IBM Institute for Business Value

# The experience revolution

## *Mobilizing to win — are you ready?*

## Overview

Companies have considered customer experience (CX) a strategic priority for quite a while, but executing with excellence has proven to be quite a challenge. As organizations are moving to the next generation of digital and physical engagement, they are discovering just how complex improving CX can be. Our research shows that only a small percentage of companies are pulling all the levers. For them, CX is not just a set of enhancements, but a fundamental component of their business strategy and corporate culture. As others embark on their own experience reinvention, there is much they can learn from this elite group.

As customer expectations for useful, frictionless experiences continue to rise, companies are replacing manual processes and augmenting physical experiences with new digital interactions. This embrace of digital stems from more than the need to delight and engage — it is about providing real utility to customers at an acceptable cost to serve. For many companies, this is simply one of several requirements for doing business in the digital age. For others, operationalizing Customer Experience (CX) is a mission that defines their corporate zeitgeist. It is an opportunity to continually improve CX; and for some, CX is a true brand differentiator and driver of their business.

The specific attributes and leading practices of these CX aficionados — we call them the Elites — became clear as we analyzed how organizations are mobilizing to improve their performance through CX. This report, part of the year-long Customer Experience study conducted by the IBM Institute for Business Value (IBV), is based on the survey responses of 501 C-suite and line of business executives from multiple industries and regions. It builds on our first report, “The experience revolution: The game is on,” where we identified top CX trends executives are facing as they reinvent their CX.

In this second report, we reveal how organizations approach CX ownership, strategy, cross-functional collaboration, use of data, use of Experience Design methods and customer feedback to enhance and measure CX. As anticipated, we found that CX responsibility and leadership is expanding beyond the traditional siloed domains of the Chief Marketing Officer (CMO) and marketing departments. Whether

managing from the C-suite or the functional level, the Elites have injected customer-centricity into their corporate cultures and are executing CX with more complexity and finesse than others.

## Three CX leadership profiles

To uncover how companies are organizing and mobilizing to implement CX strategies, we conducted a cluster analysis, a statistical method that groups respondents based on the similarity of their responses to a select set of survey questions. We named the three groups that emerged from this analysis the *Amateurs*, the *Professionals* and the *Elites*.

Amateurs are in the early stages of establishing a CX mandate for their business. Most have yet to institute a corporate CX vision, despite the fact that Amateurs consist exclusively of C-suite officers responsible for CX. Their CX initiatives are disparate projects, and many make do without CX governance or standards. Professionals are characterized by their closely coordinated CX initiatives and standards. Yet, they too lack an overarching CX vision. Made up entirely of functional leaders, the Professionals are tactical, treating CX like a program that they need to manage.

Elites are remarkably more visionary and advanced across a wide array of factors than the other two groups. Evenly represented by those citing CX ownership at the C-suite and functional levels, they are defined by their mindset and the lengths they go to to ensure CX is embedded in the DNA of their business. They cast their teams with the right mix of talent, and nurture a distinct CX vision that permeates their organizations. Their CX approach is strategic, collaborative, design-driven and data-rich, and tightly integrated (see Figure 1).

**Figure 1**
*The Elites' mindset: Put CX at the core of the business*

Percentage of Elites who share these characteristics

93%
Decisions to improve CX made by cross-functional teams

89%
CX strategy informed by integrated sets of data from multiple sources

88%
Customer experiences shaped by direct customer feedback

87%
New revenue opportunities identified with experience design methods

70%
CX initiatives governed by strategy and vision

*Source: IBM Institute for Business Value; Full sample n = 501; Elites n = 82.*

In today's digital world, companies can maintain an intimate relationship with their customers and continually enhance experiences in ways that are affordable and immediate. However, the entire sample of respondents still has a long way to go to become truly customer experience driven. Even the Elites struggle to get everyone in their organization on board.

Yet, we can learn a lot by looking at the characteristics that distinguish the Elites from the Professionals and the Amateurs. By exploring what Elites do to fuel their CX reinvention, we have uncovered three practices we believe set them apart from everyone else. Elites:

- Assign customer and business value to CX—testing and continuously optimizing
- Engage employees as critical drivers of the experience
- Dive deep into the insight.

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## Recommendations:

### Find your North Star

- Establish an enterprise CX strategy—don’t let your CX aspirations fall prey to competing departmental agendas.
- Build diverse CX leadership teams representing different levels of the business.
- Work toward CX commitment and buy-in across your organization.

### Don’t just coordinate — collaborate

- Don’t get stuck in organizational silos.
- Align across functions with a CX governance structure.
- Foster pan-organizational collaboration and teamwork to meet customer expectations for seamless, frictionless experiences.

### Integrate data for better performance

- Use integrated sets of data from multiple sources to reveal the subtleties and complexities of customer needs and behaviors.
- Leverage data insights to fuel CX strategy decisions.
- Harness the insights of analytics in more agile ways to optimize experiences, services and utility.

### Unleash the design ethos

- Rely on experience design methods for a variety of uses, not just designing customer interfaces.
- Give as much consideration to employee experience as you do customer experience.
- Tap employees to be brand ambassadors and a source for meaningful customer insights.

### Put customers in the game

- Engage customers directly to get feedback on their CX.
- Capture first-hand insights from customers to gain a better understanding of context and sentiment.
- Combine data analytics with customers’ direct input to help you make the right CX decisions.

## How IBM iX can help

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