Workflow Quarterly
SUMMER 2020

The Customer Issue
Delivering great experiences in the next normal

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The Customer Issue

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The customer issue

For months now, we’ve all been navigating new ways of living and working. The COVID-19 pandemic has exposed the need for significant shifts in nearly everything we do, as well as new business imperatives—to reduce expenses, transition workforces, and, yes, digitally transform the enterprise.

Though cutting costs may have been the intuitive first response to the COVID-19 crisis, retaining customers is the existential one. As we look ahead, digitally transforming the enterprise rightly begins with the customer experience.

In February and March, Workflow Quarterly commissioned a global survey of 600 senior executives to learn how companies in five major sectors are digitizing their customer experiences, and the resulting impact on their businesses. Two takeaways I found compelling are that most enterprises are not prepared to create a digital customer experience, and that the “digital divide” between customer experience leaders and laggards is growing larger by the month.

The survey, conducted by ESI ThoughtLab, also suggests that the roadmap to digitizing customer experience remains constant across industry sectors.

First, create a customer experience strategy aligned with business goals, and install a customer management system to support that strategy. Next, identify key customer touchpoints and use them to build an immersive personalized experience. Third, make sure your team has the skills to support a digital customer experience.

Not surprisingly, our survey also showed profitability and return on investment grow as an organization’s digital transformation matures. Just ask Massimiliano Pogliani, the CEO of the iconic Italian coffee purveyor illycaffè—the company whose customer experience transformation we examine in this issue’s feature story.

“Suddenly, everyone, even my 80-year-old mother, has to be digital,” Pogliani said. “If they have a good experience with us, they’re going to stay with us even after COVID-19 has passed.”

He was speaking about coffee drinkers, but his prediction rings true for customers in every sector. Including yours.

Lara Caimi is chief strategy officer at ServiceNow. She guest edited the Customer Issue of Workflow Quarterly.

Letter from the editor

In tough times, companies need to double down on customer experience.

BY LARA CAIMI

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Since it pioneered the modern espresso-making process in 1933, illycaffe has moved far beyond just selling good coffee and the machines that create it. In the 1990s, it began making artsy espresso cups, commissioned from famous designers. In the 2000s, it opened cafes around the world.

Then, after he became the first outside CEO of the family-owned company in 2016, Massimiliano Pogliani set out to make sure it was extending the illy experience to the digital realm. As part of a larger technology revamp, illy has since expanded its online shop with better graphics and video, a smoother checkout process, and a loyalty program that offers personalized recommendations and rewards to customers, whether they’re shopping online or sitting in one of those 269 cafes.

“Thank God we started when we did,” says Pogliani. While the COVID-19 pandemic has slashed sales to restaurants and the cafes, illycaffe’s e-commerce revenues have since increased by more than 200%—double the increase for online coffee as a whole, according to Pogliani. Better still, more than half of those sales are from first-time customers.

“If they have a good experience with us, they’re going to stay with us even after COVID-19 has passed,” he says.

With storefronts and offices still shuttered in varying degrees, the pandemic has put a spotlight on digital experiences. A thoughtful, well-designed experience—whether on a mobile app or an AI-powered chatbot—makes it easy for consumers to find and buy what they need. It also creates goodwill that translates into higher satisfaction and increased loyalty. But the number of companies that are prepared to compete on their ability to offer great digital experience to their customers is surprisingly small.

While companies have poured trillions of dollars into digital transformation projects over the last decade, most haven’t focused those investments on improving customer experience, according to a new global survey from ESI ThoughtLab and ServiceNow. Instead, most of these efforts have focused on creating back-office, behind-the-scenes efficiency. That matters, but the new research shows it’s not enough in today’s marketplace.
When it comes to making changes that help customers, however, most companies are just getting started. According to the survey of 600 executives in 12 countries and across five different industries:

- Just 18% say they’ve done the work to figure out the touchpoints that determine customer satisfaction or lack thereof.
- Only 14% have automated elements of customer service so that simpler requests can be handled via self-service or chatbots.
- 12% have consolidated customer data in one place, a requirement for developing personalized services across all channels.

Meanwhile, companies that have invested heavily in digital customer experience are reaping outsized gains, and they’re likely to pull further ahead over the next few years. The ESI/ServiceNow study segmented survey respondents into three groups—leaders, intermediates, and beginners—based on 11 key customer experience dimensions and found:

- Leaders are far more likely than beginners to report high or very high returns on a wide range of technology investments.
- 37% of leaders report better profitability per customer as a result of their CX efforts, compared with just 25% of beginners.
- 76% of current CX leaders expect to make big improvements to CX in the next three years, compared with 36% of beginners.

“The importance of customer experience is not going away,” says John Hagel, founder of Deloitte LLC’s Center for the Edge.

That’s especially true because the COVID-19 pandemic has exposed weaker areas of modern CX at a moment when consumers are turning to every available digital channel—from chatbots to automated self-service platforms—in a quest to resolve issues in person, or over the phone at overloaded call centers.

“The pandemic is an opportunity to rethink the way you operate and the value you bring to customers,” says Hagel.

