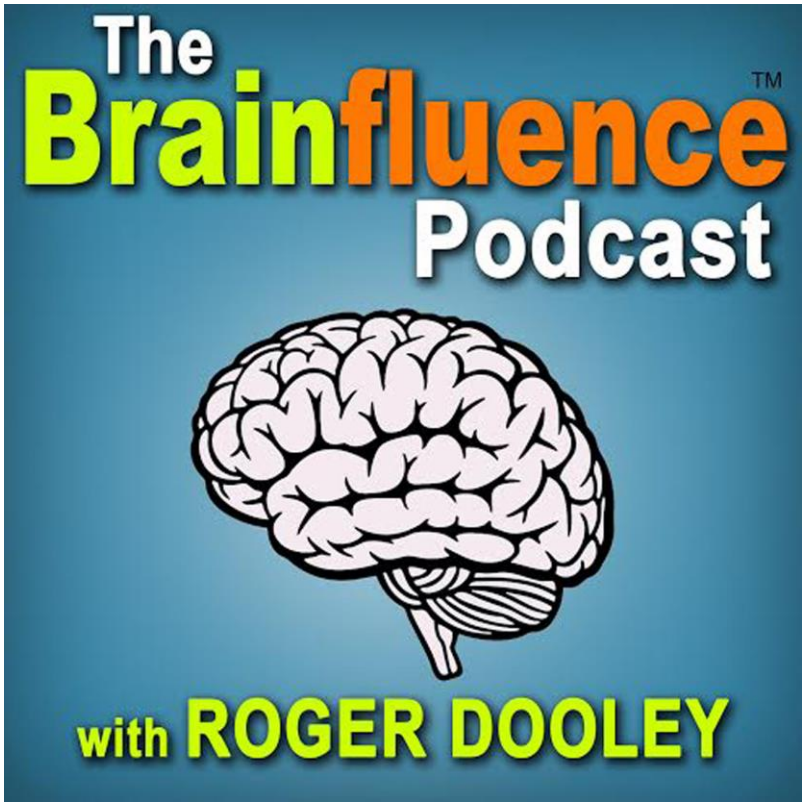
Ep #140: The Intuitive Customer with Colin Shaw



Full Episode Transcript

With Your Host

Roger Dooley

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Welcome to the Brainfluence Podcast with Roger Dooley, author, speaker and educator on neuromarketing and the psychology of persuasion. Every week, we talk with thought leaders that will help you improve your influence with factual evidence and concrete research. Introducing your host, Roger Dooley.

Roger: Welcome to the Brainfluence Podcast. I'm Roger Dooley. We're recording this on the fifth anniversary of John Wiley & Sons publishing Brainfluence. I'm happy to say that I continue to get feedback from readers who are applying at least one of the hundred simple strategies I outline in the book. If by some chance, you actually haven't read the book, or if you didn't know that the name of this podcast came from my book title, I encourage you to check it out.

Our guest this week is Colin Shaw. I've known him for a few years, and I can tell you he has a single-minded focus on customer experience. He hasn't changed his middle initials to "C.X." yet, but his Twitter handle is @ColinShaw_CX, if that tells you anything. He's written four best-selling books in the last 15 years, all about customer experience. He's the founder and CEO of Beyond Philosophy, a consulting firm that works with firms globally to improve their customer experience. Now Colin has a new book coming out, The Intuitive Customer: 7 Imperatives For Moving Your Customer Experience to the Next Level. I've read an advance copy, and, as expected, there are some great insights into customer behavior and how business can create far better experiences. I know our listeners will really like the book, because it uses quite a bit of behavioral economics to explain customer behavior. Welcome to the show, Colin.

Colin: Yeah, nice to be on, Roger. Thanks very much for having us. Looking forward to it.

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Roger: Colin, you've been focused on customer experience for at least 15 years, perhaps longer. Now it's got its own acronym and there are lots of people talking about it. Was customer experience even a thing when you started working on it and thinking about it?

