Customer Experience Expectations and Plans for 2017
Survey of 165 Companies with $500M+ in Revenues with Comparisons to Previous Years

Qualtrics XM Institute
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Description

In December 2016, Temkin Group surveyed 165 respondents – each from a company with $500 million or more in annual revenues – about their customer experience efforts over the past year and their plans for 2017 and beyond. We compared the results of this survey to the results of similar surveys we've conducted over the previous six years. This year's results show that companies plan on dedicating more money and effort to improving a variety of customer experience activities.

How to use this report:

✓ Compare your efforts in different customer experience management activities with those of large firms

✓ Compare your 2017 priorities with the priorities of large firms

✓ Identify areas of spending and priorities for vendors

Data Charts:

1. Business Impact of CX
2. Changing Importance of Customer Experience
3. Changing Spending on Customer Experience
4. Change in CX Staffing Levels
5. Plans for Spending with CX Vendors
6. Focus on CX Across Interaction Channels in 2017
7. Plans to Increase Focus on the CX of Different Channels
8. Focus on CX Activities in 2017
9. Plans to Increase Focus on Different CX Activities
10. Compensation Based on CX Metrics
11. CX Training By Employee Groups
12. Key Differences Between Companies With More Successful And Less Successful CX Programs

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1) Business Impact of CX

We asked respondents about how CX affected their business results in 2016 and compared their responses with data from the previous six years.
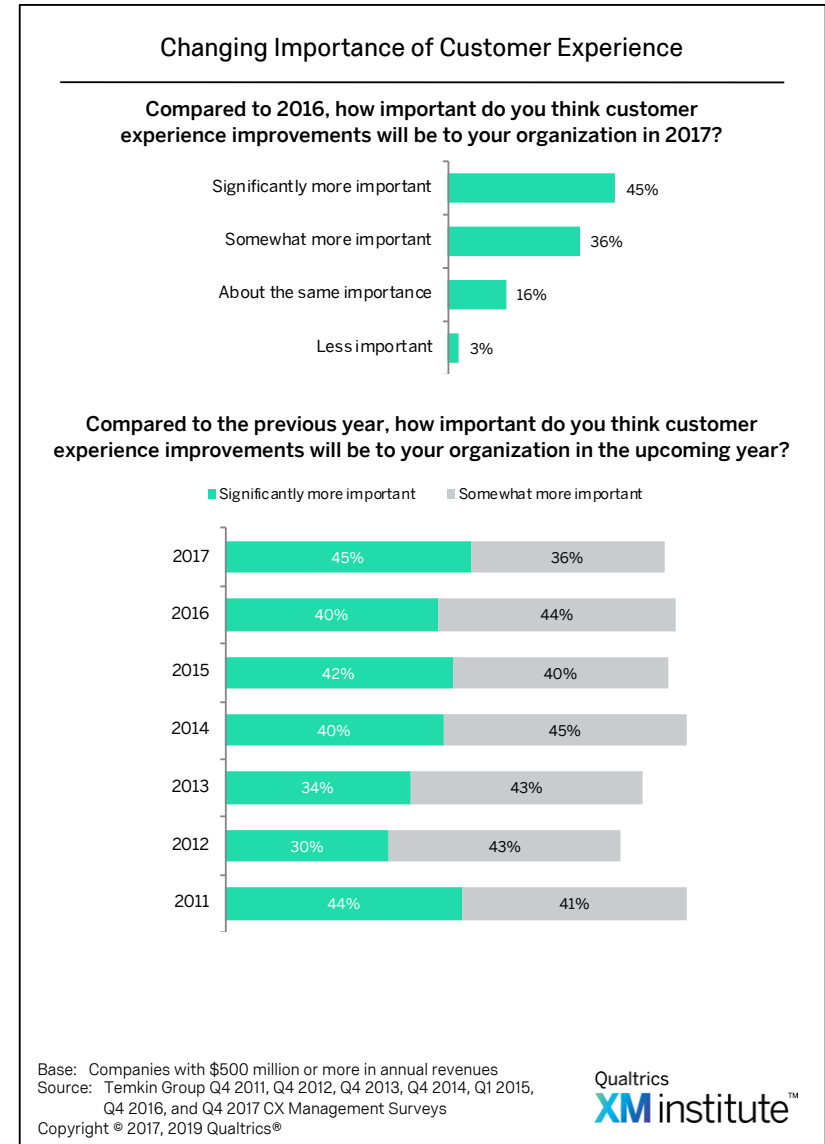
- **Most saw positive results in 2016.** Eighty-seven percent of companies reported positive business results from their CX efforts in 2016, and more than half found the impact of their efforts to be either "moderate" or "significant."

- **CX impact is on the rise.** While 82% of respondents felt that their CX efforts had at least a "moderately positive" influence on their business results in 2010, such high numbers can be misleading. In those early stages of customer experience maturity, companies did not set a high bar for business results. Thus, we saw the impact of CX drop dramatically after 2012. However, over the previous three years, the impact of customer experience slowly started creeping up again. The percentage of companies that report enjoying at least "moderately positive" results has increased by eight points in the last year.

Business Impact of CX

What impact have customer experience efforts had on your company's business results in 2016?

