

Master's thesis

Master of Business Administration, Leadership and Service Design

2020

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DESIGNING FOR DECISIONS

HELPING ORGANIZATIONS MAKE CUSTOMER
EXPERIENCE RELATED INVESTMENT DECISIONS



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Helping organizations make customer experience related investment decisions

The objective of this thesis was to design a decision-making framework that could assist organizational actors in assessing customer experience related investment options and make more justified decisions over them. In mature economies, services offer more possibilities for differentiation from competition than product features do, and service design has thus become of more importance for organizations. However, most of the literature on service design focuses on how to develop services, whereas little emphasis has been placed on what parts and elements of the service to develop.

The key research questions of this thesis addressed the challenges the decision-makers face when making customer experience related investment decisions, the aspects of customer experience and business they should analyze in order to make a justified assessment of different investment options and the process of systematically analyzing the relevant aspects in order to produce actionable insights for decision-making. The research questions formed a basis for the decision-making framework by addressing both the needs of the potential users of the framework as well as the foundations for the solution.

The contents of this thesis are structured around the framework design process. Thematic and rhetorical analysis were used to analyze previous research on customer experience management in hundreds of organizations globally and local interviews conducted specifically for this thesis. Collaborative methods, such as workshops and retrospective sessions with potential end-users of the framework were utilized throughout the project in order to continuously validate the viability of the framework and ensure that it met the needs of the decision-makers.

KEYWORDS:

Customer experience, service design, decision-making, service development

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Tämän opinnäytetyön tavoitteena oli suunnitella viitekehys asiakaskokemukseen liittyvien investointivaihtoehtojen vertailun ja perustellun päätöksenteon tueksi. Kypsissä kansantalouksissa palvelutuotanto tarjoaa laajemmat mahdollisuudet erottautua kilpailijoista kuin mikä tuotteiden ominaisuuksien differoinnilla on mahdollista, minkä johdosta palvelumuotoiluosaamisesta on tullut entistä tärkeämpää organisaatioille. Suurin osa palvelumuotoiluun liittyvästä kirjallisuudesta keskittyy kuitenkin siihen, *kuinka* palveluita kehitetään, kun taas sille, *mitä* palvelun osia tulisi kehittää, ei ole juurikaan annettu painoarvoa.

Tämän tutkimuksen avainkysymykset käsittelivät niitä haasteita, joita päätöksentekijät kohtaavat tehdessään asiakaskokemukseen liittyviä investointipäätöksiä, niitä asiakaskokemuksen ja liiketoiminnan näkökulmia, jotka tulisi huomioida investointivaihtoehtoja arvioitaessa, sekä sitä prosessia, jonka avulla näitä näkökulmia voidaan arvioida systemaattisesti päätöksenteon tueksi. Tutkimuskysymykset muodostivat perustan päätöksenteon viitekehysten suunnittelulle käsittelemällä sekä sen potentiaalisten käyttäjien tarpeita että niiden ratkaisemisen edellytyksiä.

Opinnäytetyön sisältö on jäsennelty viitekehysten suunnitteluprosessin ympärille. Temaattista ja retorista analyysia käytettiin aiempien asiakaskokemuksen johtamista käsittelevien tutkimusten sekä opinnäytetyötä varten suoritettujen haastatteluiden analysointiin. Yhteiskehittämisen metodeita, kuten työpajoja ja retrospektiivitapaamisia yhdessä potentiaalisten viitekehysten loppukäyttäjien kanssa hyödynnettiin läpi suunnitteluprojektin. Näin voitiin samalla jatkuvasti validoida viitekehysten toteuttamis- ja käyttökelpoisuutta ja varmistaa, että se vastaa päätöksentekijöiden tarpeisiin.

ASIASANAT:

Asiakaskokemus, palvelumuotoilu, päätöksenteko, palvelukehitys

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LIST OF ABBREVIATIONS

B2B	Business-to-business
B2C	Business-to-consumer
CAC	Customer acquisition cost
CX	Customer experience
CEM	Customer experience management
CEO	Chief executive officer
CLTV	Customer life-time value
CMO	Chief marketing officer
CRM	Customer relationship management
CSAT	Customer satisfaction score
fMRI	Functional magnetic resonance imaging
NPS	Net promoter score
ROI	Return on investment
TRS	Total return to stakeholders

CENTRAL CONCEPTS

The central concepts for this study are explained below in brief. The descriptions are derived from the ones presented by Stickdorn, Hormess, Lawrence and Schneider (2018) and Kalbach (2016).

Business model canvas: A strategic management tool for discovering and visualizing different business models.

Customer experience: A customer's holistic perception of their experience with an organization.

Customer persona: A profile representing a particular group of people; an archetype based on research.

Customer journey: The path of sequential interactions a customer has with the organization (or related third parties) while becoming aware and investigating the organization's offering, making purchase decisions, using the product or service and potentially becoming an advocate for the organization.

