Gartner for Marketers

Customer Experience Primer for 2016

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Customer experience is the new competitive battlefield. But what exactly does that mean for the marketing leader? This overview summarizes how Gartner's 2016 research will help them win the battle for customer loyalty and advocacy by serving their changing needs and expectations.
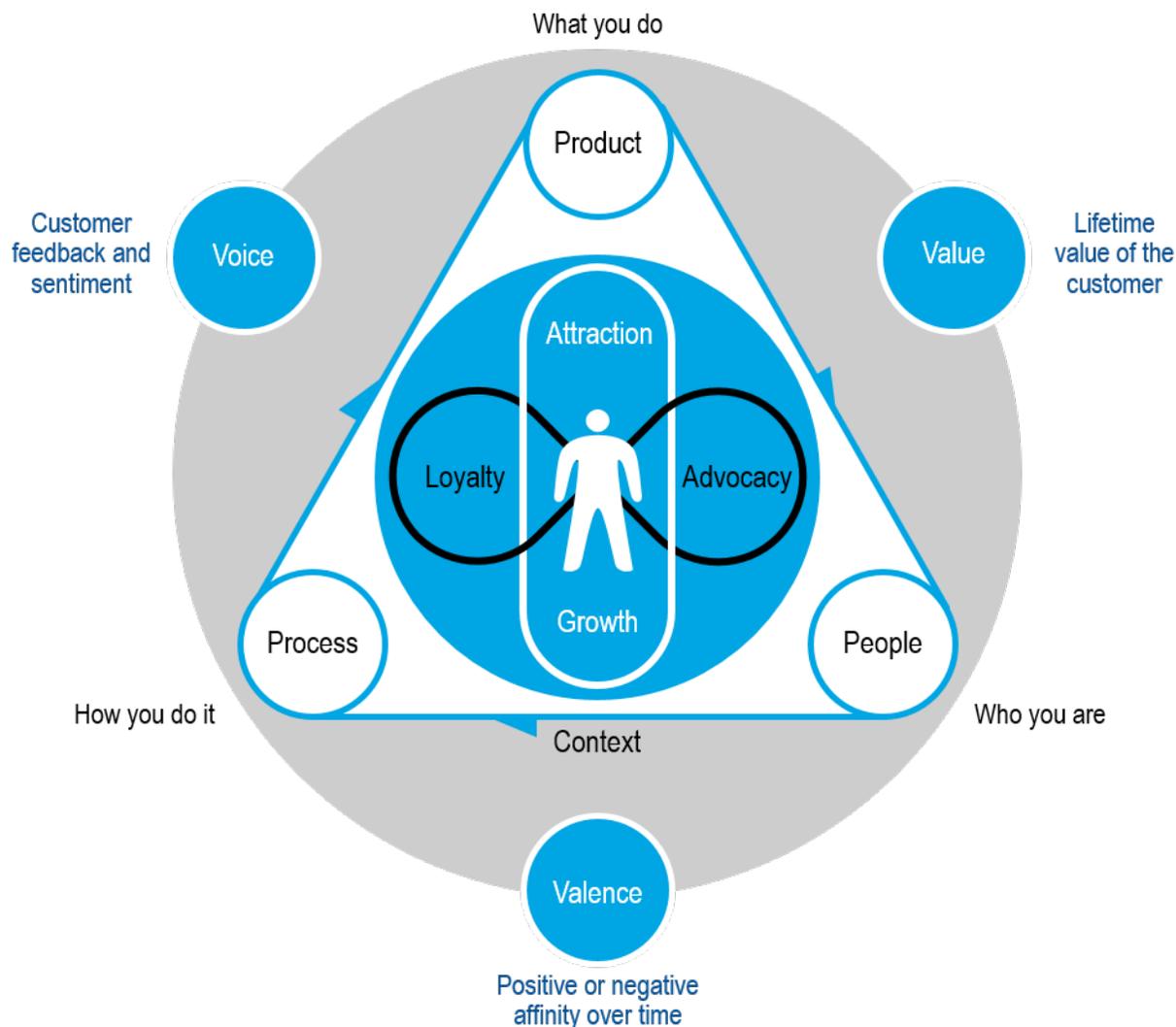
Scope

Today, 89% of marketers compete primarily on the basis of customer experience — discrete moments that, together, strengthen or weaken a customer's preference, loyalty and advocacy. This agenda covers:

- The role of marketing in a broad-based customer experience strategy.

