Customer Experience Management: The New Playbook for Indian Manufacturing Organizations

In an era of fraying customer loyalty and tightening competition in the Indian market, manufacturers need a well-defined customer experience management strategy to enhance customer satisfaction and consequently, revenues.

Executive Summary

Concepts such as customer loyalty and customer retention have long dominated the management policies of companies. Increasingly, customer experience management (CEM) has emerged as the single, all-encompassing concept of achieving customer satisfaction. Though the U.S. and European markets have been the early adopters of CEM, many Indian industries are catching up.

A company cannot design a successful CEM strategy without understanding the very entity it is trying to manage – the customer.

A customer is any individual or an organization that is currently interacting or has the potential to interact with the company in the near future. This encompasses all those who are contemplating buying a company product, have already bought a product or having bought and used the product are in search of something similar.

Customer experience is the internal assessment by an individual or a company of its interactions with the company. It encompasses the actual product itself, the place where it is bought, various channels used to get the required information, the shopping experience and resolution of complaints.

CEM is the strategic process of managing various customer touch-points by providing what the customer wants when, where and how she wants it, with the aim of creating a basis of differentiation for achieving customer loyalty and enhancing business success.

Until recently, CEM had not been embraced by the manufacturing sector in India. However, many key drivers such as increasing global competition and advent of social media are driving the need for a strong CEM. A successful CEM implementation across the company, apart from having a large positive financial impact through loyal and satisfied customers, makes the entire value
chain more agile to tackle problems associated with today's global supply chain. With better coordination among departments, right from the product design teams to the sales teams, companies are able to reduce the design time and handle customer interactions better. Moreover with supply chains going global, this close relation becomes much more valuable.

With the unique drivers and specific requirements of Indian manufacturing companies as key factors, this paper discusses a blueprint for designing a company's CEM strategy. We have identified five focus areas around which the CEM strategy revolves. The paper also presents a questionnaire, which will help a company assess its position on the CEM maturity ladder.

The aim of any CEM program remains the same, irrespective of industry or geographical location. While the model discussed here charts an outline for a comprehensive CEM strategy for Indian manufacturing companies, it potentially has a much wider appeal.

Key CEM Drivers in Indian Manufacturing Companies

Indian manufacturing industries have mostly focused on achieving quality and operational efficiency with the advantages of low labour cost and, in some industries, abundant raw material. So what has changed lately? The following are some of the key drivers compelling Indian manufacturing sector to consider CEM (Figure 1, next page):

- **Pyramid becomes a diamond**: The traditional model of a pyramid to explain the social structure is no longer valid. In India, the middle class category is set to become more than 10 times its current size by the year 2025. Historically, an increase in income level has always led to greater increase in demand for goods and services. Moreover, with most manufactured products becoming increasingly commoditized, companies are looking to create differentiation.

- **Local landscape becomes a global canvas**: India's potential as a huge market is attracting many manufacturing companies to set up a presence. Global players are typically much more advanced in providing an integrated and seamless experience to customers across the value chain.

- **Hope in uncertain times**: Economy has been turbulent in recent times and manufacturing sector is one of the worst affected. Traditional management approaches are no longer sufficient to keep a customer happy and loyal. CEM is increasingly being considered to retain existing customers.

- **Rise of the millennials**: The millennials are well and truly on the rise. These are the people who have only seen lightning fast computers and mobiles. Their expectations of a complete buying and after-sale service experience are in stark contrast to that of the traditional buyer. To keep millennials satisfied, companies must embrace new outlook to CEM with a greater emphasis on supplementary technological channels, social media and mobility.

- **Advent of social media**: Accessing data on various products, reviews and prices at various locations has become a necessity. Customers can now instantly upload their experiences at a store or on the usage of product on review sites or social media. Only by incorporating a CEM program based on intelligent information management can a company hope to keep these individuals happy.
All these factors unequivocally point in one direction - the growing importance of CEM in the manufacturing industry space in an emerging economy like India.

**Benefits of Embracing CEM as Part of Corporate Strategy**

Making CEM program a part of corporate strategy will offer the following benefits:

- **Increased revenues:** There is a high correlation (0.73)² between customer satisfaction levels and revenues. Moreover with manufacturing industries focusing on enhancing recession-proof revenues from after-sale services, a robust approach to CEM can deliver enhanced customer satisfaction and revenue.

