

2023
EDITION

THE STATE OF DIGITAL CUSTOMER EXPERIENCE

Moving Forward & Making A Difference

1,200+
Executives
Surveyed





Introduction

Brice Dunwoodie

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One of the reasons why Digital Customer Experience (DCX) is such an exciting and fascinating space to work in is because it never stops evolving. The channels that brands operate in continue to expand, and the experiences that customers demand continue to stretch DCX teams. The technology deployed keeps improving with new features to empower marketing teams and better understand customers. And there's a myriad of technology choices leaders need to deal with. DCX is always moving forward.

DCX gives organizations an edge and is still one of the areas where brands can truly compete. COVID-19 has acted as a catalyst for DCX as we have reduced our reliance on in-person interaction. Now as we move into the post-pandemic era, crafting innovative, engaging and impactful customer experiences has never been so important.

Despite DCX being a mature set of disciplines with a highly evolved technology stack, it comes with several obstacles and barriers. From siloed systems to budgetary challenges to

limited approaches to measurement, there is clear room for improvement in almost all organizations. DCX teams often have opportunities to learn, while there are also tools in which to invest.

In this 8th annual State of Digital Customer Experience Report, we've analyzed inputs from over 1,200 digital customer experience executives. The insights included in this report can help you plan your strategy and roadmap, start conversations inside your team or with stakeholders, or simply spark ideas.

For the last two years or so the world has been a volatile and difficult place, but the results from the report show that DCX continues to be a priority and is advancing. It's time to move forward and make a difference.

Brice Dunwoodie,

10 Key Takeaways

1 Movin' on and movin' up DCX continues to evolve as a priority. 79% say DCX is extremely or very important, while confidence in tools also grows with a record 75% saying tools work well or are satisfactory.

2 The slow-moving money train

Levels of investment in DCX appear to be the same as last year and budgetary challenges remain, but DCX teams still intend to introduce a range of tools over the next two years.

3 There's a DCX app for that The DCX toolbox is diverse, with 29 different tools being used. Organizations with effective tools are using more advanced solutions and are six times more likely to have a Digital Experience Platform (DXP) in place than organizations who say their toolset needs work.

4 A catalyst converter The COVID-19 pandemic has proved a catalyst for DCX; 61% of organizations say DCX

has gotten "significantly" or "slightly" better since the pandemic, and an increasing number are also acknowledging significant changes to their CX strategy, team and budget.

5 1, 2, 3, A+ Only 17% of organizations feel they understand customers "well" but DCX teams are making amends by measuring more; virtually every DCX metric is being used more frequently compared to a year ago.

6 The Horseman rides Although more teams believe a headless CMS will be more valuable than a traditional CMS in the future, 43% of organizations aren't sure, indicating a general lack of awareness about headless publishing and its benefits.

7 Slowly losing hope Confidence in AI may be fading. The numbers believing in the power of AI to be transformative or significant fell by 11%, while less than 1 in 12 orga-

nizations are regularly using AI to improve their DCX strategy.

8 Still slightly out of reach Progress on personalization has slowed. Less than 1 in 5 organizations are actively deriving benefits from personalization, and when it is in place it tends to be neither mature or granular.

9 Let the techies handle it More senior leaders are now taking responsibility for DCX technology investment decisions than either marketing or technology teams, but when they're in charge, tools are more than twice as likely to be reported as "needing work" rather than "working well."

10 Not ready for that second life The jury is still out on the metaverse with most DCX teams taking a "wait and see" attitude. 42% are not paying any attention, with 39% keeping an eye on developments. Only 7% are developing a strategy.

Digital Customer Experience in Perspective

In many respects the pandemic has injected life into Digital Customer Experience (DCX), assuming a new importance in the face of the reduction of face-to-face customer interactions. Although more organizations have leveraged DCX in recent years to build their brand, make sales and deliver services, the pandemic has proved to be a dramatic catalyst.

But what's next? As the pandemic reaches its latter stages and in-person touchpoints return, will DCX continue to flourish? Will priorities change? We wanted to understand where DCX is in 2022 and what that tells us about where it is heading. Here's what the survey indicated about organizations' strategies over the next several years.

Digital Customer Experience Is Still A Priority

It looks as if the advances in DCX made through the pandemic have stuck. The vast majority of organizations continue to view DCX as a real priority; in our survey 79% of organizations regard DCX as being “extremely important” (36%) or “very important” (43%), similar to the overall figure of 80% from the past two years. However, the proportion of those regarding DCX as extremely important has declined slightly from 39% to 36%.

Larger organizations were more likely to prioritize DCX; 41% of organizations with over 5,000 employees told us DCX as “extremely important” (41%) compared to medium-sized companies with between 100 and 5,000 employees (31%) and small companies with less than 100 employees (37%). Unsurprisingly the proportion of technology vendors in the industry declaring DCX as “extremely important” was also higher than practitioners (44% compared to 36%).

Overall, DCX is an activity followed by almost every business. Only 2% declared DCX as “not important,” a fixture that has been extremely low since our survey began in 2016.

The survey results also suggest a link between those organizations who have a set of DCX tools that are working well and those who regard DCX as important. Organizations that stated their DCX technology is “working well” were more likely to regard DCX as “extremely important” (53%) compared to those organizations who say tools are “satisfactory” (32%) or “needing work” (30%). It is likely the prioritization of DCX has resulted in both investment and practices that are having a positive real world impact, reflected in perceptions of tool effectiveness.

How important is delivering quality digital customer experiences for your organization?

Answer	2022	2021
Extremely important: It is at the top of our list	36%	40%
Very important It's considered essential	43%	40%
Moderately important - There are some higher priorities	15%	15%
Slightly important - It's on our list	4%	4%
Not important - No plans for this year	2%	1%

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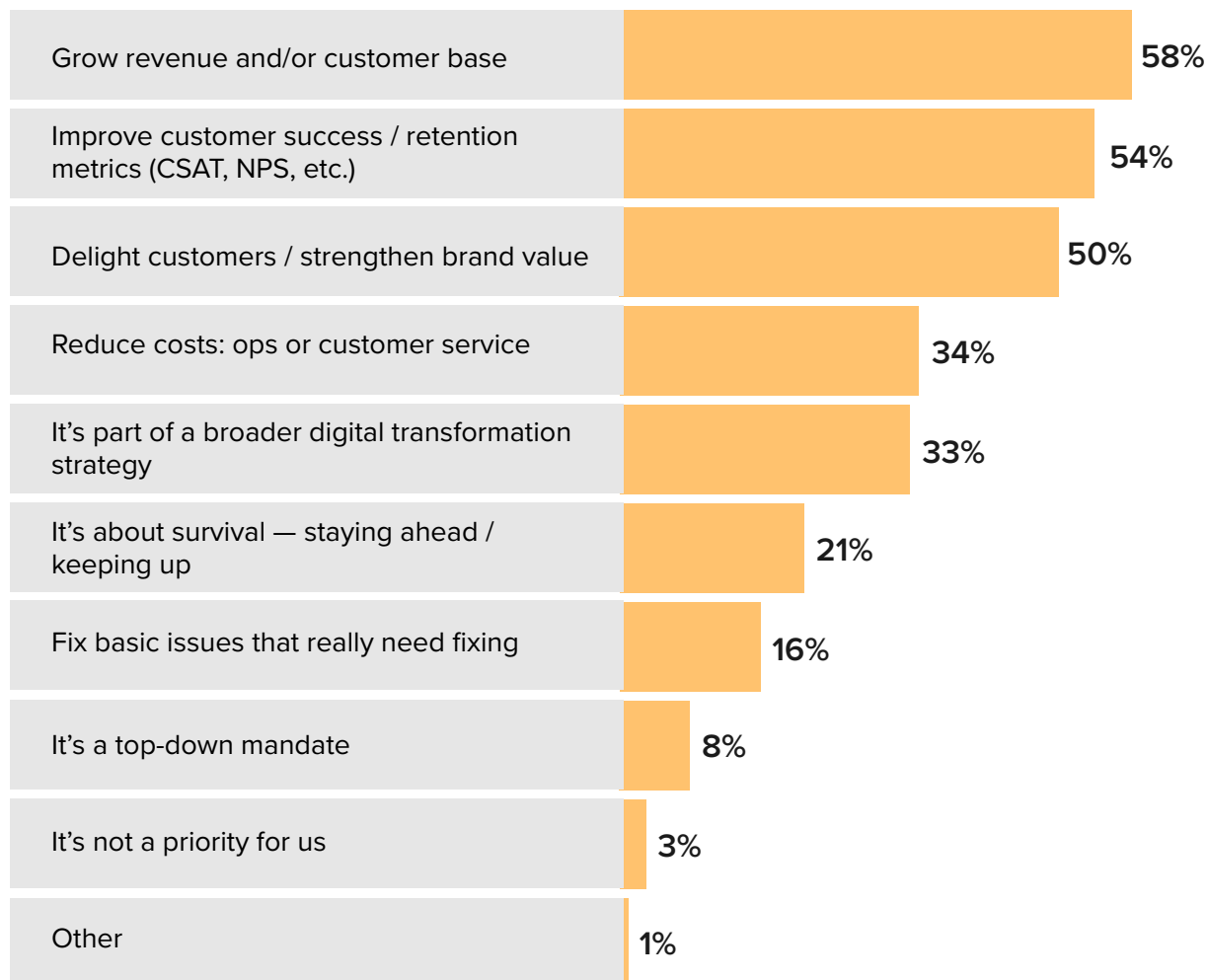
Organizations Commit to DCX to Grow, Improve and Delight Customers

We also asked why DCX was a priority for organizations. The survey shows that the drivers for why DCX is regarded as so important change very little. Over the past four years the three most popular answers have

remained consistent — “grow revenue and/or customer base” (58%), “to improve customer success / retention metrics” (54%) and “to delight customers / strengthen brand value” (50%). In fact the nine choices organizations were able to choose for this question were ranked in exactly the same order of popularity as in 2021. The underlying reasons why organizations invest in DCX remain remarkably consistent.

Why is digital customer experience a priority for your organization?

2022



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

DCX Teams Are Experiencing More Technical and Operational Challenges

A desire to grow, improve and delight customers is admirable, but how easy is it for DCX teams to achieve these aims? We asked respondents to list their top three DCX challenges to establish the kind of barriers that teams face in implementing effective customer experience.

Here again there is a strong consistency with last year's survey results. The top challenge "Limited cross-department alignment / collaboration" (39%) was also the most common challenge mentioned in 2021 (37%) and while the proportion of respondents mentioning some of the other challenges have either increased or decreased, in the majority of cases this is either by only 1 or 2 percentage points.

Challenges cited include "limited budget resources," mentioned by 34% of respondents and the second most popular answer, although only up 1% from last year. Interestingly this figure is exactly the same as the pre-pandemic level from our 2019 survey. Organizational size was also a factor for those with budgetary constraints; 46% of small companies mentioned this as a challenge, compared to 39% of medium-sized companies and only 24% of companies with more than 5,000 employees.

Digging a little deeper into the data, there is also a hint that those with budgetary challenges may also have less effective tools, possibly due to fewer investments. Those who said their DCX tools needed work were more likely to identify limited budget and resources as a challenge (37%) compared to those who said tools were working well (28%).

The frequency of other challenges mentioned also varied across different organizational sizes. For example, large companies were more likely to mention siloed systems and technology integration challenges (44%) compared to medium-sized companies (35%) and small companies (25%). But smaller companies were more likely to face challenges with a lack of in-house expertise and skills (43%), compared to large companies (22%) and medium-sized companies (33%).

Although results are broadly consistent between 2021 and 2022, there is some indication that organizations are noticing more technology, operational and data-related challenges. The biggest year-on-year rise was in organizations reporting “Outdated / limited technology, operations or processes” up 5% to 30%. Meanwhile the proportion of respondents reporting “Siloed systems, technology integration challenges and/or fragmented customer data” also rose by 3% to 30%, the second highest rise. There was also a clear link between those who said their DCX tools “needed work” and those who identified “outdated/ limited technology, operations and processes” as a top three challenge. This was twice as likely to be mentioned by those with tools that “needed work” (42%) compared to those who have tools “working well” (21%).

It’s worth remembering that the challenges reported are not necessarily due to failing technology or operations; it could also be a reflection that DCX teams are trying more sophisticated operations that are testing the systems in place. For example, in our featured case studies at HubSpot and CBC, both have been investing in new approaches to measurement and analysis that have the potential to put more demand on the systems and teams that produce analytics.

What are your organization's top 3 digital customer experience challenges?

