How Smart Brands Improve Customer Experience with Colin Shaw

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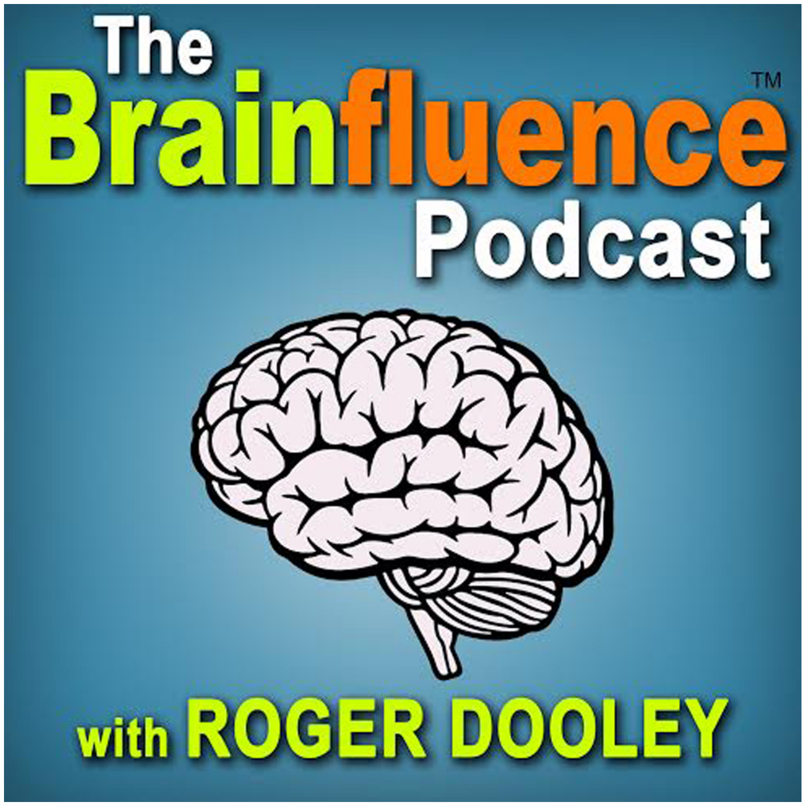

Full Episode Transcript

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The Brainfluence Podcast with Roger Dooley
http://www.RogerDooley.com/podcast

How Smart Brands Improve Customer Experience with Colin Shaw

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Welcome to Brainfluence, where author and international keynote speaker Roger Dooley has weekly conversations with thought leaders and world class experts. Every episode shows you how to improve your business with advice based on science or data.

Roger's new book, *Friction,* is published by McGraw Hill and is now available at Amazon, Barnes & Noble, and bookstores everywhere. Dr Robert Cialdini described the book as, "Blinding insight," and Nobel winner Dr. Richard Claimer said, "Reading Friction will arm any manager with a mental can of WD40."

To learn more, go to RogerDooley.com/Friction, or just visit the book seller of your choice.

Now, here's Roger.

Roger Dooley: Welcome to Brainfluence. I'm Roger Dooley. Today's guest is a repeat visitor to the show. Colin Shaw is one of the true thought leaders in the area of customer experience. LinkedIn named him one of the world's top 150 business influencers, and a quarter of a million readers follow his posts on LinkedIn.

Colin is founder and CEO of Beyond Philosophy, a pioneering customer experience firm, and has written four books on this subject, including the intuitive customer.

Colin, welcome to the show.

Colin Shaw: Thanks very much, Roger. Nice to be back.

Roger Dooley: Colin, let's start with the big picture. It's been a little over two years since your last visit. Across the board, are brands improving customer service? Can you say things are better today than they were a couple of years ago or not really?

Colin Shaw: I wish I could, but the danger is, is I can't, and that actually is ... I wrote a blog about this at the beginning of the year. There were two pieces of research. One come out from Nunwood, one come out from Forrester that basically said that over the last two or three years, that customer experience, on average, across industries has not moved, which is a little concerning. I think that is well concerning, but also I think that there is some sort of salient points in there that are worthy of maybe even conversation on this podcast about.

Roger Dooley: Yeah. Well, yeah, I'd like to understand why that is. Now, is it because the sort of absolute customer experience isn't improving, or is it because our expectations as customers keep rising?

