

# Small Details that Make Big Differences: A Radical Approach to Consumption Experience as a Firm's Differentiating Strategy

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# Methodology

Our paper:

- Builds on interviews with executives in successful service organizations.
- Provides an analysis of differentiation strategies in diverse service organizations across consumption contexts, nations and cultures around the world.
- Develops three research propositions that argue for:
- Radical approaches to help service organizations truly understand customers and provide service experiences that engage and delight them.

*The new challenge for service organizations is to find and implement “small details” that make a large impact on the overall customer service experience.*

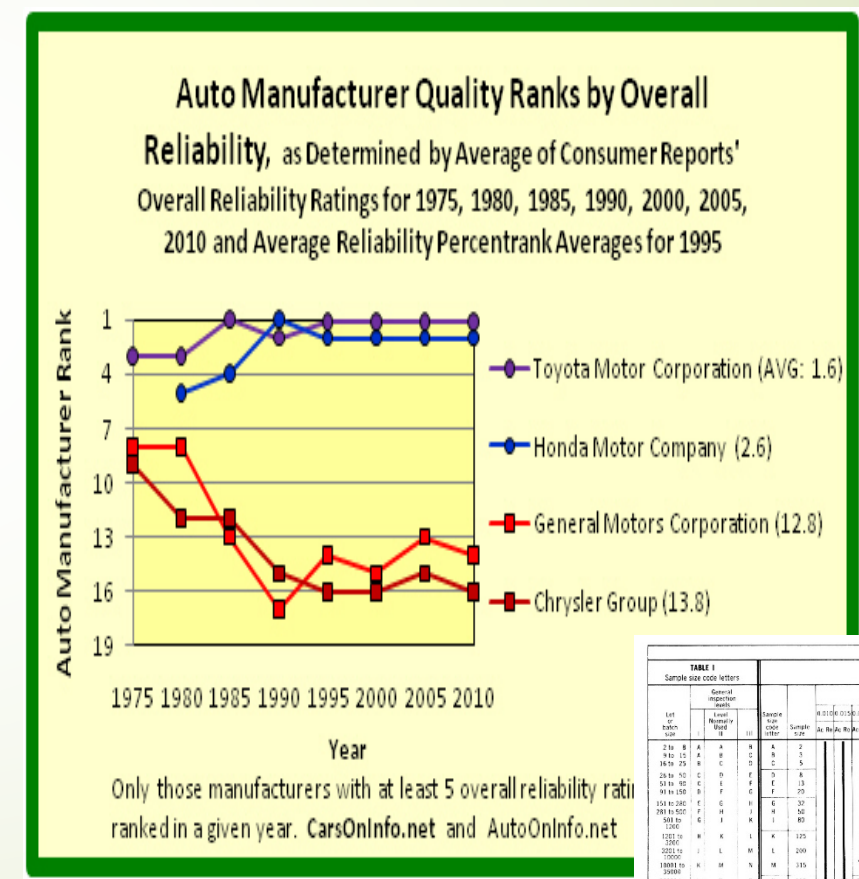
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# Service Excellence: What We Know

Increase Average Service Quality Levels



Increase Reliability (Decrease Variance) in Service Quality



MIL STD 1050

TABLE I  
Sample size code letters

TABLE II  
Single sampling plans for normal inspection (Master Table)

Acceptance number  
Rejection number

2nd first sampling plan below average, 1st sample size equals, or exceeds, lot  
or 2nd sample size, the 1st sample size equals, or exceeds, lot

2nd first sampling plan above average



# Are We in Danger of Over-Simplifying?

- Service organizations operate in a highly competitive marketplace where it is imperative to produce high quality services that delight customers, thereby creating and building strong customer-firm relationships.
- However, in many service industries, high service quality is not sufficient to create brand loyalty for four reasons.
  1. Competing firms may also offer high quality, consistent service.
  2. Customers are knowledgeable about competing options because Information and search costs are low in many industries.
  3. Customers are unlikely to notice or appreciate small improvements or differences in service quality because today's service offerings are already at a relatively high standard.
  4. Customers are not prepared to pay a price premium or remain loyal on the basis of small differences in (already high) quality.
- In fact, customers may not notice these small differences in service quality, so that price may be the only noticeable difference!

