



Customer Experience Management in Digital Age

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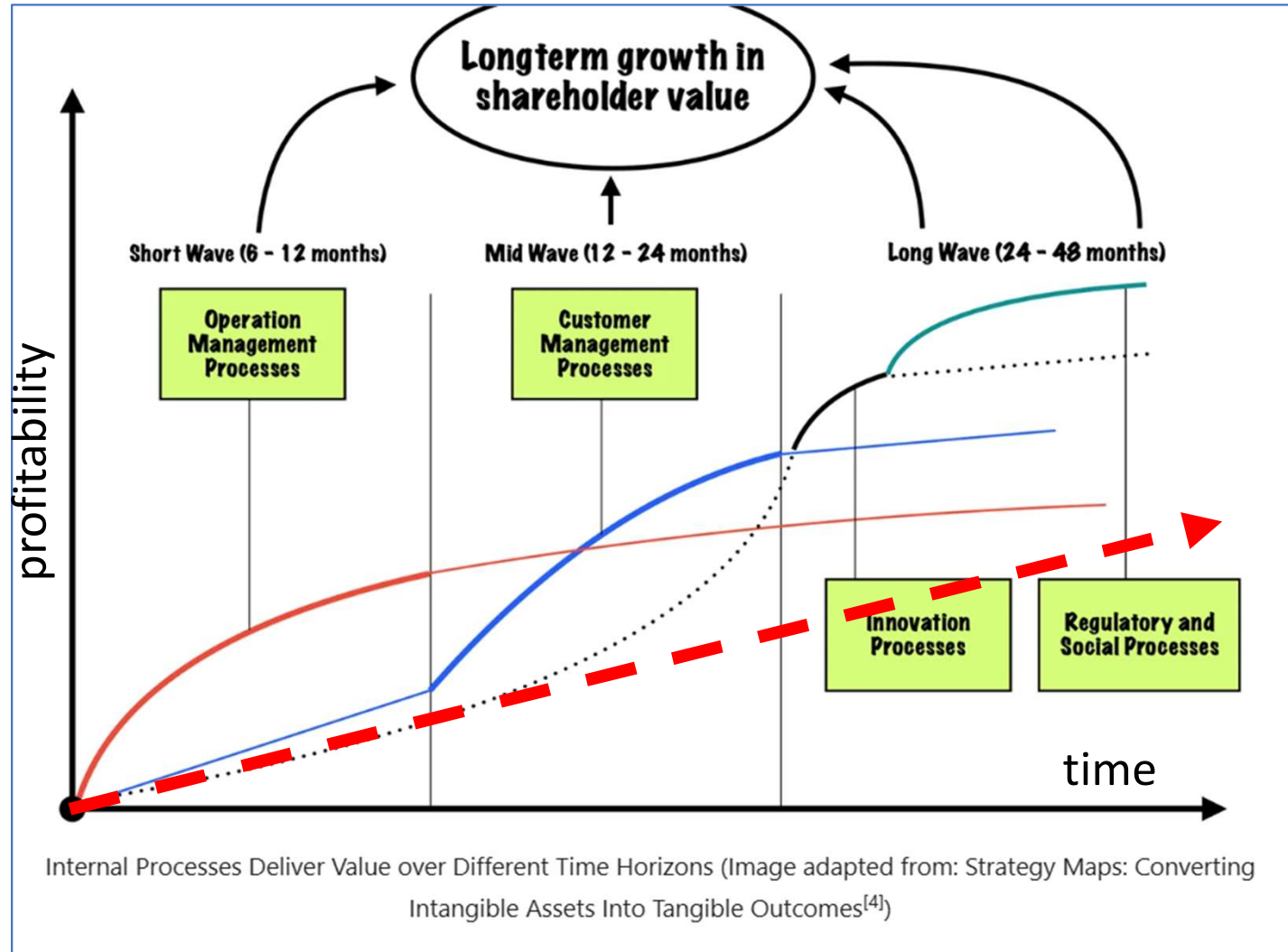
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Customer Experience Management (CXM) Agenda

- The role of customer management in business growth
- From CRM to CXM
- CXM composition
- CXM in digital age
- E-commerce
- Marketing
- CX Manager as profession
- Summary

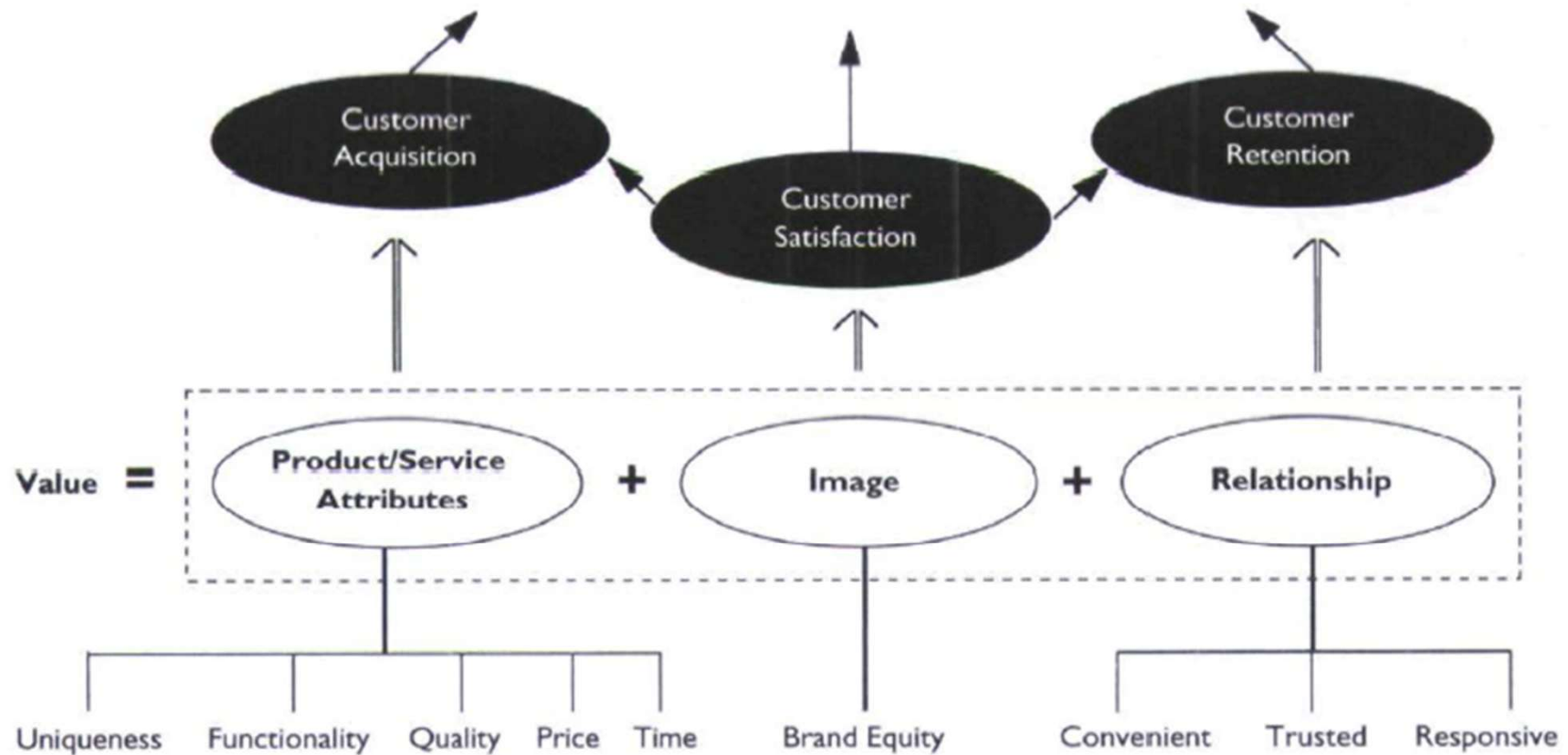


Process effectiveness in company growth, HBR 1994



- The company starts with organic growth.
- There is some improvement through the customer management process.
- Significant improvement is achieved through operations management.
- As the number of customers grows, customer management becomes the frontier of the company's growth and profitability.

EXHIBIT 4. Customer Perspective: Linking Unique Value Propositions to Core Outcome Measures



Source: R. Kaplan and D. Norton, *The Balanced Scorecard: Translating Strategy Into Action* (Harvard Business School Press, 1996); Chapter 4.