Category	Value
Significantly positive	15%
Moderately positive	37%
Slightly positive	35%
None	12%
Negative	1%

Customer experience impact on business results, 2010 to 2016

Legend: ■ Significantly positive ■ Moderately positive ■ Slightly positive

Year	Significantly positive	Moderately positive	Slightly positive
2016	15%	37%	35%
2015	11%	33%	35%
2014	11%	31%	43%
2013	15%	35%	37%
2012	11%	34%	34%
2011	29%	41%	26%
2010	39%	43%	17%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2010, Q4 2011, Q4 2012, Q4 2013, Q1 2015, Q4 2015, and Q4 2016 CX Management Surveys
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2) Changing Importance of Customer Experience

We asked respondents about how important they expect customer experience improvements to be to their company in 2017 compared with 2016. We compared their responses with data from the previous six years.
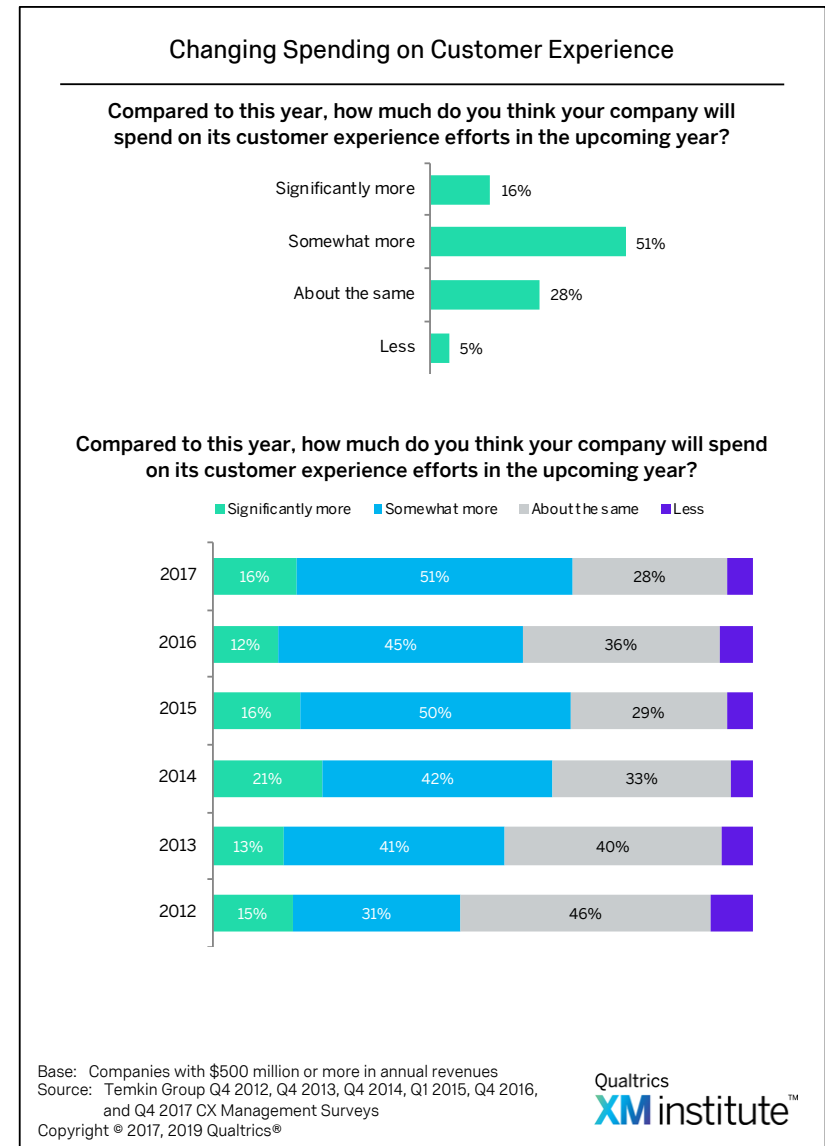
- **Customer experience improvement expectations are high.** Eighty-one percent of respondents believe that customer experience improvements will be even more important in 2017 than they were in 2016. Only 3% of respondents believe that improvements in CX will be less important in the coming year.

- **Confidence in CX improvements remains high.** The percentage of respondents who believe that their company's CX improvements will be more important in the upcoming year has decreased slightly from 84% last year to 81% this year. But the number who expect a significant improvement in results jumped from 40% up to 45%.

Changing Importance of Customer Experience

Compared to 2016, how important do you think customer experience improvements will be to your organization in 2017?

Significantly more important	45%
Somewhat more important	36%
About the same importance	16%
Less important	3%

Compared to the previous year, how important do you think customer experience improvements will be to your organization in the upcoming year?

■ Significantly more important ■ Somewhat more important

Year	Significantly	Somewhat
2017	45%	36%
2016	40%	44%
2015	42%	40%
2014	40%	45%
2013	34%	43%
2012	30%	43%
2011	44%	41%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2011, Q4 2012, Q4 2013, Q4 2014, Q1 2015, Q4 2016, and Q4 2017 CX Management Surveys
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3) Changing Spending on Customer Experience

