



90 DAYS LATER -

From “Know What I Want” to “Know Who I Am and What I Need”

Re-Imagining the Digital
Simultaneous Equation of
Customer Experience and Business
Model Innovation to Release Value

Welcome to the New Future

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EXECUTIVE SUMMARY

Customer experience has always been the “be all and end all” for customers. They want it their way, and they want it now. We all know the dopamine effect caused by the new shiny thing that was marketed as the must-have thing or service. Mass production caused this effect and the birth of consumerism evolved over time to become what we now know as customer service. The customer experience journey continued into the corporate battleground over customer service offerings and ratings where the customer was always right, and businesses fell over themselves to delight their customers.

In the modern pre-pandemic age, business realized that, if customer satisfaction could be monitored, mined and analyzed, then a new concept of the provision of an “experience” could be created. This experience became the personalized service we have all come to know. The retail industry is at the forefront. Retail experiences were set up to subject the customer to a truly personalized offer which created a relationship with the brand. This drove loyalty and loyalty generates revenue and profit.

Just before COVID-19 hit, the globe experienced a change in customer experience through global impacts like environmentalism, equality and inclusion. This conscientious consumerism changed the way businesses and their supply chains had to adapt to maintain the loyal customer. Why? Because bad news travels quickly and a negative customer will influence many others. Therefore, across almost all industries, companies had to rapidly adapt their supply chains, channels to market, packaging and corporate social responsibility programs to begin to move to a “what I care about” experience. This was the foundation of what we now know as customer experience in the pre-pandemic world.

Of course, then COVID-19 hit, and the world shut down. Customers could no longer get what they wanted the way they had previously. Retail and hospitality shut down. Corporate providers suffered supply chain and support issues that impacted end client delivery, and customers experienced the negative result.

Then came the pivot. Organizations started to grapple with the issues at hand and defined a new way of delivering “an experience.” It may not have been the

usual experience, but they worked quickly to retain the customer. This required a rethink of the business model in many cases because most organizations outside of retail had not heavily invested in e-commerce. This meant we suddenly had customers at home buying goods and services from companies whose employees were also at home.

And some of these employees were working with some systems and services not fully functional for remote operations. Early in the pandemic, systems didn’t work as required, access couldn’t be given from home networks, products and services couldn’t get where they needed on time. Companies were forced to adapt the traditional experience and brand ethos into new channels to maintain a positive customer experience.

It’s important to remember that there are really two types of customer: the end customer – the external customer – and the internal customer or the employee. Both must be considered when creating a great customer experience. Only by designing an end-to-end customer experience that follows the product or service right through to your supplier and provider can you ensure that what you design is capable of being delivered by your people and providers.

And should something change, an agile mode of operation is needed where front-line expectations are rapidly fed into the CX machine and technology/business partners are able to make that happen by working with the employee and analyzing customer data to understand what is needed. The ability for organizations to source providers who work on true experience level agreements (XLA) will become the norm in which customers are protected from downtime of service, outages, feature failures, etc. The extent to which providers can proactively monitor, fix and reduce experience loss will become a decision factor for contracting in the future.

This is what we call “3D customer experience” – 3DCX – which moves the discussion from organizations succeeding because they can predict what customers want to one in which organizations know who their customers are and what they need. The pandemic has accelerated this trend by five to seven years. Those who get it right will flourish. Welcome to the new future.

HOW COULD YOU PREDICT THIS?

Some years ago, Douglas Alexander Warner, former chairman of J.P. Morgan & Co said, “In the world of online customer service, it’s important to remember that your competitor is only one mouse click away.” And he was right. But he only refers to customer service, which like those who say 40 is the new 30, translates to customer experience as the new customer service. Things evolve and get better!

Those Who Got Close Already Had Innovative Delivery Models with a Backlog of Improvements to Roll Out!

Pre-pandemic, organizations that had an agile mindset or continually tested what worked and what didn’t had a backlog of ideas to improve their customer experience, and this typically involved the use of digital delivery channels to consume that service or product. And they delivered exactly what the customer wanted, not what they thought the customer wanted, but it could only deliver using the systems and processes that already existed.

Take the great rivalry of Steve Jobs and Bill Gates. Apple and Microsoft, which seemed at odds with each other in a technology war of innovation and products, were absolutely aligned in their understanding of customers and customer experience. Bill Gates has been quoted many times as saying, “We need to learn from our customer, our most unhappy customers are our greatest source of learning!” This addresses the listening and adapting aspect of customer experience. Steve Jobs then completed the equation when he said, “You’ve got to start with the customer experience and work toward the technology, not the other way around!” And, bingo, here we have the essence of how to solve the issue of customer experience: listen to your customer, design what they want, create a great experience and then work out the technology to deliver it. Sounds simple, doesn’t it?

It’s not. Especially in the face of a global pandemic. Only those that were prepared or knew this in advance of the pandemic were able to rapidly shift and improve experience, service and ultimately bottom-line performance. “But it’s not that simple when

EVERYTHING is falling apart around you,” I hear you say. Well, let me give you another example to put how business can wholeheartedly accept root-and-branch change in the way they operate to deliver a better outcome.

Take the 2011 movie, Moneyball. It is the story of how an underfunded and all-but bankrupt baseball team beat the big boys in the sport through intelligence, perseverance and a rethinking of the way to win the game over the long term. Based on the true story of the Oakland Athletics, it follows the General Manager Billy Beane and his illuminating journey after an accidental meeting with a young man with an economics degree from Yale.

To set the scene, the A’s have lost in the previous season. The larger teams have gutted them of their best players, seeing the A’s as a feeder team for the big leagues. Brad Pitt playing Billy Beane, sits in on his scouts, spouting the same old nonsense that they apparently have done for years, hearing things like “Perez has an ugly girlfriend, ugly girlfriend means no confidence.” He has heard enough and goes on the road to see who he can source on the transfer market starting with his GM buddy, Mark Shapiro in Cleveland. At the meeting, he is in discussion for a player when, out of the corner of his eye, he sees a “nobody” whisper in someone’s ear. They then go and whisper in Mark Shapiro’s ear and, straight away, Mark says “that’ll be a no ... we like him.” Beane looks over and the meeting ends. Beane goes in search of this nobody and finds Peter Brand, played by Jonah Hill. Here ensues the crucial conversation. “Who are you?”, he asks. “I am a nobody,” is the reply. “What do you do?” He says he is the special assistant to Mark Shapiro. Beane repeats his question, leaning forward and insisting, “who are you, what happened in that room? Why does Mark listen to you?”

“I don’t think he does,” replies Brand. “He just did!” comes the final glare. As Brand gets more nervous, Beane takes him outside the busy office floor to the parking lot and here we see how one person with a great idea can change the face of a global entity. “OK, what happened?” asks Beane. Brand starts, “There is an epidemic failure within the game to understand what is really happening and this leads people who run major league baseball teams to misjudge their players and mismanage their teams.”

After a pause he continues, “People who run ball clubs think in terms of buying players. Your goal shouldn’t be to buy players, your goal should be to buy wins, and in order to buy wins, you need to buy runs. You are trying to preplace Johnny Damon. The Boston Red Sox see Johnny Damon and they see a star who is worth \$7.5 million dollars a year. When I see Johnny Damon, I see ... an imperfect understanding of where runs come from. The guy has a great glove, he is a decent leadoff hitter, he can steal bases, but is he worth the \$7.5 million that the Boston Red Sox are paying him? No! NO! Baseball thinking is medieval. They are asking all the wrong questions, and if I say it to anyone, I am ostracized, I’m a leper. So that’s why I am cagy about this with you Mr. Beane, and if you want full disclosure, I think it is good that you got Damon off your payroll. I think it opens up all sorts of possibilities.”

Billy Beane’s lightbulb goes on and he walks away with a smile as he mutters “Cleveland, Yale, Economics,” and we see him sitting on the plane all the way home in the dark studying the theory. He ends up hiring Peter Brand and, despite a shaky start and some challenges around hearts and minds with the fans, commentators and staff, the Athletics go on a record-breaking 20-match streak to the play offs! Near the end, we see Beane being offered a \$12 million contract with the Red Sox to come do the same for them. Mistakenly, he turns it down, and the next year they use this method to go on to win their first World Series in 86 years.

Hopefully, you see the analogy here. Organizations have been delivering services and products the same way for many years. Nothing of substance has really changed. Within the space of five to ten years of its inception, customer service became paramount and then, with the advent of Apple and Microsoft, customer experience started to pervade business beginning with retail.

Jeff Bezos, ex-CEO of Amazon, saw this when he set up Amazon. His famous quote is “We see our customers as invited guests to a party, and we are the hosts. It’s our job every day to make every important aspect of the customer experience a little bit better.” It is for this reason that Amazon saw earnings soarⁱ by 37% in the third quarter of 2020 – in the middle of the pandemic. Full 2020 results maintained this trajectory, finishing the year at a 38% increaseⁱⁱ. Reasons given by the public were that Amazon offers a simple, straightforward shopping experience with a super

simple customer experience and highly focused customer service team. Nothing is an issue!

Now put the Moneyball example into a pandemic customer experience example. Organizations like Amazon saw what was happening and adapted their delivery model to thrive in a challenged environment. Let us think about that for a minute. People were inhibited through government-mandated lockdowns. They were prevented in some countries from entering premises or even shopping. Organizations were heavily challenged through COVID-19 processes to deliver standard services such as in banking or retail. Everything had to go online and operate seamlessly. The banks couldn’t physically work with their customers and even those who did manage to work at home couldn’t provide a good experience as systems were not accessible from home due to security or technical issues. Retail that didn’t have a good online experience suffered, and we have seen the closure of many household names in recent months. Amazon, as an example, innovated. It boosted the capacity of an already slick delivery network, ramped up supply, was already cheaper than many places and offered next-day delivery in a world where logistics companies were struggling. Its pandemic customer experience trumped almost everyone else.

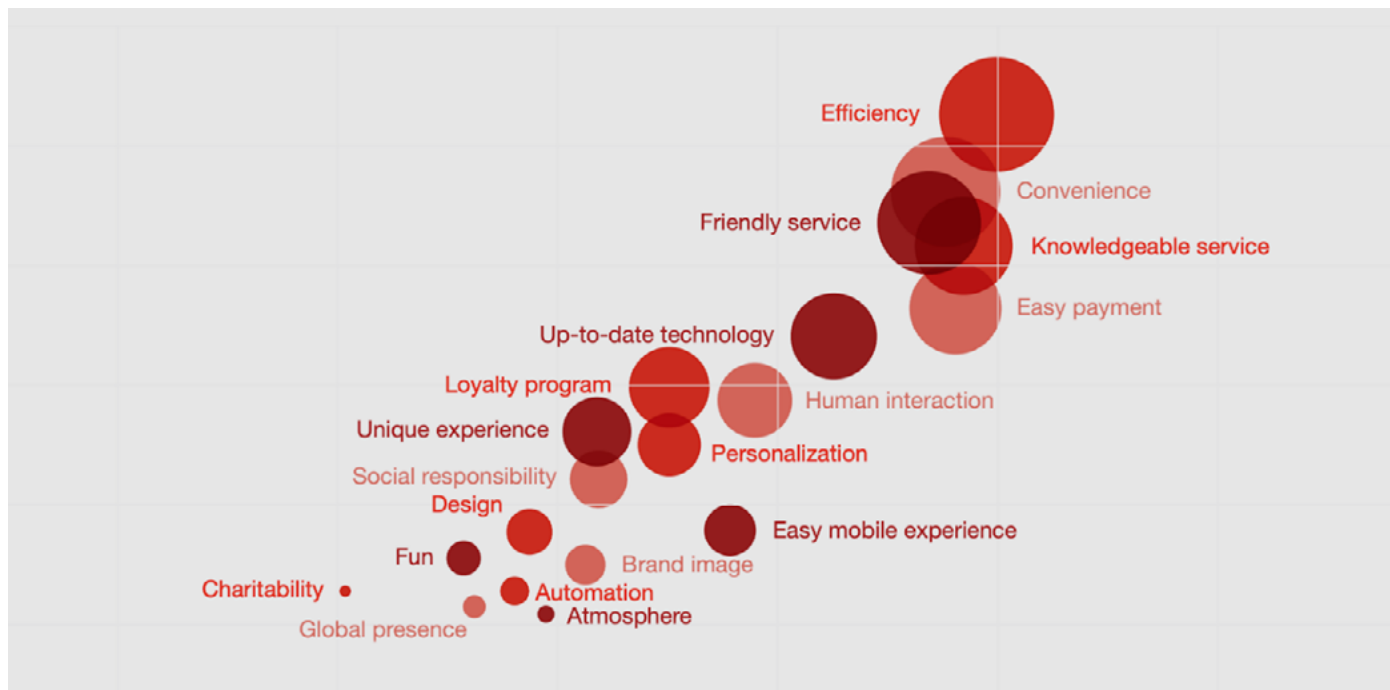
This is the point and explains the Moneyball example perfectly. In a world where the majority of competitors operated in a “digital” world, most retailers’ actual customer experience relied on a heavy physical model to deliver and, when this shut down, so did their ability to keep customers happy or, in some cases, just operate. Wouldn’t it have been better to have designed a true customer experience already that had digital capabilities baked in and therefore could continue to be improved with minor tweaks rather than a fundamental rethink given the enormity of the challenge that COVID-19 posed.

