



Beyond the snafu: Research directions in customer experience-led business transformation

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Abstract

Understanding and managing the customer experience (CX) is paramount for organizations aiming to enhance their business performance. However, despite significant investments in improving CX, the high failure rate of CX management programs shows that effectively executing CX-led business transformations can be a true snafu. While academic literature on CX is abundant, research on how executives and managers can implement CX within their organizations remains limited. Meehan's interview (2024 – *this issue*) with Piyush Gupta offers valuable insights into this aspect, serving as a foundation for further exploration. This paper offers an initial conceptualization of a CX-led business transformation and identifies areas ripe for new research streams on CX management.

Keywords Customer experience · Customer experience management · Business transformation · Change management

Introduction

Understanding and managing the customer experience (CX) are a key priority in business. The reason? Improving CX yields proven tangible benefits, including higher customer loyalty, share of wallet, and organizational performance, among others (e.g., Homburg & Tischer, 2023; Srivastava & Kaul, 2016; Stein & Ramaseshan, 2020; Wetzels et al., 2023). To realize these advantages, organizations invest significant resources in improving their CX. However, improving the CX often proves to be a daunting challenge—a true snafu—wherein outcomes deviate from intended goals.

A recent report by Harvard Business Review's Analytic Services (2023) finds 94 percent of the surveyed business leaders stating it is important their organization delivers

industry leading CXs to be successful, with 75 percent of them reporting that improving CX is a top strategic priority. Nonetheless, only 10 percent of business leaders considered their organization to be extremely effective at CX. Similarly, a recent survey of nearly 500 executives suggests that 51% struggle to comprehend and navigate the various aspects of CX management (CSG, 2023). This observation underscores a belief-behavior gap between knowing CX is a priority and actually delivering effective CX, demonstrating the difficulty in successfully executing a CX-led business transformation.

Against this backdrop, Meehan's (2024) interview with Piyush Gupta, CEO of DBS Bank proves enlightening and shows a CX-focused pathway many organizations could learn from. It is not common for an organization to evolve from worst in their industry (i.e., DBS jokingly being referred to as being "Damn Bloody Slow") to becoming the "World's Best Bank" (Daly, 2022). The DBS story is undeniably inspiring from a practitioner's standpoint, as it illustrates that even organizations with unfavorable positions can become CX leaders. From an academic point of view, the interview sheds light on various aspects of CX management that still lack development in academic research and call for more research.

In what follows and building on the insight from the interview as well as our own experiences of working with organizations, we introduce a first attempt at conceptualizing the process of a CX-led business transformation. Specifically, we

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provide our perspective on seven selected topics from the DBS interview, organized along three core phases, that we believe are critical to CX management implementation success. In addition, we offer a series of connected future research questions. Doing so, we hope to provide inspiration for the further development of the academic and practitioner CX space.

Customer experience-led business transformation

As is clear from the DBS story, delivering a world-class CX is not an immediate outcome but rather demands a comprehensive overhaul of the organization to make this possible (Johnston & Kong, 2011; Meehan, 2024). Practitioners often refer to this overhaul as a business transformation, entailing the “range of competitive strategies which organizations adopt in order to bring about significant improvements in business performance” (McKeown & Philip, 2003). Such transformations exhibit several key characteristics: Business transformations (1) are driven by novel ideas and a redefined concept of opportunity, (2) involve the entire organization rather than isolated departments, (3) necessitate addressing deeply ingrained values and beliefs affecting managerial and employee behavior, (4) demand the cultivation of fresh skill sets within the organization, and (5) require a revision of entrenched management processes such as performance evaluations, incentives, and operations (McKeown & Philip, 2003; Prahalad & Oosterveld, 1999).

Considering these criteria, we argue that enhancing CX can be characterized as a business transformation. First, moving towards a CX-driven business entails a shift in organizational mindset, from product-centric to customer-centric (Marjanovic & Murthy, 2016—i.e., *CX as a concept of opportunity*). Second, as various departments are responsible and may interact with the customer throughout their journey, responsibility for CX inherently extends across the organization, requiring an integrated approach (Lemon & Verhoef, 2016—i.e., *CX involves the entire organization*). Third, emphasizing CX requires a shift in cultural mindset, prioritizing customers and their journeys (Homburg et al., 2017—i.e., *changing existing values and beliefs*). Fourth, effective management of CX demands the development of new capabilities and resources (Homburg et al., 2017; Homburg & Tischer, 2023—i.e., *cultivation of new skill sets*). Finally, embedding CX management within an organization requires integration into human resource management processes, operational processes, and the overall set of KPIs that is used to assess organizational performance (Johnston & Kong, 2011—i.e., *revision of management processes*).

Against this backdrop, we define a CX-led business transformation as *a comprehensive overhaul of organizational strategies, processes, operations, and culture to elevate and*

prioritize the customer experience across touchpoints, with the aim of achieving superior business performance outcomes.

Based on the interview with Piyush Gupta (Meehan, 2024) and emerging insights from CX literature (e.g., Homburg et al., 2017; Johnston & Kong, 2011), we discuss seven topics that are essential for any CX-led business transformation and lead to several critical questions managers wanting to set up a CX-led organization need to answer: (Topic 1) leadership & governance, (Topic 2) value-based segmentation, (Topic 3) employee involvement, (Topic 4) technology, (Topic 5) ecosystems, (Topic 6) organizational culture & structure, and (Topic 7) key performance indicators (KPIs). Note that engaging in a CX-led business transformation is likely to involve other topics also (e.g., developing in-depth CX insights; see Van Vaerenbergh et al., 2024) which are not discussed in this article.

