

Customer Experience Is the New Competitive Battlefield

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Greater competition and growing consumer power have eroded traditional product- and service-based differentiation, forcing firms to seek new, more durable forms of competitive advantage. Many business and IT leaders see the customer experience as a sustainable source of competitive differentiation.

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Analysis

Customer experience management is top of the CEO's agenda — see "2015 CEO Survey: Committing to Digital." CEOs, CIOs and chief marketing officers have become interested in this topic because low-cost and ubiquitous access to information for customers, the rise of globalization, and the "death of distance" mean that customers are more empowered than ever. While this isn't true of every industry and geography, it's the case in more sectors every day. Customers can compare experiences across industries and force regulators and governments to be more accountable. At the same time, competitive differentiation — achieved through a strategic decision to invent better products that are hard to imitate, or by being the most efficient producer of a service — has diminished over time. What remains the same is how challenging it is to create a superior customer experience that will serve as a sustainable differentiator.

Most organizations already have multiple projects or programs to help improve the customer experience. Some organizations' leaders think "customer experience" means customer service; some equate it with the user experience; some think it's all about digital interactions; some consider that it relates to the content in those interactions. Then again, some take the view that it concerns their brand, while for others the focus is design, or the emotions detected in feedback from customers. All these perceptions are, of course, correct. As a result, each team, department or group has its own interpretation of "customer experience" and "customer experience management." But creating a consistent definition is important for getting teams to work together

and focus their efforts. It also helps to underpin a unique and inspirational customer experience vision.

Gartner defines customer experience management as "the practice of designing and reacting to customer interactions in order to meet or exceed customer expectations and to increase customer satisfaction, loyalty and advocacy." In other words, the customer experience is the sum of all branded interactions, pre- and post-sale — see "The Definition of Customer Experience Management." That's a very broad definition, which is why improving the customer experience must be treated as a "team sport," involving the coordinated participation of cross-functional stakeholders across business lines and functional leaders, including those of marketing, customer service, sales, operations, HR, supply chain, finance, manufacturing and IT departments.

Customer experience initiatives are collaborative, but they also require leadership. Gartner's research indicates that there are over 900 chief customer officers and over 3,000 people with the job title of head (or director) of customer experience. These represent the most senior locus of authority for, and the driving force behind, customer experience initiatives. About half the time they report to the operating committee or CEO. Organizations that don't have a central leader of the overall customer experience initiative independent of traditional departments have leaders of customer experience in different departments reporting to other chiefs. These leaders report to marketing, customer service, operations, sales, supply chain or other functional heads. Over 80% of these leaders meet in a customer council for consensus-driven coordination. The IT organization, in all but a handful of cases, has a supporting role. It is involved in only just over 50% of the projects being undertaken by the head of customer experience, because only half involve the use of technology. But the IT department is perceived to be highly or extremely involved in the customer experience initiative in 80% of cases, according to the heads of customer experience initiatives.

Gartner's 2015 Special Report on the customer experience comprises 36 research papers and focuses on the customer experience from the perspective of IT and marketing leaders — more specifically, on their roles in leading and supporting these initiatives. It has five sections:

- The Role of Marketing in the Customer Experience
- Seven Types of Customer Experience Project
- Optimizing Channels to Improve the Customer Experience
- Applying Best Practices to Build a Better Customer Experience
- What to Read, Depending on Your Customer Experience Maturity

Research Highlights

The Role of Marketing in the Customer Experience

According to a 2014 Gartner survey of marketing organizations that investigated the role of marketing leaders in relation to the customer experience, 89% of marketing leaders expect to compete primarily on the basis of customer experience by 2016, as compared with 36% four years

ago. Fewer than half of these marketing leaders consider their organization's customer experience capabilities to be superior to those of their peers, but two-thirds believe they will be industry leaders, or much more successful than their peers, within five years (see "Importance of Customer Experience Is on the Rise; Marketing Is on the Hook" [*access limited to Gartner for Marketing Leaders clients*]). This attests to considerable ambition about transforming the customer experience, and a prominent role for marketing leaders in driving and contributing to these transformations. Unsurprisingly, marketing is the department that spends most on improving the customer experience.

