



Customer Experience Maturity Monitor

Detailed Results

April 29, 2009

Martha Rogers, Ph.D. and Jeff Gilleland



Peppers & Rogers Group

The Issue

The Customer Experience Maturity Monitor 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 research was designed to find the 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 200 companies worldwide, which audited their CE practices and customer orientation philosophies.

The results of this project serve as the benchmark data for the Customer Experience Maturity Monitor (CEMM) and provide the foundation for the analysis of on-going research among companies in different countries and industries as well as in individual companies wishing to understand their CE maturity levels.

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 five stages, based on how well they execute the three I's.

Level	Description
1: Product Hostage	Not taking action on CE strategy and have no capabilities to do so. Primarily product-driven.
2: Customer Enthusiast	Early signs of customer centricity are surfacing. Connecting customer data across a few products and touchpoints.
3: Customer Activist	Customer data is linked across all products and all touchpoints. Customer insights are beginning to impart customer knowledge.
4: Experiential Champion	Performance of processes is controlled using quantitative techniques, and may be predictable.
5: Experiential Enthusiast	Continually improving process performance through both incremental and innovative technological improvements.

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 on the maturity continuum in terms of their execution of a CE strategy, suggesting considerable room for improvement. French companies yielded similar results.

Companies with a high level of customer experience maturity are more likely to outperform their key competitors.

A higher percent of those companies executing a strong CE strategy report a competitive advantage versus those whose CE strategy is weak. French companies exhibit this same trend.

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

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.

Key Findings (continued)

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

Companies' self assessment of performance on the three I's aligns closely with the CE Maturity Model score developed in this research. In fact, ***nine in ten*** companies assessed themselves within one level on the CEMM scale. This suggests a recognition for a need to improve in delivering a strong customer experience.

French companies are struggling a bit more in executing on the elements of customer experience, but their intentions are good.

While the respondents in France showed slightly lower levels of execution on some of the key CE activities, their customer orientation—building trust and considering the customer in making business decisions—is at least as strong as companies worldwide. And since they are aware of their deficiencies in delivery, it is a matter of finding the right recipe for moving them further along the CE maturity continuum.

The Challenge

What are today's compelling forces requiring companies to understand and to improve their customers' experiences?

The Process

How did we gather insight to understand the state of customer experience management?

The Diagnosis

Do the maturity of companies' customer experience capabilities and competencies matter?

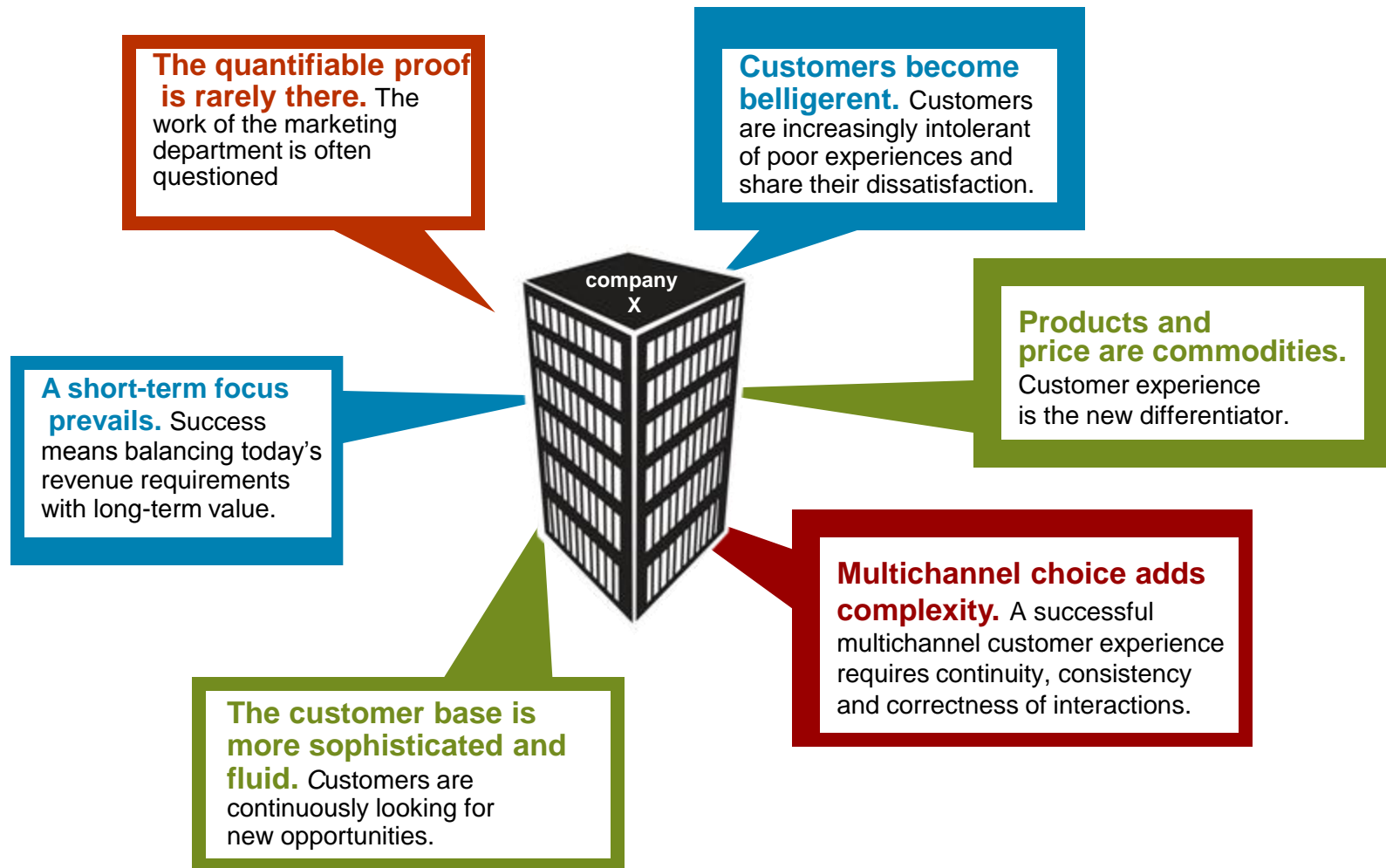
The Progression

What is the continuum along which companies progress, and where are most today?

The Takeaway

What do companies need to do in order to improve their customers' experiences?

Key Challenges...



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

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

The Caliber of Companies Represented in the Research Include:

CNCE/GCE Fidelisation

Reader's Digest

Kheolia

Sens du client

La Poste

Orange France telecom

Natixis Assurances

Caisse Nationale des Caisses d'Epargne

Avenir Finance

Swisslife Prevoyance et Sante

Credit Agricole sa

Merisant

Ionis

BRED Banque Populaire

Banque Nationale du Canada

Roche SA

AXA

Banque Populaire d'Alsace

Pfizer

RATP

BPVF

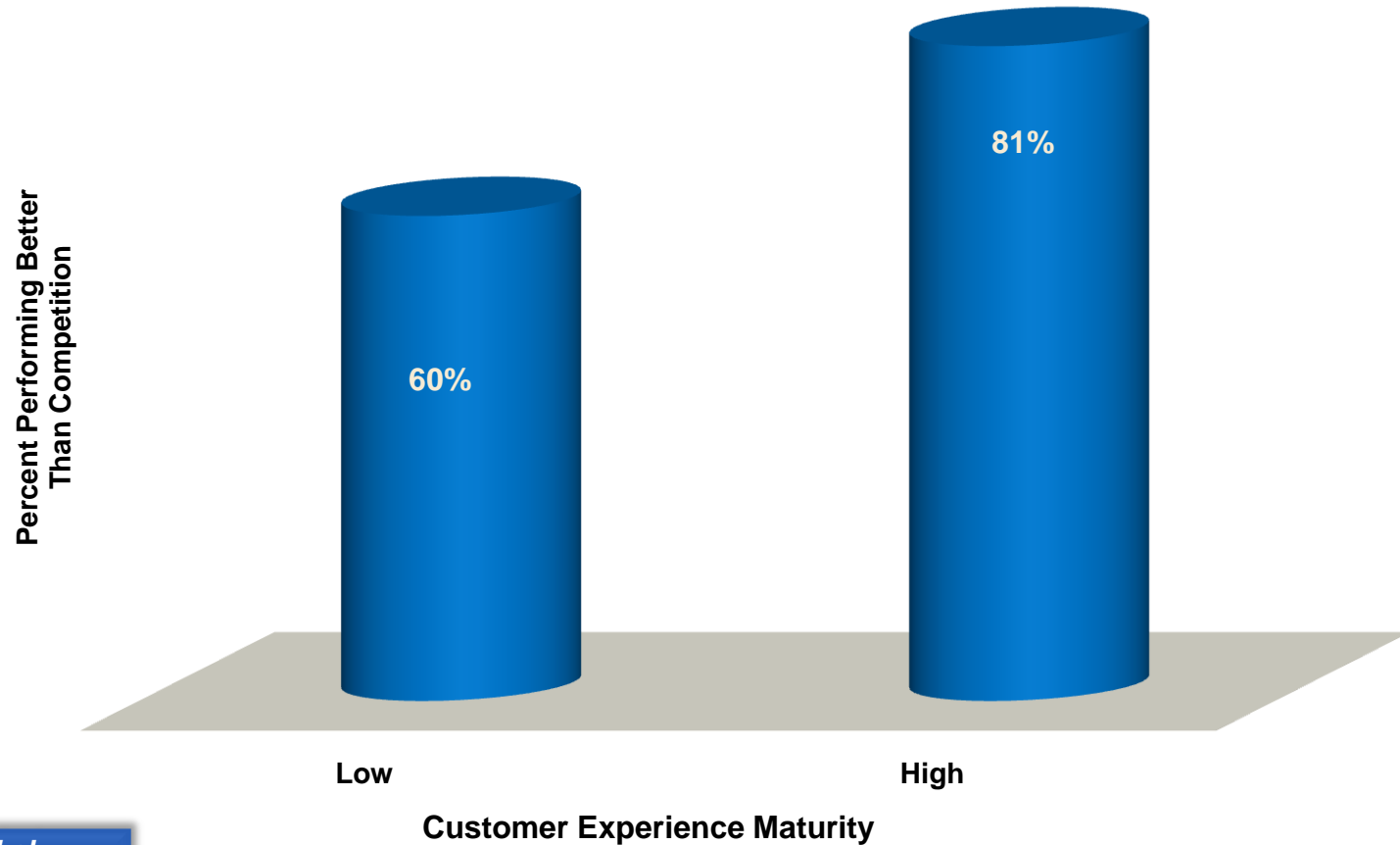
Accor

Pizza Hut

edisney

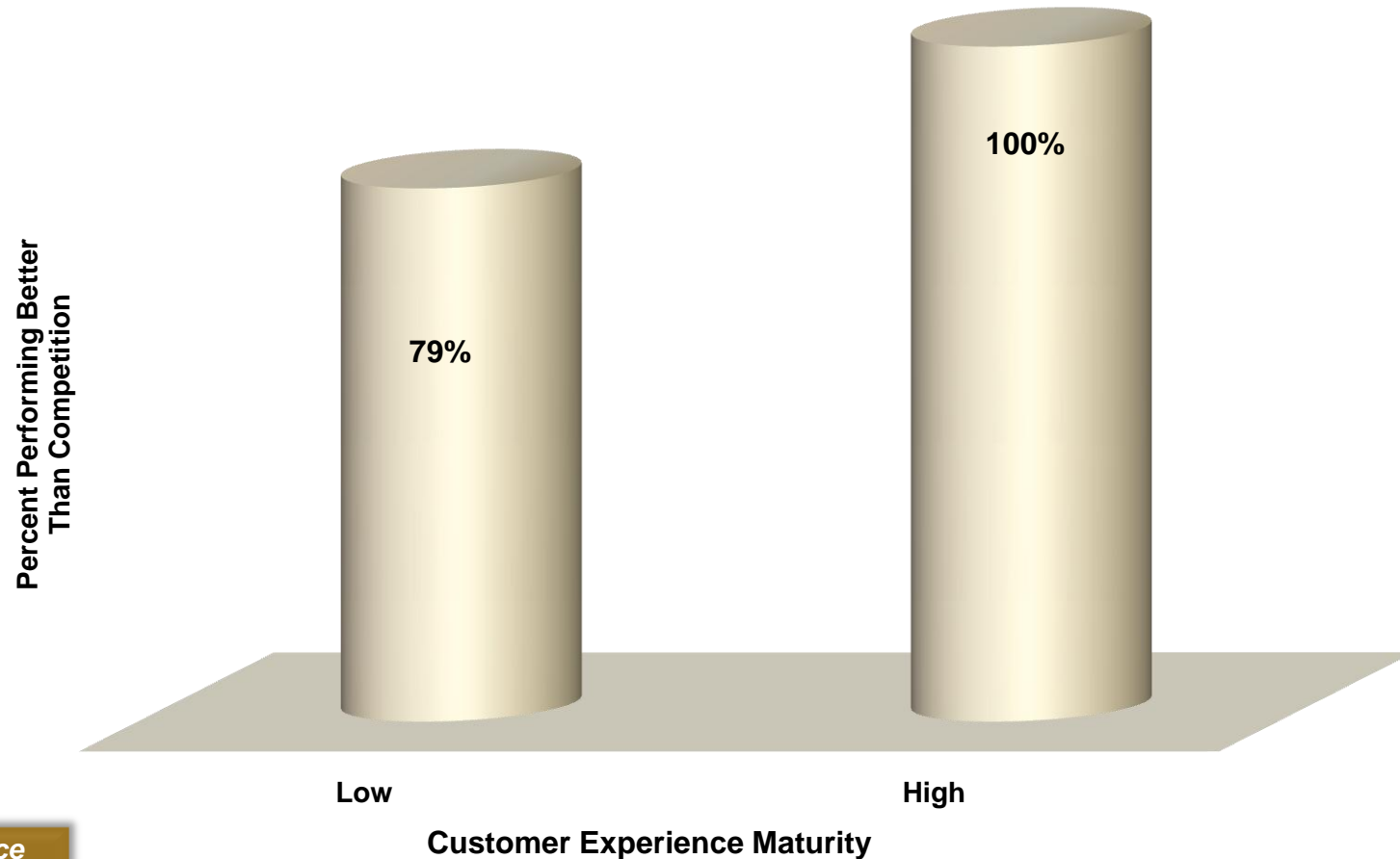
And Over 200 Other Companies From Around the World...

