INDEPENDENT PUBLICATION BY RACONTEUR

raconteur.net | #0392 | 29 / 07 / 2016

CUSTOMER EXPERIENCE & LOYALTY

reward customers with

tastecard & Gourmet Society

give customers the opportunity to access **10,000+ restaurants** nationwide with tastecard and Gourmet Society.

tastecard offers **50% off the food bill** or **2 for 1 meals** at favourite chains such as PizzaExpress, Zizzi, La Tasca and 1000s of independent restaurants.

Members can access exclusive offers with tastecard+ including;

- Up to **40% off cinema tickets**
- Up to **50% off days out** at the UK's top attractions
- Up to **60% off theatre tickets**
- Up to **70% off hotel stays**

And many more!

tastecard

Gourmet Society offers **25% off the total bill – including drinks, 50% off the food bill** or **2 for 1 meals** at popular chains such as Café Rouge, Browns, Bella Italia, plus 1000s of independent eateries.

Members can access exclusive offers with GS+ including;

- Up to **40% off cinema tickets**
- **2 for 1 afternoon tea**
- Up to **50% off days out** at the UK's top attractions
- Up to **70% off hotel stays**

And many more!

Gourmet Society

for more information speak to one of the team

call: **0161 883 0873** or email: **rewards@tastecard.co.uk**

CUSTOMER EXPERIENCE & LOYALTY

DISTRIBUTED IN
THE TIMES

RACONTEUR

PUBLISHING MANAGER
Nathan Wilson

HEAD OF PRODUCTION
Natalia Rosek

PRODUCTION EDITOR
Benjamin Chiou

DIGITAL CONTENT MANAGER
Sarah Allidina

MANAGING EDITOR
Peter Archer

DESIGN
Samuele Motta
Grant Chapman
Kellie Jerrard

CONTRIBUTORS

CATHERINE CHETWYND
Award-winning freelance journalist, her specialisms include marketing and promotional strategies.

NICK EASEN
Award-winning freelance journalist and broadcaster, he produces for BBC World News and writes on business, economics, science, technology and travel.

MARK FRARY
Science, technology and business writer with eight published books, he speaks regularly on technology and futurology at conferences.

GABRIELLA GRIFFITH
Freelance business journalist and assistant commercial editor at News UK, she has also worked for *City A.M.* and *Management Today*.

CHARLES ORTON-JONES
Award-winning journalist, he was editor-at-large of *LondonlovesBusiness.com* and editor of *EuroBusiness*.

MATTHEW PARSONS
Technology editor at *Travel Trade Gazette* and contributor to titles including *Routes News* and *Buying Business Travel*, he specialises in topics such as big data, mobile trends and aviation.

TIM STAFFORD
Freelance journalist, specialising in business and management, he was launch editor of *CEB Blogs*.

John Lewis

John Lewis uses geo-fencing technology to ensure orders are ready for collection when customers are nearby

Customers expect more than ever

Retailers and brands are under unprecedented pressure to deliver hyper-personalised customer service in an increasingly tech-savvy world where consumers expect excellence

OVERVIEW
NICK EASEN

This is one of the most exciting times for the world of customer experience, both as a consumer and as a commercial player. At no point in history have there been so many possibilities for the consuming public to get up close and personal with brands in ways never thought possible before.

Fashionistas now point and click their phone at catwalk pieces and an app called Blippar identifies the clothing, which can be delivered within 24 hours. You can tour IKEA kitchens for free at home, virtually, using a gaming headset and at Radisson Blu hotels, guests text a chatbot to make in-room requests.

"We're now seeing the perfect storm, there's been an exponential jump in the deployment of technology," explains Hendrik Kleinsmiede, co-founder of Visa Europe Collab. "There are many more possibilities for customer experiences and there is a maturity in the tech, as well as a familiarity among businesses and consumers about how best to use it."

Super web-savvy shoppers are particularly driving change; you can blame it on the millennials, those born post-1980, or the rise of the experience economy. Unlike their parents who measured success by accumulating material goods, this growing cohort, which will be the biggest group of spenders by 2020, gauge success by collating experiences. For example, we now spend more on holidays, restaurants and days out than on shoes or clothes.

Technology is shaking up behaviour too; it has driven price transparency from flights to furniture, food to finance. "So for a brand, what is your unique selling point, if it's not price? The only difference is the experience," says Nick White, group digital director at Thomas Cook Group Airlines. Smartphone penetration, now more than 80 per cent in the UK, is also driving change.

Anyone who needs to attract consumers is jumping on this bandwagon in order to charge a premium. They are, therefore, differentiating themselves by offering customer experiences that are hard to replicate.

Take Thomas Cook's Little Lifts campaign; it offers airport hangar tours and kids' entertainment while families wait in the queue. It's also using cats on social media to promote their revamped planes. Kellogg's opened their first cereal café in New York featuring cornflakes with unique ingredients such as pistachio nuts, green tea powder and lemon zest, concocted by celebrity chefs.

"It is all about something cool, something original, including fresh collaborations and mash-ups, as well as the coupling of new ideas and services. The fact is customer expectations have gone through the roof. Everyone wants a richer, authentic experience," says Mr Kleinsmiede.

Consumers are now operating on the web, on social media, on mobile and chat, so-called omnichannel shopping. It means if they have a good experience on one channel with one company, they start to question why they aren't getting it with another.

"There is now universality about people's experiences," says Ed Beard, strategy partner at agency Kitcatt Nohr. "Consumers have the same expectations of all the brands across all channels, so there's a lot of pressure, especially on the big corporates."

The industry chatter this year is about hyper-personalisation, which involves offering a highly individual and compelling proposition with frictionless delivery. It is imperative for brands to offer customers a shopping experience that is unique to them through data-driven applications. Not just a named header on an e-mail.

> "The industry chatter this year is about hyper-personalisation, which involves offering a highly individual and compelling proposition with frictionless delivery

"Most airlines still don't say 'hello Nick welcome back, welcome on board'. Many industries have a long way to go before they banish the impersonal customer experience. Touchpoints are so important. Yet the technology is there; the potential for personalisation is enormous," says Mr White.

This is why successful companies are ramping up their big data capabilities. They are also using predictive analytics to offer something personal, as well as leveraging location-based services to embed themselves within customers' lives. For instance, John Lewis is using geo-fencing technology to ensure orders are ready for collection when it can see the customer is nearby.

"Going forward, being a successful brand will have less to do with having actual physical inventory or infrastructure and more to do with building a community that connects consumers with the products they want and each other," says Teo Correia, senior managing director, consumer goods and services, at Accenture.

Forget business to consumer, or B2C, it is now about Me2B. Rather than a company chasing the consumer, the customer now has control and initiates the engagement. "Conversational commerce is such a big phenomenon right now," explains Mr Kleinsmiede.

A number of technologies are demonstrating their disruptive powers across the industry, including augmented and virtual reality, wearable devices, digital payment and cognitive computing; although, it is how they're being used that really matters.

One of the biggest challenges is making it all relevant to a consumer's personal journey through the retail experience. "Being able to meet the customer exactly where they want to be is still a challenge for companies," says Michelle Du-Prât, experience strategy director at Household. "This means thinking differently about how customers want to interact and the journey itself."

It seems the only certainty in the customer experience industry at the moment is change.

Share this article online via **Raconteur.net**

Now tap the phone to claim your reward

Smartphones used as mobile wallets to pay for purchases can also store virtual loyalty and rewards cards, either directly or via an app

MOBILE WALLETS

MATTHEW PARSONS

It's a common scene. The customer in front of you in the queue struggling to find their loyalty card to get it stamped or scanned. Or the vouchers in the hallway; at best rapidly approaching their expiry date, worse sitting there unopened.

Consumers worldwide lose $1 trillion a year in unclaimed loyalty rewards, according to card platform Loyalive. And there are £6 billion in unclaimed rewards just within the top ten programmes in the UK.

In theory, the digital wallet is a panacea with those brands transitioning to a mobile-first approach to loyalty reaping the rewards. From better data capture and growing revenue, to marketing and customer acquisition and retention, there are many benefits. But challenges loom as the relatively new technology finds its feet among consumers.

It was only in June last year that Apple launched Apple Wallet, an update on its Passbook tool. Recognising the potential in the loyalty space, this rebrand allowed loyalty and rewards cards to be added, alongside credit cards and debit cards.

Later that summer Google launched Android Pay, a digital wallet platform to power in-app and tap-to-pay purchases on mobile devices. And so the mobile wallet was born, allowing smartphones to be used primarily to make payments for purchases digitally, without presenting a physical credit card, debit card or cash.

While they can store some loyalty cards, many organisations are busy building their own loyalty card apps to deepen relationships with customers. Nectar, for example, launched a new app last summer "as part of a decision at the start of 2015 to transition the programme into mobile-first", according to managing director Will Shuckburgh.

"Customers wanted to access great offers in their own time, for example during their commute or when walking into Sainsbury's," he says. "We had an app before, but it was about providing information and not centred around offers."

Loyalive

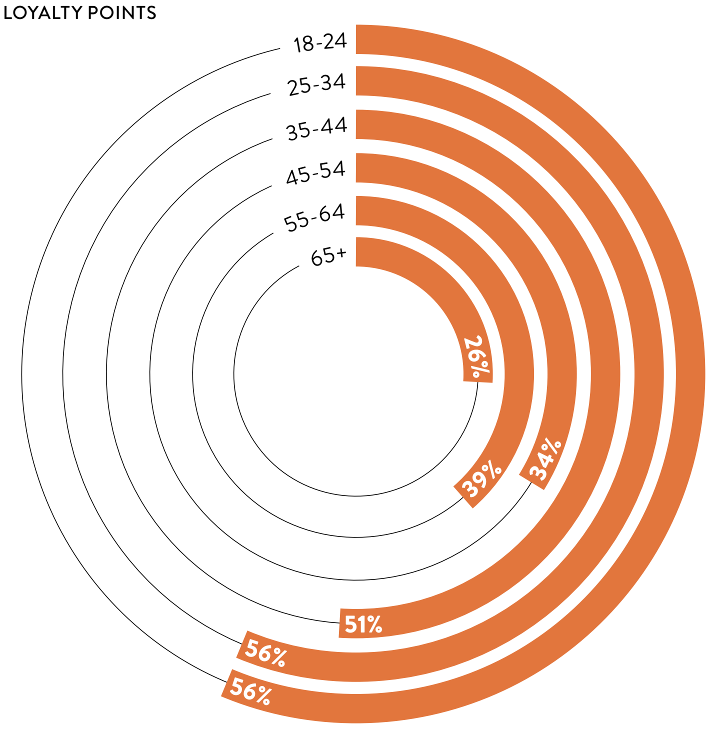
01
Loyalive's app enables customers to manage multiple loyalty programmes from one platform

Getty Images

02
There are £6 billion in unclaimed rewards just within the top ten programmes in the UK alone

LIKELIHOOD OF MOBILE WALLET USAGE, BY AGE GROUP

PERCENTAGE OF UK ADULTS LIKELY TO USE MOBILE WALLETS TO COLLECT LOYALTY POINTS



Source: Marketing Sciences 2015

The easier access to offers is paying off, with Nectar app users earning on average four times more points than their non-app using counterparts.

