Grab the Opportunity Now to Improve Your CX. The Board and CEO Are Expecting It.

Published 11 May 2021 - ID G00747033 - 9 min read

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Initiatives: Executive Leadership: Customer Experience Strategies; CRM Strategy and Customer Experience

The 2021 Gartner View From the Board of Directors and CEO and Senior Business Executive surveys indicate that both roles see customer experience factors as a higher priority to ensure their enterprises emerge stronger from the pandemic. Executive leaders should not ignore this shift in opinion.

Overview

Impacts

- Members of boards of directors rate enhanced customer engagement the top outcome expected from digital business investments. This has not been the case in the past. Expect increased pressure from the BoD on the CEO to focus on an improved CX.

- CEOs expect customer behavior shifts in 2021-2022 that will further accelerate digital business transformation and investment in factors to improve CX. CEOs are in alignment with BoD members. Expect increased funding for investments that contribute to an improved CX and increased scrutiny by the CEO. Also, prepare for the CEO to clarify CX roles and responsibilities to drive stronger accountability for CX results.

Recommendations

As an executive leader who guides or influences a customer experience management initiative:

- Grab the opportunity now. If improving the CX has not been a personal priority for you, then now is the time to make a commitment to understand your role.

- Work with your peers on a cross-functional assessment of strategic technology and digital business knowledge that impacts customers, and present cross-functional recommendations to the board or CEO.

- Clarify with your CEO the expectations of the CX strategy and how it connects to the enterprise business strategy. Most boards and CEOs have shifted their strategy in response to COVID-19 (some more than once). Don't assume it's remained the same for the last six months.
Choose a couple of digital technologies that you think will most impact the CX in your functional area. Assign someone on your team the task of learning more about them by engaging with your CIO and taking on a technology-oriented stretch project for your department.

**Introduction**

Two Gartner surveys in 2H20 have shown the increasing importance of customer experience to CEOs and boards of directors.

The first was a survey of board of directors members. In it, they were asked about the impact of COVID-19 disruptions on their organizations’ digital business initiatives. Then they were also asked their top expected outcomes for those digital business investments. The No. 1 outcome was significantly enhancing customer engagement.

The second Gartner survey was of CEOs and senior business executives. It examined CEO and senior business executive views on current business issues, as well as some areas of technology agenda impact. One of the most interesting findings from the CEO survey is the contrast in how CEOs of the most successful organizations spend their personal time. CEOs were asked to select from three options for the question, “Which of the following best describes your organization’s approach to business innovation?”:

- **Pioneers** — We are first in leading new industry trends and directions.
- **Fast followers** — We take emerging industry ideas and directions and extend, expand and exploit them.
- **Mainstream players** — We adopt new industry trends and directions only once they are proven.

Those who selected Pioneer spend a much higher percentage of their personal time with customers and much less time with their executive teams (see Figure 1).
To be a pioneer, make sure you and your CEO spend more time with customers, listening to their needs and experiences, and considering your role in improving your organization’s CX.

**Impacts and Recommendations**

**BoD Members Rate Enhanced Customer Engagement the Top Outcome Expected From Digital Business Investments**

In our survey of members of boards of directors, we asked how COVID-19 disruptions impacted their organizations’ digital business initiatives. Sixty-nine percent of respondents replied that it had accelerated them. Then we asked what their top expected outcomes were for those digital business investments. The No. 1 outcome was significantly enhanced customer engagement. The same survey showed that to enable these plans, the biggest increase in budget was to increase funding of IT/technology investments. The average expected increase in IT/technology investment was 6.9%.
We asked board directors, “Tell us about the three most important external major trends shaping your organization's business strategy, especially in the context of the COVID-19 crisis?” As Figure 2 shows, the top-ranked trend was digital disruption (40%). Customer behavior and satisfaction ranked second.

