The Customer Experience Navigator

A guidebook to valuable interactions by collecting, connecting, and correcting the dots

By Marcus Schögel and Dennis Herhausen

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Experiences from 20 years of projects and workshops on customer processes and touchpoint management

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Don‘t try this at home! Get it into your business!

The Customer Experience Navigator is the essence of approximately 15 years of working with practitioners on understanding, supporting, and designing superior customer journeys. The journey started as first steps taken to understand that there are customer processes that go beyond the idea of a decision-making process and / or product choice. This then became a standard mode of thinking for our research. From challenges in finding innovative approaches to customer interactions and the use of new media in brand and after sales service strategies to coordinating “Bricks & Clicks” in multichannel strategies, we often ended up starting with customer processes and identifying the journeys that are valuable enough to receive support from a company.

In general, we gained our own experience by helping various companies and their executives to understand and serve their customers better. We first followed and then guided them down the road to providing superior customer experiences. Over the years, we have developed a comprehensive approach to kick-start initiatives for customer experience management. Furthermore, we started to summarize our learnings while incorporating additional insights from the developing field of customer experience management research.

This “guide” is a book that provides the reader with a comprehensive overview of the challenges, steps, concepts, and tools that can help companies to lay out and execute a specific and successful customer experience management approach.

However, please do not expect simply “templates to fill.” In our projects, we have learned that each customer experience project that we have accompanied or led was different, and that every specific corporate challenge was demanding. This will also be the case for your customer experience project!

For these reasons, this guide is not to be used as a coffee table book for the office or just a good weekend read. It should get you going to work on the customer experience that your company delivers and help to improve it (or, more specifically, the mess that it is most of the time).

The Customer Experience Navigator takes you *where the magic happens!* This may be far outside of your (corporate or individual) comfort zone. Yet, we will help you digest the key steps for becoming customer-centric in a doable manner. Our approach will assist you in tackling the challenges step by step. While we will give you templates, set cards, Excel spreadsheets, and online resources, this will not be a cookbook. Through our approach, we seek to nudge you in the right direction. We want to help you to ask the right questions. And be aware: The answers need to be more specific than you think! Please reflect on what is required in your specific project and situation.

We wish you a pleasant and insightful read!

Marcus Schögel & Dennis Herhausen

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The Customer Experience Navigator: Collecting, Connecting, and Correcting the Dots

The Customer Experience Navigator is rooted in an iterative process of understanding customer interactions. As the interactions between customers and the company evolve continuously, their management must also be dynamic. The order of different phases, steps, and building blocks is not linear. As such, the different steps can be flexibly combined and adapted to the individual situation of the company. Each of the building blocks in the Customer Experience Navigator is used to devise an crucial step toward the customer experience.

The customer experience originates in interactions between the customer and the company. These customer-company interactions occur at touchpoints, which we refer to as “dots.” Since the interactions at dots form the customer experience, understanding and improving them is the main concern of customer experience management.

Rather than forming a linear process, we view customer experience management in light of the management philosophy of “from exploration to exploitation.” This differentiation was highlighted by March[13], who described two basic approaches to competitive advantages. The first one, exploration, is seen as an open process for identifying new opportunities for companies by evaluating innovative approaches, gaps, and opportunities, which is achieved by focusing on uncovered ground in the internal and external environments. Successful exploration delivers insights and strategic options that have not yet been considered. By contrast, exploitation fosters existing potentials and optimizes given procedures. Through refining and optimizing, companies become persistent and strive for excellence in their actions to compete successfully.

Exploration focuses on the discovery of new products, resources, knowledge, and opportunities and is associated with radical changes and learning through experimentation. By contrast, exploitation refers to the refinement of existing products, resources, knowledge, and competencies and is associated with incremental changes. Exploration forces companies to widen their perspectives and to be open to new opportunities that arise, whereas exploitation demands a focus on their actions and calls for repetitive operations. Furthermore, while exploration opens, exploitation narrows. Exploration involves activities such as search, variation, risk-taking, experimentation, discovery, and innovation, while exploitation involves activities such as refinement, efficiency, selection, implementation, and execution.

In customer experience projects with our partners, we identified similar patterns. While the starting point for engaging in customer experiences is strongly related to exploratory activities and driven by differentiation and innovation, the tasks and challenges change along the timeline of projects. When activities and actions are cleared and points of differentiation are identified, customer experience management becomes more about optimization and a routinized set of tasks and processes.

