2019 Customer Experience Management Study: Marketers Take More Control as CX Expectations and Budgets Rise

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Many organizations execute customer experience inconsistently. Gartner’s 2019 Customer Experience Management Survey shows marketing departments taking more CX responsibility. But CX leaders in all departments must improve collaboration and deliver gains that justify growing CX budgets.

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Overview

Key Findings
Marketing departments are taking control of key aspects of CX execution within their organizations but are neglecting opportunities to spark the necessary cross-functional collaboration.

As expectations grow for CX, the budget outlook grows to match, raising the stakes for CX leaders to demonstrate impact.

Organizations have matured in their understanding of the business outcomes that CX delivers, but the CX metrics used remain widely diffused and biased toward easy-to-collect but weak indicators of customer perception.

Survey Objective
The Gartner 2019 Customer Experience Management Survey was conducted to confirm how organizations are measuring CX and to validate how certain tools, such as personas and journey maps, are or are not driving value. The survey also explored how expectations of commitment to CX investments are changing. Similar studies were completed in 2015 and 2017. In the 2019 study, Gartner surveyed those responsible for or involved in CX both inside and outside of marketing departments.

Recommendations

To successfully manage and execute a CX program:

• Alter your perspective from control to facilitation by ensuring CX programs are properly executed across the enterprise. Encourage all employees to take ownership of their portions of the CX.

• Consistently measure the value of improved customer satisfaction to the organization to justify and sustain growing CX budgets. This is especially important in a period where many expect an imminent economic recession and organizationwide budget cuts.

• Eliminate feeble customer experience metrics by dedicating a portion of your larger budgets to collecting more powerful CX measures that improve identification and diagnosis of CX problems and drivers.
Data Insights

CX remains within the nascent stage in many organizations, but there are signs of greater commitment and execution. More than in the past CX studies, organizations report having chief experience officers (CxOs), chief customer officers (CCOs) or equivalents. In addition, we observe significant growth in the percentage that have established the connection between customer satisfaction and business outcomes. Although this year’s study provides ample evidence of increased CX maturity, there remains room for improvement, particularly regarding the CX metrics companies use and prioritize.

The following key findings in this year’s CXM study detail how CX leaders are performing and where they have the strongest opportunities to advance their efforts and results.

Marketing Is Taking Control of More CX Aspects, but Responsibility for CX Remains Distributed and Collaboration Must Improve

Our 2019 CXM study sought responses from a variety of departments, primarily marketing, but also other departments where CX efforts are run and supported, such as IT, customer service, operations, sales and stand-alone CX departments. Although respondents in every department tend to indicate their department “owns” CX budgets and initiatives, our 2019 study suggests the responsibility has begun to shift into the marketing department.

For example, respondents within the marketing department are more likely to report they are solely responsible for CX initiatives, such as customer journey mapping, compared with those in other departments (see Figure 1).
Figure 1. Marketing More Likely to Have Sole Responsibility for CX Initiatives

n = 233 (inside marketing); n = 168 (outside marketing)

Q. How is your department involved in supporting each of the following CX initiatives?

Source: 2019 Gartner Customer Experience Management Survey

ID: 431381
In addition, we observed a change between our 2017 and 2019 studies, with a larger number of those within marketing reporting their department is solely responsible for these CX initiatives than before (see Figure 2).

Figure 2. Marketing Responsibility for CX Initiatives Grows Since 2017

Since no single department can control every customer touchpoint, CX demands cross-functional collaboration. But our study indicates that a significant portion of CX initiatives remain single-department undertakings. For every type of CX initiative, such as voice of the customer (VoC), social analytics and UX, “My department is the only department that supports this initiative” was selected by 30% to 56% of respondents, both inside and outside of marketing. This demonstrates that too many CX programs are operating solely within a single department. Efforts such as VoC, personas and journey mapping should not be the responsibility of any single department. Collaborating on CX assets and efforts improves the quality of CX outcomes, encourages more customer centricity, and increases the likelihood of successful CX execution across departments.

