

What is customer experience management (CEM or CXM)?

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Positive customer experiences can boost both a company's reputation and bottom line, but negative ones can have the opposite effect. Crafting and implementing a customer experience management strategy is essential. This guide explores techniques and tools that can help organizations construct and implement an effective customer experience management plan.

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What is customer experience management (CEM or CXM)?

DON FLUCKINGER, SENIOR NEWS WRITER

Customer experience management -- often referred to as either CEM or CXM -- is the collection of processes a company uses to track, oversee and organize every interaction between a customer and the organization throughout the customer lifecycle.

CRM VS. CXM

While CXM may look similar to [customer relationship management](#) (CRM) strategy and software, there are [key differences when comparing CRM vs. CXM](#), one being perspective: CRM shows what a customer looks like to the company, and CEM defines what a company looks like to the customer. CEM is a strategy that puts business customers at the center of marketing, sales and customer support in order to drive brand loyalty and repeat business.

CEM programs heavily rely on voice of the customer programs that quantify customer sentiment about their experiences with a company. Over time, a CX management program will adjust elements of the customer experience that generate negative feedback to correct those perceptions.

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CRM strategy, however, focuses on sales and outreach to customers from the company's perspective of capturing more revenue. Typically, this sales-oriented system -- which sometimes integrates with customer service and support -- requires major digital transformation to support an overall CEM program.

WHY IS CXM IMPORTANT?

[Customer experience](#) with a brand contributes to customer perceptions and sales. It can be both positive when done well and negative when some elements of CXM are left unattended.

There are a variety of benefits to implementing a CXM strategy:

- **Customer retention costs less than acquisition.** Studies indicate that a 5% [increase in customer retention can result in a 25% increase in profit](#). This happens for numerous reasons, but mainly because a retained customer avoids the costs of acquiring a new customer, and satisfied customers tend to order more.
- **Customer feedback drives improvement.** [Voice of the customer](#) data, in the form of web surveys and mobile app feedback as well as phone and chat conversations, provides a blueprint to improve customer experiences and retain customers.
- **Happy employees project a better brand experience to the customers.** Studies show that there is a strong link between employee experience and customer experience.

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Companies with the best customer experience concentrate on measuring voice of the employees data with an eye toward improving their experience and retention.

- **Contented, loyal customers voluntarily endorse a company's brand to peers.** Customer endorsement can often weigh more heavily in buying decisions than advertising or marketing efforts.
- **Measuring customer sentiment yields information about competitors.** Customers compare brands when making their decisions and offering feedback. Knowing this information can help a company position itself favorably against a rival.

HOW TO CREATE A GOOD CUSTOMER EXPERIENCE

CEM requires companies have a [360-degree view](#) of customers, with integrated, up-to-date data on customer accounts. There are four critical steps to creating a successful customer experience strategy:

- **Understand your customer.** The first step in [building a customer strategy](#) is understanding customers' needs and behaviors. CX teams can develop customer profiles to understand how to market to target customers. Then they can implement [customer segmentation](#) based on factors such as age, interests and spending habits.
- **Create a customer vision.** Next, CX leaders should [create a customer journey map](#). This helps to identify customer touchpoints and anticipate how customers will interact with the product or service. Customer journey maps can often help CX teams to boost customer retention in the long term.

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- **Develop an emotional connection.** This involves creating a brand personality that evokes emotions and connections for a customer and helps establish a relationship between the customer and the company.
- **Capture customer feedback.** It is important to measure [customer satisfaction](#) in real time. Customer feedback can help the company track customer perceptions, enable quality monitoring and [measure the success of the customer experience strategy](#).

Brands must assemble a CX team to execute those steps. [CX teams include a number of roles](#), many of which are new to many companies. These roles may include a chief customer officer, a chief experience officer and several [CX managers](#). Analysts often report to the CX managers or executives to manage the data projects involved and act as a liaison between the CEM team and other departments -- such as marketing, customer service, sales and IT. Together, this team should monitor and develop a consistent, [continually improving customer experience](#).

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Customer experience management

Successful customer experience management requires a 360-degree view of customers, with integrated, up-to-date data on customer accounts.