Brands are also able to gain a better picture of their customers' buying behaviours and none more so than providers of the humble coffee, the unexpected poster child in the digital loyalty movement. The adoption rate is high, according to industry insiders, mainly because it is a common platform.

Starbucks was one of the first to jump into the mobile wallet space. It allows app users to order ahead, so they can pick up their drink and skip the queue. This solves a genuine problem, rather than offering technology for technology's sake. Future developments in this field are likely to include apps automatically ordering your coffee once you approach the shop, for example detecting you are close to the outlet, the Americano is ordered and staff are again alerted as you enter.

Ease of acquiring new loyalty scheme members is also a positive side effect, says Mark Kanji, founder and chief executive of Loyalive, which helps businesses translate their loyalty and rewards schemes to mobile, via its aggregator platform. So far it works with 300 cards, which will rise to 380 in the coming months.

His company is poised to launch one-touch enrolment by the end of this year, taking advantage of the authenticity of signing in via a mobile phone. "We want to tackle that initial friction," he says. "If you're lucky, there's an online tool [to sign up]. You have to fill in a form; they ask lots of questions. There's friction there. Then you wait for the card to come. It arrives, but you don't always open it and you may not always carry it around with you."

At first glance, a loyalty card sitting within a mobile wallet or dedicated app seems a win-win situation. Brands grow sales and acquire new, and more loyal, customers while the customers save money and have a better experience. However, retailers face a range of challenges, both technical and cultural.

Trust and data security continue to be issues following a series of high-profile hacks hitting the headlines over the past few years. Some customers are loathe to embrace the mobile wallet concept, with Aimia Loyalty Lens research revealing 38 per cent of consumers in Europe cite concerns about data security as the reason why they are not likely to use a digital wallet.

However, Nectar's Mr Shuckburgh says: "Mobile wallets is a fascinating space, but there are lots of players. We think we should have a space in wallet and all the major players are talking to us. We will test and learn."

Point-of-sale (POS) technology also remains a sticking point, with varying degrees of sophistication across UK retail stores. For example, not all shops will have near-field communication (NFC) technology that can be used to enable transactions with phones and not all phones are NFC-enabled. Mr Shuckburgh agrees: "The challenge across retail is the investment in POS technology; it's absolutely huge. How do you make sure it's led by customer experience, not the technology available?"

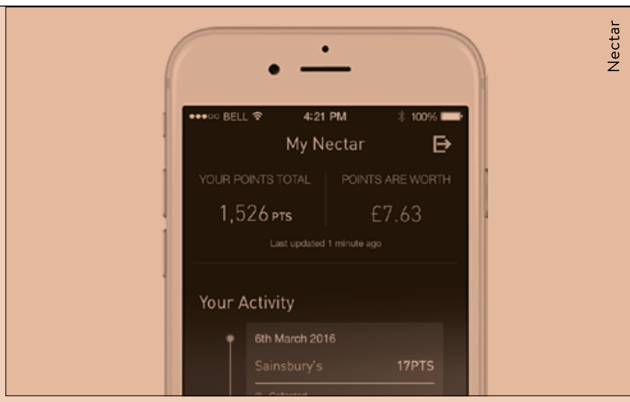
The culture of using coupons and vouchers is another issue, according to industry insiders who say the scale of growth in the United States has been impressive because people use coupons there more than in the UK, where there is a stigma of using them.

However, digital vouchers rapidly deployed as part of campaigns are a growing trend, with savvy brands able to create a voucher based on a user's location to a store.

Eagle Eye is a UK company that sits between retailer and brand, and its current customers include Tesco Clubcard, which sends out digital vouchers to its customer database, either pushed into the wallet or via e-mail or SMS, among other options. With Tesco, it claims

"In theory, the digital wallet is a panacea with those brands transitioning to a mobile-first approach to loyalty reaping the rewards

CASE STUDY: NECTAR



Nectar

Nectar is one of the most recognisable loyalty card schemes. Its app relaunched last summer and now publishes 100 to 150 personalised offers a week. This compares with ten to fifteen vouchers printed and sent out by post three times a year.

According to research from Aimia Loyalty Lens (Aimia is Nectar's parent company), 65 per cent of UK consumers are most likely to use mobile wallets to store coupons and vouchers, 63 per cent to store loyalty cards and 56 per cent to make cashless payments. A Nectar app on a mobile device, therefore, makes perfect sense.

Nectar has some 19 million members in the UK and managing director Will Shuckburgh reports that to date millions of people have downloaded its app. "We're not there yet, but we're getting good scale," he says. "[App users] will have a higher knowledge of the programme and are more likely to redeem in considered ways."

Nectar has also doubled the dwell time this year on mobiles and Mr Shuckburgh notes there is usually a good take-up of hero offers by mobile users. "We had one example where users could buy a coffee for 50 points. Even in the app world, the volumes were spectacular," he says.

Other research from Aimia Loyalty Lens reveals that consumer appetite for digital wallets is growing in Europe, with 31 per cent of Europeans stating they are likely to use a digital wallet on their mobile device, which is a 5 per cent increase on the previous year.

"As a channel, marketing has changed," Mr Shuckburgh concludes. "There has been a shift in power between brands and customers. Customers are incredibly savvy, but also want long-term relationships with brands. You have to market in a different way. Not all brands have caught up with the fact that the customer is king."

it is able to reduce the voucher issuance time from five days to just two hours.

In fact, location is a current buzzword in the loyalty arena, with one startup basing its entire business model on this area. Wallet Circle allows brands to reach out to customers who are within a 100-metre radius of their store, using Apple's iBeacon technology.

"We saw that physical stores struggled to use [beacon technology] efficiently," says co-founder Manas Abichandani. "Solutions seemed to focus on providing benefits to businesses, but no one had realised that for iBeacons to work, end-users needed to be on board, engaged and sufficiently motivated to download an app for example.

"Digital loyalty is a new way of using iBeacons that not only has benefits for business, but also addresses the customer painpoints of needing to remember loyalty cards or having a wallet bulging full of them.

"It's easy for a company to turn its paper loyalty card mobile; businesses just need to supply their logo, offer, address and preferred images. No APIs [application programming interfaces] or technical knowledge is required. The iBeacon acts like an old-fashioned ink stamp, but without the mess and a lot quicker."

For Loyalive, location-based notifications will be ready by the end of the summer. "A lot of users ask us to remind them when they're near a store. In the UK, we're geo-fencing every store," Mr Kanji adds.

From Nectar's point of view, Mr Shuckburgh says he is looking at geo-location, but warns there is a fine line between usefulness and intrusiveness. "We're trying to figure out the right way from the customer's expectation," he says. "They can find some location stuff pretty intrusive. We're doing a lot of training with groups of customers."

With the rapid pace of advancement, loyalty cards, whether as an app or inside a mobile wallet, look set to play an increasingly important role in the customer experience. Configured correctly, the technology opens up new channels and deepens relationships for brands that no doubt prefer to have customers in their pocket, rather than out of pocket, when they're standing in the queue.

Share this article online via **raconteur.net**


Shutterstock

How to measure customer experience

A key measurement of customer satisfaction is retention, but a sophisticated strategy is required to gauge consumers' likes and dislikes

METRICS
CATHERINE CHETWYND

As competition gets ever hotter and consumers have more channels to express their likes and dislikes, the pressure on companies to know customers as individuals and measure their experience mounts. And as young people in Gen Z take to communicating by video, Snapchat and Live Messenger, the number of channels is already increasing.

Traditional methods of measuring customer experience such as net promoter score (NPS) are still popular, and asking one question gets to customers quickly and allows the questioner to react fast.

However, it does not give detail, as Trainline, an early adopter of NPS, discovered when it used customer effort score (CES) to pinpoint what was not working. Refunds, which took 28 days, were definitely not working. It took one year to fix, but the company's CES and NPS improved dramatically. And customers can now click on a calendar to learn when their refund is due.

"Companies do NPS to have their finger on the pulse, to react and to close the loop, but they still do customer satisfaction surveys to dig deeper to find out if is there something systemic wrong that they need to fix or improve," says Gartner analyst Ed Thompson.

A decade or more ago, customers were loyal because they had no choice. These days, not only do they have a lot of choice, but they can make decisions fast and in no time be buying someone else's products or services.

"The future in this area is going to be transparency," says vice president, customer experience and analytics, at CapGemini Gagandeep Gadri.

"Customers can see feedback other customers make on forums and blogs, but organisations might share some of the other details they measure through business in store, e-mails, net promoter scores of mystery shoppers. This would complement the overall rating and balance the feedback.

"No one is doing it yet, but to differentiate themselves in the new world, organisations are going to have to stick their neck out beyond value, price and service to give a more rounded view of how they are doing customer experience."

And the field is about to become even more of a science, according to research undertaken by Adobe and Goldsmiths, University of London, entitled *The Future of Experience,* which concluded that the new rules of engagement, when it comes to creating a notable experience, are empathy, serendipity, privacy, reciprocity and adaptability.

"Great marketing is now all about delivering experience; a brand is little more than the experience its customers enjoy or endure," says Europe, Middle East and Africa (EMEA) marketing director for Adobe, John Watton.

"There is raw data, often using technology to get the right people, at the right time, on the right channel, but there is the emotional side, the connection and relationship you build, with technology giving you the chance to have a more humanised experience."

For example, artificial intelligence will allow conversations with customers to change tone or personality because someone sounds stressed. Although this is still in its infancy, it gives the possibility of continuous improvement. Instead of tracking data to see how an organisation did, it will be able to say "every day we get better" by integrating its systems to try to learn and understand more about the success or failure of customer engagements and experiences.

> "The new rules of engagement, when it comes to creating a notable experience, are empathy, serendipity, privacy, reciprocity and adaptability

"It will adapt in real time and over a longer tail to reflect that," says director of innovation and senior lecturer in information management systems at Goldsmiths, Dr Chris Brauer.

And empathy is all. "We looked at it in the sense of being able to walk in someone else's shoes and empathy is the foundation for trust," he says. The other four dimensions of the report all lead back to empathy.

