

Assessing the Maturity of the Customer Experience Management: The Case of Financial Institution

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Abstract. *The companies are faced with important changes required to digital business transformation. New business concepts such as digital business models, agile business, personalization, innovation, etc. are being introduced. Managing the customer experience becomes a new challenge for the companies. There are different models for assessing the maturity of customer experience. This research uses Forrester's customer experience maturity model that defines 6 key process areas of the customer experience management and 30 practices. The purpose of the paper is to examine the maturity of the customer experience management in the case of the financial institution using a method of interviewing business and IT managers for all 30 practices. The results of the research show the extent to which the bank has implemented the best practices of customer experience management required to understand customer requirements as well as to track and improve the customer experience. Based on the results of the research, managers can make decisions about the improvements required to the customer experience management for better business results and greater competitiveness.*

Keywords: Digital Business Transformation; Customer Experience; Customer Experience Management Maturity Assessment.

1 Introduction

Digital business transformation requires large and complex changes within the company. New business concepts such as digital business models, agile business, personalization, innovation are being introduced to provide customers with better products, services and especially experience of their use (Sprenić, 2017). Managing the customer experience becomes a new challenge for companies. The

question is how to manage the customer experience in the digital ecosystem in which it is necessary to integrate a lot of people who work together and need a consistent way to deliver the experiences associated with products and services.

The concept of the customer experience includes all the interactions, expectations and emotions that the customer realizes within the company. The customer experience management should include well-defined processes, competent people, technology and use best practices for customer understanding, monitoring, decision making and improving their experiences (Tavsan and Erdem, 2018). Company's business results depend on the maturity level of the customer experience management.

There are different models for assessing the maturity of the customer experience (Uhl and Gollenia, 2012). This research uses Forrester's customer experience maturity model that defines 6 key process areas of the customer experience management and 30 practices. The purpose of the paper is to examine the maturity of the customer experience management in the specific case of the financial institution using a method of interviewing business and IT managers for all 30 practices.

Chapter 2 describes the importance of digital business transformation as well as changes that are associated with this complex process. Chapter 3 describes the structure of Forrester's customer experience maturity model. Chapter 4 describes the results of the conducted assessment related to the maturity level of the customer experience management within the financial institution using Forrester's model (Burns, 2016). The results of the research show the extent to which the financial institution has implemented the best practices of the customer experience management.

The scientific contribution of the paper is the conducted research and analysis of the results related

to the customer experience management maturity on which depends the business success of the bank.

2 Digital business transformation and customer experience

Considering that today the business world is changing faster and faster, it is necessary to start thinking about a new way of doing business or upgrading the existing one. Of this great role is technology that has actually become the main driving business strategy. In other words, technology is not seen as a tool but as a strategy. Leading to this, the focus is now on digital enterprise transformation and customer experience management.

Nowadays, the digital transformation means integrating digital technologies, such as social, mobile, analytics and cloud technologies. Only obstacle that may accrue is taking big risk to accept and make the digital transformation cultural and business norm and try to take higher level of competitive advantage. Also, it is important to take under consideration that employees want to work for businesses that are deeply committed to digital progress (Buckley, et al., 2015).

According these authors the key findings of incorporating the digital transformation into business are (Buckley, et al., 2015):

- Digital strategy drives digital maturity. In other words, only 15% of organizations have a clear and coherent digital strategy which is a very negative trend.
- The power of a digital transformation strategy lies in its scope and objectives, e.g. less digitally mature organizations focus on individual technologies and have operational strategies; on the hand, the organizations that are most mature have developed the digital strategies that are transforming the business into something meaningful and are creating the added value.
- Maturing digital organizations build skills to realize the strategy. In other words, the organizations that are digitally mature are four times likely to give and provide employees with needed skills.
- Employees want to work for digital leaders which is logical because of vast integration and networking that technology provides.

The digital transformation and the customer experience go hand in hand because of their similarity and strong connection. Management of the customer experience means the internal and subjective response customers have to any direct or indirect contact with a company (Lima and Pacheco, 2019).

