

Course Syllabus

CUSTOMER EXPERIENCE MANAGEMENT

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1 Course Summary

Significant changes in customer behavior and rapid growth of social networking, and new communication and information technologies transformed interactions between individuals and companies and created a new platform for value creation. Nowadays customers play an active role in interactions with companies taking part in value creation. Customer engagement in value creation process creates new frontiers for the companies and gives them a wide range of advantages because customers can bring new knowledge and experience that have not been available for the producers. But this transformation requires from companies to shift their thinking and practices towards customer experience management and co-creation and build new management processes and organizational capabilities for building outstanding customer experience and co-creating value. Companies should establish new engagement platforms and environments of experiences that facilitate customer interactions with a company's

products, processes, employees, as well as customer communities, to co-create value. Having the right approach to customer experience management (CEM) and value co-creation can enhance the customer experience (CX) and help companies improve their innovation and customer relationship management capabilities.

This course will cover four basic aspects of modern marketing. First, we will discover the phenomena of customer experience and consider theoretical background of customer experience management, besides that special part of this block will be devoted to experience network building with the focus on the process of value co-creation through interactions, by the parties that are engaged in the business and social relationships, and resource sharing. Second, we will look at customer engagement in innovation/value co-creation. Third, we will address the issues in internal business processes organization/transformation needed for successful implementation of CEM and co-creation practices. Special attention will be paid to co-creative marketing technologies in Internet environment including social media.

2 Area of Application and Regulatory References

This Course Program establishes minimum requirements for skills and knowledge of the student and determines the content and the forms of educational activities and reporting.

The Course Program is designed for lectures, teaching assistants and Master Program students 080200.68 «Management» within the Course Customer Experience Management.

The Course Program has been developed in accordance with:

- NRU-HSE Curriculum;
- Education Program [Master Education Program 38.04.02 «Management»];
- University Academic Plan of the Education Program (for 2018-2019 academic year)

3 Course Goals

The main goal of this course is to develop fundamental theoretical knowledge of an "expanded" paradigm of value creation, practical skills and competencies needed for effective and efficient customer experience management and also for an organization and management of value co-creation processes.

To facilitate an achievement of this main goal we set a number of sub-goals as follows:

- To know the basic concepts of experience economy and experiential marketing;
- To understand the new rules of value creation and to identify the main tendencies influencing customer-firm interactions;
- To realize the main changes in customer behavior and the role customers play in value co-creation;
- To be able to analyze an interactions between a company and their customers in every touch point;
- To understand basic principles of customer experience management;
- To describe different types of value co-creation;
- To analyze roles participants play in experience networks;
- To identify and evaluate firms' co-creation capabilities;
- To evaluate CX in a virtual environment.

4 The course results

The student is supposed to:

- Know the essence of fundamental theoretical concepts of customer experience, value creation and value co-creation;
- Be able to evaluate CX and link to KPIs;
- Be able to analyze the roles and motivations of participants in the co-creation project;
- Gain skills of mapping a customer experience and experience of participating in the particular co-creation project.

5 How the Course Fits in with the Curriculum

The present Course is Optional for the master students studying Management. It requires the knowledge and core competencies acquired by studying prerequisite courses, including Principles of Marketing, Strategic Management, Marketing Management, Consumer Behavior and Innovations Marketing.

7 Forms and Types of Testing

Type of testing	Form of test- ing	1 year				Parameters **
		1	2	3	4	
Current (week)	Homework assignment			7, 9		Group project includes 2 oral presentations and written project materials (10-12 pages)
	In-class discussions			+		
Final	Quiz			+		a 80-minutes test

** Parameters specify the format of the testing (written, oral, test, computer test, and so on), timing, volume, deadlines, time devoted to self-study, etc.]

