Customer Experience Management

5 COMPETENCIES FOR CX SUCCESS

qualtrics.

Executive Summary

Great customer experience is not only a tagline, it delivers better business results. In fact, according to a study by Watermark Consulting, public companies classified as "CX Leaders" outperformed "CX Laggards" by nearly 3x over an 11 year period. A separate study by Bain & Co found that industry NPS leaders experienced revenue growth nearly 2x that of their peers over a comparable period of time.

Mature customer experience (CX) programs embed customer insight into every decision and every level of the organization. The results are optimized customer acquisition, decreased churn, and increased customer lifetime value.

This guide provides a description of customer experience management and the outcomes mature programs deliver, centered on five core competencies.

CXM

CUSTOMER EXPERIENCE MANAGEMENT

Continuous Innovation

Culture and Leadership

Connected Employees

Customer Intelligence

CX Mgmt System

CULTURE & LEADERSHIP

Gain executive sponsorship, publish CX values, align departments on common customer objectives, and benchmark against competitors.

CUSTOMER EXPERIENCE MANAGEMENT

Deploy operationally integrated programs that capture omni-channel feedback along the customer journey, identify key satisfaction drivers, and use those insights to improve the customer experience.

CUSTOMER INTELLIGENCE

Gather holistic, authoritative views of customers and drive systematic, strategic initiatives to improve their experience.

CONNECTED EMPLOYEES

Measure and act on employee engagement, empowering employees and instilling customer-centricity across the ranks.

CONTINUOUS INNOVATION

Build programs that scale quickly and test continuously to drive continuous customer experience improvement.

Table of Contents

Organizational & Financial Impact

World-class customer experience programs are designed with business results in mind. Embedding customer insight into each level of the organization enhances strategic decision-making and enables front-line teams to take tactical action in ways that influence both customer and financial metrics.

Mature customer experience programs are designed to achieve these five business outcomes:

1 **Improve customer retention and loyalty**

2 **Increase customer share of wallet and lifetime value**

3 **Optimize customer acquisition**

4 **Reduce cost to serve**

5 **Improve brand awareness and equity**

IMPROVE CUSTOMER RETENTION AND LOYALTY

Reducing customer churn and increasing loyalty are core objectives for most organizations. Churn includes both attrition and defection, and typically results from operational factors (poor service, defective product) and strategic factors (competitive pressure, wrong value proposition).

Customer experience management systems remediate operational failures by pushing customer feedback into the activities of front-line teams and enabling data-based coaching. These programs include case management systems that provide early alerts and ensure consistent responses to customer feedback. The result is a more consistent, optimized customer experience that delivers efficient issue resolution.

Customer research can help identify the sources of customer attrition that extend beyond simple service failure. By understanding both the root causes behind customer sentiment and competitive performance, leaders are able to separate superficial attrition factors from true cause. This intelligence can drive improvements that resolve the underlying drivers of customer dissatisfaction.

REPURCHASE

Promoters have 3-12X* more Customer Lifetime Value than Detractors

TEMKIN GROUP

Behavioral Likelihood vs **Net Promoter Score**

| 16% | 44% | 81% |
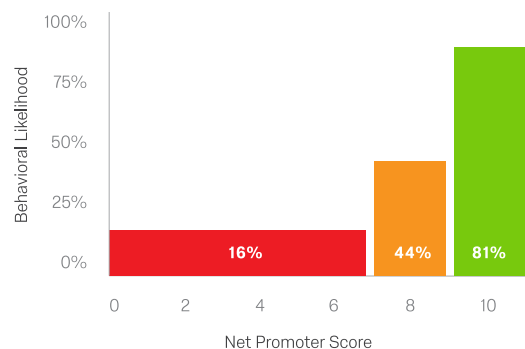
Allianz

Leading global insurer and asset manager

75% OF BUSINESS GROUPS ACHIEVED #1 LOYALTY LEADERSHIP STATUS

Continuous client feedback on a single platform allows Allianz to better address experience management issues across the end-to-end customer journey. The result: 75% of Allianz business groups have achieved #1 loyalty leadership status.

"We're creating a culture of customer centricity within our organization. True Customer Centricity is not a project. It's not a program. It's a culture and a way of doing business that will help us grow and be successful for decades."

CHRIS FISHER, CEO, ALLIANZ AGCS

$

INCREASE CUSTOMER SHARE OF WALLET AND LIFETIME VALUE

Increased customer share of wallet, average revenue per user (ARPU), and overall customer lifetime value (CLV) are objectives of most customer experience programs. Segment-specific research into drivers of upsell and cross-sell can influence investment priorities and identify the bundled offerings most relevant for each customer. This research typically involves both customer feedback and operational data, enabling a richer more actionable view of customer behavior.

// 86% of consumers are willing to pay more for a better customer experience. **BAIN AND CO.**

Customer experience limitations often limit the frequency and size of individual transactions. Post-transaction feedback serves as an ideal point to identify the barriers to greater customer spending. Managers can leverage customer insights to improve team performance and adjust service delivery in the ways that minimize required customer effort. In addition, customer insight can be used by management systems to provide automated recommendations and alerts, allowing customers to receive the right offer at the right time. When service levels fall short, case management systems ensure issues are resolved quickly, resulting in more satisfied customers and a greater likelihood of repeat purchase.

