

Welcome to the Experience Economy

"The customer experience is the next competitive battle ground."

Jerry Gregoire, Dell Computers

The Experience Economy is starting to envelop your business. Customers want more than a high quality product or service - those are givens. They want these delivered with a satisfying experience. Consider this -

- Brand loyalty has declined overall by 25% but **good experiences can increase customer loyalty by 33%**
- Satisfied customers do not mean loyal customers – 80% of customers who switch suppliers have previously expressed satisfaction with their supplier

The challenge for every business is to create a unique Customer Experience that delivers on the Brand Promise and meets Customer Expectations at every touch-point. This cuts churn, increases retention, turns customers into Advocates and drives profitability.

The diagram illustrates the shift from coffee as a DIY commodity-beverage to coffee as an emotional experience at Starbucks. This experience has been carefully designed to meet target customer needs, is delivered consistently and is differentiated from competing others. The result is that Starbucks has grown from 1 to 2000 stores, supported by loyal customers.

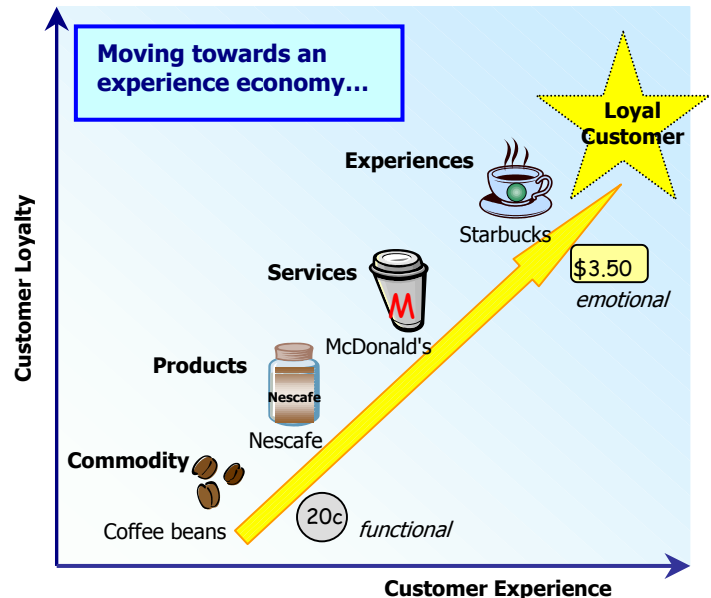
Other Brands that have successfully tapped into the Experience Economy and created loyal customers include Amazon, First Direct Bank in the UK, Harley Davidson, Virgin, and Diesel Jeans.

If you want your organisation to be successful in the Experience Economy here are just a few of the questions you need to be able to answer positively -

- We have identified our most profitable customers**
- We know the value drivers that build loyalty in our market and how our customers rate the current experience we provide against these loyalty drivers**
- We have mapped our customer touchline to determine the key points of contact our customers have with us and how our promise should be delivered at each**
- We have defined the specific employee behaviours required to deliver the new experience and created training to equip our employees to deliver the customer experience**
- Leaders believe that giving customers a better experience will lead to profitable growth and our leaders reward employees who put customers first**

Designing a unique Customer Experience for your organisation delivers benefits for all stakeholders. Those companies that enjoy higher levels of brand Loyalty achieve Price/Earnings Ratios twice those of average companies.

This article includes extracts from Smith, S. & Wheeler, J. (2002) *Managing the Customer Experience*, Prentice Hall, London.



Adapted from: Pine & Gilmore (1999) *The Experience Economy*, Harvard Business School Press

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Persona International has launched a new program Customer Experience Management Plus (CEM+) that can assist your organisation to build a differentiated customer experience that drives loyalty and profitability. Contact John Dawson or Carmel McDonald or see our website www.dawson-mcdonald.com.au for further information.



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