Five steps to building an online customer experience competency

Transform your thinking about online customers and reap rewarding results

A recently published Forrester Research report[1] highlights how customer experience one of the most vital areas for online businesses. Nearly all customer experience decision-makers (93 percent) say that a good customer experience is one of their top strategic priorities, and 75 percent say they want to use customer experience as a competitive differentiator

This demonstrates a movement by companies into the next generation of website optimization. But this same report also reveals that most companies lack a disciplined approach to improving customer experience.

IBM Tealeaf solutions are designed to help you succeed in your online customer experience efforts. With this goal in mind, we would like to share five steps you can take to establish an online customer experience competency within your organization. These steps are:

1. Monitor customer experience KPIs.
2. Proactively examine and respond to known technical issues.
3. Listen to your customers.
4. Prioritize customer experience issues based on business impact.
5. Observe and review actual customer behavior.

These five steps are not rocket science, just demonstrated best practices – validated by more than 300 active deployments of IBM Tealeaf solutions – that can be implemented within your own company. It is our desire that reading this guide will empower you to align your customer experience view to that of your customers.

Why focus on customer experience now?

It is very difficult, if not impossible, to build and maintain a dynamic website that works flawlessly every moment of every day for every customer. Between implementing new content, changing technology, managing internal stakeholders and designing for customers who have different objectives, learning styles and backgrounds, it is not feasible to produce a 100 percent error-free site. After all, to err is human.

And it is no big surprise that online customers experience problems from time to time. We have all encountered them, whether it is difficulty logging into an account, adding an item to a shopping cart, navigating through a site, or getting a confusing error message. Yet, with the proliferation of message boards, blogs and social networking sites, one poor customer experience can take on a life of its own, potentially damaging your brand and bottom line.

The impact is greater than you think

A 2007 survey conducted by Harris Interactive® and commissioned by Tealeaf (now IBM) on customer behavior revealed that a high level of consumer intolerance for e-commerce failures and the "double threat" that these failures present to online businesses.[2] This survey illustrates an alarming rate of website issues – with nine out of 10 consumers experiencing difficulties online. To make matters worse, the same survey reports that 42 percent of consumers abandon their transactions when they experience online road blocks or simply switch to a competitor. In addition, the same survey uncovers a second potential threat to your business. Customer service centers are ill equipped to respond effectively to the needs of online customers. This poor level of service can trigger a second wave of customer abandonment. Of consumers polled, 49 percent of those who contacted customer service after experiencing an online issue did not have the issue resolved, and a whopping 52 percent stopped doing business with the company as a result. Between website glitches and poor customer service, an estimated $50 billion in potential consumer transactions are at risk throughout the remainder of this decade, in just the retail and travel industries alone.

"Tealeaf is the only solution available that could provide us with the depth and breadth of meaningful information about why customers are prevented from booking holidays."

– George Nolan, E-commerce Manager, TUI UK.

While many companies believe they are delivering adequate online experiences, their customers are in pain. Why do so many organizations miss the mark? According to a Forrester Research[3], customer service is the cornerstone of a company's customer experience strategy; However, the reality is that few companies are doing anything about optimizing the service experience; they still primarily focus on cost-control measures, and only 37 percent of companies have a dedicated budget for customer experience initiatives. In other words, only few e-businesses are truly changing company culture by mobilizing the company around what matters to the customer. Instead, the common scenario is that each department works in its own separate silo to solve online customer issues. IT folks look at online problems one way. The marketing department approaches these issues from a different viewpoint. And the contact center is left to interface with customers without sufficient information about the website or common online customer issues.

The solution: Customer Experience Management (CEM)

Improving online customer experience requires organizations to have one view of the online customer and to utilize a common language when discussing customer experience. An effective Customer Experience Management (CEM) solution captures and records what each customer is doing and seeing in real-time on each page and across site visits. In doing so, a CEM solution gathers quantitative experience information about true customer behavior – information that is foundational to effective website optimization efforts.

Often organizations use a CEM solution tactically to answer the "why" questions about their websites: Why did so many customers abandon the credit card application on the second step rather than the first step? Why are customers searching for products multiple times and still not adding items to shopping carts? A more strategic approach is to convert this powerful customer experience data into a common language and use it to build a customer experience competency across your enterprise.

"We rely on the qualitative and quantitative information provided by Tealeaf to identify opportunities for improvement, drive requirements and set priorities."

– Judy Minton Huffman, Manager of Production Support,
 Airlines Reporting Corporation

Step one: monitor customer experience KPIs

How user friendly is your site?

Often companies focus their customer experience efforts on trying to deliver faster online response times and better page performance. Yet ironically, in each of the three years the Harris Interactive survey has been conducted, less than three percent of customers reported abandoning a site due to slow page response time. Instead, site usability continually ranks among the top priorities for online customers, including:

- The ability to compare different products/services.
- Straightforward navigation.
- Ease of completing the transaction.
- Confirmation upon completion of the transaction.

