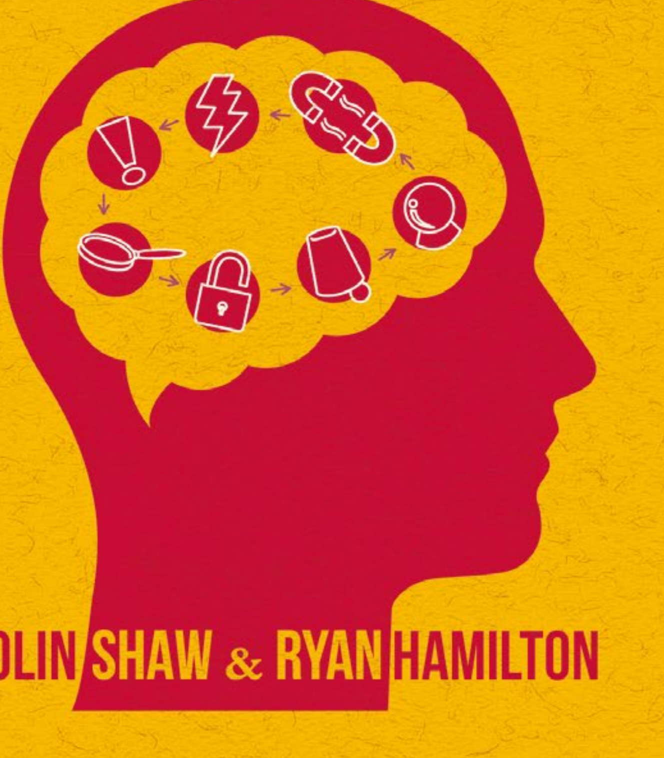
THE INTUITIVE CUSTOMER

7 IMPERATIVES FOR MOVING YOUR CUSTOMER EXPERIENCE TO THE NEXT LEVEL



COLIN SHAW & RYAN HAMILTON

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Colin Shaw • Ryan Hamilton

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7 Imperatives For Moving Your Customer Experience to the Next Level

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Foreword

When I read Colin Shaw's first book, *Building Great Customer Experiences*, it helped put into practical steps what we needed to do to improve our Customer Experience. I am proud to say that since that day, our Net Promoter Score (NPS) has improved dramatically. In fact during one 30-month period it improved by 34 points, proving that it is possible to improve your Customer Experience in a comparatively short time. From that meteoric upswing, we continue to see ongoing gains in our NPS … something we are very proud of at Ricoh Canada.

But who are we? Ricoh Canada, Inc. is a wholly owned subsidiary of Ricoh Americas Corporation and employs more than 2,300 people in Canada. We have over 900 certified technicians and more than 200 sales representatives through our Direct and Dealer channels. Over the last ten years, we have grown over 115% and made significant gains in market share. Our vision is to be recognized as an industry leader and trusted brand in the digital evolution of the workplace. We do that through highly engaged employees providing an exceptional Customer Experience. Our foundation of ethics and integrity support our core values and customer-centricity.

Of course, our success did not come by accident. Rather, after experiencing mild growth over a 15-year period, our Executive Management Team decided we needed to change the way we worked with our customers. We called it "MyCustomer" in the beginning. The basic foundation of MyCustomer was investing in our customers first. From there, the MyCustomer program created an experience that reflected what our customers valued most, adding an important dimension to our relationship. Our initial efforts included a focus on the following four goals:

- To become the market leader
- To create a customer-centric culture in the organization
- To position service excellence as a competitive advantage
- To develop a value proposition based on the Customer Experience

Our Executive Management Team recognized what we wanted to do, and we set about making a series of important changes. We revised how we measured our employee performance, and as a team we decided in 2003 to include NPS as an expanded part of our Satisfaction Survey. Effectively, we were looking for a vehicle through which to understand the behavior of our customers, and determine how we might be able to tap into and improve upon our retention rate. The Voice of the Customer became a critical focus for every important decision we made. How could we do better for our customers? It was clear that improving our retention rate by 5% or 10% would have a significant impact on our top line and our bottom line, provided we continued to seek new customers at the same rate. And assuming our rejection rate was probably normal – or at least as good as anybody else's – we knew the efforts we were making were worth it.

We connected with Beyond Philosophy and focused their tools and models on redesigning our Customer Experience – from analyzing process and moments, right through to training for Customer Experience as part of our culture. We beat that drum incessantly around here because we wanted everybody at Ricoh Canada – from technicians to accounting staff – to understand the impact they were having on our Customer Experience. It became part and parcel of our on-going communication, and I'm happy to say it worked its way into the cultural fabric of the organization.

The good news is that our first steps using the Beyond Philosophy approach were successful. We noticed an immediate improvement in our NPS score and customer satisfaction. The bad news was that we also discovered there was a disconnect between the goals we wanted to achieve, and the current day-to-day processes we had in place to accomplish them.

In other words, we had the "what" of the Customer Experience defined, but we didn't have the "how." The feedback we got from customers indicated there was an inconsistent delivery of the Customer Experience, a result of an individualized perception of what a great Customer Experience meant. We corrected course and continued our journey. But even now, we still are perfecting our navigation through the changing marketplace and customer expectations.

In addition to our NPS successes, Ricoh Canada sales grew substantially from where we were, and we have enjoyed a 10% year-on-year growth for the decade. This success is no small accomplishment when you consider economic conditions and the shrinking usage associated with print technology in our digital age. We have also reduced customer churn and increased market share in Canada.

What's the secret to our success? In its simplest form, we embraced the movement as an entire organization. It isn't just for sales and service or the field engineers. The Customer Experience movement is for everyone, from HR to IT to Finance. They all impact the experience for customers. It became a part of our Cultural DNA. If you leverage that one simple secret, then you will be able to effect change for your organization. In hindsight, I would have introduced the NPS score into people's pay five years earlier than I did, to help drive home this concept, perhaps even right at the inception of our MyCustomer program.

Candidly speaking, there are many organizations out there that are cutting corners and quite frankly leaving the customer in the lurch. We see it in our industry, and I'm sure it's in the case in other industries as well. We've seen companies simply not performing at the level that they used to, often because they cut too many corners or because they drove too many costs out of their business. They simply don't put customers first. That's an ongoing problem in the marketplace. When we come forward with a focus on the customer and the experience we want them to have, we do tend to stand out.

In this day and age, too many leaders are focused on the pure financials, and on what I call the "Earnings Per Share" mentality. This focus causes knee-jerk and short-term decisions. There is an enormous pressure there. I totally understand that. However, you're not foregoing profit to inject a solid Customer Experience Management process and program in the organization. You are creating a much more solid foundation from which to generate the profits. It's so much harder to get new customers than to keep the ones you've got.

We are ever conscious that both the marketplace and our customers' expectations are constantly moving. When you consider the economic conditions over the last ten years, as well as the commoditization of so many products and services as we hurtle forward into the digital age, we recognize that our focus needs to be sharper than ever. While you can argue that we are doing well, I am also concerned with ensuring that we do not rest on our laurels but rather continue to push forward. However, the question becomes, push forward to where? In our case, it's our transformation to a services company that also happens to provide hardware and software solutions. The Customer Experience is critical in garnering an expanded business relationship based on an earned trust and experience.

This book provides an answer for organizations like ours, who have done what we can up to this point and are ready to move to the "next level" of Customer Experience excellence. As usual, Colin, Ryan, and the team at Beyond Philosophy continue to push the boundaries and lead the thinking for organizations looking to move to the next level of Customer Experience.

When we began considering customer emotions based upon Colin's first book back in 2002, we were involved in something new and innovative that undoubtedly helped us get the results we have achieved today. But we all know that standing still is not an option; just look at Blockbuster, Kodak, Circuit City, or any other big brands that have virtually evaporated from the marketplace. The list is endless. Consequently, it is my job as CEO to look not just at today, but also at tomorrow, and to start to lay the groundwork for the future.

As the book demonstrates, focusing on emotions is still a forward step for most organizations today, although many are now starting to experiment in this area. For those of us already well into integrating that concept into our culture, however, the interesting question becomes, what causes an emotion? What Colin and Ryan have outlined in this book is the subconscious and psychological experience that drives customer behavior, or what is now becoming more widely known as Behavioral Economics. These concepts are key for me. If we can understand why customers do what they do, then we can serve them better. Sometimes that means accepting that human beings are complex animals indeed.

This book will introduce you to many of the psychological principles that have been known well in academia for years. Despite their long-standing acceptance in scholarly circles, few businesses embrace these principles. Once you have read this book, I think you will agree that this is, in fact, the next key battleground. The time has come for understanding your customers at a level never before examined. However, as I learned with Colin's first book, the theory is one thing; the practical implementation is another.

Colin and Ryan outline the practical steps organizations need to take to improve their experience and move themselves to the next level. The book outlines a series of imperatives, things you must do if you are to continue moving forward in the Customer Experience arena.

So even after we improved our NPS by 34 points in 30 months, it's clear that the work is never done. I recognize that we need to push ourselves even further into this area, understanding our customers at a much deeper and more sophisticated level. A large part of the task is sharing that vision with the entire team, and revisiting the idea that the movement is for everyone, regardless of title and position.

Because if our journey with Beyond Philosophy has taught us one thing for sure, it's that delivering an exceptional customer experience is everyone's responsibility.

Glenn Laverty
President and CEO, Ricoh Canada

Praise for *The Intuitive Customer*

"Shaw and Hamilton hit the nail on the head and then hand you the hammer. They show how to move your customer experience to the next level using what they know about the intuitive customer."

–Terry Cain, Vice President,
Global Customer Engagement, Avnet Inc.

"An insightful and engaging look into the intuitive nature of customer behavior."

–Alexander Chernev, Professor of Marketing,
Kellogg School of Management, Northwestern University

"Ever wonder why customers do what they do? This book will tell you, but it goes one stage further and tells you how to take your customer experience to the next level."

–Dann Allen, Vice President,
Retail Banking Group Customer Experience, Bank of the West

"This is a great book. Shaw and Hamilton have taken on the complicated subject of behavioral economics and translated it seamlessly into an important practical guide for customer experience management."

–Uma Karmarkar, Assistant Professor of Business Administration,
Harvard Business School

"Just as you thought you had done all you can to improve your customer experience, Shaw and Hamilton show us the path for taking your organization to the next level of customer experience with the intuitive customer."

–Howard Zonder, SVP,
Marketing and Audience Development, UBM

"When we were looking to move our customer experience to the next level we engaged Colin and the team at Beyond Philosophy. Why? Because they are thought leaders in customer experience and this book reinforces why."

–Diane Lantz-Rickard,
Global Brand Marketing Manager, Caterpillar Inc.

"This book chronicles how behavioral economics meets customer experience in an entertaining and accessible way. It reinforces my belief on why this combination is such a powerful concept to move people to the next level of customer experience."

–Steve Hurst, Editoral Director,
Engage Business Media

"Complacency kills organizations. In Zahid Tractor, customer experience management has become embedded in our culture. Shaw and Hamilton show us in this new book why we have only just begun."

–Khalid El Shurafa,
Marketing Manager, Zahid Tractor

"*The Intuitive Customer* has been the missing link for building loyal customers. It's a 'must-read' for marketers looking to understand customer behavior in the 'new world' of customer experience."

–Trudi Ford-Hutchinson,
Senior Customer Propositions Manager, Avios

Acknowledgments

Writing one book is difficult; writing six books is even more of a challenge! There are many people who have helped me through either direct advice or simply helping me do the "day job" at the same time as writing. I hope these acknowledgements serve as my thanks to those people.

For my business life, my thanks go to all the team at Beyond Philosophy, who have helped get us to where we are today by being great at the job they do. Their continued commitment, dedication, and ideas have been an inspiration. My specific thanks to Terri Lively, an outstanding member of the team who helped a great deal with the book, guiding us, correcting us, and being part of the team to get this completed.

For my personal life, I also extend a huge thank you to all my friends and family for keeping me grounded. I also want to thank my kids, Coralie, Ben, and Abbie. You are undoubtedly the best thing I (we) have ever done and our proudest achievement.

But perhaps most of all, I want to thank my wife Lorraine, who is quite simply the reason for my being. We started going out with each other when she was 16, and I was 17, and we have been together ever since. We have had a blessed life together. Lorraine's support, understanding, and encouragement has without question has been critical to whatever success I have enjoyed. Thank you from the bottom of my heart.

Colin Shaw

I am grateful to the great team at Beyond Philosophy, who have been a pleasure to work with and who have contributed in large and small ways to bringing this book to completion. I also acknowledge my great colleagues, friends, and mentors in the academic marketing community for their support and intellectual stimulation. Finally, and most important, I am indebted to my wife and children for their love, patience, and, all too often, cheerful tolerance of me and my schemes.

Ryan Hamilton

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About the Authors

Colin Shaw is Founder and CEO of Beyond Philosophy. A pioneer in the field of Customer Experience, Colin has written four best-selling books on the subject. Colin's background is in operational line management. He held many senior executive positions in corporate life before founding Beyond Philosophy in 2002. Under Colin's leadership, Beyond Philosophy has helped many of the world's most prestigious organizations improve their Customer Experience, including American Express, FedEx, IBM, and Caterpillar. One client, Maersk Line, the world's largest container shipping company, improved their Net Promoter Score by 40 points in 30 months, which gave a 10% rise in shipping volumes, using Beyond Philosophy's methodology.

Ryan Hamilton is Professor of Marketing at Emory University's Goizueta Business School, Atlanta, Georgia. Ryan is an award-winning teacher and researcher in the field of consumer psychology. In 2011, he was named one of "The World's Best 40 B-School Profs Under the Age of 40." His research investigates shopper decision-making: how brands, prices, and choice architecture influence decision-making at the point of purchase. His research and teaching are focused on identifying some of the surprising ways firms can use psychology to better understand and serve their customers.

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Moving Your Customer Experience to the Next Level Requires New Thinking

> We cannot solve our problems with the same thinking we used when we created them.
>
> *Albert Einstein*

The following is a typical call, one we receive more and more frequently; in fact this particular call came only yesterday from an organization seeking our help. The caller explained their predicament:

> We introduced the loyalty score, Net Promoter, three years ago. We aligned our people around it by altering the measurement and the rewards. But after some initial improvements our score has remained flat. We have poured lots of time, effort, and money into the program. Why is this? Where have we gone wrong?

The answer to their problem is simple. They have reached their glass ceiling. They can see where they would like to be, but they don't know how to get there. They have enjoyed the early gains of improving their Customer Experience and find themselves asking, "Now what?"

C. Shaw, R. Hamilton, *The Intuitive Customer*,
DOI 10.1057/978-1-137-53430-9_1

One of the authors of this book, Colin Shaw, wrote one of the first books on Customer Experience back in 2002: *Building Great Customer Experiences* (Palgrave Macmillan). He has seen the Customer Experience industry grow exponentially over the years. Today, many organizations suffer from the same issue: Their program is now plateauing or not progressing as much as they would like.

They don't know how to take their Customer Experience to the next level.

Unfortunately, there are also many organizations that jumped on the "Customer Experience bandwagon" without knowing what they were getting themselves into. As they looked around their industry, they saw their competitors improving their Customer Experiences. They also heard many people talking about this brave new world, so they decided they should undertake a Customer Experience project as well – without understanding what it takes.

In both cases, the big problem is these organizations are using traditional thinking to try and solve modern problems. But using old thinking to solve new problems doesn't work. To be fair, they don't know any different. What they don't realize is they have reached their limit, as "they don't know what they don't know." The cumulative effect is that they can't break through the glass ceiling and get to the next level of managing the Customer Experience.

Organizations are Trying to Solve the Wrong Problem

We are in the Experience Economy. Pine and Gilmore first identified the experience economy in 1998. It is an economy driven by the experiences that people or businesses want as customers, and the organizations that design and promote these experiences to them. Pine and Gilmore stated that the next competitive battleground for business was in the "staging of experiences."[1]

We are well into the experience economy today. We all know competition is fierce in most markets. The web has put competition on steroids and globalization has been a real and growing force for some time. People's lives are much busier, and their attention span is limited; they now crave mobile everything and synchronized anything! In short, people's expectations of the experiences they should receive from organizations is now at an all-time high. Apple set the standard for the intuitive experience. Brands like Zappos have demonstrated that having a human interaction pays dividends, and have encouraged their people to spend time talking to customers. To paraphrase Tony Hsieh, the famous CEO of Zappos and long-time champion of the Customer Experience, the telephone can be the greatest branding tool. Why? Because a good customer interaction sticks in the mind of the customer and becomes a story they share with people.[2]

It's not only the high-end companies that can provide a great Customer Experience. Southwest Airlines shows us that even a budget airline can have a great human interaction.

Operations can provide great experiences when even no people are visible. A great example of this concept is Amazon, a company that set the standard by wanting to be "Earth's most customer-centric organization."

Emphasizing Customer Experience is a concept that is now global. We have worked in Saudi Arabia, the United Arab Emirates, Egypt, Singapore, China, Australia, the US, Canada, Colombia, Mexico, Hong Kong, India, all over Europe, and Russia. The list goes on and expands every day. Our latest global customer-research shows that although different countries are at different stages of maturity and development, everyone is in the experience economy. But those organizations in more mature markets are starting to hit the problem of a plateauing Net Promoter Score (NPS). Every day we see organizations who are desperately trying to make the machine they have developed work faster, when what they need is a new set of machinery, another way of looking at things.

Let us give you an example. Before we knew any different, people thought the world was flat. We created rules and stories to set boundaries for ourselves, which included, "Don't sail over the horizon as you'll fall off the edge of the Earth." It sounds silly now, of course, but back then, that was the belief. We have beliefs similar to this in business today. Those "flat-earth" beliefs are:

1. Customer Experiences are entirely rational.
2. People are logical, rational beings and make decisions in that way.
3. People only buy based on price.

4. People don't buy emotionally, especially in the "Business-to-Business" arena.
5. Improving your Customer Experience only adds cost to the business.
6. Quality is the only key factor.

If you are convinced of these things, and you have no desire to reexamine these beliefs, then put this book down right now. Go back to whichever retailer you bought it from and attempt to get your money back. You are one of the flat-earth people, the people already convinced they know how things work and so don't need to have an open mind. We suggest you also invest in a convenient bucket of sand and put your head in it, ostrich-style, and hope the world goes away. But beware! The horizon is close, and you are heading straight for the edge, like a clockwork toy (Fig. 1.1)!

If, on the other hand, you want to have a breakthrough in the way you think about things and improve your Customer Experience, then this is the book for you. We consider our book a guide to the "new world." We have been fortunate to work with some progressive companies, who have

Fig. 1.1 Flat-earth thinking trajectory

already taken their heads out of the sand and seen that the world is not flat. They have been brave and have embarked on this new venture.

We have acted as their guides and reduced the risks inherent in designing new and innovative programs. These clients include Maersk Line, the largest container shipping company in the world. Maersk was about to fall off the horizon from a Customer Experience perspective. When we worked with their senior team, we discovered they were visionaries recognizing they needed to change the way they did things. We helped them implement a global program, and they increased the NPS from −30 to +10 in 30 months. Also, they experienced a 10 % increase in shipping volumes.*[3] Maersk admitted the need to solve their problems in a different way, and from a different perspective.

To cite another example, Ricoh Canada embraced the need to change the way they approached Customer Experience. As you read in the foreword by their CEO Glenn Laverty, by leveraging our thinking on Customer Experience, they moved their NPS up by 34 points in 30 months.

These companies have defied flat-earth thinking and moved their Customer Experiences to the next level by embracing the following concepts:

1. Customers are people, not hyper-rational automatons, and their decisions – even the seemingly rational ones – are often driven by emotions.
2. We need to understand the psychology of why people do things if we are going to anticipate them and serve them better.
3. People don’t buy just based on price; buying decisions are far more complex than going with the cheapest option.

The key point is that many businesses today are stuck in the past. The Einstein quote at the beginning of this chapter is an appropriate caution for this situation. Too many businesses still believe they can solve the problems of declining customer loyalty, plateauing NPS values, declining retention and profits, increased global competitions, and commoditization in the usual way, by reducing prices and becoming ever-conscious of costs. Organizations try to spend more and more money on marketing to increase their market share, but then feel surprised when customers don't stay with them for long. In our view, organizations often use outmoded thinking to solve the new problems of today. They are using logic, and an ever-more analytical approach, when what organizations need is a fresh perspective.

Understanding customer behavior at a psychological level is that fresh approach to moving your Customer Experience to the next level. Behavior is what people do, the actions they take. Moving your Customer Experience to the next level requires a DEEP understanding of what, why, and how customers do what they do. This book is about the deep understanding of the psychological motivation behind customer behavior. In other words, our book teaches you why customers do things, even when customers don't know themselves.

Understanding why customers do what they do allows you to predict what they will do next. This ability has enormous advantages that have positive effects on your bottom line. It can save you money. For example, if your customer does something that costs the organization money, such as calling the call center, you can design an option that diverts them from their typical behavior earlier in their experience. Also, by predicting customer behavior, you can create opportunities to sell. For example, you might design an experience that leads customers down a particular path to buy, where their buying is the natural decision; it's an intuitive decision. Hence, the title of this book: ***The Intuitive Customer***.

Businesses strive for the automatic behavior of the Intuitive Customer. When someone makes an automatic decision to buy from you, you might hear them say, "It's a no-brainer," or, "It's the natural choice," or even, "Of course we buy from company XYZ. It would be silly not to!" Do you see why we say this is what all companies crave? These customers buy from you intuitively, without question or thought – and then they tell their friends about it!

Clearly, analyzing customer behavior is not new. What is new is the depth and detail that you need to analyze. We advocate that to have a deep and detailed understanding of why people do things, you need to have a deep and detailed understanding of customers' rational, emotional, subconscious, and psychological experiences. In recent years, a potent combination of psychology and economics has become popular as a way of gaining insights into customer behavior. It is called Behavioral Economics, defined by the *Oxford Dictionary* as:

> A method of economic analysis that applies psychological insights into human behavior to explain economic decision-making.

Most organizations, in our estimation, have not yet embraced this powerful set of theories and principles. Understanding Behavioral Economics allows you to design your experience to respond to customer behavior appropriately. This level of design and prediction needs specific tools to do that. We will share these tools with you in this book.

Your customer-facing employees also require this deep and detailed understanding of customer behavior. You must train them in how to identify how a customer feels upon entering the experience and encourage them to change those emotions, so they feel what you want them to feel as they are leaving the experience.

However, all the deep and detailed understanding in the world isn't enough to create customer loyalty on its own. You must also facilitate good memories in your customers' minds regarding their Customer Experience. We cannot emphasize enough the importance of planning for memory when designing your customers' experiences. Creating great memories is the most powerful tool in your customer-loyalty toolbox. You will learn in this book that without positive and lasting memories of your brand, organization, and experience, you WILL NOT have loyal customers. We will look at how memories are formed and how to design your Customer Experience so as to facilitate the formation of favorable ones.

Companies on their way into this new world, leaving the flat-earth thinking behind them, understand these concepts. Apple, Zappos, and Mandarin Oriental hotels continue to grow their market share by embracing the move to the next level of an experience and understanding how to sell to the Intuitive Customer.

Let's make sure that we are all on the same page about what we mean when we say Customer Experience. Colin first defined Customer Experience in his first book in 2002. Since then, we have enhanced our definition of a Customer Experience over the years. This enhancement is something of which we are proud, as it shows continuous improvement and understanding of the subject. Our latest definition summarizes what organizations that wish to move their experience to the next level need to understand and embrace:

> A Customer Experience is a customer's perception of their rational, physical, emotional, subconscious, and psychological interaction with any part of an organization. These perceptions influence customer behaviors and build memories, which drive customer loyalty and thereby affect the economic value an organization generates.

As you read, you will start to understand why this definition holds true. However, as a brief explanation, the first thing to realize is a Customer Experience can be based on many things. It can grow out of a face-to-face interaction in a retail store, a transaction over the website, a phone call into a call center, an ad on TV, or even seeing a truck with the company name on the side – or, more often, some combination of all of these things.

The next important point for understanding the Customer Experience is that it is a customer's perception. We all know the saying "Perception is the reality." In this case, the customer's perception of the Customer Experience is the reality. For example, you might tell me you have a great delivery service and prove it statistically, but the customer's perception of your delivery might be that it isn't great. Does it matter what the statistics say about your "great" delivery service if the customer thinks it isn't great?

Let's jump ahead to the part of the definition that states that customers' perceptions "build memories." You will learn in the following chapters that a critical aspect of Customer Experience is the memories that are formed by it.

Finally, in our definition we mention how "This perception affects customer behaviors …" What we mean is that, based on these experiences (and many other factors we will discuss), Intuitive Customers behave in a certain way. Customer behavior is always complex they will frequently behave differently from how they tell you they will behave. The difference between what they say they will do and what they do is vital to understand when designing your experience, so you can derive the most economic value for your organization.

Most of the organizations we described earlier in this chapter, the "flat-earthers," are still looking at the Customer Experience from a rational and physical perspective. They focus on how quickly a delivery is made or how quickly a phone call is answered, or the objective quality of the product. What we know is that over 50 % of Customer Experience is about how a customer *feels*. We have been talking about this fact since Colin's first book. While it is gratifying to see organizations embrace this idea, we have learned since then that moving the Customer Experience to the next level is not just about embracing customer emotions. That is the start: embracing customer emotions and understanding how to evoke those emotions. But it is also about understanding how customer behavior is affected by the subconscious and psychological experience. Moving to the next level also requires understanding how memories form, as memories drive customer loyalty, which in turn drives Return on Investment (ROI).

In this book, we will show you that the idea that customers are rational is far from the reality. We will demonstrate that people are irrational and rely on their intuition (and emotions) in decision-making more than you might realize. For an organization to succeed today, they need to embrace this irrationality and the ambiguity it brings. It is essential in this new world that organizations understand the customer better than their competition. They need to understand how people tick, how people's brains work; they need to understand them at a psychological level. They must embrace the behavior of the Intuitive Customer.

Where will the next competitive battleground reveal itself? It will emerge in the field of Behavioral Economics, because it explains why Intuitive Customers behave the way they do. Behavioral Economics also provides the framework to anticipate what Intuitive Customers are going to do and design an experience that accommodates and complements these choices. Behavioral Economics helps you take your Customer Experience to the next level.

Many organizations get uncomfortable when you introduce these ideas into their business. For those that are still worried about slipping off the edge of the Earth, the idea that emotions are important in business relationships is ridiculous. In fact, it's almost as ridiculous as the idea the Earth is round and orbits the sun over the course of 365 days! It's uncomfortable for many businesses to embrace a concept of the subconscious because it is vague, amorphous, and hard to fit into a spreadsheet.

If others are not embracing this concept, then it gives you the opportunity to move your organization ahead of your competition. You have the opportunity to enjoy the increased market share and increased customer loyalty and related economic value it will foster.

Organizations prefer things black and white. Organizations link black and white with right and wrong, a link that provides certainty. Unfortunately, people can be complex (and vague and amorphous, too). There is not necessarily a right or wrong. We always tell our clients that the theories and principles of experience psychology can be overlapping, interconnected, and ambiguous. So prepare yourselves!

So what do we mean by the Intuitive Customer? Everyone is the Intuitive Customer. Customers are people, and people make many decisions that are not strictly rational. We do many things intuitively or automatically. Have you ever driven home at night and when you have reached home thought, *I don't remember driving on the freeway*? You have been driven home automatically, intuitively, and made decisions without "thinking" about them. We make many decisions intuitively.

The problem is that many customers believe they make solely rational decisions. Flat earthers in organizations believe the same, and this is why they are stuck under the glass ceiling. Breaking through to the next level requires embracing the Intuitive Customer.

In an attempt to make this more tangible and structured, we have developed what we call the Customer Experience Imperatives to help facilitate your understanding of this new world. Following these imperatives is the key to pushing your Customer Experience forward.

Seven Imperatives for Moving to the Next Level of Customer Experience

1. Recognize that customers decide emotionally and justify rationally.
2. Embrace the all-encompassing nature of customers' irrationality.
3. Understand that customers' minds can be in conflict with themselves.

4. Commit yourself to understanding and predicting customer habits and behaviors.
5. Uncover the hidden causes and unintended consequences of customers wanting things to be easy.
6. Accept that apparently irrelevant aspects of your Customer Experience are sometimes the most important aspects.
7. Realize that the only way to build customer loyalty is through customers memories.

These imperatives are designed to help shape your thinking about your customers. These rules introduce the concept of the Intuitive Customer and provide a starting point as you design an experience that drives value for your organization. They will help you build a foundation for understanding why people do what they do. Then, you can provide the opportunity for them to do what you want them to do when you want them to do it. Our imperatives will show you how emotions affect customer thinking and how this thinking affects behavior. As we explore each of them in more detail, our hope is to impart a better understanding of how your organization can design an experience that solves the new problems of today, not the old problems of yesterday. We also hope to provide the proper tools for analyzing your present experience to recognize where you need to change and help you define where you want to be moving forward. Most of all, the Seven Imperatives are designed to take your present Customer Experience to the next level.

To introduce the concepts, let's take a quick look at each of them.

Imperative 1: Recognize that Customers Decide Emotionally and Justify Rationally

Here is a huge shock. Your customers are people, and people are irrational by nature. Research has proven that over 50 % of the Customer Experience involves emotions, at both conscious and subconscious levels. In fact, most people buy emotionally and then use logic to justify their purchase. The important fact about emotions, however, is that they make us act irrationally, and irrational behavior makes some companies uncomfortable. However, we will show you how organizations that understand and embrace this fact have a much better chance of evoking the emotions from their customers that drive value for the customer and their bottom line.

Imperative 2: Embrace the All-encompassing Nature of Customers' Irrationality

People are not strictly rational beings. Period. People can nearly always tell you why they did something, but the reason they give you is not necessarily the real reason for their actions. They may not even know what this is themselves! There are often hidden influences on why people do what they do that drive behavior without the individual customer's knowledge. Hidden influences come in many forms, from visual or external clues to emotional or internal clues. Academia has names for some of the common ways we react to these influences. We share them with you to help you understand better why Intuitive Customers do what they do – because they sure can't tell you!

Imperative 3: Understand that Customers' Minds can be in Conflict with Themselves

Inside every Intuitive Customer's mind are two different systems of thinking: the Intuitive System and the Rational System. The Intuitive system is faster and more automatic, and is the part of the mind that often jumps to conclusions. The Intuitive System is often credited with being your instincts or "gut reactions." The Intuitive System is remarkably fast and accurate at discerning emotional interpretation. On the other hand, the Rational System is slower and requires more cognitive effort. It is the side of your brain that handles math problems, logic, and other rational thought processes. It requires more effort to use this type of thinking, so many times the brain defaults to the Intuitive System to interpret events and create conclusions. The Rational System may or may not weigh in and is more than happy to let the Intuitive system take the lead most of the time. For evolutionary reasons, intuitive thinking is even more likely to prevail when a person's energy is waning – what we call cognitive depletion. When you design your experience to anticipate the choices people make when cognitively depleted, you are well on your way to taking your Customer Experience to the next level.

Imperative 4: Commit Yourself to Understanding and Predicting Customer Habits and Behaviors

Habits are one of many ways that people make things easier. Habits are automatic responses to stimuli. Like other automatic responses, habits are part of the Intuitive System's responses to an environment, like a mental shortcut between seeing and doing. Because habits serve such a useful purpose, conserving precious cognitive resources, it can be difficult to change habitual behavior. Habitual behavior, when it is in your favor, is great; habitual buying behavior, when it isn't, is devastating to your business. For this reason, most competitors are working to break your customer's habitual behavior. Organizations that target rational thinking to change habitual behavior are unlikely to be successful. However, those that look into customers habits from an emotional or Intuitive System standpoint stand a much better chance than those who don't of changing customer behavior.

Imperative 5: Uncover the Hidden Causes and Unintended Consequences of Customers Wanting Things to be Easy

Easy is important to the Intuitive Customer, but few organizations know what "easy" means to customers. People want things easy, so they don't have to think about them all the time. They want the habit; they want to rely on the Intuitive System whenever they can because using the Rational System is exhausting. So many times, people will make the decision to do something based on their emotions (Intuitive System) and then tidy up afterward with the relatively easy task of providing some kind of justification their choice (Rational System). People also employ heuristics, which is another word for problem-solving with a practical method that isn't perfect, but is good enough. In short, a shortcut. Heuristics deliver decisions that are pretty good most of the time. There are some heuristics the Intuitive Customer uses on a regular basis that we will share to help you design an experience that is easy and appeals to the Intuitive Customer.

Imperative 6: Accept that Apparently Irrelevant Aspects of your Customer Experience are Sometimes the Most Important Aspects

When in pursuit of the next level of Customer Experience, you must understand how Intuitive Customers make their decisions. Most organizations assume that customers enter an encounter with an expectation of how good the experience will be. Then, after the experience, they compare the expectation with reality. When the experience exceeds their expectations, they evaluate it positively. When it doesn't … well, then even if the experience was objectively good (i.e., nothing was technically wrong with it), the customer's disappointment translates into a negative evaluation. These expectation-comparison models explain ONE of the ways in which people evaluate a Customer Experience, but they are not the only way. When things get ambiguous or difficult to evaluate, customers may use their high-level impressions of the brand, the retailer, or the service provider to guide their evaluations – what's called a "halo effect." If you feel positively or negatively toward some person or organization or brand as a whole, that creates a positive or negative halo that influences your evaluations of lots of other things. Organizations must understand how these halos affect their customer's impression of the experience, and manage them better. Too many organizations are letting their halos slip by focusing their efforts on things that won't change customers' evaluations.

Imperative 7: Realize that the Only Way to Build Customer Loyalty is Through Customers' Memories

Customer loyalty is a function of memory. Why? Customer loyalty means they return to you based on the previous experience they had with you. Therefore, understanding how memories form of these previous experiences, and ensuring these are good memories, are critical to moving your experience to the next level. We will explain how to create great memories, and show you how Memory-Maker Training enables your frontline people to facilitate creating great memories.

Understanding the imperatives is important. They are the tenets of our new-world philosophy, the clues that help point you the right way to breaking through the glass ceiling on which you are currently bumping your head. However, understanding is only part of what we will share in this book. We also share how to use this understanding to take action in your Customer Experience design. There are specific tools that help you identify your current experience's challenges so you can make the changes you need to resume your climb in NPS.

An important concept for the Beyond Philosophy team is the ability to take the idea "beyond the philosophy" and put it into practice, where it will make a difference. In fact, it is so important to us that we named the company after it. Our tools chapter (Chapter 10) will facilitate this for your organization.

We realize that many organizations have yet to approach the emotional context of their customer's behavior. Many have not begun to explore how the emotions their Customer Experience evokes drive or destroy value for the company – and consequently either drive or destroy loyalty in their customers. For those companies, we will continue to preach the importance of embracing these concepts. We will eventually reveal the truth, that the earth is, in fact, round, and that their Customer Experience is more emotional than rational. There is hope for them, after all.

But for those that know the importance of emotions in the Customer Experience, we promise that understanding each of the seven imperatives will help you move to the next level. By also translating them into how you design your day-to-day moments with your Customer Experience, we are confident you will move to the next level, break the glass ceiling, and begin to climb once more from your NPS plateau.

Shall we begin?

2

Imperative 1: Recognize that Customers Decide Emotionally and Justify Rationally

Here is a huge shock for you: Your customers are people. As people, they are driven by emotions. It seems like such a simple insight, and yet, as we discussed in the last chapter, it's ignored by many organizations who still focus on rational factors. In turn, this leads them to focus on largely rational frameworks and rational approaches to solving customers' perceived rational problems.

To put some numbers on this, when we discuss customer emotions, about 10 % of our clients – the most sophisticated ones – have taken steps to anticipate and manage customer emotions. Another 15 % *say* they have embraced customer emotions, however, when you get down to the details, clearly they are only scratching the surface. This group has embraced the theory but have yet to turn theory into action.

So what about the remaining 75 %? When we mention designing Customer Experiences to serve customers' emotions, they have blank looks on their faces. Then, we see increasing interest as they realize that somehow they have been ignoring such a vital part of the Customer Experience. They recognize to move to the next level they need to include customer emotions in their strategy. In our "Tools" chapter (Chapter 10),

C. Shaw, R. Hamilton, *The Intuitive Customer*,
DOI 10.1057/978-1-137-53430-9_2

we explain how to do this through a methodology we call Behavioral Journey Mapping. First outlined in 2002, this method became the accepted standard for understanding the Customer Experience. We have implemented these Behavioral Journey Maps countless times and trained hundreds of people to use the technique. Over the years, we have enhanced our Behavioral Journey Mapping approach as our knowledge of Customer Experience expands.

We will get to that part. For now, however, let's explore customer emotions a bit more to lay a foundation for understanding why it's important to design them into the customer journey.

The Importance of Customer Emotions for the Intuitive Customer

Over 50 % of the Customer Experience is driven by emotion. As we mentioned with both the Maersk and Ricoh examples in Chapter 1, by embracing the importance of customer emotions in their experiences, both organization were able to improve both their Net Promoter Score (NPS) and their bottom-line performance. Colin has literally written books on the subject. But what creates an emotion in the first place? If we can get to the bottom of the process for creating emotions, we are in a much better position to design an experience that evokes emotions that drive value, including financial results like return on investment, etc.

It is said people buy emotionally and justify with logic. Does this mean that logical, rational thinking has no part to play in the process? Not at all. However, it does mean that logic may not play the overriding role you think it does.

One way to understand emotions is through an evolutionary lens. Some scholars argue that everything about human behavior can be traced back to our evolutionary needs and the related emotional responses they create. Emotional development adapted over millions of years of human evolution. Our basic emotions protect us and help us propagate the species. What is the evolutionary purpose of feeling scared? When we feel scared, it helps us avoid danger – hopefully long enough to help perpetuate the human race. Why are we compelled to be social? There is strength in numbers. Even herds of antelope, prides of lions, and schools of fish act in accordance with this principle. Working together, large groups can protect each other and produce more off-spring. Why do we want to trust others? Trust brings us certainty. People like certainty; feeling certain allows us to feel better about the predictions we must make. When we are flying, we trust the plane won't fall out of the sky. When we walk over the bridge, we trust it won't collapse. We trust the person we are meeting to turn up on time, so we don't waste our time.

Trust is an important emotion from a Customer Experience perspective as well. People want to trust organizations, otherwise they fall back on expensive and inefficient "coping strategies." If you don't trust the delivery to arrive on time, to cope with your anxiety, you call the call center to confirm delivery. Your call adds processing cost to the business's bottom line. If you do not trust that the quote the salesperson gave you is the best available, you may ask other companies to quote for the same product or service. If you don't trust that a company's advertising is accurate, you will seek out other sources of information, including customer reviews and information from other companies.

Consistency is a key part of evoking trust. If you walk over the bridge every day and it doesn't collapse, you trust it won't collapse the following day. Likewise, if a company always delivers when they say they will, you trust they will deliver when they say they will the next time. Consistency is good from a cost perspective as you can deliver the same thing time after time and, therefore, make efficiency gains. Consistency from a Customer Experience also provides certainty.

When we train on this concept, we start this off by asking people to share good and bad experiences they have had with companies. Frequently this discussion leads to mention of McDonald's and Starbucks. These brands differ in many ways, but a common aspect of their experience is their consistency. No matter where you are in the world, you know the experience you are going to get. People trust this consistency.

