Customer Experience Expectations and Plans for 2018
Survey of 145 Companies with $500M+ in Revenues with Comparisons to Previous Years

Qualtrics XM Institute
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By **Bruce Temkin**, CCXP
Head of the Qualtrics XM Institute

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Description

In December 2017, Temkin Group surveyed 145 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 2018 and beyond. We compared the results of this survey to the results of similar surveys we've conducted over the previous seven years. This year's results show that companies plan on increasing the amount of money and effort they dedicate 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 2018 priorities with the priorities of large firms

✓ Identify areas of spending and priorities for vendors

Data Charts:

1. Business Impact of CX
2. Changes in the Importance of Customer Experience
3. Changes in Spending on Customer Experience
4. Changes in CX Staffing Levels
5. Plans for Spending with CX Vendors
6. Focus on CX Across Interaction Channels in 2018
7. Plans to Increase Focus on the CX of Different Channels
8. Focus on Customer Journeys in 2018
9. Focus on CX Activities in 2018
10. Plans to Increase Focus on Different CX Activities
11. Compensation Based on CX Metrics
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 2017 and compared their responses with data from the previous seven years.
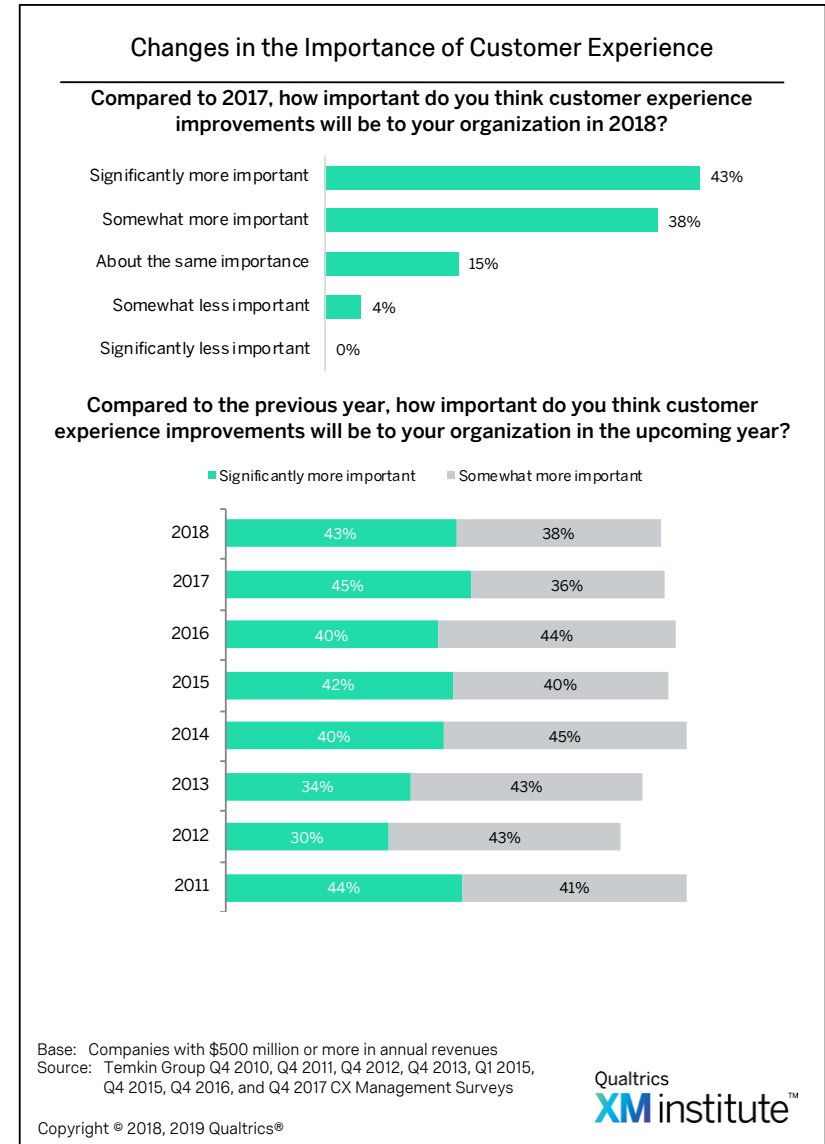
- **Most saw positive results in 2017.** Eighty-six percent of companies reported positive business results from their CX efforts in 2017, and more than 40% found the impact of their efforts to be either "moderate" or "significant."

- **CX impact remains steady.** 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.

Business Impact of CX

What impact have customer experience efforts had on your company's business results in 2017?

Significantly positive	14%
Moderately positive	29%
Slightly positive	43%
None	12%
Negative	1%

Customer experience impact on business results, 2010 to 2017

■ Significantly positive　■ Moderately positive　■ Slightly positive

Year	Significantly positive	Moderately positive	Slightly positive
2017	14%	29%	43%
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, Q4 2016, and Q4 2017 CX Management Surveys

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2) Changes in the Importance of Customer Experience

