

CLOSING THE EXPERIENCE GAP

Bridging the gap between brand promise and brand experience

© 2020 Clear Strategy

HOW TO CLOSE THE GAP BETWEEN THE PROMISES YOU MAKE

AND THE EXPERIENCES YOU DELIVER

Brand experience has become an arms race. Closing the Experience Gap details the most effective ways to win.

CONTENTS

03 Introduction
04 Sizing the Experience Gap
06 Why closing the Gap matters
08 Methodology
10 Gap Diagnosis
16 Seven Strategies to Close the Gap
26 Sector deep dive
48 Our call to action
50 About Clear
52 Our Contributors



"IT'S ABOUT WORKING OUT HOW TO BALANCE AND PRIORITISE INVESTMENT RIGHT ACROSS OUR COMMUNICATIONS, ADVERTISING, DIGITAL AND THE PHYSICAL EXPERIENCE...

SIMPLE TO SAY, MUCH HARDER TO DO"

Emma Inston

Global Head of Brand Marketing Communications, E.ON

INTRODUCTION

STANDING OUT.
It cuts both ways. You can be outstanding. Or you can stick out like a sore thumb.

Experience Gaps are, in the main, caused when the desire to be outstanding is greater than a brand's ability to deliver. Yet, to succeed, a brand must be distinctive, differentiated and desirable. Great brands need to demonstrate just enough ambition – in the knowledge that it is this very ambition that has the potential to create a wider, and more commercially damaging, experience gap.

In 2018's Experience Gap study, we proved that these gaps, left to persist, cost brands hundreds of millions of pounds every single year. And we highlighted that it's not enough to be 'good enough' – consumers demand that brands deliver outstanding experiences regardless of sector.

Since 2018, we've been busy working on new techniques and approaches to help brands close the gap. We've identified different types of experience gap. We've unpicked the ways these gaps differ and designed solutions to help brands tackle the factors that contribute to their own, unique Experience Gaps. And we've interviewed more than 30 CMOs, CCOs, CEOs and CX specialists from a variety of brands around the world, to expand our knowledge of the ways in which brands are Closing the Experience Gap.

We've summarised this work in seven key strategies that successful brands are employing to close the gap –

1. Orienting your entire business around a market position that is ambitious but achievable
2. Identifying the aspects of experience which could really matter to your target customer
3. Investing in the experience touchpoints in which you can differentiate and excel
4. Creating a collaborative culture in which brand experience is everyone's responsibility
5. Developing an integrated and continuous tracking and optimisation framework
6. Making lifetime value, not just acquisition, your commercial yardstick
7. Embedding a relentless focus on experience innovation for complex journeys and uncertain outcomes

And, in addition, we've re-assessed the performance of 15 brands who featured in the 2018 study. These case studies demonstrate some of these strategies in action – and highlight how some of the best brands close the gap.

Closing the Experience Gap has only become more important since 2018. As we enter a new decade Clear is committed to continuing the development of thinking in this area – bringing clarity to what to invest in across the customer experience to maximise business returns – and how to make it happen.

2017 - 2018:
SIZING THE EXPERIENCE GAP

In 2017, we spoke with a number of clients who were struggling to find a way of measuring experience effectiveness – defined as "the extent to which the experience of an interaction or series of interactions with a brand matched the promise that brand made in its communications.

Of course, there were excellent studies available that looked at experiences within categories or which focused on excellence at a channel or touchpoint level. But there was no currency or measure that would help to define that 'Experience Gap' and then apply a commercial value to it.

So our challenge was threefold:

1. Establish whether the gap existed.
2. Assess its importance within and across a variety of sectors.
3. Find out how much that gap was costing brands.

To do this, Clear fielded an online survey with 34,000 respondents across four markets, to gather perspectives on brand experience, brand messaging and how well different categories and brands are meeting consumer expectations.

WE ASKED THEM:

- Whether they believed that individual brand experiences delivered on marketing promises
- Whether brands were working hard enough to align the two
- Whether brands were consistent in delivering the experience across an array of touchpoints

WHAT WE FOUND

EVERY BRAND HAS A GAP, BUT THE SIZE VARIES.
We calculated a gap score to better assess the scale of the challenge facing individual brands. In the UK, a brand with a score under 37.0 would make the Top 20.

EVERY GAP COSTS BRANDS MONEY.
We used publicly available financial and customer data together with our respondent's stated propensity to switch to calculate a brand level 'gap cost'. On average, that cost equated to between **£220m and £390m in lost revenue for each brand, each year.**

EVERY GAP IS DIFFERENT.
What became clear as we analysed the data was that every gap was different. The specific experience factors that made up people's expectations of individual brands were shaped by the clarity and effectiveness of that brand's communications – and how well (or badly) that brand was delivering against these expectations. We coined the term 'experience fingerprint' to explain the map of specific expectations consumers had for each and every individual brand.

Since we published the Experience Gap in October 2018, we've worked to better understand the factors that effect the size and shape of an Experience Gap – and ultimately, create tools, strategies and approaches that brands can use to close theirs.



2020 WHY CLOSING THE GAP MATTERS

As we enter a new decade, we've spoken with more than 30 senior marketing, brand, experience, sales and operations leaders from a wide variety of brands and sectors to understand the extent to which the challenge we identified in the Experience Gap has changed and grown.

In 2010, comparatively few CMOs had direct control over the digital channel – yet in 2020, we see more and more who are being asked to take an increasingly wide-ranging role.

The increasing number of Chief Customer Officer roles - covering customer and market insight, product development, marketing comms, digital channels and services and contact centre management – is illustrative of a wider understanding that marketing leadership is increasingly also customer leadership.

The media continues to beat the drum for customer centricity – the sheer number of articles focused on it suggests it's a topic which many business leaders' are struggling with. In addition, there are a number of studies which demonstrate that better customer experience equates to better commercial performance.

The challenge with both the coverage and the available studies is that they focus on the touchpoint excellence or blunt overall measures of performance. They assume that all customer experiences aspire to be equally seamless in every channel. They leave no room for distinctive, differentiated and unique brand experiences – the very thing that customers tell us they want more of.

Closing the Experience Gap links promise to performance in a way which allows brands to integrate the practical lessons from 'Voice of the Customer' programmes whilst also delivering branded, distinctive experiences that meet the needs of individual consumers. It helps you to find competitive advantage inside your customer experience by rebalancing the experience playing field. This in turn allows brands to uncover real, sustainable growth.



IT ALLOWS YOU TO FIND COMPETITIVE ADVANTAGE INSIDE YOUR CUSTOMER EXPERIENCE – AND DELIVER SUSTAINABLE GROWTH

METHODOLOGY

To develop Closing the Experience Gap, we returned to the data from our 2018 study and applied a number of new techniques that we have developed in the last 18 months to better identify the specific factors that influence individual experience gaps.

This enabled us to refine our understanding of experience gaps and develop a new model which clusters gap types based on a series of markers. We'll test this model in full later in 2020, when we go back into field with a new iteration of the study.

In addition, we've interviewed CMOs, CCOs, CEOs and CX specialists to gather expert perspectives on how to close the Experience Gap. These interviews have provided a rich seam of insight into the challenges faced by senior leaders when faced with experience gaps, as well as some outstanding strategies for closing gaps which we publish in part here.





