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Summary

HBR Webinar | Recorded September 24, 2024

# The Evolution of Customer Experience

Featuring Elizabeth Buchanan and  
Alex Clemente

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# The Evolution of Customer Experience

## PRESENTERS:

**Elizabeth Buchanan**, President, North America, NielsenIQ

**Alex Clemente**, Managing Director, Harvard Business Review Analytic Services (HBR-AS)

## MODERATOR:

**Todd Pruzan**, Senior Editor, Research and Special Projects,  
*Harvard Business Review*

## Overview

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The customer journey affects brand loyalty, revenue, profits, and more. However, while critically important, effectively managing the customer journey to deliver outstanding customer experiences—at this time when the customer experience (CX) landscape is changing rapidly and customer expectations are rising—is a complex task and few organizations are excelling.

To succeed in this changing CX environment, companies must take an ecosystem approach, address data issues, move to hyper-personalization, and embrace AI and change management.

## Research Summary

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Alex Clemente summarized findings of a just-completed HBR-AS survey on the evolution of customer experience. With over 250 responses from across the globe, the survey focused on senior and executive-level management at large organizations that make or market physical consumer goods. Participants were screened for knowledge of their organization's customer journey strategy.

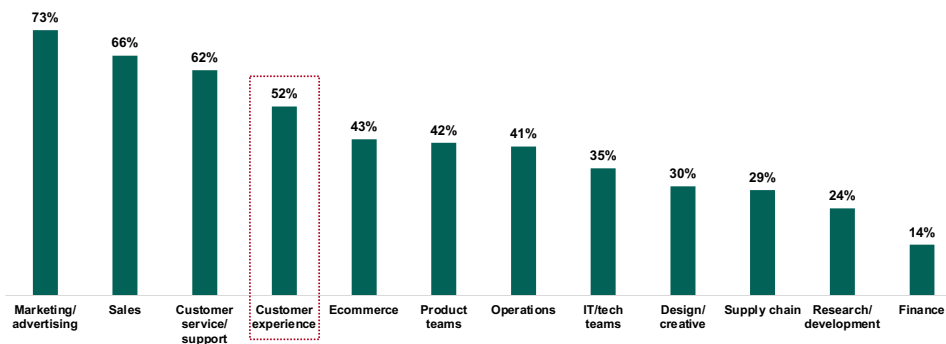
## Key Survey Findings

1. **Increasingly complex commerce and marketing channels exacerbate CX challenges.** Respondents overwhelmingly think it's important to create customer journeys that are seamless, personalized, and consistent. But the rapid increase in consumer-facing channels is making that difficult. Three-quarters of executives expect the number of marketing channels to increase in the next two years.
2. **Responsibility for CX makes it hard to create an optimal experience.** Demonstrating the complexity of managing the customer journey, nearly two-thirds (63%) said their organization does not have a single leader or team responsible for overall ownership of the customer journey.

Approximately three-quarters say their marketing and advertising teams manage the customer journey, but numerous other functional areas are involved. This makes it a challenge to deliver a consistent CX.

Figure 1: At your organization, what teams are involved in managing the customer journey?

### 73% say the marketing/advertising team manages the customer journey at their organization



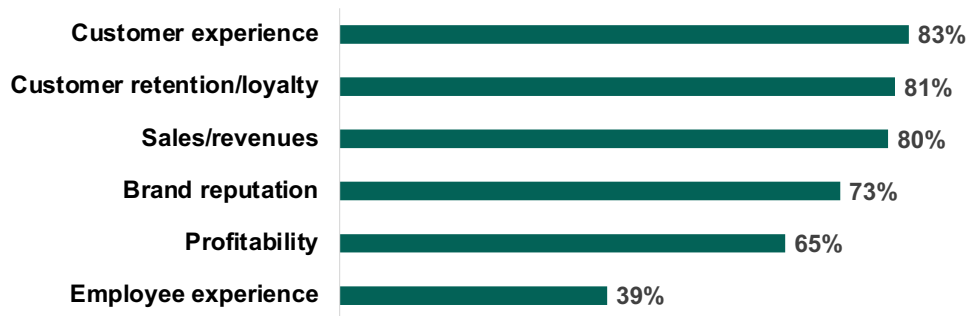
**3. Mediocre assessments of customer journey reveal room for improvement.** Only one-third of respondents say their customer journey is very consistent, and only 20% report it is seamless.

