



Redefining Customer Self Service From the Utilitarian to the Tribal Customer





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Executive Summary

Despite their best efforts to delight customers through the web, companies have rarely succeeded in elevating their web experiences beyond experience parity to a point of competitive differentiation. These sites have optimized business processes, solved problems and presented requisite information but have done little else. Customers do not generally flock to websites that look similar to next website requiring companies to compensate by lowering prices to drive traffic and increase sales. Although recent efforts to improve the self-service experience is a positive step forward, attempts to satisfy a time starved, price sensitive customer who does not seek any emotional engagement remains highly unlikely.

Companies have been debating the feasibility of elevating the web experience beyond transactional efficiencies to one that is more personal and authentic. This debate continues to rage even as companies attempt to discern what it is that customers truly seek from the web. A casual look at most eCommerce sites reveal that companies tend to emphasize transactional efficiencies over emotional interactivity. These sites are only interested in offering the most basic utilitarian experience – providing the requisite information that will bring about a purchase. The opportunity to engage customers seeking emotionally engaging experiences is missed.

Changing the strategic direction of web experiences from transaction efficiency to passionate engagement is based on the elimination of a one size fits all approach. Customers are first and foremost individuals who are different from one another. They seek emotional interactivity and personal expression. Whereas the time starved, utilitarian customer seeks to minimize his time on websites; the expressive tribal customer wants to maximize his time on websites that offer everything he seeks – emotional interactivity, personalization and self expression. The tribal customer's loyalty will be to those companies (and websites) that provide such experiences.



Seeking Parity: The Current State of Web Self Service

Self service interactions have been a hot topic on the corporate customer relationship agenda for the last few years driven by the recognition that driving customers to web self-service would reduce costs significantly. The earliest generation of self-service efforts and the self-service sites currently being offered by a majority of companies, focused on simplifying the web experience of customers. With the promise of shifting high cost call center interactions to the much less expensive web, companies were willing to make investments in self-service web sites. First generation self service sites made several achievements in the pursuit of customer experience simplification:

1. **Data source consolidation** – Prior to self service, corporations designed their web presence with a “brochure” mind set. They posted their products and services on their web sites for customers to see and review. Through self service, companies started to make critical information publicly available with the aim of increasing the ease of conducting transactions. Retail banks allowed customers to view account information and carry out transactions such as account transfers, bill payment, wire transfers and foreign currency transactions. Brokerage institutions enabled customers to buy and sell securities on their own. Retail companies allowed customers to directly place orders and view inventory status while logistics companies provided customers with the ability to track personal shipments. The access to information sources necessitated the consolidation of a variety of internal data sources in order to reduce the time to and time of transaction.
2. **Usability and user interface** – The shift from basic web presence to self-service functionality required better design of data capture and transaction forms. Usability and reducing the hassle to conduct transactions efficiently were the primary concerns. Resolving these challenges resulted in transaction efficiencies leading to a reduction in time that customers were required to spend on the site.
3. **Availability of insightful information** – Self service also stimulated a greater sharing of information. The epitome of such information sharing was and remains the airline industry. Here, airlines were willing to avail customers to previously unavailable seating plans so that they could make their own seating choices. Customers enjoyed greater diversity of information which allowed them to personalize their selections and ultimately shift their transactions away from the call center to kiosks or other self-service channels.



4. **Around the clock service** – The ability to access information and conduct transactions 24/7 was an additional benefit for busy or traveling customers used to conducting business at odd hours. This feature also benefited customers who were unwilling to wait in queue for an agent. The 24/7 availability created a sense of convenience that attracted customers to self service. Banks allowed customers to transfer money, airlines enabled its customers to book flights and retail outlets facilitated the purchase of their products at any time of the day. Moreover, this eliminated the need to staff call centers with late night and weekend agents (agents working weekend and late night shifts command higher wages), further driving down call center costs.
5. **Basic recognition** – An important dimension of first generation self service was recognition. Websites allowed customers to build a profile of preferences which then recognized the customer (and his preferences) each time he returned. Welcoming customers (e.g. “Hello Jim” or “Hello Jim Smith”) is now a common feature on many sites. Such recognition saved time for customers and also reduced the time necessary to complete a transaction.



