

# KEY CUSTOMER EXPERIENCE FOUNDATIONS FOR MARKETING LEADERS

(Analysts: Jake Sorofman)

# SUMMARY

Marketing leaders are expected to lead customer experience initiatives. Learning to serve customers, not just sell ideas, feels like a brave new world for those with a traditional marketing orientation. This research defines the key customer experience foundations that marketers need to master.



**By 2017, 89% of marketers expect customer experience to be their primary differentiator.**

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# ANALYSIS

The importance of customer experience is on the rise, and marketing is on the hook. But the question remains for many marketers: What does it mean to lead customer experience?

Gartner defines customer experience as “the customer’s perceptions and related feelings by the one-off and cumulative effect of interactions with a supplier’s employees, channels, systems and products.”

For marketers, this definition should bring to mind two specific things:

- Customer experience is a discipline that requires a very broad mandate, far beyond the formal boundaries of marketing’s traditional span of control.
- Customer experience begins with the first interaction with a brand, even before the sale, either directly through a brand-controlled channel or through an intermediary, including a customer, a reviewer or advocate, or distributor or agent. Similarly, the customer experience extends well beyond the sale in the same manner, spanning both branded interactions and others outside of its control.

How, then, does marketing lead — or even influence — the overall customer experience? The answer lies in an understanding of the key customer experience foundations for marketing leaders, which span four domains:

- **Foundational** — Focuses on the data and insight foundations to drive customer experience efforts. This includes customer data, customer voice, customer insight and competitive insight.
- **Strategic** — The true entry point for any customer experience initiative. This domain includes goal setting, persona development, journey mapping and customer experience architecture.
- **Tactical** — Focuses on primarily marketing-controlled programs and customer touchpoints. This includes the content supply chain, web, mobile, and loyalty and advocacy programs.
- **Operational** — How customer experiences are orchestrated and optimized through cross-functional digital and human interactions. This includes automation and orchestration and analytics.

## Foundational — Fueling Engagement With Data-Driven Insights

Customer experience initiatives require a strong data foundation that combines first- and third-party information about your customers, which is integrated and maintained over time. The extent to which you operationalize this data as part of in-the-moment customer experiences will depend on your maturity as a data-driven organization (see [“How Leaders Manage Data-Driven Marketing”](#)).

The key data foundations for customer experience include the following four areas:

### Customer Data

Significant to any customer experience initiative is a master audience profile. This is where you capture and manage all first-party pre- and postsales customer interactions by connecting behaviors, preferences, persona and segmentation profiles for the purpose of targeting and personalizing brand and customer experiences. For marketers leading customer experience initiatives, this record is often part of a broader digital marketing hub (see [“Magic Quadrant for Digital Marketing Hubs”](#)). A master audience profile is often the sum of first-party systems of record, such as CRM, and third-party data sourced through data aggregators and brokers, such as Acxiom, Experian and others.

### Customer Voice

Customer voice combines direct, indirect and inferred customer feedback in the form of social listening, sentiment analysis, text analytics, surveys and customer communities. Analyzing this profusion of customer insight data enables marketers and other customer-facing roles to measure progress against customer experience goals, identify opportunities and issues, and initiate the appropriate actions to impact issue resolution (see [“How Marketing Leaders Close the Loop on Customer Experience Feedback”](#)).

### Customer Insight

Customer insight includes data collected through primary customer research (for example, surveys, focus groups and ethnographic research-associated persona and journey mapping), as well as secondary aggregated data available through market research service providers, such as comScore and Nielsen.

### Competitive Insight

Competitive benchmarking should play a direct role in your customer experience efforts. This is particularly critical for companies operating in fragmented, hypercompetitive markets where customers have an abundance of choice. Here, brand affinity and preference is often directly influenced by customer experience. Although many operational measures of customer experience may not be available to you, track industry indexes that report on customer experience effectiveness, conduct your own peer benchmarking surveys, and directly measure competitor brand sentiment as part of your voice of customer efforts.



**Customer experience initiatives require a strong data foundation.**

## Strategic — Set a Clear Path Forward

Too often, customer experience initiatives are stalled or scuttled by ambiguous goals and objectives or unclear cross-functional strategic direction. To guide customer experience efforts, marketing leaders should commit to goal setting, and invest in persona development, journey mapping and customer experience architecture.

