White Paper

A deep understanding of touchpoints can improve customer experiences, strengthen relationships, and boost your bottom line.

mcorp cx

Understanding Touchpoints and Your Customer Relationship Lifecycle

How Touchpoint Mapping® can help you increase acquisition, boost retention, and drive brand loyalty by moving more of the right customers closer to your organization.

Overview: Improving the quality of customer relationships

What marketers can learn through a deep understanding of touchpoints and how they impact their company's unique customer relationship lifecycle.

Key Issues:

1. What are the most effective ways for organizations to drive key audiences closer and boost advocacy?

2. How do organizations emphasize and sequence touchpoints to increase customer acquisition and retention?

3. How can a better understanding of the customer relationship lifecycle increase the efficacy and ROI of brand, marketing, sales, and customer experience initiatives?

Every organization has stakeholder relationships that impact performance and are key to achieving goals. These relationships can include customers (both current and prospective), employees, suppliers, partners, media, investors, government, and others.

While some organizations struggle with customer churn and low growth, others seem to naturally draw their key audience groups closer—cementing loyalty, driving retention and word-of-mouth referrals, and enjoying consistent growth year after year.

These organizations have a steady supply of new customers; attract and retain the best employees; develop beneficial, long-term partnerships with suppliers; are media darlings; have positive and constructive relationships with their investors; and have a productive relationship with governmental agencies and officials.

How do they do it? In this white paper, we'll show you how.

Understanding the relationship between your customers, your touchpoints, and your relationship lifecycle

An explosion in the number of touchpoints has greatly increased the complexity of customer relationships

The constantly changing space between you and your customers is comprised of those places where you "touch" or interact with your customers. These interactions are the foundation of customer experiences and relationships. In terms of perception, your organization is the sum of your touchpoints.

Touchpoints are all the interactions that your company's audiences experience over their relationship with your company. Digital, human, or static—the number of these touchpoints is increasing exponentially, with digital leading the pack.

Fueled by always-on, digitally connected customers; personalization; and customization, the fragmented nature of today's omnichannel experiences makes it even more difficult for marketers to effectively track their company's interactions with key audiences.

Focusing on the "right" customers

This increase in touchpoints makes acquiring and retaining customers more complex—and more important—than ever. And as this complexity increases, the time, expense, and skill required of companies selling to and serving these customers increases as well.

Static, human, and digital touchpoints define your brand and drive your customer experience.

Touchpoints occur every time customers come into contact with or 'touch' your brand and anything associated with it. Individually, sequentially, and in groups, these touchpoints define the landscape between the customer's world and yours.
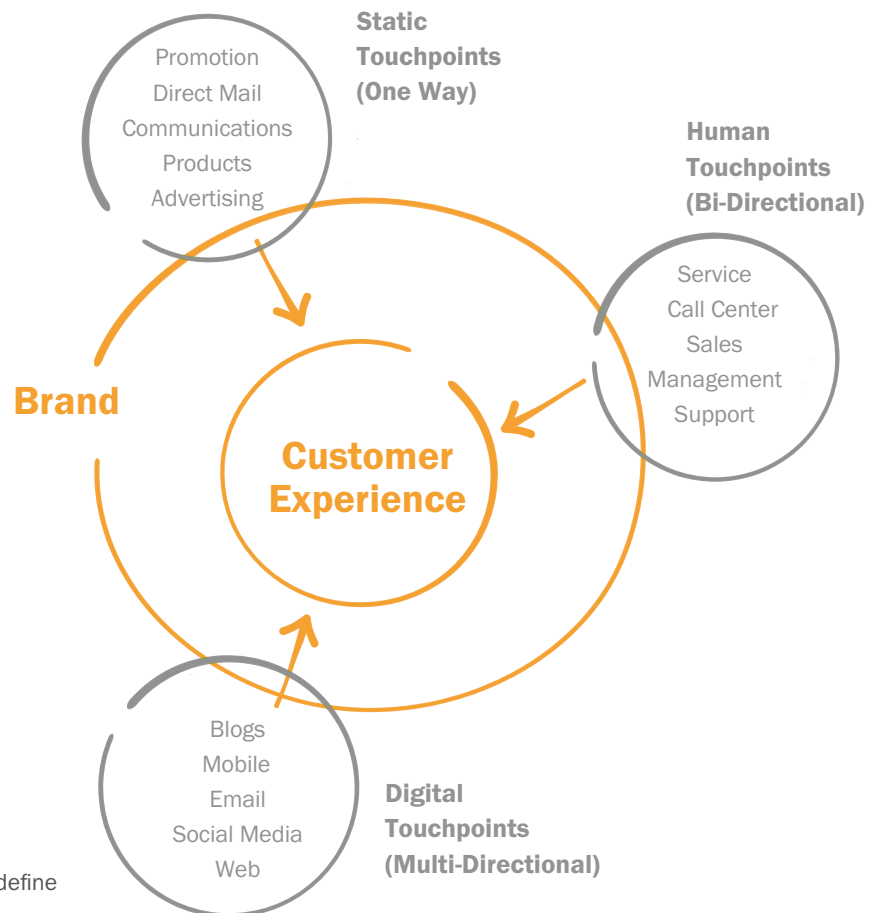
At the same time, customer experience is more involved and important than ever—fueling acquisition, driving word-of-mouth referrals, and ensuring retention of the right customers (or pushing them away).