Pre-pandemic Customer Experience

The fight to achieve a good customer experience has been heating up across markets. Large multi-nationals and niche players alike agree that, to be successful, a number of things must align. The diagram on the following page from the end of 2018 shows the main

components of the customer experience which at that time revolved around convenience and efficiency. Note, in light of Steve Jobs' earlier quote, the lack of significance technology and mobile platforms have in this model. The concept was to build a simple, convenient and efficient process that allowed customers to hand over their money quickly and simply while maintaining a feeling of belonging to the brand.

Giving customers a better perception, feeling or experience of your product or service is highly profitable. Consumer goods company Unilever has shown this can be profitable. After focusing nearly 50% of its top 40 brands on sustainability, it has seen a 50% faster growth than any other brand in the similar space. Another example is H&M, a clothing retailer that now encourages its worldwide stores to allow customers



Source: PWCⁱⁱⁱ

Then came along the 2018-2019 environmental effect of Greta Thunberg who, believe it or not, has had an impact on the marketing budgets, brand perception and customer experience provided by many large organizations. No longer was price the sole factor for consumers. Rather it became the organization's ability to serve customers' needs but also to do so in a simple and conscientious way. From the climate crisis she identified the customer experience moved. Specific drivers by way of example were from the questioning of single-use plastics to big brand packaging, 2019 and 2020 saw significant growth in conscientious consumerism and how brands design a customer experience. WARC, which provides the latest evidence, expertise and guidance to make marketers more effective, identified that 84%^{iv} of marketing strategies would be changed to build an experience based on conscientious consumerism, sustainability and social issues.

to bring unwanted garments and textiles back for recycling, re-wear or re-use while they shop. It has also seen growth in sales and loyalty. At the end of 2019, Forbes undertook its annual customer experience survey, which named the ten most customer-centric companies prior to the pandemic^v:

1. **Chick-fil-A**, a quick-serve restaurant that scored the highest customer satisfaction index score across all industries due to its in-dining experience, customer service and commitment to using better antibiotic free chicken and cage free eggs.
2. **USAA**, a financial services firm that offers a personalized and highly customer-centric experience. It has a Net Promoter score four times higher than the average banking industry NPS score and maintains customer loyalty with a focus on sustainability through paper and energy reduction.

3. **Hilton Worldwide**, a hospitality chain that scored very highly on the customer satisfaction index and showed a high degree of customer intimacy as employees use the same technology as customers, including immediate chat for customer issues and VR for training. Hilton scored highly on CX for its connected room, which remembers guests preferences across hotels and allows digital integration for the ultimate in simplicity. The chain was named a global leader for sustainability at the end of 2019.^{vi}
4. **Kering SA**, a French luxury group that owns brands like Gucci, Yves Saint Laurent, Balenciaga, Alexander McQueen, Bottega Veneta, Boucheron, Brioni and Pomellato entirely redesigned its customer experience to simplify and link the relationship with its customer so that service is personalized across the buying journey. Customers can personalize their needs and link to live stock checks to determine where they want to shop. The group was named the second most sustainable company in the world.^{vii}
5. **Workday**, a software company that empowered employees to innovate and deliver new customer experiences off the back of live feedback. Constant innovation is one of its foundations and resulted in a high placement for overall CX in 2019.
6. **Apple**, the tech giant that believes in people over products^{viii} but delivers products that captivate the world and create an end-to-end customer experience through the creation of their stores becoming focal points for people (users) to while away the time and work, learn or create in their buildings. This ability to capture time and minds has resulted in Apple becoming one of the most valuable brands in the world.
7. **Natura**, a Brazilian cosmetics company was named the fifteenth most sustainable company^{ix} in the world through its sustainable use of ingredients found in the Amazon. Now the owner of Avon (known in the U.K. and Europe), the company employs Amazonian locals with fair trade practices, has created a CX based on social welfare and sustainability delivered through low carbon footprint and cloud-based mobile platforms, sells worldwide and cleverly uses the customer's data to tailor service and communications to create a more loyal customer base.
8. **Slack**, the business communication platform that unites customers with engineers, has delivered customer experience that spurred rapid growth through streamlined service. Agile teams pivot features and communications to ensure near real-time updates and communication through instant messaging and help end users reduce carbon impact through electronic means of communication.
9. **Alaska Airlines**, an airline that was, prior to the pandemic, driving CX in the airline industry according to the airline industry's Customer Satisfaction Index score. The airline has empowered its employees to anticipate every need and wish of a traveler through the deployment of the "empowerment toolkit." They have also boosted in flight tech at each seat which includes the use of VR for some passengers. Their aim was for carbon neutral growth in 2020 and beyond.
10. **Zola**, which offers highly personalizable wedding registry services, appears in the top ten despite being a U.S.-only organization. This is due to its volume and rapid rise. It has been called one of the top 50 most innovate companies in the world^x. It has created a platform that enables users to customize their registry from hundreds of brands and ship items directly. because there is no inventory, it reduces physical footprint and instead enables users to buy, exchange and plan everything online. It's nearly the definition of sustainable simplicity e-commerce created by its all-female founders.

As can be seen from the list above, not all fared equally well during the pandemic. Traditionally though customer service originated in the US and rapidly spread as a key differentiator across the globe – more on this later.



What Changed During the Pandemic for Customers?

All these companies may all have offered exceptional customer experiences pre-pandemic, but when it comes down to it, many relied on the physical presence of a customer to enjoy that experience. Others do not. When the pandemic hit, these suffered in ways they had not imagined. Hotels and airlines did not fare well as we saw in [Chapter Two: From Firefighting to Fighting Fit](#).

The retail industry curtailed in its ability to deliver because the physical presence they needed was prevented from venturing outside of the house. Those who pivoted however did fare better through the provision of an online experience. Despite being online, Zola could still operate and sought to offer those planning weddings support to maintain their registries and wedding plans though online channels of support given events were restricted in size. Being nearly completely online, Natura suffered only minor shipping issues and went several steps further to bolster its customer experience by increasing production of their most in-demand products by 30%^{xi}. The company also worked with governments and NGOs to donate ten million units of soap and sanitizer to fight the pandemic. By stepping up awareness of hygiene through its consultant network, the company boosted its conscientious consumerism elements through realizing some of the negative effects of isolation and social distancing by donating large sums of money to organizations aimed at reducing violence against women and children. All of this increases what people care about in a timely and responsive manner and creates customer loyalty by creating a brand perception that that speaks to customers' concerns. The company moved from knowing what people buy, to what people are all about, and then, more importantly, what they care about. They knew who their customers were, and this was built into the experience and perception of the brand.

Firms that were the most technically adept and able to adapt fared the best. Workday, which provides a cloud-based platform hosting service to manage things like HR, Finance, Payroll and analytics, immediately pivoted in response to COVID-19. It immediately adapted its support center to listen to the needs of its 45 million strong worker community and designed

new capabilities and features to help businesses understand things like health and safety and prepare for “what if” scenarios (remember COVID responses changed on a weekly basis in some countries). The company analyzed work that its customers needed to do and showed them the financial scenarios of each – just like we discuss in the [second chapter of our 90 Days Later Series](#). On top of this, it built new capabilities around vaccine management^{xiii} and offered its customers the unique ability to combine real-time HR data with immunization information, providing its customers with the knowledge needed to successfully navigate the challenges of COVID-19 as and when they arose, and vaccines were being deployed across the globe.

The impact of the pandemic on end customers was profound. ISG conducted research as part of its Future of Work solutioning to look across the end-to-end delivery that organizations must consider when redesigning operations. The diagram below shows some of the key areas, a few of which may be obvious, but some throw up an interesting set of areas to consider. For instance, we know from [Chapter Three of the 90 Days Later series: From ‘Help Me’ to Engaged Productivity](#) that fitness devices and application use increased exponentially during lockdown. We also know that people chose to learn about new ideas, concepts and abilities, some of which were offered for free by large corporations as a way of “giving back.” These are great examples of adapting the customer experience to meet the moment.

In the first few months of the pandemic, e-commerce sales nearly doubled because people were unable to shop physically. The planet saw an 81% increase in e-commerce which in some countries overwhelmed the abilities of logistics capabilities. Organizations adapted in interesting ways. For instance, many supermarkets already had digital channels and so simply shifted from physical brick-and-mortar shopping to a ramped up online presence. As we discovered in [Chapter Two](#), one chain hired 10,000 new delivery drivers in a week to keep up with demand. Many innovative ideas for maintaining customer experience, building loyalty to a brand and opening up new digital commerce channels for experiences that were only previously able to be consumed in person were created.



- **80% - 250% Increase** → Some fitness and web-based learning applications saw a rise in **installations and orders** between 80% - 250% during the COVID pandemic
- **81% Increase** → E-Commerce sales rose by 81% within a single week after the declaration of curfews. This **led to a nationwide logistics crash**
- **53% Increase** → 53% of the customers are ready **to share personal information** to help monitor and track an infection cluster, any infection cluster in the future
- **46% Increase** → 46% of employees who had never worked from home have **confirmed their intention to continue working that way.**
- **33% Increase** → 33% of Baby Boomers made their 1st e-grocery purchase during the worldwide COVID outbreak. **Almost all of them are going to continue getting supplies this way**
- **24% Spike** → Clients observed a 24% spike in **weekly customer services tickets** across the world during peak weeks of COVID.
- **24% Decrease** ← **Almost a quarter of all businesses paused or stopped trading.** AND of those that could continue 25% has to switch supplier at increased cost to continue service provision

BUSINESS IMPACT



Nearly all companies now have a CEX Officer or Chief Customer Officer or Equivalents



Inefficiency of legacy systems are being upgraded or evaluated for the cloud



Mandatory emergency (i.e., DR) response systems are being put in place



Companies are more than 2x likely to translate customer touchpoints into action

One of the newest examples of this is British Airways, the U.K.'s national flag carrier airline. Wait a minute, I hear you say. How is an airline transporting passengers online when it can't fly? They aren't! Like the Moneyball example, I used at the start of this chapter, it has rethought the whole concept of the British Airways experience. Earlier this year^{xiii}, it worked with new catering partners and wine suppliers to take to a very loyal customer base, what they enjoy most, the BA experience. It has created an at-home first-class dining experience to open up new channels to market and claw back lost revenue. This is a great example of keeping in touch with your customer and offering what they "miss" most. And this move to online, whilst required by having most people stuck at home has seen one in three baby boomers making their first online grocery purchase. This is why the planet saw an 81% increase in e-commerce.

The clothing retailer H&M recently launched a new^{xiv} "feel good in the post-pandemic world" customer experience called "Conscious Points," a loyalty scheme which rewards customers financially through them making environmentally conscious and ethical decisions. These include bag re-use, recycling of clothes, choosing conscious products, requesting digital receipts rather than paper. The last of these also creates back-end customer data on each customer and their buying habits – a gold mine. This is a great example of creating an ethical, conscious consumer personal choice driven customer experience which will also benefit business.

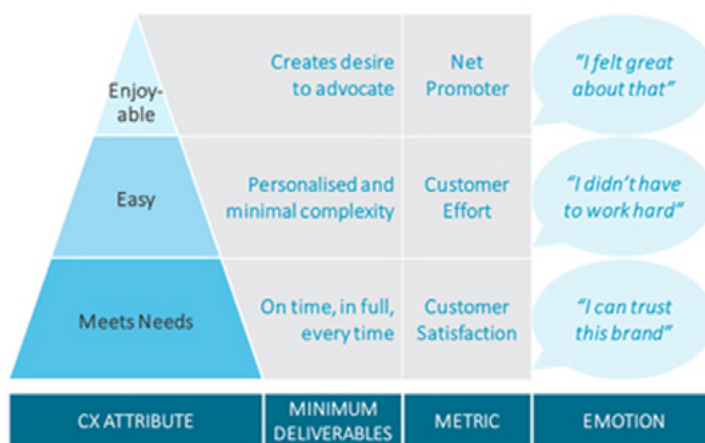
The ability to listen, pivot and understand who your customers are and what they need rather than just want they want was the key area of growth in customer experience before the pandemic. Today, it is vital in a world where a customer's ability to interact with you has got more complicated. Consumers' needs are more specialized, and they are less likely to stick with one brand now that they have become used to the digital offers deployed throughout the pandemic. The opportunities for future business models to incorporate digital are vast and exciting and must be looked at across the delivery value chain, from end to end. And by end to end, I do mean from the customer touch point, right through the final link in that chain, most likely provided by one of your providers or suppliers. But why is customer experience so important?