Even though marketing now takes more accountability for CX initiatives, evidence indicates that budget authority for CX remains significantly distributed across varied departments. Respondents within each department tended to report their department as more likely than others to own the majority of the budget for enterprisewide CX efforts. Those outside of marketing commonly cite the customer service department as most likely to own the budget after their own (see Figure 3).
Figure 3. Respondents Tend to Report Their Department Owns the Enterprisewide CX Budget

Recommendations

- **Improve collaboration by making CX matter to every business partner**: CX leaders know collaboration is vital, but the challenge is to encourage peers to commit the time and energy required. One common issue is that others within the organization may not understand why CX is important or the value CX efforts can deliver for their department. To combat resistance to collaboration, align CX with function-specific objectives within your key partners’ departments (see “Influencing Customer-Centric Decision Making Through Accountability”).

- **Gather data and insight to foster collaboration success**: CX collaboration requires careful planning to make efficient and effective use of peers’ time. Ensuring you have the data to succeed with CX initiatives before you launch a cross-functional initiative is vital to sustain attention and momentum. For example, collecting the right quantitative and qualitative data to inform personas and customer journey mapping exercises helps to ensure participants base their decisions on fact and don’t make assumptions about customer needs and experiences (see “How to Prepare for a Journey Mapping Initiative That Will Improve Your Brand’s Customer Experience”).
Chief Experience and Customer Officers Are More Prevalent, and Unlikely to Report to the CMO

Our 2019 study provides ample evidence that organizations are taking CX more seriously by committing resources and talent to the discipline. For example, there has been significant growth in the presence of CxOs and CCOs (or equivalents). In 2017, over 35% of organizations lacked one or the other role, but in 2019, just 11% and 10% have no CxO and CCO, respectively (see Figure 4). In addition, more of these roles report directly to the CEO than in our study two years ago.

Figure 4. Key CX Leader Roles Are More Common and Rarely Report to the CMO

Q. Now please tell us where the following CX titles directly report within your organization?

Source: 2019 Gartner Customer Experience Marketing Survey
ID: 431381

n = 396 (CxO); n = 386 (CCO or equivalent)

Note: Percentages may not add to 100% due to rounding.

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As marketing continues to take on a larger role in CX, marketing leadership faces a potential challenge coordinating companywide CX. CxOs and CCOs (and equivalents) exist in approximately 90% of organizations, and they infrequently report to CMOs on CX matters. CMOs and marketing leaders responsible for aspects of their organization’s CX must ensure that roles are understood, redundancy and conflict are minimized, and collaboration is prioritized.

### Recommendations

- **Establish clear lines of responsibility and authority for everyone involved in CX:** The presence of many departments and leaders contributing to CX demands strong cross-functional CX governance. To avoid different leaders managing conflicting CX strategies and programs, ensure all CX leaders meet regularly, share information, discuss common problems, evaluate duplicative vendors and efforts, and avoid confusion over accountability (see “4 CX Governance Models”).

- **Broaden marketing measures:** Regardless of which department has primary responsibility for cross-functional CX, the marketing organization plays a key role in CX success. That department typically collects and manages the most data about customers, and it controls many of the touchpoints in the “Buy” and “Advocate” cycles. But for marketing to successfully take and sustain a larger role in enterprisewide CX, marketers must consider the comparative weight given to their short- and long-term metrics. Committing time and resources to CX efforts require goals that consider not just shorter-term goals such as awareness, inbound traffic and conversion, but also longer-term outcomes such as improved customer satisfaction, reduced churn, increased lifetime value and great referral volume. Define goals not just by internal expectations, but by how customers define success. Establish metrics and KPIs around efforts that meet customer expectations.
Another encouraging sign of CX maturity is that a greater number of those involved with CX report that their firms calculated a positive relationship between improving customer satisfaction and business impact. In 2017, less than half had calculated a positive relationship compared with the three-quarters of respondents who now say they have found the link between customer satisfaction and outcomes such as increased revenue and margin, and reduced churn (see Figure 6).

CX Results Are Improving, and CX Leaders Know How Their Efforts Impact the Top and Bottom Line

In 2019, compared with 2017, we observe a significant increase in the number of respondents who report their CX results exceed expectations, particularly with respect to customer perceptions. Our 2017 study uncovered a gap in performance where CX programs were much more likely to meet management’s expectations than customers’, but these have been brought into alignment in 2019 (see Figure 5). This is an encouraging sign of CX maturity because a customer-centric endeavor like CX management should meet customers’ expectations more than management’s expectations.