We asked respondents about how much their company will spend on CX efforts in 2017 compared to 2016, and then we compared their responses to data from the previous five years.
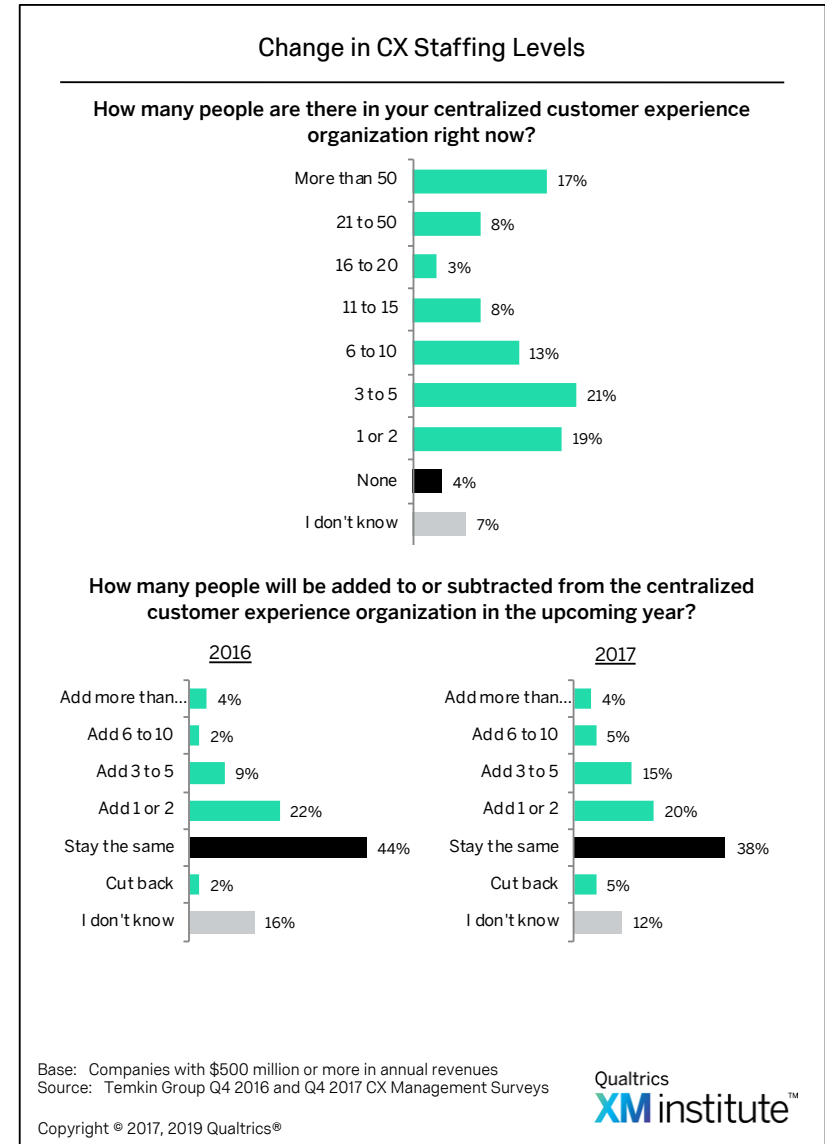
- **Spending will increase.** Sixty-seven percent of respondents think that their company will spend at least "somewhat more" on CX efforts in 2017 than they did in 2016.

- **Spending accelerates.** The percentage of companies planning to spend more on CX in the upcoming year increased from 57% last year to 67% this year. This is the largest anticipated increase in spending that we've seen to date.

Changing Spending on Customer Experience

Compared to this year, how much do you think your company will spend on its customer experience efforts in the upcoming year?

Significantly more	16%
Somewhat more	51%
About the same	28%
Less	5%

Compared to this year, how much do you think your company will spend on its customer experience efforts in the upcoming year?

Legend: ■ Significantly more ■ Somewhat more ■ About the same ■ Less

Year	Significantly more	Somewhat more	About the same
2017	16%	51%	28%
2016	12%	45%	36%
2015	16%	50%	29%
2014	21%	42%	33%
2013	13%	41%	40%
2012	15%	31%	46%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2012, Q4 2013, Q4 2014, Q1 2015, Q4 2016, and Q4 2017 CX Management Surveys
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4) Change in CX Staffing Levels

We asked respondents about how many people currently work in their centralized customer experience organization and how they expect this number to change in 2017.
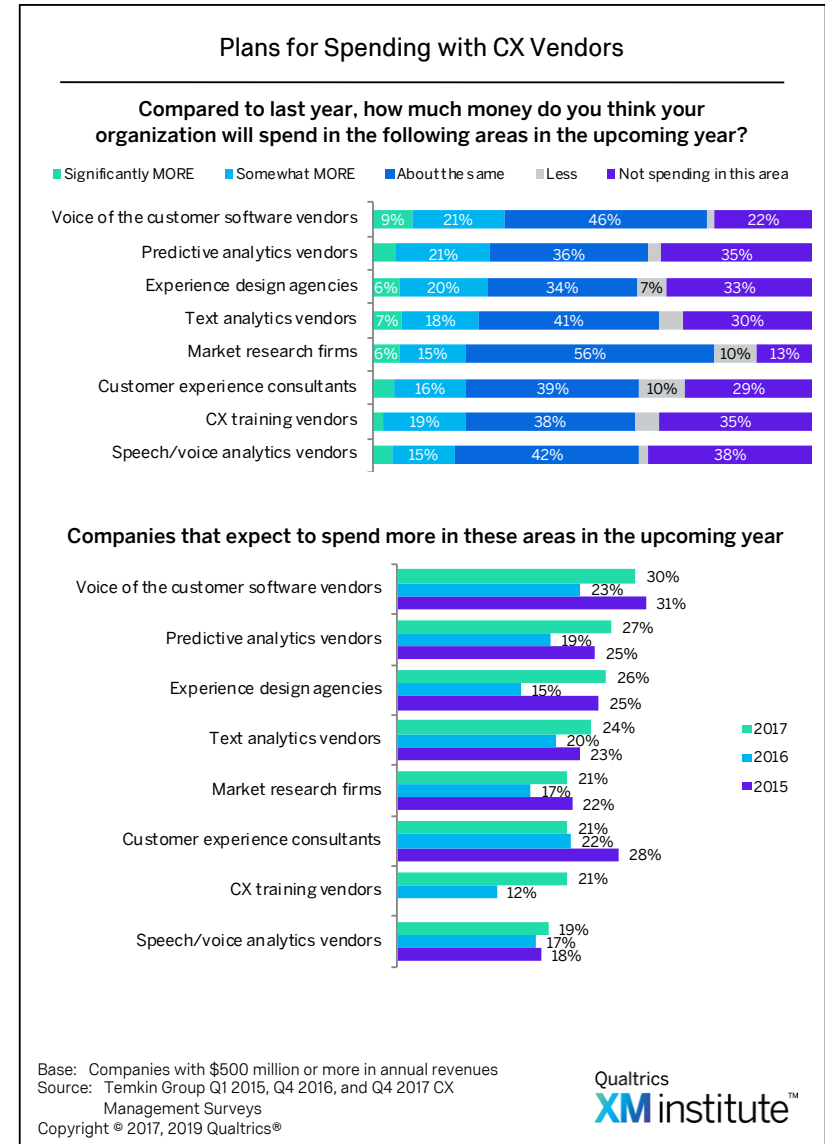
- **Most organizations have at least 3 CX FTEs.** Eighty-nine percent of companies report having full-time employees (FTEs) in a centralized CX organization. And more than one-third have at least 11 employees.

