



## Managing Service Experience Clues

*Services are performances rather than objects. Numerous clues of varying importance are embedded in these performances, and customers rely on them in choosing services and evaluating service experiences. Customers form overall perceptions of experiences based on the technical performance of the service (functional clues), the tangibles associated with the service (mechanic clues), and the behavior and appearance of service providers (humanic clues). Functional, mechanic, and humanic clues play specific roles in creating the customer's service experience, influencing both rational and emotional perceptions of service quality. By definition, a good customer experience is good customer service; the experience is the service. Clearly and consistently designing and orchestrating clues is a critical management responsibility.*

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# Managing Service Experience Clues

In choosing and using services, customers frequently behave like detectives as they search for information and organize their perceptions into a set of feelings about the service. They process these “clues” and their related feelings when deciding whether or not to buy a service and while evaluating the service during and after use. The more important, variable, complex, and personal the service, the more customers rely on service experience clues as they assess the quality of their experience.

A service experience clue is anything in the service experience the customer perceives by its presence – or absence. If the customer can see, hear, taste, or smell it, it is a clue. For example, everything on a restaurant table potentially communicates to customers, including the appearance and contents of the menu; the table covering used, if any; the use of paper or cloth napkins and their texture; the cleanliness of the table, and, of course, the presentation and taste of the food. The wait staff’s dress, demeanor, language, and even how they position themselves by the table are also experience clues.

In general, services present many more customer “touch points,” or discrete sub-experiences, than do manufactured goods. By “sub-experience,” we mean a specific experience within the customer’s overall interaction with an organization. For example, a rude waiter or a delectable meal would be sub-experiences in one evening’s dinner at a particular restaurant. Customers consciously and unconsciously filter such experience clues and organize them into a set of impressions, some more rational or calculative and others more emotional. Some clues are more important than others in influencing customers’ overall perceptions of the experience.

Purchasing services means no shoes to try on, no fruit to inspect, no chairs to compare. The primary source of value for a service customer is the performance. When customers buy services, they do not assume ownership or

possession. They buy airline transportation, car rental, hotel, restaurant, and other services during a trip, but they bring little if anything tangible home with them as a result of these purchases.

Purchasers of goods usually don’t visit the factory where the goods are made. Conversely, purchasers of services requiring the customer’s presence – called inseparable services – typically visit the place where services are created and interact with the people performing the service, such as hair stylists, salespeople, and dentists.<sup>1</sup> Contrast the narrow experience a consumer has in experiencing a wrist watch or a banana or a fax machine versus the broad, multi-faceted experience a consumer has during an airline trip. The airline trip puts the traveler in at least three service “factories:” the departure airport, the airplane, and the arrival airport. Within each of these factories, the traveler experiences facilities, equipment, amenities, various service providers, and other customers. The airline trip involves a complex set of sub-experiences over a period of hours, with many opportunities for the traveler to be pleased, disappointed, frustrated, or infuriated.<sup>2</sup> In short, an airline trip involves a torrent of service experience clues and these clues need to be managed.

The purposes of this article are to explore and develop the concept of clue management for service organizations, to suggest the specific roles that different types of clues play in creating the total experience, and to argue that managers need to add the critical responsibility of “clue manager” to their job descriptions. For brevity, we typically use the terms “clue” or “experience clue” in referring to service experience clues.

## Three Types of Clues

Clues tell a service story in the most powerful of ways, and it is better to tell a consistent, cohesive, compelling story than an inconsistent, disjointed, uninteresting one. Successful organizations noted for excellent service, such

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as Starbucks, Mayo Clinic, Federal Express, and Target, tell their stories well through purposeful, systematic clue management.

Clues generally fall into three main categories:<sup>3</sup>

- *Functional* clues concern the technical quality of the offering. Functional clues are the “what” of the service experience, revealing the reliability and competence of the service. Anything that indicates or suggests the technical quality of the service – its presence or absence – is a functional clue. Does the key issued at the front desk open the hotel room door? Does the television set work? Was the wake-up call made as promised? Is the room service order correct?
- *Mechanic* clues come from things and include sights, smells, sounds, tastes, and textures. Whereas functional clues concern the reliability of the service, mechanic clues concern the sensory presentation of the service. The wide aisles, signature red color scheme, and numerous check-out counters serve as mechanic clues in Target stores.
- *Humanic* clues come from the behavior and appearance of service providers – choice of words, tone of voice, level of enthusiasm, body language, neatness, and appropriate dress. Southwest Airlines’ flight attendants’ typically friendly manner as they interact with passengers on a flight and their distinctive polo shirt and khaki slacks uniform illustrate humanic clues. Humanic and mechanic clues are the “how” of the service experience, revealing much about an organization’s commitment to understanding and satisfying customers’ needs and wants.

The distinction among functional, mechanic, and humanic clues can be subtle. For example, a retail salesperson who answers a customer’s question about when an out-of-stock item will be available is producing both functional and humanic clues. The accuracy of the information is a functional clue. The salesperson’s choice of words and body language are humanic clues. One salesperson may answer the question disinterestedly, and another may answer enthusiastically. A customer’s emotional

response to the differing humanic clues is likely to be quite different even if the information is accurate in both cases.

Subtleties aside, managers that wish to improve their customers’ service experience must effectively manage the clues that comprise the experience. The different clues play different roles and can vary in importance, as we shall see. However, it is a rare company that can deliver truly excellent service and be sub-par in any of the clue categories: functional, mechanic, and humanic.