Customer Experience Maturity Leads to Competitive Advantage



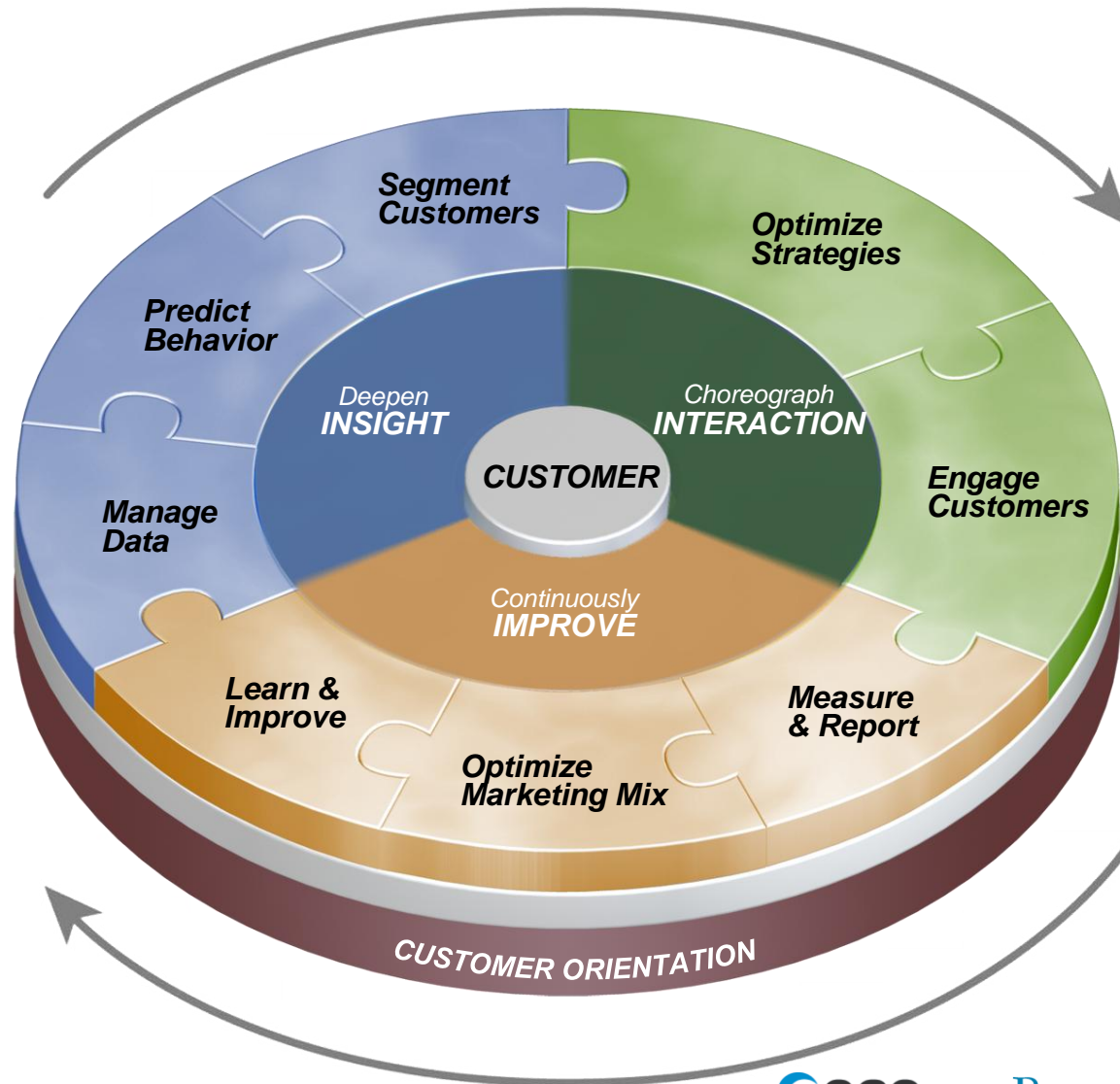
**Global
Benchmark
Results**

Companies in France Experience Similar Benefit



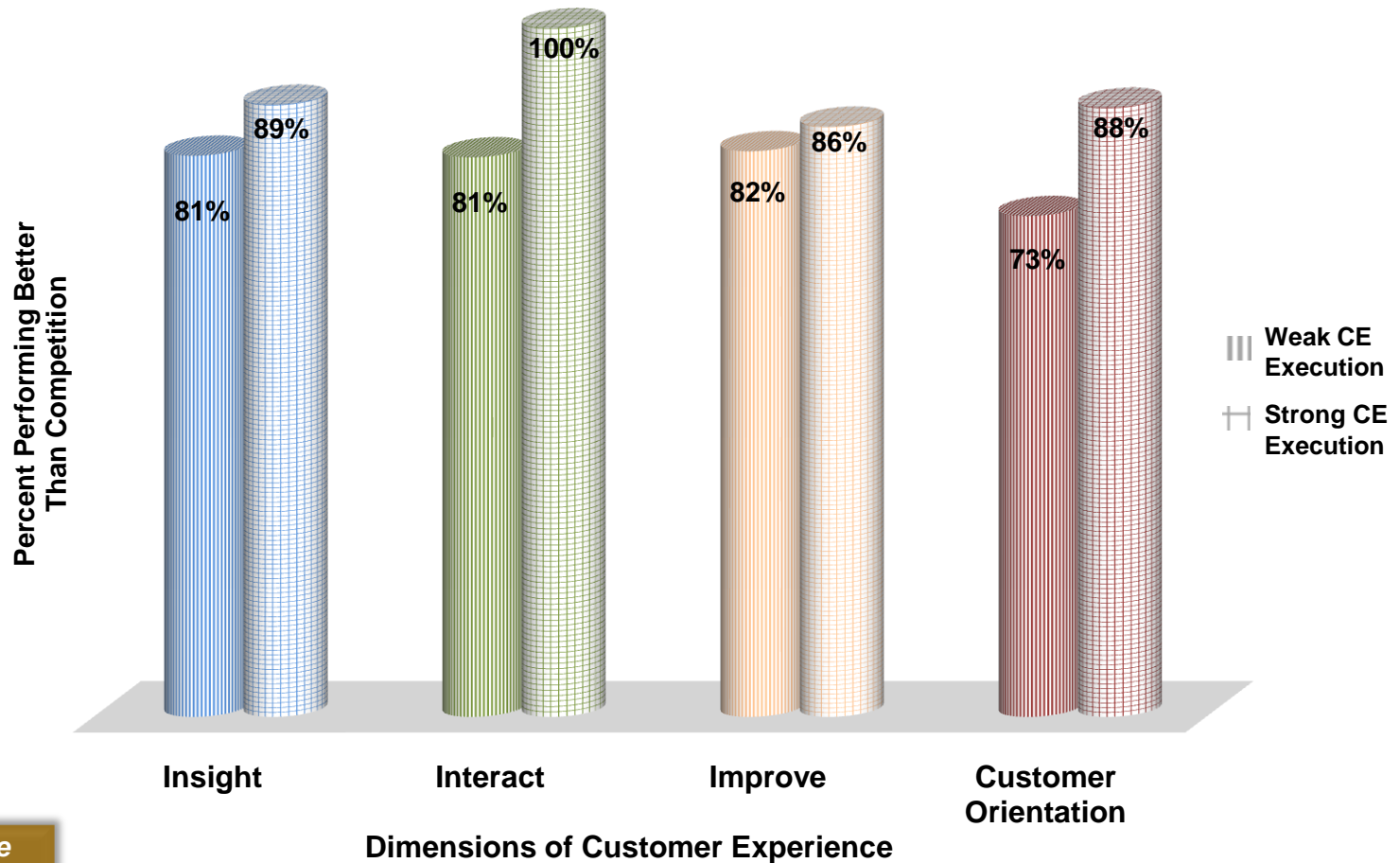
*France
results*

The Path Forward



The Opportunity

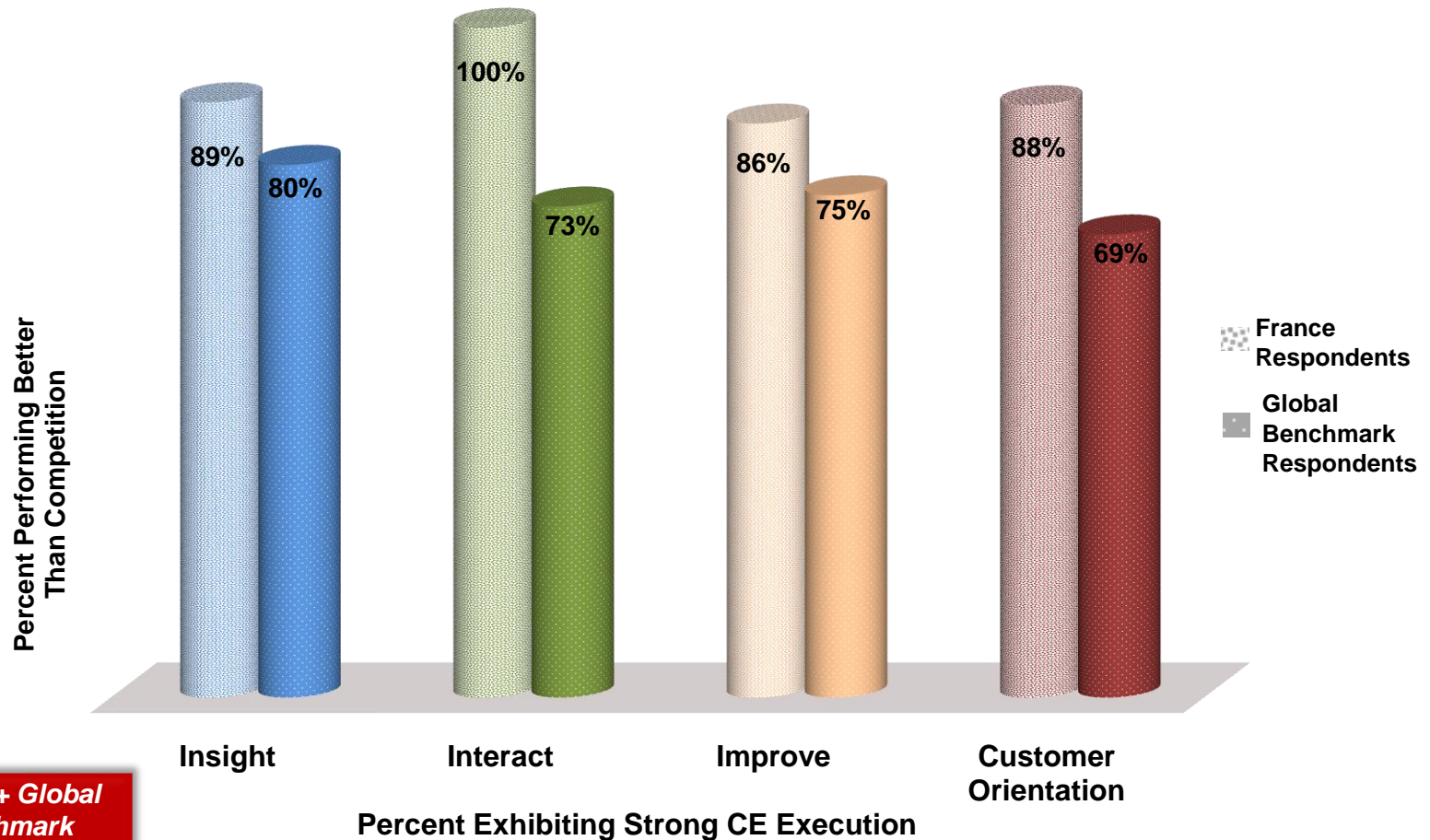
Customer Experience Competencies + Orientation Improve Competitive Advantage



*France
results*

France vs. Global Benchmark

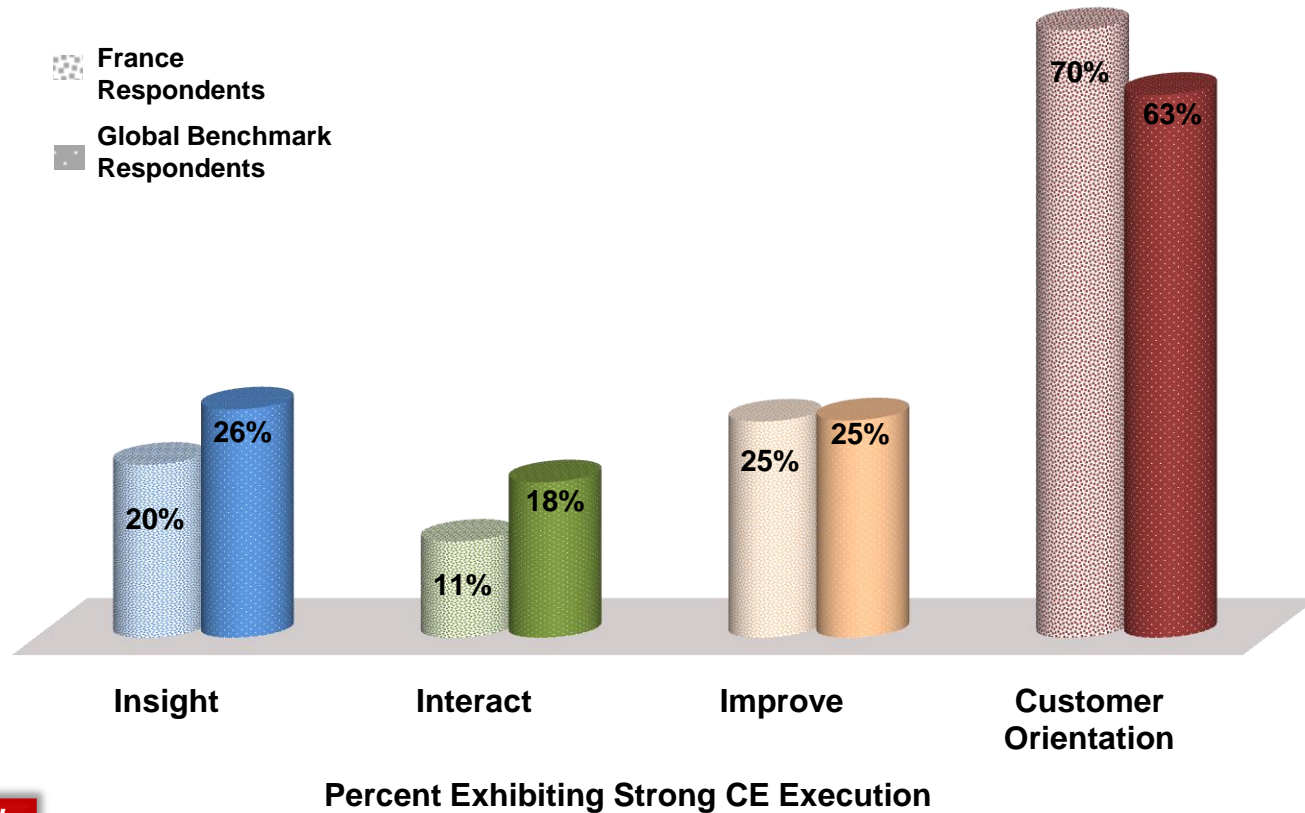
French Respondents Gain Slightly Greater Advantage Than Global Respondents for Strong CE Execution



**France + Global
Benchmark
Results**

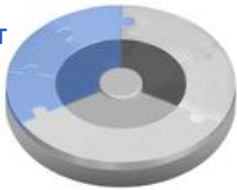
France vs. Global Benchmark

However, Overall Maturity in the Execution of the Three I's is Low



**France + Global
Benchmark
Results**

INSIGHT



Data Management Issues Weaken the Customer Experience

Information on each customer's product ownership and usage is readily available



Customer attitudes and perceptions (e.g., satisfaction, loyalty, etc.) of the company are measured and reported



A complete, integrated view of customers' contact history, inbound and outbound, is readily available



Customer satisfaction or other measurements of customer affinity are Key Performance Indicators (KPIs)



A complete, integrated view of each customer is created across multiple products and channels with a view of the entire customer history



A current view of necessary customer information is available to all customer "touch points" (e.g., call center, stores/branches, web, service centers)



Changes in customer attitudes or perceptions are monitored to proactively address potential problems



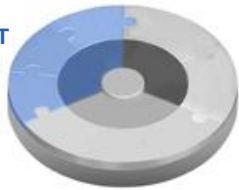
Customer attitudes and perceptions are linked to customer behavior to determine drivers of behavior



