

“Work is love made visible.”

Kahlil Gibran

Christopher Han

Stanford University
Management Science & Engineering

SAP, Inc.
Daimler AG
Applied Materials, Inc.
GM Corporation
Microsoft, Inc.
Air Motion Systems
Tragon Corporation
Mochi Media

Decision-Analytic Thinking

+

Design Thinking

Ethnography



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FOR BUSINESS LEADERS

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The Three "Ds" of Customer Experience

11/7/2005

Eighty percent of companies believe they deliver a superior customer experience, but only 8 percent of their customers agree, says Bain & Company. Here's how to repair the disconnect. From *Harvard Management Update*.

by James Allen, Frederick F. Reichheld, and Barney Hamilton

Call it the dominance trap: The larger a company's market share, the greater the risk it will take its customers for granted. As the money flows in, management begins confusing customer profitability with customer loyalty, never realizing that the most lucrative buyers may also be the angriest and most alienated. Worse, traditional market research may lead the firm to view customers as statistics. Managers can become so focused on the data that they stop hearing the real voices of their customers.

Customer Experience

In Purchase

In Use

In Disposal

**Investigating the Effect of Customer Experience on
Car Purchase Decisions:
An Opportunity to Design Higher Quality Interactions**

Design Innovation & Research
November 15th, 2008

Case: Automobile Buying Experience

- While improved, still not great.
- High stakes (\$) purchase
- Familiar to most (10 to 12 purchases in lifetime)
- Sufficiently complex, but not intractable
- Personal exchange (vs. impersonal exchange)

Ethnography of auto dealerships

Ethnography of auto dealerships

Alpha Chevrolet



170-200 sales/month
25% are internet sales
13 floor salesmen
4 internet salesmen

Omega Toyota



450-500 sales/month
45% are internet sales
22 floor salesmen
16 internet salesmen

Unit of analysis: Customer-Salesperson Interaction

- internet's influence on sales interaction
- product's influence on sales interaction
- customer's perception of salesperson
- salesperson's perception of customer

internet's influence on sales interaction

internet's influence on sales interaction



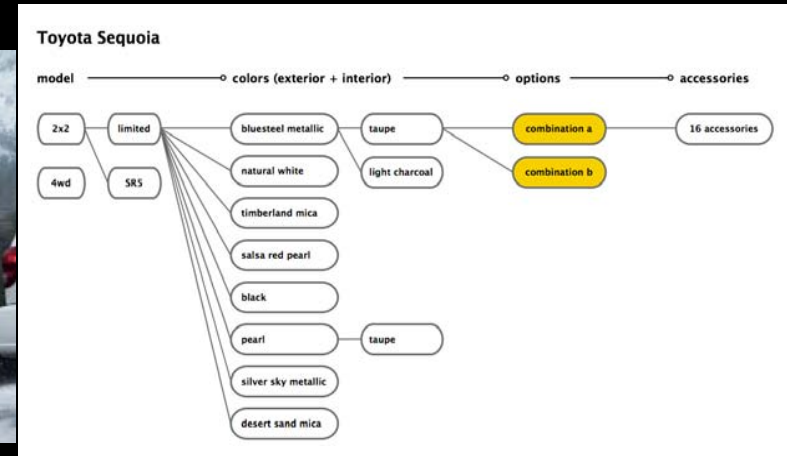
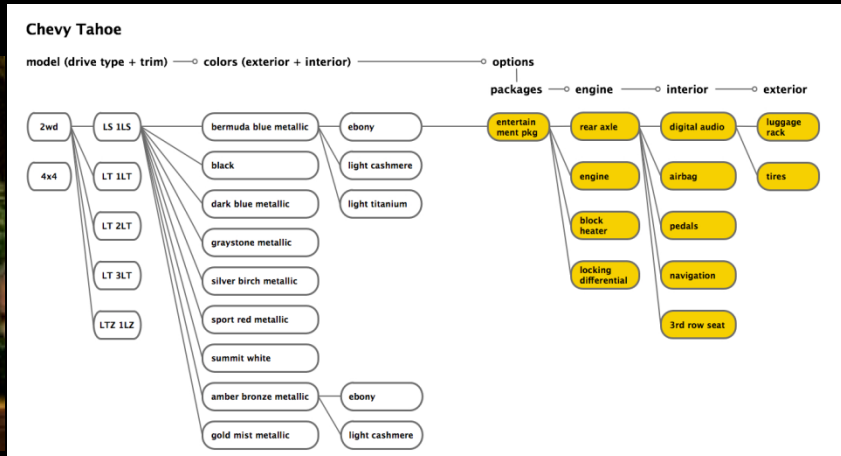
product's influence on sales interaction

product's influence on sales interaction

Chevy Tahoe

vs.