### Goal Setting

How do you define success? Although customer experience excellence may feel like simply the right thing to do, that's an insufficient argument for securing resources and sustaining commitment over time. Your customer experience initiative must begin with a clear definition of goals and objectives to inform your definition of success and guide your progress over time (see [“CMO Insight: How to Justify the Business Value of Customer Experience Investments”](#)). This should include direct measures of top- and bottom-line impact, such as growth in customer lifetime value (CLTV) and customer retention rates.

According to Fred Reichheld of Bain & Co., who introduced the Net Promoter Score (NPS) methodology, increasing retention rates by just 5% can impact profitability by 25% to 95%. Why? Because the cost of driving repeat purchase is far lower than converting a net new customer. That may be reason enough to justify your customer experience investments.

Customer experience initiatives, because of their broad cross-functional mandate, require cross-functional participation in the definition of goals, selection of methodologies and identification of the appropriate operational metrics to measure and optimize performance. In addition to high-level goals linked to corporate priorities, you'll also need to define the intermediate operational metrics that help guide day-to-day decisions and priorities. For example, trending NPS provides a useful, if incomplete, picture of customer sentiment and advocacy over time. Customer Effort Score (CES) helps you identify pinch points and bottlenecks in multichannel customer engagement. Since no single metric or methodology will yield a

complete picture of customer experience, you'll need to create a composite view of metrics for which you set goals and measure and optimize continuously (see [“Beyond Net Promoter Score: The Evolution of Customer Experience Metrics”](#)). Table 1 presents an example of a potential composite view of customer experience metrics.

Investing in the modeling and analysis is important to determine which operational metrics are the leading indicators of your strategic goals. Identify the moments that matter most — the subset of customer touchpoints that disproportionately create or destroy value with your highest valued customers. Once these touchpoints are identified and instrumented for measurement, be sure that key customer-facing stakeholders — organizations directly contributing to customer experience — are organized, oriented and compensated in accordance with these metrics.

**Table 1. Composite View of Customer Experience Metrics**

	Answers	Sources	Current Model	Use Cases
Advocacy	Would you recommend us?	One- to two-question survey	NPS	B2C Service industries
Ease	How easy are we to do business with?	Web behavior (time to transact, depth, chat use)	CES Customer journey analytics	Online retailers Frequent transaction providers
Economic Value	What's your LTV?	Cart size (business intelligence) Value personas (CRM)	LTV	High-margin, high-consideration products 80/20 customer bases
Social Value	Are you a multiplier?	Social followers (social tool)	Social influencer	Consumer brands Competitive service categories

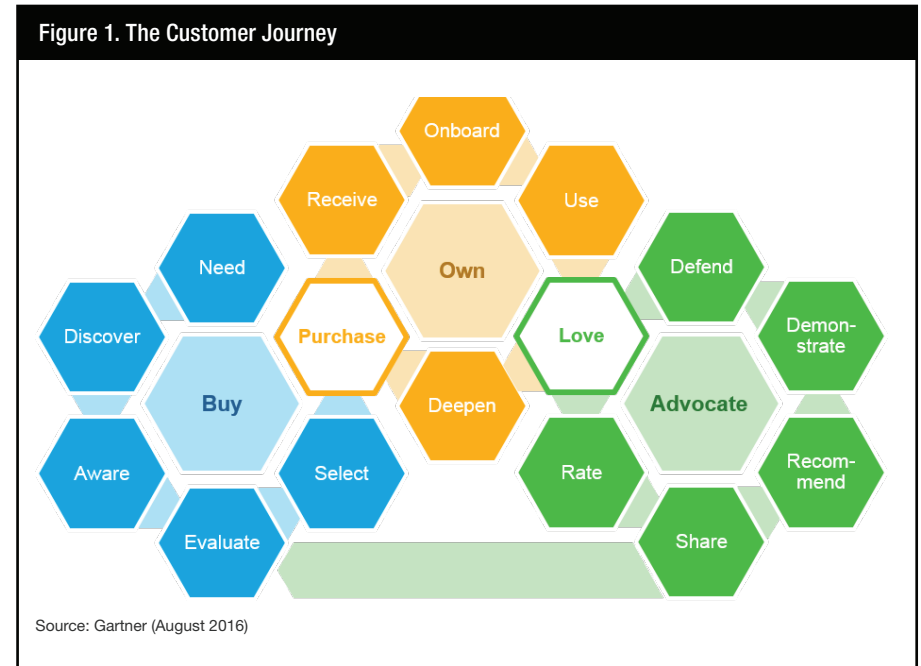
Source: Gartner (August 2016)