THE HISTORY OF CUSTOMER EXPERIENCE (CX)

The journey to what we know as customer experience (CX) today is a fairly lengthy but logical one. It is borne out of responses to world events at the time of each natural leap in its journey to what it is today. Just as we referenced in Chapter Two, there exists a hierarchy of human needs, including the need to be nurtured from a psychological perspective. When businesses get this right, their journey to CX nirvana is more rapid.

The "I Want Dopamine" Machine Era

Toward the end of the traditional Industrial Revolution, the industrialized world was moving toward mass production through the advent of Henry Ford's techniques. This technology helped boost military machine production during the wars and afterwards. Organizations such as Ford began to use market research on the hierarchy of needs to determine what consumers wanted and sold that data to people who then adapted products and mass produced the results.



Source: expert360^{xv}

This was the first of four levels in the hierarchy of needs which represent the "I want" phase of the CX journey. This is the basic human emotion of envy and what we call "the dopamine effect." Once enterprises began to figure this out, they had taken their first steps on the journey to what would become customer experience.

The “It Meets My Needs” Era

After World War II, while facing the effects of rationing, Japan developed the principles of lean manufacturing, which is all about delivering a stream of customer value. It is now used globally in manufacturing to make things as efficient as possible. When the major recession and oil crisis of the 1970s occurred, the American engineer W. Edwards Deming created what would become Total Quality Management (TQM) in the U.S. by looking at what Japan was doing. Just like the hierarchy of needs and lean manufacturing, TQM is based on creating a customer approach that ensures customer satisfaction. Its key components are^{xvi}:

1. Ensure customer focus by understanding what your customer wants
2. Ensure total employee commitment as the only way to increase productivity, process adherence and sales
3. Follow a process approach; adhering to processes is critical in quality management
4. Have an integrated approach by removing silos
5. Follow a strategic and systematic approach by understanding and managing interrelated processes and systems
6. Continually improve and drive optimal efficiency by listening to your customer
7. Make decisions based on facts and use analysis and data to drive decisions
8. Communicate openly and widely; make everyone understand plans, strategies and methods

This approach resonated across industries and, by embedding market research AND customer feedback into production, the field of customer satisfaction was born. This moves us into the “meets needs” phase of the CX hierarchy. This effectively took product and service development into what we would now call a minimum viable product. This is where we create the lowest possible product that meets the customer needs. Companies would do market research, produce a batch, undertake customer feedback, and then go into full production with feedback built in. The new customer service department then made sure that companies listened to issues and delighted customers to create what became known as customer loyalty.

The “Make It Easy” Era

Interested in this field, Frederick Reichheld undertook research into customer loyalty in the late 1990s and created a book called the Loyalty Effect^{xvii}. His hypothesis can be summarized^{xviii} as:

1. Loyal shareholders allow management to take the long view without undue short-termism
2. Loyal employees get to know their customers, making it easier to transact at a personal level
3. Loyal customers result from the above and are more profitable

In effect, get to know your customer, give them what they want and listen. This creates loyalty. If you make it easy for your customers to buy from you, they will become loyal. If the product meets their needs, creating loyal customers results in profitability.

This would be used by many to create a revolution in customer service, by which the customer relationship management (CRM) systems we know today achieved the third level of the hierarchy: “make it easy.” The idea of getting to know your customer, meeting their needs and making them feel a personal relationship to your brand were fundamental components of what we now know as customer experience. According to Deming, companies needed to dynamically adapt to individual needs and preferences and minimize complexity. This spawned personalization, which goes hand in hand with “make it easy.”

The “Make It Enjoyable” Era

To get to the top of the pyramid, which is “make it enjoyable,” we need to briefly visit the early 2000s. The new trend on the block was something called enterprise feedback management (EFM), which was created by several startups across the U.S. and Europe and all entrants did pretty much the same thing. They took on vast amounts of CRM data, customer market research, call center feedback, and buying patterns. They integrated the datasets into high-value platforms, which were standard out-of-the-box solutions rather than the traditional bespoke solutions that existed. EFM was the bedrock of the modern customer satisfaction solution, with sales of some products surpassing \$1 billion^{xix}. In 2003, Reichheld

appeared in the Harvard Business Review^{xx} describing something called the Net Promoter Score (NPS). Bringing the crucial voice of the customer to the fore, he simplified the scale and created the concept of customer experience, which, when added by providers to EFM, became something called customer feedback management (CFM)^{xxi}, the provision of platforms that measure and enable the transformation of CX.

And how do companies do this? They link to every part of the customer value chain and listen to social and cognitive channels to create a view of the customer that is about “making the experience enjoyable.” This relates back to the earlier section on conscientious consumerism and what a brand stands for. Now more than ever, this is equally as important as what you deliver. Customers who get an enjoyable experience from a company that acts and thinks like them and that provides the service they want will be a customer for life – or for at least as long as the experience matches what they want. This is why the process is a continuum. It requires constant evolution to be able to listen and adapt to your customers.

WHAT IS CUSTOMER EXPERIENCE?

After understanding all of the above, it’s important to define CX: it is defined as the creation of an experience that is aligned to the customer needs and

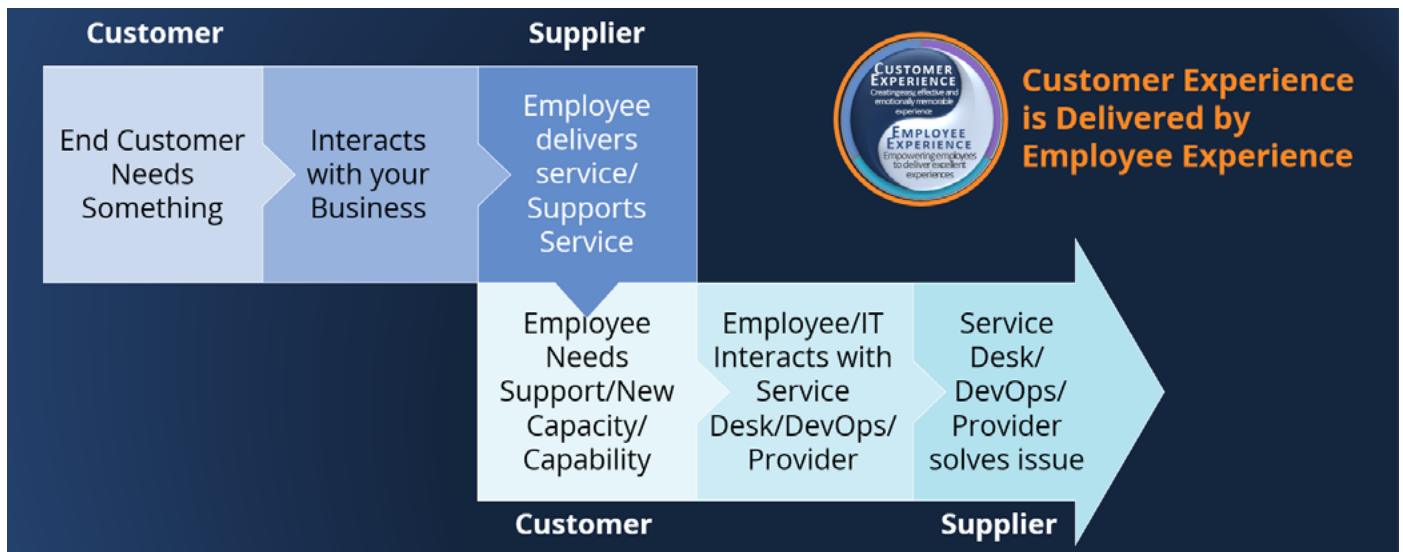
values across the entire lifecycle of working with that customer. It includes everything from the earliest stages of customer discovery and continues to market research, customer acquisition, purchasing habits and behaviors, to post-sales interactions – including customer support and retention. With the advent of conscientious consumerism, this now all has to be done in an ethical and conscientious way that is personalized to each customer you serve. Tough, huh?

What Is a Customer?

A customer is defined by Investopedia^{xxii} as an individual or business that purchases another company’s goods or services. Customers are vital because they drive revenues; without them, businesses cannot continue to exist. All businesses compete with other companies to attract customers, either by aggressively advertising their products, by lowering prices to expand their customer bases or by developing unique products and experiences that customers love, which is the customer experience.

This still only defines one type of customer: the external or end customer. Most organizations, when looking at customer experience, completely forget to think internally and remember that your employees are also customers! Let me explain with the aid of the diagram below.

Source: ISG, Xperience Summit 2021 Iain Fisher



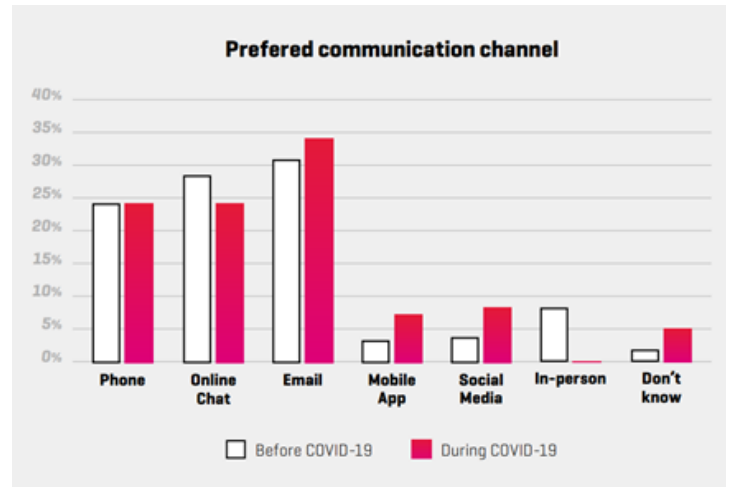
The External or End Customer

Traditional organizations think only about customer experience in terms of the end customer. They are the ones who engage with your company website, portal, shop, consultants, services, etc. They likely arrive because you either offer the lowest or a fair price or have a robust and well-designed service or product and they get a good service and experience when doing so. They return because you offer a good customer experience. This is the traditional way of thinking when it comes to CX. But, as we can see from the diagram above, the employee or organizational asset that is providing the service is often the supplier and is expected to interact with the end customer picking up cues and feedback along the way. They are often the window to your organization for that customer and should be able to improve the customer experience based on feedback it receives. This is part of the TQM/CFM approach and is fundamental to CX.

The Internal Customer or Employee

Your employee, whether a call center operator, service assistant or office worker, is the one who responds and interacts with the end customer. BUT, this person also is the customer of the services and internal processes they use to provide the end customer with the amazing experience that you have spent so long creating. By forgetting the internal aspect, we defeat the purpose of doing this. Like at Workday, Natura and other companies, who created the ability for their employees to be able to shape the end customers' experience. They need to be empowered to feed useful input back to the service providers of the organization about what they need to be successful and engage the end customer more effectively. Think back to the last time you contacted a customer service representative. Which channel did you use? Was it phone, email or an application? It can't have been physical as we were mostly locked down!

Research^{xviii} shows that COVID-19 changed what makes a positive customer experience. Since the peak of the pandemic, 78% of U.K. customers and 65% of U.S. customers prefer connecting with brands via digital channels to resolve issues.



Source: Sitel

This is because, firstly, customers could not interact in person, but moreover, the pandemic has shifted customers' focus to convenience, ease and speed. As the world slowed down physically, it sped up digitally. Everything moved online, and customers began to place a premium on speed. People saw what the future has to offer in terms of the basics of a good CX. Companies that offered chatbots, knowledge bases and how-to guides saw an uptick in positive experience with self-service.

We've all experienced customer service interactions when the agent has to follow a rigid process and isn't able to solve the issue completely or in one call. This undoes all the good feeling and "enjoyment" that an "experience" has created to date. Therefore, it is vital that organizations work with their suppliers and the teams within them to ensure that agility is built into the employee experience. This is what we refer to as the whole customer experience (WCE).



