EXPERIENCE STRATEGY: CONNECTING CUSTOMER EXPERIENCE TO BUSINESS STRATEGY

By Charlene Li with Aubrey Littleton and Omar Akhtar
Altimeter, a Prophet Company
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EXECUTIVE SUMMARY

Our research found that most people define their ideal experience in terms of speed and relevance — getting fast responses to their questions and finding the information they need quickly. Yet despite customer experience being a top priority for the C-suite, few organizations have a coherent strategy that aligns customer experience with business strategy and then across departments. Our research found that the key is to use relationships as the foundation for a next-generation customer experience strategy, with touchpoints and journeys remaining practical necessities. The strategy must prioritize experiences that create relevance in the relationship that in the end drives business results.

To develop the strategy itself, start by understanding the maturity of your experience strategy formulation and execution capabilities. From there, the strategy process has four components:

- Understand the next generation customer on a continuous basis.
- Create a vision and guiding principles that connect experience to relationships.
- Prioritize experience initiatives for relevance.
- Align the organization for execution.

TABLE OF CONTENTS

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DESPITE MAKING CUSTOMER EXPERIENCE A PRIORITY, COMPANIES DON'T KNOW HOW TO INVEST IN IT

Customer experience is the latest buzzword hitting organizations — almost every company will profess to being "customer-focused," "customer-obsessed," or "customer-centric." Prior research found that **89% of companies**[1] expect to compete mostly on the basis of customer experience and that by the year **2020 customer experience will overtake price and product**[2] as the key brand differentiator. To that end, the biggest question facing business leaders is this:

Where should we invest to create the best possible customer experience?
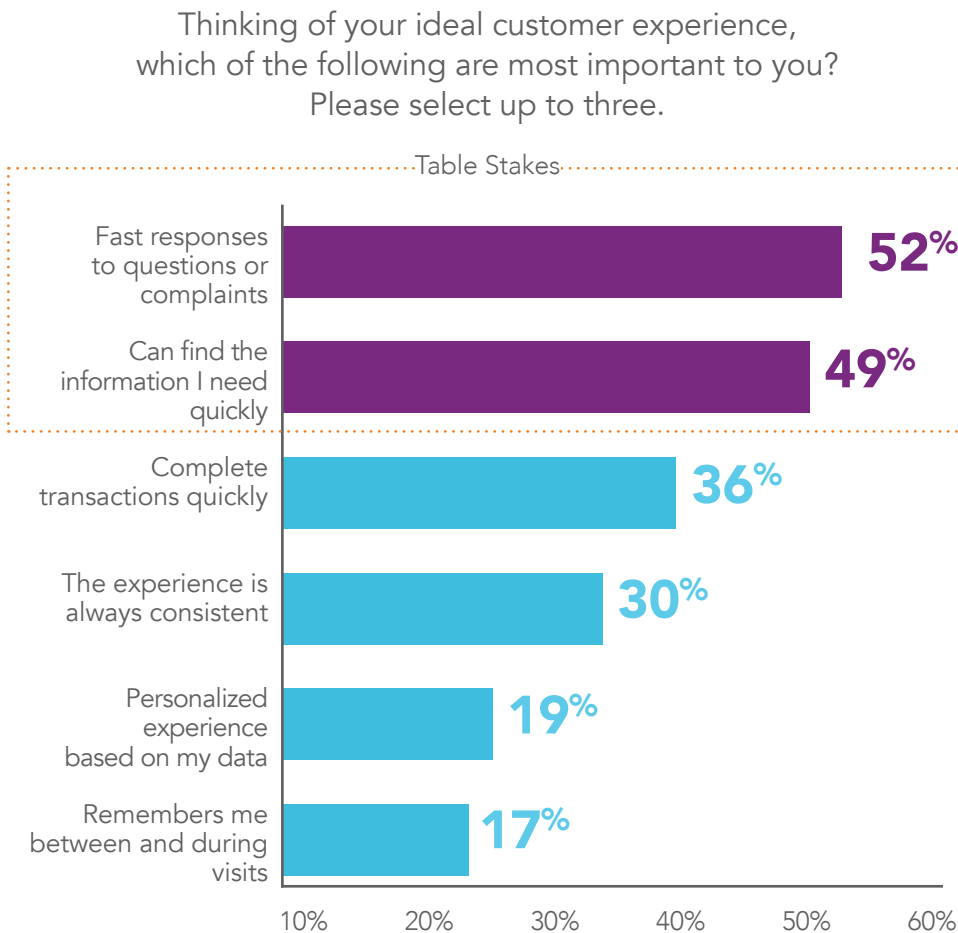

A CEO can't answer this question if they view experience through the lens of touchpoints or even journeys, especially if the goal is to deliver an experience that is relevant to each person. Touchpoints live in many different parts of the organization — the call center, the website, physical store, product design, advertising, etc. Each siloed department interacts with customers in a different part of the customer lifecycle and has tools, data, and touchpoints optimized for that particular journey. Customer experience is more than just touchpoints that rollup into journeys — it's the series of experiences over time that define the overall relationship with an organization and brand.

Moreover, viewing experience only through the lens of customers ignores other key relationships — those between organizations and employees, investors, suppliers, partners, regulators, competitors, and volunteers (for non-profits and religious organizations), etc. All of these relationships deserve having an experience designed for them, hence the need for a comprehensive experience strategy that drives holistic business results.

When it Comes to Experience, Customers Want Relevance, Not Delight

But what about "delighting customers?" In our research, we looked for examples of strategies that create experiences that bring joy, happiness, and delight to customers. One interviewee described an experience when trying to rent a car and the person at the rental counter insisted providing a "delightful" experience that involved 1) asking about their day, 2) explaining the contract options in detail, and 3) giving a personalized tour of the car's features. They were trying to bring "joy and delight" to the experience, but that's NOT what the customer wanted, which was to just get to their car quickly, which was parked just outside the door.

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FIGURE 1

Thinking of your ideal customer experience,
which of the following are most important to you?
Please select up to three.

Table Stakes

Fast responses to questions or complaints	**52%**
Can find the information I need quickly	**49%**
Complete transactions quickly	**36%**
The experience is always consistent	**30%**
Personalized experience based on my data	**19%**
Remembers me between and during visits	**17%**

Base: 1,412 respondents
Source: Altimeter Q2 2017 Experience Study. Additional geographic, gender, and age breakouts available online*.