Customer segment: A group of customers who share similar needs and/or attributes, based on which they are purposely grouped together for organizational purposes, such as service development and marketing.

Job to be done: The end-goal a customer or a user wants to achieve by using a product or a service.

Process model canvas: A management tool for planning and visualizing the implementation processes of a business model or a development project, for example.

Service blueprint: A visual diagram that illustrates the different components of the service and their dependencies along the journey; people, tools, physical artifacts and processes, for example.

Stages of a customer journey: The main phases of the customer's journey, such as "need recognition", "purchase decision" and "post-purchase behavior", for example. Usually defined on a case-by-case basis for different organizational contexts.

Stakeholder: A party that has an interest in, or can influence the issue at hand.

Touchpoint: All customer interactions with an organization (or interactions with third parties that are related to the relationship between the customer and the organization).

1 INTRODUCTION

Service design, while not a new concept as such, has emerged to the wider public knowledge in the 21st century as a response to economies maturing and moving from manufacturing towards service production. Services already account for 70 to 80 percent of the economies of mature countries and the amount of them is growing rapidly in developing countries as well. Whereas the differentiation potential of products tends to reduce with the maturation of industries, services have proven to offer more possibilities for positioning one's offering distinctively from the competition. (Reason, Løvlie & Brand Flu 2016, 2.)

The rise of service design has also been supported by the increase in customers' expectations. Consumers are now expecting to gain more for their money spent, even if they once merely accepted what they were able to get (Reason, Løvlie & Brand Flu 2016, 3). This seems to be the other side of the coin when talking about mature economies: the more products, services and brands there are available to choose from, the more customers expect from the options they choose. Thus applying science to something that earlier was perhaps considered to be just person-to-person courtesy is now more important – it is a matter of economic growth in maturing economies (Fleming 2019, xii).

While service design has become an acknowledged component of developing businesses, a major part of the existing literature still revolves around *how* to utilize service design – the methodologies, tools and exemplary use cases. Very little emphasis has been put on *what* to use service design for: how to define which parts of the service to develop to make investing in development worthwhile for both the customers and the business. As the global discussion is emphasizing the era of the customer, many organizations may recognize the need for improving their customer experience but don't know which aspects to improve for maximum effort. This can lead to investing in wrong projects or refraining from doing anything at all, out of the fear of engaging resources in the wrong projects.

On the other hand, as the amount of data at organizations' disposal has grown rapidly, it may be difficult for decision-makers to identify which data are critical to look at to make a decision – and which are just noise. Moreover, customer experiences and preferences are notoriously difficult to objectively quantify and measure in a continuous manner. This can leave decision-makers balancing between two unfavorable extremes: making arbitrary decisions based on "gut feelings" or retreating into abstraction and relying obsessively on

numbers, reports, and analyses – and perhaps eventually not reaching a decision at all, as the data is never comprehensive enough to cover the whole situation. (After Polaine, Løvlie & Reason, 2013 and Langley, 1995.) In reality, with practice, most decision-makers likely operate between these two extremes, but finding the most productive balance may be difficult especially in situations where decisions are made about complex, multifaceted aspects of the business.

For organizations that are taking their first steps towards continuous improvement of customer experience (CX), the situation described above may pose a wicked dilemma. They have been equipped with the tools to develop their services, but have received only little guidance into deciding what aspects of their services to develop. The existence of this challenge has also been evident in the line of work of the author of this study, both as an external growth strategy consultant and as an in-house manager responsible for development, during the past five years. The lack of return-on-investment (ROI) qualified metrics and proper understanding of the customers make it difficult for managers to communicate about the needs for service improvements, resulting in difficulties in decision-making as well. The goal of this study is thus to investigate the challenges decision-makers face when trying to decide which areas of business to improve, and design a framework to guide them through the decision-making process in order to make more justifiable investment decisions.

1.2 Key research questions

To be able to design a decision-making framework for customer experience development project investments, three questions need to be answered:

1. What are the biggest challenges decision-makers face when making customer experience related investment decisions?
2. Which aspects of business and customer experience should decision-makers analyze when assessing customer experience development investment options?
3. How should decision-makers systematically assess the aspects of business and customer experience to produce adequate insights on which to base their decisions on?

The first research question is concerned with identifying the issues that are perceived to be hindrances to customer experience related decision-making. Understanding the pain points experienced by decision-makers is essential for designing a framework that can alleviate the pains and create value for them. The second and the third research question are related to the composition and usage of the framework: what are the aspects of customer experience and business it should address and how should they be assessed in order to provide value for the user. It should be noted here that the purpose of the two latter research questions is not to identify an exhaustive list of customer experience and business aspects and an assessment process that will be suitable for all organizations, industries and situations as such. The objective of the framework – and thus the second and the third research question – is rather to help decision-makers in identifying the aspects that are relevant in their specific context and use the framework's utilization process to assess them.