Answer	2022	2021
Limited cross-department alignment / collaboration	39%	37%
Limited budget / resources	34%	33%
Siloed systems, technology integration challenges and/or fragmented customer data	33%	30%
Lack of in-house expertise / skills	32%	34%
Outdated / limited technology, operations or processes	30%	25%
Limited insights into customer needs or customer journey(s)	25%	27%
Lack of strategy, focus or executive support and/or experiences	24%	25%
Governance of data, information, technology	5%	15%
Time- we're too busy with the basics to prioritize CX	13%	14%
Issues related to pivoting to digital due to the pandemic	9%	9%
Regulations that create data or operational hurdles	8%	9%
Other	1%	1%

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Marketing and Customer Experience Teams Work Together, but Informally

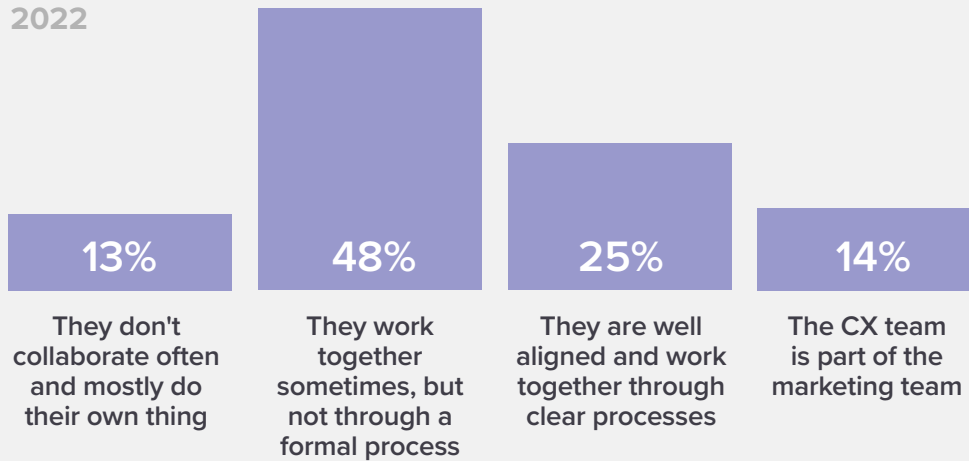
With “limited cross-department alignment / collaboration” identified as a prominent challenge in both 2021 and 2022, we wanted to better clarify the issues that surround this. We suspected that there was a potential disconnect between digital marketing teams and those who work directly in delivering customer experience, so we asked how well these teams collaborate.

The responses here are mixed. Only 13% identify this as a specific problem saying the marketing and customer experience team “don’t collaborate often” and “mostly do their own thing.” In contrast, 39% said the CX and marketing team are part of the same team or “they are well aligned and work together through clear processes.” The remaining 48% together “work sometimes but not through a formal process”; this more informal pairing does not necessarily lead to issues, but it is also not the kind of strong alignment that may be needed to improve customer experience or avoid all issues, and may explain the high instance of “limited cross-department alignment/collaboration” identified as a challenge.



How well does your marketing team and customer experience team collaborate for digital customer experience?

2022



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Some organizations have made changes to ensure better alignment between the different teams involved in customer experience. At HubSpot, the Voice of Customer (VoC) team and the function that produces customer experience metrics have united to become one Customer Experience Team, allowing everyone to work with greater focus and shared goals. At CBC, a team previously dedicated to content output on third-party platforms has changed its name to “Loyalty Experiences” to reflect a shift in work on creating and evolving new membership services, on which other CX teams are also working. Both these examples are covered in more detail in the case studies in this report.

There is a Greater Appreciation of the Impact of COVID-19 on DCX Teams

The COVID-19 pandemic has had a dramatic impact on how brands interact with customers. Last year we wanted to assess just how much the pandemic had affected different aspects of CX. We found that some companies had seen “significant change” around customer buying habits

(33%), across CX staff (26%) and in CX strategy (26%). However, overall we concluded that the proportion of organizations reporting significant impact was less than expected.

With another year into the pandemic we wanted to see whether perceptions had altered about the extent to which CX had changed from pre-pandemic to today.

Here, either due to the extra year which has seen more material change, or with the hindsight of more time, there were an increased number of organizations reporting significant change in their CX strategy (34%, up 8%), internal CX staff (33%, up 7%) and their CX budget (32%, up 8%). However, the numbers reporting a significant change in customer behavior was the same as one year, remaining steady at 33%. Because this is at the same level from last year's survey, it's tempting to think that other changes experienced by organizations are down to events experienced over the last year, rather than a general shift in perception.

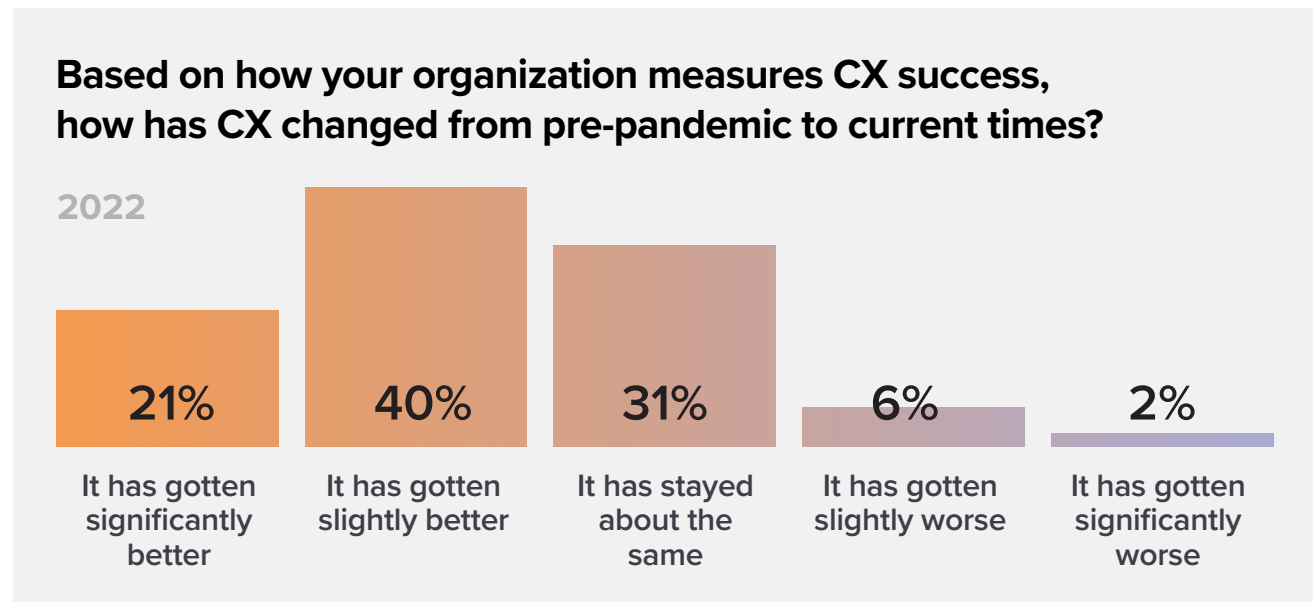
In which of the following areas did your CX organization experience significant change between March 2020 and today?

Answer	2022	2021
Our CX strategy	34%	26%
Our internal CX staff (turnover, layoffs, etc.)	33%	26%
Our customers' buying habits	33%	33%
Our CX budget	32%	24%
The way our CX team works and collaborates	27%	22%
Our CX/martech ecosystem (more tools, fewer tools, etc.)	22%	17%
Other	3%	2%

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Another impact that we have heard anecdotally is that since the onset of the pandemic, customers are engaging more with digital channels. While this is a logical conclusion to make due to the reduction of in-person interaction caused through lockdowns, we wanted to see if respondents felt this was actually the case.

When we asked how CX success has changed from pre-pandemic to current times based on how an organization measures success, 61% reported that CX had gotten “significantly better” or “slightly better.” Only a small minority (8%) reported that things had gotten “significantly worse” or “slightly worse.” This represents a clear picture that overall the pandemic has resulted in more engagement with customer-facing digital channels. While this is a by-product of reduced face-to-face touchpoints, it’s also due to the increased effort and commitment around DCX from many organizations. Potentially, improvements in measurement practices could also play a factor in these answers.



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

CX Teams Commit to Hybrid Working Patterns

With so many organizations committing to hybrid working patterns since the pandemic, it wasn't a surprise when last year's survey found that the large majority of CX teams (58%) envisioned working on a hybrid basis for the rest of 2021, with only 9% fully returning to the office. This year's survey shows no immediate return to the office at scale. While those declaring an office return for the next year have risen to 12%, the huge majority (61%) are planning to work on a hybrid model. Of these, larger companies were more likely to be going hybrid (69%) compared to medium-sized companies (60%) and smaller organizations (56%).

Currently everything is pointing to hybrid work being a permanent fixture for CX teams.

How will your CX team work for the next year?

Answer	2022	2021
Fully remote	20%	25%
Hybrid model	61%	58%
Fully in-office	12%	9%
Not sure, waiting on executive-team decisions	7%	8%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Investing in Technology and Tools

Investing in the right technology is essential for successful DCX delivery and subsequent optimization. Teams rely on an increasingly sophisticated marketing technology stack to manage content, drive experiences, provide underlying analytics and set up intelligent automation.

We wanted to find out how DCX professionals view the technology they use on a daily basis. What is in their martech stack? How confident are they in the tools they have at their fingertips? And what investments are they planning to make?

DCX Teams' Confidence in Tools Continues To Rise

Over the last few years CX tools have arguably gotten more sophisticated, adding new features and starting to incorporate elements such as AI and machine learning. Each year we ask DCX teams to rate the general effectiveness of their current DCX platform and tools. Over the last five years this report has shown a shift in sentiment among CX teams that tools are serving them better, with a particular positive leap shown last year, a rise of 10% of respondents declaring their tools “working well.” While the year-on-year change in tool perception from 2021 to 2022 is small, it still reflects an upward positive trend.

This year 21% of respondents told us that their tools were “working well” – the same as last year, but the proportion of those saying their tools were “satisfactory” has grown from 52% to 54%. Correspondingly, the proportion of those saying their toolset “needs work” has reduced from 27% to 25%, a percentage which has halved since 2019 when it was at 50%. We believe that is a dramatic improvement in a relatively short span of time.

While the pandemic may be a contributory factor, overall it seems CX software vendors must be doing something right. This could be a reflection of the investment we've seen in the DXP and CMS space, with different suppliers jostling for market share by evolving their offering. Professional CX teams using their tools more effectively is also a potential factor.

Unsurprisingly the perception of vendors who tell us solutions are “working well” is higher than practitioners (31% compared to 21%), while those who believe tools “need work” is lower (21% compared to 25%).

Throughout the survey, we regularly compare the responses of those teams who have declared their tools to be “working well” with those that are not, giving us a fascinating indication of the factors that impact effective DCX. From this, we get a picture of a group of digitally mature DCX teams that are more likely to:

- have effective and more advanced tools such as a Digital Experience Platform (DXP).
- regard DCX as a top priority.
- have a better understanding of their customers.
- have AI deployed across the martech stack.
- be further ahead with personalization.

How would you rate the general effectiveness of your current digital CX platforms and tools?

Answer	2018	2019	2020	2021	2022
Working well	13%	9%	11%	21%	21%
Satisfactory	41%	42%	47%	52%	54%
Needs work	46%	50%	42%	27%	25%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

The DCX Toolkit Is Diverse and Moving to Be More Sophisticated

DCX teams are using a highly diverse set of tools to deliver strong customer experiences. Some of these capabilities are integrated into a wider digital experience platform, while others are standalone solutions. This year we asked respondents about the tools that make up their DCX technology ecosystem, and whether they have plans to use a particular tool in the next two years, or have no related plans at all.

The responses show how diverse the customer experience landscape truly is. Like last year, we found all 29 different choices presented are in use somewhere. Unsurprisingly the five most popular tools have been the same for the past three years (although not in the same order) and can be considered core DCX tools: email marketing tool (70%), CRM system (69%), social media analytics (61%), a CMS (58%) and a social media management platform (57%).

The responses also show that there are a relatively high proportion of tools which DCX teams intend to introduce in the next couple of years, showing many DCX ecosystems have room for improvement with teams intent on plugging the gaps. Looking at the most popular tools to be introduced there is a tendency to assemble a range of technologies that will deliver a more sophisticated digital experience. These include introducing a DXP (42%), customer experience management software (39%), journey orchestration software (36%) and CDP (36%).

There's also a clear pattern of larger organizations investing more in technology solutions. Generally, most of the tools covered in this section are more likely to be in use within a company with over 5,000 people. For example, Digital Asset Management solutions are typical; 27% of small companies use one, compared to 34% of medium-sized companies and 52% of large companies.

Which of the following tools/apps do you use within your customer experience ecosystem?

	We use this	We plan to use this	No plans to use this
Email marketing tool	70%	18%	12%
Customer relationship management (CRM) system	69%	23%	8%
Social media analytics	61%	27%	12%
Content management system (CMS)	58%	28%	14%
Social media management platform	57%	27%	16%
Content analytics	52%	30%	18%
Call center software/knowledge base	50%	23%	28%
Data management/data visualization	47%	30%	22%
E-commerce	46%	23%	31%
Voice of the customer/surveying platforms	45%	30%	25%
Marketing automation software	45%	33%	22%
Content workflow and approval platform	45%	35%	20%
SEO platform	44%	29%	27%
Brand portal	44%	32%	24%
Chatbots	40%	32%	28%
Livestream/web broadcast platform	39%	29%	32%
Digital asset management (DAM)	38%	37%	25%
Formal UI/UX design system & library	37%	34%	30%
Customer data platform (CDP)	32%	36%	32%
Event management software	31%	28%	41%
Product information management (PIM)	31%	35%	35%
Customer community platform	31%	34%	36%
Customer experience management (CXM) software	30%	39%	32%
Sentiment analysis	28%	34%	38%
Account-based marketing (ABM) platform	27%	33%	40%
Digital Experience Platform (DXP)	25%	42%	34%
AR/VR	19%	32%	49%
Journey orchestration software	19%	36%	45%
Other	13%	25%	62%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Top five tools to be introduced in the next two years



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

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Many of the above areas of investment were also reflected in the strategic priorities of DCX teams. We invited respondents to answer the question “What is the biggest change in your DCX strategy that you're planning to make in the next year?”. Open comments covered various areas including:

- **Allowing more joined up approaches to customer experience in terms of both internal teams but also integrated systems, breaking down silos**
- **Establishing or increasing personalization**
- **Expanding the number of customer-facing channels or add a new channel such as a customer portal**
- **Improving the skills of employees to use digital tools**
- **Increasing our understanding of customers — principally through analytics but also Voice of the Customer programs**
- **Introducing an improved or better aligned customer experience strategy**
- **Investing in and leveraging AI and machine learning**
- **Investing in employee experience with a view to improve customer experience**
- **Making general improvements and giving more time and focus to the customer experience**
- **Providing better security and /or more robust data management**
- **Putting more support in place for customers**
- **Replacing, upgrading or introducing new platforms, tools and apps**
- **Strengthening teams and filling roles.**

Typical comments included:

To make DCX a fully implemented strategy across all areas of our organization.

