CX
CUSTOMER EXPERIENCE NETWORK

The Global State of Customer Experience 2016

Research into the key trends, challenges and investments for the next 12 –18 months and expert advice from industry insiders.

In association with:

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CRM Xchange

CONTENTS

ABOUT THE AUTHOR

Zarina de Ruiter graduated with a BA in Journalism in her home country of the Netherlands, before embarking on a global journey, working in offices from North America to Australia, and landing in the United Kingdom in 2010.

She worked for a magazine publisher and TV producer in London for four years, growing the digital presence and brand awareness of an SME-focused title and also taking responsibility for the digital output of magazines Director of Finance, Offshore Technology, Business Today and the WI's Woman's World, in addition to ad hoc work on the print publications.

She is currently the Editor of CX Network at IQPC, where she produces, commissions and edits a range of premium-level content for senior customer experience, service, digital, insight and marketing leaders in line with the themes of the global events run throughout the year.

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FOREWORD
by
FORRESTER®

CX remains a primary point of reference for business strategy as companies seek to compete and win on the strength of customer experiences. And competing and winning customers must address a central reality about today's empowered customer: expectations are increasing while their patience for poor experiences wanes.

With that said, CX continues to be a work in progress: a whole bunch of activities and potential without (yet) the expected results. Although CX is maturing, it is not yet mature. For example, there are gaps in empathy such that we are still applying our general understanding of who our customers are and what they expect – or worse, masking understanding by building personas that comply with internal biases. Analytics is designed to help overcome the empathy hurdle by enabling us to anticipate individual needs and deliver personalised experiences at different touch points - but that is also a work in progress.

But one of the larger issues may not be within CX itself, but what CX "causes". It is more obvious to companies that are underway with CX strategies that there is rarely a CX-only strategy. In fact, CX acts as a catalyst to deep-rooted business changes to truly put the customer at the centre of the universe.

The shift to a customer-led business brings into view a set of strategic and operational items that were most likely not in anyone's CX plan. Beyond "simply" executing a CX strategy, companies need to:

- Make cultural changes to shift values and behavioural norms. These are not simply posters and t-shirts but rather more concrete value changes that guide hiring and promotions, measurement, and compensation.

- In some case, bring in new leadership more attuned and capable to compete and win in a market where empowered customers and digital disruption are the norm.
- Restructure the organisation to move away from siloes that complicate the delivery of seamless and high-quality experiences across human and digital touch points.
- Reengineer processes, moving away from designing processes for efficiency to designing processes for superior customer experiences.
- Adjust the brand to avoid a dangerous gap between what you promise and what you deliver.
- Accelerate business technologies like digital and analytics that are intrinsic to delivering personalised experiences.

This is pretty heady stuff as these priorities are not really CX functional priorities but rather CEO and Board priorities. These changes speak to the very nature of the company – they change the trajectory and destiny of firms.

But these changes need to pick up speed: the market operates in the fast lane and against the backdrop of customers with increasing expectations and declining patience.

So as we think about 2016 and beyond, we need to broaden our understanding of CX, looking at CX as a catalyst of far-reaching, highly consequential change. We also need to broaden our thinking about who we are as CX leaders: we are now leaders that must cultivate, champion, lead, and quicken the pace of change in order to give our businesses the best chance to compete and win in the Age of the Customer.

Victor Milligan is the Chief Marketing Officer (CMO) of Forrester and a CX Network Advisory Board member. As CMO, Milligan leads a global marketing organisation responsible for promoting and protecting the Forrester brand and converting customer insight into compelling and memorable client experiences.

He is an experienced senior marketing executive, having served as CMO at two previous companies, Nexage and Lavastorm Analytics. Prior to that, Milligan was a Group Vice President & Senior Managing Partner for Gartner Consulting and ran the Global Industries group. He began his career in the US Air Force Space Command where he worked on classified satellite programmes and with the teams that launched the Global Positioning System, the foundation for so many location-based services today.

ABOUT THE RESEARCH

At the end of 2015, we conducted in-depth research into the customer experience market through our annual survey, which gauged the views of global leaders – across all major industries – within customer experience, service, insight, digital and marketing, on the changes that will be defining the industry in 2016.

We have collected the data from the over 700 responses for this report, to provide you with insights into the trends, challenges, investment priorities and the digital transformation of organisations that will be shaping customer experience in the upcoming year. We also asked industry experts to provide their own comments on the survey results so you can benchmark the progress of your organisation against that of your peers and competitors, and prioritise your plans for the next 12-18 months accordingly.

To get a better understanding of the survey results, you can find a visual breakdown of the respondents below, including seniority, company size, industry, geography and budget.

RESPONDENTS BREAKDOWN:
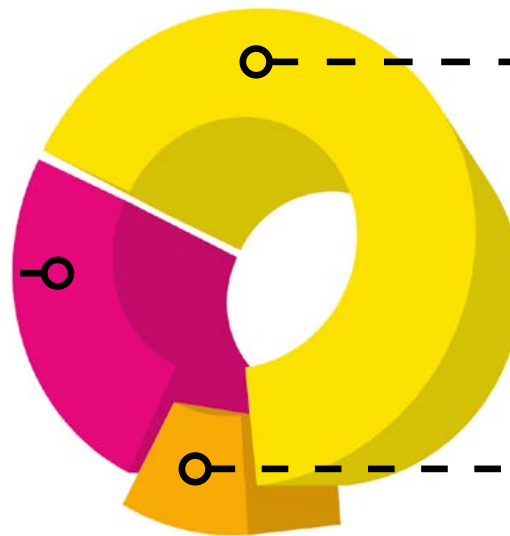
65.7%
Customer experience management/ marketing practitioners

25.5%
Solution providers

8.7%
Industry analysts/ researchers/ commenters/ bloggers

ABOUT THE RESEARCH

PRACTITIONER RESPONSES:

"WHAT TITLE BEST DESCRIBES YOUR CURRENT ROLE?"

C-level	5.2%
SVP/VP	11.9%
Director	18.2%
Head	15.9%
Manager	41.7%
Other	7.1%

"WHICH AREA(S) ARE YOU ACCOUNTABLE FOR?"

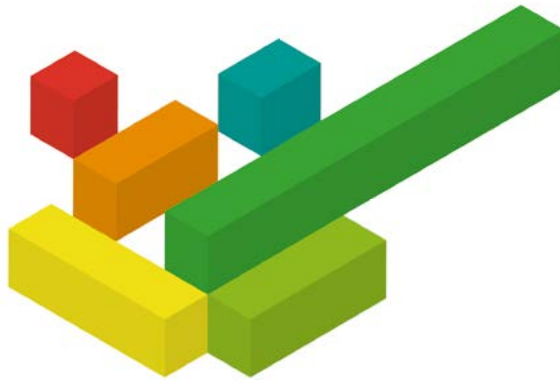|	
CX strategy	41.8%
Contact centre	41.1%
Data and analysis	37.6%
Operations	34.0%
VOC programme	28.4%
Corporate strategy	28.2%
Insight	26.5%
Training/ development	24.6%
Market research	23.7%
Digital marketing	23.5%
Design	19.5%
Offline marketing	17.8%

"IN WHICH INDUSTRY DO YOU OPERATE?"

