Smoke And Mirrors: Why Customer Experience Programs Miss Their Mark

Rethink Your Voice Of The Customer Program To Drive Success

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Executive Summary

Only 19% of respondents say the voice of the customer is well embedded into how their organizations run.

The voice of the customer (VoC) is critical to how organizations function, yet many organizations aren't acting appropriately on what they hear. Put yourself in your customer's position: Have you ever shared negative experience feedback with a brand? Chances are, you received a thank-you message for your feedback, but what happened after that? Did you notice a change in the product or service from that brand going forward, or were you thanked for your time and that was that? Too often, it's the latter — and this is likely the experience your customers have with your own VoC initiatives. This is not done with malicious intent; rather, organizations largely lack the appropriate processes and execution capabilities to act on the feedback they receive, and become frustrated when nothing changes even after rolling out carefully planned VoC strategies.

Organizations fall victim to process inefficiencies, deprioritized initiatives, and a lack of automation that prevents them from acting on the customer data. An altered sense of reality further undermines progress. Many organizations think that, because they're collecting customer feedback, their VoC program is proceeding as it should — even if they aren't acting on this data.

Alchemer commissioned Forrester Consulting to evaluate customer experience (CX) insights and data use. Forrester conducted an online survey with 305 respondents with decision-making responsibility for their organization's customer insights and/or CX strategy to explore this topic. We found that even though organizations say they do well at collecting feedback and generating insights, they don't actively work these insights into their decisions, and customers never see the result.

KEY FINDINGS

› **Your CX program isn't set up for success.** Even though organizations show a lot of energy around CX improvements, their operations and prioritization leave much to be desired. CX is still not fully embedded or built out across the organization, leaving plenty of performance gaps.

› **CX programs fail in three key areas: quality, embeddedness, and process.** Organizations have a distorted view of reality. Many think their CX program performance is much more mature than it actually is. Most organizations are disconnected among key people, process, and technology pillars, and they can't back up their perception of excellence with their actions. As a result, 96% of respondents report their organizations experience negative business impacts due to these challenges.

› **Integrate your processes now to ensure future success.** For true VoC success, the feedback received must be analyzed, acted upon, and integrated into business processes. Without putting these findings into action, feedback is essentially useless. The time to act is now. 100% of organizations expect business and customer benefits from improving their VoC strategy.

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Why Your CX Program Isn't Set Up For Success

Customer experience strategy is an integral part customer satisfaction and engagement. It has unfortunately long been thought of as nice to have, instead of the core competency it really is. Even those decision-makers who recognize the full importance of CX have unclear or inarticulate processes, definitions, and executions for these strategies. This prevents their organizations from meeting and exceeding CX goals. Ultimately, CX leaders are not able to articulate how CX best drives business strategy, and it shows.

The fragility of the CX ecosystem comes down to three foundational issues: 1) lack of clear strategy; 2) failure to define CX as the value driver it truly is; and 3) the inability to respond to customer problems, which was made particularly clear during COVID-19. A strong, effective, and sustainable CX program is prioritized, cohesively built into an organization's strategy, methodically planned, and tactically executed.

In our survey of 305 CX/insights decision-makers, we found that organizations' current CX programs are in dire straits. This is due to:

> **CX being abandoned as a priority.** Ninety-one percent of respondents report that the COVID-19 pandemic affected their organization's CX plans. The most common effects included abandoned priorities (46%), reallocated or suspended budgets (36%), paused workflows (34%), completely pivoted strategies (29%), and an inability to gather insights or work effectively (26%). This is more than a fight-or-flight response to a global pandemic; these issues indicate that CX is often the first to go when a business is in peril.

> **Organizations not focusing on the most business-beneficial initiatives.** Even so, organizations continue to invest heavily in CX and VoC initiatives that fail to deliver results. Organizations are right to emphasize CX and insights improvements over the next 12 months, but their least-prioritized initiatives illustrate an alarming tendency to leave money on the table — literally — by neglecting to focus on cost reduction and ROI improvements (see Figure 1). These initiatives generate buy-in and prove the worthiness of CX investment down the road, but they're not happening as often as they should.

The fragility of the CX ecosystem comes down to 1) lack of clear strategy; 2) failure to define CX as a value driver; and 3) the inability to respond to customer problems.

