

Strategic Services Marketing
Prof. Kalpak Kulkarni

Department of Management Studies,
Indian Institute of Technology, Roorkee

Week – 02

Lecture - 06

Customer Journey Mapping and Touchpoint Analysis

Hello everyone, welcome to week 2. In this week, we are going to learn concepts related to customer experience management with special reference to services. After going through this module, you should be able to first define customer experience and customer journey mapping. We will also try to explore the process of designing memorable customer experiences. Further, we will try to understand the role of personalization and customization. Then we will try to examine the impact of emotional and sensory marketing with respect to services.

And towards the end, we will try to explore the role of technology enabled customer experiences. So let's start with the first lesson. In this lesson, we are going to define what is customer experience and customer journey mapping. What is customer experience? We heard this term CX or UX and so on, which are altogether different things.

But what is CX or customer experience is all about? Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company or organization. Here direct contact may occur in the course of either purchase, use of goods and services, or even the services available by customers. It is usually initiated by the customers. Indirect contact involves unplanned encounters with representations of a company, services, or even brands, and takes the form of either word of mouth recommendations or even criticisms in some cases with relative to advertisements, news reports, reviews, and so forth. A successful brand shapes customers' experiences by embedding the fundamental value proposition in their offerings every feature.

Let's have an example of BMW. For BMW, the ultimate driving machine is much more than a slogan. It informs the company's manufacturing and design choices. In 2000,

Mercedes-Benz introduced a system that automatically controls the distance between Mercedes and the car in the front. BMW would not consider developing such a feature unless it amplified rather than diminished the driving experiences that it promises to deliver.

So customer experience encompasses the entirety of a customer's interactions with a brand, from the first point of contact to ongoing engagement and support. It goes beyond individual transactions, focusing on the holistic journey a customer takes with the company or service provider. This includes all touchpoints, both physical and digital, and the emotional responses generated throughout the entire interaction or journey. Why it is important to understand customer experience? A positive customer experience is crucial for several reasons. First, it directly influences customer satisfaction, loyalty, and advocacy.

Satisfied customers are more likely to become repeat buyers. They are more likely to recommend the brand to others and remain loyal even in the face of competitive alternatives. Moreover, in today's interconnected world, where information spreads rapidly, a single negative experience can have far-reaching consequences. And that is why customer experience is a very important concept. Even if you look at some data from surveys from leading firms, for example, HBR conducted this services analytics survey in 2017.

And the survey found that 73% of business leaders say that delivering a relevant and reliable customer experience is critical to their company's overall business performance. They listed some of the most important factors to deliver an effective customer services or experience. For example, their study or survey found that a customer-centric culture throughout the organization or service providers premises is of utmost importance, whereas it also drives effectiveness of the services delivered as well. Second factor was management and leadership bias, the involvement of top management and leadership in terms of offering or focusing on offering customer experience. Then we have visibility into an understanding of the end-user customer experience.

Then fourth dimension they identified is a clearly communicated customer experience strategy. So going beyond not just implementing and providing customer experiences, it's most important to also make it visible to your customers. And finally, the clarity around customer experience value or return on investment also plays a crucial driver. Then how relevance of CX is for services marketing. In services marketing where intangible offerings dominate, customer experience takes center stage.

The intangible nature of services places a premium on the quality of interaction, making positive experiences a key differentiator. As customers often evaluate services based on the overall experience, service providers must prioritize creating memorable, seamless and emotionally resonant experiences to gain a competitive edge over its competitors. Let's understand some of the examples from a services firm that how they are excelling at offering customer experiences. First example here is Amazon Prime and we are looking at its subscription services. Amazon Prime is a subscription service that offers a range of benefits including fast shipping, streaming services and exclusive deals.

The seamless integration of services creates a comprehensive customer experience, fostering loyalty through convenience and added value. Another example, Walt Disney World which is into hospitality and entertainment industry. Disney World is known for its immersive and magical experiences. From theme parks attractions to customer interactions with staff that is their cast members, Disney prioritizes creating a positive and enchanting atmosphere, contributing to a memorable customer experience. And it's no wonder that Disney has over 70% customer return rate.

This is fabulous. Let's have a look at this particular video through which we can understand how Disney is excelling in terms of offering a great memorable customer experience to its customers or visitors. Next example, let's have a look at Starbucks which is into food and beverage industry. Starbucks has successfully created a unique coffee house experience combining the quality of its products that is of course a coffee with a focus on ambience and personalized services. The brand's commitment to creating a third place for customers contributes to its strong customer loyalty.

Another example from Uber which is into transportation services. Uber revolutionized the transportation industry by prioritizing user experience through a user friendly app, cashless transactions and the ability to track rides in real time. The convenience and simplicity of the service have contributed significantly to its global success. In conclusion, customer experience is not just a buzz word but a critical factor that shapes customer perceptions and influences business success. In the services marketing domain, delivering exceptional experiences is a strategic imperative for building customer loyalty and sustaining a competitive advantage also.

