B2B CUSTOMER EXPERIENCE: START PLAYING TO WIN AND STOP PLAYING NOT TO LOSE

How to get up to twice as much out of your customer experience investments
Customer experience (CX) is widely recognized as critical to growth—so why are most B2B companies typically ineffectively using so much of their significant investments in the name of Customer Experience? Recent Accenture research reveals that for more than half of B2B companies around the world and across industries, nearly half of their CX investments are ineffective. What can B2B companies (in sectors such as Insurance, Automotive, Telecommunications, High Tech, Consumer Goods and Pharmaceuticals) do to improve? Accenture has identified masters in CX: These companies generate higher-than-average revenue growth, and they both develop strong customer experience strategies and execute them well. Other companies can learn from the masters how to "play to win" and stop "playing not to lose".
Why Most B2B Companies Are Struggling

B2B companies say customer experience is a priority

The customer experience (see page 5 box for our definition) is rightly rising in importance for B2B companies everywhere, and investments have increased in the past five years. In fact, according to Accenture’s survey of more than 1,450 executives at B2B companies selling to other businesses (some of which then sell to consumers) around the world, 85 percent of executives said the customer experience is important to their companies’ strategic priorities, and 88 percent indicated they are investing more in this area year-on-year. (See appendix for information about the research.)

This increased importance is driven by fundamental changes in what business customers expect and how they want to interact with their suppliers (as many of those business customers themselves sell to dynamic consumers). Between 70 percent to 75 percent of executives agree that business customers’ higher expectations, desire for customized solutions, increasing price sensitivity, and greater knowledge and self-direction are having a significant impact on their company’s customer experience strategy for sales and service.

Perhaps most important, executives acknowledge the customer experience is here to stay: Three out of four believe that the increased importance of the customer experience will result in major and sustained changes across sales and service in the next two years (Figure 1).

Business outcomes from customer experience investments are widely mixed

There’s an old saying attributed to marketing pioneer John Wanamaker that “half the money I spend on advertising is wasted, the trouble is I don’t know which half.” While that adage paved the way for Marketing spend to become accountable to business results, it’s equally applicable to today’s widespread push for investments intended to improve the “Customer Experience” (CX). And while it has become more common to assert the value of CX programs in business-to-consumer industries, return on CX investment remains elusive in business-to-business. More than half (55 percent) of the companies surveyed have experienced little, flat or negative growth in their effectiveness in retaining customers. In fact, there are material differences between what we have identified as masters of customer experience that are “playing to win” from those companies that “play not to lose”—with masters yielding up to twice the return on their customer experience investments.

In other words, for a majority of companies, up to half (48 percent) of their customer experience investments, at best, are being used ineffectively or, at worst, are outright wasted—when compared to masters.
As illustrated in Figure 2, across those companies that prioritized customer experience, we identified three company profiles:

**Masters: Companies “playing to win”**
Fewer than one quarter (24 percent) of companies are masters. They prioritize customer experience and achieve strongest financial growth. These organizations generally excel in both customer experience strategy and execution capabilities.

**Strivers: Companies “playing not to lose”**
Strivers include three different types of companies (comprising 48 percent of our sample)—all of which consider the customer experience a priority, yet yield more modest results (average annual revenue growth rate that is only half of masters’ average growth) and perform moderately on either both or one of the strategy and execution dimensions.

- **Great Thinkers** tend to be too focused on customer experience strategy at the expense of execution.
- **Execution Heroes**, the converse of great thinkers, yield somewhat better results from great customer experience execution despite having a poor insights–based strategy.
- **Confident Seekers** generate some but not maximal results because, while they have a largely balanced focus on both customer experience strategy and execution, it’s not sufficient in either area.

**Laggards: Companies not “even in the game”**
Laggards, which comprise 28 percent of our sample, yield low to negative financial results despite believing the customer experience is critical. These companies have large performance gaps in both customer experience strategy and execution capabilities.

![Figure 2: Distinct company profiles yield different CX investment efficiency.](image)

Masters yield up to twice the return on customer experience investments compared to other companies.
Customer Experience Defined

In our research, Accenture defined “customer experience” as how business customers and their stakeholders perceive the entirety of interactions they have with a supplier company across all marketing, sales and service touch points.

