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From Moments to Journeys: A Paradigm Shift in Customer Experience Excellence

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At any given time, senior leaders across industries grapple with a fundamental conundrum: Why, they wonder, is overall customer loyalty and engagement so slow to improve when most areas of the business report healthy customer feedback after each customer interaction?

When it comes to pleasing their customers, most company leaders have bold aspirations. A recent survey by Temkin found that more than half of the companies in a given sector maintain a goal of delivering the best customer experience in their industry within the next 3 years. Leading companies in almost all consumer industries have invested significantly over the past decade to improve customer experience, and increasingly we see a movement toward companies trying to differentiate themselves based on service.

Yet, the reality of most companies' progress is sobering. Few companies have made significant and sustained changes in their overall customer loyalty and value. Less than 20 percent of the top 10 companies in 10 different consumer industries have consistently raised their customer experience performance for three years

in a row. Even fewer have made gains at rates that allow them to pull away from their competitors following the economic recovery.

On the whole, customers are not feeling happy about their experiences. Many existing and recently-departed customers report being tired of what they consider to be an unimpressive service experience. When pressed on the root cause of their exodus, former customers said they felt no personal connection or loyalty to the company.

How could this be?

Introducing the concept of Customer Journeys

The problem stems from the fact that the key interactions companies have with their

customers – often called "moments of truth" – don't tell the whole story. When customers give a company high marks on these moments of truth, their accolades typically represent a sincere reflection of a customer's specific experience in those given moments. These customers genuinely appreciate the company's efforts and the attention they receive during most of their in-person and remote-channel interactions.

But these interactions, as important as they are, are only sub-components of a larger and more important picture. Customers do business with a company, and they interact with that business over time to meet specific needs. Those needs drive specific interactions that a customer navigates with that company. That important series of interactions anchored around a specific need is called a *Customer Journey*.[1]

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1   McKinsey has also written about the Consumer Decision Journey, which encompasses all the various, and often complicated, ways consumers go about making their purchase decisions. The concept we're introducing here -- a Customer Journey -- is different in that it relates to the experience existing customers have while interacting with a company, not only in their purchase decision but in all the touchpoints that come afterward (such as installation issues with a cable company or billing questions for a utility company).

The case for a paradigm shift: From Moments to Journeys

A customer can have repeatedly good interactions in the context of a frustrating series of attempts to meet a need. Thankful for each interaction that seemed to meet her needs, she will report her satisfaction gratefully. However, this does not reflect the fact that over time, she was frustrated with the experience. Similarly, feedback after each interaction would not fully reflect the impact that the *Journey* has on her relationship with that company and its ability to meet her needs over the course of the customer relationship.
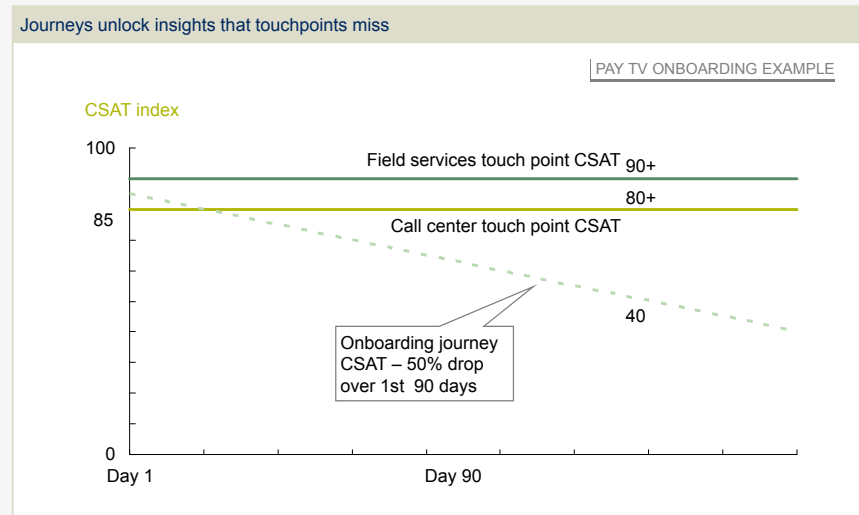
For example, in the cable and satellite industry, satisfaction rates tend to drop dramatically after the first few months of a customer being with the company. Yet customer satisfaction with specific interactions over the same period can remain high. For one cable company, overall satisfaction dropped 40 percent, while service interaction feedback remained strong (Exhibit 1).

