



Year of The Customer Experience

Making Essential Connections Using New Techniques

NEW YORK—Keeping up with the changing consumer and the new competitive environment will be as challenging as ever in 2016. However, the broadening of definitions of what comprises a positive “customer experience” will pose more opportunities for optical retailers and ECPs to find ways to provide a satisfactory and compelling buying and patient interaction—across both brick and “click” channels, experts say.

Retail, consumer and health care observers are proclaiming 2016 as The Year of The Customer

Experience, or “CX” as it’s known in some circles. Some companies have even added a new job function to their C-suite, alongside the CEO and the CFO—that’s the CXO, or Customer Experience Officer.

Technology as a means of communication, influence and access, has been driving changes in consumers’ behaviors and transforming their expectations about good service. In addition, customers’ priorities about experience—defined as quick and efficient in some cases, or detailed, attentive and careful in others, is of

critical importance to retailers who want to cultivate loyalty among long-term customers as well as to attract new ones.

The authors of “Think Round,” Martha Pease and Michael Campbell, maintain, “The key to propelling a business to its full potential and highest heights is not balance sheet engineering, acquisition acumen, organic reinvention, adroit board management or stunning quarterly earnings results.

“The key to winning really big, and staying at the top of the business game,” they write, “is

empathy: the capacity to recognize and respond to emotions and aspirations experienced by your customers and consumers.” “Think Round,” points out that a proven approach to owning the future is “by having 100 percent of your company focused on your consumer 100 percent of the time.”

In a new e-book “Metrics That Matter for CXOs” put out by Retail TouchPoints and UXC Eclipse, the authors emphasized, “Empowered by mobile and the web, consumers are in the driver’s seat as they enter the marketplace seeking products and brand experiences. This paradigm challenges the very foundation on which many retail businesses were built: a historical marketplace in which retailers controlled product assortments, information and channels. There’s no question—the consumer is now in charge.”

According to the CXO survey, retail executives are well aware of the challenges that empowered consumers and omnichannel demands present to their brands. In fact, 65 percent of high-level retail executives believe that changing consumer behavior is the top external challenge to achieving business goals.

A major trend is the rise of mobile devices, which will rule the market even more than they already do, for nearly every retail experience. As the screens on mobile devices get bigger, so will consumers’ willingness to shop and buy.

The developing of mobile shopping apps has helped too: A GWI Insight Report from last spring showed a quarter of online adults were using shopping apps. The percentage is even higher among Millennials, with 30 percent of those 16 to 34 year olds using shopping apps monthly. Millennials make up a third of the U.S. population, at about 77 million people, so



Source: www.bain.com/infographics/five-disciplines

their shopping preferences will drive consumer trends this year and beyond.

While mobile is increasingly dominant, the best channel to reach your customers is the one they’re using, according to Shep Hyken, an author and consultant who works the customer-service industry. In a recent essay in Forbes magazine Hyken noted that customers “are

connecting with companies in more ways than ever... There’s the phone, e-mail, instant chat, social channels, smartphones and more.”

The amount of data about customer habits and even specific customers is increasing, which presents new challenges for retailers. A key goal in 2016 is getting this data in hand and knowing how to use it, Hyken said. It is the

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Customer Loyalty Is Tied to CX: Understanding ‘Net Promoter Scores’

Thousands of companies and brands, large and small, have been able to tap into what’s become known as “The Ultimate Question:” Would you recommend this business to a friend?

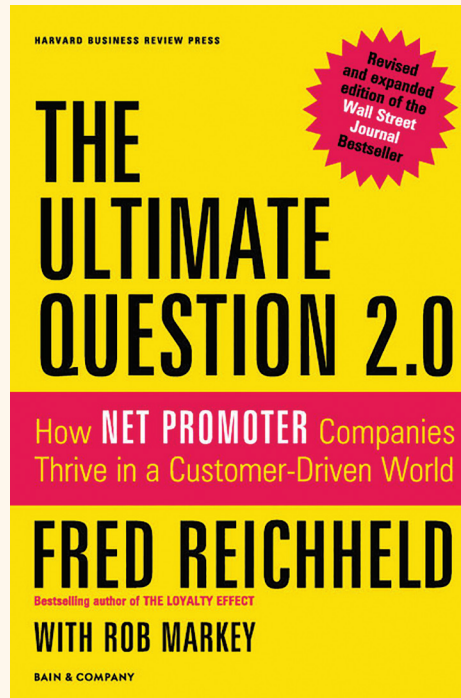
The resulting Net Promoter Score (NPS) is a system and a concept that can be adapted in full or philosophically in part by businesses of all sizes.

