customer THINK

Customer Experience at a Crossroads

What Drives CX Success?

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Customer Experience at a Crossroads: What Drives CX Success?

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CustomerThink was founded in 2000 as CRMGuru.com by Bob Thompson, CEO and Editor-in-Chief, who is responsible for the site's editorial vision and research agenda. Thompson conducts research on leading trends in customer-centric business management; blogs about industry developments; writes articles and reports; and gives keynotes at conferences worldwide. Contact him at bob@customerthink.com or 619-319-5183.

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Executive Summary

The Customer Experience (CX) industry is at a crossroads. Despite much enthusiasm at executive levels and investments in CX teams and initiatives over the past decade, only one in four companies are "winning" – able to quantify CX benefits or achieve a competitive edge.

The majority (58%) of the approximately 200 CX initiatives studied in this research are in a "developing" stage, able to cite some benefits. But tangible results are proving elusive for most CX leaders. The goal of this research was to understand what differentiates Winning CX initiatives to help CX leaders more rapidly and effectively deliver the business value required by senior executives to continue or expand investments.

Here are the five main conclusions, based on quantitative data primarily from CX team leaders, supplemented with qualitative research conducted with three dozen CX leaders and industry experts, with the support of a Research Council of 14 global thought leaders.

1. Winners define a CX vision beyond fixing problems.
Improving major touchpoints such as customer service, while a common and often necessary starting point, does not yield the best returns. CX initiatives enjoy greater success when they improve the customer journey or deliver a unique experience to differentiate in the market.

2. Winners insist upon a CX business case.
While senior management will want to see "hard numbers," building a business case is not just about an ROI calculation. Ideally, value from a CX initiative should be clear to each stakeholder. Even when not formally required, CX leaders should prepare a business case in the language appropriate for decision makers.

3. Winners are more advanced with feedback sources, loyalty metrics, and journey mapping.
Winning CX initiatives make more extensive use of non-survey sources such as text and social media. They are also more likely to use custom loyalty metrics to track success, at the expense of generic metrics like NPS and CSAT. Journey mapping is also done more thoroughly, including future state maps and customer validation.

4. Winners invest more in CX talent and technologies.
Areas of relative strength include driving organization change; experience design and innovation; and metrics and ROI – three of the six major skills recommended by the CXPA. Winners also cite better tools and systems to support customer feedback, analytics, and omnichannel experiences.

5. Winners have a stronger customer-centric culture.
Executives at companies with Winning CX initiatives do a better job of "walking the talk" in customer value creation, customer delight, and customer feedback and action. Winners also have fewer issues with executive sponsorship, management support, employee motivation, and measurement systems.

Each of these conclusions will be explored in depth in the following report. CX leaders and executives should use the insights to identify improvement opportunities that will drive future success. Good luck!

Bob Thompson
CustomerThink Founder/CEO

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What is Customer Experience Management (CXM)?

While industry experts generally agree that customer experiences include all interactions and the resulting customer perceptions[1], there is more confusion about what Customer Experience *Management* (CXM) entails. These perceptions were explored with survey respondents, 92% of which were CX team leaders or members.

There was emphatic agreement that key elements of CXM include delivering the brand promise and increasing customer satisfaction and loyalty. In this respect, CXM is a new term for loyalty management practices that have existed for decades. Also, everyone agreed that engaged employees were essential to CX success.

In contrast, there was strong disagreement that "CXM is the same as Customer Success Management" (CSM), or that "CXM is a replacement for Customer Relationship Management (CRM)", or that "CXM is another term for a Voice of the Customer program."

Most respondents also rejected the notion that CXM is difficult because experiences can't be "managed" as some have suggested. According to industry analyst Thomas Wieberneit, " … customer experiences are living in the perception of the customer, and hence are solely managed by the customer, not by any company."[2]

Of course, CX managers are unlikely to agree that their role is fundamentally flawed because customers are in control! Pragmatically speaking, CXM is not about controlling customer experience, but about making changes that the company *can* control (processes, employee behaviors, product capabilities, etc.) to influence perceived experiences in a positive direction. While "CX Influence" might be technically a better term, CXM has been widely adopted by the industry, including hundreds of consultancies and a growing number of technology firms.

There were mixed reactions to other statements. One of them gets to the heart of what CX is – and isn't.

For instance, 74% agreed: "By 2020, customer experience will overtake price and product as the key brand differentiator." Taken literally, this statement is a logical fallacy. If CX includes all interactions and perceptions, then it must include price and product. CX can't "overtake" something it includes.

But, CX thought leaders don't parse it this way.

> "CX is a representation of *everything* an organisation does to contribute to the delivery of the 'end to end customer experience'." – Ian Golding, CX consultant
>
> "CX (as seen from customers' eyes) includes product/pricing/interactions plus customers' behind-the-scenes efforts to select, get and use a solution toward their goals. The behind-the-scenes efforts include integrations throughout select/get/use with emphasis on "use" – integrations with various people, environs, hardware/materials, software, and processes." – Lynn Hunsaker, ClearAction Continuum
>
> "Customer Experience is what wraps around product and price" – Colin Shaw, Beyond Philosophy

So, when is an organization *not* practicing CXM? According to market researcher and CX consultant Dave Fish of CuriousityCX, CXM should not include companies that only emphasize one element such as product *or* price *or* customer service – and ignore the larger narrative of what customers are experiencing on their journey.

[1] http://customerthink.com/does-customer-experience-management-include-products-or-pricing/
[2] http://customerthink.com/cxm-what-the-heck-is-that/

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Krista Sheridan, a CX leader with 20 years of CX experience at TELUS, agrees (emphasis added):

> *"Until companies take a **broader view**, things won't really improve. There are so many decisions and work done by so many different people and teams and departments leading up to an eventual customer interaction. And if all that work has created a poor product, poor selection process, annoying payment experience, aggravating policies etc. **your interactions with customers can only do so much** – they can't undo all those systemic things!"*

Given the foregoing, it's no surprise that 69% disagreed that the "primary goal of CXM is to improve customer service" and 65% agreed that "CX initiatives must include products and pricing." Still, roughly one-third of respondents see CXM in a more limited perspective than experts advocate.

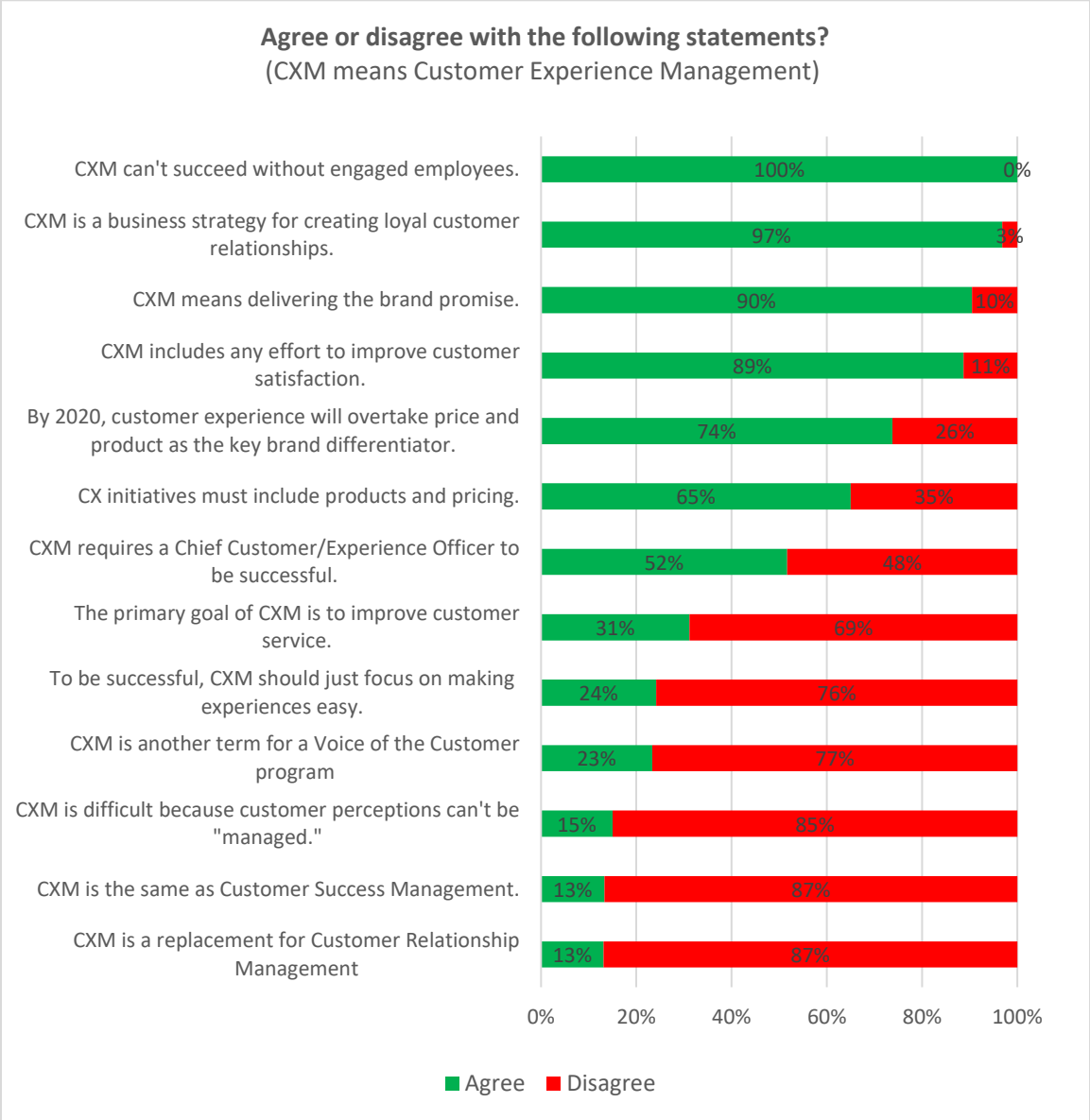

Figure 1 – CXM Perceptions

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Furthermore, while CXM may be about "delivering the brand promise," some brand promises are not compatible with a holistic definition of CXM. Pushing low prices above all else, with little concern for customer satisfaction, is *not* considered CXM. Ryanair has prospered with such a model, but CX experts are loath to include this as a CX success story.[3] Indeed, no CX initiatives in this study were focused primarily on low prices.

In recent years, spurred by the success of Amazon, many companies have pursued making experiences easy or effortless. In fact, "easy" was the top CX attribute believed to drive customer loyalty, cited by 83% of all respondents. But, 76% *disagreed* that: "To be successful, CXM should just focus on making experiences easy." While being "easy" is clearly important, it's not the only thing that matters. And indeed, it's not a differentiator for "Winning" CX initiatives, as will be explored later in this report.

Finally, there was nearly an equal split in agreement on whether a Chief Customer/Experience Officer is required for CXM success. This is consistent with prior CustomerThink research that found a slight majority of organizations believed that a Chief Customer Officer (CCO) would be of benefit to the company, to facilitate cross-department coordination and get support from the CEO and Board.[4]

What Does CX and CXM Mean to *Your* Business?

The implication for CX leaders is that key stakeholders may – and probably do – have widely varying perceptions about CX and CXM. Some may think of CXM in a holistic way, but others may believe that CX is just another term for customer service, process improvement, or customer surveys.

Furthermore, CX leaders who present CXM as narrowly focused may run into another objection: Why do we need another term for product excellence, price leadership, or customer service? CXM should bring new thinking and value to organizations, not be used as a new trendy label for existing activities.

Therefore, it's imperative for CX leaders to clearly define the scope of CXM at the company and communicate and secure agreement to that scope with sponsoring executives and key stakeholders. This can be accomplished, according to seasoned CX leaders interviewed for this study, by meeting with stakeholders early in the planning and strategy development process to:

- Understand perceptions about CX and CXM
- Differentiate CXM from Voice of Customer programs, customer service, etc.
- Clearly define the organization's intended experiences
- Identify key business issues where CXM might help
- Assess potential buy-in and support

Otherwise, according to one Vice President leading global CX efforts at a large technology firm, the tendency is for people to jump on immediate problems without stopping to think and analyze the key business issues that, if solved, would make a significant difference in performance.

[3] http://customerthink.com/ryanair-can-low-prices-plus-unhappy-customers-equal-cx-success-story/
[4] "Leadership Practices for Customer-Centric Business Management," 2015 research report by CustomerThink

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Customer Experience Strategy

Defining "Winning" at Customer Experience

For the balance of this report, CX success factors will be evaluated by making comparisons between three segments of CX initiatives, with special emphasis on differences between Developing and Winning segments.