Colin Shaw: Yeah, no, good point. A couple of things really. I think both of those things apply, but I think that the customer experience is just not getting the type of profile that it needs to in organizations. When you start looking at what has improved? They're not making the improvements that they need to.

Why is that? Well, a lot of the reason is because doing customer experience is actually hard. It's not an easy thing to do. We both know that when you're looking to improve your experience, ideally that's not just done in one part of the organization, that's done across the whole of the organization. I takes a commitment from the senior team to do things.

To be honest with you, I don't see that commitment in a lot of organizations. Maybe I'll be a bit controversial here, but I see a lot of talk about it. I see a lot of talk that customer experience is important. In fact, somebody wise once told me, he said, which CEO in their right mind would say that focusing on the customer is the wrong thing to do? No one's going to say that, but when push comes to shove, it's not, well, the evidence shows that it's not happening. The interesting bit is that obviously what we've seen in the last few years has been a massive increase in the number of customer experience teams that are out there.

As you wisely said, I've been in this game since 2002 which is when I wrote my first book on the subject, and then customer experiments wasn't really even talked about. But now, you've got customer experience teams. But those teams, to be fair to them, are not really given the authority to go away and change things. Typically, they are given the responsibility to go away and change things, but then they're not given the authority to go along with it.

Consequently, they just haven't got the clout within the organization to make some of the fundamental shifts that our organizations need to make, not least of which, from a cultural perspective. I don't know. We talked a bit about that cultural perspective when you're on our podcast a little while ago about your new book, and looking at Amazon and how customer-centric those types of organizations are. That customer centricity is not there. Does that make sense?

Roger Dooley: Yeah, it really does, because I think just about every company has something about customer centricity or caring for the customer as a key part of its mission statement. The problem is that often, that's sort of where it stays. I mean, certainly, they value their customers, but as you said, when push comes to shove and you've got a limited budget, it may be making this quarters numbers that wins, rather than saying, well, we're just going to invest in a better customer experience.

You just mentioned Amazon. We're recording this in a bit of advance here, but just last week, they announced that they were going to improve their Prime shipping from a two day guarantee to a single day, which is a pretty aggressive considering that they were already setting the standard for customer service, but they're, in essence, sort of competing with themselves. They're saying, hey, before anybody catches up with us, even though we're the leader now, we're just going to raise the bar again.

Also, their competition does have an advantage in having a lot of retail outlets, if you look at to say, a Walmart or a Target. They do have a lot of a distributed facilities that could be repurposed to deliver things in a very efficient way, but Amazon is not waiting for that to happen. They're saying, this is going to cost us a lot of money, certainly, was in the hundreds of millions of dollars to do this, but they said, we're going to do it. It's a rare company that would say, we're going to go to this a great expense to get even better at delivering stuff to our customers. But that's true, customer centricity.

Colin Shaw: Yeah, no, absolutely. The important aspect that you're talking about there that is missed a lot in organization is the identification of what's driving value. Let's take a step back. Why would somebody want to improve their customer experience? They would want to improve their experience to drive value. In other words, to get more loyal customers, to get more market share, to increase sales, et cetera, et cetera.

I am constantly surprised that most organizations don't have a clear picture of, or don't have statistics to show you what drives and destroys value for an organization. It's always struck me, this is an example I love, and this goes into what you and I are into in terms of sort of neuro marketing, and behavioral economics, and all that other stuff. There's a big difference between what customers say and what customers do.

Disney know when they asked their customers what they would like to eat at a theme park, Disney know that people say that they'd like to have an option of a salad. Disney also know that people don't eat salads when they go to theme parks, they hot dogs and hamburgers.

What's the lesson here? The danger is that that people too often focus on the obvious things. The things like, it's the price that's the most important thing. Well, you know what? I've doing this for 20 years, it's never been price that's been the key issue, in all the research we've done with clients.

There's this sort of more of this hidden human factor, human touch, as we would call it, that actually drives a lot of value. But going back to the issue, not many organizations focus on that and they don't understand that that's the case. Therefore, guess what? When they're doing the type of programs that, the customer experience programs, they're not having the success that they should have because they're not focusing on the things that are driving value.

Roger Dooley: Well, not to let CEOs off the hook, but is it possible that one reason customer experience doesn't get the attention it deserves is that it's not necessarily all that easy to measure? There are some metrics. You've got net promoter score and customer effort score and so on, or you've got absolute measures, perhaps, like a how long customers spend on hold when they're waiting for a representative. But in aggregate, it's pretty tough to say, wow, we improved customer experience 10% last year.

