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The State Of Customer Experience, 2011

by Megan Burns
for Customer Experience Professionals



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Companies Have Lofty Goals But Aren't Doing What It Takes To Reach Them

by **Megan Burns**

with Harley Manning and Jennifer Peterson

EXECUTIVE SUMMARY

To assess the state of customer experience in 2011, Forrester surveyed 118 customer experience professionals around the globe. More than two-thirds said that their firms aim to differentiate based on customer experience. But most companies are ill-prepared to compete on that basis. Not even half have a companywide program to improve customer experience across channels, and only 30% have a dedicated budget to fund those efforts. However, there is hope. We found that having a centralized customer experience team and appointing a single executive to be in charge of customer experience helps knock down barriers to success.

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NOTES & RESOURCES

In Q4 2010, Forrester surveyed 118 customer experience professionals who are members of our Customer Experience Peer Research Panel about their customer experience plans and priorities for 2011.

Related Research Documents

["The Rise Of The Chief Customer Officer"](#)

January 24, 2011

["The Customer Experience Index, 2011"](#)

January 11, 2011

["Three Secrets Of Success For Customer Experience Organizations"](#)

April 29, 2010

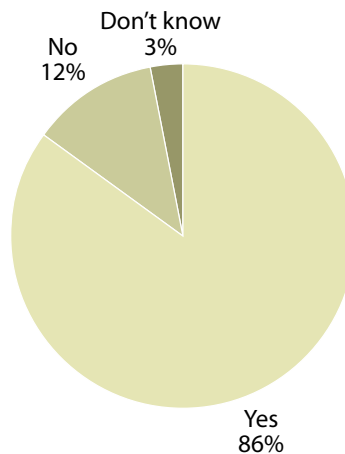
CUSTOMER EXPERIENCE OUTLOOK, 2011: BATTLE FOR DIFFERENTIATION

To understand what's going on inside customer experience programs at large companies, we surveyed members of Forrester's Customer Experience Peer Research Panel about their customer experience plans and priorities for 2011. Their answers reveal that:

- **Firms want a competitive edge.** Of the 118 customer experience professionals who responded to this year's survey, 86% said that customer experience is one of their firm's top strategic priorities for 2011 (see Figure 1). Most are striving for differentiation — 63% of respondents said that their senior executives want to be the best in their industry, while another 13% said that their execs shoot higher and want to be seen as a customer experience leader across all industries (see Figure 2).
- **Online channels will be the main battleground.** When we asked about customer experience objectives for this year, improving online customer experience was the most popular response, chosen by 76% of respondents (see Figure 3). Improving cross-channel experiences came in second, with 59% of respondents saying that it's a top priority. Interestingly, almost half said that adding or improving mobile experience is a major objective, and an equal number said that using communities and other types of social media is a top goal.

Figure 1 Customer Experience Is A Top Strategic Priority

"Is customer experience one of your company's top strategic priorities for 2011?"



Base: 118 customer experience professionals
(percentages do not total 100 because of rounding)

Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

Figure 2 Executives Want To Differentiate On Experience

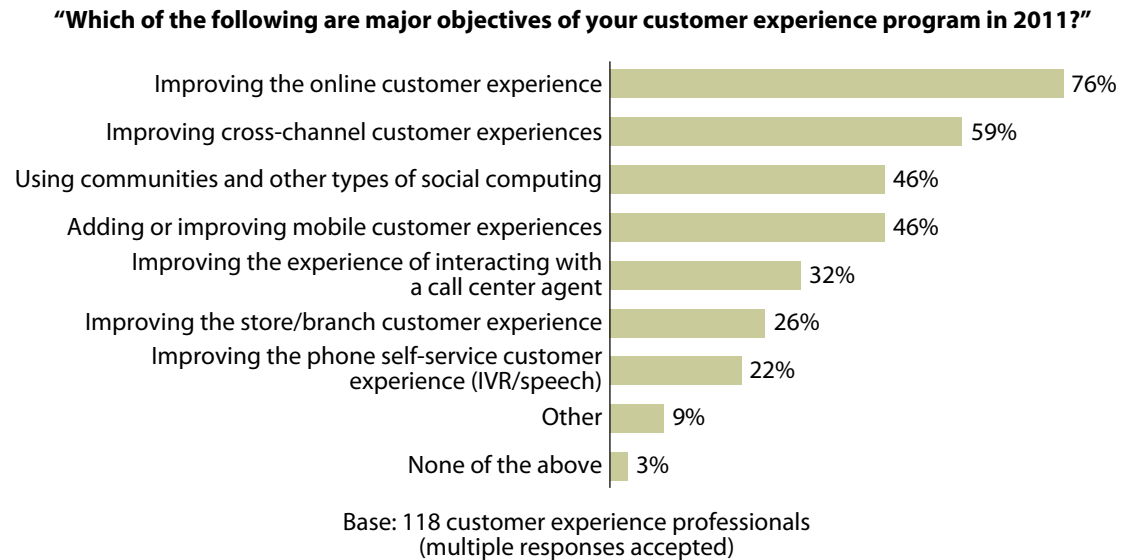


Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

Figure 3 Firms Are Focused On Online And Cross-Channel Experiences



Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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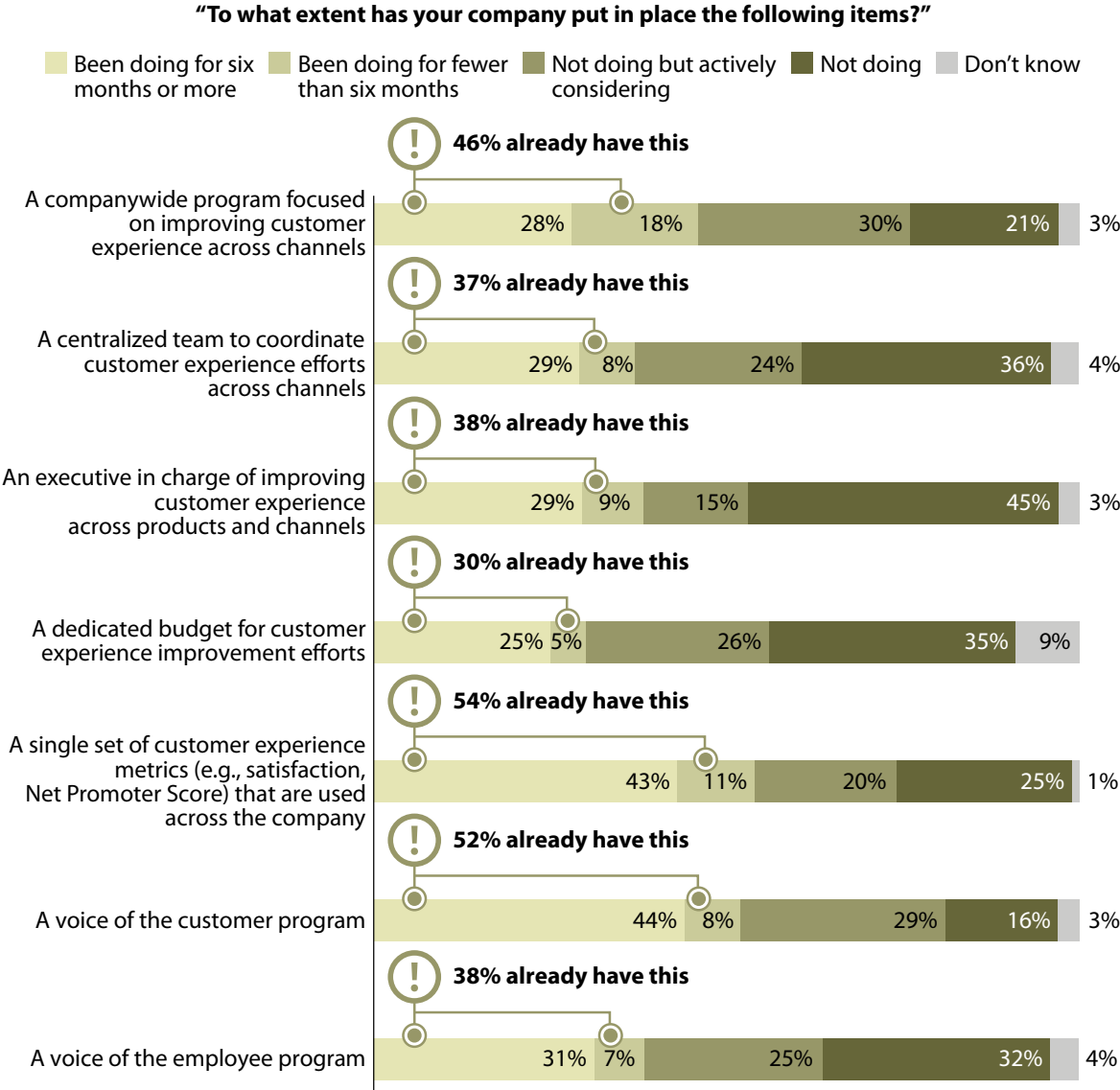
Source: Forrester Research, Inc.