Everyman Cinemas uses NPS, but focuses on it less than talking to customers while they are on the premises, which total 17 venues and growing, and monitoring social media, particularly Facebook, Twitter and TripAdvisor.

"We respond on the hoof, rather than in a formulaic fashion and that is divvied out across the marketing team, so it is fresh," says chief executive Crispin Lilly. "Our customers like to feel they have a relationship with us and my challenge is how to maintain that as we grow."

Everyman's response to feedback is quick, as its conversion of four Odeon cinemas, acquired this year, showed. The company's cinemas are furnished with sofas and chairs, but the Esher property had sofas only, which sometimes meant people had to share a sofa with a stranger.

"We started getting feedback very quickly and over the first couple of weeks it became clear we had made a big mistake in the seating configuration. It took a couple of months to fix it," says Mr Lilly. Everyman's relationship with customers pays off and where people on average visit a multiplex two or three times a year, its customers visit five or six times.

Although knowing customers as individuals is a must, so is seeing the bigger picture. "Organisations need to start migrating towards employing an overarching algorithm to analyse the custom-

£3.2bn
estimated boost to the UK hospitality and leisure industry by improving how customer feedback is used

Source: Barclays 2016

CASE STUDY: HARRAH'S

Shutterstock

Harrah's casinos built a data warehouse of customer information, but knew it could only see a fraction of its consumer base, such as those with loyalty cards, so it banned cash.

Before gambling begins, customers hand over cash and receive a card loaded with gambling chips, so every time a customer places a bet, plays a fruit machine and so on, Harrah's gets a full picture of their gambling. Money from cashing in the chips also goes on to the card.

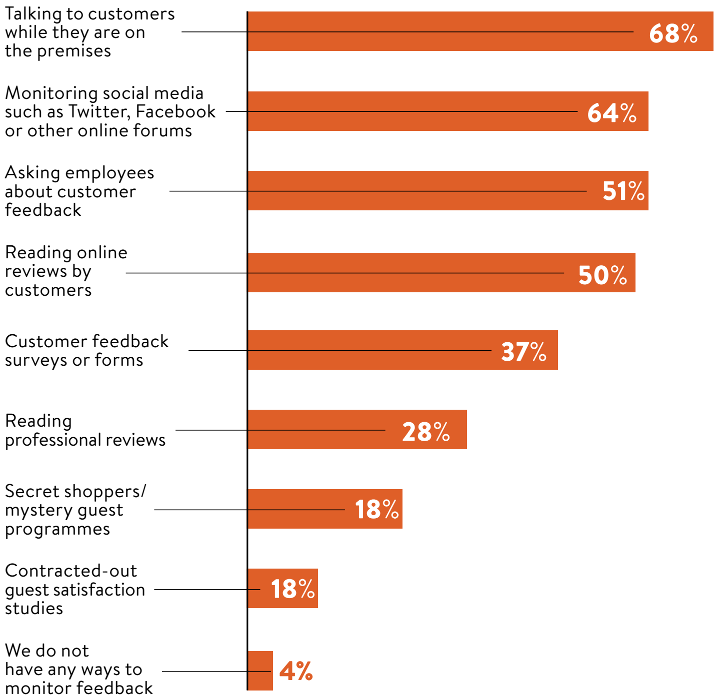
In 2010, Harrah's worked out the burn rate of gamblers to optimise their lifetime value. The average gambler is a 35-year-old woman from Virginia who takes a long weekend in Las Vegas once a year with friends as a break from her children to see a show, gamble and have some fun. Harrah's worked out that this type of customer might be willing to lose $500 while gambling, but if she lost a year's housekeeping, she would be unlikely to ever return.

The company introduced Lucky Ambassadors, ladies on roller blades, who roll up to customers who are losing money beyond their perceived threshold, sympathise with the terrible luck they are having, and offer them free food and drink from trays they are carrying.

This takes them away from the table or slot machine and stops them gambling, but it also ensures they come back next year – lifetime value maximised.

HOW BUSINESSES COLLECT CUSTOMER FEEDBACK

SURVEY OF HOSPITALITY AND LEISURE COMPANIES'



Source: NetBase 2016

er journey, including customer metadata, key buyer behaviour, purchase history, previous survey scores and customer journeys," says director of customer analytics, EMEA, at Verint Rachel Lane. "For this to be possible, customer data must be available in one central 'big customer' data hub. This is a long way off."

Technology company Dynatrace does exactly that. It collects data from 7,500 websites worldwide, from Fortune 500 companies to startups, and stores the information in its data warehouse. This measures live both employees' and users' experiences of the sites, including availability, performance and customer behaviour in the light of a bad experience, how long they remain on-site and what they do immediately afterwards.

Many businesses want to deliver a more immersive experience, and one way of doing and measuring this is AB testing. This allows companies to try out different colours, banners, workflows and design with a selection of customers to see if they buy more, stay longer, find what they want faster and come back more often.

"Small, incremental changes can make small changes to customer behaviour," says vice president of solutions, EMEA, at Dynatrace, Michael Allen. "That is where having real-time visibility of users is critical to be a leader. Amazon is doing it all the time; on average, they make changes to production every 11.6 seconds."

The leisure sector thrives on feedback, but because spending in those areas is discretionary, it is subject to the vagaries of confidence. Driving factors are an ageing and well-off population, and changes to working hours due to automation giving people more leisure time.

"The leisure industry has never been more focused on what it can do to build the right model for the consumer," says head of hospitality and leisure for Barclays, Mike Saul.

"Traditional feedback is after the event and not necessarily used as a dynamic way to build out what clients might want in the future, but clients can use digital and real-time feedback to have a finger on the pulse and know what clients want," he says.

"A top tip in [the Barclays report] *The Feedback Economy* is that companies have to monitor feedback and make it appropriate – a feedback request for an 18 year old and a 65 year old have to be very different," says Mr Saul.

Banks are an excellent example of how the bank manager's personal one-to-one relationship gave them all they needed to have a positive relationship with customers, but that got lost in the race for productivity. RBS is taking advantage of technology to turn it around.

"Insight is delivered at the point of interaction, at scale," says leader in next best action and contextual marketing at Pegasystems, Robin Collyer. "It provides real-time measurement, adaptive models and measuring through various routes, and is continually updating and therefore into real-time analytics.

"RBS staff have been given the insight they need, so they are able to suggest the next best action to customers, who are delighted," he says. "It is highly effective and one of the key metrics of customer satisfaction is retention."

Measurement of customer experience by metrics has not died a death nor is it about to, but combined with feedback on social media, AB testing and other digital ruses, companies can get comprehensive real-time insight into customers' likes and dislikes. As long as their response is equally agile, they can ensure they retain and gain customers – and that is reflected in the bottom line.

THE PERSONAL MULTI-TOUCH EXPERIENCE

Avaya offers cutting-edge technology combined with the human touch to score five-star customer service

AVAYA

Consumers have been the driving force behind the digital technologies that have made everyday tasks such as online banking, booking and shopping so quick and easy. But speed and convenience are only part of a positive customer experience. People still appreciate human interaction and the personal touch, and according to business solutions specialist Avaya, they can have both.

The company's vision for the customer experience of the future is now a reality as its solutions combine technology and human interaction to deliver the seamless experience that customers want.

Avaya's customer experience evangelist Andrew Maher says: "Apps and the mobile web are great, but have ended up making customer service very fragmented. In order to enhance the customer experience, these various technologies need tying together."

> Without connecting all the touchpoints and customer data into a single pool, it will continue to be fragmented, regardless of how fancy your chatbot is

Continuous investment in innovation has in fact enabled Avaya to integrate contact centre, digital and physical channels to offer a multi-touch experience, and now the company is incorporating analytics into this to deliver a more personal experience.

Mr Maher explains: "As consumers continue to migrate to online and mobile channels, our multichannel integration provides a seamless experience on the front end. At the same time we've built the analytics capabilities to mine a single, central data pool that combines information from all customer touchpoints. This is allowing businesses to move from a blanket approach to offering an individual and seamless multi-touch experience."

The business benefits are clear. Companies that can keep customers satisfied, engaged and coming back have a competitive advantage. And by taking data the company already has and bringing it into the decision-making process, they can make smarter decisions that enhance the customer journey in terms of speed and quality of service.

Natalie Keightley, also a customer engagement evangelist at Avaya, says: "Today everything is so easily available at a click; customers expect to be visible to the company throughout the transaction. If they come on to your webpage, it is absolutely criminal if they can't find what they want on that webpage and have to resort to telephoning customer service, providing all that information again, and eventually getting through to an agent who says 'Hello, who are you, what do you want?'

"This is where artificial intelligence can be a real help. We now have capabilities that provide customers with access to instant answers and customer service without the need of human intervention at all, thanks to tech like chatbots. What's more, these bots can deliver the human interaction when needed and as defined by the business."

Natalie Keightley, Avaya

Avaya sees two key trends when it comes to artificial intelligence in customer service. It believes that virtual automated assistants will become highly personalised both visually and contextually and will offer consumers the choice between a human-driven experience, an automated one or a combination of both. It also believes that, as consumer apps offer more and more augmented reality, so too will the customer experience, with avatar-like bots.

"The customer experience is huge," adds Mr Maher. "Without connecting all the touchpoints and customer data into a single pool, it will continue to be fragmented, regardless of how fancy your chatbot is."

For more information please visit www.avaya.com

CLIENT CASE STUDY: GTECH

Gtech is a British firm that designs and manufactures cordless home and garden appliances, such as vacuum cleaners and garden tools.

Launched in 2001 by chief executive Nick Grey, the Worcester-based business has experienced very fast growth in the domestic market in the last three or four years. This is due in part to the excellent customer service that has always been at the heart of the company culture; however, in an effort to enhance the customer experience further, Gtech recently signed up with Avaya.

Mr Grey says: "We see it as our duty to respond fully and promptly to customers. Since moving to Avaya, feedback from staff has centred on how much easier it is for them to deliver good service, thanks to having the right customer information at their fingertips, while our online customer reviews are consistently given five stars."

Customers insist on better service...

Customer service is now a major differentiator in competitive markets where brands strive to stand out from the rest, but some do it better than others

WHO DOES IT BEST?

GABRIELLA GRIFFITH

There is change afoot at the top of UK business. Executive teams in some of the country's biggest brands are inviting a new skillset into the boardroom by appointing chief customer officers or CCOs.

Asda, Monsoon, House of Fraser and B&Q-owner Kingfisher have all announced hiring CCOs this year, signalling a real sea change in the C-suite.

"2016 is fast becoming the year of the chief customer officer," says Simon Hunt, director of customer experience at Firstsource Solutions. "The C-suite shake-up reflects the fact that many companies are facing growing pressure to put customer experience at the heart of their businesses. In an era of increased competition, the empowered consumer can and will demand more from the brands that they engage with."

