

# 2017 Digital Customer Experience Survey

As Digital Transformation Treks Along,  
Customer Experience Leads the Way



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# Executive Summary

**The pace of technology** is making digital transformation, like life, more about the journey than a destination. Customer expectations are always changing, rising higher and higher with each last great brand interaction. The technologies that support those interactions also have to continually evolve to support the growing ways customers connect with your brand — whether they're seeking support on social media, or using a mobile app to find out how their latest email campaign performed.

This is SMG/CMSWire's third year conducting our digital customer experience (DX) survey, and we've uncovered the latest data on where companies are in their digital transformation journey, the role of digital customer experience, the biggest challenges in delivering effective experiences, and how brands across industries are measuring success. New this year, we asked participants to share their opinion on how artificial intelligence will impact the digital customer experience domain.

Our 2017 survey reveals that over the past year, digital transformation made small gains, digital customer experience continued to rise in importance, budget concerns rose significantly, and success metrics moved more closely in line with business goals.

## Key findings include:

- ▶ Digital customer experience continues its climb up the priority ladder, with 91 percent stating that it is important to extremely important.
- ▶ The major reasons companies invest in digital customer experience are to improve customer success and customer service (72 percent), differentiate against competitors (52 percent), and to strengthen brand value (49 percent).
- ▶ In line with their goals to improve customer success and customer service, most companies measure their experience achievements using customer satisfaction (CSAT) (40 percent), customer retention (slightly less than 40 percent) and engagement metrics (37 percent).
- ▶ The top three challenges to delivering digital customer experiences are budget constraints (48 percent), siloed systems and customer data (35 percent), and technology limitations (32 percent).
- ▶ The biggest drivers of investment in digital experience are analytics and dashboarding (49 percent), marketing and experience automation (40 percent), and data management and integration (40 percent).
- ▶ Participants noted the following business apps as the most strategic to integrate with their CMS/DX platform: CRM (55 percent), marketing automation (44 percent) and customer data management (37 percent).

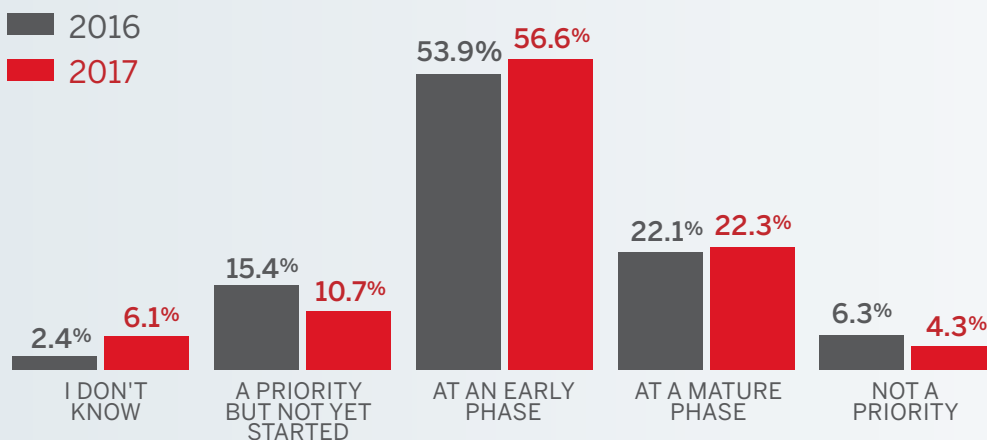
## SECTION 1

# The Twists and Turns of Digital Transformation

While most companies likely see the urgency in moving forward with digital transformation, this year's survey results show little movement on the maturity curve. For example, the number of companies that state they're at a mature phase in their transformation journey has held steady at about 22 percent. The number noting they're at an early phase increased slightly to 57 percent, up just 3 percent from last year.

Further down the curve, we also see small signs of progress. In 2016, about 15 percent of respondents named digital transformation as a priority, but had not yet begun the process. This year, that number dropped to about 11 percent, suggesting that some companies have moved on to the early phase. The number of participants who state digital transformation isn't a priority has also dropped slightly over the last year.

**How would you rate the current state of your organization's digital transformation?**



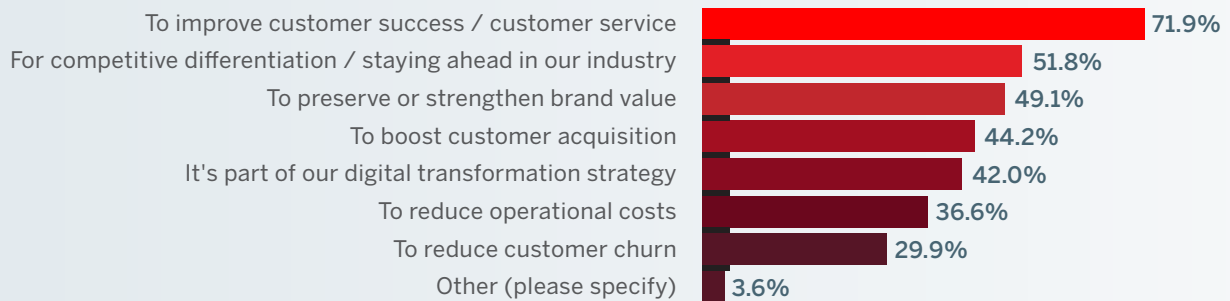
## Importance of Digital Customer Experience Continues to Rise

Given that customer experiences are today’s competitive differentiators, it’s no surprise that more companies this year place digital customer experience at the top of their priority list (36 percent), inching up from about 32 percent in 2016. The number of companies that consider customer experience a key component of future success remains at 34 percent, similar to last year.

Interestingly, there was a slight increase in the number of respondents stating that they don’t consider digital customer experience a priority, moving up to 3 percent compared with only 1 percent in 2016. It’s possible that some companies have already made significant advances in customer experience, and have moved on to other priorities.

See Appendix. Figure 1.

### Why is digital customer experience (DCX) a priority for your organization? Choose all that apply.



Overwhelmingly, companies invest in digital customer experience to improve customer success and customer service (72 percent), differentiate against competitors (52 percent) and strengthen brand value (49 percent).

Companies also look to digital customer experience to boost customer acquisition (44 percent), fuel their digital transformation strategy (42 percent), reduce operational costs (37 percent) and reduce customer churn (30 percent). Note that for this year's survey, we consolidated some options for clarity, as well as added a new choice for customer acquisition.