Figure 2: Where to improve the customer journey



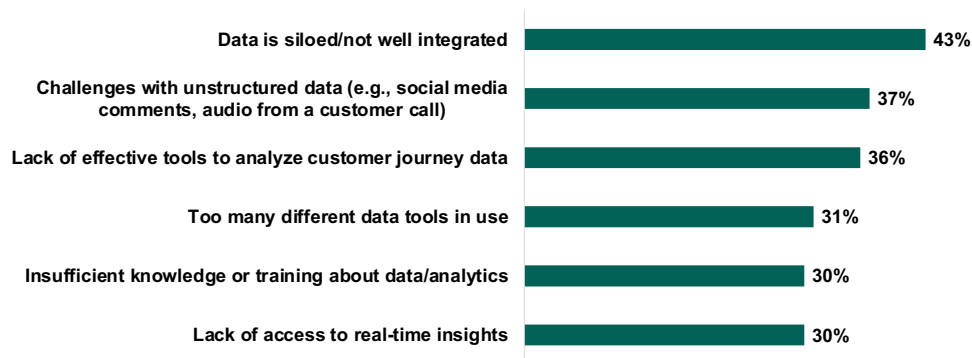
The quality of the customer journey has a significant impact on multiple aspects of the business, including customer retention, revenue, profitability, and more.

Figure 3: What the quality of the customer journey impacts:



4. **Data issues present a challenge in building a single view of the customer.** More than half of respondents say their organization lacks sufficient internal collaboration to provide a good CX across channels, and 68% say blind spots in customer journey data have a negative impact on their organization. Among data issues, nearly two-thirds of respondents point to the lack of a single, common source of customer journey data.

Figure 4: The top customer journey data issues



5. **Organizations are looking at collaboration and data to improve CX.** The top actions organizations are looking at to improve the customer journey are increasing collaboration, improving customer data, and getting better metrics. In addition, when looking at third-party vendors to enhance CX, top priorities are to provide analysis and customer insights, along with integrating new and existing data.
6. **An earlier multiyear HBR-AS CX study revealed key generational shifts.** Three studies, conducted by HBR-AS from 2019-2022, illuminated significant trends. In 2019, Boomers and Millennials differed regarding online commerce and personalization, with Boomers wary to the point of frequently checking out as “guest,” and Millennials very open with their personal data. By 2022—following changes in consumer habits during and after the pandemic—attitudes of these demographic groups were much closer. Boomers were more accustomed to online shopping, while Millennials had acquired assets and were more guarded about marketers using their personal data.

## Discussion - Key Takeaways

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NielsenIQ's Elizabeth Buchanan shared reactions to the survey and insights into customer service trends.

### **Trends in CX in how organizations think about customer experience.**

Customer experience has always been a critical driver of business performance, but is especially relevant today due to changes in how consumers experience products. Today's fragmented experience is both digital and physical, takes place across various social platform, and involves digital ads, traditional media, SMS, and more.

CX involves both risk management and the opportunity for meaningful engagement. Key trends include:

- **Verticalization.** Especially in retail, there is a move to executing an end-to-end experience, from discovery through purchase and beyond.
- **Hyper-personalization.** A majority of customers want a personalized shopping experience. Data and technology are taking this to the next level.
- **Transformation of company culture.** The focus on CX is changing company culture. Organizations are making changes to build end-to-end CX more deeply into the design. Incentive structures are valuing CX more. And distributed decision making is focused on ensuring the culture is customer focused.

### **An “ecosystem approach” is better than a multichannel approach.**

On average, a shopper uses eight means to obtain one product. For organizations, this means that an ecosystem approach is better than a multichannel approach, which is more prone to silos. Instead, an ecosystem reduces friction. GenZ, soon to be the dominant purchasing generation in the U.S., values the ability to find a brand wherever they are, and they expect the presence to be consistent across channels.

