



Gartner for Marketers

Pillars of Performance: Master Three Customer Experience Fundamentals for Marketing

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Introduction

Theresa, a vice president of customer & distribution strategies for a midsize bank, finds leading customer experience (CX) efforts to be a worthy challenge. It allows her to make a visible impact on the bank's brand and bottom line, such as improving customer satisfaction, resulting in reduced customer churn. And she enjoys the support and attention of her boss, the chief marketing officer (CMO). Over 32% of CMOs rank CX as a top 3 vital marketing capability, according to the Gartner CMO Strategy Survey 2017.



32% of CMOs rank customer experience as a top 3 priority.

Theresa discovered that although the company's new multichannel customer strategy was on target, its siloed channel teams created a few obvious, and costly, customer "irritants" — such as customer dissatisfaction when forced to switch channels in the midst of a customer service interaction and stalled sales due to communication friction across the channel silos. When customers reach out with a problem via social media, the last thing they want is to be told they have to call back between 9 and 5, only to be put on hold once they get through to an agent.

In an effort to remove such roadblocks, Theresa organized monthly senior-level meetings with channel and product leaders. This created a formal mechanism for key stakeholders to:

- Examine the customer irritants identified by the multichannel strategy team
- Analyze the issues
- Develop solutions, such as click-to-chat and other digital enhancements

Theresa wanted to ensure she had a solid foundation in the areas critical for long-term CX success so she set clear goals for herself and her team: Develop a clear understanding of the customer, deliver optimal customer experiences and create a customer-centric culture.

"CX leaders must validate the business value of CX and lead through collaboration or risk losing budget and influence over the drivers of customer satisfaction, loyalty and advocacy," says Augie Ray, research director, Gartner for Marketers.



The State of Customer Experience

Gartner defines CX as the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, systems, channels or products. Key findings from the Gartner Customer Experience in Marketing Survey 2017 — a cross-industry survey of 280 marketing leaders responsible for CX in organizations with more than \$500 million in revenue — speak to CX leaders' priorities and challenges:

01 Marketing leads customer experience budgeting and execution

Nearly 60% of marketing leaders responsible for CX say that marketing owns the majority of the budget for their company's enterprisewide CX initiatives. However, cross-functional and cross-channel partnerships are critical for optimal customer experiences, so CX outcomes tend to diminish when marketing or any other single department attempts to lead and execute CX alone. CX leaders need to collaborate with other departments to make improvements throughout the entire customer life cycle, especially when other departments and teams are responsible for implementation.

02 Marketing leaders may see customer experience responsibilities diminish

Many companies have a chief customer officer (CCO) or chief experience officer (CXO); some have both. In firms that do not expect to compete primarily or completely on the basis of CX in the future, the CCO and CXO are likely to report to the CMO. However, in the majority of organizations with the greatest confidence that CX will be a competitive advantage in the future, the CCO and CXO are more likely to report to the CEO or COO. This reporting reality underscores the need for marketing to collaborate widely and execute with excellence as CX becomes more of a strategic focus.



Expectations and the importance of CX are rising faster than CX budgets.

As the department most likely to possess customer data, along with the platforms required to analyze and understand customer wants and needs, marketing must take and hold onto the reins of CX. If marketing fails to lead, other parts of the organization will do so, and marketing will be left as a cog in the company's CX machine.

03 CX budgets are not increasing with increased expectations

Expectations and the importance of CX are rising faster than CX budgets. Fifty-two percent of marketers with CX responsibility expect their budgets to remain the same or decrease in 2018. Marketers responsible for CX must fight for, and earn, essential budget support. CX leaders must also conclusively prove how CX investments improve customer relationships as well as business and financial results.





Three Pillars of Customer Experience Performance

To truly achieve their desired end state and deliver superior customer experiences, marketing leaders responsible for CX must understand and elevate the three pillars on which every successful customer experience program is built.



- 01 Understand the customer better than your competition
- 02 Craft powerful and differentiated customer experiences
- 03 Build a customer-centric culture

01 Understand the customer better than your competition

Anchor your CX in a solid and sustainable understanding of your customer. Collect, analyze, and activate data and insights to drive CX efforts. This includes customer data, customer voice, customer insight and competitive insight. CX initiatives require a strong data foundation that combines first- and third-party customer information. This foundation is not static — it needs constant care and feeding. Robust, data-driven customer insights will help you put the customer at the center of your thinking and inform the customer journey and persona development. Personas and customer journey maps are key tools for marketing leaders seeking to improve their brand's CX.

Make your marketing personas actionable

To make personas actionable, marketing leaders must follow a data-driven process and stand ready to tailor them when necessary. Maximize adoption across the organization by gathering new data and tailoring personas for different needs. The best personas mix qualitative insight that expresses a human customer with quantitative data that enables smart decision making.

