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The State Of Customer Experience, 2009

by Bruce D. Temkin
for Customer Experience Professionals



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Customer Experience Management Enters Into Adolescence

by **Bruce D. Temkin**

with Megan Burns, William Chu, Steven Geller, and Angela Beckers

EXECUTIVE SUMMARY

Executives have been saying for awhile that customer experience is important. Only recently, however, have many of them begun to understand its direct link with loyalty. As a result, companies are starting to develop more disciplined approaches to customer experience management. But they have a long way to go. When we examined responses to our Experience-Based Differentiation (EBD) self-test, it was clear that many organizations are pretty low on the customer experience maturity scale. That's why there are significant opportunities for improvement, especially when it comes to Web sites — 60% of which failed our evaluations in 2008. So where is customer experience today? In its adolescence. Customer experience management will need nurturing and patience over the next few formative years.

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Data about large North American companies comes from Forrester's Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys. Consumer data comes from Forrester's surveys of nearly 5,000 consumers in our North American Technographics® Customer Experience Online Surveys in Q3 2007 and Q4 2008.

Related Research Documents

["Obstacles To Customer Experience Success, 2009"](#)
February 20, 2009

["Customer Experience Correlates To Loyalty"](#)
February 17, 2009

["The Customer Experience Journey"](#)
September 17, 2008

["Obstacles To Customer Experience Success, 2008"](#)
February 7, 2008

["Obstacles To Customer Experience Success"](#)
February 6, 2007

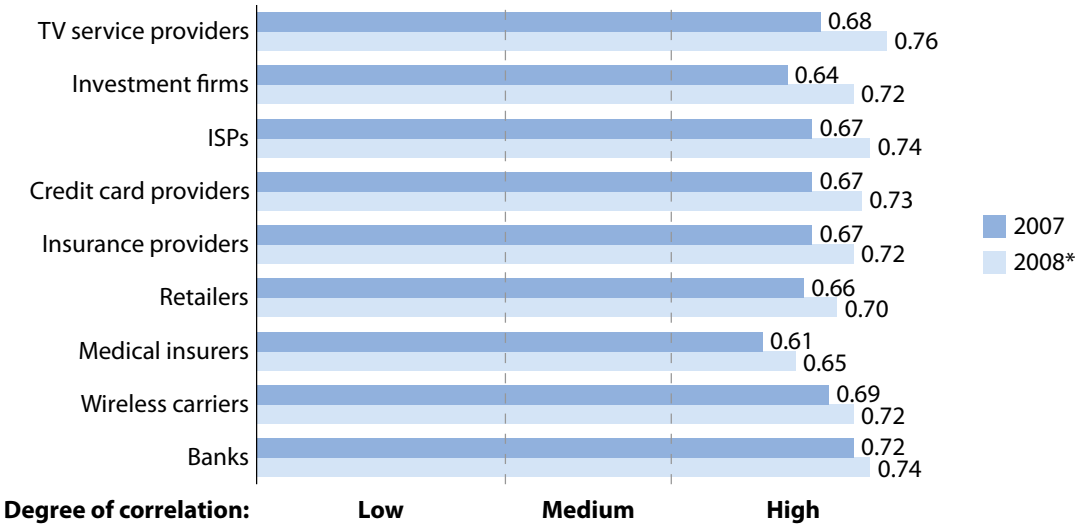
CUSTOMER EXPERIENCE MANAGEMENT IS AN EMERGING DISCIPLINE

In a recent survey of customer experience professionals, 80% said their firm hopes to use customer experience as a competitive differentiator.¹ Even in the current recession, the number of respondents who said they expect their firm to cut customer experience spending at a lower rate than it will on other areas was four times higher than the number who expect their firm to cut customer experience spending at a higher rate.² Why have firms become so enamored with customer experience? Because it makes good business sense. Increasingly, firms are realizing that customer experience is directly linked to loyalty.³ Our data shows that good customer experience is correlated with (see Figure 1):

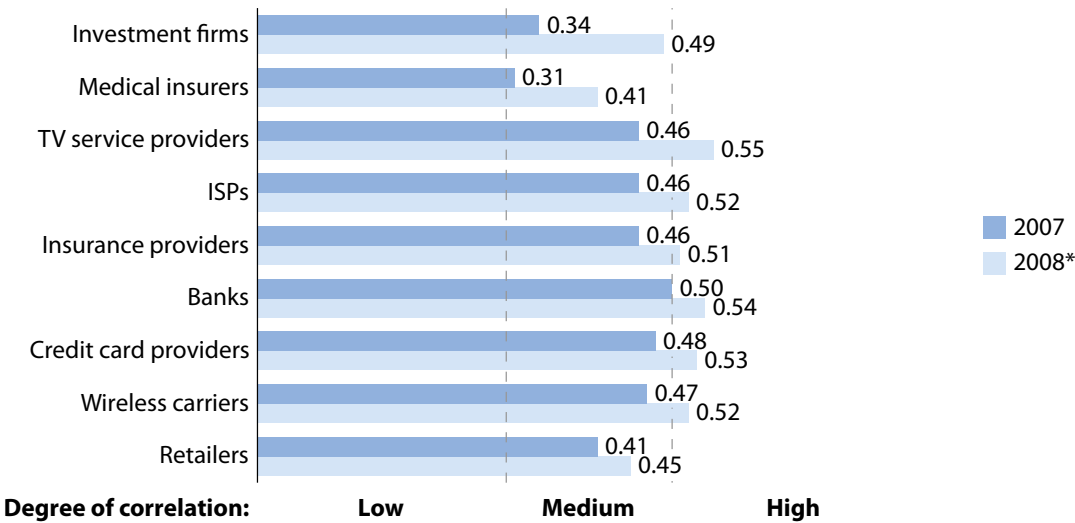
- **Willingness to buy more.** Across all industries, we found a high degree of correlation between good customer experience and consumers' willingness to make subsequent purchases. The correlation was strongest among TV service providers and weakest among medical insurers. But compared to the previous year's analysis of nine industries, the correlations increased for all industries. TV service providers and investment firms showed the largest jump.
- **Reluctance to switch.** Led by TV service providers, seven industries had a high correlation between good customer experience and their customers' reluctance to switch business from their current provider. The rest of the industries showed a medium degree of correlation. The correlation strength increased for every industry that we examined in 2007, with the biggest jump occurring among investment firms.
- **Likelihood to recommend.** There was a high degree of correlation between good customer experience and consumers' likelihood to recommend a company across all 12 of the industries we examined in 2008. In this case, the link was strongest for TV service providers and weakest for retailers.

Figure 1 Customer Experience Increasingly Correlates To Loyalty

1-1 Correlation between a high Customer Experience Index and consumers' willingness to make another purchase from a provider



1-2 Correlation between a high Customer Experience Index and consumers' reluctance to switch business away from a provider



Base: US consumers who have interacted with each firm

Source: North American Technographics® Customer Experience Online Survey, Q3 2007
*Source: North American Technographics Customer Experience Online Survey, Q4 2008

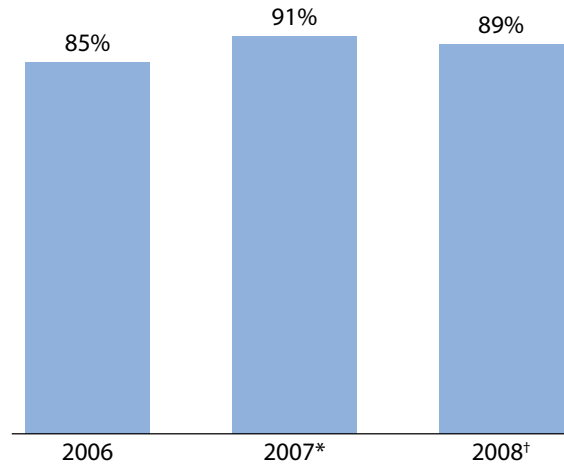
Companies Get More Disciplined In Their Customer Experience Efforts

