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CUSTOMER SERVICE

Creating Great Online Customer Experiences

As consumer interaction with customer service moves to digital channels, today's challenge is to build interpersonal touches that will sustain relationships. How can companies make those engagements memorable — in a good way?

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Why Personalization Matters for Consumer Privacy

Phyllis Rothschild, Julien Boudet, and Gadi BenMark

A recent survey shows that personalized benefits can help address consumer data privacy concerns.



User data provides companies with rich opportunities for creating personalized experiences and tailoring services to customer needs. At the same time, recent high-profile abuses of consumer data have raised concerns over how companies can strike the right balance between personalization and privacy. To help inform decision-making, we recently ran a survey asking people about their views on the benefits of personalization, brand tracking of their activities, and the trade-offs between the two. The survey included 1,012 U.S. consumers between the ages of 18 and 70 who had purchased online in the past six months.

Across the board, people are concerned about brands

tracking their activity, but the level of concern varies across activity type. Some 40% indicate they are not as concerned about their content consumption, purchases, online searches, and even opt-in wristband (such as Fitbits) usage being tracked and captured. The use of machine learning and advanced analytics capable of “hacking the consumer” by tracking digital content consumption and search behavior doesn’t seem to lead to increased customer anxiety.

The level of concern rises, however, with activities that are often considered more intrusive. These include algorithms having full-text access to emails, the use of facial recognition in physical stores, and voice recognition devices listening in while connected in homes.

How Perceived Benefits and Demographics Affect Privacy Concerns

As the benefits of personalization become more attractive for surveyed consumers, the level of concern about privacy declines. Not surprisingly, receiving individualized pricing in the form of discounts for a product or service that consumers really wanted was among the most favored benefits for data use, with 57% expressing excitement. Coming in second, with 55% expressing excitement, was receiving a free product or service that consumers wanted but felt was too indulgent or not high enough in priority to purchase themselves. Interestingly, receiving dedicated

concierge services and personalized advice came in at the bottom of the list of customer delights (less than 25% excitement each).

Concern over data practices increases with age, however, while excitement over free benefits declines. Some 65% of those under age 24 are not concerned about companies analyzing their buying patterns compared with 30% for those over 65. Similarly, for younger consumers, the better the benefit, the less concerned they are about privacy compared with other age groups.

Income levels don't seem to affect the benefit-privacy concern trade-off on privacy, but education does. For the least-educated cohort (individuals who did not complete a high school degree), privacy concerns drop a full 20% for personalized benefits they value the most — including raffle entries for very expensive products (for example, a car) and indulgent experiences (for example, meeting a celebrity) — when compared with less-valued benefits, such as personalized advice on managing money. The benefit-privacy trade-off spread becomes less pronounced as education levels rise — up to a point. That trend, however, does not extend to the most educated (those with graduate degrees), who show less privacy concern and more excitement about personalized benefits than the college-educated cohort without advanced degrees.

Geography also plays a role. Urbanites overall are more excited about personalized benefits and less worried about privacy than those in rural settings. While the reasons for this aren't entirely clear, there are a couple of theories as to why this might be so: One is that urbanites are more frequent consumers of media and so are more used to tracking technologies in general. Another is that in many cities, there are more cameras in use and consumers are becoming more accustomed to them.

The only gender-specific observation that came through in the data is that women are generally more excited than men about indulgent products and services, and about individualized discounts for products or services they really want. Another factor also matters: time spent on social media. The survey data revealed that the more people use social media, the lower their levels of concern tend to be.

The implications for companies and brands are twofold when it comes to gaining customer loyalty and mitigating privacy concerns:

1. **Understand the ins and outs of your consumers' preferences.** Companies need to analyze consumer preferences to develop a clear understanding of what benefits each demographic values the most. By delivering on those benefits through personalized offers, companies can mitigate some of the consumer data privacy concerns. This requires companies to invest in deep consumer research, ongoing testing of the effectiveness of offers, and advanced analytics to provide deeper levels of insight.

2. **Communicate and educate on the link between consumer data collection and personalization.** Companies that do this best focus on communicating in simple terms, clearly defining the benefits, and being transparent about the types of data collected and how it is secured. They often communicate this information within the typical user's onboarding or sign-up experience. Today's best practices tend to be in the financial sector, where customer data is sensitive by nature and the need for trust and transparency is critical.

The privacy debate is far from over. But by understanding what people truly value, companies can do more to build trust with their customers.

