



## 2010 Consumer Experience Study

**Customer Experience Delivers Profitability Even  
in Difficult Economic Times**

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## Executive Summary

Consumers notice and financially reward companies that deliver superior customer experiences. This verdict was delivered loud and clear in the 2010 Strativity Group Consumer Experience Study. In a study conducted among 930 consumers from the US and Canada, consumers declared that customer experience matters to them and they will reward it by paying higher prices, giving companies a greater share of wallet, would recommend to friends and would establish longer relationships with vendors. 73% of consumers stated that they would expand their purchases with a vendor by 10% or more if the customer experience was superior. 55% of consumers agreed that they would stay with a company for 10 years or more if the customer experience was superior and 58% said they would recommend the company to others.

The key drivers to delighting consumers and demonstrating superior customer experience included

- Delivering great value
- Fair payment system
- Easy, one time problem resolution
- Ease of interactions across all channels.

Emotional engagement was also critical to the demonstration of customer experience. Consumers ranked the following behaviors as critical to customer experience success:

- Employees have the knowledge and power to solve problems
- Employees do their jobs with pride
- Employees use common sense and discretion when providing service
- Employees deliver service with passion

In a tough economic climate, consumers still notice and select vendors based on the customer experience and not based on price alone. For companies seeking to differentiate themselves and maximize the value of their relationships with existing consumers, customer experience is a clear, profitable choice.



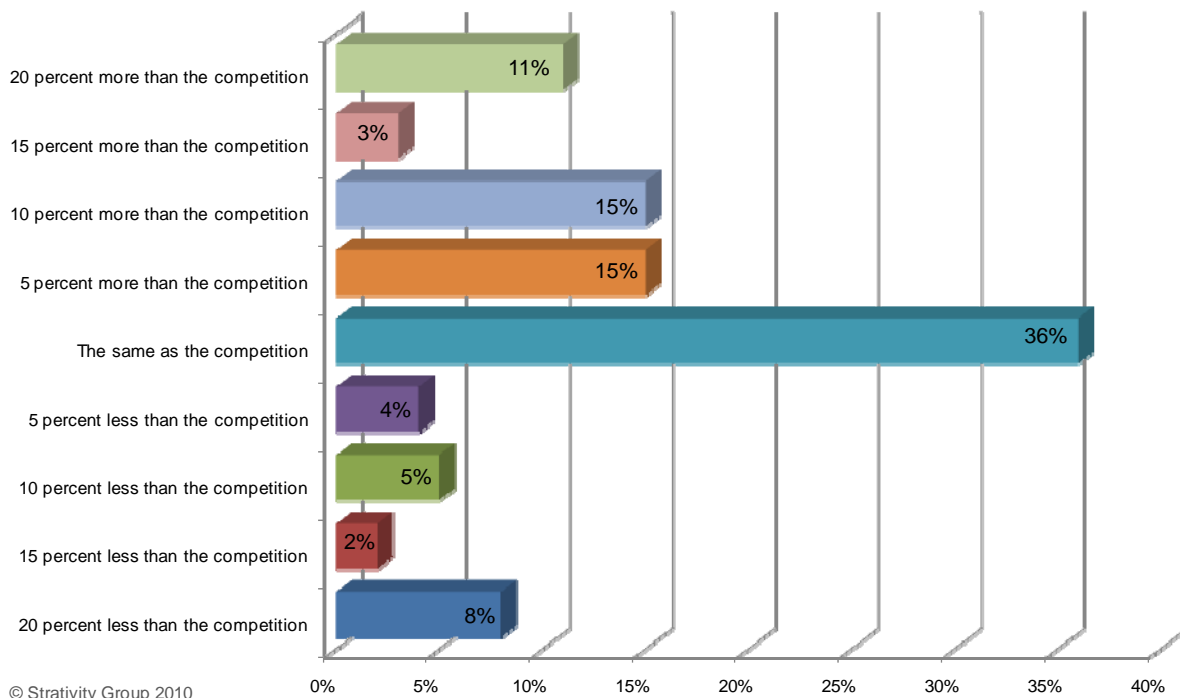
## The Business Case For Customer Experience

Across all dimensions of customer experience economics, consumer stated that superior customer experience has its financial rewards. Despite the economic conditions, customer experience continues to drive better financial outcomes and therefore remains a solid investment option for companies seeking to increase customer relationships and profitability.

### Premium Price

Superior customer experience will induce 44% of study respondents to pay a premium price of 5% or more. Considering the price sensitivity of today’s consumers, this is a strong statement supporting vendors who decide to invest in their consumers.