It’s also a critical catch-up opportunity for companies that got a late start developing CX technology and expertise. “Many companies are going to shine in this moment even though they are laggers,” says Bruce Temkin, head of the Qualtrics XM Institute, an experience management consultancy. COVID-19, Temkin argues, raises the urgency level to develop digital CX and offers a roadmap. “The pandemic has created a moment where it’s easiest to see where and how to apply CX in a place that adds value to your organization.”

Companies of all sizes have access today to ever-cheaper technologies—including artificial intelligence—and near limitless computing power. Which raises the question: How has the world of digital customer experience trended toward a marketplace of haves and have-nots?

For starters, CX has taken a back seat to other areas when it comes to tech investments. Early on, companies found they could generate more immediate returns by using technologies like cloud computing to slash infrastructure costs and improve productivity. Rather than offer customers more options and more personalized service, they instead focused on “scalable efficiency,” says Hagel.

When Amazon and other digital pioneers showed it was possible to do both at the same time, customer expectations changed forever. “For a century, people were forced to accept what I call the industrial bargain,” says Hagel. “If you want affordable prices, you have to accept standardized, mass market products and services. That’s no longer acceptable. We want something that’s tailored to our specific needs.”

That’s one reason why CX is such a challenging and critical area to improve outcomes. The respondents came from 12 countries and represented five industries. Job titles included CEOs, COOs, CDOs, CHROs, and board directors.

In addition to the overall findings, we also segmented the respondents into three groups—leaders, intermediates, and beginners—based on 11 key dimensions of a digital customer experience.

### Research methodology

ServiceNow and its research partner, ESI ThoughtLab surveyed 600 C-level executives about how organizations are digitizing the customer experience to improve outcomes. The respondents came from 12 countries and represented five industries. Job titles included CEOs, COOs, CDOs, CHROs, and board directors.

In addition to the overall findings, we also segmented the respondents into three groups—leaders, intermediates, and beginners—based on 11 key dimensions of a digital customer experience.

#### The 11 key customer experience dimensions

| 01. Aligning CX approaches with business goals |
| 02. Consolidating data to create a single customer view |
| 03. Setting a roadmap with defined roles |
| 04. Ensuring collaboration across the organization |
| 05. Developing skills to create and support digital CX |
| 06. Embracing a agile customer management program |
| 07. Installing a CX management system |
| 08. Identifying touchpoints that matter most to customers |
| 09. Building immersive and personalized experiences |
| 10. Automating customer service processes |
| 11. Creating systems for measuring impact on customer |

### The evolution of customer experience

Companies of all sizes have access today to ever-cheaper technologies—including artificial intelligence—and near limitless computing power. Which raises the question: How has the world of digital customer experience trended toward a marketplace of haves and have-nots?

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In addition to the overall findings, we also segmented the respondents into three groups—leaders, intermediates, and beginners—based on 11 key dimensions of a digital customer experience.
That leaves a relatively small number of companies at the top of the heap. They invested early and deeply, and are now seeing significant payoffs. Just 27% of surveyed organizations qualified as customer experience leaders. These companies are more likely than beginners to prioritize:

- Personalizing customer service and marketing efforts (48% for leaders vs. 24% for beginners)
- Streamlining customer service processes (46% vs. 35%)
- Real-time assessment of customer needs (48% vs. 20%)
- Creating immersive experiences for customers (41% vs. 20%)

And they support these priorities with their wallets: Leaders spend 2.7 times as much digitizing and automating the customer experience as beginners. “I see a CX shakeout ahead,” says ESI CEO Lou Celli. “Too many companies are moving too slowly, at a time when the CX shakeout ahead,” says ESI CEO Lou Celli. “Too many companies are moving too slowly, at a time when the CX shakeout ahead.”

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Thirty years later, Gruner is executive vice president for global customer care at Mastercard, the $12 billion financial services company. He applies the same mindset to creating great customer experience, only this time, he does so with data.

The data helps identify which customer interac-
tions are important to customers, including the billions of words spoken with its call center each week.

“We mine as much data as we can possibly get our hands on,” says Gruner. “And I intend to get to 100%.”

The data helps identify which customer interactions should be automated, as well as those that call for the assistance of human agents. Predictive analyt-
cists at Mastercard’s call center agents a good idea of what a person is calling about before they say hello, as well as tips on how to personalize service features that customers may not even be conscious of, but appreciate. When the system detects a Japanese-speaking customer, for example, it can advise a call center rep, virtual agent, or email engine to respond in “high Japanese” or “business Japanese.”

Mastercard’s sentiment-analysis tools can perform similar feats when, say, a customer yells “Damn it!” And for first-time callers, the system can personalize responses based not just on the country, time, or neighborhood she’s calling from, but from her street or even her house.

For Mastercard, these new personalization meth-
ods are becoming critical differentiators. Predictive analytics, for example, help the company accurately predict how many reps to have on call to keep wait times short and to spot problems before they become widespread. And Mastercard also now has a better sense of what customer support skills are most in demand, which has informed the way it trains employees.

Companies such as Mastercard that have invested deeply in CX technologies are ahead of the competition in many key areas, according to the ESI/ServiceNow study:

- 47% of leaders have put in the time to make sure their CX efforts are actually driving better business results compared with 2% of beginners.
- 40% of CX leaders have the ability to offer personalized services versus 3% of beginners.
- 37% of leaders have automated customer service processes compared with 3% of beginners.

