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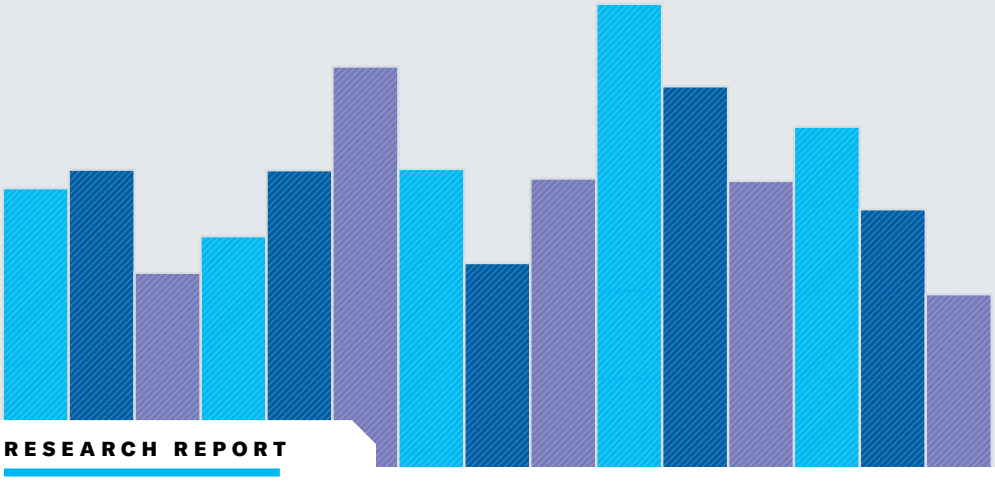

RESEARCH REPORT

Making Customer Experience the Heart of the Enterprise

How Organizations Are Uniting around the Customer in Order to Thrive

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The great reemergence is here. As the world reopens, every organization faces a new opportunity to reimagine their business in the next normal. The time is now to transcend disruption into opportunity, to become customer-centered, organize around customer data, and deliver more personal experiences at scale, at every stage of the customer journey.

A lot has changed in just a short amount of time. Years of digital transformation and technology innovation accelerated in a matter of months. But in that time, we learned that we could be agile in moments of truth and ultimately demonstrated that in the face of disruption, we were also resilient.

Customers, too, evolved during this time. Years of what would have been incremental digital adoption were accelerated within months. Customers learned to become increasingly digital and often digital-first in their work and life. They, too, adapted and proved resilient.

It's what we do differently moving forward that sets us apart. Customer experiences (CX) are now firmly a competitive advantage. To focus on customers and the experiences they have and carry forward is the most human, and meaningful, means to design tomorrow's business right now.

There's much work to do. The Harvard Business Review Analytic Services research uncovered that only 15% of the companies surveyed say they have both a single (360-degree) view of customer data and the organizational structure to make use of those insights. Additionally, only 10% rate their organization's current performance in customer insight as excellent. Operational models, too, need to open the doors to data insights and cross-functional collaboration. More than half of respondents (53%) said that overcoming organizational silos is a top-five barrier to improving CX—more than any other barrier.

To compete in the future, we have to organize around the customer. We need to build a new model for customer engagement, and for business itself: one that actually places the customer, and the data that represents them, at the center of everything. It reimagines how we work, how technology connects the dots, to enhance how we understand and serve customers.

To achieve this, we need a complete view of our customers, a single source of truth, and a platform for integrated relationship management along the journey. Doing so will facilitate the delivery of personalized experiences, at the speed of the customer, to anticipate and even predict their needs and to connect in ways that foster rewarding and even sought-after relationships.

Newfound purpose and resolve are once again before us if we're to survive and thrive through this next challenge and opportunity. It is this customer-centered imperative that has guided the development of our portfolio from day one here at Salesforce, and it's why we sponsored this research by Harvard Business Review Analytic Services to spotlight the need and opportunity to become a customer-centered organization.

Enjoy this report, and we invite you to learn how Salesforce is meeting these challenges with Customer 360, one integrated platform uniting marketing, sales, commerce, service, IT, and analytics.

Let's unite around a single source of truth and reshape our businesses together.

Making Customer Experience the Heart of the Enterprise

How Organizations Are Uniting around the Customer in Order to Thrive

In recent years, the center of gravity in business has shifted from inside the organization out to the customer. This change has taken place as customers have tapped into a world of information and choices about the products and services they consume. At the same time, a growing legion of digital businesses has shown customers in both the consumer and business worlds what a great customer experience (CX) can be: connected, personalized, and seamless.

Improving CX has become a top business priority as a way for companies to attract and hold onto the best customers, including many they didn't have access to before. CX goes well beyond customer service to encompass everything that goes into how customers perceive their interactions with an organization, from how they navigate the website to how the billing and payment process works. To deliver that complete customer experience, organizations must unite around the customer in ways they've never had to before.

In a recent survey of nearly 1,100 executives by Harvard Business Review Analytic Services, improving CX was named a top-five business priority by more respondents (58%) than any other priority. **FIGURE 1** Yet only 17% rate themselves as CX leaders today, excellent in both customer insight and engagement or excellent in one and good in the other. **FIGURE 2** The reason for this discrepancy is that improving CX isn't as easy as declaring it a strategic priority. It often requires significant organizational, technological, and operational change. Customer-centric organizations have developed a broad and deep commitment to understanding and serving customers.

HIGHLIGHTS

88% of respondents say it is very important to the future success of their business to have a complete and consistent view of their customers across channels and platforms.