## Persona Development

If the first rule of customer experience is to know your audience, then the second rule may be to codify that knowledge with personas that inform the planning and prioritizing of your customer experience investments. Personas are audience archetypes that abstract out the behaviors and preferences of the customers and prospects you engage with (see [“How to Build Segments and Personas for Marketing”](#)). These personas should represent a “need state,” which means that as customers’ need states change over the course of a lifetime relationship, they may embody several different personas. Combine demographic, psychographic and even ethnographic field research to define these personas. Once they’re validated, memorialize them as the guiding lights for your customer experience efforts. Next, it’s crucial to use the data defined above to track shifts and drifts in behavior patterns, recognizing that customers’ inferred membership in a specific persona group is subject to change as their need state shifts.

## Journey Mapping

As a byproduct of your persona research, seek to capture detail on the rhythm and patterns of a “day in the life” and the steps negotiated on a decision journey and over the lifetime of a customer relationship. This insight becomes the basis for a journey map model that specifies the key moments of engagement with your brand over this relationship, both pre- and postsale, over the long arc of a customer relationship (see [“Use Gartner’s Buy/Own/Advocate Framework to Map Customer Journeys and Deliver Better Experiences”](#)). Importantly, these journey maps are designed “outside-in,” focusing on your customers’ —not just your brand’s — motivations, goals and needs. This journey map provides the temporal context for designing and timing customer experiences that are

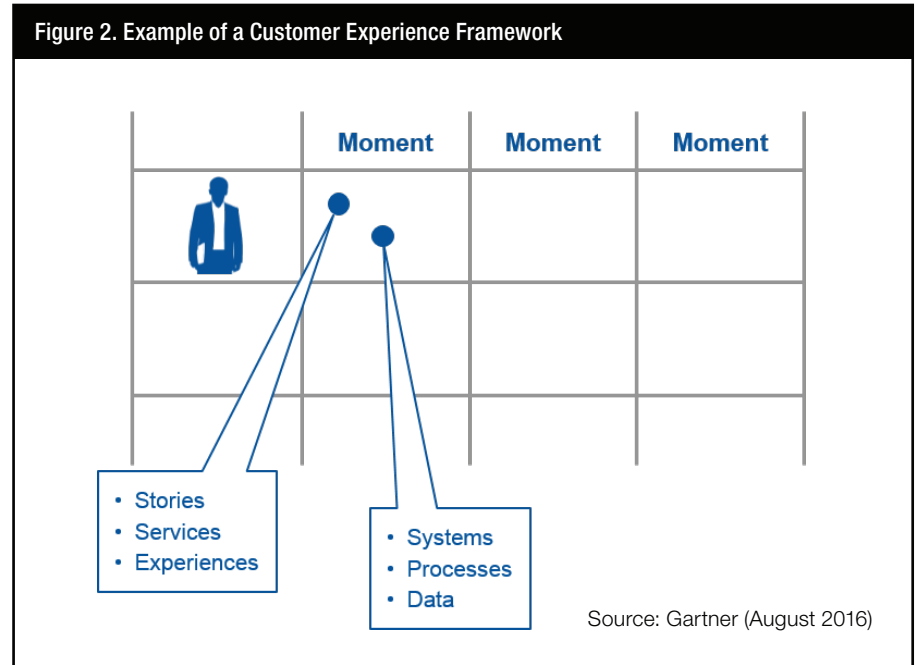


relevant and resonant to your specific audiences. Figure 1 illustrates a high-level overview of a customer journey, which provides a framework for launching a deeper investigation into your customers’ need state across their journey.



