

# Customer Experience Management:

Lessons and Insights  
for the Cable Industry

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THE **CABLECENTER**

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## EDITOR-IN-CHIEF'S FOREWARD



It was an interesting experience looking at a trade journal that covers the space industry. With a few exceptions every story on the publication's front page dealt with issues that were a dozen years old; the headlines could have been written years ago, when I was a member of the space press corps. I did a double take and checked the publication's date. Yes, it was 2009.

My first thought: this would never happen in a cable industry trade publication.

In the cable trades, products and topics even months old quickly become passé, pushed aside by the constant movement of technological progress and other news. Or so I thought.

Despite numerous changes, cable trade pubs today share at least one constant with industry publications of years ago: stories about customer service. Every year stories appear detailing the latest surveys, showing cable, along with other service industries, failing to meet customer expectations. Recent iterations of these stories also note cable's vast improvement in customer service (see "Customer Service," *CableFAX Daily*, Oct 8, 2009). Yet in the mainstream media the impression remains that cable's customer service isn't its strength. This impression may or may not be justified, but many people believe it is, so cable must deal with it. (As you'll see in this book, cable is.)

This perception of poor customer service is bolstered by history and the popular press. For several reasons, cable's early days generally were not an era of good customer service. As Cable Hall of Famer Trygve Myhren, Chairman/CEO of cable operator ATC at the time, told a cable industry lunch in 1982, "We give crummy service to our subscribers in this industry—let's face it."<sup>1</sup> While some operators made customer service a priority, many did not. As a result, the public generalized, giving the entire industry a failing grade.

As we know, this notion survives, fueled by negative stories finding their way into a mass media that rarely reports cable's successes. Daily instances where cable techs and CSRs exceed customer expectations usually aren't news. We can hope the immediacy and diverse nature of social media eventually will yield a more balanced view of customer service.

### Why This Book?

All that aside, there's no denying that customer service is a topic of interest to service providers in all industries, cable included. Cable's business model and its products are vastly changed from the era when Myhren spoke. Not only is cable today talking about improving customer service, it's doing so. And not only for residential custom-

ers, but for its growing business-class clients.

That's why we decided to write this book. Our goal was to share today's best practices in customer care. To widen the discussion, we asked The Cable Center to join us. In addition to other activities, The Cable Center is involved heavily in studying customer care, convening cable care executives, consultants and academics periodically to exchange ideas. In many ways this book represents some of the insights of the executives and consultants who've gathered at The Cable Center to discuss customer care.

## What Is CEM?

While customer service as a discipline remains, the concepts have changed, are changing and broadening. It's no longer just about customer service, but providing customers with "an experience." Managing a business with this in mind has led to the concept and study of what academics call Customer Experience Management, or CEM, as Professors Ron Rizzuto and Charles Patti and The Cable Center's Jana Henthorn discuss in their introduction (page 10). For additional foundational material about CEM, Professor Don Schultz's historical perspective (page 18) as well as Professor Bernd Schmitt's piece (page 23) are recommended. Schultz and Schmitt also argue that CEM is the correct approach in today's marketplace.

Another practical approach to CEM is provided by Suzanne Foy and Scott Wise of Cox (page 29), arguably cable's biggest MSO exponent of CEM. They discuss how Cox uses 6 strategies and a company ethic to infuse customer care into every aspect of its business. In addition, CTHRA President Lisa Chang (page 134) details how Cox trains employees to care for customers; she also discusses training programs at Time Warner Cable and Bresnan. Cox's Kimberly Edmunds provides additional insight (page 32).

You'll find several themes running through this book, including:

- employee training and motivation are critical;
- the focus on customer experience must be company wide;
- senior executives can't just talk the talk of customer experience, they must walk the walk (several of our authors urge executives to face customers periodically);
- internal and external communications are crucial to delivering superior customer experience, as is timeliness; and
- listening to customers, wherever they are, and to front-line employees is vitally important.

