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Holistic Customer Experience in the Digital Age

A Trend Study for Germany, France and the UK

Core findings 1

Everybody talks about digitization – but few companies have a profound digital strategy in place: Despite the disruptive impacts of digitization, only about one quarter of all companies in Europe have a company-wide strategy in place to address digitization. It is a positive sign, though, that the majority of the companies we surveyed (69%) have appointed a central responsibility for overseeing all digitization efforts across the company. It is most often the marketing department that takes this role. 14% of the companies have a Chief Digital Officer in place.

In the digital age, customer experience has to be a key focus of corporate strategy: In 70% of the companies we surveyed, customer experience is a strategic topic addressed by the top management level of the firm. Nevertheless, half of all companies have not defined an overarching customer experience strategy yet that goes beyond marketing and involves different business units. 36% of the respondents see a need for action in their company to define a holistic customer experience strategy.

Customer experience has to be team play – but cross-functional collaboration is insufficient in most companies: Customer experience is determined not only by frontend operations, but also by backend functions. However, in 50% of the companies, the collaboration of the various departments regarding customer focus is insufficient – which limits the ability to provide an outstanding customer experience along the entire customer journey. A majority of companies (65%) have not assigned a central responsibility for overseeing customer experience across all touchpoints.

Core findings 2

Digital channels are key to customer interaction – but many companies still need to improve their ability to use them: Digital channels such as mobile, online or social play a very important role in customer interaction today and more than 80% of all respondents expect their importance to further increase. But even though 40-45% of all companies have invested strongly in these channels over the past few years, the majority of respondents (60%) still perceive their company as being at an early or development stage with respect to effectively using and integrating digital channels.

There is a strong need for customer data integration in Europe – companies have to remove their data silos! The majority of European firms have a zoo of different – and badly integrated – IT systems in place that collect and analyze customer data. Half of all respondents see the pressing need to implement one single IT system that integrates data from various sources along the entire customer journey. Many companies therefore plan to increase their investments in integrated customer analytics within the next two years.

Germany lagging behind France and the UK: Even taking into account the fact that Germans tend to be somewhat self-critical, they are lagging behind in all areas we analyzed – particularly the midsize companies. While German investment plans suggest there is some catching up going on, companies in Germany still have some way to go to reach their competitors in the UK and France.

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1. Background & methodology

A holistic customer experience strategy has to be part of any successful digital strategy

Digital strategy

Digital business models	Digital backend processes	Agile company culture

Customer experience strategy

Company-wide customer focus & collaboration	Integrated customer interaction channels	Integrated analytics & access to customer data
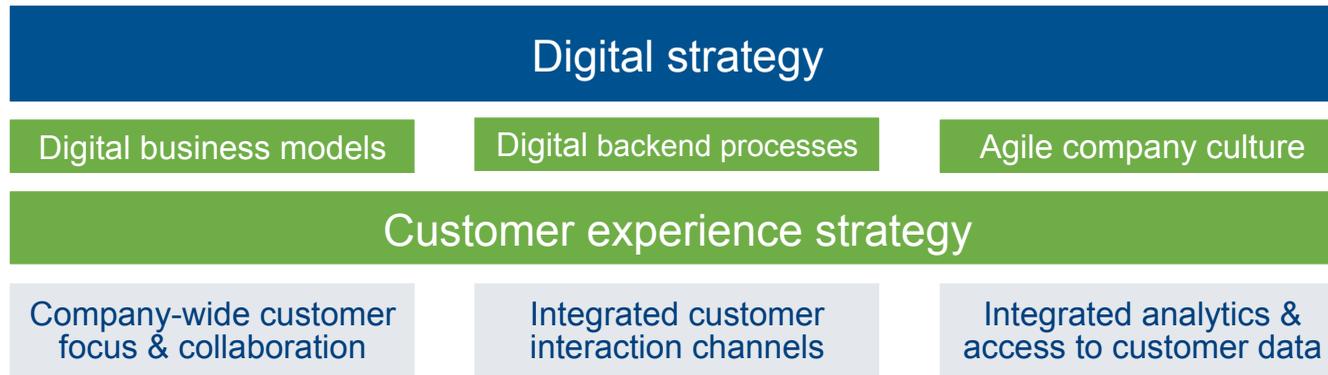
The ability to provide a superior customer experience and innovative services via all touchpoints in a highly personalized manner is not only a key competitive factor, it is a necessity to survive in the digital age.

A holistic customer experience strategy therefore has to be an integral part of any successful digital strategy today.

We believe that there are at least three critical factors that make for a successful customer experience strategy:

- Company-wide customer focus & collaboration: Customer experience is determined not only by marketing, sales and customer care. Customer experience is affected by the joint efforts of everybody within the company. The various business departments therefore have to collaborate effectively to deliver a superior customer experience across all touchpoints.

- Integrated customer interaction channels: As the number of digital channels for interacting with customers keeps increasing, it is pivotal for companies to efficiently use these channels and to provide a seamless and integrated customer experience.

- Integrated analytics & access to customer data: The amount of data that can be used to analyze customer behavior and preferences is exploding in the digital age. Companies have to make intelligent use of this data across the entire organization. This, however, requires integrated analytics solutions as well as access to customer data across all touchpoints for various functions within the company.

This study analyzes the state of digital and customer experience strategies in midsize to large companies in the UK, France & Germany

Composition of sample by country and position

Pie chart:
- France 33%
- Germany 34%
- UK 33%

Bar chart:
- Marketing director, CMO — 59%
- Head of customer service — 13%
- Head of e-commerce — 11%
- Head of customer management, CEM — 9%
- Chief Digital Officer — 5%
- Other decision-making responsibility — 2%
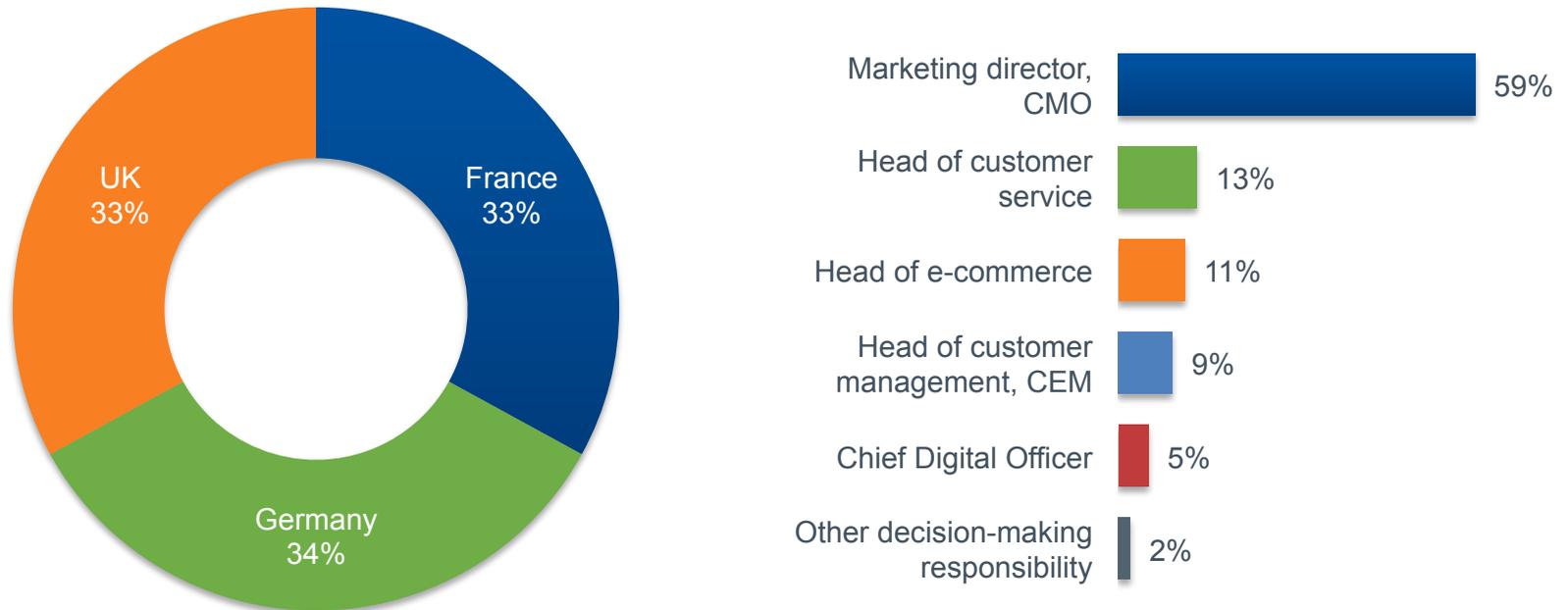
In June and July 2015, PAC interviewed 455 decision makers via CATI (Computer Aided Telephone Interviews).

We wanted to find answers to the following questions:

- What is the state of the digital strategy in European companies and is someone overseeing all digitization efforts?
- Is customer experience perceived as a strategic issue that goes beyond marketing?
- How well do various departments collaborate on the topic and does someone have the central responsibility for customer experience across all touchpoints?
- How strongly do companies invest in digital channels and analytics, and to what extent are they able to use them effectively?
- How do companies deal with the exploding amount of customer data and do they have an integrated view along the entire customer journey?

We focus on companies with 500 and more employees from manufacturing, retail & wholesales, and financial services

## Composition of sample by industry, number of employees and business focus

Manufacturing 37%
Retail & Wholesale 35%
Financial Services 28%

500 - 999 47%
1,000 - 2,499 29%
2,500 and more 24%

B2C focus 24%
B2B and B2C 33%
B2B focus 43%
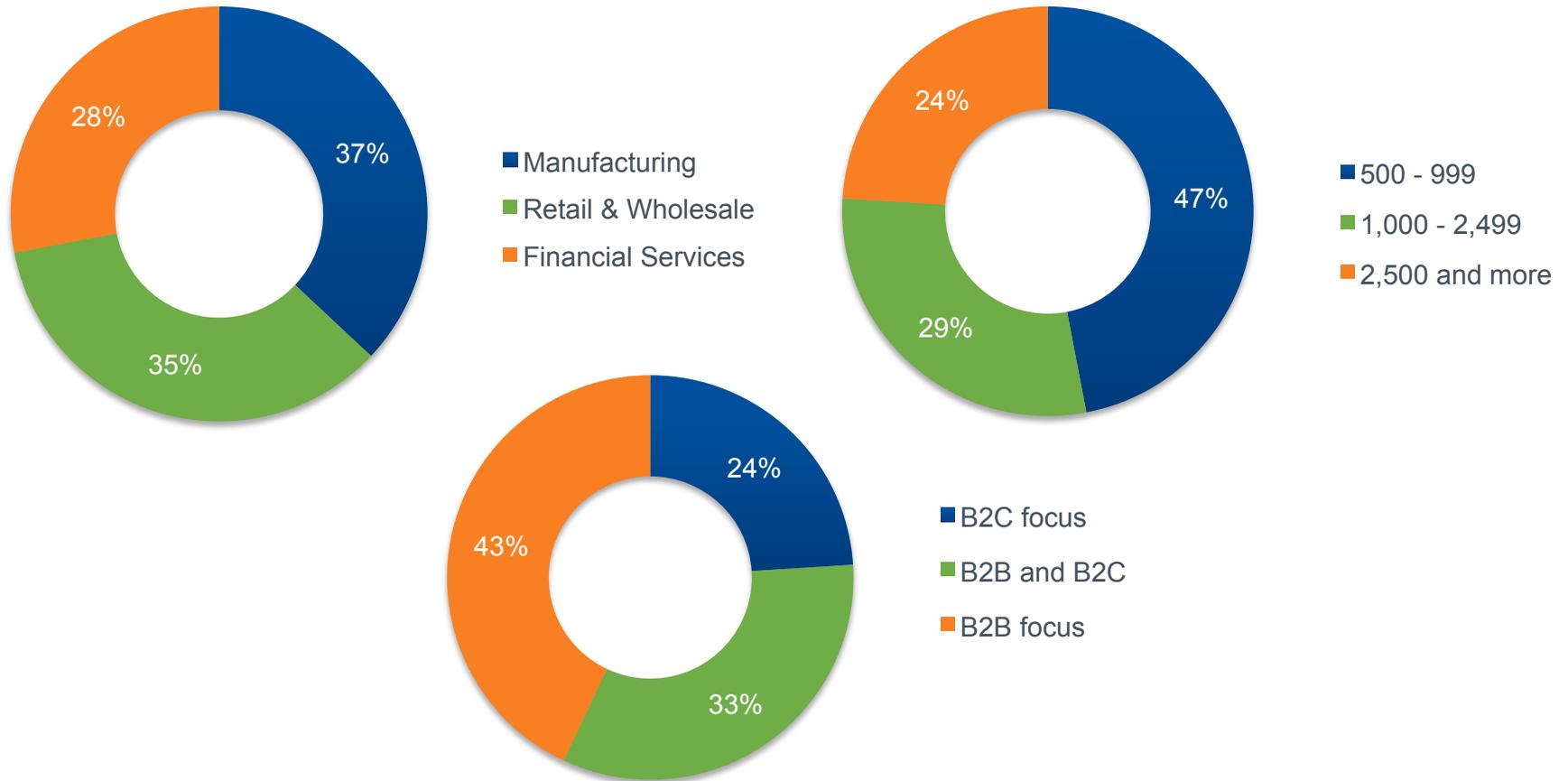
2. The state of digital strategy

The majority of companies do not have a company-wide digital strategy today

Which best describes your company's approach to digitization?