Toyota Sequoia



Chevy Tahoe

Toyota Sequoia

Approximately **1500** option combinations

Approximately **104** option combinations

25 exterior/interior color combinations

13 exterior/interior color combinations

product's influence on sales interaction

Chevy	# combo	Toyota	# combo	Ratio
Aveo	216	Yaris	108	2.0
Impala	345	Avalon	256	1.3
Colorado	1,627	Tacoma	384	4.2
Tahoe	1,500	Sequoia	104	14.4

customer's perception of salesperson

customer's perception of salesperson

A customer in the parking lot before leaving says:

“Oh, you’ve got to do your homework before coming in, or you’ll get eaten alive. I always check the internet for best pricing before coming in. I even print out the details and carry them so they [salespeople] can see that I’ve done my research.”

salesperson's perception of customer

salesperson's perception of customer

A prospective customer did not keep an appointment. Salesperson calls the prospective customer. Hanging up the phone, salesperson is visibly upset and says:

“No respect for my time. He should have at least called to tell me he couldn't make it. #@\$%. People think we're scum of the earth.”

salesperson's perception of customer

A salesperson confides:

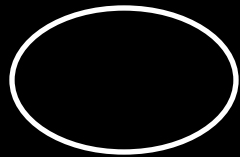
“A lot of customers hate us. You can tell by the way they talk to you. They think we’re always out to screw them or something. They think we’re liars.”

Key Insights of the Ethnography

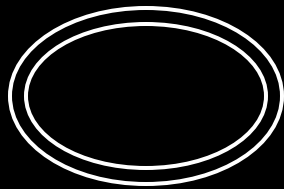
Person-to-person **interactions** exert strong influence on the customer's **experience** and, ultimately, the purchase **decision**.

Salesperson experience (not just customer experience) is often not good.