Figure 1

Top Marketing/Customer Insights Priorities Over The Next 12 Months

■ High priority ■ Critical priority

Priority	High priority	Critical priority	Total
Improve CX	46%	40%	86%
Connect insights to action	43%	37%	80%
Improve our use of data and analytics	45%	35%	80%
Improve lead/opportunity quality	45%	33%	78%
Improve the quality of customer data/gather additional data sources	46%	28%	74%
Improve segmentation/targeting for customer acquisition	47%	24%	71%
Improve personalization capabilities	46%	20%	66%
Improve VoC data strategy	50%	14%	64%
Improve the effectiveness of marketing (drive engagement, sales/customer acquisition)	47%	17%	64%
Improve predictability of CX budget	38%	16%	54%
Reduce overall costs while maintaining quality	38%	13%	51%
Improve the ROI of CX programs	38%	12%	50%

Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

› **Low-maturity operations.** Siloed workflows and outdated technologies aren't doing organizations any favors. Collecting customer insights is typically shared between CX and marketing teams and, while 57% of respondents report that these teams work together collaboratively, these findings aren't often communicated throughout the business. Additionally, organizations typically use outdated technologies and data (see Figure 2).

While it's good there's a focus on CX improvements, organizations' performances overall — particularly during the pandemic — illustrate that it's all talk and no action. CX is still not fully embedded or built out across organizations, leaving performance gaps. It's akin to spinning their wheels and going nowhere. To avoid this, organizations must clearly evaluate the critical pillars of their CX strategies and plot a course for improvement.

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Figure 2

Technologies Used In CX Programs

56% Customer relationship management

45% Customer feedback management

41% Survey-focused tools

36% Social media and reputation management

35% Digital interaction analytics

35% Digital feedback specialists

34% Spreadsheet solutions

32% Unified data analytics that aggregate and analyze data from several sources

28% Insights and engagement communities

28% Journey mapping tools

23% Text analytics

20% Journey orchestration

18% BI tools

13% Speech analytics

Data Collected For CX Programs

71% Demographic data

60% Website activity data

55% Marketing response data

49% CRM data

46% In-person data

45% Behavioral data

38% Location data

37% Media data

35% Internet-of-things/sensor data

34% Purchase transaction data/point-of-sales data

28% Communication preference data

21% Psychographic data

Low maturity

Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

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CX Programs Fail In Three Key Areas: Quality, Embeddedness, And Process

Where should firms look first to start making progress? Let's start with a brutal reality check: Decision-makers' perceptions of their organization's CX programs do not always align with reality. Most organizations are disconnected among key people, process, and technology pillars, and they can't back up their perception of excellence with their actions (see Figure 3).

For example, most collect feedback and generate insights and dashboards well, but less than 25% of respondents report that their organizations effectively address customer feedback. Most respondents (75%) believe their entire company clearly defines success for their customer program, yet few (24%) respondents report the program itself is understood, and fewer still (20%) believe customer-centricity is part of their company's culture. Only 19% of respondents report that the voice of the customer is well-embedded in how their organization runs.

While firms are invested in the CX experience, their programs are not integrated into all aspects of the organization, which hinders performance. This is evident in three key areas: 1) low-quality data along the entire customer lifecycle; 2) the ability (or lack thereof) to embed insights from this feedback throughout the organization; and 3) overall muddled, unclear processes that don't provide the right environment for CX to thrive.

> Most organizations are disconnected among key people, process, and technology pillars, and they can't back up their perception of excellence with their actions.

Figure 3

Respondents' Perceptions Don't Align With Reality

If...

75%

of respondents say their organization's definition of success is well-known across the entire organization

and...

50%

of respondents say their organizations communicate customer insights metrics beyond initial reports and embed insights into decisions

Then why do respondents also report the following?

53%
Our data collection processes have hurt our CX strategy more than they've helped.

32%
Both positive and negative feedback is shared/embedded throughout the organization.

32%
We are confident that the metrics we track offer the best insight into our CX performance.

29%
We can meaningfully act on the data we collect.

26%
Customer feedback is embedded into all processes and workflows.

24%
We feel satisfied that we effectively address customer feedback.

23%
Our VoC program is well-defined and understood throughout the organization.

20%
It is part of our company culture for all employees to engage with customers.

Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

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## LOW-QUALITY DATA ALONG VOC DATA COLLECTION CYCLE

Contrary to popular belief, a good data strategy doesn't require using every available data stream. A top-notch data strategy is one that uses high-quality, relevant, and meaningful data where it's needed most. The best way to pipe the right data into the right places at the right time is to integrate VoC data into business processes and communicate this data's meaning so each department can use these findings to their advantage.

However, most organizations don't do this. Eighty-two percent of respondents report their organizations lack a fully embedded VoC program, which means almost no one is integrating customer feedback into their business. They are therefore missing out on opportunities to best serve their customers.