These appointments show an obvious shift in priorities for big business. But looking at the names on this list, it's also clear this trend is being driven by retail companies – a fact that is backed up when you look at customer satisfaction statistics. The *UK Customer Service Index* (UKCSI) ranks industry sectors giving them a score out of 100, based on customer reviews, and puts retail – non-food followed by food – at the top of the league table, ahead of the automotive, leisure and banking sectors.

It seems there are a number of factors that have given retail the edge. The first is that of competition and ease with which consumers can drop one favoured retail brand for another.

"You can easily swap between retailers, so these brands have been fighting for our pounds for a lot longer than other sectors," says Nick Boxall-Hunt, sector manager at customer engagement company Rant & Rave. "For example, I was listening to a presentation from Amazon about how they are investing in one-hour and half-hour delivery promises, which goes above and beyond what you'll see in many others businesses and sectors."

As one of the most innovative companies in the world, it's no surprise that Amazon is pushing boundaries when it comes to delivery and the company tops the UKCSI chart for customer service.

But you'll also find some of the UK's traditional grocery brand names towards the top of the league table.

"The grocery sector is one of the most fiercely fought and price alone is no longer enough of a differentiator," says Cheryl Flink, chief strategy officer for Market Force Information. "This means that retailers have had to up their customer service game in order to stay competitive, especially with the disruptive arrival of discount retailers such as Aldi and Lidl. That includes not only service, but keeping up with technology, with new apps, click-and-collect or home delivery services and a keen focus on providing competitive loyalty card benefits."

> "The grocery sector is one of the most fiercely fought and price alone is no longer enough of a differentiator

When you take that same reasoning about competition and look at some the rest of the sectors in the table, you can start to understand why the likes of utilities and telecoms might be further behind their peers in retail.

"It is easier for shoppers to demand more from brands in the 'commitment-free' retail and tourism sectors, where consumers can easily switch from one brand to the other depending on their needs," says Mr Boxall-Hunt. "In sectors such as telecoms and utilities, however, customers often sign up to long-term contracts. This has traditionally bred an attitude of the 'provider for life', where companies have relied on customers to stay with them out of habit and historically rested on their laurels when it comes to prioritising customer experience."

> "Increased competition in the utilities sector from digital-first suppliers as well as consumers' increased willingness to switch suppliers are forcing a change in the sector

Things are changing, however, and increased competition in the utilities sector from digital-first suppliers, such as Utility Warehouse and Ovo, as well as consumers' increased willingness to switch suppliers are forcing a change in the sector.

"We've seen an increasing number of savvy consumers switching suppliers and, as a result, we've seen a real drive from providers catching up with retail companies, offering innovative new customer experience models to attract and retain customers, with customer satisfaction at the heart of their offering," adds Mr Boxall-Hunt.

Another important factor in the high performance of certain sectors is the experience that consumers tend to have when dealing with these companies. While retail, travel, leisure and automotive purchases tend to be enjoyable exchanges for customers, paying for council tax, energy bills and getting phone bills generally aren't.

"There's a higher tendency for retail purchases to be inherently emotionally positive, which has a direct impact on where customers choose to shop," says Mr Boxall-Hunt. "Consumers will often choose the shops that provide the experience they value, meaning the customer experience becomes self-selecting. However, in utilities, for example, the customer is less likely to value the experience as highly, and will choose a supplier based on more practical measures, such as price and availability, which are easily affected."

While retail and utility companies sit at opposite ends of the spectrum, the automotive and banking industries sit in the middle. Nissan's vice president of marketing in Europe Jean Pierre Diernaz explains why he believes the automotive industry is positioned where it is. "I think the sector has been doing OK. We do have one specificity in our business that has an effect – there is a dealership between us and the consumer, which adds another layer of complexity," he says.

"Although the industry has been behind the pack, there has been strong acceleration over the last two or three years through digital tools, which help us to make our interactions with customers more direct and faster."

Although the brand loyalty is very strong in the automotive industry, Mr Diernaz insists this is not enough anymore. "This has always been a strong driver for purchases, but there is a strong correlation between customers repurchasing and a brand's ability to deliver good customer service. Brand loyalty is not enough – customer satisfaction becomes the true social currency for a brand."

One of the measures that Nissan is taking to prove its dedication to customer satisfaction is allowing its car owners to speak directly with potential buyers to answer their questions and let them know directly how the experience has been.

Much like the utility industry, banking is another area that has been affected by increased competition and customers are now actively encouraged to switch banks thanks to the government's Current Account Switch Service.

Newcomer Metro Bank has been quick to offer something different to those disgruntled with traditional banks. "Service starts and ends with culture," says Craig Donaldson, Metro Bank's chief executive. "Many other organisations talk about service as the veneer or paint around the edges, but for us our whole culture is about creating fans. A lot of our peers had lost their focus and having increased competition is good because it forces people to up their game."

Looking at the history of certain sectors, it's clear to see how some have been performing better than others. But it's also interesting to see that businesses are sitting up and taking notice, and there is an increased focus on customer service across the board.

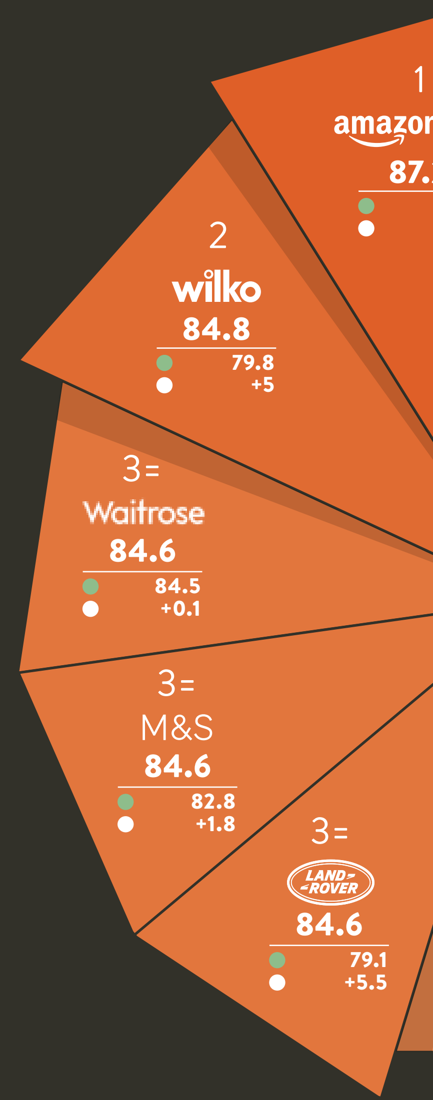
"Overall, we've seen the largest year-on-year increase in customer satisfaction levels since 2011," says Jo Causon, chief executive of the Institute of Customer Service. "Non-food retailers are leading the way in their approach to customer service, but it's also encouraging to see that other sectors are catching up."

KEEPING C

Source: *UK Customer Satisfaction Index* July 2016, Institute of Customer Service

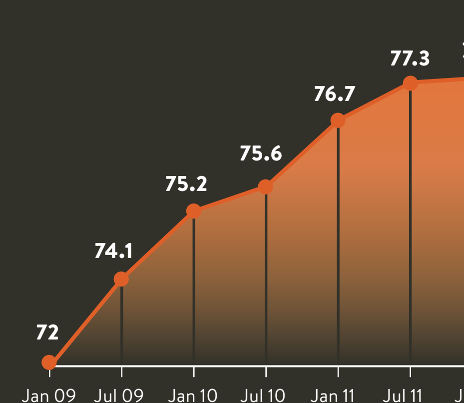
TOP UK LEADERS IN CUSTOMER SATI

July 2016 July 2015 Difference



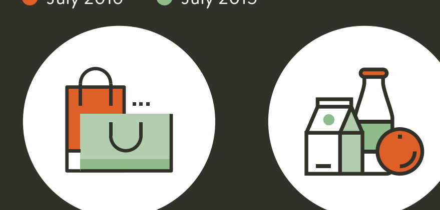
UK CUSTOMER SATISFACTION INDEX

National average of customer satisfaction, taken i



CUSTOMER SATISFACTION BY SECTO

July 2016 July 2015



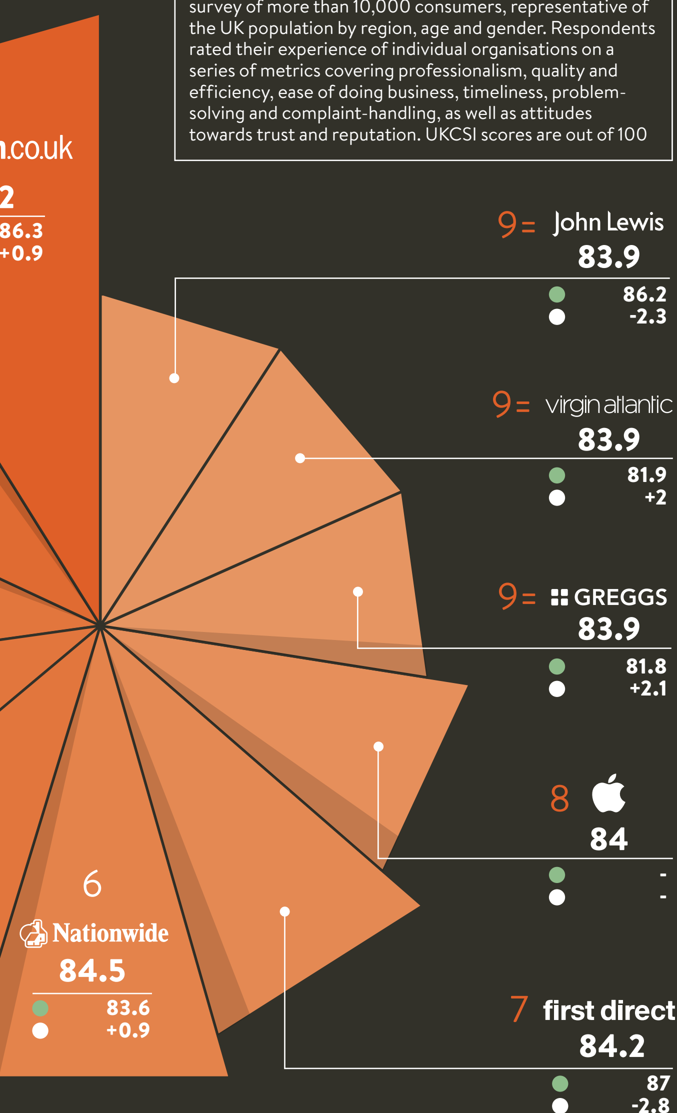
RETAIL (NON-FOOD)
81.6
82.1

RETAIL (FOOD)
79.7
81

USTOMERS HAPPY

SFACTION

The *UK Customer Satisfaction Index* (UKCSI) is a bi-annual survey of more than 10,000 consumers, representative of the UK population by region, age and gender. Respondents rated their experience of individual organisations on a series of metrics covering professionalism, quality and efficiency, ease of doing business, timeliness, problem-solving and complaint-handling, as well as attitudes towards trust and reputation. UKCSI scores are out of 100



