



INSIGHT REPORT

The State of Customer Experience Management, 2019

**BENCHMARK OF CUSTOMER EXPERIENCE ACTIVITIES,
COMPETENCIES, AND MATURITY LEVELS**

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EXECUTIVE SUMMARY

To understand the current state of customer experience (CX) management, we surveyed 212 large companies with at least \$500 million in annual revenues. Respondents not only answered questions about their organizations' CX efforts, they also completed our *CX Competency & Maturity Assessment*, which evaluates the six experience management (XM) Competencies: LEAD, REALIZE, ACTIVATE, ENLIGHTEN, RESPOND, and DISRUPT. When we analyzed their responses, we found that:

- Although CX correlates to loyalty, companies still deliver mediocre experiences to their customers. It's no surprise, therefore, that companies intend to focus more on CX in the coming year than they did last year. They also expect to focus more on the other three core experiences: employee experience, brand experience, and product experience.
- About two-thirds of respondents have a senior CX leader and a centralized CX team in place. Of those organizations with a centralized team, one-third have 11 or more full-time CX employees.
- When we asked companies to evaluate the customer experience they deliver across channels, they rated *on the phone with an agent* and *in a store/branch* the highest and *via chatbots* and *across multiple channels* the lowest.
- Only six percent of companies have reached the two highest levels of CX maturity, while 79% remain in the lowest two stages. The most common obstacle organizations encounter as they try to mature their CX is *other competing priorities*.
- Compared with their peers, CX leaders enjoy better financial results, have stronger CX leadership, focus more on employee engagement, and foster more empathetic cultures.

CUSTOMER EXPERIENCE MANAGEMENT WITHIN LARGE FIRMS

Our research shows that although customer experience (CX) is highly correlated to customer loyalty, very few companies currently deliver excellent CX (see Figure 1).¹ To understand the present state of companies' CX management efforts, we surveyed 212 CX professionals from large companies.² The results of this survey show that:

¹The *2019 XMI Customer Benchmark* is based on a survey of 10,000 U.S. consumers and evaluate almost 300 companies across 20 industries.

² The Qualtrics XM Institute conducted this survey in June 2019. The data was cleansed to eliminate partial, duplicate, and questionable responses. This report analyzes 212 responses from companies with annual revenues of at least \$500 million. These respondents come from a global set of companies.

- **Companies plan to increase their focus on CX.** Eighty-one percent of respondents expect their organizations to focus more on CX over the next 12 months than they did the previous year, while only four percent expect their organizations to focus on it less (see Figure 2). Companies are planning to concentrate more on their other core experiences as well. For instance, more than three-quarters of respondents consider it at least “moderately important” to improve their employee experience at the same time as they’re improving their customer experience.
- **Most have centralized CX leadership.** We found that 65% of respondents have a senior executive in charge of CX across products and channels, while 69% have a centralized CX group (see Figure 3). More than two-thirds of the companies have had these corporate elements in place for 12 months or more.
- **Most CX team have fewer than 10 FTEs.** Forty-five percent of respondents report that their CX efforts are significantly coordinated across their organization (see Figure 4). Of the companies with centralized CX teams, the median firm has six to ten full-time CX employees. One-third of respondents have 11 or more full-time CX employees.
- **Humans deliver the best experiences.** When we asked respondents to evaluate the experiences they deliver across multiple channels, the two experiences they rated most highly were *on the phone with an agent* and *in a store/branch* (see Figure 5). Conversely, respondents gave *via chatbots* and *across multiple channels* the lowest ratings.
- **Companies struggle most with competing priorities.** What challenges do companies typically encounter as they work to improve their CX? Fifty-nine percent of respondents identified *other competing priorities* as a significant obstacle to their CX efforts (see Figure 6). The next most frequently cited obstacles are *limited funding* (48%), *conflict across internal groups* (47%), and *lack of a clear customer experience strategy* (45%).

ASSESSING THE SIX XM COMPETENCIES

The Qualtrics XM Institute has identified six XM Competencies – LEAD, REALIZE, ACTIVATE, ENLIGHTEN, RESPOND, and DISRUPT – that organizations must build in order to deliver consistently positive, targeted experiences to their customers (see Figures 7 and 8).³ As organizations master these six Competencies, they will evolve through five stages of XM maturity. In this report, we asked respondents a series of questions from the CX version of our *XM Competency & Maturity Assessment* (see Figure 9). The results show:

- **Few companies have mature CX programs.** Only 6% of respondents have made it into *Scale* or *Embed*, the top two stages of CX maturity (see Figure 10). And while companies have a lot of work to do in CX across all six XM Competencies, they received the lowest ratings in DISRUPT.
- **Companies are infusing CX insights into their processes and systems.** To identify where companies’ CX efforts excel (and where they fall down), we examined their responses to questions about the 20 CX skills. The most commonly practiced Skill – with 32% of companies saying they do it consistently at an effective level – is Process Integration, which is about infusing CX and operational insights into key operating processes and systems (see Figure 11). The least developed Skills – with only 8% of

³ See the XM Institute report, “Operationalizing XM,” (July 2019).

companies saying they do them consistently at an effective level – are Metrics Management, which is about identifying metrics and using them to drive priorities, and Strategic Decision-Making, which is about using CX insights to make important, strategic decisions (see Figure 12).

COMPARING CX LEADERS AND LAGGARDS

How do CX leaders differ from their less mature peers? To analyze this question, we split the respondents into two groups based on their *CX Competency & Maturity Assessment* scores. We labeled companies with scores of 48 and above “CX leaders” and companies with scores below 48 “CX laggards.” When we compared the results of these two groups, we found that CX leaders:

- **Enjoy stronger financial results.** Seventy-one percent of CX leaders report that their CX efforts had a positive impact on their financial performance over the previous year, while only 38% of CX laggards report the same (see Figure 13). In addition to seeing more value from their CX efforts, CX leaders also tend to outperform their peers financially, with 61% saying they have better financial results than their competitors, compared to only 48% of CX laggards.
- **Have more senior executive support.** Fifty-seven percent of CX leaders consider their most senior leader, such as their CEO, to be a “strong” or “very strong” champion of CX, compared with only 38% of CX laggards (see Figure 14). In addition, 28% of CX laggards describe their senior executive as either a “weak” champion, a “very weak” champion, or “not a champion at all,” which is twice the percentage found in CX leaders.
- **Have more coordinated CX programs.** Sixty-four percent of CX leaders report having significant CX efforts underway across the company with significant coordination across these efforts, compared to only 26% of CX laggards.
- **Are focused across multiple core experiences.** Sixty-five percent of CX leaders consider it “very important” or “critical” to improve employee experience while they are improving CX, compared to only 48% of CX laggards (see Figure 15). CX leaders also reported having better competitive positioning for their brand, employee, and product experiences.
- **Foster a more empathetic culture.** When we asked respondents how effectively their company demonstrates certain cultural attributes, CX leaders were more likely to “mostly agree” or “completely agree” with every statement on our list (see Figure 16). The two groups differ the most when it comes to the statement *our organization demonstrates empathy for its customers*, with 80% of CX leaders agreeing compared to only 37% of CX laggards.
- **Deliver better experiences across all channels.** CX leaders report delivering a higher percentage of “good” and “very good” experiences across every interaction channel we surveyed (see Figure 17). Leaders and laggards diverge most when it comes to the experience they deliver in mobile apps, online self-service, and online chats.
- **Have stronger leadership and clearer CX strategy.** When asked about significant obstacles hampering their CX efforts, CX leaders and CX laggards equally cited struggling with *other competing priorities* (see Figure 18). CX laggards, however, were more likely than CX leaders to select almost all of the other obstacles on our list. The

two obstacles CX laggards were most likely to select compared to CX leaders are *wrong people are leading the effort* and *lack of a clear CX strategy*.

ASSESSING YOUR CUSTOMER EXPERIENCE COMPETENCY

As some organizations focus on the six XM Competencies more than others, we expect to see the gap between CX leaders and CX laggards to continue to grow. To help gauge your organization's progress on the CX component of its experience management journey, use the Qualtrics XM Institute's *CX Competency & Maturity Assessment*. You can use this tool in a number of ways:

- **Self-assessments.** Take the test yourself and identify the strengths and weaknesses of your organization.
- **Group discussions.** Have multiple people complete the self-assessment and discuss the results as a group. Talk about the strengths and weaknesses identified as well as the areas of agreement and disagreement in the results.
- **Benchmarking.** Compare your results to the Qualtrics XM Institute's data about how other companies perform. We've provided a chart you can use to identify how your score compares to the scores of 212 large companies (see Figure 19).
- **Action planning.** Develop plans for making progress towards mastering CX.
- **Progress tracking.** Repeat the self-test every six to twelve months to track your progress and identify your key areas of focus. The goal is to drive an ongoing discussion and continue prioritizing CX efforts.