Automation plays a substantial role in organizations' ability to collect, aggregate, analyze, and act on data. This is particularly troublesome for organizations' ability to analyze and act on data: only 11% and 6%, respectively, have fully automated analysis and communication processes for these stages (see Figure 4). A more automated, streamlined process cuts down manual work and analysis, leaving more time for marketers to integrate and communicate these findings across their organization — though many respondents find this communication lacking.

Figure 4

"Which stage in the VoC data collection/use process is most difficult?"
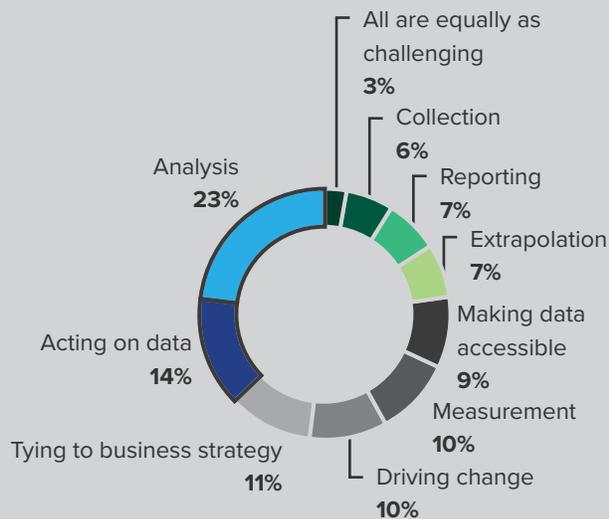
"How automated are each of the following phases of the customer data collection process?"
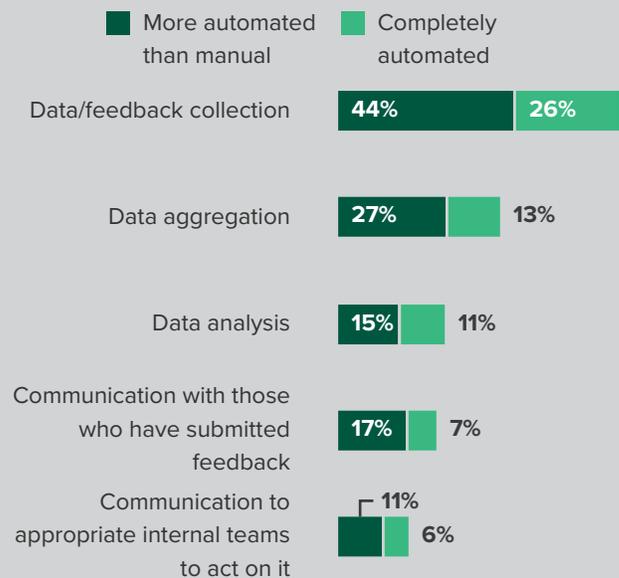
Base: 288 CX/customer insights decision-makers who experience challenges with their VoC strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

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EMBEDDING FEEDBACK THROUGHOUT THE ORGANIZATION

Only 22% of respondents report that their organization's CX model is enterprise wide. Without an enterprise-wide strategy, data isn't used to its fullest potential and the importance of CX isn't clear. This leads to organizations who can't consistently act on and prioritize data. While 67% of respondents say they can consistently respond to data across the organization in some way (either flagging, sharing internally, or filing), they can't perform key functions with that data (see Figure 5). No matter how well organizations collect and analyze data, the inability to fully prioritize and act on data is where organizations fall short.

Only 17% of respondents' organizations prioritize making data accessible across the organization. This leaves plenty of key decision-makers in the dark. What's the point of collecting data if it isn't going to be communicated across the entire organization or used to make decisions? Unused data is the same as data that isn't collected at all.

Figure 5

"Does your organization have a consistent way to respond to, prioritize, and act on data across the organization?"
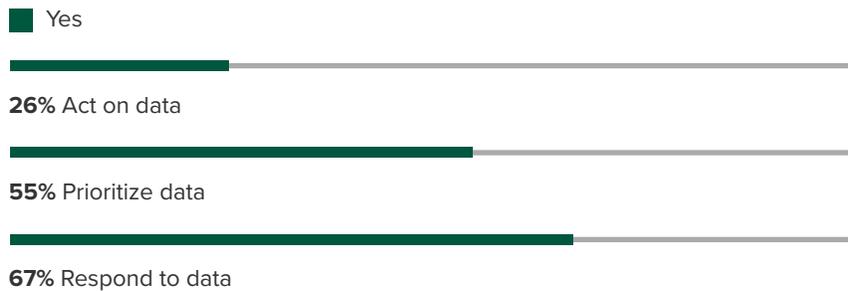
■ Yes

26% Act on data

55% Prioritize data

67% Respond to data

Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

MUDDLED PROCESSES & LACK OF KEY METRICS

Organizations' top challenges stem from not acting on data enough or taking too long to act on data, as well as tracking metrics (see Figure 6). Organizations remain uncertain when it comes to determining what to do with the data they collect. Even though they feel as if they've spent the time, money, and resources to build an effective data strategy, they're unable to see the return they'd like to because they're missing this critical element: the inability to interpret results and act.

