



# Customer Experience Maturity Monitor

Denmark & Norway Results vs. Global Benchmark



Peppers & Rogers Group

## The Issue

The Customer Experience Maturity Monitor (CEMM) was developed to assess the maturity of companies' delivery of a strong customer experience (CE).

With customer retention and loyalty more important than ever, the objective focused on finding links between a company's maturity in managing the customer experience and its ability to compete in a highly competitive environment.

## The Measurement

In 2008, a research project was initiated to study the components of customer experience toward building a programmatic method to quantify CE maturity.

The first phase of the research involved in-depth interviews with over 50 companies focusing on the activities and programs they engage in to ensure a positive experience for their customers. This information was combined with surveys among 184 companies worldwide, which audited their CE practices and customer orientation philosophies.

The companies served as the benchmark data for the CEMM and provided the foundation for the analysis of on-going research among companies in different countries. Since then, an additional 169 surveys have been conducted among a number of countries, with European companies representing 154 of the total 353 surveyed.

## The Dimensions of Customer Experience

The basis for executing a strong customer experience strategy is an iterative process focused on deepening customer *insight*, strengthening customer *interactions*, and *improving* marketing performance (*the three I's*). At the core of the three I's is the company's customer orientation: its philosophy and culture around building customer trust.

## The Measurement

Companies progress in their CE maturity through 5 stages, based on how well they execute the 3 I's.



## Key Findings

***Companies across the globe are still in the early stages of delivering a strong customer experience strategy.***

Most companies are in Levels 1 through 3 (with about half at Level 3) on the maturity continuum in terms of their execution of a CE strategy, suggesting considerable room for advancement. European companies are in the same boat.

***Companies with a high level of customer experience maturity appear to be weathering the economic storm better.***

With the downturn in most economies across the world, companies are struggling to stay afloat. This research suggests that companies more mature in their CE strategy were more likely to have improved their financial results over the previous year than those with a weak CE delivery. The moral: Know the customer in good times and bad.

***Strong customer experience delivery translates into a competitive advantage in any language.***

Worldwide, a higher percent of those companies executing a strong CE strategy report a outperforming key competitors compared to those whose CE strategy is weak.

## Key Findings continued

***There is a disconnect between the philosophy of customer orientation and executing on that premise.***

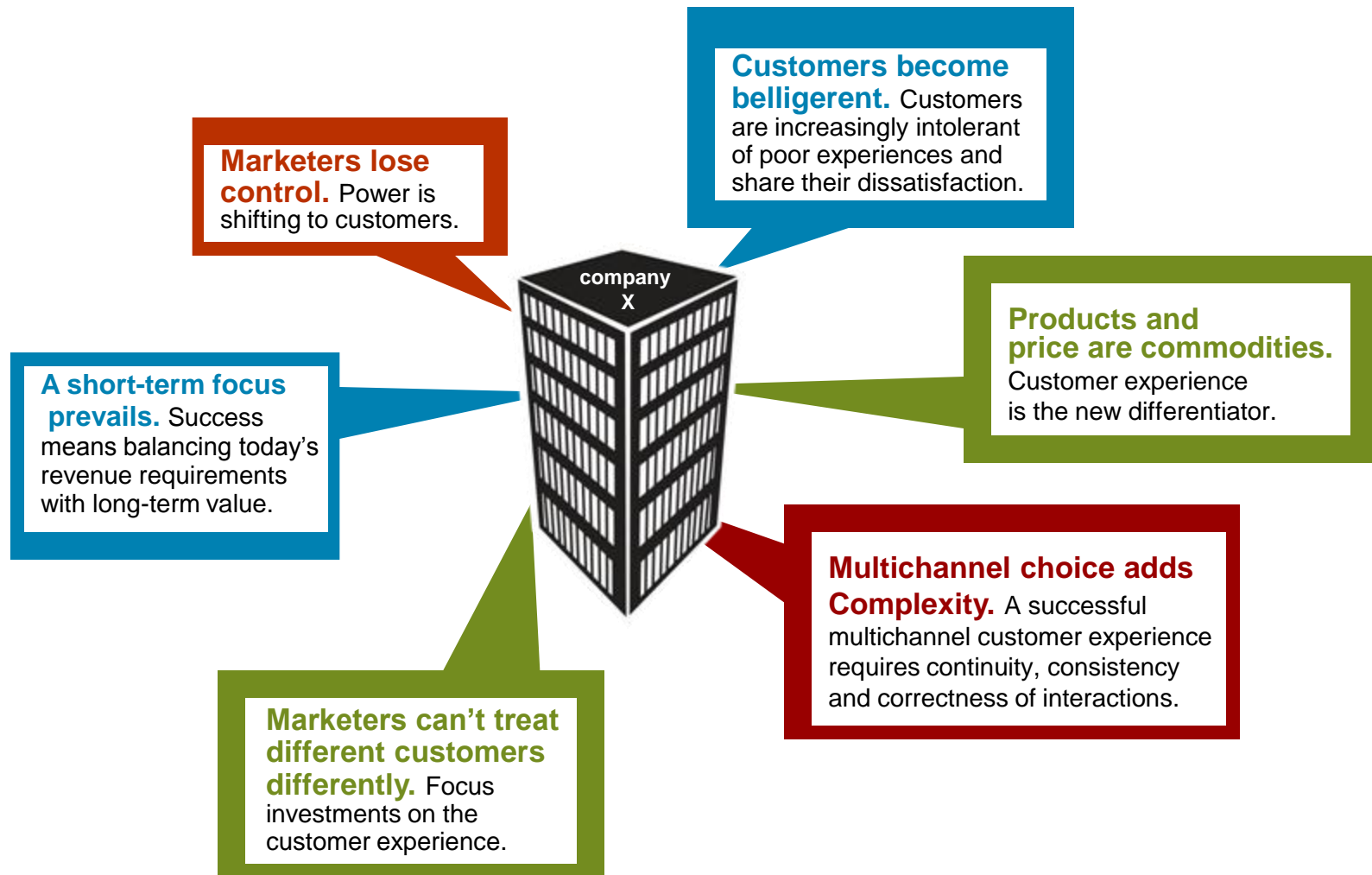
Most companies espouse a high level of customer orientation—building customer trust and considering customers in making business decisions—but executing on the CE promise has proven more difficult.

***Companies are self aware: overall, they understand their deficiencies in executing a strong CE strategy.***

Companies' self assessments of their performance on the three I's align closely with the CE Maturity Model score developed in this research. In fact, **94%** of all companies assessed themselves accurately within one level on the CEMM scale. Companies understand they aren't doing what they should with their customers; they are less sure about how to improve.

***European companies have an edge in collection of customer information.***

Integrated customer views are much more prevalent in European companies than those in other areas of the world. This "first mover" status puts these companies in a position to take the next step in customer experience maturity—to use the information to predict behaviors.



# Research Objectives & Dimensions

**Understand** the customer experience management philosophy, strategies and tactics across a broad base of companies

**Benchmark capabilities** that companies have today around managing Insight, Interaction and improvement.

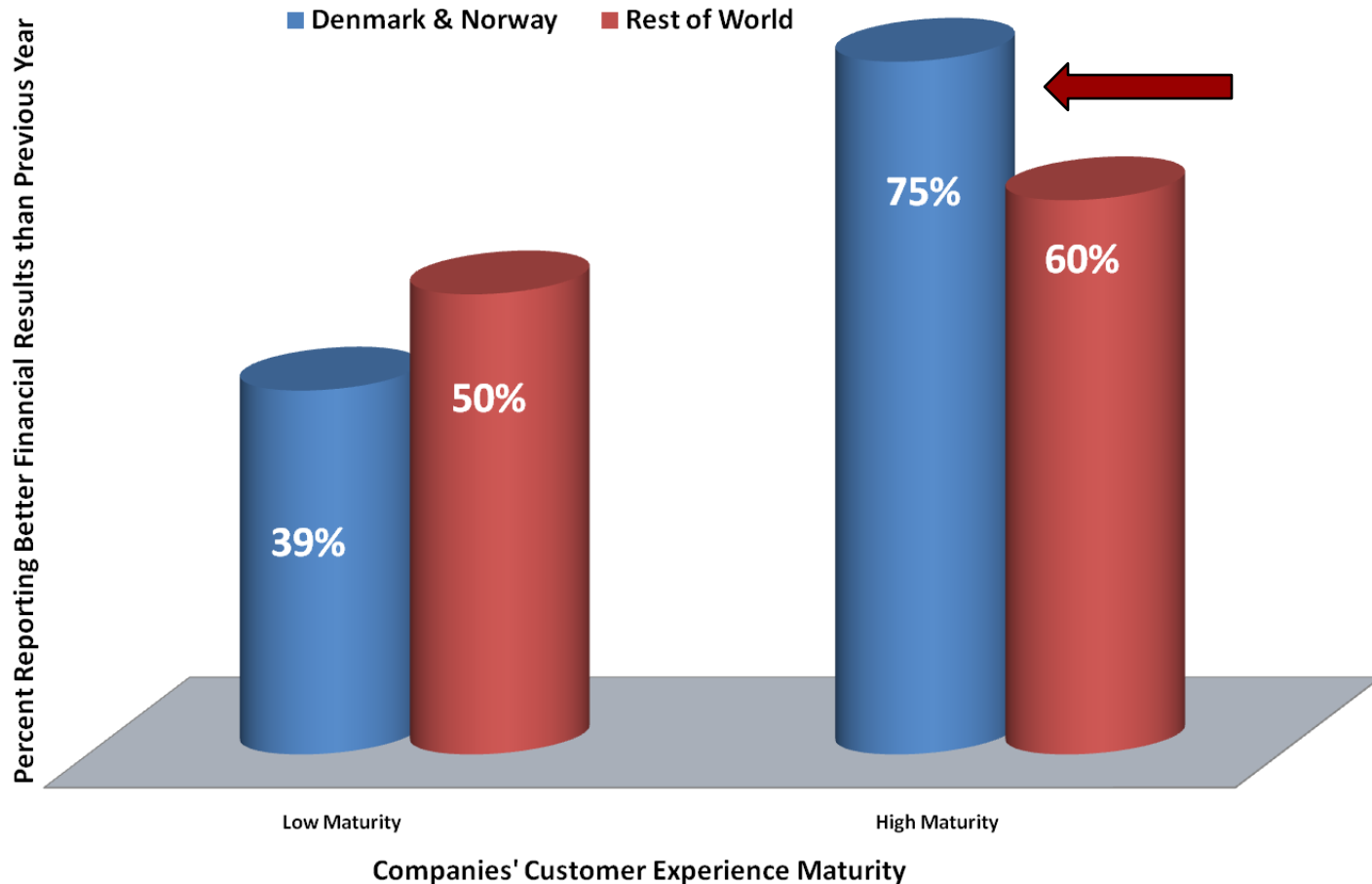
**Explore** the advantages that accrue to companies with superior customer experience capabilities and competencies

