



Operationalizing Experience Management in the Age of the Customer

The Future of Sustainable Advantage

Medallia
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WHY THIS MATTERS

In our connected, digital world, customers have more information, more choices, and more power than ever before. The Internet has unleashed a new era of transparency, empowering consumers to instantly share their experiences with millions of people across the globe. As customer expectations and voice continue to grow, improving the customer experience has become a strategic imperative. But companies typically lack a holistic approach to differentiating on customer experience. Operational Customer Experience Management (OCEM) provides a systematic approach to building the necessary capabilities.





KEY FINDINGS

Today, transforming customer experience into a competitive advantage requires moving well beyond traditional marketing practices and service models. It requires building new operational capabilities. The most important are:

- Engaging in continuous dialogue with customers
- Distributing customer feedback and insights throughout the business
- Empowering employees to take action and holding them accountable
- Innovating in response to changing customer expectations and trust
- Take direct action based on employee input

Companies developing these capabilities are not only seeing short-term financial gains, they are also building the capacity to learn and adapt in the face of change, thereby ensuring a source of sustainable competitive advantage.

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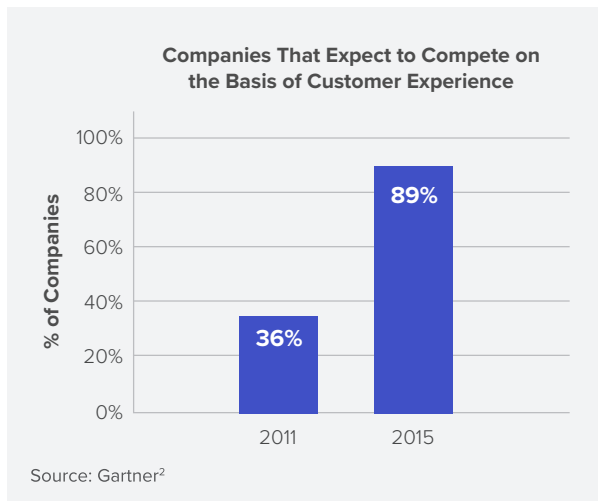
“The game is going to be fought and won with customer experience. ... I am 100 percent serious about this customer experience program. That is going to be my legacy.” - Steve Cannon, CEO, Mercedes Benz USA¹

This is a bold statement for the CEO of an organization with such a storied past to make.

Cannon is not alone. Leaders across industries are increasingly expressing a similar conviction. Since 2011, Gartner has tracked the companies that expect to compete on the basis of customer experience.² When tracking started, that number was 36%. Today?

It’s 89%.

That’s a dramatic increase in just a few years.



What’s causing this seismic shift? Increased competition is certainly a key driver. Technology is enabling companies—both new ones and ones in adjacent spaces—to enter markets seemingly out of nowhere. It’s easier than ever for a new entrant to redefine an industry, and to do so in a timeframe that was previously unimaginable. Take two recent start-ups that are now household names: Airbnb,

which was founded in 2008, and Uber, which was founded in 2009. Airbnb has more room inventory available today than hotel giants such as Marriott and Hilton. Uber provides over one million rides per day.

And as competition accelerates, giving consumers more options than ever before, customer expectations are also increasing—forcing companies to focus on the quality of the experience they deliver. Even if you’re not competing directly with a disruptor, chances are your customers have been served by one—and those experiences are shaping their expectations.

The implications are far-reaching. It used to be that if customers had a bad experience with a brand, only their family and friends knew. Now, they can share their opinion with millions of people all over the world.

And those millions of people are reading what others have to say. More than 85% of consumers research products online before they make purchasing decisions, according to PwC.³ Not only that, consumers trust what they find online. Nielsen found that online consumer reviews are the second most trusted source of brand information—topped only by recommendations from friends and family.⁴ If companies don’t deliver on rising expectations, customers will tell the world about it. And prospective customers will be listening.

