

# Survey Analysis: Customer Experience Innovation 2017 — AI Now on the CX Map

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Customer experience improvement projects touch on technology, people and culture across the organization. Application leaders supporting CX should adopt bimodal approaches to drive CX objectives today, while mapping the route to machine learning and virtual assistants.

## Key Findings

- A global Gartner study reveals that customer experience improvement projects are reaching deeper within client organizations, with a sharpened focus on reconfiguring customer processes and developing CX management strategies.
- Customer analytics is the top focus area for increased technology investment in 2017, comprising digital marketing analytics (the most common priority), customer journey analysis, customer segmentation and customer needs analysis.
- Led by mature organizations that differentiate via CX, AI technologies are on track to become mainstream CX investments in the next three years, with 55% of organizations implementing machine learning, 47% using virtual customer assistants or chatbots, and 40% deploying virtual personal assistants for their customers.

## Recommendations

Application leaders supporting customer experience should:

- Challenge CX projects that require a technology implementation to support them to show which CX metrics will be impacted, and argue for evidence of a link to a financial benefit in order to prioritize IT department investment in new technologies and resources.
- Explain the variety of potential uses of analytics to improve CX, and avoid implementation of a different analytics tool for each project type.
- Employ Mode 2 (high-velocity, exploratory ideation) approaches to develop and test AI use cases that align with CX business objectives.

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## Strategic Planning Assumptions

By 2020, more than 40% of all data analytics projects will relate to an aspect of customer experience.

By 2020, 10% of business-to-consumer, first-level engagement requests will be taken by virtual customer assistants, up from less than 1% today.

## Survey Objective

Customer experience has become a top priority for CEOs, who are increasing investment in projects that improve the experience of customers interacting with their organization. The objective of the study was to understand what categories of CX improvement projects are being undertaken by a panel of 165 organizations worldwide and covered:

- How those projects are measured

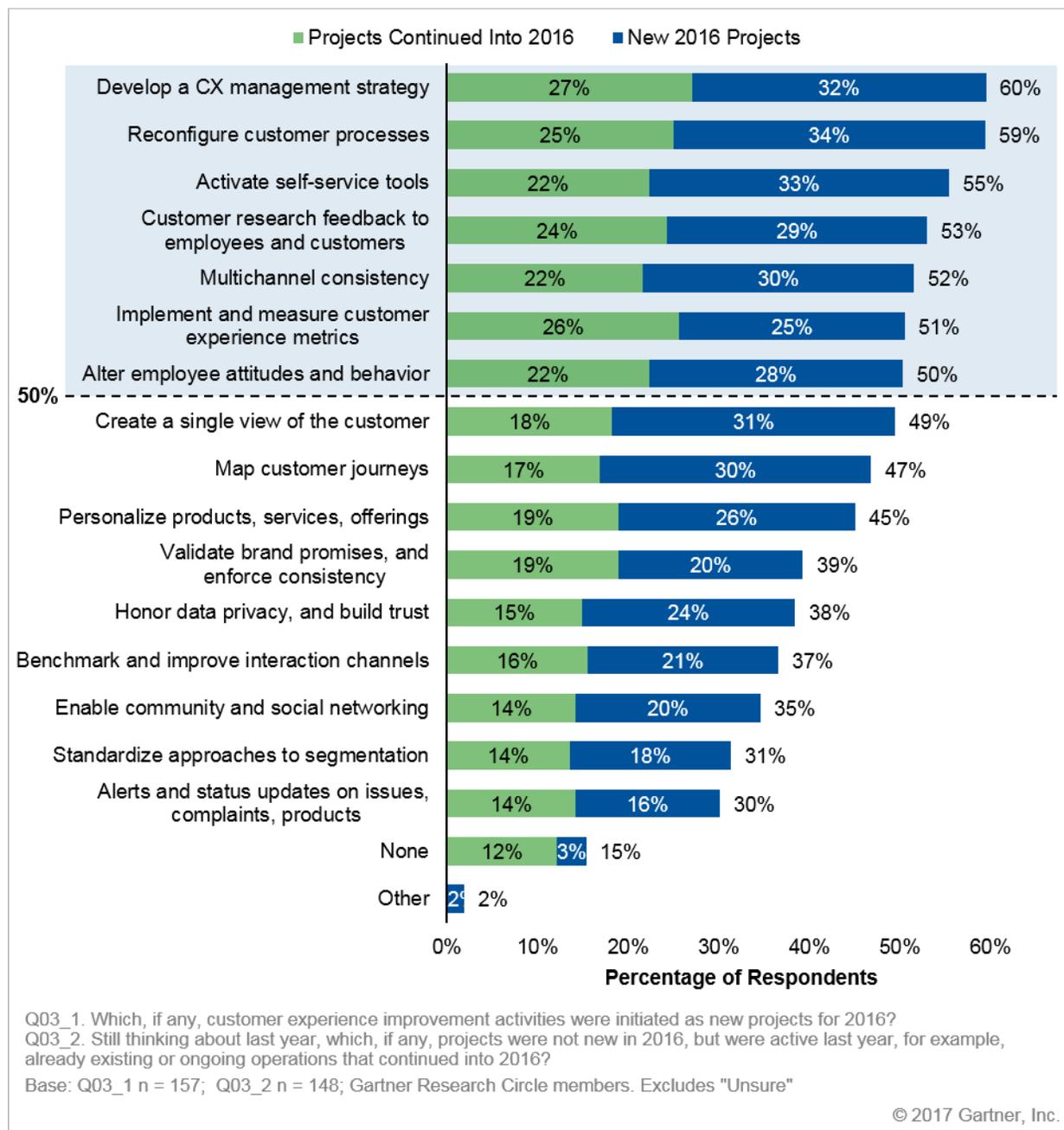
- Their investment priorities
- What makes them successful
- The focus of supporting technologies
- What trends can be deduced from comparison with past years' results

This research was conducted via an online survey from 1 through 14 February 2017 among Gartner Research Circle members — a Gartner-managed panel composed of IT and business leaders.

