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# Global Insights on Succeeding in the Customer Experience Era

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# Introduction

Today's consumers are "plugged in" 24/7. They demand instant access to information and transactional capabilities when they want them, are savvy when it comes to making purchase decisions, and are not afraid to make a change if a company no longer meets their expectations.

It is no longer enough to have an attractive website, deliver a positive customer experience (CX), and provide responsive customer service. Organizations must now differentiate themselves across all channels, touch points, and interactions to not only engage customers but to also retain them in loyal, long-term relationships.

Oracle surveyed more than 1,300 senior executives across 18 countries in North America, Latin America, Europe, and Asia Pacific to assess:

- The **financial impact** of the customer experience
- The **challenges** businesses face delivering great customer experiences
- The types of programs and initiatives that have been **most effective** in delivering results
- Where businesses are **investing to improve** the customer experience

# Methodology

- O’Keeffe & Company – an independent market research firm – worked on behalf of Oracle to conduct online interviews with 1,342 global senior executives in August and September of 2012. The sample size results in a margin of error of  $\pm 2.58\%$  at a 95% confidence level

## Sample Demographics

### Respondent Title:

- Chief Customer Officer/Customer Experience Officer/VP of Customer/Brand Experience: 18%
- CEO/COO/President: 28%
- CIO/CTO: 21%
- VP of Customer Service/senior-level customer support executive: 13%
- CMO/VP of Marketing/senior-level marketing executive: 11%
- VP/senior-level executive Commerce/eCommerce, Web Experience, or In-Store Experience: 9%

### Company Business Model:

- Business to business: 21%
- Business to consumer: 31%
- Business to business to consumer: 16%
- Business to business and business to consumer: 32%

### Company Revenue:

- Less than \$50M: 11%
- \$50M-\$249M: 19%
- \$250M-\$499M: 13%
- \$500M-\$749M: 15%
- \$750M-\$999M: 16%
- \$1B-\$9.999B: 16%
- \$10B or more: 10%

# Methodology

- The survey sample includes organizations from a wide variety of industries in North America, Latin America, Europe, and Asia Pacific

## Sample Demographics

### Company Region:

- North America: 300 respondents
  - Includes: Canada and United States
- Latin America: 253 respondents
  - Includes: Argentina, Brazil, Chile, and Mexico
- Europe: 325 respondents
  - Includes: France, Germany, Italy, the Netherlands, Spain, and United Kingdom
- Asia Pacific: 464 respondents
  - Includes: Australia, China, India, Japan, Singapore, and South Korea

### Company Industry:

- Consumer Electronics/Technology
- Consumer Products
- Distribution
- Financial Services
- Healthcare
- Insurance
- Life Sciences
- Media/Entertainment
- Retail
- Telecommunications
- Travel
- Utilities
- Multiple Industries  
(Organizations that operate in more than one of the industries listed)

# Executive Summary: The Execution Chasm

## Global Strategic Imperative with Huge Financial Stakes

- 93% say that improving CX is one of the top three priorities for the next two years; 97% state CX is critical to success
- The cost of failure is large – 20% of annual revenue
- Key trends: CX focus higher due to rising customer expectations and social media



## Yet, Many Businesses Are Stuck In Idle

- 91% want to be a CX leader, but 37% are just getting started with a formal CX initiative

## Businesses & Customers Are Worlds Apart: Expectations Outpace CX Delivery

- Social Media: A Key Trend Driving CX, But Many Businesses Are Playing Catch Up**
  - 81% agree social media is critical for success, yet 35% don't support social media for sales or service

## Falling Short On Delivering the Experiences Customers Want

- Slow adoption rate of customer expected capabilities
- Significant opportunities for improving experiences across research, buying, and post purchase processes
- Inflexible technology, siloed organizations and systems, insufficient investment, and inability to measure performance hinder success

**Solving The Execution Chasm Requires A New Approach to CX**

- Obstacles hindering CX Success Span People, Process, and Technology

# CX: Global Strategic Priority with Huge Financial Stakes

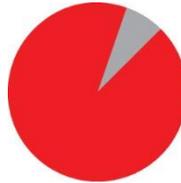
- Executives say delivering a positive customer experience is critical to their bottom line

Executives estimate that their potential revenue loss for not offering a positive, consistent, and brand-relevant customer experience is **20%** of their annual revenue, or \$400M for a \$2B firm