### **Conceptual Basis for Experience Clues**

Clues create the service experience by influencing customers’ thoughts, feelings and behavior. The important influence of affect or feelings is well documented in behavioral sciences research. This research shows that affect or

mood influences how people think and act.<sup>4</sup> Research shows, for example, that positive mood seems to help people recall positive material from memory. This is because when people are in a particular feeling state, they try to maintain that state. Consequently, memories that are congruent with that feeling are more accessible and more likely to come to mind.<sup>5</sup> This pattern does not hold for negative moods, however. It is thought that people try to improve a negative mood by avoiding recall of negative memories.<sup>6</sup> Mood also influences people’s evaluations. For example, one study found that cartoons were rated as funnier by subjects who were smiling than subjects who were frowning.<sup>7</sup>

Mood or affective states also influence the information processing strategy individuals are likely to adopt. People in a good mood are more likely to use quicker mental short-cuts in decision making whereas people in a sad mood are more likely to use a thorough decision-making strategy.<sup>8</sup> Research shows that we use our moods as a source of information. Evaluative judgments involve people implicitly asking themselves, “How do I feel about this?”<sup>9</sup> Positive moods increase the likelihood of many positive behaviors. Positive moods seem to make someone more helpful and may also promote cooperative behavior in conflict

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resolution situations.<sup>10</sup> For example, a study of dyadic negotiations found that positive mood subjects were less likely to display hostility or break off negotiations and more likely to see the point of view of others and adopt a problem-solving approach to the negotiations.<sup>11</sup> Customers' moods may have particular impact on how they think and act in service encounters because of the interpersonal nature of these encounters.<sup>12</sup> Thus, it seems critical that firms seek to manage experience clues in ways that positively influence customers' mood.

One opportunity to do this is with the tangible elements of the service experience – mechanic clues. Environmental psychology and marketing research confirm the influence of mechanic clues on customers. At its foundation, environmental psychology draws from the stimulus-organism-

response (SOR) paradigm in psychology.<sup>13</sup> In an environmental psychology context, the physical environment or stimulus (S) (i.e., mechanic clues) causes an evaluation by a person or organism (O), which results in a response (R).<sup>14</sup> Consequently, environmental psychologists have examined the physical environment's influence on people's thoughts, feelings, and behaviors, and they have found the three to be complex and interrelated. In a widely studied model, Mehrabian and Russell proposed that the three basic emotional states of pleasure, arousal and dominance or control mediate behavior in an environment. Pleasure refers to the degree to which a person feels good, happy, or satisfied in the situation; arousal refers to the degree to which a person feels excited or stimulated; and dominance refers to the extent to which the individual feels in control of the situation. These emotions are associated with behavioral responses, which are categorized as either approach or avoidance behaviors. Approach behaviors are positive behaviors directed at a particular place, such as a desire to stay, explore or affiliate. Avoidance behaviors reflect the opposite. Thus, the environment can trigger feelings that either encourage someone to stay in an environment or to leave it.<sup>15</sup>

Research in marketing confirms the influence of the environment on customers. Donovan and

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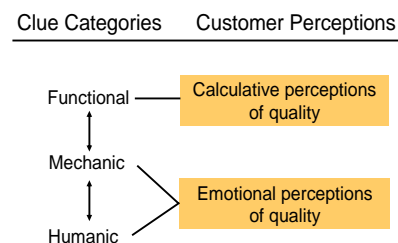
*“The best service companies manage the emotional components of the customer service experience with as much rigor as they bring to the functional components.”*

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Rossiter, for example, tested the Mehrabian-Russell model in a retail setting and found that the pleasure and arousal dimensions of the model are strong predictors of in-store behavioral intentions, such as lingering in the store or purchase. In this study, pleasure was a determinant of desire to stay and explore in the store, while arousal was also found to increase customer time spent in the store as well as willingness to interact with sales associates.<sup>16</sup> Researchers in marketing have also focused on the effects of specific ambient factors or clues, such as lighting, music, or scent. For example, in studies of the effects of music in retail and restaurant environments, Milliman found that slow music tempo encouraged restaurant customers to stay at their tables longer and spend more and also encouraged grocery shoppers to spend more.<sup>17</sup>

### Clues Play Different Roles

Functional, mechanic, and humanic clues play specific roles in creating the customer's service experience. As Figure 1 shows, functional clues primarily influence customers' cognitive or calculative perceptions of service quality. Mechanic and humanic clues primarily influence customers' emotional or affective perceptions. The takeaway in Figure 1 for managers is that technical competence in service performance is not enough if they aspire to build a reputation for superior service and build preference for their company. How the service is performed is important to customers, too, because it influences the emotional perceptions of quality.



**FIGURE 1**  
**Clue Influences on Customer Perceptions**

The best service companies manage the emotional components of the customer service experience with as much rigor as they bring to

the functional components. Firms compete best when they combine functional and emotional benefits in their market offer. Starbucks, for example, has effectively taken the traditionally commoditized offering of serving coffee to the level of an orchestrated experience that creates feelings of connectedness and balance. Starbucks not only serves high-quality coffee in numerous varieties, it leverages its product quality with strong mechanics and humanics. The outlets maintain adequate space between tables to deliver the value proposition of a respite and a place for private conversation. Starbucks uses round tables because, psychologically, a customer can be alone at a round table without feeling isolated or uncomfortable.<sup>18</sup> The firm goes to unusual lengths to attract and retain high-caliber employees, including offering full health benefits and stock options for every employee who works more than 20 hours a week.<sup>19</sup>

The clue categories or clusters of sub-experiences are synergistic rather than additive; when properly melded, the total customer experience is greater than the parts. The different roles the three clue categories play warrant a closer look.

