

Customer Experience Management

Insight Report

Global Customer Experience Management Survey 2011

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Abstract

Between May and July 2011, Beyond Philosophy undertook a comprehensive review of the state of the global market for customer experience management (CEM). This was based on a sample of 8,000 customer experience (CE) executives from 239 countries and regions of the world, as well as in-depth interviews of 53 leading authorities on customer experience from all continents.

A webinar outlining the results can be found at:

<http://www.beyondphilosophy.com/thought-leadership/webinars/customer-experience-strategies-innovation-and-best-practices-around-worl>

Insight report

This delivers insight into global conditions and confirms that while CEM as a term is globally widespread, in its application it is restricted to several key verticals. To understand the dynamics of this spread across countries, we further developed a model of customer experience maturity, in which we define seven stages, each with their own distinct characteristics.

In addition, we looked at the growth rate of CE, the drivers and challenges to growth and the most active 'CE' firms globally, analysing how projects are being implemented.

As part of our analysis we also looked at how customer experience is defined, and we conclude that while there is some confusion, most authorities follow a touchpoint or journey mapping definition with limited understanding of the emotional or corporate transformational message of true customer experience. This is quite a defensive approach, and is symptomatic of a control mentality supported by software vendors and a concern for 'fixing breakages' rather than engaging in developing value-add positive emotional experiences.

Key questions answered in this report:

1. What is the background of customer experience leaders? (section 2.0)
2. How is customer experience defined? (section 3.0)
3. What is the level of adoption of customer experience management around the world? (section 4.0)
4. Can you provide a model of adoption? (section 4.0)
5. What is the level of adoption of customer experience management by company, sector and level of maturity? (section 5.0)
6. What are the drivers to growth in CE? (section 5.0)
7. What are the challenges to growth in CE? (section 5..0)
8. What is the most admired firm in customer experience? (section 6.0)

This report should be reviewed together with the Management Implications report.

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Executive Summary

What is the background of customer experience leaders?

- I. 78 percent of VPs and directors of customer experience have no background in customer experience management. The top previous roles are operational management and customer Service (N=136).

How is customer experience defined?

- II. Overall, 60 percent of respondents give a touch point definition of customer experience while 28 percent define CE through customer research programs. The third highest is a definition that includes reference to emotional engagement. In general while there is consensus, there are some key differences, such as the greater focus on internal company process and mindset change amongst CxOs and the customer research bias of lead PMs (project managers).

What is the level of adoption of customer experience management around the world?

- III. At least in the use of the term, customer experience is a global phenomenon.
- IV. 2,106 companies have been identified as being active in customer experience management from around the world. This equates to an average of approximately four CE executives per company.
- V. Regionally 58 percent of CE active companies come from two regions: North America and Western Europe. 42 percent are active outside these regions, with the next most important region being Australasia (Australia and New Zealand) at seven percent.
- VI. Some countries have an unexpectedly large number of CE companies. These countries are India, Singapore, Australia and New Zealand.
- VII. Customer experience language exists even in countries with lower levels of economic development such as Bhutan, Fiji and Afghanistan – this reflects its spread through MnCs (multinational companies) and telecommunications companies through a process of copying best practice from ‘the West.’

Can you provide a model of adoption? Maturity Index?

- VIII. Globally, countries and regions can be divided into seven states of maturity: high; high-mid; mid; mid-low; low; very low and no presence.
- IX. A noticeable feature of development is an expected 'telescoping,' i.e., timeframes to maturity are less than they were in the mature countries.
- X. The Maturity Index is underpinned by a three-stage model of development, from a customer acquisition-focus, thorough to relationship and finally to retention. Key movements are currently being seen from acquisition to relationship in several mid- to low-tier countries that are undergoing changing customer expectations, with a burgeoning middle class exposed to western styles of service, as well as cross-vertical expansion prospects in the B2B market.
- XI. There is a large base of 'nascent' countries, i.e., those at the tipping point to high growth. This is the mid-low mature zone and represents countries such as South Africa, Brazil, China and India, as well as key countries in the mid-mature zone, such as Turkey and the United Arab Emirates. These represent the best opportunities for growth over the next five years.
- XII. Other countries to watch are Australia and New Zealand, both of which have a firm platform of awareness of CEM.
- XIII. The most mature zones still reflect an Anglo-Saxon cultural foundation: UK, USA, Canada and Singapore.
- XIV. Customer experience is spreading out from its *Anglo-Saxon-centric* base, but still remains most mature within this culture and cultures that have a strong English-speaking background (*this is not a function of the research method as there are strongly growing areas such as Brazil, China and Turkey*).
- XV. Customer experience is a function of levels of comparative economic development and cultural acceptance (e.g., service cultures form a basis for an experience focus.)
- XVI. High-mature does not mean high adoption rates, as can be seen by the number of companies covered as 'actives.' Indeed, adoption appears to be quite low.
- XVII. Key trends in terms of future CE developments are exhibited at the high-mature end.
- XVIII. Other less mature countries tend to be 'me too' followers in terms of implementations and understanding of customer experience.

What is the level of adoption of customer experience management by company, sector and level of maturity?

- XIX. Globally, over 60 percent of companies that have adopted CE are in four sectors: telecommunications, banking, retail and IT and services. There are also significant sectors in insurance, motor and airlines.
- XX. The 10 most active global firms in customer experience are respectively: HP; HSBC; Vodafone/ Vodacom; GAP; American Express; Dell; Citibank; Best Buy; Sprint Nextel and AT&T.
- XXI. In addition, a number of key players ex UK and USA are in-country dominant and becoming increasingly important (e.g., Telstra and Turkcell).
- XXII. In telecommunications, there are a number of pivotal regional CE players such as LIME in the Caribbean, and MTN and Airtel in Africa.
- XXIII. In banking there are a number of pivotal regional CE players such as Standard Bank in Africa and Standard Chartered in Asia.
- XXIV. Several key investments in customer experience are noted from aviation (Boeing and Delta <http://news.delta.com/index.php?s=43&item=870>).
- XXV. 41 percent of interviewees state competitive intensity in customer experience as strong, 43 percent state it as moderate and 16 percent as weak.
- XXVI. Management consultancies and research houses have been active in promoting CEM alongside the multinational corporations, and brand promotion from leading HQs.

What are the drivers to growth in CE?

- XXVII. In total, 65 percent of respondents stated that customer experience was a key strategy for their company (i.e., score of seven out of seven on importance). Only 14 percent stated it as less than four out of seven in terms of importance.
- XXVIII. There is a clear pattern of support for continuing growth of customer experience in banking and telecommunications. The other industry sectors do not exhibit a decline in growth, but rather a 'stay the same' investment level.
- XXIX. 73.5 percent of interviewees expect increasing investment within their firms at an average rate of 15 percent over the next year; 24.5 percent expect investment to be maintained and two percent expect a fall.
- XXX. The top driver to growth in CE remains the importance of differentiating under conditions of commoditization. However, this is not the only reason; second in the list

are financial considerations around loyalty, retention and churn (i.e., to defensively prevent customers from leaving). Second, equal, is a new and key driver: the rising trend of customer empowerment. This is due to customers having raised their expectations through rising incomes and awareness of service quality gained via social media and travel overseas. Of the customer empowerment drivers, 38 percent of respondents mention specifically the growing importance of social media. Interestingly, in countries such as Peru, Brazil and Turkey, this is seen as essential – in effect these mid- to low-tier mature countries are leapfrogging a technology.

- XXXI. Rates of growth are lower in B2B industries and those with a traditionally lower customer service baseline.
- XXXII. There is a certain nervousness in stated investments (i.e., slight, in current projects, bi-model growth in some banks, matched by cutting costs in others).
- XXXIII. Companies are seeking to invest in the high-mature segment within ‘stabilization’ projects (e.g., IT systems, joining up systems to improve information flow, HR and training). Some international projects are deemed high investment, apportioned to HQ, but in fact are driven to expand in high-low mature countries.
- XXXIV. Companies are seeking to invest in the other segments within ‘growth and optimization’ projects (e.g. projects to establish customer experience, or projects to train in CE). Some of these are kick started by international branding projects out of HQ or through government regulation.
- XXXV. The general view is that these growth rates will be apparent in the third of business who are interested in customer experience. There will be no change in terms of ‘interested industries.’
- XXXVI. The industry that spends the most is the telecommunications industry – although this is a byproduct of its relative size. This is based on the CE investment views of the 53 experts, and the degree of networked arrangements these industries hold (i.e., the degree of ‘brand’ and ‘mission’ spread from HQ to other countries). To some degree, this is also symptomatic of a large software push, which to a large extent has been branded as part of corporate CEM initiatives.

What are the challenges to growth in CE?

- XXXVII. The main challenge to customer experience is quite simply whether it is an operational priority: faced with a cost cutting agenda, legacy metrics and a sales focus, CE risks falling by the wayside. This is a problem when the returns on

experience are couched in the long-term through increased customer loyalty, and experience adjustments are perceived as cost intensive or difficult. In short, setting an agenda around fundamental change risks losing executive support.

- XXXVIII. Based on the 53 interviews (103 implementations, or circa 2 implementations per interviewee) the main areas of activity were focused on IT and software implementations, followed by training and customer research.
- XXXIX. There is a serious disconnect between appreciating the importance of emotion and how it is actually measured, and therefore understood. The majority of interviewees only undertook qualitative measurement through focus groups, sentiment analysis, verbatim analysis and journey mapping approaches or critical incident type techniques. The situation quantitatively is even worse, with respondents not adapting current measures and just using customer satisfaction or loyalty indicators (NPS, TRIM) as proxies for emotion. Some avoided the issue as too difficult or of importance only as an outcome of other measures.
- XL. In total 65 percent of respondents have heard of NPS and know an organisation (whether their own or another in their country) that uses it. 35 percent are not aware of it or are aware of it but do not use it/ believe it should be used.
- XLI. Interestingly, of those organizations that use NPS, there is some conflict starting to develop in its application.
- XLII. The one question interviewees wanted answering about customer experience comprised: how to implement CE and how to demonstrate a link to financial return.

What is the most admired firm in customer experience?

