Customer Experience: An Emerging Source of Sustainable Competitive Advantage

Saakshi Bhandari
Delhi School of Economics, Delhi University

Abstract: In an ever growing dynamic marketing environment, customer experience is becoming the new age differentiator. There has been a paradigm shift from building “product brands” to “strong customer relationships based on improvised service quality” to “creation and management of compelling customer experiences”. Customer experience sees customers as beyond rational beings seeking fulfillment of their emotional, hedonic and sensory aspirations. Given the fact that customer experience (whether good, bad or indifferent) arises in the course of the interactions that he/she has with the organization across multiple touch points during the entire customer lifecycle and has the potential of a possible influence on other related aspects of customer satisfaction, customer loyalty etc., makes it an interesting field of study and further research. The major objectives of this study were as follows:

1. Introduction

With the ever evolving dynamic marketing environment, there has been a considerable shift of focus in context of the building blocks to achieve a distinctive competitive advantage. From emphasizing on developing powerful “Product brands” to “Building strong customer relationships through improvised service quality” to “Creating compelling customer experiences”; there has been a paradigm shift. The concept of customer experience recognizes customers as more than just rational beings, seeking fulfillment of their emotional, sensory and hedonic aspirations.

Besides, literature reviews customer experience as an inherently personal and subjective phenomena existing primarily in the mind of the customer. Thus, no two customers can ever have the exact same experience. This makes customer experience an attractive proposition for leading edge companies to be developed as a source of building a sustainable competitive advantage in the advent of excessive commoditization.

2. Methodology

The research methodology comprises a thorough study of secondary sources of data. Articles, mainly from reputed journals of marketing and related fields were reviewed in order to gain an insight and conceptual understanding of the topic. Besides, a few e-resources including articles, blogs and videos and sections of some specific books were also used for deeper understanding of the concept and its application.

3. Literature Review

Conceptual framework

In today’s world, customer experience is emerging as the new-age differentiator. The competitive battleground of differentiators is also changing. In the 1970s, the differentiator was
quality or functionality; in the 1990s it has been brand and price; in the early 2000s, it is service, information and delivery (Shaw and Ivens, 2002, p. 2). All these attributes are considered as givens today; that is, customers take them for granted and feel entitled for them. Currently, in the mid-2000s, it is customers’ emotional attachment with the brand, the brand community and the brand company via customer experience that is gaining importance in the literature (Anderson et al., 2006; Barber and Strack, 2005; Bendapudi and Bendapudi, 2005; McGrath and Macmillan, 2005; Mascarenhas et al., 2004; Narayandas, 2005; Selden and Macmillan, 2006).

It is a stream of experiences that will develop over time (and not a specific experience) in order to achieve a sustainable competitive advantage because the specific experience encounter will lose its novelty the next time it is encountered (Palmer 2010). Delivering total customer experience (TCE) goes beyond mere customer satisfaction and is a relatively new concept since satisfied customers could still defect (Jones and Sasser, 1995). In the past, companies have primarily focused on the physical aspects of the product, while totally neglecting the emotional and value aspects and hence, losing many customers in the long run (Nunes and Cespedes, 2003).

Different authors have defined customer experience from different perspectives. Some of these have been discussed below.

The term experience economy possibly originates with Pine and Gilmore (Gilmore & Pine II 1997; Gilmore & Pine II 2002) who make the overt claim that experience represents a move beyond products and service. Their work, echoed by many at that time, focused the discussion of experience upon immersive environments such as Starbucks, American Girl Dolls (2004), Harley Davidson outings (Schouten & McAlexander 1995) or white river rafting (Arnould & Price 1993). Nonetheless, this encouraged researchers to rediscover much earlier scholarship arguing that people buy goods and services as a means to fulfill deeper emotional, sensory and hedonic aspirations. With this lens, what matters to customers is how they experience the extended process of acquiring, integrating and deploying that which is necessary for them to achieve their aspirations and higher order goal, that is, value-in-use (Maklan and Klaus 2011).

