

Barnes and Noble Tops Customer Experience List

Only 11 percent of companies were considered "excellent" in Forrester's second annual Customer Experience Index (CxPi) Rankings.

By Jessica Tsai

Maybe you can judge a book by its cover: According to the recently published initial findings of Forrester Research's "Customer Experience Index, 2008" series, bookseller Barnes and Noble is the nation's top company in terms of customer satisfaction. Additionally, though there were no significantly unexpected shifts in the results compared to last year, banks made the largest improvement, improving their results by seven percentage points.

Forrester utilized an online survey to query American consumers about companies ranging from retailers to insurance providers to wireless service providers. Scoring centered around three criteria, with 4,564 consumers in the United States asked the following questions with regard to their "recent interactions with these firms":

- * Useful: How effective were they at meeting your needs?
- * Easy to work with: How easy was it to work with these firms?
- * Enjoyable: How enjoyable were the interactions?

The following companies comprise this year's top finishers:

- * Barnes and Noble (92 percent);
- * United Services Automobile Association's (USAA) credit card (91 percent);
- * Borders, Amazon.com, Costco Wholesale, Hampton Inn/Suites (tied for 88 percent)

"It's interesting that Costco was tied for third this year -- it was first last year," notes Bruce Temkin, Forrester's vice president and principal analyst for customer experience. "To me, that's not a drop, just some shifting around." The fact that Costco continues to score high, Temkin adds, is noteworthy in and of itself: "At the end of the day, you don't need to provide a Disney-like experience to do well. You just need to have a clear value proposition that you deliver on consistently."

USAA's second-place finish helped credit-card providers defy assumptions of delivering a poor customer experience. (In the top 50, American Express came in at number 27 and Discover at 37.) "Credit-card providers don't need to be the bad guy," Temkin says. "Everyone thinks they have to be, [but] they snuck in there." Temkin further commends the credit-card companies given the timing of the surveys.

September and October -- the period during which the surveys were conducted -- were perhaps the most tumultuous months this recession had

yet seen. But while massive mergers and acquisitions may have rattle consumers, banks were working to smooth the transition. (See "Financial Frenzy," from CRM magazine's December 2008 Insight section.) Still, the perks of consolidation -- such as interoperable ATMs -- haven't been in place long enough to get the credit, Temkin says. Instead, the survey findings reflect initiatives that have been a long time coming. "It reflects large-scale fundamental efforts large banks have put on customer experience in the last couple of years," he says.

The verticals that occupied the bottom of last year's list remain in the cellar -- but with scores that have slipped even further:

- * Internet service providers (59 percent, down from 62 percent in 2007);
- * TV service providers (52 percent, down from 60 percent); and
- * Health insurance plans (51 percent, down from 54 percent).

If the current economic climate hasn't provided enough motivation for companies to reevaluate their current strategies and get out of their ruts, Temkin says, it's difficult to imagine what will. "If not now, when? If not you, who?" he asks.

One thing's for sure, Temkin adds: "You can't advertise your way out of a bad experience." In fact, that effort often only serves to exacerbate an existing problem. "If you raise a customer expectation in advertising and don't deliver in the interaction, you're more likely to drive negative satisfaction," Temkin says. "It's one thing if you deliver a bad experience, it's another if you advertise like you're going to deliver a good one and you deliver a bad one because you're raising expectations."

To improve the customer experience, companies must focus on two fundamental groups, he says: customers and employees. The two are heavily linked, he adds, warning companies to abide by a basic rule of thumb: "You should never advertise something that your employees don't believe to be the case."