

# CUSTOMERS

THE FUTURE OF B-TO-B CUSTOMER EXPERIENCE

2020



WALKER





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CONDUCTED IN COLLABORATION WITH

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# WHY THIS STUDY? WHY NOW?

**The year 2020.** In saying it, we tend to picture a time much further in the future. In reality, however, seven years pass in the blink of an eye – especially in the fast-paced, competitive world of business. Just think of all the changes taking place right now, among B-to-B companies. Customers know more, and they expect more. Fast forward seven years, and there's little doubt the bar will be set even higher and new priorities will have emerged.

So, who wins in the year 2020? Arguably, it's the most forward-thinking companies – those that consciously and deliberately work at anticipating the future needs of their customers and devise strategies to deliver. Those that win in 2020 are the ones who begin preparing today.

This is the driving premise behind *Customers 2020* – an insightful, thought-provoking study designed to reveal the customer experience industry of the future. What will customers demand? What customer intelligence will be most critical? How should this information be effectively managed and used? What new roles will customer experience professionals and their teams play?

Walker collaborated with CustomerThink and the Chief Customer Officer Council to conduct a robust study, which included in-depth interviews, roundtable discussions, and an online survey. Walker collected and synthesized input from nearly 300 customer experience professionals from large, multinational B-to-B organizations, representing a range of industries.

The *Customers 2020* findings provide a clearer picture of what customer experience will look like in the not-too-distant future. In this report, Walker takes the message one step further, illuminating the evolutions that companies can and should focus on now to exceed customer expectations in 2020 – and to win.

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## WHAT'S IN A NAME?

In this report, there are various terms commonly used by customer experience professionals. Here is how these terms are used in this report:

**CUSTOMER:** Those who buy products and services directly from the OEM or indirectly through a Channel Partner.

**CUSTOMER EXPERIENCE:** Strategic initiatives focused on creating a competitive advantage by delivering optimal experiences to customers.

**CUSTOMER LISTENING:** Any type of feedback from customers, including surveys, complaint systems, social media, and meetings with their account team.

**CUSTOMER INFORMATION:** A broad range of customer data, such as financial, operational, survey data and more.

**CUSTOMER INTELLIGENCE:** The integration of customer information for purposes of analysis and decision support.

**SALES AND ACCOUNT MANAGEMENT:** Individuals and teams, including Channel Partners, who manage the customer relationship.



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# PREPARING FOR THE FUTURE – A SUMMARY

At Walker we see the customer experience industry going through rapid change. Not only do we want to understand and anticipate this change, we want to impact it. This report highlights the changes we're seeing.

**CUSTOMERS WILL DICTATE THE EXPERIENCE:** Customer expectations in the future are the outcome of movements that have been underway for decades. Changes such as the explosion of digital, the empowered customer, and the acceleration of innovation are having a profound impact on customer expectations. The customer of 2020 will be more informed and in charge of the experience they receive. They will expect companies to know their individual needs and personalize the experience. Immediate resolution will not be fast enough as customers will expect companies to proactively address their current and future needs.

**COMPANIES MUST ADAPT OR FAIL:** As customer expectations shift, companies are forced to adapt. Enlightened by what the future has in store, many companies are already laying the foundation for 2020. Others are stuck in a historical view of customer experience management and will fall behind if they don't react soon. To be relevant in 2020, companies must focus on leveraging big data to create a single source of truth and making customer intelligence accessible throughout the enterprise. Companies must also consider "insight generation" as a sales enablement function and emphasize proactive and personalized customer support to effectively grow and retain customers.

**CAPITALIZING ON THE CUSTOMER REVOLUTION:** The B-to-B companies that will win in 2020 are beginning to prepare now by:

- ✓ **Recognizing the shift that's taking place:** Customer expectations are changing, and companies need to recognize these changes and evolve, with emphasis on leveraging big data and advanced analytics to personalize the experience and anticipate current and future needs.
- ✓ **Aligning the right resources:** Enlightened companies must view the customer experience as a strategic, C-level initiative. In the future, the responsibility of a "chief customer champion" will become more common, serving one purpose – to create an unrelenting focus on the customer throughout the enterprise.
- ✓ **Focusing on the right metrics:** What gets measured gets managed, and what is being measured today will evolve to meet customer needs of the future. Today, many customer-focused metrics such as Net Promoter™, satisfaction, and loyalty are narrowly focused on solicited feedback from surveys. While solicited input will continue to be used, companies will progress to include a more holistic measurement of customer engagement.



A photograph of a busy city street with a large crowd of people walking across a crosswalk. The image is intentionally blurred to convey a sense of rapid movement and a fast-paced environment. The people are wearing various casual and business-casual clothing, and some are carrying shopping bags. The crosswalk has white diagonal stripes on a dark asphalt surface. The overall tone is dynamic and modern.

**CUSTOMERS  
WILL DICTATE  
THE EXPERIENCE**





# CUSTOMERS | 2020

## THE B-TO-B ENVIRONMENT WILL BE MORE COMPLEX WITH KNOWLEDGEABLE CUSTOMERS DICTATING THE EXPERIENCE.

For those involved in the customer experience industry, it doesn't take long to learn that the B-to-B environment is unique. Unlike business-to-consumer, there are no impulse buys or end-of-season clearance sales. It's not about merchants designing bold, eye-catching store displays to attract buyers. No, B-to-B is entirely different. With each purchase, B-to-B customers are looking to avoid risk and demonstrate ROI. On the flip side, sellers are likely to face not one buyer or decision maker, but a "buying committee."

Looking to the future, the B-to-B customer relationship will grow in complexity as customers continue to gain the upper hand and dictate the experience.

### IMAGINE IT'S 2020. HERE'S WHAT YOUR CUSTOMERS WILL EXPECT:

- ▶ **THERE WILL BE NO ROOM FOR STRANGERS.** Customers will expect companies to know their business intimately and personalize the experience.
- ▶ **IMMEDIATE GRATIFICATION IS NOT FAST ENOUGH.** Customers will expect companies to be more proactive, anticipating their current and future needs.
- ▶ **INTERACTING ON THEIR TERMS.** Customers will determine the experience they want and will expect companies to enable that experience through various channels, including mobile, social, and personal interactions.



# THERE WILL BE NO ROOM FOR STRANGERS

Well-informed customers will want to do business with companies that know them and their business intimately, have a clear understanding of where it's headed and can design an experience that meets their needs. **Customers will expect a personalized experience.**

Today, it's estimated that companies have 60 to 70 percent of their buying decision made before a sales representative even walks through the door. Old school even today, the traditional "sales pitch" will be obsolete in 2020. It simply won't be needed because buyers will do their homework. With merely a mouse-click, the Internet makes information about products, solutions, and individuals readily available. Vendor, company, and social media websites are chock full of case studies, product comparisons, best practices, and personal profiles. The Internet's position as an essential resource for companies making purchasing decisions will only rise in prominence by 2020.

