

CUSTOMER EXPERIENCE

From touchpoints to journeys: Seeing the world as customers do

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To maximize customer satisfaction, companies have long emphasized touchpoints. But doing so can divert attention from the more important issue: the customer's end-to-end journey.

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When most companies focus on customer experience they think about touchpoints—the individual transactions through which customers interact with parts of the business and its offerings. This is logical. It reflects organization and accountability, and is relatively easy to build into operations. Companies try to ensure that customers will be happy with the interaction when they connect with their product, customer service, sales staff, or marketing materials. But this siloed focus on individual touchpoints misses the bigger—and more important—picture: the customer’s end-to-end experience. Only by looking at the customer’s experience through his or her own eyes—along the entire journey taken—can you really begin to understand how to meaningfully improve performance.

Customer journeys include many things that happen before, during, and after the experience of a product or service. Journeys can be long, stretching across multiple channels and touchpoints, and often lasting days or weeks. Bringing a new customer on board is a classic example. Another is resolving a technical issue, upgrading a product, or helping a customer to move a service to a new home. In our research, we’ve discovered that organizations that fail to appreciate the context of these situations and manage the cross-functional, end-to-end experiences that shape the customer’s view of the business can prompt a downpour of negative consequences, from customer defection and dramatically higher call volumes to lost sales and lower employee morale. In contrast, those that provide the customer with the best experience from start to finish along the journey can expect to enhance customer satisfaction, improve sales and retention, reduce end-to-end service cost, and strengthen employee satisfaction.

This is especially true in today’s multitouchpoint, multichannel, always-on, hypercompetitive consumer markets. The explosion of potential customer interaction points—across new channels, devices, applications, and more—makes consistency of service

and experience across channels nigh impossible—unless you are managing the journey, and not simply individual touchpoints. Indeed, research we conducted in 2015 involving seven EU telecom markets found that when consumers embarked on journeys that involved multiple channels their experience was materially worse than during single-channel experiences, whether those experiences were digital or not.

The trouble with touchpoints

Consider the dilemma that executives faced at one media company. Customers were leaving at an alarming rate, few new ones were available for acquiring in its market, and even the company’s best customers were getting more expensive to retain. In economic terms, a retained customer delivered significantly greater profitability than a newly acquired customer over two years. Churn, due to pricing, technology, and programming options, was an increasingly familiar problem in this hypercompetitive market. So was retention. The common methods for keeping customers were also well known but expensive—tactics like upgrade offers and discounted rate plans, or “save desks” to intercept defectors.

So the executives looked to another lever—customer experience—to see if improvements there could halt the exodus. What they found surprised them. While the company’s overall customer-satisfaction metrics were strong, focus groups revealed that a large number of customers left because of poor service and shoddy treatment over time. “How can this be?” one executive wondered. “We’ve measured customer satisfaction for years, and our call centers, field services, and website experience each score consistently over 90 percent. Our service is great!”

As company leaders probed further, however, they discovered a more complex problem. Most customers weren’t fed up with any one phone call, field visit, or other individual service interaction—in fact, most customers didn’t much care about those singular touchpoint events. What was driving them out the

door was something the company wasn't examining or managing—the customers' cumulative experience across multiple touchpoints, multiple channels, and over time.

Take new-customer onboarding, for example, a journey that spanned about three months and involved an average of nine phone calls, a home visit from a technician, and numerous web and mail interactions. At each touchpoint, the interaction had at least a 90 percent chance of going well. But average customer satisfaction fell almost 40 percent over the course of the entire journey. The touchpoints weren't broken—but the onboarding process as a whole was.

Many of customers' numerous calls during the process represented attempts to clarify product information, fix problems with an order, or understand a confusing bill. Most of these service encounters were positive in a narrow sense—employees answered the questions or solved the issues as they arose—but the underlying problems were avoidable, the root causes left unaddressed, and the cumulative effect on customer experience was decidedly negative. The company's touchpoint-oriented, metric-driven way of thinking about customer experience had a large blind spot.

Solving the problem would be worth hundreds of millions of dollars, but the company needed a whole new way of thinking about and managing its service

operations to identify and reimagine the customer-experience journeys that mattered most.