Here are four critical steps:

- 1 Understand your customers
- 2 Create a customer journey map
- 3 Develop an emotional connection to your brand
- 4 Capture customer feedback to track customer satisfaction

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THE CUSTOMER EXPERIENCE JOURNEY

[Chief experience officers](#) are accountable for customer experience at every customer touchpoint with a company. To understand where those touchpoints are, it's imperative to

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draw a [customer journey map](#), which reveals the many interactions customers have with a brand. At minimum, the map will have four sections:

- **Research.** This is where the customer discovers a company, often on the web, via advertising or through third parties -- such as consultants, colleagues or social media acquaintances.
- **Comparison.** Here is where customers find out who a brand's competitors are, research user perception, functions, capabilities, cost and other attributes of all the competing products.
- **Purchase.** This part of the journey is the big business win, but it's just the beginning of customer retention and loyalty building.
- **Support.** The customer service and support teams that come into play after a sale are where loyalty and repeat sales begin. If these teams are not well conceived, they can break the customer experience and send customers to competitors.

A key component of [building effective customer journey maps](#) is the development of [customer personas](#). Once a company knows the main archetypes of its customer base from developing smart market segments, it can plug the typical personas into the journey map to show how to build a customer experience that caters to each one.

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Customer journey map

STAGE	Awareness	Consideration	Decision	Service	Loyalty
CUSTOMER ACTIONS	View online ad, see social media campaign, hear about from friends	Conduct research, research competitors, compare features and pricing	Make a purchase	Receive product/service, contact customer service, read product/service documentation	Make another purchase, share experience
TOUCHPOINTS	Traditional media, social media, word of mouth	Word of mouth, website, social media	Website, mobile app, phone	Phone, chatbot, email	Word of mouth, social media, review sites
CUSTOMER EXPERIENCE	Interested, hesitant 	Curious, excited 	Excited 	Frustrated 	Satisfied, excited 
KPIs	Number of people reached	New website visitors	Conversion rate, online sales	Product reviews, customer service success rate, waiting time	Retention rate, customer satisfaction score
BUSINESS GOALS	Increase awareness, interest	Increase website visitors	Increase conversion rate, online sales	Increase customer service satisfaction, minimize wait time	Generate positive reviews, increase retention rate
TEAM(S) INVOLVED	Marketing, communications	Marketing, communications, sales	Online development, sales, marketing, customer service	Customer service, customer success	Online development, customer service, customer success

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CXM CHALLENGES

[Four main obstacles](#) get in the way of good customer experience:

- **Not enough voice of the customer data.** A company can't accurately measure customer experience without large data sets, and it can't solve customer experience problems it doesn't know about.
- **Lack of omnichannel support.** When brands cannot listen to or help customers in the channels they are interacting within -- whether through email, social media, web chat, mobile apps or smart speakers -- customers can't make their wants and needs known. Customers that do not feel heard are more likely to switch to a competitor.
- **Ignoring qualitative data.** Brands should harvest and analyze individual comments in survey free-text fields, which can yield much deeper understanding of customer experience issues that need solving than numbered ratings can. Qualitative data can also give rise to new ideas for improving overall experience.
- **Poor internal communications.** A CX team must do its homework by analyzing the customer journey, [building voice of the customer programs](#) and collecting voice of the customer data to create better experiences. Those initiatives won't work, however, unless CX leaders distribute that information in an understandable way to stakeholders in sales, marketing, customer support and senior leadership.

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MANAGEMENT TECHNIQUES AND STRATEGIES

Managing customer experience along the entire customer journey requires the following:

- **Generating content.** Supporting research, marketing pieces and [sales enablement](#) content will give each team ways to prove value to customers. To take that a step further, brands should consider [personalizing customer-facing content](#), as well -- from emails and text messages to website content and mobile apps -- to improve relevancy and customer engagement.
- **Evaluating customer sentiment.** CX teams should [collect voice of the customer](#) data throughout the entire journey to identify where to improve experiences. It's not enough to simply have that data; brands should understand customer emotions [through customer sentiment analysis](#) tools and techniques.
- **Creating customer personas and marketing segments.** Different groups of customers have different needs. Brands should build a consistent, engaging experience through addressing and anticipating customers' specific needs.
- **Investing in customer loyalty programs.** Frequent customers want to be acknowledged with savings and perks -- and customer loyalty programs deliver that. Well-executed programs drive upsell revenue as well.
- **Evaluating customer touchpoints.** It's important for a brand to know where its customers make their purchasing decisions -- and when they are most likely to flee to its competitors -- to continually refine their customer experience.
- **Analyzing customer data.** Chief experience officers must work through voice of the customer data with [customer analytics](#) tools to iterate constant improvements based on customer feedback.

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Comparing CRM to CX

Companies around the world are taking the CRM vs. CX distinction seriously as the new C-suite role of chief experience officer takes on increasing significance.

