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EPISODE 172: CHRIS CARACCI – THE CUSTOMER EXPERIENCE

Female Speaker

From William & Mary in Williamsburg, Virginia. This is Leadership & Business, produced by the William & Mary School of Business and its MBA program, offered in four formats the full-time, the part-time, the online, and the executive MBA. For more information, visit wm.edu.

Ken White

Welcome to Leadership & Business, the podcast that brings you the latest and best thinking from today's business leaders from across the world. Sharing strategies, information, and insight that help you become a more effective leader, communicator, and professional. I'm your host, Ken White. Thanks for listening. Well, we've all been there, you go to a local business or visit a hotel or go online to make a purchase and the experience is awful. If it's bad enough, you decide to never go back again, which means the business, at a minimum, has lost a customer. In today's competitive market, no business can afford to lose customers. Well, that's where Chris Caracci steps in. He helps organizations improve their customer experience. He spent years at the Disney Institute, working with clients across the world. Today, he continues to help all types of businesses and organizations deliver a high-quality customer experience. He joins us to talk about the customer experience, its importance, and how improvement starts at the top. Here's our conversation with Chris Caracci.

Ken White

Well, Chris, thanks so much for joining us and sharing your time with us. Great to see you.

Chris Caracci

I'm happy to be here. Thanks for inviting me.

Ken White

Right before we hit the record button, I was saying that I think literally on every episode we've done, customer comes up. Of course, we're always thinking about the customer. I think you think about customer a little differently when you talk about customer experience. What is that?

Chris Caracci

Customer experience, and we hear that a lot is really the accumulation of service experiences end to end. When you have in your business, you have a customer. I'll call them the customer doing business with you, whether they're buying a service from you or they're buying a product from you. It's everything from their first touchpoint with your organization. And that could be through an advertisement that they see online all the way through any kind of follow-up service or follow-up care that they need post them using your service or your product. That's the customer experience. But it's filled with sometimes hundreds of what we call customer touchpoints. And those customer touchpoints are really where the service if you want to use that phrase customer service, that's where the service takes place. But it can be anything. It can be, as I said, it can be viewing an advertisement because there's a service moment there all the way through to a voice to voice experience, a face-to-face experience, a computer to computer experience, whatever that looks like. All of those add up, and they leave an impression. All those touchpoints leave an impression that impacts whether or not you as a consumer walk away with a positive impression of my organization. Who's selling whatever I'm selling to you, or a mediocre impression, a neutral impression, as we call it, a neutral series of touchpoints, or even negative. And the goal is to come out of that with a positive customer experience. That doesn't mean that it's perfect. It's never perfect.

Ken White

Sure.

Chris Caracci

But the goal is to have more positive touchpoints than neutral or negative touchpoints because that leaves a positive impression in your head, the consumer. And that is what drives loyalty back to the organization, to repurchase the service or product or to recommend us. Those are the two top measures and a lot of organizations that take customer experience seriously to find out whether people are loyal to them in one of those ways or the other.

Ken White

That loyalty pays off, obviously.

Chris Caracci

It does pay off because we all know the cost of acquiring new customers is very, very expensive. The cost of retaining customers that you already have is far less expensive. And we know that over time, a loyal customer that stays with you for a long period of time, their average spending with you goes up. So ultimately, it's about creating that loyalty. I think where the confusion happens sometimes, Ken, is that organizations equate customer service with loyalty. They will measure customer service. If I can use that phrase again,

they'll measure that and think, well, we just need to be good at customer service. We don't need to look at the continuum of that experience very much. If we're just good at the service points here and there enough to be positive, and there's confusion there because they think that that drives the customer coming back. There's not, at least in my experience with working with industries around the world in different cultures, is that loyalty is not talked about enough. When we talk about the customer experience, we're too focused on the moment, and we're not focused on the long-term effects of high-quality customer experiences.

Ken White

And there could be so many touchpoints. I'm thinking of a local dry cleaner. There's quite a few touchpoints, let alone a massive organization.

Chris Caracci

Absolutely. And that dry cleaner needs to pay attention. I'll give you an example. I went to a dry cleaner all the time in a location that I used to live in Florida, and it was a small dry cleaner. And I used to drop off my dry cleaning every week and pick it up every week. But when I pulled up in the parking lot, the dry cleaner had these big picture windows so they could see the parking lot clearly from inside. And by the time I parked my car and came inside, my laundry was waiting for me on the stack, and she'd already rung me up. And that's a small business. Right. But what that tells me is they've hired somebody and taught them that you need to pay attention to the customer, get to know your customers. Not only that, when I walk through the door, they call me by my name. Those are all touchpoints. And at the end of the day, I will pay more for my shirt to be cleaned there. Then I will go across the street where they don't have that kind of personalized service, and the price point may be lower. So we know that customers will pay more if you pay attention to them and give them care.

Ken White

You worked for a long time for the Disney Institute. Is there any organization better at this than Disney? I think that's who most people think of.

