

Episode 38: How Nespresso Nails the Customer Experience Lifecycle

[SHOW INTRO]

Dan Gingiss: Get ready for another episode of The Experience This! show.

[EPISODE 38 INTRO]

Joey Coleman: Join us as we discuss one listener's experience with a flickering light. A coffee company that serves more than delicious coffee, and the end of cash forever. Lights, Coffee, and Wallets, Oh My.

We love telling stories and telling key insights you can implement or avoid, based on our experiences. Can you believe that this just happened?

[SEGMENT INTRO] [THIS JUST HAPPENED]

[THIS JUST HAPPENED: **Hotel Light Feedback**]

Dan Gingiss: So, Joey, we often ask our listeners to leave us feedback on the little SpeakPipe widget, at www.experiencethisshow.com at the bottom of any of our episode write ups. And a friend of the show, Kyle, did just that recently. Now we've talked a lot about hotel experiences on this show, because we travel a decent amount. Most recently in episode 34, I discussed two different kinds of night lights that I had seen in hotels. And previously, you had made mention about really liking the all inclusive master switch that turns on and off all of the lights in the hotel room, and that's one of the things that drove Kyle to leave us some feedback on SpeakPipe. So, let's hear what Kyle had to say about his own hotel experience.

Kyle: Hey guys. Going back to an episode from a couple weeks ago, you had mentioned that there was some technology in hotels and you guys really appreciated, as far as being able to turn on and off the lights as soon as you enter the hotel room. There's control for the entire place. The bathroom, the main living area, and all that sort of thing. And I thought that's really convenient. I was in a hotel last week, and it had the same thing. It was a Marriott chain, I'm not sure if that's the same one you guys spoke of. But nonetheless, this one, it worked, and it was great, and I was like, "Oh, this is great." And I even told my girlfriend about it. I mentioned that I had heard about it on this show. And I'm like, that is a really convenient feature.

This is when technology did not work well. What happened was, throughout the night, the lights kept flickering on and we could not get the thing to turn on or of, it just had a mind of it's own, we told the front desk, they took care of it. But it was a really frustrating first night. So that's all I had to comment about. Thanks, guys.

Joey Coleman: So, what I love about Kyle's experience is not that he was kept up most of the night, sorry about that Kyle. But that he was kind enough to share this experience with us. Because it really illustrates what I think is an important point for companies that are seeking to push the boundaries on the customer experience for companies that are seeking to adopt innovative new technologies, and that is, if you're going to install new technology into your customer experience, whether you're a hotel, or any other type of brand, you need to make sure the technology actually works. All too often, we find

ourselves in these experiences, where somebody is trying to advance the experience by bringing more technology to bear, and sometimes I find myself longing for the old school technology. Because the new technology doesn't work nearly as well as the old stuff did.

And I think there's a huge opportunity for companies to really test and think about whether they are innovating for innovation's sake, or they are innovating because they are actually going to create a better experience for their customers. I also must say that I love that Kyle was talking to his girlfriend about our show, thanks Kyle, we appreciate it.

Dan Gingiss: Well yes, thank you Kyle. And as you were talking with us, the piece of technology that I was thinking about is that iPhone charging alarm clock that was so brilliant when hotels started putting them on the nightstand. Except, if you notice, most of them still have the charging dock from the iPhone four, and it was changed, now, several years ago. But nobody replaced the charging alarm clocks, so therefore, you can't charge your iPhone anymore on the alarm clock.

Joey Coleman: And instead, what that has become is a wonderful indicator of just how recently the room was cleaned. Because I don't know about you, but that little connector spot is like the collector spot now, for all of the dust and debris that's in the room.

Dan Gingiss: Because no one can put their phones on it.

Joey Coleman: Because nobody can put their phone in it, right. So, all too often, I find myself climbing into bed in a hotel, and looking at that, and saying, "I hope the sheets were changed more recently than the alarm clock was dusted off, because this is a disaster."

