

HOW CUSTOMER FRIENDLY IS YOUR ORGANISATION?

CEM Maturity Assessment 2018



Introduction

Organisations worldwide are embarking on customer-centric transformation journeys as a means to achieve sustainable growth and to differentiate themselves in a highly competitive marketplace. Transforming to true customer centricity requires an approach that is practical, scalable and holistic. Organisations must ensure that they have the right people, processes and technology in place to deliver on their strategy.

But how customer-centric is your organisation currently?

Research Methodology

In June 2018, IQbusiness surveyed local customer experience (CX) specialists, to evaluate how well their organisation is structured to respond to changing customer needs. The online assessment asked CX specialists to rate their organisation's maturity in the following spheres: strategy and leadership, customer insights, customer experience design and implementation, culture, governance, measurement and digital adoption. We surveyed 52 people from some of South Africa's largest companies across a variety of industries including finance, insurance, telecommunications, retail and media.

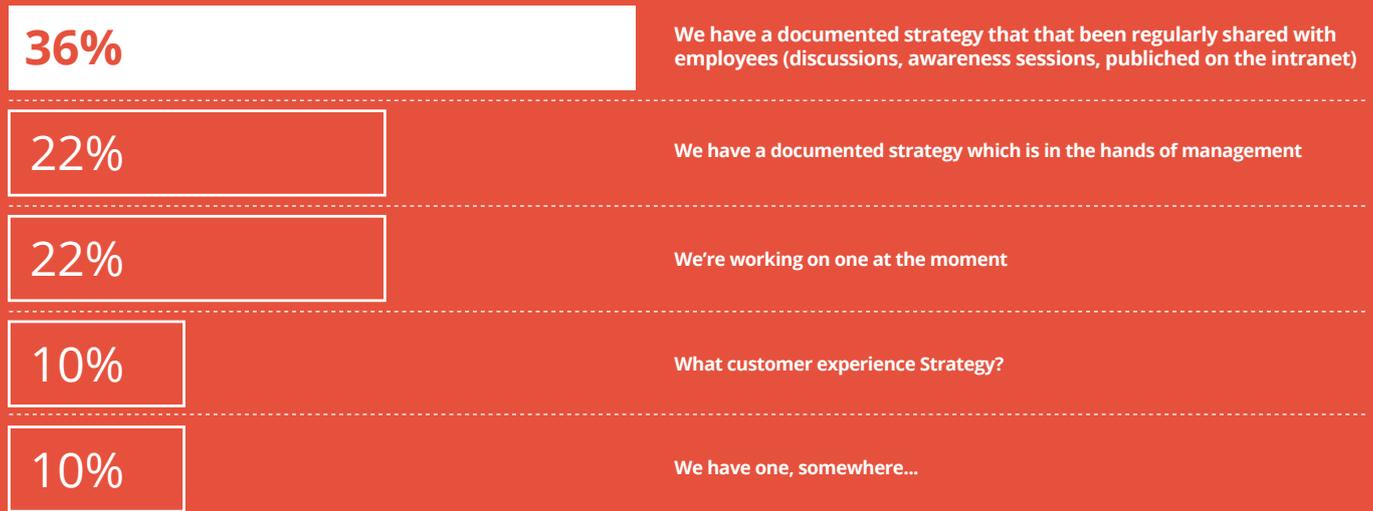
Key Findings

Nearly half of South African companies surveyed acknowledge that they are not good at extracting and using insights gained from their data in order to optimise their customer's experience. More than half of the companies surveyed indicated that they have not empowered their employees to improve a customer's experience.

It is clear that while many South African companies have developed pockets of excellence when it comes to designing and delivering a superior customer experience, they still have a way to go. What is required is an holistic approach to customer-centric transformation that, if done correctly, will result in increased revenue, an improved and differentiated customer experience, reduced operating costs, positive organisational change, a growth in market share and increased employee engagement.

Strategy and Leadership

Please tell us about the Customer Experience Strategy at your company?



The starting point for any meaningful customer-centric transformation journey is for leadership to define and document an appropriate customer experience strategy. While almost 68% of the companies surveyed had a documented CX strategy, only 36% share their CX strategy with their employees on a regular basis.

Alignment between the brand promise and the customer experience is also a critical success factor. In fact, 70% of our survey respondents indicated that the way they engage with and design products or services for customers is aligned to their brand promise. However, is this brand promise necessarily customer-centric?