## WHAT'S REQUIRED TO MEET THE EXPECTATION?

It all starts with understanding that empowered customers in 2020 will demand a new level of "customer obsession." They will expect companies to know their business inside and out and use their knowledge to design products and services that create a "frictionless" experience. To do this companies must:

- Engage in a collaborative, consultative relationship with customers, serving as an advisor
- Capture more information, including how the company operates and where it is headed in the future
- Know more about the individual interests and personalities of those involved in the purchasing committee
- Use their knowledge to inform decisions, including how to design products, how to optimize the selling process, and how to support customers throughout the lifecycle

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## WHO IS YOUR CUSTOMER IN 2020?

### SAVVY AND HIGHLY INFORMED

More and more customers are turning to the Internet to find the latest information on products, solutions, and best practices. In 2020, you'll be dealing with customers who are more informed and operating from a far superior base of understanding. The customer will know more and will expect you to know more too.

### MORE OF AN "ECOSYSTEM" THAN INDIVIDUALS

We're seeing evidence of this today. More stakeholders – a buying "ecosystem" – are becoming involved in purchasing decisions. A broader constituency means new and different priorities. The companies that will be most successful in this new arena are those that understand each customer's ecosystem and cater to the various needs represented.



## WHERE IS YOUR COMPANY INVESTING TO MEET THE CHANGING NEEDS OF CUSTOMERS?



### WHAT WE HEARD

When we asked customer experience professionals which three actions or investments will have the greatest impact on customers, two areas emerged. Nearly two-thirds selected investments focused on understanding individual customer characteristics, such as individual needs, challenges, and future direction. Fifty-eight percent selected initiatives focused on simplifying products and processes.

### WALKER'S TAKE

As customers begin to demand a more personalized experience, companies are forced to learn more about the customer and integrate this knowledge into the experiences that customers have with the products and services.

“

When I talk to customers, they want us to know the fingerprints and forensics of what they have been through.”

— **Vice President**, Customer Support Services, Network Storage Company

# IMMEDIATE GRATIFICATION IS NOT FAST ENOUGH

Customers will want to do business with companies that keep them on their toes and are always one step ahead with solutions for tackling the next problem or issue.

**Customers will expect more than real-time.**

The speed of innovation continues to accelerate, shortening the product lifecycle. Customers no longer buy products that withstand decades. They buy products and expect them to be updated as their needs evolve. In order to retain customers, companies must continually anticipate needs at each stage of the customer lifecycle and proactively respond.

Being proactive isn't just about R&D or product development. It relates to every aspect of the customer journey. As hockey legend Wayne Gretzky once said, "I skate to where the puck is going to be, not where it has been." To rise above the competition in 2020, capitalizing on the same kind of foresight and intuition Gretzky describes will be extremely important. In the most agile and prepared companies, marketing will seek to anticipate the future needs of the market to craft branding strategies and campaigns that create awareness. Sales teams will seek to know where their customers are headed and anticipate what they'll need in the short-term and long-term to deliver client success. Customer service will need to know enough about the customer to anticipate issues and proactively engage in a resolution.

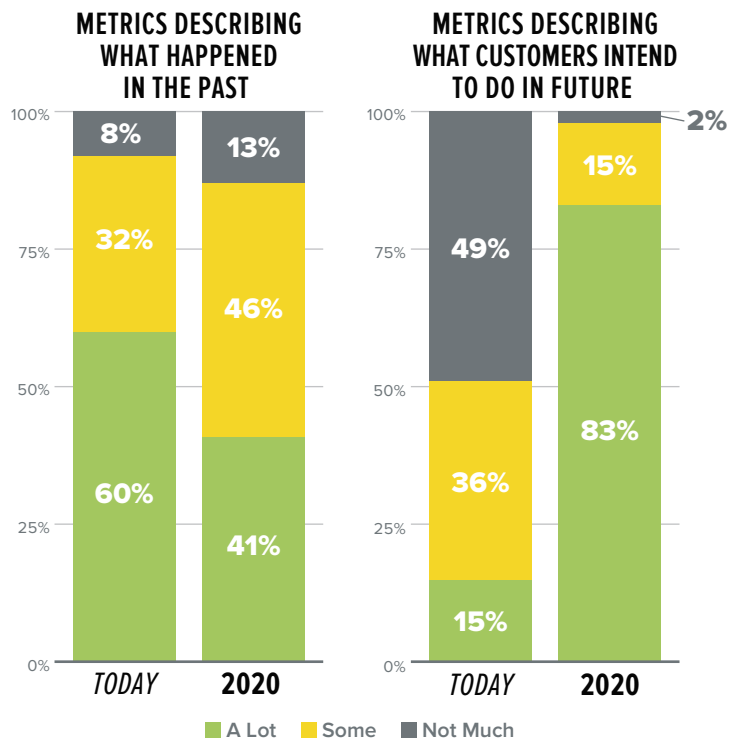
## WHAT'S REQUIRED TO MEET THE EXPECTATION?

Customers will appreciate futuristic thinking, new knowledge, and insightful solutions. To satisfy customer needs companies will seek to:

- Leverage big data to be proactive and offer new insight – "Tell me something I don't already know."
- Use the knowledge from sophisticated, early adopters to guide others through the lifecycle
- Leverage predictive analytics in more creative and specific ways
- Design and implement decision support systems that are based on customer intelligence, analytics, and subject matter expertise



## HOW MUCH EMPHASIS DOES YOUR COMPANY PLACE ON THESE METRICS – TODAY AND IN 2020?



### WHAT WE HEARD

Companies put a great deal of emphasis on metrics, such as operational or financial data, that explain what happened in the past. While these descriptive metrics will continue to be important, companies will place greater emphasis on more predictive metrics that come from forecasting and predictive analytics.

### WALKER'S TAKE

This shift in metrics is driven by the need from executives and business leaders to have a more predictive business model that anticipates future customer behaviors. Big data and predictive analytics will be used to help guide many areas of the business, including sales and marketing, account management, and product development.

“We must be able to predict what the customer wants next. Today, it is more reactionary, after the fact. In 2020, customers will expect firms to be ahead of them, knowing what they need before they themselves have shown the need.”

— **Founder**, Communications Company

# INTERACTING ON THEIR TERMS

Customers will want to do business with companies that provide a consistent, informed and superior experience across all channels of communication, taking into consideration that customers will have different preferences. **Customers will expect to interact using their preferred method.**

Successful customer relationships require varying degrees of high-touch, personal contact. While this aspect is not likely to change in 2020, the Internet and emerging technologies constantly open up new channels for communication. Companies today and in the future are forced to use multiple platforms like phone, email, text, social and chat to keep customers informed. Not surprisingly, customers will prefer one platform over another based on a variety of reasons such as age, temperament, or whether they are early adopters of new technology.