But to view managing the customer experience as simply a way to avoid social media fallout misses the competitive upside. There’s a reason that so many executives expect to compete on the basis of customer experience by prioritizing experience, companies achieve better financial results.

Findings published in the *Harvard Business Review* illustrate how powerful the impact

can be. Researchers examined individual customer experience data for two global \$1B+ enterprises that had implemented Medallia's customer experience management solution. They tracked individual customers' spending behaviors over the one-year period following an experience. By controlling for all other variables, researchers were able to isolate the impact of the experience on consumer spending behavior. The result? Customers who had the best experiences spent 140% more than those who had the poorest.⁵

Extensive research demonstrates that customer experience leaders financially outperform competitors. Management consulting firm Bain & Company studied the performance of NPS® leaders relative to the performance of other companies in the same industry. They found that on average, an industry's experience leaders outgrew competitors by a factor of two or more, depending on the industry.⁶

Stock performance is also positively impacted when a company excels at customer experience. Analysis by Watermark Consulting found that customer experience leaders outperform the market. The study compared the top 10 public companies on the Forrester Research Customer Experience Index from 2007–2013 to the S&P 500. The cumulative total six-year return for the leaders was 43 percent, compared to 14.5 percent for the S&P Index. By contrast, customer experience laggards, defined as the

bottom 10 companies on the Customer Experience Index, underperformed the market with a -33.9 percent return for the same period.⁷

The evidence speaks for itself: being a customer experience leader produces both competitive advantage and financial results.

The question, then, is “How do you become a customer experience leader?”

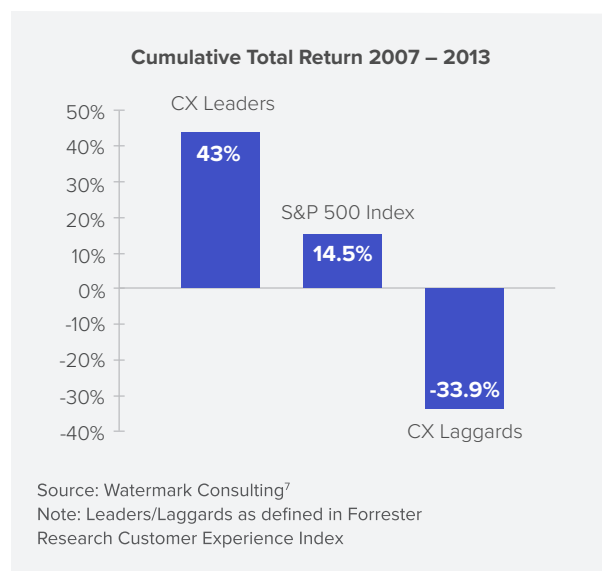
The evolving face of customer experience

Developing an effective customer experience strategy is increasingly recognized as critical to a company's success. However, the operational capabilities to manage the customer experience on an ongoing basis have not evolved as quickly, and most companies miss the opportunity to drive sustainable performance over time. They need to learn, act and evolve their customer experience at the pace of a fast moving market. To accomplish this, they must operationalize how they manage the customer experience.

Similarly, the core capabilities of customer experience management are often housed in central teams with specialized roles and skills. In many cases, those teams are comprised of experts that bring significant, but specific, value to the business. However, the centralized nature of these teams can become a bottleneck for large companies needing to move quickly at scale.

When a company relegates customer experience to a single group or function, it stunts its ability to drive and support the level of responsiveness required to win in a rapidly changing environment. The nature of collecting, analyzing, and reporting on a quarterly—or even monthly—basis inhibits data from being used operationally. In an age of agile upstarts, large enterprises after find themselves at a disadvantage.

Leading companies like Four Seasons, Apple, and USAA all recognize that the factors required to deliver a great experience go beyond what's been done in the past. These companies and



other leaders are pushing the frontier of customer experience, building capabilities that use customer feedback to fuel learning, guide innovation, and motivate change from the C-suite to the frontline.

“...use customer feedback to fuel learning, guide innovation, and motivate change from the c-suite to the frontline.”

