

# THE CUSTOMER SCIENCE HANDBOOK

Using Behavioral Insights to Create  
Breakthrough Customer Experiences

Audiobook Companion File

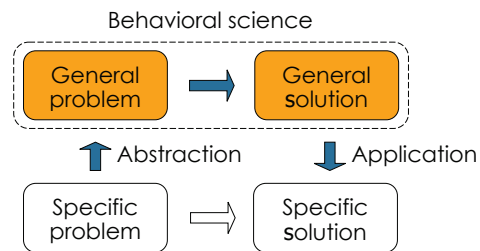
ALEXANDER CHERNEV

Kellogg School of Management  
Northwestern University

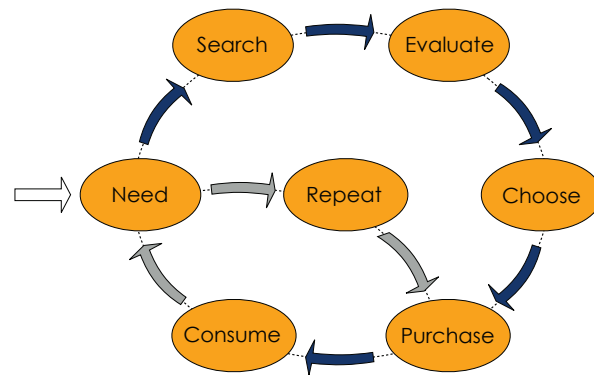
SECOND EDITION

## CHAPTER ONE: MANAGING THE CUSTOMER EXPERIENCE

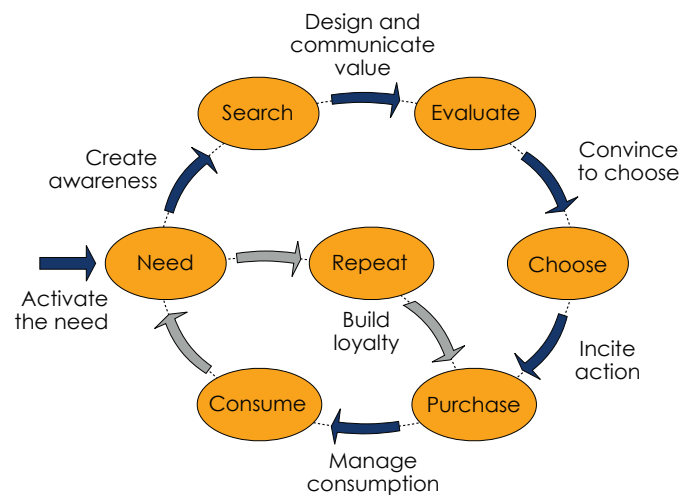
**Figure 1. Behavioral Science as a Decision Framework**

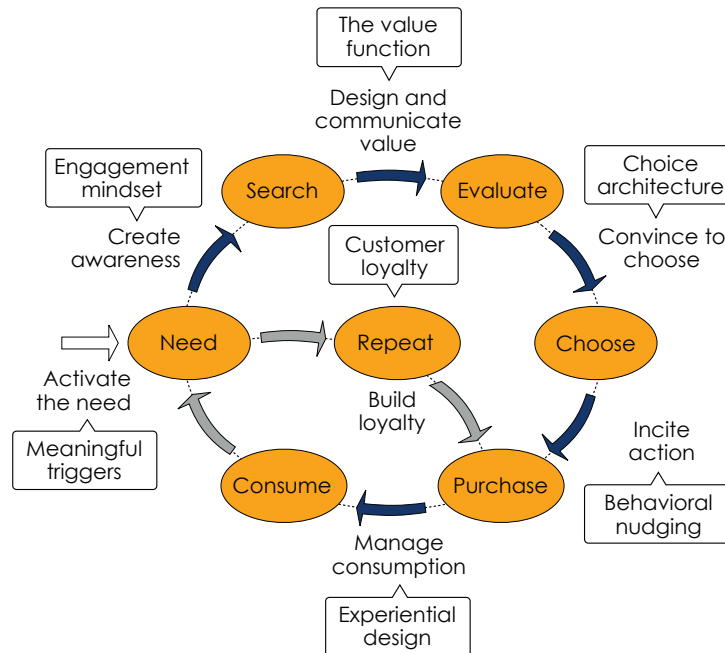


**Figure 2. The Customer Experience Map**



**Figure 3. Company Goals in Managing the Customer Experience**



**Figure 4. Using Behavioral Science to Manage the Customer Experience****Figure 5. The CX Canvas**

<p>► <b>Need</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> What need does the company's offering address? Do customers see this need as a problem that must be solved? Are they actively trying to address this need?</li> <li>- <i>Action:</i> Activate the customer need targeted by the company's offering</li> </ul>	<p>► <b>Awareness</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> Are customers aware of the company's offering? Are they aware of the specifics of the offering? Is this offering a part of customers' consideration set?</li> <li>- <i>Action:</i> Make customers aware of the offering and its specifics, and ensure that they are actively considering it</li> </ul>
<p>► <b>Value</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> Do customers understand the benefits and costs of the offering? Do they see the offering's benefits as relevant to their needs? Do customers think that the benefits of the offering outweigh its costs?</li> <li>- <i>Action:</i> Design the offering to address a relevant customer need and communicate its value to customers</li> </ul>	
<p>► <b>Choice</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> Is it easy for target customers to make a choice? Does the decision context facilitate the choice of the company's offering?</li> <li>- <i>Action:</i> Optimize the choice architecture to provide compelling reasons for customers to choose the company's offering</li> </ul>	<p>► <b>Purchase</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> Are there opportunities to enhance customers' motivation to act? Are there any functional, emotional, or implementational barriers to purchase?</li> <li>- <i>Action:</i> Streamline the purchase process to nudge customers to buy the chosen option</li> </ul>
<p>► <b>Consumption</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> Do all aspects of the consumption experience create customer value? Does the experience engage customer emotions? Is the experience memorable?</li> <li>- <i>Action:</i> Design the customer experience to maximize the functional, psychological, and monetary benefits customers derive from it</li> </ul>	<p>► <b>Loyalty</b></p> <ul style="list-style-type: none"> <li>- <i>Analysis:</i> Are customers satisfied with the performance of the offering? Do they feel an emotional connection with it? Do they see it as related to their identity? Have they formed habits to buy and use the offering?</li> <li>- <i>Action:</i> Optimize all aspects of the customer experience to build long-term loyalty</li> </ul>