Figure 1: Because of the experience I receive from this business, I will buy goods and services from it (rather from a competitor) if it charges:



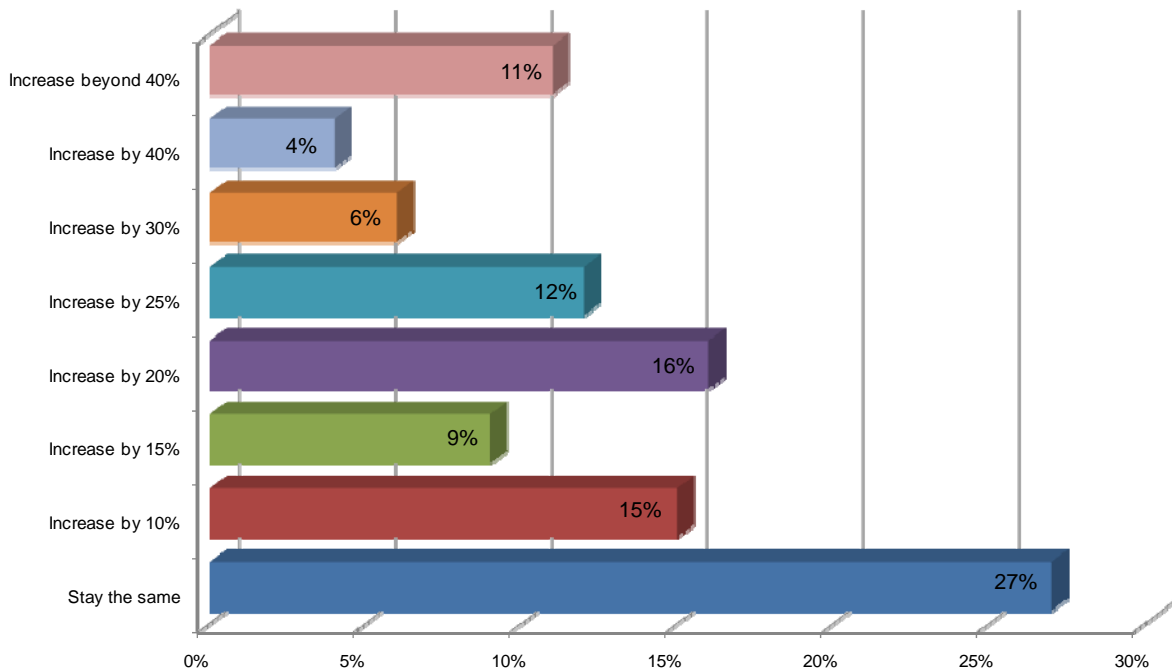
Overall, only 19% of the consumers were price sensitive at the expense of the customer experience. Their preference was price focused. Almost half of the consumers surveyed will reward a superior customer experience by either respecting the suggested retail price or by being willing to pay a premium for a superior customer experience. This figure is especially important in the current economic climate where the default assumption is that price rules. As we have experienced in previous years, price rules when the experience is inferior. When companies design and deliver superior customer experiences, they will be rewarded with a more profitable business.



### Portion of Budget

Consumers tend to spread their purchases across vendors. They do so as a form of “insurance policy” so they will be treated well and no vendor will take them for granted. As the study shows, 73% of consumer stated that they would shift 10% or more of their budget towards the vendor that exceeds their customer experience expectations. The lesson is that if companies want to meet their financial target, they should look no further than their existing consumers. The existing consumers, if delighted will reward their vendors with additional business.

Figure 2: If the business exceeds my expectations, my annual spending with this business will:



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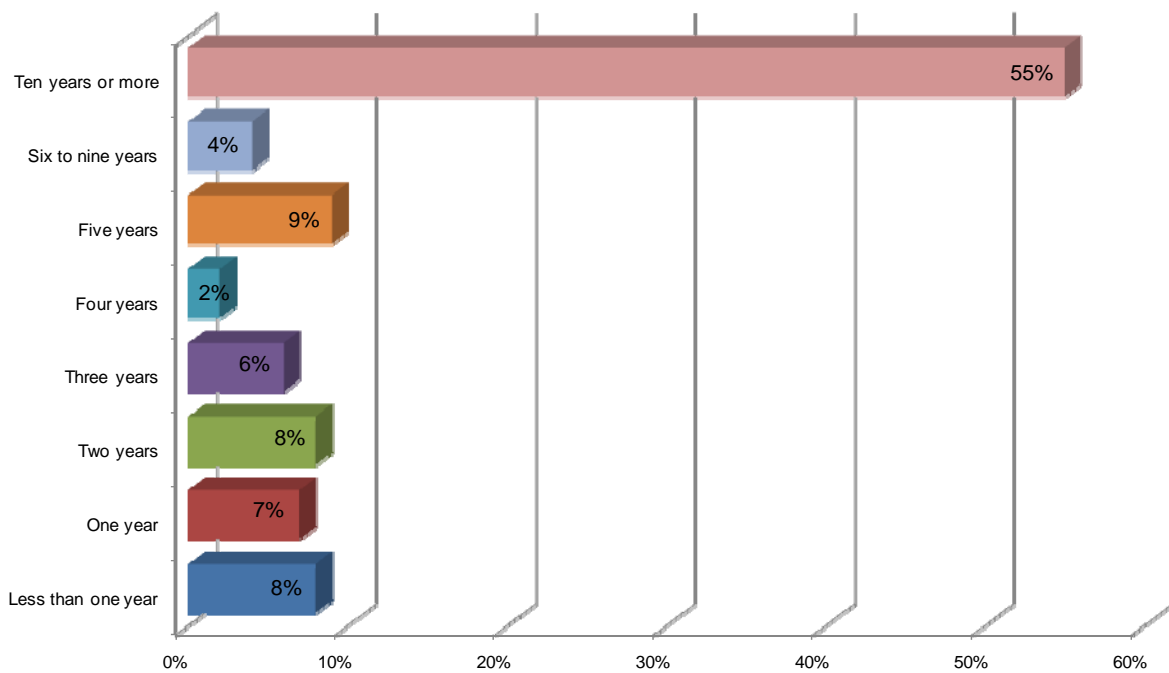
The results clearly demonstrate that only 27% of consumers take superior customer experiences for granted and they would not expand their spending with a company. By and large, the majority of existing consumers hold back a portion of their budget or distribute it to competitors unless they experience superior treatment. As such, the number one financial driver that organizations should focus on is the expansion of portion of budget from existing consumers. This is where the business case for customer experience resides.