We need to start to use some form of AI or independent observation of our customers to help us understand our faults and how to improve.

Stronger collaboration needed amongst product and digital services teams.

Customer journey mapping. It's going to be the beginning of a lot of things.

Designing digital platforms and processes that better support internal teams to deliver better service to customers.

Creating a globally integrated strategy that scales across markets around the world and enables us and our local partners to maximize brand equity...and that ultimately drives incremental revenue because we can deliver better experiences, provide more value and leverage a mar-tech ecosystem that supports and enables said things.

Customer actions and behavior to assess and identify new and cross opportunities.

More Sophisticated Tools Like DXPs Are More Likely To Be Regarded As Effective

We also dug into the data to see which types of tools were regarded as delivering DCX success. Comparing those who declared their overall DCX toolset as “working well” compared to those who said it “needed work” shows the former group are more likely to have invested in more sophisticated tools such as a DXP or CDP. For example, 48% of organizations who reported tools “working well” had invested in a DXP, compared to only 8% who said tools “needed work.” This pattern was repeated across a number of tools, a selection of which are displayed in the table below.

Other answers in our survey also supported this hypothesis. For example, 30% of those with tools “working well” told us they had already invested in a CDP, compared to only 11% of those declaring tools “need work.”

Frequency of tools used compared by groups rating tool effectiveness (selected tools)

Answer	% using tools from working well group	% using tools from needing work group
Content management system (CMS)	69%	49%
Content workflow and approval platform	60%	31%
Digital asset management (DAM)	52%	27%
Formal UI/UX design system & library.	56%	22%
Digital experience platform (DXP)	48%	9%
Marketing automation software	61%	34%
Content analytics	67%	41%
Product information management (PIM)	45%	17%
Customer data platform (CDP)	52%	20%
Customer community platform	44%	20%
Customer experience management (CXM) software	45%	16%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

A Lack Of Knowledge May Be Holding Back Interest in Headless

A CMS can be considered one of the most common tools in the content and digital marketing stack. In the marketplace, CMS and DXP vendors are currently making a lot of noise about their headless publishing capabilities and the advantages of decoupling the back-end CMS that holds your content and the systems that deliver your front-end experiences. The benefits of going headless are often pitched as far greater flexibility and agility to deliver the same content across multiple channels (web, commerce, mobile etc.), with the more traditional, integrated CMS positioned as less flexible, slower to market, subject to vendor lock-in and often harder to use.

We wanted to see if the vendor hype about headless publishing was true. Are more customers going headless or planning to do so? And if not, what factors were holding them back? For the first time we asked specifically about their current CMS and the future choice.

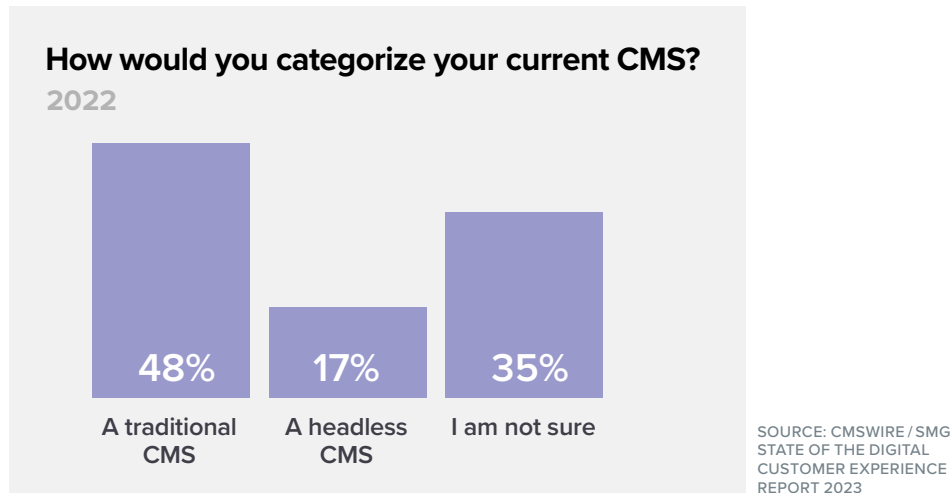
The results make for interesting reading. Currently nearly half of respondents (48%) say they have a traditional CMS (48%) with 17% reporting a headless solution. However, despite the prevalence of the traditional CMS, when considering their future CMS more respondents say they believe a headless CMS will be of value (29%) than a traditional one (28%).

While this indicates considerable interest in headless, the numbers have to be considered in context with the high proportion of “I am not sure” responses to both questions. 35% of people said they didn’t know how to categorize their current CMS and a further 43% weren’t sure what the best future option is. This proportion of “don’t know” answers is way higher than any other question covered in the survey. Surprisingly the proportion of “I am not sure” responses from vendors is even higher, with 39% not knowing about their current CMS and 45% unsure about the future.

We were intrigued why there are so many “not sure” answers. Even breaking down the answers by respondents who ostensibly should know which CMS they use, there is still a high proportion of “Don’t know” responses. Even across those who lead Customer Experience in their organization 23% don’t know if their CMS is headless, and 32% don’t know the best option for the future.

It can possibly be explained that some respondents don’t have the proximity to their CMS to know the answer; some CMSs also offer both a traditional and headless option (“hybrid headless”) and can be difficult to categorize. But it also seems likely that it points to a lack of general awareness about headless publishing and what it really is and the benefits it brings, a factor that has the potential to hold back progress on headless

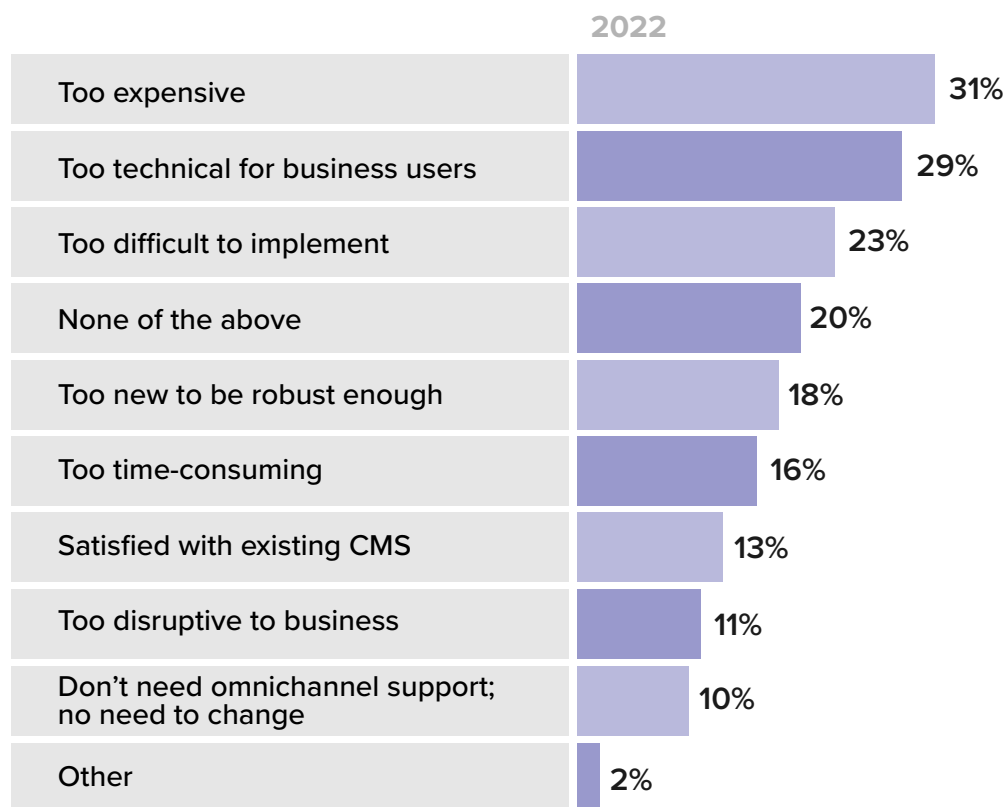
publishing. Indeed, it suggests there is potential for vendors and agencies to better educate marketing teams about what headless is and its potential advantages.



We also asked those who were considering transitioning to headless CMS about the kind of potential barriers that might prevent them from taking the leap. In looking at the barriers to introducing a headless CMS a variety of different reasons were given some of which are concerned with implementation. Here cost (31%), the difficulty of implementation (23%) and headless being “too technical for business users” (29%) were all concerns. Others

responses show that many teams simply don't see the value of going headless with it being "too time-consuming" (16%) or they were satisfied with their current CMS. Again this reflects that there may be some work to do to explain the value of headless publishing before it goes more mainstream.

If you are or were considering transitioning to Headless / Agile CMS, what concerns would your organization have, if any?



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Priority Areas for Investment Include Culture and Understanding Customers

Priority areas for DCX investment continue to vary considerably for organizations, but "Organizational culture and/or structure" (39%) was again the most popular response for the second year running. It's commonly reported that many feel that the pandemic and prolonged remote working has impacted the cohesion of internal organizational culture and potentially

operations too, a factor which could potentially impact levels of customer service. Investment in culture and structure may seek to remedy this. It's worth noting that in our 2020 survey, this area of investment was only the 11th most popular answer, so it is only a relatively recent priority.

Investment can also cover creating a customer-centric culture too. For example, at HubSpot the Customer Experience Team continues to run a program of events that helps raise awareness of customer issues and the customer “voice” within the organization. Events include regular panels involving customers for the leadership team, as well as interviewing customers at the quarterly company-wide town hall meeting. More details are provided in the case study covered later in the report.

Other priority areas for investment sought to better understand customers; “Customer journey analysis and optimization” (35%, up 3% on last year) and “Analysis, insights and dashboarding” (30%, up 5% on last year) were respectively the second and third most popular answers. Other investment priorities align with the responses detailing plans for introducing new tools over the next two years, including Digital Asset Management (30%) and Digital Experience Platforms (27%).

Interestingly there has been a significant decline in AI as an investment priority, dropping from 30% to 25% and falling from the third most popular answer to the sixth. This aligns with other responses relating to AI which are explored in more detail later in the report.

Other areas seeing significant growth in popularity as an investment priority compared to last year include “Mobile apps or mobile touchpoints” (up 6%), Voice of the Customer programs (up 6%) and “Customer-facing chatbots” (up 5%).

What are your organization's current digital customer experience investment priorities?

Answer	2022	2021
Organizational culture and/or structure	39%	35%
Customer journey analysis and optimization	35%	32%
Analytics, insights and dashboarding	30%	25%
Digital asset management	30%	24%
Digital experience platforms	27%	23%
AI/machine learning capabilities	25%	30%
Skills and training	24%	21%
Personas, targeting and/or personalization	24%	20%
Mobile apps or mobile touch points	23%	17%
Investment in the internal digital environment	21%	17%
Social listening and engagement	21%	17%
Customer service or call centers	20%	15%
Systems consolidation/reducing silos	19%	15%
Marketing automation and orchestration	19%	15%
Web CMS platforms	18%	17%
Voice of the customer (VoC) programs	18%	12%
Microservices/API development/cloud-native SaaS/headless	17%	17%
Digital governance and content quality	15%	12%
Ecommerce experiences and intelligence	15%	13%
Customer-facing chatbots/conversational experiences	14%	9%
Customer data platform (CDP)/data integration	14%	11%
Customer communities	14%	10%
Blockchain-based systems	5%	4%
Other	2%	1%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Leaders Control More DCX Budgets But Might Not Be the Best Decision Makers

Recently there have been some small but intriguing shifts in the patterns in which functions control the investments over DCX technologies. This year executive boards and leaders have more control (24%, up from 21%) while the influence of marketing functions (21% down from 24%) has declined. Furthermore, the proportion of IT functions who are the primary decision-maker when it comes to DCX technology has also reduced from 16% to 13%. While these are relatively modest changes, these may reflect either

a growing interest in DCX technologies from senior leaders, or the need to exhibit more budgetary control in a still relatively fragile and unpredictable business environment.

However, there is an interesting footnote that suggests leadership functions may not always make the best decisions about DCX technology. Organizations that reported their tools were “working well” were less likely to have executive boards and leaders controlling investment decisions, with only 15% reporting that function being the primary decision-maker. This contrasts sharply with organizations with tools that “need work” with 38% reporting the leadership function as the primary decision-maker for DCX investments. This indicates that functional specialists in marketing and IT can make better and informed decisions about DCX technology compared to members of the C-Suite, which will ultimately result in a more effective toolset.

