

Total Customer Experience (TCE)

for

Airlines



Global Customer Experience Management Organization



CONTENTS

Foreword 3

I. Total Customer Experience (TCE) for Airlines 5

II. Lufthansa and Total Customer Experience 8

III. Air Asia and Touch-point Experience 11

IV. KLM [Air France] and the Static TCE [Total Customer Experience] Model 14

V. American Airlines and the Dynamic TCE [Total Customer Experience] Model 17

Footnotes 21

About the Author and the Contributors 22

About Global Customer Experience Management Organization (G-CEM) 24

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Foreword

Bob Thompson, CustomerThink Corp.

Customer Experience Management: How to Stand Out in a Crowded Market

Our lives are full of experiences. Some we remember vividly years after the fact. Like the first time my son Matthew was able to ride a bicycle without training wheels. I'll never forget the look of pure joy on his face when he finally succeeded.

Customers are people, so it shouldn't come as a surprise that they, too, react emotionally after an especially good or bad experience with a business. When customers are pleasantly surprised, they are more likely to return again and refer their friends and colleagues. This so-call "loyalty effect" is what propels business growth for companies of any size.

In CustomerThink's research on U.S. consumer experiences, we found that after just one memorable experience, 19 percent of happy customers said they purchased more products/services and nearly one-third said they recommended the company to a friend or colleague. Of course, negative experiences had the opposite effect: 20 percent of unhappy customers said they switched to another supplier and 25 percent said they complained to a friend or colleague.

The rising popularity of social media and other online resources means that good or bad news travels faster and farther than ever before. That makes it all the more critical to ensure that your customers have positive experiences with your business.

If you're stuck in a commodity trap fighting for sales based mainly on price, then consider focusing on the customer experience to stand out from your competitors. Consider these personal examples:

- For grocery shopping, we have many options to choose from locally. Yet 70 percent of our household's money is given to Trader Joe's, because they have interesting selections and friendly staff that really enjoy serving customers.
- When I shop for electronics, I usually go to Best Buy. The products are available from many retail outlets and online. However, Best Buy stands out because its employees always help me find the right solution without aggressive selling.
- Our family dentist is a 30-minute drive from our house. Why do we go there when there are other dentists within walking distance? Because the dentistry practice was recommended by our friends. And sure enough, the dentist and his staff have done a great job, both in terms of technical proficiency and their friendly, competent staff.

Every day, your customers are making decisions like this on where to buy their goods and services. Their *experience* means their perception of all of the interactions with your company -- including marketing, selling, purchasing, usage and service/support. Said another way, if the products or services are *what* you're selling, then experiences are *how* you're interacting with your customers.

These interactions really matter. CustomerThink research has found that customer experience is about 40% of what customers value -- roughly equal to the value of the purchased product or service.

In the 1980s, Scandinavian Airlines CEO Jan Carlzon found that executives were too concerned about the type of aircraft they were flying, and were ignoring what mattered to customers. He focused the airline on improving passengers "moments of truth," which included the entire flying experiences from reservation to the flight to collecting bags at the final destination.

Today we call this Customer Experience Management (CEM). Simply put, CEM means proactively managing customer interactions to build loyalty to your firm. In this white paper, Sampson Lee brings the latest thinking on how the Total Customer Experience model can help airlines, or any business, compete in a world of increasingly commoditized products and services.



I. Total Customer Experience (TCE) for Airlines

Sampson Lee, President of G-CEM

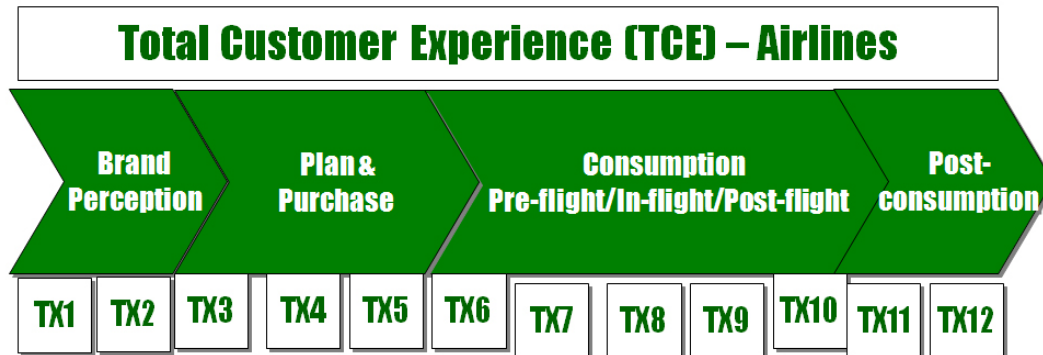


Figure 1 – Total Customer Experience (TCE) and Customer Life-stages—Airlines

The target audience of this paper is not limited to business executives in the airline industry. Total customer experience (TCE) and “The TCE Model” [1], which I am going to introduce and explore in detail in this document, are applicable in most, if not all, industries and organizations, both commercial and not-for-profit.

This is a white paper to introduce the fundamentals of the TCE Model. I shall disappoint you if you expect me to tell you the “*hows*” – with a tool kit or simple “Five Simple Steps to Implement a Total Customer Experience”. Instead, I will focus on the “*whats*” – the components of a generalized TCE Model; and the “*whys*” – potential gains from applying the TCE model in any organization.

If you read my previous white paper “Social Media under One Roof: Integrate Social Media into the TCE Model”, co-authored with Wendy Soucie, Karl Havard, Jim Sterne, Axel Schultze, Rick Mans, and Guy Stephens, you will find similarities in this paper. The description of the composition and components of the TCE model will be familiar to you. The primary difference between the two papers is as follows. The former paper focused on how a single channel, i.e. social media, impacts the total customer experience; while this paper explores the comprehensive architecture of a TCE Model and the reasons behind why it is built in such a way.

This white paper will cover:

- Defining the beginning, the end, and the composition of a typical total customer experience (TCE) – both touch-point experiences and customer life-stages – across the entire customer lifecycle;
- Exploring the relationship between touch-point experiences and channels; and
- Building a static – two dimensional – TCE Model and transforming it into a dynamic – three dimensional – TCE Model.

