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RESEARCH OVERVIEW
Customer experience social research overview

Methodology & Conversation Breakdown

- 2,166,700 pieces of social media content from Twitter, Facebook, blogs, forums, YouTube, news sites, and comments mentioned customer experience over the past year.
- Analysts performed qualitative and quantitative analysis to understand how marketers are discussing and addressing the implementation of a more holistic customer experience.
- Research uncovered how social media authors are discussing the key stages for brands to reorient to a customer-centric model.

\[\text{Industry Conversation 129,200 Posts} \]
\[\text{Maturity Model Conversation 755,644 Posts} \]

\[\text{Customer Experience Conversation (Non-News) 1,314,237 Posts} \]

The Customer Experience Maturity Model & Industry Conversation

- Social media conversation research uncovered the major internal and external factors CMOs must consider when developing customer experiences, shown in the maturity model at left.
- Emotional experiences boost customer loyalty by providing a powerful connection with a brand. However, successful examples were rare and social media conversation focused more on seamless experiences, an earlier stage in the maturity model.
- Many brands and industries have not reached the level of maturity necessary to design these emotional connections, focusing more on resolving internal challenges related to buy-in, silos in data, talent, or budget, customer journey mapping and insights, and building platforms.
- The CMO can transform the business and elevate their internal influence by catalyzing company-wide culture change.
EXECUTIVE SUMMARY
Consumer expectations are driving a shift in brand focus from products to customer experiences

The CMO, as head of the marketing organization, has traditionally been responsible for crafting outbound messages to communicate a brand story to customers. The proliferation of digital technologies fosters a two-way communication model where customers are increasingly able to initiate public conversations about brands. This dynamic requires companies to be more responsive and take cues from customer behaviors and perceptions.

• *By 2017, 50% of consumer product investments will be redirected to customer experience innovations.*

As companies can no longer tightly control messaging about their brand and products, customer experience is now the major determinant of competitive success. Positive customer experiences drive increased customer engagement, customer retention, brand loyalty, and business growth. However, many companies are falling short in delivering stellar omnichannel experiences, and there is misalignment between customer expectations and brand perceptions of these interactions.

- 89% of companies plan to compete primarily on the basis of the customer experience by 2016.¹
- 80% of companies believe they can provide a superior proposition, while only 8% of company’s customers agree.²

² ZDNet, 2014. “Brand Promise, Customer Experience, and CMO lessons for the CIO.”
Social media conversation research uncovered the major internal & external factors CMOs must consider when developing customer experiences

The top half of the Customer Experience Maturity Model below shows the stages an organization must progress through internally as they break down departmental barriers and implement the necessary infrastructure to build and manage customer experiences. On the bottom half, these internal changes enable external customer experiences to become increasingly personalized as they move from seamless to predictive to emotional. The percentage next to each stage represents its share of social media conversation.*

**INTERNAL REQUIREMENTS**

- **18% ORGANIZATION BUY-IN**
  - A visionary leader transforms the entire organization to orient toward world-class customer experiences.

- **12% BREAKING SILOS**
  - Dissolve barriers in talent, data, and budget by creating integrated, cross-functional teams.

- **12% CUSTOMER JOURNEY MAPPING**
  - Aggregate customer data to provide insight into behaviors and challenges at each touchpoint.

- **14% BUILDING PLATFORMS**
  - Implement insights and analytics platforms that enable an enhanced customer experience.

**EXTERNAL CUSTOMER EXPERIENCES**

- **16% SEAMLESS EXPERIENCES**
  - Utilize customer insights to provide functionality and ease of interaction across channels.

- **4% PREDICTIVE EXPERIENCES**
  - Anticipate customer needs and desires through thoughtful interactive design.

- **6% EMOTIONAL EXPERIENCES**
  - Drive customer delight and loyalty through emotion and unexpected interactions.

*Analysts manually coded a random sample of posts to determine volume by theme. Volumes do not add up to 100% due to posts associated with multiple themes as well as posts not relevant to CMOs, including personal customer stories, general promotional or educational content, and job postings. News was excluded from analysis to hone in on perceptions and thought leadership.
Emotional experiences boost customer loyalty by providing a powerful connection with a brand

Emotional customer experiences transcend seamless and predictive experiences by adding a layer of surprise and intimacy. This helps shift the customer’s perception of a brand from “good” to “great.”

However, successful examples of emotional experiences that are also integrated, seamless, and predictive are currently rare in omnichannel marketing. Social media conversation focused more on seamless experiences, an earlier stage in the maturity model.

• In 11 of 17 industries studied by Forrester in 2014, emotion has a bigger impact on customer loyalty than effectiveness or ease.¹

• Case Study: Southwest Airlines forges emotional connections with customers by leading their customer experience strategy with employee culture.

However, the requirements for internal organization & infrastructure to deliver great customer experiences drove more of the social conversation.

Many brands and industries have not reached the level of maturity necessary to design emotional connections, and focused more on resolving the internal challenges.

