

# The 10 Habits of Customer-Centric Organizations in the Age of Digital Business

**Published:** 5 May 2017   **ID:** G00323430

---

**Analyst(s):** Olive Huang, Jenny Sussin

The accelerating pace of technology innovation will offer organizations new opportunities to engage with customers as they build a digital business. Application leaders must be ready to translate habits of customer centricity into a new set of improved actions to support CRM and CX strategies.

## Key Findings

- Application leaders supporting customer relationship management (CRM) and customer experience (CX) are under pressure to deliver a modern technology portfolio to support a customer-centric business strategy.
- Game-changing technologies such as artificial intelligence (AI) and smart machines will not provide long-term business advantage unless customer empathy is a key design consideration.
- Customer concerns over their data privacy must be addressed with clear, consistent policies and visible customer benefits to build a trust-based relationship.
- Digital business requires organizations to adapt to customer demands and circumstances in real time and react quickly to unexpected business events.
- One of the most critical factors in customer centricity is organizational culture. Organizations that invest in their employees and in adequate CX governance see greater investment from their customers.

## Recommendations

For application leaders supporting CRM and CX:

- Deliver a modern technology portfolio to improve your organization's ability to listen to customers; analyze the feedback and act on customers' needs.
- Build customer empathy into processes, policies and IT system configurations.

- Establish privacy guidelines that lean more toward the benefit of customers instead of toward the benefit of the organization. Remember, respecting privacy doesn't just mean being compliant with government regulations.
- Increase real-time capabilities to deliver an adaptive customer experience by absorbing and analyzing large volumes of data "on the move."

## Table of Contents

---

Strategic Planning Assumptions.....	2
Analysis.....	3
1. Continuously Listening to Customers.....	4
2. Consistently Following Up With Customers on Their Feedback.....	5
3. Acting Proactively to Anticipate Needs.....	6
4. Building Customer Empathy Into Processes and Policies.....	6
5. Respecting Customer Privacy.....	7
6. Sharing Knowledge Internally and With Customers.....	8
7. Motivating Employees to Stay Engaged.....	9
8. Acting Systematically to Improve the Customer Experience.....	10
9. Creating Accountability for Customer Experience Improvements.....	12
10. Adapting to Customer Demands and Circumstances in Real Time.....	12
Gartner Recommended Reading.....	14

## List of Figures

---

Figure 1. The 10 Habits of Customer-Centric Organizations in the Age of Digital Business.....	4
Figure 2. Gartner's Customer Experience Maturity Model.....	11
Figure 3. Digital Business Requires Real Time.....	13

## Strategic Planning Assumptions

By 2020, poor customer experiences will destroy 30% of digital business projects.

Through 2020, businesses that deploy CRM technology in such a way that it reflects empathy toward the customer are three times more likely to fend off a digital disruptor.

## Analysis

What does it mean to be customer-centric? A customer-centric organization is designed to keep customers happy by finding out what they want and dealing with their problems quickly. In other words, customer centricity is the ability of an organization to understand the unique problems and expectations of their target customers, to understand the context of those needs, and to consistently deliver products/services that meet those expectations.