Document Structure: The Flow and Specifics of Each Section

This document is composed of five sections. There are personal stories in the sections contributed by four of our international partners: Annemiek van Moorst from the Netherlands, Candice Chee from Singapore, John Chisholm from the United States, and Silvana Buljan from Spain; and in the foreword by Bob Thompson, CEO of CustomerThink, in the United States.

Section ONE: Total Customer Experience (TCE) for Airlines states the reasons why you should or should not spend your time reading this document. Here, I introduce the flow of the paper and give my perspective on the core components of total customer experience (TCE) throughout the entire customer lifecycle.

Section TWO: Lufthansa and Total Customer Experience (TCE) tells the personal experience of Silvana Buljan and her two daughters on Lufthansa. She brings out some intriguing topics: when does the total customer experience start and the end? And how is the total customer experience broken down into customer life-stages then subdivided into touch-point experiences?

Section THREE: Air Asia and Touch-point Experience Candice Chee and her kids were being treated unsatisfactorily during the in-flight experience on Air Asia during the "Flight" life-stage. Taking her experience as an example, we show the differences between touch-point and sub-process, and explain why it is mandatory for you to understand these differences when building the TCE Model.

Section FOUR: KLM (Air France) and the Static TCE (Total Customer Experience) Model Annemiek van Moorst and her partner were most concerned with the local newspaper and the Italian bread, as well as a disgusting odor! These were the attributes from different channels during their in-flight experience. When we map the relationships between each touch-point experience and its respective channels, we build a two-dimensional, static TCE Model.

Section FIVE: American Airlines and the Dynamic TCE (Total Customer Experience) Model Surprisingly, it is not the flight, but the lounge experience that has driven John Chisholm to fly again and again with American Airlines for the past 25 years. When we add importance levels, the third dimension, to touch-point experiences and channels, we transform a static TCE Model into a dynamic one.

An Overall View of Total Customer Experience (TCE) and Customer Life Stages

Figure 1 is an example of the customer life stages of airlines in a natural time sequence. In reality, the actual sequence may not occur in this exact order as there is no absolute sequential order for all customers under all circumstances.

The total customer experience (TCE) of airline passengers is similar to TCE in other industries; it is composed of numerous individual touch-point experiences, denoted as TX1 to TX12 in Figure 1. These touch-point experiences can be categorized into different customer life-stages, denoted as "Brand Perception", "Plan & Purchase", "Consumption", and "Post-consumption". The combination of all touch-point experiences with each customer life-stage is a complete customer lifecycle. It is equivalent to total experience of customers; this is also the first dimension of the TCE Model.

In the following section, "Lufthansa and Total Customer Experience (TCE)", the beginning and the end of the total customer experience will be defined and the total customer experience will be broken down into customer life-stages then subdivided into touch-point experiences.

II. Lufthansa and Total Customer Experience (TCE)

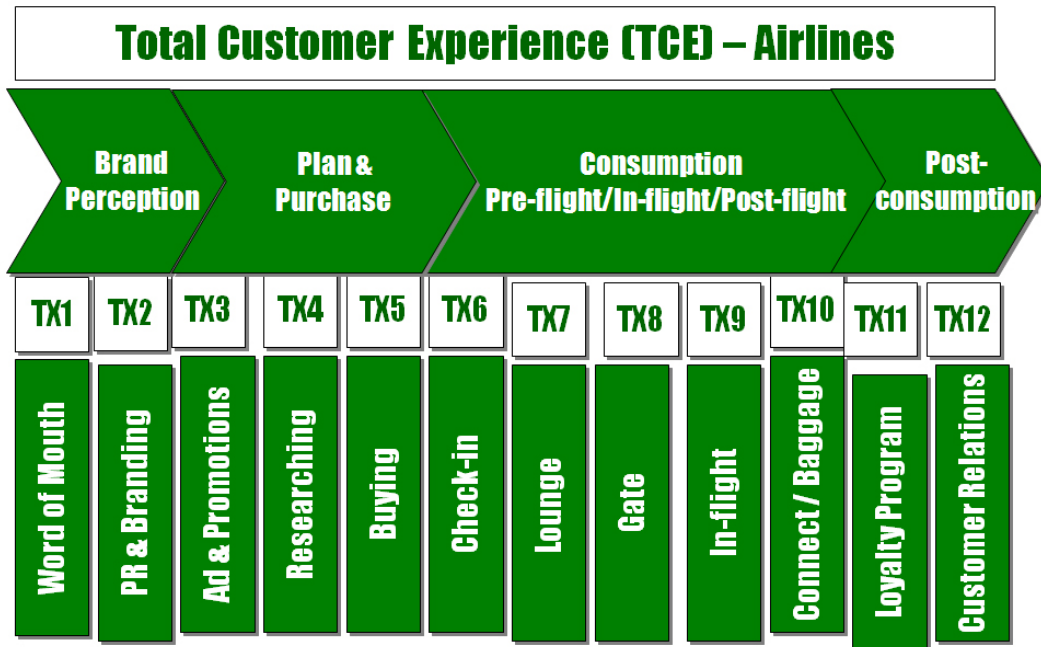


Figure 2 – Customer Life-stages and Touch-point Experiences—Airlines

The personal experience of Silvana Buljan (G-CEM International Partner - Spain) and her two daughters on Lufthansa, highlights an intriguing topic – when does the total customer experience start and end and how can TCE be divided into customer life-stages then subdivided into touch-point experiences.



“I traveled with Lufthansa regularly between 1998 and 2003, and have been traveling less regularly since then with a couple of flights per year. Comparing my personal customer experience with this airline between 1998 and 2010, I can sincerely say that they have improved in all areas of customer management, with some significant changes.

I remember Lufthansa stewardesses being the re-incarnation of Richard Wagner’s Isolde: blond, tall, thin and attractive, and, unfortunately, very arrogant towards passengers. I never felt that I was treated in a nice and friendly, simple way. Today, the situation has completely changed. It seems that Lufthansa has changed its HR recruiting strategy: staff is multinational, very customer-oriented, friendly and interested in the passengers’ well-being. And I no longer feel like I am watching models on a catwalk.