And CX leaders aren’t letting up. That’s why these and other gaps are likely to widen. In three years:

- 76% of leaders say they’ll have largely or fully aligned their CX efforts to business goals compared with 21% of beginners.
- 88% of leaders say they’ll have largely or fully personalized services compared with 16% of beginners.
- 80% of leaders say they’ll have largely or fully automated customer service processes compared with just 15% of beginners.

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**Features**

**CX in real time at Mastercard**

Long before customer experience became a corporate management discipline, Lance Gruner earned his wings as an old-school practitioner. As a young man-
ger of a high-end hotel in the late 1980s, Gruner habitually walked the floors, trying to put himself in the shoes of guests and looking for anything out of place that might turn them off, whether it was a un-bushed plates in the banquet room or no fresh tow-
els in the weight room.

Thirty years later, Gruner is executive vice presi-
dent for global customer care at Mastercard, the $12 billion financial services company. He applies the same mindset to creating great customer experience, only this time, he does so with data.

Thanks to big investments in text and speech analytics, Mastercard captures almost every interac-
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**The digital CX advantage**

If you’re not an accomplished early adopter of CX like Mastercard, what can you do? Get busy, says Moore. Moreover, “a crisis is the best time to introduce wholesale changes.”

Consider Anna and Greg Brockway, co-founders of Chairish, an online marketplace for high-end furniture and antiques. For them, the COVID-19 crisis quickly became an opportunity to help accelerate a rapid con-
sumer shift toward digital retail sales—and more sophisticated digital CX.

The 7-year-old company already supported digital tools, such as an imaging feature in its mobile app that lets customers view how that rococo chaise lounge would look in different spots of their living rooms. But it still relied on industry trade shows.

At the outset of the COVID-19 crisis, organizers were forced to scrap a major show, called High Point. That got the Chairish team thinking of a way to fill the void for many brands that rely on face-to-face sales to home-decorators and other big buyers.

It created a virtual experience so brands could more effectively showcase their product lines, includ-
ing the ability for buyers to hear directly from big names such as Peter Sallick, CEO of Waterworks.

Since then, the company’s organic social traffic has increased 80%, and thousands of the 75,000 dealers and interior decorators who normally go to High Point have joined the Chairish network. Weekly sales have jumped 70% over the year before, as home-bound shop-
ners look to spice up their surroundings.

If the importance of CX was clear to most compa-

ties before COVID-19, the pandemic has now made it undeniable. “It’s an accelerant” that will cause leaders to push even harder and force everyone else to try to keep pace, says illy’s Pogliani. “Before, there were peo-
ple who we figured would not be interested in our dig-
ital efforts. Now everyone, even my 80-year-old mother, has to be digital if they want to speak to their loved ones. “I would expect that companies that were kind of sleeping with regards to CX now to wake up. Otherwise, they will disappear.”

Many companies think CX is about e-commerce, or it’s a communication channel to interact with your customers. For me, it has to be embedded in everything.”

Maximilliano Pogliani, CEO, illycaffè
Companies that invested early in customer experience technology are better poised to remain resilient and drive growth today. Pre-COVID 19, they were already seeing significant business results from their efforts, and their progress is accelerating, according to a global survey by ESI ThoughtLab and ServiceNow.

“In the past, people could say, ‘we’re running our business successfully as usual, so why do we need CX?’ Today, if you really understand your business, CX is how you need to run it,” says Bruce Temkin, head of the Qualtrics XM Institute.

On the whole, there aren’t many companies that say they’ve made substantial progress in any of the 11 foundational practice areas of CX asked about in the survey. One reason: Just 21% of organizations say they’ve largely or fully developed the skills they need to make these projects successful. That finding isn’t only indicative of the state of digital CX at most companies, but previews more challenges ahead.

Despite the slow start, it’s clear that CX is a priority for the surveyed companies. The percentage that expects to make substantial progress over the next three years is more than double today’s rate for every one of the 11 areas.

The customer experience maturity curve

5 charts that show why companies can’t wait to invest in CX tech.

BY JEFFREY DAVIS

Most companies are behind with digital CX

<table>
<thead>
<tr>
<th>What progress have you made in implementing key aspects of a digital customer experience?</th>
<th>What progress do you expect in 3 years? Largely or fully implemented responses shown.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing digital skills</td>
<td>21%</td>
</tr>
<tr>
<td>Customer experience management system</td>
<td>27%</td>
</tr>
<tr>
<td>Aligning experience with business goals</td>
<td>13%</td>
</tr>
<tr>
<td>Identifying key customer touchpoints</td>
<td>18%</td>
</tr>
<tr>
<td>Immersive and personalized experience</td>
<td>12%</td>
</tr>
<tr>
<td>Setting out implementation roadmap</td>
<td>13%</td>
</tr>
<tr>
<td>Automating customer service processes</td>
<td>14%</td>
</tr>
<tr>
<td>Consolidating data into a single customer view</td>
<td>13%</td>
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<tr>
<td>Agile program or testing, analysis, and improvement</td>
<td>11%</td>
</tr>
<tr>
<td>System to gauge customer impact and engagement</td>
<td>12%</td>
</tr>
<tr>
<td>Ensuring collaboration across management functions</td>
<td>10%</td>
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</table>
A smaller number of leaders stand out from the pack

A small group of companies—just 27% overall—qualify as CX leaders. These organizations are three to four times more advanced than other organizations across the 11 CX practice areas, with the widest gaps in aligning CX strategy to business goals (a 43 percentage point gap), installing a CX management system (a 51 percentage point gap), and identifying key customer touch points (a 44 percentage point gap).