7.1 Grading Criteria

The grade scale for single assessment as well as for the final grade complies to regular Higher School of Economics grade system and is as follows:

1	Failed
2	Failed
3	Failed

4	Pass standing
5	Pass standing
6	Good
7	Good
8	Excellent
9	Excellent
10	Excellent

Grading criteria for group projects are determined as follows:

- ✓ The depth and quality of an analysis;
- ✓ Creativity and ability to display ‘out of the box’ thinking;
- ✓ The level of each team member involvement.

8 The Course Content

Part 1. Introduction: Marketing in the new experience culture

New twist in economy development: experience economy. Opportunities within experience economy. Why experiences matter? Traditional vs experiential marketing. Key characteristics of experiential marketing. From features and benefits to customer experiences. Customer value concept: economic and marketing viewpoints. Prerequisites for the new concept of value. Changing role of customers.

“Customer-firm” interaction. Transformation of the value creation process. Value co-creation: definition, analysis of stakeholders involved. Comparative analysis of traditional system of value creation and value co-creation system. From traditional to co-creative strategy. The transformation of business models in different industries.

Assignment: In-class article discussion: Pine II B. Joseph, Gilmore, James H. (1998), Welcome to the experience economy. *Harvard Business Review*, Jul-Aug. P.97-105.

Readings:

1. *Kotler, Philip, Kartajaya, Hermawan, Setiawan, Iwan* (2010). Marketing 3.0: From products to customers to the human spirit. Wiley, 1st ed. [Russian version might be used]
2. *Pine II B. Joseph, Gilmore, James H.* (1999). The Experience Economy: Work is theatre and every business stage. Harvard Business School Press. [Russian version might be used]
3. *Prahalad C.K., Krishnan M.S.* (2008). The New Age of Innovation: Driving Cocreated Value Through Global Networks. McGraw-Hill. [Russian version might be used]
4. *Prahalad C.K., Ramaswamy V.* (2004). Future of Competition: Co-Creating Unique Value with Customers. Harvard Business Press Books. Ch.1, 8. [Russian version might be used]
5. *Schmitt B.H.* Experiential marketing: How to get customers to sense, feel, think, act, relate. Free Press. 1999.

Part 2. Customer experience concept

What is CX? Customer experience: physical and emotional aspects. CX construct: cognitive, affective, social and physical components. Psychology of customer experience. Customer Experience Pyramid. Customer experience and brand experience: what’s the difference? Types of CX: product experience, shopping and service experience, consumption experience. Conceptual model of CX creation. Customer experience mapping. Tracking customer

experience along touchpoints. Research techniques and empirical results of customer experience tracking.

Measuring CX. Customer experience analytics. CX audit. Customer experience index. An impact of CX on customer satisfaction and loyalty.

Assignment: In-class article discussion: Schmitt B.H. (1999). Experiential marketing. *Journal of Marketing Management*. Vol.15. P.53-67.

Readings:

1. Bean J., Van Tyne S. The customer experience revolution: How companies like Apple, Amazon and Starbucks have changed business forever. Raphael Marketing. 2011.
2. Bracus J.J., Schmitt B.H., Zarantonello L. Brand Experience: What is it? How is it measured? Does it affect loyalty? *Journal of Marketing*. 2009. Vol.73. P.52-68. [Russian version might be used]
3. Garg R., Rahman Z., Kumar I. Evaluating a model for analyzing methods used for measuring customer experience. *Journal of Database Marketing & Customer Strategy Management*. 2010. 17, P.78 – 90.
4. Hayes B.E. Total customer experience: Building business through customer-centric measurement and analytics. Business Over Broadway. 2013.
5. Verhoef P.C. et al. Customer experience creation: Determinants, dynamics and management strategies. *Journal of Retailing*. 2009. 85. P.31–41.

Part 3. Customer experience management (CEM)

From CRM to CEM. Basic principles of customer experience management. CEM framework. Analysing the experiential world of the customer. Building the experiential platform. Customer interface design. Managing total customer experience (TCE). Models of TCE: static and dynamic. Organizational requirements for CEM. Employee experience. Constant improvement of CX. Outcomes of improved CX. Developing customer experience management strategy for various industries. CEM best practices. Primary CEM outcomes: customer loyalty, retention and advocacy. An impact of CEM on business performance.