For example, the persona of Carey details a college-educated professional woman who owns a small business and frequently multitasks because she is so pressed for time. She values efficiency and uses her mobile device to deposit checks and pay bills. Carey banks this way so she can get through her list of tasks as fast as possible.



Four out of five CX leaders anticipate that their brands will completely or nearly completely compete on the basis of CX in two years.

Carey's persona provides richer insight for designers and marketers and guides the design of campaigns, engagement plans and experiences. Evangelize and energize your personas. Communicate why they are important, what insights they provide, and how they can be customized and used in multiple areas of the business.

Make your customer journey maps useful

Leverage collaboration and data to fuel effective customer journey mapping. Effective journey mapping processes include an outside-in, customer-centric perspective and benefit from executive commitment and a focus on insights. The key to success is to give early attention to collaboration and data capture — without these, your efforts risk becoming “check-the-box” exercises that are never implemented. Building and deploying effective journey maps also call for leadership support, the right team and the proper customer insights. The ultimate end goal is objective, data-driven consensus and commitment, not fancy graphical representations of customer journeys.

KEY TAKE-AWAY

As there are no standard customer data platform capabilities to date, marketers need to assess whether this nascent and rapidly evolving technology can help them meet customer experience and targeting goals.

Understand Customer Data Platforms

A customer data platform (CDP) is a marketing system that unifies a company's customer data from marketing and other channels to enable customer modeling and optimize the timing and targeting of messages and offers. CDPs are an alluring alternative to marketers frustrated with perceived and actual limitations in how their technology handles customer data management and customer analytics.

Based on the Gartner definition, to qualify as a CDP, a product must feature a marketer-friendly, web-based interface that enables data collection, profile unification, segmentation and activation.

Many vendors have opportunistically repackaged or repositioned existing capabilities as CDPs, creating confusion around the resulting technology and feature overlap. Common examples of technologies and disciplines that are not CDPs but have some relationship to a CDP include:

- Customer relationship management
- Data management platform
- Multichannel marketing hub
- Enterprise data warehouse

02 Craft powerful and differentiated customer experiences

Creating optimal customer experiences relies on identifying and delivering the moments that matter most. These moments are the subset of customer touchpoints that disproportionately create or destroy value with your most important customers. The customer “irritants” that Theresa and her team identified, such as channel switching in the midst of a service interaction, showcase the power of these critical moments.

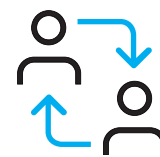
Gartner researchers Matt Dixon, Nick Toman and Rick DeLisi outline the very real impact of channel switching on the customer experience and the bottom line in their analysis of over 97,000 customers for their book, *Effortless Experience*:

“What about customer experience? Just how painful is channel switching? Customers who attempt to self-serve but are forced to pick up the phone are 10% more disloyal than customers who were able to resolve their issue in their channel of first choice. Each seemingly minor switch has real impact.”

The combination of personas, journey maps, user experience and user testing creates the foundation for a framework that solves the who, what, when and how of CX design.

Theresa and her team were able to remove a primary driver of customer dissatisfaction by reducing the amount of channel switching customers had to navigate. They also found ways to build stronger relationships.

Her customer research revealed that certain customer needs were not being met, leading her team to recommend new partnerships to expand the bank’s offerings. The new product offering enabled the brand to leapfrog the competition, and customers who adopted this value-added product were less likely to churn than the average bank customer.



Creating optimal customer experiences relies on identifying and delivering the moments that matter most.

The three-pillar framework helps you inventory and prioritize the specific customer experience investments that create utility, convenience, value and delight over the course of a customer relationship.

Make your user research insightful

CX leaders can advance their intelligence gathering by adopting user research methodologies and applying the tailored insights to improve CX outcomes. User research applies an array of methodologies to evaluate and determine customer needs, goals, behaviors and motivations. Resist pressure to confirm a desired outcome or use a particular methodology just because it's considered easier or faster or is favored by others in the organization. Conduct both quantitative (the "what") and qualitative (the "how" and "why") user research. Using a combination of methodologies forms a more robust, accurate picture of what is needed and what will work to achieve desired outcomes.

03 Build a customer-centric culture

For a business to become or remain successful in today's competitive environment, it must move from being product-focused — building a product or service and seeking out customers — to customer-centric, where customer needs and goals are assessed and a solution is then provided.

