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3 Ways CPOs Can Establish a More Customer-Centered Product Approach

Clifton Gilley

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By Analyst(s): Clifton Gilley

Initiatives: Lead With Product Management Excellence

Many organizations recognize that customer-centered product work will more likely deliver solutions that customers value, but the transition from other approaches can be challenging. Chief product officers can use three proven methods to build a more customer-centered product approach.

Overview

Key Findings

- CPOs and their teams often rely on indirect sources of voice of the customer (VoC) data, such as marketing and sales efforts. These are valuable perspectives, but their interpretation of customer feedback may be tainted by the bias of their roles.
- User experience teams are often established as “service providers” to product and development teams, with limited resources assigned as available to deliver point-in-time design efforts. This siloing of design from product and development creates unnecessary delays and dysfunction in delivering customer value.
- With increasing adoption of product and data analytics platforms, product teams have more access to quantitative data than ever before. Acting on such data without balancing it with qualitative data from actual users, customers and buyers can result in misalignment of product deliverables with realized customer value.

Recommendations

- Improve the validity and usefulness of market, customer and user research by ensuring that information is coming in through a variety of methods, sources and candidate pools, including third-party research, direct customer observation and prospect mining. Broadening the reach of product research corrects for biases and increases the likelihood of matching product delivery with realized customer value.
- Maximize impacts of user experience teams by integrating them into the product teams' efforts across the entire product life cycle — from ideation through to end of life. Ensure that usability and direct user feedback are considerations from the beginning and that focus on delivering usable and discoverable solutions continues throughout product development.
- Focus on delivering optimal customer value to the most customers possible by integrating both qualitative and quantitative research — including product analytics, performance monitoring and direct customer outreach when making product decisions. Relying too much on one or the other can cause the product's value to drive toward a limited subset of customers and users.

