Incorporating Customer Experience Management Concepts within your Executive MBA Program

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Incorporating Customer Experience Management Concepts within your Executive MBA Program

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Introduction

The primary thesis of this research is to illustrate the importance of Customer Experience Management (CEM) and why CEM principles must be rigorously applied to the successful management and execution of Executive MBA programs.

The Emergence of Experience

The traditional marketing concept of determining the needs and wants of target markets and delivering on these needs and wants with products and services is the foundation of any company’s marketing program (Kotler, 2003, p. 29).

Also within the traditional marketing paradigm is the importance of communicating the product’s features, benefits, and overall value to prospective customers. In addition, traditional marketing assumes that customers are rational creatures who will select products and services based on their overall utility (Schmitt, 2003, p 13). Yet, things have changed since the industrial age when the traditional marketing concept was established.

First and foremost, the information economy has allowed prospective consumers to research the features and benefits of any product in question, making the prospective customer more informed than ever before. The outstanding features and benefits of a product are now almost a given as consumers expect “breakthrough solutions, cutting-edge products and brands they can connect with and be stimulated by” (Schmitt, 2003, p. 21).

Secondly, the concept of marketing experiences (i.e., experiential marketing) as opposed to marketing solely a product’s features and benefits has also emerged frequently in various mediums and has ignited the replacement of consumer rationality with emotional and impulse-driven purchases centered on a desired experience (Schmitt, 2003, p. 22).
This idea of experience has also extended the notion of branding to more than just an identifier with that of logos, slogans, awareness, and image to that of an experience provider (Schmitt, 2003, p. 31). The brand, hence, is increasingly becoming about a specific targeted experience.

**Evolution of the Experience Economy: The Birthday Party Phenomenon**

All of the above has led to the “Experience Economy,” as it is now called. A simple example that illustrates the “Experience Economy” and its evolution is the birthday party. At first, approximately fifty years ago, a celebration of a birthday entailed the mother of the “birthday boy” or “birthday girl” purchasing ingredients such as butter, sugar, and milk to make a birthday cake from scratch. The ingredients thus became “the commodity” leading to the celebration of the birthday by eating the cake (Pine II and Gilmore, 1999, pp. 20–21).

As time passed, perhaps in the 1960s and 1970s, parents then opted to purchase a Betty Crocker or Duncan Hines mix to make the cake as well as plan a party at home that included games and fun in the backyard. The “commodity” of the butter, sugar, and milk had been transformed into a “purchased good,” the cake mix (Pine II and Gilmore, 1999, p. 21).

As the 1980s came, many parents stopped making cakes altogether and purchased them from either the local bakery or supermarket, thus moving away from the cake mix which was “the good” to that of a purchased cake, “the service.” While the cost of purchasing a cake far exceeds that of making one from a mix, parents viewed this service as essential in order to plan other elements of the backyard party (Pine II and Gilmore, 1999, p. 21).

As this evolution continued, the new millennium has seen many parents “outsource” the birthday party to places such as Chuck E. Cheese’s, Discovery Zone, Club Disney, or Fun Craft. Such parties can cost the host family several hundreds of dollars and far more than just the cost of a purchased cake and a backyard party. Yet the parents are paying for “the experience” that these outsourced venues can offer (Pine II and Gilmore, 1999, p. 21).

As one can see, the evolution of the birthday party illustrates the Experience Economy that is everywhere. The “commodity” of butter, eggs, and milk used to make the cake is very inexpensive. The next stage involves “the good” of a cake mix, which raises the overall cost slightly. After that it moves to “the service” of purchasing a cake, which is certainly more expensive than a cake mix. However, the largest increases in costs for the party over this evolution are the outsourcing of the party and the move to the “experiential zone.”

**Companies Offering Experiential Differential**

The Experience Economy has also led to the development of many interesting and successful companies. Starbucks is a prime example. The coffee shop
chain opened in 1971 in Seattle with an initial $10,000 investment from its original owners, Gerald Baldwin, Gordon Bowker, and Zev Siegl (Smith and Wheeler, 2002, pp. 4–5).