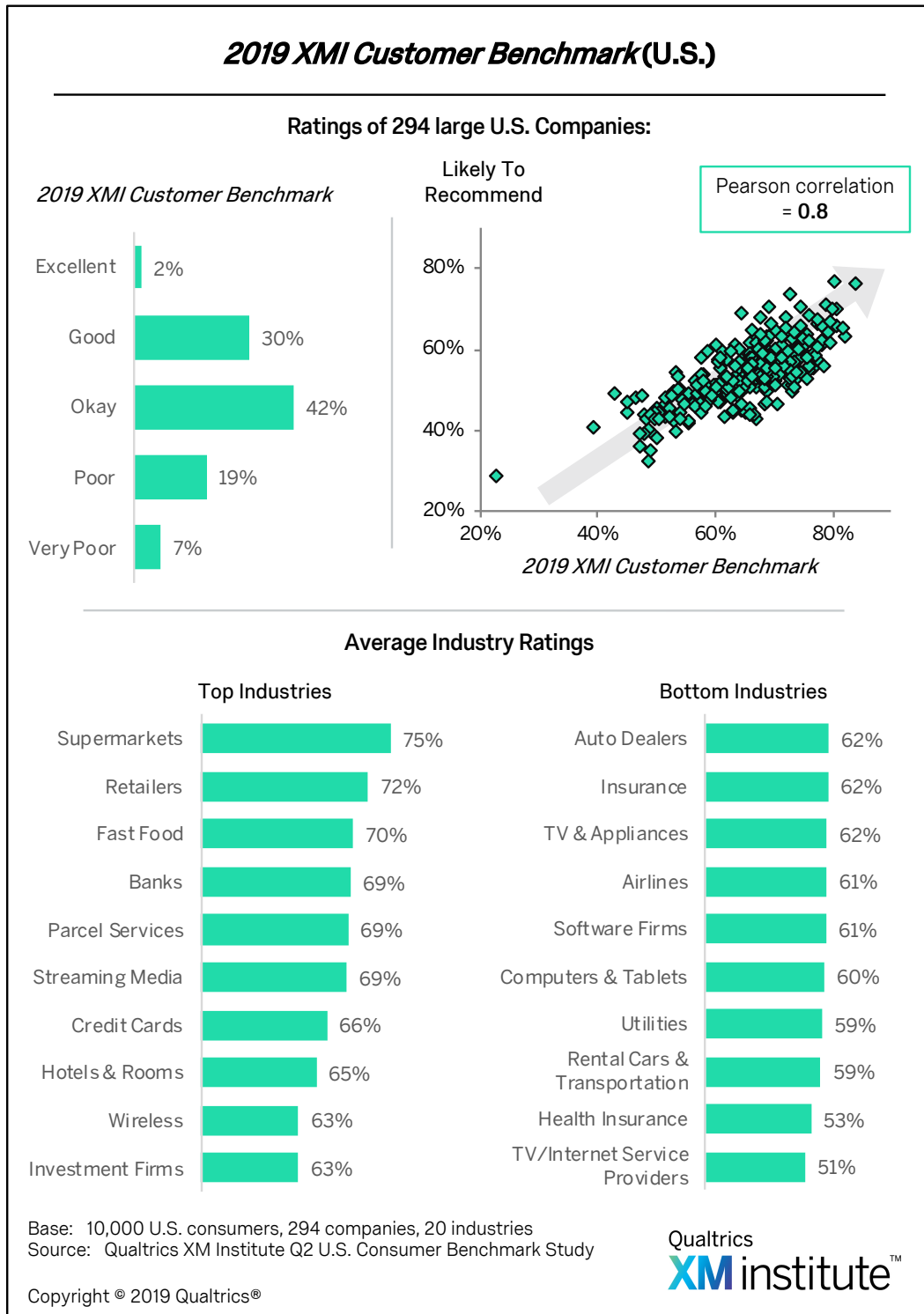


Figure 1

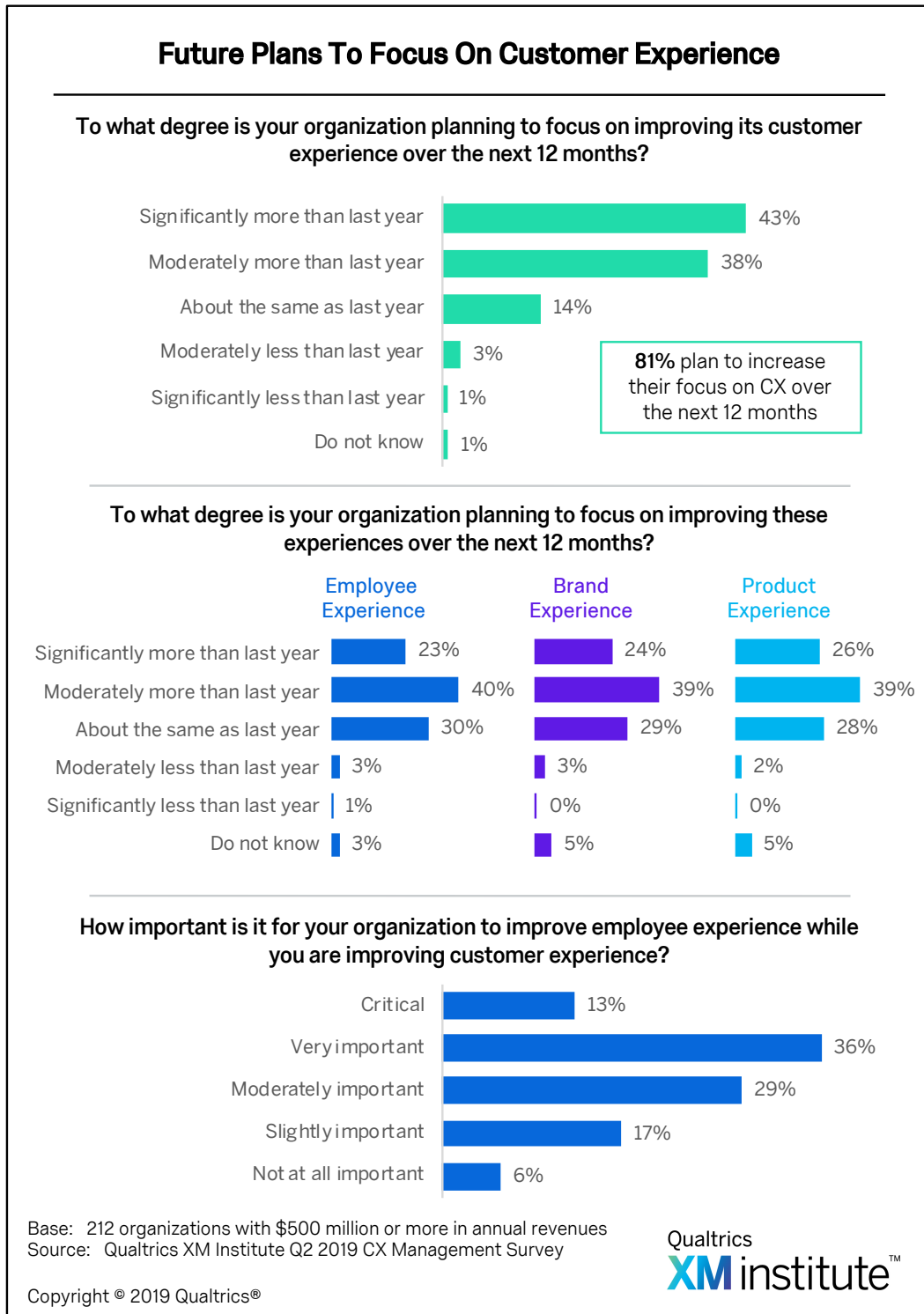


Figure 2

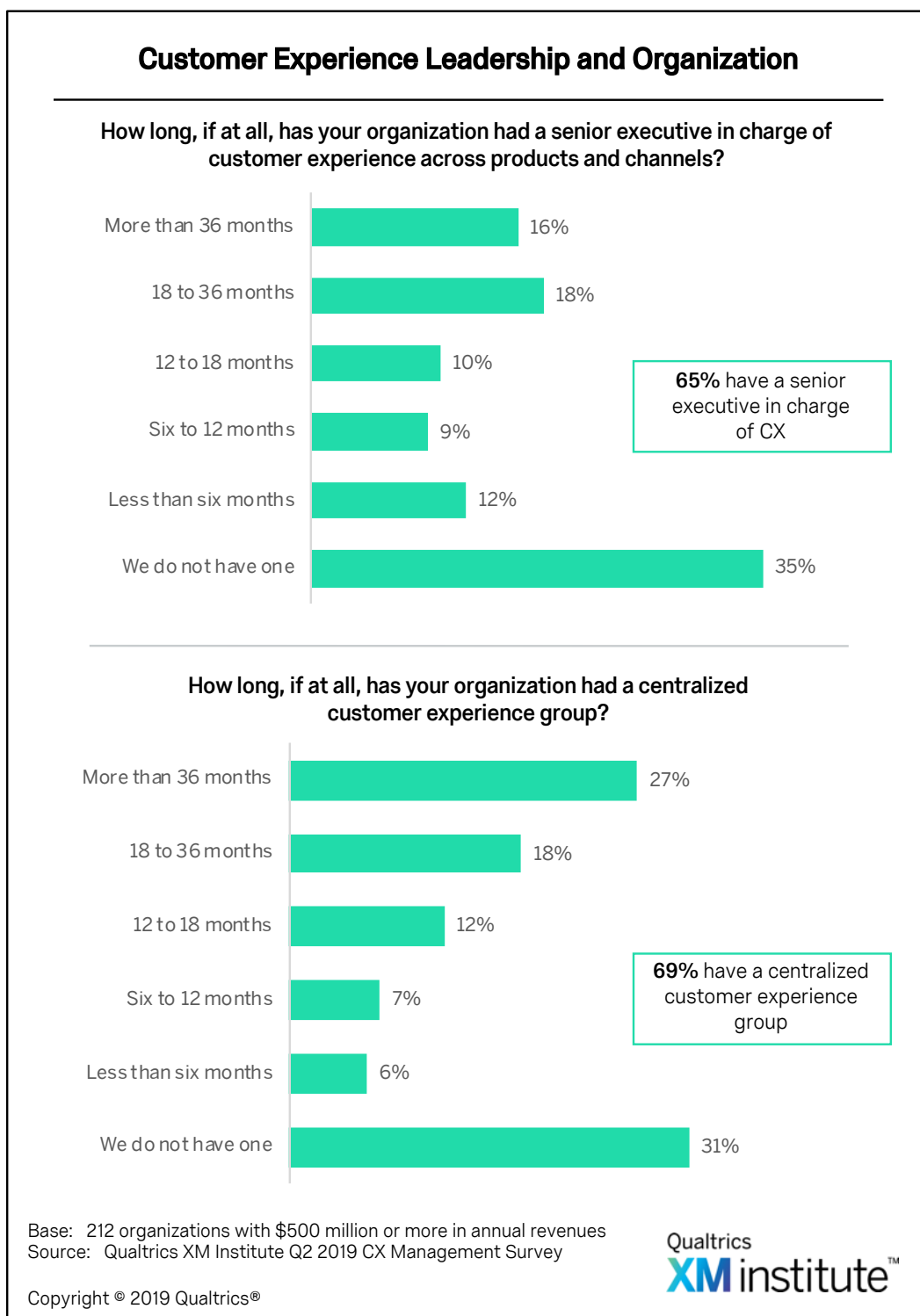


Figure 3

