CEM: Increasing productivity through the management and monitoring of experiences provided to customers

Adriana Arineli and Heitor Luiz Murat de Meirelles Quintella

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Abstract: Dealing with intangible and so subtle experience is unusual and a huge challenge for management that is not used to measure what has no numbers, but maybe they need to see beyond the obvious and accessible statistics. Recently, several studies point to the importance of customer experience management (CEM). However, if the CEM is a strategy to focus on operations and processes of a business around the customers’ experiences with the company, it is essential to seek grants to structure it and find out its effectiveness. This study examines the issues involved in offering superior customer experiences on fashion retail stores in Brazil, identifying the relation between productivity and CEM. Through a research with managers of three important Brazilian clothing retail chains, it was possible to analyze the aspects that impact on the customer experience and their relevance. A questionnaire was applied to evaluate 23 variables that make up the experience of the customer and their impact on increasing productivity. Some statistical techniques were used for data processing and it was possible to realize that only 4 of the 23 items were not relevant for customer experience.

ABOUT THE AUTHORS

This study is part of the HTFC: Human and Technologic Factors of the Competitiveness, conducted at the Universidade Federal Fluminense (Quintella, 1997).

Adriana Arineli is the director of Experiência Consultoria (www.experiencia.com) and a consultant with extensive experience in consultant projects and strategic programs. Nowadays, she is a doctoral student in project/business management at Universidad Internacional Iberoamericana. She holds a MSc in Management Systems, MBA in Organizations and Strategy, MBA in Quality with emphasis in Business Management, all at Universidade Federal Fluminense (UFF) with international extensions in Italy (Università di Padova) and Germany (Universität Tübingen and Hochschule Reutlingen). She has extensive experience in strategic consulting, and has starred in several national and multinational companies. Invited professor at FGV since 2008, she regularly teaches in several postgraduate courses and MBAs of the institution, including the Fashion Business postgraduation, as a teacher of two subjects, since its inception. The course is in its eighth edition. She also has in her academic record, participation in projects at universities ESPM and IBMEC.

PUBLIC INTEREST STATEMENT

The modern world brings a lot of challenges in our way of living and relating. Peculiar characteristics of modern man, generate the need to reflect the impact of these changes throughout society. Schools, private institutions, governments, and social life are being rapidly affected by the speed of change in behavior, communication, and satisfaction of desires and needs. This study examines how the environment of retail fashion companies must accompany such changes to increase productivity and generate satisfaction. A new style of life and a different approach of the act of buying must be observed as a goal for the institutions that want longer lives and higher level of satisfaction of their customers.
It can be concluded that CEM is effective in increasing productivity and can be used as a guideline matrix management in decision-making to promote superior customer experiences. Specific characteristics of each segment suggest different impacts in every aspect. Therefore, it is crucial that each segment review its own variables that will structure the CEM. Even assuming that it is defiant see beyond the obvious, maybe this is the necessary opportunity to create real competitive advantage and longevity for companies that want to stand out and be successful over time.

Subjects: Research Methods in Management; Retail Marketing; Strategic Management

Keywords: customer experience management; productivity; retail management; critical success factors, Brazilian fashion retail

1. Introduction

The customer experience management (CEM) becomes an essential tool for management, structuring the experiences offered to the customers. Even when companies assume that consumer experience is a crucial point in business, they usually do not realize that the customer participation in the buying process goes beyond the barriers of management and is placed in the center of the company. Instead of remaining a passive recipient of influences, customer is an active decision-maker who seeks value and quality. The adoption of CEM can create a competitive advantage difficult to match.

For Schmitt (2003), there are phenomena of sale that can only be explained by the value of the experience offered to the consumer. Grewal, Levy, and Kumar (2009) argue that given the current economic environment and the competitive retail environment, the customer experience should be the focus of companies that want to compete effectively.

Leavy and Moitra (2006) argues that relationships are evolving from focus on product and business to focus on customer and experience. For Prahalad and Ramaswamy (2004), winning strategies are those which satisfy its customers through the design of the experience. As Kotler (1998) states, manage customer experiences across all customer’s touch points with the brand is a need, Berry (2004) suggests that companies should institute audit systems of experience.