Once you understand these emotions and the important role they play, these emotional responses can be integrated into your design of the Customer Experience. The emotional moments can be measured, evaluated, and even predicted. It is that understanding that will help you move your Customer Experience to the next level. We will explain more about how to define and design these moments later. For now, suffice it to say it is not only possible to design these moments for the benefit of your customers, but it is also necessary if you are to create consistently great Customer Experiences.

As recap for those who aren't familiar with this subject, a useful place to start is with a catalog of the basic human emotions. A psychologist named Plutchik developed a taxonomy known as the Wheel of Emotions that organizes the basic emotions and shows how they related to each other (see Fig. 2.1). This wheel accompanies his psychoevolutionary

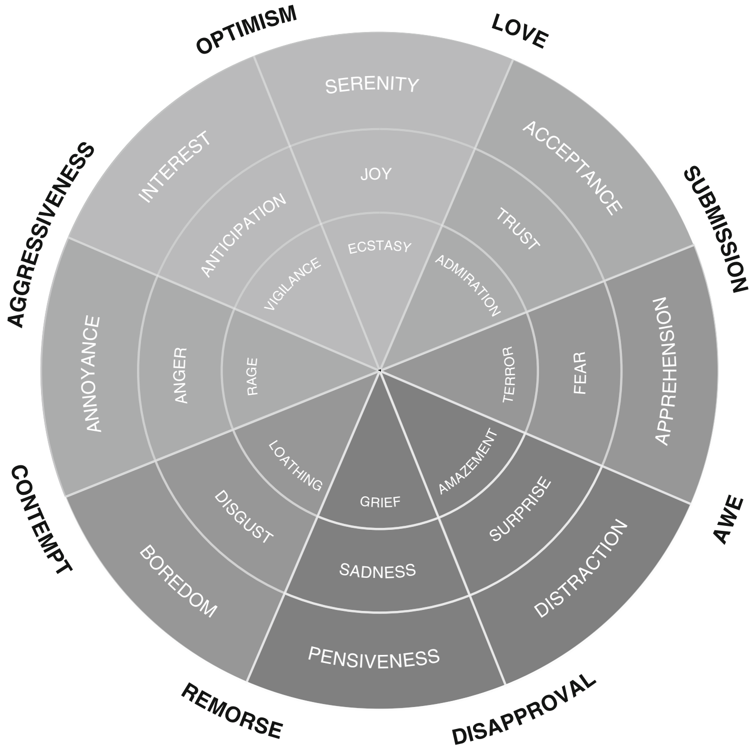

Fig. 2.1 Robert Plutchik's Wheel of Emotions

theory of emotion, which classifies the general emotions into eight primary emotions:

- **Fear** → feeling afraid. Related emotions are *terror* (strong fear), *shock*, and *phobia*.
- **Anger** → feeling angry. A stronger version is *rage*.
- **Sadness** → feeling sad. Related emotions are *sorrow, grief* (a stronger feeling; for example, when someone has died), or *depression* (feeling sad for a long time). Some people think depression is a different emotion.
- **Joy** → feeling happy. Related emotions are *happiness* or *gladness*.
- **Disgust** → feeling something is wrong or dirty.
- **Trust** → a positive emotion; admiration is stronger; acceptance is weaker than trust.
- **Anticipation** → in the sense of looking forward positively to something that is going to happen. Expectation is more neutral than anticipation.
- **Surprise** → how one feels when something unexpected happens.

Then there are far more sophisticated and complex emotions, including contempt, pride, and guilt, to name a few. According to the psychologists who study them, there are over 150 "official" emotions. From a managerial perspective, however, the basic emotions from Plutchik's Wheel tend to be most useful when designing Customer Experiences.

We have established that customers are people, people have emotions, and create emotions in response to many aspects of their experience including our evolutionary programming. However, we haven't talked about how emotions affect our behavior. As you will learn in this book, understanding customer behavior is key to understanding the Intuitive Customer and moving to the next level of Customer Experience.

Here's the short version of the story: we know emotions can make us behave irrationally; organizations need to plan accordingly.

Let's consider our behavior when we are angry. Anger causes us to say things that are potentially inaccurate and exaggerated, and many times we regret them later. Even when we are angry, the little voice in our heads tells us to shut up and not say anything, but we can't stop ourselves!

Of course, we don't necessarily get more rational when we move to other emotional states. Consider what happens to people when they are in love. There have been countless examples, both true and fictional, of people in love who have given up their life for their loved ones through tremendous acts of bravery or foolishness. Love can drive all kinds of non-rational behavior.

Customers do not turn off their emotions when they become a customer, whether they are in the business-to-consumer or business-to-business environment. If you ask them, they may claim that they do, but the reality is, they can't. A customer may desire your product, even if a purely rational assessment leads to the understanding that they can't afford it. The rational customer would walk away. Desire can be a strong emotion, however, and when it intrudes, justification begins. The rest, as they say, is history.

This is why we say that in order for an organization to move to the next level of Customer Experience it is necessary to:

Recognize that Customers are irrational.

So How Can Organizations Deal with Customers' Emotions?

It was much simpler back in the old days when Henry Ford said customers could have "any color – so long as it's black!" Now we have a choice – in fact, some have even argued we have too many choices! The world is moving a lot faster than it did when Ford announced the Model T. Customers are making decisions all the time, decisions driven by the emotions evoked by their experiences.

Understanding the emotions that drive the Intuitive Customer is critical in the business environment we inhabit today. Understanding how emotions dictate how the customer acts has taken on a gravity that was unnecessary in Ford's day. Enter the new and emerging science of behavioral economics we introduced in the last chapter. To expand a little on the Oxford definition we used, behavioral economics studies the effects of psychological, social, rational, and emotional variables that drive decisions people and organizations make. It also analyzes the related consequences of these decisions for the economy and resource allocation.

The flat-earthers we referred to in Chapter 1 still believe customers always make rational choices. They don't. Human beings do not always make sensible, logical choices. The belief that customer decision-making has a basis in rational processes keeps organizations from improving their Customer Experience.

For example, if you wanted to buy a watch you could buy one from the gas station for two dollars. The watch will likely work just fine. If it doesn't? You can replace it for another two dollars. Most of us don't sport gas station watches, though, do we? Instead, we buy a watch that suits our view of ourselves and our perceived or aspirational position in life. If you are lucky, you might wear a Rolex valued at thousands of dollars.

But why spend so much on the Rolex if all you want to do is tell the time? You spend money on the Rolex because owning a Rolex is prestigious. You like what it says about you as a person. It's not about telling the time but about being associated with a group of people. Likewise, most people don't buy the cheapest car they can find – or even the cheapest one they consider sufficiently reliable. You also don't buy the cheapest clothes that are the most functional. Human beings are complex animals; we make emotional decisions and then justify with logic.

Which Emotions Drive Value?

Evoking the right emotions is a great way to capture the attention and loyalty of your customer. But which of the 150 emotions are the right ones. Which ones should you try to evoke?

The answer is simple: the ones that drive the most value. In other words, evoke the emotions that generate the most benefit for your organization in terms of increased revenue or increased customer loyalty, or any other way you measure success for your organization.

Working with London Business School we conducted two years of research to answer the question of which emotions drive the most value, which then culminated in Colin's third book, *The DNA of Customer Experience: How Emotions Drive Value* (Palgrave Macmillan, 2007). We learned that all organizations have a level of emotional engagement or what we call an Emotional Signature® with their Customers.

These emotions manifest themselves throughout the Customer Experience with an organization, and drive or destroy value—and our research showed by how much. This emotional relationship applies in Business to Consumer and Business to Business. The following 20 emotions, which we organized into clusters, drive and destroy value (Fig. 2.2):

Let's take a closer look at each of these clusters:

- **Destroying Cluster:** These are the emotions that, if evoked, will destroy value.
- **Attention Cluster:** These are the emotions to which marketers attend. They try to make the customer feel interested; they try to stimulate customers to explore what is being offered. But this doesn't mean the customer will stay with you. These emotions drive short-term spending but not long-term spending.
- **Recommendation and Advocacy Clusters**: These emotions drive the most value for your customers and their experience. If you want your customers to stay, you need to evoke these emotions driving long-term value and measure the effectiveness of this effort through customer loyalty, Net Promoter Score, and others.

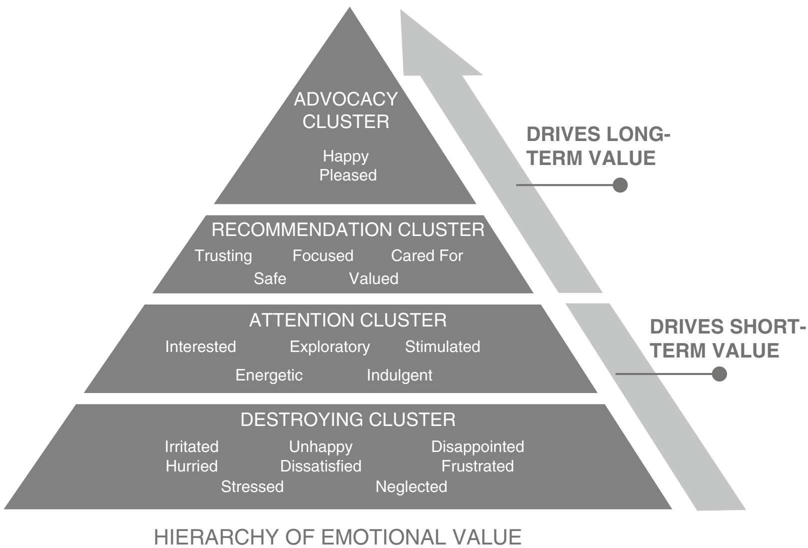

Fig. 2.2 Hierarchy of emotional value

Below you can see a chart demonstrating the emotional profile of Memorial Hermann Health Solutions in Houston, Texas, taken from a case study (Fig. 2.3). Following our work with them, they were doing well on all types of emotions, with positive emotions that were higher and negative emotions that were lower than the hospital sector as a whole.

The whole idea of customers' emotional relevancy is becoming more widely accepted. As Forrester point out in their 2013 Customer Experience Predictions:

> ***Emotional insights will take center stage.*** *The idea that happy customers are more likely to remain loyal, try new products and services, and spread good news about their experiences has started to catch on. Over the past several months, we've seen a rise in the number of companies pondering the connection between enjoyment and metrics like satisfaction and Net Promoter Score (NPS). In fact, one global company statistically demonstrated that several emotional factors trump NPS in predicting customer loyalty, effectively dethroning "would you recommend?" as the ultimate question. As firms start to emphasize customer emotion in 2013, we expect to see more vendors developing offerings like Beyond Philosophy's Emotional Signature, which examines the rationale, subconscious, and emotional elements of an experience.*[1]

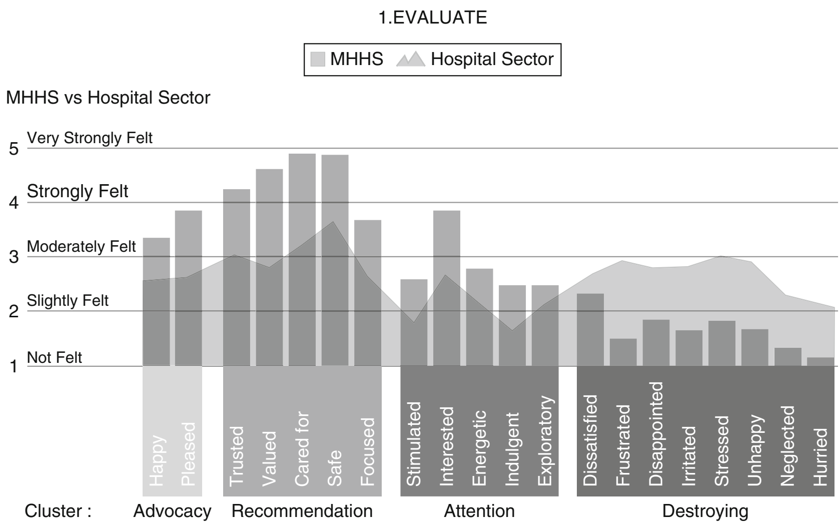

Fig. 2.3 Memorial Hermann Health Solutions

This concept of emotional engagement has been the missing link for many organizations who want to invest in their Customer Experience, but also to see the Return on Investment for their effort. Using the tools we reveal in Chapter 10, you can calculate how much revenue these emotions generate. So, when your CEO says, "You need to show me how much money we will make by moving our Customer Experience to the next level," you could do that.

Do Emotions Really Affect Business Life?

Many people still think that people make decisions, especially big, consequential decisions, based on a rational assessment of the consequences of that decision. The stock market is a great example. People that invest in the stock market make rational decisions, right? Well, with the types of investment made, the sophistication of the analytics undertaken, and the vast sums of money involved you would want to think that is the case, wouldn't you?

However, it's not. When England's soccer team gets knocked out of the World Cup (which is every time), the stock market drops because everyone in England is depressed! This is not our opinion; it has been carefully documented.[2] Emotions influence people's actions, even hyper-rational stockbroker types. Other research showed a significant impact of weather on stock market performance. Researchers determined that rain and clouds can prevent financial experts from acting on financial news due to "mild depression."[3]

How many times have you heard the news reporter say, "There is a lack of confidence in the stock market" as the reason for its decline? During the Great Recession, we heard this all the time. The key word here is "confidence." Confidence is how someone feels about something, not a rational way of looking at life. Yet it affects the rise and fall of the stock markets.

But what about when the big decision is personal, like whether or not to participate in legal action against another person or entity? Say you or a family member suffered damages due to another person or organization's negligence and you were deciding whether or not to sue. How would you make that decision – rationally or emotionally?

Rationality dictates that the decision to seek legal recourse would be based (at least in part) on the probability of success. So, if it's unlikely you would prevail in court, say because of a lack of strong evidence, then it's unlikely you would sue. But if you had strong evidence of wrongdoing, say a confession from the service provider they had made a preventable mistake, the confession could increase the likelihood you would win. The rational decision-maker would then be more likely to sue, as the case is now stronger than it was without the confession.

But people's decisions are not based on a cold, hard assessments of the facts, but instead on emotion and intuition. So if you had a confession and would likely win the case, would you decide to sue? What is the outcome when emotions insert themselves in the decision-making process to file suit?

As it happens, we know. Just such a scenario played out within the medical profession a few years back.

Hospitals had taught doctors for decades that when something went wrong with their care of a patient, the doctor's responsibility was to protect the hospital. Protecting the hospital meant no admissions of mistakes or wrongdoing, and no immediate, full accounting of what happened until it filtered through the legal department. This directive was a rational response from the hospital system anticipating a rational response from their patients (consumers). In other words, the hospital thought if the doctors admit they made a mistake during a surgery, procedure or course of treatment, their admission strengthens the case against the hospital in any subsequent civil suit. This stonewalling of patients remained deeply ingrained in the culture of medical practice. According to a 2002 study published in the *New England Journal of Medicine*,[4] in less than a third of the cases where a preventable medical error occurred did the health professional tell the patient or the family about the mistake.

However, a movement within the medical community began to change the handling of medical errors. The community moved toward more disclosure, arguing in favor of quickly informing patients and their families about preventable mistakes, accepting responsibility and apologizing for the errors. The largest hospital to implement these changes was the University of Michigan hospital system. Doctors were retrained to be more open. Flying in the face of conventional legal wisdom, were told to apologize.

An amazing thing happened. After the implementation of these changes, the number of malpractice lawsuits filed against the hospital system fell by more than half! Moreover, the average payout for those lawsuits filed fell from more than $400,000 before the changes, to less than $230,000 per lawsuit after doctors started disclosing more. What they learned from their policy change was patients and families were not necessarily suing for money. They wanted to know what happened and how the hospital would avoid making the same mistakes in the future more than they wanted money.

In one case, a surgeon was performing a simple procedure to remove what he thought was a polyp, a harmless growth. Unfortunately, the polyp was an aneurysm, and the patient died. The surgeon was frantic and sought out the advice of the chief of surgery. The chief told the doctor to explain to the family what had happened during the surgery, which the doctor did. After a couple of weeks, the family met with the doctor and explained they appreciated his candor and, as a result, chose not to sue. Furthermore, they were not going to contest the will left by the deceased, which granted money to the university associated with the hospital.

If we assume that customers (in this case, patients and their families) are rational, then difficulties arise in accounting for this drop in litigiousness. After all, the University of Michigan's policy change made it more likely lawsuits against it would succeed. With the previous non-disclosure policy, patients had to prove the doctors made a preventable mistake, making it more difficult to predict success in the lawsuit. After the doctors admitted their mistake, why didn't malpractice suits soar? Because people aren't always cold and rational. Again this reinforces the first imperative:

> Recognize that customers decide emotionally and justify rationally.

Lawsuits serve emotional needs as well as financial ones. People tend to sue when they feel wronged, want justice or even want someone to feel some of the pain they endured. When doctors do not admit mistakes or fail to give a full account of what happened, it makes people feel angry and helpless. People feeling those powerful emotions lash out, in this case, by hiring a lawyer and suing. Patients incurred legal fees for themselves (and forced the organizations to spend money defending themselves) for cases where they knew there was little chance of winning. The act of suing was an emotional response, serving an emotional need. A logical or rational analysis of the probability of winning was ignored or dismissed.

The University of Michigan implemented changes because they understood the decision to sue the hospital satisfied the emotional needs of the patients. An admission of guilt and an apology are a terrible strategy for defending oneself against a lawsuit but are a great strategy to meet the emotional needs of someone who feels wronged. When they addressed those feelings, doctors reduced the likelihood that lawsuits would occur in the first place.

Intuitive Customers Have Emotional Expectations

What are your customers' emotional expectations? Do you know? What does your research tell you? If you are like most of our clients, you are now thinking, "I don't know what our customer emotional expectations are. We have never undertaken research on this!"

So again, let's take this back to a practical Customer Experience, and the fact that emotion drives the Intuitive Customer. One of Colin's passions is fishing. When he first moved to Sarasota, Florida back in 2009, he didn't know how to fish in the Gulf waters there. He also didn't know where to buy tackle. There was a Walmart nearby, and it had most of what thought he wanted at good prices. We'll let Colin pick up the story:

I also came across a place called "Discount Tackle." This fishing tackle shop is about ten miles away, and I have to drive past two Walmarts to get there. It is privately-owned and the experience is different. When I first went in, everyone was friendly. Being a novice, I asked a number of naive questions. They always took the time to educate me, which I appreciated. They know my name. They made me feel they cared about me. They don't try to sell me the most expensive equipment, as they recognized they should build a relationship with me. And, as a result, I trust them and so I drive past two Walmarts to shop there. My wife Lorraine jokes that I spend all my money there.

Colin chooses where to shop there based on his past experiences and the emotions he feels about them. While Walmart is functional, Discount Tackle is a personalized experience that makes Colin feel they care for him and value his business. It is now an intuitive decision where Colin goes.

If you evoke emotions in your customers, Positive or negative, it will influence whether they come back to you next time – or not. Our Emotional Signature research looks into customers' emotional engagement with an organization and also shows how much revenue will be gained from evoking the right emotions.

Most organizations have never looked at this before. Many initially don't believe that their customers buy emotionally or value emotions. For example, in the construction industry, a primarily male dominated industry not known for its emotional engagement, a company we worked with thought their customers bought solely on price. They were wrong! We did this research for our clients and learned one of the main drivers of value for them was when customers thought the organization "Cared for them as a person." When we presented the results of our research, it totally changed our client's strategy and moved them onto the next level of the Customer Experience. Now let us be clear: Feeling cared for was their customers' hidden requirement, and only through advanced statistical analysis were we able to prove being cared for was important to them.

You may be saying to yourself, "Sure! OKAY, maybe people don't *always* make rational decisions; many times they make emotional decisions. But people know what they were thinking, the logical explanations for their behaviors. If you survey customers, won't they tell you why they did or didn't choose your brand, providing evidence they are rational decision-makers?"

Not exactly. There is a big difference between what customers say and do. Disney knows when they ask customers what they want to eat at the park, they say they want an option of salad. However, Disney also knows people don't pick the salad option at theme parks; they choose hot dogs and hamburgers. Another example is how people say they want products that are better for the environment, but when presented with eco-friendly products that are more expensive than the others, they don't buy them. Simply surveying customers is no way to explain behavior.

People are clever. A growing body of evidence suggests people provide rational-seeming explanations for their behavior despite the fact the behavior itself may be the result of an irrational process. Psychologists demonstrated in many different contexts how people justify their irrational choices after the fact, painting it with a whitewash of logic (rationality).[5] Remember the person that said they want a salad at Disneyland, but instead chooses a hot dog? He or she justifies the choice with, "Salads are great, but I ordered a hot dog because I am on vacation and deserve a treat!"

Understanding how the Intuitive Customer makes these decisions is key to moving your Customer Experience to the next level. The flat-earthers we described in the last chapter would fill the park with salads because that is what customers SAY they want. Organizations that embrace our imperatives recognize they should not take everything the customer says at face value, but should instead look deeper into their emotional needs. When this deeper look happens, organizations understand the hidden drivers of customer behavior. They see why people don't buy the salads they said they wanted. So while they might have them on the menu, they don't stock the entire park with them!

Your customer will do the same thing on your survey: telling you one thing but thinking, feeling, and doing something else. To move to the next level, you must embrace understanding customers at a much greater depth. Remember the first imperative:

Recognize that customers decide emotionally and justify rationally.

The importance of understanding emotion in decision-making cannot be overstated. What is viewed by some organizations as a human flaw, a distraction or something to be managed is the most influential factor. People *can't* make decisions – including the decision to buy your product or use your service – without emotions.

For example in a fascinating study,[6] researchers looked at people suffering damage in the area of the brain responsible for processing and managing emotions. While these people enjoyed normal brain functions in many respects, they all shared a deficiency as a result of their common injury: they were *incapable* of making decisions. When faced with a problem, they could logically explain the steps they were going through to solve it. They could evaluate options and perform calculations. However, without access to their emotions to use as guides, they could not complete the process and arrive at an answer. They couldn't choose.

It seems emotion is not the enemy of rationality. Emotion seems to be *fundamental* to rationality, a necessary condition for making rational decisions.

We hear you saying, "OKAY, OKAY, fine! People rely on emotion and intuition to guide their decisions and behavior. But, surely people are rational at least *some* of the time! Rational models of human cognition are at least partly correct, right?"

Sort of. It gets interesting here. Recent research suggests that these different ways of making decisions – emotional and irrational on the one hand and logical and rational on the other – are *not* in conflict or pitted against each other. Rather, it is more like they are layered one on top of the other. The emotional/intuitive layer is the massive foundation, buried mostly below the surface. But this layer is also where most of the action is. This huge intuitive layer is where decisions happen, preferences form, and behavior initiates. Then once made, these preferences and behaviors filter up through the second layer, which tries to make sense of it all. It is the "rational" layer, the layer we are aware of and can control. We'll talk more about this two-system model of cognition in the next chapter. Part of what this second layer does to make sense of these decisions is to take credit for most of them. The rational mind "claims" it made the decision to choose Brand A over Brand B, dismissing the idea emotion had anything to do with it.

This concept explains why, when organizations look at journey mapping, far too many of them just look at the rational aspects of the experience. When assessing their experience they only look at what is **happening**, not how the customer is **feeling**. When putting in place measurement metrics, they only measure the rational aspects, not the emotional.

The fact is it is not either/or; it is both. This fact is ignored by most organizations.

If you want to embrace the Intuitive Customer and move your Customer Experience to the next level you must adopt our first imperative. Leave behind the idea that customers are rational human beings that decide things using logic and reason. If it feels right, (and you aren't on a subway or reading this by a sleeping spouse in the middle of the night) you might even read that last sentence aloud.

However you do it, it's time to do whatever it takes to accept this first imperative as foundation for taking your Customer Experience to the next level. Because when you recognize customers make decisions emotionally and then afterward, justify them rationally, you are ready for the next step: Embracing it.

3

Imperative 2: Embrace the All-Encompassing Nature of Customers' Irrationality

In an experiment conducted by researchers at Boston University, a group of people drove one of four different cars in a computer game. The cars all performed the same; the only difference was that one of the cars had a Red Bull logo on it. They found that people who drove the Red Bull cars drove faster, took more risks, and had more accidents than people driving the other cars. When interviewed after the game, people didn't say they drove faster because of the logos – but clearly the logos had a subconscious effect.[1]

Another group of researchers found that the background color of a website can affect how aggressively people act. Specifically, they found that when people see a lot of red, they act more aggressively. Not, punch-out-your-neighbor aggressive, but aggressive enough to detect differences. They found that when a website's background was red, people were willing to bid more in an auction (an aggressive stance in an auction means beating the other bidders by "winning"). They also found they were willing to bid less in a negotiation (an aggressive stance in a negotiation means beating the people on the other side of the table by getting the lowest price).[2]

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Auctioneers know tricks to get people to take more risks, too. There is an art to getting multi-millionaires with enormous egos to compete to see who has the bigger wad of cash. One of those psychological tricks is the hammer price, which is substantially lower than the final price paid: it makes you feel like you're bidding less than you are. There are many other tricks and influences, too, like the use of flattery, the urgency of the auctioneer, and even the feverish atmosphere of the auction room. However, in addition to all of these factors, there's also the endowment effect, as explained by Don Thompson:

> Each bidder starts with a top price in mind. When he momentarily becomes the high bidder, there is an "endowment effect." He will pay more not to give up the painting, not to lose. Amid the tension of the auction, his reference point has changed to "I should win, this painting should be mine." He is aware of the regret he would feel at losing what has become "his."[3]

Still another group of researchers observed parents as they were buying baby food at the grocery store. What they saw was parents handling the glass jars as if they were fruit. Squeezing them like peaches, turning them over and over as if looking for bruises. A few parents even raised the jars to their noses as if to smell how fresh the contents were.

If asked about these behaviors, of course, the customers would likely deny they had ever taken place. "Was I influenced by the logo on the car? Of course not." "Did the color scheme change my behavior? Are you kidding?" "Did I smell the jar?! Do you think I'm a crazy person?" Instead, they would be able to tell the researchers (and in some of these cases, they *did* tell the researchers) a sensible story about why they chose what they did.

Which brings us to Imperative 2:

> Embrace the all-encompassing nature of customers' irrationality.

People can nearly always tell you why they did something. If you ask them, "Why did you pick that toothpaste?" or "Why did you choose that car wash?" or maybe even "Why did you select that suit?" customers are happy to provide answers to these questions. Answering these questions is easy.

Some organizations use these answers to drive their strategies. Ask these organizations, “Why did you lower the price?” or “Why did you add more features?” or even “Why did you increase the number of staff?” They will answer with some form of, “Well, because our customers told us to when we asked them.”

This answer is typical of the flat-earthers we described in Chapter 1, an answer that reveals they haven’t embraced Imperative 1. They haven’t recognized that customers buy emotionally but justify rationally. It’s a view that reveals they have not embraced the Intuitive Customer and cannot move their Customer Experience to the next level.

It is important to understand that just because people can tell you why they did something, it doesn’t mean that is the actual reason they did it. Throughout this book, we’ll show you examples of the Intuitive Customer and discuss the hidden motivations and invisible psychological processes that drive them. In this chapter, we will discuss some of the ways in which people misunderstand their behavior, and misattribute it to other, more rational causes.

Misattribution is regarded as a common phenomenon by those who study human psychology. Human beings are sense-making machines. We crave explanations for everything from the big picture things like “Where did the human race come from?” to the small things like, “Why is this product twice the price of that one?” This desire for clarity is so strong that we often jump to conclusions, grasping at the nearest reasonable answer, just to have the thing settled. The same concept applies in business today. People look at problems and jump to the same conclusions they always have. “We have reached the glass ceiling of Customer Experience.” This type of sense-making behavior is what stops organizations from moving to the next level of Customer Experience.

Human nature is such that we look for simple answers, even in very complex situations. This need for clarity is part of the reason people are so easily persuaded by conspiracy theories. Conspiracies offer clear and unambiguous explanations for messy and often complicated situations. We engage in a type of conspiracy theory-mongering when it comes to explaining our behavior – even when explaining our behavior to ourselves. This behavior is Misattribution: when we assume some obvious cause or explanation for behavior because the real reasons are hidden to us or too complicated.

Let us give you a few examples to illustrate what we mean: Some psychologists ran an experiment with a group of people suffering from insomnia. Everyone was given a placebo pill (a pill that does nothing) to take before bedtime for a few nights and were asked to record every morning the approximate time they got to sleep. One group was told that the pill had some side effects: it would give them rapid heart beats, irregular breathing, increased body temperature, and alertness. In other words, this group was told that the pill would give them all the symptoms of insomnia. The other group was told the pill would have the opposite effects. That the pill would make them relaxed and calm. After several days, these two groups reported back on how quickly they were able to fall asleep.

Remember: both groups were given a placebo. It had zero effect on their ability to sleep. However, the group that took the "relaxation" pill did worse than normal. They reported it took them an average of 42 % longer to get to sleep. In contrast, the "agitation" pill group fell asleep much quicker. On average, they fell asleep about 28 % quicker than normal.

What happened? Both groups (being insomniacs) felt all the same agitation and discomfort they always did. But one group was able to (mis) attribute those symptoms to the placebo pill they had taken. With a cause they could point to as a reason for their agitation, they were able to relax and fall asleep. But the other group, expecting to feel relaxed, could only explain their agitated state through their neurosis. They felt even worse about not being able to sleep, focusing them even more on their symptoms, and making it even difficult to drift off.[4]

Your customers can suffer from misattribution as well when they are evaluating your products. In one clever study, some researchers asked people to list some reasons why owning a BMW might be better than owning a Mercedes.[5] People were asked to list either two reasons or ten reasons. One might expect that people who listed ten reasons why BMW was superior might ultimately be more inclined to prefer a BMW. But this was not the case. Among those who listed two reasons, there was a strong preference for BMW. But among those who listed ten, the preference for BMW dropped sharply. The reason was misattribution: it turns out that listing ten reasons why BMW is better than Mercedes is hard. (Go ahead, try it.) People ended up misattributing that difficulty of generating reasons onto the quality of the brand: if it is this hard to think of reasons, then BMW must not be that great after all.

The idea that people are not always aware of the reasons for their feelings, opinions, and behavior is not a new one. Freudian psychology is more or less based on the idea that our conscious selves don't know why we do what we do. For decades, psychologists have documented all the ways people are unaware of what leads them to respond in certain ways.

In one early review of the literature on the (un)reliability of the reasons people give for their behavior, two prominent psychologists summarized the collected wisdom of the field in this way:

> [People] sometimes cannot report on the existence of critical stimuli, sometimes cannot report on the existence of their responses, and sometimes cannot even report that an inferential process of any kind has occurred. The accuracy of subjective reports is so poor as to suggest that any introspective access that may exist is not sufficient to produce generally correct or reliable reports.[6]

Now, that was a lot of psychology jargon, so allow us to translate. The inability to report on "the existence of critical stimuli" means people often can't tell you whether they saw something you know they saw. The inability to "report on the existence of their responses" means that people often cannot tell you accurately what they chose or whether they said they liked or didn't like something later. Finally, the inability to "report that an inferential process of any kind has occurred" means people will sometimes claim they knew something all along. They say a solution "just came to them" or that they made a choice because it "seemed like the best one." They say these things even when you know their knowledge, their solution, or their choice was influenced by something you did (e.g., exposing them to an advertisement).

The summary judgment of these two psychologists (way back in 1977) is that asking people why they did something is almost completely useless. It may not sound like it, but in the staid and proper language of a psychology journal, "is not sufficient to produce generally correct or reliable reports" are fighting words. What have businesses done with that wisdom since then? They have more or less ignored it. Businesses continue to ask people why they prefer Coke to Pepsi, or Burger King to McDonald's, or Delta Airlines to United, and then use these unreliable reports to inform their business strategies.

One of the surprising influences on customer decision-making is the context in which a decision is made. Something as simple as which competing brands happen to be on the store shelf can influence how we feel about something. You will see this happening today in the way some organizations price things. They have already embraced the Intuitive Customer in terms of pricing. Let us give you an example:

Let's pretend you wish to buy an external hard drive. You are offered two drives:

A. 250 gb drive for $100
B. 500 gb drive for $200

Which one do you buy? Now let us assume a third option is brought in:

A. 250 gb drive for $100
B. 500 gb drive for $200
C. 400 gb drive for $300

Which one do you buy now? Would your preferences change?

They shouldn't, right? Option C, because it is clearly inferior to option B, should just be rejected immediately. So how can an option that should not even seriously be considered affect preferences for the remaining two options?

It turns out, when psychologists have run experiments, that option B is much more popular in the second setting than in the first.[7] Even though no one would choose Option C, including it makes people look at the other two options differently. Option C has a special property: it is *asymmetrically* dominated. It is dominated by Option B, but not by Option A. Option C is worse than B on both dimensions, giving people a reason to choose B. Not a particularly good reason, of course, but it is a reason. This effect is called the "Decoy Effect," and it is just one of several ways that people's perception of value can be changed based on irrelevant changes to the choice context. The Decoy Effect (also called the Attraction Effect and the Asymmetric Dominance Effect) has been widely studied by psychologists.[8]

Some have argued that the Decoy Effect can even explain some election outcomes. When a third party candidate comes to be viewed as an inferior version of one of the two main candidates, preferences can shift in some surprising ways. Rather than serving as a "spoiler," who draws votes away from the more similar of the two headline candidates, this asymmetrically dominated candidate instead drives voters toward that candidate. For example, in the run up to the 1992 election between Bill Clinton, George H. W. Bush, and Ross Perot, some psychologists asked people for whom they would vote.[9] They gave people information about each candidate, but they systematically changed how they described the third candidate Ross Perot. When they described him in such a way as to make him seem like a wishy-washy conservative – basically a Bush-lite – then, the percentage of people voting for Bush increased. When they made him sound like a not-very-committed liberal, the percentage voting for Clinton went up.

Whenever researchers study the Decoy Effect, they discover that people are not aware that the decoy influenced them. In other words, people believe they would have picked the same option even without the decoy present. People expect they are too smart to be affected by that kind of thing.

The Decoy Effect isn't the only context that can affect people's choices. Another is known as the Compromise Effect. In essence, this effect is based on the idea that an option will be more attractive when it is evaluated relative to options that make it seem more moderate – a compromise option.

Let's go back to that external hard drive. Same two options initially:

A. 250 gb drive for $100
B. 500 gb drive for $200

But this time instead of a set that includes an asymmetrically dominated option, let's look at one that would lead to the Compromise Effect :

A. 250 gb drive for $100
B. 500 gb drive for $200
C. 750 gb drive for $300

Note that option C is not inferior to either option. It is the best on one dimension (most memory) and the worst on the other (highest price). When different groups of people are given choices like the ones above, researchers find that option B is more popular in the second choice context than in the first. Why? Because with the addition of option C, B becomes a compromise option, and people like compromise options.

In another demonstration of this effect, researchers from Duke University asked people to imagine they were going on a long road trip that involved stopping several times a day at restaurants to buy meals.[10] The researchers showed them a series of menus and asked them to select from the menu and make an order – complete with a drink – at each stop. It turns out the researchers weren't interested in the entrees, appetizers, and desserts people ordered. They were interested in the size of drink people chose.

All of the restaurants offered three sizes of drinks: small, medium, and large. On the menu beside each drink was an indication of how many ounces corresponded to each size. Across restaurants, how big each size of drink was varied a lot. So, in some restaurants, the small was 24 oz., with the medium and large scaled up from there. In other restaurants, the small was 12 oz. The practical outcome was that at some restaurants the small was larger than the medium, or even the large, at other restaurants.

However, people proved to be remarkably insensitive to the actual size of the drink they ordered. The most common order across restaurants, regardless of the size, was a medium drink. People chose the compromise (medium) option, seemingly without concern for how that particular compromise option related to what they knew to be available in the market as a whole. This fact is what is so amazing about context effects: People tend to treat whatever happens to be in front of them as if it were a relatively complete description of all possible options. This behavior is a form of focalism. People can focus in on the choice set out in front of them and don't pay enough attention to what might be available elsewhere. When they do this, the context – whatever happens to be in front of them – can have a strong influence on what they choose.

So how and why does context affect decision-making? Context has two possible routes through which it can influence us: rational and emotional. On the rational side, context can provide people with reasons for choosing one of the available options. We already talked about how a decoy option can provide a reason for choice (i.e., "It's the only one better than that decoy option, so maybe I'll choose it"). Compromise can also provide a reason for choosing because it's not the worst on any particular dimension. Research into context effects has shown asking people to justify their choices – that is, to provide reasons for why they are choosing what they are choosing – usually makes these effects even stronger. In other words, if you ask people to provide reasons for their choices, you will tend to find even more people picking compromise options or asymmetrically dominating options.

It is important to reiterate that even though context provides a reason-based justification for choice, the reasons themselves are not particularly good (i.e., they are not particularly rational). That's because context-based reasons for the choice are dependent on the context, and the context is often arbitrary.

For example, conventional wisdom asserts that the most popular wine on many a restaurant menu is usually the second least expensive wine. No one wants to buy the worst wine, but the second cheapest … well, at least it's not the cheapest, right? But that justification is entirely based on the context. If that logic is right, we could make the cheapest wine on a particular menu more popular by adding an even cheaper wine beneath it. Or, we could raise the price of that cheapest wine, bumping it up the menu so that it is no longer the cheapest. Neither of these changes would improve the wine! However, research suggests that both changes are likely to improve the sales of that wine, relative to the others on the menu.

The other way context can affect our decision-making is through our emotions. We've already discussed emotional decision-making extensively in the previous chapter. However, the negative emotions generated in the decision-making process can also affect how choices are made. Making decisions can be stressful, particularly if there is no "winning" option in the set: no one clear, best option. Context-based reasons for choosing particular options are compelling because they relieve our emotional tension by pointing us toward some option to choose. By relieving that tension, these context effects can provide an emotional reward.

Researchers at the University of Minnesota used fMRI machines to scan the brains of volunteers as they made choices under these various contextual settings. They found that when the choice required making a tradeoff – think about the hard drive choices A and B earlier – the areas of the brain associated with processing negative emotions become more active. Making tradeoffs is hard, but the negative emotions go away when there is a contextual factor influencing choice. When the context makes the choice easier, the emotional distress goes away.[11] Other researchers found that to resolve the conflict inherent in decisions, people use the context to fool themselves into thinking the options are more different than they are and convince themselves their choices are better than they are.[12]

Memory can also be considered a contextual influence on the Intuitive Customer. For many of the choices we make, we are not faced with a ready-made set of options from which to choose. Instead, we construct the consideration set ourselves based on what we remember. Advertising has weak and indirect effects on sales unless the customer remembers the message at the time of making a purchase. Savvy marketers realize the importance of memory to customer behavior. We have an entire chapter dedicated to how memory works and how remembering and misremembering can influence customer loyalty.

Memory is also important in explaining how consumers can sometimes be unaware of what is driving their behavior. Consider the following example of a public service campaign run at Stanford University.[13] The researchers were interested in getting students to eat more fruits and vegetables from the dining halls on campus. The tools they had at their disposal were the posting of flyers in the dorms associated with each dining hall. Before starting, they did what any good marketing team does before launch: they conducted some market research. Specifically, they surveyed some students and asked them which of two slogans they thought would be more persuasive. Slogan 1 was, "Live the healthy way, eat five fruits and veggies a day." Slogan 2 was, "Each and every dining hall tray, needs five fruits and veggies a day."