Assignment: group project “CEM in shopping centers”

Readings:

1. Arthur D. et al. (2011). The customer experience fiasco: Learning from the misguided adventures of a customer experience executive. Andrew Reise Consulting.
2. Bean J., Van Tyne S. The customer experience revolution: How companies like Apple, Amazon and Starbucks have changed business forever. Raphael Marketing. 2011.
3. Berry L.L., Carbone L.P., Haeckel. Managing the total customer experience. *MIT Sloan Management Review*. Spring. 2002.
4. Hayes B.E. Total customer experience: Building business through customer-centric measurement and analytics. Business Over Broadway. 2013.
5. Prahalad C.K., Ramaswamy V. (2004). Future of Competition: Co-Creating Unique Value with Customers. Harvard Business Press Books. Ch.4. [Russian version might be used]
6. Schmitt, Bernd (2003), Customer experience management: A revolutionary approach to connecting with your customers. John Wiley and Sons.
7. Shaw, Colin, Dibeehi, Qaalfa, Walden, Steven (2010). Customer Experience: Future trends and insights. Palgrave Macmillan.
8. Smith S., Wheeler J. (2002). Managing the customer experience: Turning customers into advocates. FT Press, 1st ed.

Part 4. Engaging customers and other stakeholders in a co-creation process

New age of innovation. How innovation contributes to CX? Components of co-creation. Typology of co-creative activities: co-creation workshops, mass customization, crowdsourcing, open innovation, user generated content (UGC). The co-creation approach to process design. Stages of co-creation in new product development (NPD) process: from ideation to post-launch. Measures and KPIs of innovation/co-creation success. Measuring value co-creation impact on business performance: monetary, social, emotional and communicative effects.

Conditions and mechanisms of co-creation experience. The range of co-creation experience. Types of customer experience in virtual customer environments. Experience personalization.

Building blocks of co-creation: dialog, access, risk-benefits, transparency (DART) and their combinations for new opportunities creation. Technical and social architecture for innovation/co-creation. Co-creation capabilities.

Experience networks. The role of a focal firm in value co-creation process. Distribution of capabilities within experience networks.

Assignments: 1. In-class articles discussion: Ramaswamy V., Gouillart B. (2010), Building the co-creative enterprise, Harvard Business Review, Oct., p. 100-109, and Huston L., Sakkab N. (2006). Connect and develop. Inside Procter & Gamble's new model for innovation, Harvard Business Review, March.

Readings:

1. Ойнер О. К. Маркетинг совместного творчества // Бренд-менеджмент. 2010. № 6. С. 352-358.
2. Berry L., Carbone L.P. (2007). Build loyalty through experience management, www.asq.org
3. Hoyer W.D. et al. (2010). Consumer cocreation in new product development, Journal of Service Research, Vol. 13, No. 3, p. 283-296.
4. Huston L., Sakkab N. (2006). Connect and develop. Inside Procter & Gamble's new model for innovation, Harvard Business Review, March.
5. Nambisan S., Nambisan P. (2008). How to profit from a better 'virtual customer environment', MIT Sloan Management Review, Spring, p. 53-61.
6. Prahalad C.K., Krishnan M.S. (2008). The New Age of Innovation: Driving Cocreated Value Through Global Networks. McGraw-Hill. [Russian version might be used]
7. Prahalad C.K., Ramaswamy V. (2004). Co-creation experiences: The next practice in value creation, Journal of interactive marketing, Vol.18, No.3, p.5-14.
8. Prahalad C.K., Ramaswamy V. (2004). Future of Competition: Co-Creating Unique Value with Customers. Harvard Business Press Books. Ch.1. [Russian version might be used]
9. Ramaswamy V., Gouillart B. (2010), Building the co-creative enterprise, Harvard Business Review, Oct., p. 100-109.
10. Ramirez R. (1999). Value co-production: intellectual origins and implications for practice and research, Strategic Management Journal, 20, p. 49-65.

