



Approaches to Customer Experience Transformation

ziba

Though at least fifty years in the making, we're now in a customer experience (CX) golden age. (With predictive analytics, some would argue we're on the precipice of the platinum age.) Enormous gains have been made in tying CX differentiation and customer delight to business value creation. Industry leaders have used exceptional CX for business growth as significant as that attributed to digital transformation and improved brand equity. Amid escalating customer expectations, technology and talent have been mobilized to execute truly seamless multichannel experiences. For instance, an impressive 62% of companies have a senior executive in charge of CX across products and channels.

With potential gains this significant, companies want to innovate their CX, not just incrementally improve it. Yet, as in life, timing is everything for CX initiatives. Moonshots at disruptive and radical innovation must be tempered with considerations of **organizational readiness** and **risk tolerance**, both of which tend to be overestimated.

Ziba's gut check diagnostic tool for assessing organizational readiness and risk tolerance looks at the three p's: power, patience, and pain.



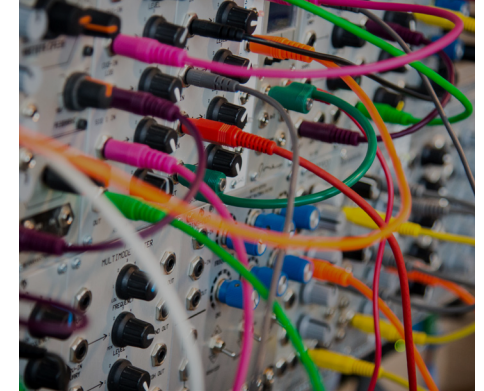
Power

Will the company have executive-level ownership of and accountability for CX?



Patience

Will the organization invest the time it takes to make CX innovation an enterprise-wide undertaking? Have they modeled the effort-to-impact ratio? Can the company align quickly on CX direction with a small empowered group or will it require coordination of several divisions or departments such as CX, marketing, IT, and customer service?



Pain

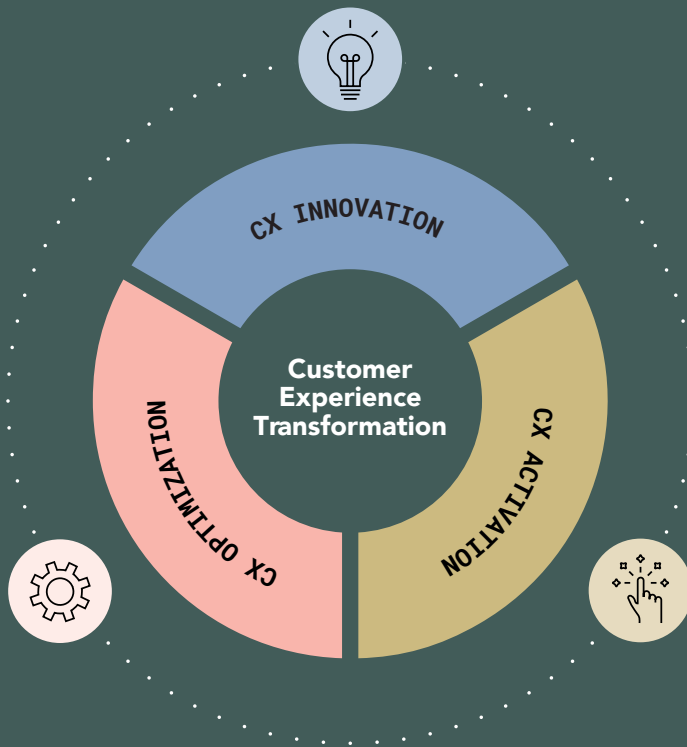
Can the organization fend off short-termist tendencies and manage competitive pressures while assembling and training teams on everything from journey mapping to rapid prototyping to conversational AI? How about competing organizational priorities? Qualtrics XM Institute's "[The state of CX Management, 2023](#)" found that 66% of respondents consider "other competing organizational priorities" to be a significant obstacle to CX management efforts.