// Customers who give scores in the "excellent" category are 4.5 times more willing to pay a premium for the experience than customers who have "very poor" experiences. **FORRESTER**

// Customers may be very satisfied with your brand and happily recommend it to others—but if they like your competitors just as much (or more), you're losing sales. **THE WALLET ALLOCATION RULE**

1800 contacts®
The world's largest contact lens store

3.8 PERCENT INCREASE IN PRODUCT REORDERS
Net Promoter Score has surged 13 points since the company's customer experience revamp. And the tangible business value? Since installing a full-scale customer experience management program, the company has seen a 3.8 percent increase in product reorders. That means more than $135,000 in additional monthly revenue, or $3.2 million since launch.

"Customer retention is what drives us. The real value in this business is the reputation we build."

THREE

OPTIMIZE CUSTOMER ACQUISITION

Customer experience programs are built to accelerate customer acquisition in ways that drive profitable growth and increase market share. Critical steps include the following:

1 **Identify priority customer segments:** Comparing lifetime customer value and segment size against a cost-to-acquire measurement allows leaders to focus experience improvements on the customers that matter.

2 **Deliver the right experience:** Customer research enables leaders to determine which experiences, products, and services are most important to customers.

3 **Capture feedback:** Capturing real-time feedback allows leaders to identify both successes and shortcomings and the inhibitors to improved customer purchase behavior.

4 **Adjust what you deliver:** Making strategic changes to the experience and what is delivered can influence customer purchase behavior and help better satisfy customer expectations.

Customer feedback is critical to evaluating the cost effectiveness of acquisition methods. By understand the root underlying purchase decisions, leaders are able to evaluate the effectiveness of sales strategies at a segment level. This visibility helps direct spend and attention to the efforts that result in profitable growth.

Swiss Re

Leading international wholesale provider of reinsurance

3-POINT MARKET SHARE GAIN

A robust customer experience management program grew overall customer satisfaction by 27% and boosted NPS +7 points in six months. Even more important, the program delivered insights that contributed to a 3 point increase in market share in a highly competitive industry.

"Our NPS has risen every year and closing the loop is now a seamless process."

REDUCE COST TO SERVE

Reducing costs and prioritizing investments are core benefits of customer experience management. Managers can drive positive change when they're informed by the drivers of cost to serve by segment, types of service failures, and other factors.

Management systems incentivize optimal and consistent service delivery by providing visibility to the real-time results of customer interactions. Team and competitive benchmarks provide valuable context, enabling leaders to identify best practices and focus on underperforming team members. The result is a greater likelihood of customer satisfaction and initial task completion. Case management solutions can alert teams to issues before they occur and ensure issues are resolved quickly and efficiently. In addition, leaders have the customer and operational insights they need to evaluate which practices and approaches best result in customer success. The net result is decreased burden on support teams.

Customer feedback can be used in concert with operational data to measure and track the cost to retain customers. This metric relates to the total marketing efforts essential to reinforce loyalty in existing relationships. By identifying key drivers of marketing efficacy and evaluating against cost to deliver, leaders can invest in the approaches that best deliver ROI. In a similar manner, customer feedback and analytics can be used to anticipate ROI related to potential marketing campaigns and experience investments, allowing leaders to plan effectively.

Cross-industry research shows that happy customers are more than

// 5x as likely to repurchase

// 6x as likely to forgive

// 8x as likely to try other products/services

// 3x as likely to spread positive WoM

TEMKIN GROUP

Full scale window and door manufacturer

RESOLUTION TIME FROM ONE DAY TO ONE HOUR

Loyalty and cost savings go hand in hand. Pella has lowered their overall customer experience investment by 30% while also slashing customer resolution time from one day to one hour. And customers have responded: repeat purchases are up 5%, and NPS has risen +9 points.

"Pella improves NPS, employee engagement, and case resolution time."

FIVE

IMPROVE BRAND AWARENESS AND EQUITY

Customer experience programs seek to change brand detractors to promoters and brand promoters to evangelists. By identifying the drivers of brand awareness, brand equity, and share of mind, leaders can invest in the right places. Mature CX companies combine analytics and comparative assessments to understand customer behavior and brand performance in the context of competing options.

Programs drive brand awareness and improve perception by instilling a greater focus on the customer at every level of the organization. With incentives and real-time performance insights, teams can coach and drive service improvement. In addition, systematic follow up systems encourage representatives to respond to dissatisfied customers and resolve issues before they turn to public forums to vent their frustration.

vivint.

Leading provider of smart home technology with more than 900,000 customers in North America

STRENGTHENING LOOK, FEEL, AND VOICE OF THE BRAND

System integrations with CRM and dynamic dashboards are the core of customer experience management. Streamlined processes provides better responsiveness and visibility, reducing overlap and strengthening the look, feel, and voice of the Vivint brand.

"Qualtrics has helped unite our organization and improve our total customer experience."

The 5 Competencies

We encourage organizations to evaluate their maturity against the five core competencies discussed in this document, each of which can be practiced at varying levels of sophistication.

As organizations improve each of these competencies, they reap the business benefits mentioned above: improved loyalty and retention, greater share of wallet, better customer acquisition, lower costs to serve, and improved brand awareness.

