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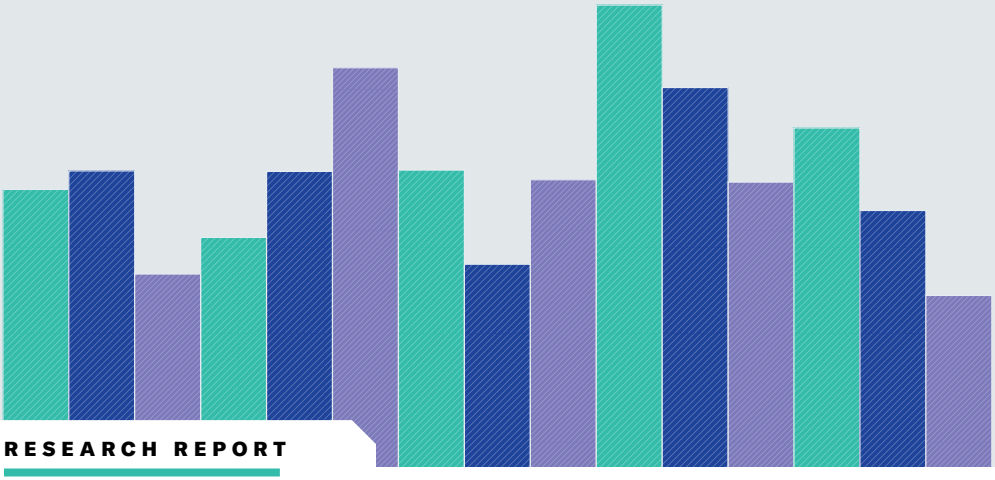
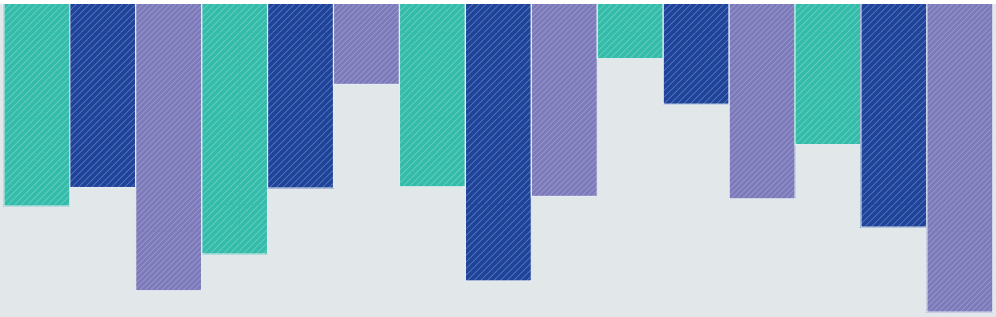


RESEARCH REPORT

Beyond Net Promoter Score:

Customer Experience Measurement Reimagined



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Why It's the Right Time to Reimagine CX Measurement

Businesses are competing on the quality of their customer experience (CX) as much as any other differentiator. A 2021 survey found that 70% of consumers globally say a company is only as good as its service.[1] This shift has brought CX to the forefront as a core competency of every successful business today, across every industry. It means that deeply understanding and continually improving CX is as important as developing better product innovation, supply chain management, or sales and marketing strategy.

Yet CX measurement hasn't kept up; traditional metrics like customer satisfaction and Net Promoter Score offer a narrow view of experience. And that leads to frustration and blind spots that signal to the customer you're not paying attention. Moreover, these metrics leave valuable troves of data unused, denying your employees opportunities to deliver the empathetic experiences your customers expect.

CX has changed tremendously since the start of the pandemic. Digital channels are mainstream; a Genesys survey found that one-third of consumers globally have interacted with chatbots, voice bots, and self-service tools in the past year.[2] Workflows and interactions are digitalized—now we can capture far more information about customers along the entire length of their journey. We also can use continually generated event data to look objectively at whether a customer had a positive experience, regardless of how they answer a satisfaction survey.

The biggest shift stemming from rethinking CX measurement is in the timeliness and action-orientation of experience insights. Lagging indicators like post-interaction surveys might still have a place, but the focus on measurement must come earlier and throughout the customer journey, allowing businesses to understand the moments that really matter to their customers. Where is loyalty won or lost?

Artificial intelligence brings exciting developments in this area. Tools like speech-to-text analytics provide detailed insights about employee-customer interactions, creating targeted coaching opportunities for managers. Real-time sentiment analysis enables employees to course-correct in the moment. And predictive engagement senses a customer's intent and directs them to the right content or person, which makes them feel heard and understood.

We're in an experience economy in which a people-centric, empathetic approach is the only way to create a sustained competitive advantage. Within this, reimagining CX measurement is essential for building lasting trust and loyalty—and the reason why Genesys is pioneering new ways of measuring the empathy, efficiency, and effectiveness of experiences. We believe these will become the most valuable barometers for brand success today.

[1] Genesys, "The connected customer experience," June 2021.

[2] Genesys, "The state of customer experience," October 2021.

Peter Graf
Chief Strategy Officer
Genesys

Beyond Net Promoter Score:
Customer Experience Measurement Reimagined

Businesses have long sought to understand how satisfied customers are with their products or services. Today most seek to go even further. They want to know whether they are consistently delivering a great customer experience (CX) along the entire customer journey. To gauge their success, they rely on a range of survey-based metrics like simple customer satisfaction scores or Net Promoter Score (NPS), which indicates how likely customers are to recommend their brand or business to a friend or colleague.

With the rise of digitalization, the world for which these metrics were developed—and the customer insights needed to compete effectively—have evolved. Many CX experts now pan traditional metrics as being either too broad or too narrow, not timely enough, or difficult to correlate with business goals. Indeed, research and advisory firm Gartner Inc. has predicted that more than 75% of organizations will abandon NPS as a measure of success for customer service and support by 2025.