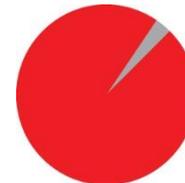
# 20%

## 93%



of executives state that improving the customer experience is one of their organization's top three priorities in the next two years

## 97%



of executives believe that delivering a great customer experience is critical to their business advantage and results<sup>1</sup>

Rising expectations from customers (59%) and the impact of social media on customers' ability to broadcast good and bad experiences (37%) are the top two drivers for organizations' focus on customer experience<sup>2</sup>

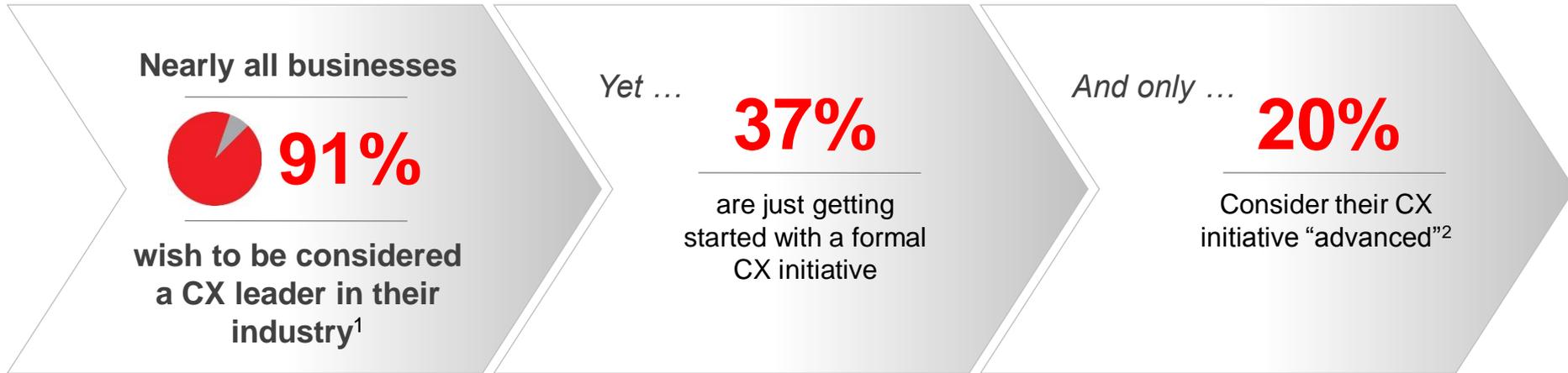
TAKE AWAY

CX Can Make or Break a Business

<sup>1</sup>Those who somewhat or strongly agree    <sup>2</sup>Respondents asked to select top three

# The Execution Chasm: Many Businesses Are Stuck in Idle

- Businesses say CX is a top priority and want to be recognized as CX leaders, but many are just getting started with a formal initiative



TAKE AWAY

Businesses Must Act to Avoid Falling Behind

<sup>1</sup>Those who somewhat or strongly agree    <sup>2</sup>e.g., established dedicated customer experience leaders, optimizing initial projects, extending program to new channels

# The Perception Chasm: Businesses and Customers Are Worlds Apart

- Business executives underestimate the importance of the customer experience on customer behavior.

**49%**

of execs believe customers will switch brands due to poor CX<sup>1</sup>

*But ...*

**89%**

of customers say they have switched because of poor CX<sup>2</sup>

**44%**

of execs believe customers are willing to pay for great CX<sup>1</sup>

*While...*

**86%**

of customers say they are already doing so<sup>2</sup>

**TAKE AWAY**

**Executives Underestimate The Risk and Opportunity**

<sup>1</sup>Those who strongly agree <sup>2</sup>According to The 2011 U.S. Customer Experience Impact (CEI) Report by RightNow (acquired by Oracle in March 2012)

# Social Media: A Key Driver for the Future

- The customer voice is becoming louder via social media and many businesses are playing catch up to respond

**81%**

believe that delivering a great customer experience today requires leveraging social media effectively<sup>1</sup>



...a significant number of organizations don't seem to fully understand the importance of social media:

*But ...*



**35%**

**DON'T** have social media for sales channels



**35%**

**DON'T** have social media for customer service

**TAKE AWAY**

Catch up with Social Expectations

<sup>1</sup>Those who strongly or somewhat agree

# Businesses Fall Short on Delivering the Experiences Customers Want

- Organizations report significant opportunities for improvement in effectively delivering superior customer experiences

