

The Value of Emotions in the B2B Customer Experience



Author:

Steven Walden, Principal Consultant and Head of Research for Beyond Philosophy



Beyond Philosophy Services:

Beyond Philosophy is recognized as the worlds thought leaders in Customer Experience. We have written three international bestselling books on the subject. Formed in 2002, Beyond Philosophy works internationally with organizations such as IBM, FedEx and American Express to name a few, from our offices are in London, England and Atlanta, Georgia, USA.

We help improve our clients Customer Experience by harnessing our knowledge and experience of practical implementation around the globe. We have proven expertise in de-risking implementations, increase speed of project delivery and saving costs through our engagements. Our tools and techniques are renowned for their practical application and have been tried and tested in many sectors.

Our services are:

Strategic Guidance – We work with all levels of management in an organization and guide them on the decisions that need to be taken to improve their Customer Experience. We start by asking three key strategic questions:

- ▮ What is the Customer Experience you are trying to deliver?
- ▮ What emotions are you trying to evoke?
- ▮ Is your Customer Experience deliberate?

Our consultants work with the organizations to answer these key questions and put in place actions that will improve the organizations revenues, retain customers and save costs.

Training – We have well developed training programs for organizations from senior leadership to front line people. We also have developed specific training for Customer Experience professionals, whom we train and certify on our tolls and techniques. We believe in “experiential” training, getting the delegate to feel what their Customer Experience is really like. We use real-life case studies to demonstrate our key points.

Market Insight and research – We specialize in conducting Customer insight on the subconscious and emotional aspects of the Customer Experience. We have developed models, with London Business School, that can predict revenue benefit an organization can enjoy through improving their experience. We put in place measurement tools that can measure the total Customer Experience.

Conference speaking – We have a team of people who deliver high quality conference speeches around the globe on how to improve your Customer Experience.



The three values of emotion

From our business to business research we found three core values of emotion. These we define as follows:

Intrinsic Value

Managing emotional response is an intrinsic part of any Customer Experience. People are not just rational but bring their emotional concerns and reactions with them every time they interact with a product or service.

Indeed for several interviewees the very nature of the service means that 'emotions are part of the deal'. For instance, in dealing with the critical supply of electricity or a healthcare problem, emotions are going to come into the experience. Likewise, in extended services such as construction there is a long-term relationship that needs to work in order to provide the service i.e. there is an 'emotional angle'.

There is also a 'benchmark of emotional expectation' within any business relationship that all suppliers or clients have to reach. Defining the emotions around notions of 'professionalism', 'trust', 'communication and service reliability' and how they are generated are therefore important determinants of whether someone will use you or not.

Just as important is the avoidance of negative emotions. For instance, where price is at its lowest level and there has been extensive cost cutting, some interviewees mention that there are 'value-destroying' emotional responses of arrogance and poor service related emotions on the part of providers.

In the following commentary we highlight the core statements linking emotions to intrinsic value:

Commentary

*"What we find is that regardless of whether it is a B2B or B2C customer they want the same because **when you are contacting us you are actually ill and need human contact.**" (Large healthcare provide)*

*"**Electricity is an emotive issue** as there is a cash flow issue which they want correct, regular and accurate. It needs to be recognized that it is not a nice problem and customers are not happy to pay for it." (Mid-sized B2B electricity distributor)*

*"Important elements are 'the ability to handle the request, information provision, the ability to solve requests (most important) and **the elicitation of key emotions such as courtesy.**" (Large utilities Company)*

Added Value

Under this value we found two key aspects:

Loyalty and trust added value: emotions are an important differentiator so long as the rational aspects have been achieved e.g. around delivery time, price and basic customer service. In this respect, the use of emotions to build a feeling of loyalty or trust is important. In sections 2.0 and 3.0 we go into some detail on the emotions behind these core values.



Extra margin added value: in a commoditized market where competitors offer much the same service or product, the research found that an increased feeling of 'trust' and 'confidence' in the provider's capability to deliver is something customers are prepared to pay for i.e. they actually become less price sensitive. In this sense there is a trade-off between the emotional response of a consumer towards the service and the commoditized physical aspects of that service. So we will have less price commoditization for more emotional comfort.