In short, measuring the customer experience is ripe for reconsideration. Having recognized the blind spots in traditional metrics, businesses see a real risk in not truly understanding the customer experience, especially now that the quality of that experience can define brand success. Harvard Business Review Analytic Services recently surveyed 438 executives globally and found that 81% agree that being able to measure CX along key points of the customer journey is important to their organization's business strategy. However, only 38% say their organization is very proficient at measuring the customer experience, and 27% flatly admit their organization struggles.

HIGHLIGHTS

81% of executives surveyed say being able to **measure the customer experience along key points of the customer journey** is important to their organization's business strategy.

49% say their organization plans to **increase its investment** in measuring the customer experience.

28% say their organization has a **very good understanding of customer satisfaction** across all phases of the customer journey.

Due to rounding, some figures in this report may not add up to 100%.

"Great experiences are hard to copy. In mature industries where competition is harsh, a great customer experience is an asset that can create a competitive advantage. If you want to realize that advantage, you've got to measure it, continuously and wherever possible in real time," says Frank Goedertier, associate professor of marketing at Vlerick Business School.

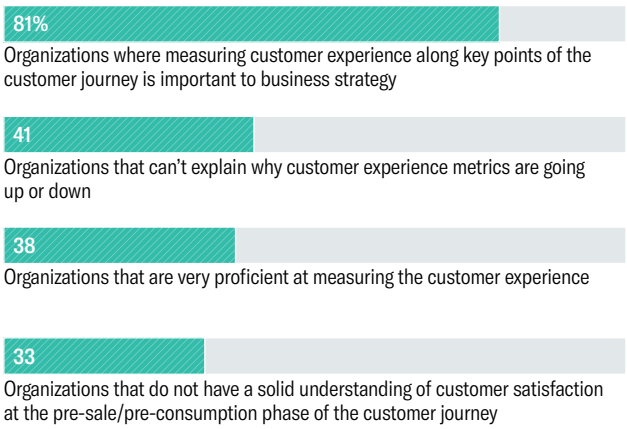
Insight into customer satisfaction is particularly hard to come by during the critical pre-sale or pre-consumption phase of the customer journey, with 33% of surveyed executives saying their organization doesn't have a solid understanding of it. **FIGURE 1** And in a sign of how hard it can be to use traditional metrics to drive actionable insights, 41% of executives say their organization often can't explain why its customer experience metrics are going up or down.

This lack of understanding can have deleterious effects on business outcomes given how crucial CX has become. "Experience is now the key differentiator for many businesses," says Jill Herriott, senior vice president, experience and marketing effectiveness, for Chicago-based consumer credit reporting agency TransUnion Co. "Understanding the impact you are having on addressing a customer's need—and where you are having it and why—is essential for knowing how to deliver a better, consistent customer experience."

FIGURE 1

Many Organizations Struggle to Measure Customer Experience

Four in 10 can't explain why their metrics rise or fall.



Source: Harvard Business Review Analytic Services survey, September 2021

Organizations today have an opportunity to more fully understand the customer experience by using advanced data analytics and machine learning tools that weren't widely available just a decade ago. These newer tools allow companies to extract information about CX at the moment of engagement and thus make it easier to correlate metrics with drivers of business success. Companies that don't take advantage of these opportunities are likely to find themselves at a competitive disadvantage in the years ahead.

"Great experiences are hard to copy," says Frank Goedertier, associate professor of marketing at Vlerick Business School in Belgium. "In mature industries where competition is harsh, a great customer experience is an asset that can create a competitive advantage. If you want to realize that advantage, you've got to measure it, continuously and wherever possible in real time. More than ever, the tools and the technology are available to companies to do that."

Some organizations are already taking advantage of the opportunities to better measure CX and learn from their findings. To see how they're distinguishing themselves from the pack, Harvard Business Review Analytic Services divided the organizations represented in the survey into three groups—leaders, followers, and laggards. Leaders, which account for 28% of all organizations represented, are those that claim to have a very good understanding of customer satisfaction across all three of the main phases of the customer journey—pre-sale/-consumption, purchase/consumption, and post-purchase/-consumption. **FIGURE 2**

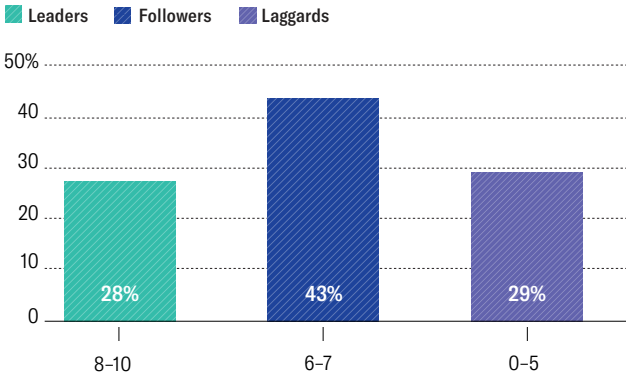
Specifically, leaders rate themselves between 8 and 10 on average across all three phases on a scale of 0 to 10, in which 0 indicates they do not understand their customers' satisfaction well at all and 10 means they understand it extremely well. Laggards, which account for 29% of the organizations represented in the survey, are least skilled at understanding customer satisfaction across the customer journey—on average, they rate themselves from 0 to less than 6 on the same question. The organizations between those two extremes—followers—rate themselves, on average, from 6 to less than 8 on the question and account for 43% of the organizations represented in the survey.

FIGURE 2

Understanding Customer Satisfaction

The 28% of organizations that understand customer satisfaction are customer experience leaders.

How well does your organization understand customer satisfaction at each of the following stages of the customer journey: pre-sale/-consumption phase, purchase/consumption phase, post-purchase/consumption phase? [SCALE OF 0-10, WHERE 0=NOT WELL AT ALL AND 10=EXTREMELY WELL]



Source: Harvard Business Review Analytic Services survey, September 2021

In addition to having greater insight into customer satisfaction, leaders distinguish themselves from followers and laggards in several important ways. They track a wider range of customer experience metrics, employ more-advanced technologies to measure the customer experience, and are more likely to have high-level executives with customer-focused titles like chief experience officer or chief customer officer.

These findings are instructive for organizations that need a roadmap in order to better comprehend customer satisfaction more broadly and deeply, measure it, and apply lessons learned to deliver superior experiences. Embarking on this CX journey is paramount for organizations seeking to improve business outcomes and their competitive advantage.