This Special Report includes 12 documents for marketing leaders:

"Key Customer Experience Foundations for Marketing Leaders"

Jake Sorofman

Marketing leaders are increasingly expected to lead customer experience initiatives. But learning to serve customers can feel like a brave new world for those with a traditional marketing orientation. This research defines the key customer experience foundations that marketers need to master.

"How Marketers Close the Loop on Customer Experience Feedback"

Jake Sorofman

Customer experience requires a broad mandate, from senior management to employees on the front lines. Key to this participation is closing the loop by turning customer feedback into operational actions.

"How to Justify the Business Value of Your Customer Experience Investments"

Jake Sorofman

Despite growing acknowledgment of customer experience as a strategic imperative, marketing and customer experience leaders still need to make the case beyond it's the right thing to do. This research explains how to make the business case for customer experience investments.

"Customer Experience Analytics for Marketing"

Martin Kihn

Marketing analytics is rapidly evolving past a single-channel and campaign view to encompass the entire customer engagement with the organization. Use this research to gain an overview of two ways marketers analyze customer experience: customer journey analytics and voice of the customer.

"Differentiate Digital Commerce With Customer Experience"

Jennifer Polk

Digital commerce includes interactions surrounding a sale. Each has the potential to strengthen or weaken customer relationships. Digital commerce marketing leaders should use this research to differentiate digital commerce by connecting it to customer experience initiatives for improved results.

"Apply Digital Humanism to Customer Experience Design"

Brian Prentice

Digital humanism offers a philosophy of system design that can dramatically improve the digital facets of an organization's customer experience strategy. But this also means that customer experience leaders will need to understand and address some profoundly challenging humanist principles.

"Rethinking Personalization: The Principles of Personification"

Andrew Frank

Digital marketers must distinguish between true one-to-one personalization and the targeting of anonymous aggregate personas. Personification provides a framework for balancing privacy and relevance.

"Mapping the Mobile Customer Decision Journey"

Mike McGuire

Mobile marketing is emerging as a critical component in customer experience strategies. Mobile marketers can use this research to identify the foundational elements needed for mobile to make a compelling contribution to improved customer experiences.

"Multichannel Marketers Bring Valuable Insights to Customer Experience Strategies"

Adam Sarner and Jennifer S. Beck

Multichannel marketers need to build on channels, campaigns and offers, and help identify business practices and high-value interactions with the brand to define an enduring and differentiated customer experience.

"Marketing Spending Shows the High Priority CMOs Put on Customer Experience"

Jake Sorofman and Yvonne Genovese

Marketing leaders have declared customer experience the new battlefield for competitive differentiation, and marketers are putting their money where their mouths are. This research

illustrates the heightened importance of customer experience investments in overall marketing spending priorities.

"Five Ways to Determine Social Marketing's Role in Your Customer Experience"

Julie Hopkins and Jennifer Polk

Customer experience initiatives will touch every marketing discipline and channel. Social marketers should answer these five questions to determine what they can contribute to, and glean from, the customer experience.

"Connect Business Moments, Personas and Journey Maps to Boost Customer Experience Outcomes"

Brian Prentice, Tiffani Bova and Olive Huang

Responding appropriately to business moments can enrich, or degrade, customer experience. This research explains how application leaders who support marketing, sales and service professionals can craft effective responses to business moments, and avoid those that are intrusive and irrelevant.

Seven Types of Customer Experience Project

The scope for improving the customer experience extends across every department. Every employee has the potential to make or break the customer experience. This section examines the seven different types of customer experience project that Gartner has uncovered over the past 10 years, and their prevalence. It also gives detailed examples.