Colin: I started working on it at actually the ... About 1998, and it was my boss who turned round to me one day and said ... This is when I used to work at British Telecom, and he said to me, "Colin, I'd like you to improve customer experience, but do it at least cost," which is always the challenge they throw in. So I've been thinking about nothing else for the last 16 years, basically. But yeah, you're right, back in the day, people didn't really understand what customer experience was, but now it's obviously become a worldwide phenomenon.

Roger: Yeah, that seems almost kind of odd, that a telephone company would be thinking about customer experience. It seems like usually, those kinds of companies are the last ones to catch on.

Colin: Yeah, no, the CEO at the time was quite forward-thinking, and what he recognized was that, effectively, which is why customer service is so important to everybody, that we were in a commoditized market, and therefore, the only way you can differentiate yourself in a commoditized market is by differentiating yourself on the experience. He didn't really understand what the experience was, but he intuitively understood that that was the right way to go, so asked me to look into it, and try to understand it, and put together a program, and all those other wonderful things, so yeah, it's been an interesting journey.

Roger: Right, well, I guess in that case, there was a fairly competitive situation. I'd contrast that with, say, many of the cable providers in the U.S., where they've got a semi-monopoly position on delivering either entertainment or Internet, and they seem to be

thinking a little bit about customer experience now, but boy, it's been really horrible for a long time.

Colin: Yeah, no, I totally agree, and clearly if you're in a monopoly, then the question starts to become, obviously, "why would you bother?" Having said that, we've had some interesting clients in England, water companies in England that are monopolies, and one of the ones, in fact, it was a case study in one of my first books, basically, the reason they started to improve their customer experience, although they didn't have to, was because they recognized the fringe benefits of it. In other words, the best people want to work for the best companies. If you improve your experience, you save costs, because customers don't phone you back so many times, and stuff like that. There are more foresighted people, of which the ... I wouldn't include them as the cable companies, and it seems to me cable companies throughout the world to be totally … Customer experience typically is about improving loyalty and stuff like that, and revenue, but even if you're in a monopoly, there are definitely benefits for them in making those improvements.

Roger: Yeah, that's an interesting point, I hadn't thought about it, but I'm sure you're right from a recruiting standpoint, from a cost-of-servicing customer standpoint, and also, I think there's an effect that if people dislike you or feel like you're treating them poorly, they will find ways to take revenge on you. Some time back, I think it was Dan Ariely did a study on that where he did an experiment that involved a rude behavior experience by somebody who was apparently taking a survey in a coffee shop for a small fee, and what he found was that when the experimenter behaved in a rude manner, the subjects in this case, who were people who were completing this little survey, would take revenge by keeping an overpayment of their little fee for doing it, where under normal circumstances, most of

them would have given it back. Really, you're building that, if not customer loyalty, they don't have a choice, but at least you're not convincing them that you are bad people.

Colin: Yeah, no, and similar to your example, what you know is that if you deal with customer complaints quickly, then people will settle for far less than if you put them through a tortuous process to get them to prove why they need the compensation. This is the fascinating thing for me; it's all about understanding customers' behavior, and that all eventually ties back to money, whether it's increasing revenues, or increasing costs, or reduction in costs. It's about making it relevant for whichever client you're dealing with, basically.

Roger: Right, so one quick question, I didn't ask you this when we've spoken in the past, Colin, but the name of your consulting firm is Beyond Philosophy. That's probably one of the less intuitive, to borrow from your new book's title, names for a consulting firm that I've run across. What's the origin of it?

Colin: The origin was, if I go back in my history, when I was at BT, I used to get lots of consultants who used to come in with very clever ideas, and then when I would ask them how we actually did that, they would run a mile. I'm trying to get over the fact that it ... You've got to have the thought behind it, you've got to understand, in this case and all your listeners, you've got to understand the science behind it, and therefore that's the philosophy, but you've got to go beyond it and do something. Having philosophy's great, having books like mine is great, but it's all about what are the physical changes that, therefore, you make with customers and in your experience, because if you don't make the changes, and you just think about the strategy all the time, nothing ever happens. So, "Beyond Philosophy," trying to move beyond the philosophy and do something.