Part 5. An impact of customer communities and social media marketing (SMM) on customer experience

Moving from traditional concept of market to the 'market as a forum' concept. Types of customer communities. Customer roles in virtual customer environments (VCE), and factors determining them. Strategies to enhance the customer experience.

Social media: definition and basic characteristics. What is social media marketing? Social media as a new model of customer-firm interaction. Tendencies of social media development: international trends and Russian practice. Social media classifications. Social media engagement stages of maturity. Social media experience: personal, social, business. Value indicators of social media experience. Factors driving and destroying the value of social media experience. Value co-creation system in social media.

Assignment: Case study "IWIW – Social networking in Hungary"

Readings:

1. Dahan E., Hauser J.R. (2002). The virtual customer, Journal of Product Innovation Management, Vol. 19, No. 5, p. 332-353.

2. Füller J. (2010). Refining Virtual Co-Creation from a Consumer Perspective. *California Management Review*, Vol. 52, No. 2, p. 98-122.
3. Kotler, Philip, Kartajaya, Hermawan, Setiawan, Iwan (2010). *Marketing 3.0: From products to customers to the human spirit*. Wiley, 1st ed. [Russian version might be used]
4. Nambisan S. (2002). Designing virtual customer environments for new product development: Toward a theory, *Academy of Management Review*, Vol. 27, No.3, p. 392-413.
5. Nambisan S., Nambisan P. (2008). How to profit from a better 'virtual customer environment', *MIT Sloan Management Review*, Spring, p. 53-61.
6. Prahalad C.K., Krishnan M.S. (2008). *The New Age of Innovation: Driving Cocreated Value Through Global Networks*. McGraw-Hill. [Russian version might be used]
7. Prahalad C., Ramaswamy V. (2000). Co-opting customer competence, *Harvard Business Re-view*, January.
8. Prahalad C.K., Ramaswamy V. (2004). *Future of Competition: Co-Creating Unique Value with Customers*. Harvard Business Press Books. Ch.7. [Russian version might be used]
9. Shaw, Colin, Dibeehi, Qaalfa, Walden, Steven (2010). *Customer Experience: Future trends and insights*. Palgrave Macmillan.
10. Von Hippel E. (2001), User tool kits for innovation, *Journal of Product Innovation Management*, Vol. 18, No.4, p. 247-257.
11. Weinberg, B. D., Pehlivan, E. (2011). *Social Spending: Managing The Social Media Mix*, Business Horizons.
12. Williams, D. (2010). Social co-creation, Forrester Research, July 9, http://www.forrester.com/rb/Research/social_co-creation/q/id/57129/t/2

9 Educational Technologies

The theoretical underpinning will be provided to ensure that the major learning goals will be met through a combination of lectures, facilitated discussions of articles, case studies and group presentations. Case study material is used to assist students to apply theoretical frameworks to practical situations.

9.1 Students' Guidelines

Group course project (homework assignment):

This is titled as «Co-creation project» and is one of the most important course assignments as combines all the knowledge base of the course and will demonstrate the abilities to analyze different aspects of co-creation projects. The assignment and all necessary materials are provided by the teacher at the beginning of the course but the choice of a particular project should be made by groups themselves (for instance, they may choose Sberbank's cwordsourcing project).

Every group is expected to spend an effort to complete this project all within the course schedule, e.g. one semester. The presentation should include the description of project's goal, expected results, analysis of participants' roles and motivations, stages of the project, main outcomes. The instructor will provide students with full set of the necessary instructions to complete this project under separate cover.

10 Methods and Materials for Current Testing and Attestation

10.1 Current Testing Assignments

Current testing for Customer Experience Management course includes case studies and article discussions, in-class exercises, and homework assignment (group project).

Sample questions for "AMAZON.COM: Customer service champion" case study:

1. What factors contributed to a strong customer service culture at Amazon?
2. How some of the negative aspects associated with its customer service can be improved?

