KPMG nunwood

Customer Experience Excellence Centre

B2B Customer Experience: Winning in the Moments that Matter

Foreword

In the world of business to business (B2B), commercial success for a firm lies in the strength of the relationships it creates with its customers. In any walk of life, relationships are won or lost in key moments. Relationship-defining events occur infrequently and fleetingly. Successful firms capitalise on the moments that matter, whilst executing appropriately on those that don't.

When considering customer experience it is easy to fall into the trap of believing everything has to be perfect and that all dimensions of an experience are equally important.

Our research shows that this isn't so. The moments that matter in a B2B relationship are those that give the client cause to reflect on the nature of the relationship and consider whether the brand promise has been kept.

In short, not all moments in a relationship are created equal.

In this, our first report on the state of customer experience for B2B companies, we examine the critical moments that define a successful B2B relationship. Increasingly, these moments are less about price and product features and much more about the customer experience. Every relationship will have hundreds of moments – but we are concerned with the critical ones or vital few that make the difference between success and failure.

We also examine the emerging phenomenon of 'consumerisation' as the cycle of rapidly escalating consumer expectations spills over into the B2B world.

Unsurprisingly, when it comes to customer experience we find it is about business to people rather than business to business or business to consumer. Arguably both are business to consumer (B2C) in that members of a decision making unit are also consumers. Businesses that sell to other businesses are made of people – and people have emotions. They have heartbeats, stresses and vulnerabilities and this is true of both buyers and sellers.

It is fair to say, however, that the business-to-business environment is significantly more complex. The B2B world is characterised by:

- Longer, often more difficult, sales cycles
- Service levels that are often set contractually
- Usually significantly greater investment in time, money and resources
- Magnified complexity due to the number of stakeholders involved who have different voices, goals and agendas
- Personal goals and expectations of each of the stakeholders that need to be understood

But fundamentally, just like the consumer world, at the epicentre of success lies a relationship between human beings, a commercial partnership and an enduring desire to maintain that relationship over time.

Our report shows that when a relationship is founded on common values, culture and behaviours then it is very difficult to break.

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Treat any organisation as you would treat a person you love and all will be good.

UK B2B CEE respondent
Legal customer

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Executive Summary

In a commercial environment where customer experience is becoming the prime source of competitive differentiation, the spotlight has shone most brightly on the consumer – B2C rather than B2B. The exemplar brands tend to be familiar household consumer names such as John Lewis and first direct. The dominant case studies being Zappos or Ritz-Carlton. We are yet to celebrate the successes of great B2B brands and recognise how they deal with the greater complexity inherent in a B2B relationship.

So, this report is designed to answer the question: "Where are we with B2B customer experience?" It is clear that there is a gap in the understanding of how customer experience plays out in the B2B world and there are a number of questions that remain unanswered:

Why is B2B customer experience important?

Who are the exemplar B2B brands?

What can we learn from them?

To answer these questions, the KPMG Nunwood *Customer Experience Excellence Centre* conducted a detailed research study, examining over 130 businesses and surveying some 3,000 members of decision making units (DMU) across the UK and the US.

The research identified the following key findings:

- At the heart of an experience is a relationship – it is built in different ways in the B2B world and is multi-faceted. However, the use of B2C techniques, targeted and tailored to individual stakeholders, will build a sustainable long-term relationship.
- Experiences that create and sustain long-term value are defined by The Six Pillars of customer experience.
- The relationship manager plays a pivotal 'human connection' role.
- First impressions are vital and define the level of forgiveness for issues.
- The global leaders in customer experience in the B2C market also lead the B2B market.
- Expectations are set by our experiences as consumers. There is much talk of the 'consumerisation' of B2B on this basis. The emerging view is that it is business to human, rather than B2B or B2C; but B2B is more complex and more nuanced than B2C, certainly for large companies.
- The nature of a DMU and the multilayered stakeholder relationships complicate matters. Each requires a different experience – so procurement teams need value, transactors need high service levels, users need support etc.
- Three quarters of respondents consider customer experience as a major factor in supplier choice.
- As with the consumer Customer Experience Excellence analysis, the US B2B experience considerably exceeds the UK. Indeed, across most aspects, it even exceeds the US consumer experience.

What is clear is that the companies that will win in the moments that matter are those that obsess about customers and mediate their customer efforts through:

- Demonstrating a fundamental understanding of the client's business, objectives and strategic direction
- A continual focus on reducing the costs and effort of their client organisations; removing barriers and complications; making interactions easy and enabling self-service through low-friction channels
- Meeting and/or exceeding expectations, especially those set through consumer experiences
- Focus on trust-building moments and nurturing the trust in the relationship
- Build strong, empathetic personal relationships across stakeholders
- Proactive issue management that anticipates and resolves issues at source

This aligns with The Six Pillars of customer experience. The research shows that businesses who consistently excel at The Six Pillars will ultimately benefit through loyalty, enhanced revenue and increased shareholder value.

Methodology

A study rather than a research project, an online survey evaluated 133 brands across the UK and US, within six B2B sectors:

- Banking
- Insurance
- Telecoms
- Legal
- Business Goods
- Business Technology

Research was conducted in October 2016 amongst 2,974 B2B respondents, spanning end Users, Influencers and Decision Makers. These members of the decision making unit (DMU) were included across all six B2B sectors, with the exception of Insurance which did not include end users due to the likelihood of third party interaction.

In contrast to KPMG Nunwood's annual consumer CEE analysis, the key premise of this study was not to provide a ranking of brands in the B2B sector, but to explore how businesses operate, how cross-business relationships are formed and how long-term commercially successful outcomes are achieved – the findings of which are detailed on the following pages.

The Six Pillars of Customer Experience

As in the consumer world, we find that The Six Pillars of customer experience are the building blocks for success. As the pillars play out across the life cycle, they encapsulate the moments that matter for commercial success. They articulate a target experience that drives both loyalty and advocacy. They should lie at the heart of any organisation's customer experience strategy, providing a framework for both implementation and measurement.

At the heart of The Six Pillars lies the psychology of experience. The Six Pillars align closely to the basic human psychological drivers and therefore it should be no surprise that they apply whenever and wherever there are human connections involved.

The Six Pillars of customer experience excellence:

Personalisation

Using individualised attention to drive an emotional connection.

Resolution

Turning a poor experience into a great one.

Integrity

Being trustworthy and engendering trust.

Time and Effort

Minimising customer effort and creating frictionless processes.

Expectations

Managing, meeting and exceeding customer expectations.

Empathy

Achieving an understanding of the customer's circumstances to drive deep rapport.

Six Pillar behaviour in a B2B experience:

The Six Pillars neatly encapsulate the factors that contribute to a long-term sustainable and profitable relationship between businesses and between companies and consumers.

Personalisation

Personalisation is achieved through knowing your customer. Being alert to their needs and wants, whether relating to life goals or business goals, and then tailoring experiences to particular circumstances. In a B2B relationship, this knowledge may need to span several individuals rather than just the buyer. It is also important to ground Personalisation in the context of the competitive marketplace the client is competing with and how they are performing.

