CX NETWORK

The Winning Strategies of Customer Experience Leaders

CX NETWORK MARKET REPORT

About the Author

Zarina de Ruiter graduated with a BA in Journalism in the Netherlands, before embarking on a global journey, working in offices from North America to Australia, and landing in the United Kingdom in 2010. She worked for a magazine publisher and TV producer in London for four years, growing the digital presence and brand awareness of business and consumer titles, in addition to ad hoc work on print publications. She is the Editor of CX Network, where she produces a range of premium-level content for senior customer experience, service, insight, digital and marketing leaders.

About the Contributors

This report includes insights and comments from the following digital and customer experience leaders:

Ingrid Lindberg
Founder & CXO
Chief Customer

Sandra De Zoysa
Group Chief Customer Officer
Dialog Axiata PLC

Stewart Bromley
Chief Operating Officer
Atom Bank

Megan Neale
Global Head of Consumer Engagement Centres
multi-channel consumer goods company

Paul Sands
Director of Retail Development and Customer Experience
Bang & Olufsen

Edwin van Outersterp
Senior Director, Global Customer Service
Sanofi Genzyme

Sanjay Saxena
Senior Director of Marketing - CE & Operations Transformation
Huawei

Do you want to contribute to an upcoming CX Network report? Contact the editor on **zarina@cxnetwork.com**

Contents

Introduction	Page 3
Top UK Customer Experience Brands	Page 3
Top US Customer Experience Brands	Page 3
Amazon: The Continuous Success Story	Page 4
first direct: The 2016 UK Super Star	Page 5
John Lewis: The Traditional Brand	Page 6
Atom Bank: The Digital-Only Disruptor	Page 7
Out-of-the-Box Brands To Learn From	Page 8
About CX Network	Page 10
2016 Market Report Calendar	Page 10

Introduction

We've all heard the same organisations pop up time and time again when people discuss the brands that have the best customer experience; Amazon, first direct, John Lewis, USAA and Disney, to name but a few.

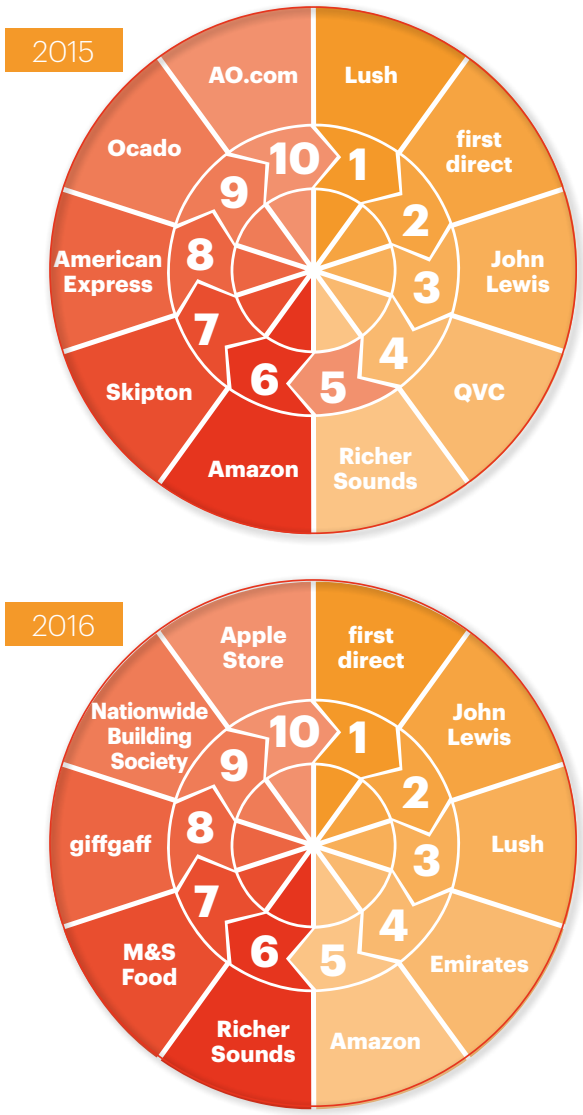
They consistently score highly in reports from the likes of KPMG Nunwood and Temkin Group, and let's face it, are hard to beat. Though newer entrants to the top 10 lists, such as Lush, Nationwide Building Society and giffgaff, are certainly making waves and are worth keeping an eye on in 2017.

While we've heard that these brands are great, what is it that makes their CX strategies so winning in their customers' eyes?

