PIG Strategy makes Pursuing Excellence, Customer Centricity and Continuous Improvement obsolete

PIG (Pain Is Good) Strategy is better than the conventional approach to creating memorable customer experiences, differentiating your brand, and building your core competences. The conventional approach consists of Pursuing Excellence, Customer Centricity and Continuous Improvement. Not only is PIG better, PIG uses fewer resources. What is the magic of PIG strategy? It considers customers' pain *differently*: it *allows pain*, chooses the *right pain* points, and *aggravates pain*.

Pursuing Excellence Gets IN THE WAY

Will your customers be satisfied if you eliminate all their dissatisfaction? The answer is NO.

You are sitting at your desk reviewing the latest customer feedback report. Looking at the customer dissatisfaction issues raised in the report, you cannot help but frown: queuing time is too long, background music too loud, payment choices too limited... you are on edge, about to pick up the phone to call every department head and demand a revolutionary enhancement to the customer experience. But, wait just a minute; will eliminating all the customers' dissatisfaction really keep your customers satisfied?

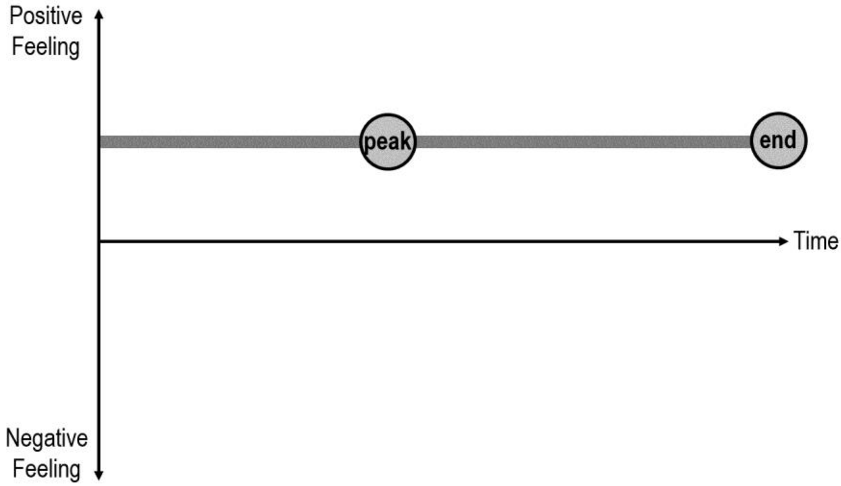

Figure 1 Pursuing Excellence: Avoid Pain with Insignificant Pleasure

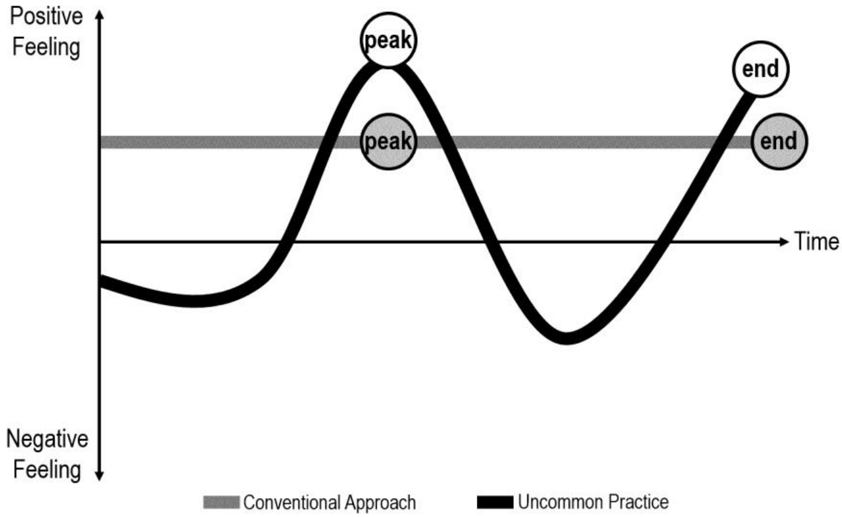

Figure 2 Resource Revolution: Allow Pain for Significant Pleasure

Nobel-prize winning psychologist Daniel Kahneman suggested that human beings only remember two moments of any experience – the peak and the end.[1] Figure 1 shows a grey Emotion Curve[2] representing the conventional approach to customer experience management. It tries to make every moment 'good' from the beginning until the end of an experience. It attempts to raise the entire grey line higher and higher to achieve the highest level of industry standards. The problem of Pursuing Excellence is it takes lots of resource; you dilute your limited resources trying to improve too many things. This approach generates a flattened Emotion Curve with an insignificant peak and end. You are simply wasting your company's resources because the experience is not remembered by your customers. When you *disallow* pain, you *minimize* pleasure.