Altimeter conducted a consumer study of 1,412 people across five countries to understand how they think about their ideal customer experience (see Figure 1). Globally, the answers "Fast responses to questions or complaints" and "Can find the information I need quickly" were clearly the top responses. These two top responses represent what we consider "table stakes" priorities. In the US, however, the answer "Complete transactions quickly" ranked the highest but was a distant third in other geographies. And respondents from Japan were almost twice as likely as other geographies to include "Personalized experience based on my data" in their top three choices.
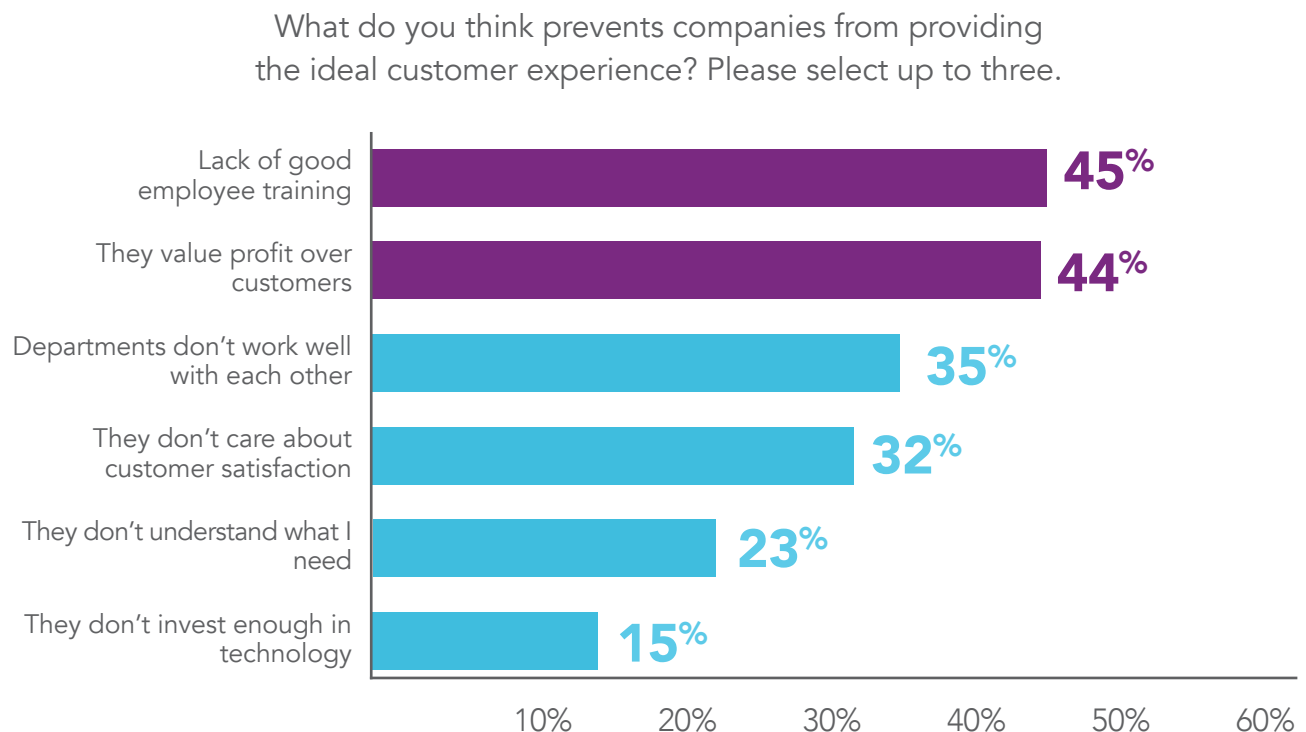
We also found that women were much more likely than men to want to find information quickly, as were 18-24 year olds. Adults age 65+ were more much more likely to want to complete transactions quickly. More details around geographic, gender, and age breakouts are available online*.

We also asked consumers what they think prevents companies from providing the ideal customer experience (see Figure 2). "Lack of employee training" received the top votes across the board, followed closely by "They value profit over customers." Underlying these responses is a deep-seated belief that companies do not value the experience of a customer as much as their money. Interestingly, across the board, people didn't think this was a technology problem, but rather one related to priorities and people.

People in Japan focused on completely different reasons for this breakdown, with the top response being that departments don't work well with each other. And Japanese were twice as likely to believe that companies don't understand what consumers need than respondents from other countries. Women and adults 65+ were slightly more likely to believe that poor employee training results in poor customer experiences, while young adults age 18-34 were more likely to believe that companies didn't invest enough in technology. More details around geographic, gender, and age breakouts are available online*.

In the end, you can only satisfy people if you deliver what it is that they want, at the time they want it, understanding what is relevant to them at that particular time and place. The information, response, or transaction delivered to them "quickly" needs to be tuned to what they define as relevant. People experience joy, happiness, and delight from things that matter to them — there is a sense that the organization had mindreading skills and could anticipate the next action that would help them quickly accomplish their goal.

FIGURE 2

POORLY TRAINED EMPLOYEES AND MISPLACED PRIORITIES PREVENT COMPANIES FROM PROVIDING IDEAL CUSTOMER EXPERIENCES

What do you think prevents companies from providing the ideal customer experience? Please select up to three.

Response	Percentage
Lack of good employee training	45%
They value profit over customers	44%
Departments don't work well with each other	35%
They don't care about customer satisfaction	32%
They don't understand what I need	23%
They don't invest enough in technology	15%

Base: 1,412 respondents
Source: Altimeter Q2 2017 Experience Study. Additional geographic, gender, and age breakouts available online*.

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THE NEXT-GENERATION EXPERIENCE STRATEGY IS BASED ON RELATIONSHIPS

Experience is thus not about unicorns, rainbows, or soft fuzzy ideas. Instead it is about a shared value proposition with customers that aligns to your business. The strategy that creates these experiences needs to be intentional about the value it wants to deliver.

Our research found that the only way to link experience strategy to brand strategy, and ultimately to business strategy, is to look at it through the lens of a relationship. Thus, our definition of experience strategy follows:

Experience strategy is a set of prioritized and coordinated moves that use experiences to build relationships that result in brand and business outcomes.

Experience is the mechanism through which your business strategy and brand value proposition are activated with customers. When customer experience strategy focuses on and is measured by the strength and nature of the customer relationship, it can then be tied to business strategy and brand strategy (see Figure 3).

FIGURE 3
RELATIONSHIPS CONNECT EXPERIENCE, BRAND, AND BUSINESS STRATEGIES

Experience Metrics
- Speed to completion
- Drop off at key touchpoints
- Effort scores

Relationship Metrics
- Customer satisfaction
- Lifetime value
- Net Promoter Score

Business Metrics
- Revenues/Profits
- Market share
- Share of wallet

Brand Metrics
- Relevance
- Awareness

Experience Strategy

Relationships

Business Strategy

Brand Strategy

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Relationships become the common thread connecting experience, brand, and business strategies, allowing an organization to prioritize the experiences that will drive value in the relationships and make hard trade-offs in investments and resources. If experience is all about relationships, then measuring the impact of experience should be closely tied to how organizations understand and measure relationships.

This is the problem: Organizations are notoriously bad at understanding and measuring the depth and health of relationships. It's so much easier to count things – sales, completed journeys, social media followers, etc. One organization we know obsessively tracked net satisfaction score (NSS) on call center transactions but did not equate them to their Net Promoter Score (NPS) and ended up overinvesting in NSS to the detriment of actual customer brand loyalty. If you measure and value these things, then you are back to optimizing touchpoints and journeys, not relationships.

