

for someone who just checked into a New York hotel after being up all night on his new airline's first Dubai to New York flight, Ian Ferguson-Brown sounds remarkably relaxed. Throw in the fact that he is launching that airline when airlines are dicey financial propositions at best, and he sounds downright tranquil. "Our mission and our vision is to change hospitality and aviation," says Ferguson-Brown, head of brand management for United Arab Emirate-based Etihad Airlines. "We are a completely new airline located in a part of the world in which hospitality and high expectations go together."

Vision? Hospitality? Change? Some may consider those unlikely words from an airline, but Etihad has serious ambitions about becoming a major player in the airline business. To do so Etihad has joined those at the forefront of a new movement using customer experience as a foundation for differentiated customer strategy. This movement goes beyond the traditional pillars of sales, service, and pricing. Smart companies are now framing the customer experience using innovation, multichannel integration, and employee engagement. These companies are finding competitive advantage by tapping into customers' aspirations and their desire to be immersed in an experience. A smiling greeter doesn't cut it anymore.

What does seem to be at that cutting edge is innovation not of products, but of the customer experience. Etihad's Ferguson-Brown, for example, sees innovation as a way to compete with Cathay Pacific and British Airways, which already focus on upscale experience elements, such as flat-bed seating for sleeping in first class. Etihad starts way before travelers get on the plane. Each "guest" is picked up at his door in a limo. The driver knows the passenger's name and provides an escort to the ticket counter where another Etihad employee, who has been briefed on the customer's profile and travel plans, greets him by name. The escort guides the customer through ticketing to security where yet another Etihad employee takes the guest to the gate.

The cabin has parquet floors from stem to stern. Etihad's flight attendants, who know the passengers by name, place travelers' luggage in the over-

head compartments for them. In first class, the fold-down sleeper seats have a twist, literally. All the first-class seats can swivel 360 degrees. This way, if a company has several executives dining in first class, they can eat together. When they want to sleep, the seat moves away. In the "pearl" zone (what other airlines call business class) fold-down seats swivel 180 degrees.

Etihad, which in late October placed an order to double its fleet from 22 to 45 planes, can charge a premium for its customer experience innovations because it caters to an extremely high-end clientele. But it also did its due diligence. At travel trade events over the past two years Etihad's booth featured a theatre in which potential customers, including corporate travel directors and travel agents, were asked to "reflect their concerns" about air travel. It wasn't basic service or even on-time departures and arrivals that dominated the comments. It was end-to-end personalized service.

Etihad is one example of creating an innovative customer experience based on customers' expectations and desires. But a company does not have to command the high ticket prices that Etihad Airlines does to address this. Just ask the management team at Fair Indigo.

Formed in 2005 by former Land's End executives, Fair Indigo is the first "mainstream" fair trade apparel brand, focusing on socially and environmentally responsible clothing manufacturers. Its founder and CEO Bill Bass, a former Forrester Research analyst, says "Retailing is about doing ordinary things extraordinarily well."

Fair Indigo and Bass have come up with customer experience innovations that admittedly



New carrier Etihad Airlines aims to change hospitality in aviation.

7 Steps to a Loyalty-Building Customer Experience

According to Bain & Co., when it comes to creating a loyalty-building customer experience, there are three D's essential to success: design, delivery, and develop. Based on the results of Bain's July 2006 survey on best practices for creating customer satisfaction, co-contributors Edmund Lin and James Allen developed a list of seven strategies to connect "design, delivery, and develop" to customer satisfaction:

- 1. Design the right propositions for the right customers.** Connect what you learn about customers to what you offer them, taking into account the product features, the brand, and a customer's individual experience with the company.
- 2. Deliver those propositions at the lowest possible system cost** by focusing the entire company on them, from boardroom to front line.
- 3. Recognize that customers perceive their interactions with your company very differently from the way you deliver them.**
- 4. Treat every customer interaction as a precious resource.** The best companies find ways to listen to the real voices of customers every day.
- 5. Create cross-functional teams**—involving employees from marketing to supply chain management—and motivate them to deliver in a coordinated, seamless manner across the entire customer experience.
- 6. Develop the capabilities to do this again and again.** Companies that consistently delight customers have organizations and cultures focused on building customer advocacy at every turn.
- 7. Track loyalty through customer feedback.** Bain suggests asking customers the question "How likely is it that you would recommend us to a friend or a colleague?" to tally its Net Promoter Score—subtract the percentage of customers who are detractors (scoring 0–6 out of 10) from the percentage who are promoters (scoring 9 or 10).

—Chelsea Pritchard

the customer experience disconnect

border on "control freakish." First, the company found through qualitative and quantitative surveys that its 500,000 initial catalog customers, as well as its Madison, WI-based brick-and-mortar store target customers, were ready to buy and stay loyal to a clothing company that was "stylish and socially responsible." Fair Indigo built on that information with innovation. For example, the company enhanced the in-store customer experience through technology. Swipe a barcode from an organic cotton sweater at the Madison store and a monitor will show customer reviews of the item (good and bad) and will also offer a factory tour of the manufacturer's headquarters.