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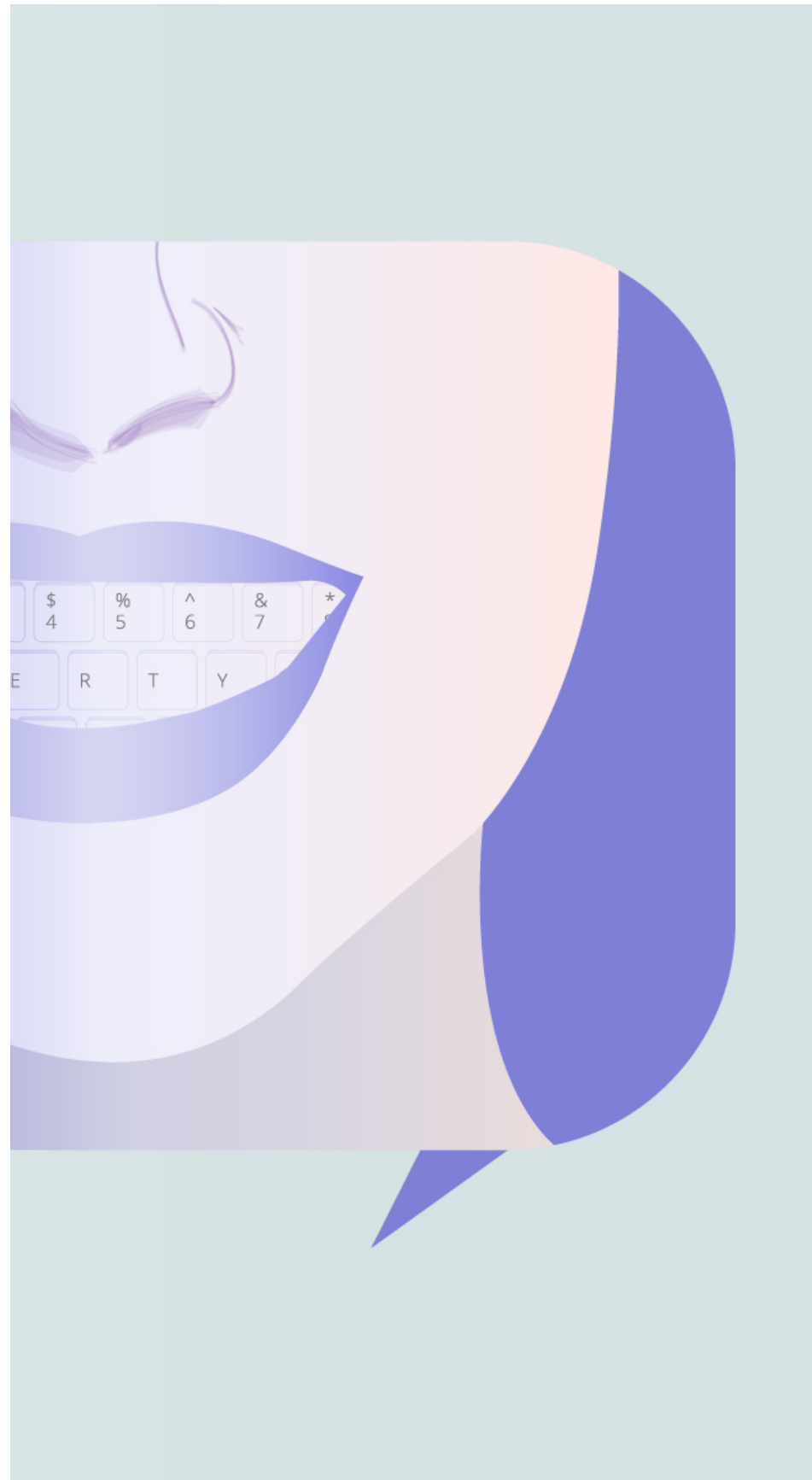
How Should Companies Talk to Customers Online?

The words service agents use to engage customers often end up backfiring.

BY BRENT MCFERRAN, SARAH G. MOORE, AND GRANT PACKARD

More and more consumers are engaging with customer service through digital channels, including websites, email, texts, live chat, and social media. In 2017, only half of customer experiences with companies involved face-to-face or live-voice-based interactions, and digital interactions are expected to represent two-thirds of customer experiences within the next few years.¹ The vast majority of customer service interactions around the world begins in online channels.²

Despite the convenience and speed of such interactions, they lack some of the most important aspects of off-line customer service. In-person interactions are rich in non-verbal expressions and gestures, which can signal deep engagement, and an agent's tone of voice can convey empathy and focus in phone conversations. Over time, these interpersonal touches help companies build and sustain relationships with customers.



But can *some* of that benefit be captured in the world of digital customer service? We argue that it can — with the right words. Our focus on words is consistent with a growing recognition among businesses that language matters, digitally or otherwise. Apple, for example, has explicit policies detailing which words can and cannot be used, and how they should be used when interacting with customers.³ The use of customer service scripts is also commonplace in service contexts, where employees are encouraged to use specific words when interacting with customers.⁴

However, we find that most companies are taking a misguided approach in their emails, texts, and social media communications with customers. They're using words that, while designed to engage customers, can sometimes alienate them.

Our research⁵ focuses on personal pronouns (*I, we, you*), which psychologists have linked to critical personal and social outcomes.⁶ Customer service agents use personal pronouns in nearly every sentence they utter, whether it's "We're happy to help you" or "I think we do have something in your size." Our research shows that simple shifts in employee language can enhance customer satisfaction and purchase behavior.

The Power of Pronouns

Conventional wisdom says that being customer-oriented is critical to customer satisfaction. That's why phrases like "We're happy to help you" have become so popular in service settings. Agents are often taught to lean on the pronoun "you" and to avoid saying "I," and our survey of more than 500 customer service managers and employees shows that they've taken those prescriptions to heart. (See "About the Research," p. 70.)

Our results reveal that service employees not only believe they should, but actually do frequently refer to the customer as "you" and to the company as "we," and they tend to leave themselves as individuals ("I") out of the conversation. What's more, when we compared service agent pronoun use with natural English-language base rates, we found that

THE LEADING QUESTION

Should an online service agent say, “We want to help you” or “I want to help you”?

FINDINGS

*Conveying engagement and empathy in digital customer service is a challenge.

*Responses with “I” pronouns significantly outperform those with “we” — while referencing “you” can sometimes have a negative impact.

*Simple shifts in employee language can enhance customer satisfaction and purchase behavior.

employees are using far more “we” and “you” pronouns in service settings than people do in almost any other context. Customer service language seems to have evolved into its own kind of discourse.