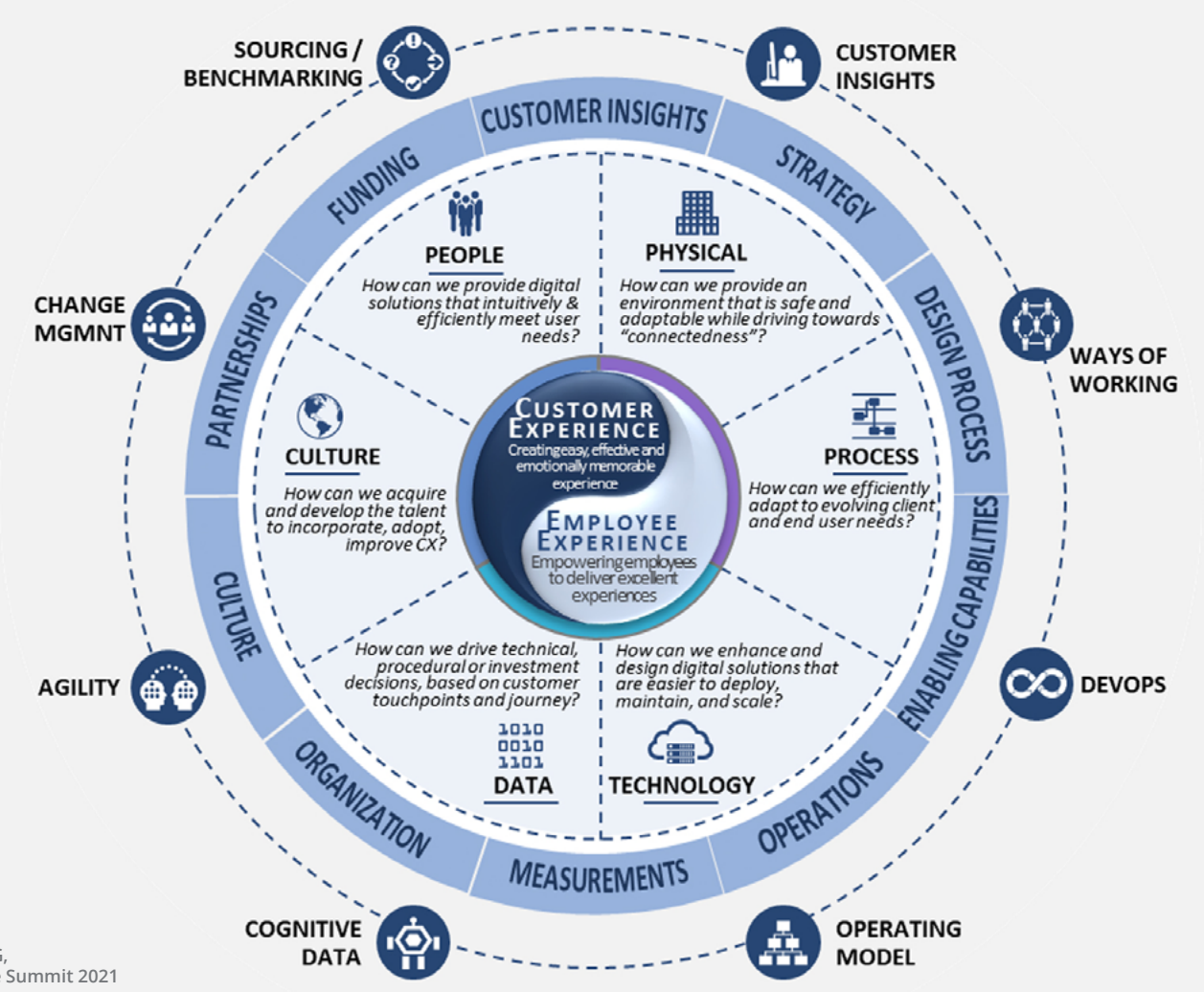
HOW WHOLE CUSTOMER EXPERIENCE SHOULD SHAPE YOUR BUSINESS

A common question I hear from businesses working on customer experience is “where do I start”? As you can see from the diagram below, this is a fairly important and complex subject that has many component parts. In the middle is the yin and yang, which makes up the customer and employee experience and comprise the “whole customer experience.” But there is a simple way to explain the process needed to achieve the end goal. Yes there is!

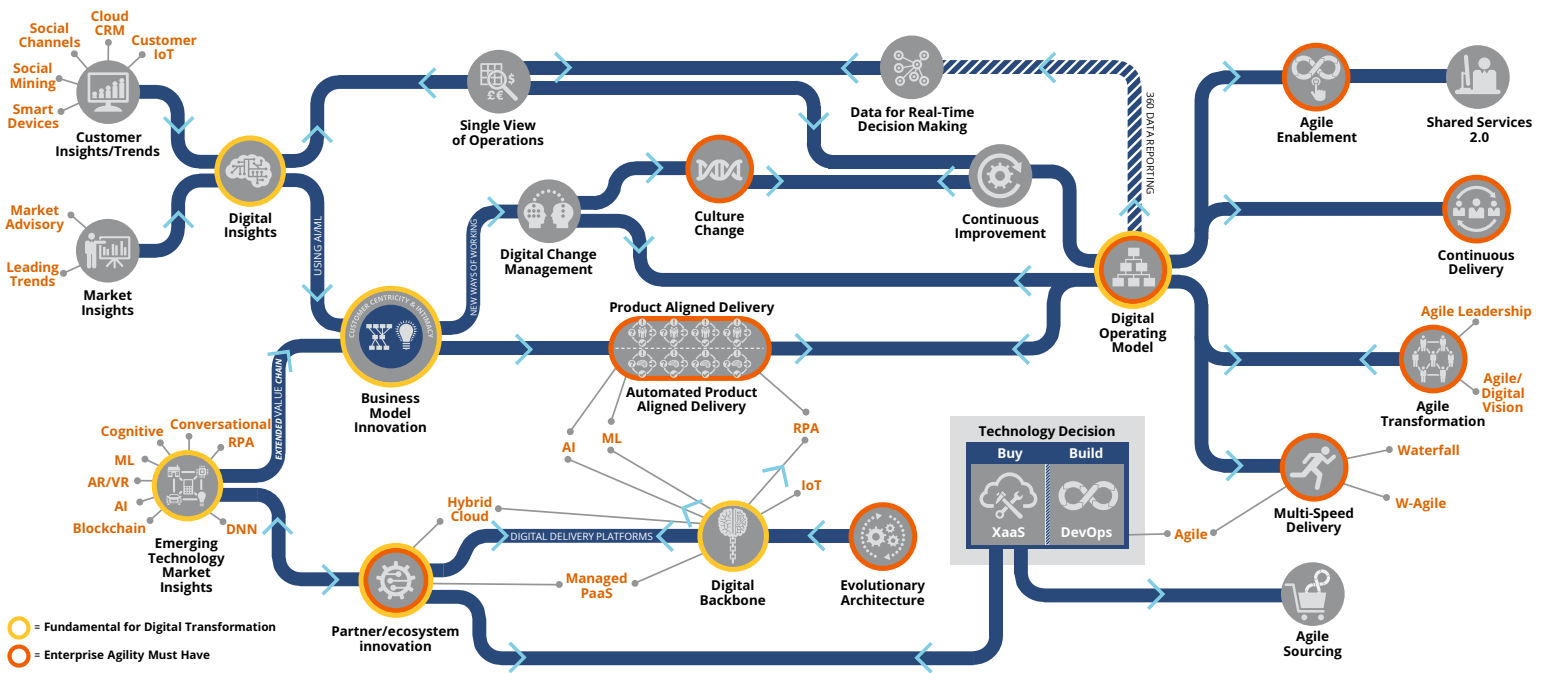
Rethink Your Strategy! Customer Experience Requires Digital Agility

ISG created the diagram below to illustrate the complexity of a digitally agile organization. It highlights the key components every organization requires to be successful. Focused around the line through the middle which connects business model innovation with operating model, it represents:

- The need to listen and adapt to the market, physically and technically
- An innovative business model – remember you need to stand out in a crowd when CX is being thought of
- A clear set of products or services that are aligned to what the customer wants and can be switched on or off at a moment’s notice
- A highly agile operating model which incorporates insight, data, technical innovation and continuous improvement to ensure the business model remains innovative



Source: ISG, Experience Summit 2021



Source: ISG

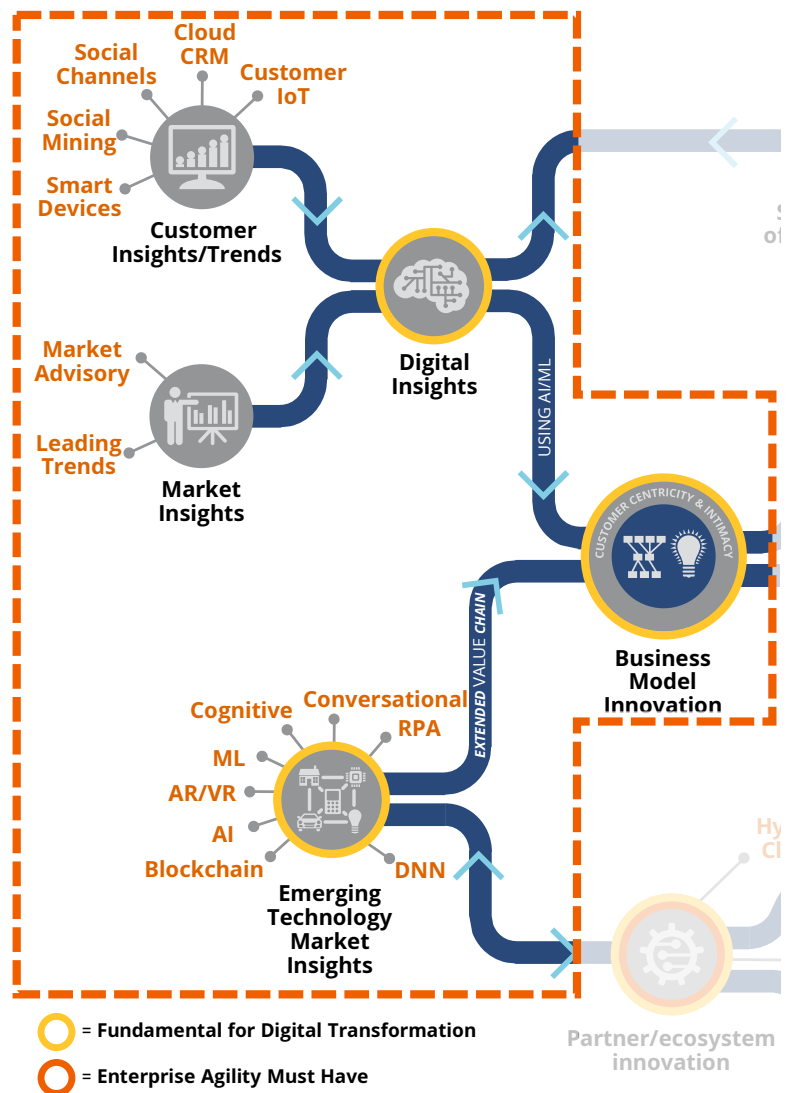
Area 1

There are four key areas that tell the story in the picture.

Insight-led Customer-focused Business Model Innovation

The key to a good CX lies in understanding your customer and their needs. As we have already discussed, this requires a true understanding of the marketplace, what your competitors are doing (external market insights) and what your customers are saying about you online. The [ISG Provider Lens™^{xxiv}](#), [Contact and Customer Services Trends](#), and [Provider Positioning Report^{xxv}](#) compiles market insights about the trends and patterns happening in the market as a whole.

To understand what the customer needs, you must factor in external insights as well as local company trends for your current customer base. A view of customer behavior comes from a careful analysis of social channels, contact center data, complaints data, purchase history and the use of push marketing. Insights about emerging technologies provided by your suppliers and partners and ISG Research are also important. These things come together to feed the new business model and customer channel concepts.



Source: ISG

The other part is the Emerging Technology insights which is provided by your suppliers and partners as well as external market insights such as ISG's research capabilities. Joining all this together kicks off the new business model and customer channel concepts.

