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Five Best Practices to Future-Proof the Customer Experience

MAY 2021

About this paper

A Black & White paper is a study based on primary research survey data that assesses the market dynamics of a key enterprise technology segment through the lens of the "on the ground" experience and opinions of real practitioners — what they are doing, and why they are doing it.

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Introduction

The past 12 months has seen significant behavioral change among both the workforce and consumers, which we believe will strongly impact businesses' customer experience (CX) strategies.

- Nearly one-fifth (19%) of consumers will revert back to their pre-COVID behaviors, but half have undergone lasting behavioral changes, and the remaining 31% were already digital early adopters who will catalyze the digital shift even further – 451 Research's Voice of the Connected User Landscape (VoCUL): Connected Customer, Loyalty & Retention Insight Report.

- In light of the pandemic's impact, 85% of digital leaders (those enterprises that have established company-wide transformation strategies) are evaluating new types of technology to improve their digital customer experiences, with platform agility and pace of innovation high up the list of required characteristics – 451 Research's Voice of the Enterprise (VotE): Customer Experience & Commerce, Vendor Evaluations February 2021.

- Three-quarters of employees now want to work from home at least some of the time each week – 451 Research's VotE: Workforce Productivity and Collaboration: Employee Engagement 2020 survey.

Some of the customer experience changes that were already underway pre-pandemic have accelerated over the past 12 months. These include expectations for more seamless cross-channel digital experiences, the desire for more personalized interactions both online and in-store, and stronger assurances of data privacy. To future-proof the customer experience, businesses need to focus on the following best practices:

- Optimize for the hybrid workplace – accommodate flexible working for CX teams, those in marketing, sales, customer service and customer insights roles.
- Demonstrate clear ownership and governance of the CX strategy.
- Prioritize cross-functional collaboration – ensure CX teams can collaborate effectively with one another and across the organization.
- Integrate data and knowledge management practices.
- Become customer-insights-centric.

In this report, we outline why these five practices will be key to helping businesses get ahead of change and exceed their customers' expectations.

Customer Experience Maturity

As businesses adjust to the new consumer environment, not all will be starting from the same position. Some organizations have spent years forging a tight alignment across their stakeholders and CX strategies. Some are generally more digitally mature. Some are already supporting the kinds of workforce practices and operational cultures that allow their teams to optimize their CX. And others will be struggling just to get out of the blocks.

As part of the analysis of the custom survey data we collected for this project, we cross-tabulated various sets of questions and identified four cohorts. These are based on two dimensions: the degree to which customer processes are data-driven with real-time data, and the extent to which knowledge management practices are consolidated and access to key information is automated into relevant customer processes.
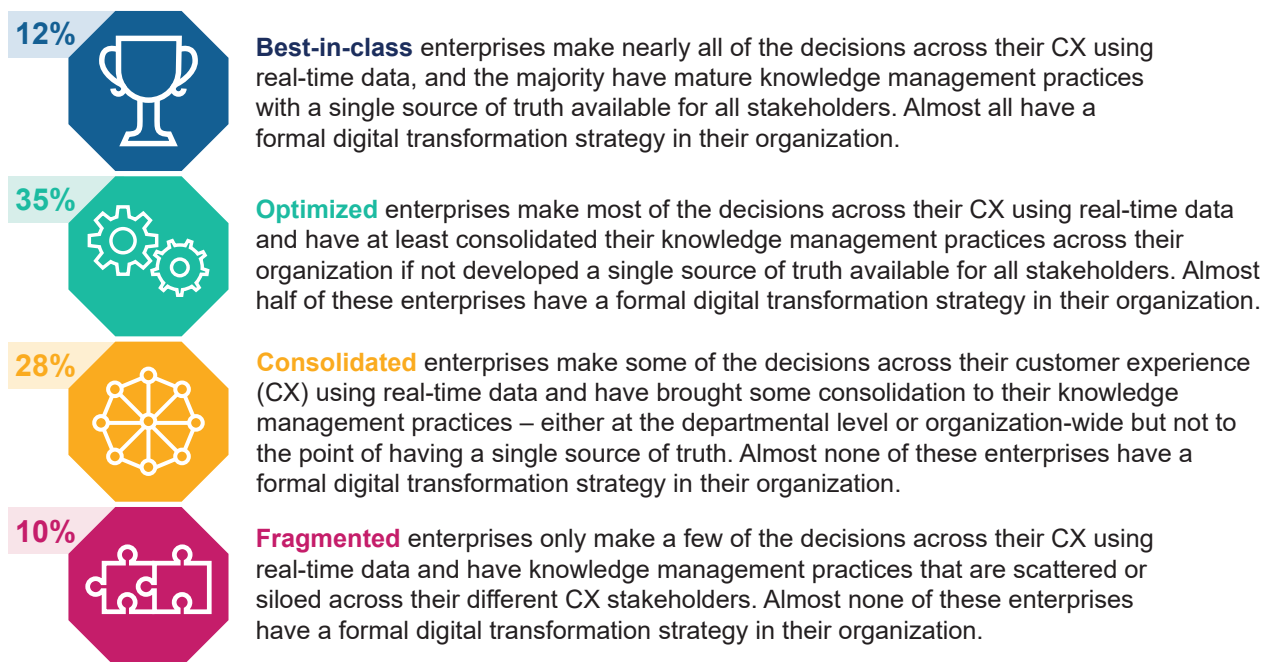
Figure 1: Characteristics of Organizations at Various Stages on the CX Maturity Spectrum