In this market report we delve deeper into what these organisations are getting right when it comes to serving their customers, what you can learn from them, and how you can apply their winning methods to your own strategy.

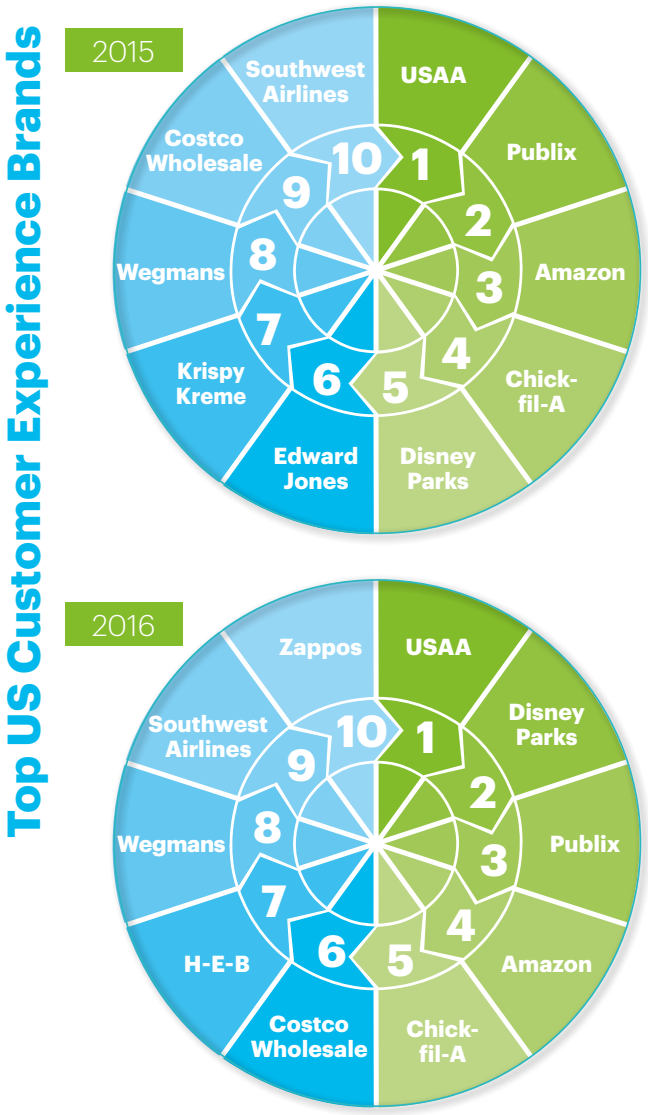
Our panel of experts from Forrester, Bang & Olufsen, Dialog Axiata PLC, and more, also highlight the lesser mentioned rising stars within customer experience. They pick out brands that are perhaps not as well known for having a perfect CX strategy across the board, but still win with one part, and explain what you need to do to replicate this winning element.

Top UK Customer Experience Brands



Source: KMPG Nunwood Customer Experience Excellence UK Analysis

Top US Customer Experience Brands



Source: KMPG Nunwood Customer Experience Excellence US Analysis

amazon

The Continuous Success Story

Amazon.com, Inc. was founded in 1994 and went online in 1995. During a time long before computers and devices were in every household, the online shop was a disruptor in the market.

Despite not gaining any profit until the early 2000s, having survived the internet boom that was the downfall for many e-commerce start-ups at the time, Amazon paved the way for online shopping.

The Winning Strategy

Amazon has consistently ranked highly for their winning customer experience. And as the only brand included in all four lists at the start of this report, it's evident that they're still getting it right. But what is their secret to success?

First of all, it's their willingness to keep changing and innovating. With a slew of online shops opening after Amazon, the premise of selling products on the internet is no longer what makes them a disruptor. But the way in which they innovate their products and services to stay on top of technology evolutions and changing customer expectations is what sets them apart.

Other ways in which Amazon paved the way for a new way of collaborating with customers is through their famous reviewing system, and the 'Customers Who Bought This Item Also Bought' feature. These brought an added personal touch long before personalisation strategies were being adopted by the masses that we see today.

What Can You Learn From Amazon?

Kindle, Amazon Prime, Amazon Instant Video and drone delivery are just a few ways in which Amazon has either brought an entirely new product or service to the market, or made it more mainstream, to tailor their service to changing customer needs.