Figure 2 illustrates a Resource Revolution.[3] It takes a paradigm shift to allocate resources differently, as represented by the black curve, to *allow pain* and focus on the critical few moments – peak and end. This approach creates a memorable experience with significant pleasure peaks, while spending fewer resources. Resource Revolution delivers *more* with *less*.

A European bank used the resource revolution in its retail operations.[4] They allowed customers to wait in line longer and this experience generated severe pain. They saved resources, yet still ensured that each customer received high attention levels, personalized treatment and a tailored solution from their staff. The resource revolution produced rewards. Both overall customer satisfaction and the conversion rate – the percentage of customers took the next consulting appointment for investment products – improved.[5]

Without pain, there can be no Resource Revolution. The Resource Revolution starts by allowing for pain to create significant pleasure. It requires a paradigm shift from "Avoid Pain" to "Allow Pain." That is why Pursuing Excellence gets in the way – because it *avoids* pain.

Customer Centricity is IN THE WAY

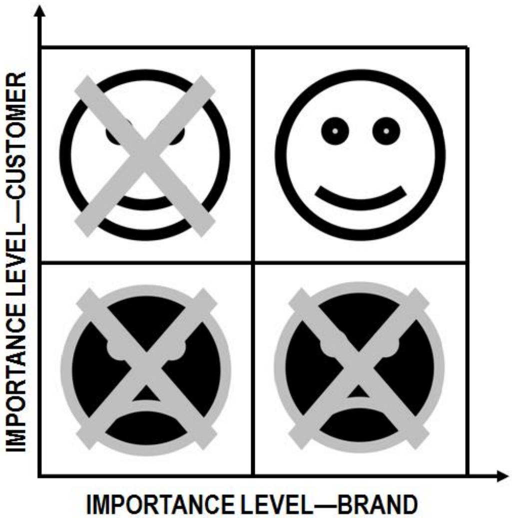

Figure 3 Customer Centricity: Bad Pleasure & Unnecessary Pain

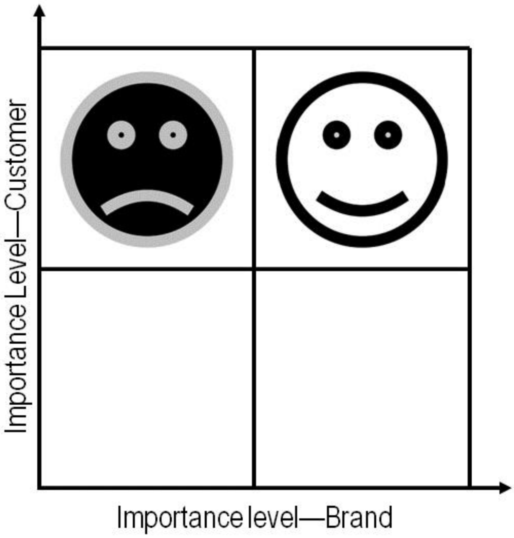

Figure 4 Branded Experience: Branded Pleasure & Good Pain

Should you address the most critical needs of target customers?
The answer is NO.

It has been three years since you took charge of customer centricity. For the first two years, you tried to "wow" every customer and address every pain and complains. Yet you don't have unlimited resources to do this – what a disaster! Learning from your past mistakes, you stop trying to satisfying 'all' needs of 'all' customers. Instead, you focus your limited resources on satisfying only the 'most critical' needs of 'target' customers. This is the right way to go, isn't it?

Figure 3 shows the logical choice for targeting customer satisfaction and pleasure in customer-centric companies – the upper two quadrants indicate the customer needs ranked highly important by customers. However, if you address all or most of the important needs of customers, you end up with too many target pleasure peaks. You dilute your resources across too many points and your peaks become insignificant – the experience will not be remembered. On the other hand, the usual choice for targeting pain – the lower two quadrants – are those needs that are not important to customers. Where customers don't care, you can save resources. However, since these needs are not important to your customers, it is unlikely that you and your competitors have put many resources toward meeting them. You won't save much money by making customers suffer. These are Unnecessary Pains.