## CHAPTER TWO: DESIGNING MEANINGFUL TRIGGERS

Figure 1. The Customer Experience Map: Triggering a Need

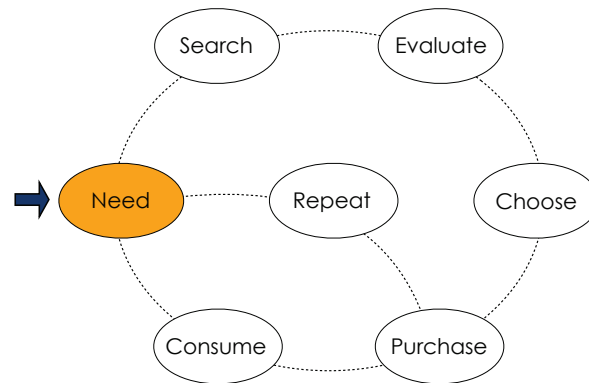


Figure 2. The Hierarchy of Customer Needs

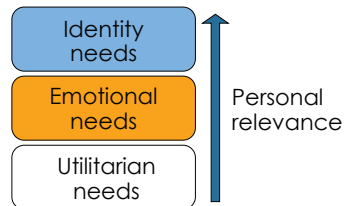


Figure 3. Customer Need States

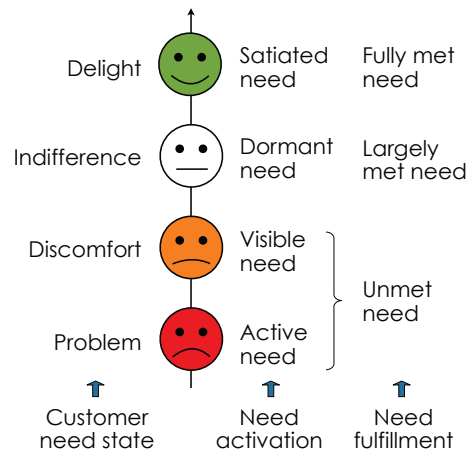
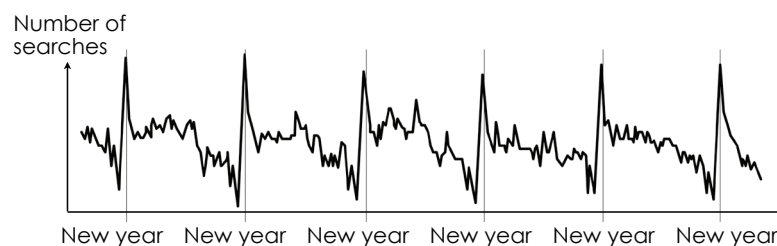
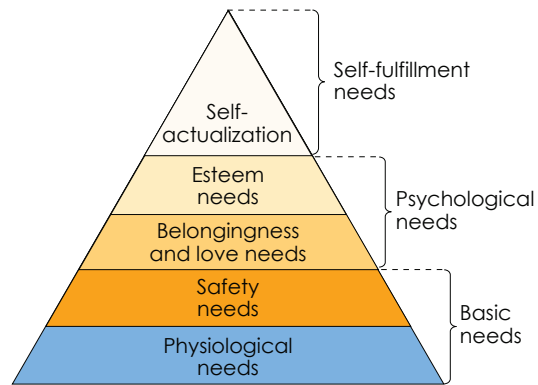
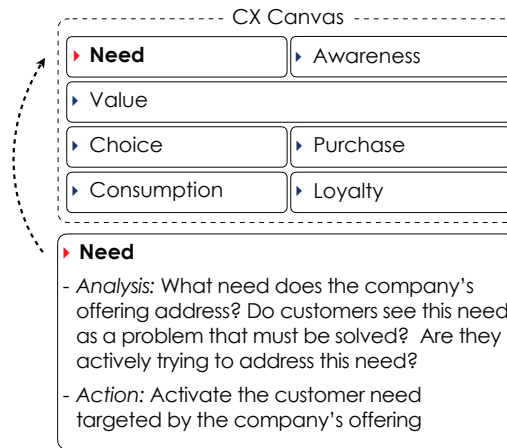
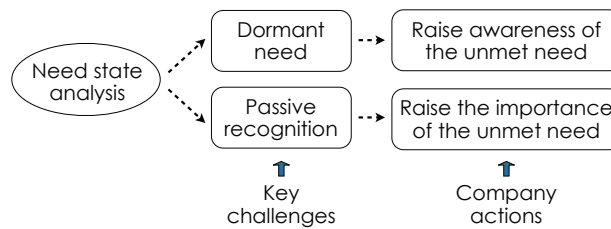


Figure 4. Information Search Pattern for the Word "Diet"



**Figure 5. Maslow's Hierarchy of Needs****Figure 6. Triggering a Customer's Need: The Big Picture****Figure 7. Triggering a Customer's Need: The Action Plan**