Topic not discussed

Early stages

21%

4%

Company-wide digital strategy

28%

48%

Individual digital projects in selected areas
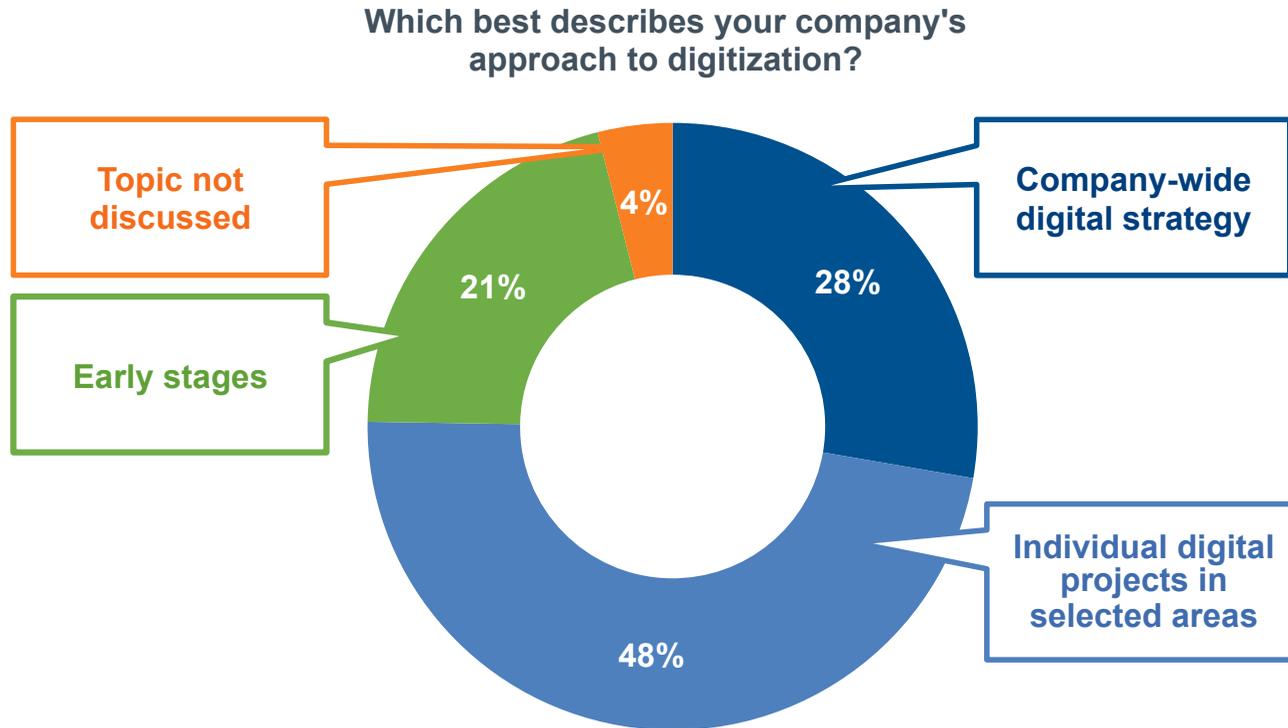
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- Even though digitization and its effects on company strategies have become major topics throughout Europe, only about one quarter of all companies are pursuing a company-wide digital strategy.

- One out of four companies is either still in the early stages or has not even discussed the topic of digitization yet.

- Half of all companies are carrying out individual digital projects in selected business areas, such as marketing or sales, but have not defined a digital strategy for the entire company.

France has the highest share of 'digital beginners' – but also the highest share of organizations with a company-wide digital strategy

Which best describes your company's approach to digitization?

France

32% — Company-wide digital strategy
37% — Individual digital projects
27% — Early stages
4% — Topic not discussed

Germany

25%
60%
14%
1%

UK

26%
47%
21%
5%

Company-wide digital strategy | **Individual digital projects** | **Early stages** | **Topic not discussed**
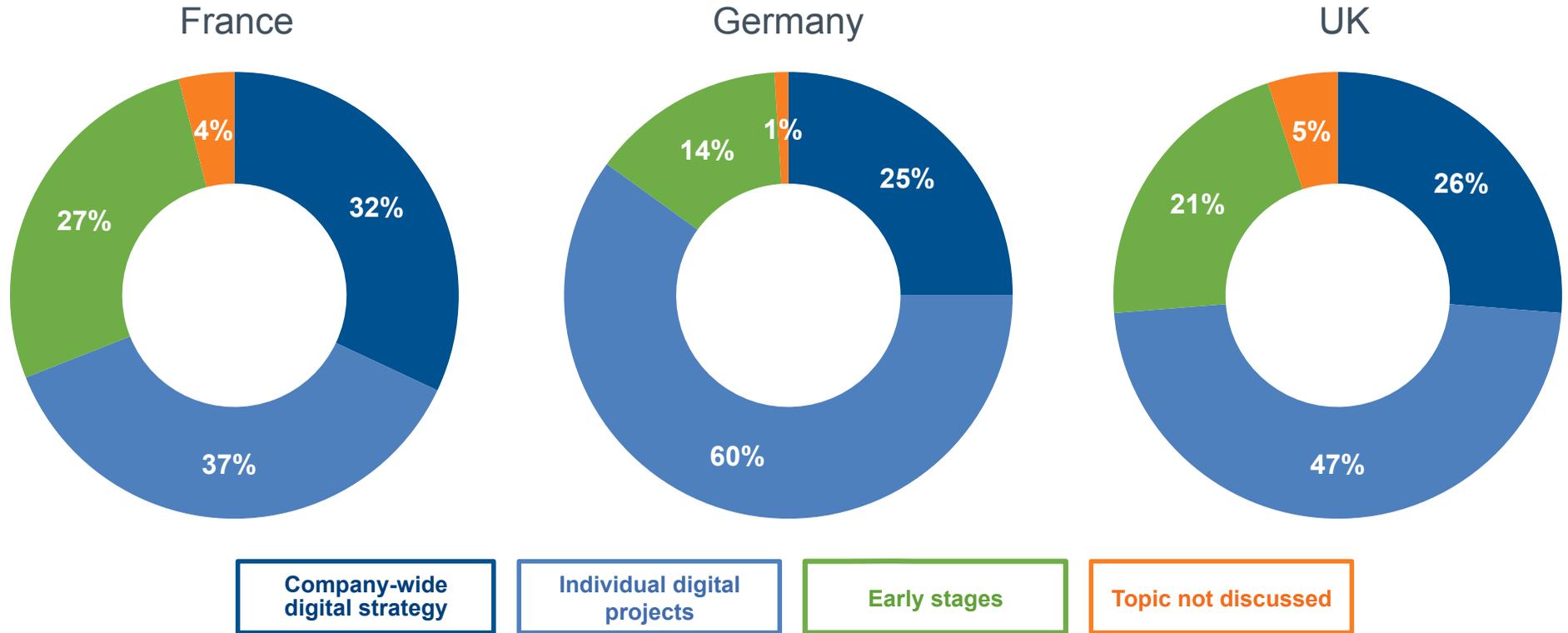
- The differences between industries, company sizes and business focus (B2B vs. B2C) are not very significant.
- We can observe, however, that the share of companies with a company-wide digital strategy is slightly smaller in manufacturing (23%) than in the retail & wholesale (31%) and financial services industries (30%).

One third of all companies do not have a central entity overseeing all digitization efforts across the organization

Does somebody in your company have the central responsibility for overseeing and coordinating all digitization efforts across the various departments?

Chief Digital Officer — 14%

Chief Marketing Officer — 32%

Chief Information Officer — 18%

Other — 6%

No one — 31%
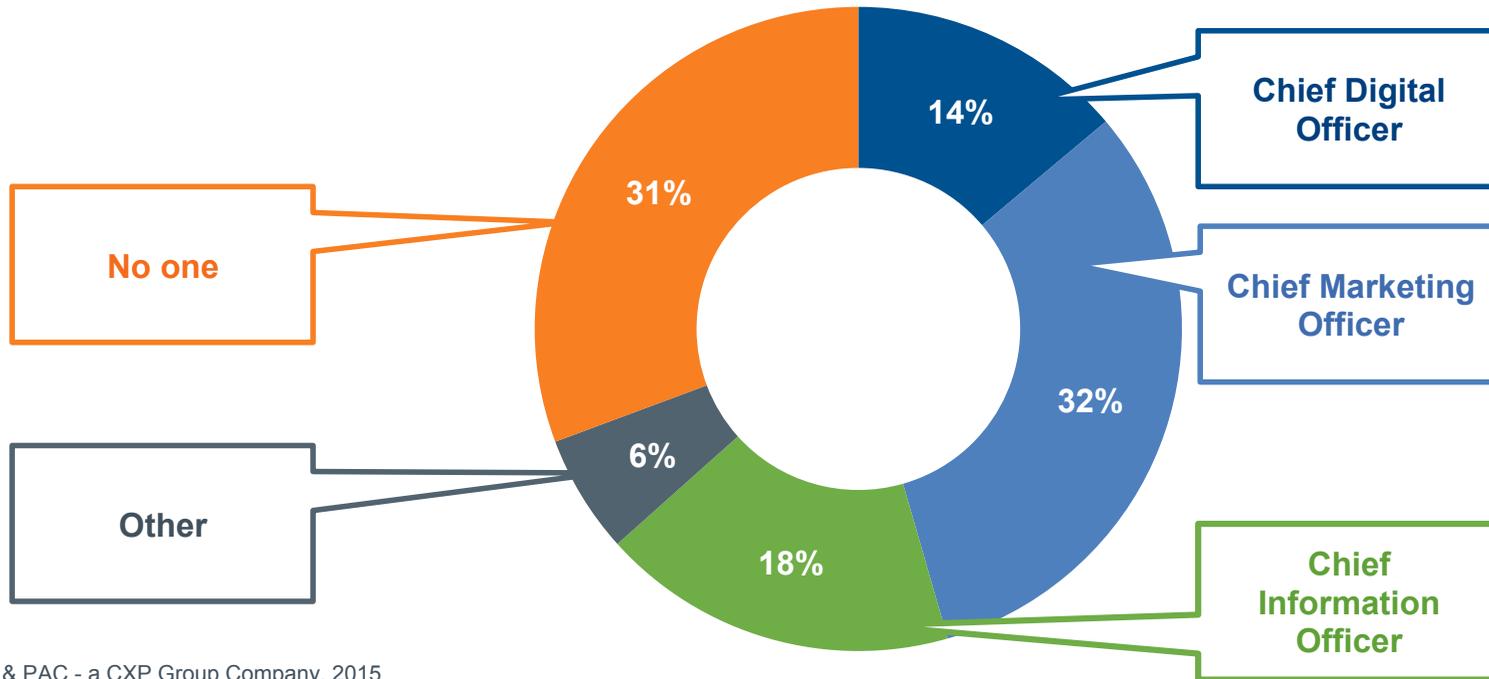
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- In those companies that have a central digital responsibility, it is most often the Chief Marketing Officer that oversees and coordinates all digitization efforts across the various departments.

- 14% of all surveyed companies have a Chief Digital Officer in place. Particularly large corporations with more than 2,500 employees have created the position of a CDO (23%). In the manufacturing and retail & wholesale industries, there are more CDOs (16%) than in the financial services industry (9%).

Germany is lagging behind France and the UK with respect to a central decision-making function for the digital strategy

Does somebody in your company have the central responsibility for overseeing and coordinating all digitization efforts across the various departments?

France	Germany	UK

France
- 21%
- 23%
- 23%
- 4%
- 29%

Germany
- 7%
- 25%
- 12%
- 7%
- 49%

UK
- 15%
- 48%
- 18%
- 6%
- 14%

| Chief Digital Officer	Chief Marketing Officer	Chief Information Officer	Other	No one
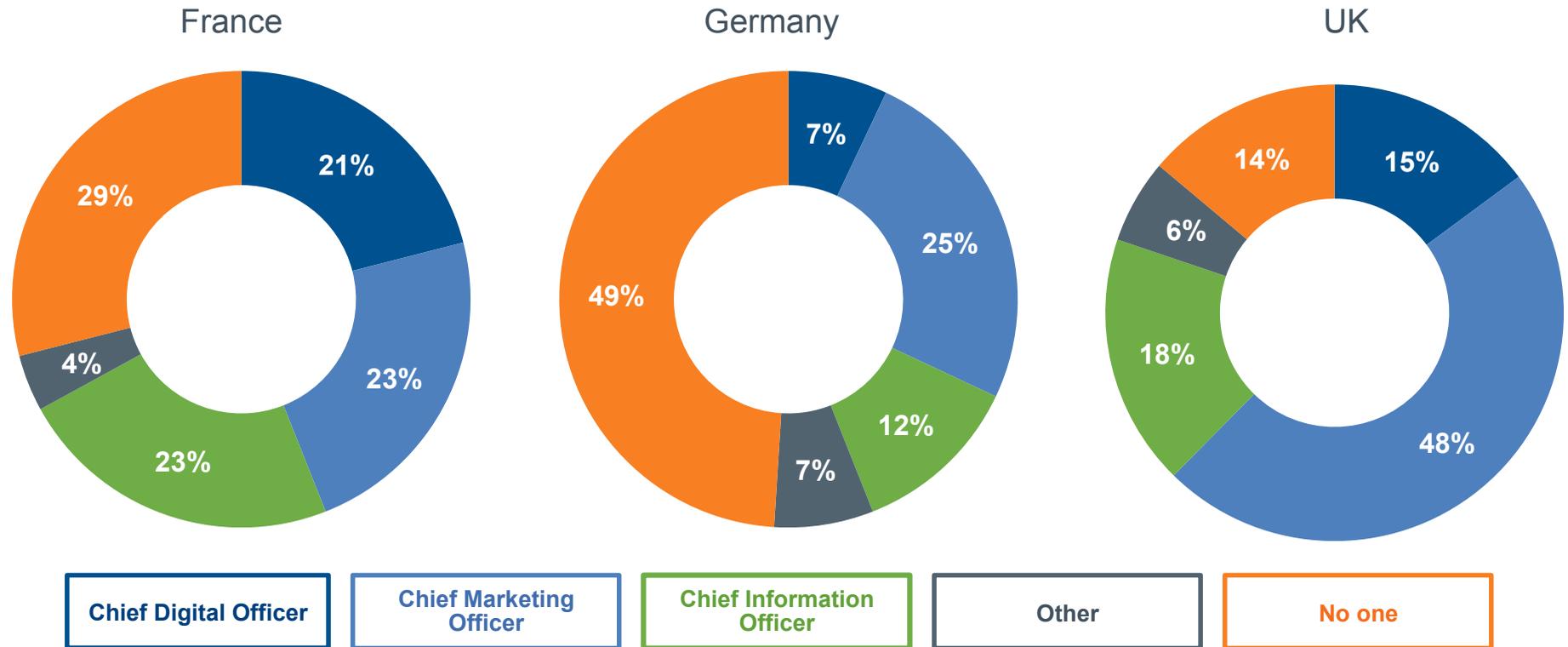
- The **UK** has the highest share of companies with a central decision-making function for the digital strategy. It is most often the marketing department that heads the digital strategy.

- In **Germany**, one in two companies do not have a central responsibility for the digital strategy.