As both perspectives lead to different challenges and necessary actions, we differentiate them accordingly. On the one hand, actions that follow the logic of exploration are related to the identification of opportunities in customer experience management. We call this phase “Collecting the Dots.” On the other hand, we refer to phase that comprises activities related to consistently dealing with, managing, and optimizing for customer experiences and expectations as “Correcting the Dots.” As both phases contradict each other, it is necessary to keep them apart.

In the field of design thinking, a similar approach is used, from divergent (exploration) to convergent (exploitation) thinking.
It is argued that the switch from one way of thinking to the other (called the “groan zone”) is of paramount importance[14].

Accordingly, we established a third phase that is positioned between exploration and exploitation. It serves as catalyst for sorting out the activities and actions that should be translated from exploring to exploiting potentials. We call this “Connecting the dots”. Figure 7 depicts the three phases.

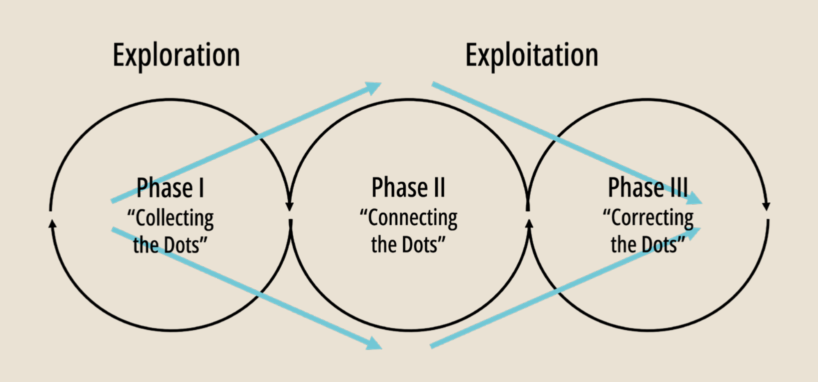


Figure 7: From Exploration to Exploitation

Thus, the Customer Experience Navigator introduces three distinct phases, that are summarized in Figure 8. Companies first need to collect the dots to connect and ultimately correct them. Initially, Phase I collects the dots with the objective of gathering the interactions from which the customer experience originates. Phase II connects the dots with the objective of understanding the process that forms the customer experience. Finally, Phase III connects the dots with the objective of modifying the interactions, thereby improving the customer experience.

Companies should perform the three phases of the Navigator successively. The building blocks within a phase give companies more leeway. While they can pass through the building blocks in any order, we provide recommendations for which blocks to start and end on.

PHASE I: COLLECTING THE DOTS

The objective of Phase I is to collect the dots. In this phase, a company analyzes the prerequisites for any customer experience management measures. Collecting the dots is crucial because it turns attention to the interactions from which the customer experience originates.

Collecting the dots entails understanding customers, their motivation for interacting with the company, and the options that exist for these interactions. Customer personas are a common ground to start with. However, if a company does not root its personas in the solid foundation of its market segments, it might easily be misled by the creativity of its agency. When done right, the company will reduce the complexity of a highly diverse customer portfolio through the means of segmentation and persona building. We recommend starting with this chapter, as thorough customer knowledge builds the foundation of sound customer experience management. By then mapping the customer process, companies can understand the objectives that customers pursue when interacting with them. The third building block identifies potential touchpoints, which is equally as important as understanding the customer process. Companies and customers interact at, by, and through these touchpoints. By creating an inventory of potential touchpoints, companies will be able to understand the opportunities and limitations of their interactions with customers.

