ICSIM

The Customer Experience Framework as Baseline for Strategy and Implementation in Services Marketing

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Abstract

Researchers in service marketing have recently considered customer satisfaction from the viewpoint of what and how they experienced the service encounter resulting in the concept of customer experience management. Whilst several works have been developed in this area, there is still much that can be done to provide a comprehensive guide for marketers in understanding the service encounter from the point of view of customers. Building on the work of Verhoef *et al's* article in the Journal of Retailing (2009) and other works in the field, we propose a new customer experience framework (CEF) that focuses more centrally on the journey of the customer in experiencing the service. Our framework consists of five interacting layers: (1) Customer values, needs and wants; (2) Experiential Marketing Strategy; (3) Customer Experience Stages; (4) Accumulated Customer Experience (5) Customer Behavior Change. This differs from Verhoef *et al's* framework, which primarily focuses on looking at designing the optimal consumer experience from the viewpoint of the provider. We propose that the CEF will be useful both as a tool for experience creation and to analyze consumer experiences post-encounter.

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Selection and peer-review under responsibility of the 2nd International Conference on Strategic Innovative Marketing.

Keywords: Customer Experience; Services Marketing.

1. Introduction

Within the past few decades, services, as opposed to goods moved to be primary growth driver of the gross domestic product in many developed economies (Wölfl, 2005). Pine and Gilmore (1998) explained the resurgence of services as means to provide added value emerged as a differentiation strategy in the evolution of economic value. The authors wrote that as raw materials and goods have become commoditized, services became the way in which most providers sought to differentiate themselves from their competitors. However, they also noted that given the increasing ubiquitousness of services, it will also inevitably become commoditized and no longer sufficient as

means of differentiation. Literature from more recent research seems to have confirmed this notion (Meyer & Schwager, 2007; Shaw, 2007) of service commoditization. The importance of evolving to the next step of value creation was also realised by other researchers (Christopher, Payne, & Ballantyne, 1991; Grönroos, 1997). They stressed on the need for businesses to go beyond providing services into providing unique experiences. This notion was also echoed in Gilmore and Pine (2002) who wrote that the contemporary consumer seeks more than competent services but also experiences that are "engaging, robust, compelling and memorable".

Thus, practitioners and scholars alike have paid increasing attention to the term 'customer experience'. However, Palmer (2010) noted that scholars in particular could not reach a consensus regarding the scope and breadth of the concept of customer experience. Although several prominent works in the area have surfaced recently (eg: Maklan & Klaus, 2011; Verhoef et al., 2009), their works focuses on specific aspects of the customer experience process. The purpose of this paper is to forward a framework derived from past literature, which attempts to capture the journey of the consumers in interacting with the provider throughout the different stages of the experience. Our framework's primary objective is to serve as an appraisal tool, which practitioners and scholars can use to scrutinize the creation of the customer's experience and to be able to diagnose points of interest should the overall experience outcome was deemed unsatisfactory.

2. Literature review

As mentioned briefly above, the paradigm regarding the primary tool to provide value in marketing have undergone major shifts in the last few decades shifting from creating brands to building excellent service marketing and now to creating compelling customer experiences. The first major shift was acknowledged in the 1990s where authors implored a change in organisational strategies to emphasize the service component as much as, if not more than the intrinsic utility of the goods and services offered (Payne & Frow, 2005; Storbacka, Strandvik, & Grönroos, 1994). These authors spoke of primarily customer relationship management as means to add value, and argued that whilst product marketing was still necessary, it was no longer sufficient to remain competitive.

Briefly after this major transformation, the growth of the Internet spurred for a second change. The Internet allowed for a lower barrier of entry towards implementing a relationship-centric strategy thus transforming relationship marketing into an ubiquitous element of products and services (Ngai, 2005). The implementation of an effective customer relationship strategy was also hindered by the internet's ability to empower consumers into online communities where they can talk to each other and share their positive or negative experiences, often without the company's involvement. (Duan, Gu, & Whinston, 2008; Vermeulen & Seegers, 2009). Christopher et al. (1991) were among the first to foresaw this 'commoditization' of services. The authors indicated that services such as finance, warranties and insurance were once valid differentiators, which became generic, to be replaced by relationship marketing, which inevitably has become generic as well. Thus, practitioners evolved to provide differentiation through developing unique experiences in their offering. Pine and Gilmore (1998) were among the first to propel the terminology of the 'experience economy' to the mainstream literature. Their work draws upon examples of premier providers at the time such as Starbucks and Harley Davidson to argue that people buy goods and services as a means to fulfil deeper emotional, sensory and hedonic aspirations. Thus, the primary objective of consumption is not the product itself, but how customers experience the extended process of acquiring, integrating and ultimately achieving fulfilment of their aspirations.

However, whilst scholars and practitioners acknowledge that experience should be the new focus of managerial attention, they are less unified on both its precise definition and its measure. Currently, given the broad spectrum of the concept of customer experience, there exists a diverse definition of the term, which hinders clear and synchronous understanding of the subject matter by marketers. Palmer (2010) recently provided a relatively thorough review of the discussion surrounding this matter. Some notable definitions defined customer experience as the accumulation of knowledge in response to observation and/or participation in an event (Collins, 2007), while others similarly defined it as something that "..occurs when a customer has any sensation (or knowledge acquisition resulting from some level of interaction with different elements of a context created by the service provider" (Gupta & Vajic, 2000). Others defined experience as service perceptions through each touchpoint with the firm (Swinyard,