Authors Fred Reichheld and Bob Markey have counseled clients the world over to communicate the principles of their work which measures how owners and executives are revolutionizing the experience of their customers through business practices that put the customer first.

Thousands of companies are using the Net Promoter score to measure and improve the customer experience. “The ranks of zealous customer advocates continues to grow,” said Fred Reichheld, Bain Fellow and often-acclaimed “godfather of customer loyalty.” “What started out as only an idea has become a quiet revolution. Net Promoter companies are now mobilizing entire organizations around the single mission of delighting customers.”

According to the authors, effective Net Promoter Systems require three components to be in place:

1. A simple and reliable metric for gauging how well you have earned your customers’ loyalty.
2. Operational processes to support closed-loop feedback, action and learning by front-line employees.



Already a number one bestseller, *The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World* showcases leading brands that are revolutionizing the experiences of their customers through business practices that put the customer first. Written by renowned loyalty experts Fred Reichheld and Rob Markey, *The Ultimate Question 2.0* was published by Harvard Business Review Press.

3. Making the mission of earning customer and employee loyalty your company’s #1 priority.

“In just eight years, NPS has evolved from a powerfully simple metric for measuring cus-

tomers’ loyalty to a full-blown business system for earning the loyalty of your customers and employees,” said Rob Markey, co-author and global head of Bain & Company’s Customer Strategy and Marketing Practice. “This is no longer about simply taking your customer’s pulse, it’s about creating a culture through a systematic approach to fostering enthusiastic loyalty.”

The Net Promoter Score (NPS is a registered trademark) of a company is a common measure of customer loyalty and is calculated by taking the percentage of customers who are promoters (P) and subtracting the percentage who are detractors (D), based on their response to the “Ultimate Question:” How likely is it that you would recommend this company to a friend or a colleague? Responses are measured on a scale of 0 to 10; 9 and 10 are promoters, 7 and 8 are passives and 0 to 6 are detractors.

Companies that use the score find a tight link between profitable growth and NPS. In most industries, including financial services, retail, technology and telecommunications, the NPS leader has grown at more than twice the rate of the competition.

A full range of resources about the NPS system and approach, including podcasts, case studies, reports on how specific (and varied) types of business are using the surveys as well as helpful quizzes and a free e-newsletter are available on Bain & Company’s website at www.netpromotersystem.com/index.aspx. ■

CX: Using Data and Empathy With Customers

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“micro data”—details about an individual customer’s buying patterns and preferences—that can create the connection that drives growth.

Of course, if consumers are spending time and money while online, those actions and decisions are data that can be captured. With the right software, retailers can know what shoppers are looking at and what catches their attention. It’s possible to customize the online experience so that retailers can shape the customer’s experience, based on what they’ve already shown they want to see.

Hyken noted that Millennials “tend to be more tech savvy and interact with companies differently than older generations. They have a lower tolerance level for slow response time and are open to newer and different forms of communication.” The field of “cognitive analytics” is going to be big in 2016 and beyond, he said, as software takes the mass of data about consumer behaviors and turns it into strategies for retailers in every sector.

No matter what channel your customers might use, there are some basics that every retail sector needs to do. One of them is capturing the power of

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“The key to winning big is empathy: The capacity to recognize and respond to emotions and aspirations of customers,” says Think Round.

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Addressing Customer Experience Through Focus and Feedback

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social media to amplify word-of-mouth marketing. When customers have a good retail experience they have more ways than ever to share that with their cohorts, and that kind of referral is the gold standard when it comes to marketing.

Thousands of companies and brands, large and small, have been able to tap into what's become known as "The Ultimate Question": Would you recommend this business to a friend? The resulting Net Promoter Score (NPS) is a system and a concept that can be adapted in full or philosophically in part by businesses of all sizes. (See sidebar, page 30).

Authors of "The Ultimate Question," Fred Reichheld and Bob Markey have counseled clients the world over to communicate the principles of their work which measures how owners and executives are revolutionizing the experience of their customers through business practices that put the customer first.

Using the formal NPS system or engaging customers with pre- and post-visit surveys can also accomplish similar goals and set retailers and ECPs on their way to addressing today's CX demands. ■

—Marge Axelrad with contributions from Robert Burke

ARE YOU EXPERIENCED?

TO CREATE A CUSTOMER EXPERIENCE THAT TRULY DELIGHTS, ANSWER THESE FIVE QUESTIONS:

- 1 What do we want to stand for in the eyes of our customers?
- 2 Which actions will have the greatest effect on our target customers?
- 3 How can customer feedback promote learning and behavior change?
- 4 What aspects of their experience would our customers want to change?
- 5 How can we anticipate and mitigate risks in order to sustain the changes?

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The five disciplines of customer experience leaders
April 08, 2015
www.bain.com/five-disciplines

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