Roger: Great. How would you characterize the overall state of customer experience today, Colin? Has it improved from, say, 10 years ago, or are there still tons of challenges out there?

Colin: I think it's improved, but not … improved as much as I had anticipated it would, and I think that's for a number of reasons. I think that, a bit like CRM, it's getting caught up in definitions, so what do we actually mean by "customer experience"? Too many organizations still think customer experience is basically customer service. I think the other thing that's happening is that with the introduction of things like Net Promoter, and stuff like that, that has definitely helped, but where we've got to is that, effectively, a number of organizations, their customer experience is plateauing.

They saw that initial improvement by, effectively, just focusing on everything; you know, as soon as you focus on something, it improves. Therefore, I think that what people are struggling with is, hence the subtitle of the book, how to move your customer experience on to the next level, because I think it's the glass ceiling that people's thinking is stopping them. Now, again, for your readers, listeners, that may not be entirely the case, but when you're dealing in a large corporate, as we tend to deal, getting the message over about customer behavior and about the fact that customer experience is more than just rational things, what we would call rational things, like price, product, place, you know, the traditional business things, and it's all about the behavior economics, how customers feel, subconscious psychological experience. People in the organization have got to understand that and embrace those things.

I could probably wax lyrical for the next half an hour just on this one subject, but I think it's improved, but still got a long way to go. I mean, even ... Sorry, just let me add ... We started, in my

first book back in 2002, I talked about the fact that there is an emotional experience, customers feel something. The good news is that we're starting to see organizations understand that now. The bad news is, it's taken 15 years to get there, and the other bad news is, they tend to talk about positive and negative emotions, and bucket them as such, whereas my belief is that you have to be specific, so which emotions are you trying to evoke, and how do you go about evoking those specific emotions? Does that make sense?

Roger: Yeah, definitely, definitely. Colin, you mentioned Net Promoter Score. You use that as a method of gauging customer satisfaction, and as a guide to improving customer service and customer experience. Can you briefly explain what that is for anybody who might not be familiar with it?

Colin: Yeah. Net Promoter Score is based on a simple question, which is, "What is the likelihood for you to recommend Company XYZ to a friend or a colleague?" It's a 0 to 10 scale. If you're 0 to 6, you are a detractor; if you are a 7 or 8, if you score 7 or 8, then you're neutral; if you're a 9 or a 10, then you're a promoter. Net Promoter is, basically, you take away your promoters from your detractors to get your net score. A lot of organizations are using this as the main method of understanding customers, or replacing the old customer satisfaction score. The reason we like it is because it talks about recommendation, which, therefore, if you think about when you recommend an organization, there's some, an emotional engagement there, it's not just a logical thing. I think you said an important word there, Roger, which was, it's a guide, it's not, in my book, it's not the be-all and end-all of life, the universe, and everything. There are other measure that you should have as well, but it's certainly one of the main measures that organizations have now.

Roger: Just a couple weeks ago, I spoke to Noah Fleming, author of Evergreen and The Loyalty Loop. He's an expert in loyalty, and he's very suspicious of the data from Net Promoter, just because he thinks that for 99% of the people who say they would recommend you, actually none of them will, but I suppose it is measuring an attitude of sorts, that at least those folks, immediately after their transaction, have some kind of a positive attitude about their experience.

Colin: Yeah, no, so there is an academic argument about the validity of Net Promoter. I think a couple of things I would say, the first thing I would say is I wouldn't ... Again, I'll just repeat, I wouldn't have it as the only measure. It's one of a number of measures. The weakness of it, to your point, is that it talks about the likelihood to recommend; it doesn't say that you have recommended. Certainly, one of the things that we talk about in this book is, and as people know, listening to this podcast, there's a difference between what people say that they will do and what people actually do, and therefore, you may say that you're going to recommend them, but whether you do or not is a different kettle of fish.

Roger: Yeah, people have great difficulty predicting future behavior.