In 1987, Howard Schultz purchased Starbucks and expanded its operations to Chicago and a host of other cities. From 1987 to 1998 Starbucks spent less than $10 million on advertising with the premise that providing a unique experience goes far beyond advertising dollars (Smith and Wheeler, 2002, pp. 4–5).

While a Starbucks hot drink may be purchased for $2.50 and above, the actual cost to produce it is approximately eighteen cents (Smith and Wheeler, 2002, p. 6). What the Starbucks faithful are paying for is not necessarily the actual hot drink but rather the total experience and immersion of that “third office space” between home and the office (Schmitt, 2003, CEM, p. 7). Figure 1 illustrates this.

**Figure 1.** Price of Coffee Offerings
Source: Pine II and Gilmore, 1999, p. 2

JetBlue, Avis, and Harley Davidson are other examples of companies that offer unique experiences and create product evangelists out of their clientele. JetBlue, in particular, has reinvented the low fare airline industry. The company, which began service on February 11, 2000, had a mission to be an inexpensive airline with a unique experience for a “hip” crowd (Schmitt, 2003, CEM, p. 113). In its quest to create a specific desired experience, JetBlue would deliver larger
leather seats, implement a personal television for each passenger, and serve only snacks on board rather than the notorious airline meal. In addition, Wi-Fi service was established for its customers (Levere, 2004). This was viewed as quite a refreshing change in the low fare airline industry. In addition, the Saturday night overnight stay would not be required for the cheaper fare. The company founder and CEO, Mr. David Neeleman, uses JetBlue exclusively for his own personal travel so as to get close to the customers and find out how they are enjoying the experience. Such innovative steps for this low cost carrier have made JetBlue one of the few airlines to continually post profits since its inception (Schmitt, 2003, CEM, p. 115–116).

Avis is another great example. This car rental firm with the “We Try Harder” slogan has been set apart from its competitors because of the total experience it offers to its customers. Mr. F. Robert Salerno, Avis President and COO in 2002 further illustrates this point:

Avis has dedicated tremendous amounts of resources over the last several years to develop a process for managing the customer experience and to provide our employees with the tools for supporting our strategies of winning customer loyalty and service excellence. Customers are telling us that there is something special about Avis and the value we deliver that the others cannot match.

(Smith & Wheeler, 2002, p. 33)

The result of such a strategy is that Avis has the highest level of customer loyalty among its peers according to a survey conducted by Brand Keys (Brand Keys 2001 Customer Loyalty Leader’s Index). More specifically, Avis received the highest points for customer loyalty among the 129 companies surveyed across twenty-four industry categories and scored the best on customer service compared to other car rental companies (Brand Keys 2001 Customer Loyalty Leader’s Index).

The last company that will be briefly discussed that has differentiated itself with its customer experience offering is Harley Davidson. Harley Davidson, which brands itself as a “total ownership experience,” has created the Harley Owners Group with over 100,000 active Harley members (Smith and Wheeler, 2002, p. 34). In addition to doing group rides, members of the Harley Owners Group actively participate through its web site. Such a loyal customer base, which is evident by many of its members tattooing the Harley logo on their bodies, is a result of the entire “Harley Experience” (Smith and Wheeler, 2002, p. 34).

These examples are only a handful that illustrate how important delivering a specific desired experience can be to a customer base and target market. Therefore, for the above mentioned examples, managing the customer experience is critical.
Although interesting examples were just cited on companies that provide unique customer experiences, before continuing this research, we will explore the question of whether executive students can be considered customers and what some of the research has indicated on this topic.

Are Executive Students Customers?

Before proceeding, one question to examine is whether executive students are actually customers. Administrators in Executive MBA programs, before incorporating Customer Experience Management concepts within their programs, must first decide whether or not executive students should be treated as customers.

There has been much research done in this area since the 1990s as the higher education industry began to question whether to implement Total Quality Management (TQM) within the management of colleges and universities.