These practices don't just help to surface problems through customer feedback. They help companies understand why customer reactions are changing and appreciate the implications for functions across the entire organization. They drive the development of new customer value by operationalizing the management of the customer experience—empowering employees and managers with the ability to identify problems, move quickly to find new opportunities, and test innovative ideas.

The enabling of rapid, system-wide learning and action is what truly differentiates leader companies from their competition.

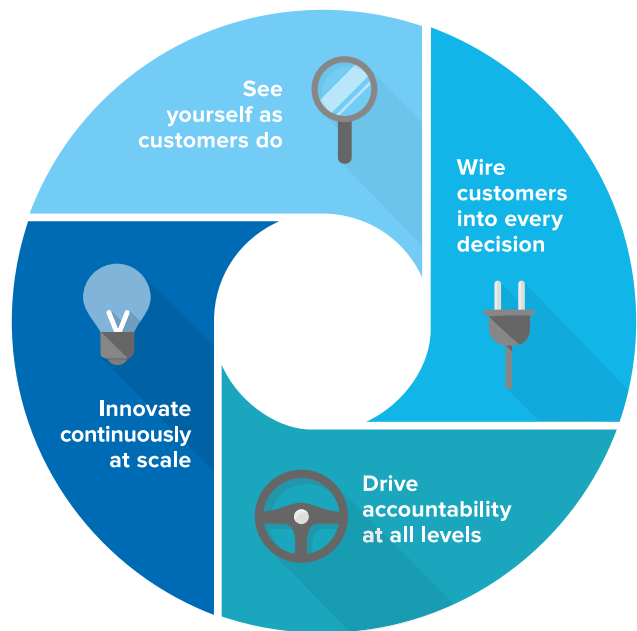
CUSTOMER EXPERIENCE FOR SUSTAINABLE ADVANTAGE

The four core capabilities

Four interrelated capabilities, made possible with cutting-edge technology, distinguish today's customer experience leaders from those who continue to rely on the traditional practices of the past. They are:

- 1. See yourself as customers do.**
Companies engage in active dialogue with customers to see themselves the way customers do and to develop a more empathic understanding of customers' needs.

- 2. Wire customers into every decision.**
Customer feedback is immediately distributed to the teams that can directly act on it. This ensures that the business can gain the most benefit from the feedback and continually meet and exceed evolving customer needs.
- 3. Drive accountability at all levels.**
Employees at all levels and across functions are empowered and held accountable for improving the customer experience.
- 4. Innovate continuously at scale.**
Customer-driven learning and experimentation are encouraged and supported throughout the company, creating a culture of innovation.



These four capabilities are mutually reinforcing and work together to help companies learn and act swiftly. They are not isolated in selected teams, but driven vertically within, and across, an organization.

In the following sections, we explore what these capabilities mean and how leading companies are using them not only to create better customer experiences, but also to be nimble, relevant, and first into new markets.



SEE YOURSELF AS CUSTOMERS DO

See yourself as customers do.

Seeing yourself as customers do refers to the activities, systems, and processes that companies use to acquire and assimilate feedback through customer dialogue. Academic researchers describe this as “generating customer intelligence,” a phrase that reflects the importance of moving from gathering data to delivering knowledge and insights.

Customer dialogue is described as such because it involves a two-way exchange of information. The dia-

logue includes listening and responding to current customers as well as communicating to influence and understand prospective customers. An empathetic perspective is one of the defining elements of customer dialogue: being able to understand customers’ experiences from their perspective, not through the prism of the company’s financial measures.

The dialogue can take place across multiple media. Surveys remain the most common way to collect customer feedback, but new technologies make it possible to listen to customers through review sites, mobile apps, social media, voice recognition technology, and other media.