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Figure 5. CX Programs Have Improved Results, Particularly for Customers
Figure 6. More CX Leaders Know the Relationship Between Customer Satisfaction and Business Outcomes

- 75% Have Calculated a Positive Relationship
- 22% Attempted to Calculate/No Positive Relationship Uncovered
- 3% Not Attempted to Calculate

- Increased Revenue: 63%
- Increased Retention and Reduced Churn Rate: 55%
- Increased Customer Lifetime Value (LTV): 54%
- Increased Profitability/Margin: 53%
- Increased Customer Referrals: 51%
- Increased Loyalty Program Participation: 50%
- Reduced Cost of Service: 41%
- Reduced Cost of Acquisition: 38%

n = 401 All respondents, excluding unsure
Q. Has your organization calculated the business impact of improving customer satisfaction
Q. For which business outcomes have you calculated this relationship? Multiple response allowed
Source: 2019 Gartner Customer Experience Marketing Survey
ID: 431381
Recommendations

• Assess your organization’s customer experience maturity and identify next steps to improve future CX outcomes:
  Many CX programs are strong in some dimensions but weak in others, limiting progress toward future success. CX leaders often get caught up in the day-to-day challenges of executing CX programs and miss out on opportunities to increase their influence and improve customer centricity across the organization. Successful CX leaders focus less on their role overseeing or contributing to individual CX projects and instead consider how they can put the pieces in place for more powerful CX management in the future. Assess the nine dimensions of CX maturity, detect your greatest gaps, and develop plans to invest time and resources to solving those areas of need (see “The Gartner CX Management Maturity Model for CX Leaders”).

• Disseminate your CX data and metrics in ways that are meaningful to your peers: CX dashboards help to make your CX insights more readily available to more people and help to foster a more customer-centric work culture. Create more useful and persuasive CX dashboards by understanding corporate goals and metrics and developing reporting mechanisms that use language your partners understand. Periodically review the dashboard performance with relevant leaders (see “Ignition Guide to Creating a Dashboard for Customer Experience”).

Customer Experience Budgets Are Expected to Rise in the Next Two Years

In 2017, our study demonstrated just 47% of respondents expected budgets to increase while 29% anticipated losing budget in the coming year. Our 2019 study found a considerable change. Over two-thirds of respondents (74%) in the marketing department expect budget increases in the coming year while just 8% expect a decrease (see Figure 7). As CX leaders demonstrate success and prove the value of CX to business results, they anticipate budgets to rise.

Figure 7. Significant Majority Expect CX Budget to Rise in 2020

n = 398, Excluding don’t know
Q. Compared to fiscal 2019, how do you expect your organization’s total budget allocated to customer experience initiatives designed to improve customer satisfaction, loyalty and advocacy to change in fiscal 2020?
Source: 2019 Gartner Customer Experience Management Survey
Note: Percentages may not add to 100% due to rounding.
ID: 431381
CX leaders who know customer satisfaction drives business results get more budget. Those respondents whose firms have established the positive relationship are more likely to expect any budget increases and are much more likely to expect significant budget increases (see Figure 8).

Figure 8. Organizations That Know the Business Impact of CX Budget More for CX

Respondents estimate that, on average, 23% of the 2019 marketing budget goes to customer experience initiatives designed to improve customer satisfaction, loyalty and advocacy. Although this study examined specific CX initiatives such as developing customer personas, other marketing activities are considered essential to customer experiences. These activities, which fall outside the purview of this study, typically include maintaining customer-centric web and mobile sites, email marketing programs and other customer experiences.
Recommendations

• **Use your customer data to demonstrate CX’s business impact:** One of the keys to sustain attention from leaders and collaboration from peers is to make CX matter in terms of the results that are important to them. Prove how satisfied customers drive up revenue, reduce costs and grow your business by combining customer satisfaction data with your transaction and operational data (see “Tailor Customer Experience Data and Metrics to Improve Customer Centricity, Drive Action and Validate Business Outcomes”).

• **Budget for effective CX execution in the future:** Developing a CX budget isn’t just a once-a-year process. Always monitor your budget and performance and consistently promote your organization’s CX successes. Plan ahead for the annual budgeting process by collaborating with key stakeholders, gathering data and drafting a persuasive budget to accomplish the organization’s CX goals (see “Ignition Guide to Budget Planning for Customer Experience”).