### Top Challenges in Creating Digital Customer Experiences

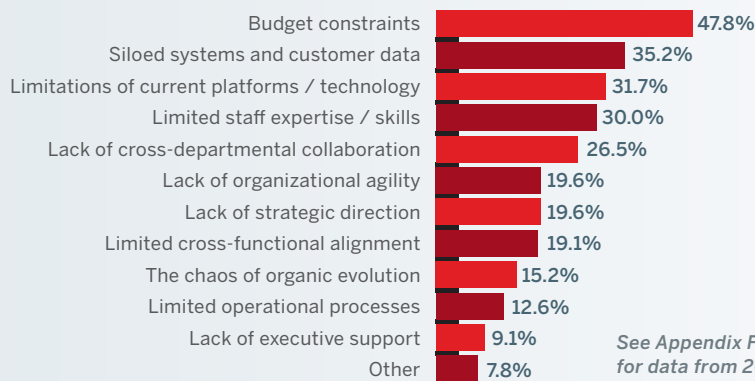
This year, companies are feeling the financial squeeze, as budget constraints have now become the top challenge in developing digital customer experiences (48 percent). The rise of budget challenges could be due to increased pressure to deliver ROI for digital experience initiatives, or the lack of a dedicated customer experience budget to fund those initiatives.

Other significant challenges include siloed systems and customer data (35 percent), technology limitations (32 percent) and limited staff expertise (30 percent).

Last year's top challenges—including lack of strategic direction and limited operational processes—have moved down the list, suggesting that companies are beginning to get their digital customer experience strategies and processes in place. Now that it's time to execute, technology and financial issues appear to be on the rise.

2017

#### What are your organization's top three digital customer experience (DCX) challenges?



See Appendix Figure 1.5 for data from 2016.

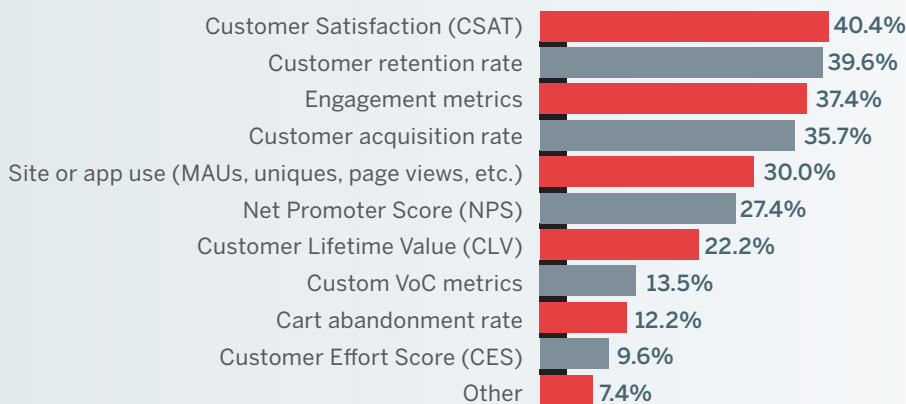
## How Organizations Measure DX Success

There are some promising developments in how businesses measure the success of their digital customer experience initiatives. While site traffic was named the No. 1 metric in 2016, this year customer-centric metrics have risen to the top, demonstrating tighter alignment between business goals and measurement.

In line with their goals to improve customer success and customer service, most companies (40 percent) measure their achievements using customer satisfaction (CSAT), customer retention (slightly less than 40 percent) and engagement metrics (37 percent). Businesses also use metrics like customer acquisition rate (36 percent), site or app use (30 percent), Net Promoter Score (NPS) (27 percent) and customer lifetime value (22 percent).

Write-in responses include site ratings and reviews, online survey results, reduced customer service support calls and employee engagement levels. As in years past, there remain a few who either don't measure success, or have not yet defined their metrics.

### How does your organization measure DCX project success? Choose all that apply.

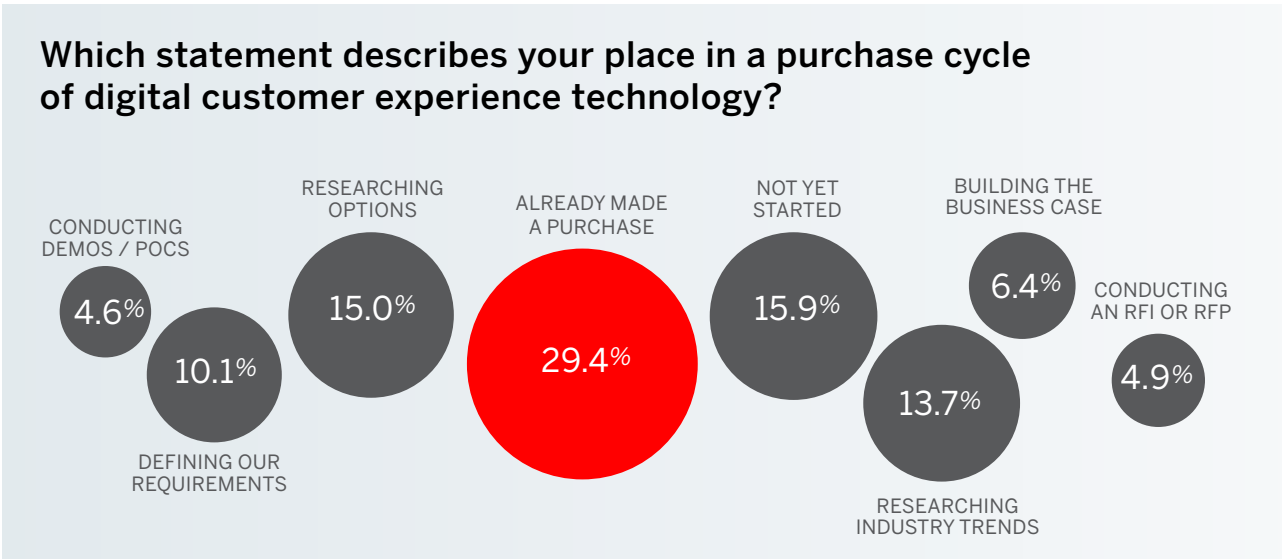


## SECTION 2

# The Digital Customer Experience Ecosystem

When it comes to purchasing DX technology, while 38 percent of this year’s respondents plan to invest in a Web CMS/DX platform in the next 12 months, 27 percent are evaluating the possibility, and about 11 percent will stay with their current platform. Almost a quarter of respondents stated they’re not sure about investment plans. See *Appendix. Figure 3.*