To ensure a meaningful dialogue, companies have to make it easy for customers to give feedback when and how they want to. A Medallia Institute study of over 600 customer experience programs found that companies using four or more modes to gather customer feedback—including online

surveys, voice recognition software, and good old-fashioned paper-and-pencil surveys—typically achieve Net Promoter Scores 14 points higher than those that use only one mode.⁸

Companies seeking to see themselves as customers do strive for a dialogue that accurately reflects customer attitudes. This means building comprehensive feedback systems that capture perceptions of each interaction along the customer journey. Research by McKinsey & Company has

“An empathetic perspective is one of the defining elements of customer dialogue.”

found that assessing satisfaction across the complete customer journey is more predictive of business outcomes than simply

looking at satisfaction at individual touchpoints. Performance on journeys is 30% to 40% more strongly correlated with customer satisfaction and 20% to 30% more strongly correlated with revenue growth than performance at individual touchpoints, according to McKinsey.⁹

Take for example the telecom industry, where customers often put a premium on service over price. Sunrise Communications, a \$2 billion Swiss telecom company, wanted to increase service satisfaction. Recognizing that customers’ perceptions of service quality were the product of many interactions over time, Sunrise implemented a customer experience management system that collected feedback at each critical touchpoint: the first visit to a store, purchasing a contract, requesting an upgrade, and so on. Using the information gathered at each touchpoint, Sunrise was able to develop a comprehensive understanding of its customers’ experiences and more accurately pinpoint where it needed to improve.

HEAR IT FROM SUNRISE

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Sunrise's NPS® went from negative territory to double digits within 12 months of the deployment of its new customer experience management capabilities.

The results were striking. Sunrise's NPS® went from negative territory to double digits within 12 months of the deployment of its new customer experience management capabilities. Moreover, the number of calls coming into its call centers decreased by 20%. Employees were energized by the results: “When [employees] started realizing the value this information gives and the strength we get by using [customer feedback], people started using it on a regular basis,” said one manager. “What we got was a complete change of customer experience. People really like coming into our stores now.”

Real-time information is another important element of successful customer dialogue. Recently, hospitality and retail companies have begun to experiment with in-the-moment feedback. This allows employees to get information from customers while they're still on site or in the midst of a transaction. For example, hotel guests might receive an email or text right after check-in asking a few short questions about their satisfaction with their room. Their feedback is immediately transmitted to the hotelier, who can then act on the comments while the guest is still in the hotel, thereby avoiding a potentially negative experience.

In-the-moment feedback from mobile devices is becoming more prevalent, and soon wearable technologies will expand this capability even further.

Although companies typically solicit feedback directly from customers, customer dialogue increasingly occurs through online review sites and social media. Leaders in customer experience actively engage with customers through these channels, too.

In fact, ignoring online channels can be costly. By participating in online dialogue, companies have a far better chance of understanding their customers' experiences, learning from those experiences, and improving them. They can also influence the perceptions of prospective customers who may be thinking about doing business with the company in the future.

Consider the case of Best Western. When the Medallia Institute compared satisfaction scores across more than 4,400 Best Western properties, it

HEAR IT FROM BEST WESTERN

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Best Western properties found that responding to online TripAdvisor ratings had a financial impact.

found that responding to online TripAdvisor ratings had a financial impact. The Best Western properties that responded to more than 50% of their social reviews grew occupancy rates by more than twice the rate of those that didn't. Acting on complaints quickly also impacted business results. Properties that responded to customer complaints in less than a day saw occupancy rates that were, on average, 12.8 percentage points higher than rates at properties that took two or more days to respond.





WIRE CUSTOMERS INTO EVERY DECISION

Wire customers into every decision.

The second strategic capability for customer experience leadership, which relates to information distribution, involves disseminating customer feedback across all parts of a business, effectively ‘wiring’ a customer-centric perspective into key processes. This allows managers and employees company-wide to make smart, coordinated decisions that not only improve the customer experience, but also keep the company aligned with changes in the market.

