

The Customer Experience

Lessons from the Experts

Paul P. Brumby

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Introduction

Of the top twenty theme parks worldwide, attracting a total of 165 million visitors in 2009, ten, with 112 million visitors, were owned by the Walt Disney Company. Of the top twenty United States theme parks in the same year, thirteen reported falling numbers of visitors. The seven that reported increasing numbers comprised the six American Disney theme parks: Walt Disney World's Magic Kingdom, Disneyland, the Epcot Center, Disney's Hollywood Studios, Disney's Animal Kingdom, Disney's California Adventure and one other. (Appendix 1) How is it that Disney are so successful in not only attracting visitors to their parks but in maintaining growth when other parks are suffering from declining numbers?

Since 1984 the Walt Disney Company has seen a 22-fold increase in its revenues from \$1.7 trillion to over \$38 trillion, a 44-fold increase in its net income (from \$98 million to \$7.6 trillion) and a 51-fold increase in its stock price (from \$0.85 to \$42.99). In addition, in every year of this period the company has earned profits whereas its main competitor in the entertainment industry-Time Warner-in the period from 1984 to 2005 made aggregate losses of \$99.7 billion¹ compared to Disney's aggregate profits of \$23.7 billion. (Appendix 2) How many companies can boast such incredible results and such consistency? What wouldn't managers give for such figures? Clearly much of the success of Disney can be attributed to inspired management but what are the lessons that can be learned by managers in other companies and other industries? This article seeks to identify crucial

1. Bill Capodagli and Lynn Anderson, *The Disney Way*, McGraw-Hill, 2007, P. 217.

elements in this success and to consider their potential for other organisations.

A Different Kind of Differentiation?

With the success of Disney within his lifetime, Walt Disney became a very public figure and his quotes are commonplace in the entertainment industry. Perhaps one that gives an insight into what is behind the company's success was: "Do what you do so well that they will want to see it again and bring their friends."² And, there are many examples in the literature that exemplify this "no cutting corners" ethos that was a pervading feature of his management even when money was tight. Another quote by Sam Walton, the founder of the world's largest retail outlet Walmart, but one with which Walt would no doubt have agreed wholeheartedly, was: "The goal as a company is to have customer service that is not just the best, but legendary,"³ Put these two together and we can begin to see some of the elements that have put Disney and Walmart where they are today. Add to this something that Peter Drucker the 'management guru' said: "Quality in a service or product is not what you put into it. It is what the client or customer gets out of it,"⁴ then we one conclusion could be that success has to do with repeat business resulting from consistent excellence of service as experienced by customers.

It has long been the marketer's belief that differentiation is crucial to the unique positioning of a brand in the market. Certainly, recognized brands with perceived unique products or services can achieve success at least in the short term. Consider the examples of the Sony Walkman with its offer of portable music and Borders-the specialty book retailer that brought a new image to book selling. However, as we know, those who like to carry their music with them now do so with an iPod rather than a Walkman, and Borders, in the face of impossible competition from Amazon, filed for bankruptcy protection in February of this year. Why then is the Disney brand-nearly 90 years old-more successful today than ever? The fact is that brand differentiation needs to do more than just promote unique selling points. It needs to reflect the essence of what the brand stands for-its mission and core values-and needs to be aligned with the company culture. If the brand is authentic and is supported passionately by everyone in the organisation who excels in providing consistent, emotionally satisfying

2. <http://www.customerservicepoint.com/customer-service-quotes.html>

3. Ibid

4. Ibid

experiences for consumers, then perhaps the brand has a chance. In other words, the brand is more truly differentiated by the total customer experience. If two products are essentially physically and functionally the same and in the modern high-tech and information intensive world it doesn't take long for competitors to copy good ideas-then what brings the customers back for more is their positive feelings for the pre-purchase, the purchase and the post purchase experience. There are many stories that indicate that part of the Disney culture is providing exceptional service. It works very hard at anticipating customers' needs and responding to them in ways that allow it to maintain and fulfill high expectations. How it does this will be the subject of a subsequent section but before that, let's look at the role of customer loyalty.

