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Customer Experience Management (CXM): Examining the Linkages and Impact on Business Performance

- Research Insights and Findings



I am pleased to share with you the research insights and findings from my doctoral study titled "Customer Experience Management (CXM): Examining the Linkages and Impact on Business Performance" and the development of maturity models. This research aims to bridge the gap between theoretical insights and the practical complexities of managing CX transformations.

Leveraging CXM as a competitive differentiating strategy requires a comprehensive understanding of its various dimensions. While many business leaders recognise the critical role of customer experience (CX) in driving business performance, there is often a disconnect, with only a small fraction of CX professionals confident in the established business benefits of CX investments. Businesses acknowledge the importance of identifying what constitutes value in their customers' buyer journeys but often struggle with where to start and how to manage CX effectively.

The goal of this research was to bridge the gap that currently exists between the theoretical insights from academic studies and the practical complexities of managing various business aspects during CX transformation journey by identify the key levers that produce a competitive advantage and impact a business's financial performance.

By enhancing the understanding, measurement, and operationalisation of CXM, the research provides practical diagnostic tools and empirically validated instruments for assessing and improving CXM maturity and strategic alignment. This empirical guidance on essential CXM dimensions and practices helps businesses channel their resources toward CX practices that significantly influence market and financial performance, establishing clear empirical links between these dimensions, practices, and business outcomes.

By identifying these critical levers, the research offers businesses a starting point, minimising trial and error, and the potential to deliver tangible bottom-line results when implemented effectively.

Development of an Enhanced CXM Framework

The research began with an in-depth deductive theoretical analysis drawing upon the foundational work of esteemed scholars' academic studies and CXM frameworks and models utilised by practitioners. These chosen frameworks and models were selected due to their broad recognition and widespread adoption across diverse business sectors, offering a unique perspective on effective CXM within varied industries and contexts.

The process facilitated the extraction of exact measurement components (or practices) integral to the CXM maturity diagnostic instrument. This process not only reinforced the pragmatic significance of the model but also anchored it in a robust foundation of theoretical and empirical analysis that strongly resonates within the business community.

For ease of reference, a summary of the diverse practitioner and research frameworks examined and subsequently integrated into the proposed enhanced CXM model is provided in Table 1.



Table 1

CXM Frameworks and Models: Practitioners and Academic Researchers

Accenture	Accenture (2022). Customer experience (CX): the guide to customer success. I-SCOOP. https://www.i-scoop.eu/customer-experience/
L. Becker	Becker, L. (2020). Toward a Customer-Centric Perspective of Customer Experience. [Doctoral dissertation, University of Turku].
J. Bliss	Bliss, J. (2015). Chief Customer Officer 2.0: How to build your customer-driven growth engine. New Jersey: John Wiley & Sons.
G.N. Ch & S.H. Hanks	Chandler, G.N. & Hanks, S.H. (1994). Market Attractiveness, Resource-Based Capabilities, Venture Strategies, and Venture Performance. <i>Journal of Business Venturing</i> , 9, 331-349. DOI: 10.1016/0883-9026(94)90011-6
CMS Wire	Florentine, S. (2021). How to Measure Your Customer Experience Maturity. CMSWIRE. https://www.cmswire.com/customer-experience/how-to-measure-your-customer-experience-maturity/
Consulta	Consulta (2018) Know your Customer Maturity. [online] Consulta Blog. Available at: https://blog.consulta.co.za/know-your-customer-maturity/
CXPA (Customer Experience Professional Association)	CXPA. https://www.cxpa.org/earn-your-ccxp/exam-blueprint
Deloitte Development	Deloitte Development LLC. (2016). Rx CX Customer experience as a prescription for improving government performance - Part of a series on customer experience in government. A report from the Deloitte Center for Government Insights. https://www2.deloitte.com/content/dam/insights/us/article .
Deloitte Development	Deloitte Development LLC. (2016). Rx CX Customer experience as a prescription for improving government performance - Part of a series on customer experience in government. A report from the Deloitte Center for Government Insights. https://www2.deloitte.com/content/dam/insights/us/article
Demand Metric	Customer Engagement Maturity Model Demand Metric (2023). Demandmetric.com. https://www.demandmetric.com/content/customer
A. De Keyser, K. Lemon, P. Klaus & T. Keiningham	De Keyser, A., Lemon, K., Klaus, P. & Keiningham, T. (2015). A Framework for Understanding and Managing the Customer Experience. (Report No. 15-121). Marketing Science Institute Working Paper Series 2015. https://www.msi.org/?post_type=resources&p=1716
Forrester Research	Forrester Research (2016). Customer Experience Management maturity model. Forrester. https://www.forrester.com/allSearch?query=customer%20experience&activeTab=reports&sortOrder=desc&publishedSinceInDays=-1&sortType=relevance&accessOnly=false&ipType
Gartner, Inc.	Gartner, Inc. (2020) The Gartner Customer Experience Management Maturity Model for CMOs. [online] Available at: https://www.gartner.com/en/documents/3990878/the-gartner-customer-experience-management-maturity-mode
L. Grønholdt, A. Martensen, S. Jørgensen & P. Jensen	Grønholdt, L., Martensen, A., Jørgensen, S. & Jensen, P. (2015). Customer experience management and business performance. <i>International Journal of Quality and Service Sciences</i> , 7(1). DOI: 10.1108/IJQSS-01-2015-0008
B.E. Hayes	Hayes, B. E. (2013a). TCE - Total Customer Experience - Building Business through Customer-Centric Measurement and Analytics. <i>Business Over Broadway</i> .
C. Homburg, D. Jozić & C. Kuehnl	Homburg, C., Jozić, D. & Kuehnl, C. (2017). Customer Experience Management: Toward Implementing an Evolving Marketing Concept. <i>Journal of the Academy of Marketing Science</i> , 45(3). DOI: 10.1007/s11747-015-0460-7