Program by Maturity Tier

	BASIC	FOUNDATIONAL	ADVANCED	STATE OF THE ART
CULTURE AND LEADERSHIP	Basic executive sponsorship for customer experience measurement and associated initiatives	Published CX metric goals for organization, with basic executive sponsorship for measurement and associated initiatives	Published CX metric goals for organization, with executive sponsorship for measurement and communication across functional teams	**Culture of CX based on executive sponsorship and full cross-functional alignment; values are regularly communicated and embedded in incentives**
CUSTOMER EXPERIENCE MANAGEMENT SYSTEM	Basic system of real-time, transactional customer feedback	Real-time customer feedback capture, closed-loop follow up at key touchpoints	Real-time customer feedback capture, closed-loop follow up at key touchpoints, with role-based management across key teams	**Systematic feedback capture and case management across all touch points with role-based management, operational integration, and analytics**
CUSTOMER INTELLIGENCE	Basic alignment on need to understand customer relationships	Simple relational measurement and ad-hoc research to identify priorities; competitive benchmarking to understand gaps	Relational and strategic customer research, complemented with operational benchmarking and advanced customer analytics	**Regular, strategic, sophisticated research to drive cross-functional improvements using advanced customer segmentation and analytics**
CONNECTED EMPLOYEES	Basic alignment on need to capture and respond to employee feedback	Begin to capture and respond to employee feedback	Employee engagement measurement across key teams, with reporting and communication across the organization	**Culture of regular employee engagement measurement, reporting, and communication across teams, with regular iniatives to drive improvement**
CONTINUOUS INNOVATION	LImited methodology testing	Basic methodology testing; report visualization adapts to business needs	Regular methodology, sampling, and distribution testing within central team; visualization adapts to management reporting	**Culture of learning and innovation that encourages regular enhancements to methodology, sampling, and distribution strategies across teams**

ONE

Culture and Leadership

Culture and Leadership

Establishing a customer-centric culture requires executive leadership and cross-functional alignment. The values and principles leaders communicate must be embedded at each level of the organization, reflect in performance management targets, and influence strategic priorities. By embedding customer priorities into the organization, leaders have an additional lever to drive profitability, employee retention, and revenue growth.

1.1

EXECUTIVE SPONSORSHIP

The customer agenda should be a priority at the highest level. If it is, then executives are held accountable to CX metrics and regularly communicate successes and account for shortcomings widely to the company. They communicate consistently in internal and external channels to keep the organization accountable. They recognize CX as a key leverage point for durable competitive advantage and routinely undertake strategic initiatives to improve.

84%
of firms aspire to be a CX leader

BUT ONLY

1 OUT OF 5
delivers good or great CX

FORRESTER

1.2

ORGANIZATIONAL ALIGNMENT

Leadership is visible in the way teams work together to improve CX metrics and objectives. In leading CX organizations, departments share the same customer experience vision, though each addresses different aspects of the challenge. These companies are aligned on common processes and data sharing practices. They treat accountability to customer as a shared responsibility.

Organizations typically empower a team responsible for the central management of CX to ensure integrity of the system, standardized measurement, and robust goal setting. The team receives sufficient resources and ultimately has the support of executive leaders.

1.3

COMMON CUSTOMER METRICS

Organizational alignment requires common metric targets that are accepted across the organization. The type of metric used matters less than the degree of consistency across teams. Metric performance must be widely shared across the organization and implemented in ways that are relevant to individual team performance.

Strong alignment on common metrics allows organizations to compare historically, across teams, and against competition. Leaders are able to easily and objectively identify over- and underperforming teams, understand gaps in relation to peers, and track progress over time.

1.4

PUBLISHED CUSTOMER VALUES

Leading CX organizations communicate CX values at every level of the organization. Values should be specific, with a short vision statement that clearly conveys priorities and how these priorities translate to action. Organizations may consider publishing values to customers to communicate the vision and increas accountability.

amazon.com

CUSTOMER OBSESSION

Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers.

MARRIOTT

WE PURSUE EXCELLENCE

Our dedication to the customer shows in everything we do.

hp

PASSION FOR CUSTOMERS

We put our customers first in everything we do.

TWO

Customer Experience
Management System

Customer Experience Management System

Building a stable, repeatable process for capturing customer feedback at every customer touchpoint and moment of truth is foundational to CX management. Best-in-class organizations build in mechanisms to respond to feedback and close the loop at scale with customers. In addition, these organizations provide teams the relevant, real-time metrics they need to coach their teams and improve how they operate.

2.1

OMNICHANNEL MEASUREMENT

Customers expect to be able to give feedback wherever they interact with an organization. Capturing feedback at the time of the experience and through the appropriate channel contributes to greater response rates and overall response quality. Below are several channels where feedback is critical:

- **Contact Centers**—Leaders use customer feedback and operational insights to provide data-based coaching and drive greater satisfaction and productivity. Agents have the case management tools they need to close the loop with customers.

- **Locations**—Post-transaction feedback, site-specific measurement, and mystery shopping insights enable retail locations to understand and accelerate purchase behavior.

- **Website**—Your customer experience often begins on your website. Digital measurement is critical to understanding the barriers to satisfaction and conversion on your digital sites.

- **Mobile & In-App**—Customer engagement is increasingly becoming app-centric. Capturing feedback during the app experience and through SMS is particularly critical for younger demographics.

- **Social**—Customers often give valuable feedback over social channels that would otherwise be unavailable to you. Capturing feedback over social channels ensures what is expressed externally can be quickly understood and addressed.

KEY DRIVERS AND ROOT CAUSE ANALYSIS

Ensuring efficient resolution of individual customer issues is necessary but not sufficient for long-term improvement. Rather, organizations must be dedicated to understanding and resolving the root causes of customer dissatisfaction.

Customer experience measurement, whether it is conducted after a transaction or simply at a key moment, typically allows customers to indicate their satisfaction, what is influencing that sentiment, and what can be done to improve. When merged with operational and transaction-specific data, organizations have full context into the drivers of customer behavior and sentiment and can take appropriate action.

Customers often provide valuable feedback in free-form text. Text analysis tools parse the data to identify common themes and priorities. Sentiment analysis provides an additional layer of understanding to customer feedback.