## Permanence Of Relationship

For many companies, it takes time to recover the cost of customer acquisition. Profitability exists when consumers stay for a longer period of time. 55% of the respondents in the 2010 Consumer Experience Study stated that they would stay 10 years or longer with vendors that deliver exceptional customer experience. The profitability associated with a 10 year relationship should appeal to every company as a justification to invest in customer experience. In a sense it makes the case that customer experience is not expensive, it is a higher form of profitability.

Figure 3: If the experience I receive remains constant, I expect to continue to do business with this business for another:



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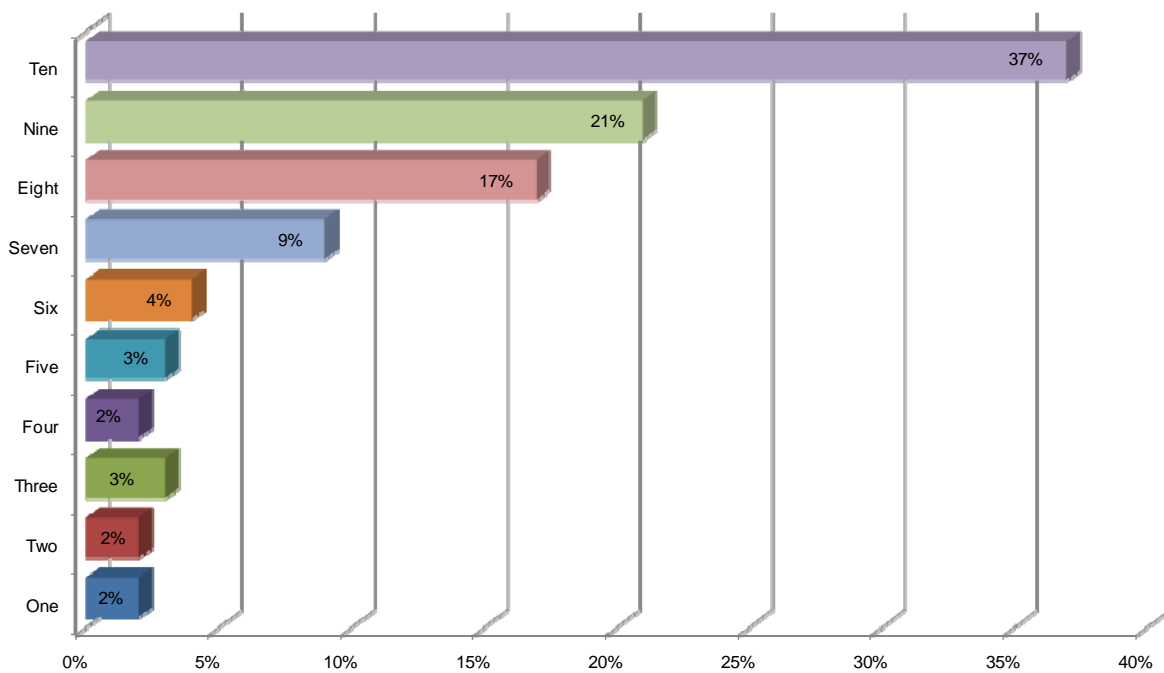
This type of long term commitment has clear financial implications on revenues and profitability. Every company which is considering making a commitment to customer experience needs to assess those implications that are likely to justify significant investment in their efforts.



### Promotion to Others

With the dominance of social media today, the voice of a friend carries greater weight than the voice of a formal corporate web site. The fact that 585 of the consumers in the study (75% of those with a conviction of 8, 9 or 10) were willing to recommend superior customer experiences to their friends and family should be a wakeup call for all. Recommendations significantly reduce the cost of acquiring new customers. Companies should consider recommendations as their preferred channel of customer acquisition and do everything in their power to invest in this.