Digital business model innovation, digitized backend processes and fostering an agile company culture are the key ingredients of a digital strategy

Innovation, digitization and agility:
Investment of money and resources over the past 1-2 years and expected
increase in the next 1-2 years

■ Past: very strong ■ Past: strong ■ Future: strong increase expected ■ Future: some increase expected

Digital business model innovation	15% / 29%	
	21% / 39%	
Digitization of backend processes	21% / 33%	
	20% / 41%	
Agile culture	15% / 25%	
	20% / 38%	
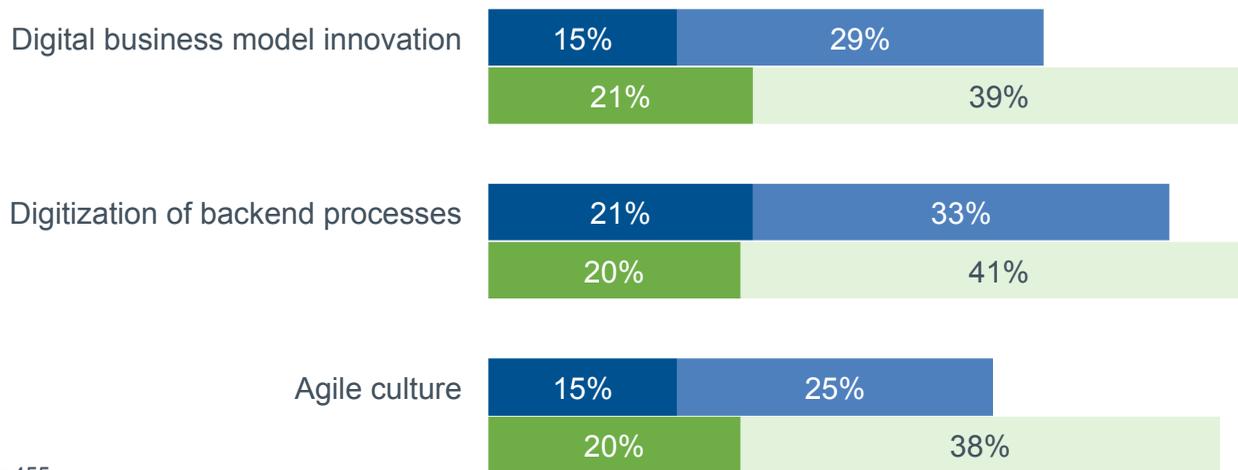
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- Half of the companies have invested strongly in digitizing their backend processes, such as logistics, supply chain, or finance, over the past two years – this share is similar in all three industries we surveyed.

- 44% have invested a significant amount of time and money in digital business model innovation and the creation of new digital services. However, more than a quarter of the companies have not invested at all or very little in this area.

- Agility has become a key competitive factor in the digital age, so companies have been – and will continue to be – investing money and human resources in fostering an agile culture, e.g. by implementing lean and agile development and project management methods.

Strongest future investment plans for business model innovation and the digitization of backend processes in France

Investments in innovation, digitization and agility by country

Digital business model innovation

	Past: very strong	Past: strong
UK	18%	35%
	19%	47%
Germany	9%	18%
	17%	37%
France	19%	33%
	25%	33%

Digitization of backend processes

	Past: very strong	Past: strong
UK	28%	31%
	17%	43%
Germany	9%	33%
	17%	42%
France	26%	34%
	25%	38%

Agile culture

	Past: very strong	Past: strong
UK	16%	31%
	22%	40%
Germany	6%	18%
	16%	39%
France	24%	26%
	23%	34%

Legend: ■ Past: very strong ■ Past: strong ■ Future: strong increase expected □ Future: some increase expected

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- The French companies we surveyed have already invested significantly in business model innovation, the digitization of their backend processes and in fostering an agile culture. And they will continue to do so, according to their investment plans.

- Again, Germany is lagging behind with respect to past investments, but German companies plan to increase their investments in the future to a similar degree as companies in the UK. However, British companies are already more advanced as they have invested more strongly over the past two years.

Innovativeness and agility need to be strengthened in Europe

Innovation, digitization and agility:
How would you rate your company's abilities?

■ No ability yet ■ Early stages ■ Under development ■ Good ■ Very good

Digital business model innovation	9%	22%	31%	29%	10%
Digitization of backend processes	7%	16%	30%	34%	13%
Agile culture	12%	16%	30%	31%	11%
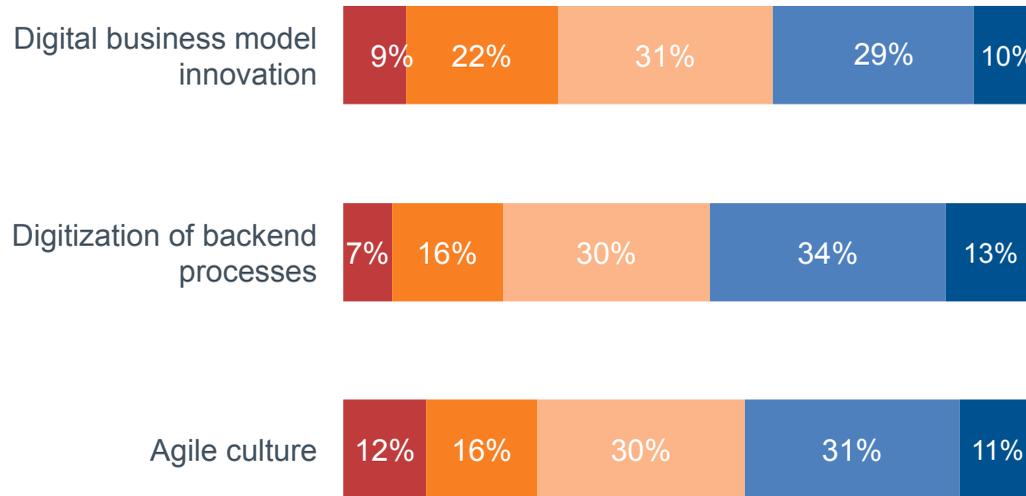
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- In the fast changing environment of the digital age, the ability to innovate and quickly adapt to changes in customer demand or the business environment is critical for companies' competitiveness. However, only one out of ten companies rate their own abilities in business model innovation or agility as very good.

- Customer experience is highly dependent not only on frontend operations, but also on a large variety of backend processes. These need to be digitized and integrated with frontend processes to provide an integrated digital customer experience. Half of all companies already have good abilities in backend digitization, while the other half still need to develop in this area.

The UK is clearly the most advanced when it comes to business model innovation, digitized backend processes and an agile company culture

Self-assessment of abilities in innovation, digitization and agility by country

Digital business model innovation

	No ability yet	Early stages	Under development	Good	Very good
UK	5%	15%	23%	37%	20%
Germany	13%	31%	35%	19%	3%
France	8%	19%	35%	31%	7%

Digitization of backend processes

	No ability yet	Early stages	Under development	Good	Very good
UK	3%	14%	24%	36%	22%
Germany	11%	23%	32%	30%	4%
France	6%	11%	35%	37%	12%

Agile culture

	No ability yet	Early stages	Under development	Good	Very good
UK	12%	10%	18%	38%	22%
Germany	13%	24%	39%	23%	1%
France	11%	16%	34%	31%	8%

■ No ability yet ■ Early stages ■ Under development ■ Good ■ Very good

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- Again, German companies in particular are lagging behind in their innovativeness and agility. However, one has to take into account the typically German self-criticism when assessing these results.
- In the UK, about 20% of all companies rate their own abilities in business model innovation, process digitization and in implementing an agile company culture as very good.

# Bottom line: Everybody talks about digitization – but few companies have a profound digital strategy

- Digitization is currently shaking up business models, competitive landscapes and value propositions in all industries – and has become a key topic for discussion wherever we look. But despite the disruptive impact of digitization on company strategies, only about one quarter of all companies in Europe have a company-wide strategy in place to address digitization.

- Most companies (73%) carry out digital projects in selected business areas without an overarching strategy, or are still in the early stages. While a decentralized approach might help to quickly advance smaller projects, it is questionable whether European companies will be able to withstand the disruptive impacts of digitization – or even capitalize on its creative potential - without following a broader digital strategy.

- It is a positive sign, though, that the majority of the companies we surveyed (69%) have appointed a central responsibility for overseeing all digitization efforts across the company. Most often it is the CMO or the CIO who coordinates all digital projects. Only 14% have appointed a Chief Digital Officer.

- In the fast changing environment of the digital age, the ability to innovate and quickly adapt to changes in customer demand or the business environment is critical for companies' competitiveness. However, only one out of ten companies rate their own abilities in business model innovation or agility as very good. Half of all companies have invested in the digitization of their backend processes and more than 60% plan to increase their investments in this area.

- In a country-by-country comparison, German companies are clearly lagging behind those in the UK and France: One in two German companies do not have a central digital responsibility and German companies have invested less than their French and British competitors in business model innovation, process digitization and in establishing an agile culture.

3. The strategic role of customer experience

Customer experience is perceived as a highly strategic issue that has to be addressed at top management level

Is customer experience a strategic issue addressed at top management level in your company?

No, and no need for action

No, but need for action

Yes

10%

21%

69%
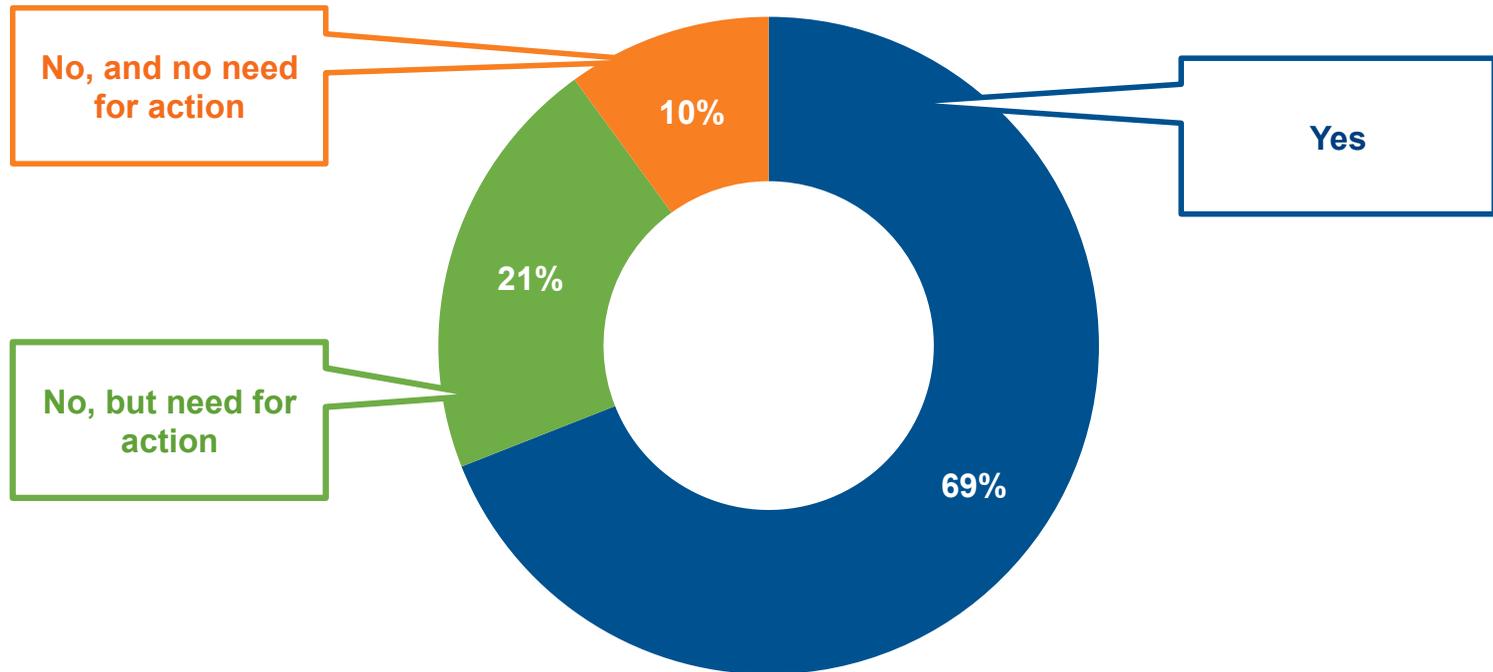
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- About 70% of all respondents say that customer experience is a strategic issue that is addressed at top management level in their company.

- Another 21% say that there is a need to do so.

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# French companies are the most advanced in addressing customer experience at top management level

Is customer experience a strategic issue addressed at top management level in your company?

France

- 82% Yes
- 11% No, but need for action
- 7% No, and no need for action

Germany

- 69% Yes
- 15% No, but need for action
- 16% No, and no need for action

UK

- 58% Yes
- 36% No, but need for action
- 5% No, and no need for action

| Yes | No, but need for action | No, and no need for action |
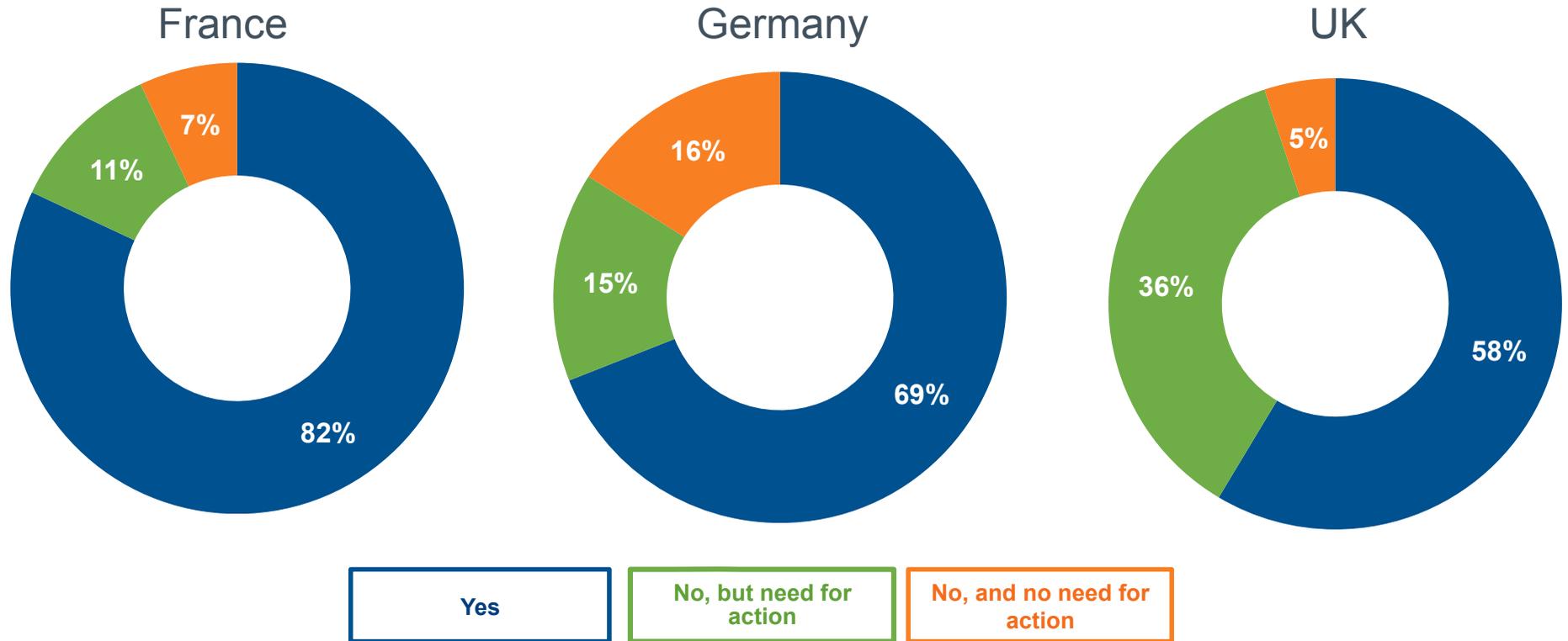
- The strategic importance of customer experience seems to be most recognized in French companies. More than 80% of the surveyed firms adress customer experience as a strategic issue at the top management level. The same holds true for a much lower share of German and British companies.