68% expect to incorporate artificial intelligence into their customer experience within the next two years.

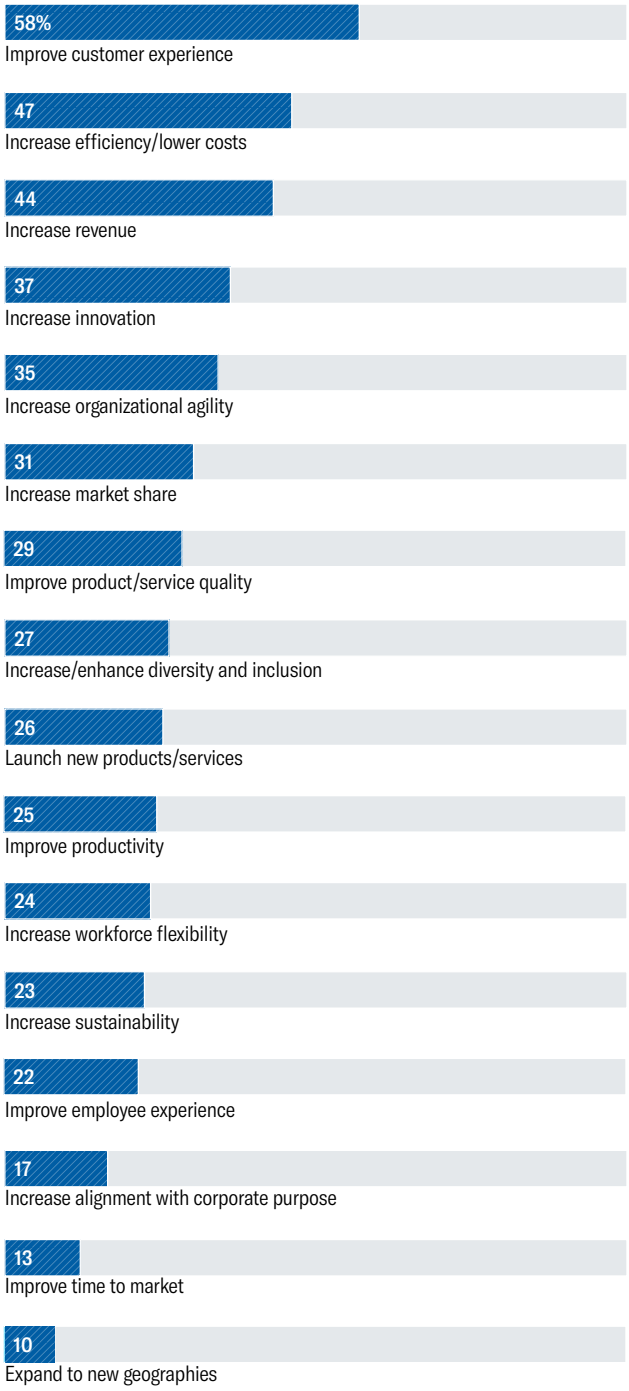
55% strongly agree that it is impossible to provide great customer experience without also providing a great employee experience.

FIGURE 1

Prioritizing Customer Experience

More than half of respondents put CX in their top-five business priorities

Which of the following business priorities are among your organization's top five for the year ahead? SELECT UP TO FIVE

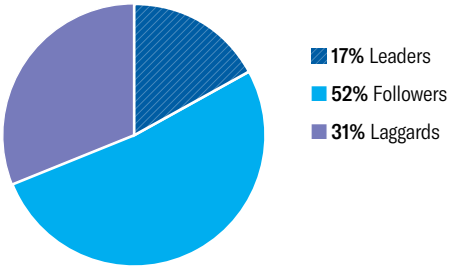


Source: Harvard Business Review Analytic Services Survey, December 2020

FIGURE 2

Breakdown of Leaders, Followers, and Laggards

Only 17% qualify as CX leaders, meaning they stand out in both insight and engagement



Source: Harvard Business Review Analytic Services Survey, December 2020

"At its heart," says Michael Krigsman, industry analyst and host of executive discussion platform CXOTalk, "customer experience is about understanding the customer and being willing and having the capability to adapt your processes, your products, your services, so that they meet those customer expectations, goals, and desires."

There are many reasons for the large gap between where organizations are and where they want to be when it comes to CX, starting with the investments needed to replace or at least connect legacy information systems that segregate customer information in outmoded silos. It is even more challenging to overcome the organizational silos and inside-out, product-centered approach of the past to fully embrace a customer-centric mindset. To thrive in the years ahead, companies must develop shared, real-time insight into rapidly changing customer needs; a sense of ownership of CX results among functional leaders whose roles have historically been disconnected from customers; processes and systems to enable rapid and effective engagement; and a culture that is based on customer-centricity, speed, and agility.

Many companies have learned from painful experience that CX isn't just the purview of their marketing, e-commerce, and service functions. Employee experience (EX) has to support and align with CX, which is an enterprise-wide pursuit that requires a 360-degree view of customers. A great personalized shopping experience can be undercut by an onerous billing or refund process, for example, so finance (along with other back-of-house functions) is as crucial to the CX equation as are many customer-facing functions. But helping functional leaders understand the role they play in CX isn't always easy, especially when their area has room to improve.

A lot goes into creating a great customer experience in a digitally enabled omnichannel world. In this report, we'll

explore how customer experience is changing, what it takes to achieve and activate useful customer insight, the organizational changes required to become truly customer-centric, and why CX metrics must go beyond satisfaction to find the link to bottom-line business results.

