



Making Memories

2016 UK Customer Experience
Excellence Analysis



2016 UK CUSTOMER EXPERIENCE EXCELLENCE ANALYSIS



David Conway, Director, KPMG Nunwood



Guiding international best practice

- 7 years of ongoing research
- Across 3 continents
- Over 1.4 million consumer evaluations
- c. 1000 cross sector brands

Through The Six Pillars™ of customer experience excellence



Personalisation



Integrity



Expectations



Resolution



Time and Effort



Empathy

Applied to key customer experience challenges



Vision and Strategy



Journey Prioritisation



Journey Diagnostics



Journey Transformation and Roadmapping



CX Management and Control



Best Use of Thought Leadership 2016

Foreword

The decisions we make in life are based on memories – about experiences. The creation of positive memorable experiences is becoming the new battleground in improving customer value.

Our research in both the US and the UK has shown that leading firms now understand this, and that delivering memorable customer experiences forms the very core of their customer strategy. Ritz Carlton, for example, has 40,000 ‘memory makers’ – every employee is charged with creating something memorable for each individual customer.

However, whilst at some level, many firms intuitively understand the importance of linking memory with experience (think of the number of companies that state “creating memorable experiences” as part of their customer strategy), few really know how to go about successfully implementing such a strategy.

Consequently, the theme of memory and its link to loyalty is the central area for exploration in this year’s UK Customer Experience Excellence analysis.

The recent KPMG Global CEO Outlook highlighted that the primary concern keeping CEOs awake at night is customer loyalty – how can we ensure we keep the customers we have?

Neuroscientist Daniel Kahneman provides some of the answers in his concept of the “two selves” – the “experiencing self” and the “remembering self”. The experiencing self lives in the present, processing current inputs and information from the physical and social environment. Once these moments have passed, however, most are lost forever. Kahneman estimates the average retention of an experience is about three seconds (Source: Thinking, Fast and Slow, Daniel Kahneman).

The experiences we remember are defined by change. Experiences that are new, novel or are personally meaningful provide emotional peaks in a stream of experience. Finally, our remembering self likes endings, how experiences conclude – the big finish.

The memorable moments are not just about the tangible elements – the ‘nice to haves’; the intangible elements are just as important, as they can work together to create a good experience.

The challenge for loyalty-fixated CEOs is to ensure their business satisfies the needs of the experiencing self, so that consumers are drawn to their brands, while they also provide experiential change that the remembering self can use to create memories that will bring consumers back again and again.

Kahneman makes the following distinction about how experience and memory affect future behaviour: “We actually don’t choose between experiences, we choose between memories of experiences. And when we think about the future, we don’t think of our future normally as experiences. We think about our future as anticipated memories.” (Source: The Riddle of Experience vs. Memory, Daniel Kahneman). It therefore follows that loyalty will come from customers’ anticipating future positive memories of experiencing your brand.

So which companies across the globe should the UK look to for guidance in creating ‘anticipated memories’? In the US, firms such as Ritz Carlton, Disney, Publix, Trader Joes and Wegmans are all exponents of creating experiences that engage the remembering self. In the UK, first direct, John Lewis, Lush and Emirates lead the way. These firms realise that our remembering self requires a little help, so they consciously seek to reinforce memories that will bring the customer back.

Interestingly, Kahneman cites travel as a change-inducing activity because travel provides an ongoing supply of new and novel experiences. This is interesting because in this year’s report, it is the travel and hotels sector which features some of the year’s most transformed brands, with firms such as Marriott, American Airlines and Eurostar setting the pace. Each, in their own way, creating memorable experiences that drive loyalty and advocacy.

So why is all of this beneficial to the CEO? Most companies are attempting broad-brush, wholesale improvements in customer experience – involving large-scale transformative projects that look to generate root and branch improvements. The reality is, that from a customer’s perspective, it is more valuable for firms to determine where they must be good enough (meeting the needs of the experiencing self) and where they should excel (activating the remembering self). For many firms, success will be a matter of prioritisation and focus, not necessarily wholesale change.

**David Conway, Director
September 2016**

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Next Steps

UK 2016 Executive Summary



This year's analysis shows that customer experience success is always work in progress and never a destination, with familiar names entering, re-entering and leaving the top 10.

The continuing quest to outperform competitors has led to an improvement in the UK Plc score overall (from 7.25 to 7.33) for the first time in three years, as customer experience strategies begin to have an effect.

However, with customer expectations continuing to rise, it is becoming more and more difficult for firms to stay abreast of expectations, let alone exceed them.

- **first direct top our table this year.** A sterling performance given that many financial institutions are struggling to reconcile increasing regulatory demands with a high-quality customer experience. However, Nationwide Building Society, who return to the top 10, and first direct, show that the two are not necessarily mutually exclusive.
- **TSB is the first of the major high street banks to break into the top 50.** A performance driven by an intense focus on the human side of customer experience as a competitive differentiator, led from the very top.
- **In the UK and globally, we are seeing the travel sector leading both customer experience innovation and the delivery of experience quality through people.** Indeed, within this

sector there is something of an arms race, as companies work hard to woo the more affluent passenger or customer, in particular.

- **Hospitality continues to focus on the delivery of the brand through its people.** Ritz Carlton led the world in training staff in how to interact with guests in a way that is not simply polite and friendly but memorably so. Parent brand Marriott has learnt from its outstanding subsidiary, embracing many of the techniques pioneered by Ritz Carlton and applying them across its portfolio of brands and, as a consequence, has risen up the UK leader board.
- **It is this concept of memory that provides the central theme of this year's report.** Our 2016 US report (Harnessing the Power of the Many) highlighted companies such as USAA and Disney Parks. They not only focus on creating great customer experiences, but also on intentionally engineering and architecting the experiences in such a way that they live on in the customer's memory and have a direct and quantifiable impact on commercially advantageous future behaviour.
- **The leading brands in the 2016 UK analysis have clearly paid attention to this.** Emirates, giffgaff, M&S Food and Apple Store are all skilful exponents of managing the memories they create.
- **Brands that have transformed, such as OVO Energy and TSB, have learnt how to reach customer experience escape velocity** and leave behind a moribund sector, by creating experiences that link to a powerful and memorable hero product offer.
- **For brands such as Mothercare and Eurostar, a complete rethink of how the business model is presented to the customer has been required.** Mothercare have focused on the unmet psychological needs of new parents alongside

a reinvigoration of how they continue to meet their physical needs. For Eurostar, a £1 billion investment in new, state-of-the-art trains has catalysed customer experience improvement across all of their touch points. A significant performance given the level of disruption they have been dealing with that has often been outside of their control.

At the heart of customer experience thinking this year has been the desire to create experiences that live in the memory, either directly through the superior quality of the experience, or indirectly through association, as is evident amongst the leaders. For Lush it is about linking what they do to a memorable campaigning stance, for M&S Food it is the part they play in date nights, for Apple Store it is the cleverness of their geniuses and for Richer Sounds it is the passion and exceptional knowledge of their people.

What is clear is that these companies all excel at The Six Pillars of customer experience and wrap the experience around a singular customer-based mission.

Research conducted in July 2016

Over 10,000 UK consumers evaluated 287 brands

Spanning 10 sectors:



Financial Services



Grocery Retail



Non-Grocery Retail



Restaurants and Fast Food



Entertainment and Leisure



Travel and Hotels



Logistics



Utilities



Telecoms



Public Sector

The Six Pillars of Customer Experience Excellence

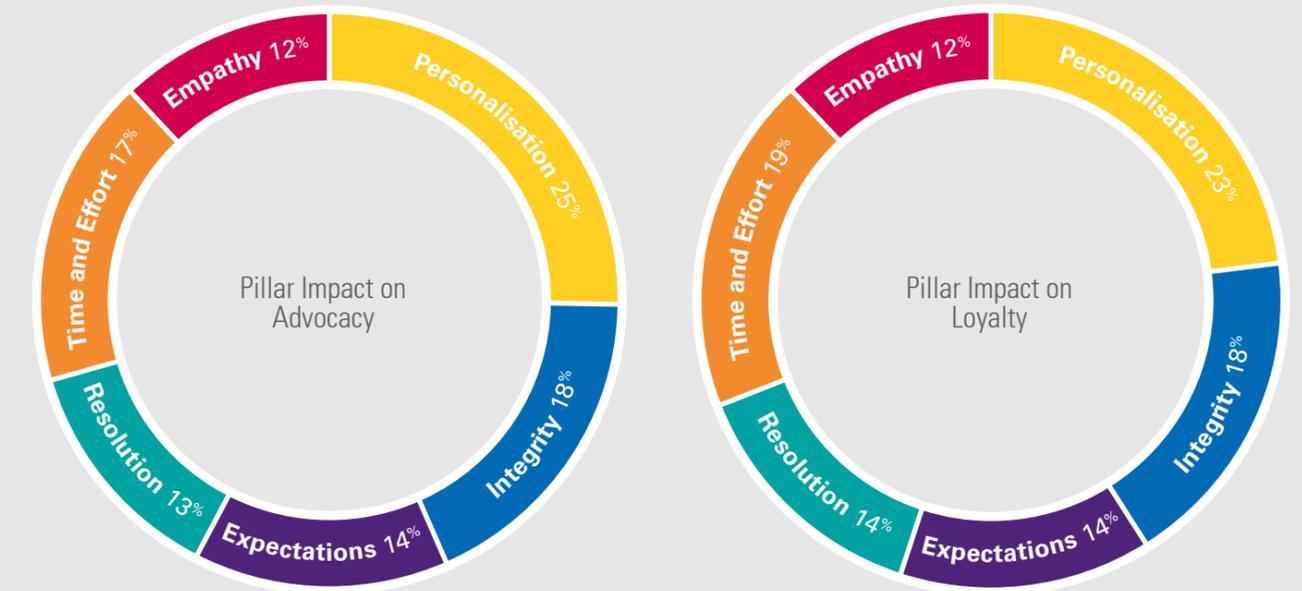
The *Customer Experience Excellence Centre* is the world's largest customer experience think tank. Through an ongoing research programme across three continents over seven years, over 1.4 million consumer evaluations have been gathered.

The Centre's research demonstrates that a universal set of emotional qualities defines an outstanding customer experience – these are The Six Pillars. Personalisation, Integrity, Expectations, Resolution, Time and Effort and Empathy are all essential goals to master for a leading customer experience.



Pillar impact on loyalty and advocacy

Organisations that deliver across The Six Pillars demonstrate the enhanced commercial outcomes that are achievable, as The Six Pillars have a clear link to loyalty and advocacy.



The 2016 UK Customer Champions

1st first direct

"first direct are just brilliant. There's always a proper advisor on the end of the phone who can deal with your query straight away. They are always cheerful, helpful and professional – they are excellent at what they do."

UK 2016 respondent

Financial Services | place from 2015

Reclaiming 1st place in 2016 (also no.1 in 2014), first direct creates positive brand memories for its customers through its quirky advertising and outstanding customer experience, knowing when its right to make things quick and simple for customers, and when to make memories. The bank acknowledges the important role its staff play, recruiting for attitude, training the skills and empowering staff to make decisions.

2nd John Lewis

"I have always found shopping in John Lewis to be very pleasurable, with staff who are more than willing to go the extra mile for you."

UK 2016 respondent

Non-Grocery Retail | place from 2015

Respondents to the UK analysis indicate that John Lewis manages the memories it creates for its customers through a seamless experience, integrity in actions and swift resolution if things go wrong – leaving the customer with a positive memory of staff going 'above and beyond', and consequently, a more positive impression of the retailer than they had before the issue arose.

3rd Lush

"We celebrated my daughter's birthday with a visit to Lush and had a lovely time. They went out of their way for us and made the birthday girl feel incredibly special – she has great memories of that day."

UK 2016 respondent

Non-Grocery Retail | places from 2015

A strong set of core values and beliefs are at the heart of the brand, and for those who share these values, this sets an emotional connection which develops throughout the customer journey. This connection is enhanced by the advisory approach staff take, providing guidance rather than hard selling. Lush Kitchen – where customers can watch their products being made – provides a memorable 'emotional peak'.

4th Emirates

"Excellent in every possible way. They make you feel important, even when you travel economy class. No plastic cutlery or dishes, numerous channels you can watch, all making the flight experience truly memorable."

UK 2016 respondent

Travel and Hotels | places from 2015

Emirates' move into the top 10 is driven by its progress in demonstrating Empathy with its passengers. The airline sets itself apart from others by intentionally engineering memorable experiences. Be it a souvenir family photograph with the air hostess, or chauffeur service from the airport, the individual touches appear special and personal, but behind this are well-crafted plans to leave the customer with highlights to remember.

5th Amazon

"I ordered a Kindle book. Instead of supplying it, they sent me a polite email telling me that I had already bought it, which I had! I cannot think of another company that would be as honest. Most would simply sell me another copy!"

UK 2016 respondent

Non-Grocery Retail | place from 2015

An exemplar of how to generate emotionally engaging Personalisation without human interaction, Amazon continually looks to develop new innovations to enhance the experience. It is the way in which Amazon has extended its business model that shows the greatest experience innovation. For most of us, it has become our library, our movie theatre, our concert hall, our photo album and our retail partner of choice.

6th Richer Sounds

"My husband and I went to Richer Sounds to buy a new TV. The staff were extremely helpful and we spent a lot of time in the shop. We were also able to experience the sound quality of the TVs in the shop and they went out of their way to help us."