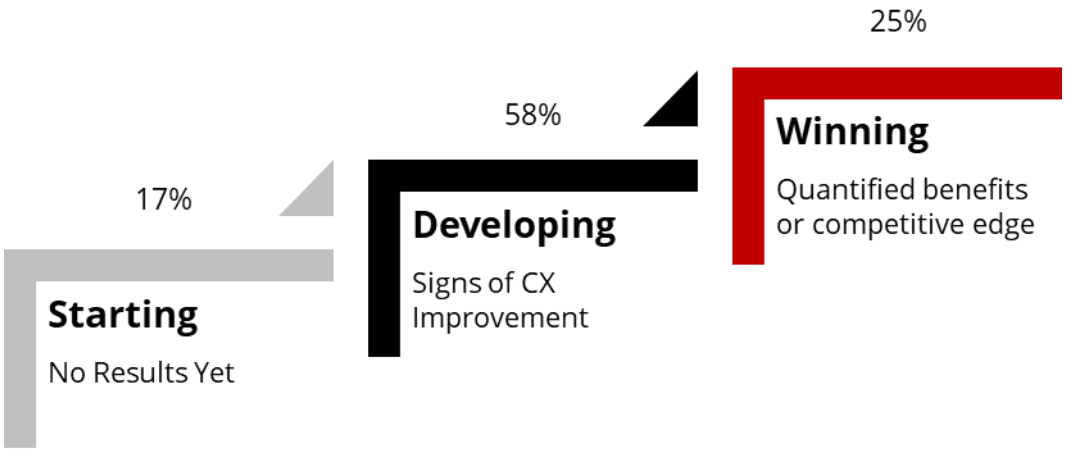

Figure 2 – CXM Success Segments

Why is "Winning" defined as quantified benefits or competitive edge? Because that's what most executives want, say CX industry experts.[5] According to Lynn Hunsaker of ClearAction Continuum, when asked for advice on how to convince upper management to make CX investments:

> *"Money talks. And logic. Upper management may need to be reminded about the source of revenue: investors leave when customers leave, not the other way around. Earnings per share increases when profitable customers organically expand share of budget with the company. Show the % of customers retained, their revenue contribution, their purchase expansion beyond the first product they bought, their influence on other customers and prospects."*

Qualifying for the Winning segment is not exceptionally difficult, because respondents need only agree that "CXM outcomes can be quantified," not that benefits exceed investments in a formal payback analysis.

So, are the other CX initiatives "losing"? No! CX leaders of Starting and Developing initiatives cite numerous benefits, including increased customer satisfaction, brand building, revenue growth, cost reduction and more (see Figure 3). Furthermore, a strong majority of respondents in the Developing segment report at least a moderate increase in customer satisfaction in the past year.

Unfortunately, beliefs and feelings are not enough to satisfy executives with budget authority. While there is often conceptual agreement that improving CX is the right thing to do, "show me the money" is more likely to be the attitude of senior executives, says Beyond Philosophy's Colin Shaw. CX leaders must show how CXM investments link to business value, a topic that will be explored later in this report.

[5] http://customerthink.com/3-strategies-to-sell-the-ceo-on-customer-experience-management-cxm/

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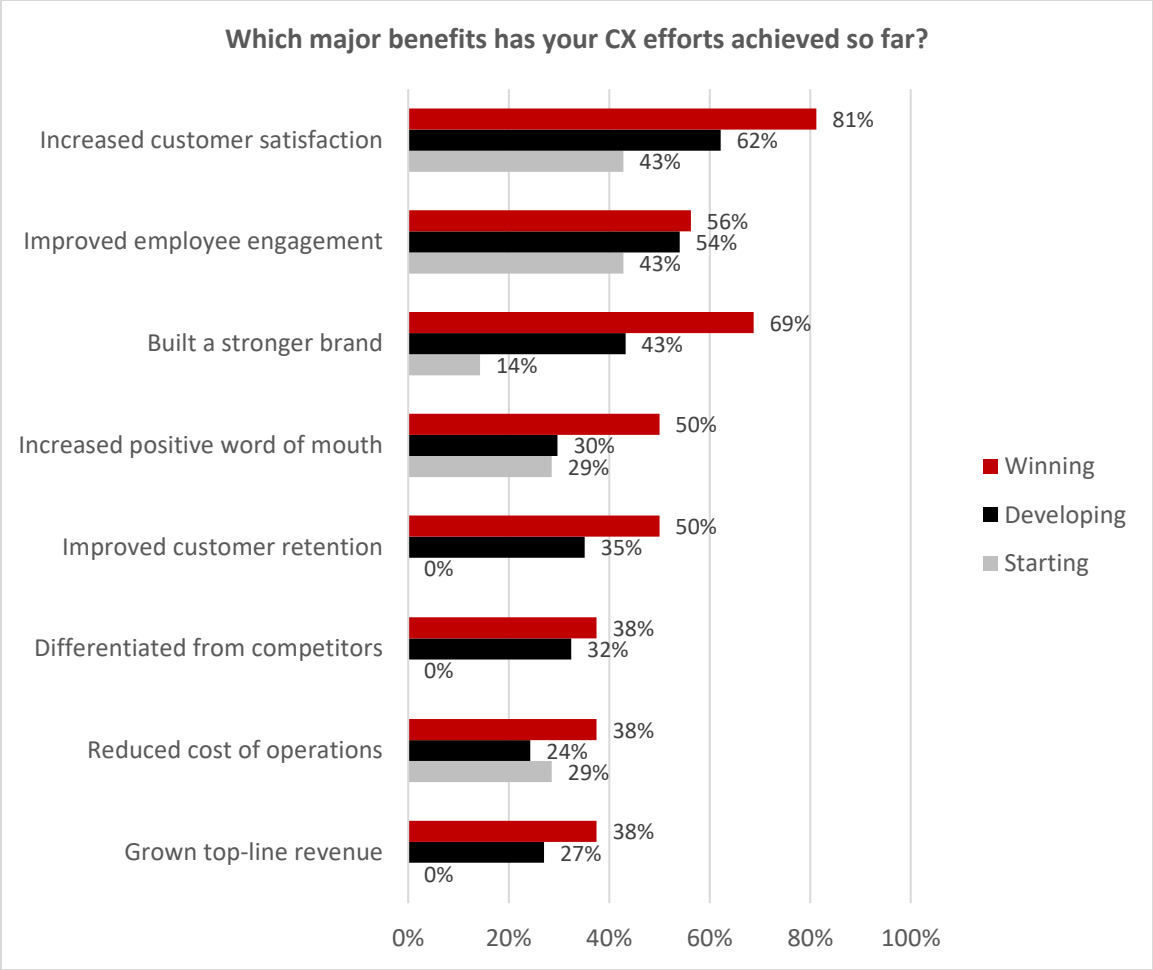

Figure 3 – Major CXM Benefits

Where to Focus Resources

Let's turn to the critical topic of CX strategy. First of all, a "strategy" is a high-level plan of action designed to achieve a major goal. In the case of a "CX strategy," virtually all industry experts, experienced CX leaders, and CX maturity researchers recommend that a CX strategy is developed, documented, shared, and agreed upon by the organization.

In the report "Customer Experience Strategy Best Practices," Forrester says: "In fact, one thing that sets effective customer experience efforts apart from ineffective efforts is a defined conception of the intended experience for customers and a plan for getting there."

But what other studies have not addressed is whether the *type* of CX strategy has any impact. Three options were explored in this study.

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Fix, Connect, or Innovate?

Does it impact the odds of "winning" if a CX initiative is mainly focused on one of these options?

- **Fixing Touchpoints**: "fixing issues at specific customer touchpoints (buying, usage, service, etc.)"
- **Connecting Journeys**: "improving the end-to-end journey to help achieve the customer's objectives"
- **Unique Experiences**: "delivering a unique customer experience to differentiate in the market"

Yes, success rates (percentage of segment in Winning stage) did show differences across these strategies, as shown below, with the biggest jump from Connecting Journeys to Unique Experiences.[6]

Primary Strategy	*% of CX Initiatives*	*Success Rate*
Fixing Touchpoints	44%	18%
Connecting Journeys	39%	24%
Unique Experiences	14%	56%

Figure 4 – Success Rate by Primary CX Strategy

These strategies can, of course, be pursued at the same time. However, CX initiatives tend to start by finding and fixing obvious customer pain points within one functional area. Customer service is the most common starting point because it is the catcher of customer complaints. As efforts evolve and competencies develop, emphasis shifts to friction *between* major touchpoints. With the help of journey mapping, some complaints to customer service can be diagnosed as having a root cause in marketing, sales, or product development.

For example, technology firm Verint had an issue with implementation services not being completed on time and on budget, according to VP of Customer Experience Nancy Porte. A journey map helped to diagnose the root cause much earlier in the journey, with preliminary sales quotes that were overly optimistic. Getting services professionals involved earlier resulted in better quotes and improved success.[7] Indeed, CustomerThink found many examples of cross-organization process improvement in interviews with CX leaders.

Top brands don't always optimize touchpoints or processes. Trader Joe's, IKEA, and Southwest Airlines deliver experiences that uniquely position their brands, sometimes flouting conventional wisdom. For instance: Southwest doesn't allow booking on third-party websites like Expedia and doesn't give seat assignments.

CEO Gary Kelly defended open seating in a 2006 blog post:

> *"Open seating has allowed us to build a highly efficient operation by keeping the time our aircraft are sitting at our gate to a minimum. Aircraft on the ground don't make money! But it's no secret that all airlines – even Southwest – are facing extensive cost pressures due to the rising price of fuel and we have to find ways to generate additional revenue."*[8]

[6] 3% of respondents selected "no CX strategy"
[7] http://customerthink.com/verint-provides-engagement-tools-for-cx-practitioners-and-a-case-study-of-cx-in-practice/
[8] http://www.blogsouthwest.com/blog/a-message-from-our-ceo-open-season-on-assigned-seating

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Booking and boarding touchpoints, while not optimal for customers, are intentionally designed into a holistic experience to enables the airline to save money while offering affordable fares where "bags fly free." Friendly, caring employees just adds to what some call a "branded experience" that helps Southwest stand out.

Solution, Interactions, or Price?

This study also analyzed success rates if the top priority was improving one of three major loyalty drivers:

- **Solution**: how customers get value out of purchased products or services
- **Interactions**: how customers engage with our people and systems
- **Price**: how our customers perceive our pricing compared to alternatives

As you can see, improving interactions was the top priority for 59% of respondents, with 36% selecting improving solution. Only a handful of initiatives were focused on price. The success rates were nearly the same, close to the average of 25%, so focusing on solutions or interactions offers a similar odds of Winning.

Top Priority	*% of CX Initiatives*	*Success Rate*
Improving Solution	36%	23%
Improving Interactions	59%	27%
Improving Pricing	5%	N/A[9]

Figure 5 – Success Rate by Focus on Loyalty Drivers

CX initiatives are skewed toward improving interactions, despite the fact that **solution and price account for the majority of weight** as loyalty drivers (Figure 6). Even the Winning segment, where interactions received the largest average weight of 44%, the much larger balance (66%) is split between solution and price.

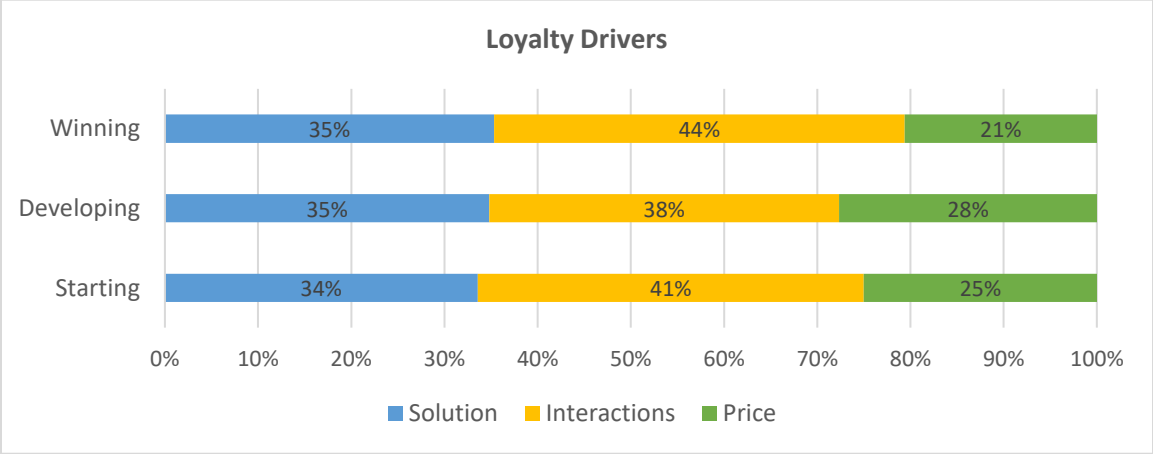

Figure 6 – Relative Weights of Loyalty Drivers

[9] "Improving pricing" segment was too small to calculate a meaningful average success rate.

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This raises a question about whether CX leaders are focusing too much attention on interactions. Perhaps they have concluded that improving interactions is a better opportunity for marginal gains. Or, CX leaders may simply have more authority to drive change with interactions because solutions and pricing already have strong owners. In any case, CX leaders should make decisions based on impact, not convenience.

Buying, Usage, or Service?

Some industry experts have suggested that CXM is mainly about service improvement. A CustomerThink.com content analysis did find that improving service was a dominant theme written about by CX consultants and vendors.[10] And, we've already concluded that "improving interactions" is the primary strategy of six out of ten CX initiatives. Of course, interactions could occur throughout the customer journey.