The first step towards moving audiences closer to your organization is to understand where and how each experience influences your success. Companies that understand and systematically review the unique journey of each customer segment enjoy higher loyalty, stronger brands, and more profitable relationships.

These companies have another secret as well. They monitor and improve the touchpoints that customers encounter as they interact with their company, improving experience along the way.

Touchpoints:

All the physical and communication interactions (static, human, and digital) your customers experience during their relationship with your company.

Static Touchpoints (One Way): Promotion, Direct Mail, Communications, Products, Advertising

Human Touchpoints (Bi-Directional): Service, Call Center, Sales, Management, Support

Digital Touchpoints (Multi-Directional): Blogs, Mobile, Email, Social Media, Web

Brand — Customer Experience

Touchpoints encountered through your lifecycle define the territory where your customers and organization interact.

Utilize touchpoints as marketing and customer relationship levers

Every point of contact or communication between your organization and your customers—online and off, in-person or not—is a touchpoint. And touchpoints are crucial in driving customers through the lifecycle. They also shape customer attitudes (like dissatisfaction, satisfaction, loyalty, and advocacy).

Ranging from brand, marketing, and call centers to web sites, point-of-purchase, sales tools, and more, each and every touchpoint drives audience perceptions, actions, and relationships—both positive and negative. Simply put, effective touchpoints move customers closer to your organization. Ineffective touchpoints push customers away.

Consciously guiding customers to and through your touchpoints while using them as levers to influence perception and action results in increased engagement as customers are drawn through the lifecycle, ever closer to your company.

Understand and capitalize on your customer relationship lifecycle

With revenue as a driver, most companies focus primarily on their customers. Those they have, those they want, and those they don't want. The better you understand the importance and characteristics of your unique customer lifecycle, the easier it is for you to increase the effectiveness of branding, marketing, and customer experience investments, while driving the right customers closer.

Every customer relationship begins with discovery—the first of the five stages that make up the lifecycle. Progress through these stages is often sequential, but an individual may skip stages or even reverse to prior stages. And while the stages might look slightly different depending on your business, the overall lifecycle is usually consistent.

Understanding your lifecycle and the sequence of touchpoints encountered along the way, will drive more of the right customers closer to your company

Simply put, customer wants and needs drive their actions throughout the lifecycle. At the same time, barriers to this progression exist that affect perception and customer experience. When properly planned, implemented, and sequenced, your touchpoints have the power to remove these barriers and effectively address customer wants and needs.

In each stage of the lifecycle, you have the opportunity to meet these needs. Or you can leave them unfulfilled, unwittingly erecting barriers to progress along the way.

