

Marketing & Sales Practice

Six customer experience pitfalls to avoid

To successfully enhance customer experience, companies need to build the right organizational capabilities and culture to plan, execute, and sustain the transformation.

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Key takeaways

- For companies to thrive, delivering best-in-class customer experiences is becoming increasingly important.
- Cultivating a culture of customer-centricity is a critical component, which calls for targeted efforts to build employee capabilities across the organization.
- Outperformers build customer experience (CX) capabilities to enable all employees to clearly articulate the value of CX, use approaches focused on agility and design thinking, and consider the customer in every decision they make.

In recent years, organizations across sectors have been forced to overhaul many of their processes as the importance of CX has taken center stage. Largely due to the rise in “CX native” companies, customers’ expectations across areas like getting immediate help, maintaining control, and personalization have grown. Meanwhile, privacy concerns have increased, social media has enabled a direct platform to voice experiences, and the COVID-19 pandemic has changed the way customers want to interact with companies.

For companies to succeed—and outperform their peers—in this environment of constant change, a culture of customer-centricity is critical. It calls

for action across three levels: build aspirations anchored in purpose, take a comprehensive approach to transforming the business, and establish critical enablers that support and speed the transformation.¹

Building the right organizational capabilities and culture to plan, execute, and sustain the transformation is the first of these critical enablers. At its core, this step distinguishes the organizations that are altering their DNA to evolve from those simply going through the motions of change. Programs to build capabilities and change culture are key to changing an organization’s core. Without them, companies may succumb to any number of

¹Victoria Bough, Ralph Breuer, Nicolas Maechler, and Kelly Ungerman, “The three building blocks of successful customer-experience transformations,” McKinsey, October 27, 2020.

Exhibit

To upgrade CX, plan and prioritize to avoid six common pitfalls.

1. Failure to link CX to value Needed capabilities: <ul style="list-style-type: none">• Clarify how CX improvements will boost business performance and drive value• Gain the organization's support and momentum for a CX transformation	2. Fragmented priorities Needed capabilities: <ul style="list-style-type: none">• Prioritize journeys, pain points, and ideas• Sequence tasks thoughtfully• Test hypotheses	3. A narrow view Needed capabilities: <ul style="list-style-type: none">• Map customer journeys• Create personas• Conduct ethnographic research• Identify and size pain points using customer and operational data
4. Limited creativity Needed capabilities: <ul style="list-style-type: none">• Run ideation sessions and surface solutions using design thinking• Create a future-state vision and journey• Challenge long-held organizational orthodoxies	5. Sideline customers Needed capabilities: <ul style="list-style-type: none">• Prioritize solutions and test hypotheses through immersive prototypes and MVPs• Design effective pilots, success metrics, test and control groups• Gather quantitative and qualitative customer feedback• Foster a culture of rapid test-and-learn and experimentation	6. CX on its own island Needed capabilities: <ul style="list-style-type: none">• Understand customer impact of day-to-day decisions• Use data-driven customer feedback to inform decisions• Form cross-functional journey teams• Set up and use CX measurement systems

potential pitfalls that will undermine their goals. Our experience has revealed the following six as the most common (exhibit).²

1. Failure to link CX to value

Many customer-experience transformations stall because senior leaders fail to directly link the efforts with strategic priorities, such as revenue growth by product or geography. Without clearly showing how a better experience will drive increased customer satisfaction, loyalty, and attraction, and thereby better business results, the effort is likely to seem frivolous and to lose executive sponsorship.

Case example: 'Buying' customer satisfaction

A senior leader of a multinational bank set a goal to improve its customer-satisfaction scores on surveys by 10 percent. Bank managers and leaders made small changes in service by offering, for instance, free add-on products just before customers took the surveys. But by narrowly focusing on attaining good scores, the bank failed to consider customer needs and opportunities to deepen relationships. After one year, the scores went up, but the bank's market share and profits stayed flat.