*“We think about ecosystems. It’s about enabling that seamless experience across the entirety of commerce.”*

— Elizabeth Buchanan, NielsenIQ

### **Social commerce plays a big and increasing role.**

For example, the TikTok Shop became a top 10 beauty retailer in the U.S. within just months of its launch. Influencers play an important role in transforming brand awareness into brand advocacy. Social commerce can shrink the time from awareness to purchase, in part due to the sophistication of the algorithms’ knowledge of end users. Authenticity is especially prized by GenZ, enhancing the value of influencers over celebrity endorsements. Social commerce also plays an important role in building community, which offers an important data opportunity.

*“You can’t really overstate the potential disruption that social commerce will have. And, frankly, already has had.”*

— Elizabeth Buchanan, NielsenIQ

### **Overall shift in the role of brands in consumer decision making.**

Brand loyalty is declining. Almost 80% of product searches on Amazon are unbranded. Instead, enabled by digital commerce, consumers search by attributes.

*“Consumers now care a bit more about what’s in the box versus what’s on the box in terms of branding.”*

—Elizabeth Buchanan, NielsenIQ

At the same time, store brands have become more sophisticated to the point where GenZ and Millennial consumers no longer see them as inferior. A significant capability that national brands retain, though, is the ability to drive category awareness. Driving shoppers to a whole category is a key path to retaining relevance and bringing back some loyalty.

### **Data stewardship plays a key role, especially in balancing hyper-personalization and privacy.**

Achieving hyper-personalization while respecting data sensitivity is just one component of data stewardship. Regulatory compliance is the baseline requirement, but data stewardship reflects a broader evolution to “the personalization of the future,” especially with the rise of generative AI. As organizations use data to drive decision making, it’s important to have a robust framework in place for data stewardship that encompasses permissible use, removing bias, and training models equitably.

### **AI will inevitably play a role in customer experience.**

The use of AI in customer support was an early application of AI in the customer experience; this is now prevalent and will only improve. When done well, customers are unaware of AI.

As organizations adopt AI in the CX, it is vital to be vigilant against the potential downsides of AI, like bias. That’s because getting it wrong can quickly erode trust, which eliminates any goodwill built by improving the CX. It is also important to seek ongoing customer feedback.



### **Keys to overcoming the inevitable challenges.**

When facing challenges in enhancing customer interactions, organizations can benefit by:

- **Continuously monitoring the landscape.** Things are shifting rapidly: channels, technologies, and competitors all have the potential to be disruptive. It's important to have a willingness to experiment, layered on top of a model that takes in intelligence about the landscape.
- **Embracing change management.** It's important to not overlook the change management associated with centering the customer experience across the entire organization. This is important when building an organization rooted in the voice of the customer.

*“In looking at how to design the best customer experience, how do we ensure that every step along that change journey is planned with the end-user experience in mind? Implementing new technologies or changing to an ecosystem model or putting AI in the mix or thinking about how we get more vertically integrated—all of those need to have the experience in mind.”*

*—Elizabeth Buchanan, NielsenIQ*

This webinar was originally presented online on September 24, 2024.

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**Elizabeth Buchanan** leads the North American business for NielsenIQ, a global information services firm serving the consumer goods and retail industries. In this role, she is accountable for the U.S. and Canadian markets, across all NIQ business lines and customer segments. During her 17 years at NIQ, Liz has held various leadership roles in customer success, sales, product development and technology deployment. Most recently, she oversaw NIQ's customer-facing analytics and servicing teams around the world and led the successful rollout of the NIQ self-serve analytics platform, NIQ Discover, across 85 countries.

Liz has worked extensively across the U.S. and global markets and has specific expertise in data governance and stewardship, data management processes, technologies and analytics. She regularly consults with customers to help them achieve their transformation goals in this rapidly evolving space.

Liz sits on the board of directors for ComEd, an Exelon company, and several Chicago-based non-profits including Nourishing Hope, Chicago Humanities, Cradles to Crayons and World Business Chicago. Liz is an active champion for civic causes, regularly dedicating her time advocating for diverse political representation through fundraising, organizing and policy work at the local and national level. Liz is a Class of 2022 Leadership Greater Chicago (LGC) Signature Fellow and a member of the Economic Club of Chicago.



