

How Best-In-Class CX Leaders Get There: The Customer Experience Value Chain

An McorpCX Thought Leadership Webinar, featuring
Aberdeen Group Research - *The Customer Experience
Value Chain: Paving The Way to Advocacy*

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mcorp.cx



Your Presenter, Michael Hinshaw: President, McorpCX



- Teacher (and student) of customer experience innovation and digital strategy
- Guiding executives and their companies on improving customer experience since 2002
- CMO.com columnist and best-selling author: *Smart Customers, Stupid Companies: Why Only Intelligent Companies Will Thrive, and How To Be One of Them*
- Mentor and Teaching Fellow at UC Berkeley's Haas School of Business

Engaging globally, across industries with leading brands



Why do people call us? What we hear most often...

- “We don’t *really* know who our customer is...”
- “We’re about to embark on a major customer experience technology spend...”
- “We’re facing revenue and margin pressure...”
- “Our firm is involved in M&A activities...”
- “We’re launching new products/services...”
- “We need to better respond to our competition...”
- “Our customers are expecting more from us...”

Driving significant, measurable ROI as a result:

16% decrease in operating costs

Boost employee loyalty by over 200%

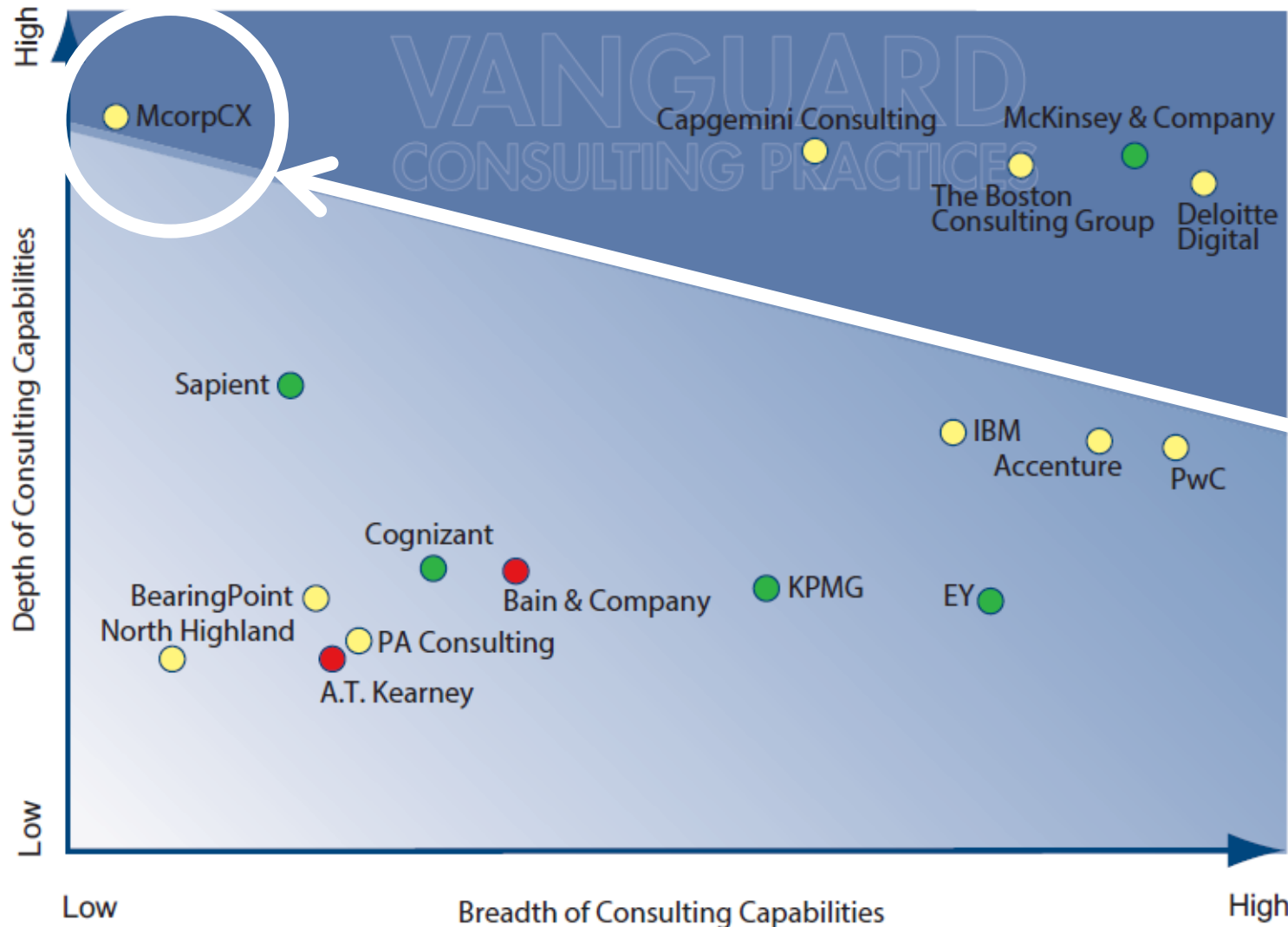
Overall Customer Satisfaction up ~400% (from 21% to 79%)

Greater top-line revenue of ~\$25.8 million/10% annually

150% better CX in target journey stages (+44% for the entire journey)

Reduce time-to-market for new services from 90 days to 7

One reason why McorpCX stacks up against the best...



“[Their] narrow but deep market position enables McorpCX to effectively serve both the SME market and the largest global corporations”¹

-- ALM Intelligence:
The Kennedy Vanguard

Today, we're going to discuss: What the customer experience (CX) Value Chain is; The four building blocks of CX leaders; How your systems bring it to life; Steps you should take to forge your CX Value Chain.



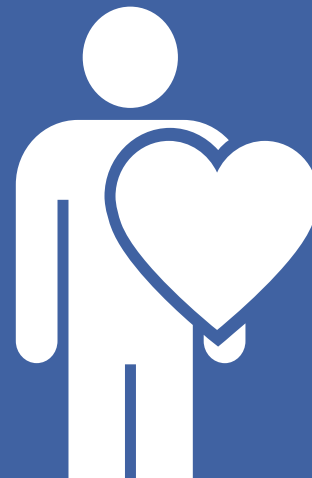
Customer experience occurs every time a customer interacts with a company's products, services, people or devices...

CX matters a LOT: To your customers, and your company

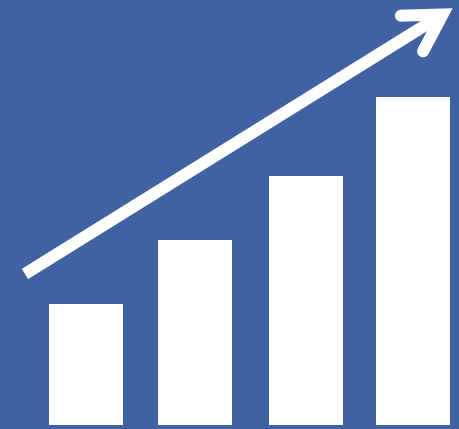
Up to 90% will leave after a single bad experience¹



Around 85% will pay you MORE if you provide a better experience²



The top- and bottom-line value of CX to any company is huge³



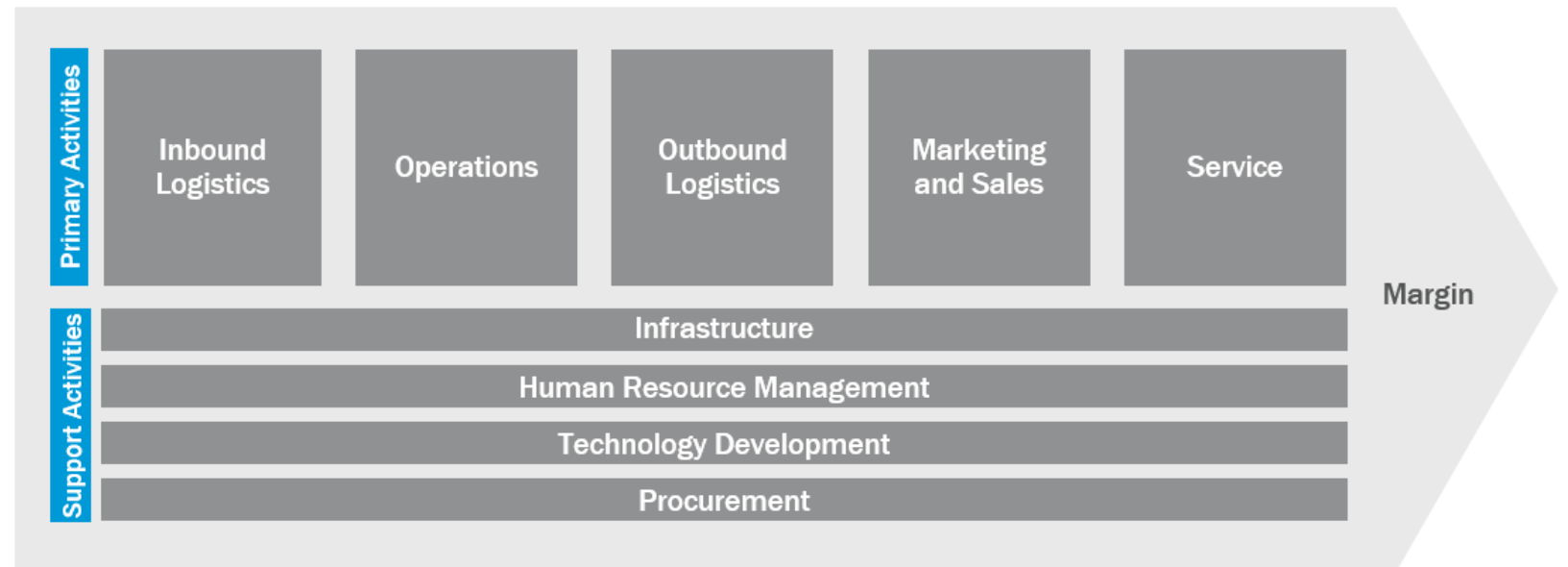
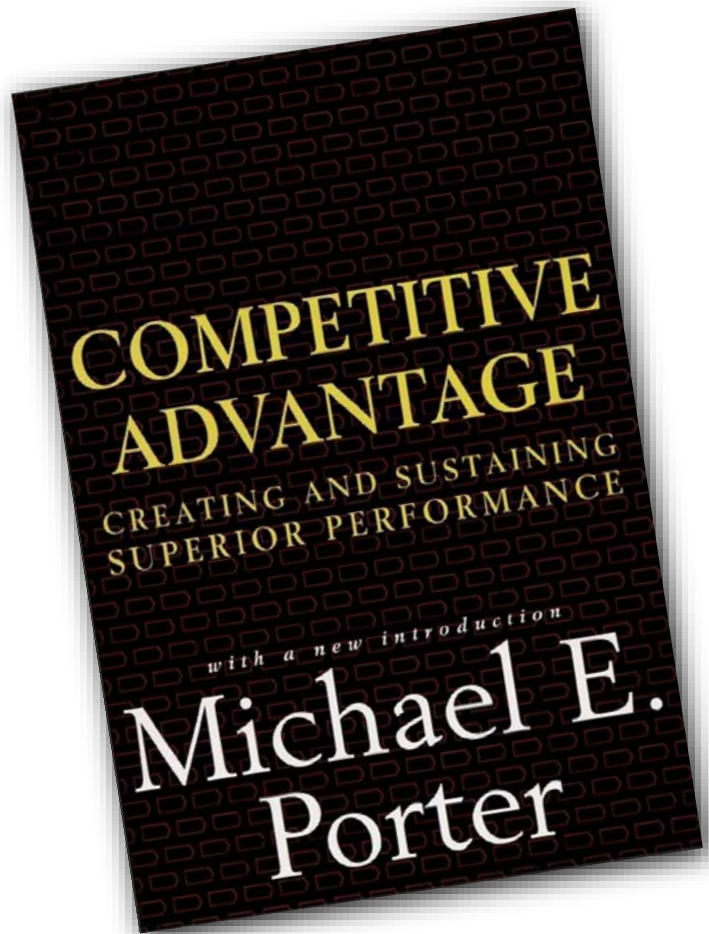