## Customer Experience Framework

The combination of persona definitions and journey maps creates the foundation for a customer experience framework that solves the who, what, when and how of customer experience design (see [“How to Design Customer Experiences Using Persona-Driven Customer Journeys”](#)). This framework helps you inventory and prioritize the specific customer experience investments that create utility, convenience, value and delight over the course of a customer relationship. Figure 2 illustrates an example. This framework also allows you to define specifically how to deliver these experiences — the data that’s required, the orchestration paths (both digital and human) and the analytics strategy for measuring and optimizing performance. Identify and incorporate any parallel efforts by product management, for example, which may be more narrowly oriented around product design. Consider how they may inform this broader customer experience initiative. The resulting architecture becomes the framework for cross-functional customer experience strategy and planning. You may consider looking to design consultancies or digital marketing agencies for support in developing your personas, journey maps and customer experience strategies (see [“Magic Quadrant for Global Digital Marketing Agencies”](#)).



## Tactical — Enable Mutually Profitable Experiences

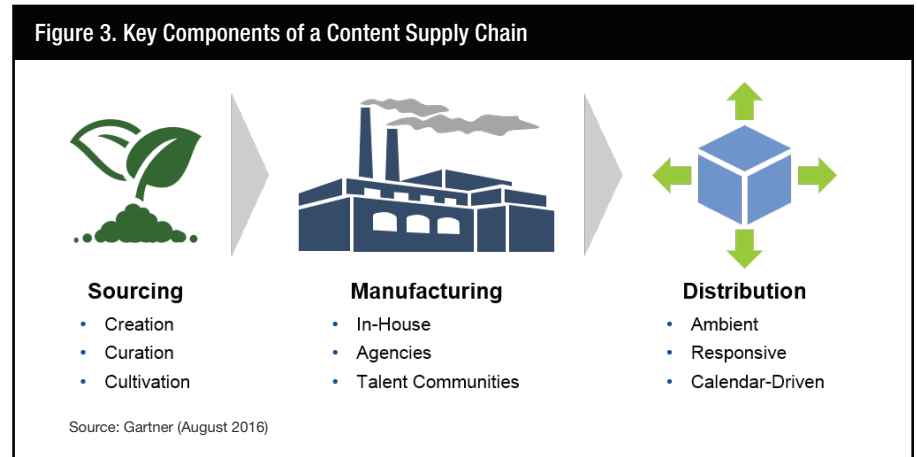
Beyond abstract plans, processes and data are the programs that make customer experiences manifest at the moments that count. For customer experience-oriented marketing leaders, these programs include content supply chain, loyalty programs and advocacy programs.

### Content Supply Chain

Content is the coin of the marketer's realm. But, unlike the majority of marketing content that generally focuses on the brand, the content for customer experience leaders must explicitly serve the audience. The customer experience architecture will help orient your team to the inventory of value-added content assets that address the needs of specific audiences at specific moments. This may include topical commentary and points of view, instructive, how-to guides, videos and whitepapers, interactive "utility" content such as calculators, polls, quizzes and data visualizations. Organize around a content supply chain to feed your audience engagement efforts (see ["Build a Content Supply Chain to Tell Your Brand's Story Every Day"](#)). Figure 3 illustrates the key components of a content supply chain. At the heart of this supply chain is a collaborative workflow for ideation, planning, task and project management, collaboration, distribution, and performance measurement. It will likely also include general-purpose digital asset management systems for managing rich media and purpose-built content marketing tools to streamline planning and workflows (see ["Market Guide for Content Marketing"](#)).

### Loyalty Programs

Loyalty marketing programs focus on driving CLTV, often by providing repeat purchase incentive through tactics such as loyalty cards, membership rewards, discount clubs, advocacy and referrals, as well as less incentive-driven tactics, such as personalized next-best offer. Supporting these programs are point accrual and redemption systems that allow brands to administer programs at scale. Loyalty marketing is used to increase brand



preference, affinity and loyalty to drive wallet share with existing customers. However, these programs often constitute a form of transactional loyalty that can be less durable than the form of loyalty that comes from exceptional customer experiences (see ["Market Guide for Loyalty Marketing Platforms"](#)). Ideally, these transactional loyalty programs are executed in conjunction with — not instead of — broader customer experience innovations.