To find out if this discourse is optimal, we took a subset of the customer service responses we had collected, which showed high use of “we” pronouns, and constructed alternative responses, replacing “we” with “I.” For example, “We are happy to help” easily became “I am happy to help” without changing the basic message. We also removed references to the customer in some responses. For example, “How do the shoes fit *you*?” became “How do the shoes fit?” We then randomly assigned individuals to read either the company’s response or our edited response and assessed their satisfaction with the company and the agent, as well as their purchase intentions.

We found some surprising results that are inconsistent with current approaches.

Using ‘I’ Conveys Empathy and Action

In all cases, our modified responses with “I” pronouns significantly outperformed the “we” pronouns that real service agents were using. Relative to using “we,” the benefit of using “I” stems from the fact that customers perceive the employee to be (a) more empathetic and (b) more agentic, or acting on the customer’s behalf.

We also examined these language features in a large data set of more than 1,000 customer service email interactions from a large multinational retailer of entertainment and information products. We matched these email interactions with customer purchase data. Econometric analyses revealed the same positive results of using “I” pronouns: A 10% increase in “I” pronoun use by company agents corresponded to a 0.8% increase in customer purchase volume after controlling for other factors. Our analysis suggests that companies could achieve an

incremental sales lift of more than 5%, and still fall within natural language norms, by increasing their service agents’ use of “I” pronouns where possible.

Why is “I” a more powerful pronoun in agents’ interactions? After all, saying “I” too much can signal self-centeredness,⁷ and many leaders are, in fact, criticized for speaking too much about themselves.

However, CEO speeches and corporate earnings reports are not one-on-one interactions, which, as linguists point out, can see the opposite effect:⁸ When two people are communicating with each other, “I” suggests a personal focus on the issue at hand. Specifically, our research on customer service finds that saying “I” signals that the agent is feeling and acting on the customer’s behalf. For example, telling a customer “I am working on that” conveys a greater sense of ownership than “We are working on that,” which can imply a diffusion of responsibility. Similarly, “I understand the issue” shows more empathy than “We understand the issue.”

Ultimately, customers need to know that the agents with whom they are interacting care and are working on their behalf. Research has consistently shown that customer perceptions of empathy and agency drive satisfaction, sales, and profits,⁹ and our studies show that “I” fosters these perceptions to a significantly greater degree than “we.”

Using ‘You’ Can Backfire

While “I” is clearly better than “we” when referring to who is providing service, what about using the word “you”? Our studies suggest that service managers and employees believe “you” conveys a customer orientation. We also found that agents use it more frequently than natural language would warrant.¹⁰

However, peppering conversations with “you” offers little benefit, because customers are already the implied focus of these interactions. In fact, adding or removing references to “you” (the customer) tended to have no positive effect in our studies. We

ABOUT THE RESEARCH

Our research looks at language in digital customer service interactions. To test conventional wisdom and practices regarding the use of personal pronouns in text-based exchanges, we surveyed more than 500 customer service managers or agents and analyzed more than 1,000 customer service emails from 41 of the top 100 global online retailers. We also conducted controlled experiments with 2,819 North American adult participants in an online panel including managers, agents, and general-population consumers, and lab experiments with undergraduate students.

replicated these results across a total of nine experiments (more than 1,200 participants total, about 55% female, 45% male) using a variety of language stimuli covering a range of typical customer service interactions. In our studies, the use of “you” to refer to the customer as the recipient of the agent’s actions — such as “I can look that up for you” — did nothing to improve satisfaction, purchase intentions, or customer feelings that the agent was acting with either empathy or agency.

Sometimes, using the word “you” can actually have a negative effect on company and customer outcomes. For example, we found that saying to a customer, “Sorry *your* product was defective,” rather than “Sorry *the* product was defective,” resulted in decreased satisfaction and purchase intentions. This result was driven in part by perceptions that the employee wasn’t being accountable (that is, lacked agency), potentially shifting the responsibility or blame toward the customer.

IN SHORT, the usual prescriptions and practices of referring to the company as “we” and emphasizing “you,” the customer, fail to reap the benefits that managers expect. It’s more effective when agents speak from a personal, singular perspective — treating customer interactions as one-to-one, rather than many-to-one, dialogues. So front-line service employees should be coached to do that. There are simple language changes that any company can implement. (See “Say ‘I’ for Service Success.”) By making these changes to customer service language, organizations can create more meaningful interactions with their customers — and improve the bottom line.

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SAY ‘I’ FOR SERVICE SUCCESS

Customer service agents tend to use the “we” pronoun, but using the “I” pronoun leads to greater customer satisfaction and an increase in purchases.

HOW AGENTS TYPICALLY SPEAK TO CUSTOMERS:	A BETTER APPROACH:
We’re happy to help!	I’m happy to help!
No problem, we can find that.	No problem, I can find that.
What we can offer today is...	What I can offer today is...
Our manager is on the way.	My manager is on the way.
Let us get back to you on that.	Let me get back to you on that.