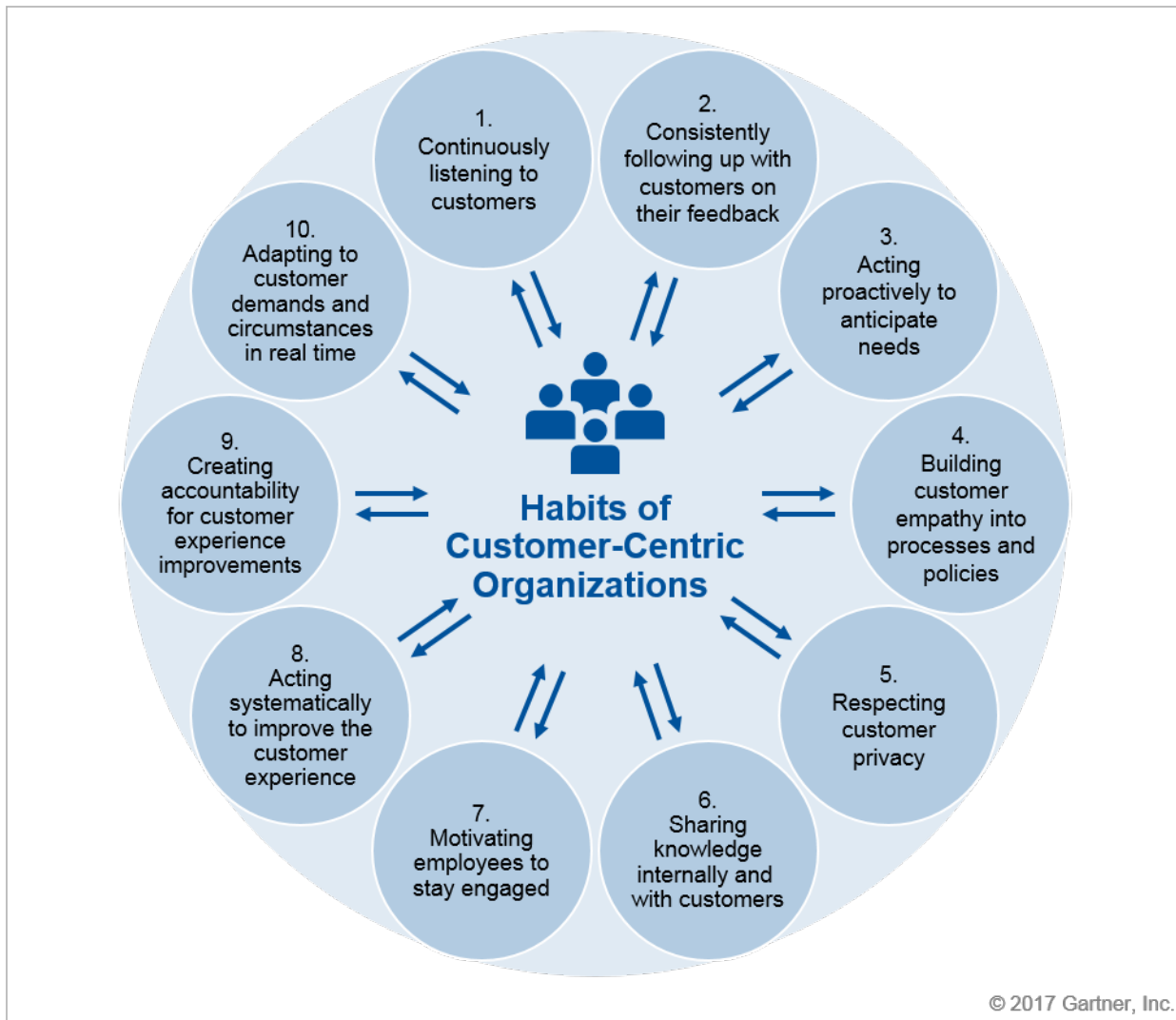
In 2016, CEOs (in Gartner research) ranked the customer strategy as the No. 2 priority on the strategic business priorities list, up from No. 4 the previous year. In addition, both CEOs and chief marketing officers have positioned customer-oriented, technology-related investments at the top of their agendas. As a consequence, customer centricity is also near the top of CIOs' strategic business priorities.

Digital initiatives have many parts, but it is extremely common for an improved customer experience (CX) to be at the top of the list of intended business outcomes. Application leaders supporting CRM and CX are under pressure to deliver a modern technology portfolio to support a customer-centric business strategy.

As organizations strive to become customer-centric, Gartner has recognized a number of common behaviors that best-in-class organizations all seem to exude — not only on an ad hoc basis, but habitually. Some organizations follow the common CX improvement best practices (see Gartner's "Seven Types of Customer Experience Projects"); many of them have a new digital twist because they are enabled by modern technologies; and a few of them reflect the organizational forward-thinking philosophy of incorporating digital business moments and empathy into their process design.

