in the customer experience. The benefit of customers experiencing the products themselves helps in the decision to buy has long been known in industries such as car sales, where a test drive is an intrinsic part of the experience. Managers should therefore not underestimate the power of triggering functional values during an experience.

Clothes2Order has placed emphasis on triggering functional values. Their team of developers are constantly innovating and developing their back-end systems to ensure they are continuously getting faster and more reliable. “We know these are the key points which lead to a great customer experience post order, so there is heavy focus on systems and process improvements”. A Clothes2Order customer comments about their website: “Fantastic, easy to navigate website, great value for money and brilliant customer service.”

Public utility Scottish Water’s Vision is to be “Scotland’s most valued and trusted business, one that we can all be proud of”. Being a monopoly, their key measures do not relate to market share, profits or customer retention. To achieve their vision, they focus on triggering functional values. “To ensure [we deliver our promise], we need to keep service disruption to a minimum and ensure that recovery is quick and effective if things do go wrong.” Key measures, therefore, relate to operating the business in the most efficient way possible, while delivering exceptional service to their customers and making Scottish Water a great place to work.

Like Scottish Water, many companies have embedded functionality values into their core strategies.
DPD UK’s biggest differentiator is a service called “Predict” which gives home shoppers advance notice of a one-hour delivery window so that they don’t have to wait in all day for their parcel. Launched in 2010, none of their competitors has been able to copy it. “We are now the delivery partner of choice for the UK’s most prominent online retailers including ASOS, Amazon and John Lewis”. They also proactively tell their customers in good time if their parcel has been delayed.

“Given that part of our ‘DNA’ is to ‘develop honest and open relationships’, we decided we should no longer wait for customers to notice that something has gone wrong”. Known as ‘Polar Bear’ because in its early days it was focused on business continuity during severe weather, through this initiative, DPD UK automatically sends parcel recipients an email or text if their parcel is delayed at any of five different possible points in the delivery chain.

**PROACTIVE NOTIFICATION**

Your customer will receive proactive notifications if the parcel is:

- Delayed in collection depot
- Delayed in hub
- Delayed in transit to delivery depot
- Delayed at delivery depot
- Out for delivery but delayed

*Figure 7: DPD UK 'Polar Bear' parcel delay notification initiative*
To deliver its vision and promise of “Making Lives Better”, Capital One Europe has triggered functional values through various initiatives. They introduced a “credit made clearer” campaign which helps customers understand credit, how to use their credit card properly and where they can find support if they’re having problems making repayments. They also created a card called Progressive, designed to help improve customers’ credit rating and reduce their interest rates by allowing them to make regular payments on time and stay within their credit limit.

Other companies have made various improvements based on real customer feedback to trigger functional values. For example, Levy Restaurants has developed several methods to increase service efficiency and experience within public spaces: a fast pour solution, allowing staff to pour a pint in six seconds; a concise price point (to the nearest 20p), so that customers can be served more quickly and the use of pre-pay beer tokens, allowing guests to use ‘express lanes’ to pick up ready-poured beverages.

The South Barking team at Nationwide Building Society “make it easy for customers to complain” by providing opportunities through various channels including face-to-face, phone, email and post. In reviewing customer feedback, the branch realised the branch ATM was in a difficult position, so they arranged to have the ATM re-located. Not an easy task, but being relentlessly focused on customer experience the team pursued the challenge and influenced head office to make it happen.

Motability Operations removed confusing jargon and adopted a plain English approach to all communication materials to ensure they focused on supporting customers through the information-gathering phase of their customer journey. Consequently, their customers now give Motability Operations a 95% score for “ease of understanding”.

World First made improvements to their online platform. They increased the efficiency of transactions, added more useful information including live exchange rates, historic rates, and a news feed and have reworked the language word by word to ensure it is as clear and user-friendly as possible. “Since these changes have been made, online usage has increased by 275%.”
Meeting / exceeding customer expectations

Meeting customer expectations plays a major role in experience. The gap between expected value and actual value that customers gain from an experience strongly influences customer loyalty, propensity to spend and brand perception. Creating experiences that generate more value than competitor offerings helps to create unforgettable memories. However, to be able to meet customer expectations, managers must first study and learn what their customers expect from a brand experience. This requires an understanding of customer behaviour as identified earlier.

