



The Customer Expectation GAP



Benchmarking the Web Presence
of Corporate America

by Michael Reene



access

listen

engage

remember



As the Internet enters its next great phase of growth and expansion, companies are grappling with the fall-out of a truly remarkable consumer revolution.

Internet trailblazers like Amazon.com, Citigroup, America Online, and Dell set the standard in tailoring their sites to exceed customer expectations by providing a warm, welcoming, engaging experience. Traditional companies are just starting to see significant paybacks. Delta Air Lines reached \$1 billion in online sales in 2001—a 65 percent increase over the previous year. At GE, a 20-30 percent cost savings was identified for e-enabling traditional business processes. J.Crew's online sales have now surpassed its phone catalog sales.¹ However, despite these success stories, there are only a handful of companies using the technology to its full advantage.



With traffic on the Internet doubling every 100 days and the number of Web pages increasing daily, companies face a mounting challenge to provide a satisfying experience for their Web users within a complex environment—whether those users are customers, employees, shareholders, suppliers, or influencers. It is a challenge many are woefully unprepared to meet. In fact, even once the issues are identified and potential solutions are put in place, companies are finding that many Web initiatives are ultimately unsuccessful. In the meantime, customers are becoming increasingly dissatisfied with their online experiences—companies with an exceptional Web presence have set expectations that all companies must now meet.

Across the board, Web sites are failing to meet these expectations, according to a national survey of business professionals who actively use the Internet.² Almost 90 percent of those surveyed were not that impressed with the Web sites they use. While consumer sites fared slightly better than business sites, the survey indicated a significant disconnect, or growing “customer expectation gap,” between what Internet users expect from their online experience and what Corporate America is actually delivering. Dissatisfaction inevitably results among all who seek information from a particular company's Web resources and poses a threat to the long-term survival of businesses that fail to meet online expectations. In fact, the same survey indicated that two-thirds of Internet users rarely—if ever—return to a company's site once they've had a bad experience.

¹ Bob Tedeschi. New York Times. “E-Commerce Report: J. Crew Reaches a Milestone as Its Sales over the Web Exceed Sales from Its Catalog.” March 25, 2002.

² For details on the survey conducted by Enterpulse, see page 16.

In order to bridge this widening gap, companies must first understand four critical expectations—Access, Listen, Engage, and Remember—that people have when they come to a site based on good experiences elsewhere. This newfound cycle of customer intimacy allows companies to get in touch with external audiences and, as importantly, their own employees. A new universal standard to share information is now in place; and a fundamental