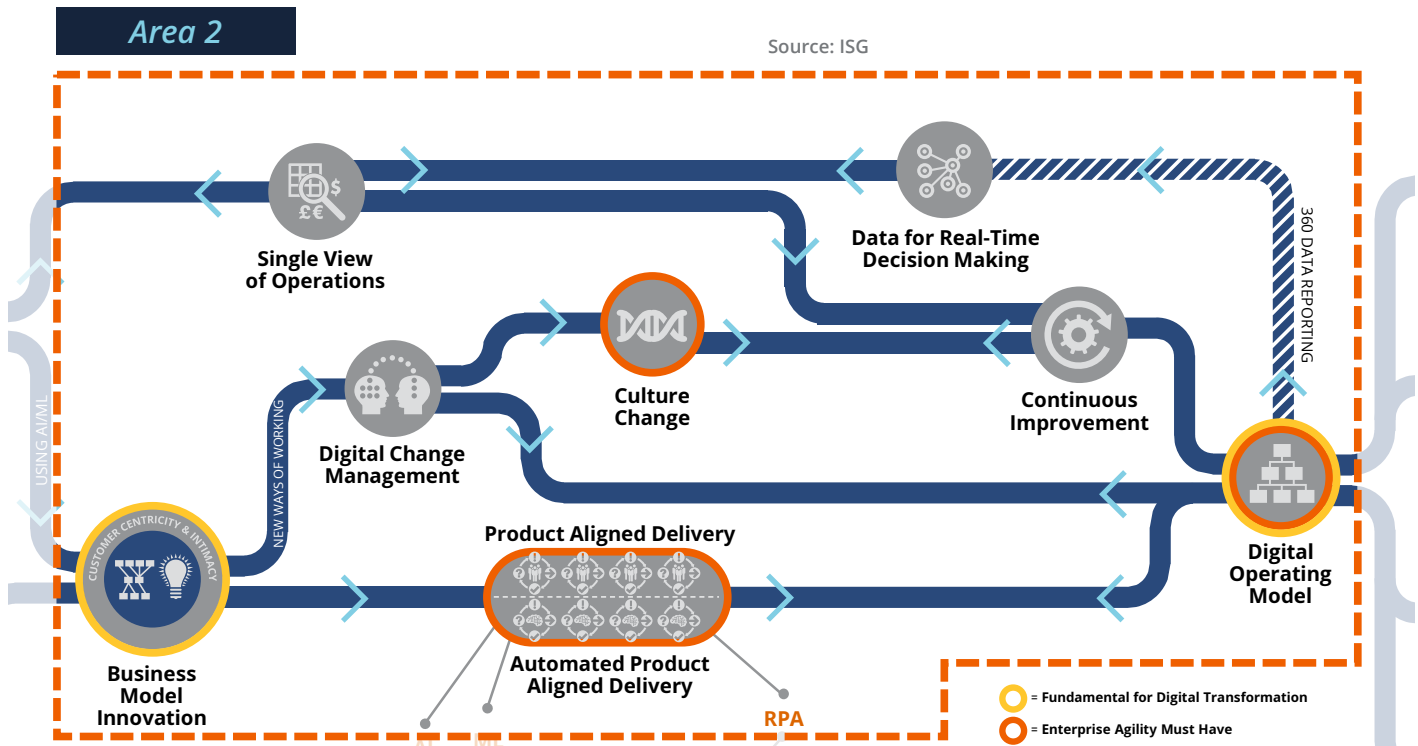
delivers success. This is the commercial equivalent of *Moneyball*. Taking data and designing an organization that delivers the core needs to the market or customer can help you surpass your competitors.

CX Data to Drive Design

Once a company has the business model, it needs to know what products and services to design and the kind of operating model to deliver it. This is highly important because we need to ensure its employees are empowered to deliver exceptional service and experience.

CX Technology Supported Design

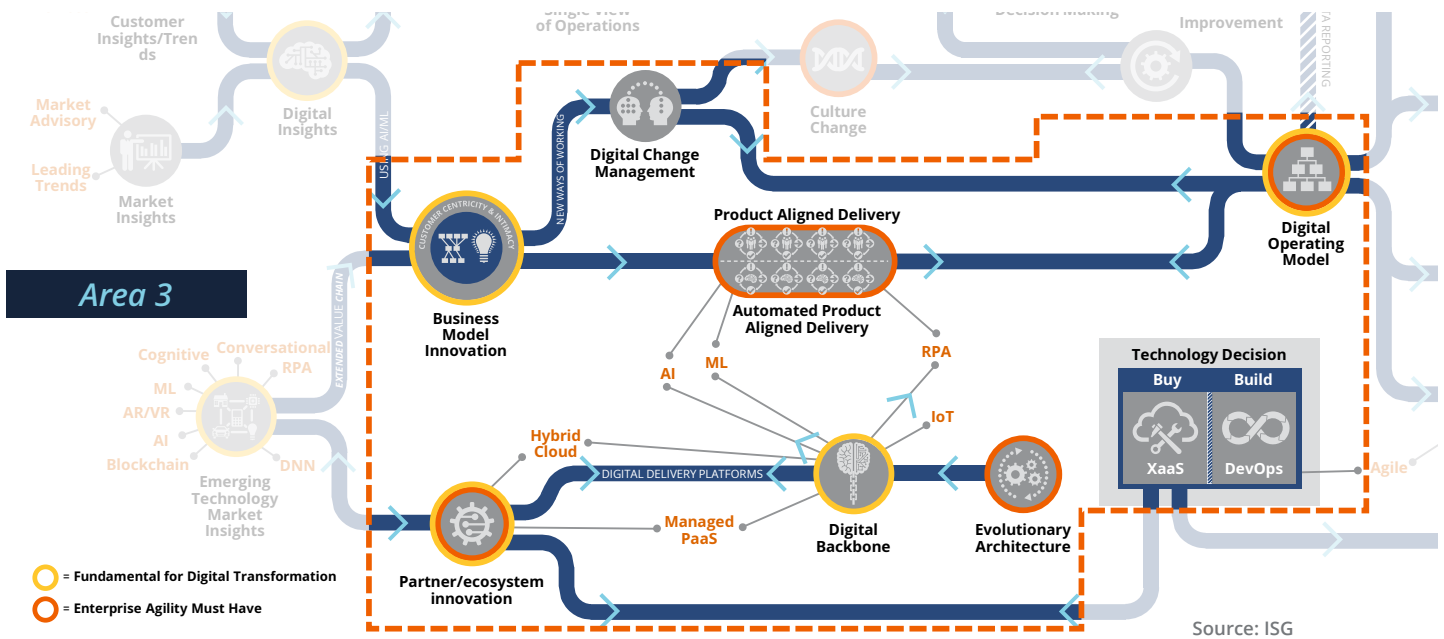
Once you have defined your change program, business model and operating model, you need to align your business capabilities, technically speaking. This requires you to engage with your providers and suppliers to make sure they are on board – and, in the best cases, have been involved in the design of new



As the diagram shows, you need two things to design the products and the operating model. Firstly, you need the voice of the customer, which is the data we have gathered already but which needs refreshed on a regular basis to maintain our competitive advantage through agility. This data tells us WHAT we need to offer and WHAT is working. You also need the opposing information, the voice of the business, which tells you how well you are serving the customer, issues you have, how specific business areas are performing, how well your products and services are being consumed and at what profit margin. This view creates a continuous improvement program (usually a Lean approach) and a program of change that

capabilities and services from the get-go.

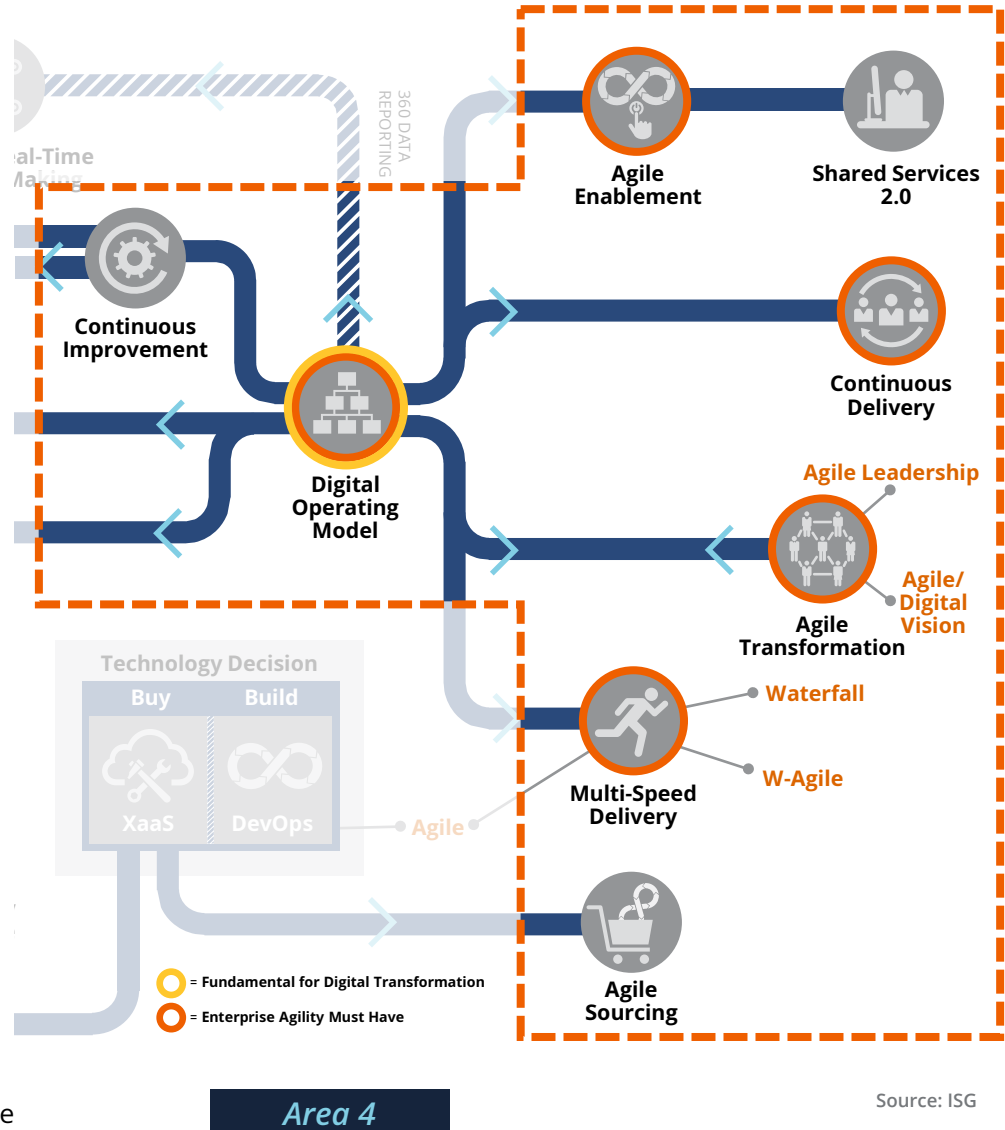
As can be seen in the diagram on the next page, partnerships should be creating digital services that can provide the technology capabilities customers – both external and internal – need. And I mean all customers, external as well as internal. This will likely involve mobile, cognitive, automation, cloud and collaboration solutions. Then comes the connections with your design thinking and customer experience experts who will design the technology journey that needs to tie it all together. Once you have this, the final step is to align the organization to drive success.



Enterprise Agility Focused on CX

The final steps of creating a digitally agile organization happen once all the other components are in place. You still need to ensure that the capabilities exist in the organization, which is where the internal customer – the employee – comes in. By having an operating model with clear roles and responsibilities focused on agility and continuous improvement, your suppliers can ensure they are listening to the employee, your external customers' supplier and customer of your providers to maintain this crucial link.

Only by making this critical connection will organizations truly connect the end-to-end value chain that creates a seamless customer experience. When tested, it will show that you can seamlessly switch operations through a subtle



internal shift when the market changes or you want to work with loyal customers thereby enhancing the external customer experience.

Ensure You Have the Right People!

The section above focuses largely on the external customer but references the need to align employees with the end-to-end customer experience value chain. Moreover, good customer experience is not just about alignment from one end to the other but also how you staff it. One of the critical carry-overs from customer service to customer experience is relatable and helpful staff who understand, empathize and add value to the customer. Jeff Bezos, ex-CEO of Amazon is quoted^{xxvi} as saying

“we see our customers as invited guests to a party, and we are the hosts. It’s our job every day to make every important aspect of the customer experience a little bit better.”

As the infographic below shows, once you have designed your experience from the outside in – by listening to the customer – you now need to live and breathe the experience yourselves.

Companies that appear at the top of the list for great customer experience tend to do one thing in common – they hire people who believe what you believe. They live and breathe your brand and that comes across in how they work, what they work on and how they continue to delight the end customer. It is these people you need to build into your internal business model and assign to work with your providers. Listen to them and empower them. If you have an agile operating model, they will design and innovate new products and services at scale. Through great partnerships with providers who have “skin in the game,” you will be able to delight customers, and your organization will flourish.

How do you know if these efforts are successful and how do you monitor them?

Designing a Customer Experience

Innovation-led business models can facilitate the design of new products and services and lead to a better customer experience. Visual Capitalist has created the diagram below takes ISG’s four key elements of digital agility and breaks them into a number of elements which need to be followed – effectively making it a route map.

Design outside in – Know your customer



There is very little point in designing a customer experience if you don't know who your customers are!

Move away from just social and mobile, **redesign your entire customer journey.**

Educate your people



Not everyone in the organisation understands the gravity of the customer experience.

Hire people who believe what you believe not because they can just do the job.

Listen and Empower



Ensure you design a back office that listens to the employee so that they can serve your customers

Build Agility into your operations so that your **employees are empowered to deliver**

Constantly Improve in Partnership



Constantly improve and ensure that you remove blockers to success in across the customer value chain

Partner with agile service providers to proactively deploy new technologies

Iterate and Innovate



Technological change will consistently influence the customer experience.