MOST COMPANIES WILL SHOW UP ILL-PREPARED FOR THE FIGHT

We probed into how customer experience professionals plan to achieve these ambitious goals. Their responses show that:

- **Barely half measure and monitor companywide customer experience.** Despite the overwhelming majority of respondents who said that customer experience is a top strategic priority for their firms, only 54% said that their companies use a single set of customer experience metrics across the enterprise (see Figure 4). Only 52% said that they have a voice of the customer (VoC) program, with only 44% saying that their VoC program has been up and running for at least six months.
- **Fewer than a third dedicate funds for customer experience improvements.** Only 30% of respondents said that their firm has a dedicated budget for customer experience projects. But 46% of respondents said that their firm has a companywide program to improve enterprise customer experience, which means that roughly a third of these enterprise-level improvement efforts can't tap into a centralized source of funding. Additionally, 38% of respondents said that they have a single executive in charge of customer experience across the company — some of whom must not have the budget required to create significant change.
- **Only a quarter have executives who reward employees for customer experience efforts.** A mere 25% of respondents said that employees at their firms are rewarded for delivering great experiences (see Figure 5).¹ Why haven't executives baked the importance of delivering great customer experience into their company cultures? The answer seems to be lack of commitment. Just 55% of respondents said that their executives regularly communicate the importance of serving target customers. And only 35% of respondents said that their executives regularly interact with target customers themselves.

Figure 4 The Shape Of Customer Experience Programs In 2011



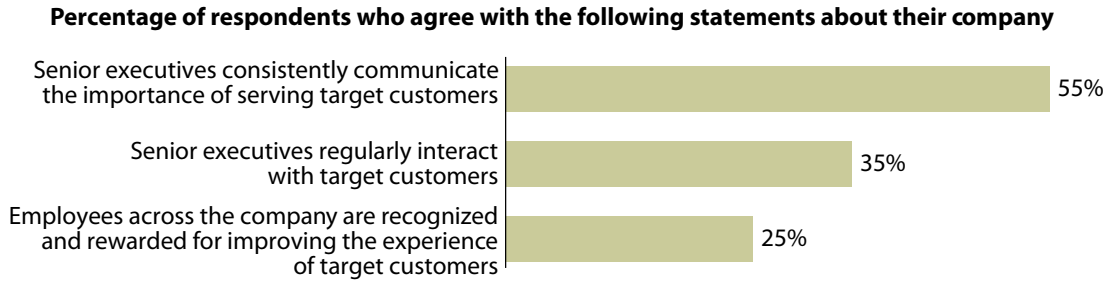
Base: 118 customer experience professionals
 (percentages may not total 100 because of rounding)

Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

Figure 5 Too Few Executives Support Customer Experience Efforts



Base: 118 customer experience professionals

Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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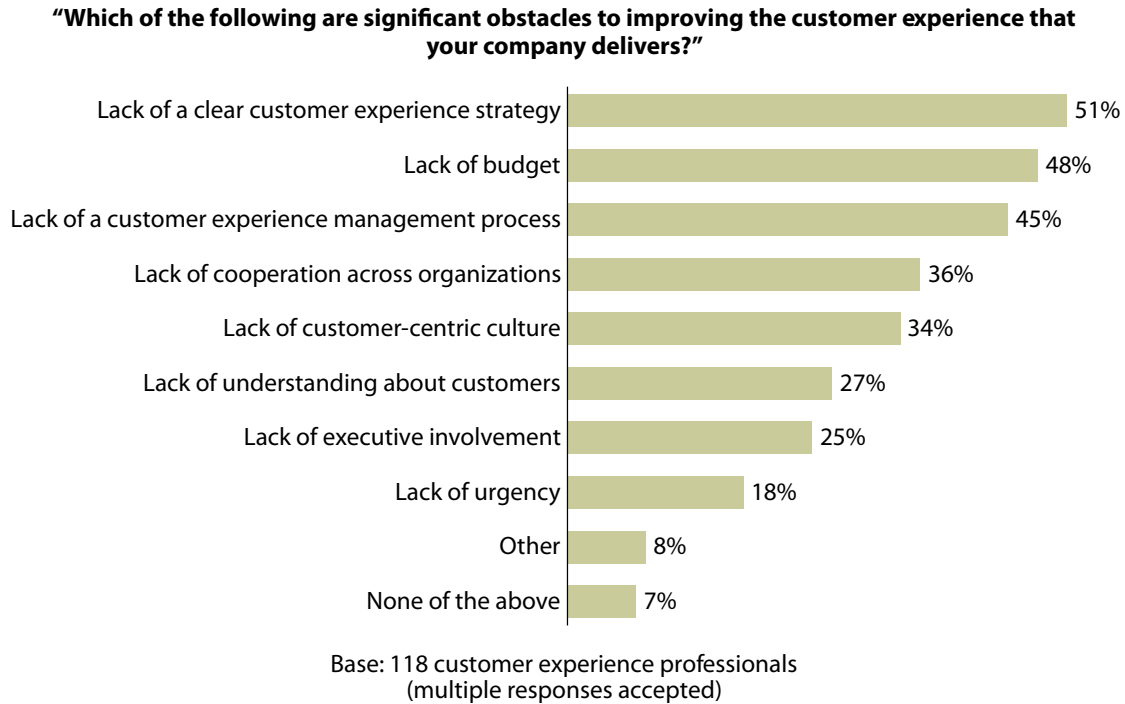
Source: Forrester Research, Inc.

Barriers To Customer Experience Success: Lack Of Strategy, Lack Of Budget — And Denial

We asked respondents to share some details about their company's approach to customer experience management. We found that these customer experience professionals:

- **See lack of strategy and budget as their top obstacles.** When we asked respondents about obstacles to customer experience improvement, their answers mirrored what we'd expect from a group without adequate funding or executive support: 51% said that lack of a clear customer experience strategy is a major barrier to progress, while 48% said that lack of budget is a big problem (see Figure 6).
- **Overestimate their firms' customer experience maturity.** Fifty-eight percent of respondents said that their company's approach to customer experience management is somewhat or very disciplined (see Figure 7). However, few have put in place the fundamentals that would prove that true. For example, only 25% said that all employees share a vivid image of target customers (see Figure 8). This lack of clarity may stem from the fact that just 48% said that their companies use primary research to understand customer needs and behaviors, and only 31% said that they closely monitor the quality of customer interactions.
- **Haven't connected the dots between brand and customer experience for their firms.** A company's brand shapes customer expectations of an experience.² When we examined the connection between brand and customer experience at respondents' firms, we saw more gaps between perception and reality. Sixty-two percent of respondents said that their firm's brand attributes are well defined, but only 42% said that employees fully understand those attributes (see Figure 9). At many companies, this begs the question, "well defined for whom?" Additionally, 42% of respondents said that their company translates brand attributes into specific promises to customers, but only 32% said that they actually use those brand attributes to guide the design of customer experiences. Clearly, some companies are setting expectations that are not aligned with the experience they're delivering.