Last Christmas, I was traveling with my two daughters from Spain to Germany. Due to bad weather conditions across Europe for an entire week, flight delays and cancellations were on the daily agenda. When I reached the airport, hundreds of people were standing in line to check-in, get refunds, re-book their flights, etc. As I stood in line to check-in for my flight, a Lufthansa employee came up to me and told me that I needn't worry – because I was traveling with little kids I would receive preferential treatment; I wouldn't have to be afraid of missing my flight. I was pretty amazed at this, and very satisfied because it took away my fear of not being able to celebrate Christmas with my family in Germany.

My personal time dedicated to reservations, payment, check-in and boarding has been reduced about 50%. Today, I can do everything online, with my phone, or at automatic check-in at the airport. Traveling is not a pain for me anymore – rushing to the airport to check-in on time, standing in line to leave my luggage, and then rushing to the gate for boarding – everything works perfectly at Lufthansa and I don't worry that something promised is not delivered. No failures so far.

Nevertheless, some “customer unfriendly” things still happen, especially if you are not considered a premium customer (frequent traveler of the Lufthansa Miles&More program). I witnessed a very unfriendly situation two years ago, when a snow storm forced Frankfurt Airport to shut down for 24 hours: an elderly woman was told that she would have to find a hotel and stay overnight on her own, without Lufthansa supporting her logistically or financially, because it considered the weather incident “force majeure” and as such was not liable for the delay. As a company policy this makes sense and is understandable, but from a human perspective, well, some rules are made to be broken. In this case it would have made someone helpless very thankful and loyal.

All in all, I have to admit that my first choice for traveling is Lufthansa. I only travel with other airlines if the connection is not provided by Lufthansa (or one of its Star Alliance partners) or price difference is significant.”

Silvana's flying experience with Lufthansa shows that the customer life-stages and touch-point experiences can happen before the flight (using her phone for reservations and check-in), in the air (the outlook and attitude of the flight attendants), and on the ground (differential treatments at check-in).

Customer Life-stages

When is the beginning of the total customer experience? It happens well before customers first purchase from you. Normally, prospective customers form opinions and perceptions of your brand from many sources: mass media advertising, news stories, search engines, social media, friends and families. These impressions can be grouped into the “Brand Perception” life-stage.

This stage is followed by the “Plan & Purchase” life-stage. A customer begins the BUY function by actively seeking information, for example by searching the Internet, or in a passive way, such as viewing a promotional advertisement that triggers the BUY button. The customer then places the order online or through other channels like the retail branch or call center of the airline or through a travel agent.

The “Consumption” life-stage, including pre-flight, in-flight, and post-flight, is probably the most important and sophisticated customer life-stage for all airlines. It is when and where customers consume the airline’s core products and services – transporting them from the departure destination to the arrival destination. The sophistication lies in the fact that touch-point experiences of the “Consumption” life-stage are delivered by multiple channels and internal functions, such as gate staff, cabin crew, catering, and ground crew, and externally by third parties, such as airport authorities and allied airlines.

So, when is the end of the total customer experience, the last customer life-stage? For airlines, let’s suggest the “Post-consumption” life-stage: for example, promoting an upcoming offer via electronic or printed direct mail, building customer relationships by acknowledging birthdays, or rewarding passenger loyalty with mileage programs.

The aggregation of all these customer life-stages – Brand Perception, Plan & Purchase, Consumption, and Post-consumption – is a single customer life cycle or the total customer experience for an airline. The basic rule of thumb in defining and categorizing customer life-stages and their relevant touch-point experiences is to follow the “pre-” “at-” and “post-purchase/ consumption” pattern, listing all the steps involved in a natural time sequence.

Touch-point Experiences

As you can see in Figure 2, there are multiple touch-point experiences within each customer life-stage for airlines. Some suggestions include: “TX1 – Word of Mouth” and “TX2 – PR and Branding” for the Brand Perception life-stage; “TX3 – Ads & Promotions”, “TX4 - Researching”, and “TX5 - Buying” within the Plan & Purchase life-stage; “TX6 – Check-in”, “TX7 – Lounge”, “TX8 – Gate” for the Pre-flight life-stage, “TX9 – In-flight” for the In-flight life-stage, and “TX10 – Connect / Baggage” for the Post-flight life-stage; and “TX11 – Loyalty Program” and “TX12 – Customer Relations” for the Post-consumption life-stage. This is a simplified version of the total customer experience for an airline, and of course, more specific touch-point experiences could be added where appropriate.

The next section, “Air Asia and Touch-point Experience” shows the difference between touch-points and sub-process, and why it is important to understand them when building a TCE Model.