That doesn't mean they're always successful, but it does mean they keep trying. One innovation that didn't end up making the cut was their partnership with Twitter whereby users could add a product to their Amazon shopping cart or wish list by Tweeting the product's Amazon link with the hashtag #AmazonCart or #AmazonWishList.

In a statement on their website they explained: "We are constantly innovating on behalf of our customers. There are a number of reasons we don't think this is the right solution for our customers at this time. We are always trying new things and look forward to experimenting with commerce in the future on all different kinds of social platforms." The key message here is that they will continue to come up with new, innovative ways to engage with customers through different channels.

Their latest innovation; smart speaker Amazon Echo, launched in the US last summer and in the UK in September of this year. Cleverly, it was initially only available to Amazon Prime members and a select group of invitees, which pushed the Prime programme and rewarded existing customers, encouraging long-term loyalty and retention.

Incorporating customer reviews on their site was also unique and different when initially implemented. Amazon were ahead of the industry by realising that customers like to hear from relatable people, including other customers, and not just critics in traditional media outlets.

Conclusion

Amazon was born out of disruption and they continue to wear that badge with honour as they launch innovative new products and services. Not all of them are successful, but that doesn't stop them from trying again and again to stay on top of the market and cater to changing customer behaviours and expectations.

Not only that, but the customer has always been at the heart of their strategy by trusting customers to leave valuable reviews on their website and creating a feeling of community and personalisation every step of the way.

Founder and CEO Jeff Bezos summarised Amazon's mission statement in an annual letter to shareholders: "Our focus is on customer obsession rather than competitor obsession, eagerness to invent and pioneer, willingness to fail, the patience to think long-term, and the taking of professional pride in operational excellence[1]."

[1] http://www.forbes.com/sites/scottdavis/2016/07/14/how-amazons-brand-and-customer-experience-became-synonymous/#37aafb901279

first direct

The 2016 UK Super Star

Established in 1989 by Midlands Bank plc (then one of the Big Four UK banks), this challenger brand is telephone and internet-based only. In 1992 HSBC Bank plc acquired Midlands Bank and as a result first direct is now a division of HSBC.

From inception, first direct have prided themselves on being a challenger in the traditional banking market, with their launch TV ads highlighting the negative aspects of 'normal' banks versus the better alternative; first direct.

The bank claimed the top spot in KMPG Nunwood's Customer Experience Excellence cross-industry analysis in 2014, and while they moved to second place in 2015, behind newer entrant Lush, they took back the top spot this year. They also came first in the most recent polls for the best banks when it comes to customer service and satisfaction by Which? and the MoneySavingExpert website[2].

The Winning Strategy

Originally entering the market as a challenger, first direct is no longer the only bank that communicates with customers over phone or online only (in fact, they've been topped in that regard by disruptors such as app-only Atom Bank). Instead they've focused on continuing to make the excellent service they provide a competitive differentiator in a crowded banking landscape.

In a world where customers demand an always faster response to an enquiry or complaint, many businesses use automated processes to speed this up. However, automation can be the downfall of a great customer experience as it lacks the opportunity to provide a personal touch, when customers are wanting more and more. first direct don't have that problem, because there is always a company representative on the other side of the phone, regardless of the time or day a customer reaches out.

Tracey Garrad, Chief Executive Officer at first direct, explained this principle to KPMG Nunwood[3]: "Customers can access our market-leading and award-winning products and accounts online and on their mobile and tablet 24/7, but every time you pick up the phone, so do we, because a real person answers every single call, whatever the time, day or night. It's about always looking to improve our service for customers, while offering a consistently great level of service."

And the person on the other end isn't just available 24/7, 365 days a year. They have also been recruited and trained specifically to be a proud brand representative, whose mission it is to create a personal rapport with the customer. This customer-centric culture is also something first direct has a heavy focus on throughout their recruitment and training processes due to its importance for their business.

What Can You Learn From first direct?

In KPMG Nunwood's analysis, first direct scores the second-highest in the whole of the UK for personalisation. The company states that first direct has been able to innovate in this area through the focused training and motivation of its employees, who typically love the company they represent and are therefore more passionate about working for it.

With a rigorous recruitment process, first direct employees are certain to fit the company culture and share the brand's passion for providing a great service to their customers. And with such a positive feeling for a workplace comes motivation, which in turn translates to a higher and more successful engagement with customers.

Conclusion

Personalisation over automation and a strong focus on recruiting the right people to represent the brand are the biggest keys to success for British bank first direct.