## CHAPTER THREE: CREATING AN ENGAGEMENT MINDSET

Figure 1. The Customer Experience Map: Creating an Engagement Mindset

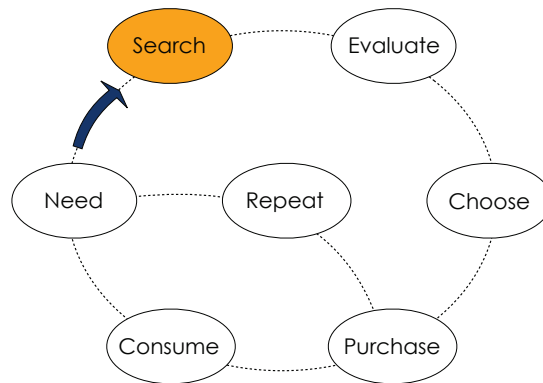


Figure 2. The Two Systems of Thinking

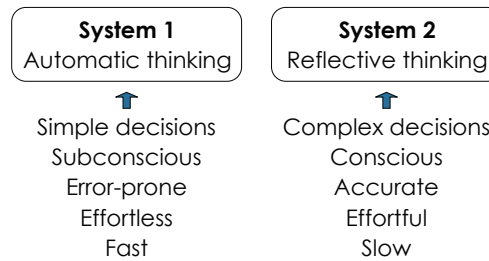


Figure 3. The Shepard Illusion

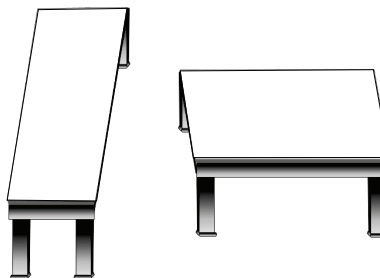
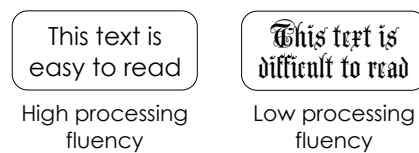
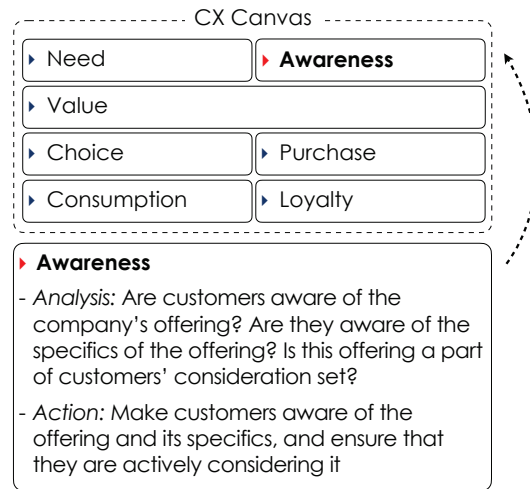
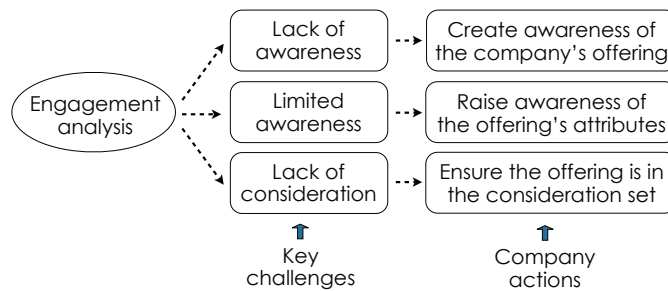


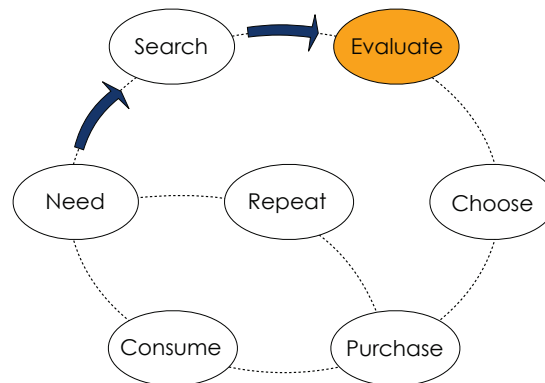
Figure 4. High and Low Processing Fluency



**Figure 5. Creating Awareness: The Big Picture****Figure 6. Creating Awareness: The Action Plan**

## CHAPTER FOUR: DESIGNING AND COMMUNICATING CUSTOMER VALUE

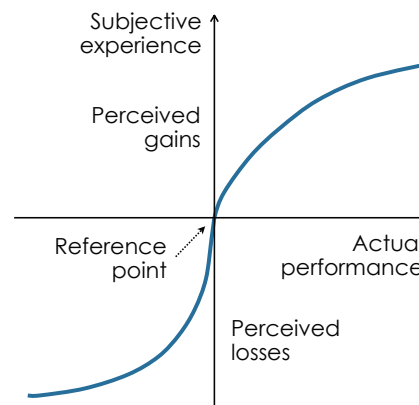
**Figure 1. The Customer Experience Map: Evaluating the Offering**



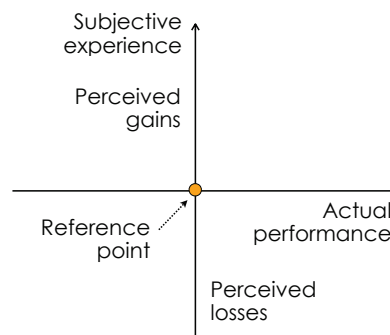
**Figure 2. Value as a Function of Customer Needs and Offering Attributes**



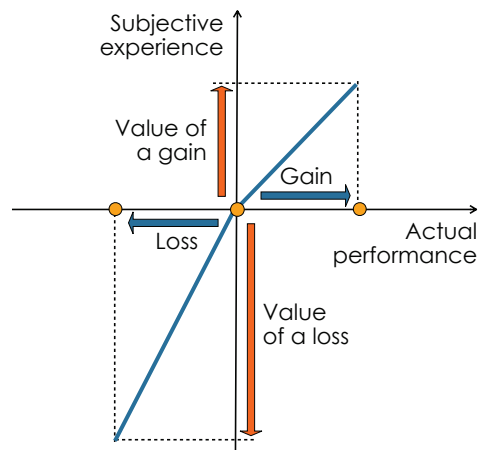
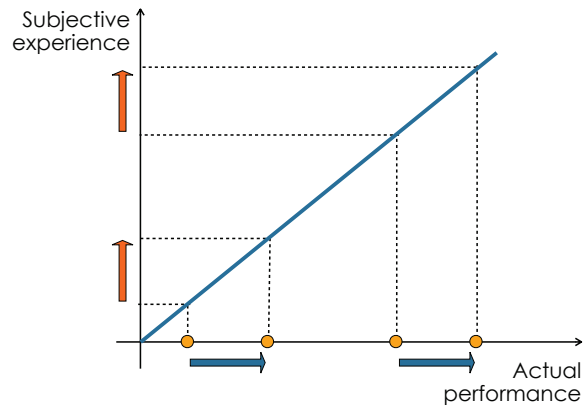
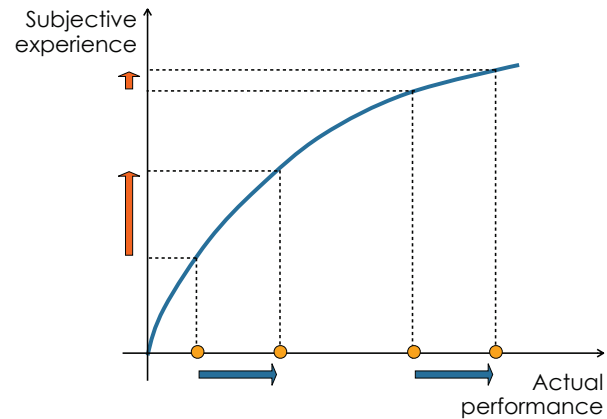
**Figure 3. The Value Function**



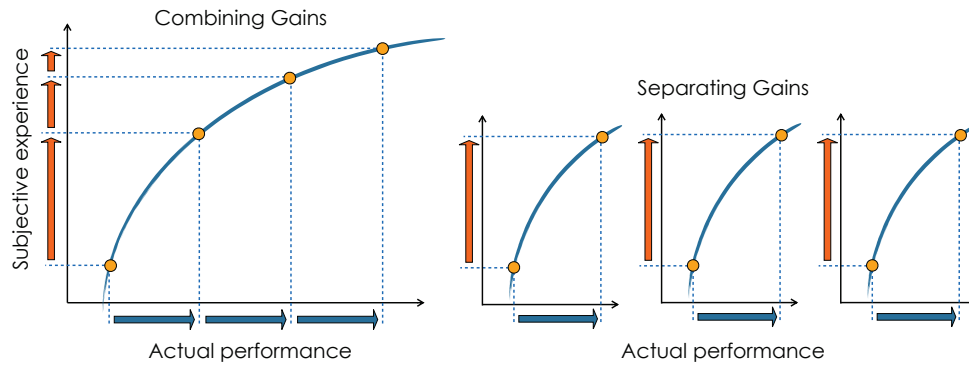
**Figure 4. Reference-Point Dependence**