CRM

- **Customer Relationship Management (CRM) is a process.** It is widely regarded as a highly valuable investment for businesses due to its significant impact on growth, customer retention, and profitability.
- **Increased Revenue and Profitability:** Companies that invest in customer relationship management can see substantial financial returns.

Managing customer ... CRM



A Four pillars of management (?)



Planning

Organizing

Leading

Controlling

Management is about people
cooperation and achievements

Manager should minimize team weaknesses

How to apply this to customers?

CRM

Customer Relationship Management (CRM) is a company's approach to understand and influence customer behavior through value proposition, proper communication and circumstances focused on

1. Acquisition of new customers,
2. Retain existing ones,
3. Build loyalty, and
4. Increase profitability.

Customer Relationship Management (CRM) is a strategy and technology used together by businesses to manage and utilize interactions with current and potential customers to develop business performance.

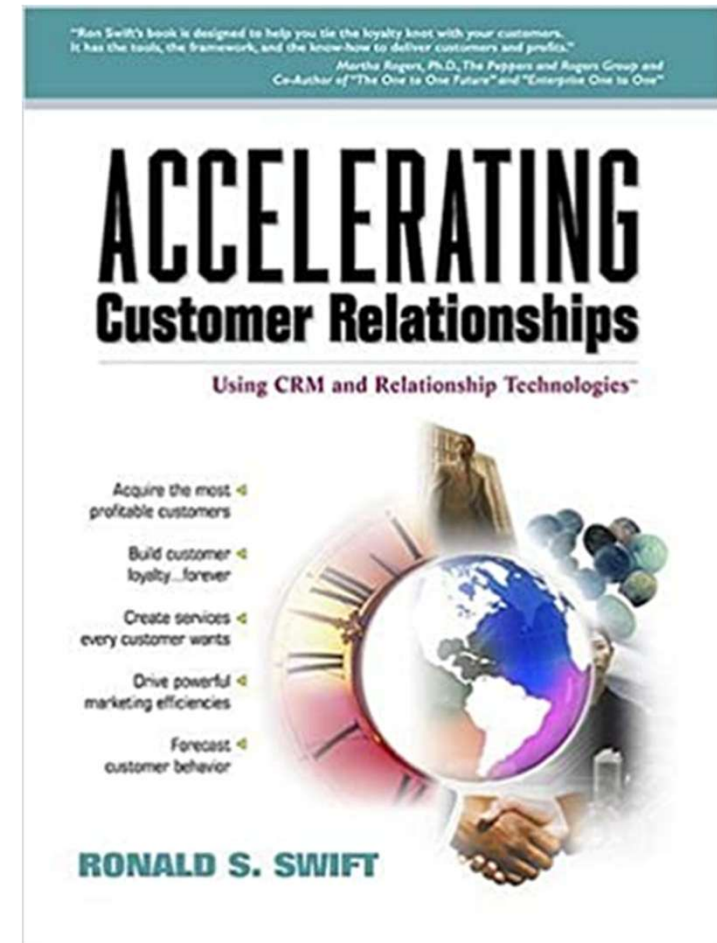
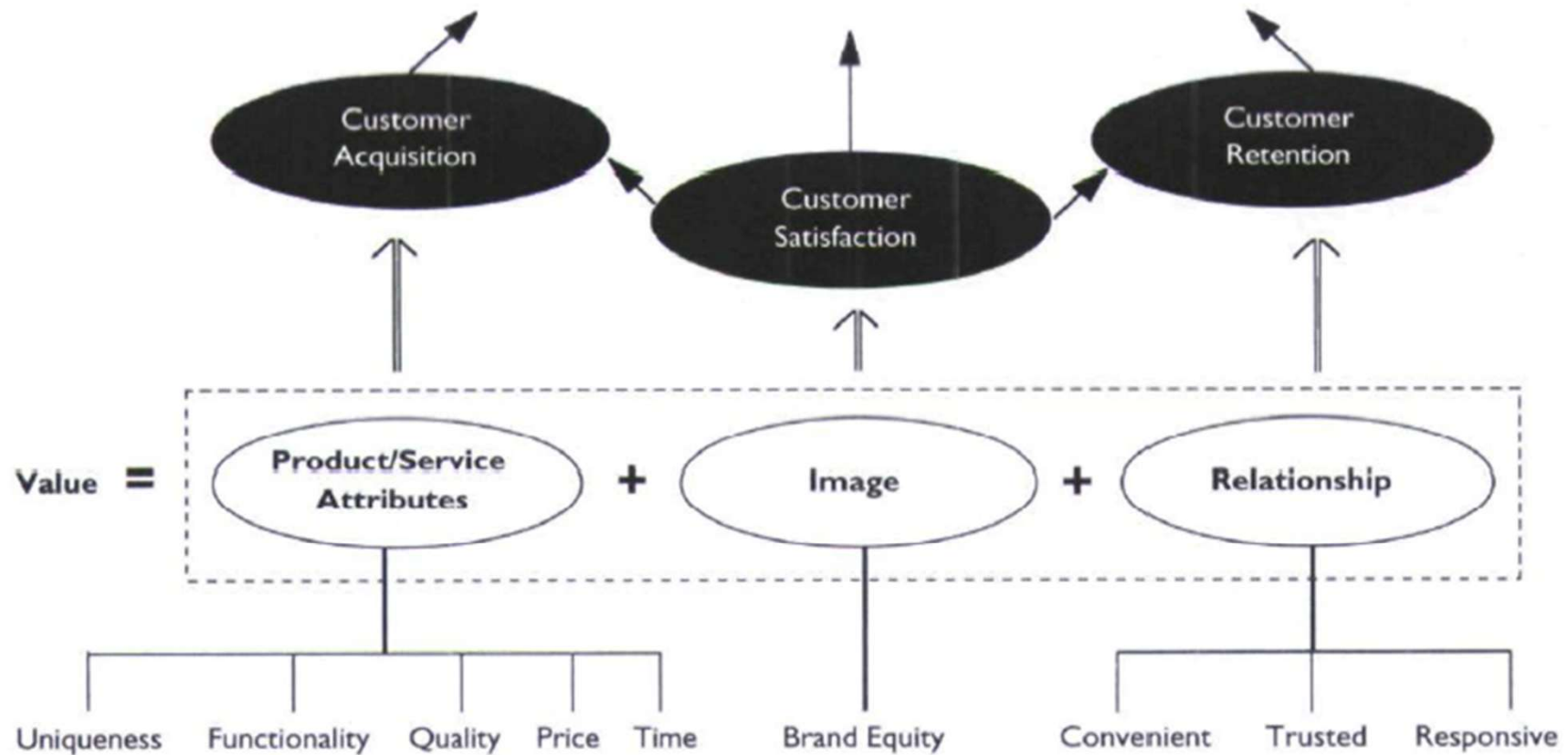


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CRM – How we can do that / 3 steps

1. **Customer knowledge** – collect customer characteristics, needs, problems and weaknesses - deepen knowledge about customers to improve strategy of operational effectiveness not compromising the best possible satisfaction of the individual client
2. **Organization + Customer = Value** - link organization's strategy with the process of acquiring, retaining, and collaborating with selected customers to create value for both the company and the customer
3. **Business processes + technology + customer + offer = competitiveness** – build a combination of business processes and technologies to understand not only customers you have, but real competitive differentiation of the products and services on the market