- **CX organizations' numbers expected to grow.** Looking ahead, 44% of companies expect to increase their CX headcount, which is a seven percentage-point increase from last year.

Change in CX Staffing Levels

How many people are there in your centralized customer experience organization right now?

Category	%
More than 50	17%
21 to 50	8%
16 to 20	3%
11 to 15	8%
6 to 10	13%
3 to 5	21%
1 or 2	19%
None	4%
I don't know	7%

How many people will be added to or subtracted from the centralized customer experience organization in the upcoming year?

Category	2016	2017
Add more than...	4%	4%
Add 6 to 10	2%	5%
Add 3 to 5	9%	15%
Add 1 or 2	22%	20%
Stay the same	44%	38%
Cut back	2%	5%
I don't know	16%	12%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2016 and Q4 2017 CX Management Surveys

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5) Plans for Spending with CX Vendors

We asked respondents about how much money their companies expect to spend with eight different types of CX vendors. We then compared their responses to data from the previous two years.
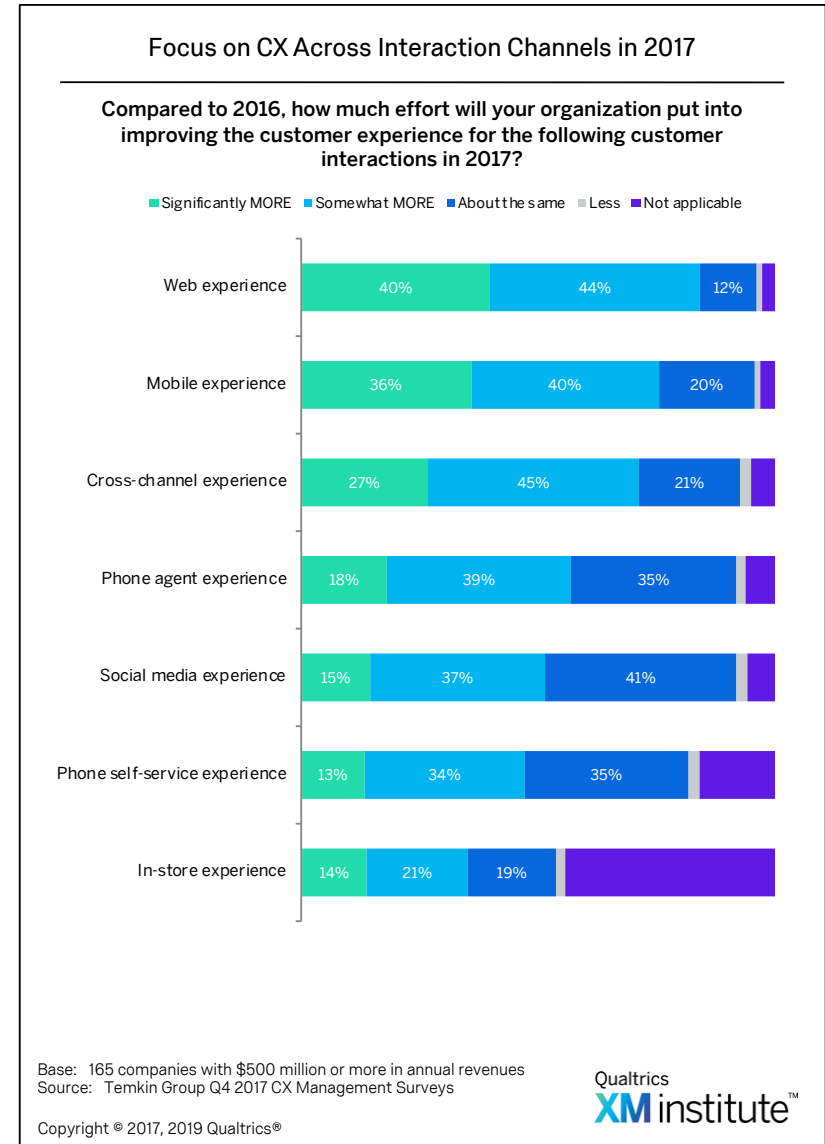
- **Spending increases vastly outstrip decreases.** For each CX vendor type, more companies plan on increasing their spending with them than decreasing their spending with them.

- **VoC software vendors maintain their lead for 2017.** Thirty percent of respondents plan on spending more on voice of the customer software vendors in 2017, which is slightly more than plan on increasing their spending with predictive analytics vendors and experience design agencies.