One approach to root cause improvement relies on identifying the underlying drivers of customer pain and delight across the experience as a whole. When drivers are combined in a 2x2 matrix, this construct allows leaders to prioritize improvements in areas that drive the greatest impact to customer satisfaction. These "make or break" areas of improvement boost customer delight and minimize customer pain. Other improvements may be deemed more hygienic, because they simply reduce customer pain. Improvements that increase customer delight but fail to remediate pain are also of secondary importance in comparison to the top right quadrant. Of course, satisfaction drivers that fail to significantly influence customer delight or pain fall to the bottom of the priority list.

The increasing volume and dispersion of data mean that organizations increasingly have to rely on statistical analysis to get to the root of customer issues. Advanced tools make it easy to identify correlations, explain variables, and gauge statistical significance.

FROM PAIN TO DELIGHT
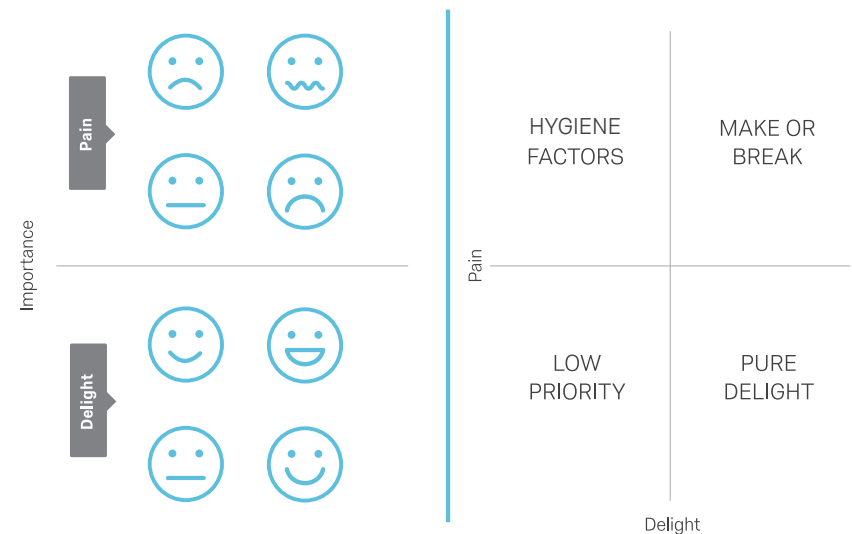
ROLE-SPECIFIC MANAGEMENT

Customer experience programs embed relevant customer and operational metrics into each level of the organization. Flexible role-based dashboards ensure real-time insights and operational metrics are displayed to the right teams and individuals. With relevant customer information, teams can optimize how they operate in ways that improve customer and business outcomes.

For example, executives have access to high-level business and operational metrics and key drivers at a geography and business level. Managers view how their team is performing and provide data-based coaching, while customer-facing employees can see account-level detail and take action based on automated alerts and real-time feedback.

Role-based management means tailored views for each function, specific to the business objectives of each team. For example, sales organizations might display customer feedback at a representative and account level, with insight into the key drivers of win rate. In contrast, contact center organizations benefit from customer satisfaction metrics side by side with first call resolution and other productivity metrics, allowing leaders to coach teams and make decisions with full context.
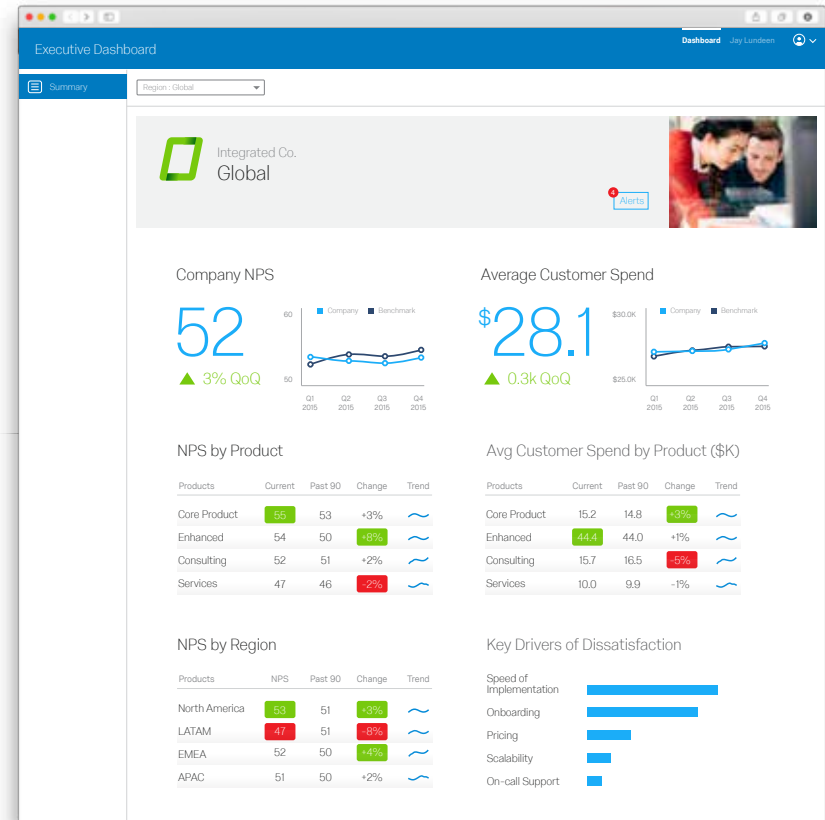
EXECUTIVES
Have a unified view of the business, understand key drivers, and track goals

CX MANAGEMENT
Monitor, understand, and report customer metrics by type and touchpoint

SALES
Improve customer outcomes and provide data-based coaching

DIGITAL
Easily capture feedback, drive conversion, and resolve customer issues online

RESEARCH AND INSIGHTS
Execute and modify customer research without vendor approval

SERVICES
Improve customer outcomes and understand drivers by team and rep

CALL CENTER
Improve productivity and resolution rates via driver data and scorecards

PRODUCT
Incorporate customer feedback into product design and delivery

2.4

CLOSING THE LOOP AT SCALE

Mature programs close the loop with all customers, not just detractors.