Dan Gingiss: Exactly. But on the flip side, like, you can't beat the blinds that go up and down and the curtains that close with the remote control. I love that.

Joey Coleman: That's pretty cool. That's pretty cool. I think for me, the big takeaway from looking at technologies are, you need to test them, and you really need to try them. I mean, I have plenty of things that we've tried to roll out, even in my business, where even with a lot of testing and trying, it doesn't work as well as I would like. And, I empathize with the organizations, whether those are hotels, or otherwise, that are trying to adopt these new and rapidly developing technologies, because at the end of the day, you know, our customers are working to adopt new technologies as well. And our customers don't necessarily blame the technology provider.

You know, Kyle in his message didn't talk about the company that made the light. He talked about the hotel the installed the light. Right? And so, increasingly, we are at the mercy of the experiences that the vendors we work with create as well. Without getting too much into it, I had a challenge with one of the book sellers we work with. And I won't say their name to protect the guilty in this particular instance. But their level of experience was very different than my level of experience, and I had a lot of people who were kind enough to pre order the book from this particular bookseller, and from me. And I placed orders with this bookseller, and it didn't work as well as we would have liked.

And as a result, did they blame the bookseller? No. They blamed me. Which, as the business owner, I get it. I accept responsibility. I need to make that situation right. The experience we create is only ever as good as the experience that our partners and the vendors that we work with create.

Dan Gingiss: Definitely agree with you there. And there's all sorts of examples of partnerships, think of like, a credit card co-brand, where there's a hotel, or a retailer attached to a credit card. You've got the hotel or the retailer, you've got the credit card issuer, you've got the credit card network, there's a lot of different partners that are all working together to provide a product. And when things go wrong, it is sometimes even difficult to decide who to blame. But often, one of the companies gets blamed for one of the other companies' errors.

[TAKEAWAYS: **Hotel Light Feedback**]

So, let's jump to the takeaways. The first is that technology is great, and it can make the customer experience much better, but it also has to function properly, or it can become a source of frustration, which is clearly not the original intent. Number two, when a customer is having a problem, it is essential that businesses react quickly. I think the other part of Kyle's story that we didn't talk about is that he was up all night with this flickering light. He complained several times, and he did not get a resolution. And number three, we love listener stories, so please, please, please, share your stories with us. You can do that in a lot of different ways. You can go to any episode on experiencetheshow.com and go down to the SpeakPipe widget and record something online, very, very easily. You can hit up either one of us on our websites on joeycoleman.com or dangingiss.com and leave us messages there. You can hit us up on Twitter, @dgingiss or @thejoeycoleman and send us a DM.

We love and we will get back in touch with you in order to record an audio segment, but we love hearing listener stories. You are the ones that help us to create great content for this show, so if you've had something happen to you that's been either good, bad, or otherwise remarkable, please let us know.

[SEGMENT INTRO] [CX PRESS]

Joey Coleman: There's so many great customer experience articles to read. But who has the time? We summarize them and offer clear takeaways you can implement, starting tomorrow. Enjoy this segment of CXPress, where we read the articles so you don't need to.

[CX PRESS: **Nespresso**]

Dan Gingiss: This week's CXPress comes to us from Becky Roman on her tin cans and string blog. And it's called the caffeinated tale of Nespresso and how they do customer experience right. And we of course will include the link to the article in our show notes. If you haven't hear of Nespresso, it's based in Switzerland. It's a premium coffee line, and a brand that is part of the Nestle group. And they not only sell coffee, but they also sell machines, and capsules, through most of the world. And one of the things that they're known for is their very sustainable practices. Both in the way they source coffee, they have a lot of social welfare programs, the way they source other materials like aluminum and they even allow you to mail in your used coffee pods, in order to have them recycled.

And as Becky said in her article, and I'm quoting here, "What makes Nespresso's specific digital experience so great, from their gorgeous website to their application, an easy user interface greets you. They present you with outstanding self service options by walking you through the different machines and how to choose the right one. If you bought a machine from a retailer, rather than from them direct, not a problem. Simply just put your serial number into your account and they'll help ensure that you are buying the best coffee and correct accessories for your machine."