III. Air Asia and Touch-point Experience

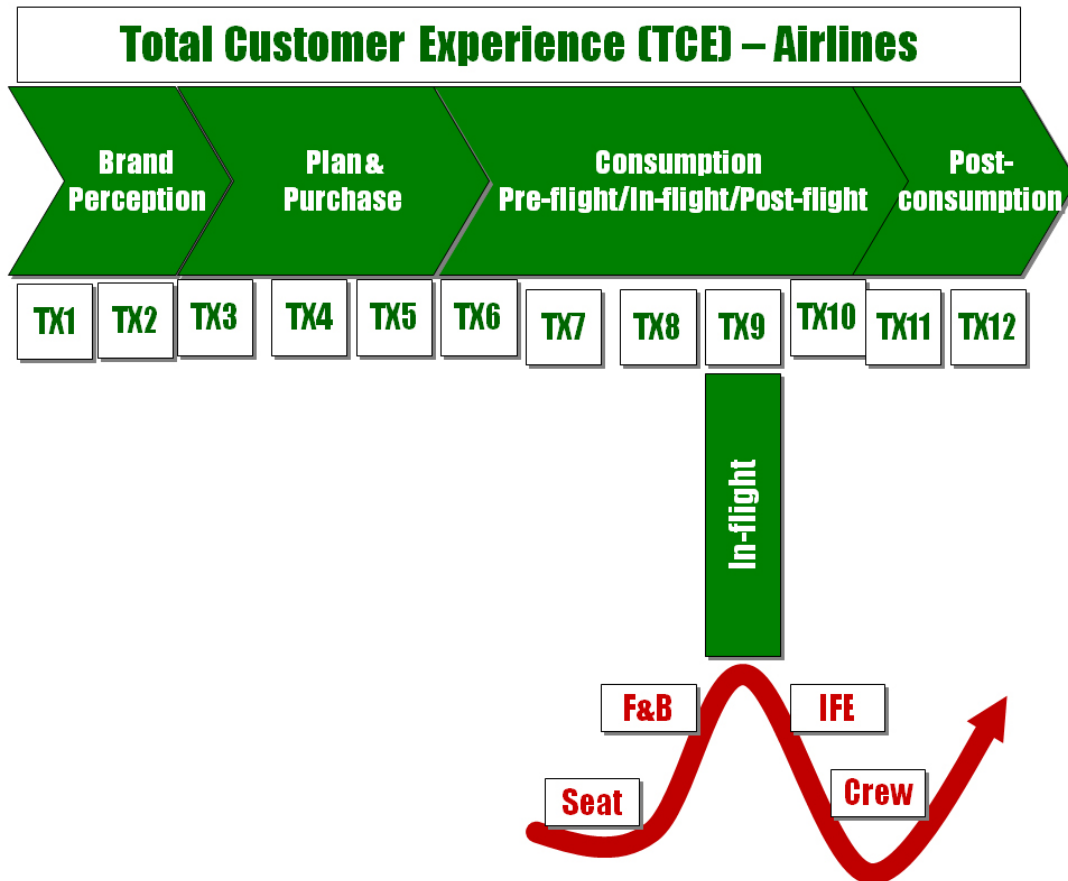


Figure 3 – Touch-point Experiences and Attributes/Sub-processes—Airlines

Candice Chee (G-CEM International Partner – Singapore) and her kids feel they were treated unsatisfactorily during an in-flight experience on Air Asia— during one of the touch-point experiences in the “In-Flight” life-stage. This section describes the difference between touch-point and sub-process, and explains why it is important for you to understand both when building a TCE Model.



“Living in Singapore, I am pampered by Singapore Airlines, so the thought

of flying with budget airlines never crossed my mind until recently. Armed with a perception that their aircrafts were likely to be hand-me-downs and with stories of flight delays and no-frills in-flight experiences, I always avoided the budget carriers. Nevertheless, I decided to check out Air Asia two years ago for a family vacation, both out of curiosity and with the intention of exposing my children (and myself) to a less high-end flight experience.

The online booking for the Air Asia flight from Bangkok to Hong Kong went smoothly. To my pleasant surprise, the flight actually departed on time and the aircraft was new and comfortable. As the flight would be short and we assumed that the in-flight meals would be unpalatable, we did not order any food for onboard consumption. However, we did 'upload' a packet of crackers to keep my youngest son occupied.

As soon as the seat belt sign was turned off, my son took out his crackers and began to dig into them happily. The flight attendant was quick to stop a group of passengers and my son from consuming the nibbles we had all brought onboard ourselves. His stern manner threw my son into a scramble as he tried to put away his crackers quickly. Lo and behold, a couple of the crackers dropped onto the carpet and he crushed them as he tried to compose himself. That got the flight attendant really upset. With much grousing, he picked up the crumbs with tons of tissues as if to make a point. My son's gesture to help pick up the pieces was met with animosity. The rest of our flight was plagued with embarrassing stares and straight faces, so much so that we dared not even ask for a glass of water. We could not wait to leave the plane.

As I recall my flight experience with Air Asia today, this stark incident never fails to overshadow the safety, punctuality and physical comfort we had on the flight. While the airline had good hardware (new aircraft, comfortable seats) and software (online booking, punctuality) in place, unfortunately it was very lacking in 'heart ware' (service, attitude). Perhaps the attendant was acting on company instruction to generate F&B revenue? The intention may be right but the execution is surely wrong!

In hindsight, Air Asia had a great opportunity to refute my negative perceptions and apprehension about traveling with budget airlines. Yet, the whole experience was marred by the human touch, not by high technology. I am not sure if the airline has improved since then, but I am certain it will take us a while before we will give them a second chance to make the first impression right."

Candice and her kids experienced the hardware (aircraft, physical comfort), software (process, no self-brought snacks allowed), and heart-ware (the unfriendly service and embarrassing stares) during their in-flight experience with Air Asia. That adventure certainly satisfied her curiosity about budget airlines in a negative manner. At the same time, her in-flight experience opens a Pandora's box of confusion in distinguishing touch-point experience and sub-process.

Common Confusion between Touch-point Experience and Sub-process

While it is relatively easy to breakdown the entire customer lifecycle into different life-stages, it can be confusing to distinguish between a touch-point experience and a sub-process or an attribute. This confusion may drive inappropriate definition, mistaken categorization, and errors in measurement.

For example, it is tempting to identify "Food and Beverage (F&B)", "In-Flight Entertainment (IFE)", "Cabin crew service", and "Seat comfort" as touch-point experiences because they are perceived by customers as important factors affecting their satisfaction and their likelihood of repeat purchase. As touch-point experiences, these four items would be at the same

level as "TX6 – Check-in", "TX7 – Lounge" and "TX8 – Gate". In our opinion, "F&B", "IFE", "Crew", and "Seat" should be grouped under the "TX9 - In-flight" experience as sub-processes or attributes rather than as independent touch-point experiences. Why?

Three Perspectives to Help Resolve the Confusion

At a pragmatic level, the primary aim of mapping the total customer experience at a macro level is identifying important touch-point experiences in terms of driving business results and focusing resources on these important touch-point experiences. After identifying touch-point experiences, you can drill down into each of them at a micro level to spot the MOTs (Moments of Truth) that influence customers' emotions (feeling good about a purchase) and behaviors (buying your product or service). At the macro level, the "In-flight" experience is an important touch-point experience, and at the micro level, the MOTs during the In-flight experience, could be attributes like seat comfort, delicious meal, warm and friendly service, or rich choice of entertainment. In short, MOTs, all these detailed attributes, are not equal to the touch-point experience; they occur inside the experience.