Figure 6

Challenges Experienced With VoC Strategy

32% Tracking metrics back to our VoC program is difficult.

28% It takes too long to act on the data we collect.

27% Determining the right metrics is difficult.

25% We have difficulty tracking the success/impacts of our strategy.

25% Employees lack the right skills.

24% We don't act on the data enough.

24% Customer feedback isn't shared throughout the organization.

21% We lack executive buy-in.

21% We lack sufficient budget to evolve/innovate our program.

19% Our VoC program is not well defined.

17% We lack collaboration/teams operate in silos.

16% We lack team support for programs to take place.

15% We don't have one person/team in charge.

9% We don't have a clear VoC vision and/or strategy or lack a long-term strategy.

8% We don't have the right tools/technology to gather customer insights/data.

5% We don't experience any challenges with our VoC strategy.

5% We don't have a clear CX vision/strategy.

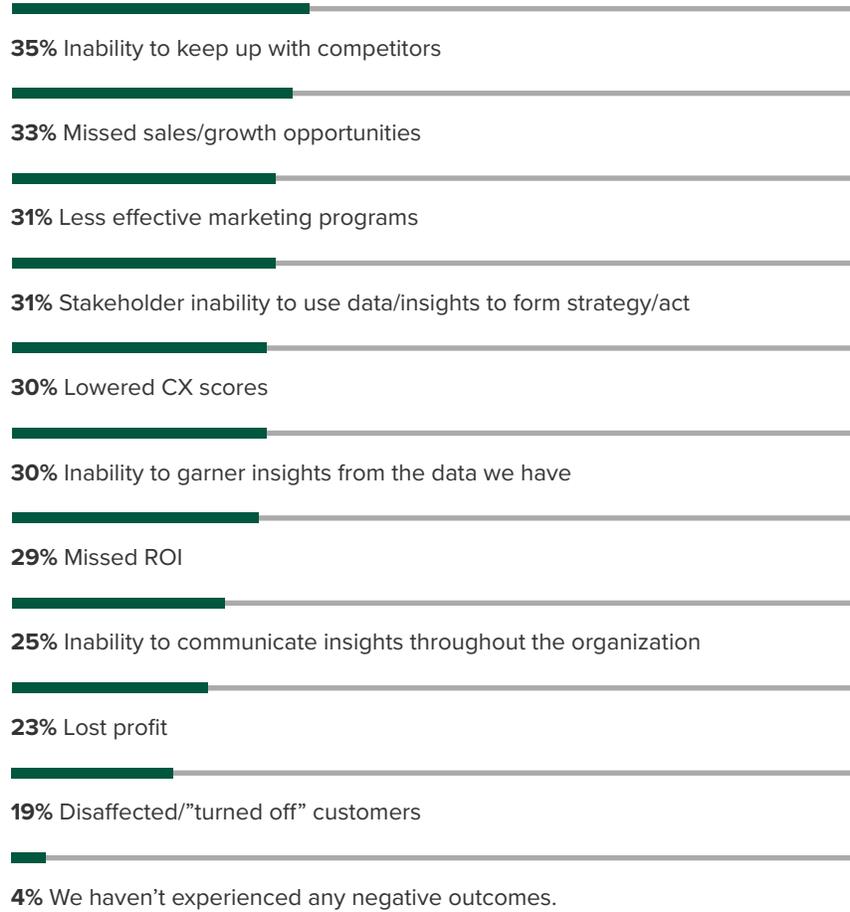Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

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THE TIME TO ACT IS NOW

These challenges result in detrimental business outcomes (see Figure 7). Ninety-six percent of organizations experience negative business outcomes because of their data challenges. This is the wake-up call that organizations need to understand that they aren't doing as well as they think. If they were performing as well as they thought, they wouldn't be reporting such high levels of negative outcomes.

Figure 7

"How have the VoC strategy challenges you've experienced negatively impacted your business?"