In this study, service design is not considered to have value in itself, but as a “means to an end” – as a methodology that can be applied to improve aspects of the business, helping deliver value to both the customers and the business itself. However, in addition to often being an object of the investment projects assessed with the decision-making framework, service design methods will also be applied to understand the customer experience and thus as an aid in making the investment decisions in the first place.

1.3 Design of the thesis

This thesis is divided into four parts. First, the previous literature around customer experience – the importance and the aspects of it – and decision-making in organizational context are discussed in chapter 2 in order to give the reader a basic understanding of both and to build a basis on which the more detailed perspectives are built on in the following chapters. Second, chapter 3 briefly introduces the methodology used to plan and design the framework, simultaneously giving an outline for the following parts of the thesis as well.

Third, chapters 4 to 6 exhibit the research, design and testing process for the decision-making framework exclusively, combining more detailed theories with descriptions of practical work, gathered insights and achieved results. Finally, the 7th chapter discusses the results, mirroring them to the research questions, practical applicability and potential future research motives.

The frame of reference (figure 1) – the set of theories, concepts and viewpoints which guide how the topic of this thesis is approached – is a multidisciplinary combination of both longstanding and more recent schools of thought. Customer experience as well as theories and tools for decision-making are discussed throughout the thesis, whereas the aspects of strategic management, financial and data analysis, customer experience metrics and measurement and behavioral economics constitute the basis for chapters 4 to 6 and the fundament for the framework’s design. While the contents of the decision-making framework derive from multiple different fields of business economics, the methodologies used to design the framework itself are deeply rooted in service design.

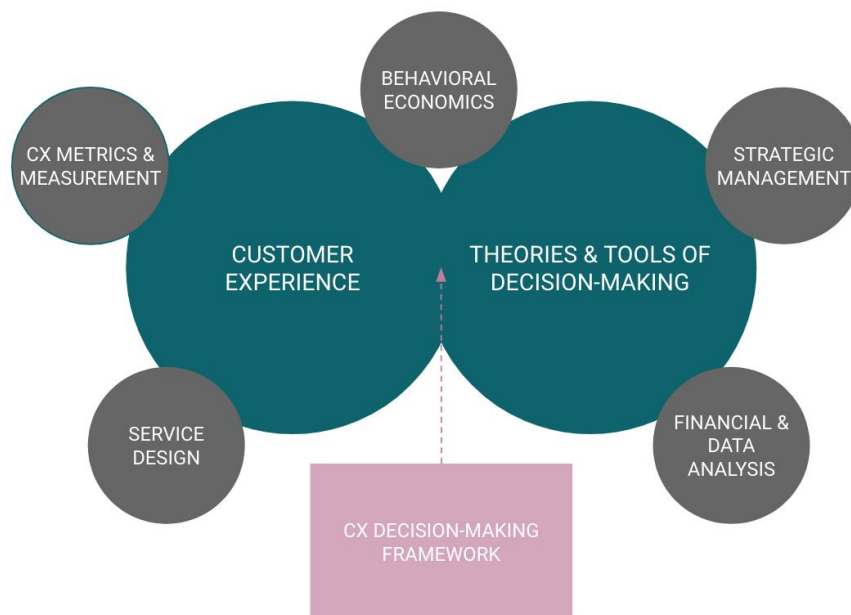


Figure 1. Frame of reference.

To assist the reader, certain figures in this thesis are also attached as larger versions in the appendices. This applies to the figures which, due to the contents of the images and the spatial constraints of the pages, may be difficult for some readers to thoroughly explore if presented only as smaller versions.

2 PROCESS AND METHODOLOGY

For the purpose of studying decision-making in customer experience management context, qualitative research methods are utilized to identify the challenges decision-makers are faced with and the extent to which they are currently managing their CX efforts, whereas service design tools and methodologies are used to design and test the decision-making framework. Two types of information will be utilized: primary and secondary. Secondary information – mostly consisted of existing research – will be collected and analyzed to form a perception of the potential challenges in decision-making in the field of customer experience development. These insights are then utilized to gather primary information from eight decision-makers from organizations operating in Finland to validate the hypotheses formed in the preliminary research phase and to gain deeper understanding of the perceived challenges. Both primary and secondary information are then utilized to design the decision-making framework, and primary information will be collected by testing the prototype with multiple decision-makers.

This project follows the double-diamond (figure 2) approach: the preliminary research phase being about discovery, the interview stage about defining the challenges, the decision-model framework designing and prototyping about development and the finalization and documentation of the framework about the delivery. The first “diamond” of the project will be used to validate the problem and the initial feasibility of the hypothetical solution, and the second part is dedicated to building an operational concept.