Decision Diagram



Uncertainty



Deterministic

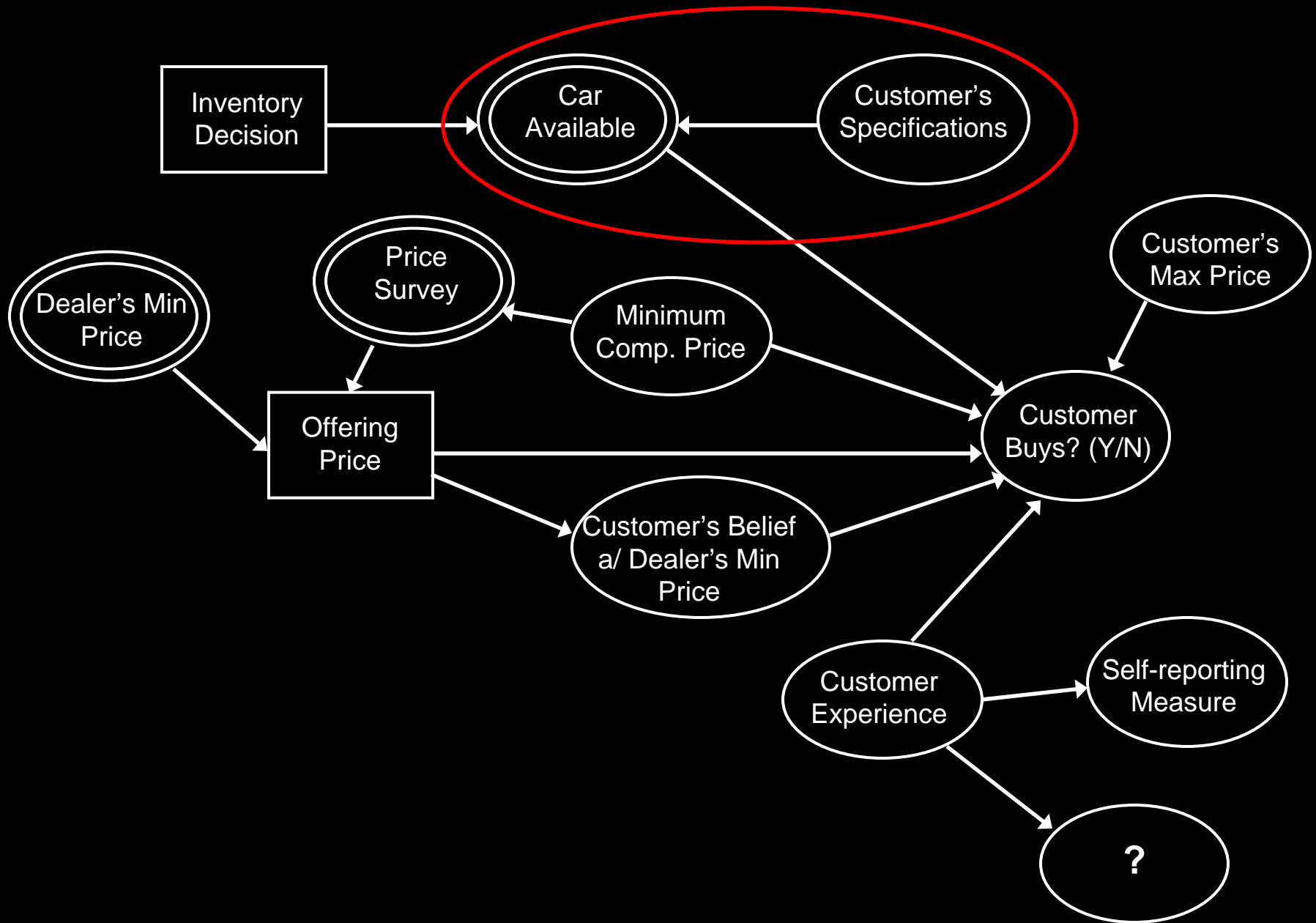


Decision



Influence arrow