The companies that have invested and accomplished the most with CX tend to be the biggest and fastest growing. Thirty-eight percent have revenues of more than $5 billion, and 47% have annual revenue growth exceeding 10%.

A higher percentage of organizations in financial services (39%) and telecom (33%) are CX leaders; a lower percentage are leaders in manufacturing (25%), healthcare (23%), and the public sector (6%). Yet even among financial services firms, which as a group have invested more than any other sector, just 22% say they have made significant progress in all 11 areas.

In which areas have you made considerable progress in digitizing the customer experience? Respondents selected all that applied.

CX leaders are far ahead when it comes to digitizing a broad range of customer-facing processes, according to the survey. Among the ones with the biggest gaps between leaders and the rest of the field: customer enrollment (69% of leaders say they’ve made considerable progress compared with 32% of all other companies); billing and payments (87% vs. 62%); customer service administration (76% vs. 54%).

Companies aren’t investing in these digital processes “simply to run a report or to drive a metric,” says Temkin. “They’re creating an environment where they can actually jump to a more advanced level of CX because they have a better understanding of their customers, which will fuel action.”

Digital CX processes save time and accelerate progress

69% of leaders say they’ve made considerable progress compared with 32% of all other companies.
Deeper CX investment yields bigger returns

Leaders have done a better job investing in technology that can support a large number of CX programs. Of 16 areas of tech investments covered in the survey, CX leaders invest the most—and are seeing the biggest returns—in cloud-based platforms, cybersecurity tools, and mobile devices and apps.

The rest of the field, in contrast, lags far behind in each of those areas. The survey showed another aspect of this leader-laggard divide: All companies are making similar investments in AI, but leaders are seeing far higher returns.

In fact, the survey shows a significant gap between leaders and the field when it comes to ROI across many tech investments. Leaders are about twice as likely to report a high return on investment in chatbots, predictive analytics, and customer experience management platforms, among others.

What level of investment are you making in the following digital technologies to improve the customer experience? What return are you achieving? High or very high responses shown.

<table>
<thead>
<tr>
<th>Technology</th>
<th>Leaders</th>
<th>Everyone Else</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud-based platforms</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td>Digital payments</td>
<td>19%</td>
<td>10%</td>
</tr>
<tr>
<td>Social media</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>Data and analytics</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Mobile devices and apps</td>
<td>20%</td>
<td>12%</td>
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<tr>
<td>Cybersecurity technologies</td>
<td>18%</td>
<td>10%</td>
</tr>
<tr>
<td>CRM systems</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>AI and RPA technology</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>Self-service, web-based apps</td>
<td>17%</td>
<td>10%</td>
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<tr>
<td>Digital assistants/ chatbots</td>
<td>16%</td>
<td>10%</td>
</tr>
<tr>
<td>CX management platform</td>
<td>15%</td>
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</table>

Leaders are poised to pull further ahead in the years to come

More worrisome for CX laggards is how the leaders plan to extend their lead. Although most companies anticipate making big gains in CX over the next three years, leaders will effectively lap the field, judging by survey data.

Within three years, for example, CX leaders say they will have mastered CX implementation roadmaps (83%), personalized experiences (81%), customer workflow automation (80%), and other facets of CX. Companies that don’t accelerate their investments will just find themselves further behind. The COVID-19 pandemic has only raised the level of urgency.

“I don’t know of a leader today who can say they will be successful even in the next six months without truly understanding what their customers’ changing needs and feelings are,” Temkin says.

What progress do you expect to make in implementing key aspects of a digital customer experience in 3 years? Largely or fully implemented responses shown.

<table>
<thead>
<tr>
<th>Key Aspects of Digital Customer Experience</th>
<th>Leaders</th>
<th>Everyone Else</th>
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<tbody>
<tr>
<td>Setting out implementation roadmap</td>
<td>54%</td>
<td>21%</td>
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<tr>
<td>Immersive and personalized experience</td>
<td>50%</td>
<td>20%</td>
</tr>
<tr>
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<td>18%</td>
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<td>Developing digital skills</td>
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How to optimize your return to work for customers

BY PETER BURROWS

Business leaders can make the ‘return to work’ transition more impactful by investing in technology that will help them better understand customer needs, create a more personalized experience, and enhance loyalty.

According to a new survey from ESI ThoughtLab and ServiceNow, companies that have made the most progress toward customer experience goals like these have made significant investments in foundational technology. For example:

- 53% of CX leaders have invested heavily in cloud platforms compared with just 22% of beginners.
- 31% have invested heavily in mobile devices and apps compared with 9% of beginners.
- 30% have invested heavily in digital payments compared with 14% of beginners.
- Conversely, more beginners (68%) have invested heavily in AI and robotic process automation than leaders (17%).

Following this start-with-the-basics approach appears to be paying off. Not only have leaders made substantially more progress toward CX goals, but they’re more likely to report a higher return on CX technology investments than beginners.

As a result, they are also likely better poised to keep and grow customers in this time of economic uncertainty.

Here are takeaways from three companies that pulled off big CX wins in different ways.