- **Spending on experience design agencies gains the most momentum.** The percentage of companies that expect to spend more in 2017 increased for every type of CX vendor, except customer experience consultants. Meanwhile, experience design agencies saw the the most dramatic increase, jumping by 11 percentage-points.

Plans for Spending with CX Vendors

Compared to last year, how much money do you think your organization will spend in the following areas in the upcoming year?

■ Significantly MORE ■ Somewhat MORE ■ About the same ■ Less ■ Not spending in this area

Vendor type	Significantly MORE	Somewhat MORE	About the same	Less	Not spending
Voice of the customer software vendors	9%	21%	46%		22%
Predictive analytics vendors		21%	36%		35%
Experience design agencies	6%	20%	34%	7%	33%
Text analytics vendors	7%	18%	41%		30%
Market research firms	6%	15%	56%	10%	13%
Customer experience consultants		16%	39%	10%	29%
CX training vendors		19%	38%		35%
Speech/voice analytics vendors		15%	42%		38%

Companies that expect to spend more in these areas in the upcoming year

■ 2017 ■ 2016 ■ 2015

Vendor type	2017	2016	2015
Voice of the customer software vendors	30%	23%	31%
Predictive analytics vendors	27%	19%	25%
Experience design agencies	26%	15%	25%
Text analytics vendors	24%	20%	23%
Market research firms	21%	17%	22%
Customer experience consultants	21%	22%	28%
CX training vendors	21%	12%	
Speech/voice analytics vendors	19%	17%	18%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q1 2015, Q4 2016, and Q4 2017 CX Management Surveys
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6) Focus on CX Across Interaction Channels in 2017

We asked respondents how much effort they expect their organization to put into improving seven customer experience interaction channels in 2017.
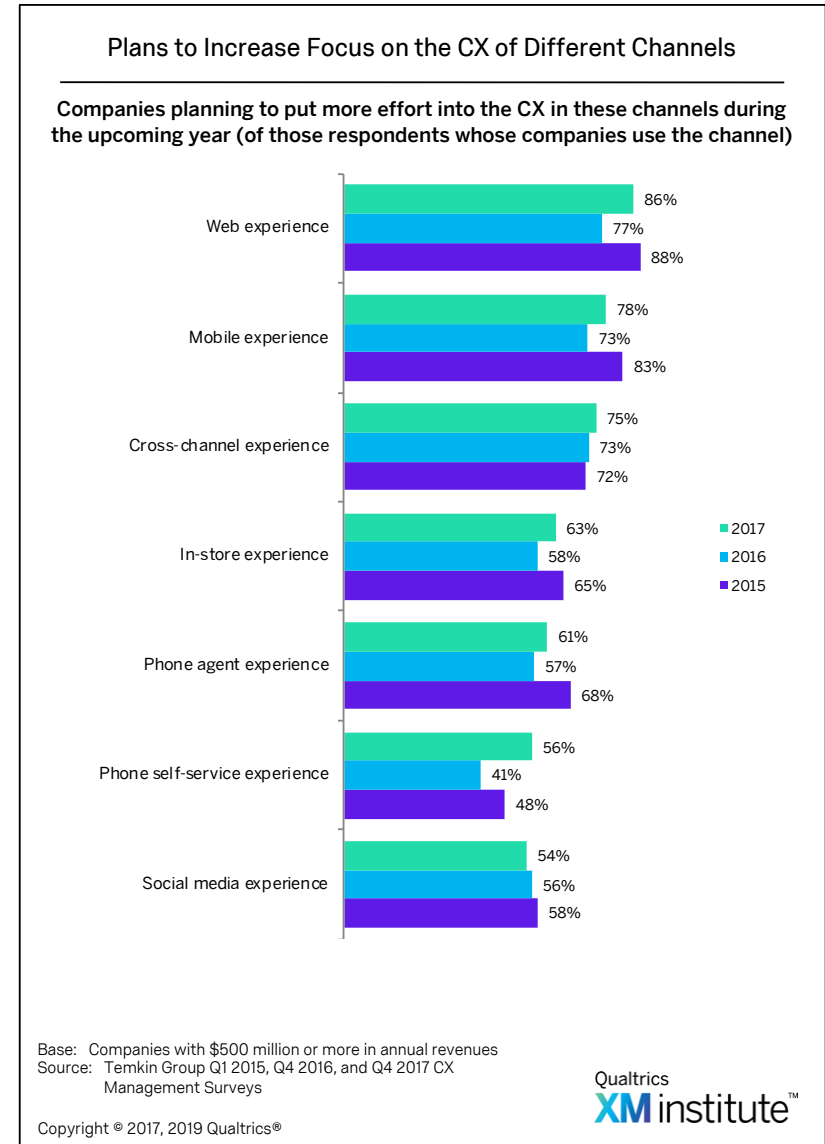
- **Web experiences are the most important.** Eighty-four percent of respondents plan on spending "somewhat" or "significantly" more on their web experience, making it the channel companies are most keen to improve.

- **Cross-channel and mobile experience are close behind.** Seventy-six percent of respondents expect focus more mobile experiences in 2017, and 72% expect to focus more on cross-channel experiences.

Focus on CX Across Interaction Channels in 2017

Compared to 2016, how much effort will your organization put into improving the customer experience for the following customer interactions in 2017?