"Being customer-centric is not about a point in time or selling one product," says Rob Goodman, vice president and customer relationship management (CRM) program owner at Pacific Life Insurance Co., based in Newport Beach, Calif. "It spans all of a person's life events. Regardless of where someone comes into us as a customer, we need to anticipate those events before they even ask."

CX Is More Than Rolling Out the Red Carpet

At its most fundamental, customer experience boils down to how customers perceive their interactions with an organization. Harley Manning, vice president and research director at Boston-based Forrester Research, attributes great CX to three things: when customers perceive their interactions with your company to be useful (delivering value), usable (easy to find and engage with the value), and enjoyable (emotionally engaging).[1]

Where companies put their greatest emphasis in Harley's model depends to some extent on the industry they're in. While being useful may not be the top CX priority for a karaoke bar, it is absolutely critical in health care, where a patient's health or even survival is on the line. For a hospital, having a full picture of patients' health and coordinating the clinical pathway to provide the safest care from the right physician at the right moment are paramount. But increasingly, as patients have more choices, being usable is important, too, making it easy for patients to find a doctor, book an appointment, and compare costs. And while few people think of the health care experience as being enjoyable, providing amenities like a more comfortable room, Wi-Fi, or a choice of music can help ease the stress of a health crisis.

Delivering in all those dimensions goes well beyond marketing and customer service. The chief customer officer at a North American provider of real estate services, such as title insurance and mortgage processing, puts it this way: "Customer service is that one-to-one interaction between an employee and a customer. Customer experience is the broader picture of all the different interactions a customer has with our organization."

Improving CX is one of six key focus areas at Memphis Light, Gas, and Water, a Memphis, Tenn.-based utility that is one of the 10 largest public power utilities in the United States. Customer experience includes but certainly isn't limited to making it easy for customers to sign up for service and pay their bills, according to James West, vice president and chief customer officer. "Customer experience in our business is a lot about power quality and reliability; corporate citizenship; and billing, payment, and communications. There's a lot that goes into that."

Harley Manning, vice president and research director at Boston-based Forrester Research, attributes great CX to three things: when customers perceive their interactions with your company to be useful (delivering value), usable (easy to find and engage with the value), and enjoyable (emotionally engaging).[1]

What West says jibes with Manning's CX triumvirate. Power and reliability represent the useful; corporate citizenship helps with emotional engagement; and improving billing, payment processes, and communications enhances usability.

West's team is mapping all its customer processes to improve usability. Consider signing up a new customer, which "sets the stage for how customers are going to think about us and maybe leave a lasting impression," says West. His team looks for friction or pain points, such as how many times someone has to enter their driver's license during the signup process, and then explores where they can streamline the customer journey, eliminating redundant steps and improving handoffs between departments.

Creating that streamlined experience is more complicated for organizations like the real estate services company, which provides back-office processing for dozens of lenders. "We spent a lot of time creating a consistently streamlined experience," says the chief customer officer. At the same time, "every lender client wants to do something differently," she says. "We really strive to provide the same experience for users, even when all the processes behind the scenes are different."

The Covid-19 pandemic put a lot of companies' CX to the test. Thirty-four percent of respondents offered or upgraded online transactions in response to new customer needs and demands due to Covid-19. The 82 retailing executives included in the survey were nearly twice as likely to do so, at 61%. Switching to online ordering and fulfillment quickly

Only 17% of respondents say their organizations are either excellent in both insight and engagement or excellent in one and good in the other.

made it challenging for many retailers to still live up to their standards of CX. Those that had already been working to incorporate digital into their overall CX had an advantage.

A European division of a global fashion company had been working for years to create a "total customer experience" across its physical and digital properties. For this company, total CX means being consistent across its stores and websites in all things: product presentation, categories (such as new arrivals), promotions, pricing, returns, and customer service, according to the division's managing director. It also requires integrated inventory management and having effective delivery mechanisms in place.

Armed with these critical pieces, this fashion retailer weathered the multiple lockdowns and reopenings of the pandemic smoothly. "Even though the stores were closed, we could still sell that stock," says the managing director. Despite losing nearly half of its in-person store sales for the year, overall sales were only down slightly from the previous year. The company provides next-day delivery, and in some cities, same day. Store associates were kept employed but had to learn new skills, such as packaging products in a way that maintained the company's high standards. "These are all the things that affect the customer experience," he says.

A Great CX Is Built on Insight and Engagement

Insight and engagement are two essential sides of CX. Knowing who customers are, how they behave, what they want, and why they want it is critical to providing an experience that is useful, usable, and enjoyable. While improving CX is part of many organizations' strategic plans and high percentages of respondents are investing in improving customer insight (77%) and engagement (80%), most clearly have a long way to go. Only 17% of respondents say their organizations are either excellent in both insight and engagement or excellent in one and good in the other. This group comprises CX leaders, and they have practices and experiences different from those of the 52% that are followers (with ratings of their organization's performance in these two key areas as either fair or good) and the 31% that are laggards (with ratings of fair or poor).

Leaders are more prevalent in banking and technology than in other industries. Twenty-five percent of respondents in both of those industries rate their organization as a leader. Government has by far the greatest percentage of laggards, with 50% rating their organization as poor or at best fair at insight and engagement.