So, is it fair to say that CXM is just another term for service improvement?

In a word, no. This study asked respondents to rate the extent of focus across a customer journey. Figure 7 shows the percentage selecting "strong focus" by stage of a generic customer journey. While it's clear that service and support is an emphasis for about 70% of CX initiatives, other stages get significant attention, too.

What's notable is that **Winning CX initiatives have a more consistent focus across the journey**, at around 40% up through purchase, and 70% or so with usage and support stages. Less successful CX initiatives have a much bigger drop-off in the pre-purchase stages.

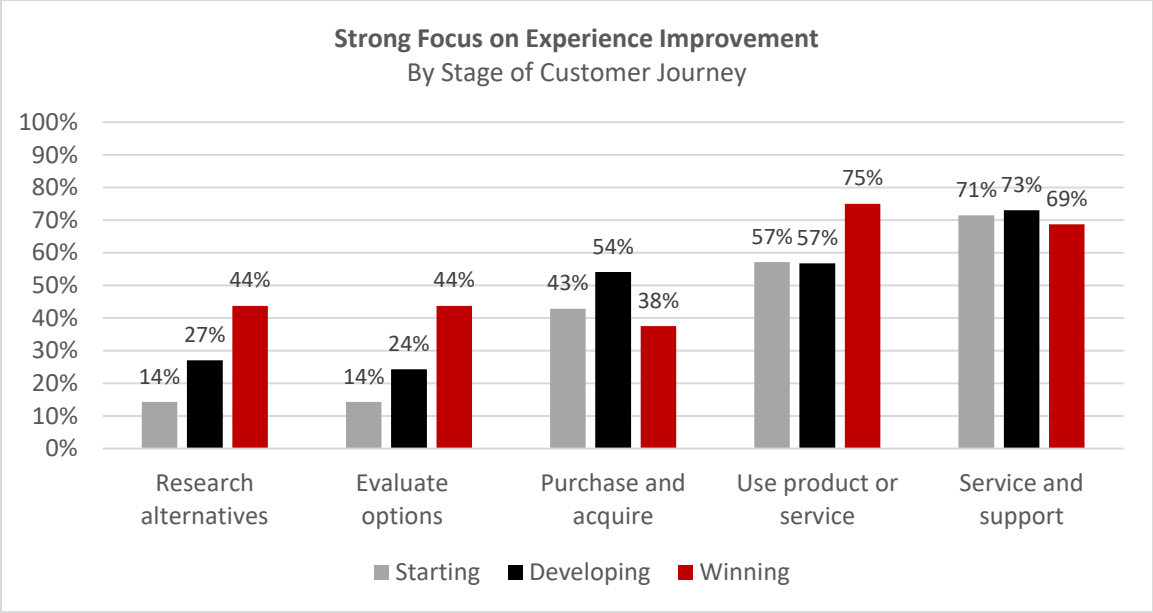

Figure 7 – CX Focus by Stage of Customer Journey

[10] http://customerthink.com/what-does-customer-experience-really-mean-text-analytics-sheds-some-light/

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Current State of CXM

CXM is Mostly About Process Improvement

As discussed earlier, industry experts position CXM as working to improve the holistic, end-to-end customer journey that includes the solution (products, services), interactions, and pricing. But are CXM initiatives *really* focused on solutions or pricing? Based on interviews and survey responses, not so much.

To illustrate, CustomerThink asked for examples of "improving customer experiences" in the online survey. These representative responses suggest that CX professionals are mainly concerned with improving interactions and processes.

- *After a deep review and rebuilt of our Help Center, we achieved a decrease of 40% in the number of contacts by ticket.*
- *Determining which online chat services work better than others and defining improvements to increase effectiveness and NPS.*
- *Digitized paper-based processes and use design thinking to build online experiences from the user's perspective*
- *Duties and taxes can now be paid online in most European countries, this was not possible before (had to call center for this or do transfer)*
- *For our major clients, we rearranged the account management structure so that the clients who provide the best revenue get the best account management support.*
- *Generated scalable, consistent, customer facing product implementation process for successful on-boarding, product up-sell, and professional service engagements.*
- *Greater awareness for frontline staff and their managers about the importance of engaging with customers and resolving their issues over and above score chasing.*
- *Improved digital experiences via web and Apps*

When asked to name companies that delivered "great CX," two standout brands – Amazon and Apple – combined for 30% of mentions by respondents. Amazon is a quintessential service brand and Apple is an iconic product brand.

With the exception of Google, however, nearly all of the other major brands would be associated more closely with excellent service: Chick-Fil-A, Disney, Nordstrom, Ritz Carlton, Singapore Airlines, Southwest Airlines, USAA, and Zappos. None of this is to imply that these companies don't provide competitive "products" but rather their brands are better aligned with "service" as a differentiator.

Emotion: The Missed Opportunity

The inescapable conclusion is that CXM as commonly practiced is largely focused on improving processes – within and between stages of a journey – to improve ease or efficiency. Consultant Amanda Forshew of Customer Alignment sees this limiting potential CXM returns:

> *"It's well publicised that customers want faster, smoother, repeatable experiences; but customers are becoming increasingly unpredictable, even irrational in their pursuit of WOW!, which for organisations means responding purely with functional improvements which may not reap the intended dividends anticipated."*

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Indeed, while it's clear that process improvements are often necessary, Winning CX initiatives also bring emotion into the mix. When asked to select very important attributes of experiences that drive customer loyalty, functional attributes dominated with 83% of all respondents selecting "easy." However, Winning CX initiatives prioritized "emotional" and "human" attributes much more highly.[11]

Which of these attributes are very important factors in experiences that drive your customers' loyalty?

Most Popular Overall	Winners Differentiate
1. Easy	1. Emotional
2. Quality	2. Consistent
3. Consistent	3. Customized
4. Personalized	4. Personalized
5. Effective	5. Human

Figure 8 – CX Attributes Impact on Loyalty

Dave Fish of CuriousityCX observes that getting the basics right is a necessary first step:

> *"If you can't manage to deliver things on time or get quality right or if you are a pain to work with, no amount of "extra" is going to help. Most consumers don't care about the emotional/human stuff until such time as you get the table stakes right."*

Working on the basics is necessary to keep up, and that includes fixing customer pain points and streamlining processes. But Winners also design experiences to evoke an emotional response.

Rick Parrish, a Principal Analyst at Forrester focused on CX, found in a 2018 consumer study that emotion had a bigger impact than effectiveness or ease. "Elite brands provided about 22 emotionally positive experiences for each negative one; the bottom 5% of brands provided only two emotionally positive experiences for each negative one." [12]

A case in point is TurboTax, says Parrish, which found striving to minimize clicks actually hurt consumer experiences and hence loyalty. A more loyalty-building approach features TurboTax adding an extra step to ask "How are you feeling about doing your taxes?" Subsequent dialogs are customized based on whether the answer is "good," "not so good," or "don't ask."

After filing taxes with TurboTax, customers are left on a high note by receiving a congratulatory message and assurance they are finished with the process. According to Parrish, "traditional designers would balk at that, since it adds pages, clicks, and wait times, but it improves the experience."

This example illustrates that emotion can be designed into software. But this study, like several others previously conducted by CustomerThink, finds 80% believe human-based interactions are better at creating memorable experiences.

[11] The rank of "winners differentiate" is based on the size of the gap between Winning and Developing segments.
[12] https://www.forrester.com/report/The+US+Customer+Experience+Index+2018/-/E-RES142377

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Survey takers supplied these examples of how they attempted to deliver "memorable experiences":

- *We recognise their birthday by a gift data and SMS*
- *No-hassle refunds/replacements.*
- *Focus of the majority of our customers is quick order placement and turnaround and supported by solid and pertinent communication at all relevant stages of the order cycle*
- *Development of standards, processes, mystery shopping, training relating to the handover of the product to the customer*
- *We make a lot of exceptions for customers which makes them feel "special" in the moment but makes me think that we need to be fine-tuning products, expectations and how we communicate.*
- *We focus on excellent tech and sales support and quick response times.*
- *Highly customize product recommendations and quick follow-ups*
- *We send cards to customers who go through difficult implementations, we travel onsite for training, and we send care packages annually to customers who have been with us for a long time.*
- *First contact resolution via Contact Centre*
- *High enthusiasm peak moments during the interactions*

Common positive emotions include: appreciated, confident, grateful, happy respectful, and valued, according to Forrester's research. Brands should design for emotions they want to generate, and not assume that being "easy" is the only thing that matters, nor that every touchpoint requires a "wow."[13]

Using Customer Metrics to Monitor Progress

If CX Strategy is a plan, then customer satisfaction and loyalty metrics ("customer metrics") are necessary to monitor progress against that plan. Think of them as "relationship health indicators." Increases in metrics should ideally indicate that customer perceptions are improving *and* result in business outcomes like improved retention rates, purchase frequency, size of the shopping cart, etc.

Customer satisfaction (CSAT) has been used for decades, of course. Academic research finds it works well as a general-purpose loyalty metric[14]. Enterprise Rent-A-Car is well known as a customer-centric brand that strives to increase a top box score on a simple question about whether customers are "completely satisfied with their last rental experience."[15]

In 2003, loyalty consultant Fred Reichheld proposed a simple method to measure loyalty, called the Net Promoter® Score. (Note: Net Promoter is a registered trademark of Satmetrix, Bain and Reichheld). Based on responses to a "would you recommend" question on a 0 to 10 scale, the percentage of detractors (0 to 6) are subtracted from promoters (9 or 10) to get a Net Promoter Score (NPS). Prominent brands like Amex, GE and Intuit have embraced this method with the belief that increasing scores will drive revenue growth, although that has been disputed by some studies.[16]

More recently, Customer Effort Score (CES) has gained popularity as a metric aimed at reducing effort especially in customer service or other routine interactions. However, CES hasn't been established as the best general-

[13] http://customerthink.com/dumbed-down-cx-just-make-it-easy-stupid/
[14] http://www.tsisurveys.com/morgan-rego.pdf
[15] https://www.enterpriseholdings.com/en/customer-service.html
[16] http://customerthink.com/ultimate_loyalty_metric_grow_your_business/

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purpose metric for all situations.[17] The main concern is that while "easy" is a widely desirable attribute, it is not the sole driver of customer loyalty.

Other metrics assessed in this study include likelihood to recommend (which of course underpins NPS), likelihood to buy again, and custom metrics created using a combination of factors.

The big picture is that NPS is most commonly used overall, by 83% of CX initiatives. CSAT isn't far behind at 69%. On average, each respondent reported their organization used three different metrics, while only 19% of all respondents reported using just one metric – NPS getting the lion's share.

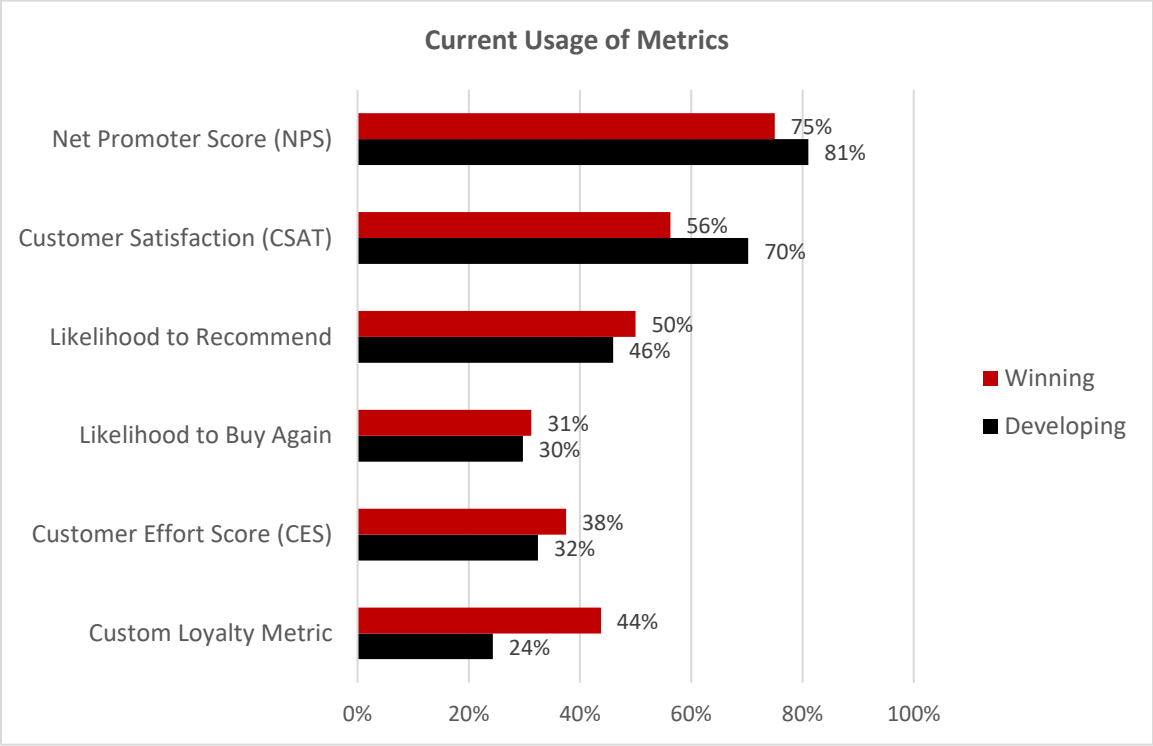

Figure 9 – Usage of Customer Metrics

But as you can see, Winning CX initiatives tend to use NPS and CSAT somewhat less, and custom metrics substantially more, than those in a Developing stage. CustomerThink research has found this reflects the experience of savvy CX leaders that there is not "one" metric that is best for all situations.