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KPMG (2022). *Orchestrating the connected customer experience* Global Customer Experience Excellence Report 2022. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2022/10/cee-2022.pdf>
- KPMG KPMG (2018). *The KPMG Customer Maturity Assessment* [online] Available at: https://assets.kpmg/content/dam/kpmg/lu/pdf/CXMA_Place_Mat.pdf
- H. Manning & K. Bodine Manning, H. & Bodine, K. (2012). *Outside in: the power of putting customers at the center of your business*. New York: Houghton Mifflin Harcourt.
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- McKinsey and Company McKinsey and Company (2019, July 12). *What matters in customer-experience transformations*. <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/what-matters-in-customer-experience-cx-transformations>
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Colin Shaw, 2005. "Revolutionize Your Customer Experience," Palgrave Macmillan Books, Palgrave Macmillan, number 978-0-230-51345-7
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- XM Institute Qualtrics XM Institute (2019) *Benchmark your customer experience maturity*. [online] Qualtrics. Available at: <https://www.qualtrics.com/customer-experience/diagnostic/>



XM Institute (2022) Maturing your Experience Management Program. [online] XM Institute. Available at: <https://www.xminstitute.com/launchpads/xm-maturity/>

D. L. Yohn	Yohn, D.L. (2019, October). New CX Maturity Model. Denise Lee Yohn. https://deniseleeyohn.com/new-cx-maturity-model/
K.Z. Zhou, C.K. Yim & D.K. Tse	Zhou, K.Z., Yim, C.K. & Tse, D.K. (2005). The effects of strategic orientations on technology-and-market-based breakthrough innovations. <i>Journal of Marketing</i> , Vol. 69 No. 2, pp. 42-60. DOI: 10.1016/j.jbusres.2008.10.001

The insights derived, which amalgamate information from the diverse sources listed in Table 1, furnish a comprehensive overview of the CXM landscape. The subsequent section explores summaries of key practices for each CXM dimension. It is essential to emphasise that while these summaries offer holistic interpretations of the domain, they remain firmly grounded in the academic sources presented in Table 1.

Vision & Strategy

The Vision & Strategy dimension is a fundamental cornerstone of the comprehensive CXM framework consisting of 4 sub-dimensions, each emphasising the alignment of the business's core intent with its CX endeavours. The Vision sub-dimension underscores the importance of a clearly articulated CX vision that exemplifies a business's commitment to offering unparalleled value through its products and services. The CX vision should resonate across the enterprise, unifying all stakeholders and aligning their efforts. Furthermore, effective communication of this vision extends beyond internal stakeholders, reaching out to the broader CX ecosystem, including partners and customers (see Table 1 for list of sources).

On the other hand, the Strategy sub-dimension encapsulates the need for a definitive CX strategy informed by customer insights and value propositions. This strategy should be interwoven into the business's core strategic priorities, catering to short, medium, and long-term objectives. An integral part of this strategy is a detailed roadmap, which outlines the investments, responsibilities, and timelines — essentially a blueprint for executing the CX strategy (see Table 1 for list of sources).

The Business Structure & Design sub-dimension highlights the importance of fostering cross-functional collaboration within a business to enhance CX delivery. This collaboration extends beyond internal departments, as businesses should also partner with external suppliers and specialists across the customer value chain. These partnerships can serve as catalysts, creating value on multiple fronts: for customers, the business itself, society at large, and the broader economy (see Table 1 for list of sources).

Lastly, the Technology & System-Integration sub-dimension highlights the critical role of technology in driving CX initiatives. Businesses should be proactive, regularly assessing their technological infrastructure, and making requisite enhancements to elevate CX. A cohesive system integration, particularly between CX platforms and business operational platforms is imperative, enabling a comprehensive 360-degree view of the total customer experience. The pinnacle of this integration is the capability to anticipate customer needs through predictive analytics, ensuring businesses are able to meet and exceed customer expectations (see Table 1 for list of sources).

Effective Leadership and Management



The Effective Leadership and Management dimension emphasises the fundamental role of the executive team in shaping a business's approach to CXM. At the heart of this dimension lies the executive team's ownership of the CX strategy — both its design and deployment. Not merely strategists, leaders should also serve as the primary channels for communicating the company's CX vision and goals to stakeholders, ensuring a consistent, singular message (see Table 1 for list of sources).

Complementing this hands-on management approach is the concept of Purposeful Leadership. Leaders aren't just figureheads; they should be held accountable through key performance indicators (KPIs) that track how well the business achieves its customer-centric goals. But beyond metrics, leaders set the tone, embodying and promoting the very customer-centric behaviours they expect to be demonstrated throughout the company. Their decision-making processes prioritise customer needs, ensuring that whether it is about allocating resources or determining the quality of service, the customer's perspective is always considered (see Table 1 for list of sources).

Brand Alignment

The Brand Alignment dimension focuses on ensuring a business's customer-centric CX vision and strategy aligns and embodies its brand value proposition and attributes, seamlessly integrating with the core values of the brand. When a brand's value proposition is clearly defined and effectively communicated both internally and externally, it becomes a consistent theme permeating through the entire CX ecosystem. This integration guarantees that every interaction provides uniquely branded experiences, creating a strong connection with both employees and customers. Beyond just branding, this alignment showcases the business's expertise, building trust and giving customers the confidence they require. For businesses dedicated to excellence in CXM, ensuring their brand's promise aligns with its delivery becomes a foundation for its reputation (see Table 1 for list of sources).

Customer Understanding and Insight

CXM mandates businesses to navigate three central tenets, or sub-dimensions, within the realm of the Customer Understanding and Insight dimension: the acquisition of customer understanding through data collection, the derivation of customer insights via thorough analysis, and the distribution of these insights throughout the business (see Table 1 for list of sources).

The Customer Understanding through Data Collection sub-dimension requires businesses to prioritise the initiation of a comprehensive Voice of the Customer (VoC) programme, distinguished by diverse listening channels. Such a programme should be adept at not only capturing the tangible and rational aspects of customer experiences but also discerning the emotional undertones inherent to them. Moreover, a deliberate segmented data gathering strategy should be implemented to ensure that the derived insights are multifaceted and accommodate distinct customer segments (see Table 1 for list of sources).