How do people measure customer experience? Or maybe more importantly, how should they measure it?

Colin Shaw: Yeah. If I'm only speaking, I think that's an excuse. I think that there are a number of measures out there that you can use to measure customer experience. You've mentioned a number of them, net promoter, customer satisfaction and customer effort. You can measure how well you emotionally engage with a customer, you can measure how much you trust them, et cetera, et cetera.

Roger Dooley: Let me stop you right there, Colin. You just brought up emotion and trust. Talk a little bit about how you would measure those things.

Colin Shaw: Sure. Okay. There's the simple way and then not so simple way. The simple way is just by asking customers, do you trust this organization? Do you feel that this organization cares for you? The challenge with that, again, as we know in this subject of behavioral economics and all those other wonderful things, is that what you're then relying on is self reporting of that. Okay? The ideal way of doing it would be to get an MRI scanner and scan someone's brain to see what parts of their brain lights up, but we, again, know that's not practical. There are other things that you can now start to do that will show the levels of what I would call, authentic customer emotions.

We, yesterday, had on our podcast, the Intuitive Customer Podcast, a professor from Minnesota that had been doing some research around using facial recognition and facial expression. With facial expression, and there's the difference between the two, facial recognition is I'm recognizing that this is a picture of Roger Dooley. Okay? That's facial recognition. Facial expression is, I am recognizing that this picture I'm taking of this person, Roger is happy or Roger is sad or whatever. Okay? And they're doing that, obviously, but I'm mapping the face, very similar to the way that Apple uses in their Apple 10 products.

By using facial expression, and you can use that now over CCTV, you can use that on your digital experience. A lot of people are using that on advertising to test adverts, et cetera, et cetera. You can start to understand, or you can understand how a customer is feeling, how a customer, let me say, is really feeling because the challenge that you get in a, do you trust this organization or just the question basis has gained itself reporting.

What the technology will do, is the technology can look at the micro expressions and the involuntary actions that your face takes when you're confronted with something, whether you're frustrated, or whether you're particularly pleased when Amazon say that they're now going to reduce their delivery down to one day, et cetera.

Two ways of measuring customer emotions, and all too often, again, that emotional side of an experience is not being measured. Typically, when we go into an organization, they've got measurements coming out of their ears of what we would call, the rational parts. How quickly the phones are answered, how quickly the website's working, what's delivery's like, et cetera, et cetera. Very few organizations would be able to tell you whether their customers trust them, whether they feel cared for, whether they feel valued, and all those other wonderful things.

Roger Dooley: Well, given that facial coding or emotion recognition has come a long way, and now it can be done with pretty simple devices, but even then, how do you get customers to participate in this? I mean, it'd be nice if you could just turn people's cameras on and observe them as they interacted with you, but that won't happen. Even in the US, I don't think our privacy laws would allow that. If you recruit people specifically, the way you might for a sort of user testing experience, then you sort of have this sample effect where maybe this isn't your typical customer in a very typical interaction with your company.

Colin Shaw: There are a couple of ways. Let's just deal with the lowest one first. So you absolutely can get customers to come in and sit and do a test in front of you. But you do have the challenges as you've pointed out. But that's not, I wouldn't say a false environment, but you have to account for that.

One way of accounting for those things is by using things called galvanic skin response. It basically looks at sweat glands on your ... Effectively, you've got a band that sits around the customer's wrist that gives you the intensity of that emotion so you can tie the two things together. It's about like doing this podcast when if he got two different tracks, tying different tracks of things together.

Also, that tied in with things, eye tracking, et cetera, you can then start to see where the customer is looking on the screen and therefore what's causing that emotion and therefore picking up those signs. You can do that type of thing remotely. Obviously, you would need to, again, you would need to recruit customers to do this, but you, effectively, again, because, and this is the big difference with big brother, if you like.

The big difference between facial recognition and facial expression is that facial recognition, as I say, is recognizing that this is Roger Dooley. Facial expression is effectively, not taking a recording of your face. It's taking a recording of the data that it's being collected. Therefore, by definition, it's anonymized.

You can do that remotely. Yes, I have to clearly agree that you can look into my camera, but once I've looked into it, once I've got control of your machine and not looking into your camera, then we can string that data and collect that information.

