

White Paper

Bridging the Gap Between the Experience Customers Want and the Experience You Provide

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EXECUTIVE SUMMARY

There is a gap between the experience companies provide and how their customers view that experience. Companies tend to believe that they provide an exceptional experience, and the customer is less than blown away. To successfully compete for and retain customers, companies need to recognize this gap and then focus on closing that gap, which is going to require significant change on the part of the company along with adoption of customer experience (CX) business processes and technologies to really understand and respond to the customer perspective.

The Disconnect Between Companies and Customer Is Real

If there was nothing that companies learned from the COVID-19 pandemic, it was the importance of the customer and the experience that brands provide to those customers in a digital world. Prior to the pandemic too many companies believed they could get away with mediocre experiences whether in person, online, or through a mobile application. After all, there were always more customers out there, more employees, more products, and more suppliers. If it cost too much to provide a good digital experience to a customer, that was fine as brands need to be just a little bit better than their competitors.

With the onset of the pandemic, brands were suddenly forced into a totally digital world for engaging with their customers. Whether it was restaurants suddenly forced to shift to digital menus, online ordering apps, food delivery services, and take out, or whether it was big box retailers that suddenly found their stores empty of customers and those same customers were left to struggle through poorly designed ecommerce sites and mobile applications, or whether it was healthcare providers suddenly having to switch to telemedicine along with the issues around patient privacy, billing, and just being able to connect the right people with the patient, every single industry and business had their "digital underbelly" exposed.

Companies Believe Their Experiences Are Good Enough

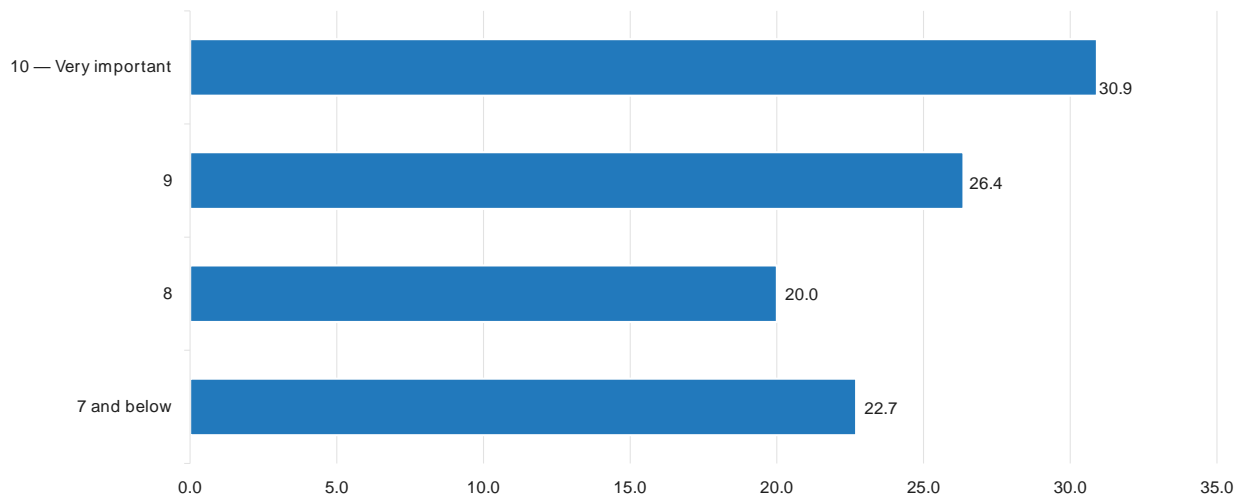
Today, as we transition from the pandemic and learn to live with the changes that it wrought on our society and business, brands are returning to the "just good enough" model of customer engagement and experiences. They still believe that customer experience is important. In fact, in a recent survey conducted by IDC, 77.3% of respondents identified the customer experience as an important differentiator, scoring it as an 8 or higher on a scale of 1-10 with 10 being very important (see Figure 1).

Only 22.7% of respondents scored it a somewhat important with a score of between 4 and 7, and no respondent scored it 3 or lower, so brands obviously see it as critical to competing in a modern age.