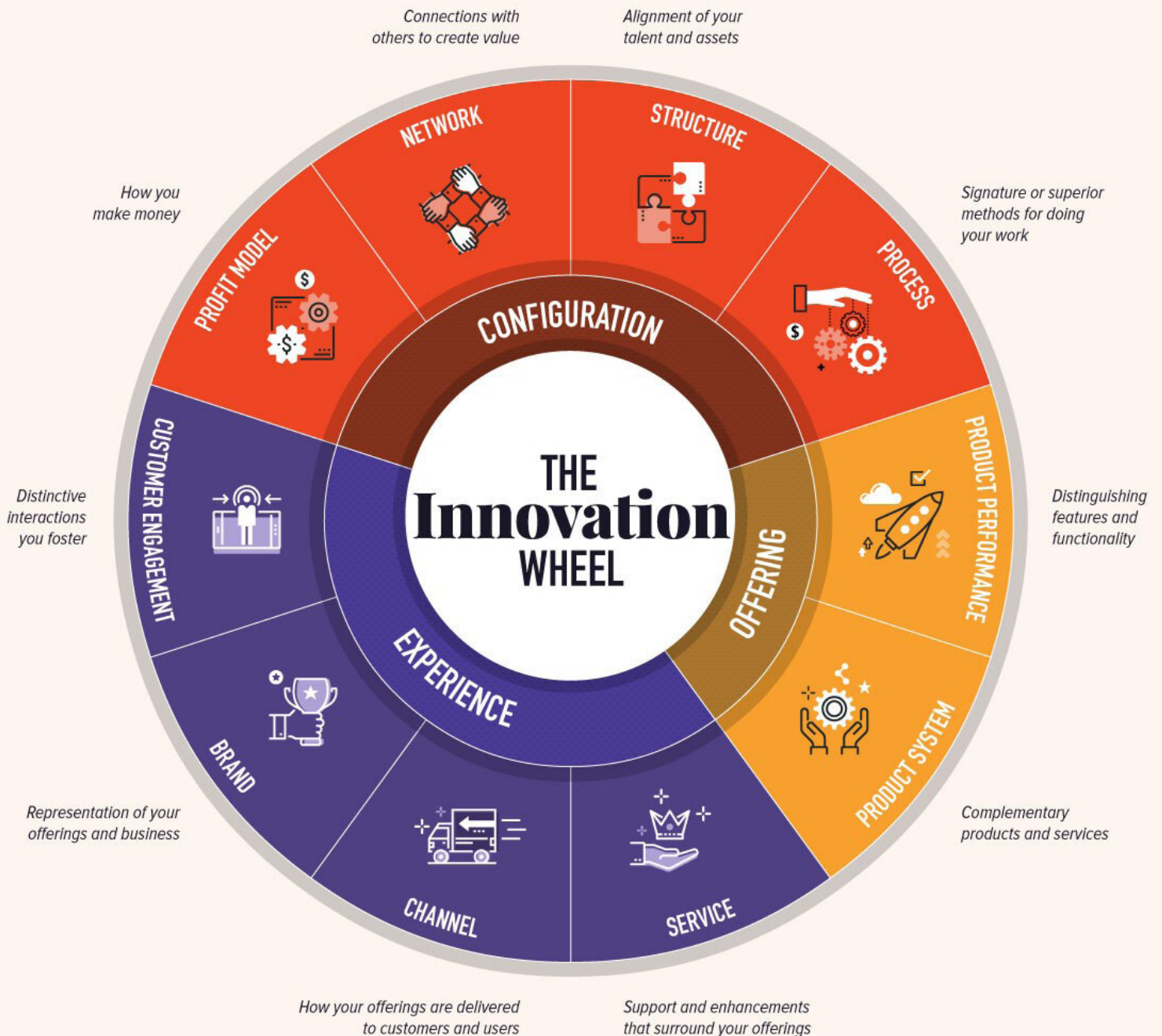
New disruptive players continue to enter the market - **you have to be prepared at all times.**

Source: ISG, Xperience Summit

UNDERSTANDING THE 10 Types of Innovation

New products are invented from scratch all the time, but this is merely one way to innovate.

According to innovation firm **Doblin**, most big breakthroughs in history comprise some combination of the following 10 types of innovation.



By tactically examining these 10 different types of innovation, you may uncover exciting new product opportunities – or you may change the business world forever.

Source: Visual Capatilist

Starting at the top in the red section, we see ten types of innovation^{xxvii}:

1. Profit Model – how to make money
2. Network – how to connect with others to create value
3. Structure – how to align your talent and assets to that value
4. Process – standardization to ensure you have the best way to do the work (remember TQM?)
5. Product Performance – how to distinguish your features and functionality
6. Product System – How your products and services tie in with your other products and services

7. Service – How to provide support and enhancements that surround your offer
8. Channel – How to deliver your product or service to customers and users
9. Brand – How to position your product or service
10. Customer Engagement – How to make the interactions you create distinctive and unique to you

It is numbers 7 to 10 – service, channel, brand and customer engagement – that represent the customer experience and what we discuss next. Once you have configured and offered a product or service, you need to gauge, measure and monitor the experience.

HOW TO MEASURE CUSTOMER EXPERIENCE

Customer experience is tracked in a number of ways, typically across five or six key metrics, but the key is to take the information below and build a program to measure the areas of customer experience that work for you. Do not make a cottage industry of measurement – that defeats the purpose. Better to measure what works for you and do it well.

Measuring External Customer CX

A number of ways to measure CX have been established over the decades as the industry has matured. There are typically six industry standard measurements from which to choose – but not all have to – be measured. Remember you can always develop your own.

Net Promoter Score (NPS)

NPS has become a very popular metric to measure external customer experience since the early 2000s. In essence, it asks customers how happy they are or likely they are to recommend something to another person. It uses a score of one to 10 and then asks why the person gave that score. A score of one to six is seen as negative or detractors, a score of seven or eight is neutral or passives, and a score of nine or ten is positive. This is the “promoter.” The NPS is then calculated by taking the negatives away from the positives to provide a single number. NPS is a great way of predicting organic growth and social spread of a product or service via social media channels given promoters are more likely to be vocal and add followers and volume to a post. This in turn can drive revenue and profit.

Customer Satisfaction (CSAT)

CSAT is a very simple metric to use and is usually combined with NPS or other CX metrics. Based on a simple one-to-five score, it asks how satisfied a customer is with a product or service – a very different

question than the ones used in NPS and why it is usually combined. It tells you what your customers think of the brand now. It is useful for one-time interactions and can serve as the basis for internal hybrid XLAs (more on that shortly).

Customer Churn Rate (CCR)

CCR is a great metric to help reduce the cost of customer acquisition. It tells us how many customers have stopped using your products or services which is an issue as it costs money to acquire new customers. As Visual Capitalist^{xxviii} shows, it is 500% more costly to acquire a new customer than keep an existing one. Measuring and tracking your CCR helps you save money!

Customer Retention Rate (CRR)

Highly linked to CCR, the CRR measures how well you retain customers over a period of time. It is usually calculated as $CRR = 1 - CCR$. It is an important metric as according to the Tempkin Group^{xxix}, loyal customers are five times as likely to repurchase, five times as likely to forgive, four times as likely to refer and seven times as likely to try a new product or offer.

Customer Lifetime Value (CLV)

CLV is a metric used to predict the net profit of the entire future relationship with an organization's customer. It is highly adaptable depending on the industry you operate in and requires careful and expert management. For slower customer lifecycles, in which products take a while to create and sell like bank accounts or cars, it might be appropriate to calculate CLV over a period of time, depending on the rates of consumption. For example, British Airways uses something called the customer importance value, or the CIV, which represents the ability to influence spend – as well as actual spend – to differentiate the experience of each of the people in its loyalty tiers. For example, a gold cardholder with a CIV of 51 would not experience as many luxuries or simple things as a customer with a CIV score of 90. This may include upgrade offers or discounts, etc. If you know the nature of your customers' willingness to spend and influence, CLV can be a very important to measure.

Customer Effort Score (CES)

CES is a common survey question that assesses the simplicity of a solution or interaction. Usually asking a question like “how easy was it to ... or did you find ...,” it offers a range of answers from very easy to very difficult. CES is different from other CX metrics because it provides an answer to the crucial “simplicity” aspect we identified right at the start of the chapter, and it enables us to break down customer segments to improve the experience for those groups that found it most difficult.

Measuring Internal Customer (Employee) CX

As we have discussed in this chapter, the employee is a customer as well and plays a critical role in serving the external customer. Therefore, the employee value proposition, the employee experience and the employee’s ability to drive change need to be well defined. Your employees need to work closely with providers and partners that supply digital and technical capabilities to your organization. This includes everything from application features, customer services, help desk, device uptime, connectivity, network bandwidth, etc. If it is a problem for your employees, it’s likely a problem for your customers.

Measuring the internal customer experience is slightly different from measuring the external customer. The measurement needs to be adaptable to take into account the overlap between employees and contracts and agreements with providers that deliver services to the organization and these need to be defined in advance. This is what is called an experience level agreement (XLA).

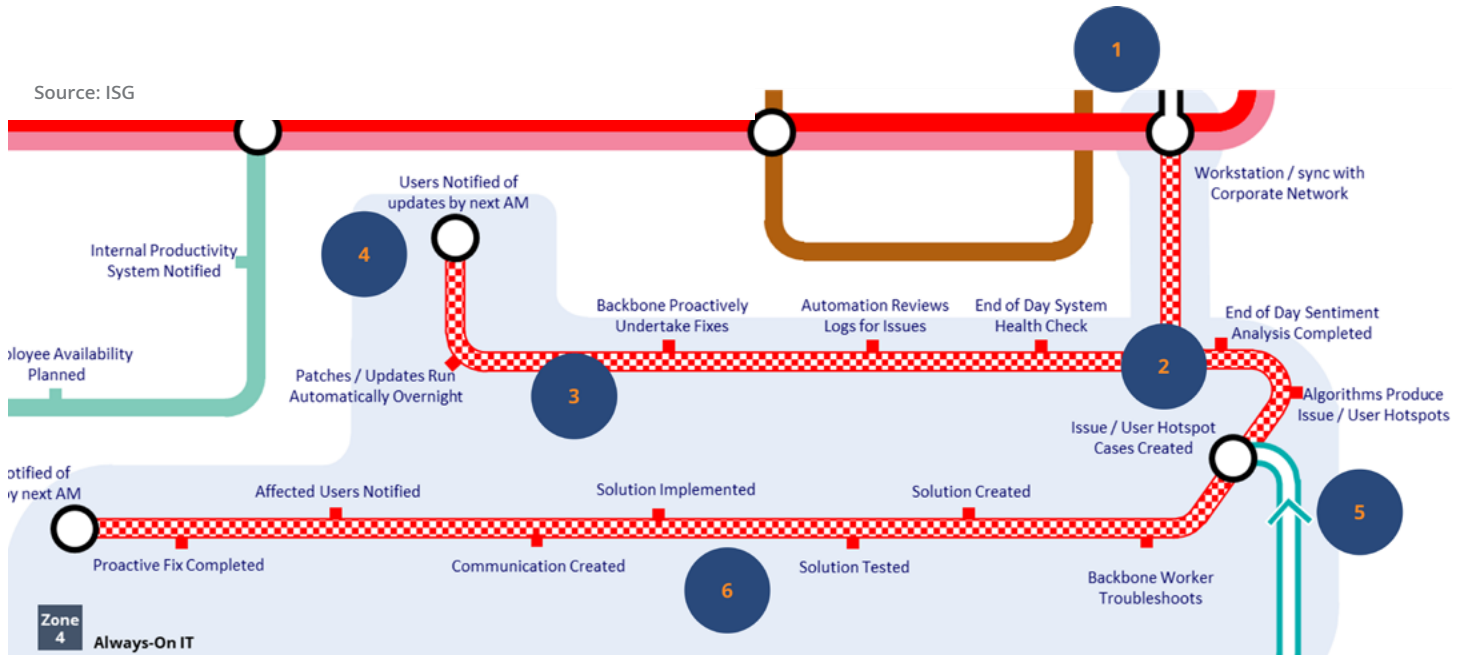
What are XLAs?

The Dutch company Giarte^{xxx} invented the term XLA and holds the trademark. The company took the term service level agreement (SLA) and evolved it to account for the fluidity of an experience. Until recently, the mantra^{xxxi} from experience platform company Happy Signals was “SLAs measure the process - XLAs measure the outcome and value.” However, this is still pre-pandemic thinking.

XLAs should be about experience – not the output or value. That is highly subjective to each individual and will prove incredibly hard to measure when the baseline – the person experiencing them – changes each time. Therefore, we shall refer to these as hybrid XLAs. Hybrid XLAs tend to be SLAs with some sort of survey or level of satisfaction measurement attached to them. The table below identifies the journey over time from SLA to XLA and shows where we see a lot of providers today, squarely in the hybrid XLA box.