We asked companies how important they expect customer experience improvements to be to their company in 2018 compared with 2017. We compared their responses with data from the previous seven years.
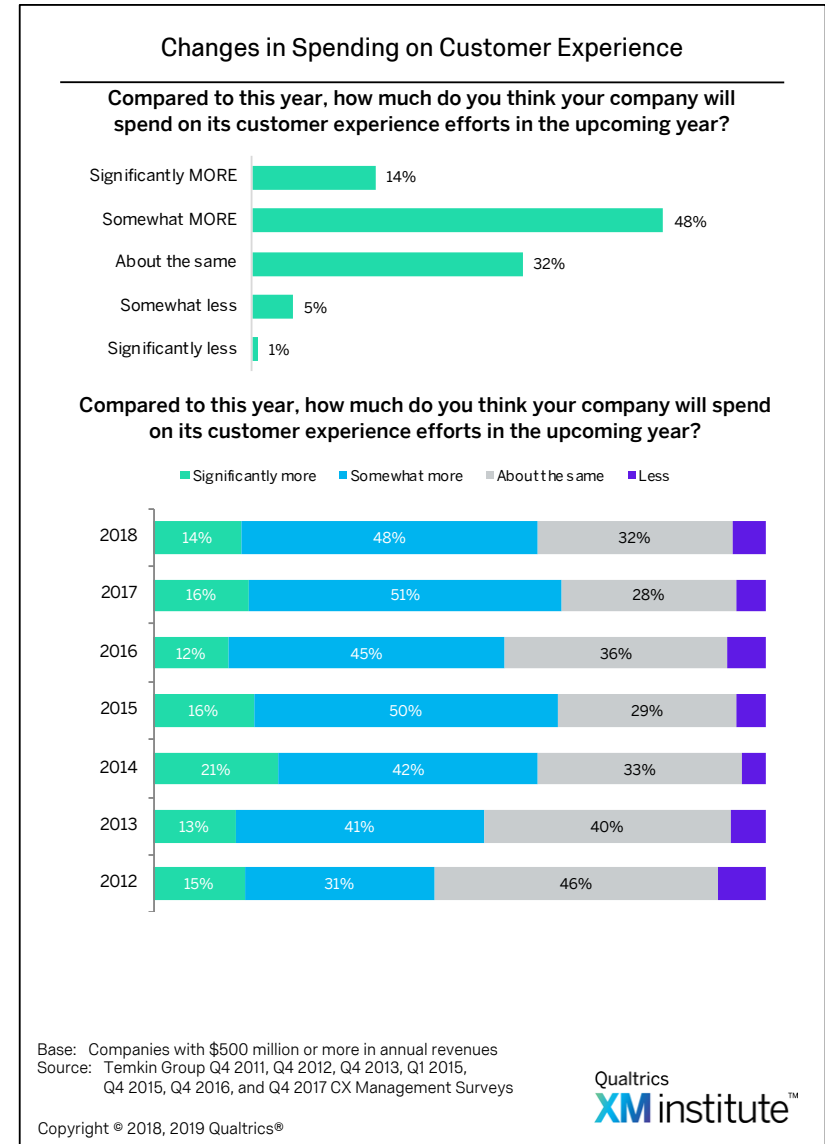
- **Customer experience expectations are high.** Eighty-one percent of respondents believe that customer experience improvements will be even more important in 2018 than they were in 2017. Only 4% of respondents believe that improvements in CX will be less important in the coming year.

- **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 remained above 80% since 2014.

Changes in the Importance of Customer Experience

Compared to 2017, how important do you think customer experience improvements will be to your organization in 2018?

Significantly more important	43%
Somewhat more important	38%
About the same importance	15%
Somewhat less important	4%
Significantly less important	0%

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 more important	Somewhat more important
2018	43%	38%
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 2010, Q4 2011, Q4 2012, Q4 2013, Q1 2015, Q4 2015, Q4 2016, and Q4 2017 CX Management Surveys

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3) Changes in Spending on Customer Experience

We asked respondents to estimate how much their company will spend on CX efforts in 2018 compared to 2017, and then we compared their responses to data from the previous six years.
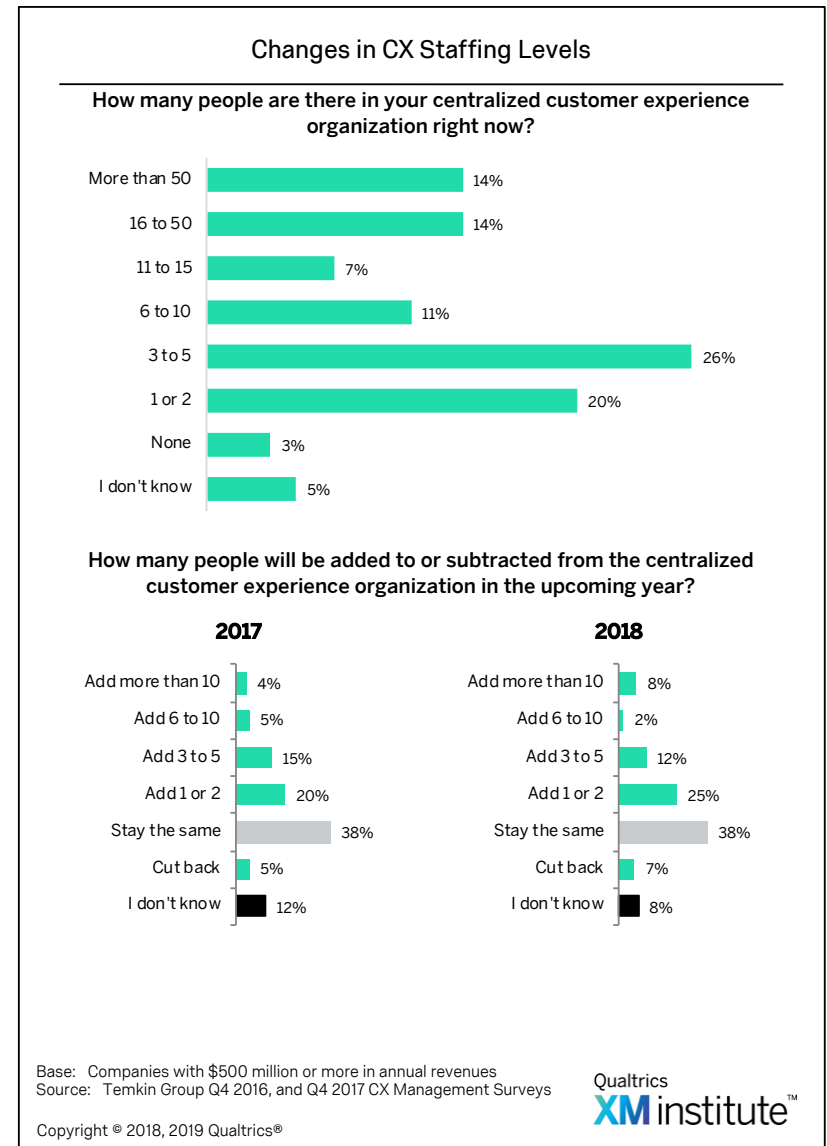
- **Spending will increase.** Sixty-two percent of respondents think that their company will spend at least "somewhat more" on CX efforts in 2018 than they did in 2017.