Integrity

Integrity precedes trust, which is the foundation of all relationships. The trust-formation process is critical. It is based on trust-building behaviour, reliability and ensuring beneficial outcomes for both parties.

Time and Effort

With Time and Effort, the ease of doing business and the amount of time it takes is a strong driver of loyalty in both B2C and B2B. Finding opportunities to reduce cost, Time and Effort are major relationship enhancers.

Resolution

Service failure and customer recovery impact retention and advocacy. The ability to resolve issues quickly and reliably is paramount. In the B2B environment this is particularly true when it involves a large customer. In this world, progress reports, timelines and updates are more prevalent – again, a function of a different level of complexity. But the concept of Resolution is applicable to both. The service recovery paradox is equally in evidence: fix something brilliantly and the customer may well think better of you than they did before it went wrong in the first place. This also means informing the team of what has happened, how it was resolved and how it will be mitigated in the future.

Expectations

The nature of B2B purchasing, often requiring a sales pitch or formal presentation, whereby organisations are tempted to place themselves in a good light. We frequently find that this spills over into a tendency to over-promise at the outset and then fail to deliver. This has a significant impact on the durability of a relationship. The accurate setting of expectations is a difficult but essential component of a successful relationship.

Empathy

Finally, Empathy. In both worlds you need to be able to put yourself in your customers' shoes and show them you can see the world from their perspective. Understand their priorities and challenges, the obstacles that will get in the way, their fears and worries. All the while, being able to judge the emotional temperature and having the emotional intelligence to react accordingly. Empathy applies to the client and, more importantly, to the customer level – it is imperative to understand how the decisions being considered influence both.

The Moments that Matter

Our analysis shows organisations that prepare for the moments that matter, rather than trying to be ready for anything, are the ones with a greater chance of success.

The impact of each moment as it occurs across the life cycle has a cumulative effect. It is this compound effect that drives a high quality relationship and, ultimately, superior commercial outcomes.

Relationships occur between individuals. But increasingly, in the complex world of B2B, they occur between and across teams. In fact, the best organisations are those that are able to manage the delivery of an experience through a team of teams. Each team carefully choreographing its delivery across the moments that matter.

The mechanism for understanding the moments that matter is the relationship life cycle: the end-to-end experience a client has of its vendor - and over longer periods of time - its partner. The sequential nature of the life cycle implies a staircase effect, but the reality is that it is a continuum – dynamic rather than static. With changes in people or the quality of delivery, it is possible to move backwards as well as forwards along the life cycle.

Our research confirms the Anna Karenina principle (derived from the work of Leo Tolstoy): happy customers are all alike, unhappy customers are each unhappy in their own way.

Happy customers are alike because the experiences across their relationship have been consistently outstanding and carefully managed, whereas any number of different types of failure leads to an unhappy customer. The excellent companies detect and repair issues before they can create lasting damage. They have identified the moments that matter, understood what might go wrong and have a Plan B – a contingency that rapidly restores the customer relationship.

The target experience

Organisations that are clear on their target experience at each stage of the life cycle are able to define their measurement and monitoring programmes to ensure the consistency of delivery. It is evident that each of the leading companies in the B2B CEE analysis are clear on the experience they wish to deliver.

The following matrix illustrates how the moments that matter play out across a typical B2B life cycle.

> Many years ago, an adviser took the time to discuss our situation in a holistic way that focused on me, my company and my aims – not the bank's. I felt I had been put first and listened to, and that has always stayed with me as we've worked together, and has earned my loyalty and trust.
>
> UK B2B CEE respondent
> Banking customer

The experiential life cycle:

	Pre-purchase	Purchase	Immediate post-purchase	Ongoing	Renew/dissolve
Target experience	Positive reputation. An organisation that stands for something, is competent at what it does and keeps its promises.	A closeness to the customer and the sector that enables the offering to be personalised to the customer's strategic needs.	Delivery on the promise, accurate setting of expectations. Making things easy and straightforward.	Responding with urgency when things go wrong. Emotionally intelligent responsiveness.	Making renewal easy. Achieving strategic supplier status – become difficult to unwind.
Phases of relationship connection	Wooing	Selling/buying	Honeymoon Forming Storming	Norming/bonding Co-creation	Leadership
Moments that matter	• Reputational coverage • Referral / references • 84% of B2B sales begin with a referral*	• Customer knowledge • Setting expectations • Focus on client's long-term goals not just achieving a sale • 90% of B2B purchases are influenced by peer recommendations*	• First impressions / first user experience • On-boarding • Team chemistry • Opportunities to reduce or remove client effort	• Anticipating issues and proactive resolution • Issue management of difficult problems • Responding to changes in emphasis or direction • Being present, not purely transactional	• Last impressions
Moments of failure	• Reputational issues	• Failure to connect • Tendency to over promise	• Failure to manage cross-company team dynamics • No solutions to predictable problems • Poor change management process • Adversarial contracting process	• Quality of relationship manager or change in RM • Issue responsiveness • Maintaining stakeholder relationships • No single point of contact for issues	• How the relationship ends
Six Pillar emphasis					
Trust state	Calculus Based Trust	Calculus Based Trust	Calculus Based Trust	Identification Based Trust	Identification Based Trust
Commercial state	Emerging opportunities	Latest opportunities	Growth	Maturity	Declining

*HBR 08/11/2016

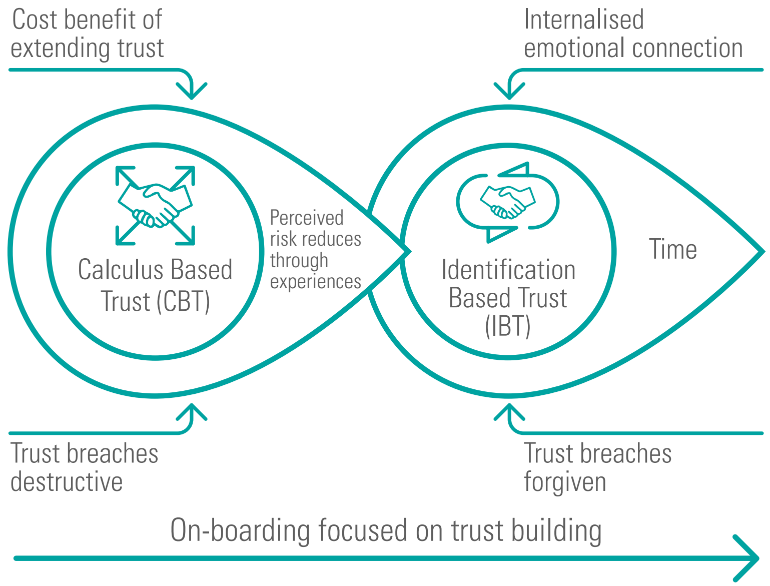
The role of trust

Trust lies at the centre of every relationship, personal or business. Trust is built slowly over time, interaction after interaction. Roy J. Lewicki, Professor Emeritus from Ohio State University's Fischer College of Business and a leading expert in trust and trust management, identifies that in the early stage of a relationship, trust is "Calculus Based Trust (CBT)" (Source: 'Trust and Trust Building', Beyond Intractability, Roy J. Lewicki and Edward C. Tomlinson). In other words, an individual carefully calculates how the other party is likely to behave in a given situation and extends their trust only so far as is necessary to achieve a positive outcome. It is a form of cognitive cost benefit analysis, tempered by the risk of extending trust. Calculus Based Trust can be developed over time as the organisation manages its corporate reputation, consistently delivers on its promises and behaves in trustworthy ways.