Through a deep understanding of the lifecycle unique to your organization, as well as the touchpoints encountered as your customers move through it, you will have the framework for moving customers closer—increasing awareness, retention and profitability as a result.
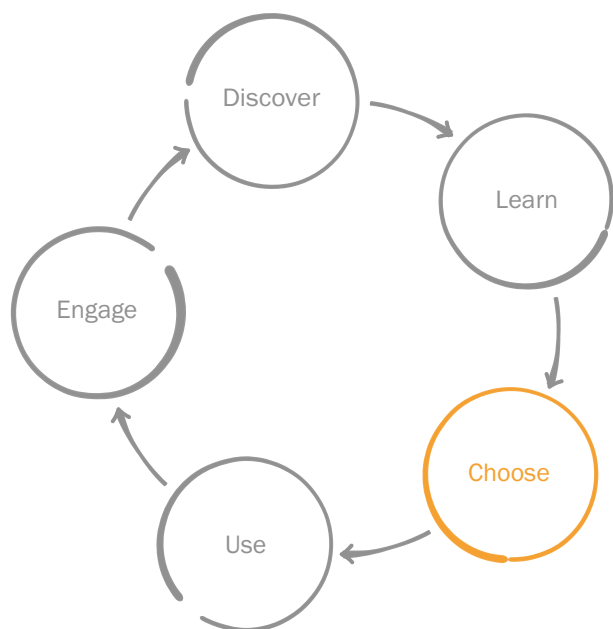
The Customer Relationship Lifecycle

Companies that understand their customer relationship lifecycle constantly work to identify and improve the multiple touchpoints encountered in each stage. Looked at both individually and in groups from the perspectives of value, efficacy, function, sequence, etc., touchpoints are the key to driving more of the right customers through your lifecycle and closer to your organization.

By knowing precisely how to successfully move prospects and customers closer, the number, and quality of customers gained and retained increases dramatically.

On the following pages, we address each stage of the customer relationship lifecycle and some of the various needs, barriers, and outcomes a company may encounter as a prospect or customer moves through these stages.

While we recognize that someone is a prospect or a lead before purchase, this lifecycle continues over and over after the prospect becomes a customer. So, we use the term customer throughout for convenience.

Stage 1: Discover

In this stage, the customer realizes they have a want or need, then sets out to find a solution. Companies who want to capture this opportunity have to create awareness of their capabilities, so the customer can learn about the offering.

Barriers to Discovery

- Your organization isn't known to the customer—likely you're not visible in the right channels (poor brand recognition),

- Customers know your company but don't know or remember you offer a product in this market (poor brand recall), and

- Inability to create mindshare among the public and media (dominant competitors or poor positioning).

Strategic Considerations

- Identify and master the channels where customers are looking for information,

- Monitor perceptions of your brand within your market, and

- Know your competitors and their market position in relation to yours.

Touchpoint Insight: Discover

Where is your audience looking?
There's a tendency for companies to focus too heavily on touchpoints they directly control.

But we've seen many companies boost awareness by focusing on touchpoints they may not control but can certainly influence. Social media is a perfect example.

Listening to and engaging the market beyond your own social media properties—whether on Twitter, Pinterest, Reddit, Tumblr, or wherever—can dramatically increase your brand recognition and recall.

Even B2B companies have been increasing their presence and success on social sites that were once considered strictly B2C (like Facebook and Pinterest).

Touchpoints encompass much more than traditional marketing communications.

Stage 2: Learn

This stage is where the customer gathers knowledge about companies, products, and services that can fill their want or need.

It can be passive, where the customer absorbs information he or she is exposed to in the media and through conversation.

Or it can be active, where customers seek out specific knowledge that addresses their need, using key criteria and ideal attributes that they've identified.

Barriers to Learning

- Failing to communicate the full range of solutions that the product or service can address;

- Making the necessary information too difficult to find or access; and

- Publishing complex or confusing information that's hard to understand.

Strategic Considerations

- Know what your customers want and need in this stage, then provide pertinent information that answers questions quickly and easily; and

- Ensure that your message, benefits, and processes are clear, relevant, and believable to your audience.

Touchpoint Insight: Learn

Understand what your target is trying to learn

A non-profit needed to stand out from a sea of competitive giving opportunities, with research revealing that knowledge of the non-profit itself was very high, but that specific benefits (that is, what the non-profit accomplished with the donations) were unknown.

As a result, brand spend was shifted away from the goal of creating brand awareness and toward messaging that communicated relevant results of donor contributions to key audiences.

Stage 3: Choose

Here customers assess available solutions against their hierarchy of needs, using the information learned in Stage 2. Then they make their purchase choice.

A prospect's needs can be **practical** (such as cost, timing, and relevant expertise); **personal** (like status or relationship); and even **emotional** (such as overcoming fears or shortcomings).

It's also important to note that various non-product factors (internal and external) can often lead to a choice other than your company. Part of successfully navigating this stage is realizing that you are competing against many influences.