Source: ISG, Xperience Summit

	Type	Focus	Attributes	Key Features	Likely Measurement	Commercial Models
<div style="writing-mode: vertical-rl; transform: rotate(180deg);">New Future</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Typical of Today</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Old World</div>	Future XLA	Proactive	<ul style="list-style-type: none"> Measures employee sentiment through non help desk systems Measures real time platform health and makes live fixes Addresses employee sentiment in UCC tooling Prevents problems from happening 	<ul style="list-style-type: none"> Sentiment analytics Device analytics and experience Predictive analytics UCC analytics AI/Cognitive inclusion 	<ul style="list-style-type: none"> Sentiment analysis showing changes pre/post change Cost benefit of making change vs. not making change 	<ul style="list-style-type: none"> Payment on number of proactive issues solved NOT resulting in calls Percentage of cost of downtime saved through proactive fix
	Hybrid XLA – CEX focused	Reactive	<ul style="list-style-type: none"> Measures how effective IT is at fixing problems on a persona basis Adds in measurement of service availability and customer experience of the service/application being used Likely includes rapid self report and automated tickets/solutions May include sentiment analysis 	<ul style="list-style-type: none"> Robotic process automation usage Automated ticket resolution Automation triggered processes Percentage of tickets resolved through self-help 		<ul style="list-style-type: none"> Payment on level achieved plus Payment on customer satisfaction scores with platforms used Payment on continuous improvements
	Hybrid XLA – Simple	Reactive	<ul style="list-style-type: none"> Measures how effective IT is at fixing problems and the experience received Adds in components of Customer experience of reporting incident Looks at how happy employees are with the solution provided 	<ul style="list-style-type: none"> Net Promoter Score Customer Satisfaction (CSAT) Empathy score 	<ul style="list-style-type: none"> Help Desk Reporting Dashboard Service Management Reports NPS of surveyed employees 	<ul style="list-style-type: none"> Payment on level achieved plus payment of simple CSAT scores
	Traditional SLA	Reactive	<ul style="list-style-type: none"> Measures how effective IT is at fixing problems Looks at efficiency and effectiveness of fixes to reported problems 	<ul style="list-style-type: none"> First call resolution rate Call abandonment rate User experience score Adoption rate Knowledge management feedback Onboarding survey 	<ul style="list-style-type: none"> Help Desk Reporting Dashboard Service Management Reports Simple numbers on volumes 	<ul style="list-style-type: none"> Payment on level achieved Performance management generally treated as Key Measurements



Hybrid XLA

Hybrid XLAs – what the market typically refers to as XLAs – are still reactive. True XLAs are proactive! Hybrid XLAs have some form of clear measurement (an SLA) that determines the experience offered. For instance, ISG has seen more and more providers automating some forms of sentiment analysis to look at issue detection, categorize tickets based on persona and offer an “experience.” This is not an XLA. Yes, there are technologies hunting for issues, but they measure a reactive outcome so at best are hybrid XLAs. With a true XLA, the user says they were surprised to know there was an issue. “What do you mean there was an issue? Oh ... OK! Thanks.” True XLAs are proactive.

True XLA

Because true XLAs are proactive, they should be a surprise to respondents. What do I mean by this? I mean that when something happens, providers have the technology, agility and capacity to continually monitor the situation, including predicting faults and deploying automation to identify, sort and fix the issue before the user realises that there is an issue. And if a user does notice, then the technology seamlessly switches them to other assets, so the experience is as diminished as possible.

In Chapter 3 of the [ISG 90 Days Later](#) series, we published a “tube map” of all the possible worker type. The worker equals the internal customer. The diagram above is an excerpt of the bottom righthand corner of that map, which explains how XLAs should work in six simple steps.

The six steps are as follows:

1. Workstation sync with corporate network: your employees’ assets have continual monitoring of all systems used and determine real-time health and status, deploying fixes in real time.
2. End-of-day sentiment analysis: End-of-day backups can flag issues or non-real-time updates and break into two categories.
3. The backbone proactively undertakes fixes: the proactive (waste removal) line auto corrects and deploys fixes without the employee noticing.
4. Users notified: the following day, the employee is told that the issue is resolved. This is the first part of a new commercial model made possible by true XLAs; you’ll be able to say, “We solved X issues today that your customers didn’t notice and saved \$Y in downtime or non-productivity or brand damage.”
5. User hotspot cases created: for issues that are physical reports, daily IT helpdesk updates will be needed to feed into proactive updates. This may take more than one overnight, likely executed by the build team who enhance the customer experience by enriching the feature set deployed to the end customer.
6. Solution implemented: the solutions found proactively to the user or customer problems in number 5 are then created in the back office, deployed and communicated widely as part of the CX channels within the company, showing how you have listened and improved the experience.

FUTURE TRENDS IN CUSTOMER EXPERIENCE

The pandemic has shown organizations that the need to serve customers across multiple channels is as hot a topic as ever. Pre-pandemic, the conversation was about joined up experience using physical and mobile solutions to create a positive experience. The pandemic eliminated the physical channels. Those who adapted and migrated into other channels through subtle change, like we saw with British Airways, rescued CX and are seeing positive results.

Use of Data

As we continue to evolve in the post-pandemic world, knowing who your customer is and what they want is key. Like the Moneyball example, using data to find new ways of doing things will allow bold movers to flourish. But be aware. The legality of data privacy can have major impacts to the way you collect, analyze and use data. The more you know about a customer and use that data to personalize how to engage with them, the more loyal, connected and happier they will be. This goes for external as well as internal customers, so this exercise needs to be run with your providers also.

Changes in Contact Methods

Be sure to harness data captured across contact centers and social channels to enhance the CX offer. The contact center and social channel owners will likely see new opportunities for revenue generation, which will be achieved only through a true understanding of the customer, which can be achieved only by providing a great CX. This means you've got to know your data!

Shaping the Future Workplace

As we explored in [Chapter 3](#) the experience and shape of the workforce will be crucial to the external customer's CX. Forbes identifies^{xxxii} that "employers are having to think hard about optimizing employee wellness and safety. Identity, data and analytics, collaborative tools, security and automation will

become the foundations of enhancing employee experience." This is completely aligned with chapters 1, 2 and 3 of this series. As external customers become more concerned with conscientious consumerism, they are becoming more concerned with people's welfare. Forget this at your peril!

Personalization

The end game of great CX is a personalized experience without being "creepy." By that I mean, many organizations have become so large and integrated that through cognitive, AI and analytics, customers can actually be put off from purchasing because it appears that the company with which they used to associate themselves does not have a transparent data policy. This is not a perception you want your customers to have. This is a major part of the movie "The social dilemma" which describes the social media platforms attempts at revenue growth through a very invasive approach to their customers.



Empathy

During the pandemic, we saw a number of organizations start to adopt a more personalized care approach, such as concierge services that offer a more empathetic and customer-focused approach. Anthony Bartolo, chief product officer at technology company Avaya, points out in Forbes^{xxxiii}, that he has seen companies remove call duration contact center metrics to encourage agents to spend more time on the phone with clients. Forbes^{xxxiv} claims this will continue to be a prime area of focus now and in the future.

Loyalty and Retention

The way your organization handled itself during the pandemic either made or lost customers, potentially for life. Conscientious consumerism is now watching how you continue to adapt. In a recent PwC report^{xxxv} on CX that surveyed 15,000 consumers, data showed that one in three customers will leave a brand they love after just one bad experience. This is compounded with the fact that 72%^{xxxvi} of customers will relay a positive experience with six or more people, but if a customer is not happy, 13% of them will share their experience with 15 or even more. Now is the time to make your CX robust and ensure your customers stay.

Self Service – Anytime Service

The use of self service for customers to “self solve” is becoming ever more valuable. As we saw earlier, customers are increasingly demanding a good experience via digital channels. Customers want quick and simple solutions and are so keen to find it that Gartner^{xxxvii} estimates, by 2030, one billion service tickets will be raised automatically through customer-owned bots. This requires AI, which is expected to handle 40% of customer interactions by 2023^{xxxviii}.

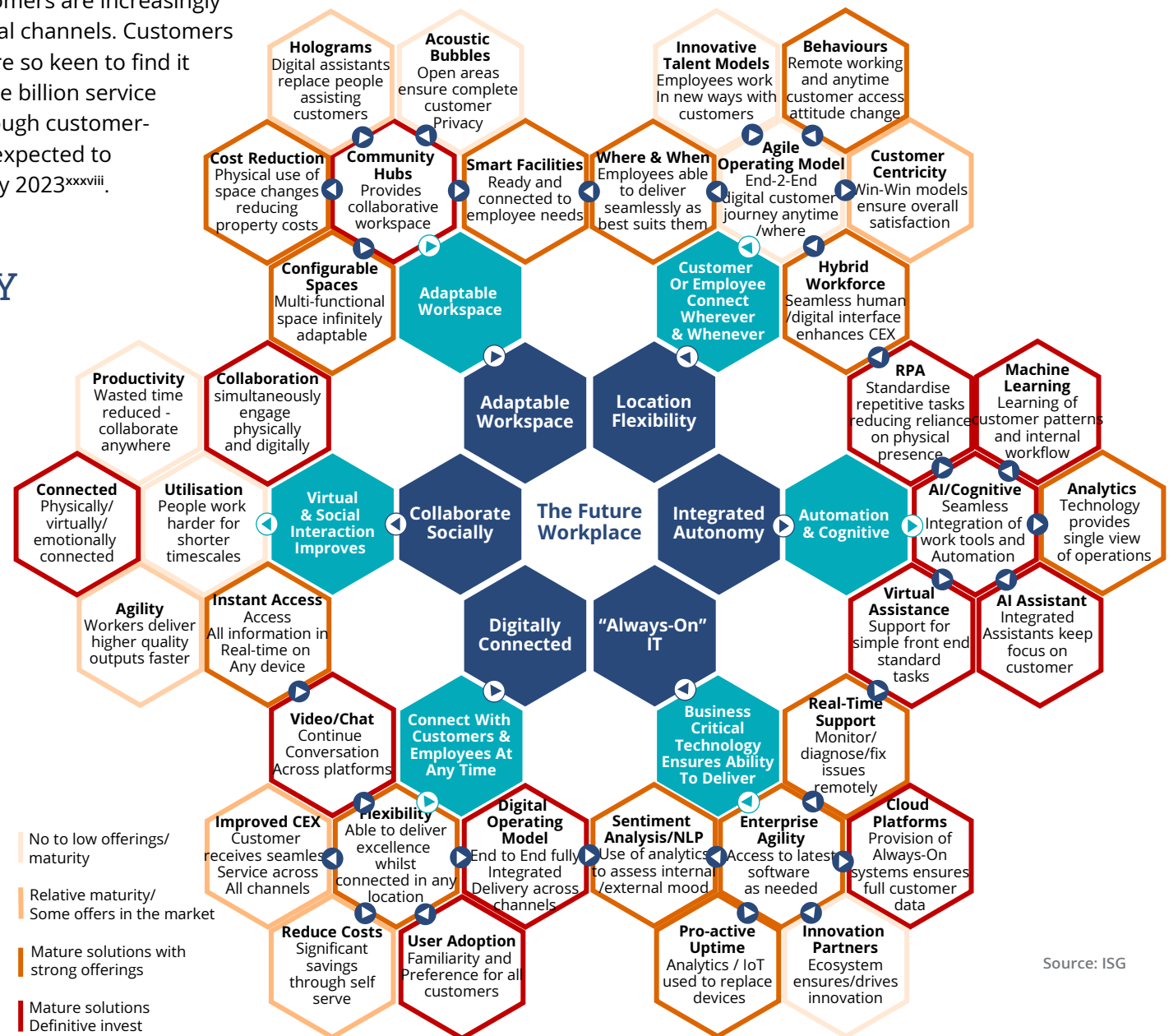
ISG LEADING THE WAY

ISG is a thought leader globally on the future of work and an independent advisor to the market and providers. Being an independent third-party advisory, we are able to provide advice that help clients decide which technology solutions suit their needs and help providers position themselves in the marketplace. As part of our Future of Work market updates, ISG met with the top providers identified in ISG’s Provider Lens^{TMxxxix} reports and identified the key elements needed to successfully deliver the ideal client solution for the future of work, as illustrated in the future workplace mosaic below. Through these discussions a picture of commonalities and unique approaches became apparent.

ISG Identifies Possible Solutions

Customer experience is one of the key elements ISG has identified in the future workplace mosaic below. It is a fundamental aspect of the future of work AND must be designed into the future operating model to enable digital connectivity of customers to your products and services. We see that providers have taken a number of approaches to solve these issues. The heat map version of our future workplace mosaic below shows the provider capabilities in the market and some areas of uniqueness and opportunities.

As can be seen in the diagram, there are areas of “heat” around specific hexagons, which reflect the maturity of provider offers. Some offerings span several areas and may include low-maturity hexagons, the sum of which enhances the overall offering. The purpose of this eBook series is to highlight genuinely unique and market leading offers that can benefit organizations on the CX journey. And this chapter identifies one such capability.