These are tough but critical questions to weigh, but it's worth remembering that while an innovative product can still be developed and launched by one team within a company, CX innovation generally entails coordination across the entire organization and, increasingly, across a partner ecosystem. This demands de-siloing, and as teams become more cross-disciplinary, new training resources for employees in new or expanded roles, and the harmonization of talent.

If the customer experience is to be *radically* innovative, creating a new demand, or *disruptively* innovative, creating a new market segment by addressing underserved customer needs, the magnitude of the necessary organizational shift is even greater than it would be for *sustaining* or incremental innovation. Not only does the organizational culture need to be fully customer-centric; it must also possess the experimental mindset necessary for innovation.



Not all companies should start by pursuing the white whale of radical or disruptive innovation. For organizations with different degrees of risk tolerance and in varying states of readiness for CX transformation, there are three different approaches or entry points:



OPTIMIZATION

Existing experiences are made more effective and streamlined.

ACTIVATION

The company develops the organizational capacity for delivering better customer experiences and integrating touchpoints into a seamless journey.

INNOVATION

The company fundamentally transforms the experience customers can have.

These approaches in fact form a continuum, and CX transformation can involve one, two, or all three of them, depending on many factors, such as the company's relative CX maturity, and marketplace pressures from new category entrants or new technologies.

To assess a company's most appropriate approach to CX, it's useful to look at the specifics of each of the three.

Customer Experience Optimization



CX optimization is the process of improving the existing experience that customers have with a company's products or services in order to drive results, including sales, satisfaction, loyalty, and advocacy. It happens when design thinking practices and incremental innovation come together by:

Understanding customer needs (both expressed and latent), preferences, and pain points.

Identifying the touchpoints in the customer journey where there are gaps between the desired and existing experience.

Improving those touchpoints to close the gaps.

Customer experience optimization is an ongoing process that requires an empathetic, customer-centered mindset and a commitment to continuous improvement.

Customer Experience Optimization

Ziba used an optimization approach to help a leading shipping and logistics company deliver better CX for their small business customers. Guiding teams through a variety of activities, including experience audits, observational and quantitative research, customer journey mapping and persona building, and optimization planning, prototyping and implementation, Ziba helped the client identify and develop six highly targeted new service offerings within the existing CX.

Together, these services opened up new revenue streams, improved the company's customer loyalty index, and reduced operating costs.



Customer Experience Activation



CX activation focuses more on the structural changes needed within an organization in order to make an improved customer experience possible. If optimization is about fixing individual aspects or moments of a customer experience that are broken or neglected, activation is about ensuring various customer actions and moments are integrated in a seamless, coherent way—no easy task. Respondents to Qualtrics XM Institute’s [“The state of CX Management, 2023”](#) most frequently rated the CX their organization delivers “across multiple channels” as poor, at 35%. (By comparison, CX delivered on the phone was rated at 55%.)