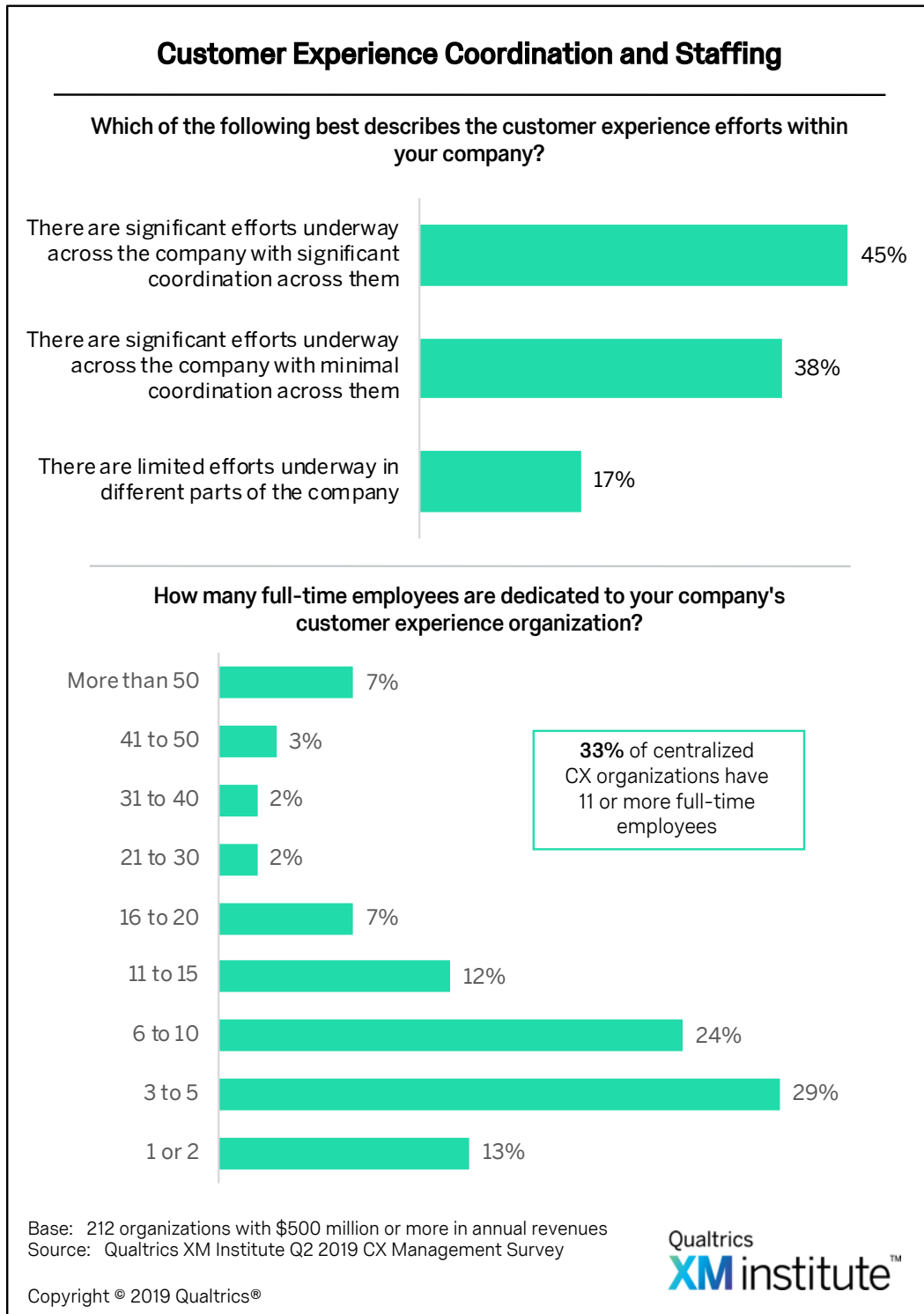


Figure 4

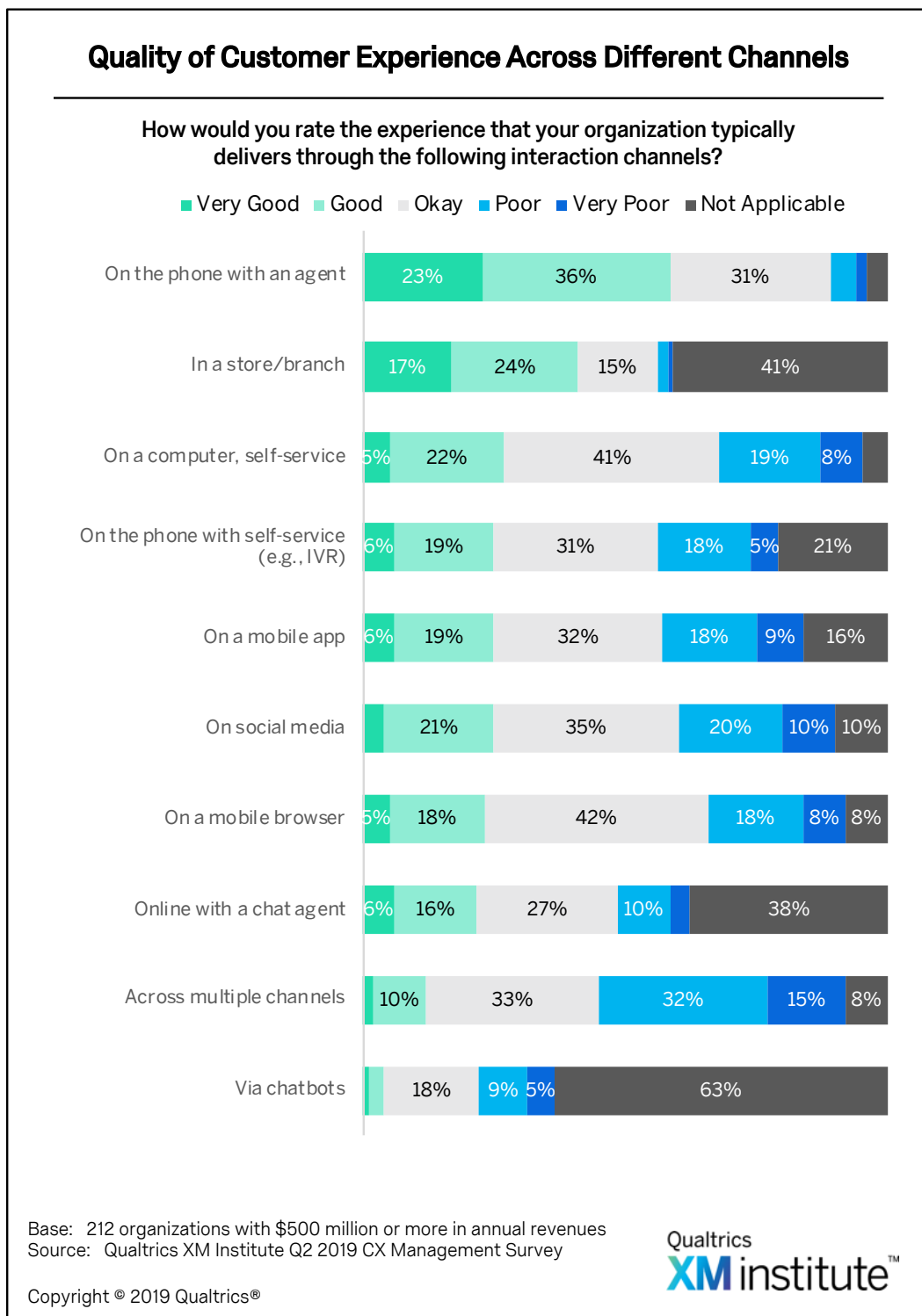


Figure 5



Figure 6

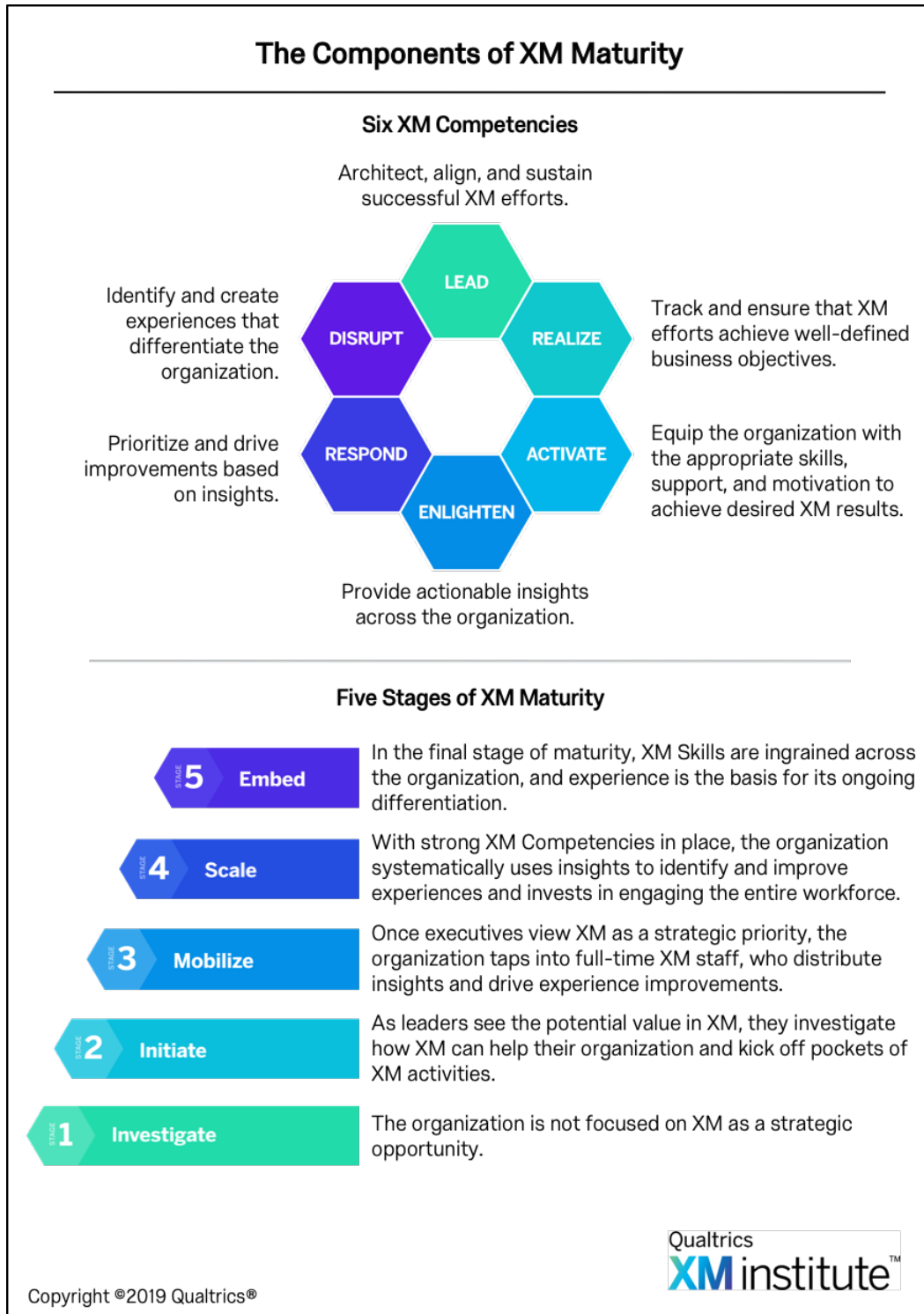


Figure 7