I really liked this article, and I reached out to Becky and asked her if she could tell us a little bit more about her Nespresso experience, and here's what she had to say:

Becky Roman: Hi, Dan and Joey. Thanks so much for having me on the show. My name is Becky Roman, and I am a systems engineer who serves as a customer experience transformation strategist. Like both of you, my career and much of my free time has revolved around creating, consuming, documenting, and enjoying fantastic customer experiences. One of the organizations that I have recently wrote an article about, available on my blog, is the coffee company Nespresso.

Now, Nespresso isn't just any ordinary coffee company. And for those of you who already consume their products. You know exactly what I'm talking about. They are a coffee experience company. Big emphasis on the world experience. Which is of course, why we're all listening to this podcast. Nespresso is a premier coffee manufacturer from Lozan, Switzerland. There is an exclusivity to the brand, at every corner of the customer experience. From the sleek online presence to the exquisite boutique shops. The exclusivity of the brand is absolutely presented to customers, but at the same time, they are also approachable. The math comes out to about \$1.00 per cup of coffee, making it very much in the ballpark of what many Americans are willing to spend on their morning cup of joe, and certainly cheaper than going out and buying a Starbucks.

I, and almost every customer experience expert out there, agree that modern consumers are purchasing based off of experience versus price. That said, the price of Nespresso products really isn't that much of a factor here. But experience, is really where Nespresso wins business, and differentiates. The brand loyalty is so deep with Nespresso, that many people's love for them even goes down to a more spiritual level. I myself have personally converted coffee drinkers from other brands to Nespresso. Without spending a dime on advertising or marketing, they are gaining a wider customer base, just by continuing to make the customer experience fun, frictionless, and addictive. Nespresso states in their corporate info that half of their loyal customers experience Nespresso for the first time through friends and family.

So, this word of mouth marketing and intense customer evangelism is really freeing up budget, and producing revenue, that allows them to invest in technology. Like their spectacular omnichannel presence, or to invest in George Clooney, their brand ambassador, who helps further evangelize the brand. Nespresso has more than 13,500 employees worldwide, and over half of those employees are in the field, in direct contact with consumers curating this fantastic experience time after time.

At the end of the day, in order to create these fantastic customer experiences, it comes down to making the right investments in the technology, which Nespresso is. And it makes for a very consistent experience, both online and within boutiques. All of these factors are ultimately what are making their CX strategy work. And is what is making the Nespresso brand and products so successful in the marketplace.

Thanks again for having me, gentlemen. Cheers to better coffee.

Joey Coleman: I mean is it just me, or does Becky love Nespresso? I love it. I love when we get the chance to connect with listeners who are really passionate about things. In the interest of full disclosure, I think I've talked about this on the show before. I am not a coffee person, that's not my jam so to speak, but I love how passionate Becky is about her coffee experience. And one of the things I really enjoyed was when Becky shared that half, that's half, of Nespresso customers experience the brand through

friends and family for the first time. So I presume what that entails, is somebody is staying at a friend's house, or visiting a friend's house, and they use the home Nespresso machine to make them a cup of coffee. And what I love about this example is the word of mouth that naturally comes from sharing something you're passionate about, sharing something that you love and have decided to make an investment for, to have in your home, with someone that's a guest in your home.

Folks, you can't buy that kind of marketing. It's amazing. And so I think there's an opportunity here for all business owners to think about, is your brand, are your product and service offerings the type of things that will not only create raving fans, but create these shareable moments. Where your customers and your raving fans can share them with potential prospects and new customers to introduce them to the brand. I also like that Becky correctly notes that more people are purchasing based on experience than on price, than at any other time in human history. That human history part is my add on, but if you actually look at the research, more and more people are interested in the experience, and will pay a higher premium to get a better customer experience.