However, as the parties come to a deeper understanding of each other through repeated interactions, trust grows to a higher and quantitatively different level – Identification Based Trust (IBT) – where each party identifies with the goals and objectives of the other. This is a more emotionally driven bond which is often difficult to break. Trust violations in the CBT phase may be highly destructive to the future of the relationship, whereas they may not even be noticed in the IBT phase, such is the level of forgiveness achieved through numerous positive interactions. In this phase, the trust dividend is enduring loyalty.

This has a multitude of implications for how companies 'onboard' customers. For example, Santander Bank realise just how important this is and give new customers to their 1,2,3, account what they call the "red carpet welcome", frequently accumulating trust in the process.

Types of trust:



> Reaching trusted advisor status in a B2B relationship is paramount to long-term loyalty.

Brian Atkinson
Head of Collaboration and Customer Experience, Cisco UK & Ireland

Phases of relationship connection

There are some parallels between how basic human relationships are formed and how business relationships develop.

One significant difference, however, is that business relationships are often formed by the interactions within and across teams. The excellent organisations are those that focus on how these team relationships are built and then nurtured over time. In any business relationship success lies in being able to manage a team of teams. A group of teams all working to the same harmonious end.

The key stages in relationship building:

Wooing
The foundations for the future chemistry of the relationship are set here.

Purchase
The process of selection is a key moment that matters because it is at this stage that promises are made and expectations set.

Honeymoon
Immediately post purchase the honeymoon period is characterised by confirmation bias - each side looks for reasons to reinforce the decision they have made to work with each other. It is this phase that the crucial ways of working should be laid out as guidelines for the future.

Forming
Like most relationships over time, teams often find ways of working together. However, it is often the illusion of peace that prevails as teams make the best of it.

Storming
This is a critical moment that matters. Once the honeymoon period ends, the stark realities of working together begin to surface. Problems emerge and, if not dealt with, can fester across the lifetime of the relationship. Many organisations refer to this stage as 'the power struggle'.

Norming
At this stage, teams find ways of setting standards and agreeing how working relationships will operate.

Whilst some organisations are acutely aware of the importance of the 'Forming, Storming, Norming' phenomenon within an organisation, they do not often think about it across commercial relationships. However, this process governs how the bonds are formed – the better this process, the stronger the bonds, the longer the relationship.

Happily engaged customers bond with their products first and then their vendors. This is important – if vendors miss this bonding step, it can lead to failure.

We have identified bonding as a step in the life cycle, but customers don't bond all at once. Bonding is the accumulation of positive experiences that can come either directly with experience of the product or service, or indirectly from the satisfaction of having a problem taken care of promptly. So failure to bond goes back further in the life cycle, to the many things that customers expect in their moments that matter which a vendor may have failed to deliver. Failing to bond is a break in the life cycle that often results in the early demise of a relationship.

Mature, well-structured, bonded relationships result in effective co-creation – both sides working together as one team with a deep knowledge of what the other brings. Leadership moves between the organisations as those best equipped for the job take charge. Two organisations with different skills, knowledge and assets acting as one.

Moments that matter and moments of failure

As in the consumer world, the drivers of promotion and the reasons for detraction can be different. Successful organisations attend to both:

Moments that matter:

Client reviews reputation and past practice

B2B is driven by referral – the curation of reputation is critical.

Know the customer

Opportunities to demonstrate industry, client and product understanding.

Onboarding: First meetings

First impressions count in every walk of life.

Onboarding: First user experience

Setting expectations.

"My first enquiry was responded to promptly and in a friendly, engaging manner. I felt welcomed and valued. They displayed an interest in my need."

- UK B2B CEE respondent, Legal customer

Delivering on initial promises – no matter how small

Begin the trust building process.

Moments of failure:

Reputational damage

Managing the impact on the client.

Failure to connect

Interpersonal chemistry issues.

Over promising - under delivering

Accurate setting of expectations from the outset.

Cross organisation team dynamics

Managing the stakeholder relationships.


The 'storming' phase
How the organisation deals with the initial relationship difficulties.
Taking opportunities to add value by reducing cost, time and effort
Relationship-building activities.
Anticipating issues
Fixing potential pitfalls before they occur.
"Every time we have discrepancies, such as when goods aren't delivered, they always go out of their way to make sure it is sorted on the same day."
- UK B2B CEE respondent, Business Goods customer
Opportunities to enhance personal relationships
Empathetic, emotionally intelligent responses.
Responding to strategic change
Flexibility, responsiveness and commitment.
Responding to issues
Having a Plan B.
Relationship manager quality
RM embodies the company – poor quality RM undermines the relationship.
Change management across teams
Quality of communications.
"Discussed renewal of annual contract by phone. Was passed between three operators, the first being based overseas. Only the third understood my issue and solved it."
- UK B2B CEE respondent, Telecoms customer
Response to issues or problems
Inadequate responses erode trust.

The Six Pillars and the Moments that Matter

From the B2B customer perspective

Demonstrate that you are building towards a special relationship with us through recognising and responding to our unique needs.

Provide proactive, relevant thought leadership tailored to our situation

Provide ideas and insights that add value

Make us feel important to you as a client

Make us feel special as individuals and more confident about being successful

Show us that all stakeholders matter

Use your expertise to earn our trust.

The people who pitch should oversee the work

Deliver on your promises

Make it clear how you have added value

Be transparent and open

Accurately set and reset our expectations as the project unfolds.

Do not over-promise and under-deliver

Communicate clearly and openly with us

Ensure you meet the expectations created at the outset

Fix problems with urgency when they arise.

Senior people should be visible not invisible when things get difficult and lead the resolution

Provide us with timelines, updates and plans for problem resolution

Compensate us for severe failures

Maximise the value from our time investment.

Show a desire to re-use existing assets

Find ways of saving us costs by thinking cleverly

Focus on the transfer of relevant skills to make us better

Be joined up internally – don't leave it to us to make the connections

Show that you care about our business and us as individuals.

Invest quality time to really understand us

Do not leave us feeling hard done by

See the world from our perspective and show you understand how we see the world – but help us when this clouds our view

Do not be condescending or overbearing

We are humans with our own fears and worries – provide an emotionally intelligent response to these

The Six Pillars and the Decision Making Unit

From an experiential perspective there are three critical roles in the decision making unit:

Decision Makers

Those that give the final sign-off, either on their own, or as part of a committee.

