

Customer Experience Hierarchy Model

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Abstract – Customer experience management (CEM) is a very powerful tool to improve customer value and maintain customer loyalty in the experience economy, while the identification for customer's experience requirements is the precondition of CEM. Following analyzing the hierarchy of CEM idea, the paper argues that customer's experience requirements can be summed up to some valuable dimensions based on which the model of customer experience dimensions can be set up. Two different CEM hierarchy models are being elevated and as result a possible approach to achieve and estimate the customer experience in the mobile telecommunications services is proposed. Some advice for CEM in telecommunication industry has been given based on the proposition for customer experience dimensions

Keywords – Experience Hierarchy Model; Customer Value Hierarchy, Mobile Telecom Services.

I. INTRODUCTION

With the evolution of telecommunications services and the improvement of the consumer's requirement level, experience and its value are getting to be realized gradually. At the same time, there are still some problems existing in the practice of Customer Experience Management (CEM).

Firstly, people don't have a systematic and consistent understanding on the concept of CEM, which influences the practice of CEM and its system info. CEM is mainly to manage the customer's total experience for enterprise and its products strategically. And it is a kind of customer relationship management pattern that emphasizes customer's participating and is dynamic and systemic. Identifying the different experience needs of the different customers is the precondition of CEM. Creating the total and consistent customer experience by using enterprise's resource such as product, service, surroundings, brand and employees on the customer contact points is the guarantee of CEM. But the previous research on CEM is mainly about experience marketing or branded experience design. This is a progress from the view of development, but limits the research range of CEM and neglects the effective identifying for customer experience needs and customer's experience feelings. All of these reduce the difficulties of research and practice on customer experience, but it makes the potential value of CEM unachievable. And even more, some enterprises that are anxious to pursue value and profit think that to set up "experience hall" or add the word of "experience" to advertisement is equal to the implement of CEM.

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Secondly, some people feel very pessimistic and are worrying about whether to manage customer experience. As the core content of CEM, experience is a psychological concept in the first. How to apply this psychological concept into business administration seems to be a question. If the enterprises would really take the experience of designing and transferring as their administration core, will they benefit from it? After all, all businesses take profit as their start point and final goal.

As far as the reason is concerned, the problem lies in the confusion on definition of CEM. The conception is the foundation stone which contributes to academic development. If CEM hasn't a clear definition, system info construction will be baffled. CEM is a neonatal conception, so it hasn't been recognized comprehensively. Beginning with analysis on customer value hierarchy model, the paper does some research on the CEM conception and its connotation deeply, and makes it much more concrete and structural with the hope of helping the implementation CEM.

II. REVIEW OF CEM CONCEPT

As the summarization of human behavior and mental feeling, experience came into being a long time ago. From the view of research development and its origin, experience firstly was used in psychology and philosophy, and subsequently got attention in economics and management science. Looking at development of customer experience conception, the research process and view can be concluded in the figure 1.

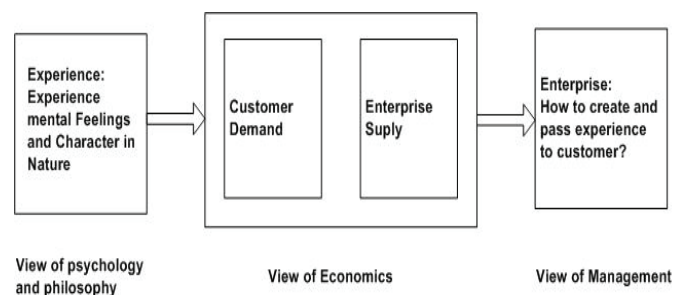


Figure 1. Research view on Customer Experience [1]

A. View of Psychology and Philosophy

Most of the research on experience is about peak experience now, and flow is one kind of it. Flow experiences offer absorption, personal control, joy, values, spontaneity, and a newness of perception and process [1, 2]. Based on the current research, experience conception in the view of psychology points to customer inner directly, and represents some essential characters. For example, experience refers to the human being's happy feeling when they reach a given

level in emotion, physical force, intelligence and even spirit [3]. Experience refers to the human being's inherent response to some stimulus during the process of watching or taking part in some activity, whatsoever it is true, dreamy or dummy [4].

B. View of Economics

There has been only culture meaning for experience in the long history which emphasizes its essence character. Just because added to economy activity and became the main source of economic return, experience was located in the important place in economic field and experience economy came into being. As an economic term, experience was firstly brought forward by Toffler 30 years ago [5]. He took experience as economic value and thought it was a psychological outcome produced from products or service. Pine II and Gilmore declared the experience economy was coming, and discussed how experience was produced [4].

