Progress to Level 3 in Gartner’s CX Management Maturity Model by Overcoming These 3 Challenges

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Initiatives: CRM Strategy and Customer Experience

Advancing from level 2 to 3 in Gartner’s five-level CX management maturity model is the toughest step. Application leaders can help increase CX management maturity through a unified approach to customer listening, proven CX business impact and changing culture.

Overview

Key Findings

- While organizations collect voice of the customer feedback, many struggle to govern the process and cohesively integrate the feedback.
- Demonstrating why CX matters is challenging, especially for B2B organizations where multiple stakeholders are involved.
- CX leaders find it difficult to change company culture to enable more customer-centric behaviors when the culture is rooted in years of habits and norms, and changing it is a cross-company undertaking.

Recommendations

To improve customer satisfaction, loyalty and advocacy and advance to Level 3 in the Gartner CX management maturity model, application leaders supporting a CX initiative should:

- Support the CX leader in governing the VoC program by ensuring a unified view of customer sentiment and the end-to-end experience.
- Help the CX leader align the whole organization behind a common purpose by connecting CX improvements to evidence of financial returns.
Assist the CX leader in fostering greater customer centricity by infusing performance goals with CX-specific values and engaging employees in adapting department policies that benefit both the customers and the organization.

**Introduction**

IT rarely leads customer experience (CX) initiatives or is part of the core CX team, which most commonly sits in marketing, customer service or as a separate CX department. But it is rare for IT not to be part of a CX steering committee, particularly because of the increasing importance of technology to CX. In Gartner’s 2020 survey of CX leaders, we found the percentage of CX projects making use of IT on average had increased from 58% in 2019 to 63% in 2020, and was anticipated to increase to 68% in 2021 (see *Survey Analysis: Customer Experience Maturity and Investment Priorities, 2020*).

Application leaders are being charged by CIOs to get more actively involved in the CX initiative because board members and CEOs see digital acceleration as of the highest importance. The primary business outcome of digital acceleration is to ensure a better customer experience in order to drive positive financial results for the business (see *Grab the Opportunity Now to Improve Your CX. The Board and CEO Are Expecting It*). CX management has multiple elements (see *Infographic: Customer Experience Management Framework*), as shown in Figure 1.
Gartner has one common enterprisewide CX management maturity model for all departments, including IT, marketing, customer service and supply chain, to understand the complete picture of what CX capability development looks like from Level 1 (lowest CX maturity) through Level 5 (highest CX maturity). (See Note 1.) Gartner estimates that 75% of B2B organizations are only at Level 1 or 2 CX management maturity (see Figure 2).
Based on hundreds of recent client inquiries and research studies, Gartner observes most organizations getting stuck at Level 2 (Establishing) and unable to progress to Level 3 (Performing). This research paper seeks to help organizations move from Level 2 to Level 3 CX management maturity.

**Analysis**

Gartner sees organizations challenged to make progress to Level 3 maturity primarily due to three of the nine CX capabilities in the maturity model:

- Voice of the customer (VoC)
- Purpose
- Customer-centric culture
Table 1 provides a description of Level 2 compared to Level 3 maturity for these three capabilities. Your goal is to get to Level 3 maturity as described in the far-right column.

If you do not recognize your organization in the descriptions of Level 2, we suggest you go back to the customer experience maturity model assessment and work on moving from Level 1 to Level 2.

Table 1: Moving From Level 2 to Level 3 CX Maturity
(Enlarged table in Appendix)

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<td>Effective VoC governance is in place. Direct customer feedback data is integrated with inferred data, such as data from touchpoints (web, contact center, store, etc.), and indirect feedback, such as from social media conversations. Closed-loop processes help to identify and respond to feedback respondents who have complaints or issues. Feedback is captured along multiple stages of each customer journey.</td>
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<td>Coordinate CX Across the Organization</td>
<td>Purpose: Demonstrate Why CX Matters</td>
<td>Leaders agree that CX’s main purpose is to reduce complaints or improve a top-level metric such as CSAT or NPS, relative to the competition. Since leaders don’t view CX as a means of competitive differentiation, improving CX is a secondary business goal.</td>
<td>An increased stakeholder commitment to CX is driven by visible improvements in business performance. Leaders understand and prioritize the business value of CX, having validated the correlation between customers’ self-reported satisfaction (e.g., NPS) and specific business outcomes (e.g., increased retention or spend, decreased cost to serve, or improved referrals).</td>
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<td>Foster a Customer-centric Culture</td>
<td>CX communication and training is sporadic and inconsistent, but some organization-wide content has been distributed to promote customer-centric behaviors, along with an approved and unified set of CX values.</td>
<td>The performance of leaders across the organization is evaluated, in part, based on customer-centric goals. The organizational CX values are effectively translated by leaders into functionally relevant policies and practices within their business units.</td>
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Source: Gartner

We will address how to move from Level 2 to Level 3 maturity for each of these three capabilities below.
VoC: Establish Effective Governance and a Single Source of Truth

A VoC program should provide timely and relevant insights to help drive systematic improvement of CX.