Figure 4: The likelihood that I would recommend this business to a friend or colleague is:



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Consumers who experienced a superior customer experience were highly likely to recommend and share their positive experience with others.

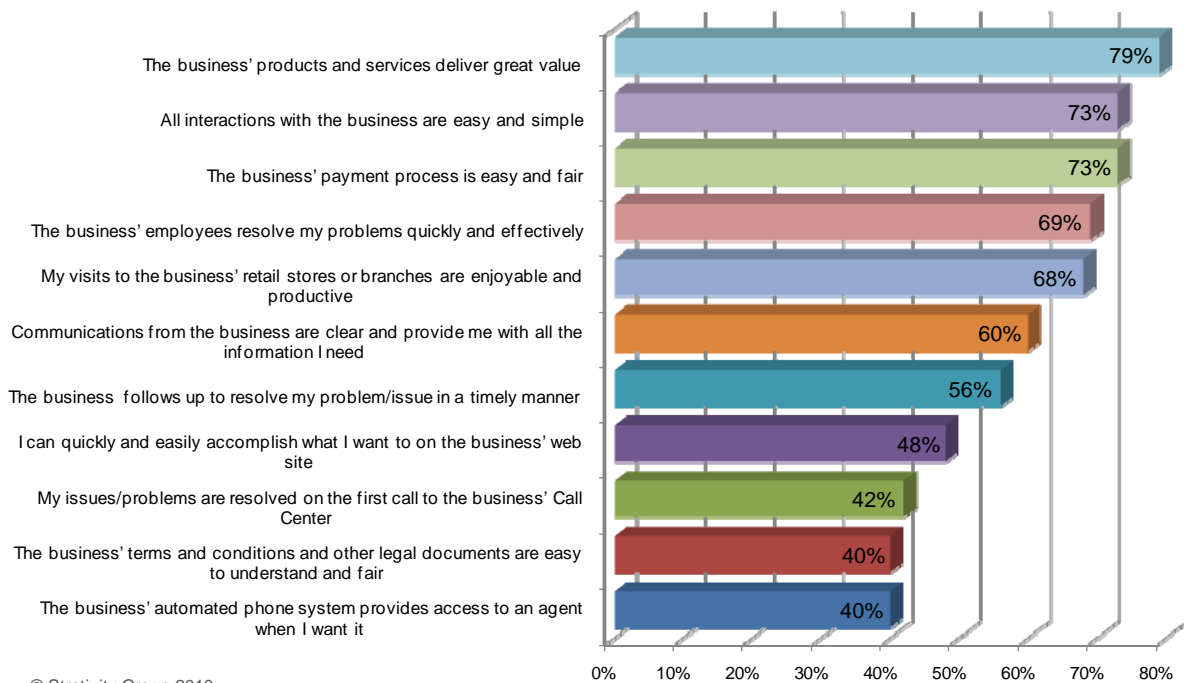


## Drivers To Deliver Exceptional Experiences – Experience Attributes

As expected, in a difficult economic times consumers gravitated to a definition of customer experience as a great value. Great value does not have to be equated with a lower price. Great value is a perceived sense of value that exceeds the stated price. As such, companies have a choice and should select to focus on being generous with their consumers to the point that consumers feel that they receive a great value.

The key drivers of customer experience, as defined by consumers, were simple and less flashy, making the drivers easy for companies to embrace and focus on. Consumers focused on overall value as well as simplicity and ease of doing business with the companies. The customer experience attributes selected by consumers as key indicators of superior customer experience provide clear guidance to organizations for areas on which to focus their efforts. Especially in this economic environment, it is important to note that consumers are demonstrating a reasonable set of expectations.

Figure 5: Customer Experience Attributes - "the level of importance you assign to each of the following statements as you relate to the business"