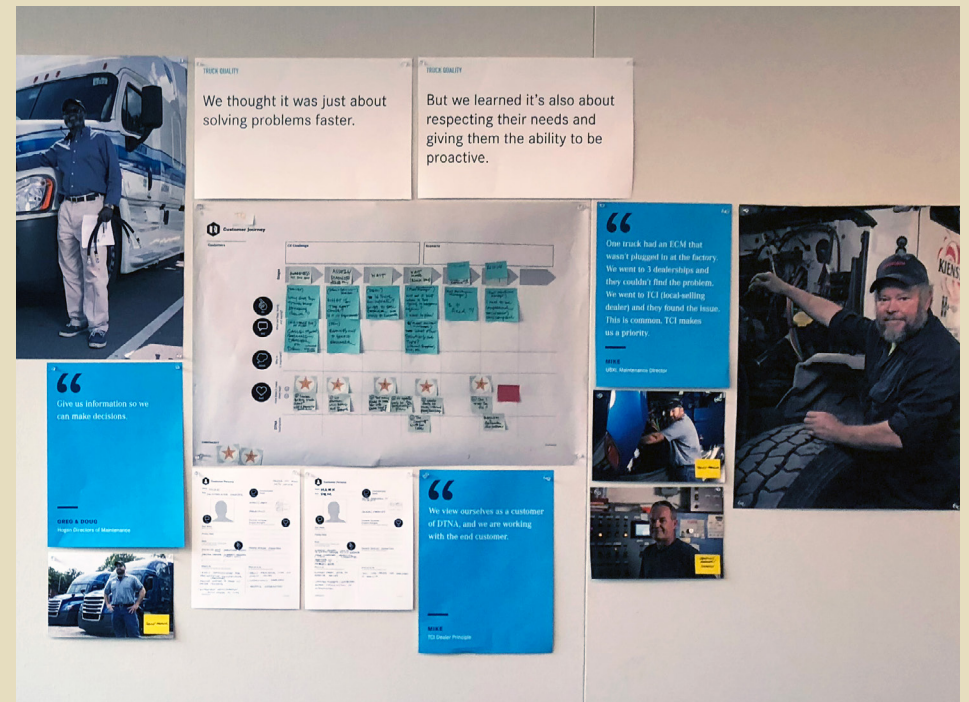
Bringing together the various teams within an organization that are to be responsible for CX means breaking down unhelpful hierarchical structures and silos, and ensuring alignment around a passionately articulated CX shared vision. [McKinsey reports](#) that CX visions are often either overly generic and don’t align tightly with the company’s purpose, or it’s unclear how the CX aspiration will create value that can be monitored and measured.

Customer Experience Activation

When Ziba worked with Daimler Trucks North America to dramatically improve their CX, the various projects spanned five years and numerous activation workstreams. The creation of CX strategy communication tools and playbooks, design thinking workshop templates and tools, and asynchronous digital learning platforms and CX websites ensured customer experience priorities were embraced by everyone, particularly the over 2000 employees trained as CX ambassadors and experts. Design systems and style guides helped create consistency across customer touchpoints. Contests and campaigns were used to generate interest and maintain momentum while following the CX roadmap.

The performance reporting frameworks and dashboards Ziba developed to monitor the impact of the CX strategy made the gradual organization-wide CX transformation tangible and, as pertinent metrics improved, a source of pride.

CSAT (customer satisfaction) scores moved higher every year across speed, simplicity, communication, consistency, and innovation. And a whopping seven out of eleven touchpoints in an average customer journey were eliminated.



Customer Experience Innovation

Unlike the other two approaches, CX innovation is a primarily generative process wherein companies design and deliver new offerings that redefine customer expectations. Creating innovative experiences enables a company to lever increasingly dynamic marketplace trends to its own advantage and preemptively assume a leadership position.

More than the other two approaches, though, innovation requires a company to take real risks and experiment with new technologies, new value propositions, and new design elements. Because it's driven by factors such as rapidly evolving customer behaviors and cultural trends, CX innovation cannot succeed without a very deep understanding of core customer needs and preferences. For those companies willing to develop this understanding, take calculated risks, and experiment boldly, the innovation-first approach can lead to sustained growth, long-term customer relationships, and other competitive advantages unattainable in any other way.



Customer Experience Innovation

To innovate in CX, a company can employ a variety of research, analysis, co-creation, opportunity mapping, prototyping, and collaboration activities. These are orchestrated so as to identify and develop new offerings that aren't just genuinely effective, easy, and emotionally fulfilling (to borrow [Forrester Research's CX Index](#) criteria), but also uniquely appropriate for the brand and sustainable for the company.

Ziba helped Umpqua Bank innovate an entirely new banking experience for its customers.

Opportunity frameworks identified category shifts and new white spaces while user research insights, inspirational design targets, and ideal journey maps advanced the vision setting. To make the CX innovations tangible and stress test ideas, sketches, wireframes, and prototypes of new experiences were generated.