While many companies recognize the importance of customer experience, making it a corporate priority is a relatively new phenomenon. In order to understand how far customer experience has progressed in large North American firms, we decided to look back at responses from our Customer Experience Peer Research Panel over the last three years.⁴ While the data sets aren't large enough for precise comparisons, they do provide insight into some overarching trends. Here are some of the results from our analysis of those surveys:

- **Customer experience has been important for awhile.** When we recently asked respondents how important customer experience would be to their business in 2009, 89% said that it would be either very important or critical. This percentage is very similar to the numbers we found in each of the previous two years (see Figure 2).
- **Customer experience management has become more disciplined.** In late 2006, only 42% of respondents described their company's customer experience efforts as disciplined (see Figure 3). That number has been steadily on the rise, hitting 65% in the fourth quarter of 2008.
- **Both leadership and the use of metrics have increased.** Over the past three years, the number of respondents with clear customer experience metrics and senior executives leading the charge has grown rapidly (see Figure 4). In 2006, only 27% of firms reported having either of those items, but well over half of firms have both in place today.
- **Lack of cooperation remains a thorny issue.** When we examined the most common obstacles to customer experience success, we found most of the obstacles declining in prevalence (see Figure 5). Unfortunately, the lack of cooperation remains a consistent and nagging problem for over half of the respondents, and in light of the current economic times, it's no surprise that budget concerns have jumped to the top of the list for 2009.

Figure 2 Customer Experience Remains Very Important

“How important is customer experience in your company’s strategy?”
(Firms that selected 4 or 5 on a scale from 1 [not at all important] to 5 [critical])



Base: 74 North American firms with \$500 million or more in revenues in 2006
*Base: 287 North American firms with \$500 million or more in revenues in 2007
†Base: 90 North American firms with \$500 million or more in revenues in 2008

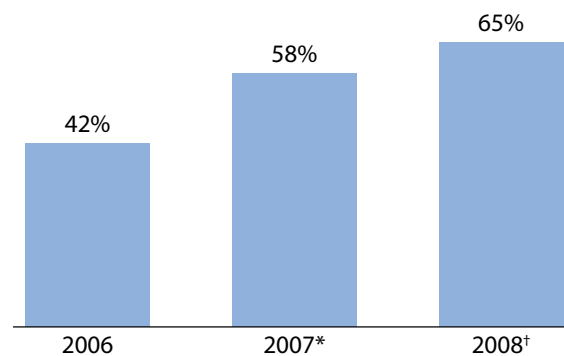
Source: Forrester’s Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

Figure 3 Customer Experience Management Gets More Disciplined

“How would you describe your company’s overall approach to customer experience management?”
(Firms that selected either “very disciplined” or “somewhat disciplined”)



Base: 74 North American firms with \$500 million or more in revenues in 2006
*Base: 287 North American firms with \$500 million or more in revenues in 2007
†Base: 90 North American firms with \$500 million or more in revenues in 2008

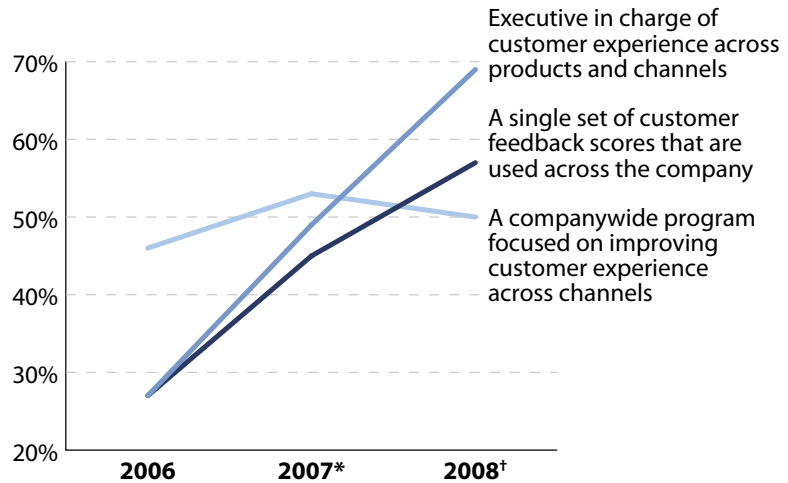
Source: Forrester’s Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

Figure 4 Leadership And Metrics Are On The Rise

“To what extent has your company put in place the following items?”



| | | | |
|--|-----|-----|-----|
| Executive in charge of customer experience across products and channels | 27% | 49% | 69% |
| A single set of customer feedback scores that are used across the company | 27% | 45% | 57% |
| A companywide program focused on improving customer experience across channels | 46% | 53% | 50% |

Base: 74 North American firms with \$500 million or more in revenues in 2006
 *Base: 287 North American firms with \$500 million or more in revenues in 2007
 †Base: 90 North American firms with \$500 million or more in revenues in 2008

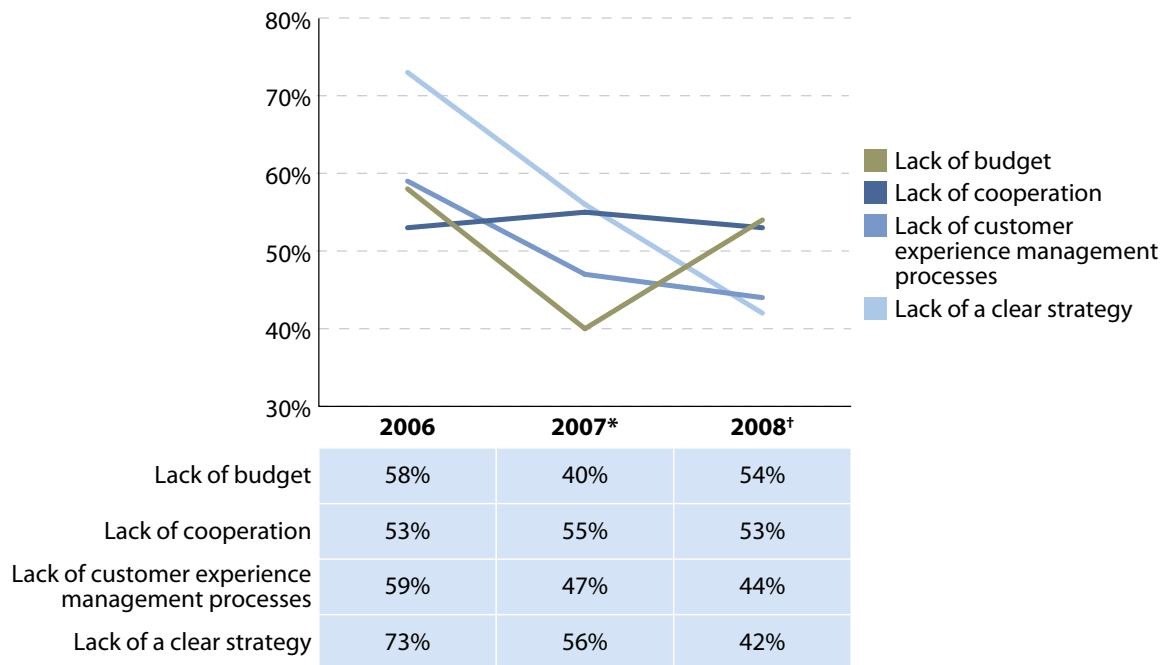
Source: Forrester’s Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

Figure 5 Customer Experience Obstacles Are Shifting

“Which of the following are major obstacles to improving your firm’s customer experience?”