### **Functional Clues – Meeting Customer Expectations**

Functional clues support the core of any service because they address the problem that brings the customer to the market. Customers buy solutions – an accurate, on-time tax return, correct diagnosis and treatment of their back pain – that depend on functionality. Nothing trumps performing the service right the first time. In an award-winning study on why customers leave one service supplier for another, Keaveney found that 44 percent of the sample switched (in part or solely) because of a core service failure, e.g., a service mistake or billing error. Core service failure was the most frequently mentioned reason for switching.<sup>20</sup>

In a series of service quality studies across 13 different services, customers rated reliability as the most important dimension in meeting their expectations in every case. The researchers defined reliability as “the ability to perform the promised service dependably and accurately.”<sup>21</sup> This research stream consistently showed that companies received the most favorable service quality scores from customers reporting no

recent service problems with them, the next best set of scores from customers who had a problem that was resolved satisfactorily, and, by far, the worst scores from customers who had a problem that was not resolved satisfactorily.<sup>22</sup>

Knowing what functional clues will comprise the evaluation of the core service and managing them well is fundamental to meeting customers' service expectations. Hampton Inn paved its way into the upscale discount segment of the motel market with an innovative unconditional service guarantee. If the guest encounters a service failure during the visit – a plumbing, air conditioning, or noise problem, for example – and the problem cannot be rectified to the guest's satisfaction, the night's stay is free. It was and is a powerful value proposition signifying the company's confidence in its core service and its willingness to stand behind the service. Research revealed that 84 percent of the guests who had a problem and invoked the guarantee indicated they would definitely return to Hampton Inn. Only 32 percent of guests who had a problem but did not invoke the guarantee planned to return. The company's chief financial officer has concluded that Hampton Inn makes \$7 for every \$1 of payout.<sup>23</sup>

The Hampton Inn case is instructive because it illustrates that the clue management starting point for any company is to build and preserve the customer's *confidence* in its *competence*. A customer's confidence in the core service is the foundation for competing in any market. After all, how many customers will be interested in buying a service they consider unreliable if they have a choice? Hampton Inn's service guarantee is a strong functional clue that encourages customers dissatisfied with any aspect of the service to complain. Valid customer complaints provide especially valuable feedback because they give the firm the opportunity to recover some or all of the customer's confidence in the service while revealing to management where the service system is breaking down.

As important as strong functional clues are to competing effectively, they alone are insufficient because functionality usually does not exceed customers' service expectations. Customers generally expect service companies to know their business and to keep their core service promises. Thus, customers are unlikely to be surprised when the service is performed

competently. Exceeding customers' service expectations requires exceeding their basic expectations. An accurate bank statement and hot water in the hotel's shower do not evoke surprise. They do not make customers say, "Wow, this is a great experience." The other two clue categories pack much more emotional punch in differentiating one company's service from another's.

### **Mechanic Clues – Influencing First Impressions, Expectations, and Service Perceptions**

Mechanic clues come from inanimate objects and offer a physical representation of the intangible service. The customer who is considering retaining an attorney cannot directly see the attorney's competence but can see mechanic clues such as diplomas and awards hanging on the office wall. These and other mechanic clues can serve as influential surrogate evidence reassuring the customer that the attorney is a good one.

A reality of services consumption is that customers buy the service before they fully experience it. A potentially important role of mechanic clues is to make a positive first impression that will influence customers' choice of service supplier.

Customers usually experience mechanic clues to some degree before experiencing the other types of clues and even before making a purchase decision, such as selecting a restaurant after peering in the windows and seeing tablecloths on the tables.

Facility design, equipment, furnishings, displays, signs, colors, textures, sounds, and lighting, among other sensory clues, paint a visual picture of the service, communicating to customers without a single word being spoken. This idea of mechanic clues painting a service picture is consistent with the work of Zaltman, who suggests that metaphor, or representation of one thing in terms of another, is fundamental to thought. His research method, Zaltman Metaphor Elicitation Technique or ZMET<sup>®</sup>, is designed to reveal mental models that drive customer thought and behavior and has been

used to provide richer data than traditional marketing research techniques. Zaltman argues that traditional techniques focus mostly on the rational side of decision making. He suggests that emotions are interrelated with reasoning processes so the two systems jointly impact behavior. Thus, studying thought alone does not provide a complete picture of consumer decision making. Consequently, ZMET<sup>®</sup> uses metaphor to capture both thoughts and feelings. In this research technique, subjects collect pictures that represent their thoughts and feelings on a research topic (i.e., the pictures are a visual metaphor). They are then interviewed to make sure important ideas are not missed. The ZMET<sup>®</sup> technique considers metaphor to be a basis of thought, and the model is based on a number of premises: most communication is non-verbal; thoughts occur as images; thoughts and feelings co-mingle; our senses provide important metaphors.<sup>24</sup> Mechanic clues can be a powerful source of sensory images helping customers visualize the service.

Part of the first impressions role that mechanic clues play is their influence on customers' service expectations. Customers' perceptions of service quality are subjective evaluations of a service experience compared to their

expectations for the service. Along with price level, mechanic clues function as implicit service promises suggesting to customers what the service should be like. Customers will expect a more distinctive experience with a higher level of personal attention at an upscale specialty store like Neiman Marcus than at a discount retailer like Wal-Mart. Sharma and Stafford<sup>25</sup> have found that environment-based perceptions of a retail store can influence customer beliefs about the people

who work there and that nicer environments are generally associated with more credible service providers. Mechanic clues provide customers with information about what they can expect during a service performance.

The design of mechanic clues should fit and support the company's market strategy. It clearly is not a good idea to create a physical environment for the service that implicitly promises a quality level that cannot be

consistently delivered. On the other hand, the right kind of mechanic clues help a company attract the type of customer it seeks. Neiman Marcus' elegant store facilities, furnishings, and displays beckon consumers who desire fashionable merchandise and attentive, knowledgeable personal service.