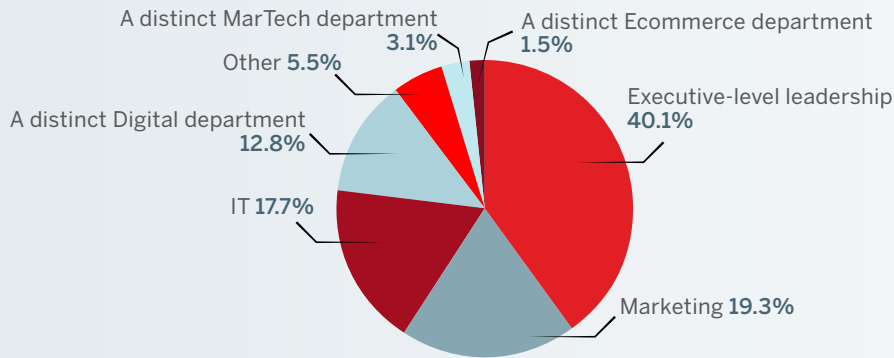
When asked where they are in the buying cycle, 29 percent have already made a purchase, while 55 percent are building requirements, researching options and building the business case. Sixteen percent state they’ve not yet begun the buying process.



Executive-level leadership (40 percent) continue to be the primary decision-makers about customer experience technology investments, followed by Marketing (19 percent) and IT (18 percent). Digital departments appear to have more pull in purchasing decisions this year, as 13 percent of respondents named digital as a



## Which department in your organization is the decision-maker for customer experience technology investments?



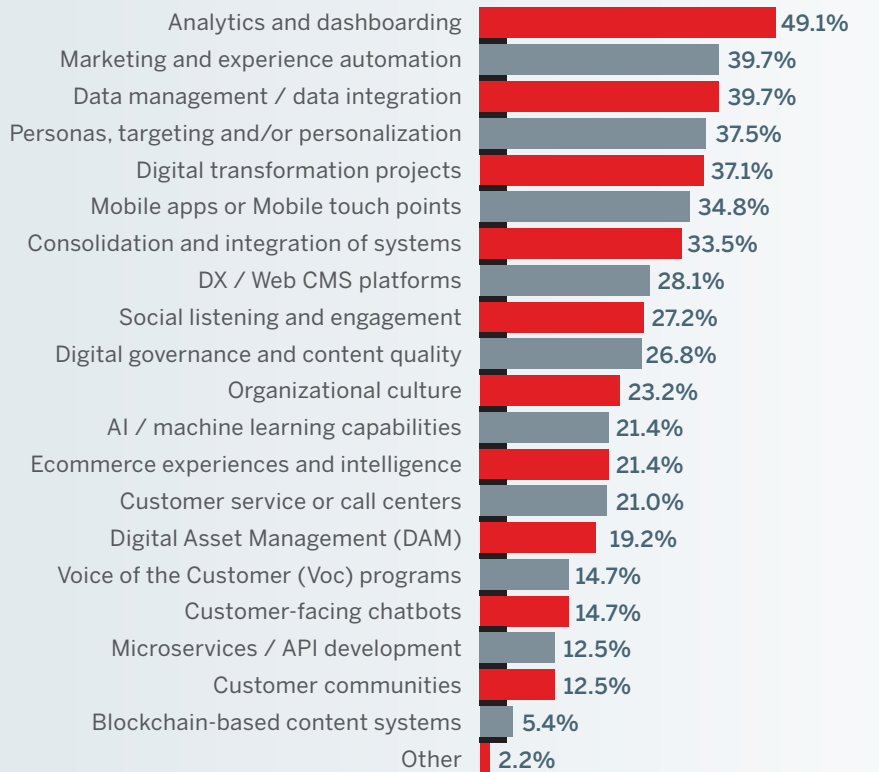
decision-maker, compared with only 5 percent in 2016. Separate research shows that more businesses are now hiring chief digital officers (CDOs), which could explain this shift in decision-making.

### What Drives DX Investment

When asked about priorities for investing in digital customer experience, almost half of all participants named analytics and dashboarding as their top priority. Marketing and experience automation, and data management/integration came in next, followed by targeting and personalization, digital transformation projects, and mobile apps and touch points.

Apart from technology itself, participants named priorities such as digital governance and content quality (27 percent), and organizational culture (23 percent). Some early adopters are prioritizing technologies such as AI and machine learning (21 percent), customer-facing chatbots (15 percent) and blockchain-based content systems (5 percent).

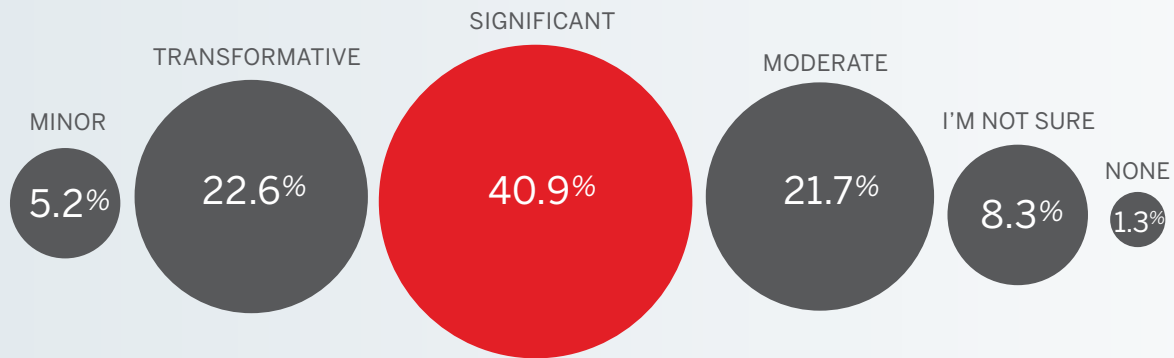
## What are your organization's current digital customer experience investment priorities? Choose all that apply.



### How Artificial Intelligence (AI) and Machine Learning Impact DX

New to this year’s survey, we wanted to know your thoughts on how emerging technologies like AI and machine learning will impact digital customer experience. Most participants (41 percent) said the impact would be significant, while 23 percent felt these technologies would be transformative. Twenty-seven percent said effects would be moderate to minor. Given the role that AI and machine learning play in personalization and other aspects of the customer experience, it will be interesting to see how these predictions play out in the coming year.