Q: Which of the following best describes how your organization generates and manages knowledge across the channels and stakeholder groups composing your customer journey?
Q: To what extent would you say customer experience decisions are currently data-driven with real-time data at your organization?
Base: 300 CX professionals.
Source: 451 Research and Bloomfire custom study

12% — **Best-in-class** enterprises make nearly all of the decisions across their CX using real-time data, and the majority have mature knowledge management practices with a single source of truth available for all stakeholders. Almost all have a formal digital transformation strategy in their organization.

35% — **Optimized** enterprises make most of the decisions across their CX using real-time data and have at least consolidated their knowledge management practices across their organization if not developed a single source of truth available for all stakeholders. Almost half of these enterprises have a formal digital transformation strategy in their organization.

28% — **Consolidated** enterprises make some of the decisions across their customer experience (CX) using real-time data and have brought some consolidation to their knowledge management practices – either at the departmental level or organization-wide but not to the point of having a single source of truth. Almost none of these enterprises have a formal digital transformation strategy in their organization.

10% — **Fragmented** enterprises only make a few of the decisions across their CX using real-time data and have knowledge management practices that are scattered or siloed across their different CX stakeholders. Almost none of these enterprises have a formal digital transformation strategy in their organization.

Indicators of higher CX maturity …
- More likely to have a company-wide digital transformation strategy in place
- Most if not all CX decisions are data-driven made with real-time data
- Consolidates knowledge management delivering real-time access into workflows
- Operational focus on reducing silos through stakeholder visibility and alignment
- Seeks regular and deep insights into changing consumer behaviors
- Goes beyond CX convenience to more personalization and control for the consumer

Mature CX Organizations Show the Way

As with any maturity spectrum, there are those that define the parameters on either end. In this case, 10% of organizations are struggling to get their teams on the same page for a centralized CX strategy. They tend to have fragmented data, knowledge and operational silos that haven't been bridged, so it is difficult for teams to act on the data. These companies are just beginning to establish KPIs to track the performance of their CX strategy.

At the other end are the 12% of organizations that operate best-in-class CX strategies. These companies ensure they keep a regular pulse of consumer behavior and work hard to align their various stakeholders around the customer experience they want to deliver. They also provide consistent right-time access to the data and knowledge needed by both consumers and internal customer service, sales and marketing teams. Finally, an important hallmark of organizations that deliver a mature CX is that they go beyond simply providing consumers a convenient experience; they provide a personalized experience such that customers have the ability to engage with the brand on their own terms.

Bringing CX Operations and Experiences Together

This latter point is an important one. 451 Research's CX research continually finds that the most successful organizations deliver modern consumer digital experiences that provide:

- **Convenience** – fast, easy and frictionless consumer experiences.
- **Context** – custom experiences personalized for individual consumers.
- **Control** – consumers the ability to interact and engage with brands on their own terms.

These same characteristics are beginning to define employees' expectations of their own workplace digital experiences. CX teams want their systems, workflows and practices to deliver the same convenience, context and control as consumer-facing systems to enable them to effectively support and engage with those customers. While organizations use the 'three Cs' help them understand what modern and engaging customer experiences look like, many are starting to apply that same standard for their internal 'customers' – their employees – informing how they organize their teams, design their processes and apply governance.

More businesses are seeing the necessity of investing in the kind of operational culture that empowers their employees with the flexibility to design their work and align their teams and workflows around their goals. This is not only important for employees to be productive day to day, but it also allows work execution to be more meaningfully aligned with strategic objectives. Moreover, equipping employees with the means to decide how to execute on goals gives them greater ownership and agility, ultimately benefiting both employees and business operations.

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Another mnemonic – the three As – speaks to this wider operational posture that CX teams need to adopt in order to work effectively with each other and with other stakeholders in their organization.