Mechanic clues directly influence customers' service perceptions because these clues are part of the experience. Uncomfortable seats in a movie theater, offensive signs in a retail store (e.g., "break it and you've bought it"), and tables too close together in a restaurant directly detract from the experience. Mechanic clues are especially important for services in which customers experience the facilities for an extended time period, such as airplanes, hotels, and hospitals. Consider, for example, hospital noise. Hospital noise is a pervasive stressor for patients who are already under stress and in need of rest. Noise sources are numerous (alarms, overhead pages, hallway conversations) and loud (use or movement of medical equipment, staff shift changes). Patients in multiple-occupancy rooms experience the added noises of roommates and their visitors and caregivers.<sup>26</sup> Nurses in Mayo Clinic's Saint Mary's Hospital in Rochester, Minnesota used a noise dosimeter to record decibel levels in their unit during several night shifts. The findings called for swift remedial action. For instance, the 98 decibels recorded for a portable x-ray machine is as loud as a motorcycle. Among the changes instituted were padding medical chart holders located outside patient rooms, modifying bedside cardiac monitors so the alarms could be set at a lower level, performing routine x-rays earlier in the evening, dimming the lights in the nursing units during sleeping hours to encourage a quieter mood in the units, and eliminating overhead paging from 9 p.m. to 7 a.m. Post-intervention noise measurement showed decibel level declines.<sup>27</sup>

Just as mechanic clues can help create a more restful hospital experience, so can they help create a more inviting bookstore experience. In 1971, a 30-year-old entrepreneur named Len Riggio acquired a floundering New York City bookstore called Barnes & Noble and through the years built a highly successful company. Barnes & Noble has become the world's largest bookseller with fiscal year 2004 sales of nearly \$5 billion. Barnes & Noble was ranked the

number one retail brand for quality in America for the years 2001 through 2004 by the Harris Interactive poll.<sup>28</sup> Masterful orchestration of mechanic clues is a key element in the company's success. Riggio wanted to extend the book market to include a wide spectrum of potential readers and to accomplish this he needed stores that would make people feel welcome and comfortable. He had research that established a correlation between sales and the amount of time customers spent in a bookstore.

Riggio's concept of the business led to the creation of spacious stores with big easy chairs where customers could relax with a book. He included Starbucks coffee bars in the stores so visitors could enjoy a cup of coffee with their book (or perhaps come to the store for coffee and wind up buying a book). The introduction of a coffee drinking establishment into the bookstore served as a cluster of clues that further established the invitation to customers to "stay awhile." Riggio considers his best decision to be including easy-to-find public restrooms in the stores. As he once remarked in a speech: "You work so hard and invest so much to get people to visit your store, why would you want them to have to leave?" With its bold concept of customer-friendly public space, a Barnes & Noble superstore is a place for consumers to spend time rather than save time. Busy consumers who rush in and out of other stores linger in Barnes & Noble. The Barnes & Noble store is heavily laden with clues – the spaciousness, the easy chairs, the coffee bar, the convenient restrooms -- that transformed the common bookstore experience of "stack 'em and sell 'em" to an inviting "library" setting that encourages browsing and belonging.

### **Humanic Clues – Exceeding Customer Expectations**

Humanic clues created by employees are most salient for labor-intensive, interactive services. The more important, personal, and enduring the customer-provider interaction, the more pronounced and emotional humanic effects are likely to be. Human interaction in the service experience offers the chance to cultivate emotional connectivity that can extend respect and esteem to customers and, in so doing, exceed their expectations, strengthen their trust, and deepen their loyalty.

Just as labor intensity can produce undesirable variability in a service because of human differences that manifest (especially without the benefit of machines), so can it produce desirable variability when a service provider performs with uncommon kindness, caring, or resourcefulness. Customer perception of employee effort in delivering service has an especially strong impact on service satisfaction and loyalty.<sup>29</sup>

As discussed, functional clues are usually most important in *meeting* customers' service expectations because functionality offers the core solution customers buy. Conversely, humanic clues are typically most important in *exceeding* customers' expectations for labor-intensive, interactive services because treatment of the customer is central to these service experiences and superb treatment can evoke pleasant surprise. Exceeding customers' expectations, by definition, requires the element of pleasant surprise and the best opportunity for surprising customers is when service providers and customers interact.<sup>30</sup> Human interaction affords the best opportunity to demonstrate to customers a commitment to serving.

Excellent mechanic clues rarely can overcome poor humanic clues. The clues that people emit have greater impact on how customers feel about themselves and therefore have a definitive impact on how they feel about an experience. Consider that mechanic clues are extremely important to hospital patients because they stay in these facilities for an extended time under difficult circumstances. Even so, humanic clues outweigh mechanic clues for patients. Table 1 presents hospital patient satisfaction data collected by research firm Press Ganey Associates in 2004. The data clearly show that humanic clues are most highly correlated with patients' likelihood of recommending a hospital.

To examine the combined effects of mechanic and humanic clues on customers' service quality perceptions, Wall<sup>31</sup> conducted a video experiment in a casual dining restaurant chain. Four videotapes were filmed in two of the chain's restaurants; one location was a new prototype environment rated very positively by customers (positive mechanic clues), and the other was the oldest and most negatively rated format in the chain (negative mechanic clues). Two different service scenarios were shot at each location: one portraying positive service behaviors and the other portraying negative

service behaviors. The script for the positive service behavior scenario represented ideal service behaviors, such as greeting customers promptly, seating them at clean tables, and frequently checking on customers throughout the dining experience. The negative script represented a realistic departure from the chain's service standards, such as ignoring customers as they enter the restaurant, poor product knowledge, and inattention to customers while dining.

