

Predictions 2017: The CX Quality Split

Landscape: The Customer Experience Ecosystem Playbook

by David Truog, Allegra Burnette, Tony Costa, Andrew Hogan, TJ Keitt, Rick Parrish, Kelly Price, Maxie Schmidt-Subramanian, and Samuel Stern

October 31, 2016

Why Read This Brief

The Customer Experience Index (CX Index™) leaders of 2015 barely improved in 2016, even as brands that had lagged behind caught up significantly. Does this herald a leveling out in 2017, with companies converging toward CX parity? No. This document lays out for CX professionals what will happen instead.

Key Takeaways

An Elite Few Brands Will Break Away

While most tread water, a small pack will forge ahead by graduating beyond CX fundamentals, especially in the realms of data security, emotional drivers, conversational interfaces, and metrics.

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Brands Will Split Between Breakthrough And Backsliding

Down on the lower rungs of Forrester's CX Index, many brands that scored poorly in 2015 made notable progress in 2016. However, those on the upper rungs did not. Even though they're still far from a perfect 100, their high scores either stagnated — or slipped downward.

So should CX pros worry that customer experience has reached its apex? No, this isn't peak CX — it's a fork in the road.

- › **Today's CX elite reached their status by fixing fundamentals.** This year saw modest but clear progress among many brands in our CX Index.¹ That's because companies took action after recognizing that better customer experience correlates with financial benefits like higher revenue growth, greater pricing power, and lower service costs.² And as focusing on CX was new for most, opportunities for improvement abounded across all six competencies of CX management.³ Even USAA and Southwest Airlines, which have both had customer-centric strategies and cultures since their founding, have worked to shore up competencies like measurement and design in recent years.⁴
- › **As the harder work begins, CX progress will slow overall, while a few will break away.** New challenges like countering increasingly sophisticated security threats without creating a painful user experience, designing to evoke specific positive emotions, and leveraging intelligent agents as powerful interfaces make it tougher to achieve excellent CX. Most firms don't yet have sufficient CX management maturity to clear these hurdles. Even the giants, whether they're digital natives like Amazon.com and Wayfair or traditional firms in the process of reinvention like JetBlue and GE, are having to make massive investments to create better customer experiences that avoid pitfalls and make the most of new capabilities.

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The Split Will Be Most Obvious In Four Areas

While the leaders will distinguish themselves in many domains, the rest will be left far behind in:

- › **Data security.** Most security clampdowns will skimp on CX — and backfire.
- › **Emotional drivers.** Brands will embrace the power of emotion in CX, but few will get it right.
- › **Conversational interfaces.** Overeager rollouts will earn companies a bad rep.
- › **Metrics.** Firms disenchanted with Net Promoter will fabricate unsound alternative metrics.

Most Security Clampdowns Will Skimp On CX — And Backfire

Data security breaches keep getting worse and more frequent: 53% of enterprise respondents to Forrester's 2016 surveys admitted they had been breached.⁵ This will not just spook victims but also leave everyone else wondering: "Can I trust this won't happen to me?" In 2017, we expect to see the following:

- › **Firms will up their security game to safeguard their customers' data.** Recognizing that it's a fool's errand to prevent any and all breaches, companies will not only batten down the hatches but also develop comprehensive incident response (IR) programs based on a Zero Trust Model.⁶ They'll establish cross-functional IR teams and address the full IR life cycle, from risk and threat analysis through response, testing, and review. Some will even expand their efforts to full-blown reputational risk management for brand resilience.⁷
- › **But many will neglect CX — increasing irritation and risk instead of trust.** Consider the supposedly more secure chip-enabled debit and credit cards introduced in the US over the past year, which drew consumers' ire for wasting their time at the checkout. The response from a MasterCard spokesperson: "In your head it's taking longer . . . [but] the difference is . . . not that much — but it's a perception."⁸ For MasterCard to fail to understand the importance of customers' perceptions is the most basic of CX blunders — one that many overhasty and underfunded security crackdowns will stumble into again and again in 2017.⁹