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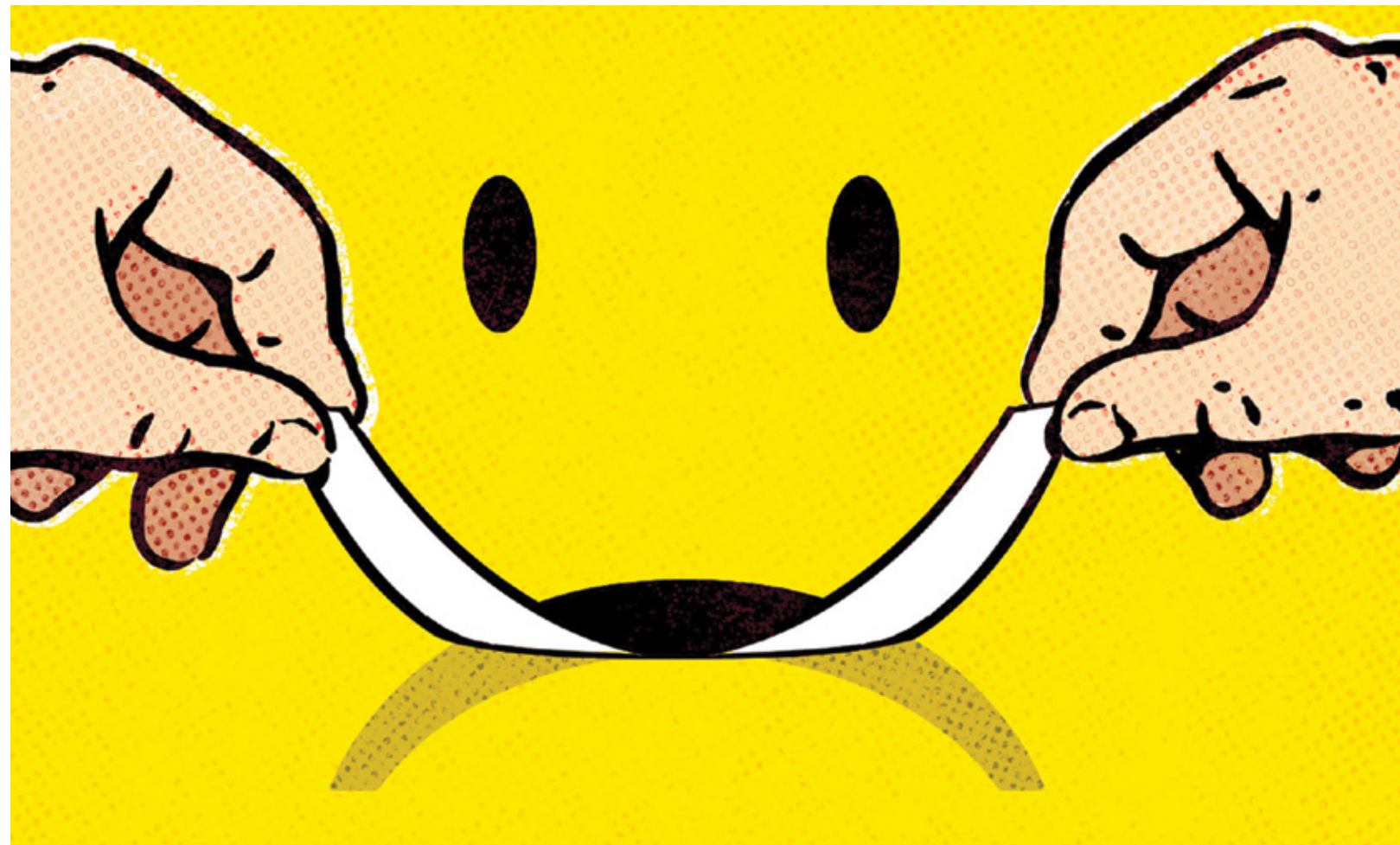
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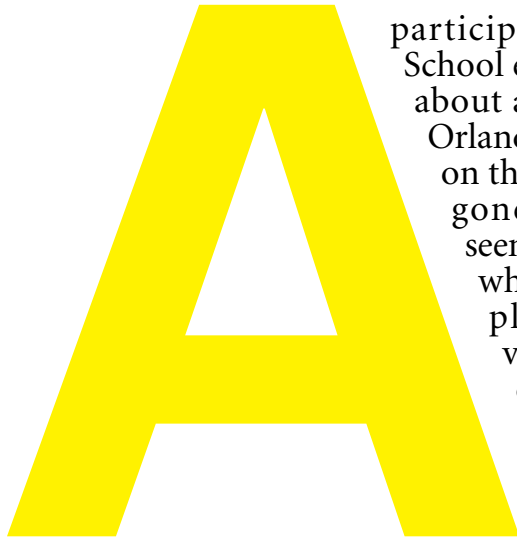
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The Magic That Makes Customer Experiences STICK

The most memorable experiences are suffused with emotion —
not extra features or value for money.

BY STEFAN THOMKE



participant in one of my Harvard Business School executive education classes told a story about a family trip to Walt Disney World in Orlando, Florida. She lost her purse in the park on the very first day: tickets, money, IDs, all gone. The highly anticipated vacation seemed all but over before it had begun. But when the family turned to a Disney employee for help, he gave them food vouchers and park tickets for the next day. And while the relieved family was enjoying the park, Disney employees searched for the purse — and found it. The executive enthused to my class: “Wow, what a company!”

Over the years I have heard hundreds of such stories in my classes. I ask students to tell them as part of an effort to develop principles that can be applied to the design of great customer experiences. This field of customer experience (CX) design — which aims to ensure that customers have positive touch points with companies while buying and consuming their products and services — has grown quickly in recent years. Research has shown that memorable experiences, and the ensuing positive word of mouth, can drive customer decisions as much as, if not more than, price and functionality.¹ To that end, consultants have created thoughtful tools and frameworks such as journey mapping, service blueprinting, and

problem-solving mindsets. Academics have studied customer engagement models that focus on managerial variables such as employee selection, training, rewards, and service culture. Yet recent research reports suggest that there have been few, if any, meaningful improvements in customer experience over time.² Despite the insights gleaned about customers through advanced technologies and data analysis, something still seems to be missing for most companies.