**Document** the organizational and technological enablers and inhibitors to delivering excellent customers experiences

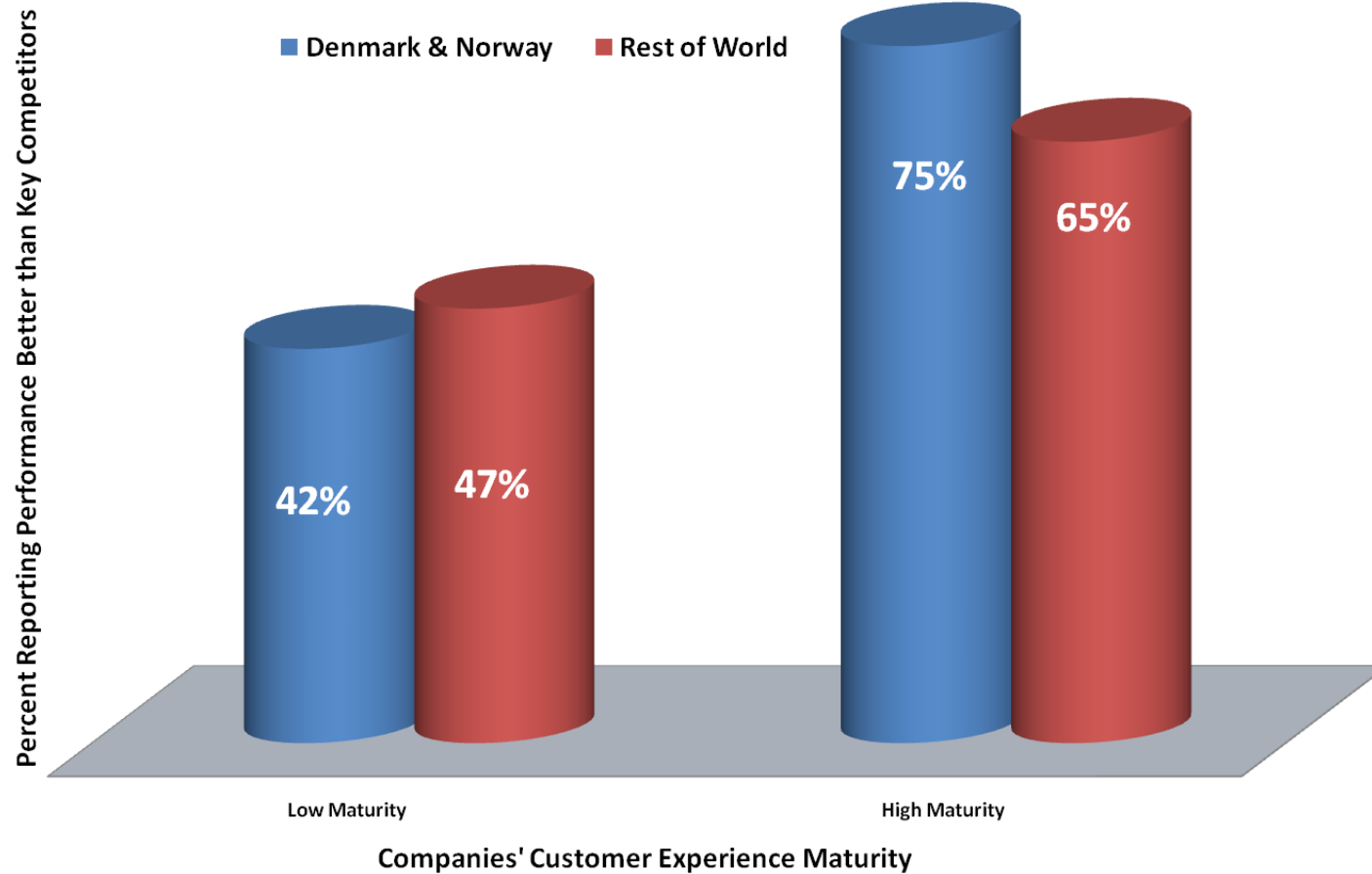
**Assess** the maturation of companies along a developmental continuum



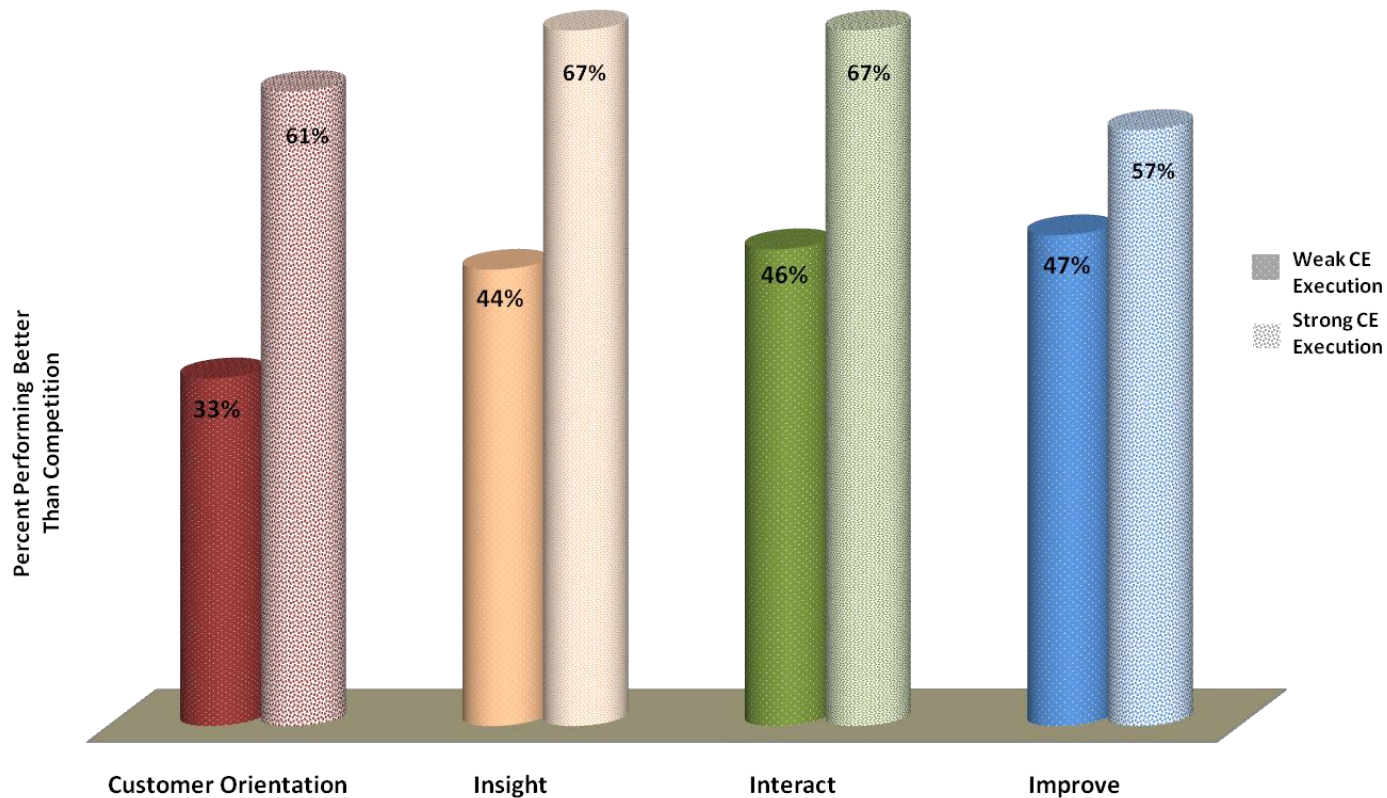
## Companies With Higher Customer Experience Maturity Tend to See Better Financial Results—Especially True in Denmark and Norway