Figure 2: External Trends Shaping Business Strategy for Boards of Directors

External Major Trends Shaping Business Strategy, Especially in the Context of the COVID-19 Crisis
Coded - Multiple Responses Allowed

Q. Please tell us about the three most important external major trends shaping your organization's business strategy, especially in the context of the COVID-19 crisis?
Source: 2021 Gartner View From the Board of Directors Survey
Note: Only top 15 external trends shown

We then asked board directors, “What kind of impact do disruptions caused by COVID-19 have on your organization's digital business initiatives?” As Figure 3 shows, large percentages of respondents list digital acceleration (69%). In alignment with the strong focus on digital initiatives, respondents expect that spending on IT and technology will increase by an average of 6.9% in 2021.
We asked those who said their organization is still focusing on digital business investments or accelerating their digital business initiatives to choose the top three expected outcomes from these investments (see Figure 4). Significantly enhancing customer engagement (58%) was the top-ranked answer.
Figure 4: Expected Outcomes of Digital Business Investment for Boards of Directors

Top Expected Outcomes of Digital Business Investment
Sum of Top Three Ranked

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Sum of Top Three</th>
<th>First Choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly Enhancing Customer Engagement</td>
<td>23%</td>
<td>58%</td>
</tr>
<tr>
<td>Generating More Revenue Customer/Citizen Value</td>
<td>21%</td>
<td>40%</td>
</tr>
<tr>
<td>Greater Proportion of Business Through Digital Channels</td>
<td>13%</td>
<td>39%</td>
</tr>
<tr>
<td>Significant Business Cost Reduction</td>
<td>11%</td>
<td>32%</td>
</tr>
<tr>
<td>Building Tighter Ecosystem Partnerships and Platforms</td>
<td>5%</td>
<td>27%</td>
</tr>
<tr>
<td>Preempt and Manage Disruption Due to External Factors</td>
<td>5%</td>
<td>20%</td>
</tr>
<tr>
<td>Creating Completely New (Blue Ocean) Markets</td>
<td>7%</td>
<td>19%</td>
</tr>
<tr>
<td>Engaging and Empowering Employees</td>
<td>3%</td>
<td>17%</td>
</tr>
<tr>
<td>Expanding to New Geographies</td>
<td>5%</td>
<td>15%</td>
</tr>
<tr>
<td>Changing the Basis of Competition</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>Catching Up With Competition/Early Adopters</td>
<td>1%</td>
<td>9%</td>
</tr>
<tr>
<td>Crossing Industry Boundaries</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

n = 227, those who have accelerated/increased focus or investment focus on digital business initiatives, excluding “can’t say”

Q. You mentioned that digital business is still a focus or an investment focus in your organization. Please choose the top three expected outcomes from this investment for your organization.

Source: 2021 Gartner View From the Board of Directors Survey 735239_C

Recommendations:

- **Grab the opportunity now.** If improving the CX has not been a personal priority for you, then now is the time to make a commitment to understand your role. Consider the enterprise’s CX goals and aspirations, get to know the customer feedback and tools available to you, and consider your 2021 goals through the lens of customer centricity and customer engagement.

- **If your enterprise has a leader responsible for CX,** work with him or her to ascertain how you and your team can support the effort. Seek out or create journey maps to determine how the customer touchpoints for which you’re responsible fit into the end-to-end journey, and seek customer feedback on the perception of your touchpoints.

- **Work with your peers on a cross-functional assessment of strategic technology and digital business knowledge that impacts customers,** and present cross-functional recommendations to the board or
CEOs Expect Customer Behavior Shifts in 2021-2022 That Will Further Accelerate Digital Business Transformation and Investment in Factors to Improve CX

The 2021 Gartner CEO and Senior Business Leader Survey looks at how CEOs and senior business leaders are responding to current market conditions and their approach to digital business. The research answers two questions:

- How and to what extent has COVID-19 changed business and investment priorities?
- How has COVID-19 changed CEO perspectives on digital and tech?

