LEADING AND MANAGING CUSTOMER EXPERIENCE PRIMER FOR 2018

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SUMMARY

Customer experience leaders need a well-understood mandate to measure, manage and influence the customer experience delivered across the organization. Use this research to build and lead a cross-functional CX team that drives change, alignment and improvement to customer and business outcomes.
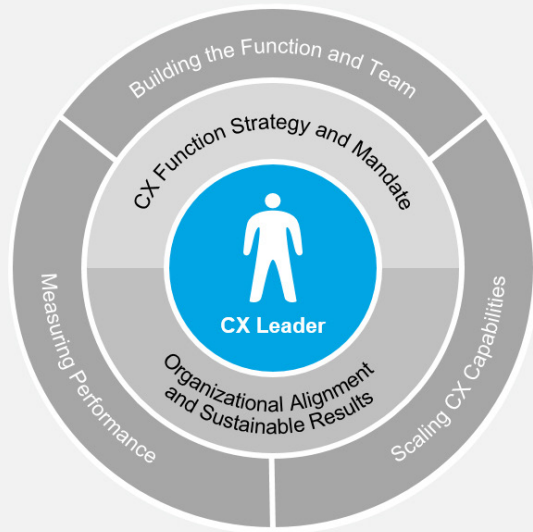
Scope

Successful CX requires orchestrating the purpose, organizational framework and required skills, tools and processes that deliver measurable improvements in customer satisfaction, loyalty and advocacy.

Leading and managing customer experience (CX) covers:

- **Defining the customer experience function strategy and mandate:** Operationalizing CX strategy by aligning cross-functional goals and resources

- **Building customer experience function capabilities:** Establishing CX as both a function and a capability, and encouraging companywide engagement to identify, structure and manage teams, processes, technology and vendors to deliver improvements

- **Measuring customer experience performance:** Tracking and assessing CX performance, advancing organizational maturity and demonstrating results to stakeholders

Leading a unified process that considers the customers' perspective requires the ability to analyze, lead, influence, organize and collaborate.

ANALYSIS

Figure 1. Leading and Managing Customer Experience Overview

Building the Function and Team

CX Function Strategy and Mandate

Measuring Performance

CX Leader

Organizational Alignment and Sustainable Results

Scaling CX Capabilities

Source: Gartner (January 2018)

Gartner's 2017 Customer Experience in Marketing Survey indicates that 63% of organizations have a chief customer office (CCO) or equivalent and 61% have a chief experience officer (CxO) or equivalent. In addition, almost half of CX leaders in marketing expect to see a budget increase in 2018 (see "Customer Experience in Marketing Survey 2017: Greater Expectations, Greater Challenges"). This demonstrates that many organizations have come to recognize the importance of CX.

Early definitions of customer experience management saw CX as a part of the customer service department due to its focus on customer satisfaction. Current definitions view customer service as one of many departments playing a role in improving CX, including marketing, sales, product development, R&D, manufacturing, finance and all other departments that impact customer interactions. Leading this diverse set of stakeholders through a unified process that considers the customers' perspective requires the ability to analyze, lead, influence, organize and collaborate.

Gartner's 2018 research agenda will help you mature the customer experience function, respond to emerging competitive dynamics, and change as quickly as business conditions and customer expectations. Use this research to define core responsibilities of the customer experience function and structure the function to meet a set of broadly shared challenges.

Top Challenges and How Gartner Can Help

As organizations and executives have grown to better understand the requirements and challenges of managing the end-to-end customer experience, CX leaders and cross-functional CX teams have emerged. Sixty-three percent of organizations report having a core group responsible for coordinating or executing enterprisewide customer experience. Our 2018 research will assist CX leaders to define the CX functional strategy and mandate, establish governance model and build capabilities to ensure a commitment to customer experience.

How do I define the CX mandate to build a CX function?

As a CX leader, your role is to leverage what the organization already knows about its customers, identify and fill knowledge gaps, and help the rest of the firm understand customers' needs, perceptions and emotions. To do this, you must collaborate across the organization to change people, processes, systems and data. This means defining — with senior executives and colleagues — the mandate and responsibilities of customer experience in your organization, as well as how CX is distinct from and works in conjunction with other business functions.

Customer experience functions launched without a common framework, unified goals and objectives, or shared priorities across the organization often suffer from a lack of momentum and fail to deliver sustainable or measurable results. Clarity, focus and collaboration are key to CX success, so Gartner's research will offer insight, best practices and examples of how leading organizations define and execute CX functional responsibilities. We supply the tools and resources to help you design your CX function, identify the CX mandate and responsibilities in your organization and empower you to lead customer experience.

Planned Research

- **How to Define the Customer Experience Mandate and Governance Model:** Guidance on CX functional design and governance, suggests benchmarks of CX functions, roles and responsibilities, and explores the best practices in cross-functional CX initiatives.

- **How to Prepare Your Organization for Customer Experience:** Research on topics such as CX budgeting, organizational CX readiness and ways to advance CX maturity.

- **How Great User Experience (UX) Supports Great CX:** UX and CX are related but different functions that help to ensure your brand meets and exceeds customer expectations. Understanding the difference and defining how the two functions work cohesively is vital to ensure consistent and focused development and execution of products, service and features.

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How do I build a CX team and execute a companywide CX strategy?

