

# Announcing KPMG Nunwood ...

... the combination of the UK's leading customer experience agency with KPMG, one of the world's largest and most trusted consulting firms.

We now have a single combined capability that has the power to transform our clients' customer experiences. It enables our clients to deliver against their biggest strategic challenges and to create sustainable competitive advantage through improved customer experience and business performance.

Together we deliver:



## **Market leading CX strategies:**

We bring global, cross-industry, best-in-class insights based on 18 years of customer research and analysis to help our clients understand what they need to do to excite their customers.



## **Enterprise wide CX transformation:**

Customer focused methodologies and solutions that put customers at the heart of an organisations' decisioning processes. Using real time customer insight to drive real commercial benefits.



## **Customer journey transformations:**

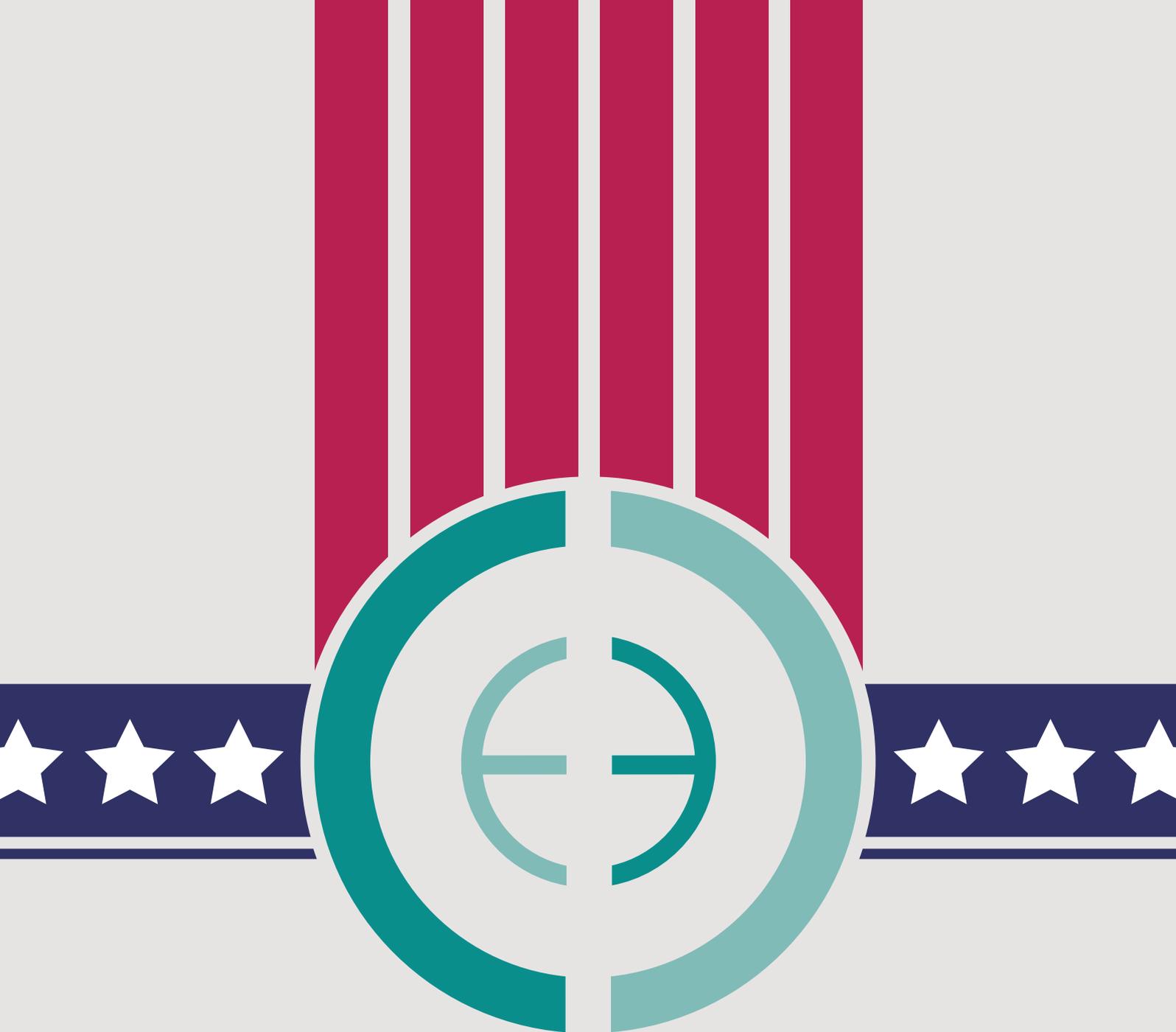
A single trusted advisor relationship to deliver innovative changes to how your customers engage with you - deploying advanced customer analytics, decision science, digital technology and culture change to build deeper and more enduring customer relationships.



## **Advanced customer experience measurement technologies:**

An economically proven framework and a propriety technology platform that can bring the voice of your customer to the people who can make a difference - in real time.

Overleaf is a report developed recently by Nunwood prior to the combination of the two businesses.



# HAVE A NICER DAY

Learning from the USA's Customer  
Experience Leaders

.....  
Customer Experience Excellence Centre 2015 USA Analysis

Tim Knight, David Conway & Tamsin Jenkins



nunWOOD  
experience excellence



“ There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else. ”

Sam Walton, Founder, Walmart and Sam's Club

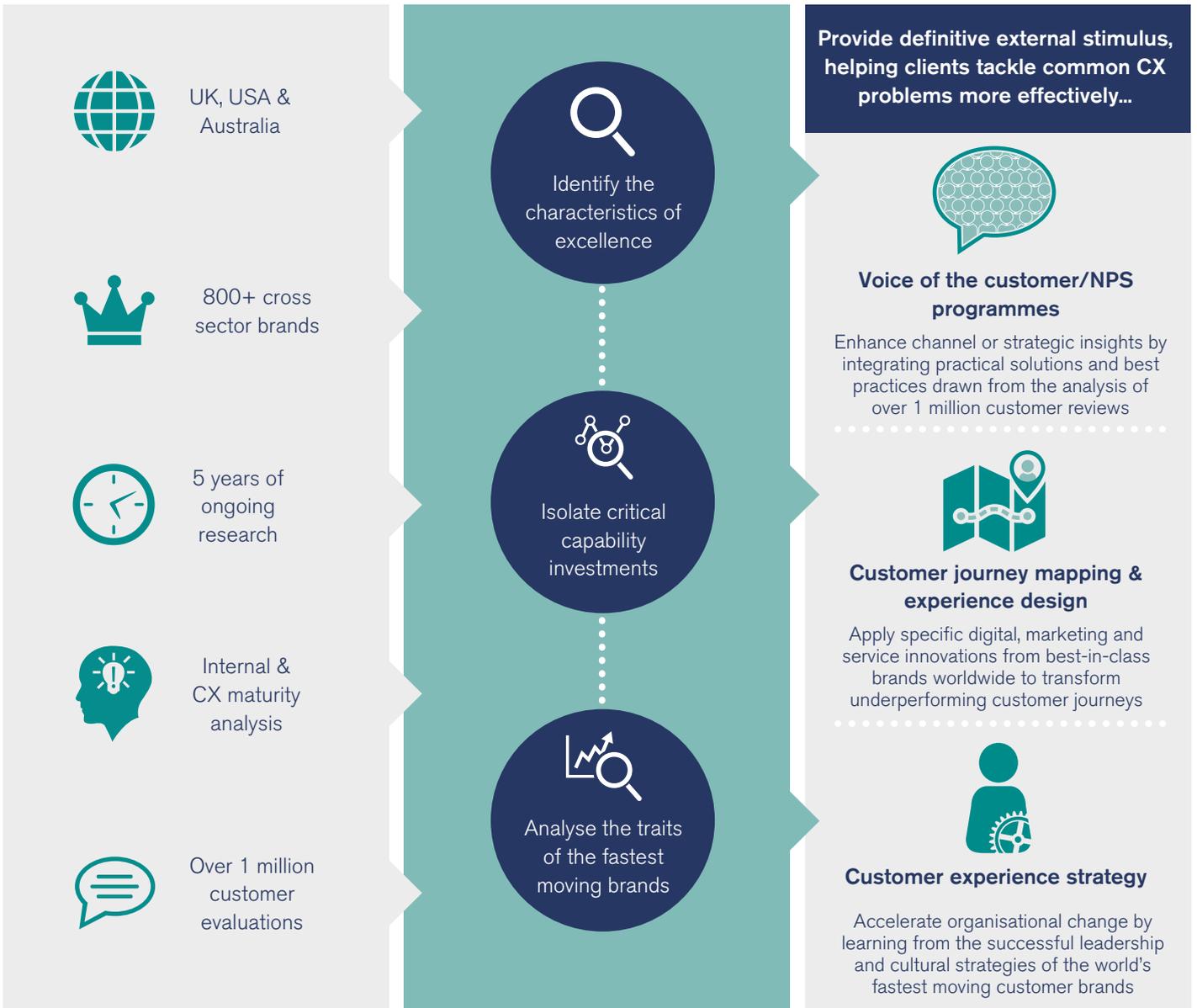


**Nunwood's Excellence Centre is focussed on researching, analysing and applying customer experience best practice from around the world.**

**RESEARCH**

**ANALYSE**

**APPLY**



★★★★ THE 2015 USA STUDY ★★★★★



Research conducted in February 2015



7,500 US customers evaluated 225 US brands

Spanning:



Financial Services



Entertainment & Leisure



Travel & Hotels



Telecoms



Utilities



Restaurants & Fast Food



Non-Food Retail



Grocery Retail



Logistics

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# 01. Foreword

## **Learning from best practice is an increasingly vital leadership capability.**

As economic recovery drives fresh rounds of investment, executive teams on both sides of the Atlantic are challenged to simultaneously improve customer experiences and accelerate growth. This is a complex, omnichannel change management problem, set against a backdrop of rising customer expectations and narrowing competitive differentiation.

By studying international best practice, ways forward become clearer. The chances are that somewhere, some other business has faced similar customer issues, overcome them and triumphed. By understanding the cultural and management models of the world's fastest improving brands, executives can unlock that same agility in slower moving organisations.

Looking at commonalities across the world's strongest brands also helps address the two biggest problems with the emerging discipline of customer experience management. Firstly, a 'problem of definition', or – put simply – what does a good customer result look, sound and feel like? In highly specific terms, what outcomes should our investments be focussed on and what is the commercial value of achieving them?

Secondly, a 'problem of complexity': the need to translate multiple good intentions, systems, strategies and projects into a single, effective direction. Many organisations find it relatively easy to have customer-centric functions, very few create a unified, consistent customer-centric culture.

Nunwood's Customer Experience Excellence Centre exists to address these and other problems by studying international best practice. For five years it has been comprehensively researching the UK, US and Australian markets. It has a clear mission: to understand, adapt and apply the customer practices of the world's best brands to organisations who can benefit from them.