One of the questions asked of CEOs was how they expect customer behavior to shift in 2021-2022. Their top four answers were constrained customer demand and economic behavior, greater use of digital technologies by customers, increased customer demand for digital channel flexibility and better expectations of customer experiences (see Figure 5). All of these areas directly impact CX strategy.

- Bring your IT team closer to customers. When was the last time you — or members of your IT team — spoke to a customer? It is often more challenging for IT teams to interact with customers than, say, marketing, sales and customer support teams.
Figure 5: The Biggest Shift CEOs Expect in Customer Behavior in 2021-2022

Our survey also revealed that the combination of COVID-19 and the associated economic crisis accelerated digital business transformation initiatives for 65% of CEO respondents. But what the term digital business means differs from CEO to CEO. So we asked CEOs what the meaning of digital business was for them. The top three meanings were e-commerce, data and analytics, and customer experience (see Figure 6).

As with the members of the board of directors, digital acceleration is of high focus, and customer experience is a relatively common explanation of the meaning for digital for CEOs in 2021-2022.
Meaning of Digital Business — Top 15
Sum of Top Three Mentions. Coded Responses

n = 355, All Respondents
Q: In a business context the term “digital” does not have an agreed definition. In your own words, what do you mean when you think about “digital business” in the context of your business and industry?
Source: 2021 Gartner CEO and Senior Business Executive Survey 746822_C

Recommendations:

- Clarify with your CEO the expectations of the CX strategy and how it connects to the enterprise business strategy. Most boards and CEOs have shifted their strategy in response to COVID-19 (some more than once). Don’t assume it’s remained the same for the last six months.

- Consult with your head of customer experience (or equivalent), and choose a couple of digital technologies that you think will most impact the CX in your functional area. Assign someone on your team the task of learning more about them by perhaps engaging with your CIO, but also by taking on a technology-oriented stretch project for your department.

Evidence
The 2021 Gartner View From the Board of Directors Survey was conducted to understand how boards of directors view how digital business drives business model evolution in their enterprises. It also highlights what executive leaders can expect from boards and how the board’s focus translates into executive action and overall corporate performance. The primary research was conducted online from May through June 2020 among 265 respondents from the U.S., EMEA and Asia/Pacific in a range of industries. Companies were screened to be midsize, large or global enterprises. Respondents were required to be a board director or a member of a corporate board of directors. If they serve on multiple boards, the respondent answered for the largest company, defined by its annual revenue, for which they are a board member. The study was developed collaboratively by Gartner analysts and the Research Data and Analytics team.

Disclaimer: Results of this study do not represent global findings or the market as a whole, but reflect sentiment of the respondents and companies surveyed.

Gartner conducted the 2021 Gartner CEO and Senior Business Executive Survey research from July 2020 through December 2020, with questions about the period 2020 to 2023. One-quarter of the sample was collected in July and August, and three-quarters from October through December.

In total, 465 actively employed CEOs and other senior executive business leaders qualified and participated. The research was collected via 390 online surveys and 75 telephone interviews.

By job role, the sample mix was:

- 287 CEOs
- 115 CFOs
- 29 COOs or other C-level
- 34 chairpersons, presidents and board directors

By geographic region, the sample mix was:

- 183 North America
- 109 Europe
- 97 China, Japan, Australia and other APAC
- 56 Brazil, Mexico and other Latin America
- 13 Middle East
- 7 South Africa
By enterprise revenue, the sample mix was:

- 46 $50M to <$250M
- 122 $250M to <$1B
- 226 $1B to <$10B
- 71 $10B or more

The survey was developed collaboratively by a team of Gartner analysts that examines technology-related strategic business change, and was reviewed, tested and administered by Gartner's Research Data and Analytics team. The results of this study are representative of the respondent base and not necessarily business as a whole.

Recommended by the Author

Survey Analysis: Executive Leaders Should Align to Board Priorities for 2021

2021 Gartner CEO Survey: The Year of Rebuilding

Survey Analysis: Customer Experience Maturity and Investment Priorities, 2020


Infographic: Customer Experience Management Framework

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