- XLIII. Apple was the most admired CE firm.
- XLIV. Organizations not well recognized globally but admired regionally include Brabesco Bank and Natura (Brazil); Berlin Airlines (Germany); Shoppers Stop and Jet Airways (India); and Turkcell (Turkey); as well as companies in the UK and USA, such as Screwfix Direct, Bank West, Metro Bank and Denny Marie.

1.0 Methodology

1.1 Quantitative

Beyond Philosophy undertook an analysis of 8,000 customer experience executives. These executives were sourced from a country-by-country LinkedIn search; comprising in-depth analysis of 239 countries and regions (i.e., the globe as defined by LinkedIn and Google drop-down country/ region search list).

To qualify for inclusion, the LinkedIn respondents had to have 'customer experience' in their 'current' job title: note that as a networking tool and to maximize coverage of possible LinkedIn contacts, all main customer experience groups were joined. Likewise, the search was conducted from a well-networked customer experience consulting group (LinkedIn contacts were not used for marketing purposes, purely as a means of research).

In addition, Beyond Philosophy conducted a Google search for firms that apply customer experience across each of the 239 country and region web pages. In this search, Beyond Philosophy set specific criteria for acceptance as a CE focused firm. Companies had to have an active presence in customer experience 'within the last year' and 'within the country pages'. This was to avoid the presence of non-active firms that engaged in customer experience over one year ago.

2,106 companies were identified as active in customer experience management from around the world. This equates to an average of approximately 4 CE executives per company.

1.2 Qualitative

From the quantitative database, Beyond Philosophy sourced 53 experts with whom to conduct in-depth interviews on the topic of customer experience. Experts had to have either overall line responsibility for managing customer experience on-the-ground (lead PM) or be at CxO level (i.e., director or VP of customer experience). In addition, CE experts were sourced (i.e., individuals who had deep regional or vertical understanding of CE and were recognised experts in customer experience).

All depth interviews were conducted by phone; excluding one interview that involved a face-to-face meeting: Interviews typically lasted 20-25 minutes.

1.3 Sample

Beyond Philosophy interviewed 53 experts from around the world. These were distributed by job title (table 1) and by region (table 2).

Table 1: Distribution of the 53 in-depth interviews, including by title

Region	Country	Number	Percent	CE Expert	CxO	Lead PM
NAM	USA	8	15%	1	7	
NAM	Canada	2	4%		1	1
CARIB	Bahamas	1	2%			1
SAM	Brazil	2	4%	2		
SAM	Peru	1	2%			1
EUW	UK	9	17%	1	6	2
EUW	Netherlands	1	2%		1	
EUW	France	1	2%	1		
EUW	Portugal	1	2%	1		
EUW	Switzerland	1	2%	1		
EUW	Belgium	1	2%	1		
EUE	Poland	1	2%	1		
RUS	Russia	3	6%		3	
RUS	Azerbaijan	1	2%			1
ME	Saudi Arabia	3	6%		2	1
ME	UEA	1	2%	1		
ME	Turkey	1	2%			1
AFR	Nigeria	2	4%		1	1
AFR	Kenya	1	2%		1	
AFR	South Africa	1	2%	1		
IND	India	3	6%	2	1	
SEA	Singapore	2	4%	1	1	
SEA	Indonesia	1	2%	1		
CHI	China	2	4%		1	1
AUST	Australia	2	4%	1		1
AUST	New Zealand	1	2%			1
Total		53		16	25	12
Total%			100%	30%	47%	23%

Source: 53 CE professionals

Note: Experts can be general all round or by specific industry

Table 2: Summary distribution of the 53 in-depth interviews by regional percentage

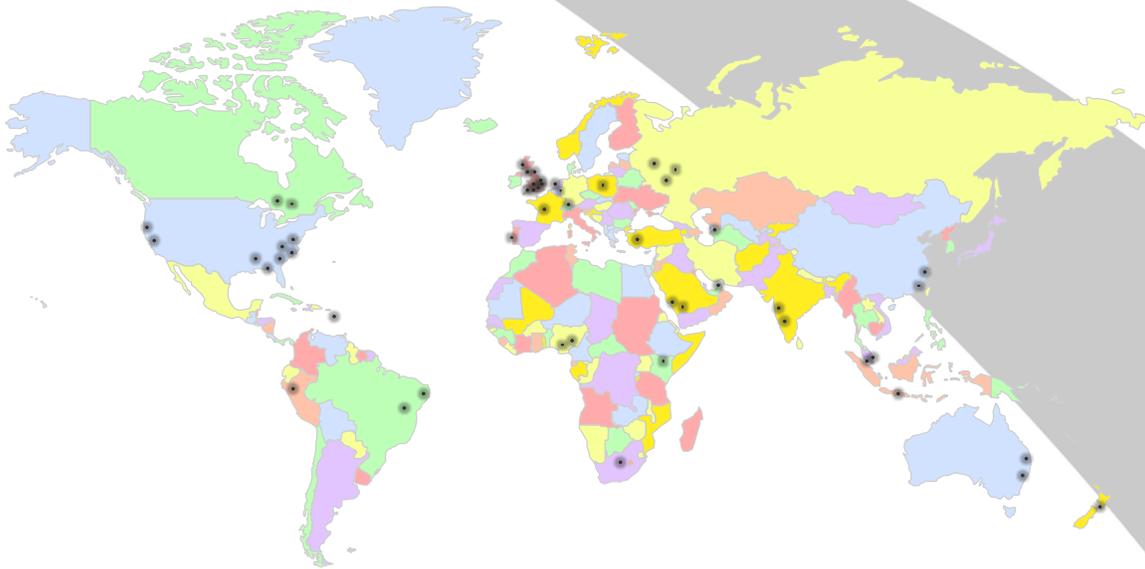
Region	Total%
EUW	26%
NAM	19%
ME	9%
RUS	8%
AFR	8%
SAM	6%
IND	6%
SEA	6%
AUS	6%
CHI	4%
CARIB	2%
EUE	2%
Total	100%

Source: 53 CE professionals

Note: NAM (North America); CARIB (Caribbean); SAM (South America); EUW (Western Europe); EUE (Eastern Europe); RUS (Russia); ME (Middle East); AFR (Africa); IND (India); SEA (South-East Asia); CHI (China); AUS (Australia).

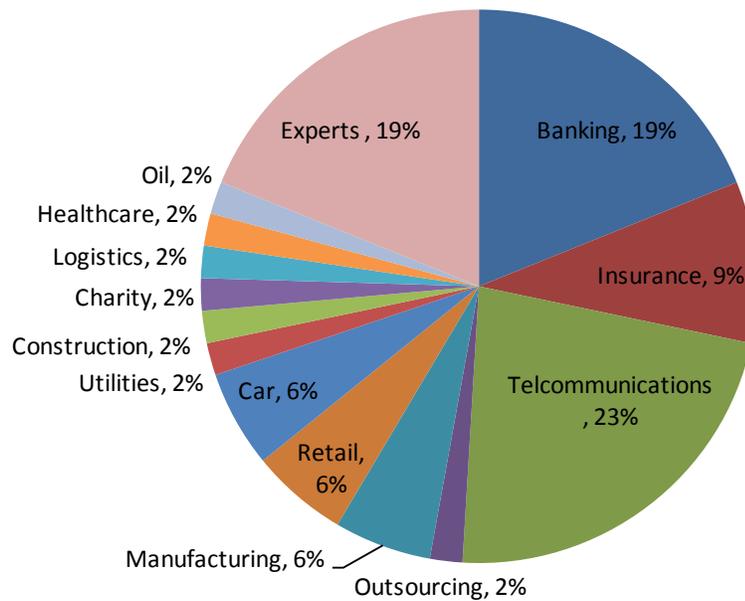
The two tables above demonstrate the broad spread of interviews geographically. All continents were represented in the sample to ensure its global exposure. This dispersal is disclosed in figure 1:

Figure 1: Distribution of the 53 in-depth interviews by sector



Source: 53 CE professionals

Figure 2: Distribution of 53 expert interviews by industry



Source: 53 CE professionals

Figure 2 shows the industrial distribution of interviewees: these are focused on banking and telecommunications. However, a broad cross-section of other industries was chosen alongside CE experts.

1.4 Assumptions

The sample was gleaned using on-line resources. It is true to say that some interested parties may lack online presence, especially on LinkedIn. We handled this possibility by including a comprehensive web search using Google of each country and region website. This also helped with the possibility of finding some companies with an interest in customer experience but no use of the term customer experience within a job title.

We note that it is possible for some players to be active in customer experience but not have a recent (in last year) web presence or be active on LinkedIn. To help, commentaries on additional companies from CE experts were taken into account; although some companies may be missed, the general comprehensiveness means that their presence can be considered less important.

It is important to appreciate that we have applied conservative and strong criteria before accepting a company as CE 'active'. When we consider a firm for inclusion, there must be an active engagement with CE in the firm through a clear statement of recent (within the last year) engagement or use of the term in current job roles.

The market for customer experience is unusual in the sense that there are many definitions of 'what it is.' In addition, there is a lack of accounting apportionment of customer experience spend, hence it is not easy to ask the question "how much money does your firm spend on customer experience?" and be sure that the apportionment reflects a genuine one or a guess that throws in other spend (e.g., IT) that the firm would not consider apportioned to CE. To determine an apples-to-apples comparison, Beyond Philosophy took the route of raw counts (i.e., to understand levels of spend, a resource allocation by sector, company and country was based on the number of stated uses of the term customer experience [within the last year]). In addition, criteria such as size of country where 'a use' is stated have been applied.

Generally, if a firm is just rebranding current activity as CE, it is usually part of the CE definition; although clearly only 'a part.' If a firm is asked to apportion CE activity by cost, without cost apportionment, costs will be included that have nothing to do with a CE approach, as defined by the firm.