Dan Gingiss: Yeah, and I am a Nespresso user as well. And it is a very different experience than say, a typical K-cup maker, for example. And our Nespresso, not only does it make the coffee, but you can put the foam milk on top, and you know, make lattes, and espressos and stuff. And it's not so expensive like these crazy, fancy machines that are thousands of dollars. It's a little bit more than a K-cup maker. And you know, there is a part of it that in theory could be a more complicated experience, because you have to order the pods, for example. They're only available in a certain number of stores, you can't get them on Amazon, so you have to order them, but man, the coffee is really good.

And I use it every morning, so I definitely related to what Becky was saying. And I think you're right that, don't think of it, if you're listening and you're saying, "Well I don't have a product that people can consume, so I can't share it." Think about any product that's in your home or in your office, where you're around other people. Or any service that you're using. How do you get people to talk about it, in a way that Becky is talking about Nespresso?

[TAKEAWAYS: **Nespresso**]

So, our takeaway is number one, ensure that the entire customer experience life cycle is connected and fluid. I loved how she said that every step along the way, that the digital experience was really clear. Number two, make it easy for customers to do business with you. And I think Nespresso has done a really good job of this, as Becky told us in detail. Number three, sustainability is important. I mentioned at the beginning that Nespresso was known for its sustainable practices. This is a really important concept, especially for Millennial buyers, who will choose brands over other brands, if they're more sustainable. And I think that brands are going to continue to be held to a high standard in this area, so this is another place where I think we can emulate what Nespresso has done successfully.

[SEGMENT INTRO] [AGREE TO DISAGREE]

Joey Coleman: We usually see eye to eye. Except when we don't. See if you find yourself siding with Dan or Joey as we debate a hot topic, on this segment of Agree to Disagree.

[AGREE TO DISAGREE: **Digital Wallet**]

Dan Gingiss: I wanted to bring up an article that actually, I wrote. But we're not going to spend a lot of time on it.

Joey Coleman: Because otherwise, that would be a CXPRESS episode, ladies and gentlemen.

Dan Gingiss: Exactly, we know that you all know our segment types, just as well as we do. And that you care just as much as we do.

Joey Coleman: Well, I don't know that I'd go that far, but okay.

Dan Gingiss: So, I wrote an article for Forbes called Cash or Credit, Try Asking Your Customer. The reason I wrote the article was I had a couple of really interesting experiences in a row. I first walked into an Epic Burger in Chicago, and it's a great new burger place that's got all these new fancy styles and toppings and stuff. And there's a big sign that says, "cash was king," and it underlines the word was. We no longer accept cash, making us speedier, safer, and greener.

A couple weeks later, I was at a local Italian restaurant, and there was a sign that said: "All credit cards accepted, no cash payments." So I started thinking about whether cash was dying and the future was going to be a cashless society, as we've been talking about for a long time. But then, I had two different experiences. So I take a commuter train to work every day, to and from. And most of the time, I go to a station that's about 90 seconds from my house. And when you have to pay for parking, which is \$1.50 a day, there's a machine and it takes cash and credit cards. And I always use a credit card or an FSA card, and it's very easy. Well, every once in a while, when I miss the train near my house, I have to go to a different train station which is about a 20 minute drive. Which is the same train company, it's called Metra in Chicago. But at this train station, the same exact machine accepts cash only. No credit cards.

And worse, it requires an exact payment, and does not offer any change. And it's like, \$1.50 again. So, I don't know. Guys don't tend to have change rattling around in their pockets, we don't have a purse to put change in. And so this is, this really kind of rubbed me the wrong way. And so I started thinking about it. And I wanted to talk about this with you, Joey, because you and I have chatted before about this kind of idea of a cashless society, and it's interesting, because we're starting to see some places, very slowly, move away from credit cards. But yet, it does feel like we're still a long way from getting to what I think the credit card companies have been hoping for, for at least five or six years at this point, which is that everybody moves to these digital wallets, and cash is not really needed.

What do you think, and do you have an opinion on this topic, and have you had experiences with places either being all cash or no cash?