More touchpoints, more complexity

The problem encountered by the media company is far more common than most organizations care to admit and is often difficult to spot. At the heart of the challenge is the siloed nature of service delivery and the insular cultures, behaviors, processes, and policies that flourish inside the functional groups that companies rely on to design and deliver their services. In many cases, these groups are also the keepers of the touchpoints that shape and measure how the company's activities meet the customer's—say, an in-store conversation with a sales rep, a visit to the company's website, or a query to the company's call center. Whether because of poorly aligned incentives, management inattention, or simply human nature, the functional groups that manage these touchpoints are constantly at risk of losing sight of what the customer sees (and wants)—even as the groups work hard to optimize their own contributions to the customer experience.

The media company's sales personnel, for example, were measured and rewarded for closing new sales—not for helping customers navigate a complex menu of technology and programming options to find the lowest-price offer that met their needs. Yet frustration about complex pricing for high-end equipment,

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confusion about promotions, and surprise over program lineups were all frequent causes of dissatisfaction later in the process, as well as frequent sources of queries to the company’s call centers. Executives knew that each of these discrete items was a challenge—but only when they took a broader end-to-end view did it become apparent that even though each individual link in the service-delivery chain appeared healthy, the cumulative effect was quite the opposite.

The answer isn’t to replace touchpoint management and thinking. Indeed, the expertise, efficiencies, and insights that functional groups bring to bear are important, and touchpoints will continue to represent invaluable sources of insights—particularly in the fast-changing digital arena. Instead, companies need to recognize and address the fact that—at least, in most cases—they are simply not wired to naturally think about the journeys their customers take. They are wired to maximize productivity and scale economies through functional units. They are wired for transactions, not journeys.

So how should companies tackle this issue? In our experience, six actions are critical to managing customer-experience journeys (articles elsewhere in this volume explore several of these topics in depth):

- Step back and identify the nature of the journeys customers take—from the customer’s point of view.
- Understand how customers navigate across the touchpoints as they move through the journey.
- Anticipate the customer’s needs, expectations, and desires during each part of the journey.
- Build an understanding of what is working and what is not.

- Set priorities for the most important gaps and opportunities to improve the journey.
- Come to grips with fixing root-cause issues and redesigning the journeys for a better end-to-end experience.

The amount of time it can take to identify journeys, understand performance, and redesign the experience can vary widely from company to company. For companies seeking only to fix a few glaring problems in specific journeys, top-down problem solving can be enough. But those that want to transform the overall customer experience may need a bottom-up effort to create a detailed road map for each journey, one that describes the process from start to finish and takes into account the business impact of enhancing the journey and sequencing the initiatives to do so. For many companies, combining operational, marketing and customer, and competitive-research data to understand journeys is a first-time undertaking, and it can be a long process—sometimes lasting several months. But the reward is well worth it; creating a fact base allows management to clearly see the customer’s experience and decide which aspects to prioritize.

Journeys explained

To better see how customer journeys work, let’s look at a measurable and routine service event—say, a product query—from the point of view of both the company and the customer. The company may receive millions of phone calls with questions about its product, and it is imperative to handle each of these calls well. But when customers are asked to recall their side of the experience months later, it is highly unlikely that they would describe such calls simply as a “product question.” That’s because the call has a context, and understanding it is the key to understanding customer journeys (Exhibit 1).