Studying organizations like Starbucks, Zappos, AT&T, Rackspace, Singapore Changi Airport and The Ritz-Carlton Hotels, Gartner has identified 10 habits of organizations that exercise customer centricity in the age of digital business (Figure 1).

Figure 1. The 10 Habits of Customer-Centric Organizations in the Age of Digital Business



Source: Gartner (May 2017)

## 1. Continuously Listening to Customers

Customers are actively and passively giving businesses information that can be used to drive a successful CX. Businesses can learn:

- What customers buy — purchasing history allows suggestions to be made on future visits or offers to be made through social media and email
- What is important to customers — understanding priorities lets businesses tailor offers to suit individuals

- Where customers are located and where they usually go — knowing this allows offers to match to geographical places, or even to whether a customer is using a mobile device or a more stationary one
- The interests of customers — the chance to refine offers and create needs that the customer might not have actually had before setting out on a specific sales or service visit
- Who customers are friends with — understanding the purchases and interest of cohorts allows for deeper understanding of an individual

Historically, organizations have used enterprise feedback management techniques including surveys to collect information. Today, technology enables organizations to *continuously* collect customer information. Many companies employ a combined social media, web and app analytics-driven approach to data collection on digital channels. External community software can be used to bring customers together to generate new ideas, insights and additional customer data to be used in future interactions. Elle, the fashion magazine, worked with Think Passenger to create such a site that allowed customers to take surveys, share product feedback and engage directly with Elle's advertisers. Specific technologies exist to support this exact use case, from Think Passenger to Jive, Salesforce, Lithium, Telligent and others.

Similar programs can also be grouped under voice of the customer (VoC) strategies. The scope of a VoC strategy depends on many factors including the CX maturity level of the organization, budget and channels available (see "How to Start Creating a Voice-of-the-Customer Strategy").

Listening is the first step to building a customer-centric culture.

## 2. Consistently Following Up With Customers on Their Feedback

---

While many organizations employ listening and VoC techniques (as noted above), most do a poor job of communicating with customers from whom they've received feedback.

Understanding that the customer relationship is about reciprocal value, customer-centric organizations realize that customer feedback is voluntary and their customers will stop talking to the organization if they don't feel their feedback is being heard. It is critical for organizations to develop a way to enable continuous, active submission of customer opinions and to ensure the feedback loop works.

For example, if an organization employed an online customer community, it could also use a part of that community to provide customers with feedback on what they've done with their ideas and suggestions. Starbucks' online community, My Starbucks Idea, does just that: after customer requests for new types of sweetener and almond milk, Starbucks not only began introducing new products to its stores, but also used the same venue where the ideas were generated to provide feedback to customers, thanking them for their ideas.

Customer-centric organizations like Starbucks use techniques such as online communities to engage customers to come up with ideas. They know that a two-way dialogue is the key to the

process. Prompt, fair responses to problems and opportunities can be supported via VoC applications, external communities and, in many cases, sales and customer service employees.

See "Optimize the Role of Peer-to-Peer Communities in the Customer Journey"

### 3. Acting Proactively to Anticipate Needs

---

As organizations collect more accurate and relevant information from customers, application leaders can use customer data to be proactive in creating a positive CX based on situational needs. In a cloud software sales scenario, a customer success manager will be able to generate good insight through the usage pattern of his client and similar clients, and identify proactive actions on training, escalations, additional system capacity and functionality, or cost-saving measures such as reassigning dormant users.

Proactivity can also come from doing nondata exercises, like conducting empathy modeling (see Habit 4). Such models become hypotheses on customer needs, which can be proven or disproven with analysis of customer interaction data. This results in models that anticipate needs, based on pattern matching of customer intent.