## Data Insights

The results of this year's customer experience innovation study are indicative of a growing CX maturity among client organizations. Senior leadership continues to be an essential ingredient for CX project success, as our studies have repeatedly shown over the years. In 2016, organizations ramped up their efforts to develop a CX management strategy, reconfigure customer processes and activate self-service tools. As in previous years, VoC efforts featured strongly, as illustrated in Figure 1.

Figure 1. New and Continuing CX Improvement Projects in 2016



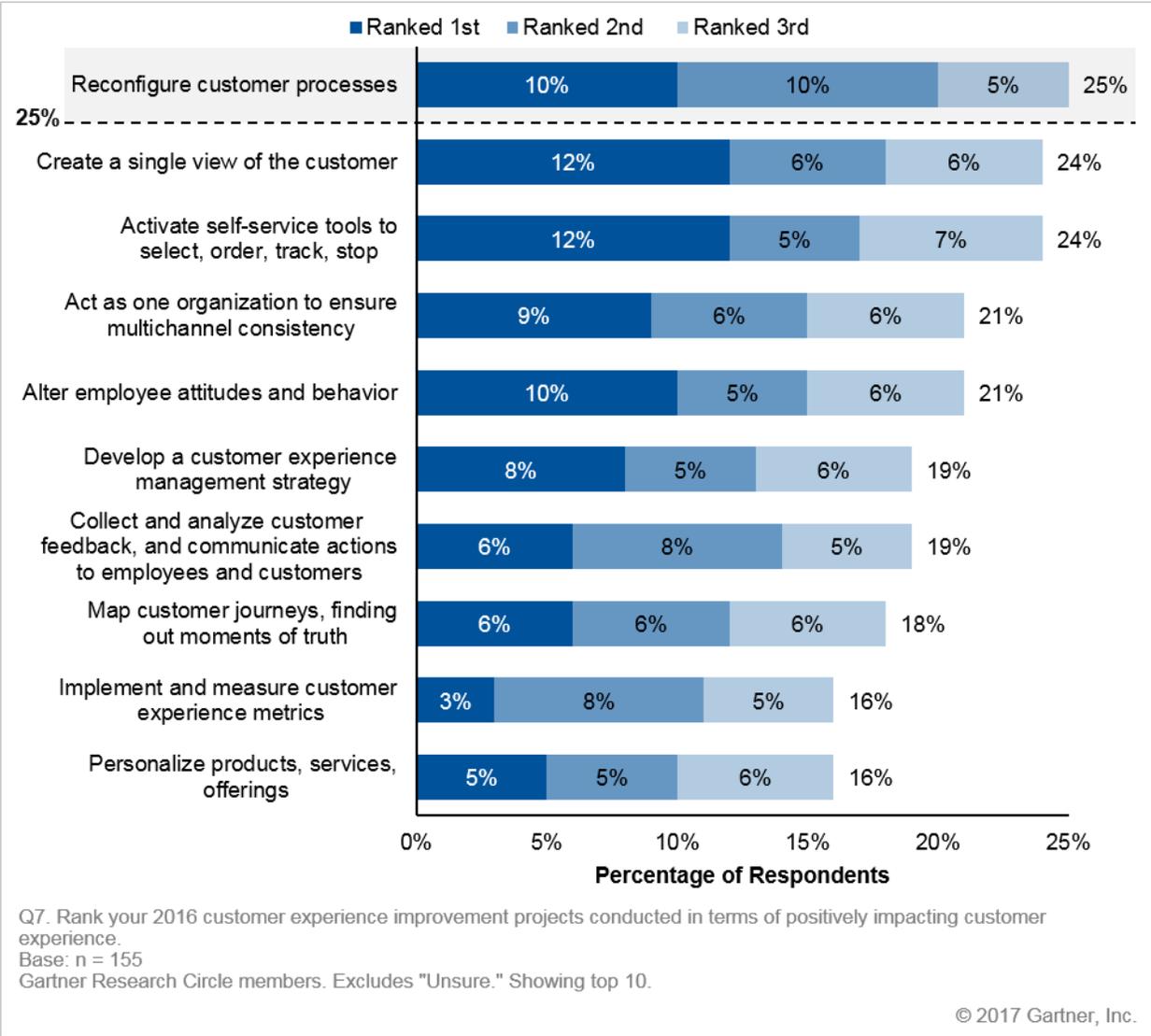
Note: Multiple responses allowed.  
 Percentages may not add up to totals shown due to rounding.

Source: Gartner (March 2017)

There is not much difference in percentage between the top 10 project types undertaken, which suggests a commonality of purpose and priority in CX improvement efforts, but with a long tail of things that also need to be done at some stage.

Organizations are also embarking on some fairly fundamental changes in the way they interact with customers through their business processes. This had the single biggest impact on CX in 2016, as shown in Figure 2.