The Root of the Dissatisfaction

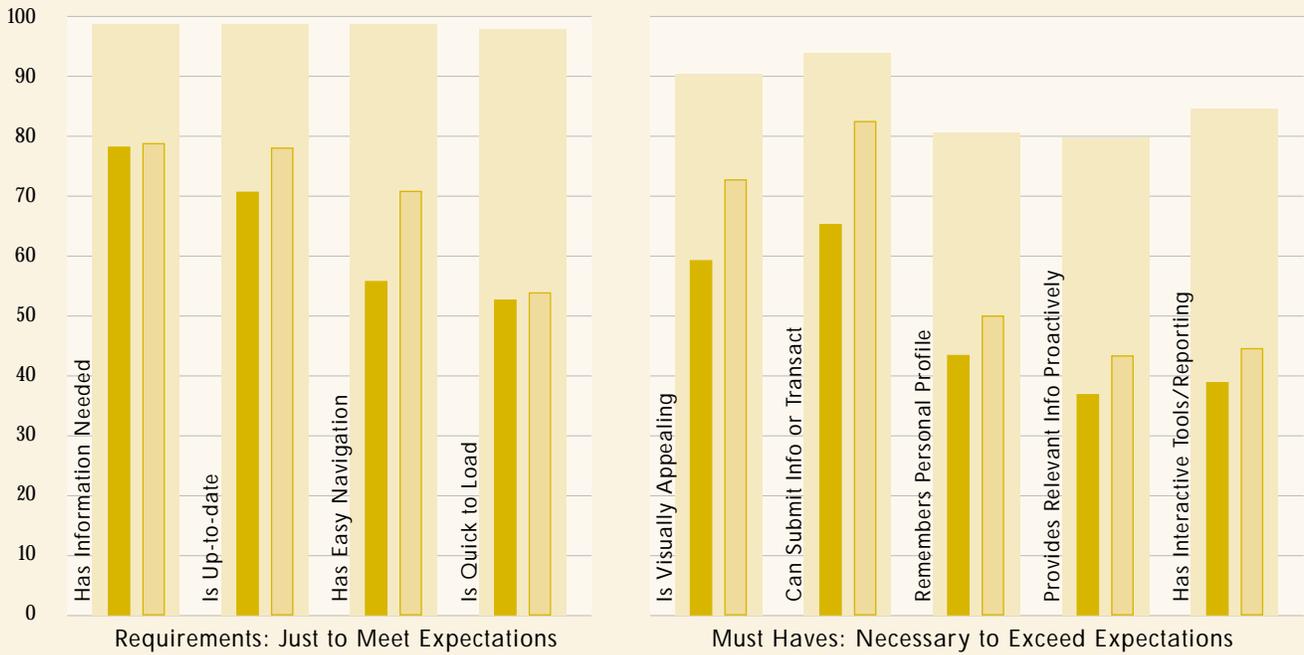
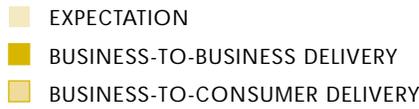
shift in computing came along with it. The trend is no longer network-based computing, but people-based computing. The Internet now has to act and think like a person, not like a network of computers. Companies who recognized this early excelled at creating an easy-to-use Web experience that set the bar. A general level of expectation was established by online pioneers who did it right.

Internet users wondered, “If Amazon.com can suggest books that I might like based on my previous orders, why can’t the intranet at work pull up other recommended proposals based on the one I’ve selected?” Obviously the capability exists. If America Online (www.aol.com) can allow users to sign on once and get everything they need from one central clearinghouse—email, personalized home pages, access to other Web sites, access to AOL-partner information, updated stock information, sports scores—why must those same users sign onto six different applications to do their jobs at the office? It is possible for things to be easier. Now, in fact, it’s expected.

Real Life Made Better

In many instances, the Internet makes processes easier and more efficient. Once a regional magazine available primarily at convenience stores, Autotrader’s Web site (www.autotrader.com) allows potential car buyers not only to access listings for thousands of vehicles from around the country, but also to get Blue Book values, check VIN history, and shop for insurance, financing and even specialty auto parts. Before, car shopping meant either physically visiting 20 dealers or spending hours scanning the newspaper for that 1999 Honda Civic. Shopping for a car with the help of the Internet saves time over a process that previously could be held as arduous. The virtual experience can and does improve on the physical experience. Speed is a key factor.





Patience Isn't in Abundance

The Internet has created a “now” mentality. People can find information more quickly than ever before. They receive packages faster and can track their status more closely than ever before. Given a taste of this immediate gratification, people no longer have patience for an 18-month rollout of new technology from their IT department—and they certainly don't have tolerance for companies that take two weeks to change a broken link on a Web site. Internet users know the advantages of online access and if they don't get that level of intuitiveness from a company's Web presence, they will ultimately walk away dissatisfied—whether they're a customer or an employee.

Corporate America has a significant customer expectation gap to deal with. And although the consumer experience is doing better at meeting expectations—25 percent of survey respondents stated they were more satisfied with consumer sites than business sites—neither business nor consumer is making the grade. (See graphs above.) The pressure is on. People don't have the tolerance for second chances—a majority of business professionals just won't return.

The Bar on Customer Expectations

The above charts show a distinct gap between people's expectations and the features or capabilities of today's Web sites. The survey quantified the net importance of these features against the ability of consumer and business sites in general to deliver on each feature either most or all of the time.