UK 2016 respondent

Non-Grocery Retail | places from 2015

Julian Richer describes the factors behind Richer Sounds' success as, "we recruit colleagues who love music and movies as well as for their natural friendliness. We don't employ people for their high-pressure sales skills; we choose team members who are friendly, enthusiastic and genuinely passionate. That means that our sales teams have something in common with our customers straight away, which makes it easier to build a rapport."

7th M&S Food

"I love the M&S Dine In deal. It feels like a real treat on a weekend. We'd rather stay in and make a night of it at home"

UK 2016 respondent

Grocery Retail | places from 2015

M&S Food is the leading grocery retailer in 2016 and continues to be behind M&S profits. With its immensely popular Dine In for Two deal, M&S Food makes a memorable experience out of a night in, as customers appreciate the restaurant-quality, competitively priced food at home, with the added reassurance of all products being responsibly sourced.

8th giffgaff

"When I first changed to giffgaff, I messed up on my top-up and was unable to purchase the bundle I wanted. They apologised even though it was my mistake, added free credit and helped me convert it to a bundle."

UK 2016 respondent

Telecoms | places from 2015

giffgaff is the only telecoms company to feature in the top 10. A new type of network, giffgaff treats its customers as if they are a family member. Unusually, it's less about staff creating great experiences for its customers, but instead about the community of customers it has created delivering memorable experiences for each other. An unusual model, but one that generates high satisfaction and an emotional connection with the brand.

=9th Nationwide Building Society

"Towards the end of last year my mortgage was reaching the end of its term. There were a number of options to take and the staff were very helpful in providing guidance on my options to pay it off and save interest and re-mortgage costs."

UK 2016 respondent

Financial Services | places from 2015

As a mutual organisation owned by its members, the culture is focused on doing the right thing for its members. The building society is constantly investing in the member experience, from new product launches to its branch environment and digital solutions. Demonstrating Integrity and Empathy is a key part of the Nationwide customer experience, as reinforced by its current advertising campaign.

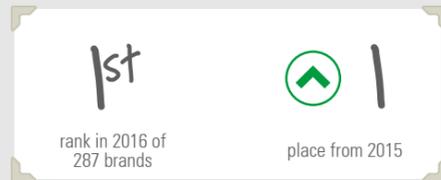
=9th Apple Store

"My iPhone was one month out of warranty when it began to turn itself off. The guy at the Genius Bar found water damage to the phone. Apple had every right to make me pay for a repair. Instead, they gave me a replacement with a three-month warranty."

UK 2016 respondent

Non-Grocery Retail | places from 2015

At the heart of the Apple Store experience is its people. As with the majority of the top 10, the right recruitment and training means its staff are explicitly taught to create memorable and magical experiences. The brand looks for passion, spirit and a collaborative attitude when it recruits, then guides with a detailed staff handbook to ensure they deliver an enriching experience that remains in customers' memories.



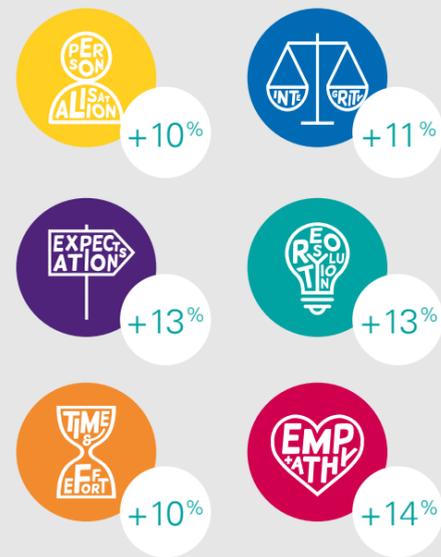
first direct is the no.1 brand in this year's analysis.

"Our customers' experience is everything to first direct. Everything we do starts and ends with the customer. When we are talking about new products or systems changes it always comes back to the customer journey, what will the impact be on customers, and how can we make it better for customers? We are always making changes to the business to make sure we're delivering what customers want and need.

We don't settle for second best; we work extremely hard to make sure we never forget what makes us different is the way we deliver our services. Customers can access our market-leading and award-winning products and accounts online and on their mobile and tablet 24 / 7, but every time you pick up the phone, so do we, because a real person answers every single call, whatever the time, day or night. It's about always looking to improve our service for customers, while offering a consistently great level of service.

We're always looking to make improvements to the customer experience and in the last year or so we've made quite a number of positive changes to the way customers can bank with us. Some of these include improvements to the functionality on our banking app, enabling customers to do more standard transactions securely from their mobile device. We've also added greater digital functionality to our verification checks, launching Touch ID verification, and most recently, Voice ID – the first retail bank in the UK to make this the primary method of verification for customers on the phone. Using Touch ID and Voice ID to verify who you are instead of just using passwords means it's never been more convenient or secure for customers to access their accounts.

The Six Pillars: Scores vs Industry Average



Banks often forget that most people don't want a mortgage or a loan or a current account. They need them to get on with their lives, but they'd usually rather be doing something else. Banking can be a rather dry business, but by making dealing with us as easy as we can, whether this is digitally or by having people on the phones who are genuinely interested in helping you, we try to make dealing with us a memorable experience for the right reasons.

Getting the right people for our culture is something that permeates throughout all levels of the business. All of our people are passionate about maintaining the 'customer first' culture and this particularly shines through in our contact centres. Our people talking to our customers every day and making a small part of their life that little bit better, is something we genuinely enjoy. The kind of customer service we're built around is not the old school banking of queues, red tape or processes, but going the extra mile.

Our people are very highly trained. We spend a great deal of time with people before they even join us in making sure they're the right fit for our culture. Then, once they're on board, we have a comprehensive initial training plan to make sure they understand our products and systems and culture. And only once they've gone through this are they able to engage with our customers. We don't think training is a 'once and done' experience though, and further training is then part of their ongoing routine.

Digitisation is great and brings many advantages, but you can't get away from the fact that people like people. Companies in our sector need to always respect their customers and remember they appreciate being able to talk to real people."

Tracy Garrad, Chief Executive first direct



Customer Story

"I have banked with first direct for over 20 years. They are always very courteous and helpful and have continued to be so over the years. When I happened to contact them by phone on the anniversary of my joining the bank, they unexpectedly sent me a box of three wines! A lovely surprise! On the very rare occasion I have had an issue over the past 20 years I've banked with them, they have been very apologetic and have always sent something by way of apology, even though the issue was resolved to my satisfaction."

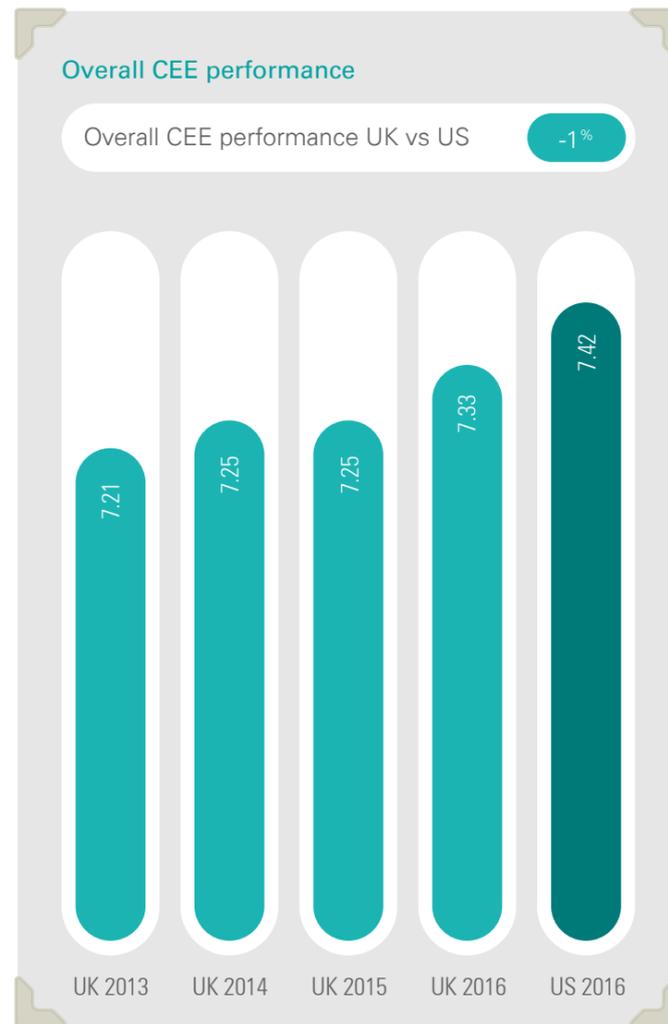
first direct customer, UK CEE 2016

Read more about first direct on the [Customer Experience Excellence Centre](#)

State of the Nation: The Year in Review

2016 has proven to be a time of political and economic uncertainty in the UK and, as Brexit¹ moves to becoming a reality, businesses are increasingly having to manage challenges to customer experience investment, balanced with ever more demanding customer expectations.

Against this backdrop, the positive news is that there has been a step change in overall UK CEE performance. However, there is still more to be done, as the UK remains behind the world leader in customer experience – the USA. Despite starting to close the gap, the US has six times more outstanding brands (those with a CEE score of 8 or more) than the UK.



1. This year's research was conducted just two weeks after the EU referendum took place. As a result, 2016 data shows little indication as to the impact Brexit will have on consumer perceptions of customer experience.