It's thus important to understand not just when people want to be engaged, but also when they need and want to be left alone. In good relationships, there is a level of confidence, exemplified by the ability to sit comfortably in silence with each other. The depth of the relationship is revealed and heightened by the whitespace that surrounds it. For example, I typically visit my local grocery store once a week, and if I get a marketing message right after I've shopped there, I'm annoyed. If, instead, they know to leave me alone until the day before my next trip, the interaction is highly relevant and I'm happy to hear from them.

What's New About Next-Generation Experience Strategy

A next-generation experience strategy isn't about using the latest whiz-bang technologies to create "delightful" experiences. Instead, it harnesses the power of data and analytics to understand individuals at scale and develops relationships in a rapidly changing context, preparing the organization to serve the next generation of customers. This differs from how experience strategy was designed, even a few years ago, in that a more agile, iterative, and prototype-first mindset is needed (see Figure 4):

"When you think about next-generation strategy development, you have to think about the next generation of customers and the different ways they want to engage."
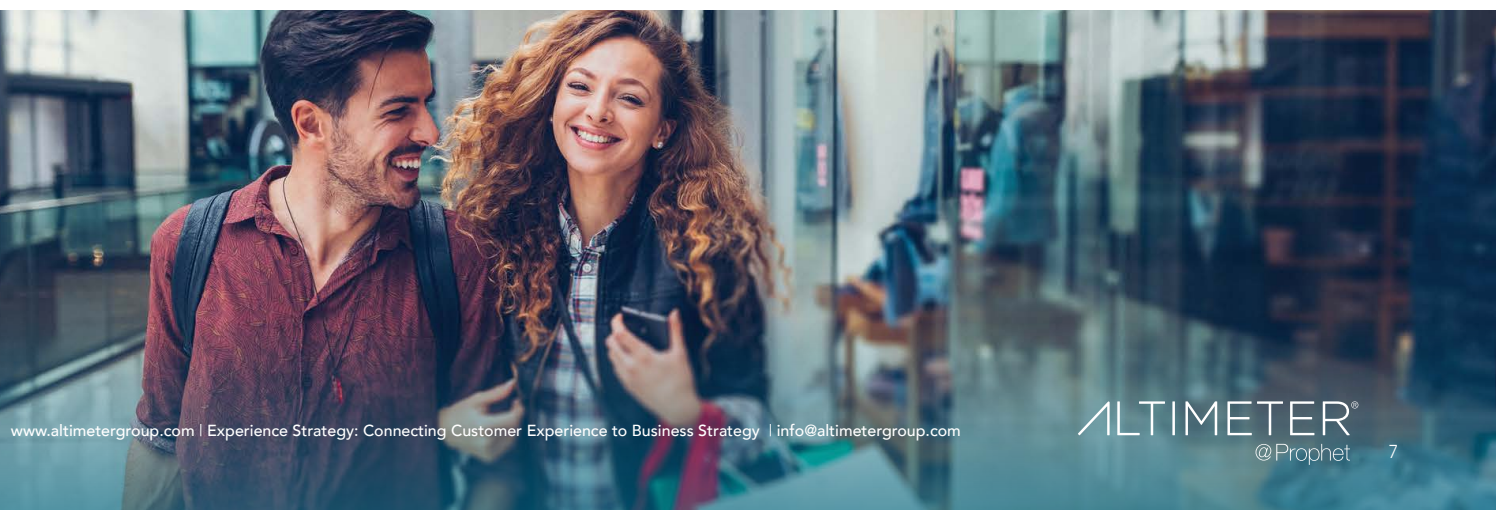
— Ron Myers, Vice President, Corporate Marketing, AMD

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FIGURE 4
HOW EXPERIENCE STRATEGY IS DIFFERENT TODAY

TRADITIONAL EXPERIENCE STRATEGY

- Solves a need
- Survey & heuristic based
- Personas & segments
- Linear
- Optimization focused
- Functional & utilitarian
- Episodically designed
- Static

NEXT GENERATION EXPERIENCE STRATEGY

- Builds relationship value
- Behavioral data based
- Personalized & intimate
- Unpredictable
- Relationship focused
- Relevant & emotional
- Continuously designed
- Dynamic, real-time

There are three drivers of this shift in experience strategy:

- **The speed and scale of data available continues to increase exponentially.** We now have near real-time actual behavioral data to inform the experience strategy process — versus survey or heuristic approaches. Rather than sample, we can observe actual behavior at scale, thanks to cookie tracking and Data Management Platforms (DMPs) that aggregate your own data along with third-party data. While personas are helpful in creating broad generalizations of a particular customer's needs and expectations for design purposes, experiences can now be designed and delivered on a personalized basis in context of a situation in real-time.

- **People want relevance.** Customer experience efforts traditionally focused on understanding how customers complete a specific purchase journey — all in the context of the company's products or services. But with deep and wide data now available, we can understand how our company fits into their lives versus how customers fit into the touchpoints and journeys of companies. To be relevant, organizations should see people in the context of their lives, rather than through the lens of being a customer, client, patient, or account holder.

- **Anticipating changing expectations.** People's expectations are being set today with every great experience that they have, from ending an Uber ride without having to take out your wallet to GE's aviation engine monitoring apps. People bring these experiences and expectations into other interactions in their lives and, inevitably, the speed of their changing expectations will outstrip your organization's ability to anticipate and meet them. This means that experience strategy will need to be robust and resilient enough to flex with changing expectations.

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Here's a case study that highlights a data-based experience strategy that delivers relevant experiences and is equipped to manage changing expectations. The University of Texas Austin revamped its online learning platform (starting with its online pre-med biomedical sciences program) and optimized for tablet access. The platform adapted content to each student based on their pace of learning, where trigger data demonstrated student success or failure and allowed faculty to course correct in real-time and provide more personalized instruction.

Phil Kormarny, Chief Digital Officer of UT's Institute of Transformational Learning, observed, "The data allowed everyone to collaborate in real time rather than wait until the end of the term. Our relationship with students is now completely different." The results speak for themselves — course completion rose from 24% to 86%. But UT is looking to the future as well, with Version 2.0 of the system featuring a blockchain-enabled student "ledger" that stores their credits and credentials from schools across the UT system. Each block of data added to their ledger allows the learning experience to be tailored specifically to that student.