Meyer and Schwager (2007) define customer experience as the internal and subjective response customers have to any contact (direct or indirect) with a company. Customer experience is a holistic concept that encompasses every aspect of a company’s offering (Zomerdijk and Voss, 2009). The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual) (Gentile, Spiller, and Noci 2007, p. 397).

Another definition that defines the concept of customer experience as an evolution of the concept of relationship between the company and the customer is (Gentile, Spiller, and Noci, 2007): The Customer Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction (LaSalle and Britton, 2003; Shaw and Ivens, 2005). This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical and spiritual) (LaSalle and Britton, 2003; Schmitt, 1999). Its evaluation depends on the comparison between a customer’s expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact or touch-points (LaSalle and Britton, 2003; Shaw and Ivens, 2005).

This definition conceptualizes customer experience as a multidimensional structure composed by the following elementary components:

- **Sensorial Component**
  A component of the customer experience whose stimulation affects the senses; an offering, whose aim is to provide good sensorial experiences, can address sight, hearing, touch, taste and smell so as to arouse aesthetical pleasure, excitement, satisfaction, sense of beauty. (good examples are Jamba Juice bars or Lush stores)

- **Emotional Component**
  A component of the customer experience which involves one’s affective system through the generation of moods, feelings, emotions; an offering can generate emotional experience in order to create an affective relation with the company, its brand or products. (good examples of brands which claim a strong emotional link with their customers are Barilla and Kinder Surprise)

- **Cognitive Component**
A component of the customer experience connected with thinking or conscious mental processes; an offering may engage customers in using their creativity or in situations of problem solving; furthermore a company can lead consumer to revise the usual idea of a product or some common mental assumptions.

(as happened with the Barbie, the first doll with the image of a young woman).

• Pragmatic Component
A component of the customer experience coming from the practical act of doing something; in this sense the pragmatic component includes, but is not exhausted by, the concept of usability. (The Apple iMac provides an optimal example of what it means to design an extraordinary practical experience for users based on usability standards.) In fact it does not only refer to the use of the product in the post-purchase stage, but it extends to all the product life-cycle stages.

(see for an example KitchenAid and Whirlpool’s initiative called Insperience).

• Lifestyle Component
A component of the customer experience that comes from the affirmation of the system of values and the beliefs of the person often through the adoption of a lifestyle and behaviors. Frequently an offering may provide such experience because the product itself and its consumption/use become means of adhesion to certain values the company and the brand embody and the customers share.

(as in the consumption of no logo products).

• Relational Component
A component of the customer experience that involves the person and, beyond, his/her social context, his/her relationship with other people or also with his/her ideal self. An offering can leverage on such component by means of a product which encourages the use/consumption together with other people (i.e. Disneyland parks) or which is the core of a common passion that may eventually lead to the creation of a community or still a tribe of fans (i.e. Ducati); finally the product (as haute couture apparel) can be also a means of affirmation of a social identity, inducing a sense of belonging or of distinction from a social group; in this case the link with the lifestyle component is very relevant.

Berry, Carbone & Haeckel (2002) suggest that in order for organizations to compete by providing customers with satisfactory experience they must orchestrate all the “clues” that people detect in the buying process. They further state that companies must gain an understanding of the customer’s journey from the expectations they have before the experience occurs to the assessments they are likely to make when it’s over. Using that knowledge, companies can orchestrate an integrated series of “clues” that collectively meet or exceed people’s emotional needs and expectations. The internalized meaning and value the clues take on can create a deep-seated preference for a particular experience — and thus for one company’s product or service over another’s.

As per the authors anything that can be perceived or sensed — or recognized by its absence — is an experience clue. Thus the product or service for sale gives off one set of clues, the physical setting offers more clues, and the employees — through their gestures, comments, dress and tones of voice — still more clues. Each clue carries a message, suggesting something to the customer. The composite of all the clues makes up the customer’s total experience. These clues can be classified into two categories:

• Functional Clues
These concern the actual functioning of the good or service. Clues relating to functionality are interpreted primarily by the logical circuitry of the brain. These clues are “What” of the experience reflecting the reliability and functionality of the good or service.