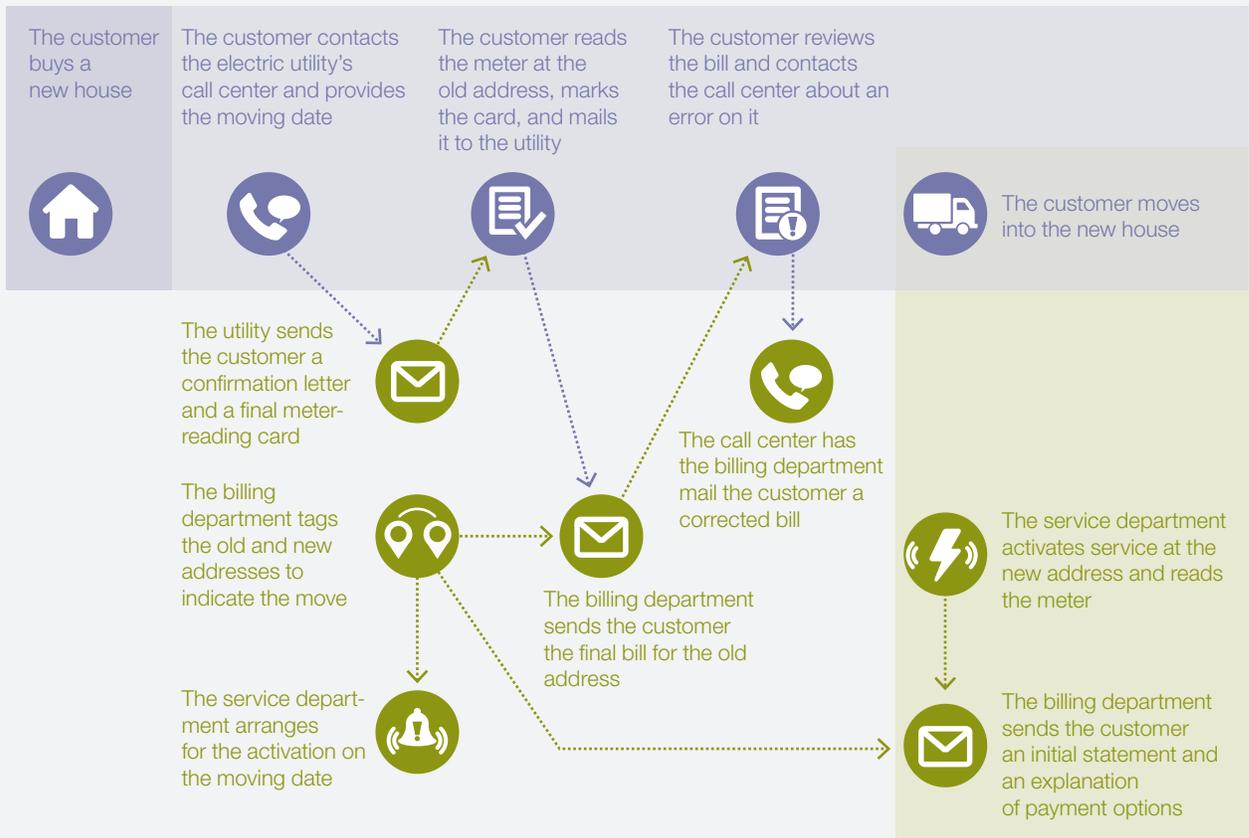
The customer might have been trying to ensure uninterrupted service after moving, for example, or was confused about renewal options at the end of a contract, or was trying to fix a nagging technical problem. A company that effectively manages its customer journeys would still do the best job it could with the individual transaction—but its agents would also understand the context for the call, address the root cause for the customer’s query, and create the feedback loops to help the company continuously improve the wide range of upstream and downstream interactions that surround (and sometimes cause)

the call. That is a broader lens than most call centers apply (see sidebar, “A customer-journey scorecard”).

Most executives we talk to readily grasp the journey concept but wonder whether perfecting journeys pays off in hard-dollar outcomes. Our research, in the form of annual cross-industry customer-experience surveys that span pay TV, retail banking, auto insurance, and other sectors, shows that it does. Companies that excel in delivering journeys tend to win in the market. In both the insurance and TV industries, for example, better performance on

Exhibit 1 An excellent customer experience must last the entire journey.