- **Agility** – At the heart of any leading CX strategy is a strategic and perpetual focus on improving the ability to respond to new consumer needs or behaviors rapidly and meaningfully.
- **Autonomy** – More of that agility will need to come from tools, practices and processes that provide CX teams with more autonomy to do higher-order things such as workflow creation, optimizing marketing lifecycles and integrating various data sources.
- **Alignment** – So as not to over-rotate toward that autonomy, however, there needs to be close alignment across CX teams and with strategic CX goals, along with customer SLAs, compliance and other requirements.

Organizations can use the following five best practices to advance along the maturity curve and bring together the 'three As' and the 'three Cs' to unify their CX operations and their experiences.

Best Practice 1: Optimize for the Hybrid Workplace

Among the bigger impacts from the past 12 months has been the shift to a remote and distributed workforce. As many as 75% of employees now want to continue to work from home at least some of the time; this is a significant shift considering that only 38% had the option to work from home before the pandemic.

In the custom survey we conducted for this paper, 66% of total customer experience respondents said they believe remote work has made it more challenging to collaborate with colleagues across the channels and stakeholder groups that shape customer engagement with the brand. The percentage is even higher (78%) among customer service workers specifically. Moreover, double the proportion of customer service workers (compared to other CX teams) believe collaboration will be 'much more difficult.' Service professionals cited their top two operational priorities as 'needing operational changes to better support flexible work' and 'more training on customer support tools.'
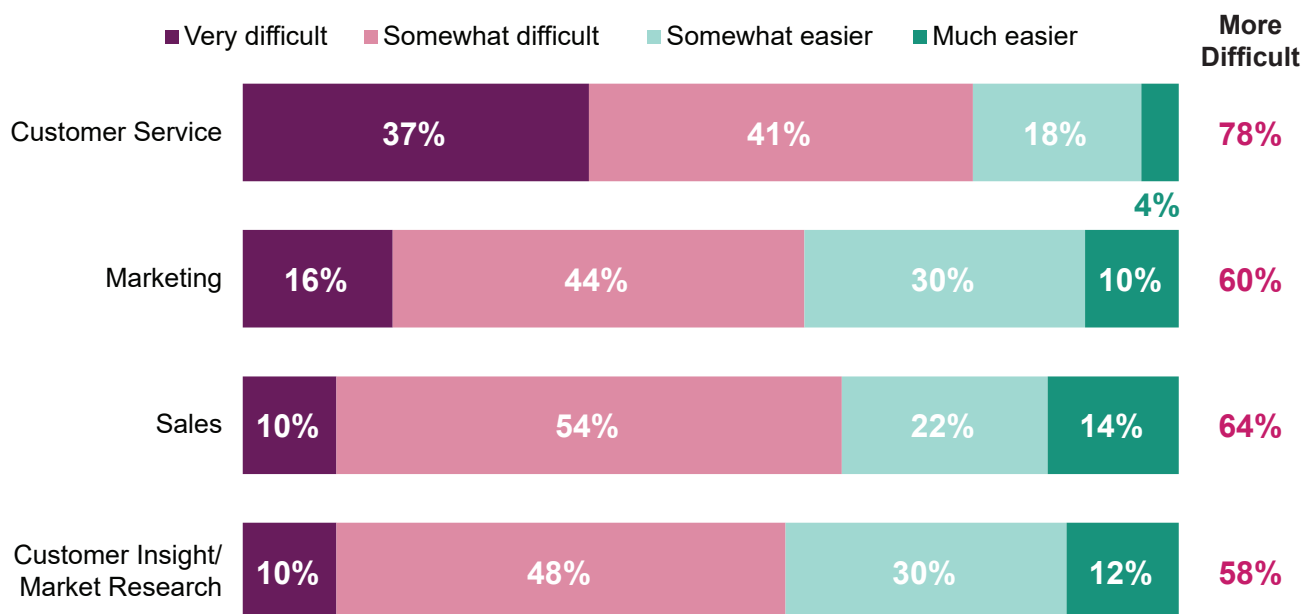
Unsurprisingly, the more geographically distributed companies are across regions, the harder it is for their CX professionals to adjust to working remotely. Of those with offices in only one country, only 5% believe remote work has made collaboration much harder, compared to 42% of those with offices in multiple regions around the world.