My classroom experience points to the missing ingredient: emotion. Years ago, when I first asked students for their most memorable experiences as customers, I was surprised by the language they chose: *Made me feel special. Showed empathy. Really cared. Personalized the process. Trusted me. Didn't argue or delay. Killed us with kindness. Owned the problem. Surprised us. Made things simple.* These executives weren't using the standard language of business. They weren't using terms like *functional value, efficiency, and cost-value analysis.* Instead, they were describing emotional impact. Their feelings of

surprise, delight, happiness, relief, empathy, and more defined their most memorable experiences.

The stories they shared — along with a deep dive into research on the many components of decision-making — led me to a critical insight: Customers want their choices to align as much with their feelings and senses as with their values and ethics. The rational approaches taught at most business schools — offer customers more value for money, add features, make service more efficient — are not enough. Creating memorable experiences for customers also requires a bit of emotional magic. This article explores how that can work, drawing on several company cases to illustrate. People like to think of themselves as logical, but the truth is that emotions inspire decisions.

Research on human cognition and behavior supports the idea that customer experiences should be as infused with emotion as they are with logic and rationality. “The essential difference between emotion and reason is that emotion leads to action while reason leads to conclusions,” writes neurologist

Donald Calne in *Within Reason: Rationality and Human Behavior*. Psychologist Richard Lazarus clarifies this idea in his book *Emotion and Adaptation*, where he argues that cognition (thinking), emotions (feeling), and motivation (acting) work as a system, with emotions serving as the critical go-between. Lazarus says that events — and by *events* he means everything from experiencing an earthquake to shopping for shoes — trigger a cognitive appraisal *and* an emotional reaction before we come to a decision on what to do. This process helps explain the many studies described in behavioral economist Dan Ariely’s book *Predictably Irrational* in which people behaved irrationally. We overpay, underestimate, procrastinate, and so on because we are emotional beings, not rational automatons.

The behaviorists’ theories and results are borne out by quantitative research. A Forrester Research study found that customer loyalty is driven more by emotional factors than by rational ones.³ Another study, by CEB Marketing Leadership

Council and Google, suggests that this may also be true in B2B decisions. They surveyed 3,000 B2B buyers across 36 brands and interviewed 50 B2B marketing organizations, and found that personal value (appeal to emotions) has twice the impact of business value (appeal to logic and reason) on favorable decisions.⁴

The payoff can be huge. A report from Gallup suggests that organizations that optimize emotional connections outperform rivals by 26% in terms of gross margin and 85% in terms of sales growth.⁵ They cultivate emotionally engaged customers who are less price sensitive, less likely to buy from competitors, and three times more likely to recommend and repurchase.

Celebrate the Outliers

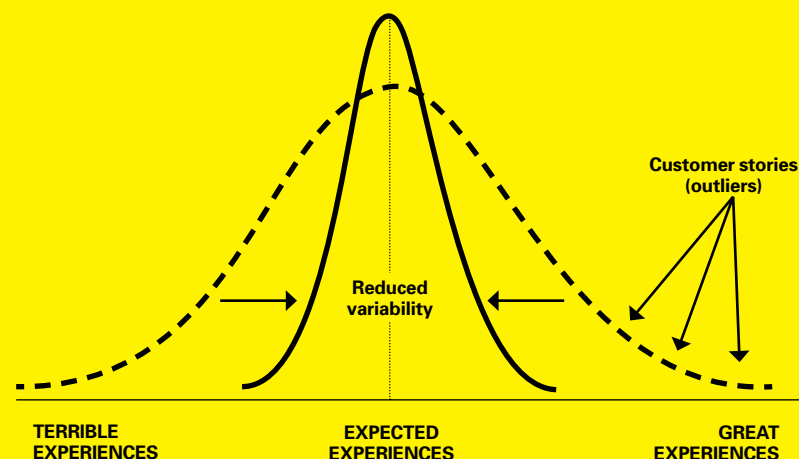
Ask yourself this: Is your company trying to minimize complaints or maximize customer delight? Given the research I’ve cited, you might think that every company would be trying to create dynamic, delightful customer journeys infused with emotion. You’d be wrong. Many focus almost solely on complaints. Their goal: Eliminate the customer’s pain at every point where the consumer and the company intersect. It’s a myopic strategy that leads to consistent mediocrity, because companies miss much of what the customer experiences on his or her journey.

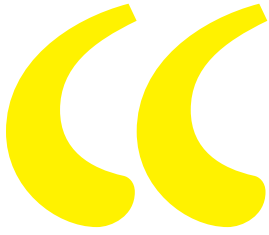
Today’s customer journey is *not* just a matter of a few touch points as the consumer systematically narrows choices. Instead, most consumers take an iterative and expansive journey. They consider multiple perspectives, often through the use of social media. They interact with other people and other products and services. The journey between visiting a company’s website, say, and making an actual purchase is an emotional, cognitive, and motivational process. It’s the mix of those forces that creates feelings, memories, and stories about an organization, whether positive, negative, or ambivalent. It’s this variability that creates opportunities for companies to deliver memorable experiences. Rules and standardization can get in the way (see “Reducing Variability Can Eliminate Terrible *and* Great Experiences”), because sameness is forgettable.