• Emotional Clues
These concern the emotions and include the smells, sounds, sights, tastes and textures of the good or service, as well as the environment in which it is offered. Such clues tend to address emotions rather than reason, as people consider whether to buy or move on. These clues answer the “how” of the experience. These can be of two kinds:

❖ Mechanics
Clues emitted by things. These come from inanimate objects and offer a physical representation of the intangible service.

❖ Humanics
Clues emitted by people. They come from the behavior and
appearance of service providers—choice of words, tone of voice, level of enthusiasm, body language, neatness and appropriate dress.

To fully leverage experience as part of a customer-value proposition, organizations must manage the emotional component of experiences with the same rigor they bring to the management of product and service functionality. Further, all clue categories are synergistic rather than additive. They need to be melded to tell not only a cohesive story, but also a compelling one.

Table 1: Clues of customer experience.

<table>
<thead>
<tr>
<th>Type of Clue</th>
<th>Emitted by</th>
<th>Interpretation</th>
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<tbody>
<tr>
<td>Functional</td>
<td>Goods and services</td>
<td>Rational (“What” of the experience)</td>
</tr>
<tr>
<td>Mechanic</td>
<td>Overall service environment</td>
<td>Emotional (“How” of the experience)</td>
</tr>
<tr>
<td>Humanic</td>
<td>Service provider</td>
<td>Emotional (“How” of the experience)</td>
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Mascarenhas et al. (2006) reviewed a few cases (Disney World, The American Girl Place, Avis Rental Car, Apple’s iMac computer and Blyth Industries) to arrive at some common features prevalent in each of the analyzed cases. These were:
- Anticipating and fulfilling customer needs and wants better than competitors
- Providing real consumer experiences
- Providing real emotional experience
- Experiences as distinct market offerings
- Experiences as interactions
- Experiences as engaging memories

From these cases, they extracted a workable definition of Total customer experience (TCE):

It is a totally positive, engaging, enduring, and socially fulfilling physical and emotional customer experience across all major levels of one’s consumption chain and one that is brought about by a distinct market offering that calls for active interaction between consumers and providers.

This definition has several implications:
- TCE must have a right blend of both physical and emotional elements along all the stages of the customer experience and value chain, that is, all moments of customer contact with the producer.
- TCE is a powerful form of product/service augmentation. Experience depends upon product and service but clearly transcends it.
- TCE has an internal or subjective component (emotional, intellectual and social experience), and an external or objective component (distinct and real product offering, real experience potential, producer-customer interaction potential along all points of the production-consumption chain)
- The distinct market offerings that generate such experiences must have sustainable competitive advantages over most competing products (Gilmore and Pine, 2002)
- TCE as an emotional and subjective experience is uniquely personal and changeable with the customer, product or service.

Verhoef et al. (2009) define customer experience as: Customer Experience construct is holistic in nature and involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those elements which the retailer can control (e.g., service interface, retail atmosphere, assortment, price), but also by elements that are outside of the retailer’s control (e.g., influence of others, purpose of shopping). Additionally, we submit that the customer experience encompasses the total experience, including the search, purchase, consumption, and after-sale phases of the experience, and may involve multiple retail channels.

This holistic conceptualization of the customer experience differs from most studies in the retailing literature which have focused on elements of the retail environment which are under the control of the retailer and how these elements influence specific customer responses.

Another perspective is that customer experience is comprised not just of easily identifiable hedonistic motivators, but “hygiene” factors whose presence in a customer experience may only be noticed by their absence (Palmer 2010).

Customers don’t much care about those singular touchpoints (the many critical moments when customers interact with the organization and its offerings on their way to purchase and after) rather cumulative experiences across multiple touchpoints and in multiple channels over time. Thus, focusing on the singular touchpoints creates a distorted picture.
and diverts attention from the bigger and much more significant picture the customer’s end-to-end journey (Rawson et al., 2013).