The TQM movement is an extension of W. Edwards Deming’s management philosophy, which was implemented so successfully in manufacturing and service type settings (Dobyns and Crawford-Mason, 1994). Seeing this management philosophy’s success in other sectors and responding to market pressures, personnel in higher education saw an urgent need to consider implementing TQM within their own institutions (Schwartzman, 1995).

The research that resulted from this TQM craze focused on the treatment of students and whether or not students are actually customers as they are in the service, retail, and manufacturing industries. Two subsequent positions developed from this research.

One position states that since students are paying tuition then they are indeed customers. This tuition is for a service, and thus establishes a contract between the university and student. The service can encompass a variety of areas, including participation in classes, coursework, access to faculty, and other services including billing, registration, and financial aid. The bottom line to this argument is that if tuition revenue is the predominant revenue generator for the college or university, then the institution has no choice but to treat the students as its customers (Schwartzman, 1995).

The positive repercussions to this argument are many. First it allows the institution to be more accountable and cut through territorial issues (Schwartzman, 1995). University departments have increasingly pursued their own objectives and agendas. This is especially true of the faculty area of a university. Such a setup can lead to areas that are “oblivious to students” and even “contemptuous of them” (Schwartzman, 1995). Therefore, treating students as customers and responding to their academic questions and inquiries can allow the entire institution to improve cooperation among all constituents and recognize the students as participants in the educational process rather than passive recipients (Schwartzman, 1995). In addition, it can create a scenario where faculty have an obligation to serve their students (Marchese, 1993).
This argument can continue with the student service side of a university. Student services, registration, billing, food services, and maintenance must be viewed, within this argument, as “business-like” transactions. Improving quality or service in these areas can be easily benchmarked and can improve the entire experience for the student (Beaver, 1994).

The second position that resulted from this research is that students should not be considered customers for the following two points. First, universities have difficulty defining who their customers are given the many benefactors, and second, there is a belief that institutions will sacrifice long-term learning for short-term satisfaction if they do in fact consider students as customers (Schwartzman, 1995).

In discussing this first point, the customer of a university can be considered quite elusive as “colleges and universities have no clear understanding of who the customers, either internal or external, are” (Winter, 1991, p. 59). Is the student receiving the education the sole customer, or do the customers include the local, national, and international communities as they all benefit, to some extent, from this education? (Rinehart, 1993, p. 57). Recipients of the benefits of a university education are so intertwined within society that this argument indicates it is difficult to determine who the customer is.

In addition, if the institution receives revenue from other sources besides tuition (i.e., research grants, fundraising, etc.) then those other entities supplying this revenue are also then considered customers (Schwartzman, 1995).

The second point—on sacrificing long-term learning for short-term satisfaction—leads to the question of “is the customer always right?” If Total Quality Management focuses on the needs and preferences of the customer, how do you uphold curriculum issues set by the faculty of a university if there exists a conflict with the students?

With this in mind, this argument illustrates that students enroll in a university degree program to not only learn new concepts but to also develop an entirely new thought process and perspective. It is during this period of academic and intellectual renewal that students cannot be considered customers as their judgments may not have matured and “they have no conception on what they must learn” (Rinehart, 1993, p. 59). In other words, this argument dictates that students, during the learning process, lack the needed expertise to determine the content and quality that must be taught (Beaver, 1994).

Secondly, how do you determine which customer the academic community should listen to? This is especially true when some of the customer’s “perception of quality can be considered perverse” (Peters, 1987, p. 102). University personnel who treat students as customers, especially with academic issues, may be put into a position where a judgment call must be made as to which customer one should listen to.
Overall, when examining both sides of this argument and for the purpose of this research, executive students will be treated as customers. The reasons that lead to this position are as follows:

- Executive students pay a premium tuition price for their programs.
- Executive students are paying more out of pocket for these programs. Full financial corporate sponsorship for Executive MBA Programs from 2001 to 2003 has declined from 44% to 38% (Shinn, 2004). In addition, the percentage of self-sponsored students has increased from 19% to 24% during this same time period (Shinn, 2004).