35% Inability to keep up with competitors

33% Missed sales/growth opportunities

31% Less effective marketing programs

31% Stakeholder inability to use data/insights to form strategy/act

30% Lowered CX scores

30% Inability to garner insights from the data we have

29% Missed ROI

25% Inability to communicate insights throughout the organization

23% Lost profit

19% Disaffected/"turned off" customers

4% We haven't experienced any negative outcomes.

Base: 288 CX/customer insights decision-makers who experience challenges with their VoC strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

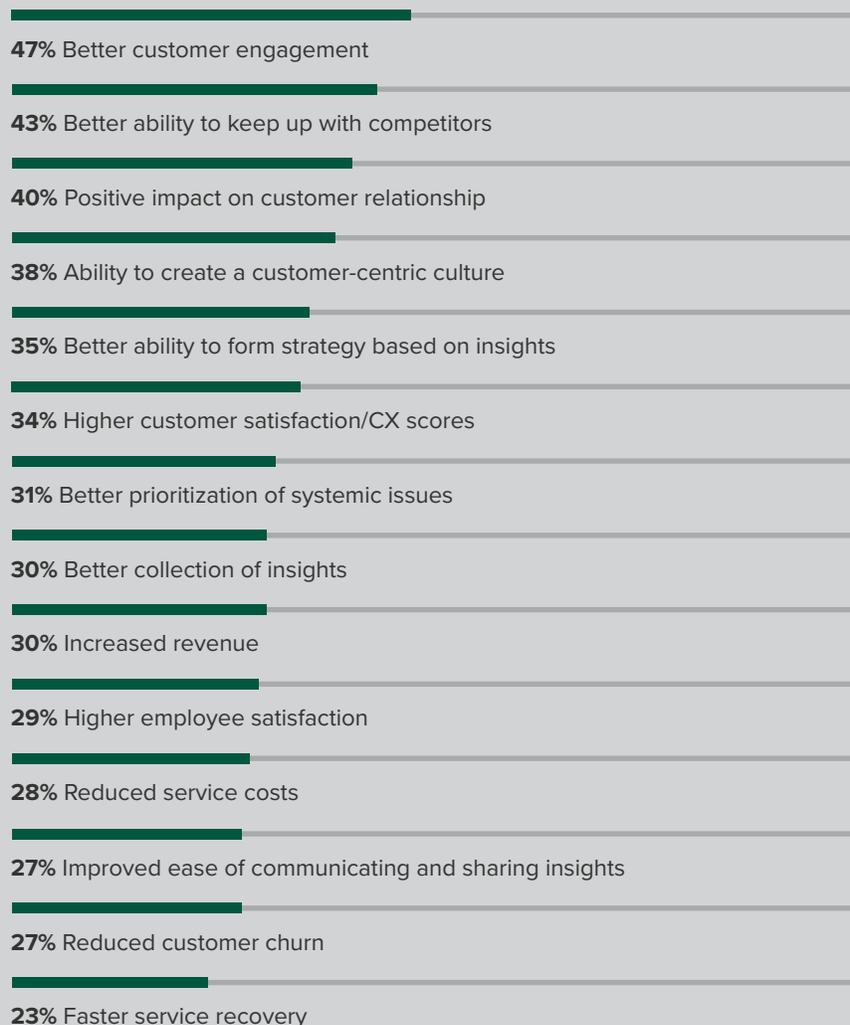# Integrate Your Processes Now To Ensure CX Success

CX and VoC programs exist to improve the relationship customers have with an organization and increase customer retention and growth. Successful programs must have customer feedback hardwired into the organization so employees can effectively engage customers and improve relationships — yet this is easier said than done for most organizations.

Even so, 100% of respondents expect positive business benefits from improving their VoC program (see Figure 8). Customer engagement, competitive advantage, and better strategies based on insights all thrive in a healthy VoC environment, and these benefits directly address the challenges organizations said they currently have. However, VoC improvements and a top-notch strategy shouldn't be thought of as a be-all-end-all fix. Organizations still need to put in the work strategically to gain these benefits.

100% of respondents expect positive business benefits from improving their VoC program.

Figure 8

Benefits Experienced From An Improved VoC Program

47% Better customer engagement

43% Better ability to keep up with competitors

40% Positive impact on customer relationship

38% Ability to create a customer-centric culture

35% Better ability to form strategy based on insights

34% Higher customer satisfaction/CX scores

31% Better prioritization of systemic issues

30% Better collection of insights

30% Increased revenue

29% Higher employee satisfaction

28% Reduced service costs

27% Improved ease of communicating and sharing insights

27% Reduced customer churn

23% Faster service recovery

0% of respondents selected "None of these".

