Evaluating how Owners and CEOsperceive Customer Experience Management: An Exploratory Studyacross Mexican Companies

Abstract

The main purpose of this exploratory study was to assess how CEOs and Foundersconceptualize customer experience management and the level of advancement in Mexican Companies and Mexican Subsidiaries from Multinational Companies.Also, we wanted to validate if the typology of companies developed and proposed by Klaus (2015) was also applicable for the Mexican context.

An online survey was used to collect data fromOwners, CEOs and top managers coming from different industries in Mexico.Participants were members of a top Mexican business Schoolwho voluntarily completed the survey. The total sample is composed of 345respondents.

Based on the results of this first exploratory study, we have found that there are differences and similarities about their understanding of the notion of CX.This result is consistent with Klaus´s CX framework. We have found that 52% of the participants identify CX with the construct Service, mixing up the different stages at the customer journey level. Both Ownersand CEOs do not perceiveyet CX as aholistic strategy, most of them are more focused on the implementation issues, rather than having a clear strategic perspective.We found enough evidence to support the claim that CXpractice typology is dependent on the top management position for only two of the five dimensions of CX Management:a) Definitions, Scope &Objectives and b) Governance.

We expect that this researchcontribute to a better understanding of the impact of managing customer experiences -with a holistic view- could have on the long-term performance of companies. As with any exploratory research stage, the limitations of this one have to do with the sample size, the sample selection and also the generalizations of the findings.

Evaluating how Owners and CEOsperceive Customer Experience Management: An Exploratory Study across Mexican Companies

1. Introduction

The main purpose of this exploratory study is to understand how owners and CEOsconceptualize the antecedents of customer experience (CX) management and its level of advancement in Mexican Companies. Our goal is to assess the relevance that this construct has for Owners and CEOs and verify if the practice typology of companiesbased on the level of advancement in CX management, which was proposed by Klaus (2015), is also applied for the Mexican context. Scholars have suggested that customer experience, and therefore, CX management is context specific (Lemke, 2011, cited in Klaus, 2015; page 14).

The expected outcomeis to gain insights into top managers' perceptions about customer experience in a Mexican context. As there is limited research in this area, the findings will give us evidence of how top managers self-classified their companies based on the level of advancement on CX Management.

2. Theoretical Framework

Conceptualizing Customer Experience (CX)

CX has become a top concern for business executives and academic scholars (Keyser, Klaus &Keiningham, 2015). Its relevance has to do with the challenge that companies are facing to continuously being different and compelling to the customer.

Strategic differentiation is still one of those topics that are considered as key determinant for competitive advantage. In order to achieve this differentiation, marketing practice has evolved from creating and delivering products to marketingservices, and nowadays, to creating desirable customer experiences. Yi-Ching and colleagues (2015) affirmed that the commodity and service economy is moving to the experience economy.

In the digital era,customers are expecting more enriching experiences, due to the possibilities of interaction and value co-creation offeredby the Internet. This shift of focus has been done with the objectiveof keeping customers satisfied andretaining them. Also, there exists the belief thatthis strategy could yield higher profits and long-term corporate success.

The findings of earlier studies appear to be in general agreement with the notion that experience is decisive in value creation (Tynan et al., 2014). Economic growth emerges when goods are turned into services; services turned into experiences, and consequently, customized experiences add value to the firm (Chahal& Dutta, 2014).Additionally, it is important to consider that the ultimate goal of customer experience is customer satisfaction, loyalty, and word of mouth (Klaus &Maklan, 2013). However,the relationship between CX, customer value, customer satisfaction, customer loyalty, and customer engagement is still under discussion among academics and practitioners (Ismail et al., 2011; Klaus &Maclan, 2013).

Keyser et al. (2015)affirm that knowledge remains limited about the nature of CX and the appropriateness of current best practices. From the literature review we can conclude that the concept of CX is a multidimensional and very complex one. If for academics it is difficult to untangle this concept, for practitioners it is even harder due to their hands-on orientation. The CX concept has been discussed in diverse fields of research besides marketing, and it is still a broad and ambiguous notion. More importantly, most of theresearch has been done in developed economies.