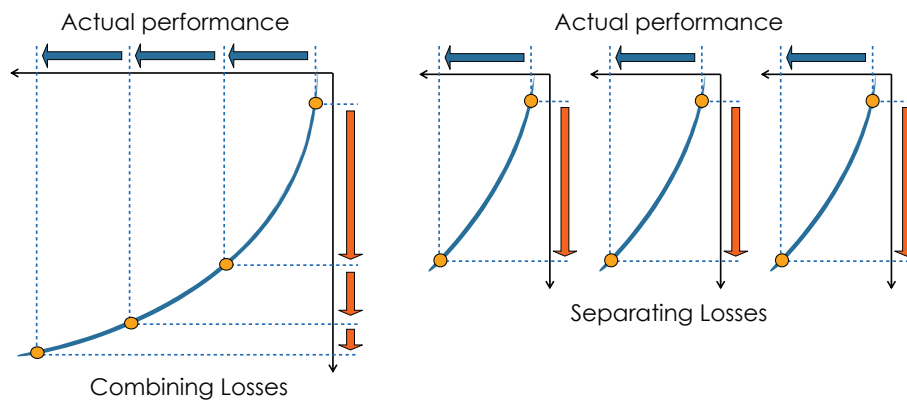


**Figure 5. Loss Aversion****Figure 6. Linear Value Function****Figure 7. Diminishing Marginal Value Function**

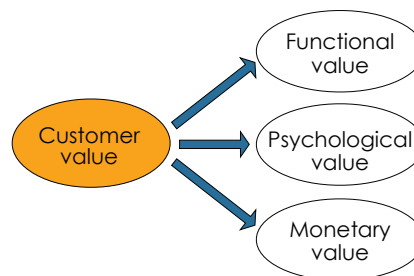
**Figure 8. Combining and Separating Positive Outcomes**



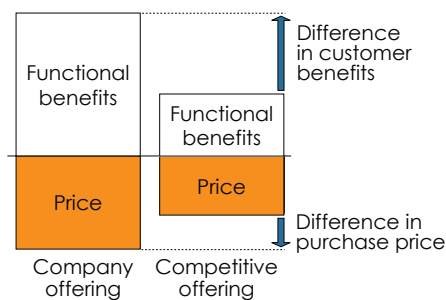
**Figure 9. Combining and Separating Negative Outcomes**

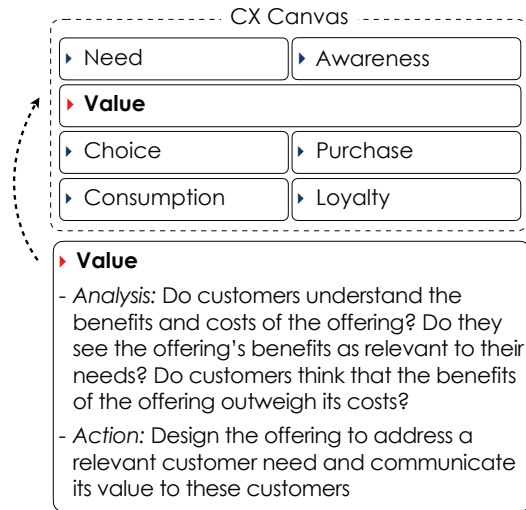
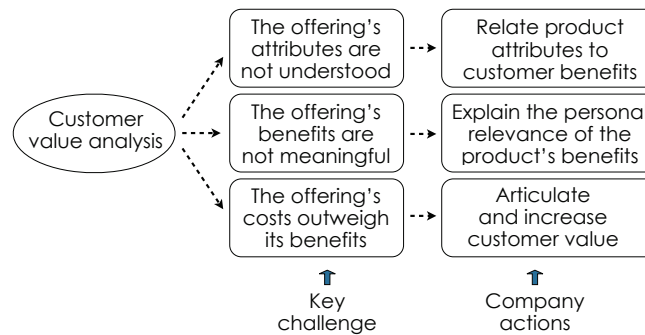


**Figure 10. The Three Domains of Customer Value**



**Figure 11. Creating Value in a Competitive Context**



**Figure 12. Designing and Communicating Customer Value: The Big Picture****Figure 13. Designing and Communicating Customer Value: The Action Plan**

## CHAPTER FIVE: CRAFTING THE CHOICE ARCHITECTURE

Figure 1. The Customer Experience Map: Making a Choice

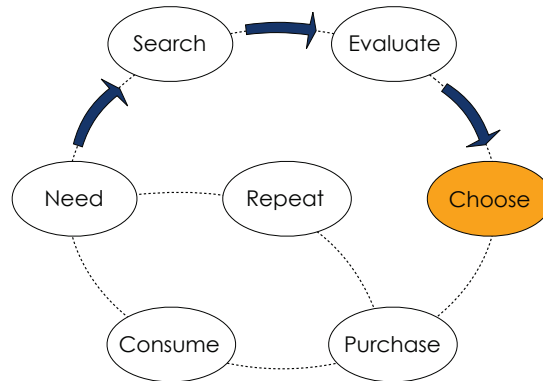


Figure 2. Reasons as Drivers of Choice

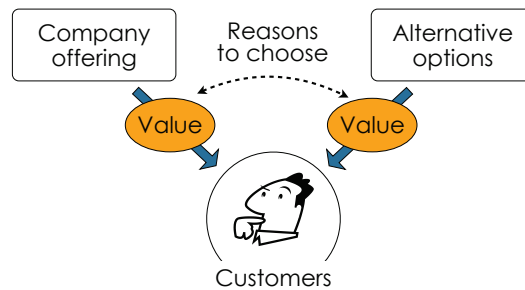


Figure 3. The Three Main Reasons in Choice

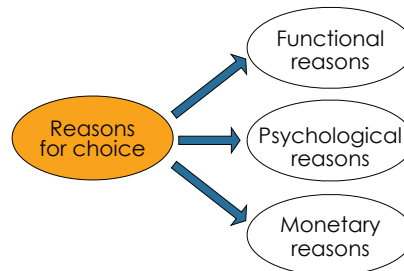
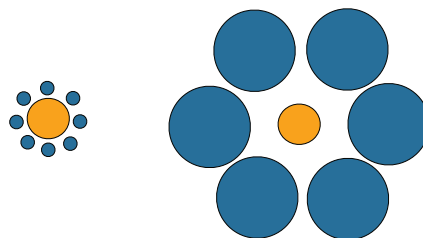
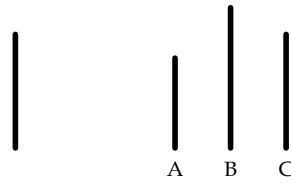