<table>
<thead>
<tr>
<th>The Problem</th>
<th>The Argument</th>
<th>The Solution</th>
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<tbody>
<tr>
<td>Many companies excel in individual interactions with customers, but they fail to pay adequate attention to the customer’s complete experience on the way to purchase and after.</td>
<td>Companies that perfect customer journeys reap enormous rewards, including enhanced customer and employee satisfaction, reduced churn, increased revenues, lowered costs, and improved collaboration across the organization.</td>
<td>Companies need to combine top-down, judgment-driven evaluations and bottom-up, data driven analysis to identify key journeys, and then engage the entire organization in redesigning the customer experience. This requires shifting from siloed to cross-functional approaches and changing from a touchpoint to a journey orientation.</td>
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Companies need to embed customer journeys into their operating models in four ways: They must identify the journeys in which they need to excel, understand how they are currently performing in each, build cross-functional processes to redesign and support those journeys, and institute cultural change and continuous improvement to sustain the initiatives at scale (Rawson et al., 2013).

As the scientific contributions are rich and diverse, so are the different interpretations and conceptualizations of the customer experience offered by each author, nevertheless, despite the differences of perspective and the various models proposed, one can identify some common core characteristics of customer experience.

First, it has a temporal dimension which originates from the entire set of contact points (or moments of truth, Carlzon, 1987) between the customer and the company, or the company’s offer (Addis and Holbrook, 2001; Caru’ and Cova, 2003; LaSalle and Britton, 2003). Then, it is strictly personal and it involves and engages a customer at different levels (rational, emotional, sensorial, physical and also “spiritual”) so as to create a holistic gestalt (Brakus, 2001; Schmitt, 1999).

Customer experience and related concepts

Customer Experience and Customer Relationship. Academic study of relationship marketing has been criticized because of the lack of attention given to consumers’ emotional state and the effect of emotions on the strength and longevity of a relationship. A growing body of literature now points to the role of positive and negative emotions consumers associate with a service encounter, or sequence of encounters, in determining future behavioral intention (Allen et al., 1992; Oliver, 1993; Richins, 1997; Barsky and Nash, 2002). There has been increasing recognition that the broader concept of customer experience is crucial to understanding reasons why customers defect from a relationship (Sharma and Patterson, 2000).

There have been many reports that implementation of customer relationship management fails to deliver the promised relational benefits (Barnes, 2002). It has even been noted that companies’ use of relational strategies have led to a deterioration of consumers’ trust. O’Malley and Prothero (2004) noted three main areas of concern: the relational rhetoric employed by firms; the motives behind customer care and loyalty programmes; and the use of marketing techniques considered to be intrusive and unacceptable. Consequently, relationship marketing was seen to have the unintended consequence of making consumers more distrustful of organizations than before such strategies were adopted (O’Malley and Prothero, 2004). One response by businesses to the emerging ideas of relationship marketing was the appointment of customer relationship managers. Initially confined to managing large commercial buyers, such managers were subsequently appointed to manage much lower value and higher volume transactions with personal consumers. Information technology may have greatly increased the communication possibilities, but could not provide a substitute for the type of close emotional relationships described by Peppers and Rogers (1993). As O’Malley and Prothero suggested, relationship marketing can get in the way of consumers enjoying a brand, rather than facilitating it (Palmer, 2010).
As the number of contact points between a company and its customers increased, such attention to the customer revealed the fundamental importance of monitoring the many experiences that originate from those contact points and thus expanding the transaction-based notion of Customer Relationship to the “continuous” concept of customer experience. (Gentile, Spiller and Noci, 2007)

Relationship marketing remains challenged by evidence that customers who are satisfied with their relationship may nevertheless not return to a service provider (Brady and Cronin, 2001; Gerpott et al., 2001). At an operational level, buyer-seller relationships in business-to-consumer markets have generally failed in their attempts to emulate the interpersonal relationships characterized by Pepper and Rogers’ (1993).

O’Loughlin et al. (2004) proposed the notion of “experience” as a more relevant and managerially useful construct than “relationship”. Their study identified three levels of customer experience, conceptualized as brand, transactional and relationship experience.

**Customer experience, customer satisfaction and service quality.** Meyer and Schwager (2007, p. 2) view customer satisfaction as a measure of “the culmination of a series of customer experiences or, one could say, the net result of the good ones minus the bad ones”.