The benefits of sharing information with managers and employees have been demonstrated by organizational scholars, yet in practice, information sharing is often incomplete. Perhaps not surprisingly, customer experience data is no exception. Even companies that collect good information often distribute it poorly. Feedback is often delayed, aggregated too broadly to be actionable, and distributed to only a few key departments (for example, market research or strategic planning). Although a more centralized approach may allow a company to shine a spotlight on a few critical issues, it doesn’t allow frontline employees to learn directly from customers, take initiative to quickly resolve issues, or develop innovative ways to address recurring problems.

A 2014 Temkin survey found that 73% of large companies considered “lack of taking action based on CX [customer experience] metrics” to be one of their most significant roadblocks to improving the customer experience.¹⁰

“Even companies that collect good information often distribute it poorly.”

Sharing customer feedback broadly makes a big difference in how well employees act on that feedback. In a study of over 200 customer experience programs across 11 industries, the Medallia Institute found a significant positive relationship between the number of people accessing customer satisfaction data and a program’s NPS®. The results hold true across industries.

For example, a 2015 Medallia study of Toyota dealerships found that car dealers who shared customer feedback with more than 20 employees achieved year-over-year customer satisfaction increases that were, on average, 49% greater than those dealerships who shared feedback with five or fewer employees.¹¹ This bump in satisfaction translated directly into higher sales per dealer—204 more cars annually in 2014 alone.

HEAR IT FROM TOYOTA

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Car dealers who shared customer feedback...achieved year-over-year customer satisfaction increases

While distributing customer feedback is important, communicating large quantities of unorganized data rarely gets anyone very far. Busy managers seldom have the time or inclination to make sense of noisy, unstructured data. And when data is overwhelming or irrelevant, it’s easy to misinterpret, leading to conflicting perspectives about what customers are really saying.

Fortunately, technology can be used to meet these challenges. In most cases, companies that successfully wire the customer perspective into decision-making start their feedback loop at the frontline. Frontline employees receive feedback directly from the people best equipped to judge their performance—the customers they serve. Managers can then follow up with willing customers to learn what the company could have done better. Employees also become familiar with common customer complaints, which makes them better equipped to identify and address the root causes of those complaints.

Wiring the customer into company-wide decisions requires more than getting feedback to the frontline;

it also requires disseminating customer feedback to managers at every level and across all functions.

Through the use of a system to manage the customer experience, it is possible to collect, aggregate, and report complicated data in ways that are relevant and actionable to everyone inside an organization, wherever they sit in the corporate hierarchy or across the global enterprise. Reporting can be tailored to specific roles so each user

receives data that is pertinent to his or her function and can easily be acted upon. This allows companies to keep the customer front and center, and significantly increases the likelihood that decision-makers remain aligned when taking action.

“Wiring the customer into company-wide decisions increases the likelihood that decision makers remain aligned.”



DRIVE ACCOUNTABILITY AT ALL LEVELS

Drive accountability at all levels.

The third strategic capability is the ability to drive accountability. To achieve their true potential, employees must be empowered to take action and be held accountable for results. “For many years, companies have known that they can’t earn the loyalty of customers without first generating enthusiastic engagement and loyalty from employees, especially frontline employees,” says author and business strategist, Fred Reichheld.¹²

Yet recent evidence suggests that frontline employees find it increasingly difficult to deliver great service. In the book *Uncommon Service*, authors Frances Frei and Anne Morriss make a compelling argument that the average frontline employee is drowning in complexity.¹³ As companies look for new sources of revenue—new products and services, new processes, new technologies, and new types of customers—they have dramatically increased the operational complexity involved in a typical job.

As an example, Frei and Morriss describe changes at a quick-service restaurant they studied. In just a few years, the restaurant’s menu went from 25 items to more than 100. Over that same period, the number of ways that a cashier could ring up the restaurant’s signature drink grew to 55. Needless to say, staff members who had started at the restaurant years earlier now had a much more challenging job.