The examples provided here that illustrate how leading service oriented businesses or firms prioritize and excel in delivering positive customer experiences. Connecting customer experience with customer journey mapping is an essential strategy for service

providers aiming to understand, analyze and enhance their customers interactions comprehensively. Customer journey mapping serves as a powerful tool to visualize the entire lifecycle of a customer's engagement with the brand from initial awareness to post purchase support. By meticulously documenting each touch point and understanding customer actions, emotions and pain points, at every stage, service providers gain valuable insights into the holistic customer experience. We might sometime get confused with respect to the difference between customer experience management or CEM and customer relationship management that is CRM.

Let's clear this with some facts. This table illustrates the differences between customer experience management and customer relationship management. So for example, to answer the question what, so what is CEM or customer experience management? CEM captures and distribute what a customer thinks about a company whereas in CRM, CRM systems captures and distributes what company knows about the customer. That's the first difference. With respect to when, CEM happens at point of customer interactions which we call them as a touch points whereas CRM gets implemented after there is a record of customer interactions.

So one thing in CEM the customer is interacting the touch points we are capturing those interactions that is CEM or customer experience management whereas in CRM the interaction has already happened right going forward. So that's when now going forward how CEM is monitored. CEM can be monitored through surveys, targeted studies and even observational studies whereas CRM gets monitored using point of sales data, market research and website click through rates and so on. Coming to who is going to use this information created across these particular tools, we can say that for CEM or customer experience management business leaders in order to create fulfilled expectations and better experiences they are the users of the data. With respect to CRM customer facing groups such as your sales, marketing, field service agents and customer service providers are the actual users of this type of data.

So these are the some differences between customer experience management and customer relationship management. Now let's discuss about customer journey mapping. Customer journey mapping is a strategic tool used by businesses or services providers to visualize and understand the entire experience a customer has with their service offerings. In the context of services where interactions are often multifaceted and ongoing customer journey mapping becomes particularly very crucial. So this chart displays a step by step guide for customer journey mapping.

The first step is defining your objectives then understand your customer personas then map the customer touch points then comes defining customer actions and emotions then we will try to identify pain points and opportunities then we will go for including some multiple perspectives to the overall journey and touch points. Then comes creating a visual representation or the journey maps and then comes adding the key metrics or kind of indicators and finally the ninth and last step is about reviewing and iterating the process. Let's understand these nine steps in detail. First step define your objectives. Here the aim is to identify goals.

So clearly outline the goals of your customer journey mapping what exactly you want to achieve. Are you seeking to improve customer satisfaction or do you want to identify pain points or do you actually want to enhance specific touch points only. So define it in the first stage. Then in the next stage understand your customer personas. Here personas are nothing but the detailed customer personas representing different segments of your target audience.

Personas are generally referred to a semi fictional characterization or kind of you know the image of your potential customer and how he or she is going to interact with the services or the offerings. So understand each segments needs, preferences and even pain points. In the next stage try to map out customer touch points. List all the touch points. So identify all potential touch points where customers interact with your service.

This includes pre-purchase, purchase and post-purchase interactions. Then you also need to document physical and digital touch points. Consider both physical for example let's say in-store interactions and even digital touch points for example website visit, app downloads and app visits and even social media interactions as well. This diagram represents a typical customer journey starting from awareness then consideration, purchase, service and loyalty. And across these stages when customers move how he or she is getting interacting with either physical or digital touch points with the company or the firm.

So, in physical touch points we can have PR events, word of mouth, direct mail, store, call center and so on. While in digital customers might interact with the digital touch points for example online ads and digital billboards when they are at awareness stage or they are interacting with website or mobile when they are at the purchase stage. So, this particular map or kind of in a chart provides different possible touch points where customer is

interacting with the service provider. So, in this third step only we need to categorize touch points. Touch points can be categorized into three classes.

Pre-services touch point which happens before the actual service is getting delivered. This includes marketing materials, advertisements and initial customer research. When there is a interaction happening between service provider and customer we call them as service delivery touch points. These are the points of interaction during the actual service provision such as the purchasing process, service consumption, the direct interaction with the service personnel and so on. And then post service touch points that is after the service is delivered.

This covers areas like feedback collection, follow up communication and even ongoing support. This particular chart categorizes those particular touch points across these three broad categories. So, in before purchase category we have social media, ratings and reviews, testimonials and word of mouth. With respect to during purchase touch points we have either store or office, websites, catalogs and even promotions. And after purchase touch points includes billing, transactional emails, marketing emails and services and support teams.