• According to a study by the CMO Council, 25% of marketing executives in North America have a customer experience strategy in place, while 35% report that a strategy is in development.1

The CMO can provide the customer vision necessary for the design of internal systems

Customer experience strategy should come before platforms, but brands more often take a platform-first focus. Mapping out the organic customer journey will surface customer pain points and moments of truth at each interaction with the brand, illuminating opportunities for optimization and innovation.

- While 73% of customer experience professionals surveyed in 2012 reported customer journey mapping, journey maps remain underutilized. ¹

- Case Study: A major beauty retailer based their omnichannel customer experience on an understanding of their customers’ lifestyle and shopping behaviors.

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Industries are at different stages on the maturity model due to varying challenges & perceptions

The Consumer & Industrial Products industry led both in terms of social conversation volume and customer experience maturity, driven by the retail sector. Retail brands have typically been customer-focused, which puts them ahead of the pack in designing and implementing omnichannel experiences. Other sectors look to retail for learnings they can incorporate into their own customer strategies. However, experiences remain inconsistent, even within the retail sector.

- 53% of consumers said that in-store technology was important when buying an item.¹

CMOs can be influential catalysts in spreading the customer vision & driving culture transformation

Organizational culture change is important for fostering buy-in across the organization, breaking internal data, talent, and budget silos, and increasing employees’ customer understanding. The CMO’s influence has increased based on their ownership of the customer and they can further expand their influence by articulating the potential value of a culture change across departments. Employees should be engaged, empowered, and empathetic to the customer in order to deliver positive customer experiences.

- Gartner’s 2014 customer experience survey found that *Marketing controls the majority of the customer experience budget in more than half of companies*.¹

- *80% of CMOs consider their primary role to be customer and market advocates in the C-suite and company.*²

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CONVERSATION ANALYSIS

KEY THEMES & THE CUSTOMER EXPERIENCE MATURITY MODEL
Research indicated a maturity model for how companies are improving customer experiences

INTERNAL REQUIREMENTS DROVE MORE CONVERSATION THAN EXTERNAL CUSTOMER EXPERIENCES; CREATING EMOTIONAL EXPERIENCES SHOULD BE THE END GOAL & HAS BEEN SHOWN TO HAVE A POWERFUL IMPACT ON CUSTOMER LOYALTY

The top half of the Customer Experience Maturity Model below shows the stages an organization must progress through internally as they break down departmental barriers and implement the necessary infrastructure to build and manage customer experiences. On the bottom half, these internal changes enable external customer experiences to become increasingly personalized as they move from seamless to predictive to emotional. The percentage next to each stage represents its share of social media conversation.*

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Organization Buy-In

A VISIONARY LEADER TRANSFORMS THE ENTIRE ORGANIZATION TO ORIENT TOWARD WORLD-CLASS CUSTOMER EXPERIENCES

Key Themes

- **Leadership buy-in**: CEOs who have made a commitment to developing a customer focus understand the importance of aligning the initiative across the executive functions. However, a major challenge cited by CMOs is lack of resources to do what they want to do.

- **Increased influence**: Customer knowledge has increased the CMO’s influence in the C-suite.

- **Talent**: Employees have to be cognizant of the organization’s mission and have the skills to deliver on it. They need to be engaged, energized, driven, empathetic, and aware that they have an impact on these experiences. Employees should be empowered with the right information to problem solve in real time.

What Does This Mean for The CMO?

- **Culture change**: They can further expand their influence by driving innovation and culture change across the business, leading this transformation in multiple departments, rallying the company to their customer-centric vision, helping to reorganize the company around customer experience instead of products or services, and aligning customer experience activities.

- **Measurement**: Alongside championing their customer-centric vision, CMOs need to demonstrate the ROI of improving customer experiences, positioning this as an investment rather than a cost.
Breaking Silos

DISSOLVE BARRIERS IN TALENT, DATA, & BUDGET BY CREATING INTEGRATED, CROSS-FUNCTIONAL TEAMS

Key Themes

• **Skill sets:** Marketers now need to have generalist skills across capabilities instead of deeply specializing in one area. IT and marketing skill sets are converging, with staff who are capable in marketing, IT, customer experience, business understanding, and data-driven customer insights. However, there is a rush towards implementing platforms without having the right talent to interpret the data.

• **Data access & visibility:** Data is typically not centralized and navigating the complex mechanics of combining various internal and external data is a major challenge.

• **Budget:** More evolved companies have a single profit-and-loss for marketing technology spend, rather than breaking the budget out between departments, and the entire C-suite has budget-setting discussions.

What Does This Mean for The CMO?

• **CMO-CIO partnership:** The CMO needs to become close partners with the CIO. This is the most important C-suite relationship in customer-centric companies.*

• **Centralized data:** The CMO should initiate creating a single repository of customer data to move away from “data hoarding.”

• **Measurement:** CMOs can determine shared KPIs in order to normalize data across multiple channels and ensure that KPIs are tied to customer experience.