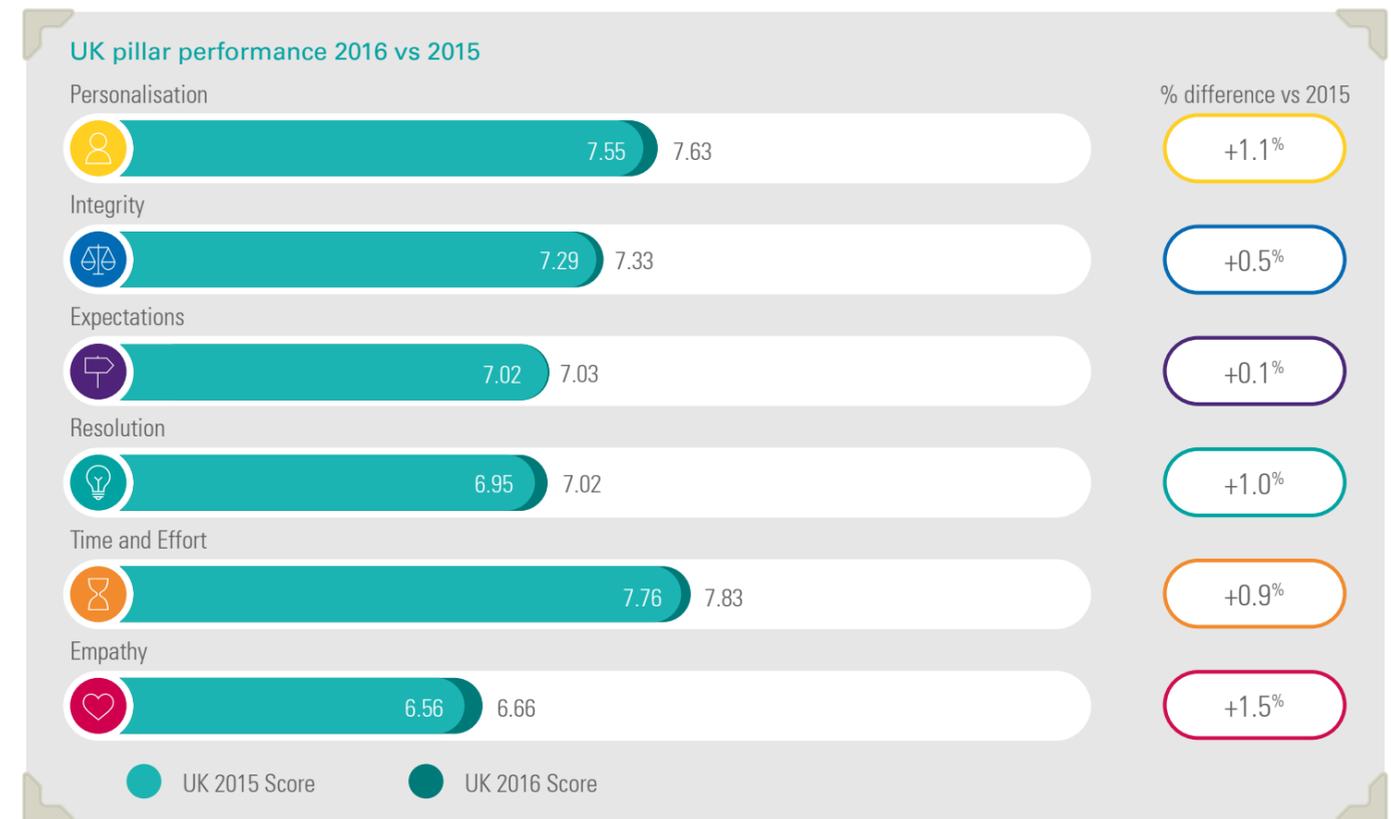
UK Six Pillar performance

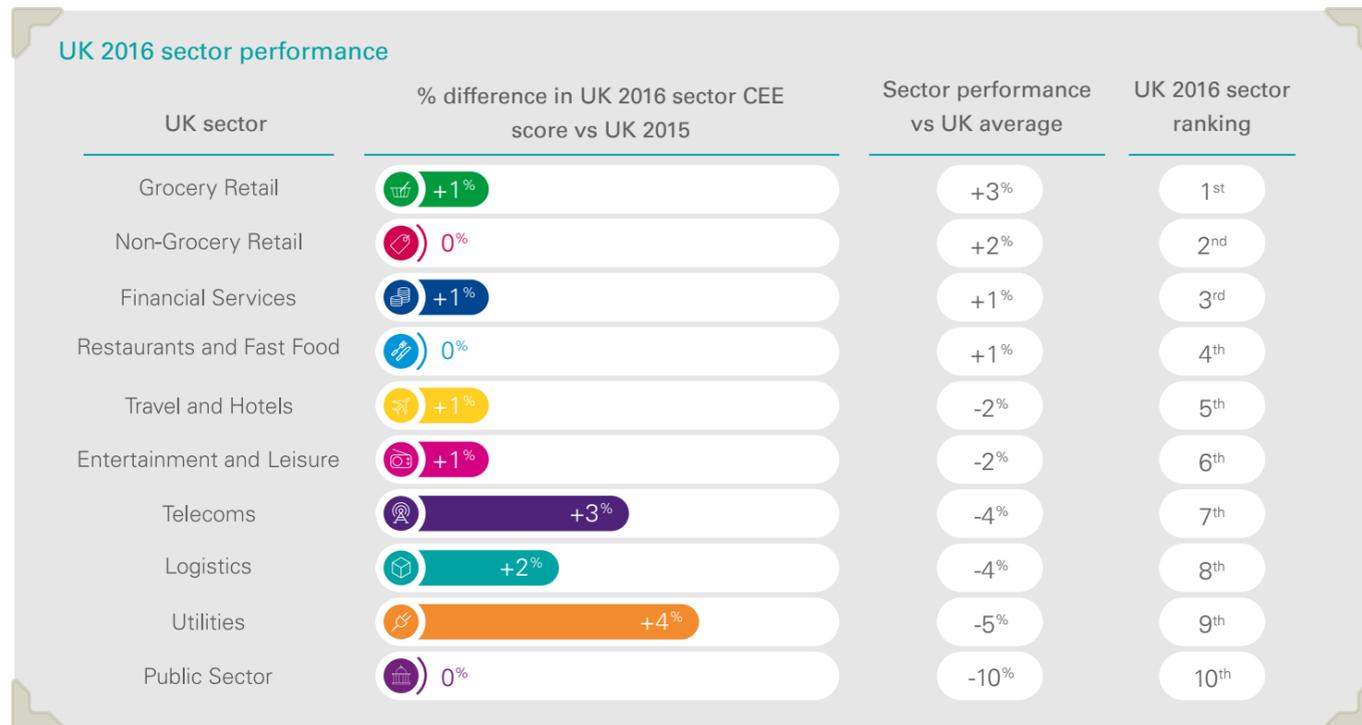
The UK as a whole has made progress across all pillars in the last year – apart from Expectations. We're seeing that customer expectations are becoming increasingly demanding and UK businesses are not progressing at the same pace to meet, let alone exceed, these.

This year, the greatest progress has been made in the lowest performing pillar – Empathy. A demonstration of Empathy imprints on memory, so it is no accident that organisations which have made the greatest strides in Empathy this year also feature as some of our biggest movers in the CEE leader board. The leading organisations across the UK are increasingly recognising the importance of acknowledging their customers' feelings and being able to demonstrate their understanding of them through tangible actions. This

fits with the concept of the 'remembering self' – providing customers with personally meaningful experiences that they will remember.

Despite slight progress, Resolution also remains a low performing pillar in the UK. Turning a poor experience into a great one still seems beyond the capabilities of many organisations. Whilst there is an increasing focus on providing memorable moments for a customer, this is only worthwhile when it isn't undermined by basic process and service failings that aren't put right. When it comes to experience memory, a poor experience is six times more likely to be retained than a good one. So, if something goes wrong, it will have six times more influence on the customer's future behaviour. Therefore a company's ability to turn a bad experience into a good one is an absolute necessity.





Industry performance

In line with overall CEE performance, it's been a year of stability, if not improvement, for all sectors. Grocery retail remains the leading sector (1% improvement since 2015).

Utilities and telecoms have experienced the greatest progress in 2016. However, despite signs of improvement, they still remain low-performing sectors with some fundamental challenges to address.

Utility sector improvements this year have been particularly driven by newer entrants, such as OVO Energy – the only utility company to feature in the top 100. The inclusion of water companies in the analysis this year has also boosted utility sector performance (excluding water companies, there is still a 3% sector improvement).

Whilst the telecoms sector has also shown improvement, only two companies, giffgaff and Tesco Mobile, feature in the top 100.

Strategic Customer Experience

Customer experience is a critical C-suite priority which is becoming a zero sum game – unless you are improving your experience, your competitors will leave you behind. Consequently, huge amounts of corporate energy is being expended on customer experience improvement. These efforts have met with a number of challenges and the current areas of preoccupation we observe are:

- An increasing focus on the 'spine' of the organisation – the link between culture, employee experience, employee behaviour, customer experience, customer behaviour and commercial outcomes.
- The continuing intent to provide 'surprise and delight' emotional high points is being accompanied by the realisation that this is only worthwhile when it isn't undermined by basic process and service failings.
- Post Brexit, firms have begun to look intensely at costs. This has resulted in two short-term impacts. Firstly, firms are becoming much more demanding of the business cases to support customer experience investment, and secondly, they are looking at how costs are allocated across different customer segments – rebalancing both investment and costs to serve targeted customer segments. In today's hyper-competitive world it is not possible to be all things to all people.
- Customer journeys are becoming the most important unit of organisational design – companies who have made progress in redesigning journeys are now beginning to experience the complexities of managing customer journeys in a silo-based organisational model. New operating models are emerging that focus on end-to-end journey management.
- As businesses widen the portfolio of journeys they are redesigning, they have to return to the subject of customer experience strategy, the definition of the target experience, the role of the brand, and the design criteria that ensures consistent delivery when numerous teams are involved.
- This has led to firms looking at software solutions to support the design process, maintain the customer journey architecture and then make journey designs visible across the organisations.
- Firms are realising that customer journeys do not exist in isolation from each other and are, in fact, a complex network of interacting and bisecting journeys. This is leading companies to become more adept at designing cross-journey experiences and removing duplication and wasteful organisational effort.
- On the basis of what gets measured gets managed, firms are changing their experience measurement focus from measuring the progress of individual silos and channels to measuring the quality of delivery at different touch points across the journey.
- As firms develop their customer experience strategies, they are increasingly concerned about whether their corporate culture will accelerate or inhibit the achievement of that strategy.
- Employee engagement has featured strongly in the balanced scorecards of many organisations and employee experience measurement and customer experience measurement are increasingly being aligned.

Sector Review: Travel and Hotels

Leading brands in the travel and hotels sector

Brand	UK 2016 CEE Rank	Rank Movement 2016 vs 2015
Emirates	4 th	+10
Virgin Holidays	15 th	+98
Premier Inn	20 th	-9
Saga	23 rd	+19
Eurostar	24 th	+142
Virgin Atlantic	25 th	+26
Marriott	30 th	+103

The travel industry boasts some of the biggest movers in 2016, with airlines and hotels leading the way.

The sector leads both customer experience innovation and the delivery of experience quality through people – and it’s a pattern we see across the globe. In the travel and hotels sector, there is growing recognition of the need to focus attention on the segment of customers/passengers that ultimately drive profits – ensuring their experiences are competitively superior, whilst understanding the segments where it is acceptable to be just good enough. This refocus has had the greatest impact on Empathy – the most improved pillar for the sector in 2016.

Airlines

For airlines, in particular, we are seeing intense competition around customer experience. The ‘traditional’ low-cost airlines, after years of a low-cost, low-experience focus, are having to address customer experience as a growing number of overseas companies replicate their business model and a pricing floor is reached. So the focus is moving to combine low-cost with customer experience as

the differentiator. Other than Jet2.com, most low-cost airlines have yet to make it into the top 100, but long-term plans are seeing a shift away from just ‘fill it up and sell it cheap’ – and are beginning to focus more on an enhanced digital proposition and a more seamless omnichannel user experience instead.

This, in turn, has impelled the premium airlines to push forward on experience and to select where they compete. Emirates and Virgin Atlantic are showing the way here, intentionally engineering memorable experiences for their customers in their own unique style; Emirates with its exceptional politeness and memorable moments, and Virgin Atlantic through more quirky, lighthearted touches.

As low-cost airlines have fundamentally changed the economic model of air travel, business class has become the experience battleground. Increasingly, airlines are paying attention to the specific needs of this group of profit-driving passengers. However, this refocus on the business passenger means a realignment of the experience across business class and economy, leading to a rapidly widening gulf between the two.

Hotels

The hotel industry boasts a number of organisations providing lessons in superior customer experience for others to learn from. Well versed in the art of providing memorable experiences, and continually finding new ways to deliver across The Six Pillars, hotel chains such as Marriott and Premier Inn do this through their people.

As previously highlighted, Marriott has learnt from its subsidiary, Ritz Carlton, and has embraced many of Ritz Carlton’s techniques to ensure not only a polite and friendly interaction, but also a memorable one. This has resulted in a rapid rise up the leader board.

It’s not just luxury brands that can excel. Budget hotel chain Premier Inn remains in the top 20 for another year. The company goes to great lengths to ensure a memorable stay – even going as far as to offer a ‘Good Night Guarantee’ (a good night’s sleep or your money back), as they are so confident they can deliver a great sleep

experience. Not only do they have superior quality beds (from the suppliers to the Queen, no less), but they also offer customers a choice of hard or soft pillows, and even free downloadable audio books with soothing stories, alongside sleep tips for wide-awake children. It may be more of a budget brand, but Premier Inn truly does set out to do all it can to create a memorable experience, by getting the basics right and exceeding expectations.

Rail

Rail continues to lag behind. Eurostar, one of the year’s rapid movers, is the sole rail company to feature in the top 100. Respondents of our UK 2016 research make it clear where the problems lie. Rail passenger expectations are increasing, a result of superior experiences elsewhere, but rail providers are failing to meet even their basic requirements, with passengers expecting:

- Better disruption management
- Improved digital facilities
- Responsibility for the customer’s end-to-end journey, not just one element of the journey

Eurostar bucks this trend for rail. Its rapid advancement this year is a result of clear actions taken to boost the customer experience, including a stylish new fleet of trains with on-board entertainment and free Wi-Fi, and enhancements to the digital experience to enable customers to self-serve for a greater range of interactions.

“When I got stuck in disruption the information provided was poor and I felt let down by the lack of knowledge about how to get home easily. It took an age to get home and tainted my opinion of the service they provide. I don’t think they really care a lot about customers”

UK 2016 respondent

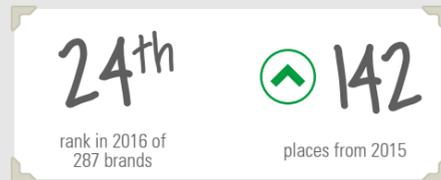
Sub-sector comparison

Sub-sector	CEE Metric 2016
Airlines	7.41
Hotels	7.40
Package Holiday Companies	7.34
Rail Providers	6.90

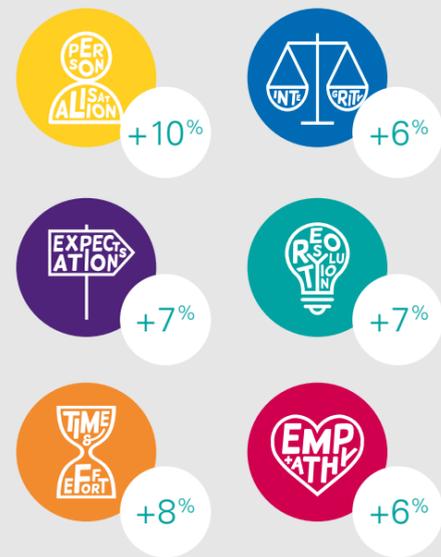


“I arrived at my Premier Inn hotel room in York recently to find a ‘Yorkie’ bar on the desk, alongside a hand written note wishing me a pleasant stay and personally signed by a staff member, offering their assistance with anything I needed. A small but lovely touch that I mentioned to several people when I came home!”

UK 2016 respondent



The Six Pillars: Scores vs Industry Average



Eurostar is one of this year's biggest movers, up 142 places in the last year to reach 24th in this year's CEE rankings.

"At Eurostar the customer is at the centre of everything we do, and we are committed to providing the best possible customer experience at every stage of the journey. Customer experience doesn't start in the stations or on board, it starts with the customer's first interaction with Eurostar, and today that's often online, as people begin to research their travel options. The business is focused on providing inspiration and suggestions for customers through our marketing channels, making it easy to find journey or destination information on our website, or offering advice and suggestions through social media.

Over the past year or so, we have made significant changes across the business to further personalise the service we offer and take customer experience to the next level. We recognise that customers have a wealth of choice and we want our customer experience to stand out from the crowd, as we strive to become the most loved travel experience in Europe.

The biggest investment for us has been in a new fleet of trains, which came into service at the end of last year. Customers on board can enjoy stylish interiors by Italian design house Pininfarina, as well as connecting to free Wi-Fi and on-board entertainment. This has undoubtedly led to an improvement in customer satisfaction levels for both business and leisure travellers.

As with any business, we've seen a rapid change as customers embrace digital technology, and have been working hard to improve customer experience online to enable customers to self-serve where possible – this includes making changes to bookings and processing refunds and exchanges in the event of delays.