For effective derivation of Customer Insights through Data Analysis, businesses must adopt a comprehensive approach. This involves amalgamating diverse data types, such as solicited, unsolicited, structured, and unstructured data. This expansive data collection ensures a comprehensive understanding of the customer base enabling the compilation of empathy maps and customer personas. These instruments adeptly transform raw data into actionable insights, yielding quantifiable advantages. Simultaneously, it remains imperative for businesses to attentively observe any fluctuations in consumer behaviours, adapting both their data



acquisition approaches and analytical techniques in correspondence with discerned patterns (see Table 1 for list of sources).

Lastly, the true potential of Customer Understanding and Insight is actualised through the comprehensive Distribution of Customer Insight. Insights should not only be shared with customer-centric roles but across the entire business. Periodic evaluations ought to be executed to ascertain that the brand's value propositions still resonate with their target customer segments. Consequently, the Voice of the Customer (VoC) programme should transition beyond merely a data acquisition instrument to function as a continual feedback mechanism, ceaselessly refining customer personas and maintaining organisational adaptability. This ensures that customer insights don't remain inertly documented but actively influence business decisions that are aligned with customer attitudes and behaviours (see Table 1 for list of sources).

Customer Experience Design

The Customer Experience Design dimension emphasises the methodical designing, refining, and innovating of customer interactions throughout the customer journey. This journey encapsulates the pre-purchase, purchase, and post-purchase phases of the customer journey and serves as the platform where companies design experiences that resonate deeply with customers (see Table 1 for list of sources).

At the heart of designing these experiences, businesses must consistently apply a well-defined process mapping the customer's rational and emotional expectations along the customer journey in line with the solution they seek. Key to designing customer experiences is the recognition of the various interdependencies, including people, processes, channels, and technology. Equally important are Moments-of-Truth (MoT) — pivotal junctures that can establish or break trust. The use of diverse methodologies, like Design Thinking, Co-creation, and Human-Centred Design, further enriches the process, offering a more innovative approach to designing experiences (see Table 1 for list of sources).

Transitioning to the Delivery of Experiences, consensus underscores the indispensability of reliability, advocating for a uniformity of experiences across diverse channels. Concurrently, in the face of operational deviations, a robust and readily deployable recovery-loop process becomes a requirement for every touchpoint. For businesses, the goal remains delivering experiences that align with both the logical and emotional expectations of customers (see Table 1 for list of sources).

Lastly, with respect to the Innovation of Experiences, it is posited that businesses ought to be persistently reflective. Periodic gap analyses serve to highlight any shortcomings in capabilities —whether they pertain to human capital, procedural frameworks, or technological underpinnings. By continuously innovating at all touchpoints, businesses position themselves not as mere responders, but as proactive designers of experiences that are aligned with emerging customer needs (see Table 1 for list of sources).

CX Performance Metrics and Measurement

In the realm of the CX Performance Metrics and Measurement dimension, establishing a well-structured CX Performance Metrics Framework is recommended. Such a framework ought to capture data comprehensively across the extent of each customer segment's experiences. Equally vital is the outlining of distinct CX performance metrics, each tailored to demonstrate the unique contributions of individual business units to the overarching customer experience. The various metrics to be collected include:



Descriptive metrics, offering tangible insights into the operational interactions between customers and businesses.

Perception metrics, which probe into the qualitative facets of customer experiences, gauging their emotional responses to particular interactions.

Behavioural outcome metrics and attitudinal outcome metrics, both of which expand the understanding by assessing customers' post-interaction behaviours and attitudes respectively (see Table 1 for list of sources)

However, collecting CX metrics alone doesn't suffice. The subsequent Analysis of CX Performance endeavours to discern inherent patterns and correlations amidst the gathered data. Establishing relationships between CX performance metrics and specific business performance metrics empowers businesses to deduce actionable strategies. This analytical ability is magnified when supported by data visualisation mediums, such as tailored dashboards for each business unit. These tools not only illustrate the linkages between CX metrics and broader business indicators but also emphasise the pivotal role of CX insights in shaping business strategies. The strategic allocation of budgets based on these insights attests to the relationship between CXM and the broader business directive (see Table 1 for list of sources).

People Development

The People Development dimension plays a pivotal role in shaping a business's comprehensive CXM, highlighting the critical influence of individuals in actualising and maintaining a business's vision of superior CX.

Central to this dimension is precision in Hiring and Recruitment Processes, where CX principles are integrated into the strategies of Human Capital Management (HCM). By doing so, the business ensures that selected professionals inherently embody the organisation's customer-centric ethos, facilitating consistently outstanding customer experiences (see Table 1 for list of sources).

It is also imperative to establish clear Roles and Responsibilities pertaining to CX across all organisational tiers. By systematically outlining tasks and responsibilities for both front- and back-office positions, the business ensures every employee is aware of their contribution towards actualising the overarching CX vision and strategy. In addition, the business undertakes a thorough process to determine the core competencies required across diverse CX areas, encompassing aspects like data analytics, business knowledge, effective communication, and integrated business management. This structured approach is not merely procedural but ensures that customer-centricity is positioned as an intrinsic part of the organisation's foundation (see Table 1 for list of sources).

Another fundamental aspect is the dedication to Training and Empowerment. Employees are not merely integrated into the organisation; they are consistently nurtured, equipped with knowledge and tools, and empowered to realise the company's CX vision. By means of continuous mentoring, training, and coaching specific to each role, employees maintain their proficiency in delivering outstanding customer experiences. Furthermore, this sustained investment ensures that their skills, both emotional and cognitive, adapt in accordance with changing customer requirements (see Table 1 for list of sources).

Reward Mechanisms, both formal and informal, further reinforce the business's focus on CX. In gauging performance, rewards, and recognition, the emphasis isn't merely on outcomes but also



on behaviours that drive CX excellence. By aligning performance metrics with the business's CX objectives, it ensures that CX goals are reached (see Table 1 for list of sources).