Digital business involves combining digitizing products, services, markets, channels or processes to create new business designs that blur the line between the digital and physical worlds. Being able to proactively anticipate customer needs in the age of digital business requires application leaders to exploit business moments — transient opportunities within the customer journey — dynamically. Exploiting a business moment can involve using location awareness, the Internet of Things, wearable computing and a device (often a smartphone) to create business designs that assemble "value on the fly." It puts people at the center of all activity and permits customers — even if they don't know what they want — to get what they need, when, where and how they need it.

Gartner has created a name for this fleeting opportunity in a customer journey — the "business moment" — to assist application leaders in developing customer-centric approaches to anticipating customer needs and proactively managing relationships through the use of emerging technologies.

See "Toolkit: Use Business Moments to Identify Hidden Value Opportunities for Your Enterprise."

### 4. Building Customer Empathy Into Processes and Policies

---

Organizations that don't view the customer journey from the point of view of the customer risk alienating the people they need to reach. A dictionary definition of empathy is the "ability to share in another's emotions, thoughts or feelings" (Webster's New World). Empathy for the customer must be built into processes and policies from the beginning.

A lack of coordination among internal customer process designers, and between the various customer process designers and the customers themselves, can undermine businesses in their attempts to build customer empathy. Digital disruptors — companies that understand the pains of the customer journey and alleviate them by tearing up existing business models (e.g., Square, Uber, Khan Academy, Live Nation) — have shown how CX can be improved. The range of pain points addressed by the above examples include mobile payments, ride sharing and the rules set by the music and entertainment industry. At their core, these are innovators whose success is precisely

because of the empathy they have felt for customers who've switched from other vendors with inferior customer processes.

Building empathy into processes and policies demands a focus on:

- Channel convenience for the customer
- Timely response to feedback
- Deep knowledge of the customer's problem
- Proactivity in customer engagement
- Being helpful and friendly
- Fairness
- Honesty

Consider a traveler who has lost her wallet filled with credit cards. If she is stranded in a hotel lobby, trying to get replacement cards, she won't have her credit card number when she calls the credit card company hotline — something many companies would ask her for through their interactive voice response (IVR) systems. A company that places emphasis on customer empathy will design the process so as to cut all the self-services and place a human agent as soon as possible on the telephone line, knowing the customer is distressed.

Although CRM software and CRM processes are critical to success, they are not, by default, empathetic toward customers. Often, in order to get funding for CRM technology, a business case has to be made that shows the benefit that will accrue to the organization. However, there is no requirement to consider any benefit(s) to the customer and so this is often sidelined. Application leaders supporting CRM should remember that game-changing technologies such as AI and smart machines will not provide long-term business advantages unless customer empathy is a key design consideration. CRM business applications must be engineered to increase empathy toward the customer. In the same way, business rules must be designed with empathy in mind and the process owner must know how to translate that into a functional specification.

See "CRM Applications Will Fail Without Consideration of Customer Empathy."

## 5. Respecting Customer Privacy

---

We've talked about the extensive amount of customer data that application leaders have on individuals, but customer-centric organizations make a habit of respecting customer data privacy just as much as they make a habit of using it to anticipate need. Respecting privacy doesn't just mean being compliant with regulations.

The idea of what constitutes privacy is changing. An Accenture survey found that about half of U.K. and U.S. adults aged 20 to 40 wouldn't mind having their buying behavior tracked as long as it resulted in relevant offers from companies. A Gartner online study conducted in 2016 on Mobile Apps showed close to one-quarter of U.K, U.S. and China adults ages 18 to 74 would be willing to

share more private information on their smartphones if they were paid to share, or received a discount for doing so.