Which department in your organization is the primary decision-maker for digital customer experience technology investments?

Answer	2022	2021
Executive/leadership/board	24%	21%
Marketing/customer experience	21%	24%
Information technology	13%	16%
Customer service/support	8%	6%
Engineering/product/R&D	7%	8%
Administrative	7%	7%
Sales/business development	3%	2%
Finance	3%	4%
Operations/facilities	3%	2%
Human resources	2%	2%
PR/communications	2%	1%
Professional services	2%	2%
Legal/compliance	1%	1%
Purchasing/procurement	1%	1%
Learning and talent management	1%	2%
Knowledge management	1%	2%
Recruiting/talent acquisition	1%	0%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Investment in Digital Customer Experience Is In a Holding Pattern

We wanted to find out about the investment plans of companies looking to move forwards with digital customer experience. Just as the proportion of organizations mentioning budgetary constraints as a key challenge is more or less the same as last year, investment levels also appear to be broadly unchanged.

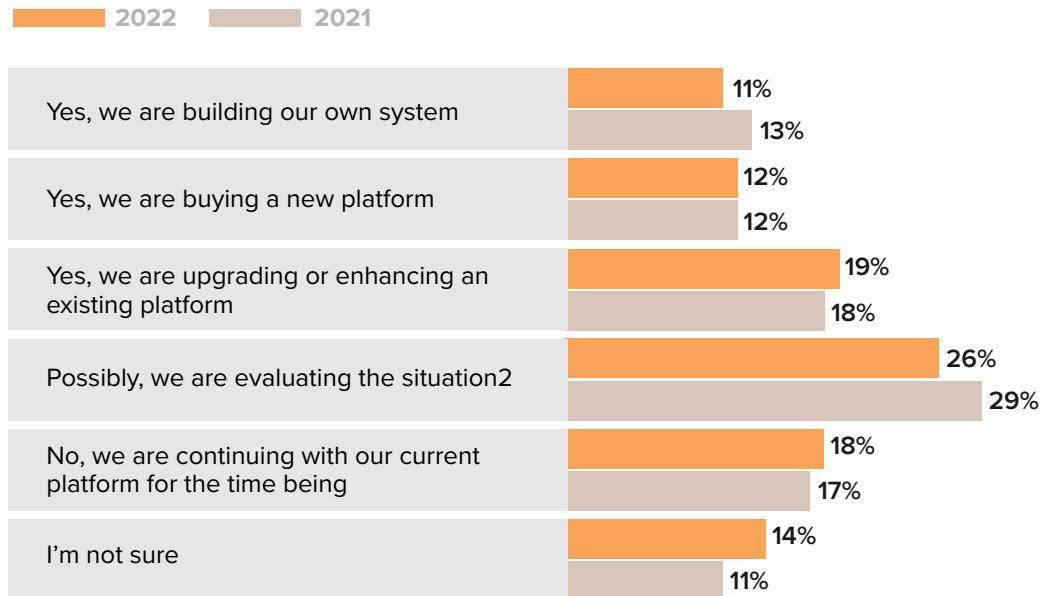
We asked respondents whether they were planning to invest in a web CMS or DXP platform. Organizations planning to buy a new platform are unchanged year on year at 12%, while those building their own system have fallen from 13% to 11%. Those upgrading or enhancing an existing platform have increased from 18% to 19%.

We see similar responses to those considering investing in a CDP too with responses very similar to last year. For example, the percentage of those saying they are currently evaluating a CDP has fallen slightly from 19% to 18%, while those declaring CDP investment as a “topic of discussion” has fallen slightly from 29% to 28%.

Interestingly, organizations that say that tools are working “well” in helping them to understand customers were more likely to be investing in both a CDP and a new CMS, compared to those who understood their customers less well.

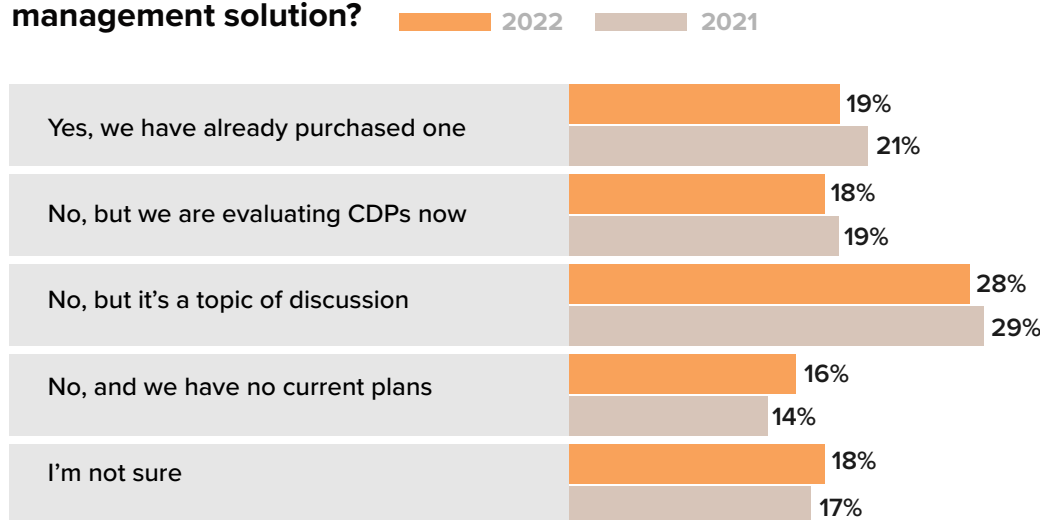
While the indication that levels of investment are in somewhat of a holding pattern is neither necessarily good or bad news, it is worth noting that last year the proportion of those investing in a new CMS or CDP rose significantly as we went through the pandemic. This year despite a difficult post-pandemic global business climate exacerbated by the war in Ukraine and continuing supply chain issues, spending levels are holding up and organizations continue to choose to invest in DCX.

Is your organization planning to invest in your Web CMS/Digital experience platform in the next 12 months?



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Does your organization presently own or are you planning to invest in a customer data platform (CDP) or customer data management solution?



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Improving Customer Experience Measurement and Analytics

DCX teams and digital marketing professionals that want to have an impact put analytics at the center of their improvement efforts. Given that measurement is a core activity of marketers and an undisputed necessity in increasing lead generation, brand awareness and sales, it is somewhat surprising that practices around analytics are not as mature as they can be.

In the past few years of the survey we have consistently reported that there is collective room for improvement and while measurement practices have certainly advanced, progress is slow.

Again this year we wanted to know about the types of metrics being used, and whether there has been a further advance in approaches to analytics.

DCX Measurement Doubles Down on Classic Analytics but Teams Are Measuring More

Last year we reported that while there had been some changes in use of metrics during the pandemic, most teams were focusing on classic analytics. This pattern has continued. The top three metrics — customer satisfaction (CSAT) (37%), customer retention rate (32%) and net promoter score (NPS) (30%) have remained the three most popular over the last three years.

All three can be considered to be “classic” analytics, reporting staples that measure success with customers for many organizations. They also continue to deliver value, making up three of the top five answers when respondents were asked to identify which metric was the most useful, with CSAT and NPS the two most popular.

The responses to this year's survey also indicate that more DCX teams are using measurement. We find this an encouraging development. The percentage of organizations reporting the use of CSAT scores has risen by 8%, and those using the NPS has gone up by 7%. The proportion of those measuring "Bookings, renewals, revenue and/or growth" has risen by 5%.

Previously the year-on-year rise has been much less with percentages remaining largely static, but this year the proportion of organizations using a particular metric has increased across every single metric we asked about. In fact, the only exception to this is a year-on-year decrease in those reporting the Customer Acquisition Rate (26% to 24%).

While this growth is encouraging, there are still opportunities for improvement. There has been a small increase from last year in the percentage of those organizations who say they are either currently not using any metrics or don't know (14% to 16%). This still represents over 1 in 7 organizations, a relatively high number that we might have expected to have further reduced this year.

Other results from across the survey suggest analytics could make more of a difference. When we asked how well teams understood their customers, 51% told us "moderately: tools are in place to gain understanding, but limited actions have been taken." This represents over half of organizations who are not exploiting all the tools they have in place. At the same time investing in additional "analytics, insights and dashboarding" is the third most popular area for investment, reported by 30% of respondents and a 5% rise on last year.

There is also an indication that teams who feel they understand their customers well are more likely to be using some specific metrics. For example, we found that organizations who felt they have a good understanding of customers were more likely to be using the Customer Lifetime Value (CLV) metric; in fact it was the most commonly used metric used by this group (47%) and even more popular than NPS, CSAT and others. In contrast,

only 27% of organizations who understand customers “moderately” and 21% of those who understand customers “poorly” are using the CLV metric.

While there are more teams actively using measurement, some organizations are introducing new capabilities. For example, at CBC a new Customer Lifecycle Management team is using measurement to identify insights into opportunities to make improvements. At HubSpot a new Customer Experience Team has been formed which unites an existing Voice of Customer team and analytics function. The new combined team has created a framework that tracks customer value across numbers including activations and customer sentiment, and is now working on a further framework to measure HubSpot’s overall promise around customer experience. Both these examples are explored in the case studies later in this report.

What metrics does your organization use to measure digital CX improvement?

Answer	2022	2021
Customer satisfaction (CSAT)	45%	37%
Net promoter score (NPS)	37%	30%
Customer retention rate	35%	32%
Customer lifetime value (CLV)	28%	27%
Bookings, renewals, revenue and/or growth	28%	23%
Customer acquisition rate	24%	26%
Engagement metrics	24%	23%
Customer effort score (CES)	17%	15%
Reduced customer service calls/load	16%	13%
Site or app use (MAU, uniques, pageviews, etc.)	16%	11%
Custom VoC metrics	15%	12%
Call center load reductions	14%	9%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Of the metrics you chose above, which is the most useful for your organization? (top five answers)

Answer

Customer satisfaction (CSAT)	18%
Net promoter score (NPS)	15%
Bookings, renewals, revenue and/or growth	14%
Customer lifetime value (CLV)	12%
Customer retention rate	10%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023



Understanding and Targeting Customers

DCX teams that have a good understanding of their customers gain the competitive edge. They can successfully segment their audience and craft experiences through content, design and personalization that will support stronger customer relationships and create new opportunities. By further understanding and tracking customer behavior, they can then further optimize experiences.

We wanted to find out more about how companies are approaching understanding and targeting customers and prospects, as well as some of the associated challenges.

Understanding Customers Must Improve, but Technology Is Making a Difference

Better understanding customers is an area where teams clearly feel they could be doing better. Only 17% say they understand their customers “well,” with the appropriate tools in place. While the majority feel they have a moderate understanding (51%), nearly a quarter (24%) say they have tools in place but these are performing “poorly” in terms of helping them understand customers.

These figures are extremely similar to responses in 2021 and show this is an area where little progress has been made over the past year. However many teams want to remedy this and this is reflected in investment priorities such as “Customer journey analysis and optimization” and “Analysis, insights and dashboarding,” the second and third most popular choices among respondents.

Larger organizations tend to have the edge in understanding customers, with 21% knowing them “well” compared to medium-sized organizations and

smaller companies (15% and 16% respectively). Technology vendors also felt they had a considerably better understanding of customers with 27% knowing them “well,” compared to 17% among non-vendor organizations.

It also appears having effective technology plays a major role in helping teams to better understand their customers. Organizations declaring tools “working well” were over six times more likely to declare they understood customers “well” too (37%), compared to only 6% of those with tools “needing work.” Only 15% of those who rated their tools as satisfactory felt they knew their customers well.

Having the right skills may also be important to fully interpret results and understand customer behavior. The less a respondent said that they understood their customers, the more likely they were to mention “lack of in-house skills / expertise” as one of their top three DCX challenges. In fact, those who said they had only just “got started” understanding their customers were nearly twice as likely to mention a lack of expertise as an issue compared to those who said they understood their customers well (40% compared to 22%).

How well do you think your organization currently understands its customer’s digital behavior?

Answer	2022	2021
WELL. Tools are in place to gain understanding and take action on those insights.	17%	18%
MODERATELY. Tools are in place to gain understanding, but limited actions have been taken.	51%	52%
POORLY. Some tools are in place but not yielding a good understanding of behavior.	24%	23%
NOT YET STARTED. We’re just starting work in this area.	8%	7%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Gaps In Understanding Vary From Demographic Data To Why Customers Abandon Sales Processes

In order to find out about the specific gaps in understanding that DCX teams face, we asked respondents “What is the most important thing you’d like to know about your digital customers but currently don’t?” As answers were provided as open comments, responses cover a number of themes, including:

- Insights into why visitors abandon engagement or sales processes and what can be done to reverse trends
- General insights into how to increase conversion and sales
- Information on what customers think of competitors and why they use competitor products and services
- How visitors find their digital customer experience covering content, transactions and general user experience
- Customer preferences, expectations and areas of interest to shape content and other aspects of digital experience
- Better demographic and income information about audiences to optimize experiences, identify audience segments and drive personalization
- How customers are using products and services, and what they truly think of these
- More complete information on customer journeys including where visitors came from and where they go to
- Analysis of the performance of different channels
- What customers think of their company and brand
- What levels of digital support customers need when interacting with their brand
- A more consolidated view of customer insights and data

- Specific analytics or areas of analytics such as customer lifetime value
- Very specific issues pertaining to particular sectors or processes
- Predictions on sales and conversions, and related future trends
- Underlying customer mindset and beliefs

Below is a selection of comments that show some of the typical ways respondents wish to understand their customers:

We'd like to have a good understanding of the end-to-end customer journey, how it correlates with CLV, our customers' biggest pain points in their journey, and actionable intel that allows us to measure customer effort and reduce friction.