Loyalty, Success and the Customer Experience

It has been hinted thus far that one major factor of an organisation's success is customer loyalty. Apart from this being intuitively attractive, it is born out by the research. In Gary Millet's book entitled, "Creating and Delivering Totally Awesome Customer Experiences," he asks the reader to consider the following facts:

- Organisations could increase their revenues by 85% if they could retain 5% more of their best customers.⁵
- On average 60% to 70% of an organization's current customers will buy goods and services from that organization while only 20% to 40% of lapsed customers and only 5% to 20% of new prospects will buy anything from them.⁶
- On average it costs five times more to acquire a new customer than to retain an existing one.⁷

If we also consider that:

- Delighted customers tell at least four other people about their experiences, dissatisfied customers tell ten people and merely satisfied customers probably tell no one.⁸
- "Word of Mouth" as provided by loyal customers is the most powerful marketing force an organization can have.⁹

5. Gary Millet, Accepting the Awesome Customer Experience Challenge, http://www.customerfocusconsult.com/articles/articles_template.asp?ID=23

6. Ibid

7. Ibid

8. Ibid

9. Ibid

- Loyal customers purchase more and more often.¹⁰
- Loyal customers respond more readily to marketing publicity than non-loyal customers.¹¹
- Loyal customers provide less costly and more reliable sources of information for future marketing.¹²

then it becomes clear that loyalty not only has a beneficial effect on revenues but also on costs and therefore on the bottom line.

It is helpful at this point to look at the relationship between loyalty, the customer experience and customer satisfaction. Fred Lee, a health care consultant relates how after years as a hospital executive he had the opportunity to work for the Disney Institute in Florida. He was particularly interested in Disney's customer satisfaction data and on discovering a list of questions that seemed to be those Disney asked its customers, was surprised by the fact that-as he thought-the percentage of those who said they were satisfied or better was lower than 80%. On further investigation, he confirmed that the questions were indeed what the company asked the guests but that the percentage represented the number of respondents who said they were "very satisfied". In his hospital "satisfied" percentages included all respondents who had indicated on a five-point scale that they were not dissatisfied (points 3, 4 and 5). Similar analysis for Disney would have yielded satisfaction rates of 99%. However, as the Disney manager Fred was talking to pointed out, if they did the same that would tell all their employees "that we are perfect. But we are not perfect unless everyone gives us 5s."¹³

As Jones and Sasser indicate in their article "Why Satisfied Customers Defect," totally satisfied customers are six times more likely to repurchase products over the following 18 months than satisfied customers.¹⁴ So, satisfied customers are not necessarily loyal. In fact research has shown that between 65% and 85% of satisfied or very satisfied customers defect.¹⁵ Disney, in recording only the top of the satisfaction scale, was in fact measuring customer loyalty. In a follow up to his experience at Disney, Fred Lee decided to look at some of the thank you mail patients had written after

10. Ibid

11. Ibid

12. Ibid

13. Fred Lee, *Disney considers customer loyalty, not satisfaction, the ultimate goal*, <http://www.orthosupersite.com/view.aspx?rid=38531>, April 2009.

14. Thomas O. Jones and W. Earl Sasser, Jr., *Why Satisfied Customer Defect*, *Harvard Business Review*, Nov-Dec, 1995, P. 91.

15. Frederick F. Reichheld, *Loyalty Based Management*, *Harvard Business Review*, Mar-Apr 1993, P. 71.

their stay in his hospital. By far the most common words used were adjectives like *compassionate, caring, comforting and kind*. Words associated with the excellence of experience in a health care setting.¹⁶

Billions of dollars are spent each year on trying to improve customer satisfaction and increase loyalty. However, the average company loses 20% to 50% of its customers at a cost of billions of dollars.¹⁷ O'Brien and Jones in "Do Rewards Really Create Loyalty?" argue that most organisations' loyalty and customer satisfaction incentives are more a drain on resources than an investment.¹⁸ So, how do Disney achieve the phenomenal loyalty of their customers?

Many of the things that Walt Disney said during his lifetime can be distilled into 4 principles which underpin the methods he and his successors have used in making the company great. These principles, *Dream, Believe, Dare, Do*, are used by Bill Capodagli and Lynn Jackson in their book, "The Disney Way," as a basis for identifying 10 concepts that they say "are at the heart of the Disney methodology."¹⁹ The next section looks at how those concepts and the related methods support the customer experience that is at the heart of Disney's admirable record of customer loyalty.