The suitable management of the customer experience can turn customers into advocates, states a long-term competitive advantage and high revenues

can be reached. To gain control over customers and make them more interested in the company, it is necessary to incorporate marketing, information technology, service operations, logistics, human resources, and even external partners, in creating and delivering positive customer experiences (Lima and Pacheco, 2019).

Because of the differences in reactions and stimulus in customers' behaviour, the customer experience can be defined by different moments of contact, customers' personal characteristics, and customer expectations affect the customer experience in general. It is necessary to point out that the customer experience is not defined only by the product, but also by the way of delivering that product, design of a webpage, etc. (Kursunluoglu Yarimoglu, 2014).

3 Forrester's customer experience maturity model

The research was conducted according to Forrester's customer experience maturity model which consists of 6 key areas and 30 practices. When describing the level of maturity for each key area, criteria that are used are:

- awareness of the practice;
- procedures;
- competent people (responsibility);
- documentation;
- measurements and improvements.

The veritable rating was made based on the assessment indicators for each of the 6 key areas and all 30 practices.

Forrester's customer experience model consists of these key areas: customer understanding, prioritization, design, delivery, measurement and culture. Each of them has 5 practices which are marked as P1 to P5.

First key area is **the customer understanding** and its main purpose is to ensure that employees have a complete, accurate, and rich sense of customers and the experience they want to have with the company. Practices that should be assessed are as follows (Burns, 2016):

- P1: Collect qualitative feedback from customers about their interactions with the bank;
- P2: Analyze unstructured data for insight into customer needs and expectations;
- P3: Analyze customer analytics to identify patterns and trends in customers' behavior;
- P4: Conduct qualitative research to understand customers and their unmet needs;
- P5: Collect accurate and complete information about customers to make better decisions on the design and delivery of the customer experience.

Second key area is **the prioritization** and its main purpose is to focus limited resources on work that will

advance the most important parts of the experience for the most important customers and drive business results. Practices that should be assessed are as follows (Burns, 2016):

- P1: Assess the impact of the customer experience management on the business goals;
- P2: Identify the most important customer groups, the core customer experience;
- P3: Assess the impact of all projects and decisions within the banking ecosystem on the core customer experiences;
- P4: Reject or rework projects that would hurt core experiences in unacceptable ways;
- P5: Define priorities in managing the customer experience.

Third key area is **the design** and its main purpose is to translate the company's customer experience vision into detailed blueprints that describe what employees need to do to deliver the right experience to customers every time. Practices that should be assessed are as follows (Burns, 2016):

- P1: Translate the vision of the customer experience management into the plans that describe how to provide customers with the right experience;
- P2: Use a human-centered process to design/update each of the company's core customer experiences;
- P3: Include partners from across the customer experience ecosystem in the design process;
- P4: Validate the design/update of each core experience aligned with the customer experience vision;
- P5: Use a human-centered process to design/update the ecosystem that's needed to deliver the core experiences.

Fourth key area is **the delivery** and its main purpose is to manage day-to-day operations so that customer experiences match what designers intended and drive business results. Practices that should be assessed are as follows (Burns, 2016):

- P1: Define the specific activities that every role must do to deliver or enable core experiences as designed;
- P2: Train and coach frontline employees on how to execute the part of the customer experience that they personally deliver;
- P3: Provide tools that help employees deliver core experiences the right way every time;
- P4: Validate that digital and physical assets deliver or enable experience designs accurately;
- P5: Monitor customer's feedback and customer experience metrics to identify that actual experiences do not match customer experience design.

Fifth key area is **the measurement** and its main purpose is to quantify the overall level of the customer

experience quality as customers perceive it, by the degree that experiences have the characteristics that the company intended (e.g., ease, caring), and by the impact that the customer experience has on related business performance. Practices that should be assessed are as follows (Burns, 2016):

- P1: Measure customers' perception of core customer experiences;
- P2: Measure events and attributes of the customer interactions that are likely to affect customer perceptions;
- P3: Measure the alignment between actual customer experiences with must-have characteristics for each core experience;
- P4: Design measurement communications so that they are useful for employees;
- P5: Report customer experience quality metrics to governing bodies.