WE'VE INTERVIEWED CMOS, CCOS, CEOS AND CX SPECIALISTS TO GATHER EXPERT PERSPECTIVES ON HOW TO CLOSE THE EXPERIENCE GAP

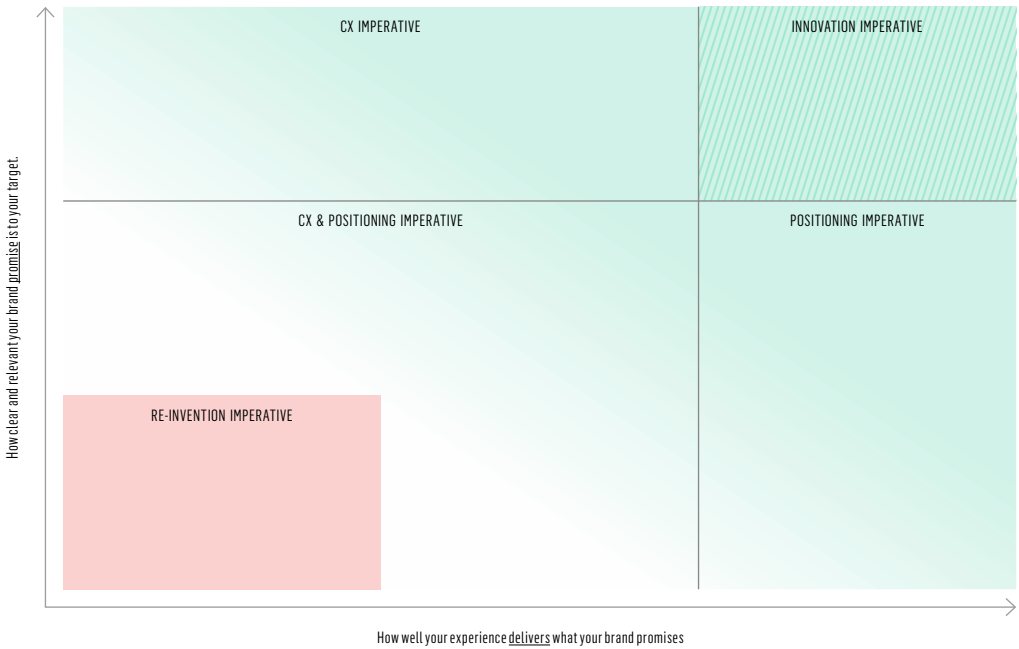
GAP DIAGNOSIS – UNDERSTANDING THE GAP

Thorough analysis of the brands in our 2018 study demonstrated that there is no one single root cause of an experience gap – different brands have different issues to address and at different scales.

In order to understand how to close these gaps, we wanted first to understand what the root causes of a particular experience gap are. This helps diagnose the underlying issues and provides guidance on what senior leaders should focus on to close the gap. Whilst we can cluster gap 'types' together, it became clear that each gap is different – meaning brands looking to fully close the gap need a deep and specific understanding of their own individual gap in order to realise the benefits of an effective gap closure strategy.

To give brand leaders structure and guidance for high level decision-making, we then developed a framework to help us diagnose the root causes of a brand's experience gap and what to focus on in order to close it.

Gap Management Matrix

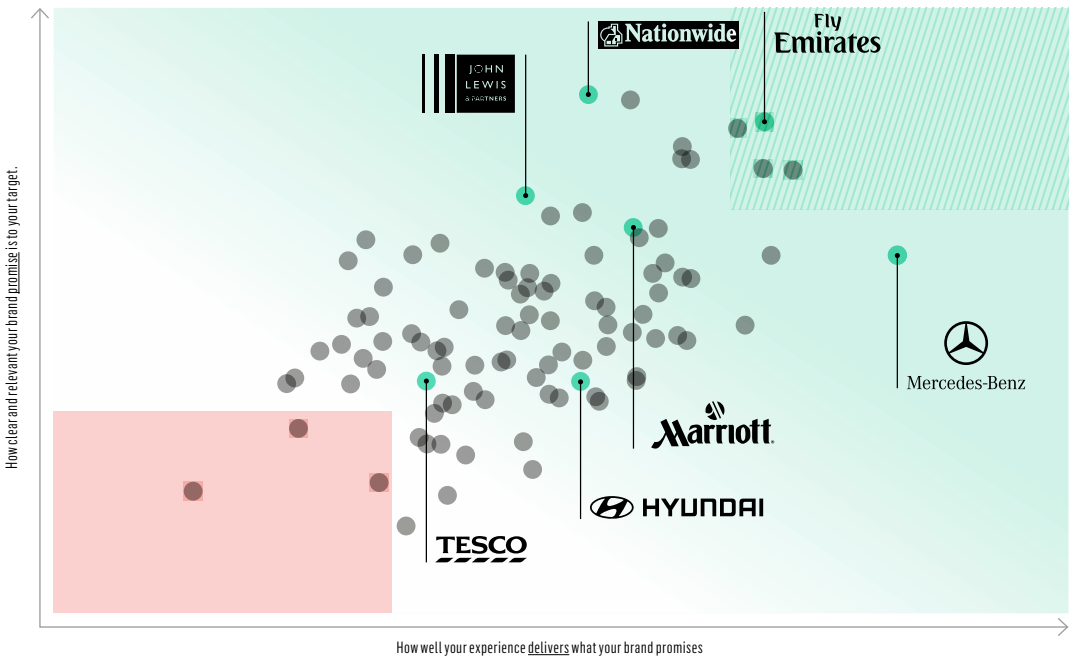


On the x axis we plot 'How well your experience delivers what your brand promises'

On the y axis we plot 'How clear & relevant is your brand promise to your target consumers'

The result is a statistically robust, intuitive and stable framework that gives excellent discrimination across our dataset of 225 brands.

GAP DIAGNOSIS
INTRODUCING THE GRID AND IMPERATIVES



We then plotted brands on the matrix to help senior decision makers understand types of Experience Gap and select the best gap closure strategy to deploy.

	IMPERATIVE	CONTEXT	HIGH LEVEL STRATEGY	KEY CHALLENGES
1	Leadership	Brand promise is meaningful & well understood. Experience delivering well on core promises	Innovate to stay ahead	How to deliver category defining innovation
2	CX	Brand promise is meaningful & well understood. Brand failing to deliver on what it promises within its experience	Optimise CX	Where & how to invest in CX for maximum impact
3	Positioning	Brand is delivering what it promises within its experience. But brand's promise is failing to cut through, either: • Unclear what the brand promises, or • What brand promises is not important enough	Re-position to strengthen brand	What issues to address & how, in order to ensure brand promise cuts through better
4	CX & Positioning	Brand promise is failing to cut through and brand is failing to deliver on what it promises	Review 360° brand strategy	Where should I focus first – CX, brand, both?
5	Re-invention	Brand is in severe trouble	Review fundamentals: divest or invest	Is it worth investing?

Understanding where your brand sits on the map is a great starting point for identifying where across the brand experience to focus investment for maximum impact. Clear has developed a prioritisation framework which identifies the workstreams brands should prioritise when faced with particular types of gap

GAP DIAGNOSIS
THE FIGHT FOR LEADERSHIP

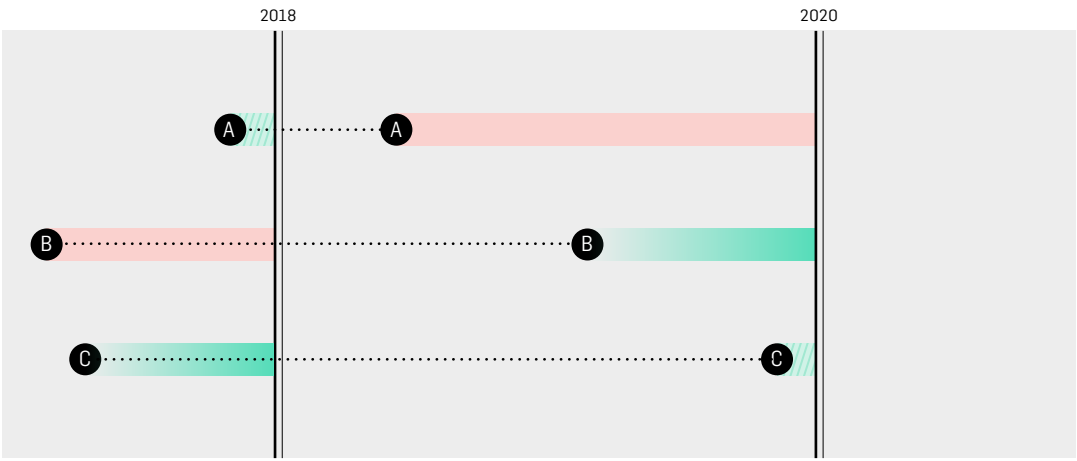
Staying Ahead of the Curve

Even brands with small Experience Gaps have an imperative to keep driving their brand experience forward. As explained earlier, the very best gap score in 2018 was 32.4. That leaves a lot of room for improvement.

All of our respondents agreed that Experience Gaps will always exist as continuing developments in technology and the changing competitor landscape continually shift and mould customer expectations. In particular, there was an agreement that innovations in other categories will change expectations of your brand, regardless of whether your direct competitors improve their experiences.

