Customer Experience Gap Analysis White Paper

Why Do Organizations Fail to Deliver Great Customer Experiences?

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Executive Summary

The pursuit of delightful customer experiences is a key factor in differentiation and customer loyalty. Organizations conduct a multitude of customer surveys to understand customer needs and expectations. But despite these efforts and the resources invested, the results are often far from satisfactory.

By utilizing a new research method that calibrates employee and customer responses to predetermined customer experience definitions, the root cause of the failure can then be identified. The Experience Gap Analysis research is based on responses from 9,496 customers and employees. Calibrating the responses of customers with those of the employees who provide them with service helps identify clear gaps in customer experience definitions. These are what lead to the actual failure to deliver on customer expectations. Organizations often neglect to define what the required experiences should be and leave these definitions to employee guesswork and personal interpretations. This lack of specification of what the experience should be creates a gap that leaves employees trying hard and customers remaining unsatisfied. Additionally, lack of knowledge of where and how the company’s products and services fit in the customer’s life exacerbate the problem. According to customers who took part in the survey, employees fail to understand their real needs and pains and focus on delivering basic product functionality.

To create amazing and profitable customer experiences, organizations have to take a new look at their employees’ understanding and ability to deliver those experiences. A new set of tools, education and definitions is required to rise to the excellence level expected by customers.
Overview

The commitment to performance excellence and to deliver amazing customer experiences has been on the corporate agenda for years. Virtually all executives tout this message to employees at every possible opportunity and establish numerous initiatives to support this commitment. Many companies have developed programs and campaigns to raise the performance bar and buttress these programs. They prove their commitment to performance excellence with t-shirts and motivational posters. However, despite the initiatives, campaigns and programs, customers vocally demonstrate their increased disappointment with the quality of service delivered to them by the companies with whom they do business. The customers often perceive this poor quality of service as a sign of arrogance and apathy.

Where does the fault lie? Some executives maintain that the customers are to blame. The reason they use in their arguments is that as customers become more demanding, they become impossible to satisfy, regardless of the quality of service provided. Although this will always be the case for certain individuals, as a general rule, customers have actually lowered their expectations after years of disappointing service. In many instances they would gladly accept even basic levels of service quality. So why are organizations unable to deliver even average levels of service to say nothing of service excellence?

These three years of research set out to discover the root causes behind the failure to satisfy customers despite the good intentions of executives and employees. It was especially intriguing in light of the massive customer surveys and customer satisfaction studies conducted by many different organizations. They accumulated reams of papers with statistical analysis, pie charts and graphs all presumably describing what the customer wants. All the companies we investigated had a clear understanding that they were not living up to their customers’ expectations and yet no improvement had been made following those striking findings. The problem was clearly not in the organizations’ intentions, but rather with the way that their strategic plans were translated into actions. The root causes for the shortfalls were elsewhere.
In the Minds of Employees

The foundation for analyzing the gap between strategic intentions and performance is based on a thorough understanding of the gap between employee and customer perceptions of performance excellence. In anecdotal interviews, we discovered that employees usually did not internalize customer surveys and satisfaction results. The prevailing attitude towards them was, “these results do not relate to me. They are about the other department. In fact, my performance raised the overall scores. It is the London office that needs to work on their issues. It is the accounting department that causes us all the problems.” The employees’ attitude towards customer studies was, simply put, “It is not me, it is them.” In fact, they usually did not study the voice of the customer results in much detail, and by and large did not translate them into any actions. As such, my assumption was that companies lose the battle for excellence because employees fail to fully recognize their personal responsibility for the total customer experience. Employees operate on a wrong set of data and convictions. The overall performance of an organization is the sum total of the performance of each and every individual employee. If employees operate with their personal version of the truth, then the company’s total performance will be skewed accordingly. To that end, we designed a new research tool that maps the various elements of service excellence with both customer and employee input on the same set of criteria.

Experience Gap Analysis Research

Experience Gap Analysis™ (EGA™). The EGA is customer experience attribute and attitude research that was designed specifically to capture and analyze the definitions and perceptions of customer experiences from both perspectives – those of the customers and those of the employees. The survey includes a section that relates to the functional dimensions of the customer experience, such as web site usefulness and sales experience. The survey includes an additional section that relates to customer experience attitudes, such as the use of common sense and discretion while delivering service.