Self Service Challenges: Designed for the Utilitarian Customer

Designing self service sites for the utilitarian customer has accelerated the commoditization of products and services.

The benefits of first generation self service were significant as customers migrated from expensive interaction channels such as retail stores and call centers, to the web. Companies simplified processes and transactions, reduced wasted time and provided customers what they wanted. However, despite these advantages, first generation self service also created some significant challenges; challenges that were by and large ignored.

First generation self service sites were designed for the utilitarian, time starved, price sensitive customer. These designs created a strong perception of commodity selling. Self service sites defined all customers as similar in needs and the utilitarian customer was provided with a "one size fits all" efficient transaction. Customers were left to determine their own individual differences and find any element of uniqueness in the vast printed catalogues presented to them by vendors.

The utilitarian customer was treated by self-service sites as someone who sought to conduct transactions as quickly as possible and then move on to other activities. (Applying this line of thinking to retail stores would lead store managers to replace people with automated kiosks that could place customer orders.) However, the utilitarian customer was merely a figment of the imagination of managers who sought to design a process rather than the attitude of customer-centric organizations. Here, customers were subjected to efficient processes that drove traffic but accomplished very little in the way of increasing loyalty. First generation self service sites were by and large the results of well designed and efficient processes. There was no attempt to create experiences which would drive preference and loyalty.

As a result of focusing on processes, self service sites have come to create the biggest challenge of all — commoditization. Designing self service sites for the utilitarian customer has accelerated the commoditization of products and services. Self service sites have at best, reached parity.



In Competitive Context

Self service sites are seldom a competitive differentiator. Their presence simply acts to eliminate competitive inferiority.

On the web, companies are as big as their smallest competitor. Visually, they are as big as the computer screen of their customer, which is exactly the same size as their competitors regardless of corporate assets, history of being in business, quality of products, etc. Self service sites made all vendors look the same with all products being perceived as equal in quality and benefits. Web sites strip companies of their competitive differentiators. Their presence simply acts to eliminate competitive inferiority.

Reaching parity by creating efficient experiences drives customers to focus on price (generally a lower price). In the absence of rich, emotionally engaging experiences, self service sites drive customers to define preferences primarily based on the lowest price.

The commoditization factor is exacerbated by the customer's ability to switch to the competition. The barriers to switch are so low, only a mouse click away, that companies hardly get a chance to make their pitch. Customers are in full control as they shift from one site to the other at speeds never previously experienced. With the growing number of choices accessible in just a few moments, companies are locked into intense price competition. Commoditization drives price reduction leading companies to struggle with ensuing their products are sold at the lowest price. This trend only validates the fact that the first generation of web self service did not create differentiation, but rather accelerated commoditization.

The challenge for all self service-based organizations is to redefine themselves as being competitively different and move away from being a price driven interaction channel to one that generates passionate experiences. While the term "customer experience" is heavily used (and often abused) in the context of self service, in this context it often refers to utilitarian design where basic site usability is ensured and transactions are conducted with the utmost efficiency. These web experiences are primarily efficient and not emotionally engaging. Although the web is a channel full of personal discovery, emotions and interactions (e.g. through social networks), self service sites often manage to produce the opposite experience. Despite the fact that the web is truly a place where customer uniqueness is accentuated and magnified, the possibility of emotionally engaging one-to-one relationships with customers is generally not realized in self service environments.



Self service sites were not historically designed and developed in line with the true meaning of customer experience which advocates emotional engagement. Customer experiences are interactions that drive emotional engagement and therefore loyalty and repeat business. Efficiency and speed of transaction completion are important, but only as a means to an end. They are not emotionally engaging and hence do not command premium prices and build strong preferences. They are utilitarian and therefore priced accordingly. To make the transition from defense to offense, self service needs to redefine itself. The current approach of efficiency and cost reduction has a price. The price is perpetually reducing prices to please customers who see no other value in commodity products.

