



# 2018 Smarter CX Insights Report

SMARTER**CX**

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# Introduction, Demographics and Methodology

A quick search on LinkedIn confirms the emergence and growth of customer experience (CX), both as a standalone discipline with dedicated roles, and as a discipline embedded within other functional roles like marketing, customer support and sales.

However, CX is still evolving as a discipline, complemented by a rapidly changing data, technology and insights landscape. In this environment, we set out to assess CX professionals' perceptions of their own proficiencies, and how well equipped they feel to excel in this changing environment.

The 1st Annual Smarter CX Insights Report is the result.

Based on 329 survey responses captured fall 2017, with a roughly equal split captured from companies with fewer than 500 employees (52%) and companies with greater than 500 employees (48%), the report reflects how CX professionals are feeling about their readiness to tackle CX initiatives in 2018 and beyond. More than 70% of respondents carry director-level and above titles, across business functions that include customer experience, marketing, sales, e-commerce, customer success, customer support, IT, finance and operations – indicating the breadth of influence CX initiatives have across the enterprise.





# Executive Summary

**What emerges is a snapshot of the pulse of the industry, a barometer of how respondents feel about their personal proficiency with CX today, and how well equipped they feel to adapt and thrive in a changing environment. Survey data was reinforced with qualitative interview vignettes from industry leaders and practitioners.**

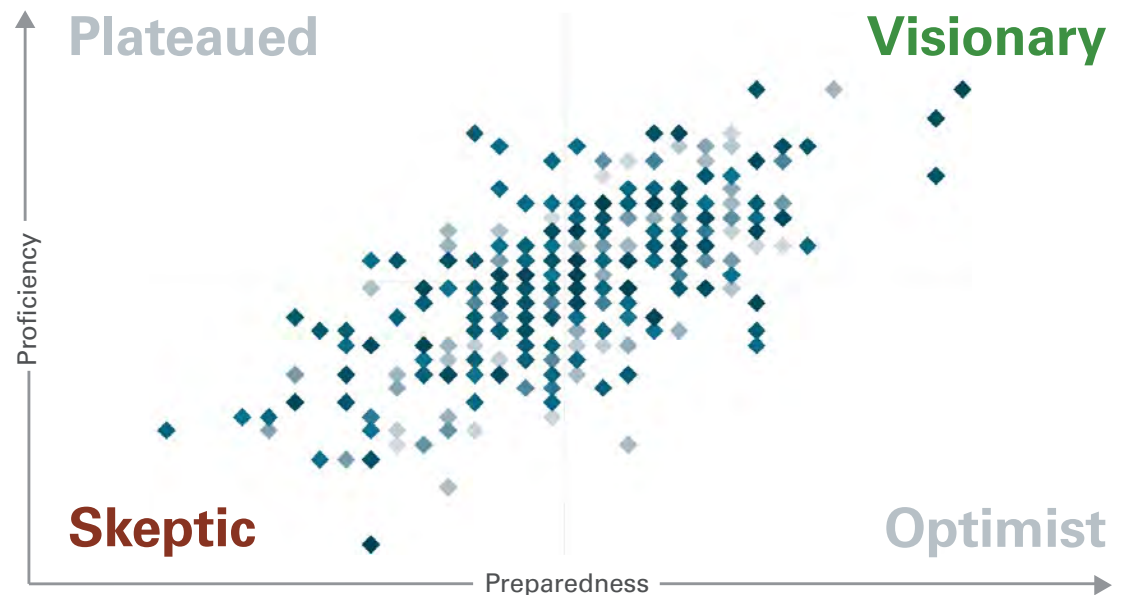
In an environment where customers are more knowledgeable and competitive barriers are lower than ever, smart companies are differentiating themselves through customer experience. These companies are investing in cross-functional CX initiatives that span the entire organization – CX is now the responsibility of marketing, sales, service, and commerce, with an increasing number of new and dedicated CX roles emerging.

The findings paint a picture of cautious optimism for a discipline and profession clearly on the rise within the enterprise. Optimism is tempered by anxiety about how to properly apply data and technology, and a sneaking suspicion that other companies are better equipped for cross-functional CX initiatives.

When the survey responses were tabulated, it was no surprise that the average score on the statements assessing current proficiency was nearly 8% higher than the average score for the statements assessing preparedness for newer CX innovations.