Retailers realized the importance of promoting positive experience to their customers. However, efforts to adopt a management system capable of monitoring the requirements of experiences provided are still incipient, which shows a gap in the subject.

2. Why manage and monitor the experience

Recent studies point to the importance of focusing on consumer experience.

Bolton, Gustafsson, Kennedy, Sirianni, and Tse (2014), for example, argue that marketers have focused too little energy on designing a customer journey that improves the entire customer experience. There is no problem in seeking continuous improvement in service quality and customer satisfaction, they are a need to competitiveness but performance levels and service offerings become too similar within an industry. Price is the only competitive weapon that remains. However, it is recommended to go through the models and concentrate on small details that can make big differences between companies.

Another recent study, by Klaus and Maklan (2013), shows that “defining and improving customer experience is a growing priority for market research because experience is replacing quality as the competitive battleground for marketing.” They also say that experience is more important than satisfaction when it comes to customer loyalty and word-of-mouth.
To Pine and Gilmore (1998), the experience is not an amorphous construct, but a real offer that may raise competitive advantages. For the authors, creating a differential in customer experience can generate the progression of economic value, as illustrated in Figure 1.

Pine and Gilmore (1998) argue that providing an experience is not just selling a product or service, but a complex mix of feelings, sensations, and emotions. The experience must, therefore, be understood as such and structured with the same intensity in which products and services are designed.

Smith et al. (2006), assuming that consumers are looking for pleasant experiences, question how, when, where, and how often we can create pleasant experiences and repeat them. Palmer (2010) states that managers seeking sustainable competitive advantages need to think how they will develop a flow of experiences over time. That can be the new challenge for marketing.

Botha and Renseburg (2010) affirm that ensuring exceptional customer experience is vital for a company. Therefore, it is necessary to define a model that integrates traditional approaches to process improvements, to the design of the CEM. For the authors, over the years, many studies have pointed to the importance of customer satisfaction as a way to generate profit, while other studies stated that customer satisfaction creates loyalty to a brand, but few results are compared between these two issues, which are obvious and intrinsically related.

Since customers share the retail environment, there is a need for a compatibilized management that involves and attracts similar customers and manage the ambience to promote interactions that bring satisfaction.

Schmitt (2003) defined CEM as a strategic process of managing the customer experience with the company, which represents the discipline, methodology and/or processes used to manage channel exposure, interaction and transaction with a company, product, brand, or service. The market still assumes that the client is rational, in other words, it assumes that the customer processes all the information he receives, as the features and benefits of the product. However, in a world where differences in price and quality among competitors are minimal, it is necessary to expand the organizational thinking and really add valuable value to customers. Feel, see, touch, and hear are sensations that have much more impact than the traditional product presentation. The experiential marketing assumes that the client is not only rational, but also emotional.

According to Botha and Renseburg (2010), the service process at the store has a significant impact on customer experience. For Blackwell, Miniard, and Engel (2005), the influences of the purchasing environment can shape consumer behavior.

According to Lindstrom (2004), sensory branding is the solution for differentiation of a brand, creating a strong connection with their consumers. To achieve its goals, the sensory appeal must be unique for each brand and become habitual. Almost all aspects of the sensory appeal of a trademark

Figure 1. Progress of economic value.

Source: Pine and Gilmore (1998, p. 98).
can be registered and reaffirm the brand through components such as smell, sound, touch, taste, and shape.

Many resources involving the five senses are currently used as a way to attract and perpetuate the consumer contact in a store. One of the appeals of the sensory branding widely used by retail brands is the smell, which is the olfactory mark of a company (Lindstrom, 2004). Strugnell and Jones (1999) state that visual and auditory stimuli pass through the cerebral cortex. Olfactory messages, however, escape the emotional control.

Verhoef and Lemon (2013) also reinforce that a strong customer experience can foster customer loyalty. They, as Lindstrom (2004), argue that these experiences can be shaped by sensory, affective, intellectual, and behavioral experiences.

With this more holistic view of the customer experience in mind, we must consider a new conceptual model of the customer experience, considering various determinants of this experience.

3. Problem and methodology
This study discusses the relationship between the management of the aspects that make up the customer experience and increase productivity. The hypothesis was then tested and defined.

H1: The CEM is effective in increasing the productivity of retail fashion clothing stores.