Discovering the Power of the Tribal Customer

Those website experiences that are emotion heavy will have customers respond with emotional connectivity that will result in relationship longevity.

While companies have almost exclusively focused on the emotionless utilitarian customer, a new type of customer, the tribal customer, is steadily making his presence known. The tribal customer seeks emotionally engaging web experiences and craves emotional interactivity and personal expression. These customers are often self expressionists who want to connect, interact, personalize, co-create, share and above all, express themselves. Whereas the utilitarian customer seeks to minimize his time on websites, the tribal customer seeks to maximize the time he spends on sites that offer emotional interactivity, personalization and self expression. Nowhere is this more apparent than in the proliferation of social networking sites where individuals seek out friends for their social network in a practice known as "friending". Customers spend hours on sites such as LinkedIn and MySpace interacting with friends, adding pictures, changing colors and redecorating their pages. These customers, who "live" on these sites, want to express themselves and improve their "home" away from home. Their ties to these websites strengthen as they personalize and customize their "own" pages.

Social networking sites have experienced massive growth in their customer bases. According to Alexa Internet, as of May 2006, MySpace is the world's fourth most popular English-language website and the fifth most popular in the world, with more than 88 million registered accounts. While other social networking sites do not have nearly the same sized customer bases, LinkedIn claims more than 6 million registered users while Bebo claims 22 million registered users, mostly in the United Kingdom. These numbers are evidence that the tribal customer is not only alive, but thriving. Tribal customers do not sit at the fringes of the web experience, but at the center of it. This growing customer base offers a variety of financial opportunities and benefits for those companies willing to provide them with the services that they want. Is your company one of them?



Customers react differently to different experiences. Those website experiences that are emotion heavy will have customers respond with emotional connectivity that will result in relationship longevity. By contrast, a utilitarian customer will limit his interactions, prefer anonymity and seek low prices as the reason for interacting with the site. Companies need to choose the type of customers whom they would like to see frequent their websites – tribal customers with emotional attachment or utilitarian customers looking for low prices.

Christine Dolce, a 23 year old cosmetician from California demonstrates the power of a tribal customer. With “Forbidden” as her screen name, Christine dominates MySpace with more than 900,000 “friends” and 30 million views. Her steadily increasing list of “friends” has led to an appearance on MTV and a growing range of business ventures including a new cologne line for men and a fashion line called Destroyed Denim. Christine has managed to transform her social network into a major tribal experience that leads others to follow. While your tribal customers are unlikely to command this type of web presence, they are constantly connected, interacting and sharing experiences – a fact that can work for or against you. It’s up to you!

The tribal customer base is enormous. Companies need only to open their eyes and see what is right in front of them. Recently however, a growing number of companies have begun to realize the immense financial benefits of customers who are constantly connected and who share their opinions and experiences with “friends” who in turn share it with their friends. These friends can number into the thousands or in the case of Christine, nearly one million. Product evangelization, customer recommendations and the spread of good will by people who have bought products or services is invaluable. Reduction in customer attrition, repeat purchases, increase in referrals and customers’ lifetime value will shortly follow. In addition, these customers may provide competitive information and offer ideas for new products and services. However, to transform customer mentality from utilitarian to tribal, self-service providers need to transform their static, dry and mass web experience into one that involves personalization, co-creation and self-expression.



Delivering Passionate Experiences in a Self Service World

Transforming parity-based experiences into emotionally engaging and passionate experiences, requires that companies understand the principles for offering an experience that excites and delights. These experiences share several principles:

- **Emotionally engaging** – allowing customers to feel passionate, engaged, and connected.
- **Interactive** – Enabling customers to co-create the product or service that they're receiving. NIKE allows customers to design their own shoes while a growing number of car manufacturers allow their customers to choose design features such as colors and leather interior and a variety of products such as OnStar. Stony Creek Wine Press allows its customers to co-create their wine labels with options for custom labels designed by the customer or Stony Creek.
- **Personal** – personalized experiences that are uniquely tailored to each individual customer. Jones Soda offers a personalized soda service where customers can have a personal photograph transposed on one of its soda bottles.
- **Expressive** – experiences allow customers to express themselves and their uniqueness through the products and services they consume. Social networking sites allow users to create their own IDs, post personal information and design their "space".
- **Authentic** – the experience must not be mass produced, but authentically delivered. Amazon's inclusion of a customer ranking system for its books, authenticates the experience for its customers. Chevrolet recently introduced a website allowing visitors to create personalized commercials for the 2007 Chevy Tahoe. When the experience allows for a personal voice to be expressed, the experience becomes authentic.