In the following commentary we highlight the core statements linking emotions to added value:

Commentary

*"We have recently undertaken a small telephone research project. They indicated that they were very much more **confident** with the national service **and less price sensitive** as 'we do what we say we do.' People are more confident with us now." (Large industrial supplier)*

*"Basically the bottom line usually comes to money. What you try to do is make sure that the company that you want is the company that is going to give you the best price. **Where everybody can offer the same thing and the same price then emotion comes in.** If they are similar sorts of companies and you have used them from time to then it just comes down to price" (Large construction firm)*

*"The initial paradigm was that B2B emotions don't play any role whatsoever but the first research showed **that emotional aspects**, those aspects, the way people are talked to, the way problems are solved, the attitude that people display in terms of being responsive, **are clearly discriminating drivers in the minds of B2B.**" (Large global finance provider)*

*"**Personal relationships are very important** as the initial contract sets the rates, terms and conditions. There are times when we need to stretch the boundaries of a contract for instance; 6 months down the line we want a reduction in the rate. So we need to be able to work with the hotels to change the rates. Likewise if there is a rise in demand, you may want to be able to give them more room than the competition. **So we need those personal relationships to ensure flexibility.**" (Global travel company)*

*"In the last 12 months we have seen businesses **coming to us because of our service** i.e. the receipt of invoices and our administration processes. There is no metric on returns as yet. For instance, we just won in the UK a large fitness company and an oil company. **This at a time of volatile prices.**" (Mid-sized electricity distributor)*

Risk Management

Emotions are used as a means of decision making where there is limited information i.e. they are used to help us manage risk.

Wherever there is a degree of uncertainty, the emotions/ feelings towards a tendoree or client looking for, for instance, investment funds are crucial. It is hypothesized that this is also important with any new supplier or client. A broker would look at price, but this would not be the only consideration. Hence, the identification of the emotions underlying a sense of trust and what generates them becomes important; or indeed how to manipulate them!



In the following commentary we highlight the core statements linking emotions to risk management value:

Commentary

“Basing decisions on feelings towards the individual is not surprising because you’re backing management to invest funds or the direct management of the company. So you have got to feel comfortable that the people that you are giving the money to, in our case money that is tied up for several years. That they can deploy that successfully and obtain a premium return for you.” (Mid-sized venture capital house)

*“We had a process of selection that was very in-depth. 13 companies were picked for the European contract they were then given a project to present back which tested their capabilities on cost control, creative design and pitching. We found that the winner was functional, practical and had a good style of organization, managing the project well. **The emotional part was of key importance in that they made us feel that we could trust them** completely to deliver on their promises. We had belief and faith in their capabilities. This was based on their professional comprehension of the costs, the consistency of what they promised and what they delivered. This all lent support to us trusting them.” (Large retail supplier)*

Overview

The overwhelming use and management of emotions is intrinsic to the service, so if a company does not consider emotions it cannot be considered to be ‘in the game’.

Even in environments where customer service is immature, we find that avoiding negative emotions is important in order to maintain a good personal relationship:

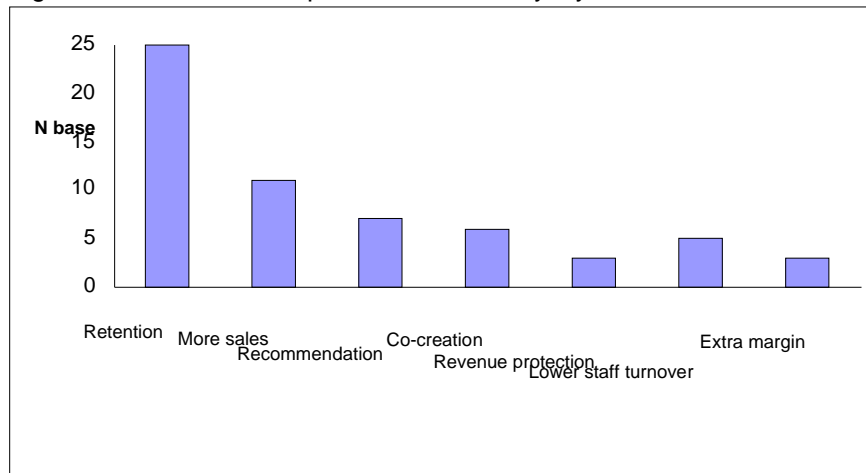
*“One sales manager you can never get hold of on a mobile or email and the other one you can, so frankly you are more likely to deal with the guy you can talk to. The price and product are the same. **We decide between suppliers based on the degree of rapport** we have with one or other of the suppliers.” (Industrial manufacturer)*