Data collection took as universe three Brazilian fashion brand companies with own stores, high representation throughout the national territory (including franchises, besides their own stores), serving class A women aged between 20 and 50 years. The three companies are leaders in their market, with all features relevant to this study fulfilled because they work with many elements involved in the CEM, as strong job branding, sensory branding, active participation in fashion events, social media, and active pursuit of its strategic positioning in the market. The companies were not identified separately.

Seeking greater assertiveness in the results, since there is a small number of brands involved, 10 managers from each of the companies (commercial and marketing area) were selected, totaling 30 managers. The 10 managers responded to the questionnaire. The rate of return is not representative of all managers.

The field research was conducted through a survey, using an adaptation of the SERVPERF instrument (Cronin & Taylor, 1992) that analyzes the five dimensions of quality and the 22 declarations of qualities of services that had been adapted, composing 23 questions. The survey was designed to be self-filled, with fixed questions, and five choices of predetermined responses, using a Likert (Lakatos & Marconi, 2003) five-point scale from “strongly agree” to “strongly disagree.” The survey included the following questions to research the customer experience (Table 1):

Some statistical techniques were used for data processing. Categorical data obtained from the survey items, using the Likert scale (1932), were statistically analyzed using percentage frequencies. The scores obtained for all respondents were statistically analyzed by means of statistical parameters: mean, standard deviation, maximum and minimum, median, and interquartile range values with the aim of describing the behavior of variables of the 23 items in the survey. The questions were also rated on a scale ranging from “complete agreement” to “complete disagreement.” The total agreement is related to a higher score (1.00) and total disagreement is related to lower scores (0.00). Paraconsistent logic was used to assist in decision-making, allowing to manipulate concepts of uncertainty and inconsistency in a logical way. The analyses were performed from the SERVPERF survey to create a Cartesian graph and to check the consistency of the hypothesis from two possible variables (1.2) to a proposition. The notation 1 represents the degree of belief or sure and 2
represents the degree of uncertainty or disbelief. The relative importance of the items of SERVPERF was evaluated by the ordering of items according to the average and it was categorized using the schema of five numbers (Tukey, 1977)—in low, moderate, good, and high importance scores.

We cannot assure that the data obtained through the questionnaires reflect reality, since the rate of return is not representative of the universe.

This methodology was applied to the questions linked to H1 to verify the key issues, validating or not the hypothesis:

- Do the elements of the customer experience influence in increasing productivity?
- Which are the most important elements to customers?

4. Found results and analysis
It is concluded, according to the analysis, that I7 (A shop with many vendors offering a more personalized service), I11 (Integrating transport facilitates access to the client), I22 (The price is the main instrument for the company), and I23 (sales promotion should exist throughout the year) were considered of little importance in the set of all items.
4.1. Frequency analysis

Table 2 shows the proportion of respondents, by response category, in each of the evaluated items for which there was at least 60% of respondents in agreement (“totally agree” attached to “partially agree”) with contents mentioned in the item. The following items, illustrated in Figure 2, have obtained a degree of positive correlation:

It can be seen that items 16, 9, 6, and 3 showed high level of agreement, while item 17 was considered positive by unanimity.

Some items answered as “not agree nor disagree” showed neutrality. Item 10, despite having obtained 40% agreement, obtained 40% of indecision; thus, neutralizing the trend toward the agreement. Item 21 resembles to item 10 in trend terms, as it seems to be accepted positively with respect to agreement (there was 40% of agreement). However, the percentage of disagreement added to 30% of percentage of indecision, also counteract the trend. Items 7, 11, 22, and 23 had at least 50% of respondents in partial or total disagreement. According to the opinion of the respondents, these items do not contribute positively to the scale of measurement.

