

What is the Customer Experience?

- By Gareth English -

In recent years successful organisations have begun to focus on the Customer Experience. This article provides a brief overview of how the customer experience is relevant to your business and how you can use it to build profit.

Definition

Customer experience guru Bruce Temkin¹ defines this as: *“The perception that customers have of their interactions with an organization”*.

Therefore the customer's experience starts when they first hear about you and continues until they've been invoiced and have paid up. It is their *response* to every interaction that they have with you.

So why worry about it?

Psychologists focus on behaviour and why people do what they do. In psychological terms, here's what's going on: When people go through an experience that meets their needs then they are more likely to repeat the behaviour that led to that experience. What does this mean for your business? If you deliver a meaningful experience for your customers then they are more likely to come back and repurchase from you. Getting new customers is almost always more expensive, so it's better to develop loyalty.

Therefore at the root of it, focussing on the customer experience is about increasing profitability by increasing customer loyalty.

Business impact of the customer experience

It is estimated that acquiring a new customer can cost 6 to 7 times more than retaining an existing customer². So getting the most out of your current clients is critical. This is generally less of an issue in the early days of a business, since growth only comes from new customers. However once established, unless you can leverage the strength of your existing customers for future business then you will be ploughing your revenue into finding new customers rather than converting this into stable profits.

Do I need to worry about it?

Some people that I talk to believe that they don't feel they need to worry about the experience that their customers have because their product or service is intrinsically great. This would of course make sense if your clients were entirely rational. However the truth is that they're irrational. They are human beings and tend to make their decisions on emotions more than logic, however they may justify themselves later.



Commercial history is filled with examples of great products that didn't take off, and mediocre products which sold like hot cakes. The difference is often the experience that customers have. You need to take into account all aspects of the customer's experience to ensure that your products and services can shine.

What can I do about my customer experience?

If you would like to read a longer version of this article, or would like to find out how Customer Psychology can help you to get the most from your customers, then contact us at <mailto:info@customer-psychology.com>.

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References

1. Bruce Temkin. Customer Experience Matters. 2010
2. Frederick Reichheld of Bain & Company. 2010