Information arrow



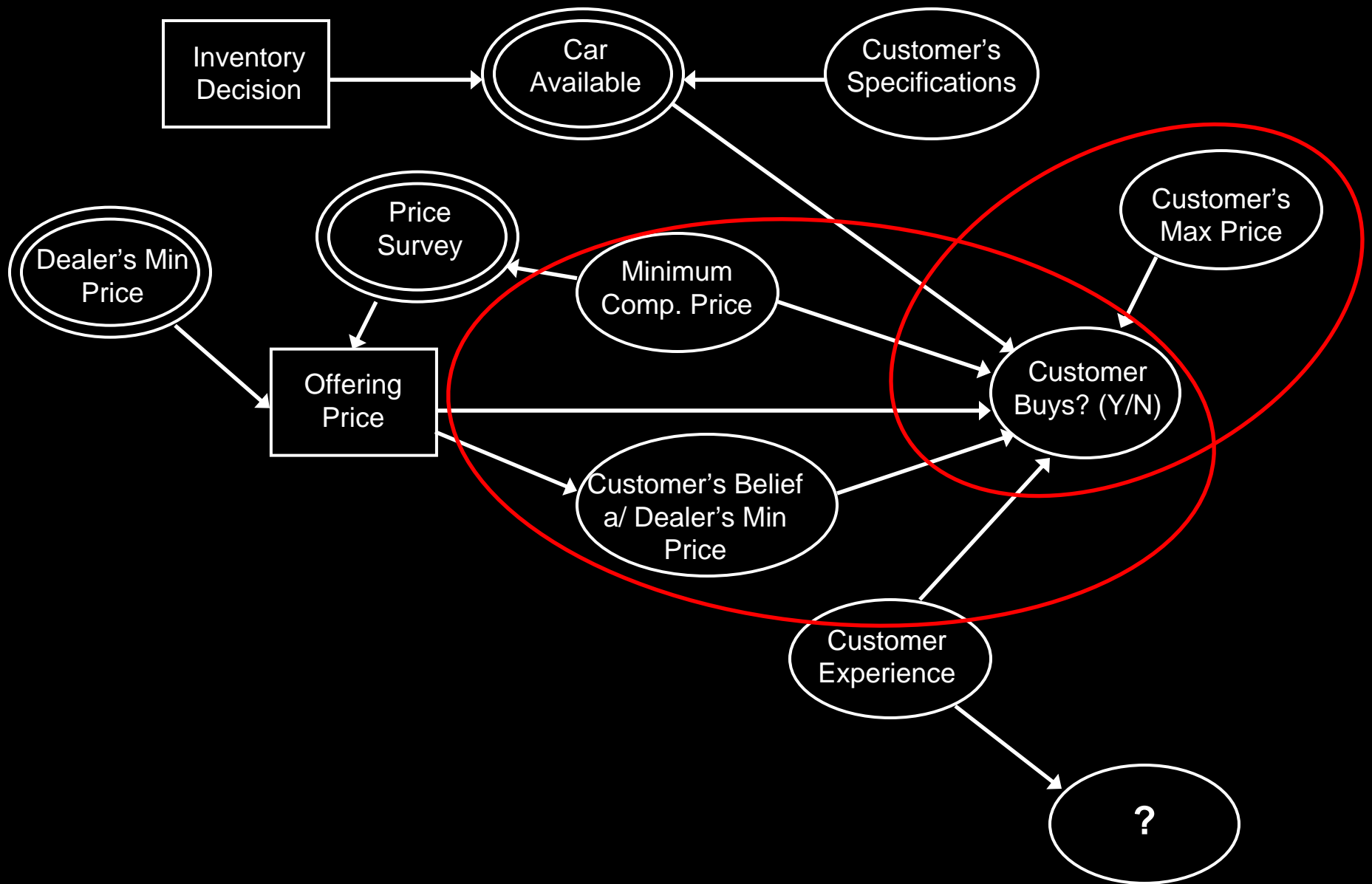
Example of an attempt to influence customers' preference:

A *couple comes in looking for a red Cobalt.
Salesperson doesn't find one on the lot.
Instead, there is a silver one.*

*Pointing to it, the salesperson asks the couple:
"what about the silver one?"*

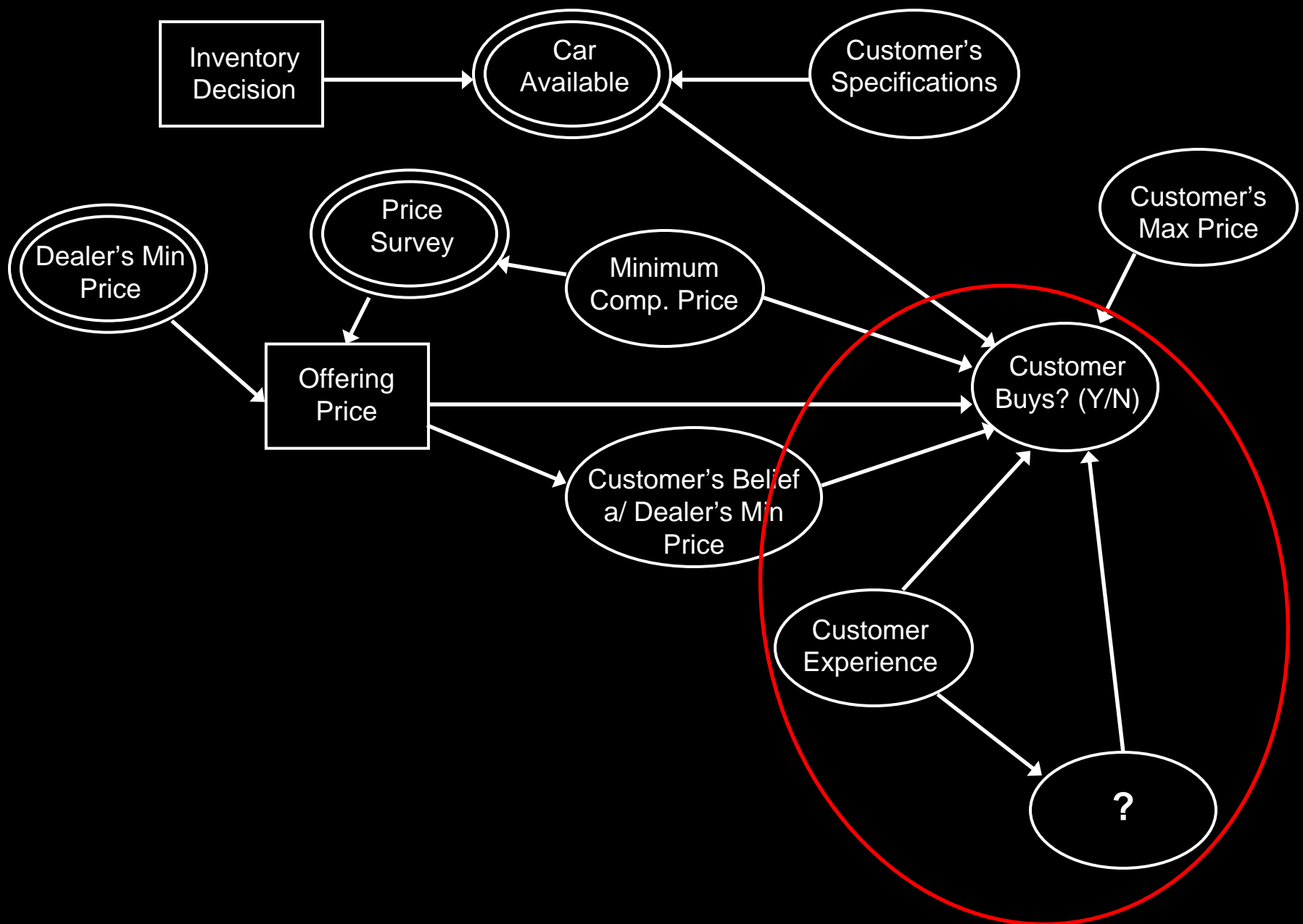
*"silver has the longest durability, and 'cop-wise' you're
not going to be marked"*