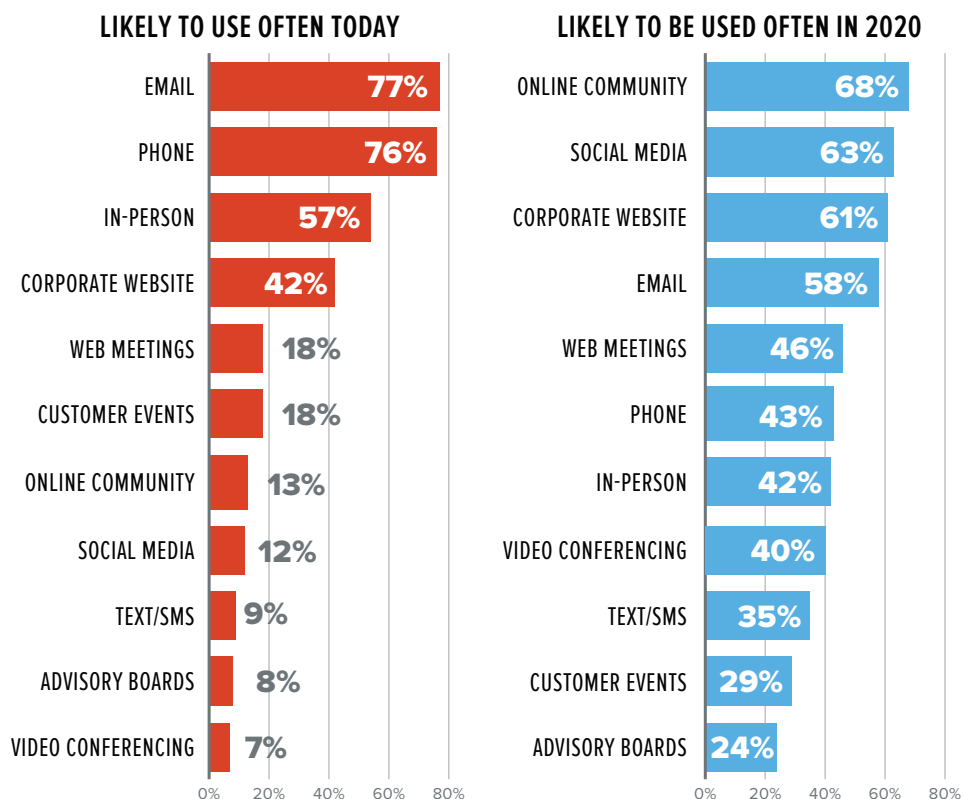
Additionally, customers will seek to interact with each other to share knowledge, best practices, and insights. They'll expect companies to facilitate this process using a variety of methods, including email, online communities, user conferences, video, and in-person meet-ups.

## WHAT'S REQUIRED TO MEET THE EXPECTATION?

Complexities inevitably exist in managing different methods of interaction. Information must be consistent across channels to meet customer needs. Customers will expect companies to:

- Have a presence on each of the interaction platforms
- Ensure messaging and the customer experience are consistent across communication platforms
- Develop new ways to connect customers with each other for the benefit of knowledge-sharing
- Consistently communicate insights from across communication channels to customer teams

## COMMUNICATION CHANNELS – TODAY AND IN 2020?



### WHAT WE HEARD

Today, the majority of B-to-B customers use higher-touch methods, such as email, phone, and in-person methods to interact. In the future, customers are likely to use a variety of sources to interact, with the most common being digital methods.

### WALKER'S TAKE

One thing is certain. The number of methods customers will use to interact will continue to expand. Companies must be prepared to deliver a consistent and high-quality experience across a multitude of communication platforms.

“In 2020 we’ll have more electronic interfaces. Customers like human contact, but there is a continuing trend toward electronic. Customer interactions are going to be more indirect.”

— Market Knowledge Manager, Oil and Energy





**COMPANIES MUST  
ADAPT OR FAIL**



# CUSTOMERS

## 2020

### TO BE SUCCESSFUL IN DEALING WITH EMPOWERED CUSTOMERS, COMPANIES MUST BE PREPARED TO ADAPT.

The stage is set. Customers in 2020 will know more, expect more and lead the way in defining their experience. Companies must adapt, and that means considering the relevance and implications of five key factors.

- ▶ **EXECUTIVES SEEK A SINGLE SOURCE OF TRUTH:** Customers will share a wealth of knowledge across disparate systems throughout the enterprise. Executives will seek to create the whole truth through the integration of customer insights.
- ▶ **A HUNGER FOR CUSTOMER INTELLIGENCE:** As customer information becomes more than purchase transactions and customer survey feedback, the demand for customer intelligence will increase.
- ▶ **FROM SOLUTION SELLING TO INSIGHT SELLING:** Customers will expect sales teams to anticipate their future needs and bring new insights that support where they are headed. Sales enablement will shift from selling solutions to selling insights that build trust.
- ▶ **CUSTOMER SERVICE IS PERSONALIZED AND PROACTIVE:** While customer support will exist, companies will focus on delivering a personalized and proactive experience.
- ▶ **CUSTOMER SENTIMENT – MORE THAN A SURVEY:** Companies will place increased value on understanding customer sentiment and will expand how this is captured to include a variety of sources beyond surveys.



# EXECUTIVES SEEK A SINGLE SOURCE OF TRUTH

To effectively compete in 2020, B-to-B companies must know their customers inside and out. This breadth of concrete knowledge will lead to a “pure, complete understanding of the customer” – the whole truth. **Using big data to create a single source of truth, companies can confidently develop proactive strategies to meet and surpass customer needs.**

There are pieces of customer information lurking in every area of today's companies. Without a collective view and purpose, organizations within enterprises gather customer information based on their own individual needs. This volume of data is difficult to harness, and in many cases, companies don't have a complete accounting of all the information that's available. Additionally, many companies are overloaded with static data incapable of offering predictive value for the future.

## HOW COMPANIES MUST ADAPT:

Establishing a reliable, complete “source of truth” about customers or customer segments is possible when companies seek out, evaluate and integrate disparate sources of customer information that exist within the company. Individual pieces of customer information – such as complaint reports or service records – won't provide the complete story. And in fact, relying on just one or two information sources can be dangerous. Acting as “Truth Seekers” to gain full understanding of where they truly stand with customers, companies must carefully integrate and analyze all available information, and if necessary, add new sources to fill crucial gaps.