CRM – strategic and tactical goals

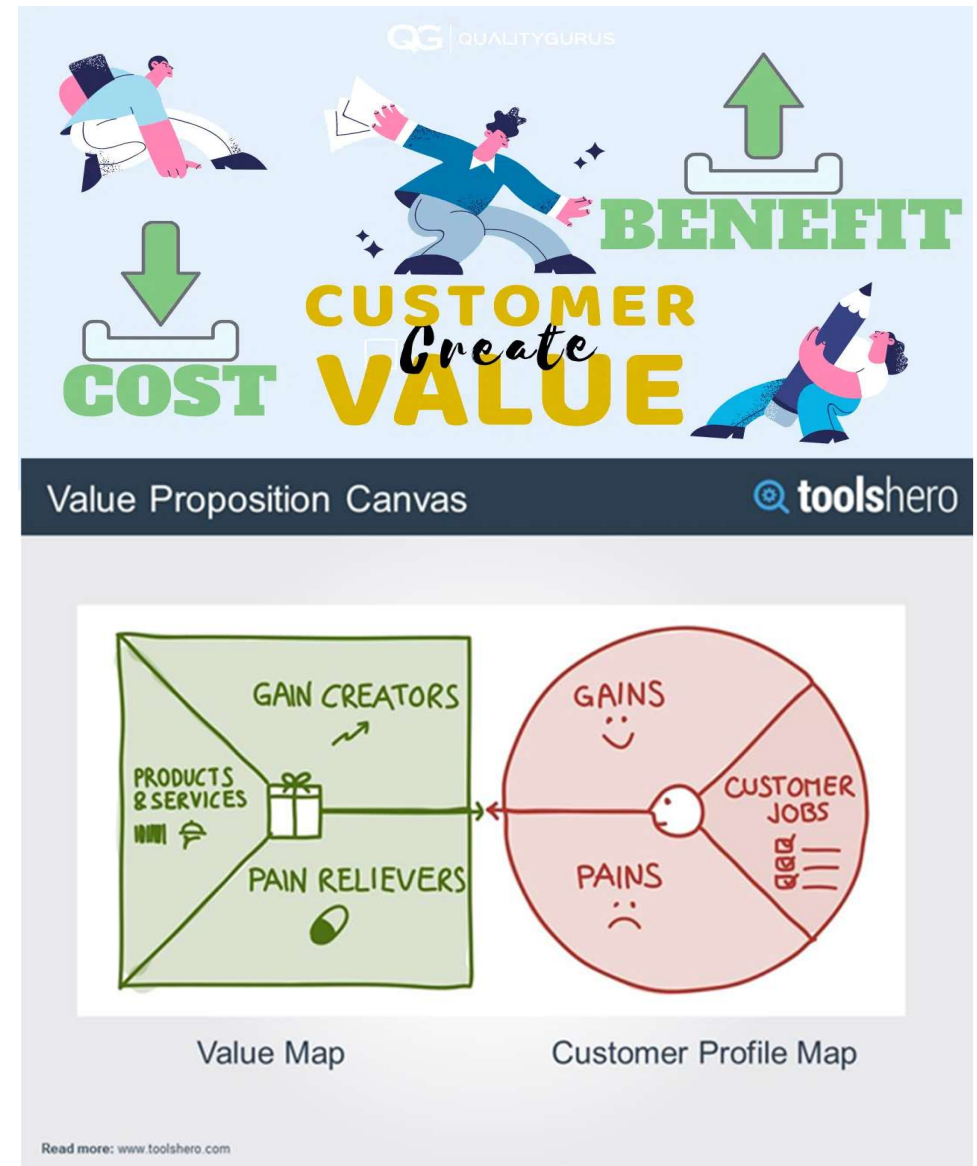
- The task of CRM is to increase the effectiveness of the company by dealing with the right customers by providing them
- The right offer – products and prices
- Through the right channels
- At the right time

The salesmen / CRM process executor

- **Establishing contacts with potential customers**, obtaining information about the customer and providing information about the company, **converting contact to the customer**
- **Predicting customer behavior**, including identifying needs, inspiring purchase, and **converting need into desire**, **closing transactions**
- **Implant customers to sales organization**, manage **sales as self service**
- **Acquiring more customers**, ...
- This is the role of salesmen / account manager

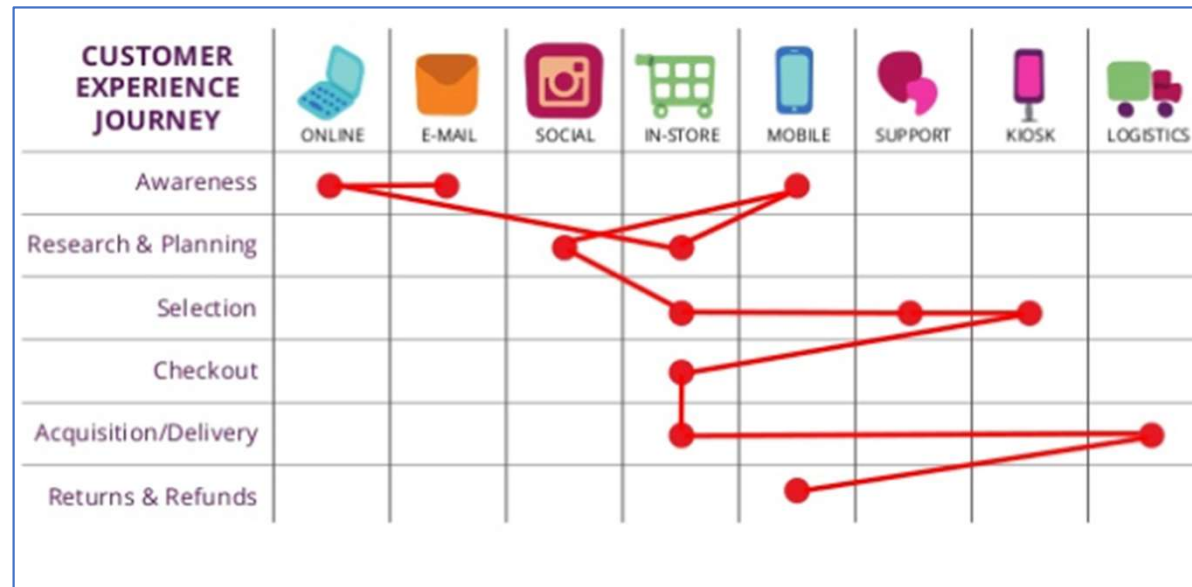
Planning

- In management, planning is the process of defining an organization's goals and the actions required to achieve them, often involving forecasting, decision-making, and resource allocation.
- It's a crucial function that helps managers provide clarity and direction for teams, ensuring they stay focused on desired outcomes.
- In case of CRM, it is planning **customer goals**, and its path of development. The question is what we can do for customer to it grate = complete on the market.



Organizing

- In business management, organizing refers to the process of arranging resources and activities to effectively implement plans and achieve organizational goals. It involves defining roles, responsibilities, and relationships within the company, ensuring efficient resource allocation, and streamlining workflow.



Leading

- In business management, leadership is the ability to influence and inspire others to achieve a goals together with customer. It involves direction setting, decisions making, risk management and motivating employees and customers to perform at their best.
- Leadership is no a simple thing
- It is about strategy





3 types of winning strategies

- **Market leader**
 - Unique product or services, or resources
 - Unique business model
 - Take care of market instead of marketing costs
- **Pretender strategy**
 - Copy and improve
 - Build competences, build field for attack
- **Niche strategy**
 - Leader in niche
 - Differentiation in quality

New economy
New business logic
New business models
New capitalism

Disruptions

Strategy of disruption



Definition and Examples of Disruption

Disruption occurs when new technologies or business models fundamentally change the value proposition of existing goods and services.

Examples include digital cameras disrupting film photography, subscription models like Netflix changing media consumption, and on-demand services like Uber transforming transportation



e-commerce business models

- Business-to-Consumer (B2C) e-commerce: customers deal directly with the organization, avoiding any intermediaries.
- Business-to-Business (B2B) e-commerce: participants are organizations.
- Consumer-to-Consumer (C2C) e-commerce: participants are individuals, with one serving as the buyer and the other as the seller.
- Consumer-to-Business (C2B) e-commerce: a business model in which consumers (individuals) create value and businesses consume that value.
- Marketplace & platform business

Magnificent 7

The Magnificent 7 is a group of major tech companies with stock growth that, on average, far outpaced the high-performing S&P 500® in recent years. Coined in 2023, the group consists of Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

Historical performance of Magnificent 7 stocks

The chart below shares the 1-, 5-, and 10-year returns for the Magnificent 7 companies' stocks, based on Fidelity data from March 3, 2025.



Company and stock ticker	1-year return	5-year return	10-year return
Alphabet (GOOG)	22%	142%	492%
Amazon (AMZN)	15%	110%	963%
Apple (AAPL)	32%	219%	638%
Meta Platforms (META)	30%	233%	721%
Microsoft (MSFT)	-6.5%	125%	785%
Nvidia (NVDA)	39%	1,551%	20,268%
Tesla (TSLA)	40%	474%	2,065%

What Is the Total Market Capitalization of the Magnificent 7 Stocks?

The total [market capitalization](#) of the Magnificent Seven stocks was \$16 trillion as of June 26, 2024.