2.0 Customer Experience: Leaders' Backgrounds

Table 3: Summary distribution of the 37 in-depth interviews (ex-experts) by background

Background	CXO	Lead PM	Overall (ex experts)
Marketing	20%	25%	22%
Finance	4%	0%	3%
Advertising	4%	0%	3%
Operations Management	16%	17%	16%
Strategy	8%	0%	5%
CRM	4%	0%	3%
Call Centre	4%	8%	5%
Customer Service	12%	8%	11%
Research	4%	0%	3%
Product Management	4%	8%	5%
Web Usability	4%	0%	3%
6 Sigma	0%	8%	3%
Sales	4%	8%	5%
IT	4%	8%	5%
Admin	0%	8%	3%
CE Background	8%	0%	5%
	100%	100%	100%

Source: 53 CE professionals

One of the interesting findings was that only eight percent of leaders had a prior background in customer experience, with 92 percent having no background at all.

Among the experts, all claim a background in CE (some as much as 15 years), however, prior to CE facing experience there are a number of differences: 25 percent coming from CRM, 19 percent from strategy, 19 percent from operational management, 13 percent from marketing, 6 percent from customer service and 6 percent from research; the rest (12 percent) fall under various operational CE roles.

Table 3 shows the background of those CxO and project leads without a CE background. In the sample, for CxOs, marketing, operational management and customer service leadership were key previous job functions while for lead PMs it was marketing and operational management.

Table 4 shows a comparative study of 136 VPs and directors of customer experience. This sample was drawn from a LinkedIn sample of 1,360 VPs and directors of customer experience (i.e., 10 percent). The general pattern was similar to the qualitative sample (i.e., in this case 78 percent had no background in customer experience management with a background in operational management and customer service most prominent).

Table 4: Summary distribution of 136 VPs and directors of CE

Origin of CE VP and CE Director	Number	Percentage of total sample
Operations/ Process	31	23%
Customer Services	30	22%
Sales	9	7%
Brand	6	4%
Retention	6	4%
Marketing	6	4%
Research	5	4%
Finance	5	4%
Strategy	2	1%
Web	2	1%
Purchasing	2	1%
IT	1	1%
HR	1	1%
Total Non-CE	106	78%
CE	30	22%
Total	136	

Source: 53 CE professionals

In addition to the above analysis and off the broader sample of 1,360 leaders, Beyond Philosophy found that the companies with the strongest portfolio of CE VPs and directors were, in order: Bank of America, American Express, AT&T, Citi; HP; Best Buy; HSBC; JPMorgan Chase; Wells Fargo; Bell and Alcatel-Lucent. In addition, the leading areas for leaders in these categories were, in order: New York; San Francisco; Toronto; Chicago; London; Atlanta and Boston.

Key companies worked for prior to current employers were in order: Accenture; Bank of America; AT&T; American Express; JP Morgan Chase; IBM; Citi and BT. Although the sample in each company was small (less than 40).

3.0 What is Customer Experience Management?

Table 5: How customer experience is defined

Definition	All	CxO	Lead PM	Expert
Touchpoint	60%	50%	58%	75%
Customer Research	28%	23%	42%	31%
Emotional	18%	14%	8%	31%
Company Mindset	18%	18%	17%	19%
Company Process	10%	14%	0%	13%
Brand	8%	14%	0%	6%
Loyalty	8%	5%	17%	6%
Relationship	6%	0%	17%	6%
Value add	4%	5%	8%	0%
Customer Service	2%	0%	8%	0%

Source: 53 CE professionals

One of the most crucial questions was to understand how CE leaders defined customer experience.

Overall, 60 percent of respondents (in a multi-selection) give a touch point definition while 28 percent speak about customer research programs. The third-highest is a definition that includes reference to emotional engagement. In general, while there is consensus, there are some key differences, such as the greater focus on internal company process, mind-set change among CxOs, and the customer research bias of lead PMs.

CE Commentaries

“The most common start point is VOC (listening). People say listen to customers, measure stuff; then there are multichannel folks, MOT (process or channel), joining the dots linking organizations, acting in a more synchronized way where different departments work together; the third way is to look at the brand promise (value proposition) where brand and marketing guys work with brand. The problem there is how to get employees to comply... a problem of practical application.” (*Expert, UK*)

Table 6 describes some of the language used by interviewees to describe customer experience when using a touch point focus.

Table 6: Summary comments on how customer experience is defined

Definitions of Customer Experience	Country	Title	Viewpoint
Everything that touches the customer matters. Everything that enables the improvement towards what the customer perceives.	USA	Expert	Touchpoint
Looking at all touchpoints from start to end e.g., from servicing to repurchasing and all touchpoints in between as well as moment of truth identification.	USA	CxO-implement	Touchpoint
Came about in USA from Academia (HBR). It is about all the interaction points the customer has with an organisation, that the sum of those equals an overall customer experience. 1 bad interaction can have bad impact on the overall customer experience What are the key interactions and what does some of those equal in the customers mind.	UK	Lead- implement	Touchpoint
Managing and understanding the customer's entire lifecycle.	UK	CxO- implement	Touchpoint
The lifecycle of the customer with us. Even before day 1: look at the journey, every touchpoint, why are they loyal, look at customer lifecycle.	Turkey	Lead- implement	Touchpoint and Loyalty Return
Managing the experience across all customer life cycle touch points.	Saudi Arabia	CxO-implement	Touchpoint
How you basically transform everything to do with your touchpoints, Defining what customers need.	Russia	CxO-implement	Touchpoint
It means Customer Journey Mapping from end to end.	Indonesia	Expert	Touchpoint
Build a relationship everytime you touch them and converting the non-customer into a customer. This is not just about managing customers, but also about looking at each moment of truth and creating a positive experience.	Australia	Lead-implement	Emotional and Touchpoint
Purposefully design an organisation to achieve value by creating an emotional connection.	Netherlands	CxO-implement	Emotional and Touchpoint
It is really about doing business at every touchpoint where the takeaway is intentional feelings.	USA	CxO- implement	Emotional and Touchpoint
The entire experience but from the customers viewpoint. Did we follow the process to how does it feel, what is the experience, how emotionally connected.	UK	CxO-implement	Emotional and Touchpoint

Source: 53 CE interviews

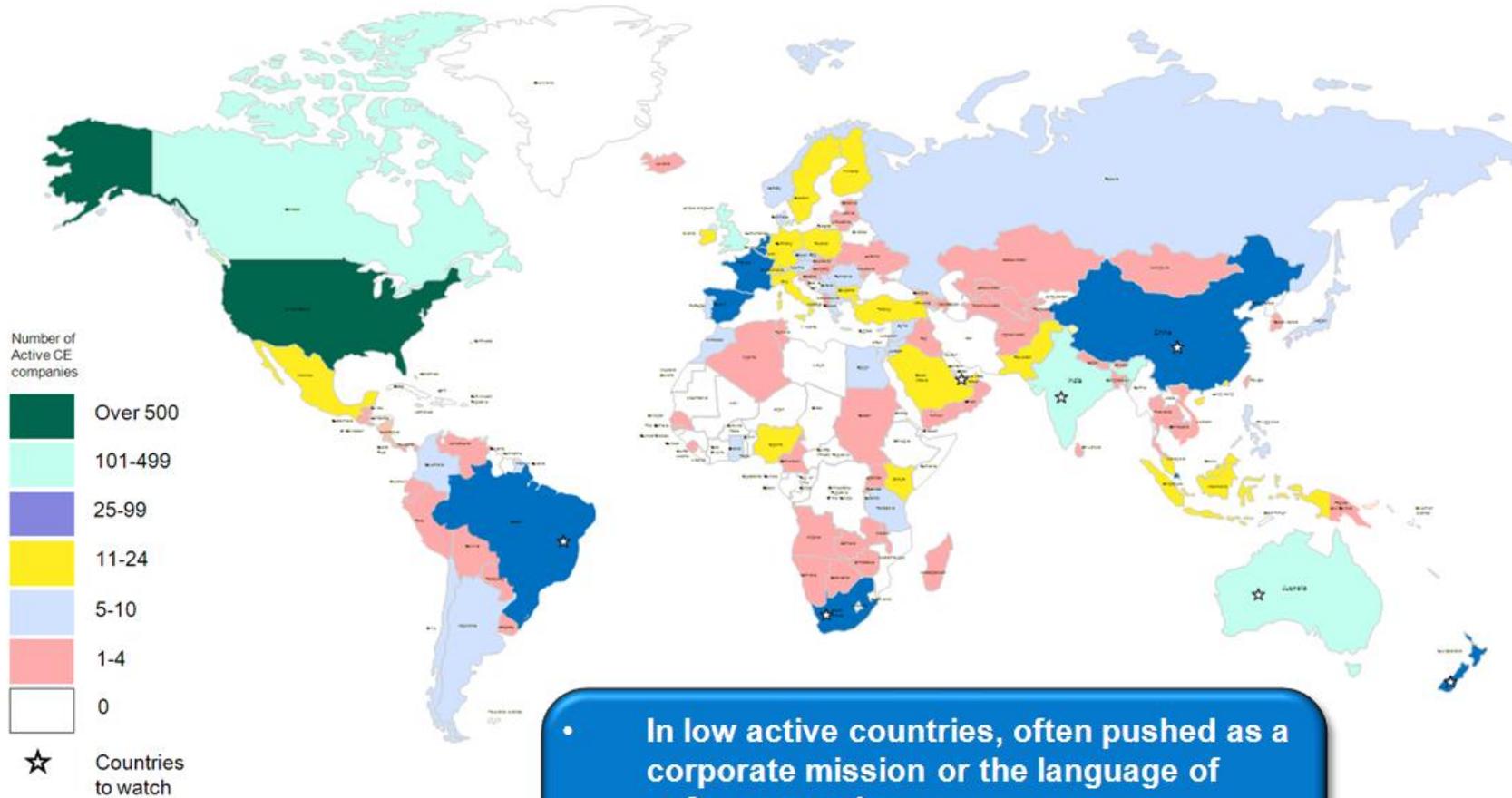
4.0 What is the Level of Adoption of Customer Experience Management Around the World?

4.1 Global Distribution

Beyond Philosophy has reviewed the distribution of companies across the globe to reveal a global view of customer experience management.