The first set of features represents items that every company must deliver on in order to meet expectations—they are absolute requirements. The second set represents “newer,” more innovative features, which tend to be even more important to Web newcomers than online veterans. However, success rests on exceeding expectations. Companies prepared to meet the rising bar now will set themselves apart from the rest.

Expectations Defined

There are four unique characteristics of a powerful, satisfying online experience—most of which are not typically present when dealing with businesses over the Internet. They include: **Access, Listen, Engage, and Remember**. For a company to truly conquer the expectation gap, it must strive to embed all four of these qualities within its internal and external sites. Doing this well opens doors, enabling businesses to use the Internet to perform more effectively, more efficiently, and—most importantly—up to and beyond customers' expectations.



Although technologically “portal” and “content management” solutions are instrumental in addressing this challenge, many products, legacy systems, and even a company’s specific workflow processes play a critical role. How well a company grasps people’s expectations of the Internet, as a top-down, company-wide imperative, will shape its future success.

EXPECTATION ONE

Access to Your Company 24/7 from Anywhere

The ability for consumers to gain access to information turned the tables on the traditional practice of broadcasting on a “need-to-know” basis. Consumers can gather information about a company or its products on their timeframes, on their terms, from their preferred device, anytime, anywhere. Of everyone surveyed, 95 percent felt it is very to extremely important that the information they need be accessible, up-to-date, and easy to find. Companies have had to adapt their marketing strategies to this new behavior or find themselves left out of consideration by potential customers.



Access to information changed buying habits and revolutionized comparison shopping. Maytag (www.maytag.com) found that although consumers would choose a Maytag appliance during their research process, they would walk out of the store with another company’s product. The company’s Internet solution informed customers where they could buy the Maytag appliance they selected in person. It also provided customers with the ability to buy via online options through its partners. Giving people access to the right information at the right time became extraordinarily important to Maytag’s bottom line. The results: 50 percent of Maytag’s orders are now placed after hours via its partners, and the average online order value is more than double the off-line order. Sales are exceeding expectations by 35 percent, and even increased one partner’s sales by more than 10 times.³

People not only want access to company or product information online, they want to help themselves without having to call the traditional customer care line. HumanaGold (www.humanagold.com) lets its clients submit and view claims online, make address changes and referral inquiries. Federal Express’ instant online tracking service allows its customers to trace their package or delivery and confirm its receipt without having to dial the phone. Banking institutions around the world have given customers 24-hour access to secure account information that previously could only be retrieved over the phone or in person. Employees deserve similar conveniences.

A concept called Single Sign-On allows an employee to log-in to legacy applications without having to remember numerous user names and passwords. The IT organization assigns different permissions to a user name rather than having to create new user names and passwords for each application. Although security issues around Single Sign-On are yet to be thoroughly addressed, the opportunity exists for new technology to deliver significant efficiency gains for businesses and a more pleasing online experience for users via more productive routes to information.

³AMR Research’s report, “Channel Partners for Profit,” October 2001.



EXPECTATION TWO



Listen and Be Interactive

The interactive quality of the Internet means that businesses can capture and qualify customer desire, response, and feedback as never before. In turn, happier customers mean increased loyalty and better business results. Savvy marketers like Martha Stewart have used this capability to cultivate additional product sales.

The site (www.marthastewart.com), for example, provides visitors with access to a gardening encyclopedia that allows them to find the plants that will work best in their garden based on a few simple questions. By clicking a button, the visitor receives a list of plants that match the specified criteria and a sidebar appears with gardening products available via the Martha by Mail store—a value add to both customer and business.

Coldwell Banker (www.coldwellbanker.com) uses a similar tactic for its real estate services. This company provides an online mortgage calculator to help homebuyers make decisions about the rates that are best for them, ultimately drawing users in to buy follow-on services. The State of Florida is using similar calculators for 401k investment planning for the state's employees and retirees.