Market Cap of Largest High-Tech Companies (2025 Estimates):

1. **Apple:** \$3.674 trillion
2. **NVIDIA:** \$3.400 trillion
3. **Microsoft:** \$3.036 trillion
4. **Amazon:** \$2.423 trillion
5. **Alphabet (Google):** \$2.266 trillion
6. **Meta Platforms (Facebook):** \$1.866 trillion
7. **Tesla:** \$1.144 trillion

[Largest Companies by Market Cap.](#)

Comparison:

Germany's GDP (\$4.683 trillion) is comparable to the combined market cap of Apple and NVIDIA.

United Kingdom's GDP (\$3.557 trillion) is slightly less than the market cap of Apple.

France's GDP (\$3.156 trillion) is close to the market cap of Microsoft.

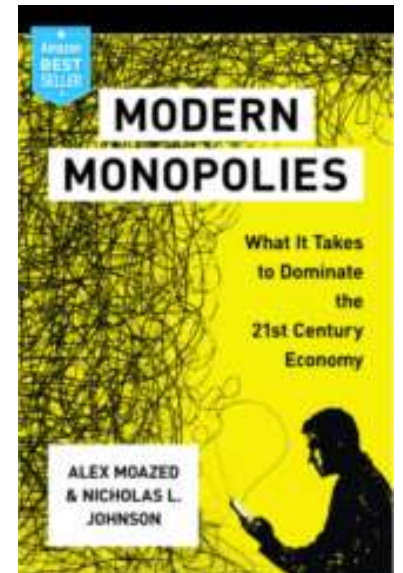
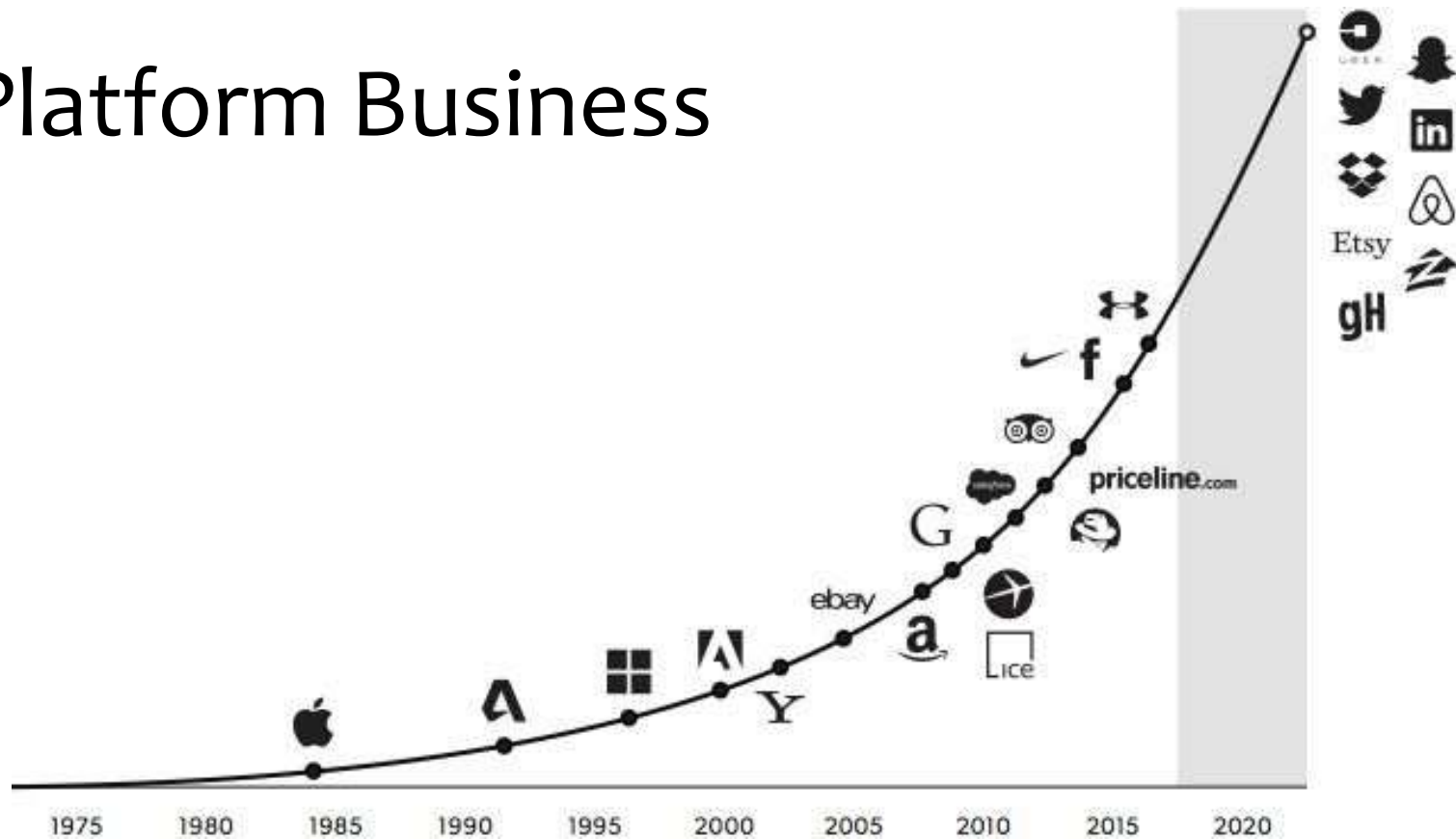
Italy's GDP (\$2.365 trillion) is similar to the market cap of Amazon.

Spain's GDP (\$1.724 trillion) is comparable to the market cap of Meta Platforms.

Netherlands' GDP (\$1.209 trillion) is slightly higher than the market cap of Tesla.

Poland's GDP (\$908.561 billion) is less than the market cap of Tesla but higher than many other tech companies.

Platform Business



- Audience building
- Matchmaking
- Providing core tools and services
- Setting rules and standards

- Platforms perform better over both the short and the long term along key financial dimensions.
- For example, they deliver faster growth, better return on capital, and larger profit margins.
- As a result, since the early 2000s, platforms have quickly overtaken other business models at the top of the economy