This report is the 2015 analysis of the US market, drawing on 7,500 customer interviews and evaluations of 225 businesses conducted in February 2015. It is specifically written for a UK audience, reflecting on how American best practices can be applied to UK challenges. This is particularly pertinent in light of recent UK performance, where the overall rate of customer experience improvement has stalled at less than 1%.

By examining American best practice, UK executives and customer professionals can tap into external stimulus and fresh thinking, free from everyday pre-conceptions or competitive fixation. And – as this report shows – American best practice is abundant.

**Tim Knight**  
Senior Partner

**David Conway**  
Senior Partner

## 02. Executive summary

**American customers have nicer days. In 2015, not only are there more examples of excellent US customer brands than in the UK, but experiences are consistently better.**

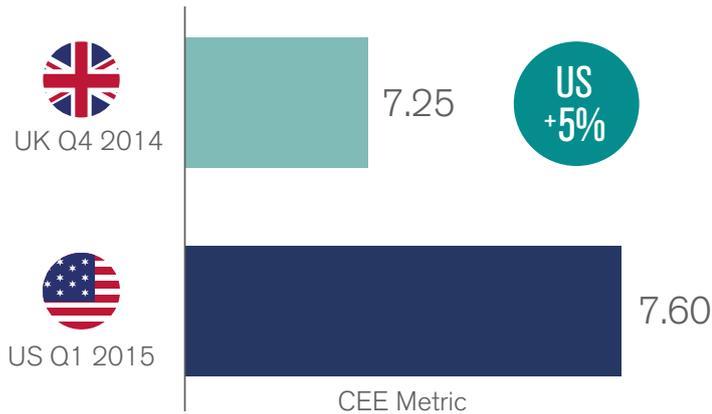
- Across 2015, an average US citizen enjoys experiences with 10 times more 'outstanding' brands than their UK cousins. These are led by USAA (a financial provider) in 1st place. Six of the top 10 businesses are the leaders in the English speaking world, setting new standards of brilliance for others to follow.
- Compared to the UK, there is greater consistency from sector-to-sector. Industry 'glass ceilings' are not entertained – for instance, US utilities and logistics firms do far less to frustrate their customers compared to their underperforming UK counterparts.
- Four themes unite 2015's winners:
  1. **A service culture resurgent.** The service declines of the 90's and 00's have been reversed, as the twin forces of recent recession and customer experience management reignite America's innate 'have a nice day' ethos.
  2. **CEOs are customer experience pioneers.** The organisational leader sets the customer agenda and builds customer culture from the top down. Not as lip service to current management theory, but with genuine, religious enthusiasm.
  3. **Customer – driven innovation.** Leading organisations embrace the challenge of organising for continuous CX improvement, using new techniques and hot housing experience development in innovation labs.
  4. **Omnichannel supplants digital.** The last decade's digital fiefdoms have been abolished, with customers' omnichannel needs leading to integrated organisational structures, enabling customers to interact however, whenever and wherever they wish.
- The 2015 US analysis again points to The Six Pillars of Customer Excellence as the essence of the ideal experience: Personalisation, Resolution, Integrity, Time & Effort, Expectations and Empathy. Organisations delivering these emotional outcomes achieve better growth, retention and market performance.
- Customer experience management in the US is a more mature discipline, with every successful organisation focussing its marketing, operations, leadership, HR and systems investments on these goals. There is greater innate understanding and coherency than in the UK, with customer experience defining the change agenda for many firms, rather than simply being part of it.

# 03. The state of the nation

## US customer experience in 2015

On average, US customers enjoy significantly better experiences than their UK counterparts. This is more consistent across sectors. The leading brands in the US are the best in the world, providing UK leaders with rich sources of learning and best practice.

Overall performance UK vs US:



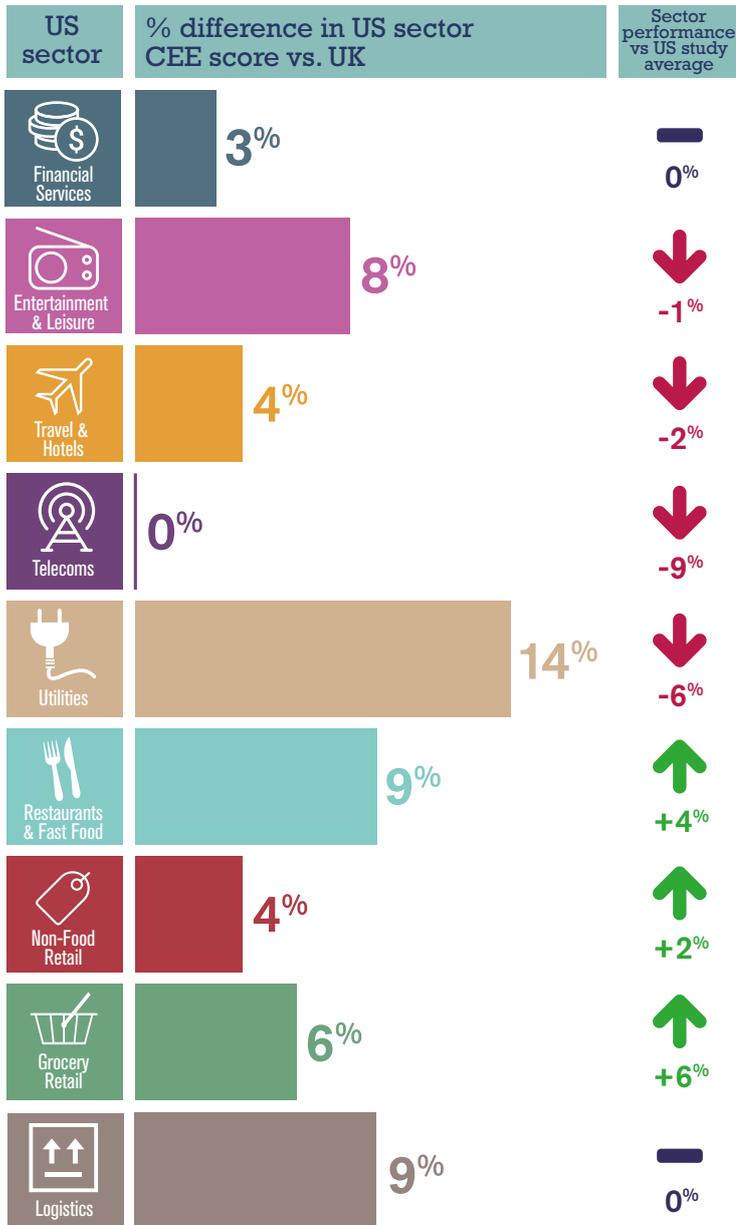
- On average, US brands outperform the UK by 5%. In customer experience terms, this is a big difference. It is the equivalent of taking a lower-performing top 100 UK brand (for instance, Greggs at 67th) and catapulting it into the top 10 (to join Waitrose and Marks & Spencer).
- With UK customer experience currently improving at less than 1% per annum, the current trajectory puts the US five years ahead. The message? UK brands would do well to look less for inspiration from their immediate competitors and focus on learning more from their counterparts across the Atlantic.

RANK 2015	BRAND	SCORE 2015	DIFFERENCE VS US AVERAGE
1		8.73	+15%
2		8.59	+13%
3		8.56	+13%
4		8.53	+12%
5		8.47	+11%
6		8.42	+11%
7		8.39	+10%
8		8.38	+10%
9		8.35	+10%
10		8.30	+9%

- In first place, USAA proudly leads the field, setting new standards of omnichannel excellence for over 10 million Americans. Occasionally dismissed by UK leaders due to its unique, military roots, it provides a rich vein of universally applicable customer experience best practice, so is examined throughout this report.
- The top 6 US brands are each stronger performers than the UK number 1 (First Direct). Consequently, there are more examples of world-class practice to learn from in the American market.
- As with First Direct in the UK, two financial firms perform outstandingly in the US top 10 (one being USAA, the other is investment specialist Edward Jones). This refutes the idea of a 'glass ceiling' for financial brands.
- Unlike the UK, we see a restaurant (Chick-fil-A) and airline (Southwest Airlines) appearing in the top 10, underpinning the role of service culture in creating excellence.
- For the full top 100 brands please see page 34.

# The state of the nation (cont.)

## US customer experience in 2015



- Every US sector, with the exception of telecoms, outperforms its UK counterpart. This is not simply due to a few top performing brands, but more consistent strengths across the board.
- For top performing sectors – retail, grocery and restaurants – what is good about them in the UK is magnified in the US. Whilst the underlying US service culture supports this performance, there are rich examples of digital and process innovation to draw on.
- Sectors that are weak in the UK, notably utilities and logistics, are significantly stronger in the US, despite challenging geographic and environmental circumstances. UK executives from these industries would be strongly advised to look for inspiration from their US counterparts.



### Financial services

- Superior Resolution defines the US financial environment. When things go wrong, staff are empowered to fix the problem. In the UK, this is seldom the case, with investments focussing on managing risk and streamlining the handling of complaints, once they've occurred.
- Digital innovation is better integrated into omnichannel reality. For leading brands, such as USAA, the customer agenda dictates the type and pace of technological change. For the best, 'digital' is not a team or department, but an integral tool in meeting customer goals.

“ I pay my credit card bill for my USAA credit card using their app. This method of payment is the easiest I've ever used and is very streamlined. I can link my savings account from my other bank to the app and I can directly pay my bill without having to transfer money which is awesome. ”

USAA customer, US CEE 2015



## Travel & hotels

- US geography means that travel brands manage more complexity. Things inevitably go wrong, but – compared to the UK – when they do, the US operators are hugely proficient at putting them right again and managing the emotional fallout.
- Innovations in digital and mobile technology are deployed by market leaders around pain-points in the journey, making the experience as frictionless as possible. From hotel check-in, to flight updates, minimising customer Time and Effort is paramount.

“ I was late for a connection in Denver. So I stepped off the plane, thinking I was going to need to wait in an endless line and plead my case for a rebooking, but immediately, I was met by a gate agent from Southwest and she handed me a ticket with my name on it - for the next available flight. ”

**Southwest Airlines customer,  
US CEE 2015**



## Utilities

- US utilities firms are generally weaker than those in other sectors, yet massively outperform their UK counterparts. The reason? They focus on creating long-term relationships, rather than short-term sales.
- In the UK, new customer experiences are generally positive, but weak brand affiliation is perpetuated by latter phases of the customer journey breaking down e.g. bills, queries, notifications.
- US utilities excel in handling the opportunity to turn an issue into a positive customer experience, whereas UK utilities falter in later phases of the customer journey.

“ We lost our power in a storm and they tried to keep us informed regarding the progress in restoring power. They did a very good job in getting us reconnected quickly. ”

**FPL customer, US CEE 2015**



## Non-food retail

- Customer convenience reigns supreme in the US retail sector. For leaders, digital innovations that create personalised, omnichannel experiences are starting to redefine what a retail experience can be.
- Service culture also plays a massive role. The successful retailers have focussed on recruiting for attitude, making sure their employees display genuine Empathy with customers, whilst doing everything possible to minimise Time and Effort.

