

STRATIVITY

01. STRATEGY

02. CREATIVITY



2006 Customer Experience Management Study

Be Different - Make Love
Companies Fail To Differentiate –
Employee and Customer Loyalty Decline

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Executive Summary

Organizations... fail to deliver on the promise of delightful, profitable customer experiences.

The 2006 Global CEM study demonstrates a downward trend in corporate-customer relationships. As reflected by the responses of 309 executives, they continue to express a low level of confidence in their organizations' commitment to customers. The view from within paints a harsh picture of organizations which, despite all the declarations and programs, fail to deliver on the promise of delightful, profitable customer experiences.

- > Only 40% of the global respondents agreed that their company deserves the customer's loyalty, down from 46.1% in 2005.
- > 49.5% agreed that their company delivers a unique and beneficial product to customers
- > 56% claimed that their products or services are worth the price they charge
- > 65.8% state that their companys' executives do not meet with customers frequently (compared to 66.8% in 2005)
- > 55.9% state that their relationship with the customer is not well defined (down from 59.2% in 2005)
- > 38.3% state that their company takes any customer that is willing to pay (compared to 42% in 2005). In B2B the number is 41.5%, and in services 34.4%.

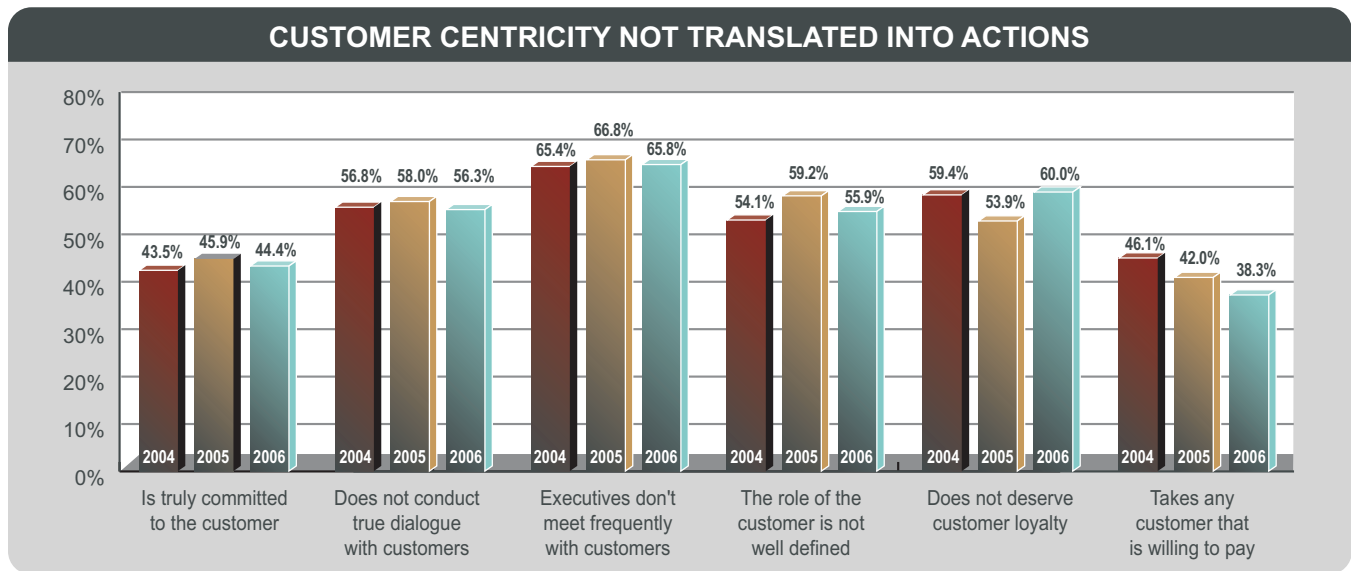


Figure 1: Customer Centricity Not Translated Into Actions

Although the results are consistent with the results in the last 3 annual studies, the 2006 CEM study results raise greater concern. The year 2006 is considered financially successful for many corporations. One would assume that a positive environment of growth and prosperity would lead to greater investment in customer experience and relationships. But the sober responses in the study illustrate that the commitment to customers remains weak and bears no relationship to the organization's financial health.



In the absence of employee conviction, it is impossible to convince customers to believe and purchase products or services.

A second reason for concern is the fact that employee and manager conviction regarding the value that they are asked to promote and sell continues to reach new lows. Only 49.5% of respondents agreed that their company delivers a unique product or service. 56% claimed that their products are worth the price they charge. In the absence of employee conviction, it is impossible to convince customers to believe and purchase products or services. This lack of conviction carried over to employee commitment and loyalty where only 54.2% of employees claimed that their company deserves their loyalty.

At the heart of the issue is the lack of differentiation. Companies failed to create and deliver distinctly different customer experiences that merit the price and loyalty they are asking for. Their own employees lose faith in the commoditized value proposition of the company and their weak conviction affects their commitment to the company. In the absence of employee and executive conviction in the value they represent, it is impossible to capture customer love and loyalty. When employees do not believe in what they sell, customers will simply not buy (or buy it with heavy discounting).

The study represents a wake up call for all companies to carefully examine two critical dimensions of their business. The first dimension is the differentiation and uniqueness of their products and services (and therefore their total customer experience). Differentiation is the key to establishing and retaining profitable relationships with customers. The second dimension is their employees' conviction. Employees must be convinced that the products and / or services they represent have value in order to maximize the customer relationship potential.