UK LEADERS IN CUSTOMER SATISFACTION

RANKED 12 TO 25

Rank	Organisation	July 2016	July 2015	Difference
12=	Next	83.8	80.2	+3.6
12=	Specsavers	83.8	84.7	-0.9
14	Premier Inn	83.6	80.6	+3
15	Iceland	83.5	83.5	-
16	AA Insurance	83.3	77.9	+5.4
17	Kia	83.2	80.5	+2.7
18	Marks & Spencer (Non-food)	83.1	82.3	+0.8
19	LV=	83	82.6	+0.4
20=	Mini	82.9	-	-
20=	eBay	82.9	79.3	+3.6
22	RIAS	82.8	-	-
23	H&M	82.7	-	-
24	Aviva	82.6	79.9	+2.7
25	TSB	82.5	80.4	+2.1

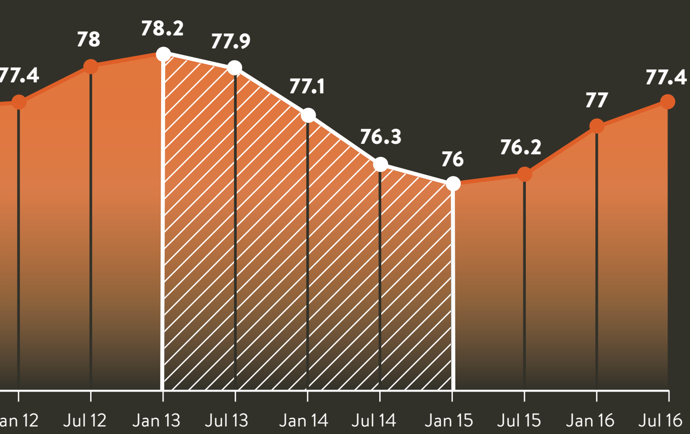
ATTRIBUTES OF CUSTOMER SATISFACTION

- Average score out of ten for top fifty organisations in UKCSI
- Remaining organisations

	Attribute	Top fifty	Remaining	Difference
01	Staff doing what they say they will do	7	5.3	+1.7
02	Speed of resolving your complaint	6.6	5	+1.6
03	Handling of the complaint	6.6	5	+1.6
04	Staff understanding the issue	6.9	5.4	+1.5
05	Attitude of staff	7	5.5	+1.5
06	Outcome of the complaint	6.7	5.3	+1.4
07	Ease of getting through on the phone	8.2	7.2	+1

n bi-annual surveys

Period of decline



TOP 5 MOST IMPROVED ORGANISATIONS

YEAR ON YEAR

July 2016 · July 2015 · Difference

	Organisation	July 2016	July 2015	Difference
01	SUZUKI	82.4	73.3	+9.1
02	TNT	76.8	68.9	+7.9
03	ZURICH	81.1	73.5	+7.6
04	HOMEBASE	80	72.4	+7.6
05	SCOTTISHPOWER	68.5	61.7	+6.8

OR

Sector	July 2016	July 2015
TOURISM	79.3	79.9
BANKS AND BUILDING SOCIETIES	78.6	78.6
AUTOMOTIVE	78.3	78.9
LEISURE	78.2	79.2
INSURANCE	77.9	78.7
SERVICES	76.8	78.2
TRANSPORT	72.9	74.4
PUBLIC SERVICES (NATIONAL)	71.8	74.1

Right from the boss's mouth

Three leading businessmen share their views on how to deliver the best customer experience and earn consumer loyalty when competition online and in the high street shows no sign of easing

ED BURSTELL
MANAGING DIRECTOR
LIBERTY

GAME-CHANGERS
TIM STAFFORD

Having worked his way up the department store hierarchy from perfume spritzer to senior vice president, Ed Burstell came from a glitzy party-filled New York life in 2008 to take the helm at Liberty, with its 140-year-old mock-Tudor edifice just off London's Regent Street.

Arriving as online retailing, turbo-charged by the adoption of smartphones, was entering the mainstream and just before one of history's biggest recessions, Mr Burstell has had to navigate some choppy waters over his eight-year tenure.

But he and his management team have managed to take a listed building that allows for little renovation or in-store branding and build on a global recognition of the Liberty name, to find a way to serve customers in a very different world to the one when Arthur Lasenby Liberty set up shop in 1875.

"You can't say, 'I'm a department store and now I'm a dinosaur'. You have to change and you have to change fast," says Mr Burstell. "It's quite an exciting time in retail because in hindsight you wouldn't have put a store over here and a website over here, you would have started everything together."

He is well aware that although customers are increasingly likely to research and buy products online, they still like a physical store; something that in Liberty's case is at the heart of its brand. So retailers must make any move between the online and the offline experience as seamless as possible.

Mr Burstell cites Apple as getting this balance right and says the firm understands how to create an appealing physical location in the midst of so much online commerce. "They create this amazing space where you want to be and that happens to sell a lot of products," he says. Apple also understands what underpins the future of retail – customers want to buy into an experience that fits their lifestyle as much as buy products.

He takes aim at those who aren't thinking hard enough about integrating into a customer's lifestyle. "I laugh sometimes when I read those stories about 'We're going to target millennials'; I read one today because Starbuck's is going to serve beer and wine," he says.

"A company's proposition needs to be edited into somebody's life with all the right pieces. That's what a store has to do – it has to constantly edit and focus, otherwise it's just a series of disjointed experiences."

When walking into Liberty in ten years' time, he hopes that the experience – "the DNA" – won't have changed much, that there is "just the right balance of technology in a building that was cleverly designed from the beginning", and that gives customers what they want as effortlessly and quickly as possible.

"Retail's always been in my blood," says Mark Palmer, who runs the marketing team at Pret A Manger, a £600-million food and drink retailer normally known more simply as Pret.

"The thrill of marketing for a retailer is the ability to go more directly, one to one with the customer. It's faster, there's far more ability to get it right or wrong and you're only as good as your last day."

He realises there must be a seamless feel between any online and offline interactions with a brand or even different channels – Facebook and Twitter, say – but the offline side still has a large part to play. "Interestingly, as customers are having a more and more digital life, they're having less human interaction with brands," says Mr Palmer.

"We're certainly investing in digital channels, but we think there's still a terrific opportunity to inject some good-quality customer service in a pleasant, buzzy environment, which is becoming rarer and rarer on the high street as people are forever glued to their phones and hence in digital transactions."

But what Pret A Manger couldn't do is to offer one-to-one niche interactions like Not Just a Label can, for instance, with their high-end designers. Pret is a mass-market brand and any attempt to present itself as a small niche player wouldn't be authentic.

Instead it's engaging customers in other ways. One of the most striking examples is its recently opened vegetarian pop-up store in London's Soho. Pret realises consumers want healthier food and less meat-based options than they once did. The proportion of vegetarian food it sells has skyrocketed in the past five years and the pop-up experiment has allowed it to capitalise on this trend, connect with customers in a meaningful way, and allow it to provide an experience that other mass-market food retailers aren't.

"We put about 60 new lines into that shop and asked customers to rate them, so it's almost a live audition. We've had 11,500 individual customer responses where they've actually rated food. It shows you how keen customers are to help you innovate if you involve them in the process. And several of those ideas you'll see up and down the country in Pret shops very soon," says Mr Palmer.

He is also excited about this kind of retail innovation as a consumer. He's looking forward to engaging in a more personalised way with a brand. He says brands need to understand customers as individuals because then customers will be prepared to invest their time and money in the brand.

"That's the excitement and I think that's also the hardest thing for brands to deliver, but those are the brands we'll all like in our lives," says Mr Palmer.

MARK PALMER
GROUP DIRECTOR OF MARKETING
PRET A MANGER

STEFAN SIEGEL
CHIEF EXECUTIVE
NOT JUST A LABEL

Stefan Siegel seems well suited to a job that involves battling the big business of fashion. He started at a prestigious military college in Vienna, then modelled all over the world for the likes of Prada, before ending up at Merrill Lynch in London and New York advising fashion houses on retail strategy.

He launched Not Just A Label in 2008, which is now a leading online platform for emerging fashion designers. He talks engagingly about fashion retail, which he says is "a system that hasn't changed very much in the last couple of decades" and is something he wants to rectify.

Mr Siegel knows the industry must provide the right kind of experience for customers. Customer experience is no longer about the service that a customer receives but, as Ed Burstell at Liberty says, the way "it fits into a customer's lifestyle".

The Not Just A Label boss says: "The truth of the [fashion] stores and the high cost of the product that we find on Oxford Street or Bond Street is not a very pretty one. And I think that brands have been very careful in telling a fashion story that starts with the finished product and takes you along the way of celebrities and sales, and fashion weeks and outlets.

"Unfortunately we have lost the difference between values and value. And so for young people it's hard to understand why they should spend £300 or £400 on a pair of shoes if they can get them for £9.99.

"Equally, it gets harder for a brand like Gucci to justify £2,000 on a handbag if those get produced half a million at a time. So there's a massive opportunity for us to look at the business model and do it in exactly the opposite way."

He sees retailing splitting in two. "Certain shopping experiences need to become much more automated," he says, adding that virtual reality will play a role. "Imagine you could sit at home and have this virtual reality experience of walking into a designer store that is actually a movie set in Arizona.