Need better use cases for what visitors on mobile devices expect to accomplish vs. desktop visitors as well as customers from underserved populations, and what are their pain points.

More info about their persona to enable more targeted personalization

Why customers don't finalize the transaction in the last step of shopping cart

Dissatisfied customers who are silent

A complete 360 view of the customer — all of their interactions with us in one view

In providing answers, while some teams responded with more generic answers, others had very specific ideas of where they wanted to gain a better understanding. There were also quite a high number of responses indicating that they didn't know.

Advances In Personalization Have Stalled

Personalization is more often an aspiration than a reality for many marketing teams. Despite an intention to implement it and an increasing number of tools which are designed to lower the barrier to entry, personalization maturity remains surprisingly low. If anything, this year we seem to have almost gone backwards when it comes to personalization. Only 18% of organizations say they are deriving benefits after implementing personalization, down from last year's 20%. The percentage of those conducting limited experiments has also reduced (from 31% to 29%) with a similar situation for those with a budget in place (19% to 17%).

Despite less people actively implementing personalization or being near implementation, it doesn't mean there isn't interest. The proportion of those considering an evaluation of personalization has increased to 23% and elsewhere indicating personas and/or personalization as a priority area of investment has risen from 20% to 24%.

Organizations with effective DCX tools are nearly four times more likely to have implemented personalization compared to those with tools that are considered ineffective. 34% of those with tools "working well" are already enjoying benefits from personalization, compared to just 9% with tools that are rated "needing work." This suggests that personalization tends to be adopted by those organizations with a more mature DCX toolset.

Personalization is also more likely to be deployed by larger organizations, with 57% either already experiencing benefits or conducting limited experiments, compared to 46% in medium-sized companies and 40% in small companies.

A good understanding of customers is also a prerequisite (and a by-product) of personalization. Organizations who understand their customers "well" were more likely to be "already deriving benefits" from personalization (49%) compared to those with a moderate (15%) or poor (7%) understanding.

How would you describe your organization's use of personalization for digital customer experience?

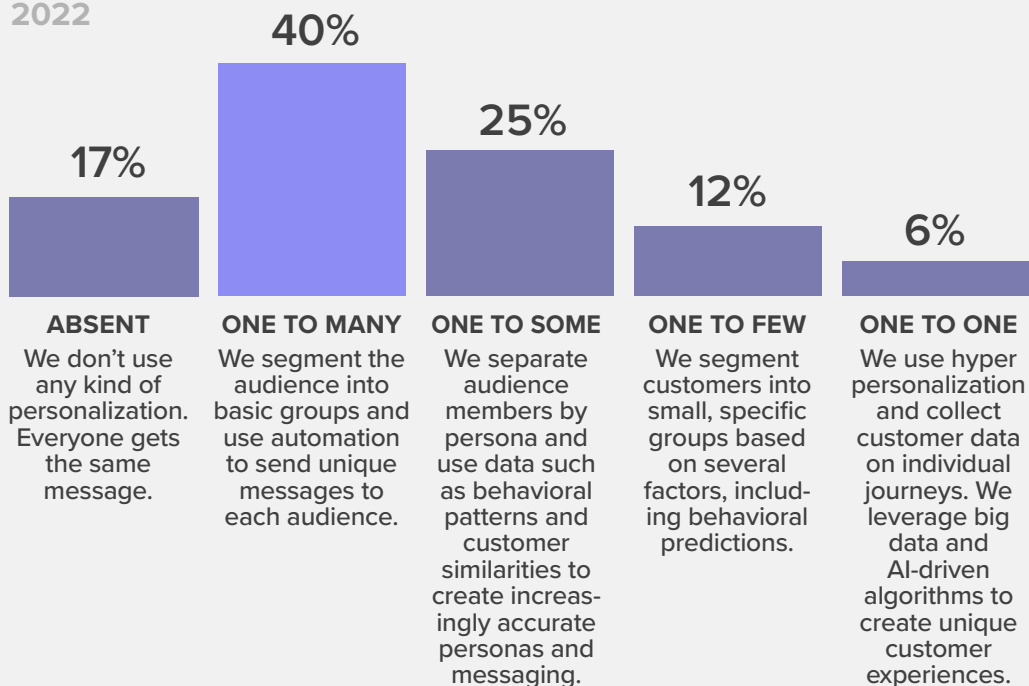
Answer	2022	2021
We are already deriving benefits after implementing personalization	18%	20%
We are conducting limited experiments with personalization	29%	31%
We are actively evaluating personalization and have a budget in place	17%	19%
We are considering an evaluation of personalization but have no budget in place	23%	18%
We have yet to invest; personalization is not currently a priority for us	13%	11%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

We also wanted to get an idea of the actual level of personalization that has been implemented, so we asked about the relative levels of maturity. Here the tendency is against granularity, with 65% describing their personalization as either “one to many” or “one to some.” Those with a more granular approach with “one to few” (12%) and “one to one” (6%) means that truly granular, hyper-personalization is the exception rather than the rule when personalization has been implemented.

Please describe your level of maturity with regards to using personalization to drive customer experience.

2022



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

A Culture of Data Privacy Persists in the DCX Space

In recent years legislation such as the EU's General Data Privacy Regulation (GDPR) and other acts like the California Consumer Privacy Act (CCPA) have had a significant impact on the mindset of both customers and marketing teams when it comes to protecting data. Last year in this survey we reported the regulatory climate but also customer sentiment towards safeguarding personal data meant that "a culture of data protection continues to grow across DCX teams."

This year we see a similar commitment to data protection with 47% declaring it "extremely important" and committing to leading in this area, representing a modest 1% rise on last year. A further 32% expressed that data protection

is “very important,” although this is down 5% on the results for 2021. Overall, only 2% of organizations told us it was not important.

It’s also an area where most teams seem to be navigating any related challenges. When we asked respondents to indicate their overall top three DCX challenges, only 8% chose “Regulations that create data or operational hurdles” – down 1% from last year and the lowest ranked challenges across all the choices.

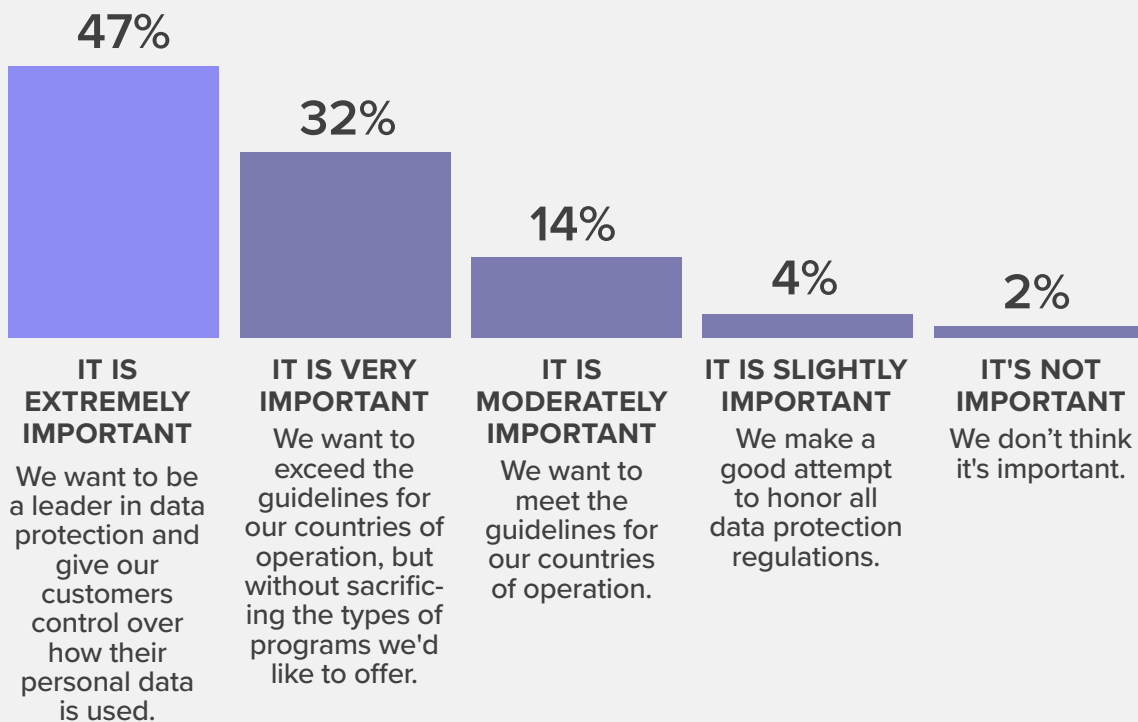
However, committing to data protection can specifically impact DCX strategies and even technology choices. For example, CBC, the national state-funded broadcaster for Canada, has had a strong commitment to protecting personal data for many years. The need to meet this commitment while also wanting to increase personalization at the same time, is just one of the reasons it is building on a membership offering where visitors authenticate into a digital environment. The growing demise of the use of third-party tracking cookies due to privacy concerns is also an influence on this direction of travel.

We also sought to understand what marketing teams are using customer data for. Here, the response numbers were very similar to last year’s survey. As expected, most teams want to use data to better understand customers through improved analysis – the top answer (23%) as it was last year too. A range of other uses given include improving customer segmentation and also integrating siloed customer data. This latter intention tended to be more important for organizations who already felt that tools were allowing them to know their customers “well” (mentioned by 31% of this group) compared to those who only knew customers “moderately” (15%), indicating that integrating siloed data is a priority for organizations with a more mature and comprehensive approach to understanding customers.

It’s also worth noting that despite the lofty intentions that many organizations say they have to lead in data privacy in responding to the survey, only 7% of organizations indicated they wanted to use data to “achieve a higher level of data protection or related compliance.”

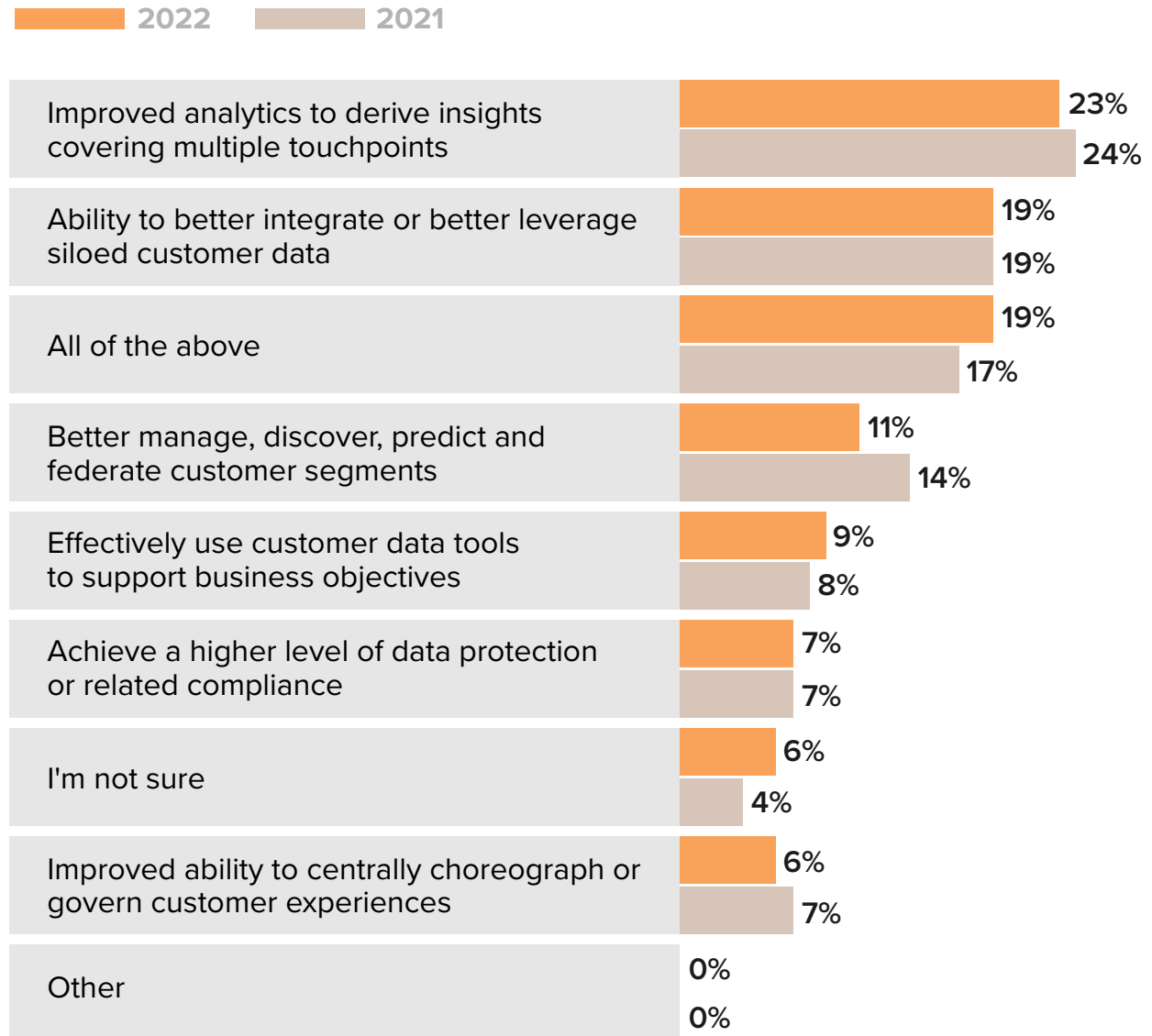
What is your organization’s attitude toward data protection?