**But CX means many different things to different people:
Myriad definitions, uses, approaches and perspectives.**

**So, how to make sense of customer experience,
when **everything** is part of it?**

By looking at customer experience through the lens of the value it creates, and the activities required to do so.

Porter's Value Chain Framework (1985)¹ describes the activities that companies undertake to create value (or 'margin')



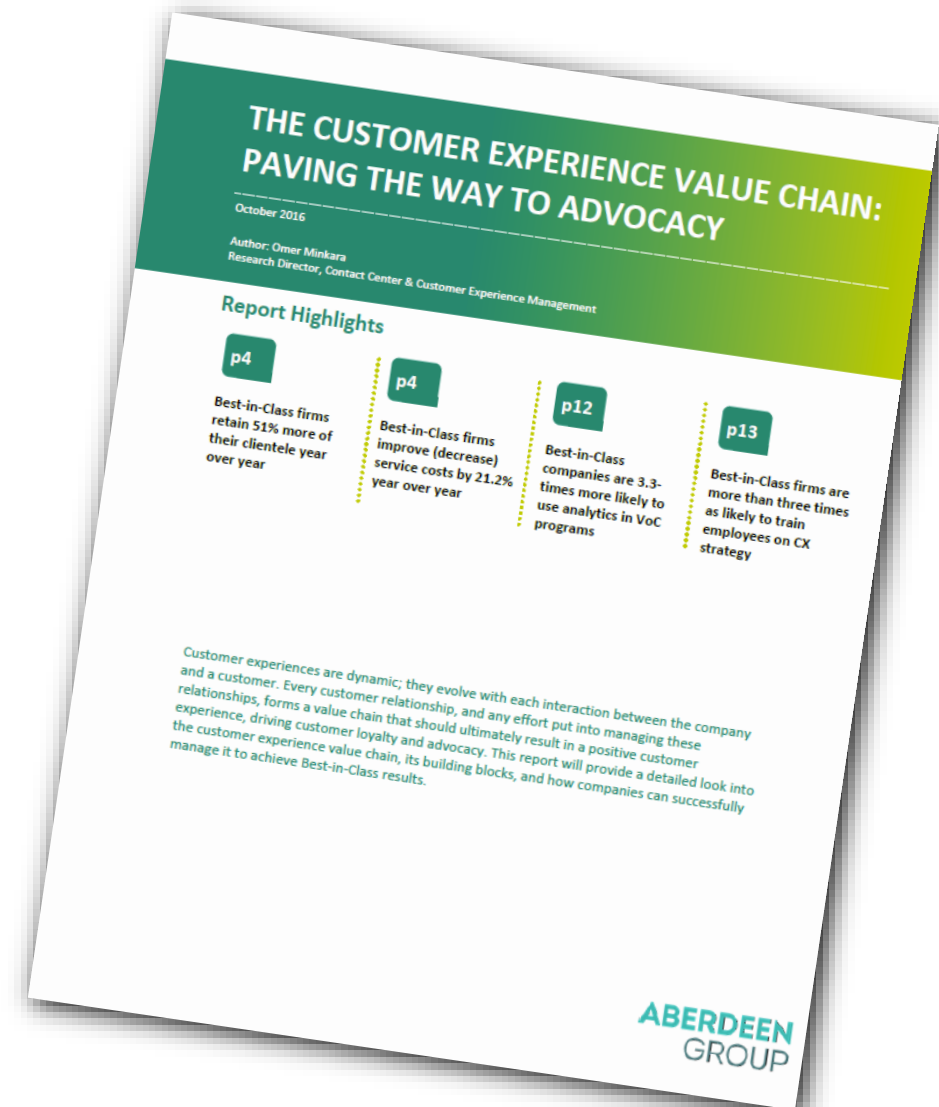
The Customer Experience Value Chain: Paving the Way to Advocacy

**Aberdeen Group defines
Best-in-Class organizations as:**

The top 20% of all respondents,
based on performance

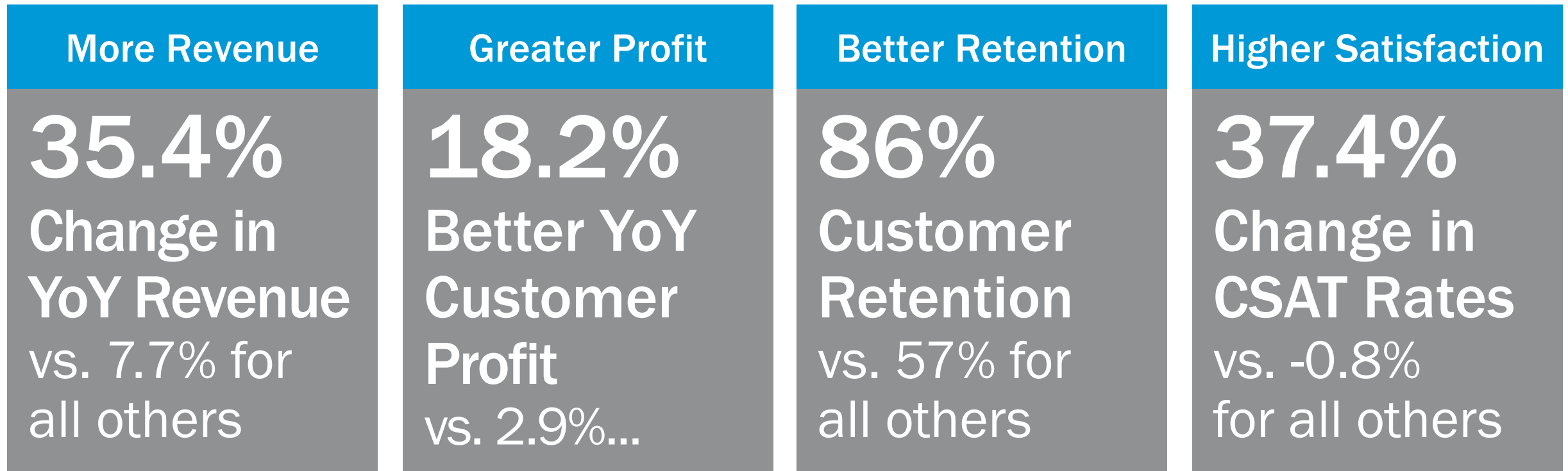
And All Others as:

The bottom 80% of respondents



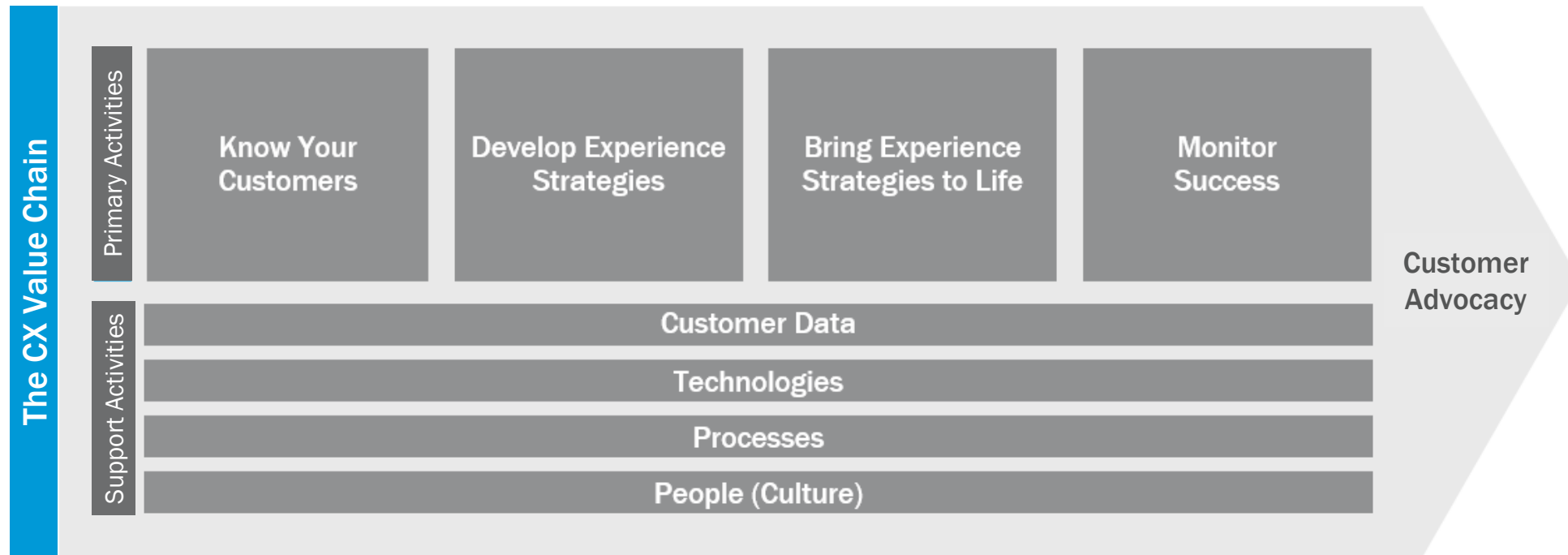
Not just another framework, but a proven value-driver for best-in-class organizations (and for yours, too)