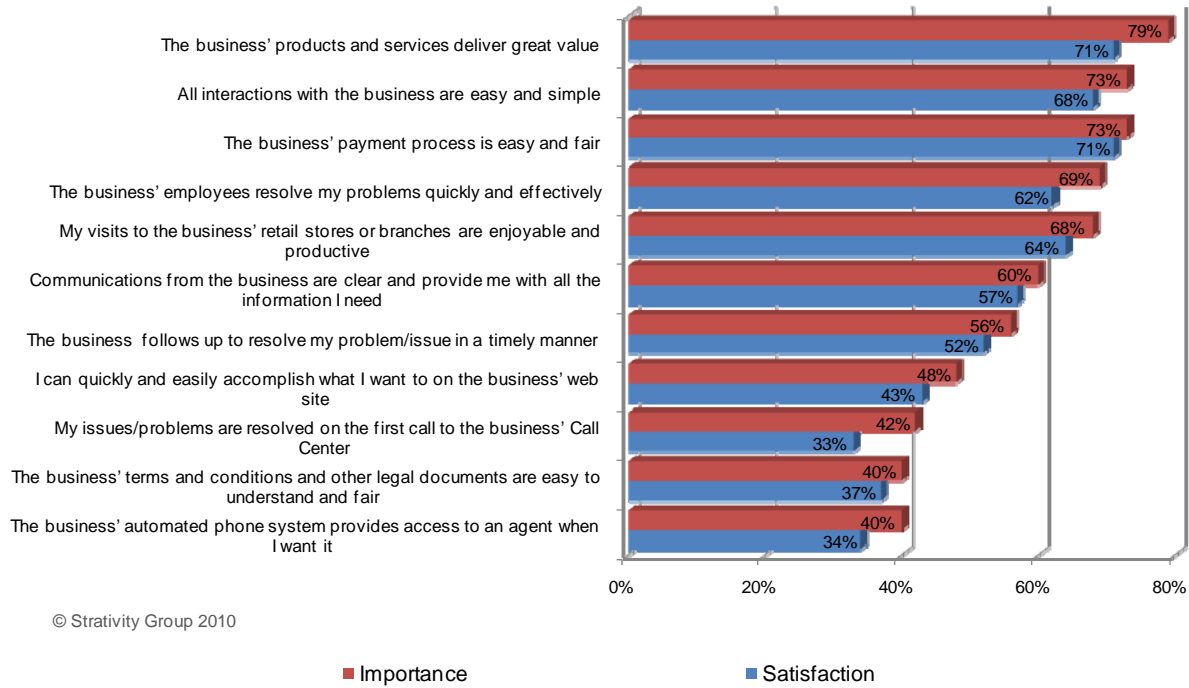


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In the ranking of customer experience attributes, consumers were asked to rank both the importance of each attribute as well as satisfaction. It is imperative to notice that the gap between importance and satisfaction in those key drivers is relatively small. So even though there is still room for improvement, the vendors were performing well within the customers' expectations.

Figure 6: Customer Experience Attributes – 2009 vs. 2010 – “The level of importance you assign to each of the following statements as you relate to the business”



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When prioritizing their activities and investment, the key customer experience attribute drivers should serve as useful guidance for companies. Focusing on these drivers will align companies with consumers' needs and expectations and will increase the likelihood of delighting consumers and reaping the loyalty benefits.



## Drivers To Deliver Exceptional Experiences – Experience Attitudes

Among the key factors determining a superior customer experience, emotional engagement plays an important role. As per the Figure below, consumers noticed a variety of service delivery attitudes and placed importance in some of them as critical determining factors.

Figure 7: Customer Experience Attitudes – “the degree to which you agree with each of the following statements as they relate to the business”



Pride in the job was the leading indicator of superior customer experience. Consumers want to do business with people who enjoy their work and are personally engaged. Pride is a key indicator of authenticity. When an employee is personally involved and is proud of the work they do, they demonstrate a personal interest and commitment and transform the product or service into an experience. This factor is supported by the fourth leading indicator, delivering service with passion. Passion cannot be faked. If a consumer senses passion, they recognize a personal involvement and commitment.

Using common sense and discretion was the second leading indicator of superior customer experience and symbolizes the flexibility of an organization to treat different consumers differently. It is often a sign of recognizing that each consumer is unique and requires personal attention.

Knowledge and empowerment are ranked third in importance and often signifies both employee and employer commitment to delivering superior customer experience. When employers make sure their employees are well educated and can add value to consumers, it is a sign of commitment to a long term relationship as opposed to a transactional one.



## Balancing Attitudes and Attributes For A Complete Experience

When reviewing the ranking of attributes and attitudes, it is important to note that overall attributes received a higher ranking than attitudes. For example, on delivering great value, 59% of respondents ranked it as highly important vs., 12% who ranked it not important. In comparison, employees doing their jobs with pride are only ranked by 48% of respondents highly important vs. 29% which ranked it not important.

Figure 8: Customer Experience Drivers – Attributes Ranked by Promoters, Neutrals and Detractors