72% of respondents agree that senior management discuss and support activities based from the customers' point of view

68% of respondents agree that senior management actively drive and invest (funds, resources, time) in initiatives that will improve our customer's experience

The following four questions are a useful point of departure for leadership teams wishing to embark on an Outside-In journey:

1

What business are you in?

- This question should not be seen from the internal view of what you do or what industry you are in, but rather from the perspective of what end result you deliver to the customer.
- An essential aspect of answering this question is also identifying what categories of customer fall into your target market.

2

Where does it start and end?

- Being Outside-In involves seeing the experience from the customer's point of view, as opposed to the traditional internal value chain that we have focused on in the past. This means potentially broadening your scope to encompass more of the end-to-end journey of the customer, transcending the organisational borders and moving to an ecosystem view that likely includes additional delivery partners and adjacent value adding activities.
- This may challenge concepts such as outsourcing – do you want to handoff the responsibility of delivering your customer experience to others who are less invested?

3

What are the key moments of truth?

- In the broader ecosystem, your customer has moments of truth that may currently not involve the traditional organisational touchpoints and channels. Identifying these and developing the appropriate tactics to assert greater control of these moments will drive innovative solutions to improve the end-to-end customer experience. It can also potentially uncover opportunities to drive increased revenues and reduced operating costs.

4

What is the Successful Customer Outcome?

- For each category of customer, there is a distinct outcome that needs to be delivered. As opposed to focusing only on an organisation's internal drivers of success, define how your customer would define success. How would they measure success? Once this has been articulated, the whole organisation should be aligned towards the delivery of these outcomes. Often the first stage of this alignment can be achieved through the review of performance measures and re-alignment to customer outcomes as opposed to the typical internal output measures that can be found in most of our KPI measures.

Customer Insights

All companies have access to large amounts of data from a host of sources. The companies who leverage these insights to maximum effect, will ultimately lead the pack. According to our research, less than half of the companies surveyed admit to not extracting the maximum value from their data to improve their customers' experiences.

Only:

17%

of respondents strongly agree that they use multiple sources of data to identify areas for improvement and new opportunities.

Without leveraging data from multiple sources, it is impossible to effect accurate and impactful changes to a customer's experience. It appears that although many organisations are utilising their data to identify and act on obvious improvements, there is still a missed opportunity in terms of deeper analysis of data to extract new insights about the customer.

The Role of the Employee

According to our statistics

25%

of companies regularly, and 46% sometimes, obtain feedback from their employees about their experience with customers.

This, however, is most commonly done during a reactive quality assurance phase i.e. post a customer interaction. Many organisations are fortunate enough to have great, readily-available workflow tools and platforms, where free text and customer experience commentary (positive or negative) can be noted. But these are not being actively mined for insights.

Tips for Collecting Customer Insights

- Consider overlaying multiple sources of insights. There are many methods to gather customer insights without actually asking customers how their experience was. In addition to traditional Voice of Customer (VoC) incorporate Voice of Employee (VoE), and operational data captured in day-to-day transactions to provide a richer view of customer reality and greater insights.
- Frontline or customer-facing employees are often best equipped to understand customer needs and expectations given their amount of direct interaction. Ask these employees for insights. First, though, ensure their performance measures are not dependent on their responses, and encourage critical and honest evaluation.

Customer Experience Design and Implementation

Through customer experience design, organisations create deliberate and thoughtful experiences using a carefully orchestrated combination of people, process and technology.

Design is a powerful tool to transform the strategic goal of customer centricity, along with valuable customer insights, into compelling customer experiences that result in positive CX measures. It does this by offering a systematic way to evaluate customer experiences and allows organisations to deliberately realign their resources to deliver experiences that engage and delight their customers.

When we hear “design,” what comes to mind is process redesign, process re-engineering, process analysis and documentation such as process maps and customer journeys.

An interesting result from the assessment:

11%

of participants answered, “None of the above” when asked, “Which of these do you have access to, or know to exist?”

This indicates that our respondents were either not onboarded or upskilled into their current role by means of documented processes and procedures, or the documentation does exist, but they do not have system access, or a mandate, to view it. What’s more concerning is that the majority of respondents come from highly regulated organisations where compliance is non-negotiable.

That said, most organisations are very mature in this regard – with 82% having access to and/or know of process maps, and 63% have access to and/or know of customer and user journeys documented in their space. On the flipside, it’s good

and well to have the designed experience documented, but if it is not embedded within the organisation in a meaningful way, inconsistencies will creep in.