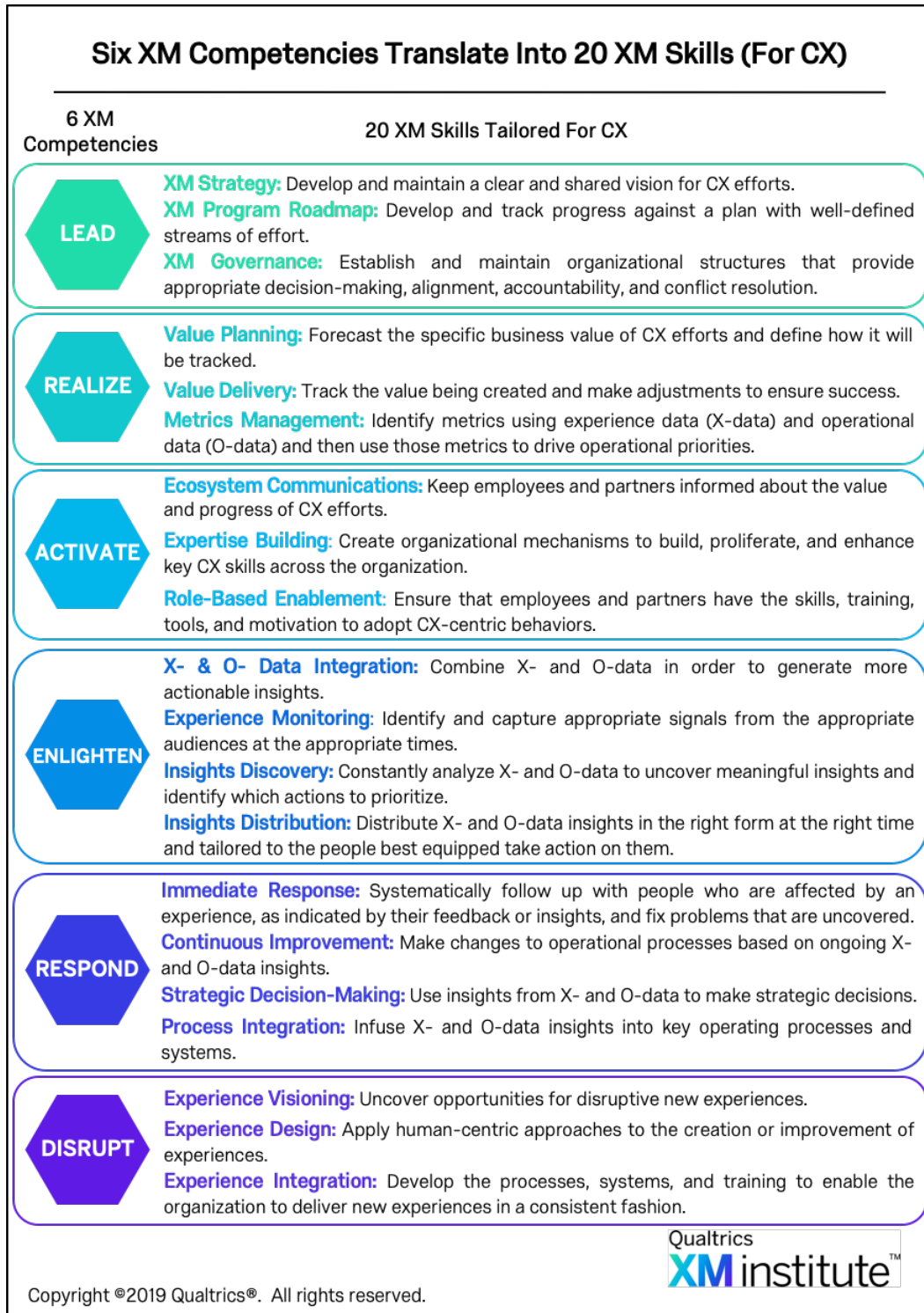


Figure 8

CX Competency & Maturity Assessment


To what degree has your organization widely adopted these skills (“1” to “5”)?