Chris Caracci

Disney is up there. I think because it's always historically service has been always historically a part of the organization. It was an important thing, a business piece to focus on for Walt Disney himself. And I think the beauty of the company is that they still live the things that he taught that he believed in all these years later. He died in 1966. That's a long time ago.

Ken White

Wow, yeah.

Chris Caracci

But yeah, the fundamentals around how he cared for people, the service that he wanted to give to his customers, the experiences he wanted to get very high quality still with the company today. And the beauty of that, as I've taught it for years, 20 years with the Disney Institute, is that that is so foundational and fundamental that it doesn't change very much. The customer still wants you to pay attention to them, and that has not changed. Maybe you do it a little differently. Maybe technology helps us do those things a little differently in some ways now than it did in 1966, surely, but the customer is still looking for the same kinds of things. So when I work with organizations, as I do now around the world, teaching them these philosophies around, how do you bring that great customer experience to your own organizations? The things that I impress upon them is that you can never take your eye off this. You always have to be making sure you're paying attention to every detail every day. You can't put it on autopilot because it won't sustain. You have to give it attention every single day. So I have especially enjoyed with my years with the Disney Institute, working with healthcare way back when, when I first came out of college, I worked in hospitals as a respiratory therapist. So a lot of my work with the Institute was healthcare-related because healthcare, at least in the United States, is looking to come back to the patient's experience. The patient got lost in healthcare in the United States for many, many decades. You were just another last name on a chart. And the focus became so much around the medical care that they forgot about caring for the human that you're actually caring for.

Ken White

Sure.

Chris Caracci

So they came to us early on at Disney and said, can you teach us the same fundamental things about how you've structured your culture around service so that they will work in our environment with our patients. And that's precisely what we did. So, again, even in an industry like healthcare, we're coming back to you have consumers, you don't call them customers, you call them patients, but they're the same thing. They're consuming healthcare. You're providing healthcare. They need to have a quality experience that matches the quality medical care that you're giving them. And those two things have to be married.

Ken White

Yeah. If they have a good experience, they'll come back.

Chris Caracci

Absolutely. And in health care, you don't always necessarily want them back. You want them to do something for them, hopefully in some situations where they don't have to come back. But the other part of that loyalty is not only returning to come back for more service, but it's also the recommendation, which means speaking highly about that organization to your friends and to your colleagues and letting them know that you had a great experience there. You may never have to go back there for care, but you have spread the word now to other people that your experience was one that was very worthwhile.

Ken White

Yeah. Having brand ambassadors makes life easier, doesn't it?

Chris Caracci

It does.

Ken White

Yeah.

Ken White

We'll continue our conversation with Chris Caracci in just a minute. Our podcast is brought to you by the William & Mary School of Business. If your organization is interested in retaining your best people, consider enrolling them in one of our MBA programs for working professionals. William & Mary's online MBA, part-time MBA, and executive MBA programs are designed for the professional who works full-time. So both the employee and the organization benefit. Show your employees you care by investing in their growth. Check out the MBA program at William & Mary at wm.edu. Now back to our conversation on the customer experience with Chris Caracci.

Ken White

I may have shared this with you. I've actually shared it on the podcast several times because it just stuck with me. When we had Kim Lopdrup on, he's been on twice. He's the former CEO of Red Lobster. He said people who succeed in his field have the hospitality gene. They take great pleasure in seeing a couple of folks come in, a group of people come in and have a great meal and a good time and leave. Is it like that with the customer experience? I'm assuming you've got to have that gene to really get into it.

Chris Caracci

It is. So much of service can be trained, but if you don't start out with somebody that's trainable, then you're not going to get anywhere. So it was a definite strategy for Disney,

and it still is today when they hire people, especially working in positions where they're dealing with customers every day, but certainly, internally as well, they're looking for the individual who has generally a positive nature and a positive attitude towards everything. Towards their lives, towards their work experience, because we know and the Society for Human Resource Management tells us this, that there is a percentile in the teens of individuals in the United States that don't have that positivity and it affects their whole lives. I don't know the reasons behind that. All that I know is when you're hiring people, and you're hiring people to deliver service and experiences, you don't want to hire anyone coming from that 15% or that 17% of the population that doesn't find, as you call it, that hospitality piece that doesn't find that comfortable or isn't outgoing in a way that they can be positive with people that they're dealing with either internally or externally. So you have to back up the process of good service all the way into your hiring practices to make sure that you hire the right individuals. That, to his point, have that hospitality gene that you can see that's very visible and very noticeable in the individual, because then, you know, we have the service structure, as Disney does, that we can train them to use, and they're going to hit it out of the park every single day.

Ken White

We all know those people. Yeah.

Chris Caracci

We all know those people. And you know the people who are part of the 15 or 17%.

Ken White

That's true.

Chris Caracci

As I joke, we have those people in our families, too, right? But we all know who those are. You don't want them working for you. If customer service is a primary focus because you will spend a lot of time and energy with training, that most of the time won't go anywhere.