This decline in company sponsorship has created a new type of consumer for Executive MBA programs which can be seen with the following statement: “EMBA programs are quickly adjusting to satisfy the new consumer—a more demanding, international, self-sponsored executive who’s always on the go” (Shinn, 2004, p. 31).

In addition, contrary to the argument stated above, executive students bring a wealth of experience to the classroom, which adds tremendous value to the offering. Executive students are therefore positioned in their universities as the most senior of students in the MBA portfolio. Thus, executive students are not eighteen-year-old college students with no “conception on what they must learn” but rather hard nose practitioners, who want to be there, who can easily apply theory into their practical experience and should thus be involved as participants in the educational process.

Executive students are also already catered to by their universities, especially in service areas such as billing, registration, and advisement (Petit, 2004).

Since (1) EMBA programs are priced at a premium rate, (2) full financial sponsorship for these programs is decreasing, (3) EMBA students are positioned as the most senior student in the MBA program portfolio, and (4) executive students are already being catered to as customers with student services issues, for the purpose of this research, executive students will be considered as customers.

Customer Experience Management—Principles and Applications

Administrators within Executive MBA programs can apply various frameworks for managing the customer experience within the execution of programs. For the purposes of this article, two frameworks will be illustrated and examples will be given on potential application to EMBA programs.
Framework I—Behavioral Science

The first framework focuses on improving customer relations and the overall experience through the strategic use of behavioral science. More specifically, Richard Chase and Sriran Dasu indicate a five-step process that can allow for improved experiences the customer will endure.

1. Build commitment via choice
2. Finish Strong—leave lasting impression
3. Get bad experiences out of the way early
4. Segment pleasure with pain
5. Celebrate rituals

(Chase and Dasu, 2001).

Enthusiasts of behavioral science agree that customers enjoy the product, brand, and overall experience when choice is given to them throughout the entire offering of the product (Chase and Dasu, 2001, p. 79). Since customers or prospective customers do not like to be told “what to do,” “how to do it,” “what to like,” and “how to like it,” choice or the perception of choice can create an energized and enthusiastic customer base that has taken personal ownership of the product experience in question (Chase and Dasu, 2001, p. 79).

The concept of choice can easily be applied to the execution of EMBA programs. Going beyond the typical choice offerings of elective possibilities, executive students can be given choice or the perception of choice for a variety of initiatives including the study tour, scheduling, and issues such as menu. Giving the executive students the possibility of choice even for what at first seems unimportant can have a positive impact, according to Chase and Dasu, on the overall brand and product experience.

The second recommendation of “finishing strong,” as opposed to starting strong and losing momentum, is of utmost importance as “the end . . . remains in the customer’s recollections” (Chase and Dasu, 2001, p. 73). Executive programs can take note of this principle by offering, for example, the international residential as a capstone pedagogical and program experience toward the end of the program. In addition, a gala celebration for the EMBA students and their significant others beyond university commencement is an example of another offering that allows a program to “finish strong.”

The third principle of “getting the bad experiences out of the way early” is similar to the previous principle. Through this strategy, a level of trust can develop between the customer and vendor that enables the relationship to “finish strong” (Chase and Dasu, 2001, p. 77). This formulation of trust is critical to any business, with Executive MBA programs being no exception. If there is a structural or programmatic issue in an EMBA program (i.e., method for selecting electives), that may anger some students in the program, it is best that this process, if it cannot be changed, be explained to the students at the admissions info sessions or at the beginning of the program so as to not upset students at a later time.
The next principle of “segment pleasure with pain” is a standard takeaway from any negotiations course. In terms of its application with customer interaction, Disney Theme Parks do a wonderful job of distracting the customer during the long lines in which they have to wait for the rides. While a ride may only last ninety seconds, Disney makes those ninety seconds worthwhile by distracting the customers on the long lines and thus “lessening their discomfort” (Chase and Dasu, 2001, p. 78).

