Answers to Key Questions for Establishing a CX Program in Supply Chain

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Initiatives: CSCO Strategic Leadership

Delivering excellence in customer experience is gaining further momentum as a critical enabler for driving loyalty and growth. This research will help supply chain leaders evaluating customer experience initiatives to answer key questions about how to approach their journey.

Overview

Key Findings

- Supply chain needs to develop new capabilities to allow for deeper understanding of customers, as well as responsive and adaptive supply responses in order to move from a product-centric to a customer-centric focus.

- While organizations may have a clearly stated desire to improve customer experience (CX) at a corporate level, this often does not translate into the strategy, metrics and decision criteria for the supply chain.

- Many supply chains have traditionally been held accountable for driving improvements in cost and efficiency and need a significant culture shift to balance those goals with goals to improve CX.

Recommendations

Supply chain leaders responsible for strategy, leadership and governance should:

- Develop a deep understanding of what customers want by leveraging voice of the customer (VoC), customer research and customer analytics.

- Set and adapt the strategic direction of the supply chain by prioritizing CX improvements and investments, implementing CX metrics, and using personas and journey maps to drive continuous improvement.

- Create a customer-centric culture, starting with both top-down and bottom-up commitment and purpose, and reinforced with initiatives that clearly connect roles with customer impact.
Introduction

Gartner frequently fields an array of questions from our clients regarding customer experience and specifically the issues, challenges and opportunities around this topic. In this research, we have summarized and grouped these frequently asked questions and answers. We have also provided links to some of the relevant research on these topics.

Before getting to the key questions, let’s align on a definition of customer experience within your organization.

Gartner defines customer experience as the customer’s perceptions and related feelings caused by interactions with an organization’s employees, channels, systems or products.

Given the broad nature of this definition, it is important to recognize that excellence in managing the customer experience cannot be achieved by any one department or function in isolation. It requires developing partnerships across the end-to-end organization and recognizing the key role and contribution of each area of the business in delivering the desired outcomes for their customers. For supply chain, this may start with a focus on optimizing on time, in full (OTIF), but should expand to encompass multiple supply chain touchpoints. For example:

- Making transactions seamless and easy to execute.
- Providing visibility to product availability.
- Providing visibility to order and shipments status.
- Ensuring high-quality products and services.
- Enhancing mean time to failure or sufficient product shelf life.
- Providing visibility to product origins, sustainability standards and compliance with other environmental, social and governance (ESG) goals.
- Leveraging collaboration to drive joint value creation.

The responses to the questions below form part of a larger set of capabilities and a maturity journey to deliver excellence in customer experience (see The Gartner Customer Experience Management Maturity Model for Supply Chain Leaders). These capabilities can be summarized into three key pillars: understand the customer, set and adapt the strategic direction, and coordinate across the enterprise to build a customer-centric culture as outlined in Figure 1.
Figure 1: Delivering Supply Chain Customer Experience Excellence

Delivering Supply Chain Customer Experience Excellence

<table>
<thead>
<tr>
<th>Event</th>
<th>Impact</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain is increasingly involved in efforts to improve the customer experience</td>
<td>Because supply chain has many interactions with customers, it plays a major role in the customer experience.</td>
<td>• Develop a deep understanding of what customers want by leveraging voice of the customer, customer research and customer analytics.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Set and adapt the strategic direction of the supply chain by prioritizing CX improvements and investments, implementing CX metrics, and using personas and journey maps to drive continuous improvement.</td>
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<td>• Create a customer-centric culture, starting with both top-down and bottom-up commitment and purpose, and reinforced with initiatives that clearly connect roles with customer impact.</td>
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Source: Gartner
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Analysis

Develop a Deep Understanding of What Customers Want by Leveraging Voice of the Customer, Customer Research and Customer Analytics

The first phase of any effort to enhance the customer experience begins with developing a deep understanding of customer wants and needs. Customer behaviors can rapidly change and adapt. Organizations need advanced cross-functional processes, information sharing, talent and technology to ensure they set aside biases, listen, then adapt just as quickly. Leading organizations have honed these capabilities to anticipate customer needs.