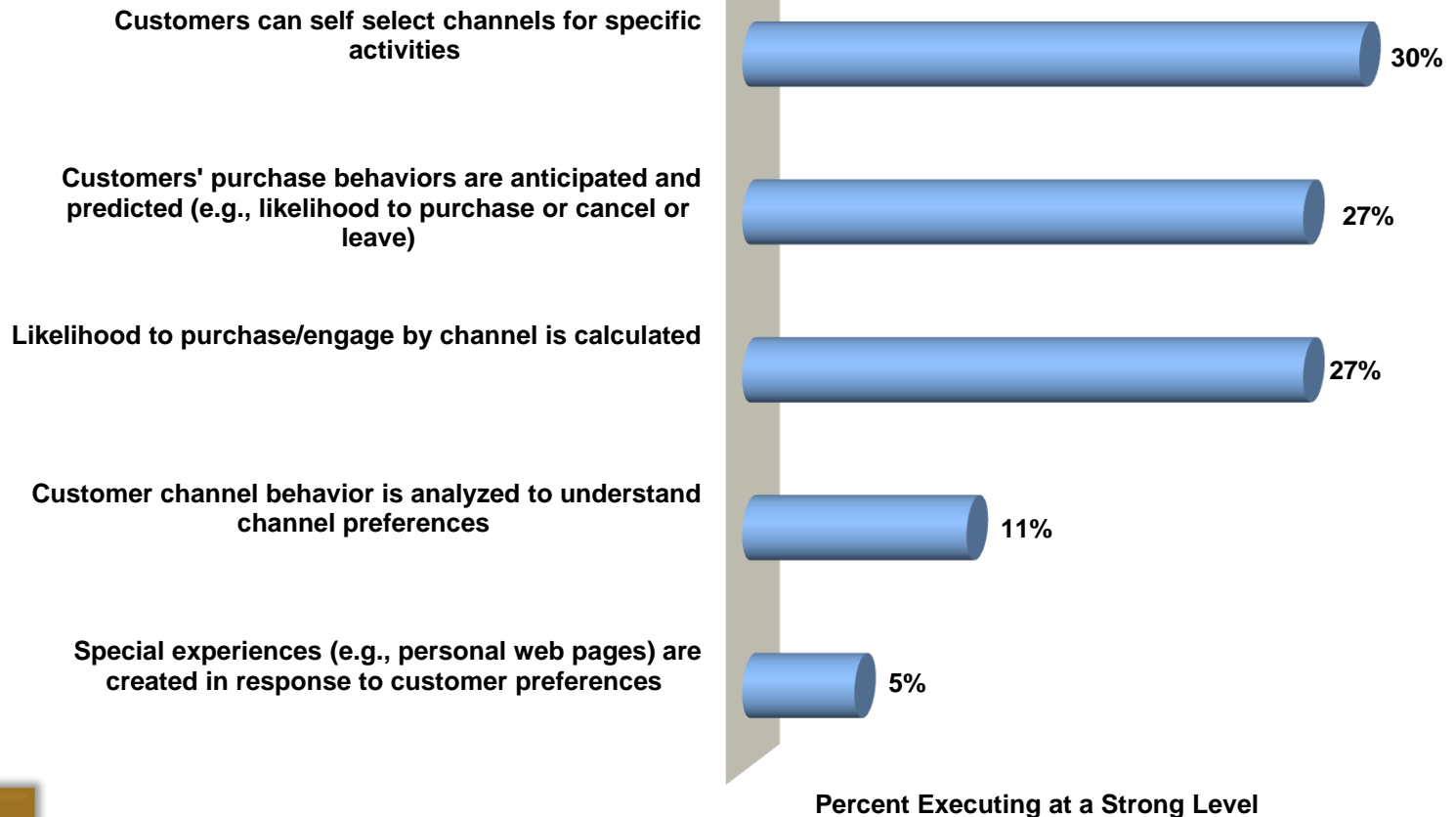
Percent Executing at a Strong Level

**France
results**

INSIGHT

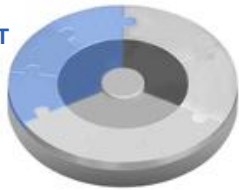


Customer Experiences Can be Enhanced By Predicting Behavior



**France
results**

INSIGHT



Segmentation Sophistication Remains Elusive

The profitability of individual customers is calculated using cost and revenue



Customers are segmented based on profitability and potential life time value



Customers are segmented based on lifestage and attitudes



Predictive models are used to target customers for acquisition, retention, cross-selling and up-selling



Customer profiles are created to predict purchase behavior

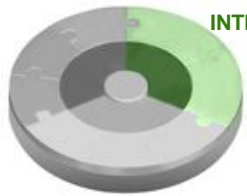


Customers are segmented based on demographics



Percent Executing at a Strong Level

*France
results*



INTERACT

Customized Interactions Are Rare

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

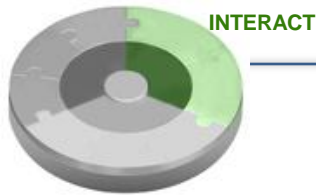


Individual "treatment tracks" are created to manage the customer experience across products and channels

