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## Customer Experience: What Is it?

by Lynn Hunsaker

You probably hear lots of “customer ...” phrases that seem interchangeable. In reality, there are big differences in these terms, although they are related.

**Customer Experience:** customer’s journey from realization of a need until the need no longer exists.

**Customer Experience Management (CEM):** organization-wide customer-centricity aimed at optimizing customer experience, customer value, and customer equity. All of the terms listed above are subsets of CEM. CEM defines the way everyone in an organization does all they do, and their motivation for doing it.

**Customer Satisfaction:** customer’s perception of reality compared to their expectations.

**Experiential Marketing:** providing an extraordinary experience as part of a marketing campaign.

**User Experience:** intuitive and functional aspects of interfaces between a customer and technology.

**Customer Retention:** duration of a customer’s relationship with a brand.

**Customer Relationship:** breadth and depth of interactions between a customer and a brand.

**Customer Churn:** customer’s defection from a brand; customer switches to an alternative solution.



**Customer Relationship Management (CRM):** effort to optimize customer relationship, usually with the help of a database that contains data about customers and interactions.

**Relationship Marketing:** effort to optimize customer relationship through personalized and long-term oriented marketing activities.

**Customer Loyalty:** customer’s preference for, or insistence on, a specific brand.

**Loyalty Marketing:** effort to optimize customer loyalty, usually with the help of purchase frequency incentives, experiential marketing, relationship marketing.

**Customer Touch Point:** any interaction between a brand and a customer; it is always an opportunity for a customer to adjust opinion of a brand.

**Customer Advocacy:** effort to represent the customer’s best interests.

**Customer Affinity:** how attractive a brand is to a customer.

**Customer Value:** customer’s perceived total benefits less total costs.

**Customer Lifetime Value (CLV):** sum of profit from a customer over a lifetime of purchases.

**Customer Equity:** sum of all customers’ lifetime values for a brand.

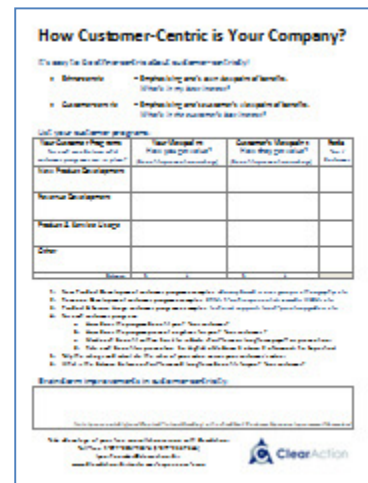
**Customer-Centric:** customer’s best interests are top priority.

**CEM: An Economical Strategy**

Most marketers focus on attracting and converting new customers, which is a much-needed role. However, although this focus is obviously tied to revenue, it doesn’t guarantee higher profit or sustained market share. One of the great things CEM does — thanks to organization-wide customer-centricity — is remove wasteful and non-customer-friendly policies and practices. This results in lower waste inside a company, and hence lower costs and higher profitability – and greater ability to pass along savings to both new and existing customers.

CEM is customer-centric, systematic, holistic, and preventive of negatives:

- \* Encourages outside-in thinking and processes
- \* Demands a much broader view of what the customer experience is
- \* Views the customer’s experience strictly from the customer’s viewpoint
- \* Values existing customers as much as new customers
- \* Keeps customers returning by managing expectations — not by removing choice
- \* Increases brand equity by strengthening the brand promise
- \* Differentiates the brand in ways that are hard to copy
- \* Helps to avoid competing on price
- \* Enables great strides in customer value to be made on a shoestring budget
- \* Is a lucrative opportunity for marketers to drive brand value and company growth.



Customer experience management improves both bottom-line and top-line results by organically keeping customers happily giving you great referrals, share-of-wallet and market leadership.

*Find out how to customize these tips to your situation; contact the author [lynn.hunsaker@clearaction.biz](mailto:lynn.hunsaker@clearaction.biz).*