- **Increased loyalty:** An emotionally connected customer as a result of an effective CEM program is more likely to stick with the company for a longer time, thereby increasing customer lifetime value and bringing in more revenues.

- **Customers become promoters:** A high correlation (0.65)² exists between effective CEM implementation and customers' likelihood to recommend the company to others. By using social media and blogs to express themselves, customers now have the potential to become the strongest promoters of the business.

**CEM Focus Areas**

Increasing competition, changing times and the inherent intricacies of the local market provide a unique challenge for companies in managing their Indian customers. Organizations, along with their partner ecosystems, need to develop a CEM strategy across the value chain. Based on our experience dealing with various customers across industries, we have identified five main focus areas to develop a comprehensive CEM strategy (Figure 2, page 5).

**CEM Best Practices**

- Reward employees for special efforts in CEM implementation.
- Use customer metrics to track customers satisfaction levels.
- Use CEM process metrics to track success of CEM implementation.

**Changing Landscape**

**CEM Drivers in Manufacturing Companies**

- **Growing Middle Class:** The middle-class category is set to explode into a huge market for manufacturing companies.
- **Global Playing Field:** The global players bring an integrated seamless experience which will soon become the norm.
- **Increasing Uncertainty:** Just providing a good product is not enough, a well-rounded CEM programme is required to keep the customer loyal even during bleakest of economic scenarios.
- **Rise of Millennials:** They have only ever seen lightning-fast gadgets obeying their most whimsical wishes and their expectations will be in stark contrast to that of the traditional buyer.
- **Advent of Social Media:** Accessing data on various products, reviews, prices at various locations has literally become a child's play.

**Quick Fact**

- India's GDP growth rate in 2012-13 was a decade-low 4.5%. 2013-14 is the second year in a row during which the economy’s growth (4.7%) remained below 5%.

**Quick Fact**

- India’s consumption sectors such as food and beverages, textiles and apparel and electrical equipment and machinery will grow from 12% to 20% annually from 2009 to 2025.

**Quick Fact**

- The number of foreign companies in India is rapidly increasing. The number moved from 489 in 1992 to 1,285 in 2002. But the number grew dramatically in the next 12 years to reach 4,051 in 2014 (till 31 Mar 2014).

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**Quick Fact**

- Six: Text messages are sent by those aged 13-18 every waking hour.
- Ten: Median number of brands that Facebook users aged 18-34 have ‘Liked’.

Figure 1
Focus Area 1: Process Management
A well-defined process forms the backbone of a successful company. Appointing a CEM manager with sufficient authority over all departments involved to continuously plan and monitor CEM activities across the company is imperative to the success of the CEM program. Allocating a sufficient budget for CEM programs is also crucial. This should be supported by an easily navigable buying cycle process, which should connect flexibility with seamless experience to keep even the most demanding customer satisfied. A well-defined process also ensures consistent experience for every customer that the company touches, no matter what store, channel or media. With mobile, social media and online shopping gaining importance, it is imperative that the process has the capability to allow personalization of experience such as choice of channels, time of interaction and mode of payment.

CEM Best Practices
• Include CEM in the mission/vision.
• Use a fully integrated mix of traditional and modern channels.
• Use analytics to understand loyalty drivers and predict future trends.

Focus Area 2: Stakeholder Management
Organizational management, from designing to managing the organizational structure, is an important factor in all major business decisions and will go a long way in enabling a companywide CEM execution. Employee management, on the other hand, involves recognition of skills required in a customer-facing employee, identifying and imparting the necessary training and giving employees enough decision-making power when interacting with the customers.

With manufacturing industries focusing on enhancing recession-proof revenues from after-sale services, building a robust approach to CEM can deliver enhanced customer satisfaction and revenue.

Ecosystem Partner Management - Gauging a company’s CEM adoption level before making it a partner, gives the organization a platform to gain more data and allows best practices exchange for a consistent experience at all customer touch points across every partner.

CEM Good Practices
• Maintain exhaustive product data repository.
• Know the profile of each customer by maintaining exhaustive database.
• Use feedback constructively to generate information for creating intelligence.