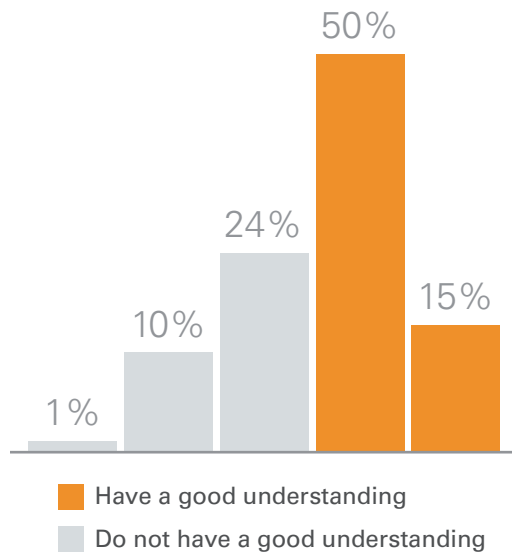
Nor was it a surprise that when those numerical values were plotted onto a 2x2 confidence index the largest concentrations of respondents were in the lower left (low proficiency and preparedness) and upper right (highly proficient and prepared) quadrants. A full 38% of respondents landed in the Visionary quadrant, where their confidence scores on proficiency and preparedness were better than average. Slightly more, 39%, landed in the Skeptics quadrant, where scores on both proficiency and preparedness lagged the average. Less common were respondents who fell into the Plateaued quadrant, where proficiency confidence beat the average but preparedness confidence lagged 12% of total), or the opposite, Optimists quadrant, where preparedness confidence beat the average but proficiency lagged 12% of total).

**38%** of respondents were well-equipped **Visionaries** with high proficiency and high preparedness. **39%** were **Skeptics** at the **opposite end of the spectrum** and still have a long way to go. Only **33%** fell into the other 2 quadrants.





# Theme 1: Strong affinity for the art of customer experience



A full **65%** of respondents believe they have a **good understanding** of what their customers expect of a good experience.

The cautious optimism in the survey analysis and subsequent interviews reflects insights that we summarize into four primary themes.

The first theme in our survey responses is that confidence among CX professionals is high, especially for 'The Art of Customer Experience', using intuition and anecdotal information to uncover insights, interpret behaviors, and inform decision-making. Only **11% of respondents felt they didn't understand their customers' expectations**. This is a good sign that most companies are keeping their customers top of mind.

"Regarding the Art vs. Science of CX, customers are human. **You need a group who is good at empathizing with the customer.** A hamburger chain didn't figure out how to delight the customer by leaving a few fries in the bottom of the bag through data mining. Same with hotels providing warm cookies in the reception area for a guest after a long trip."



**DON PEPPERS**

Best-selling author and global CX authority

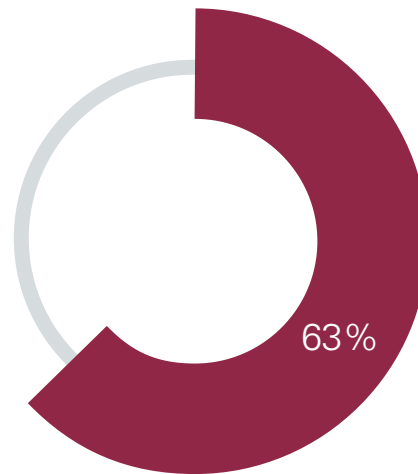
“It’s often a question of short term vs. long term thinking- are you treating the symptoms or the causes? **It’s one thing to do reactionary one-offs, like letting gate agents give bigger discounts as result of negative public event, but is there a more proactive fix?”**



**DAVE SHERIDAN**

Vice President  
Management Consulting,  
Hitachi Consulting

Voice of customer exercises utilizing surveys and interviews are well-established, and practitioners feel skilled at applying those feedback loops to improve products, services and customers’ experiences.



**63%** said they use customer feedback to **prioritize investment** in better products, services and customer experiences.

## Theme 2: Anxiety about the science of customer experience

The second theme to emerge was that confidence appears more fragile when it comes to 'The Science of Customer Experience,' using data to uncover insights, interpret behaviors, and inform decision-making.

One problem is access: **Only 32% of respondents said they have access to all the information they need to understand customers' needs and their previous interactions.**

Even if they do have the data they need, **only 18% feel equipped to connect and apply owned and third-party data collected across all departments.**



Only **32%** of respondents feel they have access to the information they need to **understand customers' needs** and previous interactions, and can apply it to improve their experience.