The customer experience includes areas such as: marketing and sales campaigns, lead follow-up, account management, quote/order management, solution shaping, contracting, customer support, preventive maintenance, SLA definition and monitoring, planning and performance management, sales effectiveness, and multi-channel customer interaction.
“Playing to Win” Differentiators: What Masters Do Differently

We identified five factors that help explain masters’ strong results.

1. Masters “walk the talk”

Virtually all companies in our survey said the customer experience is important to them. But is it really? For most companies, the battle is lost before it even starts. They proclaim the customer experience to be a priority for their business but don’t follow through with their customer experience strategy and operational capabilities.

As shown in Figure 3, though all companies perceive the customer experience as critical to the business, 15 percent to 35 percent of strivers—those “playing not to lose”—and more than 40 percent of laggards assign lower importance to key strategic and operational execution capabilities related to the customer experience. Even more telling is the “importance-performance” gap across these capabilities—the difference between how important a company believes a certain capability to be and how well it thinks it executes on that capability. Masters are far more likely than others to believe all 17 capabilities (identified as key ones by Accenture) are important and are more likely to execute well on those capabilities. In the case of laggards, the importance-performance gap is massive, as much as 30 percentage points for some capabilities.

And masters are backing up their talk with money: They are far more likely planning to increase their investment in the talent, tools and processes that are necessary to deliver an effective customer experience. Masters are nearly four times more likely than laggards (78 percent versus 20 percent) to say they will significantly increase their customer experience budget in the next fiscal year. Masters invest funds and time in a variety of tools and practices geared toward improving the selling and serving experience they deliver to business customers.

For most companies, the battle is lost before it even starts.

Figure 3: Masters understand the importance of customer experience strategy and execution capabilities.

Recognized importance of customer experience strategy and execution capabilities (top 2 agreeing with importance, average across capabilities)
2. Masters build customer experience capabilities based on a clear idea of what customers notice and value

As opposed to relying on intuitive improvements (i.e. focus groups or headquarters personnel), masters align customer experience efforts and metrics with those areas that matter most to their customers. For instance, 93 percent of masters, compared with 72 percent of strivers and 55 percent of laggards, said they perform well in identifying differentiated experiences that align with customers’ needs and expectations. Similarly, 65 percent of masters, versus 24 percent of strivers and 10 percent of laggards, said their customer metrics are effective in providing actionable insight they can use to improve the customer experience.

3. Masters “fast forward” with digital, without forgetting analog

Masters are more likely than others—particularly the laggards—to recognize the impact digital technologies can have on the customer experience and overall company performance. They also are more likely to perform well in using such technologies (which, similar to the preceding discussion, results in a considerably smaller importance-performance gap). While most companies recognize the impact and importance digital has on customer engagement and interaction, as well as collaboration across stakeholders, masters go a step further. They recognize much more so than others the benefits of investing in digital for new revenue generation opportunities and understand its role in facilitating greater organizational agility.

But that doesn’t mean masters are ignoring traditional analog channels. In fact, they embed the customer experience formally into day-to-day operations across both digital and analog channels and emphasize accountability for results across all of them.

Customer experience delivery is a formal end-to-end business process for virtually all masters, but in only three-quarters of strivers and less than half of laggards. Masters are similarly more likely than strivers and laggards to link performance reviews, compensation and bonuses to customer experience outcomes for their own sales and service workforces, and link partner incentives to the customer experience they deliver (Figure 4).

One way Masters use digital to their advantage in the end-to-end customer experience is to allow customers who are “born digital to stay digital.” Strivers and laggards tend to use digital channels to build awareness and attract prospects but then funnel these prospects to analog channels for sales and service. Masters, on the other hand, have struck a balance between the use of digital and analog channels and recognize that a growing number of new, high-value, digitally savvy customers will expect to “stay digital” throughout the sales and service processes.

Figure 4: Masters are more likely to link incentives to customer experience outcomes.