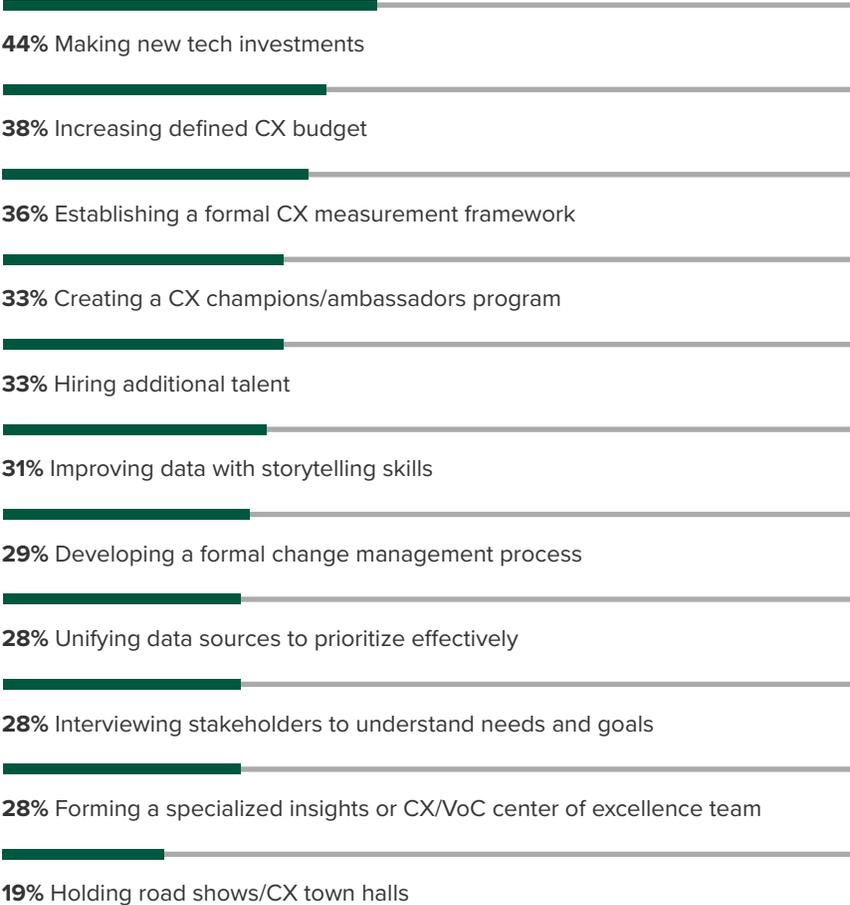Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

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THE PATH FORWARD REQUIRES A THOUGHTFUL STRATEGY AND TECHNICAL HELP

Organizations have started to improve embedded insights by increasing technologies and budgets, attempting to formalize frameworks, and hiring to fill necessary gaps (see Figure 9). However, organizations must be strategic when forming their next steps, rather than simply doing things to check the box, which is often the case. Assessing the right next steps and selecting functionalities and partners to bolster where they fall short, and making sure all three of these things work together, is absolutely critical.

Figure 9

"What steps are you taking to embed customer insights/feedback throughout your organization?"