Aberdeen Group research¹ finds that Best-in-Class organizations enjoy ROI and benefits like these:



1) Source © Aberdeen Group: *The Customer Experience Value Chain: Paving The Way to Advocacy*, October 2016

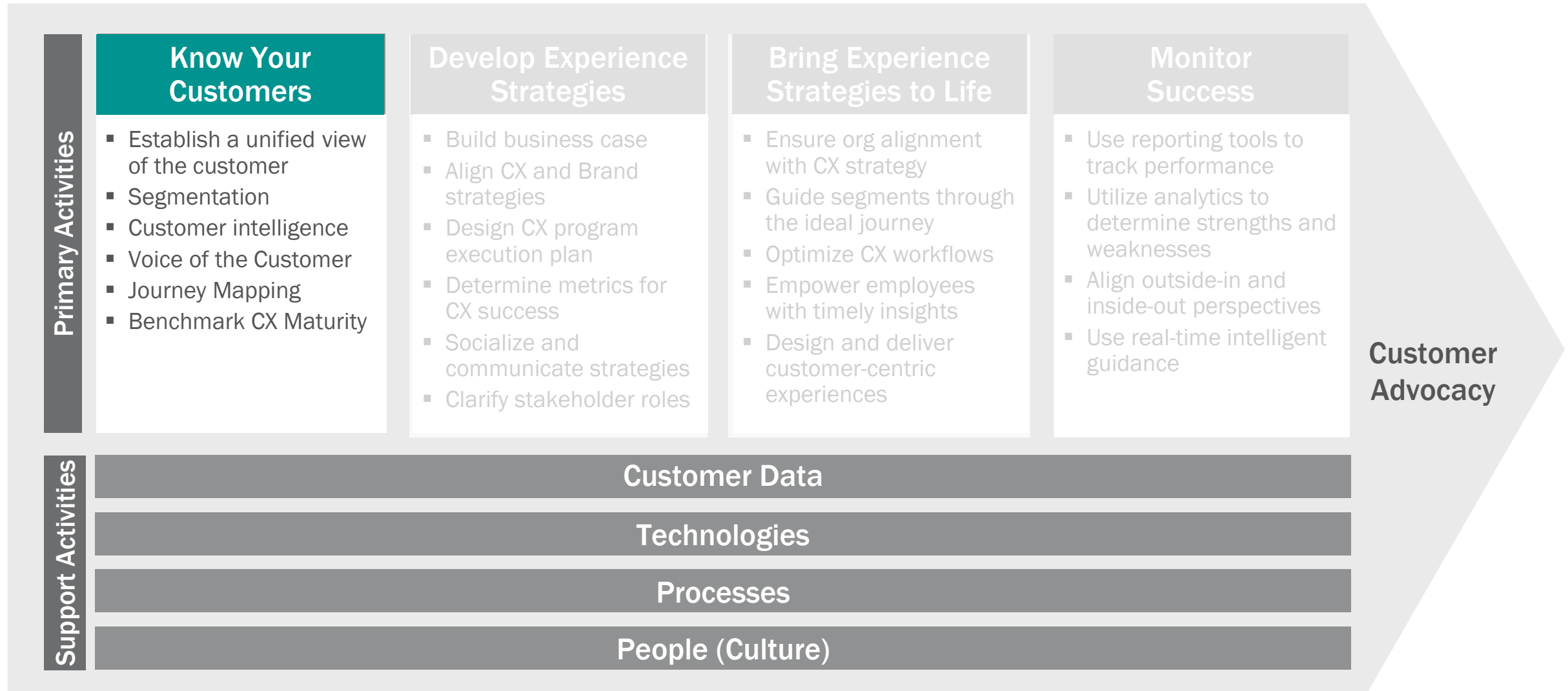
Introducing the CX Value Chain: A single lens to help make sense of and manage customer experience “all up”



The CX Value Chain describes the activities companies should undertake to drive value through customer experience

Today, we're going to discuss: What the customer experience (CX) Value Chain is; The four building blocks of CX leaders; How your systems bring it to life; Steps you should take to forge your CX Value Chain.

Primary activities supporting the CX Value Chain



CX Value Chain: "Know your customers" How Best-in-Class companies get there...

Establish a unified view of the customer

Voice of the Customer

Customer intelligence

Journey Mapping

Segmentation

Benchmark CX Maturity

"I know I should be planning for the future and start thinking about saving, but I want to enjoy life now."

Hillary "Young Digerati" Sanderson
"Ideally I'd never have to go the branch - it'd be great if I could do all my banking on my time, from wherever - mobile, or online."

Discover **Consider** **Purchase** **Onboard** **Use**

Retail Banking Customer Journey Map Page 1 of 2

Discover **Consider** **Purchase** **Onboard** **Use**

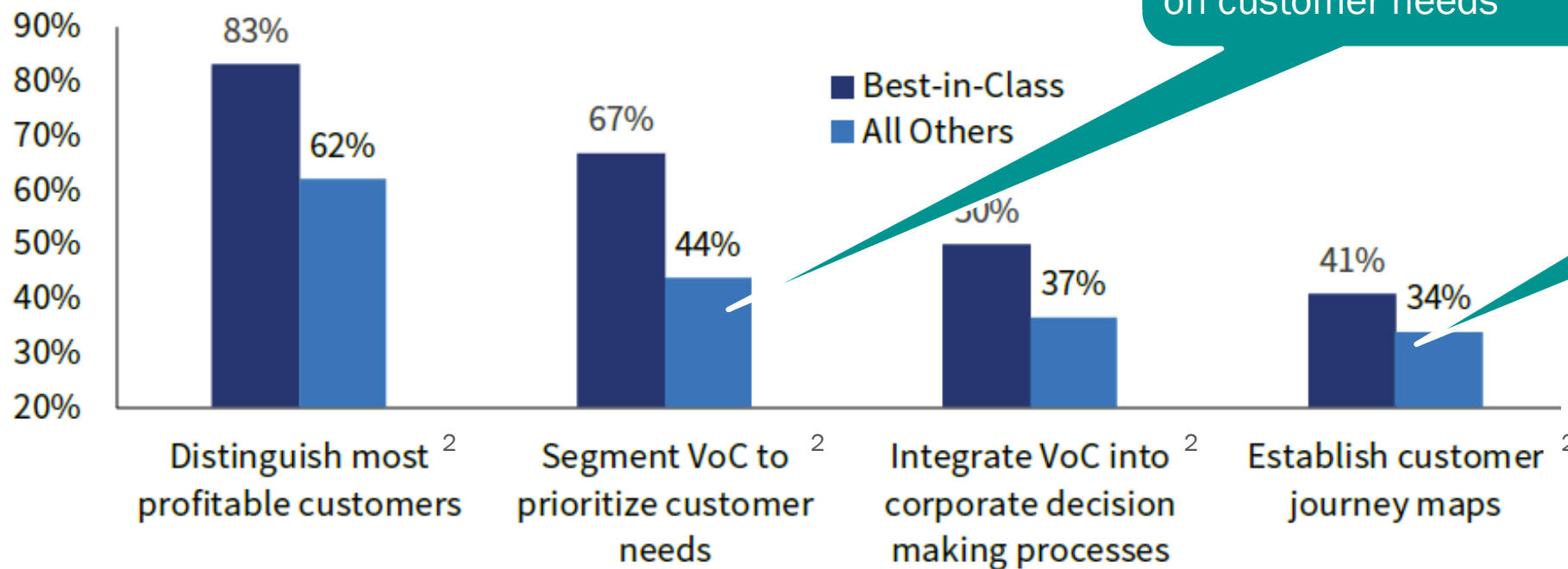
Customer Journey Map Page 2 of 2

Customer Intelligence, Information Systems and Tools

CX Value Chain: “Know your customers”

How Best-in-Class companies get there...