But with that acceptance of tracking purchases comes responsibility for organizations. Modern consumers often are willing to accept that organizations are collecting data about them, but want that data treated in a considerate manner. They expect certain assurances:

- **Transparency in knowing how and when their data is being used** — Application leaders supporting CRM have an ethical responsibility to clearly explain to customers when they are collecting data and how it is being used, including how and when data will be shared with third parties and what privacy obligations extend to those third parties. Gartner also recommends that customers be given a way to provide feedback on terms and conditions (T&Cs) set to collect and use data. Instead of providing legal T&Cs that nobody ever reads, it is better to explain these terms in an easy-to-understand manner and offer customers the option to control how much information they wish to share.
- **Data to be used only in contextually relevant ways and customers have the right to be forgotten** — Organizations should only use information that customers have opted in to share when personalizing their experience. They should avoid using personalization in sensitive situations, including activities around finances and healthcare. They should also train staff on how to use information in their customer interactions, and allow customers to trigger the process to be forgotten.
- **Data to be stored securely** — Customers stop doing business with companies that don't keep their data safe. Building in proper safeguards must be a priority for application leaders supporting CRM. If data is hacked, it's equally important to quickly alert customers and let them know what steps are being taken to ensure their safety. Steps include keeping a log of reported privacy violations that customers can access, and explaining how data will be made more secure.

See "Three Ways to Support CRM While Ensuring Customer Data Privacy."

In addition, emerging global privacy regulations have created additional work for application leaders seeking to use customer data for any purpose. Application leaders supporting CRM and the CX in global organizations should review Gartner's research to ensure they keep both customers and regulators happy.

See "Focus on Five High-Priority Changes to Tackle the EU GDPR" and "Privacy Management Program Primer for 2017."

## 6. Sharing Knowledge Internally and With Customers

---

The best organizations understand that knowledge flows both ways. Knowledge is generated both by organizations and customers and should be shared. Doing so creates a rich knowledge sphere that is directly available to customers and employees. This improves efficiency, customer satisfaction and revenue growth.



Most importantly, customers want information that's relevant to them. Improved delivery of contextual knowledge to an employee or customer reduces a provider's response time by 20%-80%, raising competency and satisfaction. Consider Gartner's assertion that, by 2018, the rapid creation and retrieval of relevant content will be a key attribute of leading enterprises.

The latest technology advancement on AI makes using a blend of virtual customer assistants (VCAs) and human help an attractive way to deliver knowledge in context of what a customer seeks. Gartner predicts that, by 2020, 10% of B2C first-level engagement requests will be taken by VCAs, up from less than 1% today.

Some organizations have embraced the idea. China Merchants Bank handles 99% of its 1.5 million daily transactions through a VCA powered by Xiaoi. The bank says the answers provided by its VCA have a 98% accuracy rate. Delivering AI-powered, in-context information to customers also promises to change the nature of contact centers. We predict that, by 2020, AI will disrupt the jobs of one million phone-based customer support agents.

See "Knowledge Management Will Transform CRM Customer Service."

## 7. Motivating Employees to Stay Engaged

---

Companies like The Ritz-Carlton Hotels, Zappos and Singapore Airlines are famous for their advanced levels of customer service and, in particular, their friendly employees. Their employees are empowered to deliver a "wow" CX. They are proud of their work and the companies they work for, and they care about customers.

High levels of employee engagement contribute to higher levels of customer satisfaction. When employees are engaged, organizations enjoy higher productivity, improved retention and reduced absenteeism. Engaged employees provide better customer service and brand advocacy. They are passionate about their work and willing to go the extra mile to help customers. The same attitude makes them better team players. They are more willing to collaborate and coach and, as a consequence, they help the organization to be more customer-centric. In many ways, a culture of engaged employees is the essence of a customer-centric organization.

An increasing percentage of customer-service employees put interesting work, flexibility, social life around work and a pleasant working environment as top factors influencing job satisfaction. They also place feeling valued over financial reward as a factor leading to satisfaction at work.

Motivational techniques revolve around a few key areas:

- **Hiring** — Recruiting the right kind of people; that is, linking selection criteria to CX.
- **Onboarding** — Using technology to help new employees get settled in their jobs can speed up the process and help new workers feel a sense of belonging in the organization.
- **Emphasizing rights and responsibilities** — Not only making clear the responsibilities to the customer, but also employees' rights and freedoms to step up and do the right thing.