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THE EXPERIENCE STRATEGY MATURITY MODEL

As we conducted our research, we found organizations at various stages of maturity in their ability to create and execute a next-generation experience strategy. It's helpful to understand what a highly mature strategy looks like — here are a few examples:

- **Facebook looks 10 years into the future.** Mark Zuckerberg lays out his vision of how the world will change over the next 10 years — and how Facebook's strategy and the experiences it will create will evolve to meet the changing needs of people.[3]

- **Amazon creates a culture of customer obsession.** Amazon has 16 "leadership principles," and number 1 on the list is customer obsession.[4] CEO Jeff Bezos makes it very clear that customers are the lifeblood of the company, writing in his first shareholder letter in 1997, "From the beginning, our focus has been on offering our customers compelling value." Every year since, Bezos includes that first letter, referencing the strategic and organizational focus on customers.

- **Apple centers its strategy on customer benefits.** Steve Jobs is famous for saying, "It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show them." But this is not to say that Jobs and Apple didn't care about customers. In fact, Jobs also said, "You've got to start with the customer experience and work backwards to the technology… As we have tried to come up with a strategy and a vision for Apple, it started with 'What incredible benefits can we give to the customer? Where can we take the customer?'" Apple looked beyond the customers of today, tapped world-class designers, and created products and retail experiences that redefined their categories.

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Experience Strategy Maturity Model Elements

Few organizations are at the most mature levels of experience strategy, so the goal is not only to continually strive to improve your capabilities, it's also knowing how to best leverage the capabilities that you currently have. That's why an analysis of each individual element of an experience strategy — and how mature you are within each element — is a key starting point for your strategy.

This maturity model consists of three major sections, focused on 1) Strategy and vision, 2) Organizational readiness, and 3) Leadership and alignment elements, with four levels of maturity for each element (see Figure 5).

FIGURE 5
THE EXPERIENCE STRATEGY MATURITY MODEL

Strategy & Vision Elements

ELEMENT	LEARNING	COMMITTING	ACCELERATING	EMBEDDING
Focus	Optimize specific touchpoints and address customer service pain points.	Create and optimize journeys that meet customer objectives.	Build experiences that create and deepen relationships.	Invest in experiences for future relationships.
Use of vision and principles to guide strategy choices	Guidelines define customer service standards and objectives.	Vision of being relevant to different segments of customers.	Vision of scaling relevance in context of individuals.	Vision is not only frequently articulated, but is continually used to drive decisions and actions.
Measurement	Touchpoint-level metrics.	Journey-level metrics.	Relationship-based metrics.	Experience metrics are business metrics.
Alignment with brand strategy and business strategy	Experiences tangentially tied to brand and business strategy.	Experiences ladder up to brand strategy.	Experiences support both brand and business strategies.	Experience, brand, and business strategies fully integrated.
Investment timeframe	Payoff is immediate with improved customer satisfaction.	Investment pays off within a year.	Investments see returns over 1–2 years.	Investments tied to long-term brand and business ROI calculations.

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Organizational Readiness Elements

ELEMENT	LEARNING	COMMITTING	ACCELERATING	EMBEDDING
Understanding customer needs/ analyzing data	Customer data collected and analyzed at the touchpoint level, focused on how customers engaged with an object or process.	Understands customers from the perspective of a single department.	Organization-wide alignment on customer needs being addressed, based on relationships desired.	Vision is not only frequently articulated, but is continually used to drive decisions and actions.
Personalization capability	Uses static account-level data (name, past orders).	Delivers some content and experiences based on basic behavior (visited the site, have something in the cart).	Personalization based on real-time behavioral data.	Uses artificial intelligence to identify new ways to personalize for relevance.
Employee training & engagement	A few specialists understand and design experiences.	Departments trained on CX.	Everyone trained on CX with widespread participation.	Training creates confidence to let employees test ideas & make mistakes to learn what works.
Governance	Ad hoc shifting of governance focus from process to customer.	Experience working groups/ steering committees provide best practices and guidelines.	Agile, real-time assessment of CX performance guides decision making.	Transparent policies and processes make it possible to change governance as needed, in real time.
Technology integration	Point solutions used, with minimal integration to customer data.	Some customer data warehouse and engagement integration to support experience strategy.	Strong integration of customer data and engagements across multiple platforms, but not across all departments.	Seamless integration across all platforms and throughout the organization.

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Leadership & Alignment Elements

ELEMENT	LEARNING	COMMITTING	ACCELERATING	EMBEDDING
Cross-department involvement	A few people in one department are tasked with improving customer service.	Driven primarily by the leader of one department.	Several departments work together to span silos.	Experience strategy is an integral part of every business discussion, with cross-function teaming.
Executive engagment	Top executives provide support from the sidelines, not actively engaged in the strategy itself.	One member of the C-suite actively participates in creating the experience strategy.	Several members of the C-suite have experience strategy as a key strategic initiative.	CEO and Board spend significant time on experience strategy.
Agility mindset	Experience strategy process is a significant project, undertaken as a major project every few years.	Experience strategy is regularly reviewed, typically annually.	Experience strategy is iterative, driven by feedback rather than the calendar.	Experience strategy development is constant, with transparency creating alignment across the organization.

LEVEL 1

LEARNING

The leaders of these organizations know that experience is critical, but they haven't developed a comprehensive strategy. The hallmark of this level is a disjointed approach — while there are likely a series of "one-off" fixes in specific areas or even a few ideas driving larger changes, there is no overarching, articulated strategy. Most importantly, no one executive or department owns the responsibility for experience, and there is no agreement on what metrics to use. Despite this, organizations can still maximize the experience at this level, given the current maturity level, while also preparing to move to Level Two in the following ways:

- Assign an individual or team that will own and drive an experience strategy.
- Define the outcomes of an experience strategy in terms of relationships metrics.
- Identify and engage experience champions informally throughout the organization.
- Prioritize initiatives that will bring greater understanding of customers to the most relevant people in the organization.
- Resist the urge to "buy" a technology solution to solve a strategy problem.

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LEVEL 2 COMMITTING

At this level, there is a better articulation of the strategic goals around experience and there's a desire to be more detailed in the experience strategy itself, especially around being more disciplined about prioritizing the many initiatives on the table. Organizations at this level are characterized by multiple experience efforts, often times competing for people, resources, and even customer engagement. So while there's agreement on the objective and end goal, there isn't clarity on how exactly we get there. Organizations at this level should consider the following:

• Develop a common view of experience gaps that creates alignment and prioritization of initiatives.

• Cultivate cross-departmental alignment and trust to support the inevitable trade-offs that will have to be made.

• Create a comprehensive set of key performance indicators focused on relationships, with incentives tied to improvements.

• Address executive and employee development needs to foster experience mindsets while weeding out experience naysayers.

• Invest sparingly in technology, and only if it fills multiple experience gaps.