Base: 74 North American firms with \$500 million or more in revenues in 2006
 *Base: 287 North American firms with \$500 million or more in revenues in 2007
 †Base: 90 North American firms with \$500 million or more in revenues in 2008

Source: Forrester’s Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

There’s Still A Long Way To Experience-Based Differentiation

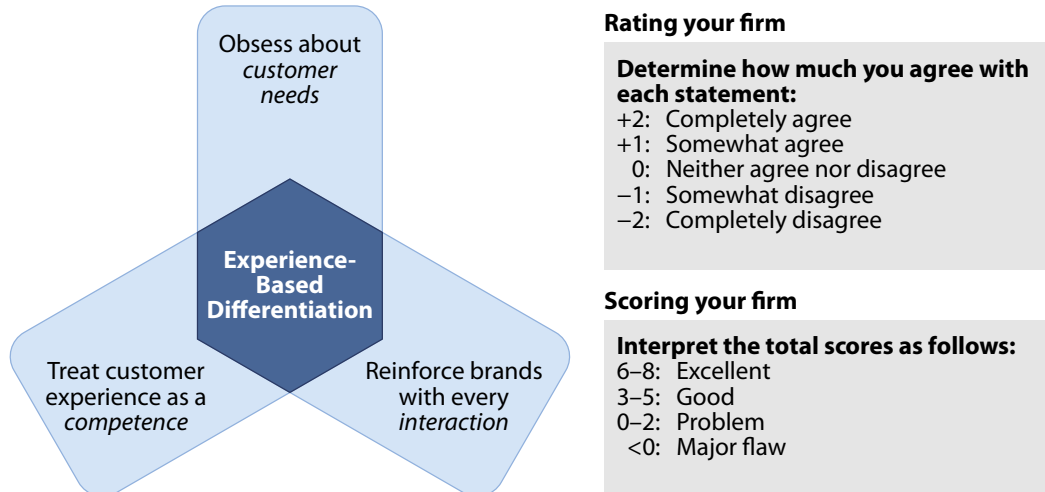
What is the ultimate goal for customer experience? EBD, a blueprint of customer experience excellence built on three principles: 1) Obsess about customer needs; 2) reinforce the brand with every interaction; and 3) treat customer experience as a competence.⁵ As a part of our Customer Experience Peer Research Panel surveys, respondents completed a diagnostic self-test that identifies their firm’s progress toward each of the three principles of EBD (see Figure 6). Here’s what we uncovered from their feedback:

- **The bad news: Brands are on the decline.** We found a steady decline in firms’ performance on the second principle of EBD: “*Reinforce the brand across every interaction, not just communications*” (see Figure 7).⁶ In 2006, respondents agreed with 56% of the EBD statements for this principle — significantly higher than for either of the other principles. But in 2008, the agreement rate dropped to 40%. Over the past three years, the affirmative response to one question associated with this EBD principle has steadily declined: “*Our company’s brand drives*

how we design customer experiences” (see Figure 8). Making matters even worse, less than one-third of companies say that employees understand the firm’s key brand attributes.

- **Use of customer segmentation is rising, but firms aren’t sharing the insight.** We also examined the responses to individual questions in the EBD self-test and found only one item that respondents increasingly agreed with: *“Our company has a clearly defined set of target customer segments”* (see Figure 9). Looking at the other question associated with the first principle of EBD, we also found that very few companies widely share a clear and consistent view of these customers with employees.
- **Executive communications are dropping, and customer interactions remain unmonitored.** In 2008, the largest change in the responses to the questions associated with the third principle of EBD was the drop in the number of respondents agreeing with this statement: *“Senior executives consistently communicate the importance of serving target customers”* (see Figure 10). Over the past three years, less than one-third of respondents have indicated that they believe their firms monitor interactions with target customers.

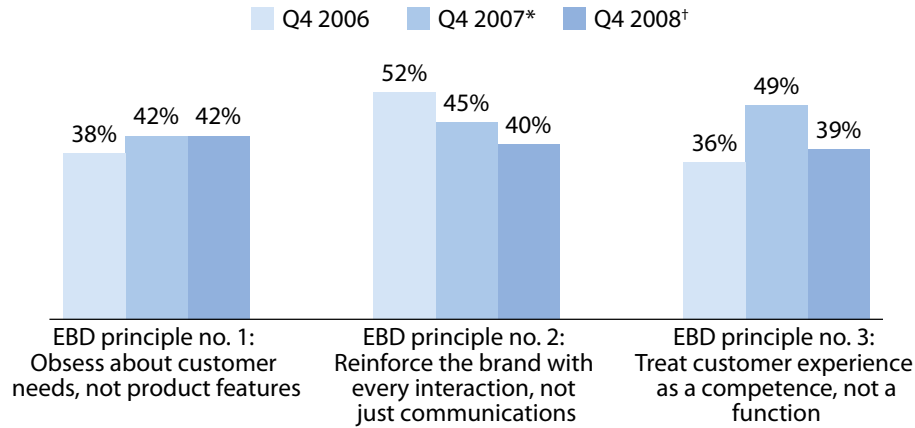
Figure 6 Experience-Based Differentiation Self-Test



| Principle no. 1: Obsess about customer needs, not product features. | Rating |
|--|----------------------|
| "Our company has a clearly defined set of target customer segments." | <input type="text"/> |
| "Employees across the company share a consistent and vivid image of target customers." | <input type="text"/> |
| "Primary research is used to fully understand the needs and behaviors of target customers." | <input type="text"/> |
| "Decision-making processes systematically incorporate the needs of target customers." | <input type="text"/> |
| Total | <input type="text"/> |
| Principle no. 2: Reinforce brands with every interaction, not just communications. | |
| "The attributes of our company's brand are well defined." | <input type="text"/> |
| "Employees fully understand the key attributes of our brand." | <input type="text"/> |
| "Our company's brand drives how we design customer experiences." | <input type="text"/> |
| "We translate brand attributes into specific promises we make to customers." | <input type="text"/> |
| Total | <input type="text"/> |
| Principle no. 3: Treat customer experience as a competence, not a function. | |
| "Senior executives regularly interact with target customers." | <input type="text"/> |
| "Senior executives consistently communicate the importance of serving target customers." | <input type="text"/> |
| "Employees across the company are recognized and rewarded for improving the experience of target customers." | <input type="text"/> |
| "The quality of interactions with target customers is closely monitored." | <input type="text"/> |
| Total | <input type="text"/> |

Figure 7 Brand Experiences Are On The Decline

Respondents who somewhat agree or fully agree with statements that describe their firm in each section of the EBD self-test
 (Percentages represent an average across all questions in each section)



Base: 74 North American firms with \$500 million or more in revenues in 2006

*Base: 287 North American firms with \$500 million or more in revenues in 2007

†Base: 90 North American firms with \$500 million or more in revenues in 2008

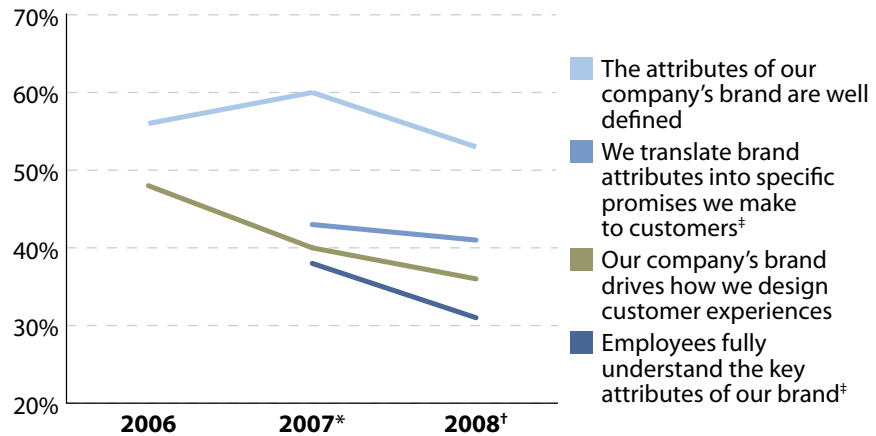
Source: Forrester's Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

Figure 8 Evaluation Of EBD Principle No. 2: Reinforce The Brand With Every Interaction

Respondents who somewhat agree or fully agree that each statement describes their firm