Lastly, a pivotal element is the business's commitment to Employee Experience (EX) Management. The foundation of this commitment is the understanding that excellence in CX is intrinsically linked to excellence in EX. The underlying premise is that fulfilled and empowered employees are integral to crafting exceptional customer experiences. Within this framework, there exists a cultivated ethos of trust, reliability, and emotional acumen. Challenges are reframed as opportunities for growth, and errors are viewed as avenues for learning and improvement. Periodic feedback mechanisms ensure that the organisational values are continually aligned with evolving market and employee dynamics. EX Management is further solidified by the company's adherence to an outside-in market orientation, characterised by established norms, celebrated CX stories, and defined behaviours, all converging towards a central objective: achieving excellence in CXM (see Table 1 for list of sources).

CX Governance

The CX Governance dimension represents the planning and organisation of standardised policies, procedures, and processes designed to underpin and advance a business's commitment to outstanding CX.

Central to this dimension is the establishment of a robust CX Governance Framework, an integrated structure reinforcing customer-centric guidelines and behaviours across every aspect of the business (see Table 1 for list of sources).

Within the ambit of this framework lie a set of defined policies. These policies, while diverse, revolve around critical elements such as the prioritisation of CX initiatives, clear and unmistakable CX decision rights, ownership and accountability by business unit outcomes, and guiding principles that demarcate the boundaries of the strategic pursuit in delivering the CX vision (see Table 1 for list of sources).

Complementing these policies are detailed procedures which enable a structured approach to CXM. These procedures define and streamline cross-functional teamwork, establish clear CX roles and reporting hierarchies, facilitate the seamless integration of CX projects into daily business operations, and provide the necessary tools and infrastructure for ensuring consistent and archetypal customer experiences (see Table 1 for list of sources).

Processes, the third pillar of the CX Governance framework, encapsulate day-to-day management controls, incorporating agile methodologies for continuous enhancement of customer experiences, ensure a uniform and consistent delivery of experiences across all business facets, and highlight the importance of communication, data quality, and performance measurements (see Table 1 for list of sources).

The inherent efficacy of a CX Governance Framework is underscored by its capacity for adaptability and should be subjected to regular reviews, ensuring that emerging insights are integrated, and alignment is maintained across policies, processes, technology, and systems. Moreover, stringent monitoring and consequence management mechanisms ensure compliance, intertwining CX Governance seamlessly with a business's overarching quality management system (see Table 1 for list of sources).

Beyond the CX Governance Framework, the emphasis on Continuous Improvement and Innovation symbolises the business's future-thinking perspective. Investment in new capabilities



across all aspects of the business allows for co-creation of solutions with customers and stakeholders, positioning innovation not merely as a function, but as a key differentiator in the CX landscape (see Table 1 for list of sources).

The decision to exclude Business Culture as a distinct dimension within the CXM framework is notable. Although culture is often recognised as a crucial aspect of CXM (Lemon & Verhoef, 2016; Homburg et al., 2017), I found through the extensive literature review and analysis of theoretical best practices that each measurable item related to Business Culture aligns better with other CMX dimensions (constructs) that aim to cultivate a customer-centric culture, such as Strategy, Leadership, People Development, CX Governance, Continuous Improvement, and Innovation. By integrating Business Culture within these broader constructs, the study acknowledges the interdependencies and synergies that exist among different dimensions of CXM (see Table 1 for list of sources). They can be summarised as such in Table 2.

Table 2

Comprehensive Enhanced CXM Model

CXM Dimension	CXM Sub-Dimension
Vision and Strategy	Vision
	Strategy
	Business Structure and Design
	Technology and System Integration
Leadership and Management	Management role, involvement, and commitment
	Purposeful Leadership
Brand Alignment	Brand value proposition and brand attributes
Customer Understanding and Insight	Customer Understanding (data collection)
	Customer Insight (data analysis)
	Customer Insight distribution (data distribution)
Customer Experience Design	Design customer experiences
	Delivery of customer experiences
	Innovation of customer experiences
People Development	Hiring and Recruitment
	Roles and Responsibility
	Train and Empower
	Performance, Rewards and Recognition
	Employee Experience Management
CX Performance Metrics and Measurement	Performance Metrics & Measurement Framework
	Collection of Data
	Analysis & Adoption of Insight
CX Governance	CX Governance Framework
	Continuous Improvement and Innovation (agility)



While the initial comprehensive CXM model encompasses a range of eight CX dimensions and over 100 measuring items (business practices), this study placed its focus on three essential dimensions: Customer Understanding and Insight, Customer Experience Design, and CX Performance Metrics and Measurement.

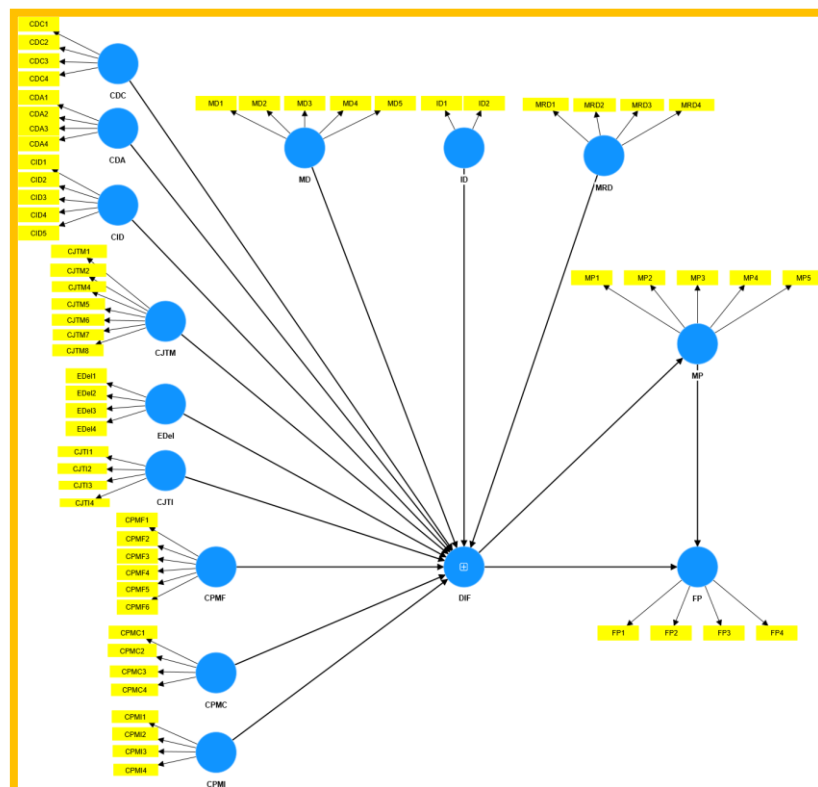
These three essential CXM dimensions were further subdivided for in-depth analysis resulting in 9 essential CXM dimensions and 43 measuring items (business practices).