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Figure 2: Remote Work Provides Challenges in How Teams Work Across the CX Lifecycle

Q: To what degree has the shift to remote work impacted your ability to work effectively with your colleagues across the channels and stakeholder groups that shape the customer journey?
Base: 300 CX professionals
Source: 451 Research and Bloomfire custom study

	■ Very difficult	■ Somewhat difficult	■ Somewhat easier	■ Much easier	**More Difficult**
Customer Service	37%	41%	18%	4%	**78%**
Marketing	16%	44%	30%	10%	**60%**
Sales	10%	54%	22%	14%	**64%**
Customer Insight/ Market Research	10%	48%	30%	12%	**58%**

For many businesses, the shift to remote work has lifted the veil on how poorly information flows across their organization and the realization that additional conferencing calls, emails and messaging aren't going to fix that. CX teams need structured ways to automate the tasks and workflows across the customer lifecycle that are currently handled manually. They also need to collaborate in a more outcome-oriented way with their colleagues and communicate effectively to drive work awareness and alignment. To support these goals, they need the ability to add critical context – such as goals, decisions and actions – into their workflows, as well as right-time access to important knowledge assets.

CX teams are also realizing this is as much a matter of culture as it is technology. Hybrid working requires more effort to include, align and engage employees, especially in cross-functional scenarios. This shouldn't be underestimated: many CX professionals have noticed an increase in their productivity when working remotely, but that productivity is often joined by elevated stress, burnout and disengagement, which is likely to lead to lower productivity and shorter tenure in the longer term. Businesses need to think carefully about how their operational culture can unlock greater engagement among their CX employees, and in so doing, drive greater productivity.

Finally, in a hybrid environment, having a clear CX vision backed by transparency of goals is even more important than before – the research shows that those businesses finding remote work easier are more likely to report they have those attributes. This leads us to the next best practice.

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Best Practice 2: Demonstrate Clear Ownership and Governance of the CX Strategy

Much of the primary research we have conducted over the past year has shown just how much business managers and executive leadership perceive their customers' expectations and their own operational needs to have changed. In another custom survey we conducted in October 2020, 42% of technology leaders (across IT and lines of business) indicated that the strategic vision and guidance from their company leadership needed 'very significant' improvement amid enforced changes in business priorities, compound stresses on the workforce, changing consumer behaviors and ongoing market disruptions. CX leaders and their teams are at the forefront of responding to these destabilizing impacts.

Most organizations (89%) see one of their CX departments as having a leading role in the planning and delivery of their CX strategy. That's not, however, as encouraging as it may at first appear. A leading role doesn't mean a leadership role, demonstrated by the fact that each CX group assumes it plays a bigger role than the other groups think it does.

Figure 3: Many Businesses Lack Centralized Leadership over their CX Strategies

Q: Which department within your organization has the primary responsibility for customer experience?
Base: 300 CX professionals
Source: 451 Research and Bloomfire custom study

- Marketing — Self-evaluation: 62%, Other CX teams' evaluation: 30%
- Customer Service — Self-evaluation: 66%, Other CX teams' evaluation: 19%
- Sales — Self-evaluation: 56%, Other CX teams' evaluation: 5%
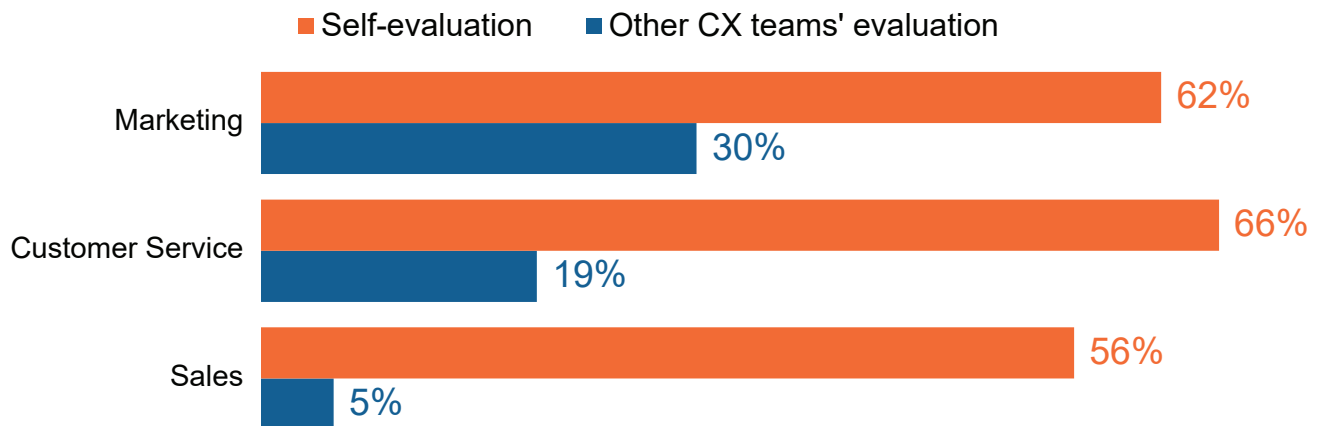
This lack of leadership is clearly reflected in the maturity of customer-facing processes, according to 451 Research's Voice of the Enterprise: Customer Experience & Commerce, Digital Maturity 2021 data. Some 47% of businesses reported having inconsistent, siloed or reactive customer processes, while 45% reported having more consolidated and efficient processes, but still only at the departmental and not the organization level.