“ I needed a prescription medication, and my insurance company had to be contacted in order to get it done. The workers at Rite Aid called my insurance and took care of all of it for me. They did it in a timely manner and gave me no trouble with it. They were nice and kind even though my insurance made it difficult to get it done. ”

**Rite Aid customer, US CEE 2015**



## Grocery retail

- For the US's best grocers, the way employees demonstrate Empathy with customers is central to their growth strategy. Staff members are encouraged to engage with customers, rather than simply managing processes or routine tasks.
- Integrity is also a major positive force. Unlike major UK grocery retailers, where food quality and pricing transparency scandals still scar customer relationships, the US leaders go out of their way to show they are acting in their customers' best interests.

“ Our culture is such that we believe if we take care of our associates, they in turn will take care of our customers. ”

**Maria Brous, Director of Media and  
Community Relations for Publix**

# Case study



1<sup>st</sup>

Rank in 2015

“ USAA has an uncompromising commitment to world class experiences – it’s simply in our DNA. Member satisfaction and retention are two key indicators of the memberships’ experience with USAA, and we are industry leading in both.

Tom Grothues,  
SVP Financial Foundations, USAA



## The Six Pillars: Scores vs Industry Average



PERSONALISATION

+12%



TIME & EFFORT

+12%



EXPECTATIONS

+19%



INTEGRITY

+17%



RESOLUTION

+15%



EMPATHY

+17%

As the number one brand in 2015, USAA are heralded as customer experience champions. Across each of The Six Pillars, USAA do something extraordinary. This is recognised in the scores they achieve, leading the world in four Pillars: Expectations, Integrity, Resolution and Empathy.

With military members and their families as their core customer base, USAA demonstrate Empathy by understanding how their customers feel. A large proportion of USAA employees are ex-military, and, if they’ve not served, training is steeped in military experience, from dining on ‘meals ready to eat’, to receiving a bona fide deployment letter to make them really think about the financial decisions their customers face.

USAA also achieve record scores for acting with Integrity, putting customer needs before company profits: “we practice down selling, ensuring the customer only gets exactly what they need.”

Add to this the investment USAA makes in technology, to reflect the specific needs of its customers and resolve the problems of its often remote and highly mobile member base. For example, it was the first financial services company to enable customers to check deposit balances via text message. They simply had to text their account number and would receive a reply with the information.

Again, recognising customer needs, and how difficult it can be for families when a member is posted abroad, USAA developed a cloud based app using social technologies to help manage this disruptive experience and put families in touch with each other.

For customers involved in a car accident, USAA have harnessed technology to offer the opportunity to initiate a claim at the scene, enabling photos and voice recordings to be attached to the claim at the time of the accident, with smartphones also

providing weather conditions and GPS co-ordinates. Similarly, its Nina (“Nuance Interactive Natural Assistant”) application provides a voice controlled personal banker, accessible from any mobile device.

USAA has proven itself to be a technology leader - not because the company is obsessed with technology, but because it is obsessed with customers.



### IMPLICATIONS



- **Help employees to experience the lives of their customers, from management through to call centre staff. Make your ‘customer closeness’ activity a programme: part of business as usual. Getting close to the everyday lives of customers is a continuous commitment.**
- **Technology investments are most powerful when precisely deployed around a pain point in the customer journey. Understand these first, then look at developing new capabilities.**



[More about USAA on the Excellence Centre.](#)

## 04. The American way

### Defining customer themes

US customer experience is triumphantly resurgent. This is underpinned by a return to the 'have a nice day' culture, coupled with pioneering leadership, omnichannel operating and customer-driven design.

For some UK observers, it is tempting to suggest American customers have a naturally more optimistic outlook. Or that some quirk of their national character means their expectations are lower, so US brands can achieve great customer outcomes from lesser standards of service.

This research shows that this isn't the case. Across all the dimensions of customer experiences evaluated, meeting expectations is the one area where the US struggles to beat the UK. Despite stronger performance on every other dimension, US consumers are least satisfied with how their expectations are being met. The emotional bar is higher.

The reason lies, in part, in the country's relative wealth: 49 US states have greater GDP per capita than the UK. With higher disposable incomes come higher expectations and more stringent customer experience challenges. This couples with a geographic challenge: there is greater complexity to manage in a country 38 times larger than the UK.

So, the challenge in the US is greater than that in the UK, yet still more brands achieve outstanding results. To understand how and why, an examination of the top performers reveals 4 central themes:

#### 2015 US customer experience themes



##### 1. A service culture resurgent

The service declines of the 90's and 00's have been reversed, as the recent recession combines with the emergence of professional customer experience management to reignite America's innate 'have a nice day' ethos.



##### 2. CEOs are customer experience pioneers

The organisational leader sets the customer agenda and builds customer culture from the top down. Not as lip service to current management theory, but with genuine, religious enthusiasm.



##### 3. Customer-driven innovation

Leading organisations embrace the challenge of organising for continuous CX improvement, using new techniques and hot housing experience development in innovation labs.



##### 4. Omnichannel supplants digital

Last decade's digital fiefdoms have been abolished, with customers' omnichannel needs leading to integrated organisational structures, enabling customers to interact however, whenever and wherever they wish.



# CX theme #1

## A service culture resurgent

In the 70's and 80's, visiting British holidaymakers were bowled over by the high quality of service delivered by US employees, characterised by the phrase 'have a nice day'. Often used, and seemingly always meant, it became the UK public's view of service in America.

But in the 90's and 00's this ethic slipped and US service seemed no better, and often worse, than service at home. The 'have a nice day' culture was no longer associated with caring employees but with fake smiles, forced bonhomie and a meaningless exhortation to 'have a nice day'.



Source: American Customer Satisfaction Index (ACSI):  
US overall customer satisfaction

However, tough economic times have a way of returning companies to fundamental business principles – and one of the most basic is customer service. All indicators now show that not only has the US rediscovered its service ethic – but its top companies are re-establishing themselves as world leaders in the field of customer experience.

The 2015 US analysis shows that the US top 10 companies now lead the world in how they think about and then deliver outstanding experiences.

Customers of these organisations now find themselves having a nicer day.

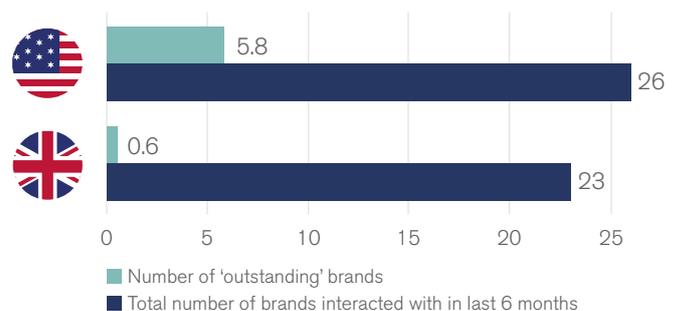
The fight back is being led by the supermarket, fast food and investment sectors, whereas telecoms, hotels and financial institutions remain a work in progress. The past doyens of the customer experience world, Zappos, Apple Store and Marriott, still perform well but are increasingly having to compete with supermarket chains, like Publix and Wegmans, and upmarket retailers, such as Nordstrom. These companies are not only moving the bar on customer service but are setting new standards in terms of the omnichannel customer experience.

This involves continuously finding new ways to excite and delight; taking the lead on setting and resetting the customers' expectations and finding new pathways to engage with the 'empowered, always on customer'. Most importantly, they are building organisations that have the cultural capabilities of doing this on a consistent, sustainable basis.

“ I tell my employees that we're in the service business, and it's incidental that we fly airplanes. ”

Herb Kelleher, Co-Founder, Southwest Airlines

The consequence of this? Americans interact with more outstanding brands on a more regular basis. If we define 'outstanding' as having a top of the scale CEE score (8 or above), then this helps us quantify what a 'nicer day' really is for US customers.



As the above chart shows, the average person in the UK is the customer of 0.6 'outstanding' brands. In the US, the figure is almost 10 times greater, with the average US consumer placing their business with 5.8 such brands.

There are more outstanding brands in the US, so customers are interacting with them more frequently. In the recent UK analysis, we saw the educating effect these interactions have – creating an 'expectation gap' for all others to fill. When exposed to brilliance, mediocrity no longer becomes tolerable.

In the US the same phenomenon exists, but is magnified tenfold. The bar is constantly being raised, making America's innate service culture an invaluable business asset.

## Case study

Publix®

2<sup>nd</sup>

Rank in 2015

“

The secret to our success is our associates - company owners themselves - who've been making Publix a great place to work for 85 years.

Ed Crenshaw, CEO, Publix Super Markets

”

### The Six Pillars: Scores vs Industry Average



PERSONALISATION

+7%



TIME & EFFORT

+5%



EXPECTATIONS

+9%



INTEGRITY

+6%



RESOLUTION

+8%



EMPATHY

+9%

As the leading grocery retail brand in the 2015 US CEE study, family-run Publix is also the largest employee-owned company and one of the most profitable food businesses in America.

With the brand promise 'where shopping is a pleasure', it's no surprise that Publix is the leading brand in the Pillar of Time and Effort. Renowned for keeping the personal touch going in a world which is becoming increasingly remote and fast paced, Publix strives to deliver experiences that are enjoyable. Take the example of Gage Boucher, an employee at Publix in Ormond Beach, Florida, who became famous on Twitter when he stopped to help an elderly shopper to tie his shoes. A simple act of kindness which impressed the world of social media, yet it is ingrained in the everyday behaviour of Publix employees.

Such an example epitomises the impact that Publix employees have on the customer experience, from baggers at the checkout who will take goods to the car for you, to cashiers aiming for a two customers per line maximum at checkouts. Add to this cooking demonstrations throughout the aisles and cooking schools in some stores, and there's an enhanced excitement, even 'theatre', in a visit to a Publix store.

How does Publix achieve this across all stores? Employee ownership is the key. Like Waitrose in the UK, Publix's culture is such that they believe if they take care of associates (all staff who work over 1,000 hours get shares in the business after a year of employment), they in turn will take care of the customers. As a spokesperson for Publix has said "associate ownership is our secret sauce. Our associates understand

that their success is tied to the success of our company and therefore, we must excel at providing legendary service to our customers." All employees are the champion of customer experience at Publix.

As Publix's President, Randall T. Jones, states "we believe that there are three ways to differentiate: service, quality and price. You've got to be good at two of them, and the best at one. We make service our number one, then quality and then price." In a sector where price wars often dominate, this proves that the focus shouldn't always be on low prices.