Joey Coleman: Well, I have. And interestingly enough, and we didn't talk about this before recording, but I had two experiences recently. One, I was in Orlando, Florida, and not being totally familiar with the roads there, I went to exit from the highway, and realized that there was a toll to be paid. They wanted \$.50. And there was no machine to take a dollar. They wanted exact change, and there was no ability to use a credit card. But there was a little card next to it, that said, "If you don't have \$.50, take this card and mail us a check for \$.50. And I thought, well that seems, no judgment for the Department of Transportation, but ridiculous.

I was like, "this is insane," like why would you have it this way for \$.50? The money you're going to spend processing this payment by a check, is going to be greater than the \$.50 you're going to get from it.

Dan Gingiss: Not to mention that the stamp is going to cost you \$.49.

Joey Coleman: You guessed it, brother. Not to mention that on a road trip recently, we stopped to get gas for the vehicle, and I went in and paid for the gas using the credit card machine outside, at the pump, and then I went inside to buy some drinks, and they had a little hand written sign taped to their register that said, "Credit card machine is down, only accepting cash." Now, in that moment, this discussion of cash versus credit versus digital wallets came rocketing to the forefront of my personal experience, because I was like, "Wait a second, how am I supposed to pay for this."

Well luckily, I had cash and I could pay for it, get the family some snacks, and we get back on the road. But the fact that the credit card machine worked, I don't know, 50 feet away, out at the pump, but didn't work inside the building, showed to me that this discussion of when is cash going away, is probably a little bit further away than we think. Now, lots of times when I think, when you think about new technologies and exponential technologies, I find myself in conversations regularly with some of my friends who are technologists, and are very much into cryptocurrencies, this stuff is coming faster than we think. And I agree, it's probably going to come faster than we think, but I think cash's departure is going to be one that is made kicking and screaming.

I think when we look at the impact of the electricity being down, or the machine not working, or the digital wallet not reading at that time, we have enough people going about, in their day to day lives, that not having the money on your person is going to create some very uncomfortable experiences.

Dan Gingiss: Well, and this is kind of where I was going with this article. I mean, I spent, as a lot of people know, I spent almost 10 years working in the credit card industry. And one of the really interesting things that occurred to me about midway through, was that our biggest competitor was not other credit card companies. Our biggest competitor was cash.

Joey Coleman: Correct.

Dan Gingiss: Because there's so many people that use cash. I remember a statistic from when I worked at McDonald's, said it was something like 60% of customers still use cash when they go into McDonald's, and so that was the biggest competition. So whenever I used to take a taxi back in the day, and you know, the guy would tell you always that the credit card machine was broken, you know, very, very frustrating. And I think frankly that's why Uber and Lyft have been so successful. Is because they've removed that pain point, and they've made it entirely cashless.

There's plenty of examples that are entirely cashless. Starbucks is another one, where once you have their app, and you can reload it whenever you need to, there's no need to walk into a Starbucks with any cash at all. But the problem I always had when I worked at the credit card company was, as I looked forward, I'm a very literal person. And we were talking about this whole concept of digital wallets, what I said was, "A digital wallet is great, when it finally replaces the physical wallet in my pocket. And if it doesn't do that, then it's solving a problem I don't have, or it's not completely solving the problem." And to me, a true digital wallet has to not only replace cash, but I have to have my driver's license in it. My

insurance ID cards and anything else that people want to carry around in their wallet has to be digitized, in order for us to finally move away from having wallets.

Now, I don't know what the wallet and purse industry think about that, but to me, when I think about a cashless society, that's what I think about.

Joey Coleman: I agree. That there are certainly aspects of users that are going to want the full experience of a digital wallet, right? So it includes the credit cards, and the cryptocurrency, and the ID, and all of that. But I think where the piece of the puzzle that has to be part of this conversation, and you talked about it a little bit in your article, is the role that government plays. So if we stop and look at the fact that cash is managed by governments, you know recently, Australia decided that it is going to be illegal, and yes, you heard that correctly, it is going to be illegal to purchase anything over \$10,000, in Australian dollars, with cash. And what's interesting there, is the government is actually moving away from cash.