The 181 respondents, representing a sample of the adult dining population, were assigned to one of the four video treatments: positive

**Table 1**  
**2004 National Inpatient Priority Index**

| <i>Ten Issues Most Highly Correlated with Likelihood of Recommending the Hospital</i>     | <b>Priority Rank</b> |
|-------------------------------------------------------------------------------------------|----------------------|
| Response to concerns/complaints made during your stay                                     | 1                    |
| Staff sensitivity to the inconvenience that health problems and hospitalization can cause | 2                    |
| Degree to which hospital staff addressed your emotional/spiritual needs                   | 2                    |
| Staff effort to include you in decisions about your treatment                             | 2                    |
| How well the nurses kept you informed                                                     | 5                    |
| Promptness in responding to the call button                                               | 6                    |
| Room cleanliness                                                                          | 7                    |
| Waiting time for tests or treatments                                                      | 7                    |
| Accommodations and comfort for visitors                                                   | 9                    |
| Pleasantness of room décor                                                                | 10                   |
| <i>N = 1,506 hospitals and 2,170,004 patients treated in 2004</i>                         |                      |
| <i>Source: Press Ganey Associates</i>                                                     |                      |

mechanic clues/positive humanic clues; negative mechanic clues/positive humanic clues; positive

mechanic clues/negative humanic clues; or negative mechanic clues/negative humanic clues. They watched their assigned video and filled out a survey to indicate their impressions of overall service quality. Mean ratings of service quality on a 7-point scale were highest in the positive mechanic clues/positive humanic clues condition (6.47), followed by the negative mechanic clues/positive humanic clues condition (5.98). Perceptions of service quality were lowest in the positive mechanic clues/negative humanic clues condition (1.58), and slightly higher in the negative mechanic clues/negative humanic clues condition (1.98). The study confirms that while mechanic clues are an important source of information for the customer of the restaurant service studied, humanic clues dominate mechanic clues in influencing service quality perceptions.

Berry and Lampo<sup>32</sup> studied the differences between high-preference and low-preference service brands in a multi-phase consumer study. In the initial phase, they asked 60 consumers in personal interviews to select a service brand they hold in high regard and would recommend to a friend and a service brand they do not hold in high regard and would not recommend. Respondents offered detailed information about their choices, including listing all the descriptive words, thoughts, characteristics, symbols, or images (known as brand associations) for their high- and low-preference brands. Respondents then picked the single most important association in influencing their opinion of the brands. Employee behavior was, by far, most influential in respondents' brand perceptions. Eighty-two percent of the 60 most influential associations cited for high-preference brands concerned employee behavior; for low-preference brands the statistic was 90 percent. Later research stages using different methods and larger samples confirmed the pre-eminent influence of employee behavior. The following quote from one respondent illustrates why good mechanic clues generally do not overcome bad humanic clues:

This grocery store is brand new and it looks like they spared no cost in the building. In fact, it looks more like a department store than a grocery store. But no matter how nice it looks or how nice the facilities are inside, I will never shop there again. The employees there are just rude and lazy. They act like it is a chore just to check out my groceries or answer my questions. I would much rather go to my old grocery store.

It may not look as good but the people there are nice.<sup>33</sup>

Positive humanic clues make The Container Store one of America's most successful retail chains. Its knowledgeable, service-minded employees enjoy helping customers solve real problems. The retailer sells storage and organization products – boxes, bottles, trays, racks, shelving systems, hangers, garment bags, desk organizers, baskets, buckets, and much more. The company seeks to save people time, space, and stress. Neatniks love the store because it celebrates the rightness of their lifestyles. Customers whose closets, kitchens, offices, and garages are in disarray love the store, too, because it gives them hope.

Customers love the savvy, energized employees who sell solutions, not just products. Employees are carefully selected, well-trained, steeped in the company's values and mission, and paid about double the retail industry average. Store employee turnover is between 10 and 15 percent, a remarkably low figure for retailing. The company, which averages double-digit annual sales growth and is the market leader, was ranked as the best firm to work for in America two years in a row (1999 and 2000) by *Fortune* magazine.

The Container Store excels in functional and mechanic clues but has differentiated itself primarily through its humanic clues. As CEO Kip Tindell explains: "We have to attract and keep the best people because we sell the hard stuff. Anyone can be an order taker. But we sell products like absolutely leakproof travel bottles that are more expensive than ordinary bottles. It's a joy to sell this type of product, but it requires excellent people to do it."<sup>34</sup>

The following case study describes how a financial services industry supplier worked with client institutions to improve service experience clues in their branches.

### **Banking on Clues: A Case Study**

Major technological advances are transforming the way Americans obtain financial services. Check writing, for example, is steadily giving way to alternative forms of payment as telephone and online banking and debit and credit cards continue to evolve and become more prominent in consumers' lives.

Although checks remain the dominant form of non-cash payment, their proportion of the total payments market has declined considerably over the last 20 years and will continue to do so as consumers, businesses, and financial institutions maintain multiple payment methods for the foreseeable future.<sup>35</sup> Faced with this reality, Deluxe Corporation's Financial Services Division, which is the largest provider of checks in the United States, launched a strategy to enhance its customer experience value for banks by helping banks better serve their own customers. Deluxe sought to help banks develop a deeper understanding of managing customer experiences and, as a result, reinforce its own relationship with the banks leading to greater loyalty in buying checks and other products and services. As part of this strategy, the company established the Deluxe Knowledge Exchange Collaborative, which was designed to help their financial institution clients network and share knowledge for overcoming common customer business challenges.

The Collaborative comprised a group of 11 professionals from national and community banks and credit unions from across the country. Their mission was to employ state-of-the-art experience management strategies for improving business results and establishing compelling customer experiences. The group initially assessed their customer service challenge based on consumer research indicating that a financial institution's newest customers are also the most vulnerable. The first 90 days of a customer's experience is pivotal in shaping the relationship with the institution; the customer's initial contact impacts churn, cross sell, profitability, and other critical measures.

A ZMET<sup>®</sup> study provided insights into customers' emotional needs with a financial institution. The research revealed that customers desired a relationship and the banks focused on what they could sell. New customers want flexibility, personal attention, and advice from their financial institution as they begin building a

relationship. In contrast, financial institutions generally view the customer relationship as functional and transactional, with an emphasis on efficiency.