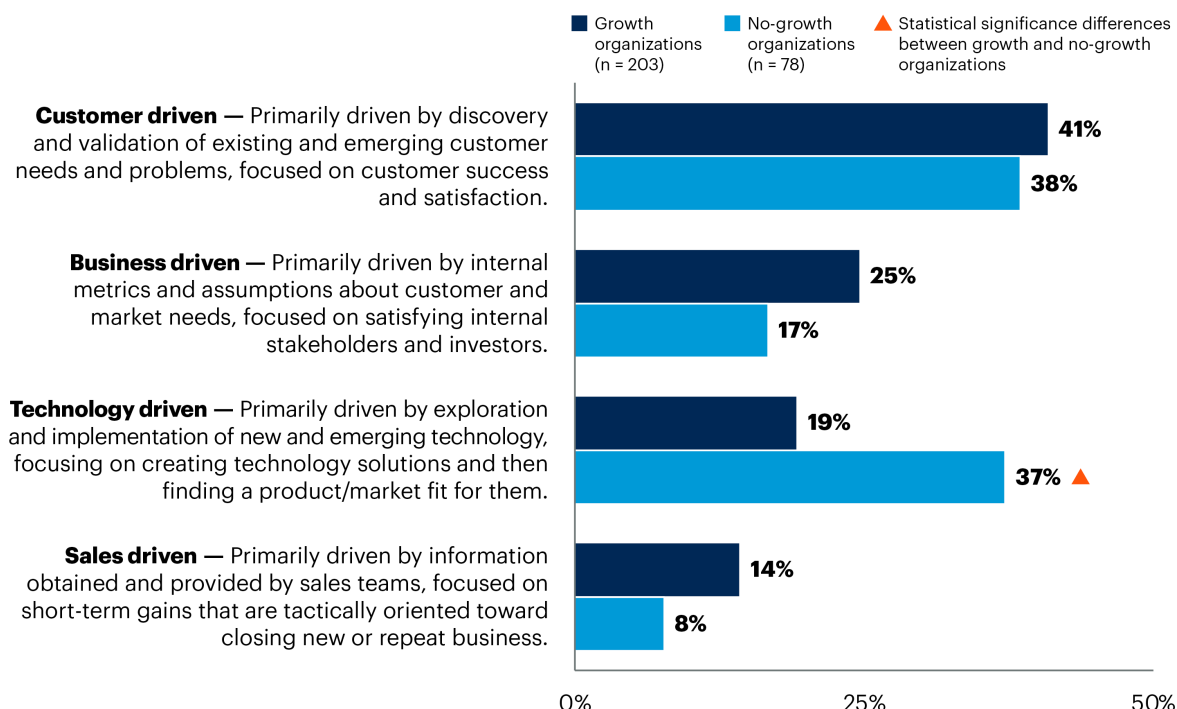
Introduction

Being more customer-centered in ideation, design, development and delivery of a technology product results in greater success. However, many organizations struggle with this essential component of product management — whether due to an outsized focus on delivery, a lack of resources or budget to perform research, or other internal restrictions and pressures. The 2023 Gartner Product Management Branded Survey reveals that nongrowth companies are significantly more likely than growth companies to use a technology-driven approach (as shown in Figure 1).

Figure 1: Nongrowth Companies More Likely to Use Technology-Driven Decision Making

Approaches for Product-Related Decisions by Growth and No-Growth Organizations

Percentage of respondents



n = 203 growth organizations; n = 78 no-growth organizations, excluding “don’t know/not sure”

Q: Which of the following approaches best describes how your company makes product-related decisions?

Source: 2023 Gartner Product Management Branded Survey

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In companies trying to reduce their reliance on technology for decision making, perhaps the most important role in driving customer centricity is that of the chief product officer (CPO) — who oversees the teams most involved in these activities. Product teams must maintain strong customer-centered practices to remain the internal “expert on the user” reputation that drives their success.

This document equips CPOs with strategies to enhance customer engagement, integrate user experience (UX) and product teams, and balance qualitative and quantitative data, ultimately driving better product decisions and delivering higher customer value. It provides actionable insights and best practices for optimizing product management processes.

Analysis

Customer Engagement Must Be Active and Diverse

Many product teams struggle to engage directly and indirectly with their market, customers and prospects. Strong internal pressures often push teams to rely solely on input and feedback from marketing, sales and support for inputs into prioritization and roadmaps. Product teams must take proactive actions to avoid this trap. Product input should come from both internal and external sources, assessing the needs of current users or pending sales, and the broader market.

One area in which product teams can improve their customer focus is by building programs that ensure that feedback and insights are obtained from a variety of personas and through a variety of methods. Many companies use client advisory boards (CABs) as a source of customer contact, but they do not recognize that these bodies may be biased. Often, CABs are populated by customers and users who are established supporters of the product; relying on CABs for roadmap feedback may simply be an exercise in confirmation bias. Product teams must actively seek out those who may have a less positive view of the product, so that they can best understand how to potentially win back lost customers or expand into new market spaces.