Sample questions for the in-class article discussion (Huston L., Sakkab N. (2006). Connect and develop. Inside Procter & Gamble's new model for innovation):

1. Is it possible for the companies to rely solely on internal innovation as an engine of top-line growth? Give reasons.
2. Explain an essence of the 'connect and develop' method.

10.2 Questions for Assessment of Quality of the Course Acquisition

1. How experience economy differs from previous stages of economic development?
2. What is experience marketing?
3. Customer experience vs Brand experience;
4. Types of CX;
5. New logic of value creation;
6. Changing role of customers;
7. Value co-creation impact on business performance;
8. 'Market as a forum' concept;
9. Co-creation capabilities;
10. What is social media marketing;
11. Touch points audit;
12. How to measure customer experience;
13. An essence of the experience quality management (EGM);
14. Experience audit;
15. Building blocks of co-creation;
16. Value indicators of social media experience;
17. Stages of co-creation in new product development (NPD) process and their characteristics;
18. Organizational problems in building experience networks;
19. Main characteristics of crowdsourcing;
20. CEM framework;
21. Models of TCE.

11 Grading Procedures

The Diploma Certificate contains the Course final grade, which is calculated by the following formula:

$$O_{Course} = k_1 \cdot O_{Intermediate} + k_2 \cdot O_{final},$$

Where $k_1=0,6$; $k_2=0,4$ respectively,

$O_{Intermediate}$ - is a grade for individual participation during the course, which is calculated by the following formula:

$$O_{Intermediate} = k_1 \cdot O_1 + k_2 \cdot O_2,$$

O_1 – is a grade for participation in case studies and in-class articles discussion;

O_2 - is a grade for participation in the group project;

$k_1=0,4$; $k_2=0,6$ respectively.

12 Teaching Methods and Information Provision

12.1 Core Textbook

Schmitt, B.H. Customer experience management: A revolutionary approach to connecting with your customers. [e-book] John Wiley and Sons. 2013. Available at

<https://ebookcentral.proquest.com/lib/hselibrary-ebooks/detail.action?docID=555034&query=Customer+experience+management>

12.2 Required Reading

1. Kotler, Philip (2017). Marketing 4.0: Moving from traditional to digital. John Wiley and Sons, 1st ed. [e-book also available]
2. Pine II B. Joseph, Gilmore, James H. (2011). The Experience Economy: Work is theatre and every business stage. 2nd Ed. Harvard Business School Press. [Russian version might be used]
3. Prahalad C.K., Krishnan M.S. (2008). The New Age of Innovation: Driving Cocreated Value Through Global Networks. McGraw-Hill. [Russian version might be used]
4. Prahalad C.K., Ramaswamy V. (2004). Future of Competition: Co-Creating Unique Value with Customers. Harvard Business Press Books. [Russian version might be used].
5. Shaw, Colin, Ivens J. (2005). Building great customer experiences. Palgrave Macmillan, 1st ed.