Theoretically, a touch-point experience is an experience that occurs at a particular moment (Time) and in a particular space (Touch-point). Since "Food and Beverage (F&B)", "In-Flight Entertainment (IFE)", "Cabin crew services", and "Seat comfort" all occur during the same timeframe (while you are inside the plane) and at the same Touch-point (in the cabin), it makes sense to group them together under one touch-point experience. They are the components that constitute the touch-point experience of "In-flight"; they themselves are not touch-point experiences.

From an operational perspective, an emotion curve [2] is difficult to draw whenever we confuse touch-point experiences with sub-processes. We can draw an emotion curve for an In-flight experience comprised of "Food and Beverage (F&B)", "In-Flight Entertainment (IFE)", "Cabin crew services", and "Seat comfort" as shown in the red curve in Figure 3. However, it would not be appropriate to treat "F&B", "IFE", "Crew", and "Seat" the same as "Check-in", "Lounge", and "Gate" as individual touch-point experiences. This destroys the original purpose of the emotion curve; the emotion curve drawn from this mistaken categorization will represent neither the total customer experience nor a single touch-point experience. It is almost impossible to manage and enhance customer experience if the experience is mis-categorized in the first step.

The next section, "KLM (Air France) and the Static TCE (Total Customer Experience) Model", shows that mapping all the relationships between each touch-point experience and its respective channels creates a two-dimensional and static TCE Model.

IV. KLM (Air France) and the Static TCE (Total Customer Experience) Model

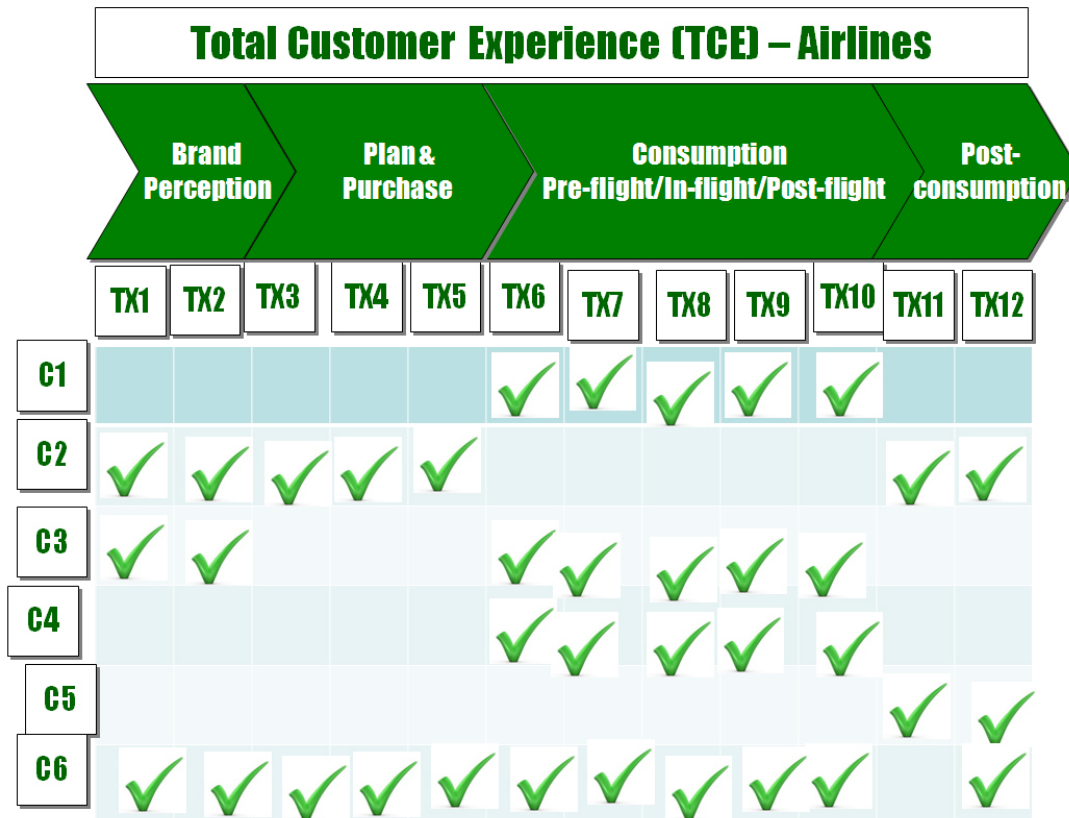


Figure 4 – Static TCE (Total Customer Experience) Model—Airlines

Annemieck van Moorst (G-CEM International Partner – The Netherlands) and her partner were most concerned with the local newspaper, Italian bread, and an unpleasant odor on a KLM flight. These were the deliverables of different channels or functions during their in-flight experience. When we map all the relationships between each touch-point experience and its respective channels, we design a two-dimensional and static TCE Model.



“To get to our house in Italy from time to time my partner and I fly from Amsterdam to

Bologna. The only airline that offers a direct flight is KLM Cityhopper. The aircraft is usually a Fokker F70, which flies three times a day, taking less than two hours. Everything is arranged smoothly; we almost never experience considerable delays; and the flight personnel are friendly.

A couple of years ago, KLM introduced two cost saving measures that annoyed me. First, KLM stopped offering newspapers – I regret this a lot as reading the paper made me feel like coming home. Then, they downgraded the meal to two Italian rolls with some kind of filling. Since the food is included in the flight fare, you don't have a choice; you might as well eat it as you have already paid for it.

On a few occasions, we experienced a bad smell, like dirty socks, in the plane. I remember once I blamed a man wearing sneakers who was sitting close by. A couple of months ago, there was a documentary on Dutch television regarding the Fokker airplanes. It claimed that due to oil leakage in the engines a toxic substance may enter the aircon system, which causes the nasty smell of dirty socks and may cause aerotoxic syndrome, a disease of the central nervous system. So when you smell this, the air is not okay. This fact is known to all airlines but the real cause is never explained. How important are the crew and customers if the air they breathe is polluted? I prefer to go by car.”

As frequent flyers of KLM, Annemiek and her partner could be the perfect focus group candidates for advice on how to enhance the in-flight experience for short-haul flights. While listening to the voices of customers is considered a top priority to most airlines, who does listen and who should be listening to their voices, particularly about the in-flight experience? The answer is the relevant channels and functions that co-deliver the particular touch-point experience.