"Gartner's Seven Types of Customer Experience Project"

Ed Thompson

Many companies are running different types of projects to improve the customer experience, each with unique challenges. IT application leaders supporting customer experience leaders will achieve better results if they start by auditing existing work and coordinating existing efforts.

"Survey Analysis: The State of Customer Experience Innovation, 2015"

Nick Ingelbrecht, Olive Huang and Michael Dornan

There is no silver bullet to improve customer experience, but a combination of projects can cumulatively contribute to better customer experience and create a hard-to-copy competitive advantage.

"15 Voice-of-the-Customer Best Practices Linked to Organizational Maturity"

Jim Davies

Because of their business impact, VoC programs are becoming more popular; however, determining the most-effective implementation of VoC best practices is the most-commonly cited organizational challenge for IT leaders supporting the customer experience. Here we outline the key steps they must take.

"Powering Customer Experience With the Trusted 360-Degree View"

Bill O'Kane and Saul Judah

Business demand is still growing for the 360-degree view of the customer, driven in large part by desire to improve the customer experience. Enterprise information management helps customer experience, CDOs and other information leaders ensure that trusted data is available for this view.

"Three Signs Your Social Media Strategy Is Harming Your Customer Experience, and What to Do About It"

Jenny Sussin and Kelsie Marian

Organizations have the opportunity to improve customer satisfaction, value and loyalty through social media, but IT application leaders supporting customer-facing initiatives must ensure they are part of an enterprise-scale strategy or risk harming the customer experience.

"Use Digital Personalization to Enrich the Customer Experience"

Penny Gillespie

IT leaders responsible for supporting customer experience endeavors can use personalization technologies to enrich customers' experiences. This research examines what customers want and what personalization delivers.

"Leverage Digital Workplace Initiatives to Better Connect Employee and Customer Experience"

Mike Gotta and Elise Olding

Engaged employees, motivated to excel and contribute to organizational success, can have tremendous impact on business results. Leaders of digital workplace initiatives can connect employee engagement to customer experience in ways that have a positive effect on both.

"How User Experience Can Make or Break Your Customer Experience"

Gene Phifer and Ray Valdes

The user experience involved in products and services plays a crucial role in the overall customer experience. IT leaders who support CRM and customer experience solutions should employ five steps to deliver the most compelling user experiences possible, which will result in improved levels of customer experience.

Optimizing Channels to Improve the Customer Experience

The reports in this section look at several different customer interaction channels and how they are being put to best use to improve the customer experience. They examine the architectural requirements to coordinate, and the use of analytics to optimize, interactions across channels.

"Use Digital Business Design Principles to Guide the Development of Digital Services"

Marcus Blosch and Betsy Burton

Leading organizations are using digital technologies to create innovative digital services for customers in the "on-demand" economy. A new set of design principles are needed to guide the development of these digital services.

"Reanimate Your Content Strategy for the Best Next Customer Experience"

Jim Murphy and Mick MacComascaigh

Digital business requires digital content leaders to rearchitect and reanimate their content management strategy. The best next customer experience will be the competitive battleground for digital business.

"Improve Mobile Customer Service to Improve the Mobile Customer Experience"

Michael Maoz

There is an immense gap between mobile adoption and successful customer service and support on the mobile device, which undermines enterprise strategies for mobile. Our research offers advice to IT leaders working on customer service projects on how to improve the mobile customer experience.

"You're Not Doing DevOps If You're Not Focused on the Customer Experience"

Cameron Haight

Many DevOps initiatives focus inwardly on processes and tools with little validation that the services being delivered are appropriate. The primary focus of DevOps should be on improving the customer experience, and DevOps teams must create a customer experience that provides utility, convenience, value and delight.

"Technology Overview for Customer Journey Analytics"

Jason Daigler, Gareth Herschel, Ed Thompson and Gene Alvarez

Evaluating customer engagement in channel silos misrepresents the complete picture of a customer journey. Similarly, analysis of customer journeys without sufficient data can also mislead. IT leaders should consider investments in and organizational changes to support customer journey analytics.