LEVEL 3 ACCELERATING

These organizations have not only internal alignment on an experience strategy, but also have the results that prove that experience leads to business results. There are clear goals, accountability, and employees have multiple successes and proof points that give them confidence to pull through tough barriers or failures. To be clear, there are still gaps in the experience, but the organization is confident that it has the strategy, leadership, and capabilities to address them as they arise. Organizations at this stage need to:
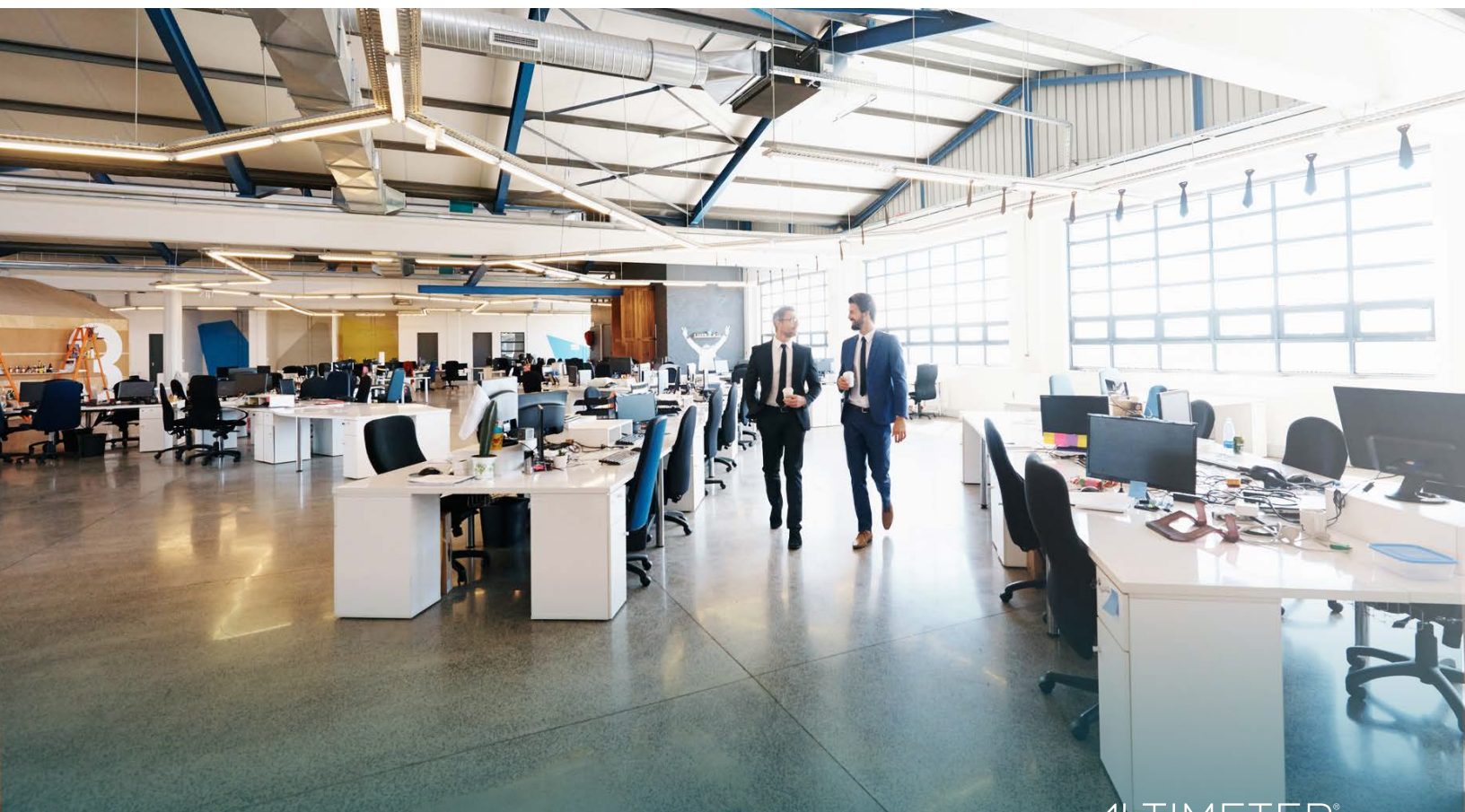
• Push the experience mindset to all executives and employees, even if they never come in contact with customers.

• Create greater agility in creating the experience strategy with a "test and learn" approach that is data-driven and action-biased.

• Develop the experience strategy in line with brand and business strategies.

• Connect experience metrics tightly to business and brand metrics.

• Invest in data and systems that enable real-time, behaviorally-driven personalization.

• Replace legacy systems with platforms that provide the power and flexibility to meet constantly changing technology needs.

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LEVEL 4 — EMBEDDING

For these organizations, experience is a way of life with a strong understanding of customers — not just the ones they have now, but also the ones they hope to acquire. They use those insights to build new, relevant experiences for customers before they even know they need them. And, most importantly, they recognize that the experience as a relationship is a journey, not a destination, with no clear end. For these organizations, the experience strategy is synonymous with the business and brand strategies — there is no delineation of where one begins and the other ends. Even at this level, challenges remain, namely to:

- Repeat constantly the importance of experience, not only by executives but also echoed by every employee and felt by all partners, vendors, investors, etc.

- Remain convinced that there is always something the organization can do better to deliver a great experience, because customers constantly evolve.

- Extend the strategy to include other organizations in the ecosystem to improve the experience when passing between companies.

- Encourage all employees to take on the mantle and responsibility to deliver a great experience.

- Invest strategically in technology platforms that provide insights to the front lines of the organization so that they can take action in near real-time.

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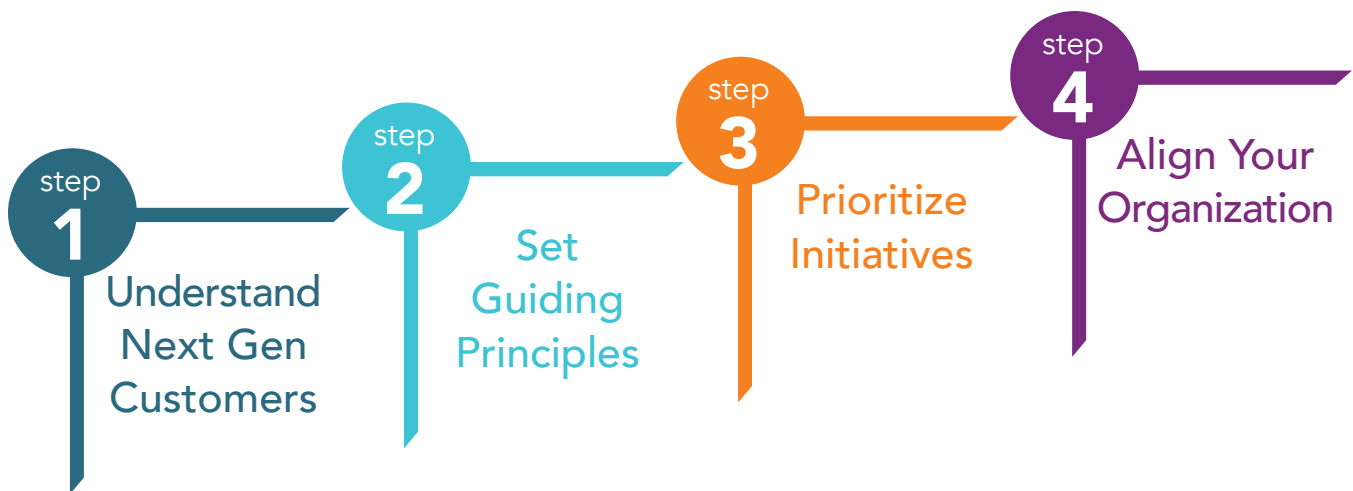
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FOUR STEPS TO CREATE YOUR EXPERIENCE STRATEGY

On the surface, the four steps to creating an experience strategy look familiar (see Figure 6). But creating a next-generation experience strategy that focuses on relationships requires taking a different approach to each of these four steps, which depends heavily on where you are in your experience strategy maturity and the resources you have available.