Typical case management systems provide both managers and agents the tools they need to track open tickets and take efficient action to respond to individual customers. Managers are able to track ticket metrics by team and representative to ensure customer feedback is resolved efficiently and effectively. With the ability to track performance vs. target and trend, combined with automated alerts and reports, managers are empowered to drive performance and coach with data. At the individual level, employees can view open tickets and easily take appropriate action. System integrations and mobile interfaces allow staff to be productive in any setting.

Front-line team adoption is largely influenced by how well case management systems are embedded in existing processes and tools. Integration with CRM systems in particular helps merge customer follow up with standard account management practices and enriches customer data. Employees should be able to easily view customer tickets and account information, and then make updates that translate across systems.
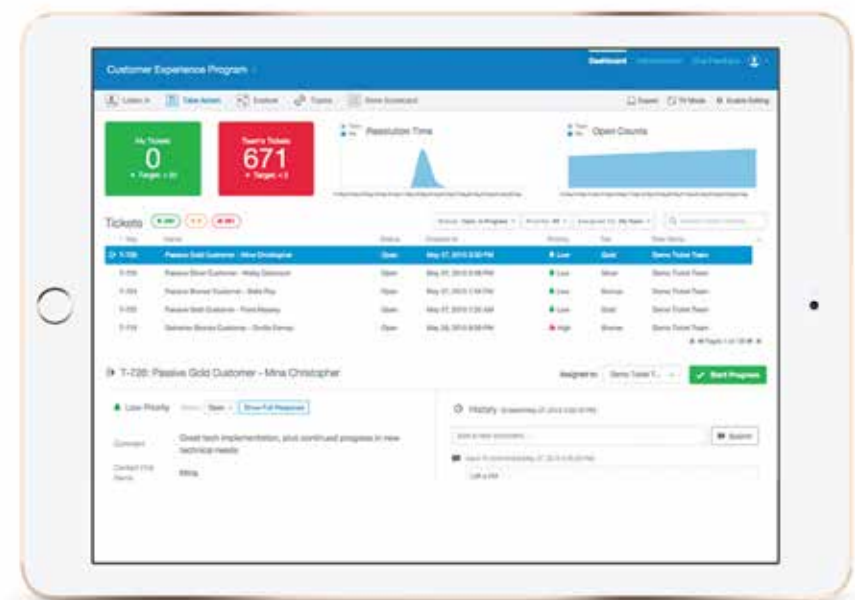
2.5

OPERATIONAL INTEGRATION

Operational integration is key to driving adoption across the organization and ensuring customer measurement results in tactical action. Critical integrations include CRM systems, communication tools, and analytics applications.

CRM integrations ensure customer feedback automatically syncs with customer account detail and transaction history, and that data modifications made in one program are reflected in the other. Automated alerts and surveys can be triggered based on customer account conditions, resulting in greater front-line responsiveness.

Communication tool integrations provide an additional incentive for organizational adoption. By connecting customer tickets with standard message channels and allowing relevant users to easily view and discuss customer data, teams are able to collaborate and take action in ways that are natural.

Analytics applications allow programs to integrate data with customer feedback in ways that provide rich context. Digital teams can engage online customers based on behavioral and profile based criteria, while these same fields are available to build segment specific profiles and explain the relationship between variables.

SECTION **THREE**

Customer Intelligence

Customer Intelligence

Mature organizations cultivate a deep understanding of core customer segments and all elements of the customer relationship. In addition, they add a competitive layer to provide context. Advanced customer analytics are critical to deriving the insights that can lead to strategic, cross-functional improvement.

3.1

JOURNEY MEASUREMENT

Customer satisfaction is more than a summation of touchpoints. It is also a reflection of key moments across the customer experience. Mapping customer journeys by segment allows organizations to understand the unique paths customers take. These views provide a basis for measuring the following:

- Barriers customers face to accomplishing the tasks they undertake

- Drivers of satisfaction or dissatisfaction overall and at each key moment

- Drivers of customer acquisition, retention, and upsell/cross-sell

- Relative importance of each key stage of the customer journey

- Relative importance and customer volume for each journey

Leading CX organizations tie journey performance metrics to actions, ensuring that teams optimize the experiences that matter. Central measurement teams form partnerships with functional teams that allow journey performance to become real and impactful.

MEASURE JOURNEYS, NOT JUST INTERACTIONS

Measuring satisfaction on customer journeys is 30 percent more predictive of overall customer satisfaction than measuring happiness for each individual interaction. In addition, maximizing satisfaction with customer journeys has the potential not only to increase customer satisfaction by 20 percent but also to lift revenue by up to 15 percent while lowering the cost of serving customers by as much as 20 percent.