# The Challenge: What aspects of service can be leveraged to differentiate the firm's offerings?



- Instead of an emphasis on attributes that are similar across competing offerings, service organizations should develop a strategy that focuses on differences between competing offerings.
- *We argue that in order to break this deadlock, companies must differentiate through small details that make big differences to customers.*

# Service as a Dynamic Process: Personalized, Customized, Co- Created Over Time



## Customer Experience:

- Holistic
- Involving cognitive, emotional, social, sensory and relational responses,
- Encompassing all touch points prior, during and after purchase & consumption.
- Implies a relationship viewpoint that recognizes a longitudinal perspective with chronological order, rather than a snapshot at one point in time

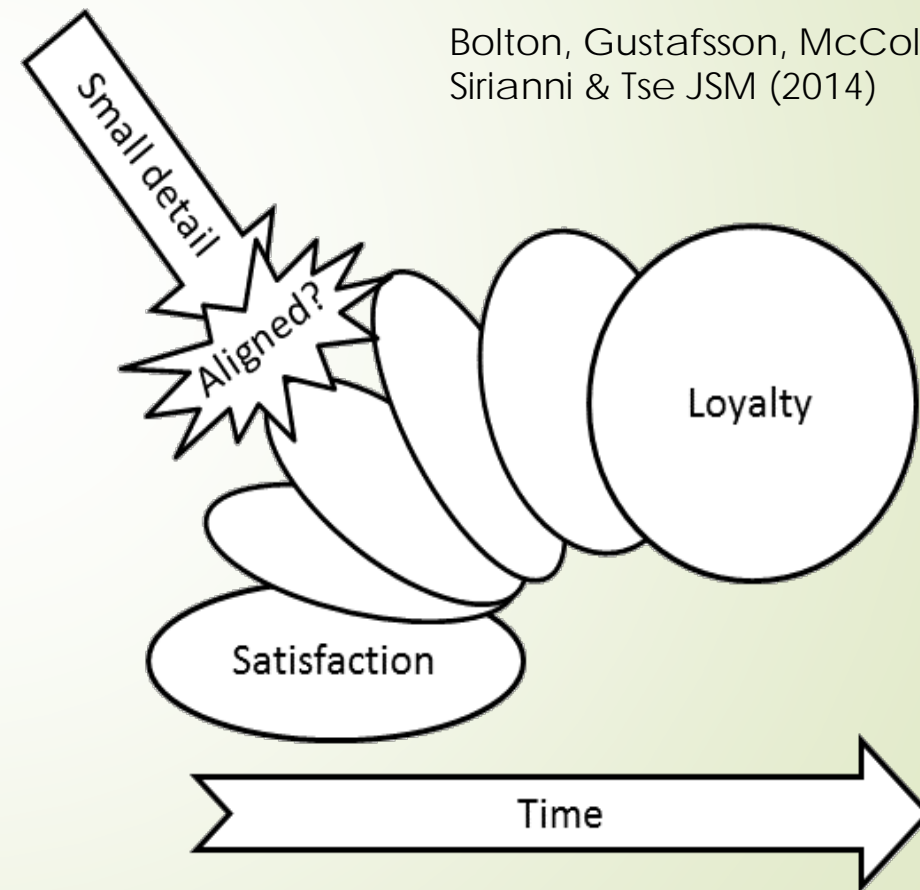




# What is a small detail?

## Definition

- A specific aspect of the service consumption experience – a sensory input, a discrete emotion, a process element, an employee action and so forth – that is non-alignable.
- By non-alignable, we mean that the small detail cannot be directly compared with competitive offerings along a common dimension and has the potential to favorably differentiate the offering.





# Focus On Small Differences in Process (not Outcome)

New View:

1. Focus on Fit / Alignment with Customer Needs
2. Recognize What Has Gone Before (Path Dependency)
2. Context is Important



"Experiencing is the point where memory and imagination meet" (Sanders 2005)



## Proposition 1:

Small details influence constructs, such as emotional response, that have a moderating effect on the antecedents of overall customer satisfaction, loyalty and subsequent purchase behaviors. Examples:

- United Airlines Breaks Guitars: This event is featured on YouTube and has generated an enormous amount of viewers from all over the globe (Carroll 2012). However, it is not likely to be detected by conventional service quality frameworks and metrics.
- Mandarin Oriental hotel has a “moments of delight” program whereby service representatives are empowered to provide small low-cost, delights to their customers.

Customers’ emotions will magnify the effects of this incident on evaluation of the service consumption experience. In statistical models, we describe these effects as moderating effects or interaction effects rather than main effects.

## Proposition 2:

Small details stimulating sensory responses have a favorable influence on customers' holistic evaluations of the service consumption experience; these effects are larger (smaller) when they are congruent (incongruent) with customers' perceptions of other aspects of the service experience. Examples:

- Pleasant scents or music can enhance the shopping experience if they are congruent with the service experience. For example, when people walk down the hallways at the Gramercy Park Hotel, motion-sensor devices trigger machines to emit a puff of a sandalwood and cedar fragrance.
- The Body Shop has a long tradition of spraying their fragrances in the mall to attract customers to the store.