C. View of Management Science

In the field of management science, researches on experience are mainly about experience supply, namely, how enterprises create experience for customers? One important kind of the research is about how participation of customers influences experience [6]. From the view of marketing [7] the experience is divided into sense, feel, think, act and relation by different ways of customer participation based on the theory of physiology, psychology and sociology. LaSalle and Britton [8] think customer experience as a kind of inter-communication between customer and product, company or its service agent, by which customer reaction can be motivated. If the reaction is positive, customer will feel the value of product or service. Pullman [9] argues that experience is an aggregate in which enterprise can communicate sense stimulus, information and emotion with customers. This aggregate emphasizes both the supplier and the demander, and the customer may be individual or another company.

III. THEORY OF CUSTOMER VALUE HIERARCHY

The enterprise that is willing to create experience for its customer should firstly understand fully the experience themes and relative creation activities. Customer value hierarchy which think consumer value achievement during the process of purchasing product or service comprise three layers, such as product attributes, outcome and final aim help to solve this problem [10]. The customer value hierarchy (CVH) is shown in figure 2.

Firstly, the layer of attributes is the lowest layer during the process of value achievement. On this layer the customers describe product with attributes. At first, customers contact and feel the attributes of product and service which describe the serviceability to customer.

Secondly, the layer of outcome lies in the middle of customer value hierarchy. In this layer the customers express the subjective judgment after using the product. The layer of outcome being helps enterprise to consider how to satisfy

customer from the view of them or what outcomes will brought about to customers.

Thirdly, the layer of final aim is the basic driver force of consumer including person, family and enterprise. This layer expresses the core value of consumer. For example, the final purpose may include innermost calmness, comfort of life, sense of achievement, and so on. For enterprises, the layer of aim is the final object achieved by the means of product or service.

In a word, customers always define the achieved value from three layers, such as product attributes, outcome and final aim. It is the necessary demand for enterprises to improve customer value, especially the value of final layer in the new economic model that pay more attention to creating and transfer-ring of experience. At the same time, experience being as a particular economic supply substance, the realization of final aim also depends on the creation of customer experience value.

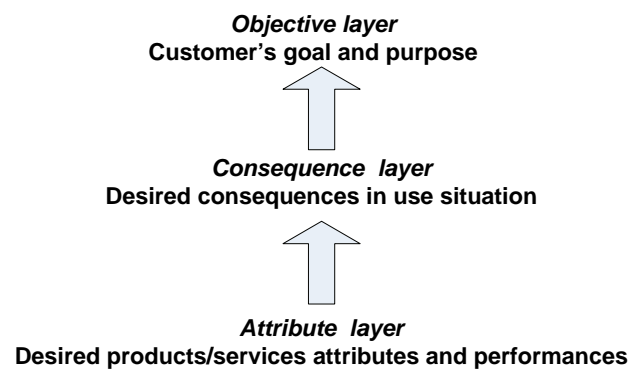


Figure 2. Customer Value Hierarchy [10]

IV. CUSTOMER EXPERIENCE HIERARCHY MODEL FOR MOBILE TELECOMMUNICATION SERVICES

Based on the theory of customer value hierarchy, the conception of experience can be divided into three layers, such as customer experience attributes, customer experience themes and customer experience effect. These three layers relate to the layers according the CVH. **The CVH Attribute layer** specifies the usage of mobile services. Customer experience attributes provide resource for achieving customer experience effect and transfers value experience in the layer of customer experience attributes to customers. **The CVH Consequence layer** represents the customer experience of mobile services. The corresponding customer experience themes are a bridge between customer experience effect and customer experience attributes and transfers value experience in the layer of customer experience themes to customers. **The CVH Objective layer** includes the ultimate motivations of customers engaging in mobile telecommunication services. Customers may have multiple motivations in the objective layer. Customer experience effect is a kind of beautiful and happy feeling in consciousness when customer achieves a given level in emotion, physical force, intelligence and spirit during the interaction between enterprise and them, and transfers the highest layer of value experience to customers.