Loyalty metrics expert Bob Hayes of Business Over Broadway points out that different types of loyalty require different metrics. For instance, in a study of the telecom industry he concluded that retention, new customer growth, and average revenue per customer required different questions.[18] CX leaders shouldn't pin their hopes on any one metric.

[17] de Haan, Evert and Verhoef, Peter C. and Wiesel, Thorsten, The Predictive Ability of Different Customer Feedback Metrics for Retention (February 23, 2015). International Journal of Research in Marketing.(https://ssrn.com/abstract=2568613)
[18] http://businessoverbroadway.com/2018/05/07/data-science-reveals-three-problems-with-the-nps-dogma/

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All Business is Relative

One hypothesis for this research is that Winners would be more likely to track loyalty metrics vs. competitors. About half of all respondents reported tracking at least one of their loyalty metrics vs. competitors. However, the results were inconclusive that this is a driver of CX success.

Still, discussions with CX experts and practitioners suggest that competitive position should not be ignored if companies intend to "compete based on customer experience." It's certainly possible to make CX improvements, see scores rise, and not generate the expected business results if competitors are doing much the same thing. In fact, recent Forrester research suggests that CX industry improvements are stagnating for that reason, as about half of companies move in "lockstep" – keeping pace with competitors.[19]

Industry experts generally agree that competitive benchmarking can be helpful. Larger firms tend to rely on syndicated benchmark research, says Bob Hayes. Smaller firms with a limited budget can get insight by asking ranking questions about competitors in feedback surveys, which has been found to be a good predictor of up/cross-selling.[20]

Tim Keiningham, loyalty researcher and coauthor of *The Wallet Allocation Rule*, says that if growing share of wallet is important, then it's important to assess whether "customers perceive your brand as better, the same, or worse than competing brands they also use." His research has found that by knowing your brand's rank and the number of competing brands that a customer also uses, managers can now accurately predict share of wallet using a simple formula. [21]

Gautam Mahajan, an expert in Customer Value Management (CVM), argues that the "true test of loyalty is re-purchase which is based on value," which must be considered *relative* to competitive alternatives. Even if a customer has given high or increasing customer satisfaction ratings – positive signs in CXM thinking – a better value offered by a competitor may cause a defection. A calculation of Customer Value Added (CVA) can help determine competitive position (CVA = Perceived worth of your offer / Perceived worth of competitive offer.)[22]

While this study only considered customer metrics based on survey responses, it's important to note that other alternatives are emerging thanks to advanced analytics. Bill Price of Driva Solutions advocates "mashing up" of conventional survey-based data and operational data to identify real loyalty drivers and take proactive action.[23] However, interviews in this research found no evidence of widespread adoption of what some called "inferred" loyalty metrics based on operational or behavioral data.

One caveat. Using loyalty metrics for any purpose, including competitive comparisons, assumes that scores are not "gamed" by employees who are overly incentivized (via bonuses, rewards, or penalties) to beg or cheat to increase scores. This is an unintended consequence of some well-meaning business leaders who want to encourage employees to deliver better experiences, but make higher scores the goal instead.

[19] https://go.forrester.com/blogs/there-are-no-clear-cx-leaders-among-us-brands-for-the-third-year-in-a-row/
[20] http://businessoverbroadway.com/2011/10/24/competitive-advantage/
[21] http://customerthink.com/want-to-grow-your-business-take-a-peak-inside-your-customers-wallet/
[22] http://customerthink.com/measuring-value-customer-value-added/
[23] http://customerthink.com/net-promoter-score-four-problems-two-remedies/

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Practices That Differentiate Winning CX Initiatives

In this section, we'll explore how respondents rated their implementation of selected major CX practices – developed in collaboration with the Research Council – and how this relates to their success.[24] Respondents completed a self-assessment of the "extent" that their company performed each practice, using a scale of 1 to 5, where 1 means "Not at all," 3 means "Partially" and 5 means "Fully."

What's important is not the absolute scores, but the gap between the Winning and Developing segments. These gaps were found to be statistically significant for five practices, suggesting areas where Winning CX initiatives may be getting an edge. Each will be discussed in more detail.

1. Take an outside-in perspective to understand and act on customer feedback
2. Develop customer journey maps to diagnose and improve experiences
3. Have a commonly understood brand vision and promise that guides CX strategy
4. Create a business case to connect CX improvements with key business outcomes
5. Support CX efforts with committed senior executives who are personally engaged

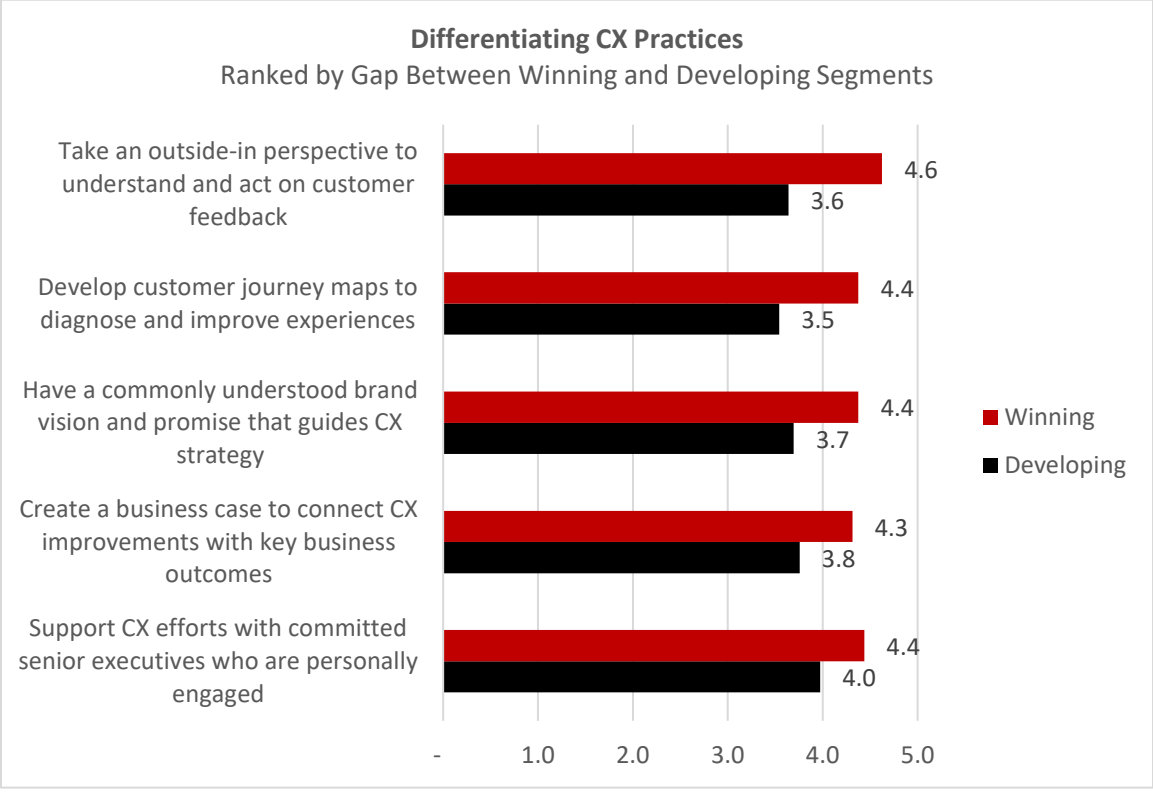

Figure 10 – Differentiating CX Practices

[24] These are "macro" practices that incorporate a number of lower level activities. CX leaders can diagnose underlying deficiencies with a more comprehensive maturity model available from many industry sources.

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Take an Outside-In Perspective to Understand and Act on Customer Feedback

This practice is typically described as a Voice of Customer (VoC) program, a core CXM practice. Since VoC is an obvious starting point, it was somewhat surprising that the Developing score of 3.6 was second worse of the eight practices assessed, with only journey mapping earning a lower score (3.5).

Discussions with CX leaders and experts, along with quantitative research, suggest two potential causes:

1. Over-reliance on surveys as a source of feedback.
2. Lack of action against feedback.

Feedback Sources

This study found a striking difference in the use of non-survey feedback sources. Winning CX initiatives use text and social media at least 80% of the time, compared to half of those in a Developing stage. Noticeable gaps were also found in the usage of operational data, call center recordings, and website feedback.

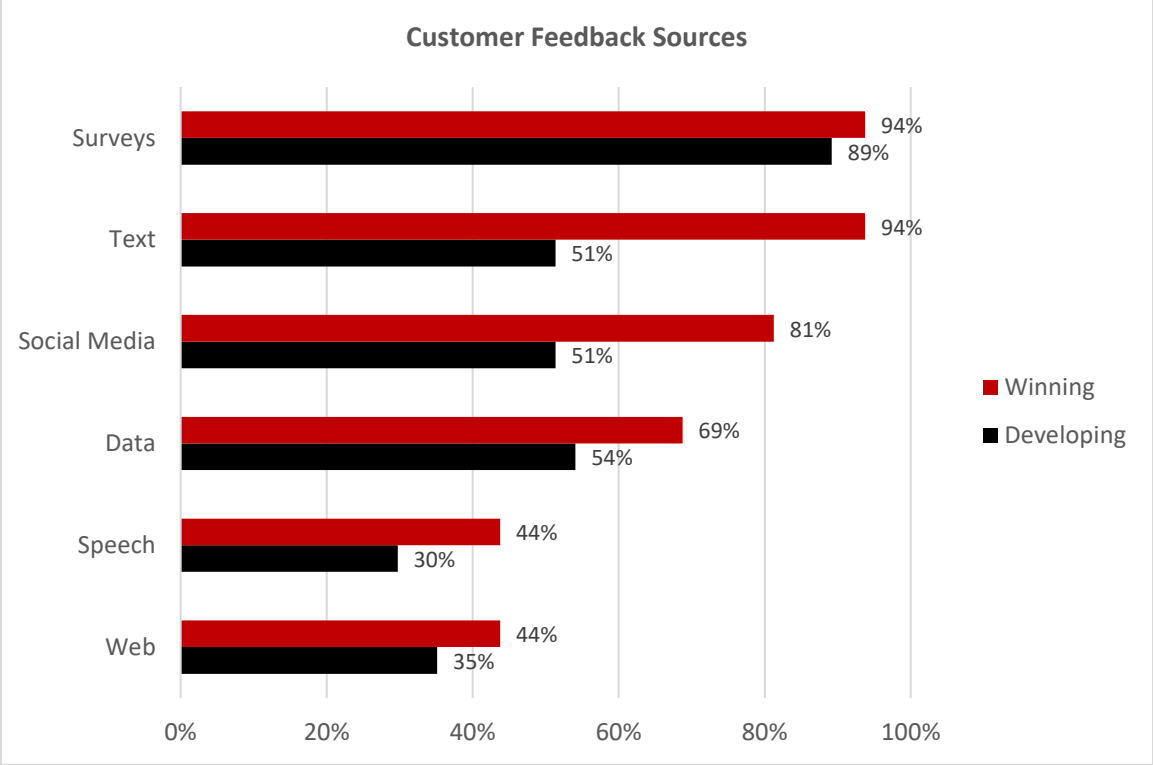

Figure 11 – Feedback Sources

One possibility for this disconnect is the lack of tools, which will be discussed later in this report. Specialized software is required to make sense of large volumes of unstructured data such as text or call center recordings.

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CustomerThink recommends thinking about customer feedback holistically, considering:[25]

- **Structured** feedback: Surveys, web experience data and churn signals are mostly data that can be easily processed with conventional information systems.
- **Unstructured** feedback: In their raw form, text, speech and social media need help from analytic tools to become actionable information.

With some planning, it's possible to identify dozens of feedback sources beyond surveys. Other sources could include, says Bill Price of Driva Solutions:

- Output from Advisor council meeting
- Customer service agent notes and messages
- Complaints on third-party review sites.
- Focus groups of buyers and sellers
- Text from sales team interactions
- Posts and comments on social media
- Third-party market research

Acting on Feedback

Assuming effective sources are used, the next challenge is how to make good decisions and *act*. Why is feedback not acted upon? Industry experts report a number of obstacles, including conflicting data, limited analytic skills, lack of the right systems for analysis and communication, and insufficient clout by the VoC group to drive action.