The Basis of a Superior Customer Experience

1. Give every member of your organization a chance to dream and tap into the creativity those dreams embody.

As we know from his productions, Walt Disney was a vivid and entertaining storyteller. He knew just how powerful a story could be in conveying feelings and emotions and also knew how a story could engage team members in the development and communication of an idea. The story was the basis for every new project developed by Disney imagineers—a creative group formed in the 1950s whose purpose was to continue the tradition of dreaming up new attractions. Storytelling is also an important element of the "Dream Retreat" methodology that Capadagli and Jackson use in their consultant roles with other companies. A Dream Retreat typically lasts from one to five days and takes place away from the company where mem-

16. Ibid ¹³

17. Ibid ⁵

18. Louise O'Brien and Charles Jones, *Do Rewards Really Create Loyalty*, Harvard Business Review, May-June 1995.

19. Ibid ¹, P. 10.

bers are encouraged to engage with others in the free expression of their dreams and ideas. The power of the collective intelligence and the teaming experience in an informal spirit of fun create an atmosphere rich in innovation. Indeed, as this author pointed out in "Management Communication for Innovation," engagement of all employees is one of the keys to innovation success.²⁰ Moreover, in their influential book, "First Break All the Rules," Buckingham and Coffman conclude that, "engaged employees drive customer loyalty."²¹

2. Stand firm on your beliefs and principles.

From his early years growing up in a rural environment, Walt Disney formed values and beliefs from which he never deviated for the rest of his life and, as his brother Roy put it, "When values are clear, decisions are easy."²² From the beginning, Walt tried to give his characters the values that he believed audiences young and old would identify with and that would underlie the running of the company. Consequently, he ensured that Mickey Mouse showed honesty, reliability, loyalty and respect for people as individuals. All shows and attractions had to espouse these values, so the 1997 film *Hercules*, based on the premise that individuals should be judged not only on their physical but on their inner moral strength too, fit perfectly with these values. Living up to the values of honesty and reliability means that all Disney shows and service must be excellent despite possible adverse short-term effects on the bottom line. Disney's insistence on safety and courtesy also reflects respect for individuals.

With the maintenance of such high standards, Disney has a responsibility to be loyal to the expectations of its clients. With 30 million visitors a year, many of them during the busiest times, Disney World had to focus on crowd control at an early stage of its development. However with the cultural shift towards impatience fueled by the latest technology, they now need to re-focus on how to cut down waiting times. To do this they have created an underground command center where, with the help of the latest technology, they can monitor crowds and quickly deploy countermeasures should unacceptable queues develop. Such measures include increasing the

20. Paul Brumby, *Management Communication for Innovation*, *Reitaku Journal of Interdisciplinary Studies*, Volume 17, Autumn 2009, P. 29-46.

21. Marcus Buckingham and Curt Coffman, *First Break All the Rules*, Simon & Shuster 1999, P. 247.

22. Mike Vance, *Managing by Values, Creative Thinking* (audiotape series), Chicago, Nightingale Conant Corporation.

number of rides on a particular attraction and sending out characters or a mini-parade to entertain the lines. Expensive research continues in this area and other solutions that are being considered or implemented are smart phone applications that guide people more efficiently around the park and the addition of video game stations with short games in long wait areas.²³

How then do they instill these values and beliefs in all those that work at Disney? Since 1955 when Disneyland opened, all “cast members” as they are called, receive several days of formal training on the “Traditions” program in which the Disney culture is communicated through powerful storytelling. This training has come to be known as the Disney University which will be dealt with more fully in section 7.

3. Treat your customers like guests.

Despite the fact that a “customer first” policy is a regular feature of company mission statements and company reports, too few companies “walk the talk.” An online customer service survey commissioned in 2004 by the Coldwell Banker Real Estate Corporation, found that only 25% of consumers in different industries reported having frequent opportunities to give opinions on their service experiences. Moreover, nine out of ten consumers said that great customer service is “very or extremely” important in deciding whether to continue patronizing companies. The study also indicated that 32% of customers would change companies because of bad service-nearly as often as they would to get better prices (38%).²⁴ Clearly, as indicated earlier, there is a strong correlation between customer service and long-term success.