Palmer (2010) put forth that when defined as a global attitude adjustment following a single encounter, or series of encounters, satisfaction shares many of the characteristics of the emerging construct of customer experience. However, it has been observed that satisfaction is an inadequate construct to explain behavioral intention, and there is mixed evidence of the consequences of high levels of service quality and customer satisfaction, with some doubts expressed that high levels of satisfaction result in repeat purchase behavior (Brady and Cronin, 2001). Ambiguity over this link may be explained by the confounding effects of other elements that make up customer experience.

Measures of quality and satisfaction have been criticized for bias towards cognitive rather than affective outcomes, although it has been acknowledged by some (e.g. Rust and Oliver, 1994) that customer satisfaction is a cognitive or affective reaction to a single or prolonged set of service encounters. Getty and Thompson (1994) defined satisfaction as a “summary psychological state experienced by the consumer when confirmed or disconfirmed expectations exist with respect to a specific service transaction or experience”.

Service providers may be interested in perceptions of that part of a service offer that they control, but consumers’ perception of their “total experience” may embrace other non-controllable components, for example a dominant element of the experience of dining at a restaurant may be the lack of available public parking spaces. Furthermore, anticipation of an event may be perceived as part of the experience. Dis-confirmation models treat expectations as being distinct from performance, and form a benchmark against which subsequent performance is assessed. However, there is increasing evidence that anticipation of an event may itself be an important experiential benefit, evidenced by the way that some organizations use queues and waiting time to generate emotions of excitement and anticipation for the main event (Cowley et al., 2005).

Application of service quality measurement techniques have suffered from a relatively static analysis of the components of overall quality, without taking sufficient account of their dynamic interaction over time. It has been suggested that long-term attitude change does not derive equally from all components of service quality, and it may be expected that some components of the total experience are more likely to persist as long-term attitude adjustment (O’Neill and Palmer, 2001).

Most quantitative approaches to understanding service quality have used linear measures of performance, despite a suggestion that consumers’ response to quality improvement may be non linear (Cronin, 2003; Galloway, 1999). One non-linear approach, empirically undeveloped, is the concept of “customer delight”, defined as an unexpectedly high level of service quality which surpasses expectations (Cronin, 2003). However, like experience, delight may be a transient concept, because today’s delights form the basis of tomorrow’s basic expectations.

Finally, discussion of service quality has not adequately addressed situations where value derives from sacrifice and the inner directed experimental benefits which some cultures associate with suffering. There is now an extensive literature on religious experiences (e.g. Bruce, 2002; Ritzer, 1999) and
study of behaviors and emotions evoked by religious experience may inform study of the inner directed nature of customer experience.

Maklan and Klauss (2011) asserted that service quality is originally conceptualized as a gap between expectations and the consumer’s overall assessment of the service encounter (Parasuraman et al. 1988). This concept led to the popular management adage of needing to “delight” customers by always exceeding their expectations. Service quality’s most popular measure is SERVQUAL, a 22-item scale whose dimensions are: reliability, assurance, tangibility, empathy and responsiveness.

The authors have suggested the following to conceive an appropriate measure of experience quality:

- Experience reflects customers’ overall assessment of value rather than in relation to expectations, highlighting the importance of these perceptual attributes. These attributes reflect customers’ higher order objectives leading to purchasing behavior better than technical aspects of service do, the latter subject to frequent changes due to technology and competition. Therefore perceptual attributes are more stable as the focus of evaluation of experience (Parasuraman et al., 2005).
- Individual components of a service encounter may be assessed as “good quality” but that does not automatically mean that the overall experience is judged by high quality, nor does measuring the components of service quality ensure that customers achieve their desired outcomes.
- SERVQUAL (Sureshchandar et al. 2002) to capture customer experience fully and marketing scholars suggest a broader and holistic conceptualization, and therefore measure, of experience (Verhoef et al. 2009). Gentile et al. (2007, p.397) suggest “customer experience ...is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual)".
- Customers take a longitudinal perspective when assessing their experiences and will believe that they have had experience with a company even before they have bought something; this arises from advertising, promotion and word-of-mouth. Therefore, Market Researchers need to measure customer experience before and after the service encounter(s) and account for both direct and indirect contacts and peer influences (Berry et al. 2002; Payne et al. 2008).