There are many other themes and fine articles in this book. Space prevents mentioning them all.

Sam Ford of M.I.T. and Peppercom (page 122) and Mike Wooden of ACS (page 128) discuss how social media can help cable gather information about customers, leading to a better customer experience. Comcast's Frank Eliason (page 120), who's brought the MSO into the social media age, explains how the precepts of traditional customer care are being translated to Facebook, Twitter and other platforms.

We also whack at sacred cows. A delighted customer will be loyal to your brand, right? Not necessarily, writes the aforementioned Jana Henthorn (page 65). Speaking of satisfaction, several of our authors, including Jerry Olson (page 26), Shawn Coffman (page 41) and Ryan Armbruster (page 56), argue that having customers fill out questionnaires or respond verbally to surveys falls a bit short. Olson writes that surveys and interviews "fail to provide the deep understanding of customers' experiences needed to develop effective strategies." Cable must find out what customers are really thinking, well beyond how they answer a questionnaire or even what they say!

Certainly customer surveys have some utility, but only if companies use the data. Frank Perazzini of J.D. Power and Associates (page 38), citing Gartner research, writes that while 95% of all companies (not just cable companies) gather customer feedback, just 45% share that data with staff. Further, only 35% "do anything with the insights." Just 5% share this customer feedback with customers.

Giving customers a voice figures into the work of consultant Jack McDonald (page 44) and the earlier mentioned Sam Ford (page 122). Each cites the rise of social media to argue for the importance of a two-way dialogue with customers as part of the customer experience. This is a point reiterated in a piece by the aforementioned Shawn Coffman (page 41), who demonstrates how to measure CEM (it's more complicated than you might think). Just as important, he shows how to use customer feedback to improve

employee performance.

Speaking of listening, Time Warner Cable vets Jeff King and David TEMPLAK (page 59) urge regular site visits by upper management specifically so senior executives can meet with and listen to front-line employees. They and Singapore-based consultant Dr. Lynda Wee (page 52) also advocate having senior managers serve customers regularly.

Timeliness is an element that figures in many of the articles. Steve Kirkeby of J.D. Powers (page 74) explains how cable can improve its scores in his company's surveys by resolving service issues on the first call, insuring customers can talk to a CSR quickly and making certain that answers are easily found on corporate Web sites. Time also is critical to the work of Charter's Mike Baker and Joe Stackhouse (pages 70, 72), who discuss a Day of Service program that ensures subscribers' first contact with Charter is pleasant.

Nearly all the articles deal in one way or another with people. Chief among those who believe people constitute the foundation of CEM is WOW! chief Colleen Abdoulah (page 139), whose customer care philosophy is rooted in the way WOW! treats employees. "After all, new product introductions, marketing tactics and operating improvements ultimately may be copied from one cable operator to another," she writes. "In a competitive environment, the only meaningful and substantive differentiator is people – their minds, their attitudes and their unique contributions." This colors Abdoulah's unorthodox management style, which has resulted in numerous J.D. Power awards. Speaking of color, Chris Tranquill of ACS (page 125) argues that even the wall color in your call center can play a role in customer experience.

"The challenge now for CEOs of cable companies," writes consultant David Hicks (page 33), "is to recognize that experience optimization is one of the critical success factors for a business to achieve its objectives. This will require particular effort by cable companies as considerable cross-functional coordination is required to deliver an optimized end-to-end experience."

So how to begin instituting Customer Experience Management? "...a persistent focus on alignment and consistency delivers better returns than "big bang" efforts to transform the entire organization," Hicks writes. Indeed CSG's Jenny Belser and Naras Eechambadi (page 62) argue companies should begin by seeking quick wins, slight and easy-to-make improvements in customer experience. As Hicks argues, organizations should aim high, "but start with small, high-leverage activities to build confidence (for example by demonstrating the return from customer experience optimization) and momentum (behind the customer agenda)." This book will show you how.