The EGA was designed to calibrate customer and employee responses in order to accurately capture each group’s perceptions of performance excellence and to measure the disparity between them. The objective is to identify any gaps in the definition of customer experience excellence between the providers of the experience (employees) and the recipients of the experience (customers). By being able to place the opinions side by side, we were able to understand why, despite their good intentions, employees failed to meet customer expectations. Moreover, this comparison allowed us to identify those areas where the gap between attributes’ importance and attributes’ satisfaction was the largest and prioritize dealing with those areas appropriately. We assumed that any gaps identified in the EGA would explain the mixed success in delivering amazing customer experiences, and this was proven correct.

The attitudes section of the EGA measures the customer experience on four dimensions:

- **Capabilities** – requisite employee tools and authority to deliver the desired experience, e.g. availability and access to information
- **Knowledge** – understanding the customers’ lifestyle, business, problems and aspirations (not merely product knowledge)
- **Willingness** – readiness of employees to actually deliver the expected service, e.g. going above and beyond customer expectations
- **Attitude** – employees’ overall feelings toward customers, e.g. arrogance
Experience Attitudes Analysis – Where the Story Truly Unfolds

Attitudes are often neglected or minimized in studies. Companies view them as “soft issues.” Executives do not feel comfortable dealing with them, let alone managing them. In a results-centric world, attitudes are marginalized. But in a world where excellence and experiences differentiate what are otherwise commoditized products and services, the attitudes take center stage. They become critical competitive advantages that must be analyzed, managed, nurtured, and rewarded. Great attitudes deliver excellence and impact customer loyalty. They may be more difficult to define or manage, but nevertheless they are here to stay and differentiate.

Customer Experience Attitude Gaps

The overall customer experience attitude gaps, particularly in the Willingness dimension, sends a message of complete disconnect between employees and customers. This dimension demonstrated the most visible chasm between employee perceptions and customer observations with a 34.91% gap. Employees continuously overestimated their service quality by assuming that they delivered greater value than the customers actually believe they do. What is the reason for this? Employees defined performance excellence in customer experience according to their own criteria and in the process neglected to consider what the recipients of their service defined as performance excellence. Especially surprising were the following statistics:

- 81% of employees believed that they often go above and beyond and exceed customer expectations, yet only 33% of customers agreed. This is a 48% gap between employee and customer responses.
- 78.9% of the employees claimed that they know their work makes a difference, but only 35% of the customers agreed that the employees perform their job in this fashion. This is a 44% gap between employee and customer responses.
- 89% of the employees were convinced that they use common sense and discretion in the way they interact with customers, yet only 44% of customers agreed. This is a 45% gap between employee and customer responses.

Employee Perception of Service Quality

Employee perception of their own quality of service often bears no resemblance to customer observations. These results painted a picture of two distinct groups of people who never met or discussed their mutual expectations. Employees were completely off in their assessment of their performance. They performed their daily tasks based on their own convictions, but those convictions bore only minimal resemblance to the customers’ expectations. In one global business to business company, the statement “I often go above and beyond” reached a gap of 66%. Some 90% of employees were convinced that they delivered above and beyond service while only 24% of their customers agreed! Not only does this gap represent a complete misunderstanding of how customers expect to receive a positive experience, it also highlights the wildly diverging realities in which employees and customers exist. Employees use one set of criteria to deliver service while customers expect a positive experience based on entirely different standards.
What Causes the Gaps?

So what might be some of the reasons behind employee confidence in the face of overwhelming customer dissatisfaction, as illustrated by the willingness gap? Is it arrogance? A 12% gap in the attitudes dimension, which measures arrogance against humility, indicates that the reason has nothing to do with arrogance. The customers did not perceive the employees as arrogant. However, arrogance is prevalent among engineering and R&D focused companies where engineers and product developers tend to act as artists rather than customer-centric employees. Engineering and R&D focused companies aside, organizations tend to demonstrate the proper level of humility and respect in their dealings with customers.

Another reason which we examined was lack of tools and authority, which we assessed in the capabilities dimension. But this dimension bore the smallest gap, 11.9%. It seems as if both employees (55% agreement level) and customers (43% agreement level) shared the same opinion. Both customers and employees agreed that there is room for improvement before the availability and use of the relevant tools, information and authority reach their desired level. In the absence of a significant gap between employees and customers, this dimension did not allow us to explain the significant gap we discovered in the Willingness dimension.