Fewer than half of respondents said the following were top areas of success:<sup>1</sup>

## In the research and buying process:

- Personalizing communications with relevant offers/information based on customer segments/preferences (49%)
- Enabling customers to start a purchase transaction in one channel and seamlessly continue the transaction in another (35%)
- Providing agents with real-time visibility into a customer's current shopping cart and recent behavior on the web or mobile (26%)

## After customers purchase products/services:

- Empowering customers to help themselves on any channel (41%)
- Providing service and support through mobile and tablet devices (39%)
- Integrating social media with services processes (35%)
- Capturing/maintaining a single view of customer behavior, interactions, product, and services transactions to understand customer needs, patterns, and preferences (28%)

TAKE AWAY

Room for Improvement in Customer Engagement

<sup>1</sup>Respondents asked to select top five areas

# Tech, People, and Processes Present Obstacles

- Executives cite limitations from inflexible technology, siloed organizations, and insufficient investments as the biggest obstacles to delivering the best possible customer experience

## Some of the biggest CX obstacles are:<sup>1</sup>

Technology				People & Processes	Investments
<b>29%</b>	<b>24%</b>	<b>23%</b>	<b>18%</b>	<b>27%</b>	<b>27%</b>
Limitations of inflexible technology and application infrastructure	Difficulty regularly tracking performance measures and customer feedback	Don't have a consolidated, accurate, 360-degree customer view across all touch points	Siloed systems that prevent us from easily sharing information or supporting continuous processes across touch points	Siloed organizations/ conflicting key performance indicators (KPIs)/incentives between different channels/ business units	Lack of money allocated to customer experience initiatives

### TAKE AWAY

Breakdown Organizational Silos and Address CX from All Angles

<sup>1</sup>Respondents asked to select top three

# Big Data and Analytics Meet CX

- Businesses plan to invest in a variety of CX-related technologies to optimize customer analytics and improve the cross-channel experience

## Top Priorities:<sup>1</sup>

**22%** Improving the cross-channel experience

**18%** Improving the online customer support experience

**17%** Improving the online customer purchase experience

## Planned Investments:<sup>2</sup>

- BI and customer analytics solutions: 31%
- Integrated customer view across channels: 29%
- Knowledge management: 25%
- Online self-service: 24%
- Mobile apps: 25%
- Click-to-chat option online: 21%
- eCommerce: 25%
- Mobile apps: 25%
- Web experience management: 25%

On average, businesses estimate they will increase spending on customer experience tech by **18%** in the next two years

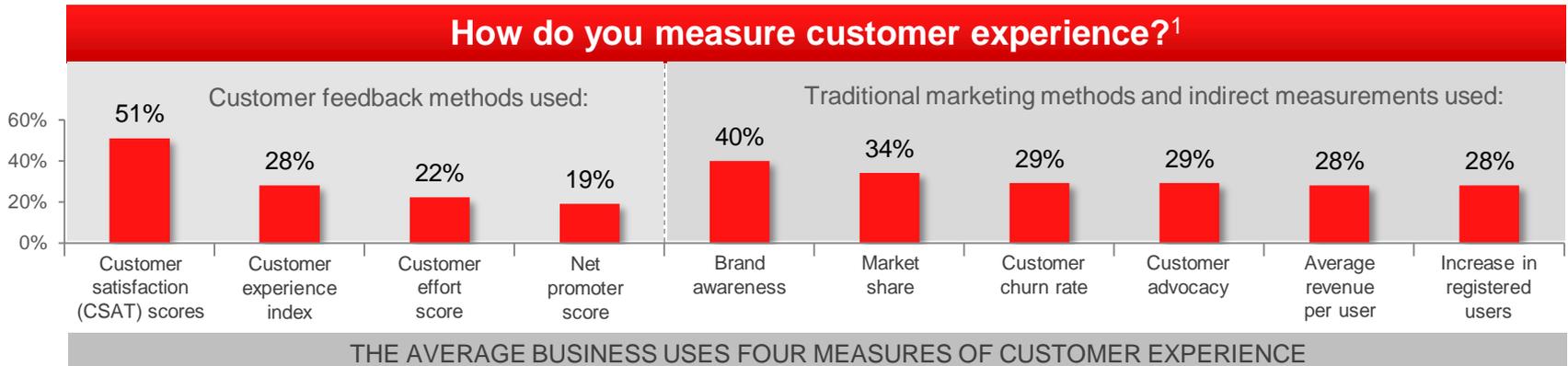
## TAKE AWAY

Businesses Invest to Cross the CX Chasms

<sup>1</sup>Respondents asked to select the top priority of their organization's CX program over the next 12 months    <sup>2</sup>Respondents asked to select all the technologies their organization plans to invest in within the next two years