■ Customer
■ Provider



Source: McKinsey analysis

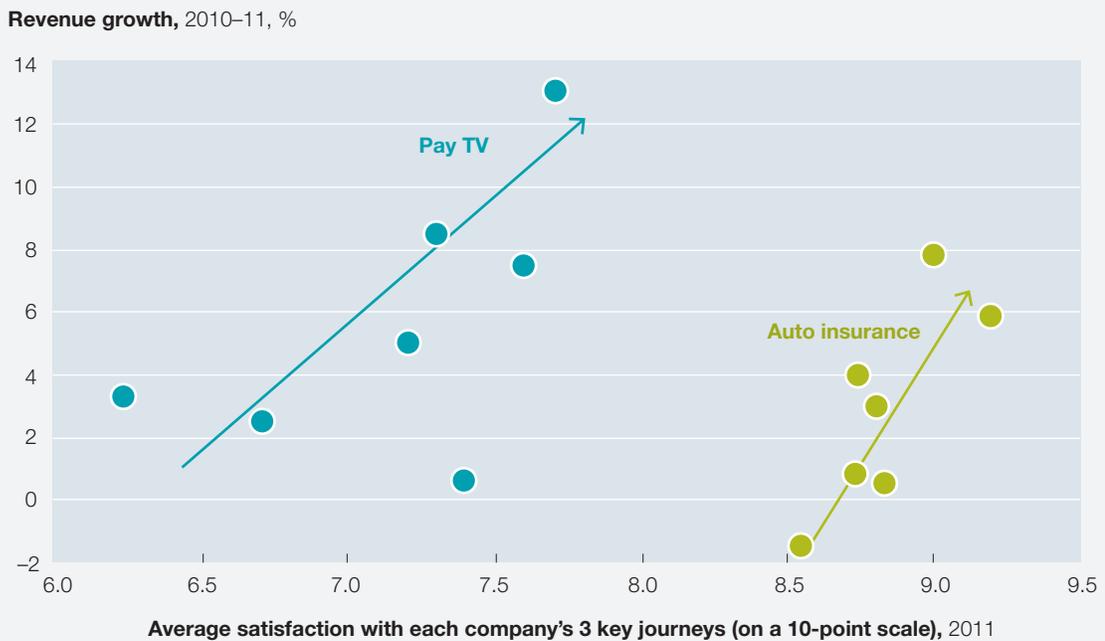
journeys correlates strongly with faster revenue growth; in fact, in measurements of customer satisfaction with the firms' most important journeys, a one-point improvement on a ten-point scale corresponds to at least a three-percentage-point increase in the revenue-growth rate (Exhibit 2).

Moreover, the companies that perform best on journeys have a more distinct competitive advantage than those that excel at touchpoints; in one of the industries we surveyed, the gap on customer satisfaction between the top- and bottom-quartile companies on journey performance was 50 percent wider than the gap between the top- and bottom-quartile companies on touchpoint performance. Put simply, most companies perform fairly well on touchpoints,

but distinctive performance on journeys can set a company apart.

Why are journeys so much more effective at driving results? For one thing, our research suggests that journeys are more predictive of desired outcomes. In most industries, the three journeys that matter most to customers account for more than 25 percent of total customer satisfaction. Indeed, across industries, performance on journeys is substantially more strongly correlated with customer satisfaction than performance on touchpoints—and performance on journeys is significantly more strongly correlated with business outcomes such as revenue, churn, and repeat purchase. In other words, delivering a distinctive journey experience makes it more likely

Exhibit 2 Higher satisfaction leads to higher revenue growth.



Source: McKinsey analysis

that customers repeat a purchase, spend more, recommend to their friends, and stay with your company (Exhibit 3).

Journeys versus touchpoints: Some practical examples

Consider the case of the local operating entity of a global insurance player. Market leadership in one of

its largest lines of business, car insurance, was under siege by both established players and new entrants. Executives knew that they would have to innovate in order to differentiate their offering. They also knew that for a long time the fragmented nature of their customer experience had been a problem: many of their customers bought their product and managed their claims via a broker. When a car needed repair

Exhibit 3 Journeys are significantly more strongly correlated with overall outcomes than are touchpoints.

r² values¹

■ Touchpoints
■ Journeys



¹ Coefficients are r² values of a multiple-regression model predicting outcome as a function of touchpoint satisfaction vs journey satisfaction.

Source: McKinsey US cross-industry customer-experience survey, June–Oct 2015 data

after an incident, a local mechanic typically managed the process, with little involvement from the car insurer. With so many individual touchpoints outside the company's control, the insurer struggled to provide a consistently high-quality and repeatable experience.

Research identified consistent and clear communications as one of the most important elements of

customer experience. Improving the experience started with offering insurance policies that were easy to read, understand, and compare with those of competitors. But even more important to customers was securing answers to questions regarding the status of their car while under repair. What was being replaced or repaired? When would they get the car back?

A customer-journey scorecard

Managers should know what a customer journey entails:

○ Episodes

A journey is a specific, discrete experience in the customer life cycle. The act of simply purchasing a product in a store is a touchpoint within a customer's journey. Researching and then buying a new product and getting it up and running at home would constitute the full journey as the customer sees it.

○ End-to-end experiences

It's not enough to measure customer satisfaction on any single touchpoint; what matters is the customer's experience across the entire journey. It's common to generate high individual touchpoint-satisfaction scores and unacceptably low scores across the end-to-end journey.

○ Language

Do managers describe journey events in the way a customer would (for example, "upgrading my product or service")? Or do they lapse into company-speak (for example, "shipping new equipment")?