Loyalty value

From those interviewees that express an opinion, the major benefits of establishing loyalty through the emotional aspects of a customer experience are: - for client retention, increased sales to the client base, generate recommendation, co-creation, revenue protection, lower staff turnover and the ability to provide extra margin.

Figure A. The relative importance of each loyalty emotional value



Although it is recognized that building a relationship holds benefits for the firm, loyalty emotions are predominately being used in a defensive fashion i.e. for client retention and associated revenue protection.

There are however, some companies that use these 'loyalty bonds' to create more value for themselves through adding value to the customer experience. These tend to be the more 'natural' type organizations (see the Beyond Philosophy *naïve to natural*® classifications). In these companies the benefits of investing in a relationship are seen in co-creation, where staff, suppliers and customers are engaged in company practices and future developments as well as in lowering staff turnover.

In short, co-creation creates a loyalty bond that is difficult to break.

“Good hotels are more proactive in terms of the relationship. They are more commercially aware, look for opportunities to work together and get a good deal as both sides need to be happy in the relationship long-term for sustainable growth” (Large travel company)

“A lot of suppliers don’t just want to sell more products; **they want to work with you** to come up most creative ideas to sell products. We brainstorm a lot with our vendors, a great deal of what they want is to be a part of the story and the planning. So some of it is just about kindness and respect. To evoke this we work very fairly with our suppliers, we give them notice about what we are doing and what we want to do which gives them a big opportunity to participate at whatever level they want, if people need their payment earlier than they originally intended because of some business opportunity or issue then we would go along with that we also we try to make everyone a part of our company and share in our success we got a wonderful success.” (Large retailer)



In the following commentary we highlight the core statements linking emotions to loyalty value:

*“The loyalty thing comes into play when things go wrong. **They stick with you because they trust you, I see this daily**” (Large global telecommunications firm)*

*“I could speak to the MD of any of those businesses **because I know them personally**. I tell them that this is a job that we particularly want or sometimes it is the other way, if you want them to give the job away to someone else give them this work because it is a problem or it doesn't fit in too well with our other commitments “(Mid-sized construction firm)*

*“Loyalty comes in when you are looking at tender lists where you had good service before. Of course that applies to us with sub contractors as it does to us with main contractors. Where you have a good service before and a good price you would try to make sure that the **people who have served you well always get an opportunity** and you might even try to negotiate with two or three companies that you would negotiate one or two contracts with so that they get a good share of the cake.” (Large global construction firm)*

*“We spend millions of dollars annually on advertising and marketing as do other manufacturers and we still have no guarantee that it is going to do anything to increase the likelihood of our customers buying again – the loyalty component. **It costs considerably more to get a customer back than it would have been if we had won their loyalty by considering the experience.**” (Large global car manufacturer)*

Trust Value

Trust has an indirect link to value-creation through its influence on loyalty and a direct link as trust and building trust are critical to purchase/ use in any sector. Unlike loyalty where 7 distinct values were linked to the loyalty emotions, trust is perceived as far more fundamental, it is not just about recommendation or retention but about the decision to initially and continually conduct business with a supplier/ client. It is the fundamental part of any business relationship.