- Experience is likely to arise across channels, the cumulative effect of numerous encounters, rather than being driven by a single episode.
- Experience research should enable more direct, empirically validated effects upon customer behavior to improve accountability.

**Customer experience and service.** A product is a thing whereas a service is an activity – a process – which involves the treatment of a customer (or user) or something belonging to them, where the customer performs some role in the productive activity, i.e. the steps in the service process (Wild, 1977; Sampson, 2005; Sampson and Froehle, 2006). Defined as such, “service” is much more than the point of staff-customer interaction, sometimes referred to as customer contact (Chase, 1981) or the moment of truth (Normann, 2000).

While a service is the process or activity, the customer’s experience is their personal interpretation of the service process and their interaction and involvement with it during their journey or flow through a series of touch points, and how those things make the customers feel (Csikszentmihalyi, 2000; Ding et al., 2010; Johnston and Clark, 2008; Meyer, 2007; Pullman and Gross, 2004; Shaw and Ivens, 2002). The experience (and value, Vargo and Lusch, 2004) is perceived purely from the point-of-view of an individual customer and is inherently personal, existing only in the customer’s mind. Thus, no two people can have the same experience (Pine and Gilmore, 1998).

Thus, the journey of customer experience can both precede the service encounter and continue after it. (Berry et al. 2002)

**Online Customer Experience (OCE).**There has been a surge in the range of online customer-organization interactions with the emergence of the internet as a robust distribution and communication channel. The advent of mobile commerce has seen an increase in consumer use of the Internet via mobile devices, which have evolved from one-to-one communication
pieces to highly versatile forms of technology facilitating a wide range of tasks supporting customer interaction (Coursaris and Hassanein 2001)

Comparison between online and offline customer experience:
- Degree of personal contact, which can range from very intensive in a face-to-face context to non-existent online
- Differences exist in the two contexts in relation to the manner in which information is provided. The online context enables very rich provision of information, whereas face to face this may be more limited or may occur over a range of formats (e.g. brochures, posters, customer sales representatives)
- Time period for interactions.
- Brand presentation - Online, the brand is presented in a predominantly audio-visual way, whereas offline opportunities exist for the brand to be experienced via a range of artifacts such as staff and their presentation, buildings and facilities, vehicles, livery and other tangible elements.

Table 3: Comparison of traditional face-to-face vs. online customer contexts.
Source: (Rose et al., 2010)

<table>
<thead>
<tr>
<th>Basis</th>
<th>Offline Context</th>
<th>Online Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Contact</td>
<td>High to Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Information Processing</td>
<td>Varies in intensity over different media.</td>
<td>Intensive</td>
</tr>
<tr>
<td>Time period for interactions</td>
<td>Dictated by Organization</td>
<td>Dictated by Customer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anywhere.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anytime.</td>
</tr>
<tr>
<td>Brand Presentation</td>
<td>Range of tangible devices</td>
<td>Audio-Visual</td>
</tr>
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</table>

The concept of Online Customer Experience is assumed it to be made up of cognitive and affective states. The rationale for this is that cognitive and affective factors have similarly been identified as internal states within online purchase behavior models (Eroglu et al., 2001).

If a definition of OCE is to build on the existing conceptualization of CE in the offline context, it should encompass elements of emotional processing as well (Hair et al., 2009).

Significance of Customer Experience

Given that people have become relatively immune to the messages broadcast at them the way to reach out to your customers is to create experiences with them. This calls for a shift in focus from experiential marketing (that is giving your marketing promotions more sensory appeal by adding imagery, motion, tactile materials and other sensory components) to marketing experiences (that is create absorbing venues – real and virtual where customers try out new offerings immerse in engaging experiences). Thus the fundamental dictum to be followed to create demand is: develop, launch and manage customer experiences that make marketing superfluous (Gilmore & Pine II, 2002).

Understanding the emotional wants of customers who don’t always buy goods and services bound by rationality can forge emotional bonds with them that are not just difficult to sever but also create a pool of loyal customers. The functional and emotional clues used as complementary forces to create benefits of synergy lead to a holistic nature of Customer experience that makes it difficult for the competitors to imitate (Berry et al, 2002).