- Figure 3 outlines the number of companies 'active in CE' by country and region. This is based on the quantitative approach of analyzing every country for LinkedIn representatives with the title of customer experience and a complimentary Google search for active companies in customer experience in the last year.
- Figure 3 stars the countries that demonstrate the best relative growth opportunities. These are India, Brazil, China, South Africa, United Arab Emirates, Australia and New Zealand.
- Figure 4 highlights those countries with more than 25 active CE companies identified (note: more companies may be engaged in CE, but this is focused on those 'actives' that state a presence in the last year).
- Figure 5 gives the percentage breakdown of CE active companies by region.
- Figure 6 outlines the countries based on their relative rates of maturity in terms of customer experience management. This is determined from the maturity index criteria (table 7).
- Table 8 displays the names of the countries and regions and where they fit in the maturity index.

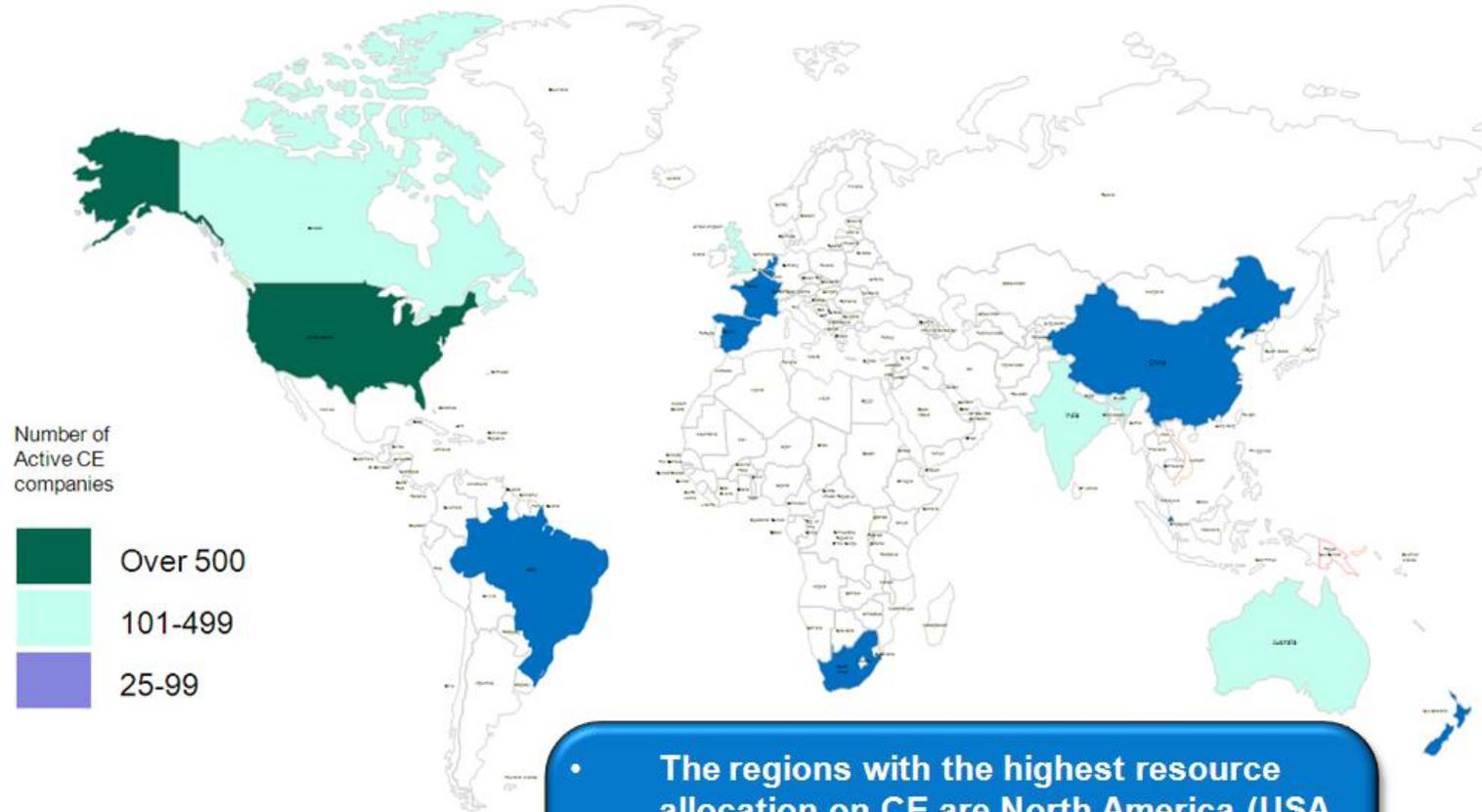
Figure 3: Distribution of active CE companies by country



Source: 2,106 companies, and 53 CE professionals

- In low active countries, often pushed as a corporate mission or the language of software vendors
- Growing interest countries are starred – this includes UAE, Australia/ New Zealand due to 'awareness' factor

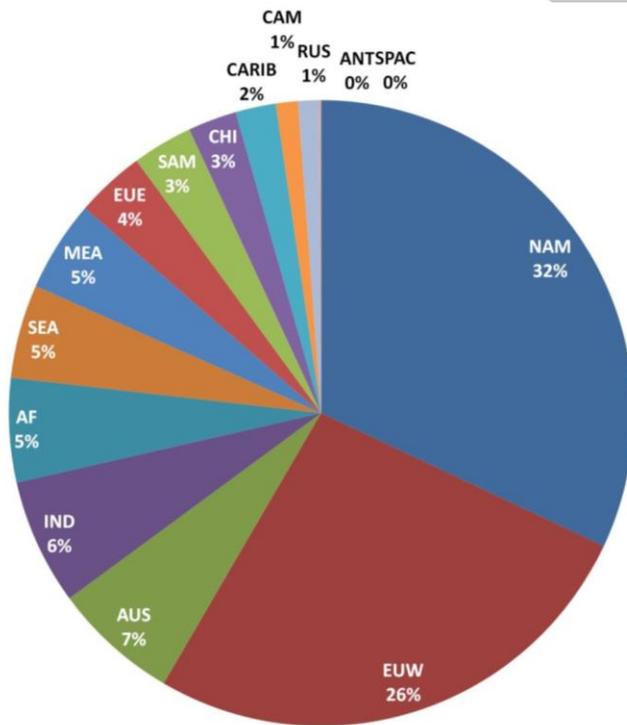
Figure 4: Distribution of those countries with over 25 active CE companies



Source: 2,106 companies, and 53 CE professionals

- The regions with the highest resource allocation on CE are North America (USA and Canada) and the UK
- Growing interest in Brazil, China, South Africa, Singapore and New Zealand.
- A surprisingly strong impact in India and Australia

Figure 5: Percentage distribution of CE 'active' companies by region



Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

Regionally, 58 percent of CE active companies come from two regions: North America and Western Europe. 42 percent are active outside these regions, with the next most important region being Australasia (Australia and New Zealand) at seven percent.

4.2 Beyond Philosophy Maturity Index

To categorize the level of maturity in terms of customer experience from around the word, Beyond Philosophy developed an index of 12 classification questions (see table 7). This index is derived from quantitative analysis (8,000 executives, 2,106 firms) and qualitative commentary (53 in-depth expert interviews).