Colin: Yeah. The good news from my side is that it's a simple measure. It's certainly better, in my view, than "am I satisfied, entirely satisfied, over-satisfied," because satisfaction means "I got what I want," so, you know, don't want to go on about it too much, but it's one measure that I think that organizations should have. A better measure, for me, is ... Here's a question for your audience. What's the experience that you're trying to deliver? Do you know? I would challenge your audience to write down what the experience is that their organization is trying to deliver, and then I would recommend that they check that with other people across the organization, because what you typically find

is, that simple question has not yet been articulated within the organization, and therefore, what happens is everybody does what they think is the right thing. If you believe that there is an emotional experience, or if you believe that human beings are emotional, which, again, I'm sure everybody does, then the question becomes "what emotions are you trying to evoke in your customers?" Again, for us, you should be evoking emotions that drive value.

Now, I say all of this because, guess what, then you measure those things. Yes, you measure Net Promoter, but you also measure those emotions, you measure the experience that you're trying to deliver. But in my experience, most organizations haven't defined that, and that's where we spend a lot of time, is helping organizations define what that experience should look like, because that's what they should be delivering.

Roger: Also, you've got seven imperatives in the book, and we're not going to be able to go through all of those, but I think the first two will probably really resonate with our listeners. Number one is "recognize that customers decide emotionally and justify rationally," and then two is "embrace the all-encompassing nature of customers' irrationality." This ... our listeners would probably be nodding their heads, saying, "Yeah, okay, we all know that," but is this kind of new thinking for a lot of companies and people?

Colin: Absolutely, especially the second one. I go back to it, we've been talking about the fact that customers decide emotionally and justify rationally since 2002, since we begun. Still, a number of organizations aren't there yet, and still, even the ones that are tend to talk in generalities about providing a positive experience. But certainly, embracing the second one, embracing the all-encompassing natures of customers' irrationality, many organizations still think customers make

decisions solely based upon price, or the quality of the product. The message that we're trying to raise is that people are not logical, they don't make logical decisions. You may think you're making a logical decision, but you're clearly not. Again, I'm sure you've discussed this many times, so I'm preaching to the choir here, but that is, to answer your question, no, that's way, far from the truth, when you dig down to what they are doing and how they're even designing their processes and their experience. There's a big difference between a process and an experience. People think they are logical and are not embracing their irrationality.

Roger: You divide customers as having an intuitive system and a rational system, and for our listeners, you're using those terms sort of as map to Daniel Kahneman's System 1 and System 2, right?

Colin: Yeah, no, absolutely, it's exactly that. I have to say, I just don't find calling them System 1 and System 2 particularly customer-friendly, to-

Roger: No, and it's not intuitive, you know, if somebody's not familiar with the terms, ask them five minutes later, and they're not going to remember which was which.

Colin: Correct, yes, which is ... And the book, to inform your audiences, the book that I've written is with the professor of consumer psychology, a guy called Professor Ryan Hamilton over at Emory University. When we wrote the book, we wanted to ensure that, again, it is sort of actionable and memorable, and the reason we called it this "intuitive customer" is because you effectively want customers to make the decision intuitively; you don't want them to have to think about it. I buy Starbucks intuitively, I fly Delta intuitively. I don't think about which other airlines that I will fly; I always go with them. Ideally, you want

your customers to be making decisions about your product and service intuitively.

Roger: Mm-hmm (affirmative), makes huge amount of sense. One thing I liked in the book about those decision-making processes was a Venn diagram that showed some decisions being made more or less purely emotionally, things like habitual decisions, or perhaps inconsequential decisions when you're distracted, and so on, that are done more or less on autopilot, and then our rational decisions that might be stuff like choosing a pediatrician, or launching a major corporate business initiative, and then the intersection of the two that really involve both areas, like maybe buying a house or buying a car, that we know has to have certain rational components to it, but also can be very emotional.

I think it's a good way to illustrate that. The only thing I guess I'd push back on, Colin, is that I think the overlap area's a lot bigger, and the uniquely rational area's a lot smaller. I think that a lot of decisions, even like choosing a doctor or making a major business decision, end up being pretty strongly influenced by emotion. Maybe not always, but even those things that should be totally rational end up maybe not being quite so rational.