They establish deep visibility into customer behavior and expectations¹

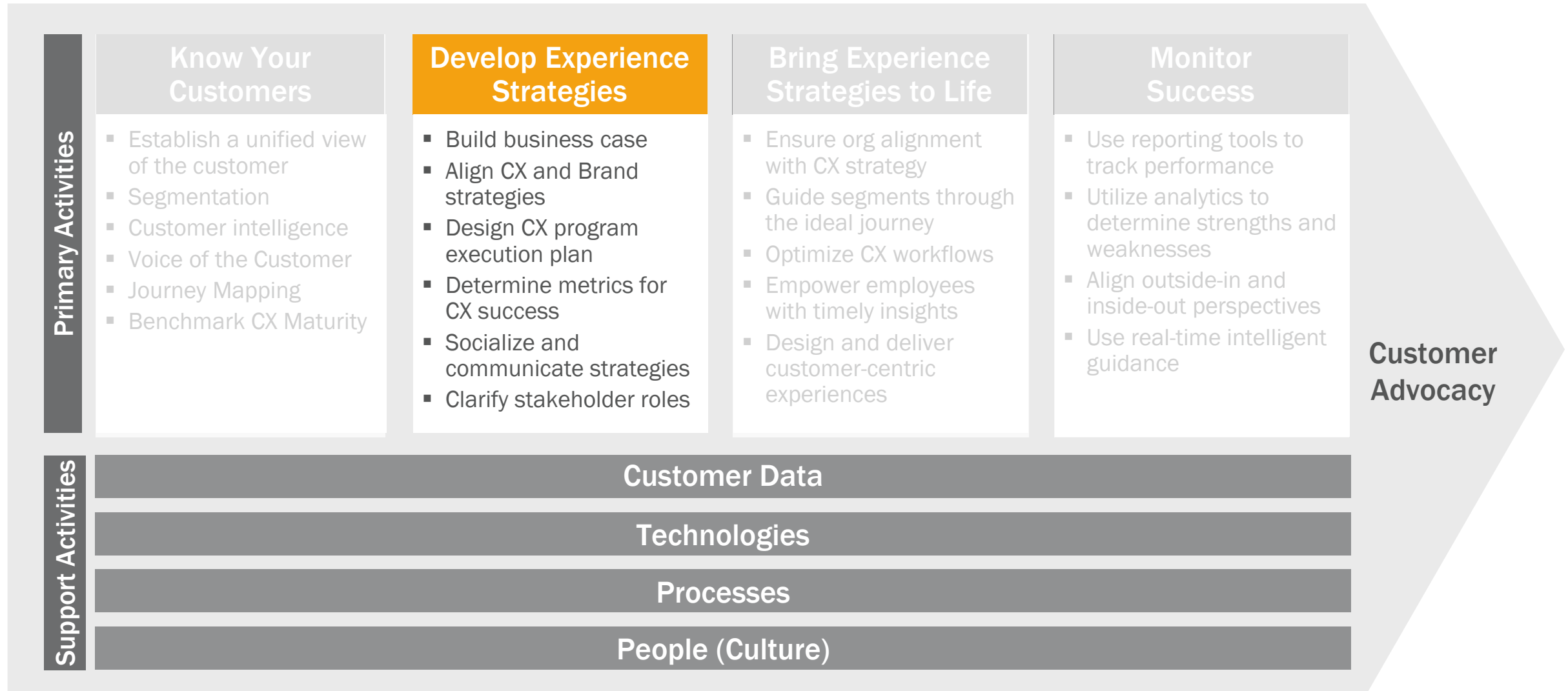


Best-in-Class firms are ~50 percent more likely to segment based on customer needs

And ~30 percent more likely to use customer journey maps

1) Source © Aberdeen Group: *The Customer Experience Value Chain: Paving The Way to Advocacy*, October 2016. 2) Percent of respondents, n=154, Source: Aberdeen Group, September 2016

Primary activities supporting the CX Value Chain



CX Value Chain: “Develop Experience Strategies”

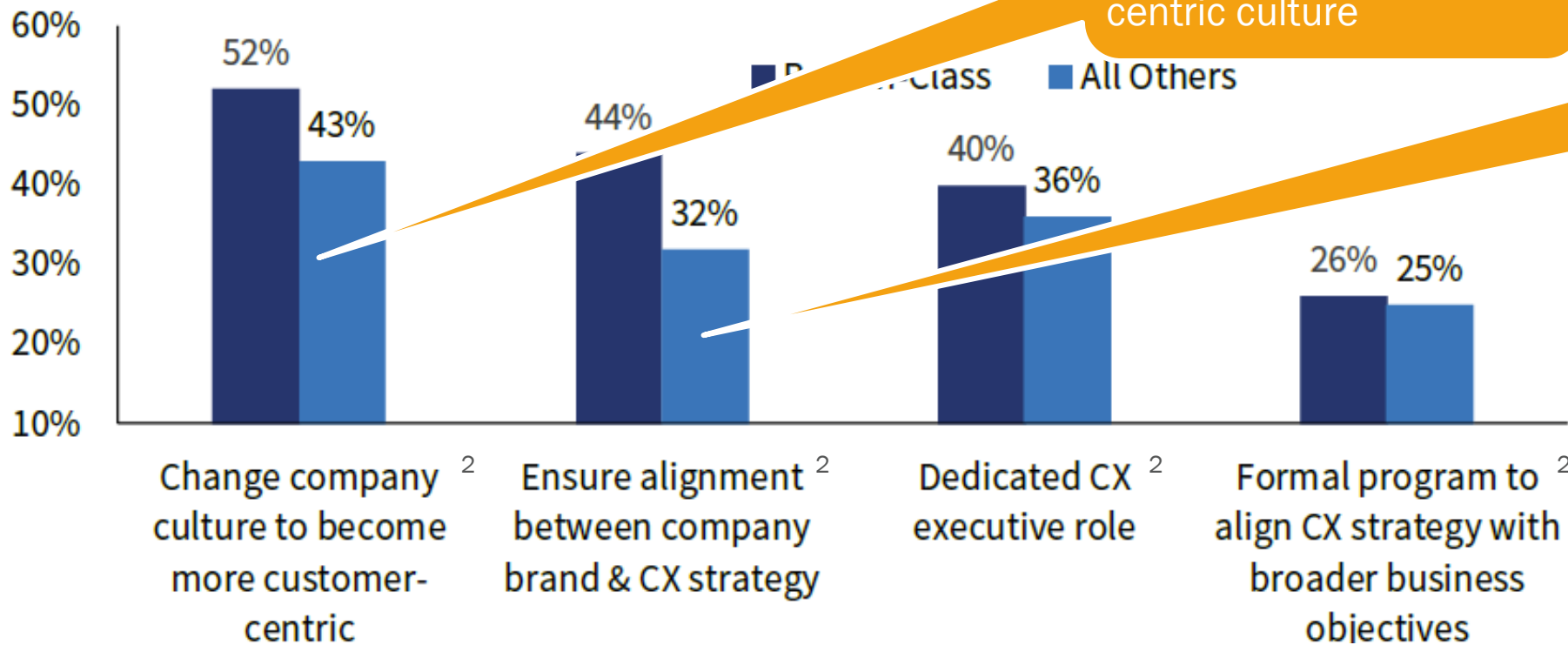
How Best-in-Class companies get there...



CX Value Chain: “Develop Experience Strategies”

How Best-in-Class companies get there...

They design a customer-first, customer experience strategy¹

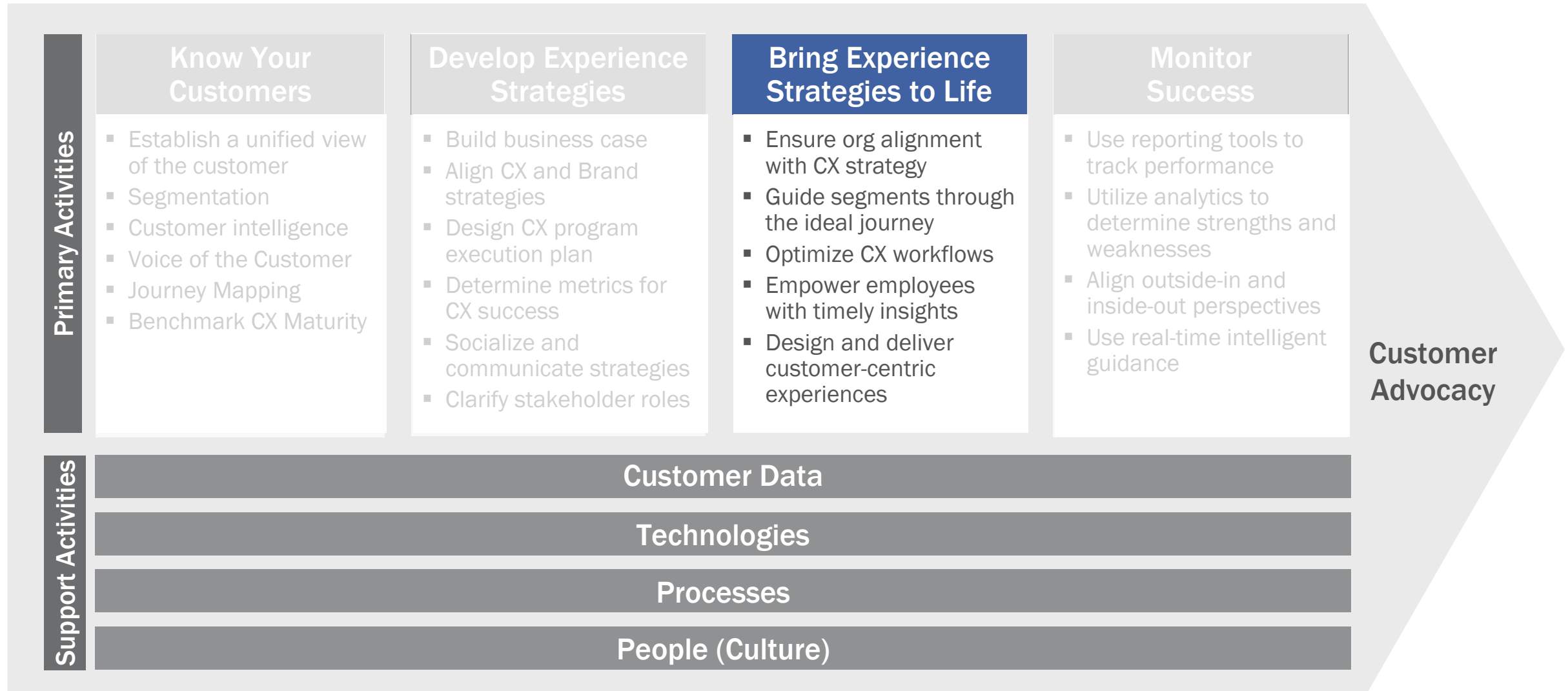


Best-in-Class firms are ~20 percent more likely to develop a customer-centric culture

And ~40 percent more likely to ensure alignment between brand and CX strategies

1) Source © Aberdeen Group: *The Customer Experience Value Chain: Paving The Way to Advocacy*, October 2016. 2) Percent of respondents, n=154, Source: Aberdeen Group, September 2016

Primary activities supporting the CX Value Chain



CX Value Chain: “Bring Experience Strategies to Life”

How Best-in-Class companies get there...