## What impact do you expect artificial intelligence and machine learning to have on DCX over the next 2-5 years?



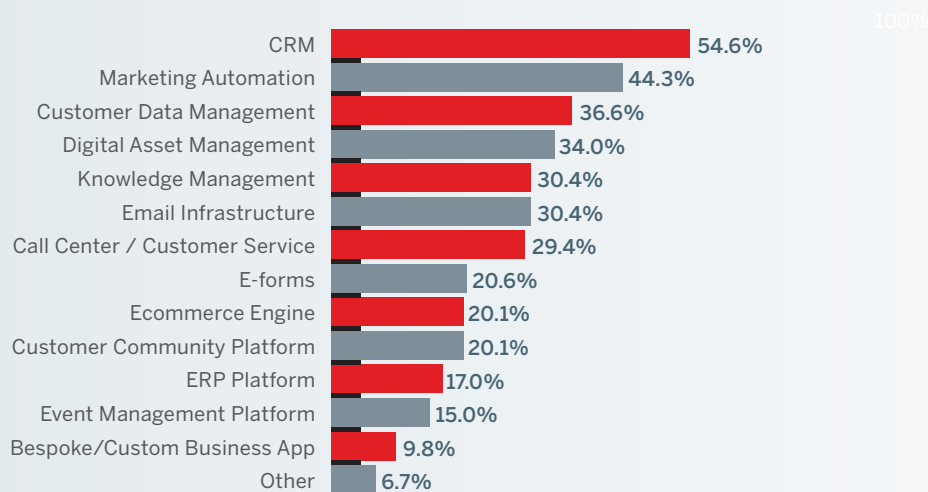
## SECTION 3

# Digital Experience Infrastructure

Turning to the infrastructure needed to support digital experiences, we asked participants to describe their current CMS/DX platform. Most respondents (37 percent) said they use multiple platforms to manage multiple sites. However, this number is down from 50 percent in 2016, suggesting that we may be seeing some consolidation of web properties taking place. Thirty percent use a single platform to manage a single site (up six percent from last year), while 23 percent use a single platform to manage multiple sites. See Appendix. Figure 5.

Next, we asked about the most strategic business apps that businesses integrate with their CMS/DX platform. The top three responses include CRM (55 percent), marketing automation (44 percent) and customer data man-

**What are the most strategic business apps your organizations needs to integrate with your Web CMS / DX platform? Choose all that apply.**

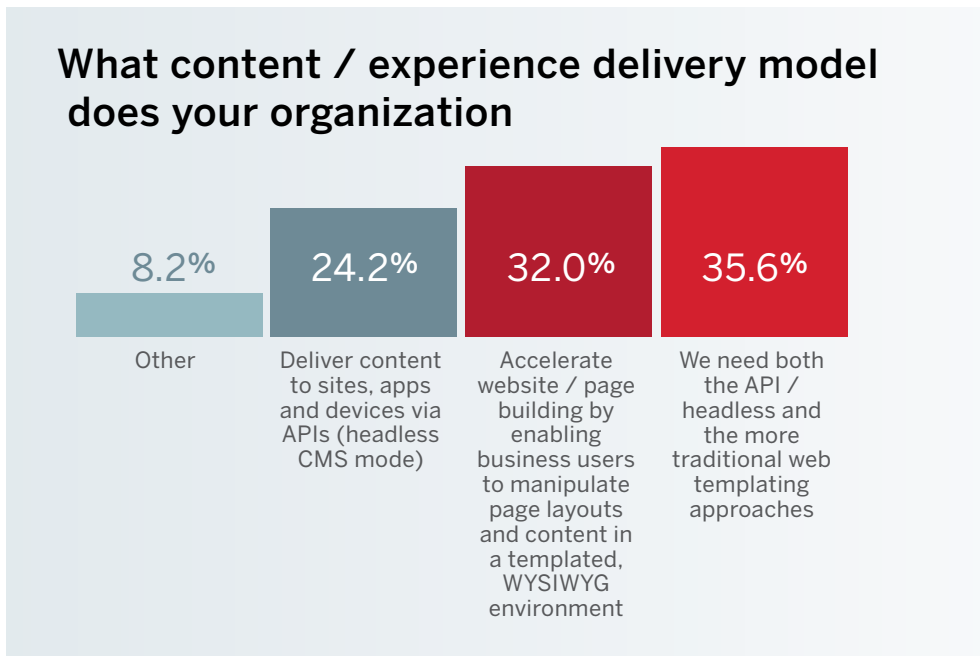


agement (37 percent)—not a surprising mix as companies continue to look for ways to get to know their customers better, and communicate with them more efficiently.

Digital asset management (34 percent), knowledge management (30 percent) and email infrastructure (30 percent) followed closely behind.

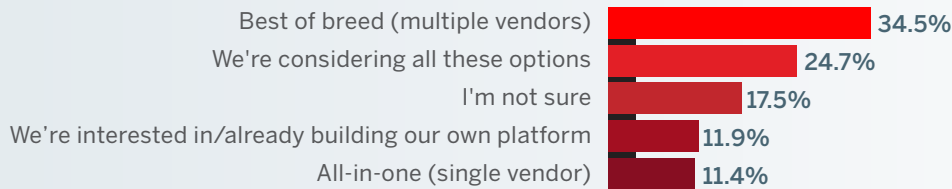
**SUPPORTING TRANSACTIONAL ECOMMERCE** We asked participants about their plans to support transactional ecommerce as part of the CMS/DX platform environment. Almost 40 percent said their platform currently supports ecommerce capabilities, while 10 percent are implementing them. About 16 percent are considering adding these capabilities, while 35 percent have no plans to do so. *See Appendix. Figure 6.*

**EXPERIENCE DELIVERY MODELS** On the content and experience delivery front, most organizations prefer a hybrid approach (36 percent) with a combination of API/headless and more traditional web templating approaches. Slightly fewer (32 percent) seek to accelerate site building by allowing users to edit page layouts and content via templates, while 24 percent prefer a headless-only CMS mode.



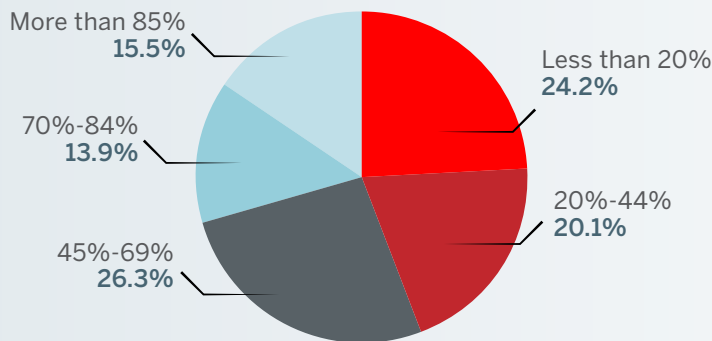
**APPROACH TO TECH STACK** The debate over the best way to implement a customer experience tech stack rages on, with 35 percent of companies using best-of-breed solutions and multiple vendors, 12 percent preferring to build their own platform, and 11 percent opting for an all-in-one, single vendor solution. Weighing their options, 25 percent are still considering which approach is best for them.