For that reason, positively varied emotional journeys can have the richest payoff. They leave indelible memories, increase customer loyalty, and have

REDUCING VARIABILITY CAN ELIMINATE TERRIBLE AND GREAT EXPERIENCES

When companies focus on reducing variance in customer experience, eliminating outliers, they make sure that, statistically speaking, as many customers as possible occupy the middle of a normal distribution curve. Terrible customer experiences get a lot of attention, which reinforces the strategy of standardizing operating procedures and laying down more rules. Imposing controls helps bring experiences closer to expectations. While eliminating bad experiences may reduce complaints, result in fewer angry customers, and trim costs, the unanticipated consequence of moving most customers to the middle of distributions is that it will also result in consistent mediocrity. They will have undifferentiated, average experiences, which will leave them with few, if any, memories.





Sameness is forgettable. But varied emotional journeys can leave indelible memories, increase customer loyalty, and have multiplier effects in a world where customers are closely connected.

multiplier effects in a world where customers are closely connected.⁶ For companies that embrace variability, even terrible experiences that spawn negative emotions — such as that lost purse at Disney World — are an opportunity.⁷ If the company surprises and delights the customer by efficiently and innovatively resolving his or her problem, the dominant emotion, the one that lasts in memory, will be positive. The managerial challenge is clear: *how to infuse customer journeys with emotion.*

Building Emotion Into Customer Experiences

Bringing emotion into customer journeys isn't easy. Triggering a specific emotion at a particular touch point doesn't guarantee anything. Instead, companies must address the customer journey holistically, understanding that people may remember emotions generated anywhere along the way. In my work over the last few years, I've identified five ways to do this.

1 Stimulate the senses. Sensory stimulation triggers emotions such as surprise, trust, joy, and even anticipation. Through products from cars to smartphones, clever companies use the senses to create emotional experiences.

At Ferrari, for example, automobile design is more than an exercise in efficient engineering. It's also a process that taps into the driver's senses to create an emotionally rich experience, from the pleasing sight of the car's body to the exhilarating roar of the engine.⁸ Ferrari uses plush interior materials such as fine leather, even though this gives lighter, faster competitors a 5- to 10-kilogram advantage. The company also experiments with advanced technology, engine placement, tire dimensions, and the nuances of wheel movement to impart a feeling of control as you steer through tight corners or accelerate laterally. Compared with the fear you might feel in other sports cars as your back wheels fishtail,

there's a sense of power and achievement here, of believing that you are an exceptional driver steering the car to new heights of performance.

The story of how Ferrari struggled to get the sound right for its turbocharged 488 also illustrates how much attention it pays to emotions. For years, Ferrari worried that turbocharged engines, which can flatten intake and exhaust sounds while introducing annoying tones such as whistling, would detract from the pleasure of driving. At Ferrari, sound is a critical component of what a car buyer expects and enjoys. Indeed, there's real evidence that customers associate sound with performance. Could Ferrari engineer turbo engines for an emotionally pleasing driving experience?

Using a proprietary sound simulator, the equivalent of three Ferrari engineers and drivers worked full time for two years on the problem. One of the team's recommendations — increase the exhaust diameter from 63 to 70 millimeters — had extensive ripple effects for engineers and company managers. Implementation was difficult and time-consuming.

That kind of investment might seem excessive at other companies, but not at Ferrari, which places great value on the emotions behind the driving experience. The 488 has garnered praise and prizes for its sound and performance, winning the 2018 International Engine of the Year award in Stuttgart, Germany (rival Porsche's hometown), and being hailed as *Robb Report's* Car of the Year in 2016. Ferraris may not be the fastest or the most comfortable cars, but the company focuses on producing the best combination of the two, making their cars among the world's most thrilling and luxurious.

Stimulating the senses doesn't mean creating sensory overload. Some of the best examples of sensory appeal are ones where complexity gives way to simplicity. Apple products are known for this. From the original Mac to AirPods and iPhones, the company repeatedly hides cutting-edge technology behind a

simple user interface that customers love. Few competitors have been able to achieve that. Samsung, for example, trails Apple in user experience even though, feature-by-feature, its products are often superior.

The power of sensory simplicity is at work at HappyOrNot (HON), a small Finnish startup that measures businesses' customer satisfaction through polling.⁹ The central challenge is how to gather enough responses to support meaningful conclusions. Few customers have the time or inclination to fill out long, boring surveys.

HON tackles this problem with radical visual and tactile simplicity. Near the exits of department stores, airports, dining halls, drugstores, supermarkets, and other establishments, HON installs a terminal with four big push buttons. The green ones have smiley faces, and the red ones have frowny faces. The shades of the most smiley and most frowny are darker than the other two. A small sign asks customers to rate their experience by pressing one of the buttons. A HON terminal can prompt thousands of reactions in a single day. In fact, with terminals in over 100 countries, HappyOrNot's buttons have prompted well over 600 million responses from customers. That's more than all the customer ratings posted to sites like Yelp, TripAdvisor, or Amazon. The clarity of the colors is important, but the company believes that the satisfying tactile experience of pressing a button is the primary driver of this extraordinary participation.

2 Turn disappointment into delight. If your company is going to value the outliers, it must be ready to transform negative experiences into positives, as the hotel manager did in this story:

After a long transcontinental flight, my tired family arrived at a Taj Group hotel in India in the middle of the night. The front desk couldn't find our reservation. Still, the night manager immediately took us to a room so we could go to bed right away, and even gave us an upgrade for the inconvenience (we waited less than five minutes!). He didn't ask for a credit card or anything. When we woke up, the problem had been solved — and it wasn't the hotel's fault. Our booking agent had made a mistake.