So, regardless of the size of your gap, you can't afford to rest on your laurels. To maintain category leadership, you must continue to evolve and develop your distinctive brand experience to stand out from the competition and cement customer loyalty. If you fail to do this there is a danger that the map re-draws itself around you.

Rapid change across multiple experience factors results in radical shifts



In this example brand A's 2018 gap was the smallest. However, complacency, failure to innovate and pace of change has allowed brands B and C to catch up and overtake brand A by the end of 2020.

Brand
Innovation imperative
Positioning Imperative/
CX Imperative
CX & Positioning
Imperative
Re-invention imperative
Line of progression

THE SEVEN STRATEGIES THAT SUCCESSFUL BRANDS ARE EMPLOYING TO CLOSE THE EXPERIENCE GAP

Over the course of our interviews with senior experience leaders, we discussed the findings of our model and the implications that had for brands looking to close the gap. What emerged from those discussions were seven clear strategies that brands should employ to close the gap.





1. Orienting your entire business around a market position that is ambitious but achievable
2. Identifying the aspects of experience which could really matter to your target customer
3. Investing in the experience touchpoints in which you can differentiate and excel
4. Creating a collaborative culture in which brand experience is everyone's responsibility
5. Developing an integrated and continuous tracking and optimisation framework
6. Making lifetime value, not just acquisition, your commercial yardstick
7. Embedding a relentless focus on experience innovation for complex journeys and uncertain outcomes

ORIENTING YOUR ENTIRE BUSINESS AROUND A MARKET POSITION THAT IS AMBITIOUS BUT ACHIEVABLE

"It's easier to attack this problem if you are a truly purpose led organisation, if everyone has a clear understanding of why you exist and what you promise to your customer"

Will Kingston
Head of Customer Experience
Close Brothers

What unites brands with small experience gaps? A clear, distinctive strategy with just enough ambition to be challenging. It sounds simple, but what's breath-taking about the most effective brands is their single-minded focus on delivering that strategy throughout the business.

Direct Line, Premier Inn, Jet2 – all are united by the fact that they understand what their customers really want from them – and focus on investing in their strengths rather than trying to compete against other people's. They orient their entire delivery model around that strategy and create a powerful direction for all of their staff to buy into.

For some brands, this manifests as a strong and directive purpose. For others, it's a clear over-arching proposition. In every case, it's far more than a simple ad campaign. And it's inextricably linked to commercial impact and customer value.

Put simply, there's a balance to be struck. Play too safe and your brand experience will, at best, be 'good enough'. You'll struggle to be distinctive and find elements of the experience you can believably own. However, over-promise and fail to deliver in the experience – you'll undermine trust and, lose relevance and customers.

You must define a clear, defendable position –
and then single-mindedly implement it throughout your business.

IDENTIFYING THE ASPECTS OF EXPERIENCE WHICH COULD REALLY MATTER TO YOUR TARGET CUSTOMER

"You need to focus investment on the areas of your experience journey that are the most troublesome or where you feel you can be more differentiated or distinctive"

Annabel Venner
Global Brand Director and Hiscox Partner
Hiscox

One thing all of our interviewees agreed on was this: whilst they have some of the data they need to measure and manage the brand experience, there are still significant gaps. Often, it's the inability to link attitudinal and behavioural data across systems that is holding brands back. Hoarding data and insight within individual teams is counter-productive – we see the increasing integration of insight and experience roles as a good thing.

In addition, there's a real sense that the focus on in-category channel and touchpoint performance - driven in part by the increasingly digital nature of the customer experience – risks creating an unhelpful arms race between brands to deliver features and widgets, at the expense of a distinctive, ownable brand experience. That category myopia can create a digital sea of sameness – the enemy of growth.

Instead, our interviewees recommend brands look for inspiration and benchmarks from outside their own category. In addition, brands should bolster this with research which asks 'what if?' not 'what is', through a process of build, test, iterate.

So, review the data you have, assess the gaps you find and look beyond your category to drive growth.

INVESTING IN THE EXPERIENCE TOUCHPOINTS IN WHICH YOU CAN DIFFERENTIATE AND EXCEL

"What is the point of difference that we're trying to deliver to our customers and how can we do that really well?"

Amy Pearson
Former Marketing & Guest Services Director, Disney Store

In nearly every conversation, we identified a powerful tension between the need to obsess about the details – and the reality of limited time, resource and budget that every marketing and experience professional faces.

So, brands looking to close the gap should identify the elements that make up their unique 'Experience Fingerprint' – and then apply commercial measurement to assess the relative importance of channels and touchpoints. To do this, Clear is working not only to identify experience factors, but also to provide a management tool to quantify how much to invest in one factor vs another.

Those brands are then better able to quantify opportunities to outperform their peers – and in a way that is difficult, if not impossible, to copy.

You can and should work harder to find your unique advantage – focus on what makes you, you.

CREATING A COLLABORATIVE CULTURE IN WHICH BRAND EXPERIENCE IS EVERYONE'S RESPONSIBILITY

"We want to get to a place where no-one in our organisation is in any doubt as to what we mean when we say that we want to deliver exceptional brand experiences"

Will Kingston
Head of Customer Experience
Close Brothers

There are different schools of thought on how to manage the challenge of closing the gap. For some brands, there is real value in having a Chief Customer Officer at board level, to drive the experience agenda. For others, brand experience is a collective responsibility, owned by all members of the Executive team – and from them, the wider business.

Regardless, what's clear from our discussions is that the most important elements are clarity and collaboration. In a brand where one functional team (marketing, operations, customer service) is taking a lead role in experience, it is crucial that the team listens to and shares with other functional business areas on a regular basis.

Gaps widen when teams act unilaterally. If marketing and brand produce a strategy or a campaign without involving peers from the delivery side of the business, it's no wonder that things go wrong. Equally, if HR don't consider the impact on the customer experience a change in holiday allowance or pay could create, then they too could undermine efforts.

In a nutshell, senior leaders must collaborate and communicate effectively and honestly about any issues uncovered – and then act in concert to close the gap.

In all cases - grown-up, collaborative cultures win.

DEVELOPING AN INTEGRATED AND CONTINUOUS TRACKING AND OPTIMISATION FRAMEWORK

"There needs to be continuous improvement in brand experience. There are too many businesses where they think 'we've done that now' and move on. Businesses that I see succeeding are those where it's a relentless daily focus to keep making things better for customers"

Peter Markey
Chief Marketing Officer
TSB

All our interviewees were adamant that closing the experience gap is a team sport. And the most successful teams of the last two decades have embraced the concept of marginal gains.

Building in early warning systems and behaviours that allow cross-functional teams to rapidly identify, prioritise and action issues – however small - across the experience delivers an aggregated impact that can transform a brand's experience gap.

Look at everything – operations, HR, technology, sales, marketing, systems, procurement, aftersales – and make small adjustments that align with your strategy. Review every decision through the lens of your strategy. Ask how the thing you are reviewing is contributing towards your overall goal – and delivering for your customers.

Lots of brands have static customer journey maps. Very few have living data that allows them to adjust the experience rapidly to deal with issues as they arise.

`**Reconsider your approach to journey mapping and management - think live and flexible, not flat and static.**

MAKING LIFETIME VALUE, NOT JUST ACQUISITION, YOUR COMMERCIAL YARDSTICK

"We think about the short term problems but also the medium and long term questions. We need to be looking forward all the time"

Akira Mitsumasu
VP Global Marketing
Japan Airlines

All of our interviewees recommended that brands recalibrate their assessment of value. This can be difficult in a world where marketing and sales are often asked to focus on the short term – but everyone we spoke with talked about the need to rebalance the equation in favour of customer lifetime value.

The crucial word here is balance – brands must always strive to reach the right compromise between delivering the 'perfect' customer experience and meeting the commercial objectives of the business.

Experience gaps appear across the entire customer journey. However, brands often focus their efforts on major trigger points across that journey – in particular, the elements leading up to moment of purchase. At first glance, that's understandable. It would appear that focusing resources on the purchase point makes sense – it has a measurable and significant impact on the commercial performance of the business.

Our study demonstrates that those businesses that are better able to balance the short-term sales imperative with the ability to look for long term competitive advantage outperform their competition. And proving value and demonstrating impact in the short term can often be used to 'buy' the right to invest in opportunities with longer lead times or higher costs.