- One out of three companies in the UK sees a need for action to put customer experience more into the strategy focus of the top management.

Companies see a significant need to define an overarching customer experience strategy that goes beyond marketing

Has your company defined an overarching customer experience strategy that goes beyond marketing and involves different business units ?

No, and no need for action

No, but need for action

Yes

12%

36%

53%
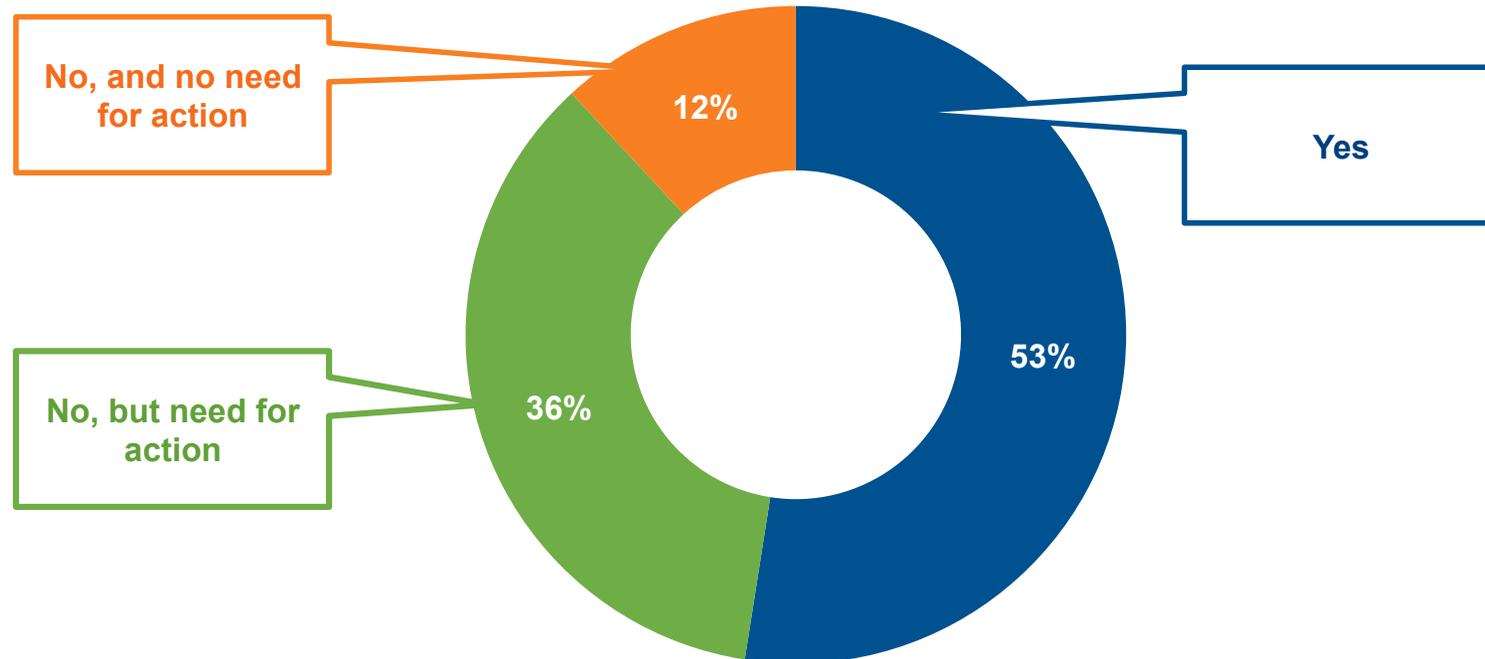
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- Half of the companies surveyed have already defined an overarching customer experience strategy that goes beyond marketing and involves different business units, such as billing, shipping, customer service.
- But more than one third of the respondents see a clear need for action to increase the involvement of different business units in the customer experience strategy.

German and British companies in particular see an urgency to define a holistic customer experience strategy

Has your company defined an overarching customer experience strategy?

France

Germany

UK

- **Yes**
- **No, but need for action**
- **No, and no need for action**
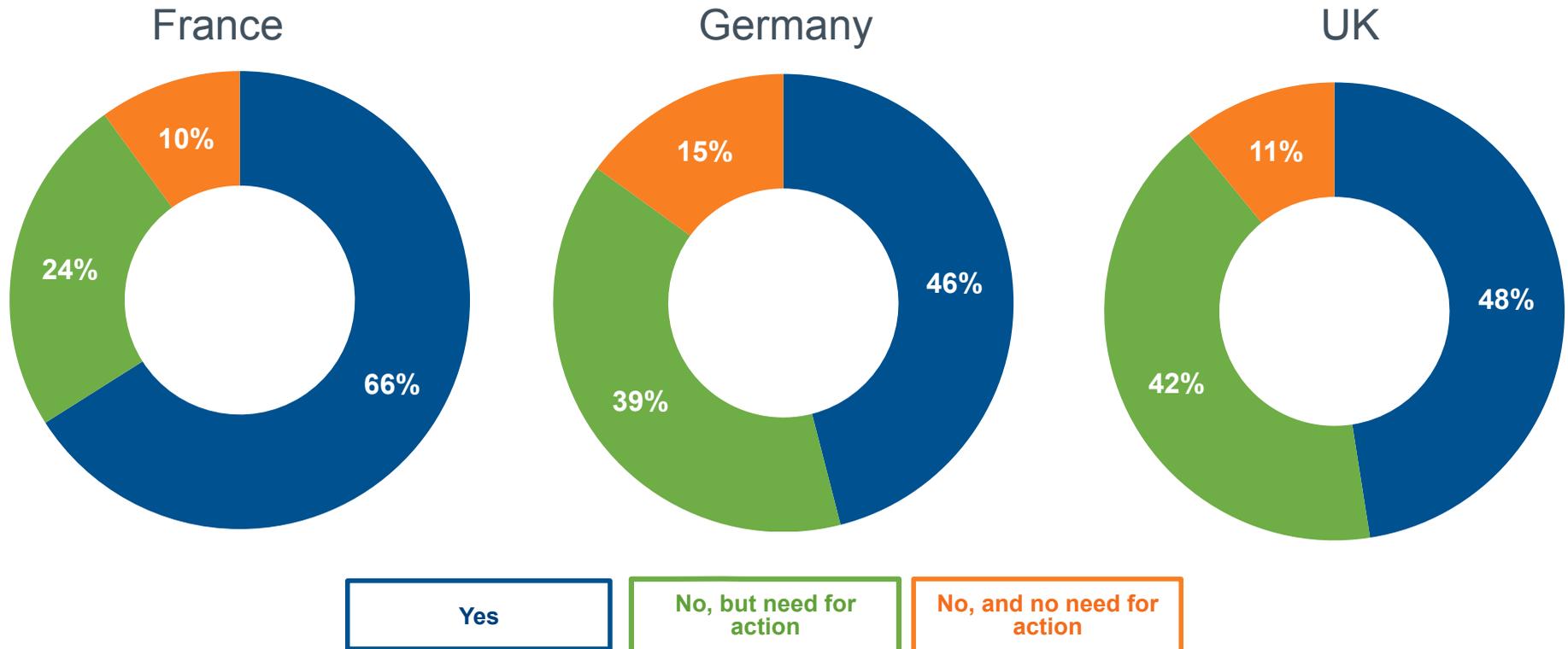
- About 40% of the respondents in Germany and France see the need for action to define an overarching customer experience strategy beyond marketing, while two thirds of the French companies have already done so.

- Large companies are more advanced with respect to their customer experience strategy: 67% of the companies with >2,500 employees have defined an overarching customer experience strategy, while the same holds true for only around 50% of the midsize companies surveyed.

Bottom line: In the digital age, customer experience has to be a key focus of corporate strategy

- Digitization has brought about a new generation of "empowered customers": Never before did customers have such a high degree of transparency regarding products, prices, features and competitors. They can switch to a competitor with a mouse-click and instantly share their experience of a product or service with the rest of the world via social media. Thus they can exert substantial influence on a company's brand and revenue. In this environment, customer experience has to be a key issue on the top of the strategy agenda.

- And indeed, in almost 70% of the companies we surveyed, customer experience is addressed as a key strategic topic at top management level. Another 21% see a need for action to do so.

- Nevertheless, half of all companies have so far not defined an overarching customer experience strategy that goes beyond marketing and involves different business units, such as billing, shipping and customer service. 36% of the respondents see a need for action in their company to define a holistic customer experience strategy.

4. Company-wide customer focus & collaboration

Customer experience is determined by the work of many departments – including those that do not directly interact with customers

What impact does the work of the following departments have on your customers' experience and satisfaction?

■ Very strong impact ■ Strong impact

Department	Very strong impact	Strong impact
Marketing, sales & commerce	44%	40%
Contact center & customer service	45%	36%
Shipping & logistics	31%	38%
Billing & invoicing, claims	27%	39%
Points of sale & branches	37%	29%
Product development, R&D	29%	37%
Merchants and indirect sales partners	25%	36%
IT	21%	35%
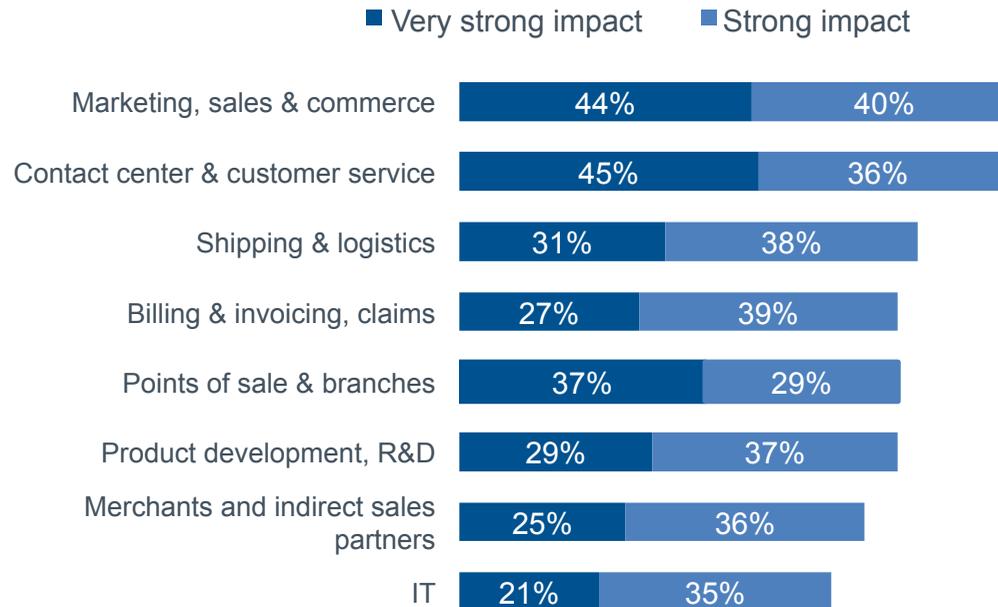
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- Customer experience is strongly dependent not only on frontend operations. Backend processes such as logistics, billing and invoicing, or product development have a massive impact on customer experience as well.

- The results above clearly show: While departments that are in direct touch with customers obviously have the strongest impact on customer experience and satisfaction, all other functions and departments strongly or very strongly affect customer experience as well.

- For an optimized customer experience it is therefore essential for these departments to work together smoothly along the entire customer journey.

However, in many companies the various departments do not collaborate very well to provide a holistic customer experience

How well do these departments collaborate to provide a superior customer experience across all touchpoints?

Not well at all

Not very well

Moderately

5% 1%

17%

Very well

Quite well

42%

35%
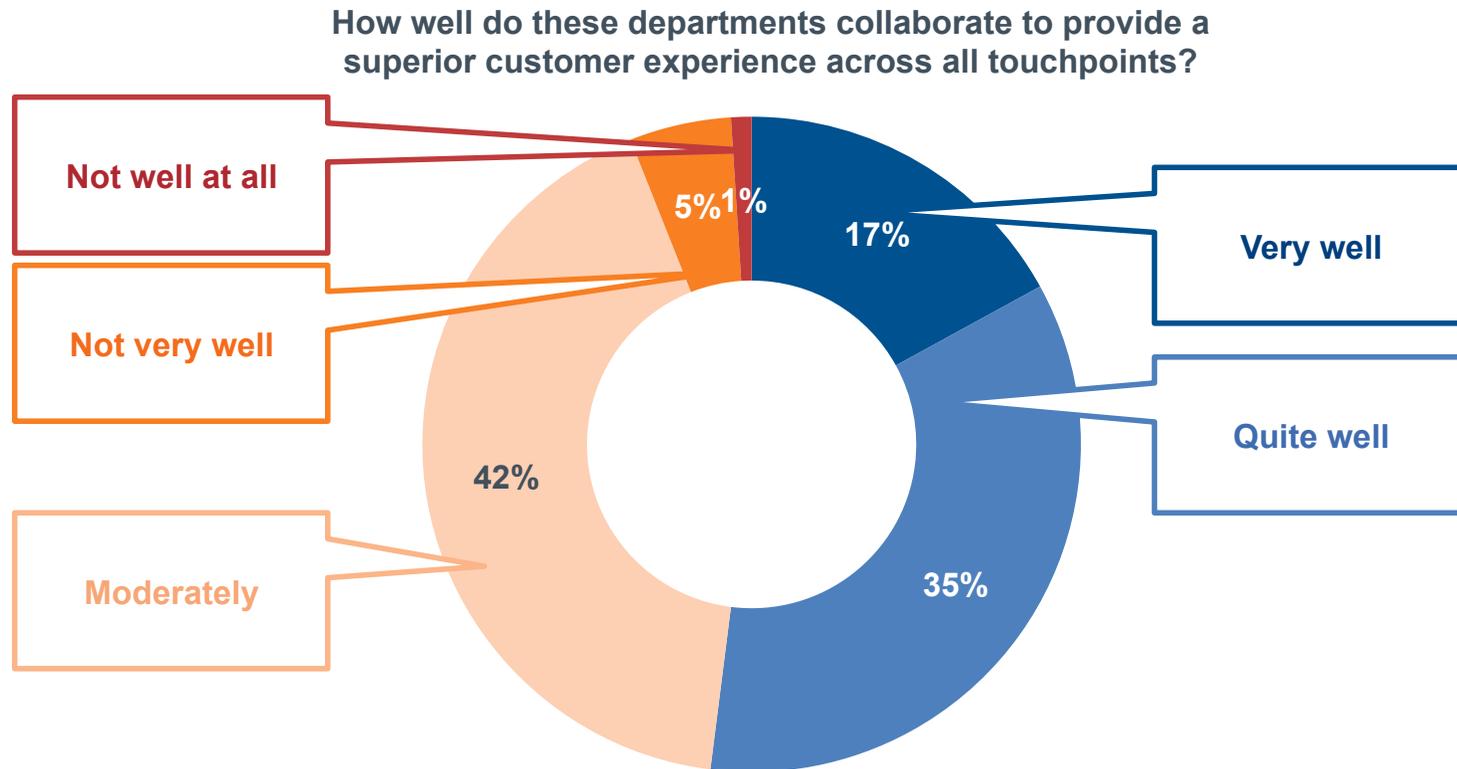
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- In one out of two companies, the various departments collaborate only moderately well or not very well to jointly satisfy their customers across all touchpoints.