\* \* \*

A few words of thanks. Putting together a book like this is a team sport. Our gratitude, of course, to the authors, their assistants and to Diane Schwartz, whose idea spurred this book's creation. A large thank-you to our designer, Christina Barnard, who entered the fray with grace and style when Michele White left to become a mother. Thanks also to The Cable Center's Jana Henthorn, Joyce Alden-Schuyler and Kathy Sandoval. Without them this book would not exist. Last but certainly not least, a shout-out to our academics, Professors Charles Patti and Ron Rizzuto, important voices in Customer Experience Management who, in addition to everything else they do, added much to this book.



Seth Arenstein

*Seth Arenstein is Assistant VP and Editorial Director of CableFAX. He is a Phi Beta Kappa graduate of Brandeis University and earned his M.A. from The Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University.*

<sup>1</sup> Patrick Parsons, *Blue Skies: A History of Cable Television* (Temple University Press, 2008), p 546, citing "Working at Wizardry," *Cable Television Business*, Feb 1, 1984.

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## FROM THE CABLE CENTER



Welcome to the first book about Customer Experience Management created by and exclusively for the cable industry. The Cable Center is proud to make this unique resource available to the industry we serve.

Just as the proverbial rising tide lifts all boats, so does improving the customer experience lift up all cable companies. That's why The Cable Center, as the industry's non-profit educational arm, brings industry participants together to share ways to serve our customers better. Funded by the James M. Cox Customer Care Endowment, the Center's work in Customer Experience Management was launched in 2005. Through The Cable Center Customer Care Committee (C5), invited industry CEM executives convene regularly to share information and learn from academics and cutting-edge thought leaders. The Center's care forums, training initiatives and academic efforts extend this information to a wider industry audience. This book is an important part of our mission.

We are also fortunate to have Senior Fellows Dr. Ron Rizzuto and Dr. Charles Patti as advisors to The Cable Center on all topics related to customer care, in addition to providing assistance in developing professional learning courses on the topic.

*Customer Experience Management: Lessons and Insights for the Cable Industry* offers the collected wisdom of customer care experts from across the industry, as well as academic authorities in this rapidly evolving field. We're confident you will find great value in these pages. The Cable Center is delighted to help you share that value with your companies and customers.

A handwritten signature in black ink that reads "Larry Satkowiak". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Larry Satkowiak, President and CEO  
The Cable Center

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Thursday — April 1, 2010 **What the Industry Reads First** Volume 21 / No. 062

### FCC Agenda: Set-Tops, CableCARDS and USF on the Menu

The FCC is moving right along with proposals outlined in its National Broadband Plan, with a Notice of Inquiry on ensuring commercial availability of set-tops and other multichannel equipment now part of its tentative Apr 21 open meeting agenda. Comments are already coming in on the issue, with cable generally supporting retail availability of devices that can access any of operators' services, but it wants flexibility to accommodate different network architectures. The industry also seeks to ensure that the upcoming NOI doesn't set back pending set-top issues. On Wed, **ACA** urged the FCC to place **Evolution Broadband's** petition for a waiver of the FCC's separate security rule on public notice. The petition for Evolution's low-cost, 1-way, limited-function HD device has been pending for about 8 months. It's significant because operators would be able to deploy sub-\$100 HD boxes without having to apply for their own waivers to do so (a la **Cable One**). ACA said granting the petition would not hurt the FCC's goal of transforming the set-top market (which includes requiring that a gateway device is installed in all homes requiring boxes by the end of '12). "With reasonable expectations based on previous set-top box rule-makings, and the reality that more than a hundred million existing set-top boxes in consumers' homes cannot be replaced overnight, small cable operators recognize that equipment purchased and deployed in the next couple of years will very likely be grandfathered after new rules are adopted," ACA chief **Matt Polka** wrote. Similarly, Cable One worries about what the FCC's plan could mean for its waiver to deploy low-end, integrated set-tops with HD capability—the 1st of its kind (**Cfax 3/30**). Also on tap at the meeting are proposed changes to the CableCARD rules for cable set-tops, such as transparent pricing for CableCARDs and operator-leased set-tops and standardized installation policies for retail and operator-leased CableCARD devices. Also featured: an NPRM for USF reform to identify funds that could be refocused toward broadband.