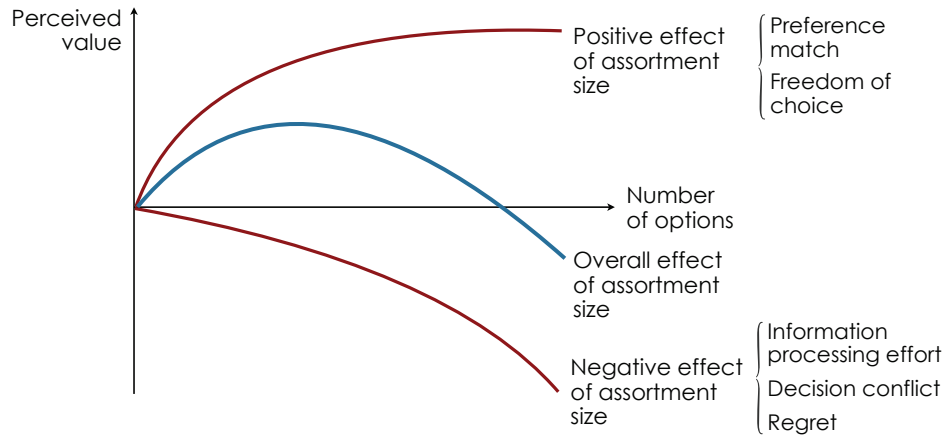
Figure 4. The Role of Decision Context: The Ebbinghaus Illusion



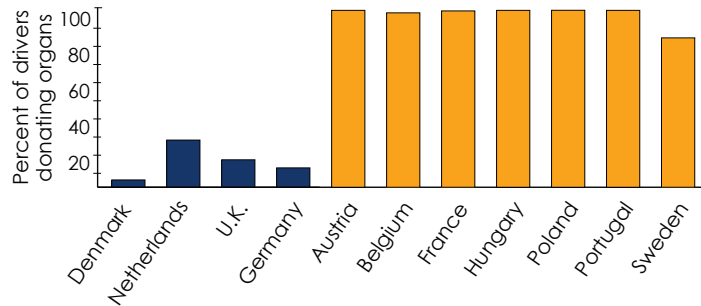
**Figure 5. The Power of Social Proof: Solomon Asch's Experiment**



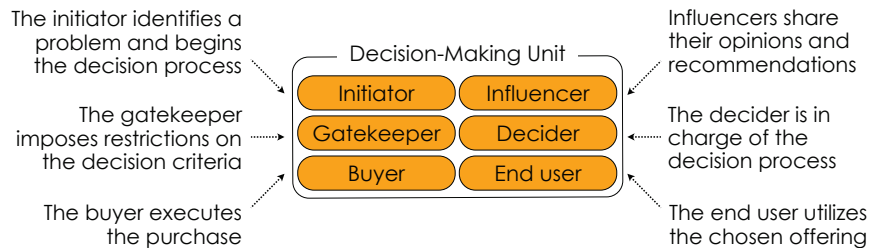
**Figure 6. Drivers of Choice Overload**

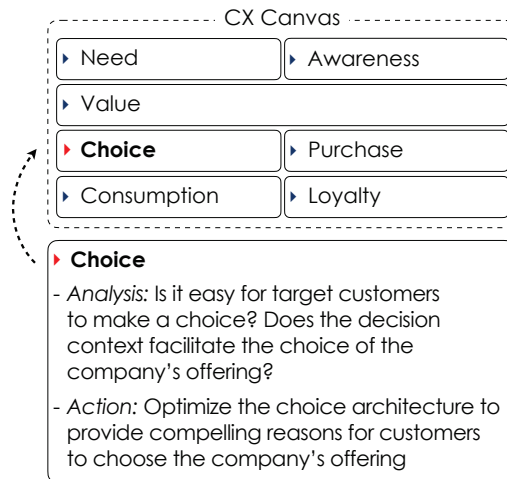
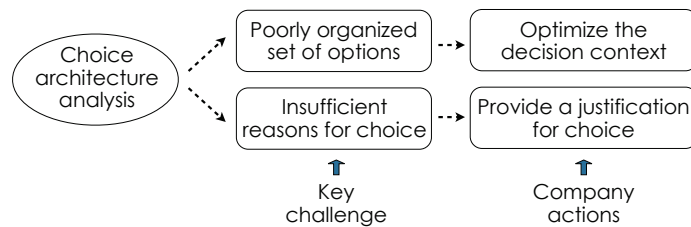


**Figure 7. Organ Donation Rates Across Countries**



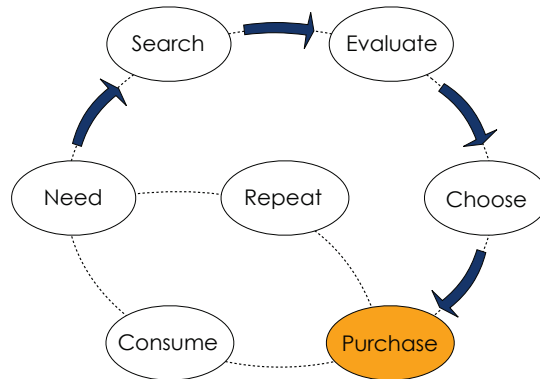
**Figure 8. The Composition of a Business Decision-Making Unit**



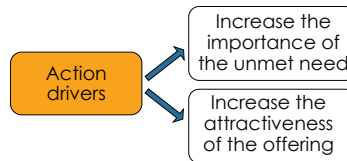
**Figure 9. Crafting the Choice Architecture: The Big Picture****Figure 10. Crafting the Choice Architecture: The Action Plan**

## CHAPTER SIX: BEHAVIORAL NUDGING

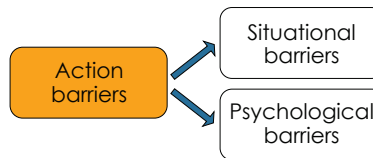
**Figure 1. The Customer Experience Map: Making the Purchase**