Build your cloud foundation

It’s no surprise that cloud platforms are the technology in which the highest percentage of leaders have invested. After all, more than 50% of respondents to the ESI/ServiceNow survey said that legacy IT systems were the biggest blocker of CX progress. Cloud systems not only solve that problem, they generate the highest returns. Yet the vast majority of companies have yet to make the commitment.

“Catching up is not fun,” says Daphne Hyken, a longtime CX consultant and author of several books, including “The Amazement Revolution.” “If you need to improve immediately, my advice is to find a cloud partner that can help you scale up quickly.”

illycaffè, the Italy-based coffee maker, embraced the cloud as part of a broad digital transformation launched by CEO Massimiliano Pogliani two years ago. With that foundation in place, the company has been building out an “experience hub”—an integrated set of websites, apps, and other digital channels that manage every type of customer interaction, from a first-time shopper’s purchase at one of its 269 cafes to a restaurant owner requesting help with an espresso machine.

“Many companies think CX is about e-commerce, or it’s a communication channel to interact with your customers,” says Pogliani. “For me, it has to be embedded in everything.”

illy is making more moves to make good on the promise. The company recently rolled out a loyalty program that will form the core of its mobile experience, and is working on a new global payments system. And new IoT-based features may soon handle diagnostics and maintenance on espresso makers for illy’s B2B customers, hints Pogliani. “Rather than react, we’ll be able to anticipate.”

But none of it, he adds, would be possible without the platform. “Cloud services let you shift your focus from managing technology to ‘what can I do to improve the experience?’”

Focus efforts on what helps customers the most

Other companies have learned the inverse lesson of CX tech: sometimes less is more. When The Melt, a San Francisco-based chain of grilled-cheese sandwich shops, launched in 2011, it invested big in digital CX features.

Its app used geo-fencing so orders weren’t bagged until customers got within two blocks of the store. If you shared your Spotify stream, one of your favorite songs might come on the sound system while you wait.

But the formula was flawed from the start, says CEO Ralph Bower, who took over the top job in 2016. The menu was too limited, the geofencing often didn’t work well, and the music feature was rarely turned on at many stores.

“But that digital CX didn’t have potential—it had simply distracted the company from serving customers’ immediate needs. At Bower’s direction, the IT group wound down the gimmickry and focused on robustness and on streamlining the ordering process on the mobile app. The chain also redoubled efforts to provide friendly, helpful service, even providing more than 80,000 free meals to first responders and healthcare workers during the COVID-19 crisis.

Bower’s back-to-basics approach is paying off. Melt’s Yelp reviews now average 4.7, and sales are now exceeding pre-pandemic days—far better than most restaurants are faring.

ROI compounds with sustained investment

If there are key intangibles for leveraging tech to create great CX, determination might top the list. As the survey shows, the ROI on CX investments increases with time and through integration with other tools. For example, companies at the beginning of their CX journeys report an ROI of 17% for CX analytics, while CX leaders achieve double that return. More generally, leaders report a higher ROI across a broad range of technology investments.

There are also opportunities to make an impact without a big investment. For instance, just 12% of companies said they’ve invested heavily in social media, yet 28% said they were getting a high or very high return.

For Chairish, a digital marketplace for high-end furniture and antiques, social media delivered big returns at exactly the right time. At the onset of the pandemic, the company quickly made all of its 500,000 SKUs searchable on Pinterest and ramped up new content on Instagram. “People have a lot more time on their hands,” explains Chairish President Anna Brockway. While Chairish does not spend on paid advertising, social media traffic is up 160% over last year and sales are up more than 70% from a year earlier.

Social media, Brockway says, “makes sure Chairish is top of mind when people are thinking about beautiful homes. It’s like standing next to the hoop, so when a buyer is ready to take a shot, we’re who they think of first.”

Return to work faster and stronger by investing in foundational customer experience technologies.
How COVID-19 is sparking innovation in customer experience

BY DEAN ROBISON

There’s nothing like a global crisis to challenge your assumptions about what you think is realistic for companies to get done in a set period of time. Within two weeks after the COVID-19 crisis hit in March, we took our entire customer support operation—more than 950 employees in nine different support centers around the world—remote. We’ve learned a lot in the process, and so have all of our customers and partners, who are navigating different challenges.

To share that learning, we’ve been holding a series of virtual roundtable discussions with customer service leaders in several industries, including telecom, banking, and retail. One common thread: Nobody saw this coming. While everyone had continuity and disaster recovery plans and policies in place for high-impact, short-duration events like hurricanes and terror attacks, no one had a strategic plan for a prolonged global pandemic with so many uncertainties.

Everybody has had to learn, and innovate, on the fly. The COVID-19 pandemic has inspired companies to rethink not only how to support customers, but how to support the teams who support those customers. From this pandemic, new approaches are emerging that I expect will change customer service operations for years to come.

MAKING SUPPORT WORK FROM HOME

When ServiceNow’s support teams set up their workplaces at home, many found they didn’t have the support they needed. A kitchen chair was fine for a meal, but not for eight hours of ergonomic support. We authorized a $300 stipend for every ServiceNow employee who needed to buy a comfortable chair and other critical supplies.

For many, that meant monitor stands. Most support workers and engineers need dual monitors to be fully productive. But if I’m in Hyderabad, India, it’s not easy to wrangle two bulky monitors on a packed public bus. We quickly added money so our Indian employees could hire taxis to get equipment home safely.