MCKINSEY & COMPANY
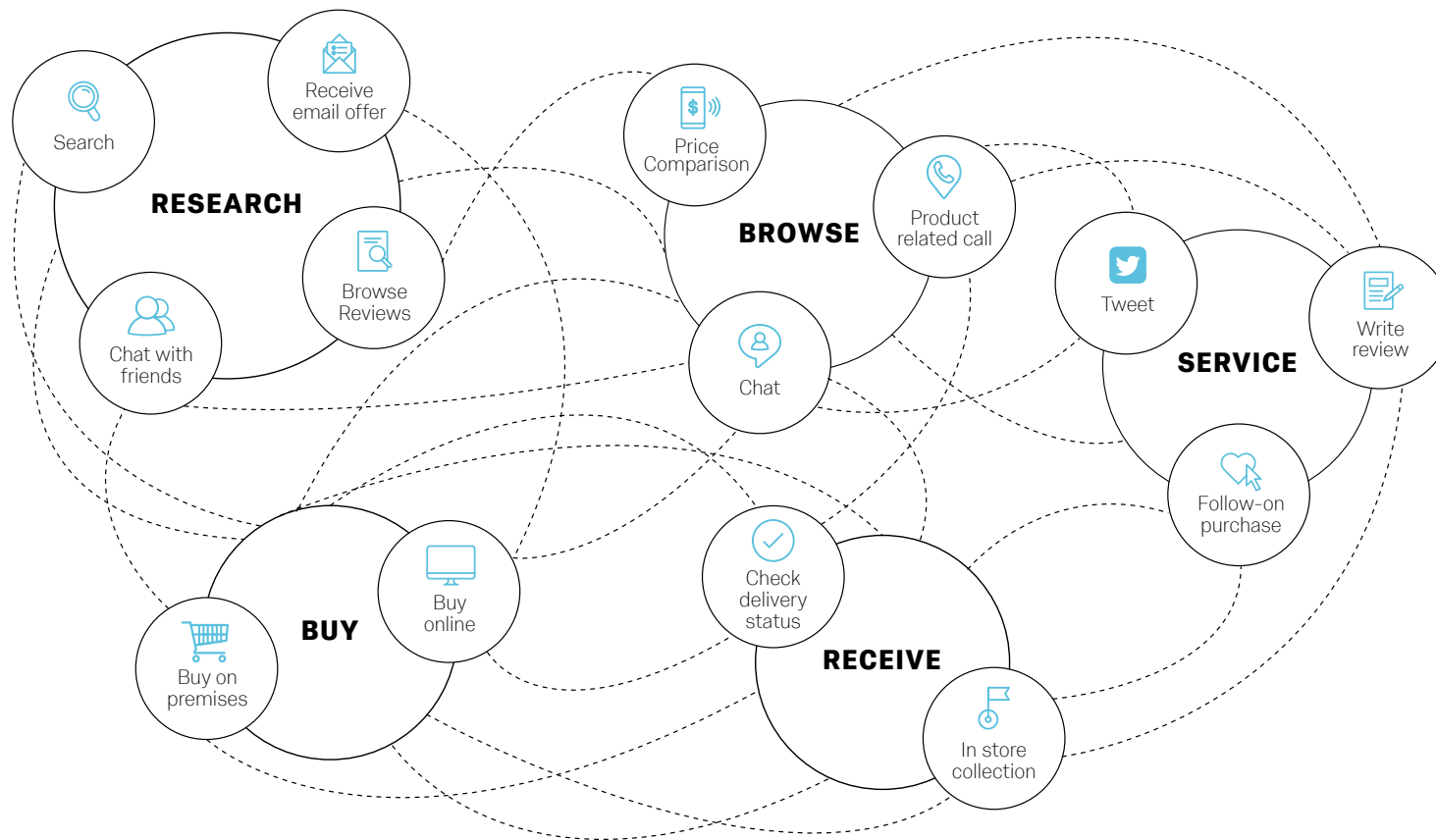
3.2

STRATEGIC RESEARCH

Deep research on core customer topics is critical to understanding customer feedback. Mature organizations are able to tie transactional customer feedback and insights to research that seeks to clarify root causes of satisfaction and loyalty, and create the level of intelligence necessary to support action. This alignment often requires close collaboration and data sharing across research and functional teams, which must work in concert to identify topics, launch meaningful research, and enact relevant research findings.

A second component of strategic research is relational measurement, which enables organizations to have a holistic view of key account health and satisfaction. Most relevant for B2B companies, regular assessments of relational satisfaction provides customers an opportunity to indicate their likelihood to renew or increase spending, and key drivers of satisfaction. Relational surveys also provide an important opportunity for account managers to capture feedback and have an early alert for at-risk customers.

3.3

COMPETITIVE BENCHMARKING

Performance improvement must be measured against competitive benchmarks if improvements are to translate into market gains. Organizations that capture specific, operational level benchmarks empower leaders to beat the competition where it matters to customers.

In addition to industry benchmarks, internal comparisons versus historical performance allow organizations to isolate which performance gaps originate from internal competency, and which result from pure competitive differences. Leaders are able to identify sources of best practice and focus improvement on the appropriate individuals.

Q

Organizations that capture specific, operational level benchmarks empower leaders to beat the competition where it matters to customers.

3.4

ADVANCED CUSTOMER ANALYTICS

Sophisticated customer intelligence requires advanced customer analytics. From regression-based driver analysis to cluster and factor analysis, analytics can help identify the key insights necessary to take strategic action.

A significant portion of customer feedback exists in open-form text. Topic analysis tools allow organizations to connect related issues to better understand root causes, while sentiment analysis tools allow for an additional dimension of understanding from verbatim responses. Success depends on the ability of leaders to translate and display these results in ways that help front-line teams take tactical action.

Statistical analysis plays a similar role with quantified data, allowing organizations to identify drivers of satisfaction through regression analysis. Organizations can explore relationships, test statistical significance, and interpret results.

// Success depends on the ability of leaders to translate and display topic analysis results in ways that help front-line teams take tactical action.