Pacific Life Insurance is trying to create a "one company" experience for its customers, regardless of whether their first interaction with the company was buying a life insurance policy or investing in one of its mutual funds. But to be seen as one company, Pacific Life conversely must be able to have a clear view of all its individual customers and all the points of contact they have had with the company. "So, when I have a phone contact with someone, I can see all those relationships, whether it's marketing touchpoints, sales touchpoints, or service touchpoints," says Pacific Life's Goodman. The company's data hub pulls in data from the various business units and then "works in concert with our CRM platform to create this unified 360-degree view."

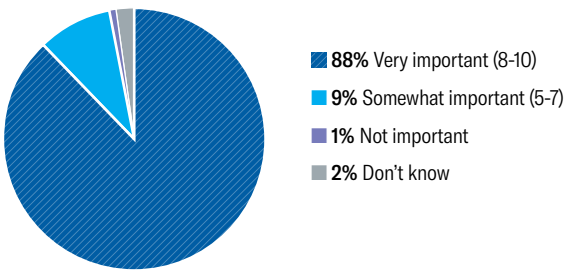
Eighty-eight percent of all survey respondents say it is very important to the future success of their business to have a complete and consistent view of their customers across their various sales, service, and support channels and platforms. **FIGURE 3** Yet fewer than a third of respondents (31%) claim to have such a unified view. And getting the data and systems right is only part of the equation. While 31% say they currently have a single, 360-degree view of customer

FIGURE 3

Seeing the Customer Front and Center

Respondents say having a full view of customers is very important to future business success

How important is it to the future success of your business to have a complete and consistent view of your customers across your various sales, service, and support channels and platforms?



Source: Harvard Business Review Analytic Services Survey, December 2020

While 31% of respondents say they currently have a single, 360-degree view of customer data, half of those say they lack the organizational structure to make use of those insights.

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"We're working really diligently on organizing that data," says Christine Tucker, chief customer experience officer at Pacific Life. Once that's done, the focus shifts to "how we serve up that data so our employees and teams are able to use it to anticipate the needs of our customers," she says. With the ability to tap into this valuable pool of data, the company can then apply artificial intelligence (AI) and natural language processing for faster and more-targeted personalization.

Leading the Way to Actionable Insight

Many organizations are going through a similar progression to provide the kind of CX that simply isn't possible without a more sophisticated approach to customer insight. "The first thing everybody starts with is efficiency," says Rob Birse, head of global business-to-business (B2B) e-commerce at Kellogg's, headquartered in Battle Creek, Mich. Providing digital access with the right information enables faster ordering and visibility into an order's status. "So that's foundational table stakes."

From there, a company can move to providing customers with relevant recommendations. "We wanted to take it beyond rudimentary upsell and cross-sell and move to another level, starting with what products represent the highest potential for maximizing linear square foot in a store," says Birse. "That's where we're plowing all of our efforts today, in building models that are highly accurate in maximizing the real estate each store has."

Companies with a physical presence are also working to unify their customer data across their physical and digital channels. "The Holy Grail for retail companies has been to seamlessly track each customer, whether they shop in a physical store, online, or both," says Rodney Hutton, chief marketing officer at furniture retailer Ethan Allen, based in Danbury, Conn. Ethan Allen uses its CRM platform to gain this unified view. "That gives us a single view of our customers for the first time," with the ability to run targeted analytics, he says.

As consumer goods and other B2B companies expand and leverage their understanding of consumers, they are moving further upstream in their data collection, says Josh Blacksmith, senior director, global consumer relationships and engagement at Kimberly-Clark Corp., based in Irving, Texas. "In order for CPGs [consumer packaged goods companies] to be viable in five, 10 years, they need to have a richer understanding of what consumers at the one-to-one level are and aren't buying so that they can optimize the basket. That line of sight into what is and isn't being bought not only helps us manage share of wallet at the one-to-one level but also gives us the opportunity to look across our entire portfolio."

An increasing number of organizations, including followers and laggards, are tapping a variety of data sources outside their own customer data to improve their CX. They're using AI and advanced analytics to derive value from that wealth of information. Third-party data—from weather sources, location tracking, demographics, and more—is being used for any number of CX purposes. Sensors and the internet of things are bringing in yet more data, as is the activity that consumers engage in online.

"Companies are collecting all of this data, but what are they doing with it?" asks CXOTalk's Krigsman. "AI definitely will help. AI-based data analysis is a key function of every major technology company's platform going forward."

Survey respondents anticipate a surge in the use of AI and predictive analytics over the next two years. While 38% of respondents say they are using AI today, 68% expect they will be doing so within the next two years. Similarly, 48% say they are using predictive analytics today, and 80% say they will in two years.

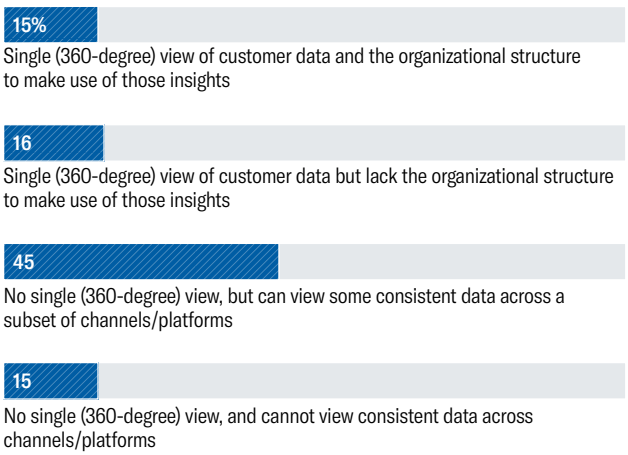
Adopting these new technologies will mean hiring and developing the skills to turn data into insight and insight into action. "The hardest part in this is getting the data science muscle built to ensure that we have the opportunity to uncover those data signals," says Blacksmith. Meanwhile, the

FIGURE 4

A 360-Degree View of Customers Is Lacking

Many say there's no single comprehensive profile across various channels and platforms

Which of the following best describes your organization's understanding or "view" of its customers across your various sales, service, and support channels and platforms?