Figure 6 Obstacles To Customer Experience Success In 2011

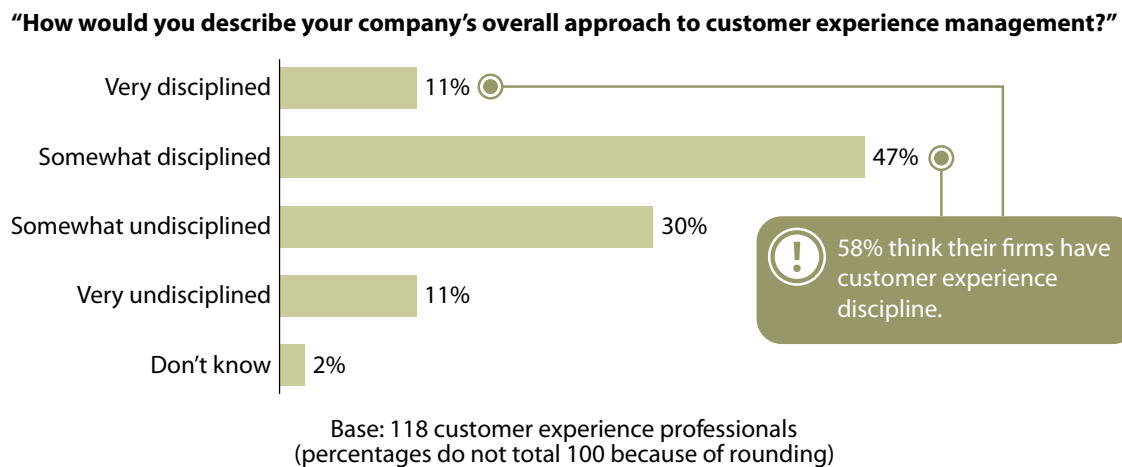


Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

Figure 7 Companies Think They’re Disciplined Customer Experience Managers

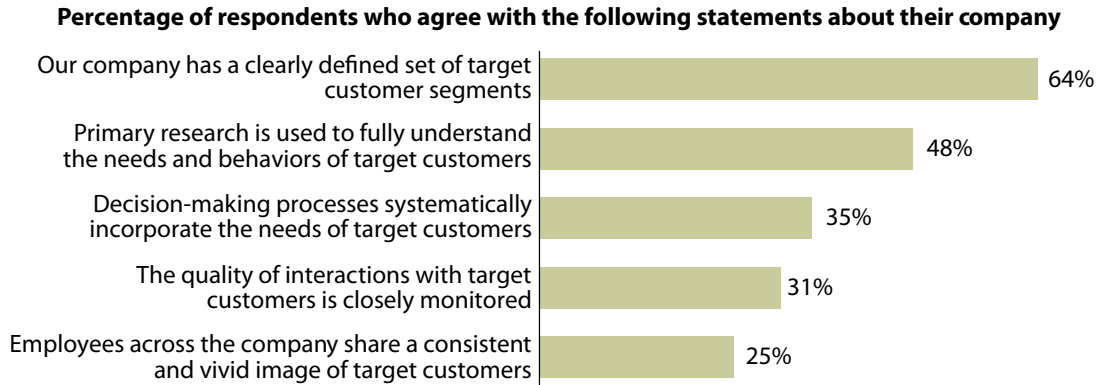


Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

Figure 8 Employees Don't Share A Vivid Image Of Target Customers



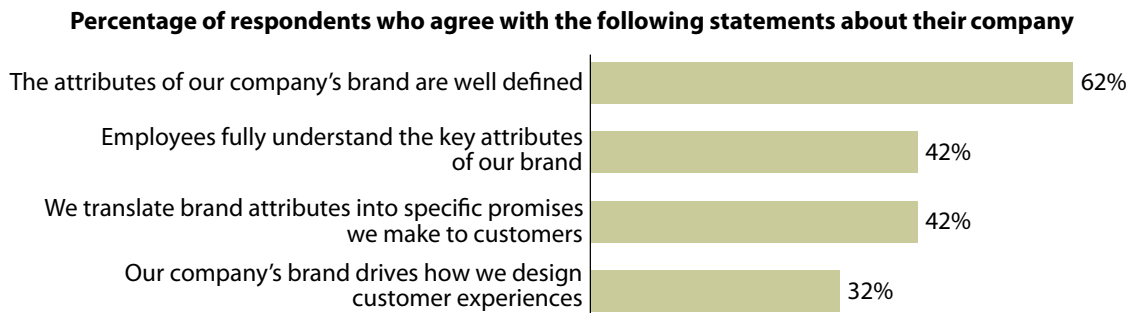
Base: 118 customer experience professionals

Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

Figure 9 Companies Don't Use Brand Attributes To Guide Experience Design



Base: 118 customer experience professionals

Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

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Source: Forrester Research, Inc.