Fusing experiential breadth and depth, using mechanics and humanics to improve function and connecting emotionally with the customers can create distinctive customer value, develop and deliver “The Brand” as an experience instead of focusing on individual messages communicating emotional values to build compelling customer experience (Berry et al., 2003).

Developing total customer experiences that are engaging and lasting are intangible assets that add immeasurably high brand equity and are extraordinarily valuable in terms of customer loyalty, referrals and the lifetime brand value they create.

TCE transcends standardization, mass customization and personalization. Regardless of best customizations, some customers may capture TCE in highly standardized products and marketing messages driven by unique customer-provider interaction enabling the customers themselves to customize the product-service and marketing promotions.

TCE optimizes value along the total consumption chain and can also engage the customer at the production-stage (e.g. Lands End). For instance, the customer could be an active co-conceiver, co-designer, co-producer, co-packager, co-pricer, co-
promoter and co-distributor of the product. (Mascarenhas et al., 2006)
If and when one’s product or service does not match the competitor’s in quality (which is often the case; e.g. Ford vs. Toyota), then all is not lost; one can still maximize the TCE with non-product related emotional and value attributes, benefits and services, such that TCE leads to LCL. This could be a blue ocean strategy that avoids head on competition when it cannot successfully fight it (Kim and Mauborgne, 2004).

An organization cannot manage customers’ emotions, but it can manage the clues embedded in customers’ experiences with the organization that trigger their emotions. Those emotions consciously and unconsciously influence attitudes that drive behavior. (Berry and Carbone, 2007)

Organizations able to skillfully manage the entire experience reap enormous rewards: enhanced customer satisfaction, reduced churn, increased revenue, and greater employee satisfaction. They also discover more-effective ways to collaborate across functions and levels, a process that delivers gains throughout the company. Performance on journeys is more predictive of business outcomes than performance on touchpoints is. Indeed, across industries performance on journeys is 30% to 40% more strongly correlated with customer satisfaction than performance on touchpoints is—and 20% to 30% more strongly correlated with business outcomes, such as high revenue, repeat purchase, low customer churn, and positive word of mouth.

Moreover, the companies that excel in journeys have a more distinct competitive advantage than those that excel in touchpoints. Optimizing a single customer journey is tactical; shifting organizational processes, culture, and mindsets to a journey orientation is strategic and transformational resulting in much greater benefits. It creates a culture that’s hard to build otherwise, and a true competitive advantage goes to companies that get it right (Rawson et al., 2013).

4. Conclusion

Customer experience is evolving as a robust differentiator in the advent of excessive commodisation. There has been a paradigm shift from the use of product to service to relationships and now to customer experiences as sources of building sustainable competitive advantage. Customer experiences – compelling and memorable have the potential of making marketing superfluous. With the increasing complexities due to increase in the number of touchpoints at which the customers interact with the company and its offering throughout the customer life cycle, it is becoming imperative for the companies to design, launch and manage customer experiences well to create a pool of delighted customers and avail the benefits of customer loyalty, positive word of mouth, customer re-purchase decisions to name a few. Customers have experiences all the time – good, bad or neutral. It is crucial to orchestrate the right clues both functional and humanic and use them in synergy to forge deep emotional bonds with the customers that create a culture which is nearly impossible for the competitor to replicate.

Customer experience transcends all related facets of customer satisfaction, service quality, customer relationships etc. and is a much more profound phenomenon and has a lasting endurance. Some of the difficulties highlighted in the literature such as complexity of context specific variables, non-linearity of customer experience, conditioning of experience by differences across individuals, time, emotional states etc. and identification of an optimal level of experience have to be considered. A robust measurement scale needs to be developed based upon an overall cognitive and emotional assessment of value from the customer’s perspective needs to be developed which can be validated against behavioral and attitudinal measures.

Although some research has been done in this domain, there is still a lot of room for empirical research across various industries to understand the concept and applicability of this construct in the real world. There is also a lot of scope for research in the field of online customer experience and use of personalization as a technique to create compelling customer experience.

5. Limitations

The limitations of this study are that due to a time constraint only selected sources of literature could be reviewed. Further, no empirical work has been done as a part of this study.

References