The results weren't even close. Slogan 1 was rated as better liked and as more persuasive than Slogan 2. The first slogan sounds more like something you would hear in a television jingle or something the government would have put on posters during WWII.

As it turned out, the researchers had a hunch that, contrary to what the students in their focus groups thought, the second slogan would be more likely to change behavior. So they ran an experiment in which they tested the slogans against each other. They plastered the dorms associated with different dining halls with different versions of a flyer designed to promote healthy eating. The dorms assigned to one dining hall received Slogan 1; the dorms assigned to another received Slogan 2. Fruit and vegetable consumption at both dining halls was measured both before and during the PSA campaign.

The more popular slogan, the one that sounded like a television jingle, had no effect at all. In fact, fruit and vegetable consumption went down a bit at that dining hall, though not by a significant amount. In contrast, Slogan 2, the cheesy, inelegant message that no one liked, resulted in a 25 % increase in the daily servings of fruit and veggies.

So what happened? Why did Slogan 2 work so well, where Slogan 1 flopped? The answer lies in that hidden influence of memory on the Intuitive Customer. Slogan 2 had a memory cue, the dining hall tray that prompted people to remember the message at the time when it could affect their behavior. No doubt many of the students who passed the Slogan 1 flyers in the halls read it and agreed wholeheartedly. "Live the healthy way? You bet. I'll eat more fruits and veggies in the future!" Then, when the time came to select foods to eat, that message was gone, evaporated like so much morning dew. When the students who were exposed to Slogan 2 entered the dining hall, however, the first thing they did was pick up a tray, and that tray made the message more accessible. Even if it didn't bring the message all the way to the surface, to conscious awareness, it activated it enough that it would influence subsequent behavior. If asked about it later, the students no doubt would have said that the slogan had little impact on them; they just felt like creamed corn that afternoon.

These subtle memory cues can affect us in a myriad of different ways:

- Research has shown that making people think about old age by having them do a sentence completion task including words like "grey," "old," and "Florida" leads them to walk slower.
- Encouraging people to think about balance by doing some yoga poses leads them to choose less extreme, more "balanced" alternatives in unrelated choices.
- Reminding people of money by leaving a stack of Monopoly money on the desk next to them leads people to work harder, to be more independent, and to be less likely to help others.[14]

External cues in each case serve as a way of making certain memories accessible, activating them and bringing them closer to the surface, even if they don't quite break the surface of consciousness. In other words, even if we don't realize we remember them on some level, these memories can influence our behavior.

To be clear: emotions are not always an invisible influence. Sometimes we are feeling some strong emotion, and we know exactly how that emotion affects us (See many of the examples in Chapter 2).

However, emotion can also serve as another below-the-surface potential influence on customer behavior. We might feel emotions subtly, or we might feel emotions but not realize the impact those emotions are having on us. For example, it is easy to identify when we are feeling lonely. However, many of us don't know that feeling lonely can lead to risky financial decision-making. Some researchers in Hong Kong assessed this link.[15] They had people play a game used many times in psychological research called "Cyberball." In this game, three players at three different computers play a virtual game of catch. One player has the "ball" and then decides which of the other players to pass it to. Then, that player chooses who to pass it to, and so on.

What players don't know is that the game is rigged. They are not playing against two other people. They are playing the computer, and the computer is programmed to make them feel bad. The actual person starts the game with the ball, but then once he or she passes it to one of the computer-controlled "players," the computer never gives it back. It just passes it back and forth between the other two "players." The actual person sitting at the computer gets lonelier and sadder watching the other two players ignore them. Psychologists are a cruel lot.

So these researchers in Hong Kong had a group of people play this loneliness-inducing version of Cyberball or a different version of the game where the other players do share and include everyone in the game. Then, the people were asked to play what they were told was an unrelated gambling game. People were given the opportunity to select either a conservative bet or a high risk-high reward gamble. Those who felt socially isolated were more likely to choose the riskier gamble.

The researchers followed up by stopping people in shopping malls and asking them to take a survey. Among the questions on the survey were measures of social isolation as well as questions about the riskiness of the person's financial decision-making. Sure enough, the two factors were correlated. The more often a person felt alone and socially isolated, the riskier the decisions they made with their money.[16]

These results recall what we discussed in the previous chapter. Imperative 1 asked you to recognize that your customers make decisions emotionally and then justify them afterwards with rationalism. In this chapter, we presented Imperative 2, which asks you to embrace the all-encompassing nature of customers' irrationality. Essentially, we want you to know that when you ask people why they made a choice they will tell you what they believe is the correct answer. However, when you understand the Intuitive Customer, you also understand that the customer's interpretation of why he or she made the decision is often wrong. It's wrong because they do not realize their decision was emotional. They honestly BELIEVE their rational justification.

So the irony is that when you are seeking to move to the next level of Customer Experience, sometimes you shouldn't listen to what customers tell you. Instead, you should carefully watch what they do.

The evidence is overwhelming. If you want to move your organization to the next level of Customer Experience, you must accept this second imperative: Embrace the all-encompassing nature of customers' irrationality. Customers are constantly being influenced, all the time, by things going on around them (context), and also within them (emotions and memories). It's only by coming to terms with these various influences that you can hope to understand and anticipate your customers' behavior well enough to improve your Customer Experience.

4

Imperative 3: Understand that Customers' Minds Can Be in Conflict with Themselves

Which do you prefer?

- Being rich or being poor?
- Being too hot or too cold?
- Classical music or rap?
- Wine or beer?
- The color red or black?
- Sport or reading?
- Coke or Pepsi?
- Square shapes or curved shapes?
- Beach vacations or activity vacations?
- Germany or Mexico?

Some of these choices you will be able to answer immediately with your "gut." Some you may have to think about, which is when you hear people say, "I am of two minds about this."

Now there is an interesting phrase, "two minds." Why would we be of two minds? From the list above let's take a look at one of these

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options: being too hot or being too cold. Your thought process may have gone back to a time when you have been too hot and started to compare the experience with being too cold. You may have started to question, "How hot is 'too hot' and how cold is 'too cold'? Are we talking Sahara desert hot and Arctic cold?" You started to think about the answer. Sometimes we give instant answers; sometimes we have to think about it.

Intuitive Customers do this as well. Some decisions are easy and some are not. So what is happening here?

The idea that people have more than one mind influencing their thoughts and behavior has been around since at least the days of Aristotle. This notion was embraced by philosophers, authors, poets, and artists, and became the basis of Freud's model of human behavior. For whatever reason, Victorian novelists seemed particularly interested in exploring stories where characters were deeply in conflict with themselves. Perhaps the clearest example is Robert Louis Stevenson's *Strange Case of Dr. Jekyll and Mr. Hyde*.

These two-minds models of cognition have recently become popular (or popular again) in psychology and Behavioral Economics. People have used many different labels for these different ways of thinking about things: heart and mind; lizard brain and monkey brain; Id and Ego. In some recent foundational research, the psychologists Stanovich and West took to calling these two ways the brain has for thinking about things System 1 and System 2.[1] This distinctly non-sexy labeling became popular after the prominent psychologist Daniel Kahneman used them in his Nobel Prize speech and then later in his book, *Thinking Fast and Slow* (a book we recommend). Despite becoming the standard labeling protocol for psychologists, "System 1" and "System 2" are not evocative labels. It can be difficult to remember which system is which. To help you better understand and remember these ideas, we'll be referring to these as the "Intuitive System" and the "Rational System." Both of these systems live and interact within the Intuitive Customer.

Consider what you are doing now: reading and thinking. When you learned to read, you learned the letters, how letters group into words, and how words group into sentences with meaning to them. Now, you read without thinking about the act of reading and instead focus on the meaning of it. The act of reading, interpreting groups of letters into words, is now the domain of the Intuitive System. You are using it right now, as you understood this last paragraph without having to sound out the letters or recall what each group of letters or words are.

Now, read this sentence:

The bouy junped ouer the fnce amd quikly foumd a aple that was goode to eyat.

Could you understand it? The answer is probably yes, but you also had to re-read this and think, right? Clearly, you noted the many spelling mistakes, so you had to look past those and interpret the words. Your mind noticed the pattern of the words, and even though they were incorrect, you quickly interpreted what we meant. However, this time you needed to think about it. That part is the Rational system. However, your Intuitive System is filling in the gaps and making this readable.

Have you ever noticed after reading a book sometimes you feel tired? But why, when you are probably sitting down, relaxing while you read? Maybe some of you reading this have your toes dug into the warm sand on a beach somewhere. It hardly sounds like strenuous activity in this context, right? Even though the act of reading is intuitive and easy, the processing of the content – particularly difficult and complex ideas – can be hard. This difficulty is the Rational System participating in the reading process. Concentrating can make us tired.

The Intuitive System

The Intuitive System (or Stanovich and West's System 1) is the part of the mind that tends to jump to conclusions. This mental process is automatic, and not under your conscious control. So when you answered the questions above, some of the answers were automatic or intuitive. For example, when asked if you prefer being rich or poor, I am sure many of you automatically selected rich, using System 1 or what we call your Intuitive System. We do not have to "think" to make this decision, and use the Intuitive part of our minds. The Intuitive System is running all the time, so it's with you, processing information and suggesting actions whether you are at home relaxing, at the store buying groceries, or at work performing complex surgery.

Have you ever found that sometimes you make a decision and then, if challenged, find it difficult to explain how you got to this decision? When you see it happen, you will hear people say:

> "It's obvious."
> "I just know this is the right thing."
> "My gut tells me this is right."
> "All my experience tells me I should do this."

For example, both of your authors love Apple products. Why? Because they are easy to use. What makes it easy? Now we start to struggle to explain. We say, "Just the way the navigation works, it seems to know what I want to do next …" As we write, these reasons seem superficial and easy to dispute by anyone looking at this from a Rational System (System 2) perspective. Despite this fact, your authors' intuitive brains have made the decision that Apple is easy.

Now, you may disagree! Maybe Apple is not for you. That opens a whole separate subject we will be exploring later in the book on segmentation and personas. But we'll get to that later. The key here is that some things are hard to explain because we make the judgment or do them automatically. Consider walking. Walking is a complex behavior that your mind has converted with practice from an effort-driven, conscious behavior to an automatic, unconscious one. When a child is learning to walk, even the slightest distraction causes them to lose their balance and topple over. If you are ever around a newly mobile toddler, try calling out their name and watch them immediately plop down on their bums. Yes, yes, that seems like a cruel thing to do to a baby, but you have to understand you will be doing it in the name of science.

Over time, walking becomes so ingrained into the Intuitive System it can be hard to wrest control back over to the Rational System. Your Intuitive System is well-practiced at walking. But if you try to think about it, you miss your stride. Have you ever tried to walk while being filmed? Or while on stage? The extra attention you pay to put one foot in front of the other makes your walking worse. The Rational System does nothing except cause problems, in this case. Hence you will now start to understand the need for Imperative 3:

> Understand that customers' minds can be in conflict with themselves.

We can't observe the Intuitive system through introspection (trying to look at our thoughts), however we can observe its outputs through our behaviors. Herein lies a problem for organizations. You might see a customer behaving a certain way as a result of their Intuitive System, but not know why. And as we learned in the last chapter, the customers don't even know why it's happening themselves (even though they think they do)!

A wine store tested how music might influence sales.[2] On a day, they played classical music from French composers while customers shopped. On different days, the store played just music with strong German associations. Guess what happened to the sales of French and German wine? On the days they played French music about 80 % of customers bought French wines. On the days they played German music more people bought German wines than French wines.

If you asked the customers why they bought the wine, they didn't say, "Because they had been playing French music." Instead, they might say, "We hadn't bought this for a while so decided to give it a go." customers' behavior was altered without their knowing anything was influencing them at all. This effect is the Intuitive System in action. Some part of these customers' minds was working on processing that music and retrieving memories that were relevant to it – preparing the person to respond quickly in case that information should be needed.

The conscious mind – the Rational System – doesn't even know that this work is going on beneath the surface. Instead, all these memories, drives, and desires pulled up by the Intuitive System push up against the Rational System. Without knowing it, our behavior is influenced by these subtle cues and we end up buying the German wine.

When asked about it later, the Rational System recognizes that it would be crazy to have purchased wine based on the music playing in the background. So the Rational System whips up a quick story about why we did what we did. It all makes perfect sense in retrospect.

Fig. 4.1 Intuitively processing and understanding emotions

When we train people about the Intuitive System, we ask them to look at pictures and ask them to discuss. So let's do that right now (Fig. 4.1). Take a look at these pictures and then answer the questions below.

- What emotion is the man feeling in each of the pictures above?
- Is he feeling progressively better or worse emotionally?
- In which picture is he feeling the worst?
- What is the difference between the man holding his head with one hand vs. two hands in the air? Which of the two would indicate a greater emotional reaction?

We assume you assessed this sequence as the man starting off happy and content and with each subsequent picture things are getting worse. Your Intuitive System powers this assessment. The Intuitive System is good at processing and understanding emotions. Your mind processes many pieces of information to make this intuitive judgment.

If you were to analyze this using the Rational System, you would take careful note of all the different emotional cues playing out across his face. You would catalog the differences in posture and hand position in each frame. That's the Rational System making a careful study of what your Intuitive System did automatically.

Processing the emotional states of others is an important task you have been doing since your first days on earth. It is also a task for which evolution has prepared you well. You observed the subtle changes in each drawing, processed the information instantly, and made a conclusion about his emotional state with the Intuitive System. Compared to the detailed analysis the Rational System would deploy to make the same assessment, the Intuitive System saved you considerable time and energy by not consciously thinking about and assessing each picture.

How can people make rapid judgments about complex stimuli? The Intuitive System is remarkably fast and surprisingly accurate at making these evaluations. Unless the pictures are unclear or confusing, the Intuitive System produces a judgment without much oversight or direction from the Rational System.

The Intuitive System handles determining how someone is feeling. The Rational System interprets why the person is feeling that way. We intuitively interpret the situation from an emotional perspective and, with a bit of positioning from the Rational System, we can tell the whole story through simple pictures.

Why Have We Evolved the Intuitive System?

There are two basic tasks the Intuitive System handles well. One is to recognize dangers and threats. Recognizing threats is ingrained into this system from an early age, either things that are hardwired from birth or things we that we learn and incorporate from infancy into our intuitive reactions. Even if it's the first time they encountered them, preverbal infants reacted to threatening stimuli such as snakes, particularly when the adult sounded fearful about them.[3] The Intuitive System is also responsible for recognizing emotions. Charles Darwin noted that infants can process emotions, an ability that seems to be instinctual, rooted deep in our evolutionary history. More recent research supports Darwin's observations.[4] In fact, emotional processing is so deeply intuitive, it appears to be similar across species. Some of the same facial coding procedures psychologists developed for use with humans have been successfully applied to chimpanzees.[5]

The second task the Intuitive System is good for is pattern recognition. This ability is true for visual patterns, as shown below in Fig. 4.2. Your eye (as guided by the Intuitive System) fills in missing information to create a meaningful visual image. It is also true of audio patterns, as when your brain processes music. You automatically recognize patterns and make sense of what is, objectively, a series of individual sounds.

However, pattern recognition is not limited to the senses. The Intuitive System also recognizes patterns of information or insights acquired over time. Our Intuitive System is so adept at recognizing patterns and making sense of the information we often don't realize when something

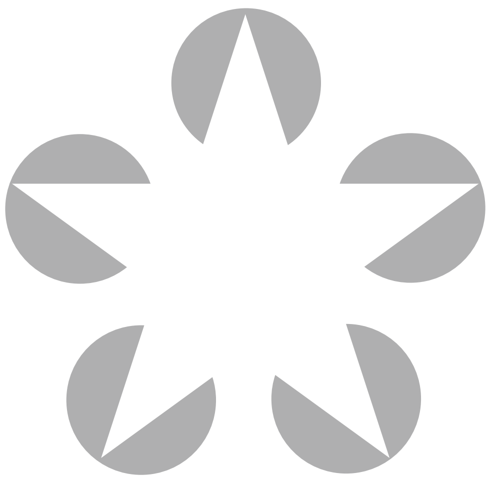

Fig. 4.2 Visual patterns guided by the Intuitive System

is incomplete. In business, we recognize patterns of seasonal purchasing from customers. We recognize trend information from statistics. We see patterns everywhere.

Have you ever watched in amazement as someone plays the piano without the music in front of them? Think of all the keys the pianist presses when playing the piano, ensuring they are in the right order and held for the right amount of time, many times while singing to an audience as well! This process is a classic example of the Intuitive System working well.

7 Ways the Intuitive System manifests itself in a Customer Experience:

1. Have you ever been to a call center while an agent clicks through the various organizational screens while talking to the customer? These actions are the Intuitive System at play.
2. When you are creating documents or presentations, your knowledge of the software package is extensive. Like the pianist, you do the tasks intuitively and concentrate on the content of these documents.
3. If Ryan switches between the Apple operating system and Microsoft, his rational system has to work hard. Apple users use two fingers to swipe down the track pad to read a page. Microsoft uses use the scrollbar or a down arrow. Therefore when switching between systems, Ryan's Rational System is deployed to take over his intuitive choice to use one or the other method.
4. Colin always uses one particular credit card, kept in an easy-to-access location of his wallet. When it is time to pay, he pulls it out without thinking, an example of the Intuitive System employed in the Customer Experience.
5. While on a website, you decide to contact the organization. Thanks to extensive repetition in browsing websites, your Intuitive System automatically directs your attention to the "Contact Us" link at the top righthand corner of the page.

6. Consider passwords. Most people have easy-to-remember passwords they input intuitively without much thought. When you change that password, for how many weeks do you first input the old, wrong password?
7. Symbols also trigger the Intuitive System. Online, a picture of an envelope means email. The three straight lines indicate a menu. With enough time, training, and experience, the Intuitive System reads these symbols.

The key thing to remember when trying to determine whether we are using the Intuitive System or the Rational System pertains to the frequency of use. During frequent, straightforward tasks the Intuitive System creates shortcuts. We'll talk more about these shortcuts in detail when we get to our chapter on habits. But for now, know that these are Intuitive System areas.

Our Intuitive System's pattern-recognition task also determines the frequency with which events occurred in the past. People discern which past events they encountered more often than others. For example, studies have found that consumers exhibit consistent sensitivity to the frequency of price discounts more than the magnitude of discounts.[6] A store with many prices slightly lower than the competition enjoys the perception that it has lower prices overall. A store with just a few discounted items that offers substantial savings on each discount does not – even if the total magnitude of savings for the entire basket of goods is the same at both stores.

The Intuitive System keeps score, kicking this information up to the Rational System as needed. When you wear a new pair of shoes, as the day goes on the shoes rub. They gradually get to the point where you said, "Oh! These shoes hurt!" The Intuitive mind is keeping count of how many times your feet are feeling pain over a period. This count occurs in the subconscious arena of your thinking, so you are not aware of it. Eventually, the frequency of the pain reaches a point where your subconscious mind says, "Enough is enough! I am now going to raise this to the conscious mind." This moment is when you feel the pain, remember the new shoes, and make the judgment that the new shoes hurt.

Intuitive System scorekeeping influences Customer Experiences also. Let's say you are staying for the first time in a hotel. You walk in and see dirt in the lobby. Then, the receptionist might not be adequately solicitous. Next, the elevator takes a long time to arrive. When you walk into your room, it's small. If any of these individual negative aspects of the experience are egregious, then you might take note of them consciously. However, if they are each minor – a little dingy, somewhat curt, slow to arrive, slightly smaller than expected – you don't notice. Your Intuitive System, however, is automatically keeping track of all these details and at some point it will pass this information along in the form of an overall assessment to your conscious mind. It puts all these little things together and says, "Oh! I'm having a bad experience."

These Intuitive System responses are instinctual to the Intuitive Customer. Think of them as programs hardwired into the mind. In contrast, there are some responses that the Intuitive System learns over time. Think of these as programs written to serve specific purposes. In fact, some psychologists have proposed that the primary function of a Rational System is to train the Intuitive System to do things automatically. With enough repetition and practice, complex evaluations and behavior program into the Intuitive System. It performs these tasks without much conscious oversight and direction. We have already mentioned two of these "learned intuitive" tasks. Walking is one. Driving home from work might be another. We drive home and realize as we pull into the driveway that we don't remember driving there. Your mind is on "automatic" pilot, run by your Intuitive System.

Intuitive thinking has power over your Customer Experience. You can design your experience to nudge your customers to do what you want them to do by encouraging their Intuitive Systems to respond in certain ways. This nudge is not as "Big Brother" as it might sound at first, as this already happens with experiences that you have every day. The difference is that many of these common nudges are not deliberate. Many experiences involve automatic reactions, training you as a customer! This concept also touches on the subject of habits, both forming and breaking them, which we will discuss in a later chapter. For now, let's focus on how to train the Intuitive System reactions.

The Intuitive System can be taught, and you can change customer behavior, but it takes thought. For example, a professional athlete who knows how to change a pitch or drive was not born with this knowledge. But over time their ability to perform these tasks intuitively grew, through repetition and positive or negative reinforcement. Repetition and reinforcement are important to organizations because if you can get customers to do things intuitively, they do them automatically. Automatically choosing you over the competition is the aim. We need to design our transactions to be intuitive and completed with the minimal amount of effort. There will be more on making things easy in a future chapter as well.

However, we are not done after designing intuitive experiences. We also need to train the front-line teams in how to encourage this new behavior. This task requires some additional investment in training at the beginning but is ESSENTIAL in moving your organization to the next level of Customer Experience. However, the dividends in our experience pay back quickly as the lifetime value of that customer increases dramatically.

In addition to employee training, you need to train your customers. We do not mean getting your customers to come to your headquarters for a session called "How to Deal with Us." (This session would be nice but is, unfortunately, impractical!) However, we train customers every day in how to deal with us. Thus, we need to train them in the newly designed experience through the behaviors of our front-line teams.

We have covered the Intuitive System extensively. Before we explain the Rational System, let's look at where the Intuitive and Rational Systems manifest themselves, and how they are used.

The advertising on TV for the betting market in the United Kingdom has been fairly predictable for some time. Most of these companies offer free bets online to entice people to bet. Ladbrokes, a well-established betting company, wanted to take a different approach. They employed BBH, one of the world's top advertising agencies, to make a new advert for them. This new ad is called "This is the Ladbrokes Life." BBH's creative idea exploited the fact gamblers fall into different categories or personas. Ladbrokes ran a whole campaign using these personas. One advert showed all the personas together, and then subsequent ads ran focusing on each one. They cross-promoted their campaign on social media and their website. Although it may not have been their intention, two of these personas happen to be a clever demonstration of the difference between customers who use the Intuitive System when betting and those who use the Rational System.

The Ladbrokes/BBH Gambling Personas

Name: Professor

Quality: Knowledge

The Professor leaves nothing to chance, calculating everything down to the last detail. He could name every player in the Scottish League Two. He combines his encyclopedic knowledge with a mathematician's mind. A little bit nerdy, sure, but cool with it. Whatever the situation, you can count on **The Professor** to be thinking about sport.

Name: Gut Truster

Quality: Intuition / Instinctiveness

The Gut Truster believes things exist beyond the understanding of science. For him, it's not all about the form or statistics. When he bets, he just gets a feeling for whom to choose, almost like a sixth sense. He has learned to listen to his gut and trust in it because from time to time, it has served him well.

Needless to say, The Gut Truster personifies the Intuitive System, and The Professor personifies the Rational System.

The Gut Truster gambles without using statistics and relies on his intuition to decide what to do. He believes when it feels right, even if it is going against all the odds, you make your bet. The ad says, "When you know, you know." This sentence is classic Intuitive System ignoring the Rational System.

On the other hand, we have The Professor. He looks for evidence, facts, and statistics to place his bets – classic Rational System thinking. In the ad, the Professor informs the Gut Truster that his bets are, "not betting; it is educated guessing." He is right. The Intuitive System the Gut Truster relies on is full of educated guesses. The Professor makes his decisions using stats rather than trusting a gut instinct.

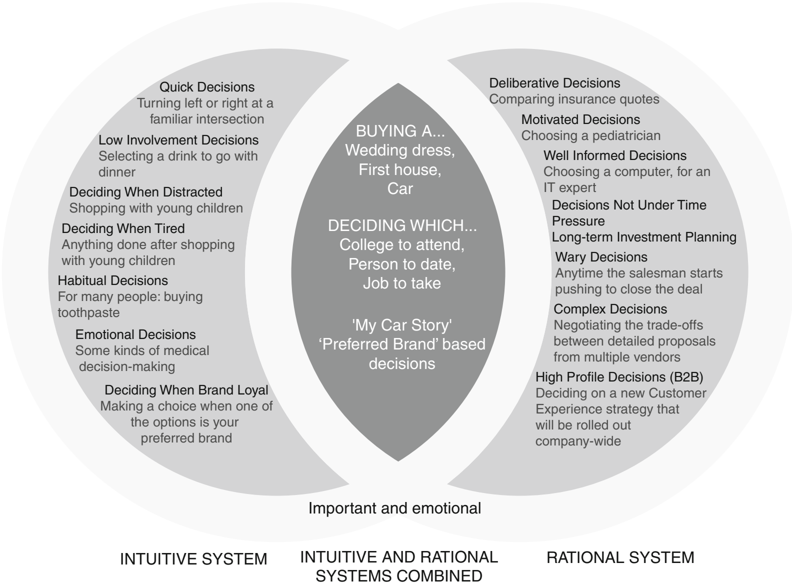

Fig. 4.3 Intuitive and rational decision-making comparison

The question becomes: How are your customers making decisions? By using their Intuitive System, their Rational System or a combination of the two? In Fig. 4.3 you will see some of the typical decisions that are made by each system and some by a combination of the two systems.

The Rational System

The Rational System is different from the Intuitive one. The Rational System includes the parts of the mind to which we have conscious access, meaning we know what the Rational System is doing and we can actively control it. This is the part of the mind where our deliberate thinking takes place. Relative to the Intuitive System, the Rational System is slow and uses a great deal of effort. Our Rational System consumes cognitive resources, and as a result it can wear us out and make us tired. This is also why concentrating is difficult when you are tired or distracted – if you don't have sufficient mental resources, you can't fully engage in Rational System processing.

Okay, another test:

$$2+2=\_\_\_\_\_?$$

Simple, right? Now answer the following equation:

$$65\times 13=\_\_\_\_\_\ ?$$

This problem is more difficult to answer, in part because the Intuitive System can't help here. Unless you are a math prodigy, your Intuitive System can't produce an answer. Maybe a rough estimate, but not a precise solution. The Rational System has to take over here and follow the deliberate rules of mathematics that you learned in elementary school. You may even need to get out paper and pencil and perform the steps by hand. All of that work is done by the Rational System. It is deliberate, effortful Rational System processing.

(The answer is 845, by the way.)

This deliberate effort is why you were sometimes exhausted after completing an intensive math test in school. Or why your philosophy or physics lectures left you feeling both drained and brain dead.

What you experienced is called Cognitive Depletion. Cognitive Depletion has its basis in the idea that concentration takes effort and uses energy. If you use up too much of that cognitive energy in a short period of time, you feel depleted or mentally worn out. Thinking hard about math problems takes energy. A good example of cognitive depletion in real life occurs when you come home from the office where you sat down all day, working. From a physical perspective, you haven't used much energy. However, mentally you did. You thought a great deal about the problems and challenges you face in your job. Your Rational System worked hard, and you feel tired.

Research shows that all kinds of activities can leave us cognitively depleted, if they occur enough over a short period. For example, having to make too many choices – even trivial choices like choosing among consumer packaged goods – can leave us depleted. Resisting urges, e.g., a smoker forcing herself not to smoke or a dieter forcing himself to pass on the cheesecake, is also depleting. Regulating our emotions can also deplete us. If you have ever had to control your temper when angry with your boss, biting your tongue so you could continue to be employed, then you might remember how exhausting that can be. Although emotions arise out of the Intuitive System, *regulating* those emotions, restraining them before they rise to the surface is a Rational System job. It can be draining.

What does all this mean for Customer Experience? It means forcing customers to think or make too many choices uses up the energy they would rather use for other purposes … like controlling their tempers, so they don't yell at your front-line employees. Colin has an example of excessive thinking in an experience from a consulting trip to Moscow:

> We were conducting an assessment of a retailer's experience in Russia, an electronics store in Moscow. We went in to buy a webcam. They had an amazing selection of webcams with every conceivable brand and every conceivable model for that brand. So many choices! However, in this case, choice was bad. When choosing what we wanted to buy, we needed to consider all the options. What were all the features of these products? What did the features mean? How did they compare? How would we use them? How did this affect the prices? There were far too many choices – and far too much thinking.

We both agree the experience would be much better if they offered three types of camera. Or, alternatively, if they provided tools for customers to compare the overwhelming assortment easily. Sometimes the intuitive organization or grouping of products and an explanation of typical options can reduce much of the cognitive burden placed on customers.

Later we will describe in more detail the value inherent to easy experiences and the importance in providing easy options. However, we also touch on the concept of easy here as it is relevant to understanding the Rational System. Easy is also a key as to why the Intuitive System is still important and influential, even among modern, "rational" customers.

Back 50,000 years ago, when food was scarce, our ancestors spent a lot of time scavenging or farming for food. We need food to give us energy and also to … well, exist. Therefore, evolutionarily speaking, the efficient use of energy was (and is) critical to human existence. Things that were easy and effortless took the least amount of energy. Back then, we wanted things easy so we could survive longer without requiring as much food or water.

With the possible exception of some higher-order apes, the Rational System is considered unique to humans and from a cognitive perspective distinguishes us from other animals. Humans developed processes to make things easy for us; one of these is the Intuitive System. If we do things automatically, we use the least amount of energy.

One important function of the Rational System is what psychologists call self-regulation. (This is just a fancy psychological term for exercising self-control.) The idea explains how our rational mind observes, oversees, and regulates our thoughts and behavior. Exercising self-control requires cognitive resources. If you don't have enough resources available because you are tired or distracted, then it is difficult to self-regulate.

In one particularly evocative demonstration of this principle, a group of people was invited to choose between two desserts: a relatively healthy fruit salad and an especially decadent chocolate cake. Before people made the choice, researchers asked them to memorize one of two numbers, telling the participants that they would have to recite it back later. Half the people received a two-digit number to remember (a relatively easy task, consuming very few cognitive resources). The other half received a seven-digit number to remember (a relatively difficult task, requiring a more substantive cognitive investment). Researchers found that simply giving people a longer number to remember significantly increased the preference for the cake. People could not exercise self-control when the Rational System was focused on remembering a long number.[7]

When your customers are distracted, tired or emotional, they have fewer resources available with which to exercise self-control. This fact has serious implications for your Customer Experience. A reduced ability to exercise self-control means more impulse purchases – spending more money and on more frivolous things. They also feel less of an obligation to endure a difficult or complicated task, including purchases requiring much effort. Furthermore, in this depleted state, customers suffer an impairment to constrain negative emotions and are more likely to snap at service personnel if things go wrong.

Exercising self-control does not just *require* cognitive resources; it also *consumes* them. Self-regulation makes subsequent self-regulation more difficult. Resisting temptation once makes it less likely you can resist the temptation again (at least for a little while). The psychologists called it the Depletion Theory of Self-Regulation. People have limited cognitive resources devoted to running the Rational System. Although the resources replenish in the long-run, in the short-run it leaves people unable to exercise self-control.

Ryan and his co-authors studied this concept in more detail.[8] They thought taking a different mental perspective might consume these cognitive resources that allow the Rational System to operate. The team proposed that this "mindset switching" was a process controlled by the Rational System and that repetitive switching between different mental perspectives over a short period might leave people with a reduced capacity for self-regulation. If you have ever felt yourself change "mental gears" when you switched from one task to another, then you have felt the phenomenon Ryan and his colleagues were trying to study. For example, going from helping your child with her homework to taking a call from your supervisor, and then returning to the homework.

Ryan's team tested their prediction in different ways. They used many different types of mindsets (e.g., thinking about things in abstract vs. concrete ways; taking an individualistic vs. a collectivistic perspective, etc.). In one part of the study, Ryan's team relied on research that indicated that when a person switches from speaking in one language to speaking in a different language they also transition to a different mindset.

Speaking in different languages causes people to see the world differently, and to think about time, colors, and relationships differently. The team gathered a group of bilingual individuals to test their hypothesis. They asked their participants to take one of three versions of a survey. In one version, all the questions were in English. In another, the questions were in other languages (Hindi, Chinese, etc., … whatever the person's other language was). The third version of the survey switched between English and the other language. So the participant would have to answer one or two questions in English, and then one or two in the other language, and so on, all the way through the survey.

Ryan and his team predicted that people who switched between languages would burn up more cognitive resources than people answering in one language. They felt this group would show less ability to exercise self-control as a result. They tested their prediction in an interesting way. Working from the idea that feats of physical stamina require self-control, the team asked all the participants to squeeze one of those springhandled handgrip exercisers for as long as they could. Ryan and the team placed a piece of paper between the handles and recorded how much time passed before the paper fell.

The team discovered no difference in the ability to self-regulate for people taking the survey in a single language. Provided there was no extra effort to switch "mental gears," there was no reduction in the ability to keep the paper between the handles. By contrast, people who switched languages during the survey squeezed the handgrip about half as long as the others.

Ryan and his team explained these results by invoking the two-system model we presented in this chapter. If we have a limit of cognitive resources to devote to the Rational System, then consuming those resources doing something that requires concentration, like switching mindsets, leaves us less likely to engage the Rational System.

Organizations can leverage this insight by anticipating when their customers' cognitive resources are likely to be depleted. How is your customer feeling when they enter your Customer Experience? Are they tired or full of energy? If they are tired when they enter, then you customize the Customer Experience to appeal to the Intuitive System right from the start. This leveraging of insight about their level of cognitive depletion is one of the concepts essential to taking your already improved Customer Experience to the next level.

A good example occurs during the holidays. Colin leaves all of his Christmas shopping until the last moment, so he feels stressed. He also suffers depleted cognitive resources from juggling work and home commitments (who hasn't been there?). He is tired and doesn't want to spend hours at the shops comparing prices. Therefore, he will pay more to get what he wants in the least amount of time. His Cognitive Depletion causes Colin to spend more money.

So with Colin at the holidays, you have a great chance of making a sale. However, Cognitive Depletion can also cause you to lose a sale. Lost sales occur when the product requires too much effort due to a complicated purchase process. Whether a customer considers the effort worthwhile will be, in part, a function of the level of cognitive resources they have available. This concept exhibits itself daily on many websites – particularly where buying something on the site necessitates a PhD in website navigation.

Understanding and anticipating Cognitive Depletion is a positive way to gain loyal customers. By anticipating their needs, you do the thinking for them. When in a state of Cognitive Depletion, this anticipation of your needs is something you appreciate.

For our study tours, where we take people to organizations with exemplary Customer Experiences, we always take people to the Mandarin Oriental Hotel. The Mandarin Oriental discovered that there were 29 steps on average for the journey the customer takes when they stay with them. They call their staff meeting “morning prayers”. It starts with a review for every person staying with them. They look at how many times they’ve been there, note where they came from, and familiarize themselves with their preferences. By looking at how many times they stayed with them, they understand whether the guest already knows where all the services are, e.g. the restaurant, gym, etc. By noting from where they traveled, they can anticipate the guests’ levels of Cognitive Depletion. (Are you familiar with the joys of catching the red-eye or traveling internationally through time zones? Then you know how tiring this can be.) Finally, by familiarizing themselves with the customer’s preferences, typically recorded in a CRM (Customer Relationship Management) system, the hotel can anticipate the customer’s needs.

Information capture also enhances the experience for customers who have traveled long haul flights and might suffer from Cognitive Depletion. When the Mandarin Oriental Hotels pick up customers from the airport, they do everything possible to make it simple for customers. At arrivals, the driver waits with a name and photo of the customer downloaded from the Internet. These pictures are also placed in the staff restaurants, so they recognize customers on the property. Their bags are then whisked away and will appear in the guest’s room later.

The staff will also have all the information from the customer's last five visits. The staff use this information to ask the customer to confirm aspects of their stay. For example, they might say, "I see you normally have the *New York Times* delivered to your room in the morning. Would you like that again on this stay?" This method requires less of the customer's depleted brain power than asking, "What paper would you like to be delivered to your room?" If they ordered a glass of orange juice after checking in previously, then the Mandarin Oriental will have orange juice in their room or schedule it to be delivered minutes after the customer enters his or her room.

The Mandarin Hotel anticipates or predicts customers' needs. Knowing they feel tired and suffer from Cognitive Depletion, the hotel works to enhance guests' experiences by making it easy for them to enjoy their stay. As a guest of Mandarin Oriental Hotel properties, Colin was impressed with the surveys he received after his visits. One of the questions asked, "How well did we anticipate your needs?" It showed Colin that not only did they plan to anticipate his needs, but also they measured the effect as well.

Organizations have lots of data analyzing what customers do and how they move through the journey. With the advent of Big Data, this information is a powerful resource. Big Data gathering allows you to predict what customers do, so you can implement moments to anticipate their next need even before they realize they need it. As we see with the Mandarin Oriental Hotel, prediction and anticipation of customer behavior can be an excellent way to improve your experience. We will return to this concept later in the book when we delve into emotional proxies.

We now have a basic outline of the two systems our minds use and what each system does for our thinking. The Intuitive System represents our gut instincts and emotional evolutionary responses to stimuli while the Rational System represents the logical and cognitive process for deeper and more taxing thought processes. As we mentioned at the beginning of the chapter, these systems do not operate independently of each other, but rather interact to facilitate decision-making. In our next chapter, we take a closer look at this relationship and discuss how these systems interact.

5

Imperative 3(Continued): Understand that Customers' Minds Can Be in Conflict with Themselves

We have explained that thinking needs to change about how emotions relate to business and customer behavior. We have explained why customers are not rational beings, but instead human beings that make their decisions emotionally and then justify them rationally. We have asked you to embrace the irrationality all customers have. We have just shown you how the Intuitive System and the Rational System are different from each other.

We have also presented why it is necessary to recognize that customers do not act simply on the basis of a well-regulated, hyper-rational brain that points them toward the most optimal outcomes. Well, we're not done talking about that. Not yet. Where the last chapter introduced the idea of the two different systems: the Intuitive System and the Rational System, the present chapter will focus on how these two systems interact in driving customer behavior.

Accepting the idea that there are two different ways of thinking could imply people employ exclusive use of one or the other at any given moment. But that isn't how it works. People never use just one system. These two systems interact in various interesting and conflicting ways.

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This interaction is why, to move to the next level of your Customer Experience, you must incorporate Imperative 3:

> Understand that customers' minds can be in conflict with themselves.

One way to think about these two systems is in Freudian terms. Freud proposed that people have two competing systems that determine how they will react in any given setting. He called the most basic system the Id, or the system in which our animal instincts reside, along with our emotions and secret desires. Reigning over the Id is the Ego, the prim and proper system, the one with all the self-control, the one that keeps the Id in check. Freud described the relationship as that of a parent (Ego) to a child (Id). When we have a "Freudian slip" it is because our Egos were not sufficiently vigilant in overseeing the Id, and the Id got something through the Ego's gate.[1]

Although some psychotherapists still rely heavily on Freudian theories, experimental social and cognitive psychologists have discarded a lot of his thinking, calling it not empirically reliable. Interestingly though, even though a lot of Freudian theories have been excised from mainstream psychology, the old Freudian idea of two-minds-in-conflict has found its way back into the popular ideology.