Think long term value AND short term targets.

EMBEDDING A RELENTLESS FOCUS ON EXPERIENCE INNOVATION FOR COMPLEX JOURNEYS AND UNCERTAIN OUTCOMES

"It's fine to tweak all the time, but sometimes you have to take a massive leap forward and do a complete transformation too"

Annabel Venner
Global Brand Director and Hiscox Partner
Hiscox

The most successful brands share an understanding that brand experience is continuously evolving. Without a relentless focus on the new, the better and the transformational, they understand that brands risk falling behind – being leapfrogged by the competition.

On one hand, innovation is only possible with a strong guiding principle and a strategy that is clearly tied to it. Too often, businesses separate innovation, especially in the digital service layer, from customer and brand. Just because you can develop something, doesn't mean you should.

On the other hand, brand and product innovation often remains purely incremental because it is segregated from channel and touchpoint innovation. So, we recommend brands consider how innovation on the customer journey can elevate your brand's role in people's lives.

Thus, in addition to a focus on the organising idea, we also need the ability to accommodate the complexity that uncertain outcomes of and human behaviour on journeys brings with them. Agile incubation makes teams more collaborative, more adaptive and ultimately more intelligent and more likely to succeed in delivering transformational innovation.

Creating and testing rapid prototypes of your future experience with smaller subsets of your customer base can ensure that you remain distinctive and ambitious – two key drivers of closing the experience gap.



Retail



Hotel



Airline



Financial Services



Automotive



CLOSING THE EXPERIENCE GAP
A SECTOR BY SECTOR DEEP DIVE

One of the things which became clear as we put together the original Experience Gap report was that the factors that affect Experience Gaps vary by type, impact and relative importance within and between categories and markets.

To help brands uncover competitive advantage, we've developed a proprietary Experience Factor Impact Model, which combines Factor Analysis, Bayesian Statistics, and Structural Equation Modelling to identify the relative importance of individual Experience Factors at a category and individual brand level.

We applied this approach to re-assess the performance of 15 brands across five of our most interesting categories to unpick the reasons behind their performance. We've also looked at some of the decisions they've taken in the last 18 months and made some predictions about the impact those decisions will have on their gap score.


The Melbourne Shop by

DIAGNOSING THE GAP
RETAIL



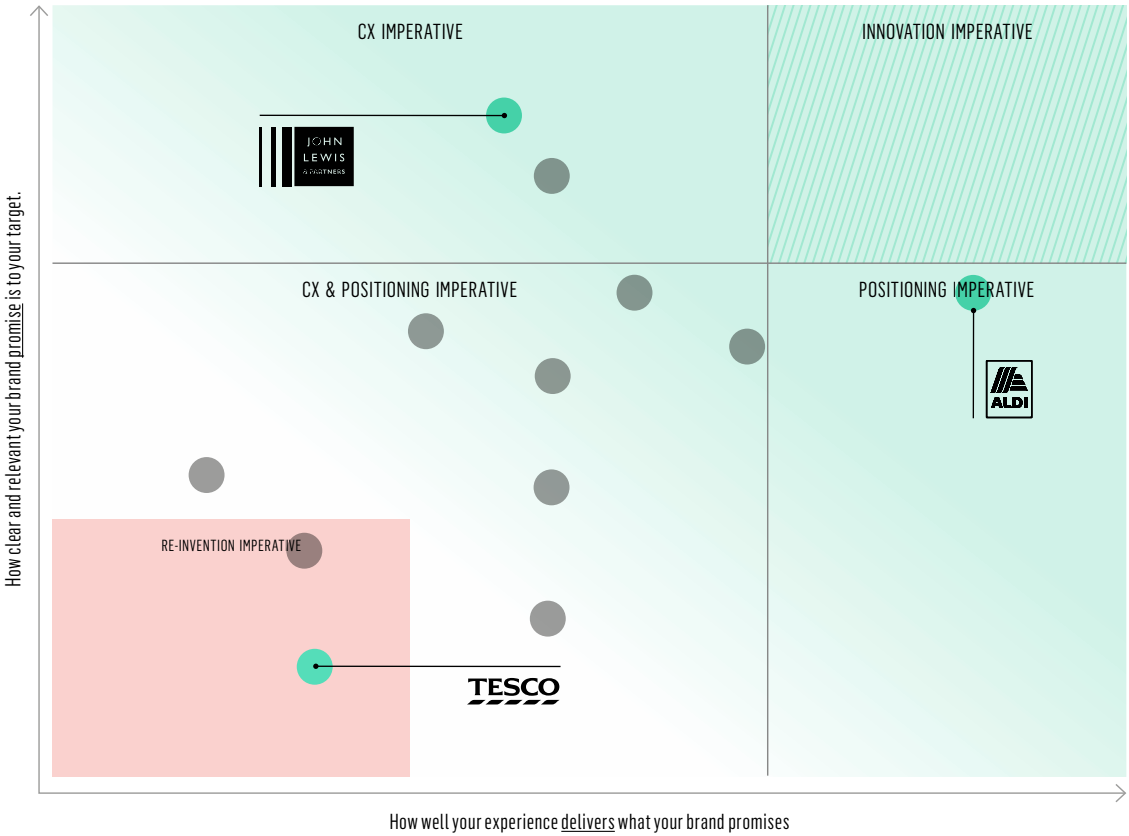
We start with Retail – a category that most observers would assume must have an obsessive focus on keeping the experience gap as small as possible. Yet in 2018, only Aldi made the top ten in the UK.

A number of factors contributed to the category underperforming. Some category titans like Tesco were undergoing significant change programmes to refocus their businesses – and all were assailed by increasingly painful economic headwinds as consumer confidence was affected by political and economic uncertainty in the UK. In addition, many big, traditional retail players still hadn't fully resolved how best to integrate digital and compete with enormously powerful insurgents like Amazon. Indeed, some of those strategies have changed dramatically in the intervening 18 months.

When we look at Experience Gaps in general, it's clear that single-mindedness is a crucial element in managing them. Many retailers, buffeted by competing priorities and challenges, have found themselves unable to focus – leading to inconsistencies across the brand experience. That inconsistency confuses and upsets consumers – leading to bigger experience gaps and lower revenues.

However, there is some positive news. In the last 18 months, Tesco's well publicised simplification programme has refocused the business around its customers and we'd bet, started to close their gap. We see the emergence of increasingly clear-minded strategies at retailers – where the focus is on delivering the very best and most distinctive experience for their specific customers – doubling down on things that they can 'own' - as opposed to trying to compete on every single element of the brand experience.

Gap Management Matrix – Retail





2018 – Positioning imperative: Supporting their strong business performance, our 2018 study showed that the Aldi customer experience was delivering well against the brand promise. However it also showed that there was room for improvement. In order to avoid the map being re-drawn around them, we identified a need for Aldi to strengthen the brand promise and through that, drive a more differentiated customer experience. Our diagnosis was that the overt focus on price & value was too one dimensional to drive the business long term and that there were other, more emotive aspects of the brand that could help shape a revitalised brand promise e.g. the attentiveness and care provided by the staff.

Looking to the future: In Q3 2019, Aldi announced their plan to trade from 1,200 shops in the UK by 2025, up from just 840 today. In light of these aggressive expansion plans – and with the entry of new player, Jack's, to the discount market - we see an even greater imperative for Aldi to strengthen and clarify their brand promise. There are already rumblings amongst consumers that the Aldi store experience is inconsistent and that there are some stores delivering a significantly poorer experience than others. It is our opinion that this inconsistency – and by implication, customer dissatisfaction - can only increase as number of stores increase, unless a strengthened brand promise is evolved that can steer the ship. We expect that value will always be central to the Aldi offer, but it is how they seek to deliver that value that Aldi must develop a perspective on. In 2020 and beyond, developing a deeper, more emotive brand promise – and therefore experience – is a task that Aldi must set themselves in order to protect their currently booming business against future threat.



2018 – CX imperative: In 2018 the John Lewis brand promise was seen to be clear & motivating, but customer experience was failing to deliver on that promise. Our diagnosis was that this was driven by unrealistic efforts to compete with big digital players like Amazon – resulting in reduced focus on aspects that really mattered to the core John Lewis customer, including returns & after sales service and offering an enjoyable shopping experience both online & offline.