Finding the Unique in the Sea of Change

As we've established, customer experience is critical to any company. CX is one of the key elements of ISG's analysis of the future of work and ISG found a number of solutions to the same problem when speaking with providers, some of which had better features or future proofing than others.

For example, many who have worked in CX will know the concept of a blueprint that comes from jean-wearing MacBook-carrying consultants who hold workshops to "gauge" how you think your customer wants to interact with you because you are experts in the business area in question. Others take an end-to-end approach to create a blueprint with people from their creative agency acquisitions to define the layers of the blueprint that show you the customer journey which has experience mapped onto it. This is the traditional method. Our research showed another approach that stood out.

Cognizant had taken a much more integrated approach which stood out in the marketplace. Whilst part of the discussion was around a similar starting point other, they had looked Moneyball style, and understood how to start the change journey by understanding the modern enterprise. In a world in which customers demand a seamless and personalized experience, there does indeed exist a multitude of workplace solutions. Be sure not to make your final choice until you have read this!

EXPERIENCE DESIGN AND ORCHESTRATION

Cognizant, a pioneer in the field, thinks of its approach as "orchestrating experience"—that is, applying data-driven diligence to every step and layer of the customer experience to create an experience that is personal and unique but also repeatable, documented and scalable.

As we've seen, the demands of business are constantly changing, including the increasing need for companies to know who their customers are. But how can you provide a personalized experience when you serve

millions of customers? In 1997, the concept of mass customization surfaced^{xxxx}. While it purported to offer customers personalized choice, it was really more of a *customizable* choice based on already defined products. Consumers might be able to change the color of a piece of material on their shoes, for example.

Levi's took this to a new level when some stores laser-measured customers for a pair of jeans, which was then shipped to their homes. On the surface, this was an experience breakthrough. But, in reality, Levi's had warehouses filled with various sizes and configurations; in most cases, the retailer simply sent the best match available. Mass customization basically took an operational lens that said, "Let's offer our product in lots of different flavors, and you choose what flavor or combination of flavors suits you best."

By contrast, firms like Cognizant that are offering experience design and orchestration are marrying customer intimacy and industrialization (more on these in a moment). Customers feel unique, but patterns appear—and Cognizant helps clients identify these patterns and journeys. In ISG Research, one thing stood out. Cognizant's ability to help its client create "great experiences that change lives, minds and behaviors" clearly demonstrated a multi-dimensional approach to the end-to-end customer experience.

PERSONALIZATION AT SCALE

Not every customer journey or interaction starts at the beginning of a business process. To personalize an experience at scale, you must first know where people enter the process and what they want from it. Where Cognizant stands out is in its combination of intimacy, industrialization and application of solution. In one example, Cognizant uses its approach to standardize customer contacts and messaging across 40 countries for a healthcare client.

Consider that for a minute. Such an undertaking must factor in geographic and cultural differences, different entitlements and multifactorial layers of complexity in terms of processes and conditions. And all this must be combined and messaged in a personalized, empathetic way to the customer.

In another example, Cognizant helped an automotive client double its sales through a highly intimate understanding of both dealer (in one sense, the internal customer) and end-customer behaviors. It all started with data, insights and content, aggregated and carefully used to create a personal feel and experience for potential customers. Because the experience carried through the buying journey, the client saw significant sales growth.

What is clear from these examples is that the access point for customer experience can vary and happen on any number of pathways in the organization. When a business gets it right, CX is designed to take a customer on the journey from any of these paths. If a business gets CX wrong, there is no defined journey for the customer to follow and they create negative cycle that must be fixed.

Cognizant's CX philosophy and offerings include two main components: intimacy and industrialization. This pairing may seem contradictory at first, but that's the point. Businesses today need to offer the personalized experience of being measured for a unique pair of jeans, but they must do so in scalable, repeatable, metrics-driven fashion. Furthermore, how the experience is enabled is the experience, so as we are crafting its delivery, we have to be hyperaware that customer needs and expectations will change, and we need an operating system capable of shifting with those expectations.

Customer Intimacy

Intimacy begins with the analysis of three core sources of insights that, when considered together, uncover a deeper understanding of customer needs. These are:

- Customer signals – what ISG refers to as Customer Insight in the Digital Agility diagram
- Market Context – what ISG refers to as Market Insight in the Digital Agility diagram
- Behavioral Drivers – what ISG refers to as Voice of the Customer in the Digital Agility diagram

As you can see, there is clear alignment with market best practices, and this up-close-and-personal view of customer data enables the team to contextualize massive amounts of behavioural data with qualitative

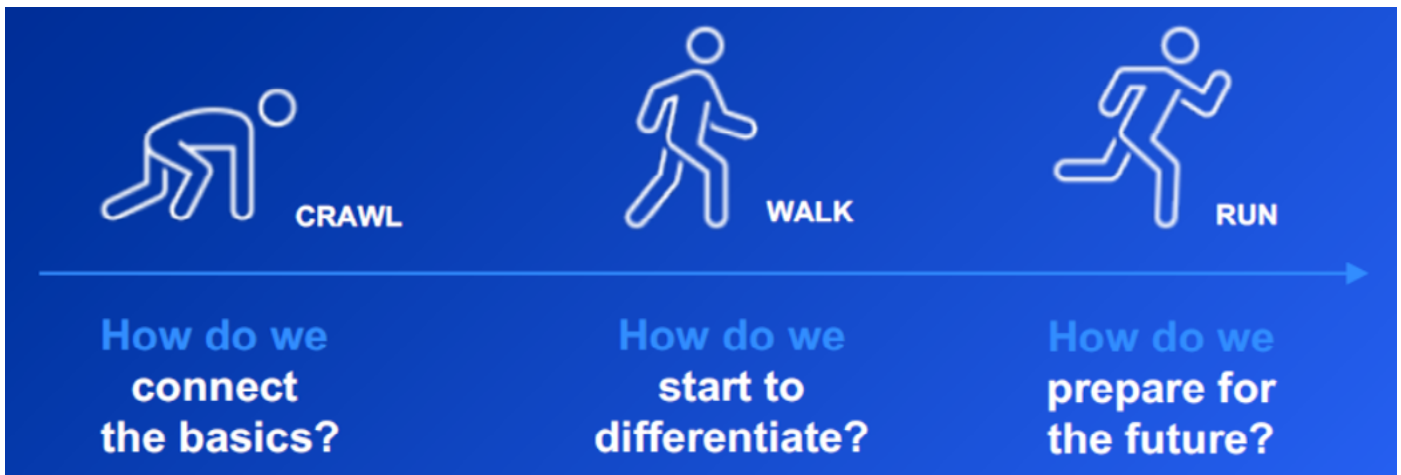
insights. This provides the “why” behind people’s behaviour and helps drive personalization and persuasion. This, coupled with the context of the business, serves to accelerate industrialization in ways that were previously impossible. The value potential creates personas, journeys and “moments that matter.”

Diving beneath the customer journey, Cognizant identifies the dependencies within a client’s operational layers, as shown in the diagram below. These layers link the customer journey to the employee. In turn, this data is linked to content, data, software and business processes and provides a view of what customers are doing, what they are interacting with and what a business must do to improve the experience.



Source: Cognizant

By taking this approach, Cognizant can measure the impact on the end customer – the value that is created and variously measured at the point of end-customer interaction. It can also calculate the cost of inefficiently enabling the experience and can provide the missing elements of the “how do we commercially contract for proactive XLA” discussion. Getting this right opens the door to true industrialization, which is all about driving scale, speed and agility to enable the business responsiveness that is essential in the age of the consumer.



Source: Cognizant

Orchestration and Industrialisation

Well into the orchestration phase is where the offer gets industrialized. The figure above shows how experience is designed, differentiated and then ramped as it becomes more mature.

Integrated data intelligence, core technologies and business processes at scale are what enable the delivery of a new, innovative customer experience. It starts off with highly connected customer insights and journeys, as we have seen, linked to platforms and systems that manage customer interactions. This provides personalization and allows companies to create simple, useful, memorable and engaging interactions. When the resulting products, platforms and programs scale across contexts, channels and time it is called Orchestration.

The Three Dimensions of Customer Experience

After deeply studying and researching experience,^{xxxxi} Cognizant views experience as three dimensional. The dimensions are:

Horizontal

The horizontal axis defines the experience itself and how it flows for the customer across channels, touchpoints and contexts. It is here that the company identifies the value between the consumer and the brand. The analysis of customer signals, market

context and behavioral drivers supports the building of new propositions, segmentation schemes, personas and (perhaps most importantly) “signature moments”— moments in which the customer’s mindset undergoes a significant shift. These are the make-or-break moments in building life-long relationships.

Vertical

The vertical axis focuses on how an organization builds the experience through its operating layers. It is important to understand and support the delivery of signature moments by aligning the operational layers that enable them. From employees and the resources they use to data and the underlying business processes, every step matters. Getting this right requires a forensic examination of how these layers are aligned, how they interoperate, how each adds value to the next, and how they might be optimized. How the experience is enabled is the experience.

Depth:

The depth dimension looks at time, or the temporal context of the experience. This dimension does not represent a single point in time; rather, it considers the duration of engagement. The need to have a complete view of the entire life of the experience is true both in the sense of how customers, employees, and partners engage with the business over time, and how operational layers are conceived and optimized as a unified experience operating model (rather than a series of disconnected point solutions).

CONCLUSIONS

Customer experience will determine the life or death of an organization. Just prior to the pandemic, organizations were facing the challenge of the conscientious consumer. This required companies to rethink everything from packaging, brand perception, services and channels. Then the pandemic hit, and the coronavirus thrust the customer experience conversation forward at least five years. Companies are now facing obstacles to some of their plans and ideas due to public health concerns.

The world economy has shrunk, most likely permanently, by approximately \$7 trillion. This means there will be an accelerated shift toward cheaper and more digital capabilities to make sure that service is maintained in the future. Customers who now have smaller disposable incomes will be searching for the most adaptable and user-centric services from companies that provide it the way they want it. Therefore, as providers of those services, you need to be aware of what you sell, how you sell it and how you make money from it.

The Customer now demands the same experience or better than before. The pandemic has changed how business can and does work which is what we refer to as the future of work which has fundamentally changed forever. Customer experiences now require businesses to remember that new internal delivery models as well as changes to the actual business model of many organisations themselves occur and this includes the ecosystem of providers used by your organization.

As companies compete for increasingly demanding customers, CX will become even more important. As companies continue to adopt these concepts, it will be important to treat it as a never-static, always-evolving field. With ever changing guidance and government restrictions, set to be around for many more months if not years, it is important to have a thorough understanding of your customer, who they are and what they need, not just what they want!



TEN STEPS TO CREATE A NEW CUSTOMER EXPERIENCE

ISG has seen in the market ever-increasing focus on CX-led business model redesign in the race to be the brand of choice in a crowded market.

When thinking about customer experience it is clear that a number of things need to happen which can be complex for the uninitiated. Organizations should commence the following seven activities immediately if not already doing so in order to design and orchestrate a superior customer experience:

1. Understand your current customers; only then can you design something they need.
2. Understand why they buy from you so you can improve the “stickiness” of the experience by aligning your ethos with theirs.
3. Determine what is missing in the market.
4. Create your brand; stand out in the crowd and stand for something.
5. Use data to design an end-to-end customer journey; don't forget your internal elements of that journey.
6. Employ people who believe what you believe. Thoughts become words; words become actions. People who think what you do, do what you need.
7. Empower your employees and enable them to make change in your organization so the end customer wins.
8. Partner with providers who understand what you are trying to achieve and who can bring innovation.
9. Contract with these partners with true XLAs so you can measure and reward business value.
10. Communicate your brand to customers and build in conscientious consumerism into the offer.

THINGS YOU CAN DO NOW

If you only do three things after reading this, do the following to ensure you are continually pushing the business in terms of meeting customer needs in an age of opportunity where customer experience is king.

1. Seek out and identify key trends in your market(s) focusing on CX and the future of work. Figure out where the best technologies can help you future-proof your organization. Make contact with ISG so we can help assess your needs and provide independent market advice about who your customers are and what they need and who they are.
2. Review your end-to-end business model, so that the data you collect on your current customers is ready to answer the question of “what do my customers want and what do I do now.” You cannot rely on pre-pandemic data to make decisions as this has become invalid. The change was sudden and most likely permanent.
3. Seek professional advice on understanding the three dimensions of CX. which is the multi-lens approach Cognizant is taking to provide a 360 view of your CX. Arrange time with Mark Taylor to discuss how Cognizant takes a 360 degree view. (contact details at the end in bios). Taylor says, “Great experiences change lives, minds and behaviours.” Until you have seen this solution, you won't know the art of the possible.

ABOUT ISG



ISG (Information Services Group) (Nasdaq: IIG) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit www.isg-one.com.

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An ISG Report, with Cognizant From “Know What I Want” to “Know Who I Am and What I Need”

November 2021

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