We know that Marketing strategies that worked in developed economies do not always work in emergent economies, such as the Mexican (Venkatesan et al., 2015). Furthermore, there has been little research of different marketing strategies that can be applied in emerging economies (Venkatesan et al., 2015; Godoy, S., Labarca et al., 2015; Andrews, L., & Bianchi, C., 2013).

The literature review showeda lack of research about the notion and scope of customer experience management indeveloping countries. Moreover, there is an absence in the literature of sufficiently evidence to determine the degree to which Mexican companies have a clear understanding of the notion of CX, its scope, reach and the strategic role that CX management plays.

Following the recommendation from Klaus (2015), one of the primary hurdles that companies must overcome to develop a coherent CX management strategy is defining what is or what constitutes CX.Therefore, the purpose of this research isto explore how Mexican managers define the notion of CX and perceive the level of advancement of CX management practices in their companies.


3. Conceptual Framework

Klaus (2015), in his book "*Measuring Customer Experience*" and as an expert of the field of CX, has done a deeply literature review, in which he emphasizes the importance of developing and executing profitable customer experiences strategies. His theory is centered on the value co-creation processes between customers and companies. We have based our research in Klaus's conceptual model, but weonly focus our attention in the antecedents of Customer Experience Quality.That is, Brand Experience (BX), Service Experience (SX) and Point-of-Purchase Experience (PPX) (see Figure 1). This is because theemphasison this exploratory and descriptive study was the conceptualization of CX and its level of advancement in Mexican companies.

In future stagesof the research we plan to test the full model including antecedents (BX, SX and PPX) andalso its outcomes (Loyalty, Satisfaction and Word-of-Mouth). For Barry et al. (2006), by definition a good customer experience is good customer service, however, for Klaus the customer experience is more than just service.

Thus, the rational of selecting Klaus´s framework for our study is because he developed a framework in which he included managerial insights and consultants 'knowledge'. We believe that the conceptualization of customer experience is a holistic strategic concept that goes beyond good customer service.

Figure 1: Antecedents of Customer Experience Quality
(adapted fromKlaus, 2015; page 133)
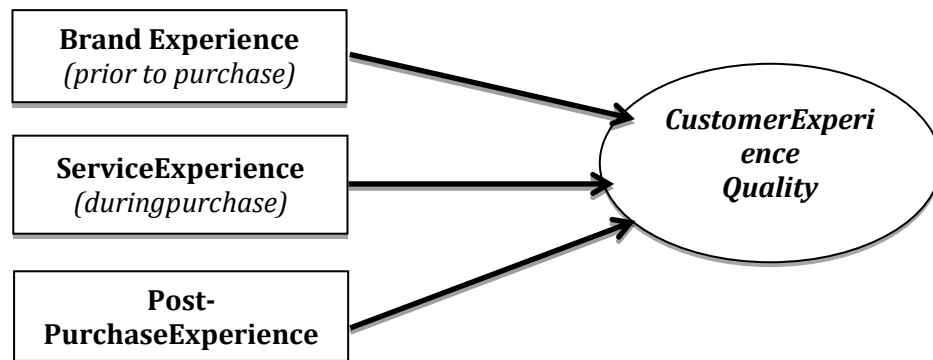
For Klaus (2015), the construct of CX quality has as antecedents the following dimensions: Brand Experience, Service Experience and Post-Purchase Experience. These three dimensions measure and capture the direct and indirect encounters that the customer has with the company; prior, during and after purchase.

Klaus defines these dimensions as follows:

Brand Experience (BX)reflects "customers' value perception of products, the "experience-delivering" personnel, the brand, and the competitors' offering in the search process of evaluating offerings" (Hoch, 2002; Klaus, 2015). It includes components of the customers' social environment, such as their reference groups, peers, and other sources of information (e.g., social media and reviews) (e.g., Luo, 2005). This is the part to of the customer experience prior to purchase.