Similar to Freud's concept of the Id, the Intuitive System is always "on" and so, to the extent it can, always contributes to whatever decisions a person is trying to make. The Rational System then approves, alters, or rejects those Intuitive System outputs as appropriate. This idea is similar to Freud's concept of the Ego, a supervisory system that oversees and, when necessary, holds in check the underlying, automatic system. So, we – or our customers – might find ourselves making "Intuitive slips" anytime our Rational System is not sufficiently careful and allows the Intuitive System output to emerge.

There are several possible ways for these systems to work in tandem to produce a response. One possibility is what we'll call **Approval**. Approval describes the process where the Intuitive System reacts to some stimulus, and the Rational System approves the reaction and then proceeds with the Intuitive System's response. For example, when walking by an ice cream store, your Intuitive System will decide it is a great idea to stop in and get some ice cream. (Remember that the Intuitive System consists of our base desires, emotions, and evolutionary drives, including our preference for calorie-dense dairy treats covered in chocolate sprinkles!) Then, the intuitive response reaches the Rational System. The Rational System may decide, "Yes, this has been an exceptionally good day. You deserve to treat yourself to an ice cream cone to celebrate." Or, if it has been a bad day, your Rational System may still approve the Intuitive System's suggestion, deciding, "Yes, you deserve ice cream to make you feel better."

Suffice it to say, the Rational System is very good at justifying things!

In a business-to-business (B2B) context, it could be that a contact has sent you an invite for a meeting. Because you like them and enjoy your time together, your Intuitive System reacts with an immediate, "Yes!" However, you don't reply on autopilot. Instead, your Rational System assesses this initial reaction to accept the meeting and then rationally and consciously decides this is a good idea. So with the Rational System's approval, you send the email accepting the invite.

The approval by the Rational System need not be a rational response, meaning the best or even a "wise" response. Approval, in this case, means the Rational System engaged in the decision-making process and approving an action originating as an Intuitive System impulse. The intuitive response occurs with the full knowledge – and often the active justification – of the Rational System. Recall our Freudian comparison of the Intuitive System to a child and the Rational System to a parent. The child's decisions are impetuous and impulsive, but the parent can override those decisions or justify them.

A similar outcome can come about through a process we call **Neglect**. Neglect occurs when the Intuitive System suggests some action, but instead of approving that intuitive impulse, the Rational System fails to oversee the Intuitive System. Then, the intuitive action proceeds. We've already talked about one of the situations where Neglect can happen: Cognitive Depletion. When someone's cognitive resources are used up, the Rational System struggles to govern the Intuitive Systems responses.

Consider the ice cream shop again. After an exhausting day at work, you stumble home, passing the ice cream vendor. Some part of your Rational System might be screaming about your diet, insisting you'll regret it later, but without the resources to activate that system, the Intuitive System will prevail. The Rational System will fail to stop the intuitive response of choosing two scoops in a waffle cone. With sprinkles.

In the B2B context, it could be a stationery supplier has caught you at the end of a tough week. The salesperson is pitching their special offer. The decision to buy is not a huge one, so you just say, “Yes!” to get home and out of your office. You need to go home and have a glass of wine!

Cognitive Depletion is not the only time Neglect happens, however. Sometimes the Intuitive System response seems so obviously right that the Rational System doesn’t bother to check it. For example, please answer the following question:

How many of each animal did Moses take on the ark?

Did you answer two? For most people, the answer springs readily to mind. They answer, “Two,” without giving it any further thought. The intuitive response is so obviously correct that it isn’t worth thinking about any further. Except, in this case, the intuitive answer is wrong. *Moses* didn’t take any animals onto an ark – that was *Noah*! The Rational System is capable of answering the question, but because the intuitive response seemed obvious, the Rational System neglected to override it. There is a whole class of problems like this, i.e., problems for which the correct answer is easy enough to figure but an incorrect intuitive answer is more appealing. A clever business school professor named Shane Frederick developed a short, three-question test to engage their Rational Systems even when an intuitive solution is available.[2] He measured the degree to which people are naturally inclined to neglect the Rational System using these types of questions. Go ahead and try answering these questions for yourself:

- A bat and a ball cost $1.10 in total. The bat costs $1.00 more than the ball. How much does the ball cost?
- If it takes five machines five minutes to make five widgets, how long would it take 100 machines to make 100 widgets?
- In a lake, there is a patch of lily pads. Every day, the patch doubles in size. If it takes 48 days for the patch to cover the entire lake, how long would it take for the patch to cover half of the lake?

All three of these questions have an intuitive answer that just jumps right out at you: ten cents, 100 minutes, and 24 days, right? Wrong! The real answers are five cents, five minutes, and 47 days. Go ahead and double check. The math is not hard, but you must engage the Rational System to override the Intuitive System's automatic answers to get them correct. Frederick found this three-question test predicted academic success. People attending elite schools scored much better than people attending less elite schools. It also correlated with such diverse behaviors as tolerance for risk and SAT score. All from three simple questions!

Some people by nature are more likely than others not to use the Rational System unless they must. They respond intuitively, think, "That was easy!" and then are on to the next thing – the Rational System never even consulted.

It is possible to segment the market based on customers' propensity for rational thinking. When creating customer segments, or personas to describe potential customers, we often describe them demographically (e.g., middle-class working mothers, aged 28 to 39, with two or more children), psychographically (e.g., busy, harried, multi-tasker, caretaker), and based on needs and values (e.g., motivated by a desire for conformity, to keep up with the Jones). Organizations can also segment their target customers based on how likely they are to rely on the Intuitive System or the Rational System when making decisions in that category. We'll have much more to say about Intuitive and Rational Personas Segmentation later in the book.

Neglect by the Rational System of Intuitive responses over time can also contribute to the formation of habits or habitual responses. Habitual responses are Intuitive System responses. If the Rational System neglects the output of the Intuitive System, then habitual responses reign. We will have much more to say about habits later on as well.

Invoking Veto Power

Approval and Neglect both describe interactions between the two cognitive systems where the Intuitive System ultimately triumphs. **Override** describes a situation where the Rational System rejects the intuitive response and replaces it with a response of its own. So, if you were walking by the ice cream parlor and felt a strong desire to go in, but you tamped down that impulse and kept walking, that would be an example of Override. The Intuitive System's desire to get some ice cream is overridden by the Rational System's insistence that we stick to our diet.

Colin considers himself poor at recruitment. Early in his career he would make decisions based on his gut reaction to the people he liked. He still has a tendency to do this, but he has learned through bitter employment mistakes that just because someone comes across well at an interview it doesn't mean they are the right person for the job. He now forces himself to take many other factors into account and look for evidence of the skills, attributes, attitude he seeks. The Rational System has invoked its veto power.

When an override is in play, you may hear customers say something like, "This decision is between my heart and my head." What they are articulating there is that they would like to make an emotional decision (Intuitive System), but they realize there is something else they should do (Rational System). There are many occasions where business people let their head rule their heart, which sounds good. However, this override can also restrict creativity, entrepreneurialism, and risk-taking. For example in Chapter 2, we discussed how the emotional side of the Customer Experience is still ignored by many people in business today. Why? The business leader's heart tells them it is the right thing to do, but his or her head is getting in the way! We developed ways of measuring emotion and proving the ROI of improving Customer Experience through research like the Emotional Signature. However, the fact that business has always been done this way gets in the way of trying something different.

Override creates angst for people. It is responsible for many an inspirational quote, like:

> Never cut a tree down in the wintertime. Never make a negative decision in the low time. Never make your most important decisions when you are in your worst moods. Wait. Be patient. The storm will pass. The spring will come. (**Robert H. Schuller**)

Some people reject their Intuitive System altogether:

> I am always wary of decisions made hastily. I am always wary of the first decision, that is, the first thing that comes to my mind if I have to make a decision. This is usually the wrong thing. I have to wait and assess, looking deep into myself, taking the necessary time. (**Pope Francis**)[3]

> Quick decisions are unsafe decisions. (**Sophocles**)

We normally think of Overriding as normal and appropriate – and as the process that results in the best decisions. After all, the Intuitive System is emotional, perceptual, and automatic. It should be good for a person to override those impulses and decide in a more logical and rule-based manner, right?

Sometimes, yes. However, it is a mistake to think that all the time this will result in better decisions.

Consider an experiment run by the psychologist Timothy Wilson and his colleagues.[4] They offered a group of undergrads a free poster to hang in their dorm rooms. The students chose one of five different posters. Researchers asked the first half of the students to pick a poster they liked. The second half were asked to provide reasons why they liked or disliked each of the options available before choosing. Then both groups got to take home the poster. A few weeks later, the psychologists called the students to assess how well they liked the posters they chose. Researchers found that students who gave reasons for why they liked or disliked each of the posters (i.e., those who used their Rational Systems more when choosing) were less satisfied with their choices. It appears that by thinking more about why they were choosing, they made worse decisions than if they didn't think about it as much. By allowing their Rational Systems to Override their intuitive, emotional responses, people made less satisfying choices.

You could conclude that for choosing something intuitively, like a piece of art hung in a dorm room, the Intuitive System is best equipped to make that choice. When we override the Intuitive System response and replace it with the Rational System response, we can make worse decisions. In some situations, it is entirely appropriate to go with your gut reaction. While it does not mean we should always rely on our intuition, it does mean there are some decisions where more input from the Rational System can make things worse.

We see this all the time in our business. Using rational thinking where intuitive thinking is appropriate can interfere with a client's acceptance of how improving Customer Experience affects their business. Here is a typical situation that we face daily, and if you are in the game of improving the Customer Experience, we are sure you have had this conversation, too:

> Business Leader: *We want to improve our Customer Experience, as we* ***intuitively*** *believe this will help us increase our revenues and customer loyalty. But before we invest in doing this we want to find out the effect this will have on our bottom line. Can you prove that Customer Experience affects the bottom line?*
>
> Beyond Philosophy: *Yes, we have case studies. For example, Maersk Line, the largest container shipping company in the world, implemented one of our programs. They improved their Net Promoter Score by 40 points in 30 months, which then increased shipping volumes by 10 %. It was independently reported on by Forrester and Maersk Line in a report available on the Forrester website.*
>
> Business Leader: *But what about our industry? How can you prove it will improve the value here?*
>
> Beyond Philosophy: *We can undertake Emotional Signature research that will prove how much revenue you will enjoy as a result of this. Also, we can undertake small pilots or quick wins to show the effect.*
>
> Business Leader: *But how can you show me this is not just affected by an upturn in the market or a new promotion we are running? How do we know that these changes had the effect?*

In our example, the business leader knows intuitively improving the Customer Experience will improve their revenues and customer loyalty. By the end of the conversation, they have gone around so many times they are confused.

People want to make sense of things. They analyze, come up with a rationalization or explanation, and then get stuck on that answer. Once rationalized it becomes "fact." The same thing happens when organizations look at research. They want to know why things are happening, so they look at what they know and then make a rationalization of their results.

Another domain in which more Rational System involvement seems to make things worse is moral decision-making. Research shows when people are doing something ethically questionable, they feel it is wrong more than rationally assessing that it is wrong.[5] That queasy feeling bubbling up when we engage in morally questionable behavior is an Intuitive System response. Many of our strongest moral ideals, things like fairness and justice, are deeply rooted in the Intuitive System. Some of these values even manifest in the behaviors of animals.[6]

The Rational System is excellent at justifying things. So, the longer we think about unethical behavior, the more likely it becomes that we can provide reasons it is not so bad. The Rational System can make us less moral if applied at the wrong time and in the wrong way. The Intuitive System is more reliable for making better judgments in the moral domain.

Think about the finance sector and the behavior that lead us to the Great Recession. These were some of the best and brightest minds in the financial world and yet, some of the people involved made judgments – again and again – that nearly any elementary school child could tell you were ethically suspect. All those brilliant Rational Systems of the decision-makers overrode any Intuitive System indicators that suggested their behavior was immoral. Rationality outsmarted ethics, which highlights Imperative 3:

> Understand that customers' minds can be in conflict with themselves.

The Power of Influence

Another way that the Rational and Intuitive Systems interact is through a process we call **Influence**. Influence follows a similar process to Overriding: an initial Intuitive System response is noted by the Rational System and deemed inappropriate. Unlike Overriding, where the Rational System stops the intuitive response (i.e., you did not go in and get some ice cream), influence allows the Intuitive System response to bias the Rational System response. For example, you chose not to get ice cream at the moment. However, the fact that you considered it makes it more likely that you will get ice cream later. (If that sounds a little crazy, hold on because it is about to get crazier.)

In the early 1990s, researchers sent out a survey to a random group of several thousand households. The researchers contacted one group of people only once. This group was the control group. They contacted the other group twice. This group was the test group. The treatment group received an initial survey where they were asked (among other things) when anyone in the household planned on buying a new car. Six months later, both groups received a different survey. In that survey, researchers asked people to indicate whether anyone in the household had purchased a car in the last six months.[7]

The percentage of random households that purchased a new car in the preceding six months was relatively small. But here's the interesting part: just asking people *when* they might purchase a new car in a *single* survey was enough to influence the number of people that purchased cars. In the treatment group, where people answered that initial question about when they would buy a new car, one-third *more* people ended up purchasing a car than in the control group.

This example, known as the **Mere Measurement Effect**, can be explained through the Influence process. When it asked people to think about when they might purchase their next new car, the survey planted a seed in the Intuitive System. The Rational System could produce an answer, an estimate of when they would purchase a car. However, the Intuitive System now started thinking about a new car. What it would be like to drive a new car … what kind they might get … how fun that might be …. For at least some of those potential car buyers, their Intuitive System would not let this idea go, and instead let it simmer. Those gears started turning, and in the end the simmering idea bubbled up into an actual purchase.

The Anchoring Effect

One of the more prominent examples of Influence studied by psychologists is called the **Anchoring Effect**. This concept indicates that your Intuitive System can latch onto a number, and that number will affect how you assign a value to an item.

Let's do an exercise to demonstrate this. (It works better if you can get a few friends to do it with you.)

- First, write down the last two digits of your social security number on a piece of paper.
- Next, consider the most you would be willing to pay for the following items:
  – Toaster
  – Phone
  – Backpack
  – Headphones
- Now, compare your answers with those of some friends.
- Did those with larger social security numbers indicate a higher willingness to pay?

Some researchers from Stanford and UCLA conducted this experiment. They found people that wrote down a two-digit number below 50 were willing to pay less in all four categories – between \$5 and \$20 less – than people who had written down a number above 50. Rationally, people know that the last two digits of their social security number have no relevance to any subsequent task. However, by focusing on a number even briefly, the Intuitive System fixates on it and influences the response by the Rational System.

Colin experienced this himself while on a vacation with his family in Africa. He was buying some local souvenirs and entered the unfamiliar arena of bargaining. Going through this process, Colin was pleased when he negotiated a 50 % discount off the original price from one shopkeeper. Reality struck when Colin reached his hotel and discovered that the same object was on sale in the hotel for half the price he had paid.

What happened here? Colin realized the key was the baseline number where the negotiations started. This number, the anchoring point, influenced further negotiations from this point. The shopkeeper, well-versed in dealing with naive tourists like Colin, knew this and exploited it to his advantage. To this day, Colin admires that shopkeeper's skill and mastery of the Anchoring Effect.

This happens all over the place. Restaurants are adept at getting their customers to relax and enjoy their dinners using the Anchoring

Effect. Restaurants use the Anchoring Effect when presenting a menu meant to increase the amount of money a customer spends on dinner. Usually, a high-priced item, such as "Surf and Turf" or the "Sampler Platter" with a bottle of Champagne, enjoys a prominent placement, sometimes with a price well into the three digits. This anchor price makes the rest of their items (listed without dollar signs, of course) appear like bargains by comparison.[8] This effect is no accident. Careful thought has gone into each aspect of the menu, every inch of it designed to make diners forget they are spending money. The menu design helps diners enjoy their meal without worrying about the check. As you can see, however, the design also benefits the establishment. It helps customers spend more and have a great time so that they want to come back.

Often, when people make numerical estimates, irrelevant numbers that happen to be salient at the time sway their estimates. For example, in one of the earliest demonstrations of Anchoring, researchers asked participants to estimate how many African countries were members of the UN.[9] However, before participants gave their answer, they spun a wheel with two numbers on it: ten and 65. So, participants spun either a ten or a 65. Next, researchers asked them whether the number of African countries in the UN was higher or lower than the number that came up on the wheel. Then participants gave their estimate.

A remarkable thing happened. The number that came up on the spinning wheel significantly affected their estimates. People who spun a ten estimated 25, on average, while those who had spun a 65 estimated 45, on average. Remember that these people *knew* this number was meaningless. They had just randomly assigned it to themselves by spinning a wheel, after all. But despite the knowledge that it was a meaningless number, it still influenced their estimates.

The results show how the Intuitive System responded to the request for an estimate by returning the number most salient to it at the time – the number just spun on the wheel. The Rational System receives this input and immediately rejects it. "Of course it's not ten! That's stupid!" But instead of just ignoring it, this number becomes an anchor the Rational System uses as a starting point for its estimate. "Well, it's not ten, but how much higher than ten is it likely to be?" The result is an estimate lower than the Rational System would have returned if it had started with a higher number.

In the B2B context, salespeople are taught about a "flinch test." The idea here is to throw a number out to a potential customer and physically look at their body reaction, seeing if they flinch. The flinch could be literal, or figurative, resulting in them saying something like, "Oh, I hadn't realized it would be that much!" This tactic inserts an anchoring point and tests whether it is acceptable before going on to a more formal proposal.

The final way these two systems interact is what we call **Flying Solo**. The idea here is that with some classes of problems intuition cannot help. For example, as we indicated before, if we were to ask you to multiply 42×856, the Intuitive System would simply have nothing to contribute. There is nothing to do but get out a paper and pencil and let the Rational System grind through that slow and steady process of getting to the right answer. Flying Solo is probably a relatively rare class of problems, especially in the consumer domain. However, for the sake of a complete explanation, we include it in our taxonomy.

So, to summarize, the Intuitive and the Rational System are the intrinsic parts of how your thinking works. While you might think they work against each other, they don't. Instead, they exist more like layers of thinking. How they work together varies. From Approval to Neglect, Override to Influence, our two systems collaborate to drive decisions and behavior for you, and also for your customers. Understanding the various ways these two systems interact will move you toward accomplishing the integration of Imperative 3:

> Understand that customers' minds can be in conflict with themselves.

We humans have many ways of making thinking easier. As we have just discussed, we use the Intuitive System to do most of the work, while allowing the Rational System to rest. However, even the automatic and energy efficient Intuitive System has shortcuts. Putting these shortcuts to work for you are a great way to move your Customer Experience to the next level.

6

Imperative 4: Commit Yourself to Understanding and Predicting Customer Habits and Behaviors

Over millennia, we humans have developed habits to make life easier for ourselves. Habits allow us to be more efficient with our precious stores of cognitive energy, diverting that mental effort away from routine tasks and saving it for more important things. In the modern world, many routine consumption decisions are relegated to habit, rather than effortful decision-making. Therein lies an opportunity for brands to create an opportunity that affects the bottom line. However, it is also a peril for those who don't understand how customer habits work. For this reason, Imperative 4 is important:

> Commit yourself to understanding and predicting customer habits and behaviors.

Habits are automatic responses activated by an environmental or situational stimuli. If you can control the environmental or situational stimuli, you can help evoke habits in customers. In Chapter 10, we will discuss what we call Behavioral Journey Mapping. This activity is a process we use when designing a Customer Experience to manage the environmental

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and situational stimuli and take into account all the aspects outlined in this book.

However, a habit is not *all* automatic behavior. Many automatic behaviors do not qualify as habits. For example, jerking your hand back from a hot stove or recoiling when you see a snake are automatic responses driven by the Intuitive System, but they are not habits.

People often ask us how habits fit into the Intuitive and Rational Systems. Habits reside in the Intuitive System (See Fig. 6.1). The Intuitive System activates them in response to external stimulus. Habits are not, however, the same as intuition. In other words, activating habitual responses is not the only thing the Intuitive System does. For example, as we learned earlier in the book, the Intuitive System is the primary influence in emotionally-charged decisions. However, we wouldn't consider emotional decision-making to be the same thing as habitual decision-making, even though both are initiated by the Intuitive System.

Organizations must understand habits and the role they play in customer decisions. All too often, organizations think it's best to persuade customers to behave differently, addressing their customers' Rational Systems. However, since habit resides in the Intuitive System, should we be surprised when this approach fails to change customers' behavior?

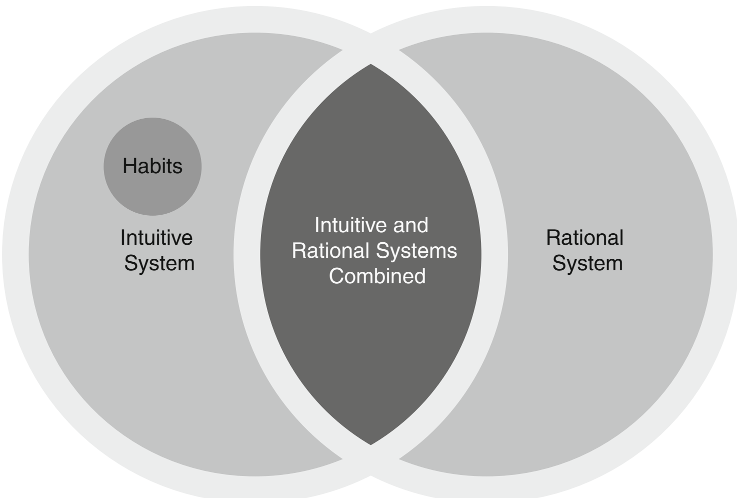

Fig. 6.1 Habits exist in the Intuitive System

Herein lies the opportunity to move your experience to the next level by embracing the need to understand and predict customer habits and behaviors.

We also see organizations explaining the obvious. This approach is also ineffective because if it's obvious, then it's something you already know. If you are a habitual night owl, would you listen to a lecture on all the health benefits of getting a good night's rest? Our guess is you wouldn't; you already know. You didn't stay up late because it makes you feel great the next day. You stayed up because you liked what you were doing at bedtime and wanted to keep doing it. A more effective strategy would be to present a reward for going to bed on time that is greater than the one you enjoy at the moment.

Stating the obvious is the exact approach many organizations take when trying to change habitual behaviors in their customers. They see customer behavior they want to change and use rational, persuasive appeals to change it. For some types of behavior, these persuasive appeals will work fine, but not habits. Persuasion is not up to the task. Your customers could agree with you there is a better product or way of doing things. Then, they continue to do things the way they always have!

Habits are shortcuts for your thinking, which is why the Intuitive System manages them and why appealing to reason doesn't help change them. The Intuitive System is responding to either an environmental or contextual cue and takes a shortcut to make a response. Most organizations don't consider these environmental or contextual cues that trigger habitual responses in your customers because they are focused on their internal processes. However, to move your Customer Experience to the next level, this level of understanding the detail of habitual behavior and the cues that trigger it in your experience is essential to your success.

Changing Behavior Is Difficult

How many of us eat too much and gain weight, or fail to go to the gym, well, ever? For most people, the information on healthy behaviors is crystal clear: we know that it is better for us to eat in moderation and get regular exercise. The reward usually favors good behavior if we can think far enough into the future. But our bad habits work against our better judgment. The result? More bad behavior, cognition, and effects be damned! This phenomenon is why only 8 % of Americans will achieve their New Year's resolutions.[1]

Suppose an organization wants customers to report problems through the website instead of the call center (i.e., they want to change the customer's behavior). For many customers, phoning the call center is what they have done for years. Whenever a problem arises (external stimuli), the Intuitive System remembers that past problem resolution is connected to the call center. The customer reaches for the phone before they have even considered whether there might be another way.

In their effort to change the customer's call center predilection, the company informs the customer about the benefits of using their website for problem resolution. However, even if the customer's Rational System agrees the website would be a better, the habit is still engrained. So when the next crisis arises (external stimulus), the customer will still reach for the phone (habitual response).

Colin was conducting a Customer Mirror (a tool to assess Customer Experience from the customer's point of view that we will discuss in more detail later), listening to calls with a call center agent. A customer called in for the phone number of the local representative, information that was available on the website. The agent gave the customer the number, and the customer was happy.

On the one hand, it is good the customer was happy. On the other, the cost benefit to the company is lower, as employing someone to answer such simple queries is not a good use of resources. Colin shared this incident with senior management as an example of how they could save costs. The management team explained they sent out emails indicating what the customer could now do on the website, but most customers still used the call center. They couldn't understand why this hadn't been effective.

Colin explained that emails weren't enough. They needed to break the habit. The customers knew the information was on the website, but they still contacted the call center. Why? Because the organization had not done enough to break the customer's habit of contacting the call center first. The agent had just reinforced the customer's habitual behavior with the reward of the information and had made no attempt to change it.

Colin suggested the agent should demonstrate for the customer how they could easily get the information from the website themselves. Yes, that particular call would have taken much longer, but this would be a worthwhile investment in the long run with all the future calls it eliminated.

Many organizations seem to take the "Field of Dreams" approach to changing customer behavior, especially with self-service features. They think, "If we build it, they will come." You should assume instead, "If we build it, they WON'T come!" You must design a way to entice customers to come to your new self-service feature.

Do you remember checking in for flights before self-service kiosks? When you arrived at the airport, you got in line to check in. The airlines then introduced the self-service check-in booths. Colin, though quite technology-minded, still liked the certainty of the personal check-in. (Ryan, eager to avoid human interactions whenever possible, made the change happily.) So how did airlines convert Colin to check in using self-service? They did it by breaking the check-in line habit. The airlines had employees "combing," or pulling passengers from line to try the check in at the self-service kiosks with them. After three or four occasions, passengers learned the process was much easier. Today, neither Colin nor Ryan would dream of waiting in line to check in. (We don't even use the check-in kiosks anymore; our new habit is to check in on our smartphones using an app. Why waste our time at a kiosk?) The flight check-in story is a prime example of how organizations need an initial investment in resources to change customers' habitual behavior.

Sometimes the habit that needs to be changed is your employees. Consider this example, which occurred with a pharmaceutical company. When the pharmaceutical reps go to see physicians, the main issue they face is that the physician doesn't have a great deal of time to devote to seeing these reps. So the rep's challenge is to increase the time they spend with the physician. We conducted a Customer Mirror with pharmaceutical reps. We timed these visits. On average, the rep stayed ten minutes.

During the exercise, we noticed the reps' behavior gave the physician a signal about how long they were staying. Many reps unbuttoned their overcoat when entering the physician's office, but did not remove it. Many of them would see the physician still wearing their coat.

If you are not taking off your coat, it says you don't anticipate on staying long! This innocuous habit of leaving their coat on sent the subconscious signal to the physician to wrap up the call after ten minutes. To increase the time spent per visit, we asked another group of representatives to remove their overcoats when they saw the physicians. Also, we asked them to open their briefcases and get out some product, further indicating they planned to stay longer.

Guess what? **The average call time increased from ten minutes to 17 minutes, an increase of 70%!** Changing the habit and the resulting subconscious signals worked. Moreover, adding the habit of taking a briefcase into the call and getting all the materials out of it also worked well to increase the face-to-face time with doctors.

Changing people's habits, both employees and customers, is not easy. Businesses spend billions on training each year, trying to change their employees' habits, and yet little of the training sticks. McKinsey, in their paper called, "Why Leadership Development Programs Fail," say that the US spends almost $14 billion annually on leadership development. They say one of the three reasons leadership development programs fail is because:

> Becoming a more effective leader often requires changing behavior. But although most companies recognize that this also means adjusting underlying mindsets, too often these organizations are reluctant to address the root causes of why leaders act the way they do. Doing so can be uncomfortable for participants, program trainers, mentors, and bosses – but if there isn't a significant degree of discomfort, the chances are that the behavior won't change. Just as a coach would view an athlete's muscle pain as a proper response to training, leaders who are stretching themselves should also feel some discomfort as they struggle to reach new levels of leadership performance.
>
> Identifying some of the deepest, "below the surface" thoughts, feelings, assumptions, and beliefs is usually a precondition of behavioral change – one too often shirked in development programs.[2]

Like leadership behavior, how employees deal with customers is often habitual and can create the type of environment that evokes habitual responses from customers. We need to address what's below the surface if we want to encourage change. We need to adjust the mindset of both employees and customers. We need to recognize the causes of what people do. Then we can design habits into our experience to move our experience to the next level.

Purchasing habits are hard to break, even when they involve something as mundane as utility providers. In the United Kingdom, the electricity and gas markets have been competitive since privatization started in the 1980s. But the previous monopoly supplier of gas, British Gas (previously Centrica), still today enjoys the lion's share of customers. It is estimated that only 60% of households have switched gas and electricity providers. Despite overpaying by $374 per year, if not more, the other 40% have not switched. The government regulator Ofgem, in their "State of the Market Report" in March of 2014, explained that people were "reluctant to engage in the market and required large savings to consider switching worthwhile."[3] A national TV station, ITV, reported that households across the UK were leaving £2.7 billion ($4.1 billion) of potential savings on the table by not changing providers. Furthermore, the story reported that the Department of Energy found that 13.5 million households in the UK could benefit from switching.[4]

Why don't they switch? It's simple: habit. The Ofgem survey revealed that people think all the utility companies as the same level of bad. They think, "Better the devil you know, than the devil you don't." So they stick to their devil and don't switch.

The other utility companies focused their marketing effort on the wrong thing. If they embraced Imperative 4 and understood customer habit and predicted their related habitual behavior, they might reach this last 40% of customers.

Our habits can run contrary to our cognitive judgments and effect evaluations. In a clever demonstration of this concept, a team of psychologists led by David Neal and Wendy Wood invited a group of participants to a theater to evaluate some video content. The experiment was held in a theater; they dimmed the house lighting, and they even gave everyone popcorn and a drink to complete the theater experience.[5] The experimental manipulation was based on the quality of the popcorn given to participants in the study. Some people received fresh, delicious popcorn. Others received bags of popcorn that was several-days-stale and, though edible, not very tasty. Participants watched the videos, ate their popcorn, and sipped their drinks. Afterward, they filled out some surveys asking their opinions of the popcorn they received and whether they usually ate popcorn at the movies.

An interesting thing happened. The non-habitual popcorn eaters moderated their consumption based on the quality of the popcorn. Fresh delicious popcorn? They ate a lot. Stale, skunky popcorn? They only ate a little. However, the habitual popcorn eaters displayed no such behavioral moderation. They ate a lot regardless of whether it was fresh or stale. Even when they knew the popcorn wasn't good, they kept on eating. Habit kicked in and overrode the Rational System's evaluation of the quality of the popcorn.

Habits are powerful things. Some experts question how many of our actions are under our conscious control. They suggest that most are automatic, either habitual or controlled by other instinctual processes. These experts assert that our conscious mind is there to justify those behaviors, those habits, to itself afterward.

Companies in the position of selling something their customers buy out of habit are lucky. Their competitors, on the other hand, find themselves fighting against the ingrained habits that customers have formed. Armed with our understanding of how habits operate, how should those competitive organizations approach changing that behavior? How can you overcome habitual responses and get your (potential) customers to do something different?

Pulling the Trigger on Habits

You'll remember we defined a habit **as an automatic response activated by an environmental or situational stimuli**. Situational stimulus is another word for a "trigger." The trigger is important to understanding habits. The trigger acts as a cue, initiating a set of automatic responses from the mind. These responses occur without our even knowing it – and happen faster than our conscious minds react. For example, in one experiment, habitual runners and non-habitual runners were seated in front of a computer screen and shown a series of letter strings.[6] Their task was to identify each letter string as either a valid word or a nonword as quickly and accurately as they could. So, if a participant saw the string SFUENFT, they would press the "nonword" button. If they saw SUNSET, they would press the "word" button.

It is not difficult. Psychologists find nearly everyone gets all the words right. What they are interested in is how long it takes for people to get the words right. To identify a word from nonsense letters, people must access their memories and find a match. It is easy; we all do it thousands of times a day. However, it is even easier if we already have a relevant set of memories activated in memory. If we are already thinking about something related to the words, we process them even quicker.

The experimenters measured the habitual and non-habitual runners reaction times. Some of the words related to running (e.g., "jogging") while others were just filler words. Throughout the activity, all participants saw subliminal pictures of locations where people might go running (e.g., a gym interior, a trail through the woods, etc.). For the non-habitual runners, flashing these pictures had no effect on reaction times. They were able to categorize running-related and filler words just as quickly. But for the habitual runners, subliminal exposure to settings in which people might run lead to faster reaction times. For runners, the triggers of running – even when presented too quickly for people to be aware that they saw anything at all – activated a set of responses related to the habit.

Why does this obscure experiment about the reaction times of runners and non-runners matter for people in marketing, service, and sales? What does this mean for you, as someone interested in designing and managing Customer Experiences? This experiment is a vivid demonstration of how useless conventional persuasive techniques, those based on affect and cognition, can be in changing habitual behavior. When the mind is exposed to a trigger associated with a habit, the mind can set in motion the processes that lead to the eventual habitual behavior within a few milliseconds. People were already influenced by the trigger before they had time to read a word and press a button.

The triggers that activate habits can be subtle, fast, and powerful. How many times have you seen an ad on TV for a nice cold beer and then wanted one? How many times have you smelled food cooking and your mouth started to salivate in anticipation?

So what are these triggers and how are they formed? How do they become triggers that activate habits? How can we design these triggers into our experience? Let's look at each of these one at a time.

Triggers are stimuli – things we see, hear, smell, taste, or feel – that lead to the activation of a set of cognitive and behavioral responses over time. Triggers come from the environment (environmental stimuli) or the context (contextual stimuli). So, walking into a movie theater might trigger the behavior of eating popcorn while entering the toothpaste aisle in the grocery store might trigger the behavior to grab your usual brand. Hearing, "What would you like to drink?" in a restaurant setting might trigger the response, "Diet Coke." Or maybe rolling out of bed in the morning activates the behavior to drop and do 100 push-ups. (We should be so lucky.)

Example of triggers in the Customer Experience:

- Walking past a Starbucks and smelling coffee triggers the habit of buying coffee
- Answering the phone and hearing silence triggers the realization this is probably a sales call and they haven't connected the agent yet
- Entering a silent hotel room triggers turning on the television for company
- Someone gives you their business card, triggers you giving them yours to be polite
- Receiving a link from a colleague or friend whose taste you appreciate triggers clicking on the link to see what they sent this time
- Sitting down at the restaurant triggers putting your napkin on your lap
- Noticing a person just about to walk through a door triggers holding the door open for them
- Watching fellow passengers gather around the boarding gate of a plane triggers you to stand up and join the line
- Seeing a customer enter the room triggers you to stand up and shake his or her hand
- Hearing the 'bing' that you have received a new message triggers you to check your email (it's just irresistible isn't it?)

- Leaving a seat in a public place triggers you checking over your shoulder that you haven't left anything
- Completing a meeting with an unreliable supplier triggers your summarizing the expected actions in an email
- Having your picture taken triggers smiling

Triggers are all around us. You can set triggers, too. Food vendors know that smell can trigger purchases, like them smell of freshly baked bread from the pretzel vendor or the smell of buttered popcorn from the popcorn cart at a theme park. But it works beyond food as well. Seeing the bins for toy donations during the holidays triggers a desire to donate toys to those less fortunate. The "Going Out of Business" sign triggers a bargain-hunter's desire to find a good deal.

Triggers also influence the way we respond to a situation. For instance, calling a call center might trigger a need to address the agent in a curt manner. Regardless of how pleasant and prompt the agent is, our tone sends a message to them to act quickly and not waste time with small talk.

Studies look at situational triggers. Researchers hypothesized that people who frequented sports stadiums might have a habit of talking loudly when in similar environments. They examined what happened when sports enthusiasts were exposed to triggers related to being in a stadium. After subtle exposure to pictures of sports stadiums, researchers found these people spoke louder than those exposed to non-stadium related pictures. However, this trigger only worked with people that frequently attended live sporting events.

Forming Triggers for Behaviors

All kinds of things can serve as the environmental and contextual stimuli. So how do triggers form? After all, there's nothing innate about triggering a particular behavior. Some people walk into the movie theater without even glancing at the popcorn stand. Some people have no difficulty avoiding early morning push-ups after they wake up in the morning (ahem). The

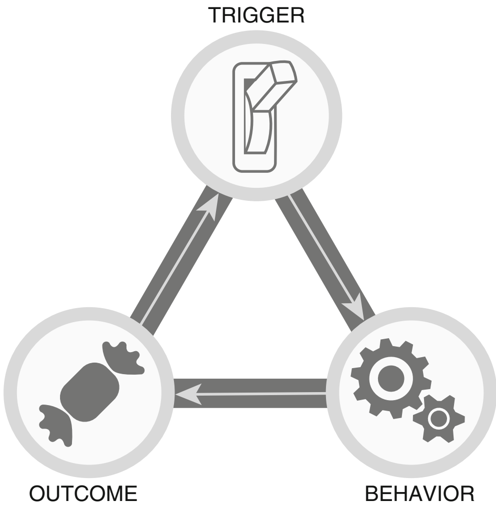

Fig. 6.2 How habits are formed

same trigger that activates a response in one person might activate nothing in another (Fig. 6.2).

Environmental stimuli become triggers when paired with behaviors over time, through a simple pattern of stimulus-response-reward. We process some environmental stimuli, like finishing a meal, and respond with some action, like having a cup of coffee. We receive a reward, like the caffeine kick. Over time, we come to associate the trigger with the behavior and subsequent reward. Eventually, finishing a meal becomes a trigger that activates the desire for a cup of coffee.

Habits form at this basic Intuitive System level. Humans enjoy a complexity of recognizable triggers. We learn habitual responses easily. We respond to a diverse number of rewards, too. Also, people exhibit flexibility in identifying potential triggers. Remember the reaction-time study using runners? The runners saw settings where one might potentially run, like a trail through the woods. The people in those studies never ran on those trails, but their subconscious still associated them with running and activated those cognitive responses.

People are adept at developing habitual responses. Training an animal requires patience. It can take forever. Training people – including training ourselves to respond in a certain way – is comparatively fast and easy. Think back to one of your bad habits. How many times did you engage in that behavior before you started doing it frequently? We thought so.

People's habits also differ from animal habits in terms of the diversity of things that qualify as a reward. Animals respond to a limited list of stimuli. Most animal training programs involve some combination of food, praise, scolding, and pain. People respond to the same things. However, people also respond to financial gain, reciprocation, perceived social standing, morality prompts, and anticipation. Even something as subtle as alleviating boredom can serve as a reward. If you reach for your smartphone within a minute of being alone with your thoughts, then you likely formed a habit based on the reward of alleviating boredom.

Habits are powerful, but not insurmountable. Someone with a wellingrained habit of buying a pack of gum every time they go through the checkout line can decide not to buy any when she remembers she has several unopened packs at home. Even a habitual smoker can, on occasion, choose not to smoke for some period.

Don't think of habits as some unstoppable force of nature, something someone is powerless to resist. Instead, think of habits as the intuitive response. We talked about the various ways the Intuitive and Rational Systems interact. Think of habits in those terms. Sometimes the Rational System overrides the habitual response, exercising your willpower and blocking that intuitive response. Other times the habitual response is repressed but not blocked entirely, influencing the rational response.