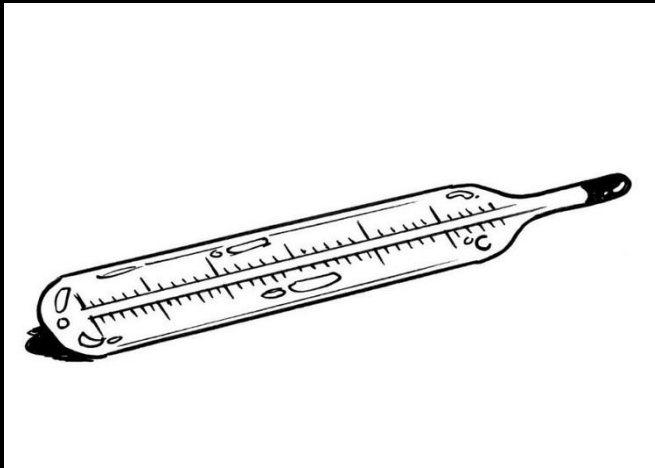
Customers insist on a red Cobalt.

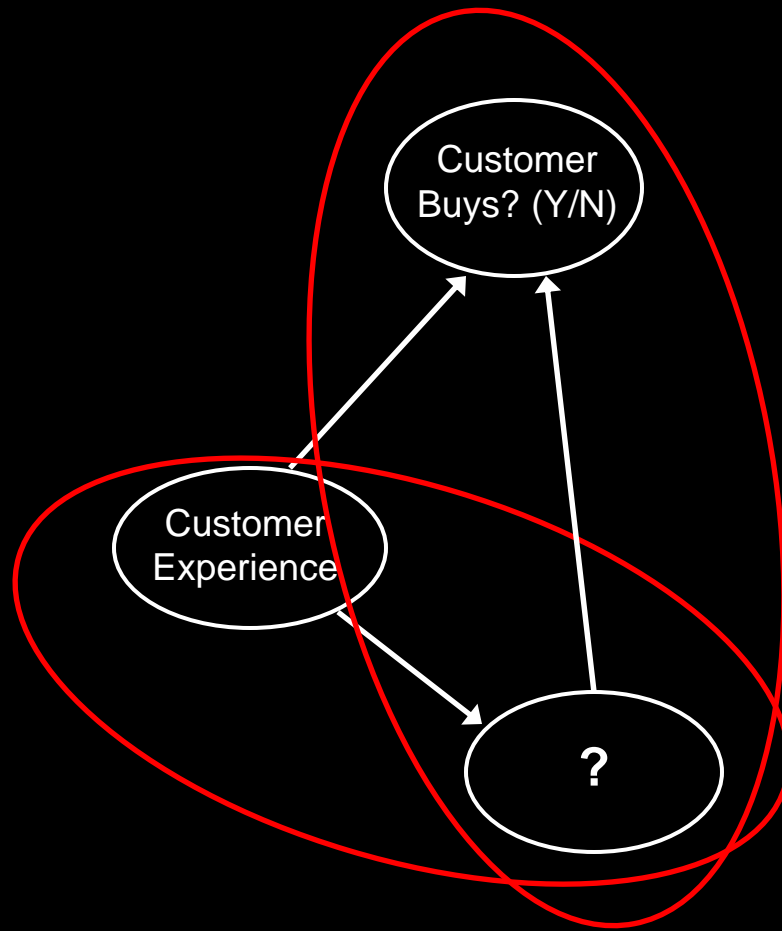


Sales call clip

[price talk]