- We believe that a moderate cross-departmental collaboration is by far not sufficient for providing an outstanding customer experience along the entire customer journey.

The need for better collaboration across departments is particularly pronounced in the financial services industry

How well do these departments collaborate to provide a superior customer experience across all touchpoints?

Legend: ■ Not well at all ■ Not very well ■ Moderately ■ Quite well ■ Very well

Category	Not well at all	Not very well	Moderately	Quite well	Very well
Total	1%	5%	42%	35%	17%
Manufacturing	1%	4%	38%	40%	18%
Retail & Wholesale	2%	5%	43%	34%	17%
Financial Services	1%	9%	47%	29%	15%
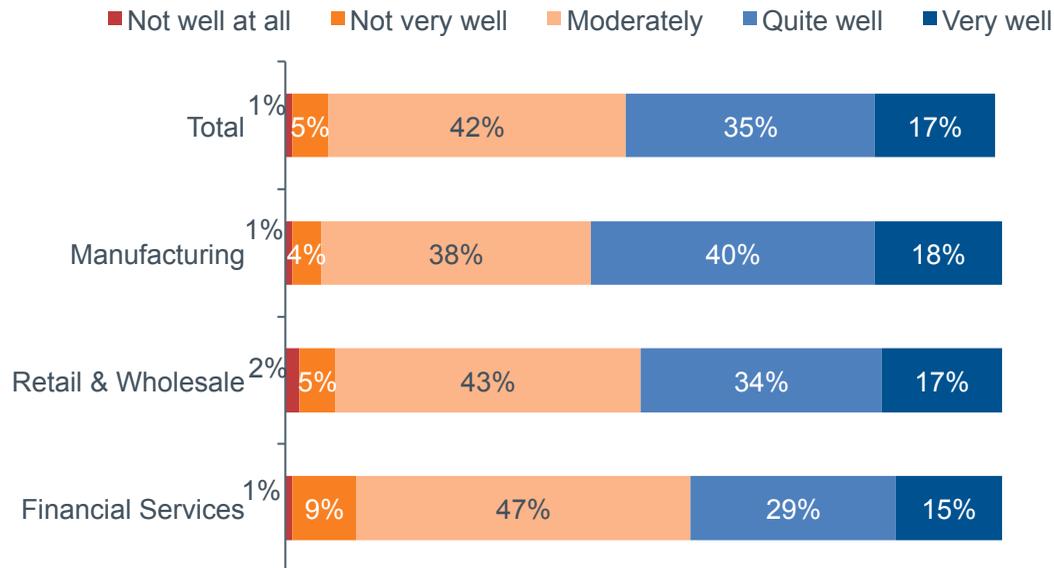
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- A lack of good collaboration seems to be an issue particularly in financial services firms: 57% of all respondents in this industry report that the various departments collaborate not very well or only moderately well to achieve a holistic customer experience.

- In the manufacturing industry, where product development, logistics and invoicing have a much stronger impact on customer experience than in other industries, collaboration seems to be better.

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Despite its strategic importance, 2/3 of all companies have not appointed a central responsibility for customer experience

Is there one central responsibility for customer experience?

Yes, a dedicated customer experience function or department

No

14%

21%

65%

Yes, an existing function within the following department:

Marketing, sales & commerce	55%
Contact center & customer service	25%
IT	1%
Other	19%

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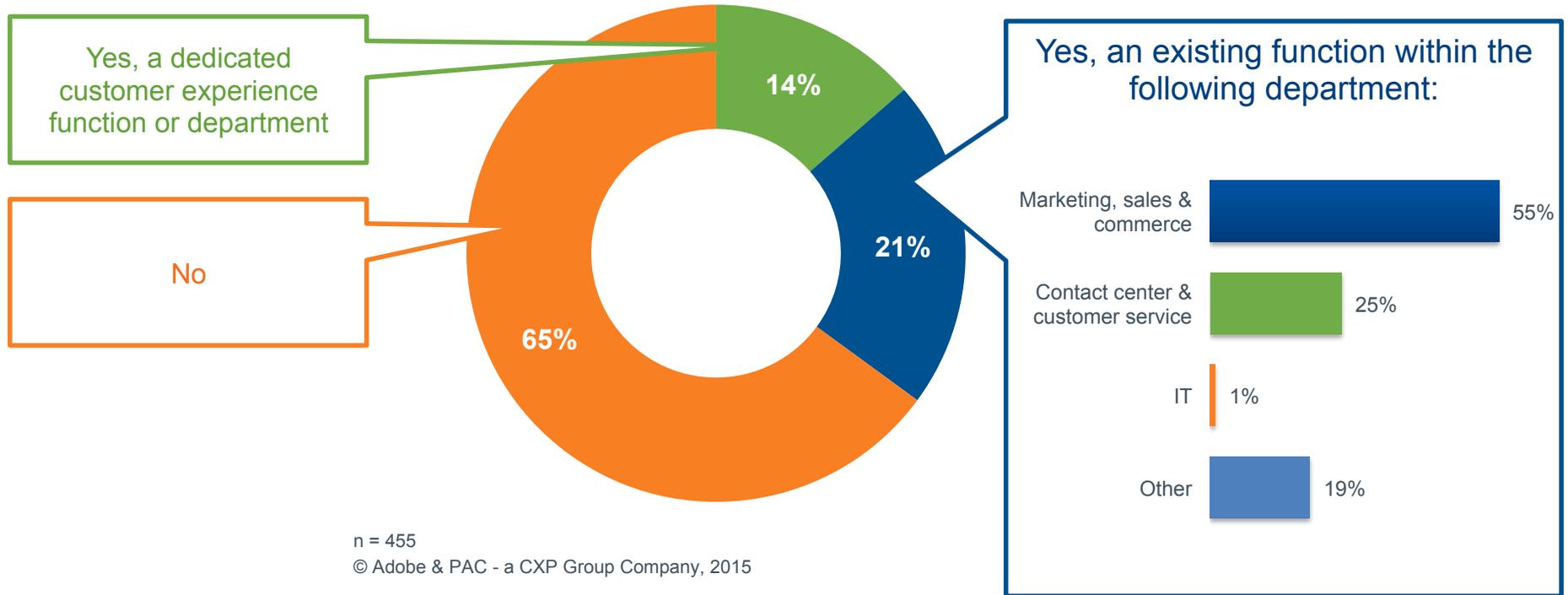
- Only 14% of all companies surveyed have created a dedicated function or department that is responsible for customer experience, i.e. someone that oversees the entire customer journey across all touchpoints.

- In 21% of the companies, an existing function within marketing, sales, commerce or customer care is responsible for customer experience.

In companies without a central responsibility, most respondents do not expect that there will be one in the future

If you do not have a central responsibility for customer experience, do you think it is likely that someone will take on such a position within the next 1-2 years?

Yes, a dedicated customer experience function or department — 13%

No — 58%

30%

Yes, an existing function within the following department:

Department	%
Marketing, sales & commerce	53%
Contact center & customer service	27%
IT	3%
Other	17%

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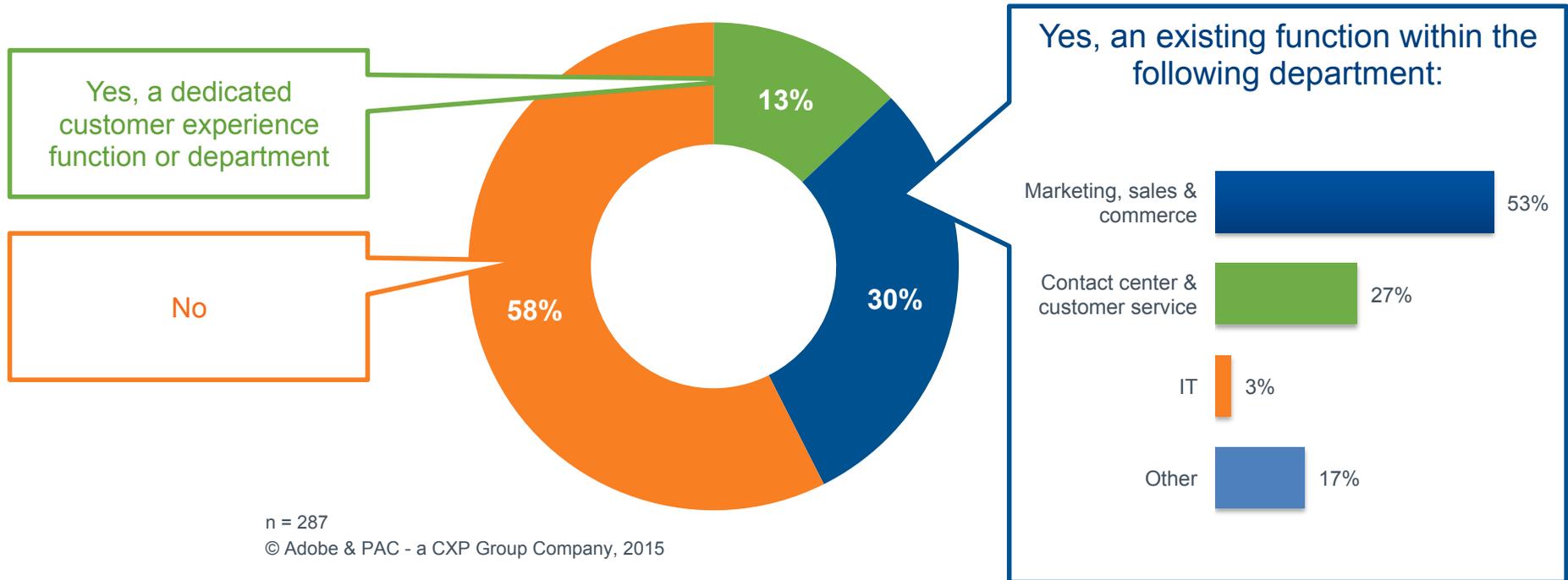
- Among those companies that do not yet have a central customer experience function, 43% expect that this will change within the next 1-2 years. 13% think there will be a dedicated function or department, but most expect that somebody from marketing, sales or customer service will take on this role.

- However, the majority of companies that do not have one function overseeing all aspects of customer experience today do not expect that this will change in the near future.

Bottom line: Customer experience has to be team play – but cross-functional collaboration is insufficient in most companies

- What becomes very clear from the results: Customer experience is determined not only by frontend operations such as marketing or customer care. Customer experience is also strongly affected by backend functions such as billing & invoicing or product development and R&D. A great digital buying experience, for example, that is followed by inflexible, old-style logistics, accounting or service processes will lead to highly frustrated customers.

- Frontend and backend departments therefore have to work hand in hand to make their customers happy. However, in most companies the collaboration of the various departments regarding a stronger customer focus needs to be significantly improved. Nearly 50% report only moderate or bad collaboration – which is clearly not sufficient for providing an outstanding customer experience along the entire customer journey.

- On the other hand, a majority of companies (65%) have not appointed a central responsibility for customer experience. PAC believes that this issue needs to be resolved urgently. Companies need a central function that oversees all customer touchpoints and works on improving customer experience across all areas, from marketing and sales through the supply chain all the way to customer care and after-sales services.

- Surprisingly, despite the rising importance of technology in all customer interactions, the work of IT departments is perceived as having the lowest impact on customer experience: 43% of all respondents think that IT has only a medium or low impact on customer experience (bear in mind, though, that we interviewed marketing professionals; IT professionals often see this differently). IT departments seem to be far from being perceived as enablers of technology-driven customer experience.

5. Integrated customer interaction channels

Digital channels are important for customer interaction for 75% of the respondents – and 80% expect their importance to further increase

Today
How would you rate the overall importance of digital channels for your customer interaction?

	Very important	Important
Total	33%	42%
UK	33%	50%
Germany	21%	39%
France	44%	37%

■ Very important ■ Important

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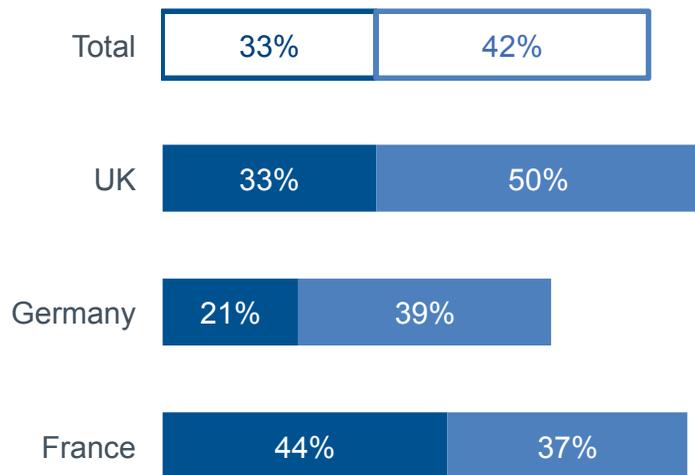
Future
How do you expect the role of digital channels to change in the coming 1-2 years?