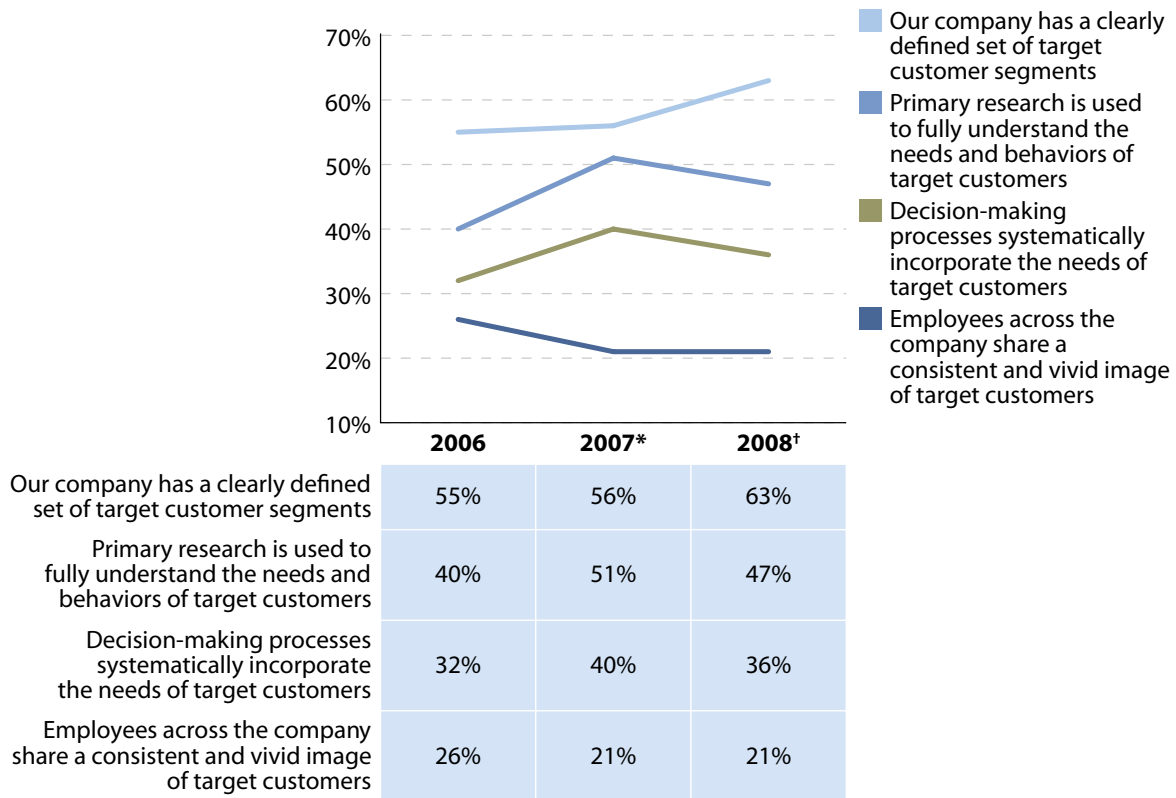
| | 2006 | 2007* | 2008† |
|--|------|-------|-------|
| The attributes of our company's brand are well defined | 56% | 60% | 53% |
| We translate brand attributes into specific promises we make to customers‡ | N/A | 43% | 41% |
| Our company's brand drives how we design customer experiences | 48% | 40% | 36% |
| Employees fully understand the key attributes of our brand‡ | N/A | 38% | 31% |

Base: 74 North American firms with \$500 million or more in revenues in 2006
 *Base: 287 North American firms with \$500 million or more in revenues in 2007
 †Base: 90 North American firms with \$500 million or more in revenues in 2008

Source: Forrester's Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys
 ‡Note: These questions were not asked in 2006.

Figure 9 Evaluation Of EBD Principle No. 1: Obsess About Customer Needs

Respondents who somewhat agree or fully agree that each statement describes their firm



Base: 74 North American firms with \$500 million or more in revenues in 2006
 *Base: 287 North American firms with \$500 million or more in revenues in 2007
 †Base: 90 North American firms with \$500 million or more in revenues in 2008

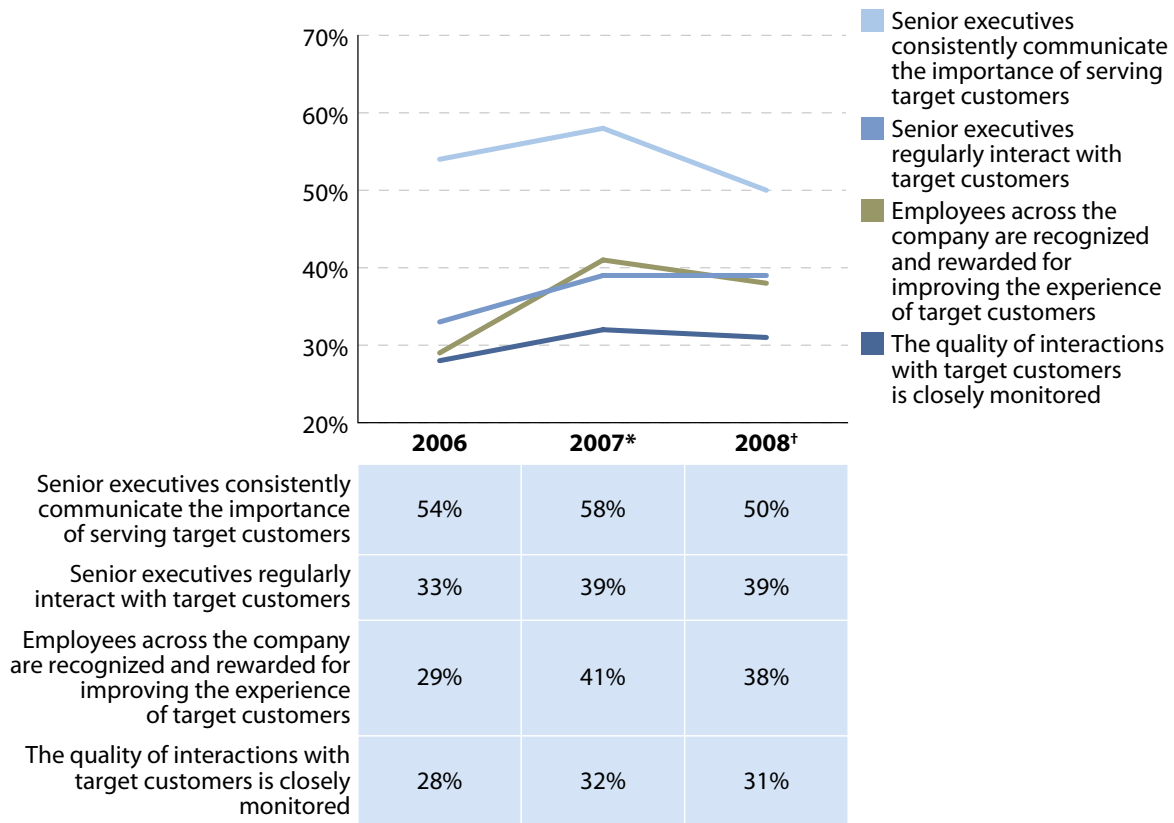
Source: Forrester’s Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

Figure 10 Evaluation Of EBD Principle No. 3: Treat Customer Experience As A Competence

Respondents who somewhat agree or fully agree that each statement describes their firm



Base: 74 North American firms with \$500 million or more in revenues in 2006
 *Base: 287 North American firms with \$500 million or more in revenues in 2007
 †Base: 90 North American firms with \$500 million or more in revenues in 2008

Source: Forrester’s Q4 2006, Q4 2007, and Q4 2008 Customer Experience Peer Research Panel Surveys

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Source: Forrester Research, Inc.

DON'T YOUR CUSTOMERS DESERVE BETTER EXPERIENCES?