As interactive online tools have become more sophisticated, people turn to the Web to aid in the decision-making process. Nearly half of Web users already recognize these tools as either extremely important or very important. The gadgets foster loyalty as well as further reliance upon a specific Web site. In turn, the ability to capture the associated personal data and tailor offerings accordingly is priceless. This two-way flow of communication allows businesses that have been listening to take great strides in improving product offerings and customer care based on a newfound understanding of online audiences.

EXPECTATION THREE

Engage with Your Audience

Listening is just the beginning. Companies need to engage; they have to be easy to deal with; they have to deliver to meet expectations. The Internet gives businesses the ability to provide real-time response in context with the sender's personal request—and people now expect nothing less. According to the survey, 90 percent of the Internet users said they expect companies to respond to questions submitted via Web sites within 24 hours. Nearly 60 percent wanted that response in less than eight hours, which is clearly the bar. If a company can provide the information before the user even asks then there's an opportunity for customer service to exceed expectations.



Online tools now allow businesses such as RedEnvelope (www.redenvelope.com), LLBean (www.llbean.com), and others to immediately send a notification via email confirming a customer's order and giving them a shipping date. If an item is not available, the customer is informed of the delay and is kept up-to-date on the progress of the order until it is fulfilled. If customers want access to information about their order at any time of the day or night, they can get it online by entering a password and reviewing their order status.

Employees are essentially demanding the same thing: "Respect my time; make processes faster. Make information easily available to me that will allow me to make better business decisions. Help me find it faster." When employees spend hours looking for documents they can't find, frustration sets in—followed closely by poor productivity. But when companies respond to the real-life needs of employees, great leaps in employee satisfaction and innovation are achieved. Among frequent users of corporate intranets, almost 80 percent say it helps them do their job more efficiently.

Ketchum, a top ten global public relations firm, has tackled this challenge by introducing an employee portal that has easy access and search capabilities of the biographies of its executives nationwide and an extensive, searchable knowledge library containing reference documents and deliverables. Simply put: by engaging employees online, work becomes easier and expectations are met, and often exceeded.



EXPECTATION FOUR



Remember My Relationship with You

Much like the local baker remembering the names of your children, and which doughnuts they like to eat, online audiences tend to be more loyal to the sites that remember them. The Internet's technology provides a way for companies not only to capture vital information, but also to provide real value to their experience with the company as a result.

Harnessing this capability is Williams-Sonoma's (www.williams-sonoma.com) online bridal registry. After the bride and groom select their items, friends and family from around the world can access the registry by simply logging on to the Williams-Sonoma site. The gifts are automatically shipped to the address kept on file for the couple and the registry is quickly updated to prevent duplicate purchases.

Other online businesses allow users to create their own personal "tickler" file in order to get updated information as it comes available. For example, Travelocity.com's FareWatcher service (www.travelocity.com) alerts users when the airfare to a city they want to visit rises or falls. Cisco tracks the training and certifications of its partners and alliances so an individual can easily see what they need to sign up for next. Schwab (www.schwab.com) allows its customers to enter personal investments once and then sends a daily email update on how they're doing.

Remembering is a personalized response to a customer's individual information and preferences. Because companies have technology and process in place that let them remember customers, processes are simplified and Internet users save valuable time.

These four new capabilities—Access, Listen, Engage and Remember—have revolutionized the way many companies do business by changing the way they deal with people. Some companies have been able to harness one or more of these capabilities to good effect, but a few have managed to package all four into an online experience that does something quite amazing.

Companies Making Huge Strides in Online Experiences

Success from the Top Down

GE's Jack Welch embraced e-business like few other CEOs have and did so early on. He created a *Buy, Make, Sell* initiative that says if you're not moving your job online, you may not have one left. That's motivation to get work processes across the board moved to the Internet on a mass scale. Many Global 2000 companies have tried and failed because they lacked executive support. e-Business groups were formed and then dissolved because they lacked decision-making authority, if not the strategies for change management that Welch applied top-down at GE.