CUSTOMER RELATIONSHIP MANAGEMENT	CUSTOMER EXPERIENCE
<ul style="list-style-type: none">• CRM encompasses the practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle.• Improves customer service relationships, assists in customer retention and drives sales growth.• Compiles customer data across different channels, including company websites, telephone, live chat, direct mail, marketing materials and social media.• Gives customer-facing staff detailed information on customers' personal information, purchase history, buying preferences and concerns.• Consolidates customer information and documents into a single CRM database so business users can more easily access and manage it.• Additional functions include AI; analytics; geolocation; marketing, sales force, contact center and workflow automation; and lead and HR management.	<ul style="list-style-type: none">• CX is the perception of a customer after engaging with a company, brand, product or service.• CX management is the collection of processes to track, oversee and organize every interaction between a customer and the company throughout the customer lifecycle.• CX rapidly expands the vision of the optimized customer journey beyond conversion and sales and into all enterprise silos and channels.• Requires a 360-degree view of customers, with integrated, up-to-date data on customer accounts and data analytics tools to sell to customers in a more personalized fashion.• Four critical steps in a successful CX strategy include understanding customer needs, creating a customer vision, developing an emotional connection and capturing customer feedback.• Leading CRM/CX software vendors now lean heavily toward crafting a personalized customer experience.

ILLUSTRATION: GUY HARVEY/ISTOCK

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CXM SOFTWARE

A customer experience management strategy isn't complete without the appropriate technologies to support it. Here are the major [technologies involved with customer experience management](#).

Customer experience management platforms. Many cloud software vendors, such as Salesforce, Microsoft, Oracle and SAP, have [platforms to manage customer experience](#) from end to end. These platforms center around four major components:

- **CRM.** A CRM is crucial for sales and marketing agents to access and manage customer information. It generally pulls data in from a variety of channels and touchpoints, which prevents customers from needing to repeat information.
- **Marketing automation.** [Marketing automation](#) software increases marketing efficiency and eliminates repetitive tasks. Marketing automation tools can include lead management, customer segmentation and campaign management.
- **E-commerce.** An e-commerce platform enables companies to build an online storefront with capabilities such as checkout, product catalogs and integration with payment processing.
- **Customer service.** Most CXM platforms offer a way for customer service teams to communicate with customers through omnichannel interactions. Some platforms also offer self-service, allowing customers to solve their own problems via chatbots, product documentation and other options, if possible.

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Other customer experience management platforms -- from vendors such as Adobe, Pegasystems, Episerver and Acquia -- offer integrated parts of the customer experience stack. These vendors are often adept in one or a few parts of the digital experience -- Adobe for marketing, customer analytics and e-commerce; Pegasystems for process management, customer service and more -- but weak or incomplete in other areas. Adobe, for example, doesn't offer a CRM component. Using these platforms often requires a mixed-vendor environment to complete the customer experience technology stack. Incidentally, that's a more common configuration than the single-vendor shop.

Some companies may benefit from building their customer experience technologies from a foundation of software they're already using. For example, a manufacturing company that tracks its international supply chain and distributors with an SAP ERP system may find that integrating SAP customer experience tools will be more straightforward than starting from scratch with another vendor.

Other important [customer experience tools](#) include the following:

- **Personalization engines.** A foundational [technology for customer experience programs](#) beyond sales and service tools is personalization engines, which automate communications to customers on a one-to-one basis. Personalization strategies [include new technologies](#), such as mobile marketing, location-based services and beacons, which help companies identify where customers are and market to them in

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real time. In some cases, the data can help companies give consumers pointed information that may or may not be related to a discrete purchase. For example, a stadium might use location-based services to inform consumers about which concession stand is proximal and less-busy. Personalization is important for all companies, but more so for companies with large numbers of customers that stretch beyond the human staff's capacity to tailor personal messages and offers.

- **Automation tools.** Artificial intelligence can improve CX in areas other than marketing. [AI automation tools](#) can be a boon to managing customer experience, quickly performing low-level tasks so humans in customer service and fulfillment can concentrate on solving more complicated issues.
- **Contact center software.** Contact centers handle all outbound and inbound calls, but modern call center software goes beyond that, integrating speech analytics, advanced reporting and call routing.
- **Voice of the customer software.** VoC software extracts customer data from all channels, integrating with a company's contact center and digital interactions to create a nuanced view of customers' feelings and feedback.
- **Emotional analytics.** These tools gauge whether customers benefit from their interactions with the brand. [Emotional analytics software](#) can help analyze the success of a variety of operations that are related -- but potentially tangential to -- customer service, such as inventory management or supply chain management.
- **Knowledge management.** These systems are also important tools for seamless customer service. Agents can use knowledge management systems to look up product information and customer interactions with other products. Agents can also combine this information with customer data and inventory information to provide customers with account information, product education and inventory.

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