Avis Budget Group had many years of quantitative survey data, collected at the rate of about one million responses per year. Eric Smuda, VP Customer Insights and Experience, wanted to shift the focus from data collection to action. The post-rental survey was redesigned and shortened to about a dozen questions that could be answered easily on a mobile phone, including open-end questions. Equally important, the survey was distributed within 15 minutes of the car rental return, and rules were set up to alert local managers immediately based on very critical survey responses.[26]

One caution is over-reliance on data and systems. CX veteran Krista Sheridan of TELUS strongly recommends having more *conversations* to fully understand issues and develop action plans.

> *"If I could go back in time to when I first started in CX I would definitely tell myself to always measure less and talk more. Not to be lured into spending the majority of the time on measuring and analysis which can be an easy trap to fall into. No matter what point you are at in your CX journey – just starting out, a few years in, or a seasoned expert – I believe that the conversations are still the most important part of the work."*[27]

While there are system and analytic issues to solve, and appropriate customer metrics should of course be used, CustomerThink's view is that CX Winners are mainly differentiated by a **bias towards action** even in the face of conflicting or incomplete data. Action could be immediate, even real-time in the case of social media or mobile feedback, or take much longer if the solution requires system or policy changes.

[25] http://customerthink.com/next_generation_voice_of_customer_command_center_tool_time_for_chief_customer_officers
[26] http://customerthink.com/closing-the-loop-with-customers-cx-leaders-have-a-bias-to-act/
[27] http://customerthink.com/how-to-increase-your-odds-of-cx-success-measure-less-talk-more/

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These findings are consistent with CustomerThink's 2014 study of 25 customer-centric practices, which found "closing the loop on customer feedback" had the second highest impact on business performance.[28]

Develop Customer Journey Maps to Diagnose and Improve Experiences

After VoC, nothing is more closely associated with CXM than a customer journey map (CJM). By creating a visual depiction of the steps that customers take in an experience, including how customers feel after interactions, CX leaders can diagnose problems and design new experiences for the future.

According to CJM expert Jim Tincher of Heart of the Customer, high-level maps of the end-to-end experiences can help identify the source of friction and frustration, before zeroing in on a specific journey to develop corrective actions.[29] So you can see that, over time, multiple maps may be needed. Using personas, a practice highly recommended by CX experts, means multiple journeys should be analyzed.

In this study, 77% of respondents reported developing a CJM as part of their CX initiative. But simply creating a map was not found to be a success driver. What appears to matter is consistency across the journey stages and thoroughness of implementing journey mapping practices.

As mentioned earlier, Winning CX initiatives have a more consistent focus across end-to-end experiences. We see a similar pattern for stages included in journey maps.

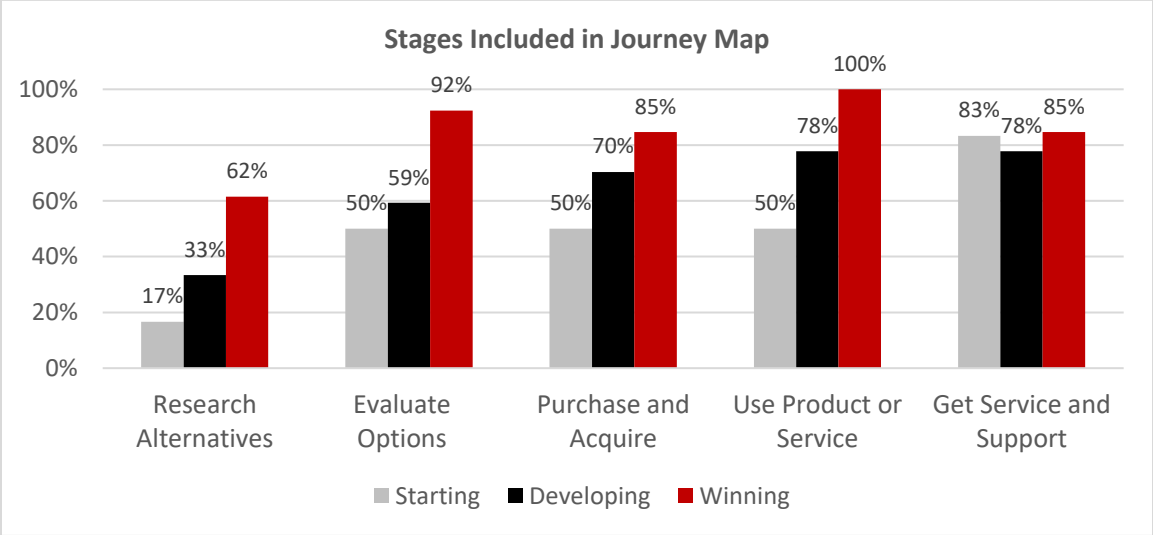

Figure 12 – Stages Includes in Journey Map

The more significant finding was the size of gaps between Developing and Winning CX initiatives – averaging nearly a full point on a 1 to 5 scale – for journey mapping practices developed in consultation with the Research Council. Some of the biggest differentiators included developing personas by segment, developing future state maps, including emotional factors, basing maps on solid research, involving customers, and defining customer outcomes.

[28] "Leadership Practices for Customer-Centric Business Management," 2015 research report by CustomerThink
[29] https://heartofthecustomer.com/do-you-really-want-a-journey-map-or-is-a-customer-experience-map-better/

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Customer involvement deserves special emphasis. Developing journey maps only with employees is not sufficient, argues Tincher, because: "You can't take the type of thinking that caused a broken experience, and expect everything to get magically better when you add Post-It Notes."

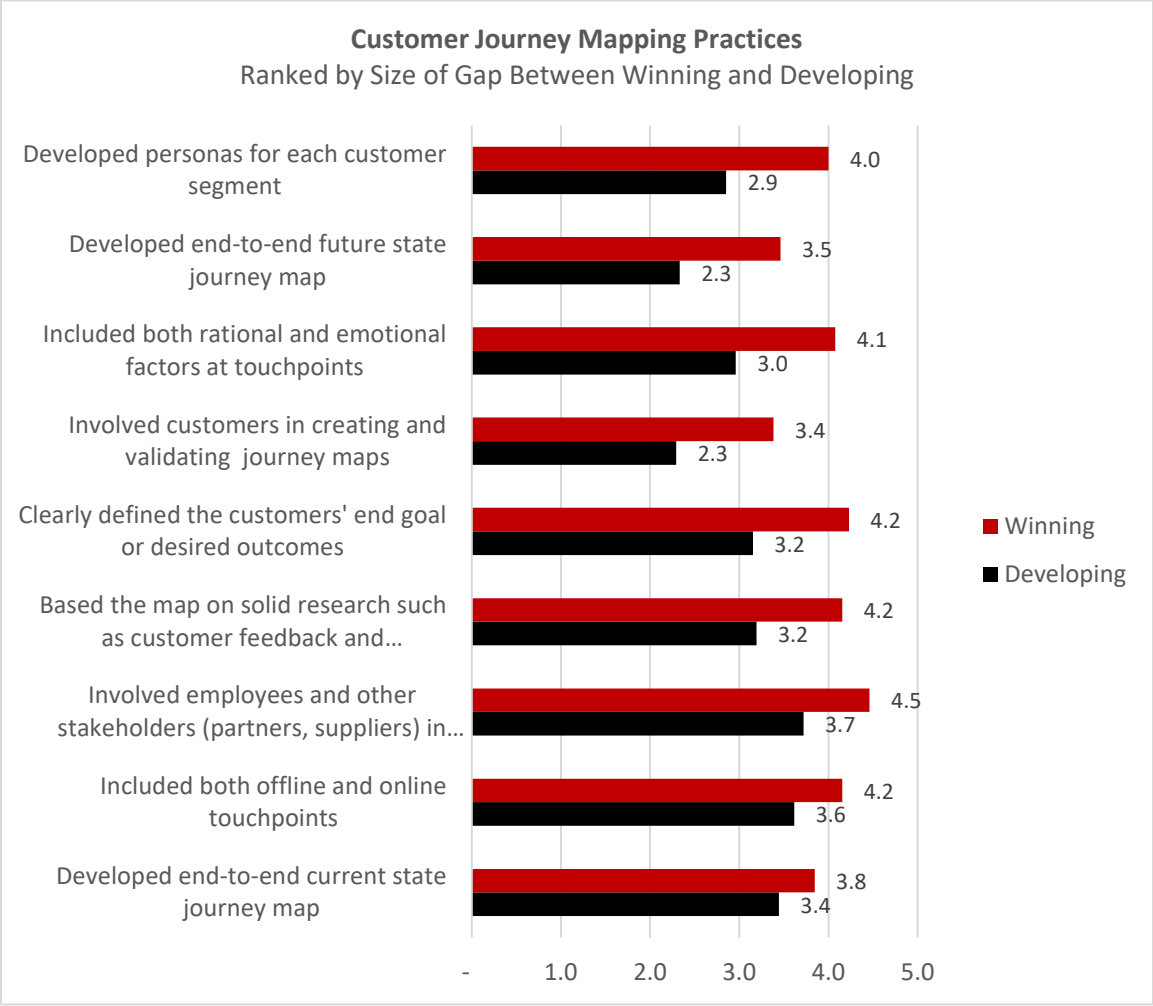

Figure 13 – Customer Journey Mapping Practices

Is journey mapping mandatory? Not necessarily. There are other research techniques to diagnose CX problems. For example, a large technology firm with extensive customer research already available did not believe a formal journey mapping exercise would reveal new insights. Still, for most new CX leaders, journey mapping has emerged an indispensable tool to improve customer experiences.

Have a Commonly Understood Brand Vision and Promise that Guides CX Strategy

While customer listening is clearly a critical practice, CX success is not a simple matter of asking for feedback and then "fixing" any problem mentioned by customers.

In this study, 90% of respondents agreed that "CXM means delivering the brand promise." But what if the brand promise is unclear? Take a tip from the CX leader of a European public transportation organization. Before developing a CX strategy, a comprehensive effort was first made to define a modernized brand and build a

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"values program" that engaged employees across organization silos. Instead of passing the buck, the new set of values emphasized respect for others, a team-based approach to service, and continuous improvement.

Then a CX strategy could be defined as a follow-on to brand strategy and competitive analysis, which included a review of consumer and hospitality brands known for great experiences such as Amazon and Ritz Carlton. One decision reached was that they wanted "passengers to feel cared for and looked after," which brought to the forefront human-based factors, such as warmth, courtesy, and helpfulness.

Outsourcer TELUS International illustrates a close coupling of business and CX strategy. CEO Jeffrey Puritt is clear-headed about the types of customers they can effectively serve: Brands that value a higher level of experience and are willing to spend a bit more to get it. From the 2017 annual report:

> *"We continue to partner with organizations that share our commitment to providing world-class client experiences by helping them to provide better service for their customers."*

That leads to a CX strategy that emphasizes:[30]

- **Talent management designed to deliver the brand promise**. Employees are hired with care and offered extensive health benefits and educational resources to encourage a longer-term commitment. The firm's 26% annual attrition rate is about half the industry average.
- **Customized experiences for major brands**. The Las Vegas site has agent work areas tailored to global brands, including custom decorations and security procedures. Hiring processes are designed to select candidates with interests that align with customers to be served.

For companies already selling a strong product or service, the CX strategy is often used to improve experiences *around* that solution. That may explain why most CX initiatives are focused on process improvement.

IT industry giant Cisco spent several years on an Ease of Doing Business (EoDB) initiative after customers complained of "a mind-warp of changing policies, too many steps and new obstacles to deal with," according to EVP of Operations Randy Pond. A complex cross-organization effort resulted in more consistent and simpler processes in software licensing, deal negotiations, and user experiences on the Cisco web site and elsewhere.[31]

Mercedes-Benz, another elite brand, took a similar approach with its CX strategy. According to CX consultant Joseph Michelli, author of *Driven to Delight*:[32]

> *"Mercedes-Benz has a "craveable" product imbued with rich tradition and prestige… The dealership experience should bring the brand to life in every customer interaction, every time. No excuses!"*

In 2016, Mercedes-Benz began investing in personalized pre- and post-sales experiences, so that customers can be offered "exciting products, services and experiences and links up with them, wherever they happen to be."[33]

These examples highlight that there is no one-size-fits-all CX strategy. Because strategy is about making choices and resource commitments, the brand promise and overall business strategy should influence CXM priorities.

[30] http://customerthink.com/relentless-execution-the-key-to-telus-internationals-customer-experience-success/
[31] https://blogs.cisco.com/news/how-were-making-it-easier-to-do-business-with-cisco
[32] https://www.peoplemetrics.com/blog/an-inside-look-at-the-customer-experience-strategy-of-mercedes-benz
[33] https://media.daimler.com/marsMediaSite/en/instance/ko.xhtml?oid=12805048

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Create a Business Case to Connect CX Improvements with Key Business Outcomes

After a year of research, CustomerThink concludes that the inability to create and "sell" a CXM business case internally is the root cause of much of the industry frustration with CX performance.

To be clear, a lot of good work is being done by the non-Winners in this study. Two-thirds believe that "our CX initiative has helped our company improve its business performance" and cite many benefits.