Source: Harvard Business Review Analytic Services Survey, December 2020

vendor community is doing its part to build those capabilities into their own tools and platforms to shoulder more of that data science burden and to let customers focus on using that data to make better decisions in their own companies, Krigsman says.

Such extensive use of customer data can cause concerns about privacy. Kimberly-Clark is working on a data privacy model to ensure that consumers feel comfortable with the company having access to such detailed data. "As we move more from our brand-centric view into more of a consumer-centric view, we're starting to extend beyond just the GDPR and CCPA [European and California data and consumer privacy regulations, respectively] to focus more on privacy by design," Blacksmith says. The new privacy model is designed to build trust with consumers by being transparent about the relationship and giving consumers the ability to choose how the company engages with them. "We have some really exciting work underway this year to help us bring that to life," he says.

While companies move forward with enhancing their data collection and flows and putting that data to work, they also need to strengthen their overall customer operations, according to Krigsman. "If your email is failing and your website is down, then you have to start there," he says. "To deliver a great customer experience, your infrastructure must work properly. Your fulfillment must be efficient. No matter how good your product or service is, all touchpoints through the customer journey must come together or the customer experience will be bad."

Operationalizing an Enterprise Approach to CX

Customer experience today concerns all parts of the enterprise. In addition to involving traditional customer-facing functions like customer service, marketing, and sales, improving CX in a digital, customer-centric world also involves IT, operations, product development, and even finance and HR. In fact, around a fifth of respondents expect both finance (21%) and HR leaders (19%) to be significantly involved in their companies' CX efforts over the next two years, with nearly twice that many expecting them to be somewhat involved. **FIGURE 5**

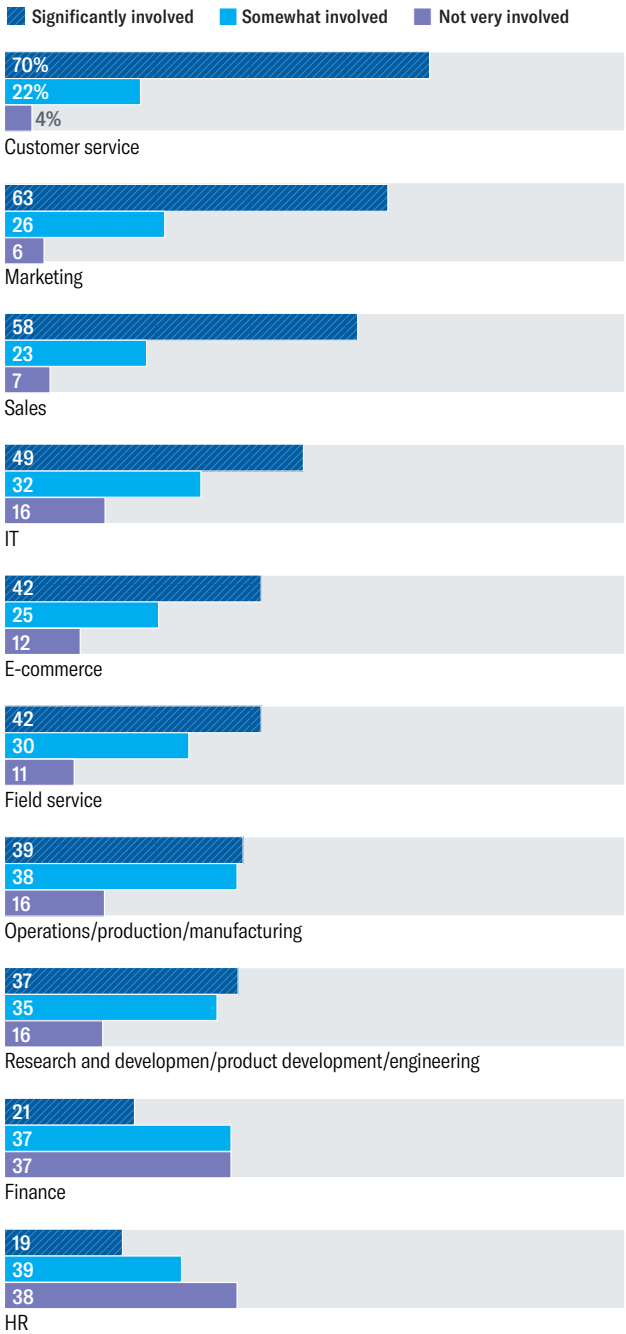
While HR leaders' involvement starts with hiring and training people to fill CX jobs, it doesn't end there. Companies are more likely to consistently deliver a great CX when employees across the organization are imbued with a customer-centric mindset. Fifty-five percent of respondents strongly agree that it is impossible to provide great CX without also providing a great EX. But only 22% say that improving EX is a top-five priority. HR leaders can play a central role in ensuring that all employees understand and are engaged

FIGURE 5

CX across the Enterprise

Functional leader involvement in CX over the next two years

To what extent do you believe the leaders of the following functional areas will be involved in your organization's approach to CX over the next two years?