Service Experience (SX) embodies three themes associated with the experiences customers have when they interact with a firm's physical presence, personnel, as well as policies and practices. The first theme relates to the process experience, including items such as process ease and the challenge of using multiple channels in dealing with the provider (Lemke et al., 2011).The second theme relates to direct evaluations of encounters with personnel (Grace &O'Cass, 2001). The third theme describes the influence of the physical environment, such as Servicescape (Bitner, 1992). The fourth theme relates to what researchers consider situational and consumer moderators, such as task orientation and location (e.g., Dabholkar&Bagozzi, 2002).

Post-Purchase Experience (PPX)focuses on all posts-purchase consumption, not just product-in-use. It covers perceptions of familiarity (Söderlund, 2002), retention (Verhoef, 2003), and service recovery (Kelley &Davis, 1994), displaying signs of customer commitment to the service provider (Bansal et al., 2004). The dimension also includes expressions of emotions associated with social and hedonic value, referring to post-purchase pleasure and an increase in social status based on the relationship with the service provider (e.g. Sweeney &Soutar 2001).

Conceptualizing the Management of the Customer Experience

The management of the CX has been defined in five main dimensions:1) Definitions, Scope & Objectives; 2) Governance; 3) Management; 4) Policy Development and 5) Challenges**.**

Table 1 provides a description for each of these dimensions.

Table 1: Customer Experience Management Dimensions

Dimensions	Description
1. Definitions, Scope and Objectives	Organizations' definitions of CX, its scope and objectives
2. Governance	Comments related to a need for systematic management of CX under leadership of a responsible manager.
3. Management	Reports a model of ideal experiences and set business processes against that ideal.
4. Policy Development	Describes the instigating force behind introduction of a CX program, and hoe objectives were formulated.
5. Challenges	Describes key management challenges that organizations face in CX practice.

According to the level of advancement ofthe management of customer experiences, a company can be classified, based on the framework proposed by Klaus (2015), in threecategories:

1. **Preservers:** Perceive CX as an extension of Customer Service.

2. **Transformers:** Acknowledge the broad scope of CX and its strategic role**.**

3. **Vanguards:** Have a broad scope and is a strategic priority, for them, there is no other priority above CX.

Each of these categories perceives differently each of the five dimensions of the management of the customer experience.

Table 2 describes how each category of companies states each dimension.

Table 2: Customer Experience Practice Typology
(source: Klaus, 2015)

	1. Preservers	2.Transformers	3.Vanguards
Definition, Scope &Objectives	Extension of Service	Acknowledge the broad nature of CX and its strategic importance.	Broad and strategic. No other priority "tops" it.
Governance	Functional level and initiatives.	Link CX to organizational goals and strategy.	Policy and operational levels aligned. Continual assessment and improvement.
Management	Service quality, Channel integration.	Focus on channel integration, customer loyalty, brand perception and recommendations.	Integration of business processes through the supply chain and across channels. Commensurate HR & Organizational Development policies.
Policy Development	Lack of overarching vision.	Strategic intent, which varies as to sponsorship.	Committed top-level sponsorship, cross-functional ownership.
Challenges	Not a strategic initiative, cannot make the business case of change.	Looking for Senior sponsorship, more appropriate metrics, business&process models.	Reinvention& maintaining competitive edge. Business partners sometimes could be a limiting factor.

4. Methodology

The data collected provides information relating to how Owners and CEOs of Mexican companies conceptualize CX and also, how they categorize their companiesaccording to their perceptionof the level of advancement on customer experience management.Our measurement instrument explores the perceptions ofMexicanmanagersregarding the notion of CX and to what extent they have embraced and integrated it to their companies´ strategic priorities and managerial practices.

