

Agenda Overview for Customer Experience, 2015

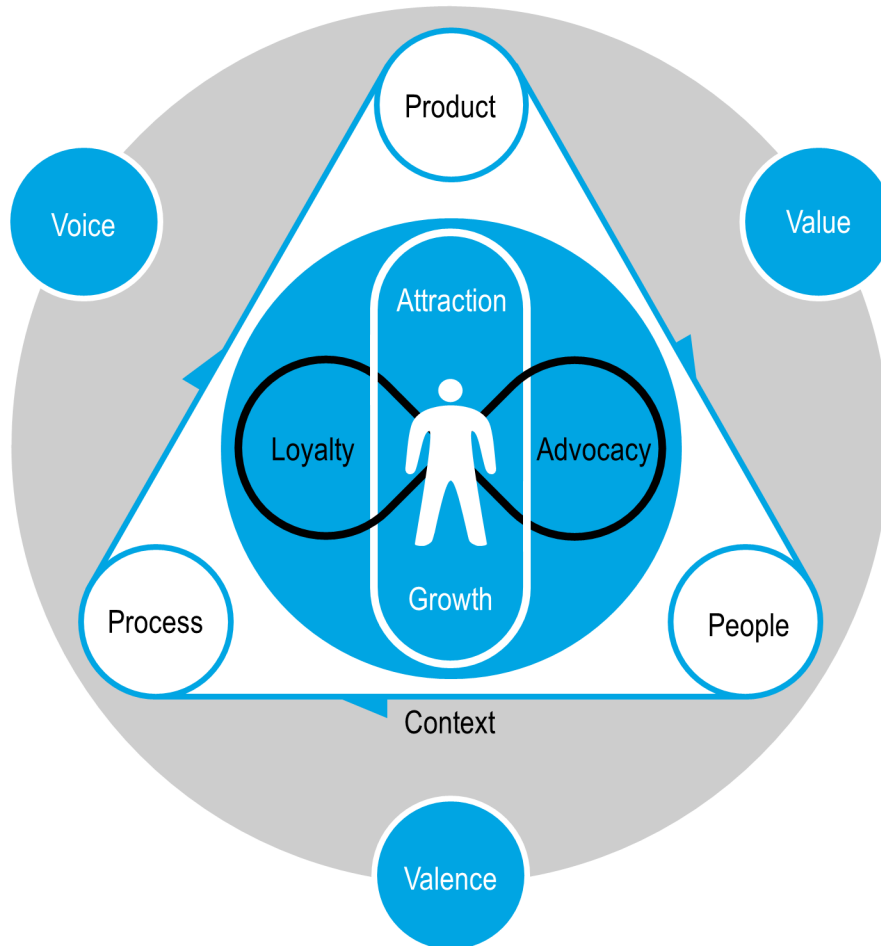
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Customer experience has emerged as a top priority for marketers. This overview summarizes how our research will help you serve customers' changing needs and expectations in 2015.

Analysis

Figure 1. Customer Experience Agenda Overview



Source: Gartner (December 2014)

According to a 2014 Gartner survey on marketing's role in customer experience, 89% of marketers expect to compete primarily on the basis of customer experience by 2016. For marketers, customer experience is the new battlefield for differentiation. Customer experience is the sum of discrete moments that work together to strengthen or weaken a consumer's preference, loyalty and advocacy for a brand. Many of these moments are orchestrated by the brands themselves via multiple touchpoints, from store showcase designs to automated marketing processes that trigger digital actions, such as an email or personalized website content. Our 2015 Customer Experience Agenda will prep marketing leaders to design and deliver exceptional customer experiences by collecting and acting on customer insight in the moments that count.

A marketing leader shares responsibility for the overall customer experience with other business leaders — but, more than any other function, marketing owns customer experience strategy, design

and improvements. Additionally, according to this same Gartner for Marketing Leaders survey, marketing controls the majority of the customer experience budget 54% of the time.

The same research suggests that marketers will play an even greater role in this area going forward. By 2017, 89% of respondents expect customer experience to be their primary basis for competitive differentiation. And there's lots of room for improvement. Fewer than half said their capabilities were industry-leading or much more successful than their peers'.

Gartner's 2015 research will help you develop the organizational discipline to design, deploy and manage digitally led customer experiences with goals to:

- Establish a unified vision and architecture to bring together the cross-functional resources for exceptional branded moments at every customer touchpoint
- Align to and influence other customer experience initiatives resident in other functional areas
- Layer in data as the context that ensures customer experiences are relevant and timely
- Identify and retain your best customers with strategies that drive brand preference and loyalty
- Turn loyal customers into the vocal advocates who multiply their own value
- Measure and optimize the compound benefits of the three "Vs" — value, voice and valence — to drive loyalty and advocacy over time:
 - "Value" is the lifetime economic value of customers.
 - "Voice" is your customers' satisfaction, suggestions and sentiment.
 - "Valence" is direction of positive or negative affinity over time.