- **Empowerment** — All workers want to feel they have control of their lives. Using tools to allow agents to feel they have a good work-life balance can provide this. For example, leading workforce management solutions allow schedules, shift swaps and other work/time matters to be viewed and changed via a mobile app.
- **Recognition** — The use of gamification software to motivate and drive agent performance through personalized goals and rewards keeps employees motivated.
- **Progression** — Training methods that allow employees to work at their own pace and see how they are progressing keep them engaged.
- **Work environment** — Workflows should be intuitive and the agent desktop simple to use. The agent desktop is a common source of frustration for call-center workers. Investing in technology to ease this frustration raises morale and improves productivity.

See "How to Get Your Customer Service Employees to Care About the Customer."

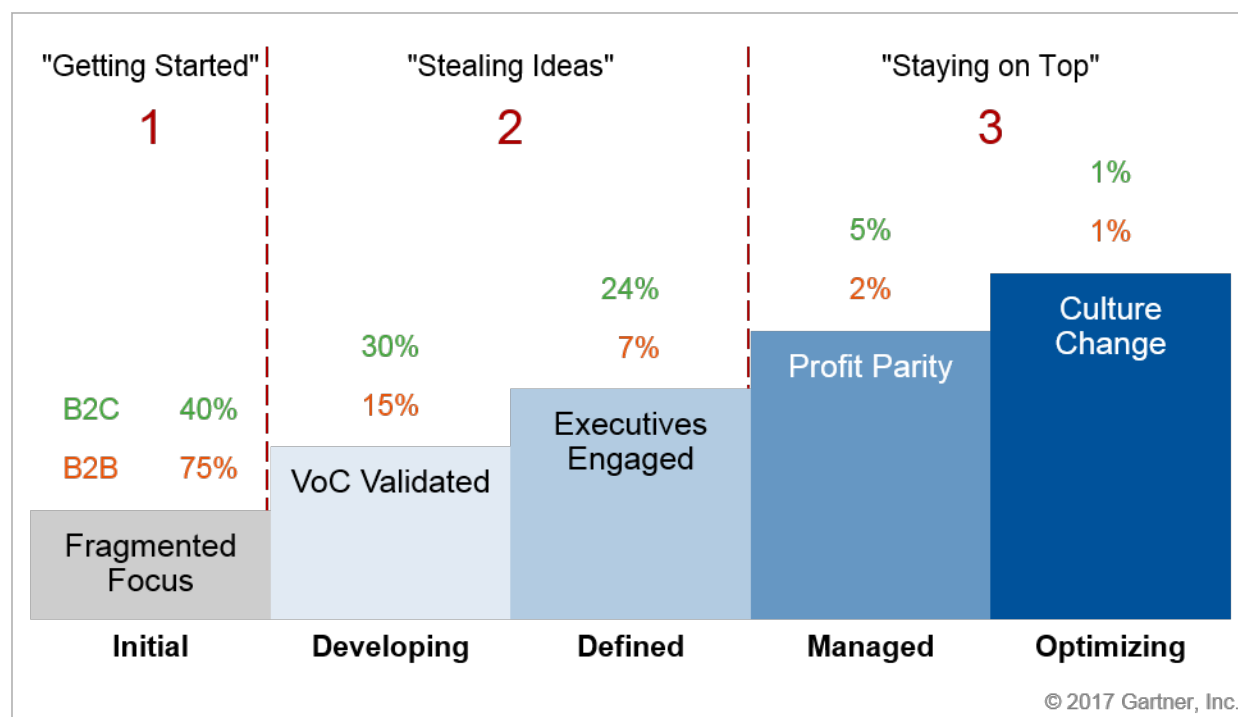
## 8. Acting Systematically to Improve the Customer Experience

---

An organization's CX will only improve when it establishes a compelling vision and develops a systematic approach to improvement. In the majority of cases, CX management is an initiative or program composed of multiple projects. It takes multiple years to get some initiatives right (such as altering compensation plans and corporate metrics), whereas only a few weeks are needed for other initiatives (such as quick fixes to the web-user experience). The longest-term projects (such as recruitment and training programs) tend to migrate from a program to an ongoing operation, because they are without end.