### What is your organization's general approach to implementing a CX technology stack?



**TECH STACK IN THE CLOUD** Customer experience technology is slowly making its way to the cloud. Twenty-nine percent of survey participants said that more than 70 percent of their customer experience tech stack is cloud-based. More than a quarter of respondents said that between 45 and 69 percent of their tech stack is cloud-based, while 20 percent of participants have 20 to 44 percent of their stack in the cloud. Bringing up the rear, 24 percent said that less than 20 percent of their stack is hosted in the cloud.

### What percentage of your CX technology stack is cloud-based?



## Data Privacy

Data breaches and other security issues are top of mind these days, so it's not surprising that most companies believe data privacy is important. For 38 percent of respondents, taking action on data privacy is required—an increase of 24 percent over last year. See Appendix. Figure 9. This increase is likely due to changes in data protection laws, including the EU's General Data Protection Regulation (GDPR), which takes effect May 25, 2018.

Since the GDPR affects any company that retains EU customer data, we wanted to find out how prepared our readers are for the upcoming changes. While 27 percent are researching and developing their action plan, 17 percent are in the process of implementing their plan, 10 percent have completed their plan and certified internally, and 9 percent have completed and publicly asserted compliance.

Sixteen percent of respondents said the GDPR doesn't currently affect their business, while 15 percent are unaware of the new regulation.

### Describe your current General Data Protection Regulation (GDPR) readiness.



## SECTION 4

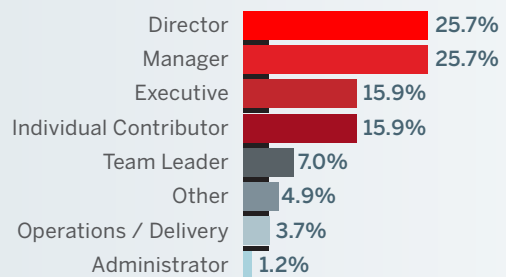
# Methodology & Respondents

SMG/CMSWire conducted this survey between September 5 and October 13, 2017. Surveys were sent via email and website pop-ups to 25,000 readers who scored highly for interest in customer experience (CX). Partial survey responses were received from 327 participants, with 194 completing all questions in the survey. That response rate translates to a 99 percent confidence level with an seven percent margin of error that these survey results truly represent the opinions of our digital customer experience audience as a whole.

This year's survey respondents represent a variety of business functions: 26 percent work in marketing and customer experience, 14 percent in IT/engineering, 12 percent in digital experience and delivery, and 11 percent are C-suite-level/executives. Participants also came from a variety of industries such as software and technology (25 percent), advertising/marketing (10 percent) and financial services (10 percent).

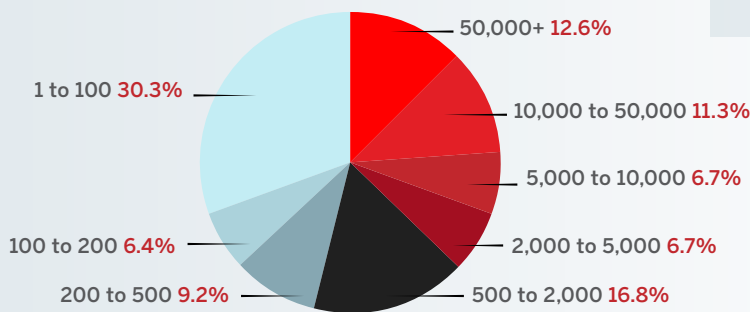
Regarding influence on technology investment, 36 percent recommend purchases, 24 percent provide input, 21 percent make decisions and 7 percent are authorizers.

### Which of the following best describes your job level?



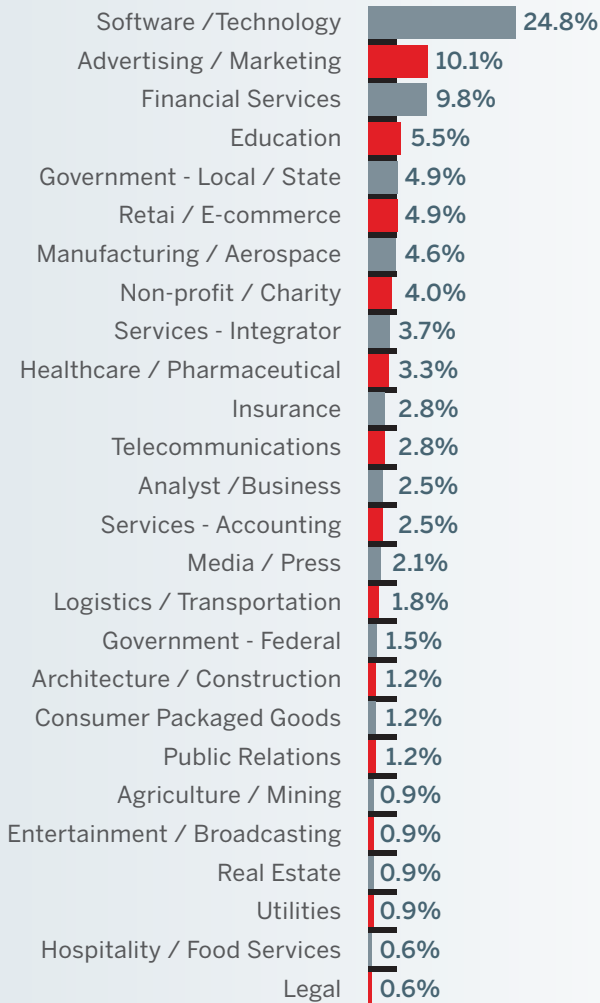
### What size is your organization?

(Listed in employee numbers)

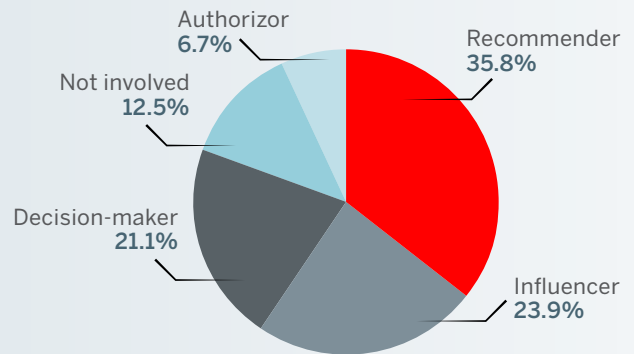




## Which of the following best describes your industry?



## Which best describes your role in making product/service purchase decisions?



# APPENDIX

Data from these graphs are referenced in the report. Please refer to the corresponding Figure numbers.