The Coldwell Banker study also identified the characteristics of “great service” as follows:

- Resolving questions and problems (66%)
- Knowledge of the product or service (49%)
- Being easy to reach (35%)
- Understanding requirements (35%)

Conversely, the main characteristics of “bad service” were:

23. Brook Barnes, Disney Tackles Major Theme Park Problem: Lines, <http://www.nytimes.com/2010/12/28/business/media/28disney.html>

24. Harris Interactive, Coldwell Banker Study Finds Customer Service is Key to Repeat Business, December 13th 2004, <http://www.coldwellbankerreviews.com/servlet/ResourceGuide?action=showArticle&articleId=2946>

- Inability to resolve questions or problems (46%)
- Being unavailable/difficult to reach (38%)
- Needing to deal with multiple people/departments to resolve problems (37%)
- Lack of product knowledge (34%)
- Unprofessional demeanor (33%)²⁵

Obviously, knowledge, experience, problem solving, responsiveness and good manners are extremely important-something that Disney has stressed with their cast members right from the beginning. As Walt put it, "Know your guests, treat them honestly and with respect, and they will keep coming."²⁶

Although many companies fail to monitor customer satisfaction adequately and an even greater number fail to find ways of putting it at the heart of what they do, there are notable examples of excellence in this area. Take for example the Dunn Hospitality Group whose Codes of Conduct include:

- convenience for our guests is our aim,
- practice a friendly smile and use courteous phrases
- treat each guest as a special individual
- for any question, find the answer
- every associate is empowered to resolve a problem of guest dissatisfaction
- provide a safe environment for guests and associates
- we create fun in our roles, which creates fun for our guests²⁷

Also, the Mead Johnson Nutritional Division of Bristol-Myers Squibb where processes have been put in place to improve customer service. One success occurred when a customer complaints analysis team specifically charged with reducing the amount of time that callers were kept on hold, quickly improved hold time by identifying that most calls came in at lunch-time and by changing employee lunch hours.

At the Four Seasons Hotel Organisation, new employees receive a seven-stage orientation over a period of three months culminating in a trial stay at any one of the Four Seasons 5 star hotels around the world. As part of this stay they are expected to complete a long guest service questionnaire comparing actual service to published standards.

25. Ibid

26. Ibid ₂

27. Ibid ₂, P. 67-68.

And of course Disney, where front line workers are trained to get customer feedback and enabled to solve customer problems in a way that guests appreciate. Take the story of the Walt Disney World shuttle bus driver who on asking a group of guests how their hotel rooms were, discovered that one guest had a leaking tap but hadn't had time to report it to maintenance. The driver immediately told the guest he would take care of it and sure enough when the guest later returned to his room, the tap was fixed.²⁸ Disney also realizes that satisfied cast members deliver superior service to customers and so goes out of its way to make sure workers are happy and take a pride in their work.

4. Use Teamwork and Collaboration

The belief in teamwork and collaboration at Disney, evident in both its films and throughout the company, is a crucial element in its "guest" philosophy. Exceeding guests' expectations requires well-trained teams with a common focus provided by inspired leadership. Inspired leaders need to be persuasive, credible, honest and know that the most effective communication is to lead by example. They know that in the end it is the employees that will make or break the organization and that it is the actions of the leader that will earn the trust or distrust of staff. Trust earns trust, and a measure of how much Disney management trust employees is shown by the fact that customer service representatives at the theme park entrances have as much as \$500,000 in tickets and cash to give out to guests who run into misfortune²⁹-a real indication of how much the company feels that empowered cast members are able to use sound judgement.