Dedicated CX Teams

Given that all companies are competing for market share of the discerning, digital-savvy customer, there has been a marked increase in the creation of internal roles focused solely on dealing with customer value propositions, customer experience and customer segmentation. Our research shows that 57% of the organisations we surveyed have a team/working group mandated to improve the customer’s experience and 55% have a team/working group dedicated to driving organisation-wide customer centric transformation.

But is this enough?

Part of delivering a seamless customer experience, means ensuring that every person within the organisation is aware of the strategy and is empowered to put this plan into action.

It is also important that companies close the gap between business and technology.

79%

the majority of respondents stated they have either poor or some integration between business and IT

It is challenges like these that add to the inconsistency of a customer’s experience and makes the CX officer/team’s job more challenging.

Culture

Has your company empowered employees to interpret a customer's experience in the moment and do what it takes to 'make things right' (within set guidelines and mandates) if a recovery from a poor experience is required?



The importance of culture in defining and implementing a customer experience (CX) strategy within an organisation cannot be understated. Culture is what defines and drives employees when no one else is looking. It is vital that every employee has bought into and understands the company's vision and customer-centric focus.

This should start with recruiting the right talent. 53% of respondents said that they make it a priority to recruit people who are likely to put the needs of their customers first. However, 57% of the respondents don't believe that everybody in the organisation knows exactly what they have to do to make sure that customers get the best product/service possible."

While this may appear contradictory, it shows a disconnect between what companies are trying to do and how they are actually delivering on their promises.

Promoting a CX Culture

It is promising that companies are beginning to actively promote a CX culture through internal rewards and the communication of successes; both of which appear to be important to our respondents. 51% say that they are

either in the process of defining, or have already defined, what it means to have a "Successful Customer Outcome." Consequently 49% are unclear about their Successful Customer Outcome. As a result, they will likely struggle to drive a culture of customer-centricity within their organisations due to a lack of clarity, and alignment of employees who are responsible for delivering on those outcomes.

Furthermore, 53% of companies indicated that they have not empowered their employees to interpret a customer's experience in the moment and do what it takes to 'make things right.'

Tips on Empowering Employees

- Increase trust, responsibility and empowerment by giving employees a discretionary budget to fix mistakes, add value or to apologise to customers when things have gone wrong
- Review, redefine and implement revised mandates to enable low risk decisions to be made in the moment instead of referring to supervisors / managers
- Show commitment to employees growth by getting coaches and mentors to guide professional and personal growth

Governance

One possible solution to effectively managing CX governance is establishing a centralised CX capability (Centre of Excellence – CoE) that brings together all of the critical business disciplines required to effectively and sustainably deliver on a customer centricity strategy. This CoE is accountable to the C-Suite and is responsible for leading all CX efforts centrally, ensuring alignment of efforts across all business areas. The CoE also drives governance, which includes the custodianship and maintenance processes related to standardised documentation, quality control policies and ways of work. It should include all documentation and socialisation of customer personas, customer and user journeys, process maps, customer experience maps and the like.

However, only 23% of respondents indicated that they have a central repository where customer experience artefacts (such as user journeys and process maps) are stored and maintained. This indicates that while there is a function that exists within approximately half the organisations surveyed, the required governance practices have not been well established – and the sustainability and effective embedment of CX efforts is questionable .

55% of respondents indicated that their organisation has a team or working group mandated to drive customer-centric transformation across the organisation.



Measurement

You cannot quantify what you cannot measure.

Customer-centric metrics enable you to know, with certainty, how your customers feel about the experience being delivered. For most organisations, it is a well-established practice to solicit feedback from customers.

However, it is less common to overlay voice of customer (VoC) data with operational metrics and employee performance measures to develop deeper insights into the areas requiring improvement. In addition, measuring the benefits from specific CX initiatives is also critical to proving the business case for customer centricity and securing ongoing funding for CX initiatives.

An overwhelming 72% of respondents stated that they have multiple sources of data and feedback to identify areas for improvement and new opportunities. They also insist that they mine data to create customer insights.

Respondents indicated that interviews, surveys, unsolicited feedback and employee feedback are the most commonly used tools to study customer conduct. With regards to the metrics used to track customer experience, predictably Net Promoter Score (NPS) came out highest.

While NPS may be the most commonly used tool, it is often implemented poorly, and has its challenges in that it is subjective, time-bound – and possibly not that insightful in conveying what customers truly feel about engaging with a particular company.

It may be useful to provide a baseline measurement from which to work, and a benchmark against which to evaluate performance. However, new mechanisms can be leveraged to more accurately gauge customer behaviours and perceptions from unsolicited data sources, without having to rely only on solicited information from the customer. For example, advanced data analytics and sentiment analysis tools can offer a far more efficient means of measuring.