Colin: Yeah, and to be honest with you, Roger, I would agree with that, that some of this is about the art of the possible. You and I can intellectually go, "Well, some of these decisions are based upon some latent emotions and stuff like that," but part of what we're trying to do in the book is make this subject accessible to people and do the "beyond philosophy" bit, which is, again, taking ... Not talk about System 1 and System 2, because that can be confusing, but talk about, sort of, and present it in a way that is easily and more readily understood. What I've discovered in having talked a talk about emotions for the last 15

years to many, many organizations is, again, there's a reluctance and a reticence to get involved, because it's more nebulous. I overall agree with your comment; it's a question of trying to ... Make it obvious, is probably the best way I can describe it.

Roger: Right, and I do like the metaphor. That really sort of puts it in context for people, and of course, ideally, as you say, you'd like people to be in the left circle, making those decisions intuitively, habitually, and so on, as long as it's in your favor.

Colin: Correct.

Roger: Colin, you devote a chapter to the customer's mind actually being in conflict with itself. What do you mean by that?

Colin: Just the whole area between the System 1, System 2, or intuitive and rational, so, you know, classic stuff of intuitively ... The example I always give is, I'm going on vacation, and I want to buy a video camera, you know, a GoPro, so intuitively, I think, "Well, yeah, I'm going to go out and buy a GoPro," but then the rational side of the brain comes in, as you're aware, and goes, "Hold on, that's a bit expensive. Should you do that?" It's that constant debate between the intuitive and the rational side that is in conflict.

Again, intuitively ... Again, I'm sure the listeners know, but that's always on. That process of making intuitive decisions is always there. The rational side of the brain will cut in when it thinks that you're making a poor decision, or, you know, I'm just about to say, "Yes, I'm going to buy this product or service from someone," but then the rational side of the brain says, "Oh, hold on, shouldn't you get more quotes on that?" Or, you know, last time you made an impetuous decision like this, you regretted it the following day, which, again, obviously, is where you get the whole area of buyer's remorse, et cetera.

That conflict needs to be understood, it needs to be embraced, it needs to be ... When you start looking at practical things like journey mapping, you need to be able to start to look at a customer journey and understand what is happening there, and when a customer is likely to be feeling those conflicts, and then design an experience to either deal with that or overcome that. Does that make sense?

Roger: Mm-hmm (affirmative), certainly. Colin, do you think that customers tend to fall into specific categories of how emotional or rational their decisions are? Does that vary by the domain of the decision, or is it relatively sticky for one individual person?

Colin: I personally don't think it's necessarily sticky for one individual person. I think that the challenge is that it's complicated, because you're obviously talking about the makeup of the person, the situation they're in, and the situation they're in, as well, could be, you know, are they tired, are they not tired? What's the stresses or strains upon … and what's their ability to be able to deal with those things? The danger is, is it can get very complex, which is why we would tend to look at personas, and try to understand that persona in a bit more depth to be able to design that experience, to typically say, "Well, if this person is this type of person and they're in this type of situation, then this is the likelihood of how they are going to be able to respond."

For example, one of the things that we talk about a lot is, how is the customer feeling walking into that experience? What emotions are they feeling walking into that experience? Because depending upon how the customer is feeling walking into that experience, depends on how you designed your experience. If you go back to what I said before, which is, once you can answer the question, "What's the experience we're

trying to deliver?" that effectively tells you the output, so ... And tell me if I'm talking too much.

Roger: Well, no, I'd be interested to know how you develop these personas, Colin. Particularly if a company has a particular offering or product, how would they segment their customers? Maybe you've got an example to share.

Colin: Yeah, I mean, so we personally don't get involved in designing personas, okay, but basically, it's done through data analysis. But data analysis, where we would add our two pennies worth is data analysis into the customers, into their behaviors, okay? So you send an email out to a customer saying that they owe money, and within the same day, they have contacted the call center, they call the call center four times over the next three days. That would indicate to us that they are concerned about that. On the other side of the fence, you send an email to a customer saying that they owe money, and they don't contact anybody; in fact, what they do is ignore you. That would, again, indicate a different type of customer.