A customer-centric culture requires all employees to understand how their roles and actions affect the customer experience and to actively place the customer at the forefront of every business decision. Driving this kind of cultural change, both within and beyond the marketing organization, demands four key elements:

1. Build organizational values around customers
2. Measure CX effectiveness and impact
3. Collaborate cross-functionally
4. Engage leaders in difficult CX decisions

Build organizational values around customers

Being customer-centric requires that everyone in your organization has a shared understanding of your customers. Not surprisingly, organizational culture plays a large role in the success or failure of a company's move from being product-centric to customer-centric. Pursue three behavior and process changes to shift to a customer-first orientation.

1. Put the customer at the center of every decision.
2. Engage senior leaders to demonstrate customer centricity from the top down.
3. Change structure, policies and procedures.

Measure CX effectiveness and impact

Marketing leaders responsible for CX must serve two masters simultaneously. They must deliver the business outcomes their executive leaders desire while providing the experiences customers expect. Pursue a “customer-first/company-also” perspective to satisfy both groups of stakeholders.

Gather and analyze key customer data to establish the correlation between customer-oriented CX metrics and the business outcomes that business leaders demand. This approach satisfies leaders’ expectations while enabling you to stay focused on the customer.

Prioritize metrics that demonstrate measurable improvement in customer satisfaction, loyalty and brand advocacy. Align your CX goals to customer needs and expectations to forge stronger customer relationships that deliver vital long-term benefits for the brand.

Collaborate cross-functionally

Enlist cross-functional partners to participate in defining goals, selecting methodologies and identifying which operational metrics are needed to measure and optimize performance. Theresa addressed this challenge when she convened a monthly meeting of channel and product leaders, creating a collaborative governance and information-sharing mechanism in the process. It’s important that business leaders, both within and outside of marketing, view CX as a key differentiator.

Engage leaders in difficult CX decisions

Focus on areas where values and objectives conflict to deliver outsize returns. The key to building a great customer experience lies not in the relatively easy decisions, such as training check-out and floor associates to deliver exceptional service in a retail environment. Success depends on making difficult decisions such as setting appropriate staffing levels that meet an organization’s difficult holiday cost-optimization goals while ensuring the short lines and rapid, available support customers expect.



Focus on areas where values and objectives conflict to deliver outsize returns.

Frontline managers are typically left to work out on their own how these decisions might impact the bottom line and customer satisfaction, loyalty and brand advocacy. Without clear guidance, employees are left to arbitrate conflicting brand goals, raising risks and diminishing efficiency.

“Explore your organization’s commitment to its CX values not in the comfortable center of each value, where decisions and actions are clear, but on the edges, where your brand’s CX values clash with each other or with other corporate objectives,” says Ray.

Three brands that struck the balance between brand values and CX goals enabled tough, bold decisions for what CX means to their organizations:



Amazon chose to put customer ease above potential customer data risks when it patented 1-Click purchasing in 1999 — a time when few consumers trusted online credit card transactions and other retailers were hesitant to accept the risk of storing such secure data.



Zappos empowered employees to spend more time assisting customers correctly, rather than emphasizing call-handling time and cost containment.



THE RITZ-CARLTON

Ritz-Carlton launched an app enabling mobile check-in despite its deeply held core brand principle that prizes the value of in-person interactions provided by on-site staff.



The Payoff of Improved Customer Experience

Customer experience is the new battleground. Four out of five CX leaders anticipate that their brands will completely or nearly completely compete on the basis of CX in two years. Marketing departments are poised to develop and deploy the experiences that customers crave and business leaders demand to deliver needed business growth. Marketers responsible for CX must assert strong leadership throughout the organization and collaborate widely on every aspect of CX program design and delivery. These same leaders must secure and use the data and analytics necessary to validate and promote the relationship between CX investments and financial outcomes. The reward is enhanced CX processes, improved outcomes and greater support for CX across the organization.

How Gartner supports marketing leaders

Gartner for Marketers provides objective, expert advice and proven tools marketing leaders and teams need to seize the right opportunities with clarity and confidence and stay ahead of trends that matter. Gartner's in-depth research and analysis lets marketers focus on the opportunities with the greatest potential to deliver results.

Select Gartner support resources for customer experience



Research and Insights

Key Customer Experience Foundations for Marketing Leaders

Where Marketers Get Data to Inform Personas and Journey Maps

A Marketer's Guide to What Is — and Isn't — a Customer Data Platform

Focus on the Most Difficult Customer Experience Decisions to Drive Employee Action and Deliver Success



Case Studies

4 Approaches to Managing the Customer Experience

Team-Based Customer Interviews Case Study

Segment Pain-Point Messaging Toolkit (FedEx)



Implementation Tools

Customer Listening Portfolio Tool

Customer Experience Job Description Library

Ignition Guide to Building a Customer Experience Journey Map



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