Looking to the future: By re-focusing on their target customer and how they shop, John Lewis have now re-framed their CX strategy to deliver a high-quality shopping experience that is complemented by digital, rather than pursuing a digital first strategy. We expect that this will offer far stronger delivery against their well understood customer promise – resulting in a marked improvement in CX scores if implemented effectively.

TESCO

2018 – Re-invention imperative: With an unclear brand promise that failed to motivate and a customer experience that didn't deliver on elements of the promise that were understood, Tesco was clearly still mid-recovery in 2018.

Looking to the future: Since our original study, Dave Lewis' concerted efforts to re-vamp customer experience through business efficiencies - resulting in an improved store experience - has been met with approval in many quarters. Whilst much has clearly improved, we feel that Tesco is still lacking a clear brand promise for customers to connect to and for the business to develop customer experience against. Without this, it may be difficult for the new CEO – Ken Murphy – to identify what changes are needed and where and how to implement them.



DIAGNOSING THE GAP
HOTELS

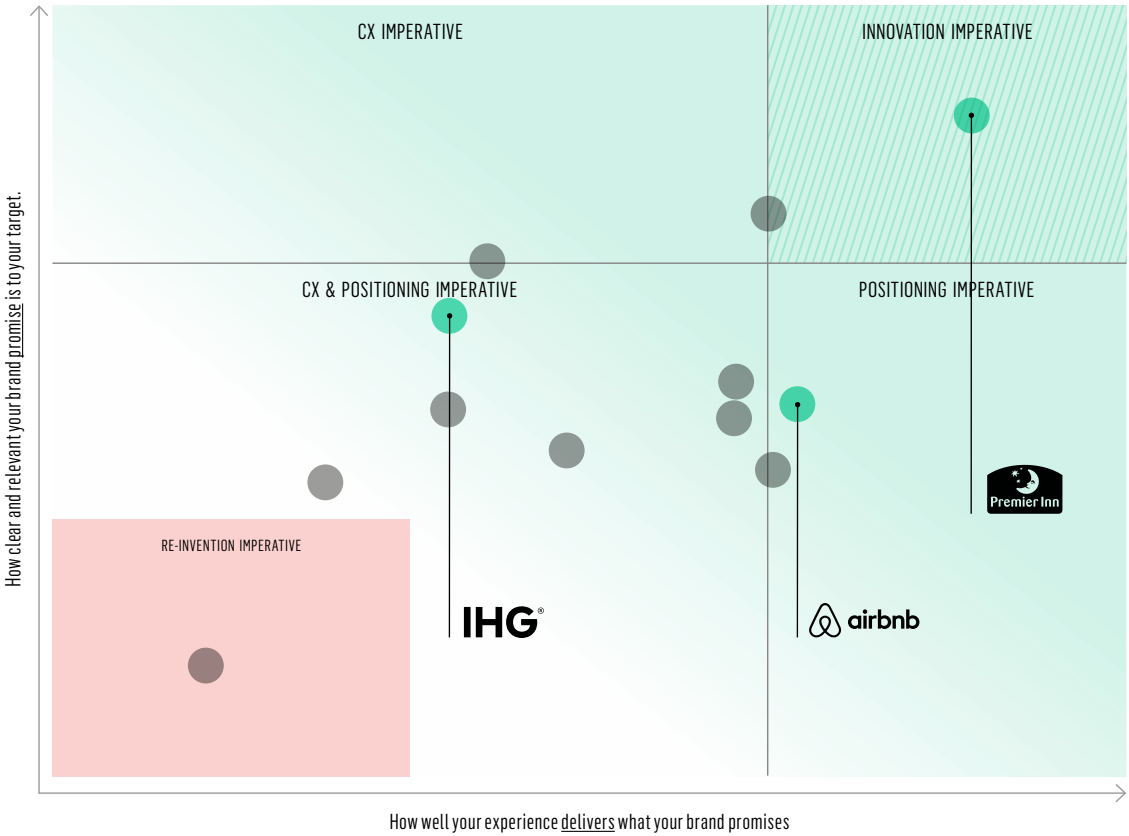


Think of a sector that trades on experiences and you'll probably pick Hotels. How the promise is delivered to the customer sits at the very centre of each hotelier's growth strategy. Unsurprisingly, three hotel brands made our top 10 in 2018.

However, consumers have incredibly high expectations of hotel brands – and even seemingly small discrepancies between promise and experience can create significant (and expensive) experience gaps. Whereas in some sectors, under-promising and over-delivering is a perfectly valid strategy, in hotels, brand owners need to be ambitious on promise AND consistently excellent in the delivery.

That challenge has been best tackled by those brands with a clear and distinctive proposition – that they then orient their whole business around. Premier Inn's approach is the clearest example of this – and we expect an even greater focus on distinctiveness from hoteliers in the first half of the new decade.

Gap Management Matrix – Hotels



2018 - Innovation imperative: Premier Inn earned a position in the top right-hand corner of our Experience Matrix in 2018, reaping the rewards of a highly focused brand promise and single-minded experience delivery. A fantastic example of how following our 'Closing the Gap' principles delivers results, Premier Inn zeroed in on an ambitious yet achievable promise to their target customer – a good night's sleep – and oriented the whole business to deliver against it better than anyone else. This level of single-mindedness requires bravery – being unafraid to de-prioritise areas that don't align with the brand promise – but it has resulted in a customer group who are crystal clear on what to expect and an organisation that has a sharp understanding of what they are working towards. Our diagnosis in 2018 was that Premier Inn needed to continue to build on their strong brand experience through ongoing innovation, using their brand promise to inspire continuous optimisation through the customer experience, across all relevant touchpoints

Looking to the future: Since our original study, Premier Inn have seen UK profit and capacity growth and have announced an ambition to grow further in both UK and Germany. To fuel this intention, they have continued to innovate in key areas of the customer experience, investing in technology to make the customer booking journey simpler and implementing improvements in hotel rooms – all supporting the promise of 'a good night's sleep'. Internally they are continuing to educate their teams on the importance of and delivery of the brand promise, through employee forums and management development programmes. They are also optimising structure to introduce more agility into the business – our analysis being, that greater internal agility will create more space for focus on excellent experience innovation and delivery. Provided they are vigilant in continuing to monitor the expectations and experiences of the people that matter most – their customers - we expect Premier Inn to ride out the challenges in the UK hotel market.

2018 – Positioning imperative: Our 2018 study showed that Airbnb's customer experience was felt to deliver against a brand promise that focused on local knowledge. However, as the brand became more mainstream, there were clear indications that the 'big idea' offered through their brand promise was not connecting with the needs of this broader audience, which had potential to widen the experience gap in the long term. We identified a need to evolve the Airbnb brand promise and architecture in the context of their new market position and audience.

Looking to the future: In the last 18 months, Airbnb has developed a number of product brands - an effective way of developing flexed and more nuanced brand promises and experiences that chime with new, incremental audience needs. It's a smart move that should help to attract and retain new audiences whilst avoiding the risk of diluting an already strong brand for their original target.

2018 - CX & positioning imperative: InterContinental's creditable performance in our 2018 study rather masked a number of underlying challenges in the understanding of their brand promise and customer experience delivery. Our diagnosis was that the business had become overly complex as brand attributes and loyalty mechanics had built up over decades. We highlighted a clear need to identify a defined perspective and focus for the brand, that could then be delivered through a differentiating customer experience.

Looking to the future: Since 2018 we have seen a move towards a more luxury position, but there is still little clarity on how InterContinental's 'luxury' differentiates from competitor promises and experience delivery. It remains to be seen whether this re-focus will evolve into a sharper brand promise and a better, more unique customer experience.