Focus Area 3: Information Management
It is crucial that the company has a product data repository containing specifications, performance details and usage instructions. Details of competitors’ products with a comparative analysis should also be captured. To have an effective CEM program, it is crucial that the company understands every customer and that can be achieved only through maintaining a customer data repository with details related to preferences, behaviour and spending patterns. Customers today have instant access to all sorts of data over the Internet. It is imperative that company employees have similar information visibility and access to the data available within the company at all times. Apart from telling the company what its customers are thinking, the voice of customer forms an important input in improving and fine tuning the entire CEM process. All types of customers – potential, current or past – should be contacted and information such as reasons for buying, not buying and possible improvements should be gathered for analytics.

Focus Area 4: Communication Management
It is important to manage and control how a company communicates with its employees, partners and customers. Many companies have taken a

CEM Good Practices
• Identify CEM specific skills and impart training.
• Identify important customers and manage them differently.
• Work with partners towards consistent CEM across value chain.
Apart from the direct financial impact, a successful CEM implementation has many secondary benefits. One of them is the increased ‘harmony’ in the value chain of a company. With better level of co-ordination and greater information visibility across partners, the entire value chain is now much more closely knit. For example - as companies improve data visibility throughout the value chain in a bid to better manage information and create value for the customers - the product design teams, which earlier did not have access to the customer data (that used to be available only to marketing teams), can now view the required data and design better products in lesser time. The sales teams are better informed and are able to handle customer interactions in a much better way. The inventory and demand data also become visible throughout the chain, leading to improved forecasting and better handling of the ‘bullwhip effect.’ With the supply chain going global and companies searching for partners across boundaries, adoption of CEM practices is providing many such unexpected benefits in ensuring seamless operations.

Web analytics has become highly important if a company plans to understand its customers and continue to deliver what they want even before they ask for it.

Focus Area 5: Performance Management
Employee metrics such as performance measurement, recognition for exceptional performance in the customer experience domain should be used as a source of motivation for employees.
A company should track customer metrics through a customer satisfaction survey, customer loyalty programs and sentiment analysis. CEM process metrics, which measure the impact of CEM programs on revenues, consistency in experience across channels and success in predicting future trends, should be used to obtain a true picture of how various CEM programs across the company are performing.

Organizations should give equal importance to all focus areas to withstand the forces of the turbulent market place.

Figure 3 presents a questionnaire for companies to understand where they stand on the CEM maturity ladder.

**Gauging CEM Maturity**

<table>
<thead>
<tr>
<th></th>
<th>Laggards</th>
<th>Average</th>
<th>Trailblazers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process Management</strong></td>
<td>CEM is ad-hoc process.</td>
<td>CEM is a key process but no single owner with overall budget.</td>
<td>CEM is key process with allocated budget and owner.</td>
</tr>
<tr>
<td></td>
<td>Messaging not consistent across multiple channels (TV ads, social media).</td>
<td>All physical channels are kept in sync through standard procedures but the online and social media are not.</td>
<td>All channels are kept in sync with well-defined standard procedures to provide a consistent customer experience.</td>
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<td></td>
<td>Personalizing during customer buying lifecycle not possible.</td>
<td>Personalization is limited to basic features like payment options and schedule of delivery.</td>
<td>Personalization across customer buying lifecycle from channel of communication to mode of delivery.</td>
</tr>
<tr>
<td><strong>Stakeholders Management</strong></td>
<td>CEM specific skills not identified and no CEM training.</td>
<td>CEM specific skills identified; however, no dedicated training program.</td>
<td>CEM specific skills identified and employees are trained.</td>
</tr>
<tr>
<td></td>
<td>Customers not segmented.</td>
<td>Key accounts and customer segments identified but no differentiated process.</td>
<td>Key accounts and segments identified along with owner to bring special emphasis.</td>
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<tr>
<td></td>
<td>Partners’ CEM metrics not monitored and no information is shared.</td>
<td>Partners’ CEM metrics monitored; however, information sharing is ad-hoc.</td>
<td>Partners’ CEM metrics monitored and information shared regularly to ensure consistent experience across the value chain.</td>
</tr>
<tr>
<td><strong>Information Management</strong></td>
<td>There is no central product database.</td>
<td>There is an up-to-date searchable product data repository available throughout the company.</td>
<td>Up-to-date searchable product data repository available along with competitors’ products and comparative analysis.</td>
</tr>
<tr>
<td></td>
<td>No customer database is maintained.</td>
<td>The company has data on important customers only.</td>
<td>The company has a profile of each customer including personal details, spending patterns and preferred touch points.</td>
</tr>
<tr>
<td></td>
<td>There is no process to take customer feedback.</td>
<td>Feedback is generated from current customers to understand the level of satisfaction.</td>
<td>Feedback is taken from potential, present and past customers to understand current satisfaction level and predict future needs.</td>
</tr>
<tr>
<td>Communication Management</td>
<td>There is no emphasis on CEM in any of the internal communications with employees.</td>
<td>There is limited emphasis on CEM in internal communications with the employees.</td>
<td>CEM as a part of the company’s vision and mission and imbibed in the organizational culture.</td>
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<tr>
<td></td>
<td>Only traditional means such as newspaper ads and telephone helplines are used.</td>
<td>Traditional means are sparingly supplemented by digital channels such as mobile and social media.</td>
<td>Fully integrated mix of traditional and digital channels is used for communication with customers.</td>
</tr>
<tr>
<td></td>
<td>Analytics is not used to generate information regarding customers.</td>
<td>Analytics is limited to tracking what customers are currently saying about the company.</td>
<td>Analytics is used across all channels to understand various drivers of customer loyalty and predict future trends and customer requirements.</td>
</tr>
<tr>
<td>Performance Management</td>
<td>Customer metrics not collected.</td>
<td>Basic customer metrics such as customer satisfaction and customer loyalty are used.</td>
<td>Advanced customer metrics such as customer lifetime value and sentiment analysis are used to keep track of customers.</td>
</tr>
<tr>
<td></td>
<td>No performance evaluation of value chain partners.</td>
<td>Performance evaluation, including CEM implementation, of only major value chain partners is conducted.</td>
<td>Performance evaluation, including CEM implementation, of all value chain partners is performed.</td>
</tr>
<tr>
<td></td>
<td>CEM process effectiveness not measured.</td>
<td>Limited metrics such as frequency of customer complaints, speed of complaint resolution are used.</td>
<td>Exhaustive metrics like cross-channel integration assessment, accuracy of future trends prediction are used.</td>
</tr>
</tbody>
</table>

