Future of CX
PART ONE
Change On The Horizon

PART TWO
Drivers Of Change

PART THREE
The Future Of CX

PART FOUR
What It Means

PART FIVE
The Path Forward
PART ONE

Change On The Horizon

Customer experience (CX) should be a powerful catalyst for change. It is the centerpiece strategy to adapt to changing customer behaviors and escalating expectations. It is the inevitable competitive strategy in markets that have moved beyond products and services to end-to-end experiences customers enjoy.

But the reality is that CX leaders and teams have been working with roughly the same tools, techniques, and technologies for the last few years and often in organizational structures and norms designed for yesterday.

That is all about to change. CX will benefit from an explosion of technologies, more progressive organizational and operating models, and a fundamental shift in the interface between a company and a customer. The future of CX will be far different, and far more powerful, than today’s version.
PART TWO

Drivers Of Change

The drivers of change for CX have less to do with changing CX practices and more to do with how CX will adapt to and capitalize on external forces affecting the market and enterprises broadly. The emergence of customer-designed ecosystems fronted by personal digital twins (PDTs); the impact of automation, AI, and robotics; and the adoption of neurosciences are just a few of the macro forces that will change the fabric of markets, what a company is and how it works, and certainly the way experiences are designed and delivered in the service of differentiation and growth.

**Customer-oriented ecosystems become the norm**
The next step in customer empowerment is the design and control of their own ecosystems. A customer’s ecosystem will reflect their preferences and personal values, creating a litmus test for brands that align with those values.

These ecosystems are not based on loyalty to companies — in fact, Forrester’s 2019 Customer Experience Index (CX Index™) continues to show declining loyalties across Gen X, Y, and Z. Instead, the ecosystems will be inherently dynamic as customers switch interests and spend across brands that align to their preferences. Consumers will tune these ecosystems to compile solutions to their needs from companies that align with their values and preferences — all while insulating themselves from the unwanted cacophony of today’s marketplace.

Loyalty and rewards programs are intended to blunt the impact of natural-shift behaviors. Forrester’s 2019 CX Index shows that most programs are ineffective. Unless structural changes are taken to reflect a market built from customer-designed ecosystems, expect loyalty and rewards programs to have marginal impact in the future.
Values-based consumers dominate the landscape

Brands already struggle with today’s values-based consumers, who evaluate their purchases based on a company’s alignment with their moral, social, and political beliefs. As the number of values-based consumers grows, brands will face mounting pressure to take sides on contentious issues. Firms that resort to neutrality lose appeal, since values-based consumers consider neutrality part of the problem, not part of the solution. Companies that try to play both sides or pay mere lip service will find that their strategy does more harm than good. What’s more, brands will have to decide when and how to incorporate their values into the customer experience in ways that deepen loyalty without driving too many customers or the wrong customers away.

PDTs front customers

One of the attributes of customer ecosystems will be personal digital twins that will “front” the ecosystem, placing a protective layer between the human being and the digital world. PDTs will govern what elements of the customer’s identity are made available to which brand or entity and will become an invaluable tool to move from an “infinite” amount of choice and associated noise to a filtered, curated set of options and opportunities tailored to the individual. The PDT, in short, governs the customer’s personal ecosystem.

Channels fade; context shines

We are already seeing integrated physical-digital design that gives the customer the flexibility to choose how to engage. Context-first design will serve as a severe but necessary change for those who still organize, measure, and operate via channels (even in an omnichannel context). Simply put, those able to harmonize physical and digital experiences and place context first will achieve significant competitive advantage, forcing others to match or better their context-driven experiences.

Personalization moves past the hype — and into the privacy fray

Personalization has been an ambition without a full toolset and hindered by technical and data debt. The proliferation of intelligent technologies combined with companies successfully digging out of debt means that personalization tools will abound. The question will not be if companies will run into privacy concerns but how far they will go before they do. The spirit and elements of GDPR will become the global norm, and privacy will continue to move out of the shadows and become a day-to-day concern for consumers. Personalized privacy — delivered by those the customer trusts and complying with their preferences — will become the norm and, for some, a point of differentiation.

Neuro- and human sciences go mainstream

A major dynamic informing the future of CX is designing to the human being, not just in the abstract but equipped with the combination of anthropology and neuroscience that enables humanly personalized experiences. Cultural instincts and dopamine triggers will become the lingua franca of CX design. These capabilities will spur both intentional and unintentional abuse as firms unleash the combined potential of anthropology, neuroscience, and AI/automation. Mature companies will use ethicists to govern what is allowable and consistent with the brand.
Automation and AI present a different level and type of risk and reward

Automation and AI will fuel contextually relevant experiences regardless of delivery method (digital, physical, or human). The rewards are enticing and the opportunity for new experiences appealing. Beyond what we have seen in areas like facial recognition, we can expect major inroads in augmented and virtual reality (AR/VR) that can create a whole new standard of experiences. On the flip side, the risks can escalate. Whether deriving from poor test data, poor risk management, or a surprising, uncontrolled backlash in the market, new experiences can backfire and do short- and long-term harm. Competitively, you will need to dive in — but leaders will need to build a more advanced view of risk and reward to manage the portfolio of automated experiences.