Determining the reasons for the gap in Willingness was predicated on the results of the Knowledge dimension. The Knowledge dimension examines whether employees understand the impact of their actions on customers. It was in this dimension that we discovered the second largest gap between customers and employees. The results were that 63% of employees believed that they understood the customers’ issues and business and only 35% of the customers agreed. Lack of knowledge was at the core of the failure to deliver excellence, not a lack of employee motivation. Employees did not see the complete picture of how and where their products and services fit in their customers’ lifestyle and what impact their performance made. Employees failed to understand the business-related hopes and aspirations of their customers as well as the consequences customers bore if their performance failed to deliver. By not fully understanding the impact of their actions, employees acted on preconceived, and often ill-conceived, notions of what the customer experiences should have been. These results pointed to the fact that employees operated on a self-defined set of excellence criteria. Their criteria shared very little with the customers’ criteria for excellence. Such behavior can be compared to highly motivated treasure hunters who lack a compass and a map. They constantly go from place to place in search of their treasure. However, with no concrete guidance or direction they remain lost and floundering in their quest.
What is Needed to Bridge the Gaps?

By failing to study the customer’s lifestyles and problems, employees focused on the mechanics of service-related tasks rather than their impact on customers. An employee working at the reception desk of a large hotel may be an expert in operating the check-in software and issuing keys (the mechanics of the task) but will fail to recognize and understand what jet lag is and how this impacts a guest (the impact of the task). Executives took the human engagement with customers, or the attitude issues, for granted. Being uncomfortable with that “touchy-feely” stuff, they simply neglected it. They wanted to believe that their employees did somehow understand it and delivered it uniformly. These executives stayed focused on the experience attributes and hoped that by controlling them they would be able to create sustainable excellence.

The following statistics illustrate employees’ lack of basic knowledge of customer needs and issues:

- 70% of employees claimed to understand the customers’ pains and issues, but only 32% of the customers agreed. A 38% gap between employee and customer responses.
- 86% of employees claimed to understand the value of their services to customers, while only 46% of customers agreed. A 40% gap between employee and customer responses.
- 54% of employees claimed to understand the business problem they solve, while only 35% of customers agreed. A 19% gap between employee and customer responses.

EGA Research Conclusions

The EGA research conclusively demonstrated that employees are disconnected from customers. Each group defined excellence in the realm of the customer experience differently. Employees operate on their own set of convictions and not those of the recipients of their services, the customers. The key to excellence is the complete focus on the recipient and his expectations. The self-defined excellence of the employees fails to do just that. As such, their definitions fell short of what the recipients regarded as excellent and were therefore scored poorly. The reason for this dissonance has little to do with arrogance and mainly to do with lack of definitions and employee education. Companies fail to define excellence in a holistic way that includes the experience functional dimensions as well as its attributes.

Employees fail to fully grasp the customer’s lifestyle and real problems. This is often a result of the lack of proper employee education program that can describe the customer to them as human beings and not just as purchasers of products or services. Those education programs are often long on corporate internal processes, procedures and restrictions. Those same programs will often be very short on the customers, their lifestyles, expectations, and definitions of excellence. It is somewhat confounding to see companies spend more valuable education time teaching their employees how to catch a cheating customer then on how to delight loyal customers.
“I” vs. “We” or the Emergence of the “Lonely Savior”

A particularly noteworthy gap manifested itself during an analysis of questions beginning with the words “I” and “We.” While the statement “We deliver the best service there is” was scored 45% by employees, the statement “I often deliver above and beyond service” received a ranking of 81% by employees – a gap of 36% on what is seemingly the same statement! Employees consistently placed their personal delivery of customer service above that of the organization. While this may be predictable, the size of the gap sends the message that employees have little confidence in their own organizations. Employees are also sending the message that their personal success comes despite, not because of, their organizations. This trend, which has been reinforced through numerous employee interviews, is an extremely serious issue. The dissonance between employees and their employer is what we called the “isolated savior.” The “isolated savior” is an employee who develops a strong belief that he needs to protect the customers from his employer’s bad actions and otherwise unreliable service (except his, of course). He becomes a customer advocate at the expense of his employer, and not in support of the employer. The “isolated savior” has lost trust in his own organization and acts according to his own personal criteria and standards. These efforts, while appreciated and seemingly beneficial to the organization, actually damage the long-term sustainability of an organization’s operational excellence.