There are good reasons for this – many businesses face significant obstacles in legacy technologies, organizational silos, and IT that can't keep pace with how quickly CX teams need to move. It is no wonder, then, that 44% of businesses are introducing new leadership to manage digital experiences, and 46% of CX teams will be centralizing more of their customer experience strategy to better align the various CX stakeholders. Organizations that put a concerted effort into bringing greater coordination, clearer ownership and improved governance to their CX strategy will be better placed to manage these challenges.

That same digital maturity dataset gives clear evidence of this: 64% of digital transformation leaders, those that have established company-wide transformation strategies, are prioritizing the improvement of their CX, compared to only 43% of digital laggards. Organizing company-wide around a digital transformation strategy can help organizations do the same for their CX strategies – both digital transformation and CX strategies are cross-disciplinary in nature, involving core teams in collaboration with other business stakeholders such as leadership, traditional IT, security, compliance and other teams.

An important goal of the digital experience leadership role will be to identify where and how impactful cross-functional collaborations can improve CX strategies.

Best Practice 3:
Prioritize Cross-Functional Collaboration

For survey respondents in marketing, sales and customer service, improved collaboration across the CX lifecycle ranks among the top three operational priorities. While collaboration serves different ends, it is specifically called out by 37% as a key priority that is important in keeping teams aligned with one another.

Figure 4: Top Operational Priorities

Q: Which of the following operational improvements will you be focusing most on improving over the next 12 months?
Base: 50 marketing professionals, 100 customer service professionals, 100 market research professionals, 50 sales professionals
Source: 451 Research and Bloomfire custom study

	Marketing	Customer Service	Sales	Customer Insights / Market Research
Top 3 operational priorities	• Better utilizing customer insights research • **Improving collaboration with sales and service teams** • Getting better access to customer data	• Operational changes to support flexible work • More training on customer support tools • **Improving collaboration with marketing teams**	• **Improving collaboration with customer service teams** • Streamlining workflows across sales teams • Improving access to different customer data • Creating a more supportive work environment	• Improving self-service capabilities for those wanting to use your research • **Increasing the accountability of your stakeholders around your research** • Embedding research into the right business workflows

The survey data shows a range of challenges, however. The main barriers to effective collaboration are a lack of collective awareness of customers' needs across the various CX groups, the lack of automation in workflows that span teams, and challenges in devising innovative ways to think about the customer experience across stakeholder groups.

In addition, collaboration among less digitally mature companies is made harder by the absence of adequate documentation of subject matter expertise across CX teams, as well as lack of visibility into whether tasks have been completed, which leads to duplication and wasted effort.

More digitally mature companies likely already have brought some centralization to their CX strategy, so they are typically more preoccupied with establishing good governance practices for maintaining their customer system of record and with automating key knowledge into the CX teams' workflows.

The top ways businesses are looking to improve their cross-functional collaboration are:

- Centralizing their CX strategy to keep teams aligned.
- Leveraging technologies that support knowledge sharing across CX stakeholders.
- Adopting agile practices to be more operationally responsive.
- Improving workflow designs to allow right-time access to key information for CX teams.
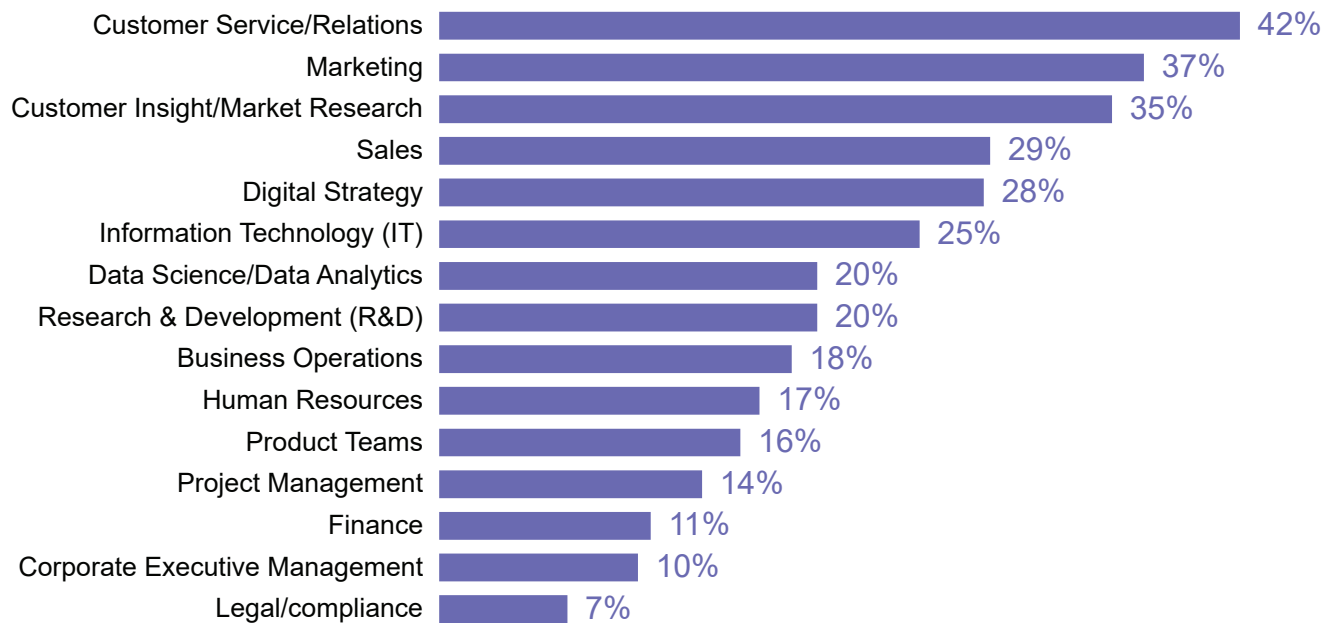
CX professionals aren't just wanting to collaborate with their peers; as more coordination begins to happen across the CX lifecycle, a wider set of stakeholders is becoming involved – in particular, digital strategy, IT, data science and R&D teams are becoming important partners.

Figure 5: Improving Collaboration with Stakeholders Across the Business a Priority
Q: Over the next 12 months, which other departments within your organization do you need to collaborate with more effectively?
Base: 300 CX professionals
Source: 451 Research and Bloomfire custom study

Department	Percentage
Customer Service/Relations	42%
Marketing	37%
Customer Insight/Market Research	35%
Sales	29%
Digital Strategy	28%
Information Technology (IT)	25%
Data Science/Data Analytics	20%
Research & Development (R&D)	20%
Business Operations	18%
Human Resources	17%
Product Teams	16%
Project Management	14%
Finance	11%
Corporate Executive Management	10%
Legal/compliance	7%

Best Practice 4:
Integrate Data and Knowledge Management Practices

The integration of data and knowledge management practices is another best practice. The contextualization, convenience and control we mentioned earlier as key hallmarks of modern digital experiences will increasingly need to be data-driven, yet only 54% of businesses believe they perform strongly at creating and delivering personalized experiences for their customers by using past behavioral data, purchase information and other data signals, according to our Voice of the Enterprise: Customer Experience & Commerce, Merchant Study May 2020.

Equally, having a consistent way to talk to consumers – with information organized and contextually available to CX teams – is critically important for brands wanting to provide a singular and seamless experience. However, knowledge management across the customer journey has been one of the more challenging competencies given the scope of technological, cultural and operational factors that need to come together.

- In our custom survey, 45% of businesses said fewer than half of their CX decisions are made using data.
- Only 26% believe they have a single source of truth across their knowledge assets that's available company-wide and across the customer journey. Among all other businesses, knowledge is less consolidated, and use of it is certainly less automated.

As Figure 6 shows, businesses face several challenges when it comes to generating and managing knowledge across the channels and stakeholder groups that compose their customer journey.

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Q: What are the biggest challenges you face when it comes to generating and managing knowledge across the channels and stakeholder groups composing the customer journey?
Base: 300 CX professionals
Source: 451 Research and Bloomfire custom study

Challenge	Percentage
Effort needed to keep information up to date	39%
Lack of collaboration around important information	39%
Knowledge loss due to employee turnover	36%
Knowledge exists outside of key workflows	35%
Lack of documented subject matter expertise	34%
Duplication of work due to lack of visibility into what's been done	34%
Inaccurate/out-of-date information	32%
Difficulty locating information	29%
Not enough dissemination of useful information	20%
No knowledge management strategy/no one owning the strategy	16%
None of these are challenges	2%

There is a strong correlation, unsurprisingly, with digital maturity, which takes us back to the second and third best practices – businesses that bring more centralized leadership and operational alignment along the customer journey, and that prioritize high-value cross-functional collaborations typically find it easier to be data-driven and to embed automated knowledge management into their customer processes.