Other traditional companies making huge strides in improving the customer experience are found in the sidebar to the right, and there are more. Yet despite these successes, few people are jumping at the chance to spearhead their company's Web strategy. The survey shows that Corporate America is unsure which department should have responsibility for either the public company site (although 4 in 10 vote it to sales/marketing) or the intranet (4 in 10 vote it to IT). And of those favored departments, 40 percent put the responsibility off on other departments.

As Internet users become more and more savvy, demands will continue to grow. How companies utilize this new medium will impact their future with every stakeholder—investors, employees, suppliers, customers, and the press. It is then imperative that businesses break down internal barriers and move toward a more people-centric portal approach. To begin, businesses must take a hard look at themselves from the outside-in, from the audience's perspective, taking into account every constituent's new expectations of Access, Listen, Engage and Remember.

- Citigroup (www.citigroup.com) has successfully transitioned more than 10 million online accounts to date. Every possible area of the company is using the Internet's technology to strengthen customer loyalty or run their business more effectively. (A detailed outline of the company's Internet initiatives is available via their homepage.)
 - Through a streamlined ticket purchasing process over the Internet, it is now easier and quicker for Delta Air Lines (www.delta.com) customers not only to buy tickets online, but also to confirm flights and see updates on their frequent flyer accounts. With well-applied technology, even the most complex business processes can be made more efficient on the Web.
 - Dell (www.dell.com) found that allowing consumers to construct their own computer was easier online than through any other channel. Today a majority of Dell's business is done online. Dell has leveraged Internet technology operationally as well. A configuration tool on the company's intranet tells operations at which plant to build every PC, informs them of the margin implications of the configuration, and details the cost of any delays.

Corporate America's Inside Picture

The Utter Difficulty

Why is it so hard for companies to successfully transition their businesses online given the expectations and the benefits that can result?

With many companies, past initiatives to make their Web presence better have already failed, placing an onus on future endeavors. As the Internet took hold, many corporations responded by marshaling departments and divisions to come up with solutions that would provide a stopgap to their non-Web dilemma. And it didn't work. Big business isn't structured like an Internet start-up. There are too many departments—typically each with its own set of objectives—in a process that has to be designed cross-functionally to be successful on an enterprise-wide scale. The result yielded a slew of online Web site “silos” that operated in autonomy, not as an organized unified entity.

A Tangled Web We Weave

Purchasing built its site for suppliers. Human Resources had its intranet for employees. Marketing built a site for customers. Then a merger took place and suddenly there were two of everything. While the sites were large, information was hard to find, inconsistent, sometimes even inaccurate. It wasn't the phased departmental rollouts that created the problem; departments within the organization did their best to meet deadlines, stay on plan and within budget. However, there was no cohesive structure to pull these disparate sites together. The end-user—the audience—wasn't considered on a company-wide basis. Almost 80 percent of users still feel the effects, stating that business Web sites tend to be designed from an internal perspective versus an end-user perspective. Without an across-the-board standard for information architecture, Internet users continue to have broken organizational views—a significant problem. The full complexity of the company is painfully visible to outsiders

Not only that, but disparate sites cost a fortune to maintain. Once a page is created it rarely gets taken down. Consider the legal issues alone with outdated HR policies on the intranet—it's risky business. The longer a company continues its silo-mentality, the greater the problem becomes as silo sites tend to grow and sprawl, fed by lack of forethought and planning. The result is a costly and ineffective channel that fails to provide for its intended audience's needs, leading to frustration and ultimately dissatisfaction among users. Only half of end users say they are proud of their own intranet, and corporate Web sites didn't fare much better.