	Strongly increase	Increase
Total	40%	43%
UK	29%	46%
Germany	43%	46%
France	47%	38%
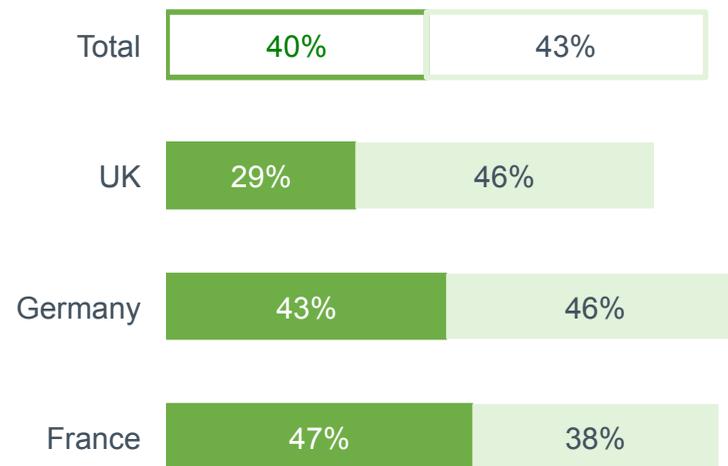
■ Strongly increase ■ Increase

n = 455
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- Companies in **Germany** currently rate the importance of digital channels such as web, mobile and social media much lower than their French and British counterparts.

- In **France**, more than 80% of the companies rate digital channels as important today – and expect their importance to further increase within the next 1-2 years.

- In the **UK**, digitization has reached a higher level of maturity; fewer respondents expect a very strong increase in importance here.

Digital channels are particularly important in B2C markets today – but 80% expect their role to significantly increase in B2B as well

Today
How would you rate the overall importance of digital channels for your customer interaction?

|	Very important	Important
Total	33%	42%
B2B focus	24%	39%
B2B and B2C	35%	49%
B2C focus	45%	36%

■ Very important ■ Important

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Future
How do you expect the role of digital channels to change in the coming 1-2 years?

	Strongly increase	Increase
Total	40%	43%
B2B focus	37%	44%
B2B and B2C	39%	46%
B2C focus	46%	38%

■ Strongly increase ■ Increase

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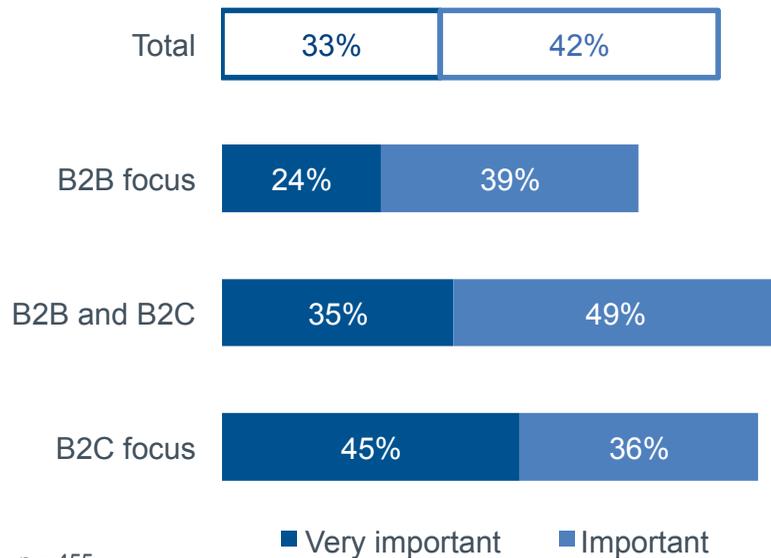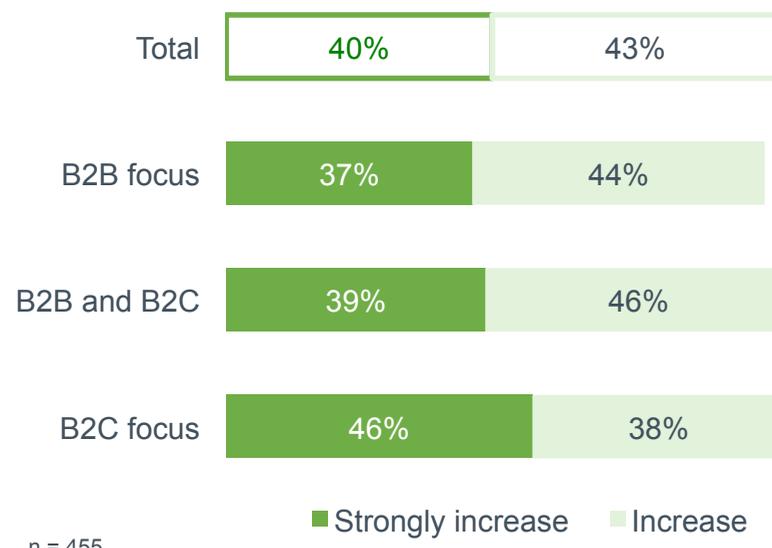
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- While we observe no major differences between industries, the importance of digital channels for customer interaction varies quite significantly between companies with a B2B and a B2C focus. In B2C customer interaction, web, social and mobile play a significantly stronger role than in B2B customer interaction.

- However, respondents expect the importance of digital channels to increase significantly in B2B over the next 1-2 years.

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Companies will continue to invest strongly in mobile, social and integrated omni-channel customer interaction

Customer interaction channels:

Investment of money and resources over the past 1-2 years and expected increase in the next 1-2 years

- ■ Past: very strong
- ■ Past: strong
- ■ Future: strong increase expected
- ■ Future: some increase expected

Mobile readiness
- Past: very strong 12% | Past: strong 30%
- Future: strong increase expected 24% | Future: some increase expected 44%

Omni-channel integration
- Past: very strong 19% | Past: strong 25%
- Future: strong increase expected 24% | Future: some increase expected 39%

Social media savviness
- Past: very strong 18% | Past: strong 27%
- Future: strong increase expected 22% | Future: some increase expected 43%

Micro-location marketing
- Past: very strong 12% | Past: strong 15%
- Future: strong increase expected 14% | Future: some increase expected 29%
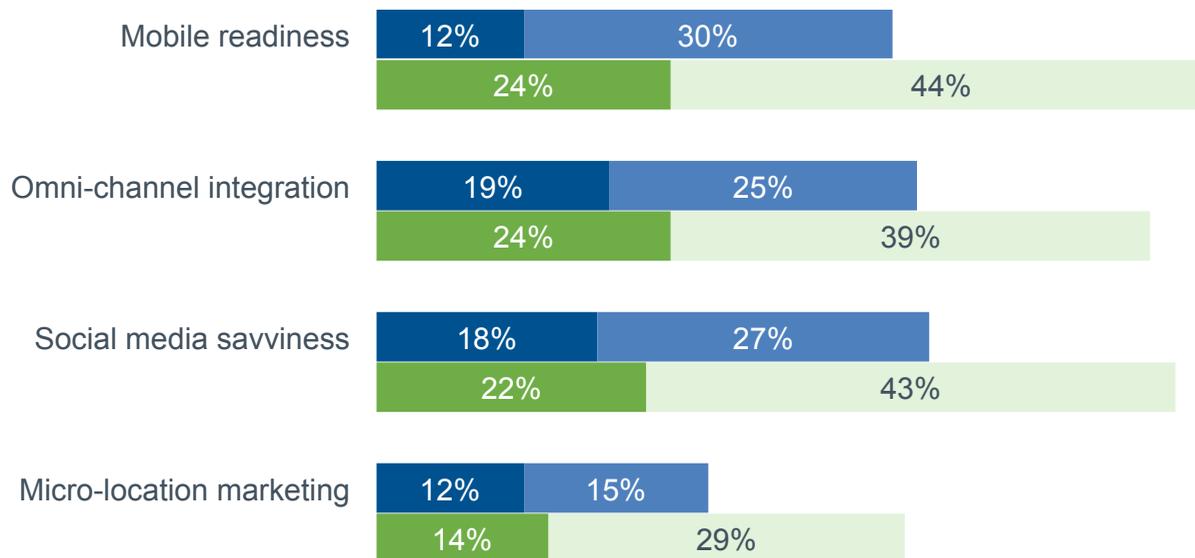
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- While 40-45% of all European companies have already invested strongly or even very strongly in mobile and social channels as well as in omni-channel integration, investments in all three areas can be expected to further increase significantly in the next 1-2 years. About two thirds of all surveyed companies plan major investments here.

- We observe that larger companies tend to invest more heavily in micro-location marketing and omni-channel integration.

German companies failed to invest in customer interaction in the past

Investments in customer interaction by country

Mobile readiness

UK
- 9% | 43%
- 19% | 46%

Germany
- 7% | 22%
- 22% | 44%

France
- 23% | 27%
- 31% | 43%

Omni-channel integration

UK
- 24% | 30%
- 19% | 37%

Germany
- 6% | 15%
- 18% | 42%

France
- 29% | 31%
- 36% | 37%

Social media savviness

UK
- 27% | 24%
- 21% | 48%

Germany
- 6% | 27%
- 15% | 42%

France
- 22% | 30%
- 30% | 40%

Legend:
- Past: very strong
- Past: strong
- Future: strong increase expected
- Future: some increase expected

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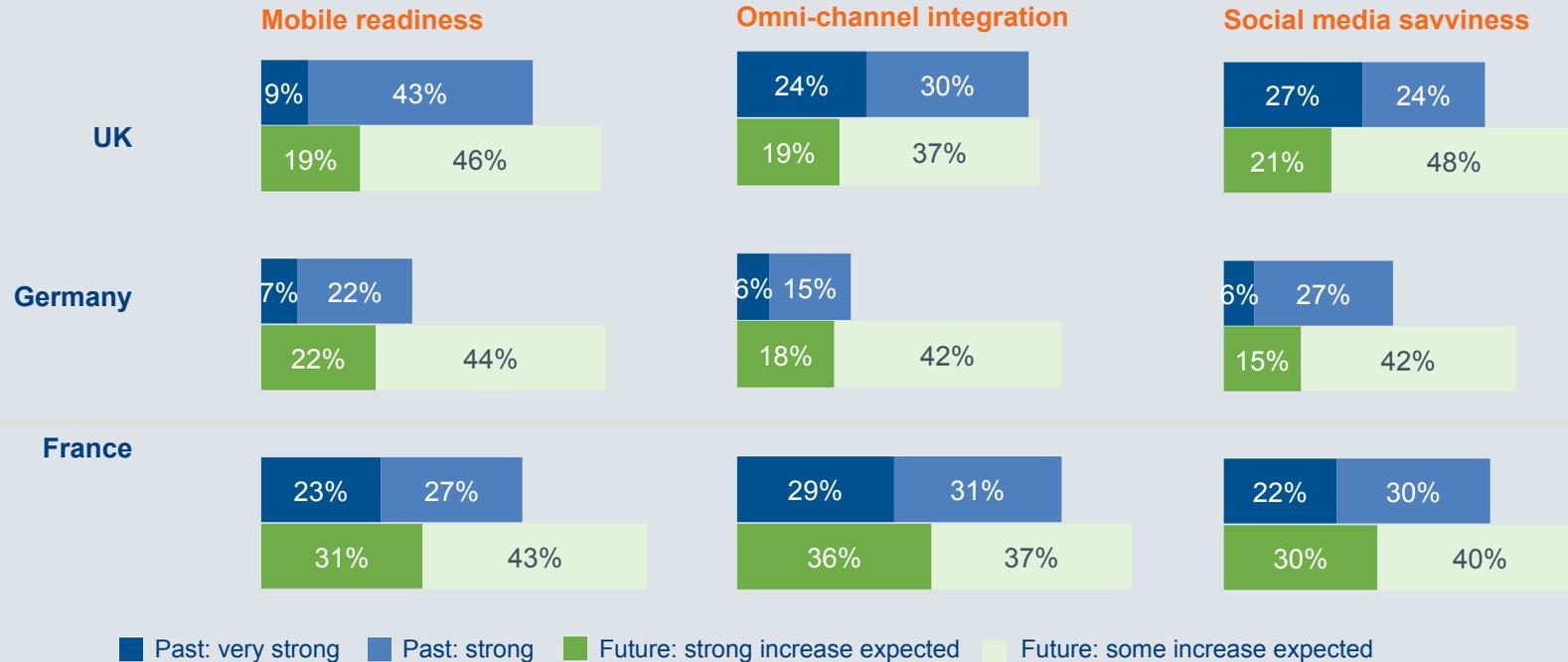
- About half of all companies in the UK and France invested strongly in mobility, omni-channel integration and social media in the past.
- In Germany, on the other hand, 70-80% of the respondents said they had invested rather little in these areas (even though the sample has the same characteristics with respect to position of the respondent, business focus, industry and company size).

More than half of the firms are in the early stages or still developing their mobile and social media skills and omni-channel integration

Customer interaction channels:
How would you rate your company's abilities?

■ No ability yet ■ Early stages ■ Under development ■ Good ■ Very good

| Channel	No ability yet	Early stages	Under development	Good	Very good
Mobile readiness	10%	19%	29%	29%	13%
Omni-channel integration	12%	20%	31%	23%	14%
Social media savviness	10%	18%	35%	30%	8%
Micro-location marketing	29%	19%	23%	18%	10%
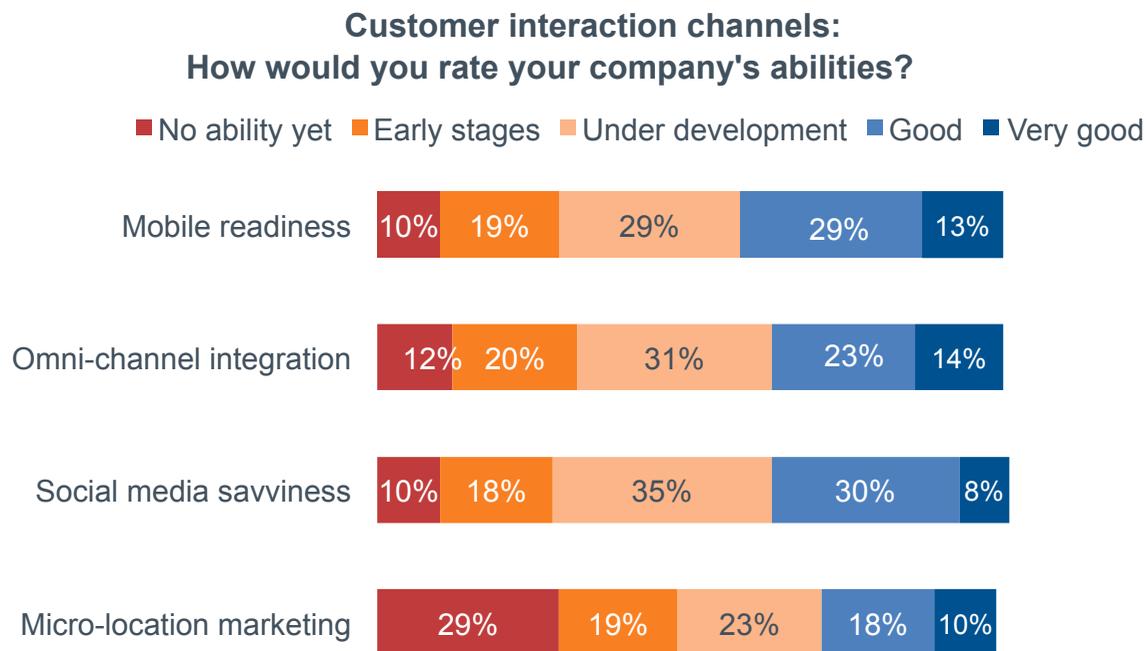
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- Around 40% of the European companies surveyed rate their mobile readiness, social media savviness and their efforts towards omni-channel integration as good or even very good.