However, most organizations still rely primarily on direct customer feedback using customer surveys to measure customer satisfaction. Only a minority of organizations use any indirect feedback (such as social media sentiment) or inferred feedback data (such as data showing a change in transactional behavior). To move from Level 2 to Level 3 maturity, CX teams must overcome several common hurdles to better understand customers and fuel their CX programs. Table 2 lists the challenges typical for organizations, the obstacles they face and approaches for overcoming them.
Table 2: Strategies for Overcoming Obstacles to Understanding Customers
(Enlarged table in Appendix)

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<td><strong>Effective VoC governance</strong></td>
<td>The vast majority of organizations collect VoC data, but each department or business unit does so independently, causing customer confusion and fragmented responses.</td>
<td>Audit all of the sources of customer listening across all departments. Assess the total impact to the customer and remove duplicate surveys that drive annoyance.</td>
<td>Form a governance team, which will set standards for how data is collected and deemed “usable” for decision making. Inspect the data results and come to consensus on what conclusions to draw to eliminate varied interpretations.</td>
<td>Define business owners who take action on VoC data and monitor results, modify who gets access and the format of what is shared until the desired outcome is achieved.</td>
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<td><strong>Integrate data from multiple sources</strong></td>
<td>Customers are suffering from survey fatigue. Organizations collect a significant amount of indirect and inferred data, but fail to corroborate and explain correlations with direct customer feedback from surveys.</td>
<td>Based on your audit findings, refine the questions posed to collect complementary feedback to that which can be sourced from existing inferred or indirect data sources. Also remove direct feedback requests that only result in “bad” data (e.g., with a high margin of error).</td>
<td>Commit to building the technology capability to mine indirect data sources – usually the biggest gap in customer listening. While organizations usually track social sentiment, other sources such as partner feedback, contact center speech analytics and qualitative data from product focus groups are not usually integrated with other VoC data.</td>
<td>Invest in a CX-specific data analytics team to fully leverage the insights of multiple data sources. That team must be able to access all data sources to collect in a common repository, cleanse and structure the data, and run queries against it.</td>
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<td><strong>A process to respond to customer feedback</strong></td>
<td>Organizations lack the analytics and workflow capabilities to identify and allocate actions to relevant employees in a timely manner. Organizations will typically “close the loop” on customer feedback by only calling back detractors to resolve their complaints.</td>
<td>Acknowledge all customers who provide direct feedback. While you do not need to necessarily invest in acknowledging every responder, you do need, at minimum, to provide a personalized thank you to acknowledge the time and effort spent to give you the feedback.</td>
<td>Provide an update to all customers – not just respondents – on the lessons learned from VoC feedback. A regular cadence of updates on what customers are telling you, how you use the data, and how you plan to address it should be cascaded into customer interactions.</td>
<td>Engage employees in process, policy and other strategic changes as a result of the VoC data. Empower them to be a part of the solution and help own the actions.</td>
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Source: Gartner (June 2021)

**Demonstrate Why CX Matters: Connect CX Improvements to Financial Returns**

Proving the return on investment (ROI) for CX investments is one of the key differentiators of a successful CX program. For CX leaders, this specifically means showing how improvements to CX impact business results: customer revenue growth, cost savings and, of course, customer or share of wallet retention.
The inability to demonstrate the value or ROI of one or more CX projects may lead executives to question future investments. The first challenge is that the benefits of CX can take a long time to prove out — often three to four years. Consider the example of a technology company whose average contract length is three years. If you make an improvement to one part of the experience that customers only encounter once during the contract life cycle (such as the implementation and onboarding process), it will have no impact on retention rates for existing customers.

The second challenge is that most companies attempt to prove the impact of CX investments to generalized financial outcomes. For example, to understand how much an initiative improved retention rates overall. This is overly ambitious, and presumes all customers are equally affected by all CX improvements.

The third challenge facing companies stuck at Level 2 is executive dashboards that focus solely on traditional financial (e.g., revenue, margin, campaign performance) and operational metrics (e.g., sales cycle time, conversion rates). Customer-centric measures often either don’t make it to the top-level dashboards, or are shown separately, as if CX were a side project.