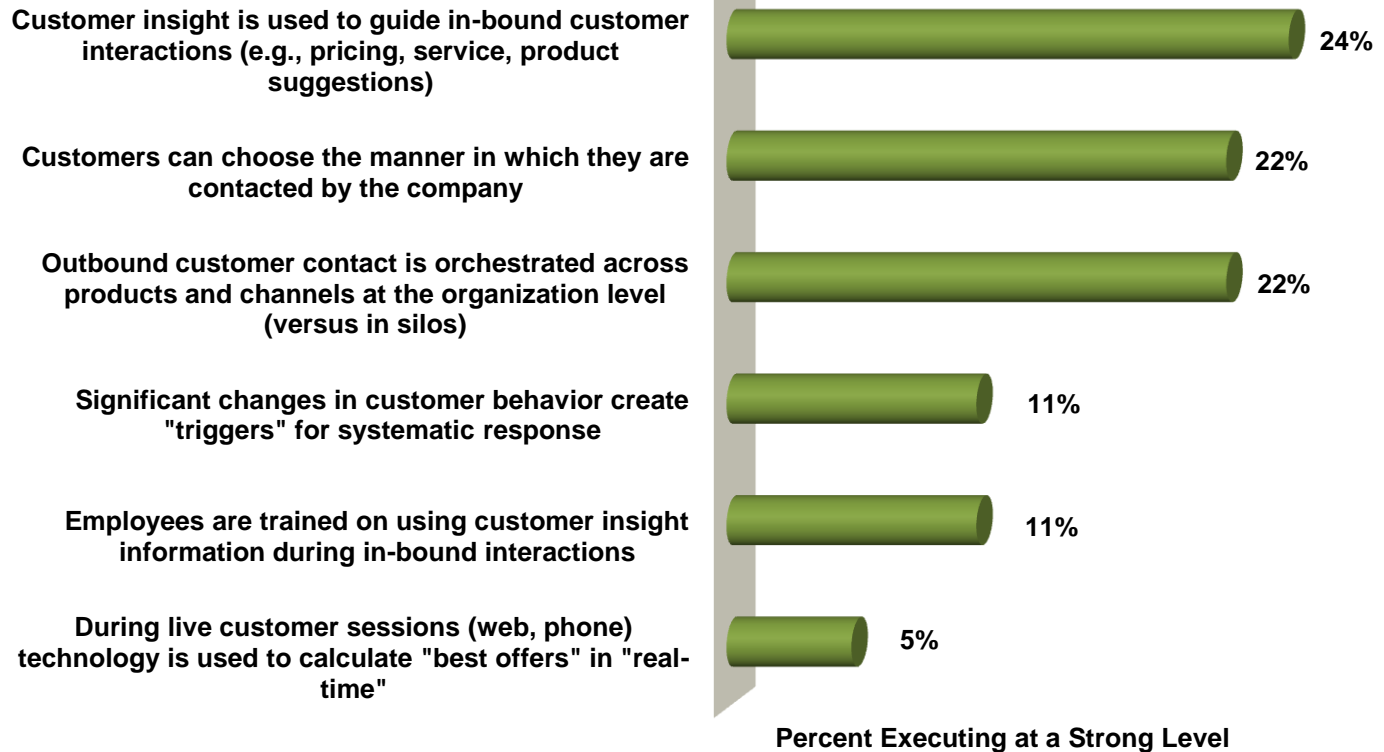


Percent Executing at a Strong Level

*France
results*



Companies Are Missing Opportunities to Engage Their Best Customers



**France
results**



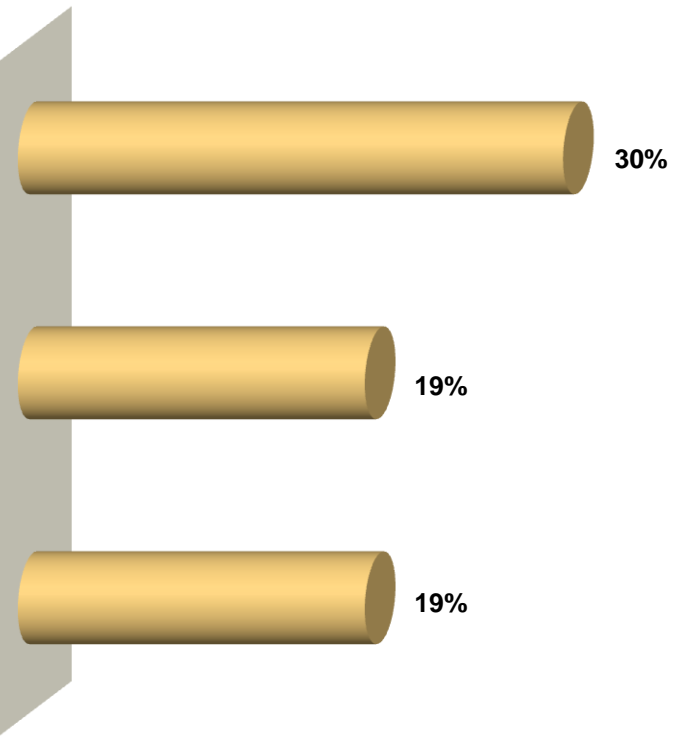
IMPROVE

Performance Isn't Measured Through the Customer Lens

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

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



Percent Executing at a Strong Level

*France
results*



IMPROVE

Marketing ROI Measurement is Still in the Very Early Stages

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



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



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



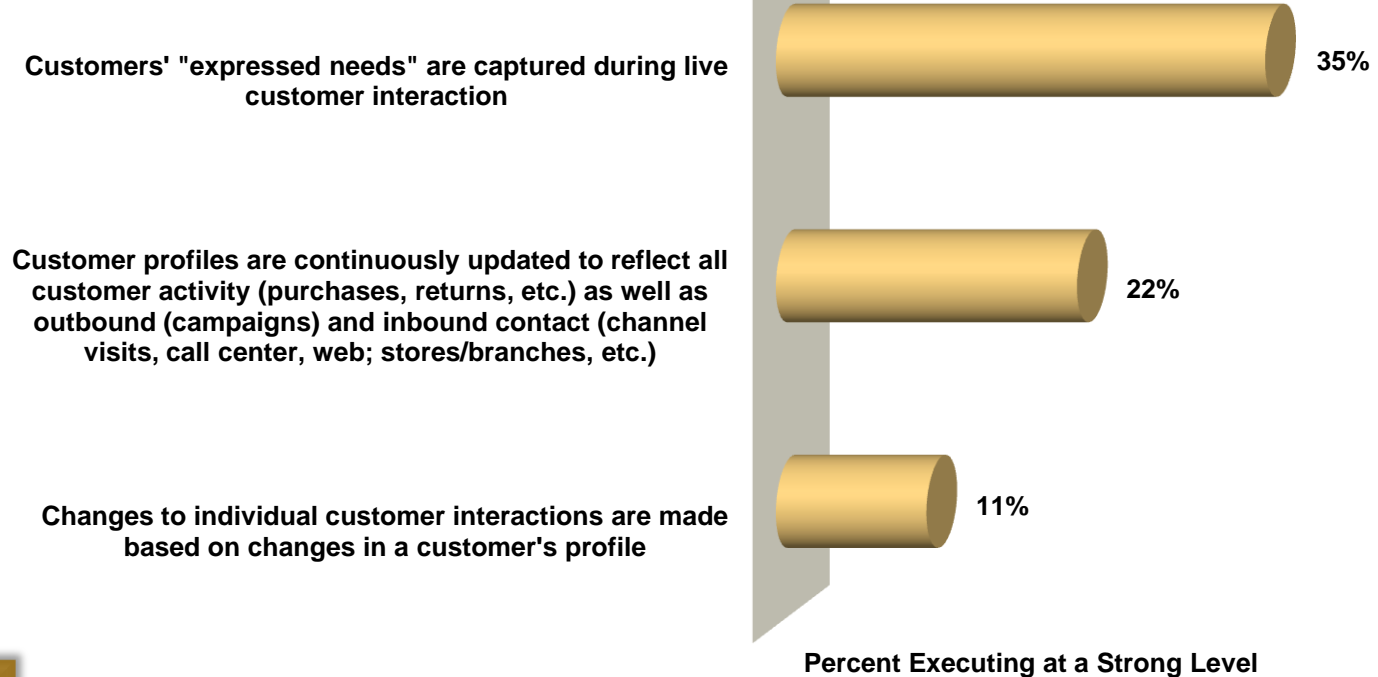
Percent Executing at a Strong Level

*France
results*

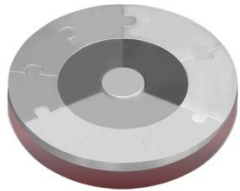


IMPROVE

Significant Opportunity Exists for Improving Experience by Capturing More Customer Information

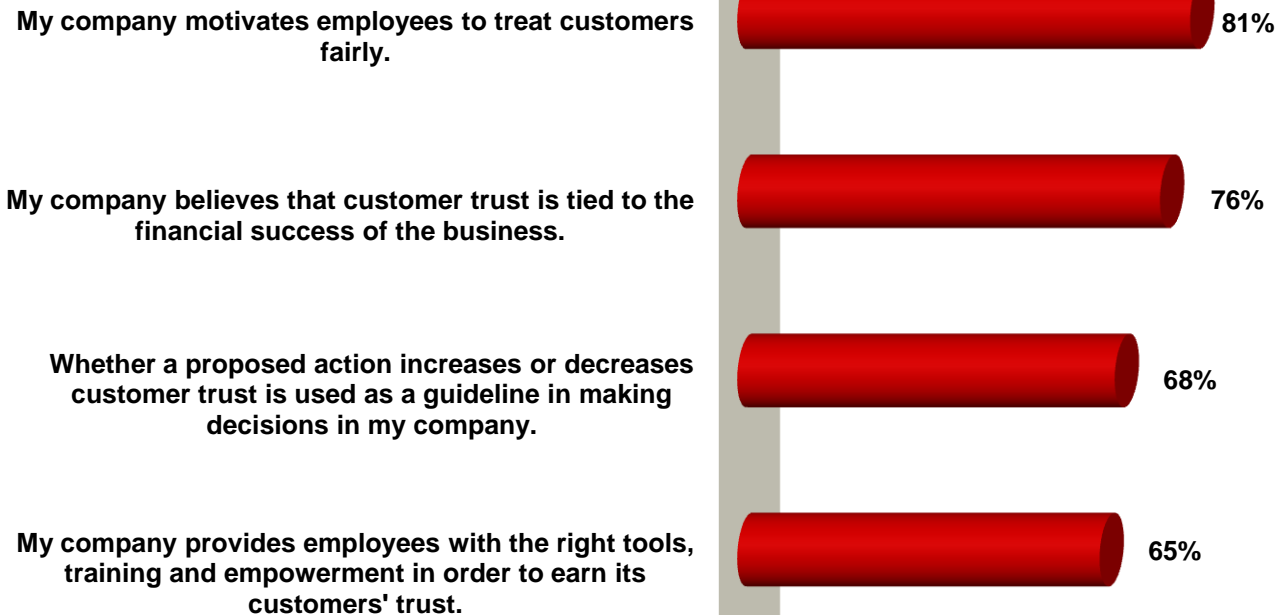


*France
results*



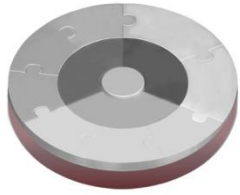
CUSTOMER
ORIENTATION

Companies Exhibit a Strong Desire To Earn Customers' Trust



Percent Who Agree With Statement

*France
results*



**CUSTOMER
ORIENTATION**

A Strong Culture of Customer Focus Exists

My company understands the equity of our customer base (i.e., the sum of the lifetime values of our current and future customers).



When making business decisions, my company takes the customer's point-of-view (i.e., it understands what it feels like to do business with us).



My company treats customers differently, based on an understanding of the needs of each one individually.



My company considers the impact that business decisions have on the future value of its customers.



In my company, we do what is right even though the pressure to make our current-period numbers is so great.