The bank's leaders could have driven better outcomes had they been able to translate and effectively communicate to teams how improved customer satisfaction would drive referrals, attract more customers, increase the bank's share of wallet, and improve employee engagement. This ability to clearly articulate how a CX effort will lead not only to more satisfied customers but also to better business results, is a skill that must often be intentionally developed.

2. Fragmentation

Some customer experience leaders lose precious time by trying to fix everything at once. A proliferation of small, siloed initiatives that lack

focus dilutes impact, resulting in incremental change, at best.

Case example: When everything is a priority

A CX leader at a global telecommunications company had developed a portfolio of more than 300 initiatives that spanned multiple business units. After more than 50 agile teams had worked on these initiatives simultaneously for nearly two years, she was disappointed to see minimal customer and business impact.

After the CX leader and her team learned best practices for prioritization, they realized that overall customer satisfaction was most closely linked with the customer onboarding journey. Reallocating attention and resources to redesigning it helped to more than double their overall customer satisfaction. This example illustrates the importance for leaders and teams to have the capability to effectively prioritize efforts and resources to focus on those that will create the most meaningful customer and business outcomes. Thoughtful sequencing allows both customers and the business to see real and meaningful impact in the near term and ultimately greater gains in overall customer satisfaction and business value.

3. Solving for touchpoints

Many companies fall into the trap of solving issues around individual touchpoints—a call to customer care or a marketing email—instead of considering customer experience the way customers do, that is, looking across the entire journey a customer takes to achieve a goal, such as solving a billing issue. Addressing touchpoint-level customer pain points without understanding how the pieces fit together often leads to incremental CX changes that don't get to the root of the problem.

Case example: Failing to understand the 'why'

The vice president of operations of one direct-to-consumer retailer noticed lower satisfaction scores associated with customer service. Customers

² Note that while this article primarily focuses on the necessary capabilities to consider, additional interventions are needed to drive comprehensive culture change such as role modeling customer-centric behaviors from the top, fostering understanding around why CX is critical across the organization, and putting in place the right reinforcement mechanisms. For more, see Tessa Basford and Bill Schaninger, "The four building blocks of change," *McKinsey Quarterly*, April 11, 2016.

were waiting 20 minutes on average to get issues resolved and refunds issued. Although she had employees trained to be speedier in issuing refunds and responding to emails, she failed to address *why* customers were calling into the service center. While satisfaction scores for each customer-service touchpoint improved, a more important metric—whether customers would recommend the company to a friend—remained the same.

Effectively mapping the end-to-end customer journey to achieve a certain goal is critical to avoid jumping to the wrong solutions, but the process can be complex. Great journey mapping relies on a CX team's ability to lead and synthesize ethnographic research, using customer interviews and baseline data analysis to deeply understand customers' goals, behaviors, and frustrations. Mapping helps to reveal customer pain points not only within touchpoints but also in the hand-offs between them, and potentially to identify where the issue originated as well.

Equally important to ensuring that CX teams can create great journey maps is building the rest of the organization's ability to use them to solve business problems. When the retailer under discussion applied journey maps to the customer-service problem, the root cause was revealed to be misleading product descriptions. Updating them reduced customer inquiries by 20 percent and refunds by 30 percent—and increased customer-satisfaction scores by 40 percent.

4. Limited creativity

Many companies struggle to systematically come up with bold, innovative solutions for customer challenges and to bolster a culture that encourages such creative thinking. It's not uncommon for a business to reject new ideas because "We have tried that before," or "That's not how we do things," or "We'll never get the funding for that." That kind of thinking causes employees to limit their creativity to safe, incremental improvements. To truly transform, a different way of thinking is needed.

Case example: Thinking 'inside the box'

A home-security company dedicated a dozen team members to redesign the sales journey. A number of

those team members came in with a single goal: to get drones in the hands of home auditors to speed up the home audit process. Their bias was so clear that other team members lost energy for proposing new ideas.

The dominant members of the team moved quickly to deploy the drones. But they were disappointed to see no significant shift in customer experience after the changes. Two months later, a competitor launched a solution that removed the need for a home audit altogether. If the first company's team had encouraged new ideas, it might have similarly generated an innovative approach.