Brands Will Embrace The Power Of Emotion In CX, But Few Will Get It Right

Over the past few years, voice of the customer (VoC) vendors like Clarabridge have begun touting their abilities to measure sentiment. Why? Because their enterprise customers recognize that negative emotions erode loyalty, as Forrester has proven.¹⁰ But in 2017, firms will aim higher:

- › **Beyond trying to measure emotion, brands will try harder to influence it.** Companies will revisit their customer journey maps to identify and prioritize preventing negative experiences. They'll also conduct future-state journey mapping looking for opportunities to deliver signature moments — memorably crafted and branded microinteractions that deliver value and lasting impact to customers in a subtle yet recognizable way.¹¹

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- › **But most attempts will misfire due to newbie naiveté.** Because of their history of undervaluing the importance of emotion in CX, success for most companies will be limited to eliminating negative emotions. When it comes to the trickier business of signature moments, most will bungle their attempts in 2017 because of their shallow grasp of emotional syntax and behavioral drivers. A few will succeed, as Virgin Atlantic famously does with its “Pinched From Virgin Atlantic” inflight salt and pepper shakers.¹² They’ll get there with help from experts at customer understanding, predictive intelligence, and measuring emotions, such as Affectiva, Motista, SusaGroup, and Veryday.

Overeager Rollouts Will Earn Conversational Interfaces A Bad Rep

AI-based conversational interfaces have emerged into the mainstream in the form of chatbots and intelligent agents. The chatbots built on Facebook Messenger and Kik that developers started creating earlier this year already number 50,000.¹³ And 45% of US online adults use intelligent agents like Siri, Google Assistant, Cortana, or Alexa.¹⁴ These inroads will deepen in 2017:

- › **Companies will deploy chatbots aimed at serving customers better.** To anticipate customers’ needs, filter content, and make decisions on their behalf, firms will embrace conversational interfaces. Their inspiration for these efforts? Intelligent agents like Google Assistant, which can send its users daily traffic reports but notice when they’re working at home and skip those days, and Siri, which can tee up a track with a fast beat when it detects that a user is at the gym. To do this, their developers or partners will tap Siri integrations, Amazon’s Alexa Skills kit, and other natural language processing and understanding technologies.
- › **But most will be misguided and make things worse.** When Google rolled out Allo, an “intelligent” messaging app, it drew derision for its ham-fisted “help.” In response to a user’s request for showtimes for the movie *Snowden*, Allo rattled off movies playing at a Maryland theater called UA Snowden Square Stadium 14.¹⁵ Some new chatbots will succeed in 2017 by sticking to a narrow purpose like asking questions instead of presenting a form. Vendors like Nuance, Aspect, and T3 will continue testing narrow applications as they have with USAA, Staples, and Radisson Blue. But most will tackle too broad a domain and — unlike Google — won’t have enough users to learn rapidly from their mistakes.

Firms Disenchanted With Net Promoter Will Fabricate Unsound Alternatives

The Net Promoter Score (NPS) system controversy keeps growing. Although some of the criticism is legitimate, most stems from misguided implementation.¹⁶ Despite this, we believe that a backlash is coming:

- › **Dissatisfaction with NPS will inspire the invention of replacements.** NPS is a victim of its original marketing effort, which promised it was the one number you needed to know — even though its creators later laid it out as a full-fledged system, not just a score. But many firms missed that message or skipped the hard work. This discontent — even though it’s mostly unfounded — will lead companies to seek new ways to measure how successful their customer experiences are at driving loyalty.

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- › **But firms will embrace new beacon metrics that spawn mistakes instead of better CX.** Many firms will look for actionable insights from a new single beacon metric like Net Emotional Value or Customer Effort Score. But once again, they'll neglect to gather the underlying detail and nuance required to drive business success. One company we spoke with found that promoters were *less* profitable: What fueled their enthusiasm was great discounts. However, a few leaders will build out robust systems that ladder up into real insights that drive action, as Cisco Systems did with its "ease of doing business" system. But the majority will fall victim to their own wishful thinking about metrics and be led astray.