- **Spending continues to grow.** The percentage of companies planning to spend more on CX in the upcoming year remains above 60% from last year.

Changes in 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	14%
Somewhat MORE	48%
About the same	32%
Somewhat less	5%
Significantly less	1%

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
2018	14%	48%	32%
2017	16%	51%	28%
2016	12%	45%	36%
2015	16%	50%	29%
2014	21%	42%	33%
2013	13%	41%	40%
2012	15%	31%	46%

4) Changes 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 2018.
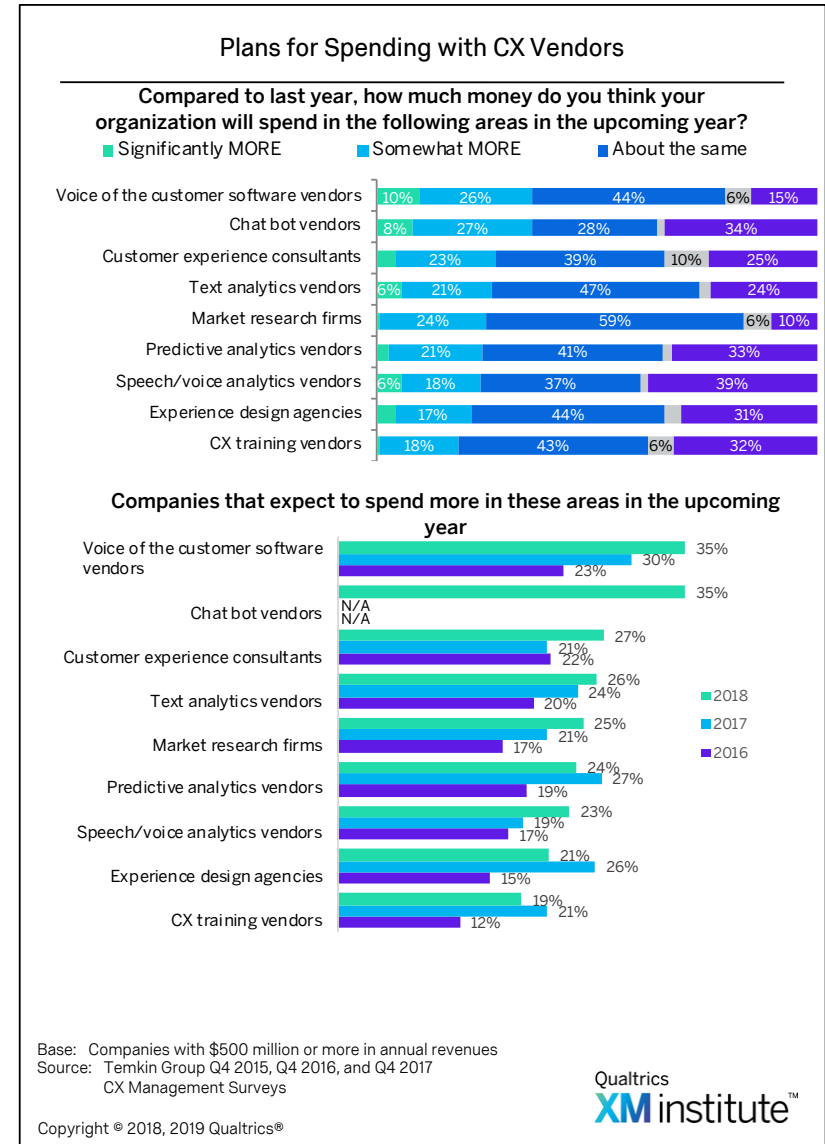
▪ **Most organizations have at least 3 CX FTEs.** Ninety-one percent of companies report having full-time employees (FTEs) in a centralized CX organization. And more than one-third have at least 11 employees.

▪ **CX organizations' numbers expected to grow.** Looking ahead, 47% of companies expect to increase their CX headcount and only 7% expect to cut back. This is about the same as last year.

Changes in CX Staffing Levels

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

More than 50	14%
16 to 50	14%
11 to 15	7%
6 to 10	11%
3 to 5	26%
1 or 2	20%
None	3%
I don't know	5%

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

2017

Add more than 10	4%
Add 6 to 10	5%
Add 3 to 5	15%
Add 1 or 2	20%
Stay the same	38%
Cut back	5%
I don't know	12%

2018

Add more than 10	8%
Add 6 to 10	2%
Add 3 to 5	12%
Add 1 or 2	25%
Stay the same	38%
Cut back	7%
I don't know	8%