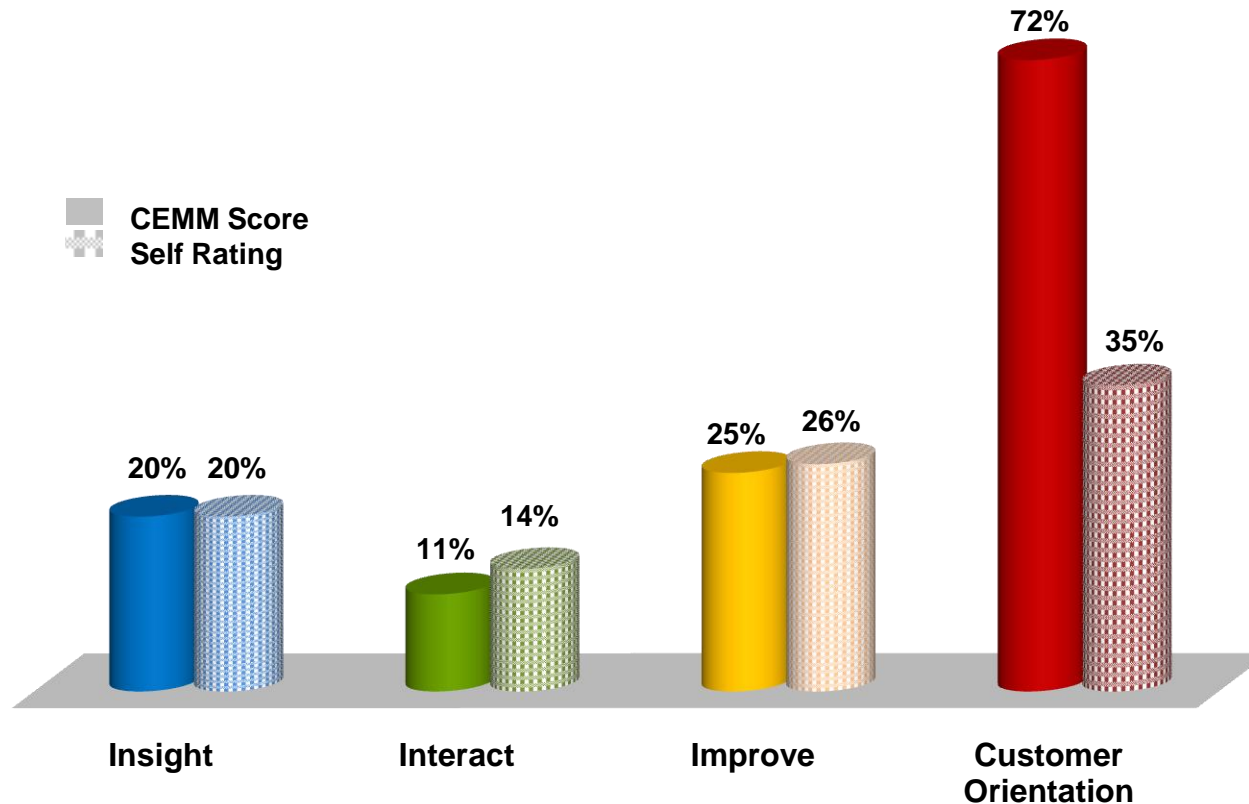


Percent Who Agree With Statement

**France
results**

CEMM vs. Self Assessment

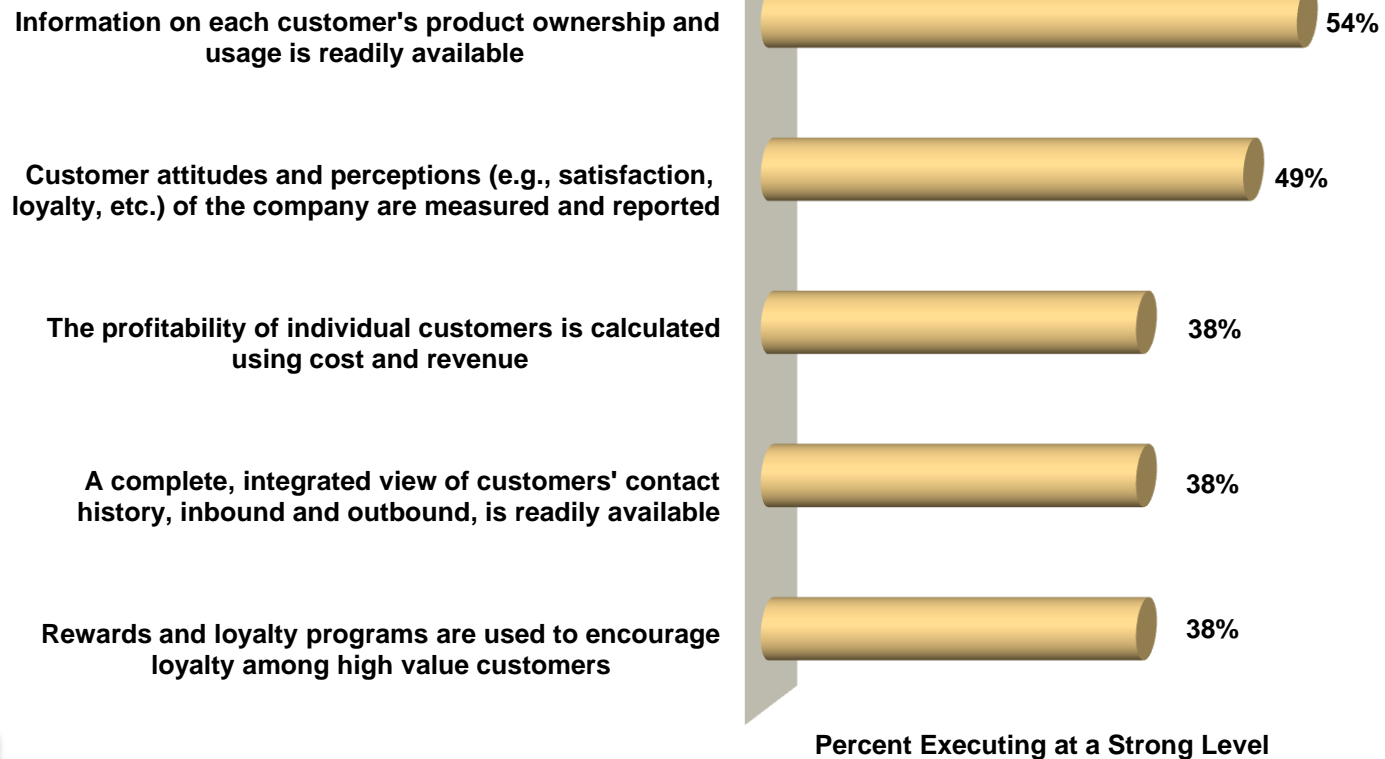
Self Evaluation on Customer Experience Execution Mirrors the CEMM Model...Except in Customer Orientation