The third way with the professor up in Minnesota, I just wrote a blog, which I called, Is This Creepy or the Future? Your concerns about privacy are clearly right, but the reality is that you can use things like CCTV to recall what the customer's facial expression is. Again, I'm differentiating here between recognition and expression.

Depending upon the state, different states have different laws, but what you clearly have to do, it's a bit like when you phone up an organization and they say this call is being recorded. If somebody is walking into a store, then you have to have a sign up that says, we are using facial expression, you will be recorded.

Now, the debate is obviously around ... Then you can start to turn around and say, okay, how is this customer feeling? The tests that they did up in in Minnesota was ... In fact, I think it was in Ohio, he's recently moved to Minnesota, was recording students as they walked in, in the morning. Therefore, being able to tell how that group of people is feeling as they're walking in. And guess what? They found that people walking into the University on a Monday morning were particularly unhappy.

Roger Dooley: Hard to imagine that.

Colin Shaw: Yeah. I think it's on a Wednesday or something. They were particularly happy because they had a half day or something.

But some of the examples and uses of this is what they were then able to do, was to tie those results to what people were eating. Campbell soup measure or know, and they have a thing called a misery index. They're able to match against, when is the best time to advertise? They match against the weather, and then they turned around and go, well, actually, when the weather's sunny, there's no point in us trying to sell this soup, so we should be selling it when the weather is not very good. They've created this sort of misery index.

Now, the same applies with this example in the Ohio University, where they were then able to start to predict how the customer is feeling walking into that experience and therefore, what they begin to eat and drink at lunchtime, et cetera, et cetera.

The point being, this stuff is there. Okay? We may not like it from a sort of a freedom privacy perspective, et cetera, but there are something like 9,000 cameras, CCTV cameras in the Manhattan area. If you live in London, I flip between London and the states. If you are in London, you are going to be picked up by a camera 300 times a day. If you look at just the way that your smartphone ...

Forget facial recognition, facial expression, we know that your smartphone tracks exactly where you are, certain apps that you use will track exactly where you are. If you walk into a store and you hook onto their Wifi, part of the reason for that is they want to see whereabouts in the store that you go. We know, the websites track how long we've been on webpages, what we've looked at, et cetera, et cetera, et cetera.

I guess what I'm saying is in my view, facial recognition, facial expression is something that's going to be coming and more and more organizations are getting into it. People like Walmart are already using it. You go to Atlanta airport, they use in facial recognition from a security perspective and also for checking in and stuff like that now. We're just on the small part of the bell curve, going to be moving up that bell curve pretty quickly, I think over the next few years on this technology.

Roger Dooley: Right. Well, maybe George Orwell was right. China's even more advanced in many ways in the facial recognition side, both from, in some cases at government monitoring standpoint, which may or may not be seen as a positive, but also from a commercial standpoint where Alibaba's in my stores, you can pay by facial recognition, which is kind of interesting, and people are apparently accepting of that kind of use of facial recognition.

Colin Shaw: Yeah, no. The interesting bit, again, and it comes back to one word, which is value. Am I getting something that I want because of this? Am I willing to overcome my initial fear of this being a bit creepy? If I start to get a more personalized experience, because now I'm walking up to this machine, it's done some facial recognition, and I'm saying facial recognition this time. It's actually recognized that this is Colin Shaw, and therefore, it's pulled up my profile, and therefore, it's personalized all those things, and clearly with the use of AI, the integration of those two things together, starts to make things much more possible. If it does all those things, then I'm good with that.

I have the Apple 10 and actually, the facial recognition really works well and I don't have to put a code in every time I look at it and that's an advantage.

I think the issue becomes, is there an advantage to the customer? And therefore, is that something that the customer's willing to give away if you like?

Roger Dooley: Yeah. I think in addition to the word "value," I'd throw a second word in there, Colin, and that would be trust because I think people are willing to give up that information if they believe it's going to be used to help them and not in some nefarious ways.

I've had John Padgett of Disney, originally, and then of Carnival, and he led the development of the Disney MagicBand and now is doing the same for the Ocean Medallion. Both of these are tracking devices that probably in some context would be seen as being very invasive because they are monitoring your every step around the ship. You're being recognized everywhere you go, or on a theme park, as the case may be. But people trust those brands. They trust the Disney brand, they trust the Carnival brand and their individual brands that somehow this information isn't going to leak out to advertisers or other commercial interests or hackers or anybody else.