To organize these topics, we connect with the view that a business transformation can be seen as a stage-wise process (Morgan & Page, 2008). While many frameworks are available (see Stouten et al., 2018, for an overview), for the sake of simplicity we opted for Lewin’s (1952) three-stage model. The first stage involves ‘*unfreezing*,’ which refers to the identification of the reasons to change, identifying the people that will drive the change, establishing a change vision and developing a change plan. The second stage involves ‘*transition*,’ which is all about putting the change in place. Here, energy is spent on implementing the change through developing a new way of working, but also by increasing the ability of the workforce to implement the change. The third stage involves ‘*refreezing*,’ which refers to consolidating the change such that the change becomes embedded in the organization. Typically, this stage involves a clear monitoring of the change process as well as institutionalizing the change in the company’s formal policies, systems, structure, and culture (Stouten, et al., 2018).

Unfreezing—preparing for a CX-led business transformation

In the ‘unfreezing’ phase, the emphasis is on preparing for change. Key drivers for transformation are identified, with CX *leadership* playing a crucial role in rallying the organization around a shared vision. Effective *governance* structures are established to align this vision with strategic objectives. This stage sets the foundation for the shift towards a CX-led organization.

Topic 1: Leadership & governance

What? The interview with Piyush Gupta points to the criticality of leadership for CX (Meehan, 2024):

“Luckily there was a lot of good talent in DBS at that time. It was just crying for direction and leadership. They knew what needed to be done.”

Despite the importance of clear CX leadership, many companies lack a clear person/people responsible for CX or do not have dedicated CX roles (Harvard Business Review Analytic Services, 2023). Nonetheless, for any organization aspiring to transition into being CX-led, the initial steps undertaken by leadership and the support that is given are likely to be pivotal. This observation is echoed by Johnston and Kong (2011), who emphasize the significance of top management support for CX management programs and advocate for direct reporting of the CX team to top management or the board of directors. At this preparatory stage, the primary task of CX leaders is mostly to champion the CX approach internally, advocating for its centrality to the organization's mission and operations. This task involves engaging with stakeholders at all levels—from the boardroom to the front lines—to instill an understanding and appreciation of the strategic value of CX.

Moreover, defining a clear CX vision and governance is critical at this stage. Our own experiences of working with organizations reveal that most organizations have not established a clear idea for what their customers should experience when interacting with them. At DBS, this aspect was considered one of the first critical steps in transforming the organization (Meehan, 2024):

“But alongside our PIEs we had a second workstream all the way back in 2010 — what I like to refer to as the heartware workstream. Defining our values was an inclusive process. We identified three core customer service values: Respectful, Easy to deal with and Dependable, referred to internally as RED.”

Specifically, CX leaders need to answer fundamental questions (De Keyser et al., 2024): What kind of CX do we want to provide? What distinguishes our CX from competitors? How can our CX embody our brand values? This vision should paint a picture of the desired future state, encapsulating the aspirational aspects of the organization's CX approach. A best practice is to conduct several workshops with the board and/or top management team of the organization, with the sole aim of identifying what the CX should be. At first, such workshops highlight the discrepancies in CX vision between the different members of the senior leadership team, but—after some iterations—can especially help to create a unified view and understanding of the organization's intended CX.

In relation to CX governance, a common understanding needs to be developed about who is accountable for each aspect of the CX, how decisions regarding CX are made, and the mechanisms in place for tracking and measuring

success (see [Topic 7: key performance indicators](#)). Clear governance structures ensure that CX initiatives are aligned with overall business objectives, and that there is a systematic approach to managing and enhancing CX. This view is expressed by Piyush Gupta as follows:

“We spent a lot of time creating alignment on our strategy, our values and our operating rhythm. Together, we called it the rules of the road. We actually documented it and one of the main things we spent time on was decisioning principles. I had seen the tendency of matrix organizations to run into log jams and run into turf wars. So very transparently from day one I insisted we start from the bottom and ask what are the key decisions that need to be made and who is best placed to make the decision, who has the information, who's closest to the source of truth and who can make the quickest impact? And then said, okay, these decisions are made by you and the customer segments or you and the product groups. It was clear and there was no tension around this. Every March or April since, the management team spends an hour or two now asking what's working and what's not working, where are we hearing noise? Where is the sand in the engine? Where is the friction in the system? What do we need to change in the way we are making our own decisioning?”

Future research opportunities To date, CX literature provides scant insights into the role and relative importance (vis-à-vis other factors like technology, culture, and employee involvement) of leadership during a CX-led business transformation—despite its significance being stressed in practice (Harvard Business Review Analytic Services, 2023). Moreover, with various leadership styles possible, such as transactional, transformational, authentic, ethical, and servant leadership (e.g., Hoch et al., 2018), future work may seek to discern what leadership style yields the greatest likelihood of success in implementing a CX-led business transformation, and whether different styles are requisite at different phases of the program. Additionally, novel work could explore whether the composition of the leadership team influences the process and outcome of a CX-led business transformation. For instance, does the presence of CX management skills within the leadership team impact the prospects of success? Can marketing leadership serve as a catalyst, or is a distinct role necessary? Which department is best placed to take on the CX champion role? On top of these research questions, our personal conversations with CX managers reveal that achieving stakeholder engagement is often one of the most challenges aspects of their job. Future research is necessary to develop frameworks and investigate practices that help in attaining this engagement.

