

## **Is Customer Experience Relevant in a Recession?** *Only if you remember why it mattered in the first place.*

By Lior Arussy. Posted in CRM Magazine Apr 1, 2009

In this difficult financial atmosphere, organizations are no doubt questioning the value of customer experience. Critics claim that price is all that matters now. “Forget the experience,” they say. “Customers are looking for the lowest price and will sacrifice everything else to obtain it.”

As we find ourselves doubting the relevance of customer experience, it might be helpful to recall our pre-recession view: Why’d we ever focus on customer experience to begin with? So let’s refresh our collective memory, assessing the trends that expanded the interest—and investment—in the customer experience.

**Commoditization of products and services:** Core products and services were perceived as commodities, forcing organizations to seek new ways to innovate their value proposition, and to differentiate themselves.

**Heightened competition:** Competitors were catching up, and you needed to move the needle to even be in the game, let alone have a hope of winning.

**Customer impatience:** Customers developed a more refined taste and demanded more for their money. They made sure you earned every dollar through greater value.

**Holistic problem-solving:** Realizing that customers face challenges that our existing products and services could never satisfy, we expanded to address those needs.

**Attitude sustainability:** Customers demanded respect and that we treat them like human beings. They wanted to do business with people, not bureaucrats.

**Value awareness:** Customers refused to be taken for granted and perpetually demanded to receive fresh value.

**Personalization:** Customers wanted a solution that fits their needs, and often refuse to conform themselves to the company’s product or business model.

Those drivers underpinned any focus on customer experience, and a careful review reveals a harsh reality: None of them have changed. They’re all still relevant in difficult economic times—some of them even more so. We face a world in which customers have grown more price-sensitive, and they’ve grown more brazen in their demands. As a result, it’s more important than ever that we deliver on the promise of the customer experience if we want to differentiate ourselves within an overcrowded market.

So what has changed? Something quite fundamental: In the past, customer experience was a positive differentiator—used as a means to command premium prices, generate

long-term loyalty, and drive growth. Today, customer experience is no more than a value defender—a way to retain customers, reduce churn, and control customer attrition.

Still, in economic times such as these, abandoning a dedication to customer experience is a risky move. In addition to reducing value, you'll be jeopardizing all the loyalty equity you've built through years of investment. Difficult times will test the strength of any kind of relationship, and the one between you and your customer is no different. If your customer sees you skimping on the customer experience now, she'll question your sincerity and honesty. She'll understand that your commitment to the relationship was shallow and not long-term. As such, she'll apply the same logic and seek the cheaper price.

I always believed that companies seeking to improve their value by minimizing investment in customer experience were accelerating the commoditization of their own products. Whatever hard truth led you to commit to customer experience in the first place is unlikely to have changed. If anything, those factors have only grown in importance. Your customers need to have a compelling reason to choose to do business with you—and to continue to do business with you after that. Price is a cheap, unsustainable motivator for customer retention. Customer experience is the quality product.