We used an electronic survey to collect the data. The design of the questionnaire includes 16 questions. Anonline survey was sent to a top Mexican business school´s database of participants and Alumni. There were 9,318 mails sent, of which 9,216 were delivered and 3,274 were opened. Responses with incomplete data were eliminated from the study population. Finally, the total sample included 345 respondents, which represents approximatively a15% response rate.

Respondents were asked to classify their companies in three profiles according to its level of advancement in the management of customer experiences (Preservers/Transformers/Vanguards). These profiles were simply mentioned as Profile 1, 2 or 3.

The study also included classification questions, such as, type of firm (national or multinational) and role in the company (Founder/CEO/Other). The "Other" category includes Board Members, Regional Directors and Department Directors.

The study included a chi-square test of independence to measure the significance of association between variables. The chi-square test of independence is used to determine whether two variables are independent of or related to each other when a single sample is selected.

The question here is if customer experience practice typology is independent of the top management position. If the null hypothesis is not rejected, the test means that the top management position feels the same way about the customer experience practice typology.If the null hypothesis is rejected, the test means that one group feels differently about the customer experience practice typology. Contingency tables were used: three rows and three columns, four degrees of freedom, and 0.05 probability of larger value.

Sample Profile Description

By Function	
CEOs	138
Owners	161
Others	46
Grand Total	**345**

By Size of the Company	
Big(More than 250 employees)	65
Medium (50 to 249 employees)	107
Small & Micro (1 to 49 employees)	173
Grand Total	**345**

5. Main Results and Learnings

This exploratory study applied to Mexican Managersfound that there is a discrepancy among participantson how they understand the notion of CX.

Exhibit 1 shows the terms cited to define each of the three dimensions operationalized by Klaus et al. (2015) in his Customer Experience Quality model. The dimension that was associated with more terms was Service Experience.It is not surprising that the most cited term to define CX was service. As we mentioned previously, Barry et al. (2006) had already defined CX mainly as service.

Although participants positioned their companies as Preservers, Transformers and Vanguards, according to their level of advancement of the management of CX, it was interesting to notice that whatever the category (Preserver/Transformer/Vanguard), customer experience was mostly perceived as Service experience. We also generated a word cloud with all the terms cited by participants to make a more graphical illustration. The most cited word, once again, was Service. Other terms mentioned wereAttention and Quality. Exhibit 2 shows the word cloud with all the terms.

Exhibit 3 presents how Owners, CEOs and Others (Board Members, Regional Directors, and Department Directors) classified their companies as Preservers, Transformers or Vanguards. We found that, depending on the CX dimension, there were differences on how participants perceive the advancement of their companies regarding the management of CX.

When we analyzed if there CX practice typology was dependent of the top management position among Preservers, Transformers and Vanguards and across the five dimensions of CX Management, we found enough evidence to support the claim that this practice typology is dependent on the top management position for only two dimensions: a) Definitions, Scope &Objectives and b) Governance. The critical value from Chi-Square Tables was 9.488. Hence, the decision is to reject the null hypothesis for these dimensions.

On the contrary, for the other three dimensions: Management, Policy Development, and Challenges, the contingency tables (see Exhibit 4) presented not enough evidence to support the claim that customer experience practice typology is dependent on the top management position.

In Exhibit 5, we have included the Perceptual Maps of the five CX dimensions for Owners, CEOs and Others to observe differences among Preservers, Transformers and Vanguards.

6. Conclusions.

What have we learned so far?
After conducting an exploratory study of a database of directors and business owners (define better sample) we have found that most respondents identify Customer Experience with Service (52%) having confused the different stages of a customer journey. When we asked the participants to select CX dimensions (question 10), the definition was clear. Companies have in mind the management of customer experiences as something good, necessary to be able to compete and innovate. However, the challenges seem to come in the implementation of these experiences, therefore a greater effort is needed at this operational level.