Unfortunately, belief doesn't cut it in most businesses. When asked "Which benefits do CX executive sponsors want to see in order to continue funding the CX initiative?", increased in customer satisfaction/loyalty topped the list for all respondents followed by revenue growth.

However, the biggest gaps between Winning and Developing initiatives can be found elsewhere:

- A financial analysis showing a positive payback for the CX investments (26 points)
- A general feeling that experiences are getting better (23 points)
- Reduced cost of operations in excess of CX investments (19 points)

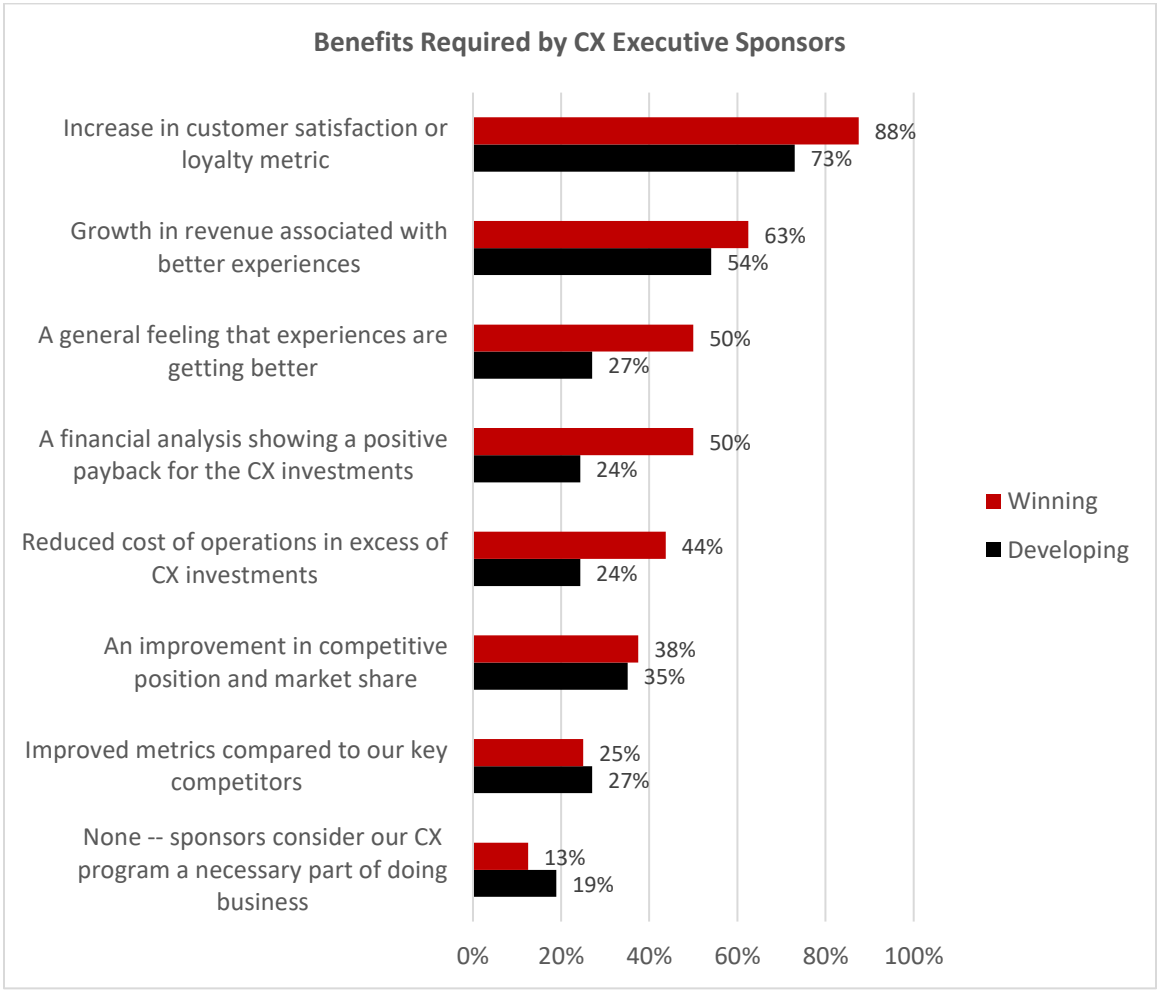

Figure 14 – Benefits Required by CX Executive Sponsors

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What this adds up to is a combination of evidence and perception. While CX initiatives are rightly concerned about increasing customer satisfaction, clearly this must be linked to other business metrics. Having a positive view of CXM efforts doesn't hurt, although this research didn't explore how this might be obtained absent tangible evidence of CX improvement.

Why shouldn't CXM be considered a cost of doing business? Elite brands, where CXM is deeply integrated into operations, may not see a strong need for justification. For most companies, however, investing in practices, people, and technology requires CX leaders to compete for budget dollars just like other department heads. For the 19% of Developing CX initiatives where sponsors have no expectations of benefits, a change of leadership can leave CX leaders flat-footed. At one large technology company, an entire CX team was disbanded after a change of leadership because there was no business rationale to maintain a centralized resource.

Unique Value for Each Stakeholder

Building a business case is not just about an ROI calculation. It's about building relationships and trust with key stakeholders, according to CX leaders interviewed for this research. Spend time understanding their key pain points and business goals, and strive to find ways that CXM can help them succeed – individually. Imagine that a CX leader wanted to show value to executives in marketing, sales, and customer service organizations. Conducting interviews will reveal different opportunities for each.

Marketers are usually tasked with brand building, lead generation, and customer communications. B2B marketing expert Chris Ryan of Fusion Marketing Partners says that, instead of just dealing with problems, CXM could help marketing identify happy customers and "look for chances to make heroes out of your customers." Getting advocates to participate in case studies and referral programs would be a big win for marketers, and thus are potentially a win for CX leaders, too.

Senior-level marketers are also seeking better customer insight, says VoC marketing expert Ernan Roman of ERDM. CX leaders can add value by helping to explain why engagement or purchasing rates are down, what would motivate customers to continue buying, and how to effectively launch new products. Furthermore, personalization is a long-standing desire with limited success in most companies – another CX opportunity.

In recent years, the job of sales professionals has changed dramatically due to buyer self-education via the internet and social media. Reps, when they do engage with buyers, must be better prepared. CX leaders could bring buyer research to the table to show what types of experiences are more likely to lead to closed deals. For example, AI-powered speech analytics can help analyze sales interactions to highlight improvement opportunities like reps talking too much or discussing pricing too early in the call.[34]

Barry Trailer of Sales Mastery points out that some sales obstacles are outside of the direct control of sales professionals – like Byzantine contracts and overly aggressive lawyers that frustrate buyers and sellers alike. CX leaders could get support by sales leaders by tackling cross-organization issues that thwart deals.

Similarly, customer service/support organizations can get blamed for product and policy issues. Such as, according to Jeremy Watkin of outsourcer FCR, a policy of never giving a credit to customers. CX leaders could help the VP of customer service put a cost on this policy, making the case to give agents more flexibility.

Organizations are rife with problems, look for ways that CXM can help solve them!

[34] http://customerthink.com/icxm-comes-of-age-using-ai-to-know-engage-and-serve-your-customers-better/

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Top Management Wants Numbers

Still, numbers matter, especially to senior executives. According to a Senior VP of Marketing of a large technology firm, "conjecture and anecdotes are not compelling." It's important to bring hard numbers plus customer quotes to drive action. In one case, the CX team surfaced a communications issue about changes in account ownership. The solution was developed by a cross-function team, with an estimate of costs and benefits supplemented with an analysis of verbatim comments.

Jack Dean, a former CFO now with sales consultancy FASTpartners, says CX investments generally have a more challenging financial case if the goal is revenue growth. A formal ROI analysis is easier with cost reduction, so he suggests starting there and then following with growth.

For growth-oriented firms, a CXM case that builds on increasing average order size or revenue per customer would be compelling to executives. On the other hand, an established, slower growing market leader may be more interested in customer retention. Either way, "executives aren't looking for precision," says Dean. They want to understand the assumptions and analysis, so they can make a good decision.

Canadian telecom provider TELUS built a business case based on cost and churn reduction. Costs were reduced by $1 million per year by replacing a collection of disparate VoC systems with one integrated platform. In addition, the technology upgrade enabled a doubling of feedback volume and more proactive follow-up to customer issues that will impact $10 million of customer churn.[35]

In the retail industry, consultant Chris Petersen of Integrated Marketing Solutions sees a "host of metrics that could apply in showing the potential impact of customer experience on business outcomes." For example:

- Improving conversion rates by optimizing online engagement
- Increase the size of market baskets (average order volume)
- Impact on customer lifetime value, at an individual or household level
- Reduction in returns in customer service

Peterson cautions that it's not a simple matter of showing that a CX investment results in an immediate increase at the cash register. One technique that can shorten the internal sales cycle is a Proof of Concept to assess the impact of CX changes. For example, a large US electronics retailer changed its PC buying experience to require engagement with a sales associate. After some experimentation and employee training, they were able to increase sales of high-margin warranty services without negatively impacting customer satisfaction.

Support CX efforts with Committed Senior Executives Who are Personally Engaged

Simply put, there's no substitute for senior leaders "walking the talk." Jeffrey Puritt, CEO of TELUS International, explains: "I can't expect my team to embrace an activity if I'm not willing to do it myself." Each week he spends time listening to agent conversations and participates in discussions about "what we could have done better." Sometimes it means a personal apology to show empathy for customer issues.

[35] Evolution of TELUS' Customer Feedback Program, 8/16/2018 (https://vimeo.com/285370163)

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Lynn Hunsaker of ClearAction Continuum shares an example from a Suntrust executive:[36]

> *"People started asking in meetings: Do we believe X because we've been bankers for Y years, or because clients told us? As our chief marketing officer and our head of cross-channel strategy began doing that all the time, it became common practice throughout our company. Then you begin to seek it and call people on it when they don't."*

Survey takers were asked where leaders "set a good example" in five customer-centric behaviors.[37] As you can see, Winning CX initiatives generally show higher levels of "walking the talk."

- **Listen** to what customers value, get feedback on their experiences
- **Think** objectively to make fact-based decisions based on customer data
- **Empower** employees with authority and resources to deliver the experience
- **Create** value for customers with new or improved experiences
- **Delight** customers by exceeding their expectations

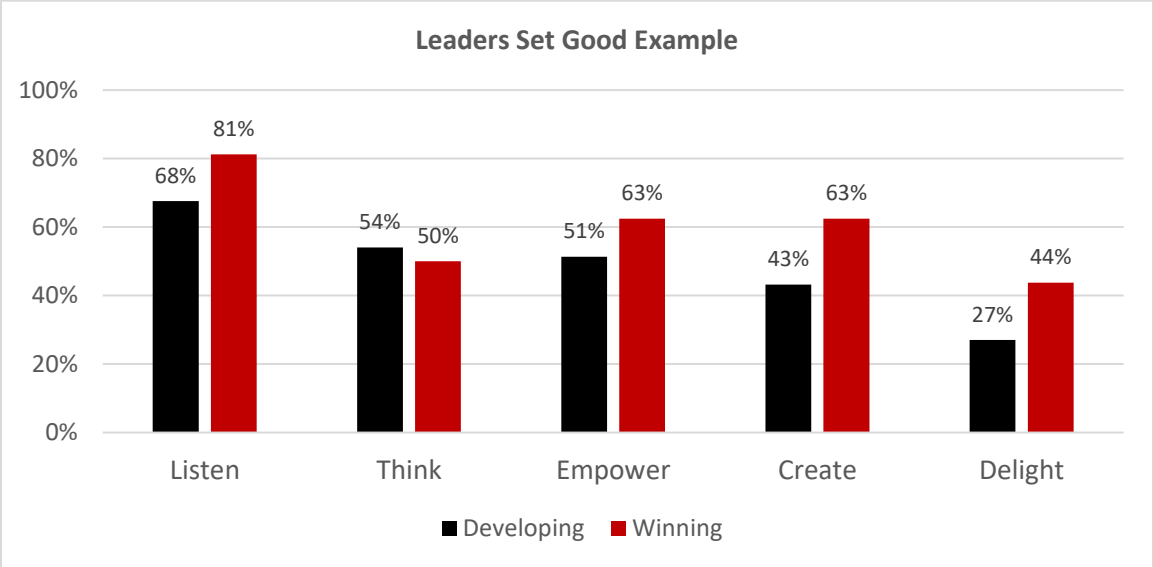

Figure 15 – Leaders Set Good Example

In "Follower-Focused Leadership: Effect of Follower Self-Concepts and Self-Determination on Organizational Citizenship Behavior" (by Michelle Vondey, Regent University, 2008), transformation leadership is defined as "focuses more on empowering followers to work for the best interests of the organization and to meet organizational goals" and includes (emphasis added):

1. Leaders communicate a clear vision.
2. Leaders explain how vision can be achieved.
3. Leaders show confidence in both vision and followers.
4. **Leaders lead by example.**
5. Leaders empower followers to work toward vision achievement.