Legend: ■ Significantly MORE ■ Somewhat MORE ■ About the same ■ Less ■ Not applicable

Channel	Significantly MORE	Somewhat MORE	About the same
Web experience	40%	44%	12%
Mobile experience	36%	40%	20%
Cross-channel experience	27%	45%	21%
Phone agent experience	18%	39%	35%
Social media experience	15%	37%	41%
Phone self-service experience	13%	34%	35%
In-store experience	14%	21%	19%

Base: 165 companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2017 CX Management Surveys

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7) Plans to Increase Focus on the CX of Different Channels

We asked respondents how much effort they expect their organization to put in to improving seven customer interaction channels in 2017. We then compared their responses to data from the previous two years. For this analysis, we only included companies for which these channels are applicable.
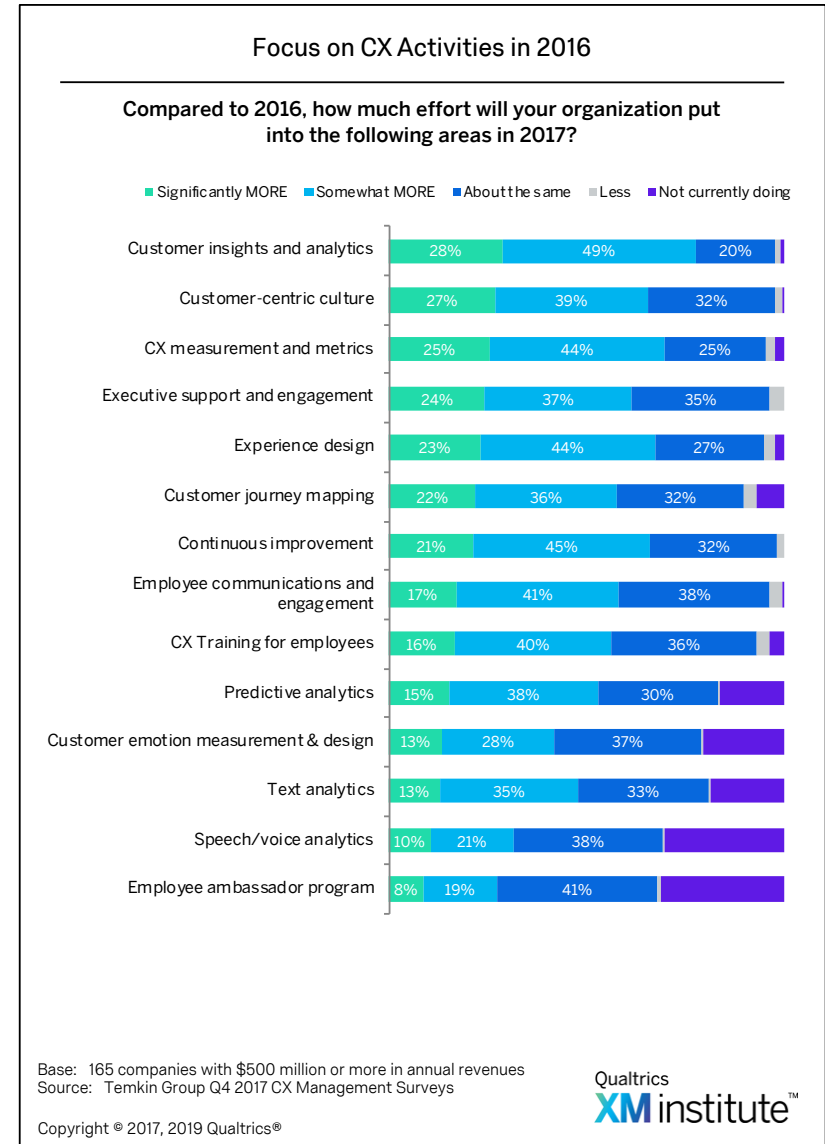
- **Web experiences continues to lead.** Over all three years, companies have expected to focus the most on the web experience.

- **Phone self-service has seen a resurgence.** Phone self-service saw the biggest jump between 2015 and 2016, going up by 15 percentage-points over the past year.

- **Social media continues to decline.** The percentage of companies who plan on spending more money on the social media experience has decreased for the third year in a row, down from 56% for 2016 to 54% for 2017.

Plans to Increase Focus on the CX of Different Channels

Companies planning to put more effort into the CX in these channels during the upcoming year (of those respondents whose companies use the channel)

Channel	2017	2016	2015
Web experience	86%	77%	88%
Mobile experience	78%	73%	83%
Cross-channel experience	75%	73%	72%
In-store experience	63%	58%	65%
Phone agent experience	61%	57%	68%
Phone self-service experience	56%	41%	48%
Social media experience	54%	56%	58%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q1 2015, Q4 2016, and Q4 2017 CX Management Surveys

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8) Focus on CX Activities in 2017