*But the Real Pay Off is in Outperforming Competitors*

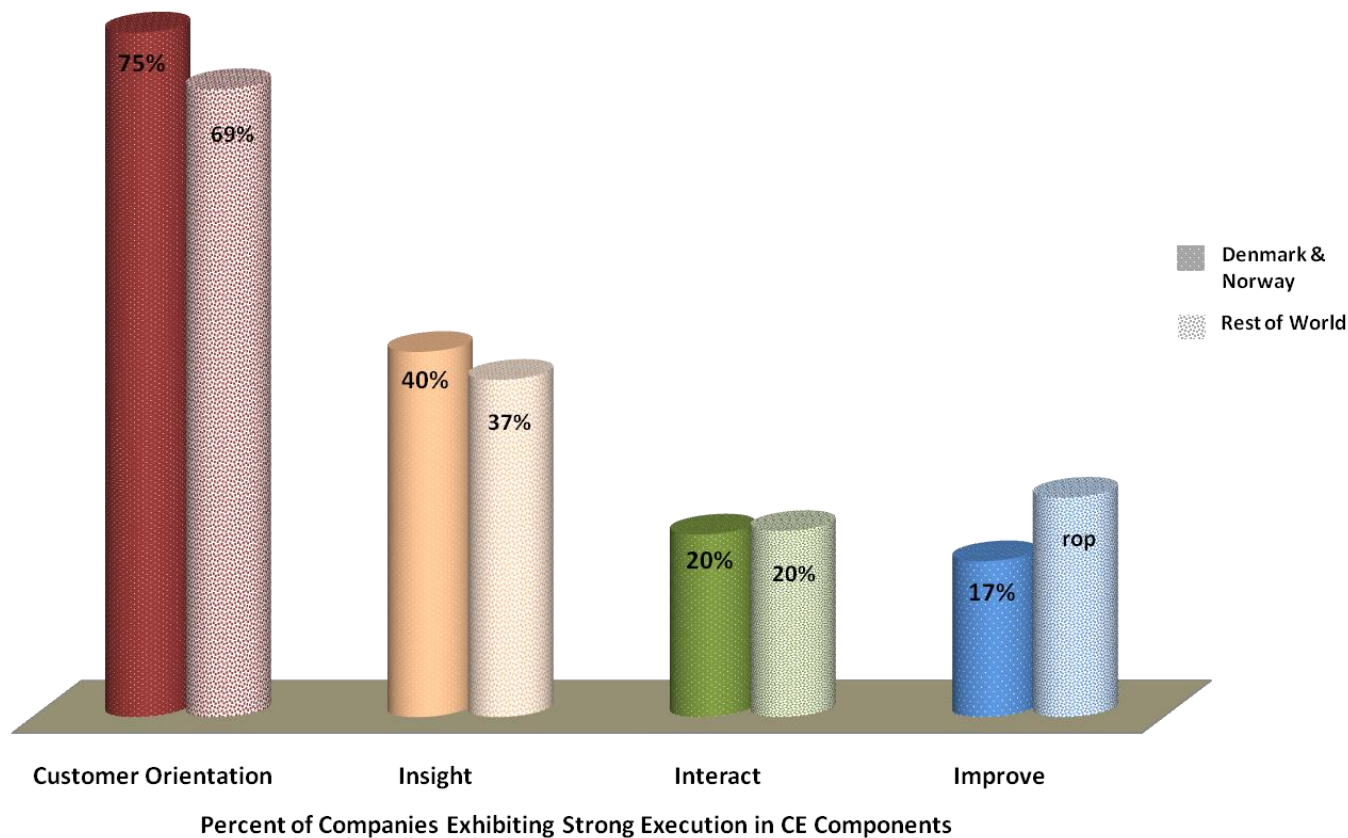


## Strong Execution of Customer Experience Components Gives Companies in Denmark and Norway an Edge on Key Competitors

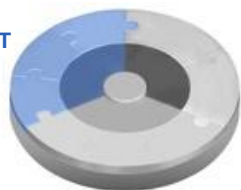


**Denmark  
& Norway  
Results**

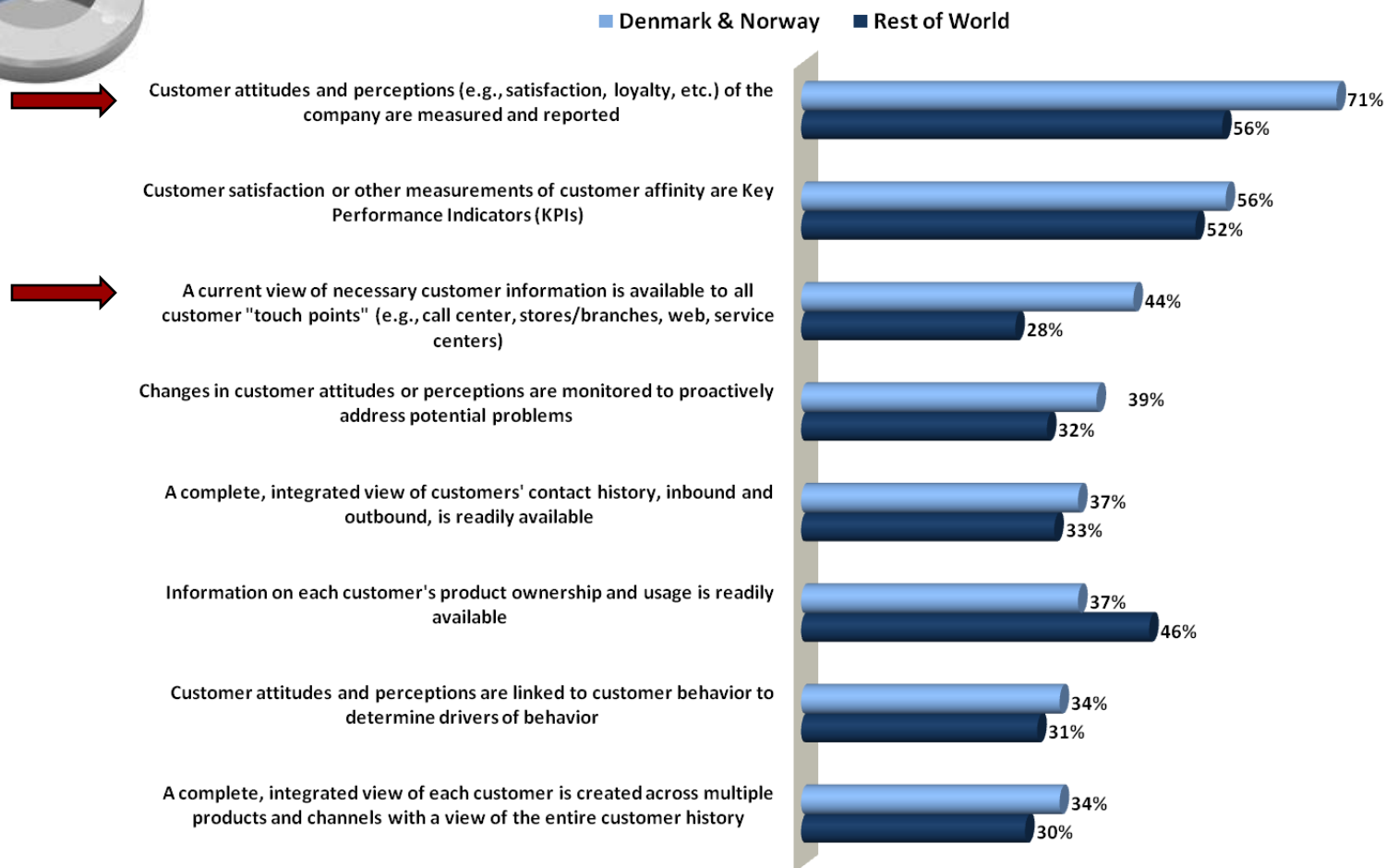
## Companies in Denmark and Norway Show Maturity Similar to Others in Delivering Components of the Customer Experience



INSIGHT



## Danish and Norwegian Respondents Lead in Measuring Customer Affinity and Providing a Customer View to All Touch Points