44% Making new tech investments

38% Increasing defined CX budget

36% Establishing a formal CX measurement framework

33% Creating a CX champions/ambassadors program

33% Hiring additional talent

31% Improving data with storytelling skills

29% Developing a formal change management process

28% Unifying data sources to prioritize effectively

28% Interviewing stakeholders to understand needs and goals

28% Forming a specialized insights or CX/VoC center of excellence team

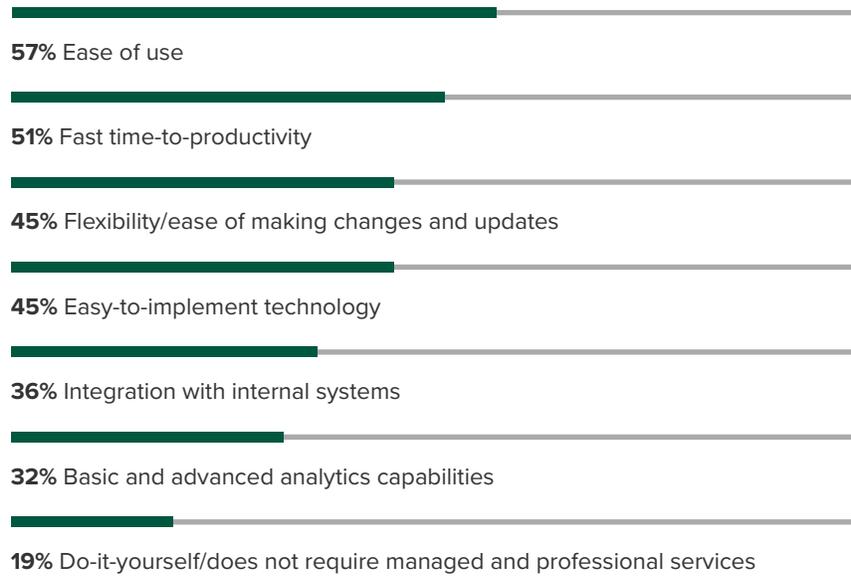**19%** Holding road shows/CX town halls

Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

Organizations are seeking key functionalities from their solutions that prime them to provide a better VoC experience. Solutions that are easy to implement, intuitive to use, and have a fast time-to-productivity are top of mind. They also look for solutions that are easy to adapt to their changing needs. This flexibility is also crucial for freeing up decision-makers to think more critically about their processes, rather than how to get their technology to work – improving innovation cycles for years to come (see Figure 10).

Figure 10

"What functionality/capability would be most valuable to help your organization get more out of your customer insights?"

57% Ease of use

51% Fast time-to-productivity

45% Flexibility/ease of making changes and updates

45% Easy-to-implement technology

36% Integration with internal systems

32% Basic and advanced analytics capabilities

19% Do-it-yourself/does not require managed and professional services

Base: 305 CX/customer insights decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of Alchemer, February 2021

Key Recommendations

Improving CX and maturing VoC efforts requires a focus on people, process, data, and technology. It also requires CX and insights professionals to recognize what is — and isn't — working.

Based on Forrester's in-depth survey of CX/insights professionals, firms looking to propel their VoC efforts forward and inspire action should consider the following important recommendations:

Ensure that you have the right CX metrics in place. Best-in-class CX measurement programs may have a beacon metric, but they also incorporate interaction, perception, and outcome metrics. Interaction metrics — what happens during the interaction — contextualize and operationalize perceptions. Perception metrics — how customers feel about what happens and how this affects their overall CX — assess how well a company delivers against customers' CX quality expectations. Outcome metrics — what customers do because of the experience — tie CX quality perceptions to success.

Prioritize closing the insights-to-action gap. VoC programs complete a cycle of four key activities: listen, interpret, act, and monitor. But CX and insights professionals often focus too much on listening and interpreting, and not enough on driving action to make customers feel heard and valued. Time is of the essence. Share feedback internally and turn this into actionable future plans, lest you run the risk of a plummeting customer experience. To move from insights to action, interview key stakeholders across the organization to identify what's important to them, how they measure success, and how they are goaled. Use this information to make sure the metrics and insights that are shared are relevant, specific, easy, and appealing to stakeholders.

Make practices systematic while continuing to build capabilities. Plan to improve existing capabilities in some areas while also building out new practices on an ad hoc basis. Don't get bogged down in any key VoC activity, where it becomes easier to fall victim to analysis paralysis. Although you may identify great insights, the insight is useless without a formal process in place to react or respond to it. Focus on building your VoC program in a deliberate way, thoughtfully integrating process automation where needed, and building VoC into workflows to close the gap.