We talk about, in the book, this sort of, what I would call an emotional proxy, which is effectively saying that you can predict what a customer is going to be feeling from the actions that they take. One of our clients was buying a new CRM system. We spoke CRM a little while ago ... A new CRM system, and one of the questions they asked us was "should we buy that system and then design our experience, or design our experience and then buy the system?" For us, it's absolutely the latter, they should ... You know, you should be designing your system before buying the CRM system.

Roger: Well, sure, it's like figuring out what kind of people you're going to have in your office building and how they'll be organized before you have the architect build the building.

Colin: Correct. Part of that is, then you can start to turn round and go, "We need to find out these things about the customer and look at their behavior." Mandarin Oriental Hotels talk about discovering customers' preferences, so what are they doing in certain situations? Once you've collected that data, you can now start to analyze it and pick out the different personas and the different behaviors. Does that make sense?

Roger: Yeah, so for any kind of business, you try and develop your personas perhaps not based on demographics, as more typically done, that we've got a soccer mom, age X to Y, who lives in this kind of house, but rather make it a more behaviorally focused type of segmentation.

Colin: Yeah, but I think the reality is, Roger, is that whilst you and I here are talking about personas and stuff like that, not many organizations have them. You know, they still ... You go in and you talk to clients, and they will still say, "Yeah, we have big customers, small customers, and medium customers." This is a level of-

Roger: And that's where you're going beyond even the traditional customer personas with this, when most folks haven't even graduated to that level yet.

Colin: Yes, and that's my point. A lot of organizations have got, still, a very, very basic segmentation, and moving on to the more generic personas would be an advantage. When we start talking about the stuff that we are, then that's clearly much more advanced, but taking a step back and trying to be helpful to your listeners, you know, understanding how a customer is feeling walking into the experience, and then designing that experience appropriately, becomes key.

I'll give an example. We did some work with a mobile phone company where we were looking at their Lost and Stolen

process, and what we discovered was two different groups of people. Somebody who lost their phone in the back of a taxi, well, how do you feel when you've lost your phone in the back of a taxi? You feel pretty stupid and annoyed and frustrated. And another group of people who, phoning Lost and Stolen, who were female, it's 11 o'clock at night, and they'd just been mugged, and how are they feeling? Clearly, both of those groups are feeling very different, so the question becomes, how do you design your experience understanding that those groups are very, very different?

Clearly, with somebody that's been mugged, the first question should be "Are you okay? Can we call an ambulance?" You know, how can you help in any way? The interesting bit was, prior to us getting involved, the question they were asking is "What's your account number?" and dealing with both of them in the same way, whereas what we then put in place was, the key question become "How did you lose your phone?" Because now you can go, "Lost my phone in the back of a taxi," here's the experience we give them; "Lost my phone in ... I've just been mugged," here's the experience, and clearly, those can be very different.

Roger: Well, that's a good example, and probably a good place to break off, Colin. Let me remind our listeners that our guest today is Colin Shaw, customer experience expert and author of the new book Intuitive Customer: 7 Imperatives for Moving Your Customer Experience to the Next Level. Colin, how can our listeners find you and your content online?

Colin: Two ways. Simply go to beyondphilosophy.com and you'll see us there, or by just contacting us over Twitter, I think you gave it out earlier, but it's @ColinShaw_CX. Those are the two best ways of getting hold of us.

Roger: Great. Well, we'll link to those places, to your new book, Colin, and any other resources we mentioned on the show on the show notes page at rogerdooley.com/podcast, and we'll have a text version of our conversation there in PDF format too for our listeners. It's a great way to refer back to something interesting that you heard partway through, and it's a whole lot easier than trying to fast-forward through the audio version. Colin, thanks for being on the show and for bringing behavior science into the customer experience field.

Colin: Great, no, it's been good to have the conversation, Roger. Always good to talk to.

Thank you for joining me for this episode of the Brainfluence Podcast. To continue the discussion and to find your own path to brainy success, please visit us at RogerDooley.com.