Influencers

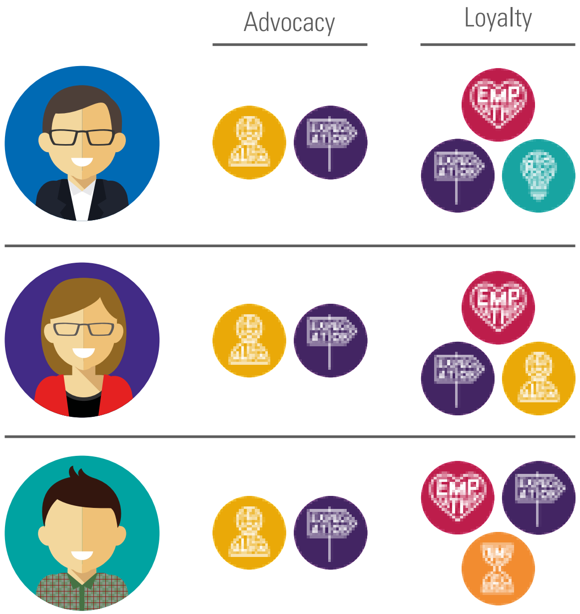
Despite having no formal authority on purchasing decisions, their influence will impact the retention or choice of supplier.

Users

They have a limited influence on the choice of suppliers, but they are the ones interacting with the purchased service or product on a daily basis – they are the ones experiencing the organisation most fully.

Each of these has different needs with regards to their experiences. These needs also tend to differ dependent upon whether the objective is to drive recommendation, or loyalty.

The following table shows the pillars that have the greatest impact for the different members of a DMU in the UK:



The table demonstrates that if an organisation's ultimate aim is to ensure its customers endorse the brand and act as advocates for them, then Personalisation and Expectation management is critical.

However, when it comes to repeated purchase and long-term relationships, what matters the most, across DMUs and across countries, is Empathy. Alongside Empathy, Users want their Expectations to be met and exceeded. Influencers care about a personalised experience, Decision Makers' priorities change depending on the country. Americans truly care about Personalisation, but the key for their British counterparts is to master Expectations and ensure prompt and efficient Resolution.

Real differences surface when it comes to Users: Personalisation is slightly less important and elements such as Time and Effort and Resolution become more important, reflecting the more transactional nature of the relationship.

Integrity, as in the consumer world, is a binary condition. You either have it and the relationship will be successful, or you don't and the relationship will be short-lived.

And how do companies deliver on these needs?

We know what truly matters to the different stakeholders within the client organisation. But do suppliers consistently deliver on the key ingredients of these moments that matter? Our analysis reveals that although some fundamentals are covered, there is still a gap which organisations can exploit to gain a competitive edge in their market.

The experiences delivered clearly demonstrate a greater focus on the budget holders among the decision-making structure. Both in the UK and the US, the Decision Makers report the best scores in every single pillar, ahead of Influencers and Users. This is reflective of a focus on bringing business in, through sales and business development. When it comes to delivering the service, Users and Influencers collaborate to a greater depth and frequency with the supplier and, therefore, are more exposed to the reality of dealing with a particular company.

Looking into the delivery of individual pillars, Personalisation and Expectations are consistently among the key drivers of loyalty and advocacy, and among the pillars organisations deliver best on.

Similar to a business-to-consumer context, Empathy is the lowest performing of the pillars. However, unlike in B2C, Empathy is key to building loyalty in B2B.

UK Six Pillar performance across DMU members:

The Consumerisation of B2B

Technological advances, ever-increasing digital adoption and an even more connected life has given rise to a new business to consumer world. We live in a world where everything can be made custom fit, from your running shoes to your smartphone case protector – or even an action figure depicting 'you as a superhero'.

“ ”

Treat businesses as if they are individuals: get to know the customer and the personality of the business, just like a typical consumer.

UK B2B CEE respondent
Legal customer

Alongside such advancements, consumers have been facing exceptional experiences. As referenced in the 2016 UK consumer CEE report, "Making Memories", Emirates' in-flight memory-making strategies and Lush's honest and outstanding service are among a number of strategies from exceptional organisations that are making memorable experiences for their customers. Brands in the American market also deliver exceptional experiences, as is evidenced through the 2016 US consumer CEE report, "Harnessing the Power of the Many". USAA has structured itself around its customer base and extensive customer-centric training for all staff; In-N-Out Burger has its very own secret menu for those 'in the know'; and Disney Parks manages to match our nostalgia with state-of-the-art technology and world-leading customer service training for their 'cast members'.

Through such experiences, customers have got used to a much higher standard of service. As such, personal customer experience plays a significant role in the setting of expectations. This has led to the 'consumerisation' of B2B relationships: the personal experiences customers receive have an impact on how they evaluate their B2B suppliers. Indeed, customers rate their customer experience on average 2.3 times more positively if the same brand (if applicable) delivered a good B2C experience to them. In a customer's mind, the separation between B2C and B2B does not exist.

“ ”

Most people now take the way they interact with business as a consumer into the B2B marketplace – they expect the same levels of service.

UK B2B CEE respondent
Business technology customer

The table to the right shows that across The Six Pillars there is a considerable gulf between experience delivery in B2C when compared with B2B in the UK.

The gap in performance on Personalisation and Time and Effort are examples of this new standard, as the B2C brands perform up to 12% better than their B2B counterparts.

Organisations working in both consumer and business spaces have a definite advantage in terms of knowledge and processes. Allowing departments to communicate more and create synergies between teams can be the key to success for those brands.

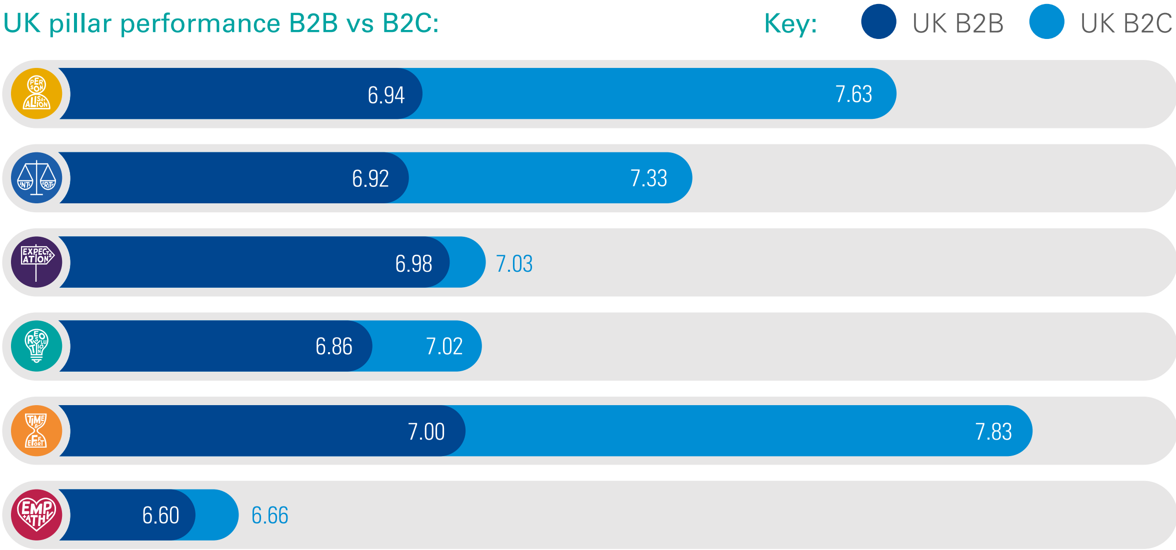
The shared human element of B2B relationships is observable within the pillar of Empathy. The scores are virtually identical, reinforcing that relationships, regardless of the context, are, first and foremost, human to human.