Frontline employees are not the only ones struggling with greater complexity. Frontline managers, for example, troubleshoot difficult customer problems and coach and direct the frontline. Middle managers set priorities aligned with overarching business strategy and interpret how customers are responding to new initiatives. And senior executives decipher market trends, set strategic direction, engage with key customers, and work to cultivate a customer-centric culture.

In short, for many companies, managers and employees at every level are customer-facing in some capacity. What this means is that complexity is becoming increasingly pervasive.

The way to counter this complexity? Focus on the customer experience. Cutting-edge customer experience systems empower employees by providing them with real-time

“Cutting-edge customer experience systems empower employees by providing them with real-time customer feedback”

customer feedback, as well as analytics tools that can make sense of complex data. The best systems give employees and managers at every level the ability to slice data in different ways, draw comparisons across

groups, and drill down into specific situations. They also help to identify key drivers of performance and isolate customer segments that may be especially profitable or costly.

Once employees have the systems and tools they need to identify and resolve customer problems, companies can begin to set goals. For many

people, accountability means making employees responsible for end results that can be quantified, such as overall satisfaction, NPS®, churn, and so on. But many companies have discovered that over-emphasis on scores can lead employees to focus on a number instead of on learning and actions that drive real impact. Rather than starting with specific numerical targets, leading companies build their accountability systems around goals designed to reinforce a relentless focus on learning and improvement.

Apple discovered that this strategy could have a big payoff. Rather than holding retail managers accountable for achieving specific satisfaction targets, Apple holds them accountable for resolving problems and fixing issues. For example, managers are expected to follow up with dissatisfied customers within 24 hours. When Apple tracked the impact of these follow-ups, it discovered that every hour a store manager spent closing the loop with a dissatisfied customer generated \$1,000 in additional revenue.¹⁴

“Every hour a store manager spent closing the loop with a dissatisfied customer generated \$1,000 in additional revenue”

One clear advantage of making employees empowered and accountable when dealing with customers is that employees become more engaged. Research suggests that when customer-facing employees are more engaged, customer satisfaction goes up. In many cases, other operational and financial metrics may improve, too.

An analysis of Gallup data on 7,939 business units across 36 companies found that business units with top-quartile employee engagement saw

greater customer satisfaction and loyalty scores, higher revenues and profitability, and lower turnover than those with lower employee engagement.¹⁵ Other studies have found that companies with more engaged employees are also able to hire more easily and at a lower cost.¹⁶



INNOVATE CONTINUOUSLY AT SCALE

Innovate continuously at scale

When companies master the first three capabilities, they are well equipped to execute the fourth: continuous innovation at scale. This is the crown jewel of getting customer experience right, and it is the key to a company's long-term financial success.

It's important to re-emphasize that the four core capabilities of customer experience leaders are not discrete processes designed to increase efficiency,

but rather integrated and mutually reinforcing capabilities designed to discover, develop, and implement new sources of value to customers. Without the capability to innovate and drive continuous improvement, the first three capabilities are limited in the extent to which they can sustainably satisfy and attract customers over time and influence a company's financial performance.

To translate customer intelligence into business results, companies must not only acquire, distribute, and react to customer feedback—they must use that feedback to act in ways that create new value. In other words: they must innovate. If they don't, they will lose out to those who do.

Researchers for many years predicted that customer-centric business practices would naturally lead to better financial performance and corporate growth. But after more than 20 years of research, the findings were mixed at best. Why? It's become apparent that while customer-centricity may have

a small direct effect on a company's financial performance, it has a much stronger effect when companies use their customer knowledge to fuel innovation. When companies use the intelligence they gather from customer feedback to create new sources of value—new products, better services, lower prices—they are far more likely to see a positive impact on the bottom line.

“When companies master the first three capabilities, they are well equipped to execute the fourth: innovation at scale.”

A study of customer-centricity in the financial services industry provided early evidence for the importance of innovation to a company's customer experience management practices.