FIGURE 6
BUILD A NEXT GENERATION EXPERIENCE STRATEGY WITH FOUR KEY STEPS

step **1** Understand Next Gen Customers

step **2** Set Guiding Principles

step **3** Prioritize Initiatives

step **4** Align Your Organization

1 Understand the Next Generation Customer on a Continuous Basis

The first component of the customer experience strategy is to understand your customers' objectives, continuously, and at a granular level. The key here is to understand what those objectives are today — and also how they will change and evolve in the future. Your customers never stand still and neither should your understanding of their objectives and journeys.

Traditionally, customer research and journey mapping has been difficult and tedious, so we tended to do it sporadically and only for a few personas that represented different types of customers. But with plentiful data available, we can take a different approach, one that not only taps real-time data to understand the context of a customer experience, but also understands it at far greater granularity, down even to the individual level. Today's CRM platforms are evolving into next generation platforms that can integrate these disparate data sources and uncover trends with artificial intelligence.

Because of this, customer research must now:

- **Be based on actual behavior rather than inferred.** Surveys, interviews, ethnographic studies, etc., all play an important part in understanding the decision-making process and in mapping customer journeys. But observing behavior, especially online, provides even more insights.

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Companies like Nielsen, ComScore, and Hitwise provide deep behavioral data on your customers. Jumpshot, a start-up audience analytics company, tracks what people do not only on your site, but also the 99% of the time they spend elsewhere on the Internet. With panel data going back years, they can also analyze how journeys have changed over time and what influences played a role in that change.

- **Pull together the "voice of the customer" across departmental silos.** Tracking and measuring customer experience has historically been piecemeal — a survey here, a social listening post there — and very quickly you are drowning in data with little meaning. For example, Argos, a multi-channel retailer with 740 stores in the United Kingdom, used ForeSee to monitor, aggregate, and measure voice of customer across 14 channels. With one place to understand what is and isn't working, team members ranging from store operations to digital work together to improve the customer experience.

- **Uncover underlying beliefs to transform relationships.** Understanding the narrative — the underlying beliefs — that drives behaviors and decisions allows organization to identify gaps, creating the opportunity to better align with those beliefs. For example, patients used to be incredibly loyal to their physicians. But there is an emerging narrative with some patient groups where convenience and availability of care is more important than seeing the same doctor. Understanding how the narrative around doctor-patient relationship is changing is crucial if you want to build a robust strategy for your next-generation customer. Narrative analytics vendor Protagonist uses machine learning to help digest huge amounts of user-generated content (blogs, posts, comments, tweets, etc.) to distill common relationships and identify the underlying narratives. While humans do the actual narrative analysis, machine learning takes that analysis and helps identify when similar narratives are being used.

If you have few resources or expertise, your priority should be to get the "voice of the next-generation customer" as high as possible into the organization. One way to do this is to establish a "customer advisory board" made up of not your best and biggest customers, but your most demanding and forward-thinking ones. Exposing executives to emerging customer needs in a tangible, emotional way is crucial for future investments and resources.

2   Create a Vision and Guiding Principles That Connect Experience to Relationships

A key part of the strategy is a vision and set of principles that can serve as a guide for making strategic trade-offs. For example, do you invest in call center training or develop a mobile app? Without those guiding principles, decisions are made based on which department advocates the most for investment in their particular touchpoint.

When you define and measure customer experience on how it adds or detracts to the overall relationship, it provides a connection (albeit, sometimes indirect) to business results. Here's an example: Optimizing a call center interaction to 1) minimize wait time, 2) minimize total time on the call, or 3) maximize customer satisfaction will create three different sets of outcomes and decisions on investments; respectively 1) hire more people to reduce wait times, 2) invest in training or technology to reduce call time, or 3) empower call center staff to do whatever it takes to make customers happy.

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One interviewee shared:

> *"You can go out of business creating great experiences for your customer if they don't align with your core value proposition."*

— Christine Hill, Global Customer Experience Strategy and Measurement Leader, Eli Lilly and Company

If instead you create a vision that incorporates the lifetime value of the customer, customer satisfaction, or Net Promoter Score (NPS) — which all reflect the value of the relationship — you get a different perspective that reflects how experiences add up over time to impact the customer relationship. This alignment forces you to look at the data across the entire customer experience, across journeys, and over time.

More advanced organizations are already looking beyond NPS, which only looks at intent to recommend the company's products or services. With social listening skills, you can graduate from the intent and track if that person has actually recommended, to whom, and whether it resulted in a sale or other type of engagement. Link all of this back to your experience initiatives, and you have the beginnings of a measurement system that ties touchpoints all the way to business results.

To get started crafting your experience vision and guiding principles, take your understanding of the next-generation customer and brainstorm how they would describe their relationship with your organization in the future. Capture how you are relevant in their lives and be sure to use emotions to describe how the relationship makes them feel. The process of creating the vision and principles creates alignment, especially at the leadership level.

The Power of Guiding Principles: Philips Healthcare Case Study

While a vision sets key objectives, guiding principles provide the foundation for making trade-offs. For example, as part of its digital transformation process, Philips Healthcare took their executives to Silicon Valley to tour leading companies and learn how to be disruptive, create great experiences, and drive growth. Executives came away with a strong desire to be more customer focused, and wanted to clearly define what "customer obsession" meant to Philips.

To that end, they created a very basic "customer obsession framework" defined by six design principles relevant to Philips to step up and further unlock a more customer-obsessed culture. Business leaders across all business units and regions were then asked to frame their business strategies, activities, and investments against those six design principles. Blake Cahill, Global Digital Leader, SVP Global Head of Digital Marketing & Media at Philips Healthcare shared, "Rather than spending quarters trying to create a perfect experience strategy before deploying, we gave our leaders a very basic framework to unlock customer obsession principles in a leader-led fashion within the activities they already controlled to further embed customer obsession in the DNA of their businesses and markets."