Financial services	18.2%
Telecoms	16.9%
Manufacturing	10.8%
IT	7.7%
Healthcare	7.1%
Other	5.9%
Consumer goods	5.5%
Utilities	5.0%
Retail	4.5%
Government/ public sector	4.5%
Travel	3.9%
Media/ entertainment	3.4%
Education	3.4%
High tech	2.6%
Hospitality	1.6%

"IN WHICH FUNCTION DO YOU SIT?"

Marketing	22.2%
Customer experience	19.9%
Customer service	16.9%
Contact centre	13.3%
Executive team	5.6%
Operations	5.3%
Customer insight	4.2%
Other	3.7%
CRM	3.5%
IT	2.6%
Digital marketing	1.9%
Online customer experience	0.9%

ABOUT THE RESEARCH

"HOW MANY EMPLOYEES ARE THERE IN YOUR COMPANY?"
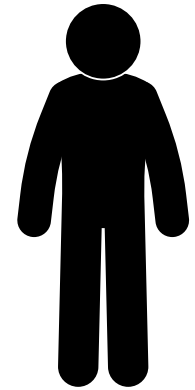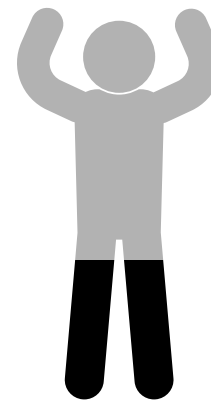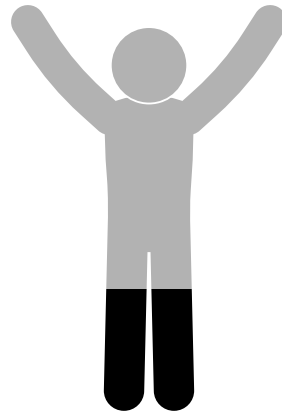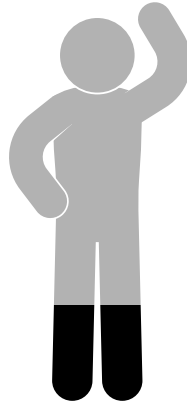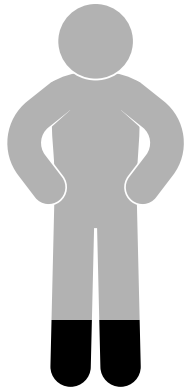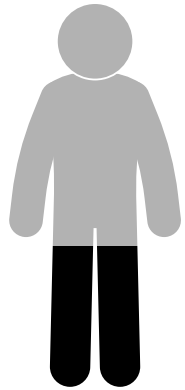
0 – 100	100 – 250	250 – 500	500 – 1000	1000 – 2500	2500 – 5000	5000+
13.6%	6.8%	9.4%	12.4%	13.1%	12.7%	31.9%

"WHICH REGION(S) ARE YOU RESPONSIBLE FOR?"

32.9%	7.3%	17.1%	20.2%	8.2%	14.1%	4.9%	2.1%
GLOBAL	UK ONLY	EUROPE	NORTH AMERICA	EMEA	APAC	LATIN AMERICA	CENTRAL AMERICA

ABOUT THE RESEARCH

"HOW MANY YEARS OF CUSTOMER EXPERIENCE MANAGEMENT PRACTICE DO YOU HAVE?"

4.5%
Less than 1 year

33.9%
1 - 5 years

24.5%
5 - 10 years

37.2%
More than 10 years

"WHO IS RESPONSIBLE FOR INVESTING IN NEW CUSTOMER EXPERIENCE MANAGEMENT INITIATIVES, PRODUCTS AND SERVICES?"

12.7%
I am

67.3%
I am part of the influencing team

9.2%
My direct manager

10.8%
I have no influence over investment

"WHAT IS YOUR/ YOUR COMPANY'S ANNUAL BUDGET FOR CUSTOMER EXPERIENCE MANAGEMENT SOLUTIONS?"

Budget	Percentage
$0 - $50,000	23.7%
$100,000 – $250,000	17.8%
$50,000 – $100,000	14.9%
More than $2.5 million	13.7%
$500,000 – $1 million	12.3%
$250,000 – $500,000	9.9%
$1 million – $2.5 million	7.6%

KEY TAKEAWAYS

INVESTMENT PRIORITIES

Customer experience investment priorities for the next 12-18 months, as cited by practitioner respondents are: **customer loyalty and retention, CRM, and the online customer experience.** This mostly aligns with the predictions from vendors and analysts, though there is a marked difference between the actual and predicted investments of online CX and digital marketing (practitioner responses) and cloud services, omni-channel and employee engagement (vendor/analyst responses). The top 3 challenges bringing these investments to fruition are: **demonstrating ROI, finding budget, and gaining board-level buy-in.**

INDUSTRY TRENDS

The main predicted trends impacting the customer experience industry in the next 12-18 months are very much aligned with the investment priorities, showing that practitioners are putting their money where they believe the industry is heading. The top 3 trends as predicted by practitioners are: **customer loyalty and retention, online customer experience, and data and analytics.** Interestingly, the vendors and analysts participating in the research both highlighted trends such as **mobile, trust, and emotional intelligence,** none of which made the top 10 for practitioners.

INDUSTRY CHALLENGES

The main challenges that customer experience leaders are facing in their role are: **creating a customer-first culture, competing priorities, and employee engagement,** highlighting a particular challenge when it comes to engaging with people within organisations and making them understand the value of CX. The challenges are also similar to those cited earlier in bringing investment priorities to fruition; filtering down the importance of CX throughout the organisation as well demonstrating ROI, which didn't make the top 3 but was still chosen by nearly 25 per cent of practitioner respondents.

DIGITAL TRANSFORMATION

The majority of organisations are looking to progress to the next level on their digital journey in 2016, with an especially large jump from the 'established' to the 'advanced' category, though it can be a challenge to reach that next stage. We also asked what would be the key to reaching the next level in their digital transformation journey. Top answers are: **having buy-in from cross-functional teams, learning from others who have done this already, and seeing ROI from current initiatives.** Perhaps unsurprisingly, the focus is once again on cross-functional engagement and demonstrating ROI.

INVESTMENTS

TOP 10 INVESTMENT PRIORITIES FOR 2016

We asked our practitioner survey respondents for their three biggest investment priorities for the next 12-18 months, and asked our vendor and analyst communities to predict these investments. This provides insights into whether actual investments align with industry predictions, or whether there are any surprises surfacing on the lists.