Here is a sample of Key Issues that we will cover in our 2015 Customer Experience Agenda.

Key Issues

Design Customer Experiences

- How do marketing leaders model, design and optimize segments, personas and buying journeys?
- How do marketers tap into the voice of customer and the buying journey, and measure and act on intent?

Execute Customer Experiences

- How can marketing leaders identify and align to cross-functional customer experience initiatives?
- What are the best practices for creating differentiating, digitally led customer experiences?

- What are best practices for turning loyal customers into advocates?

Manage and Optimize Customer Experiences

- How do marketing leaders measure customer satisfaction, loyalty and advocacy?
- How do marketers make continuous measurement and closed-loop execution a culture and a process?
- What tools and techniques can help marketers become more agile, adaptive and responsive?

Design Customer Experiences

How do marketing leaders model, design and optimize segments, personas and buying journeys?

How do marketers tap into the voice of customer and the buying journey, and measure and act on intent?

Gartner predicts that, by 2017, 50% of consumer product investments will be redirected to customer experience innovations. What was once a running shoe purchase is now a gateway to a fitness tracking ecosystem. Why the shift in priority? For many industries, traditional product and service advantages are fleeting in the face of hypercompetition and consumer empowerment. In response, companies are investing in the customer experience to create more durable competitive differentiation.

For the purpose of the marketing leader, Gartner's definition of "customer" encompasses any potential buyer in the entire engagement life cycle of awareness, intention, desire, action and advocacy. "Customer" includes prospect, audience and influencer.

A customer's experience with your brand occurs across many channels — digital and physical. Many variables can impact that experience:

- Your organization's marketing, sales and customer support channels
- Your organization's culture, processes and systems
- Your products and services
- Other customers, competitors, business partners and other constituents

Marketing leaders have an opportunity to design and influence world-class customer experiences. Savvy marketers start with a deep understanding of customers' expressed and implied needs and wants by creating stories, experiences and services that go beyond simply satisfying these requirements. The best marketing leaders recognize that they're responsible for creating experiences that live up to a brand's story.

Planned Research

Our research will help you use persona-driven buying journeys to design customer experiences. It will help you design a customer experience architecture that solves the "who," "when," "what" and

"how." If you have the resources to retain a premium experience design service, our annual Market Guide for this sector will explain the ecosystem of service offerings. That research will complement Gartner's Magic Quadrant for digital marketing agencies, which discusses the competencies and challenges of top digital agencies, which are often part of the experience innovation process. And our Hype Cycle for digital marketing will give you a reality check on technologies that impact the customer experience, such as responsive design and A/B testing.

Execute Customer Experiences

How can marketing leaders identify and align to cross-functional customer experience initiatives?

What are the best practices for creating differentiating, digitally led customer experiences?

What are best practices for turning loyal customers into advocates?

"More effectively connecting with customers" ranked as the top challenge by marketers responding to Gartner's CMO Spend Survey 2015. This challenge has prompted marketing leaders to take a fresh look at their customer acquisition and retention efforts. Typically, advocacy marketing has been considered a customer acquisition tool, and loyalty marketing has been used for customer retention. Today, digital marketing leaders are finding powerful allies in loyal customers who are also advocates.

Because customer relationships generally span sales, marketing and support organizations, delivering exceptional customer experiences is an inherently cross-functional challenge. Rarely does marketing leadership have the ability to dictate customer experiences without close cross-functional, interorganizational collaboration.

In our survey about marketing's role in customer experience, 65% of the respondents said their organizations have the equivalent of a chief customer officer. Fifty-eight percent of the time, this role reports into the marketing function.

This means that marketing needs to take the lead to identify and align with cross-functional customer experience initiatives underway in their organizations. Marketers in larger companies will face a greater challenge in identifying who's undertaking what initiative, and how to influence and line up to these efforts. In smaller organizations, marketers — even the CEO — may feel they shoulder the vast majority of the responsibility. In both circumstances, marketers require fresh perspective on how to make exceptional experiences happen.

Planned Research

Our Best Practices research will help you build a business case for advocacy marketing as part of your customer experience strategy, and it will share insights on how to use loyal customers to add lift to advocacy investments. We'll look at the role of wearables, the Internet of Things, mobile, social and personalization techniques in creating rich and differentiated customer experiences. In our research series about the digital CMO, we will profile marketing leaders who champion modern approaches to customer acquisition, engagement and retention that center on digitally led customer

experiences. Our research will help you enhance, extend and transform your customers' experiences.

Manage and Optimize Customer Experiences

How do marketing leaders measure customer satisfaction, loyalty and advocacy?