I think that say a brand like Facebook that's had some trust issues, would not enjoy that same level of trust. If they said, "Okay, now to improve your Facebook experience, we're going to get this little tracking watch," I'm guessing that people would not do that in most cases.

Colin Shaw: No, absolutely not, and you're 110% right. It is about trust, and therefore, getting back to your measurement thing, measuring things like that, are you a trusted organization? Do customers trust you? Is important. Alongside trust and part of trust for me is transparency.

The problem that Facebook has had is they haven't told people that they were doing all these things and it was happening in the background, as opposed to being up front and explaining what they're going to use the information for. Absolutely, it's about trust.

But then again, now let's make the leap back to the beginning part of the conversation. You can imagine deploying this type of technology just to improve your customer experience. You can imagine now going up to some of the CEOs of some of the companies and going, "This is what we need to do to improve our customer experience, and here's the investment we need to make."

Well, actually, you've really got to have the numbers around that to be able to turn around and say, "If we make this investment, then this is the type of return that we are going to get from that." It is rare that any organization would just turn around and go, "That sounds a good idea. Let's do it."

Roger Dooley: And the level of expense, like in the case of the Disney MagicBand, that was a billion investment all for something that was basically infrastructure. It's not something that you could put in all your ads as being some tremendous benefit compared to say, using that billion dollars to put it in a couple of major attractions that could become a whole huge new draw. But the strategy was that, we've got enough attractions, we've got to help people experience those attractions in a better way because people are wasting a lot of time right now.

I think to your point, that was not necessarily the easiest of sales. They really had to make a financial case for putting that kind of money into something, was not an attraction, that was basically just making for a smoother experience with less friction and letting people pack a little bit more into their days.

Colin Shaw: Yeah. And that's with Disney and they're pretty customer-centric, anyway. So, you can imagine what it would be like with a cable company or a mobile phone company or whatever else. Therefore, for us, when we're doing for any first part of our program, particularly, with those organizations, we do a piece of research, we call it an emotional signature, which effectively looks at which emotions drive and destroy value for that organization.

Going back to that example of Disney on the salad, customers may tell you that price is the main issue or that they want the salad, but what are they actually buying and what drives value? Therefore, when we do a program initially, that's the first thing that we do to get some customer measures. Because we also know that without the statistics and without the ROI, when it eventually goes up to somebody in authority who's going to make some decision on investment, they're going to want to know how much money they're going to get back in return.

Let me be really clear, that's absolutely the right way of running a business. You don't just make an investment just for a laugh. You want to get a return. But it's important to do that research at the beginning of any program to focus on the things that drive value. Then you won't go back to the problem that we talked about at the beginning of this podcast, which is having a program that's not making any effect. Apart of the reason why they're not having an effect at the moment is they're focused on the wrong things, in my view.

Roger Dooley: Yeah, and I think that one of the ways you can demonstrate that or try ... People might say, "Well, how do you calculate a value for customer experience improvements?" But things like loyalty, repeat visits, repeat purchases, and so are a metric. In Disney's case, they actually had some data that people were less likely to return because of the park experience. Thought it was getting complicated and the way you had to plan your day, it was getting transactional, and they saw that people were not coming back.

Obviously, you can't know for certain what higher percentage will come back if they have a better experience, but if you can make some educated guesses, that can be one way to justify an expense.

Colin Shaw: Yeah, no, absolutely. There are definitely ways of measuring customer experience, putting numbers against it, and I have to say we do it all the time. It's frightening, the of the organizations that don't, to be honest with you, and it's no wonder therefore, they don't get the type of results that they need to get.

Roger Dooley: Yeah. You mentioned trust a few minutes ago, we discussed trust, but I saw an interesting blog post you made. It served a little bit different aspect of trust, and I spotted it because that echoed something I was just saying the other day in a podcast I was recording on somebody else's show, and talking about how companies penalize their best customers by not giving them the best deals, in essence, forcing them to negotiate. I went through that with a satellite provider for a car radio, and in your case, it was another prime offender. It was your cable company, I think. Explain your experience on that, Colin.

Colin Shaw: Yeah, well it's just the classic whole area of treating customers, first time customers, differently to the way that you treat your loyal customers. I mean, I just don't understand the logic behind it, to be totally honest with you because, it clearly takes more money to attract a customer than it does to keep a customer. And yet, what organizations, and particularly, don't get me started on cable companies.