Figure 2. Projects With the Biggest Impact on Customer Experience in 2016

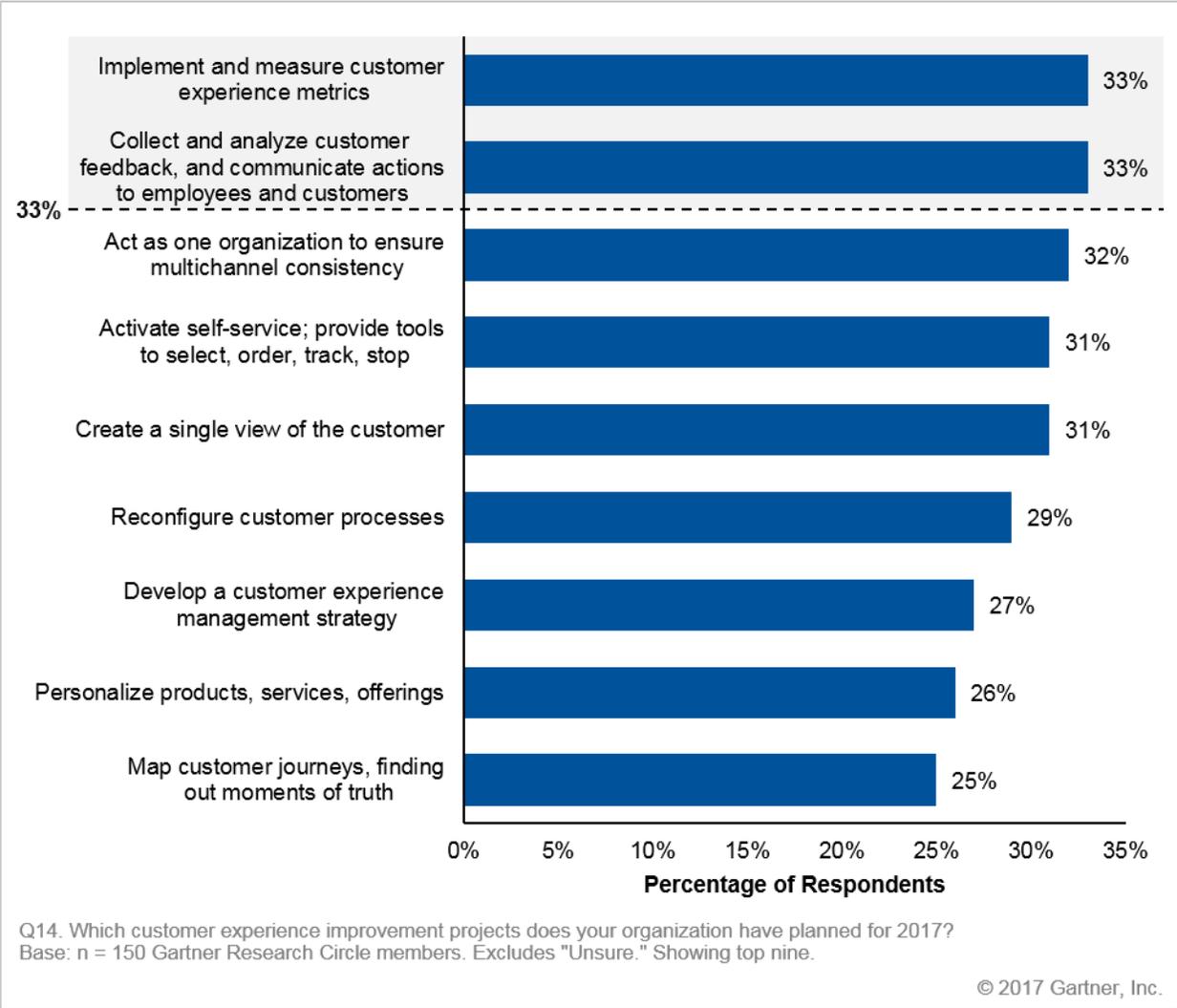


Note: Three or more responses allowed.

Source: Gartner (March 2017)

Turning now to 2017, the focus of new CX improvement projects is headlined by implementing CX metrics and VoC, followed by projects to improve multichannel consistency as shown in Figure 3.

Figure 3. CX Projects Planned for 2017



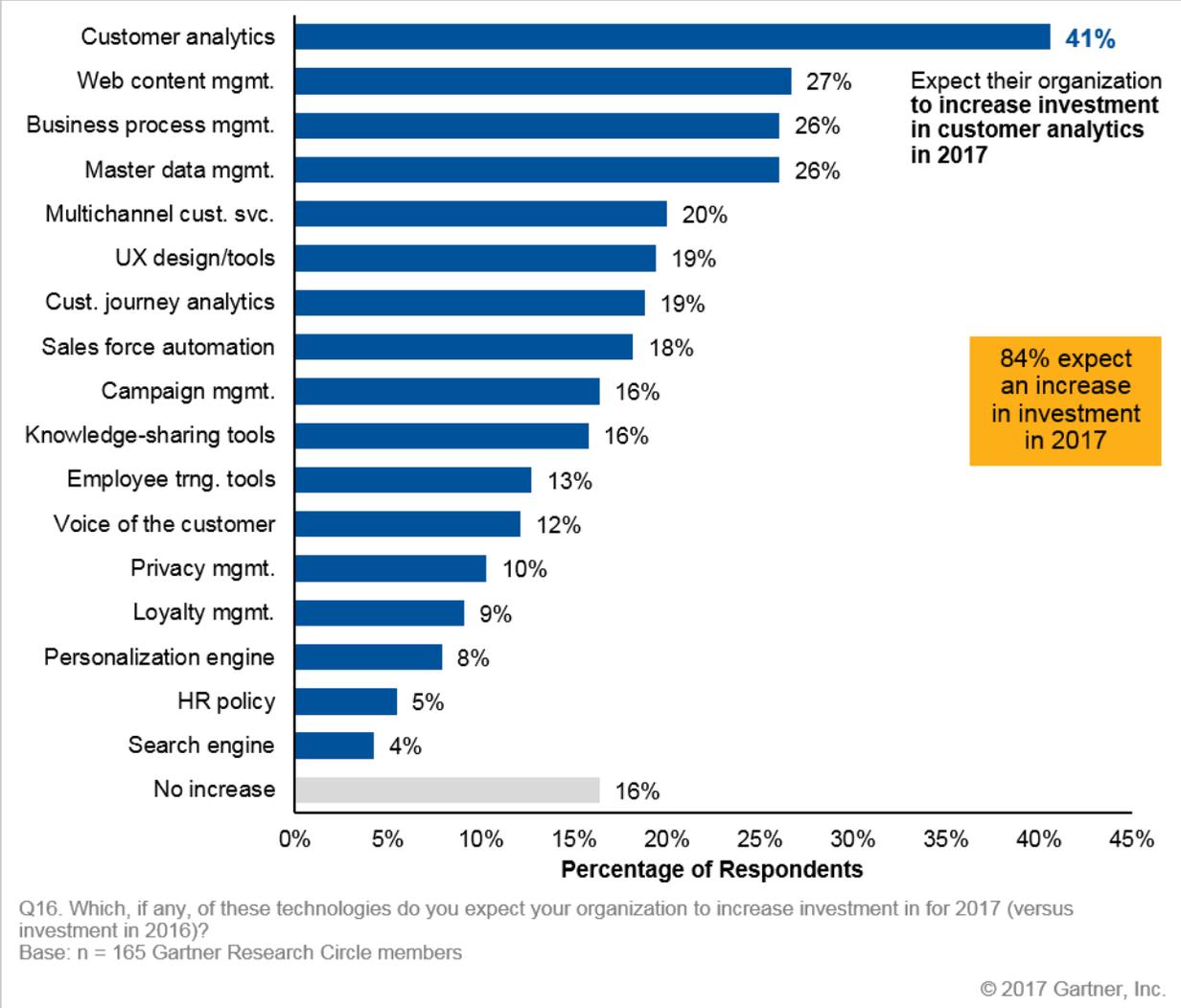
Note: Multiple responses allowed.