**"For us it's all about data we provide to our salespeople because they need to be equipped to turn around and interact with our customers.** We need to help make them more productive in their interactions. Most relevant info to them must be available, usable and accurate. **We also need to be able to meet them where they are and provide information in a way they find convenient.** They need to be prepared when they walk in to customer's office."



**MISSY BABCOCK**

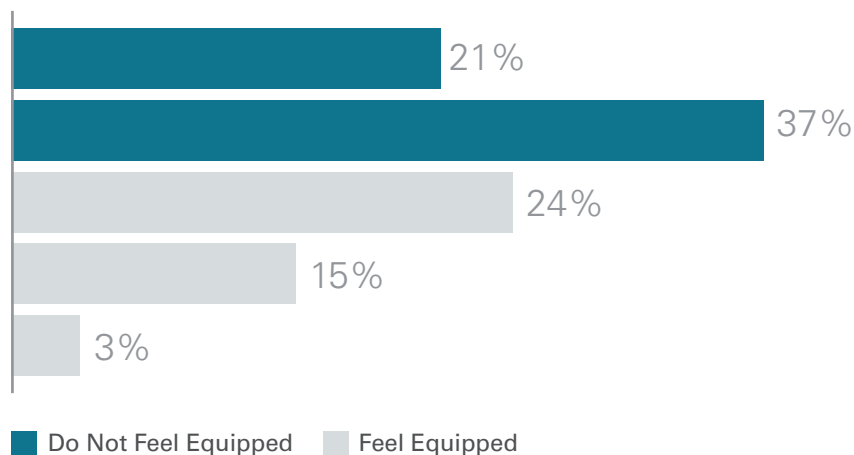
Manager of Sales  
Technology, VSP Vision Care



Confidence diminishes as CX moves along a continuum from Art to Science. Confidence is highest when respondents were prompted on how well they know their customers – **65% report having a solid understanding**. But confidence in using new technologies to improve customer experience was lower – **just 52% are allocating their time and budget to experimentation. And just 49% are taking the initiative to use the types of advanced tools more commonly utilized by data scientists than CX practitioners.** That said, we expect this

percentage will increase over time, as the CX discipline moves further along the Art-to-Science spectrum, and adopts new data-driven techniques to improve customer experience.

This indicates a changing skillset for CX professionals, where data science and advanced analytical skills are every bit as important as the soft skills that have typically characterized the function.

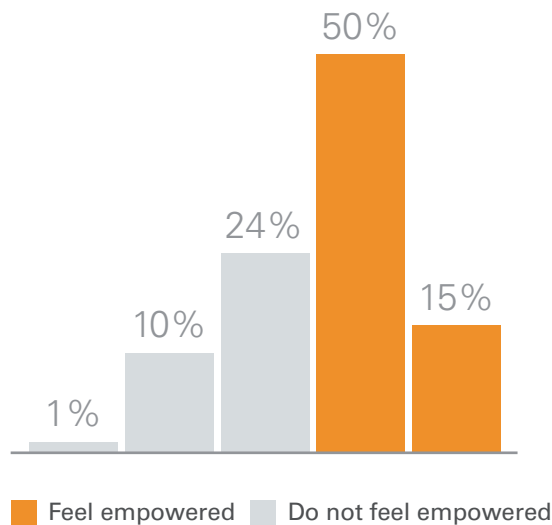


**58%** said they **do not feel equipped** to connect and apply owned and third party data collected across all departments in real time.



## Theme 3: Evidence of siloed CX initiatives

Personally, CX professionals are committed to applying targeted data insights and technology to improve the customer experience, and demonstrate a high degree of confidence in their ability to drive change and improvement. A full 65% indicated they feel empowered to drive innovation and change at their company.



A full **65%** feel **empowered** to drive innovation and change to deliver great customer experiences.

“In some cases there is a downward spiral where fewer companies empower people to make change. For example, at both a major airline and specialty coffee retailer I know of, staff historically weren’t able to give discounts, which changed recently due to negative events and press. **But, the key is to do things like this proactively, not reactively due to a negative public event.** As an indicator of this challenge, few companies have the title of Chief Customer Officer.”