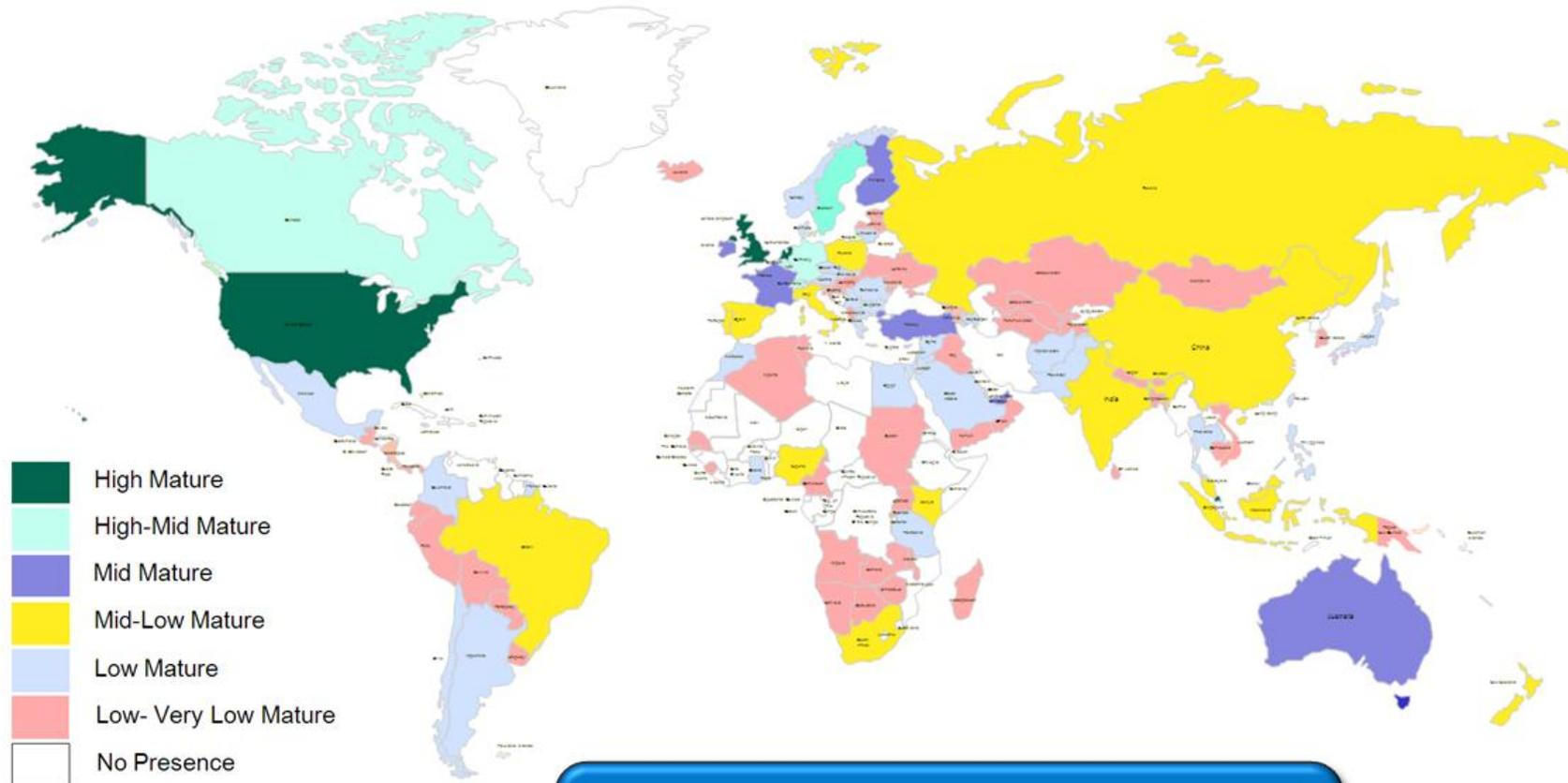
Table 7: Maturity index criteria

Percentage	2%	3%	3%	7%	18%	33%	36%
CE MATURITY INDEX	HIGH MATURE	HIGH -MID MATURE	MID - MATURE	MID - LOW MATURE	LOW MATURE	LOW - VERY LOW MATURE	NO PRESENCE
Number of Countries (Total is 239)	4	6	6	16	42	78	87
Concentration of CE businesses relative to country size	Strong	Moderate-Strong	Moderate-Strong	Moderate	Moderate - Weak	Weak	None
Existence of Nodal companies	High Nodal	Moderate Nodal	Moderate-Low Nodal	Moderate-Low Nodal	Low Nodal	Low Nodal	None
Industry presence	Beyond Retail, Telecom and Finance	Some expansion but majority are Retail, Telecom and Finance	Majority are Telecom and Finance	Majority are Telecom and Finance	Majority are Telecom and Finance	Majority are Telecom and Finance	No firm presence
General Market conditions	Market is saturated	Market is still in expansion	Market is expansionary	Market is expansionary	Market is weak	Market is weak	Market is weak
Competitive Intensity	Companies at stabilisation	Companies at high optimisation	Companies at acquisition and optimisation (quite mixed)	Companies at acquisition	Companies at acquisition	Companies at acquisition	Companies at acquisition
CE Value derived	Driven by loyalty	Driven by loyalty	Driven by loyalty but market can be CSAT	Driven by loyalty but market can be CSAT	CSAT or none	CSAT or none	CSAT or none
Country CE Google Presence	Strong relative Google hits	Strong relative Google hits	Strong relative Google hits	Strong relative Google hits	Low Google hits	Very poor Google hits	Very poor Google hits
CE Awareness	High awareness	Moderate awareness	Moderate awareness	Low-moderate awareness	Low awareness	Low awareness	Very Low awareness
CE Understanding	Use a definition of CE	Use a definition of CE	CE mixed with customer service	CE mixed with customer service	Majority use a customer service and software value-add definition	Majority use a customer service and software value-add definition	No or very low awareness
Imperative	CE is used as a strategy; although tactical use is still present	More evidence of CE as a strategy although often used tactically	CE often used tactically through marketing but there is some strategic intent with a few firms	CE often used tactically through marketing and rarely as a Blue Ocean strategy	CE often used tactically through marketing and rarely as a Blue Ocean strategy	CE often used tactically through marketing	No knowledge
Origination	Mostly self generated interest	Mostly self generated interest	Mostly self generated interest but can still be imported from overseas	Often imported from overseas: HQ, Research, Consultancy	Often imported from overseas: HQ, Research, Consultancy	Often imported from overseas: HQ, Research, Consultancy	Not available
Business size	Across a broader swathe of industries with strong Multinational presence	Across some niches with strong Multinational presence	Across a few niches with strong Multinational presence	Across a few niches with strong Multinational presence	Across a few niches with strong Multinational presence	Across a few niches with strong Multinational presence: highly Telecoms centric i.e., part of a few providers rollouts	None

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

From this division Beyond Philosophy has derived a global map of customer experience maturity (see Figure 6).

Figure 6: Map of customer experience maturity



- High Mature
- High-Mid Mature
- Mid Mature
- Mid-Low Mature
- Low Mature
- Low-Very Low Mature
- No Presence

Source: 2,106 companies, and 53 CE professionals

- **7 stages of maturity**
- **Customer Experience is a global phenomena**
- **Mid-low countries are key to growth**

Table 8: Maturity index list of countries

HIGH MATURE	HIGH -MID MATURE	MID - MATURE	MID - LOW MATURE	LOW MATURE	LOW - VERY LOW MATURE	NO PRESENCE
USA	Belgium	Australia	India	Mexico	Bahrain	Aland Islands
UK	Sweden	France	China	Pakistan	Bangladesh	American Samoa
Netherlands	Switzerland	Ireland	New Zealand	Bulgaria	Croatia	Andorra
Singapore	Germany	Turkey	Brazil	Saudi Arabia	Peru	Antarctica
	Hong Kong	United Arab Emirates	South Africa	Chile	Sri Lanka	Bosnia and Hercegovina
	Canada	Finland	Spain	Phillipines	Zimbabwe	British Indian Ocean Territory
			Malaysia	Israel	Kazakhstan	Burkino Faso
			Italy	Romania	Albania	Burundi
			Indonesia	Austria	Botswana	Cape Verde
			Kenya	Greece	Oman	Central African Republic
			Poland	Denmark	Panama	Chad
			Nigeria	French Guinea	Seychelles	Christmas Islands
			Portugal	Jamaica	Uganda	Cocos (Keeling) Islands
			Russia	Czech Republic	Venezuela	Congo
			Bermuda	Egypt	Vietnam	Cook Islands
			Bahamas	Ghana	Tunisia	Cote d'Ivoire
				Jordan	South Korea	Cuba
				Malta	Virgin Islands British	Democratic Republic of Congo
				Cyprus	Mongolia	Djibouti
				Cayman Islands	Algeria	Dominican Republic
				Argentina	Antigua and Barbuda	Equatorial Guinea
				Colombia	Barbados	Eritrea
				Japan	Brunei	Ethopia
				Morocco	Costa Rica	Falkland Islands
				Norway	Estonia	Faroe Islands
				Qatar	Fiji	French Polynesia
				Tanzania	Georgia	French Southern Territories
				Trinidad And Tobago	Guatemala	Gabon
				Syria	Hungary	Greenland
				Lebanon	Iraq	Grenada
				Serbia	Latvia	Guadeloupe
				Montenegro	Macao	Guernsey
				Macedonia	Malawi	Guinea
				Afghanistan	Maldives	Guinea Bissau
				Kuwait	Moldova	Guyana
				Taiwan	Namibia	Haiti
				Thailand	Nepal	Honduras
				Lithuania	Papua New Guinea	Iran
				Azerbaijan	Puerto Rico	Isle of Man
				Luxembourg	Rwanda	Kiribati
				Monaco	Slovakia	Kyrgyzstan
				Mauritius	Turks and Caicos	Laos
					Ukraine	Lesotho
					Uzbekistan	Liberia
					Virgin Islands American	Libya
					Zambia	Mali
					Bolivia	Marshall Islands
					Uruguay	Martinique
					Tajikistan	Mauritania
					Angola	Mayotte
					Anguilla	Micronesia
					Armenia	Montserrat
					Aruba	Mozambique
					Belize	Myanmar
					Bhutan	Nauru
					Cameroon	New Caledonia
					Dominica	Niger
					Ecuador	Niue
					El Salvador	Norfolk Island
					Gambia	North Korea
					Guam	Northern Mariana Islands
					Iceland	Palau
					Jersey	Pitcairn Islands
					Liechtenstein	Reunion
					Madagascar	Samoa
					Netherlands Antilles	San Marino
					Nicaragua	Sao Tome and Principe
					Palestine	Slovenia
					Senegal	Soloman Islands
					Sierra Leone	Somalia
					St. Kitts and Nevis	St Helena
					St. Vincent and the Grenadines	St Pierre and Miquelin
					Sudan	St. Lucia
					Yemen	Surinam
					Turkmenistan	Svalbard and Jan mayan
					Paraguay	Swaziland
					Cambodia	Timor-Leste
					Gibraltar	Togo
						Tokelau
						Tonga
						Tuvalu
						Vanuatu
						Vatican Holy See
						Wallis and Futuna
						Western Sahara
						Belarus
						Benin

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

4.3 Features of the Maturity Index

- The highest growth rate of CE by country is in the 'mid-low mature' segment: India, China, New Zealand, Brazil, South Africa, Spain, Malaysia, Italy, Indonesia, Kenya, Poland, Nigeria, Portugal, Russia, Bermuda and Bahamas. Not all these countries exhibit strong 'growth' as this is a maturity index (i.e., we would exclude Spain, Italy, Poland, Portugal, Bermuda and Bahamas). In general, though, this is the segment to watch for growth now and over the next five years.
- A noticeable feature of development is its expected 'telescoping' (i.e., timeframes to maturity are less than they were in the mature countries).

CE Commentaries

"CEM is experienced in the high 2nd or 3rd stage - growth, stabilization, and optimization. Many industries in India for the past 10 years have been still in the growth stage, so the primary focus of the organization has been on acquisition; little on retention - so all about sales and marketing. In India, the timeframe could be five years to move to stage three. If you look at the UK and USA, it took 30 - 40 years. But things are different in India, it is a growing economy – there are a lot of industries reaching the maturity cycles sooner; they benefit from the discipline being brought in from outside and the fact that India has a large base of research and innovation. India will grow in CE as the importance of design is realized. But we will benefit from other organizations buying in skills." (*Expert, India*)

"In China it is naïve. It has grown exponentially over the last 8-10 years. But it is at the customer service level – at the right products and price, brands can fly off the shelf." (*Expert, China*)

- The growth rate of CE in the more developed segments is less strong, although countries to watch are: Turkey (mid-mature); UAE (mid-mature); Australia (mid-mature); Belgium (high-mid mature); Canada (high-mid mature).
- At the highest end of the maturity scale, growth is apparent but coming from a more established base so it tends to be relatively lower than in the emerging markets, where it is less established but companies are starting to exhibit great interest.