1: Missing: Demonstrates almost none of the required behaviors at an effective level
2: Emerging: Demonstrates a small amount of the required behaviors at an effective level
3: Developing: Demonstrates many of the required behaviors at an effective level
4: Established: Demonstrates almost all of the required behaviors at an effective level
5: Ingrained: Demonstrates all of the required behaviors at a very effective level

1. Develops and maintains a clear and shared vision for CX efforts.	
2. Develops and tracks progress against a CX plan with well-defined streams of effort.	
3. Establishes and maintains organizational structures that provide appropriate decision-making, alignment, accountability, and conflict resolution for CX efforts.	
LEAD average <input type="text"/>	
4. Forecasts the specific business value of CX efforts and defines how that value will be tracked.	
5. Tracks the value being created by CX efforts and makes adjustments to ensure success.	
6. Identifies metrics using experience data (X-data) and operational data (O-data) and then uses those metrics to drive operational priorities.	
REALIZE average <input type="text"/>	
7. Keeps employees and partners informed about the value and progress of CX efforts.	
8. Creates organizational mechanisms to build, proliferate, and enhance key CX skills across the organization.	
9. Ensures that employees and partners have the skills, training, tools, and motivation to adopt customer-centric behaviors.	
ACTIVATE average <input type="text"/>	
10. Combines X-data and O-data in order to generate more actionable insights.	
11. Identifies and captures appropriate signals from the appropriate customers at the appropriate times.	
12. Analyzes X- and O-data to uncover meaningful insights and identifies which actions to prioritize.	
13. Distributes insights in the right form at the right time and tailored to the people best equipped to take action on them.	
ENLIGHTEN average <input type="text"/>	
14. Systematically follows up with customers who are affected by an experience – as indicated by their feedback or insights – and fixes problems that are uncovered.	
15. Makes changes to operational processes based on ongoing X- and O-data insights.	
16. Uses insights from X- and O-data to make strategic decisions.	
17. Infuses X- and O-data insights into key operating processes and systems.	
RESPOND average <input type="text"/>	
18. Uncovers opportunities for disruptive new customer experiences.	
19. Applies human-centric approaches to the creation or improvement of customer experiences.	
20. Develops the processes, systems, and training to enable the organization to deliver new customer experiences in a consistent fashion.	
DISRUPT average <input type="text"/>	
OVERALL total <input type="text"/>	

Evaluate the results:

XM Competencies (average scores)	Maturity Stage (overall total)
Less than 2.60 : Very Weak	6 to 14 : Stage 1: Investigate
2.60 to 3.29 : Weak	15 to 18 : Stage 2: Initiate
3.30 to 3.89 : Adequate	19 to 22 : Stage 3: Mobilize
3.90 to 4.49 : Strong	23 to 26 : Stage 4: Scale
4.50 to 5.00 : Very Strong	27 to 30 : Stage 5: Embed



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Figure 9

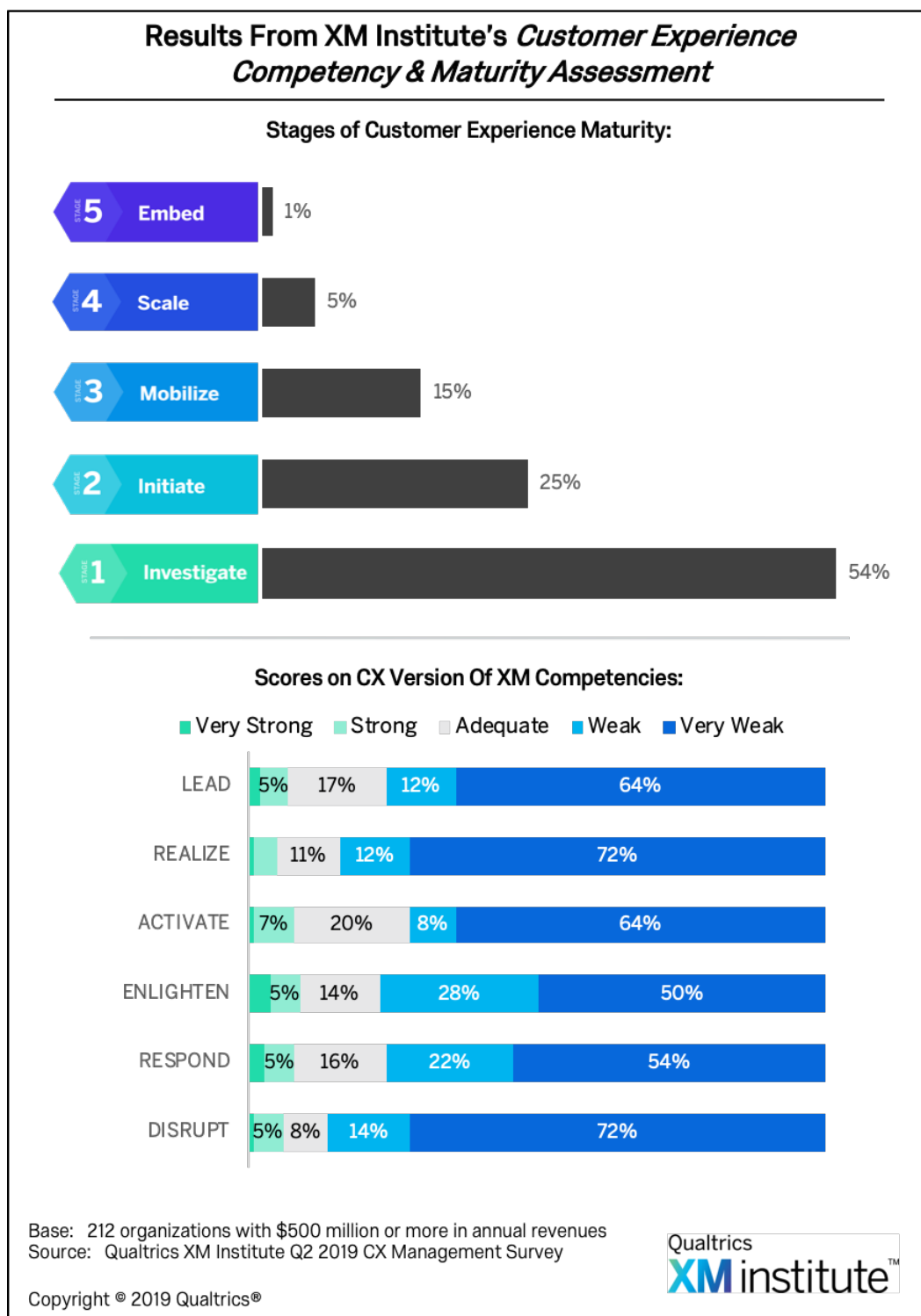


Figure 10

Most Frequently Practiced Customer Experience Skills

CX Skill	XM Competency	“Established” or “Ingrained”
Process Integration: Infuses experience data (X-data) and operational data (O-data) insights into key operating processes and systems.	RESPOND	32%
Value Planning: Forecasts the specific business value of CX efforts and defines how that value will be tracked.	REALIZE	30%
XM Governance: Establishes and maintains organizational structures that provide appropriate decision-making, alignment, accountability, and conflict resolution for CX efforts.	LEAD	28%
Insights Distribution: Distributes insights in the right form at the right time and tailored to the people best equipped to take action on them.	ENLIGHTEN	27%
Immediate Response: Systematically follows up with customers who are affected by an experience – as indicated by their feedback or insights – and fixes problems that are uncovered.	RESPOND	26%
Experience Integration: Develops the processes, systems, and training to enable the organization to deliver new customer experiences in a consistent fashion.	DISRUPT	25%
Ecosystems Communications: Keeps employees and partners informed about the value and progress of CX efforts.	ACTIVATE	20%
X- & O-Data Integration: Combines X- and O-data in order to generate more actionable insights.	ENLIGHTEN	19%
Experience Design: Applies human-centric approaches to the creation or improvement of customer experiences.	DISRUPT	17%
Experience Visioning: Uncovers opportunities for disruptive new customer experiences.	DISRUPT	17%

Base: 212 organizations with \$500 million or more in annual revenues
Source: Qualtrics XM Institute Q2 2019 CX Management Survey

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Figure 11

Least Frequently Practiced Customer Experience Skills

CX Skill	XM Competency	“Established” or “Ingrained”
Metrics Management: Identifies metrics using experience data (X-data) and operational data (O-data) and then uses those metrics to drive operational priorities.	REALIZE	8%
Strategic Decision-Making: Uses insights from X- and O-data to make strategic decisions.	RESPOND	8%
Expertise Building: Creates organizational mechanisms to build, proliferate, and enhance key CX skills across the organization.	ACTIVATE	9%
CX Program Roadmap: Develops and tracks progress against a CX plan with well-defined streams of effort.	LEAD	10%
Insights Discovery: Analyzes X- and O-data to uncover meaningful insights and identifies which actions to prioritize.	ENLIGHTEN	11%
CX Strategy: Develops and maintains a clear and shared vision for CX efforts.	LEAD	13%
Role-Based Enablement: Ensures that employees and partners have the skills, training, tools, and motivation to adopt customer-centric behaviors.	ACTIVATE	14%
Continuous Improvement: Makes changes to operational processes based on ongoing X- and O-data insights.	RESPOND	15%
Value Delivery: Tracks the value being created by CX efforts and makes adjustments to ensure success.	REALIZE	16%
Experience Monitoring: Identifies and captures appropriate signals from the appropriate customers at the appropriate times.	ENLIGHTEN	17%