Masters recognize much more the benefits from Digital for new revenue generation and greater agility.
4. Masters focus on real business outcomes and minimize or eliminate complexity

One of the biggest problems companies have in delivering a superior customer experience is that they typically don’t eliminate non-performing programs—they lack clarity on what they need to turn off and what should continue running. Rather, they just keep adding layer upon layer of bad investments, like new paint over old cracked and peeling coats. Eventually, it all adds up to a major drain on profitability, missed growth opportunities and a disjointed customer experience.

Masters are much more likely than other companies in our study to avoid this pitfall. They are adept at monitoring the effectiveness of multiple customer experience programs to understand what’s working and what’s not (Figure 5). And they handle the inherent B2B complexity more effectively (Figure 6).

Figure 5: Masters are more likely to say they perform well in tracking overall customer experience delivery to measure the value impact and identify improvements.

Figure 6: Masters are more likely to say they perform well in dealing with complexity across the organization.
5. Masters ensure customer experience leaders are close to the profit and loss (P&L)

A final but arguably most important factor that can have a substantial influence on a company’s ability to generate results from their customer experience investment is leadership: who’s ultimately in charge of customer experience creation and delivery. Masters are much more likely than strivers and laggards to say responsibility for the customer experience is centralized within a C-level function that directly manages several functional areas (Figure 7).

But that doesn’t mean there is a single answer for every situation—such as simply instituting a chief customer officer role. Indeed, the leaders of various functions within a company think about the customer experience in very different ways and have differing priorities. Actually, the key for successful customer experience leadership is about empowerment and accountability, which is required to successfully align these diverging priorities and gain consensus on what the customer experience means for their company.

In fact, for masters, one of the keys to effective customer experience delivery is collaboration. Masters are more likely than others to not only to think collaboration among sales, marketing and service—as well as with external sales and service providers—is important. They also perform better than others in fostering such collaboration, which has become increasingly important to creating a consistent, cohesive customer experience across the organization that minimizes the broken customer promises that often result from disconnects among functions.

**Figure 7: Organization model of customer experience responsibilities.**

<table>
<thead>
<tr>
<th>Service or Sales function heads</th>
<th>Masters: “Play To Win”</th>
<th>Strivers: Confident Seekers Great Planners Execution Heros “Play Not To Lose”</th>
<th>Trying Hard / Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>12%</td>
<td>18%</td>
<td>64%</td>
</tr>
<tr>
<td>14%</td>
<td>31%</td>
<td>48%</td>
<td>35%</td>
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<tr>
<td>10%</td>
<td>19%</td>
<td>36%</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 8: Masters are more likely to consider collaboration across functions and with partners as important.**

<table>
<thead>
<tr>
<th>Masters “Play To Win”</th>
<th>Strivers: Confident Seekers Great Planners Execution Heros “Play Not To Lose”</th>
<th>Trying Hard / Laggards</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td>76%</td>
<td>55%</td>
</tr>
</tbody>
</table>
Figure 9: Masters are more likely to say they perform well in fostering collaboration among these entities.

- Between Marketing and Sales: 92% Masters, 79% Strivers, 46% Trying Hard/Laggards
- Between Sales and Service: 94% Masters, 79% Strivers, 44% Trying Hard/Laggards
- With External Sales/Service partners: 90% Masters, 73% Strivers (Confident Seekers, Great Planners, Execution Heroes), 41% Trying Hard/Laggards

Masters: "Play To"
Strivers: "Play Not To Lose"
Five Steps to Greater Customer Experience ROI

Given the approach and perspective exhibited by masters in our research, what should companies do to dramatically boost the return on their customer experience investments? In our experience, five basic steps can put a company on the road to delivering a superior customer experience that enables it to “play to win” instead of “playing not to lose.”

1. **Empower the customer experience leader(s) with P&L**: A company should start by getting customer experience leadership closer to the P&L and giving that leader responsibility and accountability for results. In our experience, the closer the leader is to direct P&L ownership, the greater the scale of the benefits. The leader also should ensure the company shapes a customer experience strategy that will flex as the organization learns and sustains it—and as customers change their expectations and behavior—over time.