It's great that companies are beginning to take customer experience seriously, but how good are the experiences that they're delivering? Not very good. Here's what we found when examining a few different sources:

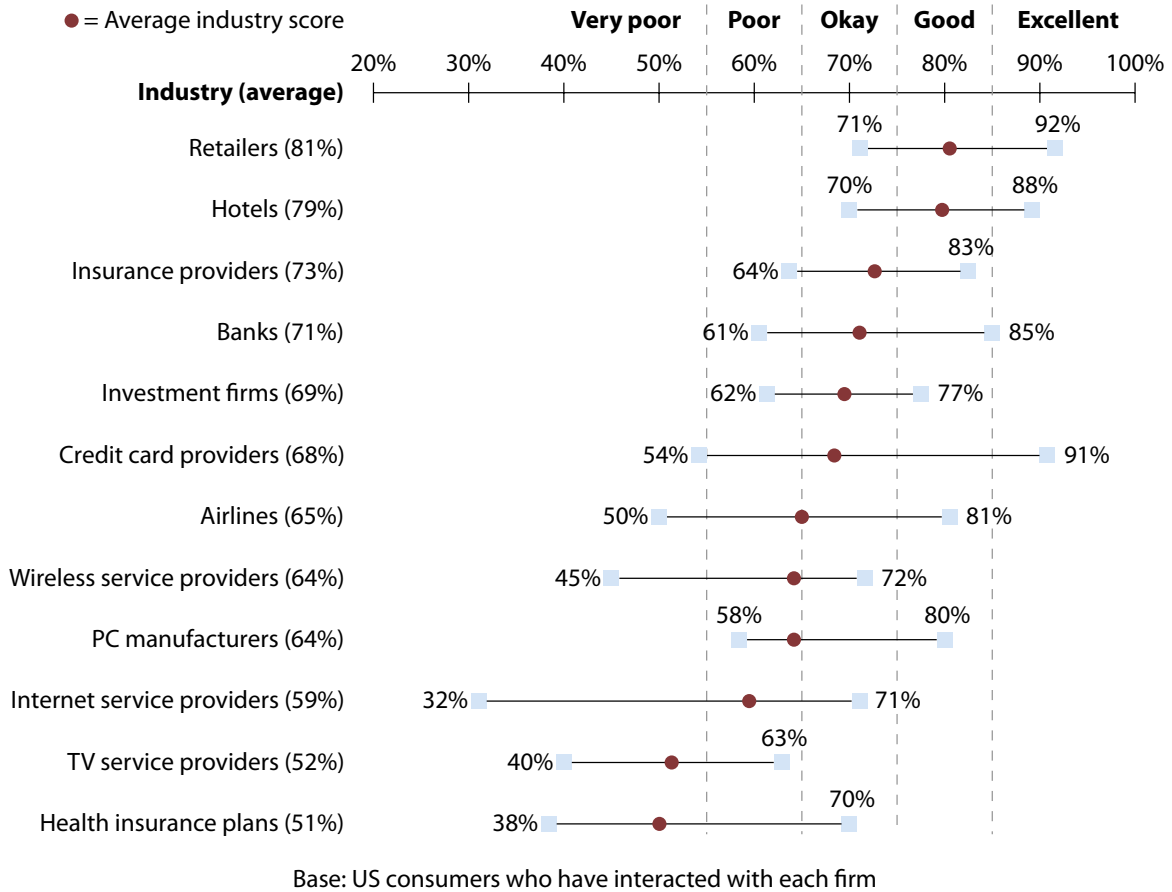
- **Forrester’s Customer Experience Index shows mixed results.** Forrester created a Customer Experience Index (CxPi) to gauge the experiences delivered by large companies. On average, only retailers and hotels did well, but there was a wide range of scores across industries (see Figure 11-1).⁷ While only 37% of the 113 firms in the 2008 CxPi received good or excellent

ratings, this is an increase from 29% in 2007 (see Figure 11-2).⁸ At an industry level, four of the nine industries improved from the previous year: banks, retailers, insurance providers, and credit card firms.

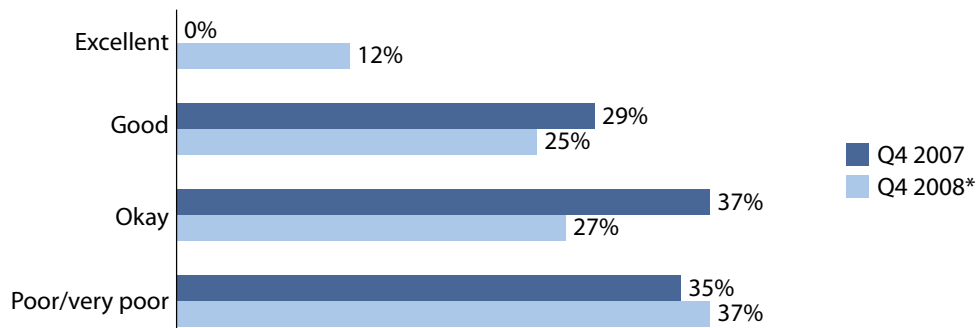
- **Interaction satisfaction data highlights many problems.** We examined consumers' satisfaction with their Web, phone, and in-person interactions (see Figure 12).⁹ While they were mostly satisfied when interacting in-person with hotels and retailers, just about every other interaction across 12 industries left a lot to be desired. Where are the most problems? Health insurance firms and TV service providers satisfied less than 70% of their customers across all three channels.
- **Brand reviews uncover poor brand support.** Forrester regularly evaluates how well Web sites support a company's brand.¹⁰ When we looked back at 157 of our evaluations, only 38% of sites passed our Brand Image Reviews (see Figure 13). Unfortunately, these results are consistent with what we found in previous years about the lack of focus on brands during the experience design process.
- **Expert experience reviews uncover many flaws.** Forrester uses its Cross-Channel Review, which examines 57 criteria, to evaluate Web, email, interactive voice response (IVR), and phone interactions, as well as the experiences that cut across those channels.¹¹ In a recent report, Forrester applied this methodology to the experiences of 16 firms across four different industries.¹² The best channel, phone agent interactions, passed only 60% of our criteria (see Figure 14).

Figure 11 Results From Forrester's Customer Experience Index

11-1 Industry results from Forrester's 2008 CxPi



11-2 Distribution of ratings from 2007 CxPi and 2008 CxPi



Source: North American Technographics® Customer Experience Online Survey, Q3 2007
*Source: North American Technographics Customer Experience Online Survey, Q4 2008

Figure 12 Satisfaction Levels With Interactions In Different Channels

Percentage of consumers who selected 4 or 5 on a scale from 1 (not at all satisfied) to 5 (very satisfied) in terms of their most recent interactions with companies in each of these channels

| | Web | Phone | In-person |
|----------------------------|------------|--------------|------------------|
| Airlines | 82% | 76% | 73% |
| Banks | 84% | 72% | 79% |
| Credit card providers | 84% | 72% | 81% |
| Health insurance plans | 66% | 67% | 69% |
| Hotels | 80% | 82% | 86% |
| Insurance providers | 77% | 84% | 84% |
| Internet service providers | 71% | 63% | 70% |
| Investment firms | 82% | 83% | 84% |
| PC manufacturers | 74% | 65% | 79% |
| Retailers | 81% | 79% | 88% |
| TV service providers | 66% | 60% | 69% |
| Wireless service providers | 74% | 70% | 72% |