12.3 Supplementary Reading

1. Ойнер, О. К. Маркетинг совместного творчества // Бренд-менеджмент. 2010. № 6. С. 352-358.
2. Arthur D. et al. (2011). The customer experience fiasco: Learning from the misguided adventures of a customer experience executive. Andrew Reise Consulting.
3. Berry L., Carbone L.P. (2007). Build loyalty through experience management, www.asq.org
4. Bracus J.J., Schmitt B.H., Zarantonello L. Brand Experience: What is it? How is it measured? Does it affect loyalty? *Journal of Marketing*. 2009. Vol.73. P.52-68. [Russian version might be used]
5. Dahan E., Hauser J.R. (2002). The virtual customer, *Journal of Product Innovation Management*, Vol. 19, No. 5, p. 332-353.
6. Füller J. (2010). Refining Virtual Co-Creation from a Consumer Perspective. *California Management Review*, Vol. 52, No. 2, p. 98-122.
7. Garg R., Rahman Z., Kumar I. Evaluating a model for analyzing methods used for measuring customer experience. *Journal of Database Marketing & Customer Strategy Management*. 2010. 17, P.78 – 90.
8. Hoyer W.D. et al. (2010). Consumer cocreation in new product development, *Journal of Service Research*, Vol. 13, No. 3, p. 283-296.
9. Huston L., Sakkab N. (2006). Connect and develop. Inside Procter & Gamble's new model for innovation, *Harvard Business Review*, March.
10. Nambisan S. (2002). Designing virtual customer environments for new product development: Toward a theory, *Academy of Management Review*, Vol. 27, No.3, p. 392-413.
11. Nambisan S., Nambisan P. (2008). How to profit from a better 'virtual customer environment', *MIT Sloan Management Review*, Spring, p. 53-61.
12. Prahalad C., Ramaswamy V. (2000). Co-opting customer competence, *Harvard Business Review*, January.
13. Prahalad C.K., Ramaswamy V. (2004). Co-creation experiences: The next practice in value creation, *Journal of interactive marketing*, Vol.18, No.3, p.5-14.

14. Ramaswamy V., Gouillart B. (2010), Building the co-creative enterprise, Harvard Business Review, Oct., p. 100-109.
15. Ramirez R. (1999). Value co-production: intellectual origins and implications for practice and research, Strategic Management Journal, 20, p. 49-65.
16. Schmitt B.H. Experiential marketing: How to get customers to sense, feel, think, act, relate. Free Press. 1999.
17. Shaw, Colin, Dibeehi, Qaalfa, Walden, Steven (2010). Customer Experience: Future trends and insights. Palgrave Macmillan.
18. Smith S., Wheeler J. (2002). Managing the customer experience: Turning customers into advocates. FT Press, 1st ed.
19. Verhoef P.C. et al. Customer experience creation: Determinants, dynamics and management strategies. *Journal of Retailing*. 2009. 85. P.31–41.
20. Von Hippel E. (2001), User tool kits for innovation, Journal of Product Innovation Management, Vol. 18, No.4, p. 247-257.
13. Weinberg, B. D., Pehlivan, E. (2011). Social Spending: Managing The Social Media Mix, Business Horizons.
14. Williams, D. (2010). Social co-creation, Forrester Research, July 9, http://www.forrester.com/rb/Research/social_co-creation/q/id/57129/t/2
15. <http://en.wikipedia.org/wiki/Co-creation>
16. <http://p2pfoundation.net/Co-Creation>

13 Academic Integrity

- 13.1 Each student in this course is expected to abide by the Higher School of Economics' Academic Honesty Policy. Any work submitted by a student in this course for academic credit will be the student's own work. For this course, collaboration is allowed in the process of group projects preparation.
- 13.2 You are encouraged to study together and to discuss information and concepts covered in lecture and the sections with other students. You can give "consulting" help to or receive "consulting" help from such students. However, this permissible cooperation should never involve one student having possession of a copy of all or part of work done by someone else, in the form of an e-mail, an e-mail attachment file, a diskette, or a hard copy. Should copying occur, both the student who copied work from another student and the student who gave material to be copied will both automatically receive a zero for the assignment. Penalty for violation of this Policy can also be extended to include failure of the course and University disciplinary action.
- 13.3 During final quiz, you must do your own work. Talking or discussion is not permitted during the examination, nor may you compare papers, copy from others, or collaborate in any way. Any collaborative behavior during the examination will result in failure of the test, and may lead to failure of the course and University disciplinary action.

14 Accommodations for Students with Disabilities

The Higher School of Economics is committed to ensuring equal academic opportunities and inclusion for students with disabilities based on the principles of independent living, accessible universal design, and diversity. I am available to discuss appropriate academic accommodations that may be required for student with disabilities. Requests for academic accommodations are to be made during the first three weeks of the semester, except for unusual circumstances. Students are encouraged to register with Disability Services Center to verify their eligibility for appropriate accommodations.