Although heroism by individual employees is commendable, it must be made in support of the organization’s customer strategy. “Isolated saviors” who view their organization as incompetent will not contribute to the overall customer knowledge infrastructure. This behavior will often result in employees neglecting to update customer databases and reduce cooperation with other employees. The “isolated savior” sees no reason to support and help the organization that damages “his” customers. Additionally, he neglects to participate in the organization’s overall customer strategy because he simply views it as a futile exercise. These employees operate from a “different” customer guidebook and create inconsistent customer experiences. They also create a greater personal dependency between themselves and their customers. One manifestation of this is their suggesting that customers contact them personally, when possible, bypassing recording software, IVR’s and other corporate tools. They gradually build personal trust with the customers, a good thing, is it not? No, it is not. This trust comes with a price – reduced customer trust in the organization. Particularly noticeable is the Robin Hood syndrome of “stealing” from the rich (the company) and “giving” to the poor (the customers). This is demonstrated be higher discounts, waivers, and other forms of dispensation towards the customer above what is normally acceptable in the company. By exhibiting this type of behavior, employees send the message to customers during their interactions that they personally save customers and help them survive the organization’s incompetence. Such heroism does not make customers loyal. They, in fact, are more inclined to defect to the competition. They are unwilling to bank all their trust towards the organization on one isolated employee. Customers might argue: “If the employee indicates that the company is incompetent, then it must really be so.”

Companies should strive for organization-based heroism, where employees who exceed expectations do so while supporting the organization, contribute to the overall customer knowledge base and deliver great service. Employees ultimately act as company ambassadors and not as individuals who may actually despise the very organization for which they work. The “isolated savior” does not target the overall success of the organization. At best he is focused on personal success, which he defines as protecting the customers from the organization’s misdeeds.
Getting the Basics Right – Customer Experience Functional Dimensions Analysis

When analyzing the results of the functional dimensions section, we noticed an interesting trend. Employees would often assign higher importance to certain functional dimensions while customers would view the same functional dimensions as less important. The average gap between the employee and customer definitions of importance was approximately 10%. This result indicated that employees regarded their performance more critically than their customers did. While holding themselves to higher standards than customers demand from them might appear positive, this often leads employees to set goals and standards that are more difficult to achieve. This skews performance towards employees’ criteria of performance excellence, not that of the customer. This often manifests itself in the realm of pricing. At one business services company, 92% of the employees declared that price was a highly important attribute of the customer experience while only 50% of their customers agreed! (There is a common misconception that price is highly important to customers, while our research indicates that price is one of the least important attributes in the customer experience.)

Relying on common, but mistaken, beliefs and not understanding customer needs had devastating consequences on the customer experience. By mistakenly focusing on price, employees compromised on quality and service to achieve lower price points. They struggled to find new methods of delivering lower prices rather than focus on what customers truly wanted – value, innovation and positive experiences. Such mistaken perceptions, especially when widely agreed upon in the organization, can wreak havoc. The employees perceived products as commodities with downward spiraling demand, while customers still viewed the market as growing and with room for premium service and premium price. This was one case where employees operated on their own convictions and skewed the company’s performance toward their version of the truth and not the customers’ version.

Another noticeable trend in our functional dimension analysis is that employees were less satisfied with their own performance than customers were. In some cases this gap was as high as 22%. While it might be argued that this gap indicates that employees set high standards for their performance, it is not the case. It indicates that employees and customers do not define performance excellence in the same way and they do not measure performance with same criteria. This phenomenon was the result of employees constantly being subjected to demands and complaints, which prevented them from observing the overall high company performance and living up to customer expectations. Employees were judging the company through the negative exceptions they were handling daily and ignored the large portion of the business that operated smoothly and had satisfied customers. This negative approach towards the company, due to the constant exposure to upset customers, is unhealthy.

Over time, employees developed a lack of trust in their company which evolves into and supports the “isolated savior” phenomenon described previously.
"I Wish I Could Do More"

But the EGA results are not without a ray of hope. This important ray of hope can be found in employees continually expressing their desire to help the customer and improve the customer experience. 58% of the employees agreed with the statement “I wish I could do more for the customer.” At one company, the number jumped to 82%! Employees sent a strong message that they themselves want to do more for customers and at the same time are urging their managers to help them help the customer. Good intentions, however, are rarely enough. Only 47% of the employees strongly agreed with the statement “I have the tools and authority to solve customer problems.” These two statements highlight what customers are really saying – that their desire to do more for customers is contingent on receiving the tools, information and authority that are necessary to delight customers.