Next step is defining customer actions and emotions. What are customer actions? So map out the actions customers take at each touch point. This includes researching, contacting, customer support, purchasing etc. And also try to map out customer emotions. Try to understand the emotions customers may experience during each interaction.

This insight is critical for identifying areas of delight or even frustration. Next step deals with identifying pain points and opportunities. Try to pinpoint pain points. So highlight areas where customers might face challenges or even dissatisfaction. And try to explore opportunities in terms of identifying moments where you can surprise and delight customers turning interactions into positive experiences.

Next stage is about including multiple perspectives. Try to include internal stakeholders. Involve employees from different departments to gain diverse perspectives on the customer journey. Next sub stage is customer feedback. Incorporate feedback from surveys, reviews and customer service interactions to validate and enhance your map.

Next stage we are going to create a visual representation. First stage here is to choose a format. Use visual tools like flow charts, diagrams or specialized journey mapping

software that are available today to create a clear and visually appealing representation. Also look at timeline. Arrange touch points chronologically to create a timeline of the customer journey.

So for example, Lucidchart is a software that can be helpful to create such a visual representation of customer journey maps. Next stage is adding about a key metrics. Integrate relevant metrics such as conversion rates, customer satisfaction scores or even net promoter scores or NPS to measure the success of each touch point. NPS is crucial score or element or metrics in this domain. So what is NPS or net promoter score is? For example, let's say you are taking a feedback from your customers after service and you are giving them a scale which is ranging from 1 to 10.

So let's say 12 people are very dissatisfied. They give you rating of 1. Similarly, 8 people give you 2, 1 person gave you 3 and similarly 115 people gave you 9 and 97% of customers gave you 10 on 10. So next step what we are going to do is divide this into 3 parts. So the red ones are the detractors.

They are not going to come back to you. Yellow ones represents passives and the green ones are nothing but the promoters which are going to bring a lot more customers to you giving you a positive word of mouth as well. So how NPS is calculated? We neglect this particular thing which we called as passives right and then we just subtract detractors from this promoters.

So $61.5 - 11.6$ right so it's almost coming to 50%. So that is a net promoter score. In the next step and the final step is about reviewing and iterating the process. So as you gather the feedback, share the customer journey map with relevant stakeholders and again gather their feedback as well and then go for a continuous improvement. Use insight to iterate and improve the customer journey over time. Let's understand this 9 step process of creating customer journey mapping using an example of Netflix.

So Netflix what the objective can be? The objective can be that Netflix aims to enhance customer satisfaction and retention by improving the overall streaming experience. In the next stage, in trying to understand the customer personas, Netflix we try to identify different customer personas including casual viewers, binge watchers and families with varying content preferences. So there are the three personas Netflix let's say have identified. Proceeding with the next step, Netflix will try to identify touch points including for example website and app browsing, content selection, payment, streaming, customer

support and post watching recommendations. In the next step about understanding or defining customer actions and emotions, the actions customer can take in terms of Netflix or using Netflix services include browsing genres, adding to the watch list, paying for a subscription and whereas emotions involved range right from excitement during content discovery to frustration if there are playback issues and so on.

In the next step of identifying pain points and opportunities, here the pain points may include slow loading times or difficulty in finding preferred genre of content whereas opportunities lie in personalized content recommendations and user friendly interfaces. In the next stage of including multiple perspectives, Netflix will try to involve content creators, developers, customer support and subscribers to gain diverse perspectives on the streaming experience. In the next stage of creating a visual representation, Netflix will try to use a customer journey map to visually represent the stages of engagement, touch points and emotions creating a timeline from account creation to ongoing usage. In the last but one stage that is adding a key matrix, Netflix will try to integrate matrix like viewing time, user engagement and customer feedback scores to measure the success of each touch point. And finally, Netflix will regularly update the map based on customer feedback, emerging trends in streaming habits and technological advancements.

So after understanding this process of customer journey mapping, what are the benefits of this customer journey mapping for services industries? It has multiple benefits for example, a holistic understanding of your customers, identification of pain points, opportunities for innovation, employee alignment and enhanced customer satisfaction. Holistic understanding again with respect to providing a comprehensive view of the customer's experience from initial awareness to post purchase interactions. With respect to identification of pain points, customer journey maps helps identify areas where customers may face challenges or frustrations allowing for targeted improvements. Coming to opportunity for innovation, CJM or customer journey maps reveals opportunities for innovation and differentiation to create memorable experiences. Coming to employee alignment, customer journey maps helps align internal teams by fostering a shared understanding of the customer journey and the role each department plays.

Finally, enhanced customer satisfaction, yes by CJM or using customer journey maps, it helps to address pain points and enhancing positive touch points leading to overall customer satisfaction improvement. So in this session, we try to understand what is customer experience and how we are going to create customer journey maps as well. Thank you.