PART ONE
Stagnation With A Side Of Momentum

PART TWO
What’s Underneath The Current State Of CX

PART THREE
The Road Ahead
PART ONE

Stagnation With A Side Of Momentum

The story of customer experience quality has been one of modest gains to date. Yes, there have been some shining stars, but there has also been utter stagnation. This year, we see early signs of gains: Momentum is building as more organizations recognize the economic value of CX and are investing accordingly.

Forrester’s Customer Experience Index (CX Index™) measures how successfully a company delivers customer experiences that create and sustain loyalty. This year’s index shows small but meaningful gains:

The Biggest Changes In CX Index Industry Averages

© 2019 Forrester Research, Inc.
Stuck In The Middle With ... Three-Fifths Of Brands

Three-fifths of brands are clumped together in the middle range of Forrester’s CX Index. A whopping 81% of brands had stagnant scores this year. Many industry front-runners saw their scores decay. For the fourth year running, no brand made it into the “excellent” category.

So what’s keeping brands from achieving excellence? CX teams are often choosing the path of least resistance instead of the path of greatest impact. Brands starting their CX transformation can quickly improve CX quality by tackling low-hanging fruit. But once those obvious fixes are done, CX teams get stuck or have difficulty understanding which projects would have the biggest impact and prioritizing accordingly. What customers once saw as a big improvement becomes par for the course. Differentiation fades away.
PART TWO

What’s Underneath The Current State Of CX

CX remains a multifaceted and complex operation. CX teams have had to implement new ways of working and establish buy-in across complex organizations, all while serving a fickle and increasingly less loyal public.

C-Suite Buy-In

The current state of CX is driven by shifts both in the work of CX professionals and their place within the larger business context. We’ve said it for years: There’s a solid economic case for customer experience. The ROI on even small increases in CX Index score continues to be significant. For a big-box retailer, a 1-point improvement can lead to an extra $244 million in incremental revenue, while a decrease in CX Index score can slash revenue and profit just as dramatically.

The C-suite is recognizing customer experience’s economic potential. Facing the dangers of disintermediation, disruption, and stockholders’ demands for quarterly profits, executives are seeking new ways of gaining and retaining market share. CX success stories, both internally and in the wider market, are grabbing their attention.
Our research has shown that happy customers will pay more for the same products and services. Furthermore, customer experience drives loyalty and affinity, scarce behaviors among today’s experimentative consumers. According to Forrester, 56% of consumers admit they are always open to test-driving new brands, products, and experiences. That number was only 39% just 10 years ago. Not to mention, it costs 500% more to acquire a new customer than to retain a current one.

The Legacy Wall

The strategy of improving customer experience quality has all the best intentions: using the customer experience as a differentiator in the market, as a method to drive revenue, loyalty, and affinity. Improving the customer experience is also an internal strategy, either to become customer-obsessed or further activate customer obsession.

Forrester’s research shows that companies want to be customer-obsessed, but it’s a slow road to address longstanding and deep-rooted organizational structures and operating norms.

(We are attempting to change how people think and work, after all.) CX programs can accelerate these, particularly those programs that understand the role of learning, but today’s CX performance is somewhat suppressed by legacy architectures, systems, processes, and mindsets that disallow a customer-first approach to experience design and delivery.
Strategic Learning

Your CX strategy is orchestrated and implemented by employees scattered across the organization. From the cashier to the call center agent to the branch manager, their everyday customer interactions play a large part in defining how customers perceive your brand.

Generally, employees are enthusiastic about customer obsession. They want to do their jobs well. They want customers to be happy. But a can-do attitude isn’t enough to carry out a complex CX strategy. Some organizations are hampered by the “skills transfer gap.” This occurs when employees are given high-level ideals but no practical information on how to apply said ideals to their job.

Left to their own devices, employees will decide what your CX strategy means for them. And they may or may not be right. If they’re wrong, this leads to frustration that corrodes CX momentum.

CX leaders can surmount this obstacle by leveraging strategic learning. A comprehensive, applicable learning program connects the dots between a strategy and its day-to-day applications. This clarity ensures that employees know how to deliver stellar CX and can be held accountable should they fail to do so. Learning is critical to curating a unified customer experience across complex organizations with multiple touchpoints.
Data And Channel Integration

Customers expect the same high level of service no matter how they choose to interact with your brand at a given moment. Smart organizations are investing in better data management capabilities so that a customer's data profile (and therefore, their personalization and preferences) flows smoothly and instantaneously between offline and online channels.

Many predicted that Whole Foods would lose its excellent CX reputation after Amazon’s acquisition. Instead, its score shot up 3.6 points this year. This was in part driven by two instances of physical-digital integration: 1) In-person shoppers can use Prime benefits, and 2) online shoppers can order Whole Foods groceries through Amazon’s site, often with 1-hour delivery.

While progress has been made on this front, the challenge for CX professionals is real: Existing channel structures — with owners who want to optimize their specific channel — can easily fracture the customer journey. This is a challenge on multiple fronts: data, people, and the channel itself. These structures are not in the control of CX professionals, so you either benefit from buy-in from channel owners who believe in the greater CX vision or are inflicted by the reality of a legacy organizational structure that is not tuned to the customer.
More Influence, More Headcount

As the positive returns on CX investment become more widely known, it feeds a virtuous cycle.

All major innovations have an inflection point at which they go from fringe to mainstream. CX appears to be approaching this point. As CX-focused organizations continue through the virtuous cycle, the differences between brands that have prioritized CX and those that have dismissed it will become more obvious and more of a determinant of who’s a winner and who’s losing out.
The Road Ahead

Although we’re seeing early signs of progress, there are no guarantees that it will follow through to success. If this is the dawn of a new era of CX, we see only the palest blue light on the horizon. Differentiation and growth still elude many brands. And excellence eludes all.

The Increasing Role Of Technology

As companies dig out of technical and data debt, there is an inherent pause in CX performance. Fixing foundational issues takes time and may not (or, often, will not) convert to immediate gains. We see that drag in the 2019 CX Index results; it also explains the gap between the promise of technology and the 2019 reality.

Next-gen CX will use technology to deliver human-centric experiences. User experience will continue to move to the forefront and will increasingly include copywriting and content strategy as brands see the connection between clear communication and satisfied customers. We will see traction for more creative and productive uses of AI, automation, the internet of things, and voice tech that will allow brands to fit more effortlessly into customers’ lives.

But this comes with a couple caveats. Ecosystems such as Alexa could become gatekeepers between brands and audiences. And tech can alienate your customers (take “creepy” personalization and overzealous push notifications, for instance). Tech only improves CX when it’s employed to help customers achieve their goals.
Looking Forward To 2020

Increasing customer expectations, plus the headwinds of organizational inertia, continue to suppress major CX quality gains, as revealed in Forrester’s 2019 CX Index results. But even those firms with little organizational inertia experienced incremental improvements. Large, easy gains are going to be elusive.

Nonetheless, there is light on the horizon — and positive pent-up energy that we anticipate will drive up CX quality in 2020.
CX INDEX
Discover How The CX Index Maximizes The Efficacy Of CX Investments

BLOGS
Explore The Cutting Edge Of Customer Experience Research On Our CX Insights Stream

BECOME A CLIENT
Contact Us

FOLLOW FORRESTER