Definitions and Types of Channels

What do we mean by channels? Channels can be defined as touch-points, such as face-to-face, call center, and web; or as functions in a commercial company, such as marketing, sales, and customer service; or as entities, such as departments or divisions of a government or NGO. Touch-point experience has to relate to channels; it is channels that deliver the respective touch-point experience. There are different kind of relationships between channels and touch-point experiences, and these differences will affect the composition of the TCE Model.

A single touch-point experience may be delivered by different touch-points independently, e.g. when a customer wants to inquire about a particular product or service, she may choose among touch-points such as visiting the retail branch, calling the call center, or viewing the website. So when a customer calls the hotline to inquire, it is a touch-point experience occurring at a single touch-point, the call center.

The call centre, or any other touch-point such as a retail branch or the website, is itself a touch-point; it does not become a touch-point experience, say, the inquiry experience, until the customer calls to inquire. By the same token, it may become another touch-point experience, say, a complaint experience, if the customer calls to complain. The call center itself is neutral—it is a touch-point and remains as a touch-point only—and it becomes a touch-point experience only when a customer interacts, in this case, calls for a particular purpose to inquire or to file a complaint. Touch-point is not touch-point experience, and vice versa, so try not to mix them up!

On the other hand, a single touch-point experience can be delivered by more than one touch-point at the same time, for example, when you are purchasing online, you may call the hotline for assistance. In that case, two touch-points, online and call center, are used to complete your purchase experience. Similarly, a single touch-point experience can be delivered by more than one function. During Annemiek's in-flight experience, the local newspaper was delivered by IFE

(In-Flight Entertainment), the Italian bread by catering (Operations), and the disgusting odor by the aircraft (Product). A touch-point experience can be delivered by more than one function or channel.

The Static TCE Model

When we have mapped all the relationships between each touch-point experience and the corresponding channels as shown in Figure 4, we derive a two-dimensional—touch-point experiences (denoted horizontally by TX1 to TX12) and channels (denoted vertically by C1 to C6)—and static TCE model, to depict the matrix of these relationships.

Now, everyone, no matter which function or department they belong to, can have a bird's eye view of how their organization, by different channels, without regard to touch-points, functions, or entities, interacts with customers at different life-stages and throughout the entire customer lifecycle. Each channel can visualize their own work and correlate it with the total customer experience. The map also depicts the total customer experience by different life-stages or by phases, depending on the goals of the organization, such as acquisition, retention, growth, or referrals. It gives an unprecedented common view and common language for everyone in the organization to manage the total customer experience.

In the next section, "American Airlines and the Dynamic TCE (Total Customer Experience) Model", we are going to add importance levels—the third dimension—on top of touch-point experiences and channels, thus transforming the static TCE Model into a dynamic one.

V. American Airlines and the Dynamic TCE (Total Customer Experience) Model

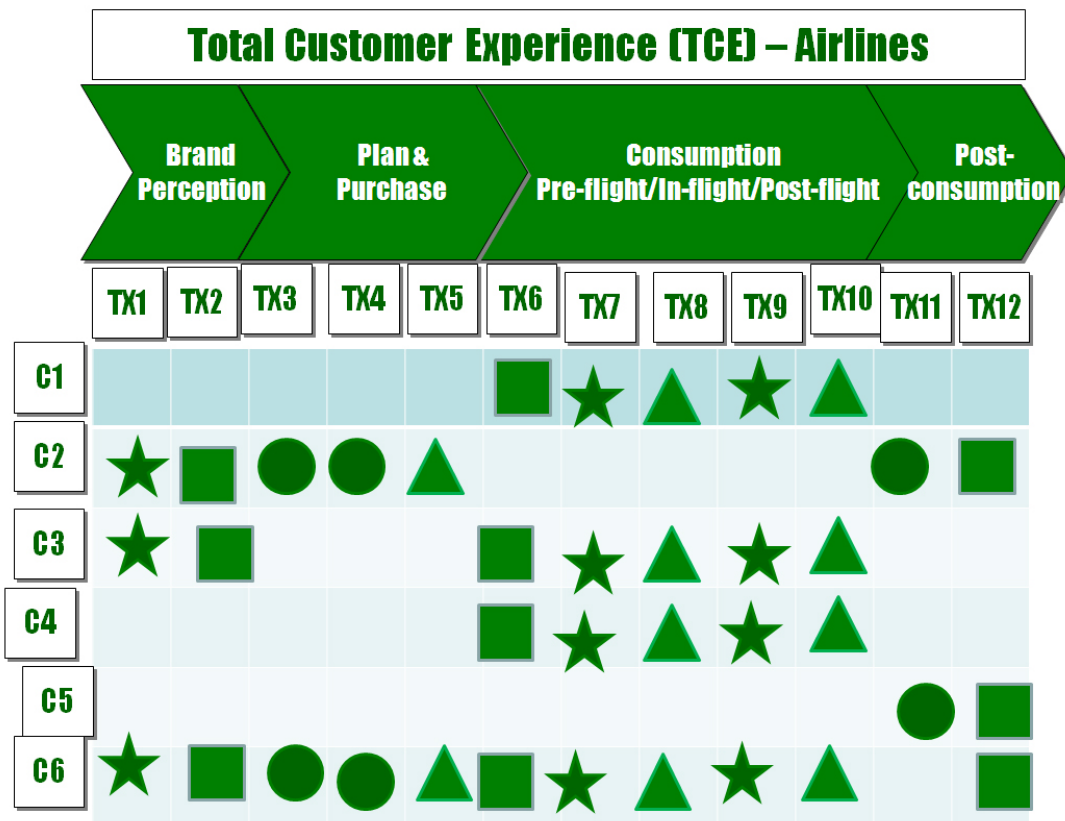


Figure 5 – Dynamic TCE (Total Customer Experience) Model—Airlines

Surprisingly, it is the lounge experience that has driven John Chisholm (G-CEM International Partner – United States) to fly again and again with American Airlines for 25 years. When we add the importance levels—the third dimension—on top of touch-point experiences and channels, we transform a static TCE Model into a dynamic one.