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.
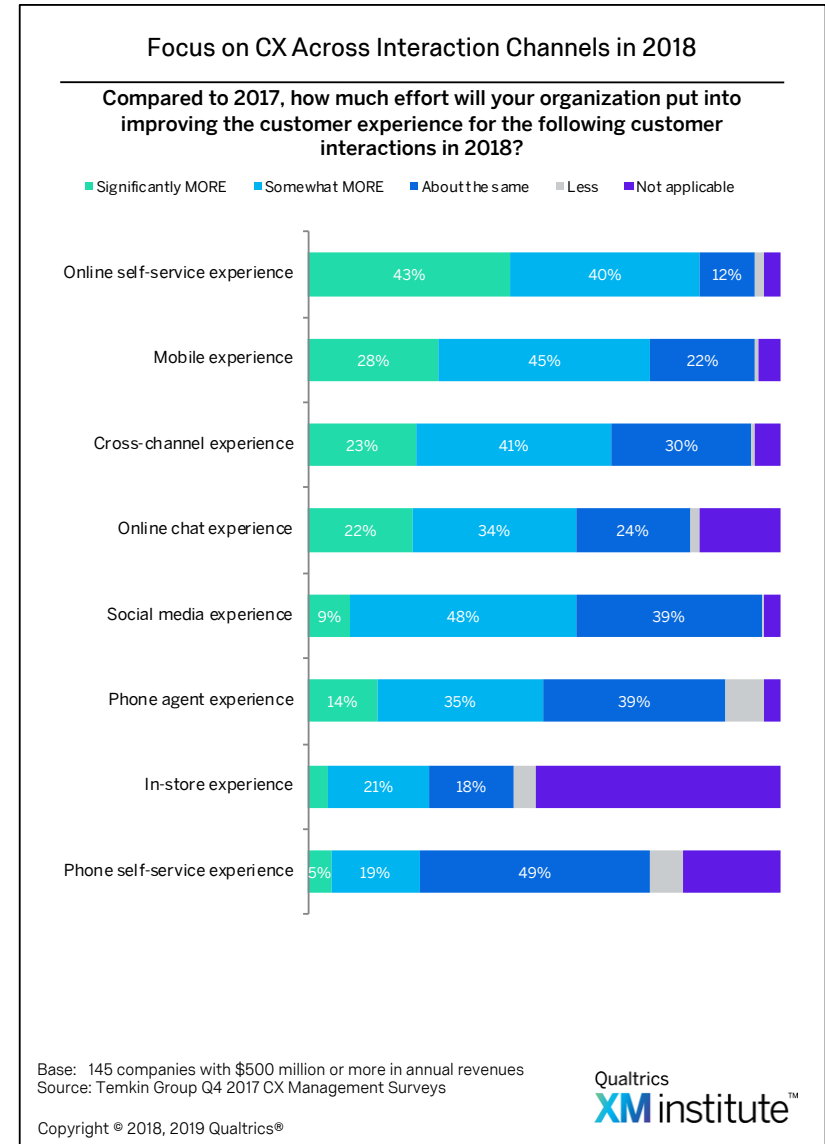
- **Spending increases vastly outstrip decreases.** For each CX vendor type, more companies plan on increasing their spending with them than plan on decreasing their spending with them.

- **VoC software vendors maintain their lead.** Thirty-six percent of respondents plan on spending more with voice of the customer software vendors in 2018, which is slightly more than the percentage that plan on increasing their spending with chat bot vendors.

- **Chat bot vendors have the most momentum.** We looked at what percentage of companies who are currently using vendors plan to increase their spending with those vendors. Fifty-four percent of companies that are now spending on chat bot vendors plan to spend more with these vendors in the next year, the largest percentage for any vendor.

- **Spending on consultants increases the most.** Companies plan to spend more with most types of vendors in 2018, with the exception of experience design agencies and CX training vendors. The percentage of companies who plan to spend more with CX consultants increased the most, going up by six 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

Vendor	Significantly MORE	Somewhat MORE	About the same		
Voice of the customer software vendors	10%	26%	44%	6%	15%
Chat bot vendors	8%	27%	28%		34%
Customer experience consultants	23%		39%	10%	25%
Text analytics vendors	6%	21%	47%		24%
Market research firms		24%	59%	6%	10%
Predictive analytics vendors		21%	41%		33%
Speech/voice analytics vendors	6%	18%	37%		39%
Experience design agencies	17%		44%		31%
CX training vendors		18%	43%	6%	32%

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

■ 2018 ■ 2017 ■ 2016

Vendor	2018	2017	2016
Voice of the customer software vendors	35%	30%	23%
Chat bot vendors	35%	N/A	N/A
Customer experience consultants	27%	21%	22%
Text analytics vendors	26%	24%	20%
Market research firms	25%	21%	17%
Predictive analytics vendors	24%	27%	19%
Speech/voice analytics vendors	23%	19%	17%
Experience design agencies	21%	26%	15%
CX training vendors	19%	21%	12%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2015, Q4 2016, and Q4 2017
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6) Focus on CX Across Interaction Channels in 2018