CEOs will invest in automation, win share in low-growth markets, and set up for breakout growth

One factor to watch is how CEOs handle automation/AI and CX investments in the face of an economic slowdown. Some CEOs will invest mightily in automation to reduce cost. That will satisfy short-term margin goals and improve automation competency (like robotics process automation [RPA]). However, it ignores the vital learning and competency building of implementing automation/AI to advance experiences that can be used to win share in low-growth markets and prepare for breakout growth as economies recover.

(Near) real-time becomes real

We already see the compression of delivery time, from three to five days to intraday to 1 hour. Whether the demand is real or imagined, time has become a key dimension in advancing or repairing experiences. Operations are not set up for this now — but that will change. Near-real-time (or in-the-moment) experiences will become table stakes for most industries, placing significant pressure to establish real-time CX signals with context, retool operations, and exploit automation to stay apace with the market.

Creativity makes a comeback

Using a single example, digital transformation efforts had the net effect of creating bland brand experiences and a digital sameness. They created some needed efficiencies in design and operations, but they underserved the brand. That was driven by the sheer momentum of digital and the inability to place an economic value on creative. Expect to see a renaissance in creative, underpinned by financials, that will create a new a vibrancy for brands.

The market — and what companies are — changes

In Forrester’s guide to the future of organizations, we explored a future scenario where there is a powerful core to the business, including a well-honed purpose and brand, that also federates different controls and capabilities not considered core competencies. These more adaptive firms will be vastly better able to exist in a world of market dynamism. CX will be at the core as an expression of purpose and brand. However, expect CX teams to be challenged to federate and influence experiences delivered by ecosystem partners in the same way that companies are challenged today to manage experiences delivered through franchisees.
The Future Of CX

The future of CX will have elements of today’s CX programs. But the accumulated impact of outside forces will create the opportunity for fundamental change and improvement. The future of CX aggressively tracks with changing customer norms; capitalizes on automation, AI, and robotics; and rightfully catalyzes internal strategic and operational change that unleashes the full value of CX.

**CX becomes a core competency as part of shape-shifting organizations**

The future organization has a highly purposed core surrounded by talent and capabilities delivered by the ecosystem and whatever shape the gig economy takes. Inside the core is the heart and soul of the company, including purpose, brand, an automation control framework, and CX, among others.

**Driven by a powerful CX core and aided by strategic learning regimens that allow the rest of the company or partners to deliver experiences, CX will become as it was planned: the core expression of brand and basis of differentiation.**

**CX becomes accountable for top-line and margin expansion**

Today, CX is struggling to drive top-line gains. That task will get harder as experiences — underpinned by an adaptive core and automation and mostly free from technical and data debt — are measured by the ability to not only drive top-line gains but also expand margin. This will emphasize the CX team’s ability to manage a portfolio of target experiences that are the most important expression of the brand and drive incremental spend — as well as avoid the cost and complexity of trying to address the full complement of experiences. As a result, CEOs and CFOs will take a major stake in CX, as it’s one of the few things that can make a difference in a turbulent, dynamic market.
CX teams diversify

CX will become a highly diversified discipline. Beyond today’s typical CX teams, future teams will have or be able to access anthropologists, neuroscience, automation/AI, ethicists, deep tech talent, deep creative talent, and robots. This will place significant demands on talent acquisition and management — and, of course, leadership talent — to optimize and harmonize the skills of a diverse talent pool. Part of this involves making CX leaders and teams comfortable and competent in maximizing the value of automation. Expect tools like robotics quotient (RQ) — that measure and help improve the interaction between humans and machines — to be critical in managing the total talent diversity of the team.

CX teams repair loyalty programs

Forrester’s 2019 CX Index shows that most loyalty programs are ineffective. CX leaders will ultimately run or redesign these programs — a move that gives the best opportunity for these programs to shed aged practices and orient efforts to experiences like white-glove service, liquidity of rewards points, and the flexibility to redeem across a company’s ecosystem.

CX takes sides

CX will be compelled to deliver experiences that take sides — fulfilling brand promises that have already asserted a position or stake in the ground. Whether that is how products are built and bought or how customers are treated across journeys, CX leaders will be challenged and charged with taking sides that align with the company’s stance on moral, social, and political issues and the beliefs of the most important (i.e., economically valuable) customer segments. To build trust with values-based consumers, firms will offer complete, unfiltered insight into their operations to demonstrate their authenticity, overcome consumer doubts, and drive loyalty. Alternatively, values-based businesses will use advanced analytics that identify and deter individuals whom the brand considers toxic. Companies’ tactics will open new areas of legal debate, sometimes due to lawsuits by consumers trying to harm the image of brands with incompatible values.

CX becomes algorithmic

The emergence of PDTs means that the art of influence will be increasingly algorithmic. With the PDT governing preferences and access, companies will need algorithms that can (ethically) interpret and influence consumer behavior to ensure they are part of the limited number of companies operating beyond the filter. CX teams will be tasked with creating a second layer of experiences beyond those delivered to the human being: a layer specifically addressing the PDTs.
Platform- and ecosystemwide CX expands the mandate
Today’s CX focuses on the company’s experiences. Even with this mandate, CX teams have been charged with overcoming the silo structures that fracture and frustrate customers. The future of CX addresses a different silo challenge: ecosystem experiences.