Data regarding customer wants and needs is rapidly increasing. It can be obtained from a variety of sources, such as surveys, meetings, customer advisory boards, complaints, social media and sentiment analysis (phone, email) to name a few. Leading organizations are continuously monitoring and leveraging this data to create a deep understanding of customer wants and needs. This knowledge is shared across the enterprise, and a cross-functional approach — including supply chain — is taken to prioritize customer needs and to create and adapt products, solutions, services and experiences to meet those needs. Table 1 provides a summary of the key client questions and answers regarding how to understand customer needs.
Table 1: Understanding What Customers Want

<table>
<thead>
<tr>
<th>Client Question And Relevant Research</th>
<th>Gartner Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the top three emerging trends with customers?</td>
<td>Top trends by customers differ by industry vertical, and even within a microvertical. This is why it is so important for companies to develop their own capabilities to listen to customers and understand their wants and needs. At a macro level, the big things that have changed in 2020 are largely demand-side driven and triggered by consumer behavior change, for example:</td>
</tr>
<tr>
<td>Supply Chain Organizations Must Adapt to Permanent Remote Work</td>
<td>- Consumer channel shift (more digital self-service and use of digital commerce).</td>
</tr>
<tr>
<td>How to Use Technology for International/Multimodal Logistics Visibility</td>
<td>- More remote/work from home (WFH).</td>
</tr>
<tr>
<td></td>
<td>There have also been demand- and supply-side changes driven by government regulations (citizen lockdowns, track and trace, evidence of testing before travel, etc.) that have caused commuting, air travel and shopping patterns to alter to accommodate.</td>
</tr>
<tr>
<td></td>
<td>Finally, there have been supply-side changes where manufacturers haven’t had the appropriate materials, employees, or available logistics solutions to create and ship products. Some general trends that apply in supply chains across multiple industries include: reliability in order delivery quantity and timing, order tracking visibility, high quality and personalized experiences.</td>
</tr>
</tbody>
</table>

Source: Gartner (February 2021)

Set and Adapt the Strategic Direction of the Supply Chain by Setting Priorities That Drive Improvement and Investments in CX

Armed with the knowledge and information regarding customer needs, supply chain leaders must then decide how to address those needs. Turning a customer insight into an action are the hallmarks of a world-class customer experience capability. This requires supply chain leaders to reset strategies to align with the needs of specific customer segments. Leaders must then put in place metrics to measure the results and prioritize investments in areas such as technology. Finally, leaders must drive a continuous improvement approach based on a detailed mapping of the customer journey, identification and resolution of pain points.

Table 2 provides a summary of questions and answers regarding setting and adapting a customer-centric strategy.
### Create a Customer-Centric Culture

Developing customer centricity, with the ultimate goal of improving the CX, starts with executive-level support. CX initiatives challenge the status quo because they require decisions to be made that balance (and in some cases prioritize) the impact on the customer with other corporate priorities, such as savings goals and profit delivery. Supply chain leaders must create an environment where working directly with customers to understand and improve their experience is part of the organization's culture. In Table 3, we answer questions that focus on creating a customer-centric purpose and culture.
### Table 3: Creating a Customer-Centric Culture

<table>
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<tr>
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<tbody>
<tr>
<td>What recommendations do you have to shift the culture of the supply chain organization to be more consumer-centric?</td>
<td>Shifting the culture of the organization is not a quick fix — it is a change management journey. This must start with a top-down commitment to put the customer at the heart of every decision made across the organization. Customer experience must take on the same level of importance as improving revenue and margins. And the leaders must actually demonstrate this equivalence in their decision-making processes. This top-level ambition must then be reinforced by bottom-up initiatives that clearly connect what people do in their jobs, to how it impacts the customer. Employees must see a direct connection to their &quot;role in the goal.&quot; Gartner has some culture hacks that may be helpful.</td>
</tr>
<tr>
<td>How to Hack Your Supply Chain Culture</td>
<td></td>
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<tr>
<td>The Essence of a Customer Experience Strategy</td>
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<tr>
<td>Can you talk about the change management piece between departments within an organization during a transformation project focused around addressing customer needs. What are the best</td>
<td>Organizations who excel at driving CX typically will put a senior-level executive in charge of the program. They have titles like chief customer officer or VP of customer experience. This leader has a small team of six to 10 people who work together to provide governance for CX across all departments in the organization. This central team is responsible for:</td>
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<td>- Creating and communicating the CX strategy.</td>
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<td>- Developing the tools to collect, analyze, and drive CX improvements.</td>
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<td></td>
<td>- Driving coordination and integration across different departments.</td>
</tr>
</tbody>
</table>

Source: Gartner (February 2021)

### Evidence

This research was developed using questions and answers gathered in November 2020 from an “Ask the Expert” session hosted by Gartner experts at the annual Supply Chain Symposium/Xpo for supply chain senior executives.

### Recommended by the Authors

- The Gartner Customer Experience Management Maturity Model for Supply Chain Leaders
- Toolkit: The Gartner Customer Experience Management Maturity Model for Supply Chain
- Adopt a Customer-Centric Approach to Drive Customer Experience
- Customer Fulfillment Must Support Digital Business Models With Customer Insight and New Capabilities
The Essence of a Customer Experience Strategy

Walk a Mile in Your Customer's Shoes

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