- But the majority are still in the early or development stages. Around 10% have no abilities at all in these areas.

- Micro-location marketing via beacons is a relatively new topic, so it is not surprising that around 30% of companies have not developed any abilities in this field.

Lack of investment in Germany results in fewer abilities in mobile, social and omni-channel integration

Self-assessment of abilities in customer interaction by country

Mobile readiness

	No ability yet	Early stages	Under development	Good	Very good
UK	4%	8%	19%	41%	29%
Germany	15%	29%	35%	16%	4%
France	10%	20%	34%	29%	8%

Omni-channel integration

	No ability yet	Early stages	Under development	Good	Very good
UK	9%	17%	18%	31%	25%
Germany	22%	30%	32%	13%	3%
France	6%	14%	42%	25%	13%

Social media savviness

	No ability yet	Early stages	Under development	Good	Very good
UK	6%	12%	32%	37%	13%
Germany	10%	26%	36%	24%	4%
France	13%	14%	36%	29%	8%

Legend: ■ No ability yet ■ Early stages ■ Under development ■ Good ■ Very good

n = 455

- While 70% of all respondents in the UK rate their mobile readiness as good or very good, the same holds true for only 20% of German respondents.

- The lack of investment in Germany in the past (see page 36) also results in lower social media savviness and significantly fewer companies with the ability to integrate the various customer interaction channels in an omni-channel approach, compared to their British or French counterparts.

Midsize companies tend to be less advanced in all considered areas

Self-assessment of abilities in customer interaction by company size

	Mobile readiness	Omni-channel integration	Social media savviness
2,500 employees and more	11% | 14% | 23% | 30% | 22%	16% | 10% | 29% | 24% | 21%	12% | 11% | 30% | 37% | 9%
1,000 - 2,499 employees	3% | 21% | 30% | 29% | 17%	9% | 21% | 25% | 28% | 16%	5% | 18% | 38% | 26% | 13%
500 - 999 employees	13% | 20% | 32% | 28% | 7%	13% | 25% | 35% | 19% | 8%	11% | 21% | 35% | 29% | 4%

Legend: ■ No ability yet   ■ Early stages   ■ Under development   ■ Good   ■ Very good

n = 455

- Over the past 1-2 years, midsize companies have invested less into mobile, social and omni-channel integration, which results in a lower self-assessment of their abilities in these areas.
- For the coming 1-2 years, too, the investment plans of companies with 500-1,000 employees are somewhat below those of their larger counterparts.

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Bottom line: Digital channels are key to customer interaction – but many companies still need to improve their abilities to use them

- Digital channels such as mobile, web or social media play an important or even very important role in customer interaction for 75% of all surveyed companies today. And more than 80% expect the importance of digital channels to increase in the future. This holds true for companies from all industries and of all sizes.

- Not very surprisingly, however, the importance of digital channels is higher in B2C than in B2B companies today. But respondents from companies with a B2B focus expect digitization to increasingly affect their customer interaction in the years to come.

- Even though mobile and social channels have been around for a number of years and 40-45% of all companies have invested strongly in these channels over the past few years, the majority of respondents (around 60%) still perceive their company as being in the early or development stages. As a consequence, about two thirds of all surveyed companies plan to increase their investments in mobile, social and omni-channel integration.

- Even taking into account the fact that Germans tend to be somewhat self-critical, they are lagging behind in all considered areas. While many German companies plan to increase their investments in digitization over the coming years, they still have some way to go to catch up with their competitors in the UK and France.

- Midsize companies have invested less than their larger competitors in the digitization of their customer interaction. This has resulted in weaker abilities of midsize companies. This risks negatively affecting the competitiveness of midsize companies.

6. Integrated analytics & access to customer data

Companies have a variety of systems in place that collect and analyze customer data

How many different data systems do exist in your company that collect and analyze customer data?

- 5 and more — 23%
- 3 to 5 — 26%
- 2 to 3 — 35%
- 1 — 16%

Average number of customer data systems: 4.5

Germany: 4
France: 5
UK: 4.5
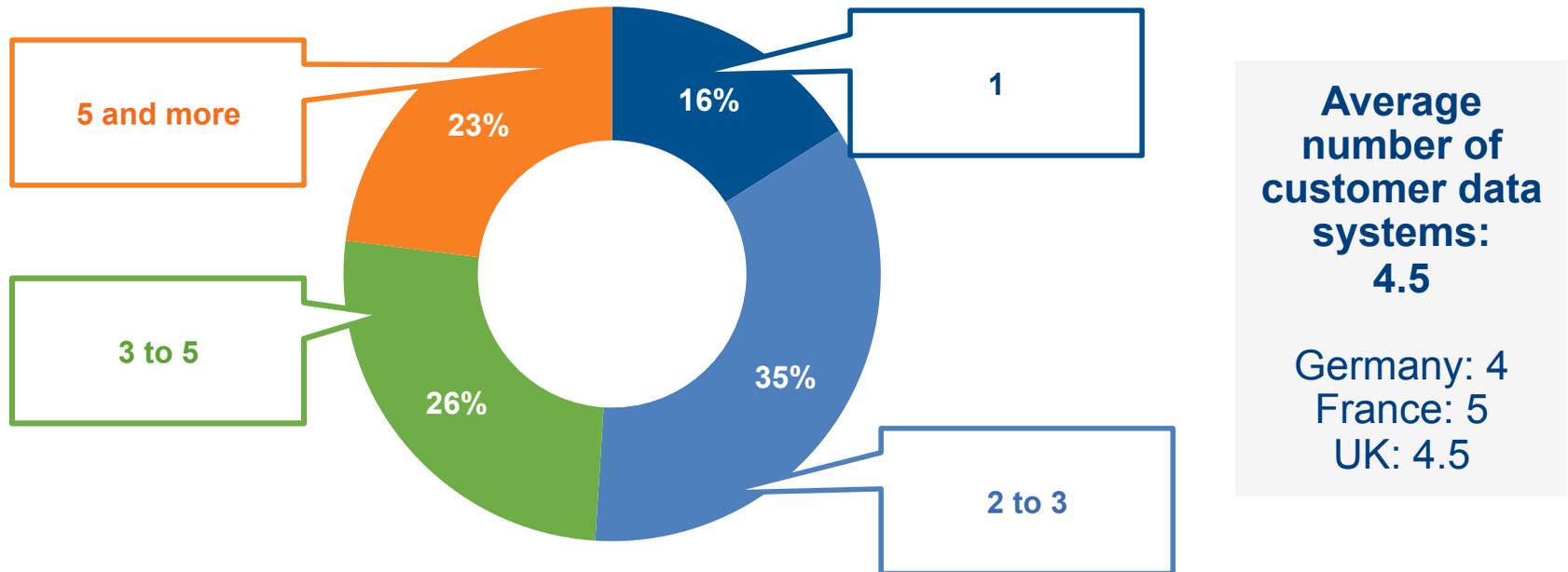
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- On average, companies have 4.5 different IT systems in place that collect and analyze customer data. Such a zoo of different systems is counterproductive to providing an integrated, 360° view of the customer.
- Large companies in particular tend to have a larger number of data systems in place: 36% of the companies with > 2,500 employees have more than 5 data systems in operation, while the same holds true for only 12% of the companies with 500-1,000 employees.

Only selected departments have access to valuable customer data – this severely limits collaboration for improved customer experience

Do most or only some selected departments in your company have access to the following data?

■ Most departments   ■ Only selected departments   ■ We do not collect this data

|	Most departments	Only selected departments	We do not collect this data
Customer contact data (CRM)	39%	56%	5%
Contact history across all online and offline touchpoints	25%	65%	10%
Customer profiles: usage & individual preferences	21%	63%	16%
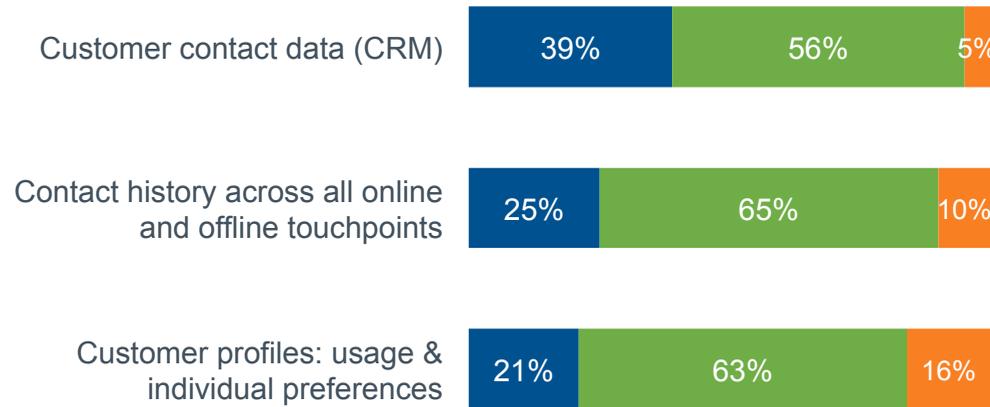
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- While CRM systems can be accessed by most departments in 39% of the surveyed companies, access to other customer data is limited to selected departments only.

- Even though 90% of the companies collect contact history data and customer profiles, this valuable information is only available to selected departments in about two thirds of the surveyed firms.

- In large companies and in financial services firms in particular, access to CRM data is restricted to selected departments only.

50% of all European companies see a need to integrate customer data from various sources in one single IT system

Is there one single IT system that integrates customer data from various sources?

No, and no need for action

Yes

No, but need for action

16%

34%

50%
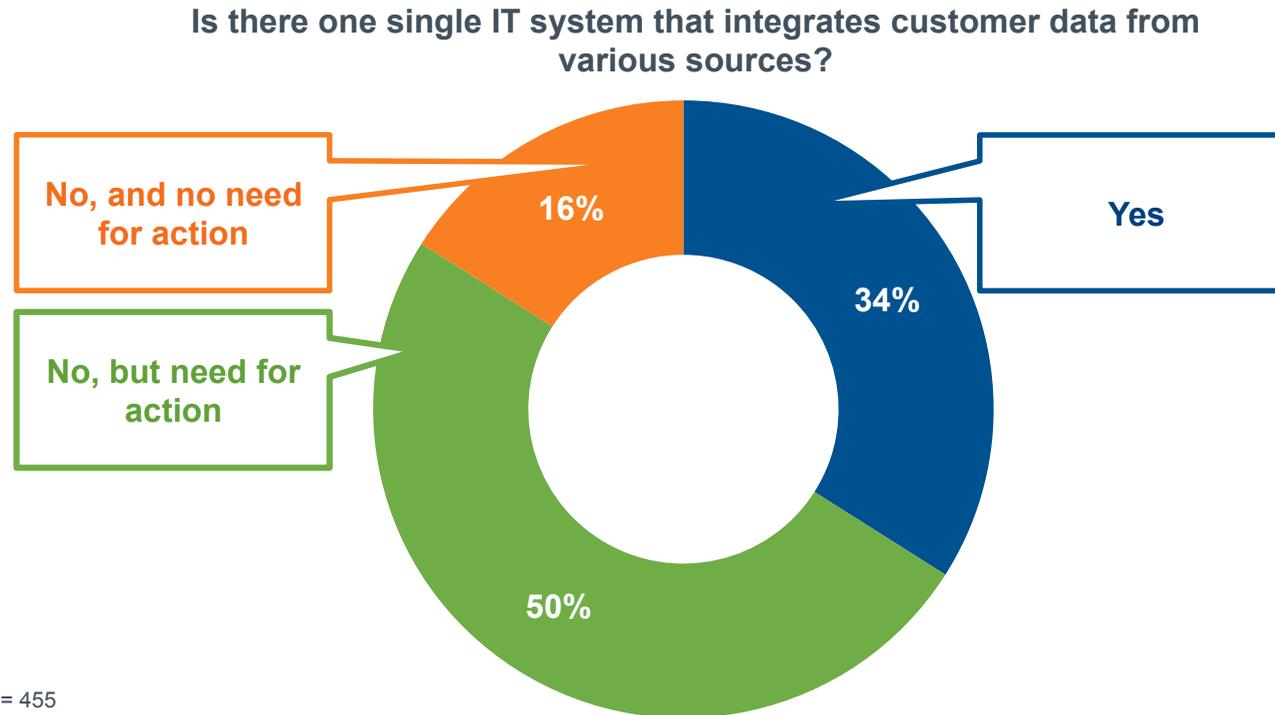
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- The results clearly show that the large number of IT systems that collect and analyze customer data prevents a holistic customer view in most companies in Europe. Only one out of three companies have one single IT system in place that integrates customer data from various sources.

- One in two respondents state that there is a need for action to integrate the various data sources and provide a 360° view of the customer journey. Large companies in particular see a significant need for action here (60%).