## IMPORTANCE OF INFORMATION SOURCES IN 2020



### WHAT WE HEARD

We asked customer experience professionals to indicate how important different sources of customer information will be in 2020. We heard that virtually every source of customer information will be important in the future. While growing in use, customer advisory councils and chat records aren't seen with as much importance as other sources.

### WALKER'S TAKE

The importance that companies place on different sources of customer information does not have much variation, indicating that companies will use a variety of information. In order to create a holistic view of the customer, companies must look for ways to integrate the knowledge that they learn from the various sources to guide decision making.

“We ultimately need a 360-degree view – social media, call center, different constituents plus how the market as a whole is thinking.”

— **Director**, Marketing Research, Medical Insurance

# A HUNGER FOR CUSTOMER INTELLIGENCE

To promote and foster a customer-centric strategy, all areas of the company must be aligned – executing their individual roles to improve the total customer experience.

**Access to robust, targeted customer intelligence will be essential.**

If we define “customer intelligence” as the integration of all sorts of customer information for analysis and decision support, there’s little doubt the value of customer intelligence will rise by 2020. Today, client-facing organizations, such as sales, account management, and support, are acutely aware of the importance of customer intelligence, with most relying on it to fuel account planning and management. But what about other areas of the company? Too often, we find that only a handful of departments are gathering customer information and using customer intelligence effectively to meet customer needs.

## HOW COMPANIES MUST ADAPT:

If companies are to succeed in a new era in which empowered customers have loftier expectations, virtually every aspect of the business must determine how they contribute to elevating the customer experience. This includes sales, channel management, customer service, order fulfillment, product innovation, HR, and finance. Customer intelligence must facilitate this. Analyzing relevant customer information will help all business areas pinpoint how and where they can make a difference.

In 2020, nearly every side of the business should be using customer intelligence to align with customer-focused strategies, and companies must design an enterprise-wide system for associates to efficiently access the intelligence for their individual use. Enabling the system to be “self-service” will allow the broader audience access to the customer intelligence they need, when they need it. Remember, the goal here is for all areas of the business to use customer intelligence effectively to improve the customer experience from their point of influence.

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## HOW HR CAN BENEFIT FROM CUSTOMER INTELLIGENCE

Some might question how HR could benefit from customer intelligence. Here are a few ways:

- **Recruiting:** A deeper understanding of customer needs influences hiring for client-facing positions.
- **Onboarding:** Getting to know a company means gaining knowledge of its customers: their sentiment, how they use products and ways they get involved.
- **Performance Reviews:** Factoring customer intelligence into performance reviews can help ensure performance plans are consistent with customer needs and expectations.



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## HOW WILL THE DEMAND FOR CUSTOMER INTELLIGENCE CHANGE IN 2020?



### WHAT WE HEARD

Customer experience professionals anticipate an increased demand for customer intelligence in the future.

### WALKER'S TAKE

As companies begin to figure out how to leverage big data and advanced analytics there will be an increased demand for customer intelligence. All pockets of the organization will seek customer insights to inform business decisions. In order to serve a broader audience, companies must develop intuitive systems that will make the right information accessible throughout the enterprise.

“We’ll have tentacles into more layers of the organization...getting it is one thing, but understanding it is another. We’ll need the resources for this.”

— **Director**, Global Logistics Initiatives, Telecommunications

# FROM SOLUTION SELLING TO INSIGHT SELLING

To retain customers and grow, companies must enable their direct and indirect sales teams to meet new demands and challenges. Too often, companies today are attempting to win and keep customers by focusing on solutions. **In 2020, “insight selling” – offering customers the “big ideas” and vision they need to skillfully face the future – will be required.**

The time has come when entire companies must align with the primary objective to win and keep customers. Sales enablement is essentially an enterprise-wide call to action in which each area offers resources to help accelerate growth and retain customers. We see this today when marketing nurtures leads and taps into new markets. Product innovation teams deliver new offerings that attract new customers and encourage existing customers to upgrade to the “next big thing.”

## HOW COMPANIES MUST ADAPT:

Arming direct and indirect sales teams with relevant case studies or suggestions to share with customers facing the same circumstances is a common strategy today. But, in the future companies must extend this by engaging subject matter experts to augment the knowledge and insight customers say they want and need.

More fundamentally, sales teams must learn a dramatically different approach to keep pace with heightened customer expectations. Insight selling, which will replace solution selling, mandates sales representatives know more about their customers, including the inner workings of their business and how to help them succeed in the future. This helps ensure they can capably and effectively challenge a customer’s way of thinking to add value and strengthen the relationship. In addition to new forms of sales training, companies must also consider the inherent skills necessary to succeed in selling. Hiring individuals with business acumen who are creative, organized, and have a proven track record of managing complex relationships will be necessary.

## SUCCESSFUL SELLING – TODAY AND IN 2020



### WHAT WE HEARD

B-to-B customers increasingly want to rely on companies as trusted advisors and business partners and often say, “Bring us the big ideas, the ones that will be more transformative for our business.”

### WALKER'S TAKE

Solution selling involves seeking information to understand the situation and bring a comprehensive solution to address a problem. It emphasizes asking a series of questions to understand the situation and obtain a clear view of the problem and its impact. Sales enablement in 2020 will arm sales reps and account managers with insights, unknown to the customer, that will help the customer avoid future problems or proactively deal with a change in the market.

“I think we will need to know more about what is next, and they want to give input on what is next. We are focused on fixing the experience today, but they want to see where the experience goes.”

— **Vice President**, Quality and Customer Advocacy, Hardware



# CUSTOMER SERVICE IS PERSONALIZED & PROACTIVE

To adequately serve customers and enable the sales function, customer support must ascend beyond “one size fits all.” **Providing valuable support means knowing nearly as much about the customer as the sales team does and tailoring support activities accordingly.**

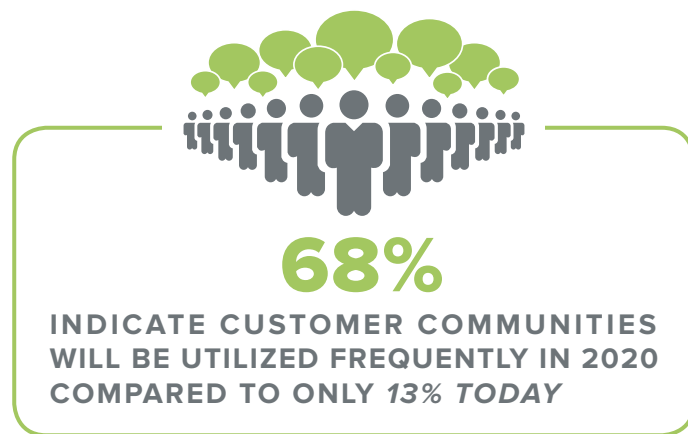
Characterized by the traditional call center, customer support is considered by many to be primarily reactive. The customer calls in with a question, you answer it. If there’s a problem, you solve it. In the future, customer support will be much more proactive. Even today, some companies are beginning to provide support that’s more customer-centric, intelligent and customized. Others are revolutionizing the idea of support by offering creative alternatives for customers to connect with one another.