Pattern recognition and predictive analytics enable leaders to be proactive on the issues that matter for customers. When paired with management systems, predictive tools provide real time alerts for teams. These alerts can be configured to identify cross-sell or upsell opportunities, or they can provide an early warning for at-risk customers.

Income is very subtly positively correlated with **Satisfaction**
Show statistical test results ▸
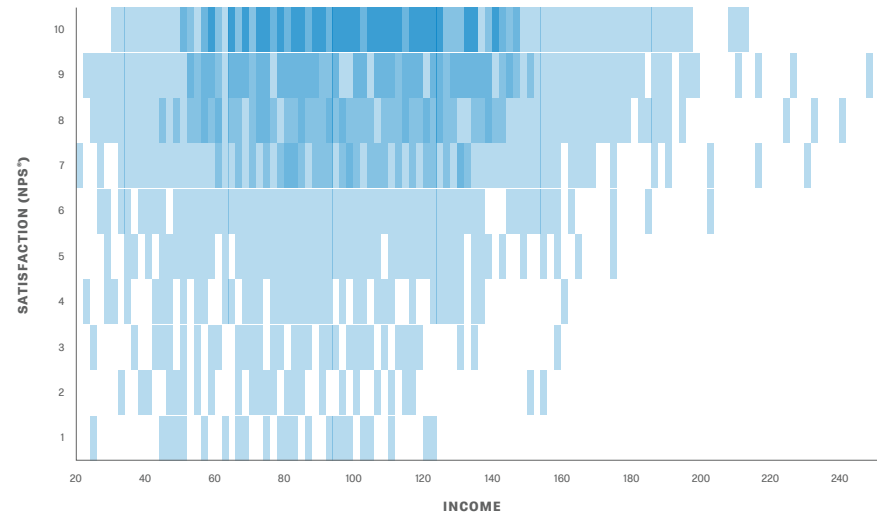
3.5

CROSS-FUNCTIONAL COLLABORATION

Regular cross-functional collaboration is a hallmark of superior CX organizations. This alignment is a product of integrated systems, common processes, and a commitment to an open culture. Data is readily available and shared across teams to encourage joint participation in program and research efforts.

Enhanced data sharing results in a more nuanced view of the customer and customer interactions. Teams are able to address common challenges, better identify research topics, and more readily collaborate on improvement opportunities.

3.6

DEDICATION TO CONTINUOUS IMPROVEMENT

A culture of continuous, cross-functional improvement ensures strategic research leads to action. Improvement mandates must be embedded in incentives and supported by leadership, creating an environment that encourages innovation.

Regular benchmarking often provides the context and incentive organizations need to direct investments for customer experience improvement. Mature organizations also recognize the need to see beyond benchmarks to the financial targets and business objectives that provide the ultimate goal of research activities.
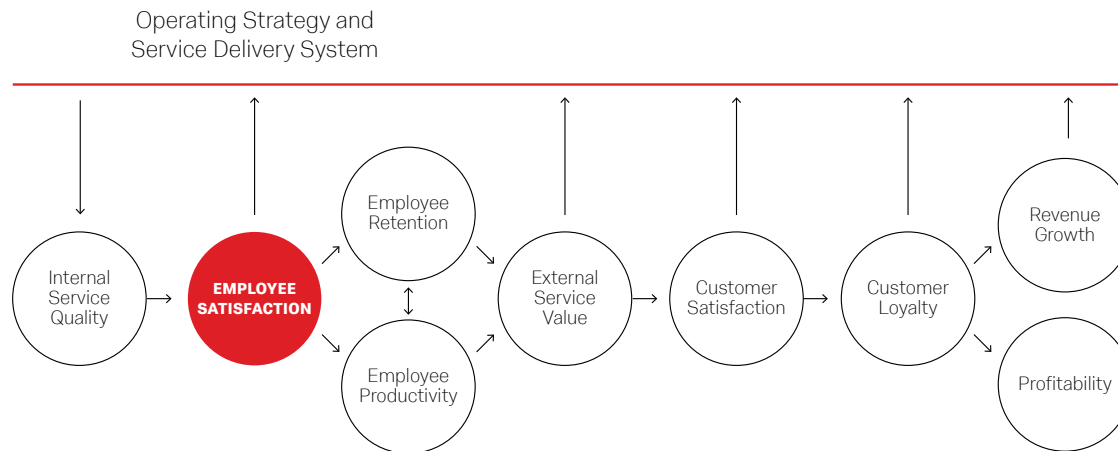
Connected Employees

Connected Employees

An engaged workforce is vital for the long-term success of any customer-centric company. CX leaders create an environment that builds customer centricity through the employee lifecycle -- from recruitment to exit. As employees become more engaged, they naturally produce the customer experiences critical to loyalty and retention. Managing employee engagement allows leaders to understand and reomove the barriers to improved customer experience delivery.

EMPLOYEE ENGAGEMENT LEADS TO SUPERIOR CUSTOMER EXPERIENCE AND FINANCIAL RESULTS

Operating Strategy and
Service Delivery System

Internal Service Quality → **EMPLOYEE SATISFACTION** → Employee Retention / Employee Productivity → External Service Value → Customer Satisfaction → Customer Loyalty → Revenue Growth / Profitability

4.1

Mature organizations measure the engagement of their teams with regular company-wide surveys and periodic pulse measurement. Senior leaders can see engagement drivers across the company, and watch them change in near real-time. Employee feedback becomes particularly relevant when compared side-by-side to customer feedback.