Source: Gartner (March 2017)

The focus on metrics this year underlines a growing maturity in CX efforts as CX leaders try to improve progress measures and demonstrate ROI, in line with the more strategic and systematic approaches to CX.

Customer analytics — found in last year's study to be a critical technology investment in 2016 — has become an increasing focus of technology investment in 2017. Forty-one percent of organizations said they planned to increase their investment in customer analytics (compared with 37% in our 2016 study), as shown in Figure 4.

Figure 4. Customer Experience Technology Investment Increases for 2017

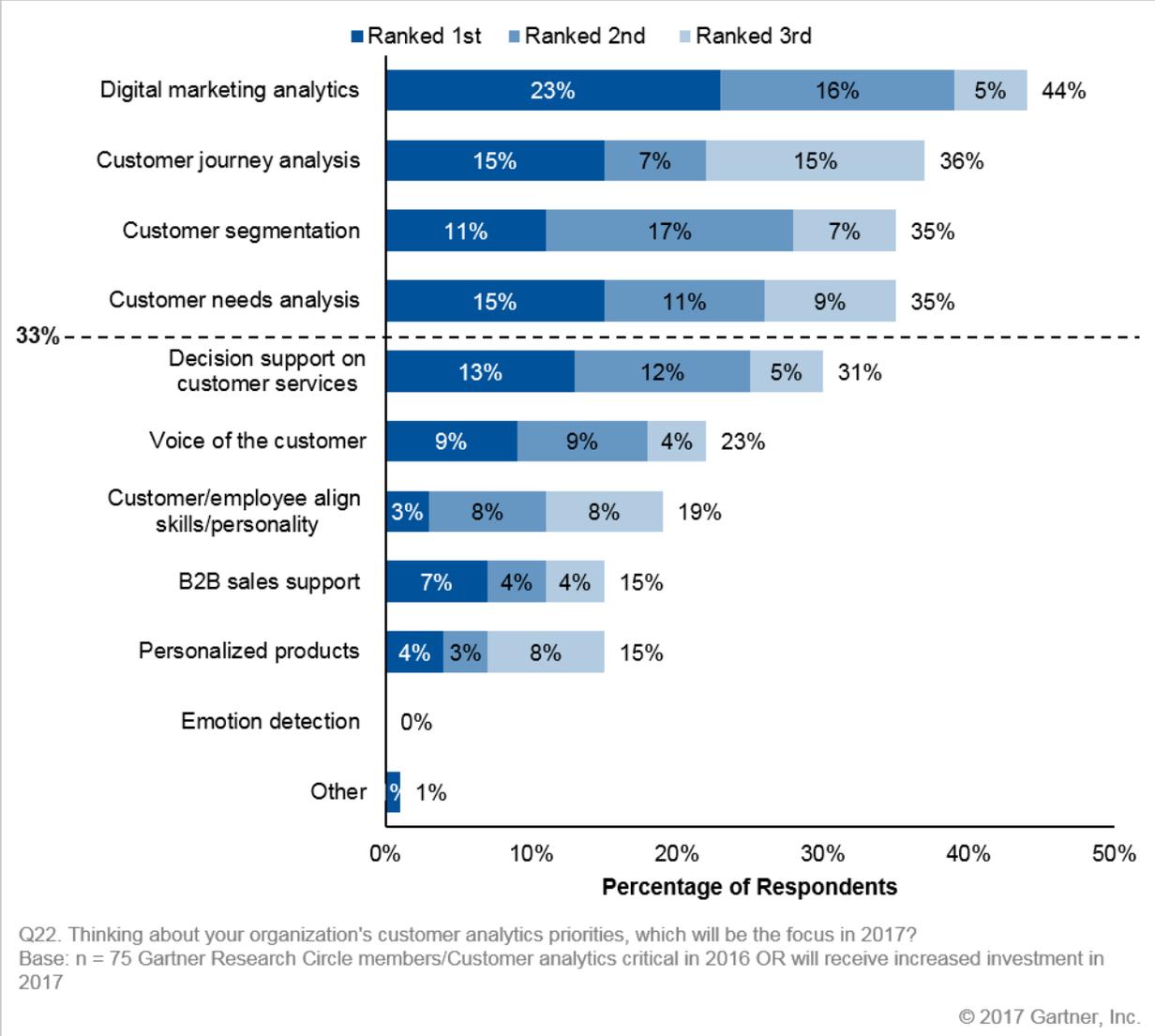


UX = user experience  
Multiple responses allowed.

Source: Gartner (March 2017)

Digital marketing analytics was the primary focus for respondents in this year's study planning to invest in customer analytics, followed by customer journey analysis, customer segmentation and needs analysis, as shown in Figure 5.

Figure 5. Customer Analytics Priorities for 2017



Note: Participants ranked up to three selections.  
 Digital marketing analytics includes insights into how people use an organization's portal, including web analytics, A/B testing and multivariate testing. Customer journey analysis entails linking the customer journey across multiple channels, and understanding the complex and convoluted journeys customers take in dealing with organizations. Needs analysis includes using sensor data, video or behavior data. Decision support on customer services includes real-time decision support analytics and churn modeling. Percentages may not add up to totals shown due to rounding.