○ Channels

Often multitouch and multichannel in nature, a "new-product onboarding" journey might begin with a website visit, then a sales call, then a second website visit, followed by a store visit, then a technical-help call during the activation or installation stage.

○ Duration

Journeys are often longer than you think. For example, the onboarding journey in the cable industry can extend through two or three billing cycles. (Most calls in the first few months are actually onboarding-related issues and inquiries.)

○ Repetition

Journeys are repeatable—and can be repeated for a meaningful percentage of customers.

The effort made it apparent that there was potential to resolve a critical frustration for customers during a very important part of their overall customer journey with the insurer. It also revealed the opportunity to build a deeper engagement and relationship. So the company set out to provide an end-to-end communications “glue” to what had been a multi-touchpoint, multiparty customer journey.

Executives rapidly created a prototype using a sample of 20 current customer cases. Each day, the company would track where the case was and provide a simple update to the customer via email or text. The company set up “personal contacts” for each customer who would send the emails, serve as a single source of contact, and phone the customer directly if there was a material update to be announced, such as a delay in finishing the work. Overall, every effort was made to personalize communication during an important phase in the customer’s journey. By the end of the pilot, the company had learned a number of lessons related to the appropriate frequency of contact, the importance of using the customer’s preferred channels, and timing communications. The company also learned how to scale the service without adding substantial costs, largely by using underutilized call-center resources at off-peak hours.

The impact was profound. Net promoter scores for the customer journey climbed by 15 percentage points, and by 50 points for difficult cases, such as when repairs were first attempted but eventually the car had to be declared a total write-off. Delighted customers sent thank-you notes to the company, and brokers and mechanics reported significant improvements in their dealings with customers, who were now much better informed.

Or consider the European energy retailer that identified the “home moving” journey as a particular point of dissatisfaction among its customers, as well as a signi-

ficant source of churn. The company mobilized a cross-functional team (service, sales, marketing, and IT) to understand what was happening—from the customer’s viewpoint—along the journey to prompt these high levels of customer dissatisfaction. What the team found was a basic journey that was performing poorly across the various functions and departments that supported it.

The journey’s design suffered from several features that imposed unnecessary inconvenience and anxiety on customers when moving. For example, customers had to contact the company no earlier than ten days before their move date to provide all of the necessary details—otherwise the IT systems would not record the information. An organized customer, one who called perhaps a month before the move date to set everything up, would find that his or her move details were never recorded. Customers also had only one method—voice calling—to contact the company.

Once the customer had notified the company of moving plans, he or she would receive several different forms of communication. Upon examination, the team found that some of the communications were redundant, while others contradicted other accurate pieces of communications. All this generated additional anxiety and confusion.

Poor communication, in fact, was the single largest reason that customers called into the call centers, and it was another source of dissatisfaction. Customer-service agents had no method of tracking where the customer was on his or her moving journey. More often than not, this meant that agents had to hand off the inquiry to a back-office team for further investigation and problem resolution. The back-office team, inundated with these types of inquiries, suffered delays in getting back to the customer with a resolution, naturally producing additional calls to the call center—and so on.

The good news was that, for the first time, the company understood the benefit of taking an end-to-end view of the customer journey and the importance of understanding how interdependent individual touchpoints were along the journey.

Several improvements were designed and implemented rapidly to address the key problem areas. The moving journey was redesigned into a signature customer journey for this energy-retail company: customers now have the flexibility to provide the company with their move information at a time that suits them. They also have the option to use a phone, the web, or a smartphone app to contact the company; all essential communications are now delivered consistently in a single “home movers” pack. Finally, the company now incorporates into the home-movers pack discount vouchers for do-it-yourself stores, tradespeople, and restaurants in the area—creating a welcoming cluster of local businesses (the businesses also happen to be customers of the energy retailer’s small and midsize business unit, thus creating a positive customer experience across all customer segments). The result? A 50 percent increase in customer satisfaction from the starting position, and a 15 percent reduction in the company’s customer-service cost. Employee satisfaction increased by 20 percent and churn related to this journey was cut by more than half.



In most cases, companies are simply not naturally wired to think about the journeys their customers take. Thinking about customer journeys—instead of traditional touchpoints—can require an operational and cultural shift that engages the organization across functions and from top to bottom. For the companies that master it, the reward is higher customer and employee satisfaction, revenue and cost improvements, and an enduring competitive advantage. ■

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