TOP 3 CX INVESTMENT PRIORITIES FOR PRACTITIONERS ARE:		TOP 3 PREDICTED CX INVESTMENTS BY SOLUTIONS PROVIDERS ARE:		TOP 3 PREDICTED CX INVESTMENTS BY ANALYSTS AND BLOGGERS ARE:	
Customer loyalty and retention	**34.7%**	**Data and analytics**	**34.9%**	**Customer insight**	**32.6%**
CRM	**29.2%**	**Customer loyalty and retention**	**29.5%**	**Customer centricity**	**28.3%**
Online customer experience	**28.1%**	**Omni-channel**	**25.3%**	**Customer loyalty and retention**	**28.3%**
Customer insight	22.6%	CRM	22.6%	Data and analytics	28.3%
Customer centricity	22.3%	Customer insight	22.6%	Cloud services	21.7%
Data and analytics	21.5%	Voice of the Customer	20.5%	Contact centre solutions	21.7%
Contact centre solutions	20.4%	Cloud services	19.9%	CRM	21.7%
Voice of the Customer	20.1%	Employee engagement	17.8%	Voice of the Customer	21.7%
Digital marketing	18.2%	Online customer experience	17.8%	Omni-channel	17.4%
Customer acquisition	15.4%	Customer centricity	16.4%	Employee engagement	13.0%

INVESTMENTS

Customer loyalty and retention is the clear frontrunner across the board, being the top investment priority for practitioners and featuring near the top of the lists from vendors and analysts as well. CRM, insight, customer centricity, data and analytics, and the Voice of the Customer also feature across the top 10 lists. However, there's a marked difference between the actual and predicted investments of online customer experience and digital marketing (practitioner responses) and cloud services, omni-channel and employee engagement (vendor/analyst responses).

This is interesting because the different investments in the vendor/analyst responses are especially applicable to the marketing and customer service functions, and it's these functions who make up a large portion of the practitioner respondents.

WE SPOKE TO EXPERTS IN OUR PRACTITIONER COMMUNITY WHO PROVIDED THE FOLLOWING THOUGHTS ON THESE INVESTMENT PRIORITIES:

"We, practitioners, think we need a tool when in fact we are not really focused on the real point, which is understanding our customers through customer service, analytics, the voice of the customer and methodologies"

"There is a lack of a strategic voice. Practitioners are living today's crises and they're looking for a better way to handle the pressures of today. One of the things missing is an effective strategy as well as a cultural shift that informs the strategy, which gets people to think differently, act differently and prioritise differently"

Danny Andrea, Retail Director Artisan du Chocolat

"There seems to be a lot of technological investment and not ground-level people investment, both in the customer and the teams that are going to be serving the customers. That I find quite surprising"

**Fabrice André
Senior Vice President Operations
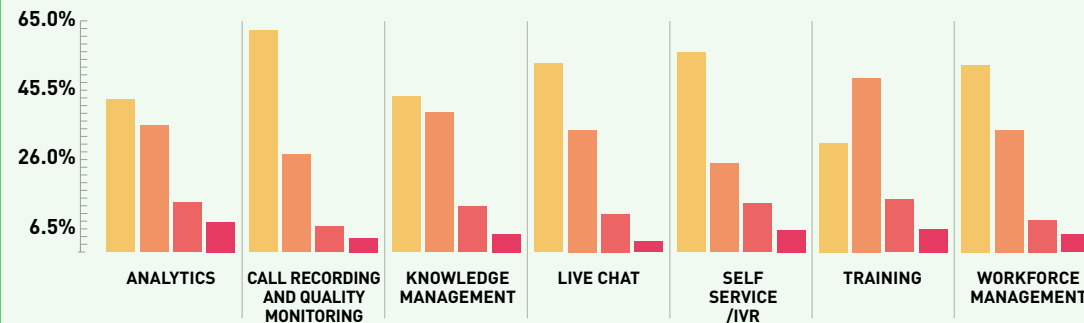West Africa, Orange**

**Victor Milligan
CMO
Forrester**

INVESTMENTS

PRACTITIONER INVESTMENT PRIORITIES BY FUNCTION

CUSTOMER EXPERIENCE INVESTMENT PRIORITIES:

Bar chart with y-axis values: 65.0%, 45.5%, 26.0%, 6.5%

Categories: CUSTOMER JOURNEY MAPPING, CUSTOMER LOYALTY AND RETENTION, CUSTOMER SATISFACTION MEASUREMENT, MULTI-CHANNEL INTEGRATION, ONLINE CUSTOMER EXPERIENCE, TRAINING AND EMPLOYEE ENGAGEMENT, VOICE OF THE CUSTOMER

CONTACT CENTRE INVESTMENT PRIORITIES:

Bar chart with y-axis values: 65.0%, 45.5%, 26.0%, 6.5%

Categories: ANALYTICS, CALL RECORDING AND QUALITY MONITORING, KNOWLEDGE MANAGEMENT, LIVE CHAT, SELF SERVICE /IVR, TRAINING, WORKFORCE MANAGEMENT

CUSTOMER INSIGHT INVESTMENT PRIORITIES:

Bar chart with y-axis values: 65.0%, 45.5%, 26.0%, 6.5%

Categories: BUSINESS INTELLIGENCE AND REPORTING, CUSTOMER AND DATA ANALYTICS, CUSTOMER SEGMENTATION, DATA MINING, ONLINE CUSTOMER EXPERIENCE, PREDICTIVE ANALYTICS, SOCIAL INSIGHTS AND ANALYTICS, SOCIAL MEDIA MONITORING

Legend:
- No Budget
- Up to £100k
- Up to £500k
- £500k+
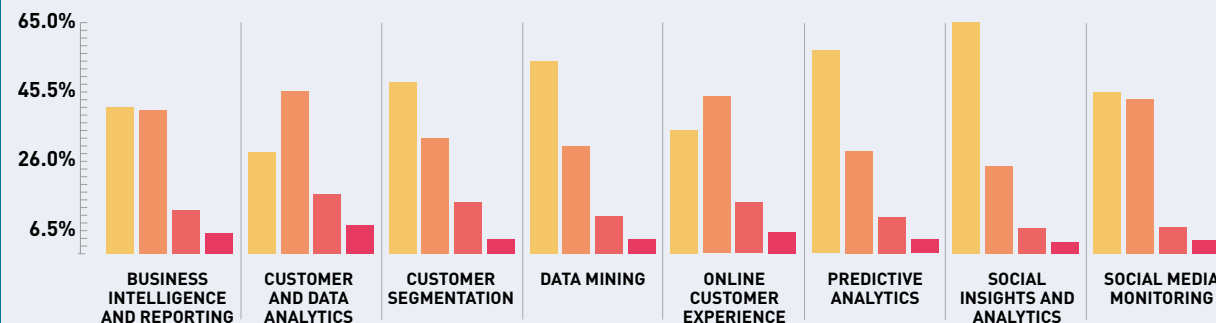
> Everyone talks a lot about customer data, loyalty and retention, and CRM systems; they talk about gathering and analysing the data but the most important thing is what you do with it afterwards. The focus seems to be in the wrong place and companies need to start talking: 'What are the experiences you want to deliver customers?" and less on the tools and processes on how to get there, the company will catch up on finding out what it needs and how to build an operation to make those experiences happen

Philippa Snare, EMEA Global Business Marketing Director, Facebook
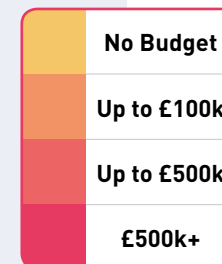
INVESTMENTS

DIGITAL AND SOCIAL INVESTMENT PRIORITIES:

Legend:
- No Budget
- Up to £100k
- Up to £500k
- £500k+

Categories (x-axis): CONVERSION AND OPTIMISATION, CUSTOMER INSIGHT, DIGITAL CONTENT DEVELOPMENT, DIGITAL DESIGN, MOBILE MARKETING, OMNI-CHANNEL ENGAGEMENT, PERSONALISATION, PROGRAMMATIC MARKETING, SOCIAL MEDIA ENGAGEMENT

y-axis: 65.0%, 45.5%, 26.0%, 6.5%
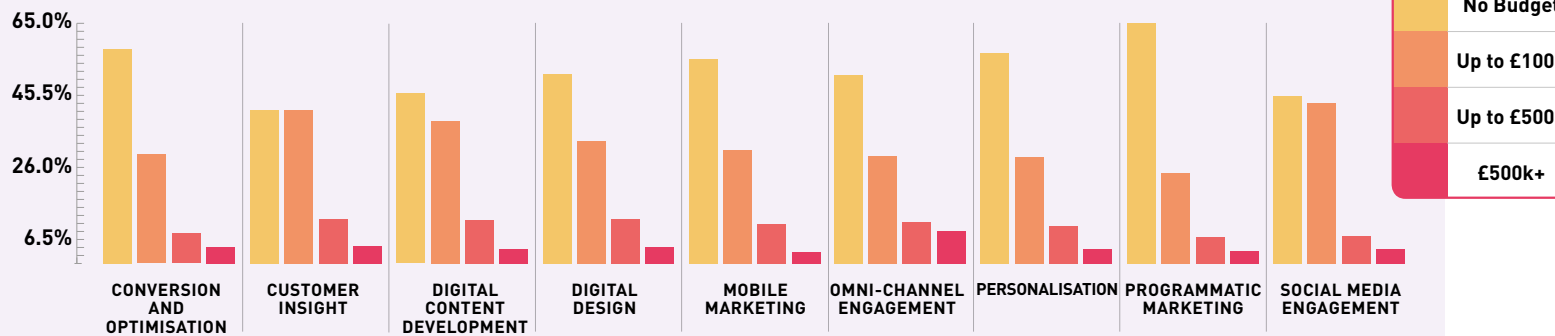
MARKETING INVESTMENT PRIORITIES:

Categories (x-axis): BRAND STRATEGY, CONTENT MARKETING, CUSTOMER INSIGHT /INTELLIGENCE, CRM, DATA AND ANALYTICS, INNOVATION, MARKETING EFFECTIVENESS, MOBILE MARKETING AND ENGAGEMENT, OMNI-CHANNEL ENGAGEMENT, SOCIAL MEDIA MONITORING ANALYSIS ENGAGEMENT

y-axis: 65.0%, 45.5%, 26.0%, 6.5%
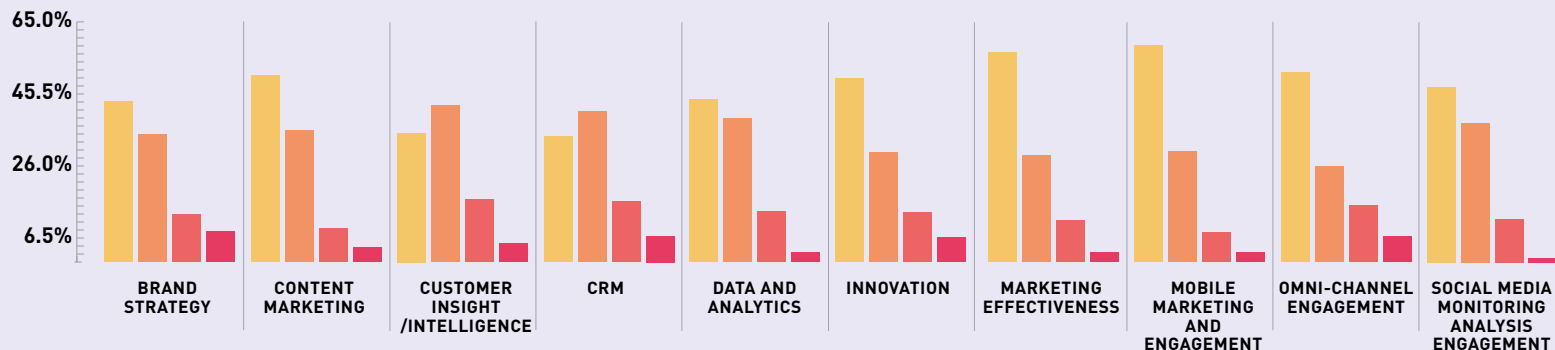
TOP TOOLS AND TECHNOLOGY SURVEY RESPONDENTS ARE LOOKING TO IMPLEMENT IN THE NEXT 12-18 MONTHS INCLUDE:

CUSTOMER SATISFACTION SURVEYS WEB CHAT INTERACTIVE CRM VOICE RESPONSE SOCIAL ANALYTICS AND LISTENING CALL MARKET RECORDING RESEARCH SPEECH AND TEXT ANALYSIS

TOP SOLUTION PROVIDERS RESPONDENTS ARE LOOKING TO WORK WITH IN THE NEXT 12-18 MONTHS INCLUDE:

Mattersight   Salesforce   Loaded Technologies   Cisco Agent   Nuance   Microsoft Dynamics CRM   SAP   Oracle CX Cloud   Desktop   Nice   CallMiner   SugarCRM   Interactive intelligence   Genesys   Huawei   Thunderhead   BoldChat

INVESTMENTS

TOP INVESTMENT CHALLENGES FOR 2016

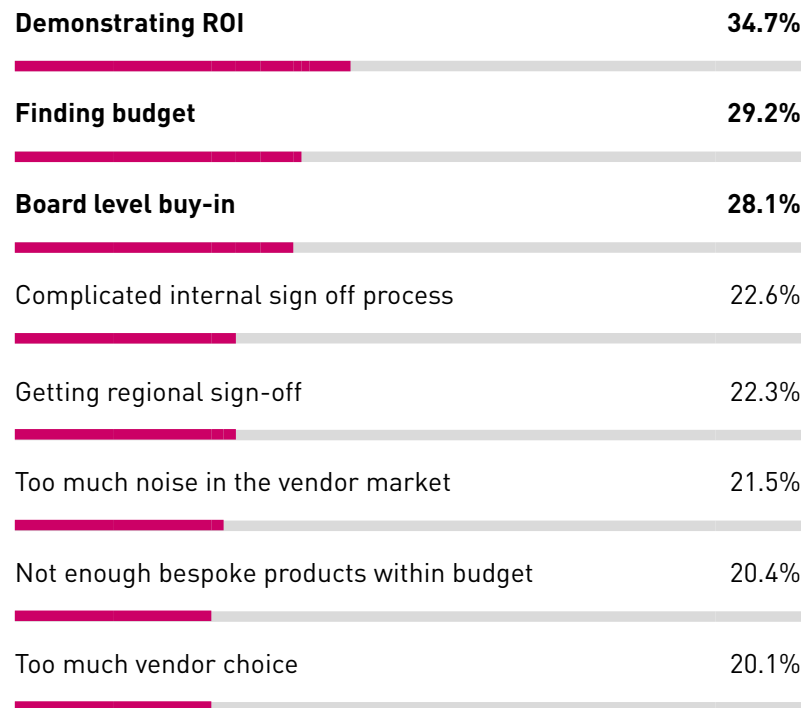We also asked our survey respondents what their top 3 obstacles are in making their investment priorities a realisation. The results are summarised in the graph below.