The Vicious Cycle Begins

Once the problem is recognized, typically, an organization's Web initiative becomes a hot potato that's tossed from division to division until someone comes up with the idea to form a new e-business group, which is expected to be more successful than its counterparts at grasping the growing entity. Although this group knows the Web, it generally isn't equipped with the technology, enterprise reach, or political clout to address the problem effectively. Eventually a vicious cycle between IT and the cross-functional groups involved in a company's Web presence begins. IT continues to ask for technical specs on what the groups want to build, but the groups don't really know how to articulate what they need or how to solve the problem. No one really wants to go out on a limb to fix it. So no real initiative is started. In frustration, some companies scrap sites entirely, resolved to start from scratch. And the poor CIO shoulders the blame because the Web site hasn't been implemented well or fast enough.

Transforming the Business

If a company doesn't find a way to make a job easier or create useful tools for its audiences, then it hasn't connected with the human element and it won't matter what the technology is or how much is spent on it. Success will remain elusive.

Companies are paying tremendous sums to maintain existing Web presences, and those sites aren't meeting expectations, creating happy users or bettering the business via technology. The audience's perspective must take center stage if companies are to make a connection. To be successful at living up to customer expectations, companies need to commit to take hold of the Internet's new technology and incorporate it in every aspect of their business—from customer self-help to closing month-end financials.

Today, organizations are under pressure to deliver the kind of Web experience that is so intuitive and so helpful that it virtually mimics human thought and action. To achieve this, companies must become **ALERT**. By employing the qualities that largely make up people's expectations on the Internet—**Access, Listen, Engage, Remember**—companies can **Transform** the business and make real life business processes better for their constituencies. Streamlining corporate Web sites into a people-centric online presence is the goal, but the company's approach should be phased and well thought-out. The key is to govern an Internet-enabling initiative with these three guiding principles: apply the technology, connect with the audience, and extend business processes online.

For IT Departments: CTOs and CIOs

1. Apply the Technology. Think Inside-Out. Regain Control.

Many companies build Web sites without thinking about sound Internet infrastructures. IT is very good at building sound business solutions around technology. Now is the time to go back to the core values of security and control and stop maverick Web site building. Start content scrubbing. Get a content management strategy defined that moves content from silos to a single repository.

Figure out who owns what content, and if nobody claims a page or a section, then archive it. When properly implemented portal and content management tools are in place, companies can eliminate duplication of effort, consolidate sites, and regain control over consistency, accuracy, security and authority. Pose the technology infrastructure to a cross-functional team that can accommodate people's expectations around Access, Listen, Engage, Remember. IT can become a hero in this. Ketchum's CIO certainly has. Realize that no accountability equals no results.

For Functional Content Owners: Marketing, Human Resources, Customer Support

2. Connect with the Audience. Think Outside-In.

Decide what's most important in a content management strategy. Do not structure a Web presence around a company's structure simply because it's easy. It will lead to high cost and poor service. Adjust the company's thinking so the view is from the outside-in. The employee benefits Web site isn't HR's site; it's the company's site, a piece of the bigger picture. Companies must think like their audiences for the Web site to be successful.

GE (www.ge.com) created a portal specifically for the needs of students doing research on the company. This type of innovative, intuitive approach makes everyday processes easier and more efficient. To achieve this, companies must deconstruct the traditional corporate structure as it has been channeled online and create a single portal that is people-centric—user friendly—rather than corporate-driven. Audiences seek a universal access point to all information. A phased department approach for a portal will work provided the audience comes first and it is developed with buy-in from other departments who will soon follow suit by the same standards.

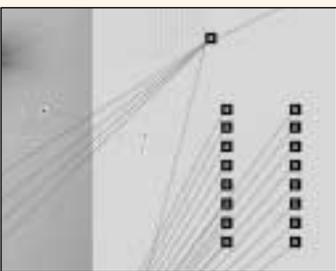


For the Cross-Functional Thinker: VP of e-Business, CEO, other C-level execs

3. Extend Business Processes Online--Go a Step Beyond.

Every process in a company's business can be brought online for better efficiency. What if managers could pull up reports that they don't currently have access to? What if accounting could close month-end business in a day via electronic Internet processes? What if customers purchase more because it's easier to do than the current sales process? By thinking smartly and applying the best of the Internet, companies have the ability to jump ahead of competitors via an Internet presence that really means e-business.