Good Pain[6] is located in the upper left quadrant as shown in figure 4. Since it is important to customers, you and competitors are likely spending huge sums trying to satisfy these customer needs. By not trying to satisfy them – by allowing pain – imagine the tremendous resources that you save compared to your competitors. If you mistakenly make the Good Pain (the upper left quadrant) your target pleasure, you are doing charity work – you make customers happy but they don't relate this to your brand. You are eating up resources to create an unnecessary pleasure peak. It is a Bad Pleasure. Instead, you should focus all your resources on the upper right quadrant, the common denominator between customer and brand, what is important *both* to customers and your brand – Branded Pleasure.[7]

The Branded Pleasures of the IKEA in-store experience are product quality, price, display setting, product trial and the cafeteria. IKEA's Good Pains are the car park, staff service, picking up stock, searching stock, check-out, delivery and installation; these pains are important to customers, but not to the IKEA brand.[8] Think of the wait time and premium prices of Starbucks, the no meals, no movies, no upgrades and no reserved seats at Southwest Airlines, and Apple products incompatibility with other systems, all these pains are important to customers. By identifying their Good Pains, resources can be channeled to Branded Pleasures. That is why IKEA, Starbucks, Southwest, Apple and other great brands are able to deliver a highly memorable and branded experience.

Allowing Pain is not enough. To ensure that the Resource Revolution is on the right track and to create a differentiated experience, you have to choose the *right* pleasures and the *right* pains. Customer Centricity is in the way – because it focuses on the *wrong* pleasures and *wrong* pains.

Continuous Improvement is IN THE WAY

Can continuously improving the customer experience build your core competences? The answer is NO.

Your CEO attended a conference last month and he was inspired: the next big thing is Customer Experience. His recent headaches have included regulatory changes that opened the market to competition, previous 'hero' products that are no longer among consumers' favorites, and strong pressure to lower prices that eat into already slim margins. So, this inspiration comes at the right time. He quickly sets up a steering committee. Customer experience has to be improved continuously to become the company's new core competence. Is your CEO driving your company toward a prosperous future?

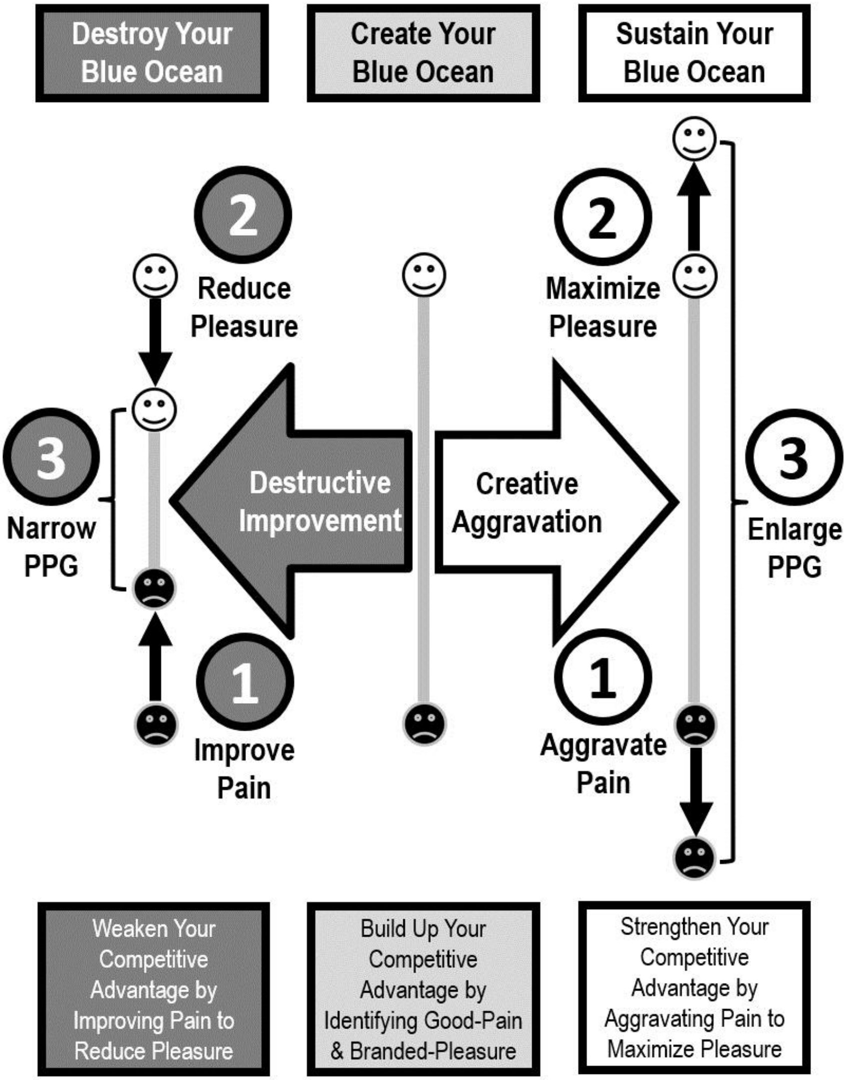

Figure 5 Continuous Improvement: Improve Pain to Reduce Pleasure vs. Creative Aggravation: Aggravate Pain to Maximize Pleasure

In figure 5, on the left, it illustrates a typical Continuous Improvement scenario. It is tempting to keep improving the customer experience, especially for things that customers feel are important or painful or both.