"We don't settle for second best; we work extremely hard to make sure we never forget what makes us different is the way we deliver our services," Tracey Garrad concludes.

[2] https://www.theguardian.com/money/2016/aug/20/first-direct-customer-service-hsbc-moneysavingexpert-survey
[3] https://home.kpmg.com/uk/en/home/insights/2016/09/2016-uk-cee-analysis.html

John Lewis

The Traditional Brand

John Lewis has been in business for over 100 years, and began as a traditional Victorian retailer that sold well and made great profit. Whilst they've always focused on the customer, they haven't always focused on their staff. Steven Lewis, the son of John Lewis, saw an opportunity to create a new culture that focused on two sets of people: the customer shopping in store and the people working in the organisation.

In the last 60 to 70 years John Lewis has been part of an evolutionary process and has become an organisation owned and run by the people who work for it. Nowadays John Lewis is operating as a partnership and the company has a tremendous reputation for focusing on its customers and employees.

The Winning Strategy

If we strip John Lewis' customer-centric business strategy down to the key elements within it, what you have is a man with a clear vision for what he believes an excellent retailer should care about.

In this case, achieving customer-centricity is about having a clear vision of where you want your business to go, unrelentingly focusing on the customer and always doing the right thing for them. Furthermore, it's about involving the people who work within the business, promoting them from employee to partner, and effectively saying 'if we offer the best customer experience we can, it will positively impact our trading and business results, which will then go on to benefit you'.

To this day, John Lewis Partners everywhere share a percentage of the annual profits, and have a direct influence on what they earn through actively providing a better service for customers.

What Can You Learn From John Lewis?

It is important to start focusing on the customer experience instead of the price war. Prices are being matched across different organisations at an increasing rate, and nowadays customers do a lot of research online so they know where the best price is.

While John Lewis' 'Never Knowingly Undersold Policy' was fairly unique a few years ago, now it has been copied by a lot of other brands. Therefore it is the smaller, softer things that allow customers to decide where they want to go. John Lewis' approach of always making sure the customer is happy is a major factor in persuading people to go back time and time again. It is really important for other organisations to become critically aware of those things and focus on making a difference to the customer.

In order to follow suit, the biggest thing your company can do is really understand the things that John Lewis understands. In retail the trend is to focus on new, exciting elements, and whilst that's important, your company also needs to be very clear about the basics; the things that customers will only tell you about when they go wrong. And then you need to continually improve those areas.

No matter how exciting and innovative your initiatives may be for customers, if you fail to achieve the basics you will only engage and excite them for a limited time before they drain away.

Conclusion

The impact of having a better customer experience for John Lewis has been enormous. There are two other factors to this that are important. Firstly, John Lewis has a 'Never Knowingly Undersold Policy' in department stores so it has always been very price-competitive.

Secondly, it is the extra things John Lewis does – the way it looks after customers, the way it responds to complaints, the way it goes the extra mile to make sure that it deals with any issues a customer has – which differentiate it from other retailers.

John Lewis trades an enormous amount on its reputation for always making sure the outcome for the customer is the best possible one.

Atom

The Digital-Only Disruptor

Atom Bank is an app-only self-service bank based in the United Kingdom. Launched in 2015, there isn't anything quite like it. Customers can join the bank, register by themselves, open accounts, close accounts – and everything in between – without any human intervention. They can do it completely electronically via the mobile app. And they can do this within five to six minutes. So there is no need, in theory, to contact anybody.

However, should customers have any issues with the technology and they want help, then Atom Bank will offer customer support 24/7, 365 days a year through the in-app contact centre.

The Winning Strategy

If you look at other banking solutions, most people do not give any support from within the app. They may have some app functionality but if you get stuck, you leave the app and have to call a contact centre. Atom Bank has done the exact opposite; customers stay within a single place.

As customers never leave the app, when they connect to the contact centre on chat the customer service representative already knows who the customer is and they don't have to re-authenticate. To be able to give customers a much better level of support, they also know things like what device they're on, so they can give contextual support too.

Atom also offers self-help. They use an artificial intelligence system behind the scenes, Agent IQ, which allows customers to type in any question, and the system will recognise the language and give the highest possible solution to the question. Then, when someone phones up the contact centre or chats with them, they use the same system. So it constantly trains the system to get to the best answers in the quickest time.

When a customer is in the app they can start a chat with a bot, and if halfway through an agent becomes available, the customer is informed and can switch to an agent. The agent then takes over the conversation and sees the transcript of what the customer has already done. No one else is using this capability like Atom is using it, so it's most certainly a differentiator.