When thinking how habits influence your customers' behavior, think of times when habitual responses might be more or less likely. When customers are under time pressure or distracted or when their cognitive resources are taxed (e.g., when they are tired), they are more likely to fall back on habits than in other contexts. It is not enough to figure out which stimuli trigger which behaviors. You should also ask yourself whether your customers feel rushed, distracted, or tired. If they do, then habits might exert a strong influence. If, on the other hand, you serve leisurely, focused, energized customers … then, where exactly are you finding these people?

Habits also exist at an organizational level. Some people call this culture. Cultural habits are represented by phrases like, "It's just the way things are done around here." For example, whenever one of our clients has a meeting, they bring printed copies of the presentation for everyone in attendance. In the first few meetings, we didn't understand this. We caused a minor negative experience by not having a hard copy to give everybody. We quickly rectified the situation. Now, we kill a few trees and bring paper copies for everyone.

Disrupting Habits

Convincing someone to act differently by appealing to the rational system won't work; it's the wrong system. Instead, organizations need to identify the Intuitive Customer's triggers and work to disrupt them. Without a trigger, the habitual response will never initiate. Over time, if the trigger is consistently absent, the habit fades. So if your employees or potential customers have habits you want to disrupt, eliminate or change the triggers.

When the Beyond Philosophy team designed and implemented a CRM system for a client, we learned the importance of disrupting triggers to change the behavior of employees using the new system. The new CRM system addressed the specific requirements that drove the most value for our client's customers. Everything went well until implementation. Despite explanations for the new system's deployment and training on the new behaviors, the agents continued working the old way. Why? Because it was their habit. In one example, the agent wrote down customer information on paper during calls. After the call, he entered the information into the CRM system. This habit can cause a couple of problems, including:

- Transcribing information is always fraught with difficulty, as human error can occur causing mistakes in the information capture.
- Writing information on paper and then reentering on a computer is inefficient, causing delays in answering the next call and elongating wait times.

To break the habit, we implemented a "clear desks policy." The policy banned paper from the desk, forcing people to capture the information directly into the CRM system. In time, clear desks and direct capture into the CRM became the new habit. We remember the adage, "People do two things in life: the things they want to do, and the things that are checked up on!"

Some organizations interrupt triggers by encouraging customers to shop through different channels. If a parent habitually buys the same brand of diapers at the store, it might be hard to convince them to change (especially since they are suffering from Cognitive Depletion caused by sleep deprivation). Even clever and informative ads on TV that encourage a change in habit fade from memory when they hit the baby aisle. They will likely fall back into their old routine. However, convince them to shop for diapers online instead of in store and any habitual triggers reset. A brief opportunity then exists for new habits to form.

Other organizations disrupt the trigger using humor and the unexpected. Delta Airlines played the passenger safety demonstration video like all the other airlines as mandated by law. Passengers responded the same way, too: by ignoring it. When the safety instruction video cues up, it triggers passengers to tune out. Delta figured if they wanted people to pay attention, they needed to disrupt this trigger. They changed the presentation from the dry, serious one to a funny announcement, full of subtle visual gags, and starring a beautiful red-headed flight attendant. They also continued to refresh the videos for new, funny versions of the announcement, constantly breaking passengers out of their reveries.

Some brands leverage the power of habits by identifying potential triggers to remind customers of the message when they are in the situations where those messages matter most. For example, a large pharmacy chain in Quebec, Canada, called Familiprix, was the number three brand in the region. They were well liked, but not the first pharmacy customers would think of when they needed bandages or headache medicine. So, they developed a clever ad campaign built entirely around habitual triggers. Each ad featured a situation resulting in needing something from a pharmacy, e.g., burning a hand on a pot, stubbing a toe, waking up to a screaming baby, etc. In every ad, a pharmacist in a white lab coat stood in the background, waiting. As soon as the need became evident – as soon as the person crashed their bicycle into a wall – the pharmacist would shout, "AHA! Familiprix!"

The 15-second ads were a runaway success by tying their brand to many of the triggers that lead to someone going to the pharmacy. The ads became a minor sensation in Quebec. People would tease their friends when they tripped with "AHA! Familiprix!" People even made ads spoofing the Familiprix ads to put on YouTube.

Loyalty or Habit?

Is Customer Loyalty a habit, too? As you consider the intuitive nature of habits, it's natural to have questions about loyalty. Do you have loyal customers or do they keep coming back out of habit? In other words, it is easier for them to continue purchasing from you rather than spending

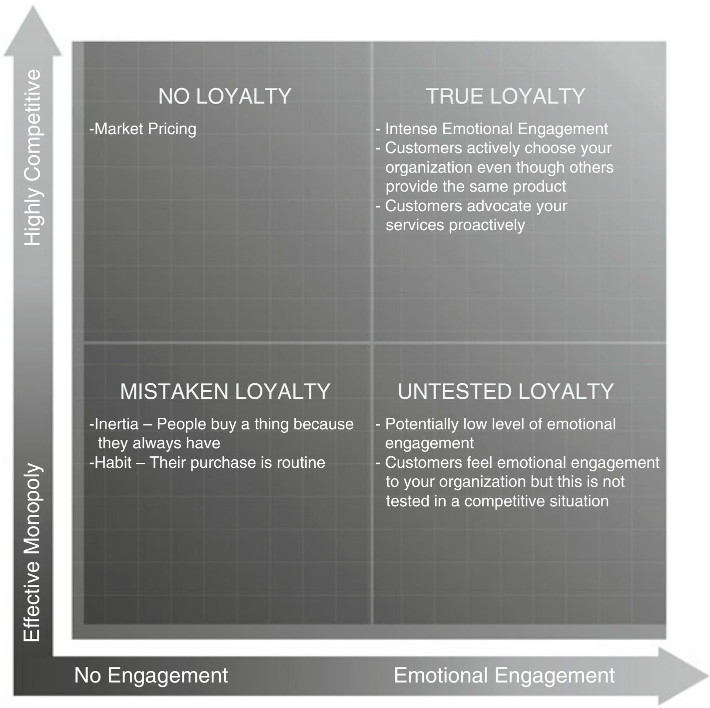

Fig. 6.3 Loyalty or just habit?

brainpower on consideration of another option? There is a VERY important difference between the two after all.

Some organizations might know it's only habit. They don't care. As long as customers keep buying, they see no reason to change. It's an approach, we suppose, although a short-sighted and naive approach. This approach will not get you to the next level of your Customer Experience. Why? Habits can be broken; loyalty is a tougher bond to break.

Loyalty is a true emotional attachment. You are loyal to your family and friends because of an emotional bond. They can do things you don't like, but you remain loyal. Customer Loyalty is emotional also. An emotional bond exists between your organization and your customer. It is not just a relationship of convenience that can be easily broken or disrupted. Concerning customers, habit is good, but loyalty is better.

In our model (Fig. 6.3), you see that ideally you want a **Truly Loyal Customer**.

No Loyalty Customers don't have any for your organization. They use market pricing as their guide.

True Loyalty Customers award you high loyalty scores and come back to you time after time. However, they are also buying from you out of habit. This combination is ideal, the best of both worlds.

Untested Loyalty Customers have lower emotional engagement than the truly loyal, but it hasn't been tested by competition yet.

Mistaken Loyalty Customers have behavior that looks like Truly Loyal Customers', but they are only habitual customers. They buy from you because they always have.

Think about all the Mom-and-Pop shops that go out of business when a Walmart opens in town. These retailers assumed their customers were loyal. Many of them may have been shopping there for years. However, customers were shopping there because they were "good enough." As soon as a new, cheaper, and more convenient option came to town, "good enough" no longer cut it.

Blockbuster, the video rental store, is another example of customer loyalty vs. customer habit. According to Wikipedia, the chain enjoyed its peak in 2004, employed nearly 60,000 people and had over 9,000 stores. They were on every corner all across the US. Today, they are on no corners. People rent movies by streaming them from Netflix, Amazon, Hulu, etc. Blockbuster's customers had a habit of going to their store to rent a movie, but when another (better) option became available, they quit going to the stores. Blockbuster went out of business.

Most organizations equate consistently choosing the same brand over time as loyalty. It is safe to assume that loyal customers will consistently buy from the brands to which they are loyal. However, it is not safe to assume that consistent buying behavior means that a customer is loyal. What looks like loyalty can be a habit instead. Habit results in the same basic behavioral outcomes.

Loyalty and habit look the same in a database. From the standpoint of a database trawler, buying the same brand of toothpaste every month because we love it looks identical to someone who was buying the same brand of toothpaste every month out of habit. The behavior looks the same, but psychologically those are different processes.

You might wonder if it matters why they buy as long as they buy. It does matter – at least when you want them to keep buying. Habits can be changed; loyalty can, too, but takes a lot more effort. Misunderstanding loyalty leads organizations to implement suboptimal strategies for increasing loyalty.

Consider the membership discounts most firms refer to as "loyalty programs." You rent out space on your keychain for a bar-coded fob or carry a loyalty card in your purse or wallet in exchange for periodic price discounts. We are not opposed to these programs in principle, so long as they are designed correctly. However, organizations should not fool themselves into thinking these programs increase loyalty. Most people's purses and wallets are full of loyalty cards. In fact, your authors have hundreds of them! The sheer number of loyalty cards begs the question: If we have a loyalty card for one airline and choose to fly with another airline, does that make us adulterers? We never give this a second thought when booking flights. They might be called loyalty cards, but they don't create loyalty.

So what is the purpose of a loyalty card? Despite what the name implies, a loyalty card does not purchase customers' loyalty. The research company Ipsos Mori and loyalty scheme provider, The Logic Group, asked a group of 2,153 people if their membership in a loyalty program influenced their buying decisions. While 63% of the respondents were enrolled in a program, only 23% of them said that it influenced their buying decisions.[7] Whether the low numbers indicate that the loyalty program is not working or that the respondents are unaware of how much influence the program may have had on their decision is unclear. However, the research does show that for most customers, loyalty cards do not produce loyalty. In the customer's perception, the free hotel stays, free flights and preferential treatment are an extension of the offer of service a company provides. In this way, they become rewards cards. Essentially, over time a rewards card simply becomes a membership or discount card, creating no loyalty with its rewards.

Think of the tit-for-tat exchanges that characterize these programs. I fly a certain number of miles, and I get a pre-specified reward. I buy certain items and swipe my card, and I get a discount. I stay a certain number of nights and get a night free. Does that sound like loyalty to you? Think of things that you are genuinely loyal to, such as your family, school, or hometown. Does your loyalty to those things depend on careful accounting and predetermined exchange rates? Talk to a diehard Chicago Cubs fan. Does his or her relationship with the team depend on their success in winning baseball games? (Clearly not or there would be no more Cubs fans.) Is his loyalty based on getting some specific reward after buying a certain number of tickets?

Consider the following two examples. Bob is a member of an airline's loyalty program. He knows that after flying a certain number of miles, he is eligible for a specific set of privileges. One year, he reaches the predetermined miles goal and receives his reward. Susan is a frequent flier on a different airline. She expects some general level of service as a customer just like every other customer but hasn't entered into an agreement for any particular reward. One day while she is checking in, the gate agent addresses her by name, thanks her for her continued patronage and tells her that she and her traveling companion have both been upgraded to first class.

Which one of those two passengers is more likely to feel loyalty toward the airline? If you think these customers will respond differently, what are the differences between those two types of exchanges that lead to different possible responses from the customers?

The anthropologist Alan Fiske cataloged the different types of relationships that characterize people's economic interactions. Some relationships are "market pricing" relationships, those in which both sides of the exchange are looking to get the most they can out of the deal. These relationships are not hostile or unfair, in fact, most of the buying and selling we do is in a "market pricing" setting. We base the exchange on an accounting of benefits we will receive relative to costs paid out.

In contrast, other relationships are what Fiske called "communal sharing" relationships. These relationships are characterized by a desire to maximize fairness, by shared values, and by caring deeply for the exchange partner's emotional and financial well-being. Think of telling your teenaged daughter that if she works hard at her part-time job and saved up some money, you will sell her your car. Would you drive as hard a bargain as you possibly could when negotiating the sale? Would you squeeze her for every penny you could? What if the car broke down the day after she bought it? Would you feel some responsibility to pay for the repairs?

Customers have market pricing relationships with many of the organizations from which they buy. But when you look at the organizations that customers are loyal to, those relationships are much more likely to look like communal sharing relationships. Characterized by mutual understanding, they look out for each others' interests more than maximizing profit in every exchange.

Loyalty programs can increase sales and provide other potential benefits to the organization. However, we shouldn't fool ourselves into thinking they promote loyalty. As a general rule, we can't buy customer loyalty; we earn it.

Understanding Habits and How to Change Them

When you understand the depth of customers' habits and behaviors, you can predict what they will do next. Predicting behavior is important to move your Customer Experience to the next level as it gives you a massive advantage over your competition. If you know what your customer is going to do next, you can design your experience accordingly.

Predicting behavior happens today. When you type your search term into Google, it predicts what you are trying to look for based on a complicated algorithm and presents you with various options. This Google tactic is one form of prediction. We also know how organizations use big data to target shoppers with coupons or special offers based upon predictions of their buying behavior.

Up to now, we have addressed Intuitive Customer behavior because understanding customers better is the main focus of the book. However, it is worthwhile to recognize that as human beings, your employees are also Intuitive Customers. They exhibit the same irrational, emotional, automatic, intuitive behaviors as your customers. The following model shows how to build intuitive behavior. This framework is designed to explain how to convert the deliberate, reasoned decisions of both customers and employees into intuitive ones (see Fig. 6.4). We use this model to ensure our training is effective and sustainable by making it intuitive and automatic. Many of our clients have had great results through adopting this process in the training we provide.

Fig. 6.4 Building intuitive behavior

Step One: Recognition

Recognition means that the person sees the need. Identifying the need that their action will address provides the motivation to act. Consider one of the first tasks we learn, crawling. A child's ability to scoot across the floor is nearly always motivated by wanting to get their chubby fingers on some item on the floor so they can stick it in their mouths. Recognizing their desire or need for the object drives their action. When we train people, the person being trained needs to recognize how their current behaviors are producing the current results.

Step Two: Learning

Learning involves acting in a deliberate manner. Wanting something isn't enough. Improvement comes with feedback on previous performance. Babies learn which muscle movements propel them forward through trial and error. They try things, driven to move toward what they see and they learn what works when the distance decreases. In our "Memory Maker" training, we explain many of the theories from this book. We make it fun by using examples from what happens in our trainees' real lives, making it easy to understand. With this basis of understanding for where we want to go, we explain what deliberate actions we want them to do and why, to "decrease the distance" to our objective. We also gain their buy-in, which facilitates sustainability.

Step 3: Repetition

Repetition creates intuition. An action becomes intuitive by doing it many times. During the learning phase, action requires deliberate attention and concentration. However, performed often enough, the action gets easier, less deliberate and more intuitive. In a training context, we facilitate repetition with role plays. We give the managers and their people the tools to practice, practice, practice. Repetition is key. We do this through online training, designed for easy of consumption in bite-sized chunks without taking hours to review. Trainees can view the material over and over, and practice continuously.

Step 4: Intuition

Intuition begets automation. With enough practice, actions become automatic. You perform intuitive actions with little deliberation. Remember the crawling baby? Within a shockingly short time frame, the baby develops from a slow, shambling crawl to a speedy sprint across the floor without expending any cognitive effort at all. From a business training point of view, eventually the action passes from cognitive to intuitive and becomes part of the Intuitive System, automatic and sustainable.

The importance of this model is twofold. Training employees comes first. We are surprised how little customer-facing training occurs in organizations. When we undertake customer-centric reviews with our clients, we ask, "In your call center, how much training do employees receive when they join the company?" Typically, the answer will be between four to eight weeks' worth of training. Then we ask, "How much of this training covers how to deal with customers' answers?" The answers range from a half-day to one full day – out of eight weeks of total training! Most of the training time is devoted to products and how to use the internal systems. This approach represents a massive lost opportunity. A limited number of organizations do rudimentary or basic soft-skills training. To move your Customer Experience to the next level, you must undertake training that enables you to work on a much more advanced level with your customers.

Later in the book, we will talk about more advanced soft-skills training we recommend to teach all these key principles regarding the Intuitive Customer. Our ideal soft-skills training demonstrates the specific behaviors customer-facing employees should use to evoke the correct customer emotions. It also conveys how to read a customer's persona intuitively and respond accordingly.

Later, we have developed a model that helps us predict how a customer is going to feel through analyzing the actions they have taken in the past. We can look at customers' actions and predict what they will do next. Knowing the action and the emotion it will evoke, we can design our experience to evoke our desired emotion. That emotion is the one that creates value for the organization.

Habit is an important force in your Customer Experience. By using a customer's Intuitive System, you can harness the power of habit in your favor. When you understand what triggers habits, you also understand how to disrupt those habits in your favor. Furthermore, you can use what you know about customer loyalty to turn that habit into loyalty by designing moments that create an emotional bond with your customers. All of this, however, requires you to commit yourself to understanding and predicting customer habits and behaviors.

An important thing to remember about habits is that they make things easier for us. We develop them to make decision-making easier. Easy is the key word here, and as you'll soon learn, easy is key to moving your Customer Experience to the next level.

7

Imperative 5: Uncover the Hidden Causes and Unintended Consequences of Customers Wanting Things to Be Easy

Since 2002, virtually every client we work with wants to make their Customer Experience easy. Why? What caused the difficult experiences with which most of these organizations are saddled? In our experience, it is a combination of the following: actions and unintended consequences.

Let's take a look at some of the actions that create these unintended consequences.

The Action: Organizations designed experiences to reduce costs and process the customer in the most efficient way.

Unintended consequences? While it is the economically rational choice for organizations to make, reducing costs and improving efficiency ignores what the customer wants entirely. What is efficient for the company is not necessarily efficient for the customer. The result is a complex experience for the customer. An organization that imposes their wishes on customers will not create loyal ones.

The Action: Most businesses have grown year on year, and we are dealing with the legacy of everything.

Unintended consequences? Businesses are complex, and as they grow, complexity grows along with them. Layer on top the existence of new products

C. Shaw, R. Hamilton, *The Intuitive Customer*,
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and services, new divisions, new channels to market, and globalization. When you add in the growth of the Internet, mobility, and social media, you quickly surmise complexity is everywhere. This complexity is reflected in what your Customer Experiences every day. However, customers expect one overall experience with that company – what we call the omni-channel approach.

The Action: Most organizations have not yet created what we call a Deliberate Experience.

Unintended consequences? Their experience is a consequence of all the decisions made over time without understanding (or caring about) the ramifications for the customer. A Deliberate Experience means it was designed moment by moment to appeal to the customer's needs. A Deliberate Experience evokes specific emotions at these moments rather than leaving them to chance. A Deliberate Experience also considers all aspects of your Customer Experience, and rejects some parts while focusing on others. A lack of customer-centricity is usually the culprit regarding the absence of a Deliberate Experience.

Unintended consequences create experiences that are not easy. But they also create two great opportunities for organizations recognizing the importance of not only improving the Customer Experience for the Intuitive Customer, but also for taking it to the next level:

Opportunity 1:

Providing an easy experience is an excellent competitive differentiator.

The drive for easy experience results from organizations' recognition that they have to focus on the customer in this competitive market, which is the whole reason for the Customer Experience movement. Being easier to deal with than the other guys is a great way to best your competition.

Opportunity 2:

Easy experiences are consistent, delivering a win-win for both organizations and customers.

Consistency is the Holy Grail for many organizations. Organizations want consistency. Consistency makes it easier to train employees, easier to make forecasts, and easier to identify ways of keeping costs low. Customers want consistency. Consistency makes it easier for customers to know what to expect (e.g., going to a McDonald's in New York will be a lot like going to a McDonald's in Hong Kong), and easier to match their needs to expectations ratio (McDonald's is McDonald's, such as it is). An easy experience is also a consistent experience, which benefits everyone involved.

Why Easy Is Important to Customers

Organizations recognize that creating an easy Customer Experience is important. However, few understand why easy is important or what easy means to customers. Only through these two insights can you move your Customer Experience to the next level. This need for understanding leads to our fifth imperative:

> Uncover the hidden causes and unintended consequences of customers wanting things to be easy.

Few organizations understand the depth of the driving force behind customers' pursuit of easy interactions. Many assume customers want things easy because they are lazy. But it is more fundamental than that. Easy is an evolutionary imperative. In prehistoric times, the energy used for these activities could have potentially been necessary for other things, like making fire from sticks or fleeing from predators. Our hunter-gatherer ancestors were predisposed to look for easy solutions to avoid difficult and energy-consuming situations. Those ancestors that didn't seek out easy didn't survive long enough to pass their easy-avoiding genes along to us.

Rational System thinking depletes your cognitive resources, or, in other words, your energy. The average human brain takes up about 2 % of total body weight but accounts for an astonishing 20 % of the body's total energy consumption. The simple fact is that thinking, calculating, remembering, evaluating, and making decisions – all the things that you are expecting your customers to do in the course of interacting with you – consume energy. While today we are not as concerned with basic survival as humans were 10,000 years ago, customers still suffer cognitive depletion from today's "survival" activities (e.g. working, parenting, getting to the next level on their latest app). They still want to make things easy.

Psychologists at one time used a "naive scientist" metaphor to describe how people approached evaluating new things and making decisions. The idea behind the metaphor was people act like scientists, e.g., making hypotheses, collecting data, testing predictions, and updating their theories of the way the world works based on this analysis. Sometimes, people *do* approach the world as if they were scientists, but not as much as we'd all like to think we do.

Why? Because acting like a scientist all the time is *exhausting*! People save their scientist-like behavior for the rare occasions where something is important – deserving of a more thorough approach.

Colin recently bought a new car. He created a spreadsheet that considered fuel efficiency, depreciation rate, loan interest rates versus lease costs, resale value of his existing car, potential resale value of the new car, warranties, service costs, and potential breakdown costs. He read customer and expert reviews. He analyzed all these details … and then bought the car his gut told him to get in the first place! This scientific exercise only justified why buying that car was the "right" decision.

As you learned in Chapter 2, we buy emotionally and justify with logic even if we have to bend the logic to fit our emotion. This is why many psychologists have abandoned the naive scientist model in favor of one that reflects the way people behave most of the time. According to this new model, people are more often like "cognitive misers." They conserve their precious cognitive resources as if the effort were money, and they were Ebenezer Scrooge. Today's world is much more demanding on our time and our brains. Our need for simplicity is paramount.

We were chatting about the different ways you can now message each other. Colin messages people using Whatsapp, Facebook Messenger, iPhone texts, SMS texts, emails, and actual, hand-written notes! Our smartphones make different sounds for the various notifications from the apps on our devices. With the cacophony of bing, bangs, and bongs coming from our phone alone, it's easy to see why people want things easy.

We reserve our precious thinking effort for vital tasks. If forced to use effort to do something, then it had better be worthwhile. Only rarely do we feel that the effort needed for most Customer Experiences is worth our while. Humans have developed ways of making effortless or "fast and frugal" decisions to make things easy. They might not be the absolute best, most well-informed and well-reasoned all the time, but they are pretty darn good.[1]

In this chapter, we will explore the world of heuristics to understand these hidden causes behind our desire to make things easy and conserve our precious resources. Heuristics are approaches that people use for problem-solving, learning, or discovering things. They are practical methodologies people use in their thinking to make things easier. Heuristics are not seeking perfection or precision, butinstead serve as "rules of thumb," or shortcuts to meet our immediate goals.

The Popular = Good Rule

To give you an example of a heuristic people use to make a decision that's good enough, let's explore the Popular = Good Rule. People apply the rule "popular = good" any time they see something is in limited supply. If everyone is doing it, then it must be right. This rule has good and bad implications. It is okay when referring to the purchase of a new smartphone, but not okay concerning questionable ethical behavior. Consider the banks' defense for subprime lending activity that caused the Great Recession: "All the other banks were doing it, so it was OKAY."

This same kind of questionable justification can come from a company's culture. A great example is Ryanair, a successful budget airline in the UK. Their CEO, Michael O'Leary, said the following about Customers (in public!):[2]

- **On refunds:** *"You're not getting a refund so **** off. We don't want to hear your sob stories. What part of 'no refund' – don't you understand?"*
- **On the Customer is always right:** *"People say the customer is always right, but you know what – they're not. Sometimes they are wrong, and they need to be told so."*
- **On charging passengers to use the restrooms/toilet:** *"One thing we have looked at is maybe putting a coin slot on the toilet door so that people might actually have to spend a pound to spend a penny in the*

future. If someone wanted to pay £5 ($7.50) to go to the toilet, I would carry them myself. I would wipe their bums for a fiver."

- **On the in-flight experience:** *"Anyone who thinks Ryanair flights are some sort of bastion of sanctity where you can contemplate your navel is wrong. We already bombard you with as many in-flight announcements and trolleys as we can. Anyone who looks like sleeping, we wake them up to sell them things."*

Do you think Ryanair's experience is easy for customers or centered around Ryanair? If you said centered around Ryanair, then you are correct. If you didn't, might we encourage you to review the quotes above one more time?

Known for being rude to customers, Ryanair employees treat customers poorly, with no fear of repercussions. They think, "Everyone else is rude to customers, so I can be, too." Ryanair grew quickly and thrived for years, so no one saw the need to change. However, their recent performance showed they might have reached a tipping point, where their poor service affects their bottom line. Even O'Leary himself realizes the culture might need to change to be more customer-centric. (We'll believe it when we see it!)

But the Popular = Good Rule has less consequential uses, ones that don't bring a world economy to its knees or a passenger's irritation level to an air-rage boiling point. Consider the act of buying a cookie. All it takes is seeing just a few cookies left in a display case, and we know we must have one, too. Most of us internalized this "rule" based on all the times when we have seen the best cookie options disappearing first. In a sense, it's the same as the idea of online reviews: "This [product or service] had 2,000 reviews and 1,500 are excellent, so it must be good." We call this the Popular = Good Rule, and it is a regular feature in Intuitive System thinking.

You could use the naive-scientist approach of the Rational System to choose the cookie instead. You could take the objective view to determine which cookie is "the best." Imagine approaching the Cookie selection problem like a scientist:

> First, we need a complete accounting of all types and brands of cookies available at the grocery stores we frequent.

> Once we have an exhaustive list, we then want to describe each cookie thoroughly, enough to characterize it, including major ingredients, flavors, texture, and size.
>
> Then, we record our data for comparison. Maybe by employing a cookie spreadsheet similar to the one Colin used in his car example.

Are you going to do all this for a cookie? We doubt it. Instead of choosing "the best" cookie, you will employ an effortless, fast-and-frugal, good-enough, *Intuitive* decision strategy. You look at the counter and apply the Popular = Good Rule. There are four flavors of cookies left. Three trays have 35 cookies in them, and one only has three cookies, but lots of crumbs! The tray with only three cookies attracts you, and you choose that one.

Like all rules, there are exceptions. For example, if you were allergic to the popular cookie, you wouldn't make that decision. If you chose that flavor cookie the last 23 times, you might decide on another. With the Popular = Good Rule, we point to what *typically* happens. There are no absolutes when describing human behavior. Welcome to the world of dealing with people! This example is called a Heuristic, an approach to problem-solving, learning, or discovery that employs a practical methodology not guaranteed to be optimal or perfect, but sufficient for the immediate goals. It's a "rule of thumb" that people have developed to make things easy.

You learned these types of heuristic systems in school. The teacher asks, "What is 8×9?" This equation can be a difficult sum for school children to do in their head. Therefore, teachers show them how to round up and then subtract to get the answer. For example, 8×10 is a much easier sum to figure: 80. Then, you deduct eight from the sum of 80 to represent the original equation of 8×9, giving you the correct answer of 72. Another example of this concept is the calculation of Fahrenheit to Celsius temperatures, and vice versa.[3]

- C to F: *Multiply the temperature by two, and then add 30.*
- F to C: *Subtract 30 from the temperature, and then divide by two*.

People have developed shortcuts for making decisions, but we don't necessarily know we are using them. In the case of psychological heuristics, experience guides them more than logic. They become rules over time as we notice a positive outcome (a delicious cookie) correlates with some cue, like scarcity (or crumbs). When heuristics go wrong, it is because we act on a cue unrelated to the outcome we are seeking. For example, if the limited number of a particular type of cookie resulted from the store discontinuing the brand, then the small number available is not a strong signal the cookies are "the best."

Another example of a heuristic is to use a brand's reputation as a substitute for a more thorough evaluation of a product or service. When you face a choice, you could engage in a thorough investigation and weigh all the advantages and disadvantages relative to competitive offers. Or you could just say, "Honda tends to make reliable stuff. I'll just get the Honda." Usually this heuristic works, which is why we use it. However, it won't always work. Not all Hondas are great cars. Your authors both like Apple, so our default is to choose the Apple product if there is one in the consideration set. But despite Apple's stellar reputation for designing intuitive and elegant products, Apple TV has received harsh criticism and has performed abysmally in the market, year after year.

Researchers discovered many of these heuristics, as well as some of the circumstances in which people rely on heuristics over more thorough and complete evaluation strategies. Heuristics are what we mean by the "unintended consequences" we mention in Imperative 5. At the end of the chapter we'll include a list of Heuristics that are most important for designing your Customer Experience.

People don't always use these shortcuts. Heuristics are an alternative to more thorough means of making evaluations and decisions. When something is important to you, you devote more cognitive effort to discovering a solution. You invest the time and effort in thorough understanding for making well-reasoned decisions. Therefore identifying what is most important to the customer becomes key in focusing your efforts on the ease of doing business. When something is not important to you or is complex or ambiguous? Quick and easy, thank you very much! (Fig. 7.1)

Politically charged topics, like animal rights, the environment or regulation of the financial system, are great examples of how some people

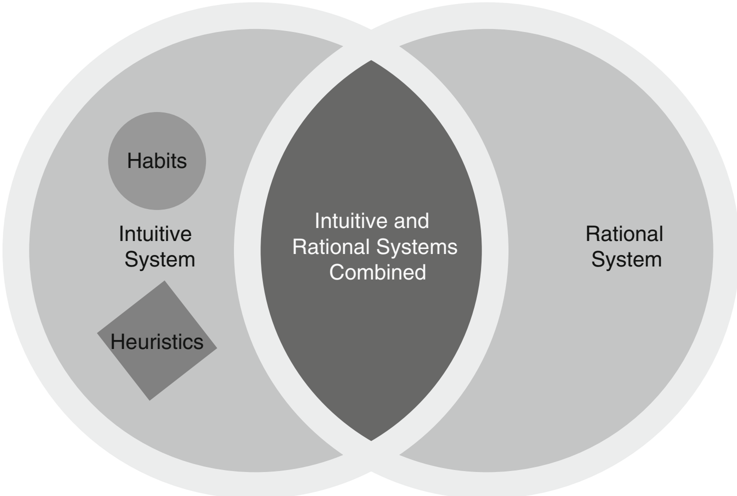

Fig. 7.1 Systematic process vs. heuristic decision-making

use rational thinking instead of heuristics because it's important to them. Some people hold positions on these issues derived from clear moral principles. They invest a great deal of time and effort in educating themselves, reading differing points of view, and then buying products or services from companies that support these views. Their interest motivates them to engage in a systematic approach to forming opinions about these issues. This behavior represents a systematic approach to decision-making, not a heuristic one.

On the other hand, there are people with only a passing interest in these topics. They are happy to imitate an ostrich, putting their head in the sand to avoid knowing all the details of the situation. They take a heuristic approach to their stance on the issue. They form an opinion based on the prevailing view of the political party to which they belong. The Heuristic thinking prompt might be like this:

> *What does [preferred political party] think about [animal rights, the environment, regulation of the financial system]?*
>
> *Well, then, that's what I think, too!*

The same heuristic prompt applies with Brands.

[Brand they like] has launched a new product?

Well, then, it's bound to be good and one that I should have!

Motivation is one of the things that drives whether people use a heuristic or a systematic, rational system approach to evaluating things. To figure out how customers evaluate your offer and experience, ask yourself:

- Is your interaction with customers that are motivated by the product category, and that are experts, connoisseurs, or hobbyists? If so, then "easy" is less important to them.
- Is your interaction motivated by a customer's need to get it done along with a dozen other to-dos, or by the need to purchase a product or service to which they don't devote much thought or with which they are not personally involved? If so, then making the interaction easy is more important to them, as they will rely on simplifying heuristics.

Expertise is another driver for the type of thinking used. Whether someone is an expert or a novice also affects how likely they are to be systematic in their thinking about your experience. We once advised the call centers of a major shipping company. This organization serves both companies that make thousands of business-to-business (B2B) shipments per year and also individuals who might ship one holiday gift a year. Research suggests the expert B2B customers, those with extensive experience in shipping, use a different set of criteria when evaluating their interactions with the company than the individuals. When experts call a customer service center, they use a systematic approach to evaluating the experience. The same might not be true for the individual that ships once a year. The individual just wants it to be easy.

The availability of cognitive resources is another factor determining whether customers use a systematic or heuristic approach. If your customers are exhausted, distracted, or feeling strong emotions they are trying to control, then they are likely to use heuristics to turn difficult interactions into easy ones. Likewise, the complexity of the interaction itself can determine whether people take a systematic or heuristic approach. People can become overwhelmed, leading them to seek out easier ways of doing things. That might not seem like a groundbreaking insight, but you would likely be surprised by how little complexity is needed to trigger the use of heuristics.

People use both intuitive, below-the-surface heuristics and also deliberate "rules" they create for themselves. For example, Ryan once met a political consultant, who often conducted business over lunch. Where some people enjoy reading through restaurant menus to make a choice, he found it annoying. He wanted to save his mental energy for more important things. So he created a decision rule for himself: every time he went out to lunch, he ordered a chicken Caesar salad. He wouldn't even look at the menu; he just ordered. It was available at nearly every restaurant, and the places that didn't serve it would be able to approximate one – if he were to give them a sufficiently imperious stare!

You might not have created the rule of ordering exactly the same thing for lunch every day, but you likely have instituted some rules for yourself in other contexts. As we talked about in an earlier chapter, many people have a rule of ordering the second least expensive wine on the menu. Others have a rule of getting three bids for any home repair project and then tossing out the high and low bid, accepting the one in the middle. Rules like these allow you to simplify a decision in a way that makes sense to you. Understanding the rules that customers use is an important aspect of understanding and predicting their behavior.

The political consultant notwithstanding, most people are unaware they have used a heuristic to simplify an evaluation or decision. These types of heuristics are not deliberately constructed and applied, but used automatically. Most of these automatic heuristics are *substitution* heuristics, where a decision-maker takes a difficult problem and makes it easier by substituting in an easier decision in the place of a more difficult decision that they *should* be making. You see this kind of thing all the time. Ask a food novice to evaluate the food after dining at celebrity chef's restaurant and they are likely to tell you about the friendliness of the wait staff. People evaluate their doctors, not by the quality of their care, which is hard to determine, but by how friendly and pleasant they are, which is easy to assess.

There are many common heuristics people use. Here are some of the heuristics most important for organizations to understand when designing Customer Experiences:

Evaluability Heuristic

One way customers simplify decision-making is by treating only some bits of information as important and ignoring everything else. If different people focused on different things at random, then it would be hard to anticipate what people find important and adjust your strategy. Luckily, psychologists have discovered that some types of information tend to receive relatively more weight in decision-making than other types. One factor that determines how much a type of information will influence decision-making is its **Evaluability**.

Evaluability refers to how easy an attribute is to evaluate and compare. Some attributes are naturally easier to evaluate, and customers treat those attributes as more important, even if objectively they aren't. In one early demonstration of the evaluability heuristic, researchers asked people how much they would be willing to pay for a cup of ice cream. One group of people were shown 7 oz. of ice cream, stacked up so that it overfilled a 5 oz. cup. Another group was shown 8 oz. of ice cream served in a 10 oz. cup. People who saw the 8 oz. of ice cream in the larger cup indicated they would be willing to pay about $.60 less than those who saw the 7 oz. version spilling out of the smaller cup (Fig. 7.2).[4]

People were willing to pay more for less ice cream! Why? They do it because judging the volume of ice cream in a cup is hard, i.e., it has low evaluability. However, it is easy to judge how full a particular cup is, so cups that are overfilled become more attractive than cups that are underfilled. People are insensitive relative to the actual size of the cups. When the researchers allowed a different group to see both cups of ice cream side by side, then the volume of ice cream became much easier to judge, and the preferences reversed. When shown both cups, people were willing to pay about $.30 more for 8 oz. than 7 oz.

There are many examples of the Evaluability Heuristic playing out in the marketplace. With the introduction of digital cameras, megapixels

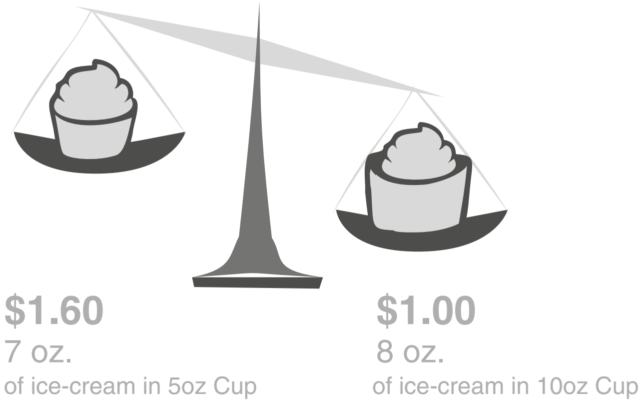

Fig. 7.2 How evaluability works

became the overwhelming determinant of the quality of the camera. Camera manufacturers scrambled to turn out the next generation of a camera with even more megapixels. Consumers rated megapixels as very important when choosing a camera. But why? Most customers couldn't even tell you what megapixels do. Megapixels are a measure of the resolution of the picture and so determine how large you can blow up your pictures. How often is that an actual consideration for most consumers? How often are they trying to blow up their snapshots to poster-size?

One reason megapixels became so important in driving sales of digital cameras is because it was such an easy attribute to evaluate and compare across competitors. It was a single number, and everybody knew that more was better even if they didn't understand why. There are lots of important features when choosing a camera, including ease of use, durability, how it fits in your hand, etc. However, many of these important attributes are subjective or difficult to compare across brands. But the number of megapixels? Well, eight is more than four, so clearly this camera is better than that camera.

In another example of the Evaluability Heuristic, doctors are trained on the importance of bedside manner because the friendliness with which someone treats you is easy to evaluate. It can be difficult to evaluate the actual quality of the medical care with which a doctor provides you. Substandard care may not reveal itself until months or years later. However, if someone is rude to you, you know it right away. We tend to evaluate our doctors on friendliness instead of some other, more important dimension because friendliness is easy to evaluate.

Affect Heuristic

The **Affect Heuristic** is a way to make a difficult decision easier. "Affect" is a fancy psychological term for whether you like something or not. And the Affect Heuristic describes how people gloss over the details and make a decision based on what they like more, on a purely emotional level.

Political elections produce the most egregious examples of the Affect Heuristic. Voters often choose Candidates based on their likeability rather than their policy positions. Many successful salespeople benefit from the Affect Heuristic. Their customers make decisions based more on the folksy appeal of the salesperson than on the qualities of the products being sold.