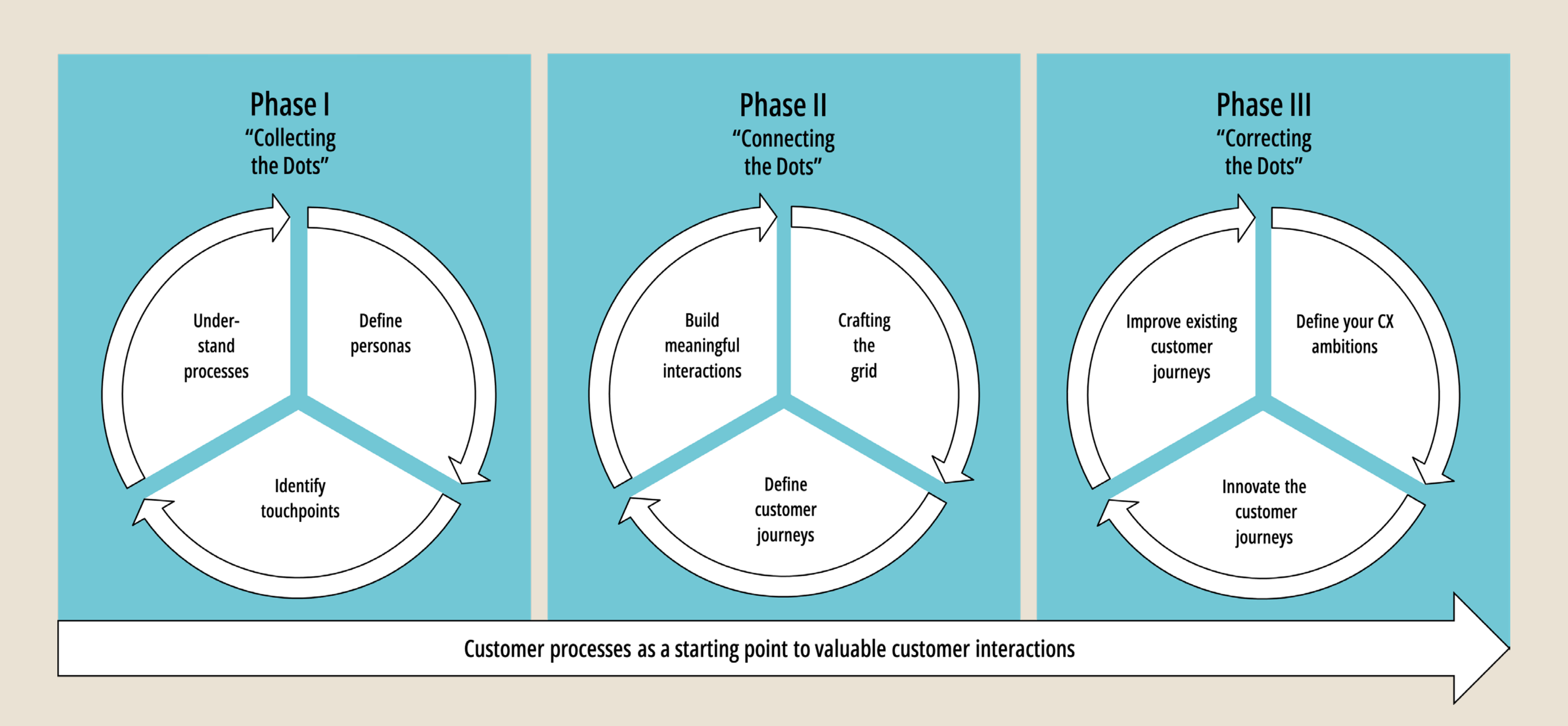

Phase I
"Collecting the Dots"
Understand processes
Define personas
Identify touchpoints
Phase II
"Connecting the Dots"
Build meaningful interactions
Crafting the grid
Define customer journeys
Phase III
"Correcting the Dots"
Improve existing customer journeys
Define your CX ambitions
Innovate the customer journeys
Customer processes as a starting point to valuable customer interactions

Figure 8: The Building Blocks in Managing the Customer Experience

Main Issues Covered by “Collecting the Dots”

- Analyzing existing market and customer segmentation data (or collection of new data) to generate insights on customers’ divergent needs, actions, and expectations;
- Deriving relevant personas and their idealized descriptions with regard to their representation of specific customer segments;
- Collecting, describing, and performing a first evaluation of touchpoints relevant from the customer and company points of view;
- Analyzing the underlying customer processes on the basis of existing results and experience with the company.

PHASE II: CONNECTING THE DOTS

Connecting the dots is the overall task of the second phase of the Customer Experience Navigator. Phase II is the critical link between creating an understanding of the interactions in Phase I and implementing improvement measures in Phase III. By connecting the dots, a company will create an understanding of the formation of the customer experience along the customer journey. To achieve this, we start out by splitting customer processes up into the distinct phases that customers walk through. With a well-described set of steps, the foundation is laid for defining the customer journeys that should be supported by the company. Complexity is the friend of confusion and the enemy of customer satisfaction. This is among several other reasons that explain why we focus on meaningful interactions and concentrate our internal efforts on those touchpoints that are “moments of truth” or, out of corporate necessity, serve as “interaction hubs.”

Main Issues Covered by “Connecting the Dots”

- Using the identified customer processes and combining them with the set of chosen touchpoints in the journey grid;
- Identifying and collectively understanding the resulting journeys and the consequences for the internal activities required in the different customer processes regarding the relevant touchpoints;
- Accumulating the relevant customer journeys across segments; identifying the knots between different journeys; and indicating the moments of truth that are relevant to customers and one’s company;
- Defining the interaction hubs on which the company wants to focus its customer experience management.

