Introduction

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.

This e-book is an excerpt from CustomerThink’s research report “Customer Experience at a Crossroads: What Drives CX Success?” The majority (58%) of the 200+ CX initiatives studied were found to be in a “developing” stage, able to cite some benefits. But tangible results are proving elusive.

Five CX practices were found to be the biggest source of differentiation between Developing and Winning CX initiatives. 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.”

Significant gaps between these two stages suggest areas where Winning CX initiatives are 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

Differentiating CX Practices
Ranked by Gap Between Winning and Developing Segments
1. 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 lowest of the eight practices assessed, with only journey mapping earning a worse 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.¹

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¹ CustomerThink’s 2014 research also found that higher-performing companies make greater use of non-survey feedback.
CustomerThink recommends thinking about customer feedback holistically, considering:

- **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.3

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.”4

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.

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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.\(^5\)

2. 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.\(^6\) 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 really matters 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 the stages included in journey maps.

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.

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\(^6\) https://heartofthecustomer.com/do-you-really-want-a-journey-map-or-is-a-customer-experience-map-better/
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.”

### Customer Journey Mapping Practices

<table>
<thead>
<tr>
<th>Practice</th>
<th>Winning</th>
<th>Developing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed personas for each customer segment</td>
<td>4.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Developed end-to-end future state journey map</td>
<td>3.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Included both rational and emotional factors at touchpoints</td>
<td>4.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Involved customers in creating and validating journey maps</td>
<td>3.4</td>
<td>2.3</td>
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<tr>
<td>Clearly defined the customers’ end goal or desired outcomes</td>
<td>4.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Based the map on solid research such as customer feedback and...</td>
<td>4.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Involved employees and other stakeholders (partners, suppliers) in...</td>
<td>4.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Included both offline and online touchpoints</td>
<td>4.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Developed end-to-end current state journey map</td>
<td>3.8</td>
<td>3.4</td>
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Is journey mapping mandatory? Not necessarily. There are other research techniques to diagnose CX problems. For example, one 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 as an indispensable tool to improve customer experiences.

### 3. 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
“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:  

- **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.  

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

“*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.”

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.

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4. 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)

Benefits Required by CX Executive Sponsors
The Top 5 Practices of Customer Experience Winners

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. For instance, an entire CX team was disbanded at one large technology firm 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 unique opportunities for each stakeholder.

Marketers are usually tasked with brand building, lead generation, and customer communications. B2B marketing expert Chris Ryan of Fusion Marketing Partners advises that, instead of just dealing with problems, CXM could help marketing identify highly satisfied 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 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.11

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 such 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.

The Top 5 Practices of Customer Experience Winners

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.12

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.

5. 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.

Lynn Hunsaker of ClearAction Continuum shares an example from a Suntrust executive:13

“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. 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

![Leaders Set Good Example](image)

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.

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.

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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.


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