An empirical study of the Affect Heuristic demonstrated how much people said they would donate to a charity dedicated to saving a panda. Some people read a flyer about the charity that included a picture of a cute, fluffy panda on it. Others read the same text without the picture. Sure enough, when people saw the picture, they were willing to donate more. Pictures of a panda = warm and fuzzy = positive effect = more money.[5]

However, an interesting thing happened when the flyer described the charity as one set up to save four pandas instead of just one. When the flyer didn't include any panda pictures, then people were indeed willing to donate more money to a charity dedicated to saving four bears than one bear. But when the flyers included pictures, people were insensitive to the number of pandas. One picture or four pictures elicited the same response from different groups of people. When people are thinking with their feelings, numbers become much less important.

Social Proof and the Scarcity Heuristic

If you've ever worked a job that had a tip jar, you probably knew never to leave the tip jar empty. Instead, you probably "salted" the tip jar with a few bills. People who work for tips know that people are more likely to put something in the jar if it looks like other people did it first. What you may not know is that many churches employ the same strategy when they pass around the collection plate: never send the plate around empty.

Customers observe what other people do to make their decisions easier. If we see someone else doing something, it makes it easier for us to do it ourselves. If other people like something, then that becomes a reason for us to like it. Why do bouncers routinely keep people out of nearly empty clubs? Because they know that if they force long lines outside, people will see that as evidence the club must be great and be more likely to queue up themselves.

One of the ways that this social proof (using evidence of popularity as evidence of quality, like the cookie trays at the beginning of the chapter) manifests through the **Scarcity Heuristic**. We infer that if something is in limited supply, it must be especially worthwhile. One study found that putting a grocery item on special increased sales by about 200 %. But putting it on sale *and* limiting the quantity that people could purchase (e.g., Limit six!) increased sales by more than 500%![6]

Social media, now more than ever, makes social proof a potent influence on customers. The opinions of the crowd are easier to assess than they were even a few years ago, and it has never been easier for customers to tell others how they feel about products and services.

Reference Heuristic

The last technique we will review is the **Reference Heuristic**. Organizations sometimes believe customers can objectively assess product attributes: price, quality, size, etc. The reality, however, is that the way people evaluate *everything* is relative to some reference point. When evaluating how bright the lights are in a room, our answer depends on how bright the lights were in the room we just left. The same is true for how we evaluate our experiences as customers.

To optimize the Customer Experience, organizations should anticipate and influence the reference points that customers use. For example, if advertising encourages a customer to compare an organization's service to a spa or a five-star hotel, they will expect a high level of service. Spas and five-star hotels conjure a high reference point with which to compare your experience. On the other hand, a call center conjures a much lower reference point in relation to pleasant experience. In other words, someone calling into a call center expects a bad experience. With a low reference point based on your experience with other call centers as your baseline, it may be much easier to provide an experience that is high in relation to that baseline.

There are many more heuristics, too many to feature in this book. We run through a number of these in our online training. Feel free to check these out on our website (www.beyondphilosophy.com).

What does this all mean when building a Customer Experience and moving it to the next level? An important first step involves understanding how important an "easy" experience is to your particular target customers. How likely are they to be engaged in effortful, systematic processing versus using heuristics to make interactions easier for them? In general, making things easier for your Intuitive Customer is a good strategy, but easy is especially important for specific customer segments. Evaluate the segments you serve in terms of motivation. Also, take into account their availability of cognitive resources. Consider whether customers make choices about your products in busy, noisy, distracting environments. If they do, they probably have reduced cognitive resource availability. Finally, take into account the complexity of the interaction or the offerings to be evaluated.

Once you know *why* they want it easy, then you need to determine *how* you can make it easy using these common heuristics used by people in decision-making. An important consideration in any Customer Experience design is which shortcut on decision-making best applies to the moment in your experience. Knowing this information, you can work to create an easy path for your customer to do what you want them to do. This strategy creates not only an easy path for your customer but also drives value for your organization. But this only works if your culture is customer-centric. Looking internally at what your organization is like is an important aspect of moving your Customer Experience to the next level.

In Colin's second book, *Revolutionize Your Customer Experience* (Palgrave Macmillan, 2004), he looked at the whole subject of customer-centricity and the Customer Experience. Colin discussed how all organizations are on a journey from being Naive to Natural in the way they are oriented around the customer. (Naive organizations are the least customer-centric and Natural organizations are the most.)

Suffice it to say an organization's culture affects their experience (remember the Ryanair CEO quotes?). The internal policies you have, the people you recruit, the work culture you create, all affect the Customer Experience and whether it's easy for customers or not. If your organization is efficiency-based, or what we call Naive, then it will not be easy for your customers. If you put the customer at the center of everything you do, like the Natural companies do in our Naive to Natural model, then your experience will be easy for customers. The best news is that Natural Customer Experiences are typically not difficult for your organization either.

When it comes to expectations for making it easy for customers, it's all about what you demonstrate that you value as an organization. You can expect the results you get based on choices you make and the merit you give to things. For example, let's say you pay your salespeople 100% based on commission. You should then expect them to focus on driving revenue and not expect them to build customer loyalty with value-added service that makes it easy for your customers to do business with you. Another example would be: if you leave how you launch new products online up to the managers of the various lines, you should expect each of those groups to devise their own specific website. You should not expect them to create one holistic online entity providing a single, easy experience for customers.

From the big picture point of view, many organizations interpret easy experiences as those that mitigate customer annoyance. However, customer annoyance is like a gateway emotion. When experiences are difficult, annoyance leads to other, more destructive emotions, like frustration and anger (destroying cluster emotions). When you provide this difficult experience for customers, you are likely to create destructive emotions, which they may or may not be able to control in their cognitively depleted state.

In our next chapter, we are going to look at all the ways in which the little things in your Customer Experience matter. Understanding why your customers need things easy and the unintended consequences that result when they don't get this is the foundation for understanding the why these little things add up to big problems in Customer Experiences when they go wrong.

8

Imperative 6: Accept that Apparently Irrelevant Aspects of Your Customer Experience Are Sometimes the Most Important Aspects

What do you think of the following brands?

Brand List 1

- Ritz-Carlton
- Harley-Davidson
- Disney
- Virgin
- Southwest Airlines
- Amazon
- Zappos

Brand List 2

- Comcast
- AT&T
- Bank of America
- Royal Bank Of Scotland (RBS)
- Ryanair
- Walmart

C. Shaw, R. Hamilton, *The Intuitive Customer*,
DOI 10.1057/978-1-137-53430-9_8

In our view, you see in Brand List #1 brands with great Customer Experience and in Brand List #2 brands whose experiences need some work. However, the fact they appear on a list together affects your perception of the brand. Grouping these companies together and telling you the bottom group "provides a poor experience" influences your perception of their experience.

What is happening here? It's a comparison and comparisons influence your perception of brands.

Organizations think customer evaluations happen at the product or service level and they do. At the product level, you compare things like prices. We all have a reference price for an item. A reference price is how much you think that particular product or service should cost or how much you were expecting to pay. If you see a price for something, say a new TV, you evaluate the attractiveness of the shelf price by comparing it to your reference price. Is shelf price below your reference price? Great! You found a bargain! Is shelf price above your reference price? Maybe keep shopping around.

The dominant models for understanding customers' evaluations of experiences assume people will evaluate experiences in much as they would anything else – a reference expectation if you will. Customers go into a particular situation with an expectation of how pleasing the purchase experience will be, how delicious the meal will taste, or how fast the car will be repaired. Then, after the experience, they compare their expectation with reality. Did the experience exceed your expectations? Then you evaluate it positively. Was it below your expectations? Then, even if the experience was good (i.e., nothing was wrong with it), your disappointment translates into a low evaluation.

We don't want to suggest these expectation-comparison models are invalid or don't explain some of the ways people evaluate a Customer Experience. However, these individual-level evaluations are ONE way customers evaluate experiences; they are not the ONLY way. To move your Customer Experience to the next level, we present Imperative 6:

> Accept that apparently irrelevant aspects of your Customer Experience are sometimes the most important aspects.

There are two assumptions on which expectation-comparison models rely that don't hold water all the time. First, these theories assume people always have well-defined expectations. We don't. Second, these theories assume that different experiences provide clear parameters for comparison that customers can easily contrast. They don't.

Customer Experiences are complex, with many variables to consider. When it comes to comparing Customer Experiences, it's common for people to fall short of the requirements for one or both of these assumptions.

That is not to say that the first assumption isn't true sometimes. People that phone the call center regularly or shop at a particular store frequently have a well-defined expectation of what their experience should be, sometimes to a level of detail that is quite surprising. For example, Colin recalls settling in at his regular table at his favorite restaurant and noticing the salt and pepper were in a different place. Little details like this can startle you and upset your expectations. In extreme cases, you might even feel the restaurant made the changes without asking your permission. While Colin was not upset about the relocation of the salt and pepper shakers, he did feel surprised. Changing details can cause unexpected emotional reactions in your customers and, therefore, an organization needs to consider this when designing new experiences.

Sometimes there are inherent differences in a common experience, making even the "same experience" different. If you have eaten at McDonald's, a brand that prides itself on its consistency, dozens of times in your hometown in rural Iowa, you create expectations about dining at McDonald's in Iowa. Do you bring that set of expectations with you when you venture into a McDonald's in midtown Manhattan? Or in Tokyo? These McDonald's dining experiences are bound to differ, even if it's only in the smallest ways.

These same differences exist in expectations for the Business-to-Business (B2B) arena. Let's suppose there is some crisis within your organization and you call the supplier you've been using for years for emergency help. This interaction is a highly irregular special service. Are you bringing your expectations built up from all the typical interactions you had in the past? Or is the novelty of this interaction making it difficult for you to know what to expect?

As you can see, it's not as cut and dried to have well-defined expectations of an experience.

Customers can also evaluate an experience objectively sometimes, as the second assumption of the expectation-comparison models asserts. When an experience was unambiguously great or terrible, it is easy for customers to evaluate them. Remember when Oprah gave everyone in the audience a car on her show? It is easy to see that was a good experience. Have you ever had an airline leave you stranded on the tarmac for six hours without any food, drink, or access to your electronic devices (the most egregious part of this scenario, certainly) while they waited for a snow delay to clear? That's also an easy call to make.

However, these examples notwithstanding, it turns out there are a lot of gray areas in the realm of Customer Experience. Let's say you had a more or less typical flight. You were delayed a couple of minutes, and the flight was kind of bumpy, but the flight attendants were friendly. There were a few empty seats, so you moved to an aisle seat instead of the middle seat you were assigned. Unfortunately, you moved next to a smelly guy and didn't notice until it was too late. Did the flight meet, exceed, or fall short of your expectations? In this example, there were moments of each for your expectation-comparison model. The overriding memory of this flight could be the bumpy flight or that unfortunate seat choice. But the remainder of the attributes of the flight – e.g., the service, the comfort of the seats – was all as expected. Overall, was that experience good or bad? It can be difficult to say.

When an evaluation is difficult because of these types of ambiguity, customers might use their high-level impressions of the brand, retailer or the service provider to guide their comparisons. If you stay at a Ritz-Carlton and have a moderate or average experience, do you give them the benefit of the doubt as the perception of the brand is good? If you are shopping at Neiman Marcus with a reputation for high prices, might you assume that any price is high unless you have direct evidence it is not? If you are shopping at an Apple store known for great customer service, will you evaluate a moderate interaction with employees in a positive manner? As we will argue, the answer will sometimes be yes, and sometimes no.

It is important to note these brand expectation predictions run OPPOSITE to those of the reference point-comparison models. So if you have a high reference point for your experience because you are staying at the Ritz and then have a moderate experience, you might see it as a failure. If you don't know what to expect (i.e., no reference point), and have the same moderate experience, you might assume the experience was fantastic because … well, you were at the Ritz!

The idea that people can do top-down evaluations, where global impressions influence specific experiences, is not a new idea. Psychologists call these **Halo Effects**. If you feel positively or negatively toward some person, organization, or brand, those feelings create a positive or negative halo influencing your evaluations of many other things related to the person, organization, or brand.

One of the early demonstrations of the Halo Effect involved showing some college students one of two videos of a college professor giving a lecture. One version of the video showed the Professor being warm and genial. The other showed him being cold and harsh. After watching one of the videos, the students evaluated the professor on some specific dimensions, including physical appearance and mannerisms. The researchers found students that disliked the professor because he was rude, also disliked everything about him, including his look, his mannerisms, even his accent! For students who had positive feelings toward the man, the opposite was true—and they found his accent charming. This experiment reiterates the concept of Imperative 6, that we must accept that what seems to be an irrelevant aspect of your Customer Experience can be the most important aspect.

Have you ever had a work colleague or other acquaintance that annoyed you so much you found yourself bugged by any little thing he or she did? Suddenly, the way the person sipped coffee was abhorrent, and you hated the way he or she opened and closed doors. Don't even get you started on the way this creep organizes the files on his or her desk! If this obnoxious person gave you $100, you would hate the jerk even more for it. That's a Halo Effect. Your overall impression of the person (jerk) influences your evaluations of every action or attribute of that person. You view objectively neutral or even good attributes and actions as terrible, awful things.

Changing Your Halo

The general impressions customers form influences their evaluations of specific experiences, particularly when customers are inexperienced or when the experience is difficult to evaluate. It's an important concept to understand because the tactics an organization uses to manage its impressions are different than the tactics it would use to change customers' evaluations of individual experiences and offers. A store with a reputation for high prices that simply lowers its prices may find its customers still assume its prices are high. It is only by changing its halo that it can start to change customers' opinions.

Many of the evaluations we make are based on relatively little objective information. However, the scarcity of actual evidence rarely deters us. Instead, we use what we have by employing some simplifying assumptions, apply a few easy heuristics from the last chapter, and produce some opinion. We may not always be right, but at least it keeps things moving forward, right?

One popular strategy we use when making decisions in these less-than-perfect situations is to project the judgments we feel most confident about to areas where we may have less information. The result is a consistency in the judgments across attributes. For example, Ryan's cable company is hard to get on the phone. Therefore, everything they do is bad. Colin is an Apple fan, and, therefore, everything that Apple does is great. This consistency of judgments is what initially drew psychologists to this phenomenon. A researcher named Thorndike noted that when commanding officers evaluated the soldiers under them on several dimensions (e.g., leadership, personality, physical prowess), the evaluations of any particular soldier correlated across the attributes. In other words, a soldier evaluated as being physically powerful was also likely to be seen as being a good leader and having a pleasant personality. A soldier evaluated as undependable was also seen as having a low intellect and a weak voice.

We have all been taught from an early age "First impressions count." One of the more robust phenomena in psychology is that people use general impressions to evaluate other people. Some of this makes sense. After all, some traits are correlated with each other. In the example regarding the soldiers, maybe physical size and strength are assets in military leadership roles. Unfortunately, the extent and diversity of halo judgments suggest that these consistent judgments are often in error.

For example, research on person perception suggests attractiveness correlates with almost everything. Did you see an attractive person? Then, on average, you'll be more likely to evaluate them as smart, kind, trustworthy, and friendly. People also assume that attractive people are happier, have happier marriages, are better parents, and perform better at their jobs. They also tend to have more prestigious jobs. The halo of attractiveness seems to cover nearly everything! In reality, of course, most of these assumptions about attractive people are in no way justified.

So why are assumptions based on attractiveness so common? The way Halo Effects work is that we use judgment about one aspect of a person (or a brand) and then assume that everything else will be consistent with that initial judgment. So, what is the easiest evaluation we can make about a person? Physical attractiveness! These judgments tend to be automatic – fast and easy (Intuitive). Once we form an opinion about someone's attractiveness, we conform our other judgments to be in line with that initial evaluation. Hold on to this insight; we'll return to it later in the chapter.

It is not that evaluations of a person are *always* consistent, or that attribute evaluations will *all* correlate with each other. For people you know well, you have the information and the motivation to form nuanced, detailed evaluations. Maybe you have a friend that you know to be loyal and kind, but also unreliable and sometimes selfish. Maybe you have a relative that is beautiful and intelligent, but also dishonest and timid. However, until you can gather the information required to make accurate and nuanced impressions about the different attributes defining a person, these general impressions tend to be our go-to place to start. We know how we feel about a person, and we use that impression to make impression-specific judgments about many other things.

In other words, halos are another type of heuristic – a way of simplifying the complex and difficult judgments we make every day. Halos help us make judgments about the experiences we have as customers. Just like other heuristics, Halo Effects are most prevalent in cases where customers are not expert in the category, and so lack the experience and reference points needed to evaluate their experiences objectively. They are also prevalent when customers are busy, distracted, or confused.

How often do customers rely on impressions to guide their judgments? More often than you might think. Let's consider the type of judgment that should be objective and easy: tasting beer. It's a simple and straightforward proposition: First, sip some beer and then, evaluate how it tastes. Most adults have substantial experience of doing exactly this. Beer tasting is a situation where we expect customers would not rely on a general impression to help them. How did the beer taste? Did you like it or not?

However, researchers have known for at least half a century that even something as simple and objective as a beer taste test can be influenced by consumers' general impressions. In one of the early studies, volunteers who were loyal to one of several brands of beer were sent sample six packs that contained two bottles of each of three different brands. (We're sure the recruitment process for finding people willing to participate in this study was brutal.) People sampled the beer and then rated how much they liked the taste of each brand. Easy, right? As you might expect, people liked the brand to which they had already told researchers they were loyal. If you were a Miller man, then when sampling several different brands of beer you were likely to rate Miller as "tastes great" (Less Filling!). After all, if you didn't like the taste of Miller, your favorite beer, why is it your favorite beer (Less Filling!)?

However, those results only held for the half of the participants that received beer **with labels** on the bottle. The other half of the participants received beer samples in **unlabeled bottles**. With no branding to guide them, suddenly participants were on average no more likely to prefer their "favorite" brand than any of the others. In fact, for some of the brands these researchers looked at, the loyal customers were more likely to prefer the taste of other beers in the blind test by a significant margin.[1] Like our imperative says, what is perceived to be an irrelevant aspect of beer experience, in this case the label, is sometimes the most important aspect.

The moral of the beer study is that brand halos can be good and change the customer's perception of the product. However, brand halos aren't always good. People can enjoy an experience less when it comes from a brand with a lackluster reputation. Impressions can make these worse as well as better. For example, what comes to mind when you think of

McDonald's food? For most adults, McDonald's is more about grabbing a quick meal of "meh" food to fight off hunger than it is about savoring fine cuisine. But how much of that impression is based on an impartial assessment of the taste? How much of it is based on other associations you have with the McDonald's brand, including that it serves cheap, fast food mostly appealing to kids?

Some TV pranksters in the Netherlands helped provide a partial answer to those questions. They bought several large bags full of hamburgers, chicken nuggets and other food from McDonald's on their way to a food industry expo. They then set up a sampling booth to promote their "new," "organic," and "high-end" restaurant. Expo attendees were treated to sample trays full of standard McDonald's fare, cut into tiny, bite-sized portions and artfully arranged on elegant trays with fancy toothpicks and napkins. The supposed foodies at the expo raved about the new restaurant's food, calling the food "rich and delicious." Many of the tasters mentioned that the food tasted better than McDonald's.[2] Apparently, for foodies at least, attaching the McDonald's brand to something can make it taste worse than other brands' food. Because the brand does not have strong associations with great-tasting foods, somewhat ambiguous food can be evaluated as consistent with the brand – in other words, as tasting not all that great. However, strip that same food of its context and present it in a different manner, and the rave reviews come rolling in.

These two examples (and dozens of replications and extensions before and since) suggest that people are not nearly as discerning as they think. They say some beer tastes great, but at least part of that evaluation derives from their impression of the brand on the label. Without that brand to anchor these impressions, these halos can no longer aid evaluations, and the outcome is completely different.

You might assume people just substitute their "real" judgment for a "fake" one based on the brand. As in, "I know the beer doesn't taste that good when it hits my tongue, but I convince myself afterwards that it must be pretty good because it is from that brand I like." However, the evidence suggests that having these global impressions affects perceptions at even the most basic levels. Researchers have run studies looking at how people's brains react to eating and drinking different things. They look at how impressions create different brain reactions by putting people into a

Functional Magnetic Resonance Imaging machine (fMRI machine). The fMRI uses high-powered magnets to measure changes in blood flow to different parts of the brain. The principles involved are straightforward, even if the technology and anatomy involved are not.

Through long and painstaking work over many decades, scientists now know how the brain uses different regions for many different types of tasks. They have identified the reward centers of the brain, areas used for language and visual processing, and those used when feeling various emotions, among others. Brain scientists have also discovered that when a part of the brain is working hard, it consumes more resources, and so, needs more blood to sustain it. So the body is constantly shifting the flow of blood to meet the needs of the activated parts of the brain at any point in time. These shifts in blood flow happen quickly, and with some careful measurement, can be matched with changes in the external environment. Abracadabra! We can see inside someone's head without splitting it open!

Researchers investigated whether people experience something as better if they have a higher overall impression of that thing, or whether they just talk themselves into it later. They put people into an fMRI machine and gave them samples of red wine to evaluate based on taste. The only information they gave participants about the wine was the price. Because people have strong impressions about the quality of the wine based on the price, they expected this price information to influence how people experienced the wines.

They were right. Among the different wines participants tasted, some samples were the same wine. One of the wines everyone sampled was from a $90 bottle, which people rated highly. Consistent with that high rating, the areas of the brain associated with pleasure received a significant increase in blood flow. However, everyone sampled this same wine twice. The other time they drank this wine, they were told that it cost $10 a bottle. (The wines were distributed in random order. The "$90" wine could have come either before or after the "$10" wine.) As expected, and consistent with some of the other findings we've already mentioned, people reported liking the wine much less when they thought it was cheap. However, what was interesting was that the brain scans suggest that people *experienced* the wine as not as good. The response from the pleasure centers of the brain was much more muted when the wine came with a $10 label than with a $90 one.[3]

So What Do We Do with This Information?

What this study shows is that managing impressions is different from managing actual products, services or experiences. All you need to do to improve a product is make a change that makes it better it somehow. However, if the customer is using their overall impressions of your brand or organization to inform his or her evaluations, those objective improvements might not register with the customer at all. The result will be an expensive effort that doesn't move the needle. Likewise, even if there are ways of improving the experience the customer will appreciate, there may be simpler and cheaper ways of improving the customer's *perception* of the experience by improving their impression of the brand.

Let us suppose you were running a restaurant and looking to improve the Customer Experience. What are the things you might look at as potential areas for improvement? The taste of the food? Sure, provided the improvement doesn't require much more expensive ingredients or much longer prep time than at present. But wait a second. Haven't we just reported in this chapter the results of several studies that show that people are remarkably insensitive to taste (within certain, rather broad boundaries)? It is possible you could go to all the trouble of improving your food and have people not even notice the improvement. They could resemble beer drinkers that couldn't pick their favorite brand out of an unlabeled six-pack.

So if food isn't the way, maybe you could improve wait time – unless the wait times reflect the popularity of your restaurant. If your wait times are long, then there may not be much you could do there except be less popular. Maybe you could train your staff to be more courteous. But then again, unless it is a dramatic improvement or targeted in some specific way, customers might not even notice.

We could keep on brainstorming possible areas for improvement, but we have a home run in our back pocket. One area most restaurateurs overlook when coming up with a list like this is the restrooms. Focusing on the things that directly impact the Customer Experience (e.g. food, wait times, service, etc.), you might miss those factors that impact Customer Experience, if only indirectly. However, it turns out that dirty lavatories are a significant driver of customers' satisfaction with the entire dining experience. When customers walk into a restroom that is dirty or poorly stocked, it affects their overall impression about the restaurant – particularly for women.

Consider these tweets, reported in a CNN story on restaurant management:

"A dirty restroom to me equals dirty kitchen." **********************

"I have cut restaurants for dirty restrooms."

One tweeter quoted famed chef Anthony Bourdain:

"Dirty restrooms are the worst. If they don't keep it clean where customers CAN see, imagine what they can't." [4]

People draw overall impressions about the type of restaurant they are in by using the cleanliness of the restroom as a cue. Once that impression is in place, it can affect all other specific evaluations they make about the restaurant. Experiencing a dirty bathroom could mean the restaurant's food seems to taste worse, the service seems poorer, and the ambiance seems tackier than a restaurant with clean bathrooms. So many negative impressions – just because the restrooms were not properly attended!

This example demonstrates one of the important lessons regarding impressions: managing impressions, including brands, means managing the associations customers have with the brand. Allow too many negative associations to be pulled into the impression and everything will suffer. So when managing the halo, try to determine all the things that can influence those overall impressions. Sometimes it is relatively minor things that have a major impact.

This lesson also explains why so many established brands spend much time, energy, and money on branding. They understand managing the impression can sometimes be even more important than managing the products, services, or experiences directly.

Consider the example of Coca-Cola's secret recipe. Everyone seems to think the most popular soft drink in the world maintains its dominant position because its cola is superior to other brands. For this reason, there is great interest in the secret formula used to make Coke. In fact, the Coca-Cola corporation goes to great lengths to keep this formula secret. Everyone knows the secret formula is kept under lock and key in a high-security safe somewhere in the corporate headquarters. Can you imagine the damage that would be done to the company if that formula were to get out somehow? Any old company could start making something almost identical to Coke. Disaster!

Except as it turns out, we don't have to imagine. The Coke formula, or at least the formulae from several previous points in history, have been out and in circulation for years. The Coca-Cola corporation, it turns out, leaks like a sieve. Every few years someone re-finds the "secret" formula in some long-dead distant relative's private journal or filed along with some letters picked up at an estate sale. Every few years, there is a new round of breathless press coverage about what it all means to Coke to have the secret formula leak out.

It's easy to understand why reporters jump on this. People are interested! When NPR posted a copy of one of these historical secret formulas, it crashed the website because people were so desperate to see it. Is the formula the state secret Coke likes to pretend it is? Of course not. People enjoy the experience of drinking a Coke in large part because of the impression they have of the Coke brand. Some of the frenzy surrounding the formula, a trivial part of the Coke experience, is a halo effect. If another company were to come along and recreate Coke without Coke's brand, it would just be another can of fizzy brown sweet water.

The Coke story is another important lesson for managing impressions: If your brand is positive and strong and you want to keep it that way, you must employ effective brand management. Coke understands that to get people to enjoy drinking Coke – or to keep enjoying drinking Coke – it must manage its brand effectively. It must ensure that those general impressions associating Coke with fun, refreshment, and tradition remain strong. If they falter, and the Coke brand starts to lose its luster, psychological research suggests the soda might start to taste worse to customers.

Seem outlandish? Let's turn to another one of those fMRI studies.[5] In this experiment, people were once again strapped into a giant electromagnet and given samples to taste test – in this case, cola. They were given samples of either Coke or Pepsi. Before the drink, some people saw an image of a Coke or Pepsi can, to let them know what they were going to be drinking. Other times they saw just a colored dot, so they knew something was coming but didn't know which brand. Consistent with the other findings reported here, the response to the unbranded colas was, "Meh." However, the brain "lit up" to a much higher degree when people drank the branded soda – and to a much higher degree for Coke than for Pepsi. The specific areas of the brain activated upon seeing the branded cans were those associated with memory. It was the impressions people had of the brand that were influencing their perceptions of the taste.

The Intuitive Customer makes decisions all the time. They choose one brand over another several times a day. They like certain types of products and scorn others. They judge movies based on the behavior of the audience in the theater. They love their beer when they know it's their brand but love it less when they can't identify it. They praise expensive wines and sniff at cheap ones, regardless of the actual taste. They like McDonald's much better when they don't know it's McDonald's. They judge a restaurant's menu and experience based on the cleanliness of the loo. They like Coke better than Pepsi – at least when they can see the logo.

They do all these things because they make decisions based on their impressions. Impressions matter. A lot. You can improve a product, an experience, a menu, even a vintage. But if you can't improve the impression your customer has of it, it will have little effect on your business.

The key is to master your understanding of how Intuitive Customers make decisions about your product or service. Once you understand the reasons for their preference of one thing over another, and even what irritates and annoys them about something, you can design your experience to appeal to these decision-making cues – and cue them to make the decision in your favor.

9

Imperative 7: Realize the Only Way to Build Customer Loyalty Is through Customer Memories

15 Statistics Regarding Loyal Customers:

1. Price is not the main reason for customer churn; churn occurs due to overall poor quality of customer service. – Accenture Global Customer Satisfaction Report 2008.
2. A customer is four times more likely to defect to a competitor if the problem is service-related than price- or product-related. – Bain & Company.
3. The probability of selling to an existing customer is 60–70 %. The probability of selling to a new prospect is 5–20 %. – Marketing Metrics.
4. For every customer complaint, there are 26 other unhappy customers who have remained silent. – Lee Resources.
5. A 2 % increase in customer retention has the same effect as decreasing costs by 10 %. – *Leading on the Edge of Chaos*, Emmet Murphy & Mark Murphy.
6. 96 % of unhappy customers don't complain. However, 91 % of them will leave and never come back. – Financial Training Services.

C. Shaw, R. Hamilton, *The Intuitive Customer*,
DOI 10.1057/978-1-137-53430-9_9

7. A dissatisfied customer will tell between 9 and 15 people about their experience. Around 13 % of dissatisfied customers tell more than 20 people. – White House Office of Consumer Affairs.
8. Happy customers that get their issue resolved tell about four to six people about their experience. – White House Office of Consumer Affairs.
9. 70 % of buying experiences are based on how the customer feels they are being treated. – McKinsey.
10. 55 % of customers would pay extra to guarantee a better service. – Defaqto Research.
11. Customers who rate you five on a scale from one to five are six times more likely to buy from you again, compared to 'only' giving you a score of 4.8. – TeleFaction data research.
12. It takes 12 positive experiences to make up for one unresolved negative experience. – "Understanding Customers," Ruby Newell-Legner.
13. A 5 % reduction in the customer defection rate can increase profits by 5–95 %. – Bain & Company.
14. It costs six to seven times more to acquire a new customer than retain an existing one. – Bain & Company.
15. eCommerce spending for new customers is on average $24.50, compared to $52.50 for repeat customers. – McKinsey.

These stats were all compiled in one of Colin's most popular blog posts (www.beyondphilosophy.com). They all mean one thing: loyal customers are much more profitable for an organization than a customer that purchases only once. The acquisition cost of a customer will always be much higher than the retention cost. This fact is the reason that customer loyalty is essential and why we believe this chapter is the most profound in this book.

Organizations crave customer loyalty, as it's a key way of achieving sustainable growth for the least cost. However, it's amazing how many companies fail to embrace customer loyalty as a priority and focus instead on customer acquisition. At some point, organizations need to transition from a strict focus on acquisition of new customers to the retention of the customers already acquired.

The mobile phone market is a classic example of a market that experienced this transition. Mobile phones had years of massive growth, acquiring more and more customers as their market expanded. They didn't care they were giving their customers a poor experience during this growth period. After all, if a Customer left them, they would get more. Then, they reached market saturation. They realized they could no longer attract customers in the volume they had in the past. Suddenly, their mantra changed from, "How do we acquire more customers?" to "How do we keep the ones we have?"

As we said in Chapter 1, you can't use old thinking to solve new problems. By using flat-earth thinking, these organizations hit the glass ceiling of Customer Experience, unable to smash through and move to the next level. We recommend any organization tired of hitting their head on the glass ceiling to embrace Imperative 7:

> Realize the only way to build customer loyalty is through customer memories.

To understand why Imperative 7 is as vital as it is, you need to understand what customer loyalty is. We mentioned previously you are loyal to your family and friends because of the emotional bond you have with them. Even when they do things you don't like, you remain loyal because of that bond. True loyalty requires an **emotional bond**, and you need to build one with customers if you want their loyalty.

Many businesses do not understand this. In some circles, customer loyalty is considered to be the "snake oil" of business.

However, we know that customer loyalty isn't snake oil. Loyal customers buy more of your products and services. They pay more for the privilege of buying from you, forgive service failures, and are more likely to promote your brand to others. Customer loyalty leads to growth, predictability, and profits. Customer loyalty may even cure gout. (OKAY, the last one isn't true …)

Loyal customers bring tremendous value to your organization. The more loyal customers you develop, the more you can reduce costs for consumer education. Loyal customers order automatically (or intuitively) even when they know they should probably shop around. That's because real loyalty exists when customers sacrifice something. Loyal customers continue to buy from you even though another and (possibly) better option exists. This sacrifice is what makes real customer loyalty challenging to acquire and develop.

Everyone's mantra is to gain loyal customers. However, when the conversation turns strategic on how to get more loyal customers, everyone gets noticeably mealy-mouthed. You'll hear mumbles about meeting needs, going the extra mile, and fostering brand love. All of these are good things, to be sure, but are difficult to implement. Worse, under empirical examination, the link between these actions and increased loyalty can be tenuous.

As Imperative 7 says, it is critical for you to understand that customer loyalty is only a memory. Therefore if you only take one thing from this book, take the next sentence:

Customer Loyalty is a function of memory, therefore understanding how positive and negative memories are formed is the key to creating loyal customers.

Forming Memories

Customer loyalty and memories are not driven by the actual experiences customers have with an organization, but with how consumers remember those experiences. This statement is not semantics; it's fundamental. You might ask us, "You have to have the experience to remember it, don't you?" Unfortunately, it's not as black and white as that.

Professor Kahneman wrote in his book, *Thinking Fast and Slow*,[1] that people have two selves: the experiencing self and the remembering self. The experiencing self is you reading this book now. It is the day-to-day self-experience that you have, your living and breathing self at the moment. The remembering self is the information you retain from the experience later.

To illustrate this concept, let's do a test. Can you remember every minute of what you did last Tuesday? Of course, you can't. But what can you remember? You may remember the most significant thing that happened. Maybe you started a new job or tried a new restaurant. Maybe you called an old friend that you hadn't talked to in a long time. This detail from what you did that day you remember because it made a significant impact on you.

Colin and his wife Lorraine had an experience at the movies that helps illustrate the difference between the experience self and the remembering self:

> *Lorraine and I were watching a good movie, just reaching the plot's climax, when a group of young people entered the back of the theater and started to make a lot of noise. Due to the noise, a confrontation between people already in the theater and these new entrants ensued. It was distracting and unpleasant. The following day, one of my team at Beyond Philosophy asked if I had enjoyed the movie. I said I hadn't because it was ruined by these young people entering the back of the movie theater. But the reality is we had been enjoying the movie up until then. The fact was, the movie was great. But when we remembered the movie, not so much.*

Colin enjoyed three-quarters of the movie, but his memory of the experience was clouded by the incident. The following day in the office the team said, "What did you think of the movie last night?" Colin replied, "It was awful. These kids came in at the end and made a lot of noise at the back of the theater." So even though the movie was good, what Colin remembered was feeling annoyed and angry at these kids. He remembered the emotion he felt; his emotions formed the memory.

Where were you when terrorists attacked the World Trade Center in New York on September 11, 2001? Our guess is you remember exactly where you were and even what you were doing. So how is it you can tell us something that happened over ten years ago, and yet you can't remember what happened last Tuesday? The reason is because the attacks on 9/11 left an emotional scar on your memory. That day evoked many intense emotions. It became unforgettable. Emotions can make memories stronger and more lasting.

Emotional scars are not all tragic. Happy memories work, too. If you think back to the day that you got married, the day your child was born or the day that you graduated, or even when you had a particularly good vacation. As you remember these events even now, we are sure you are smiling. You probably also remember lots of small details, and how you felt. When you relive those memories, you access these happy emotions.

Memories are not time-dependent. What we mean is you won't remember a three-week vacation as a memory three times longer than your memory for a one-week vacation. In fact, the memory of your one-week vacation may be more powerful than a three-week vacation, depending on what emotions were evoked and the intensity of them.

Customer Experiences that induce strong emotions, good or bad, are also more likely to be remembered. Customer Experiences with an organization that induce genuine delight, on the one hand, or anger and frustration on the other, will carve stronger chemical traces in the brain and leave more enduring memories.

Customer Experiences that are unusual or surprising in some way also create lasting memories. Unusual experiences cause people to snap out of their automatic, Intuitive System processing. This extra attention and activation of the Rational System means these memories enjoy better recall later. Surprising events also provide an anchor before and after in memory that can improve recall later.

The Peak-End Rule

Memories of an overall experience are not comprised of a moment-by-moment recording of that experience. Instead, research shows that two moments in an experience account for most of the variance in the evaluation of the whole. In other words, there are just two points in time that determine how you will feel about an experience overall. One of those two points are the peak of the experience: the most intense part of the experience. It's important to note this can be either a positive peak or a negative peak. The second point is at the end of an experience.

Movies always have a climax near the end of the movie. Typically, the goodies win and "everyone lives happily ever after." Hollywood knows the importance of endings (as have skilled storytellers dating back to the beginning of humanity).

These two points of an experience form the concept behind the **Peak-End Rule** (see Fig. 9.1).

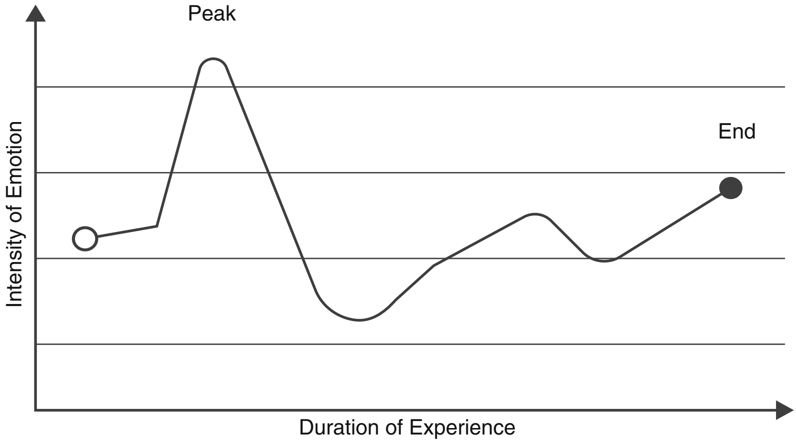

Fig. 9.1 The Peak-End Rule

One of the initial demonstrations of the Peak-End Rule was recorded in a hospital, using the experience of patients undergoing colonoscopies. The researchers were interested in both experienced pain and remembered pain during the procedure, as well as the probability that the patients would return for follow-up care as prescribed by their physician. If you don't know what a colonoscopy is, we'll pause for a moment while you look it up. Suffice it to say, it is an unpleasant and uncomfortable procedure for which patients are awake. They have to endure every minute of the procedure, from top to (ahem) bottom.

In this particular study,[2] patients were given a dial on which they could indicate their moment-by-moment pain (the pain felt by the experiencing self). You might have seen these types of devices used during election season. Sometimes people are asked to watch a political debate and indicate on the dial how persuasive they find the candidate. Of course, that is a different kind of "pain," but it gives you the idea (Fig. 9.2).