DIAGNOSING THE GAP
AIRLINES



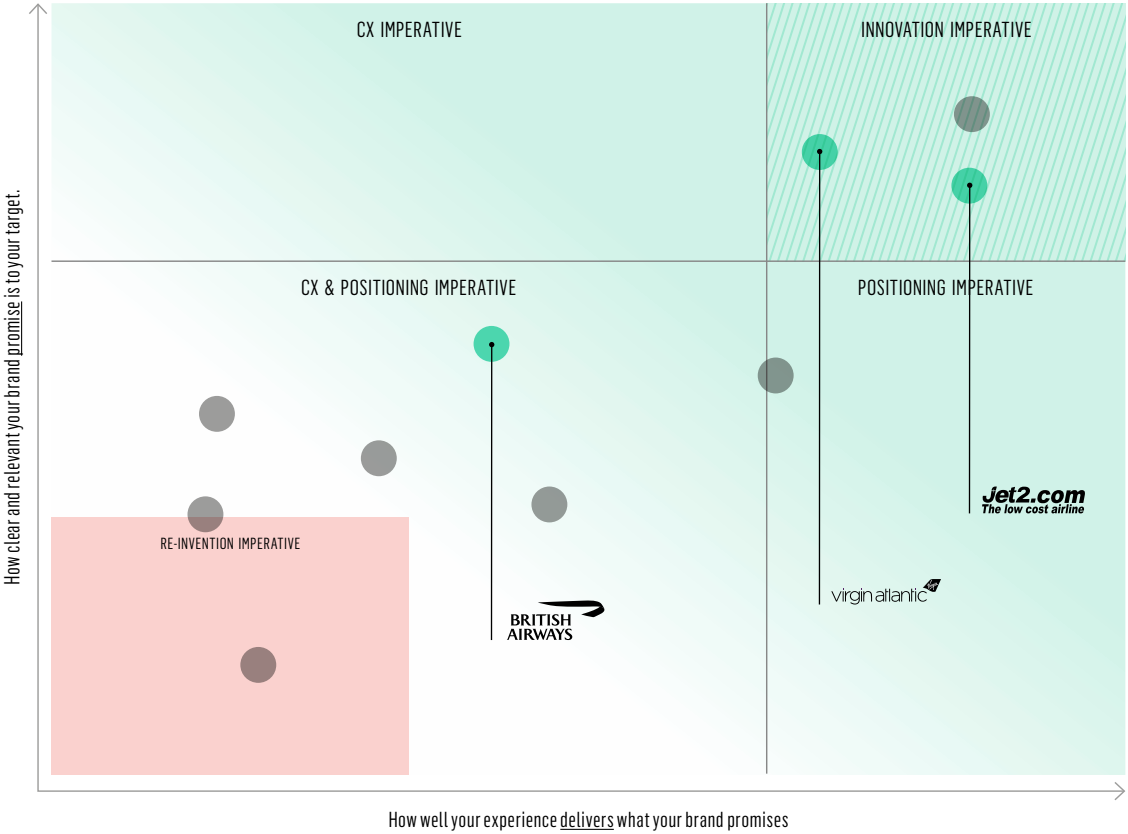
A complex category which continues to undergo significant change, the airline space, like automotive, and financial services, highlights what happens when long-established category norms are upset by changing commercial realities.

Challenger airlines have been most effective in demonstrating a clear understanding of evolving customer needs, and developing efficient business models to capitalise on them, successfully balancing profitability with desirability.

European flag carriers continue to struggle to effectively balance these competing requirements. Customers were scathing in 2018 and, most worryingly, things have got even worse in the last 18 months. Press coverage of their experience issues has, no doubt, made for painful reading – but perhaps not so painful as Jet2's outstanding commercial performance has been to stomach.

Perhaps the Europeans should look to Japan for inspiration – a flag carrier with a sackful of awards, consistently strong profits and a healthy obsession with brand and customer experience makes Japan Airlines one of our ones to watch.

Gap Management Matrix – Airlines



BRITISH AIRWAYS

2018 - CX & Positioning imperative: Whatever happened to 'to Fly, to Serve'? British Airways has seen a serious slump in perceptions in recent years – evidenced in poor scores for both brand promise and experience delivery in our 2018 study. Our diagnosis is that this has been driven by inconsistent messaging and cost cutting in the wrong places. BA has neglected the elements that supported their original brand promise e.g. generous food & drink provision and luggage allowance. An increasingly generic short-haul experience and a sub-standard long-haul experience have left customers wondering what's distinctive about BA. Our perspective in 2018 was that there was an immediate need for clarity from BA – on who they were and what they offered.

Looking to the future: Despite clear efforts to re-connect with customer emotions - seen in a variety of high profile, high spend brand campaigns and in flight content, there is still serious inconsistency in the messages that BA is pushing to their customers. Worse, none of it is connecting to a deeper brand promise. Through it all BA are still trying to retain their position as a premium brand, but the serious reduction in quality of experience means this just isn't ringing true. A heavy investment in CX has been announced - £6.7bn in the next 5 years – but if it isn't connected to a single-minded, focused brand promise, we're dubious on whether it can deliver return on investment. In order to start to close their now significant experience gap, BA would be better off clarifying what is important to their target customer, what they need & expect in terms of brand promise and build improved CX from there.

virgin atlantic

2018 - Innovation imperative: Our 2018 study showed that consumers 'got' what Virgin Atlantic stood for and felt it (mostly) delivered an experience to match. Our diagnosis however was that this was strongly driven by historic associations. The challenge for Virgin Atlantic was to evolve what was great about their brand in the past into something that could drive them into the future.

Looking to the future: As we enter the 20s, it seems Virgin could be given more landing rights at Heathrow – creating an opportunity for them to challenge the dominance of BA. And when it comes to brand experience, they're are already pushing into the future with more progressive staff dress codes, new planes and business class innovation land-side and air-side. The missing piece of the jigsaw may well be a future focused brand promise that reflects the needs of the modern consumer which guides the brand experience with real consistency and flair.

Jet2.com
The low cost airline

2018 - Innovation imperative: Jet2 soared ahead of its competitors in our 2018 study. However, as their brand portfolio grows, it will be crucial to ensure that the master brand promise is flexing in the right directions and that innovation is keeping up with demand in turning promised brand experience into reality.

Looking to the future: Outstanding financial performance in 2018 has given Jet2 the opportunity to invest in its leadership position. But the brand has had a few hiccups in the last 18 months – such as being accused of profiteering from the collapse of Thomas Cook. As it continues to grow, maintaining its impressive customer first culture will become increasingly important. Without it, the risk is that the business loses the crucial balance between customer-centricity and the drive for profits – and its experience gap widens as a result.



DIAGNOSING THE GAP
FINANCIAL SERVICES



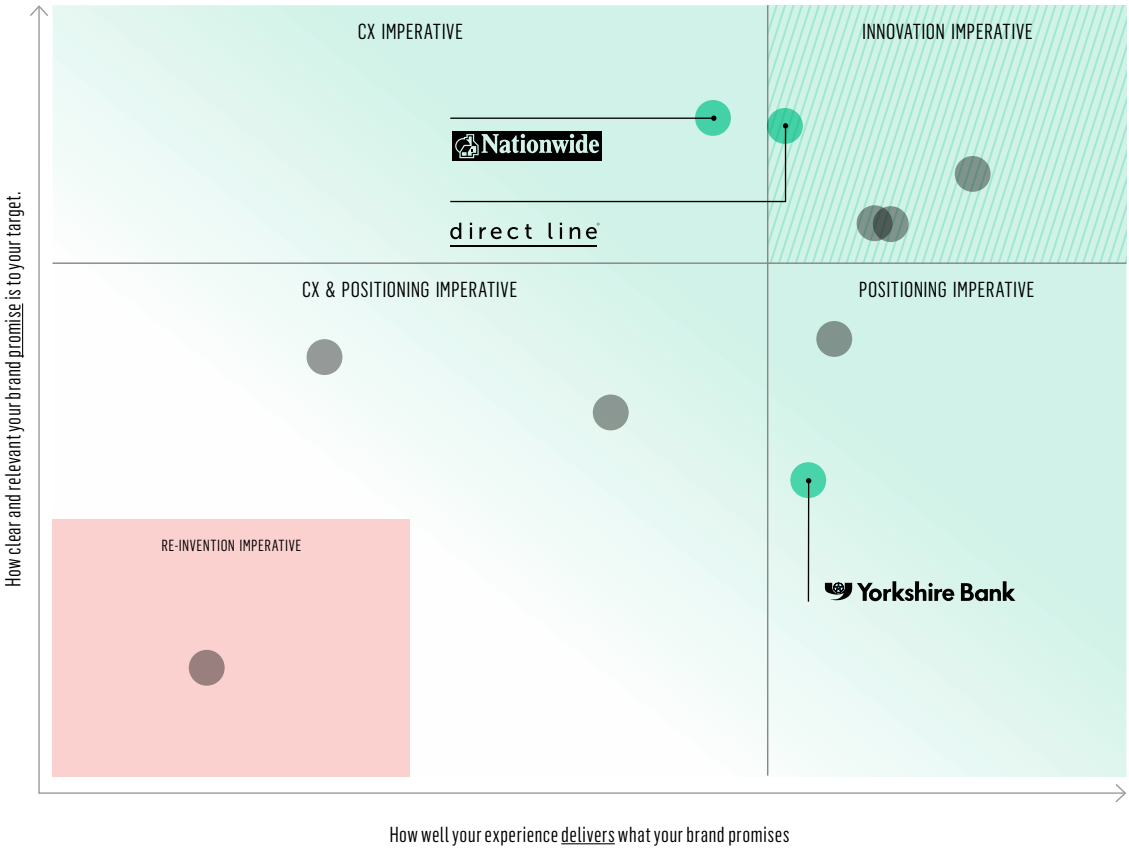
Financial Services isn't a homogeneous sector – the way we buy insurance differs hugely from the way we choose our bank; from the way we pick a mortgage to the way we invest.