Leading organizations deploy a systematic approach to improve and increase the maturity level of their CX. Gartner's Customer Experience Maturity Model (see Figure 2) can be used to measure the health and direction of the CX program, and to manage the program on an ongoing basis.

Figure 2. Gartner's Customer Experience Maturity Model



VoC = voice of the customer

Source: Gartner (May 2017)

**Level 1 (Initial):** The focus on improving the CX is fragmented. Processes are ad hoc, disconnected and disorganized. There may be multiple individual advocates, but they have little awareness of each other, no formal strategy is in place, and there is limited acceptance of the importance of CX maturity across the organization.

**Level 2 (Developing):** A VoC function has been established and a vice president of CX may have been appointed. An audit of existing activities has taken place. Gaps have been identified, requirements for improvements have been assessed, responsibilities have been assigned, and an implementation plan is in place.

**Level 3 (Defined):** A vision has been outlined and management buy-in secured. Goals, practices and performance metrics are fully defined. Processes are standardized, integrated, documented and implemented. Formal governance and a compliance model are in place.

**Level 4 (Managed):** A CX metric has reached parity with profitability in terms of importance for executives, and all employees are focused on its improvement as much as on profit. CX improvement has been systematized.

**Level 5 (Optimizing):** The culture of the organization has changed, so that employees do the right thing without being asked, given incentives or pressurized. Employees are empowered to take action and innovate. A culture of alert defense of an excellent CX has taken hold.

Singapore Changi Airport provides an example of how to create and execute a good CX plan. Changi is also one of the world's busiest airports in terms of international passenger traffic and cargo traffic. The airport designed its "Changi Experience" to meet the needs of all travelers passing through. Collaborating with 200 agencies and companies that employ more than 28,000 people at the airport, Changi designed a plan to promote friendly service, aimed to eliminate security lines, speed up check-in using technology and even "create fond memories in every customer." The result, after a systematic rollout of technology and training for a number of years, was the airport climbing to the top of the Skytrax list of world's best airports. In 2017, air travelers voted Changi No. 1 airport for the fifth consecutive year (Skytrax).<sup>1,2,3</sup>

## 9. Creating Accountability for Customer Experience Improvements

The best CX plan won't help if no one in the business is accountable for its execution. Gartner surveys have found that responsibility for improving the CX is often spread among many departments, with marketing, sales, customer service, operations and the strategy and planning department most heavily involved.

While the CX cuts across many parts of a business, choosing a point person for the whole business is the best way to get and keep a plan on track. Some companies don't have the resources to designate a CX leader with no other responsibilities, but that shouldn't stop them from choosing a leader from among current managers.

In about half of cases (49%), the CX leader reports to the CEO, board or operating committee. This access to corporate leadership sends an important signal that CX is important to the company. It can also help others buy in to the program.

The CX leader should form a committee of people (not necessarily the managers) across multiple departments, brands or business units. The committee approach, which is the dominant model in over 80% of cases, helps promote the CX vision across the organization.

CX metrics should be part of the organization's KPI to drive behavioral change. The CX leader should build a hierarchical dashboard of metrics that cover as many aspects of quality, satisfaction, loyalty and advocacy as possible.





See "Survey Analysis: Customer Experience Management Leadership" and "How to Manage Customer Experience Metrics."