## HOW COMPANIES MUST ADAPT:

New technologies and IT solutions will help companies design robust, customer-focused support in 2020 and beyond. Companies must seize opportunities to make customer support more proactive. This can be accomplished in a multitude of ways, including implementing more efficient call routing based on a customer’s past support history, tailoring customer communications and using available information to anticipate customer needs.

Companies must also think outside the box – or more appropriately, outside the call center – when it comes to customer support. More companies are beginning to understand the importance and value of initiating ways for customers to network and learn from each other. Customer councils, user communities, discussion forums, and user groups offer opportunities for customers to interact and share best practices with each other; solving problems before they occur. Customers see tremendous value in learning from peers, and it’s often difficult for them to organize such encounters on their own.

## UTILIZING ONLINE CUSTOMER COMMUNITIES IN 2020



### WHAT WE HEARD

Customer experience professionals are anticipating a significant increase in the use of online communities. When asked how often customers use online communities to interact today, only 13 percent said their customers use this source often. Fast forward to 2020 and 68 percent of customer experience professionals anticipate customers will often use online communities.

### WALKER'S TAKE

In an effort to serve customers in the future, companies will emphasize and take responsibility for facilitating networking among its customers. To do this, they will leverage technology to connect customers with each other so they have direct access to best practices and knowledge sharing.

“We will be creating communities for every product group, with a more targeted view of different segments than now. For Enterprise, our current customer communities will evolve to be much more about best practices; less about selling.”

— **Senior Business Operations Leader**, Software

# CUSTOMER SENTIMENT – MORE THAN A SURVEY

Customer sentiment, or feelings that customers have about their interactions, will increase in value as companies look to differentiate based on the experience they deliver. Knowing what customers think about their experiences is essential to answering the “why” questions posed so often by executives. Companies often know what happened, but the struggle is understanding why it happened. **Answering “why” is the key to changing the outcome, which is where customer sentiment plays an important role.**

However, one thing is certain; gathering customer sentiment will become increasingly complex. Customers share their thoughts and feelings in a variety of ways, including complaint systems, social media, through their account team, and surveys. Methods of gathering these perceptions will evolve with emphasis on effective listening to the existing sources and proactive requests for input.

## HOW COMPANIES MUST ADAPT:

Today companies primarily rely on surveys to collect and understand customer sentiment. In the future, in order to fuel sales and support activities, proactive requests for customer feedback will evolve. Companies must be prepared to let go of the traditional survey and embrace its new definition. Surveys of the future will be shorter, focused on specific topics and targeted to particular customers.

In the future, customer sentiment will take on a more holistic perspective. In addition to proactively requesting customer input, companies will make better use of the existing ways in which customers share their thoughts and feelings. Companies will seek to create systems for sales and account management teams and support representatives to share “on-the-spot” feedback, and they will focus on capturing, integrating, and analyzing the input from a myriad of sources.

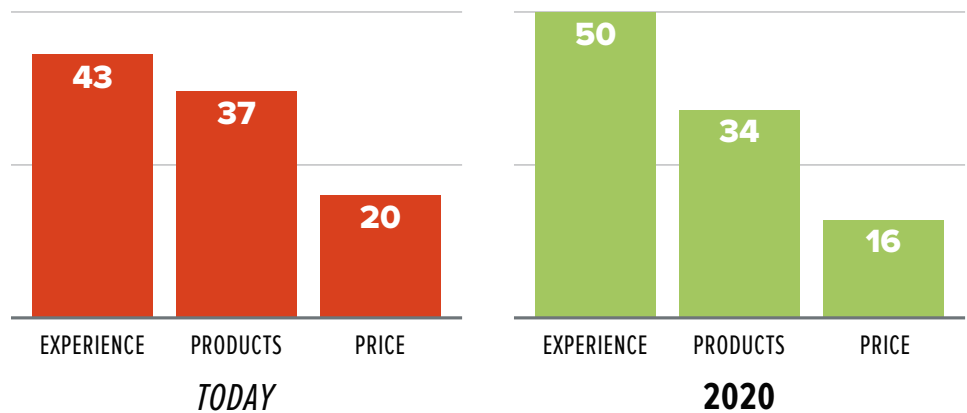
## USING SENTIMENT FOR SALES TARGETING

A large technology company’s sales division wanted to develop predictive profiles to identify good targets for high dollar sales. With the end goal being a list of customers who are likely to become large spenders, a four-stage analytic plan was developed.

1. Step one was to classify accounts based on revenue and customer input. The outcome of this step was a list of two groups – the wins and no-wins.
2. The next step was to profile the two groups. This revealed the common characteristics among those in the win and no-win groups.
3. The third step was to build a predictive model. This step identified the customers in the no-win category who looked as if they should have a win. This group became the target group.
4. The final step included a profile of the target group. This step, while not seemingly necessary, provided insight into why these customers had not already engaged at a high level. It revealed customer sentiment played a key role in explaining why these customers had not yet purchased.



## HOW IMPORTANT ARE THE FOLLOWING TO YOUR BUSINESS STRATEGY – TODAY AND IN 2020? AVERAGE OUT OF 100 POINTS



### WHAT WE HEARD

Today, B-to-B companies focus primarily on differentiating themselves through the experience they deliver to customers. This strategy will grow in importance, while differentiating on products and price will become less important.