Looking across 134 banks, the study examined the extent to which customer-centric practices influenced different types of innovation. It also looked at the impact of these different practices and innovations under different market conditions, measuring their relative influence on financial performance when market conditions were stable or turbulent.¹⁷

HEAR IT FROM A FINANCIAL SERVICES COMPANY

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Customer-centricity alone was not a significant predictor of a bank's growth... measures of customer-centricity were significant only when companies used the information they gleaned from customers to drive innovation.

The study found that customer-centricity alone was not a significant predictor of a bank's growth and profitability under any market conditions. Instead, measures of customer-centricity were significant only when companies used the information they gleaned from customers to drive innovation.

In one of the most comprehensive studies to date, researchers analyzed 422 previous studies that looked at the relationship between customer experience management, innovation, and financial performance. The 2014 analysis—which encompassed data from more than 125,000 companies— included measures of both incremental and radical innovation. The results clearly indicated that when customer centric practices lead to greater innovation, they have a much stronger impact on financial performance. Once again, the study concluded that when companies with customer-centric practices “fail to develop both radical and incremental innovation [they] may miss important opportunities for competitive success.”¹⁸

Given the importance of innovation to customer experience—and its impact on a company's business results—the next question becomes: What constitutes an innovation?

Not surprisingly, when most people think of innovation, they tend to think of industry-altering breakthroughs like the iPhone or Tesla's electric vehicles. But smaller innovations can quickly add up. Micro-innovations that break existing assumptions about how things are done can create enormous value for customers and companies alike. These smaller innovations tend to be easier to implement and less risky. Yet they can make a big impact.

Take an example of a micro-innovation at a leading retailer that works with Medallia. Using its real-time customer feedback system, the company noticed a recurring complaint at its retail locations:

customers were having difficulty locating a sales associate for assistance while shopping. Associates, who wore street clothes rather than uniforms, blended in with customers, which made them difficult to find. In response, the company tried something incredibly simple—asking salespeople to wear branded, brightly colored T-shirts that allowed customers to spot them easily. The company started by testing the idea in a few key locations to see if it would have any impact.

“Leading companies develop a customer feedback infrastructure that creates the conditions for customer-driven innovation company-wide.”

Within two days of launching this improvement, the retailer saw an immediate 30-point jump in its measure of satisfaction with the sales staff. Based on these overwhelmingly positive results, the

company quickly rolled out the initiative to stores nationwide. Through this simple, everyday innovation—tested and implemented quickly at very low cost—it was able to greatly improve the customer experience.¹⁹

A few simple innovations won't dramatically boost the bottom line for long. Innovation at scale, like the other capabilities, is a capability that strengthens a company's capacity to innovate repeatedly and successfully over time. For some companies, this may mean centralized testing of top-down initiatives. For others, it may mean enabling greater experimentation at the frontline. Regardless of how a company chooses to manage its innovation, leading companies develop a customer feedback infrastructure that creates the conditions for ongoing customer-driven innovation company-wide.

These companies also recognize that new ideas can come from anywhere—including employees, who have a deep connection with the customer and accountability for improving the customer experience. As a result, leaders use technology to empower people throughout the organization with both real-time customer feedback and the tools to make sense of that feedback and take action.

Some of these technologies are radically new. Others make traditional methodologies easier and more economical. For example, text analytics is a relatively new technology that uses artificial intelligence to analyze large quantities of unstructured textual data—feedback in the customer’s own words. Using text analytics, companies can uncover unexpected insights by analyzing unstructured text from a wide variety of sources, including open-ended customer feedback questionnaires, social feeds, review websites, and service agent chat logs.

HEAR IT FROM TOMMY BAHAMA



Tommy Bahama was able to identify a recurring theme in its customer feedback by analyzing customer comments.

With text analytics, companies can analyze what customers say about product and service experiences, unconstrained by the company’s preconceptions.

Tommy Bahama was able to identify a recurring theme in its customer feedback by analyzing their customer comments. When asked how the retailer could improve, customers repeatedly said that the one thing that would make their Tommy Bahama experience better would be to offer them a drink while shopping. Seeing an opportunity not only to enhance the customer experience, but also to further differentiate its brand in the retail market, Tommy Bahama executives decided to test their ‘Marlin Bar’ concept in some of their larger stand-alone retail stores as well as an amenity bar in other locations.