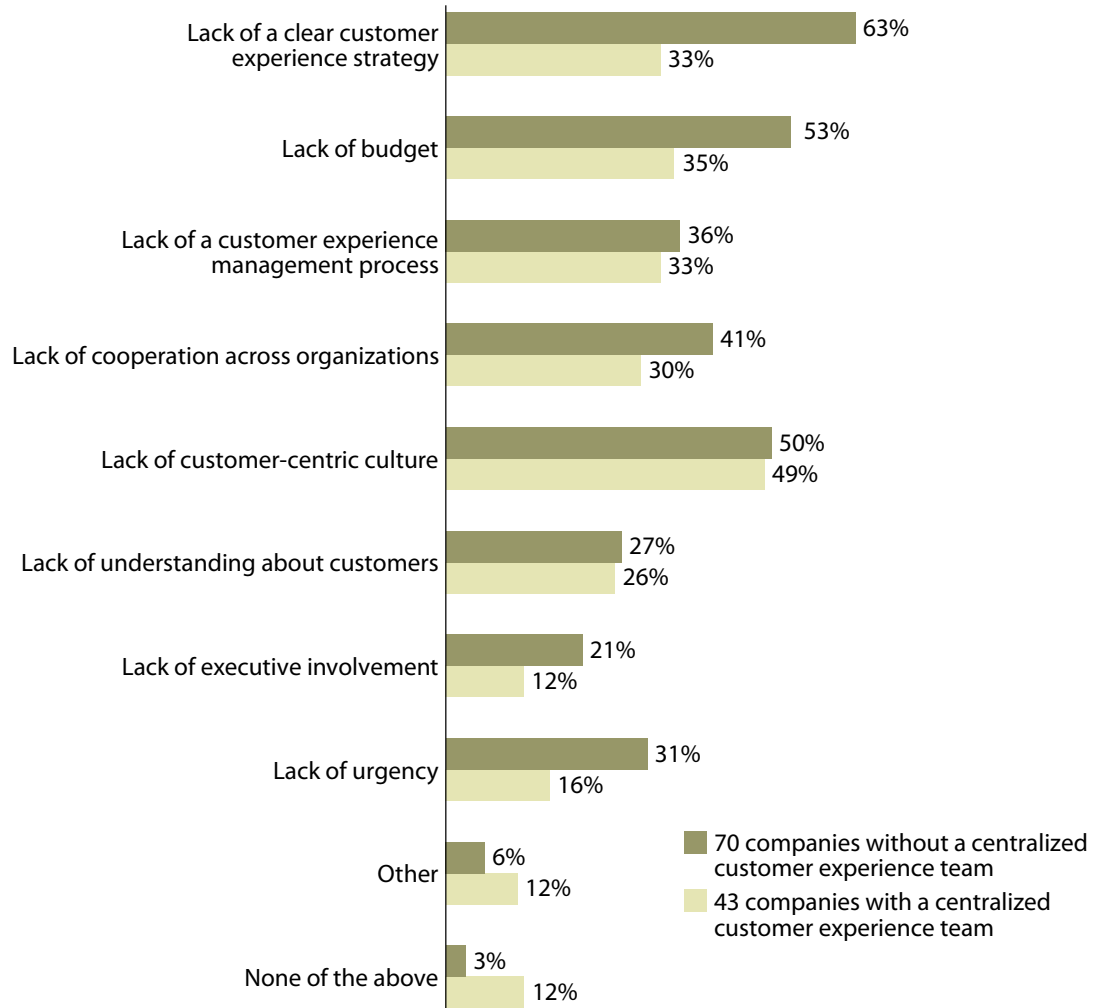
A CENTRAL CUSTOMER EXPERIENCE TEAM AND AN EXEC IN CHARGE REDUCE OBSTACLES

Delivering a differentiated customer experience requires concerted effort from a host of people across the company. Those efforts seem to be much easier when two factors come into play:

- **Centralized teams have the biggest impact.** Companies with a centralized customer experience team were far less likely to report lack of strategy and lack of budget as obstacles to success and less likely to say that lack of cross-team coordination is a problem (see Figure 10). That's not surprising given some of the key activities these teams take on. By defining a customer experience strategy, facilitating cross-team collaboration, and establishing infrastructure (human and technological), they make it possible to manage customer interactions across all channels.³
- **Chief customer officers (or an equivalent) are also important.** Respondents whose companies have an executive in charge of customer experience were less likely to cite lack of strategy, lack of budget, and lack of cooperation across organizations as obstacles to success (see Figure 11). Interestingly, though, these senior leaders seem to have had less of an impact than centralized customer experience teams. That's almost certainly because most chief customer officers (CCOs) haven't been in place long enough to make their presence felt. In our recent research, 55% of the CCOs we studied had been in their jobs for one year or less.⁴

Figure 10 Firms With Centralized Customer Experience Teams Report Fewer Obstacles

“Which of the following are significant obstacles to improving the customer experience that your company delivers?”