This dynamic exists in other sectors, too. A bank account representative in the branch, an insurance claims agent in the field, and a wireless phone service representative can all report high and rising marks with specific "moments of truth" interactions, without a commensurate impact on the overall experience or the loyalty of that customer.

In the end, this is because, while excelling in individual interactions is important, customers care about a need that they are trying to fulfill. Again, we call those needs and the related interactions *Customer Journeys*. Company strategies that focus on individual interactions or moments of truth are most likely leaving significant opportunities on the table. The 'moments of truth' approach is well-intentioned, yet in the long run, it misses the whole point.
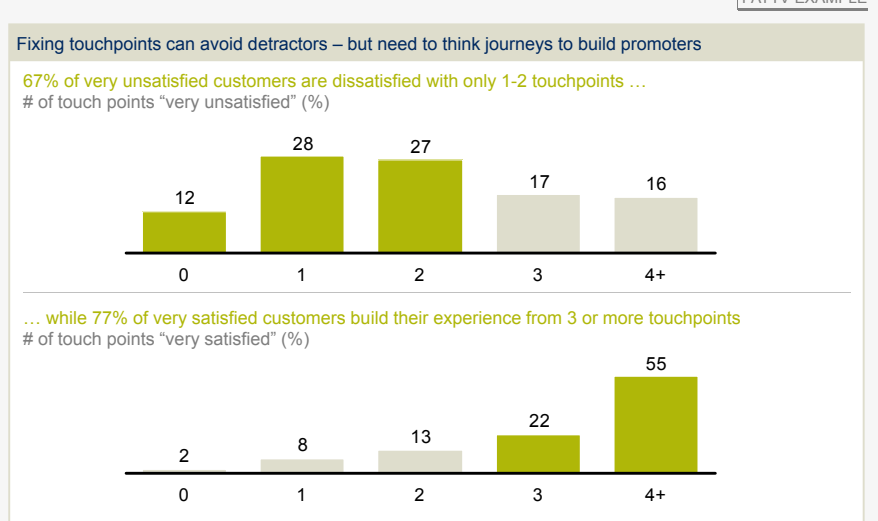
Customers are increasingly using multiple channels to interact with companies in an effort to meet their needs. To resolve a billing issue, for example, customers will often start with their bill, turn to the internet, call in to a call center, revisit

the web site to check for resolution, and finally confirm a resolution on their next statement. In fact, over 70 percent of very satisfied customers build a favorable impression when their needs are met over three or more touchpoints (Exhibit 2). A *Customer Journeys* approach addresses this.

Additionally, *Customer Journeys* are consistently better predictors of value. They do a better job than the touchpoint approach of predicting a customer's

willingness to recommend the company to others (Exhibit 3) or to renew their business. They also give more reliable insight about a customer's likelihood to cancel/churn.

Most critically for companies seeking ways to differentiate based on customer experience, *Customer Journeys* create more room to excel over competitors than touchpoints. In our conversations with leading customer satisfaction companies, we found that a focus on journeys has

Exhibit 1:
Customer feedback from touchpoints can mask underlying issues

SOURCE: McKinsey Customer Experience Practice

Exhibit 2:
Very satisfied customers meet their needs through multiple interactions

SOURCE: McKinsey Customer Experience Practice

significant payoffs (Exhibit 4). A mobile operator with loads of irate customers, for instance (half ranked their satisfaction as 0 to 2 on a scale of 10), moved their net promoter score from negative 70 to 0. How? They identified the onboarding process for new customers – the start of the journey – as its most critical customer interaction.