Common focus is aided through storytelling, effective in-house training and brief, clear statements of mission. To bring the mission to life, carefully chosen multifunctional teams are made responsible for enhancing processes-for example the solution of perceived problems such as wait times-and managers make sure they consult front line workers on important decisions. In this regard, communication is improved by paying attention to the physical locations of the team members in line with the principles put forward by MIT Sloan Professor Thomas J. Allen Jr. in his book, *Managing the Flow of Technology*. In his study of the communication patterns of employees in seven organizations Allen found that at a distance of 10 meters or less, the quality of communication is five times better than at a distance of about 30

28. Ibid 1

29. Ibid

meters. He also found that beyond 30 meters communication is ineffective,³⁰-research that was used in the reorganization and turnaround of the Chrysler Corporation in the 1990s. The focus also needs to be on cooperation not on competition as concluded by Alfie Kohn in "No Contest, The Case Against Competition,"³¹ and team incentives would seem to be the way to encourage such cooperation.

Finally, in their book, 12, *The Elements of Great Managing*, based on ten million work place interviews conducted by the Gallup organization, Wagner and Harter identified the following two elements as expressed by company employees:

- Element Seven: My opinion seems to count-recognizing that employees' ideas are often good ones and that when the ideas come from the employees it is much more likely that they will be committed to the implementation of the ideas.
- Element Eight: The mission or purpose of my company makes me feel my job is important. This implies that employees have not only been bought into the mission of the company but consider themselves an important part of achieving that mission.³²

5. Form Partnerships

Disney is also a firm believer in partnerships that increase value to customers such as the extremely successful partnership with The Oriental Land Company that has resulted in the Tokyo Disney Resort. Another example of where partnerships have provided the basis for successful customer experiences is the Des Moines Downtown School which was originally a collaboration between the De Moines Public School System and the local business community. Located in central Des Moines close to where parents worked, the school was in an ideal position to encourage parental involvement and with a belief in student-centered project-based education it needed to promote partnerships between teachers and students. Results have been impressive. From an initial intake of 45 students in 1993, the number rose to 300 ten years later with 900 on the waiting list. The school's results also exceeded state and national standards by more than 10%.³³

30. Thomas J Allen Jr. *Managing the Flow of Technology*, The MIT Press, 1977, P. 234-265.

31. Alfie Kohn, *No Contest: The Case Against Competition*, Houghton Mifflin, 1992, P. 47-48.

32. Rodd Wagner & James K. Harter, 12 *The Elements of Great Managing*, Gallup Press, 2006, P. 91-124.

33. *Ibid* ,

6. Take Risks

The Disney experience would not be what it is today without the entrepreneurial risks taken over the years by Disney management. Walt Disney pioneered the use of sound in animated cartoons and later a new concept in entertainment that was to become the first Disneyland. Michael Eisner who took over the company in 1984 pushed it into full length feature film animation, live action movies and launched the Disney Stores which now feature in shopping malls around the world. More recently the spirit of risk taking has been seen to be alive in the opening of the record breaking musical "The Lion King" on Broadway after the company poured millions of dollars into the renovation of the New Amsterdam Theater on New York's 42nd Street.

Another consummate risk taker was Lee Iacocca the ex-President of Ford Motor Company who turned the ailing Chrysler Corporation around in the 1980's. When Iacocca left Ford in 1978 he was convinced that the idea of a minivan that he had been working on could be a success. His ideas didn't receive a very favorable reception at Chrysler but despite this the new CEO diverted money from other projects to ensure that the idea was brought to consumers and that Chrysler would be able to beat both Ford and GM to this lucrative market.³⁴

However, not all risks are financial. Management needs to take all kinds of risks to ensure the organisation survives. The risk of supporting employees who break the rules in the interests of the organisation, the risk of making work fun and the risk of changing the company culture when the present culture is no longer in the interests of the clients and employees.

7. Train and Develop

One major way of changing or instilling the company culture is to have effective training and development programs. At Disney these functions are performed by Disney University where the belief is that customer focus is everyone's responsibility, especially that of front line staff (even those doing short term part-time jobs). There is also the belief that development is better than appraisal. An employee that has been trained to understand the company's vision and values and how it relates to their responsibilities should not then just be evaluated on how they perform against those criteria. At Disney they are given the opportunity to define desired work out-