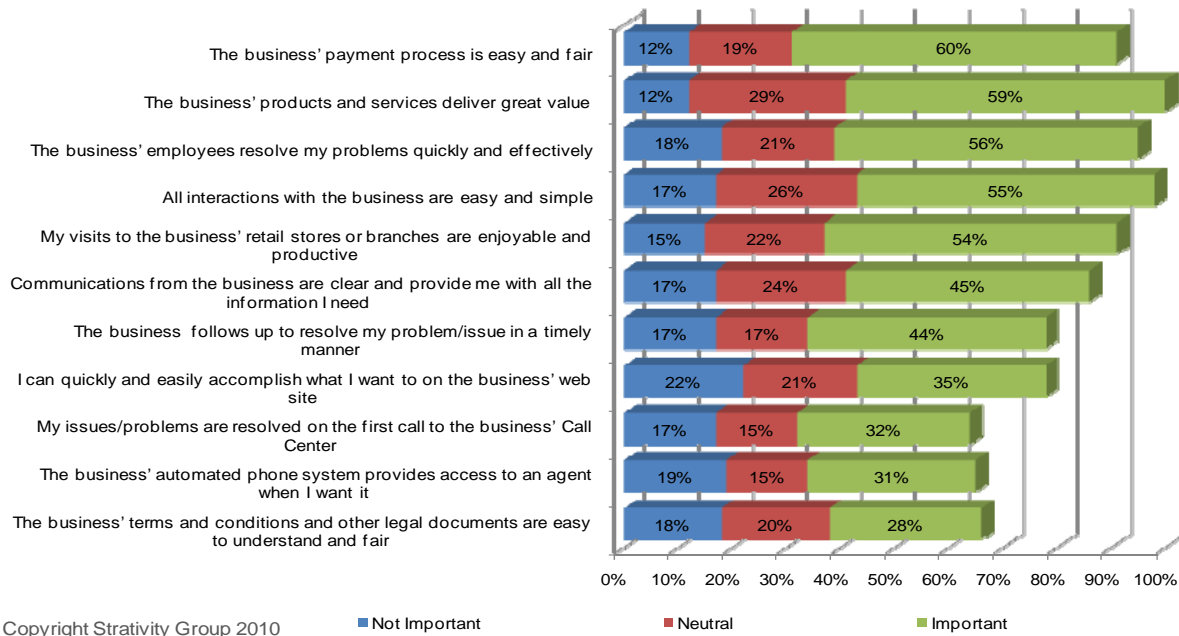
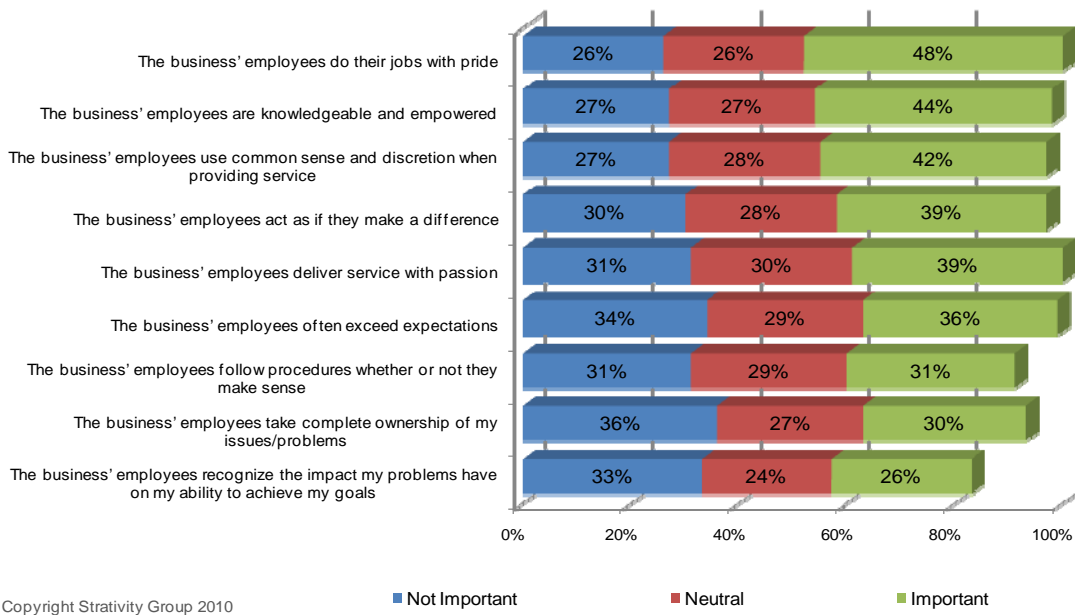


Figure 9: Customer Experience Drivers – Attitudes Ranked by Promoters, Neutrals and Detractors