Companies plan major investments in analytics within the next two years – particularly in customer data integration

Analytics:
Investment of money and resources over the past 1-2 years and expected increase in the next 1-2 years

■ Past: very strong   ■ Past: strong
■ Future: strong increase expected   ■ Future: some increase expected

Customer data integration
| Past | 19% | 29% |
| Future | 23% | 39% |

Data-enabled personalization
| Past | 20% | 24% |
| Future | 21% | 38% |

Internet of Things
| Past | 14% | 22% |
| Future | 17% | 36% |
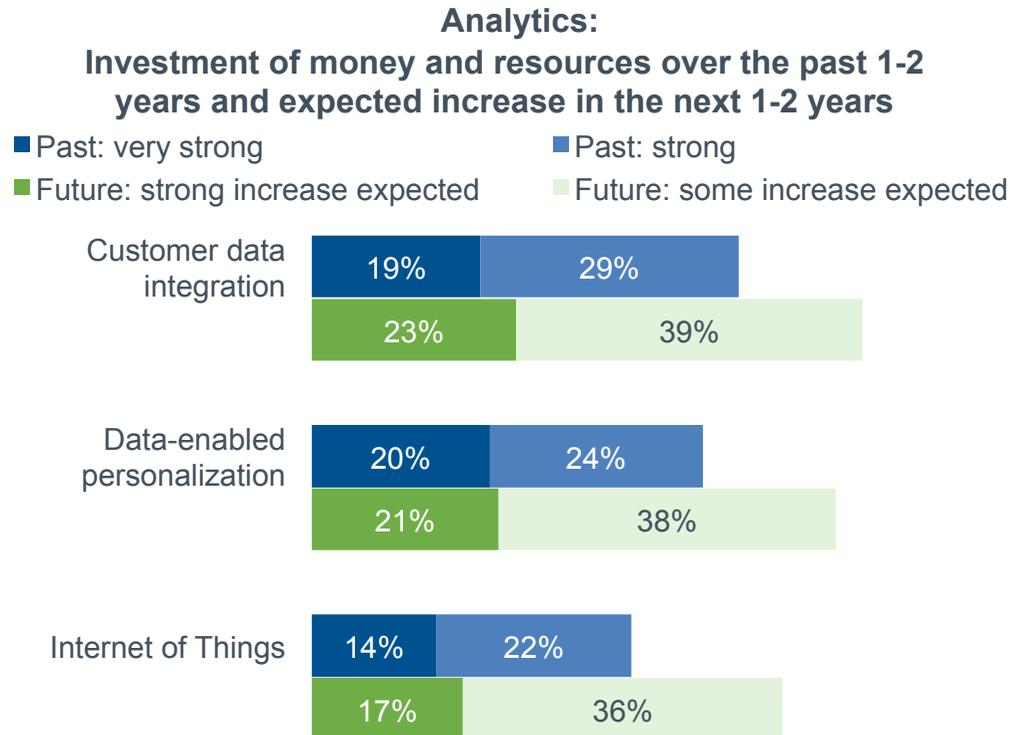
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- In line with the previous results, customer data integration to allow an integrated view across all online and offline touchpoints is the area with the highest growth rates in expected investments.

- Data-enabled personalization, i.e. the analysis of customer data to personalize customer interactions and dynamically optimize the customer journey, is another area with strong investment plans. Particularly companies from the wholesale and retail industry have significant investment plans here: 71% plan strong or very strong investments, while the same is true for only about half of the companies from financial services and manufacturing

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British and French companies have invested significantly more in customer analytics than their German counterparts

Investments in analytics by country

	Customer data integration	Data-enabled personalization	Internet of Things
UK	21% / 31% / 18% / 41%	26% / 25% / 17% / 37%	22% / 28% / 16% / 44%
Germany	11% / 22% / 22% / 41%	4% / 18% / 16% / 42%	2% / 13% / 12% / 35%
France	24% / 33% / 30% / 36%	30% / 29% / 30% / 33%	19% / 25% / 24% / 28%

■ Past: very strong ■ Past: strong ■ Future: strong increase expected □ Future: some increase expected

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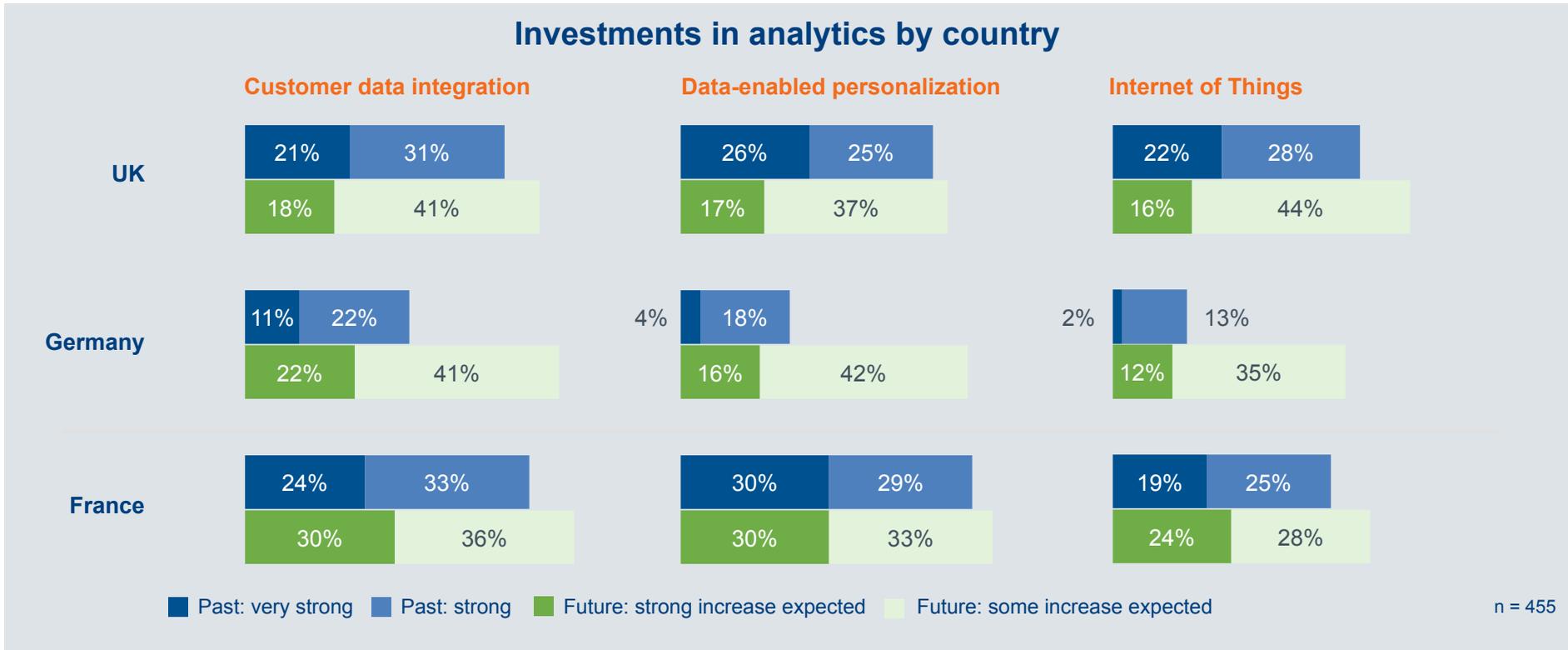
- 45% of the companies in Germany say they invested very little or nothing at all in customer data integration or data-enabled personalization in the past. Likewise, 65% invested nothing or only little in the Internet of Things. We expect, however, that Germany will catch up somewhat, as German companies' investment plans at least match those of British firms.

- French companies have been very actively investing in analytics and will continue to do so within the next few years. Customer data integration and data-enabled personalization are the areas with the highest expected growth rates.

PAC
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Two thirds of all companies do not yet have good abilities in the Internet of Things

Analytics:
How would you rate your company's abilities?

🟥 No ability yet 🟧 Early stages 🟧 Under development 🟦 Good 🟦 Very good

	No ability yet	Early stages	Under development	Good	Very good
Customer data integration	9%	18%	29%	32%	13%
Data-enabled personalization	10%	21%	29%	28%	12%
Internet of Things	21%	22%	23%	24%	9%
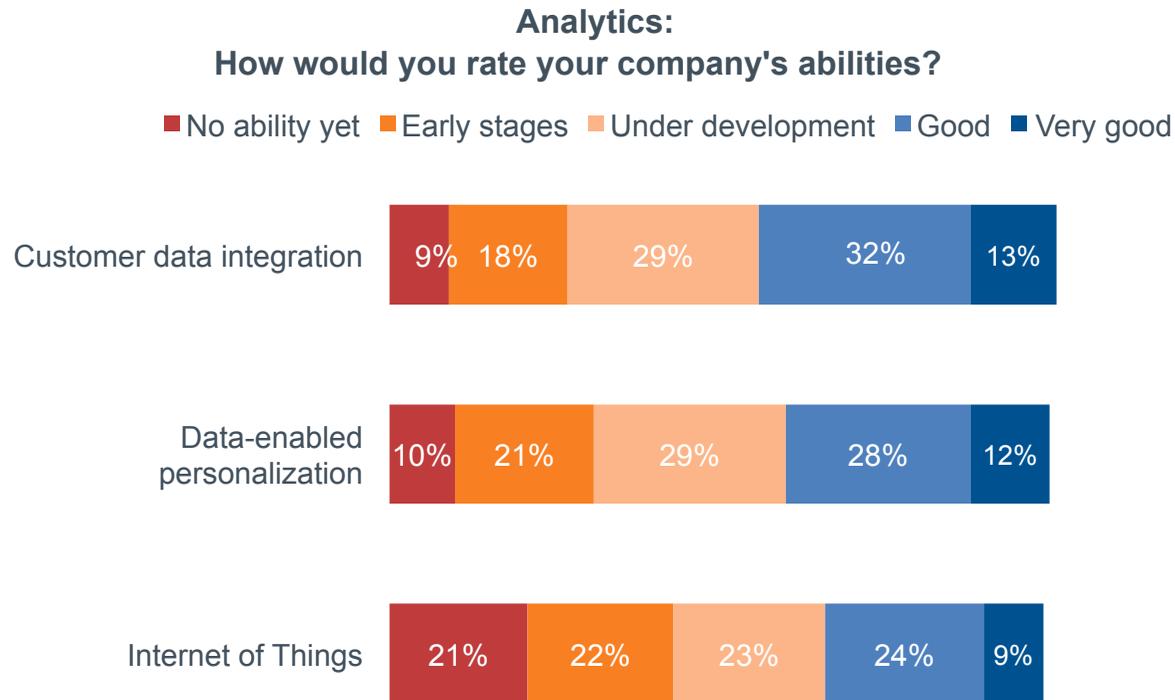
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- More than half of all companies rate their own ability to integrate customer data as still developing or in the early stages. This explains why many of them see a need for action and plan to invest in this area.

- Using data from connected devices to optimize the customer experience or service processes is an ability not yet well developed in most companies. 66% of all companies rate their own abilities regarding the Internet of Things as in the early stages, under development or not existent at all.

British companies are the most sophisticated in customer analytics

Self-assessment of abilities in analytics by country

Customer data integration

	No ability yet	Early stages	Under development	Good	Very good
UK	3%	8%	22%	43%	23%
Germany	15%	31%	27%	24%	3%
France	8%	14%	39%	28%	12%

Data-enabled personalization

	No ability yet	Early stages	Under development	Good	Very good
UK	5%	15%	24%	34%	22%
Germany	14%	34%	30%	21%	1%
France	12%	12%	32%	30%	14%

Internet of Things

	No ability yet	Early stages	Under development	Good	Very good
UK	8%	15%	20%	37%	21%
Germany	36%	28%	23%	13%	0%
France	20%	24%	27%	23%	7%

Legend: ■ No ability yet ■ Early stages ■ Under development ■ Good ■ Very good

n = 455

- In line with previous results, the share of British companies with good or very good abilities in customer data integration, personalization or Internet of Things is significantly higher than in Germany and France.

- German companies in particular have to catch up here as the intelligent use of data to optimize and personalize the customer experience is a key competitive factor in the digital age.

Bottom line: There is a strong need for customer data integration in Europe – companies have to remove their data silos!

- The analysis of customer data from all interaction channels and company units is a central basis for the optimization of the customer experience. The analytics tools of individual marketing, CRM or customer service systems might help to optimize individual processes. But they only provide an isolated (siloed) view on customer interaction and are not well suited for the development of an integrated customer experience strategy.

- However, the majority of European firms have a zoo of different – and badly integrated - IT systems in place that collect and analyze customer data. This situation prevents firms from gaining a 360° view of their customers and limits the potential to provide a superior customer experience across all touchpoints. Half of all respondents see a pressing need to implement one single IT system that integrates data from various sources along the entire customer journey.

- Many companies therefore plan to increase their investments in customer analytics, particularly in customer data integration and data-enabled personalization. Data-enabled personalization is an area where especially companies from the wholesale and retail industry will increase their investments in the next two years.

- We also observe that effective cross-departmental collaboration to optimize the customer experience is severely limited by data silos. Access to valuable customer information, e.g. the contact history across touchpoints or individual customer preferences and individual profiles, is restricted to selected departments in most companies. While data protection issues might be one reason for this, we believe that very often it is also due to the prevalence of silo thinking and the reluctance to share data across different parts of the company.

6. Conclusion

Analyst conclusion

Nicole Dufft

**Independent Vice President –
Digital Enterprise**

The digital age is the age of the empowered customer. In this environment, companies that are not able to provide a superior and seamless customer experience across all touchpoints will see their customer base quickly erode. As clients interact over an ever increasing number of digital and non-digital channels – in B2C and B2B alike – a 'holistic' view of each individual customer across all touchpoints becomes absolutely essential.

However, the results of our survey reveal that most European companies are not yet well prepared for approaching customer experience in a holistic way – neither from a strategic or organizational nor from a technical perspective.

Companies across Germany, the UK and France have to work towards implementing a dedicated organizational structure for coordinating all customer-related activities. They have to bring together all parts of the organization to jointly work on the optimization of the customer experience.

One particular barrier to a holistic customer experience is the fact that customer data often resides in separate silos and various different data systems across the company. The survey results clearly show that there is a strong need for customer data integration in Europe – companies have to remove their data silos!

The study presents a particularly strong wake-up call for German companies: They are significantly lagging behind their French and British competitors in their digital and customer experience abilities and need to act now if they do not want to lose ground in the increasingly competitive environment of the digital age.

7. About Adobe

About Adobe

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Appendix

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CXP Group offers its customers comprehensive support services for the evaluation, selection and optimization of their software solutions and for the evaluation and selection of IT services providers, and accompanies them in optimizing their sourcing and investment strategies. As such, CXP Group supports ICT decision makers in their digital transformation journey.

Further, CXP Group assists software and IT services providers in optimizing their strategies and go-to-market approaches with quantitative and qualitative analyses as well as consulting services. Public organizations and institutions equally base the development of their IT policies on our reports.

Capitalizing on 40 years of experience, based in 8 countries (with 17 offices worldwide) and with 140 employees, CXP Group provides its expertise every year to more than 1,500 ICT decision makers and the operational divisions of large enterprises as well as mid-market companies and their providers. CXP Group consists of three branches: Le CXP, BARC (Business Application Research Center) and Pierre Audoin Consultants (PAC).

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