Patients rated their pain levels throughout the procedure. Afterwards, they rated the unpleasantness of the entire experience. What the researchers found is that patients were insensitive to the duration of the procedure, which varied by case. Some lasted only a few minutes; some upwards of a half hour. However, the length of time had little impact on how people rated the experience as a whole. Instead, what predicted the

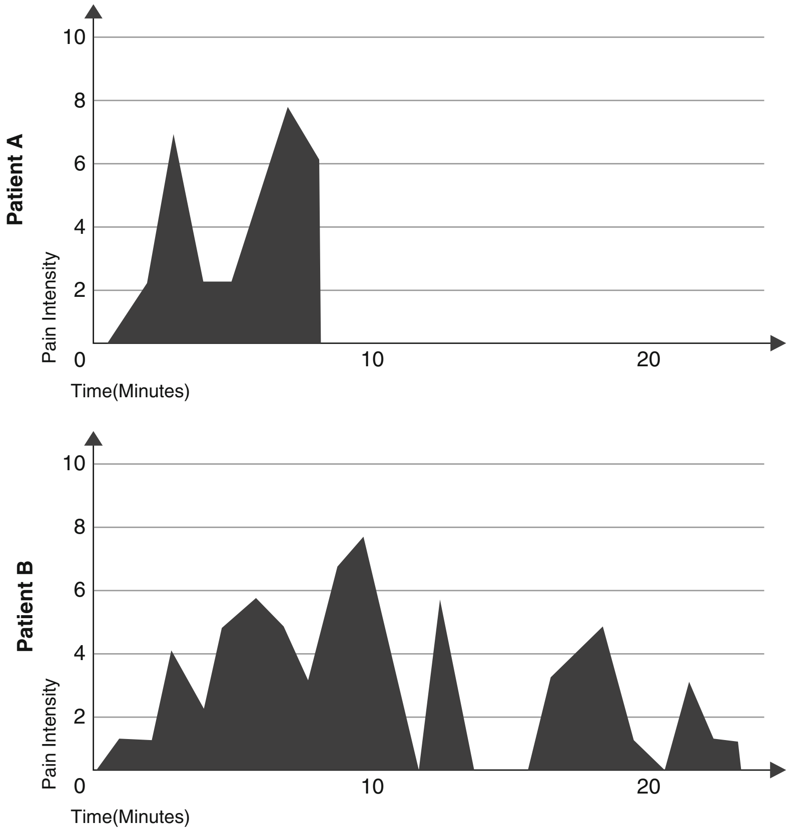

Fig. 9.2 Patient A and Patient B assess their pain during procedures

results was a simple average of two points in time: the end, or what people felt as the procedure was concluding, and the peak, or what people were feeling at their worst moment. Everything before and in between those two points did not matter. The peak and the end of the experience predicted which patients would come back for follow-up care as directed by their doctors. We repeat what Kahneman says: Endings of an experience are very important.

Some fundamental questions you should ask about your experience include:

- What is the peak emotion – good or bad – your customers are feeling during your experience today?
- What is the end emotion that your customers are feeling during your experience today?
- Are these emotions that drive the most value for you (e.g., an increase in retention spend, customer satisfaction, and Net Promoter Score, etc.)?

If you don't know the answers to these questions, then we suggest discovering them first. Define the emotions you want your customers to feel, which are the ones that drive the most value for you. The next step is to design moments to evoke these emotions in your experience. (We will discuss how we do this using our Behavioral Journey mapping tool in Chapter 10.) Then, you need to train your customer-facing teams how to evoke these emotions to create a memory. Your customer-facing people need the ability to recognize how your customers feel entering the experience and how to convert them to feel the desired emotion. In our Memory-Makers training, we also train the customer-facing people on how to recognize the peak and end emotions on their own.

We met with the senior managers of a call center for a major insurance company in the US. We all listened to a recorded call between a customer and a customer service representative. When prompted to identify the emotional peak (but only after being prompted to look for it), all ten people at the table converged on a particular moment and agreed that that was the peak.

We have developed a tool enabling you to review an experience and grade the emotion. Across customers, there occur types of exchanges at certain points that trigger the emotional peak. Once you find these points, you know where to focus your efforts. You can also categorize the experiences by segment. Returning customers might have a different emotional peak than new customers, or value-oriented customers might have a different peak than service-oriented customers. You can also categorize by the type of experience, as sales calls likely have a different emotional peak than scheduling calls, for example.

Applying the Peak-End Rule is a way to manage customers' memory of a service encounter. By focusing your efforts on creating a positive peak and ending on a high note, you improve the customer's memory of the entire experience.

We worked with a mobile phone company on their lost- and stolen-phone process for customers. Customers entered this experience feeling negative emotions, because, well, it was the lost and stolen process! If you lost your phone in the back of a taxi, you would feel annoyed and frustrated that you did something so stupid. If it's 11:30 pm and you have just been mugged, then you feel quite different. However, our client made no distinction between which event the customer had or resulting emotion the customer felt. They treated all customers the same, asking them for their account number, name, etc. – very transactional.

We wanted to create positive memories for the customers in this negative experience. But how?

The answer, it seems, started with phone numbers.

People do not know people's telephone numbers anymore. They are in the phone, so you don't need them – until, of course, you lose the phone. We had the company representative send the customer that lost his or her phone a list of the most commonly dialed numbers. Sending the list was not only helpful, it also showed these customers that the company cared about their predicament and wanted to help them sort it out.

Of course, if you have just been mugged you might not give a hoot about phone numbers. You are likely feeling a mix of emotions, ranging from fear and anxiety, to rage. In these cases, empathy and concern seemed like a better course of action. When the customer's phone had been stolen, we instructed the agent to make their first questions "Are you OKAY? Do you need us to call an ambulance or the police?" These questions created immediate positive peaks in the stolen-phone Customer's Experience. They had expected to be treated like a transaction, as they normally are.

Strong Emotions Create Lasting Memories

Can you remember the specifics of a typical visit to your favorite restaurant? Probably not. For most people, recalling specifics of a typical visit is difficult. You lose the particulars because of its typical nature. However, if something unusual happened – maybe a busboy dropped a tray of dishes next to your table, or the waiter was unexpectedly rude – then you remember more.

Experiences that induce strong emotions, good or bad, are remembered. It is true of your experiences as a customer, too. Customer Experiences, either terrific or terrible, create more lasting memories.

American Express understands how important it is to surprise and delight customers, to create memories that foster loyalty. Colin recalls a conference where American Express presented a book detailing the amazing ways their team helped their customers solve problems, particularly when the team surprised their customers by going above and beyond the call of duty. It is these occasions that customers remember. These memories create customers for life.

Unusual experiences also create lasting memories. Two of Ryan's kids take Taekwondo classes, which, when his schedule allows, he attends. Ryan has attended hundreds of these classes, watching from the parents' gallery. For the most part, the classes all blur together. If you were to ask Ryan about what the class was like two weeks ago on Monday, he would probably not remember anything unique about that particular class. However, there was one class that occurred during a storm on the last day before the studio closed for Christmas. There are usually two or three teachers instructing 15 to 25 students. On this occasion, Ryan's two children were the only two that showed up. It was just his two kids and two senior instructors, including the studio's owner, who is often too busy to oversee instruction himself.

Ryan has lots of specific recollections of that class, although it occurred several years ago. His kids were excited to have the run of the studio and loved the individual attention. They delighted in how the instructors spent time on the fun activities (practicing flying side kicks over stacked mats), and not much time on the not fun stuff (stretches and running). Ryan feels loyalty toward his kids' Taekwondo school related to this memory. The reason he has those specific memories after all this time is because of how unusual the experience was, relative to the others.

Some memories are purely experiential; in other words, we remember the things our senses detect, such as sights, sounds, scents, etc. You may have purely experiential memories that you can recall, like taking a walk through the woods or watching a sports game. Other memories are purely verbal. These are stories told to you in words, either by you or someone else. Of course, many memories are a combination of these two types.

Your mind gives preferential treatment to verbal memories over experiential memories.[3] Language is more efficient than experience. Experiential memories might feel more rich and emotional than verbal ones, but they also tend to be more diffuse and nebulous than verbal ones. Of course, if customers articulate a good or bad experience by telling the story to someone else, then the verbal version of the experience will be the one they remember.

On social media, people capture images of their experiences and put them online, especially the poor ones! The act of writing these poor experiences drills them into the customer's memory. Here is an example taken from Twitter:

> *@Company XYZ phone/chat … that's what I've been trying to do for last 6 days!! #fedup Is there an email to make a #**complaint** please?*

The good and bad reviews on Amazon or Tripadvisor reinforce the validity of the customer's account of the experience. The brain says, "I have written it down; that was the way it was." Most importantly, writing it down overwrites the experiential memory. The verbal primacy in recall means that if those stories vary from the true experience, they also change the way customers remember the experience happening.

Does this mean memories can be changed, altered, or misencoded? The reality is they can. These details about the feelings of the experience are what causes the human memory to alter the experience. Colin has a personal story that illustrates this point.

> *When I am in England, I go to watch my beloved Luton Town football club (soccer). Over the years, we have fallen through five divisions below the Premiership, the top flight of soccer. When I watch Luton play with my father and daughter, we discuss their performance after the game. We also listen to the radio on the way home and hear other fans' and commentators' analysis. At home, we read the Internet and listen to the further post-match analysis. My memory of the game and whether I think we played well changes because of all these conversations. I can remember many occasions when I thought we played*

a good game, but then my father and daughter would counter my recollections with observations of their own. The following day when asked how the game was, my recollection of the game is altered by these events.

We all know that human memory can be incomplete, can change or fade over time. We don't remember everything we experience. In the case of Colin's soccer game, what he remembers and what his father and daughter remember will be different. Except that winning goal in the last minute of extra time to win the game (at the "end," which we know is important), when all of their emotions will be ecstasy and joy! Not that this happens very much with Luton Town FC.

We also all know that our memory can play tricks on us. Colin recently visited his uncle who lived eight doors away from where Colin was born. The house in which his uncle lived was identical to Colin's. Colin lived in his house for 20 years before moving out. It had been 30 or so years since he had been in either house. Colin couldn't believe how small the house was. Every room was much smaller than he remembered, and it was a real shock. Colin's memory was playing tricks on him.

Memories fade with time, a concept referred to as Decay Theory by psychologists Altmann and Gray (2002).[4] Memories, in a physical sense, are chemical traces in the brain, and those traces disintegrate as time passes. Do you remember the last time you filled up your car with gas? Maybe it was last Tuesday? If this were over the last couple of days, you would probably remember, but if this were a week ago, you would probably struggle. Memories decay, especially when they are not important to us. We define the importance of a memory (in part) by the level of emotion attached to the memory. However, while decay seems inevitable for most memories, there are some that tend to be more enduring.

Creating Memories That Endure

Repeating or rehearsing experiences makes them less susceptible to decay. That's why your second-grade teacher drove all that endless drilling of the multiplication tables. His or her insistence on repetition is why you can still remember 8×7 decades later. (If you can't remember 8×7, it's time for some more repetition). Repetition is why TV commercial advertising works. People remember the advertiser's message because of the repetition, referred to in the industry as frequency.

Certain types of memories are more likely to experience repetition. How? Through telling others about that experience. When people have a bad experience, and they tell their friends about it, they are "rehearsing" and "repeating" this poor experience every time they say it. Customers commit it to memory.

In today's hyper-connected environment, word of mouth is a driving force for sharing experiences. Negative word of mouth spreads faster than positive word of mouth. Some experts say that dissatisfied customers share their experience with anywhere from nine to 15 people, and a small percentage of them will share it with more than 20 people. Since happy customers are only likely to tell four to six people about their experience, it should come as no surprise to hear that negative stories spread to many more people than positive ones.[5]

People with a bad experience relate that experience many times to different people, burning this memory into their brains. So, whenever a customer's interactions with an organization are worthy of turning into a story (good or bad), their version of the experience will become more entrenched in memory. Colin has an example:

> *When our kids were young, we sat the dining room table one day examining all the strange things our bodies could do; i.e., the ability to pull your thumb back to reach your arm or to turn your tongue around 180° (my party trick!). Our youngest daughter Abbie was only five or six at the time. She wanted to participate. She held her fingertips together. We all said how wonderful it was. As she grew up and understood this wasn't special, the whole family laughed together about it. When my family is together, we hold our fingertips together – and we all have a good laugh! This event took about three minutes, 20 years ago. However, those three minutes now live in folklore with our family.*
>
> *While this story may not be as amusing to you as it is to us, there are many times during a year when we relive this event and laugh.*

We are sure you have similar events from your life that have gone down in your history, like personal folklore. These memories have been enhanced by repetition and have grown in stature because of that.

A memory is a bit like when you have written a document on your computer. You review it, you alter a bit, and then you re-save it. If you do that 100 times over a five-year period, the differences from the original document to the present one are drastic. The same applies to your memory. Every time it is recalled it can be changed a bit and then resaved as an altered version.

Everyone knows that memories can sometimes be wrong. We've all called someone the wrong name, forgotten which street to turn on or misremembered which brand of facial soap our spouse usually buys. On the other hand, we deny it for certain types of memories because admitting the fallibility of memory can be scary sometimes. There is still a deep-rooted belief that when it comes to important things, our memories can and should be trusted. For example, the criminal justice system considers eyewitness testimony as some of the most damning evidence there is. When you consider the consequences if the witness's memory has changed, it's scary.

There is something disturbing about the idea that our memories can sometimes be wrong. However, the empirical evidence keeps stacking up, suggesting that human memory is fallible, and in some fairly predictable ways. Furthermore, the evidence also suggests we are terrible at figuring out which of our memories are accurate and which are faulty.

Elizabeth Loftus, one of the world's foremost experts in human memory, has run dozens of experiments in which she has implanted false memories in people.[6] She has used leading questions, false-but-realistic-seeming scenarios, and hypothetical scenarios to implant false memories. Using these false-memory protocols, she has convinced people that they had experienced various unpleasant or unusual things as children when they hadn't. These false memories included losing their parents at a mall or rescuing a kitten from a tree. What's amazing is that people seem to remember those events happening to them. They can supply many specific details about the event. They can feel powerful emotions when describing their "memories." They even insist it happened after they learn the memory is false and has been implanted by the researchers.

Dr. Loftus and her colleagues documented the non-differences between real and false (objectively, empirically, never-happened) memories. According to Loftus:

- **False memories can be just as emotional as real memories.** Sometimes people think real memories have a more genuine emotional response than false one. They believe if they feel something when they remember, these feelings facilitate accuracy. However, this is not true. The false memories can evoke emotions just as powerfully as real memories.
- **The brain's response is the same for real and false memories.** The psychologists that study memories ran experiments where they implanted false memories in subjects and then popped them into an MRI machine to measure the blood flow to various parts of the brain. The scans indicate similar patterns of brain activity for false and real memories.
- **False memories are as durable as real memories.** False memories induced in a lab setting endured for as long as 1.5 years. There is reason to think they could well endure longer.
- **False memories enjoy as much detail as real memories.** One might think details might be missing from false memories, but it is not the case; they are present in the same amounts as the details from actual memories.
- **People believe their false memories.** People have as much confidence in the veracity of false memories as they do in real memories.

What Drives Misremembering?

Every day we get too much data flowing through our senses for us to process and remember it all. So instead, our minds have developed various methods for dealing with this information overload. Essentially, any information we receive must be filtered and compressed before storing it as a memory. We talked in previous chapters about some of the heuristics we use, even unconsciously, to simplify evaluations and decision-making. Some common ways of misremembering are the result of the heuristics our mind uses when retrieving memories.

Memories might become biased during recall through **heroism bias**. People like to remember themselves in ways that portray them in a positive light, and unflattering memories are "misremembered" to create a memory where they play a positive role. Several politicians and media figures have been caught exaggerating events they experienced so as to make themselves look good. It is possible they were lying to seem more impressive, but it is also possible they genuinely misremembered things more favorably because they are human.

Heroism bias happens in Customer Experiences, too. A customer's memory of an experience might make it seem like the customer has done no wrong. So, if a service encounter went wrong because the customer provided incorrect information, you should expect the customer to remember providing the correct information and the employee making a mistake entering their information into the system.

Memories also alter during recall through the **consistency bias**. People want to see their actions and beliefs as consistent. If you ask someone who has switched political parties or changed religious affiliations, they are likely to remember that their experience was negative with the original party or church. People will also describe the events that precipitated the change as having come from the organization; their principles and beliefs, on the other hand, remained constant. As Ronald Reagan famously characterized his change in party affiliation: "I didn't leave the Democratic Party, the Democratic Party left me." In other words, people tend to believe, "It's not me that's changed, it's them."

People misremember things in a way that bolsters consistency in the decisions they made. After people choose a brand out of several options, later they remember that option as being more superior to the alternatives than it was.[7] Psychologists refer to this as **choice-supportive bias**, which means we misremember things to support the choices we've made; to see those choices as good, obvious, and smart.

How to Enhance a Customer Memory

Memories can be biased for many reasons. However, they can become unbiased, or perhaps it is more accurate to say, re-biased in a better way for customers. We call it enhancing the memory, and it has great practical applications for your Intuitive Customer's future experiences.

We enhanced the customer memory with one of our hospitality clients. We implemented a process where their CRM System recorded all customer surveys and comments on their experiences. These records would load automatically when the customer called to book a hotel. In fact, they loaded for any query. The agent could then see customer comments on their previous experiences and could ask about it to reinforce their good experience. For example, we trained the agent to say, "I see you had a view of the sea on your last visit. I have not been there. Was it good?" Or "I see you stayed in the city center on your last visit. Which of the historical sites did you like the best?"

We went further, to encourage customers to put these comments on Tripadvisor, Facebook, or just tweet them. These encouragements helped customers with repetition by writing down their experience specifics, adding further reinforcement. Now the customer recalls and re-saves the last experience, which reinforces that good experience.

For previous negative experiences, we had a strategy of ignoring them if we felt they were minor, as recalling a poor experience would reinforce that memory. However, some negative experiences can't be ignored; they need rewriting. We need to accept the fact that the memory formed because of the emotional state of the customer. In this case, the agent would carefully discuss it but also ask if there were anything that was good about this vacation. We quickly discovered there were a number of things that were good, so we spend time talking about this to rebalance the memory when it is "saved." Also, we explained how the new experience would be different this time around.

In this way, we reinforced, reframed, or enhanced both types of experiences for the customers. In doing this, we facilitated the re-recording and enforcing of positive memories and the overwriting and improving of bad memories.

This is all interesting stuff but what does it mean you need to do?

1. **Understand what your current experience is like and what memories you are creating.** Critically you need to identify the emotions you are evoking in your customers today as these are likely to attach to these memories**.**
2. **Define which emotions you want to evoke in customers.** These should be the emotions that drive most value ($$$) for you.

3. **Redesign your experience using specialized journey mapping tools like Moment Mapping®.** Moment mapping is one of the tools we discuss in Chapter 10. This redesign effort evokes the emotions and influences the subsequent memories formed of them. Ensure this redesign includes how you reinforce the memory and evokes a planned, deliberate peak and end.
4. **Train your frontline people on these advanced soft skills techniques.** Your customer-facing employees should know how to identify how the customer is feeling on entering the Customer Experience, and how to use this information to convert this to a positive experience and memory.

Customer loyalty is a function of memory. They do not choose you because of your Customer Experience; they choose you because of their memory of your experience. Memories are made stronger through emotions and unusual or atypical experiences. This is why to move to the next level of your Customer Experience you must embrace Imperative 7:

> Realize the only way to build customer loyalty is through customer memories.

Our seven imperatives are fundamental to the next level of your Customer Experience. We hope you have seen through some of the examples we shared how these imperatives can be implemented. But thus far, we have only presented the theory and the psychological research that supports our imperatives.

It's time to teach you how to implement these imperatives for your own Customer Experience with the tools and techniques needed to move your experience to the next level.

10

How to Move to the Next Level of Customer Experience

When Colin still worked in corporate life, he led a worldwide team of 3,500 frontline people. Part of his job was to meet with consultants. Many clever consultants explained a lot of theories to him. Colin would listen and at the end asked, "That's great. So what do we do?"

Most consultants struggled to answer this question.

Consultants are great at theory and concepts, but many have never run an operation in their lives. Converting their theory into action was beyond them. Ryan would add that if you think consultants are strong on theory but weak in practical application, you should try talking to an academic sometime!

The message here is:

> There is a big difference between theory and action.

These are the tools and methodologies that we have used to help organizations reach the next level of their Customer Experience, by embracing the Intuitive Customer. Best of all, they are proven to work. Forrester wrote an independent report on one of our clients, Maersk Line. You'll

C. Shaw, R. Hamilton, *The Intuitive Customer*,
DOI 10.1057/978-1-137-53430-9_10

recall from Chapter 1 that Maersk Line is the world's largest container shipping company, and used our methodology to increase their Net Promoter Score by 40 points in 30 months. Their work resulted in a 10 % growth in shipping volumes. Glenn Laverty, the CEO of Ricoh Canada, who wrote the foreword for our book, also knows these tools work. The Ricoh Canada case study (www.beyondphilosophy.com) details how our methods increased their Net Promoter Score by 34 points in 30 months.

As consultants, we hear the same question Colin used to ask. After our presentation, they say, "That's great. So what do we do?" However, unlike the consultants Colin spoke with, we have an answer. We know the steps to take to get a Customer Experience to the next level.

This chapter is about action – what you need to do to move your Customer Experience to the next level and implement the seven Imperatives. So, yes, you need to understand the theory, strategy, and philosophy, but to change things you have to go "beyond the philosophy" and DO something.

Focusing on Customer Experience is not new; we have been doing it since 2002, after all! By this point, you have probably done some form of work on improving your Customer Experience, either as a major project or just a few minor changes. It is common to experience an improvement in your Customer Experience measures, and then a plateau (or a bump on the glass ceiling).

Consider the model (Fig. 10.1).

If you take a look at the model you can see that the first questions have to be:

- What stage of development, maturity, or evolution have you reached?
- How does that compare to your competition?

We can discover the answers in two ways. First, we examine the experience you are giving your customers today. Second, we assess the organization's current level of customer-centricity, as well as their capability, readiness, and commitment to change. In other words, we advocate looking at the external (customer) environment and the internal (organizational) environment.

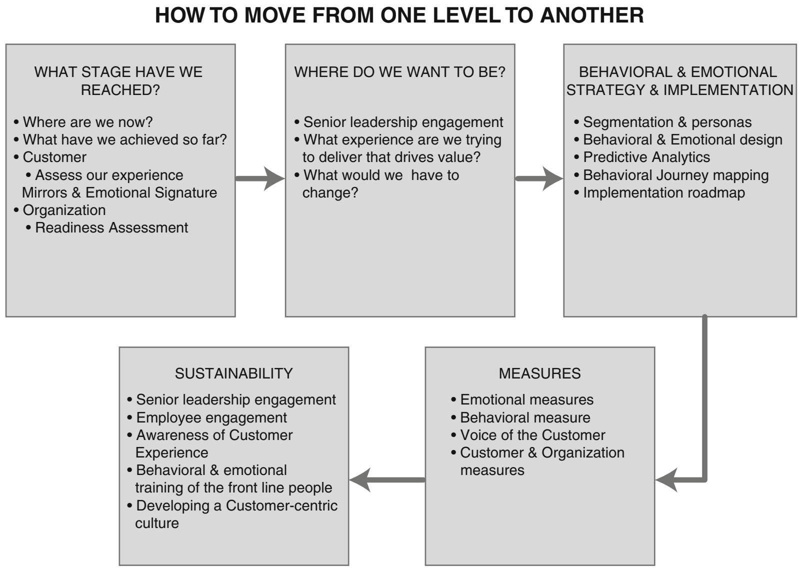

Fig. 10.1 Steps to move to the next level of Customer Experience

Understanding Your Customer Environment

Most organizations have no idea what emotions their customers are feeling. Nor do they understand customer's subconscious experience and how it influences the type of behavior outlined in this book.

We advocate understanding what is happening with the customer environment. To do this, we undertake a **Customer Mirror**. Customer Mirrors have you participate in the experience as if you are a customer, to take a walk in the customer's shoes. We take videos using hidden cameras to record the interaction for review later. We analyze the facial expressions and body language, the language used, and the tone of the interaction. We assess many verbal and nonverbal clues to interpret how the customer and employee feel during the interaction.

One of our most interesting mirrors occurred working with an auto insurance company. They asked us to review their claims process. They gave us a car, had us take out a policy on it, and then crash the car so we could experience the claims process first hand.

Safely crashing a car is not easy. We had long debates about how we could accomplish a safe accident. Should we reverse it into a wall outside our office? But then, we thought, what would happen if the wall collapsed? After many scenarios had been discussed and discarded, we decided to take it to a forest near our office and to reverse it into a tree stump.

After the "accident," our consultant phoned the insurance company to report the accident. They took a long time to answer our call. The subconscious message here was clear: our call was not important to them. We also noted it took far longer to answer a claims call than the call we placed to buy a policy. Once they answered, the first question the agent asked was, "What is your policy number?" We were in the middle of the forest, so we struggled to locate documents like most people would who just had an accident. Also, the agent's tone felt transactional. As we explained our predicament, there was no sympathy or indication that she felt any concern for our plight at all. We tried to engage the agent but to no effect. So, we proceeded through her call script and answered all the questions.

So far, we were not impressed with our experience as a customer.

What should have happened? The first question should have been a basic human question: "Are you okay?" The agent should have shown concern for our safety and showed sympathy or empathy with our situation. Also, the agent could have been more reassuring when they delivered the message a tow truck would be coming out to help deal with the problem. Later in the chapter, we discuss in more detail how to train customer-facing employees what to say to evoke the desired emotions through the "Memory Maker" training. However, by way of introduction, the following are examples of what they should have said:To convey caring:

- *Are you okay?*
- *Is there something I can do to help you?*
- *Is there someone I can contact on your behalf?*

To show sympathy:

- *I am sorry to hear that.*
- *I can understand how difficult the situation is.*

To demonstrate empathy:

- *I can understand how frustrated you must be.*
- *Wow! If this happened to me, I would be pretty upset.*

To provide reassurance:

- *Rest assured; we do this all the time, and we will get this resolved for you.*
- *I understand this situation is stressful. Let's get it fixed together, shall we?*

To take control:

- *Okay. Let's get started with fixing this for you. Can I have your number in case we get disconnected so I can call you back?*
- *First things first, let's get you in a safe situation and then get someone out there to help you right away, okay?*

But we heard none of these. The agent had not been trained to do any of these things. We soon learned that this lack of training wasn't confined to the call center. We had our next experience with an untrained, frontline representative after ending our call.

After waiting 45 minutes, a tow truck appeared and the car was loaded on the truck. The driver then offered our consultant a lift home as outlined in the policy. Our consultant lived 100 miles away, so instead he wanted to be returned to the office about six miles away. An argument ensued with the truck driver, who insisted he could not do that as the policy said the driver must take them *home*. Luckily, the driver's common sense finally prevailed.

On reaching the office, our consultant realized that the truck driver had not given him any form of documentation, which was unsettling as this was a third-party truck. Our consultant asked the truck driver for a receipt. The truck driver grabbed a McDonald's bag from his cab, ripped off part of it, proceeded to write down a receipt on the McDonald's wrapping paper, and presented it to our consultant. To say we were surprised by this "receipt" would be an understatement. But not as surprised as we were when back at the office we dialed the phone number provided only to find the number was disconnected.

Here was another frontline person (although clearly from a third party) who had not been trained in how to work with customers. The subconscious signals of a Customer Experience affect how a customer feels and behaves. All customer-facing employees need to be trained in the verbal and nonverbal communications they should use to send the right subconscious signals.

It is often surprising what you see when you look at your Customer Experience as if you were a customer. In a different Customer Mirror for the same insurance company, we flooded an apartment. When the loss adjuster first called to inspect the damage, he insisted on the excess payment of $200 straight away. Our consultant didn't have it on hand. The loss adjuster insisted. So she went down to an ATM and withdrew $200 so he would enter the premises and review the situation. Customer Mirrors reveals moments like these.

The Customer Mirrors tool results in many interesting job assignments for our consultants. In addition to crashing cars and flooding apartments, we have undertaken mirrors with car roadside assistance. For that one, we traveled to a remote part of the countryside, put a screwdriver through the tire, and called for assistance. We have bought flights and then traveled to various locations to assess airlines. We have even evaluated resort hotels. It's tough work lying by a pool, but someone's got to do it!

We have also done this many times in the Business to Business (B2B) environment. Undertaking Customer Mirrors here has different challenges as it is more difficult to act as the customer. Therefore, these tend to be observing the interaction with the customer rather than acting as the customer, but the same principles apply. We go on ride alongs, camp out in a client's premises, or interview them. We also use video to review the body language, facial expressions, and verbal and nonverbal communications used in the experience.

You'll recall our example of our work with a pharmaceutical company from a previous chapter, where we discovered few representatives took off their overcoat. Leaving the coat on sends the signal that you're not going to stay long, the opposite to the signal they wanted to send. With some training and explanation, we changed the representative's behavior to taking off his or her overcoat and suit jacket, as well as emptying his or her briefcase in the doctor's office. All of these actions send the signal, "I am here for a while."

These are just a few examples of what Customer Mirrors can do to enlighten you about your current Customer Experience. There is nothing like reality to show you what is happening there.

We undertake these Customer Mirrors ourselves and train representatives in our organization to do them, too. Using a structured approach, we have developed checklists with questions to make this simple for auditors.

Here is an excerpt from the checklist we provide:

Customer Mirror Checklist

- What is the customers' goal? Why are they doing what they are doing?
- What is the date and time of day?*
- What were the steps for the customer?**
- What habits did you observe the customer using?
- What decision-making style does the customer use: Intuitive or Rational System?
- Where are the peaks of the experience?
- What was the customer's emotional state at the end of the experience?
- What emotions are evoked and to what degree of intensity?
- What are the employees' behaviors or reactions to customers' responses?

* Customers can feel different emotions at different times. They may be in a hurry, they might be suffering from cognitive depletion, etc.

** This is different from the organization's steps or process.

Once you have a qualitative assessment, you have some idea what your Customer Experience is like. The good news is that this exercise will highlight some "quick wins." But after the quick wins, here is the question that your senior team will want answered. "If we make this change to the next level of our Customer Experience, what will be our return on investment?"

To get to this answer, you must undertake some specialized quantitative research. You could decide to implement everything we've discussed in this book, but if it doesn't affect the bottom line, what's the point?

Asking customers what they want in the traditional manner can be counterproductive. Many times customers don't know what they want in the first place, or if they do, it will vary depending on their current situation, their state of mind, and other factors. While asking customers what they want can provide an indication of what to do, the reality is this is a flat-earther's approach to getting an answer to a complicated question. Asking customers what they want only addresses part of the answer. We know from earlier that what customers tell you they want to buy and what they actually buy can be two different things. Remember the salads at Disneyland that everyone says they want but don't eat there? The state of the customer's mind – whether they are using their Intuitive System or Rational System for the decision – will affect what they buy.

To move your Customer Experience to the next level you need to move your research to the next level as well. Most organizations still use "traditional" thinking for their research and mainly use research based on "correlation." Correlation is a measure of the relationship between two factors, such as a product preference and a particular customer demographic. However, a correlation will not give you the answer you need. Correlation is not a bad tool, but to move to the next level of your Customer Experience you need to look beyond simple correlation.

Correlation can be statistically significant but not mean anything. Did you know there is a correlation between the number of people who died by getting tangled in their bedsheets and the total revenue generated by skiing facilities? There is (see Fig. 10.2).

Obviously, this is a ridiculous correlation – unless you happen to be skiing down mountains wrapped in bedsheets. However, it demonstrates why more advanced research methodology than identifying correlation needs to be used when moving to the next level of Customer Experience.

So what should this next level of research be? First of all, it must include customer emotions. Our research shows that all organizations have an **Emotional Signature®**, or a level of emotional engagement with customers that manifests from every part of a Customer Experience. Even though every organization has an Emotional Signature, not all of them are deliberate. They aren't all designed to achieve any particular emotional aim that drives value.

You'll recall that in Chapter 2 we revealed the 20 emotions that have been statistically proven to drive and destroy value for an organization. When we undertake this research for clients, we produce an emotional profile, which is the level of emotional engagement an organization has with their customers. We also discover what customers say that they want

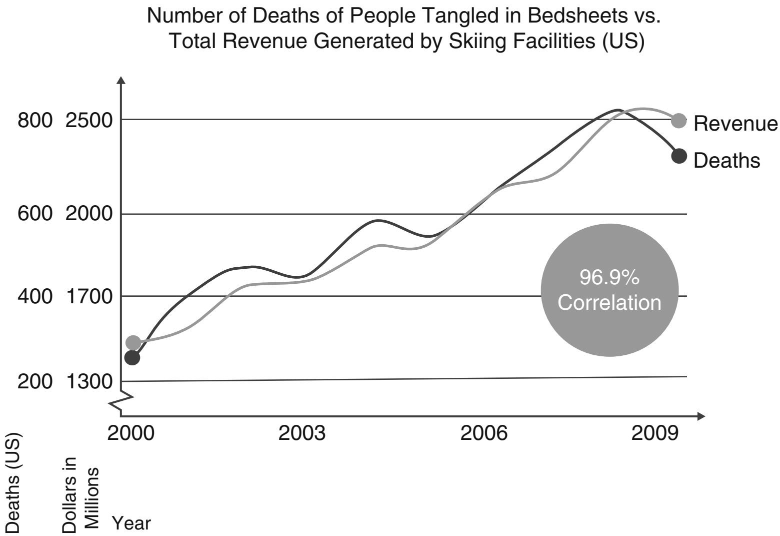

Fig. 10.2 Spurious correlation

relative to what actually drives value. For example, in an insurance company these might be:

- Answers my call quickly
- Has competitive prices
- Provides the right coverage
- Hires friendly claims agent
- Makes me feel "cared for"
- Deals with my claim quickly
- Does what they say they will
- Instills trust

Some of this list includes Rational System-driven issues, e.g., "has competitive prices" and "deals with my claim quickly." Some of these are emotional and Intuitive System-driven, e.g., "makes me feel 'cared for'," "hires friendly claims agent," and "instills trust." We use the responses to these questions (and many more) across our four-box model (see Fig. 10.3) to determine what to focus on first.

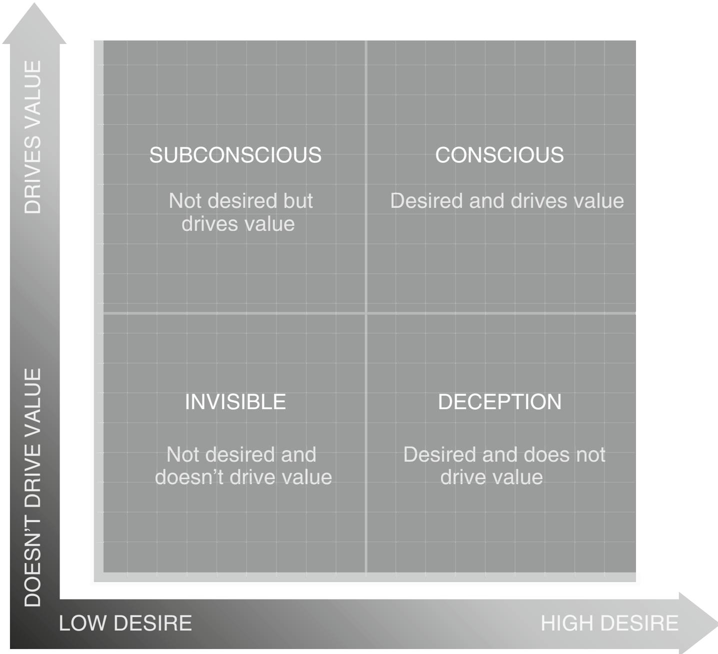

Fig. 10.3 What really drives value for customers?

In the top right-hand box, we have the **Conscious** area. This category is where customers say they want it, it is desired, AND it drives value for the organization. The two most interesting boxes in Fig. 10.3 are **Subconscious** and **Deception**.

In the **Subconscious** area, customers do not tell you they want something, but that thing still drives value. The **Subconscious** box epitomizes everything we discussed in this book. The issue is that many times customers don't know themselves what they want; they don't realize what drives their behavior. They are the Intuitive Customer.

Remember the construction company where we discovered that "feeling cared for as a person" was much more important than anything else? The Intuitive Customer is alive and well, even in the macho construction business! These results changed the way the construction company worked and how they provided the experience for their customers moving forward.

Deception, in our model, occurs when the customer says they want something, but it does not drive value. We used this exercise for an insurance company in North America. Our client had undertaken research with one of the most reputable research companies in the US. The research revealed that what customers most wanted to be improved was the billing system. Our client spent $3 million on a new billing system, which took nine months to deploy. After it had been deployed for a few months, they called us. They didn't understand why their customer satisfaction wasn't improving, despite doing what the customer asked. It was classic Deception: customers say they want it, but when you give it to them, it doesn't change their satisfaction scores.

We see examples of Deception with many organizations whose Net Promoter Score has plateaued. They have been asking customers what they need to fix, and then fixing it, but their NPS does not increase. Then, they call us. The Intuitive Customer is playing with you!

The **Invisible** box is one where customers don't say they want things, and it doesn't drive value. In here would be regulatory issues or security issues that neither the organization nor the customer talk about or emphasize.

You can see in Fig. 10.4 the results from one of these exercises for a mobile phone client in Dubai.

This chart illustrates the typical problem with asking the Intuitive Customer what they want. On the left-hand side, we have the attributes of the customer's experience, i.e., the parts of the experience. These parts vary between rational things like "speed of problem resolution" and emotional things like "helpfulness of the customer care agent." On the right-hand side, the dark lines indicate what customers say they want; the lighter lines indicate what drives value. Some areas (like the reliability of network services) are something customers say they want. But the absence of a line indicates if you invested in this area, customers would not spend more money with you, nor would it improve customer satisfaction in any way (classic **Deception**). At the top of this chart, you see "positive presence in my local community" and "is a brand I can relate to" as areas customers don't say they want, and yet these areas do drive a great deal of value to the organization (classic **Subconscious**).

There are two components we use that are vital to getting this information. First, we use an advanced form of statistics. Second, we also have

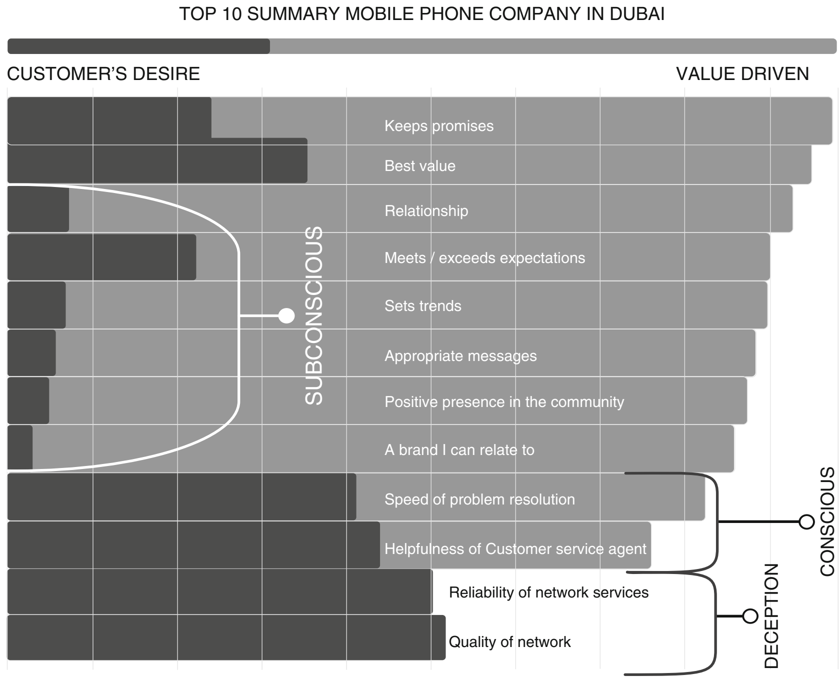

Fig. 10.4 Results from Dubai mobile phone company research

probably the largest database in the world of customer emotions. We started in 2005 researching of Business to Consumer (B2C) and Business to Business (B2B) customers. Over 50,000 people from 100 industries and 40 countries answered around 4,500,000 questions, including over 1,500,000 on how the customer feels. On top of these numbers we looked at over 2,000 attributes of the experience, so we know by industry what aspects drive the most value. In other words, our approach is very robust!