2. **Adopt a new customer model**: With the right leader identified, a company can turn its attention to building a better foundation for its customer experience. The reality is that many companies’ customer experience efforts are ineffective because they are trying to build new capabilities on an outdated model—typically, the traditional “sales funnel,” in which a customer’s path to purchase used to be generally predictable, flowing through stages of awareness, consideration, evaluation, purchase, and use.

   Companies need to adopt a new model that is consistent with today’s business environment—the Nonstop Customer model—to ensure the company’s strategy reflects that the customer’s journey is now more dynamic, more accessible and more continuous. Importantly, companies need to consistently deliver the basics of the customer experience before introducing new capabilities. Failure to get the basics right will undo any goodwill desirable new capabilities will engender (learn more about the model in Figure 10 and the text box, “Nonstop Customer Model in a B2B context”).

3. **Enable “born digital, stay digital”**: Throughout the preceding process, it’s critical for companies to enable customers to “be born and stay digital” instead of falling prey to the common trap of promising a digital experience then forcing customers into analog interactions. Many companies, for instance, use digital marketing to acquire customers, only to force customers to use analog channels (such as contact centers or field sales personnel) for setup and ordering, and then hope customers will use digital channels for self-service. Nothing frustrates customers more, especially those who increasingly are attracted to digital capabilities and see analog as largely a last resort. Of course, that doesn’t mean companies can ignore analog channels. They are still an important part of the mix and should be strengthened while new digital capabilities are added.

4. **Target customer experience investments**: Once the new customer model is established, a company can begin developing a better way to target its customer experience investments. A structured approach to determining where and how to invest in the customer experience can help close the gap between aspirations and actual execution, reduce waste and complexity, and ensure the customer experience is consistent with what customers notice and value. To that end, companies should:
   a. Perform a diagnostic to assess their existing customer experience investments and estimate the ROI.
   b. Develop a framework for determining where investments are both noticed and valued by customers.
   c. Understand where in the customer experience others, inside and outside of their industry, excel.
   d. Determine the approach for future investments across the customer lifecycle (with some investments aimed at achieving par and some aimed at critical differentiation).

5. **Operationalize and standardize the “industrial strength” customer experience**: The most effective customer experiences are those that are implemented and operated with the same rigor as other critical operations. In other words, the customer experience should have quality designed in at every step—not just be subject to quality control before going live—to ensure zero defects that could turn customers away. It should be managed and executed consistently across functions and channels (including automation of key activities). Its performance should be measured using the right metrics and the results should be shared with the relevant people across the organization so they can act on them. And it should be continually improved based on these performance metrics as well as feedback from customers.
to "play to win", B2B companies need to face the challenges and opportunities from the changing dynamics of the business customers, as captured by Accenture’s Nonstop Customer model (Figure 10). Traditional B2B models are built around a linear path or funnel to purchase. Today however, accelerated by digital technology, the way business customers engage with suppliers has fundamentally changed. The customer journey is now:

• **More dynamic:** Business stakeholders move at consumer speed and expect agility and a consumerized experience across multiple channels.

• **More accessible:** Access to knowledge is ever more "open" and content is everywhere. Influence of other stakeholders of B2B ecosystems (peers, colleagues, vendors, partners...) is much more persuasive.

• **More continuous:** Business customers now expect an ongoing engagement from suppliers. Always-on touch-points and increasingly more sophisticated sourcing/procurement functions lead to an almost real-time monitoring of suppliers’ performance, continuously comparing the promise versus delivery. Evaluation, not purchase, is now the focus.
Conclusion

The customer experience has become much more important to B2B companies. Creating and delivering the right customer experience is not easy. It requires companies to identify a strong customer experience leader who has the authority to make things happen, implement a new customer model and capabilities (especially digital ones), and embed the customer experience in everything the company does—all of which takes time, effort, and money.

However, as the masters in our study demonstrated, a superior customer experience can pay significant dividends in the form of higher revenues. And that should be music to the ears of executives at B2B companies who are tired of playing not to lose and, more than ever, must play to win.

About the Research

Accenture surveyed 1,458 executives at companies that provide products or services to other businesses (i.e., B2B or B2B2C companies) to gain deeper insight into how they prioritize and deliver the customer experience across sales and service interactions. Participating executives represented 13 countries and companies spanning 10 industry segments.
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