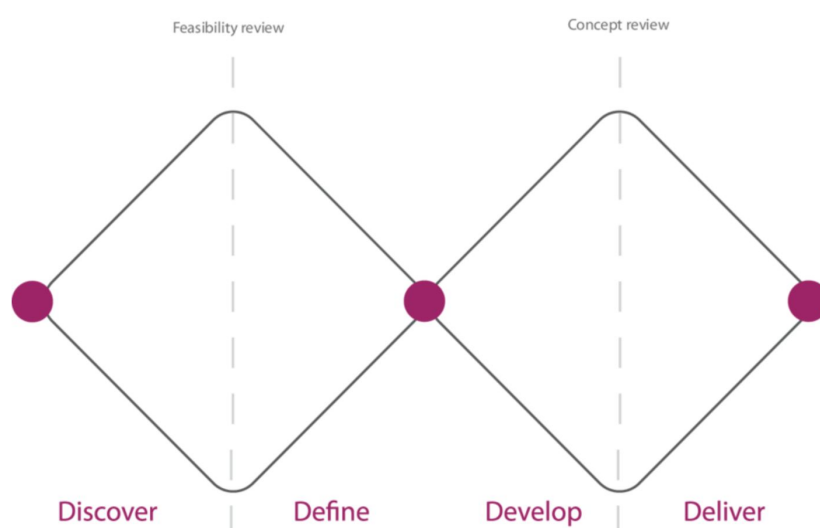


Figure 2. The double-diamond model (British Design Council)

The double-diamond model is supplemented by the double loop model (Pijl, Lokitz & Solomon, 2016), which displays the whole design phase as two loops that can be repeated multiple times in order to fine-tune the results before scaling the outcome of the process. This model complements the sometimes too linear visualization of the service design process by adding a layer of repeatability: it allows for going back from ideation to gaining more understanding, for example, or from moving from validation back to gathering more information and ideation. Figure 3 presents the double loop model, combined with the actual steps taken at each phase of this study, while the following subchapters briefly introduce the methods used at each stage of the double loop to gain insights, validate hypotheses and build and test the framework.

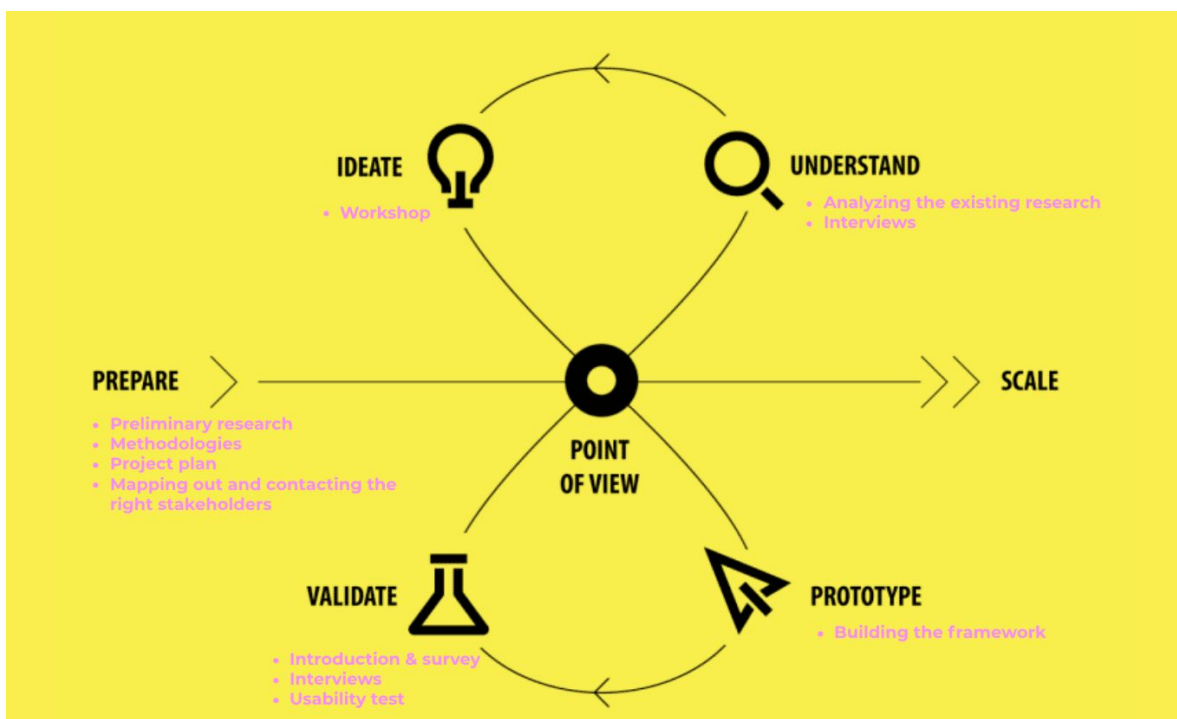


Figure 3. The double loop model (after Pijl, Lokitz & Solomon, 2016)

Preliminary research

Existing research on customer experience and decision-making is examined in order to gain a general understanding of both and the extent to which the subjects have been previously studied. The insights are used to form preliminary hypotheses about customer experience related decision-making challenges and to further define the questions that need to be answered within the following stages of the project.