**Vutopia:** Cox was set to become the 1st MSO to launch **InDemand's** new movie service **Vutopia** across its footprint on Thurs. Free to subs of its digital movie pack, the service is available online and on demand with most of its hundreds of titles in HD. Thurs also marked **Epix's** Cox debut; it's also available at no extra charge to digital movie pack customers. Vutopia and Epix also will be available for a standalone price of \$10/mo and \$12/mo, respectively. Like Vutopia, Epix includes an online component, but neither of those will be up and running right away. The target date for both online launches is June, Cox said. Given that InDemand is owned by Cox, **Comcast**, **Time Warner Cable** and **Bright House**, it's safe to bet that the others will launch it. Time Warner Cable already has started notifying some systems of the service's Apr 15 launch.

**Retrans Rumble:** At press time, there was still no deal between **DirectTV** and **Citadel**, meaning subs could lose **WOI-TV** (Des Moines **ABC** affil), **WHBF** (Davenport, IA, **CBS** affil) and **KLKN** (Lincoln, NE, **ABC** affil) at midnight. DirectTV says the broadcaster is demanding a more than 100% rate increase, while Citadel says its proposal is "fair and reasonable" and consistent with carriage agreements with other distributors. DirectTV and several other distributors have petitioned the FCC for changes to retrans rules, including the continued carriage of a network during negotiations.

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## FOREWARD FROM AN OUTSIDER



This is a book about customer care and the cable industry?

For those of us on the outside, that sounds like an oxymoron, or the start of a joke.

But as I have learned from looking at the state of customer service and customer experience in many industries during the past few years, the cable industry has begun to see the light when it comes to taking care of its customers.

Sure, as is the case with many industries, cable was once dominated by a corporate focus on product development and mergers and acquisitions, with customer service getting short shrift. You have heard the horror stories that endure and so have most of your customers – thanks to the news media, YouTube, consumer advocacy Web sites and social media.

The good news is that it is no longer a question of whether ramping up customer service is a possibility in the cable industry, and beyond.

At all the smart companies I have observed, it now is a question of how best to change corporate cultures so that everyone is focused on the ways their decisions influence customers first and foremost. At the most forward-thinking companies, customer service departments and contact centers in particular are seen as hubs of never-before-captured business intelligence and as instigators of the kind of customer-focused innovation that can move a brand onward and upward.

You know the numbers. The cable industry consistently has some of the lowest customer satisfaction scores. Yet those numbers don't match what I am seeing among people who are working to change things in the cable industry, many of whom have written pieces in this book. They are showing that embracing customers and their needs, instead of keeping them at bay, is the way to enduring business success.

It may take a while before cable lives down the past. But, keep going anyway. Because as someone undoubtedly will say on one of your movie channels soon, "If you build it they will come."

Positive change is happening in cable customer experience. This book will help you navigate it.

— Emily Yellin

*Emily Yellin is the author of *Your Call Is (Not That) Important to Us – Customer Service and What It Reveals About Our World and Our Lives* (Free Press 2009) and *Our Mothers' War* (Free Press 2004). She was a long-time contributor to *The New York Times* and has written for *Time*, *The Washington Post*, *The International Herald Tribune*, *Newsweek*, *Smithsonian Magazine* and other publications.*

*She graduated from the University of Wisconsin and received a masters degree in journalism from Northwestern University. She decided to write *Your Call Is (Not That) Important to Us* while waiting on hold in her freezing house, only to argue on the phone for hours with customer service at a home warranty company before convincing someone to fix her broken furnace.*

## HOW TO USE THIS BOOK



**W**ant to increase sales, profit margin, market share, introduce a product or service or become the market leader? Go to your favorite book seller and you will find answers to all of these business challenges.