In the travel industry, saving customers time and effort is the ultimate selling point. Our product has been built on this principal from the outset – short journey times, fast check-in procedures, city-centre stations and no baggage reclaim or passport checks on arrival. This has provided our customers with an ease of travel which has been integral to our success for more than 20 years.

Our ambition to become Europe's most loved travel experience means that we want customers to remember us being a highlight of their trip, not just a means to get there, but this means different things for different customers. For our frequent business customers, we train our teams to anticipate their needs in advance. For these passengers we also recognise that they need a regularly changing menu on-board and working with Raymond Blanc, our Business Premier Culinary Director, we develop recipes regularly to keep it best in class. Our international travellers from further across the globe may be experiencing travelling under the channel or at high speed for the first time, and so we are now using on board technology (rather than announcements) to point out parts of the trip that will be of interest, without disturbing those that make the trip every week.

In the immediate future, as our responsive website is introduced, customers will have full access to our services online, no matter what device they are using. Personalisation is increasingly important to us, and at our contact centre we have introduced a 'single customer view', showing their journey history, previous interactions, loyalty status, personal requirements etc. This presents us with an opportunity for much greater levels of personal service."

Marc Noaro, Chief Customer Officer Eurostar

Customer Story

"I recently had a wonderful trip to Paris on the Eurostar - it could not have been a better experience. It was my first time on Eurostar and I was really impressed as it was so much nicer than a local train. It was modern and clean with huge seats that were really comfortable. I was so pleased to have free Wi-Fi too. It made the time pass quickly and I downloaded the app so I had on-board entertainment."

Eurostar Customer, UK CEE 2016

Sector Review: Financial Services

Leading brands in the financial services sector

Brand	UK 2016 CEE Rank	Rank Movement 2016 vs 2015
first direct	1 st	+1
Nationwide Building Society	9 th	+14
Coventry Building Society	11 th	+11
PayPal	13 th	+14
M&S Bank	16 th	-4
American Express	20 th	-12
Yorkshire Building Society	=27 th	0
Hargreaves Lansdown	=27 th	-9

The financial sector has seen slow progress in 2016, with a 1% improvement in customer experience performance overall. However, it is evident that excellence is possible in this sector, with first direct leading the way, not only for the sector, but also the rankings overall. TSB, Lloyds and Nationwide Building Society are also among the brands to see notable improvements this year.

The industry has faced strong challenges over the last year; the negative impact on market confidence caused by the recent Brexit result, a low interest rate environment and BOE base rate reductions, have all impacted the customer's economic experience. This has led to customer experience being viewed as the key differentiator, as the sector becomes more homogeneous in the eyes of the customer.

Despite these challenges and uncertainty, the sector has improved its performance against the UK's average score, with nearly a quarter of the top 100 brands from financial services.

TSB, Santander and Lloyds are the first of the major high street banks

to break into the top 100. TSB in particular has made notable strides through the rankings this year, benefiting from a focus on the human side of customer experience as a competitive differentiator. Fittingly, the most improved pillar for the sector as a whole this year is the pillar of Empathy.

Insurers lag behind traditional financial service providers in customer experience maturity. Aviva and Direct Line are two of the few insurance providers to be driving customer experience improvements, progressing into the top 100. As a relatively low-touch product, insurers have to deliver service excellence at the key moments of truth – during the joining process and when customers interact to make a claim. These organisations have made positive strides at these memorable and emotive journey touch points and are now reaping the rewards.

Mutuals continue to drive customer experience improvements and outperform larger retail banks. Nationwide, Coventry and Yorkshire Building Societies are all within the top 30. Several mutual organisations punch above their relative weight (in

terms of size) by delivering strongly on the human side of customer experience. These organisations create warm and memorable experiences with customers, building an emotional connection which retail institutions struggle to replicate.

first direct leads the sector, delivering emotionally connective experiences across both human and technological interactions. It has introduced a number of technological innovations, such as biometric Voice ID security and payment applications, making it simple, quick and convenient for customers to manage their day-to-day banking. The bank also continues to deliver excellence when interacting with customers in its phone channel, making it easy to contact them and being available 24/7. Seen as barriers to contact for some companies, not using an automated phone menu system and enabling their customers to get straight through to a human creates a powerful 'anticipated memory' of future positive experiences.

A key challenge for the sector now is understanding how to build an emotional connection within digital, as customers migrate to using technology for day-to-day interactions. Brands that manage to meet customers' expectations using technology, whilst delivering a memorable experience with human contact, are likely to dominate the sector in future.

"Our success has been driven by our willingness to challenge some of the orthodoxies of running a retail bank. When we designed and trained in the TSB Experience, we created a flexible framework, rather than a set of rules, which partners (employees) could buy into, because they could see how it would improve the customer experience."

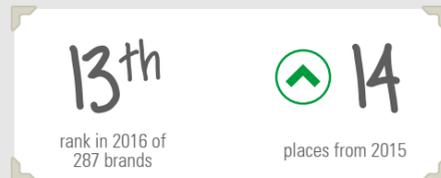
Peter Navin, Distribution Director, TSB





Ranked 13th in this year's CEE analysis, PayPal has moved up 14 places since 2015, and is among the leading financial services brands.

"At PayPal, we put our customers – who might be consumers or businesses – at the heart of everything we do. We do this by enabling them to choose how, when and where they make payments in new, innovative, secure and more convenient ways. Offering more choice is crucial to our customers; it helps us improve their lives and makes their ability to manage and move money better, safer and faster.



Last July, PayPal became an independent company again and this allowed us to reaffirm our focus on our customers. For years, PayPal has been recognised as a more secure, simple and fast way of making online and mobile payments. Now we have the opportunity to move beyond that and become an essential part of our customers' daily lives, transforming the way they move and manage their money.

dreams and ambitions of millions of people around the world.

All our new products are developed using an approach we call Customer Driven Innovation (CDI). It involves engaging small groups of customers in early user experience design, extensive prototyping and A/B testing as part of the build process. For example, CDI helped us redesign the PayPal app to make it simpler and more personal for our customers to manage their money. The app enables our customers to pay friends and family in seconds with just an email address or mobile number.

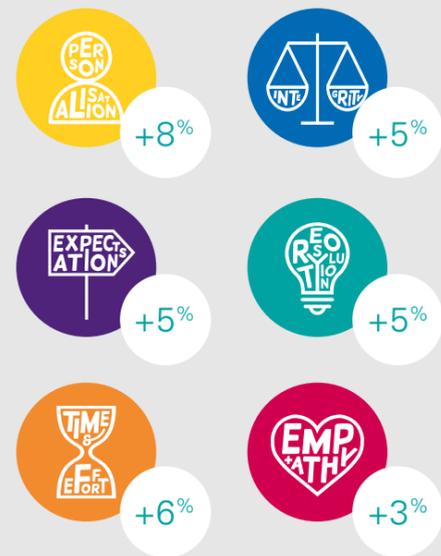
Looking to the future, in a constantly evolving financial technology sector, we always ask ourselves, 'what could be better for our customers?' As more and more companies join the race, and a new 'pay' seems to appear almost every week, we will continue to innovate, invest in our technology platforms and build new partnerships that extend the reach of our services. In other words, we'll be working harder than ever to shape the future of money and enable better experiences for our customers."

Alison Sagar, Marketing Director and Head of Consumer PayPal UK

We have already started to realise this vision. We have brought mobile payments to petrol forecourts nationwide for the first time with the Shell Fill Up & Go app. We have introduced PayPal One Touch, which lets consumers who opt in, skip login when they check out online, so there is no need to type in any usernames or passwords. And, for our small business customers, we created PayPal Working Capital – a cash advance that offers businesses access to the capital they need to grow, and fills a void in the traditional banking environment.

Through all this innovation, our mission remains the same: to provide simple, secure and reliable financial services and digital payments that enable the hopes,

The Six Pillars: Scores vs Industry Average



Sector Review: Utilities

Though utilities continues to be one of the lowest ranking sectors measured in the customer experience excellence analysis, a gradual improvement has been evident over the last two years, as utilities work to improve the customer experience, whilst grappling with multiple systems, new processes and complex tariffs.

Each of the major utility companies is making small but measurable progress in customer experience. The improvement has been recognised across all pillars, but it is Empathy that has led the movement. Organisations have recognised the need to focus more on the humanity of the experience in order to react to the challenge ahead, as a rapid increase in switching sites provides greater switching opportunities for customers.

Whilst traditional utility brands have struggled to make meaningful improvements as a result of the legacy culture, systems and processes they must manage, newer entrants to the market are making rapid progress, unhindered by the past and with new technology at their disposal. This, coupled with the customer-

focused approach of those at the helm, is driving the success of brands such as OVO Energy. For a second consecutive year, OVO is the only utility provider to feature in the top 100, now ranked 57th, following a move up 31 places in the last year.

OVO has invested heavily in technology, both internally for its call centre and billing platform and also for its customers. It is also widely recognised for its app development – most recently launching the first full-service pay-as-you-go app, allowing customers to top up from their own home.

“We are a company built around what is best for our customers, our sole purpose is to design new ways to make interactions with us efficient and effortless. In fact, we’d like things to be so simple for them that they walk away from any conversations with an unexpected smile on their face”

Justin Haines, Executive Customer Services Director, OVO Energy

“Utilities can learn much from the best brands in terms of customer experience. Utilities need to shift from being asset focused to customer focused organisations.”

Simon Virley, Head of Power and Utilities, KPMG UK

Aside from gas and electricity providers, water companies have been new entrants to the 2016 analysis. Whilst none feature in the top 100, their performance is ahead of gas and electric providers as a whole. After years of under investment in the water industry, the realisation of the impending competition, with the deregulation of the non-domestic water market in 2017, has led to a cultural shift, with a more intense focus on customer experience overall, alongside heavy investment in infrastructure.



Sector Review: Non-Grocery Retail

The CEE top 20 features retailers who have clearly marked themselves out from the crowd. Whether legacy brand or disruptor, each of the high-performing companies at the sharp end of the leader board creates a memorable experience for their customers by being different and distinctive. Of course, being different isn’t enough – it has to deliver that difference in a relevant and beneficial manner.

Many experiences with brands such as Lush, Richer Sounds and AO.com stay long in the memory and are stories that are told over and over by consumers who have found their interactions to be remarkable and, crucially, different to what they expected, based on their previous experience with less impressive competitors. For many of the very successful brands in our analysis, addressing customer needs ignored by competitors in crowded marketplaces seems to have done the trick. Richer Sounds is a great example; knowledgeable and trustworthy advice has always been difficult to find in the electronics

sector. The Richer Sounds experience is like a breath of fresh air – clear, personalised and memorable because of its uniqueness. Contrast this with customer comments from sector competitors and it’s clear that pushy sales staff with little knowledge of the product, poor availability and poor channel ‘join-up’ still haunt the marketplace.

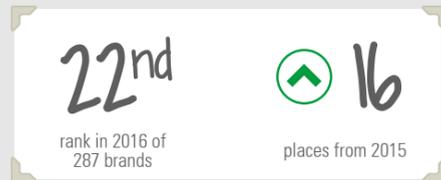
An exciting new era of technology promises to transform the in-store experience, with the two-way exchange of information at the heart of things. Technology will drive a revolution in Personalisation and, where customers can be persuaded to interact and share data, the shopping journey can become a tailored, interactive and, ultimately, memorable experience combining the benefits of bricks and digital.

Persuading customers to share data looks increasingly like retail’s next big challenge. It’s relatively easy to get brand advocates to share information, but chances are their patronage is pretty much guaranteed. Persuading the ‘floating voter’ to do the same is where the revenue

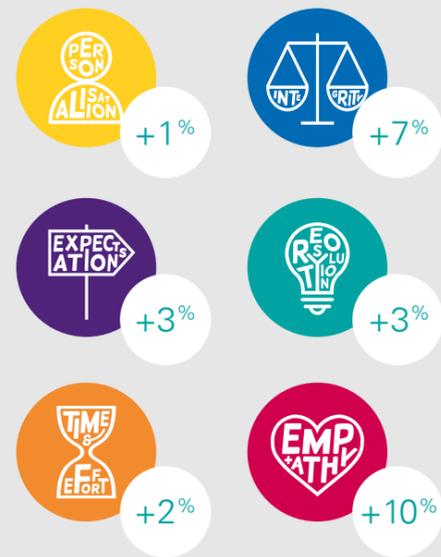
benefit lies. Gap has recently introduced a couple of initiatives that financially reward shoppers each time they interact. An app offers customers a discount each time it is used in store and sharing views on the shopping trip automatically triggers a further discount for the next visit. This combination has the power to fuel better targeted communications and provide the basis for a genuine two-way conversation between brand and shopper – a marketing nirvana that has long been talked about but rarely been delivered.

So what can retailers do with this information once it is shared? In the US we have seen Kroger trial electronic shelf-edge strips designed to interact with mobile technology. Need a nut-free cereal? A command from the shopper’s phone can trigger a red flashing light under each relevant item in the section. We are also seeing personalised ad screens trialled – if a retailer knows you are in the store and that you previously bought blue chinos – how about addressing the shopper by name, and displaying an image of matching pieces that you know are in stock, in the right size, three metres away?

The experience revolution in retail has begun. Brands such as Richer Sounds, Mothercare and Lush are proving that, in a price-obsessed marketplace, memorable interactions that address real customer truths can deliver success. Digital initiatives such as those described above will provide another platform for the delivery of memorable, compelling experience excellence.