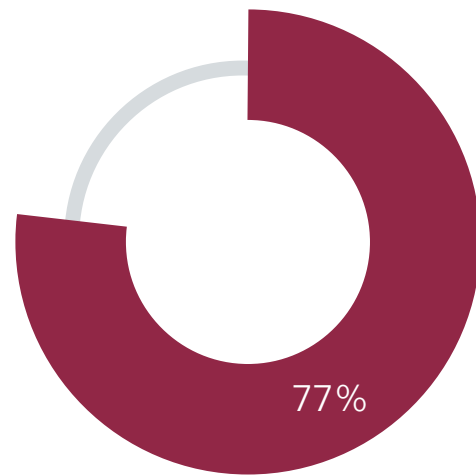


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Vice President  
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Furthermore, we saw broad acknowledgement, and embrace, of the important role that new technologies and analytic tools will play in helping organizations optimize the customer experience. 77% of respondents are exploring how to better use technology to deliver automated, actionable insights to deliver better customer experiences.

Evidence shows a high regard for personal proficiency, but anxiety on company-wide CX initiatives. More than anything else, we believe this to be indicative of siloed CX initiatives.



Fully **77%** are **interested in deploying technologies** that deliver automated, actionable insights to deliver better customer experiences.



# Theme 4: Challenges communicating cross-function CX initiatives

CX professionals are much less confident that their companies are winning the battle for long-term customer loyalty. This suggests that company leaders must do a better job of investing in CX technologies, removing functional silos, and communicating the strategic importance of what they're doing.

Despite high personal confidence, 48% of respondents don't believe their companies are investing in digital quickly enough to keep pace with the speed of technology change.



A whopping **48%** said that although their companies embrace digital, **they don't think they'll keep pace** with the speed of technology change.

"An electronics manufacturer client is a good example of a company who tracks and prioritizes voice of customer, but they've been challenged to align that message to a revised business strategy, i.e. **what, they're doing and changing as a result of the information.**"



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Vice President  
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"I think a number of colleagues do understand the importance of placing the customer at the heart of journey and building processes and experiences around this. However, this is very much linked to the cultural change necessary to thrive in 2018. In the B2C side of our business, it is readily being adopted as being essential and the processes and customer interactions are powered by CX. This has enabled us to achieve double digit growth for the past few years.

**The mantra for last year was "engage, engage, engage" for this year it is "think like a customer".**

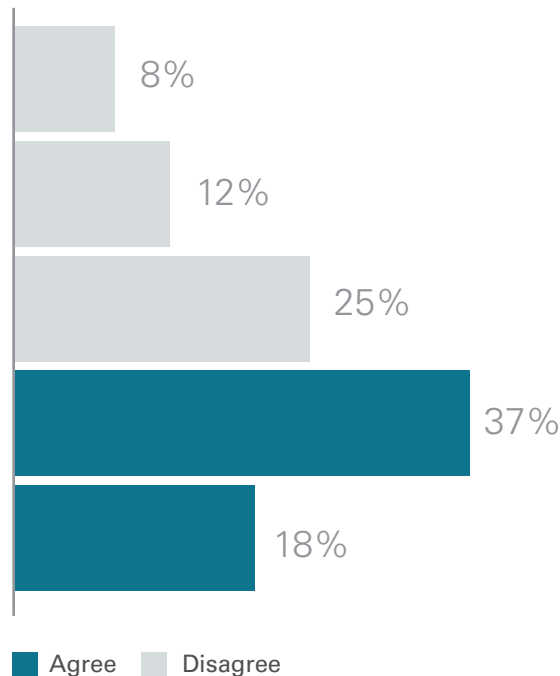


**NEIL MCFARLANE**

Managing Director, T H  
March & Co.

Most disturbing, 55% of respondents believe their companies are at a disadvantage and will face disruption from more innovative, nimble and customer-centric organizations.

This may in part represent a communication challenge as executive respondents that would be expected to have a more complete enterprise-wide purview of CX initiatives expressed greater confidence in their companies than non-executive respondents.



**55%** of respondents believe their companies **will be too slow and face disruption** from more innovative, nimble and customer-focused competitors.