"Sentiment Analysis Cracks the Code on Unstructured Voice of the Customer Analytics"

Jamie Popkin

VoC analytics relies on four primary data sources for insight into customer wants, needs and behaviors. Unstructured content is the most challenging source to analyze. Sentiment analysis enables deep interpretation of customer content sources, adding value to predictive and prescriptive analytics.

"Best Practices for CSP Big Data Analytics-Driven CEM Approaches in Network and Service Operations"

Martina Kurth

Without effective customer experience management in network and service operations environments, a goldmine of legacy operations support system data remains virtually unexplored. Communications service provider CIOs and CTOs must leverage general-purpose big data and analytics tools.

Applying Best Practices to Build a Better Customer Experience

The nine reports in this section explore the practicalities of starting and progressing a customer experience initiative. Topics covered include best practices for all organizations creating a vision for the customer experience, how to measure success, how to use innovation, and how to define a new value chain for your organization. Since approaches to the customer experience differ between B2B organizations, B2C organizations, organizations in different industries, and organizations in which customer-facing functions have been outsourced, we have researched what needs to change in these circumstances.

"Use These Top Attributes to Create a Compelling Customer Experience Vision"

Olive Huang, Ed Thompson and Gene Alvarez

More than 250 CIOs and IT leaders discussed the top attributes of a compelling customer experience vision at the Gartner Symposium/ITxpo in North America, Europe and Asia/Pacific in 2014. Use these top attributes of a compelling customer experience vision in your organization.

"How to Manage Customer Experience Metrics"

Ed Thompson

Hundreds of customer experience metrics exist. Large organizations will often use more than 50, and no organization uses the same combination. IT leaders supporting customer experience initiatives must understand the four most common categories for customer experience metrics — quality, satisfaction, loyalty and advocacy — and how to manage them.

"Leverage a Customer Value Chain for Better Customer Experience"

Partha Iyengar, Ray Valdes and Gene Phifer

Customer experience is increasingly the differentiator between successful enterprises and those that struggle. CIOs can use this research to leverage a customer value chain (physical or virtual), in order to achieve the required customer centricity to optimize CX across the enterprise.

"Five Innovation Tips to Improve the Customer Experience"

Mary Mesaglio

Executives love talking about innovation, but few enterprises are consistently good at it. The same could be said of the customer experience. This research passes on innovation tips to customer experience leaders, CIOs and innovation directors wishing to boost their company's customer experience.

"Build a Better B2B Customer Experience Program"

Tad Travis

B2B customer experience programs need full participation from salespeople and leaders to be successful. IT leaders supporting sales should ensure that sales has a full voice in the program, following Gartner's best practices for B2B customer journey design, process ownership and tool selection.

"Tech Go-to-Market: Trust Drives the B2B Technology Buying Cycle"

Hank Barnes, Todd Berkowitz and Tiffani Bova

Buyers rely heavily on trusted sources throughout their buying process to evaluate the veracity of the information they encounter. As providers evolve their sales and marketing approach to align with the technology buying cycle, establishing a broad trust foundation is critical to support growth.

"CX: How to Optimize a BPO Provider's Ability to Improve Customer Experience"

T. J. Singh

Managing customer management business process outsourcing service outcomes is complex and requires alignment with key business goals. This document outlines an approach for business leaders and sourcing managers to develop a comprehensive customer experience ratio for their BPO services.

"Market Insight: What to Focus on When Creating Contextual Customer Experiences"

Charlotte Patrick

Customer experiences can be improved by implementing analytics and other technologies that enable enterprises to react faster and more insightfully, and to resolve problems better. This report aims to help strategic planners in customer experience teams decide what to focus on.