The last, sixth key area is **the culture** and its main purpose is to have employees who value mature customer experience models and practices because it's the right thing to do, not just because they are told to. Practices that should be assessed are as follows (Burns, 2016):

- P1: Assess the empathy and customer centricity of job applicants;
- P2: Educate employees about the customer experience vision and their role in the ecosystem;
- P3: Perform rituals and routines that keep customers and customer experience top of mind for employees;
- P4: Formally reward employees for delivering or enabling good customer experience;
- P5: Informally recognize employees who deliver or enable good customer experience.

4 Customer Experience Maturity Assessment: Analysis of Results

The results of assessing the maturity of the customer experience management within the bank are described in this chapter. Table 1 specifies key practices (P1-P5) for the key area: *customer understanding*. For the purpose of the assessment, each practice is described according to the maturity levels from 0 to 5, including the criteria such as awareness of the practice, procedure, responsibilities, documentation, measurement and improvement related to the practice. The assessment results show the actual maturity level of the implementation of each practice within the bank according to the assessment indicators aligned to the criteria.

Finally, the average value for all 5 practices related to the customer understanding is shown in detail in the Table 1. The results of the

Table 1. Results of the customer experience management maturity assessment for the key area: Customer Understanding

Practice	Assessment indicators	Description of maturity levels					Rank	Improvements
		Level 1	Level 2	Level 3	Level 4	Level 5		
P1. Collect qualitative feedback from customers about their interactions with the bank	-Procedure of collecting customer feedback -Records -Reports on complaints and solution	Procedure does not exist in the bank. There are ad hoc activities.	Procedure is mostly defined in the bank but it is not standardized. Some responsibilities are defined and the documentation is incomplete.	Procedure is fully defined and standardized in the bank. Responsibilities are fully defined. There is defined documentation.	Procedure is continually improving.	Procedure is fully integrated within the bank and becomes the best practice.	3	It is necessary to fully define the procedure of collecting customer feedback within the bank as well as all responsibilities and documentation.
P2. Analyze unstructured data for insight into customer needs and expectations	-Procedure of analysis unstructured data	Procedure does not exist in the bank. There are ad hoc activities.	Procedure is mostly defined in the bank but it is not standardized. Some responsibilities are defined and the documentation is incomplete.	Procedure is fully defined and standardized in the bank. Responsibilities are fully defined. There is defined documentation.	Procedure is continually improving.	Procedure is fully integrated within the bank and becomes the best practice.	2	It is necessary to introduce models or practices of analysing unstructured data and eventually standardize them because they bring added value in terms of better acquainting customers.
P3. Analyze customer analytics to identify patterns and trends in customers' behaviour	-Procedure of analysis of customer analytics -Database of customer's profiles	Procedure of analysis of customer analytics does not exist in the bank. There are ad hoc activities.	Procedure is mostly defined in the bank but it is not standardized. Some responsibilities are defined and the documentation is incomplete.	Procedure of analysis of customer analytics is fully defined and standardized in the bank. Responsibilities are fully defined. There is defined documentation.	Procedure of analysis of customer analytics is continually improving.	Procedure of analysis of customer analytics data is fully integrated within the bank and becomes the best practice.	2	Necessity is to use more sophisticated and more modern analytics for evaluation and analysis of trends and patterns in customers' behaviour.

Table 1. Results of the customer experience management maturity assessment for the key area: Customer Understanding (cont.)

Practice	Assessment indicators	Description of maturity levels					Rank	Improvements
		Level 1	Level 2	Level 3	Level 4	Level 5		
P4. Conduct qualitative research to understand customers and their unmet needs.	<ul style="list-style-type: none"> -Procedure of qualitative research to understand customers and their unmet needs -Reports on customers' requirements 	Procedure does not exist in the bank. There are ad hoc activities.	Procedure is mostly defined in the bank but it is not standardized. Some responsibilities are defined and the documentation is incomplete.	Procedure is fully defined and standardized in the bank. Responsibilities are fully defined. There is defined documentation.	Procedure is continually improving.	Procedure is fully integrated within the bank and becomes the best practice.	2	It is necessary to conduct comprehensive analysis and researches to understanding the customer needs.
P5. Collect accurate and complete information about customers to make better decisions on the design and delivery of the customer	<ul style="list-style-type: none"> -Procedure of collecting accurate and complete information about customers 	Procedure does not exist in the bank. There are ad hoc activities.	Procedure is mostly defined in the bank but it is not standardized. Some responsibilities are defined and the documentation is incomplete.	Procedure is fully defined and standardized in the bank. Responsibilities are fully defined. There is defined documentation.	Procedure is continually improving.	Procedure is fully integrated within the bank and becomes the best practice.	3	There is a need for a more detailed categorization of customers according to payment options, preferences, past transactions, selected forms of savings, etc.
AVERAGE VALUE for key process area - CUSTOMER UNDERSTANDING:							2,4	