Design and deliver customer-centric experiences

Guide segments through the ideal journey

Optimize CX workflows

Ensure org alignment with CX strategy

Empower employees with timely insights

Engage Teams and Stakeholders



Value Prop and Strategy Definition



Create COE (Center of Excellence)



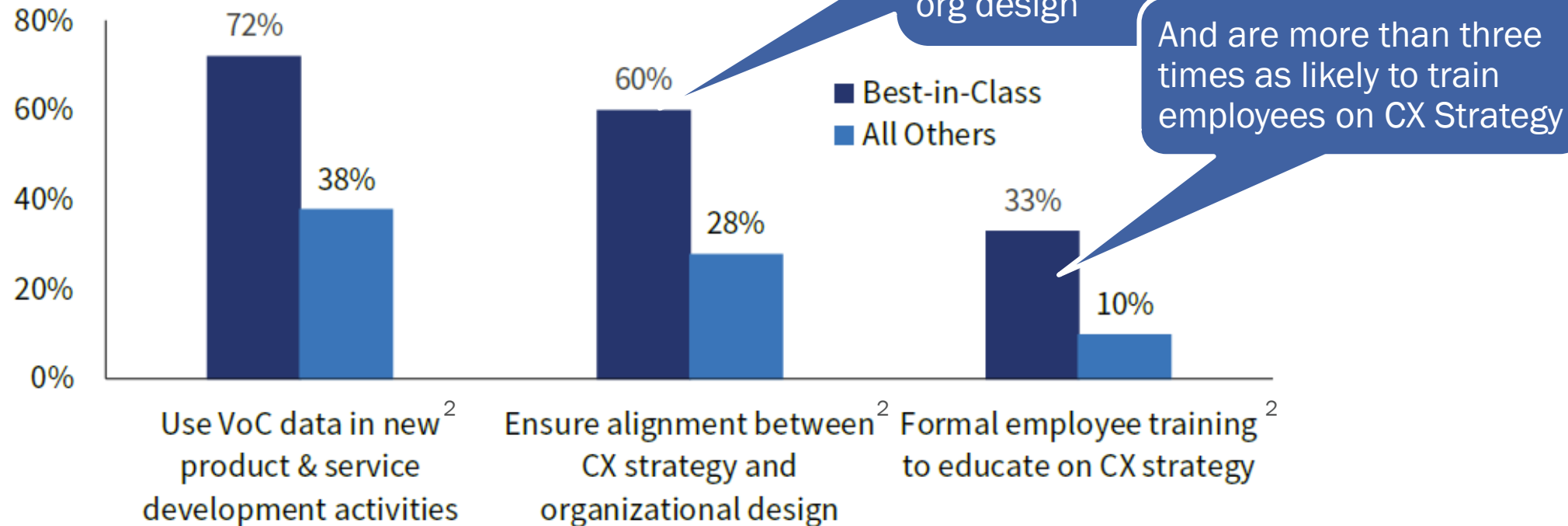
Embed Strategy as Prioritization Guide



CX Value Chain: “Bring Experience Strategies to Life”

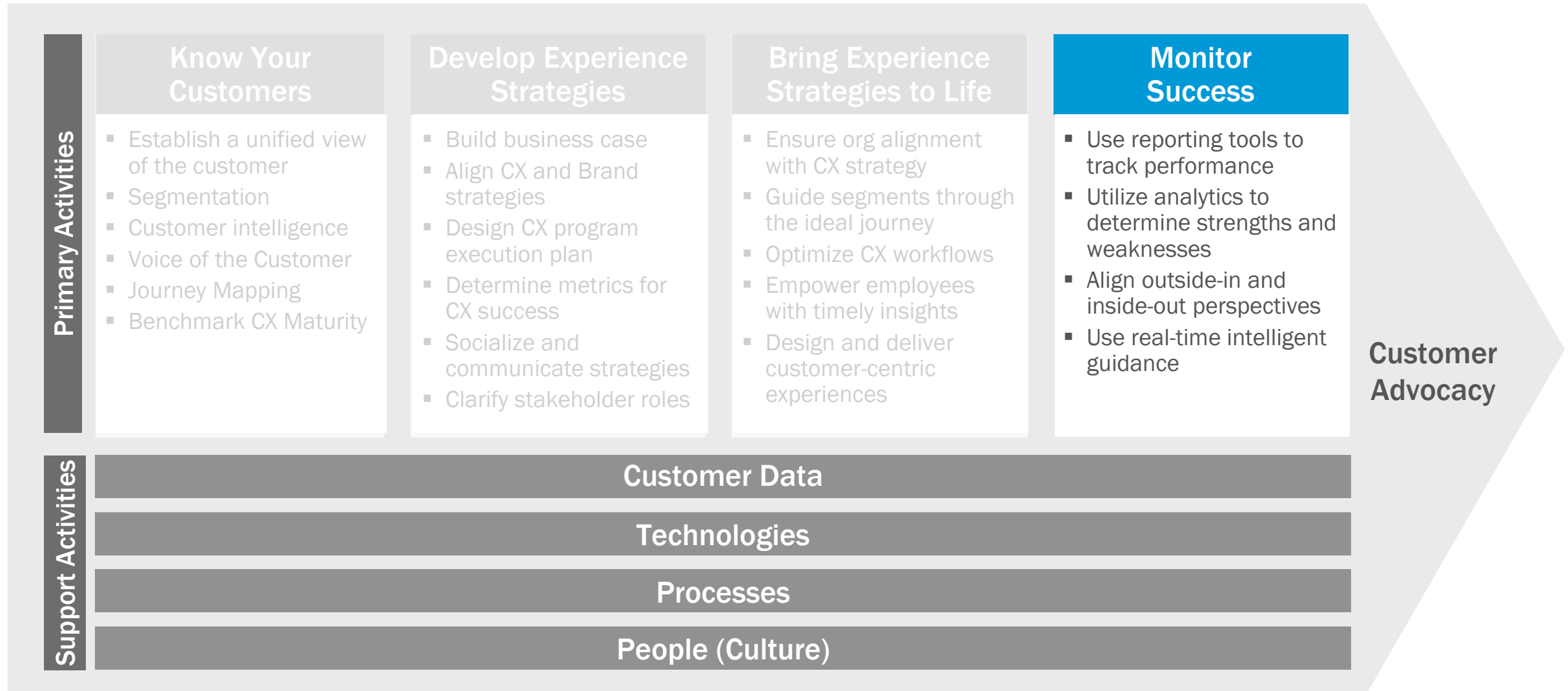
How Best-in-Class companies get there...

They flawlessly execute on their customer experience strategy¹



1) Source © Aberdeen Group: *The Customer Experience Value Chain: Paving The Way to Advocacy*, October 2016. 2) Percent of respondents, n=154, Source: Aberdeen Group, September 2016

Primary activities supporting the CX Value Chain



CX Value Chain: “Monitor Success”

How Best-in-Class companies get there...

Use real-time intelligent guidance

Align outside-in and inside-out perspectives

Use reporting tools to track performance

Utilize analytics to determine strengths and weaknesses



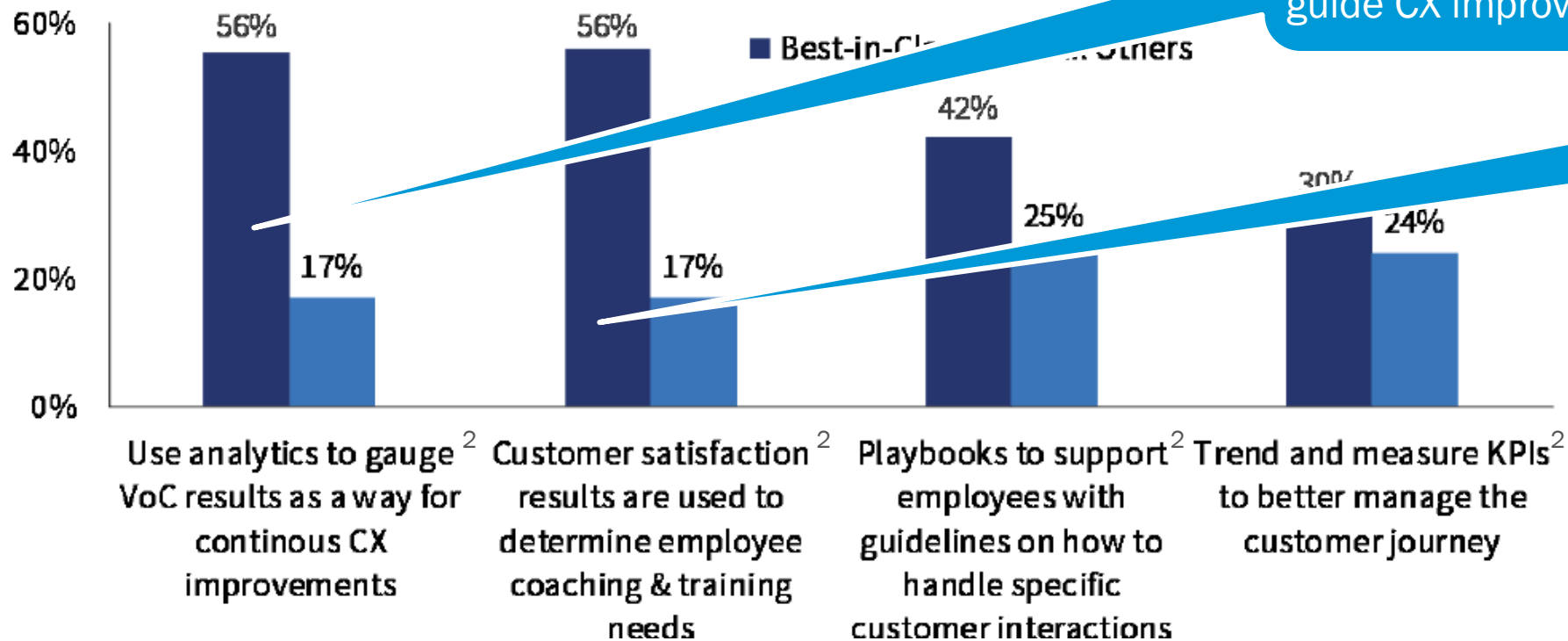
CX Value Chain: “Monitor Success”

How Best-in-Class companies get there...