Working with the Collaborative support staff at Deluxe, along with Minneapolis-based Experience Engineering, Inc. and business thought leaders, Collaborative members developed and tested a series of customer experience clues to facilitate personal connections between branch employees and customers. A proprietary three-word "experience motif" was developed to express the emotions customers unconsciously seek in their initial experience with a financial institution. The motif was the basis used to design, evaluate, and manage specific experience clues. The purpose of the clues was to engender feelings resulting in commitment to and preference for a particular bank.

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The chosen humanic, mechanic, and functional clues were implemented in a test cell of branches and compared to a set of control branches. The core clues of the "First 90-Day Experience Design" required staff to perform various humanic roles to elicit customers' feelings of deep commitment to the institution.

Individual staff members' performances during the first few minutes of a customer's interaction with the bank have a significant impact on how the customer feels. These early impressions are lasting, and the service provider who immediately puts "the face on the bank" plays a critical role in creating them.

In the Deluxe study, the key humanic roles were characterized as welcoming, comforting, accompanying, inviting, sensing, and conversing. Personnel in the pilot locations were educated and trained to incorporate these key characteristics in their interactions with customers. They concentrated on communication techniques such as demonstrating genuine interest and focused listening. For example, when a customer opens a new account, the provider performing as a "guide/navigator" can positively influence the customer's feelings. In performing this role,

employees can make customers feel valued, looked after, and familiar with the institution. The following clues were among those embedded in the test branches:

- **“Just Like Home”** (humanic clue) — the receptionist acknowledges each person who walks in and, if possible, greets everyone by name. The receptionist’s awareness should be as keen as when someone enters an individual’s home. This clue signals that employees are focused on customers and not bank processes.
- **“Stand Up”** (humanic clue) — the employee stands up and acknowledges a customer coming to the desk. Standing up conveys respect that enhances feelings of being welcomed, and it also forces the employee to shift attention from other tasks to a central focus on the customer.
- **“The Approach”** (humanic clue) — the employee physically moves forward to greet the customer rather than waiting for the customer to arrive. This action creates a sense of meeting the customer “half way,” helping the customer feel more important, more engaged, and central to the experience.
- **“120-Second Self-Portrait”** (humanic clue) — the employee devotes at least the first 120 seconds of the interaction to learning about the individual by evoking the customer’s story (“tell me about yourself”). This establishes a sense of who the customer is. Intensely listening to the customer during this “self-portrait” helps the employee sense and respond to customers’ needs and desires.
- **“Desk Connectors”** (mechanic clue) — the employee places three elements on the desk to help convey personal information, e.g., a family photo, a skiing picture. Portraying specific aspects of the banker’s life and interests presents opportunities to create a personal connection with a new customer, provides an opening for dialogue, and conveys a better sense of the individual employee.
- **“Engagement Map”** (mechanic clue) — the employee uses a simple, clear map or illustration to depict the process of opening

an account, including anticipated documents, wait times, events, and processes. The map orients customers so they don’t feel lost or surprised by any aspect of the experience, and it also helps set realistic customer expectations.

- **“The Flip”** (humanic clue) — the employee presents the client as the honored guest, the “one to meet.” For example, “Mike, I’d like to introduce you to Jim Smith who has just opened a new account with us” as opposed to “Jim, I’d like to introduce you to our branch manager, Mike Johnson.” This dialogue flips the focus from banker to customer, elevating the customer’s status.

According to Deluxe, the tactical use of specific experience clues boosted customer satisfaction, customer loyalty, and employee engagement

between 10 and 30 percent in the participating branches. Collaborative members reported an increased number of customers who indicated they were “completely satisfied,” more likely to continue to do business with the financial institution, or “extremely likely” to recommend their financial institution to a friend. In addition, participating financial institutions improved their share of wallet, adding at

least one service sold per household. Also, the test branches garnered stronger employee engagement with a 23 percent improvement in how employees felt about their role within the organization and their organization’s business strategy.”<sup>36</sup>

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*“Customers always have a service experience when they interact with an organization... it is full of messages that impact how customers feel and tell a story about the service and the company.”*

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### Discussion

Customers always have a service experience when they interact with an organization. They may interact in person, over the telephone, through the Internet, or through other means, but they will always have an experience. The experience, which is actually a series of discrete sub-experiences, is full of messages that impact how customers feel and tell a story about the service and the company. Is the service provider competent? Is this a good company? Does it really care about customers and their well-being?

These messages come from multiple clues customers perceive when considering whether to buy a service and while evaluating it during and after use. Clues and the service story they communicate to customers are inherent in the customer service experience. The overriding implication for virtually all managers is whether their company's clues are creating the right kind of customer feelings and telling the right kind of story.

We use the phrase "virtually all managers" to convey the inclusive importance of managing service experience clues. Services dominate the U.S. economy, contributing about 75 percent of the GDP<sup>37</sup> and accounting for approximately four out of every five workers.<sup>38</sup> A revealing business school classroom exercise would be to ask the students to name even one company or industry that need not be concerned with clue management.

One goal of this article is to introduce a different way of thinking about customers' service experiences

with organizations. It is common for executives to refer to the need to improve service or to improve the customers' experience. This article offers a language and framework for understanding what "customer experience" actually means and for specifying what needs to be improved.

Another goal is to show how each clue category plays different roles in creating a service experience for customers. Functionality is essential because it is central to the core service solution customers are buying. Without functionality there is no solution. Therefore, carefully managing clues that accentuate or reinforce functionality is important. While mechanic clues can spark customer interest, stimulate trial, influence expectations, and, for certain services, offer core benefits, humanic clues present the best opportunity to exceed customers' expectations for labor-intensive, interactive services because they offer the best opportunity for pleasant surprise. Human interaction in the service experience offers the

chance to deepen customers' emotional connection to the firm and/or service provider. It is the systematic and careful orchestration of all the various clues to support the firm's market strategy that is critical.