Retailers can take advantage of how customers process their consumption experiences in chronological order and add a small detail designed to create a pleasant beginning or a delightful ending. Examples:

- San Chez Bistro, a restaurant in Grand Rapids, Michigan, started using "Tweet-ahead seating". By doing this, they are accommodating the customer but also are getting their name out to all the Twitter followers of that customer.
- Many international airlines such as Korean Air, Singapore Airlines and Qantas give their business and first class passengers special presents in fancy gift bags (including perfumed toiletries), as well as warm hand towels on take-off and descent.

Integration of elements is key! A service design challenge!







## Proposition 3:

Small details have a favorable influence on a customer's holistic evaluations of the service consumption experience when they match or fit his/her specific needs, where these effects are larger (smaller) for human touch (impersonal) service experiences.

Service experiences are socially constructed. The individual consumer's unique values, actions, beliefs, motives, traditions, possessions, and aspirations shape their response to the service experience. Hence, a small detail that effectively creates a favorable experience for one consumer will not necessarily be effective for another consumer. If organizations appropriately select and train their service representatives, they can empathize with an individual consumer and provide a personalized, hyper-individualized, small detail that will create a favorable service experience. Example:

- A woman traveling in London discovered she had lost her purse, including all her identification, money and credit cards. She called various banks to cancel her cards and their service was satisfactory. However, the representative at First Direct (a division of HSBC), empathizing with the customer's predicament, asked "would you like for me to arrange for £200 to be collected from a nearby HSBC bank? I've worked out where the nearest branch to your hotel is. If you tell me what you'll be wearing, I'll get them to look out for you and you can collect your money."
- During 2011, First Direct was the UK bank most frequently recommended by customers!



# Three New Approaches to Service Design and Delivery

	Emphasize Functional Components that provide Main Effects on Customer Experience	Emphasize Emotional Components that provide Multiplicative Effects on Customer Experience
Quality and Contractual Approach to Service Design	Current Approach: Service Quality Frameworks	Approach 2: Emotionally Engaged Experience
Human Touch Approach to Service Design and Delivery	Approach 1: Human Touch Approach in Design and Delivery	Approach 3: Human Touch Approach in Design and Delivery with Emotionally Engaged Experience

Bolton, Gustafsson, McColl-Kennedy, Sirianni & Tse JSM (2014)

# Approach 1: Designing & Delivering Human Touch Experiences

- A senior executive at the largest telecom provider in northern Europe recounted how the telecommunications firm used small details to address an important latent need of its business customers. The company was faced with a service paradox. American business customers were dissatisfied with the support provided by a highly skilled technical team working (from Finland) to resolve network outages in the United States. Yet, European customers were highly satisfied with their support from the same team.
- Inquiries suggested that the limited amount of communication from the Finnish engineers, which typically took place via conference calls, led Americans customers to doubt the team's technical skills. The Finnish support team invited the American customer support team to spend several days onsite to observe work in the "emergency room."
- The customer team saw how highly skilled engineers used their time to think and analyze, rather than directly communicate with end-users. The visit immersed the customer support team in the company's service processes. Notably, they underwent the five types of experiences previously mentioned (i.e., sensing, feeling, thinking, acting and connecting). Customers were favorably impressed with the way the engineers worked and cooperated (which they never heard through the phone). The authenticity of the experience was convincing. Their expectation of frequent communication from the Finnish engineers vanished, and communications with the team leader were considered sufficient to achieve excellent service outcomes.
- The telecom provider did not change its processes, instead a human approach helped it make real connections with customers and their needs.

## Approach 2: Creating Emotionally Engaged Experiences



- A senior manager at the Mayo Clinic describes how people differ from each other, whereas a "one size fits all" approach only pleases those it fits but alienates all others:
- "One has to be sensitive to a patient's needs that are not only their physical/medical problems, but their emotional state, their family expectations, etc. A frequent question I get from patients with mild Alzheimer's, for example, is, "What do I tell people who ask me what's wrong?" They don't want to say they have Alzheimer's, and are looking to me for an alternative. If I tell them they are on their own, or that they have to 'fess up, that won't help them. I need to give them some kind of face saving, not a lie, alternative. Or the family that feels obliged to ask about research even if they don't really understand a word of it so they can satisfy the current peer pressure to "be informed, ask your doctor."
- "Alternatively, there is the person for who "one in a million" means "so you're telling me there's a chance" (to quote Jim Carrey in *Dumb and Dumber*) and wants every test known to mankind pursuing that chance.
- "It really is a question of understanding people's specific needs and expectations and trying to surpass them. Surpass not just to look good, but to defuse the situation and give them peace of mind that I "own" their concern and have soundly put it to rest."