Ken White

I think most of us would put Disney up there in the Hall of Fame in terms of the customer experience. Who else is in that group?

Chris Caracci

Some other names that come to mind immediately. Ritz Carlton. They do it extremely well. They have a system around their service. They have a structure around their service. They hire people into their organization who can function well in that structure. Organizations like Nordstrom, from a retail standpoint, family-owned company originally but very

focused on the customer experience and the personalization of the experience. Southwest Airlines to that, now a lot has been going on with Southwest in these last ten years, but their focus has been on customer service and trying to improve the experience, sort of disrupting when they first came on the scene, disrupting the airline industry and doing things differently than anybody had done, all in the name of trying to make the experience better for their customers. So there was a focus there. And you can always tell with a company the way you're treated by their employees, the way you're treated by the experience, whether or not they're actually focusing on it or not, you can tell right away because those things just don't happen by accident. They're highly customized. The experiences are customized, the touchpoints are all customized, and you notice it right away as a customer.

Ken White

So who's responsible when you're working with companies and organizations? Is there a certain title with whom you're working? Or does that change from company to company?

Chris Caracci

Very few companies, even today, will have somebody in charge of the experience, the customer experience. Some of them do. The ones that are out ahead of the rest of the pack will have people devoted to that at a senior position. Typically, the organizations that are looking for my help do not have that. And that sits typically in the realm of human resources because so many of the elements that go into making great experiences for customers, so many of those pieces lie within human resources. It's about hiring the right people. It's about training them. It's about onboarding them to the culture of your company. It's about onboarding them to the things that are important and the values that your company espouses because that is all preparation for that individual's time in front of your customer. And then, you add on training around your service structure and your service framework. It has to be very intentional. So much of my work tends to be with the human resources department because they're the one managing the people processes. They're managing the leadership processes usually, and it's about impacting those because, without a quality leadership experience and a quality employee experience, you will never get to a quality customer experience.

Ken White

How has the pandemic affected customer experience in the way organizations view it?

Chris Caracci

Every organization, even Disney, has had to pivot and go online with much of what they do. Which meant, I think, thinking, like every organization thinking, how can we do this? How can we translate quality to a virtual environment? Which is difficult because you take away so many of the things that exist in a voice-to-voice interaction or a face-to-face

interaction, and they become virtual, which makes them you lose some of that emotional connection that you want with your customers, and that's been difficult. And we've tried to do that because we've had to do that. I think Disney with their parks. The parks came back very fast. They closed in March of 2020. They were reopening again in the summer of 2020 after that break, that three or four-month break, and brought those face-to-face experiences back, even with masks and whatever other restrictions were in place. We knew that as a company, especially in our parks and resorts business, that people were yearning for that even after a few months of isolating at home and being afraid to go out in some cases and doing everything virtually, that there was still a yearning to get out there and to see people again and to have conversations again, even with a mask on whatever that looked like. But again, to have that contact because it's so critical. It's critical for Disney's parks and resorts business, obviously. And since then, they've remained open to some degree. The Disney parks around the world have adjusted how they've needed to adjust and kind of going up and down. But I think we're coming now in March of 2022. We're finally seeing the light out of this pandemic. It's becoming much more endemic to the population, and we're going to deal with it moving forward. But I think our ways forward as industries and businesses now is the freest it's been in two years time.

Ken White

So for an organization that is lacking in this area, what is step one for them?

Chris Caracci

Step one is always, and I do this with every client is, even somebody on that team has brought me in to help them. And that may be a senior leader, it may be somebody in the middle, but the first thing that I do is get all of the senior leaders in the room and say, this is what you've asked me to do. I can help you do this for you, but are all of you on board with doing this? Because if just one of you out of five or ten if one of you doesn't see value in this, then you've automatically handicapped our process. Because you're going to hold us back to whatever extent you have influence as a senior leader in this organization. So I need all of you, and I'm very frank about this with them. I need all of you to line up. And if you can't line up, then I need to ask you, do you really want me here? Do you need to wait until you think you can line up? I mean, I'll help you line up, but if you don't want to, I can't force you. I need you to come with me on this journey, and then I can help you. But if you don't, if senior leadership if executive leadership in any organization doesn't want to make improvement, no matter how much the middle of the organization is screaming for help, it'll never happen because the executive leaders have all the levers. They pull all the levers. And if they're not on board, it's not going to work.

Ken White

That's our conversation with Chris Caracci, and that's it for this episode of Leadership & Business. Our podcast is brought to you by the William & Mary School of Business, home

of the MBA program offered in four formats, the full-time, the part-time, the online, and the executive MBA. If you're looking for a truly transformational experience, check out the William & Mary MBA program at wm.edu. Thanks to our guest, Chris Caracci, and thanks to you for joining us. I'm Ken White. Wishing you a safe, happy, and productive week ahead.

Female Speaker

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