

## **Why improving the Customer Experience is even more important during an economic downturn**

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### **Background**

In recent months it has become clear that, at the very least, GDP growth is going to slow down in most western economies and some economies might even face a recession. Several studies (not all sponsored by advertising agencies!) have proven that advertising during a recession generates a high return on investment and usually delivers growth in market share when economic conditions begin to improve.

### **What of Customer Experience during economic downturn?**

Customer experience is fundamentally different to advertising or marketing the organisation.; it is an intrinsic part of the proposition that customers consume as they purchase products or services. Customer experience is also different to advertising in that it is not a discretionary spend, although it is certainly possible to optimise spending to deliver the desired customer experience. However the same principle that we have seen for advertising holds true for customer experience, in fact probably with more confidence – if you create a superior customer experience when economic conditions are tight you will create immediate competitive advantage and you will see the upside when conditions start to improve.

### **The Customer's Point of View**

During an economic downturn most consumers will be looking to increase value for money - they are likely to be more discerning and considered in their purchasing decisions as they try to make hard earned cash go further.

When times are hard customers are also likely to be less forgiving of a poor service experience and are more likely to “vote with their feet” if an organisation fails to meet their expectations in terms of the customer experience.

With less disposable cash available, customers are also more likely to take notice of advocacy and other customers' recommendations of products or services.

## **The Organisation's Point of View**

When economic conditions become more demanding organisations tend to come under considerable pressure to maintain profit growth even though revenues might be flat or declining. Traditionally organisations focus on cost cutting and on acquiring new customers.

This time round, I think things will be different. Retention of existing customers (in particular the profitable ones) is all the more important during difficult economic conditions. , and improvements in the bottom line (costs) can be achieved from “getting thing right first time” and dealing with issues “on the first touch”. There are considerable cost savings to be had from doing more of the right things for existing customers and fixing those things that are not working for them.

Understanding and reviewing each stage of the end-to-end customer experience to optimise those touch points that matter most is likely to reduce churn and help to focus scarce resources where they will make the greatest difference.

Additionally, organisations should identify those customers who are potential advocates of their products and services. Encouraging potential advocates to recommend you will both increase revenues and tend to create even more loyal customers who are then more likely to stay with you and keep spending even when times get tough<sup>1</sup>.

## **Where to Start?**

A practical first step is to develop a clear picture of the current end-to-end customer journey and to identify those high leverage touch points and areas of waste in the current service experience.

Starting to focus early on in the customer experience is then likely to be a sound strategy. Putting the changes in place early in the cycle will better “insulate” the organisation from the effect of any economic downturn and enable the organisation to realise the benefits over a longer period.

In addition, deploying a measure of customer advocacy (for example Net Promoter), to both identify the advocates in the customer base and to provide a baseline to check whether overall customer equity is stable, improving or deteriorating will enable more focused action to be taken.

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<sup>1</sup> See “From ‘Ready’ to ‘Go’: Activating Promoters” by Dr Alain Samson for Mulberry House Consulting, March 2008

## **Conclusions**

Remember that your customers always have a choice – whether to buy something at all or whether to buy it from someone else. During tough economic conditions that choice becomes even more important, for buyers and sellers alike. Your goal should be to create valuable and long-lasting relationships with your customers that will provide a secure and growing revenue stream.

Concentrating on getting the customer experience right is important. During a downturn, making sure that your customers choose you over the competition becomes essential. If you get it right when times are tough you will certainly reap the rewards as conditions improve.

## **How Mulberry House Consulting can help**

Mulberry House Consulting (MHC) specialises in helping organisations across the globe to optimise the customer experience they deliver. MHC does this using a range of consulting approaches. Our Experience Excellence Assessment™ will assess the current capabilities that are in place to deliver the desired customer experience and provides the basis for implementing customer centred change. Our Customer Journey Mapping approach provides a visual map of the rational and emotional journey that customers go through at each stage of the lifecycle and identifies the key touchpoints that can make and break the experience. Our approach to Net Promoter is highly practical and helps organisations to focus on the areas that are most important to customers.

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