The role of technology
- Although many believe CX is a synonym for software, **customer experiences** involves analytical as well as operational processes
- Technological advancements in interactivity, such as the Internet, mobile technologies, and social media, have driven the growth capacity of CX, but such technology is a **means** of managing customer experiences, **not the end in itself**
- The **experience** that retains customers is the understanding of their needs and values - less to do with technology and a lot more to do with **how you engage** with them

**Technology Revolution** – increases the enterprises’ **ability** to connect with customers one-to-one
**Customer Revolution** – increases the customers’ **expectations** to be treated as an individual

Is taking a customer – centric view important?

The customer-centric view focuses on ‘share of customer’

**Market Share’ Focus**
- Products and brands as source of company value
- Sells one product at a time at a time to as many customers as possible
- Differentiates products from competitors
- Sells to customers
- Finds a constant stream of new customers
• Makes sure each product is profitable, even at expense of customer confidence
• Uses mass media to build brand and announce products

Share of Customer’ Focus
• Customers by definition only source of revenue
• Sells as many products as possible to one customer at a time
• Differentiates customers from each other
• Collaborates with customers
• Finds a constant stream of new business from established customers
• Makes sure each customer is profitable, even if loses money on occasional product or transaction
• Uses interactive communication to determine needs and communicate individually

A 1-1 learning relationship - is where the customer teaches an organisation about their preferences and the organisation then tailors its response to those preferences … such that it becomes more worthwhile for the customer to remain loyal than to switch to another organisation for any reason.

Benefits of 1-1 learning relationships …
• Customer loyalty
• The customer learns more about his or her preferences
• The organisation learns more about its own strengths and weaknesses

Customer retention drives increased profits

Reichheld and Sasser (1990) found that a customer’s profitability increased with length of retention, based on four factors:
1. Increased purchases
2. Reduced operating costs
3. Referrals to other customers
4. Price premium (conversely, new customers usually pay lower introductory prices)

Being customer centric pays but...

requires a unified view of the customer across the five principal business functions:
1. Financial
2. Production, logistics, and service delivery
3. Marketing communications, customer service, and interaction
4. Sales distribution and channel management
5. Organisational management strategy
Customisation:
- **Customisation** is a response to this standardisation. It attempts to create individual and unique product offerings for each customer, thus enhancing the customer experience.

Mass customisation:

<table>
<thead>
<tr>
<th>Mass Production</th>
<th>Mass Customisation</th>
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<tr>
<td>Supply chain management</td>
<td>Demand chain management</td>
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<td>Economies of scale</td>
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<td>Make to forecast</td>
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<td>Speculative shipping costs</td>
<td>Goods presold before shipping</td>
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<td>Inventory carrying costs</td>
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Mass customisation and profit:

Mass customisation is really **mass configuration**
- Create and pre-produce product and service modules
- Configure modules to meet individual customer needs – producing thousands of possible configurations

For manufactured goods, if products are modularised, ‘make/assemble to order’ can be more cost effective than ‘make to forecast’ (no large inventory)
- Subway – ‘assemble to order’
- McDonalds – ‘make to forecast’

Done well, mass customisation can be very profitable … and … deliver high customer satisfaction and loyalty

Four types of mass customisation:
1. **Adaptive** customisation