**Alex Clemente** is the founding managing director of Harvard Business Review Analytic Services, an independent research unit within Harvard Business Review Group that conducts research and comparative analysis on management challenges and emerging business opportunities for corporate sponsors. He was previously the associate publisher of *Harvard Business Review* in charge of global sales. Prior to joining Harvard Business Publishing, Clemente was senior VP of sales and marketing for *CFO Magazine*/The Economist Group and senior director of international advertising for *USA Today* prior to that. He is a member of the Harvard University Analytics Staff Consortium and a former board member of the International Advertising Association of New York. He appears frequently, presenting research findings, on HBR Analytic Services Webinars via HBR.org.



**Todd Pruzan** has spent his career on both sides of the editorial-advertising aisle and now plants one foot in each. A longtime digital and magazine editor and writer, he has covered business, design, media, and culture at publications including Condé Nast Portfolio, Print, and Advertising Age. He was an editorial director at Ogilvy, where he helped establish and led IBM's Brand Newsroom, and other agencies, supporting agency clients including BlackRock, Ally Bank, Aetna, and American Express. Prior to joining Harvard Business Publishing, he was VP of marketing and communications at the American Association of Advertising Agencies (4A's).

## NIELSENIQ PERSPECTIVE

In today's hyper-connected, data-driven world, the customer journey is evolving at an unprecedented pace. On August 24, 2024, I joined **Alex Clemente**, Managing Director at Harvard Business Review Analytic Services, for an exclusive live webinar exploring how businesses can optimize customer experience (CX) and thrive in a competitive marketplace. We focused on the challenges and opportunities surrounding CX and how companies can navigate this complex landscape to build long-term success.

CX has always been a cornerstone of organizational success, but now it holds even greater importance. In a digital age where customer interactions are highly visible, CX can make or break a brand. Companies that excel in CX are better positioned to thrive in today's competitive marketplace, where customer expectations are at an all-time high.

However, the CX landscape has become incredibly complex. Consumers interact with brands across a growing number of digital and physical channels, expecting seamless, personalized experiences at every touchpoint. Our joint study with Harvard Business Review revealed that nearly **two-thirds of organizations** struggle to manage CX effectively across these platforms, often due to siloed systems and data blind spots. This makes it difficult for brands to deliver cohesive journeys.

So, how can companies master this increasingly important yet challenging concept of CX?

- 1. Vertical Integration is Emerging as a Solution.** One key trend reshaping the CX landscape is the vertical integration of retail and media. Leading retailers are taking control of the entire customer journey, from discovery to purchase, by building or acquiring their own media assets. This allows them to personalize the customer journey and create more engaging experiences. For brands, aligning product offerings with personalized, data-driven experiences is crucial to staying competitive.
- 2. Putting the Customer at the Center.** At its core, CX is about putting the customer at the heart of everything. Personalization is no longer optional—today's consumers, particularly Gen Z, expect authentic and consistent interactions across all platforms. Gen Z is driving a new wave of customer expectations, valuing authenticity and omnipresence in the brands they engage with. To succeed, companies must go beyond transactional interactions and deliver personalized experiences that resonate with customers.

**3. Data is the Foundation.** A successful CX strategy is built on well-organized data across all channels. Yet, over half of organizations struggle with siloed and unstructured data, preventing them from gaining the full insights needed to drive effective CX. To overcome this, businesses must invest in data infrastructure, break down silos, and use data responsibly. By doing so, they can better understand consumer behavior, anticipate needs, and create frictionless, personalized experiences.

As omnichannel shopping becomes the norm—**96% of households engage** in both in-store and online shopping— companies must unify CX across all touchpoints. Breaking down silos, leveraging data effectively, and placing the customer at the center of every strategy will allow businesses to meet the ever-evolving expectations of today’s consumers. Ultimately, CX is a human experience, and the brands that prioritize this perspective will thrive in an increasingly complex and competitive environment.

To learn more and dive deeper into these insights, be sure to check out the full webinar recording.



Liz Buchanan, President, North America, NielsenIQ