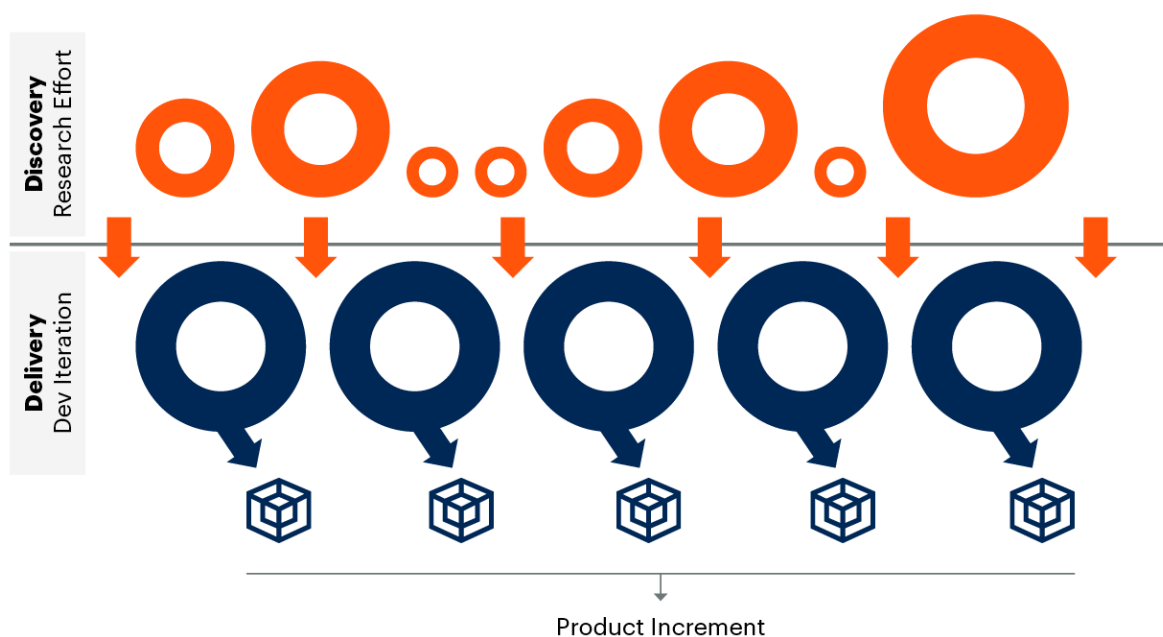
In the post-COVID-19 world, product teams face challenges not only in identifying the personas to target, but also in determining the format of these efforts. The world has become far more digital, more asynchronous, more impersonal — and the best product teams have adapted their practices to both embrace these changes and to supplement them with more traditional approaches. While CAB meetings might have been held in-person prepandemic, they're more often virtual now. The ability of product teams to gain insights on customer use through product analytics has allowed impersonal observation, but this does not negate the need for in-person observation and discussions. Every medium has its own pros and cons, its own biases in the process and the outcome, and CPOs must improve their product teams' customer centricity by adopting both modern and traditional practices to optimize their discovery efforts.

The most important consideration in customer engagement is one that's often shunted to the side due to time, money and delivery constraints. It is the incorporation of customer discovery and engagement throughout the entire life cycle of a product. Discovery efforts must be both ongoing and incorporated into the product development feedback loop, from ideation to design to development to delivery, through to phasing out the product. No part of this process should be done in isolation without proactive customer validation. The most common way to ensure that efforts are not siloed is through what is commonly called "dual-track Agile (aka dual-track discovery)," as represented in Figure 2. The sizes of the discovery track activities reflect the amount of effort being performed or the number of insights discovered during the process. The vertical arrows show integration of those collected insights before each development iteration, occurring every iteration in an ideal situation.

For more information on dual-track discovery, see [Product Managers Can't Sacrifice Strategy for Agility](#).

Figure 2: "Dual-Track" Continuous Discovery

"Dual-Track" Delivery and Discovery



Source: Gartner

Note: Size of discovery iterations reflects amount of effort exerted or information obtained.

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Coupa is one example of a company that is focused on including diverse customer outreach into its product plans.

Case in Point: Customer Centricity at Coupa



The importance of varied and focused customer centricity is represented by Coupa, a \$750 million business spend management company. It has achieved high levels of customer focus by setting expectations and objectives and key results (OKRs) for product teams around number and quality of customer interactions. It also has a variety of channels through which it connects with customers — including customer advisory boards, one-on-one discussions and an online community forum. It uses a central resource to capture and analyze the input from all of these sources, and actively involves all customer-facing roles to ensure a comprehensive and data-informed approach to optimizing decision making for customer value.