*For more information, see “The CMO-CIO Relationship,” Deloitte Consulting CMO Quarterly Report #1.
Key Themes

• **Empathy**: Brands need to walk in their customers’ shoes and look at touchpoints from a customer perspective, not from an internal process perspective. There is often a gap between customer expectations and actual experiences. New experience initiatives could be based on insights from the actual customer journey.

• **360-degree view of the customer**: The customer experience is only as strong as the weakest interaction. Defining the path to purchase as a step-by-step set of interactions with operations and marketing channels can surface pain points or “moments of truth” that determine whether an individual will become a loyal customer, and reveal opportunities for improvement.

What Does This Mean for The CMO?

• **Facilitate customer journey mapping sessions**: List the universal touchpoints (these can be broken down into various customer profiles later to be more specific), hold working sessions and conduct interviews to capture employee insights, and glean customer perceptions by touchpoint via surveys, interviews, or email.

• **Create a foundational document**: Customer journey maps align the organization and should be continually referred to when implementing platforms and programs.

• **Measurement**: Journey mapping helps define appropriate customer experience metrics.
Building Platforms

IMPLEMENT INSIGHTS & ANALYTICS PLATFORMS THAT ENABLE AN ENHANCED CUSTOMER EXPERIENCE

Key Themes

• **Innovation**: Large vendors, such as Oracle, and smaller technology startups are taking advantage of expanding marketing budgets by acquiring or offering new cloud-based SaaS platforms, CRM solutions, and marketing automation tools.

• **Integration**: However, many of the implemented platforms are not yet functioning at an omnichannel level. Customer experience programs will fail or succeed based on the visibility that platforms provide into the customer data. A new “customer engagement hub” type of CRM approach seeks to enable seamless experiences.

• **Legacy technology**: The role of digital technologies in moving organizations toward a customer-centric vision puts existing and required data systems at the forefront of organizational change. Resource allocation toward existing legacy systems vs. new marketing tech solutions can be a point of contention between marketing and IT.

What Does This Mean for The CMO?

• **Customer-first approach**: Focus on the desired customer outcomes, then choose the appropriate technology.

• **Technology roadmap**: CMOs and CIOs need to outline a comprehensive technology roadmap in order to avoid technology sprawl and siloed apps in their organization. Legacy systems need to be both integrated and extensible with new SaaS tools.

• **Measurement**: Set up unique customer IDs to track customers across platforms, linking social media data to sales transactions and other internal data.
**Seamless Experiences**

**UTILIZE CUSTOMER INSIGHTS TO PROVIDE FUNCTIONALITY & EASE OF INTERACTION ACROSS CHANNELS**

**Key Themes**

- **Omnichannel**: The majority of discussion about these initiatives focuses on developing experiences that foster simplicity, consistency, and efficiency as customers move across channels.

- **Online and offline symbiosis**: However, omnichannel also means more than just digital integration to customers, as they have come to expect the same seamless experience at offline touchpoints.

- **Customer service**: There is consumer backlash against the strategy of siloing customer service interactions on social media channels; people want to be able to move these types of conversations from point to point.

**What Does This Mean for The CMO?**

- **Innovate**: Identify pain points in the customer journey map to optimize for seamless functionality.

- **Measurement**: The customer effort score is an example of a metric that measures how easy or difficult it was for customers to interact with a brand at each touchpoint.
Predictive Experiences

ANTICIPATE CUSTOMER NEEDS & DESIRES THROUGH THOUGHTFUL INTERACTIVE DESIGN

Key Themes

- **Moving beyond listening & insights**: The customer journey mapping exercise, along with predictive modeling and analytics, can be used to anticipate unexpressed customer needs and desires and provide personalized offers at the right time.

- **Self service**: Brands can predict and supply information and services that empower customers to control their path to purchase and brand interactions.

- **Setting the stage for emotional experiences**: Proactively reaching out to customers can result in an emotional connection when the customer is delighted by unexpected assistance.

What Does This Mean for The CMO?

- **Implementing agile collaboration**: CMOs need to be able to anticipate what customers will want tomorrow, instead of focusing on today, and innovate quickly.

- **Measurement**: Use predictive models incorporating both customer attitudinal metrics and operational metrics as factors in determining the expected customer behavior on their path toward loyalty.
Emotional Experiences

DRIVE CUSTOMER DELIGHT & LOYALTY THROUGH EMOTION & UNEXPECTED EXPERIENCES

Key Themes

• **Moving beyond consistency:** Emotional experiences transcend seamless and predictive experiences by adding a layer of surprise and brand intimacy. Experiential lifestyle content, storytelling, and transparency are examples of emotional tactics. However, this type of connection, done well, is rarer in omnichannel marketing.

• **Customer loyalty:** Emotional connections transform good experiences to great and are tied to increased customer loyalty.

What Does This Mean for The CMO?

• **Differentiate as an experience innovator:** The CMO has an opportunity to drive emotional innovation and make their brand stand out in a space where many organizations have not matured enough to make it to this stage.

• **Measurement:** CMOS should think critically about how to measure emotion in a more nuanced way, beyond net promoter scores, and tie these emotional metrics to loyalty metrics such as customer lifetime value and retention.
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