"Doing business today is about creating experiences valuable to customers and then monetizing those experiences," says Bart de Langhe, associate professor of marketing at ESADE, a business and law school in Barcelona, Spain. "Measuring those experiences is essential for innovation and new product development, for communicating the benefits those new innovations provide to customers, and to developing and nurturing profitable, long-term customer relationships."

The Customer Experience Measurement Challenge

Sixty-five percent of executives say improving customer experience is a high priority for their organization, and 49% say their organization will increase its investment in measuring customer experience over the next year. That such percentages are so high given the relative newness of CX recognition attests to the influence it has on corporate culture and organizational success. After all, the term "customer experience" was only coined in 1994 by advertising executive Lou Carbone, who wrote that "customer engagement, loyalty and advocacy are no longer driven by the products you sell or the service you offer" but rather "by how well the experience you provide meets your customers' ever-changing emotional needs and wants."[1]

Leaders are dramatically more adept at linking CX metrics directly to business outcomes and are much more satisfied with their ability to leverage insights from those metrics.

Leaders have a greater propensity for external customer experience benchmarking and sharing of metrics with employees and are more likely to have a corporate culture that buys into using insights from metrics to improve CX. In fact, they are dramatically more adept at linking CX metrics directly to business outcomes (65%, versus 29% of followers and 8% of laggards) and are much more satisfied with their ability to leverage insights from those metrics to do things like make real-time adjustments to improve customer experience, understand how improvements in CX drive business performance, and identify opportunities for product improvements or innovation.

Ironically, the explosion of digital channels has both challenged organizations' ability to measure the customer experience and created more opportunities to do so. The sheer newness of engaging with customers digitally—a trend accelerated during the Covid-19 pandemic—means that most organizations don't have extensive practice at measuring how well they do it.

Indeed, while less than a third of all organizations represented in the survey are very effective at tracking the customer experience across both digital and physical channels, leaders have a stunning edge on this front. Sixty-two percent are very good at it, versus only 21% of followers and just 7% of laggards.

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On the other hand, new digital technologies also can make it easier to track customer behaviors and solicit customer feedback, especially in the moments that matter most along the customer journey. Rather than survey customers by phone or mail days after an interaction, for example, companies can now pop a survey question onto their screen or route them to an automated voice response system immediately after that engagement while it is still fresh in their mind. Companies can then quickly share that response with an agent and give the customer service manager an opportunity to intervene if need be, such as when an agent doesn't act fast enough on or doesn't respond appropriately to the customer's feedback. This ability to intervene can be especially important in remote work environments where managers can't physically observe agents.

Organizations also can use natural language processing (NLP) to scour customer emails and social media posts, teasing out customer sentiment at scale. In addition, they can track and monitor contextual and event data generated by digital channels across the customer journey—recognizing, for example, that a customer's package didn't arrive on time, decreasing the quality of their experience—even if the customer didn't complain about it.

Physical tools, too, are available to organizations to monitor customer response. Technologies like galvanic skin response systems that can detect heightened emotion, functional magnetic resonance imaging that can measure and map brain activity, and facial recognition technology that can detect customer smiles all provide new ways for companies to study the customer experience directly without relying on the customer to self-report how they're feeling. A comedy club in Barcelona made headlines in 2014 when it experimented with charging customers by the laugh. It attached digital tablets to the back of its chairs and loaded them with facial recognition software that could see when customers chuckled. As ESADE's de Langhe notes, the club's experiment shows how companies can monetize the customer experience using metrics that rely on observed rather than reported data.

Still, many businesses have yet to take advantage of the new measurement opportunities available to them. Leaders are making faster progress in leveraging metrics to drive business outcomes, with 91% of leaders delivering a better CX today than they did a few years ago, versus 74% of followers and 39% of laggards.

"In my experience, many traditional customer experience measurement programs are still ad hoc," says Vlerick Business School's Goedertier. "For example, a customer satisfaction survey is launched once every year. Opportunities may lie in a more continuous or real-time manner of customer experience data collection. Traditional customer experience measurement programs also are sometimes anecdotal and qualitative. Finally, they often use reported measurements, like answers to survey questions, rather than observed measures in the moment. A risk of such approaches is that customers who self-report their experiences sometimes rationalize and exaggerate."

To be fair, measuring customer experience can be complicated no matter how much technology is thrown at the task. "Customer experience is ridiculously complex, multidimensional, and heterogeneous," says de Langhe. "It's idiosyncratic to different people, volatile, and dependent on context. The upshot is that it's really difficult to measure, quantify, and track customer experiences over time. Even the companies that do it best today are only measuring a small fraction of everything you would ideally like to measure."

Surveys can be particularly problematic because they typically give voice to only a very small, self-selected group of customers—a group de Langhe refers to as those with a "brag and moan bias" who are apt to respond—while the vast majority of customers with intermediate experiences are underrepresented.

Survey fatigue is an issue, too. "Survey response rates tend to drop year on year," says Angela Rademeyer, deputy general manager for Discovery Ltd., a Sandton, South Africa-based financial services firm offering health insurance and life assurance, wellness, investment, saving, and banking products. As head of operations analytics for the company's Data Science Lab, Rademeyer has helped her organization apply advanced statistical and operations research technologies like NLP to

extracting customer experience insights from electronic and voice communications. That process provided Discovery with input from a far broader range of the company's customers and made it easier to identify opportunities to make their experiences better.

Extracting actionable insights can be particularly difficult at older companies born before the digital age. Many of these businesses are still laboring under siloed organizational structures with siloed information systems. Due in part to demand for data scientists far outstripping supply, they also can lack experts in-house who can analyze data effectively.

"Many organizations now have a stream of raw data flowing into them continuously, and may even have the tools to capture it, but don't have the human resources capability to process it and make sense of it," says Goedertier. Partly in response, his school is launching a new master's degree in business analytics and artificial intelligence (AI) next year.