Many companies have had a hard time sourcing monitor stands. Even if you can find one online, shipping could be spotty. Our resourceful teams have used cinder blocks, two-by-fours, and even yoga bricks to prop up their monitors.

As minor as the monitor-stand problem may seem, it points to a major issue that companies are facing: supply chain breakdowns caused by curtailed air travel, short-age of goods, and worker illness. Many companies have had to find alternate routes and vendors to move equipment to workers across the globe. Many of us have had to throw out the old playbooks and improvise.

REMOTE WORK ACTUALLY... WORKS

A common refrain we’re hearing, and one that we’re observing ourselves, is that, despite working remotely, employee engagement is soaring. As an executive at an HR software company put it, “This is bringing the best out in people.”

From these roundtables, we’ve also learned that productivity has gone up (as we have other key support metrics, including customer satisfaction scores).

In part, that may be due to the greater flexibility that comes with working at home.

A customer support executive at an IT services company tells us, “People that are used to working the 9 to 5 have been working much different hours, catching up at night or early in the morning because they have children who they’re homeschooling. Tasks are getting completed way outside of typical call center hours.”

Even onboarding and training new customer support staff are occurring remotely. Our teams have purposely taken senior engineers and set them up on an all-day video chat session so that new hires can jump in and ask them questions, a life-line that has proven very beneficial.

A customer support leader at a global software company tells us that going remote has forced his organization to rethink their entire onboarding process. “We’ve had to bring on hundreds of people overnight,” he explains. “It used to be a four- to nine-week process, but now we have specialists online guiding them so they can begin working with customers within hours of being on the job. It will take longer before they’re 100% effective, but at least they’re adding value to operations in the short term, which is critical at this moment.”

An executive at a financial services company that’s also experimenting with virtual training echoes this. “It’s actually forcing us to do things differently,” she notes. “We know it’s not going to be perfect, but some of the things that you put into practice now might be long-term improvements for the future.”

Remote interactions might even become the norm for important customer meetings, according to a top executive at a construction materials company: “We’ve always felt that getting in front of a customer and pressing the flesh is critical,” he told the group. “But moving forward we’ll probably ask if we can do more over video with customers, which was unthink-able before.”

HITTING THE GAS ON DIGITAL TRANSFORMATION

Necessity is the mother of invention. Nowadays governments around the world are providing urgent credit relief to citizens and businesses. This support tends to be funneled through banks, which are experiencing a surge in customer calls as a result.

One bank used robotics and AI capabilities to deploy a front-of-line chatbot. “The interaction feels like a Siri on an Alexa,” says a customer support leader at the bank. “It’s crisp, it’s simple, and it feeds straight into our automated system or a case management ticket for manual processing.”

At ServiceNow, we’ve had to accelerate our operations to deal with this pandemic. Bureaucracy goes out the window when you’re helping your team navigate massive disruption. With everybody working from home, decisions that normally take weeks can be handled in a video call and communicated through the company very quickly.

When the COVID-19 pandemic passes, let’s all try to unantle ourselves from bureaucracy. The crisis has demonstrated that we can be nimble and make decisions quickly. Our hard-working teams deserve no less, as do the customers they support.

Dean Robison is the head of global technical support at ServiceNow.
How to please customers at scale

Lessons from a Missouri magician, customer service guru Shep Hyken.

BY RICHARD MCGILL MURPHY

Shep Hyken fell in love with magic as a kid growing up in St. Louis in the 1970s. At 12 he started a business doing magic shows at birthday parties around town. After the first performance, Hyken’s parents gave him his first lessons in customer service.

Lesson 1: Write a thank you note.
Lesson 2: Write another one. “My dad told me to follow up a week later and thank them again,” Hyken recalls. “He said I should ask what tricks they liked the best and start getting rid of the tricks they didn’t talk about. I had no idea that I was learning about feedback and process improvement.”

Magic led Hyken to a successful career as a customer service guru. Today he’s a sought-after motivational speaker and the author of several books, including “The Amazement Revolution” (2011), a bestseller.

“Many companies focus on the front-end—the product, the design, the brand—but the magic is equally on the logistics and operations side. It’s not only about helping someone pick a sofa, but helping them figure out if they can get it up the stairs. Creating a great customer experience requires both inspiration and operations.”

— Anna Brockway, president, Chairish

The Customer Issue

CRAVING CONVENIENCE

Hyken points to one thing that hasn’t changed: “When customers have a problem, they want it resolved quickly.” That expectation has never been higher than today, when we can shop, hail rides, order a meal, and manage far-flung social networks with a few taps and swipes. “Customers no longer compare you to your closest competitor,” he adds. Instead, they compare you to every company that has ever provided them with a great experience. That could be Amazon, Uber, Netflix, or a host of others across industries and around the world.

Another constant: Customers have always craved convenience. Hyken points out that 7-Eleven launched the world’s first convenience store back in the 1920s. Those stores were smaller than those of many rivals, he says. They offered a smaller selection of goods, and their prices tended to be a bit higher. So how did 7-Eleven survive and thrive? In a word, convenience. According to the company, 7-Eleven was the first convenience store to stay open 24 hours a day, the first to sell gas, and the first to offer ATM services. Today there are 60,000 branches around the world.

