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## You're Not Just Binge Watching Netflix. You're Having an 'Experience.'

Companies from Netflix to Mastercard are rethinking how customers interact with their products. Heightened attention to this 'experience' is now one of the hottest assignments in the c-suite.

*By Nat Ives*  
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**INSTRUCTIONS:** What opportunity does this article suggest some companies may have regarding their business level strategies? What is the source of this opportunity (there may be more than one)?

Netflix Inc. lets binge watchers skip the opening credits of TV shows. Domino's Pizza Inc. alerts customers with updates about their pie as it's being prepared. Harry's Inc.'s razors now produce a 'click' when users change blades. The theory behind these actions is that customers don't just want to be the emotionless end point on a transaction. They want a good *experience*.

More companies are viewing that experience as an increasingly powerful driver of business success as traditional advertising gets harder, as data and technology offer new ways to cater to customers and as social media amplifies bad experiences in unprecedented ways.

Increasingly firms are creating new positions for people who are in charge of maximizing these efforts. "The experience of the product is bigger than the product itself," said Donald Chesnut, who became Mastercard Inc.'s first chief experience officer in 2019. "It's everything around it. How well does it work? How does the product feel?"

Some 89% of companies employed a chief experience officer or an equivalent role in 2019, up from 61% in 2017, according to research and advisory firm Gartner Inc., which surveyed nearly 400 large companies in the U.S., Canada and U.K. about their customer experience management. In the U.S., 330 people listed chief experience officer as their new job title on LinkedIn in 2019, up from 125 who did the same in 2015, LinkedIn said.

The heightened attention to a customer's experience can be traced back to the technology boom of the 1990s, when the internet created new points of contact between companies and consumers. Now the chief experience officer position is prevalent enough in the corporate world that it has its own custom abbreviation: CXO.

The companies that have a CXO include restaurant chain TGI Fridays Inc., Bank Citizens Financial Group Inc., travel site TripAdvisor Inc. and Tile Inc., whose gadgets help people find lost objects. Sportswear company Under Armour Inc. named its first chief experience officer this month.

But just adding a hot title to the c-suite won't always get the job done, experts said.

"That's not enough to make the whole thing really work," said Caren Fleit, managing director at executive search and management consulting firm Korn Ferry. Organizations need to go through a deliberate process to identify the capabilities they're missing, the internal silos that could get in the way, the right size and structure of the team most responsible for experience and any changes to compensation needed to give people incentives to deliver, Ms. Fleit said.

It is not always clear what skills or background to seek in CXOs— who are typically drawn from disciplines such as marketing, information technology and product development—nor is it clear how many companies will measure the success of these executives. CXOs can also find themselves too removed from the ground-level decisions, sometimes seemingly small ones, that cumulatively shape customer experiences, said Cliff Kuang, a user experience designer and co-author of the book "User Friendly."

"You need someone who can get into the weeds but also see the broader picture," Mr. Kuang said. "It's just rare." A big question, he added, is "what does a leader look like and what does it take to empower that position? People don't have answers."

For companies that don't have a CXO, the work is still important enough to be assigned to multiple top executives. At Domino's, which is facing mounting competition for delivery customers, responsibility for experience is shared among executives like Chief Digital Officer Dennis Maloney.

The Domino's approach to crafting an experience for its customers is to rely on oceans of data pulled from sources including point-of-sale systems and 26 supply chain centers as well as text messages, Twitter and Amazon Echo. The world's largest pizza chain works with data management and analytics companies like Splunk Inc. and Talend Inc.

One goal is to determine what kinds of promotions to offer and when, while avoid annoying people with poorly timed or unappealing offers. Another is to spot bad customer experiences like a sluggish website before they become too widespread—or big on Twitter.

"The consumer's willingness and forgiveness in that space is decreasing rapidly," Mr. Maloney said. "It used to be 5 or 10 years ago, if your site was slow I'll give you a break." Now if a website begins to lag, he said, there is no tolerance.

One specific output of Domino's data is its Live Pizza Tracker, which gives customers real-time updates about their pizza as it is being made. It alleviates some of the impatience customers feel as they wait for their order to arrive, according to Mr. Maloney. "That single device from a consumer experience standpoint has been incredibly important for us," Mr. Maloney said.

Some companies say the key to creating a great experience for customers starts with something simple: listening. At Harry's, its razors didn't always make a clicking sound when blades snapped into place. Co-founder Jeff Raider said the company changed the design after a user said he

wanted to hear something when he locked in a new blade. “One of our customers went into his garage, hollowed out a piece of his handle and said ‘If you make that change, you can get that click,’” Mr. Raider said. “We said, ‘Can you send that handle to us?’”

But listening is often not enough. Sometimes what a company hears can create new, unintended problems. When Netflix heard from subscribers that they wanted the service to highlight coming attractions, the company tested a large preview unit at the top of the screen. “We think it’s going to work,” said Todd Yellin, vice president of product at Netflix, who shares responsibility for the customer experience with Steve Johnson, vice president for product and studio design, and other executives. But even though customers asked for it, they didn’t use it, Mr. Yellin said.

The company realized that the unit was making it harder for users to reach programs they could watch right away. “When I want instant gratification, I don’t want a big part of the interface taken up with ‘coming soon,’” Mr. Yellin said. “I want what I can play now.” The solution: It moved the coming attractions to a section that people could navigate to if interested.

Another change designed to improve the Netflix customer experience was a decision to let members skip the opening credits of serialized TV shows. Long opening-credits sequences make sense for traditional TV viewing, when episodes arrive a week apart and people watch other shows in between, Mr. Yellin said. But as binge viewing became more popular, Netflix discovered the old format degraded the experience for people watching several episodes of the same show in a row, he said.

The company tested the skip button on a subset of members. “They loved it, and even more importantly as a subscription service, it encouraged people to keep subscribing,” Mr. Yellin said.

At Mastercard, one recent change made to enhance the customer experience is a “True Name” program that allows transgender customers to use the name of their choice on credit cards even if it isn’t their legal name. This change was made “by understanding the journey that people go through every time they pull the card out of their wallet,” said Mr. Chesnut, the company’s new chief experience officer.

Mastercard is also grappling with unintended consequences of any changes that make the payment process easier. Customers want their purchases to go smoothly and quickly, Mr. Chesnut said. But if a cashierless grocery makes checking out so effortless that nobody takes out their credit cards, do they forget about Mastercard? “There’s some debate we have internally—is too little friction a bad thing?” he said.

One fix to that potential problem is a signature sound that now plays when customers use a contactless card to pay for a New York City taxi ride, according to the company. It eliminates friction but still lets people know that payment went through—and that Mastercard did it.

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