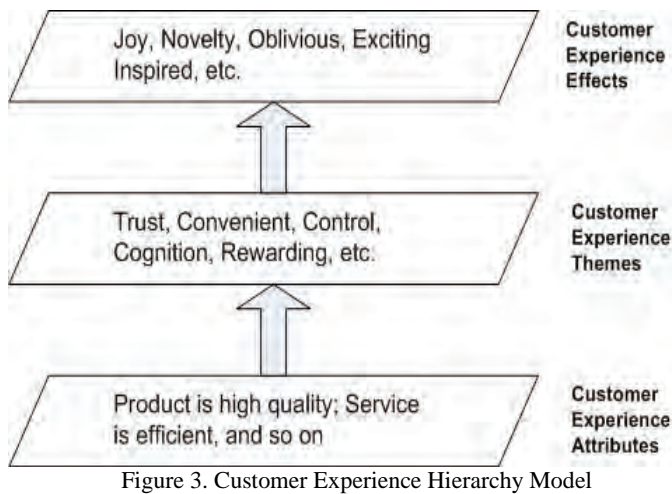


Figure 3. Customer Experience Hierarchy Model

A. Layer of Customer Experience Attributes

Relational context refers to two important types of interaction: (1) between the guest and service provider and (2) between the guest and the other guests. Firstly, as the representative of enterprise and the executives of business management, employees take the most important context and play a crucial role in the creation of customer experience. Secondly, the meaning of brand is not limited tangible name, logo and banner, and even more important, it symbolizes customer's value and life style which contributes to the perception of oneness with or belongingness to a collective, so influence the interaction between customer and the other customers. In a word, employees and brand must be considered in relational context.

Customer experience attributes should take experience design context as the core to feel and evaluate, and define experience according to the quality of them too. Experience attributes may be expressed with "the use of product of convenient", "the brand is full of rallying point", "the employees are kind", and so on. In a conclusion, customer experience attributes establish the detailed rules to implement customer experience based on the existing customer service resource, and ensure the needed resource to satisfy customer experience need and attain the ultimate effect.

B. Layer of Customer Experience Themes

Based on the previous research, we put forward some rules to identify customer experience by which customer experience requirement can be reduced to ten themes strategically. That is trust, convenience, realization of promise, respect, control, various choice, knowledge, cognition, rewarding life style, status. Every theme should represent a kind of mental intent of customer. Although different theme isn't irrelevant at all, they have a definite limit between them correspondingly.

Customer experience themes go beyond the product-centered. As the expression form as considered, the expression, such as "I feel the channel (that is the content) is convenient (that is customer's feeling)", is the basic form. The content to be felt is the common characters extracted from the experience attributes, such as trust, convenience, control,

status, benefit to body and mind, and so on. The relation between customer experience themes and attributes can be described in figure 4.

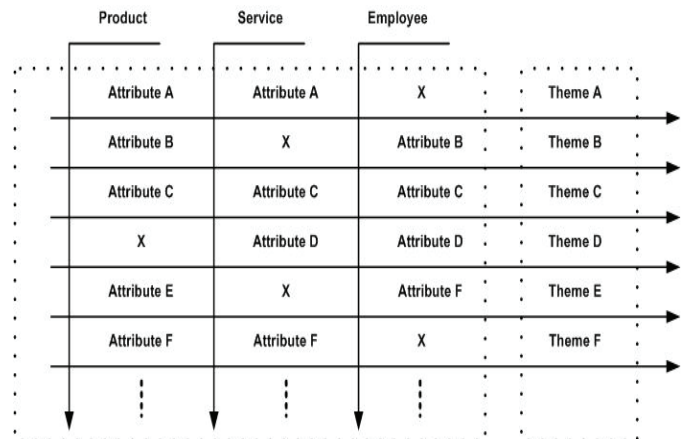


Figure 4. Relation between experience themes and experience attributes

Experience attributes coming from different experience design context can be used to create the same experience theme, and vice versa.

C. Layer of Customer Experience Effects

Customer experience effects are corresponding to customer's mental feeling and they refer to a kind of beautiful and happy feeling in consciousness when customers achieve a given level in emotion, physical force, intelligence and spirit during the interaction with enterprises. This kind of happy feeling go beyond satisfaction and bring about pleasant surprise to customers. The layer of experience pays much more attention in psychological meaning of experience and emotional response of customers.

The peak experience above should belong to the layer of customer experience effects. Through transcending customers' satisfaction and providing much more pleasant surprise, customers' loyalty can be improved.

D. Relationship among Three Layers

The forming of total experience includes three layers: customer experience effects, customer experience themes, and customer experience attributes. Customer experience effects are the final goals of CEM, customer experience themes build a connection between customer experience effects and customer experience attributes, and customer experience attributes provide resource for achieving customer experience effects. The lower the layer is, the more concrete and more closer it is with enterprise; the higher the layer is, the more abstract and more closer it is with customers.