Analysis of the existing customer experience management research

To gather a wider understanding of the issues the decision-makers are faced with when assessing CX related investment options, a set of previous research reports about CX management will be analyzed, both from an international and local context. This will help in narrowing down the assumptions of the challenges the Finnish decision-makers may face – assumptions that are to be validated and potentially corrected during the next stage of information gathering. Utilizing the previous research reports will allow for assessing insights gathered from hundreds of CX-related managers and leaders from various industries – a scope which would not be otherwise possible within the limitations of this study.

The interviews

Eight qualitative, semi-structured interviews are carried out to gather insights about the decision-making related challenges the leaders and managers in complex operating environments face. To gather insights from organizations where decision-making conditions are complex enough to justify utilizing a decision-making framework before making extensive investments, the following criteria will be used to choose interview participants:

1. **The organization serves a large, heterogeneous (prospective) customer base.** A large and heterogeneous customer base usually denotes that the clientele consists of multiple sub-segments and the organization thus needs to consider various types of expectations and needs when analyzing the customer experience.
2. **The organization operates in an industry where alternative service options are available and changing the service provider is effortless.** As indicated by Manning (2016), organizations whose customers face low barriers of change seem to have the most to gain financially from superior customer experiences, and should thus be more invested in making decisions about CX development.
3. **The organization employs over 30 people and/or produces its services in continuous co-operation with business affiliates.** This suggests that the decision-makers need to consider the effects of any new improvement projects on the different functions of the organization and the workflows of the operations.
4. **The most recent turnover of the organization is over 5 million euros.** This indicates that the organization likely has capital to invest in developing its operations and services.

Semi-structured interviews offer a balance between addressing predetermined subjects and open discussion, allowing interviewees to also bring up topics of their own, without strict guidance from the interviewer. Based on the author's own previous experiences with interviewing customers, this approach is fruitful in situations where the interview questions are based largely on hypotheses that need to be validated, but there is little certainty over whether the hypotheses include all the relevant aspects of what is being studied. Semi-structured interviews give more room for interviewee-originated opinions, thus making it easier to identify which aspects of an issue are the most important for the interviewee.

Framework building workshop

In order to ensure that the framework will be both feasible and beneficial to use, a workshop with potential users – ergo CX-related decision-makers – will be organized to build a preliminary concept for the framework. The workshop is used simultaneously to ideate what aspects the framework should cover and how the process of using it could work and to validate that the chosen aspects, methods and processes are actually feasible to implement in mid-sized and large organizations. Working with actual decision-makers will thus allow for defining the minimum lovable product, which in this context is defined as the intersection where the framework provides enough real value to be beneficial for organizations to adopt, in relation to the amount of resources that are required to use it.

Testing of the prototype

To test the decision-making framework in action, the prototype is introduced for feedback gathering purposes to a group consisting of potential users of it, in order to assess the perceptions of the usability and the usefulness of it. The prototype will also be tested in action by one organization: they will use the framework in order to determine which aspects of customer experience to prioritize in development to drive maximum value, while simultaneously assessing the process of using the framework and the quality of the outcome. The feasibility testing will consist of two workshops, but otherwise the testing process allows for the organization to use the framework freely, based on their own needs and resources, in order to test the true viability of the framework. Feedback is then gathered from the organization to determine whether they found the framework to be useful for their decision-making processes and if there are any pressing development needs they have identified along the testing period.

The key questions to gain this feedback include (but are not limited to) the following aspects:

- Is the process of using the framework convenient? (Why / why not?)
- Does the outcome aid in identifying the aspects of customer experience that should be prioritized? (How / why not?)
- Does the outcome help in making decisions about development investments? (How / why not?)
- Can you utilize the framework in the future to aid in decision-making? (Why / why not?)

Timeframe of the project

The project is completed in six months, starting with research from October through December in 2019, continued with ideation and concept design in January 2020 and building and testing the prototype through February and early March. The exact schedule for the phases involving potential end-users of the framework is presented in table 1, while figure 4 represents the overall timeframe of the project.