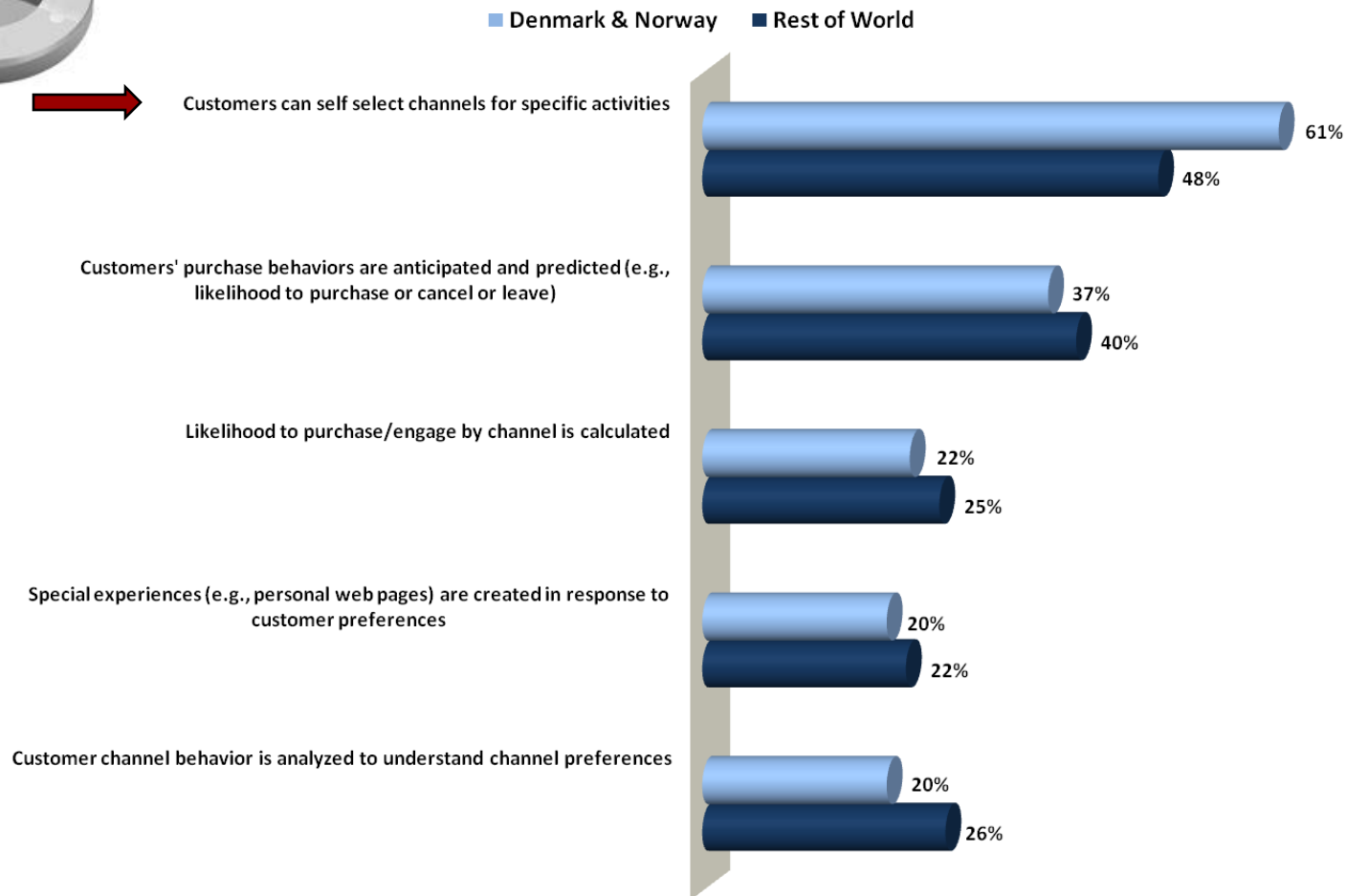
Percent of Companies Executing at a Strong Level



INSIGHT



## Few Companies Are Predicting Customer Behavior—However, Self Selection of Channels is Strong in Denmark and Norway



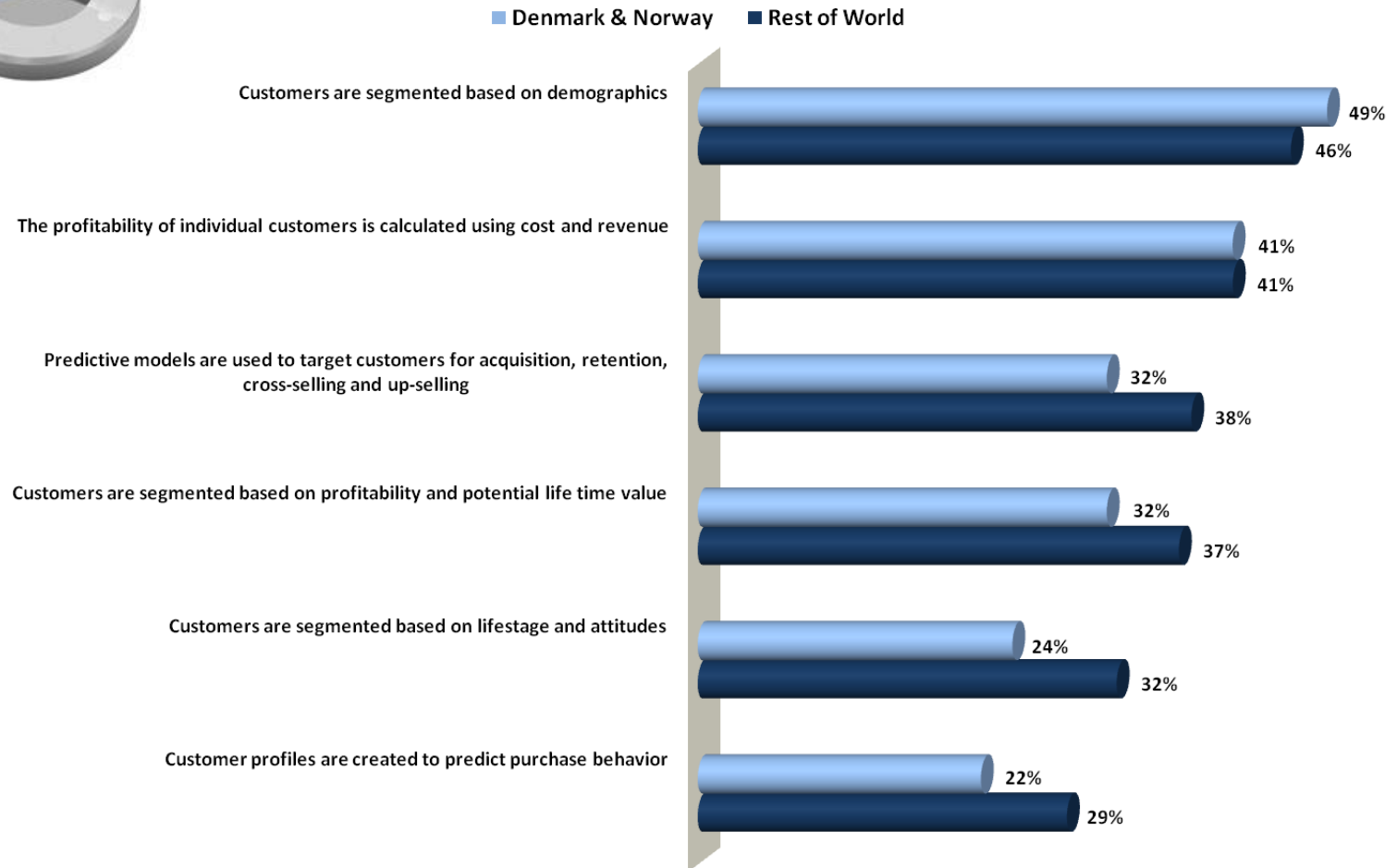
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INSIGHT



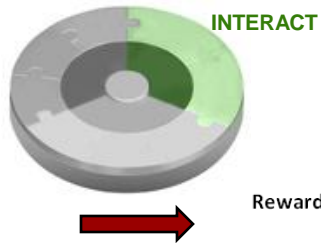
## Segmentation Sophistication is Still Low—Denmark and Norway Lag Slightly—But This Area Still Exceeds Prediction Capabilities



Percent of Companies Executing at a Strong Level



## Customized Interactions Are Rare Across the Globe—Denmark and Norway Are Less Likely to Use Loyalty Programs

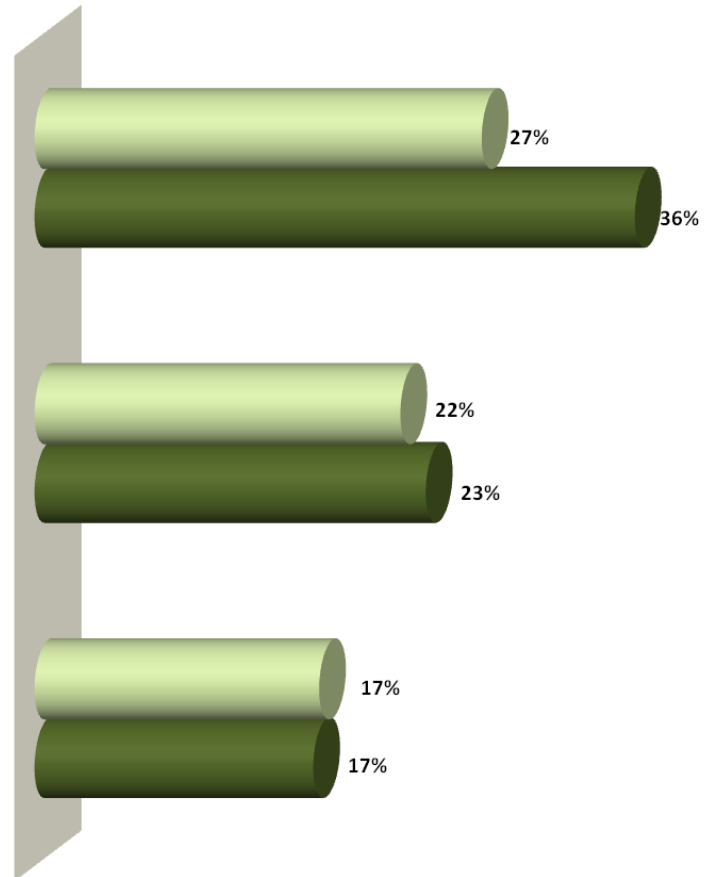


Rewards and loyalty programs are used to encourage loyalty among high value customers

Mathematical programs (optimization) are used to maximize the profitability or ROI of marketing campaigns

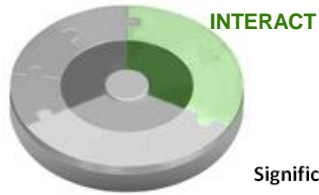
Individual "treatment tracks" are created to manage the customer experience across products and channels