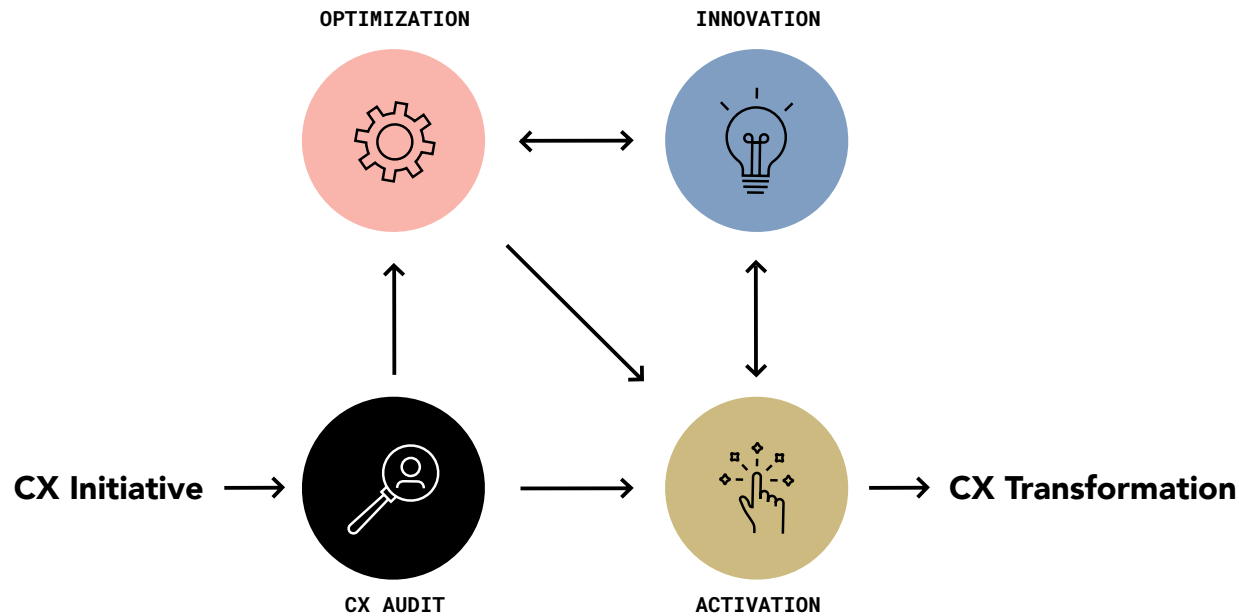
After opening their new flagship store and rolling out the CX strategy regionally, Umpqua's growth skyrocketed from \$2.9B to \$12B in assets in just 5 years. Starting from sixteen branches, Umpqua has grown to become the country's largest regional bank, with 350 stores throughout the Pacific Northwest and California.



Innovation Isn't Always the First or Best Approach



The [remarkable comeback of Microsoft](#) under Satya Nadalla is a great example of the kind of growth that is achievable when the entire company, already innovation-driven, is reoriented around customer experience. Understandably, most companies are eager to jump straight to innovation, secure prime mover privileges, and attempt to replicate the breakout success of Airbnb or Ulta. [McKinsey reports](#) that 84% of CEOs believe innovation is critical to growth and yet only 6% are satisfied with their innovation performance.



To enhance the chances for CX innovation success, there are compelling reasons to adopt one of the other two approaches first. Optimization de-risks efforts at radical CX innovation. Small wins can come quickly from—to adopt the IT expression—a break-fix mentality, and simply alleviating known pain points in the customer journey always uncovers adjacent innovation opportunities.

Activation readies the organizational culture for accommodating the “sandbox” experimentation necessary to launch new experience offerings. Often, a fully integrated and supported version of a company’s current customer experience is all that is required to differentiate the company and brand from the rest of the market.