## Approach 3: Creating Human Touch & Emotionally Engaged Experiences

- This integration can be achieved by redesigning services to allow for co-creating opportunities by the consumers.
- Co-creation begins with an orientation that a firm is an open platform, allowing outsiders (such as customers) to source the resources (and service talents) of the firm to create something uniquely of value to them.
- Recent customer participation studies in retail banking contexts (Chan et al., 2010) show that co-creation leads to higher trust towards the service firm.
- Customers who were engaged in co-creating value by undertaking a wide range of activities and interactions tended to report a higher level of quality of life.





# How can service organizations recognize and serve the “chameleon customer?”



- How to utilize behavioral targeting to identify customer needs and goals as they emerge within a relationship?
- How to coordinate activities to enable customers to pursue multiple identity goals to simultaneously?
- How to help a customer envision how using a new service delivers relevant benefits and fits into his/her daily life?

# Implications for Practice: Needed Information for Service Design & Execution

1. Service organizations require detailed information about their customers that can co-create with customers and execute a human touch in engaging ways. Hence, managers need to:
  - **Think more like designers.** To build a strong customer experience, design experts advise service organizations to focus on creating consistency in the “choreography of the experience” across each customer touch point in a customer journey (Brunner and Emery, 2009).
  - **Create meaningful consumption experiences** with emotional engagement (Brown, 2008). Within a meaningful experience at every point of customer contact, use research to understand what actions emotionally resonate with customers so they can continue to develop and enhance what works, even if it appears to be a small part of the overall experience.
  - **Consider a customer life-time perspective.** If the customer experience is not continuously growing and changing to answer consumers’ needs, it can become stale, merely mechanical and without soul.
- The keys to success are building consistency and keeping those small, yet meaningful details, fresh.
- Solicit input from frontline employees when considering ways to continuously evolve the customer experience. Rather than enforcing uniform employee behaviors such as rote scripting, enable staff with flexibility to modify their approaches to fine-tune how they meet individual customers’ needs while ensuring an overall consistency with the firm’s service strategy.



# Implications for Practice: Coordination across Functional Areas

2. Service organizations must develop strategies to align, motivate and empower employees **across functional areas** and business units to create **a coherent and consistent customer experience**.
  - A single executive may lead this effort across channels and business units, with Human Resources reinforcing a human touch view inside the organization.
    - For instance, Fidelity, General Motors and the Washington Post have appointed such leaders at high levels in their organization.
    - Pharmacy retailer Walgreens recently hired a Chief Customer Officer who works in tandem with their CEO to lead change management efforts to transform how the entire firm interacts with customers (Manning, 2012).
  - Company culture is also important!
    - IKEA has developed a program based on the top 10 expectations customers have during their entire shopping experience from home, to the store, and home again. This is termed the “long natural way,” which is replete with emotional and sensory stimulation. There is potential for positive and negative sensations at every touch point. It is the main tool to realize the positive and negative experiences IKEA customers might experience. This provides management with a detailed blueprint for shaping a more empathetic and customer-centric company culture.





# Implications for Practice: Find New Ways to Co-create With Customers

3. Service organizations must learn **better ways to co-create value with their customers**. Value co-creation builds engagement and loyalty, not just productivity gains. Example:
- BT is a global material handling company owned by Toyota. It provides high-density warehouse storage solutions, including narrow aisle trucks, forklifts and other equipment.
  - BT is building a differentiated strategy by focusing on the driver experience. It creates and delivers favorable sensory and emotional experiences for the driver because its equipment is designed to allow a fast change of driver position to suit pallet handling, fingertip controls for fast and accurate handling and so forth.
  - This strategy may seem odd for a business-to-business (B2B) marketing strategy; B2B firms are more likely typically emphasize productivity and efficiency – not how end-users feel when using the product.
  - However, senior management is motivated by the fact that there are very small differences between suppliers offering competing storage solutions. Therefore, driver experience could be the deciding factor in favor of BT.







## Implications for Practice: Local Contextualization Across Global Markets

4. Service organizations should consider the cross-cultural challenges inherent in translating a customer experience from country to country when applying these principles.
  - One issue is the debate between customization versus standardization. It is important that companies identify small details that are specific and transferable (not generalizable) to a nation or region and ensure that these details are not lost in translation to another culture.
  - Customers are, first and foremost, people with needs. Fundamental human needs are the same the world over (Patterson et al., 2009).
  - However, the way(s) in which they are met should **be locally interpreted and contextualized**, and thus meaningful to the individual customer. Only by being close to the customer and thinking about the small things can organizations realize big differences in practice.