We asked respondents how much effort they expect their organization to put into improving eight customer experience interaction channels in 2018.
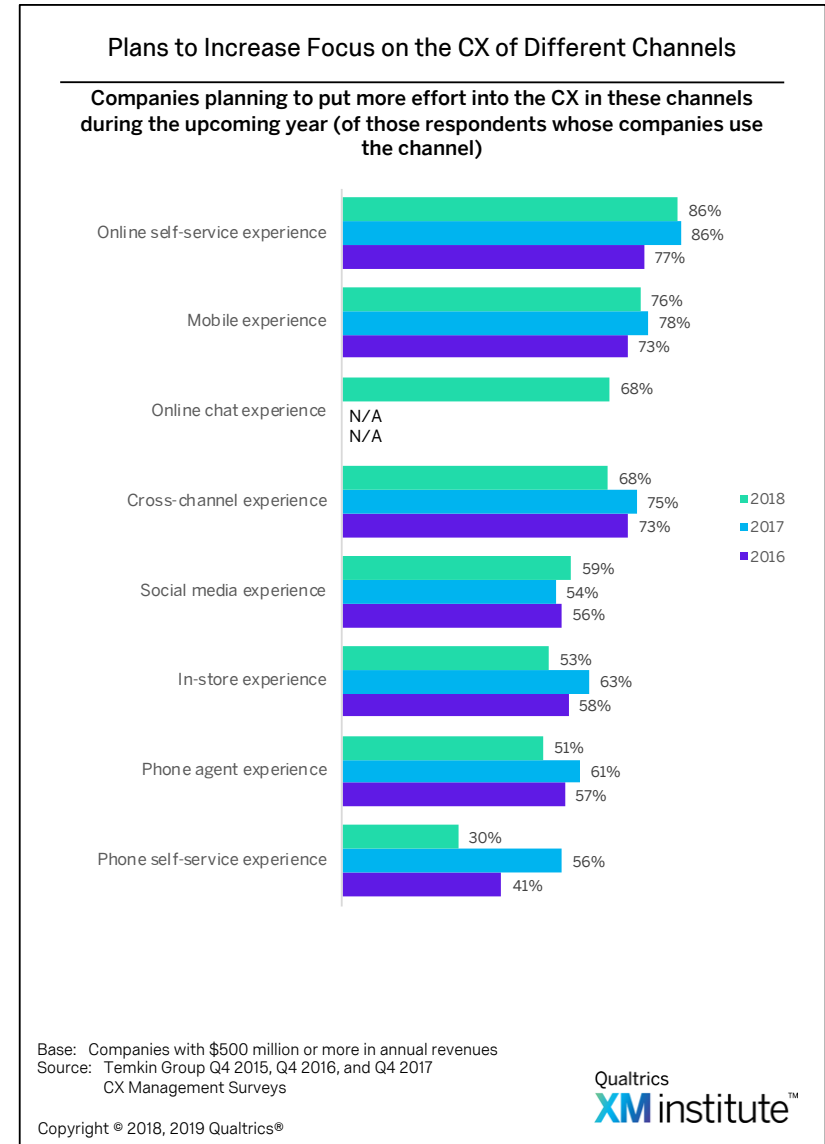
- **Online self-service is the most important.** Eighty-three percent of respondents plan on spending "somewhat" or "significantly" more on their online self-service experiences, making it the channel companies are most keen to improve.

- **Mobile experience are close behind.** Seventy-three percent of respondents expect to focus more mobile experiences, while 64% plan to concentrate more on cross-channel experiences.

- **Phone self-service is the least important.** Only 24% of respondents expect to increase their focus on phone self-service interactions in 2018, the lowest of any area.

Focus on CX Across Interaction Channels in 2018

Compared to 2017, how much effort will your organization put into improving the customer experience for the following customer interactions in 2018?

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

Channel	Significantly MORE	Somewhat MORE	About the same
Online self-service experience	43%	40%	12%
Mobile experience	28%	45%	22%
Cross-channel experience	23%	41%	30%
Online chat experience	22%	34%	24%
Social media experience	9%	48%	39%
Phone agent experience	14%	35%	39%
In-store experience		21%	18%
Phone self-service experience	5%	19%	49%

Base: 145 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 into improving eight customer interaction channels in 2018. 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.
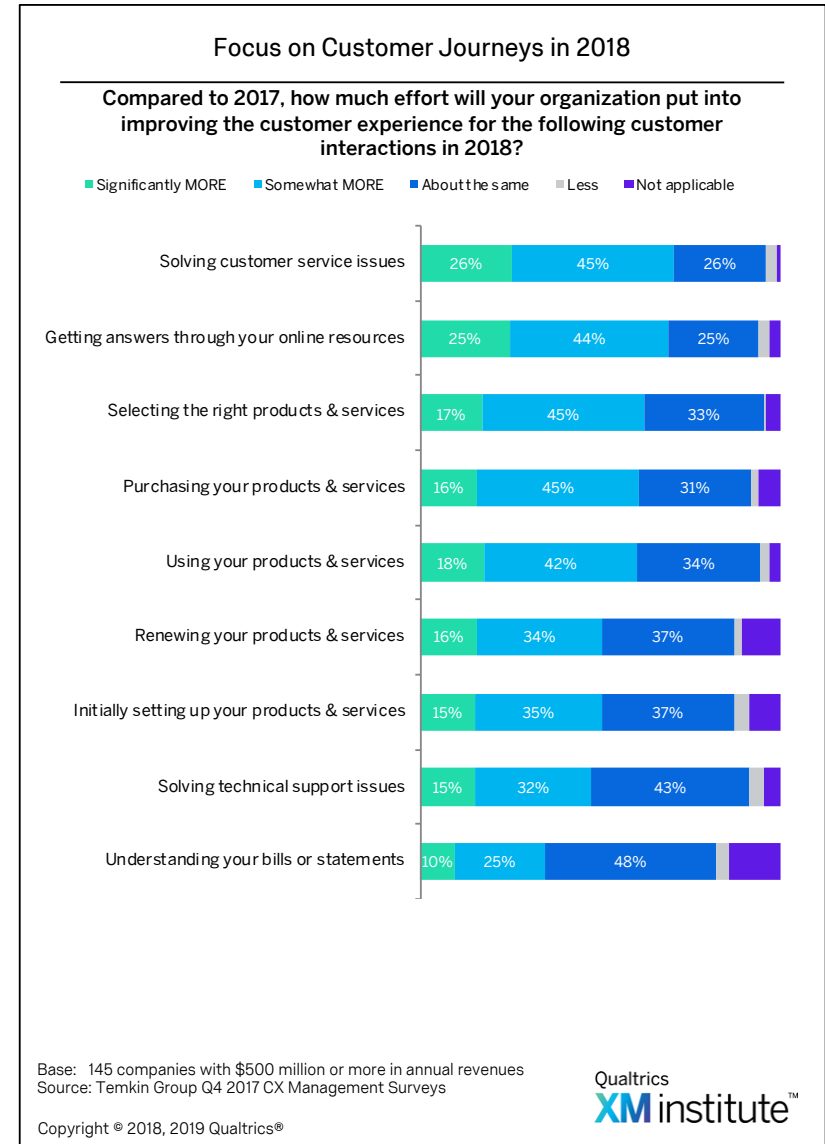
- **Online self-service continues to lead.** Over all three years, the highest percentage of companies have expected to focus on their web experience.