■ Denmark & Norway   ■ Rest of World



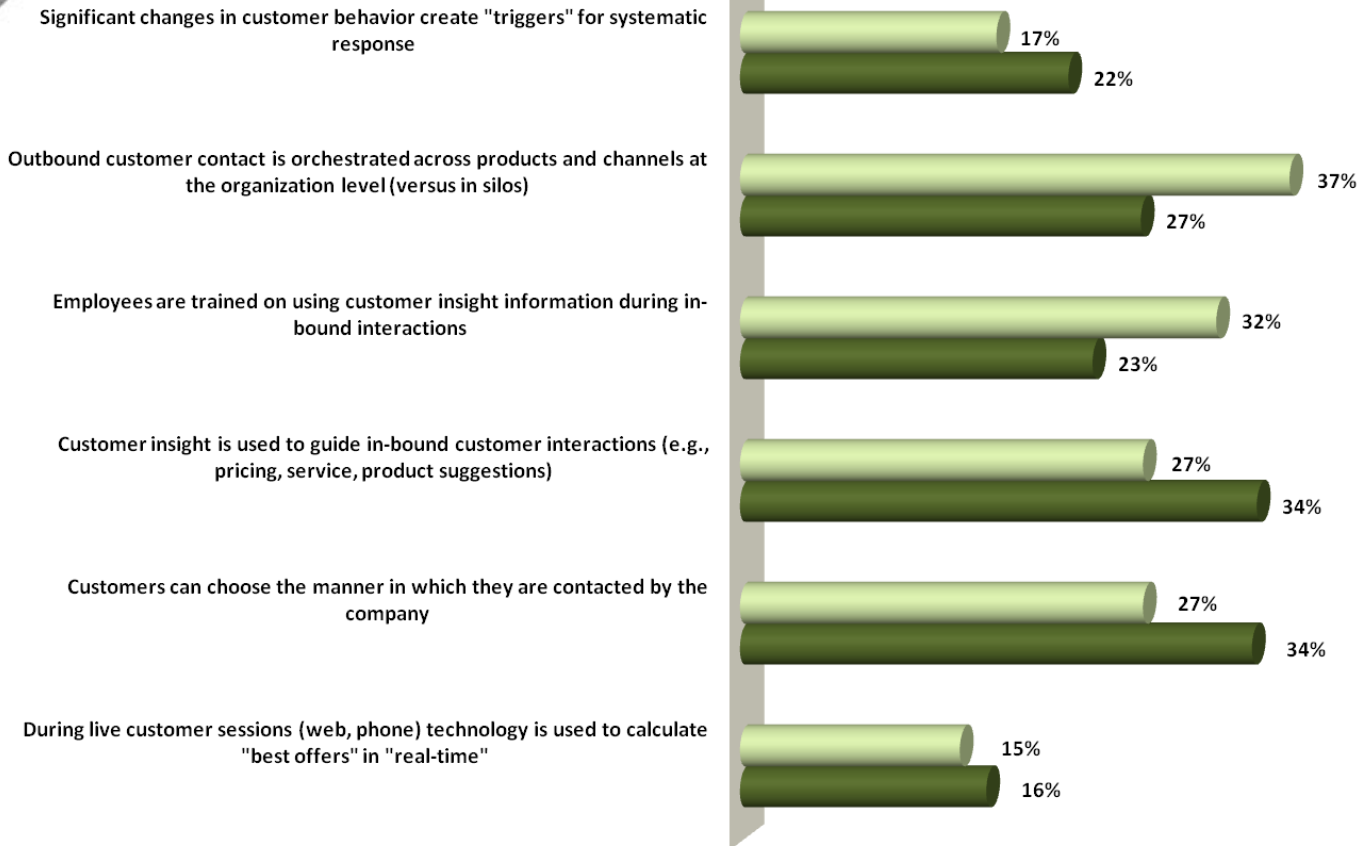
Percent of Companies Executing at a Strong Level





## Companies Are Missing Opportunities to Engage Their Best Customers

■ Denmark & Norway   ■ Rest of World

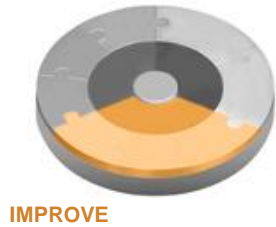


Percent of Companies Executing at a Strong Level



## Performance Isn't Measured Through the Customer Lens—Denmark and Norway Respondents Are Less Advanced in This Area

■ Denmark & Norway   ■ Rest of World

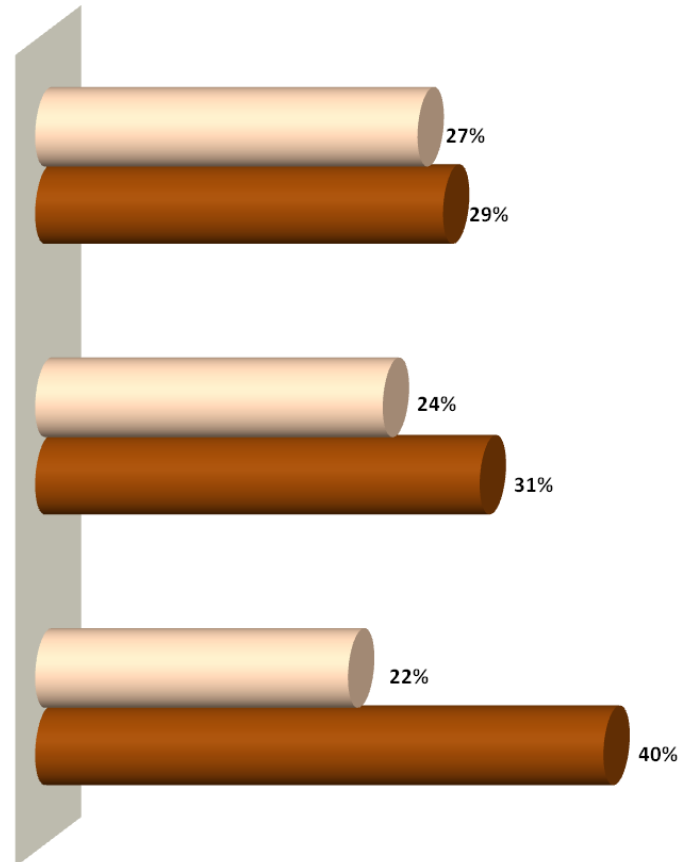


Customer metrics (e.g., profitability, campaign response, channel behavior) are used to measure individual performance

Employee measurement & incentive programs (e.g. evaluations & bonuses) are aligned to customer metrics



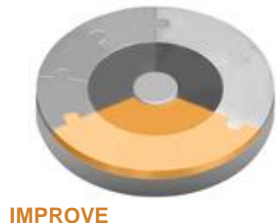
Customer metrics (e.g., profitability, campaign response, channel behavior) are used to measure organizational performance



Percent of Companies Executing at a Strong Level



## Marketing ROI Measurement is Still in Very Early Stages

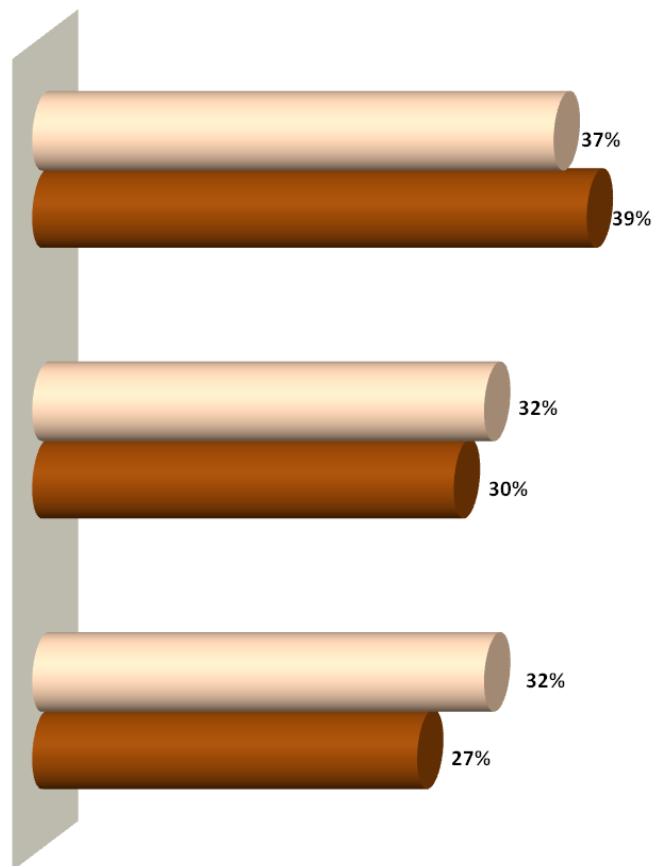


Marketing campaign profitability (e.g. direct marketing ROI) is consistently measured across products & channels

Marketing mix profitability (advertising & promotion ROI) is consistently measured across products & channels

Lead generation profitability (ROI) is consistently measured across products & channels

Denmark & Norway Rest of World



Percent of Companies Executing at a Strong Level

## Significant Opportunity Exists for Improving Experience by Updating and Acting on Customer Information—Particularly in Denmark and Norway