[36] http://customerthink.com/client_first_drives_business_performance/
[37] "Leadership Practices for Customer-Centric Business Management," CustomerThink research, 2015

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CEOs who are as serious about "competing on customer experience" as they claim to be, must show it through their *personal* behavior. Spend time with customers, and in customer-facing jobs. Listen to customer needs. Require employees to use customer input in decision-making. Empower employees to take ownership and risks, and don't punish them for failure.

Practices That Didn't Differentiate

To conclude this section on CXM practices, it should be noted that three were found to *not* differentiate Winners:

- Empower employees to meet or exceed the experiences desired by customers
- Monitor performance by balancing business, customer and employee metrics
- Provide the necessary customer experience people with the right skills

This doesn't mean these practices are not important, only that Developing and Winning CX initiatives seem to be implementing them to a similar extent. However, other data suggests some important differences in the usage of metrics and availability of CX resources/skills, as discussed elsewhere in this report.

Enabling Talent and Technology

This study found differences in capabilities needed to support CX initiatives. By contrast to CX practices which are about behaviors, these capabilities support but don't directly *drive* improved performance.

CX Talent Management

Having the right "talent" is a function of the right quantity (employee time devoted to CX activities) and quality (depth of CX skills) of human resources. Nearly all respondents would like to see improvements in both areas, but Winning CX initiatives are in better shape overall.

Where is More Help Needed?

To assess resource levels, respondents were asked to identify where "the company should invest more of their employees' time in the CX initiative, to improve chances of winning" – in the CX team and throughout the organization. Just 5% of all respondents reported no additional help needed.

Several patterns become apparent (see Figure 16).

First, for Starting CX initiatives, it's no surprise that resources seem limited in many areas typically associated with CX – CX teams, senior executives, marketing, and service. Developing and Winning CX initiatives show reduced although still substantial needs in these areas. But sales is a bit different, probably an indication that it's not a major focus at the beginning of most CX initiatives.

Second, about 40% to 50% of Developing CX initiatives are looking for help across the organization, reflecting more of the shift to improving journeys as discussed earlier. Product development gets added to the staffing priorities already mentioned.

Finally, Winning CX initiatives are better staffed in many of the core areas, with the notable exception of IT, which nearly 70% of respondents selected. One possible explanation is that more advanced CX efforts surface

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more challenging IT needs, and thus require more staff time. Similarly, HR shows an uptick which may reflect a shift toward programs to improve hiring and employee development to support the CX strategy.

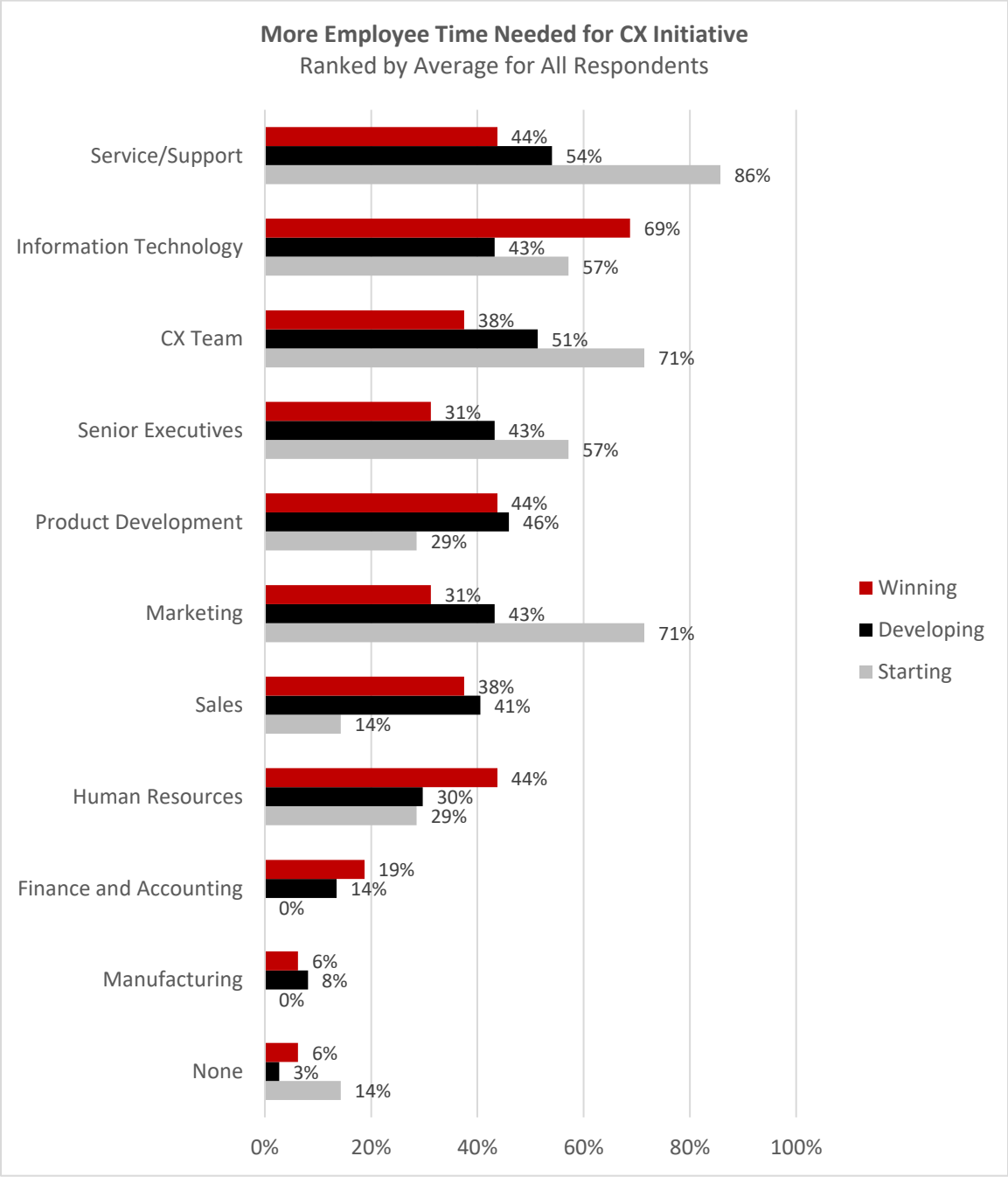

Figure 16 – More Employee Time Needed

CX leaders and sponsoring executives can use these findings as a source of comfort that most everyone would like more help. But more important, it shows that human resource needs will evolve, and in most cases increase, over time. That's one more reason to have a solid CX business case!

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CX Skills Assessment

Having the right amount of help is important. So are the right skills – especially for a CX team serving as a resource to the enterprise.

The CXPA has developed definitions of six core CX competencies, which form the basis of its certification program.[38] Each skill was briefly defined to survey takers, who were then asked to select skills that are "missing or significantly limited" in their company. The results are shown in Figure 17.

The big picture is that driving change and design/innovation are two top skills missing in at least 50% of all CX initiatives. And, there's a pattern of declining levels of skills required from Starting to Developing to Winning. Nearly one-third of Winning CX initiatives report no significant skills missing.

A couple of pain points stand out. Nearly nine out of 10 CX professionals in Starting initiatives see significant needs in "Organizational Adoption and Accountability," which the CXPA defines as: Driving change and developing cross-company experience accountability from the C-suite to the front line."

For Developing CX initiatives, one hot spot is "Metrics, Measurement and ROI," selected by half of respondents, compared to just 19% of those at a Winning stage. This further emphasizes a point made throughout this report that it's critical to show the business value of CX improvements.

Finally, Winning CX initiatives enjoy a huge advantage in "Experience Design, Improvement and Innovation," with a 34-point improvement over those in a Developing stage. The CXPA defines this skill as including "practices and approaches to continuously improve, design and differentiate customer experiences." This is consistent with shifts in CX strategy over time to emphasize differentiation over fixing problems and streamlining processes.

Customer Experience Competencies

Customer-Centric Culture: Creating and nurturing a culture, through behaviors, practices and standards that encourage all employees to focus on delivering outstanding customer experiences.

Organizational Adoption and Accountability: Driving change and developing cross-company experience accountability from the C-suite to the front line.

Voice of Customer, Customer Insight and Understanding: Building collective insight into customer needs, wants, perceptions, and preferences through the capture and analysis of the voice of the customer.

Experience Design, Improvement and Innovation: Implementing practices and approaches to continuously improve, design and differentiate customer experiences.

Metrics, Measurement and ROI: Creation and reporting of the measures of CX Winning including their use in business cases to illustrate the ROI and business value of customer experience.

Customer Experience Strategy: Development of a strategy that articulates a clear vision of the experience that a company seeks to create in support of the company's brand values, including its direct linkage to CX activities, resources and investments.

Source: Customer Experience Professionals Association (http://cxpa.org)

[38] https://www.cxpa.org/careers/ccxp/competencies

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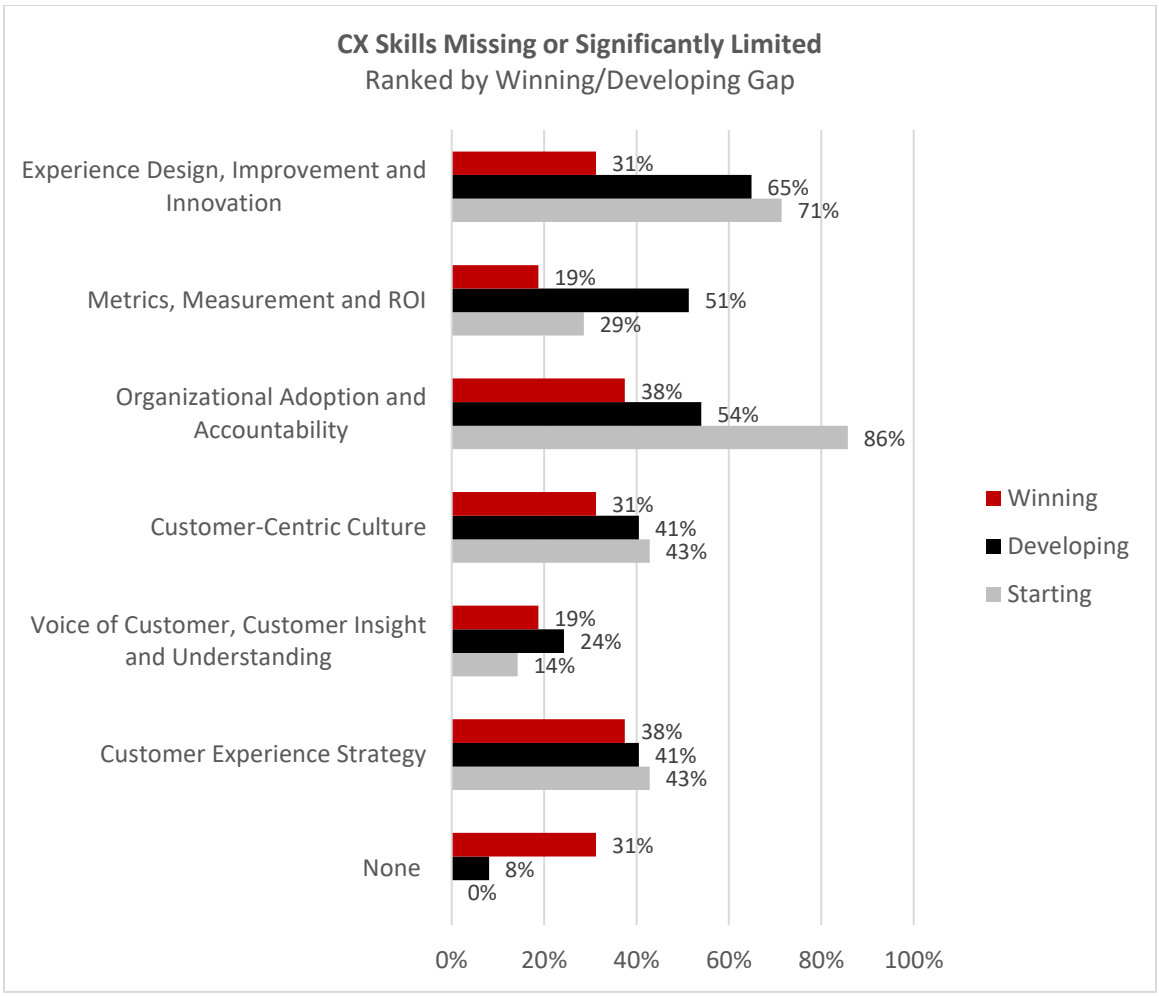

Figure 17 – CX Skills Needed

Technology Satisfaction and Effectiveness

When you couple desired CX attributes like “easy” and “consistent” with a strategic focus on process improvement, it’s clear that technology plays a key role in CXM. Broadly speaking, Winning CX initiatives reported higher rates of technology satisfaction and effectiveness than other segments.