The three layers are interactional and interdependent and they will transfer different experience. Based on the three layers in customer experience hierarchy model, "themes" is consistent with the viewpoint of effects and themes above, while "activity" can be interpreted as transfer of experience attri-

butes based on experience context. Firstly, enterprises should ascertain experience effects and embody experience themes. Secondly, experience attributes transferring experience to customers should be listed according to enterprise's resource, and related attributes to the objective themes should be found. Finally, taking experience design context as the tool, all contact points must be integrated so as to make sure the realization of experience effects.

E. Determination of Mobile Customer Value Hierarchy Model

Based on the complete chain of customer value layers, the next step in the procedure is to shift the layers from the individual perspective to the aggregate perspective of a group of customers. We can accomplish this step by using association methods to find the association rules among attributes of different layers or by cumulating the "connection" times of two adjacent layer's attributes. Based on the mobile customer investigation, this paper constructs the mobile customer value hierarchy presented in figure 5.

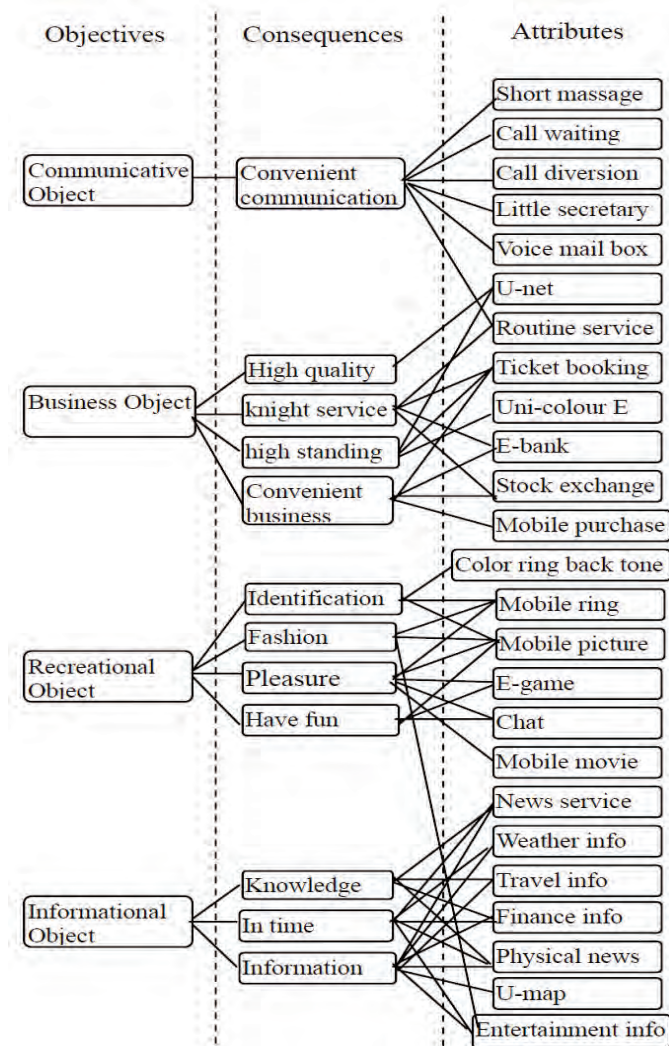


Figure 5: Mobile customer value hierarchy

The next steps in order to estimate the customer level of experience in the mobile communications are:

- Mobile customer demand analysis and the knowledge capture: thus includes constructing of an attribute-objective map and performing a Significant Attributes Analysis of the Customer Value Hierarchy. The significant attributes of customer value hierarchy are the key attribute variables of the attribute layer which distinctly correlate to the objective layer.
 - Mobile Customer Demand Discrimination Modeling – this may be achieved by adopting a methodology based on adaptive computational architecture – for example neuronal network.
 - Customer Demand Knowledge Capture.
- These tasks can be performed in cooperation with the mobile operators in order to collect the necessary information about the customer's experience level.

V. CONCLUSION

Based on the background of the mobile industry, this paper proposes the framework and process of a mobile service recommender system that identifies potential customer's demands of unsought services/products by using customer demand analysis. This paper proposes a mobile customer demand analysis model and develops a mobile customer value hierarchy to capture customer demand knowledge.

A well-formed model should identify the customer demand objectives dynamically from their engagement record; then a personalized product recommendation based on the customer value hierarchy is to be done.

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