Base: 118 customer experience professionals
 (multiple responses accepted)

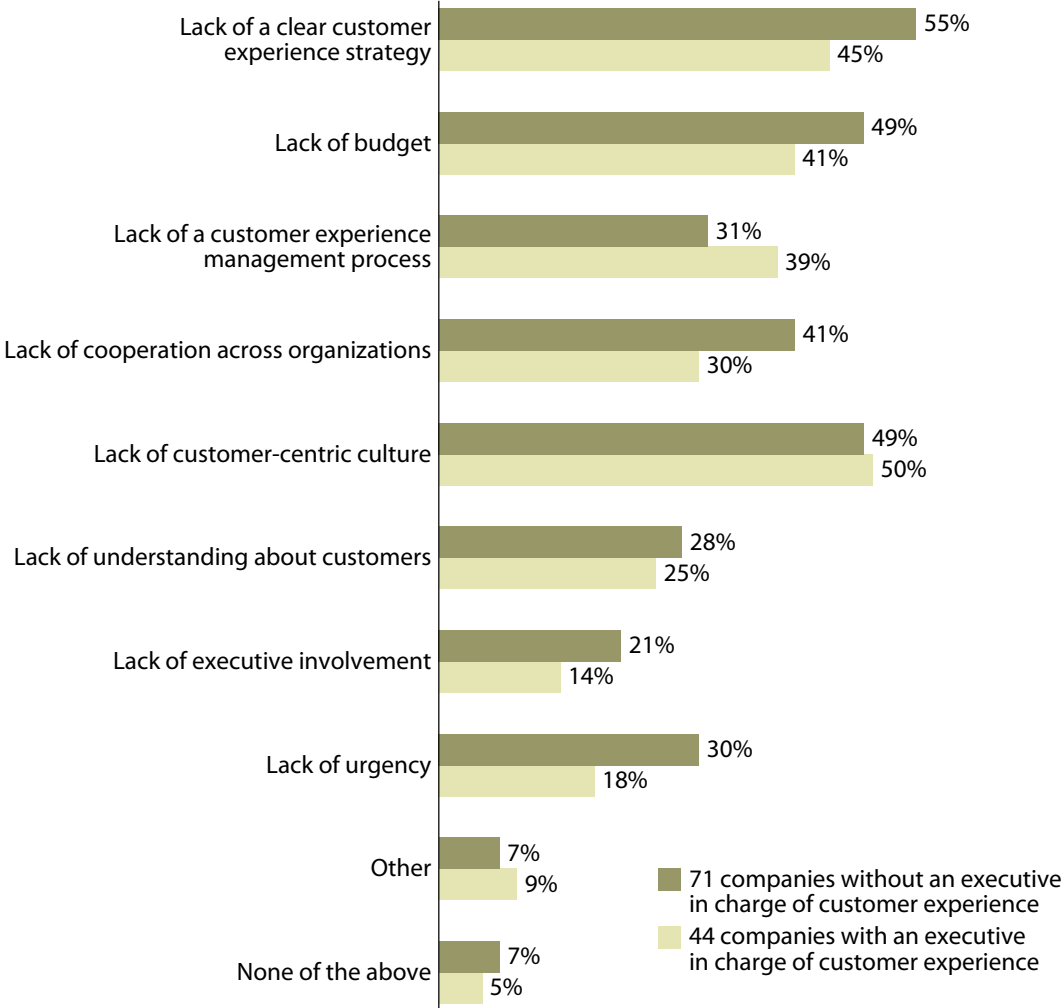
Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

58635

Source: Forrester Research, Inc.

Figure 11 Firms With A Customer Experience Executive Say Budget Is Less Of An Issue

“Which of the following are significant obstacles to improving the customer experience that your company delivers?”



Base: 118 customer experience professionals (multiple responses accepted)

Source: Q4 2010 Global Customer Experience Peer Research Panel Survey

58635

Source: Forrester Research, Inc.