Co-Creation: The Path to the Tribal Customer

In order to tap into the tribal customer base, it is often necessary to let the customer take some control over product design, public feedback and service creation.

Apple, NIKE, Amazon, Jones Soda and MySpace are a few of the growing number of companies that are steadily engaging the tribal customer. These companies offer experiences that are emotionally engaging, interactive, personal, expressive and authentic. Creating personalized play lists, designing shoes, ranking books, personalizing labels and customizing web pages are but a few of the services being offered to tribal customers. The common factor behind all of these services is the willingness of the aforementioned companies to give up control. In order to tap into the tribal customer base, it is often necessary to let the customer take some control over product design, public feedback and service creation. By giving up its power and control, these companies have been able to engage their customers on a level previously unthinkable. In turn, these companies have been rewarded with stronger customer loyalty and an increasing number of referrals. These companies have retreated from a “we know what’s best” to co-creation mentality – to great success.

Giving greater control to customers is the result of a paradigm shift in the way that companies view their websites. The predominant view has traditionally held that a website is nothing more than a low cost method of diverting customers from the call center. This thinking gradually gave way to the realization that it was necessary to offer a web alternative to call centers, catalogs and physical space to the web-hungry and convenience-starved customer. However, a small number of companies have begun viewing the web as a tool for enhancing the experience by providing customers with the ability to personalize, co-create, express and interact so that they receive the experience that they crave, not what companies want to deliver.

Where companies often fail is in understanding the nature of self-service. Self service only lives up to its name if companies give up control and transform self-service technology into co-creative, expressive and personalized tools that can deliver the most important corporate asset – authenticity. Authenticity drives loyalty and loyalty is the foundation of emotional connectivity, repeat purchases, referrals and evangelization. Only authentic products which are capable of becoming part of customers’ identity are worthy of being shared with others.



In order to engage customers on a deeper level than what was once possible, companies need to give up some control. However, the issue is by no means black or white and the degree to which each company should give up some measure of control is relative and must be carefully thought out. Different companies will be able to give up varying degrees of control based on their unique products and services. Failure to give up control and allow customer co-creation, personalization and customization will inhibit companies' ability of offering tribal web experiences. Utilitarian experiences on par with competitors will rarely garner greater customer loyalty and drive revenue growth. It will constantly be subject to the whims of customers and the speed at which they turn to competitors to find a better price. However, offering tribal experiences will awaken the tribal customer and his sense of loyalty to your company. The desire to seek competitor's alternatives will be replaced with the "need" to spend increasing amounts of time on your site, creating, personalizing, customizing and co-creating. Price sensitivity will be replaced by identity expression. A single visit will be replaced by frequent visits and referrals. Leveraging the network of customers and their personal recommendations is the ultimate customer engagement. Providing self service is about self service the way the customer and not the company wants. Providing this type of self service will attract the tribal customer who wants to frequent your website, spend more time on your site, express himself and share his experiences.

About Strativity Group

Strativity Group, Inc. is a global consulting firm advising organizations on creating lasting, profitable relationships with their customers and employees through the transformation of their strategies and execution to revolve around the customer experience.

Strativity Group, Inc. works with both Global 2000 companies as well as emerging businesses around the world. Our clients include Nokia, Computer Associates, SAP, American Management Association, Seagate Technology, Honeywell, Siemens, Dimension Data, FedEx, CATIC, Circle K, University of Pennsylvania, The Fund, Capital One, Jacada, Wyeth, Sage, Herbalife, Akibia, National, Lockheed Martin and Crown Plaza Hotels & Resorts and Nordea.