

The Need for Customer Insight to Support the Full Customer Experience



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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 Need for Customer Insight to Support the Full Customer Experience

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The customer has come of age with in corporate competitive strategy. Every successful big business has recognised that they need to listen to the “voice of the customer” in some form or fashion. The notion is so strong that almost all organisational change management methodologies incorporate a “voice of the customer” component. The message being that big organisations are purposefully moving towards the customer. In order to do so it is, of course, crucial to understand what customers think – to listen to them. Essentially this is the function of customer insight. No big news there. The interesting paradox is that often times the customer insight that these companies rely on is not complete. The research often only investigates the factors in customers’ rational decision making- even when they are intending to delve into attitudes and motivations.

The Problem Outlined

The customer experience is the interaction between the customer and the organisation from the customer’s point of view. That experience is composed of rational and emotional halves. The rational may be thought of as the “4Ps” (product, place, price, promotion). These are the things customers tend to talk about when asked direct questions about their customer experience. When customers are asked why did you purchase or what is important to your future buying behaviour, most answer in some combination of the “4Ps”. Unfortunately, customer research that stops there usually leads companies to design strategy solely on the foundation that customers basically want “faster, better, and cheaper”. While this is always true, there is obviously something else going on in the customer’s mental/ perceptual world. Jones and Sasser

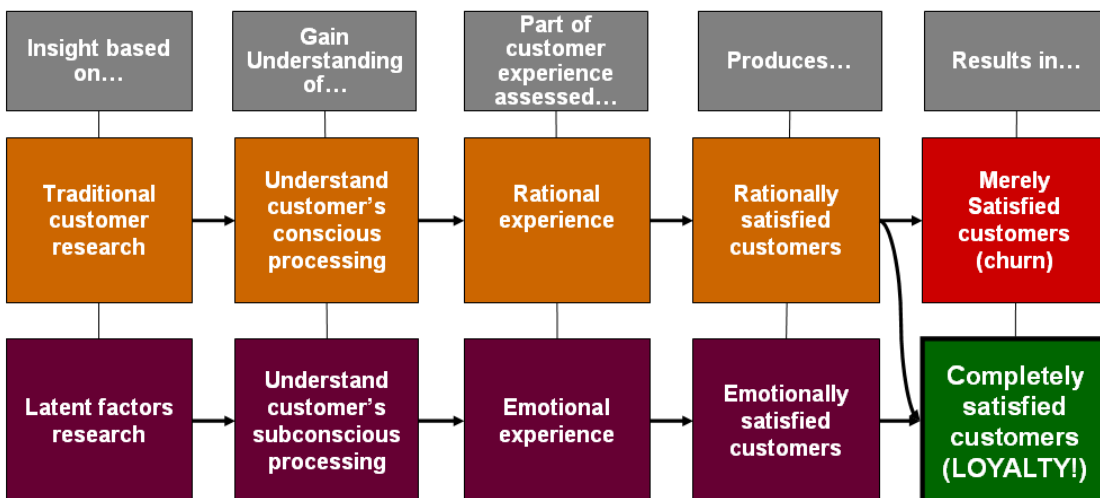


pointed out in a classic Harvard Business Review paper¹ that rationally satisfied customers defect just the same as dissatisfied customers. Given that one of the key goals of almost all customer strategy is to drive customer loyalty, the Jones and Sasser finding is troubling for customer strategists.

least half of any experience itself is made up of the emotional engagement. The emotional engagement is in large part subconscious. It is below the radar of consciousness of most customers. Nevertheless it is a powerful factor in their actual behaviour and decision making. It becomes clear that any customer insight that does not effectively investigate the subconscious world of the customer along with the conscious voice of the customer is missing at least half of the insight needed to make sound competitive customer strategy.

Latent Factors Research

The point is that with all of this customer research and insight, many companies do not have enough of a handle on half of the “inner voice of the customer” which plays such a vital role driving loyalty.



¹ T. Jones and E. Sasser, “Why Satisfied Customers Defect”, Harvard Business Review, 1995 – although written in 1995 the insight is still relevant today. Mere satisfaction is not enough, complete satisfaction needs to be the goal.



It should be clear that I am not advocating eliminating or replacing traditional customer research. However, I am suggesting that traditional customer research needs to be bolstered with latent factors research.

Latent factors refer to those factors that are hidden and generally subconscious to customers' own awareness. Unlike traditional customer research, latent factors research does not stop at customer's clearly stated responses to straightforward questions. Latent factors research typically takes one of two forms: One based on experimental design and the other based on statistical techniques. Either of these can in turn be carried out as qualitative or quantitative research.

Examples of latent factors customer research include the following:

- Projective techniques present ambiguous stimuli to customers in order to delve into their unfiltered perception of an experience. Projective techniques are used in qualitative consumer research to uncover a customer's subconscious feelings, attitudes and motives. These techniques are used to get beyond a subject's defensive reaction to direct questioning.
- Q-methodology is a quasi-quantitative methodology of investigating customers' perceptions of the root causes of an experience. It is effectively the inverse of conventional factor analysis. Instead of giving a large number of customers a small number of test items and looking for the correlations, Q-methodology gives a small number of customers a large number of test items. The statistical result is a number of valid perspectives that are present within the customer base. So the object is identifying these latent perspectives.
- Implicit Association Testing (IAT) is used to penetrate two types of subconscious processing: (1) when there are certain perceptions that are socially unacceptable or (2) when customers' psychological defence mechanisms make it unlikely if not impossible for customers to accurately reflect on their true perceptions. In IAT, customers are presented with two concepts and are asked to quickly assess how similar the two are. The data collected is the speed with which customers make this decision. When customers are presented with a subconsciously undesirable comparison they tend to take longer to process in order to give what they think is the more "acceptable" answer. The IAT measures *implicit* attitudes and beliefs that people are either unwilling or unable to report.

Examples of Latent Factors Research

Qualitative Approach	Projective Techniques	Q-methodology
Quantitative Approach	Implicit Association Test	Structural Equation Modelling
	Experimental Designs	Statistical Techniques



- Structural Equation Modelling is a heavy duty statistical technique for testing and estimating causal relationships using a combination of statistical data and qualitative causal assumptions. Its strength is its ability to model constructs as hidden variables. Hidden variables are not measured directly, but are estimated in the model from variables that are measured directly but link with the hidden variables. In other words, it is possible to ask straight forward questions as in traditional surveys and yet identify the latent factors operating in the background.

The point is that proper customer insight support for a business' customer experience requires the investigation of the subconscious emotional experience (ie, the latent or hidden factors driving the emotional engagement). An understanding of the latent factors along with more traditional approaches allows the business to address the full customer which leads to "complete customer satisfaction", the necessary condition for customer loyalty.

About the Author:

Qaalfa Dibeehi, is Vice President of Consulting and Thought Leadership at Beyond Philosophy. He has 18 years experience in the customer centricity space. Qaalfa is also an award winning university professor.

He has an MBA from New York University and masters degrees in statistics, psychology and health administration from the City University of New York having graduated with departmental distinction from the State University of New York.