“One of the few smart investments I made in my 20’s was buying a lifetime membership in American Airlines’ Admirals Club. For a limited time it was offered at \$2500, which was a lot of money back in the 80’s. But I decided to go for it and am glad I did. It’s now 25 years later, and I am still enjoying the purchase.

At the risk of sounding like a paid promotion (this is not), the Admirals Club is a haven in the midst of the hectic. After checking in at the Club, I serve myself tea mixed with orange juice, grab some cookies or fruit; get online with my laptop and work on email, a report or presentation. I like to stretch out in the large comfy chairs. Occasionally the aroma of fresh-baked chocolate chip cookies fills the area. I may take a break from working and read the complimentary New York Times or Wall Street Journal. If I am taking a red-eye from San Francisco to New York, I can shower at the New York club before my day of meetings. Once I took red-eyes on two successive nights, from San Francisco to New York and from New York to London. I hung out at the clubs at all three airports. As you can imagine, I was bleary-eyed when I arrived to London. But the clubs make it possible, even comfortable.

With the everyday interruptions at the office, I may deliberately arrive at the airport several hours before my flight to work without being disturbed. Occasionally I'll talk with other members at the club and discover we have interests in common. But for the most part, it has not been a place for social networking – maybe I have been missing out by not doing this – but rather a place where I relish anonymity.

As with most of the major US airlines, American's service has declined in recent years: less legroom, fewer meals, less on-board entertainment. In spite of that, I am still loyal to American Airlines -- not because of the airline itself or their frequent flier program, but -- because of the Admiral's Club. I'll choose American whenever possible just to use the club. My second choice is usually United. At San Francisco (SFO), my home airport, United is next to American, so I can walk a couple of hundred meters and still get to my club."

John made a decision to invest \$2,500 25 years ago, and he is still happy with the rewards. Perhaps American Airlines share the feeling since they have benefited from his sustained loyalty. But does American Airlines really know that the Lounge experience has been the most important touch-point experience for John for a quarter of a century? Even if they do know this, how can they quantify the impact for this their target customer segment, the frequent business traveler?

Not All Touch-point Experiences and Channels are Equally Important

Not all customers are equally important to your company. To put forth equal effort for every customer is not only unwise, it is using your limited resources ineffectively. Similarly, not all touch-point experiences are equally important to your company and to your customers. So, there is no question that you should allocate resources unequally among experiences. The real question is: How do you know which touch-point experiences are the most important, which are least, and which are in the middle?

To determine this, we need to transform the static TCE Model with two dimensions – touch-point experiences and channels, into a dynamic model with three dimensions – touch-point experiences, channels, and their respective importance levels. This model allows you to distinguish the important touch-point experiences from the unimportant ones, and therefore, to guide the best use of your resources.

After identifying the most important touch-point experiences among the total customer experience (unlike in John's case where the ranking is based on "stated importance" by a one-person sample, we normally adopt the "derived importance"

based upon surveying a sufficient sample of a target segment), the next step is to map the related channels or functions that deliver the particular touch-point experience. Each airline has a slightly different organizational structure, so let's assume they are simply "Product", "Crew", "Operations", and external channels like the airport. All may have some responsibility for the lounge experience at American Airlines. It is now crystal clear how to allocate resources among different touch-point experiences and among different channels or functions.

Before we start the journey to derive the importance level of touch-point experiences, there are two things you need to determine: 1) "Who are your target customer segments?" and 2) "What are your target business objectives?"

Think of John, he is a frequent business traveler. The lounge experience that appeals to John may be insignificant or even irrelevant to leisure travelers. Different customer segments always have different critical needs. So, for the first step, make sure you understand whom you want to acquire or retain. Understanding this affects how you will put your limited resources to best use among the numerous touch-point experiences and channels.

Driving sales and repeat sales are obvious target objectives for most firms. But how about driving customer satisfaction, brand differentiation, referrals, or NPS (Net Promoter Score)? Are they also important to you? In theory, they all are. But in reality, you need to make trade-offs and set priorities. Pursuing too many objectives at the same time is not only difficult, it is also unrealistic. So, focus – decide whom your target customer segments are and determine your top priority among your business objectives.

The Dynamic TCE Model

In Figure 5, stars represent the importance level in driving both repeat purchase and referrals, circles represent repeat purchase only, squares referrals only, and triangles are unimportant to both objectives. With this perspective, you can visualize the importance level of each touch-point experience and the importance level of related channels delivering that experience. This is a simplified version of the dynamic TCE Model using airlines as an example.

Ask any CEO how to allocate limited budget among various departments and functions, it is hardly a surprise that there is no agreed-upon method that is both fair and quantifiable. This is especially true given the explosion of new internet-driven channels, such as search engines, social media, and smart phone applications, and further complicated by frozen or downsized budgets nowadays.

Who will get a fair share or even a bigger share out of the limited budget pie? It shouldn't be those who make the most noise! Yet, maybe making noise is not a bad tactic to get more funding if there is no quantifiable alternative. Actual practice in many companies is either judging arbitrarily or following the industry norm.

Now, you can use the dynamic TCE model to facilitate resource allocation decisions. It refers back to the basic reason you are in business – to acquire, retain, and grow target customers in order to earn profits. The next logical question is: which touch-point experiences are more important than others to achieve these business results? To deliver those particular touch-point experiences, which channels, departments, or functions are most important? By drilling down into these two levels, you find the critical few and can make sharp judgments to maximize the returns of your resource investments.

Facts are always more convincing, and more constructive, than pure talk or noise, especially when communicating with your boss in times of turmoil.

Numbers tell and sell. The TCE Model provides you with one quantifiable and manageable system.

Footnotes

¹ TCE (Total Customer Experience) Model is based on the United States patent-pending Branded Customer Experience Management Method invented by Sampson Lee, president of Global Customer Experience Management Organization (Global CEM), in 2007.