By using the right Internet technology the right way, Cisco has been able to reduce its rate of order error from 40 percent to eight percent. Likewise, visibility of resellers' product preferences has improved, productivity has increased by 15 percent company-wide and customer satisfaction is up by 25 percent.⁴ With the right commitment, these kinds of results are not out of reach. But they will take significant effort. It doesn't happen overnight.



⁴ AMR Research Report, "Channel Partners for Profit." October 2001.

Closing The Gap

Organizations have found that there are strong business reasons as well as rates of return that support the move from silo-structured sites. An outside-in approach allows for real results in finally connecting businesses with constituents in ways constituents expect and value. Internet technologies provide the tools businesses have wanted for years but never realized from earlier technologies. Bridge the customer expectation gap, and the rewards will follow. Companies creating a seamless Web experience are already realizing great benefits, including:

- Improved product offering and customer care
- Enhanced customer loyalty
- Reinforced company brand and image
- Better sales from first time and repeat customers
- Employee retention and recognition as a “great place to work”
- Improved access to information across the enterprise
- Reduced effort and significant cost savings
- Better decision-making power





It starts with a single point-of-access portal approach, but it doesn't typically start with purchasing portal software. Every company is different. A Web initiative has to start with a clear understanding of a company's existing infrastructure, workflow processes and legacy systems, and how those play into a solid Web presence. Cross-functional planning is necessary to the initiative, as it most likely will require a couple of different technologies integrated into a company's current system to achieve the most value and payback. Once complete, the company will likely realize quick return on investment in efficient business run, if not new revenues achieved.

The time to transform business is now. Apply the technology, connect with the audience by living up to their demands around **Access, Listen, Engage** and **Remember**, and finally, extend through business processes. These are the ways to close the customer expectation gap and build long-lasting customer, employee and supplier loyalty.

The rewards are there for the taking.

about the author

Michael Reene, Chairman & CEO, Enterpulse

Once the general manager of IBM's global telecommunications business as well as a managing partner at Accenture, Michael Reene joined Enterpulse in 1999 to lead the company into its next phase of growth. In 2000, Enterpulse was rewarded with an 150 percent increase in revenue over the prior year. In 2001, the company expanded its services to the New York and San Francisco markets. Michael is deeply involved in the technology community on a number of levels and brings a wealth of experience managing complex and growing companies.



Prior to IBM, Michael spent 17 years at Accenture. His 20 plus years of consulting experience includes advising companies and managing entrepreneurial endeavors in areas such as telecommunications, publishing and Internet start-ups. He is also a co-founder of the Consumer Financial Network (CFN), which now operates as youdecide.com.

Michael served as chairman of the Technology Association of Georgia in 2000. He was vice chairman of the Atlanta Chamber of Commerce and is chairman of its "Industries of the Mind" campaign committee. Michael currently chairs the Technology Association of Georgia Foundation, which is opening a technology high school in Atlanta.

He received a bachelor's of science degree in computer science engineering from the University of Illinois and a master's of business administration in finance and accounting from the University of Chicago.

about the survey

In order to gain insight into "customers" views of Web sites, research was conducted by Enterpulse among various business professionals. These professionals were asked to consider their Internet use in different capacities: customer, supplier, employee, and consumer. The study investigated various features/capabilities of Web sites. Importance of these features or capabilities was quantified, as was the ability of different types of Web sites to deliver on each feature.

301 interviews were conducted via the Internet with four groups of business professionals (sales/marketing, IT/computer/Web-related services, human resources, and purchasing). Respondents were recruited by telephone and emailed a survey link. The interactive survey took about 10 to 12 minutes to complete, no incentives were provided. Interviewing began April 15 and was completed May 2, 2002.



...revolutionizing the way
companies do business by
changing the way they
deal with people online



business solutions | *human connections*