Paul Eckman

Micro-expressions



John Gottman

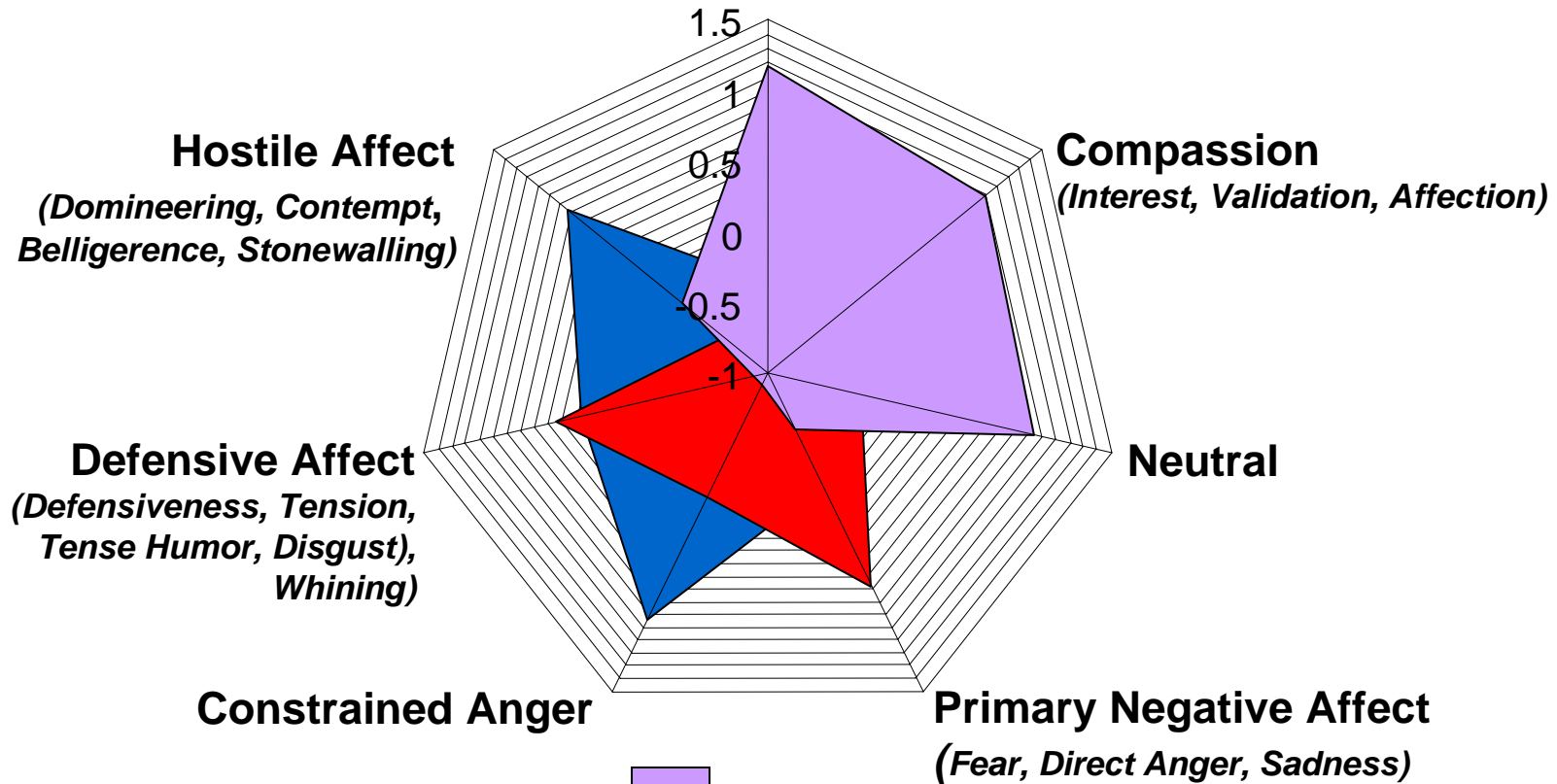
Emotion Coding

Sales call clip
[defensive customer]

Sales call clip

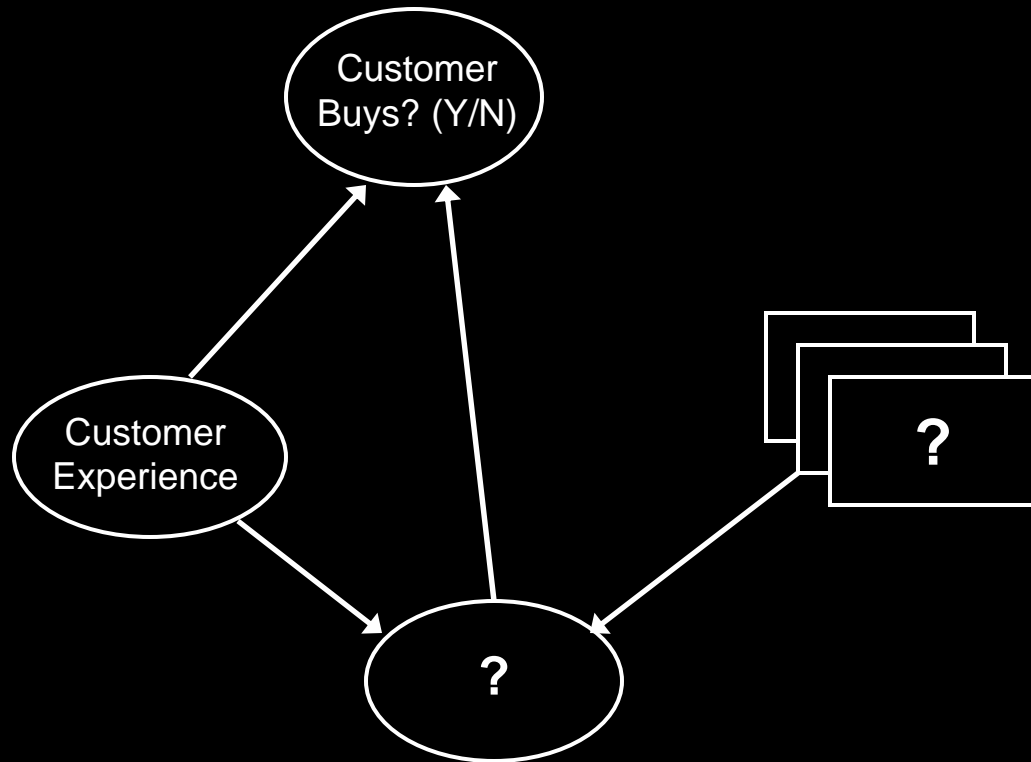
[wide range of affect]

High Arousal Positive Affect
(Genuine Humor, Excitement, Affection with Touch)



- Oprah
- TV Talent 1
- TV Talent 2

Source: Janine Giese-Davis



Potential Decision Opportunities

- Hiring salesperson
- Training salesperson
- Evaluating salesperson
- Incentivizing salesperson
- Designing business process
- ...

Imagination

Customer and salesperson experience characterized
by an esthetic of **truth** and **beauty**.