It’s not just sourcing pain points and ideas that make innovation at scale valuable. It’s providing the entire organization with the ability to quickly and easily see whether potential solutions and prototypes are effective. Today, using continuous customer feedback systems, frontline managers and centralized innovation teams can implement iterative small-scale tests to accelerate learning and determine if an idea is worth pursuing further. They can evaluate rough prototypes quickly and cheaply, leaving plenty of time and resources to learn, iterate, and improve on the initial concept.

A leading consumer and business software solutions provider, which is well known for its design-driven approach to innovation, incorporates customer feedback throughout the process. This approach helps ensure a constant focus on tangible improvement. For example, with its email support scores lagging behind other groups’, one of the company’s business units was struggling to improve the customer experience. As a quick test, team members split email inquiries into two groups: easy questions they could respond to within an hour, and harder questions that would take longer. Half the team took the fast-response questions, and the other half took the rest. Within a day, the fast-response team saw customer experience scores climb by anywhere from 13 to 30 points, thereby quickly identifying how speed impacted satisfaction and paving the path to implementing the solution across the organization.

While early prototypes can indicate that an idea has promise, the best customer experience management systems can also support more structured experimentation. A/B Testing can provide a confident estimate of an innovation’s impact before rolling it out more broadly. This gives managers a good idea of an innovation’s potential value while sparing them the risk and expense of a full implementation.

CONCLUSION

Reaching far beyond the old ways of customer experience

Over the last 20 years, the business world has changed in dramatic ways. The focus on customer experience has increased, often creating significant improvements in customer satisfaction and other key metrics. Nonetheless, many companies continue to struggle to demonstrate their value. As the digital revolution has erupted in full force, many companies have failed to leverage the power it brings.

But today, it is possible for companies to better understand what their customers expect and detect when those expectations are changing.

Companies that have built the right capabilities to manage their customer experience are engaging in a deeper dialogue with customers and distributing customer feedback in real time across their entire organization. They are empowering decision makers from the frontline to the boardroom with customer-driven insights, enabling them to make decisions that are well aligned with the realities of their markets.

These capabilities are also empowering businesses to innovate. With technology that enables real-time customer feedback and rapid experimentation, large companies are regaining the advantages of scale. They are leveraging—even celebrating—the natural variation that occurs across almost all large enterprises, and they are turning that variation into valuable learning that they can share widely to the benefit of customers.

In this way, the management of customer experience is evolving. It's going from something that is removed from most employees' day-to-day activities—a world

“Companies that have built the right capabilities to manage the experience are...distributing customer feedback in real time across their entire organization.”

in which a centralized team distributes insights to a few areas in the organization—to something that employees rely on to do their jobs. Companies that operationalize the

management of customer experience through the four capabilities outlined here will ultimately be more profitable and grow faster. Their success will result from an ability to rapidly learn, pivot, respond to customers, and adapt to the trends and opportunities reflected in their attitudes and behavior.

This capacity for learning and adaptation provides a sustainable source of competitive advantage in an age when customers have more information, more choices, and more power than ever before.

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- ¹⁹ Medallia Action Book, 2015.

About Medallia

Medallia, the leader in Experience Management cloud technology, ranked #15 in the most recent Forbes Cloud 100 list. Medallia’s vision is simple: to create a world where companies are loved by customers and employees alike. Hundreds of the world’s largest companies and organizations trust Medallia’s cloud platform to help them capture customer and employee feedback everywhere they are, understand it in real-time, and deliver insights and action everywhere—from the C-suite to the frontline—to improve business performance. Medallia has offices worldwide, including Silicon Valley, New York, Washington DC, Austin, London, Buenos Aires, Paris, Sydney, and Tel Aviv. Learn more at www.medallia.com.

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