The marriage of AI and mobile devices takes convenience to a new level. Hyken expects this trend to accelerate in coming years. “AI and interactive technologies will get better,” he says. “You won’t have to answer 17 questions about your Social Security number and your mother’s maiden name.” Instead, advanced voice recognition will enable frictionless experiences, while AI and machine learning finally deliver on the promise of personalization at scale.

As you’d expect from a motivational speaker, Hyken is generally optimistic about the future of customer service. However, he warns that companies shouldn’t become so enamored with machine intelligence that they lose the ability to connect with their customers at a human level. “That’s how you become commoditized,” he says. To avoid that fate, companies must balance tech with human-to-human interaction. You need advanced tech to satisfy customer needs at scale, but it takes human contact to build the emotional bonds that turn customers into advocates. “Satisfaction is a rating,” Hyken concedes. “loyalty is an emotion.”

Richard McGill Murphy is the editor in chief of Workflow.

Support every touchpoint

Great customer experience needs to be consistent at every point on the journey map. That requires integrated workflows from front end to back.

“Dive into your data to make correlations between efficiency and satisfaction. What will moving customer satisfaction from 93% to 95% mean for revenue? That makes it a lot easier to justify the journey that you’re taking.”

— Colin Crowley, VP of customer experience, Freshly.com

Bolster the business case

Proving the business value of customer experience investments—through improved customer satisfaction, loyalty, and affinity—takes as much discipline as designing the program itself.

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“Many companies focus on the front-end—the product, the design, the brand—but the magic is equally on the logistics and operations side. It’s not only about helping someone pick a sofa, but helping them figure out if they can get it up the stairs. Creating a great customer experience requires both inspiration and operations.”

— Anna Brockway, president, Chairish
How do you delight customers in a connected world where everyone expects instant and personalized solutions to their problems? That’s an $80 billion question, judging by how much companies are expected to invest in customer relationship management (CRM) software by 2025, according to a Forrester Research. Understanding what defines—and how to create—a great customer experience today is the underlying question that Bruce Temkin has devoted most of his career to.

In an age of 24/7 connectivity, it's a much more complex discipline than it was just 10 years ago. Workflow sat down with Temkin, head of the XM Institute at Qualtrics and author of the Experience Matters blog, about how he defines and measures customer experience, and how companies can improve their CX game.

How do you define customer experience, and how has it changed over the years?
Customer experience is simply the perception that customers have of their interactions with an organization. Customer experience has existed forever. But it’s become a discipline, more of a focus that professionals understand and are able to apply practices against, similar to what you’d see in engineering, accounting, and marketing. They all have specialized expertise that they apply to situations in a repeatable fashion so they can have repeatable results.

What’s really new is that it’s become a repeatable discipline. How we treat it is new. How we think about it is new.

What are the biggest customer experience challenges facing companies today?
The notion of repeatability is the biggest challenge. Many times, companies look at the customer experience and say “OK, we can improve that experience,” but they don’t put in place an environment where you can do that continuously. How many companies do try to fix an experience problem as opposed to building those capabilities—not thinking about this as a set of capabilities an organization needs to have, and just focusing on trying to fix or improve isolated experiences.

How important is segmentation so you can design customer experiences with more granularity and personalization?
The better we can be at understanding the experience we’re delivering for specific customer segments during specific journeys, the more effective we’ll be at creating great experiences.

For example, with measurements like Net Promoter Score (NPS), if we don’t understand what an NPS score is for a particular type of customer, and we just have an average across all of them, then we really don’t have the insight to understand and fix things. The better companies can be at understanding the specific experience that we’re delivering for specific segments during specific journeys, the more effective they will be at creating great experiences.

What’s the best way to show a touch-minded CEO or CFO the value of great customer experiences and the investments they require?
The more you focus on journey-based approaches, the tighter the link is between the investment and the return on investment. If we invest in the journey, we’ll better understand what the NPS improvement will be and how to invest in making that journey better. As we get tighter on that, we get a better linkage between the investment and the ultimate ROI.

How do you install a culture of customer experience with employees?
This goes back to repeatability of the system for delivering great customer experience. “The system” isn’t just a CRM or CS solution. It also includes employees, stakeholders, and a lot of other people. If they think of customer experience as some sort of black box, they can’t be a part of it. 

Exos have to be able to explain it to employees so they can support it, and we have to be able to design experience around them so they’re meaningful for the actual customers. Disengaged employees can’t create engaged customers. That’s why we see a lot of links between the customer experience and the employee experience. I would challenge you to find a place where there’s a great customer experience but a poor employee experience. Also, companies that have really good customer experiences tend to be purpose-driven organizations. If you look at a company that’s leading in customer experience, I bet you that the leaders aren’t spending all of their time talking about revenue growth and profitability. They’re talking about how important it is for their organization to deliver something that’s much more meaningful.

Bruce Temkin is the head of the XM Institute at Qualtrics and author of the Experience Matters blog.

What other metrics should companies use to measure success?
It’s based on what you want to achieve. Customers have a perception of their experience, which leads to attitudes, which lead to future behaviors. NPS is not a good measurement of perceptions, but satisfaction tends to be a pretty decent one. We have the Temkin Experience Index, which we published for eight years, and now we’re calling it the Qualtrics XM Institute Experience rating. That measures success, effort, and emotion, which are the three components of perception.