When asked if these types of customer experience metrics were part of their employees' performance criteria, a dismal 7% replied that they were extensively integrated into performance measurement. So, while measuring the customer's perception of your business seems to be embedded in most organisations, measuring – and rewarding employees accordingly – still seems to be in its infancy.

Tips to Create a Robust Measurement Framework

- Implement some form of measurement that provides a baseline of how good, bad or indifferent a company is in the eyes of their customers.
- Overlay transactional and operational data sources to customer feedback measures to assist in identifying the root causes in instances where poor performance is experienced.
- Align employee key performance measures towards measures of customer outcomes

Digital Adoption

Do you offer your customers a true omni-channel experience (they can choose between digital and traditional channels)

48% NO

37% YES

15% DON'T KNOW

As companies try to adapt to the digital era, and a more digitally advanced customer base, how far are they down the digital road? Are they using their digital resources to create a truly omni-channel experience for their customers?

Most of the survey respondents said that they do have UX and/or UI teams, and stated that they know the digital maturity of their customer base. Interestingly, though, the majority confessed that they do not offer their customers a truly omni-channel experience.

Why is this? Perhaps the answer lies in the very specific wording of the question. While most companies will respond positively when asked if they have a digital channel and strategy, the question being asked here is if it's possible for a customer to choose between digital and traditional channels, and to receive the same experience across all channels.

By definition, being omni-channel means that an organisation is able to serve its customers in a way that creates an integrated and cohesive customer experience no matter how or where a customer reaches out. The customer can be shopping online from a desktop or mobile device, by telephone, or in a brick-and-mortar store and the experience should be seamless.

Most companies will have a multi-channel digital experience, in the form of a website, blog, and social media footprint which they use to engage and connect with customers. However, in most cases, the customer still lacks a seamless experience when switching between digital and traditional channels, and receives inconsistent messaging across these avenues.

An omni-channel experience, on the other hand, accommodates each platform and device a customer uses to interact with the company to create an integrated, seamless experience. This requires alignment of messaging, goals, objectives and design across each channel and device.

In addition, over 79% of respondents mentioned that their business and technology teams are either poorly, or only slightly, integrated. This points to a poor alignment between business and technology goals, which possibly contributes to the lack of a truly omni-channel, satisfying experience for customers.

Conclusion

While customer experience is in most cases well-documented and widely distributed, there is still a long road ahead for a lot of companies on their journey to become truly customer-centric.

Strategically, most organisations appear to have the basics in place, and acknowledge that the customer is an important factor when considering new projects and the impact any new development may have on them.

Data gathering and generating insights appear to be a stumbling block, though, most likely due to the fact that very few companies have a single view of the customer. Data exists but is not being effectively used to provide actionable insights, often resulting in an inability to leverage the potential of more predictive analytics to drive CX change.

Also, while CX metrics are often in place to measure how the customer perceives the company, they are often not a

factor in employees' performance criteria. This can mean that employees are most likely still being rated, and probably rewarded, on traditional output-based criteria. And if employees are not being recognised and rewarded for customer centric outcomes, then fundamentally their behaviours are still likely focused on activities that don't contribute to customer success.

Most organisations are embarking on a digital transformation due to increasing market demands. They are under pressure to replace legacy systems and drive down operational costs. Organisations are, however, not all offering their customers a truly omni-channel experience. This needs to change or it may result in a negative customer experience in future.



Certified



Corporation

WINNER



About IQbusiness

IQbusiness is the leading independent management consulting firm in South Africa, helping clients overcome their business challenges and achieve better results. Since 1998, we have been enabling banks, insurance companies, retailers and others to take their products to market faster, improve customer satisfaction, upskill teams, eliminate waste and strengthen governance and compliance.

Drawing on our core strengths - consulting, research and contracting - we solve clients' problems by providing innovative, faster and more cost-effective services and solutions, backed by teams with real expertise and experience.

Although proudly South African, our perspective is international through the experience of our people, our clients and our business partners. IQbusiness is privately owned and fully empowered with a level 3 B-BBEE certification.

Contact us

Johannesburg:

IQbusiness Park
3, Third Avenue, Rivonia
Gauteng, South Africa

Cape Town

The Vineyards Office Estate
99 Jip de Jager, Welgemoed,
Cape Town, South Africa

Lizette Akker

E: lakker@iqbusiness.net

T: +27 11 259 4000

M: +27 82 852 4294