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Endnotes

¹ We found a strong consistent pattern: CX laggard brands have customers who say they're annoyed, disappointed, and frustrated by their interactions with these low-scoring brands. See the "[The US Customer Experience Index, 2016](#)" Forrester report.

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- ² To acquire and retain customers in an environment of digital disruption, consumer hyperadoption, and rising customer expectations, all companies must elevate the role of customer experience in their competitive strategies and commit to playing the long game. See the [“The CX Transformation Imperative”](#) Forrester report.
- ³ The most efficient way to build customer experience maturity (CXM) is to find pockets of maturity and build on them. Do this by taking stock of your current CXM activities, scoring them, and finding areas for improvement, and then incorporate empathy into each step. See the [“The Customer Experience Management Maturity Model”](#) Forrester report.
- ⁴ USAA made its progress while it had a chief customer officer. Now that it doesn’t, its scores are slipping. CX is liking paddling up river: If you aren’t working hard, you’re moving backward.
- ⁵ It is impossible to prevent every breach, and when they do occur, security pros find themselves inadequately prepared to respond. See the [“Planning For Failure: How To Survive A Breach”](#) Forrester report.
- ⁶ The first rule of customer breach response is that you must prioritize your customers’ best interests over what you perceive to be your firm’s best interests. See the [“Quick Take: Lessons For Security And Risk Pros From The Yahoo Breach”](#) Forrester report.
- ⁷ In recent years, risk professionals’ struggles with reputational risk have moved front and center, with countless major brands suffering disastrous impacts to their reputations. See the [“Brand Resilience: Addressing The Critical Risks”](#) Forrester report.
- ⁸ Source: Megan Woolhouse, “New credit card chips are holding up the register,” Boston Globe, June 7, 2016 (<https://www.bostonglobe.com/business/2016/06/06/new-credit-cards-creating-complaints-checkout/gLVWHzwM3gqcMM6FuRPtJ/story.html>).
- ⁹ CX professionals regularly ask Forrester for guidance on measurement. We’ve documented our answers to the seven most common questions we hear. See the [“Executive Q&A: The Top Seven Customer Experience Measurement Questions Answered”](#) Forrester report.
- ¹⁰ Many CX issues stem from faulty assumptions about the way customers respond to the world around them. CX pros need to get smart about the rules of human emotion and teach others to see customer emotion with greater accuracy. See the [“Understanding The Impact Of Emotion On Customer Experience”](#) Forrester report.
- ¹¹ Customer journeys consist of a series of microinteractions that hide huge opportunities to differentiate and localize the brand experience. See the [“Differentiate Your Customer Experience With Signature Moments”](#) Forrester report.
- ¹² Small-scale opportunities, when carefully tied back to the brand, give birth to what Forrester calls “signature moments.” See the [“Differentiate Your Customer Experience With Signature Moments”](#) Forrester report.
- ¹³ Source: Khari Johnson, “Kik has stockpiled more than 20,000 bots in the chat platform ‘arms race,’” VentureBeat, August 3, 2016 (<http://venturebeat.com/2016/08/03/kik-19000-bots-chat-platform-arms-race/>) and Josh Constine and Sarah Perez, “Facebook Messenger now allows payments in its 30,000 chat bots,” TechCrunch, September 12, 2016 (<https://techcrunch.com/2016/09/12/messenger-bot-payments/>).
- ¹⁴ As ease the burden of the myriad digital connections that consumers have to manage today, help them complete tasks, provide them with a hyperpersonalized experience, and can even anticipate their needs. See the [“The Rise Of Intelligent Agents”](#) Forrester report.
- ¹⁵ Source: Brian X. Chen, “Allo’s Tryout: 5 Days With Google’s Annoying Office Intern,” The New York Times, September 21, 2016 (<http://nyti.ms/2d0V0IA>).
- ¹⁶ Net Promoter has become popular due to its simplicity, the language it provides for organizations to discuss customer loyalty (e.g., promoters, detractors), and the significant publicity surrounding it. It has also become controversial due to overhype and oversimplification in the marketplace and NPS’s unusual design as a research tool. See the [“Executive Q&A: Top 10 NPS Questions Answered For CX Professionals”](#) Forrester report.

Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

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