- *Customer Understanding and Insight:* Customer Data Collection (CDC); Customer Data Analysis (CDA); Customer Data Insight Distribution (CID)
- *Customer Experience Design:* Customer Journey Touchpoint Mapping (CJTM); Customer Journey Touchpoint Delivery (EDel); Customer Journey Touchpoint Innovation (CJTI)
- *CX Performance Metrics and Measurement:* CX Performance Metrics Collection (CPMC); CX Performance Metrics Insight (CPMI); CX Performance Metrics Framework (CPMF)

These constructs are posited to cumulatively influence the constructs of Differentiation (DIF), Market Performance (MP), and Financial Performance (FP). In this study, Differentiation (DIF) is characterised as a strategic process involving the creation of distinct value within a business's products, services, or overall offering. Refer to Figure 1 for a visual representation of the model.

Figure 1

The a priori CXM Conceptual Model



Note. Customer Data Collection (CDC), Customer Data Analysis (CDA), Customer Journey Touchpoints Mapping (CJTM), Customer Journey Touchpoints Innovation (CJTI), CX Performance Metrics Framework (CPMF), CX Performance Metrics Collection (CPMC), CX Performance Metrics Insight (CPMI), Market Differentiation (MD), Market Agility & Responsiveness Differentiation (MRD), Differentiation (DIF), Market Performance (MP), Financial Performance (FP).

The MD and MRD latent variables are displayed as the lower order constructs of the higher order reflective DIF construct.



Research Methodology

Background and Sample Description

The study targeted global organisations or businesses as the unit of analysis using a non-probability purposive sampling technique. 174 valid responses were collected from executives and senior managers predominantly hailed from the CXPA database (and those holding the CCXP credential) and participants from the Qualtrics XM Institute panel.

Survey Design

A structured questionnaire was employed, capturing both organisational characteristics and detailed insights into CXM practices. The survey used a seven-point Likert scale to rate agreement with various statements related to CXM practices, providing variability in responses and in addition allowing for a detailed assessment of maturity levels across different organisations.

The survey questionnaire was structured into two main sections to gather comprehensive data. The initial section collected characteristic details focusing on the businesses and the participants who provided responses on behalf of their organisations. This part of the survey aimed to gather essential information regarding the size, industry, and geographical location of the businesses, as well as detailed insights into the respondents' roles within their organisations, the operational history of the businesses by inquiring about the number of years they had been in operation and the extent of the businesses' commitment to Customer Experience Management (CXM).

The second section of the questionnaire respondents were presented with statements prompting them to reflect and rate their agreement with various statements representing CXM practices currently implemented in their business. These questions were rooted in theory to elicit responses that would address the research questions comprehensively. Respondents were required to answer all the research questions. This section also focused on the complex attributes of the market and financial performance of each business.

Development of the Measures

The CXM dimensions and the 43 items measuring the were presented as statements, and respondents rated their levels of agreement on a scale from "strongly disagree" to "strongly agree." This approach yields ordinal data where the relative position of each variable is discernible, even if precise numerical values are not specified.

The constructs of Differentiation (DIF), Market Performance (MP), and Financial Performance (FP) were operationalised using established scales adapted to fit the specific context of this research. Differentiation was considered a higher-order construct reflecting the two lower-order constructs of Market Differentiation (MD) and Market Agility & Responsiveness Differentiation (MRD). These constructs were measured using a seven-item scale adapted from the work of Chandler and Hanks (1994) to ensure alignment with the overarching goal of assessing the impact of CXM on Differentiation (DIF) as a competitive advantage.

Similarly, the constructs of Market Performance (MP) and Financial Performance (FP) were assessed using five-item and four-item scales respectively, drawing from the works of Moorman and Rust (1999) and Irving (1995). Market performance was measured by customer satisfaction, behavioural customer loyalty, attitudinal customer loyalty, shareholder value, and customer lifetime value. Financial Performance was measured by overall financial performance, overall sales growth, market share, and profitability of the business.



PLS-SEM and Impact-Performance Map Analysis (IPMA)

The Conceptual CXM model was operationalised by partial least squared structural equation modelling (PLS-SEM) using SmartPLS4. PLS-SEM data analysis was chosen due to its robustness in handling complex relationships between multiple variables. This method is particularly effective for developing and validating models that include composite latent constructs (such as customer loyalty, business management, etc) and multiple indicators.