Demonstrating ROI **34.7%**

Finding budget **29.2%**

Board level buy-in **28.1%**

Complicated internal sign off process 22.6%

Getting regional sign-off 22.3%

Too much noise in the vendor market 21.5%

Not enough bespoke products within budget 20.4%

Too much vendor choice 20.1%

Speaking with practitioners about the research results, the above list seems to be very much in line with their own challenges in bringing these investments to fruition.

"The easiest way to talk about customers to the board is to translate it into euros and an Excel format. That is really tough as the experience isn't really measurable yet the board decisions are dependant on the budget, so you have to be a really good spokesman. You need to wake them up with euros but in the end you have to be such a good storyteller that you can make them understand the process; make them walk in your customers' shoes for a mile"

Petra Mengelt, Customer Service Director, Euroloan Group plc

"We can use surveys, benchmarks and case studies but I think what is most compelling to an organisation is if you demonstrate ROI through test and control, or A/B testing. At the moment we're implementing web chat, and I know that having an instantaneous channel for the customer is going to increase lifetime value and conversion rates on the web. I've got multiple case studies where I can demonstrate that. But not until we go through an A/B test to demonstrate it, will organisations hear the arguments around ROI. They have to see that there is a value, which is difficult as you are looking at 6 to 12 months down the line"

Claire Hill, Customer Services Director, booho

"All of these challenges have a strategy or vision tied to them on a company by company basis. What constitutes as good ROI or bad ROI ahs everything to do with how well it sits against the vision, strategy or anticipated outcome. My [tip] is to be disciplined and having a clear strategy that had clear milestones in it. You can't accomplish a 2-year strategy in the first month. What constitutes good in month one, month two and month three? It might be that demonstrating ROI is hard because the first six months of your big initiative is putting the systems in place and learning. And so there is no production of value, which is pushed out to, say, nine months out. My biggest thing is: set up a vision with a measurement environment that reflects reality"

Victor Milligan, CMO, Forrester

TRENDS

TOP 10 PREDICTED TRENDS FOR 2016

In our survey we asked respondents what they predict will be the biggest trends impacting the customer experience industry in the next year. It has been interesting to compare the top answers for each audience category to see where they are aligned, and where opinions differ.

TOP 3 CX TRENDS PRACTITIONERS PREDICT TO IMPACT THEIR ROLE IN 2016:		TOP 3 CX TRENDS SOLUTION PROVIDERS PREDICT WILL IMPACT THE INDUSTRY IN 2016:		TOP 3 CX TRENDS ANALYSTS AND BLOGGERS PREDICT WILL IMPACT THE INDUSTRY IN 2016:	
Customer loyalty and retention	**40.1%**	**Data and analytics**	**41.2%**	**Self-service/ automation**	**37.0%**
Online customer experience	**32.9%**	**Customer loyalty and retention**	**33.1%**	**Data and analytics**	**34.8%**
Data and analytics	**30.4%**	**Self-service/ automation**	**30.1%**	**Customer loyalty and retention**	**28.3%**
CRM	27.8%	Employee engagement	28.7%	Cloud services vs on premise	26.1%
Employee engagement	25.3%	Omni-channel	28.7%	Digital	26.1%
Omni-channel	24.9%	Mobile	20.6%	Emotional intelligence	23.9%
Self-service/ automation	23.6%	Social media	19.1%	Employee engagement	23.9%
Churn reduction	20.7%	Emotional intelligence	18.4%	Mobile	17.4%
Digital marketing	16.0%	Trust	16.9%	Omni-channel	17.4%
Social media engagement	13.1%	Digital	15.4%	Trust	17.4%

TRENDS

Customer loyalty and retention, which earlier in this report was indicated by customer experience practitioners to be their top investment priority for the next 12 months, features in all three lists and is a clear front runner when it comes to trends. Data/analytics and self-service/automation also score highly across the board.

CRM and the online customer experience are the only real differences from the list of predicted trends by our end user community, as they don't feature in in the vendor or analyst top 10. And, interestingly, the vendors and analysts participating in the research both highlighted trends such as mobile, trust and emotional intelligence, none of which made the top 10 for practitioners.

Petra Mengelt, Customer Service Director at Euroloan Group, said that the trends surfacing in our research very much align with her own experience and that there aren't any big surprises. She even went as far as to say that they have been similar to what the industry has seen in recent years – and they will continue to dominate the landscape for the foreseeable future.

"I feel that these are always the keywords. The core is the same, it's just the wording that might be more popular from what a particular seminar, training programme or consultant agency believes you need to know about. But when you go into it you realise that they're actually talking about the same thing as two years ago"

Petra Mengelt, Customer Service Director, Euroloan Group plc

"Changing the nature of the business is a team sport, you can't do it by yourself. It has to have reckless leadership, metrics, budget and design; all those pieces have to be in play. Ultimately companies are going to be challenged to operate in a customer led way. Analytics has to be a fully animated value in the business and you have to be able to go fast. You can't have multiple speeds of your business; you can't have one function moving at 40 miles per hour and another at 20 miles per hour if they work together, because you create an incongruency. Fast is now the expectation from customers"

Victor Milligan, CMO, Forrester

TRENDS

10 WAYS IN WHICH CX LEADERS ARE PREPARING FOR INDUSTRY TRENDS

We asked our practitioner respondents how they are preparing for these predicted trends, and key answers include asking advice from partners, vendors and non-competitive peers, as well as keeping a keen eye on market developments and case studies.

"I WILL PREPARE FOR THESE PREDICTED CUSTOMER EXPERIENCE TRENDS IN 2016 BY…"

Seeking advice from non-competitive peers who are going through a similar experience in different markets/segments.

Speaking to product and service providers about market offerings to draw up a shortlist of potential solutions.

Redefining the experience model for the customers.

Communicating and internally marketing the transformation plan and roadmap for 2016.

Defining digital and offline strategies for both ourselves and our customers.

Talking with vendors to listen to market developments and shortlist a couple of them to start projecting specific solutions.

Researching CRM alternatives, investing heavily in online capaabilities, and investing heavily in a variety of self-service capabilities.

Building various business cases to demonstrate the tangible returns.

Engaging with vendors/partners on best practices and case studies, as well as conducting constant market studies to understand consumer behaviour, consumer trends and the voice of customer.

Looking to simplify our business, leverage partners' scale and capabilities, and use customer intelligence to target value customers.

TRENDS

WHAT DO OUR EXPERTS SAY ABOUT THE TRENDING TOPICS?

One of the trends that is a lot lower than it should be is mobile. There are far more people consuming hours online on their mobile phone than any other platform. So if you're not optimising and building your business for a mobile-experience first then you're a fool, because that is how most people will engage with a brand.

Philippa Snare, EMEA Global Business Marketing Director, Facebook

I also want to bring up accessibility; either voice or touch. It's having a better appreciation that there are huge communities of customers that are engaging more online and on their devices because physically it's better for them as an experience. If you're not designing your experiences to be completely accessible, which on a technology platform you can, you're probably alienating a large percentage of your audience. Having a strategy around accessibility for all sorts of differences and people is critical.