Bristan established a cross functional team to deliver goods to customers at the right time, price, place, quantity, and quality. This team represented the end-to-end customer experience with senior staff from each department contributing and delivering initiatives to improve performance. Using newly established methods for gaining customer feedback, they found numerous opportunities to innovate, improving the overall customer experience. For example, as a solution for customers who faced having to hire installers to fit their taps, Bristan launched the Easy Fit tap range in 2012. These taps are so easy to replace, they can be refitted by novices from above the basin, without having to go underneath. In addition, Bristan have added many more, ‘how to’ videos on their company website, giving customers the capability to self-serve. To date these videos have been viewed in excess of 100,000 times.

Business Environment, whose primary area of business is serviced offices, conducts a quarterly survey of all customers via an online portal, in which they are asked both what customer experience they believe they are receiving, and what customer experience they want. In summer 2012, Business Environment created the industry’s first Service Excellence Guarantee (SEG) – a document which sets out exactly the standards of service which customers could expect. It contains exact and specific benchmarks, which were agreed upon after extensive customer consultation. More than a piece of marketing, the SEG is supported by employee training, maintained through employee reviews, and measured by a quarterly survey.
Small specialist retailer, Smith & Morris exceed customer expectations by staying ahead of their competition: “Ninety-eight per cent of customers say we are better than competitors”. They conduct research into the latest industry trends by attending fashion previews and fashion shows. They also have advance briefings with suppliers and fashion designers to discuss predictions for the forward seasons.

Avios launched an initiative that involved sending their most valuable members complimentary Lonely Plant guides in February 2013 to thank them for their loyalty. This “Surprise & Delight” activity exceeded expectations with increased member engagement seen through positive feedback from members via social media as well as a 30% increase in redemptions.

Hungry Horse use customer data from various sources to meet their customer experience objective of delivering authentic and differentiated service from their competitors. Their mystery guest programme measures delivery against their service standards along the customer journey, providing in-depth insights into how to improve the business and highlighting whether their business focus is meeting customer expectations and needs.

Social media is fast becoming a key customer service channel. DPD UK’s approach to social media is focused on “delighting our customers’ customers” and are now handling an average of 60 enquiries a day via Facebook and Twitter. They respond to social media complaints within one hour and actively encourage customers to tweet about their experiences. Their overall customer experience strategy, in which their objective is to be number one in the domestic express parcels market by 2015, has led to outstanding quotes from some of the UK’s most prominent online retailers: “Our customers expect premium delivery to be as excellent as the products we sell that's why we use DPD” - Head of Operations, All Saints; “DPD’ another way of saying great customer service” – Supply Chain Director, Waterstones; “…Everyone at DPD wants to go that extra mile to delight our customers.” – International Director, ASOS.
Proactive customers

When it comes to co-creation, it almost goes without saying that proactive customers that are willing to co-create experiences and value with the brand are essential for customer experiences to become superior. Companies provide the resources and facilitate the conditions for customers to create value, guiding the customers so that they may co-create. Proactive customers may have a strong voice, so it is important to monitor carefully.

AmicusHorizon collaborated with its customers to produce an inclusive and far-reaching customer experience strategy that aligns technology with service delivery. In a customer-facing brochure, they offer their customers different ways to be involved in reviewing their policies, processes and website, depending on how much time they have. By joining the “Your View” panel, customers can comment on draft policies and strategies.

Members of LV= are entitled to vote and attend their Annual General Meetings (AGMs). A month prior to the AGM, LV= writes to all their members inviting them to take part and have a say in how the company is run. In 2012 they introduced online voting for the first time. Eighteen per cent of their members voted this way. LV= also has a Member Panel for customers. Customers on this panel meet with the board, executive and senior managers twice a year to hear about their progress and debate their strategy, performance and the way LV= does things.
Innovation with customers – and the frontline

Innovation with customers contributes to a better customer experience. Firstly, it increases the value for the customer of doing business with the company. And secondly, it can project an image of relevance. Studies have shown that innovation with customers leads to closer preference fit of co-created product/services, which in turn, can increase positive attitudes toward the product, willingness-to-pay, subsequent purchase intentions, and referrals. Through the delivery of increased value and by increasing the number of connection points (encounters) between companies and consumers, innovation with customers strengthens customer-firm relationships and thereby enhances customer experience. One observation from the case studies analysed is that innovative companies pay attention to frontline staff because these individuals play an important role in communication between company and customer. Effective companies ensure that employees are fully familiar with new and existing product/services to enhance customer experience.