- **Social media increases the most.** The percentage of companies who plan to focus more on the social media experience has increased from 54% for 2017 to 59% for 2018, the largest increase of any channel.

- **Phone self-service has seen a decline.** Phone self-service saw the largest decrease between 2017 and 2018, falling by 26 percentage-points over the past year.

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	2018	2017	2016
Online self-service experience	86%	86%	77%
Mobile experience	76%	78%	73%
Online chat experience	68%	N/A	N/A
Cross-channel experience	68%	75%	73%
Social media experience	59%	54%	56%
In-store experience	53%	63%	58%
Phone agent experience	51%	61%	57%
Phone self-service experience	30%	56%	41%

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2015, Q4 2016, and Q4 2017
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8) Focus on Customer Journeys in 2018

We asked respondents how much effort they expect their organization to put into improving nine customer journeys in 2018.
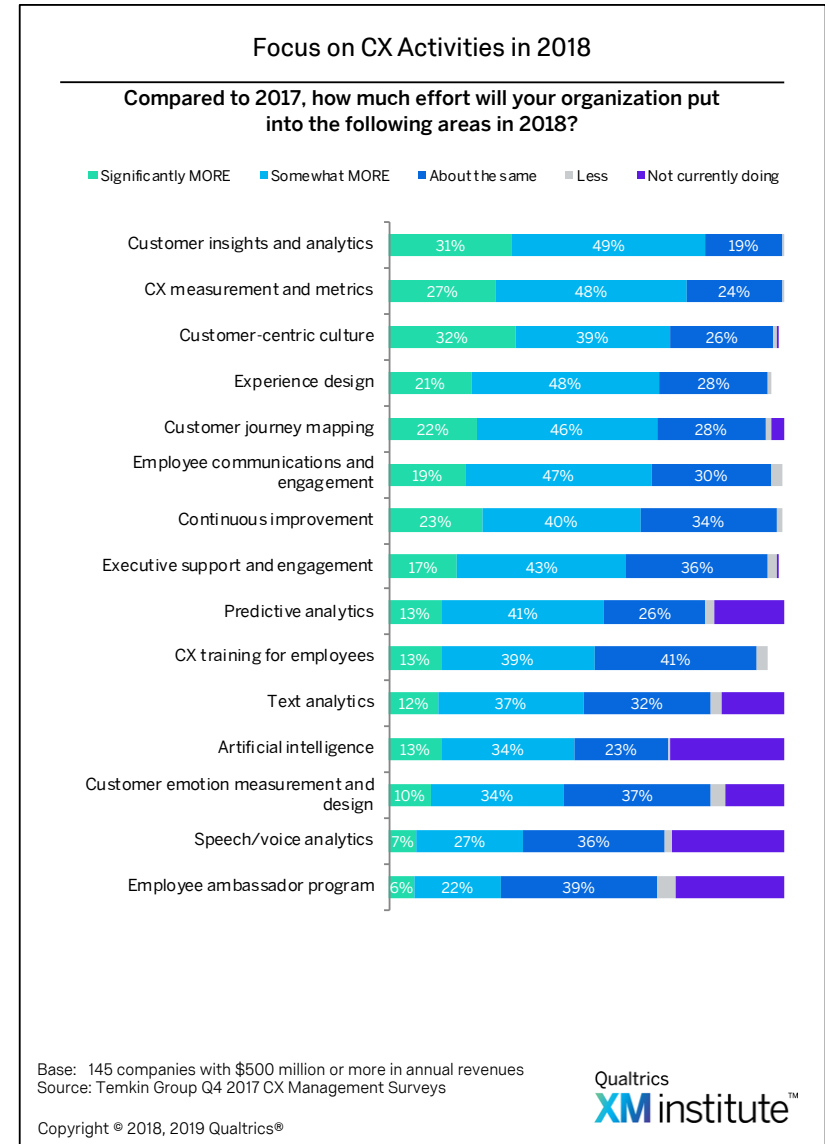
- **Customer service is the most important.** Seventy-one percent of respondents plan on spending "somewhat" or "significantly" more on customer service interactions, making it the journey companies are most eager to improve.

- **Online answers is close behind.** Sixty-nine percent of respondents expect their organizations to focus more on helping customers get answers through their online resources.

Focus on Customer Journeys in 2018

Compared to 2017, how much effort will your organization put into improving the customer experience for the following customer interactions in 2018?