Each year, there are more than 10,000 new business books published in the United States alone. That's hundreds of millions of words giving advice on a huge range of business topics—from leadership, to survival tactics, to marketing. Every now and then, one of these ideas rings so true that we change the way we think and conduct business. Customer Experience Management (CEM) is one of those rare business ideas that is so compelling that it has pushed itself through the maze of business rhetoric and risen to the forefront of business thinking.



When *The Experience Economy* was published in 1999 by Joe Pine and Jim Gilmore it became a best seller, but managers didn't immediately embrace Pine and Gilmore's ideas and change their ways of doing business. Powerful ideas often take time to penetrate the way we think and how we lead our companies.

Ideas like CEM require a change in business culture, leadership, management and how we view customers. In the graduate courses we teach in the Daniels College of Business at the University of Denver, we tell students that a business experience is “an economic exchange between buyer and seller in which the buyer receives a unique collection of tangible and intangible experiences that result in a positive emotional relationship with the brand.”



Customers want to feel good about themselves when they do business with us. They want to feel proud, satisfied, cared for, confident, pampered, rewarded, appreciated, protected and any number of other powerful emotions. Sure, they want the product or service to work—but a functional product alone doesn't lead to a long-term competitive advantage. Nor does good service. Nor does a low price. These are the basic pieces of equipment one needs to enter the game. You don't win just because you have a bat, ball, and glove. You win when you capture the heart of the customer. CEM is about learning how to touch customers

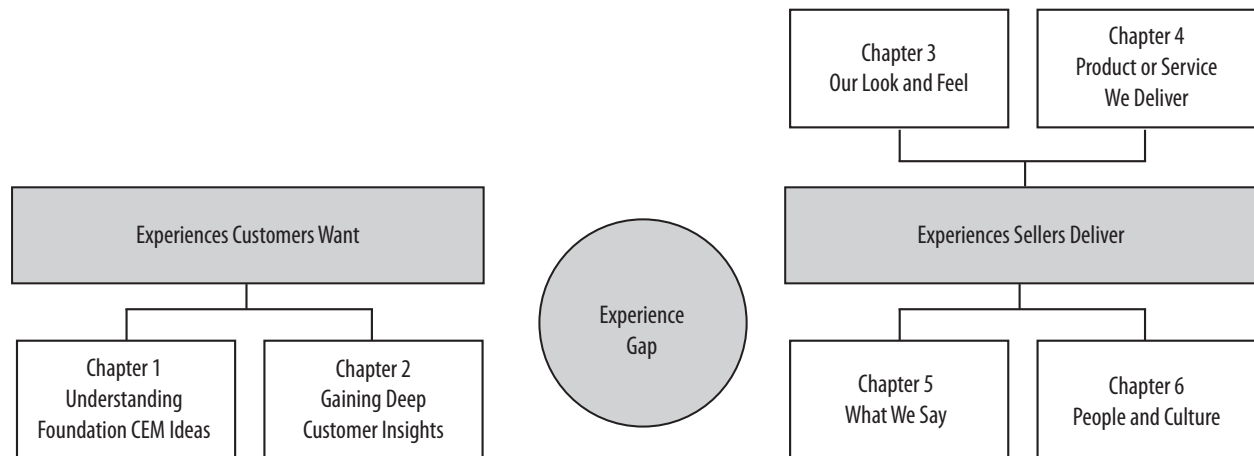
deeply, making them feel so good that they want to help us find new customers and keep the ones we have. When this happens, our cost of doing business goes down because it's easier to acquire new customers, we increase the lifetime value of existing customers and we reduce customer turnover.