WHAT DOES THE FUTURE HOLD?

The other trend is that is I look at digital and CX and they grew up as 'other'. Meaning that there is a core business and then you'll have digital investments and CX investments. Often with CX you take people from around the business and form a CX programme and it would be exogenous to the core business. Ultimately that is going to be your core business and it can't be treated as 'other'. I do believe we will enter into a post digital world where digital is not a separate conversation, it's intrinsic to the business. And CX is not 'other', it's intrinsic to everybody's day-to-day world. We're not there yet because you have to cascade and embed it back into the core business. That is the big thing I think is going to happen in the next three years

One, the industry now recognises that customers' expectations for good and personalised experiences it not going away. There is a broad recognition that the gap that has formed between the broad expectations and the actual delivery will have consequences. For example: the goal of personalisation has existed for a long time but most people realise that nobody is really doing it well and they're not under a great pressure to do it. And now people have to move as there are consequences against not delivering to those expectations.

Victor Milligan, CMO, Forrester

CHALLENGES

TOP 10 CHALLENGES FOR 2016

The third part of our research was about the challenges facing customer experience, service, insight, digital and marketing practitioners. What are the biggest stumbling blocks for them when they want to optimise their strategies or move onto the next level in their digital transformation?

We also asked the vendor and analyst communities for their predicted top practitioner challenges so we were able to compare their answers, and assess perception versus reality.

TOP 3 CX CHALLENGES FOR PRACTITIONERS:		TOP 3 CX CHALLENGES AS PREDICTED BY SOLUTION PROVIDERS:		TOP 3 CX CHALLENGES AS PREDICTED BY ANALYSTS AND BLOGGERS:	
Creating a customer-first culture	40.3%	Creating a customer-first culture	37.1%	Digital transformation of the business	37.8%
Competing priorities	30.5%	Digital transformation of the business	36.3%	Creating a customer-first culture	31.1%
Employee engagement	25.8%	Linking CX initiatives to ROI	29.8%	Competing priorities	28.9%
Ensuring consistency across channels	24.9%	Ensuring consistency across channels	25.0%	Rapid changes in technology (mobile, social)	26.7%
From product-focus to customer-focus	24.9%	Understanding the customer	24.2%	From product-focus to customer-focus	24.4%
Digital transformation of the business	23.2%	Competing priorities	22.6%	Ensuring consistency across channels	22.2%
Linking CX initiatives to ROI	23.2%	Rapid changes in technology (mobile, social)	18.5%	Linking CX initiatives to ROI	20.0%
Gaining senior management buy-in	18.9%	Employee engagement	16.9%	Employee engagement	17.8%
Understanding the customer	17.6%	Gaining senior management buy-in	16.9%	Understanding the customer	17.8%
Upgrading legacy systems	15.5%	From product-focus to customer-focus	16.1%	Gaining senior management buy-in	13.3%

CHALLENGES

The challenges practitioners are facing in the wider customer experience industry today are similar to earlier cited challenges to bringing their investment priorities to realisation.

Filtering down the importance of CX throughout the organisation – from gaining board-level buy-in (as mentioned before) through to creating a customer-first culture (as listed below) – as well demonstrating ROI, which while not making the top 3 for practitioners was still chosen by nearly 25 per cent of respondents, and also features high in both the vendor and analyst lists.

The digital transformation of organisations also features across the board and is a section we will be delving further into in the next part of this report.

Danny Andrea, Retail Director of Artisan du Chocolat, added that some of these results are actually touching upon the same challenge.

"It's all about creating that culture of putting the customer first, but that goes hand in hand with putting people first and I see that with the employee engagement side of things. It's all about looking after your people; those you employ and those that come and purchase from you. Without the employee engagement you'll never have that customer-first culture because your employees are creating that experience and are the ones that are ultimately going to put the customer first. So it's about the two together rather than putting them as key separate entities"

Danny Andrea, Retail Director
Artisan du Chocolat

CHALLENGES

10 CHANGES THAT CAN HELP PRACTITIONERS OVERCOME THESE CHALLENGES

We asked our practitioner respondents what can help them overcome these cited challenges, and key answers include better case studies that demonstrate ROI and developing a cultural programme of change.

"WHAT WOULD HELP YOU OVERCOME THESE CHALLENGES?"

Executive leadership working together to agree on the key initiatives, determine how to fund, establish shared goals, define success measures and establish governance process.

Better communication across different units of the organisation.

Best practices and a better knowledge of what is available to support our needs.

Better case studies demonstrating ROI and CX value.

Reducing the number of strategic priorities.

Increased budget and training.

Developing a cultural programme of change.

Increased awareness at board level of the importance of customer experience.

Clearer benefits communicated through by vendors.

Leaders that will sustain learning and development.

CHALLENGES

TOP TIPS TO OVERCOME CUSTOMER EXPERIENCE CHALLENGES

We asked our **Advisory Board** and wider practitioner community what piece of advice they would share with people and organisations facing these issues to help overcome them, and you can find their top tips below.

How to create a customer-first culture...

"Changing the nature of the business is a team sport, you can't do it by yourself. It has to have reckless leadership, metrics, budget and design; all those pieces have to be in play. Ultimately companies are going to be challenged to operate in a customer led way. Analytics has to be a fully animated value in the business and you have to be able to go fast. You can't have multiple speeds of your business; you can't have one function moving at 40 miles per hour and another at 20 miles per hour if they work together, because you create an incongruency. Fast is now the expectation from customers"

Victor Milligan, CMO, Forrester

Ensuring consistency across channels...

"The first element is really about alignment, so it's making sure that retail, customer support and the website are all aligned and we're providing a consistent experience in each channel. In the second part we're going to focus on our online experience. We want to make it more convenient for customers and really simple to use, because we would like our customers to do all the easy stuff online as that will free up the people at Sure to handle the more complex enquiries and really focus on giving a good experience. The last part is about social media; we manage many more customers through social media channels now and see it growing every month. We can be much more reactive as well; social media is the most important new channel"

Charlotte Dunsterville, Customer Experience Director, Sure

Overcoming any challenge...

"The advice I would give, and this could apply to any of these challenges, is to stop everything that you're doing, back off for at least week or two and think about what problem you're trying to solve. Go back to the basics of the DNA of the firm and then restart your strategy based on that"

Ingrid Lindberg, Chief Customer, chiefcustomer.com

The importance of employee engagement...

"Remember that it is the people around you that make the business. Look after your team and your team will look after your customers"

Danny Andrea, Retail Director, Artisan du Chocolat

Moving from a product-focus to customer-focus...