Table 1. Schedule of the project phases involving end-users

Activity	Schedule
Interviews (for understanding the problem)	<ul style="list-style-type: none"> • 10.12.2019 (2 interviews) • 12.12.2019 (3 interviews) • 13.12.2019 (1 interview) • 17.12.2019 (1 interview) • 20.12.2019 (1 interview)
Framework-definition workshop	13.1.2020
Online video presentation of the prototype	11.2.2020 (available as a recording for the subsequent 7 days)
Surveying online presentation attendees	Survey open from 11.2. to 17.2.2020
Interviews with online presentation attendees	<ul style="list-style-type: none"> • 14.2.2020 (2 interviews) • 17.2.2020 (1 interview) • 19.2.2020 (1 interview)
Trial usage: kick-off workshop	10.2.2020
A retrospective session for trial usage	9.3.2020

	OCTOBER 19	NOVEMBER 19	DECEMBER 19	JANUARY 20	FEBRUARY 20	MARCH 20
Exploration and analysis of previous research reports						
Preparing for interviews (recruiting, scheduling, planning)						
Interviews & analysis						
Framework-definition workshop						
Designing the decision-making framework						
Designing the prototype						
Testing the prototype: video presentation, survey & interviews						
Testing the prototype: Trial usage and retrospective session						
Analysis & documentation						

Figure 4. Timeframe of the project

3 UNDERSTANDING CUSTOMER EXPERIENCE AND DECISION-MAKING

There is plenty of previous literature available discussing the topics of decision-making and customer experience. It is thus necessary to define the ones fundamental for further investigating the relationship between customer experience, the management of it and the decision-making practices related to it. For the purposes of this study, the relevant literature has been divided into three sub-categories:

1. **Evaluating the importance of customer experience for organizational performance.** This is essentially the return-on-investment aspect of CX: why and when – if at all – is it justified to invest in developing the customer experience of an organization and what are the financial implications of such investments.
2. **Discussing the aspects that constitute a customer experience.** To determine the aspects of CX that drive ROI, it is essential to understand the items that customer experience is comprised of and how they relate to one another.
3. **Introducing decision-making theories and frameworks for business context usage.** Of the numerous theories and frameworks on decision-making, the ones that specifically address the issue of the complexity of making managerial decisions and the ones including the customer perspective are considered most significant for this project.

The following chapters are a brief introduction to the basic knowledge and concepts around customer experience and decision-making, intended to give the reader the necessary tools to understand the basis on which the following sections of this study have been built on.

3.1 Customer experience and business performance

The importance of customer experience is advertised widely by different entities in the fields of scientific and business research, yet the link between customer experience and financial business performance has only become of interest to researchers quite recently. While there is only a limited amount of previous literature on the subject, there is still some

controversy on how an improved customer experience will lead to an enhanced financial performance of the organization – if at all.

Manning (2016) suggests that superior customer experience drives superior revenue growth in industries where customers can freely change their service providers and the experiences delivered by competition are different from the ones delivered by the superior CX organization. In other words, the fewer barriers there are for changing service providers and the more heterogeneous the service experiences among different operators, the bigger the financial payout of a better customer experience. The effect of a superior customer experience can vary depending on the industry, but on average, Manning found a 14 percentage point advantage in growth for CX leader organizations when compared to CX laggards.

The connection between the customer experience and the revenue, Manning (2016) acknowledges, is only a correlation, not causality. He notes, however, that customers have a higher propensity to continue doing business with the organization and recommend it when they have a better experience with it. These factors are known to drive growth both in the number of customers and the customer revenue. However, should a company operate in an industry where the switching barriers are high, investing in improving the customer experience might not be profitable for the company.

Chheda, Duncan and Roggenhofer (2017) found a notable correlation between the company's customer satisfaction and the total return to stakeholders (TRS) in the United States. Their ten-year observation period showed that companies with above-average customer experience ratings quadrupled their TRS compared to companies with below-average CX ratings. Bendle, Farris, Pfeifer and Reibstein (2016, 178-180), on the other hand, look at how customer experience management can help increase sales, lower the cost of sales and thus grow revenue. They point out that the probability of selling to a new prospect varies between 5-20 percent, while the probability of selling to an existing customer is 60-70%, elevating the importance of customer retention as a cost-effective tactic in growing the customer base of an organization.

Hernandez (2016), however, claims that the discussion of customer experience has been romanticized and that it has been misleadingly implied that all improvements in CX would lead to improvements in the financial performance of the company as well. He admits the importance of customer experience but also notes that the capital investments and operating costs to provide these experiences are on the rapid rise as well. He thus suggests that to make wise investment decisions, organizations need to gather a thorough

understanding of Customer Experience Journey Economics: optimizing investments by finding the right balance between customer expectations and the organization's financial goals. As visualized by figure 5, economic value is optimized when customer expectations and the experience are aligned: everything else will produce losses in either revenues or market share or too high operating costs.