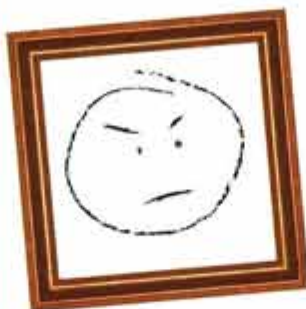
Other innovations seem almost old-fashioned. Fair Indigo runs its own fulfillment center and every package arrives with a handwritten note from an employee. Bass himself has written dozens. It operates its own call center. If the call center overflows, calls are routed to the executive suite. Bass knows the strategy may cost more money in the short term, but he doesn't see any other way to run a company. "Even if you have a call center in house, I've seen the management team of a company get away from its customers. You can become insulated," he says. "If the customer calls, take that call first. You'll get to the rest of your business. If you don't take that customer call, your competition will."

Connecting Disparate Channels

Bass sees his and any company's biggest customer experience challenge as the multi-channel experience. To that end, all Fair Indigo customers receive a call the day after a package is scheduled to arrive to ensure that the item was the one the customer requested and that it fit. He says Fair Indigo is the first company he has seen that emails a receipt to all customers regardless of where the item was purchased. "Paper receipts have a half life of about a minute," he says. "With us at least you'll have it online."

For other companies, the multichannel experience is as much about atmosphere and brand as it is about service. When the 263-store Dick's Sporting Goods chain wanted to upgrade its customer experience earlier this year it aligned its in-store experience with a new online site. Its brick-and-mortar stores are actually a collection of individual shops under the same roof. For example, the dark-toned hunting area looks

Many companies focus on customer experience—and some have even produced successful results from their efforts. However, recent research shows a huge disconnect between how companies perceive customers' experience and how customers actually live it.



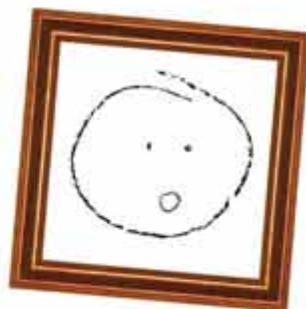
Bad Grades

The American Consumer Satisfaction Index, which measures customer satisfaction scores by industry every quarter, handed out bad grades over the summer to retailers that perceive themselves to be customer-centric. Among those receiving negative scores compared to the same period in 2005: Best Buy, Circuit City, and Home Depot.



Under Pressure

In the wireless phone category, J.D. Power reported in late October that satisfaction suffers among those retail customers who believe they were pressured during the sales process. The average overall satisfaction rating among customers who report experiencing no pressure is 744 index points, compared to 640 points among those who experienced pressure in some way.



The Truth Hurts

A Bain & Co. survey of 362 firms in August showed that 80 percent of them believe they deliver a "superior experience" to customers. When Bain surveyed the customers of those companies only 8 percent agreed.

completely different than the bright and airy basketball section. The Web site, launched in August, captures the same sense of visiting different stores within the same site. "It provides our customers with a state-of-the-art online shopping experience while authenticating the quality and authenticity of the brand," says CMO Jeff Hennion.

Dick's is not alone in tying together the on- and off-line customer experience through branding. Some companies are doing so by adding a strong marketing component that drives different and immersive customer experiences. Miller Lite's current "Knights of the Square Table" TV campaign, for instance, replicates the environment in which most of its customers (24- to 38-year-old men) experience its product, which is while talking with other men. These men are a bit more high profile: Burt Reynolds, boxer Oscar De La Hoya, former NFL star Jerome Bettis. They discuss "Man Laws" such as "no wasting beer in the name of humor." The spot directs viewers, as well as online sports content readers, to Miller's ManLaws.com site.

According to Miller, it has drawn more than

875,000 unique visitors to the site, with more than 122,000 leaving their own "Man Laws," such as "don't wear a pink shirt to work." An NFL viewer may see the 30-second commercial two or three times a day, but the average time spent on the site is 10 minutes. That's almost one million target customers per month experiencing the Miller brand.

At Electronic Arts the customer experience is extended online in terms of time and immersion. Jeff Karp, EA's senior vice president of marketing, says his company's research showed that its youngest and most valuable customer group (14- to 18-year-olds) increased their time with the video games when an online component was added. In fact, they more than doubled their time when community and product information was added online. EA now has so much capability online that fans of Madden '07 or NBA '07 could spend hours away from gaming but still immersed in the product. The sites track scores and rankings and provide information about the NFL and NBA, as well as tips on how to play the games. Customers can create their own "MySpace"-type personal pages and customized