Fostering transformational thinking requires a focus on both creating a culture of unconstrained innovation and building the right employee capabilities. The former includes creating time and space to generate ideas without judgment or constraint on business feasibility—assessments of feasibility come later—and role modeling that it is acceptable to challenge long-held organizational orthodoxies. The latter includes building the muscle to take inspiration from other companies or even industries, using design-thinking techniques to generate bold ideas, and supporting a customer-centric mindset in every member of the organization.

5. Sideline customers upfront

Failure to seek feedback out of a desire to save time can keep companies from testing solutions with customers, and seeking it too late to make real changes can lead to inferior products and lackluster financial results.

Case example: Seeing feedback as a derailment

A city-government entity was excited to offer e-learning to low-income community members seeking to reskill for new jobs in high-need areas, such as coding. The project manager was passionate about developing a highly interactive educational experience. She identified vendors with the most cutting-edge simulation technology and contracted a producer to develop the video content while a small team worked on the training content.

The team conducted early user testing but worried that piloting a bare-bones version of the content with images and text instead of the videos and complex interactives would take time away from developing the ideal learning

experience. Three months later, the e-learning was launched with all its bells and whistles, but the project manager was disappointed to see that fewer than 10 percent of users completed the course. Those who did said they were disappointed that the e-learning experience didn't allow any supportive interaction with other users, which the company might have discovered by seeking customer feedback earlier in the process.

One way to do this is through piloting minimum viable products (MVPs) with customers. This may feel like another step in the process, but it has proven to lead to better outcomes and ultimately save time. Employees, therefore need to have the skills to develop prototypes and MVPs that balance speed with the right level of maturity and to design pilots that effectively test such MVPs in practice to ensure that the proposed solutions address the right customer pain points. Additionally, organizations must embrace a culture of experimentation to provide employees with the psychological safety to test and learn.

6. CX on its own island

Ensuring an excellent customer experience requires a cross-functional mindset and a customer-centric culture. It is not just the CX team that drives customer experience, nor is it just the customer-facing front line. Looking deeply at a customer journey reveals that many employees, even those who will never see a customer, affect it.

Case example: Neglecting the full journey

A niche, luxury, high-end hotel chain in a resort town had seen a decline in bookings due to increased competition after a consolidation of major luxury-hotel brands. The company looked to improve the customer experience by engaging the marketing organization to offer better promotions and by training reception staff to greet customers by name. While this effort resulted in a short-term increase in bookings and better reviews, the results did not persist over time.

After going through a CX leadership program, the management team realized they'd only targeted

one element of the customer's overall journey and decided to upskill and involve the entire hotel workforce in the effort. As a result of this pivot, housekeepers wrote personalized welcome notes, restaurant chefs created locally inspired offerings, and front-desk associates coordinated local art displays in the front lobby with weekly local wine tastings. Instead of competing as another luxury hotel in a crowded space, the hotel capitalized on its niche positioning in the market and created a customer experience that focused on providing a unique, locally inspired experience curated mostly by current employees. In addition, leadership created a measurement system and central analytics team to help every employee understand how their actions affected the organization's customer, financial, and operational goals.

Truly customer-centric companies train employees at every level of the organization and in every function, from sales to accounting, to make sure they understand the role they play in maximizing the customer's experience.

As companies start down the path to transform customer experience, leaders can ask themselves a few questions:

- Do you and your employees have a customer-centric mindset and the capabilities to act on it?
- How is this mindset reflected in the experience of your customers—and in your business results?
- What are your organization's biggest mindset or capability gaps, and what will it take to close them?

The opportunities to transform customer experience—and thereby improve profits, customer loyalty, and employee engagement—are numerous and can be revolutionary for

an organization. Identifying and grasping those opportunities requires an organization's leadership to clearly articulate the value of CX, encourage agility

and design thinking, and empower every employee to contribute to a better customer experience.

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