The Six Pillars: Scores vs Industry Average



Once the 'go-to' store for all new parents, recent years have seen Mothercare losing share to online stores and grocery retailers as they expanded their baby offer.

However, the 2016 Customer Experience Excellence analysis demonstrate that Mothercare has been on something of a transformation – now ranking 22nd, the brand has moved up 45 places over the last two years.

Mothercare boasts a dramatic lead over the average retailer for the pillars of Empathy and Integrity, in particular, truly delivering its proposition of "uniting mums (and dads) to take on parenting together". The organisation recognises the journey of the expectant parent, through to birth, parenting and beyond – considering their changing needs along the way and demonstrating they are there for them on the parenting lifecycle.

Parenthood is unquestionably a memorable experience in itself, and Mothercare has made a trip to its stores a memorable experience too, not just a practical place to shop:

- Guidance and demonstrations – knowledgeable staff are on hand and some stores even have indoor buggy parks with artificial grass to trial buggies on different terrains.
- In-store cafes – with Costa concessions in a number of stores, Mothercare encourages mums to get out of the house and meet with other parents.
- Breastfeeding welcomed – Mothercare recognises it can be daunting leaving the house with a baby and has designed its experience to show Empathy for the new mum and encourage them to stay a while.
- In-store portrait studios and 4D ultrasound 'Babybond' clinics – capturing memories.

- Mumspace – in a small number of stores at present, Mumspace is a zone where parents and toddlers can socialise, learn and play together, through classes and activities.
- Expansive product range – as a new parent it's a minefield knowing what you need – Mothercare has everything from maternity clothes and hospital bag essentials to toys and car seats.
- Mothercare also aims for the 'fun factor' to make a visit memorable – in the Leeds store, for example, there is a huge rocket in the centre, actually a functioning lift with sound effects.

It's not just about the in-store experience, Mothercare focuses on its omnichannel experience by continually evolving ways to support parents across all platforms.

With a goal to become a digitally led business, Mothercare has enhanced its digital customer experience by providing:

- 'Online Self-Help' – a search and answer system built around natural language processing with an online persona designed for customers.
- 'Ask Mothercare' – A search system with advanced functionality to aid contact centre staff.
- An interactive app – with a weekly pregnancy guide, baby name finder and even a timer to record contractions.

"Becoming a parent for the first time is one of the most personal and memorable moments in people's lives and creating a personalised customer experience for parents is a unique and rewarding opportunity. By understanding customers during this time of need, we can help to unite mums and dads to take on parenting together."

Glyn Birchall, Director of CRM, Loyalty and Insight, Mothercare



Sector Review: Telecoms

Telecoms, like utilities, is a high-investment, legacy infrastructure-laden industry. As such the customer hasn't always come first. However, as one of few sectors to show an improvement across all Six Pillars in 2016, there are signs that this is beginning to change, as companies such as giffgaff and Tesco Mobile continue to demonstrate an improved understanding of customer needs.

2016 has been a challenging year for the telecoms sector. The increasing popularity of data-based messaging and calls (major apps doubled their market penetration over the year) are threatening key revenue streams for brands, namely calls and text messaging. The situation is exacerbated by a 4G infrastructure that is close to reaching full capacity (data usage grew by 60% over the last year, Source: Ericsson Mobility Report) and a proliferation of public Wi-Fi networks across major UK cities, such as Edinburgh and Newcastle, further threatening these revenue streams. Frequent reports of customers being wrongly overcharged, independent reviews showing networks providing access

to 4G less than 50% of the time to their customers and, unsurprisingly, a drastic rise in customer complaints, have all had an impact.

Despite the challenges, mobile operators have still managed to advance their customer experiences. The sector presented the greatest growth in the Time and Effort pillar with a 4% improvement, along with growth in Personalisation, Integrity and Empathy (all 3%). A performance that has led the telecoms sector to be the only UK industry to outperform their US counterparts, performing as much as 6% and 5% better (Time and Effort and Integrity, respectively).

The 'traditional' companies such as Vodafone are innovating, offering a 30-day guarantee for customers and prospects to try out new services/plans. More importantly, all major players in the industry are now offering a one-month plan to customers; however, they still charge more for the same service when compared to a longer-term contract.

giffgaff is the only big player not offering any plan beyond 30 days. giffgaff customers are free to come and go,

but the brand builds a relationship with them; the operator commits to its customer base and, in turn, customers tend to stay far beyond their original contract commitment.

"Telcos often view themselves as being at a disadvantage when it comes to customer experience due to the frequency and complexity of customer journeys involved. The key is to view this as a potential advantage – many other organisations would welcome the opportunity to continuously engage their customers around a product which has real emotional significance in their lives. Telcos should identify the journeys which create the most customer value and then redesign these, from the ground up, to meet customer needs and differentiate from competitors."

Michael Crow, CX Solutions Director, KPMG Nunwood

Delivering an Omnichannel Experience

In the UK, 'digital' remains something of an island. Separated departmentally and often geographically, it has made it difficult for firms to create an integrated omnichannel experience, which needs to allow customers to do what they want, when they want, how they want.

UK firms who have made big omnichannel improvements have done so by reintegrating digital back into the organisation as an additional mode of engagement, rather than a standalone channel. John Lewis, TSB and first direct can offer their customers a seamless omnichannel experience as they have aligned channels and distribution.

As other firms follow the same path, the omnichannel scores in the UK are beginning to close the gap on the US.

American Express sets the benchmark in the UK in 2016, leading through innovation. Offering outstanding Customer Care Professionals in the contact centre to deal with queries, Amex has also transformed its online portal, so customers have the facility to manage cards, apply for cashback or talk to someone from the support team all within this channel. The developments all aim to reduce the effort required from customers to manage their finances.

Richer Sounds, who rank second in the omnichannel index, have achieved this by focusing on a prompt customer service experience, and offering a diverse range of services across channels, such as out-of-hours personalised demonstrations. The organisation has actively explored the interplay across these channels, easing the process of customer interaction, all of which have also helped it achieve a strong position overall this year.

first direct's drive for experience excellence is underpinned by its omnichannel performance. The organisation has released some considerable innovations in the digital channel, allowing

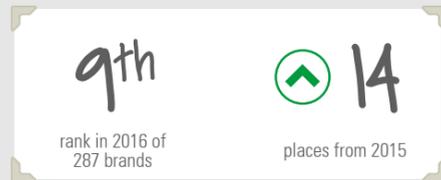
customers to conduct more complex tasks historically requiring human intervention. Innovations, such as a voice interaction system and Apple and Android Pay, have all made the banking experience more effortless and convenient for its customers.

In 4th place, and confirming that UK organisations are placing a greater emphasis on omnichannel experience, John Lewis is making a £500 million investment in its online shopping platform, in order to align the in-store and online experience.

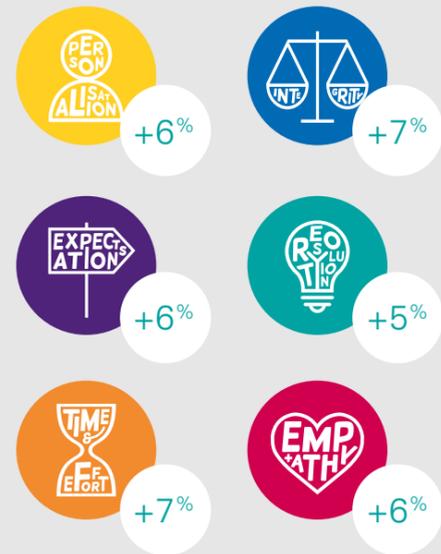
Organisations with an integrated and consistent branded channel experience are likely to continue to outperform the UK market in experience excellence.

UK 2016 omnichannel leaders

Omnichannel Rank	UK sector	Brand	Omnichannel Score	CEE Rank 2016
1 st		American Express	8.56	20 th
2 nd		Richer Sounds	8.51	6 th
3 rd		first direct	8.50	1 st
4 th		John Lewis	8.48	2 nd
5 th		AO.com	8.41	16 th
6 th		American Airlines	8.38	70 th
7 th		Virgin Holidays	8.31	15 th
8 th		QVC	8.27	19 th



The Six Pillars: Scores vs Industry Average



“As a mutual organisation, we’re owned by our members, so the culture at Nationwide is absolutely focused on doing the right thing and putting them at the heart of everything we do.

We believe our success in customer experience has been driven by continuous improvement and investment in the business. Whether that’s in our digital solutions, our people, our physical environments, or our customers.

This year, our big initiative is ‘Customer First’, which has sought to further ensure our customers are at the forefront of everything we do. Alongside this, there have been some very specific developments, including the launch of our Specialist Support Service, purposely for members dealing with life threatening conditions, so we can give this group of customers a very bespoke service at a time when they need it most, treating the customer as an individual.

On the digital side, we’ve very recently launched an improved mobile banking app which has a range of new features based on feedback from our customers.

We have also invested very heavily in Nationwide Now, which allows us to have face-to-face video meetings with customers where we couldn’t necessarily get in the room with them. This is particularly beneficial for customers of our smaller branches – as they can now go in to their local branch and have a mortgage interview, when it suits them, with a mortgage consultant who is at the other end of a very high quality video screen.

We’ve also invested in new product launches, including our FlexBasic account and our FlexStudent account – the first time we’ve had a current account specifically aimed at students.

These new product launches and the overall continued improvement is all based on listening to our customers and

understanding what they want us to invest in, with feedback coming directly from them through our Voice of the Customer programme, where we speak to over 200,000 customers every year. This enables us to improve and to target the next area of focus, based on what is important to them.

To ensure we always focus on the customer, internally, we have made a number of developments, including our weekly ‘Heartbeat’ meeting. The meeting now starts with 30 colleagues who are at the frontline of the business talking about what’s going well and not so well. This week, for example, we’ve had three members from our direct channel and last week we had two members from the branch network. It’s a really powerful meeting because we’re hearing directly from those people who are dealing with customers. It’s about connecting people that are dealing with the customers on a daily basis with the decision makers to ensure a customer-focused outcome.

One of the challenges facing the industry is balancing the physical and digital experience, and enabling customers to do things in a way that suits them, at a convenient time for them. That’s why we’ve invested in a number of customer touchpoints, so we offer more opportunities for customers to engage with us in the way that they want to. Offering that personal service is how we create the right impression with our customers, whether that’s an interaction over the telephone, webchat, Twitter or face-to-face – it’s very important that each interaction is memorable for our customers.

We’ve just launched a new advertising campaign which shows the human side of the organisation – it’s all about people, because that, to us, is how you create memorable experiences for customers.”

Alison Robb, Group Director, People, Customer and Commercial Nationwide Building Society

Customer Story

“When we moved into our new home we received a hamper from Nationwide with some useful goodies like toilet paper and washing up liquid. It came with the message “welcome to your new home”. I thought it was a really nice touch – both very thoughtful and useful!”

Nationwide Building Society customer, UK CEE 2016

Read more about Nationwide Building Society on the Customer Experience Excellence Centre

Making Memories

“We are in the business of creating indelible memories that last a lifetime. There is a significant amount of dedicated care and craftsmanship that goes into making memories for the discerning world traveller.”

Ritz Carlton

There is scarcely a company in the world that is not, in one way or another, concerned about the quality of the customer experience it delivers. Many of these companies state their ambition as being to deliver, “memorable customer experiences”. A number of these know what it takes to create a memorable experience. But only a small, elite group understands the craftsmanship required to engineer memories that will influence a customer’s future behaviour. This small group is recognised as global leaders.

Looking across the globe at best practice, Ritz Carlton has pioneered the art of memory making, offering guests the opportunity to:

- Let us make you the captain of your own ship for a day
- Let us show you the view from the 110th floor
- Let us invent a drink in your honour

These are ‘big’ memories, but the staff are charged with creating great memories at every touch point. At Ritz Carlton, this means a 40,000 strong army of memory makers are

working every day to create those special touches that customers will not just remember, but will return to enjoy again.

Customers are invited to share these memories on social media. Behind the scenes, every single day, the 40,000 memory makers share new ideas and insights about how they can make the Ritz Carlton experience memorable.

Our 2016 US analysis (Harnessing the Power of the Many) identified a trend amongst market-leading companies to not just consider the end-to-end customer journey, but also to consider the end-to-end psychological journey, and, by doing so, came to understand the process by which memorable customer experiences can be crafted.

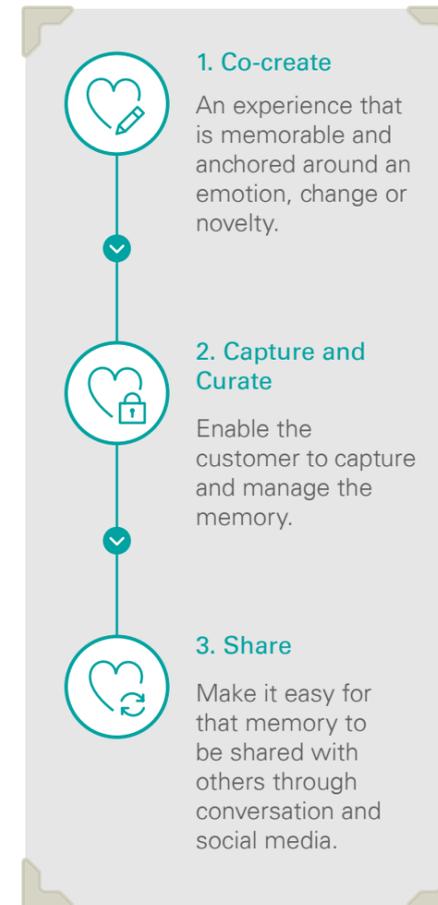
In this year’s UK analysis we are beginning to see the emergence of this trend on this side of the Atlantic, as firms become increasingly preoccupied with the process of creating competitively superior experiences.