Companies will go to market knowing that customers expect graceful and seamless journeys across the ecosystem in the same way they expect it across the enterprise today.

CX leaders get tripped up in the risk and reward of automation/AI
Automation creates a revolution in experiences, but we already know the acute risks of facial recognition experiences relying on insufficient test data. CX leaders will manage the portfolio of automation experiences, from the building and testing of data to the delivery and perceived value (or lack of value) of those experiences. This is no small task, and many CX leaders will make mistakes along the way.

CX leaders create a near-real-time capability
Not all industries or experiences will be forced to operate in the moment, but there will be substantial experiences in B2C markets that will depend on speed to deliver value as a point of differentiation.
PART FOUR

What It Means

The drivers that will affect CX are already in motion. They will gain scale and momentum — and ultimately change the way CX is led and governed and how experiences are designed and delivered. A way to think of this is that we are in a hyper-transitional period of time where we see sufficient evidence of what these forces look like but are not forced to take severe or decisive action. We have a window of time to think, plan, and put in motion a different and more powerful CX blueprint. Competitively, you can expect most CX leaders and teams to successfully address the following:

01

CX leaders will slowly break through today’s plateaued performance.

Forrester’s CX Index results from 2017–2019 tell us that CX performance — and its ability to contribute to revenue or margin growth — has plateaued. A hyper focus on fixing experiences that may not matter, limited ability to portfolio-manage priorities, and challenges to overcome the siloed nature of organizations that naturally fracture journeys and frustrate customers are just some of the common issues confronting CX teams. But leaders will address the immediate need to improve performance while laying the groundwork for the future.

02

Organizations will drive a step-function improvement in empathy and understanding of their current and future customers.

Customers continue to be a moving target: increasingly experimental, more values-based, and more willing (and able) to take control of their own data and ecosystems. CX leaders and teams will be a primary beneficiary of these perspectives and become the company’s role models in interpreting and anticipating future behaviors and preferences.
03

CX will figure out how to model, interact with, and influence tomorrow’s customer ecosystems.

An important structural change in customer engagement is the emergence of customer ecosystems and use of PDTs. This represents new challenges and opportunities for brands to identify how to become and stay within a customer’s preferences. It also represents risk for those that can’t engage or influence this model. Expect that most will find methods to understand, interact with, and influence forming customer ecosystems.

04

Business, technology, and CX leaders will develop holistic automation, AI, and robotics game plans.

Automation, AI, and robotics will impact virtually every part of the organization and operation, including CX. The difference is the extraordinary risk-and-reward calculation of placing more aggressive AI-driven experiences at the front end of the business that are dependent on unproven test data and maturing automation competencies. CX leaders will take an aggressive role in building holistic models to serve CX. From data governance to ethics and enabling their teams to be competent in working with robots or digital workers, CX leaders will marshal and help orchestrate an automation, AI, and robotics capability.

05

Boards and CEOs will (mostly) tear down organizational and channel silos.

All the customer empathy and mastery of automation will have a limited impact if the organization is organized to suboptimize CX performance. Ultimately, context — chosen in the moment by the customer — will win over channel. But that assumes that the organization will tear down organizational and channel silos that are in the way now. Expect CEOs (and possibly intervening boards) to play a heavy hand in guiding organizational design to better fit a customer-led market.
CFOs will keep CX front of mind and front of line.

Customers make decisions based on the salience and value of experiences — and firms simply have no choice but to win at CX. But a rational response from CFOs is to hold back further investment in CX until they can see more tangible returns. That won’t happen; CFOs — like CEOs — will see the strategic necessity of CX staying front of mind and front of line but will look hard at CX performance from the standpoint of market differentiation, customer response, and financial performance.

CX will go (near) real-time.

Time-to-value will become a prominent point of differentiation — whether the customer need viscerally screams for immediate improvement or is more of a passive want. Firms will move closer and closer to in-moment CX improvement.
PART FIVE

The Path Forward

As much as the market will change over the next five years, some of the market fundamentals will endure. Being a customer-obsessed organization able to use technology to drive innovation and able to adapt to a constant wave of political, economic, and technological change continues to be a hard but essential strategy. Having CX be a core and powerful method to assert brand, differentiate in a noisy market, and drive growth continues to be a vital part of any business strategy.

Many things will change — but CX’s role in driving customer and enterprise value will not.

CX leaders will need to rapidly get their heads around significant changes that surround and impact CX; be a catalyst of change from within to create an organizational capability able to deliver the full value of CX; and orchestrate a complex, fast-paced transition to a very different and powerful future of CX.
Stay up to date on the latest CX insights

Translate the CX discipline into business results

Read More

Learn More

Webinar

Forrester thought leaders walk through the dynamics that will define the next 5–10 years of CX and how to get ready now.

Watch Now

FOLLOW FORRESTER

© 2019 Forrester Research, Inc.