#### IMPLICATIONS



- **Make a customer's time investment pleasurable – it's not about how long they spend, but how they feel about it.**
- **Your colleagues will deliver stronger results if they feel they own the experience, rather than simply service it.**



[More about Publix on the Excellence Centre.](#)



## CX theme #2

### CEOs are customer pioneers

Few UK companies have a culture where the customer is at the heart of all decisions, few make strenuous efforts to 'bring the customer into the organisation' to improve collective understanding of the customer's needs and wants. Fewer still have behavioural standards engrained across the organisation that drive behaviours to continuously improve the value created for customers.

At the heart of the difference lies a fundamental belief that what is good for the customer is good for the business. As some £166bn fines and provisions across UK banking shows, that is not always the case in Britain.

Each of the top 10 boast a high-level customer ambassador - a founder or leader - who drives a customer culture throughout the business, setting the standards for behaviour towards the customer and, most importantly, ensuring their people act in a way that shows they care.



1<sup>st</sup>

Rank in 2015

**USAA** have spawned several legendary customer focussed leaders, from General Bill Cooney to Robert McDermott, who have developed USAA into a world class service organisation. Customers are brought into USAA offices as a matter of course to speak to employees and provide insight into the challenges they face in their lives and the role USAA can play in improving them.

**Publix**

2<sup>nd</sup>

Rank in 2015

**Publix** founder, George W Jenkins, set the customer tone that continues at Publix today. From the beginning, the customer coming first at Publix was not simply about customer satisfaction with a product or a price, but customer pleasure while shopping in a Publix store. He truly cared about his people and his customers - in fact, employees own 49% of the Publix stock. (It is similar in many ways to the UK's Waitrose). His mantra was a simple one: "you have to give the customer what they want and treat them with the utmost respect."

**amazon.com**

3<sup>rd</sup>

Rank in 2015

**Amazon's** customer ambassador is founder Jeff Bezos. At executive meetings chaired by Bezos there used to be an empty chair - reserved for the customer. Today, this seat is occupied by carefully trained employees - 'Customer Experience Bar Raisers' who are there to represent the customer's needs. "We see our customers as invited guests to a party, and we are the hosts. It is our job every day to make every important aspect of the customer experience a little bit better."



4<sup>th</sup>

Rank in 2015

**Chick-fil-A** founder, S. Truett Cathy, died in 2014 but his customer legacy lives on. "My business grew on the understanding that customers are always looking for someone who is dependable, polite and will take care of them." Building his business around an immutable set of core values, service for him was based on "going the second mile", be that bringing extra napkins, helping a customer to their car, or holding an umbrella on a rainy day. Every opportunity is taken by employees to show they care.



5<sup>th</sup>  
Rank in 2015

**Disney Parks** founder, Walt Disney, led by example. He used to wander around in disguise so he could hear what customers were saying about their experience and he would then inspire his executives to improve things. Today's leaders of Disney Parks continue Walt's legacy. Thomas Staggs, Chairman until February 2015, regularly spent the majority of his day in the parks, not just listening, but interacting with guests and cast members (Disney's term for their employees). Staggs' goal was to find ways to enhance the customer experience. And with a 70% return rate, it's clear that Disney is continuing to provide the magical experiences it sets out to.



6<sup>th</sup>  
Rank in 2015

**Edward D. Jones** set the tone for his business from the outset and successive CEOs have continued to embrace and drive the fundamental principles of how the customer should be treated. Edward Jones has a unique business model and culture that guides their approach to the customer. Customers view their advisor as a family friend and are as likely to receive hand written thank you notes as flowers on Valentine's Day. Involvement in the community and local charities is much more than just CSR for Edward Jones – it is how they do business.



7<sup>th</sup>  
Rank in 2015

**Krispy Kreme** is a lesson in what can happen when customers' expectations change. The growth of competitors in the mid-2000s reset customer expectations and led to a challenging period for Krispy Kreme. When appointed in 2008, CEO Jim Morgan refocused the business around the changing needs of its customers. More of a destination than a convenience, Krispy Kreme rebuilt its relationship with customers and learnt to excite and tantalise with a continually changing product range. The focus was on 'spreading joy to customers' and its business results show that it has learnt to do this remarkably well.



8<sup>th</sup>  
Rank in 2015

**Wegmans** is a family owned supermarket chain in the North East of the US. In fact, it is not really a supermarket in the conventional sense, but rather a theme park of food. CEO Danny Wegman is the grandson of founder Walter Wegman and is the current custodian of the firm's customer values. He drives a customer culture focussing on almost "telepathic service", where the staff anticipate what the customers might need before the customer is even aware.



9<sup>th</sup>  
Rank in 2015

At the heart of **Costco's** customer orientation is legendary founder Jim Sinegal. His mantra is that "success is really about doing a million little things well over and over again." He is also a big believer that to deliver great service you start with your employees, stating that "when employees are happy, they are your very best ambassadors." Consequently, Costco pays its staff considerably more than the retail average and concentrates on creating stretching roles for its people, knowing they will perform well.



10<sup>th</sup>  
Rank in 2015

Herb Kelleher is renowned worldwide for what he has achieved at **Southwest Airlines**. He also focusses on putting his people first, being the person who introduced the concept of 'hire for attitude then train for skills'. Recruiting people with an engaging personality, a passion for the category and for serving passengers is what has driven Southwest's success. He leads from the front, showing up at a gate at three in the morning to help clean a plane, or unloading baggage to help turn the plane around quickly. It's no wonder his people find him so inspiring.

# Case study

**Southwest** 

**10<sup>th</sup>**

Rank in 2015

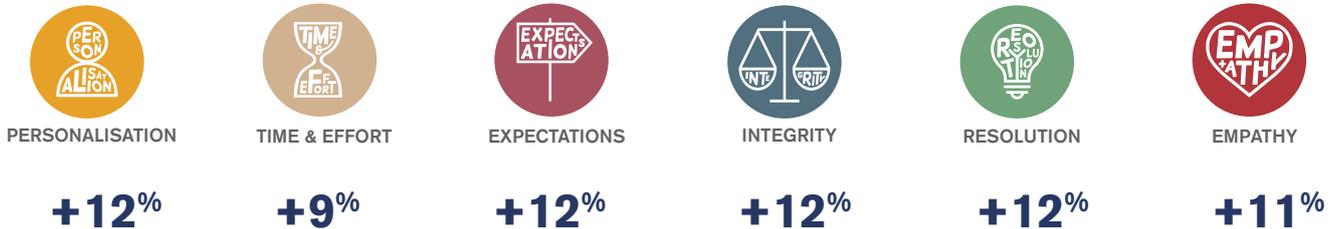
“

If the employees come first, then they're happy. A motivated employee treats the customer well. The customer is happy so they keep coming back, which pleases the shareholders.

Herb Kelleher, Co-Founder,  
Southwest Airlines

”

## The Six Pillars: Scores vs Industry Average



Southwest founder and former CEO, Herb Kelleher, is famous for what he has achieved at one of the most admired companies in the industry. Having grown an airline from nothing to more than 3500 flights a day, and turning a profit every year, Kelleher is often considered one of the best CEOs in America.

Southwest's appearance in the US top 10 is very much driven by Kelleher's people focus, and the notion of 'hire for attitude then train for skills.' A great deal of effort is put into recruitment at Southwest, with group tasks focussing on assessing Empathy among candidates more so than their skills or experience. The goal? To find employees who will exude 'warmth, friendliness, individual pride and company spirit' to their customers.

Ensuring staff feel they have a meaningful purpose and feel motivated is a key tenet for Southwest. Current CEO, Gary Kelly, gives weekly 'shout outs' to employees who have gone above and beyond for a customer and internal videos regularly showcase customer experience best practice. One recent Southwest film showed a customer seeing her husband off at the airport before a six month deployment to Kuwait. A Southwest employee saw the family together and asked if they wanted to go with him to the gate. "It bought us thirty more minutes to spend time together," the customer said. Another employee then asked if the family would like to go on the plane. The man's children were able to give him one last hug as passengers cheered.

Such activity reinforces the employees' purpose in their daily interactions with customers, and helps them to consider other ways to make a difference. As Kelleher stated: "a motivated employee treats the customer well."

Southwest achieved one of the leading scores in the study for Personalisation, and it seems Kelleher's focus on every person in the company individually has had a resultant effect in the way the employees deal with the customers on a personal level. Delivered through the quirky Southwest values of 'a warrior spirit' (fearless in delivering what is needed for each individual customer), 'a servant's heart' (putting other people first), 'a fun-loving attitude' (not taking themselves too seriously). Such a simple set of values enables employees to commit to them, and deliver them in every customer interaction.

### ★★★★ IMPLICATIONS ★★★★★

- Internally market your customer to your business with the same passion you market your business to your customers.
- Motivating employees, beyond simply a good salary, is a key factor in customer experience success.



[More about Southwest Airlines on the Excellence Centre.](#)



## CX theme #3 Customer-driven innovation

The top 10 get so close to their customers that customer-driven innovation is a way of life, not an aspiration.

These brands follow the Steve Jobs edict that firms should “get closer than ever to their customers. So close that you tell them what they need before they realise it themselves.” For the US leaders, technology does not define the customer experience, but rather the customer’s needs define the technology.



1<sup>st</sup>

Rank in 2015

**USAA** call this closeness “customer surround sound” – a constant focus on the customer and their needs, wants and desires. When you are this close innovation is easier to prioritise – it is just solving customer problems, which few do better than USAA.

For example, it was the first financial services company to allow customers to deposit cheques by iPhone. You get a cheque, you take a photo with your iPhone, and email it to the bank. It recognised that members of the military were often unable to bank cheques, and that the answer was a simple one. USAA has proven itself to be a technology leader – not because the company is obsessed with technology, but because it is obsessed with customers.

2014 saw the launch of Nina, a Siri type voice recognition system that enables users to simply tell the mobile banking app what to do. 2015 has seen the development of artificial intelligence to support the provision of financial advice and overcome the limitations of the human brain for complex advice.

**Publix**

2<sup>nd</sup>

Rank in 2015

**Publix** are recognised innovators in the supermarket space, providing in-store cooking demonstrations and even a cookery school where customers can unleash their inner chef. Matching products and staff closely to local environments has led to Publix becoming a leader in geodemographic software and mapping technologies.

**amazon.com**

3<sup>rd</sup>

Rank in 2015

**Amazon’s** innovations continue apace: the recommendation engine, Amazon Prime, One Click ordering, Kindle, the trading platform, the Amazon store, to name a few. Their experimentation with new technologies garners much media interest – for example, the use of delivery drones. But the central driver for Amazon is to continually make things better for the customer.



4<sup>th</sup>

Rank in 2015

**Chick-fil-A** has ‘Hatch’, its 80,000-square-foot innovation and learning centre aimed at strengthening the customer experience, the brand, and enriching the company’s culture by exploring new ideas in food, design and service. Among its breakthroughs so far are streamlined technology to make ordering and payment faster and easier, and a new way of preparing chicken that actually required patenting and building a new custom grill.