Another difference is that Atom uses biometrics as a way to log in. From their research, face biometrics has been the real winner with customers. You take a photo, like a selfie, and within a couple of seconds you're logged in. Customers don't have to remember passwords or usernames.

What Can You Learn From Atom Bank?

Having a contact centre integrated into an app is the way forward, Chief Operating Officer Stewart Bromley says. Other organisations, regardless of sector, are going to have to offer very similar features.

These organisations will have to make sure they have that seamless integration and they're thinking about it from a customer viewpoint if it's an app-based self-service model. They will have to align the right support strategies, and think strategically how that's going to work.

However, customer experience leaders can't underestimate the amount of training and education they have to provide employees either, Stewart Bromley warns. "They are your frontline and every single time someone needs support it's a moment of truth, and it can't be taken for granted," he explains[4].

Conclusion

Atom's plan is to release a new functionality every month, and every month there will be enhancements for existing capabilities. So, for example, they have got chat inside the app today but it's quite a basic chat system; customers would initiate a chat and get a feed of responses.

In an upcoming release, customers will see the icon of the agent they're actually speaking to. It's little touches like this that will make the contact centre experience more functional and engaging, Stewart Bromley concludes.

[4] http://www.cxnetwork.com/cx-service-support/white-papers/how-to-deliver-an-exceptional-customer-service

Out-of-the-Box Brands to Learn From

We've analysed the winning strategies of brands that are well known for having an excellent customer experience and/or are creating a positive disruption within the market. But what about the lesser known stars? There are organisations that don't get every aspect of CX right, but that still have winning elements you can learn from.

Ingrid Lindberg, Founder and CXO of **Chief Customer,** advised to keep an eye on **Delta Airlines:** "They have a very strong CX structure – and they have consistently been climbing in the CX ratings for the last three years. In this year's airline ratings, they actually are beating the normally beloved Jet Blue and Southwest.

"About three years ago they started focusing on the basics. They were on time, there was no losing luggage, and they ensured that customers never had to wait more than 15 minutes for their luggage (if you did, they gave you miles). Now, I'm a multi-million miler on Delta. What they've focused on (all the basics for everyone) has actually happened in concert with eroding their loyalty programme. They're clearly taking an 'if we fix the basics for everyone, we won't have to rely so heavily on only our loyal business travellers' approach.

"The moral of the story is that those of us who fly a lot are becoming less loyal to them, but their ratings are rising because they are nailing the basics. They've also introduced humour (in their safely videos) and humanity (pilots are greeting people and spending more time on the PA system)."

Sandra De Zoysa is the Group Chief Customer Officer at **Dialog Axiata PLC.** Fellow telecoms companies she admires for excellent customer experience strategies include **Telefonica** in the UK, **Telstra** in Australia and **Singtel** in Singapore. She said: "I like their approach in digitisation, their move towards omni-channel and the focus on customer journey mapping. For Telefonica, in particular, I admire the way they build their capabilities on UX and UXD (UX Design)."

Megan Neale, Global Head of Consumer Engagement Centres **at a multinational consumer goods company,** mentioned two brands that have recently really stood out to her: "The model **giffgaff** has uses customers as members to answer over 80 per cent of customer queries. They've done really well in the KPMG customer experience report, jumping up 45 places to number 4 in 2016, just behind John Lewis, first direct and other favourites. That model is transformational because they know what customers like; to engage with other customers and for the experience to be provided quicker. It's also a cost-effective way of providing business.

"Another is **KLM,** for two reasons. They're really innovating in this space, to the point where they're in the position to scale the operation to global. We know it's easy to do pilots, but finding something you can scale to deliver transformational benefits is difficult for a number of reasons. They're working with an AI partner and have it embedded in their Salesforce CRM. It doesn't automatically respond to queries but suggests responses to advisors to improve speed and accuracy.

"KLM also launched Facebook Messenger as a major channel of engagement. Not only when the consumer is on the Facebook page, but also when the consumer is on the contact page or on different parts of the website. It identifies what the consumer's preferred channel is and recognises the more engagement they can get with them, the more loyalty they have with the brand. They have an absolute strategy of proactively seeking and acting to engage. The organisation that does this successfully will build advocacy and growth, and reap benefits."