This principle can be easily applied to EMBA programs. For example, if there is a subpar faculty member that must be used for a specific course, perhaps that person and course should be combined with two other courses that utilize outstanding faculty members. This can allow this issue of a subpar faculty member to be less of a negative given that he or she is combined with two other very strong and dynamic faculty and courses.

The last principle, under the concept of behavioral science, is the “celebration of rituals,” which plays an important role in the “customer’s perceptions of the experience” (Chase and Dasu, p. 81). Customers enjoy rituals especially if they are unique to the product. Rituals can range from an “afternoon tea time” served in a hotel to a grand opening of a retail chain to specific evening events that are included in a luxury cruise. It is critical that unique rituals be established, and organizations must stick to those rituals.

Applying the principle of rituals to EMBA programs can really differentiate a program from the customer’s perspective. Examples of such rituals can be applied to social events such as planned “happy hours” to “alumni networking events” to an “annual dinner” with the stakeholders of a program (i.e., students, administration, alumni).

Overall, the five principles of behavioral science that Chase and Dasu describe can certainly be implemented in the execution of an EMBA program and can have a substantial impact on the overall customer experience. In the end, “only one thing matters in a service encounter—the customers’ perception of what occurred” (Chase and Dasu, 2001, p. 82). The implementation of behavioral science can certainly impact this perception.

**Framework II—CEM (Customer Experience Management) Framework**

The second framework that will be discussed was developed by marketing guru Bernd Schmitt, and it focuses on the implementation of a desired and strategic customer experience. The framework can be seen as follows:

1. Analyzing the Experiential World of the Customer
2. Building the Experiential Platform
3. Designing the Brand Experience
4. Structuring the Customer Interface
5. Engaging in Continuous Innovation

(Schmitt, 2003, CEM, p. 25).
The first step of the framework looks at “analyzing the experiential world of the customer.” When examining one’s own products and brands, one must try to provide and understand “original insight into the customer’s world” (Schmitt, 2003, p. 25). More specifically, companies need to “become more responsive to customers and incorporate customer insight into their strategies and implementations” (Schmitt, 2003, p. 46). What exactly do the customers desire, and what do they want to experience from the product? Understanding the customers and seeing the world from their point of view is critical in this stage.

This first step can easily be applied to the execution of Executive MBA programs. What is it that EMBA students want to experience? Is it excellent faculty members? Is it being part of a dynamic cohort? Is it convenience in class schedule and offerings? Is it being pampered to by program staff with issues such as logistics and billing? Is it the application of pedagogy directly into their professional roles, thus powering their performance? Is it all of the above or some of the above? Finding out exactly what customers (i.e., prospective students) want to experience from an EMBA is a central component in this first step.

Market research is the main vehicle for determining the “experiential world of the customer.” Perhaps focus groups with prospective students or current students and program alumni can be established. Also, an established EMBA Alumni Council can be of great help in determining this desired experiential world. In addition, university employees who are students in EMBA programs can also be a resource.

Once the experiential world of the customer is determined, the second step in this framework is “building the experiential platform.” The experiential platform “effectively communicates internally and externally what an organization, its brand, and its products stand for and what value they offer to customers” (Schmitt, 2003, p.87). The experiential platform is similar to the value proposition of a company or product not only with the features and benefits of a specific product in question but also with the overall experience the company plans to offer.

Building the experiential platform can be most certainly applied to EMBA programs. What is the entire experiential value proposition that one’s program offers? Above and beyond the EMBA program theme, administrators of EMBA programs, when recruiting students, must be comfortable in discussing the “Branded Customer Experience—which is a service experience that is intentional, consistent, differentiated, and valuable” (Smith and Wheeler, 2002, p. 1). Besides indicating a great faculty and dynamic cohort of students, EMBA programs need to have an “experiential platform” as prospective students not only desire specific program experiences but this can also differentiate one’s product in the marketplace.