How do marketers make continuous measurement and closed-loop execution a culture and a process?

What tools and techniques can help marketers become more agile, adaptive and responsive?

Digital marketing leaders have to measure customer satisfaction, loyalty and advocacy through the lens of new channels, new competition and new customer expectations. Marketers have a wide selection of tools they choose from to measure sentiment, advocacy and customer experience metrics, such as the Net Promoter Score. Still, many marketers struggle with exactly what to measure and how to make the best use of the information they collect. What's more, unlike a campaign, which has a well-defined beginning and end, measuring customer experience is a continuous, operational discipline.

Simultaneously, marketers — especially those in larger organizations — are trying to motivate their colleagues to become more agile, adaptive and responsive to the insights they glean. To do so, marketers have to work across silos, overcome organizational inertia, and figure out ways to be more responsive to changing customer preferences and behaviors. For example, some marketers still practice social listening as a purely passive activity. The reality is that value is created when social insights are turned into action. When the loop is closed between observation and the ability to execute — often in the moment — organizations can positively influence loyalty and advocacy.

Planned Research

Our annual Market Guide for voice of the customer (VoC) in digital marketing discusses five categories of tools to collect, analyze and act on customer insights. Additional research explores how VoC tools and techniques can improve brand, product and campaign management. We also take a close look at the strengths and weaknesses of customer experience metrics, such as the Net Promoter Score and Customer Effort Score, helping marketers create a holistic view of customer satisfaction, loyalty and advocacy through composite measurement. Additional research will ground marketers in agile and lean startup techniques to launch marketing campaigns in shorter time cycles, to better align with customers and accelerate social engagement that supports business goals.

Related Priorities for Customer Experience

Key initiatives address significant business opportunities and threats, and they typically have defined objectives, substantial financial implications and high organizational visibility. They are normally implemented by a designated team with clear roles and responsibilities, as well as defined performance objectives.

Table 1. Related Priorities for Customer Experience

Key Initiative	Focus
Multichannel Marketing	Multichannel campaigns are where content, experiences, brands and buyers meet. Make the science easier so your multichannel strategy generates more business value from each customer and finds new customers.
Data-Driven Marketing	The variety, velocity and volume of information have reached unprecedented levels. Here are ways to cope with mountains of data.
Emerging Marketing Technology and Trends	Evaluate and act on the trends that will have the most positive impact on your business.
Social Marketing	Social marketing offers rich ways for companies to inspire and collect ideas from the market, get feedback, connect and engage with consumers, understand customer intent, and extend campaigns through communities.
Mobile Marketing	Mobile technologies enable digital marketers to engage customers at every stage of the purchase path.
Marketing Management	CMOs are redesigning the organization, building business advantage through multidisciplinary teams, and adopting new capabilities to penetrate customer segments and explore growth opportunities.

Source: Gartner (December 2014)

Suggested Next Steps

- Review your customer satisfaction scores and other sentiment measures, as well as your customer retention and growth over time. Assess whether the trends are positive or negative over time and why.
- Develop rich customer personas based on a top-down and bottom-up view of your customer and using first-party knowledge and information gleaned through participatory observation and other research techniques. Learn how your customers consume media, interact with technology and, most importantly, how they interact with your brand.
- Apply focused effort to fixing the most troublesome experiences revealed through this research. In parallel, identify opportunities for innovation in designing next-generation experiences that may surprise, delight and earn the enduring loyalty and advocacy of customers. Test and learn, using A/B and multivariate testing, to understand which experiences move the needle before rolling out at scale.

Related Agendas

Multichannel Marketing

Mobile Marketing

Social Marketing

Emerging Marketing Technology and Trends

Marketing Management

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Customer Experience Emerges as the Marketers' Next Battlefield"

"Importance of Customer Experience Is on the Rise; Marketing Is on the Hook"

"Market Guide for Voice-of-Customer in Digital Marketing"

"Presentation for CMO Spend Survey 2015: Eye on the Buyer"

"Top 10 Strategic Predictions for 2015 and Beyond: Digital Business Is Driving 'Big Change'"

"Market Guide for Providers of Premium User Experience Design Services"

"What It Means to Be an Agile Marketer"

"When Loyal Customers Become the Advocacy Marketer's Best Friend"

Agenda Manager Profile



Jake Sorofman leads the Customer Experiences Agenda. He analyzes digital marketing strategy, trends and practices. He focuses on mobile, social and content marketing and helps clients use these techniques to engage customers, evangelize their brands, grow revenue and transform their business.

Before joining Gartner, Mr. Sorofman founded a boutique content marketing agency, and he held communications, product marketing, CMO and other leadership positions with software startups and established technology companies. He blended content and communications strategies into high-impact brand engagement.

More on This Topic

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

- Agenda Overviews for Gartner for Marketing Leaders, 2015

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