² The Emotion Curve was invented and first put into practice by Mr. Sampson Lee, president of Global Customer Experience Management Organization (G-CEM), in 2006. It is one of the experience assessment and management tools of the U.S. patent-pending Branded Customer Experience Management Method registered by G-CEM. Emotion Curves map the customer emotions generated at each touch-point or sub-process and link them to form a curve reflecting the perceived experience across the entire customer lifecycle (covering all touch-points at stages of pre-purchase, at-purchase, and post-purchase) or at a specific touch-point (e.g. retail, call center, website, etc.). Unlike conventional approaches, which focus on enhancing efficiency and are process-centric, emotion curves represent genuine customer feelings by addressing emotions and the five senses in a natural time sequence from an experience perspective. It is a truly customer-centric experience assessment and management method. The statistical data represented by emotion curves is derived from a statistically significant number of X-VOC surveys and from the experience ratings for each touch-point or sub-process, and then evaluated by different target customer segments. The definitions and selection criteria for touch-points and sub-processes are based on vigorous and scientific research, methods, and sequential steps. An Emotion Curve shows how customers perceive an experience. It is a powerful tool for creating a branded customer experience strategy. Furthermore, with a simple curve, from CEO to receptionist, in the boardroom or in the mailroom, everyone in a company can easily understand and communicate customer experience levels using a common graphical language.

About the Author and the Contributors

The Author



Sampson Lee, the founder of [Global Customer Experience Management Organization \(G-CEM\)](#), created the U.S. patent-pending Branded CEM Methodology, and recently has authored an article for Harvard Business Review. Lee and his international partner team deliver the [Global CEM Certification Program](#) in 11 cities in Africa, Asia, Europe, and North America [[Email](#) | [LinkedIn](#) | [Twitter](#)]

Foreword



Bob Thompson is the CEO of CustomerThink Corp., an independent research and publishing firm focused on customer-centric business management, and Founder/Editor-in-Chief of CustomerThink.com, the world's largest online community dedicated to customer-centric business. He is a popular keynote speaker, blogger and author of numerous reports, articles and papers. Learn more by visiting www.customerthink.com.

The Contributors



Silvana Buljan is a CRM/CEM specialist in the automotive and services industries. Her experience starts in 1998 as a Price Waterhouse consultant being involved in different CRM projects in Europe. In 2002 she founded her own business consultancy SMARTWORXX with the focus on defining applicable CRM/CEM projects at her clients, involving the entire organization. Currently, she is running her newly set up company Buljian & Partners Consulting. Her expertise is the implementation of those projects by improving processes, and training all employees to make the cultural changes happen, and get more customer orientated.



Candice Chee's domain expertise includes Customer-centric Strategy and Roadmap Development; Voice of Customer Research; Customer Segmentation; Needs Differentiation; Customer Experience Design; Customer Development; Relationship Management, Social Marketing and Advocacy Marketing. Known for her passion and professionalism in these areas, Candice is a much sought-after consultant and coach by top MNCs in the region. With a strong belief that Customer-centricity is one of the ways to value creation and a virtuous business cycle, Candice focuses most of her works on the building of core competencies that strengthen company-customer relationships. By pursuing a Doctorate Degree with special interests in Relationship and Social Marketing, she hopes to enhance the wellbeing of both the business and social communities.



Annemiek van Moorst, entrepreneur, author, designer, implementator and opinion leader, is founding partner of TOTE-M (1994 - now). TOTE-M is a leading independent management consultancy specialized in customer management strategy and implementation based in Amsterdam and Brussels (www.tote-m.com). Its customer base consists of large international corporations in finance, telecom, utilities, technology and retail. Before 1994 she was consultant Labour and Technology and Head of MIS at ING Postbank, senior consultant at Berenschot and partner at Da Vinci Group. Annemiek wrote two books Strategic sourcing of customer care (2004) and Help a customer! (2001) as well as many articles. She is co-editor of CRM in the Netherlands on CRM Award cases (2007). Currently she is working on two books on Customer Management. Annemiek is a frequent speaker on seminars and congresses. She was involved in founding the Dutch CRM Association. In 2004 she founded the forum for Directors of Direct Channels and Contact Centres aiming at professionalization of the market. In 2005 she joined the jury of the Dutch CRM Award.



John Chisholm is formerly founder, CEO, and chairman of CustomerSat. The company is a leading provider of real-time systems for measuring and automating actions based on customer satisfaction and loyalty and it was sold to MarketTools in 2008. Prior to founding CustomerSat in 1997, he founded Decisive Technology, formerly the leading provider of desktop software for conducting online surveys (later acquired by MessageMedia and now part of Google). John owns and co-owns two US patents in Internet polling technology. John has nearly three decades of experience in general management, marketing/research, and strategy, including positions at Hewlett Packard, Xerox, Pyramid Technology, and Grid Systems. He holds bachelors and masters degrees in electrical engineering and computer science from MIT; and an MBA from Harvard Business School. He serves as chairman of the Stanford Institute for the Quantitative Study of Society (SIOSS), sits on the market research council of the Association for Interactive Media (AIM) and on numerous advisory boards.

About G-CEM



G-CEM (Global Customer Experience Management Organization) helps companies to create effective customer experience. Our patent-pending methodologies combine the art and science of CEM in assessing and delivering branded and total customer experience (TCE). G-CEM International Partners are located in Europe, Asia, and North America. Our services include TCE Evaluation and CEM Certification. Visit Us: <http://www.G-CEM.org>.



Total Customer Experience (TCE) Evaluation



The TCE Evaluation consists of two parts: TCE Model Building sets a comprehensive blueprint and renders a complete architecture to measure, manage, and improve the total customer experience as perceived at multiple touch-points and among multiple channels across the entire customer lifecycle. The TCE Assessment measures the effectiveness of experience in driving customer satisfaction, brand differentiation, sales transactions and creating advocates. The combination of TCE model building and assessment helps companies deliver a branded and effective total customer experience. For details, please visit: <http://TCEevaluation.G-CEM.org>.

Global CEM Certification Program



The Global CEM (Customer Experience Management) Certification Program is designed and co-delivered by G-CEM International Partners and endorsed by nine authorities. Since January 2006, G-CEM has run the program in London, Amsterdam, Barcelona, Copenhagen, Paris, Istanbul, Dubai, Johannesburg, Shanghai, Bangkok, Hong Kong, Singapore, and San Francisco, with clients from 49 countries across five continents.

For details, please visit: <http://CEMCertification.org>.