4.2. Scores

Overpast the frequency vision of scale for the items, it is possible to analyze the scores received by items on the set of respondents. The metric used is associated with the ordinal scale cited before (Likert scale of five points): integers from 1 to 5, which represent the path of disagreement to agreement.

| Items | n  | Mean score | Standard deviation | Minimum | Maximum | Median | Interquartile range* |
|-------|----|------------|--------------------|---------|---------|--------|----------------------|
| 1     | 10 | 4.6        | 0.516              | 4       | 5       | 5.1    | 1                    |
| 2     | 10 | 4.1        | 1.370              | 1       | 5       | 5      | 2                    |
| 3     | 10 | 4.8        | 0.422              | 4       | 5       | 5      | 0                    |
| 4     | 10 | 4.4        | 0.517              | 4       | 5       | 4      | 1                    |
| 5     | 10 | 4.5        | 0.850              | 3       | 5       | 5      | 1                    |
| 6     | 10 | 4.9        | 0.316              | 4       | 5       | 5      | 0                    |
| 7     | 10 | 2.9        | 1.449              | 1       | 5       | 2      | 2                    |
| 8     | 10 | 4.6        | 0.669              | 3       | 5       | 5      | 0                    |
| 9     | 10 | 4.9        | 0.316              | 4       | 5       | 5      | 0                    |
| 10    | 10 | 3.4        | 1.075              | 2       | 5       | 3      | 1                    |
| 11    | 10 | 2.5        | 1.354              | 1       | 5       | 2.5    | 2                    |
| 12    | 10 | 4.3        | 0.675              | 3       | 5       | 4      | 1                    |
| 13    | 10 | 4.7        | 0.483              | 4       | 5       | 5      | 1                    |
| 14    | 10 | 3.8        | 1.398              | 1       | 5       | 4      | 2                    |
| 15    | 10 | 4.1        | 1.101              | 2       | 5       | 4.5    | 2                    |
| 16    | 10 | 4.8        | 0.623              | 3       | 5       | 4      | 1                    |
| 17    | 10 | 5          | 0.129              | 0       | 5       | 5      | 0                    |
| 18    | 10 | 3.8        | 1.229              | 2       | 5       | 5      | 2                    |
| 19    | 10 | 3.7        | 1.337              | 1       | 5       | 4      | 1                    |
| 20    | 10 | 4.5        | 0.527              | 4       | 5       | 4.5    | 3                    |
| 21    | 10 | 3.3        | 1.636              | 1       | 5       | 3      | 3                    |
| 22    | 10 | 1.6        | 0.699              | 1       | 3       | 1.5    | 1                    |
| 23    | 10 | 2          | 1.414              | 1       | 5       | 1.5    | 1                    |

*Based on Tukey.
Source: Author.
Figure 2. Results of items in agreement.

Source: Author.

Figure 3. Paraconsistent logic.

Source: Author.
Table 3. General classification of items

| Item | Importance | Agreement | Paraconsistent logic |
|------|------------|-----------|----------------------|
|      | Moderate importance | Good importance | High importance | Complete agreement | Partial agreement | Degrees of belief | Degrees of disbelief | True |
| 1    | 4.6        | 60        | 0.900 | 0.100 | t |
| 2    | 4.1        | 60        | 0.775 | 0.225 | t |
| 3    | 4.8        | 80        | 0.950 | 0.050 | t |
| 4    | 4.4        | 40        | 0.850 | 0.150 | t |
| 5    | 4.5        | 70        | 0.875 | 0.125 | t |
| 6    | 4.9        | 90        | 0.975 | 0.025 | t |
| 8    | 4.6        | 70        | 0.900 | 0.100 | t |
| 9    | 4.9        | 90        | 0.975 | 0.025 | t |
| 10   | 3.4        | 60        | 0.600 | 0.400 | At--t |
| 12   | 4.3        | 40        | 0.825 | 0.175 | V |
| 13   | 4.7        | 70        | 0.925 | 0.075 | V |
| 14   | 3.8        | 40        | 0.700 | 0.300 | At--t |
| 15   | 4.1        | 50        | 0.775 | 0.225 | t |
| 16   | 4.8        | 90        | 0.950 | 0.050 | t |
| 17   | 5.0        | 100       | 1.000 | 0.000 | t |
| 18   | 3.8        | 40        | 0.700 | 0.300 | At--t |
| 19   | 3.7        | 30        | 0.675 | 0.325 | At--t |
| 20   | 4.5        | 50        | 0.875 | 0.125 | t |
| 21   | 3.3        | 50        | 0.575 | 0.425 | At--t |

Source: Author.

agreement, with 1 being “total disagreement” and 5 “total agreement” with the contents of the item. Table 2 presents the statistical description of each item through the main statistical parameters.