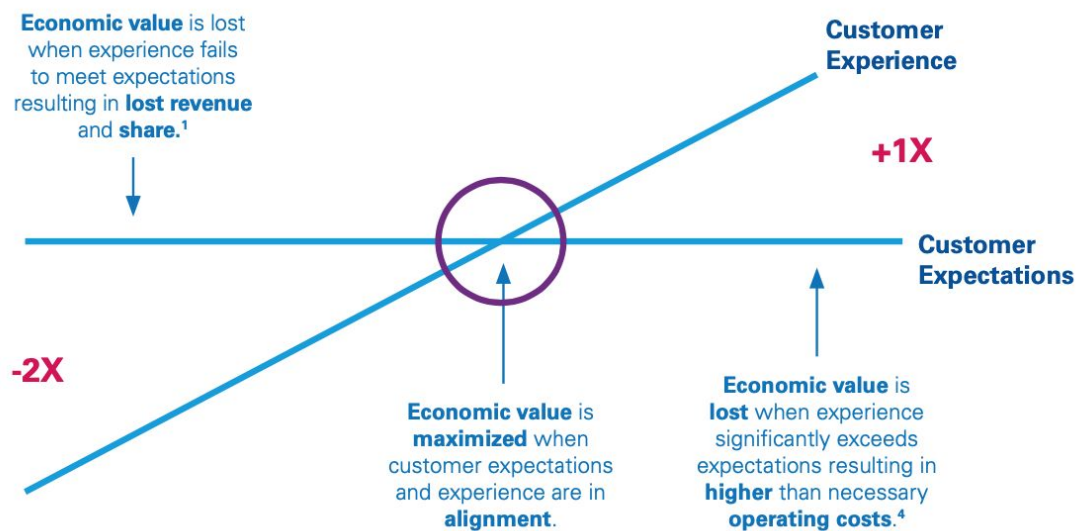


Figure 5. The economic value of customer experience (Hernandez, 2016)

3.2 Multidimensional nature of customer experience

Lemon and Verhoef (2016, 70-71) combine multiple definitions of customer experience, concluding it to be a “multidimensional construct focusing on a customer’s cognitive, emotional, behavioral, sensorial, and social responses to a firm’s offerings during the customer’s entire purchase journey”. They also note that, despite this definition, the designing, delivering and managing the customer experience can be approached from multiple different angles. One view looks at these aspects from a purely organizational aspect, concentrating on how to craft customer experiences and considering the customer to be a receiver of such experiences. Another perspective takes the customers’ viewpoint, focusing on their true experiences, whereas the third point of view combines these two and the broader ecosystem within which they operate, considering all three to co-operate in creating the experience.

According to LaSalle and Britton (2002, 30), customer relationships originate from a set of interactions between a customer and a product or an organization, which provoke reactions. Experiences are personal and always require customer's involvement – they can not be produced for the customers without involving them in interpreting the experience. Experiences are evaluated by comparing them with customer expectations at different touch-points. (LaSalle & Britton 2002, 30.) Meyer and Schwager (2007, 2) supplement this view of touchpoints by noting that customers have both direct and indirect contact with organizations. The former usually refers to the planned contacts (purchase and usage, for example), whereas the latter includes all unplanned encounters, such as seeing advertising, hearing word-of-mouth experience stories and reading about the organization in a newspaper. This view combines the realms that are controlled by the organization and the ones that are not, forming a comprehensive picture of the two dimensions modifying customer experiences.

Gentile, Spiller and Noci (2007, 398) go deeper into investigating the different aspects of customer experiences and claim that they consist of elementary components that form a multidimensional structure – a structure that goes unnoticed by most customers. They suggest that customer experiences are formed by six components, which can be used as a framework for analyzing aspects of customer experience (figure 6):

- Sensorial component, which addresses senses such as sight and hearing.
 - Emotional component, addressing customers' affective systems through the generation of moods, feelings and emotions.
 - Cognitive component, addressing the conscious mental processes.
 - Pragmatic component, referring to the practicalities of using the product or service.
 - Lifestyle component, referring to the affirmation of customers' values and beliefs.
 - Relational component, appealing to customers' social ties and/or social identity.
- (Gentile et al 2007, 398.)

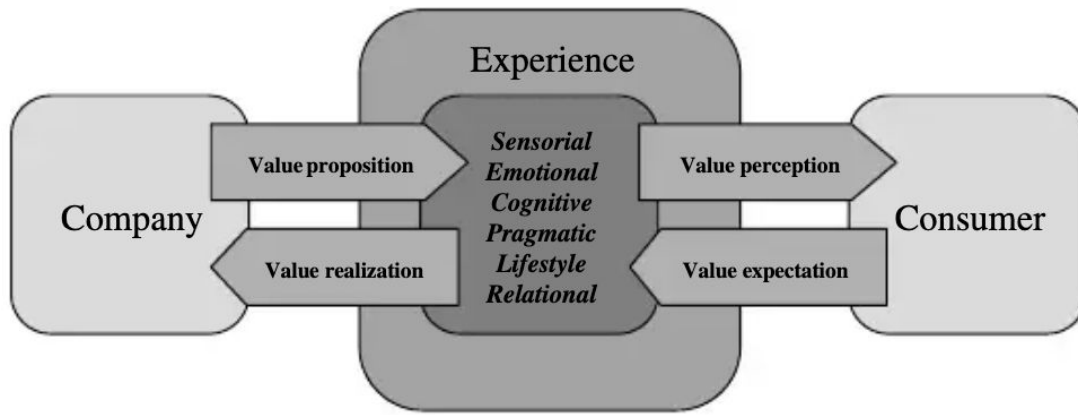


Figure 6. General framework of customer experience (Gentile et al 2007, 400)