With a CEM solution, it is simple to establish and track customer experience key performance indicators (KPIs). In general, KPIs serve as a daily baseline and method for setting improvement goals. They are also your daily passing or failing grade with customers. So to help you dramatically improve site usability, you need to determine what customers want from your site.

If your customers want to login smoothly, you will need to create a KPI to monitor and score how many customers attempt to login more than once. Or, if they want to more easily complete a transaction (e.g. transfer money from an account, request a quote, purchase an item, reserve a flight, etc.) set a KPI to track the number of customers who abandon a business process after running into a specific issue such as abandonment with application errors or abandonment with re-entering credit cards. Now that your KPIs are set, you can proactively monitor your customer experience score each day.

Tip #1

Each online business is unique. Create and monitor customer experience KPIs that are meaningful to your organization.

Step two: proactively examine and respond to known technical issues

What common online roadblocks are your customers experiencing today?

Once you have established meaningful KPIs, keep a watchful eye on the known technical issues to better understand why customers succeed or fail.

For example, you can correlate slowdowns in response time to task completion or conversion rates. An increase in the time it takes to get search results from two to three seconds may have no impact on a shopper's purchase decision, but the same increase in response time for displaying the product details page could have great impact on conversion rates.

Here are common technical issues that you should look for:

- Known error pages such as the global error page.
- Known application or system messages containing such words as "sorry," "apologize" and "invalid."
- Known slow performance, for example when a page requires more than 10 seconds to be delivered to your customer.

Using a CEM solution, you can track these types of technical issues that may impact customer experience. You can define thresholds for each issue and be alerted via e-mail or to system management consoles when the thresholds are exceeded. You can even base these thresholds on previous site activity so that you are alerted when the percentage of customers getting an error exceeds 10 percent of the maximum percentage in the past month.

Real-time knowledge of technical obstacles allows you to intervene quickly, before a greater number of customers are impacted by a poor experience. By allowing you to replay affected customer visits, a robust CEM solution can help you quickly discover and resolve the underlying issue. A CEM solution also enables you to better understand the real business impact of the problem and prioritize potential fixes accordingly.

Tip #2

Do not overlook the known, and obvious, technical issues. How many customers are waiting for you to be proactive?

Step three: listen to your customers

Do you understand the real story behind their complaints?

Online customer complaints are expressed across many different avenues – through contact centers, site feedback forms, voice-of-the-customer surveys, blogs and online public forums. When customers complain about their experiences online, do you go beyond the words to understand and validate what really happened? Or, do you take complaints at face value? Or, worse, do you disregard the complaints?

Consider the following scenario: a customer survey shows that on average your customers think very poorly of your shipping policies. On the surface, your policies appear the same as your competitors. Could the low score be attributed to an incorrect shipping calculation? Or, are customers just confused by the information they received during the checkout process?

With a CEM solution, you can dig beyond the feedback to understand the context in which it was given. By replaying several shopping sessions from low-scoring respondents, you may quickly learn that customers who selected UPS for bulky items were getting incorrect shipping rates.

"We have always had a general idea of what customers were doing on our site, but until we started using Tealeaf, we had no idea why they were behaving in a particular way. Tealeaf gives us real-time visibility into what customers actually experience as they navigate through the website so we know why customers struggle or drop off at a particular stage."

– Gianrico Sarracco, Interaction Design & Usability Specialist,
  UniCredit

Here are some practical ways to listen actively to your customers:

- **Contact centers:** confirm that your representatives escalate issues for investigation via trouble tickets, and periodically examine the tickets to look for common issues. Once you have identified a frequent compliant area, use a CEM solution to search for related customer sessions and replay the actual customer experience that triggered the complaint.

- **Feedback forms, surveys, blogs and public forums:** look for trends in complaints and take advantage of names or e-mail addresses given by customers to track down their session with a CEM solution. This provides visibility into where the customer was on your site, what they did, and what customer experience obstacles they did or did not encounter.

Tip #3

You do not need to invest thousands of dollars to capture customer feedback; what you need to do is stop and listen. And once you do, let the amazing discovery begin.

Step four: prioritize customer experience issues based on business impact

What is really at stake for your business?

When you discover a customer experience issue, you need to step back and quickly quantify its impact on conversion or revenue. After all, web problems are business problems. This crucial analysis is often the missing link that prevents e-businesses from prioritizing their most business-critical issues or even addressing some issues at all.

For each issue, start answering these bottom-line questions:

- When did this issue start?
- How many times has a specific customer encountered the same problem?
- How many customers per day experience the problem, and which ones?
- What is the difference in our conversion rates between customers who experience the issue and those who do not?
- How much business is lost each day because of this issue?