Percent Exhibiting Strong CE Execution

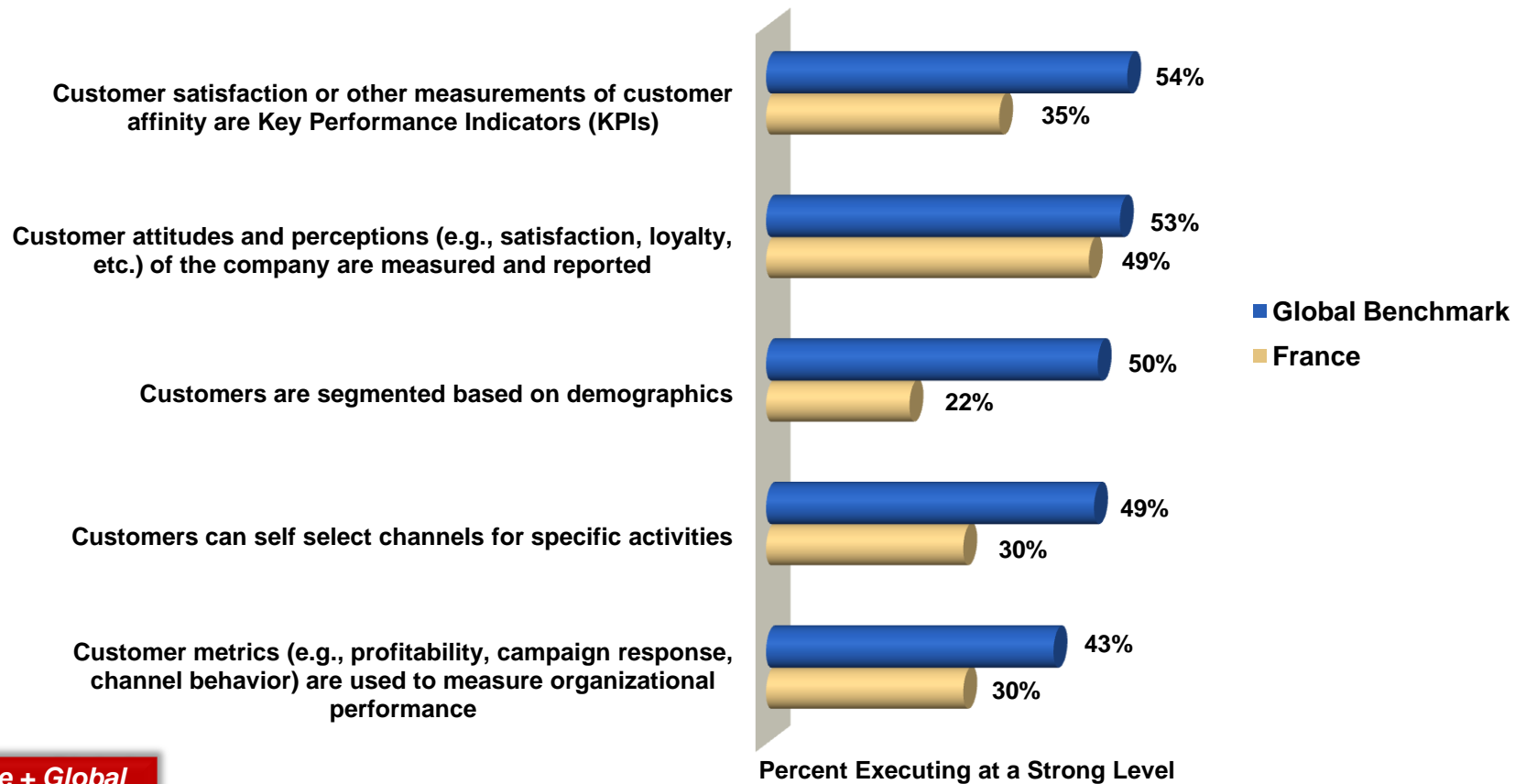
*France
results*

Best Performed Activities Are Still Not Widespread



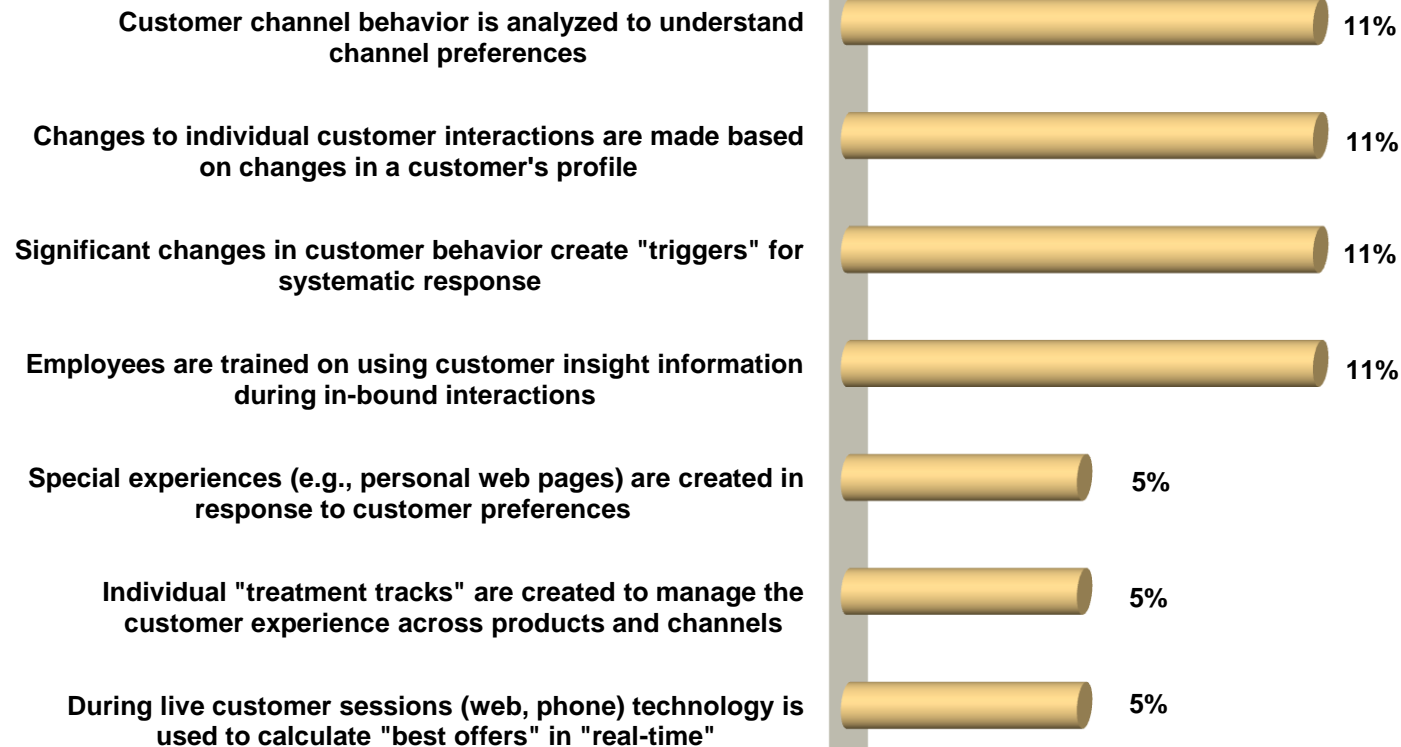
*France
results*

French Respondents Lag Global Companies in Their Areas of Strongest Execution



**France + Global
Benchmark
Results**

Most Difficulties Center Around Individual Treatment of Customers

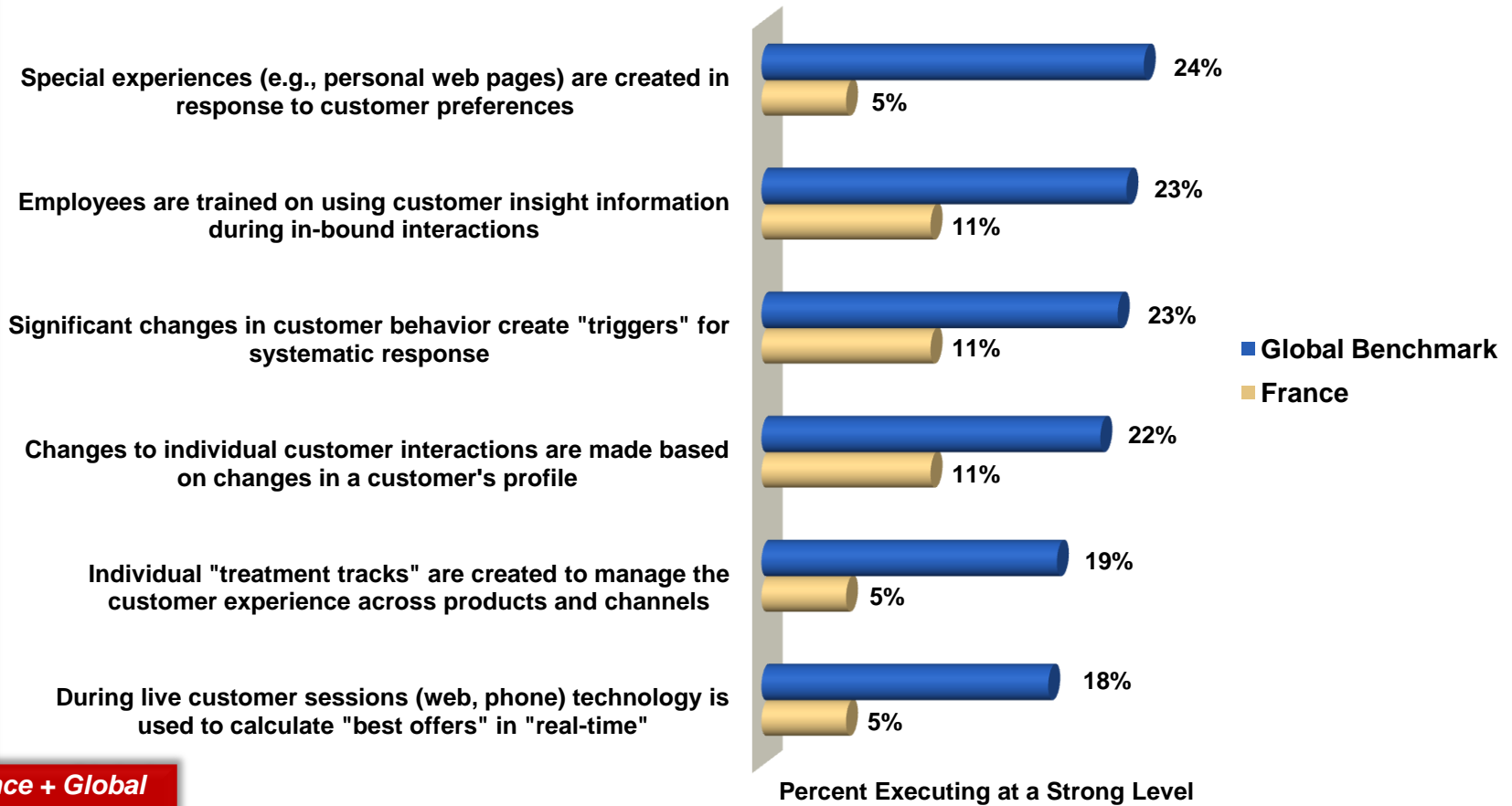


Percent Executing at a Strong Level

*France
results*

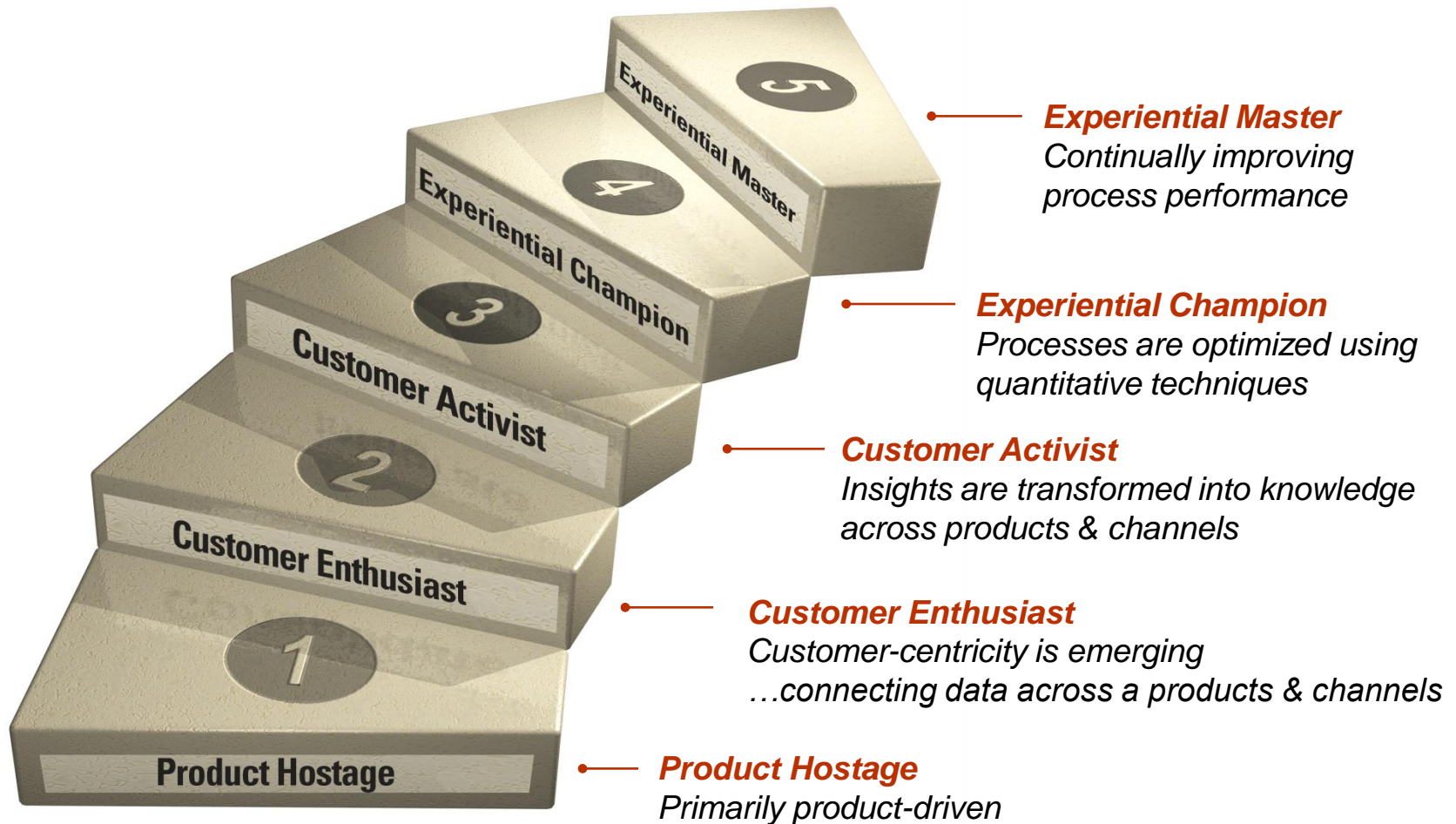
Where Companies Fall Short

Struggles Are Similar Across The Globe...But French Respondents Exhibit Slightly More Difficulty in Executing