When your organization doesn’t have a firm grasp on why CX is vital to the top and bottom line, it can leave CX as some meaningless aspiration as opposed to a business imperative. There is a deliberate path to get to Level 3 maturity:

- **Show visible improvements in business performance** — Start with a focused group of customers and interactions instead of trying to attempt this for the whole customer base. Define a subset of customers (defined by specific attributes, such as products purchased and minority stage, as well as classic firmographics) for whom an issue (or set of related issues) are driving negative satisfaction. What are the specific interaction drivers of this dissatisfaction? After you improve this, measure improvements to loyalty — for a specific set of customers, driven by improvements to specific points of their journey that matter to this subset. See Justify Customer Experience Initiatives Using 4 Approaches for more.
- **Broaden the concept of “returns” for CX investments** — Smart CX teams will ensure they leverage all avenues to tell the CX impact story, starting with leading indicators of growth and retention such as:
  - Increasing product/service/solution adoption
  - Higher engagement with marketing events, programs and content
  - Improving customer health scores
  - Growing number of referenceable accounts
  - Reduced customer complaints
  - Reduced customer product return

For a model on how to effectively use leading indicators, see [Digital KPIs: A Guide to Developing and Measuring Your Digital Progress](#) and [How to Manage Customer Experience Metrics](#).

- **Ensure executive leaders understand and prioritize the business value of CX** — The second behavior of organizations achieving Level 3 maturity in this area is a leadership team that not only understands the impact of CX in driving value, but also prioritizes CX investments and requires uplift in customer-centric metrics for business case evaluations.

A common behavior and obstacle to achieving Level 3 maturity is internal business cases used to justify spend on new programs — which limit the measures of success to NPV calculations or payback period. To move to Level 3 maturity, ensure that business cases presented to executives also show customer benefits — such as customer ease of use or lower effort, reduced cycle times and forecast higher satisfaction.

The long game is of course proving that greater customer experience and satisfaction drive retention, increased deal or basket sizes and positive word of mouth that influences new prospects. Engage finance and data analytics resources for this exercise. Use leading indicators to test for correlations with retention and growth targets over time. (See [Link Customer Experience Metrics to Both Business Growth and Customer ROI](#))

**Foster a Customer-centric Culture: Strike a Balance With Performance Measures and Involve Your Employees**
Peter Drucker wrote, “Culture eats strategy for breakfast.” Culture plays a critical role in the success or failure of organizations as they seek to evolve from product-centric to customer-centric organizations. But a customer-centric culture does not just happen. It results from the repeated practice of certain policies, processes and behaviors. It’s driven by how performance is measured. To foster a customer-centric culture and achieve Level 3 maturity, start with more balanced performance measures, involving frontline employees to craft customer-friendly policies, and show employees you trust them by enabling them to do the right thing for the customer.

To bring about an organizational shift from product-centric to customer-centric, teams responsible for CX should identify which of the following challenges are true, and take steps to overcome them, as shown in the approaches listed in Table 3.
Table 3: Approaches to Overcoming Obstacles to Becoming a Customer-centric Culture
(Enlarged table in Appendix)

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<td>Implement shared CX goals among functional teams, requiring they work together to achieve customer results.</td>
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Evidence

1 Internal poll of Gartner analysts regarding view of company’s maturity.

2 Our 2020 Gartner Customer Experience Innovation Survey was conducted online with 238 CX leaders from 17 January through 24 February 2020 with the intention of exploring organizations’ CX maturity levels to discover the challenges to CX maturation, the actions organizations take to increase their CX maturity, and the roles that technologies play in CX initiatives.
A follow-up was conducted after COVID-19 from 28 April through 1 May 2020. We recontacted the original respondents to check if their answers to three questions had changed as a result of the pandemic, with 119 respondents participating.

Participants came from seven countries across North America, Western Europe and Asia/Pacific, and from a wide range of industries and company sizes. Respondents’ companies were screened for having a minimum $50 million worldwide annual revenue in FY18 and a minimum of 250 employees worldwide.

To qualify for the study, respondents had to be leading the setting of strategic objectives and priorities for at least one CX-related project activity (85%) or on a team responsible for meeting strategic objectives and priorities (15%). They also had to be knowledgeable about business priorities and/or business benefits for at least one CX project in the past year, along with spending more than 25% of their typical work day on CX improvement projects. Quotas were applied for countries, industries, roles, involvement in CX and annual revenue.

The results of this study represent the views of the respondents surveyed and not necessarily the market as a whole. For more, see Survey Analysis: Customer Experience Maturity and Investment Priorities, 2020.

**Note 1: How to do a CX Management Maturity Assessment**

Application leaders supporting a CX leader can assess their organization’s CX maturity by either taking an online assessment (IT Score for Customer Experience) or an offline assessment (Toolkit: The Gartner Customer Experience Management Maturity Model). These tools will help evaluate and illustrate where your organization is on the maturity curve.

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**Recommended by the Authors**

Some documents may not be available as part of your current Gartner subscription.

- How to Manage Customer Experience Metrics
- Link Customer Experience Metrics to Both Business Growth and Customer ROI
- 3 Approaches to Drive a Customer-Centric Culture in Your Organization
- How IT Can Strengthen Customer Experience Governance
- The Gartner Customer Experience Management Maturity Model for IT Leaders
- IT Score for Customer Experience
Toolkit: The Gartner Customer Experience Management Maturity Model

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