Figure 3

Case Study: Attaining a Consistent and Rich Customer Experience Across Touchpoints

**Situation**
The company wanted to increase the ‘stickiness’ of its brand by creating a vibrant community including mobile applications, social networking applications and interactive microsites. It sought constant innovation to stay ahead of its competition and increase its market share.

**Solution**
We designed a mobile-integrated solution into the client’s infrastructure and toolset solution with user experience design, requirements definition, application construction, service development, traffic tracking, monetization billing and analytics. We also completed business functionality road mapping, experience designs, prototyping and presentation infrastructures for social networking and microsite.

**Satisfaction**
We delivered an end-to-end solution to monetize the client’s deals application for the iPhone. The redesigned Facebook application improved the user experience and made it more fun and engaging. The microsite design proved to be rich and visually appealing and interactive, that enabled the client’s customers to select from a number of components to design their ideal product within 12 weeks.

Figure 4
Developing CEM Roadmap: How it Works

In our experience assisting the companies scale CEM maturity ladder, we found that with a little rewiring of their internal operations and integration of robust analytical tools, these organizations were able to improve their customer satisfaction scores.

Looking Forward

The following illustrates the ways in which we can assist companies in strengthening their CEM frameworks.

- **Process management**: A UK-based energy provider improved customer satisfaction by revamping its online customer portal and seamlessly integrating it with back-end transactional systems and increased revenues by offering services based on customer behaviour on the portal.

- **Stakeholder and performance management**: A global distribution system company designed customer value optimization based on a new segmentation model to deliver personalised and relevant offers and services to travelers at any point in their journeys.

- **Information management**: A large biopharma company created a single customer management system that combined previously separate systems spread throughout the sales and marketing organization.

- **Communication management (digital channel strategy)**: A global airline company took customer experience to the next level by customizing its digital channel capability.

- **Communication management (traditional channel)**: A U.S.-based utility company improved its call-center application to accommodate more customer requests and seamlessly integrate multiple applications.

Footnotes

1. Bird of Gold*: The Rise of India's Consumer Market, Mckinsey
   http://www.mckinsey.com/insights/asia-pacific/the_bird_of_gold


3. Annual Reports, Government of India, Ministry of Corporate Affairs
   http://www.mca.gov.in/MinistryV2/annual_report.html

4. Hindustan Times, May 2014

5. By the Numbers – 50 Facts about Millennials, Edelman Digital
About the Authors

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