Future CX Expectations Remain High, but the Promise of CX Is Not Being Realized as Quickly as Expected

Most of those involved or responsible for CX believe their companies already compete on the basis of CX, and even more expect to do so in two years. Currently, 67% of respondents say their brands mostly or entirely compete on the basis of CX and just 1% say they do not compete at all on CX. In two years from now, 86% expect to compete completely or mostly on the basis of CX (see Figure 9).

Figure 9. Significant Majority of Those Leading or Engaged in CX Expect Their Firms to Completely or Mostly Compete on the Basis of CX in Two Years

n = 400, Excluding don’t know
Q. Please rate to what degree your organization competes or will compete on the basis of the customer experience over the following time scales?
Scale of 1 to 7 = Not at all and 7 = Completely
Source: 2019 Gartner Customer Experience Marketing Survey
Note: Percentages may not add to 100% due to rounding.
ID: 431381
Although the increased expectations of CX continue to feed interest and investment in the discipline, this year’s results don’t differ much from our 2017 study. The identical percentage of respondents said they compete on the basis of CX in 2017 and 2019. There has only been a slight uptick in the share that expect to compete mostly or entirely in two years (see Figure 10). Our survey results indicate CX programs are demonstrating more success than in the past. So, the fact there’s little change in expectations of CX’s role in competition suggests that, since all companies are improving, all companies are comparing themselves to an improved set of performance. Many CX leaders who are improving their brand’s CX are doing so in step with competitors; thus, many are not improving their position relative to the competition. Superior CX management delivers results, modest CX improvements are table stakes, and missing or failed CX puts brands at a competitive disadvantage.
Recommendations

• Enable a change in perspective from reactive to proactive to deliver on greater expectations: Meeting increased expectations takes more than just doing even more of the same. CX leaders must shift from a reactive stance — finding and solving broken touchpoints — to a more proactive approach that helps to identify unmet customer needs and the innovation opportunities to meet those needs. Achieving our expectations for CX demands less focus on changing how customers think about brands and more about how brands change the way customers think about themselves (see “Use Gartner’s CX Pyramid to Uncover Innovative Customer Experiences That Create the Strongest Customer Relationships”).

• Create a test-and-learn culture to integrate customer insight into every step of your agile development processes: Yesterday’s processes cannot produce the greater expectations we expect and need in the future. Agile development methodologies cannot rely on periodic consumer studies or one-time customer research in the early stages of development. CX leaders must secure and deploy the tools and methodologies that enable user research to be integrated at every step of today’s just-in-time flexible project processes. These processes build the products and experiences our customers expect (see “Integrate User Research and Testing Into Agile Processes to Improve Customer Experience and Products”).

Methodology

Gartner’s 2019 Customer Experience Management Survey: Results presented are based on a Gartner study to confirm how organizations are measuring CX and to validate how certain tools (such as personas and journey maps) are or are not driving value. It is also to measure how expectations of and commitment to CX investments are changing and to gain understanding on how user research informs or helps CX. The primary research was conducted online from May 2019 through June 2019 among 401 respondents in Canada, the U.K. and the U.S. from different industries. Respondents were required to be a leader or a member of the team responsible of CX and with involvement in customer experience programs and initiatives. Seventy-nine percent of the respondents came from organizations with $1 billion or more in annual revenue. The respondents came from a variety of industries: financial services (56), high tech (56), manufacturing (51), consumer products (44), media (51), retail (58), healthcare providers (48), and travel and hospitality (37).

The survey was developed collaboratively by a team of Gartner analysts who follow marketing and was reviewed, tested and administered by Gartner’s Research Data and Analytics team.

Note: Results of this study do not represent global findings or the market as a whole but are a simple average of results for the targeted countries, industries and company size segments covered in this survey.
Definitions

Customer experience: The customer’s perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier’s employees, systems, channels or products.

Customer experience management: The practice of designing and reacting to customer interactions to meet or exceed their expectations, leading to greater customer satisfaction, loyalty and advocacy.

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4 Approaches to Customer Experience Mapping
Customer Experience Design and Execution Primer for 2019
How to Measure Customer Emotions
Iterative Experience Development (UCB)
How CX Surveys Affect Customer Perceptions

Recommended by the Authors

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Cultivate a Customer-Centric Culture Within Your Organization
Creating a High-Impact Customer Experience Strategy
How Customer Centricity Improves Both Customer and Employee Experience
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