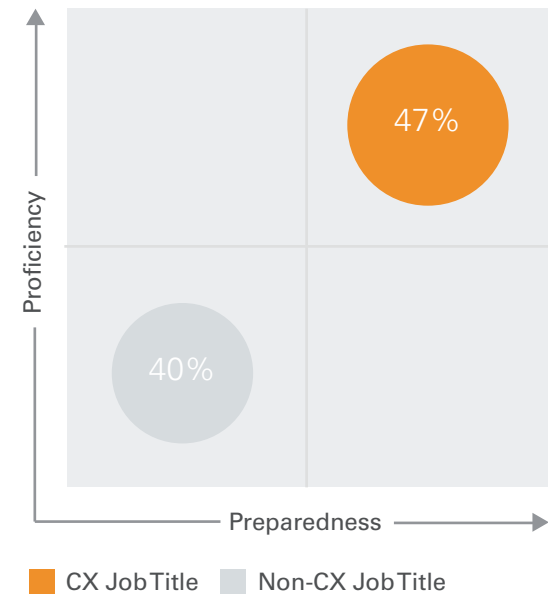
# Overall there was consistency across respondent segments, with a few exceptions

The 329 survey respondents reflect companies of all sizes, and multiple functions within the enterprise. Respondents represented both dedicated CX roles, as well as CX responsibilities within a broader functional mandate (like marketing).

In analyzing the confidence index across these different dimensions, findings were consistent, with only relatively minor differences, particularly when comparing survey responses from larger companies to responses from smaller organizations.

There were, however, a few exceptions, particularly when the data was segmented into functional cohorts, and when looking at executive-level respondents relative to less senior roles.

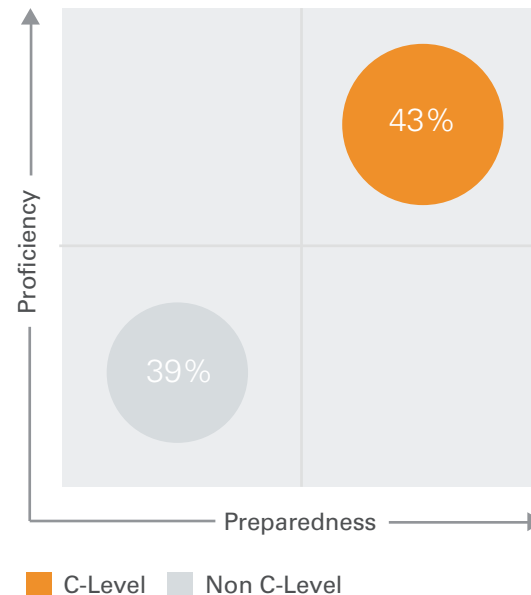
Confidence reigns among those in a dedicated CX role, with **47% rating as Visionary**. They are both proficient today and confident about the future.



For example, 47% of respondents with dedicated customer experience roles scored in the Leader quadrant, versus 36% of all respondents with more functional titles. This suggests that companies with dedicated CX roles, particularly those with cross-functional responsibilities, are better-equipped than companies where the importance of CX is acknowledged, but not backed up with investment in dedicated personnel.

Separating C-Level respondents from other respondents also revealed meaningful differences in confidence. Executives scored in the high current proficiency and high preparedness for the future quadrant 43% of the time versus 36% for non-executives. This could indicate executives having more cross-functional visibility into CX initiatives, and better understanding of how those initiatives relate to business strategy. Less optimistically, it could also represent over-confidence on the part of respondents who are less involved in CX initiatives than practitioners who responded.

**43%** of Executives are **highly confident** in their company's CX proficiencies and preparedness for the future. More than their non-executive peers.





# Summary

- 1 Confidence among CX professionals is high, but fragile.** Anxiety increases as we move from Art to data-driven Science on the CX continuum. Companies must match their investments in new technology and analytical tools, with investments in the skills of CX personnel, to ensure they can utilize the resources that allow for data-driven decision-making.
- 2 Silos are an inhibitor to CX innovation.** Access to, and application of, good data and advanced analytics are critical to the success of cross-functional CX initiatives. Pockets of excellence will not result in enterprise-wide transformational change without the ability to bridge functional divides.
- 3 A need for better communication.** Evidence indicates many respondents felt personally capable and empowered, but feared their companies were lagging the competition. More than anything else, this indicates a failure of leadership and poor communication of the importance and impact of cross-functional CX initiatives.
- 4 CX is a race to the top.** Organizations who fail to step up their investment in CX risk becoming obsolete and will be displaced by more nimble competitors.

To thrive in a future where CX is increasingly a data-driven science and customer expectations soar ever-higher, smart companies will not only invest in the expertise and technology needed to grow revenue but also place greater importance on removing silos and communicating the value of CX initiatives company-wide. The laggards will be disrupted by nimble and more customer-focused competitors.

**Find out more about how you're performing in CX directly from an expert.**



"The data-driven aspect of CX is extremely important. Most companies can't connect the dots with customers. **They need the technology and software to help them string it all together and create a great customer experience."**



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