Defining the CX strategy for your organization depends on customer insight, but successful delivery of that strategy relies on CX leadership. Launching and operationalizing strategic CX improvement requires an understanding of business context and processes, a top-down commitment and cross-functional alignment. CX leaders must work to overcome organizational complexity and leverage companywide resources and talent in support of customer experience improvement.

Successful CX leaders have accountability and responsibility for design, measurement and optimization of the overall customer experience. They lead the design of end-to-end experiences across the customer journey, from the perspective of the customers' needs and goals. They integrate operational silos behind the scenes, striving to make these silos effectively invisible to the customer. This requires a translation of a CX strategy into a cross-functional plan of high-impact projects.

Planned Research

- **How to Build a Customer Experience Team:** Resources for building a high-performing CX team, covering issues such as organizational structure, core competencies, and tools to identify and assess talent and technology.

- **How to Launch a Customer Experience Improvement Effort:** Offers research, advice and tools to help CX leaders set operational objectives, establish a cross-functional project team, and encourage better collaboration.

- **How to Integrate a Core Set of Customer Experience Applications and Technologies:** Insight into the technologies that help you to evaluate, measure and act on customer perception, sentiment and experiences, such as voice of the customer, customer journey analytics, website analytics, business insight and multichannel marketing platforms.

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How should I measure and communicate CX performance?

Because of the cross-functional nature of customer experience, one of the greatest challenges facing CX leaders is identifying common metrics and using those metrics to track, measure, manage and communicate CX impact on business goals. Without a clear connection to critical business outcomes and measurement against those objectives, CX initiatives will fail to get the necessary support.

At a tactical level, each function has its set of key performance indicators — from customer-experience metrics like Net Promoter Score, customer effort score or customer satisfaction score, to operational metrics like lead generation, customer acquisition or customer retention. Yet, no single success metric tells the full story of customer experience performance or shows the return on CX investments or initiatives.

Gartner research will help you understand common CX metrics and the difference between various measurement methodologies. Use our research to help you choose the appropriate metrics and apply them to your CX initiatives, create dashboards to monitor performance, gain buy-in and improve accountability, and benchmark your performance against that of your peers.

Planned Research

- **How to Track and Measure CX Performance:** Explains common CX metrics, how they differ and how they are used. Offers insight into methods for tracking performance, from surveys to operational data, to help you determine the right mix of metrics and methodologies for your organization.

- **How to Communicate CX Performance and ROI:** Provides practical advice on justifying CX investments; offers tools to design CX metrics dashboards; illustrates examples of how leading organizations used CX dashboards and reporting to drive accountability and generate insight; and enables you to assess the effectiveness and efficiency of your current CX metrics.

- **How to Drive Alignment and Sustainable Results:** Examines how CX leaders must enable, manage and lead organization changing, connecting top-line goals to functional metrics; educating peers on ways to improve CX accountability; and delivering advice on building sustainable processes for CX improvement across functions.

Related Priorities

Priority	Focus
Building Customer-Centric Culture	Customer-centric organizations put the customer at the center of all business decisions, ensuring employees understand the importance of the customer experience and how they impact those experiences.
Customer Experience Strategy and Design	Customer experience management is the practice of designing and reacting to customer interactions to meet or exceed their expectations, leading to greater customer satisfaction, loyalty and advocacy.

Source: Gartner

GARTNER RECOMMENDED READING

Suggested First Steps

"Customer Experience Is the New Competitive Battlefield"

"The Customer Experience Marketing Leader's First 100 Days"

"Use the Hierarchy of Customer Experience Metrics to Drive Action and Validate Business Outcomes"

Essential Reading

"Customer Experience in Marketing Survey 2017: Greater Expectations, Greater Challenges"

"The ROI of Customer Experience Starts With Customer Outcomes and Ends With Business Results"

"Build Strong Brands by Delivering Customer Experiences That Earn Exceptional Levels of Satisfaction"

"Emerging Marketing Roles: Customer Experience Lead"

"2017 State of the Customer Experience Function Survey Results"

"Six Patterns of Exceptional Customer Experience Leadership"

"Integrate User Experience Into Your Customer Experience to Improve Outcomes"

Evidence

"2017 State of the Customer Experience Function Survey Results"

Gartner's Customer Experience in Marketing Survey 2017: The research was conducted using a mixed methodology (online/CATI) during June 2017 and July 2017 among 280 respondents in North America. Respondents were required to be marketing leaders with involvement in customer experience programs and initiatives. Respondents were all from organizations with $500 million or more in annual revenue. Respondents came from these industries: financial services (37 respondents), high tech (37 respondents), manufacturing (38 respondents), CPG (35 respondents), retail (35 respondents), media (33 respondents), transportation/hospitality (35 respondents), and healthcare providers (30 respondents). The survey was developed collaboratively by a team of Gartner analysts who follow marketing leaders and was reviewed, tested and administered by Gartner's Research Data and Analytics team.

ABOUT GARTNER FOR MARKETERS

Digital has redefined the role of marketing, adding new players and creating bigger complexities

Gartner for Marketers helps you get up to speed on and stay smarter in the eight marketing areas that matter most: social, mobile, multichannel and data-driven marketing, digital commerce, customer experience, marketing management, and emerging marketing technology and trends. Our clients say that they use our real-time, expert advice and objective research, data and tools to:

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• Choose the right channels

• Quickly shortlist marketing and technology providers

• Stay informed on market and competitors

• Save time and avoid costly mistakes

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