For all respondents, 86% said that technology was “extremely” (41%) or “very” (45%) valuable in enabling CX success at their companies. But satisfaction levels with core CX systems varied considerably between the Developing and Winning segments (Starting segment omitted due to insufficient responses). This suggests that the right technology investments are one piece of the puzzle in the quest for CX success.

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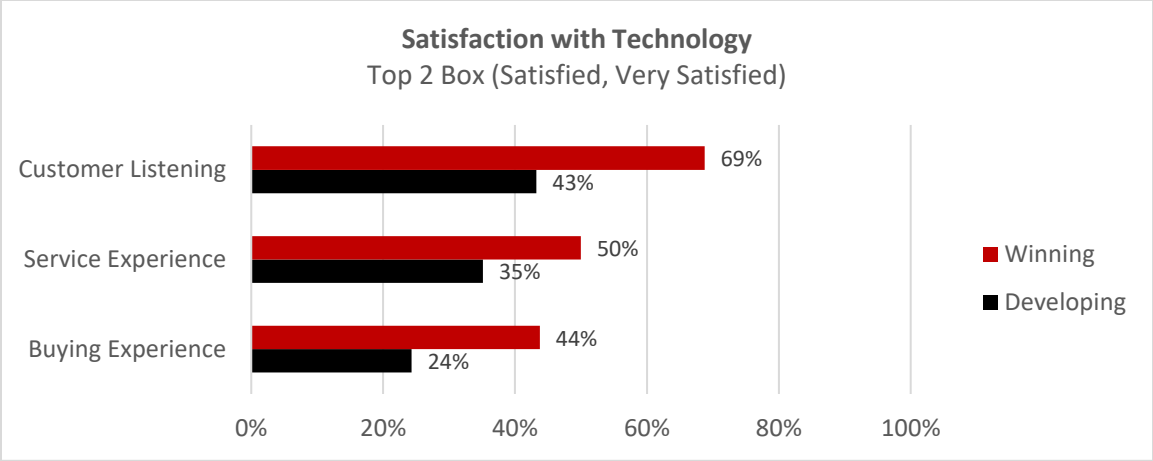

Figure 18 – Technology Satisfaction

Survey respondents in the Winning segment also reported higher levels of effectiveness with technologies used for CX-related capabilities. (Note: Responses of "not at all," "some extent," and "great extent" were translated into 1, 3, and 5, respectively, to enable comparison with other questions.)

The biggest gap was found in remembering customer information between touchpoints – a critical foundation for the delivery of seamless customer journeys (sometimes called omnichannel CX).

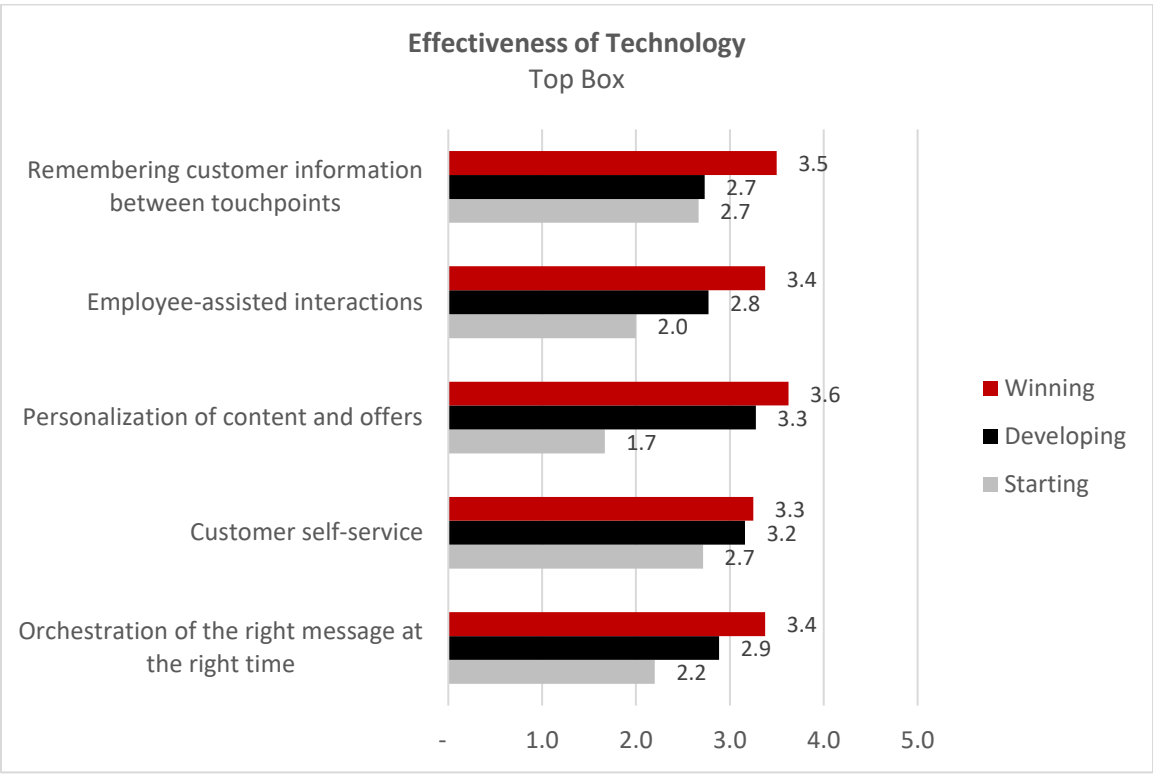

Figure 19 – Technology Effectiveness

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Appendix

Research Methodology and Limitations

Quantitative data for this research was collected in November 2018. Qualitative research was conducted via phone, email, and focus group interviews throughout 2018. The majority of the 217 survey respondents were drawn from the 40,000 registered members of the CustomerThink.com online community. Research Council members also invited their contacts, and the CXPA promoted the survey to its membership. Respondents were offered a free copy of the research report as an incentive.

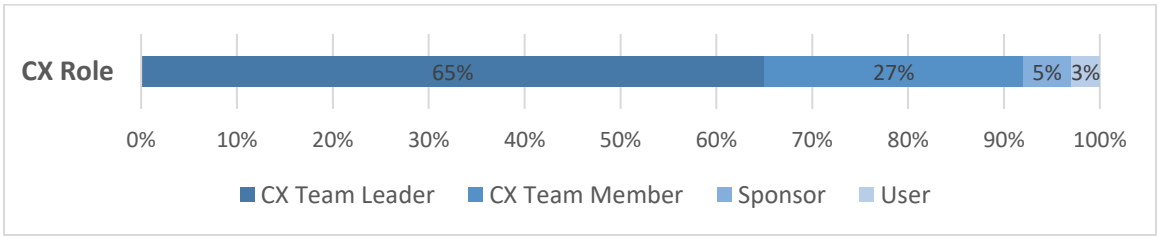
Conclusions from this study reflect the sample used. While CustomerThink.com is a large and diverse worldwide community, members join because of their interest in running a customer-centric business. Hence, findings may not be representative of the general business market.

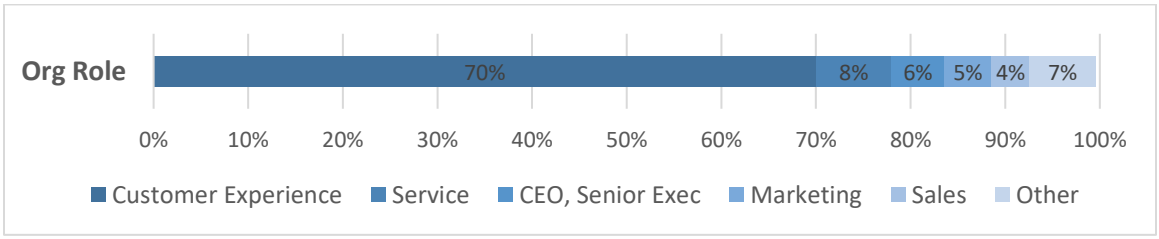
CustomerThink believes these findings are most applicable to developed regions of the world with competitive marketplaces. Large enterprises in the US and Canada represented the largest segment. The segments compared in this report (Starting, Developing, Winning) are based on the respondents' self-evaluation of their company's CX initiative, which has not been independently verified.

Differences in the implementation of CX practices between segments are significant to the 95% confidence level. However, like all forms of correlation analysis, it does not necessarily mean that any individual practice or collection of practices are literally the cause of CX success.

Demographics

CX team leaders and members represented the bulk of responses in this study.





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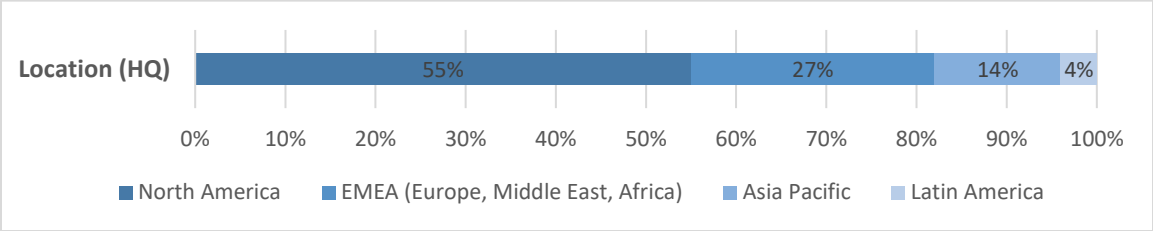
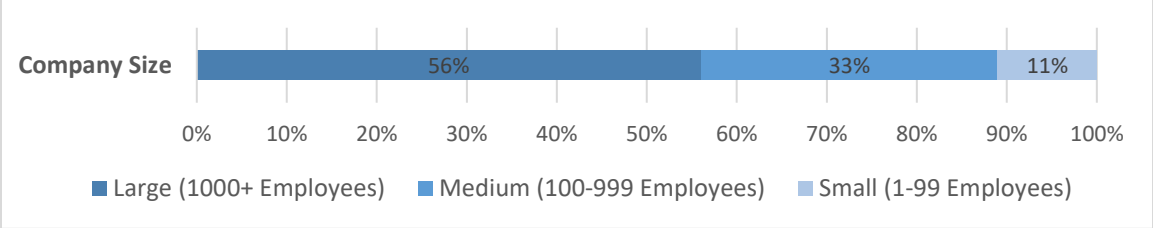
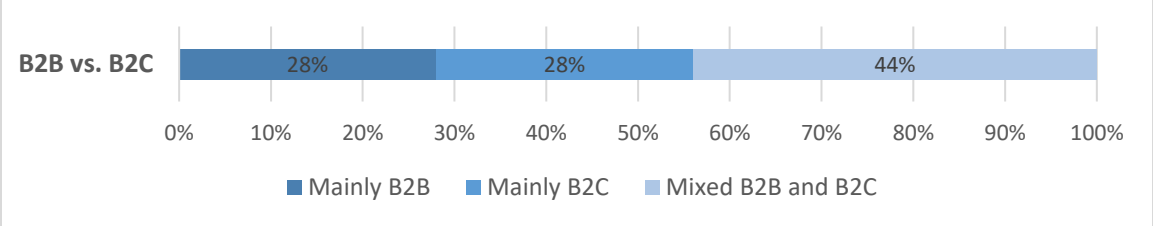
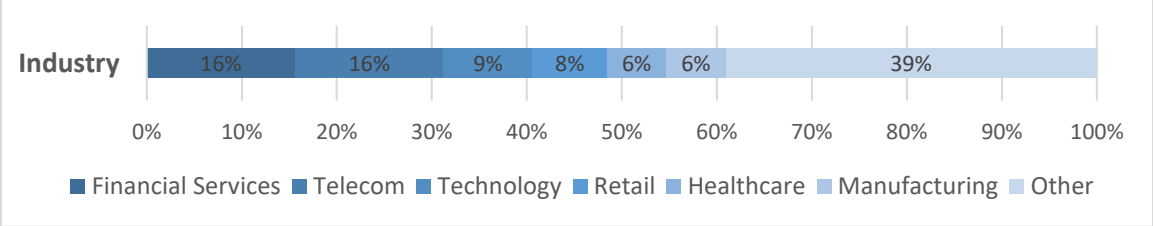
Nearly 90% of respondents worked at companies with at least 100 employees, with more than 80% from North America and EMEA.





Respondents represented a mix of B2B and B2C enterprises, with about six out of 10 working in financial services, telecom, technology, retail, healthcare, and manufacturing.





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About the Author

Bob Thompson is an international authority on customer-centric business management. He is founder and CEO of CustomerThink Corporation, an independent research and publishing firm, and founder and editor-in-chief of CustomerThink.com, the world's largest online community dedicated to helping business leaders develop and implement customer-centric business strategies.

An author, keynote speaker and global expert on business management trends, he has been a thought leader in customer-centricity since 1998. His 2014 book *Hooked On Customers: The Five Habits of Legendary Customer-Centric Companies* revealed the best practices of leading customer-centric firms. Thompson is also co-author of *The Blueprint to CRM Success* and author of groundbreaking reports "Customer Experience Management: A Winning Business Strategy for a Flat World" (2006) and "Leadership Practices for Customer-Centric Business Management" (2015). He earned a B.S in Mathematics and an MBA at University of California, Irvine.

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