# Executives Are Missing the Mark on Measurements of Success

- While many businesses use CSAT scores to measure CX, traditional metrics such as brand awareness are more common than evolving CX measures like Customer Experience Index or Customer Effort Scores



**TAKE AWAY**

Industry Consensus May Offer Valuable Comparisons, Insight

<sup>1</sup>Respondents asked to select all that apply

# Lessons Learned: CX Success Requires Fundamental Changes

- Successful executives have improved the customer experience through initiatives that span people, process, and technology

Of those firms that consider their CX initiative “advanced”, the most successful projects are:<sup>1</sup>

**#1** Building a training program and incentives for employees to offer a great experience (35%)

**#2** Updating company core values to include the need to provide the most appropriate customer experience to all our customers (32%)

**#3** Implementing a specific technology to improve customer service (29%)

TAKE AWAY

CX Requires A Shift In Approach To Solving Business Problems

<sup>1</sup>Respondents asked to select top three <sup>2</sup>According to all respondents

# Our Take...

- **Don't Wait:** Organizations must accelerate their planning and focus on executing customer experience programs – or risk falling behind
- **Know your Customers – or Lose them:** Map the customer journey. Select priority focus areas and identify and deploy the people, process, and technology changes that will deliver real improvements
- **Empower Your Customers and Organization:** Foster a customer-centric culture that transcends internal silos. Develop and cultivate a knowledge foundation – supported by scalable IT systems – that provides customers with self-service options and frontline employees with easy access to a complete view of each customer relationship
- **Deliver a Seamless Experience:** Offer multichannel choice, develop a single customer record, and ensure flexible workflows between departments
- **Listen and Communicate:** Conduct timely, targeted customer surveys to gauge feedback; use personalized proactive outbound communication to deepen engagement
- **Measure and Adapt:** Implement flexible processes and systems both on premise and in the cloud to serve customers through their entire experience lifecycle. Communicate goals across the organization, make metrics visible, and reward achievement. Continually listen, measure, test, and adjust your approach in real time



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# Industries at a Glance

	Consumer Electronics/Technology	Consumer Products	Distribution	Financial Services	Healthcare	Insurance
<i>Potential revenue loss/opportunity cost</i>	<b>25%</b>	<b>22%</b>	<b>23%</b>	<b>18%</b>	<b>19%</b>	<b>14%</b>
<i>Estimated growth in spending on CX tech in the next two years</i>	<b>26%</b>	<b>19%</b>	<b>18%</b>	<b>16%</b>	<b>16%</b>	<b>14%</b>
<i>Percent that have advanced CX programs in place</i>	<b>16%</b>	<b>22%</b>	<b>20%</b>	<b>23%</b>	<b>27%</b>	<b>13%</b>

# Industries at a Glance

	Life Sciences	Media/ Entertainment	Retail	Telecom	Travel	Utilities	Multiple Industries
<i>Potential revenue loss/opportunity cost</i>	<b>15%</b>	<b>27%</b>	<b>17%</b>	<b>20%</b>	<b>23%</b>	<b>16%</b>	<b>20%</b>
<i>Estimated growth in spending on CX tech in the next two years</i>	<b>16%</b>	<b>15%</b>	<b>16%</b>	<b>18%</b>	<b>15%</b>	<b>15%</b>	<b>18%</b>
<i>Percent that have advanced CX programs in place</i>	<b>29%</b>	<b>15%</b>	<b>14%</b>	<b>14%</b>	<b>37%</b>	<b>16%</b>	<b>20%</b>

# Regions at a Glance

	North America	Latin America	Europe	Asia Pacific
<i>Potential revenue loss/opportunity cost</i>	<b>21%</b>	<b>22%</b>	<b>18%</b>	<b>20%</b>
<i>Estimated growth in spending on CX tech in the next two years</i>	<b>13%</b>	<b>25%</b>	<b>15%</b>	<b>19%</b>
<i>Percent that have advanced CX programs in place</i>	<b>29%</b>	<b>19%</b>	<b>20%</b>	<b>16%</b>