After evaluation, the scores received and identify the score of the responses of the items, it can be concluded, based on the median, that items 7, 11, 22, and 23 were not significant, items 10 and 11 also, while the remaining items showed greater significance.

4.3. Paraconsistent logic
The classification of items by degrees of belief and disbelief, represented in the graph (Figure 3), shows the items on a scale from true to false. In conclusion, according to the analysis, items 7, 11, and 23 were considered “almost false” in the set of all items. One can also note that items 10, 14, 18, 19, and 21 were considered “almost true” while items 1, 2, 3, 4, 5, 6, 8, 9, 12, 13, 15, 16, 17, and 20 were considered as “true.” In terms of agreement, items 6, 9, and 16 showed a high level of agreement, while item 17 was considered positive by unanimity.

5. Conclusion
There was no significant discrepancy between the methods. Table 3 identifies all of the statistical methods used, summarizing the overall importance of the survey items.

According to the data analysis, the importance of the items is quite significant for increasing productivity, as the items exhibit a high percentage of significance in the universe studied.

Responding to H1: The CEM is effective in increasing the productivity of retail clothing stores. As the key question 1, the elements of the experience influence in increasing productivity. Regarding
the key question 2, on the most significant elements, it follows that items 7, 11, 22, and 23 are not relevant to increase productivity, while other items are, as shown in Table 4.

The originality and usefulness of this work was to use the Extended Marketing Mix, one of the fundamental concepts of marketing, as background to structure the CEM. Few studies on the subject are available, especially those that go beyond concepts and propose application tools for the CEM.

Despite the fact that a structure cannot be generalized through this study, due to its low sampling and consequent conclusions, there is evidence from the strength of the data obtained, that the particularities of each retail segment will determine the amount of items to be managed. It can be concluded that the dynamics of the CEM should be managed considering particularities of the target audience, the segment that will be impacted, and the relevance of the different aspects and dimensions.

It is necessary to scale the real power of the experiences. Positive experiences, even if they do not result in immediate sales, contribute significantly to the consolidation of the brand, which is a key asset in the competitive landscape in which retail businesses are placed. The physical store, the ambience, and the sensations must be in synergy with the brand to create more lasting relationships, pleasurable experiences and, in addition, to make tangible brand values.

Companies seeking sustainability in business and customer loyalty should understand that management must manage customer experiences by creating and strategically structuring a design experience that can be replicated as a way to add value and show significant differences from the point of view of the consumer.

The value of the brand, built and reinforced until now, solely by the marketing department of the company, shall be printed on its “DNA” and must be passed through the upper management and involve all levels. The CEM assumes a more comprehensive and cohesive involvement in company management to prevent, in isolated and disconnected actions, the wrong message compromise the branding.

It is right to say that the maxim “the customer is always right” is reinvented through the CEM and breaks the paradigm of the clear division: on one hand, the client, on the other, the company. The CEM highlights the legitimate host and assumes the role of protagonist for client in another way, without conflict between their interests and the purposes of the firm. It is a set (client and company) working to promote happy experiences to consumers and to generate significant productivity gains for the company.

Investing in CEM may seem unusual because we live in a world where talking about subtle and intangible aspects of the experience is still an obscure challenge to management. Measure what does not have obvious, accessible numbers, and statistics, can be scary or revealing, depends on the legitimate desire to achieve competitive advantages that accompany the life of contemporary man in all its complexity.
Finally, it is important to highlight that it is recommended that further studies deepen the model proposed in this study, combining aspects of the Marketing Mix Extended at CEM, as a way to bring significant contributions to retail. Also more significant sampling and direct approach with consumers would certainly bring a lot of value to the topic and consolidate important concepts for CEM. The analysis in other retail segments would be another significant contribution to the subject.

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**Author details**
Adriana Arineli
E-mail: adriana@experiencia.com
Heitor Luiz Murat de Meirelles Quintella
E-mail: heitor.quintella@gmail.com

**ORCID ID:** http://orcid.org/0000-0003-4723-7649
1 Laboratório de Tecnologia, Gestão de Negócios e Meio Ambiente (LATEC), Universidade Federal Fluminense, R. Passo da Patria156/329-A, Niterói-RJ 24001-970, Brazil.

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