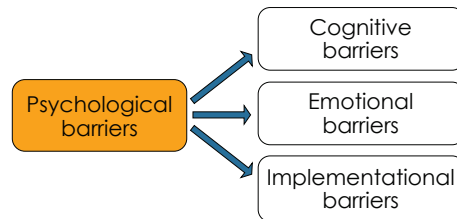
**Figure 2. Action Drivers**



**Figure 3. Barriers to Action**



**Figure 4. Psychological Barriers to Action**



**Figure 5. Performance Uncertainty as a Function of the Observability of Benefits**

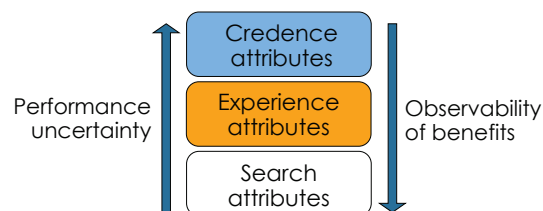


Figure 6. Action Drivers and Action Barriers

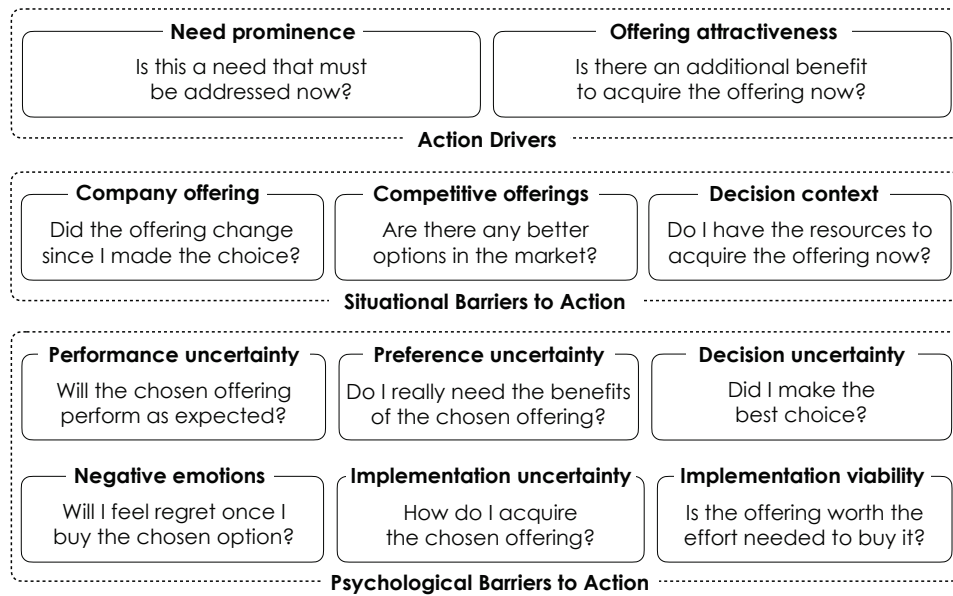


Figure 7. Nudging Customers to Act: The Big Picture

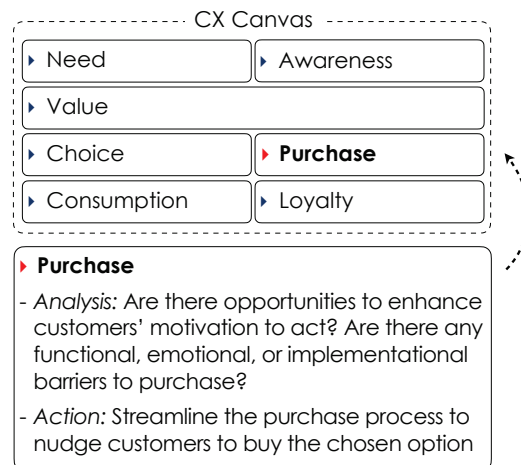
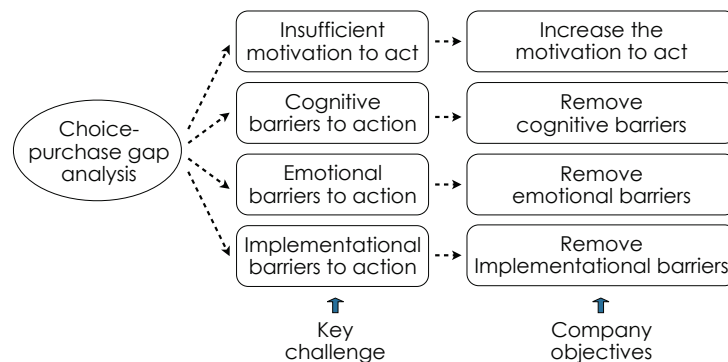


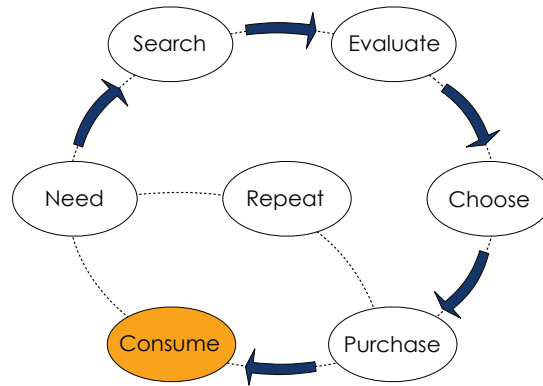
Figure 8. Nudging Customers to Act: The Action Plan



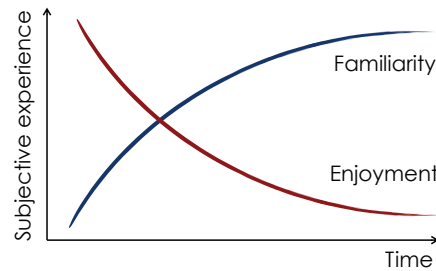


## CHAPTER SEVEN: ORCHESTRATING THE CONSUMPTION EXPERIENCE

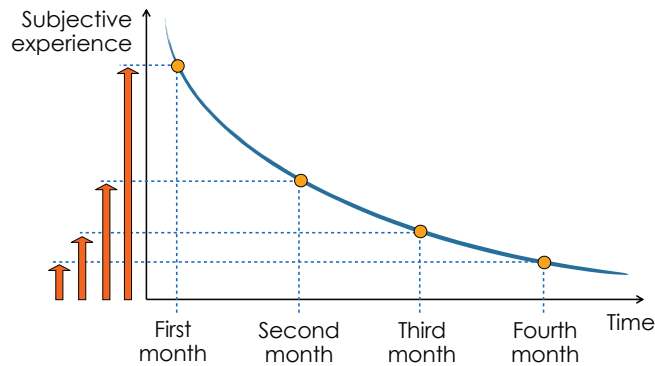
**Figure 1. The Customer Experience Map: Consuming the Offering**



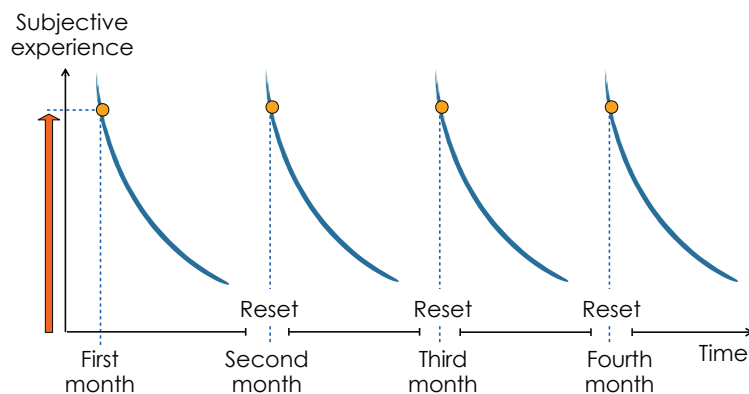
**Figure 2. The Dynamics of Familiarity with and Enjoyment of Using the Offering**