In the UK, Emirates, Mothercare, Lush, Apple Store, giffgaff, AO.com and others have consciously or intuitively focused on how memories are created.

These companies realise that the possibilities for creating special touches that imprint on the memory are endless. They are concerned as to whether the experience is positively memorable overall, as well as which specific parts of the experience are particularly memorable and why.

They realise that if the promise of advocacy through great experiences is to be realised, then the customer

may need a little help when it comes to becoming an advocate – and, in essence, they follow a similar process to smooth the way:



For many of these companies, it is the power of the photograph that has been central to their ‘co-create, capture and curate and share’ approach. Emirates cabin crew will offer to take photos of you and your family enjoying the inflight experience and then make them available to you. Looking to the

leaders in the US, both Disney Parks and Ritz Carlton offer the services of a professional photographer to capture special moments.

AO.com enables reviews to be streamed across their site, realising that the memories of others can become an individual’s impetus to act. Lush use Lush Kitchen as a way of cementing memories of a particular product experience in the customer’s mind.

Eurostar have used an advertising campaign with the line “Stories are waiting”, inviting potential passengers to create their own stories and memories by using Eurostar. They see their role as inspiring a connection between people and places, as facilitators of future memories.

Virgin Holidays use Google Cardboard and augmented and virtual reality in their v-room lounges to create an immersive experience with the promise of future memories.

These companies engineer ‘emotional peaks’ – enhanced moments in the customer journey that not only resonate with the companies’ brand values, but also touch the customer emotionally, in a way that will live on in their memory. They are concerned with what is remembered and what isn’t remembered. They are clear on where they have to be exceptional, and where being ok is good enough.

Companies such as AO.com and Mothercare show that a memorable experience doesn’t have to be a premium one. It can meet customer needs at a particular price point for a particular segment. It just requires the

desire and empowerment of staff to craft memorable events.

In today’s world, the brand is the experience and the experience is the brand. As firms grapple with the fundamental truth that it is the memory of an experience that influences future customer behaviour, then increasingly, firms will have to add some new brand-related measures to their suite of CX metrics as they seek to understand the emotional and rational aspects of the experience that people remember. What other associations and connections are being made? To what extent do emotionally rich experience memories convert into positive future customer behaviour?

“When a waiter tells you your table is ready it has no impact, but when a Rainforest Café host declares that your adventure is about to begin it sets the stage for something special.”

The Experience Economy, Pine and Gilmore

Memories are Made of This: The Psychology of Memories

A fundamental question about human memory is why are some experiences remembered whereas others are forgotten? Further, what is it about the retained memories that drives future customer behaviour?

The truth of experience design is that it is not the actual experience that drives future behaviour but our memory of it and, fortunately or unfortunately, our memory systems are error prone, malleable and influenceable.

For companies looking to create a 'memorable experience' this is a fundamental insight. It means that marketing effort has to be expended to crystallise the experience memory and influence how it is stored and retrieved in the human brain. This is one of the reasons why we see firms increasingly marketing the experience of dealing with them, rather than the products themselves.

The neuroscience on how memory works is incomplete and there are a large number of variables that influence memory, but enough is known to provide guidelines that can help organisations looking to craft memorable experiences. Our focus here is on the 'what' and 'how' of memory, rather than the 'why'.

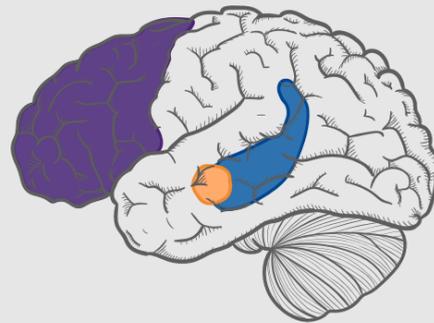
The key neuro-scientific insights are as follows:

The memory processing part of the brain (**hippocampus**) is located in the emotional centre (**amygdala**) which, in turn, is connected to the future forecasting part of the brain (**prefrontal cortex**). It is this series of connections that governs our behaviour. When information is determined to have potential long-term value, the hippocampus links the significant elements of that event or experience together, forming a permanent memory.

The amygdala, in turn, triggers our flight, fight or freeze response and is more concerned with negative possibilities than positive ones.

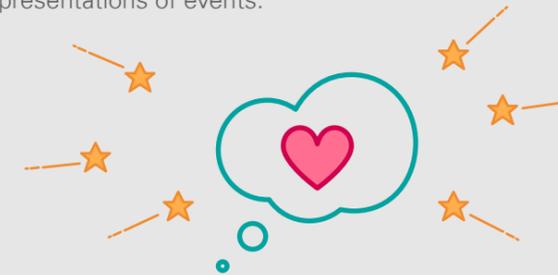
There are considerably more unidirectional connections between the amygdala and the prefrontal cortex than there are in the reverse path. This is why we can quickly be overcome with emotion and struggle to be rational.

It has been estimated that 95% of our reactions are unconsciously driven by the amygdala and only modestly impacted by the executive centres of the cerebral cortex. Although ours is generally considered a rational brain, it is an emotional brain, where feelings receive first priority. As neuroscientist Antonio Damasio puts it, "the emotional tail wags the rational dog." (Source: The Feeling of What Happens: Body, Emotion and the Making of Consciousness).



This configuration of neuroanatomy means that we tend to store memories that are emotional in content more deeply than those that are not. Emotional memories are among our strongest and easiest to recall. However, if new connections are not strengthened by active usage, they soon disintegrate. The more frequently a given network of neurons fires together, the greater the likelihood that they will hardwire together permanently, increasing the likelihood that they will fire in unison in the future, according to Donald Hebb, the father of cognitive neuroscience. (Source: Review of General Psychology). But it can take as many as six exposures before new information enters into permanent memory.

With new experiences, we amend, rather than maintain and protect, our past memories – occasionally changing them beyond recognition. The newly stored information has been altered, forming new and modified representations of events.



There are clear generation differences in retained memories: older people show a tendency to retain emotionally positive memories over negative ones, whilst young adults are the reverse. Younger people find negative information more compelling and memorable.



The brain shows greater partiality and retention of visual information than it does auditory. It is why diagrams work better than text.



We remember those things best that we care about. Those things that are personally meaningful. Neurochemical tags are added to memories that are emotionally important to aid retrieval and influence our future behaviour. As humans, this has a profound effect on our behaviour. Subconsciously we will 'approach' situations that are likely to recreate existing emotionally positive memories and 'avoid' situations that reactivate emotionally intense negative memories.

We remember negative emotions six times more strongly than positive ones. Indeed, we remember the emotion first, then the event itself. This is what has kept humans safe throughout evolution. This has led some to speculate that it can take as many as 12 positive memories to overwrite one powerful negative memory.



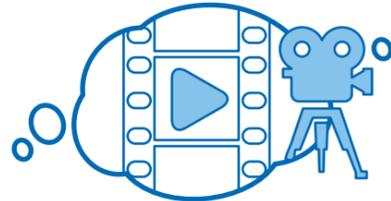
Memory best practice



Virgin Group's airline brands around the world have long known the power of creating emotional memories. One of our respondents talked about mentioning to the cabin crew that she and her partner had just got married and were travelling on honeymoon. 15 minutes later, the captain paid her a visit with a bottle of champagne signed by each of the crew and invited the whole aircraft to celebrate with a round of applause. An emotionally rich, memorable experience, shared amongst 155 people.



Hollister provides a unique multisensory experience showing the power of ambience. The smell (olfactory), the loud music (auditory) the nature of the lighting and the video of Huntingdon beach (visual) all combine to create a highly memorable experience.



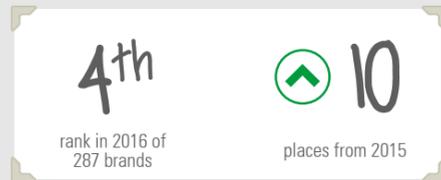
One of the most strongly remembered financial services adverts of recent times was the **NatWest** advert for emergency cash. Why? Because it immediately tapped into negative emotions we could all relate to but delivered a positive outcome. It told an emotional story with a happy ending.



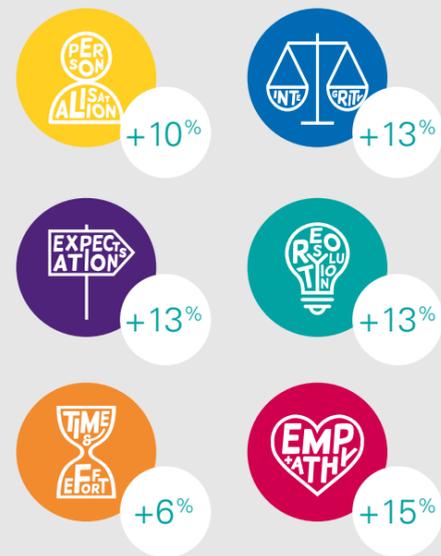
Singapore Airlines use a specially developed scent called Floridian Waters. It is worn as perfume or cologne by the cabin crew and permeates the hot towels. It is the neuroscience behind its development that is interesting – it has been specially formulated to influence the pleasure centres of the brain and tap into positive memories. Smell is the most powerful of the senses in evoking memories. As soon as you walk onto the aircraft, positive memories of eastern service are evoked, added to, and more deeply imprinted.

The role of The Six Pillars in experience memory

<p>Personalisation</p> <p>We retain memories that are personally meaningful, that reflect things we care about. Lush have mastered this with their link to deeply emotional public campaigns.</p> <p>We are concerned also about things that affect our sense of self-worth and self-esteem, of feeling important and valued. We are more likely to retain memories where we have been made to feel better about ourselves.</p>	<p>Integrity</p> <p>Behavioural economics teaches us that we like people who are like us and we trust people who we like. Likeability is a key part of gaining trust. We are more likely to remember people we like. first direct and TSB have focused on making their staff approachable, likeable and trust building.</p>	<p>Time and Effort</p> <p>The more the cognitive effort, the more likely the brain is to retain the memory (deep processing theory) – but this has to happen in a good way, otherwise it is retained as a negative memory. Amazon has mastered this with its recommendation engine which, mid purchase cycle, makes you stop and think more deeply about your purchase and other potentially complementary purchases.</p>
<p>Empathy</p> <p>It is interesting that the banks that have broken away from the herd, such as TSB, have done so by focusing on the human quality of Empathy. How we are dealt with when we are emotional sticks in our memory for good or bad. It is vital to get this right.</p> <p>There is something about large organisations that disables our natural human tendency to be empathetic – organisations that have made significant progress in customer experience often do so by simply restoring the humanity to the experience.</p>	<p>Expectations</p> <p>The brain is an expectation engine. Daniel Kahneman defines two “selves” as brain systems: system one and system two. System one is the fast processing part of the brain that allows us to function on automatic, however, it relies on expectations being met. When an expectation is not met, it invokes system two, which is slower and more reflective, and allows us to consider the implications of an unfulfilled expectation. (Source: Thinking, Fast and Slow, Daniel Kahneman).</p> <p>For organisations such as Lush, the continual management of expectations is critical. Retiring 33% of the product line every year, Lush ensures it is continually re-setting expectations around new product innovations.</p>	<p>Resolution</p> <p>Errors, problems and issues will be retained as powerful negative memories with a strong influence on future avoidance behaviour. Our research has shown, however, that when a poor customer situation is retrieved brilliantly then it sticks in the memory because it meets the emotional story criteria of something bad happened then something really good happened and it left me feeling better overall – the service recovery paradox. John Lewis’ approach to ‘heroic recovery’ is an example.</p>



The Six Pillars: Scores vs Industry Average



With a network that's one of the fastest growing in the world, reaching over 150 destinations across six continents, Emirates is a true example of a brand that deliberately sets out to create memorable moments for its customers. Indeed, the brand states in its in-flight magazine: "we're always looking for new ways to make your journey even more memorable, from our world class service to our inflight dining and award-winning entertainment."

Such devotion to a memorable customer experience sees the airline move into the top 10 in 2016, up 10 places in the last year alone. This progress has particularly been driven by the pillar of Empathy – a notoriously difficult pillar to excel in.

The Emirates experience begins even before boarding, with business class passengers provided with a chauffeur service to reach the airport, and Emirates lounges greeting passengers with special touches, such as spa treatments. Upon boarding, the memorable experience continues with the way passengers are greeted (smiles, personal compliments and a choice of newspapers), hot towels soon after take-off and a light snack within the first hour.

In-flight meals are often a cause for disappointment, but not so on an Emirates flight. Far from typical plane food, meals such as smoked salmon and tandoori chicken are served (and that's just economy class), with excellent provision for all dietary requirements, from allergy management to strict vegan. Accompanying wines are selected specifically for each flight, alongside little touches, such as proper cutlery and a packet of mints to freshen breath, all adding to the experience.

Emirates' award winning TV entertainment system – ICE (Information,

Communication, Entertainment) – is another memorable feature. Though all premium airlines offer entertainment, Emirates surpasses the rest – with far greater choice (1,800 choices of entertainment across films, TV, music and games), the opportunity to order duty free shopping onscreen to be delivered direct to your home. There is also the novelty of camera view on your entertainment system, enabling passengers to see the view from outside the plane throughout the flight, even watching the plane land.