- More than half (54%) of organizations with a company-wide digital transformation strategy in place also have what they regard as a best-in-class, automated single source of knowledge, compared to only 12% across all the other groups.
- About two-thirds of businesses with a formal digital transformation strategy are prioritizing the creation of a real-time unified view of the customer across disparate data sources, and the same proportion are using intelligent process automation to reduce customer friction points, according to 451 Research's Voice of the Enterprise: Customer Experience & Commerce, Digital Maturity February 2021.

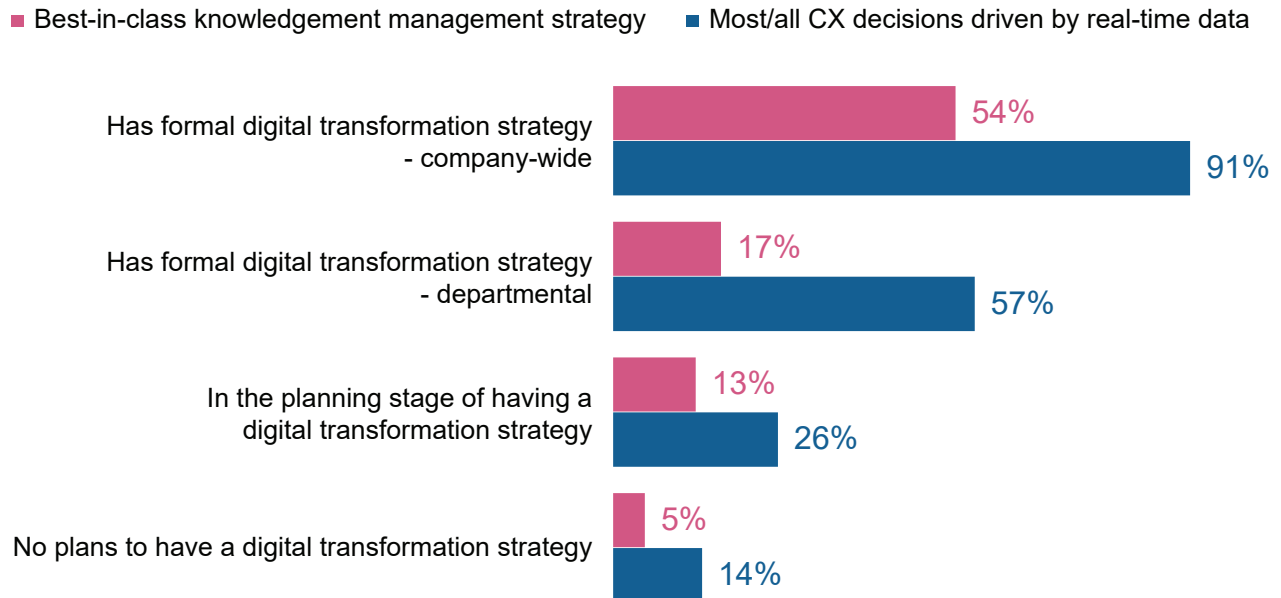**BLACK & WHITE** | FIVE BEST PRACTICES TO FUTURE-PROOF
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Digital transformation is the investment in new digital technologies and processes to not only more effectively engage customers, partners or employees, but also cut costs.

Q: Which of the following best describes your organization's status? Which of the following best describes how your organization generates and manages knowledge across the channels and stakeholder groups composing your customer journey?

Q: To what extent would you say customer experience decisions are currently data-driven with real-time data at your organization?

Base: 300 CX professionals

Source: 451 Research and Bloomfire custom study

■ Best-in-class knowledgement management strategy　　■ Most/all CX decisions driven by real-time data

Has formal digital transformation strategy - company-wide
- 54%
- 91%

Has formal digital transformation strategy - departmental
- 17%
- 57%

In the planning stage of having a digital transformation strategy
- 13%
- 26%

No plans to have a digital transformation strategy
- 5%
- 14%

Interestingly, our custom survey shows that only a third of businesses believe they need more customer data; more of a concern is how to operationalize available data and knowledge assets across the customer journey. Our custom survey shows some of the principal ways that businesses are doing so:

- Introducing more automation across the daily workflows of CX teams.
- Creating more specific visibility into each customer's needs.
- Improving knowledge-sharing capabilities across teams.
- Adopting agile practices that allow for reliable decisions and rapid responses.

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Best Practice 5:
Become Consumer-Insights-Centric

The final best practice is the ability to keep a regular pulse on consumer behaviors and attitudes, centralizing those insights and making them available across the organization. Over the next 12 months, half of all businesses will be prioritizing the improvement of their 'voice of' customer survey (51%) initiatives, doing more proactive outreach to customers (46%) and looking to create a more personalized customer journey (54%) as a result.