Figure 7: Dynamics of the Maturity Index

	Acquisition	Relationship	Retention
Economics	Focused on acquiring customers	Focused on relationship building with customers	Focused on retaining customers and preventing churn
Stages	Mid-low maturity	Mid-high maturity	High maturity
Key metrics	Sales	Satisfaction and Sales	Loyalty
Example countries	Peru Nigeria China India Brazil	Turkey UAE South Africa Russia	USA UK Singapore Canada Netherlands
Key drivers	<ol style="list-style-type: none"> 1. Blue Ocean 2. Use to differentiate a market entrant - deregulation 3. Leapfrog a technology 4. HQ directive 5. Software vendor push 6. Government regulation 7. Internationalization – see and be like developed markets (social media) 	<ol style="list-style-type: none"> 1. Target high margin segments 2. Manage a changed expectations set 3. HQ directive 4. Technology programmes rebranded 6. Internationalization – see and be like developed markets (social media) 	<ol style="list-style-type: none"> 1. Optimise channels 2. Manage retention programmes 3. Launch branded programmes 4. Regulation 5. Spread of CE into other non-core (big 4) verticals (see below) – increasing customer consciousness
Internal	<ol style="list-style-type: none"> 1. No CE dept or very limited: marketing owned or defined by customer service 	<ol style="list-style-type: none"> 1. Start up CE dept. in certain verticals 	<ol style="list-style-type: none"> 1. Established key CE players 2. Start up CE going beyond Telco, Banking and Retail
Example Changes in High Mature	<ol style="list-style-type: none"> 1. B2B -Logistics 2. B2B - Manufacturing 	<ol style="list-style-type: none"> 1. Motor 2. Aviation 3. Utilities 	<ol style="list-style-type: none"> 1. Banking 2. Telecommunications 3. Retail 4. IT 5. Insurance

The Maturity Index shows three key economic characteristics of development. In the first stage, companies face an acquisition environment.

CE Commentaries

“CE is more prevalent in the service industries such as utilities and [telecoms], as they reach beyond the acquisition stage. However, product based companies often find that they can just sell what they produce. Two years from now they can still sell stock so there is less support for CE from product.” (*Expert, India*)

In this stage, companies are focused on short-term sales. With high demand and low customer expectations, the pressure to undertake a CE strategy is confined to latent entrants that are seeking to differentiate from the more established players, companies

that are looking to leapfrog a technology by devising web-based experiences, and finally firms that are undertaking a blue ocean approach – seeking to redefine the market.

In the next stage, companies are facing a more relationship building situation. Here, a one-size-fits-all sales strategy is now changed to include a more segmented approach. Classically, this seeks to create experiences that target high-value groups, or more broadly aims to match increased expectations of the consumer base as it seeks more return from an engagement; frequently due to exposure to western standards of service and as a consequence of a burgeoning middle class.

Finally, there is a move to retention, with its focus on loyalty metrics and managing increasingly multi-channel and complex relationships with consumers.

Beyond Philosophy sees several key movements: in particular, with the growth of customer empowerment and raised incomes, a general movement of key countries from an acquisition to a relationship state. Interestingly, this model also applies cross-vertically in even highly-developed and mature CE economies. For instance, the move away from acquisition toward relationship, apparent in some B2B environments and within established CE firms, engaging in spreading CE through their outsource channels. Figure 7 highlights examples of some of these key movers.

5.0 What is the Level of Adoption of Customer Experience Management by Company, Sector and Level of Maturity?

5.1 Top CE Sectors

The development of customer experience is not even within each country. Instead, there is a concentration in several key sectors (see table 9): *Globally, over 60% of companies that have adopted CE are in four sectors: telecommunications, banking, retail and IT and services.* There are also significant sectors in *insurance, motor and airlines.*

Table 9: Number of companies per sector

Sector	No.of Companies	%
Telecoms	441	21%
Banking	414	20%
Retail	291	14%
IT and Services	174	8%
Insurance	96	5%
Airlines	67	3%
Motor	67	3%
Software	65	3%
Utilities	60	3%
Logistics	51	2%
Government and Education	36	2%
Consumer electronics/ Manufacturing	36	2%
Media	35	2%
Consumer goods / FMCG	30	1%
Construction	28	1%
Healthcare	24	1%
Managed Services	23	1%
Pharma	22	1%
Hotel	22	1%
Oil and Gas/ Chemicals	21	1%
Publishing	18	1%
Gambling and Entertainment	16	1%
Food	11	1%
Automotive	11	1%
Environment	7	0%
Rail	7	0%
Machinery	7	0%
Biotech	7	0%
Charity	6	0%
Law and real estate	5	0%
Accountancy	5	0%
Sport	3	0%
Total	2106	100%

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

5.2 Most Active Global Firms in CE

There is a clear reputational influence through the likes of Disney, Harley-Davidson, Starbucks and Apple. But which companies on-the-ground are most active in spreading the message through their global presence?

Based on an assessment of the number of countries firms engaged in CE programs together with the stated number of executives with CE in their title, table 10 gives the top 25 active firms in CE. This demonstrates the critical role of the four sectors. HP is highly active through its touch point focus on “Total Customer Experience.”

This does not represent those companies that are ‘best’ at CE, but those that have the strongest presence globally. This also demonstrates diverse views such as HP that look at customer experience from a usability angle.

The selection criteria describe the key determinants for the list, which combine geographic dominance, regional spread and disclosed executives. The importance of this list is in how presence dictates definition, if the globally-dominant players are doing usability, software measurement and customer service this tends to dilute the CE message.

Although the top 20 are dominated by the big four verticals, it is noteworthy to mention the significant investments in CE disclosed by other verticals such as Boeing and Delta in aviation.

Table 10: Top ranked Global CE Active firms

Selection Criteria	Top 20
<p>Do you have a strong presence in the USA or UK AND over 30 CE executives disclosed?</p> <ul style="list-style-type: none"> • USA over UK unless >20 countries spread • All have over 10 countries spread or if no spread then over 100 CE execs 	<ol style="list-style-type: none"> 1. HP 2. HSBC 3. Vodafone 4. GAP 5. AMEX 6. Dell
<p>Do you have a strong presence in the USA or UK AND 20 or over CE executives disclosed?</p> <ul style="list-style-type: none"> • USA over UK unless 15-20 countries spread 	<ol style="list-style-type: none"> 7. Citibank 8. Best Buy 9. Sprint Nextel 10. AT&T 11. TD Bank 12. Bank of America 13. All State Insurance 14. Wells Fargo 15. BT 16. BSkyB 17. Lloyds Bank
<p>Do you have a strong presence in the USA or UK and 15 – 20 CE execs</p>	<ol style="list-style-type: none"> 18. Telstra 19. Verizon 20. T-Mobile

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

5.3 Most active Telecommunications firms in CE

Table 11 derives key country and regional examples of CE active firms in telecommunications. The list demonstrates the pivotal role of regional players (e.g. LIME in the Caribbean, MTN and Airtel in Africa), as well as key CE stakeholder companies from the more mature countries (e.g. Sprint and AT&T).

Table 11: Examples of other key regional and country telecommunications CE players

Company	Example Key Countries
Sprint Nextel	USA
AT&T	USA
Bell Canada	Canada
T-Mobile	Canada, Netherlands, USA, UK, Poland
Cox communications	USA
BSkyB	UK
Everything Everytime	UK
BT	UK, Ireland, Singapore
O2	Czech republic, Germany, UK
Virgin	Qatar, UK, Australia
Orange	UK, Botswana, France, Poland, Romania, Switzerland, Tunisia, USA
Nokia	Australia, Austria, China, Finland, Germany, India, Luxembourg, Portugal, Singapore, UK
LIME	Jamaica, St. Vincent and Grenadines, Virgin Islands-British, Bahamas, Barbados, Cayman Islands, Dominica
MTN	Namibia, Nigeria, Rwanda, South Africa, Syria, Uganda, Afghanistan, Cameroon, Cyprus, Ghana
Zain	Nigeria, Sudan, Ghana, Bahrain, Jordan, Iraq, Kuwait
Bharti Airtel/ Airtel	Ghana, Kenya, Sierra Leone, Nigeria, Uganda, Zambia, Zimbabwe, India, Sri Lanka
Etisalat	Canada, Egypt, India, Nigeria, UAE, Saudi Arabia, Tanzania
Digicell	Papua New Guinea, Turks and Caicos, Antigua and Barbuda, Cayman Islands, Trinidad and Tobago, Fiji
Teliasonera	Norway, Lithuania, Tajikstan, Afghanistan, Turkey
Telefonica	Slovakia, Spain, UK, Czech Republic, Poland, Columbia and Peru
Wataniya	Tunisia, Algeria, Canada, Kuwait, Palestine

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

Figure 8: Top ranked global CE active firms

Criteria	Top 25
<ol style="list-style-type: none"> 1. A strong presence in the USA or UK 2. AND over 30 CE executives disclosed 3. USA over UK unless >20 countries spread 	<ol style="list-style-type: none"> 1. Vodafone 2. Sprint Nextel 3. AT&T 4. BT 5. BSKyB 6. Telstra
<ol style="list-style-type: none"> 1. A strong presence in the USA or UK 2. AND 10 or over CE executives disclosed 	<ol style="list-style-type: none"> 7. Verizon 8. T-Mobile 9. Virgin 10. Orange 11. O2 12. Nokia
<ol style="list-style-type: none"> 1. A strong presence in the mid-high tier markets 2. Over 10 CE executives 3. Or, 10 CE executives and over 5 countries 	<ol style="list-style-type: none"> 13. Bell Canada 14. Optus 15. Rogers Communications 16. Telus 17. Telenor
<ol style="list-style-type: none"> 1. A strong presence in the mid-low tier markets (over 10 countries) 2. Or, over 20 CE executives 	<ol style="list-style-type: none"> 18. MTN 19. Bharti Airtel 20. Turkcell 21. Etisalat 22. Du 23. Zain 24. LIME 25. Telefonica

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

Figure 8 illustrates the top listed telecommunications companies worldwide for 'CE' presence.