The aggregated results of the EGA study indicate that organizations and employees cannot deliver excellent service in the current inward looking state. By acting with their own set of criteria, employees continually deliver service that is inconsistent with the customer expectations of service excellence. The problem is not commitment (or lack thereof), but rather a confusing definition of performance excellence. Employees simply do not understand customer needs and therefore continue to deliver unacceptable and dangerously low levels of customer service. This trend continues even as customers clearly state that employees lack a basic understanding of the impact that their service and actions have on them. Employees continue to define successful performance in the narrow context of the mechanical aspects of specific tasks and fail to see the greater picture of the customers’ needs and wishes. It is important to note that when we discuss the matter of customer education we do not refer to customer service skills, such as how to deal with irate customers. Those training programs have existed for years. Their biggest flaw is that they are generic and treat all customers the same way. They offer a “one size fits all” approach that ultimately fits no one. A company’s customer education program needs to highlight the differences between the different customers and how to customize services to each customer type.

Upon receiving the results of his organization’s EGA, one senior vice president remarked “This is embarrassing.” However, poor results do not mean that employees are unintelligent, incapable or lazy. They are rather misdirected due to the absence of proper direction and definitions. This information points to product-centric organizations failing to understand the requirements and specifications for delighting the customer. The gaps point to a product-centric rather than a customer-centric approach. Most organizations use product-centric tools and definitions of product excellence and mistakenly apply them to the customer experience. Products and people are not synonymous. Only by defining and utilizing customer-centric specifications and providing their employees with the requisite tools, information and authority, will organizations be able to bridge the inherent employee-customer gaps and create lasting and profitable relationships with their customers. These efforts should be complemented by a customer education program that highlights the uniqueness of different customers, their specific needs and aspirations and the impact the products make on the customers’ total experience. It is when employees can see the personal, individual overall impact they can make on people’s lives that they often rise to their best performance. It is only when they see how powerful they are in making a difference that they will chose to deliver excellence.
The EGA clearly establishes the gaps between employees and customers and the misconceptions which explain poor employee performance. Additionally, the research highlights the deep the divide between product and customer focus and identifies the needed remedies to bridge this divide by framing the analysis in the context of tools, knowledge and definitions rather than in the context of “faulty” employees.

Only by understanding what customers truly want and defining customer experience from the customer’s perspective will employees be able to deliver competitive performance excellence. The mechanics of service delivery are inconsequential and irrelevant to customers. Customers view those mechanics, which are often attributes oriented, as generic and commoditized and the basics of service delivery. They are merely a vehicle in which to reach the true aspirations they have.

Summary

Customer experience performance resides in employees understanding customer needs, goals and aspirations. Whatever employees believe is required by the customer, is what they deliver. Organizations must manage that understanding in order to deliver a level of delightful customer experiences. As companies seek to achieve excellence in customer experience, they need to continue working on fixing the customer experience functional dimensions. This should be done while defining the experience using the holistic view of both functional dimensions and attitudes. Companies should create clear specifications as to what the customer experience and excellence should look like. They cannot afford to leave it up to employee interpretations, as currently is the case. Whatever definitions companies create for their customer experience, must be dictated by the ultimate judge, the customers. Yes, the customer might have a much stricter definition and criteria for excellence. But this is the difference between faking it and the real thing.

Research Method

For this analysis, we used the aggregated results of five companies in the United States and Europe. We analyzed 9,496 responses from 5,211 customers and 4,285 employees. It is important to note that the employees surveyed were the same employees who service the customers who participated in the study. In fact both employees and customers scored and responded to the same excellence performance criteria delivered by the employees. These companies conduct business in a variety of sectors, including business to business products, business services and business to consumer products.

Each dimension included several questions. By providing multiple questions per dimension we were able to ensure a balanced view. This method ensured that no single question skewed the results because of the way it was worded. During the analysis we noticed that one question in each dimension usually received a significantly stronger response. Participants were relating to certain questions and expressed stronger responses. The remainder of the questions in the dimension balanced the effect to paint a more accurate picture.
About Strativity Group

Strativity Group, Inc. is a global consulting firm advising organizations on creating lasting, profitable relationships with their customers and employees through the transformation of their strategies and execution to revolve around the customer experience. Customer Experience Management (CEM) strategies enable companies to create true competitive advantage by moving the strategic focus from product to customer. Effective CEM strategies deliver fast, measurable return on investment within 6-9 months.