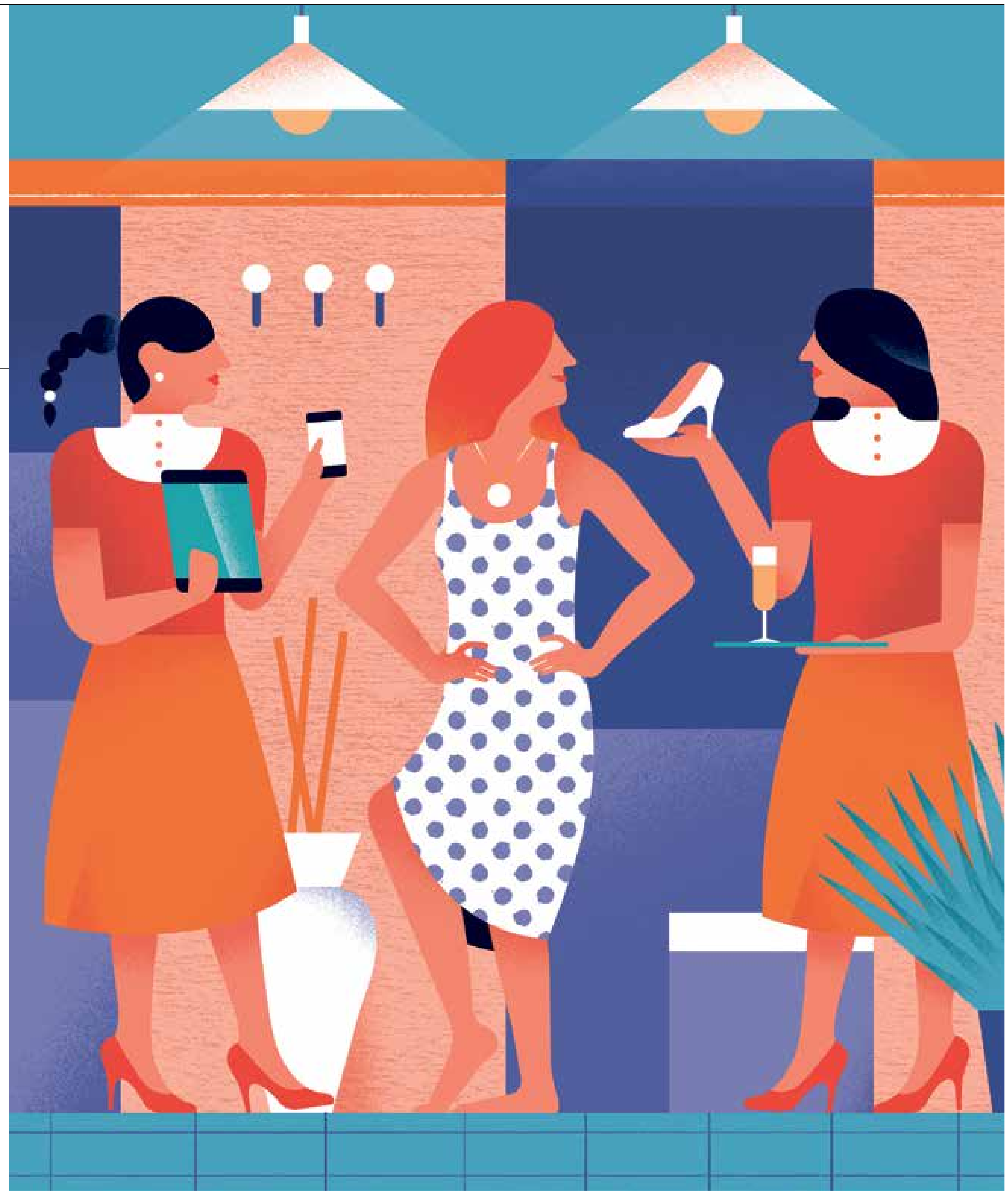
"On the flipside, that opens a lot of real estate we can then start using in a different way, and we almost go back to medieval times where you go to the maker and it becomes an experience to have things made for you."

Not Just A Label has already done this by opening physical stores for short periods. Last Christmas it opened a store in the famous Waldorf Astoria hotel in Manhattan, and showcased little-known designers from New York. Wealthy professionals working nearby could interact with the designers and find out a lot more about the pieces they were buying.

COMMERCIAL FEATURE

LOYALTY IS NOT ENOUGH

Your customers might be faithful, but are they devoted?



Everyone knows that customers want a personalised service and this is now easy for retailers to achieve. Loyalty programmes are adept at capturing past purchases and tailoring offers. But to work effectively for customers, loyalty must be humanised.

Consumers these days require the same thing from a brand that they require from their human relationships: devotion. There's nothing quite like the barista knowing just how you like your flat white or the florist remembering the type of lily you prefer.

Any old retailer can get to know their customers' likes and dislikes, but not everyone knows how to use that knowledge effectively. Mass affluent research* discovered that the affluent middle class is motivated by different things.

For example, 53 per cent would be encouraged to spend more or shop more frequently if they got free named-day delivery and 27 per cent would for real-time, location-based offers to smartphones. Meanwhile, 25 per cent said they would be likely to spend more if store staff recognised them or knew their name.

> For retailers, driving brand devotion is about every employee living and breathing it, from front of house to fulfilment warehouses

Retailers already know that consumers are promiscuous, particularly now they have the ability to compare prices at the touch of a button. If they're not able to get the service or product they need there and then, and at a price they are comfortable paying, they feel no qualms about going elsewhere. This means retailers must make even more effort to deepen their relationship with their customers to avoid them "straying" to the competition.

The desire to have a highly customised experience has always been more prevalent among customers within high-end retail. Mignon Buckingham, managing director of loyalty agency ICLP, says: "These retailers have always had their little black books, but as consumers are shopping across multiple channels, they're moving towards a high-touch recognition approach."

Other brands that have previously focused on discounts to keep customers returning are wising up and trying to give customers other, more experiential reasons to come back into the store. These kinds of rewards also have a place on the high street.

Personal stylist and personal shopping used to be exclusive to luxury stores, but brands such as Topshop now offer an accessible service where, in exchange for pledging to spend a modest amount, customers can fill out a design brief and seek guidance from a personal assistant on what to buy in a VIP room while drinking champagne.

Topshop know exactly what they are doing; this type of reward may not drive huge incremental spending at the individual level, but it will certainly drive an avalanche of "likes" and brand admiration across a myriad of social media platforms. In addition, adding value to customers' lives in a way which reflects how well they understand their deepest desires will drive the devoted state necessary to make their customers return to them again and again.

Whether it's excelling at helping customers in-store or online, the retailer's challenge is to understand when and where to interact in everyday life. Digital customers are now being empowered with flexible shopping experiences, such as order tracking and multiple delivery options.

This positive online shopping experience is translating into the store with innovations such as connected walls, digital mirrors, use of QR codes to make the trying-on process easier, apps to speed up queuing and the ability to save wish lists straight to their phones for access later when they are online.

"However, over and above making them feel 'valued', retailers should be making consumers feel like a somebody, using big data to dig deep into their individual rational and emotional needs, uncovering aspects of their customers that even they don't know about themselves," says Ms Buckingham. Building a relationship on this understanding gives users a personalised experience, where every interaction engages, excites, surprises and delights.

As Ms Buckingham explains: "It's about turning the brand-consumer relationship into something almost akin to the relationships we have with our loved ones. It's about distinguishing between a transactional state of loyalty which is fleeting and the emotional state of devotion which lasts.

"Higher-end brands already focus on an excellent customer experience and increasingly use data to provide contextual rewards and experiences, such as welcoming in a high-value returning customer with a glass of champagne or offering a free scarf to match a blouse they've previously purchased."

This, of course, is what inspires the customer to buy more and become an advocate among family and friends, and in their social media communities.

But securing this level of devotion belongs to every department within the organisation, says Ms Buckingham. It's not enough to take customer data, turn it over to a loyalty programme and be done with it. "For retailers, driving brand devotion is about every employee living and breathing it, from front of house to fulfilment warehouses," she says.

Yet still this isn't enough. We know millennials want to buy from retailers who share their values and beliefs, and they are more likely to become advocates for brands they believe in. Brands who are driving great devotion are not just those who offer great experiences in exchange for loyalty, but those who personalise them to each of their customers.

Space NK's n.dulge scheme, for example, not only offers loyal customers discounts on their birthday, but also sends out complimentary samples as a present. Innovative ideas like these make VIPs feel exclusive with experiences that money can't buy. These successful programmes directly reflect the brand and drive the customer even deeper therein.

Ms Buckingham believes the loyalty programme of the future will move from points and prizes to more experiential rewards. Brands will use data more judiciously and we may even see many opening the doors to customers in terms of giving them the ability to access their own purchasing data, as they have started to do in the travel space.

Ultimately, we will see an increase in the development of tight brand communities, something that is already happening in fashion retail with the likes of Instagram, she says.

Devoted customers are less price sensitive. They want value, but value that comes from a better, more personal experience and that's something they are prepared to pay a little bit more for. The leaders will be those that combine in-store experiences with mobile and e-commerce channels to bring customers well-timed, relevant surprises.

In the age of the empowered customer, retailers need to stand out from the crowd and realise that loyalty is not enough.

> It's about distinguishing between a transactional state of loyalty which is fleeting and the emotional state of devotion which lasts

RIGHT
Mignon Buckingham
Managing director of global loyalty agency ICLP

*Mass affluent research undertaken by SSI across 6,125 global consumers, on behalf of ICLP's parent company Collinson Group, February 2016

Learn more about driving devoted customer relationships at www.iclployalty.com

UK consumers are falling in brand love

Although brand love may not be real romance, companies have discovered they can influence customer behaviour through consumer neuroscience – but is this a passion that lasts forever?

LOVE AND LOYALTY

MARK FRARY

The fanboy who queues for days in the rain outside an Apple Store to be the first to get his hands on a new product. The girl who has a Coca-Cola logo tattooed on her lower back. The grandfather who still splashes Brut aftershave all over, 40 years after boxer Henry Cooper made it cool.

All are examples of people who have fallen in what is now being termed "brand love" - being as enamoured of a company and its products and services as you are of a partner or best friend.

Although being loyal to a brand has been around ever since brands first existed, the idea that it could be scientifically studied really emerged in the late-1980s.

In 1986, Robert Sternberg came up with a triangular theory of interpersonal love, based on intimacy, passion and commitment, which researchers from the University of South Carolina then adapted to relationships between consumers and products. The authors, Terence Shimp and Thomas Madden, created a framework that marketers might use to show how people move from not liking a company to being loyal advocates.

Yet even then, Shimp and Madden argued for caution, saying that love merely provided a useful metaphor. They said: "We fully recognise that love relations between people are probably much more complex and certainly more bidirectional than are relations consumers have with inanimate consumption objects."

To test the theory, marketers and scientists have, in the past three decades, used the latest technology to try to understand whether we really can fall in love in the same way with a Bang & Olufsen as we do with a boy or with a Gucci as with a girl.

In 2006, Carolyn Yoon and fellow researchers at the University of Michigan placed subjects in an MRI scanner to see whether their brains reacted in the same way when they were asked to talk about brands, people they loved and other things such as objects and celebrities.

Specifically, Dr Yoon found that subjects discussing people saw more activity in their medial prefrontal cortex and less activity in their left inferior prefrontal cortex than when discussing brands.

She concluded: "The neural responses associated with brand judgments... appear to accord with the sort of object processing found in previous neuroimaging studies. This pattern lends credence to the assertion that brand personality may not be processed like human personality and that it involves unique processes that do not extend to person trait processing. These findings serve to challenge the view that processing of products and brands is akin to that of humans".