However, trust is more difficult to achieve, as evidenced in the Integrity performance. The greater the gap between these two scores, the greater the damage inflicted upon B2B relationships and their potential to strengthen and become lasting partnerships.

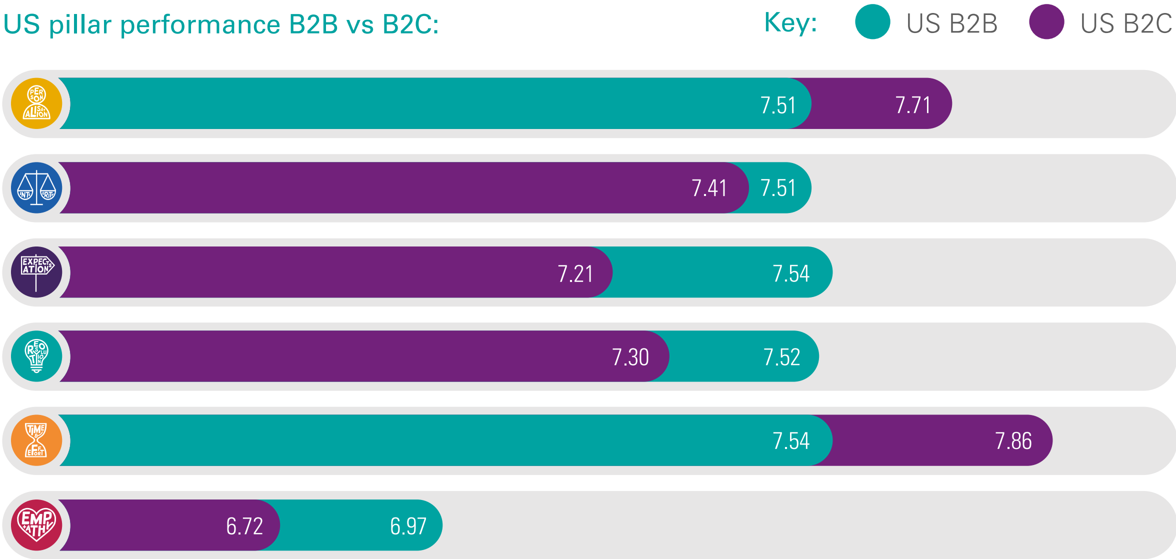
The opposite scenario can be seen in the US. With the exception of Personalisation and Time and Effort, the B2B side of the American market delivers stronger experiences than its B2C peers.

The management of Expectations stands out as a key element where B2B in the US excels, with a 5% difference.

UK pillar performance B2B vs B2C:



US pillar performance B2B vs B2C:



The Role of the Relationship Manager

Relationships in B2B contexts are much more complex than in the consumer world. We have already discussed the role of customer experience in the client-side of the relationship and how the different decision making units perceive it.

There are four relationship models which have a definite impact on how the relationships are built and experienced:

A relationship manager owns the relationship and is the sole person managing the relationship with the client.

A relationship manager is the main face of the supplier with a team supporting this individual in delivering the experience to the client.

The client has an entire team at its disposal and has subject matter experts at hand to solve any question they might have – but there are no clear owners to the relationship.

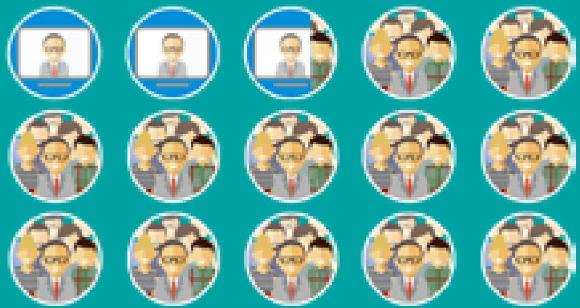
A fully automated operational solution – no human interaction is required for the service to be provided. It's most often used for clients perceived to be low-value to the provider.

> Within YBS Share Plans the account manager role is key to our aim to deliver outstanding customer experience. Whilst a number of teams support the account manager, they act as the single point of contact for all of our B2B relationships and trust and loyalty towards our brand is largely built through these relationships. The account manager is almost entirely responsible for gathering client requirements, understanding their particular needs and motivations, shaping service delivery and managing expectations accordingly. The main B2B customer will largely judge us on the strength of this relationship and the value they have added over a period of time.

Ashley Price
Head of YBS Share Plans, Yorkshire Building Society

Automation or human interaction?

In the UK, human-led interactions represent the bulk of the relationships in the B2B world. Among the businesses analysed, only 18% (16% in the US) are reported to be fully automated.

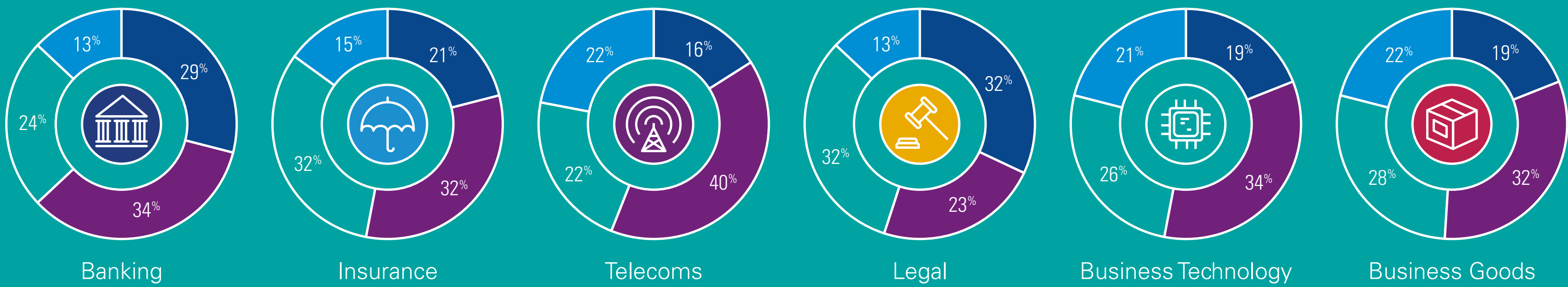


Prevalence of the account team model

Across both countries, one model stands out as the most frequently used servicing model: organisations tend to structure themselves around account teams, with all the team members, often subject matter experts, directly available to the client should they have specific requests.

> We have no relationship manager and so we have to speak to someone different and explain ourselves every time we contact them.
>
> UK B2B CEE respondent
> Telecoms customer

Relationship management models across UK industries:



Key: Relationship manager has sole responsibility; Relationship manager and supporting team; Multiple contacts depending on specific need; Fully automated operational solution

Preference for sole relationship manager

Clients have their own preference in how they want to be serviced. Rather than having a full team to reach out to, they frequently prefer to have one person to deal with and have them acting as their ambassador – the one person in the organisation that champions their interests and ensures the services are provided to them in the highest standard.