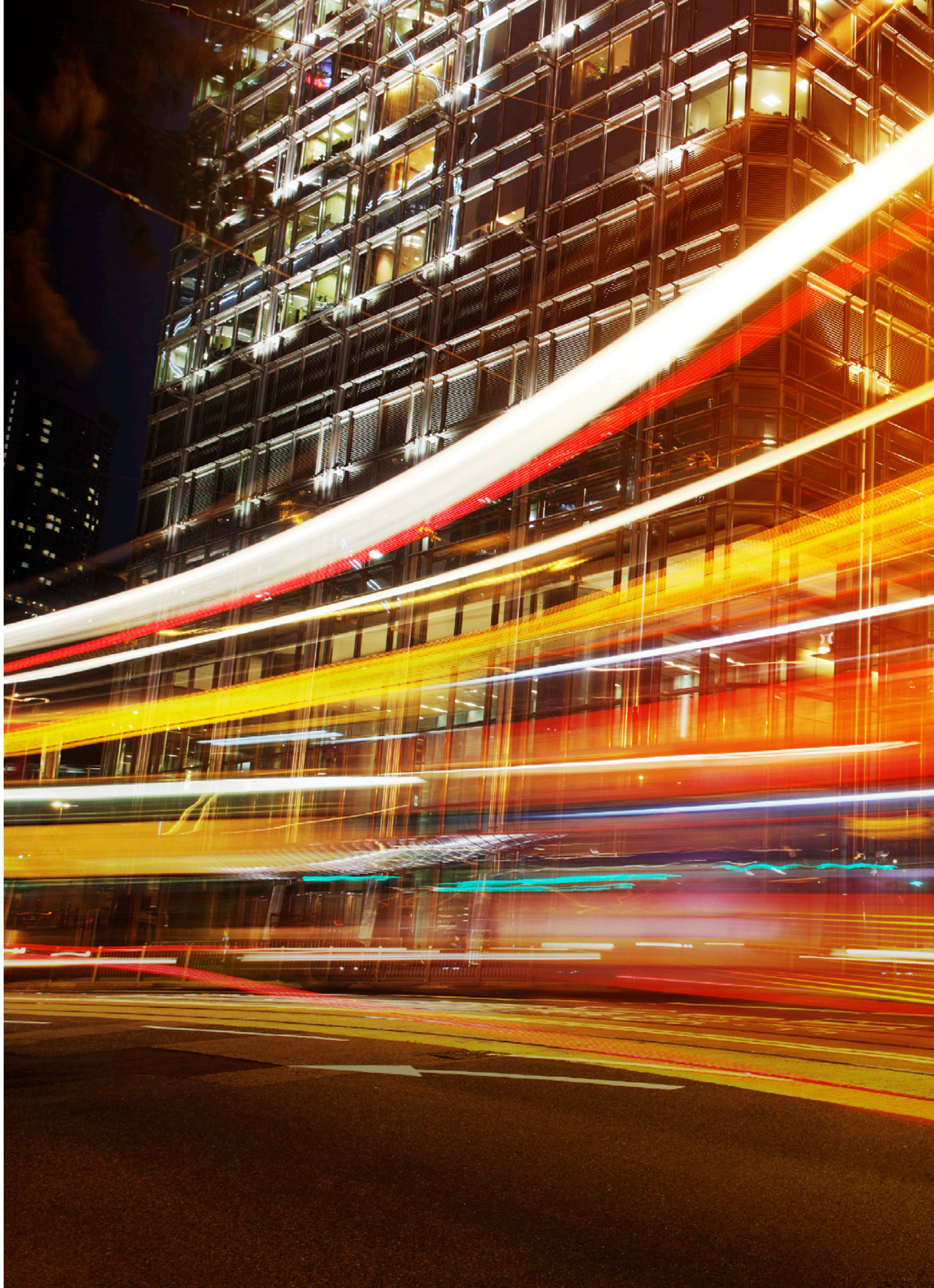
### WALKER'S TAKE

As the pace of innovation continues to accelerate, companies will put more emphasis on the experiences they deliver to their customers to create a competitive advantage. In order to guide these strategies and measure progress, companies will need to understand customer sentiment and will look to create systems that can leverage existing sources of customer feedback and will embrace a new definition of the survey.

“Small snippets of information need to be captured in the moment when the event is happening – a pop-up of three questions rather than a 40-question annual survey. Everyone will have less time, so you’ll have to do it in the moment.”

— **Senior Director**, Market and Business Intelligence, IT Distributor









**CUSTOMERS**

2020

# **CAPITALIZING ON THE CUSTOMER REVOLUTION**

## **WILL YOU BE READY?**



# A CUSTOMER REVOLUTION IS TAKING PLACE

Nearly every facet of the customer experience function will expand, bringing more transparent evidence of value and more precise direction for driving results throughout the enterprise. Here's how customer experience is set to evolve:

## FROM RECOMMENDATIONS TO ROI

While gathering customer data and delivering relevant results will retain its fundamental importance, the role of the customer experience professional will become far more strategic as 2020 nears. It's clear that in addition to offering recommendations for customer-focused activities, customer experience professionals will be called upon to oversee action planning, tracking progress, and measuring results.

To illustrate this transformation, the customer experience professional's primary objective will shift from "sensing" to "seizing." If "sensing" is described as listening to customers, knowing the marketplace and anticipating the road ahead, "seizing" takes the scope

of responsibility one step further. To be truly effective, customer experience professionals must take advantage of, or seize opportunities to put in place strategies that will deliver value back to the customer and shareholders.

With more initiatives in place across the enterprise, charting progress and assessing value becomes extremely important. Customer experience professionals will be compelled to identify and collect all the ways customer-focused programs contribute to growth and profitability. This is a dramatic shift from the rather loose linkages made to the "value" of customer experience in the past. Executives will expect hard, direct evidence of how customer experience is impacting the bottom line.

## FROM SPOKEN COMMITMENT TO BEHAVIORAL COMMITMENT

Customer feedback will continue to be an important tool in conceiving and implementing customer-focused strategies. However, as 2020 approaches, customer experience professionals must think more about the role behaviors – specifically purchase patterns, engagement and participation – play in retaining and growing customer accounts.

In addition to determining if customers "strongly agree," companies must measure behaviorally, how involved

they are with the company. Do they regularly purchase products? Do they attend company-sponsored events or read the monthly newsletter? Are they an early adopter or involved in product development initiatives? Will they agree to sit on an advisory board or refer your company to others? The answers to these questions are all valuable inputs in defining customer engagement and will play a far more significant role in the future.

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FROM *INFORMATION DELIVERY* -----> TO **ENTERPRISE ACCESSIBILITY**

Communication planning and delivery is a large part of any customer experience professional's role. Today, many make decisions about who should get what information and then push it out to those pre-determined groups. This practice implies the audiences receiving customer information is limited. In the future, as demand for customer intelligence increases across the enterprise, it will be necessary for this information to be widely accessible and easier to retrieve.

To meet this new objective, customer experience professionals must create smart, user-friendly systems that enable departments to access customer

intelligence. Gone are the days of searching for and sorting through sources of information to find what's needed. These specially designed systems must be intelligent enough to deliver the specific, relevant insights each organizational function needs to advance their strategic and tactical plans.

The move toward "enterprise accessibility" also means making the company's customer initiatives visible and accessible. At any given time, anyone in the enterprise – from the C-suite on down – should be able to view ongoing plans and their progress.

FROM *REARVIEW MIRROR* -----> TO **PREDICTIVE AND PRESCRIPTIVE**

"Looking back" is inherently a part of customer listening. Customer information is chock full of historic data – what's happened with customers, what problems occurred and how customers felt about those experiences. Relying too heavily on this "rearview" perspective puts customer experience professionals in a constant reactive mode – identifying past or current trouble spots and then reacting.