Work of a salesperson

Untruthful statements

Perception of being a liar

High turnover

High stress

Truthful statements

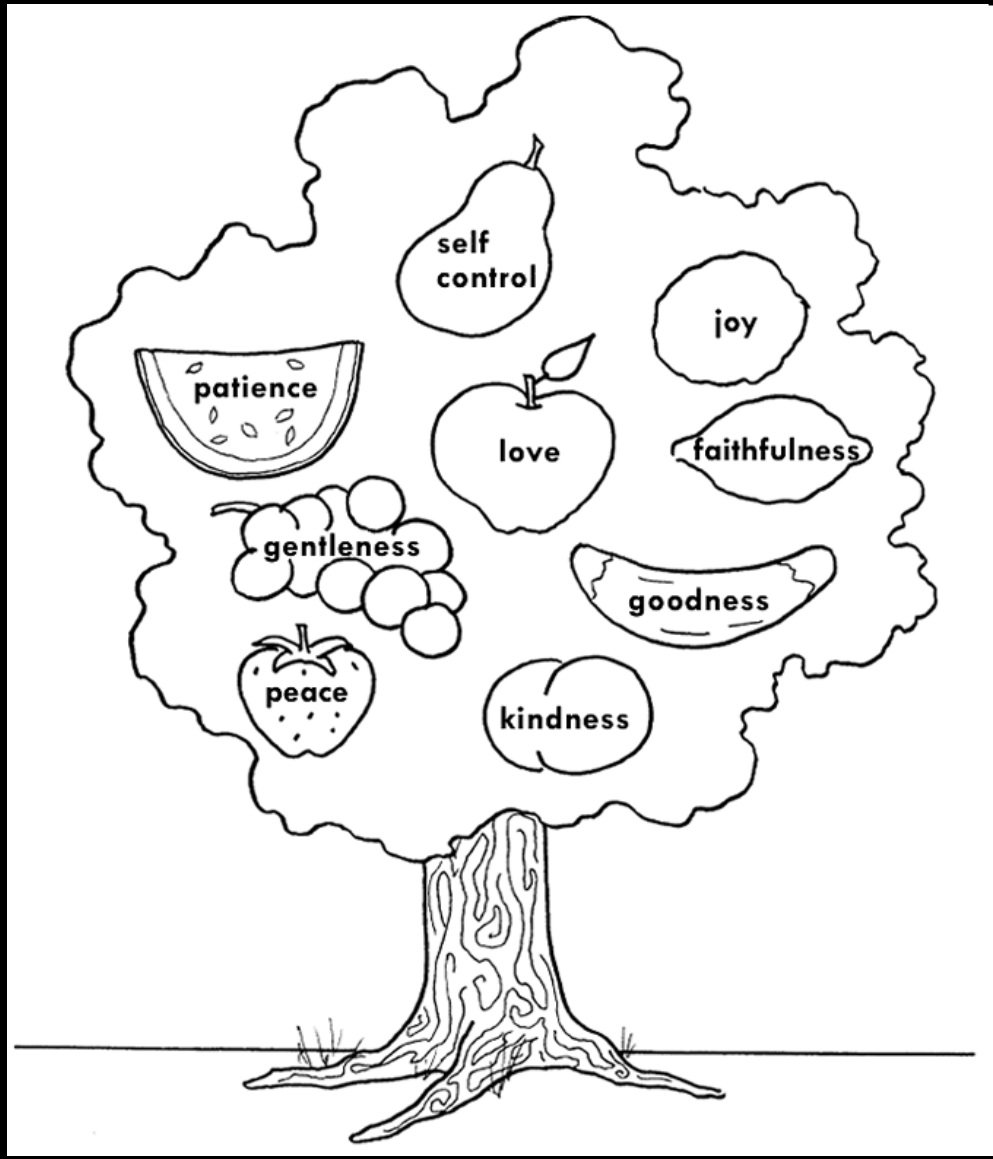
Perception of integrity

High job satisfaction

Joy of working

“Work is love made visible.”

Kahlil Gibran



But the fruit of the Spirit is love, joy, peace, patience, kindness, goodness, faithfulness, gentleness and self-control. Against such things there is no law.

Galatians 5:22-23

agape



But the fruit of the Spirit is **love**, joy, peace, patience, kindness, goodness, faithfulness, gentleness and self-control. Against such things there is no law.

Galatians 5:22-23

Q & A

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