LV= invites input from customers via surveys and online feedback systems and from frontline staff via an internet-based feedback system called “Tell us your WOE’s – Why on earth?”. One opportunity that emerged was a gap in the travel insurance market. It became evident that many customers do not fully understand what their travel insurance covers and assume certain risks are covered when they are not. After identifying this need, LV= turned the microscope on itself. This resulted in a new innovative and competitive travel insurance product which provides flexibility of choice and gives customers peace of mind that they have the cover that they need. This new customer-driven innovation has seen substantial financial returns.

Delivery company Arrow XL has innovated so that its frontline staff has a single view of the customer regardless of channel. Data from SMS, email, telephone conversations, social media, face to face or CSAT surveys is pooled and visualized on a user-friendly dashboard which customer service operatives see in one clear, end to end view. Operatives can pass on the information to the right
operational colleague at the relevant time so that they can own the customer interaction, rather than the contact being passed back and forth to the contact centre. Ultimately this helps ensure that Arrow XL continue to provide innovative solutions and a high level of customer service.
Lessons for managers

Companies nowadays operate in an experience economy. They do not differentiate themselves only through their product and service attributes, but through superior experiences. Co-created experiences that include the active contribution of customers appear to enhance brand perception better than those that are not co-created. Looking at the customer experience delivered by the finalists and award winners, we can see that it is in managers’ best interests to collaborate in the creation of the customer experience and applying some of the ten dimensions discussed earlier is a good place to begin.

The finalists and winners of the UK Customer Experience Awards are committed to delivering customer experience excellence and many of them have a dedicated customer experience management resource within their business, often with board level sponsorship. Company-wide, the importance of customer experience excellence is embedded into the mission and culture with every function buying into that culture and understanding what it means for them and for the customers they work with. Where necessary, companies have invested resources into training, development and cultural learning to ensure that all customer facing personnel are proactive, expert, friendly, helpful and motivated.

Those that collaborate well with their customers to deliver the best customer experience seek to have good, in-depth understanding of the customer journey by all staff in the organisation. They invest carefully in training material, call guides and CRM software, often choosing single customer view tracking as the optimal solution. Many use internal social network tools to encourage employee engagement.

In order to successfully co-create value, there are some activities that are widely seen across the award submissions. Running events and activities that allow and encourage employee engagement as well as training with the necessary skills to support customer collaboration is seen by many as essential. Examples of this are seen in most of the companies who reached the final stages of the awards. Inviting customer collaboration in activities focussed on information gathering and improvement is another area
where almost all the finalists worked above and beyond the norm. Understanding customers and their needs through explicit journey mapping and performance management are effective and relatively low-risk mechanisms used by many excellent organisations.

Further, for those companies who opened themselves to the risk that comes with inviting customers to share their opinions in an unrestricted way, the rewards were many. These companies have developed a culture that accepts all customer feedback – whether praise or criticism or just general social comment – as a positive opportunity to engage with the customer and deliver a valuable interaction. They open themselves to as wide a range of media as possible, allowing customers to choose whether to talk by phone, in person or on social media. Whilst this has to be carefully managed, being driven by customer preference in the first instance is a given.

Ultimately, close interaction and collaboration between customer and company supports mutual understanding, which helps fulfil customers’ expectations through targeted co-created customer experiences. Mutual understanding emphasises the importance of brand communities, an area that is often overlooked or neglected in managerial practice. Managers who do not engage in their brand communities may be missing out on invaluable customer insights and the opportunity to fully understand the meaning and purpose customers are attributing to their experience.

Proactive customers are crucial for co-creation of experience processes. However, Cranfield’s research shows that most customers want to be involved and are willing to collaborate on several levels. Customers support market research and like to engage with employees. Managers would be wise to create more opportunities that allow customers to get involved in the experience creation process, providing a range of encounters and channels to foster interaction across a broad spectrum of segments.