Barriers to Choosing Your Company

- Poor positioning, differentiation, or pricing relative to competitors;

- Brand personality or values don't reinforce ability to satisfy the customer's need;

- Poor sales process experience;

- Objections that have not been uncovered or overcome;

- Internal factors—e.g. company politics, budgets, and shifting priorities;

- External factors—e.g. the economy, pending legislation;

- Conflicting opinions from other spheres of influence;

- Indecisiveness or "no decision."

Touchpoint Insight: Choose

Understand barriers to purchase

For one commercial lender, we discovered that a key touchpoint in the selection process was the application. Yet the gap in performance between the highest-value customers and the rest was significant.

Analysis showed that loan officers filled applications out for their best customers, while lower value customers were left to their own devices. Through simplification of the application process, the number of total applications submitted increased by over 30%.

Strategic Considerations

- Understand your value proposition and effectively explain it;

- Be vigilant in uncovering customers' key criteria and hierarchy of needs, while assuring them of your ability to perform;

- Sequence marketing communications and sales materials to support the brand and address identified needs;

- Provide a consistent experience across all touchpoints, including all parts of the sales process; and

- Make sure you understand your customer's approval and evaluation procedures, including key participants.

Stage 4: Use

Once a customer has chosen your product or service, your duty is to help them understand and adopt it as part of their routine, so they can proceed to Stage 5 (Engage). In other words, you're onboarding the customer.

It's critical at this stage to ensure there's a smooth transition. Dissatisfaction can occur at any stage of the lifecycle, but you especially notice it early in the use stage.

Barriers to Use

- Mismatched expectations around capabilities, ease of use, and customer experience;

- Poor performance from the product or service itself;

- Negative support interactions, like poor communication, slow responses, and unresolved issues.

Strategic Considerations

- Emphasize touchpoints that prove the distinct value you're providing and create stickiness;

- Clearly understand customer expectations, so you don't make promises you can't keep;

- Personalize or customize service or offerings;

- Implement customer listening tools for proactive guidance and provide forums for two-way communication; and

- Identify and solve service delivery problems before they happen.

A systematic approach to managing the touchpoints that drive customer experience will increase loyalty.

Stage 5: Engage

Once your customer has acclimated to the product or service, a new lifecycle stage begins, where the focus is on getting and keeping the customer engaged.

Your customers are constantly validating their decision against ongoing and even new needs. Feelings of dissatisfaction, satisfaction, and loyalty are fluid—especially in the early parts of the post-purchase relationship.

Not only do you need to continue to reinforce your value and brand promise, but if you want to enjoy a long, stable relationship, you need to foster loyalty.

Barriers to Engagement

- Customer experience is inconsistent, flawed, or unpleasant;
- Your brand doesn't align with perceived or expected attributes and values;
- Product or service performance either declines or is perceived to decline; and
- Changes to your product or company processes adversely affect the customer's needs.

Strategic Considerations

- Recognize that good customer service is expected as a matter of course;
- Realize that satisfied customers are not necessarily loyal customers;
- Always be improving your product and services based on customer feedback;
- Understand your unique loyalty drivers and consistently deliver on them; and
- Continually measure and improve performance against key loyalty metrics.

The Touchpoint Metrics℠
that get measured will drive customer experience results.

Unlocking Advocacy and Other Economic Benefits

Many customers never even reach a state of loyalty, let alone transcend it. However, deeply loyal customers have the ability to become advocates. And advocates provide significant benefit to your business, ranging from price premiums and lower service costs to greater usage.

Advocates will actively recommend your product or service to friends and colleagues, moving prospects through early stages of the lifecycle on your behalf (typically understood as word-of-mouth marketing or "WOM").

What influences advocacy

- Having trust in your brand, company, people, and products;

- Comfort in recommending the organization, product, or service;

- Knowledge that the recommendation reflects positively on them;

- Consistent delivery against emotional (soft) customer experience drivers; and

- A highly fulfilling relationship between the customer and the organization.

How you can encourage advocacy

- Know which emotional and functional drivers are important to advocates;

- Implement customer listening tools that help identify, measure, and improve on key attributes, experiences, and metrics; and

- Understand that loyal customers are not necessarily advocates.

How to invest in customer experience more intelligently

If you're reading this whitepaper, there's a good chance your company already segments customers by value. You know what it costs to acquire different customers, how much you'll make over the life of each relationship, etc. And it probably helps you make sound budgetary decisions every day. But what if you could do even better?