assessment for the other key process areas (Prioritization, Design, Delivery, Measurement, Culture) could not be shown in detail because of the scope of the paper. Instead, the assessment results are shown shortly in Figures 1 through 6. Overall results of the customer experience management maturity assessment for all key areas are shown in Figure 7.

The estimated maturity of the practices for the key area - **Customer Understanding** is shown in Figure 1. The average value is 2.4. What does it mean? If we analyze the area of the customer understanding, the procedures for implementing these practices are mostly defined in the bank but are not standardized. Some responsibilities are defined and the documentation is incomplete. It is necessary to conduct a lot of improvements. Some of them are specified in the Table 1.

The estimated maturity of the practices (P1-P5)

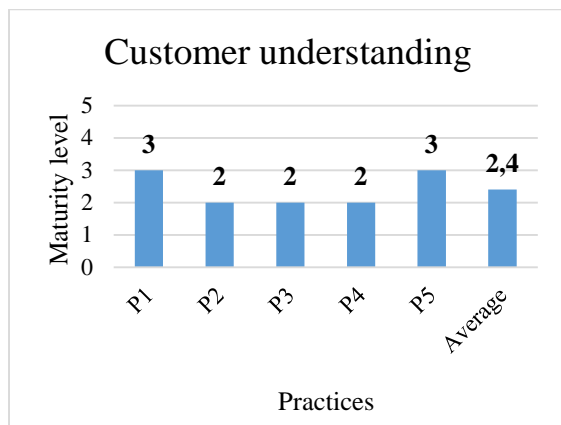


Figure 1. Maturity assessment for the key area: **Customer Understanding**

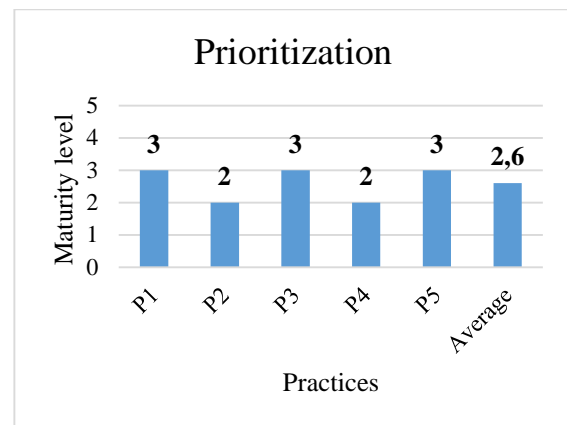


Figure 2. Maturity assessment for the key area: **Prioritization**

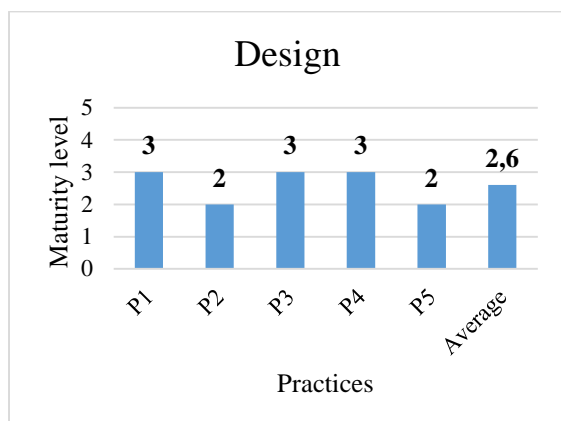


Figure 3. Maturity assessment for the key area: **Design**

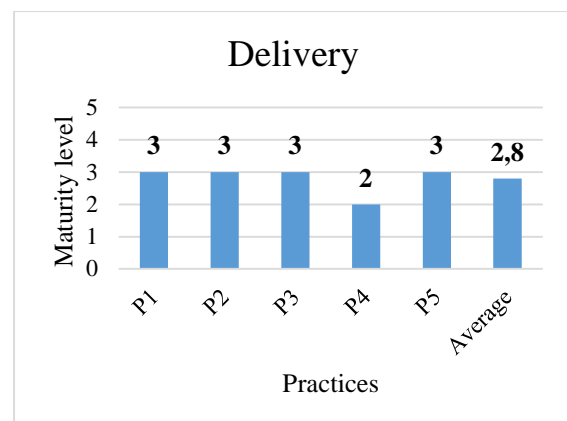


Figure 4. Maturity assessment for the key area: **Delivery**

for the key area - **Prioritization** is shown in Figure 2. The average value is 2.6. The key area - **Design** has the same average value, 2.6 (shown in Figure 3). The key area - **Delivery** has the average value, 2.8 (shown in Figure 4). The key areas - **Measurement** and **Culture** have the lowest average value, 2.2 and 2 (shown in Figure 5 and Figure 6).

According to the obtained results, the practices are mostly implemented within the bank but are not standardized. Responsibilities exist but are not fully defined. The documentation is poorly defined. Measurements are not achieved satisfactorily. The results show the medium level of maturity of experience management that requires a lot of improvements.

Overall results of the customer experience management maturity for all key areas within the bank are shown in Figure 7.