Added to this are the personal touches and displays of Empathy that remain with Emirates passengers long after they land. Respondents of the 2016 research frequently cite examples of how they have been personally attended to by Emirates:

- In the month of Ramadan, one passenger noted that Emirates offered special Iftar boxes for those observing the holy month, to allow them to break their fast whilst on board – further commitment towards exceptional experience, providing comfort and convenience to those fasting.
- Passengers travelling with children talk of the Empathy and special attention they receive from Emirates, with family check-in desks, priority boarding, complimentary strollers and flight attendant attention – even capturing special moments by snapping pictures of families and children with the cabin crew, as a memory of their adventures.

It's no surprise that Emirates regularly tops studies of the world's best airlines, and now, recognised in the 2016 Customer Experience Excellence analysis, as the no. 1 airline.

Customer Story

"I recently flew with Emirates, travelling with my 3-year old daughter. I was not particularly looking forward to the thought of having to appease her for a 7-hour flight. However, the cabin crew went out of their way to ensure I had a pleasant flight (as well as my daughter!). They provided toys, a blanket and a travel kit to keep my daughter busy. Not only that, they even took a polaroid of us on the plane, placing it into a keepsake folder, with a personal handwritten note saying 'make moments to remember'. It certainly was - my daughter carried the photo everywhere, telling people about her experience on the plane."

Emirates customer, UK CEE 2016

[Read more about Emirates on the Customer Experience Excellence Centre](#)

Crafting Memorable Experiences

Memory is a crucial element in the design of experiences – if we focus on the parts of the experience that customers remember, it prevents over engineering and wasted investment in non-essential parts of an experience.

The key to memorable experiences is embodied in the psychological term ‘the Serial Position Effect’. This highlights where and when to make experiences memorable:

The first impression

This is known in psychology as the law of primacy. The first thing that happens shapes our view of what happens next – the process of priming. If the initial experience is outstanding it is like placing a large deposit in an emotional bank account. If what happens next is positive, it benefits from confirmation bias; alternatively, if what happens next is negative, the customer will be more forgiving. However, if the initial experience is poor, the reverse is true.

In a well-publicised experiment, a supermarket played German music near the wine aisle and saw German wine outsell French wine by two bottles to one, with a similar phenomenon happening when French music was played – with French wine outselling German wine by five bottles to one. Much of the process of priming happens subliminally. (Source: North, Hargreaves and McKendrick, 1997).

It is no accident therefore that organisations focus on ‘the welcome’. Both Santander and TSB have focused on a ‘red carpet welcome’. first direct benefit because you are always greeted by a warm friendly voice, not a computer. Looking more widely to the automotive sector, the designers of Jaguar cars focused intently on what happens when you enter the car, whilst Aston Martin orchestrate an emotionally intense experience when revealing a new car to its owner.



The emotional peak

In designing the emotional peak, we can look at the role of emotion in an experience in three ways:

- Where the customer is emotional and where our emotionally intelligent response will be memorable. For example, urgency, sympathy, understanding, reassurance.
- Where the customer can be made emotional. For example: first home, first car, first joint bank account, or where the experience is personally meaningful. Lush, for example, provide advice, guidance and a consulting-led approach to educate and inform their customers.
- Where the transaction just has to happen as quickly and expediently as possible and there is no emotional content.

In our US 2016 report we looked at signature actions: those things that symbolise the target experience the organisation is seeking to deliver and, in themselves, provide an emotional peak. For example, Doubletree by Hilton hotels providing warm cookies at check in.

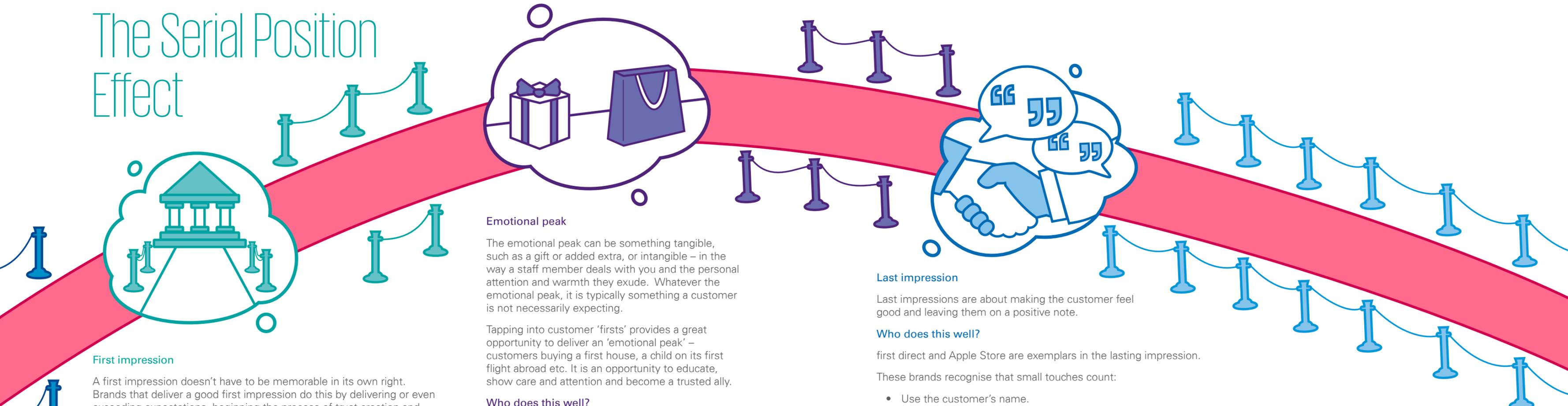
The last impression

The psychological law of recency applies. We recall our memories through the last thing that has happened in an experience (peak-end theory). Airlines are good examples of organisations that realise that how you end an experience is as important as how you start it – with the captain leaving the flight deck to say goodbye and thank you for your custom, as well as opening new arrival lounges in key airports to extend the lasting impression of care and concern for the passenger.

Hotels invite you to return as you leave. Apple Store learnt from Four Seasons the power of creating a last impression – encouraging their team members to ensure a warm, friendly finish and an invitation to return.

The truth of the serial position effect is a profound one – if you manage these three parts of an experience, whatever goes on between these key points, as long as it isn't horrible, probably won't be remembered.

The Serial Position Effect



First impression

A first impression doesn't have to be memorable in its own right. Brands that deliver a good first impression do this by delivering or even exceeding expectations, beginning the process of trust creation and starting a positive disposition to the brand.

Who does this well?

- Santander – providing a 'red carpet welcome', creating a good impression from the outset.
- British Airways – with a clear focus on greeting, the captain comes out to welcome passengers on board.
- TSB – as soon as you enter a TSB branch, a staff member comes to you straight away with a smile and a willingness to assist.

What is the impact on the customer?

A great first impression creates an environment where future memories can be stored.

Emotional peak

The emotional peak can be something tangible, such as a gift or added extra, or intangible – in the way a staff member deals with you and the personal attention and warmth they exude. Whatever the emotional peak, it is typically something a customer is not necessarily expecting.

Tapping into customer 'firsts' provides a great opportunity to deliver an 'emotional peak' – customers buying a first house, a child on its first flight abroad etc. It is an opportunity to educate, show care and attention and become a trusted ally.

Who does this well?

- Emirates – taking photographs of families on board and providing them in a souvenir folder.
- Marriott – staff seem to care personally and anticipate customer needs ahead of the customer themselves.
- Nationwide – providing a hamper for new mortgage customers at their new home.

What is the impact on the customer?

From an emotional peak, a positive memory is created. The human brain creates a desire to repeat such memories, increasing loyalty to the brand.

Last impression

Last impressions are about making the customer feel good and leaving them on a positive note.

Who does this well?

first direct and Apple Store are exemplars in the lasting impression.

These brands recognise that small touches count:

- Use the customer's name.
- Summarise what has been achieved eg. "So this is what we have done for you Mr Smith..."
- Warn the customer of anything that might go wrong, and what to do if it does
- Reference any previous personal discussion eg. "Good luck with the wedding!"
- A warm goodbye and an invitation to return. "Pop back and tell us how it went".
- If the customer says "Thank you" then it is best practice in the hospitality industry to respond with "It was my pleasure", not "You are welcome".
- Ask "Have I done everything you need today?" as it gives a chance for them to say yes, and leave on a positive statement, rather than "Is there anything else you need today?"

What is the impact on the customer?

The small touches demonstrate Empathy with the customer and leave them with a warm feeling towards the brand. Last impressions don't have to be spectacular, but they end the memory and, as long as the gist of the memory is positive, it will leave the customer wanting to return.



Moving up 105 places in the last two years, TSB has made rapid progress in the 2016 Customer Experience Excellence analysis, firmly establishing itself in the top 100 and making it one of the transformation brands of 2016.

"At TSB, customer experience is right up there as a priority. As a new challenger bank setting out to deliver better banking to the people of Britain, we put the customer experience right at the top of the tree.

Now ranking 35th, our success has been driven by our willingness to challenge some of the orthodoxies of running a retail bank. When we designed and trained in the TSB Experience, we created a flexible framework, rather than a set of rules, which partners (employees) could buy into, because they could see how it would improve the customer experience.

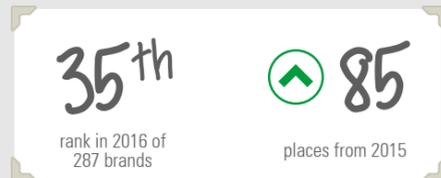
This approach has contributed to our progress in the Personalisation pillar. We removed standard word patterns and recognised that customers want to be dealt with in different ways. Achieving this required each partner to have great listening skills and to know that they have the freedom to be themselves. It means avoiding a mechanical approach and treating every customer as they want to be treated.

We made other significant changes in order to improve customer experience at TSB. By removing sales targets, making all employees partners and completely changing the variable pay regime across the entire bank, we have created a brand new business culture.

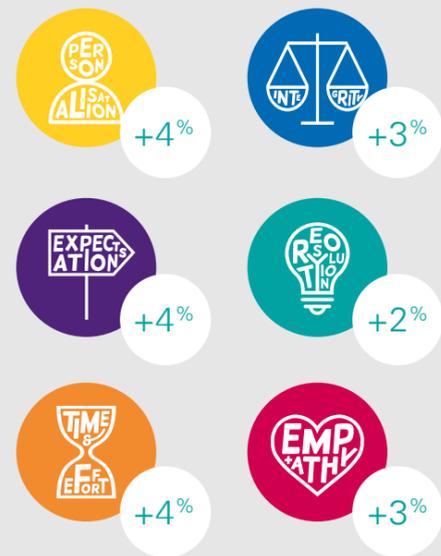
This new culture, coupled with the introduction of the 'TSB experience programme' across head office as well as customer-facing roles, was combined with the creation of a single distribution function responsible for key customer interactions, be they digital, face to face or through brokers. This has helped us deliver a consistently great customer experience.

These changes, focused on honing the skill, attitude and behaviour of our partners in order to deliver the customer experience that our customers want, have helped us to move up through the rankings but there is a lot still to do!"

Peter Navin, Distribution Director TSB



The Six Pillars: Scores vs Industry Average





Customer Story

"I really appreciate the staff in my local TSB branch. I had some financial issues recently when I moved home. I needed some matters sorting out and had to visit the branch several times. The staff who dealt with me were fantastic and really helpful. It is so important to have actual people to deal with in certain situations, who can explain things simply and generally make it easier for customers, and TSB did just that."

TSB customer, UK CEE 2016

Watch the *Customer Experience Excellence Centre* interview with Peter Navin, Distribution Director, TSB

A Memorable Social Media Experience

Social media has emerged as a powerful new communication tool for both brands and customers. With its vastly increased availability, social media is now used by customers to work, shop and socialise. Brands are able to engage with customers in a whole new way, and provide highly integrated, personalised experiences.

In the US, firms such as Nordstrom and Disney have learnt how to use social media to crystallise and preserve positive memories. They then equip their customers with the mechanism to share those memories with minimum effort with their friends, colleagues and families.

In the UK, brands have started to recognise the value and growth that social media can drive. Enabling two-way conversations and bringing people together on a single platform has allowed brands to access untapped communities and individuals.

Research conducted by KPMG UK shows that the exemplar brands create a memorable social media experience by following these five steps – Understand, Co-create, Engage, Manage and Enjoy.



Understand

What does your brand represent? What makes your brand unique? What do you want your brand's community to be like? Understanding who you are, what you sell and who you want to sell to gives the brand a clear identity. Knowing your customers gives you the basis for creating compelling, relevant and emotionally engaging content.



Co-create

Building content that solves customer problems and makes their life easier ensures it is memorable and shareable. The great brands do this with the customer, inviting the customer to participate in the creation process. The brand acts as mediator and curator.



Engage

Customer engagement can make or break a brand's social media strategy and customers want to engage with the brands they resonate with. Tone of voice is particularly important when it comes to dealing with customers. People don't hold conversations with multiple people in the same style, so why should brands?



Manage

Not every positive or negative comment that is posted about the brand will be sent directly to you – the top brands ensure they have appropriate monitoring in place. This should go hand in hand with a well versed and regularly practised crisis management plan.