Source: Harvard Business Review Analytic Services Survey, December 2020

in the CX mission and that EX supports and aligns with CX. IT leaders, who are even more deeply involved in CX, have a critical role to play in EX, as well. They and their line-of-business colleagues must ensure that employees are equipped with the tools and data they need to do their best work.

Finance leaders also play a key role, beginning with improving the experience customers have when it comes to invoicing, payments, and refunds. Beyond that, finance leaders can ensure that investments in CX deliver value to the company, working with line-of-business leaders to prioritize investments, define key metrics, and set targets for returns.

In these areas and many more, it's not just a matter of different functional leaders having a role to play. Customer-centric organizations must collaborate across functions to achieve a great CX. This collaboration will take effort. More than half of respondents (53%) say that overcoming organizational silos is a top-five barrier to improving CX—more than any other barrier. **FIGURE 6**

Organizations recognize the challenge of functional silos and are building cross-functional collaboration into their CX efforts. Memphis Light, Gas, and Water created a cross-functional customer value council to advance its CX agenda. It includes the company's CFO, vice president of community and external relations, CIO, and chief customer officer, along with people from "just about every functional area, including legal," says Memphis Light's West.

Biotech company Genentech, based in San Francisco, created an internal organization called Experience Operations that brings together critical skills needed to quickly respond to CX needs. Such groups are often led by a chief customer officer or chief experience officer. CX leaders are more than twice as likely as laggards to have a chief experience officer driving their CX efforts (25% versus 10%).

While laggard organizations are just as likely as leaders and followers to be hampered by silos and other top barriers, they are significantly more likely to name a lack of executive vision and commitment as a top-five barrier (32% versus 15% for leaders and 13% for followers). They're also more likely to identify a lack of ownership for CX efforts (37% versus 18% for leaders and 27% for followers) and a lack of organizational buy-in to the importance of CX (30% versus only 10% for leaders and 16% for followers) as top-five barriers. It will be hard for any organization to make headway without having these fundamental enablers in place.

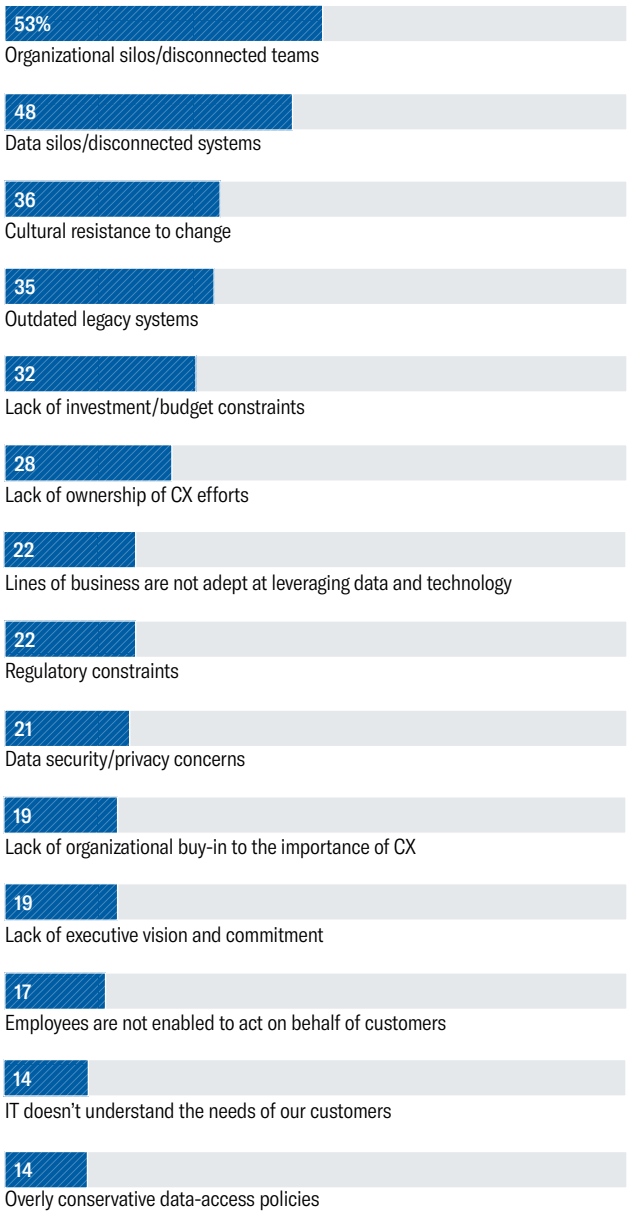
CX not only crosses silos; it also drives deep into an organization. The real estate services company introduced a company-wide customer experience training program to begin to operationalize its commitment to CX. The first phase of training focused on what it means to operate as a customer-centric company and what a CX mindset looks like, says the chief customer officer. The second showed employees how to identify issues that might be hampering CX and provided

FIGURE 6

Silos Are the Greatest Barriers to Improving CX

More than half of respondents say organizational silos are a top-five barrier

What do you believe will be the greatest barriers to improving customer experience at your organization? SELECT UP TO FIVE



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“To deliver a great customer experience, your infrastructure must work properly. Your fulfillment must be efficient. No matter how good your product or service is, all touchpoints through the customer journey must come together or the customer experience will be bad.”

Michael Krigsman, CXOTalk

Around a fifth of respondents expect both finance (21%) and HR leaders (19%) to be significantly involved in their companies' CX efforts over the next two years.

them with practical tools to address them. The third phase focused on how to seek help up the management chain for problems that employees can't solve on their own. The company tracks and measures steps that are taken "so that we can promote and talk about them to further develop that CX mindset," she says. A team of CX ambassadors helps with ongoing promotion and training throughout the organization.