In addition, practitioners need a better understanding of how CX should be reflected in the leadership of the organization. Research on the benefits and consequences of chief marketing officers is abundant (e.g., Whitley et al., 2022). The increased focus on the CX, however, gave rise to a new role: the Chief Customer Officer or the Chief Experience Officer (e.g., Bliss, 2015). To date, the literature does not discuss whether or not the Chief Experience Officer is just a rebranding of the Chief Marketing Officer role, or whether both are truly distinct. Some organizations have both Chief Experience Officers and Chief Marketing Officers in their top management team, whereas other organizations replace their Chief Marketing Officer with a Chief Experience Officer. Future research is needed to understand the new Chief Experience Officer role in more detail, as well as to understand its impact on organizational performance.

Another area of interest is that of articulating a clear CX-statement, which can be a considerable challenge. Executives often express a desire to enhance CX, yet seldom specify the precise experience they aim to provide. Should such statements primarily be defined at an organizational, brand, or customer level? On what aspects of the CX should they focus? Moreover, should the development of CX statements be led by the leadership team (top-down), or should it be the outcome of a process involving key stakeholders (bottom-up)? Finally, once formulated, what are the optimal strategies for disseminating and implementing these statements throughout the organization?

In relation to CX governance, many questions are ripe for future work: How do different governance structures within an organization influence the execution and effectiveness of CX strategies? Is there a more favorable outcome in centralized versus decentralized governance models, and what conditions affect this? How do organizational structure and hierarchy influence the effectiveness of CX governance? How do organizations tailor their CX governance to cater to diverse global markets? Additionally, the role of legal and regulatory frameworks in shaping CX governance practices is an area needing exploration. How do regulations and compliance requirements in different regions affect the design and implementation of CX governance? Finally, an examination of the long-term sustainability of CX governance models is crucial. What are the challenges in maintaining effective CX governance over time, and how do organizations adapt their governance models to evolving market and customer demands?

Transition: Redesigning the organization

As the CX-business transformation enters its second stage, 'transition,' the focus shifts to the active implementation of change. This stage is centered around developing a new way of

working that aligns with the envisioned CX focus. Here, we will focus particularly on the topics of *value-based segmentation*, *employee involvement*, *technology*, and *network embedding*.

Topic 2: Value-based segmentation

What? When implementing a CX-led business, a core question resides around how consistent CX must be for different customers, especially when these customers differ in how valuable they are for the organization. This aligns with a quote from Qualtrics' founder Ryan Smith stating that "A satisfied customer is not necessarily a profitable one" (Smith & Williams, 2016), and is also reflected in Piyush Gupta's interview (Meehan, 2024):

"My next major assignment was to lead the so-called 'Paradise Unit'. We attempted to create a one-stop-shop for a select group of 20 priority customers. Whatever they wanted we had to figure out how to make it happen."

"I told the consumer bankers what I saw and what I heard and asked, why don't those account holders have an ATM card? It turned out this was actually a deliberately designed feature because these are low value accounts. And because they are low value accounts, someone figured out that if people take money out too quickly, we don't make anything. The only way we could make money on this account would be to make it difficult for people to take money out. ... We had a misguided sense of P&L management. If the customer needs the money, they'll queue up. Not giving them the ATM card doesn't have the intended effect. In fact, it creates more work for the branches."

DBS's approach to segmentation matches with the customer pyramid framework (Zeithaml et al., 2001), which categorizes customers into different tiers based on their value and contribution to profitability. At the top of this pyramid are the most valuable customers, characterized by their high spending and loyalty. As one moves down the pyramid, the tiers represent customers with progressively lesser profitability and engagement, with the base tier consisting of those contributing the least to profits, sometimes more costly to service than the revenue they generate. Knowing this, it may be advisable to (partly) differentiate CX across customers—a practice already common in the financial, hospitality, airline, retail, and automotive industry. This view aligns with Fader's (2020) take on customer centricity, which posits that businesses should not treat all customers equally, but rather focus their attention and resources on those who are most valuable. Fader (2020) emphasizes the significance of recognizing and catering to the varying levels of customer value, advocating for a strategic approach that prioritizes CX for the best customers (e.g., DBS' Paradise Unit).

In a CX-focused organization, consistency in the overarching CX philosophy is essential, yet the delivery of this experience can be tailored to meet the diverse needs and values of different customer segments. A good example stems from an organization in our network. This organization established a clear definition of their overall CX, including the promise to be there for the customer in case of trouble, but fine-tuned the delivery process to cater to various customer tiers. They managed customer inquiries across three distinct tiers. Customers in the third tier were directed to a contact center for their questions. Those in the second tier received attention from a small team of 3 to 4 account managers, ensuring a more personalized service. The top-tier customers enjoyed the privilege of a dedicated account manager, who was always well-informed about their specific needs and history. This strategic approach not only optimizes resources but also upholds a uniformly high standard of CX (i.e., addressing customers' issues when needed) across all levels.

Future research opportunities Literature on customer loyalty programs provides initial insights on differential customer treatment already. Bijmolt et al. (2018) and Drèze and Nunes (2009) reveal that multi-tier loyalty programs can effectively enhance customer engagement and influence purchase behaviors through feelings of gratitude and status. These programs, offering various rewards and status levels, motivate customers differently across tiers. For top-tier customers, substantial tangible and intangible rewards can lead to increased spending, enhanced loyalty, and positive word-of-mouth. Conversely, lower-tier customers, despite receiving fewer benefits, may often be motivated by the potential to achieve higher status, which can drive their engagement and purchases. However, Steinhoff and Palmatier (2016) reveal that such programs can be perceived as being unfair, leading to lower loyalty program performance. Similarly, high-tier customers may react negatively to reduction in rewards or status through a so-called status demotion (Wagner et al., 2009).