They monitor and manage performance to enable ongoing change¹

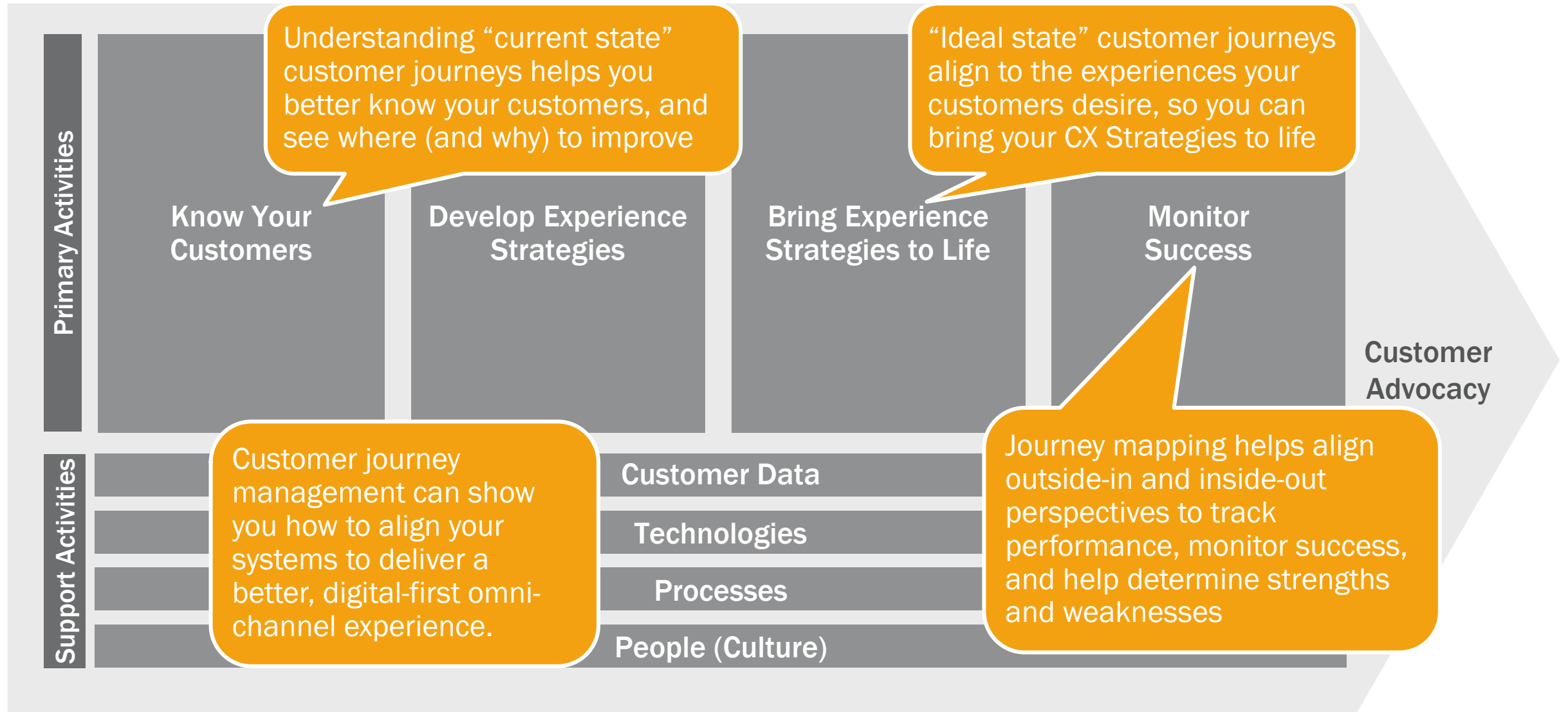
Best-in-Class firms are 3.3 times more likely to use VoC analytics to guide CX improvement

And 3.3 times more likely to use CSAT data to inform employee training

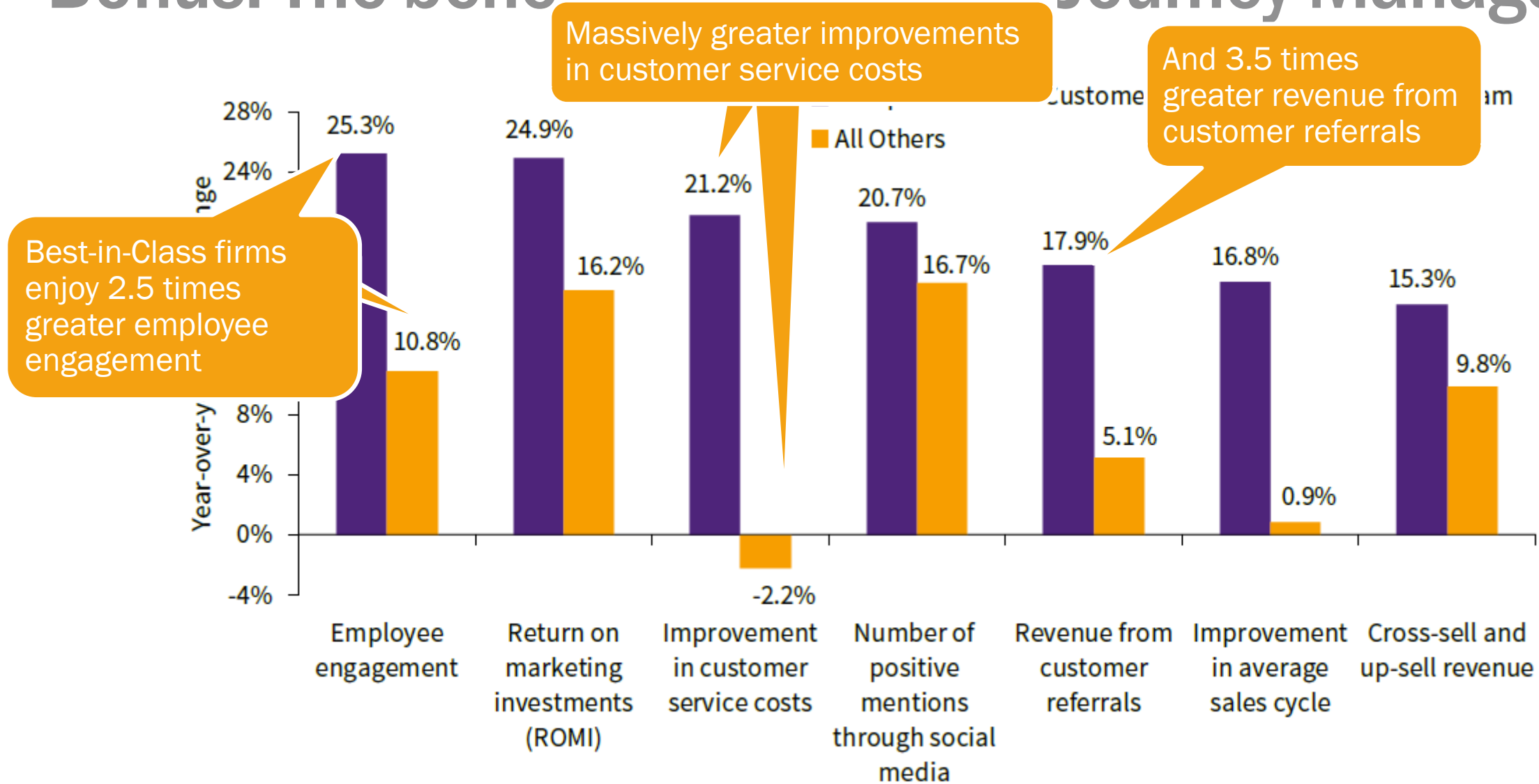


1) Source © Aberdeen Group: *The Customer Experience Value Chain: Paving The Way to Advocacy*, October 2016. 2) Percent of respondents, n=154, Source: Aberdeen Group, September 2016