To ensure a company’s CX strategy and programs can generate bona fide business value, the order of CX transformation initiatives is critical. As the diagram illustrates, multiple paths are possible, but a few sequences are highly probable. For instance, when a radical innovation of the customer experience is achieved, activating the wholly new CX across the

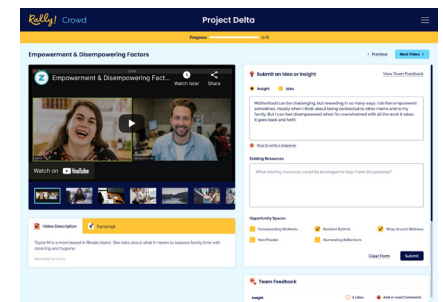
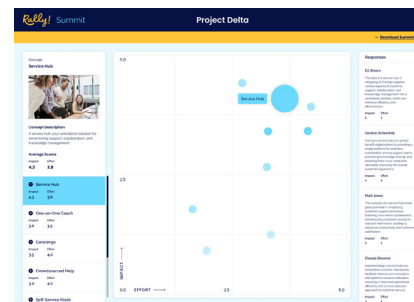
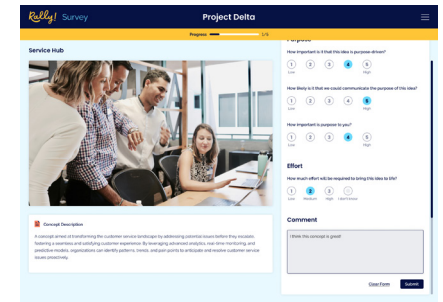
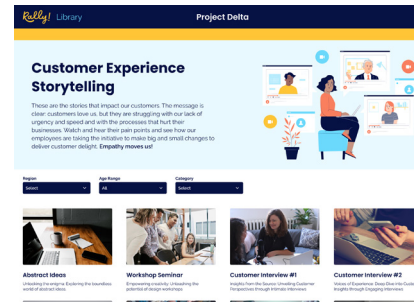
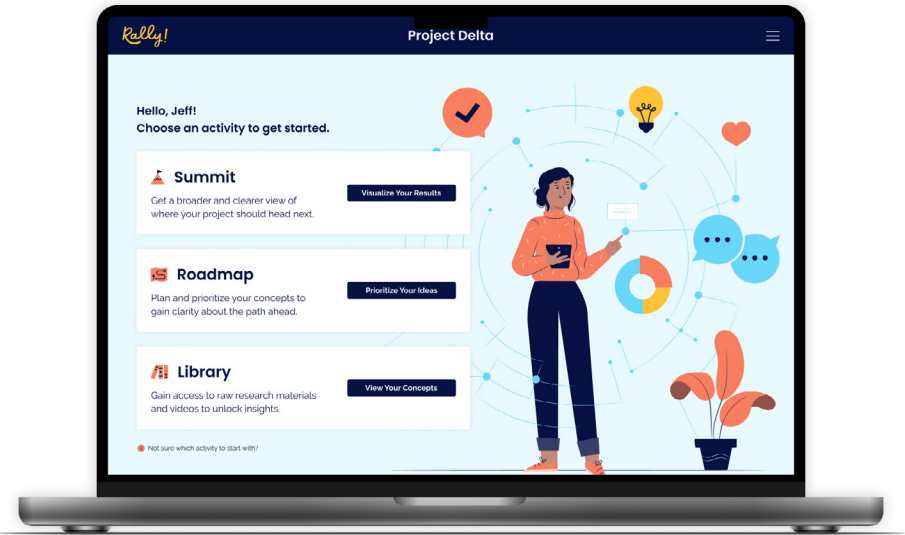
organization is almost always necessary, and continuously optimizing the new CX is advisable.

One relatively simple preliminary step will clarify how to start smart: a CX audit. It might indicate the best path is hot pursuit of that white whale. Or it might point to all the smaller but more abundant fish in the sea.

A tool custom-built for CX Transformation

Rally!™ is Ziba’s online asynchronous collaboration and prioritization tool, developed to facilitate CX activation efforts in large, distributed organizations. With an easy-to-use graphical interface for submitting and reviewing customer insights and feedback, Rally!™ makes it possible for teams working in different locations and on different schedules to quickly exchange information and develop a shared understanding of CX vision and tasks.

If you’d like to learn about Rally!™, Ziba’s online asynchronous platform for facilitating CX efforts across organizations, contact connect@ziba.com



Ziba Design is a global design and innovation consultancy. We help companies build a more beautiful, profitable, sustainable, and human-centered future.

If you'd like to learn more about how to choose and implement the right CX transformation approach for your company, contact:

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