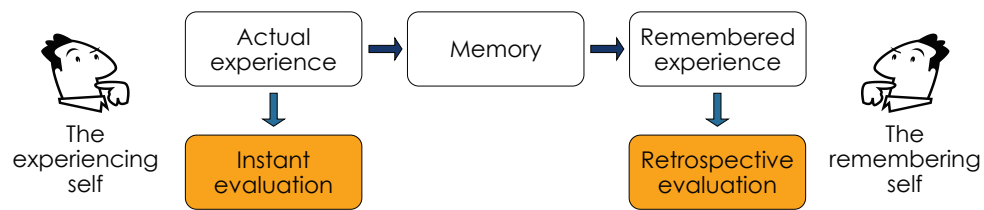
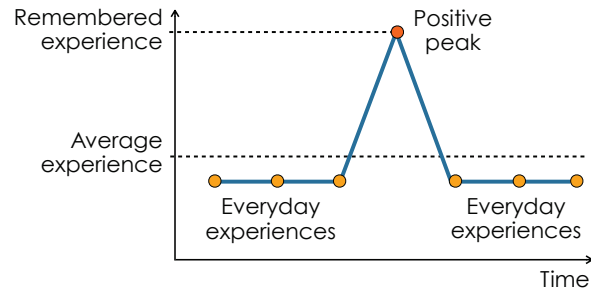
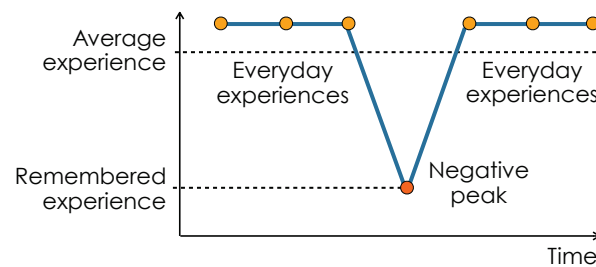
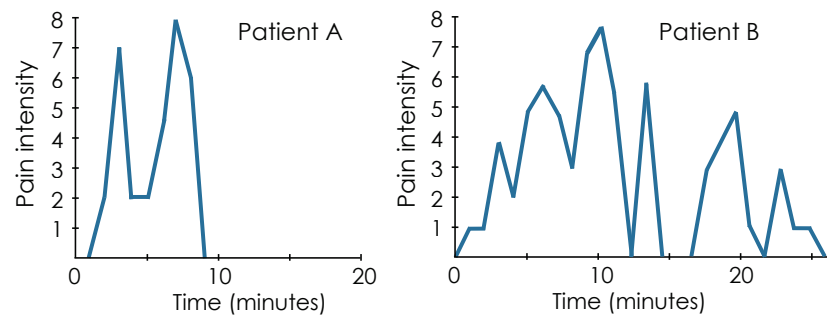


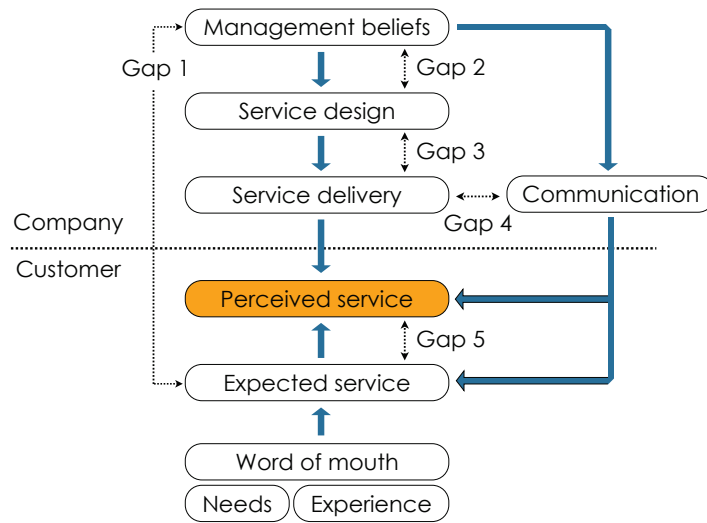
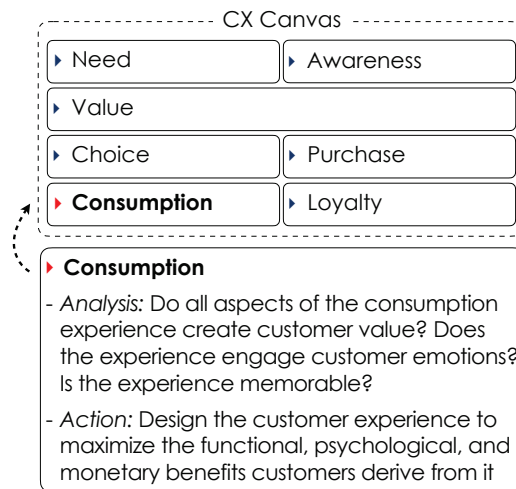
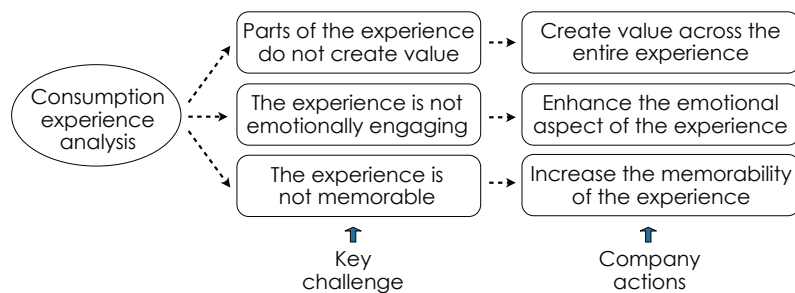
**Figure 3. The Impact of Habituation on the Consumption Experience**



**Figure 4. Managing Habituation through Partitioning**

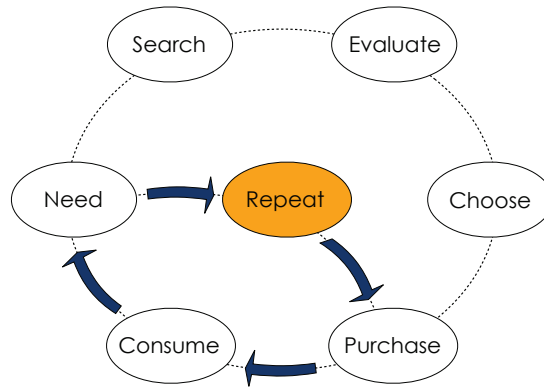


**Figure 5. Instant and Retrospective Evaluations****Figure 6. The Impact of Positive Peak Experiences on Retrospective Evaluations****Figure 7. The Impact of Negative Peak Experiences on Retrospective Evaluations****Figure 8. The Ending Can Change the Overall Evaluation of an Experience**