Source: Gartner (March 2017)

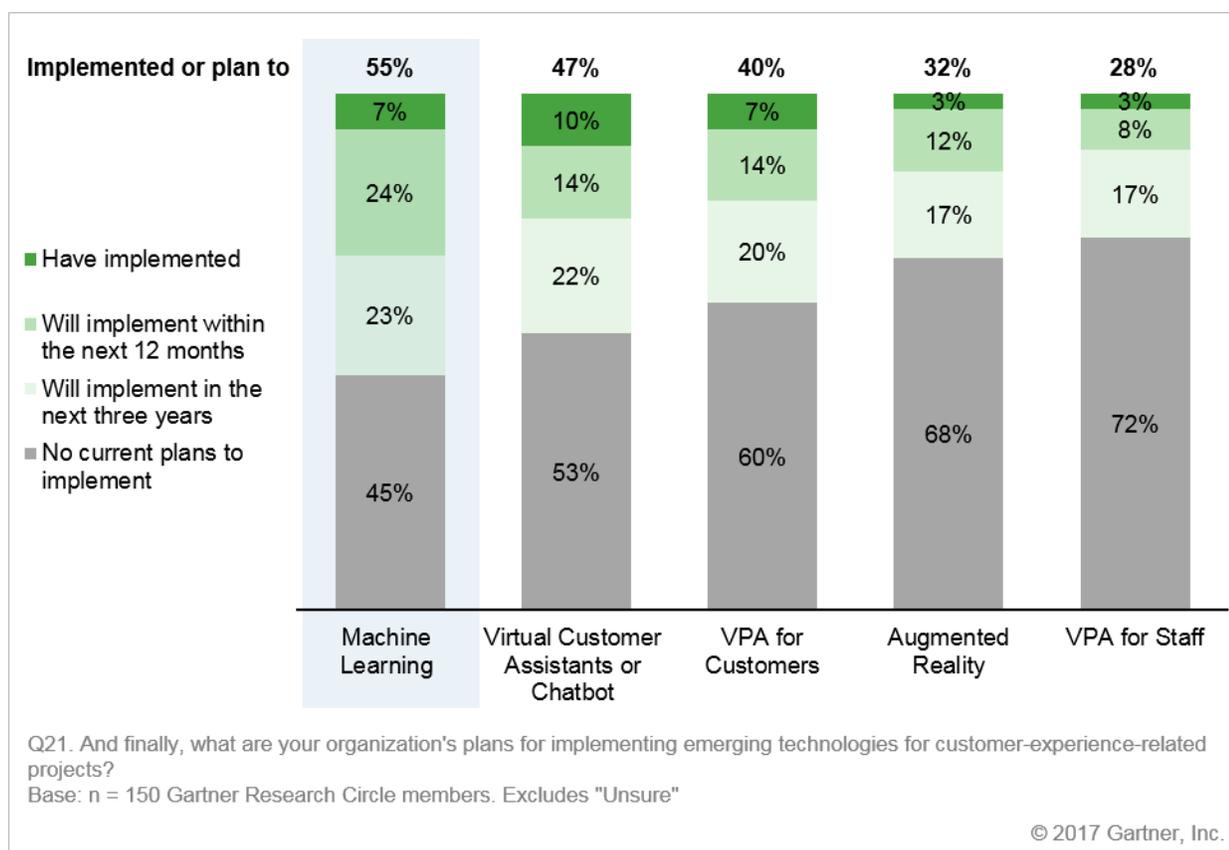
The current wave of organizational enthusiasm for analytics belies the fact that there are many different competing priorities across business departments (marketing, sales and customer service, for example), creating a fragmented experience and a long tail of potential projects, as instanced in Figure 4. IT application leaders supporting CX analytics projects should ensure the expected business outcomes for customer experience analytics projects are clearly articulated and agreed upon, including an understanding of how the business will use the output. Create a cross-functional

roadmap of customer experience analytics projects based on expected business outcomes and metrics. To do this, IT leaders need a place at the CX leadership table.

### Future CX Technologies

There is also significant interest among organizations in our sample in implementing AI technologies, and some of these are on track to become mainstream CX investments in the next three years. More than half of the organizations in the 2017 study expect to be using machine learning within the next three years, 47% expect to be using virtual customer assistants or chatbots, and 40% are focused on virtual personal assistants for their customers, as shown in Figure 6.

Figure 6. Plans for Emerging Technologies in Customer-Experience-Related Projects



Note: Only single response allowed for each category. Percentages may not add up to 100% due to rounding.

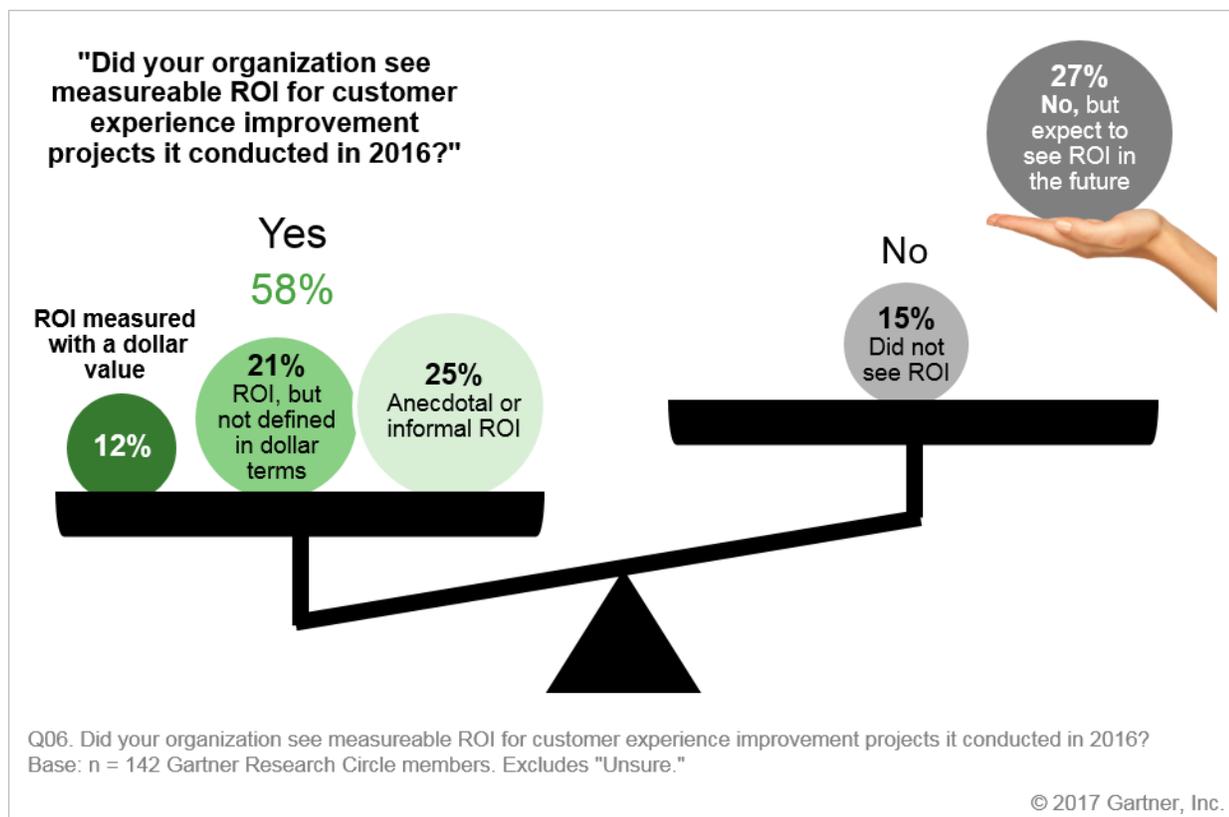
Source: Gartner (March 2017)