I've heard many variations of this story (you may have, too), but the gist is always the same. By resolving a problem that he didn't cause, the night manager delivered an experience that was remembered for years. When employees are taught to be in tune with the customer's emotions, they can notice changes in emotional state and respond quickly. As their alacrity accelerates the shift from disappointment to delight, the intervention creates a sudden contrast that makes experiences sticky. (See "Capitalizing on Emotional Transitions.")

Magicians, who constantly think about the audience experience, understand the emotional value of rapid shifts from disappointment and confusion to happy resolution. They have developed techniques to change people's emotional states. For instance, a magician may allow members of the audience to believe that they have figured out the trick or caught him in a mistake, only to end it in a way that shows the audience had no idea what was really going on. Their momentary disappointment at their failure to "catch" the magician quickly transforms into delight in his excellence. Disappointment to delight: Magicians know that this emotional transition will wow audiences more than a constant flow of technically perfect tricks. The former creates memorable moments, while the latter may cause eyes to glaze over.

3 Plan to surprise. Good magic also upends expectations in order to engage people emotionally. For instance, the well-known magician Doug Henning developed an illusion in which an assistant would float on water, with a fountain providing cover for the support mechanism. But then magician David Copperfield, aware that audiences may have figured that out, took the trick further. Anticipating their reaction, he turned off the fountain, and the assistant remained floating — which surprised and impressed even people who knew of Henning's show.

Like magicians, companies can thrill customers again and again through continual innovation and unexpected solutions to problems, building a loyal, delighted following for their products and services.

Creating those moments of surprise is often the result of paying attention to the smallest detail. When former Sony CEO Kazuo Hirai set out to turn around the company's TV business in 2011, for instance, he discovered a fundamental problem.¹⁰

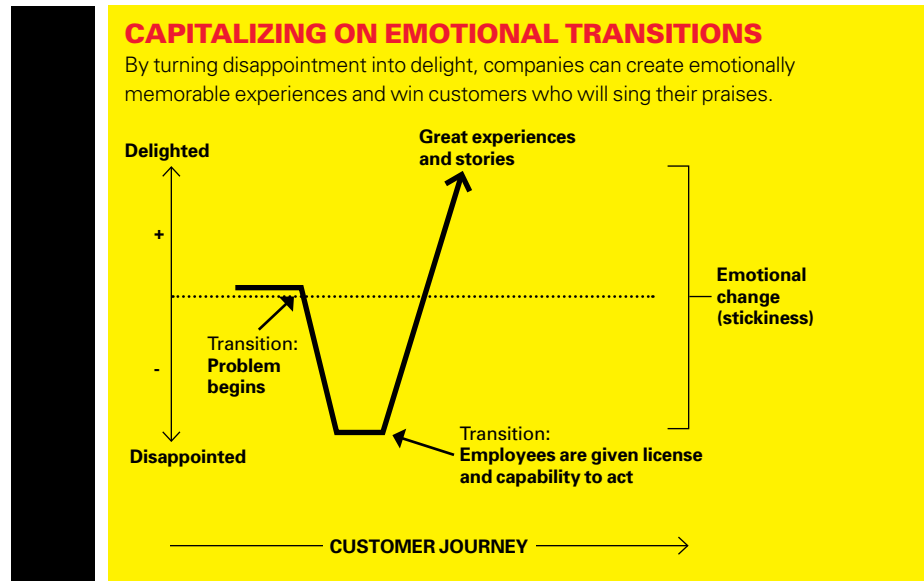
While the designs for Sony’s new TVs were beautiful, some customers said they found their sets ugly because the cables couldn’t be concealed. Armed with that knowledge, Hirai started responding in the same way to every new design: “I’m still seeing cables, and I don’t want to see the cables.” It took three years for the engineers to truly get the message. Hirai was teaching them that details matter to the customer, and that Sony would never develop winning products if it didn’t pay attention to the feelings its products evoked.

Sony eventually found a way of concealing the cables. As Hirai expected, customers were delighted by the surprise of *not* seeing the wires they had grown so accustomed to disliking and tolerating. Hirai, who recently retired as Sony’s chairman, told me: “Everything we do at Sony needs to have that ‘Wow, this is pretty cool’ element. . . . We don’t compete on functional specifications [anymore], but on people’s emotional experiences.”

Some companies try to inspire a desire to surprise in their employees. The Oberoi Group, a global hotel chain based in Delhi, India, gives its employees funding to surprise guests by turning problems into opportunities.¹¹ Team members get funding to create such moments of delight; in 2013, employees logged more than 30,000 examples of this kind of problem-solving. Similarly, an equipment company has given its front-line employees a considerable budget to solve customer problems — without having to ask for approval. Company leaders call it the *memorable experiences budget*. Empowering employees with resources can extend your ability to surprise and delight your customers.

4 Tell compelling stories. A good story, well told and repeated often, is a powerful way to create an emotional connection between customer and company. For most of our existence, oral narratives have been a primary means of learning, socializing, and transmitting knowledge, so we are conditioned to understand, remember, and tell stories. Companies that infuse them into the customer’s brand experience can provoke an emotional response and create sticky memories.

Consider A. Lange & Söhne, a watchmaker with East German roots and a fascinating history.¹² In 1990, after the fall of the Berlin Wall, Walter Lange



resurrected the company started by his great-grandfather, F.A. Lange, which had all but disappeared during the previous decades. Instituting a focus on innovation and craftsmanship, he propelled Lange into the ranks of the world’s finest brands with the launch of its first wristwatches in 1994.