As the hierarchical level in the organization increases, is the CX vision more strategic?
The state of progress of the companies in Mexico is between the Transformers and the Vanguards. However, the challenges seem to be more at the operational level than at the level of competitive advantage. Therefore, it is possible that the Vanguards profile has the good intention of having the commitment of TopManagement to establish clear and multifunctional policies.

It can be inferred that Directors that participated in this study have clear objectives, scope, governance and policies. However, it would seem to cost them the execution and the metrics.

There is enough evidence to support the claim that customer experience practice typology is dependent on the top management position (definition, scope, and objectives).

Where are companies stuck?
What does it take to havea successful management of customer experiences?
There is a great focus on service and satisfaction, but not on brand experience, that is, the actions prior to the purchase are not given the same attention. We can conclude that the management of CX is not yet something integral in the Mexican context. There are clearly isolated efforts but not a holistic and strategic view of the customer experience.

7. Limitations and Future Research

Among the limitations of this study are the sample size and the selection of the participants. The study population included only participants and Alumni of a top Mexican Business School. Therefore, the sample was a convenience sample. The results cannot be generalized toall Mexican businesses or businesses in other countries.

This exploratory research project was the initial stage of a two-stage research project.. The second stage will be a multi-country study to be done in different Latin-American countries. For the future, we foresee that this research will be extended into a longitudinal multi-country study to be applied every two years in order to monitor new trends and behaviors in CX management.

Some other research questions arise: How can we change owners and CEOs mentality to be more aligned to what CX is? How can the CX mindset could be trained in top management, with a holistic, strategic vision? These questions could be addressed in our future research.

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Exhibit 1: Terms cited to define the key dimensions of CX Quality

Key Dimensions of Customer Experience Quality		
Brand Experience (BX)	**Service Experience (SX)**	**Post-Purchase Experience (PPX)**
Value perception of products and pricing	When customer's interact with a firm's physical presence, personnel, policies and practices.	Post-purchase and consumption of the offering in question
Experience delivering personnel brand	Process experience including process ease and the challenge of using multiple channels in dealing with the provider.	All post-purchase consumption
Competitors' offerings	Direct evaluations of encounters with personnel (common grounding or existence of relationships with the personnel).	Familiarity
Customer's Social Environment	Influence of Physical Environment.	Retention
Reference's groups, peers, other sources of information	Situational and Consumer moderators: Taste orientation and Location.	Service recovery
Prior purchase acquisition	Holding their hands	Emotions related to Social and Hedonic Value
Brand importance	Advise throughout the process	Pleasure
Expertise and peace of mind	Keeps me informed	Convenience retention
Independent advice	Process ease	Familiarity
True costs	Transparency	Proactively
Importance of service personnel for brand	Flexibility	Relationship versus Transaction
Value perception product	Multi-channel	Service recovery
Value perception of Competitors	Common grounding	Emotional reward
Reputation	Interpersonal skills	Social approval
Confidence	Importance of Customer Service	Repurchase
Expertise	Facilities are better than Competitors	Word-of-mouth
Advice related to needs	Personal relationships to my wishes and concerns and people skills	Customer satisfaction
Not only price	Servicescape	I stay because they know me
People represetn brand well	Efficient design	Company knows what I want
Offerings have quality		Up-to-date
Offerings are superior		Look for a long time
		Dealt with me when things went wrong
		Service firm
		Recommend
		New offerings feel good
		Satisfaction
TOTAL	**293**	**726**	**333**
%	**22%**	**54%**	**25%**
NUMBER OF WORDS	**41**	**99**	**34**

Exhibit 2: Word Cloud defining Customer Experience Quality

More Cited Words	
Spanish = English	
1) *Servicio*= Service	6) *Innovación*= Innovation
2) *Calidad*= Quality	7) *Entender al cliente*= Understand the customer
3) *Atención*= Attention	8) *Cumplimiento de expectativas* = Meeting Expectations
4) *Precio*= Price	9) *Servicio postventa*= After Sales Service
5) *Satisfacción*= Satisfaction	10) *Personalización*= Personalization