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

Journey	Significantly MORE	Somewhat MORE	About the same
Solving customer service issues	26%	45%	26%
Getting answers through your online resources	25%	44%	25%
Selecting the right products & services	17%	45%	33%
Purchasing your products & services	16%	45%	31%
Using your products & services	18%	42%	34%
Renewing your products & services	16%	34%	37%
Initially setting up your products & services	15%	35%	37%
Solving technical support issues	15%	32%	43%
Understanding your bills or statements	10%	25%	48%

Base: 145 companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2017 CX Management Surveys

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9) Focus on CX Activities in 2018

We asked respondents how much effort they expect their organization to put into improving 15 customer experience management activities in 2018 compared with 2017.
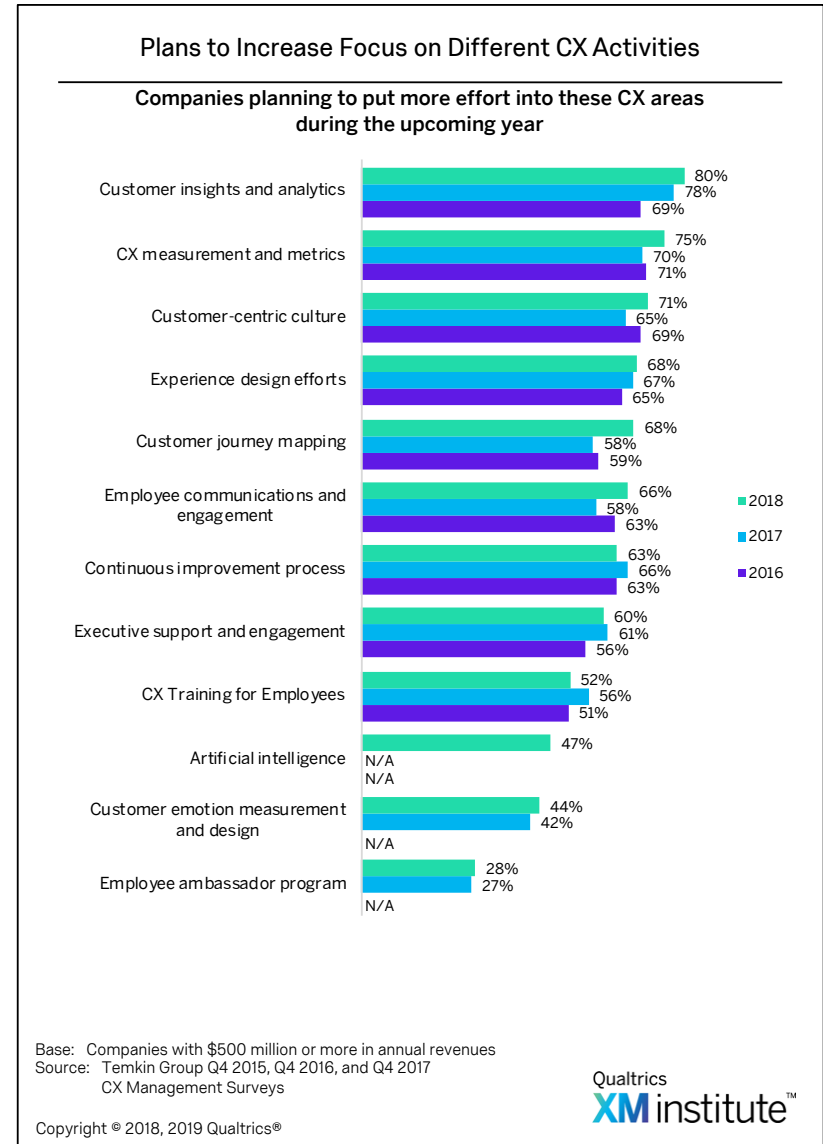
- **Companies will focus more on CX activities in 2018.** For each of the 15 customer experience activities we looked at, a much higher percentage of companies are planning to increase their focus in that area than decrease their focus in that area.

- **Insights and analytics will get the most attention.** Eighty percent of companies reported that they will put at least "somewhat more" effort into customer insights and analytics in 2018.

Focus on CX Activities in 2018

Compared to 2017, how much effort will your organization put into the following areas in 2018?

■ Significantly MORE ■ Somewhat MORE ■ About the same ■ Less ■ Not currently doing

Activity	Significantly MORE	Somewhat MORE	About the same
Customer insights and analytics	31%	49%	19%
CX measurement and metrics	27%	48%	24%
Customer-centric culture	32%	39%	26%
Experience design	21%	48%	28%
Customer journey mapping	22%	46%	28%
Employee communications and engagement	19%	47%	30%
Continuous improvement	23%	40%	34%
Executive support and engagement	17%	43%	36%
Predictive analytics	13%	41%	26%
CX training for employees	13%	39%	41%
Text analytics	12%	37%	32%
Artificial intelligence	13%	34%	23%
Customer emotion measurement and design	10%	34%	37%
Speech/voice analytics	7%	27%	36%
Employee ambassador program	6%	22%	39%

Base: 145 companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2017 CX Management Surveys

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10) Plans to Increase Focus on Different CX Activities