CPOs intending to increase the overall customer engagement of their teams must:

- Insist on multiple channels of engagement between every product manager and the market, setting performance expectations based on number, quality and type of interactions.
- Broaden the scope of customer engagement to often-overlooked cohorts, including lost business, prospects and participants from adjacent markets. Loss reviews conducted by product teams rather than sales or third-party consultants are an excellent starting point for this effort.
- Cooperate and collaborate with other customer-facing parts of the organization to build a single “source of truth” from which every group may glean customer and market insights.

User Experience and Product Management Teams Must Be Well-Integrated

Product management and user experience teams have a lot in common — they’re often undersized, underfunded, and may report to leadership that doesn’t fully understand the value they deliver. Overcoming these challenges, however, is critical to the success of a product. User experience teams are often relegated to being “service providers” within the organization, pulled in and pushed out of work according to the most pressing concern of the moment. Close and ongoing alignment between product management and user experience teams is an essential component of a customer-centered approach to product decision making.

While the burden of doing product research is often placed on the product teams within the organization, it's all too common that such roles are not trained in how to conduct this research. This is, of course, one of the fundamentals of user experience — research drives design which drives usability. Faced with the usual lack of resources, product teams can leverage the expertise, training and education of their UX teams by learning how to do better research from them. This additional perspective may also permit the product team to get UX involvement earlier in the process, where they can have an outsized impact on the value being delivered.

To achieve this, of course, there must be tight alignment between the UX team and the product team. In some organizations, where UX is siloed or reports to the technical teams, this can be a challenge. Product teams must be proactive, and sometimes aggressive, about pulling in UX teams more frequently and sooner in the process. They must be advocates for the value that UX delivers, and communicate this value clearly and continuously. The UX team that only comes in to do UI design after the prioritization decisions have been made is almost completely wasted.

The biggest challenge, however, is one of resourcing. All too often, the investment in talent in both product and UX is set at a level that's good enough to maintain basic operations. This, of course, is not enough to ensure optimal performance. CPOs must be willing to step up and become advocates for strong UX teams of a size and composition that can be effective in their integration into the process. Product is the best ally for UX teams in many organizations, and having a C-level advocate can make all the difference in optimizing for customer centricity.

Boomi is one example of a company that has focused on strong and tight integration between its product and user experience teams.

Case in Point: Integration of Product and UX Teams at Boomi



Effective integration of product and UX teams can be seen in the way that Boomi, a \$500 million integration platform as a service (iPaaS) company runs its business. It starts with a leadership-level understanding of the value of UX and has multiple executive sponsors who advocate for early and continuous involvement of UX in the product process. It cross-trains its product and UX teams so that both teams best understand each other's practices and approaches, so that more opportunities for synergy exist between them. The company also insists on the active involvement of UX teams throughout its Agile development processes, and staffs the teams so that they are not faced with the challenges of a matrixed or "service delivery"-style engagement.

CPOs wishing to improve their teams' work with UX resources must:

- Treat UX teams as a part of the product team, even if they report elsewhere in the organization.
- Integrate UX research and design into the product process from beginning to end, ensuring that proper feedback loops exist throughout.
- Align with UX leadership to ensure that the company is investing in the right number and mix of UX resources to achieve the company's goals and objectives.

Use of Both Qualitative and Quantitative Data Should Be Balanced

The boom in accessibility of quantitative data about product usage has been a double-edged sword for many CPOs and their teams. While it has certainly provided new and actionable information upon which to make prioritization and roadmap decisions, it has also led to more "data-driven" decisions, rather than "data-informed" decisions.

Quantitative data is a good resource to identify patterns, to measure and reflect, and to inform decisions, but qualitative data is equally important. One without the other leads to product teams blinded by bias and perspective, but together the combination of both types of data opens new opportunities for extended discovery and faster delivery of high-value capabilities.