FIGURE 1

Companies Believe Customer Experience Is a Competitive Differentiator

Q. *How important as a competitive differentiator is the customer experience your organization provides its customers?*



n = 110

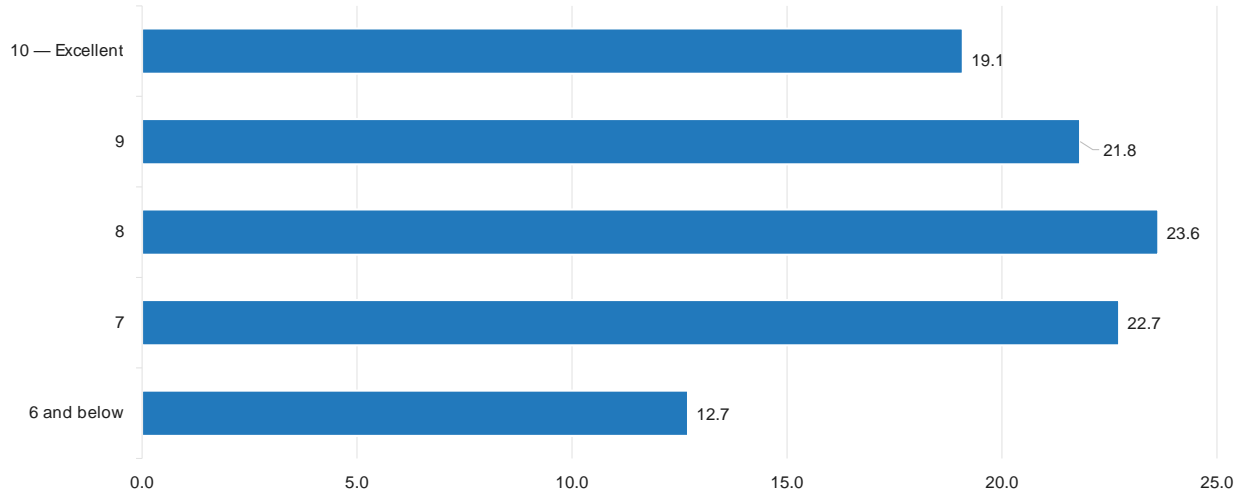
Source: IDC's *Custom Survey*, September 2021

And brands think they are doing a good job at providing that experience. When we asked brands how they would rate the experience they give their customers across all of their channels, almost 40% of respondents scored their companies either a 9 or 10 on a scale of 1-10, with 10 being excellent (see Figure 2). Over 87% of respondents scored themselves a 7 or better – essentially almost 9 out of 10 respondents believed that their company provided an above-average omni-channel experience.

FIGURE 2

Companies Believe They Provide a Good Enough Experience

Q. How would you rate the omni-channel experience for your customers?



n = 110

Source: IDC's *Custom Survey*, September 2021

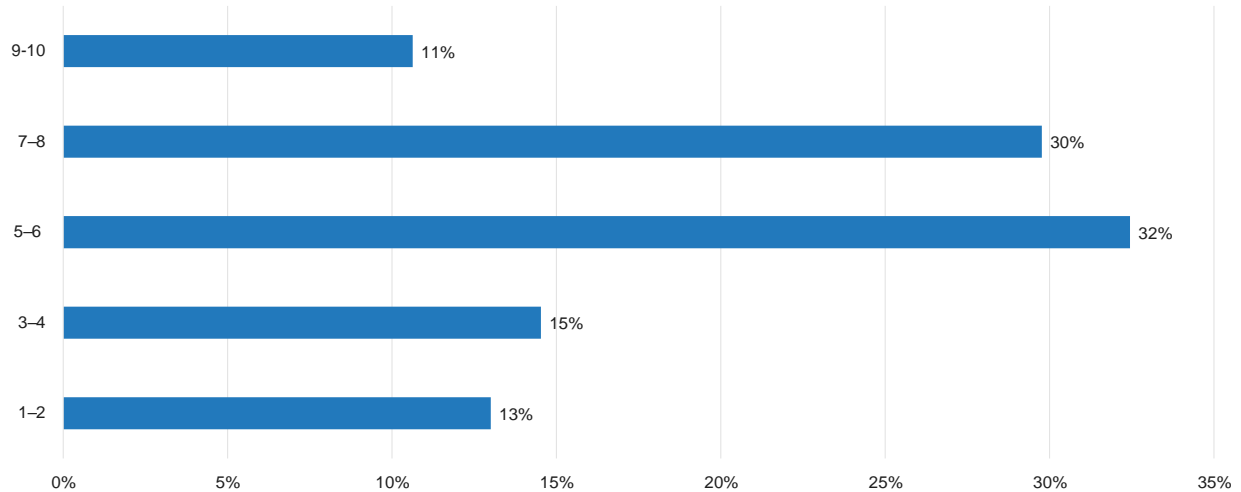
Customers Disagree That Experiences Meet Expectations

Too often though reality doesn't match perceptions, and the reality is that customers have changed since the pandemic. They have become much more digitally adept and have seen what good multichannel digital experiences look like from companies like Amazon and Disney. And these same customers seem to be less forgiving of poor experiences or experiences that don't meet their wants or needs. When we asked over 4,000 U.S. consumers how they thought brands were doing in providing a good customer experience, only 11% scored companies a 9 or 10 on a scale of 1-10 with 10 being excellent (see Figure 3). And only 41% scored brands a 7 or above on the same scale.