"Survey Reveals Customer Diversity Drives Complexities, Risks and Costs for Insurers"

Kimberly Harris-Ferrante

Insurance business and IT leaders have a simplistic view of consumers, failing to understand that consumers are diverse — ranging from those preferring traditional interactions to those who prefer digital. A multifaceted, multichannel approach is required to manage this diversity.

What to Read, Depending on Your Customer Experience Maturity

"The Gartner Customer Experience Management Maturity Model" describes different levels of customer experience maturity. You can use this model to determine your starting point. Below we suggest some Gartner reports (mainly selected from those identified earlier) to read at different levels of maturity.

If you're at the start of your customer experience journey and comparatively immature in this area, read:

"Gartner's Seven Types of Customer Experience Project"

"Key Customer Experience Foundations for Marketing Leaders"

"Use These Top Attributes to Create a Compelling Customer Experience Vision"

"How to Justify the Business Value of Your Customer Experience Investments"

"How to Manage Customer Experience Metrics"

"Survey Analysis: The State of Customer Experience Innovation, 2015"

"15 Voice-of-the-Customer Best Practices Linked to Organizational Maturity"

If you've been working for several years on a customer experience initiative and are looking to progress to a higher level, read:

"Improve Mobile Customer Service to Improve the Mobile Customer Experience"

"Reanimate Your Content Strategy for the Best Next Customer Experience"

"Use Digital Business Design Principles to Guide the Development of Digital Services"

"Leverage Digital Workplace Initiatives to Better Connect Employee and Customer Experience"

"15 Voice-of-the-Customer Best Practices Linked to Organizational Maturity"

If you're an industry leader in terms of the customer experience, read:

"Five Innovation Tips to Improve Customer Experience"

"Differentiate the Customer Experience by Driving Innovation Into All Business Model Components"

"Apply Digital Humanism to Customer Experience Design"

"Technology Overview for Customer Journey Analytics"

"Sentiment Analysis Cracks the Code on Unstructured Voice of the Customer Analytics"

"15 Voice-of-the-Customer Best Practices Linked to Organizational Maturity"

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"The Definition of Customer Experience Management"

"The Gartner Customer Experience Management Maturity Model"

"Differentiate the Customer Experience by Driving Innovation Into All Business Model Components"

"The Customer Experience Is the Next Competitive Frontier"

"Use Journey Maps in User Experience Design and Digital Workplaces"

"Beyond Net Promoter Score: The Evolution of Customer Experience Metrics"

"Customer Experience Emerges as the Marketers' Next Battlefield"

"Gartner Survey Finds Importance of Customer Experience on the Rise — Marketing Is on the Hook"

"How to Design Customer Experiences Using Persona-Driven Buying Journeys"

"Use Personas to Drive Exceptional Customer Experiences"

"What's Next in UX Design?"

"How to Build a Competent UX Team"

"How Customer Service Drives Loyalty Through Customer Engagements"

"Excellent Execution of Customer Basics Is Key to Building Loyalty"

"Customer Experience Projects That Provide the Most Value to Telecom Carriers"

"CSPs Can Improve Customer Experience by Using KPIs From Network, Operations and Business"

"How to Start a Voice of the Customer Initiative"

"How to Structure the Organization to Build Better User Experiences"

"Improving Website User Experience With Data-Driven Design"

"Lessons From 10 Consumer Brands Cited for 'Outstanding' Customer Experience in U.S."

"People-Centric Experiences: Master the New Trends in Mobile Experience Design"

"Personalize the Online Customer Experience to Drive Satisfaction and Digital Sales"

"Survey Analysis: Customer Experience, 2014 — The Outstanding and the Underwhelming"

"The Emerging User Experience Platform"

"The Rise of the Vice President of Customer Experience"

"Use Workforce Optimization to Improve Customer Experience With More-Engaged Customer Service Agents"

"Voice-of-the-Customer Solution Architecture"

[More on This Topic](#)

This is part of an in-depth collection of research. See the collection:

- [Route to Market Essentials: Research on Routes to Market, Channels and Sales](#)

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