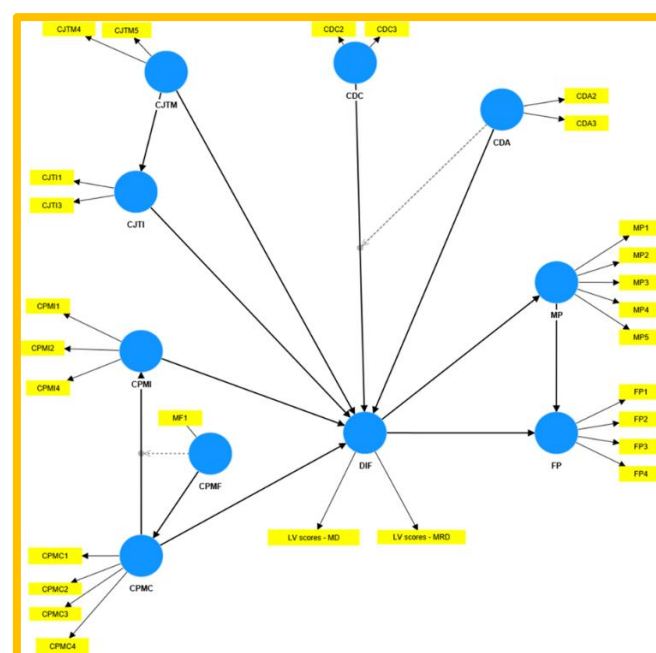
Impact-Performance Map Analysis (IPMA) with simple slopes analysis were further applied to explore and determine the interaction effects between different CXM dimensions, including their individual measuring items, and their impact on CXM differentiation as a competitive advantage and business performance. This analysis helps to identify the specific conditions under which certain CXM practices are most effective and determine how the relationship between CXM practices and business outcomes varies at different levels of maturity. This in-depth analysis assisted in identifying the critical levers driving competitive advantage through differentiation and financial outcomes and the foundation for the empirically validated maturity frameworks.

This multi-layered analysis is valuable for informed decision making. For example, a CX dimension and the respective business practices that holds significant importance but exhibits underwhelming performance, indicates a potential area for enhancement and subsequent influence on the overall value of the focal outcome (either CXM as competitive differentiator or Financial Performance). Conversely, a CX dimension and the respective business practices of minimal importance, even ones that exhibits optimal performance, might not require extensive resource allocation due to its limited influence on the focal outcome. Thus, IPMA offers a multifaceted visualisation, facilitating the identification of priority areas and formulating strategies to improve the efficacy and strategic direction for businesses, identifying the critical levers driving competitive advantage through differentiation, as well as financial outcomes.

The final enhanced CXM model that demonstrated measurement validity and reliability, as well as tested the structural frameworks' hypotheses are represented in Figure 2.

Figure 2

The Enhanced CXM Conceptual Model





Research Findings

The research findings reveal the multifaceted nature of CXM and its impact on business differentiation as a competitive advantage and business performance. The insights not only validate certain CXM dimensions and practices within the CXM construct but also challenge pre-existing notions, facilitating a more informed application of CXM in contemporary business environments. These insights directly contribute to the understanding of how businesses can measure, integrate, and operationalise CXM's essential dimensions to enhance competitive advantage and financial performance.

These findings highlight which essential dimensions and practices establish a differentiated CXM competitive advantage through the development of the empirically validated CXM maturity diagnostic instrument.

The research further emphasised the need to transition CXM from an isolated initiative to a foundational component of a company's overarching business strategy. CXM is not a standalone project or entity, but a holistic approach that needs to permeate all operational facets of a business. Embracing a systems-thinking methodology ensures that various organisational components work in union, often resulting in outcomes that transcend the capabilities of individual elements.

As part of this exploration, the Balanced Scorecard (BSC) was identified as the most appropriate framework for integrating CXM into daily business operations. Based on this understanding, the research introduced a distinct CX-focused Strategy Map, proposing a change in the conventional approach of the BSC. By situating the Customer perspective as the primary driver, it illuminates the synergy between the redefined BSC perspectives and the essential CXM dimensions and practices identified. This provided a strategy for businesses to effectively integrate and operationalise CXM dimensions and related practices into their daily management frameworks, ensuring a more evident focus on customer-centric outcomes.

Interesting and Unpredicted Results

The study revealed several key insights regarding the essential dimensions of CXM and their roles as strategic differentiators for competitive advantage and business performance.

CXM as a strategic differentiator for competitive advantage and business performance

- One significant finding is that market performance (MP) plays a critical mediating role between a business's CXM differentiation (DIF) and its financial performance (FP). DIF enhances MP, which subsequently improves FP. This demonstrates that effective and strategic CXM as a competitive differentiator can significantly enhance both market and financial performance.

Customer Experience Design

- The routine and continuous innovation of Customer Journey Touchpoints (CJT) plays a pivotal mediating role in influencing the impact of Customer Journey Touchpoint Mapping (CJTM) on competitive differentiation (DIF). The mapping and routine innovation of customer journey touchpoints are essential for driving differentiation and improving financial performance. This process includes the entire customer journey from pre-purchase, purchase, and post-purchase stages, as well as mapping the rational and emotional experiences intended for customers at each touchpoint and the people, processes and technology impacted.



Customer Understanding and Insight

- Customer Data Collection (CDC) and Customer Data Analysis (CDA) alone do not significantly impact Differentiation (DIF). However, when CDC and CDA are combined, with CDA playing a moderating role, their effect on DIF becomes evident. Only businesses with above-average CDA capabilities gain a competitive advantage from collecting more customer data. The key insight is that a business's ability to differentiate and gain a competitive edge hinges not on the amount of customer data collected but on the quality of their customer data analysis capabilities. In essence, customer data collection alone is insufficient; effective differentiation relies on the quality of customer data analysis.

CX Performance Metrics and Measurement

- The study found a positive relationship between the collection of CX performance metrics (CPMC)—including descriptive, perception, behavioural outcome, and attitudinal outcome metrics—and the generation of actionable insights (CPMI). There is also a positive relationship between having a CX performance metrics framework (CPMF) and generating insights (CPMI). However, the role of CPMF as a moderator between CPMC and CPMI is not significant and can even be counterintuitive. A rigid or unsuitable CPMF might hinder the conversion of collected metrics into meaningful insights. Further analysis showed that without an active CPMF, collecting more metrics does not correlate with an increase in insights. However, with an effective CPMF, there is a notable positive trajectory between CPMC and CPMI. This indicates that merely having a CPMF is not enough; its efficient and appropriate deployment determines its efficacy. The inherent value of CPMF is therefore realised not through mere adoption but through strategic implementation. Therefore, rigid CX performance metrics frameworks can hinder insights, while their efficient and strategic deployment enhances effectiveness.