In another instance, a car rental company decided to make the promise of speedy service a priority every step along the way – at the online booking, the call center, the airport shuttle bus, the car selection, and the car checkout. Over 12 months, sites that launched this program captured 5 percent growth in service revenue, a 10 percent labor cost reduction, and a 70 percent reduction in car substitutions.
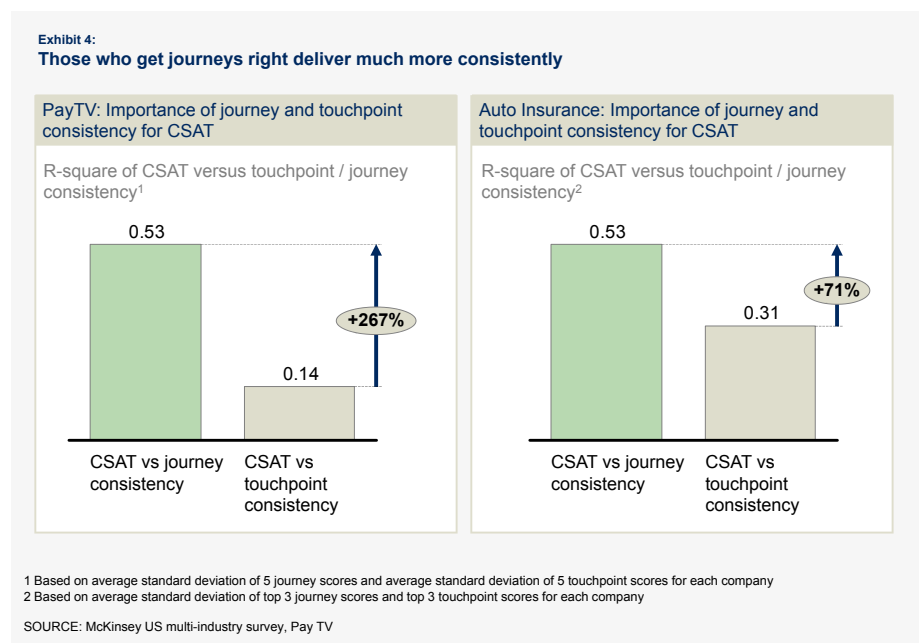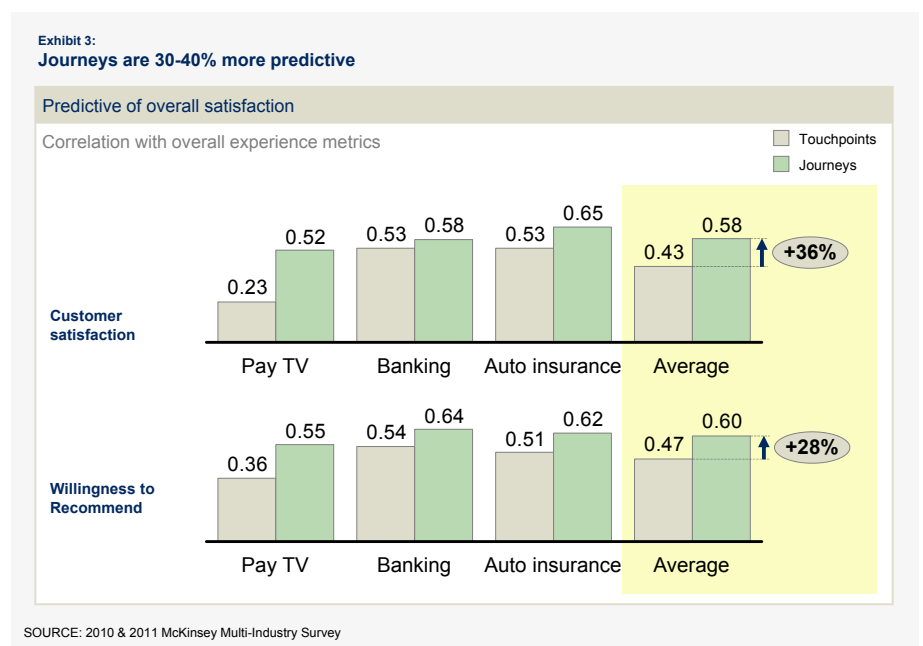
The paradigm shift away from "moments of truth" and toward *Customer Journeys* has profound implications for what customer centricity really means, and for how companies will organize to deliver and excel.

The inconvenient truth about the future of Customer Experience Excellence in a world of Customer Journeys

Every company likes to say they are customer-centric, yet few really are. To put a finer point on it, most companies are customer faux-centric.

Companies are more likely to think about and evaluate customer satisfaction in terms of static touchpoints, instead of comprehensive experiences. They are more likely to structure customer strategies within channels rather than across them. And, they are more apt to have management systems that focus on individual interaction metrics rather than journeys across interactions.