# North America Key Findings

21%

Average potential annual revenue lost as a result of not offering a positive, consistent, and brand-relevant customer experience

## Formalized Customer Experience Program:

- 27% Are still assessing or planning with no active implementations
- 42% Have one or more active implementations
- 29% Consider their CX initiative advanced

## Biggest Obstacles:<sup>1</sup>

- #1 Lack of money (32%)
- #2 Inflexible technology/application infrastructure (28%)
- #3 Siloed organizations (25%)

<sup>1</sup>Respondents asked to select top three    <sup>2</sup>Respondents asked to select all that apply

13%

Average planned increase on customer experience technology spending in the next two years

In the next two years, North American companies will invest in:<sup>2</sup>

- 32% Business and customer analytics solutions
- 25% Web experience management solutions
- 24% Commerce/customer service mobile applications

## Most Successful Customer Experience Projects:<sup>1</sup>

- 35% Building a training program/incentives for employees
- 32% Implementing a technology to improve customer service
- 27% Formalizing a Voice of the Customer program

# Latin America Key Findings

22%

Average potential annual revenue lost as a result of not offering a positive, consistent, and brand-relevant customer experience

## Formalized Customer Experience Program:

- 51% Are still assessing or planning with no active implementations
- 28% Have one or more active implementations
- 19% Consider their CX initiative advanced

## Biggest Obstacles:<sup>1</sup>

- #1 Inflexible technology/application infrastructure (33%)
- #2 Siloed organizations (28%)
- #3 Lack of money (25%)

<sup>1</sup>Respondents asked to select top three    <sup>2</sup>Respondents asked to select all that apply

25%

Average planned increase on customer experience technology spending in the next two years

In the next two years, Latin American companies will invest in:<sup>2</sup>

- 27% Integrated customer view across all channels
- 27% Loyalty management system
- 27% Self service capability on website

## Most Successful Customer Experience Projects:<sup>1</sup>

- 33% Developing customer personas to understand segments
- 32% Building a training program/incentives for employees
- 30% Implementing an SLA with any customer contact

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# Europe Key Findings

18%

Average potential annual revenue lost as a result of not offering a positive, consistent, and brand-relevant customer experience

## Formalized Customer Experience Program:

- 36% Are still assessing or planning with no active implementations
- 42% Have one or more active implementations
- 20% Consider their CX initiative advanced

## Biggest Obstacles:<sup>1</sup>

- #1 Lack of money (31%)
- #2 Siloed organizations (25%)
- #3 Difficulty tracking performance/customer feedback (24%)

<sup>1</sup>Respondents asked to select top three    <sup>2</sup>Respondents asked to select all that apply

15%

Average planned increase on customer experience technology spending in the next two years

In the next two years, European companies will invest in:<sup>2</sup>

- 28% Integrated customer view across all channels
- 27% Business and customer analytics solutions
- 26% Loyalty management system

## Most Successful Customer Experience Projects:<sup>1</sup>

- 31% Implementing a technology to improve customer service
- 28% Building a training program/incentives for employees
- 27% Implementing an SLA with any customer contact

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# Asia Pacific Key Findings

20%

Average potential annual revenue lost as a result of not offering a positive, consistent, and brand-relevant customer experience

## Formalized Customer Experience Program:

- 38% Are still assessing or planning with no active implementations
- 45% Have one or more active implementations
- 16% Consider their CX initiative advanced

## Biggest Obstacles:<sup>1</sup>

- #1 Inflexible technology/application infrastructure (30%)
- #2 Siloed organizations (28%)
- #2 Don't have a consolidated, accurate, 360 degree customer view (28%)

<sup>1</sup>Respondents asked to select top three    <sup>2</sup>Respondents asked to select all that apply

19%

Average planned increase on customer experience technology spending in the next two years

In the next two years, Asia Pacific companies will invest in:<sup>2</sup>

- 37% Business and customer analytics solutions
- 34% Loyalty management system
- 33% Integrated customer view across all channels

## Most Successful Customer Experience Projects:<sup>1</sup>

- 32% Formalizing a Voice of the Customer program
- 31% Implementing a technology to improve customer service
- 31% Developing customer personas to understand segments