How Companies Track CX Today

Given the complexity of the challenge, survey respondents say their companies employ a wide range of metrics to measure the customer experience, led by customer satisfaction (65%), customer reviews (49%), and NPS (45%). **FIGURE 3** In almost all cases—NPS is the notable exception—leaders make broader use of these metrics than do followers and laggards.

Perceptions of how useful these various metrics are for identifying opportunities to improve the customer experience generally align with the degree to which they are being employed. Executives most commonly cite customer satisfaction as being useful for identifying opportunities to improve the customer experience (55%), for example, followed by customer retention/loyalty (45%) and NPS (36%).

Leaders, in addition to employing a wider range of metrics, are more likely than other organizations to be leveraging the latest technologies to track metrics and extract actionable insights from them. For example, 57% of leaders are using digital technology to automate some of their efforts to collect customer feedback, and 32% are using artificial intelligence-supported digital tools to better measure and track customer experience—versus 47% and 11% of laggards, respectively.

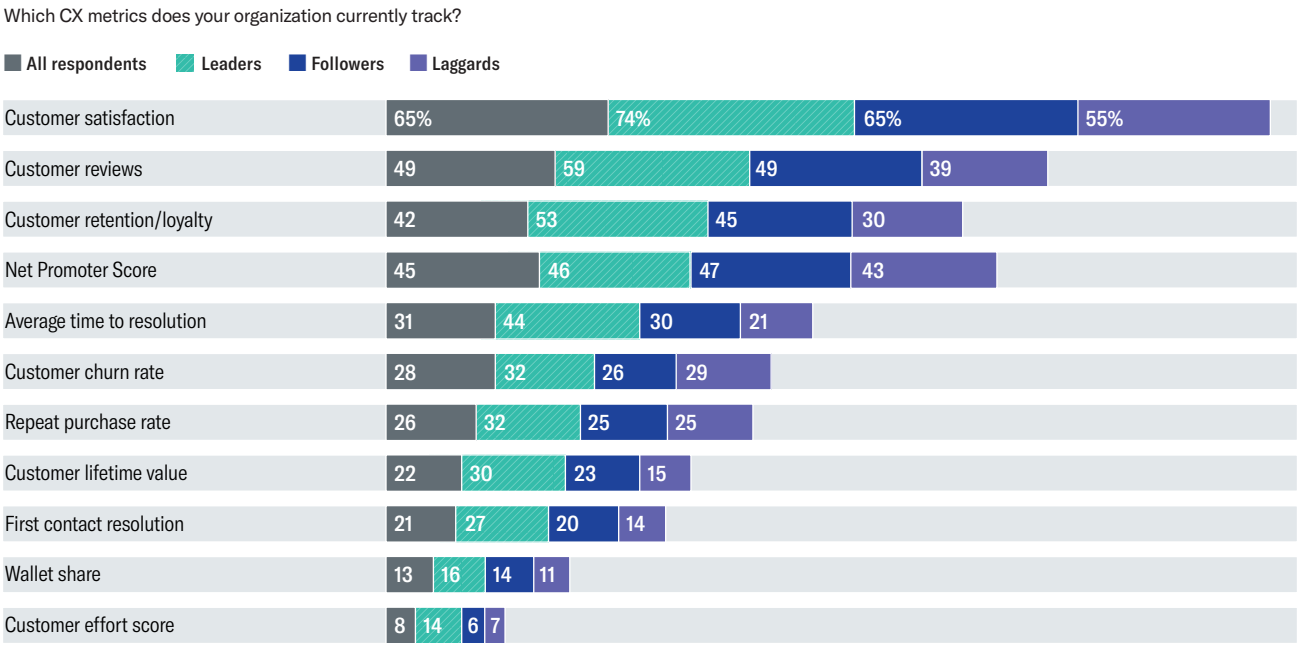
Leaders also are more likely than laggards to be using customer relationship management software (53% versus 41%) and customer data management tools (43% versus 16%). **FIGURE 4**

Companies also use various qualitative mechanisms to measure customer experience, led by customer surveys,

FIGURE 3

Customer Satisfaction Is Most Widely Tracked CX Metric

Leaders also closely monitor customer reviews more than do followers and laggards.



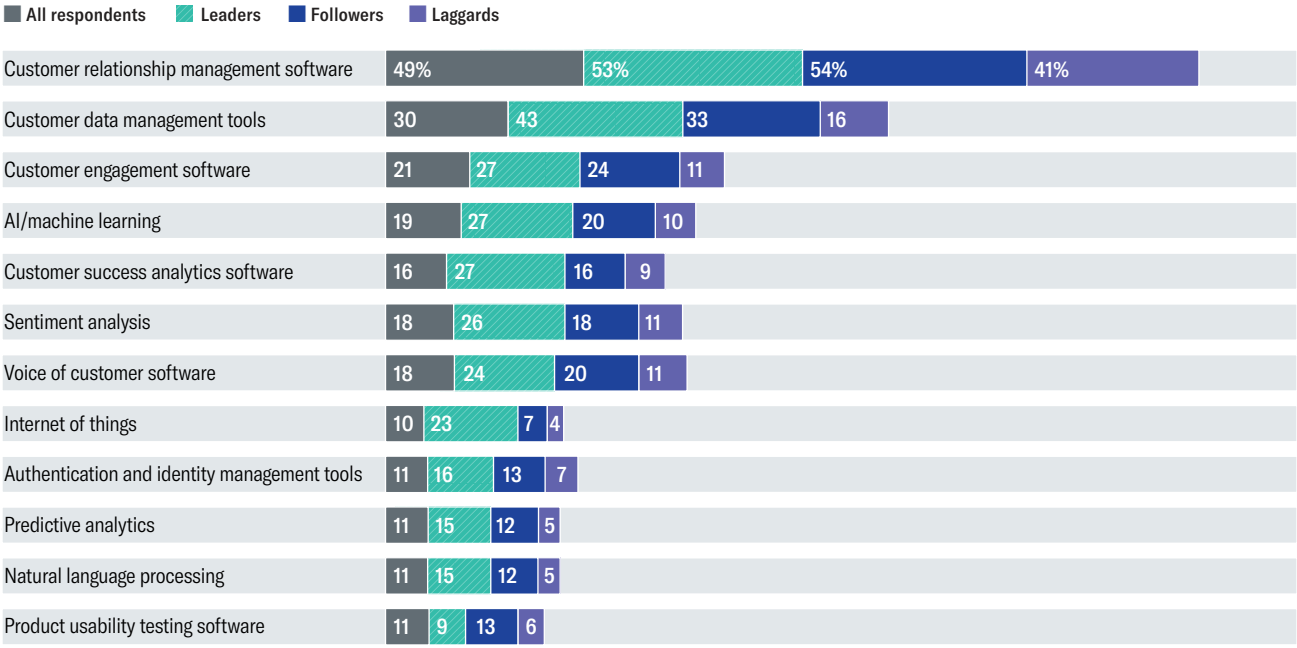
Source: Harvard Business Review Analytic Services survey, September 2021