Such efforts are necessary for companies to move beyond the strategy and investment stages of CX to really develop that all-important CX mindset and culture. CX leaders are significantly more likely to have developed a customer-centric culture, with 69% strongly agreeing they have such a culture compared with only 43% of followers and 16% of laggards.

Consumer Goods Companies Enhance CX for B2B and D2C

Transforming a company around CX can have a profound impact on business and operating models. The consumer goods (CG) industry has operated in a mostly traditional B2B model for decades. Now the relationships CG companies have with both their B2B customers and end consumers are changing. When it comes to CX, "I don't think anybody in the industry is doing a great job yet," says Birse of Kellogg's. "But it is certainly on the roadmap, and we're striving toward it."

To illustrate how far there is to go, Birse offers a basic example—the multi-step process that many CG customers go through to make a purchase. "There's no reason that there should be a convoluted checkout process in B2B commerce," he says, given that CG companies already know who their customers are. When a customer logs in on a CG company website, the system knows that customer's order can only be shipped to a particular store or warehouse, for example, so they shouldn't have to reenter that information. "It should be one click to purchase, and off they go," says Birse. "If that's not possible, then you haven't done the work setting that customer up for success."

Birse sees a future where the customer can scan a product on the shelf, and then Kellogg's system, using AI, will recommend a quantity for their order based on everything it knows about that market and consumer demand. If the customer accepts the recommendation, then they just "click at the checkout, and the order will be processed and turn up in the next couple of days," he says. "That's where we need to be."

In addition to creating a better experience for their B2B customers, CG companies are extending their reach to the people who purchase and consume their goods. "Every CPG out there is starting to realize the importance of owning the consumer relationship as opposed to focusing solely on retail customer relationships," says Kimberly-Clark's Blacksmith. "It is such a pivotal time for CPGs to start to leverage their understanding of consumers and use that as a point of differentiation." This deeper connection opens the door to selling directly to consumers (D2C), but that's not the only goal. At Kimberly-Clark, leveraging this new contact with consumers in a way that supports rather than alienates the retailer is key. "One of the biggest focus areas for us is striking the right balance between our customer focus and our consumer focus," Blacksmith says.

The connection between customers and consumers is even closer for Bormioli Pharma, an Italian designer and producer of primary packaging for the pharmaceuticals industry. The pharma industry is "still very conservative in a lot of ways," says Andrea Sentimenti, Bormioli's marketing and innovation director. "There's a lot of innovation in ingredients but not in packaging." Bormioli is using insight about patients' and caregivers' real experiences to collaborate with its pharma-company customers and create packaging that serves their customers better. For instance, understanding that it's hard for a parent to administer cough syrup while holding a squirming child might lead to packaging that can be used with one hand. Busy ward nurses would benefit from two-section containers holding premeasured ingredients for medications that have to be mixed immediately before administration.

Measuring CX: Moving Beyond Satisfaction

CX leaders are highly confident they are tracking the most relevant CX metrics, with 40% strongly agreeing and another 38% agreeing somewhat. This finding contrasts with the results of laggards, only 7% of which strongly agree they are tracking the right metrics, with another 26% somewhat agreeing.

Overall customer satisfaction (CSAT) tops the list of CX metrics that respondents believe are most important to their

organizations' success going forward, named a top-five metric by 65%. Peter Fader, professor of marketing at the Wharton School of the University of Pennsylvania, disagrees that CSAT is the most important metric. Overall CSAT, he argues, doesn't distinguish between valuable customers and the rest, nor does it say anything about how satisfaction influences behavior or, ultimately, revenue. "Who cares if it's making the customer happier unless it's helping us acquire more customers or having them stay with us for a longer time or make more transactions or spend more money?" he asks. "Unless it's doing one of those things, it's cheap talk."

Instead, Fader believes companies should focus on customer lifetime value (CLV). "I really like lifetime value, not only because it's forward-looking but because it embodies four key behaviors: acquisition, retention, repeat purchase, and spend." Measuring these things is important to directing CX initiatives because "different aspects of customer experience will impact those levers differently. But it all rolls up into lifetime value," which can be used to decide "which customers you want to serve and how to serve them."

While the three different segments of survey respondents tend to agree on the importance of most CX metrics, CLV is an exception, with more CX leaders (41%) placing it in their top five than followers or laggards (33% each). Other top-five metrics include retention/repeat purchase rates, named by 41% of all respondents; likelihood to recommend, named by 38%; and revenue per customer, named by 34%.

Birse views conversion and repeat purchases as the one-two punch of CX. "Success is always about converting—answering that call to action—and then, the second part is, will they do it again? It's the second and third iteration of that metric that really matters," he says, and that's where CX clearly moves beyond marketing. "It's really easy to sell something once. It's difficult to secure that second and third order; that's why we view capturing the fifth order within a limited window as critical to establishing a new habitual buying pattern. So, the metric you want to focus on is the repetitive purchasing patterns."

Lifetime value is central to where Pacific Life applies its resources and technology to maximize the relationship with its various customers—distribution firms, financial professionals, and consumers—says Pacific Life's Tucker. "Not only do we want to acquire great customers and have great relationships; we want to continue to foster those relationships for long periods of time."