Embrace a communication plan. Building and maintaining momentum with VoC programs requires ongoing communication. Create a plan and campaign that communicates up, down, and across the organization. Initial communications should include what the VoC program is, why it's important, what it's expected to do, and its expected benefits. And, once you launch the new program, continue ongoing communication to engage more stakeholders and embed VoC insights into day-to-day operations.
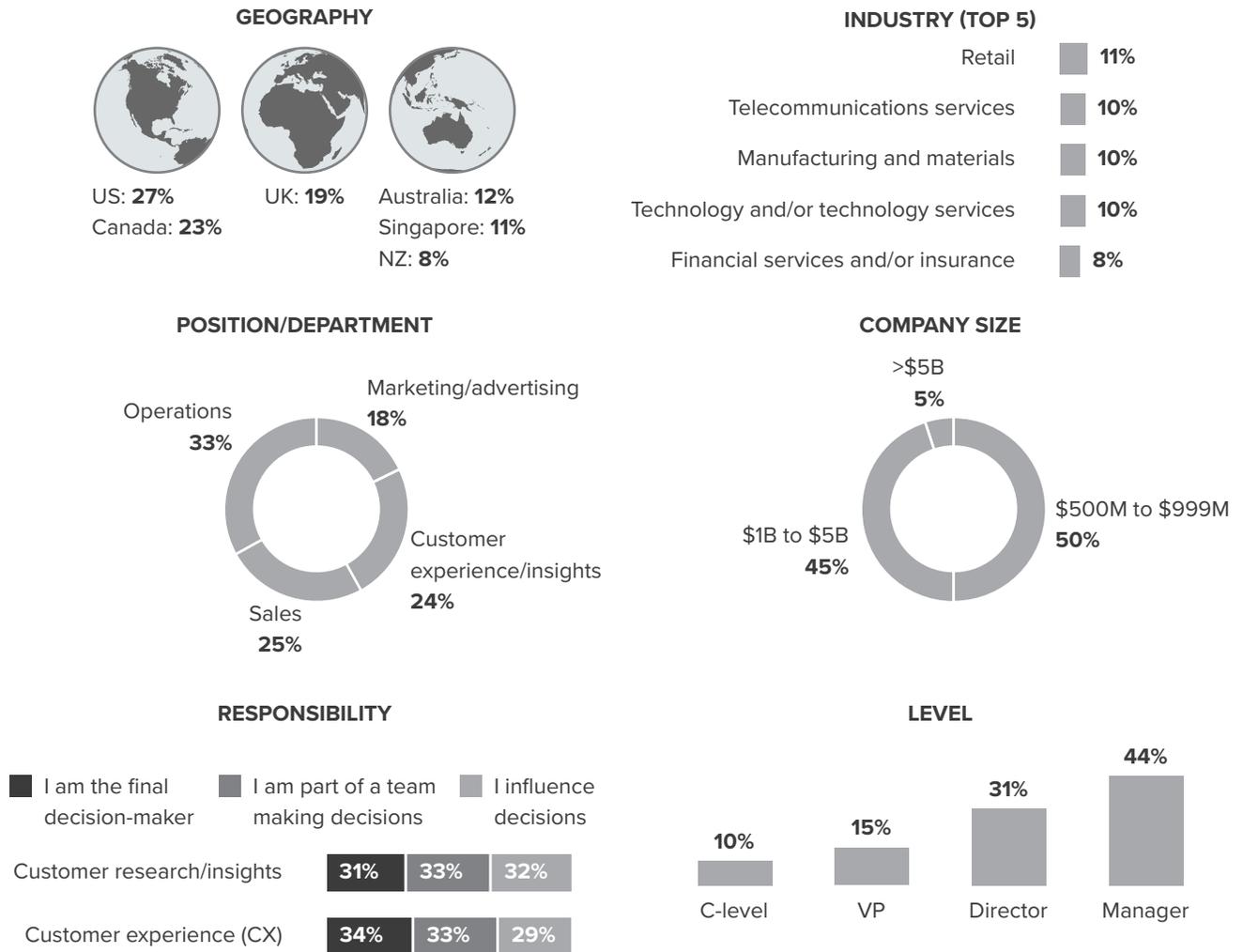
Be flexible and agile in your approach. VoC programs require a degree of flexibility as these programs are not intended to be static — they must be dynamic and evolve to meet your program needs and the needs of your customers. Regularly assess your approach to VoC with a willingness to evolve and innovate. Make sure that the feedback and data collected is delivering value and is used to inform decision-making. If it isn't, reassess the listening post and determine how to improve the quality of the information so it can be put to use.

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Appendix A: Methodology

In this study, Forrester conducted an online survey of 305 customer experience and customer research/insights decision-makers in a variety of industries to evaluate organizations' use of customer insight data. Survey participants included respondents from the US, Canada, the UK, Australia, Singapore, and New Zealand. Questions provided to the participants asked about their current processes for data collection, use cases for data, challenges in data collection, and more. Respondents were offered incentives as a thank-you for time spent on the survey. The study completed in February 2021.

Appendix B: Demographics

GEOGRAPHY

US: **27%**
Canada: **23%**

UK: **19%**

Australia: **12%**
Singapore: **11%**
NZ: **8%**

INDUSTRY (TOP 5)

Retail	**11%**
Telecommunications services	**10%**
Manufacturing and materials	**10%**
Technology and/or technology services	**10%**
Financial services and/or insurance	**8%**

POSITION/DEPARTMENT

Operations **33%**

Marketing/advertising **18%**

Customer experience/insights **24%**

Sales **25%**

COMPANY SIZE

>$5B **5%**

$500M to $999M **50%**

$1B to $5B **45%**

RESPONSIBILITY

■ I am the final decision-maker　■ I am part of a team making decisions　■ I influence decisions

Customer research/insights	31%	33%	32%
Customer experience (CX)	34%	33%	29%

LEVEL

C-level	VP	Director	Manager
10%	15%	31%	44%

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