OKAY, so let's say you have done this customer research and have completed the customer (or external) assessment; we now need do the organization (or internal) assessment. But before we do, it is critical to understanding the following:

> The reason an organization delivers the Customer Experience they do is because of the way the organization is.

Moving to the next level of Customer Experience and sustaining this change requires a look at the organization's culture. We do this to identify the causes of problems in a Customer Experience. Understanding where you are today helps define what needs to change to move you to the next level. We call this a "CX Health Check," and it reviews the existing program or project. We know what works and what doesn't. We recommend where the program needs to be more effective. This is a short intervention and asks questions about the following areas:

Review program:

- How is the senior management engagement?
- What is the Customer Experience strategy?
- Who governs it?
- By whose authority does the Customer Experience team work, and whose responsibility is it?
- What is successful and what is failing?
- How linked to Return on Investment (ROI) is it?
- What is your roadmap?
- How are you measuring the program and the people performing it?
- How do you map the customer journey?
- What is the Customer Experience priority?
- Do you have an open channel to listen to the voice of the customer?
- Have you walked or do you walk the experience?
- How do you make it sustainable?
- How ready is the organization for the move to the next level?

Customer Experience Evolution Assessment

The second form of assessment we use is a deeper organizational assessment to ascertain where you are in your Customer Experience evolution. It details what the next stage of development might resemble. It looks at factors such as readiness to change, current capabilities, and priority developments for next steps. Over the years, we have undertaken a great

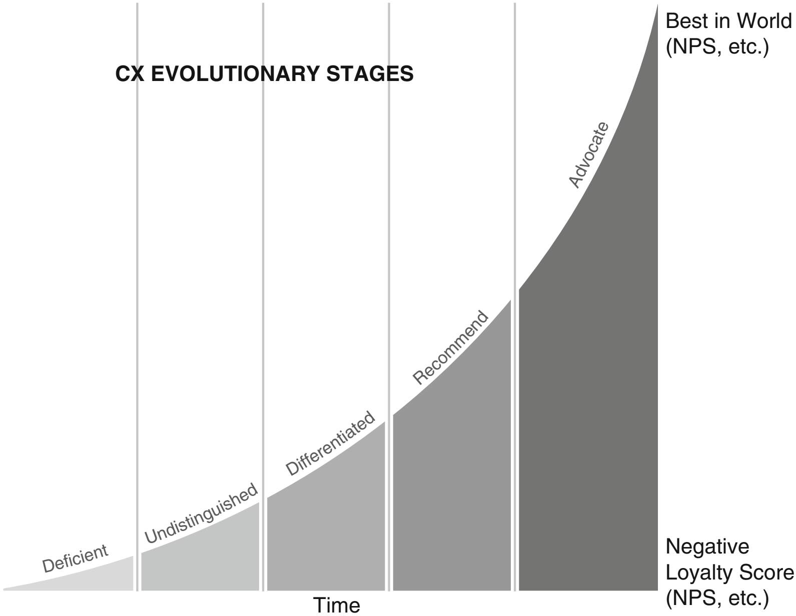

Fig. 10.5 Customer Experience evolutionary stages

deal of research that culminates in the Customer Experience evolutionary stages, represented in (Fig. 10.5):

Think of each of these stages' names as the word your customers would use to describe your Customer Experience: i.e., *"Company XYZ's experience is Undistinguished."*

- **Deficient:** Your experience is behind the market and inadequate for today's environment. You have neglected it. Now it lacks important aspects and, therefore, is deficient.
- **Undistinguished:** Your experience is the same as your competitors. It is neither good nor bad; it's bland or undistinguished.
- **Differentiated:** You stand out because your experience is unique amongst your competition, and you benefit from this.
- **Recommended:** Your customers would refer you to friends and family when asked, which is what the Net Promoter question asks.

Customers feel emotionally engaged with you. Note that this is "when asked," therefore this is reactive.
- **Advocated for:** Your customers PROACTIVELY talk about you and hold you in high esteem. Without being asked for a recommendation, they say, "You should go here!"

To achieve advocated for status, you must excel by understanding the subconscious and psychosocial drivers of your customers' behavior. You are building an interactive experience by anticipating and predicting what your Intuitive Customers want.

We meet with senior managers and customer-facing employees to assess the current situation and determine where you are on the evolutionary curve. We then explain the actions you need to change. If you go to our website (www.beyondphilosophy.com), you can see where you take the assessment and get a report to see where you are. This assessment measures these areas:

1. Customer Knowledge

    a. Customer Experience, by acting as a customer or interviewing Customers (Customer Mirrors)
    b. Voice of the Customer (VoC) channel and use thereof
    c. Customer Relationship Management (CRM) use and availability for review

2. Leadership Commitment

    a. The level of senior management understanding
    b. The level of senior management engagement

3. Sustainability

    a. Employee engagement
    b. Training and recruitment
    c. Customer-centric culture

4. Measurement

    a. How people are measured
    b. How people are paid

5. Experience vs. Process Design

    a. How experiences are designed
    b. The difference between the design and the actual experience

6. Infrastructure

    a. Systems
    b. VoC accessibility

7. Customer Strategy

    a. Segmentation
    b. Training

OKAY; after the assessment, we know where we are from a customer perspective and an organizational perspective. We also know the level of readiness of the organization for change that moves it to the next level and what are the capabilities they will need to develop to change.

So the question remains, how do we get where we want to be?

Customer Experience Statement: Defining the Experience We Want to Deliver

Ask yourself this question: Do you know the experience you are trying to deliver? If you were to go and ask your colleagues, would they? We ask this question, and the vast majority of organizations do not know the answer. Or if they do, everyone has a different answer.

It is vital to start with a clear understanding of what experience you want to deliver to your customers. We call this a Customer Experience Statement, or an articulation of the desired experience. Since we know over 50 % of the Customer Experience is how a customer feels, we also know this statement should address both the rational and emotional aspects. The emotions to include are the ones that drive the most value for the organization, as identified by the Emotional Signature research.

Let's imagine you want your experience to result in the following:

You want customers to **trust** you.

You want customers to feel **valued**.

You want your experience to be **easy**.

So, the key words here are **Trust, Valued** and **Easy** (We will be referring to this later). So, with that established, we know which direction to head in. The goals are to make customers trust us and feel valued, and to ensure the experience is easy. Now comes the real work of Customer Experience strategy.

We need a specific design that drills all the way down into implementation roadmaps. Another consideration is the type of customer. Designing an experience that is easy for a Millennial differs from designing an experience that is easy for a Baby Boomer. Different customers have disparate behaviors and worldviews, so we need to design the experience for varying people and scenarios.

You should also determine common scenarios and design your response to deliver the outcomes specified by their Customer Experience Statement. You will recall the work we did with the lost and stolen phone process for the mobile phone company. In that example, the experience was different for the customer that lost their phone vs. the one who had had it stolen during a mugging. We established that understanding how your customers feel as they enter the experience is vital in the design of that experience and how your employees behave. The mobile phone company's customer satisfaction numbers improved dramatically as a result.

The mobile phone lost and stolen experience example demonstrates the need to understand the typical scenarios your customers face. When you know how they feel, you can design an appropriate experience moment to get you to the end goal as defined in your Customer Experience Statement. These moments with customer-facing people of any description (sales, customer service, field engineers, etc.) remain vital to your Customer Experience. They are a conversion unit. The customer enters feeling one way (frustrated). The frontline person interprets their emotional state and uses the experience moment to convert customers to feel the emotion you want your experience to deliver (feeling valued).

It sounds simple, but we all know it's not. This list of five key questions breaks the process thus far into its constituent parts to show how to implement the items we have outlined so far.

1. What is your experience like today for the different segments/personas of your market?
2. How do we discover what customers want that drives value ($$$)?
3. What is the experience we want to deliver to each of these segments/personas?
4. How can we predict how our customers feel entering the experience?
5. How do we design an experience that embraces all of the above and the aspects outlined in this book?

So we know what we have now, what we want to have in the future, and how people feel coming into the experience, based on scenarios. Next we need to know when in the experience we have the opportunity to deliver on our Customer Experience Statement.

Customer Behavioral Journey Mapping

Journey mapping is another tool that a number of organizations use to help improve their Customer Experience. It requires writing down the steps a customer would take in their journey with you. It's not unusual for the results to show a vast difference from the process you designed.

However, most journey maps are little more than process maps. There is a massive difference between a process and experience. **The process** follows the steps the organization would like the customer to take; **a journey map** lists the experience the customer actually has. Also, a process typically looks only at the rational side of an experience. It should come as no surprise to hear your journey maps should include emotional, subconscious, and psychological things we have referred to in this book. Having built journey maps since 2002, we developed our tool called **Behavioral Journey Mapping**.

In Fig. 10.6 you will see a journey map for a healthcare insurance company.

For our purposes in this book, we will cover broad concepts and not get into the most intricate detail involved with this tool. This example is a high-level overview of what you need, not every detail. Also, this list is not exhaustive.

At the top, we detailed the steps of the customer's journey, from the conversations with the agents about buying the policy through purchasing the policy, then receiving the contract, and so on. You also see a map of emotions customers feel during the process. The next level is the subconscious clues the organization gives the customer about their experience. Finally, we include the types of experience psychology and behavioral economics questions that we've been talking about in this book at the bottom. We give an abbreviated explanation of the process that produced this map as it could be the subject of a whole book on its own. We also look internally at people, process, and system.

People: Who internally is involved in this step?

Process: What processes are involved at this stage of the journey?

Systems: What systems are being used internally?

Now that we understand the basics of Behavioral Journey Mapping, we next ask: for what types of people are we designing this experience? Knowing the various personas that categorize your customers helps you segment them into different experiences, allowing you to customize the experience to appeal to their particular persona.

Need Car Insurance	Clear, Courteous Explanation	Protection of Rights	Quick & Easy Paperwork	Intuitive Billing	To Be Valued as a Customer
Customer Deals with Agent	Purchases Policy	Receive Contract PEAK	Quick & Easy Paperwork	Billing Statement	Renewal Notice END
Stressed	Pleased	Irritated	Quick & Easy Paperwork	Dissatisfied	Neglected
Confused by offers	Welcome Call	Legal Documents	Quick & Easy Paperwork	Billing Complexity	Renewal Notice
Asymmetric Dominance	Maslow Self Esteem	Confirmation Bias	Cognitive Dissonance	Prospect Theory	Peak-End Rule
Broker / Website	Call Centre Agent	N/A	Website	Call Centre IVR	Broker / Website
Broker fills CRM	Welcome Call Scheduled	Post Logistics	Systems	Billing System	CRM Reminders

Fig. 10.6 The Behavioral Journey Map for a healthcare company

Behavioral Segmentation:

It is a constant surprise to us how immature some organizations' segmentation is. The Intuitive Customer is complicated. They require more consideration than a segmentation strategy that groups customers into small, medium, or large firms (B2B) or by crude demographic categories (B2C). To move to the next level in Customer Experience, you need to move your segmentation to the next level, too. We advocate behavioral segmentation as a key way to improve segmentation, followed by developing these behavioral segments into **Customer Personas** to explain them to employees.

A Customer Persona is an archetype that represents a segment. However, rather than being described in a list of boring attributes no one remembers, they are assigned to a person. Let's assume our company has developed the following persona called Linda:

> Linda is 33 years old. Married for the last six years, Linda has two young children. They live in a four-bedroom, detached house on the outskirts of the big city. Linda combines work as a designer in a busy office with being a mother. Their household income is $45,000 a year. Linda and her husband go on vacation once a year, are members of the PTA, and spend a great deal of time outdoors. She is organized and expects others to be as well. She plans her purchases. Her preferred means of communication is texting on her mobile phone; however, if she uses the phone to make a call it is because she has a serious concern. Optimistic by nature, she doesn't get irritated easily.

Do you have an image in your mind of Linda? These personas would be accompanied by pictures of the "person," as well as their house and children. Pictures serve as a way to connect the archetype's qualities to the persona for customer-facing teams. It helps them engage with this persona. Then, when the team are dealing with actual people from the persona segment, they become more relatable.

Earlier in the chapter we determined that the Customer Experience Statement was to have customers **trust** you, feel you **value** them; and feel that the experience was **easy**. We now need to design an easy experience for Linda that will evoke trust and feeling valued. However, it also needs to be easy for Linda, specifically. When we use what we know about Linda's persona, we can predict her next actions and make the experience feel Intuitive for her. By anticipating her needs even before she knows needs them, we make the experience easy for her.

Let's imagine Linda is calling the call center. On the call center agent's screen – we'll call him John – a notice appears warning the agent the next customer calling in (Linda) feels frustrated. Also on the screen appear three bullet points reminding John how to respond to Linda (based on the "Memory Makers" training we'll talk about next). John must convert Linda from feeling frustrated to feeling the emotions identified in the Customer Experience Statement.

But how did the system know Linda was feeling frustrated? It's a massive growth area right now, and it's called Predictive Analytics.

Predictive Analytics at Work with Personas

We know many organizations already try to predict customers' habits. In Duhigg's book, *The Power of Habit*, he explained how Target, a large chain store in the US, analyzed the buying habits of women to predict when they became pregnant. Target saw this time as important to establish themselves as "their store." Then, they sent them coupons for baby products. As the story goes, an angry father complained to the manager that Target sent his 16-year-old daughter coupons for baby products when she wasn't pregnant. Little did he know, she was pregnant; she just hadn't told him!

Predicting customer behavior already happens online, too. When you Google "pizza delivery," Google knows you want one in your area rather than one 6,000 miles away. Amazon anticipates other items you might want by either bundling products together or showing you what other (similar) customers purchased with your item. Software programs also predict customer meaning in communication. Some of the VoC software organizations such as Satmetrix, Clarabridge, and Verint have various ways of predicting the sentiment customers express in their communications and feedback.

We have established the importance of understanding how the customer feels entering the experience, but in reality, it is difficult to do. So, in the example above, where the agent's screen indicates that Linda feels frustrated, how did we get to this prediction? We predicted her feelings using an **Emotional Proxy**.

An Emotional Proxy is a prediction of how the customer feels based on data collected and related customer behavior analysis. We know "Linda" is someone that only contacts the call center when she has a serious concern. She has received a letter saying she owes money, and she thinks that is wrong. So, now imagine this string of events:

> Linda receives a bill saying she owes money.
>
> On the same day, Linda contacts the call center, who say they have fixed her problem.
>
> Two days later, Linda emails customer service, saying she has been online and it still says she owes money.
>
> Linda then receives another letter reminding her of late payment.
>
> Linda again calls the call center and waits 20 minutes for someone to answer the call.

We know from Linda's persona that:

- When there is any discrepancy, Linda will contact the call center immediately.
- Linda is someone who worries about a late payment and being in debt.
- She is from a low-income family.

We now can predict Linda's behavior and feelings. We know from the patterns of her behavior that the result of this series of events will be that she feels frustrated. We also know that if they are left unresolved, Linda's loyalty will decline by 20 %. Armed with all this information, we can now design an experience converting her from feeling frustrated to feeling **trust** in the organization, **valued** as a customer, and feeling it has been **easy** for her.

It is this type of thinking and approach that will move you to your next level of Customer Experience. The next challenge is how to make these changes sustainable.

Sustainability: Creating Muscle Memory for Your Customer Experience

Colin and Ryan write with their right hands naturally. While they prefer it, they could learn to use their left hands if needed. However, it would take thought, time, practice, and determination to do so. If they didn't keep working on this ambidextrous goal, then they would revert to using their natural hand. This muscle memory is like a strong form of habit.

The same concept applies to changing your culture. The reason you deliver the experience you do today is because of the way the organization is. It is as if your organization is right-handed; we can ask it to write with its left hand, but it takes effort and concentration. After a while, it will probably revert to using its right hand, as organizational habit kicks in. Moving to the next level requires built-in sustainability for your Customer Experience program. Otherwise, you will see one-off improvements in the scores, and then nothing. Organizations' Customer Experience programs plateau because they haven't addressed the fundamental cause of the experience outcome to move to the next level.

When we look at sustainability for your organization we explore three primary areas:

1. How customer-centric is your organization?
2. How do you engage employees?
3. What training does the team receive?

Sustainability requires all of the above elements. Each of them plays a part in changing the way an organization is, and paves the way for fundamental change in the customer-centricity of an organization. With that in mind, let's take each one of these in turn.

1. **How customer centric is your organization?** Peter Druker, an American management consultant, is often credited with the phrase, "Culture eats strategy for breakfast." Defining the customer-centricity of your culture is a major part of building sustainability within

your organization. To find out more about culture, we recommend you read Colin's book on the subject, *Revolutionize Your Customer Experience* (Palgrave Macmillan, 2004).

2. **How do you engage employees?** Employee engagement is the latest buzz phrase in the industry, but we push employee advocacy. In other words, your employees should become advocates for your organization and its mission. Most organizations have a Customer Experience program running and an Employee Engagement program running, but they are neither combined nor complementary. This is a mistake. Once you have determined the Customer Experience you want, you should strive for the same with your employees. When trying to create engaged employees, you need to find out what drives the most value for them. You must undertake research like the Emotional Signature, but for employees, and then design an experience as we described, using behavioral journey mapping. Thus, the Customer Experience program and Employee Engagement program are aligned and implemented simultaneously, using the same tools.

3. **What training does the team receive?** True transformation requires changing how you train the team, particularly customer- facing teams. All too often we find frontline teams have no soft-skills training; or if they have any, it's only in rudimentary principles. Everything we have discussed in this book is critical to implement into your training programs.

Training is a vital part of moving to the next level of Customer Experience. Memory Maker addresses the concept we outlined in the last chapter: that creating positive memories for people you will create loyal customers. The training teaches your team how to create great memories of the experience for customers.

Colin explains how this works with an example from home:

When I get home, I always shout, "Hello!" to Lorraine. Within a one-word response, I can tell if she is stressed, happy, relaxed, or annoyed. Naturally, I alter my behavior to complement hers. If she is stressed, then I know asking her why she hasn't called me to update me today, as she promised, will only increase her *stress levels – not a good idea. To help her de-stress, I need to listen to her and be empathic. I have also learned over the years not offer her solutions, but to be sympathetic about her problems. This method will relieve her stress. I know all of this because I have learned her personality and how she has behaved in the past.*

Wouldn't it be great if we could do this with all our customers? Well, we can.

Let's start by ensuring we have a common understanding of what we mean by verbal and nonverbal communications:

Verbal and nonverbal communications	Some examples
Facial expression	Smiling; frowning; eyes wide open in surprise. All these involuntary facial expressions can betray what we are thinking and feeling. Sometimes, they can be the opposite of what we are saying, i.e.: we say we are happy, but we look sad.
Body movements and posture	The posture of your body, i.e.: leaning against a wall, looking uninterested; the use of hands to express a point; nodding of head in agreement. Body language plays a big part in human communications.
Gestures	Pointing with a hand; putting both hands on your head; Hand on the side of your face, looking bored; for example, putting your finger to your lips can indicate you want to say something. Some gestures are cultural, and these are learned.
Touch	Firmness of handshake; hugging; touching shoulder during conversation; a condescending pat on the head. Touching can portray the level of relationship one person has with another.
Eye contact	The amount of eye contact you make or whether you avoid eye contact. Eye contact engenders trust.
Voice	Words used; pitch; speed of delivery; tone; volume. All these things and more are picked up, especially on the phone, when many other aspects of communication are not available
Physiological changes	Increased sweating; increased blinking; dilation of pupils. Again these involuntary signs are telltale signals of what a person is thinking or feeling.
Space	The closeness of the person or personal space. Again, in various countries this will be different. City dwellers tend to require less "personal space."

OKAY; having now understood what we mean by verbal and nonverbal communications, let's look back at Colin's interaction with Lorraine and break it down to see how the same structure can apply with customers.

Personal	Customers
UNDERSTAND: Colin understands Lorraine's personality and behaviors based on the years of marriage and the time he has spent with her.	By understanding a customer's persona and collecting information on them, we can better understand and predict how they are likely to behave in different situations. This can be stored on CRM (Customer Relationship Management) systems for easy access.
READ: Colin can "read" the signals (verbal and nonverbal communications) that Lorraine is giving.	Via training like our "Memory maker" training, we can train customer-facing people on how to "read" the verbal and nonverbal clues that customers are receiving.
DECIDE: Having read the signals, Colin can decide the best approach for converting her to feeling less stressed and more "cared for," in this case.	Again, employees are trained in how, via their own verbal and nonverbal communication, to encourage customers to feel the desired emotions.
IMPLEMENT: Colin implements his approach and then checks that it has had the desired effect by monitoring Lorraine's verbal and nonverbal communications.	The employee implements the decided-upon approach and then checks that it has had the desired effect by monitoring the customer's verbal and nonverbal communications.
REPETITION: As this situation has occurred a number of times over their years of marriage, Colin is well-practiced at doing this, and now it has become a habit.	When we undertake the Memory Maker training we use role-plays for people to practice in "safe" environments, and we then provide training online to reinforce the learning whenever the employee feels necessary. We also train the first line managers to enable them to coach their people. Through practice and revisiting the online training, this starts to become a habit, with repetition, as we discussed earlier in the book.

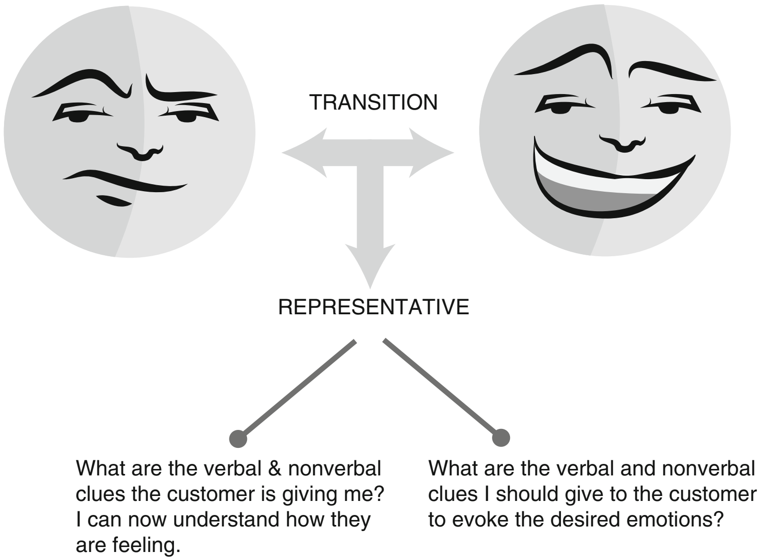

Fig. 10.7 Converting how a customer feels

By understanding the verbal and nonverbal communications, customer-facing people can convert customers from feeling one emotion entering the experience to feeling another emotion exiting the experience (see Fig. 10.7).

Aligning Training to the Strategy

If we want customers to trust our organization, feel valued, and ensure their experience was easy, the question becomes, "What are the verbal and nonverbal communications that will evoke these emotions?" We draw from academic and scientific research to produce what we call a Customer Behavioral Guide. The guide outlines the verbal and nonverbal attributes you should recognize, and builds this into the training.

This guide is one of the secret weapons to our approach with customers (well, it was a secret). One of our clients we wrote this guide

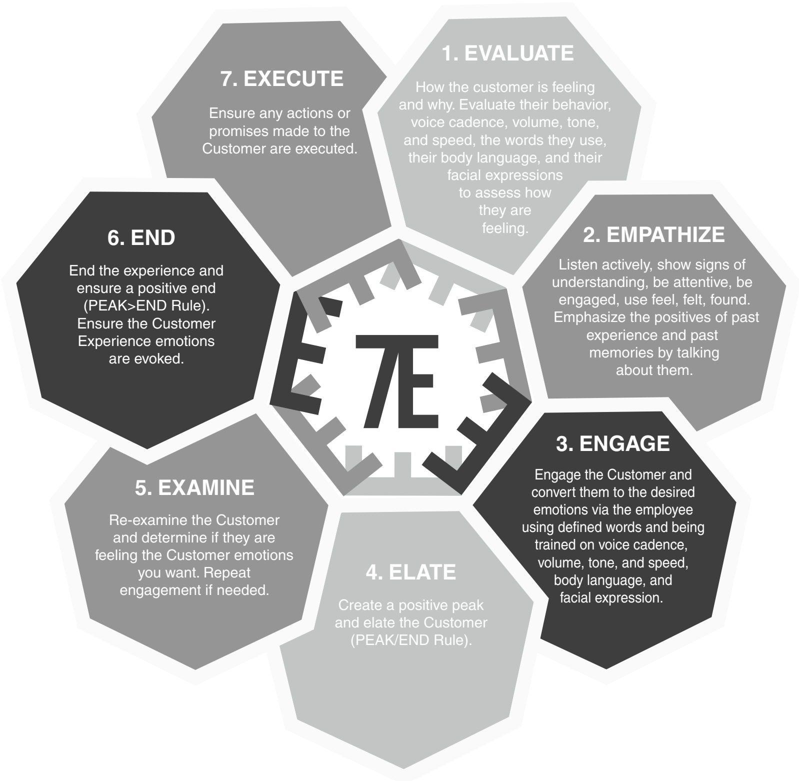

Fig. 10.8 The Seven Es Framework

for measured their success by surveying customers whether they would hire the agent with which they dealt. After incorporating a Behavioral Guide into their soft-skills training (and re-training), the “yes” responses increased by 25 %. Also, they saw a 25 % increase in customers saying they felt the emotions defined in our client’s Customer Experience Statement.

Our method for training is to create these memories using what we call the Seven Es framework (Fig. 10.8).

By combining many aspects of the book, the structure is easy to remember and execute.

The Seven Es Training Process Framework

Step	Desired action	Example
Evaluate	The customer-facing person needs to 'evaluate' the customer's behavior and determine how the customer is feeling and why, by reading their verbal and nonverbal communication.	The customer is speaking quickly and loudly. They are saying things like, *"I have been waiting for 20 minutes!"* or *"This is the third time I have come in this store to resolve this issue."* It is clear that the customer is feeling frustrated.
Empathize	Listen actively, show signs of understanding, be attentive, be engaged, be understanding, use "Feel, felt, found." Emphasize the positives of past experiences and memories; talk about them.	The employee is nodding their head, making empathic sounds. Tilting their head to one side to show interest.
Engage	Engage the customer and convert them to the desired emotions, such as Trust, Valued, and Easy. Train customer-facing people on defined words, voice cadence, volume, tone, and speed, body language, and facial expressions to use to evoke these emotions.	The employee now starts to deploy their training to convert the customer using special verbal and nonverbal communications that have been scientifically defined to evoke the desired emotions and drive value for the organization. (In our example above, Trust, Valued, and Easy.)
Elate	As we said, the key to customer loyalty is positive customer memories, so we need to create a positive peak and relate to the customer (PEAK/END Rule).	During the conversation, the employee has been trained on where the peak moment is likely to be in this experience. This has been determined by the behavioral journey mapping outlined above.
Examine	Re-examine the customer and determine if they are feeling the customer emotions you want. Repeat from Engage if not.	The employee takes a step back and reassesses the customer's verbal and nonverbal communication to see if they are now feeling the desired emotions.

Step	Desired action	Example
End	Again, creating a memory, end the experience and ensure a positive end (Peak-End Rule).	The employee is trained on the designed end of their experience from the behavioral journey mapping.
Execute	Ensure any actions or promises made to the customer are executed.	The necessary actions are undertaken by the employee. These are measured and monitored.

Now you have the backbone of our training methodology with part of the secret sauce in the content and the way we deliver the guide. More information on this or any of our tools can be found on our website (www.beyondphilosophy.com).

We know that moving to a better Customer Experience is essential to remain competitive and relevant in today's economy. It's clear that the best organizations are making this type of improvement. You understand the need for and the theory behind this movement.

However, the best theory and strategy are meaningless if you don't have the tools to do the work. Now you have the tools. We use these tools to take the theory behind the how the Intuitive Customer feels, behaves, and makes decisions and build a strategy to create an experience that appeals to them, even anticipates their needs. Our tools answer Colin's question, "So what do we do?" posed to countless consultants years ago. This process is what you need to do.

Now it's up to you to decide if you are ready to use these tools to move to the next level of Customer Experience evolution. You now know what you need to do.

Are you ready to do it?

11

Customer Experience Is a Journey, Not a Destination

OKAY, so now is the tough bit. You have heard the theory, we have outlined the tools and shown you the advantages of moving to the next level of your Customer Experience. You now believe you need to break through the glass ceiling. All that is left is for you to take action!

Easy enough, right? We are joking, of course. The only thing it's easy to do in Customer Experience is to ignore it.

We all know there are plenty of other things you can be doing with your time when you are working. It becomes a matter of prioritization and a decision about whether moving your Customer Experience to the next level is strategically important to you. You could always ask Kodak, Circuit City, Blockbuster, Pan Am, and Woolworths and any other once-great organization that is now history if they would change what they did.

The list of organizations that are staring through the glass ceiling and wondering what to do next is staggering. We hope instead of staring through the glass ceiling, you decide to break through it armed with this new approach, and gain the competitive advantage that you deserve.

C. Shaw, R. Hamilton, *The Intuitive Customer*,
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The signs are good for you. Why? First: you had enough intelligence to buy this book! Second: you chose to read it all the way to the end! Finally, we infer from these first two that you want things to change. We hope you will treat this book as a guide.

We also hope you'll visit our website (www.beyondphilosophy.com) and gain some further inspiration and read our latest discoveries. This book represents our best, most up-to-date thinking on the theory and practice of Customer Experience at the time we published it. The problem with a book is it's a snapshot of our thinking at a moment in time. But our thinking is always progressing so please read our blogs and engage with us.

In this last chapter, let's take a couple of steps back and reiterate a few key points and try to bring things together. As you read in Chapter 1, many organizations' Customer Experience initiatives are now starting to stall; Net Promoter Scores are plateauing in many organizations. Why? This is because they are still looking at the Customer Experience through purely rational eyes. As Einstein said:

> The definition of insanity is doing the same thing over and over, but expecting different results.

The old thinking that all an organization needs to do is to focus on improving the quality, product, price, place, and promotion of their product and services **is no longer good enough**. By focusing on these alone, you are focused on the "*what*" of Customer Experience. However, organizations need to put an equal focus on "*how*" the Customer Experience is delivered. So to be very clear: you need to understand both the "what" and the "how."

When looking at the how, we need to bear in mind that all organizations should be aspiring to understand and serve the Intuitive Customer. It is the Intuitive Customer who drives purchase decisions, even those that seem purely rational. To get a deep understanding of the Intuitive Customer, you need a deep understanding of how and why your customers do things. This understanding is at a superficial level in most businesses today. The Customer Experience is much more complex than just selling products to someone. Remember the definition of a Customer Experience we shared in Chapter 1. Now that you have read the book, you'll understand the nuances and want to communicate this across your organization to help educate people.

> Definition of a Customer Experience:
>
> A Customer Experience is a customer's perception of their rational, physical, emotional, subconscious, and psychological interaction with any part of an organization. These perceptions influence customer behaviors and build memories, which drive customer loyalty and thereby affect the economic value an organization generates.

There are some parts of this definition that we hope you now understand much better than when you read them the first time, including:

Customers' perceptions. You must realize that your customers' perception is reality. You may think your experience is great, your deliveries always happen on time, or that your quality is objectively high. However if the customers' perception is the opposite, then you have a major issue. Which heuristics are having an effect here? What memories have come to influence these perceptions? How can you turn around your customers' perceptions?

Rational, physical, emotional, subconscious, and psychological. A part of the rise in the popularity of behavioral economics is the recognition that a holistic approach to understanding people is necessary. You now know from reading this book that all of these aspects of a Customer's Experience need to be taken into consideration when designing an experience.

Behavior. Behavior is important to understand. Behavior is what your customers do. Understanding customer behavior, watching what they do, and then predicting what they will do next is critical to moving to the next level of Customer Experience.

Memories and customer loyalty. Memories are everything. You must understand how memories form. You must also train customer-facing teams with the skills to create memories through their interaction with customers. Embracing the fact that customer loyalty is only created through building memories is fundamental to breaking through the glass ceiling of Customer Experience.

Economic value. Last, but by no means least, is economic value. Businesses are not charities. Creating a return on investment should be your motivation for making this undertaking work. We are not trying to improve your Customer Experience just to be nice. We recommend this approach so you can make more profit, by reducing costs and increasing revenues, plain and simple.

So how do we do this? We have distilled this book into seven Customer Experience Imperatives. We hope they guide your implementation of superior Customer Experiences.

1. Recognize that customers decide emotionally and justify rationally
2. Embrace the all-encompassing nature of customers' irrationality
3. Understand that customers' minds can be in conflict with themselves
4. Commit yourself to understanding and predicting customer habits and behaviors
5. Uncover the hidden causes and unintended consequences of customers wanting things to be easy
6. Accept that apparently irrelevant aspects of your Customer Experience are sometimes the most important aspects
7. Realize the only way to build customer loyalty is through customer memories.

These imperatives show you the way to understand and design an experience that anticipates and serves the Intuitive Customer. Now that you understand why these imperatives are vital, you understand why your Intuitive Customers do what they do when they do it. Our recommendation is to use this newfound understanding to design an experience that enhances your relationship with the customer, enabling you to move onto the next level of Customer Experience and to foster customer loyalty.

One final piece of wisdom for you:

There is a big difference between understanding and doing.

In our experience, the one area that we haven't discussed that you will need to focus on is engaging the senior teams in your organization. We suggest you re-read the foreword from Glenn Laverty, the Ricoh CEO. Now *that* is an engaged CEO!

Engaging the Senior Leadership Team

Buy-in from the senior management is key to the success of moving your Customer Experience to the next level. You will recall our analogy: when a few early visionaries realized that the world was round, they had to convince the flat-earth people that they needed to change their thinking. Just like them, we need to convince the senior team that improving the Customer Experience in the ways we have outlined in this book will provide significant benefits in exchange for these efforts. They need to understand where you are today and the benefits of where you want to move tomorrow.

As you can imagine, we have had many of these conversations with senior leaders over the years. We find that a mixture of the following elements is critical to convincing senior management:

Show me the money! Show that scientifically there is a link between moving to the next level of Customer Experience and ROI. This is the main reason we invented the Emotional Signature that you will have read about in the last chapter. It shows the link and the value ($) that will be gained.

Showcase studies of other organizations who have done this. Provide evidence that this approach works. Again, you can visit our website to see many of these examples that may help you. But also let's refer to Glenn Laverty's foreword and repeat some of his wise words:

> *When I read Colin Shaw's first book,* Building Great Customer Experiences, *it helped put into practical steps what we needed to do to improve our Customer Experience. I am proud to say that since that day, our Net Promoter Score (NPS) has improved dramatically. In fact during one 30-month period it improved by 34 points, proving that it is possible to improve your Customer*

Experience in a comparatively short time. From that meteoric upswing, we continue to see ongoing gains in our NPS … something we are very proud of at Ricoh Canada.

In addition to our NPS successes, Ricoh Canada sales grew substantially from where we were, and we have enjoyed a 10 % year-on-year growth for the decade. This success is no small accomplishment when you consider economic conditions and the shrinking usage associated with print technology in our digital age. We have also reduced customer churn and increased market share in Canada.

Don't be too complex right away. The Intuitive Customer concept can become a complex subject if you let it. Behavioral economics, heuristics, cognition, etc. all could come across as too intellectual and confusing. So break it down; do one step at a time. Use stories like we have in this book. Get people to relate to the concepts through their personal experiences.

Different people "get this" at different points. We have learned over the years that you have to take this slowly. Some people naturally understand what you are talking about, and some don't. Not everyone gets this overnight. People who are more emotionally intelligent tend to embrace this more than people who are purely numbers focused. Allow time for debate and disagreement; this helps ensure the senior team members will be fully behind this idea.

Demonstrate this approach works – Quick wins. Don't try and boil the ocean. Implement some quick wins. We recall that one of our clients' Customer Experience team was on the verge of being disbanded as they couldn't show any results. We worked with them and implemented a small pilot that was a resounding success. They are all now seen as heroes, and their program is rolling out across the organization. Before, no one wanted to talk to them. Today, they have too many people fighting to be the next in line to implement the training we provided to them.

Understanding the "readiness" of the organization. Remember that the reason that you are delivering the experience that you are today is because of the way the organization is. When improving your experience, you must also look internally at the organization and make changes there as well.

Most organizations that engage senior management in their agenda as described above get the buy-in necessary to devote resources and time to their efforts. These organizations are dramatically more likely to take their Customer Experience to the next level successfully.

It is essential to remember that taking your Customer Experience to the next level is a change management program. We would advise anyone embarking on this journey to understand that their employees, especially the first team to train with a new experience, are challenging themselves to do things differently. Understanding how that makes them feel and the drastic change of pace that the program might represent for them is critical to a smooth roll-out.

Also, it is critical to keep an eye on the bigger picture. Design the program for a smaller part of the organization, but never forget that it needs also to adapt to the larger organization. Measuring your progress at the smaller level will also pave the way for more acceptance across other departments. When you can demonstrate you have success with real facts and figures, you can win the hearts and minds of the grassroots team as well as executive leadership. People need to come along at their own time and pace, so allow for that. Remember that having your people with you in the process is a critical part of the change.

We applaud when an organization embraces the need to move their Customer Experience to the next level. We love when they adopt our tools and techniques with such commitment. We beam with pride when they finally, and most importantly, get results! When this occurs it is an example of our company name and going "beyond the philosophy" and getting change and results, as Ricoh Canada and many others have demonstrated!

It's Time to Change the Thinking

At the beginning of the book we shared the following wisdom from one of the 20th century's greatest minds, Albert Einstein:

> We cannot solve our problems with the same thinking we used when we created them.

The time has come to change the way we think about Customer Experience. The easy things have been done now. The simple changes that don't require a ton of work have been implemented and with great success. However, the standard is always changing – and by that we mean moving to a higher one. What does that mean to business? It's quite simple, really: Those who remain stagnant will be left behind!

The Customer Experience industry has grown exponentially over the years. More organizations than ever before have embraced the idea that customers must have an emotional connection to their experience to form any loyalty to them. Now we need to focus on what is causing these emotions and embrace those changes.

Today, many of us have thrown off old beliefs. We know that Customer Experiences are not rational and that people are not logical decision-makers. We know that people buy emotionally and not just based on price. We know that Customer Experience is more than an additional cost.

If you disagree with any of what we just said, we owe you an apology. We have wasted your time with our book. We should have been more forceful back in the first chapter when we told you that your type of thinking and this book weren't going to mix.

However, if you see the truth in what we said, then you are ready for a new world. You are ready for the new world we presented here in these pages. You are ready to take the experience you have to the next level.

You have the beginnings of this fresh approach. Now it's time to take what you have learned and begin the hard work of turning it into action. It's time for you to take your understanding of the Intuitive Customer and all the idiosyncrasies they hold dear as the foundation from which to build a great new Customer Experience for your organization. It doesn't take an Einstein to see that there is never a better time than now.

So … what are you waiting for? Close this book and roll up your sleeves.

It's time to take your Customer Experience to the next level.

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