<https://www.applicoinc.com/blog/what-is-a-platform-business-model/>

Platform Business Model –What is it

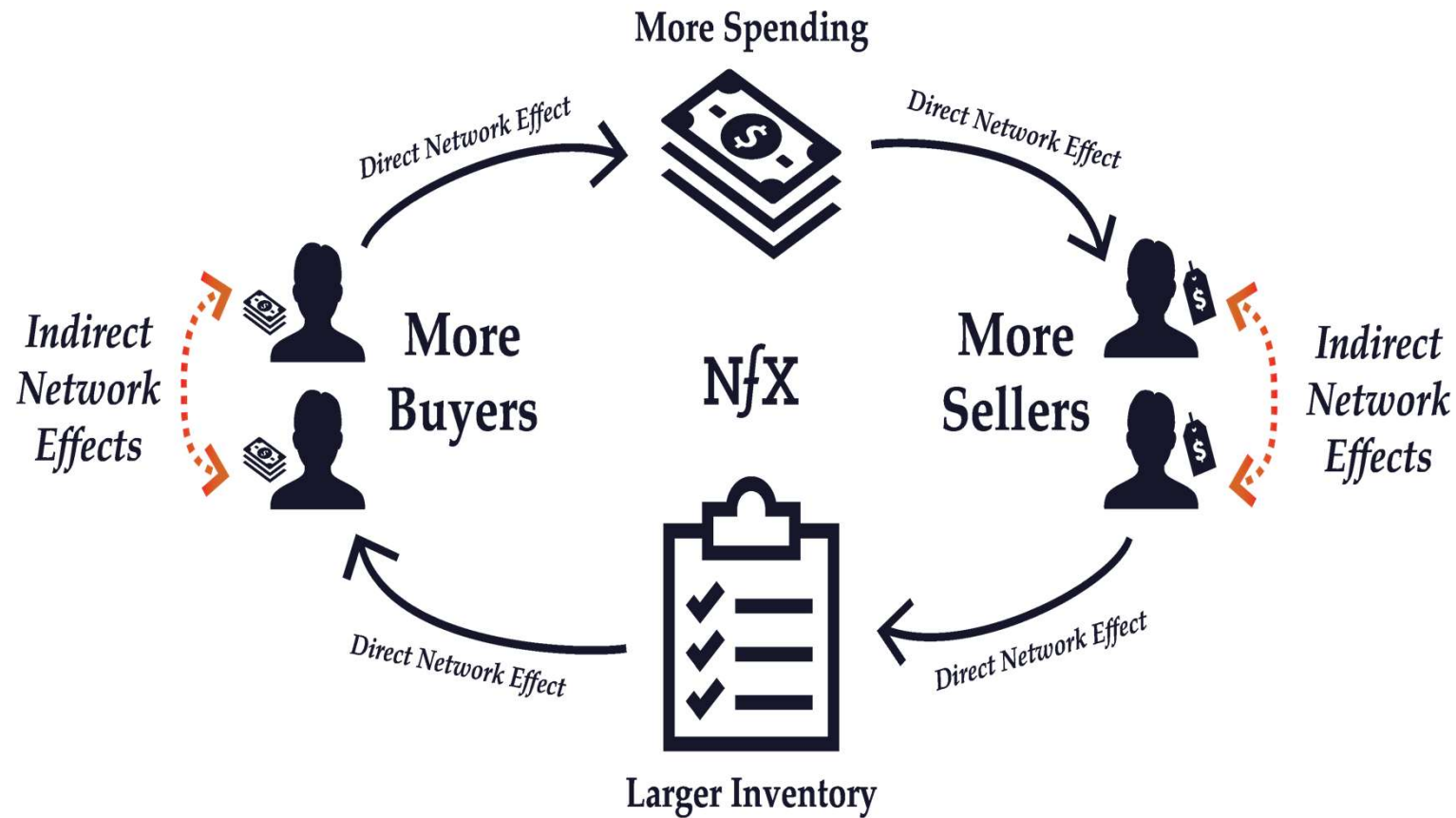


DEFINITION:

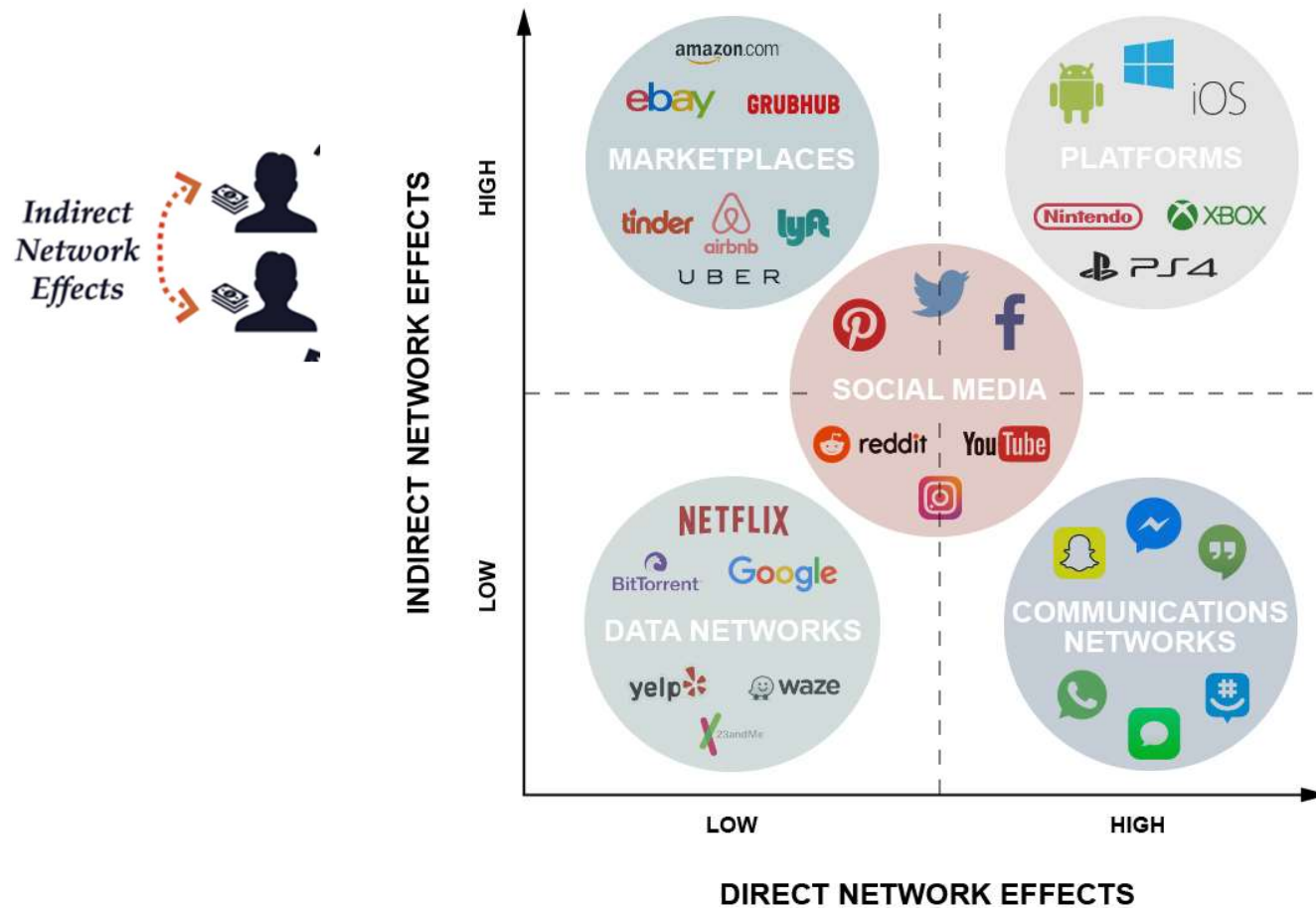
- *a business model that creates value by facilitating exchanges between two or more interdependent groups, usually consumers and producers*

Why platform business grows fast

Network effect



DIGITAL NETWORK EFFECTS MARKET MAP

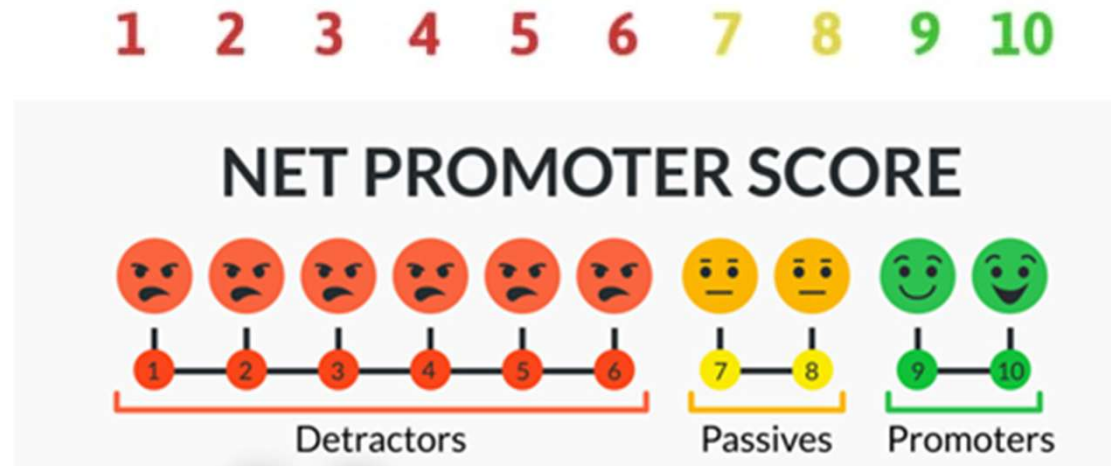


Direct and indirect network effect

- There are two types of network effects: direct and indirect.
- **Direct network effects** occur when the value of a product or service increases as more people use it.
 - Social media platforms primarily benefit from direct network effects because the service's value grows as a direct result of attracting more users.
 - Apple also benefits from direct network effects. The preferential treatment of messages sent from an iPhone to another Apple device (through iMessage) has helped the company expand its moat in the market.
- **Indirect network effects** occur when the value of a product or service increases as more complementary products or services are available.