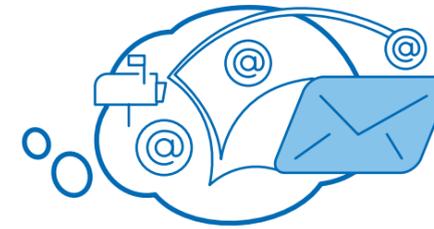


Enjoy

The best brands show they enjoy the freedom that social media provides for banter, clever responses and creating viral content.

Social media exemplars

Brands such as British Airways, Tesco and Virgin Trains are setting high standards in the field of social media interaction.



British Airways

British Airways responds to social media queries within minutes of receiving them, ensuring customers receive the most up-to-date information possible. Individual agents own the response and use a tone of voice that reflects the customer's query and the style within which it has been made.

British Airways uses social media to show it genuinely cares about its passengers and will work tirelessly to help where it can.

Social media is also used to supplement the voice of the customer – identifying what is preoccupying customers, what conversations they are having and how British Airways can add value.



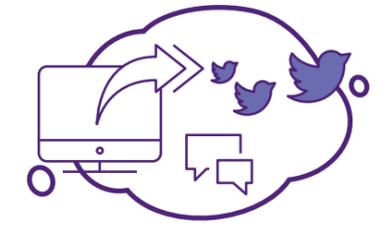
Tesco

Tesco has generated much positive PR from its engaging and clever social media responses, and is felt to have done a good job of filling up its timeline with engaging visual content.

Unlike many other retailers, Tesco only tends to post one update each day, and it is nearly always related to the brand or its products.

Tesco also frequently incentivises user comments by offering Clubcard points in return for sharing stories on various topics. This is a good way of driving engagement. Tesco also offers a useful 'here to help' tab that includes contact details for all its customer care channels and a 'real food' app that gives information on seasonal recipes.

It regularly encourages conversations through the live chats it hosts with various food and health experts.



Virgin Trains

Virgin Trains' lighthearted, slightly tongue-in-cheek style has endeared their social media approach to many. Virgin Trains have made a commitment to use social media to make life easier for the passenger, with an ambition to respond to queries in as near real-time as possible. Tweets are followed by the initial of the agent personalising the response.

The twitter accounts for individual franchises are centrally monitored to ensure that, even if the customer gets the account wrong, the query will be dealt with.



Applying The Six Pillars to social media

The Six Pillars capture the universal characteristics of customer experience excellence, analysing the end-to-end journeys of customers and comparing them to best practice around the world. But how can The Six Pillars be applied specifically to social media?

Personalisation

This involves using your historical and future customer data to tailor your conversation on a one-to-one basis in order to improve customer connection. The more data you have on a customer, the better your understanding of their behaviours, purchasing patterns, wants and needs.

Integrity

As social media becomes a more mainstream channel of communication with customers, it has become even more paramount to be as transparent as possible with your customer base. It can only take one misplaced message to destroy years of hard-earned trust amongst your customers.

Expectations

Customers have increasingly high expectations across all the channels they engage with brands through. Therefore businesses should have relevant SLAs and KPIs in place that match the Expectations of their customers. If these begin to slip, the customer's experience begins to diminish.

Resolution

Social media gives brands the ability to rapidly turn a bad customer experience into a good one in a public forum. Brands should embrace this opportunity to demonstrate an effective Resolution process to their other customers.

Time and Effort

Social media allows brands to engage in real-time online conversations with customers. However, brands must shoulder the majority of the effort, in order to make the interaction as timely and pain free as possible, in order to maximise the customer experience.

Empathy

This involves being able to adapt a brand's tone of voice in order to understand a customer's circumstances and strike an emotional chord. This enables brands to reach a new level of understanding and emotional engagement with their customer base.

Achieving Customer Transformation

Year after year, organisations strive to improve and deliver better experiences for their customers. Many brands invest heavily in making changes for and around the customer and, when done well, the rewards can be substantial.

Successfully transforming experiences can accelerate underperforming businesses into leading organisations, however, it is a complex endeavour. The complexity of this journey challenges us to distinguish between two categories of transformation: the transformed and the rapid mover.

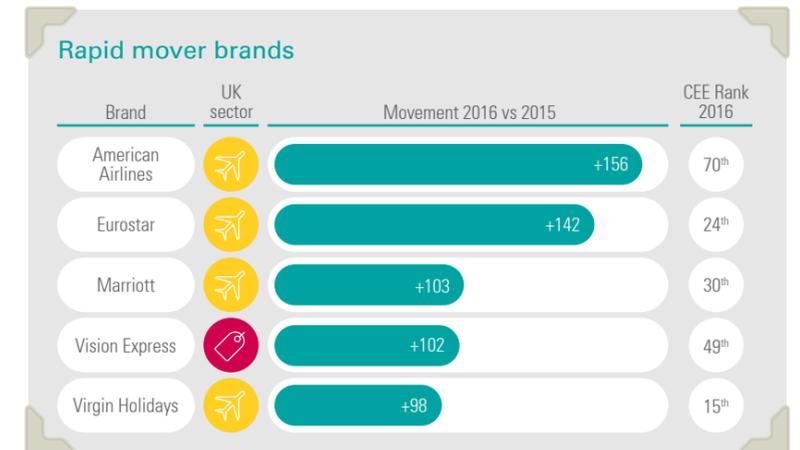
Transformed brands have consolidated their position as consistent providers of outstanding experiences, continually improving the experiences they deliver year after year.

Rapid movers, in contrast, spike in performance and dramatically rise up the ranks from one year to the next.

Both are of interest: how do great firms maintain their position? And what is it that rapid movers are doing that is changing their customer experience dynamics?



*TSB first featured in the CEE analysis in 2014



The Six Pillar transformation

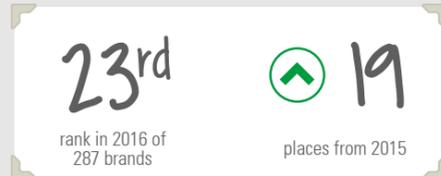
There seems to be a pattern in how brands evolve and transform themselves. Organisations start with a strong customer strategy, mostly led (and championed) by a board executive. What differentiates transformed brands and rapid movers can be observed through The Six Pillars of customer experience excellence – the transformation pattern closely follows The Six Pillars implementation sequence referenced in the UK 2015 report ‘A New Era of Experience Branding’.





Despite being a relatively niche brand, catering mainly for the 50+ age group, Saga stands out as an authority in customer experience, having risen 200 places in the Customer Experience Excellence analysis since 2013, to be classed as a 'transformed' brand.

Saga can show the way for organisations looking to master the art of customer experience transformation. Crucially, Saga demonstrates that no matter where the starting point is, with coordinated efforts, investment and a customer-first approach, an organisation can steadily grow and enter the ranks of the top 100 customer brands in the UK.



The success of Saga is driven by three key areas of their business strategy, which revolve around providing a more targeted and personalised experience, delivered by driven and enthusiastic employees.

2. Highly engaged employees

The exemplary levels of employee engagement are the source of Saga's outstanding Empathy score. According to its own calculations, employee engagement levels are above 80% and Saga has a clear commitment to continuously improving on this. With this mission in mind, Saga launched the 'Saga Way' programme, to further drive engagement and ensure outstanding customer care is top of mind across the business. The brand also demonstrated a certain level of savviness in putting the right people in the right job, from the empathetic frontline staff to the talented marketing team making the best out of the powerful database. Saga's success in staff allocation allows the brand to ultimately harness the knowledge and build differentiated and targeted products for customers and prospects.

1. A thorough customer understanding

Saga's core customer segment is made up of British customers aged 50 and above, the fastest growing demographic in the country – it is estimated that 40% of the UK population will fit this description by 2033 (Saga Annual Report). The brand stands out with this segment as it demonstrates a know-how in setting and managing expectations (7% above the study average) and provides a much more empathetic and personalised interaction with its target segment (11% above the study average). This is made possible by a database comprising more than half of over-50s households, with highly relevant data that it constantly nurtures and updates, which allows the firm to know how to interact with, serve and delight customers. This database allows Saga to build differentiated products that are specifically targeted for the core segment and delivered by enthusiastic employees.

3. Piloting products driven by customer knowledge

As a result, Saga has been trialling a number of products built on its understanding of the customer. Beyond profitability, a pilot needs to achieve one key target in order to be launched at full scale: it needs to surprise and delight customers. As Saga's outstanding performance in meeting Expectations shows, the organisation knows how to accurately set Expectations and deliver on them – Saga's performance in Expectations has improved by 20% since 2013.

When strong employee engagement and powerful insight are put together, differentiated products are created and stellar experiences delivered. These are the key elements that propelled this customer-centric business up the CEE rankings.

The Six Pillars: Scores vs Industry Average



Customer Story

"I've booked several holidays with Saga and always find they are a very professional team to deal with. They are very willing to spend time with you to give you exactly what you need and want, and then provide even more. When we had a problem as the airline cancelled our upgraded flight booking, we didn't have the stress of having to deal with this as Saga entirely resolved the issue for us."

Saga customer, UK CEE 2016

Building an Army of Memory Makers

Marriott has risen 103 places in the UK rankings and it subscribes to a simple mantra: people bring brands alive. Marriott trains every single employee from maintenance to housekeeping and concierge, on how to interact with guests. Marriott is also highly concerned with employee motivation and engagement. As founder J. Willard Marriott puts it: "you have got to make your employees happy. If the employee is happy they are going to make the customer happy."

Marriott systematically looks for opportunities to cement the link between memorable events and the Marriott brand, celebrating birthdays, anniversaries and special occasions with a bottle of champagne or a room upgrade.

American Airlines has risen 156 places in the UK analysis this year – another organisation that focuses on the employee. In an industry rife with poor employee relations, CEO Doug Parker has confronted employee issues head on, tackling job security, compensation and better opportunities for advancement, whilst at the same time integrating the employees of US Airways. He is highly empathetic towards his own staff, feeling their pain, and showing this by symbolically putting himself on the same contract as they are.

Both of these organisations realise that with thousands of customer interactions every day, there are a myriad of opportunities to create emotionally charged experiences for customers – staff just need to be educated and motivated to identify and act on them.

TSB has moved up 105 places in the last two years, due largely to the focus on culture, setting themselves the objective of 'restoring the humanity to banking'. No easy task, it involved training several thousand partners to think of themselves as a customer: to put themselves in the customer's shoes and to find ways of making the customer feel important and valued.

Eurostar has set itself the ambition of delivering the 'best-loved travel experience in Europe'. This has involved thinking deeply about culture – evolving a culture that is "neither French nor English but European." Coupling this with high levels of employee engagement and being pinpoint clear on how staff can deliver the "quintessential Eurostar experience". The advertising reflects Eurostar's focus on memories, encouraging potential passengers to think about 'the stories in waiting', inviting customers to make their own stories and memories and being clear on Eurostar's role in enabling happy memories.

For all of these organisations, the start point has been creating a culture where customer experience will flourish. It involves aligning the employee experience with the customer experience in the context of a clear customer experience strategy.

Looking to the world's leaders, there are several US organisations who have elevated memory creation through employees to an art form. USAA, Disney, Ritz Carlton and Nordstrom have engaged their employees to spot and take advantage of memory creation opportunities, to elevate particular aspects of the customer journey and to create positive mental imprints.

These companies identify emotional peaks; deliberately enhanced moments of the customer journey that resonate with the organisation's brand values, touch the customer emotionally and equip their employees with the wherewithal to ensure the brand will live on in the customer's memory.

"Employee empowerment means being able to use my natural ability to create a lasting memory for guests or resolve a guest issue and have confidence that my company supports me 100% for my effort. Sometimes the most delightful wow moments occur in the blink of an eye, if employees are not empowered and need to cross layers for approval, these moments could be lost forever."

Ritz Carlton Leadership Centre

Creating your own army of memory makers

The key elements of organisational change are well understood: create and articulate a compelling vision, define the behaviours necessary to deliver that vision and then adjust the levers of cultural change, (performance management, reward and recognition and leadership role modelling) to reinforce the behaviours required.

Creating an army of memory makers requires a firm to not just undertake the above but also to provide the tools and empowerment necessary for employees to achieve this objective. Memory making is a spontaneous, in-the-moment exercise and firms need to both set their memory making expectations and then enable staff to deliver.

Communications is a critical facilitator, not just top-down communication but also peer to peer, team to team, harnessing employee feedback and input so that sharing great ideas and best practice creates an environment of "customer surround sound."

We recruit empathetic people who care about customers, customer service and have a passion for our sector	We are clear on our expectation that our people create memorable moments for customers	We encourage staff to show they care, extend small kindnesses and to continually look for opportunities to improve the customer's day	We help our people understand the types of memorable moments they should be looking for	We encourage our people to share their experiences of creating memorable moments and what works and doesn't work, and to work together at creating memories
We practice 'heroic' recovery when things go wrong	We empower staff to make good judgements about how and when to wow the customer	We recognise and reward staff who deliver great experiences for customers	We celebrate great ideas and great customer stories	
We enable staff by removing petty rules, bureaucracy and other hindrances	We encourage our leaders to role model the behaviours necessary to wow customers	We focus on creating passionate, enabled and empowered staff	We equip our people with the tools they need to deliver an outstanding experience	

Next Steps



The *Customer Experience Excellence Centre* is dedicated to rapidly improving customer experience by defining what 'best-in-class' looks like for customers around the world.

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The Six Pillars

A universal set of qualities within every customer relationship. The Six Pillars have proven to deliver enhanced commercial outcomes and deliver greater shareholder value.

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