**Disney Parks**

5<sup>th</sup>

Rank in 2015

**Disney Parks** has pushed the innovation envelope every year since opening. Called ‘imagineering’ rather than innovation, for Disney ‘imagineers’ there is no such thing as a technological boundary. ‘Innoventions’ are rolled out daily, setting new levels in guest experiences. Disney’s use of ethnographics to see the world from the guest’s perspective dates back to Walt Disney himself – who would crawl around new creations to experience the world from a child’s perspective.

**Wegmans**

8<sup>th</sup>

Rank in 2015

**Wegmans** see their role as demand creators, developing products before customers know they want them. The entire business is based on anticipatory service and that extends to innovation. Nearly every major retailing innovation in the US has been implemented at Wegmans first. Advanced supply chain technologies, RFID for tracking fresh meat, unusual food recipes (chocolate meatball cookies!), window freezer displays, demonstration technologies and the recent adoption of Apple pay – it is all about finding things the customer will marvel at.

# Case study



4<sup>th</sup>

Rank in 2015

“

To put it simply, we care. We may be in the chicken business, but we're really in the people business. And when you care about people, it changes the way you do everything.

Shane Benson, Vice President of Customer Experience, Chick-fil-A

”

## The Six Pillar Scores vs Industry Average



PERSONALISATION

+8%



TIME & EFFORT

+6%



EXPECTATIONS

+10%



INTEGRITY

+8%



RESOLUTION

+9%



EMPATHY

+11%

The largest quick-service chicken restaurant chain in the US is also the leading restaurant and fast food business in the 2015 US CEE study.

Privately held and family owned, Chick-fil-A has a clear view of what the business stands for, driven by the Christian ethic of founder, S. Truett Cathy. From being closed on a Sunday to recruiting employees who demonstrate Christian values such as compassion and humility (though employees do not necessarily have to be religious). It's not often you come across a company who references God in its corporate purpose, but Chick-fil-A stands firm in its long-held values: "To glorify God by being a faithful steward of all that is entrusted to us. To have a positive influence on all who come in contact with Chick-fil-A." When the server at Chick-fil-A says at the end of a transaction that it's "my pleasure", customers feel they actually mean it.

Achieving a top score for the Pillar of Time and Effort in the 2015 US CEE study, Chick-fil-A is a fast food restaurant with a difference. Though speed of service is important for Chick-fil-A, so too are the little touches that would perhaps be unexpected in the world of fast food – such as the memo from Cathy to all operators to 'fold the last sheet of toilet paper into a triangular point'. Cathy sees these little touches as conveying a sense of meticulousness that customers appreciate.

Chick-fil-A is highly focussed on the quality of its employees and they, in turn, play an important role in the delivery of the Pillar of Time and Effort. When it comes to selecting new franchisees, for example, the process is viewed as so painstaking and lengthy, that Cathy joked "it is easier to get into the CIA than into Chick-fil-A." But this process of endless interviews and even family meetings to ensure new recruits

share the same corporate values is worthwhile – once in the business, employees are well looked after and many plan to stay for life, as recognised by its array of awards and accolades, including 4th most inspiring company by Forbes and among the '50 Best Places to Work' by Glassdoor's Employee Choice awards.

This emphasis on the quality of staff, alongside the company's customer centred leadership, is at the heart of its customer experience success.



### IMPLICATIONS



- HR teams play a key role in the building blocks for customer experience - recruiting people who reflect the values and attitude of the business should take priority over skills.
- Quality experiences rely on meticulous care: this only comes from rigid processes or highly engaged, motivated colleagues.



[More about Chick-fil-A on the Excellence Centre.](#)



## CX theme #4 Omnichannel supplants digital

The distinction of online and offline has faded. From wearables to every conceivable form of mobile device, there is increasingly a digital element in every touch point.

There is a new acronym in the US digital lexicon: SMACIT. It stands for social, mobile, analytics, cloud and internet of things. US consumers increasingly expect consistent, compelling experiences to be delivered across these dimensions. For leading US companies, success is not merely mastering these fast-moving technologies in isolation, but rather integrating them – often with offline elements – around gaps in the current experience.

In the UK, 'digital' is more often seen as a way of reducing costs to serve, making life easier for the company. Increasingly, it's a department or directorate. By contrast, in the US, 'digital' is one of a range of tools for solving customer problems. The message from the US is use these technologies as mechanisms to deliver against customer needs.

### NORDSTROM

12<sup>th</sup>

Rank in 2015

**Nordstrom's** aim is to provide a fabulous customer experience by empowering customers and the employees who serve them. What makes Nordstrom interesting is how they have integrated SMACIT technologies in pursuit of this goal.

First came a new point-of-sale system that included personal book software so that sales people could track individual customer requests and needs online. This was followed by an innovation lab, the creation of Nordstrom apps, the introduction of popular social apps that created buzz as well as mobile checkout, and ultimately the acquisition of a cloud-based men's personalised service.

Nordstrom's engagement with popular social apps, like Pinterest, extends what Nordstrom employees know about their customers' preferences. Items popular on Pinterest are tagged as such and prominently displayed in the store, linking their online and offline worlds. Nordstrom hasn't used SMACIT to develop a digital business model — they have further digitised their business model, and pursued their purpose, using SMACIT. This digitisation has allowed the company to grow revenues by more than 50% in the last five years.

### Publix®

2<sup>nd</sup>

Rank in 2015

With over 25 million interactions in its first year, the **Publix** page on Facebook is acknowledged to be one of the most engaging brands on any social media site. It is designed to replicate and enhance the physical store characteristics by:

- Answering customer questions and comments: the social media team is on duty during the same hours the stores are open. The team is responsive to anything posted on Facebook or Twitter, particularly keeping themselves up to date on product recalls, nutrition and dieting, to be able to rapidly address any food related queries.
- Detailing promotions: the team is always wanting to educate customers on ways to save in store, whether through weekly advertised specials, BOGOs (Buy-One-Get-One) or different promotions.
- Sharing recipes: recipes are an important source of content for the company's social media efforts. Publix has long featured displays in store where someone is giving lessons on making certain recipes.
- Supporting non-profits: as each store exists within a physical community, there is a great deal of effort given towards supporting charities, including the United Way and March of Dimes.

# Case study

NORDSTROM

12<sup>th</sup>

Rank in 2015

“

Nordstrom's Rules for Employees:

## Rule # 1:

Use your good judgment in all situations. There are no additional rules.

”

## The Six Pillar Scores vs Industry Average



PERSONALISATION

+5%



TIME & EFFORT

+5%



EXPECTATIONS

+8%



INTEGRITY

+8%



RESOLUTION

+10%



EMPATHY

+9%

The goal for US retailer Nordstrom is to 'provide outstanding service every day, one customer at a time.'

Nordstrom's tales of customer services are legendary, regularly highlighting the impact of employee autonomy in delivering Resolution. One of the most well-known is the legend of the tyre return:

"A man walked into the Fairbanks, Alaska, Nordstrom department store with two snow tyres. He walked up to the counter, put the tyres down and asked for his money back. The clerk, who'd been working there for two weeks, saw the price on the side of the tyres, reached into the cash register and handed the man \$145. The customer wanted to return the tyres. It did not matter that Nordstrom's did not sell tyres and never sold tyres. They sell upscale clothing. The clerk accepted the return because that is what the customer wanted." An extreme example in going beyond the call of duty to deliver Resolution.

Nordstrom also place a great deal of emphasis on customer-centred innovation, with the Nordstrom innovation lab receiving much attention. The flash mob software team creation of an iPad sunglasses app that helps the customer buy the best sunglasses for them, shows the power of working rapidly and collaboratively with customers. The app was developed and launched in one week.

Further technological developments mean that Nordstrom employees are now armed with information not only about what a customer has bought in the past, but what they like,

and even what they shopped for but could not find. Mobile checkout makes it easier than ever for any employee to see a customer through the payment process and thank them, rather than sending them to a cash register.

As Blake Nordstrom, President of Nordstrom, said: "It's not about us being ranked on top or 'best in class.' It's about doing what's best for the customer. In fact, forget 'best in class,' the consumer is constantly raising the bar, and since they are setting the standard, we're continually resetting ours upward."



## IMPLICATIONS



- Empower your front line colleagues – devolved decision making is essential to CX transformation.
- Great organisations know they benefit enormously in terms of advocacy and loyalty when they put things right with style.



[More about Nordstrom on the Excellence Centre.](#)

# 05. What is Excellence?

## The Six Pillars of US success

By examining the US leaders, we can better understand the characteristics of an ideal customer experience. 'The Six Pillars' describe these, providing a practical definition of what all successful customer investments need to deliver.

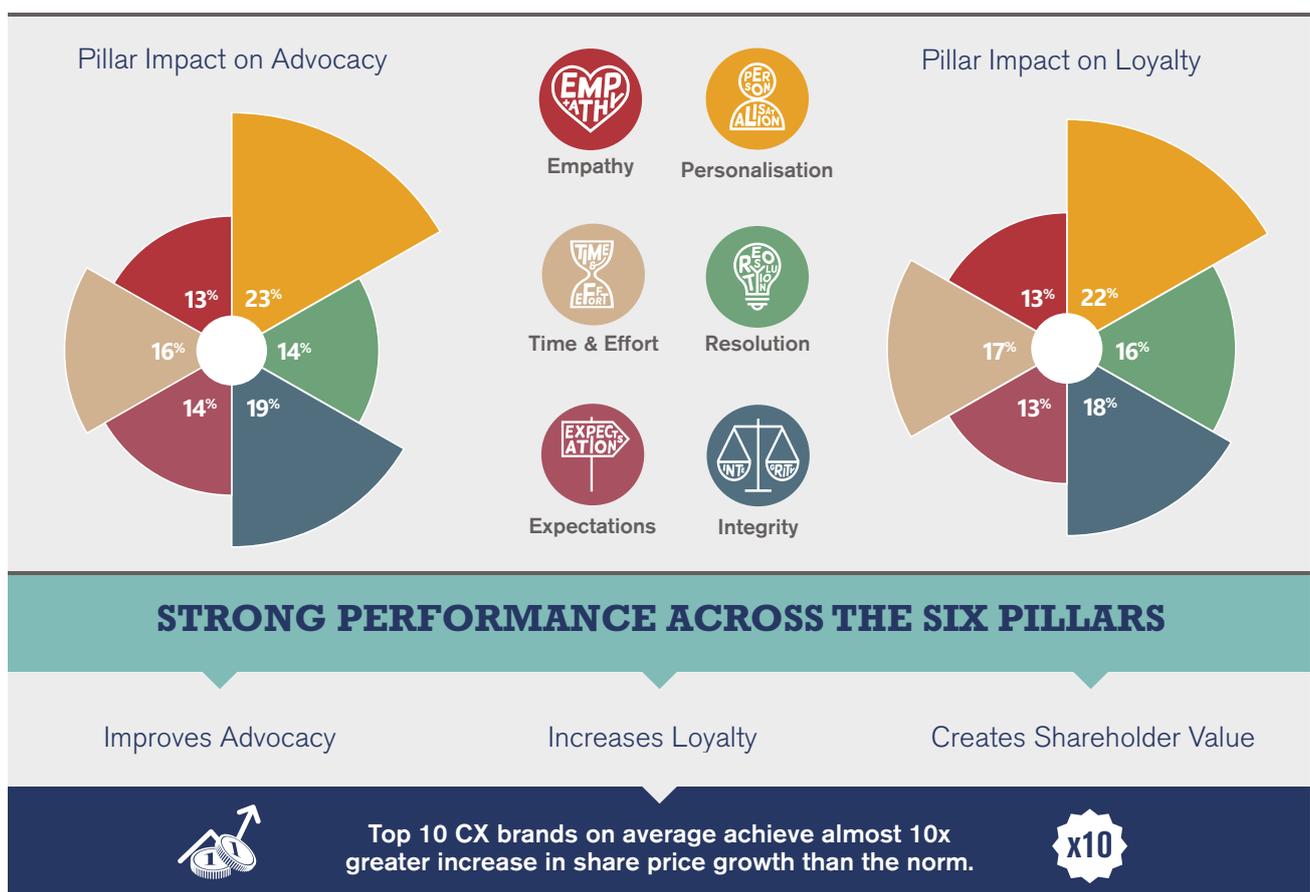
This 2015 US study reinforces The Six Pillar model of customer experience best practice. The goal of this model, when first explored in 2011, was to provide a precise, usable definition of the kind of emotional outcome a successful experience needed to deliver.