Building on these insights, many interesting research avenues are wide open. A first critical question relates to how value-based segmentation in CX programs impacts customer perceptions and the overall organization's image. The case of a government-owned European financial institution, which introduced customer service tiers based on the volume of products a customer utilized, serves as a cautionary example (HLN, 2023). Commonplace in the banking sector, differentiated customer service became a point of contention for this particular institution, attracting public and media criticism and even an intervention of the national Minister of Finance. This event prompts questions about the conditions under which differential treatment is more likely to be accepted or

rejected by the public. What types of organizations can adopt these strategies without risking backlash, and what factors delineate the acceptable boundaries of such practices?

Another intriguing aspect to explore is the optimal level of differentiation in CX across various segments. Can there be something like a 'core CX' that is common for all customers, and an 'adapted CX' that is different for different customer segments? Novel research looking into ways to identify the right balance between standardization and adaptation in CX delivery may help on this end. In tandem with these explorations, the practical aspect of implementing a varied CX approach is crucial. Best practices, methodologies, and strategies for effectively segmenting customers based on value and delivering tailored experiences need to be identified. This research should encompass operational challenges, training requirements for staff, and the technological infrastructure needed to support such segmentation and service delivery.

The legal and ethical considerations of value-based segmentation also represent a fertile ground for research. This focus involves probing the legality and fairness of providing varying levels of service to different customer tiers. Scholars could examine how such practices stand up to anti-discrimination laws and consumer rights protections. The distinction between permissible business discretion and potential unethical bias needs clear articulation, considering that tiered service models may inadvertently marginalize or alienate certain segments. Furthermore, research should address how organizations can maintain transparency with customers regarding their segmentation practices and the implications for customer trust and loyalty.

Topic 3: Employee involvement

What? The intricate relationship between employee involvement and the effectiveness of CX-led business transformation is profound. As Stouten et al. (2018) emphasize, the success of any business transformation hinges significantly on the degree to which employees embrace and enact the new vision and business focus. At DBS, Piyush Gupta invested significant time and effort into training employees to deliver better experiences to customers, and in hiring new employees with different skills and capabilities (Meehan, 2024):

“We trained everybody, including our board, on how to think about journeys and identify the true job to be done. We showed them how to map, storyboard, signpost and instrument the journey. To better understand why the customer is doing what they're doing, we hired people with anthropology and ethnography backgrounds to get deeper customer insight.”

Moreover, Gupta highlights the simultaneous focus on employee experiences, which is often overlooked yet critical for ensuring that employees are equipped and motivated to deliver on the new CX mandate (Meehan, 2024):

“From then, we started focusing a lot on both customer experience and employee experience side by side. We had to make it easy for employees to deliver what they want for our customers. We asked what are the 10 most important customer experiences we must fix? And what are the 10 most important employee experiences that need to be fixed to enable those customer experiences?”

This view aligns with the principles of the service-profit chain (Heskett et al., 1994; Hogueve et al., 2017). During a CX-led business transformation, it’s not just about shaping CX but also about reshaping the employee experience to support this shift. When employees are engaged, understand their role in the customer journey, and are empowered with the right tools, training, and mindset, they are more likely to deliver interventions that resonate with the customers (Pine II, 2020), thereby enhancing CX. Hogueve et al. (2023) emphasize that effective CX transformations extend beyond training to include feedback mechanisms and recognition systems, ensuring that employees feel valued and are continuously developing.

In this context, it is essential to recognize that employees, particularly those in customer-facing roles, act as primary agents of a CX-led business transformation. Their direct interactions with customers place them in a unique position to evaluate the effectiveness of a new CX-focused strategy and to provide crucial feedback for necessary adjustments. According to Lund Pedersen (2021), this frontline perspective is invaluable for fine-tuning and adjusting the course of the transformation as necessary. Interestingly, we often observe that frontline employees are ‘forgotten’ during CX-led business transformations. A recent example was provided during a conversation we had with a patient experience manager at a medium-sized hospital. After her appointment, she did a tour of the hospital explaining her new role to the hospital staff. While she enthusiastically explained the various initiatives the hospital would take for the patients, one of the nurses started crying and asked: “What about us?” From that moment on, it dawned on the patient experience manager that any patient-oriented initiative would be likely to fail without employees, after which she intensified their involvement.

Future research opportunities The CX management literature recognizes the pivotal role of employees in shaping CX, particularly those working in the frontline (Wilder et al., 2014). Research has typically investigated the impact of various job and personal characteristics on employees’ engagement, performance, but equally on negative job outcomes like burnout and absenteeism (Subramony et al.,

2021). However, less attention has been devoted to employee management during CX-led business transformations.

One area ripe for exploration is the motivation of employees towards superior CX. Practitioners employ diverse strategies, including training, workshops, coaching, mentoring, and rewards, to cultivate a customer-oriented workforce. Yet, the literature offers limited insights into the effectiveness of these actions. What impact do different motivational strategies have on employees with varying levels of natural customer orientation? Specifically, how do intrinsic motivators, such as job satisfaction, and extrinsic rewards systems influence employees’ adoption of customer-centric behaviors? Considering that customer orientation might have a genetic component (Bagozzi et al., 2012), how can organizations effectively cultivate this orientation in employees who may not inherently focus on or care about CX?

The notion that not every employee might be inclined to focus on CX also raises questions about the group dynamics. Employees with high levels of customer orientation might be happy to see that the organization invests in CX, whereas employees with lower levels of customer orientation might consider it as a significant demand. How these group dynamics ultimately affect the success of the CX-led business transformation remains unanswered to date. Understanding these dynamics is crucial for informing human resource management policies, such as recruitment, selection, and retention strategies, and addressing issues such as non-voluntary turnover.

Finally, the concept of psychological safety and its influence on employee willingness to voice opinions and ideas during CX transformation is crucial. How can organizations foster an environment that encourages frontline employees to share insights, and how does this openness impact the success of CX strategies?