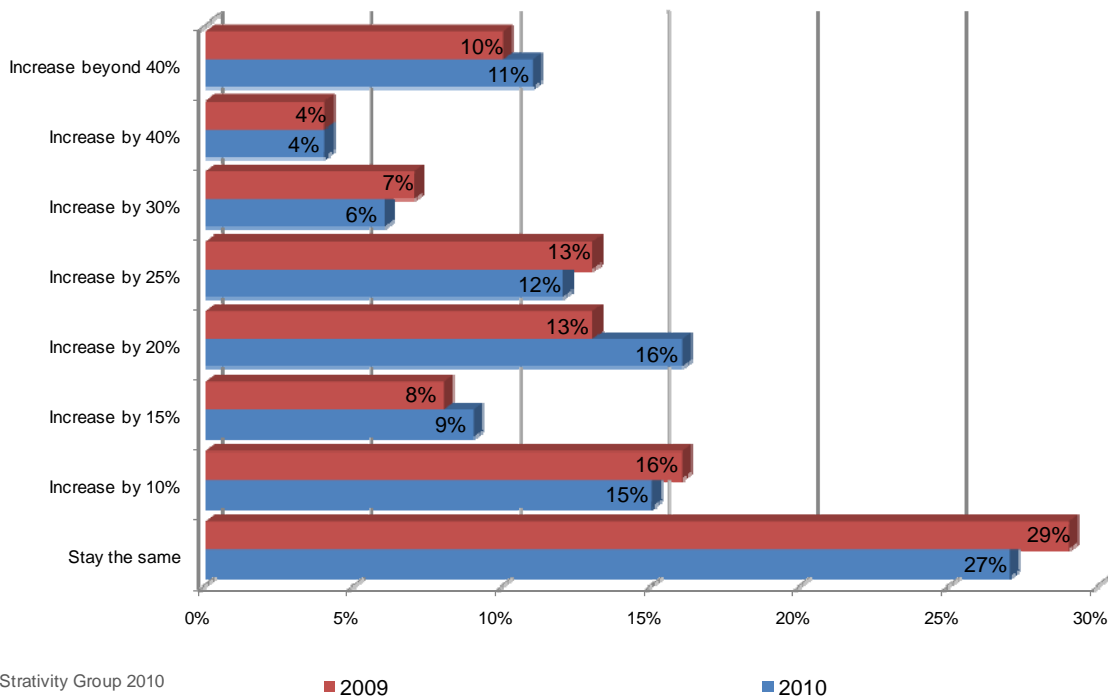


There is an important message associated with this ranking distribution. Consumers associate superior customer experience as a complete value proposition and not just as an attitude issue. Great emotional engagement can go just so far. Without an attractive, differentiated value proposition, no pride or passion can disguise an inferior value proposition. When approaching the customer experience, companies should focus on the balance between attributes and attitudes to ensure that they deliver differentiated customer experiences.

## Year Over Year Results

When comparing the results of the 2010 study to that of 2009, we can see some improvement in consumers' willingness to expand their business with vendors. However, overall the results are consistent and deliver the same message in terms of the financial value of a superior customer experience.

Figure 10: Portion of Budget 2009 vs. 2010





## Recommendations

Despite the economic environment faced by consumers, they do reward a superior customer experience. For organizations seeking to strengthen their relationships with existing consumers and attract new ones, developing and delivering superior customer experience is a rewarding strategy. Rewards come in the form of commanding premium price, obtaining a larger portion of the customer's budget and longer relationships.

For companies to deliver the expected experiences, they need to focus on both the experience attributes and experience attitudes. A balance between the two aspects of customer experience must be ensured to deliver on customer expectations.

- Create clear value – consumers are struggling to obtain good value in this economy and vendors need to assess how valuable their value proposition really is. This is not a request for bells and whistles. It is critical that companies understand how consumers define value and deliver on those definitions.
- Make it easy – consumers are seeking ease and smooth transactions. Companies that deliver hassle free experiences come across as recognizing and respecting consumers. Eliminate consumer hassle in every interaction.
- Passion sells – consumers do business with people and not abstract brands. Turn your people into ambassadors. Ensure that your people are excited about what they do.
- Knowledge and empowerment – consumers can learn about new services via multiple channels many of them are not in your control. Make sure your people add knowledge value and make consumers smarter and more powerful. Allow your people to add value in every interaction.



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## About The Study

The research was conducted via a structured, anonymous, on-line survey that was used for assessment and qualitative insight. 930 surveys were submitted by consumers from the United States and Canada. The survey was conducted from May 1, 2009 through June 30, 2009. Respondents were entered into a sweepstakes and twenty random participants received a \$50 MasterCard gift card. Participants represent a wide range of ages, income and education levels. For more details about the Customer Experience Consumer Study, please visit [www.Strativity.com](http://www.Strativity.com), (email) [info@Strativity.com](mailto:info@Strativity.com) or call (201) 843-1315.

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## About Strativity Group

At Strativity Group, Inc. we do more than customer experience research and strategic planning. We take a strong, multi-disciplinary approach to customer experience strategy design and implementation. Through proprietary research tools, strategic analysis, business planning and customer experience innovation design, we help our clients operationalize profitable customer experience strategies. We measure our success by a single method: execution.

Strativity Group, Inc. works with both Global 2000 companies as well as emerging businesses around the world. Our clients include Nokia, Computer Associates, SAP, American Management Association, Seagate Technology, Honeywell, Siemens, Dimension Data, FedEx, CATIC, Circle K, University of Pennsylvania, The Fund, Capital One, Jacada, Wyeth, Sage, Herbalife, Akibia, National, Lockheed Martin, Crown Plaza Hotels & Resorts and Nordea.