How do you measure customer experience, and how do you define it?
Understanding what defines—and how much customer experience has existed forever. Nearly overnight, the COVID-19 pandemic raised the importance of delivering fast, helpful digital experiences to customers who were suddenly cut off from conventional ways of doing business. Yet only 27% of companies have made the moves—from recruiting the right in-house talent to automating elements of customer service—to be customer-centric in customer experience. That’s one insight from a new global study by ESI ThoughtLab and ServiceNow, which surveyed 600 executives in 12 countries across five industries—financial services, healthcare and life sciences, manufacturing, telecom, and the public sector—about the progress they’ve made digitizing their organization’s customer experience.

But there’s no safety in numbers from being part of the lagging majority. While 40% of all companies plan to become proficient in key aspects of digital customer experience in the next three years, up from 15% today, CX leaders will have significantly extended their leads in this area. Seventy-five of these leaders expect to be proficient in digital CX by then, up from 37% today. As stake aren’t just Net Promoter Scores and market share, but profitability. The study makes clear that the biggest returns from CX initiatives don’t come from initial moves, but from having the people, processes, and technologies in place to provide a consistent, superior experience over time. Nearly half of leaders report a moderate to large ROI from building an immersive, personalized customer experience, versus just 22% of beginners.

So where does your company fall on the customer experience maturity curve?
Intermediate

Customer experience intermediates are implementing many of the 11 core elements of digital CX. 43% of these companies fall into this middle category, and they come in all sizes and geographies. Forty-four percent of companies in Asia are intermediates, 44% in Europe, and 33% in the U.S.

CX beginners can learn a lot from intermediates when it comes to getting a return on their CX efforts. All told, 20% of intermediates report a good return on their investments in technology to improve their customer experience, compared to 30% of leaders and just 12% of beginners.

Intermediates out-invest beginners on technologies that deliver the biggest returns to leaders, such as cloud-based platforms, mobile apps, and social media. For example, 28% of intermediates invest heavily in cloud-based platforms, compared to 12% of beginners.

Intermediates are seven times more likely than beginners to have made progress in tearing down internal silos to create the cross-company collaboration required to quickly address customers’ needs.

Intermediates are five times more likely than beginners to have consolidated all sources of data to provide a single, holistic view of each customer.

Intermediate’s use of AI and robotic process automation highlights a pragmatism that beginners lack. While these companies tend to invest heavily in cybersecurity, data analytics, and mobile apps—all core elements of basic CX-centric management—only 12% of intermediates have invested heavily in AI and RPA, compared to 18% of beginners. And yet 22% of intermediates report a meaningful return on AI and RPA investments, versus just 10% of beginners.

intermediates have not begun their CX journey or have just taken baby steps. Just 3% of these companies have made significant progress to implement any of the 11 essential best practices. While they report some short-term business benefits from their efforts, they run the risk of falling further behind more advanced competitors.

Already, beginners lag leaders on key business metrics:

• 25% of beginners report an increase in customer profitability as a result of their CX efforts, compared to 37% of CX leaders.
• 33% of beginners report improved customer satisfaction and engagement, compared to 39% for CX leaders.
• 2% of beginners have aligned their CX efforts with their business goals, compared to 4% of CX leaders.

CX beginners also tend to be smaller companies, with nearly 40% of those in the study having revenues less than $1 billion. (A similar percentage of leaders have revenue greater than $5 billion per year.) Forty percent of Asian Pacific companies are CX beginners, compared with 31% of European companies and only 3% of U.S. ones. Companies in healthcare, manufacturing, and public sector organizations are more likely to be starting out; more consumer-oriented industries such as financial services and telecom tend to be further along.

Beginners have made good headway in making billing and paying easier for customers, and many offer self-help online tools to get customer service. But they lag far behind with migrating IT systems to the cloud, do far less to prevent cybercrime, and few have done much to create integrated, omnichannel experiences for customers.

Beginners also seem to be more vulnerable to AI-related hype, as they invested more heavily in AI than both CX leaders and intermediates, but don’t have much to show for it. One-third of CX leaders say they’ve seen positive ROI on these investments, versus just 8% of CX beginners.
Don’t wait to invest in customer experience

The COVID-19 pandemic has been a wake-up call for some companies to start investing in digital CX; for others, it’s validating earlier investments and accelerating progress.

“A crisis is the best time to introduce wholesale changes. If you do not take advantage of this opportunity, not only will you miss the window, you will marginalize your company’s future.”
— Geoffrey Moore, author of “Crossing the Chasm”

Put your data to work

Organizations that report outsized business results from customer experience focus heavily on data management and analytics.

“We used to rely mostly on customer surveys, but they only give you part of the picture, maybe 10%. With new technology, you can get to 100%. You can see what’s happening in real time and respond accordingly.”
— Lance Gruner, executive VP of global customer care, Mastercard

Preserve the human factor

While chatbots and AI are playing bigger roles in digitizing customer experience, companies must be aware of their limitations, and reserve higher-level tasks for human agents.

“People immediately gravitate to the interactive digital chat experience, but what you don’t see is the intelligence behind the scenes we’re feeding to agents to make a better conversation.”
— Luke Hagstrøm, VP of customer experience personalization, Comcast

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