These leaders then regularly communicate aggregated engagement drivers to their teams and take appropriate action. This process forms a virtuous cycle that ultimately results in improved employee, customer, and business outcomes:
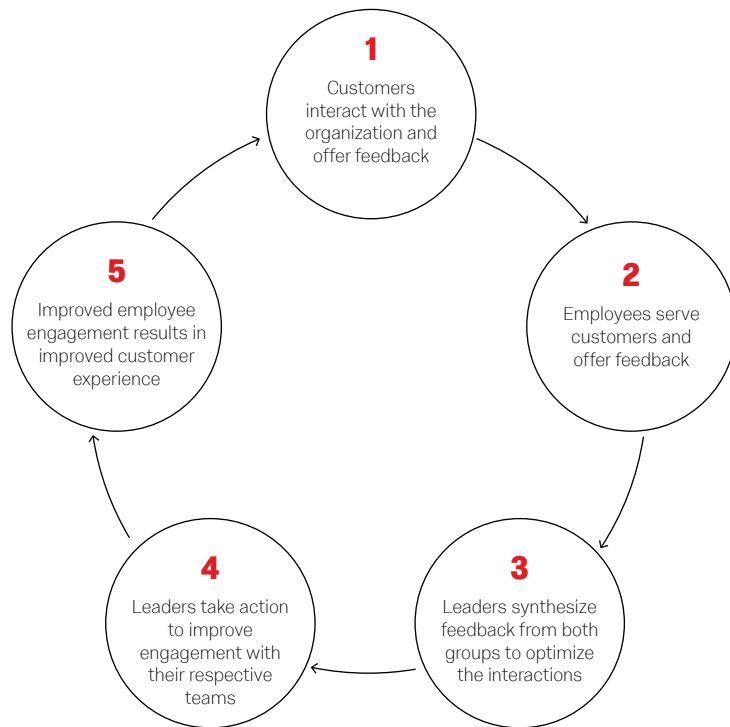
The best employee engagement programs systematically diagnose key drivers of employee engagement—both at a company level and a group level. These programs capitalize on company strengths and flag areas of opportunity that the company can then act on, resulting in a more engaged workforce that buys into the company culture and direction.

1
Customers interact with the organization and offer feedback

2
Employees serve customers and offer feedback

3
Leaders synthesize feedback from both groups to optimize the interactions

4
Leaders take action to improve engagement with their respective teams

5
Improved employee engagement results in improved customer experience

Companies with the highest engagement scores had average one-year operating margins of more than 27%, while companies with low engagement scores had average operating margins of less than 10%.

WILLIS TOWERS WATSON

Continuous Innovation

Continuous Innovation

Mature programs are built to evolve with the needs of the business and changing market conditions. As an organization adds new employees, launches new products, enters new markets, and faces changing strategic situations, CX programs must be built to adapt. In addition, these organizations encourage a culture of research methodology rigor that optimizes data quality and encourages internal thought leadership.

5.1

DYNAMIC SAMPLING

Mature CX organizations are thought leaders; they are committed to data quality and research methodology rigor. Distribution methods, samples, and methodologies are constantly tested with an eye toward optimizing data quality. Adding new channels and making changes to methodology is simple and intuitive. Collection and measurement programs progress, learn, and adjustwithout required vendor involvement.

5.2

DYNAMIC REPORTING

As leadership and business priorities change, reporting and dashboards must be able to respond. Users must be able to adjust reporting easily and ensure the appropriate views are never offline. Viewing and interacting with reports should be intuitive, flexible, and able to drill-down to the insights that matter.

// Program improvements should be driven by internal priorities and not vendor timelines.

In sum, leading CX organizations leverage reporting and analysis tools to accelerate innovation. Users are able to easily modify the analysis necessary to make critical business decisions. Their tools allow them to share and collaborate on findings in ways that garner organizational support.

5.3

SCALABILITY

Mature CX programs scale easily and quickly to capture new products, expand to new geographies, and incorporate new teams. The intuitive nature of the tools and dashboards encourages adoption and makes implementation natural.

// Leading CX programs never limit themselves only to operations. They drive strategic discussions about the business.

The net result is a program that is in demand across the organization based on its ability to incorporate new data, integrate with existing systems, and expand to new channels. Security and controls are robust and easy to use.

5.4

CULTURE OF INNOVATION

Leading CX organizations are built on a foundation of testing, innovation, and research expertise. They create a culture that values learning, iteration, and a commitment to continuous improvement.

These organizations constantly seek to improve how they use customer insights and analytics, not just for their own sake but to improve business and financial performance. This drive influences how they invest in customer experience management and the capabilities they seek to build. From cross-vertical analytics to advanced data integrations, the program is never 'complete'. Likewise, customer experience is never perfected, it is simply enhanced one step at a time.

Conclusion

Customer experience management is a business imperative. Companies that prioritize customer experience outperform customer experience laggards in stock returns by an average of nearly 80%. Satisfied customers have significantly higher lifetime value and freely promote their favorite brands. In fact, promoters are 81% more likely to repurchase compared with passives (44%) and detractors (16%), according to the Temkin Group. Unhappy customers, on the other hand, churn heavily and, according to Dimensional Research, 95% of these unhappy customers will tell others about their bad experience, causing additional attrition.

The competencies outlined in this document show organizations large and small how to focus on customer needs, inject that view into the company, and use those customer insights to drive business results. Each of these competencies strengthens the others, and together they build a reinforcing culture. Done right, customer experience management drives financial results through better customer acquisition, improved customer retention and loyalty, reduced costs to serve, increased share of wallet, and better brand awareness.

Many companies pay lip service to these principles. Few commit fully and reap the rewards of an authentic focus on customer experience.

CXM

Continuous Innovation

Culture and Leadership

CUSTOMER EXPERIENCE MANAGEMENT

Connected Employee

CX Mgmt System

Customer Intelligence

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