Figure 1.

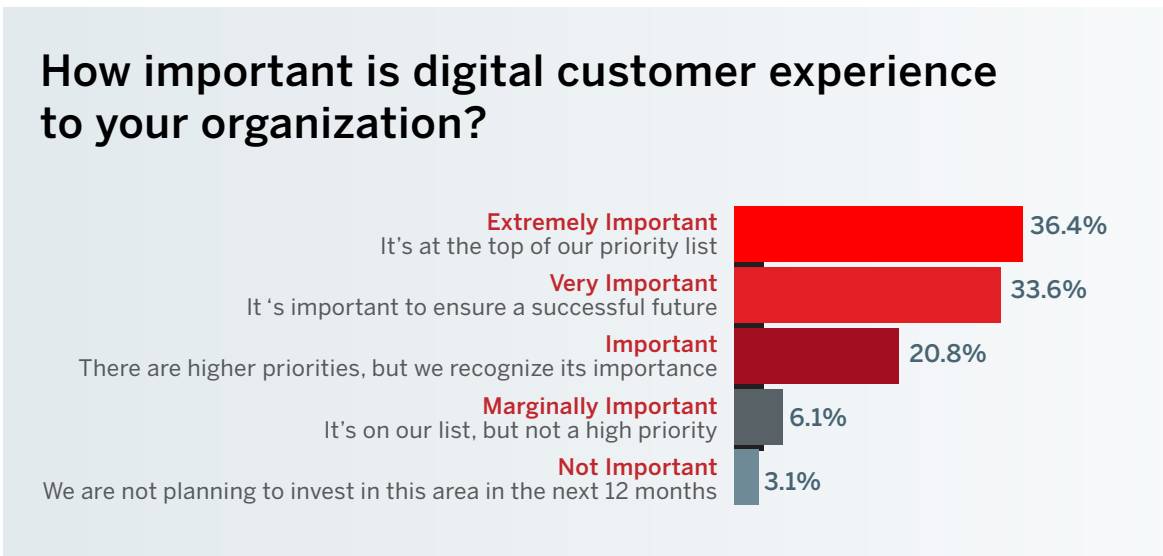


Figure 1.5.



# APPENDIX

Figure 2.

**How does your organization measure DCX project success? Choose all that apply.**

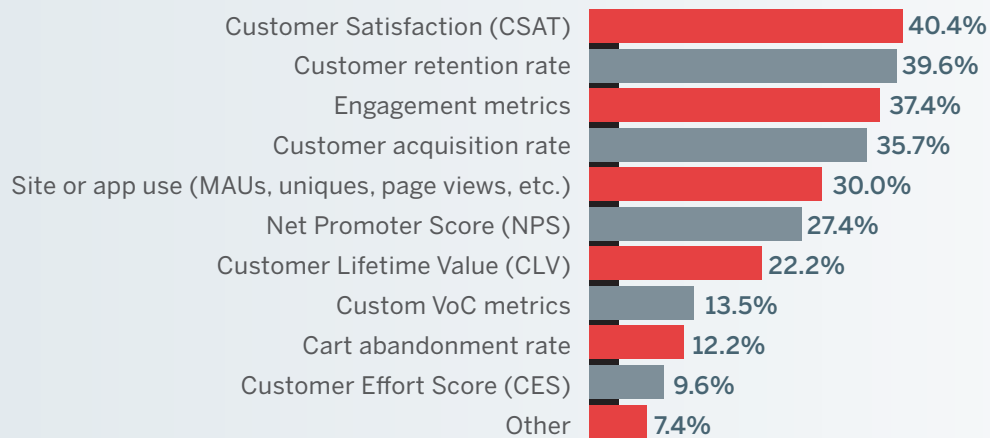
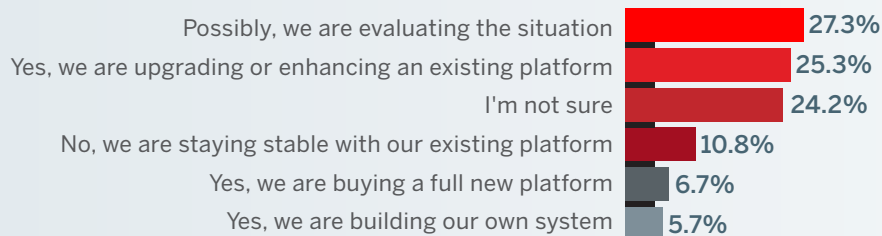


Figure 3.

**Is your organization planning to invest in your Web CMS/DX platform in the next 12 months?**



# APPENDIX

Figure 4.