Because cash actually costs governments money to make, right? The actual making of money costs money. And so, I think these are complicated topics and discussions. To me, the big take away here, for listeners and the reason why Dan and I wanted to talk a little bit about on this episode, is number one, we need to pay attention to the different ways our customers make payments. So, are you giving them opportunities to pay in cash, are you giving them opportunities to pay in credit card, increasingly in the future, are you going to be giving them ways to pay digitally, whether that's through cryptocurrencies or other forms of payment? Number two, in the same hand that we're taking into consideration what our customers want, are we, as the businesses, kind of navigating trying some of these new payment methods?

And are we really thinking about different ways that we might process our payment? And number three, how does all of this tie into the customer experience? Because if the customer experience, if the goal is to make it seem less inefficient and effective, and you're in a position where the tools that you're using are not seamless and effective, we might want to start thinking differently about our cash and our digital wallets. Dan?

Dan Gingiss: Joey?

Joey Coleman: I guess we'll just need to...

Dan Gingiss: Agree to Disagree.

Joey Coleman: Agree to Disagree.

[SEGMENT INTRO] [CHECK OUT THIS NUMBER]

Listen in while we try to stump and surprise each other, with a fantastic statistic from the worlds of customer experience and customer service. It's time to check out this number.

[CHECK OUT THIS NUMBER: **41% and 26%**]

Dan Gingiss: Okay Joey, I have two numbers for you today.

Joey Coleman: Oh, two numbers.

Dan Gingiss: 41%, and 26%.

Joey Coleman: 41% and 26%. Okay. I'm going to say that there is a 41% chance that you're going to make a baseball reference in this statistic, and a 26% chance that I'm going to know what it is.

Dan Gingiss: Very good, very good. You got it right.

Joey Coleman: Wahoo! Ladies and gentlemen, we have a first on the Experience This! Show.

Dan Gingiss: Actually, what I was referring to, was that 41% of buyers prefer the RFP, or Request For Proposal process. Versus 26%, which prefer marketplace platforms, such as Amazon, or Ali Baba, et cetera. Now this comes to us from the next generation of B to B purchasing. Millennials, marketplaces, and digital buying preferences. Which is a new report published by our friends, and sponsors at the Experience This! Show, Oracle.

Joey Coleman: I think this is a really interesting statistic, Dan. Because I, well, first of all, 41% prefer RFPs? I don't know many people that prefer RFPs. So I'm not surprised that it is less than 1/2 percent of people, or half of the respondents, is the better way to say that. Statistics are hard. But what I do think is interesting, is the 26% that prefer marketplace platforms, like Amazon and Ali Baba. If we think back, even just 10 years, in the B to B world, those platforms didn't exist. Or they certainly didn't exist in the way that we talk about them today. And so, what I find fascinating about this report, and the research that came from it, and the statistic you shared, is that more B to B business is being done in environments, and marketplaces that didn't exist 10 years ago than ever before.

And that number is increasing. And it wouldn't surprise me if you fast forward a year or two, and most people are going to expect to do their B to B purchasing on those marketplace platforms, as opposed to traditional RFPs and other ways of doing business.

Dan Gingiss: And if that happens, then I will be one of the people cheering. Because I've gone through the RFP process so many times at work, and it is never fun, so.

Joey Coleman: It's miserable. No one likes the RFP. The people that respond to the RFP don't like it. The people that create the RFP don't like it. Like I said, I was shocked that even 41% said that they prefer it.

[SHOW CONCLUSION]

Dan Gingiss: Exactly. So for the full article, and more great content, please go to: smartercx.com/experiencethis. This is a great informative site by our friends and sponsors at Oracle CX. It provides news, analysis, expert insights, and useful tools like the CX assessment, that only takes approximately two minutes to get an assessment from Oracle on how you're doing with your customer experience. So, visit: smartercx.com/experiencethis.