5.4 Most active Banking Firms in CE

Table 12 derives key country and regional examples of CE active firms in banking. The list demonstrates the pivotal role of regional players (e.g. Standard Bank in Africa, Standard Chartered in Asia), as well as key CE stakeholder companies from the more mature countries (e.g. GE, Barclaycard and US Bank).

Table 12: Examples of other key regional and country banking CE players

Company	Example Key Countries
GE Capital/ Money/ Healthcare	Australia, China, Czech Republic, France, Mexico, New Zealand, Norway, UK, USA
Standard Chartered	China, Ghana, Hong Kong, India, Malaysia, Pakistan, Singapore, Tanzania
Standard Bank	Kenya, Malawi, Mauritius, Namibia
Royal Bank of Scotland	Hong Kong, Pakistan, UAE, UK
DBS Bank	India, Hong Kong, Singapore
Barclaycard	UK, USA
Scotiabank	Bahamas, Canada, Cayman, Mexico
Capital One	Canada, USA
Fidelity Investments	USA
Fifth Third Bank	USA
US Bank	USA
The Hartford	USA
Umpqua	USA
Wachovia	USA
Washington Mutual	USA
Zenith	Nigeria
Garanti Bank	Turkey
Commonwealth Bank of Australia	Australia
ANZ	Australia
ENTEL PCS	Chile
First Caribbean Bank	Barbados, Belize
OCBC	Hong Kong, Singapore
Absa bank	South Africa

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

Figure 9 illustrates the top listed banking companies worldwide for 'CE' presence.

Figure 9: Top ranked global CE active firms

Criteria	Top 25
<ol style="list-style-type: none"> 1. A strong presence in the USA or UK 2. AND over 30 CE executives disclosed 3. USA over UK unless >20 countries spread 	<ol style="list-style-type: none"> 1. HSBC 2. American Express 3. TD Bank 4. Bank of America 5. Wells Fargo 6. Lloyds Banking Group
<ol style="list-style-type: none"> 1. A strong presence in the USA or UK 2. AND 10 or over CE executives disclosed 	<ol style="list-style-type: none"> 7. Citibank 8. GE Capital/ Money/ Health 9. J.P. Morgan Chase 10. Fidelity Investment 11. RBS 12. Barclaycard / Barclays 13. Fifth Third Bank 14. Wachovia 15. IFDS 16. Capital One
<ol style="list-style-type: none"> 1. A strong presence in the mid-high tier markets 2. Require over 5 CE executives 	<ol style="list-style-type: none"> 17. Westpac 18. NAB 19. ANZ 20. Commonwealth Bank 21. Absa 22. Suncorp
<ol style="list-style-type: none"> 1. A strong presence in the mid-low tier markets 2. Require over 5 countries or over 20 CE executives 	<ol style="list-style-type: none"> 23. Standard Chartered 24. Scotiabank 25. Standard Bank

Source: Full database analysis: 8,000 executives; 2,106 companies, 53 expert interviews

Clearly other companies in retail are important such as Starbucks, Amazon, and Apple, as well as in markets not usually associated with CE such as aviation through BA, Boeing, Delta, Qantas and Air New Zealand.

5.5 General Levels of Competitive Intensity in CE

In total, 41 percent of interviewees state competitive intensity in customer experience as strong; 43 percent state it as moderate and 16 percent as weak. Table 13 summarizes the top most competitive industries in CE according to the interviewees (multi-tick). This agrees with the quantitative analysis, although retail is put at a higher standing.

Table 13: Key industries

Sector	Freq
Telecommunications	24
Retail	17
Banking	12
Insurance	7
Motor	5
Airlines	4
IT and Software	4
Consumer Goods	4
Hotels	4
Utilities	3
Government	2
Manufacturing	1
Pharmaceutical	1
Healthcare	1
Education	1

Source: 53 CE professionals

5.6 customer experience rates of growth

Table 14 gives the overall growth rates of customer experience as stated by interviewees. This shows an overall pattern of expected growth by company in each maturity index segment as well as indicates a slight increase overall.

Table 14: Rates of growth in customer experience investment

Maturity	Increase	Maintain	Decrease	Range est.
High-Mature companies	65%	35%	0%	Slight: 0-15%
All Other companies	79%	18%	3%	Moderate: 0-30%
Total	73.50%	24.50%	2%	15%

Source: 53 CE professionals

Table 15 summarizes expert opinion (n=42) on whether growth will be established in the mentioned industry sectors. There is a clear pattern of support for continuing growth of customer experience in banking and telecommunications. Indeed, the industry that spends the most is the telecommunications industry – although this is by dint of its size in the first place. This is based on the CE investment views of the experts and the degree of networked arrangements these industries hold (i.e., the degree of ‘brand’ and ‘mission’ spread from HQ to other countries).

However, there is a degree of nervousness exhibited in the statements on investment in the traditional CE industries (i.e., slight, in current projects, and for banking stated as bi-model with growth in some banks, matched by cutting costs in others).

Certain niche industries will, however, continue to grow (e.g. motor and aviation). There is also a strong push within retail, especially with rising expectations in the mid-mature countries to ‘experience’ western brands and a higher standard required from the burgeoning ‘upper middle class’ for luxury (e.g. UAE, India and China). Motor is a key vertical here.

CE Commentaries

“It depends from company to company. I would give it a three. Indonesia is a developing CE country. Developments are strong in telecommunications, luxury and consumer goods.” (*Expert, Indonesia*)

“They do look at returns, but the country has trillions of dollars of liquidity. For Mercedes Benz S-class there is a nine month queue, and that’s paying 60% with cash. So even with cash you have to wait. In China the rich get richer.” (*China, Expert*)

The general view is that these growth rates will be apparent in the estimated third of business who are interested in customer experience with no change in terms of the number of ‘interested industries.’ Hence, rates of growth will remain flat in many, but not all, B2B industries and those with a traditionally lower customer service baseline.

Table 15: Rates of growth in customer experience investment by sector

Sector	Increase	Maintaining
Telecoms	12	1
Banking	11	1
Hospital	2	
Insurance	1	2
Manufacturing	1	2
Motor	1	1
Retail	1	1
Software	1	
Utilities	1	1
Construction	1	
Logistics		1

Source: 53 CE professionals (those that state a view)

5.7 Drivers to growth

Table 16: Top customer experience drivers (multi-selection)

Driver	%
Differentiate under commoditization pressure	24%
Improve loyalty, retention, prevent churn	19%
Respond to customer empowerment	19%
Drive through a branded experience	10%
Target and create new segments	8%
Practitioners push	5%
Regulation	4%
Control costs by being more efficient	4%
Customer management (multi-channels)	2%
Vision of one person	2%
Silver bullet	1%
Ethical	1%

Source: 53 CE professionals

From table 16, the top driver remains the importance of differentiating under conditions of commoditization. However, this is not the only reason, second in the list are financial considerations around loyalty, retention and churn (i.e., to defensively prevent customers

from leaving). Second equal is a new and key driver: the rising trend of customer empowerment as customers have raised their expectations through rising incomes and awareness of service quality gained via social media and travel overseas. Of the customer empowerment drivers, 38 percent of respondents mention specifically the growing importance of social media. Interestingly, in countries like Peru, Brazil and Turkey this is seen as essential – in effect, these mid- to low-tier mature countries are leapfrogging a technology.

CE Commentaries

“The essential insight was the need to start thinking as a customer, the realization that multi-channels enable customers to interact with organizations and that they no longer have control of these, and no longer know how customers interact. The digitally-connected customer is no longer controllable, so they must make sure that any experience is a good one, but then what is a good CE? Social media plays a role.” *(Expert, Belgium)*

“Social media and word-of-mouth keep customers informed of which outlets have a good reputation. You need to prove that this has cash returns, otherwise who cares?” *(Motor CxO, UK)*

“Social media is critical. Turkey is a top-five country in terms of Facebook and Twitter use. There is strong word-of-mouth in social media. One thing is that banking in Turkey is different from the UK and the USA; it is like buying gum, and it is easy to move. Because of competition it is easy to lose a customer.” *(Banking PM, Turkey)*

“Social media plays a key role at least for companies that understand and get the concept. CE is not about social media, but social media is about CE.” *(Expert, Belgium)*

“Of the big projects, we see the web experience being huge in Brazil. Companies are looking for a good web experience. We love social media and the Internet. Ipa yesterday launched a new website, to give you a new experience. It is a

very different website. We are less concerned about stores offering a differentiated experience. We do some limited touch point mapping, but the web is the main area.” (*Manufacturing Expert, Brazil*)

5.8 Challenges to CE Implementation

Table 17: Top challenges to CE implementation (multi-selection)

Challenges	%
Operational priorities override (inc. acquisition focus, cost cutting agenda, legacy sales metrics)	16%
Culture (mindset of organization)	14%
Lack of understanding of CE	12%
Lack of leadership	11%
Uncertainty on how to implement	10%
Need to demonstrate ROI	9%
Complexity of management challenge (inc. IT, multi-channel)	9%
Customers not used to it	5%
Recruitment difficulties	4%
Lack of industry adoption	4%
Difficulties of embedding in value chain	2%
Regulations	2%

Source: 53 CE professionals

The main challenge to customer experience is quite simply whether it is an operational priority: faced with a cost-cutting agenda, legacy metrics and a sales focus, CE risks falling by the wayside. This is a particular problem when the returns on experience are couched in the long-term through increased customer loyalty, and experience adjustments are perceived as cost-intensive or difficult. In short, setting an agenda around fundamental change risks losing executive support:

CE Commentaries

“You need to have a founder who believes, or gets, the religion along the way. Also, you need patience. With Enterprise Rent-a-Car and Apple, it took [about five] years to turn them around. With Sprint, they are currently three to four years into their turnaround: it takes five years to go from awful to okay, and then five years to go from okay to great. Often, the problem is that you hit a recession and scrap it all. The short-term does them in. So success is connected to leadership and patience. Culture is important; down the line comes technology and process.” *(Expert, UK)*

This interlinks with the second, third and fourth challenges, which are all about achieving mindset change inside the organization through developing a CE culture, achieving a clear understanding of what is meant by CE and being supported by strong leadership. In the US banking environment, investing in cultural change and being clear on the meaning of CE have been fundamental to success:

CE Commentaries

“We have seen some banks shut down branches as employees are seen as a Frankenstein. With other banks, such as Huntington Bank, people and service delivery are seen as something to invest in. Over the last 12 months there has been a shift in terms of organization and leadership development.” *(Banking Expert, USA)*

“Umpqua is a great bank. They clearly stated what they will be and how they are different; they defined what they stood for. They then embedded this in the delivery of their brand in a multi-channel way. They are targeting the mass affluent.” *(Banking Expert, USA)*

In Singapore, the leadership challenge is very much an issue that links to the need to demonstrate return-on-experience over a legacy of short-term sales.