Topic 4: Technology

What? Advancements in technologies like virtual reality (VR), augmented reality (AR), the Internet-of-Things (IoT), digital platforms and service robots offer a wide range of new possibilities to support employees and manage customer interactions in a digital space (Hoyer et al., 2020; Kumar et al., 2021). Not surprisingly, the 2024 ‘State of the CIO Survey’ highlights that improving CX is one of the primary business initiatives driving IT investments (Foundry, 2024). Organizations are increasingly under pressure to adopt digital processes and frontline technologies to enhance CX, drawing inspiration from best-in-class examples in the tech industry. Piyush Gupta describes this situation as follows:

“To compete effectively in the future we envisioned we needed to benchmark and seek to reach the per-

formance standards of the tech companies. To do this we asked questions like “how does Google create an experience with that technology?”

Integrating technology into a CX-led business transformation involves (1) enhancing IT systems to connect and better use internal data and (2) deploying technology at the frontline, either to support frontline employees or to interact directly with customers. Artificial Intelligence (AI) is a gamechanger in this context, elevating both the internal and external impact of technology on the organization. As AI capabilities continue to evolve (Huang & Rust, 2024), they enable the processing of more complex and larger datasets in less time, empowering organizations to gather, analyze, and utilize extensive customer and other data for personalized experiences. DBS’s approach reflects this trend:

‘To be honest, principally because our digital transformation was so fundamental, today we’re not really thinking much about segments. We’re even beyond micro segmentation, we’re at n=1. Today we can understand every customer uniquely. And using all our data and AI allows us to generate powerful insights. We know what the customer is doing and why they are doing it. This allows us to send specific messages and nudges to customers individually. We send over 50 million nudges every month to more than 4.5 million customers in Singapore. Ten every month. We could do more, but we don’t want to overload the customer. We’re able to say things like “hey, you normally pay \$56.34 for your telecom bill every month. Last month, we noticed you’ve paid this amount twice. You might want to check.”

However, it is crucial to approach the adoption of technology and AI with a balanced understanding of its capabilities and limitations. When considering success numbers linked to digital transformations, some reports even mention failure rates of around 70 percent (Bottke et al., 2023). These high failure rates often stem from a variety of factors, including inadequate integration with existing processes, underestimating the need for cultural change, or overreliance on technology without sufficient strategy. This complexity is echoed in the reflections of Piyush Gupta:

“Lastly, and I’m sure there are other points, but this comes to mind due to its recency, although technology enables speed, accuracy and scale, there are two sides to this. When you are heavily digitalized and operating at scale, technology failures and snafus are exponentially increased.”

To this end, it’s important to note that while technology is a vital tool in delivering better CX, it is often not a differentiator by itself. Competitors in the same industry typically have access to similar technologies. The real differentiating

factor lies in how the data underlying the technology is utilized and acted upon (Palumbo & Edelman, 2023).

Future research opportunities A first area that requires exploration is how technology may help optimize internal CX processes (see also [Topic 6: organizational culture & structure](#)). Technology may help streamline processes, facilitate better data sharing and integration, and lead to a more cohesive and agile approach to CX management. Research should investigate how internal processes can best be reengineered with technology to achieve efficiency and effectiveness in CX delivery, how different technologies and platforms differently enable better internal communication and joint efforts, and how new technologies impact the roles and skillsets required within CX teams. With the rapid spread of Generative AI in the practitioner realm, many organizations are also facing a multitude of novel questions: What strategies can facilitate seamless integration of Generative AI into diverse technological infrastructures? How can businesses overcome operational disruptions while embedding Generative AI into their CX strategies?

Considering the frontline, a primary area of inquiry should focus on the balance between technology and human interaction in CX. As customer preferences continue to evolve, understanding the optimal journey constellations that mix human and technology interactions becomes crucial. One of us was recently involved in a large-scale market research study for a commercial organization. The key goal of the study was to understand customer preferences for a variety of customer interaction channels, like the phone, live chat with an employee, email, self-service via a website, social media, or a chatbot, among others. Using conjoint analysis, the findings showed that customer preferences for “direct human contact” channels (i.e., phone, live chat) were much higher than for the other channels. Customers had a negative preference for “fully automated channels” like a chatbot or a voicebot, showing that many customers still resist technology in the frontline. This suggests a nuanced interplay between technology and personal touchpoints, where the challenge lies in determining the right mix that caters to varying customer needs and preferences. Future research should aim to provide clearer guidelines on this balance, considering factors such as generational differences, industry-specific norms, and the nature of customer queries.

Additionally, as an increasing amount of organization-customer interaction relies on AI, questions about potential biases in technology-driven CX come to the surface (De Keyser et al., 2021). The design of AI systems needs to be scrutinized for cultural and systemic biases that could adversely affect CX. Research should delve into methods for minimizing these biases and ensuring that technology-driven

CX upholds fairness and inclusivity. This leads to questions like: How can organizations identify and mitigate biases in AI to ensure fair and unbiased CX? What frameworks or guidelines can be developed for the ethical use of AI in customer interactions?

Finally, exploring the impact of different AI intelligences (i.e., mechanical, thinking, and feeling AI—Huang & Rust, 2018) on CX provides many interesting research angles: How do these different AI types interact with and impact employee roles and responsibilities? What strategies can be employed to ensure seamless collaboration between employees and each AI type? How can organizations best integrate these diverse AI types to optimize CX? What are the specific customer responses to each AI type? Are there any relevant moderators? And importantly, how can ethical considerations, particularly in using feeling AI to speak to human emotions, be addressed?