RECOMMENDATIONS

GIVE YOUR CUSTOMER EXPERIENCE EFFORTS A FIGHTING CHANCE

To reach their lofty customer experience goals, companies need more than ad hoc, underfunded, and undersupported customer experience efforts. They instead need to:

- **Create a centralized team to spearhead change efforts.** It's clear that enterprisewide customer experience improvements happen more often when it's someone's job to make sure that they do. The team doesn't have to be large at first — firms like Travelers Indemnity and USAA have made great strides with a group of just six to 10 people. To be successful, these teams must be seen by those they aim to influence as credible, collaborative, and helpful.⁵ Team leaders can cultivate their internal brand by creating standard ways of working with partners in other groups. Ideally, customer experience professionals should include internal partners in their customer research efforts so that they share a common view of the customer and create joint goals that include both business objectives and customer experience objectives.
- **Consider appointing a CCO.** A CCO helps companies get to the next level of customer experience by putting key programs in place, breaking down organizational barriers, and exercising influence at the executive levels of a firm. Chief executive officers (CEOs) considering a CCO should establish three preconditions for success: a strategic mandate, a culture that's ready to accept this kind of executive, and a viable position that includes authority, operational linkage, and budget influence. When trying to identify the right candidate, look for a senior leader from within the company who has a passion for customer experience, a strong personal brand, and operational knowledge of how things currently get done within the company.
- **Fund customer experience like it's a strategic priority — which it should be.** Companies need to set aside a dedicated pool of money to fund at least a portion of the many infrastructure and employee programs that are required to put enterprisewide customer experience management processes in place. To scope the amount that's needed, start building a portfolio of potential customer experience projects. Zero in on the most important ones with a simple set of criteria that rank projects based on how well they achieve the program's top customer experience objectives, while balancing tradeoffs like short-term versus long-term payback and the needs of different customer segments.⁶

SUPPLEMENTAL MATERIAL

Methodology

Forrester fielded its Q4 2010 Global Customer Experience Peer Research Panel Survey to 118 customer experience professionals from our ongoing Marketing & Strategy Research Panel. A portion of the survey results are illustrated in this document — those based on companies with enterprisewide customer experience foci. The panel consists of volunteers who join on the basis of

interest and familiarity with specific marketing and strategy topics. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets.

Forrester fielded the survey from December 2010 to January 2011. Respondent incentives included a summary of the survey results.

Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

If you're interested in joining one of Forrester's research panels, you may visit us at <http://forrester.com/panel>.

ENDNOTES

- ¹ Customer experience leaders have three tools they can use to craft a culture that is truly customer-centric: hiring, socialization, and rewards. Rewards include both informal rewards (like collective celebrations) and formal rewards like compensation and promotion. See the November 19, 2010, "[How To Build A Customer-Centric Culture](#)" report.
- ² Because a customer experience strategy lays out a plan for meeting customer expectations, it should align with the overall company strategy that sets those expectations by defining key brand attributes. See the September 28, 2010, "[What Is The Right Customer Experience Strategy?](#)" report.
- ³ Centralized customer experience organizations play an important role in a company's customer experience journey. Forrester examined the inner-workings of several such teams and found that while their organizational structure varies, the successful ones share three characteristics: inspiring leaders, collaborative processes, and adequate resources. See the April 29, 2010, "[Three Secrets Of Success For Customer Experience Organizations](#)" report.
- ⁴ Forrester studied more than 100 executives in charge of enterprisewide customer experience to create a composite profile that includes their titles, tenure in the job, backgrounds, and where they report in their organizations. We found that most of these CCOs have been in their jobs for two years or less, have backgrounds as general managers, marketers, and sales leaders, and are heavily concentrated in the business services, IT, and financial services industries. See the January 24, 2011, "[The Rise Of The Chief Customer Officer](#)" report.
- ⁵ Forrester examined the inner-workings of centralized customer experience teams and found that while their organizational structure varies, the successful ones share three characteristics: inspiring leaders, collaborative processes, and adequate resources. In addition to building a team with these traits, the chief customer experience officers (CC/EOs) must work to cultivate the internal brand of their organizations. See the April 29, 2010, "[Three Secrets Of Success For Customer Experience Organizations](#)" report.

- ⁶ To help customer experience professionals deliver maximum return on their investments, Forrester identified a set of best practices that firms can use to evaluate and rank customer experience projects. We found that the decision criteria must have four key characteristics in order to tease out the best mix of projects: clarity, simplicity, balance, and flexibility. See the February 12, 2010, "[Managing The Customer Experience Project Portfolio](#)" report.

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