34. Alex Taylor III and Joyce E. Davis, Iacocca's Minivan, Fortune, May 30, 1994.

comes jointly with managers allowing them room to agree strategies and use initiative. Next, as part of further development planning, employee processes are discussed by both the employees and management, reflecting the fact that process improvements may require changes in management policy instead of just employee performance to achieve success. Finally, employees receive constant feedback so that individual development plans can be continually adapted and excellence can be achieved and maintained. As the former manager of customer satisfaction at Disney put it: "Recruit the right people, train them, continually communicate with them, ask their opinions, involve them, recognize them, and celebrate with them. If you show respect for their opinions and involvement, they will be proud of what they do and they'll deliver quality service."³⁵

Again this ties in well with the 12 elements of great managing mentioned above. Specifically:

- Element One: Employees knowing what is expected of them.
- Element Four: Employees receiving recognition and praise.
- Element Six: Employees receiving encouragement to develop.
- Element Eleven: There is talk about progress.
- Element Twelve: There are opportunities to learn and grow.³⁶

8. Align Short Term Execution with Long Term Planning

Although new ideas were always very important for Disney projects, the business of producing animated films was very expensive. It was necessary therefore for the process to be rigorously controlled so as to stay within budget and a reasonable time frame. (In the times before computerized animation, movies often took years to produce). The company therefore developed the following nine-step process for project management:

1. Generate ideas through the encouragement of innovation and story building.
2. Develop the concept following research and alternatives evaluation.
3. Make the concept feasible by determining scope and form.
4. Produce a master plan that outlines business processes.
5. Finalise design, implementation and budget objectives.
6. Prepare contracts.
7. Construct production infrastructure and prepare show elements.
8. Install, test and adjust the show.

35. Valerie Oberle, *The Disney Approach to Quality Service*, Walt Disney World Seminar Productions, Lake Buena Vista, Florida, November 1995.

36. *Ibid* ³¹, P's 1-14, 49-61, 77-90, 153-167.

9. Finalise project documentation, monitor performance and pass to operations.

Communication is key to this process and a project-planning center not only serves as project control but also as a communications centre, in which all information relating to the project can be displayed, studied, compared, discussed and manipulated. Finally it is important to put in place reward systems to make sure that project quality and timeliness are achieved. Good ideas should, by all means, receive recognition but perhaps not as much as successful project completion.

9. Use Storyboarding techniques for planning and communication

With its roots in the production of animated films back in the 1920's, storyboarding is a technique that has been developed by Disney to involve all members of a team in problem solving. Starting with a problem or concept, the team is taken along in a creative interplay of ideas and suggestions to a desired solution. It has been found to not only encourage free expression and critical thinking but to also increase team cohesion and facilitate better communication. So, how does storyboarding work?

Take for example management's wish to improve the customer experience by listening to customers. The process would go through the following eight stages:

1. Invite 15 to 20 customers who it is thought have an interest in improving the products or services of the company. The invitees should be compensated in some way for their time and should be sat in a pleasant informal setting.
2. Distribute about 10, 10cm by 15cm index cards to each customer and make blue, black and red felt tipped markers and several different coloured stick on dots available.
3. Arrange for an unbiased facilitator to ask leading questions to establish a group question or topic. E.g. "What are the elements of the ideal customer experience in Company X?" This is written on a "topic" card in blue and fixed to the top of a large notice board.
4. Ask participants to work individually writing non-critical thoughts about the topic on the index cards-one idea per card ("detail" cards) in sufficiently large enough letters to be read from several meters.
5. The facilitator collects the cards and with the group's help puts them together according to topic. Once three or four cards are in a cluster the group chooses a heading which is put on "header" cards

in red underneath the topic card. The detail cards are then fixed underneath each header card on the board.

6. Once the topic, headers and details cards are on the board a number of stick on dots (say 3, though this number will vary according to the number of cards on the board) of one colour is given to each participant who is asked to put them on what he or she considers to be the most important headers or detail cards.
7. Next, participants are asked to stick dots of another colour on the cards to indicate the organisation's strengths or the things they consider are done well.
8. Finally, participants stick dots of one other colour on the cards they consider to be weaknesses or things that can be improved.³⁷

The result is a highly visual representation of the customer's feedback that prioritizes important areas and ideas and can be easily communicated to review teams. Perhaps more importantly, areas of concern are highlighted by any conflict between things customers think are important and what management thinks is important.