This aim was born out of a 'problem of definition' associated with existing ways of explaining customer experiences, plus associated measures such as NPS or CSAT. For, whilst these concepts remain useful for describing the symptoms of a successful experience, most organisations found they did little to direct or define what a good result looked like. Understanding of customer best practice was largely anchored in case studies and anecdotes, rather than scientific rigour.

To address this problem of definition, the Excellence Centre has conducted five years of research. One million evaluations later, the analysis clearly shows that there are six discrete, fundamental components of an ideal experience: 'The Six Pillars'. These have been derived from detailed customer reviews, validated in each market and modelled against the commercial outcomes of acquisition, retention and market performance. They are:

- **Personalisation** – Using individualised attention to drive an emotional connection
- **Integrity** – Being trustworthy and engendering trust
- **Time & Effort** – Minimising customer effort and creating frictionless processes
- **Expectations** – Managing, meeting and exceeding customer expectations
- **Resolution** – Turning a poor experience into a great one
- **Empathy** – Achieving an emotional understanding of the customer's circumstances

The Six Pillars can be measured, providing a powerful complement to traditional 'symptomatic' metrics, like NPS, CSAT or customer effort. They provide a means of ensuring customer journeys can be accurately analysed and compared to best practice journeys from elsewhere in the world. They allow strategists to understand the design principles and behaviours that must sit at the heart of their business. As this 2015 work shows, for leading US firms, The Six Pillars are definitional of both customer experience excellence and commercial success.





# The Six Pillars of Excellence ●●●●●

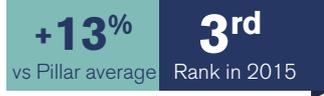
## Personalisation

Using individualised attention to drive an emotional connection



Personalisation is the most valuable component of most experiences. It involves demonstrating that you understand the customer's specific circumstances and will adapt the experience accordingly. Use of name, individualised attention, knowledge of preferences and past interactions all add up to an experience that feels personal. Importantly, as the US study shows, it can be achieved just as well - if not better - in a digital environment as an offline one.

### SUCCESS STORY:



Jeff Bezos describes the Amazon recommendation engine as a soulmate - someone who seems to know you better than you know yourself.

The Amazon web pages are a masterclass in subliminally humanising technology. It welcomes you by name and continues to use your name where appropriate. It knows your browse and purchase history and offers helpful hints about things that you didn't know about, but might find useful.

In fact, many US respondents referred to the fact that they felt Amazon created an experience that was unique to their specific needs – the very art of Personalisation.

“ In the old world, you devoted 30% of your time to building a great service and 70% of your time to shouting about it. In the new world, that inverts. ”

Jeff Bezos, Founder

### ONE TO WATCH:



Netflix famously offered a prize of \$1m for the best algorithm for recommending personalised content. The clever way in which Netflix combines data and algorithms generates high Personalisation scores.

Netflix can find an individual viewer's 'doppelgänger' – someone who watches a particular combination of programming. Netflix analyses the titles a 'doppelgänger' has watched that the first viewer hasn't and offers those to the individual. This sort of Personalisation is always iterating and is being continuously refined.

So much so that Netflix is now investigating artificial intelligence to improve Personalisation using 'deep learning', a method of organising content to reflect how the brain works.

“ Our vision is you won't see a grid and you won't see a sea of titles, instead you'll see one or two perfect suggestions that perfectly capture what you want to watch right now. ”

Neil Hunt, Chief Product Officer



### IMPLICATIONS



- Customers' emotional responses to a machine can be equal to a human-to-human interaction if the machine appears to think in a human way. Our top 10 leaders are all learning how to humanise the digital experience to drive an emotional connection. Make sure your UX investments are fully integrated into CX planning.
- Creating an experience that feels unique to customer circumstances requires a deep and profound knowledge of what the customer might need, then developing solutions that are relevant and feel unique. Traditional segmentation and big data are equally useful tools here.



# The Six Pillars of Excellence ●●●●●●

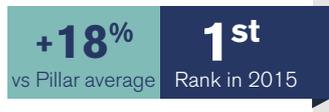
## Integrity

Being trustworthy and engendering trust



Integrity is an outcome of consistent organisational behaviour that demonstrates trustworthiness. There are trust-building events where organisations have the need to publicly react to a difficult situation, and trust building moments where individual actions by staff add up to create trust in the organisation as a whole. For all customers, it is the degree to which the organisation delivers on its promises that is consistently top of mind.

### SUCCESS STORY:



As one of the most trusted financial organisations in the world, USAA's culture means they hold everyone at the company responsible for putting "members' interests first" and their mantra of "doing the right thing because it is the right thing to do" resonates around the organisation.

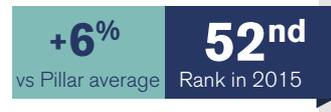
As a consequence, they are 'trustable'. USAA's customer service representatives are trained to make decisions that are correct for the customers, even if they go against the grain of hardened sales cultures.

**“ The goal is to meet the member’s needs, and then provide a meaningful solution. The answer may be to not buy that product, if that is the right thing to do for the member in that situation. ”**

**Wayne Peacock, EVP of Customer Experience**

What is particularly intriguing about USAA is how they measure their success. Wayne Peacock describes it thus, "the most important thing is that we measure how we're doing by how our members are doing in their financial lives... that's the best possible alignment to measure how successful we are in what we're doing."

### ONE TO WATCH:



On its website Ally describes itself as the bank that values integrity as much as deposits. It sets out to be a financial ally and at the heart of that relationship lies trust.

Ally Bank has sworn itself to complete transparency on rates and terms, and says it won't hide behind legalese and jargon. It promises "straight talk" for customers, no sneaky disclaimers, no teasers, no bait-and-switch tactics, and 24-hour service to connect customers with representatives.

The Ally CEO, Al de Molina, puts it thus, "Unlike other banks which depend on fees, we want to make money with customers, not off our customers."

**“ The Ally brand is founded on three principles: talking straight, doing what is right for the customer, and being obviously-better than the competition. ”**

**Sanjay Gupta, CMO**

Their high score on Integrity suggests that this message is resonating with their customers.



### IMPLICATIONS



- The leaders all score well on Integrity. They show that Integrity precedes trust and trust precedes customer commitment. Understanding these dependencies is key to building a customer relationship and indeed, building world class experiences.
- Each of our top 10 companies demonstrates - rather than just claiming - that it stands for something more

than profit: they are guided by deeply held values to put the customer ahead of profits when that is the right thing to do.

- Language underpins your integrity. For financial brands particularly, it takes bravery and leadership to move away from the language of compliance and risk to create consistently clearer, customer-focussed communications.



# The Six Pillars of Excellence



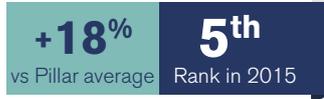
## Expectations

Managing, meeting and exceeding customer expectations



Customers have Expectations about how their needs will be met, increasingly set by the best brands they have encountered. Understanding, delivering and, if possible, exceeding Expectations is a key skill of great organisations. Some organisations are able to make statements of clear intent that set Expectations (e.g. "never knowingly undersold") while others set the Expectation accurately ("delivery in 48 hours"). And then delight the customer when they exceed it.

### SUCCESS STORY:



At a brand promise level, Disney has learnt to transform Expectations into excited anticipation. Their advertising campaign "the excitement begins as soon as you book" reflects this cleverly.

Equally they have learnt to manage Expectations in day-to-day interaction in how they control queues. When there is a fairly long wait at an attraction, there is a sign showing the estimated wait time. But the actual wait is never as long as the time posted. If the sign says 15 minutes, the wait is 10 minutes and when the guest starts moving after 'only' 10 minutes, they are pleasantly surprised. Sometimes it creates a moving line where the guest is continually walking during the wait. For some reason, 10 minutes doesn't feel like 10 minutes when moving. It's very clever, it works for the customer, and thus it works for Disney.

“ Do what you do so well that they will want to see it again and bring their friends. ”

Walt Disney, Founder

### ONE TO WATCH:



To better meet their customers' Expectations Chili's has rolled out over 55,000 table-top tablets across the USA. This was driven by understanding that customers expect their experience to start as soon as seated. The Ziosk seven-inch tablets empower Chili's guests to easily browse the menu, order drinks and desserts and quickly pay their bills. Ziosk tablets also feature entertainment, including news from USA Today and interactive games like zTrivia, updated bi-weekly with timely news and events designed to bring family and friends together as they share a meal. Chili's call the Ziosk their third server alongside the host and the waiter.

More importantly, customers can provide feedback immediately on whether their Expectations are being met directly from their table top – as the service is being delivered. The continuous stream of real-time feedback drives performance across the business.

“ I really like the tablets as it's great to be able to order and get the bill when it suits you. ”

Chili's customer, US CEE 2015



### IMPLICATIONS



- The leaders realise that Expectations are set in two ways: explicitly, the high-level brand promise, and implicitly, the day-to-day setting and delivery of Expectations. In both instances, they excel at under-selling and over-delivering.
- World class organisations pay attention to two things: how Expectations are formed, and then, how they meet those Expectations. Make sure your brand and customer experience planning sits side-by-side: brand or product promises that experiences fail to deliver are a death knell for customer excellence.
- Expectations are pre-experience beliefs about how a product or service will be delivered. These serve as a reference point against which the performance of an organisation will be judged. Research these: knowing what the customer expects is the first and possibly most critical step in delivering great experiences. The systematic setting and then exceeding of Expectations is the hallmark of the top 10 brands.