"I would be cautious of shifting from point A to point B, I don't think people are shifting from a product-focus to a customer-focus because that infers that the customer is the only thing. What you are doing is embedding CX in all aspects of the business, including product development and management. I don't think you're substituting a whole company, you just have to bring CX into every aspect of the company. CX is not altruism, it is sound business strategy"
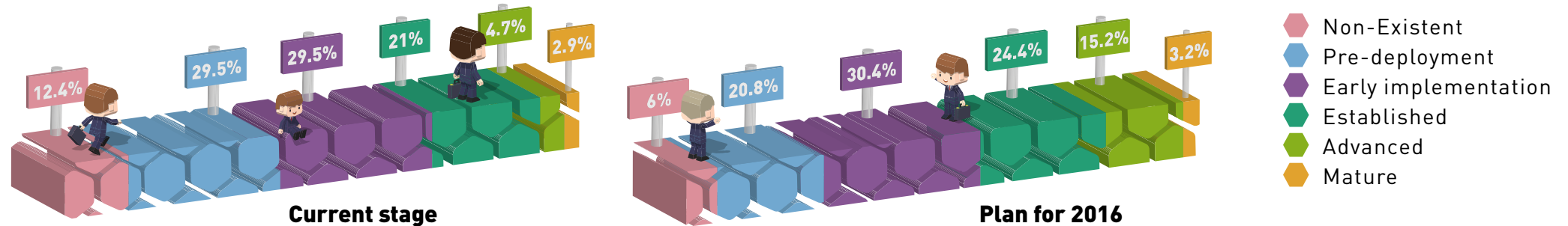
Victor Milligan, CMO, Forrester
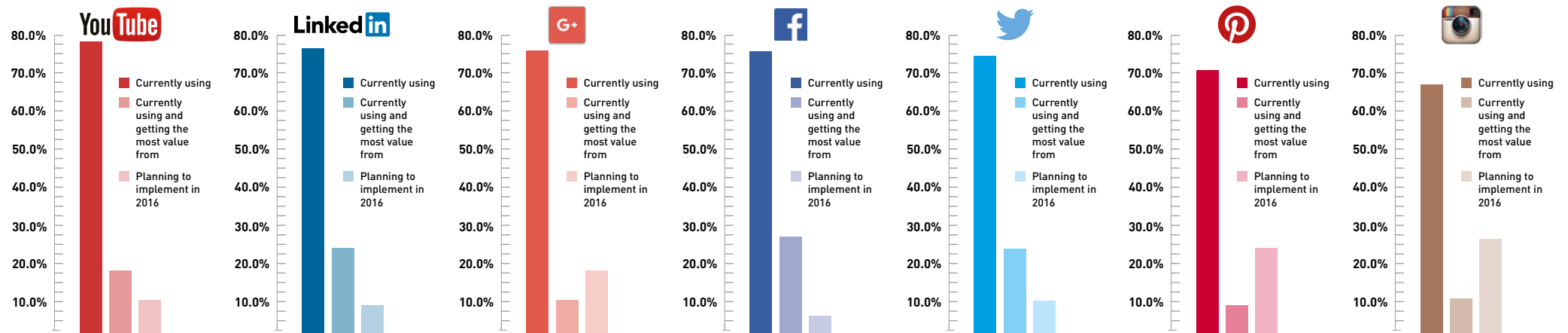
DIGITAL TRANSFORMATION

WHERE ARE ORGANISATIONS ON THEIR DIGITAL TRANSFORMATION JOURNEY?

Digital is an increasingly discussed topic within the wider customer experience industry. But is it just the latest buzzword that everyone feels they need to talk about, or are the majority of organisations really focusing on progressing on their digital journey?

We asked our survey respondents both where they are today and what stage in their digital transformation they are planning to reach in 2016.

Current stage

- 12.4%
- 29.5%
- 29.5%
- 21%
- 4.7%
- 2.9%

Plan for 2016

- 6%
- 20.8%
- 30.4%
- 24.4%
- 15.2%
- 3.2%

Legend:
- Non-Existent
- Pre-deployment
- Early implementation
- Established
- Advanced
- Mature

WHICH SOCIAL MEDIA CHANNELS ARE MOST POPULAR ACROSS CX AND MARKETING TEAMS?

YouTube
- Currently using
- Currently using and getting the most value from
- Planning to implement in 2016

Linked in
- Currently using
- Currently using and getting the most value from
- Planning to implement in 2016

G+
- Currently using
- Currently using and getting the most value from
- Planning to implement in 2016

f
- Currently using
- Currently using and getting the most value from
- Planning to implement in 2016

(Twitter)
- Currently using
- Currently using and getting the most value from
- Planning to implement in 2016

P (Pinterest)
- Currently using
- Currently using and getting the most value from
- Planning to implement in 2016

(Instagram)
- Currently using
- Currently using and getting the most value from
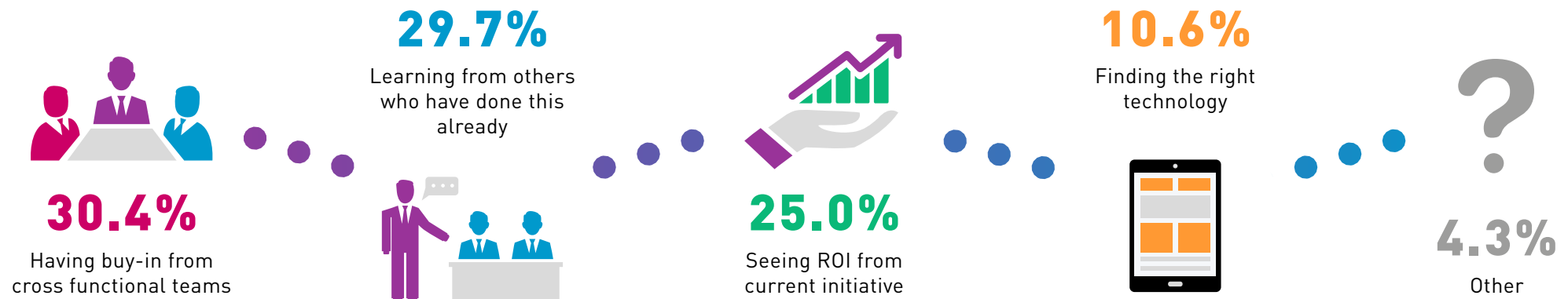- Planning to implement in 2016

DIGITAL TRANSFORMATION

REACHING THE NEXT LEVEL ON THE DIGITAL JOURNEY

While it is encouraging to see that many organisations are looking to progress to the next level on their digital journey, with an especially large jump from the 'established' to the 'advanced' category in 2016, it can be a challenge to reach that next stage.

We asked our survey respondents what would be the key to them reaching the next level in their digital transformation journey and the answers were as follows:

29.7%
Learning from others who have done this already

10.6%
Finding the right technology

30.4%
Having buy-in from cross functional teams

25.0%
Seeing ROI from current initiative

4.3%
Other

Perhaps unsurprisingly, the answers are similar to that of the general challenges customer experience leaders are facing within the industry: gaining buy-in from different teams across the business (including board level), proving ROI and learning from other organisations in a similar position (through case studies, benchmarking reports, etc.).

Only a tenth of respondents highlighted that they're looking to find the right technology that will help them reach the next stage in their digital transformation. This is no surprise given the vast amount of solutions on the market place, although will no doubt be presenting challenges for vendors trying to position themselves as a leader in this very crowded space.