We asked respondents how much effort they expect their organization to put into improving 14 customer experience management activities in 2017 compared with 2016.
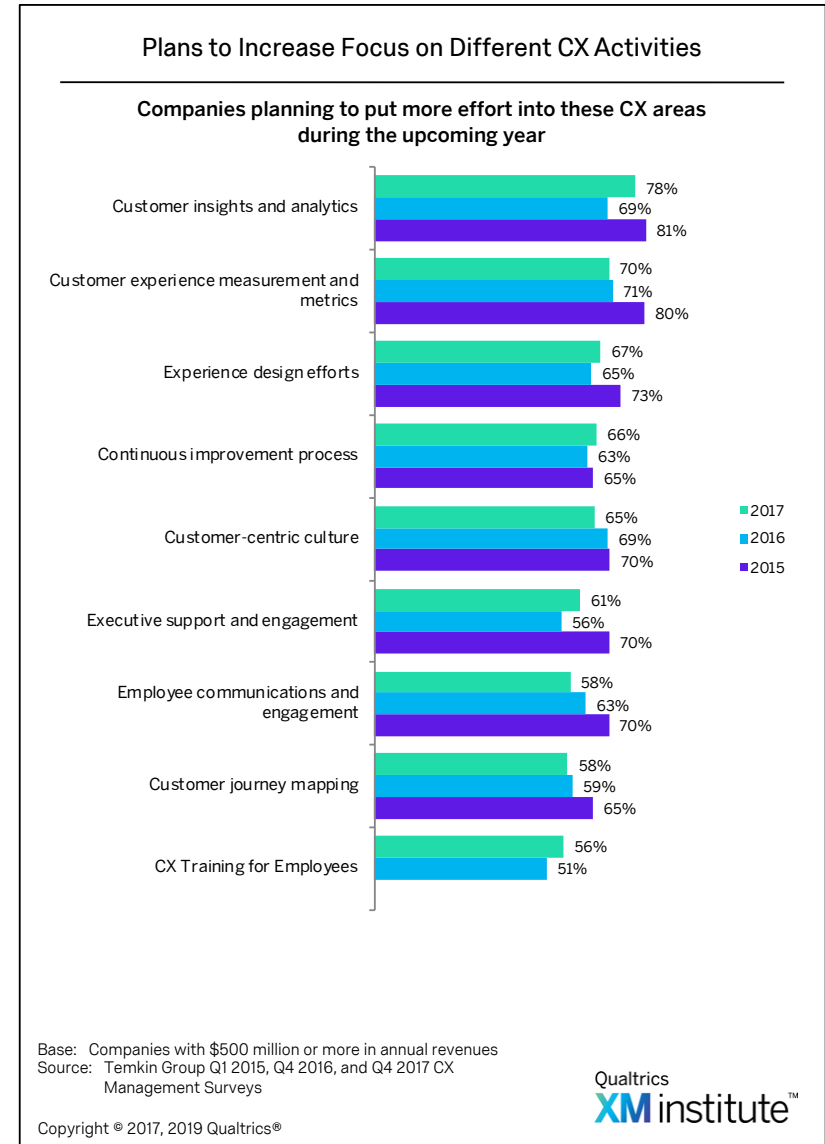
- **Companies will focus more on CX activities in 2017.** For each of the 14 customer experience activities we looked at, a higher percentage of companies are planning to increase their spending in that area than decrease their spending in that area.

- **Insights and analytics will get the most attention.** Seventy-seven percent of companies reported that they will put at least "somewhat more" effort into customer insights and analytics in 2017.

Focus on CX Activities in 2016

Compared to 2016, how much effort will your organization put into the following areas in 2017?

Legend: ■ Significantly MORE ■ Somewhat MORE ■ About the same ▨ Less ■ Not currently doing

Activity	Significantly MORE	Somewhat MORE	About the same
Customer insights and analytics	28%	49%	20%
Customer-centric culture	27%	39%	32%
CX measurement and metrics	25%	44%	25%
Executive support and engagement	24%	37%	35%
Experience design	23%	44%	27%
Customer journey mapping	22%	36%	32%
Continuous improvement	21%	45%	32%
Employee communications and engagement	17%	41%	38%
CX Training for employees	16%	40%	36%
Predictive analytics	15%	38%	30%
Customer emotion measurement & design	13%	28%	37%
Text analytics	13%	35%	33%
Speech/voice analytics	10%	21%	38%
Employee ambassador program	8%	19%	41%

Base: 165 companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2017 CX Management Surveys

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9) Plans to Increase Focus on Different CX Activities

We asked respondents how much effort they expect their organization to put into improving 14 customer experience management activities in 2017 compared with 2016, and then we compared their answers with survey results from the previous two years.
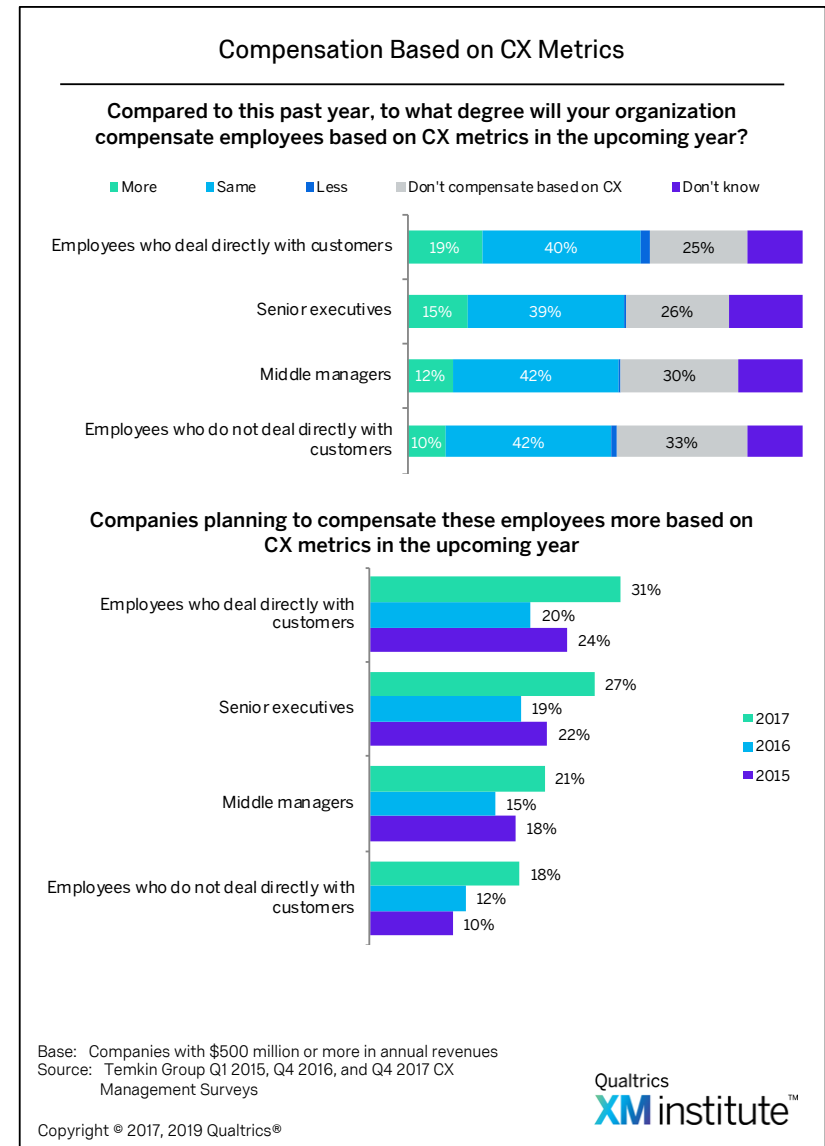
- **Customer insights and analytics jumped dramatically.** The percentage of companies planning to focus more on insights and analytics increased by more percentage-points than any other activity, leaping from 69% for 2016 up to 78% for 2017.