But, if you improve anything other than your Branded Pleasures, you dilute your resources and Continuous Improvement becomes Destructive Improvement. For every unit you spend on improving a pain point, you have one unit less to spend on your target pleasures. In a highly competitive market, you will end up lowering your pleasure peaks, weakening your comparative advantages, and turning your Blue Ocean[9] red.

In figure 5, on the right, it shows why Creative Aggravation is preferred. Instead of improving pain points, you aggravate them. When you aggravate pain points to the greatest extent, you save an unprecedented amount of resources you can then use to maximize pleasures. Visually, you see a large Pleasure Pain Gap.[10]

Based on empirical data collected globally from 8,500 customers, Starbucks, IKEA and Louis Vuitton each have a large Pleasure Pain Gap (PPG).[11] Based on 4,500 valid survey responses, China Merchants Bank (CMB) outperformed all 15 credit card issuing banks on all metrics, yet had the largest PPG among all major rivals.[12] Based on the feedbacks of 757 IT managers, IBM has the most favorable B2B purchase experience as well as the largest PPG among 14 IT solution vendors.[13] All these industry leaders understand Creative Aggravation.

To maximize the effectiveness of the Resource Revolution, you need to *aggravate* pains to maximize customer's pleasures, strengthen your comparative advantages, and build your core competences. That is why Continuous Improvement is in the way – it *improves* the customer experience at pain points.

PIG is a More Effective Solution

The common goal of every organization is to earn customers' loyalty. When customers can't remember you, they cannot be loyal to you. The entry ticket to loyalty is *creating a memorable customer experience*. To stand out in the more and more homogenized world, you have to *differentiate your brand*. To stay ahead of the competition, you must *build your core competences*. Simply put, customers stay loyal to you because you make them feel good and you are different and better than your competitors.

Pursuing excellence drives '*disremembered' experiences* by trying to perform average to good in all aspects of the customer experience. Being customer centric makes you *no different than your competitors – with everyone trying to* satisfy most of the customers' critical needs. Diluting your resources by attempting continuous improvement *weakens your comparative advantage* and makes you susceptible to imitation by your competitors. These approaches are *not* the solutions to your problems; they *are* the problems.

Using the *resource revolution* to allow pain and focus resources on significant pleasure, PIG creates memorable customer experiences. By identifying your own Branded Pleasure and Good Pain to deliver a *branded experience*, PIG differentiates your brand. By adopting *creative aggravation* to increase pain and free resources to generate unprecedented pleasures that are difficult for competitors to match, PIG turns your comparative advantages into sustainable strength and builds your core competences. PIG *is* the solution.

Pursuing Excellence	AVOID Pain	VS	ALLOW Pain	PIG
Customer Centricity	WRONG Pain	VS	RIGHT Pain	PIG
Continuous Improvement	IMPROVE Pain	VS	AGGRAVATE Pain	PIG

Figure 6 The Opposite Take on Pain: Conventional Approach VS PIG (Pain Is Good) Strategy

PIG is *not only* the solution to creating memorable customer experiences, differentiating your brand and building your core competences, PIG is a *more effective* solution than the conventional approach because it uses fewer resources. By introducing a revolutionary perspective on pain – *allow pain*, choose the *right pain* and *aggravate pain* – PIG delivers more with less. It maximizes the effectiveness of the Resource Revolution to enable every company to put their limited resource to their best use.

PIG is *unusual* but *natural*. It is *unusual* because PIG turns upside down how most business people perceive pain: from bad and destructive to good and creative. It is *natural* because PIG does not go to unrealistic and unsustainable *extremes*: only pleasure, only customer and only progress, extremes that don't work and can't last. PIG restores a realistic and sustainable *balance* between pleasure and pain, customer and brand, and progress and regress. Natural approaches work and last.