■ More than 85%
■ 70% to 85%
■ Less than 70%

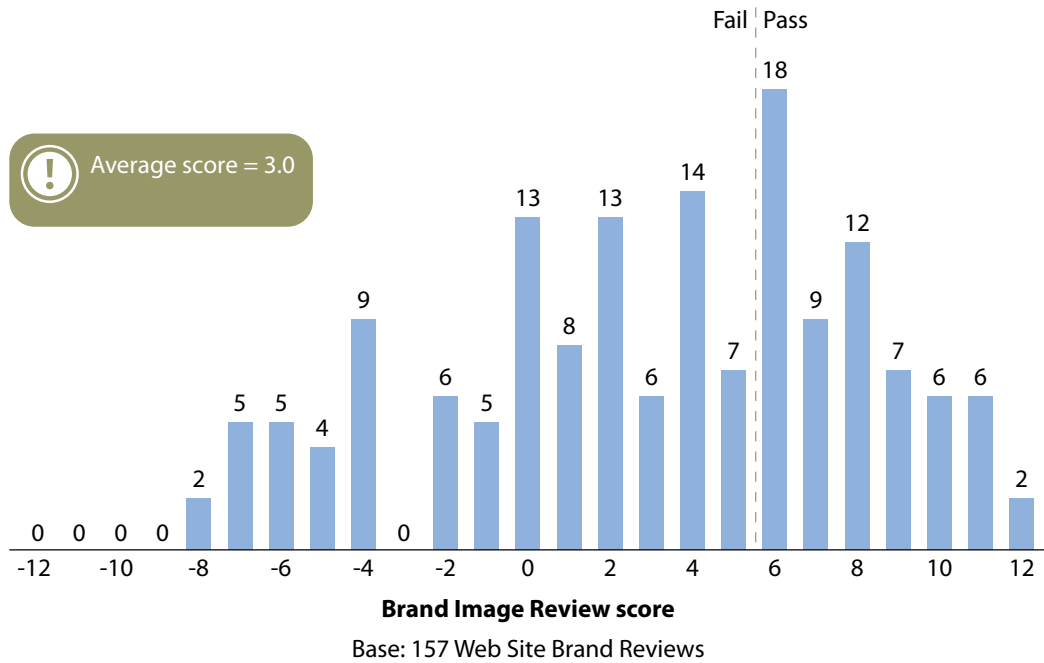
Base: US consumers who have interacted with firms in these channels

Source: North American Technographics® Customer Experience Online Survey, Q4 2008

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Source: Forrester Research, Inc.

Figure 13 Most Sites Fail Forrester’s Brand Image Reviews



Source: Forrester’s Web Site Brand Reviews, 2005 through 2008

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Source: Forrester Research, Inc.

Figure 14 Forrester’s Expert Reviews Uncover Many Experience Flaws

Percentage of criteria passed in each section of Forrester’s Cross-Channel Review



Base: 16 Cross-Channel Reviews completed by Forrester Research in Q1 2009

Source: June 13, 2008, “Best And Worst Of Cross-Channel Design, 2008” Forrester report

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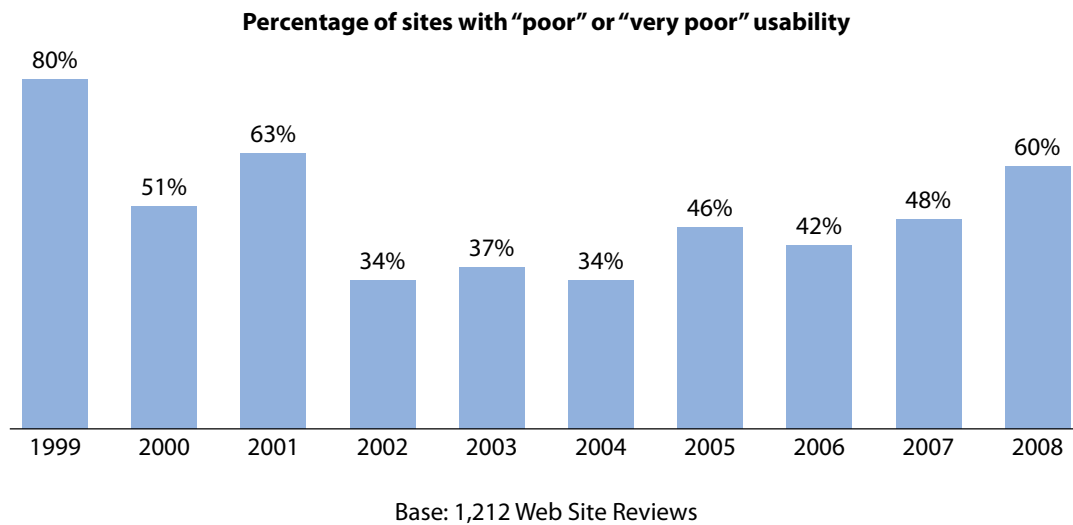
Source: Forrester Research, Inc.

Web Site Experiences Remain Underwhelming

In this economic environment, self-service channels like the Web provide enormous opportunities to serve customers with a relatively low marginal cost. But customers won't serve themselves unless these applications are easy to use. So we took a closer look at the results from Forrester's expert reviews of Web sites over the past 10 years.¹³ This evaluation of more than 1,200 sites uncovered that:

- **Poor experiences are on the rise.** Forrester evaluates Web sites using 25 criteria that are each scored between +2 (best practice) and -2 (severe failure), so overall site scores can range from -50 to +50. Over the past three years, the percentage of "poor" and "very poor" scores (i.e., scores of 0 or less) has steadily risen — from 42% in 2006 to 60% in 2008 (see Figure 15).
- **Navigation has become the biggest problem.** Forrester's criteria fall into four categories: value, navigation, presentation, and trust. When we examined the percentage of passing scores in each of these areas we found that navigation criteria have had the most problems for the past three years (see Figure 16). As companies put more content and functionality on their Web sites, it has become harder for customers to find the right "stuff."
- **Text legibility is still the biggest issue.** Forrester adjusts the Web Site Review criteria every 12 to 18 months to reflect changing customer expectations and current best practices. So we examined the criteria from the current version of the review in 2008. As it turns out, Web sites most frequently failed our evaluation of text legibility (see Figure 17). But that's not new news. Text legibility has been a major issue on Web sites for many years.¹⁴

Figure 15 Most Sites Still Provide Poor Usability



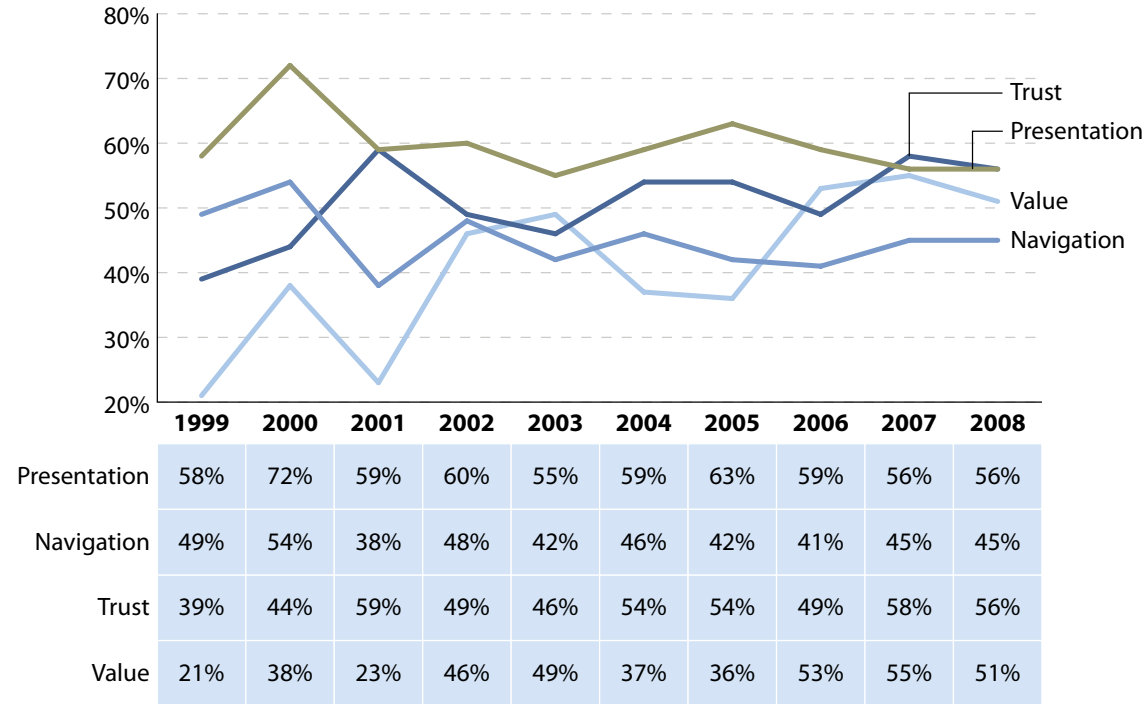
Source: Forrester's Web Site Reviews, 1999 through 2008