Many companies aim to create a brand that stands for trust, personal attention, and concern for a customer's experience. However, so many companies – whether airlines, banks or insurance companies – have policies and delivery mechanisms fail to deliver on that promise and

Exhibit 3:
Journeys are 30-40% more predictive

Predictive of overall satisfaction

Correlation with overall experience metrics

Touchpoints / Journeys

Customer satisfaction

Pay TV: 0.23 / 0.52
Banking: 0.53 / 0.58
Auto insurance: 0.53 / 0.65
Average: 0.43 / 0.58 ↑ +36%

Willingness to Recommend

Pay TV: 0.36 / 0.55
Banking: 0.54 / 0.64
Auto insurance: 0.51 / 0.62
Average: 0.47 / 0.60 ↑ +28%

SOURCE: 2010 & 2011 McKinsey Multi-Industry Survey

Exhibit 4:
Those who get journeys right deliver much more consistently

PayTV: Importance of journey and touchpoint consistency for CSAT

R-square of CSAT versus touchpoint / journey consistency[1]

CSAT vs journey consistency: 0.53
CSAT vs touchpoint consistency: 0.14
+267%

Auto Insurance: Importance of journey and touchpoint consistency for CSAT

R-square of CSAT versus touchpoint / journey consistency[2]

CSAT vs journey consistency: 0.53
CSAT vs touchpoint consistency: 0.31
+71%

1 Based on average standard deviation of 5 journey scores and average standard deviation of 5 touchpoint scores for each company
2 Based on average standard deviation of top 3 journey scores and top 3 touchpoint scores for each company

SOURCE: McKinsey US multi-industry survey, Pay TV

sometimes even work against it. Efforts to drive consistency and lower costs at call centers and stores, for instance, often have unintended consequences. Policies that create explicit operating rules for each situation end up disempowering front line employees. Metric systems that try to implement fairness by focusing on "exactly what the employee controls" reduce the employees' sense of ownership for solving the root cause of an issue. And silo-driven accountability for middle and frontline management often stifle opportunities

to find x-silo solutions that would benefit both the customer and the company.

This problem is far more severe than most companies care to admit, and it can be a difficult problem to spot because customer journeys are cross-functional, whereas companies are siloed into different units and functions. And Customer Journeys span periods of time, while companies often design their services to deliver day-to-day results.

The inconvenient truth is that sustainably differentiating a company's value proposition and delivery in a world where Customer Journeys are increasingly critical requires changes that go beyond tactics and process re-design. It requires changes to the management system, key policies, the operating culture and the overall organization. It represents a fundamental challenge, and companies must recognize the need to evaluate their organizational and frontline DNA, just as much as they evaluate the voice of the customer and their specific *Journeys*.

Yet this represents a powerful and transformative combination of factors when integrated correctly, and it doesn't need to happen overnight. A transformation of this nature can be taken step-by-step.

What companies should do: A litmus test for getting it right

For most companies to excel and differentiate themselves based on customer experience, they must prioritize Customer Journeys as the focal point. At first, the difference between 'moments of truth' management versus 'Journey management' may seem subtle. But the shift is profound and has tactical implications for the supporting business systems and delivery mechanisms that define an organization.

A three-pronged approach to getting started includes: 1) selecting two or three

Journeys that matter most as a pivot point for evaluation and change; 2) assembling a fact-base that illustrates the impact of that Journey on the customer and on business results; and 3) testing changes through a blend of central and frontline insights and levers.

A number of elements serve as indicators of how ready a company is to drive meaningful and sustained changes around *Journeys*. Getting it right includes a number of nuances for how a company proceeds. Companies that have made *Customer Journeys* a priority throughout their organization have the following attributes:

- Metrics are defined around the *Journey* in addition to the touchpoint (e.g., a company tracks a customer from the purchase to first successful use of the service)

- Feedback loops cascade *Journey* metrics to the frontline – not just what the frontline employee can directly control (e.g., shared metrics across functions)

- Central analytics utilize an integrated "data cube" that merges business outcomes (e.g., churn), customer experience, and operating data across channels for root cause issue identification

- Regular root-cause problem solving is conducted within and across functions throughout the organization for solution development (e.g., *Journey*

improvements coordinating pricing policy changes, bill format and frontline script changes)

- Conduct active tests and learn from the frontline. (e.g., testing trade-offs between AHT and callbacks in a call center; creating a mini-lab to test solutions in a protected cross-siloed environment). Understand the value of failures.

- A common language is used to reinforce the values of a *Journey*-oriented culture (e.g., "problem resolved" versus "problem resolution call").

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Companies pursuing a path of customer experience excellence will need to seriously consider a *Customer Journeys* approach. Many companies will already have elements in place that are required to be successful. However, in many cases, nuances are critical to actually capture the value of *Journeys*. Understanding the implications for the customer experience platform, as well as the supporting management systems and organizational mindsets and skills, will be critical to sustain a differentiated stance over time.