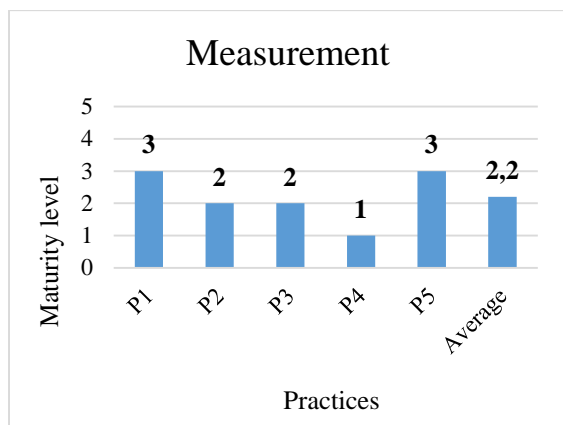


Figure 5. Maturity assessment for the key area: **Measurement**

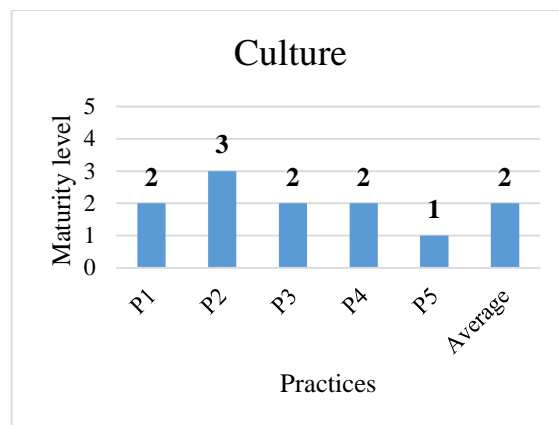


Figure 6. Maturity assessment for the key area: **Culture**

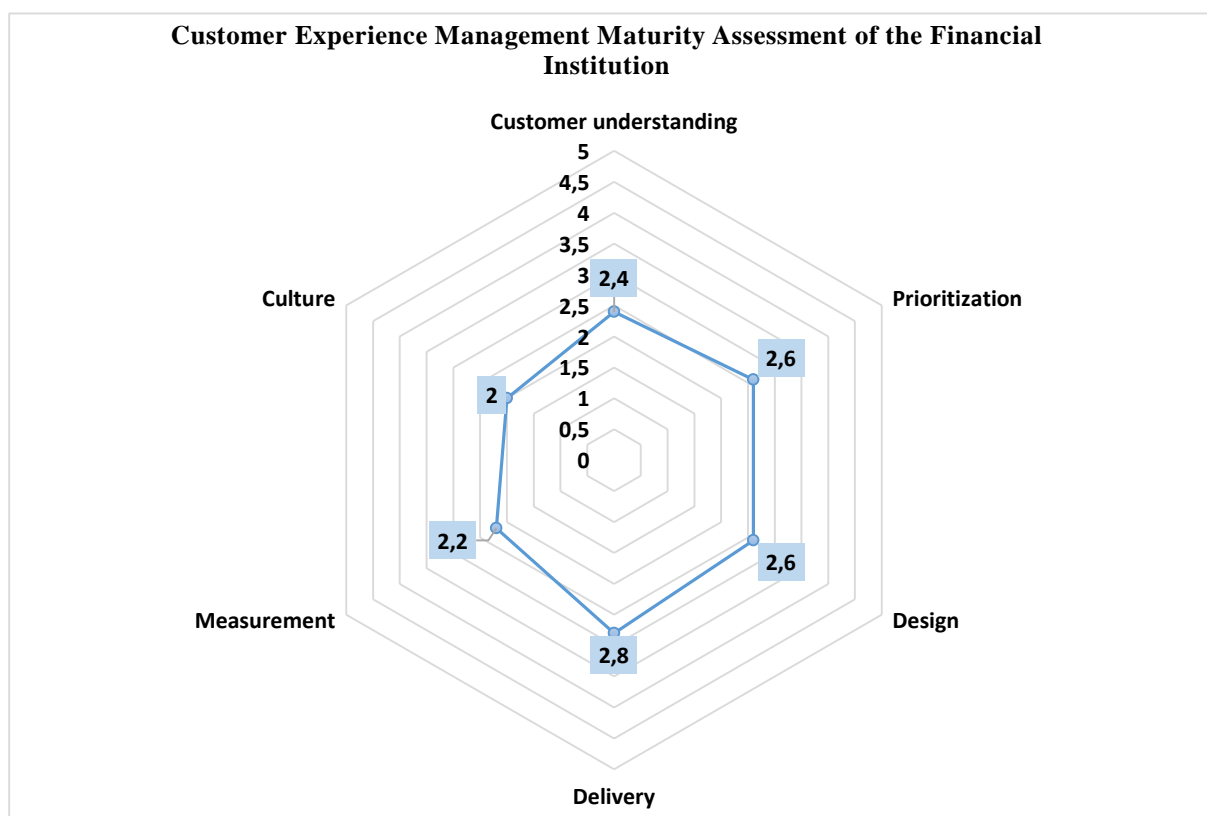


Figure 7. Assessing the Maturity of the Customer Experience Management for all key areas

5 Conclusion

According to the applied maturity model, the results of the research show the extent to which the financial institution has implemented the best practices of the customer experience management. For each of the 60 practices, the question was addressed to the business and IT managers within the bank, employees and customers. The questionnaire is not attached to the article because of the defined scope of the pages.

Based on the obtained responses and the analysis of the assessment indicators according to the criteria such as the procedures, responsibilities, documentation, measuring and improving, the authors assessed the existing maturity level of each practice, and at the end of each key area.

The results for the key area Customer Understanding are shown in detail in Table 1. The assessment results for the other key process areas (Prioritization, Design, Delivery, Measurement, Culture) could not be shown in detail because of the scope of the paper. Instead, the assessment results are shown in Figures 1 through 6.

Generally, the research results show that the customer experience management maturity level in the specific case of the bank is between level 2 and 3 for all six key areas (Figure 7). These maturity levels show that the procedures of the customer experience management are mostly defined in the bank but they are not standardized. Some responsibilities are defined and the documentation is incomplete. Measurements, improvements and culture are the lowest ranked.

The customer experience management maturity level has strong impact on the business results of the bank. According to the research results, each area of the customer experience management should be improved. These improvements are useful guidelines for both business and IT managers within the bank.

Any customer centricity company or institution may, according to the Forrester's customer experience model, assess the existing maturity of their own customer experience management process. To what extent will a company or institution apply such a model or perhaps combine a model with other methodologies depends on their business strategies, organization, size, practices.

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