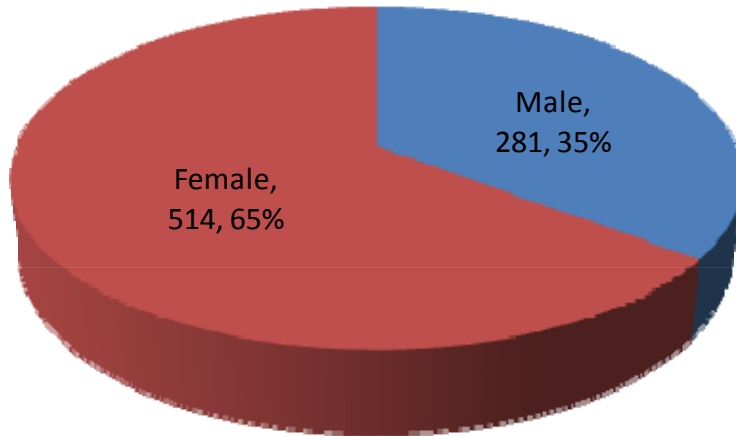
## About Customer Service Experts

Customer Service Experts, Inc. (CSE) was created with a vision to improve the customer experience by focusing on the internal team and their direct link to customer satisfaction. CSE's approach helps clients improve service from "the inside out" with a primary focus on executive leadership providing the proper support and tools for the frontline employees and managers to succeed. CSE's strategies have benefited clients with both B2C and B2B engagements in a variety of industries including: retail, airport, hospitality, healthcare, education, government, financial, service and food and beverage.

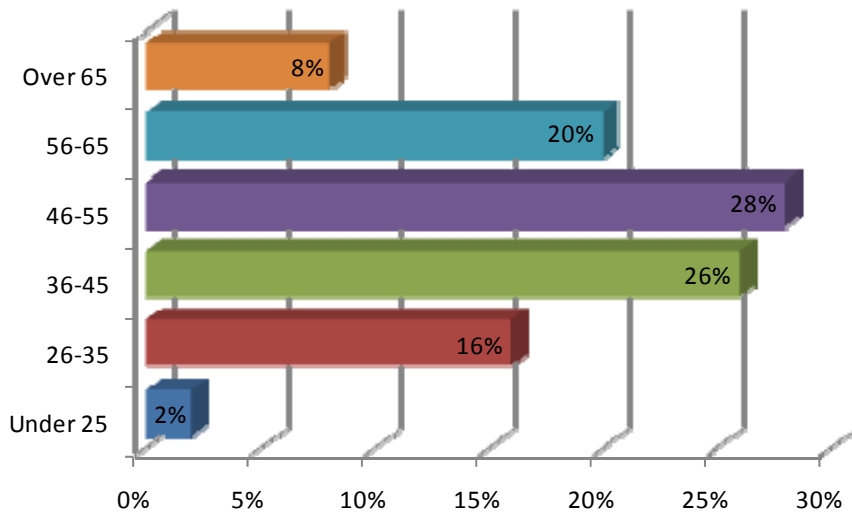


## Appendix: Demographics

### Gender

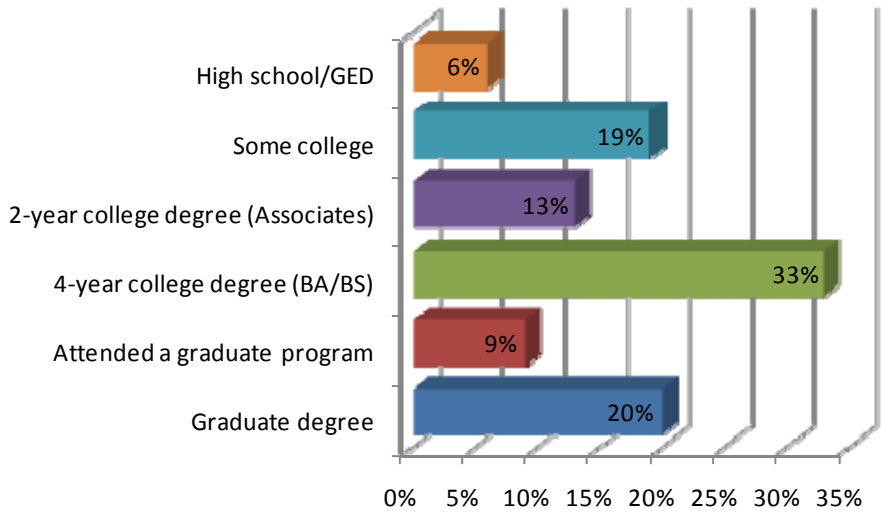


### Age

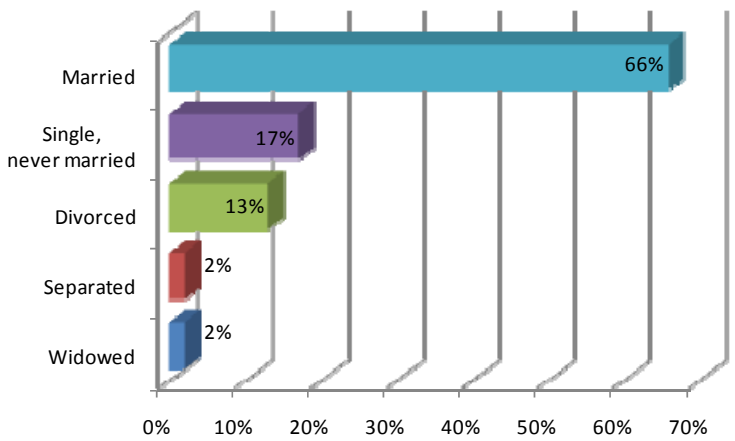




### Level of Education



### Marital Status





### Annual Family Income