The right metrics can also help others in the company understand their own impact—for instance, how sales or manufacturing or finance contribute to improving CX. The chief customer officer at the real estate services company proposed a new structure for measuring CX that "focused on both those traditional customer experience metrics [CSAT and Net Promoter Score, or NPS] but also tying it to more of the

Customer Experience Excellence Checklist

Business leaders who are serious about improving their organizations' customer experience (CX) will take these 12 actions.

- Meet personally with customers to bring empathy to their customer insight.
- Form a cross-functional CX team that reports to the CEO or other top leader.
- Identify what would make CX more useful, usable, and enjoyable to customers.
- Promote collaboration among the people involved in CX-impacting aspects of business operations.
- Train and communicate the values of CX to all employees to build a customer-centric culture.
- Improve employee experience to advance CX goals.
- Create and share a unified view of the customer with all parts of the company.
- Simplify and streamline customer interactions, including the use of automation.
- Unify CX across all channels, digital and physical.
- Develop the analytical skills needed to turn data into action.
- Adopt a data privacy model that builds trust with customers.
- Measure CX's impact on business value, not just on customer satisfaction.

To deliver an exceptional CX requires not only the involvement of many different functions but also the collaboration and combined effort across the organizational silos that are still such a barrier today.

operational metrics and KPIs, as well," she says. "The biggest challenge with satisfaction and even NPS was the operations teams and sales teams didn't directly see how they could impact those numbers." Tying it back to their operational data was an opportunity to more clearly demonstrate that link.

The Future of CX Is Bright

Customers today expect a more connected and integrated customer experience, and improving CX is becoming a critical way for organizations of all stripes to prosper in the years ahead. While most are still in the early stages of becoming more customer-centric, nearly 60% of survey respondents say that improving CX is a top business priority. Even more are moving ahead with investments in both customer insight (77%) and engagement (80%)—the two sides of CX.

As companies build out these capabilities, they should also attend to the human aspects of CX. Indeed, as much as they may be represented by data and numbers, customers are people, so empathy is essential to truly understand their experience, says Krigsman. That empathy starts at the top. Krigsman recommends that business leaders supplement the data and reports they get about their customers with their own direct contact with them. "How do you understand your customers if you're the CEO and you're surrounded by 12 layers of people who are interpreting the data for you?" he asks. "When you hear customer frustration or customer goals filtered through summary data and reports, the message can become abstract and devoid of emotion. It ceases to be visceral."

To get that more immediate human experience, Krigsman advises CEOs to sit down with customers on a regular basis. "That makes it real, bringing the data to life and making data analysis less abstract," he says. This combination "links the visceral experience of speaking with individual customers to the broad but abstract patterns that show up in reports and data summaries," Krigsman adds. "Relying on real customer conversations together with data that reflects the larger patterns of customer experience is a winning combination." This multidimensional understanding can play a key role in improving CX.

Customer experience is distinct from customer service because it encompasses the efforts of all parts of the enterprise. Increasingly, it requires a 360-degree view of the individual to whom an organization is trying to sell its products and services, along with the operational infrastructure to activate this data for business benefit. To deliver an exceptional CX requires not only the involvement of many different functions but also the collaboration and combined effort across the organizational silos that are still such a barrier today. Cross-functional customer experience teams that report to the CEO or another top executive are an important mechanism to move forward, as is CX training for the entire organization.

As all the pieces come together, business leaders foresee a wealth of new opportunities. For instance, Birse envisions "the perfect store," based on the ideal assortment of products for any given store's type, size, and location. "This has never been possible from a distributor or a wholesaler perspective before because they don't have sufficient data or consumer insight to make that recommendation," he says. "Collectively, we can build some interesting AI models to create a dynamic assortment that adjusts as consumer patterns change."

This ability, in turn, will allow the retailer to carry a portfolio of products that aligns with shopper preferences in near-real time. "That leads to more loyalty and greater share of wallet and more revenue at that point of sale," Birse says. "So, you can see how this unfolds into a long-term growth strategy if we can execute effectively."

To be sure, for CX efforts to provide customers with the connected experiences they desire, they must involve all corners of the enterprise. Having a 360-degree view of customer data and an organizational model that puts the customer at the center of an easy, continuous, and personal engagement will be key to growth in the new economy. The effective use of customer insight, guided by the right metrics, not only makes customers happier and more loyal; it also increases operational and business model innovation, positioning CX leaders for long-term business success.

Endnote

1 Manning, Harley, "Customer Experience Defined," Forrester Research, 2010. https://go.forrester.com/blogs/definition-of-customer-experience/.

METHODOLOGY AND PARTICIPANT PROFILE

A total of 1,091 respondents drawn from the HBR audience of readers (magazine/newsletter readers, customers, HBR.org users) completed the survey. All respondents were based in the United States.

Size of Organization

6%
500 – 749 employees

6%
750 – 999 employees

24%
1,000 – 4,999 employees

14%
5,000 – 9,999 employees

50%
10,000 or more

Seniority

15%
Executive management/ board members

41%
Senior management

29%
Middle management

16%
Other grades

Key Industry Sectors

13%
Manufacturing

11%
Health care

10%
Life sciences/ pharmaceutical/ biotechnology

10%
Banking/investment/ asset management

8%
Government/ not for profit

8%
Retail

All other sectors less than 8% each

Job Function

16%
Operations/product management

11%
HR/training

11%
Sales/business development

8%
General/executive management

All other functions less than 8% each

Regions

50%
North America

21%
Europe

16%
Asia

6%
Latin America

6%
Middle East/Africa

Figures may not add up to 100% due to rounding.

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MCCRE18510521