IMPROVE

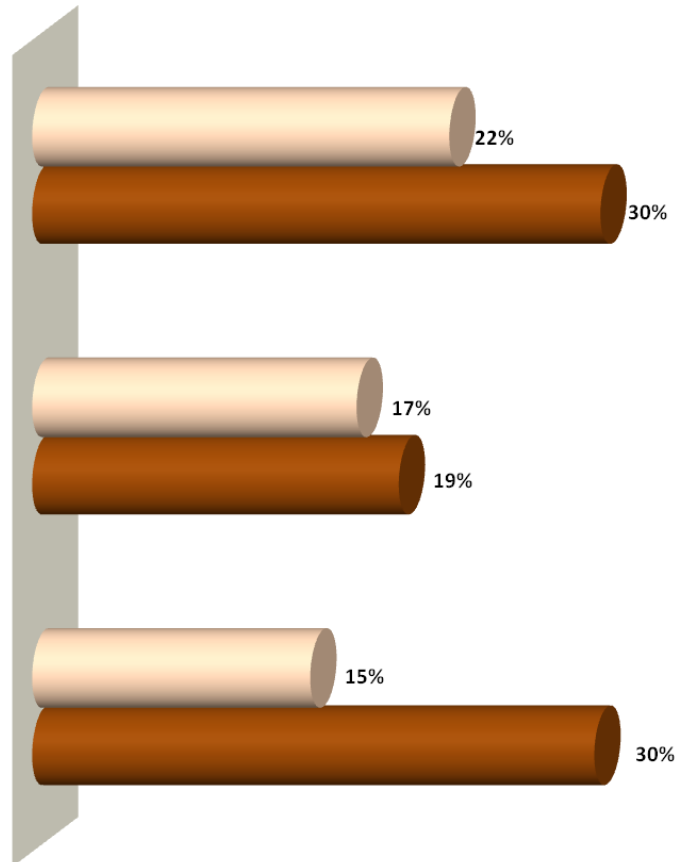
Customer profiles are continuously updated to reflect all customer activity (purchases, returns, etc.) as well as outbound (campaigns) and inbound contact (channel visits, call center, web; stores/branches, etc.)

Changes to individual customer interactions are made based on changes in a customer's profile



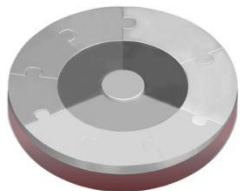
Customers' "expressed needs" are captured during live customer interaction

■ Denmark & Norway ■ Rest of World



Percent of Companies Executing at a Strong Level

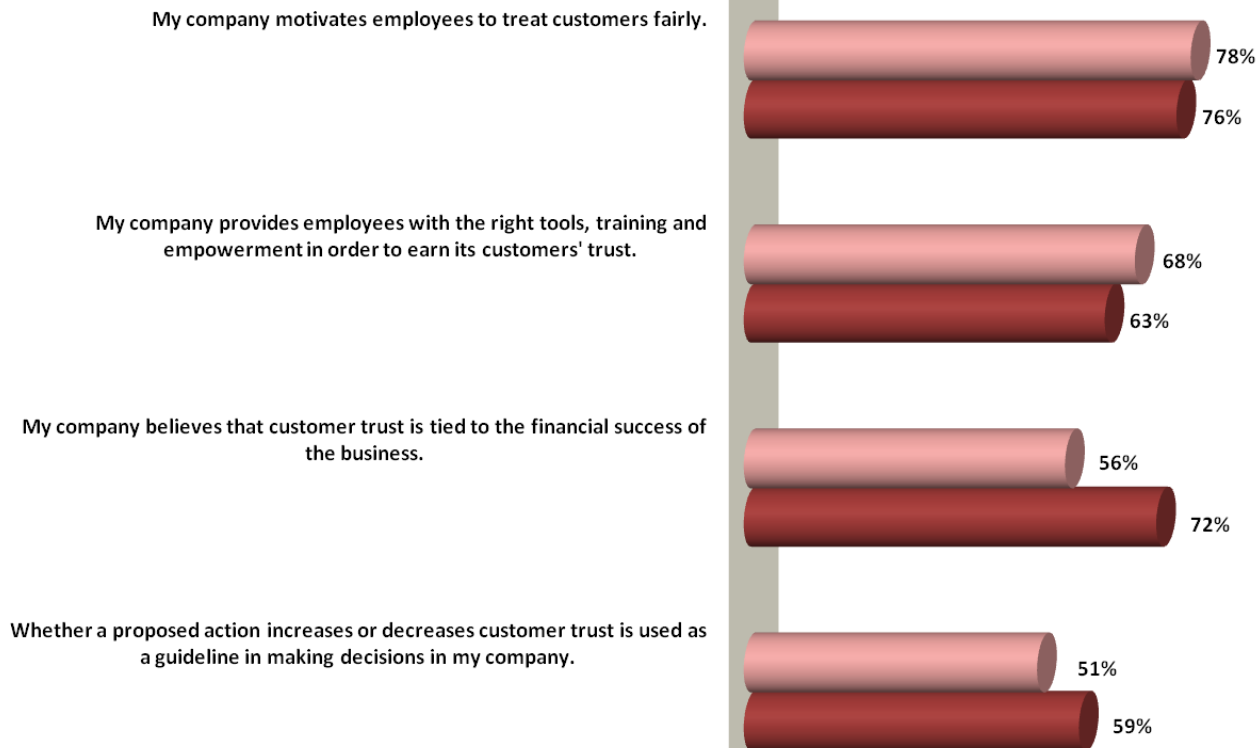




CUSTOMER ORIENTATION

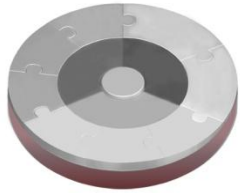
## Companies See the Value in Building Customer Trust, But Those in Denmark and Norway Are Less Likely to Tie It to Financial Results

■ Denmark & Norway ■ Rest of World



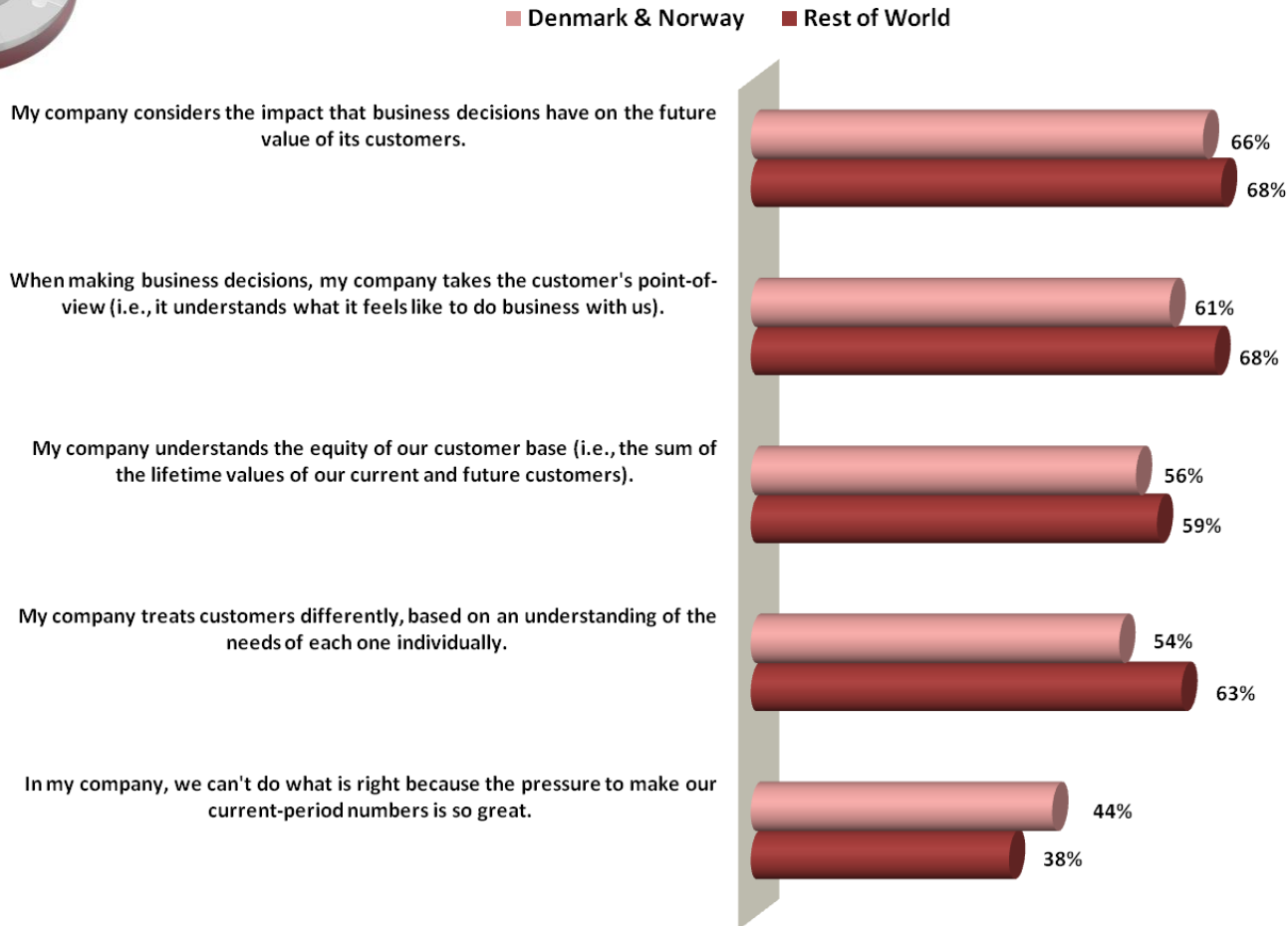
Percent of Companies Executing at a Strong Level