The third step of the process is “designing the brand experience.” This step follows the “building the experiential platform” phase as once the platform and theme are developed, one can move on the design of the brand experience, which
includes “the product, the look and feel surrounding it, and experiential communications” (Schmitt, 2003, CEM, p. 140).

More specifically, the product experience, which is the focal point for the customer, not only takes into account the features and benefits of a product but also the “experiential features” which “serve as a springboard for a customer’s brand experience” (Schmitt, 2003, CEM, p. 126). These features can include not only how the product works but also the aesthetic appeal associated with the product.

The look and feel surrounding a product includes the visual identity or brand identity (Schmitt, 2003, CEM, p. 128). This look and feel component can include the visual identity surrounding a product including the name, logo, signage, packaging, store design, and its web site (Schmitt, 2003, CEM, p. 128).

The experiential communications component falls within the concept of “experiential marketing.” It is no longer enough to market the features and benefits of a product but rather the experiences that are associated with a product and brand (Schmitt, 2003, p. 133). Look at any automobile commercial and what is discussed is not just the features and benefits of the car but rather the experience of driving that particular vehicle. Experiential marketing, which is the effort to sell specific experiences that one wants associated with the brand, has led organizations to implement an “experiential selling paradigm” (Schmitt, 2003, p. 134).

This third step of “designing the brand experience” can be applied to the execution of EMBA programs. More specifically, an experiential marketing campaign can certainly be implemented for EMBA programs. Instead of discussing the program features and benefits, a focus on what the students (both current and alumni) experience is powerful. Often times during information sessions for many EMBA programs, current students and recent graduates are invited to discuss, to participate, and to answer the questions of the prospective students. What occurs during these information sessions is that these students become the center of the session, answering many questions and discussing the EMBA program “experience” in detail. There is no better person to illustrate the program experience than a current student or graduate.

The brand experience for EMBA programs can also be designed with the visual identity elements, including the look and feel of the classroom and facilities, the logo, and signage. All these elements can be strategically designed to enhance the experience and reinforce the brand. Managing this look and feel component is of utmost importance.

The fourth step in this framework is “structuring the customer interface.” This can be one of the most difficult steps to effectively implement as it involves cooperation and action from the entire personnel of an organization. The communication and exchange that results from this step, for all employees, must be consistent whether it is face-to-face, personal-but-distant (phone, fax, writing), or electronic (Schmitt, 2003, CEM, p. 142). Overall, “this interface refers to the dynamic exchange of information and service that occurs between the customer
Implementation of this step within the execution of an EMBA program requires determination and diligence. For example, if one element of the implementation theme of a particular EMBA program is that of service, all personnel involved must be always willing to provide a certain level of customer service to its students with a goal to “dazzle” them with service. The bottom line is that, whatever the implementation theme is, structuring the customer interface is a non-stop process that must always be evaluated.

The last step of “engaging in continuous innovation” refers to innovation not only with the product but also with the entire customer experience. Product innovations can refer not only to specific product features and benefits but also innovations in line brand extensions. Continuous innovation can also refer to the service surrounding the product, its web site, and all touchpoints within the entire product consumption and customer interface process (Schmitt, 2003, CEM, p. 167).

The application of the “continuous innovation” step within an EMBA program can be seen from selection of not only faculty but also guest speakers to add value to the students’ experience. In addition, it can be applied to the student service areas of registration and billing as well as logistical issues within the international trip. One must always ask how a program can keep providing a specific targeted customer experience and how this experience can continually improve. Always reaching for the most innovative experience possible is what this step is all about.

Conclusion

In closing, positively memorable customer experiences are critical to the success of any business or organization, and EMBA programs are no exception. Managing each customer interface scenario strategically can not only enhance the overall experience and satisfaction of a program’s EMBA students but can also subsequently build candidate referrals plus program momentum that the EMBA program may need. The two frameworks discussed in this article can be of great assistance in improving the customer experience within the execution of EMBA programs.
References