Historic data certainly has its place, and in 2020 it will be to help predict where problems may arise in the future. More often, customer experience professionals will ask questions like, "Based on what we've seen,

where do we expect issues to arise, and how can we proactively address these now?" With the progression of advanced analytics, customer intelligence can and should act as an advanced early-warning system – not just for rescuing individual accounts, but to predict where opportunities lie.

Customer intelligence must also become more prescriptive. Customer experience professionals must consider how to make insights more tangible and actionable by coupling advanced analytics with subject matter expertise to prescribe actions.

FROM *SURVEY DESIGN* -----> TO **INSIGHT ARCHITECTURE**

Even today, customer listening encompasses far more than just surveys. With the proliferation of new communication channels, numerous sources of customer information now exist. Companies can find out how customers feel about products and services; how and why they transact with the company and how they feel about those transactions. To gain value from all points of contact – and use them to drive customer-focused decisions – customer experience professionals

must shift their priority from simply implementing surveys to creating a results-oriented customer insight architecture that considers both customer perceptions and behaviors.

With an insight architecture, all sources of customer intelligence are known and insights are brought together in one cohesive plan or map to guide the company's customer strategies.

# A FORCE FOR CHANGE



Clearly, customer experience professionals will see the scope of their work broaden in the coming years. **More and different responsibilities will require new skills and people to accomplish the necessary tasks.** In smaller organizations individuals will need to wear a number of different hats—some strategic, some technical, and some focused on awareness or driving change. In larger organizations, individuals will specialize in particular roles and teams will emerge to support an increasingly effective infrastructure for companies to excel through customer-focused strategies.

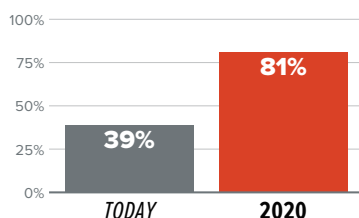
We see the following roles emerging to address the demands of the future:

## CHIEF CUSTOMER CHAMPION

Regardless of title, there must be someone in the organization – reporting to the CEO or another top executive – charged with creating a relentless focus on the customer throughout the enterprise.

His or her primary objective is to drive customer retention, growth, and profitability by creating engaged customers. The chief customer champion will lead cross-functional teams focused on prioritizing customer initiatives, aligning the right resources to priority areas, tracking the execution of plans, and implementing change that improves company performance. The champion will also manage resources that are focused on creating an infrastructure to support awareness, understanding, and use of customer intelligence throughout the enterprise.

### IDENTIFIED C-LEVEL EXECUTIVE WITH RESPONSIBILITY FOR CUSTOMER EXPERIENCE



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## STRATEGY TEAM

Directed by the chief customer champion, there is a cross-functional strategy team that is responsible for prioritizing initiatives, allocating the appropriate resources, tracking progress on action plans, and communicating initiatives and progress to customers and employees.

The team consists of individuals from the key customer experience areas, which are typically sales, account management, channel management, support, product, and logistics. Representatives from these groups should have the authority to launch new initiatives and know what it takes to get improvements accomplished.

To ensure success, a charter stating the business objectives and roles and responsibilities will be developed. The business objectives should include financial measures, such as increased retention or growth measures, in addition to improving customer-stated perceptions. In order for the strategy team to be effective, the team will hold regular meetings (at least quarterly) to share and review progress on initiatives. In addition to regular status meetings, there will be bi-annual meetings focused on reviewing any new or emerging problem areas to ensure the strategic roadmap still aligns with customer needs.



## CUSTOMER INTELLIGENCE ADVOCATES

The demand for customer intelligence will increase and there will be a need for increased communication to ensure a unified focus on the customer.

Customer advocates will ensure customer information is not duplicated, meaning they will not ask customers what they should already know, and the right areas are using the right customer intelligence. These professionals will be responsible for supporting the use of customer intelligence within their part of the business, which will be increasingly broad – internal operations, such as HR and finance, product groups, such as R&D and product development, and client-facing roles, such as sales and account management.

It will be common for each functional and geographic area to have at least one individual assigned to be the customer evangelist for that group serving as both an advocate and a communicator. These individuals will be equipped with reliable sources of customer intelligence and associated action plans. They will support the way customer intelligence is used within their business area by promoting its use and its impact.





# A FORCE FOR CHANGE

## INFORMATION ARCHITECT

The management of data becomes vital as customer information comes from a wider variety of sources and more areas of the company rely on it. To accommodate the needs of a diverse audience, the information architect will be an important role.

To ensure the effective use of customer-focused metrics throughout the enterprise, IT support will be needed for two activities – to align disparate sources of customer information and to create an infrastructure for enterprise-wide accessibility. While this resource might not report directly to the chief customer champion, the champion will have the authority to influence IT-related initiatives. Therefore, the champion should maintain a close relationship with the CIO.



## DATA SCIENTIST

Executives will continue to see a more reliable forecast of the future, and business leaders will strive to optimize the way they anticipate customer behaviors. To be successful, the skills of data scientists will be tapped to interpret data to improve decision making.

Data scientists will lead the way in determining how companies can best leverage multiple sources of information to predict customer behaviors and perceptions and will work with subject matter experts to use these predictions to prescribe action. Turning big data and predictive analytics into practical and useful sources will be the charge of the data scientist.



## TOP ACCOUNT SUPPORT

In the B-to-B world, Strategic Accounts deserve to be treated as high priority. The chief customer champion will play a key role in this by ensuring the organization understands the unique needs of its top accounts and has the right support ecosystem to build trust and loyalty at every level of the organization.

More specifically, the champion will have resources aligned with the account planning process. These resources will share customer intelligence related to individual accounts, will review account plans to ensure customer needs are addressed, and will track the execution of account plans. In addition, because this resource will have oversight of top accounts, they will share best practices and approaches that have been used and will look for systemic issues across top accounts.



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## ENGAGEMENT CREATOR

Getting and keeping customers engaged will be a strategic initiative for B-to-B companies in the future and companies should plan to assign resources to develop this engagement.

Customer engagement comes in many different forms, including how customers use the products, their sentiment, participation in events and other activities, and how engaged they are with the competition. The role of the engagement creator will deliver two primary benefits. First, customer engagement and collaboration will help prioritize and guide strategic initiatives resulting in greater return. Second, by connecting customers with each other, they will share best practices and offer support, lowering the cost-to-serve and increasing the value customers receive.



## YOUR FORCE FOR CHANGE ...YOUR WAY

In reviewing the roles we've outlined, it's important to remember that every company's customer experience team will be different and customized based on the organization's size, priorities and needs. Position titles and reporting structures can be flexible and should be tailored to fit meaningfully within the company. For example, some companies may centralize functions, while others may choose a more decentralized approach. Either can work, if consistent focus on the customer is preserved.