Topic 5: Network embedding

What? Taking a CX focus implies understanding that customers have specific goals or ‘jobs’ they aim to accomplish (Christensen et al., 2005). Often, achieving these goals involves a network of organizations, each playing a role in delivering an overall experience (Bettencourt et al., 2022). These organizations frequently operate independently, yet collectively contribute to the customer's end goal. For instance, the process of purchasing a home isn't limited to securing a mortgage; it encompasses real estate agents, legal services, insurance providers, and more. This realization necessitates a shift in perspective for CX-led organizations: it is not just about the isolated touchpoints and experiences they provide, but about understanding where they fit within the broader ecosystem of the customer's journey and how they are impacted by, and impact other organizations in this ecosystem (Tax et al., 2013). Lacking a comprehensive view, companies might overly focus on enhancing a particular touchpoint or prioritizing a specific choice, thereby overlooking the overarching objectives of customers and thus leading to a worse CX (Bettencourt et al., 2022). By taking a network view, organizations can enhance their CX (Epp & Price, 2011). This is confirmed by the view of Piyush Gupta:

“And that brings us back to the job to be done. Customers didn't want a mortgage, they wanted to buy a house. They didn't want a car loan, they wanted to drive their own car. They didn't want their credit card. They wanted to pay for a meal. The idea was that we should be wherever we were needed.”

In response to this broader view, CX-led organizations are seeking to establish alliances with others to aid in better aligning with customers' different touchpoint journeys, thus

leading to a better CX (Bourdeau et al., 2007; Homburg et al., 2017). We, for instance, increasingly notice this on the European energy market, where several energy providers are offering extra services related to home renovations and home insurances in collaboration with a network of partners. Beyond individual alliances, however, other CX-led organizations are evolving into comprehensive platforms (Rangaswamy et al., 2020). These platforms—like WeChat, Amazon, Grab, and Rakuten—act as ecosystems, offering a range of services that cater to diverse customer needs, becoming a one-stop-shop to enhance CX (Ramasundaram et al., 2023). This approach is one taken by DBS:

“This has been remarkably successful for us. We created an ecosystem in our PayLah! capability in Singapore. We started as a P2P wallet, but we now have created a complete ecosystem of three million plus users who come to that particular app for booking movie tickets, cabs, restaurant meals, etc. We created a separate ecosystem in Singapore around schools.”

Future research opportunities A primary form of collaborations is that with distributional channel partners. For instance, car manufacturers often cooperate with independent car dealers for distribution and after-sales service, e-commerce platforms typically partner with logistics providers to ensure timely delivery, and insurance firms frequently work alongside insurance brokers. Consequently, CX largely stems from the commitment of these channel partners to deliver the brand's experience. In literature, these arrangements are commonly referred to as business-to-business-to-consumer (B2B2C) environments. The understanding of how to design and deliver CX in B2B2C settings, however, remains scant to date (e.g., Rejikumar & Asokan-Ajitha, 2023). Relevant research directions link to exploring how the organizations involved can synchronize their efforts to deliver the intended CX to the end consumer, whether formalizing the CX through contractual arrangements between partners is advisable or not, and what optimal strategies are for enhancing CX in B2B2C settings.

Equally interesting is the configuration and reconfiguration of resources within these organizations (Ostrom et al., 2021). As organizations entwine their services and goods to collectively deliver an optimal CX (whether intentional or not), understanding how to best collaborate becomes paramount (Tax et al., 2013). This exploration includes identifying the types of resources that are most effectively shared and how these shared resources contribute to a cohesive CX. Core questions include: What is the optimal structure of a formal/informal network? How can resources best be shared? In what ways can data sharing and technology integration across different organizations within the network enhance the overall

CX for the customer? How can human resources be leveraged, possibly through joint training programs or shared service centers, to create a more unified customer-facing front? What form of coordination leads to the most effective delivery of the intended CX? This inquiry demands an examination of various coordination mechanisms—from centralized to decentralized approaches—and how they influence the overall effectiveness of CX delivery within the network.

Further, there's an imperative to understand the role and position of each organization within these networks. Each organization plays a unique role in realizing the customer's 'job to be done', yet this role must be contextualized within the broader network. Questions arise such as: How should organizations perceive their position in the network? How can they leverage this understanding to enhance their contribution to the CX? Additionally, how does each organization's positioning within the network impact its resource allocation and strategic focus?

Refreezing: Embedding the change in organizations

The final phase, 'refreezing,' is about solidifying the transformation. The emphasis here is on embedding the changes in organizational culture and processes, ensuring sustainability. Aligning new customer-focused processes and establishing clear KPIs are crucial for monitoring and embedding the transformation. This phase ensures that the customer-centric shift becomes an integral part of the organizational ethos.

Topic 6: Organizational culture & structure

What? For any CX-led business transformation to work, it must bring the organization's members together around a common identity (Senge, 1990; Sinkula, 1994) that drives an overall customer-centric culture (Niehoff & Pilniak, 2023). Specifically, everyone within the organization should have a very clear view on its CX-driven objectives and understand how they contribute to their realization (Jerez-Gómez et al., 2005). Of importance is the development of shared mental models and a common language that drive the evolution of organizational processes (Day, 1994; Homburg et al., 2017). This is reflected in the interview with Piyush Gupta as follows:

“You have to ask how you organize around the customer, how you create power structures that enable customer centric decisions, how you measure all that and, of course, how you drive a completely different ethos around it. That's what it takes to really make customer centricity work, but everything else is lip service.”