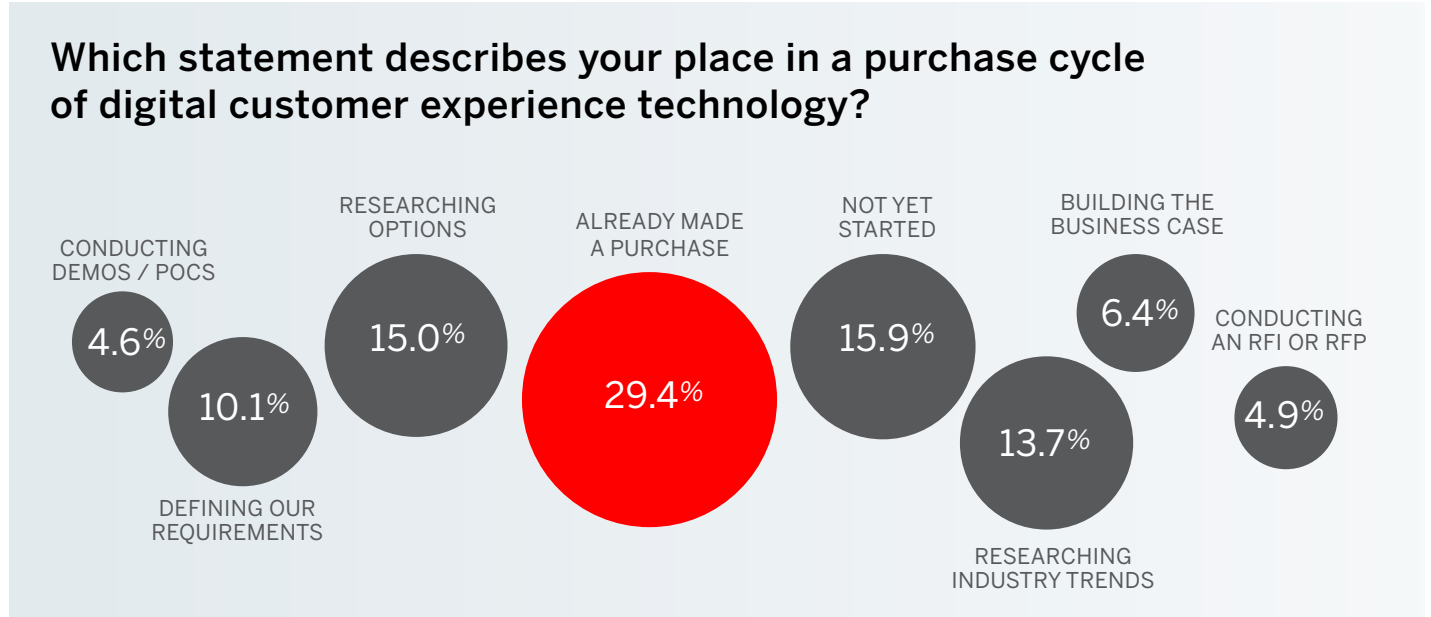


Figure 5.

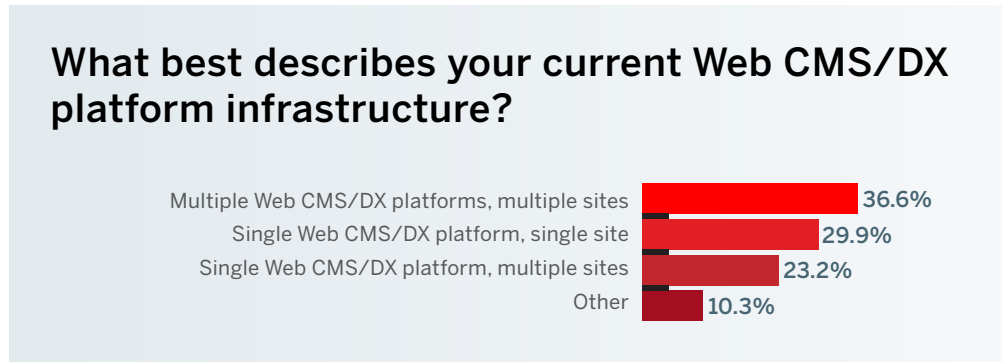
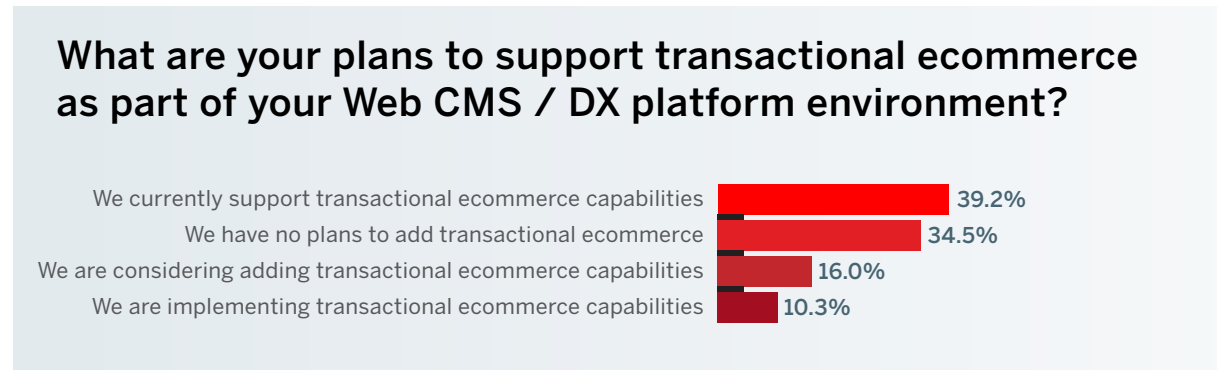


Figure 6.



# APPENDIX

Figure 7.

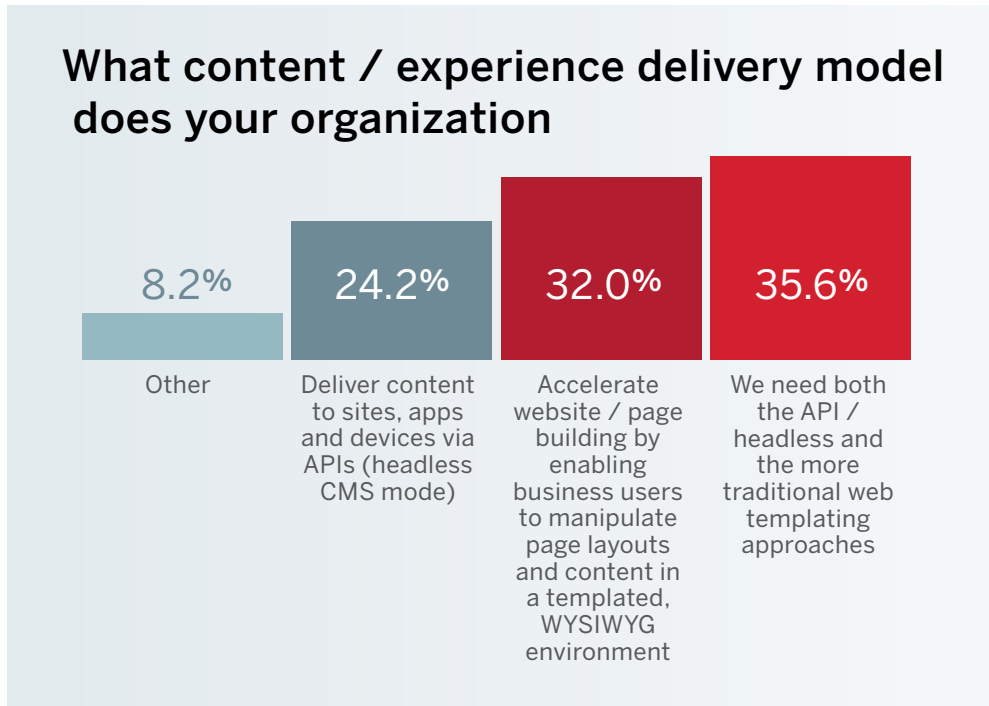
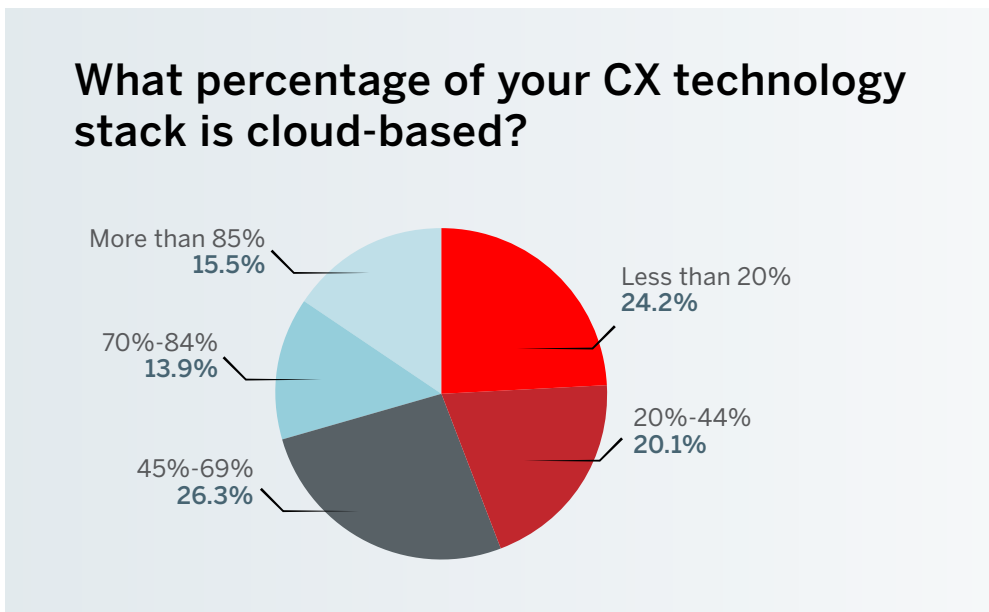