Like all new business concepts, customer experience management continues to mature. From the initial ideas of Pine and Gilmore, to the writings of Bernd Schmitt (*Customer Experience Management*, 2003) and Lew Carbone (*Clued In*, 2004), CEM is moving beyond the idea stage. Constructs are emerging, frameworks for the management of CE appear in the business press and methods for gaining greater insight into how customers feel about themselves and the brands they experience are gaining acceptance. We now accept that CEM is penetrating business leadership and practice. Companies from every sector of the economy now have CEM positions. Ideas about “maturity levels” of CEM (within companies) are being discussed. And, there is a lively debate about the constructs of CEM. Also, all of this is taking place at the global level. Our colleagues in Australia, China, Singapore and throughout Europe are talking with us about CEM—how to lead it, how to implement it, how to measure its contribution and how to better understand customers.

## Organization of this Book

This book is organized around the idea that successful CEM is about closing the “experience gap”—the gap between the desired experience of the customer and the experience delivered by the seller (see Diagram 1). To do this, sellers need to have a deep understanding of customers—how they feel about the product category, your brand and themselves.

**Diagram 1**  
**The Experience Gap**



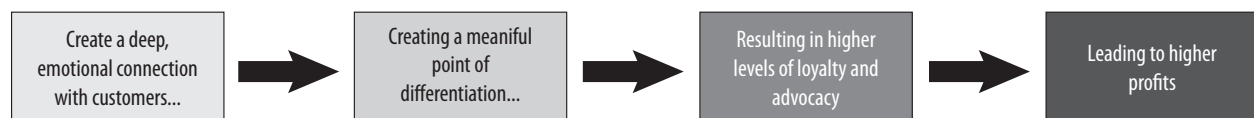
The first section of the book is devoted to the foundation ideas about CEM—from ideas about how to manage customer experience; to ideas about how CEM is the path to meaningful differentiation; to where CEM fits into traditional thinking about marketing; to thoughts about why it is critical to understand what experiences customers want. The articles in this section are written by consultants, academics, researchers and cable professionals.

The second section of the book helps the reader to understand how to gain deep insight into customer behavior. Reported here are the experiences and thoughts of experts who spend their lives studying and measuring customer motivations and behavior.

Sections 3 through 6 of the book are devoted to helping the reader learn how to close the Experience Gap. Here you will find articles about improvements within Process, a key dimension of Product and Service; Product Innovation; Communication (what we say to customers); and People and Culture, the role that people and company culture play in closing the customer experience gap.

The overarching idea behind this book is that the path to profitability is learning how to build a strong emotional connection with customers through understanding their wants and needs. Through that understanding and commitment, your company creates a meaningful differentiation, which leads to customer loyalty, which in turn leads to profits (see Diagram 2). Fundamental to CEM thinking is the rejection of the “efficiency model” of business—the dedication to driving costs down. Of course, every business should strive to minimize inefficiency, but in the end, profits are created by understanding customers and meeting their needs better than competitors.

**Diagram 2**  
**The CEM Road to Higher Profits**



Advocates of CEM realize there are levels of customer experience. Hotels, airlines, car rental companies, and financial services are just a few industries that offer different levels of customer experience. The key is to understand the experience that makes your customers feel good about themselves when they engage with you. At one time, ATM machines seemed like a lesser experience than a face-to-face experience with bank employees. Shopping online for books seemed like a lesser experience than going to a local book store. As it turns out, ATM machines and online shopping are more efficient for the seller and a better experience for the customer. Many of the articles in this book show you how companies like yours are building experiences that connect strongly with customers and are still efficient.

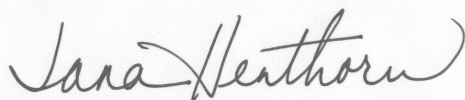
We are indebted to the dozens of authors whose work is presented in the following pages. They have been willing to share their thoughts and experiences with all of us to help grow CEM into the business concept and practice that will provide benefits for companies and all of their stakeholders.



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