CE Commentaries

“In Singapore, it’s very much the reverse of China. Here, it’s the leadership. They focus on short-term goals, not long-term benefits. Some companies are very sales, very tactical - see the numbers, see the bottom line - yet it takes longer to see the return on customer experience. There is a conceptual belief among leaders in the fact that they believe in it, but there is a challenge of hard KPIs and operational issues. Actions are focused on the short-terms which makes consistency a problem.” *(Expert, Singapore)*

5.9 Types of Current Project Implementations

Table 18: Types of CE project implementations in progress (multi-selection)

Project Type	High	High-Mid	Mid	Mid-Low	Low	Total
IT/Software	30%		25%	35%	10%	19%
Training	62%		8%	31%		13%
Customer research	40%	10%	20%	30%		10%
Customer service	13%	13%	25%	50%		8%
Measurement	38%		13%	50%		8%
Process improvement (multi-channel)	57%	14%		29%		7%
Culture	50%			33%	17%	6%
Brand	67%	17%			17%	6%
Governance	80%	20%				5%
Touchpoint mapping	60%			40%		5%
Strategic review	100%					4%
HR and recruitment	100%					3%
Marketing campaigns	33%		33%		33%	3%
Social media			50%	50%		2%
Modelling and analytics	67%			33%		3%

Source: 53 CE professionals

Based on the 53 interviews (103 implementations, or circa 2 implementations per interviewee) the main areas of activity were focused on IT and software implementations, followed by training and customer research (note: these are programs

in place rather than completed or planned for). This investment in IT/software is, in part, through companies seeking to invest in the high-mature segment within ‘stabilization’ projects (e.g. IT systems, joining up systems to improve information flow, HR and training).

CE Commentaries

“Some of our big projects are about enabling customers to self-serve – the best service, after all, is often quoted as no service. So we are thinking about pushing and pulling web content: things like use of video.” (*Utilities PM, UK*)

“We are updating the CRM system, standardizing and reviewing the metrics of CE and developing website with self-service capabilities. We’re also reviewing our wholesale strategy and CE design.” (*Telecommunications CxO, USA*)

Companies are also seeking to invest in ‘growth and optimization’ projects (e.g. projects to establish customer experience, or projects to train in CE). Some of these are kick-started by international branding projects out of HQ or through government regulation. Others are more standard, such as in customer service:

CE Commentaries

“Sales and service is like a hand in a glove. Our customer care centre used to operate 8:00 am – 5:00 pm, now it is up to 8:00 pm. Some centres operate 24 hours. This is a step in the right direction. Mobile phones also offer extended hours of service.” (*Banking CxO, Kenya*)

In addition, the way projects are implemented sometimes demonstrates a cultural impediment to implementation (e.g. in China a command and control mentality):

CE commentaries

“In China, there are good and bad things about the culture. It is a communist country, so it is easier to implement customer experience things. If you say smile,

they train people to smile. On the railway network (Shanghai to Beijing), it takes four hours at 350km per hour. They selected 500 attendants, all very good looking, 1.72m tall; they went through very rigorous training. They had to reveal eight teeth. They were trained to do this by biting a chopstick to make sure the face revealed eight teeth. They were told to smile through the eyes; they went through three months of training, wearing a mask. They are very military. If leadership wants to do it, it is done. They are very practiced. The difficult thing is handling scenarios. On basic exercises they are very good, but they don't think on their feet." *(Expert, China)*

5.10 Customer Experience as a Strategy

In total, 65 percent of respondents stated that customer experience was a key strategy for their company (i.e., score of seven out of seven on importance). Only 14 percent stated it as less than four out of seven in terms of importance. Unsurprisingly, levels of leadership support among this base were high, with an average score of 5.6 out of 7. More apparent were issues with support at board level.

6.0 Most admired firms in customer experience

Table 19: Most admired

Rank	Company
1	Apple E-tail strong
2	Amazon.com E-tailors
3	Zappos E-tailors
4	Starbucks
5	Disney
6	Tesco
7	Virgin Atlantic
8	Vodafone
9	Nordstrom
10	First Direct

Source: 53 CE professionals

The top most admired firms are shown in table 19. These are consistent with findings from other research studies. In addition, the following names have been mentioned:

Virgin Atlantic; Sky; Waitrose; BT; Prêt a Manger; John Lewis; Lexus; Mercedes; Qantas
 IKEA; Singapore Airlines; Deutsche bank; FedEx; Harley Davidson; McDonalds and BA.

CE Commentaries

“Apple, love the Genius Bar concept. We are magpies, see something I like and ask how the Genius Bar could translate into the automotive industry. John Lewis – I think their philosophy is great, from web interaction to store. There is no disjoint between the brand and people in the store (it is very good) and people in the store from Reading, Southampton or Bristol are all great.” (*Motor CxO, UK*)

More interesting are the organizations that are not well recognized globally, but are admired regionally. For instance, companies in Brazil such as Brabesco Bank and Natura; Berlin Airlines in Germany; Shoppers Stop and Jet Airways in India and Turkcell in Turkey. Likewise, some of the lesser-known companies in the UK and USA, such as

Screwfix Direct, Bank West, Metro Bank and Denny Marie. Table 20 outlines some of the commentaries on these lesser-known players.

Table 20: Regionally most admired

Company	Country	Commentary
Telstra	Australia	Offered Mobile Mentors for high value customers: a 1 hour face to face service for smart phones users. Mobile mentors raised revenue and CSAT: 5% revenue jump over a control group.
Colruyt	Belgium	A discounter in Belgium in my opinion perfected their CE without knowing it. Their entire business is driven from cost savings, but because they are a discounter everything in their experience confirms that you get the lowest price, it is not pleasant but confirms their positioning as a discounter and they do all in their power to do this. Perfected this, the delivery of their claimed CE.
Ipau Bank	Brazil	Ipau Bank because I have no troubles, they solve all my problems, everytime. I know they are there.
Ludique et Badin	Brazil	Ludique et Badin - a childrens shoe store in brazil. They create an environment for experimenting with products. Like Disneyland. Great example of engagment, creating excitement and emotion to buy product.
City of Paris	France	It seems that the city management is driven by a customer focus and has engaged in strategies and implementations over several political terms. This has given time to actually implement and see the results: the citizens of this city are changing to a more relaxed and human level, where they have become active participants to this process of making their city evolve. Examples- opening of public spaces to the people of the city. Blocking routes for pedestrians, opening freeways to young skaters on Friday nights, and major events combining entertainment, culture where the city and its municipal institutions are open all day and night.
SNCF-ID TGV	France	A national institution that has gone to surprising efforts to renovate, develop and sustain an image and product focused on its customers and offer a new voyage experience. Examples: their diversification of prices and products, with the concept of several clients' typologies and train sections to accommodate the needs of these clients. Staff much more friendly and carry a certain attitude for the client typology. I have seen a local spa service offer free facials in the wagon, this company offers and then sells their products. All this is happening on a high speed train...rentals of DVD, Zap ambiance vs. Zen ambiance, very efficient web order service, new interior and uniform design. I am impressed because these changes have been applied on products that offer traversing the country for 29 euros.
La redoute	France	La redoute - catalogue internet Furniture Company. A very efficient and effective web design fostering first and foremost the capacity for customers to dream a house (ambiance) and then find details and prices on the furniture. Efficient and friendly customer service. Modern, good designs and price structure, great delivery and return services. Impressed because La Redoute is a very old catalogue company (clothes etc).they have achieved a new product that feels so contemporary and modern in its offer and manner of doing things.
HDFC Bank	India	Easy to do business with comparative to the others and Vodafone as they listen to you; all about us- call them up and have lengthy discussions.
Serena Hotel Group	Kenya	They are very much aware of the service they give to companies. Everyone is concerned about the client from the top down to the gardener.
Air New Zealand	New Zealand	They have made huge improvements and have a unified approach from marketing promise to service delivery.
M-Bank	Poland	They started with a lot of projects like bank ambassadors, they pick up customers that are very active on blogs and loyal customers. There is an exchange of information so its not just one way. They co-create with this group and
Rosewood Hotel	Saudi Arabia	It is rosewood hotel in Jeddah for the very professional handling and the correction on an issue that I faced
First National Bank	South Africa	They don't just talk CE, you can feel the customer focus, they evoke 'listening to customers', they are focused on loyalty with e-bucks and their products. Overall sense of they listen.
www.Londontown.com	UK	www.Londontown.com. Web, hotel bookings, getting information from the site for the last 3 to 4 years. They are very helpful, can contact anytime, answer questions.
Acura	USA	Acura dealerships (car) - make you feel special, they have attention to detail and after sale follow through, when you walk through they are not threatening.
Café Press	USA	Café Press, Inc. impressed me - I ordered several t-shirts protesting the recent BP oil disaster in the Gulf and one was too small - I ordered the size however it was too small - On a Sunday, when I was trying to find out how to return the item for an exchange, a customer service rep emailed and asked why I was returning the shirt - I said I ordered the wrong size and it is too small -- The response - Keep the shirt as our gift and let me know the size you need - we will ship it right away. That was a WOW for me! Any future logoed merchandise will be ordered through Café Press. Bottom line they understand their customer, anticipate their needs and wants and deliver them in a very seamless way.
Cole and Farm Bank	USA	Cole and Farm bank Texas target a niche at the low end middle.

Source: 53 CE interviews

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