FIGURE 3

Customers Are Less Impressed with Brand Experiences

Q. Overall, companies are doing an excellent job with customer experience.



n = 4,058

Note: Scores are based on a scale of 1-10, where 10 = excellent.

Source: IDC's *Consumer Segmentation Survey*, July 2021

The result is that companies remain painfully unaware of this difference between the experience they are providing and the experience the customer receives. This is what defines the gap between companies and customers – when customers and brands don't see eye to eye on the experience and especially when the customer sees it worse than the brand.

What makes it worse is that too many companies seem to be blind to this gap. In the same study cited previously, we asked brands how significant is the gap in their experience between their perception of the experience and the customers. The response was telling. Almost 72% of the respondents said the gap was insignificant or not significant at all (responding with a 1-3 on a scale from 1 to 10 with 1 being not significant and 10 being very significant). Only about 26% of the respondents acknowledged the gap and said it was somewhat significant (answering 4-6) and less than 2% identified it as significant (answering 7-10).

As the world becomes more and more digital, the customer experience that a brand provides through the lens of technology will become as critical as the product or even the cost. This blind spot is likely costing companies loyalty and revenue and will do so even more in the future, meaning that companies must address this if they expect to remain relevant and competitive.

CX Is a Critical Competitive Differentiator

Brands know that a good customer experience is critical to all the steps in the customer journey from advertising and marketing through sales and commerce and into customer support. But just because something is important, it doesn't mean it isn't hard and that it isn't something even successful

companies struggle with. Too often, brands don't have an effective foundation on which to build a flexible and differentiated customer experience.

An old American cartoon show used to sign off with the statement that "knowing is half the battle," and that is especially true when it comes to improving the customer experience. It is critical to identify the barriers that brands face in providing a good experience and the results of those barriers and more that impact the customer.

Successfully Bridging the Gap

Every company is different, just as the customer base from brand A to brand B is different too. As such, how brands should respond and the chosen path to improvement are different. There tends to be four general categories that create barriers for companies that want to improve their customer experience and enjoy the benefits that a more engaged customer set provides. These are described in the sections that follow.

Company Culture

The largest and most common barrier that brands face is their own internal company culture toward the customer experience. This can take a multitude of forms. For example, a company culture where each department or product line is an autonomous entity can and often does result in disconnects in the customer journey and a poor experience. Another example is when different parts of the company (e.g., regions) purchase different technologies to accomplish the same outcome and these technologies are not integrated. Arguably the worst and most difficult to overcome is where the customer is not treated as an important part of the success of the organization.

The first place to start is examining the company culture and whether there are barriers that are impacting the customer experience. Often the easiest way to do this is to pretend to be a customer (what is called a heuristic evaluation) and see what it is like to interact and engage with the company – have a few people do this, compare notes, and see where at least some of the barriers are. This will often raise cultural issues that won't necessarily be obvious, and you can then make a plan to address them.

Focusing on Customer Needs

Beyond company culture, start with focusing on customer needs next. Though they sound similar, customer expectations and customer needs are two different facets of a customer engagement. A customer need is the underlying why of why they engage with a company. For example, a customer may browse books on an online book marketplace and their why could be they want to be entertained (hence they are looking at fiction books like romance novels) or they want to improve their computer coding skill (and hence they are looking at nonfiction coding books). The foundation for a digital business is being able to meet that need through the lens or application of technology.

Too often though customer needs change and businesses fail to pick up or understand that change. A great business case of a company that failed to understand this underlying change of what a customer needs was the video chain Blockbuster. Businesses need to strive to remain relevant by understanding what their customers want and need and then apply this data and intelligence back into the business processes of the organization.

Understanding Customer Expectations

Too many companies have little or no data or understanding about what their customers expect before, during, and after engagement. Understanding contextually what a customer's expectations are is critical to being able to meet those expectations, but too many organizations just assume that they already know without asking. In addition, some organizations don't realize that customer expectations are dynamic and not static, and hence they change over time and based on customer segment and a plethora of other criteria.