- Designing and executing an effective customer experience strategy.

- Understanding how marketing can positively impact longer-term loyalty while also driving short-term results with the right balance of investments.

- Tools and techniques to design, measure and optimize customer experience.

Analysis

Figure 1. Customer Experience Overview

What you do

Product

Customer feedback and sentiment

Voice

Value

Lifetime value of the customer

Attraction

Loyalty

Advocacy

Growth

Process

People

How you do it

Context

Who you are

Valence

Positive or negative affinity over time

Source: Gartner (January 2016)

Most executives agree that customer experience is the modern competitive battlefield. Accordingly, marketing leaders are now expected to contribute substantially to this mandate. This means designing and delivering exceptional experiences that are digitally led, data-driven and multichannel.

But, as the sum of every interaction, presale and postsale, customer experience can be hard to pin down. Its broad scope and ambiguous definition means that marketers and customer experience leaders must be precise in defining priorities and diligent in aligning cross-functional resources.

The customer experience is manifested by *who you are* — your people; *what you do* — your products and services; and *how you do it* — your business processes, methodologies and service levels*. It also includes the increasingly important issue of user experience and thoughtful application of design and aesthetics.

The customer experience, of course, begins with your customer's needs and goals as the central design point. Your goal is to attract and grow customer relationships, earn customer loyalty, and activate their advocacy. The Gartner for Marketing Leaders customer experience research agenda helps you bring the highest-value customer experience investments into focus, connecting the customer experience to business results, building better alignment within marketing and across other functions, and using data to inform how customer experience investments are prioritized.

Top Challenges and How Gartner Can Help

Gartner's 2016 research will help marketing leaders in several ways. Our research will help marketing leaders identify and improve the customer experience where it counts by bringing the highest-value customer experience investments into focus. It will help marketing leaders balance longer-term customer loyalty goals with the short-term business impact they're expected to deliver. Finally, it will help marketing leaders balance the operational customer experience disciplines of measurement and optimization with the sort of disruptive innovations that create lasting competitive advantage.

How do we align cross-functional customer experience investments to goals and priorities?

When customer experience efforts are undertaken without a common framework and a unified set of goals and priorities, good intentions can run amok. Distributed stakeholders are often set adrift to define their own conflicting and competing priorities. The results are duplicated or uncoordinated efforts that can impact the cost and quality of projects and, ultimately, diminish the customer experience itself.

Instead, all stakeholders need to work from a unified plan that defines the who, what, when, why and how of the customer experience. They need to work together to define and prioritize this plan and ensure it i's properly communicated and enforced as the governing mechanism for cross-functional efforts.

Of course, while marketing's role in customer experience is on the rise, it is and will remain an inherently cross-functional effort. Thus, marketing leaders must assess what their role is in either leading or contributing to the customer experience and then work to make it inclusive of other contributing functions.

Gartner's customer experience research agenda provides Toolkits, frameworks and best-practice advice for developing this framework. We will publish research on segment and persona development, customer-journey mapping and development of the front- and backstage blueprints that connect outside-in customer experience designs with the inside-out view of how your business actually operates.

Planned Research

- **Gartner's Customer Experience Framework—** This foundational research will describe the steps you need to take to reorient your business to an outside-in approach to customer experience.

- **How to Structure Cross-functional Customer Experience Teams —** This best-practice research will describe how high-performing organizations organize and align cross-functional customer experience (CX) teams, where many of these stakeholders are outside of your direct sphere of control.

How do we capture customer feedback and insights and turn them into the right set of actions to improve customer experience?

Measuring customer experience is often a substantial challenge for organizations that find themselves relying solely on incomplete measures like Net Promoter Score (NPS) or measuring more or less anything that isn't nailed to the floor. Neither approach is particularly useful. Marketers and customer experience leaders need to select the right set of metrics and methodologies to deliver actionable insight.

Importantly, these metrics and methodologies must be strongly correlated with the goal of any customer experience initiative: driving loyalty and advocacy. In addition, leaders need to select the appropriate tools and infrastructure for capturing direct, indirect and inferred customer insights; for funneling these insights to the stakeholders within the organization who can take action; to "close the loop" with customers to help restore relationships; and for identifying the root causes of the issues for continuous improvement.