A short time spent training all employees in this technique rapidly leads to benefits in problem solving and communication both in operations and the planning process.

10. Pay close attention to detail

In his endless search for "how we can do better" Walt Disney often found that the answers were in the detail. Whether in the rides at Disneyland or in Disney animated films, carelessness towards details was not tolerated. Even down to the spacing of rubbish bins in the parks, the company firmly believes that obsessive attention to detail is the basis of a superior experience that will keep guests coming back. Similarly for the Dunn Hospitality Group mentioned earlier which owns and manages 19 Midwest hotel properties. Employees care for the hotels more than they care for their own homes, cleaning, tidying and arranging things as they go about their everyday jobs, Nothing is overlooked including the arrangement of the breakfast bar so that repeat guests do not waste time trying to find things.

Attention to detail also means measuring and acting upon results. Staff evaluations at YMCA Camp Kern where all employees receive training in

37. Ibid 1

programme goals, the mission statement and expectations of staff, assess responses to the following questions:

- What can we do to be excellent?
- What would you do to help us be excellent? and
- What do you think should be kept the same or modified to be excellent?

The consequent sharing of dreams and goals has led to the tripling of customer retention rates which are now well above the national average for this industry and to an almost 30% increase in staff retention.³⁸

Which organizations can benefit from this approach?

How difficult would it be for any organisation to adopt the strategies laid out above? With time, effort and investment, most companies could create the necessary focus and beliefs that will gradually make the customer experience the overriding consideration in the company's culture. However, is this differentiation by customer experience applicable to all industries? Can any company achieve competitive advantage by improving the purchasing experiences of its clients? Are, for example, these strategies more applicable to service companies than those that manufacture and market products? It would seem from the examples quoted above that service companies are attracted to these ideas and have achieved success through them. But what of companies that manufacture and market products?

In research conducted by Colin Shaw and his organisation "Beyond Philosophy," it was found that 84% of organisations believe that their market is commoditizing.³⁹ Why? Because in today's world of vastly improved information systems and technological capability, the time from initial idea to imitation has been reduced to a few weeks. They believe that the products they sell are almost indistinguishable from products sold by other companies and that in such a market, price is the primary factor in the purchase decision. In addition, 76% of organizations believe that commoditization is affecting their profitability and that money spent on research and development fails to give them a competitive edge.⁴⁰ Consequently, many companies have been jumping on the "customer-first" bandwagon in an effort to differentiate themselves. Unfortunately few of them really understand the why and the how and more than half fail to meet their objectives. In fact,

38. Ibid 1

39. Colin Shaw, *Revolutionize Your Customer Experience*, Palgrave Macmillan, 2005, P. 2.

40. Ibid

47% of all organizations still categorize themselves as “product led”⁴¹-not customer led.

Clearly, the lip service paid to customer relations by many companies is just that and unlikely to be successful in making customer focus a living, breathing concept in the culture of the company. Disney’s experience over 90 years would indicate that a customer focus culture is only one that can be achieved after decades of in depth attention. However, it also indicates that such a culture can be the source not only of survival but of increasing success.

It would seem then that customer experience differentiation is applicable to all types of company and particularly those in which commoditization is likely to take place quickly. For example, those companies where products or services are easily imitated, such as low investment manufacturing and service industries. Consumer product manufacturing and services in which there is high availability of service providers such as education would seem to be at high risk.

Conclusions

The Walt Disney Company provides an exceptional case study for those companies looking for ways to survive and succeed in a world in which their competition is only likely to intensify. However, it is clear that the adoption of a customer experience differentiation model is neither a short-term strategy nor one that requires insignificant resources. Indeed, the effort required from everyone in the organisation is likely to be intense. Nor are significant results likely to be achieved quickly. However if the continued survival of the organisation is a cause for concern then perhaps an attempt to improve the customer experience through methods described above will provide a customer focus that will stand the company in good stead in both the long and short term. Moreover, can any organisation afford to do nothing, however successful they consider themselves to be in the present? As Stephen Brewer, CEO of Caribbean Mobile, Cable and Wireless and former Managing Director of Vodafone puts it, “revolutionizing your customer experience is critical if you are not to be one of the long term losers.”⁴²