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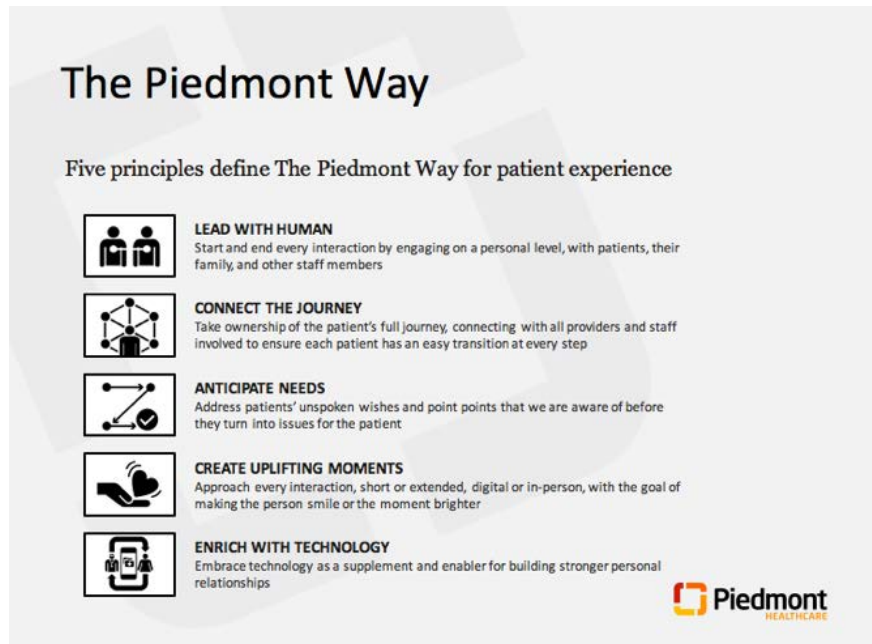
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Over the past five years, Piedmont Healthcare has made experience the center of their business and brand strategy. Piedmont's Chief Consumer Officer Matt Gove explained, "Our business strategy is to differentiate on experience – to have people choose to come to Piedmont because the experience is what they remember." Gove explained that this focus on experience was possible only because Piedmont CEO Kevin Brown made experience a foundational part of the overall strategy. Gove recalled that there were very few senior executives who were not part of the process, a process that included the Chief Medical officer, Head of Strategy, CIO, CFO, and the CEO.

"Once it became clear that our customer experience strategy was central to the 10-year plan, it became even more of a team effort."

— Matt Gove, Piedmont Healthcare

To create alignment across the organization, Piedmont identified five patient experience principles which it codified into "The Piedmont Way". The patient experience principles became both a stimulus for idea development and a filter for idea prioritization. Over 100 possible initiatives were identified and then narrowed down to 10 focus areas and eventually two experience initiatives. Gove admitted that there wasn't a formula for making decisions, recalling, "The paring down exercise was based on the team's expertise, a gut feeling, and balanced against what was feasible from a time and resource standpoint."

The Piedmont Way

Five principles define The Piedmont Way for patient experience

LEAD WITH HUMAN
Start and end every interaction by engaging on a personal level, with patients, their family, and other staff members

CONNECT THE JOURNEY
Take ownership of the patient's full journey, connecting with all providers and staff involved to ensure each patient has an easy transition at every step

ANTICIPATE NEEDS
Address patients' unspoken wishes and point points that we are aware of before they turn into issues for the patient

CREATE UPLIFTING MOMENTS
Approach every interaction, short or extended, digital or in-person, with the goal of making the person smile or the moment brighter

ENRICH WITH TECHNOLOGY
Embrace technology as a supplement and enabler for building stronger personal relationships

Note: "The Piedmont Way" is the proprietary intellectual property of Piedmont Healthcare

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3 Prioritize Experience Initiatives for Relevance

The third part of the strategy is identifying and prioritizing the initiatives you will take to accomplish your experience vision and deepen relationships. And just as importantly, clarifying what you WON'T do.

Here's an example: A friend recently described an experience with United Airlines. He is an elite frequent flyer and was signed into United.com, trying to book a trip. Unable to figure something out, he called United on his mobile phone. The agent answered, "Hello, thank you for being a Mileage Plus 1K member. I see that you were recently on our site searching for a trip. Are you calling about that trip?"

My friend was floored and I was too. What United did was to prioritize this particular audience (high-value frequent fliers) with a particular scenario (moving from Web to phone) that required linking two data centers and systems, as well as the call center scripts and procedures. This isn't an overwhelming difficult integration to make, but it is hard to execute because it requires cross-department and cross-channel coordination. United knew they couldn't break down the silos, so instead it created little windows just big enough for the right data "light" to move back and forth. (Note: United Airlines may have delighted my friend, but much of that goodwill was erased when a passenger was dragged off of a United flight.[5] Guiding principles, created with the relationships at the center of the strategy and spread throughout the organization, may have helped prevent that incident from ever happening.)

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Manulife Bank

Manulife is a global insurance companies headquartered in Canada, operating in Canada and Asia under the Manulife brand and in the US as John Hancock. Francesco Lagutaine, the company's Chief Marketing and Experience Designer Officer in Asia, shared that the company is still in the early stages of its experience strategy journey but has focused on building foundational capabilities, especially around a culture of listening 360 degrees from customers to employees. In addition, the company has invested in core practices, such as customer-centered product design, an innovation process that is checked against customer reactions, and, finally, using Net Promoter Score (NPS) to check how experiences impact relationships.

Lagutaine shared that Manulife uses three criteria to determine which experience initiatives to prioritize:

- **Highest customer impact.** This could be the initiatives that affect the most customers or something that is the most defining moment of an interaction with the company, such as handling claims.

- **Value creation.** Lagutaine shared that one of the biggest challenges they faced as an organization was shifting the mindset to one where creating customer value is tied to business value. He shared, "A process-oriented company may talk about being customer-centric but always sees it as a trade-off." As such, Manulife prioritizes initiatives that create the highest value to customers and connects it to clear business value.

- **Ease of execution.** "Success begets success, so you need a few quick wins," Lagutaine shared. One of the things Manulife did was to implement NPS, which not only got quick traction at the front lines, but also changed the tone of executive commitment.

> *"The hardest part is financial transformation. The key is to demonstrate that when done right, customer experience initiatives are not just as profitable, but more profitable."*
>
> — Francesco Lagutaine, Chief Marketing and Experience Design Officer in Asia, Manulife

One example of an experience initiative was Manulife's "MOVE" initiative. It came out of customer insights that people were measuring their physical activity and taking personal accountability for their health. Participants earn points for walking, getting check-ups, and reading online health articles that qualify them for rewards and even discounts on their life insurance premiums. This program was developed in six weeks, a very short development time that required the team to focus on leveraging customer insights, reducing complexity, and ensuring that the program was financially sound.

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4 Align the Organization for Execution

As we saw from our consumer research, the biggest perceived miss is the lack of employee training and organizational alignment around experience strategy priorities. That's because the natural organizational state of departmental silos means that each department looks only within their part of the customer lifecycle and channels within their touchpoints. A robust experience strategy will focus on not so much tearing down the silos as building windows between them to allow the organization to operate more transparently. This makes it easier to create the seamless experiences that customers want.