# Case study



**31<sup>st</sup>**

Rank in 2015

“

FPL resumes outages ASAP. Their information regarding this, via telephone, is informative. Service has been very good, bills are easy to read and timely. Have had no problems with them in all the years I've had them as my provider.

FPL customer, 2015 USA CEE study

”

## The Six Pillar Scores vs Industry Average



Florida Power & Light Company (FPL), the largest rate-regulated electric utility in Florida, ranks 31st in the 2015 US CEE study – an outstanding achievement considering not a single other utility company, either in the US or the UK, features in the top 100.

Though utilities is traditionally a sector that struggles to deliver great experiences, FPL proves it's more than possible, despite operating in a state frequently hit by severe bad weather, hurricanes and floods. As one customer highlights: "I've had no problems with FPL in who knows how long, including the 2004-2005 hurricane season where we had very few interruptions compared to some others."

FPL stands out in the industry for meeting Expectations and acting with Integrity, partly by ensuring service reliability is better than 99.98%. Add to this low prices - a typical FPL residential customer bill is approximately 25 percent lower than the US national average - and it explains this year's strong results.

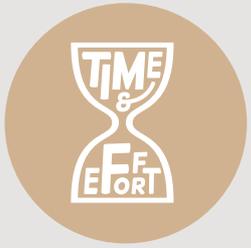
So just how do FPL achieve this success? Largely driven by investments in technology, including smart meter installation across around 5 million homes – a figure which equates to almost all of Florida. Through clear, accessible information, customers recognise the benefits of smart meters, including energy efficiency and lower cost electricity, alongside regular updates provided through a personalised online dashboard.

In addition, FPL is changing the way it anticipates problems through Smart Grid. Problems are detected sooner meaning fewer outages, but if lights do go out, Resolution is faster than ever before.

FPL is proving that there's no sector outside the realms of customer experience excellence.

### ★★★★ IMPLICATIONS ★★★★★

- Utility firms can shine in challenging conditions. UK organisations should avoid believing there are sector specific 'glass ceilings' that limit their achievement.
- The UK plans to have a smart meter installed in every home by 2020. FPL's experience bodes well for UK utility companies if the roll out is well-managed and benefits are clearly communicated to the customer.



## The Six Pillars of Excellence



### Time & Effort

Minimising customer effort and creating frictionless processes



Customers are time poor and are increasingly looking for instant gratification. Removing unnecessary obstacles, impediments and bureaucracy to enable the customer to achieve their objectives quickly and easily have been shown to increase loyalty. Many companies are discovering how to use time as a source of competitive advantage. Equally, there are clear cost advantages to saving time, as long as the other Pillars are not compromised.

#### SUCCESS STORY:



**+11%**  
vs Pillar average

**4<sup>th</sup>**  
Rank in 2015

As a fast food outlet, we might expect to see that Chick-fil-A performs strongly for Time and Effort. However, it is how they go beyond the obvious that makes them stand out.

Chick-fil-A customers can download a free app which manages payment and pre-ordering, so customers can place an order and pay before they reach the restaurant. Customers can completely customise their order and favourite items can be saved for future ease. After selecting a pick up method, customers then pay with their Chick-fil-A mobile payment account. The food is prepared when customers 'check in' to the restaurant, ensuring fresh food quickly and on their schedule.

Mobile ordering is all about giving customers the flexibility and choice to order what they want, when they want, and how they want. It's perfect for any customer who is short on time, and it's also convenient for families with children who want to customise a large order and avoid standing in line.

**“ We’re not just in the chicken business, we’re in the people business. ”**  
S. Truett Cathy, Founder

#### ONE TO WATCH:



**+7%**  
vs Pillar average

**23<sup>rd</sup>**  
Rank in 2015

For Panera, a take-away chain, their very success is causing wait time problems for its customers – queue reduction has become critical.

Their response is Panera 2.0 - an intense focus on reducing wait times for customers.

**“ It is an integrated, comprehensive, end-to-end solution that we believe will reduce friction such as wait times, improve order accuracy, and minimise or eliminate crowding - all while creating a platform for an ever more personalised experience. ”**

Ron Shaich, CEO

It contains a number of technological improvements to processes. Customers can order, pay online and pick up their order without queuing. Eat-in customers can order electronically from their table and waiters use digital table finders to get the right order to the right person. In most restaurants, one in seven orders is wrong, causing rework and customer irritation – Panera 2.0 ensures orders are 100% right.



#### IMPLICATIONS



▪ The important lesson is that it is not one or the other – it is excelling at both. With Chick-fil-A we might have thought that the current fast food model was as fast as it could get – but they have found ways of accelerating the process for those who really are in a rush. Integrating SMACIT technology into offline experiences will be key to future differentiation here.

▪ We are all time poor. There are times when we want to engage with an employee and times when we just want to get the job done. The companies in our top 10 have learnt to cater for both. Making life easy when speed is important and providing the opportunity for a more emotionally satisfying experience when the time is right.



# The Six Pillars of Excellence



## Resolution

Minimising customer effort and creating frictionless processes



Customer recovery is highly important. Even with the best processes and procedures things will go wrong. Great companies have a process that not only puts the customer back in the position they should have been in as rapidly as possible, but also make the customer feel really good about the experience. A sincere apology and acting with urgency are two crucial elements of successful Resolution.

### SUCCESS STORY:

## NORDSTROM

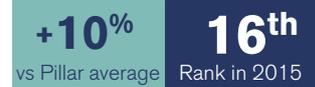


There is a legendary Nordstrom story, where the sales person went to another store in the mall to buy the customer an item that they were out of and resold it to the customer.

Nordstrom's exceptional customer service comes primarily as a result of two main components, firstly their attention to detail when it comes to the customer experience and secondly, the level to which they empower their employees to fix things when they go wrong. The employee handbook lays it out thus:

**“ Welcome to Nordstrom. We’re glad to have you with our Company. Our number one goal is to provide outstanding customer service. Set both your personal and professional goals high. We have great confidence in your ability to achieve them. ”**

### ONE TO WATCH:



For American Express the seminal customer experience moment was realising they serve relationships – not transactions. This resulted in a considerable change in how the complaining customer was treated.

American Express call their contact centre staff Customer Care Professionals (CCPs). They are trained to deal with the call in the way that best suits the personality of the customer, and the call is ended when the customer wants to end it (CCPs are not pressured on average call time). Every effort is made to ensure that the issue is resolved at the first contact. Staff are empowered to make decisions and to go to considerable lengths to ensure they are satisfied.

The net result is a six fold reduction in attrition.

**“ You’ve got to develop relationships. You can’t do things just in a formal context. ”**

**Kenneth Chenault, CEO**



### IMPLICATIONS



- Top organisations recognise that things go wrong. Their response is an emergency process that puts things right swiftly, returning the customer to the position they would have been in and actually leaving the customer feeling better about the brand than they did beforehand. Known as the ‘service recovery paradox’, organisations are learning how to harness Resolution to build their brand and reputation.
- For these companies, it is more than a protective response to the amplifier of social media and resultant reputational risk. It is based on a genuine desire to quickly and decisively compensate customers when the brand promise isn’t adequately delivered.
- At the centre of the Resolution is employee empowerment, enabling employees to do whatever is necessary to fix things. To achieve great Resolution (rather than more efficient complaints handling), it is essential to devolve decision making to the front lines.



## The Six Pillars of Excellence ●●●●●●●

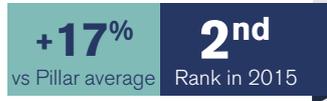
### Empathy

Achieving an understanding of the customer's circumstances to drive rapport



Empathy is the emotional capacity to show you understand someone else's experience. Empathy creating behaviours are central to establishing a strong relationship and involve reflecting back to the customer that you know how they feel. Then going that one extra step because you understand how they feel. Unlike Personalisation, there are fewer opportunities to demonstrate Empathy online.

#### SUCCESS STORY:



In August 2014, Gage Boucher, a Publix employee, helped an elderly shopper by tying his shoes when he could not reach down to do it himself.

This act of self-effacing kindness was photographed by another shopper and posted online – the story and the picture spread rapidly. To be joined by a multitude of other posts all proclaiming acts of kindness by Publix employees. Putting themselves in the shoes of others and acting accordingly is just what Publix employees do, and in the process, deliver stellar customer service. They seem to be able to choose exactly the right emotional response to any customer situation.

“ Publix employees are so kind and friendly, I wonder if they are even real people. ”

Publix customer, US CEE 2015

#### ONE TO WATCH:



Founder, David Neeleman, used to routinely board JetBlue flights at random and talk to customers, even to the point of serving them drinks and snacks.

By being a traveller himself on his own airline, he gained real Empathy for the traveller. This manifests itself in a number of examples; the seats that have the most legroom are situated at the back for those people who have to get off the plane last. In-flight services are offered to all customers with equal attention. When a heavily loaded JetBlue flight was fog bound at Portland, the Captain sent out for pizzas and water for the passengers.

One of the JetBlue values is 'caring' – this is the driving force for their approach to Empathy – you cannot show you care unless you fully appreciate and understand another's circumstances.

“ It's so important to experience what your customers are experiencing and listen to their suggestions. ”

David Neeleman, Founder



#### IMPLICATIONS



- Empathy is all about showing you care. Customers talk about staff members showing they care in three different ways:
  - Pays special attention to me, listens carefully and shows they understand
  - Goes out of his/her way
  - Gave me something extra that I might not expect (e.g. a cup of coffee)
- Body language, tone of voice, enthusiasm all play their part in showing that the staff member cares about achieving a good outcome for the customer.
- Empathy addresses other peoples' feelings in a way that helps them feel good about themselves. It can be trained, then turned into habit and – eventually – culture. Consider investing in this kind of softer training, rather than programming employees to follow service blueprints.

# Case study

**Edward Jones**<sup>®</sup>  
MAKING SENSE OF INVESTING

**6<sup>th</sup>**  
Rank in 2015

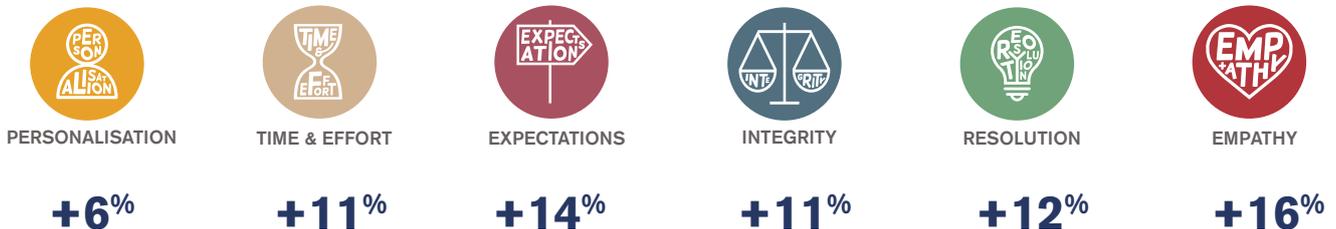
“

We've been with Edward Jones for 6 or 7 years now. Our investment agent is great and very personal. He contacts us on our birthdays and checks in with us to set up meetings to discuss any changing needs. We like the personal service.