Adopting co-creation strategies benefits companies in several ways not least by providing valuable customer insight. Using the ten dimensions outlined above as a guide will help managers to create superior experiences and create mutual value for the company and the customer.
References


Appendix: UK Customer Experience Award Winners 2013

**Discipline specific categories**
- Digital
- Business change or transformation
- Brand & CRM
- Employee Engagement: Financial Services
- Employee Engagement: Loving the customer
- Insight & Feedback: IT Systems & Telecoms
- Insight & Feedback - Loving the customer
- New product, product improvement
- Social Media

**Industry categories**
- Automotive & Transport
- SME
- Professional Services
- Contact Centre - large
- Contact Centre - small (retail)
- Contact Centre - small (services)
- Financial Services - Banking & Investment
- Hospitality, Leisure, Retail & Tourism
- Industrial
- Insurance
- IT & Telecoms
- Not for profit

**Team and individual categories**
- Professional of the Year
- Professional Woman of the Year
- CE Team of the year - Loving the customer
- CE Team of the year - Financial services
- CE Team of the year - IT & Telecoms

**Winners**
- Clothes2Order
- Findel Education
- Hungry Horse, Greene King
- Capital One Europe
- Virgin Media
- Virgin Media
- Avios Group (AGL) Limited
- Arrow XL
- Currency Index
- DPD UK
- Smith & Morris Retail Ltd
- Business Environment
- Lebara Mobile
- Bristan Group
- AmicusHorizon
- World First
- Levy Restaurants
- Bristan Group
- LV=Life
- KC
- Motability Operations
- Gareth Byrne, Pearson/Edexcel
- Fiona Templeton, Scottish Water
- British Gas
- Nationwide BS (South Barking Team)
- Three UK
About the Authors

**Farah Arkadan**

Farah is a PhD student at the Cranfield School of Management. Her research interest lies in the area of customer experience management. Having been awarded a scholarship by Cranfield to write her PhD thesis, she will be investigating organizational perspectives on and practices of customer experience management. Before starting her PhD, Farah was part of the Service Experience and Productivity team at Burberry’s head office in London. She completed a master in Luxury Marketing Management at the Istituto Europeo di Design in Rome, Italy and has lived in different parts of the USA, Europe, and the Middle East for work or study. Farah can be contacted at farah.arkadan@cranfield.ac.uk

**Marisa Katharina Brandt**

Marisa completed her MSc in Strategic Marketing at Cranfield School of Management (UK) in 2013 and her BSc in Economics with Social Policy at Loughborough University (UK) in 2012. Her thesis at Cranfield researched how managers can use co-creation of experience to enhance brand perception and increase value to the customer. As of 2014 Marisa is part of the management trainee program of Aldi Süd in Germany.

**Lindsay Bruce**

Lindsay is a freelance marketer and commercial writer and is a research fellow for Cranfield University. She has a special interest in multi-channel marketing and marketing of medical technology and professional services. Her research and writing has been published in a number of industry and marketing journals. Lindsay can be contacted at l.bruce@cranfield.ac.uk or lindsay@mywordswork.co.uk.
**Gladys Linghui Ge**

Gladys has a keen interest in Marketing, especially customer experience. She previously worked in the Sales & Marketing department for ICBC, the world's biggest bank. She now works in the Marketing department of Want-Want group, a Chinese leader in fast moving consumer goods. Gladys completed her MSc in Strategic Marketing at Cranfield in 2013. Her thesis topic was “Investigating the impact of collaborative innovation with customers on the customer experience”. Gladys' undergraduate degree in Marketing is from Zhejiang Sci-tech University in China.

**Yingxue Gong**

Yingxue completed her MSc in Strategic Marketing at Cranfield in 2013. Her thesis topic investigated “Co-creating value with the customer on the internet”. She previously obtained a degree in English Language and Literature from Nanjing University in China with a six month exchange to Manchester University, UK. Yingxue is currently working at Meten English in China where she is responsible for implementing the experiential education system at the Chengdu branch.

**Emma K. Macdonald**

Dr Emma K. Macdonald is Research Director of the Cranfield Customer Management Forum, Senior Lecturer in Marketing at Cranfield School of Management and Programme Director of Cranfield’s Customer Experience Strategy programme. Her research, teaching and consulting interests include customer experience, customer value and customer insight. Prior to completing her PhD, Emma worked for several years in telecoms marketing, and as a commercial researcher. She has published in *Harvard Business Review*, *Journal of Marketing Management*, and *Industrial Marketing Management* amongst others. Emma can be contacted at: emma.macdonald@cranfield.ac.uk
Forum Director: Professor Hugh Wilson
hugh.wilson@cranfield.ac.uk

Research Director: Dr Emma K. Macdonald
emma.macdonald@cranfield.ac.uk

www.cranfield.ac.uk/som/ccmf
CCMF@cranfield.ac.uk

Cranfield, Bedford, England, MK43 0AL
Telephone: +44 (0)1234 751122
Fax: +44 (0) 1234 751806