To foster a CX-focused culture, a key challenge is to put in place an organizational structure that promotes, rather than impedes CX as the central focus of the organization. In fact, the existence of organization silos is considered a prime issue blocking optimal CX (Harvard Business Review Analytic Services, 2022b). For DBS, the goal to remove barriers between departments and to create cross-functional teams to manage the customer journey was essential to its CX-led business transformation. As Piyush Gupta notes in Meehan's (2024) interview:

“We evolved this two-in-a-box idea into what we called Managing Through Journeys (MTJ) where we created these horizontal organizations and put everybody together who was touching the customer process right from the beginning to the end.”

Such removal of barriers is critical and aligns with Homburg and Tischer's (2023) views on the need for internal integration of touchpoints. This entails the necessity for a CX-focused organization to functionally integrate touchpoints across online and offline channels. To this end, it is essential to facilitate and foster data and knowledge exchange across the organization, and especially between all parties directly involved in the CX. Eventually, such practice and organizational setup should help with the spreading of knowledge and lead to a collective knowledge base ingrained in the organizational culture and work processes (Huber, 1991; Walsh & Ungson, 1991).

It is important to note that culture is not a static entity, but rather a dynamic, evolving aspect of the organization. As the business environment changes, so too must the organizational culture adapt to maintain its customer-centric focus. This adaptation is a continuous process, requiring constant attention and active management. Organizations must stay vigilant against becoming too inward-looking or process-driven, as this can lead to a gradual erosion of the customer-centric ethos. To counteract this, there needs to be a sustained effort in reinforcing the culture through regular training, open communication, and a leadership style that champions the customer perspective. This is reflected in the interview with Piyush Gupta:

“The second thing I've learned is that service value, service culture is a centripetal force. The natural tendency of organizations over time is to go inwards. Without constant momentum customer centricity will regress. We will become inwardly focused, and policy driven. There are a lot of forces pushing you inwards, budgeting process, P&L expense management, and compliance to name a few. You have to constantly reenergize the system, so the centripetal forces don't overcome you. I made this mistake with the RED program. It helped us change the culture of the bank by betting

on the customer outcomes. But we took it for granted and RED lost energy. What I hadn't fully appreciated was the impact of growth on the composition of our staff. In a good economic environment when we are doing well in the market, the bench changes dramatically every five or six years and if you're not continuing to spread the word you get a new generation of people who have not really grown up with the program and understand RED's importance. So that's one problem. Another is that even for those who bought into it slowly, RED and the like need reinforcing, otherwise behaviour reverts to type. So, my second big learning is that keeping customer front of mind, the messaging around it, the communications around it, the stories around it, this has to be an ongoing process. It cannot be a do it and then let it go for a few years and come back to it process."

Future research opportunities What a CX-culture entails and how it can be cultivated within an organization remains relatively unexplored in the literature. Clarifying the nature of a CX culture, its dimensions, and its distinctions from related concepts like service climate (Bowen & Schneider, 2014) and market orientation (Kohli & Jaworski, 1990) could inspire further research, including scale development and studies on antecedents and consequences. Initial work provides some insights but needs further development. Chakravorti (2011) emphasizes the importance of managing cultural change, highlighting customer orientation, organizational values, and collaboration as key elements. These efforts enhance employee commitment and contribute to delivering superior CX. Homburg et al. (2017) advocate for fostering a cultural mindset centered on experiential, touchpoint, and alliance orientations for effective CX management. Homburg and Fürst (2007) suggest that organizations may exhibit defensive behavior towards complaining customers, undermining CX. Building on this work, a further development of our understanding on what specific skills, resources, and capabilities are central in a CX culture is crucial. Identifying and nurturing these key skills and resources will be instrumental in fostering a robust CX culture.

In practice, many managers struggle with the challenge of creating and sustaining a strong CX culture. Based on our own conversations with executives and managers, many of them feel “lonely” in their advocacy for the customer. They have the impression that many in the organization focus more on the own goods and services rather than grasping what the customer really needs. From a fundamental point of view, research that identifies the (socio)-psychological processes that cause people to be more product-centric than customer-centric seems necessary. An

integral part of this research should involve investigating the role of language and shared mental models in shaping organizational focus. Understanding how the language used within an organization influences perceptions and actions towards CX is crucial. Future work may investigate how a CX-nomenclature, like the TCQ-model developed by De Keyser et al. (2020), could help achieve this.

The integration of CX within the organizational structure is another area that calls for further research. Lee et al. (2015) contrasted the financial performance of organizations with a customer-centric organizational structure (i.e., business units organized around customers) with the financial performance of organizations with a traditional structure (i.e., business units organized around goods and services). Their results show that organizations with customer-centric structures typically generate higher levels of customer satisfaction but also face higher coordination costs, and that a customer-centric organizational structure leads to better financial performance depending on various organizational and industry characteristics. Additional work may consider: What are the most effective organizational structures for embedding CX in different types of organizations and industries? What are the key benefits and challenges associated with various approaches, such as positioning CX within marketing, customer service, operations management, or as an independent “customer success” department? What are the ideal profiles, sizes, and compositions of these departments to maximize their effectiveness?

Topic 7: Key performance indicators

What? In the journey to become a CX-led organization, the measurement of CX and its business impact is both critical and challenging. The adage 'what is measured, gets managed' rings particularly true here. For CX to take a central role in an organization, it must also be central in its measurement ethos. With relevant follow-up on how the organization is doing and whether intended CXs match realized CXs (Becker & Jaakkola, 2020), management can determine what is working and what needs to be changed. 81 percent of executives surveyed by Harvard Business Review Analytics (2022a) state that being able to measure CX along key points of the customer journey is important to their organization's business strategy.