Sole relationship manager for legal sector

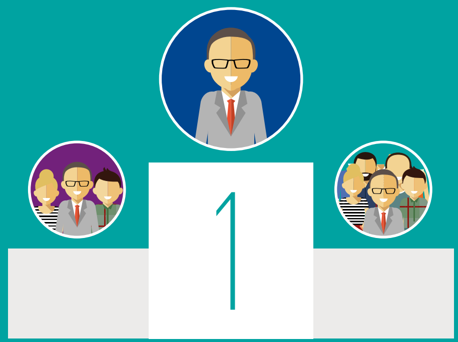
Across both the UK and the US, legal organisations embrace this approach and offer their clients a main point of contact who ensures required internal resources are correctly allocated so that the client is provided with the service they need – often without ever knowing the names of the team members behind the work. This approach is key to allowing legal organisations to deliver leading experiences to Decision Makers in the UK. Though this model exists in the other industries, it is less frequently adopted.

> My customer relationship manager regularly calls in to check how things are going… they remember the existing customers, not just the new ones.
>
> UK B2B CEE respondent
> Banking customer

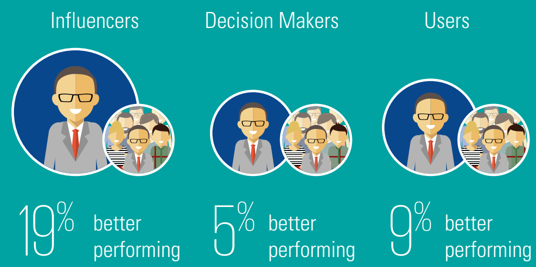
Impact of sole relationship manager model

This model offers much higher levels of satisfaction as well as a better experience across the pillars. The hybrid approach – where one person owns the relationship but the entire team is known to the client – does not fare any better than an account team approach.

More importantly, the relationship manager role itself is seen as delivering much stronger experiences when it is the only person representing the organisation.



The relationship model and the DMU

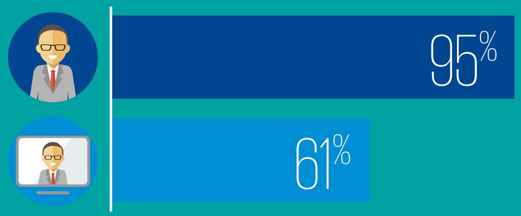


The model used in the relationship matters most to the influencers.

In the UK, the sole relationship manager model is perceived as 19% better performing than the account team model. In comparison, it performs only 5% and 9% better for Decision Makers and Users.

Relationship model affects business technology satisfaction

Having one single person representing your clients' interests within your organisation is something customers of business technology brands prefer in the UK: 95% of those with this model are satisfied with their relationship with their supplier. But make the relationship fully automated and the satisfaction drops to 61%.



This is especially critical with the ever-growing markets in this space. This has implications for how firms introduce self-service. In an industry where more than 70% of stakeholders state customer experience has a definite impact on their choice of vendors, this could represent the competitive opportunities that will allow an organisation to foster strategic and valuable alliances in the years to come.

Experience of sole relationship model drives loyalty

In the UK, where a single relationship manager is responsible for the account relationship, the influence of the customer experience on doing business with a brand is 12% greater than the impact of the account team structure.

Automated solution works for banking and insurance

However, the banking and insurance sectors show the automated operational solution can be successful, with satisfaction scores of 68% for banking and 73% for insurance. These industries have been investing in self-serve technologies and this is certainly paying off: insurance has the highest Time and Effort score in the UK (7.23) whilst banking performs at a solid 7.08.

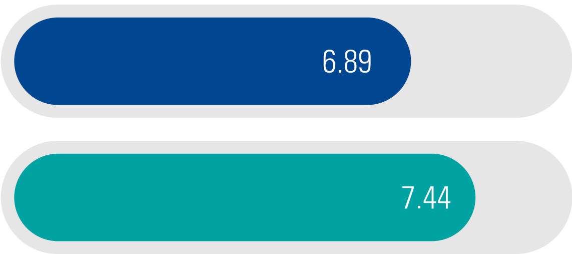
> My relationship manager always shows initiative to improve the situation for my company as a customer. For example, they identified an area of expenditure that could be managed more efficiently. Very impressed with the initiative shown, because they know our business.

UK B2B CEE respondent
Legal customer

UK vs US Comparison

The US outperforms the UK for its B2B customer experience, just as we've seen for B2C in the latest UK consumer CEE analysis (Making Memories). The gap is even greater for B2B, however, with an 8% lead for the US.

Overall B2B CEE performance:



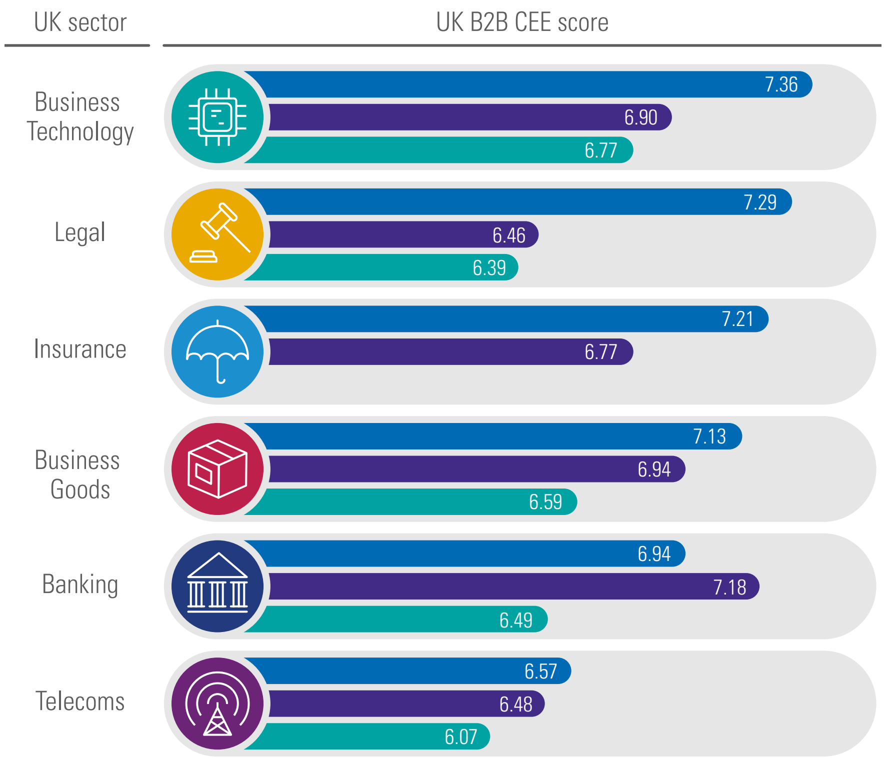
Key: UK US

B2B Six Pillar comparison - UK vs US:

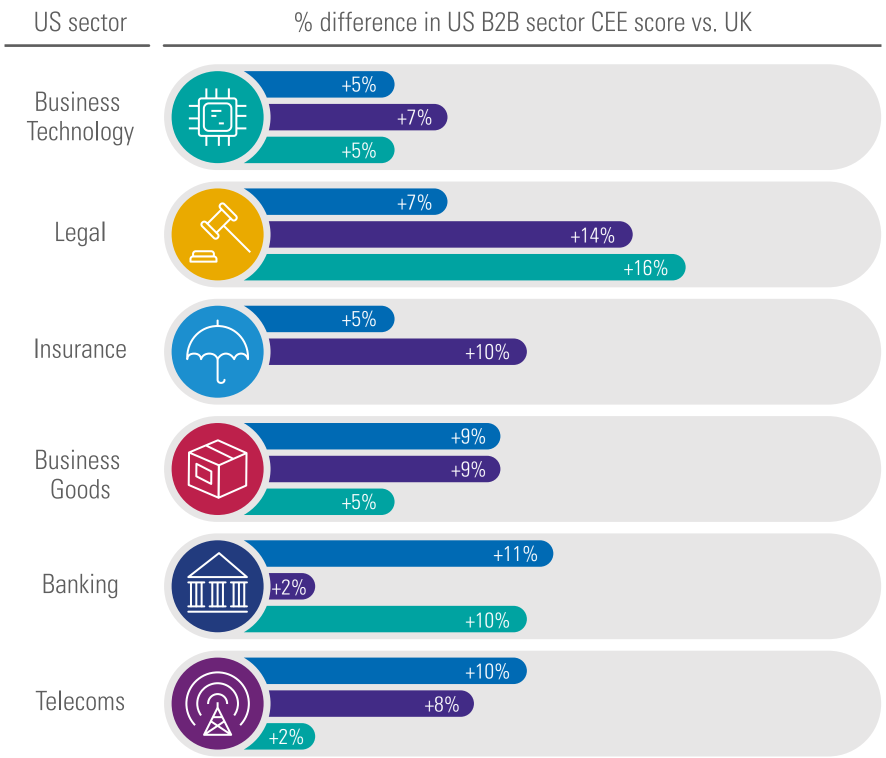
Key: UK US

No one pillar drives the US position, as the market outperforms the UK across all Six Pillars, with a lead of up to 10%.

UK B2B sector performance:



US B2B sector performance



In the UK, business technology leads the pack for B2B customer experience excellence, providing the best experience in the UK for both Decision Makers and Users. At the other end of the spectrum, the telecoms sector lags behind – consistent with its performance from a consumer perspective.

Banking stands out as the only industry where Influencers are given a better experience than Decision Makers – making it the clear UK leader for Influencers.

Leading across all sectors, the greatest gap for the US is seen in legal, where the experience is seen as being 7% to 16% better, depending on the DMU role. Despite being the leading industry in the UK, business technology is still outperformed by its American counterpart. This comparison makes it clear that brands on the American market consistently service stakeholders better than organisations in the UK.

Key:

- Decision Makers
- Influencers
- Users

Sector Review: Insurance

- **Insurance is a mid-ranking sector for both B2B and B2C.**
- **The key B2B drivers of performance are a focus on reducing Time and Effort and the speed of Resolution.**
- **Though a low performing pillar, the insurance sector fares relatively better than other sectors for Empathy.**

The level of overall performance of the sector varies across the two markets. In the UK, the insurance sector performs well, behind only business technology and legal sectors, while in the US the sector is lower ranking. The US insurance sector has a broadly average rating for all pillars, with the exception of Empathy, which represents a challenge for most sectors, but where insurance fares relatively better.

Whilst State Farm performs well against this pillar, GEICO excels, achieving the highest score in the study for Empathy. GEICO is well known for listening to the needs of customers and explaining the outcome of situations. Its ability to build rapport is of particular importance during moments that matter in the storming phase – where the effective Resolution of problems that initially arise can define the future relationship.

In the UK insurance market, Aviva, receives strong scores for both Time and Effort and Resolution. They are noted by customers for their excellent customer service; in particular, their awareness of sector jargon and ability to translate it into layman's terms – greatly reducing customer effort.

The pillar of Integrity brings an interesting perspective. Whilst UK Decision Makers rate insurance companies' performance as above average for Integrity, their US counterparts rate this below average. However, the opposite is true among the Influencers, with the UK underperforming for this DMU. By focusing on delivering promises, increasing transparency and demonstrating expertise, businesses in this sector will be able to enjoy identification-based trust relationships, with stronger levels of forgiveness and ultimately, increased loyalty.

> **The insurance sector has suffered reputationally alongside the banks, therefore these results are encouraging and highlight the opportunity ahead.**
>
> Phil Smart
> Head of Insurance and Investment Management, KPMG UK

Sector Review: Business Technology

- **Business technology is the highest performing sector among both decision makers and users in the UK.**
- **The business technology sector is driven by value, service and being able to provide a solution which meets an organisation's specific requirements.**

Many technology firms sell through partners – so delivering a consistent customer experience across multiple channel partners is a complex challenge for many of the organisations we examined.

Unsurprisingly, those that sell, service and maintain directly have greater control and therefore tend to have higher CEE scores.

All UK business technology brands analysed score highly in Personalisation, reflecting the competitive need to respond to what can often be very detailed and specific requirements.

The UK brands rank slightly behind their US counterparts, largely due to a geographic maturity in customer experience, and likely also affected by economies of scale. Across geographies, brands with a high Resolution score have a high overall metric, reflecting the importance of timely and efficient support and maintenance once the initial deployment of goods and services has been completed.

In the UK, business technology is ranked first by both Decision Makers and Users, reflecting the importance of technology to most organisations' operational success, and the business technology brands' readiness to respond.

In contrast, in the US, the sector is mid-ranking. This may be as a result of the commoditisation of business technology for larger organisations, with an increased trend towards cloud-based products and services, which may explain lower Empathy and Time and Effort scores than some other sectors.

> **The UK business technology sector performance reflects the point that in an extremely competitive IT market, good customer experience is often the key differentiator.**
>
> Tudor Aw
> UK Technology Sector Head, KPMG UK

Sector Review: Banking

- HSBC and Santander lead the UK B2B banking sector.
- The B2B experience across the major banks reflects their B2C performance.
- The sector performs poorly overall in terms of perceived value and loyalty.
- However, Influencers rate this sector as the highest performing in the UK.
- The leader in the US, Chase, considerably outperformed its UK counterparts.

Demographic changes, inadequate personal savings, new pan-European regulation aimed at improving transparency and the rise of technology are driving financial institutions to become more focused on the customer. Customers need to receive the right products at the right time, thus enabling the economy to flourish, whilst customers are safe in the knowledge that they are protected.

Technology is driving change across banking, insurance and investment management companies. Customers expect to receive tailored products and access these in the way they want. Improved data and analytics is making this possible and more people than ever have access to financial products.

Regulation has a constant impact on the sector. Whilst driving trust and transparency for customers and government, it also adds to operating costs.