FIGURE 4

Leaders Use More Data Analytics Tools

They take advantage of customer relationship management software and other technologies, such as artificial intelligence (AI).

Which data analytics tools and technologies are being used at your organization today to help with measuring the customer experience?



Source: Harvard Business Review Analytic Services survey, September 2021

complaint analysis, and social media listening. Here again, leaders tend to deploy them more broadly.

As might be expected, given the importance they place on the matter, most organizations continue to look for better ways to measure and track the customer experience. Ninety-two percent of surveyed executives agree that being able to better measure CX would make it easier for their organization to acheive its growth objectives. The most common change they've made over the past 18 months is to use digital technology to automate efforts to collect customer feedback, which 54% of organizations have done. Thirty-two percent of organizations have begun using new metrics to measure the customer experience.

Leveraging New Tools and Technologies

Increasingly, measuring the customer experience effectively means doing it in real time as much as possible, and across all key points along the customer journey, in order to better see how they correlate with desired business outcomes and where they can be improved. Yet less than one in five survey respondents say their organization plans to roll out artificial intelligence tools (17%) or predictive analytics (15%) in the next 18 months to help with measuring the customer experience if they haven't already been using them.

Some organizations, such as TransUnion, have already made the investment. "You need to understand which are the moments that matter most to the customer and then identify the peaks and troughs of the customer experience in those moments," says TransUnion's Herriott. "That doesn't mean measuring every little thing—if you do that, you'll get overwhelmed and people won't know where to focus. You have to focus on the moments that align best with your brand and then make sure you're really delivering against your promise in those areas. It takes a lot of orchestration across functions and disciplines."

TransUnion tracks a number of traditional customer experience metrics, including NPS and customer lifetime value, which seeks to measure a customer's total worth to a business over the entirety of the customer's lifetime. But

the company also is looking at measures such as the rate at which customers are able to complete transactions to their satisfaction. It does usability studies to see how easy it is for customers to understand their credit reports. And it uses NLP to analyze the millions of calls it gets from customers each year, looking to see why they're calling and whether they were happy at the end of each interaction. It also employs that technology to analyze social media content.

While it is able to do a good job in many of these areas, Herriott says, TransUnion is nonetheless working to develop an even more holistic picture of the customer experience. The ultimate goal isn't just to identify and fix problems, but to find more opportunities to deliver exceptional experiences.

"You don't win by getting to mediocre—by just fixing the stuff that's broken," Herriott says. "You win by creating experiences that are truly differentiated in the mind of the customer. We use our insights into customer sentiment and behavior to ensure we are truly differentiating TransUnion in the marketplace."

Like TransUnion, Discovery also employs a wide range of technologies to monitor and measure CX across the customer journey. Although it has long used surveys to gauge customer sentiment, it realized several years ago that surveys alone weren't sufficient for its needs. Since then, it has begun using NLP to measure sentiment among customers who contact its customer service agents, send the company an email, or discuss the company on social media. It also tracks the degree to which customers hop between different channels to engage with the company and how long customers spend in its interactive voice response (IVR) systems. In addition, it tracks workflow data, having confirmed a positive correlation between delays or errors in the back office and poor customer sentiment.

These various efforts have yielded actionable insights. For example, after tracking how long people were spending in its IVR systems and seeing how often they were being routed incorrectly, Discovery was able to identify a problem that could be fixed by changing two words in an IVR menu script, says Rademeyer, the deputy general manager. That simple fix solved 80% of the incorrect routings originating from that menu.

While observed metrics are becoming increasingly important, most companies skilled at tracking the customer experience still believe strongly in the seemingly simple act of listening to the customer. In the business-to-business space, that emphasis on listening might involve conducting monthly and quarterly business reviews with enterprise customers to take a deep dive into the customers' challenges and aspirations, or inviting smaller customers to complete surveys. Listening to the customer might also involve participating in industry conferences, where companies may be able to run panels and can meet in person with customers to get direct feedback about what they like and don't like about the company's products, services, and partners. In the technology space, smart companies will also monitor the health of their products and services in production environments—how well they are functioning—to better understand what kind of customer experience the company is delivering, and use AI tools to anticipate and address potential trouble spots.

"You don't win by getting to mediocre—by just fixing the stuff that's broken. You win by creating experiences that are truly differentiated in the mind of the customer," says Jill Herriott, senior vice president, experience and marketing effectiveness, at TransUnion.

Empathy Is Critical to the Customer Experience

Eighty-six percent of surveyed executives agree that listening to the customer—putting yourself in their shoes, really hearing what they're saying, meeting them on their journey, and addressing their questions and concerns—is a critical if hard-to-measure component of delivering a good customer experience. Yet only 22% say their organization is successful at empathizing with the customer. Even among leaders, only 46% say they are good at it.

That said, leaders are significantly more successful than laggards at measuring their ability to empathize with the customer. Leaders also use a wider range of methods to assess their ability to empathize, especially customer forums (44%) and focus groups (50%).