Base: 212 organizations with \$500 million or more in annual revenues
 Source: Qualtrics XM Institute Q2 2019 CX Management Survey

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Figure 12

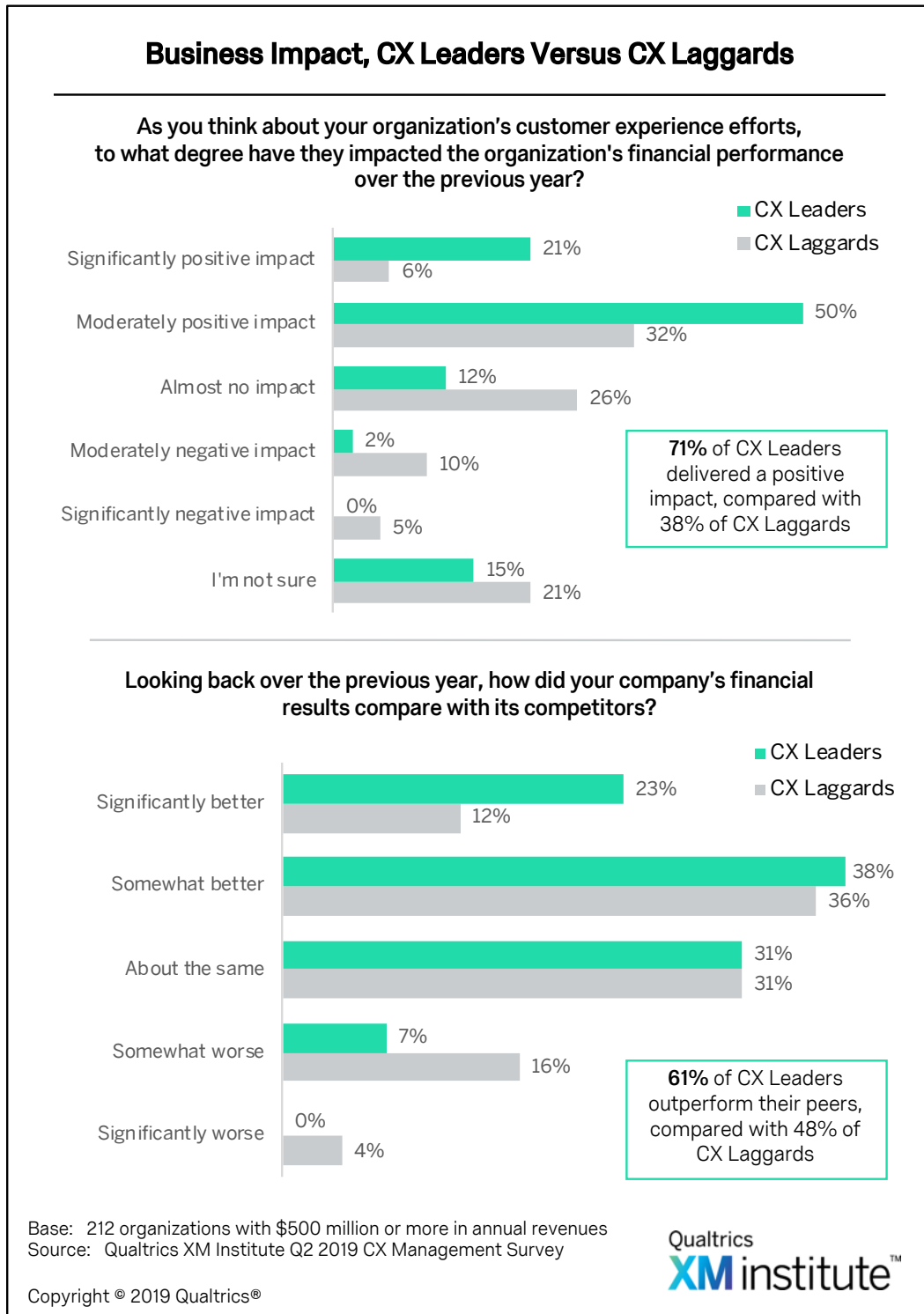


Figure 13

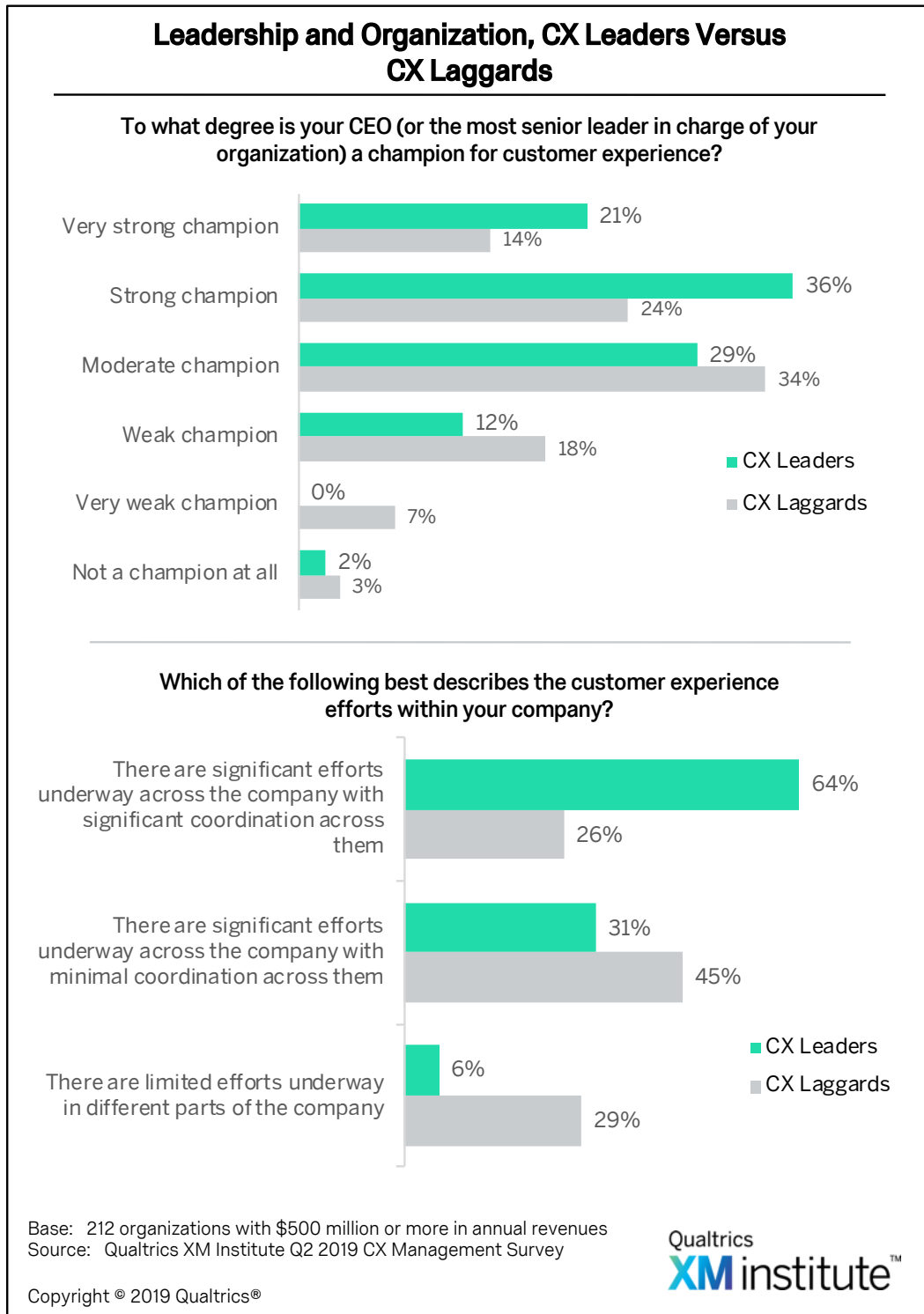


Figure 14

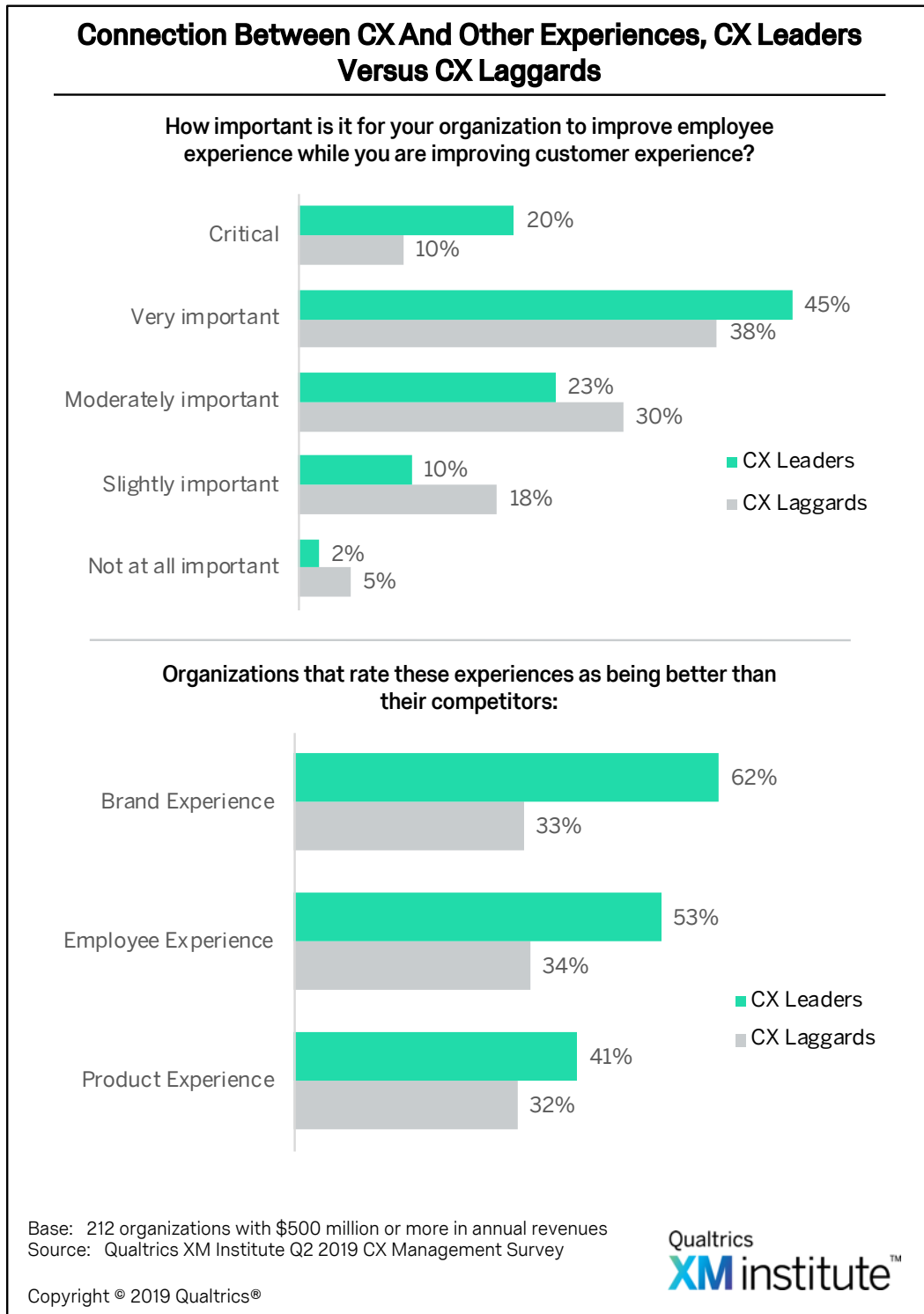


Figure 15

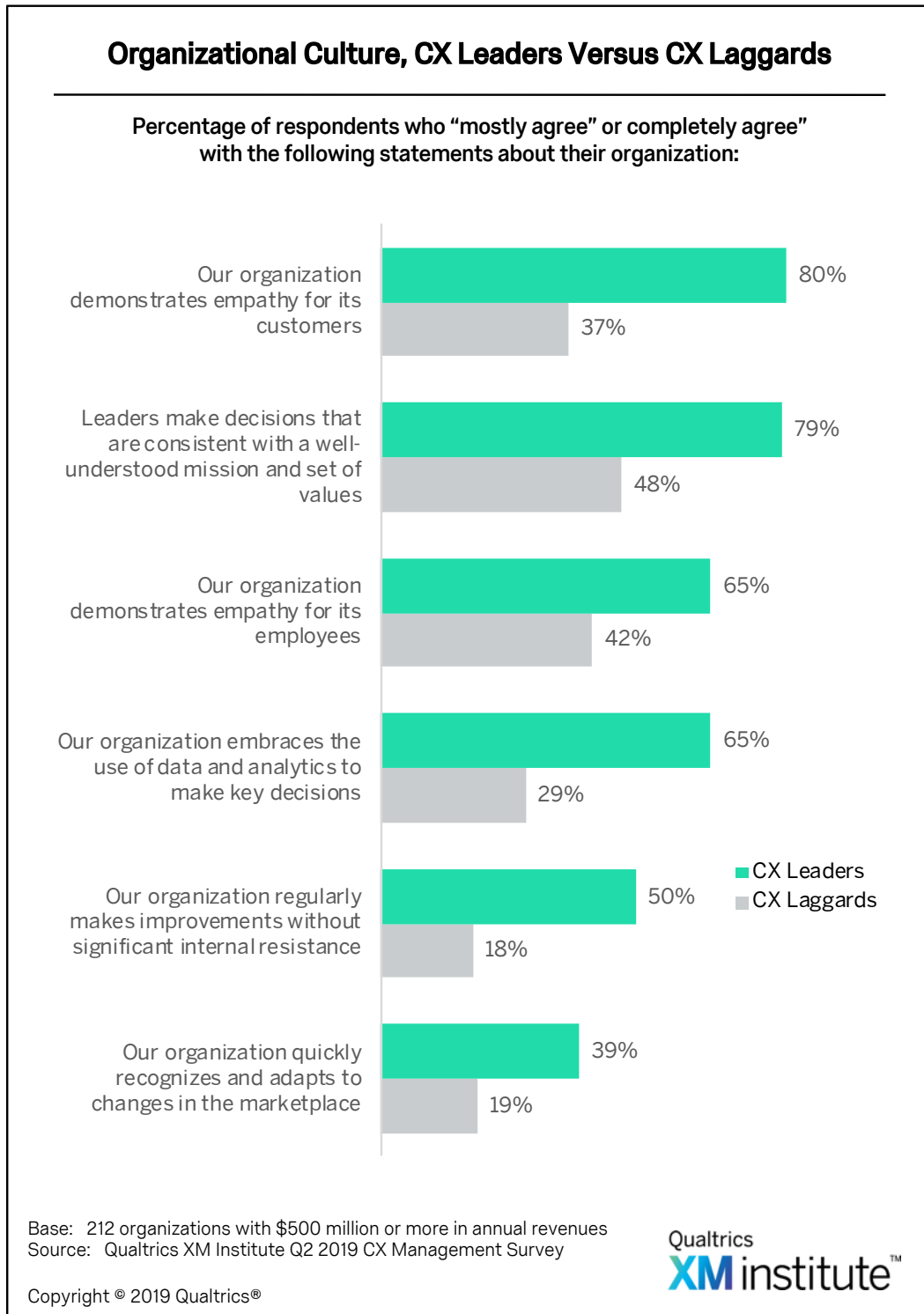