Among other CX innovations in the pipeline, there are indications from investments in customer needs analytics (as shown in Figure 5) that video and audio analytics, along with IoT tracking, could become more important for some organizations, according to this year's study.

Machine learning can be used to support automation efforts and manage data complexity; virtual assistants enable conversational interfaces, a paradigm shift in customer, personal and employee interactions (see "Conversational AI to Shake Up Your Technical and Business Worlds").

Establishing ROI on CX improvement projects remains challenging. Organizations are putting greater reliance on ROI metrics, especially soft (nondollar) ROI, as opposed to anecdotal metrics, as shown in Figure 7.

Figure 7. Measuring the ROI of CX Improvement Projects



Note: Single response only.

Source: Gartner (March 2017)

This is an improvement from the 2015 results, where less mature CX organizations were less able to demonstrate ROI. For example, in last year's study, 11% of organizations measured ROI with a dollar value in 2015, while 18% defined ROI in nondollar terms and 30% provided ROI in only anecdotal terms. The number of organizations that saw no ROI increased from 12% to 15%. Soft ROI metrics are better than none, but this underscores the importance of a cohesive measurement plan that connects tactical and operational metrics to strategic objectives and business goals, too, and this helps organizations align across teams.

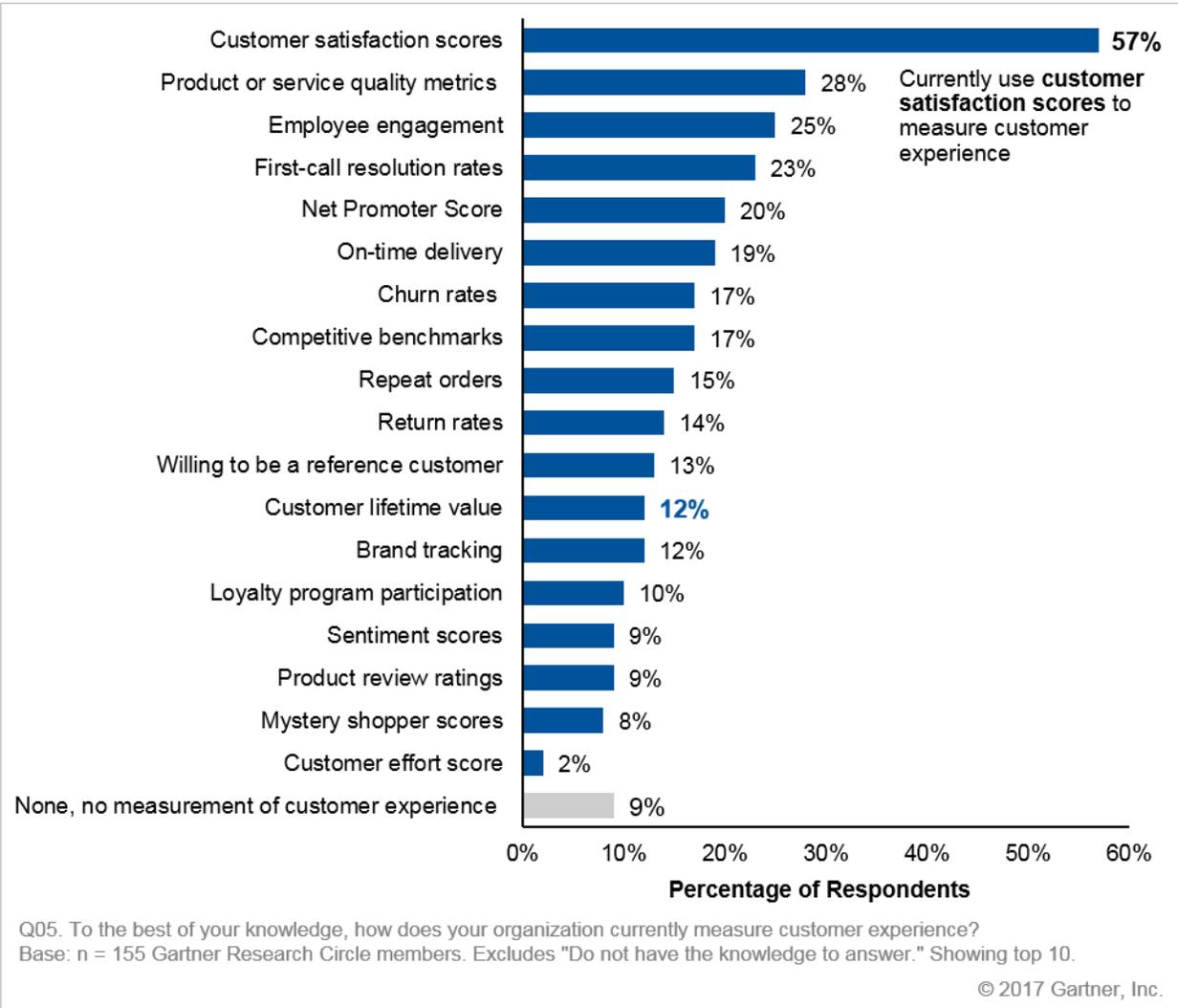
Application leaders supporting CX should help underpin the business case for CX projects with metrics that link to financial indicators such as revenue, margin and cost reduction; help prioritize

investments in CX improvement projects; and focus on customer impacts and moments of truth that will deliver the biggest impact to the business. They should also set expectations of payback in the medium term. The investment on CX often takes four or five years to pay off financially for the organization investing — they don't necessarily deliver short-term financial benefits.