- **Employee communications and engagement drops the most.** Fifty-eight percent of respondents plan on increasing their focus on employee communications and engagement, a decline of five percentage-points since last year.

Plans to Increase Focus on Different CX Activities

Companies planning to put more effort into these CX areas during the upcoming year

Activity	2017	2016	2015
Customer insights and analytics	78%	69%	81%
Customer experience measurement and metrics	70%	71%	80%
Experience design efforts	67%	65%	73%
Continuous improvement process	66%	63%	65%
Customer-centric culture	65%	69%	70%
Executive support and engagement	61%	56%	70%
Employee communications and engagement	58%	63%	70%
Customer journey mapping	58%	59%	65%
CX Training for Employees	56%	51%	

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q1 2015, Q4 2016, and Q4 2017 CX Management Surveys

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10) Compensation Based on CX Metrics

We asked respondents how much they expect their company to compensate four different groups of employees based on CX metrics in 2017.

- **Compensation based on CX metrics is rising.** Across all employee groups, at least 10% of respondents expect their company to increase compensation based on CX metrics, while only 2% or less expect to see their company decrease compensation based on these metrics.

- **Customer-facing employees are the main target.** Sixty-one percent of companies tie some portion of customer-facing employees' compensation to CX metrics.

- **Compensation momentum is increasing.** Compared to last year, the percentage of companies that are planning to increase compensation based on CX metrics has gone up significantly.

Compensation Based on CX Metrics

Compared to this past year, to what degree will your organization compensate employees based on CX metrics in the upcoming year?

Legend: ■ More ■ Same ■ Less ■ Don't compensate based on CX ■ Don't know

	More	Same	Don't compensate based on CX
Employees who deal directly with customers	19%	40%	25%
Senior executives	15%	39%	26%
Middle managers	12%	42%	30%
Employees who do not deal directly with customers	10%	42%	33%

Companies planning to compensate these employees more based on CX metrics in the upcoming year

Legend: ■ 2017 ■ 2016 ■ 2015

	2017	2016	2015
Employees who deal directly with customers	31%	20%	24%
Senior executives	27%	19%	22%
Middle managers	21%	15%	18%
Employees who do not deal directly with customers	18%	12%	10%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q1 2015, Q4 2016, and Q4 2017 CX Management Surveys

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12) Key Differences Between Companies with More Successful and Less Successful CX Programs

We compared companies that reported seeing a "moderately positive" to "significantly positive" impact from their CX programs with those who reported "slightly positive," "negative," or "no impact" from their CX programs in 2016. We found that companies whose CX programs had a more positive impact:

▪ **Performed better financially.** Sixty-four percent of these companies reported a higher financial performance than their industry peers in 2016, compared with 44% of their CX lagging counterparts.

▪ **Have more CX employees.** These firms have an average of 20 full-time customer experience employees, compared with 17 at other companies.

▪ **Will focus more on customer journey mapping.** Sixty-five percent of these companies plan to increase focus on customer journey mapping, compared with 49% of other respondents.

▪ **Spend more on speech analytics.** Twenty-three percent of these firms plan to spend more money on speech analytics, compared with 14% of other respondents.

Key Differences Between Companies With More Successful And Less Successful CX Programs

	Report moderately or significantly positive impact from CX efforts in 2016	Report slightly positive, negative, or no impact from CX efforts in 2016
Financial performance better than industry peers in 2016	64%	44%
Plan to spend more on CX in 2017	71%	47%
Full-time CX employees:		
Average	20.3	16.6
Adding employees in 2017	56%	32%
Focus more on improving these experiences in 2017:		
Web experience	91%	77%
Mobile experience	81%	70%
In-store experience	41%	29%
Focus more on these CX activities in 2017:		
Customer journey mapping	65%	49%
Text analytics	55%	41%
CX measurement and metrics	65%	74%
Training CX team	54%	45%
Compensate front-line employees based on CX Metrics		
Spend more money with these vendors in 2017:		
Speech/voice analytics vendors	23%	14%
Customer experience consultants	24%	18%
Market research firms	24%	18%

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Source: Temkin Group Q4 2017 CX Management Surveys

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