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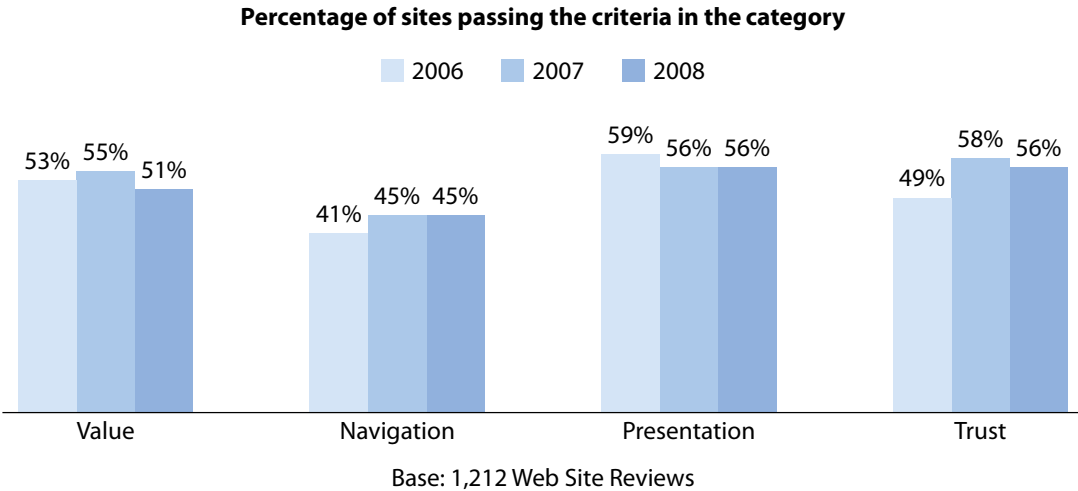
Source: Forrester Research, Inc.

Figure 16 Navigation Remains The Major Web Site Usability Problem

16-1 Percentage of sites that passed sections of Forrester's Web Site Review criteria over the past decade



16-2 A closer look at scores over the past three years



Source: Forrester's Web Site Reviews, 1999 through 2008

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Source: Forrester Research, Inc.

Figure 17 Top 10 Criteria That Sites Failed In Forrester's Web Site Reviews In 2008

| Web Site Review criteria | Percentage of sites that passed |
|--|--|
| Is text legible? | 18% |
| Is the task flow efficient? | 22% |
| Does the site present privacy and security policies in context? | 30% |
| Do page layouts use space effectively? | 32% |
| Are category and subcategory names clear and mutually exclusive? | 34% |
| Do menu categories immediately expose or describe their subcategories? | 37% |
| Is essential content available where needed? | 39% |
| Does the site help users recover well from errors? | 39% |
| Are essential content and function given priority on the page? | 42% |
| Is essential function available where needed? | 43% |

Base: 106 Web Site Reviews

Source: Forrester's Web Site Reviews, 2008

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Source: Forrester Research, Inc.

WHAT IT MEANS**CUSTOMER EXPERIENCE MANAGEMENT ENTERS ADOLESCENCE**

Last year, Forrester identified five stages of customer experience maturity and found that less than one-quarter of firms had progressed past the second level of maturity.¹⁵ Given the early stages of development, it's no surprise that they currently deliver less-than-awe-inspiring customer experiences.

Many firms are just beginning the serious work of systematically improving their customer experience. As with any period of adolescence, the coming of age of customer experience management will not be without its ups and downs. The biggest problem may end up being a lack of patience. Since these efforts require cultural and process changes, the results can take several years to fully materialize.

Even in these difficult economic times, however, the recognition that loyalty is strongly linked to customer experience will keep many firms focused on building discipline around customer experience management. But that doesn't mean smooth sailing across the board. As companies cut back their operations to reflect the economic conditions, customer experience efforts will likely get trimmed back in some areas as well.

RECOMMENDATIONS

KEEP CUSTOMER EXPERIENCE TOP OF MIND IN THIS ECONOMIC CLIMATE

Here are some priorities that customer experience executives should keep in mind during these formative times:¹⁶

- **Defend usability.** Sometimes small improvements in the usability of self-service channels like Web sites and IVR systems can have enormous ROI.¹⁷ While companies may cut budget for major overhauls, they should find a way to preserve incremental usability enhancements.¹⁸
- **Clarify your brand.** The EBD self-test showcased a disturbing trend around the deterioration of corporate brands. Without a clear definition of the brand, companies are prone to make decisions about budget cuts that leave them with an indefensible position in the market. So companies need to redefine their brand principles and use these to evaluate budgeting choices.
- **Listen to key customers.** These are dynamic times; not only are companies going through shifts, but so are customers and competitors. In this changing environment, it is more important than ever to listen to your key customers — the ones whom you know you want to keep.¹⁹
- **Engage employees.** Providing a good customer experience may be one of the ways to maintain business in the downturn. So companies should let employees know that it remains important for the company and engage them in the process of finding ways to make improvements — even if there's no budget for change.
- **Keep an outside-in focus.** No experience is inherently good or bad; it can only be judged by looking at how well it helps customers achieve their goals.²⁰ To maintain an external focus in all activities, customer experience professionals should continually ask — and answer — three questions: Who are your users? What are their goals? And how can you help them achieve those goals?

ENDNOTES

¹ In a survey of 90 large North American firms in Q4 2008, we asked respondents to describe their executive team's goal for customer experience. The results show that 80% want to differentiate their firm from others, and only 6% were willing to fall behind. Interestingly, this represents an even heavier focus on differentiation than we found earlier in 2008. See the February 20, 2009, "[Obstacles To Customer Experience Success, 2009](#)" report.

² In a survey of 90 large North American firms in Q4 2008, we asked a couple of direct questions about the economic downturn. When it comes to the importance of customer experience, 63% of respondents said that it will become more important, while only 10% said that it would become less important. And when it comes to spending, 48% of respondents thought that their firm will cut spending on customer experience at a lower rate than it will on other items, while only 12% expect that their customer experience budget will be cut at a higher rate. See the February 20, 2009, "[Obstacles To Customer Experience Success, 2009](#)" report.