"Instead of presenting customers who report errors with a long list of questions, with Tealeaf our techs can spot the causes of an issue from captured data. In addition, we no longer guess where users abandon sessions, which enables us to design improvements leading to higher completion percentages."

– Gerg Jacobi, SVP eBanking, Webster Bank

A business-focused CEM solution captures customer experience data in real-time and inspects it against a set of defined business rules. It delivers insight into customer successes and failures by measuring frequency and trends across transactions, while enabling you to answer the above questions. At the end of the day, this customer insight can lead to a quantifiable business case that becomes a benchmark for setting your customer experience optimization priorities.

While web analytics, system performance reports and call logs try to answer these questions, they are more adept at answering, "Which campaign performed best today?" and "Where do visitors drop out of the conversion process?" But to respond to more probing business questions about customer behavior, you need to incorporate a CEM solution that reports each interaction a customer has with you site – what did the customer actually see and do, and why?

Tip #4

Prioritize those issues that will improve customer conversion and retention rates; do not waste manpower chasing after inconsequential issues.

Step five: observe and review actual customer behavior

What do you need to do (or not do) next?

One of the best business practices in call centers is ad hoc monitoring and reviewing of customer telephone calls. You know the drill, "This telephone call may be monitored and recorded for training and quality assurance purposes." What happens next is representatives from key departments select random calls to analyze from start to finish. Together, they work as a team to glean common insights on how to improve customer service.

Did you know this same business practice can also be applied to your website using a CEM solution? It also complements usability testing by addressing its key drawbacks, specifically limited user populations and unnatural laboratory environments.

Here are recommendations to help you get started:

- Reach across the organization to gather stakeholders from key departments in a meeting. (Remember customers do not see you as marketing, IT, development, operations, design, or customer support; they view your organization as one company.)
- Choose one suspected site trouble spot (e.g., the registration process, the mortgage application process, etc.) to investigate.
- Randomly select 10 or so sessions that show customers who visited those pages, and watch these customers interact with your site.
- Use this practical insight to evaluate whether a problem exists (or not), and determine where the problem should fit within your site optimization priorities.
- Meet together frequently, not just once a year, for optimum results.

Without a doubt, e-businesses that take the time to observe actual customer behavior can address suspected problems before they have major impact on the business.

What buried customer behavior will you uncover next?

Tip #5

Grab 10 customer visits a week and see if there is a common thread. Then, work together to create an optimization action plan.

Summary

Building a successful online customer experience competency is an evolving, incremental process, not a one-time initiative. It can transform how you think about your online customers, and in return, bring rewarding results. Even better, building a customer experience competency unites employees with a common language. It helps to break down department barriers and align everyone around a shared customer experience. It can change your business.

Remember: stop, look and listen together…because much can be gained from truly understanding your customer experience.

"It's as if my team had a blindfold over their eyes. With Tealeaf, the blindfold went away."

– Denise Chartrand, Senior Director Customer Solutions & Innovations, Air Canada

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About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations. Integrating and streamlining all aspects of marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, efficient, timely, and measurable business outcomes.

Delivered on premises or in the Cloud, the IBM EMM Suite of software solutions gives marketers the tools and insight they need to create individual customer value at every touch. The IBM EMM Suite helps marketers to understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social, and traditional marketing channels.

Designed to address the specific needs of particular marketing and merchandising users, the IBM EMM Suite is comprised of five individual solutions. Digital Marketing Optimization enables digital marketers to orchestrate relevant digital interactions to attract and retain new visitors and grow revenue throughout the customer's lifecycle. With Customer Experience Optimization eCommerce professionals can turn visitors into repeat customers and loyal advocates by improving the digital experience of every customer. With Cross-Channel Marketing Optimization customer relationship marketers can engage customers in a one-to-one dialogue across channels to grow revenue throughout the customer's lifecycle. Price, Promotion and Product Mix Optimization allows merchandisers and sales planners to make price, promotion and product mix decisions that maximize profit and inventory utilization. And with Marketing Performance Optimization, marketing leaders, planners and decision-makers can model and assess mix, and manage marketing operations to maximize ROI.

Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results. IBM's time-tested and comprehensive offerings are giving companies such as Dannon, E*TRADE, ING, Orvis, PETCO, Telefonica | Vivo, United Airlines and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today – a more consistent and relevant experience across all channels.

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1 Forrester Research, Navigate The Future Of Customer Service, February 01, 2013, By Kate Leggett with William Band, Sarah Bookstein; available at: http://www.forrester.com/Navigate+The+Future+Of+Customer+Service/fulltext/-/E-RES61372

2 Survey of Online Customer Behavior; Harris Interactive, August 2007

3 Forrester Research, Navigate The Future Of Customer Service, February 01, 2013, By Kate Leggett with William Band, Sarah Bookstein; available at: http://www.forrester.com/Navigate+The+Future+Of+Customer+Service/fulltext/-/E-RES61372

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