**CUSTOMER ORIENTATION**

## The Majority of Companies Espouse a Strong Customer Philosophy



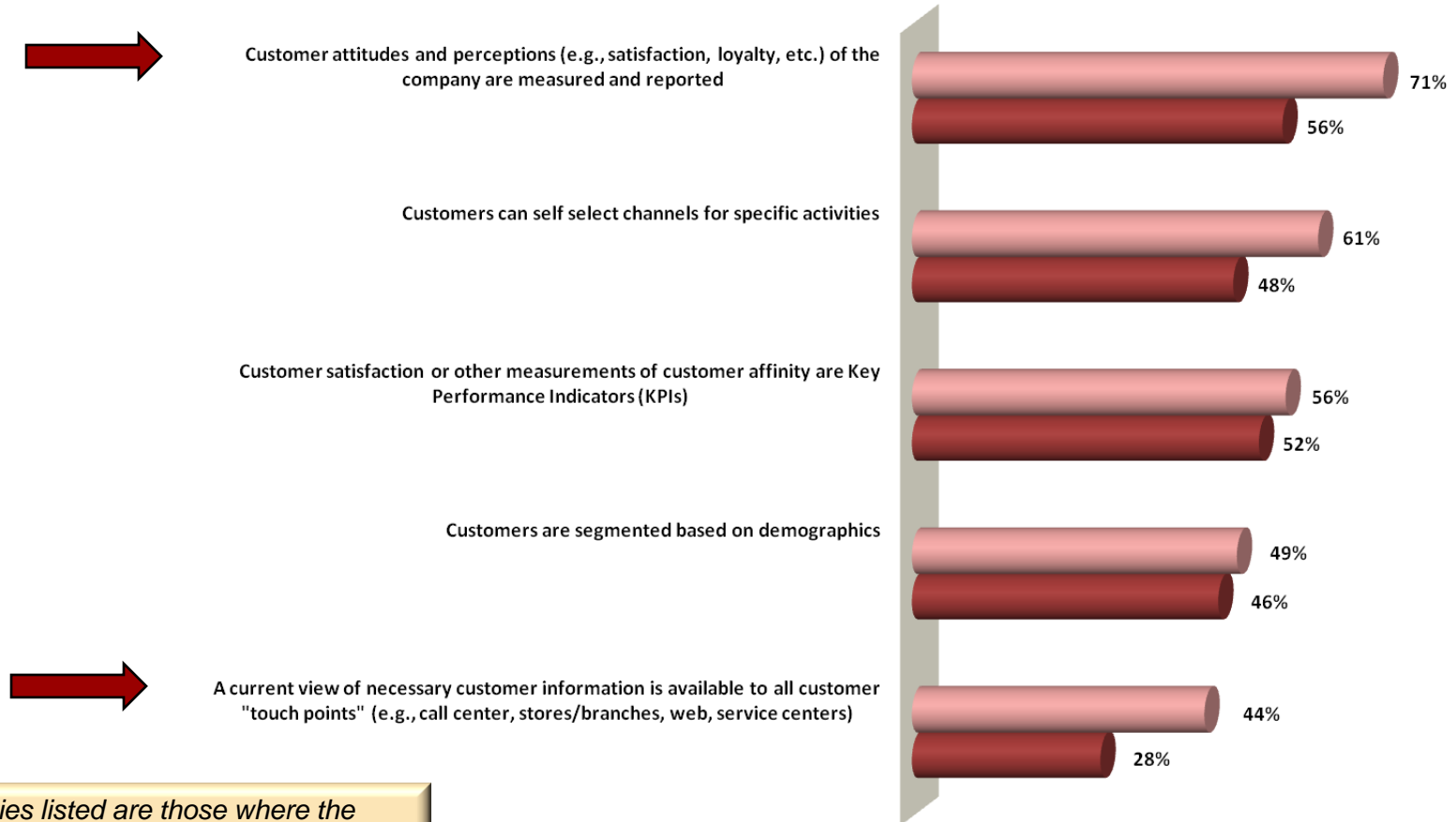
Percent of Companies Executing at a Strong Level



# What Companies Execute Best

## Denmark & Norway Perform Best in the Area of Insight, Leading Other Companies in Most of These Areas

■ Denmark & Norway ■ Rest of World



*Activities listed are those where the highest % of Denmark & Norway respondents perform at a "strong" level*

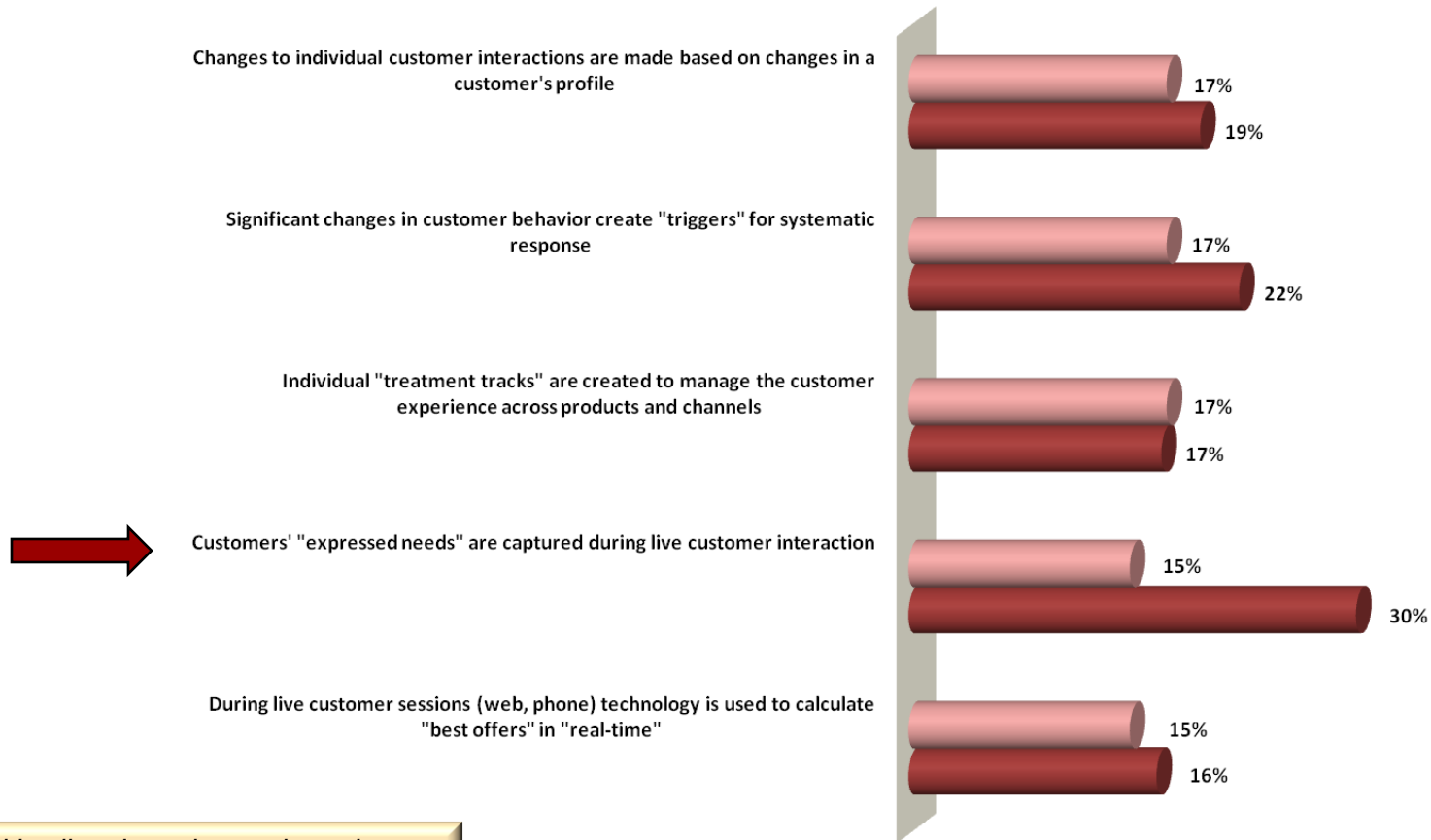
Percent of Companies Executing at a Strong Level