Figure 8.



# APPENDIX

Figure 9.

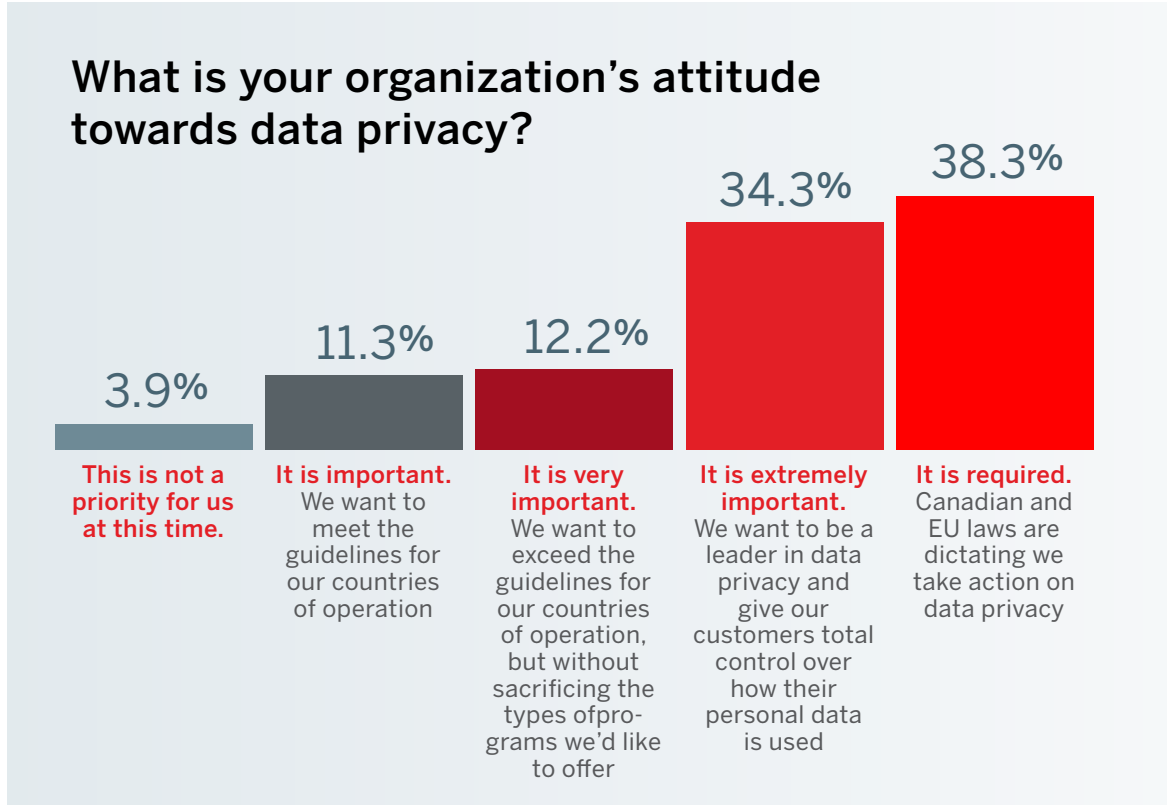
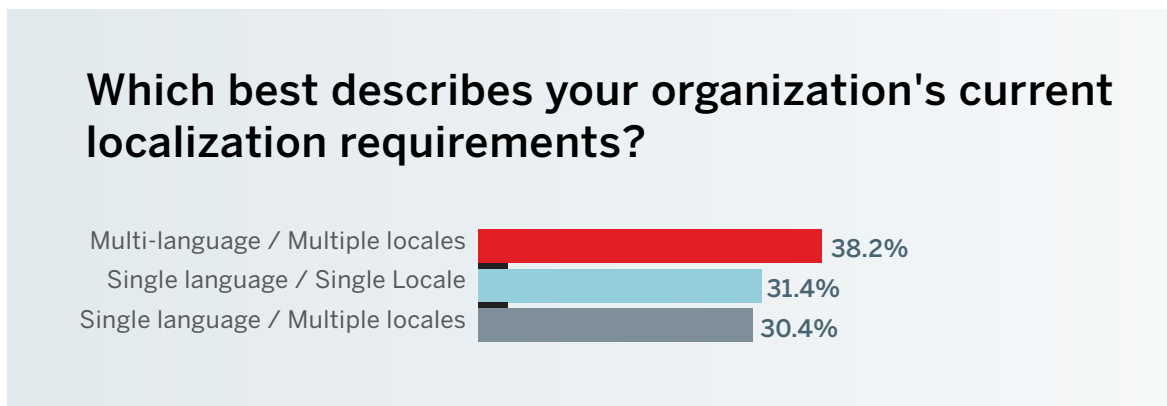


Figure 10.



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