To understand customer expectations, ask the customer, and then ask again a little bit later. Though commonly used as a measure of customer experience, Net Promoter Scores (NPS) and Customer Satisfaction (CSAT) scores are a good proxy measure of how well an organization met a customer's expectations. For example, a customer who scores a company as a 9 or 10 on an NPS survey is a promoter, and the experience they had met or exceeded their expectations. Compare this to a customer that scores a company a 7 or an 8 (called a passive customer), which means that in general, their needs were met but their expectations weren't. Some customer expectations just simply can't be met, but to better understand the unmet expectations that customers have, dig into those who are giving an NPS score of 7 or 8.

Appropriate Technology

The last aspect is technology. Too often this is the first place companies go believing that they can use technology to solve the problem. And technology can solve the problem if the culture, customer needs, and customer expectations are aligned. But the foundation needs to be laid first before technology can be effective in helping support evolving customer needs and expectations. Three key components of maximizing the application of appropriate technology are gathering the correct customer data, focusing on omni-channel and cross-channel experiences, and optimizing for self-service.

As mentioned previously, customer data and customer input about the experience is the directional input that companies are looking for but simply miss. But gathering customer data and the management and application of that data are complicated and require the right tools –ditto with optimizing the cross-channel customer experience. As customers switch from channel to channel and as new channels become available, the ability to manage that and provide a consistent integrated experience is an important part of any customer experience.

Guidance: Where to Focus to Close That Gap

There is no one single solution to the customer experience gap. Every brand is different and what every brand needs to close that gap is different. However, given the shifts in technology that is now being employed, there are four areas every brand should have a handle on. These four areas are:

- **Remove organizational silos.** Organizational silos continue to be the bane of most efforts to improve the customer experience and the biggest organizational cultural issue that brands face. A siloed organization is contrary to how a customer interacts with a brand. For example, a customer may start by seeing advertising and marketing efforts, then interacts with sales and perhaps a commerce function, and then customer support and loyalty. This is the customer journey. But that customer journey crosses a multitude of silos within most brands, and too often data, business processes, and even functions are not shared or integrated across the silos. The result is a very fragmented and broken customer journey resulting in a poor experience. Brands need to continue to focus on integrating customer journeys and removing the impediments of organizational silos that impact those journeys.

- **Track and analyze customer data.** The key to a good customer experience is understanding the customer, and that comes from collecting, analyzing, and acting on customer data around needs, expectations, and more. This is a hot button issue because so many brands and advertisers abused the trust of customers through the use and misuse of customer data resulting in the passage of laws like the European General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA). But the regulations do not reduce the necessity of using data and information to better understand the underlying need and context of the customer to be able to provide an empathetic experience.
- **Improve the consistency and continuity of cross-channel experience.** With more channels than ever, and the likelihood that the number of channels will continue to increase, it is important for brands to make sure that there is consistency in the experience and the interaction across channels along with continuity between channels. That means across websites, social media channels, mobile applications, voice interactions, messaging around the product and the brand, ecommerce efforts, and even in-store and call center interactions, there has to be a consistent set of experiences, information, and outcomes. It also means that it needs to be easy for a customer to jump or move from one channel to another and then, if desired or necessary, to another.
- **Make digital self-service real.** The most relational type of customer engagement is often human to human, face to face. But as the world becomes more digital and we rely more and more on that digital interface, this ability to have and depend upon the human-to-human interaction becomes more and more difficult. And customers are more willing to make the time and effort to use self-service because they feel like they are more in control of the process – instead of waiting on hold or in line – than they would have been in the past. The result is that digital self-service needs to become more real and more relatable to provide an experience that is as close to the face to face as possible. This requires technology that matches the customer journey and is adaptable as the customer journey changes. Self-service is most effective when it matches the experience and the outcome of the best face.

CONCLUSION

CX technologies can have an amazing impact on improving the customer experience. They can help businesses better understand and serve their customers, identify new markets, and even bring new and evolved products to market. But the successful application of technology requires two things – a solid underlying foundation and the application of the right technology. The real value of a great customer experience is not just a single sale but the long-term relationship that is established, which companies are finally beginning to deeply understand.

Building a unique and differentiated customer experience is a complex process with numerous interdependencies between the company and the customer. Brands looking to be relevant to their customers between now and 2025 need to understand the role that customer experience and the underlying components plays in the relations between customer and brand and how this connection will continue to evolve. They need to embrace the fact that this is a real relationship that requires change – change of the corporate culture, the corporate structure, the channels that they engage over, expectations, and even technology. Companies should embrace this new narrative and learn what they need to do to build out their own unique customer experience that allows them to not just survive but thrive going forward.

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