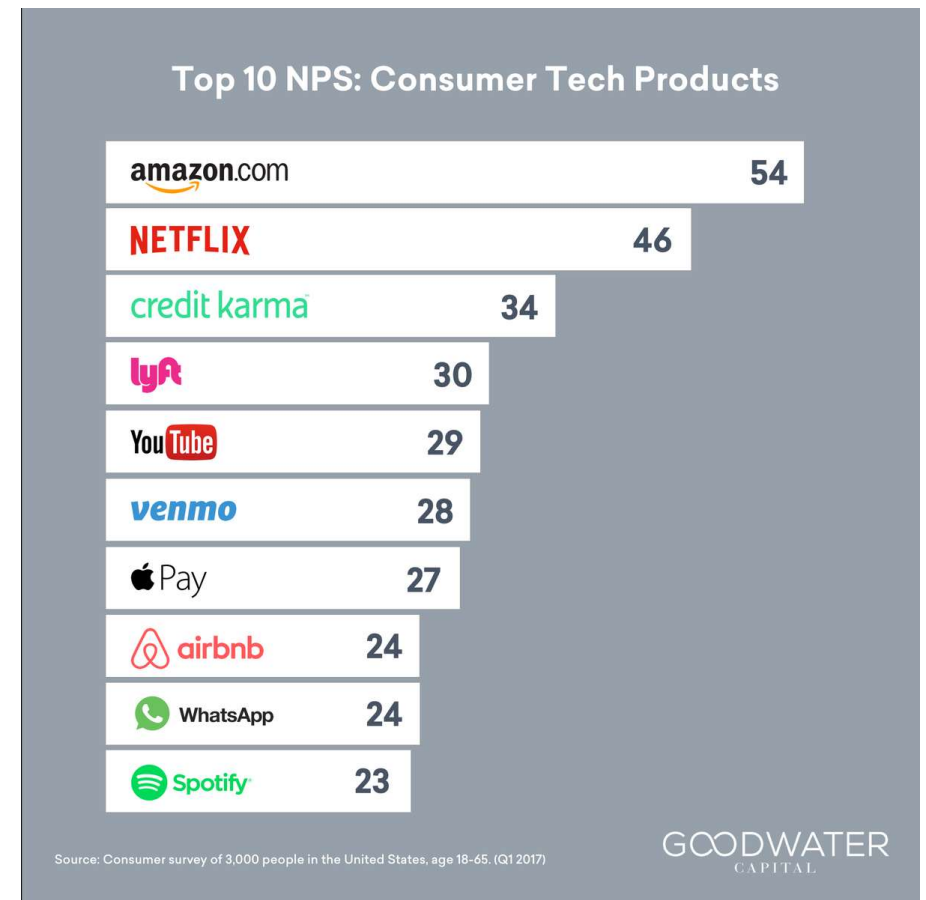
Controlling

- Controlling is the function of **ensuring that organizational goals are achieved**
- It is done by monitoring processes performance, comparing it to established standards and market leaders,
- and pointing out corrective actions when necessary.



$$\text{NPS} = \% \text{😊} - \% \text{😡}$$

Net Promoter System ®



NPS correlates to revenue

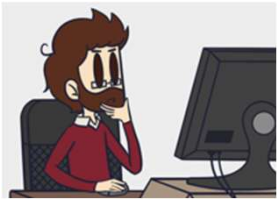
- In 2005, 2 years after the creation of NPS, [the London School of Economics](#) discovered a correlation between NPS increase and revenue growth.
- An average NPS increase by 7 points correlates with a 1% growth in revenue.
- According to the latest 2017 [Temkin research](#), promoters are 4.2 times more likely to buy again, 5.6 times more likely to forgive a company after a mistake and 7.2 times more likely to try a new offering compared with the detractors.

CRM exercise

GILT
Taste



What kind of salesperson could you be?



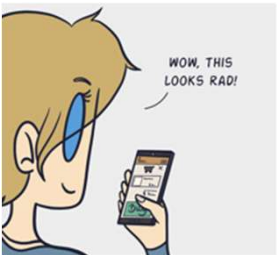
- **Relationship Builder**

- You prefer to build long-term relationships with customers.
- You see your customers as business partners.
- The time you invest in customers does not guarantee immediate sales.



- **Quick Seller**

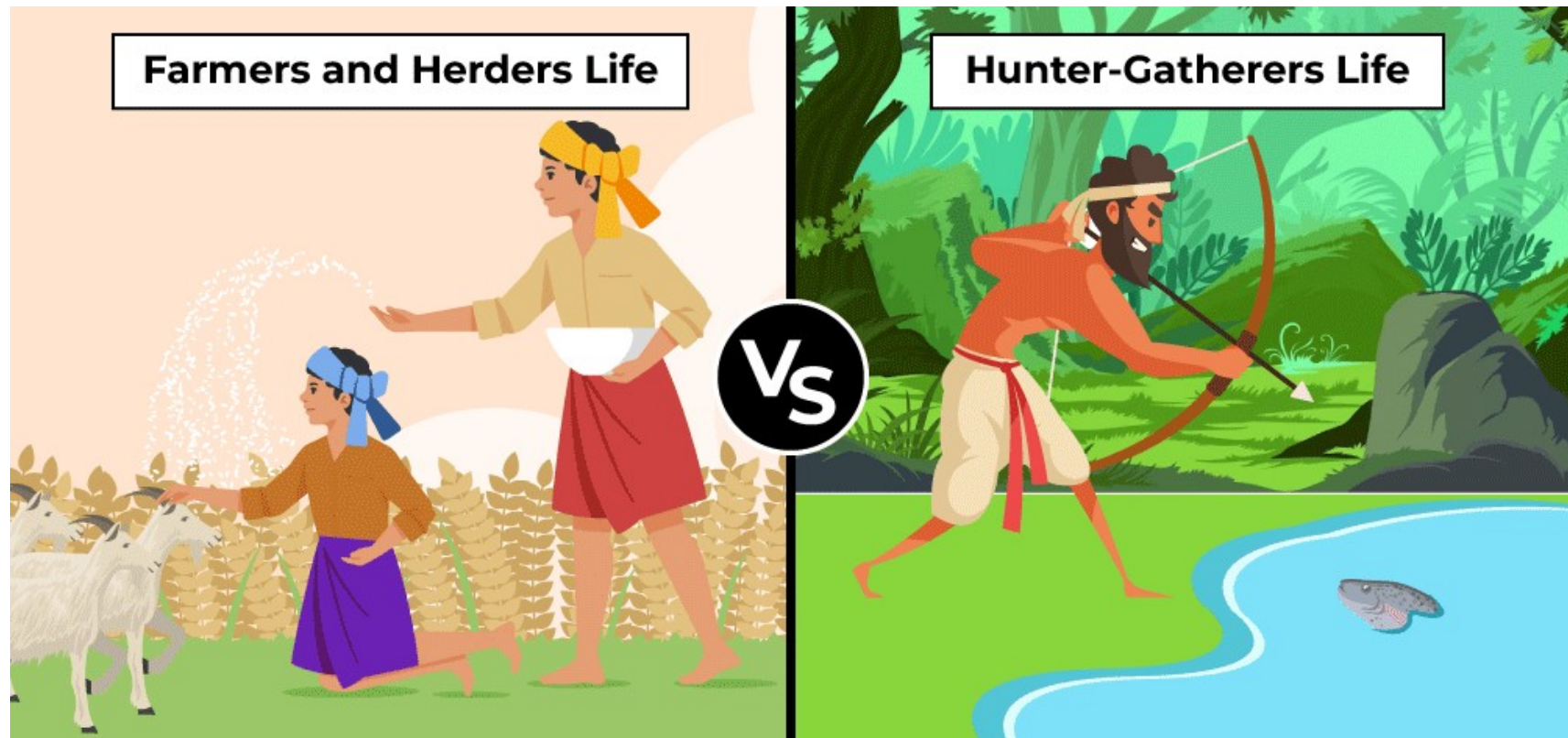
- You look for quick sales and perhaps some repeat business from customers.
- This approach might make you a bit hurried and not always ensure 100% customer satisfaction. But that's just how you operate.
- Customer retention isn't a priority for you.



- **Platform builder**

- Build a platform
- Acquire buyers and sellers
- Link them together ... but how to earn money ... revenue model

Farmers and hunters



Farmers and hunters

-
- **Farmers** are salespeople who focus on customer retention. They nurture your customers and hopefully grow a long-term relationship between them and the company.
 - **Hunters**, on the other hand, are focused on customer acquisition. They enjoy prospecting and pursuing (run after, follow to catch) people and companies who could become customers.
 - By reputation, *Hunters* are sellers who love to chase new leads and sales. *Farmers*, on the other hand, are better at developing additional business from existing customers.
 - Is one better than the other to fill your team with? That's a continuing debate that really depends a lot on the types of products and services you're selling.