## 10. Adapting to Customer Demands and Circumstances in Real Time

Technology is disrupting the nature of businesses at an ever-faster pace (see "Disruptions and Disruptors Are Reshaping the Digital Landscape.") More than ever before, digital business means engaging with customers and adapting to customer demands and circumstances in real time (see Figure 3). Organizations now must:

- React quickly to unexpected business events
- Allow decision makers to instantly understand the state of the business
- Use unconstrained analytics to make real-time decisions
- Use stream analytics to absorb large volumes of data "on the move"

Figure 3. Digital Business Requires Real Time

Digital Business Needs		"Must-Have" Capabilities
 Business Moments		<b>Timely</b> reaction to unexpected, unplanned business events
 Situation Awareness		Decision makers' <b>instant</b> business-state understanding
 Real-Time Insights		<b>Real-time</b> , self-service, unconstrained analytics
 Stream Analytics		Absorbing large volumes of <b>data "on the move"</b>
<b>Classic, "tried and tested" IT approaches won't work anymore!</b>		

© 2017 Gartner, Inc.

Source: Gartner (May 2017)

In order to deliver an adaptable experience and in real time, organizations require a number of digital capabilities. These include the ability to:

- Analyze and process large volumes of fast-changing datasets
- Master new analytics tools that help use data to predict future events and even generate prescriptive advice on what to do next
- Integrate smart machines in the adaptive experience design to provide more automated analysis
- Deliver more process automation leaving people to handle the more complicated, nonroutine processes

- Detect situations that require attention and notify people, with real-time decision-making automation in some situations, using complex-event processing (the fast-changing data stream demands it!)
- Enable systems to autonomously or semiautonomously learn and adapt to fast-changing customer needs through advanced machine-learning capabilities

In blending these capabilities, we are starting to see evidence of what we call "algorithmic business" — dynamically using the trust-based ecosystem to sense and respond to customer demand, while escalating new situations to associates.

## Gartner Recommended Reading

*Some documents may not be available as part of your current Gartner subscription.*

"Predicts 2017: CRM Customer Service and Support"

"Build Empathy Into Your CRM Strategy to Increase Customer Loyalty"

"These Overlooked Assistance Tools for Your Customer Service Agents Can Boost Productivity"

"Gartner's Seven Types of Customer Experience Projects"

"Applications Leadership Vision for 2017"

### Evidence

<sup>1</sup> ["Changi Airport Is Named the World's Best Airport for the Fifth Consecutive Year by International Air Travelers."](#) Changi Airport Group. March 2017.

<sup>2</sup> ["Changi Connection."](#) Changi Airport Group. Issue 7. October 2010.

<sup>3</sup> ["Salesforce.com Tools Up Singapore Changi Airport for First-Class Customer Experiences."](#) Salesforce.

### More on This Topic

This is part of an in-depth collection of research. See the collection:

- Future of Experience: A Gartner Theme Insight Report

## GARTNER HEADQUARTERS

### Corporate Headquarters

56 Top Gallant Road  
Stamford, CT 06902-7700  
USA  
+1 203 964 0096

### Regional Headquarters

AUSTRALIA  
BRAZIL  
JAPAN  
UNITED KINGDOM

For a complete list of worldwide locations,  
visit <http://www.gartner.com/technology/about.jsp>

---

© 2017 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. or its affiliates. This publication may not be reproduced or distributed in any form without Gartner's prior written permission. If you are authorized to access this publication, your use of it is subject to the [Gartner Usage Policy](#) posted on gartner.com. The information contained in this publication has been obtained from sources believed to be reliable. Gartner disclaims all warranties as to the accuracy, completeness or adequacy of such information and shall have no liability for errors, omissions or inadequacies in such information. This publication consists of the opinions of Gartner's research organization and should not be construed as statements of fact. The opinions expressed herein are subject to change without notice. Although Gartner research may include a discussion of related legal issues, Gartner does not provide legal advice or services and its research should not be construed or used as such. Gartner is a public company, and its shareholders may include firms and funds that have financial interests in entities covered in Gartner research. Gartner's Board of Directors may include senior managers of these firms or funds. Gartner research is produced independently by its research organization without input or influence from these firms, funds or their managers. For further information on the independence and integrity of Gartner research, see ["Guiding Principles on Independence and Objectivity."](#)