So, whilst we've clustered banks with insurers with pension providers on our Gap Management Matrix, the reality is that the uniqueness of each brand's 'experience fingerprint' is no more clearly apparent than in this sector. Even within banking, the huge differences between challengers and incumbents in terms of strategy and approach create some of the most interesting experience gap management strategies across any category.

And yet, there's a real possibility that the sector could, with its increasingly myopic focus on a digital widget war, become less distinctive than it already is. Indeed, a number of our interviewees expressed concern that an increasingly public arms race to deliver digital UX excellence risks eroding the differences between brands – and driving everyone toward a utility-like race to the bottom on price.

Luckily, brands like Direct Line have demonstrated that there is an alternative – and that leading on digital needn't mean abandoning what makes you distinctive. Our bet is that Fixers, not feature sets, will win out.

Gap Management Matrix – Financial Services



direct line

2018 – Innovation imperative: Shifting the narrative on insurance from painful cost to helpful fixer has paid off for Direct Line, resulting in a 2018 Experience Gap position that showed both Brand Promise and Customer Experience to be very well aligned. Simplicity of messaging, clarity of insight and commitment to delivery through experience has enabled it to cut through and drive success in a sector where price comparison and in-built switching behaviour make it a risky strategy. In 2018, our question was whether Direct Line would be able to maintain the pace of innovation through brand experience delivery and remain top of the pile in the insurance pack. If another brand moved into a similar positioning territory, could Direct Line hold on to their previous dominance?

Looking to the future: In spite of headwinds in the sector as a whole, Direct Line returned solid results in its latest financial report – with a close to 2% growth in direct written premiums. And, whilst there's a stated desire to stay ahead of the competition in data and digital, it's programmes like their CONNECT customer service training which demonstrate the brand's single-minded focus on delivering the Fixer proposition. Innovating to stay ahead, whether in customer service, technology partnerships or IT infrastructure – suggests that the leadership team has a clear understanding that closing the experience gap is an ongoing battle – but one with clear benefits for the winners.

Nationwide

2018 - CX imperative: In 2018, consumers knew what Nationwide stood for, but felt the experience fell a bit short. Our diagnosis was that 'being on your side' was both an ambitious promise and highly motivating to customers - particularly in an industry where customer fairness has traditionally been a low priority – but that the challenges of a huge business and a less than slick digital offer was stopping this becoming a reality.

Looking to the future: Nationwide has pointed to huge internal investment in digital in the past few years – blaming this for recent slumps in profits. We are yet to see the fruits of this investment, but we hope that digital innovation will be focused on supporting their ambitious customer promise, thus improving overall brand experience and helping them close their experience gap.

Yorkshire Bank

2018 - Positioning imperative: How to solve the conundrum of Yorkshire Bank? Consumers really struggled to identify a distinctive position for the brand and so tended to judge the brand experience on straightforward category-level table stakes. That lack of differentiation led to a pretty unremarkable performance – and a clear need to do something about how the brand was positioned.

Looking to the future: Fast forward 18 months and CYBG and Virgin Money are now one entity and you can open a Virgin Money current account with Yorkshire Bank. The current experience is a little schizophrenic – with the Virgin Money and Yorkshire Bank brands competing for impact on the same web pages. However, we predict that once the migration is complete, the strong position of the Virgin Money brand will give consumers a clearer understanding of what to expect – and employees a clearer idea of what they need to deliver.



DIAGNOSING THE GAP
AUTOMOTIVE



Is there a more confused and yet exciting category than automotive? Emissions scandals, constant cost pressure, incessant mergers and acquisitions, electrification, autonomous driving, mobility services, a revolution in in-car media and the rise of direct sales. Any one of these shifts would be challenging to manage for a category. And yet, they're all happening at the same time.

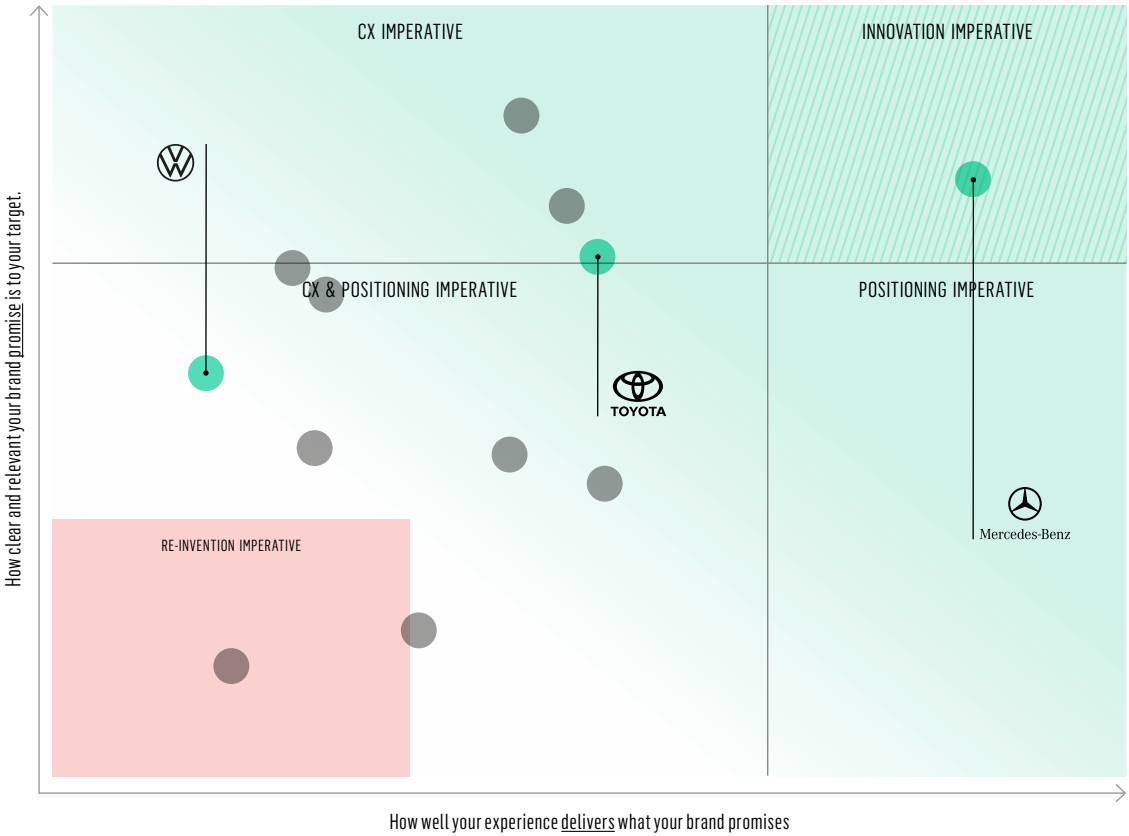
Each of these changes brings with it new regulatory pressures, new costs, new manufacturing challenges and enormous risk. Alliances and mergers are a response to this changed risk profile – a return to strength (and cost efficiencies) in numbers.

But the brand and experience challenge this creates is huge. How to create distinctiveness in an increasingly undifferentiated market?

Experience becomes a key battleground – and as ownership models continue to change, the after sales or 'persistent' brand experience that automotive brands create through digital, media and service channels will become an increasingly brutal frontline.