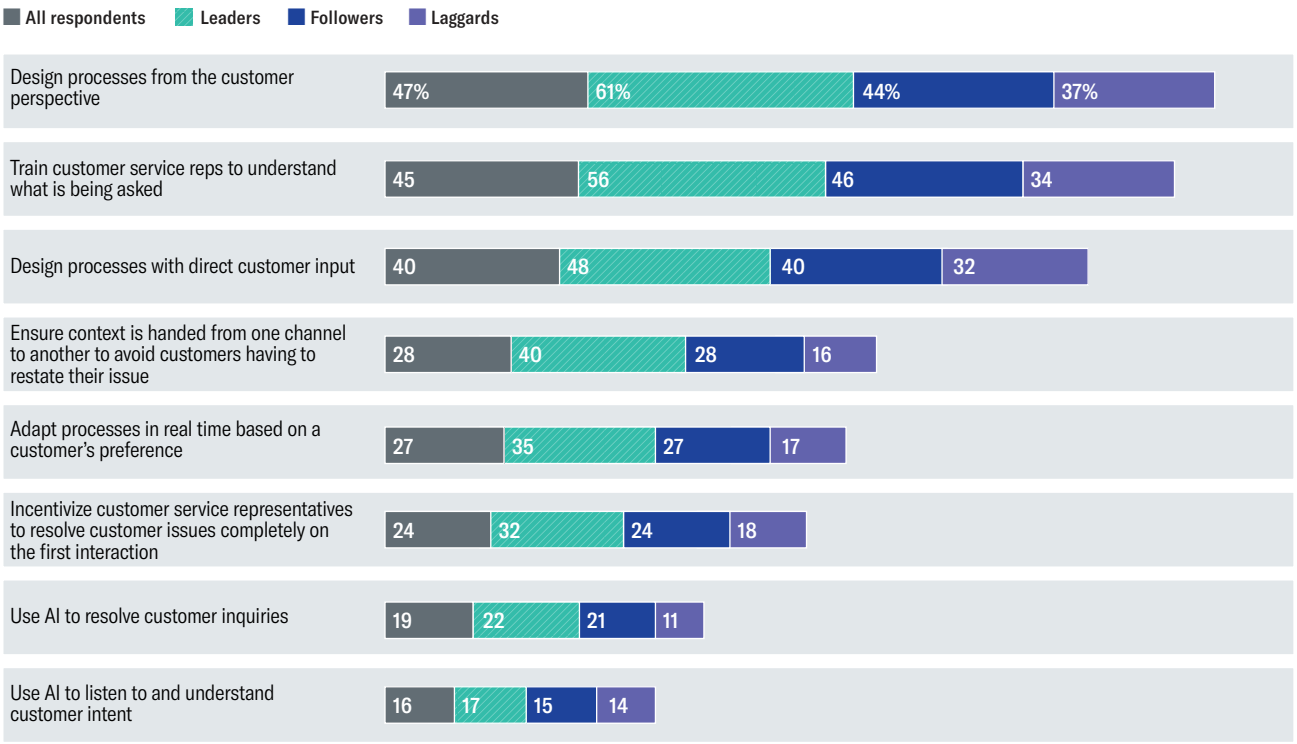
Finally, leaders are more likely to have initiatives in place to improve customer empathy capabilities. They more commonly incentivize customer service representatives to resolve customer service issues quickly (32% of leaders versus 18% of laggards), for example. **FIGURE 5** Leaders also are more likely to ensure that context is handed from one channel to another to avoid customers having to restate their issues

FIGURE 5

Leaders Are Working Harder to Demonstrate Empathy

They incentivize the right behaviors and focus on channel consistency.

In which of the following, if any, does your organization try to improve its ability to empathize with customers?



Source: Harvard Business Review Analytic Services survey, September 2021

(40% versus 16%) and to design processes from the customer perspective (61% versus 37%).

Failing to empathize has become an even greater liability in the wake of the Covid-19 pandemic, given that empathy can be such a valuable tool for building trust between an organization and its customers, says Donald Patrick Easterling, senior vice president with Novant Health, a health care company headquartered in Winston-Salem, N.C., that has more than 640 locations across four states, including 15 medical centers.

"Empathy is especially important in the context of a product or service failure," adds de Langhe. "Often, the root cause of customer dissatisfaction is some functional defect in what a business has delivered, which leads customers to complain, which can lead to things becoming emotional. Customers then get really upset when they feel they haven't been recognized or that their complaint doesn't have value. Unfortunately, businesses too often focus on the functional defect and forget to empathize with the customer's emotional concerns. You need to address both."

Measuring how well an organization empathizes with customers can be just as tricky as actually doing the empathizing. Eighty-eight percent of the organizations ranked as leaders claim to be measuring their ability to empathize with customers at least moderately well, including 59% who say they can do it very well. Among followers and laggards, who combined account for nearly three-quarters of the organizations represented in our survey, the percentages that say they can measure their ability to empathize at least moderately well are 63% and 23%, respectively.

Wells Fargo has attacked the challenge of measuring empathy with an indirect approach that involves tracking what it calls friction points in the customer journey—points at which customers hesitate or become unable to complete a transaction or activity they've undertaken. By sharing

information about friction points with employees, the firm gives workers an opportunity to empathize with customers and resolve their challenges.

"If you've ever held a child by the hand at an amusement park and felt them pulling away from you when you approach a ride, you knew they were upset," says Charette, the chief of staff for research and strategy. "You felt the tension on your arm. That's a friction point. And friction points signal an opportunity to be empathic."

Novant Health also looks to measure empathy indirectly by tracking the rate at which patients return for care, concluding that return visits indicate the company has earned the patient's trust. It also looks at how customers rate the organization after a visit, and in patient surveys, it asks specifically whether the patient's care team listened to them.

While it may be difficult, measuring empathy—and identifying opportunities to make empathetic behavior toward customers more commonplace—could yield real benefits for businesses. Some companies are approaching this challenge with education. Lumen Technologies, a telecommunications company headquartered in Monroe, La., recently undertook an empathy training initiative for all 40,000 of its employees.

"When businesses see a lack of empathy on the part of their frontline employees, they should look further than blaming the individual employee," says Ryan Willis, director, experience management, for Lumen. "In my experience, it's because they haven't been given the right tools and haven't been empowered and enabled to act with empathy. Too often companies have rigid rules and processes for these people and then wonder why they're seen as being cold in their interactions with customers."