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Lilly

As a pharmaceutical company, Eli Lilly and Company is often several layers removed from the end customer. As a result, it defines and measures its experience strategy more from the brand and loyalty perspective across its diverse constituents of consumers, healthcare professionals, and caregivers. While NPS is a key metric, there is also a strong overlay of loyalty objectives against business objectives. Christine Hill, Global Customer Experience Strategy and Measurement Leader at Eli Lilly and Company, shared how they prepared the organization to execute on their experience strategy:

> *"There's no one way to do customer experience. You have to know your organization, meet people where they are, and help move them forward."*
>
> — Christine Hill, Eli Lilly and Company

- **Engage leadership.** Lilly saw a leadership change with a new CEO, David Ricks, starting on January 1st of 2017, and with it, a renewed focus on customers and their experiences. Hill shared that "experience" is a frequent discussion point for Ricks, with customer experience a priority. Although experience is not a mandate, experience measurements are standardized.

- **Plan for employee engagement.** Lilly expects experience to be a differentiator when it comes to its culture, where it becomes a lever to deepen employee engagement around the purpose of their work. Hill shared, "Employees need to feel like they matter as humans — customer experience will plateau if we don't focus on the employee experience as well." To that end, Lilly actively connects people at the frontlines to its purpose to unite caring with discovery to make life better for people around the world.

- **Equip experience leaders to drive change in the right places.** Given the diverse nature of experience initiatives at Lilly, Hill supports employees across multiple business units with a "CX Community" that encourages consistency and equips them with tools and skills to drive changes within their respective organizations. Her core CX team standardizes tools and creates auditable standards, and acts as an internal consulting resource. For example, one business leader in a non-customer-facing role decided to embed customer experience principles in their process improvement plans. "We work with leaders within the organization who want to make changes," Hill explained, allowing her to apply her staff where they can make the biggest difference.

- **Hire the right people.** The core team of employees driving CX at Lilly come from a diverse background, with the common element being that they are people with a great deal of cross-functional experience. Hill observed, "The most successful are those that demonstrate a high left-brain/right-brain ability. They can see the possible and then use high EQ [emotional intelligence] to pull through to execution." For example, one team member who has an engineering undergrad and MBA could map out what processes were needed to create the experience. They could also understand the limitations of process and see how the humanity piece could fill the gaps.

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ENDNOTES

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* Additional data cuts by geography, gender, and age are available online at http://bit.ly/cx-cl-071117

METHODOLOGY

As part of this research, Altimeter conducted an online survey in June 2017 of 1,412 respondents across the United States, United Kingdom, Germany, Mexico, and Japan. Geographic and gender breakouts of the data are available online. We also interviewed 17 market influencers, technology vendors, brands. Our deepest gratitude to the following:.

BRANDS

AMD: Ron Myers, Corporate Vice President – Marketing
Casper: Michael Kim, Senior Director, Commercial Strategy & Planning
Eli Lilly and Company: Christine M. Hill, Global Customer Experience Strategy and Measurement Leader
GE: Steve Pepe, Director, Commercial Marketing
IBM: Paul Papas, Global Leader, IBM Interactive Experience – IBM Global Business Services
Manulife: Francesco Lagutaine, Chief Marketing and Experience Design Officer
Philips: Blake Cahill, SVP Global Head of Digital Marketing & Media
The Learning Experience: Reamonn Smale, Senior Vice President (Head of Marketing)
Piedmont Healthcare: Matt Gove, Chief Consumer Officer
University of Texas System: Phil Komarny, Chief Digital Officer; Marni Baker Stein, Chief Innovation Officer; Liz Gonzalez

TECHNOLOGY VENDORS & SERVICE PROVIDERS

Adobe: Adam Justis, Director Product Marketing – Adobe Marketing Cloud
ForeSee: Shannon Latta, Vice President of Communications; Eric Feinberg, Vice President, Marketing; Lenny Nash, Chief Strategy Officer; Christine Tran, Product Marketing Lead
Jumpshot: Deren Baker, CEO
OneSpot: Steve Sachs, CEO
Oracle: Scott Eggleston, Senior Director, Customer Experience Product Strategy; Mike Seback, Director Analyst Relations
Qubit: Graham Cooke, Founder & CEO; Jay McCarthy, Vice President – Product Marketing
Salesforce: Vala Afshar, Chief Digital Evangelist; Brielle Nikaido, Director, Market Strategy
Sprinklr: Ragy Thomas, Founder & CEO

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About Charlene Li, Principal Analyst

Charlene (**@CharleneLi**) is a Principal Analyst at Altimeter, a Prophet company, where she helps leaders thrive with disruption. She was the Founder and CEO of **Altimeter Group** prior to its joining Prophet, and she is the author of the New York Times bestseller, *Open Leadership*. She is also the coauthor of the critically acclaimed, bestselling book *Groundswell*. Her most recent book, *The Engaged Leader*, is a call to business leaders to adapt to the digital landscape, and revolutionize their relationships by connecting directly with their followers. Her current research focuses on customer experience strategy and employee engagement and she's working on a new book on disruption strategies. You can reach Charlene at **charlene@altimetergroup.com**.

About Altimeter, a Prophet Company

Altimeter, a Prophet company, is a research and strategy consulting firm that helps companies understand and take advantage of digital disruption. In 2015, Prophet acquired Altimeter Group to bring forward-thinking digital research and strategy consulting together under one umbrella and to help clients unlock the power of digital transformation.

Altimeter, founded in 2008 by best-selling author Charlene Li, focuses on research in digital transformation, social business and governance, customer experience, big data, and content strategy.

Altimeter, a Prophet Company
One Bush Street, 7th Floor
San Francisco, CA 94104
info@altimetergroup.com
www.altimetergroup.com
@altimetergroup
415-363-0004

HOW TO WORK WITH US

Altimeter can support your experience strategy efforts in the following ways:

- **Speak about how to develop relationship-building experiences.** Whether you're kicking off a major event or want to instill the importance of experience in your employees, we will energize and inform your audience. Every speech is tailored to the needs of your audience, incorporating relevant experience strategy examples.

- **Educate and align leadership with an experience strategy maturity assessment and workshop.** An assessment of your experience strategy maturity lays the foundation for an executive workshop that creates a robust experience strategy that spans across departments. Altimeter workshops are custom-designed interactive sessions where participants carry out a number of training activities rather than passively listen to a lecture or presentation. Our workshops are action-oriented, educational and practical..

- **Create and activate an experience strategy.** Working closely with our consulting colleagues at Prophet Brand Strategy, Altimeter creates a multi-year experience strategy that takes into account all four steps of the strategy process, from understanding next generation customers to organizational alignment. Learn more at https://www.prophet.com/expertise/customer-experience.

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