Roger Dooley: They are typically not at the top of the customer experience ratings.

Colin Shaw: No. Interestingly enough, they're not the top of the customer experience ratings throughout the world. I'm fortunate to live both in the US and the UK, and therefore, I'm unfortunate enough to have cable companies in both, and they're both a nightmare. It's the whole concept of, is we've got to concept of acquisition. Okay?

Blind acquisition, as opposed to realizing there's a bloody great hole in their bucket. So you're putting lots of customers into this bucket and there's a really big hole at the bottom of it, and customers are falling out at the end because of a poor experience and they meant just adding to it. They spend more and more money on advertising and getting people in, and more and more customers are falling out at the bottom because of the poor experience. It doesn't take a rocket scientist to to turn around and go, "Well, actually, if you just spend some of that money and close up some of the problems that you're getting, then you're actually going to make much more money than than you do today.

Roger Dooley: Yeah, you would think they would think like that, but I think part of it is they count on inertia, because for every customer that drops out when that sneaky price increase comes through, there's probably two more that just don't pay any attention to it or they're too busy, they don't bother calling.

I know my experience on the satellite provider was that I would have to call every year before my renewal date came up and threatened to cancel, which would get me a better deal. If I still didn't respond to that offer and said, "Nope, I just still want to cancel," they would give me an even better deal for six months. After doing this a few times, I realized this was just, for me, too much friction. I did not want to have to go into, let's make a deal mode, every six months and talk to multiple representatives and go through this ordeal. It was just too much work. I said, "Heck, I'm going to do something else for audio entertainment in the car," and I canceled it.

The funny thing is now I'm still getting these amazing offers that are very, very cheap if only I'll come back, but they did not have to do that. If they just had simplified the process and said, "Okay, we're going to renew at a reasonable price every year," I would still be a subscriber.

Colin Shaw: Yeah, no. The same applies in insurance. I mean, another field that's exactly the same where the prices go up incredibly each time, and then you get on the phone and you hassle them and tell them you're going. It's just the game.

You then start talking about, as we have on this podcast, trust. Do you trust those organizations? Well, no you don't. Therefore, more and more it's about how the customer, in my view, it's about how the customer is feeling. There are lots of different ways now that you can get all audio into your car. There's lots of different streaming services that you can get. It's just an old fashioned way of looking at customer experience.

Certainly, what I'm seeing as part of the sort of future, is back in the day, everybody was focused just on what I would call the rational parts of an experience, the price, the product, the, the service, delivery, all those types of things. More people are now starting to embrace the emotional side of an experience and recognize that customers have emotion.

A few people are moving into the areas that you and I talk about in terms of behavioral economics and neuro marketing, et cetera, et cetera. But that for me, it is where the heartland is going to be. That for me, it is where the future lies. Understanding customers at a true level, understanding them better than they do themselves is the key, and then using that to be able to create a great customer experience and understanding, truly, their behavior. It is the key to all of us.

Roger Dooley: Well, now, Colin, I have to agree with you and that's probably a pretty good place to wrap up.

Today, we are speaking with Colin Shaw, founder and CEO of Beyond Philosophy and author of the Intuitive Customer. Colin, how can people find you and your ideas online?

Colin Shaw: Best place to go is just to go to our website which is www.beyondphilosophy.com. As Roger just said, my last book was the Intuitive Customer. We also have a weekly podcast called the Intuitive Customer, where myself from my co-host, professor Ryan Hamilton, who co-wrote the last book for me, pontificate all about this stuff on a weekly basis.

Thanks very much for having me today, Roger. It's been really interesting conversation.

Roger Dooley: Great. Well, we will link there and to any other resources we spoke about on the show notes page at RogerDooley.com/podcast. We'll have a transcript of our conversation there as well.

Colin, thanks for being on the show.

Colin Shaw: Great. Thanks very much.

Thank you for tuning into this episode of Brainfluence. To find more episodes like this one, and to access all of Roger's online writing and resources, the best starting point is RogerDooley.com.

And remember, Roger's new book, *Friction*, is now available at Amazon, Barnes and Noble, and book sellers everywhere. Bestselling author Dan Pink calls it, "An important read," and Wharton Professor Dr. Joana Berger said, "You'll understand Friction's power and how to harness it."

For more information or for links to Amazon and other sellers, go to RogerDooley.com/Friction.