Smart, customer-centric companies segment across two dimensions: value and needs. They use ongoing customer feedback data to identify wants, needs, and expectations. And these insights, in turn, inform strategic and tactical decisions like:

- How to better structure the company to serve customers;

- Which customers to serve, through which channels, and in what ways;

- Where to position, enhance, or even eliminate touchpoints; and

- What specific experiences to deliver, when, and to whom.

Putting it all together

Since touchpoints exist at every stage of the lifecycle, needs-based segmentation isn't limited to just existing customers.

Properly sequenced, touchpoints serve as "levers" that actively move customers from one lifecycle stage to the next—before and after purchase.

The key is not the number of touchpoints deployed, but their ability to align with customer needs, increase velocity through the lifecycle, and drive customers closer to your company.

Customer Attitudes and the Relationship Cycle

Understanding dissatisfaction, loyalty, and advocacy

At every stage of the lifecycle, customers are developing impressions or attitudes about your company.

Poor communication, service, and experiences cause dissatisfaction at any stage of the relationship, from Discover to Engage.

On the other hand—and this is where many companies miss the mark—customers can display loyalty and advocacy even before they make their first purchase or fully adopt the product.

So, try to always remember that *every* stage of the lifecycle is full of opportunities to bring customers closer (developing loyalty and possibly advocacy) or drive them away (creating dissatisfaction).

Once you understand that, it becomes much easier to optimize your touchpoints and forge stronger customer relationships.

Touchpoint Mapping®: How to understand your lifecycle and the sequencing and efficacy of the touchpoints in it

Few organizations have a thorough understanding of the many ways in which they interact with or "touch" their customers. This lack of understanding often extends to how these touchpoints impact the perceptions and decisions of customers and the quality of resulting relationships.

While marketers enjoy myriad strategic and tactical options, one of the greatest challenges they face is the lack of a vantage point from which to view them and analyze their cumulative effect. When these efforts are viewed through the lens of a map—a map that charts all aspects of each touchpoint in relation with a company's ability to move the prospect or customer closer—then the effects become clear.

By mapping touchpoints, you can measure how effectively your investments support overall strategies and objectives, and how well they do—or don't—meet the needs of your customers.

In conclusion

Moving customers along the customer relationship lifecycle requires a deep understanding of their specific needs, influencers, and the barriers they may face in each stage.

A commitment to understanding these motivators and barriers is where you can begin to identify the touchpoint opportunities within each stage, and actively speed progression through the lifecycle unique to your organization.

Through this in-depth understanding, you will have the knowledge to fix or eliminate underperforming touchpoints or develop new ones. You'll see how your activities can reduce cost, increase revenue, and drive loyalty over time. As a result, you will draw customers closer, improving brand awareness, customer acquisition, and retention, while solidifying your position in a crowded marketplace.

McorpCX is a leading customer experience services company delivering consulting and technology solutions to customer-centric organizations since 2002.

Our practical approach has led to measurable growth, deeper engagement, and better business outcomes for fast-growth market leaders and the Fortune 100, including Microsoft, lululemon, T. Rowe Price, and Blue Shield of California.

Whether your organization is just beginning its customer experience journey or is well down the experience transformation path, we are experts at driving customer experience transformation in an increasingly connected world.

Five steps for leveraging touchpoints to build and profit from stronger customer relationships:

1. Understand your customer relationship lifecycle

Understand the stages of your customer relationship lifecycle, by researching audience needs, influencers, and barriers to progression at each stage.

2. Improve customer experience

Map the touchpoints in each stage to gain an understanding of the experience they deliver from the customer's perceptive.

3. Optimize your touchpoints

Ensure that touchpoints address specifically identified needs, influencers, and barriers. Fix, add, or remove touchpoints as needed to meet your goals.

4. Focus marketing and customer service spend

Focus your budget on those customers and touchpoints that are most effective at driving desired results across key brand, marketing, customer experience, and business metrics.

5. Measure and improve

Continually measure your success across key metrics, analyzing, monitoring, validating, implementing, and improving the systems that drive success.

mcorp.cx

McorpCX is a leading customer experience
services company. For more than a decade,
our blend of strategic thinking and design
innovation has helped companies—from
fast-growth market leaders to the Fortune
100—transform products, services, customer
experiences, and internal processes in
exciting and profitable ways.