2022



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

What is your highest customer data management priority?



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Making the Difference

There are multiple factors that can positively impact digital customer experience. Two influences we have kept an eye on over the past few years are the progress of artificial intelligence (AI) in marketing tech and its evolution in different products, and the contribution that good digital employee experience (EX) has on customer experience, particularly in high-touch sectors.

This year again we wanted to explore further how DCX professionals viewed the impact of both AI and EX, and the relative attitudes of vendors who design and sell the products that DCX teams rely upon.

We also wanted to look at another area that has the potential to be a new space to compete around DCX. How do marketing teams view the metaverse, the immersive virtual environment envisioned by some as the next iteration of the web, including Meta's Mark Zuckerberg? Is it an exciting opportunity or a passing fad?

Confidence in AI Is Slowing

Over the past two years our survey has shown a growing confidence in the power of AI to make a difference in the DCX space. This year there are multiple indications that confidence in AI and ML is slowing, and its real world impact is relatively limited.

Firstly, the actual extent to which AI is being utilized is not extensive, and deployment is not mature. Only 8% of respondents told us that AI was being used regularly to improve many parts of their CX strategy, with a further 24% reporting "middling" use. This means that over two thirds of respondents (68%) are using AI to an extent which is only "sporadic" or "embryonic," or aren't using AI at all, or simply told us they don't know.

This lack of real world AI maturity may be why confidence in the ability of AI to positively impact the future is slowing. When we asked how respondents felt AI and ML would change customer experience over the next two to five years, we found that the number of those reporting “transformative” or “significant” change had reduced from 71% to 60%. Looking at the data more closely, it’s clear that those who have already deployed AI and experienced its impact are far more likely to believe in the future power of AI. Over a third (38%) of those organizations who have “extensive” or “middling” levels of AI deployed believe AI will have a transformative impact, compared to only 15% of those who report “sporadic,” “embryonic” or no use of AI.

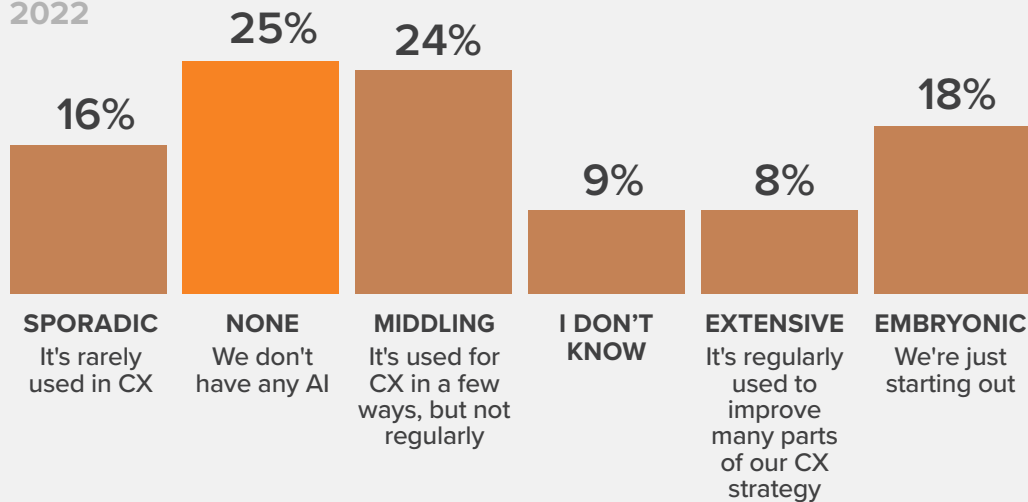
A slip in confidence in the power of AI also appears to be impacting investment priorities. Here those indicating “AI and machine learning capabilities” as an area of upcoming spend has reduced from 30% to 25%.

Although we’re seeing a slowing in confidence it needs to be considered in context. The large majority of respondents still believe in the power of AI, and a significant proportion (25%) are earmarking investment. It also needs to be remembered that what is considered in scope for AI and ML is constantly evolving. When an AI-driven feature becomes normalized in products it is possible it is no longer perceived as AI, for example capabilities such as automatic transcription.

There’s also some evidence to show that AI is contributing to a more effective toolset. Those who rate overall DCX tools as “working well” were more likely to say that AI was “extensive” in their organization (18%) compared to only 1% of organizations who rated their DCX tools as “needing work.” There is also a hint that AI is actively contributing to a better understanding of customers. Those organizations who told us they understood customers “well” were far more likely to have extensive AI (31%) compared to those who understand customers “moderately” (5%), or poorly (1%).

To what extent are you using artificial intelligence in your CX toolset?

2022



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What impact do you expect artificial intelligence and machine learning to have on digital customer experience over the next 2-5 years?

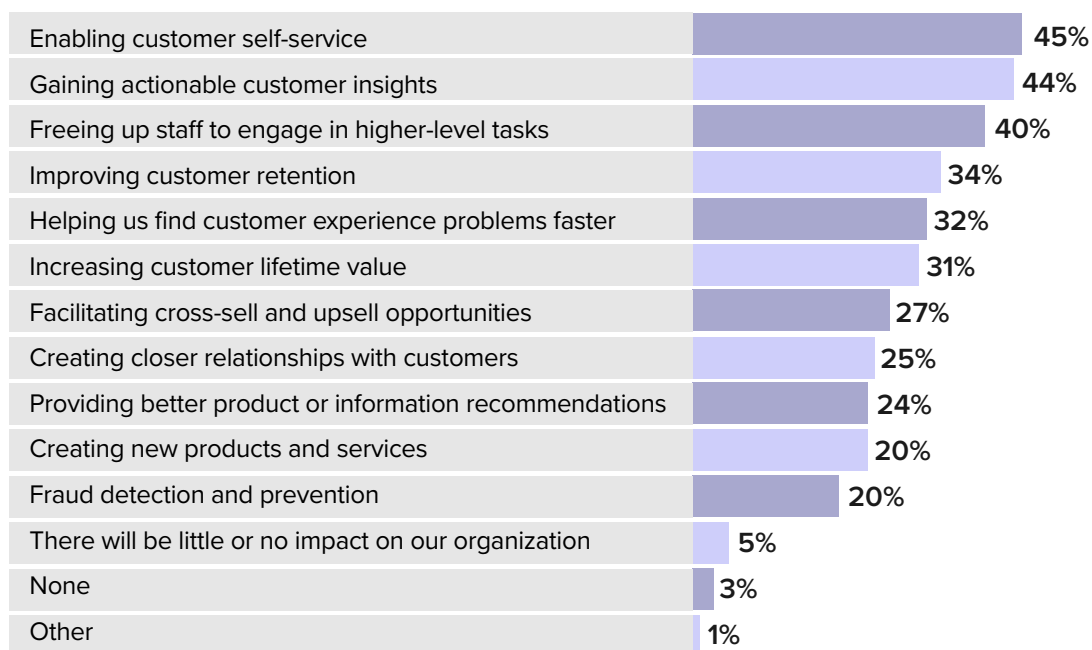
Answer	2022	2021
Transformative	21%	27%
Significant	39%	44%
Moderate	23%	20%
Minor	6%	4%
None	2%	1%
I'm not sure	8%	4%

SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

We were also interested in where teams believe the most significant impact will be. Here the top two answers “Gaining actionable customer insights” and “Enabling customer self-service” remain the same now for the last three years.

Where do you expect artificial intelligence and machine learning will have the most impact on your organization’s customer experience?

2022



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

The Jury Is Still Out on the Metaverse

Ever since Meta’s Mark Zuckerberg nailed the future of Facebook to the development of the metaverse, a virtual reality world where people can interact with each other via avatars, there has been debate about the role the metaverse might play in the future of digital customer experience. While exactly how brands will engage with customers in the metaverse is not

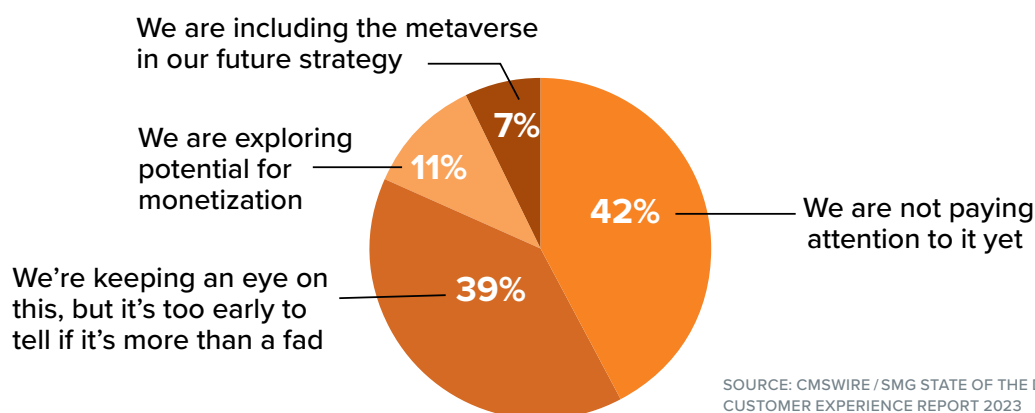
clear, we wanted to ascertain to what extent organizations are factoring in the metaverse in their future plans. This is the first year that we have asked survey respondents about the metaverse.

The responses suggest that the metaverse is still to capture the imagination of marketing practitioners. Less than 1 in 14 (7%) are including it in their future strategy, although a further 11% are exploring potential for monetization. The vast majority of organizations are yet to act, with 42% not paying any attention to the metaverse, and 39% keeping an eye on it, although they think it is too early to tell if it is anything more than a fad.

However, there is more interest from DCX vendors. Here 18% are saying they are exploring potential for monetization and 10% saying they are including it in their future strategy. This may reflect an inclination of vendors to consider innovations and new channels and how these impact their product and its roadmap, while busy practitioners are less likely to have the bandwidth and headspace to actively investigate the metaverse, largely reverting to a “wait and see” position.

We don't think these figures are surprising given the metaverse is still at a very early stage. However, we think there are also significant opportunities to be early adopters in the metaverse and we expect the numbers taking an active interest will rise in due course.

What stance, if any, is your organization taking on the metaverse?



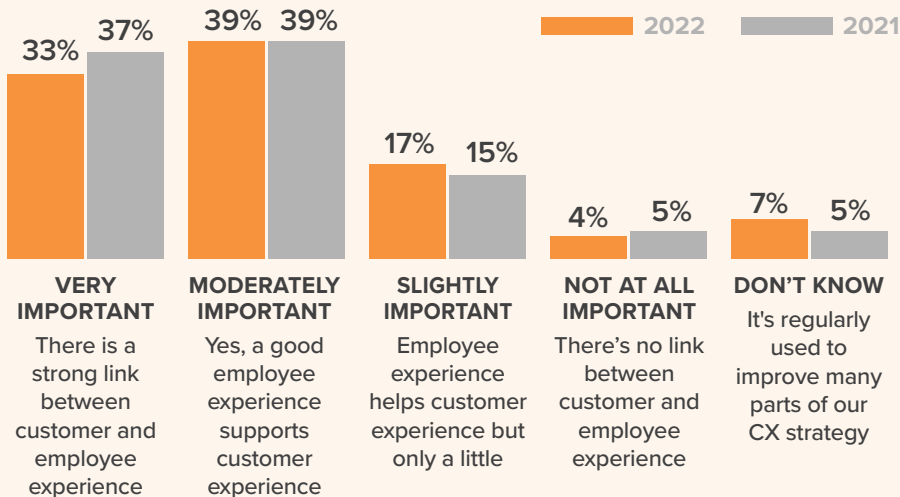
Teams Believe In the Link Between DCX and EX

We also wanted to track whether organizations continue to see a positive correlation between digital customer experience and digital employee experience (EX). Many observe that creating happy employees also generates happy customers; investing in the right employee experience tools can also make a material difference in coordinating and aligning customer experience teams and also enabling deeper insights, both which can contribute to better and improving DCX. Similarly a culture of strong DCX can also translate to a similar emphasis on strong EX.

Over the last two surveys around three quarters of respondents view digital employee experience as being “very important” or “moderately important” for DCX. In 2022 this has seen a slight dip to 72%, but it still shows a significant majority of organizations are making the link between DCX and EX success.

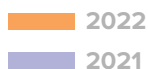
We also wanted to find out where respondents feel advances in EX have the most direct impact on DCX. Here, the answers have remained relatively consistent for the past three years, with “collaboration tools / allowing us to be agile and responsive” and “easy access to information on customers” still the two most popular answers. While the emphasis on collaboration tools is perhaps unsurprising given our increased use of Zoom, Microsoft Teams and similar platforms that enable hybrid working, there has been an increase in the proportion of respondents who recognize the value of providing channels with information for frontline staff. The proportion of those citing the contribution of customer information rose from 43% to 46%, while those valuing “easy access to information product and services” rose from 28% to 37%. Those stating “knowledge management solutions for contact center staff” also rose from 24% to 33%.