Cristina de Balanzó, founder of consumer neuroscience consultancy Walnut Unlimited, says: "Humans are highly adept at recognising and discriminating all manner of different types of people, objects and everything in between. Successful recognition is essential to survival, for example to detect a predator or discriminate food from non-foods."

More recently, researchers from Bergische University Wuppertal in Germany measured arousal levels in subjects based on how sweaty their skin became when looking at the logo of a brand they claimed to love compared with looking at a picture of a loved one or friend. Dr Tobias Langner and colleagues found that those professing love for a brand couched this in terms of the rational benefits they got from the brand, such as product quality, while romantic love was much more altruistic.

Despite brand love not being the same as romantic love, companies have discovered they can influence consumer behaviour. As a result, the discipline of consumer neuroscience has grown dramatically in the past five years. A growing number of companies, particularly in the fast-moving consumer goods (FMCG) sector, have started using these techniques to market their products.

Phil Barden has worked for some of the biggest FMCG companies on marketing their products. While with mobile phone network T-Mobile, he engaged a German consultancy called Decode which used neuroscientific techniques to help companies market themselves.

"The most famous manifestation [of Decode's work for T-Mobile] was the flashmob dance at Liverpool Street Station," says Mr Barden. "We grew sales by 49 per cent, brand share by 6 per cent and doubled footfall into retail stores. We even increased scores on network quality even though we hadn't changed anything. I had never seen such a cause and effect in my entire career.

"The more I talked to Decode, the more lightbulbs went off in my head. One of the team was a neuroscientist, another a psychologist. I asked them how come they knew this stuff? They replied 'How come you don't know it?'"

On the strength of the rebrand's success, Mr Barden jumped from client-side to become Decode's UK managing director and has written a book, *Decoded: The Science Behind Why We Buy*, to explain the concepts to a wider audience.

Despite the success of the T-Mobile campaign, he says there is no hidden "buy button" in the brain which companies can activate by using psychological techniques. He points to the debunking of the idea that people can be manipulated by subliminal advertising, where consumers are supposedly influenced by marketing messages that are presented in a hidden way, by flashing a brand logo on a single frame of television, for example.

Supermarkets have famously used eye-tracking headsets to find out on which particular products a shopper's gaze lands on to decide

01
Loyal Apple customers are known to spend days queueing outside stores waiting for the latest releases

02
Customers wait for the launch of the eagerly anticipated Balmain X H&M Collection in Paris, November 2015

on the best layout for their stores. Online travel company Expedia, meanwhile, is using a technique known as facial electromyography. This watches the tiny movements of the zygomaticus muscles used to smile and the corrugator muscles that wrinkle your brow to see whether you like what they are showing you and to decide the best way to display travel options on their websites.

Brands are also bombarding you with other sensory experiences to make you love them more. For example, if you were to read the phrases "Intel Inside" or "I'm Lovin' It", your brain would probably provide the accompanying soundtrack. Supermarkets are also accused of using fresh bread aerosol sprays to make customers buy more, although these stories are probably apocryphal.

> If you were to read the phrases 'Intel Inside' or 'I'm Lovin' It', your brain would probably provide the accompanying soundtrack

"Brands have learnt that to engage people we need to amplify experiences, making them more rewarding and this comes from immersing all senses," says Ms de Balanzó. Loyalty to brands comes from repeated positive experiences, adds Dr Dimitrios Tsivrikos, a business and consumer psychologist at University College London.

"When an individual has a significant amount of contact with a brand, say more than three or four positive interactions, then loyalty becomes a lot stronger," says Dr Tsivrikos. This loyalty is also reinforced when you are rewarded by fellow consumers, perhaps by getting a like on an image of a product on Instagram.

However, brand love, like true love, may not be forever. "If brands make a promise they cannot keep on price, value, longevity or the benefits promised, consumers feel they have been betrayed by that and tend to find alternatives," he says. But just like in love, brands are often given second chances. "Normally, falling out of love with a brand takes more than one disappointment," says Dr Tsivrikos.

The evidence of consumer behaviour after the Volkswagen emissions scandal is also an interesting point for anyone studying loyalty and brand love.

"We may hypothesise that the brand values were not truly affected," says Ms de Balanzó. "At an explicit level – what people say – we may expect opinion to reflect the press backlash against the brand, but at a more implicit, emotional level, the connection to the brand still may be strong, even though people are unable to articulate it."

Consumers also tend to remain in brand love more easily in times of uncertainty, for example in the wake of the Brexit vote, says Dr Tsivrikos. "People become very unadventurous with their choices. Loyalty becomes more important and we expect the most established brands will regain the market," he says.

Loyalty sometimes breaks down – you probably have a number of loyalty cards for different coffee shops in your purse or wallet. Decode's Mr Barden says "We have taught people to be promiscuous. It just becomes functional – after a certain amount of time you get a free coffee. If you continue, it is a race to the bottom."

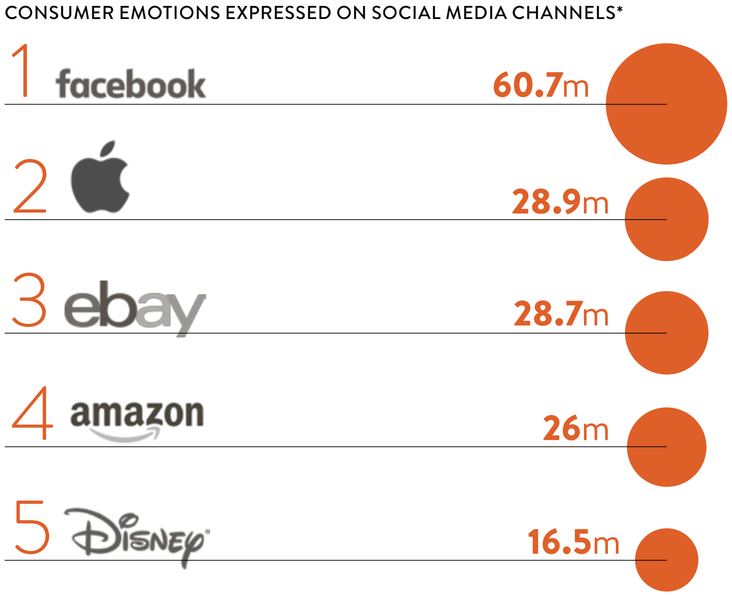
The brain can also pay strange tricks. "In blind taste tests, people prefer Pepsi over Coca-Cola, however if you tell them which brands they're trying then the majority prefer Coca-Cola, even if it's Pepsi in a Coke glass. There is something in the Coca-Cola brand equity that drives that preference," Mr Barden concludes.

It's certainly something to consider if you are thinking of getting a Coke tattoo.

Share this article online via **raconteur.net**

TOP GLOBAL BRAND LOVE LIST

NETBASE BRAND PASSION REPORT RANKED BRANDS ON THE MOST POSITIVE CONSUMER EMOTIONS EXPRESSED ON SOCIAL MEDIA CHANNELS*



*English-language posts only

Source: NetBase 2016

Spot the screw-ups to learn

Examples of poor customer experience abound, but you can learn from other people's mistakes

AVOIDING MISTAKES
CHARLES ORTON-JONES

There's an easy way to start a conversation with a customer experience (CX) professional. Just ask them about their last horrible experience. They'll reel off a treasure trove of horrible interactions. From borked websites to ghastly shopping experiences, it's a core part of the job to catalogue awful moments.

Spotting screw-ups helps CX practitioners to learn. Which raises the question of whether there's an exhaustive list of the causes of CX errors. Psychologists can turn to the *Diagnostic and Statistical Manual of Mental Disorders* for a definition of maladies. What's out there for CX?

Celebrity marketer Seth Godin had a crack at defining categories. In a smash-hit TED talk, he narrates his experience of running a blog called *This Is Broken*, which chronicles bad customer experiences. He rattles off examples of poor CX.

There's the New York City ferry Miss New Jersey, which prompts worried passengers to ask if they are heading for New Jersey (they aren't). A bank app asks customers "Do you really want to cancel this payment", offering "OK" and "Cancel" as the options. Which do you hit? There's a pen with a blue cap, blue decoration and a blue end, but has black ink.

What caused these errors? Mr Godin identifies seven causes of broken experiences:

01 NOT MY JOB
An example is a rubbish bin in the men's room at the US Museum of Natural History always overflows with paper towels, littering the floor. The solution is to buy a bigger bin. Yet the person whose job it is to pick up the paper towels lacks the authority to buy it. And the person who procures bins for the museum doesn't pick up litter. Not their job. So the experience stays broken.

02 SELFISH JERKS
Sheer thoughtlessness can cause CX malfunctions. Spam marketing e-mails can tarnish the reputation of a brand. So why send them? Because the marketer is a selfish jerk. They want to generate a few quid in short-term revenue, annoying thousands of customers, because they don't care about the long term.

03 THE WORLD CHANGED
Out-of-date websites exemplify this. They worked, then the world moved on.

04 I DIDN'T KNOW
Ignorance can be the culprit. A chef using Worcestershire sauce in a vegan dish isn't malicious. He just doesn't know it contains anchovies.

05 I'M NOT A FISH
Mr Godin's favourite category. He points to a flow pipe in a salmon river positioned three feet too high. The engineer isn't a salmon. He has no idea how high the fish leap. Well, not that high is the answer. The fish get stuck. Many CX projects also fail because designers can't see things from the users' perspective.

06 CONTRADICTIONS
The user is misled. For example, that blue pen with black ink.

07 BROKEN ON PURPOSE
Some experiences alienate the majority, but are designed to. That's OK. Ripped jeans are meant to be ripped, to make a fashion statement. For some customers that's bad, for others highly desirable. A reminder that experiences are subjective.

Is the list exhaustive? Mr Godin says not. Indeed, ask a CX professional and they'll throw out many other reasons an experience can go wrong.

Ian Wood, senior partner at creative consultancy Lippincott, says a fear of doing the wrong thing leads to bland services. "Companies seek to iron out jarring elements of the experience thereby driving their brand experience into convergence with their competitors," he says. "This is particularly true in low-touch, low-engagement categories such as banking, utilities, mobile service provision."

Poor data-gathering is a common cause. Peter Linas, international managing director at customer relationship management software makers Bullhorn, points to net promoter score (NPS) as a key culprit.

"When someone asks you what the weather is like, you don't just say 27 degrees. Yes, you assess temperature, but then there's cloud cover, wind speed, rain, humidity and many other factors to consider," he says.

