decision making under the influence of affective stimuli

Christopher Han, PhD 2011
now Apphaus leader @ SAP
Bad customer experience is **widespread** and it can hurt business

**86%** of consumers **quit doing business** with a company due to a bad customer experience

**82%** of consumers **that had a bad experience** **told others** about it

**80%** of companies **believe** they deliver a superior customer experience, but only **8%** of their customers agree.

Harris Interactive Survey 2010

Bain & Company Survey
“The Three ‘Ds’ of Customer Experience”
Harvard Business Review 2005
Ethnography revealed some key insights about customer experience

### Prior to ethnography

- **Customer experience** is broken
- Customer perceives **salesperson** as a liar
- Increasing **role of internet** in car buying

### After ethnography

- **Salesperson experience** is broken, too
- Salesperson perceives **customer** as a liar
- Increasing **role of internet** in car buying *as a research tool*
- Economic factors alone do not explain **buying behavior**
- Sales interactions contain **emotions** (both positive and negative)
- **Quality** of sales interactions appears to influence customer’s subsequent behavior (decisions)
Dealership’s Decision Diagram from the General Manager’s Point of view

Customer Experience ????

- Advertising/Lead generation
  - Number of Leads
  - Number of Visits
    - Inventory Match
    - Price Delta (from Minimum Competitive Price)
  - Number of Purchases
    - Offering Price
    - Inventory Mix

$ Profit
Dealership’s Decision Diagram from the General Manager’s Point of view

- Number of Leads
- Inventory Match
- Advertising/Lead generation
- Number of Visits
- Price Delta (from Minimum Competitive Price)
- Number of Purchases
- Offering Price
- Customer Experience on phone
- Customer Experience in-person
- Salesperson Emotion Cues on phone
- Salesperson Emotion Cues in-person

$ Profit
Dealership’s Decision Diagram from the General Manager’s Point of view

Investigation of **Phone Experience** and its relevance to **Visit Ratio**
Customer Experience distinction based on Salesperson’s Emotions

% of time
Salesperson expressed:
Verbal contempt
Constrained anger
Domineering
Belligerence
Tension

Customer Experience Quality Partition (CXQP)
(assessed by GM of dealership – Nov. 2010)

% of time
Salesperson expressed:
Interest and Validation
Distribution of Monthly Profit based on Probability of Good CX on Phone

![Graph showing the distribution of monthly profit based on the probability of good CX on phone. The graph is a normal distribution curve with monthly profit ranging from $0 to $350,000 on the x-axis and probability ranging from 0.005 to 0.035 on the y-axis. The line represents P(Good) = 0.6.]
Distribution of Monthly Profit based on Probability of Good CX on Phone

![Graph showing distribution of monthly profit based on the probability of good customer experience on the phone. The graph includes two curves, one for P(Good)=0.6 and another for P(Good)=0.7, indicating varying profit distributions.]
Distribution of Monthly Profit based on Probability of Good CX on Phone
re-designing the equation for success

\[ i = (m+e)c^X \]

innovation = minds and emotions in communication
radical, relevant, & even more rigorous
working creatively together
design thinking research vol.2 beyond doing to understanding