Yet, measuring CX and its impact on business outcomes is often cited as a difficult hurdle in practice (Harvard Business Review Analytic Services, 2023). The traditional reliance on metrics like customer satisfaction and Net Promoter Score (NPS) (e.g., Qualtrics, n.d.) has been informative yet insufficient, capturing experience outcomes (i.e., customer value) rather than reflecting CX itself. As McColl-Kennedy and Zaki

(2022, p. 733) note, these measures are at best “*blunt instruments which tell us very little about what customers are really thinking, feeling, and doing. At worst, they are misleading.*” At DBS, a pioneering approach that goes beyond traditional metrics in measuring CX is evident. The bank developed innovative metrics, such as ‘Customer Hours Saved’, which signify a broader and more nuanced understanding of CX measurement. Piyush Gupta highlights this shift:

“One of the things we did very quickly was to pivot the Process Improvement Events (PIEs) from their original internal focus to more external focus. We adopted a powerful metric. Customer Hours Saved. When redesigning a process, how can we save customer downtime? How many customer hours saved became a powerful metric.”

Equally important is the dissemination of CX performance metrics throughout the organization to establish a common and shared understanding of how the organization is doing. This practice fosters a unified perception of company performance in CX. A best practice we have observed is that of a major European airline disseminating CX measurement summaries to the entire organization on a two-weekly basis, with added qualitative quotes from its satisfaction surveys to exemplify how customers were experiencing flying with the airline. DBS’s strategy in this regard involved creating integrated dashboards and control systems, as Gupta elaborates:

“To address this, we created common dashboards, control towers, workflow engines and workbenches. This gave everybody concerned a common line of sight no matter where they were located. They all saw the same data, the same workflow, the same control tower, and so everybody shared the same KPI as well as data and information.”

“Furthermore, the establishment of the Customer Experience Council (CEC), which Gupta chaired, was pivotal. The CEC not only reviewed the progress towards CX goals but also ensured that all activities were aligned with the company’s core customer service values: Respectful, Easy to deal with, and Dependable (RED). Gupta’s involvement in the CEC underscores the importance of leadership in driving CX initiatives.”

Overall, the implementation of innovative KPIs and the sharing of CX performance insights across the organization are integral to a successful CX-led business transformation. They ensure that customer-centric strategies translate into measurable business outcomes and align with the overarching vision of the organization.

Future research opportunities The identification of optimal KPIs for CX has garnered significant attention. Recent years

have seen the proposal of various scales aimed at capturing CX, such as the EXQ scale (Klaus & Maklan, 2012), the omnichannel CX scale (Gahler et al., 2023), the brand experience scale (Brakus et al., 2009) and the co-creation CX scale (Verleye, 2015). While all have contributed to the development of the academic CX space, these scales are much less used by practitioners and not in the least matching the popularity of NPS and customer satisfaction (McColl-Kennedy & Zaki, 2022). In addressing the gap between academic contributions and practical applications in CX measurement, future work is essential to develop and refine scales that are both pragmatic and insightful for practitioners. These scales should offer viable and compelling alternatives to established metrics like NPS, balancing simplicity and depth to appeal more to the practitioner’s context. In B2B organizations, for instance, the rising function of customer success management often relies on ‘Customer Health’ metrics, which combine operational data with CX insights from brief surveys (Hochstein, et al., 2023). Researchers may investigate the feasibility of integrating customer information into a single metric, particularly in high-volume B2C settings.

Further research could also delve into the development of dynamic measurement instruments for CX. Current methods often provide a static snapshot of CX, yet the interactive and evolving nature of customer journeys calls for more adaptable tools (Becker & Jaakkola, 2020). For example, self-adaptive scales or surveys that allow respondents to select relevant journey parts and response types might offer a deeper understanding of CX at various touchpoints. Although some groundwork exists in this area (e.g., Calinescu et al., 2013), applying such approaches to the CX context remains largely unexplored.

Additionally, most CX measures still rely on surveys for data collection. Research is needed to explore the potential of neuroscientific techniques (Verhulst et al., 2019) and big data analytics (Holmlund et al., 2020) for data collection without explicit inquiries. Moreover, while frameworks like return on quality (Rust et al., 1995) and return on marketing (Rust et al., 2004) have been proposed, further research is required to determine their applicability in assessing the return on a CX-led business transformation, or if new frameworks are necessary.

Finally, recent studies, such as those conducted by Mei et al. (2024), demonstrate that AI-generated data, particularly those from advanced models like ChatGPT-4, exhibit behaviors and personality traits similar to human responses. This remarkable alignment suggests a consistency of synthetic data with human responses, highlighting the potential for these AI models to serve as reliable proxies in CX research. Synthetic data, generated through AI models, could be instrumental in simulating diverse customer interaction scenarios. Specific questions that arise in this context include: How might synthetic data be utilized to simulate

and predict customer responses, and what is the accuracy of such data? How can synthetic data from AI be calibrated to reflect nuanced human behaviors in CX scenarios? How can researchers ensure the reliability and validity of insights derived from synthetic data in predicting real-world customer behaviors?

Conclusion

Improving CX remains a significant challenge for organizations worldwide. Much work needs to be done on how to implement CX within organizations. CX management often necessitates significant business transformation. While most marketing research on CX management offers excellent suggestions for improvement, literature on *how* to enhance organizations for this purpose remains scarce. This paper conceptualizes the idea of a CX-led business transformation and identifies various related topics that are ripe for new research streams on CX and its management. To address this challenge, marketing researchers need to step out of their comfort zone and explore uncharted territories, establishing collaborations with researchers and practitioners from fields such as human resource management, change management, and operations management, among others. Given the current challenges and the high failure rate of CX management programs, the potential to have an impact on theory and practice necessitates our collective action. Let's proceed.

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