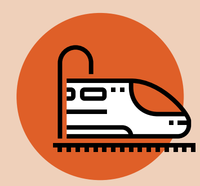
"The same applies to customer satisfaction. NPS is the temperature, but then there are factors such as customer churn, propensity to buy from you again and responsiveness, to name a few." Without the right data, you can't identify problems.

There are many other causes. Maybe one day a brave soul will identify all the origins of poor CX. Then we'll be free to live in a world without overflowing bins and impossible-to-use banking apps.

Share this article online via **raconteur.net**

THREE NAMED AND SHAMED

01 MISLEADING TICKET SALES AT EUSTON STATION



In the main ticket hall at London's Euston Station stand two dozen touchscreen ticket kiosks. All are red, except two green ones. The problem is that the green kiosks have the Silverlink livery, the red ones that of Virgin Trains. Naturally, passengers assume it is necessary to queue at different kiosks for different trains. Long queues form each day at the green kiosks, pointlessly, as the machines are in fact the same. Thus everyday passengers miss their train queuing for a ticket due to a misleading colour scheme.

02 BAFFLING TICKET POLICIES IN FLORENCE

It's summer, so the Italian city of Florence is awash with tourists headed for the Uffizi and Accademia galleries. The two are so popular it's necessary to book online and here is where the mayhem starts. Visitors must first navigate past multiple "copycat" websites to avoid getting ripped off. When booked, a barcode is e-mailed. But is this a ticket? In fact the barcode must be converted into paper tickets at a booth near the gallery entrance. The result: swarms of baffled tourists wave paper barcodes at annoyed gallery officials each and every day throughout the summer.

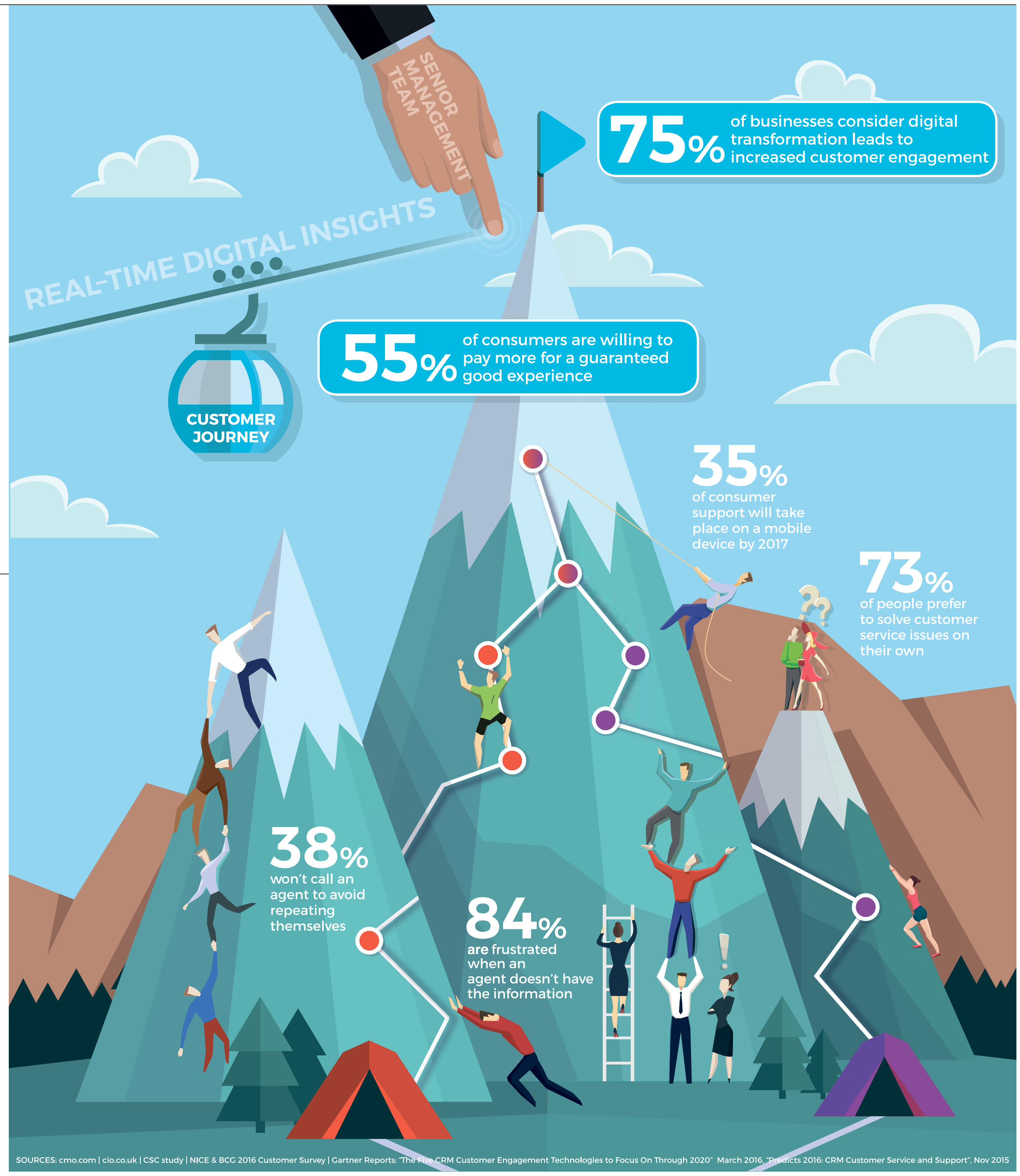
03 HEATHROW TERMINAL 5 CHECK-IN

Television presenter Phillip Schofield lost his temper in mid-July after missing his flight due to a British Airways check-in meltdown at Heathrow. "Plane leaves in half an hour, been in the queue for two hours and not one member of staff to talk to. Love you usually, today you are s***." He added: "There's no announcements, no info when the planes left, no help at all. What are you upgrading to – Windows 2.1?" BA apologised, blaming a new system handling 700 flights a day: "It's a big change for us." A reminder that customer experience includes engineers and IT.

Q&A: INSIDE INFORMATION

*Delivering a sleek online experience to customers is fast becoming a source of competitive advantage, but to do this effectively requires insight, says **Audelia Boker**, vice president, marketing, at Glassbox*

Glassbox



Q Why is it so important that companies can offer a sleek digital experience?

A From an end-customer perspective, the 2015 *Aspect Consumer Experience Index* shows that 73 per cent of people prefer to solve customer services issues on their own and that's even more important for millennials. So digital has become the go-to channel. Secondly, customer experience has become a key differentiator between brands as other factors, such as price and product, are very similar.

Moreover, it's vital from an organisational standpoint to provide a smooth digital experience, because if you don't it has a direct impact on your operational costs by forcing customers to engage with your business through costlier channels, such as contact centres, points of sale or branches, or even worse, take their business elsewhere. If customers prefer self-service, it makes sense to contain them in their preferred channel.

Q How well do organisations tend to do this?

A They are aware of the importance of providing a streamlined and effortless digital experience. Most use web analytics tools to understand digital trends and statistics, but these solutions have limitations. They tend to tell you what the areas you're struggling with are, but they don't provide the reasons behind customer behaviours. Some businesses rely on voice of the customer or enterprise feedback management systems, but they often have low response rates and are not actionable in real time.

There is a lot of effort put into trying to provide a slick digital experience, but too often the ability of organisations to react and be proactive is not good enough.

Q How can businesses offer a better digital experience?

A The first thing is to understand the big picture. Web analytics provides them with a partial view, but they need to be able to understand and map the digital customer journey. They also need to be able to drill down into the reasons why customers or visitors behave the way they do on their digital channels.

Once they know the root causes, they need to be able to link these insights to the raw data to fix problem areas and to share these insights across the business. That's a major point of struggle; the whole perspective of businesses on digital channels is really restrictive and siloed. It remains the responsibility of heads of insight or analytics or digital, but we need to reach a point where digital data becomes a common language across the organisation. Digital analytics solutions need to provide open application programming interfaces (APIs) that enable data to be shared with all the stakeholders and integrated across the entire organisational ecosystem.

Q What technology do they need to help make sense of this? Is this a barrier for some?

A To make digital insights available and understandable by all, the information has to be visual and easily understood. Our technology revolves around the ability to replay and analyse how customers are engaging on new digital channels. It's like a CCTV system that allows you to record everything that is going on with your website and replay it easily, without having to tag anything, and to share that insight.

One barrier is a lack of awareness around this type of technology. Most of the companies in this category are cloud providers offering SaaS (software-as-a-service) solutions, but in some industries, such as banking, wealth management, telecommunications or healthcare where data is very sensitive, organisations are very keen on keeping data on-site. There's a lack of awareness that these types of technologies exist in a way that they can be deployed in a matter of weeks on-premise and within your firewall, without impacting your IT infrastructure or the performance of digital channels.

Q Which people within the organisation need to be involved in this? Who should take the lead?

A The short answer is the boardroom. Although these technologies allow you to provide a sleeker digital experience, they actually have many more use-cases. You can provide greater visibility to your frontline agent in the call centre, so they can help customers more quickly. Another benefit is around compliance. It allows you to capture, encrypt, store and easily retrieve all your digital sessions, including web-chats, in a way that is tamper-proof and time-stamped. Hence you can handle disputes in a more efficient manner or provide records in case of an audit. So the people who need to be involved are the C-suite, because the entire organisation can benefit.

> Our technology revolves around the ability to replay and analyse how customers are engaging on new digital channels

Q Are there examples of companies which have successfully transformed the way they operate? What evidence is there of this in terms of sales figures or customer satisfaction?

A The insurance company AXA was able to decrease its actuarial risk by identifying that people trying to get a quote for an insurance policy would change their answers to reduce the price. So they would change "smoker" to "non-smoker", for instance. It also identified an issue on the mobile app where users of a certain phone would have a lower conversion rate than other customers, which they were able to resolve.

Another example is a top UK bank which knew it had an issue with people trying to open online banking accounts. When we showed them the replay of some sessions, they discovered the form would not accept names with foreign characters. They were able to fix that very quickly.

We also worked with Bank Leumi in Israel, which increased its conversion rates by 11 per cent. By providing the replay of sessions to the customer support team, they were also able to reduce the duration of calls coming in, due to issues with the digital channel, from five to one-and-a-half minutes.

Q What are the longer-term benefits of getting this right?

A In terms of customers, it's about gaining their loyalty and providing a great experience. Beyond that, this type of technology can help organisations really fast-track their digital transformation. There are a lot of solutions which say they map the customer journey end to end across all channels, but the truth is these are not ready yet. Embarking on such projects is very expensive and takes a long time, but focusing on providing a sleek digital experience can make a difference today. Ultimately it means you can retain more customers in more profitable relationships.

For more information on how Glassbox can help your business visit glassbox.digital