"Get a digital leader at the top at a very senior level. If it's a Board of Directors, appoint a CEO who has come from a native digital world and hire at the very top of the organisation. Using technology and digital services or understanding them isn't a skill you can learn. It's either something you've grown up with and it's native to you or it's not. In a harsh way, if you're not digital native and yet the biggest issue for your company is digital transformation, then step down and let someone else who has that experience do it for you"

Philippa Snare, EMEA Global Business Marketing Director, Facebook
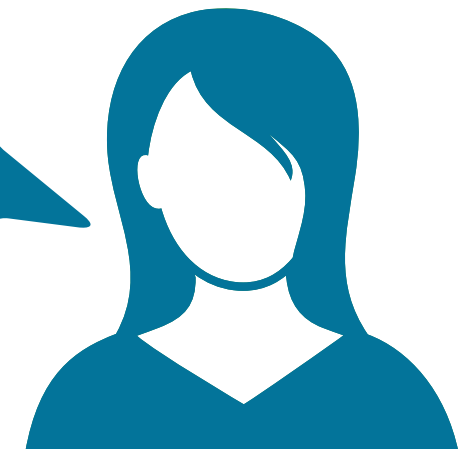
DIGITAL TRANSFORMATION

HOW DO YOU KEEP THE CUSTOMER AT THE HEART OF YOUR DIGITAL TRANSFORMATION?

It can be easy to look at digital transformation as a must because other organisations are doing it, and you feel that you need to do the same. However, it's important that when you are looking to move onto the next stage on your digital journey that you don't just focus on the shiny tools and technology that might be able to help you get there, but that you ensure that the customer is at the heart of that transformation.

We asked industry experts to share their advice to help other practitioners successfully reach the next level in their digital transformation.

"Use the products you create. There is a big different between testing and using. I try to encourage all of my team to use the products we create, which includes using the website and downloading the apps. I think it's really important that you don't just rely on third party consumer research or user testing but that you actually use the products yourself. That is my biggest tip."

Dave Cook
Chief Digital Officer
Time Out

Watch our full interview with Dave Cook here.

"People overcomplicate it. Becoming customer-focused is really, really easy. When I was at Morrisons I went out on the vans, I sat in call centres, and I read emails. In the Justice system go visit a prison, go visit a court, go to a police station and read some of the correspondence that comes in. Don't overcomplicate it, small little steps – and it's very, very easy."

Arif Harbott
Chief Digital and Information Officer
Ministry of Justice

Watch our video with Arif Harbot here.

"For our app the first prototype was to ensure the technique, security and everything worked. After that point we asked the customer, many of them, who said what they like and what they don't need. You also need to make sure you have something new and better than your competitor so it will be recommended; create that wow moment."

Petra Mengelt
Customer Service Director, **Euroloan Group plc**

Listen to our podcast with Petra Mengelt here.

"Bring the voice of the customer down to the board table. What they're used to seeing from the customer service function in the past is all around volume, contacts per order and cost associated with customer service, but my role is to bring the voice of the customer to the table and talk through what is going well for our customers and what isn't. Actually understanding what customers are saying about us is very powerful."

Claire Hill
Customer Services Director, **boohoo**

Read Claire Hill's article about the key to a successful Voice of the Customer strategy here.

"We started from the business objective and asked ourselves what we wanted to achieve. Loyalty? Cross-sell? Retention? Then you build back and say: 'How can our tools, digital and training have a positive impact on this? Of course the next key thing is that you need people. Everybody always talks about technology and the processes, but you need the people that are able to do it. When you get these things clear, nothing can go wrong."

Andre Guyer
Head Global Transformation, **Zurich Insurance Company**

Watch our video with Andre Guyer here.

INDUSTRY LEADERS

THE LEADERS WITHIN CUSTOMER EXPERIENCE

When we talk about the leaders within the industry, it's all too often the same names (John Lewis and First Direct). But they aren't the only exemplary organisations, as our research has found. We asked all our survey respondents – practitioners, solution providers and analysts – who they admire. Below are the most mentioned organisations.
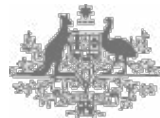
INDUSTRY LEADERS

WHAT CAN YOU LEARN FROM THE INDUSTRY LEADERS?

In our research we asked why these organisations are at the forefront of customer experience. How do they stand out? What are they getting right? According to the responses they are pro active, consistent, transparent, continuously exceeding expectations, and providing proper employee training.

Take a note of the answers below and make an effort to incorporate these measures into your own organisation. Combine them with the industry developments and insights highlighted within this report to achieve greater customer experience, and by doing so, maybe your organisation will be cited as one of the leaders in next year's report.

THIS ORGANISATION IS GETTING CUSTOMER EXPERIENCE RIGHT BY...

Being prepared to invest the time and money to get it right. It is high on their strategic objectives and when it's coming from the top there's real effort being put into developing the right technologies, assessments and more. They also take it very seriously; they want to prove it, not just pay it lip service.

[John Lewis]

Making customers feel special and having an unbelievable product knowledge.

[Apple]

Galvanising their teams around a common purpose, delivering to it and having aligned KPIs. They are customer first and are focused on needs, not just selling products. Values are aligned up and down the organisation and to their customers. It's authentic.

[USAA]

Consistently providing great service no matter the hotel branch or location. Even though they are owned and operated as franchises, in most case they appear to be corporately managed.

[Hilton]

Having a good presence at every stage in the lifecycle. They're responsive and they have an awesome voice. Every interaction makes you like them more.

[Hot Topic]

Doing a brilliant job in engaging customers via social media and their own forum. They do not only keep the conversation with their customers going, they also feed the gained insights directly into their CRM system and social media marketing platform.

[Caterpillar]

Having a clarity of purpose and diligent implementation of processes and training.

[Starbucks]

Being completely focused on getting its customer experience absolutely spot-on. Be it through rigorous training, setting up a customer experience culture as a part of its DNA, putting the right measurement and monitoring systems in place and being on a constant innovation spree.

[Disney]

Treating the customers with respect and kindness EVERY time at every location. Makes their customers want to come back.

[Chick-fil-A]

Predefining the customer journey. All technology and resources have been put in place to ensure the journey is the way things get done and the staff are trained on it, and understand, that it is their job to make sure customers feel the journey.

[Emirates]

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2016 MARKET REPORT CALENDAR

In addition to our in-depth quarterly reports based on primary research and looking at the industry as a whole, we also produce more niche monthly reports focused on specific sectors and challenges facing customer experience, service, insight, digital and marketing leaders.

You can find a full list of the reports for 2016 below, with links to those that have already been published.

January
Telecoms Focus: How to Reduce Churn and Increase Customer Retention

February
Optimising Customer Complaints Management in Financial Services

March
The Changing Face of Customer Loyalty in Retail

April
How to Tackle the CX Industry's Biggest Challenges

May
Digital Marketing Trends

June
Top 10 Tips and Tricks for Optimising Outsourcing Tools

July
How to Capitalise on the Digital Disruption Impacting CX

August
What is the Role of the Chief Digital Office in a Saturated C-Suite?

September
Key Steps for CX Leaders to Gaining Senior Management Buy-In

October
Secrets to Delivering a Differentiating CX

November
Learn From the Winning Strategies of CX Leaders

December
Customer Experience Predictions for 2017

For more information about these reports email: **CXSponsorship@iqpc.com**