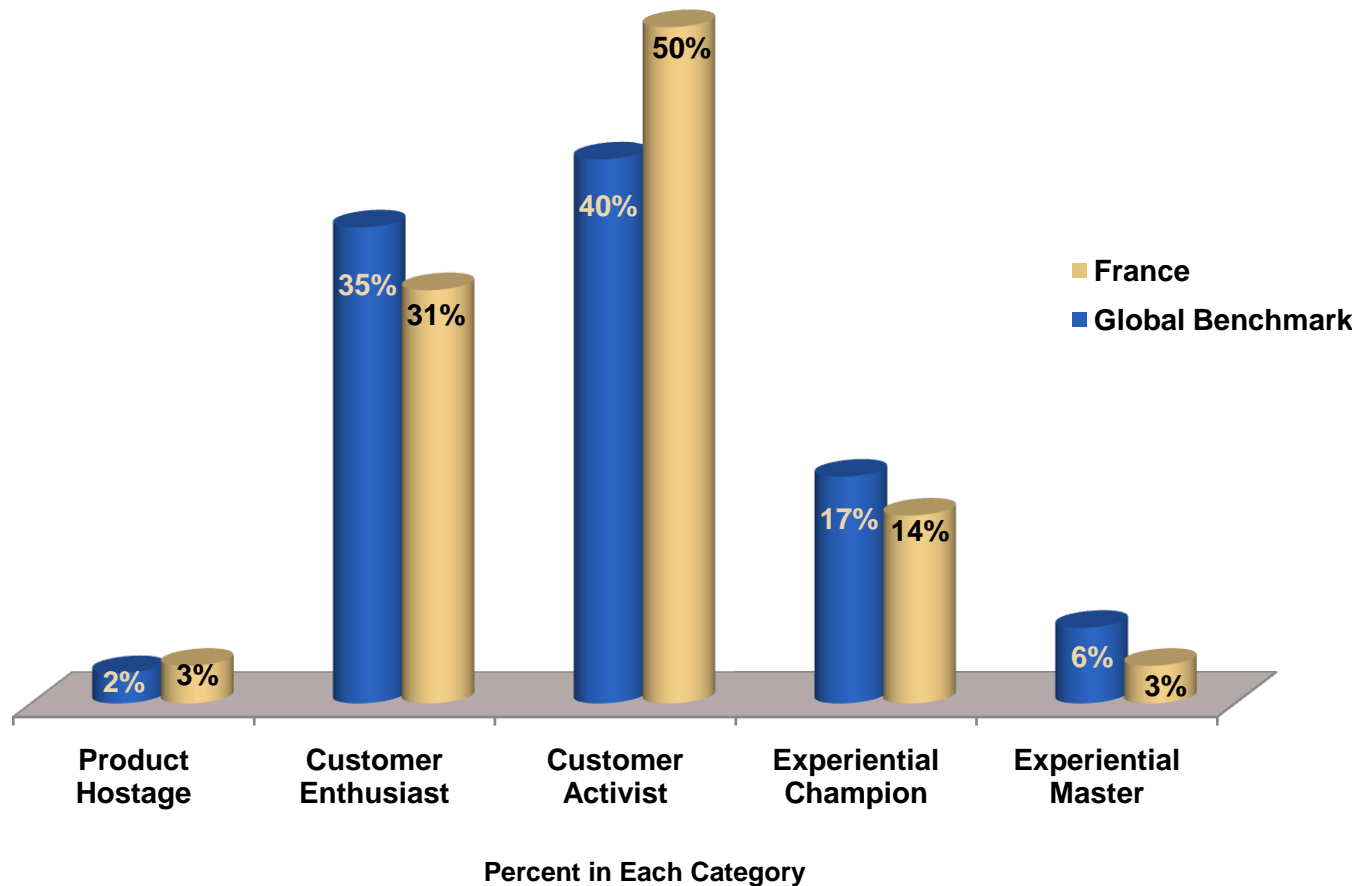
**France + Global
Benchmark
Results**

The Customer Experience Maturity Model

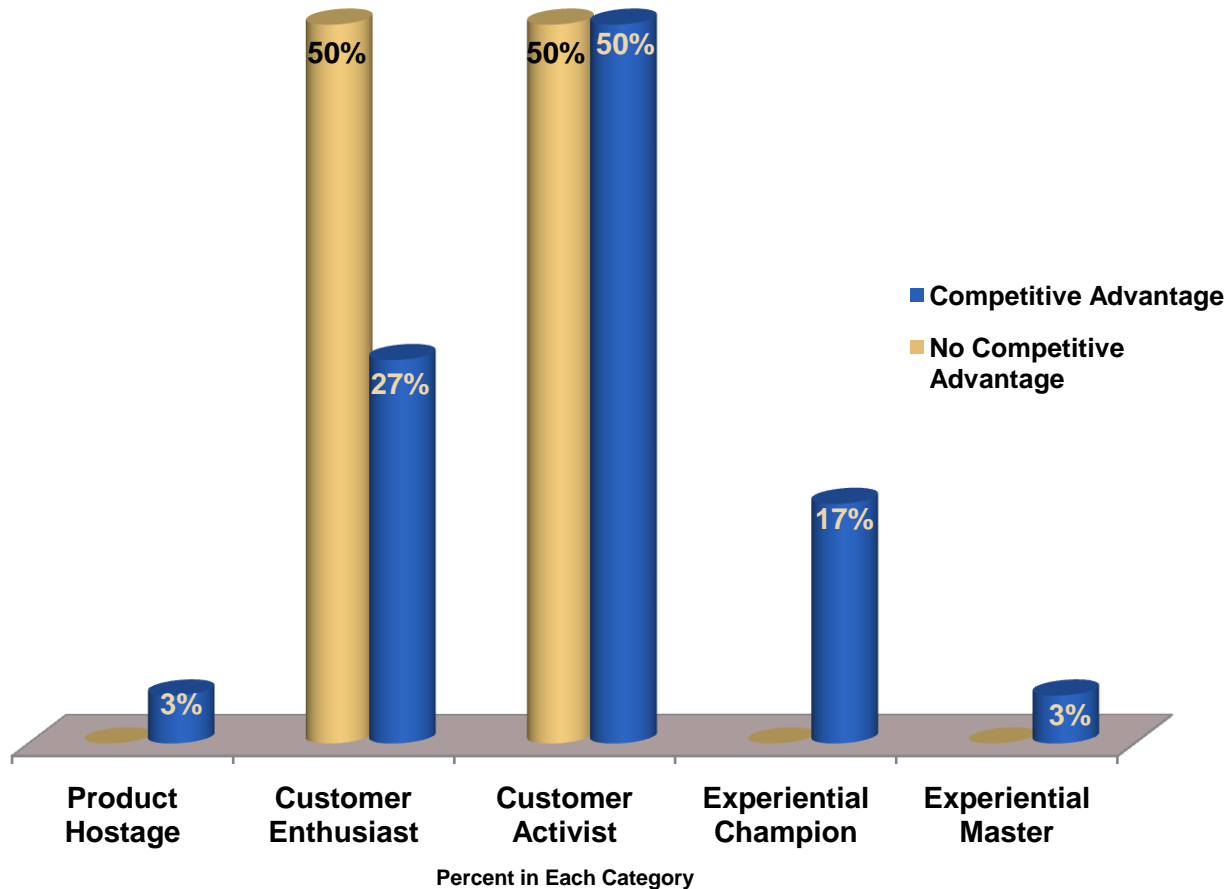


The Maturity Continuum

The Distribution of Companies Across the Maturity Continuum is Very Close for French vs. Global Respondents



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

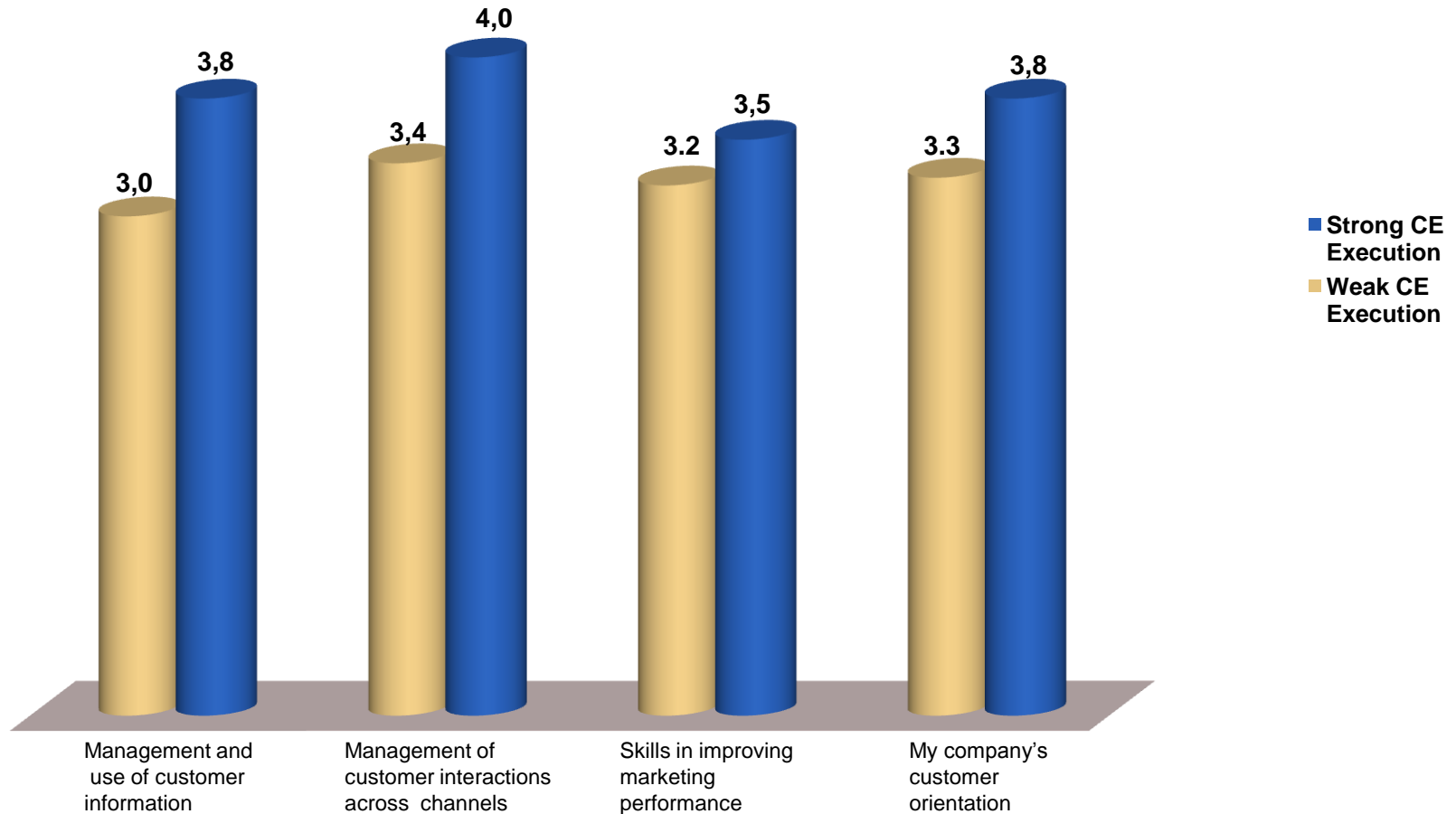


France results

Planned Investment in the Customer Experience

Investment in Customer Experience Stronger Among Companies Doing it Well

Average Investment Change Over Last Year
1=Significantly Less 5=Significantly More



Most Companies Have Room for Improvement

Insight

Few companies are strong in:

- Creating special customer experiences in response to their preferences (5%)
- Analyzing customer channel behavior to understand individual preferences (11%)
- Linking customer attitudes and perceptions to purchase behavior (19%)

Interaction

Few companies are strong in:

- Creating individual customer “treatment tracks” (5%)
- Calculating best offers in real time (5%)

Improve

Few companies are strong in:

- Aligning customer metrics to employee incentive programs (19%)
- Measuring employee performance against customer metrics (19%)

Customer Orientation

- Although 81% motivate employees to treat customers fairly, only 65% provide the right tools and training to earn customers trust
- Only 62% consider the impact of business decisions on their customers or are able to do what is right given short-term pressures

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

Few have progressed to advanced levels (20%)

French Companies are Less Mature in Execution

Compared to the companies in other countries, France lags behind in implementing customer experience activities, but is slightly ahead in its customer orientation philosophy

Companies Recognize Their Deficiencies

Self assessments on the dimensions of customer experience strategy are very close 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