At the same time, organizations need to position themselves to take advantage of the emerging technologies such as machine learning and virtual assistant. For this reason, we recommend application leaders supporting CX employ Mode 2 (high-velocity, exploratory ideation) approaches to develop and test AI use cases that align with customer experience business objectives.

In terms of CX metrics, organizations are using a variety of common metrics, with customer satisfaction dominating as in previous years (see Figure 8).

Figure 8. CX Metrics' Frequency of Use



Note: Multiple responses allowed.

Source: Gartner (March 2017)

Product or service quality metrics came in an important second.

Interestingly, usage of some of the newer CX-related metrics was down from the previous year. Net Promoter Score use was down slightly from last year (24% in 2016), as was customer effort score (6%). Employee engagement metrics fell from 30%. This is not so much a statement about which metrics are in or out of fashion, but rather, a recognition that a variety of different metrics are needed to address different aspects of total CX, including quality, satisfaction, loyalty and advocacy. We have seen examples where organizations have placed overreliance on one type of black-box metrics (Net Promoter Score, for example), and found it difficult to explain the inevitable fluctuations in year-over-year performance.

This shows the value of working cross-functionally to develop a CX measurement plan. This would map out the metrics, areas of the business-IT and the data sources needed to evaluate the metrics.

## Methodology

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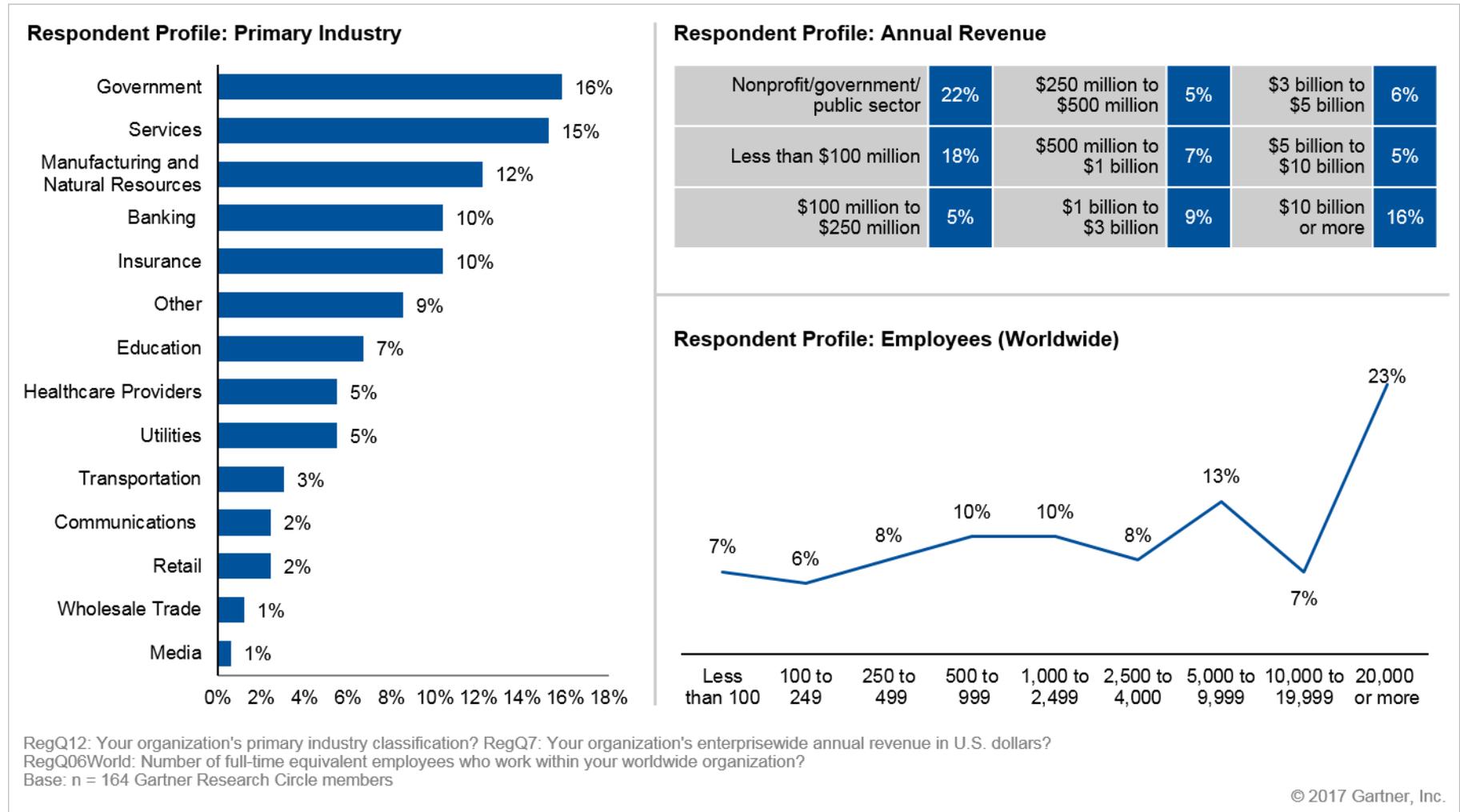
This research was conducted via an online survey from 1 through 14 February 2017 among Gartner Research Circle members — a Gartner-managed panel composed of IT and business leaders.