Willis says his company's research has documented a nearly direct correlation between frontline employee groups feeling they haven't been given the tools or authority to engage empathetically with customers and lower NPS scores from the customers they're supporting.

Other companies are employing cutting-edge technologies and data analytics to make it easier to engage customers with empathy. Discovery, for example, is taking advantage of customer data to engage in what it calls proactive servicing of customers—anticipating how best to respond to them and deliver a good customer experience. If sentiment analysis of a customer email indicates that the customer feels they have been treated unfairly or is threatening to do something drastic, like close an account, the company will route that information to a highly skilled agent who then reaches out swiftly to try to address their concerns.

"We're making real-time decisions now, based on the fact that our bespoke sentiment model can score a couple of hundred interactions per second," Rademeyer says.

Discovery also is making it easier for its employees to more consistently respond with empathy to customers. It has developed profiles, or models, of both its customers and its service agents, and a predictive "affinity matching" model that routes customers to agents with whom the customers will have the best rapport.

"If you aren't measuring customer experience along all key points, a function in your organization could be dropping the ball, which will eliminate progress across the board no matter what else you were doing at other points to improve CX. You wouldn't be getting the outcomes you want," says Ryan Willis, director, experience management, at Lumen Technologies.

Morné Stander is head of the Service Lab at Discovery, where he and his team conduct research and benchmarking on customer perceptions, which helps inform the company's businesses on how they can improve customer experience.

"Through our customer satisfaction results, we then measure the success of the various proactive initiatives we take and can see clear correlations that they work," Stander says.

By way of example, Stander notes that when Discovery proactively intervenes with customers who have expressed negative sentiment in a call or in writing, it is now able to turn that negative sentiment into positive sentiment approximately 60% of the time.

Strategies for Improving CX Measurement

Academics who study customer experience, and executives who are finding new ways to successfully measure it, offer a number of tips for organizations seeking to improve their own CX measurement capabilities.

Be selective about what gets measured. Kirsten Royster, senior vice president and chief patient experience officer for Novant Health, recommends that companies start by being selective about what they measure, at least at the outset of the undertaking, which they can do by mapping the customer journey and then identifying the moments in that journey that matter most to the customer.

"Don't try to boil the ocean. Choose a few areas and a few measures that you know really matter from your insight work on the journey—or where you don't have insight, your instincts. Then adapt as you learn. A measurement framework is a living, breathing thing that's there to guide action. It's not set in stone never to be changed," says Jill Herriott, senior vice president, experience and marketing effectiveness, at TransUnion.

De Langhe agrees. "Companies are different, so they should be asking different questions and analyzing data in different ways, even if they're using a broadly popular metric like NPS," he says.

Herriott similarly advocates for a focused approach. "Don't try to boil the ocean," she explains. "Choose a few areas and a few measures that you know really matter from your insight work on the journey—or where you don't have insight, your instincts. Then adapt as you learn. A measurement framework is a living, breathing thing that's there to guide action. It's not set in stone never to be changed."

Measure at every key point of the customer journey. While selectivity is important, organizations must keep pushing forward after recording early wins with measurement to make sure they're capturing information at every critical point in the customer journey.

"If you aren't measuring customer experience along all key points, a function in your organization could be dropping the ball, which will eliminate progress across the board no matter what else you were doing at other points to improve CX," says Lumen's Willis. "You wouldn't be getting the outcomes you want."

Scrub your data—and make it readily accessible. Because usable insights from customer experience metrics depend so much on reliable data, Tammy Jones, senior vice president and chief marketing officer for Novant Health, also recommends that companies devote time and energy to making sure the data they're using is clean, meaning it is complete, correct, and accurate. That data should be quickly accessible, she adds, which may require creating a centralized data repository that can pull data from every part of the business.

Embrace technology, but don't forget people. While technology plays a key role in enabling customer experience measurement today, Goedertier advises companies to remember the important role that people, especially data scientists and behavioral experts, must play in leveraging that technology to maximum advantage.

"You need somebody to interpret your data and make sense of it," he says. "Spend some of your money on data scientists and have them work hand in hand with behavioral psychologists. The ability to combine the possibilities of modern digital technology with insights from consumer psychology will increasingly be needed to excel in customer experience management."

De Langhe adds that companies should hire people who are willing to think deeply about problems and are willing to test, with data, their beliefs about how customers think and what drives the customer experience.

Guard against letting personal biases creep into CX metrics. For the people actually involved in measuring customer experience, Charette recommends guarding against letting personal biases seep into what they're doing. "It's human nature to believe that as experts in our line of work we know what customers want—and to measure for that," he says. "But if you can't acknowledge that you are making assumptions based on your own biases, you will not measure correctly. It's important to keep an open mind and let customer feedback and sentiment guide you."

Incentivize employees to act on the insights revealed by CX metrics. To get full value from measuring customer experience, Discovery's Stander recommends that businesses create mechanisms for shared accountability for the customer experience, in part by incentivizing outcomes.

"At Discovery, we don't measure customer perception or customer satisfaction just for the sake of measuring and reporting on customer experience," he says. "We turn our metrics into sophisticated models and insights that feed back in real time to our businesses and, very importantly, empower people with the right information, at the right time, to act on those insights. This arrangement incentivizes every single person in the organization to work toward delivering great

A CLOSER LOOK

Where Customer Experience Metrics Are and Aren't Working

In the Harvard Business Review Analytic Services survey, 70% of respondents say they are at least somewhat satisfied with their organization's ability to understand customer preferences, but only 24% are highly satisfied. **FIGURE 6** This finding suggests many of the organizations represented in the survey want more from their customer experience (CX) metrics. The survey findings only get worse in other areas. More than one in four executives surveyed, for example, are actively dissatisfied with their organization's ability to make real-time adjustments to improve the customer experience. And only a little over half—61%—are at all satisfied with their organization's ability to use CX metrics to actually optimize the customer journey. Similar percentages say their metrics help their organization inform strategy and planning (61%), identify the root causes of customer frustration (62%), or drive business outcomes (61%).