Customer Experience Management and Maturity models

The research has formulated two distinct yet complementary CXM Maturity Diagnostic Instruments, providing businesses with empirically validated tools to effectively assess their CXM maturity. These instruments not only fulfill the research objectives but also address the tangible need for businesses to strategically refine their CXM practices. By bridging theoretical findings with actionable tools, these instruments offer businesses a roadmap to navigate the complexities of CXM.

Informed by the identification of essential CXM dimensions and practices, these tools reveal a distinct pattern regarding maturity levels. Businesses with higher maturity, particularly in Mapping Customer Journey Touchpoints (CJTM) and routine innovation (CJTI), are better positioned for Differentiation (DIF), which subsequently improves Financial Performance (FP). These instruments help businesses channel resources towards maturing CXM practices that significantly influence financial performance and enhance competitive advantage.

What Are Maturity Models and How Are They Created?

Maturity models are frameworks that assess the maturity of an organisation's processes, structures, or capabilities against predefined benchmarks. They help organisations understand their current level of competence, identify areas for improvement, and provide a roadmap for progression. These models are typically structured in stages, ranging from initial, ad hoc



processes to optimised and continually improving practices integral to the daily operations of a business.

Creating maturity models involves a systematic process of theoretical analysis and empirical validation, including:

- Theoretical Framework Development: Drawing on existing literature and practical insights to define the key dimensions and components of the maturity model.
- Empirical Validation: Using data collected from organisations to test and refine the model, ensuring its applicability and reliability.
- Iterative Refinement: Continuously improving the model based on feedback and new insights to enhance its relevance and effectiveness.

The Current State of Maturity Models within CXM

In CXM, maturity models are used to evaluate the effectiveness and integration of CX practices within an organisation. However, there is no standardised approach to CXM maturity assessment. Existing models vary widely in structure and focus, leading to challenges in comparative analysis and practical application.

Practitioners and consultancies often propose that businesses begin operationalising CXM by assessing their current CX practices through a CXM maturity assessment matrix. The challenge is that there is no sector standard; each business has its own understanding of maturity and CX practices. Additionally, there are no standards for how an evaluation should be conducted, nor are there constraints on what it can measure. The variety of available matrices makes it challenging to comprehend and conduct a comparative analysis of CXM maturity and the CX practices it should comprise.

These challenges are further complicated by different understandings and distinctions made by academic researchers, practitioners, and consulting firms on terms such as 'implementation pathways and processes,' 'maturity models or maturity matrix,' 'CX best practices,' 'CX capabilities,' 'CX dimensions,' 'people competencies,' and 'core organisational competencies,' which are often used interchangeably or with different intentions.

There has been some, albeit limited, academic research on the development and operationalisation (measurement) of the CXM construct, empirically linking the essential CXM dimensions to differentiation and outcome variables. However, identifying key CXM practices (measurable items) as drivers for the essential CXM dimensions, integrating them into a maturity framework, and analysing their relationship with market and financial performance has been lacking in theory and empirical validation.

Assessing some of the popular CXM maturity matrices created and implemented reveals that all are structured similarly. Typically, these matrices are arranged into maturity stages, usually ranging between four and six stages, with specific themes and related practices of CXM progressively building upon one another towards maturity. However, the precise terminology used to describe these themes and practices can vary, with terms like 'disciplines,' 'competencies,' 'factors,' or 'dimensions' often used interchangeably. Furthermore, each matrix selectively emphasises certain aspects, thus representing varied interpretations of the concept.

As noted by Bruce Temkin, director of the Qualtrics XM Institute, the absence of a standard set of CX assessments in every company complicates the concept of 'maturity' and makes it unique to every organisation. Furthermore, no standard exists for what an assessment should entail or



what aspects it should measure. With no standard comprehensive CXM maturity matrix available, the variance in available matrices complicates the understanding and comparative analysis of CXM maturity.

Most CXM maturity matrices do not indicate the intended purpose of the resulting maturity assessment being descriptive, prescriptive, or comparable in nature. This ambiguity might be due to these matrices not being developed from a standardised maturity matrix framework and can therefore be denounced as 'step-by-step recipes' that oversimplify reality and lack empirical foundation. The development of effective maturity matrices requires them to include improvement measures for each maturity stage and available stage of granularity in the sense of good or best practices, disclosing potential for improvement.

Businesses fully acknowledge the importance of adapting and implementing changes to increase their maturity in CXM to become customer-centric. Since most leading CXM maturity matrices can be classified as descriptive maturity models assisting businesses in determining the current status quo, they do not always guide the business's leadership on how to effectively implement and manage the complex process of maturity improvement for increased performance to become fully customer-centric. Rarely are clear prescriptive and comparable CXM maturity models applied that will assist business leaders with a specific roadmap for improvement and comparative benchmarking practices, linking back to the maturity matrix and intended strategy.

Failing to integrate CX best-practice implementation processes into the current business strategy and operations introduces a parallel strategy deployment process around CXM, ring-fencing CX in a silo from daily business management. Another potential challenge that businesses face at the implementation of CXM is wrestling with the balance of 'working in their business' while simultaneously 'working on their business' due to the complexities arising from halting current modus operandi and introducing a new operational model to accommodate the management of CX mechanisms for improved maturity.

CXM Maturity Diagnostic Instruments

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Each practice in the CXM maturity diagnostic instruments stands as a global benchmark, aligning with stage 5 of the maturity journey, denoted as global sustainable performance excellence. These practices are broken down into sub-practices or core components, underscoring the foundational actions that culminate in holistic best practices. The instruments encapsulate the trajectory of a business's CXM maturity, from fragmented initiatives to an advanced, systematised approach, traversing stages 1 through 5 of maturity.

The evaluation process is rooted in self-assessment, where organisations assess their competence against each of the 43 measuring items. A score of 1 indicates no engagement in the associated best practice, while a score of 5 signifies consistent application, representing an advanced state of maturity. This gradient provides businesses with a tangible metric, mapping their CXM maturity progression from foundational efforts to integration, optimisation, and excellence.