Bonus: The benefits of Customer Journey Management

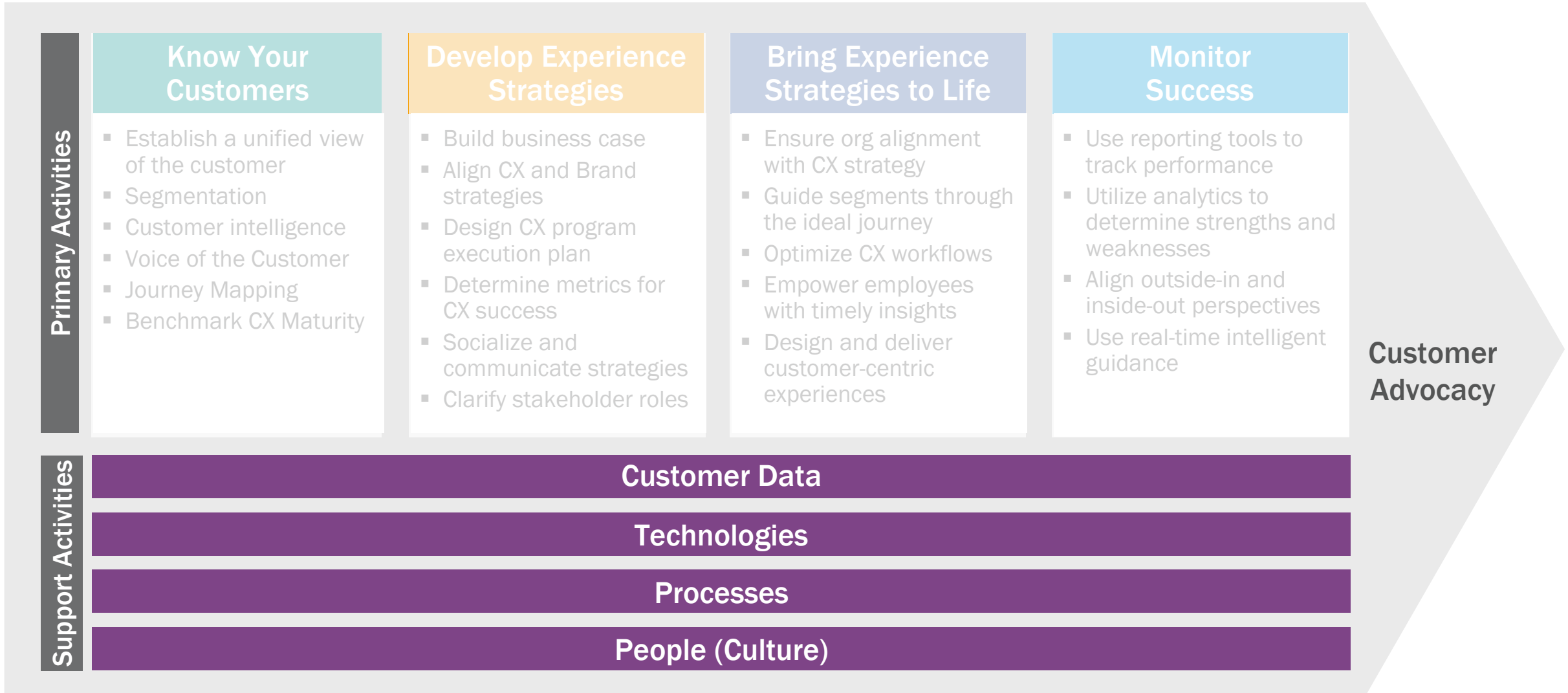


Bonus: The benefits of Customer Journey Management



Today, we're going to discuss: What the customer experience (CX) Value Chain is; The four building blocks of CX leaders; How your systems bring it to life; Steps you should take to forge your CX Value Chain.

Which brings us to what powers the CX Value Chain...



Your systems should enable digitally-driven, mobile-led, omni-channel customer experiences. This means:


Customer Data



Integrated data management

Connect your audiences, systems and customer information across processes and channels

Technologies



Connected Customer Experience

Deeply understand and deliver a unified, cross-system, end-to-end experience across the organization

Processes



Agile Business and CX Processes

Connecting your audiences, systems and customer information across processes and channels

People



A Customer-Centric Culture

Empower your people to deliver the experiences your customers need, where they are and when they want



This is just the beginning. Because as important as it is today... digital success = CX success tomorrow .

Because today – and rapidly accelerating – nearly every experience has a digital component to it.



Consider these emerging trends driving digital CX, many of which were outliers just a few years ago

Let's talk about impact: AI + Digital Assistants could boost productivity by 30%, and cut labor costs by up to one-third³

IoT Data

(The Internet of Things)

20 Billion+ Connected Devices by 2020—Up from 6 Billion Today¹

(More, Better Data)

Better analytics tools, predictive and prescriptive personalization²

AI VR/AR

(Artificial Intelligence)

A \$153 Billion Market by 2020, driving \$14 to \$33 Trillion in disruptive impact³

(Virtual and

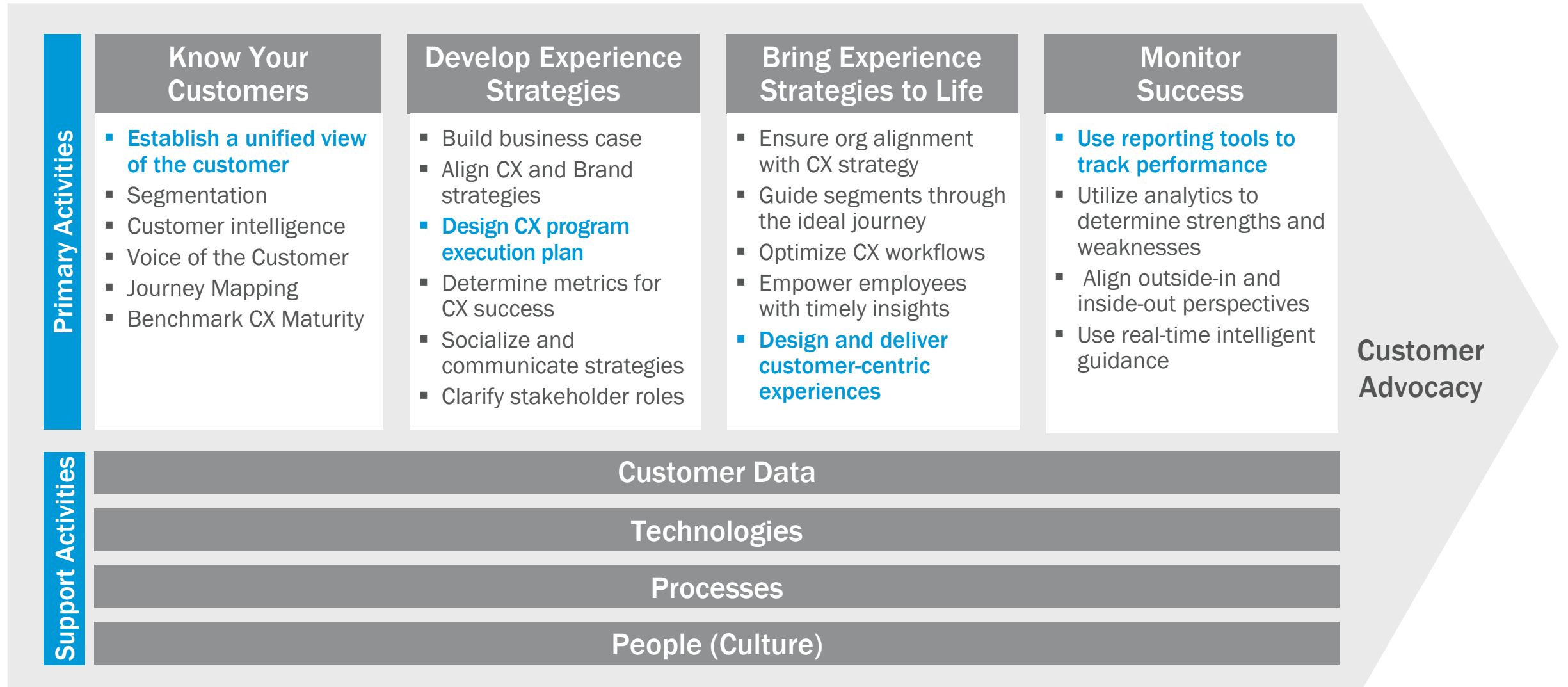
Augmented Reality)
2016 is expected to be the first Billion-Dollar year for VR⁴

Today, we're going to discuss: What the customer experience (CX) Value Chain is; The four building blocks of CX leaders; How your systems bring it to life; Steps you should take to forge your CX Value Chain.

Remember: What are people trying to accomplish?

- “We don’t *really* know who our customer is...”
- “We’re about to embark on a major customer experience technology spend...”
- “We’re facing revenue and margin pressure...”
- “Our firm is involved in M&A activities...”
- “We’re launching new products/services...”
- “We need to better respond to our competition...”
- “Our customers are expecting more from us...”

Summary: Many activities, but where to start?



Know Your Customers: Establish a unified view of the customer



“So many data sources, so little time (and too many different tools) to make sense of it all.” - Eva “CX Manager”

“A customer journey map vs. a 20-page research report or a bunch of spreadsheets? A journey map wins every time with executives and business partners.”

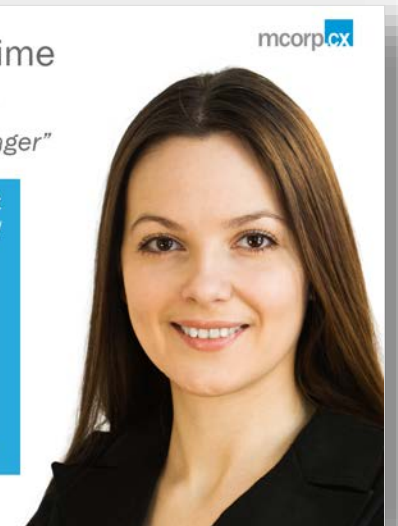
About me:

- I'm 34 years old with a background in marketing, customer insights and project management at a growing tech firm.
- I manage a small group of CX analysts working across departments to monitor customer listening posts and coordinate experience improvement initiatives.
- We help our firm to get and keep customers through better, more innovative customer and partner experiences than our competitors.