Executives at organizations classified as leaders in measuring the customer experience are more satisfied with their organization's abilities in all of these areas. Their organizations are classified as leaders by virtue of having a very good understanding of customer satisfaction across all three of the main phases of the customer journey—pre-sale/-consumption, purchase/consumption, and post-purchase/-consumption. But even executives at those organizations suggest there's room for improvement, with only about 20% to 40% satisfied with their organization's ability to leverage CX metrics for the insights and outcomes they really want.

Asked to identify the biggest challenges with existing methods of measuring the customer experience, survey respondents most often point to their conviction that the metrics being used don't lend themselves very well to being translated into actionable insights. That shortcoming was cited by 39% of respondents, followed by not measuring all key points along the customer journey (36%) and not correlating clearly with business outcomes or success drivers (31%). Laggards, in particular, struggle even more with using their customer experience metrics to understand what their customers value.

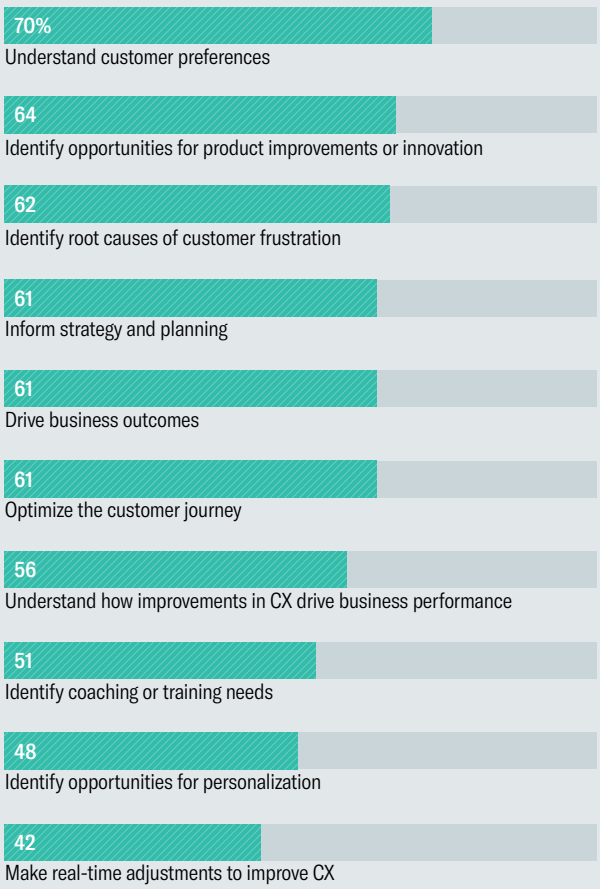
Among that group, 42% say their metrics don't translate results into actionable insights, 35% say they don't measure all key points along the customer journey, and 34% feel their CX measurements aren't aligning with business outcomes or success drivers.

FIGURE 6

Mixed Ability to Use CX Metrics

Understanding customer preferences is fine, but adjusting for them is a different story.

How satisfied is your organization with its ability to use CX metrics to do the following? [PERCENTAGE SOMEWHAT OR HIGHLY SATISFIED]



Source: Harvard Business Review Analytic Services survey, September 2021

"At Discovery, we don't measure customer perception or customer satisfaction just for the sake of measuring and reporting on customer experience. We turn our metrics into sophisticated models and insights that feed back in real time to our businesses and, very importantly, empower people with the right information, at the right time, to act on those insights," says Morné Stander, head of the Service Lab at Discovery.

customer experience outcomes. In fact, from the moment they join our company they have skin in the game. Our employees are eligible for incentive compensation tied to customer metrics they have influence over, with significant upside potential."

Improvement Is Possible

Organizations already put a high priority on understanding the customer experience, with the ultimate goal of driving better business outcomes. Most respondents (49%) plan to raise their investment in this area, and very few are paring down.

Right now, there's little variation in how organizations measure and track the customer experience, with leaders, followers, and laggards all using largely the same metrics and gravitating to the same customer-listening mechanisms.

It's worth noting, though, that companies pursuing new approaches to measuring customer experience tend to be more satisfied than their peers with their existing ability to measure. This finding suggests that success begets enthusiasm—that organizations are more likely to be investing in better ways to do something if they've been able to demonstrate that there's some value in doing it at all.

We also see that organizations pursuing new approaches to measuring the customer experience are more likely to be relying on technology to do it—particularly with regard to product usability testing software, internet of things technology, NLP, and customer engagement software. And we see that having more people in customer-focused senior roles appears to influence the direction in which organizations are heading. Those with more senior executives focused on the customer are more likely than others to be putting energy into new approaches to measuring the customer experience.

The art and science of measuring customer experience are improving quickly. They're showing that businesses that leverage the newest technologies and data analytics tools to understand the customer experience at each key moment in the customer journey can build a roadmap to better customer and business outcomes.

Endnotes

1 Stevens, Stephanie, "How to Grow a Business by Improving Your Customer Experience," UC San Diego Extension Blog, https://extension.ucsd.edu/news-and-events/extension-blog/September-2020/How-to-Grow-Your-Business-By-Improving-Your-Custom.

METHODOLOGY AND PARTICIPANT PROFILE

A total of 438 respondents drawn from the HBR audience of readers (magazine/enewsletter readers, customers, HBR.org users) completed the survey.

Size of Organization

44% 10,000 or more employees

11% 5,000–9,999 employees

21% 1,000–4,999

11% 500–999 employees

13% 499 and fewer employees

Seniority

25% Executive management/board members

39% Senior management

23% Middle management

14% Other grades

Key Industry Sectors

19% Financial services

16% Manufacturing

15% Technology

8% or less other sectors

Job Function

15% Operations/product management

9% Finance/risk

9% Sales

9% HR/training

8% General/executive management

8% Consulting

8% IT

All other functions make up less than 8%.

Regions

40% North America

28% Asia Pacific

21% Europe

6% South/Central America

4% Middle East/Africa

1% Other

Figures may not add up to 100% due to rounding.

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