With products that can cost hundreds of thousands of dollars, Lange knows it must position itself as a paragon of innovation, excellence, and diligence. One story it tells to reinforce that image is about the assembly of its watches. Every Lange timepiece is put together by hand — twice. When the first assembly is complete, the watch is taken apart. Every part is cleaned, and the watch is then assembled anew. During the second assembly, the watchmaker can make small adjustments based on the first assembly. The tangible result may improve the watch’s accuracy by perhaps one or two seconds a day. The intangible result, arguably, is more important. Lange’s double assembly process communicates the essence of the company and its products. It tells the world that Lange cares so much about creating perfect products that it routinely does something that rivals regard as inefficient. Even though few customers can discern any difference between a watch assembled once and another assembled twice, the story is told and retold in Lange’s marketing materials, in personal interactions with customers, and, most powerfully, through word of mouth.

Storytelling techniques have played an important role in the reemergence of the mechanical watch

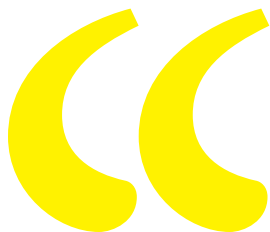
industry more broadly, after battery-powered quartz watches made mechanical ones nearly obsolete. In a study that included 136 interviews with senior executives, watchmakers, distributors, retailers, historians, and museum curators and a review of extensive archival data, my Harvard Business School colleague Ryan Raffaelli found that the reemergence “involved a cognitive process of redefining both the meanings and values associated with the legacy technology.”¹³ Mechanical watchmakers used literary devices — metaphors and analogies — to distance their products from the negative perceptions most people had of cheap quartz watches. Said one executive, “We don’t sell watches. We sell dreams.” Others compared the watch to the human body, creating an empathic connection between customers and the mechanical parts of the product they were eyeing. Raffaelli writes, “Several people likened the oscillating balance wheel of the mechanical watch to a ‘beating heart,’ describing the watch’s gears as part of a ‘living organism’ that needed to be ‘fed’ with daily winding. A CEO stated, ‘A mechanical watch has a soul, it has a heart, it has life, it has something breathing inside of it.’” Described in this way, the watch essentially becomes a protagonist, which encourages customers to connect with the brand on a human level.

This kind of storytelling is yet another form of emotional magic that companies can perform. Before a trick culminates, magicians often walk an audience through the various steps just taken (“You picked a card, I turned around, you placed the card in the deck ...”). The purpose is to focus the audience on what they *should* remember, omitting anything that might be inconsistent with the intended effect. The reframing becomes the new reality, shaping people’s memory of and feelings about the trick in a positive way. Good storytelling can do the same for companies, reinforcing positive emotions that cement the relationship between a customer and a brand.

5 Run controlled experiments. Even companies intent on infusing emotion into their customers’ journeys have a terribly hard time predicting which triggers will prompt customers to act. The question companies must ask is not simply “What works?” but “What works where, when, and for whom?” And more often than not, they should be prepared for dead ends in their search for answers. To give just one example, only 10% to 20% of the web experience improvements attempted by Google and Bing yield positive results.¹⁴ Scoffing at those percentages would be a mistake. Smart companies in businesses as diverse as high tech, media, retail, financial services, and travel know that controlled experiments and learning from those that don’t pan out are necessary components of designing emotionally powerful customer experiences.

Booking.com, the travel accommodations aggregator, is relentless in its focus on optimizing user experiences and in its experimentation to that end. At any point in time, Booking.com’s staff may be running more than 1,000 live tests. (About three-fourths of the company’s 1,800 core product and technology employees are involved in testing.) Most are so-called A/B tests, where the company sets up two experiences for users: A, the control, is usually the current system, and B, the treatment, is a modification — such as a new layout, a new pricing model, or new wording for a customer communication — that attempts to improve something for customers. Customers are randomly steered to one of the two experiences, and the resulting metrics are compared. The test’s winner then becomes the current system — until a future modification, tested in the same way, replaces it.

The goal of some tests is to discover tactics that elicit emotions such as surprise and joy (from getting a terrific deal), fear (of missing out on a deal or a room), or a feeling of accomplishment (for successfully organizing a trip).¹⁵ These experiments have



It’s hard to predict which triggers will prompt customers to act. The question companies must ask is not simply ‘What works?’ but ‘What works where, when, and for whom?’

taught Booking.com a lot. For instance, “please book now or you will lose this reservation” and “only three rooms left” are appeals that spur more customers to make Booking.com reservations. Such messages may play on users’ fears, but the end result is that they replace the uncertainty customers feel when they log on with the satisfaction of finding a place to stay at a good price. The experiments are far from perfect — 9 out of 10 tests fail to have an impact on key performance metrics (for example, conversion rates) — but they inch the company closer to fulfilling its mission: taking the friction out of travel.

ABOUT A DECADE AGO, magician Jason Randal was teaching a protégé, Kevin Viner, how to deliver memorable experiences. They tell me their conversation went something like this:

JR: “What are you doing at a party or show?”

KV: “I am entertaining people.”

JR: “What are you really doing?”

KV: “I am doing magic.”

JR: “What are you really doing?”

KV: “Card tricks, rope tricks, coin tricks. . . .”

JR: “What are you really doing?”

KV: “Now I am confused.”

JR: “When I perform at a show or a party, my goal always is to change how people feel, for the better. Magic is just a way to get me there. If I keep that goal in mind, I find that I am much more effective than if I go to a show just to do magic tricks or to make money.”

Viner, who now performs all over the world, says that this insight about changing people’s emotional state was so profound that it transformed the way he approaches performances. Like Viner, companies that go the extra mile to change how customers feel are more likely to create great experiences that will never be forgotten.

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