### Advocacy Programs

Where loyalty is about growing CLTV, advocacy is about growing positive word-of-mouth at scale. Actually, the ideal goal is a combination of both working in concert — loyal customers who are also advocates, which Gartner calls "loyads" (see ["Migrate Repeat Buyers From Loyal Customer to Brand Advocate"](#)). Loyal customers who are also advocates are more genuinely loyal (and thus at a lower risk of defection), and they demonstrate a higher effective economic value because of the incremental revenue they influence. Advocacy programs include brand and user-generated content in the form of customer testimonials, referral networks, and rating and review programs.



## Operational — Orchestrating and Optimizing Experiences

This domain focuses on how you turn data-driven insights into appropriately timed and targeted actions through a combination of digital and human interaction, and how to connect these interactions to business outcomes. For customer-experience-focused marketing leaders, this includes mastery of automation and orchestration, along with analytics and optimization.

### Automation and Orchestration

Automation and orchestration enable targeted audience interactions at scale. For customer-experience-oriented marketers, it includes two variants of these capabilities:

- Marketing automation, often in the form of multichannel campaign management (see [“Magic Quadrant for Multichannel Campaign Management”](#)) and digital marketing hubs (see [“Magic Quadrant for Digital Marketing Hubs”](#)).
- Customer experience management platforms that provide voice-of-customer data, capabilities for role-based and functional views of customer experience data, and workflows for routing and resolution of customer issues.

Marketing automation enables content, messages and offers to be timed and targeted to the appropriate audience and channel. Customer experience management enables customer voice and feedback to drive cross-functional, multichannel actions by filtering insights and incidents to the appropriate organization and role. This closed-loop approach ensures customer experience issues are funneled to the correct stakeholders across functions, beyond the marketing organization. Importantly, this requires broad cross-functional alignment to the goals and responsibilities implied by this program. All stakeholders must be bought in.

### Analytics and Optimization

Similarly, for customer experience-oriented marketing leaders, analytics encompasses two variants:

- Web and multichannel analytics used to understand audience traffic and conversion behaviors across audience touchpoints (see [“Magic Quadrant for Digital Marketing Analytics”](#))
- Voice-of-customer analytics for collecting and acting on direct, indirect and inferred customer sentiment

Both sets of capabilities enable marketers to operationalize the goal setting by defining key performance indicators and instrumenting interactions for measurement against these goals. For example, a goal for web and multichannel analytics may be uplift in traffic converting to opt-in or transaction or a reduction in bounce or cart abandonment rates. A goal for voice-of-customer analytics could be uplift in NPS or reduction in incident resolution time.



**Focus on how you turn data-driven insights into appropriately timed and targeted actions.**

## Turning Insight Into Action — Across Channels

In sum, the key customer experience foundations outlined in this research inform experiences delivered via multiple channels that lie both within and outside of marketing's sphere of control. These channels include websites, mobile, social, commerce and other nonmarketing channels.

### Websites

Despite the explosion of multichannel digital touchpoints, your websites probably remain your primary face to the market. According to Gartner research, the corporate website ranks second only to digital and online advertising in spending priority at 11% of overall digital marketing budgets (see [“CMO Spend Survey 2015-2016: Digital Marketing Comes of Age”](#)). These web properties are primary publishing endpoints for your content supply chain and important touchpoints for customer engagement. Specifically, when and where this engagement happens is dictated by the prescription provided by your customer experience architecture. The infrastructure for your web content management includes a variety of commercial and open-source options (see [“Magic Quadrant for Web Content Management”](#)).

### Mobile

Mobile is the connective tissue between online and offline experiences, providing the basis for concierge-like experiences as customers traverse a decision journey and over the course of their lifetime relationship with a brand (see [“Maturity Model for Mobile Marketing”](#)). For many brands, the majority of audience traffic, social activity and a sizable percentage of commerce transactions are attributable to a mobile device. This means that the customer experience marketer must serve the needs of both prospects and customers via mobile-optimized websites and native mobile apps. The latter, in particular, are crucial for creating and engaging loyal customers.

### Social

Ninety-two percent of consumers trust earned media — in effect, social networks — over other forms of advertising and influence. This finding, while perhaps not a surprise, points to the growing urgency for brands to cultivate advocates on the social web (see [“Build an Influencer Social Marketing Program That Delivers Results”](#)). Increasingly, prospects seek the opinions of these trusted social networks as part of their own self-directed research. That's why, as a customer experience marketer, it's critical to incorporate social sharing features into multichannel experiences and to use social listening and sentiment analysis (see the Customer Voice section) to understand and manage the voice of detractors by responding appropriately to their issues and to magnify the voice of promoters by making it easy and attractive to advocate for your brand over time.