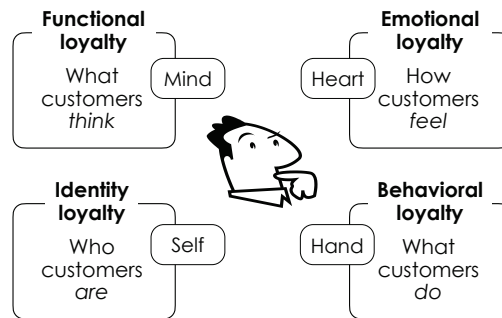
**Figure 9. The Service-Gap Model****Figure 10. Orchestrating the Consumption Experience: The Big Picture****Figure 11. Orchestrating the Consumption Experience: The Action Plan**

## CHAPTER EIGHT: MANAGING CUSTOMER LOYALTY

**Figure 1. The Customer Experience Map: Managing Loyalty**



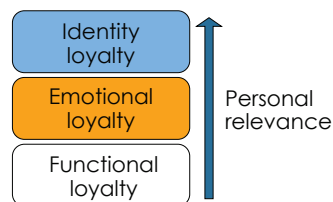
**Figure 2. The Four Drivers of Loyalty**

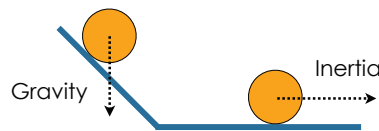
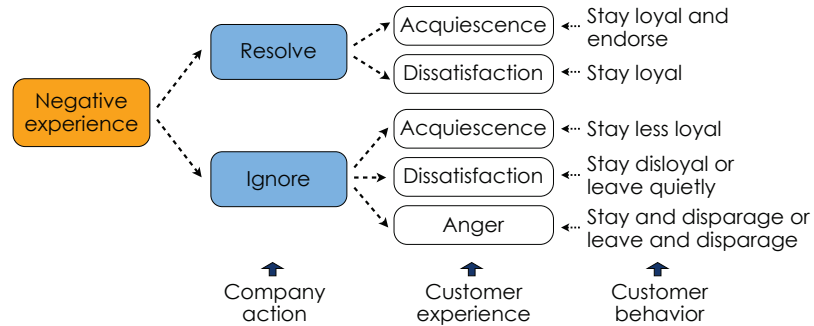
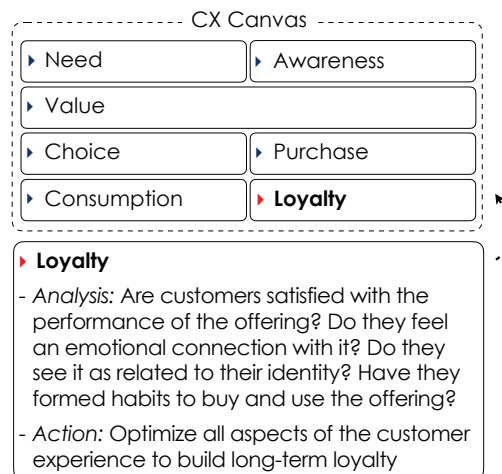
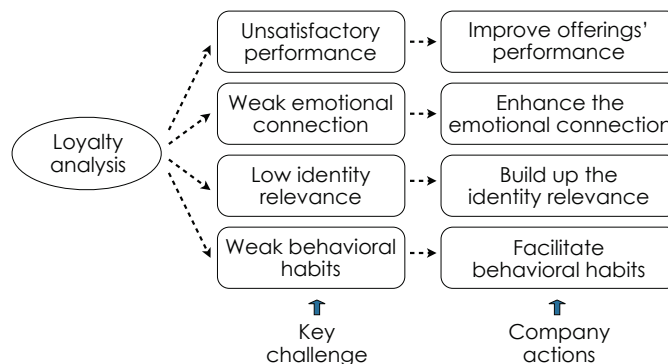


**Figure 3. Expectations Drive Satisfaction**



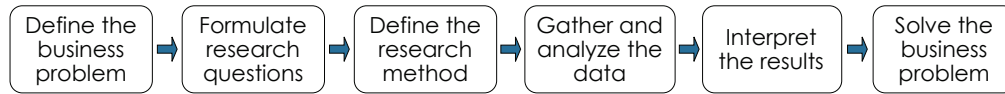
**Figure 4. Identity Loyalty and Personal Relevance**



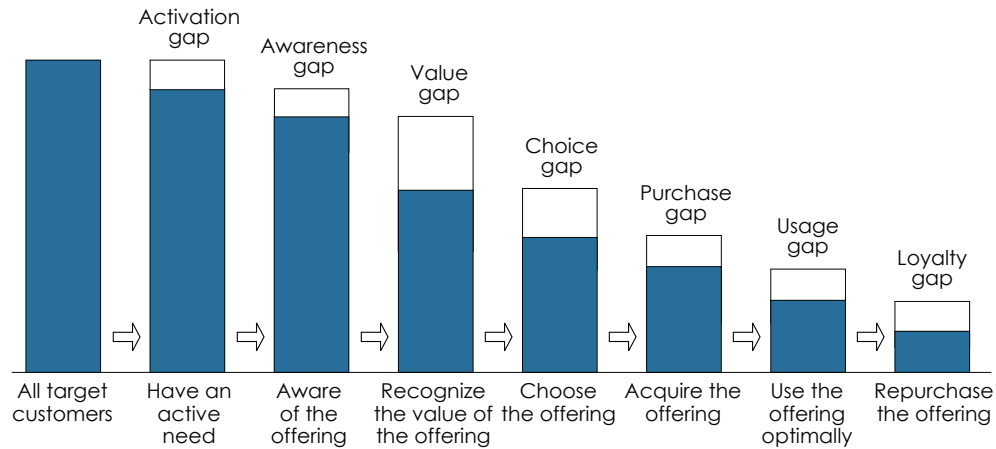
**Figure 5. Galileo's Demonstration of the Force of Inertia****Figure 6. Customer Reaction to Negative Experiences****Figure 7. Managing Loyalty: The Big Picture****Figure 8. Managing Loyalty: The Action Plan**

## CHAPTER NINE: GATHERING CUSTOMER INSIGHTS

**Figure 1. Problem-Driven Customer Research**



**Figure 2. The Gap Model for Optimizing the Customer Experience**



**Figure 3. Key Research Methods**