Exhibit 3: Differences of Perceptions across CX dimensions among Owners, CEOs and Others

	CEOs (N=138)			OWNERS (N=160)			OTHERS: Board Members, Regional Directors, Department Directors (N=45)		
Definitions, Scope and Objectives	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**
	Preservers	23	17%	**Preservers**	36	22%	**Preservers**	11	25%
	Transformers	60	44%	**Transformers**	48	30%	**Transformers**	21	48%
	Vanguards	54	39%	**Vanguards**	76	48%	**Vanguards**	12	27%
	Total	**137**	**100%**	**Total**	**160**	**100%**	**Total**	**44**	**100%**
Governance	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**
	Preservers	20	15%	**Preservers**	45	28%	**Preservers**	15	33%
	Transformers	64	46%	**Transformers**	48	30%	**Transformers**	16	36%
	Vanguards	54	39%	**Vanguards**	66	42%	**Vanguards**	14	31%
	Total	**138**	**100%**	**Total**	**159**	**100%**	**Total**	**45**	**100%**
Management	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**
	Preservers	22	16%	**Preservers**	36	22%	**Preservers**	13	29%
	Transformers	59	43%	**Transformers**	70	44%	**Transformers**	22	49%
	Vanguards	57	41%	**Vanguards**	54	34%	**Vanguards**	10	22%
	Total	**138**	**100%**	**Total**	**160**	**100%**	**Total**	**45**	**100%**
Policy Development	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**
	Preservers	18	13%	**Preservers**	26	16%	**Preservers**	11	24%
	Transformers	37	27%	**Transformers**	36	23%	**Transformers**	14	31%
	Vanguards	83	60%	**Vanguards**	97	61%	**Vanguards**	20	45%
	Total	**138**	**100%**	**Total**	**159**	**100%**	**Total**	**45**	**100%**
Challenges	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**	**Categories**	**Number of Participants**	**%**
	Preservers	12	9%	**Preservers**	28	18%	**Preservers**	7	16%
	Transformers	68	50%	**Transformers**	70	44%	**Transformers**	27	61%
	Vanguards	55	41%	**Vanguards**	60	38%	**Vanguards**	10	23%
	Total	**135**	**100%**	**Total**	**158**	**100%**	**Total**	**44**	**100%**

Exhibit 4: CX dimensions among Owners, CEOs and Others
Comparison of Observed Values (Expected Values)

OWNERS	*Objectives*	*Governance*	*Management*	*Policy Development*	*Challenges*
1 Preservers	37 (33.42)	45 (37.31)	36 (33.11)	26 (25.65)	28 (22.03)
2 Transformers	48 (60.72)	48 (59.70)	70 (70.43)	36 (40.58)	70 (77.35)
3 Vanguards	76 (66.84)	67 (62.97)	54 (56.44)	98 (93.76)	60 (58.60)

CEOs	*Objectives*	*Governance*	*Management*	*Policy Development*	*Challenges*
1 Preservers	23 (28.44)	20 (32.18)	22 (28.56)	18 (22.12)	12 (18.82)
2 Transformers	60 (51.67)	64 (51.49)	59 (60.75)	37 (35.00)	68 (66.09)
3 Vanguards	54 (56.88)	54 (54.31)	57 (48.68)	83 (80.86)	55 (50.07)

Others*	*Objectives*	*Governance*	*Management*	*Policy Development*	*Challenges*
1 Preservers	11 (9.13)	15 (10.49)	13 (9.31)	11 (7.21)	7 (6.13)
2 Transformers	21 (16.59)	16 (16.79)	22 (19.81)	14 (11.41)	27 (21.54)
3 Vanguards	12 (18.26)	14 (17.71)	10 (15.87)	20 (26.37)	10 (16.32)

Others: Counselors, Regional Directors, Area Directors.

Exhibit 5: Perceptual Maps of CX dimensions among Owners, CEOs and Others