In total, 165 members completed the survey. Members qualifying for the survey were responsible for, or were on a team responsible for, CX initiatives, and/or were impacted by such initiatives. They were also knowledgeable about the specifics of CX activities in 2016. Gartner Research Circle IT and IT-business members were invited to participate.

The survey was developed collaboratively by a team of Gartner analysts, and was reviewed, tested and administered by Gartner's Research Data and Analytics team.

Figures 9 through 11 highlight aspects of the respondents' profiles.

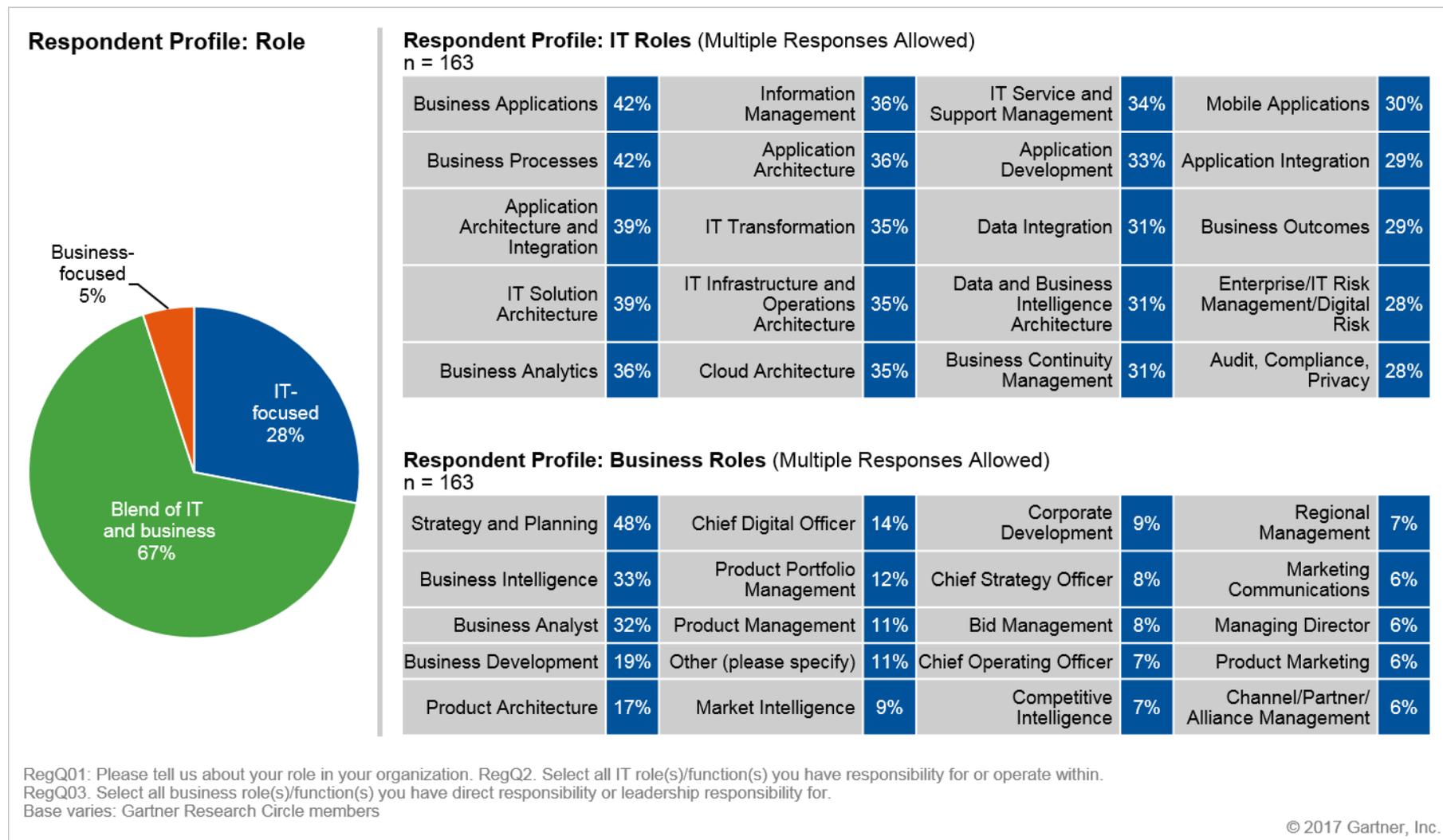
Figure 9. Survey Participant Firmographics



Note: The number of government respondents to the survey was relatively high, and governments tend to have fewer CX programs compared with commercial companies. Gartner research shows that organizations most likely to have a CX leader are in the following sectors: telecommunications, high-tech, banking, insurance, retail, travel and hospitality.

Source: Gartner (March 2017)

Figure 10. Survey Participant Roles



Source: Gartner (March 2017)

Figure 11. Survey Participant Involvement in CX Projects in 2016



Source: Gartner (March 2017)

Definitions

Gartner defines "customer experience" as "the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, channels, systems or products."

Acronym Key and Glossary Terms

<b>AI</b>	artificial intelligence
<b>CX</b>	customer experience
<b>IoT</b>	Internet of Things
<b>ROI</b>	return on investment
<b>VoC</b>	voice of the customer

Gartner Recommended Reading

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

"The State of Customer Experience Innovation, 2016: Customer Analytics Gets Critical"

"Invest in Tools That Tap Into Personal Technology Buyers' Product, Price and Ease-of-Use Preferences to Create Better Customer Experiences"

"How to Manage Customer Experience Metrics"

"Understanding Customer Experience Analytics for Marketing"

"Predicts 2017: CRM Customer Service and Support"

"Predicts 2017: CRM Will Reach Critical Tipping Points for Integration, Analytics and Customer Experience"

"Survey Analysis: The State of Customer Experience Innovation, 2015"

### Evidence

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In total, 165 members completed the survey (see sample details above). Members qualifying for the survey were responsible for, or were on a team responsible for, CX initiatives, and/or were impacted by such initiatives. They were also knowledgeable about the specifics of CX activities in 2016. Gartner Research Circle IT and IT-business members were invited to participate.

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### More on This Topic

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

- Future of Experience: A Gartner Theme Insight Report

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