

# Do it yourself

What happens to the customer experience when customers do the work?

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These days, businesses are putting customers in the driver's seat. From self-checkout at the grocery store to designing custom shoes online at NikeiD.com, customers have become co-creators of value. And this trend continues to grow as it expands from traditional, transaction-oriented businesses to radical, experience-oriented businesses.

Financial institutions have long been leaders in this do-it-yourself economy, starting with the introduction of the ATM in the 1970s. The industry has evolved significantly over the past 30 years: Customers are now managing their accounts online, paying bills through automated kiosks, and comparing loan options. And with the advent of such companies like ING Direct, the concept of "banking without branches" is steadily evolving. Today's reality is that customers are performing more and more work. Count on the fact that tomorrow's more savvy generation of customers will demand even greater control.

The question is this: How do you control the experience when customers are in charge?

## Make "co-production" work

When customers are the ones performing the work in your business, your customer experience is, in reality, a "co-production." In co-production, the work required to generate value is shared between company and customer.

It's essential to pay attention to the quality of a co-production experience. After all, effectively using goods and services is the first link in the value chain of customer satisfaction, trust, loyalty, and lifetime value.

An ideal co-production experience focuses on creating an environment that enables customer performance. This is an approach that attractively blends both the rational and emotional elements of your company's brand into an ideal experience for customers.

We believe there are four discrete steps to an outstanding experience for do-it-yourself customers:

- **Vision** — show customers the ideal, desired performance of your product or service
- **Access** — give customers the right tools, environment, and information
- **Incentives** — reward customers when they perform well
- **Expertise** — make customers the experts

Let's take a closer look at each of these steps.

### Improve vision

How do you encourage customers to experience your product or service in its ideal state? Give them vision. Vision communicates what the state of desired performance looks and feels like — so customers can achieve it on their own. For example, as part of its highly touted Sleep Advantage program, Crowne Plaza hotels designate certain floors as "Quiet Zones" on Sunday through Thursday nights. These designated zones not only promise what the hotel will deliver, they encourage appropriate guest behavior. Clear goals, expectations, plans, and communication are all part of giving your customers vision.

### Provide access

To achieve the ideal performance of any product, customers need access to the right tools, environment, and information. In outstanding do-it-yourself experiences, designers create interfaces or nuances to support ideal performance — and make products easy to use. iPods,

for example, not only have an intuitive interface for managing and playing music, they are integrated with the iTunes service for seamless downloading of music, podcasts, and other media.

Giving customers access to an ideal experience doesn't necessarily mean giving them access to technology. Even products as simple as socks can have interfaces and nuances that support ideal performance. We have a pair of socks with a green/red color indicator sewn into the toe. This indicator tells us — unambiguously — when our socks are inside out (red) or right-side-out (green).

To develop customer access, companies should strive to enhance experiences with policies, processes, people, tools, interfaces, information, and nuances.

### Create incentives

Throughout the history of modern commerce, incentives (and the opposite, disincentives) have had a significant impact on customer motivation and

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behavior. Free gifts, premiums, rebates, and discounts encourage customers to try new products, shop more frequently, and tell others of their experiences. Many financial institutions have used an incentive strategy to drive customers to adopt online banking, with Citibank offering the richest incentive at \$200.

Likewise, extra fees and denial of service encourage customers to plan ahead and avoid financial trouble. To develop customer incentives, companies should enhance experiences with rewards — and also consider the benefits of negative reinforcement.

### Enhance expertise

To develop customer expertise, companies should enhance experiences with customer education. When products or experiences fail, it may be due to a lack of customer expertise. The lack of expertise reflects the absence of the knowledge or skill required to perform a task to a desired standard of performance. Most goods and services come with instruction manuals and online support. Some companies even teach "status skills" to boost the status of those customers using their products. For example, the Nikon School teaches a variety of courses in digital photography to encourage new photographers and keep more

experienced photographers abreast of technological advances. The Viking Cooking School, sponsored by the Viking Range Corporation, attracts more than 67,000 home chefs and foodies every year. To develop customer expertise, companies should strive, wherever possible, to incorporate customer education as part of the customer experience.

### Realize the benefits of do-it-yourself customers

Knowing you are making progress with co-production experiences means measuring cost reduction and revenue increase. United Airlines saves over \$35 million a year as customers assume a co-production role in its business. Build-A-Bear Workshops earn revenues of \$600 per square foot by involving customers in the co-creation of a teddy bear. But also consider measuring the contributing factors: customer satisfaction, trust, and loyalty. Co-production experiences present a whole new dimension in customer service. These experiences pave the way for optimal customer performance, the first link in the chain for increasing the ultimate measure of success: customer lifetime value. ■

### Getting started

Are you ready to lead a co-production revolution in your business? The promise of customers doing more work, reducing costs, and unlocking greater value can be realized if you design the right experience. Start with the following:

- Know your customers
- Create co-production experiences by design, not by default
- Give customers choices
- See customers as co-creators of value



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