We expect three things to happen. Storied, complacent mid-market brands with major heritage will disappear. New entrants with sharper, more focused propositions will continue to defy expectations. And those brands who are best able to migrate to a more holistic, mobility services-based relationship with their customers, will win out.

Gap Management Matrix – Automotive





2018 - CX imperative: Where to start with VW? The impact of dieselgate has reverberated right through the industry, but it has been no more keenly felt than at VW. Fines, prison sentences and a massive strategic shift – it's been a costly few years for the world's largest automaker. In 2018, consumers were still upset with VW and its experience gap score reflected that.

Looking to the future: At the risk of stating the obvious, VW is still the world's biggest automaker. Consumers appear to have forgiven and largely forgotten VW's leading role in the emissions scandal. If anything the scandal has invigorated the business and forced it reappraise its market position. It will invest more than US$33 billion into electrifying its fleet over the next four years in response to pressure from regulators and the backlash from its diesel emissions scandal. It has stated its aim to be the world's largest electric car maker by the end of the decade. It's a clear statement of intent that will demand an entirely new approach to the 360 degree brand experience. Ambition, focus, differentiation and a long-term perspective on value creation – we'd bet on VW closing the experience gap and overtaking the competition.



2018 - Positioning imperative: Toyota's position in 2018 was heavily reliant on its ability to deliver on its promises. In fact, its experience delivery score was one of the best among all brands. However, consumers were less clear on what the brand stood for, it didn't feel truly distinctive or as future-focused as its competitors.

Looking to the future: For such a large company, with so many competing drivers of change, it can be difficult to focus. Investment in bespoke, low volume products for rallying rather jars with the brand's well-established leadership in eco-friendly hybrid motoring. There's a sense that Toyota would like to be all things to all people – and as we know, single-mindedness is a more effective way to close the gap.



2018 - Leadership imperative: Whilst many car brands had been dragged into the 2015/16 dieselgate scandal, Mercedes quietly went about reorienting its business around its customers. Developments like the launch of Mercedes Me in 2014, rapid integration of the dominant voice assistants and an increasingly tight management of the dealer experience all contributed to an impressive performance in 2018.

Looking to the future: Holding on to that advantage in a sector as disrupted as automotive will prove challenging – but the overall commercial strategy is clear, which bodes well for continued high performance. However, no brand can afford to rest on its laurels, so it is crucial that the brand continues to invest in brand experience and manage its touchpoints closely.

OUR CALL TO ACTION

We've established that Closing the Experience Gap is a commercial imperative for brands looking to grow.

Whether you're leading the pack or fighting to catch up, we've identified the key strategies that all brands can apply to their own business to outperform the competition:

1. Orienting your entire business around a market position that is ambitious but achievable
2. Identifying the aspects of experience which could really matter to your target customer
3. Investing in the experience touchpoints in which you can differentiate and excel
4. Creating a collaborative culture in which brand experience is everyone's responsibility
5. Developing an integrated and continuous tracking and optimisation framework
6. Making lifetime value, not just acquisition, your commercial yardstick
7. Embedding a relentless focus on experience innovation for complex journeys and uncertain outcomes

Our prioritisation framework identifies the workstreams brands should prioritise when faced with a particular type of gap.

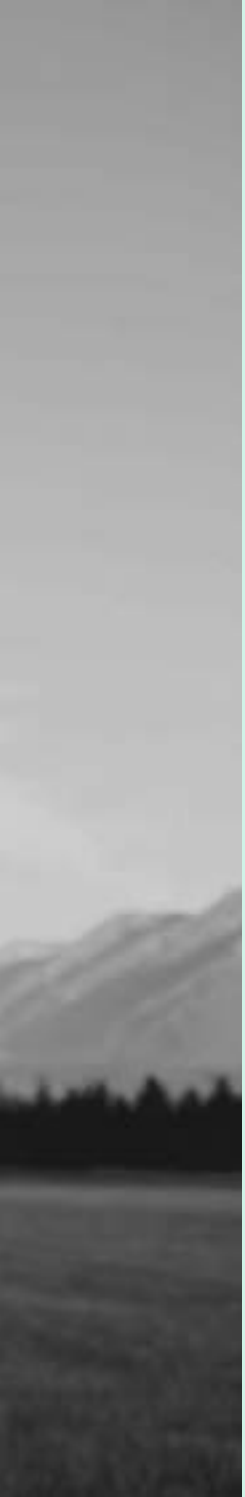
	IMPERATIVE	CONTEXT	HIGH LEVEL STRATEGY	KEY CHALLENGES
1	Leadership	Brand promise is meaningful & well understood. Experience delivering well on core promises	Innovate to stay ahead	How to deliver category defining innovation
2	CX	Brand promise is meaningful & well understood. Brand failing to deliver on what it promises within its experience	Optimise CX	Where & how to invest in CX for maximum impact
3	Positioning	Brand is delivering what it promises within its experience. But brand's promise is failing to cut through, either: • Unclear what the brand promises, or • What brand promises is not important enough	Re-position to strengthen brand	What issues to address & how, in order to ensure brand promise cuts through better
4	CX & Positioning	Brand promise is failing to cut through and brand is failing to deliver on what it promises	Review 360° brand strategy	Where should I focus first – CX, brand, both?
5	Re-invention	Brand is in severe trouble	Review fundamentals: divest or invest	Is it worth investing?

We'd advise all brand, marketing and experience leaders to take the time to understand their experience gaps – and then work to create ambitious, individual and commercially grounded strategies to close the gap in a manner which increases distinctiveness.

We believe brands that Close the Experience Gap stand to win the twin battles for relevance and revenue in the 2020s. Standing out, by being outstanding.



CLEAR CLOSES BRAND EXPERIENCE GAPS ACROSS MULTIPLE SECTORS IN MARKETS ALL AROUND THE WORLD.



We identify your brand's experience fingerprint, then index and prioritise strategic investment using our proprietary Gap Factor Impact Model.

We then close the gap through strategy, product, service, organisational innovation and design.

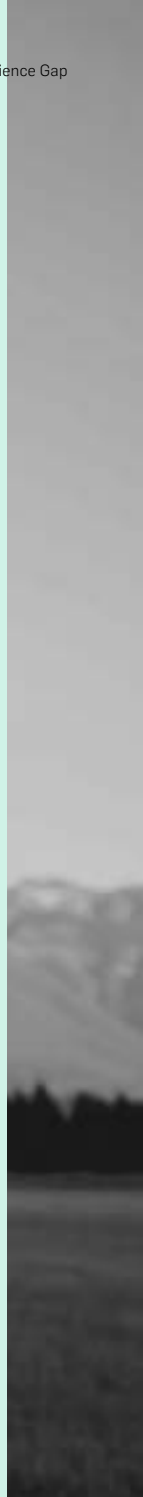
We bring clarity to the complex challenge of closing the experience gap.

Clear is a global strategy consultancy specialising in business, brand, experience and innovation.

We exist to deliver clarity.

We believe it has the power to cut through what doesn't matter and illuminate what does. Clarity enables you to move forward with confidence. To deliver better outcomes. To provide the direction to drive growth.

We work with clients across a broad range of industries – including Banking, FMCG, Technology, Retail, Automotive, Travel, Airlines, Restaurants, Investment, Insurance, Law, Entertainment and Apparel. We have offices in London, Frankfurt, New York, Dayton, Shanghai, Singapore and Kuala Lumpur.



CLOSING THE EXPERIENCE GAP:
WITH THANKS TO OUR KEY CONTRIBUTORS

















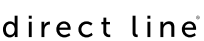
















Brand list
Access Bank Plc
BlackRock
BMW
Close Brothers
Delaware North
Deutsche Bank
The Disney Store
Direct Line
E.ON
Harley Davidson
Hiscox
Hövding
Huawei
Hyundai
InterContinental Hotels Group (IHG)
Japan Airlines
JM Finn
Lego
Mundipharma
P&O
Renault
Revion
RSA Group
Santander
Spar
SwissRe
Thames Water
TSB

























Contact

Geraint Jones
Marketing Director, Clear

geraint.jones@clearstrategy.com
+44 (0) 203 735 1810
+44 (0) 738 741 1314

CLEAR

CLEARSTRATEGY.COM

© 2020 Clear Strategy



CLOSING THE EXPERIENCE GAP