Banking is a mid-low performing sector overall in both the US and UK, scoring best in the pillars of Expectations and Time and Effort.

“”

> Increased regulation and a low interest rate environment demands banks focus more on all aspects of customer experience. Technology is a key differentiator in this battle for the customer.

Michelle Hinchliffe
Partner and Head of UK Banking, KPMG UK

Chase Bank in the US scores the highest against the pillar of Personalisation. The bank offers a variety of products, from a small business credit card which turns everyday business expenses into rewards, to allowing business users to select a credit card that provides reward points, cash back or one of their cards which is partnered with an airline or hotel chain.

Our study looked at the relationship that businesses have with their bank. Within the US, three quarters of respondents said that their bank was a value to the organisation and that they were a trusted partner. In the UK it is a lower percentage, with 63% stating their bank added value to the organisation and 69% saying that their business bank was a trusted partner. The UK is behind the US across service levels, no matter who their business dealt with. In the US, 78% stated that they had a consistent service, whereas in the UK it's 68%.

In both the US and UK, 66% of businesses stated they would be likely to take out additional products and services with their bank, although only 16% had done so. When asked how satisfied they were with the experience of taking out other products and services, in the US 86% were satisfied, compared to 76% within the UK.

“”

Everybody could learn from first direct – who will treat you as an individual. I don’t think that matters whether it’s a B2B or B2C case. You are nothing without your customers.

UK B2B CEE respondent
Banking customer

Sector Review: Telecoms

- **Telecoms is the poorest performing B2B sector – similar to its B2C performance.**
- **Performance across The Six Pillars is below average.**
- **EE is the leading performer in the UK.**
- **At the heart of the issue for the sector is the inability to accurately set and then deliver against expectations.**

The scope of the telecoms sector is widening rapidly, with the development of more comprehensive and attractive offers that include IT-related services such as data storage and cloud services. The key areas of growth in the sector are unified communications and IP-based services (Source: B2B Telecommunication Market: Global Industry Analysis and Opportunity Assessment 2016-2026, Future Market Insights).

Unified communication is enabling the integration of 'different time/different place' communication tools, such as email, with 'same time/different place' methods, such as IM, reducing Time and Effort for the end user. Meanwhile the implementation of IP-based services such as IP VPN and Voice over IP (VoIP) is increasing flexibility in the workplace, allowing the telecoms sector to deliver a new level of Personalisation.

Although innovation is disrupting the sector, the most important services noted by respondents are already provided by their current service operator and remain the traditional telecoms offerings: landline solutions in the UK and fixed mobile in the US market.

Whilst the sector is advancing rapidly in terms of innovation, the customer experience is lagging behind. Rated as the worst performing sector overall in both the US and the UK markets, the industry performs below the B2B average, in each of The Six Pillars, in both countries.

EE, the strongest performer in the UK B2B telecoms market, has recently been acquired by BT, enabling the group to provide the combined telecoms/IT offering currently demanded by the B2B market (Source: BT website). Interestingly, unlike the majority of companies with both B2B and B2C offerings, EE's B2B ratings outperform their B2C scores across four of The Six Pillars.

This is most notable in their Empathy rating – 6% higher than the score in the B2C market. EE particularly excels in Time and Effort and Integrity. Their ability to pre-empt customer needs, whilst ensuring that they deliver on promises during key moments such as the honeymoon stage, reduces the likelihood of post-purchase cognitive dissonance. This is especially of note for Decision Makers; their high investment in the purchase ecision means that they are more susceptible to experiencing considerable physiological discomfort if the pre-purchase promise and the immediate post-purchase first impressions do not align.

The leading brand in the US telecom market, T-Mobile, receives high ratings for both Personalisation and Integrity. T-Mobile's partnership with Gogo illustrates their understanding of how to drive an emotional connection with customers through relevant offers, tailored to their needs.

The collaboration ensures that T-Mobile B2B customers are able to stay connected even when flying – something that is of great value to many business customers. T-Mobile also provides dedicated business account teams for clients with 24/7 support (Source: T-Mobile website). This individualised level of attention gives T-Mobile the opportunity to ensure that every brand interaction makes clients feel valued, as well as providing T- Mobile with a platform to build and sustain high levels of trust. It is this ability to develop identification based trust that has allowed T-Mobile to enjoy high levels of forgiveness – 12% above the US telecoms average.

“ ”

We need to upgrade so we're looking at different providers. One rep came into the business and put together a great deal, not only based on handsets but also arranged and provided training for staff and technical teams for drop-in support post-launch. Really exceeded my expectations.

US B2B CEE respondent
Telecoms customer

The Way Forward: Transforming your B2B Experience

Define the experiential life cycle

- Identify the key stages where the relationship is built with the customer
- Identify the specific transition points where the relationship moves on to the next stage
- Map the status of current, actual and previously lost customers across the framework – identify any segment differences
- Account manager takes ownership and has accountability

Identify the moments that matter across the life cycle

- Within each stage, identify the critical moments that shape the nature of the relationship with customers
- Check whether these change in importance or type by segment
- Model the impact of the moments that matter against commercial outcomes by identifying the causes of lost business

Define the target experience at each stage

- For each moment that matters, blueprint the experience you want to deliver
- Use your brand values and personality to shape the experience content
- Think about the behaviours that will make the most difference and audit their current delivery

Identify sub-journeys and critical experiences

- Within each journey are a series of sub-journeys – each with a beginning, middle and end
- Identify which of these sub-journeys require redesign and improvement
- Organise experiences around the moments that matter

Select the appropriate Six Pillar behaviours to be deployed across the life cycle / journeys

- Identify which of The Six Pillars impact most strongly on that section of the journey
- From The Six Pillar behaviour diagram (page 14-15), select the key behaviours that will make a competitive difference
- Audit current delivery of the critical behaviours

Train, recognise and reward employees based on customer experience delivery

- Align performance management to the delivery of those behaviours
- Create a mechanism that surfaces and communicates success stories
- Align reward and recognition programmes to the desired behaviours

Measure, monitor and improve performance

- Use journey-based tracking to monitor high-level metrics such as advocacy and CSAT
- Use a measurement framework to link journey-based variables to the high-level metrics to aid diagnostics
- Deep dive into key areas of poor behavioural delivery – create an improvement roadmap

Next Steps

The *Customer Experience Excellence Centre* is dedicated to rapidly improving customer experience by defining what 'best-in-class' looks like for customers around the world.

Access the Excellence Centre online

Download other publications

The Six Pillars in B2B

CEE UK and US 2016 analysis for the consumer view

Customer experience best practice

Watch best practice sector webinars and access CX transformation and execution white papers.

CEEC membership

A community for customer experience professionals, providing access to best practice tools, alongside a platform to connect and influence. Apply online.

The Six Pillars

A universal set of qualities within every customer relationship. The Six Pillars have proven to deliver enhanced commercial outcomes and deliver greater shareholder value.

Contact us for analysis of your business

Further information can be provided bespoke for your organisation.

Contact us to see if your organisation is listed and to arrange a presentation.

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