The following quotes illustrate the ubiquitous importance of trust:-

*“**Trust is important; there is no business in the world where trust is not important.**” (Large global finance provider)*

“They stick with you because they trust you.” (Global telecoms provider)

“The biggest thing for me is mutual respect and trust. Once you establish that then you can move mountains.” (Large global banking organization)

“We need to establish trust, though this takes a while.” (Large industrial supplier)

“I think with trust it relates to meeting their service expectations. If we are unable to meet these or meet these inconsistently then the trust aspect is lost.” (Large global banking organization)



What are the key management issues?

Does your organization adequately understand and plan for the emotional environment you project as a business?

We found that...

- ▶ Emotional value is recognized in strategic planning. However, less so in strategy design, especially amongst B2B interviewees.
- ▶ It is important to align all aspects of the Customer Experience with the emotional needs and culture of the target audience recognizing that different customers have different requirements.
- ▶ Interviewees mentioned different corporate and international cultures as well as social environments that will influence emotional reaction.
- ▶ Companies indicate that they evoke a higher level of pleasure (delight) and emotions underpinning trust (honesty, reputation, safety) than they actually design for in the Customer Experience.
- ▶ Co-creation is an important means of creating emotional loyalty. However, at the moment a focus on evoking emotion words such as involvement and empowerment relating to co-creation is only apparent in consumer organizations with a high appreciation of Customer Experience principles.
- ▶ Emotional expectations are subject to change and therefore need to be understood continuously.
- ▶ Emotions in business to business environments are closely associated with the relationship building process over time and the need to support trust.
- ▶ The value of an emotional response still requires the fundamentals to be in place within a service.

Does your organization adequately consider how operational constraints impact on the emotional climate you create?

We found that...

- ▶ Compliance with procurement regulations affects the ability to influence emotional responses as do internal barriers to change.
- ▶ Market or technical changes such as the increasing use of IVR, IT implementation or an increased focus on the physical aspects of price have been noted as possibly having a detrimental effect on the evocation of positive emotional value, particularly in the short-term during, for instance, a period of change management.
- ▶ Several issues that influence the emotional environment in large organizations include the problems of formalized procedures and loss of contact with customers, the risk that target setting absorbs assets away from areas that affect the emotional experience, the problem of managing new relationships within a centralized structure and losing personal and trusted suppliers.



Does your organization understand the value of emotions?

We found that...

- ▶ Concepts that directly link to value such as loyalty and trust are underpinned by 'emotion'. Indeed, trust is of fundamental value to use and repurchase.
- ▶ There are core emotional needs and wants that have to be met within any service. For instance, these can be just about the avoidance of negative emotions or aspects of the Customer Experience that might repel use, whilst at other times understanding the emotional sense behind key appraisal words such as 'a professional service' is important. Likewise, many aspects of an experience will be about managing and stimulating the latent and actual emotional content of an event e.g. in the former developing 'anticipation' at a soccer match and in the latter managing 'anxiety' and building 'confidence' at a call centre servicing health enquiries.
- ▶ Emotions can be used to attract use. For instance, an above expectations use of the term 'card for' in a customer service environment or an unexpected 'surprise' and 'interest' with a new service that leads to a sale.
- ▶ Emotions can be used to manage a service recovery situation and reduce the impact of a negative event.
- ▶ Much of the emotional content of a business is directed towards the inter-personal. This holds an inherent risk, for instance clients and suppliers identifying with the person rather than the group – if that person moves then the emotional bond to the firm is potentially lost. Whilst personal relationships are critical, greater consideration should be given to the nature of the company bond and how best to deliver the emotions underpinning a sense of loyalty and trust.
- ▶ Likewise, consideration should be given to identifying the emotional bonds of loyalty that enable companies to hold onto key staff.
- ▶ There is a trade-off between the predominantly emotional aspects and predominantly physical aspects of a service e.g. the ability of consumers to pay more than the market price for an increased sense of confidence in delivery.

About the Author:

Steven Walden is the Principal Consultant and Head of Research for Beyond Philosophy, a consultancy, training and Customer research organization. They are recognized as thought leaders in the Customer Experience and are located in London, England and Atlanta, Georgia USA. For further information on the Customer Experience, and to view Beyond Philosophy's blog and videos, please visit Beyond Philosophy at www.beyondphilosophy.com