Edward Jones customer, US CEE 2015

”

## The Six Pillar Scores vs Industry Average



Investment firm Edward Jones serves around 7 million investors across America. Much of its marketing and communications suggests Edward Jones is different to other investment firms. With an outstanding customer experience ranking in 2015, it seems its customers believe this too.

Edward Jones' premise centres on a personal approach to investing. The firm places great importance on the relationship between the customer and their financial advisor. Viewed more as a family friend, Edward Jones' advisors strive to show they care about their customer, not just in their investment recommendations, but right through to knowing their customers personally and even contacting them on special occasions such as birthdays, with a call, a card, or even flowers. It's this personal approach that results in such strong positive descriptors about the brand as "incredibly friendly", "outstanding" and "beyond trustworthy". It's no surprise then that Empathy scores for Edward Jones are some of the highest in this year's study.

With clear beliefs, the company describes its culture as "a spirit of caring", highlighted by the acronym CARES: Clients come first, Associates work in partnership, Relationships are mutually beneficial, Excellence is our standard, Service is our business. Aligned to this, the company has a programme called "Profiles of Caring", where stories of how employees have helped their clients are shared across the business – this reinforces the firm's customer centric culture and demonstrates the view that customer experience is the responsibility of everyone in the company.

Consistently ranked by FORTUNE magazine as one of the 'Best Companies to Work For', Edward Jones applies the same

drive to treat its employees well as it does to its customers. Employees describe it as "a personal feel that's almost like family" – and employees tend to stay for years. The link between a great employee experience and a great customer experience is well proven – Edward Jones is an exemplar of this link.



### IMPLICATIONS



- **Deeply held values can define a customer experience, if the links between behaviours and training are well established.**
- **Building a self-sustaining culture of excellence demands that HR and L&D colleagues are equal partners to marketing and operations in defining customer experience strategy.**



[More about Edward Jones on the Excellence Centre.](#)

# 06. Lessons from America

## How to implement excellence

**The Six Pillars are the targets for all excellent experiences, providing a clear definition of success and reassurance of the financial benefit of customer experience. To understand how US firms create these results, we need to examine their internal CX practices.**

In the US, customer experience management is a more mature business discipline than the UK. It is better defined, understood and practiced. The role of leading CEOs as customer pioneers provides a nurturing environment for this. However, analysis of top performing firms and interviews with executives amongst the 2015 leaders reveals a unifying reason for this: in the US, customer experience is better integrated across the business.

Whilst the change portfolio of every large organisation is complex, the customer can play the pivotal role in deciding upon all investments, as we have seen earlier in this report. For US leaders, strong governance coupled with an innate understanding of 'the right way', means that customer experience acts as a fulcrum for co-operation across HR, IT, marketing, operations and leadership teams.

Contrast this to the UK. Outside of the top 10 brands, customer centricity is generally heterogeneous. Almost all brands in the UK top 100 have a customer experience team, directorate or strategy. Very rarely though does it have real teeth. Customer experience managers 'fight' to get the customer on the executive agenda. They prepare business cases to 'prove' the value of the customer to sceptical colleagues. Considerable time is spent 'lobbying' others to contribute to their efforts, often on the sides of their desks.

Whereas US change portfolios are often run with the customer in mind, their UK equivalents are more frequently functional affairs, driven by emerging technologies or competitive developments. Culturally and intellectually, US and UK customer experience management practices are in very different places. So, what can we learn about the practices of 'best-in-class' US brands?

It's useful to divide these best practices across several critical activities:

- **Cultural change & employee engagement**  
Optimising the business environment and soft systems for superior customer outcomes.
- **Customer experience strategy**  
How US leaders define their strategy, rally behind it and communicate their vision.
- **Journey mapping & customer experience design**  
Turning the systematic redesign of customer experiences into a business capability, rather than ad hoc projects.
- **Customer experience measurement/voice of the customer**  
Creating measurement programmes that prescribe and engage employees, rather than simply describe feedback.

## **CULTURAL CHANGE & EMPLOYEE OPTIMISATION**

- ✔ Culture and behaviours dictate customer experiences. Employees come before everything.
- ✔ Combine your voice of the customer and voice of the employee programmes on system.
- ✔ Ensure HR are equal partners in all aspects of strategy, design and execution.
- ✔ Be honest about the pace of change. Moving from 200th to 1st in 12 months won't happen.
- ✔ Work to create a single model for behaviours, values and customer experience principles.

## **CUSTOMER EXPERIENCE STRATEGY**

- ✔ Ensure the right leaders sit round the table – IT and HR are vital members of the CX group.
- ✔ Start with brands, values and beliefs – not capabilities, personalities or competitors.
- ✔ Nothing else is sacred – look at organisational design, governance and leadership practices.
- ✔ Bring in best practice from outside your sector, but be true to your brands and values.
- ✔ Use strategy to prioritise change – to be effective it must dictate what changes first.

# **20 key CX lessons from America**

## **JOURNEY MAPPING & CUSTOMER EXPERIENCE DESIGN**

- ✔ Position journey design as the definitive way to manage and execute CX change.
- ✔ Make this a business capability, actively resourced, as opposed to an ad hoc project.
- ✔ Ensure your journey maps couple internal process, hypothesis and external customer reality.
- ✔ Manage your innovations around gaps in the customer journey, not the other way round.
- ✔ Don't obsess about wall charts: software platforms can provide better ways to collaborate.

## **CUSTOMER EXPERIENCE MEASUREMENT / VOICE OF THE CUSTOMER**

- ✔ Pick a metric and move on. Endless debates about what to measure miss the point.
- ✔ Spend 20% of the time on the technology and method, 80% on colleague engagement.
- ✔ Ensure your reports are prescriptive of customer need, not descriptive of feedback.
- ✔ Create accountability: link feedback, to priorities, to action plans, to remuneration.
- ✔ Use your VoC platforms to identify, celebrate and propagate existing best practices.

# Case study



**7<sup>th</sup>**  
Rank in 2015

“

Hot delicious donuts! I have loved that place since I was little. It never disappoints.

Krispy Kreme customer, US CEE 2015

”

## The Six Pillar Scores vs Industry Average



PERSONALISATION

**+7%**



TIME & EFFORT

**+4%**



EXPECTATIONS

**+9%**



INTEGRITY

**+8%**



RESOLUTION

**+5%**



EMPATHY

**+4%**

“We believe that there are three key factors that have led to our success for nearly 80 years. The first two being that we have both a best in class product, and a brand that is truly iconic and beloved around the world. And the third, but no less important as it is truly the tie that binds the first two together, is the team of almost 4000 ‘team members’ who are passionate about our brand and its products. They work hard every day to add a little bit of joy to the lives of everyone who enters our shops. These are attributes that many companies can only dream of, and for Krispy Kreme to have all three going for us is something we do not take for granted.

Our team members recognise that we are not just in business to make delicious doughnuts and coffee. They make it their daily mission “to touch and enhance lives through the joy that is Krispy Kreme.” It is that global mission and our brand pillars of being Good-Hearted; Fun; Simple; Genuine; Craveable and Promoting Sharing that drive the magic moments we share with our customers.

We’ve deployed a number of initiatives to enhance the customer’s experience while inside the shop, including the implementation of our S.W.E.E.T. (Smile. Welcome. Engage. Enhance. Thank) Service hospitality programme. S.W.E.E.T. is the promise that we make to our guests and to each other to exceed their expectations. EVERY interaction that we have with our guests has the ability to be a “S.W.E.E.T. moment.”

Social media has also played a critical role in how we interact and build relationships with our guests. We are actively engaging with our fans across Facebook, Twitter and other social media platforms and have begun a limited launch of our

mobile guest engagement platform, the My Treats Loyalty App, which allows customers to make mobile payments so they can easily “pay and go” and earn rewards for their purchases. In the coming months, we plan to add an e-gifting feature, which allows consumers to share the joy of Krispy Kreme.”

**Krispy Kreme CEO, Tony Thompson**



[More about Krispy Kreme on the Excellence Centre.](#)

“

We truly believe and live our mission “to touch and enhance lives through the joy that is Krispy Kreme.” All of our accomplishments and our confidence in future successes of Krispy Kreme are only possible because of our talented and passionate team. I want to express my sincere appreciation to my fellow Krispy Kreme team members for their commitment and outstanding work in creating one-of-a-kind experiences and joyful memories for our guests and customers each and every day around the world.

”

**Tony Thompson, CEO**

## 07. Further resources



This report is an overview of The Customer Experience Excellence Centre's 2015 analysis of the US market. For CX professionals and executive leaders, an array of other resources are freely available.



### Access the Excellence Centre online

To view brand profiles and interviews with leading customer executives, scan the QR code.



### Register for membership

Register free for access to forthcoming briefings, events or publications.



### Download UK, US, Australian or industry analysis

Deep dives on how top performers achieve success in other markets and sectors.



### Arrange a presentation of your results

Provide your team with analysis of your brand against The Six Pillars, with comparisons to best practice leaders around the world (freely available for clients and partners).



### Get in contact with an expert

Discuss this work, or applying Excellence Centre best practices to your voice of the customer, journey mapping or CX strategy programmes.

Tim Knight  
Senior Partner  
timknight@nunwood.com

David Conway  
Senior Partner  
davidconway@nunwood.com

Tamsin Jenkins  
Head of Excellence Centre  
tamsinjenkins@nunwood.com

Chris Nutt  
Business Development Director  
chrisnutt@nunwood.com

# USA Top 100

 <b>EXCELLENCE CENTRE</b>  2015 RESULTS		<b>nunWOOD</b> experience excellence <b>Customer Experience Excellence Centre</b>			<b>01</b> 2015 USA Customer Experience Excellence Winner  <b>USAA®</b>				
INDUSTRY KEY:									
	Financial Services		Travel & Hotels		Telecommunications				
	Non-Food Retail		Logistics		Entertainment & Leisure				
	Grocery Retail		Utilities		Restaurants & Fast Food				
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<b>07</b>		<b>08</b>		<b>09</b>		<b>10</b>		<b>11</b>	
<b>12</b>		<b>13</b>		<b>14</b>		<b>15</b>		<b>16</b>	
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**“You’ve got to start with  
the customer experience  
and work back toward  
the technology - not the  
other way round.”**

Steve Jobs, Co-Founder, Apple Inc.

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t. 0845 372 0101

e. [ceec@nunwood.com](mailto:ceec@nunwood.com)

[www.nunwood.com](http://www.nunwood.com)