- Voice-of-the-customer (e.g., customer feedback/surveys) offerings will have the third highest investment over the next 12 months for customer experience teams.
- For marketing teams, the highest priority operational improvement over the next 12 months will be better utilizing customer insight research.
- Customer engagement tools will have the third highest investment over the next 12 months for sales teams.

Teams across the CX lifecycle are hungry for more insight into customer behaviors and need to be able to easily access and effectively use those insights. This goes beyond traditional market research and survey development into increasingly granular measurements of the consumers' individual user experiences.

Figure 8: Key Technology Investments Over the Next 12 Months by Market Research/Consumer Insight Professionals

Q: Which of the following research and insights-related technologies do you anticipate will have the highest investment within your organization over the next 12 months?
Base: 100 market research/consumer insights professionals
Source: 451 Research and Bloomfire custom study

Category	Percentage
User experience measurement	50%
Brand and Ad tracking	49%
Survey development	46%
Data visualization	45%
Survey data analysis	44%
Video capture and analysis	32%
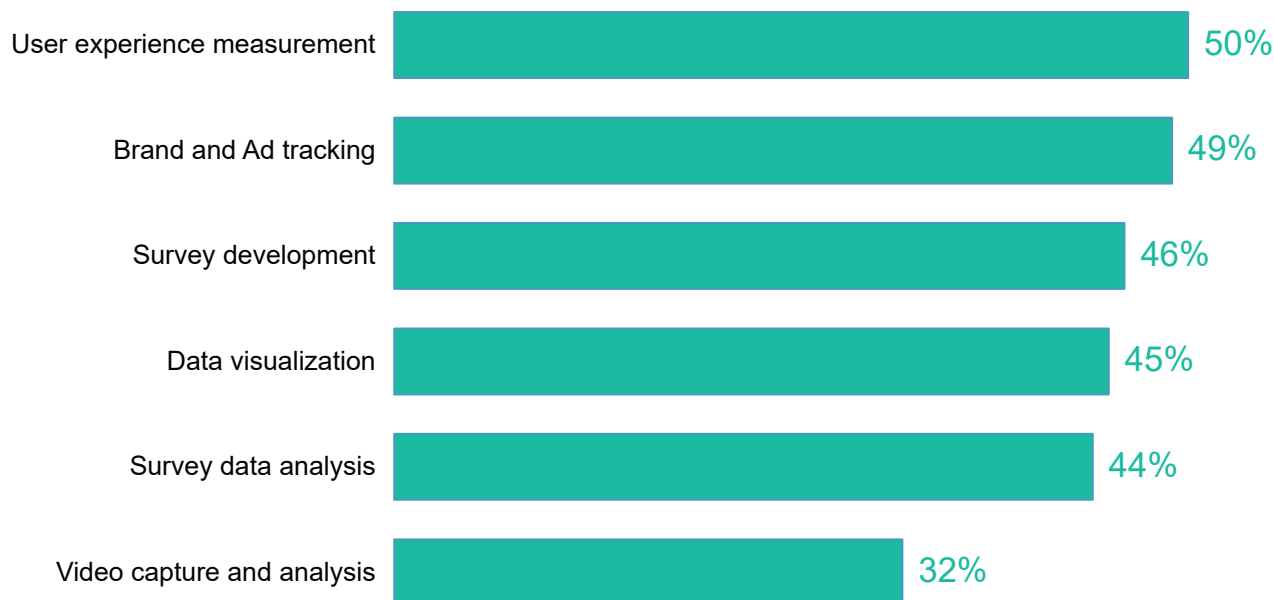
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As with next-generation knowledge management practices, a lot of the focus for market research teams is on making more seamless the consumption of consumer insights in the operational processes spanning the customer lifecycle.

Category	Percentage
Improving self-service capabilities for those wanting to use your research	59%
Increasing the accountability of your stakeholders around your research	54%
Embedding research into the right business workflows	45%
Keeping research data up to date so it can be actioned	40%
Improving discoverability around your research	38%
Gaining executive sponsorship around your market research strategy	34%
Testing new research methodologies	33%

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Methodology

The survey data referenced in this report was collected in January and February 2021 by 451 Research as part of an independent study commissioned by Bloomfire. The interviews comprised 20 structured questions, and we polled 300 customer experience professionals – balanced across sales (50) and marketing (50), customer service (100) and customer insights roles (100) – working in North American businesses representing the following key vertical sectors:

- Commercial and professional services
- Financial services
- Food, drink and beverage
- IT, software services
- Consumer goods
- Media sectors

In the panel, 60% of respondents have primary responsibility for their CX strategy, while 40% strongly influence decisions about their company's CX strategic initiatives. Overall, 68% of respondents operate at director level and above at their organizations, and the rest have senior managerial roles. We thank them all for their participation.

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