- ³ Using data from over 4,500 consumer surveys, Forrester examined the correlation between the customer experiences delivered by more than 100 US firms and the loyalty of their customers. Our analysis shows that good customer experience correlates to consumers' willingness to repurchase, reluctance to switch, and likelihood to recommend firms across all 12 industries we examined. TV service providers, as an industry, had the strongest correlation across all three loyalty measures. Office Depot had the highest correlation between customer experience and repurchase plans, while US Airways had the highest correlation between customer experience and reluctance to switch. When we compared the data with our analysis from last year, the correlation between customer experience and loyalty increased in every industry. See the February 17, 2009, "[Customer Experience Correlates To Loyalty](#)" report.
- ⁴ In a survey of 90 customer experience decision-makers from large North American firms in Q4 2008, 89% said that customer experience would be either very important or critical to their 2009 efforts. And 80% of respondents believed that their executive team wants to differentiate the firm's customer experience from that of its competitors. See the February 20, 2009, "[Obstacles To Customer Experience Success, 2009](#)" report.
- ⁵ With more access to information, more sensitivity to price, and less sensitivity to advertising, customers are getting harder to win and keep. Organizations try to woo these empowered consumers with mediocre customer experiences — but it won't work. Firms need to dramatically raise the bar on the customer experience they provide. How? By adopting what Forrester calls Experience-Based Differentiation. This enterprisewide effort focuses on three principles: Obsess about customer needs; reinforce brands with every interaction; and treat customer experience as a competence, not a function. To succeed with EBD, firms must commit to a multiyear journey. That's why firms need to make this one of their top corporate initiatives. See the January 2, 2007, "[Experience-Based Differentiation](#)" report.
- ⁶ In the Q4 2006 survey, we only asked 10 of the 12 questions from the Experience-Based Differentiation self-test.
- ⁷ In Q4 2008, Forrester asked over 4,500 consumers about their interactions with a variety of companies, gauging the usefulness, ease of use, and enjoyability of those experiences. Based on these consumer responses, we calculated the Customer Experience Index for 113 firms in 12 different industries. Barnes & Noble and USAA topped the rankings, while Charter Communications and Medicaid came in at the bottom. Only 11% of the firms wound up with "excellent" ratings — and 38% were "poor" or "very poor." At an industry level, retailers and hotels landed in the top spots for all categories, while medical insurers and TV service providers ended up at the bottom. Led by U.S. Bancorp, SunTrust, and Citibank, banks made the largest improvement from last year. Time Warner Cable and Charter Communications had the largest decline. See the December 12, 2008 "[The Customer Experience Index, 2008](#)" report.
- ⁸ In Q3 2007, Forrester asked nearly 5,000 consumers about their interactions with a variety of companies, gauging the usefulness, usability, and enjoyability of those experiences. Based on these consumer responses, we calculated the Customer Experience Index for 112 firms in nine different industries. Led by Costco, Borders, and Barnes & Noble, retailers dominated the top of the rankings. But on average, there's a lot of room for improvement: Only 10% of the firms wound up with "excellent" ratings — and 21% were "poor" or "very poor." See the November 21, 2007, "[The Customer Experience Index, 2007](#)" report.

- ⁹ How well do experiences meet the needs of customers? Not very well. A survey of more than 4,500 US consumers shows a low level of satisfaction with Web, phone, and in-person interactions across 12 different industries. It turns out that Web interactions have the highest satisfaction levels in five of the industries. But there are differences across industries, companies, and consumers. Banks and credit card issuers provide the best Web experiences; USAA, a credit union, and Amazon.com come out on top when it comes to phone interactions; and Gen Y consumers are often the least satisfied with all types of interactions. See the April 14, 2009, “[The Experiences That Satisfy Consumers, 2009](#)” report.
- ¹⁰ Forrester recently updated its Web Site Brand Review methodology to version 2.0. Before moving on, we analyzed the results of 157 Web Site Brand Reviews completed with version 1.0 between June 2005 and October 2008. This data shows that while sites fared better in supporting their brand attributes than they did in catering to user goals, the overall Web site brand experience is poor. To gauge how well their sites build brand experience, customer experience professionals should conduct their own Web Site Brand Reviews. See the February 27, 2009, “[Lessons Learned From 157 Web Site Brand Reviews](#)” report.
- ¹¹ Forrester uses expert reviews to help clients uncover customer experience flaws that get in the way of user — and associated business — goals. Analysts attempt to accomplish relevant user goals and then evaluate the cross-channel experience for its compliance with research-based criteria. See the September 19, 2006, “[Executive Q&A: Cross-Channel Reviews](#)” report.
- ¹² Forrester applied its Cross-Channel Review methodology to the experiences at 16 firms — four of the largest auto insurers, discount retailers, footwear manufacturers, and online travel agencies. While Expedia, Nike, and Orbitz received the top overall scores, none of the 16 companies received a passing grade. Other results: Expedia received the best Web site score, Nike received the top interactive voice response score and the top email interaction score, and Orbitz and priceline.com received the top phone interaction scores. See the March 6, 2009, “[Best And Worst Of Cross-Channel Design, 2009](#)” report.
- ¹³ Forrester’s Web Site Review uncovers flaws that prevent users from accomplishing key goals on Web sites. This document provides answers to some of the common questions we’ve been asked during more than 1,100 Web Site Reviews. To get the most out of the Web Site Review, site owners should identify user goals that drive business metrics, review their sites using the tools available on Forrester’s Web site, and fix usability problems identified in the review. See the September 5, 2008, “[Executive Q&A: Web Site Reviews](#)” report.
- ¹⁴ When we examined results from 1,001 Web Site Reviews across different versions of Forrester’s Web Site Review methodology dating back to 1999, we found that text legibility was the third most failed criteria between March 2005 and April 2007 and the fourth most failed criteria between August 2003 and March 2005. See the May 11, 2007, “[Lessons Learned From 1,001 Web Site Reviews](#)” report.
- ¹⁵ Why is customer experience such a hot topic? Because it’s important, complex, and broken. That’s why firms should head toward Experience-Based Differentiation, a blueprint for customer experience excellence. But EBD can’t be mastered overnight. Instead, companies must embark on a multiyear journey through five levels of EBD maturity: 1) interested; 2) invested; 3) committed; 4) engaged; and 5) embedded. Along the way, firms need to develop customer-centric DNA, a corporate culture with six components that include collective celebrations, commitment to employees, and consistent tradeoffs. See the September 17, 2008, “[The Customer Experience Journey](#)” report.

- ¹⁶ In a Q2 2008 survey of Forrester's Customer Experience Peer Research Panel, we asked some questions about the economic environment. Customer experience efforts appear to be faring surprisingly well even in a slumping economy. Why? One word: competition. Firms increasingly view customer experience as critical to their overall strategy. Two-thirds of respondents said their firms want to differentiate their customer experience from competitors, while only a handful are willing to lag behind. See the April 25, 2008, "[Eight Steps For Keeping Customer Experience Momentum During An Economic Downturn](#)" report.
- ¹⁷ When the economy is in trouble, most executives start looking for ways to cut costs from their budgets. Customer experience professionals should take advantage of this situation and promote improving Web usability as a key way to eliminate unnecessary sales and service costs by shifting customers from more expensive channels to the Web site. Forrester built a simple model of the cost savings from Web usability improvements for both purchases and service inquiries. These models show that shifting even a small number of calls and emails to the Web site can lead to significant ROI. To understand the potential savings for your organization, use the modifiable version of this model to estimate the potential ROI of improving your site's usability. See the December 1, 2008, "[Need To Cut Costs? Improve The Web Site Experience](#)" report.
- ¹⁸ Some small Web site projects yield quick ROI. Our research uncovered eight low-cost techniques that increase conversion rates, boost cross-sell opportunities, help users find products, and improve click-through rates. To identify which quick fixes to make on their sites, customer experience professionals should articulate clear business goals, uncover problems in critical user paths, and compare their lists of problems against the list of quick wins. See the August 27, 2008, "[Small Web Site Investments That Pay Off](#)" report.
- ¹⁹ Voice of the customer (VoC) programs are a critical component to improving customer experience. But today's efforts are broken in many ways. They lack action, get caught in silos, and aren't cost- or time-effective. But a number of trends are changing how companies implement their VoC programs, including analysis of unstructured and unsolicited data, inclusion of social media, and more continuous feedback. Companies should take advantage of these trends to dramatically improve their use of customer feedback. The result: better customer experiences and more loyal customers. See the February 26, 2009, "[Voice Of The Customer: The Next Generation](#)" report.
- ²⁰ Firms know that customer experience is important — but they deal with it haphazardly. As a result, customers suffer through needlessly painful interactions. That's why firms need a more disciplined approach to customer experience. Companies attempting to satisfy everyone's needs won't satisfy anyone. An experience must therefore be designed to meet the specific needs of a specific type of user. See the July 19, 2004, "[Scenario Design: A Disciplined Approach To Customer Experience](#)" report.

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