Product teams often overrely on quantitative data, leading them to attempt to create measures and metrics for everything. And while it is important to be able to measure factors like value, impact, time to market and work in progress, CPOs must beware of falling into the overanalysis trap. The corollary to "if it matters, measure it" is that if it doesn't matter, you shouldn't measure it. How can CPOs know whether something matters? The primary litmus test is whether you will take different actions if the measure or metric changes. If you would continue to do the same thing regardless of whether your retention rate is 5% or 9% or 2.5%, then retention isn't a metric worth measuring.

Another corollary is that just because something can't be measured doesn't mean that it doesn't matter. Numerous aspects of product ideation, design, development and delivery do not easily reduce to a number, rate or percentage. Verbatim from customers can hold just as much insight as an Net Promoter Score (NPS) or a high retention rate. CPOs must instill in their teams an understanding of the importance of measures and metrics, while also focusing on other data that can inform their decisions and increase the impact of their work.

Ideally, product teams should use qualitative data to validate (or invalidate) the quantitative data, and quantitative data to provide insights into how to leverage the qualitative. As metrics and measures rise or decrease, they must be supplemented with direct customer research to give illustration to the deeper “why” hiding beneath the changes. Taking action based solely on a moving number, without context, is folly — as is taking action on direct feedback without confirming that it will have the intended effect.

Dayforce is one example of a company that balances the use of qualitative and quantitative data in making both strategic and tactical decisions.

Balancing Quantitative and Qualitative Data at Dayforce



An example of combining disparate sources of data to drive informed decisions can be found at Dayforce, a \$1.5 billion human capital management company. The company actively augments its product analytics data, logging and technical details, and interviews with customers to create an environment that equally values all types of data. The close integration of its product, development and design teams, as well as regular incorporation of reviews with stakeholders, allows Dayforce to collaboratively build OKRs and KPIs that rise above mere internal metrics. This approach allows it to minimize blind spots and remain focused on the value that it delivers to customers.

CPOs wanting to instill a better balance of qualitative and quantitative customer research must:

- Evangelize the importance of balancing qualitative and quantitative data throughout the organization, from the executive layer to the managerial layer, down to the individual contributor level.
- Identify the metrics and measures that will have an effect on business decisions, and amplify those data points while minimizing effort around other metrics and measures. During quarterly product reviews, hold product teams accountable in connecting their activities to the metrics and measures in play.
- Advocate for hypothesis-driven experimentation that leverages qualitative data to validate quantitative findings, and vice versa.

Evidence

2023 Gartner Product Management Branded Survey. This survey was conducted to understand the needs, challenges and key initiatives of people in product management roles from June through August 2023. In total, 283 respondents were interviewed across the U.S. (n = 83), Canada (n = 35), the U.K. (n = 31), Germany (n = 28), China (n = 27), France (n = 25), India (n = 23), Australia (n = 18) and Hong Kong (n = 13). Small base sizes of fewer than 30 respondents should be interpreted with caution. To enable key trends to be compared and contrasted, we established quotas on key organizational and respondent characteristics. Qualifying organizations operate in high-tech industries (cloud services; software; communications equipment; carriers; devices and computer infrastructure; technology and business services; and semiconductors) with anticipated enterprisewide annual revenue for 2023 of more than \$50 million or equivalent. Qualified participants have the title of director or equivalent and above with product development/engineering or product management as their primary job function/department. Disclaimer: The results of this survey do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

This document presents results and insights from a Gartner case-based field research project conducting in-depth interviews and data collection over a period of three months (May through July 2024). Participants included major product and service vendors in relevant technology markets as well as important vendors of all sizes. Some of the tech providers from our outreach did not respond to our invitation or opted out of actively participating in this research. Gartner conducted this research to advise product and innovation leaders on common customer-oriented practices, prioritization methodologies, and budgeting and approval processes.

Disclaimer: The organization (or organizations) profiled in this research is (or are) provided for illustrative purposes only, and does (or do) not constitute an exhaustive list of examples in this field nor an endorsement by Gartner of the organization or its offerings.

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