Figure 16

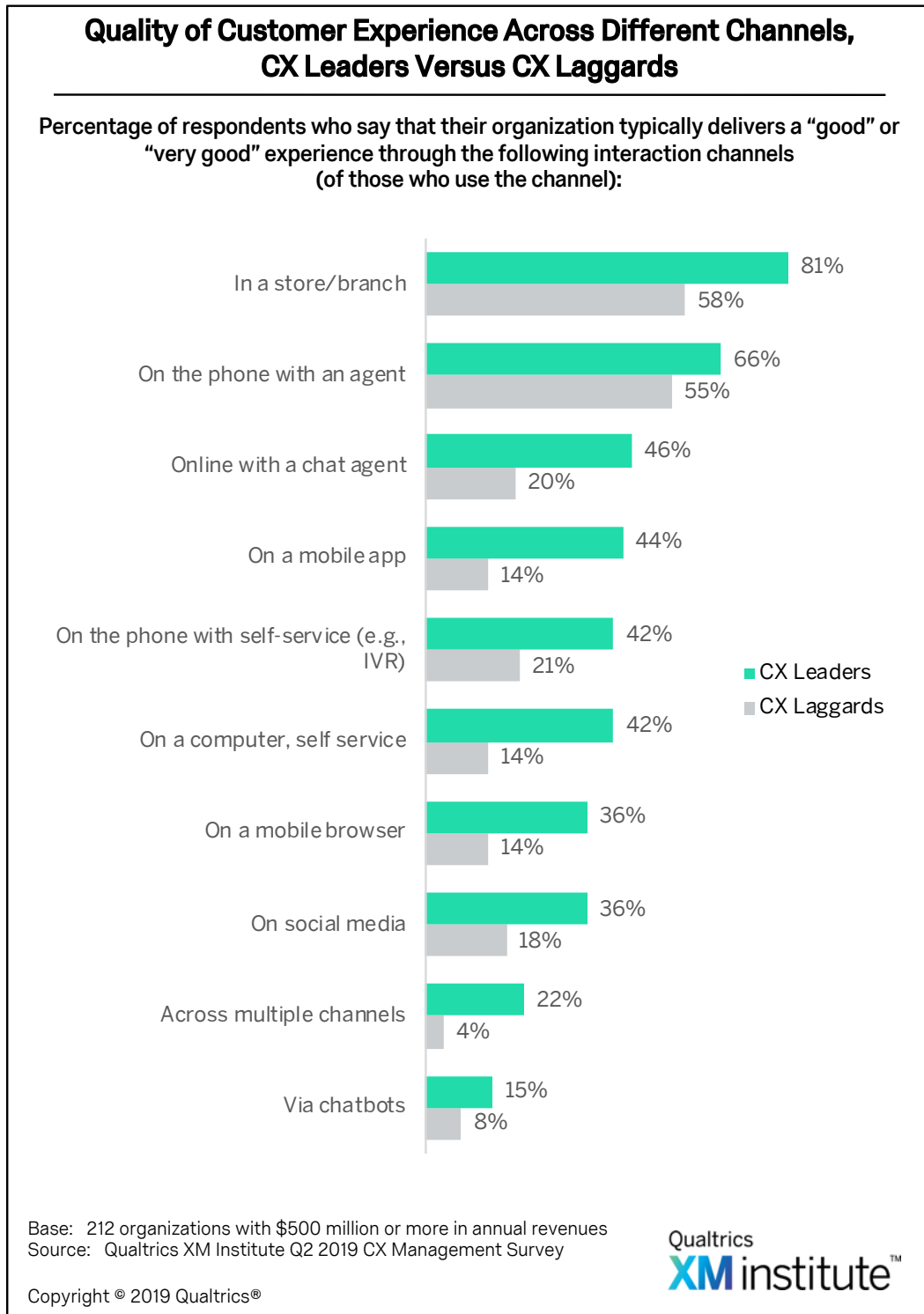


Figure 17

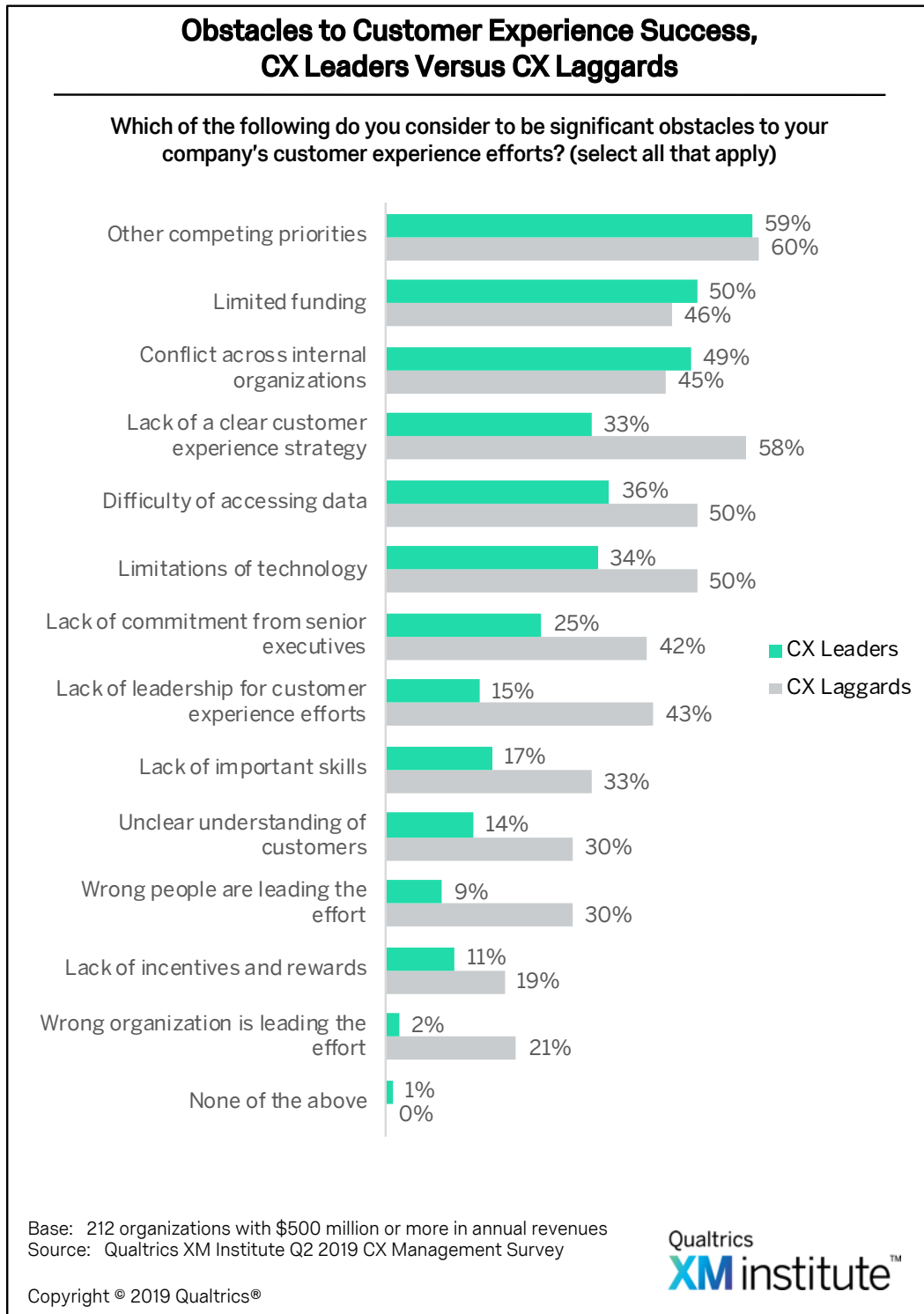


Figure 18

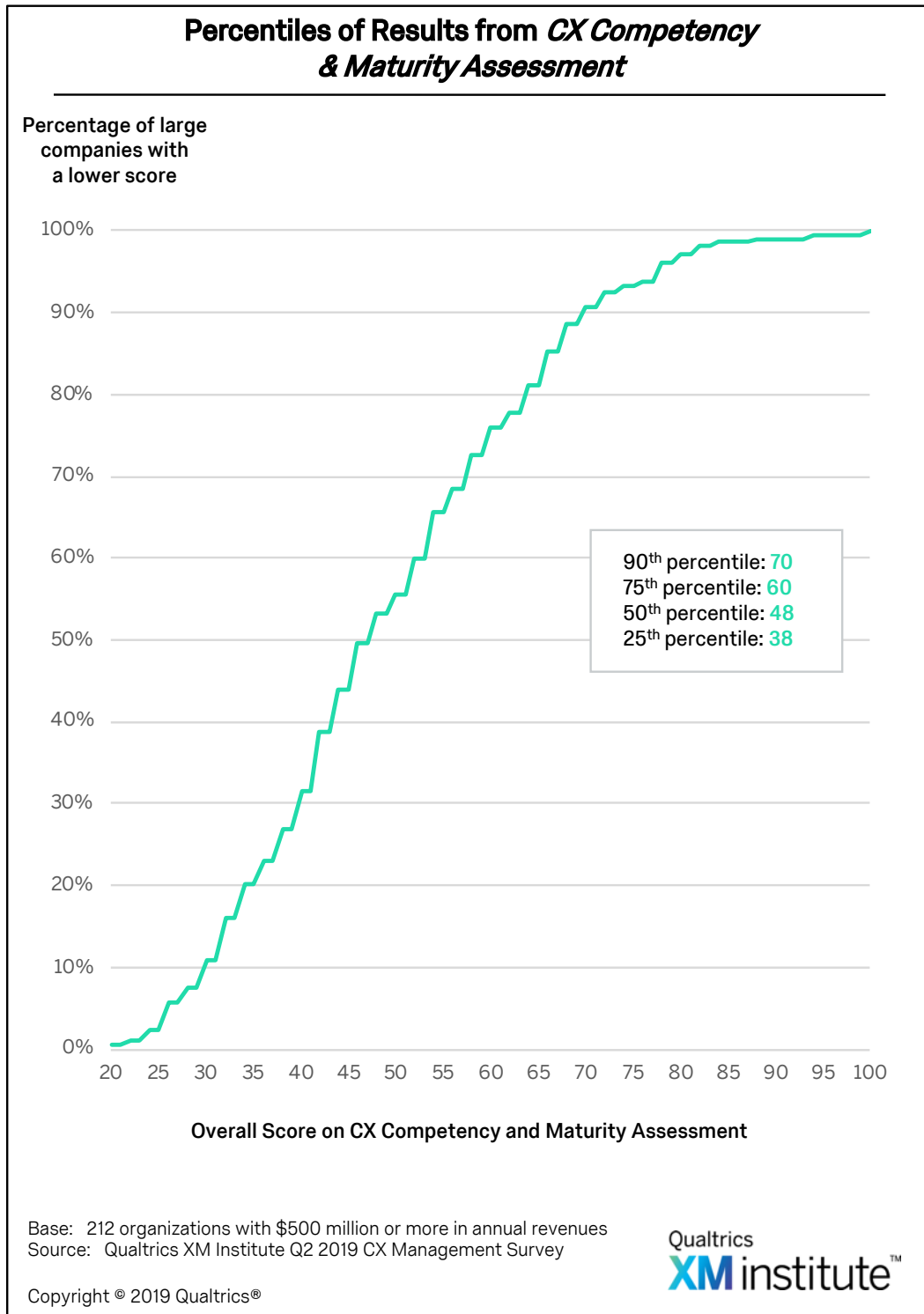


Figure 19