The PIG Strategy is patent-pending with the United States Patent and Trademark Office.[14] I published "Don't Eliminate All Pains of Your Customers" in the Harvard Business Review in September 2009 in which I demonstrate the merits of the PIG Strategy.[15] Over 20 independent research projects have been conducted globally across a variety of industries, collecting data from more than 30,000 customer interactions to validate the theory behind this strategy.[16] With content based on the PIG Strategy, the Global CEM Certification Program has been presented 46 times in 18 international cities with attendees from 61 countries on six continents.[17] This program has trained numerous consultants from the world's leading consulting companies to use the strategy.[18] The PIG Strategy was first licensed to a consulting company in Europe in 2008.[19]

Enjoy PIG and witness how it unlocks the power of pain.

NOTES

1. Daniel Kahneman (born 1934) is an Israeli-American psychologist. He was awarded the 2002 Nobel Prize in Economics for his work in prospect theory. The Peak-End Rule is a psychological heuristic by which people judge experiences largely based on how they felt at their peak and at their end. This heuristic was first suggested by Daniel Kahneman and others. Originally, the Peak-End Rule was applied to the evaluation of pain, see Donald A. Redelmeier and Daniel Kahneman, *Patient's Memories of Painful Medical Treatments: Real and Retrospective Evaluations of Two Minimally Invasive Procedures* (Pain 66, 1996), 3-8. Later studies supported the idea that the effects found in retrospective evaluations of pain are applicable to evaluating pleasure, see, for example, Amy M. Do, Alexander V. Rupert, and George Wolford, *Evaluations of Pleasurable Experiences: The Peak-End Rule* (Psychonomic Bulletin & Review, 2008, 15 (1)), 96-98.
2. An Emotion Curve is mapped by linking all the satisfaction levels of the sub-processes (touch-point experiences) and attributes that are encountered or perceived by customers and affect their emotions in a natural time sequence during a touch-point experience (total customer experience). I created the Emotion Curve in 2006. See Sampson Lee, *One Cup of Coffee, 20 Experiences: Take a Tip From Starbucks* (Customerthink.com, 4 June 2006).
3. See Sampson Lee, *PIG (Pain Is Good) Strategy: Make Customer Centricity Obsolete and Start a Resource Revolution* (iMatchPoint, 2014), 19-29.
4. The European bank is one of my clients. For reasons of client confidentiality, they will remain anonymous.
5. See Sampson Lee, *PIG (Pain Is Good) Strategy: Make Customer Centricity Obsolete and Start a Resource Revolution* (iMatchPoint, 2014), 27-28.
6. See Sampson Lee, *PIG (Pain Is Good) Strategy: Make Customer Centricity Obsolete and Start a Resource Revolution* (iMatchPoint, 2014), 83-96.
7. Ditto.
8. See Sampson Lee, *PIG (Pain Is Good) Strategy: Make Customer Centricity Obsolete and Start a Resource Revolution* (iMatchPoint, 2014), 44-45.
9. See W. Chan Kim and Renee Mauborgne, *Blue Ocean Strategy: How To Create Uncontested Market Space And Make The Competition Irrelevant* (Harvard Business Review Press, 2006).
10. See Sampson Lee, *PIG (Pain Is Good) Strategy: Make Customer Centricity Obsolete and Start a Resource Revolution* (iMatchPoint, 2014), 99-116.

11. Global Starbucks In-store Customer Experience Research, Global CEM and CustomerThink (U.S.), September-October 2007; Global IKEA In-store Customer Experience Research, Global CEM, CustomerThink (U.S.) and TOTE-M (Netherlands), December 2008-February 2009; Global Louis Vuitton In-store Customer Experience Research, Global CEM and CustomerThink (U.S.), October 2008.
12. Mainland China Credit Card Customer Experience Research, Global CEM, May-June 2008 and May-July 2009.
13. Mainland China B2B Purchase Experience (IT Solution) Research, Global CEM and CustomerCentric Selling (U.S.), July-August 2007.
14. Branded CEM (customer experience management) method was invented by Sampson Lee and filed for provisional patent application and regular patent application in the United States Patent and Trademark Office in 2007 and 2008 respectively.
15. See Sampson Lee, *Don't Eliminate All Pains of Your Customers* (Harvard Business Review, Chinese edition, September 2009), 156-163.
16. See Sampson Lee, *PIG (Pain Is Good) Strategy: Make Customer Centricity Obsolete and Start a Resource Revolution* (iMatchPoint, 2014), 117-165.
17. See www.globalcem.org.
18. See www.globalcem.org/content/global-presence.
19. The PIG Strategy, includes the branded CEM (customer experience management) method and the TCE (Total Customer Experience) model, was first licensed to TOTE-M, a consulting company based in Amsterdam, in 2008.