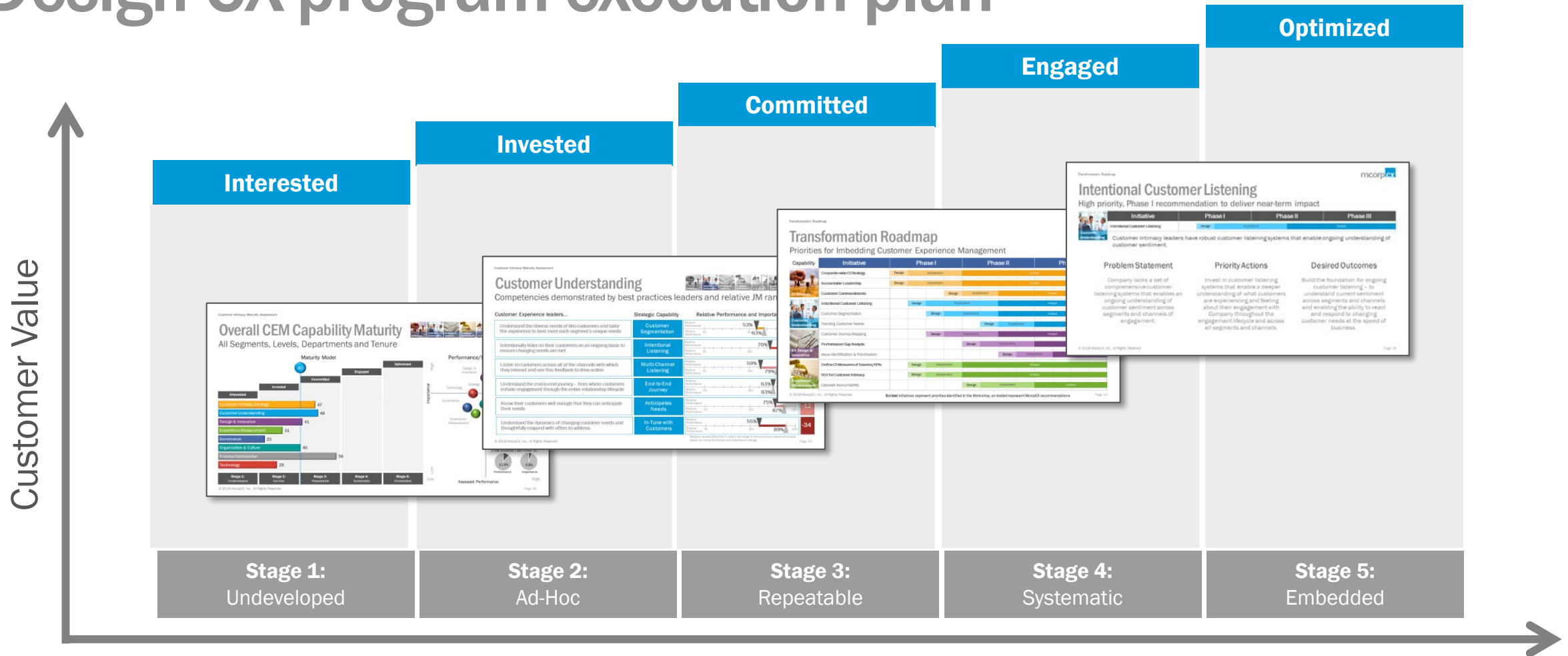
My goals:

- I want to quickly bring insights from different sources into “one view” of the customer experience to drive timely decisions - and deliver incremental improvements and innovation
- I'm looking for CX tools and vendors to automate the integration and analysis of disparate data sets.
- My team needs to get a better handle on analytics, and bring reliable insights into our journey maps and ongoing CX reports.

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Develop Experience Strategies: Design CX program execution plan



Organizational Adoption and Maturity

Bring Experience Strategies to Life: Design and deliver customer-centric experiences

1.

Listen to
and deeply
understand
your
customers



2.

Identify and
prioritize
opportunities
to improve, or
innovate



3.

Design
solutions to
meet customer
wants and
needs



4.

Prototype,
test and
iterate on and
deliver those
solutions

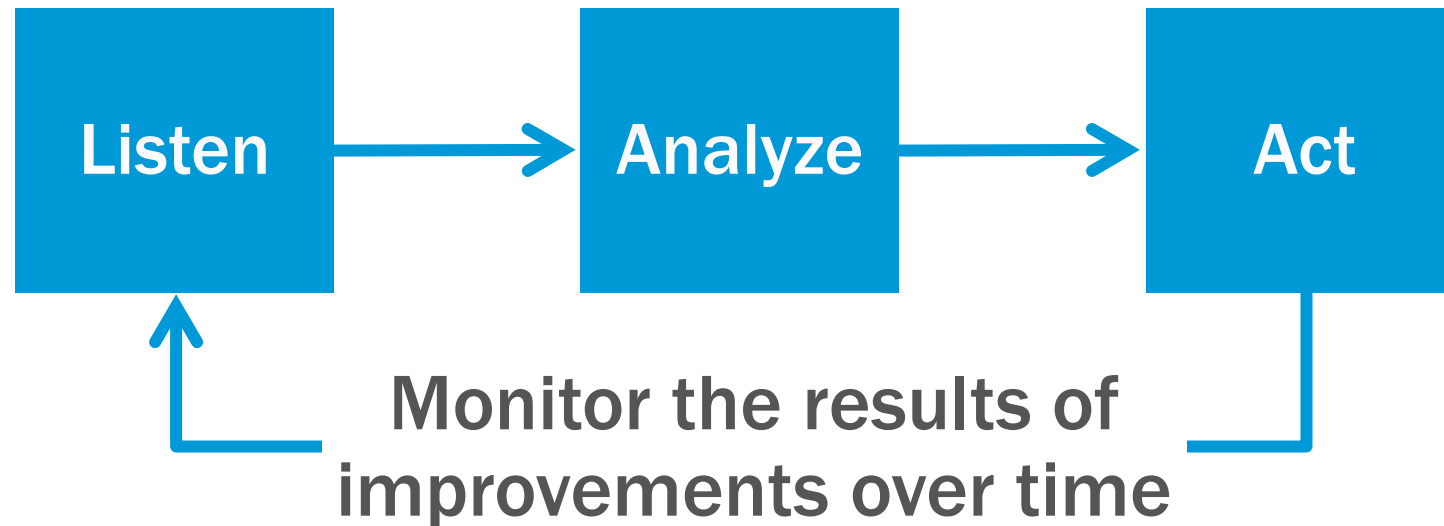


Monitor Success: Use reporting tools to track performance

**Collect
feedback across
segments and
channels**

**Identify
insights, and
share across
the org.**

**Drive real
improvements
with your VoC
insights**



We talked a bit about where to get started. So, how do you get started? While CX can be (is) big...

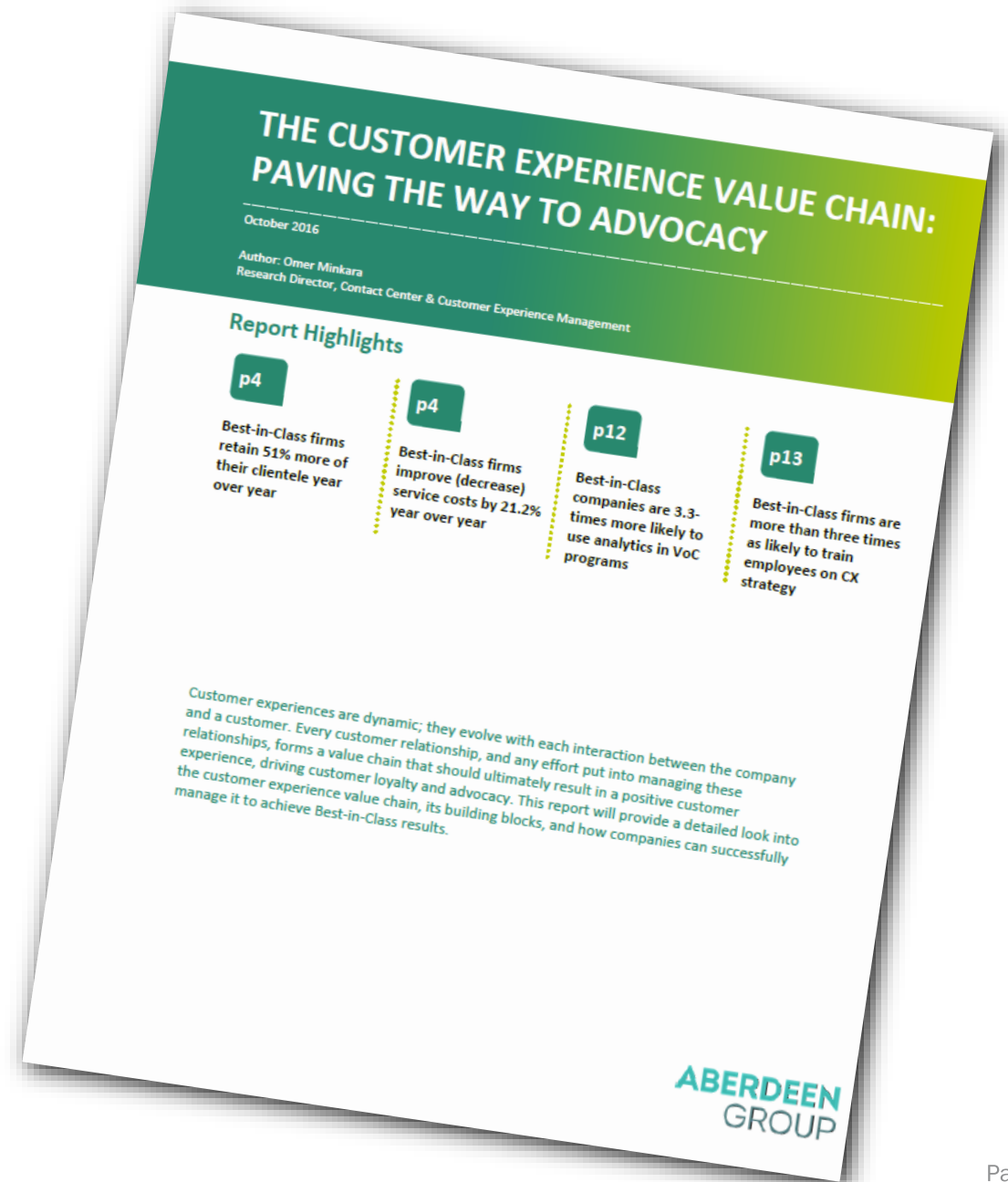
- Most companies start simply, with journey mapping and/or experience design workshops
- Others prefer to first understand where they are today, and develop a CX transformation roadmap to guide planning
- Some launch into more robust transformation efforts
- Using defined Agile sprints, results are delivered and assessed at each step along the way
- What we'd strongly suggest you *don't* do is... nothing

In closing, just a couple things...

Aberdeen Group Report

The Customer Experience Value Chain: Paving the Way to Advocacy

“Customer experience is the only remaining factor differentiating successful firms from others. Achieving success requires building a chain of activities that provide value to your customers, and your company.”



The Customer Experience Value Chain: 6 Key Points

1. Best-in-Class CX leaders have more revenue, greater profit and better retention than all others. Do what they do.
2. Ensure you know your customers better than anyone else.
3. Develop your strategies based on customer feedback.
4. Socialize, communicate and align on CX, across your org.
5. Align technology spend to your CX strategy and value chain.
6. When you think you have the answers, and things are going well... it might be time to take a closer look at CX.

Any questions? Let's talk...





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