41. Ibid P. 3.

42. Ibid P. xvi.

Further research into the degree of commoditization in different industries could well go some way to clarifying the risks inherent in doing nothing and also the opportunities for success. There may also be opportunities associated with the nature of some service industries where competition is increasing due to changing demographics say, and the degree of sophistication in customer focus in the industry is low. The education industry, particularly tertiary education, would seem to be a case in point. Certainly, those institutions that can galvanize themselves to move quickly towards improved customer experiences may be able to reap rewards. However, once the trend has started and the benefits become apparent more institutions will follow and the competitive edge that can be achieved will be reduced. Further research into the most desired aspects of the tertiary education experience and the interplay between experiences and client emotions through the previously described storyboarding technique, would serve to make changes in students' experiences more informed.

One conclusion that can be drawn with a fair amount of certainty is that, if an organisation can emulate the development in its culture that Disney has achieved over the years, then customers will be assured of the kinds of fulfilling experiences that will make word of mouth a much more compelling promoter of that organisation.

Appendix 1 Theme Park Visitors 2009

	Numbers (Millions)	2009-2008 (Millions)	%Change
Magic Kingdom	17.2	0.172	1
Disneyland	15.9	1.272	8
Tokyo Disneyland	13.6	-0.612	-4.5
Disneyland Paris	12.7	0.0508	0.4
Disneysea	12	-0.48	-4
Epcot Center	11	0.055	0.5
Disney's Hollywood Studios	9.7	0.097	1
Disney's Animal Kingdom	9.6	0.048	0.5
Universal Japan	8	-0.288	-3.6
Everland (Korea)	6.2	-0.403	-6.5
Disney's California Adventure	6.1	0.5795	9.5
SeaWorld Orlando	5.8	-0.3944	-6.8
Universal Florida	5.4	-0.648	-12
Ocean Park Hong Kong	4.8	-0.2208	-4.6
Nagashima Spa Land	4.7	0.0517	1.1
Hong Kong Disneyland	4.6	0.092	2
Islands of Adventure	4.5	-0.0315	-0.7
Hakkeijima Spa Paradise	4.5	-0.0315	-0.7
Universal Hollywood	4.3	-0.258	-6
Lotte World	4.3	0.0258	0.6
Total	164.9		
Total Disney	112.4		

Source : Robert Niles, Walt Disney theme parks dominate theme park attendance in 2009, <http://www.themeparkinsider.com/flume/201004/1895/>

Appendix 2 Disney Financial Data 1983-2011

Year	Revenue (\$ millions)	Net Income (\$ millions)	Earnings/Share	Share price
1983	1,307	93	\$2.7	
1984	1,700	98		\$0.85
1985	1,700	174	0.32	
1986	2,166	247	0.45	
1987	2,877	445	0.81	
1988	3,438	522	0.95	
1989	4,594	703	1.27	
1990	5,753	824	1.5	
1991	6,112	637	1.2	
1992	7,509	817	1.52	
1993	8,529	300	1.63	
1994	10,055	1,110	2.04	
1995	12,112	1,380	2.6	
1996	20,075	1,274	0.63	
1997	21,613	1,772	0.88	
1998	22,976	1,850	0.91	
1999	23,402	1,300	0.63	
2000	25,356	1,540	0.74	
2001	25,790	1,343	0.8	
2002	25,360	1,231	0.6	
2003	27,061	1,267	0.62	

2004	30,752	2,345	1.14
2005	31,374	2,533	1.22
2006	33,747	3,374	1.64
2007	35,510	4,687	2.25
2008	37,843	4,427	2.28
2009	36,149	6,672	1.76
2010	38,063	7,586	
2011			42.99
Total 1984–2005		23,712	

Sources : Disney Fact Books—<http://corporate.disney.go/>
Yahoo Finance—<http://finance.yahoo.com/>
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Author's Profile

Paul Brumby is a Professor of The International School of Economics and Business Administration, Reitaku University. He has been involved in business and English language training-teaching and management-for more than 30 years in Europe and Asia. His academic interests include management communication, curriculum design and educational management. Recent research has been on business and management communication and he has published in this area as well as reading skills, listening skills, curriculum design and intercultural communication.