How important is the digital experience your employees have with internal applications (e.g. intranet, collaboration, CRM systems, ESN, etc.) in affecting the quality of your external digital customer experiences?



SOURCE: CMSWIRE / SMG STATE OF THE DIGITAL CUSTOMER EXPERIENCE REPORT 2023

Within your organization, where do you see employee experience having a significant direct impact on your customers's experiences?



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Evolving Membership Services at CBC

About CBC

CBC is Canada's English language, publicly funded national broadcaster. As a public sector broadcaster, CBC's view of customer experience is driven by its mandate to keep Canadians informed, enlightened and entertained. Kate Stewart is a product manager for CBC Digital Strategy & Products.

In last year's State of Digital Customer Experience report we heard from Kate Stewart about the impact of the pandemic, and an initiative to enhance CBC's membership offering that presents a more personalized, consistent and richer digital customer experience. This year, we focus on an update on the project to develop membership and its broader aims, as well as efforts to use analytics to deepen insights into CBC customers.

The Move Toward Membership

Over the past two years CBC has continued to evolve its membership offering with an aim to create a richer, more joined-up experience that will help to strengthen audience loyalty at CBC. Internally, this has seen a shift in work priorities and even triggered a change of team name.

KATE STEWART,
Kate Stewart,
Product
Manager, CBC
Digital Strategy
and Products,
CBC



Kate Stewart comments. "To reflect the new thrust of our work and mandate, my team's name has changed to 'Loyalty Experiences.' Previously we spent a lot of time taking care of CBC's content output on third party platforms like Apple news. But these are now mature products and we don't need to spend that much effort there. The new name reflects our shift to building audience loyalty through developing a membership program for CBC digital products."

By introducing membership, CBC hopes to improve the audience experience. Stewart explains. "CBC would much prefer to be serving our audiences on our owned and operated platforms. We can control the ads that are seen on our own platforms more closely than off platform. We're also far

more able to personalize and improve our audience experiences on our own apps and websites, making people more likely to return and more frequently, staying longer and consuming more content.”

Delivering Personalization Through Membership

In the past few years CBC has also advanced personalization on its website and apps, but this has always been limited in its scope and impact. Stewart explains. “We can do a lot of personalization based on a session on a website, and the cookies that are deployed. But this is not very permanent. For example, on the CBC website you can view your local news and set it to, say, Toronto, with your preference stored in a cookie, so when you return you’ll see Toronto news there. But if you clear your cookies or they expire, the local news will default back to Ottawa. This is a small example, but we actually get a lot of complaints about it.”

However, with the membership offering, the personalization is regarded as being “permanent” and potentially richer. Stewart adds, “Once you sign in and you’re authenticated with us, then we have a better sense of who you are. We can deliver a much better experience and we can more permanently store information that allows us to personalize a whole lot more than just your preferred local news source.”

Of course, one of the drivers for delivering a membership-driven approach to personalization is the eventual phasing out of third-party cookies. Stewart concedes that this “weighs heavily on all our strategic efforts here” with the need to also continue the advertisements which is one of the sources of funding for CBC, and a key revenue stream.

Progress On Developing Membership

The current services that come under membership at CBC are still relatively limited, with the main service being CBC Gem, the company’s over-the-top (OTT) player. There is also the comments section of the CBC website where people can leave feedback on different articles, with the additional ability to follow or mute other commenters. A third membership capability is a place to manage newsletter subscriptions.

However in the background significant progress has been made in creating a common authentication system to cover these existing CBC membership channels which were previously managed separately, and which is about to enable authentication to be extended to a range of CBC apps. The teams are also busy introducing a new Customer Data Platform (CDP) which will also hold the information that will help power member experiences.

Stewart comments.

“The horizon is much closer in terms of what we can do broadly with authentication. A lot of the work that we’ve been focused on in the last couple of quarters is working with other product teams to introduce authentication into CBC native apps, including the CBC News app, the CBC Sports app, and the CBC Listen App. And none of those have had the ability to sign in before, but we’re quite close to launching it in the News app. And once that’s in place, we will be able to extend the membership offering in some exciting ways.”

The teams have also been learning from various experiments in personalization. Stewart explains. “We’re trying to gauge the audience’s interest in certain value propositions. We did one recently, that was basically like a weather widget that would show you the correct weather based on the postal code that you shared as part of your CBC profile. While it’s not something we’re continuing with, we took a ton of learnings from the process of running that experiment.”

The Future Of Membership

While the immediate roadmap is focused on introducing membership into various CBC

apps, Kate Stewart is excited about future possibilities.

“The traditional media consumption habit is a one-to-many experience with everybody pretty much getting the same content. But we can do things both with content recommendations and personalization for authenticated users. We can also enable product features where the richest source of audience value is going to be. Personalized content is one thing, but the convenience factors and the enhanced service membership can bring is going to be really key. For example, you might have a record of everything that you have bookmarked or shared.”

Stewart continues. “Overall, membership allows for additional functionality that wouldn't otherwise be possible without having authentication. It creates a more permanent record of a user's activities and preferences. And it allows a user to control their own experience, and manage their own profile and settings. And by personalizing the audience experience, it means we can ensure that we're serving the most relevant content to everyone in Canada.”

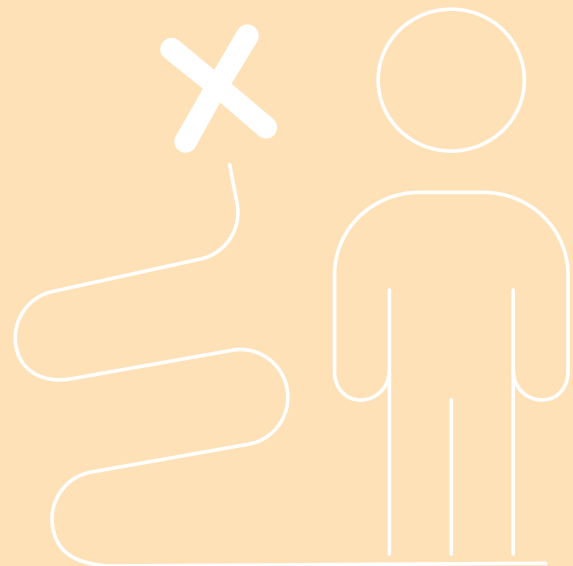
Analytics And Customer Lifecycle Management

Another area where CBC is advancing its practices is in measurement. Stewart explains.

“We’re really broadening and hardening our analytics practices. Our Analytics teams are responsible for our Amplitude and Adobe Analytics. Our Business Intelligence team is using Power BI to create some amazing dashboards so that we have all sorts of different views into our audience behaviors. We also have a new Customer Lifecycle Management function who consumes analytics and who are really looking at that conversion funnel and where are the missed opportunities that we can be really looking at. For example, we’re doing a really interesting experiment right now to see whether offering

CBC branded merchandise at a discount is a membership value proposition that people are interested in.”

Of course, the membership offering will also provide additional opportunities to provide rich data on audience preferences and behavior. Stewart believes efforts to advance measurement and the membership offering will ultimately benefit CBC’s audience. “It’s part of the effort to open CBC up and make it more attractive to everyone who lives in Canada.”



Finding New ways to Measure Customer Experience at Hubspot

About Hubspot

HubSpot is a leading customer relationship management (CRM) platform that provides software and support to help companies grow better. Headquartered in Cambridge, MA, USA, and with over 7,000 employees across the globe in 13 HubSpot offices and remotely, the company is a well-known player in the customer experience space, with a particularly strong footprint in the B2B market.

In last year's State of Digital Customer Experience report we heard about HubSpot's Voice of the Customer (VoC) program and the introduction of a parallel Voice of the Prospect program. We also heard about the evolution of analytics and reporting, and the continuing activities to nurture a strong customer-first culture at HubSpot. This year we talked to Amanda Whyte, HubSpot's director of customer experience management, about her new expanded team, its new emphasis on customer experience and how the team is further refining its approach to measurement.

A New Customer Experience Team

Over the past three years, HubSpot's VoC team has worked closely with a separate

AMANDA WHYTE,
Director of
Customer
Experience
Management,
HubSpot



Customer Experience Measurement team who have been responsible for calculating and analyzing key metrics like NPS and CSAT scores. These teams have now been brought together into one.

Amanda Whyte explains. "We've combined together to create what we're calling our Customer Experience Team covering the VoC program and CX measurement. We live in a neutral space within HubSpot so we're really well positioned to advocate for the customer without competing priorities, and act as a bridge between our people and product teams."

The new unified team has allowed the team to operate with more focus. Whyte comments.

“Previously, while we were all extremely aligned, we weren’t one team operating with a single mission. We recently revisited our team’s purpose and decided our job is to keep the customer at the heart of everything HubSpot does. Having a shared mission of deeply understanding our customers, measuring their experience, and then amplifying their voices means we’re going to be able to have much more impact.”

Evolving Approaches To Measurement

As well as reviewing their fundamental purpose, the new united team has also revisited its approach to measurement. Whyte comments. “We’re always reviewing and evolving the best way to measure customer experience at HubSpot and the new team is an opportunity to bring our qualitative and quantitative programs together to garner deeper insights and share those around the company.”

Specifically, the team has started to focus more on customer value. Whyte explains “This past year we started looking more holistically at the measurements we believe embody customer value. For example, we look at activation — are customers discovering the value of our products? And also time to value, are they able to do so quickly and effectively? We also track ongoing engagement, and whether customers

continue to see value on an ongoing basis through engagement with our products. Sentiment is a part of that, we have always tracked sentiment and place a high value on it, and whether customers voice satisfaction with or loyalty to HubSpot. As a north star metric, we always point to revenue retention as whether customers have ultimately demonstrated value received from our product by deepening their investment with us.”

Although the customer value measurement framework is a new approach, the team is not stopping there.

“We’re developing a new measurement framework that’s really easy to understand across both of our people and our product teams. The starting point for this is the ideal customer experience for HubSpot. We want to be easy to buy, easy to use, easy to love, easy to trust. So how can we actually measure that and know how we’re doing against that promise to our customers? We also think it’s something that the whole company can rally around and it’s very focused on the customer experience itself.”

Measuring the Experience Of Prospects

The team has also continued to evolve the Voice of the Prospect program which was launched in 2021, focusing on getting deep-

er insights into the experience of prospects and understanding why they haven't chosen to buy from HubSpot. The program covers both the characteristics of the product that contribute to a buying decision, but also the purchase experience itself.

Amanda Whyte says, "We want the experience of HubSpot to be easy to buy. And then of course, we want the capabilities and functionality of our product to match what our prospects are looking for. For us, it's really this discovery process of both the experience and the ease of purchase, but also the platform features that prospects are seeking."

Currently the team is working hard to get deeper insights, working with HubSpot's sales teams, and working towards establishing a standard metric.

Whyte comments. "We're really focused on getting clean 'Closed Lost' data from sales reps, and interviewing prospects who ultimately did not purchase. We want to understand why a prospect might not have followed through with choosing HubSpot, and what we as HubSpot can do about that. Our overall goal as a team is to establish a metric for purchase experience, so that we're really measuring the experience of the prospect, not just the customer."

How the Pandemic Has Changed Customer Experience

Currently the dust is still settling from the impact of the pandemic, and events such as the war in Ukraine have continued to make the world a volatile and uncertain place. At HubSpot, the team wanted to understand the bigger picture and how this new business climate is impacting the experience of HubSpot customers.

Amanda Whyte explains. "My team undertook some research into what has changed for customers and what their needs are. We found that customers need to do more with less in this environment and their priorities are shifting in terms of finding new ways to cut through the noise. Everybody is digital now so it's a lot harder to kind of cut through the clutter. The cost per lead is also rising, so they have to find new ways and places to generate leads and engage with prospects, so they're exploring new platforms and through communities in different places."

The research suggests that customers also want tools that provide actionable insights. Whyte says, "We also found that customers are prioritizing easy to navigate tools that can grow with them and help them use the data that they have to more effectively

understand what their customers want, and how to run their businesses more efficiently.”

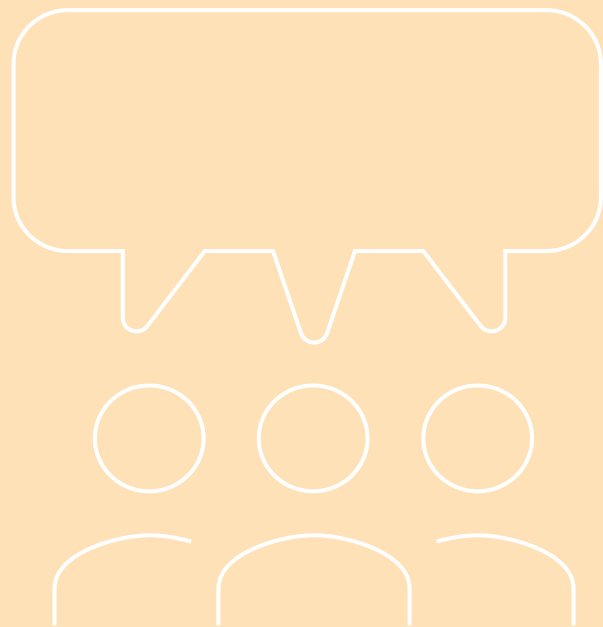
Connecting the Dots

One area where the VoC program has had considerable success over the past three years is in elevating and representing the voice of the customer throughout HubSpot. This activity has helped to maintain and nurture a strong customer-first ethic throughout HubSpot. This continues to be a priority for the new Customer Experience Team; in fact, “amplifying” the customer voice is explicitly referenced in their team purpose and mission.