# A HOLISTIC CUSTOMER METRIC

As 2020 approaches, companies will look for a way to tie all of their customer information together into a clear, understandable measurement of customer engagement. More and more, companies are seeking a clear-cut customer metric that predicts future behaviors for all customers, not just those filling out surveys. We believe a customer engagement metric will soon begin playing a significant role in demonstrating the value of customer experience initiatives and ultimately will be viewed at the highest levels as a leading indicator of growth.

The rise of a customer engagement metric can be attributed to a variety of factors. First, companies, especially larger ones, are beginning to acknowledge that they can no longer sustain performance simply by releasing new products or innovations. Success, they recognize, requires building partnerships with customers.

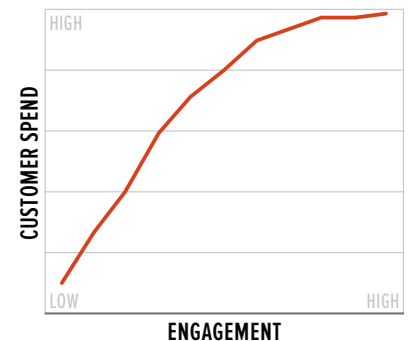
Second, for most companies, corporate-level metrics, such as revenue growth and market share are reported in aggregate, often lacking specific insight. For example, it's possible to show revenue growth while market share is declining. In the future, executives will demand customer-level metrics, such as the percent of customers whose book of business grew. Customer experience professionals will seek to predict such growth using tailored customer engagement metrics.

Finally, in dealing with customers who are more empowered than ever before, many companies are discovering – and rightly so – that there is considerable advantage in knowing your customer better than your competition does. The customer engagement metric helps achieve this.

## WHAT DEFINES ENGAGEMENT?

Unlike the common customer metrics frequently used today (think customer satisfaction, loyalty and Net Promoter™), the customer metrics of the future will be highly customized and targeted on how “engaged” a customer is with a company. For most organizations, the ideal definition of customer engagement is based on four factors – product usage, sentiment, involvement, and competitive status. A lack of measures in any of these four areas should not prohibit a company from measuring some form of customer engagement, using information that is reliable and available.

RELATIONSHIP BETWEEN ENGAGEMENT AND SPEND



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Unlike the common customer metrics frequently used today, the customer metric of the future will be highly customized.

## PRODUCT USAGE

Companies will want to explore from all angles how customers use their products. Information that will be helpful in determining product usage includes:

- Product penetration: The range of products purchased or installed.
- Product depth: The extent to which the product is being fully utilized.
- Product breadth: The number of people engaged in using the product.
- Product frequency: The frequency with which the product is being used.
- Product lifecycle: What stage is the customer at in the product lifecycle and are they willing to be early adopters?
- Product purchase patterns: The frequency with which product purchases are made.
- Product fit: The degree with which products are used in higher-margin businesses.

## SENTIMENT

Of course, surveys are one source of customer sentiment, but as discussed, companies should also consider other sources. With sentiment, we're interested in understanding the feelings and attitudes that customers hold and should look at:

- **Frequency** – How often does the customer provide feedback? Once a month, once a year?
- **Volume** – How much time does the customer spend offering feedback?
- **Magnitude** – Are their thoughts and feelings positive or negative?

## INVOLVEMENT

In determining the level of involvement, companies should consider ways that a customer participates in the firm's business. The emphasis on involvement is customer activity, independent of their thoughts and feelings. Indicators of involvement could include the following:

- Does the customer attend or speak at company-sponsored events?
- Is the customer willing to serve as a reference or give a referral?
- Has the customer participated in a case study?
- Does the customer follow the company on Facebook or Twitter?
- Does the customer collaborate with you to co-create solutions?

## COMPETITIVE STATUS

In addition to determining how engaged your customers are with you, it's also important to know how engaged they are with your competitors. While assessing share of wallet is helpful, "competitive status" is defined here as attitudinal.

Measurable elements of competitive status include:

- Difficulty in replacing or substituting products.
- Is the customer currently purchasing from a competitor? Who is the primary supplier?

Arguably, competitive status is the most challenging factor to measure, and may be missing – at least in the beginning. Informal methods of gathering such information include asking account teams for their perceptions and "listening" to customers through social media to see if competitors are mentioned.







# CUSTOMERS | 2020



# ABOUT THE STUDY

The *Customers 2020* study was conducted by Walker Information to explore how B-to-B companies must adapt and evolve their customer experience initiatives to meet the changing expectations of customers. Contributors include CustomerThink and the Chief Customer Officer Council. Walker maintains sole responsibility for the research and the recommendations set forth. Walker executed the information gathering activities, conducted the analysis, and wrote the report. The findings and views expressed herein are Walker's and do not necessarily reflect the views of the other contributors.

Our research is reflective of three initiatives:

- In October 2012, Walker conducted roundtable discussions with 31 business leaders and customer experience professionals. Their views reflect large, global B-to-B companies from a range of industries.
- In-depth interviews with 35 executives, including CEOs, executive vice presidents, and senior directors were conducted to explore the common themes that emerged from the roundtable discussions. The discussions focused on how customer expectations are likely to change in 2020, what companies need to do to meet customer needs in the future, and how customer experience professionals must evolve.
- A quantitative survey was conducted with 204 customer experience professionals to validate the findings from the in-depth discussions. They represent a range of industries, company size, and titles with responsibilities for supporting the development of customer strategies.

The research team included Patrick Gibbons, Jeff Marr, Sonya McAllister, Leslie Pagel, and Troy Powell. The lead author for the report was Leslie Pagel and Jill Jansen served as editor. Dan McCormick was responsible for the design and layout.

Our sincere thanks go to CustomerThink, The Chief Customer Officer Council, and all the individuals who shared their time and thoughts.

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THINK**

CustomerThink is a global online community of business leaders striving to create profitable customer-centric enterprises. Each month, the site reaches 200,000 subscribers and visitors from 200 countries via email, RSS, LinkedIn and Twitter. CustomerThink currently serves over 80,000 visitors per month. Main areas of coverage include Customer Relationship Management, Customer Experience Management and Social Business. This is the place to learn about every facet of customer-centric business management. For more information about CustomerThink, visit [www.customerthink.com](http://www.customerthink.com).



The Chief Customer Officer Council shares ideas, concerns, and builds best practices to help customer executives avoid experimenting at customers' expense as they drive more profitable customer behavior, create powerful, customer-centric cultures, and drive sustainable business results. Members benefit from one-of-a-kind peer interaction, the annual CCO Summit, executive briefings, research and resources, and more. For more information on the Chief Customer Officer Council, visit [www.ccocouncil.org](http://www.ccocouncil.org).





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