To optimise the utility of the CXM Maturity Diagnostic Instruments, organisations are advised to adopt a systematic methodology. Establishing a baseline is paramount to identify current practices and discern areas requiring improvement. Periodic reassessments, aligned with prevailing industry benchmarks, ensure that CXM maturity evolution is tracked and strategically directed.

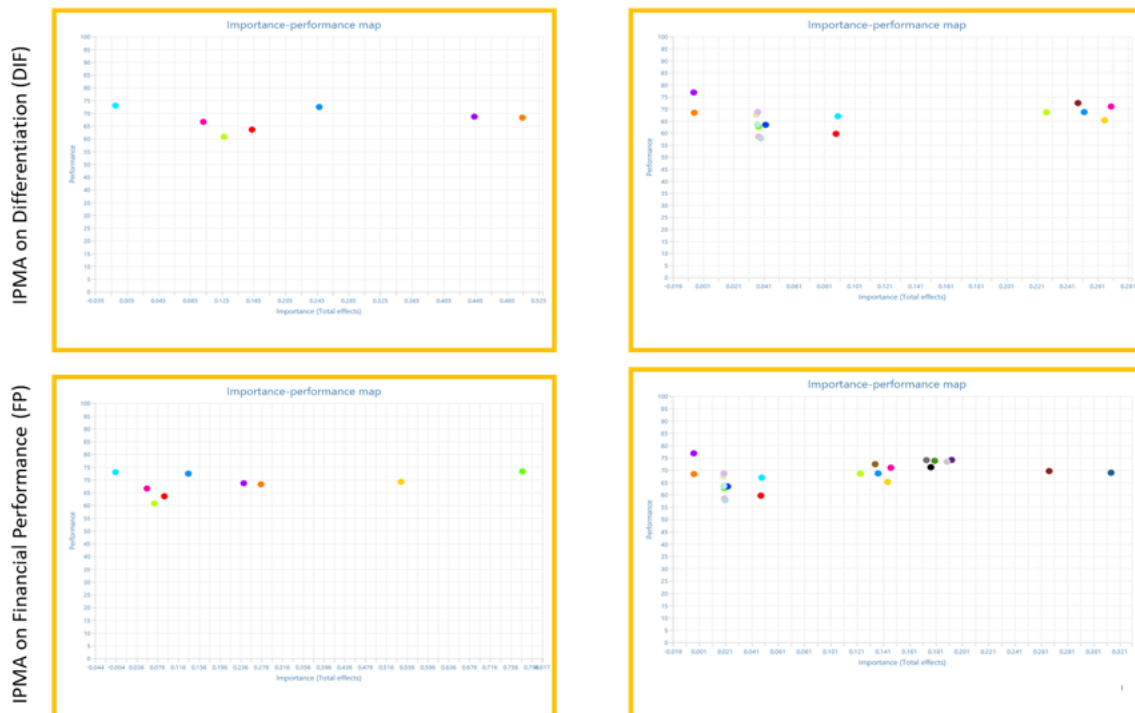
The realm of CXM is expansive and complex, necessitating diagnostic instruments that address specific levels of assessment. The *Comprehensive CXM Maturity Diagnostic Instrument* facilitates exhaustive exploration with its 43 measuring items, covering all essential aspects of the three critical CXM dimensions identified in the study. This instrument provides a detailed roadmap for progression from initial stages to optimised practices.

In contrast, the *Impact-Driven CXM Maturity Diagnostic Instrument* focuses on the most impactful practices, helping organisations prioritise key areas that drive business differentiation and financial performance. Featuring 16 empirically validated best practices, this instrument is derived from the foundational comprehensive maturity diagnostic instrument. The structured ranking of the CXM practices reflects each practice's empirical impact on business differentiation and financial performance.

By integrating these diagnostic tools into their strategic planning, businesses can steer their efforts towards practices with the most substantial returns within the broader context of CXM. Additionally, the consistency in evaluative methodologies across both instruments ensures that businesses can transition and adapt with ease, enhancing the instruments' applicability and utility.

Figure 3

IPMA of the Influence of Specific CXM Measuring Items on Differentiation and Financial Performance





Conclusion

This study offers valuable insights into the essential dimensions of Customer Experience Management (CXM) and their significant impact on competitive advantage and business performance. By comprehensively understanding customer experience design, customer understanding and insights, and CX performance metrics and measurement, businesses can strategically enhance their CXM practices to drive substantial improvements in market and financial performance.

The maturity models developed in this research serve as practical, empirically validated tools for organisations to assess and refine their CXM strategies. These tools ensure that efforts are directed towards the most impactful areas, establishing CXM as a key differentiator in today's competitive landscape. Emphasising maturity and continuous improvement allows businesses to adapt to the ever-evolving nature of customer preferences and market dynamics, maintaining a proactive stance to stay ahead of the competition.

Effective CXM requires a holistic approach that permeates all aspects of business operations, focusing on the core trifecta of organisational competencies: People, Processes, and Technology Systems. The research underscores the importance of integrating CXM into the broader strategic framework of an organisation. By adopting a systems-thinking methodology, businesses can ensure that various organisational components work in unison, often resulting in outcomes that transcend the capabilities of individual elements. This includes continuous employee development, aligned digital transformation strategies, and the adoption of emerging technologies such as AI, big data, and analytics.

For businesses embarking on their CXM transformation journey, the insights from this research provide a clear roadmap. The managerial implications derived offer fundamental insights for leveraging CXM as a competitive differentiator for improved business outcomes. As businesses navigate the complex landscape of CXM, these tools and insights help prioritise focal areas and discern optimal starting points.

Let's Connect and Collaborate

I am excited to discuss these findings further and explore how they can be tailored to benefit your organisation. These insights and tools developed can help your business achieve competitive differentiation through effective Customer Experience Management and enhanced performance.

If you are interested in leveraging these findings to transform your CXM practices and implement the CXM Maturity Diagnostic Instruments, let's connect and collaborate to advance your business's CXM transformation journey.

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