A fascinating example of the potential of service experience clue management and the importance of clue integration comes from the Westin hotel chain. Westin has gained positive brand differentiation, strengthened customer loyalty, and created a new revenue stream by refocusing attention and investment on the comfort and appeal of the sleeping room. The sleeping room offers a cluster of sub-experiences, among them the comfort and

appearance of the bed. In 1999, Westin introduced its exclusive "Heavenly Bed" – a custom-designed, pillow-top mattress with high thread-count linens, a down comforter, and dust ruffle – all in white so guests can tell that the bed is clean. This combination of clues has made the bed a distinctive, memorable experience for many guests. In this case, the melding of functional clues (the bed's comfort) and mechanic clues (the bed's appearance) create the pleasant surprise more commonly associated with humanic clues.

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*"Westin has gained positive brand differentiation, strengthened customer loyalty, and created a new revenue stream by refocusing attention and investment on the comfort and appeal of the sleeping room."*

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The "Heavenly Bed" has proved so popular that Westin sold more than 3,500 beds for home use through its web site in the first five years.<sup>39</sup> In 2005, Westin also began selling the bed and related products through Nordstrom stores. Westin extended the branding to the bathroom with the "Heavenly Shower" that has mechanic clues like a curved curtain rod (to prevent shower curtain "cling") and a dual showerhead.<sup>40</sup> Westin's success in customer experience management has prompted a number of other hotel chains, including Sheraton, Radisson, and Hyatt, to invest in upgrading the clue clusters around their core service (sleeping and showering) sub-experiences.

A hotel bed and bathroom are core elements in the broader customer experience. Perhaps most instructive for managers in this example is how Westin invested in demonstrably improving core parts of the service experience and used the "Heavenly" brand to give the new clues a distinctive identity. Westin didn't just improve functionality and presentation, but did so in an

integrated way and trumpeted the result. The “Heavenly” strategy has helped improve Westin’s overall image or as one Westin executive put it “. . . created a halo effect on the entire Westin guest experience.”<sup>41</sup> Westin was ranked highest in guest satisfaction for upscale hotel chains in the 2004 J.D. Power and Associates North America Hotel Guest Satisfaction Study.<sup>42</sup>

Effective clue management is good for companies like Westin, but is it good for society? We would contend strongly that it is. Managing service experience clues derives from marketing’s true purpose which is “. . . to improve people’s quality of life, where quality of life is measured as the percent of time a person spends in a state of well-being.”<sup>43</sup> Improving customers’ experiences with organizations, the essence of experience clue management, improves the quality of customers’ lives.

A concern one might have about clue management is that it can be used cleverly to diminish the effects of poor technical quality. For example, research on medical malpractice consistently shows that doctors who communicate effectively and provide emotional support to patients and/or families following a bad medical outcome are less likely to be sued.<sup>44</sup> These findings can be construed as evidence that good humanic clue management facilitates poor technical quality by lowering the probability of a lawsuit. We would disagree with this conclusion for doctors or any other service provider. As we write earlier in the article, “Nothing trumps performing the service right the first time.” A technically skilled and careful physician with excellent humanics is less likely to be sued than an incompetent or careless physician with excellent humanics.

So, how does an organization begin integrating the systematic management of clues into its business? The challenge often faced by management is just how to get started and structure their efforts so they can optimize the value their service experiences create for customers. How does an organization carefully and systematically understand, design, develop, and manage experience clues that engage customers? The answers are straightforward

but the competencies to achieve the objective require focus, attention and perseverance. Organizations don’t develop the competencies overnight.

Fundamental to any effort is understanding the experience from the customer’s perspective . . . that is, seeing what the customer sees, hearing what the customer hears, touching what the customer touches, smelling what the customer smells, tasting what the customer tastes and, above all, feeling what the customer feels.

Organizations need to work to become more

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*“Organizations need to work to become more clue conscious and understand the level of subtle details that are processed in customers’ conscious and unconscious thoughts impacting how they feel in an experience.”*

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clue conscious and understand the level of subtle details that are processed in customers’ conscious and unconscious thoughts impacting how they feel in an experience. Understanding what customers sense in an experience either by its presence or absence is foundational.

Beyond understanding what customers sense from the existing experience and the

feelings and stories that experience creates, the organization must also invest in learning what customers *want* to feel in the experience, what will engage them cognitively and emotionally in a manner that creates strong preference and loyalty. Understanding the prevailing customer experience and what it needs to become requires a significant commitment to research. Companies embracing a clue management approach typically begin with a “customer experience audit” with the goal of thoroughly analyzing the current customer experience and revealing customers’ emotional responses to specific clues. Videotape and digital photography may be used to document actual customer experiences. Managers might accompany customers through a service experience and ask them to comment on what they like and dislike. Employees might experience the service as a customer would, make notes on their experience, and convene to discuss their findings. In-depth interviews may be held with customers and employees to reveal their feelings about different aspects of an experience. The ZMET<sup>®</sup> method discussed earlier might be used.

The results of an experience audit and consideration of a firm’s overall market strategy

form the basis for the creation of an “experience motif.” The experience motif is ideally a three-word expression of the customers’ desired feeling in an experience. The use of three words as opposed to more words or a sentence is to keep the expression simple and focused so that it can be an effective tool to use in the assessment, design, development, and management of experience clues. Otherwise, the motif may in effect become more like a conventional mission statement making the interpretation considerably less focused and more diffuse. Consider the case of Doylestown Hospital’s Health and Wellness Center in Warrington, Pennsylvania that developed an experience motif of *understood, strengthened, and renewed*. This motif helps to clearly articulate what patients desire feeling and it offers a concise directive to staff for the design, development, and management of each sub-experience to support people feeling understood, strengthened, and renewed. Compared to a mission statement such as “The Center will provide a world-class healthcare experience that provides for the health and well-being of the community,” Doylestown’s motif is far more actionable and focused.

The motif becomes the North Star -- the foundation for integrating and reconciling all elements of the experience. It is the unifying element for every clue in an experience. It becomes the filter that facilitates alignment of what would otherwise be a collection of random clues into a well thought-out, purposefully designed set of clues orchestrated to create certain feelings and tell a certain story.