Over the past year or so the team has continued to carry out various tactics that successfully amplify the voice. Amanda Whyte explains. “We’ve deepened and enriched the programming for our Customer Advisory Board by carrying out workshops

with customers where they come in and ideate with us. We then publicize the results of those workshops company wide. We run monthly panels with our executive team covering customer feedback and customer experience topics. We also source customers for an interview at our quarterly company meeting where they tell their story and we explore how they’ve used HubSpot, their challenges, what they like and so on.”

Whyte is particularly enthusiastic about the impact of bringing customers directly into HubSpot’s quarterly meetings, helping to achieve that customer-first culture. “It’s been a great way for employees to stay engaged with HubSpot’s mission to help millions of organizations grow better. And so that’s just another way that we connect the dots between the employee and the customer and the company mission.”



ABOUT THIS REPORT:

Methodology and Demographics

SMG/CMSWire conducted this survey online between August 17 and September 12, 2022 to an audience of approximately 50,000 CMSWire readers. The survey report is based on the analysis of partial or completed responses from 1,271 participants.

Please note percentages have generally been rounded up or rounded down to the nearest whole number in the report's text. Because of the rounding it can mean some total percentages add up to 99% or 101% in total.

Some of the survey questions requested multiple answers, while others required only a single response. There were also some questions asking for open comments. Where noted, we also draw on responses from the equivalent survey from the previous four years.

The survey was open to all. For most of the survey data referred to in this report, we have filtered out 335 answers from vendors and IT providers providing marketing and customer experience software. This leaves 936 responses examined for the majority of questions. Respondents included in this group consist of people who lead customer experience in their organization, manage parts of the process, or have some kind of influence over it. The reason for this was to get a more accurate picture of the state of customer experience in organizations using customer experience software, and to ensure data was comparable with previous years. However, for some answers we have included comparisons of views between vendors and non-vendors and also examined qualitative data.

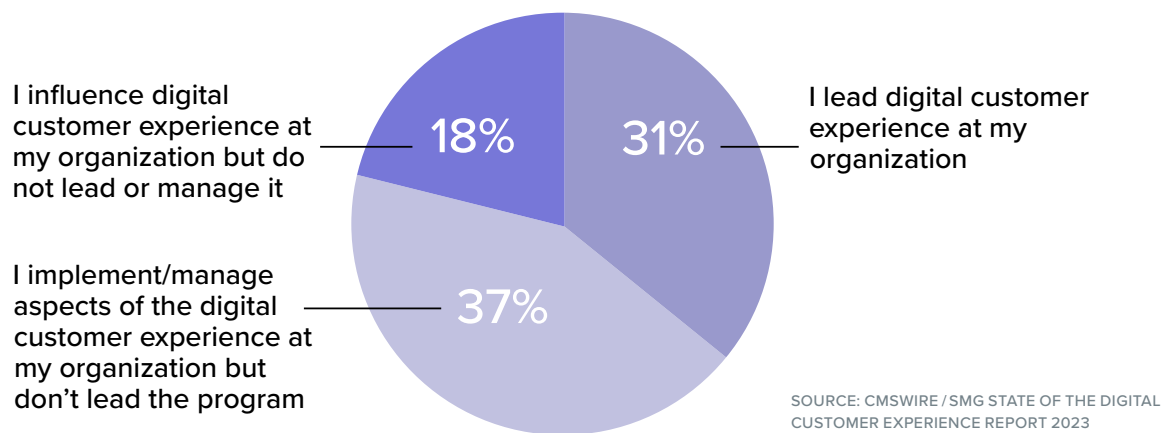
Survey participants are part of the CMSWire Customer Experience Research Board, a group of business leaders who develop and manage customer experience programs. The purpose of the board is to conduct industry research on the emergence and development of customer experience technologies and best practices, and to connect customer experience professionals to relevant and timely research.

Survey participants came from a wide range of organizational sizes and sectors, as well as all levels. The breakdown of participants is indicated in the following tables.

Throughout the report we also segment the data on two key elements. The first is organizational size: Small companies (under 100 employees), Mid-sized companies (100 – 5,000 employees) and Large companies (over 5,000 employees.) Rather than having to continually refer to these numbers of employees we use the terms “Small,” “Mid-sized” and “Large” throughout the report.

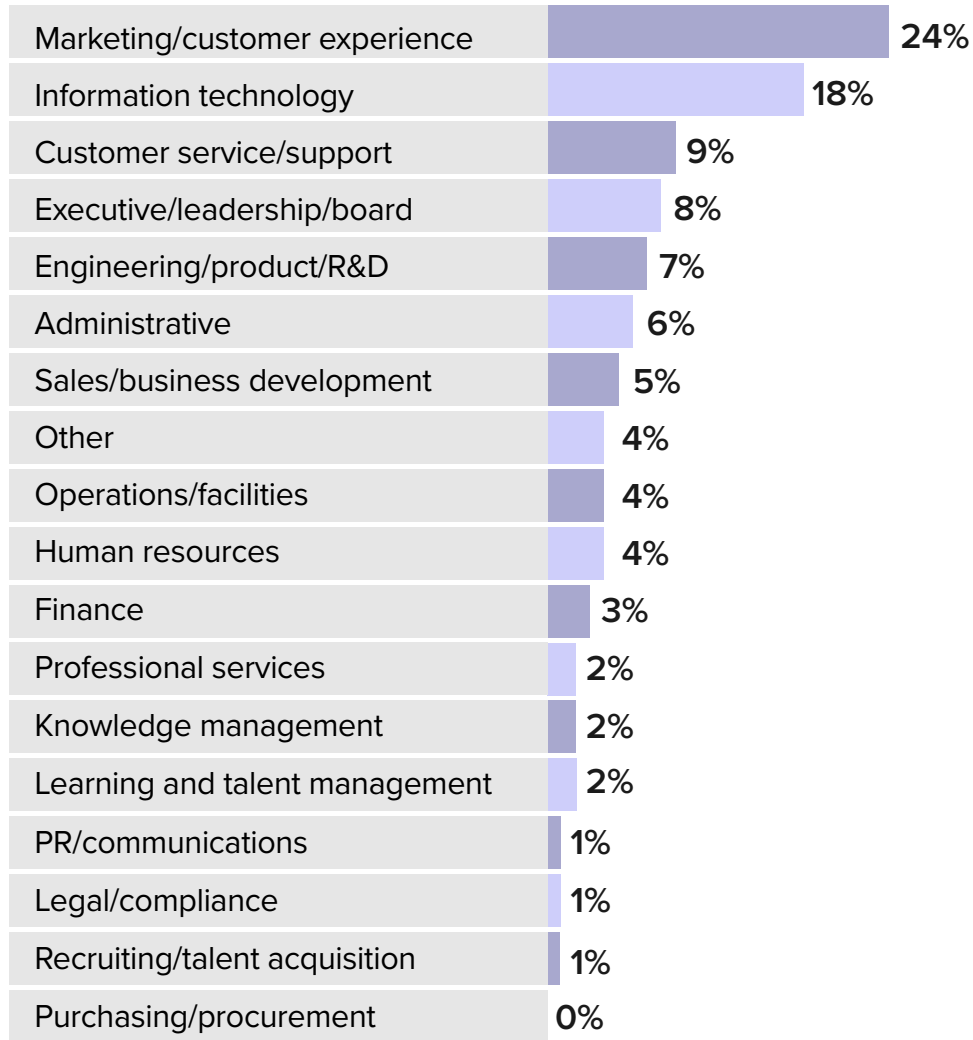
We also frequently segment answers based on how respondents rate the effectiveness of their tools. We refer to these groups as “working well,” “satisfactory” and “needs work” or “needing work.”³

What is your role relative to Digital Customer Experience (DCX)?



In which department do you work?

2022



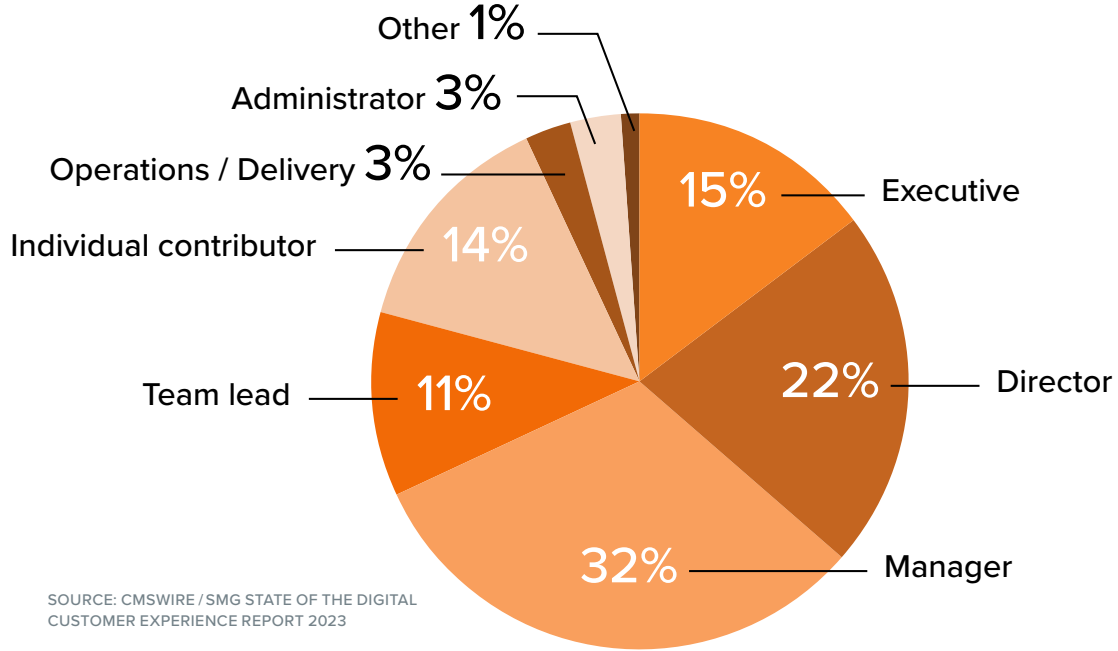
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Which of the following best describes your industry?

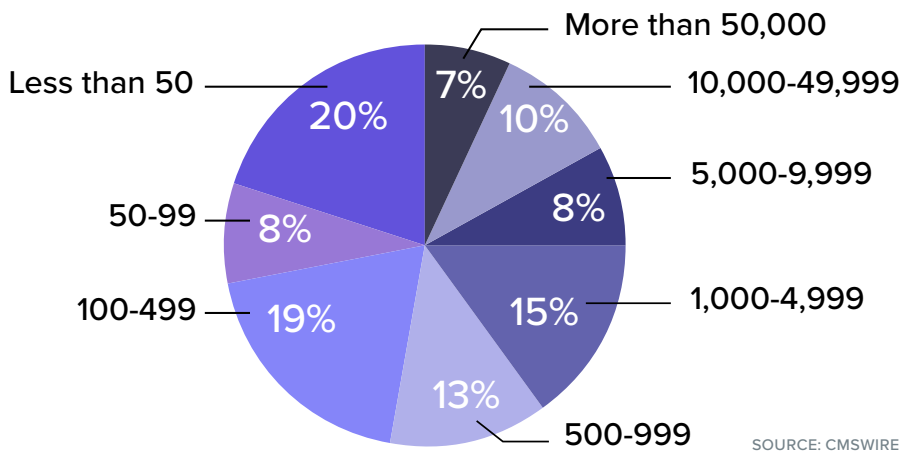
	2022
IT services	8%
Computer software	7%
Financial services	6%
Other	6%
Hospitals/healthcare	5%
Banking	5%
Advertising/marketing	4%
Nonprofit	4%
Higher education	4%
Manufacturing (durables)	3%
Retail	3%
Professional services	3%
Telecom/communication services	3%
Consumer products	3%
eCommerce	3%
Insurance	2%
Energy/utilities	2%
Architecture/engineering	2%
Real estate/property management	2%
Construction	2%
Pharmaceuticals	2%
Health insurance	2%
Print/digital media	1%
Travel/tourism	1%
Automotive	1%
Logistics/transportation	1%
Manufacturing (non-durables)	1%
Legal services	1%
Services	1%
Accounting services	1%
Local government	1%
School districts	1%
Federal government	1%
Agriculture/forestry	1%
Broadcast/media	1%
Restaurants	1%
State	1%
Beverages	1%
Medical devices	1%
Casinos/gambling	0%
Department stores	0%
Food processing	0%
Leisure	0%
Chemicals	0%
Waste management	0%
Social Media	0%
Staffing/recruiting	0%
Religious organizations	0%
Defense/aerospace	0%
Oil/gas	0%

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CUSTOMER EXPERIENCE
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Which of the following best describes your career level?



How many employees work for your organization?



Produced by Simplr Media Group



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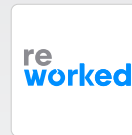
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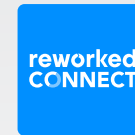
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