### Commerce

Savvy marketers recognize that simply standing up a storefront is no longer sufficient to create and sustain differentiation that creates loyalty and advocacy. Marketers have the opportunity to create differentiation on the basis of the commerce experience itself. Consider Amazon's successful use of one-click ordering, subscription-based reordering for replenishing regularly used products, site personalization of targeted recommendations and the Dash button to bring commerce to points of consumption. Or, how Starbucks has incorporated its loyalty program and mobile payments into the in-store experience through its popular mobile app. Or, how Nordstrom has eliminated the seams between online and offline channels by integrating its supply chain and allowing great flexibility in pickup, delivery and return options for orders through all channels. These are notable examples because they better serve the customer by reducing friction and adding convenience in the commerce experience.

## Nonmarketing Channels

While marketing has a growing role to play in customer experience initiatives, the scope of a customer experience will almost always exceed the formal boundaries of the marketing organization. That’s why it is critical that customer experience initiatives begin with a cross-functional orientation — and the support of cross-functional stakeholders. Just as importantly, to be successful, these initiatives require processes for sharing customer insights and driving the appropriate actions through the digital and human-centric channels within and outside of marketing’s control. These interactions often include call centers and customer service organizations, in-store and point-of-sale experiences and brokers, agents, distributors or franchisees. No single function should be a bottleneck. The highest-performing companies establish processes that cross these boundaries, ensuring that insights flow to the appropriate stakeholders and that actions can be taken in the moments that count, in the service of the customer experience (see Table 2).

**Table 2. Customer Experience Foundations for Marketing Leaders**

Domain	Description	Sample Providers
Customer Data	A unified audience record that captures profile, preferences and all pre- and postsales interactions	Axiom, Experian, Harte Hanks
Customer Voice	Direct, indirect and inferred customer feedback through social listening, sentiment analysis and surveys	Medallia, InMoment, MaritzCX, Brandwatch, Crimson Hexagon
Customer Insight	Primary research and secondary panel data to inform understanding of customer needs, preferences and perceptions	comScore, Nielsen
Competitive Insight	Use of primary and secondary benchmark data and customer voice for tracking and optimizing competitive performance	TrackMaven, Meltwater
Goal Setting	Definition of strategic key performance indicators and operational metrics to guide your customer experience efforts	N/A
Persona Development	Archetypes that embody the behaviors and preferences of specific audience need states	Razorfish, Ideo, Isobar, TandemSeven
Journey Mapping	Detailed definition of the stages and touchpoints of a customer decision journey and/or lifetime relationship	Razorfish, Ideo, Isobar, TandemSeven, Touchpoint Dashboard
Customer Experience Architecture	A framework that combines personas and journey maps to inventory and prioritize cross-functional customer experience investments	Razorfish, Ideo, Isobar, TandemSeven, Touchpoint Dashboard
Content Supply Chain	The workflow for fueling customer experience initiatives with relevant and resonant value-added content	Adobe, Sitecore, Percolate, Kapost
Loyalty	Incentive and rewards programs to grow CLVT through a system of points/credit accrual and redemption	Brierley+Partners, Maritz, Comarch
Advocacy	Programs to drive positive word of mouth at scale through references, referrals, ratings and reviews	Influitive, Bazaarvoice, Pluck, Extol
Automation and Orchestration	The tools and workflows that drive appropriately timed and targeted audience interactions at scale	Adobe, Oracle, Salesforce, Marketo, Kitewheel
Analytics	Instrumentation and analysis of customer touchpoints to measure and optimize performance to goals	IBM, Adobe, Webtrends, Google
N/A = not applicable		

Source: Gartner (August 2016)

# GARTNER RECOMMENDED READING

[“How to Design Customer Experiences Using Persona-Driven Customer Journeys”](#)

[“How to Align Customer Experience to Marketing Channel Operations”](#)

[“How Marketing Can Lead Organizationwide Customer Experience Maturity”](#)

[“How to Build Segments and Personas for Marketing”](#)

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