# Where Companies Fall Short

## Companies Struggle Most With Executing at the Individual Customer Level—Denmark and Norway Are No Exception

■ Denmark & Norway ■ Rest of World



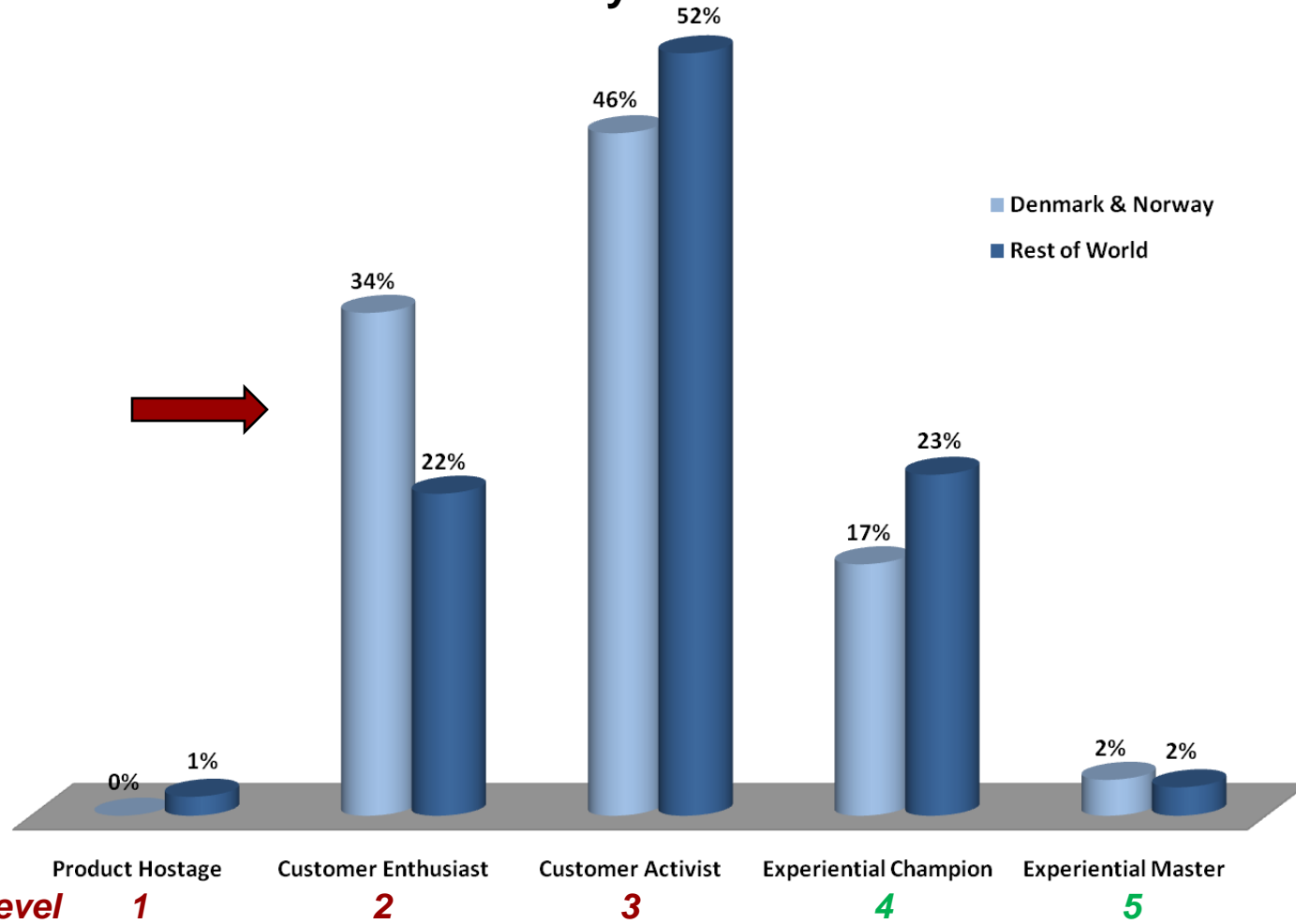
*Activities listed are those where the lowest % of Denmark & Norway respondents perform at a "strong" level*

Percent of Companies Executing at a Strong Level



# The Maturity Continuum

Customer Experience Maturity Levels Vary Only Slightly Comparing Denmark and Norway With the Rest of the World



**Maturity Level 1**

**2**

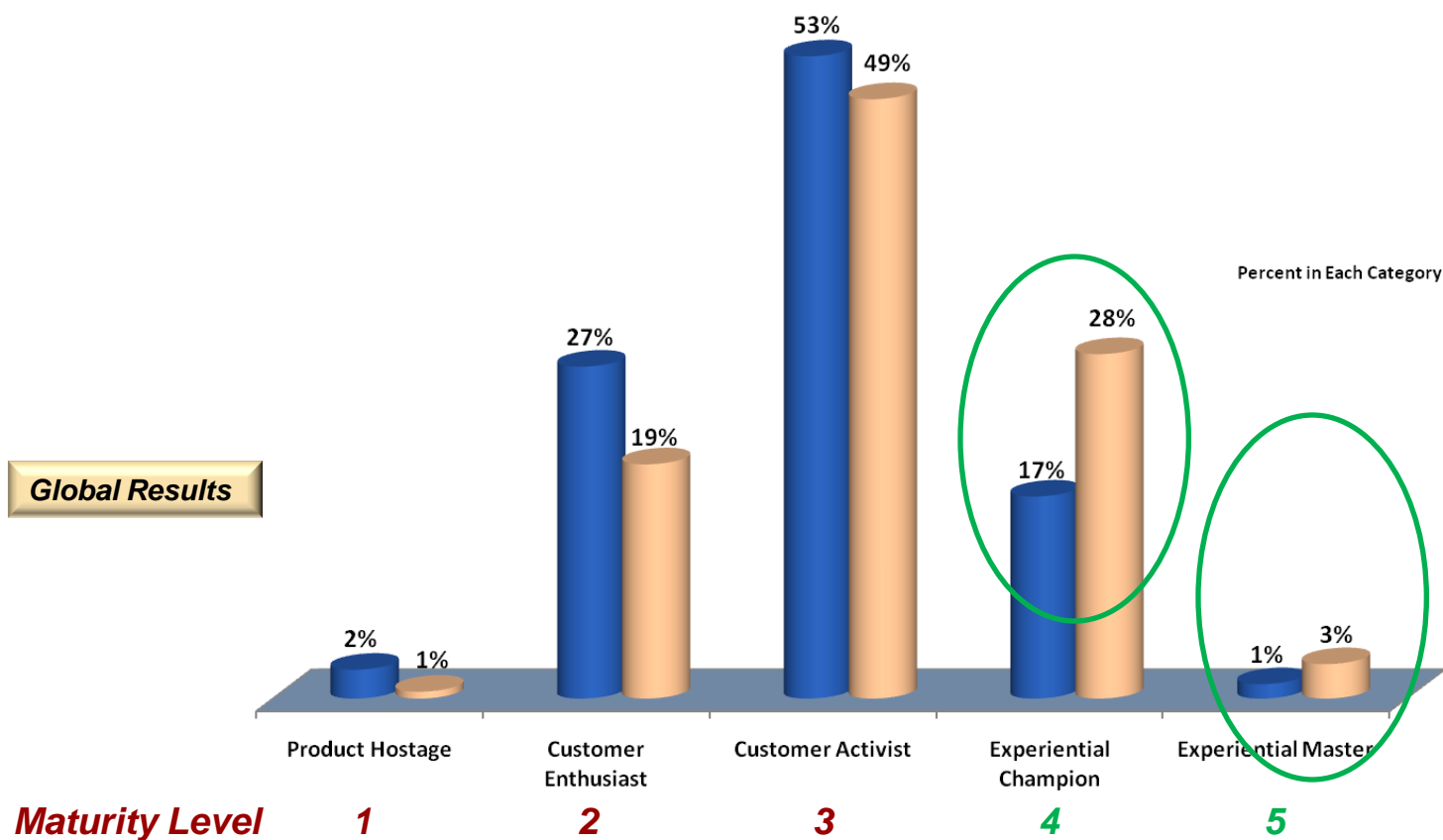
**3**

**4**

**5**

## Companies in the Late Stages of Customer Experience Maturity Enjoy Competitive Advantage

■ No Competitive Advantage   ■ Competitive Advantage



# Most Companies Have Room for Improvement

## Insight

Few Denmark and Norway companies are strong in:

- Analyzing customer channel behavior to understand preferences
- Creating customer profiles to predict purchase behavior

## Interaction

Few Denmark and Norway companies are strong in:

- Creating Individual "treatment tracks" to manage the customer experience across products and channels
- Calculating "best offers" in "real time" during live customer sessions

## Improve

Few Denmark and Norway companies are strong in:

- Making changes to individual customer interactions based on changes in a customer's profile
- Capturing customers' "expressed needs" during live customer interaction

## Customer Orientation

- Only 56% of Denmark and Norway companies (vs. 72% all others) believe that customer trust is tied to the financial success of the business
- Although 78% indicate that their companies motivate employees to treat customers fairly, only 24% align customer metrics with employee incentive programs.

## More Philosophy Than Practice

Companies agree with the importance of establishing a strong customer orientation, but struggle to make it real

## Customer Experience Maturity Varies Widely

The distribution of companies across the maturity continuum is fairly normal across the globe; few at the top and bottom and the largest group in the

## Companies Recognize Their Deficiencies

Self assessments on the dimensions of customer experience strategy are similar to those derived with the CEMM model, with the exception of customer orientation, where companies don't give themselves as much credit as they deserve.

## It All Adds Up to Results

If you want competitive advantage tomorrow, then invest in the capabilities and competencies to deliver excellent customer experiences today

## Treat different customers differently according to their preferences

- Allow customers to self-select channels for specific activities
- Allow customers to choose the manner in which they are contacted by the company
- Create special experiences (e.g. personal web pages) in response to customer preferences

## Measure what's important and act on the insight

- Measure and report customer attitudes and perceptions
- Measure and manage marketing campaign ROI
- Anticipate and predict customer purchase behavior (e.g. likelihood to purchase or churn)
- Use customer satisfaction and other measures of customer affinity as key performance indicators
- Use customer metrics (e.g. profitability, campaign response) to measure both [1] organizational and [2] individual performance

## Take care of current business realities, but have an eye to the future

- Do what's right, despite the pressure to make current-period numbers