Sanjay Saxena is the Senior Director of Marketing - CE & Operations Transformation at **Huawei.** While he isn't actually very impressed by Starbucks' products, their customer experience has turned him into a loyalist. He explained: "Understanding customer behaviour across multiple touch points, for example store, app and social, is key to giving personalised offers, coupons or other incentives. Starbucks realised this quite early on and took strategic technology and leadership initiatives. It is much easier to implement when there are fewer touch points involved, as is the case of Starbucks where they do not have a call centre interface.

"**Starbucks** was also one of the first companies to have a Chief Digital Officer in 2012, so they invested in building digital capabilities and leadership, whereas I find most other companies take a half-hearted middle management driven approach to digitalisation and personalisation. And they were one of the first to combine loyalty cards and payments within a smartphone, which not only saved them on bank charges to credit card companies, but also created stickiness as consumers would top-up first and their free coupons would get loaded to the same loyalty account. This created convenience in payment and usage.

"Ultimately there are three reasons why they have great CX. Firstly, they have a personalised, user-friendly and intuitive app, which gives me details of my last purchases and locations as well as an update how many more I need to make to reach the next level for a free or discounted drink. Secondly, once I have scanned my app QR code, the server addresses me by name and labels it on my drink that gives that extra personal touch. And finally, I like their free nibbles and small shots of drinks; it helps me to taste new items in their menu instead of paying for one and trying it out. There is another retailer who does this: **Costco.**"

Paul Sands, Director of Retail Development and Customer Experience at **Bang & Olufsen,** believes that **Nationwide Building Society** is getting CX right, and as a new entrant into the KMPG Nunwood Customer Experience Excellence UK Analysis, Paul isn't the only one who thinks so. What is it about Nationwide that resonates so well with customers?

He said: "Nationwide is one I have personal experience of when we remortgaged our house and it was a really positive experience. It's not rocket science, it's the case of doing common sense brilliantly. There is a good choice of channel options, it's easy to do self-service research online and there is a personal touch back-up. They over-communicated so you always knew where you were at in the process. The other main point for me about Nationwide is that when you have to deal with a third party as part of their process, it still feels like part of the same brand experience. I felt they had communicated their values and customer proposition well to this third party."

Edwin van Outersterp, Senior Director, Global Customer Service at **Sanofi Genzyme,** also highlighted **Delta Airlines** as one of the brands to keep an eye on when it comes to customer experience. He said: "I travel quite a lot and I'm always surprised, sometimes disappointed, what airlines do with changes, delays, weather challenges, etc. An airline I use a lot over the years suddenly started to surprise me: Delta Airlines.

"They merged with North-West when they were just about coping. Now they have an effective app, are changing their menu, have friendly people on board... Where does this come from? If I ask people, they actually say that there is more of a family feeling again. They are more proud of what they're doing and feel supported by systems."

About CX Network

CX Network is an online resource for customer experience professionals providing value-rich content such as industry reports, customer trends, best practice, latest industry news, interviews with CX leaders and so much more! Our focus on the content that matters to customer experience leaders most, allows us to cut through the white noise that surrounds this ever-changing subject, and makes us the primary resource for CX executives to turn to.

By joining our network you will receive expert commentary, reports, and resources developed by and for experiences customer experience professionals and industry insiders. With a growing membership and global portfolio of events, CX Network ensures you keep your finger on the pulse by delivering practical and strategic advice to help you achieve your business goals.

Sign up for free to CX Network now!
www.cxnetwork.com/join

2017 Market Report Calendar

Each month CX Network's editorial team produces an exclusive report in-house. The monthly market reports are topic specific, and the quarterly research reports (highlighted in green below) are more in-depth insights into the global market.

January
Tackling Loyalty Challenges in Telecoms

February
How to Overcome the Biggest Challenges in Retail

March
The Customer Experience Buyer's Guide 2017

April
Making the Most From Customer Feedback & Analytics in FS

May
Digital Marketing Trends 2017

June
The Global State of Customer Experience 2017

July
How to Make CX Your Competitive Differentiator in Travel

August
The Role of Voice Biometrics in the Contact Centre

September
The Big Book of Customer Insight, Data & Analytics 2017

October
Keeping the Customer at the Heart of the Digital Agenda

November
How to Create a Customer-First Company Culture

December
Customer Experience Predictions for 2018

JOIN THE DISCUSSION ON SOCIAL MEDIA!

http://bit.ly/1EIwtQH
http://bit.ly/1n7PfLH
http://on.fb.me/1EIwiEQ
http://bit.ly/1niCyym
http://bit.ly/1Poflkc