Although some organizations have had success structuring a “customer experience office” or appointing a “chief experience officer,” others have been less successful. Organizations that have remained structurally the same but have adopted a rigorous and systematic approach to the management of experience clues have had mixed results as well. When customer experience management efforts flounder, the missing link is commonly senior leadership commitment. Genuine commitment at the top of the organization is essential because customer experience management is cultural and not just a function of research and infrastructure. Humanic clue strength especially requires committed employees who *want* to serve customers well; it requires leadership. The role of senior management is to provide leadership

by championing the value, investing the resources, and encouraging the organizational perseverance to manage service experience clues systematically and consistently.

**Table 2**  
**Clue Management in the Organization**

| Organizational Level | Role                                              | Action                                                                                                                                                                                                                  |
|----------------------|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Senior Leadership    | Create and Support Imperative for Clue Management | Demonstrate a strong commitment to understanding the role of managing clues and its importance to customers’ preference and loyalty. Establish and stay focused on a mandate for systematic experience clue management. |
| Middle Management    | Understand and Empower Clue Management            | Demonstrate understanding of the role of managing clues and establish it as a high priority. Support the development of clue management proficiency within the organization.                                            |
| Front Line           | Sense and Respond to Clue Management              | Become sensitive to the presence and absence of clues with a bias for action in the management of clues. Be aware of customers’ emotional and functional needs in an experience and respond to customers accordingly.   |

As summarized in Table 2, all levels of the organization play key roles in extracting the most value from managing service experience clues. Middle managers must be clue conscious, incorporating clue language into daily discussion, becoming personally involved in improving the company’s clue presentation, supporting direct reports who are invited to serve on cross-functional clue management project teams, and, in general, empowering, encouraging, and facilitating systematic service clue management. Middle managers must select, orient, teach, encourage, assess, and reward employees who perform the service and provide the clues that play such a dominant role for many services.

Front-line employees are powerful generators of service experience clues and need to be clue conscious as well. It is critical to share with

these employees relevant market research that distills what customers' value in the service experience – their emotional needs, not just their functional needs. To provide the humanic clues that support the company's strategy, service providers need to know their customers, they need to be armed with a customer experience motif that clearly and concisely articulates customers' desired feeling, and they need ongoing training, education, and reinforcement to effectively present the right clues.

Whether managers put it all together – or don't – customers do. They work out the "clue math." They add up the clues and compute intricate conscious and unconscious calculations that influence their purchase decisions and shape their assessment of the service's quality. Service experience clues and the value customers associate with the experience can lead them to loyalty and passionate advocacy – or the opposite.

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## Endnotes

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- <sup>1</sup> Customers of inseparable services do not always go to the service provider's location. Service providers can come to customers as well, for example, a personal trainer who comes to the customer's home gym.
- <sup>2</sup> Berry, L.L., & Lampo, S.S. 2004. Branding Labour-Intensive Services. *Business Strategy Review*, 15(1):18-25.
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- <sup>4</sup> Mood is defined as a subtle, low-intensity, transient background feeling state that influences thought and action. Mood has been used interchangeably with affect in the psychology literature and will be used similarly in this paper. See, for example, Poon, J. M. L. 2001. Mood: A Review of its Antecedents and Consequences. *International Journal of Organizational Theory and Behavior*, 4 (3&4): 357-88.
- <sup>5</sup> Isen, A. M. 1987. Positive Affect, Cognitive Processes, and Social Behavior in *Advances in Experimental Social Psychology*, Berkowitz, L., Ed., Academic Press: New York, vol. 20: 203-53.
- <sup>6</sup> Poon, op.cit.
- <sup>7</sup> Laird, James, 1974. Self-Attribution of Emotion: The Effects of Expressive Behavior on the Quality of Emotional Experience. *Journal of Personality and Social Psychology*, 29 (4): 646-57.
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- <sup>12</sup> Gardner, M. P. 1985. Mood States and Consumer Behavior: A Critical Review. *Journal of Consumer Research*, 12 (December): 281-300.
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- <sup>15</sup> Mehrabian & Russell, op. cit.
- <sup>16</sup> Donovan, R. & Rossiter, J. 1982. Store Atmosphere: An Environmental Psychology Approach. *Journal of Retailing*, 70 (Spring): 34-57.
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- <sup>22</sup> Ibid.
- <sup>23</sup> This information comes from a presentation by John Goodman, president of TARP, a service quality research company. Goodman's presentation entitled "Quantifying the Output of the Voice of the Customer Process to Drive Quality and Six Sigma Project Priorities" was given at the American Society for Quality Service Quality Conference, September 13, 2004 in San Antonio, Texas.
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- <sup>31</sup> Wall, E.A. 2003. *The Dual Impact of the Physical Environment on Service Customers and Employees*. Doctoral Dissertation. Texas A&M University.
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- <sup>33</sup> Ibid:22.
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- <sup>35</sup> 2002. *Retail Payments Research Project: A Snapshot of the U.S. Payments Landscape*. Washington, D.C.: Federal Reserve Board.
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- <sup>37</sup> "U.S. Submits Revised Services Offer to the WTO," Office of the U.S. Trade Representative Press Release. 31 May 2005.

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<sup>38</sup> "The Employment Situation: June 2005," United States Department of Labor, *News Bureau of Labor Statistics*, USDL05-1302, 2005.

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<sup>40</sup> Chittum, R. A Better Sleep, at a Higher Price. *The Wall Street Journal*, 22 November 2004, R9.

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<sup>43</sup> Berry, L.L. & Mirabito, A.M. 2006. Recapturing Marketing's Mission. In *Does Marketing Need Reform?* Sheth, J.N. & Sisodia, R. (eds). Armonk New York: M.E. Sharpe, in press.

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