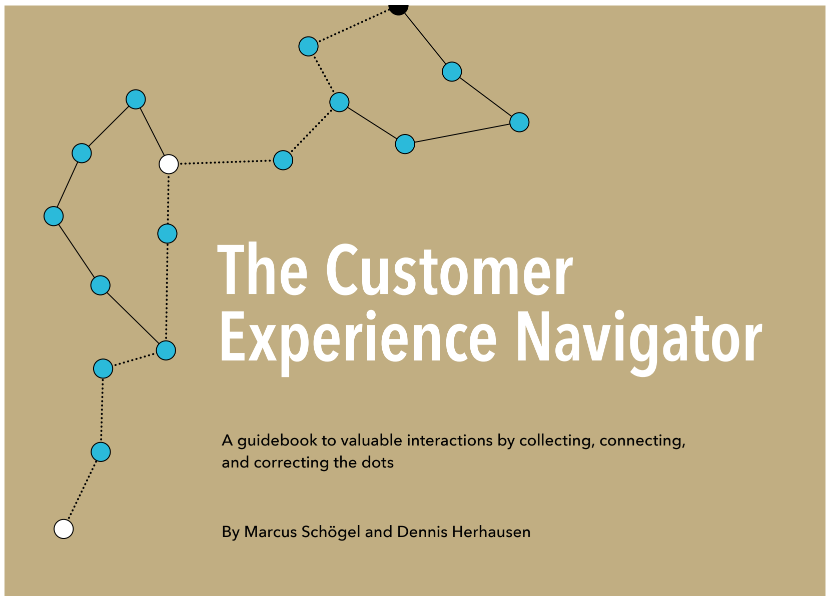
PHASE III: CORRECTING THE DOTS

Companies finally correct the dots to improve the customer experience. Correcting the dots is the objective of customer experience management. Through connecting the dots, companies can develop and implement specific improvement measures. Correcting the dots is important because only by changing customer-company interactions can companies affect the customer experience.

Correcting the dots entails developing measures for improving the interactions with customers, for innovating the interactions, and for ensuring a lasting impact by anchoring a strategic approach to customer experience management in the company. Introducing new touchpoints and implementing improvements help companies to differentiate themselves based on the customer experience. While dealing with different touchpoints alongside customer journeys, it is vital for a company to conclude its customer experience management by defining the ambitions that it wants to pursue. These ambitions must cover the company’s choice of a “North Star” or set of key performance indicators (KPIs) for its activities as well as define a distinctive customer experience strategy. The company needs to understand and formulate how to bundle the resources that should be involved in its customer experience management. Last but not least, it is necessary to define criteria for evaluating different projects and initiatives to initiate in the company.

Main Issues Covered by “Correcting the Dots”

- Assessing the relationship between corporate goals and the potential of customer experience management;
- Identifying the company’s ambitions regarding the objectives it wants to achieve, the corresponding customer experience strategy, and the necessary operational setup;
- Identifying potential fields for innovation within the customer journeys to maintain pace with customer expectations and introduce new touchpoints for interaction;
- Managing the existing portfolio of touchpoints according to customers’ expectations and internal quality control data.



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Quotes on the first edition of the Customer Experience Navigator:

"The Customer Experience Navigator puts STRATEGY INTO ACTION which is the basis for success. You need to define the right focus to deliver a superior and differentiating approach for your customers and at the same time bring the customer experience strategy to life by setting the right targets, measure your progress and create a sense of urgency."

Monika Schulze, Supervisory Board Member Schloss Wachenheim, Germany.

"Customer Experience makes the difference how to win customers in the long run. The authors connect the dots for superior customer experience in a very actionable way. A must read for executives that take care of the customer-company interface, be it in Sales, Marketing, Services or Operations!"

Prof. Dr. Oliver Gassmann, University of St. Gallen; lead author of the Bestselling Book "The Business Model Navigator".

"The perfect compass for successfully guiding the customer journey. The book takes any sophisticated marketer who wants to understand and actively influence the customer experience to the next level. It is didactically strong, offers excellent tools as decision-making aids, and is based on the latest consumer behavior insights."

Prof. Dr. Dominique von Matt, Chairman of the Board of Directors Jung von Matt & President of the gfm; the Swiss Society for Market-Oriented Management.

"Schögel & Herhausen direct their vast personal expertise to provide this authoritative account of Customer Experience as it should be understood, designed, and managed. The symbiosis of their 'collecting-connecting-correcting' framework provides an actionable set of guidelines that is both compelling and coherent. When you read the book, you are guaranteed to enjoy the experience and then be equipped to create great experiences!"

Prof. Dr. Robert E. Morgan, Sir Julian Hodge Chair and Professor of Marketing and Strategy, Cardiff University; Professor of Marketing Strategy, Copenhagen Business School.