Gartner's customer experience research provides market guides to help with vendor selection and best-practice insight and how-to advice to select the right metrics and methodologies to build a customer experience culture that continuously listens to and learns from the voice of the customer.

Planned Research

- **Market Guide for Voice of Customer Vendors —** This research will profile the ecosystem of customer feedback and customer insight vendors providing tools that enable voice of customer (VoC) initiatives.

- **Creating a Customer Experience Dashboard —** This best-practice research will provide guidance on how to assemble and report on a linked hierarchy of customer experience metrics.

How can we balance short-term results with long-term customer lifetime value (LTV)?

Traditional approaches to marketing often focus on short-term results, sometimes at the expense of longer-term customer lifetime value. Today's customer experience initiatives, on the other hand, often focus on longer-term benefits without a line of sight to shorter-term revenue impact.

The reality is that, sometimes, customer experience efforts can look and feel like an academic exercise, with their deep investments in primary research, data analysis, and modeling of segments,

personas and buying journeys. According to one Gartner study, only 11% of companies said they could demonstrate a return on customer experience investments in dollar terms. Today, executives expect a measurable impact that balances both short- and longer-term growth objectives.

Gartner's customer experience research agenda focuses on the models and best practices for targeting and prioritizing investments based on the goals, priorities and key performance indicators of the business, with an eye toward driving growth today and over the longer arc of the customer relationship.

Planned Research

- **How to Manage Customer Experience Metrics —** This research will provide guidance on how to select the right combination of customer experience metrics, from NPS to customer satisfaction (CSAT) to effort score.

- **Gartner's Seven Types of Customer Experience Projects —** This research will provide a framework for understanding the universe of CX project possibilities, from tactical to strategic.

How can we innovate the customer experience for game-changing business advantage?

Customer experience initiatives are often fueled by the collection and analysis of a trove of operational data that helps business leaders tap into the voice of the customer and the performance of their customer experience efforts. While this data is essential, it can also lead to a sort of myopia that blinds marketers and customer experience leaders to the more strategic opportunities to innovate.

Uber and Lyft are now oft-cited examples of companies that fundamentally disrupted somewhat moribund markets by rethinking the way value was created and delivered and redesigning the customer experience for the connected consumer. Let's face it: The insight informing this sort of innovation rarely comes from customer feedback. It requires a discipline of experimentation, testing and validating new ideas that have the potential to become the foundation for next-generation experiences and business models.

Through a series of frameworks, best practices and cross-industry examples of customer experience innovations, Gartner's CX research agenda will help you evolve from operational to innovative.

Planned Research

- **How to Evolve Customer Experience from Operational to Transformational —** This research will look at key patterns and examples for inspiring your own customer experience innovations.

- **Five Innovations to Improve the Customer Experience —** This foundational research will offer guidance on how to structure and prioritize customer experience innovation investments.

Related Priorities

Table 1. Related Priorities

Priority	Focus
Multichannel Marketing	Multichannel marketing represents orchestrated interaction across digital and traditional customer touchpoints to acquire, grow and retain customers, engaging audiences and extending relationships.
Data-Driven Marketing	Data-driven marketing (DDM) applies data and analytics to planning and execution processes in order to increase marketing's efficiency and effectiveness.
Marketing Management	Marketing management involves the sourcing, alignment and continuous optimization of people, processes, enabling technology and data to help deliver on business goals in a digitally led world.
Mobile Marketing	Mobile marketing involves using information about people's context (location, identity, relationships and intentions) to tailor information and products that increase customer engagement and sales.

Source: Gartner (January 2016)

Suggested First Steps

- "Customer Experience Emerges as the Marketers' Next Battlefield"
- "Key Customer Experience Foundations for Marketing Leaders"

Essential Reading

- "How to Design Customer Experiences Using Persona-Driven Buying Journeys"
- "Six Patterns of Exceptional Customer Experience Leadership"
- "How to Justify the Business Value of Your Customer Experience Investments"

Tools and Toolkits

- "Toolkit: A Marketer's Checklist to Guide Customer Experience Efforts"

Analyst Profiles

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Evidence

This research was created based on primary and secondary research, and client and vendor interactions.

More on This Topic

This is part of an in-depth collection of research. See the collection:

- Gartner for Marketing Leaders' Research Overview for 2016

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