Challenges

- For Farmers
 - Customer Engagement
 - Understanding Customer Needs
 - Managing Expectations
 - Pricing Negotiations
 - Churn Prevention
- For Hunters
 - Lead Generation
 - Building Trust
 - Managing Time Effectively
 - Product Demonstrations
 - Negotiating Contracts

HUNTER VS. FARMER IN SALES



FARMER

- Relationship Focused
- Increases lifetime value of customers
- Help people implement solutions
- Always looking for ways to serve
- Maximizers
- Builds long-term trust
- Handles concerns well
- Supports
- Stability motivated



HUNTER

- Extroverted
- Quota Focused
- Increases new revenue
- Cold calls & closing deals
- Help people find solutions
- Always looking for leads
- Optimizers
- Builds quick rapport
- Handles rejection well
- Pitches
- Commission motivated

From CRM to Customer Experience Management

What the customer experience is?

How do you understand **EXPERIENCE**

???



Customer experience

- **Peak experience:** moments of pure joy, memorable moments of pleasure and high satisfaction
- **Flow experience:** customer is fully engagement and flows from on to other moments of pleasure. Customer actions become experience- driven and judged as all extraordinary.
- **Co-created experience:** require interaction between brand and customer. Is valuable in same context, e.g. in truism, pear-to-pear interactions like training & survivals, e-commerce review, etc. Individual experience will be influenced by social context.



Customer experience influencers

- **Brand** interaction space
- **Customer context** – what customer is trying to accomplish, independent from service provider (Christensen, 2005)
- **Multiple stakeholders concept** (Roper & Davis, 2007) – to understand customer experience involves identifying all influencers. This influence significantly of CX design. Some influencers can be part of CX design, as e.g. bloggers





**EXPERIENCE IS ABOUT INTERACTIONS
BETWEEN HUMANS, ISN'T IT?**

Customer experience is more complex than service quality & customer satisfaction.

CXM is about applying knowledge and management skills to create the best possible customer experience



What the customer experience is?

Customer experience is the impression your company create with each of your clients, which encapsulate all aspects related to the satisfaction from product selection, sales service quality and post purchase customer care.

It's about unforgettable moments of satisfaction that you gained not only based on needs and expectations, but much more, receiving inspiration and tips for self-fulfillment.



Customer experience concept

- Customer experience is conceptualized as a customer's **nondeliberate, spontaneous responses or reactions to offering-related stimuli located with and outside firm-controlled touchpoints** along the customer journey (Becker & Jaakkola, 2020).
- Customer experience, comprises customers' **responses that are internal and subjective**. They refers to any **direct or indirect contact with the company**. They (responses) can be related to **sensory, affective, cognitive, physical, and social identity** (Lemon & Verhoef, 2016; Meyer & Schwager, 2007).

Social identity

- **Social identity** refers to how individuals define themselves in relation to the groups they belong to. These groups can be based on various factors such as nationality, religion, gender, ethnicity, and more ...
- Social identity helps people feel a sense of belonging and influences how they see themselves and interact with others.
- For example, identifying as a member of a particular sports team, a professional community can shape your behavior, attitudes, and how you relate to others.
- **It led CX to its contextuality and customer delight**

AIDA diagrams

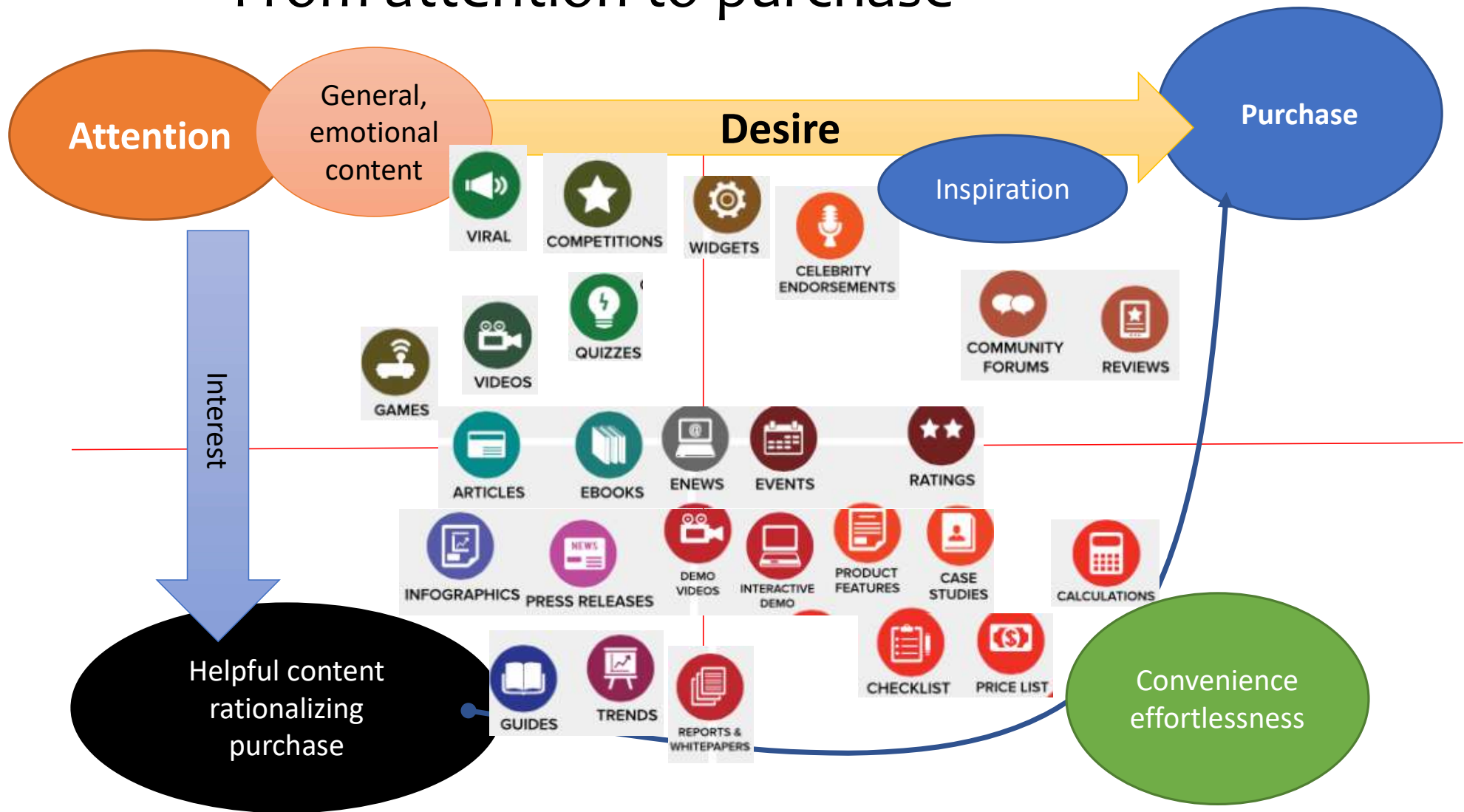
Editable PowerPoint visuals



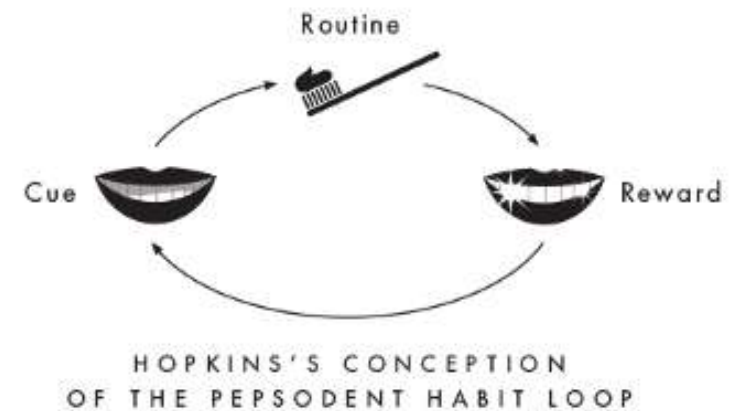
Get these slides & icons at www.infoDiagram.com



From attention to purchase



Indicator-Desire-Reward=Routine



Claude Hopkins Pepsodent marketing campaign results:

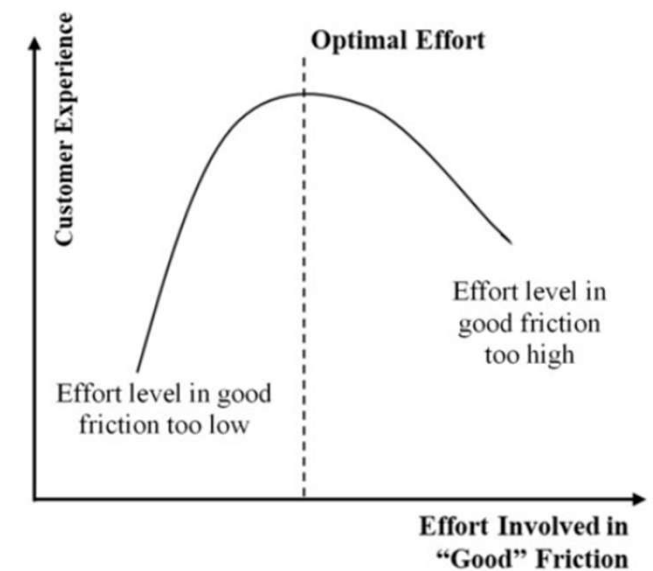
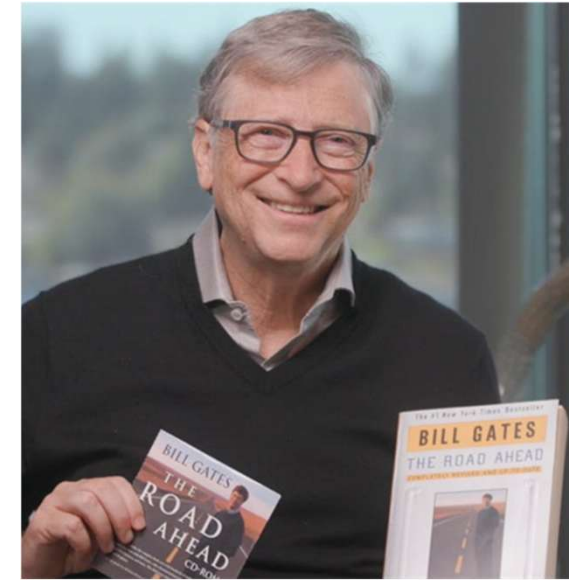
Before - only 7% of the population used toothpaste.

After - over 65% of the population used toothpaste.

<https://kickstartsidehustle.com/how-claude-hopkins-manipulated-the-world-to-use-toothpaste-pepsodent-history/>

Friction in customer experience

- Friction in customer experience is **the force** existing within a goal-related task that **resists a customer's progress** along the customer journey
- Completing these tasks requires effort, and these tasks can be considered friction in the customer experience.
- However, **it is not necessary to remove all friction** as effort is vital for customers to achieve their consumption goals.







helpo

Simple | Smart | Secure





Self-Service Kiosks Boost Consumer Spending

- **Zero Tolerance For Waiting Around**
 - zero desire for assistance on transactions or wait time for a service
 - consumers to make orders and shop during item preparation
 - Automating the checkout process not only pleases time-constraint customers but frees up staff time to prepare orders
- **Enhanced User Experience**
 - Visual displays and photography help entice customers on what's available while upselling options and pairing suggestions can lead to higher ticket orders.
 - Collect customer related detailed data on their preferences, discover popular items, and perform precise targeting.
 - For the customer, it's all about options at speed.



Reduce wait time. A faster check-out means happier customers.

Improve accuracy. Reduce human error with digital ordering.

Increase sales. Process more orders and upsell with add-ons.

Customized ordering. Easy personalization with order tracking and history, reordering options, and rewards programs.

Touchless self-ordering. Customers can order and pay at the kiosk via an app on their phone.

Promote marketing and rewards programs. Easy sign-up and customer tracking.

Maximize labor hours. Free employees to focus on order prep and management.



Digital is not only
changing customer
behavior,
but also, their
expectation for the
experience

Customer experience in the digital age

- **"Customer experience management in the digital age"** is used in academic and business contexts to discuss strategies and tools for managing customer satisfaction from services in the digital economy.
- It emphasizes the ongoing integration of digital tools into customer interactions.
- It explores how digital transformation is driving customer experience and highlights the significant changes and trends coming to customer relationship management from omnichannel sales.

Customer experience in new era ...

It starts with the way a customer **becomes aware** of your existence and continues through the **cycle of comparison**, of different options available on the market, and then **purchase**, **implementation**, **use of the product or service**, decision to **renew or repurchase**, and their decision to **talk about you** positively, negatively or not at all.



<https://marketoologist.com/2019/11/omnichannel-customer-engagement.html>

Technology impact on customer experience

1. Digital Transformation:

Due to digital technologies, companies must operate and interact with customers differently – utilizing digital interfaces (ex web orders).

2. Digitization of Customer Interactions on full path:

The integration of digital technologies into customer interactions has evolved from basic processes like online ordering and electronic customer support to a full & complete digitization of the customer journey.

3. Customer-Centric Approach:

Businesses have shifted from a product-centric to a customer-centric approach, placing customer experience at the front of interaction

We need profession of the **customer experience management**

A **customer experience manager** is a professional who is responsible for managing the customer satisfaction when people interact with a company.

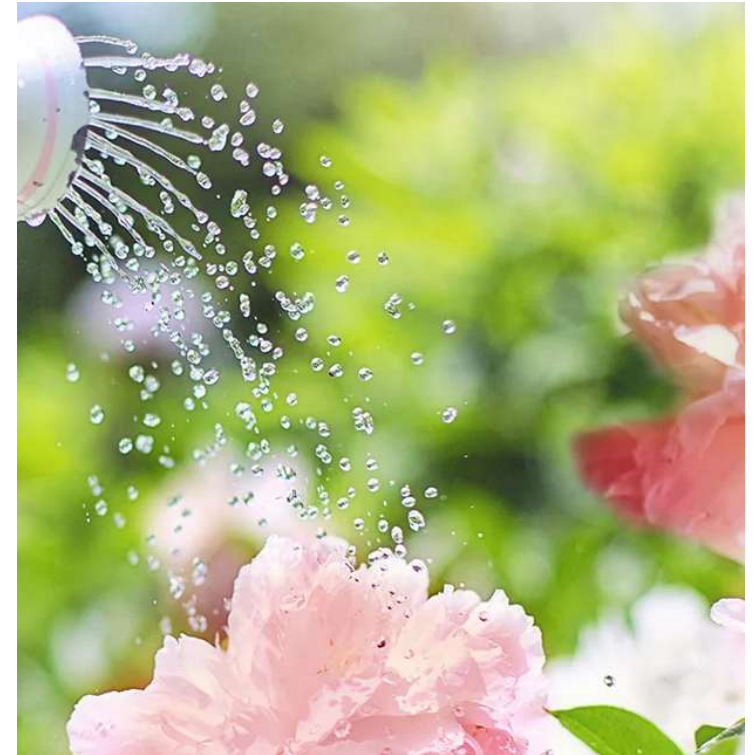
What does a customer experience manager do?

- Customer experience managers use their expertise to optimize every touchpoint a customer might have with a business to build brand loyalty and further relationships between the customer and the business.
- While the specific tasks and responsibilities of a customer experience manager differ depending on the company and industry, you'll also find duties typical across various sectors.



Common a customer experience manager responsibilities

- Champion opportunities to consistently improve the customer experience
- Drive customer retention, reduce churn, and increase customer satisfaction
- Map the customer journey and identify opportunities to proactively intervene on the client's behalf
- Guide team in effective client issues resolution and handle any escalations
- Develop listening points in the customer journey, define segmentation of customer base and varying strategies, and identify opportunities for continuous improvement
- Test new strategies for driving customer value
- Continually review and evolve the collection of processes used to track, oversee and organize every interaction between the customer and Vivacity throughout the lifecycle



Customer Experience as a Differentiator

- **Customer Experience as a Differentiator:**
Since 59% of customers switch brands due to poor experiences, superior customer experience becomes the ultimate differentiator beyond price or marketing tactics.
- **Strategy:**
 - Market leader – customer as regular resource
 - Pretender – customer as development agent
 - Niche – customer as valuable segment
 - Price leader – product in focus



Summary

- **Customer Experience Management is not only worth the interest but is essential for sustainable business growth.**
- It drives increased profitability, customer loyalty, and brand strength while reducing costs and enabling continuous improvement.
- Businesses that prioritize CXM gain a significant competitive edge and better align their operations with customer needs [\[1\]](#)[\[4\]](#)[\[5\]](#)[\[6\]](#)[\[7\]](#).
- Thus, for businesses aiming to grow and retain customers effectively, investing in customer experience management is a strategic and rewarding priority.

Thank you

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