We asked respondents how much effort they expect their organization to put into improving 15 customer experience management activities in 2018 compared with 2017, and then we compared their answers with survey results from the previous two years.
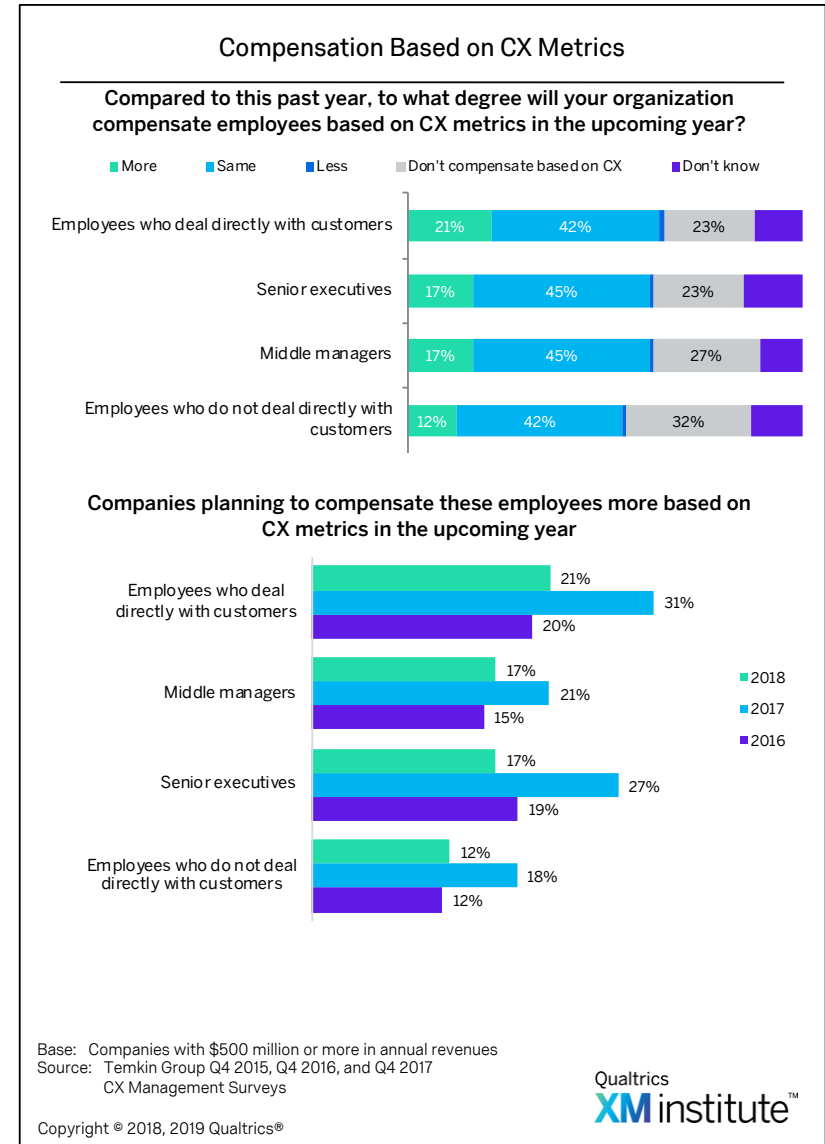
▪ **Customer insights and analytics remains the highest.** The percentage of companies planning to focus more on insights and analytics remained the highest from last year and has increased each year we've looked at it.

▪ **Customer journey mapping increased the most.** Sixty-eight percent of respondents plan on increasing their focus on customer journey mapping, a 10 percentage-point increase from 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	2018	2017	2016
Customer insights and analytics	80%	78%	69%
CX measurement and metrics	75%	70%	71%
Customer-centric culture	71%	65%	69%
Experience design efforts	68%	67%	65%
Customer journey mapping	68%	58%	59%
Employee communications and engagement	66%	58%	63%
Continuous improvement process	63%	66%	63%
Executive support and engagement	60%	61%	56%
CX Training for Employees	52%	56%	51%
Artificial intelligence	47%	N/A	N/A
Customer emotion measurement and design	44%	42%	N/A
Employee ambassador program	28%	27%	N/A

Base: Companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2015, Q4 2016, and Q4 2017
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11) 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 2018.

- **Compensation based on CX metrics is rising.** Across all employee groups, at least 12% of respondents expect their company to increase compensation based on CX metrics, while only 1% expect to see their company decrease compensation based on these metrics.

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

- **Compensation momentum is decreasing.** Compared to last year, the percentage of companies that are planning to increase compensation based on CX metrics has gone down across all employee groups.

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	21%	42%	23%
Senior executives	17%	45%	23%
Middle managers	17%	45%	27%
Employees who do not deal directly with customers	12%	42%	32%

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

	2018	2017	2016
Employees who deal directly with customers	21%	31%	20%
Middle managers	17%	21%	15%
Senior executives	17%	27%	19%
Employees who do not deal directly with customers	12%	18%	12%

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

We compared companies whose CX programs had a "moderately positive" to "significantly positive" impact on their business with those whose CX programs were less successful. We found that companies whose CX programs had a more positive impact:

- **Performed better financially.** Seventy percent of these companies reported a higher financial performance than their industry peers in 2017, compared with 57% of other firms.

- **Have more CX employees.** Fifty-one percent of firms have an average of 11 or more full-time customer experience employees, compared with 22% at other companies.

- **Will focus more on online chat.** Eighty percent of these companies plan to improve online chat, compared with 58% of other respondents.

- **Will focus more on new customers.** Seventy-one percent of these firms plan to improve how customers initially use their products, compared with 42% of other respondents.

- **Will focus more on experience design.** Seventy-nine percent of these firms plan to focus more on experience design, compared with 60% of other firms.

- **Spend more on speech analytics.** Thirty-five percent of these firms plan to spend more money on speech analytics, compared with 15% 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 2017	Report slightly positive, negative, or no impact from CX efforts in 2017
Plan to spend more on CX in 2017	70%	57%
Full-time CX employees:		
Have 11 or more FTEs	51%	22%
Plan to add 3 or more FTEs in 2018	29%	16%
Plan to focus more on improving these channels in 2018:		
Online chat experience	80%	58%
In-store experience	63%	45%
Cross-channel experience	77%	61%
Plan to focus more on improving these customer journeys in 2018:		
Initially setting up your products & services	71%	42%
Selecting the right products & services	77%	55%
Renewing your products & services	68%	47%
Plan to focus more on these CX activities in 2017:		
Experience design	79%	60%
Customer-centric culture	81%	63%
Executive support and engagement	70%	52%
Plan to spend more money with these vendors in 2018:		
Speech/voice analytics vendors	35%	15%
Chat bot vendors	46%	27%
Predictive analytics vendors	33%	17%

Base: 145 companies with $500 million or more in annual revenues
Source: Temkin Group Q4 2017 CX Management Surveys

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