Walden and Janevska (2014) emphasize the special importance of emotions in customer experiences and claim that emotions are an often overlooked part of how customer experiences are formed. They note that emotions are an important differentiator, as modern brands can not rely merely on easily copied price and product or service features. Furthermore, the rise of social media has made it easy for anyone to express their opinions to large audiences, exposing customers' feelings about organizations in an unforeseen manner. There is also empirical evidence from functional magnetic resonance imaging (fMRI) and economics studies, proving that emotions have an influence on consumer behavior. However, strategically "managing" customers' emotions is challenging for most organizations because they do not possess an adequate understanding of emotions on a theoretical or practical level, and measuring and quantifying emotions is difficult. (Walden & Janevska 2014.)

Shaw (2018) takes a slightly different approach to emotions, emphasizing the aspect of memory in customer experiences. He claims that customer loyalty is not driven by the experience the organization provides, but by the experience the customer remembers the organization provided. According to Shaw, customers only remember bits and pieces of the entire experience – and these are the bits and pieces companies should provide superb experiences in. The strongest stimulations and thus the most vivid memories are usually caused by emotions, but Shaw agrees with Walden and Janevska (2014) that organizations often are not capable of proper customer emotion measurement or management.

Convergent with Shaw's (2018) theory of remembered experiences, Miron-Shatz, Kahneman and Stone (2009) introduce the memory-experience gap: a discrepancy between the average of experienced emotions and the overall evaluation of the experience. This

discrepancy seems to be partly a result of utilizing a peak-end rule, a psychological heuristic by which people judge their experiences based on their feelings at the peak and end moments of the experience – not by the total average of emotions during it. The researchers found the gap to be present in both positive and negative experiences, but more pronounced in negative ones. (Miron-Shatz et al 2009, 885–891.) Shaw (2018) also notes that when peak and end moments are mundane, customers remember less of the whole experience. On the other hand, if these moments are intense, the memories of the experience are more detailed and vivid.

3.3 Decision making in business context

Making decisions is essential for making progress. Whether a decision eventually proves to be a good one or a bad one, making one can benefit the organization in one way or another. At times of increasing interdependence, opportunities, changes, competition and complexity, the ability to make decisions and solve challenging problems is vital. (Kourdi 2011, 7–8.)

According to Kourdi (2011, 12–13), good decisions consist of six attributes. They provide organizations with certainty and assertiveness and **clarify what needs to be done** to achieve the determined goals – and the **means to achieve them**. Good decisions communicate **a clear focus on prioritized issues** and turn lingering opportunities into **possibilities for differentiation from competition**. They also have the power to **motivate and energize employees**. By doing all this, good decisions **enable generating greater revenues, fewer costs, increased value for shareholders and long-term financial success**.

DeSmet, Lackey and Weiss (2017) argue that it is “the best and worst of times for decision-makers”: there is an abundance of data and data processing tools available for organizations, but the growing organizational complexity has increased the number of decision-makers and simultaneously decreased the amount of actual decision-making authority of individuals. Snowden and Boone (2007), on the other hand, emphasize the importance of context over tools, processes and authorities, when evaluating the hindrances of decision-making. They divide organizational decision-making situations into five descriptive categories – simple, complicated, complex, chaotic and disorder – and suggest that the challenges differ based on the situation, instead of the same issues being present regardless of the context. Thus, good decision-making requires identifying the

context in which the decision is to be made and the ability to change one's own decision-making behavior to match the context. (Snowden and Boone 2007, 2–7.)

Turpin and Marais (2004) have compared multiple theoretical models for decision making with the way in which senior managers make decisions in reality. Interestingly, while most of the participants in their study had received formal training in sophisticated decision-making supporting methods or technology, in practice, “appropriate use of gut feel” and “sensitivity to the political context” often took precedence over the rational aspects of decision-making. The authors thus conclude that in order to support decision-making processes, one has to be sensitive to the contextual differences, personal styles and the agendas of decision-makers as well – a mere ability to assess the options alone and make decisions based on that is not sufficient. (Turpin and Marais 2004, 157–158.)

A framework created in the realm of marketing contributes to the view of Turpin and Marais (2004), taking an approach to decision making where the agenda of the CEO is taken into account, in addition to data-based insights. Barta and Barwise (2017, 4–5) suggest that chief marketing officers (CMO's) should focus on working with issues that reside in the Value Creation Zone (figure 7) – in an area, where the customer needs and company needs overlap and where improvements thus drive notable value for both parties. The CEO's perceptions of the most important challenges for the organization are then used to prioritize the deployment of improvement projects – not necessarily because the CEO would always be right, but because it strengthens the position of the CMO and gives him more leverage when proposing further projects.

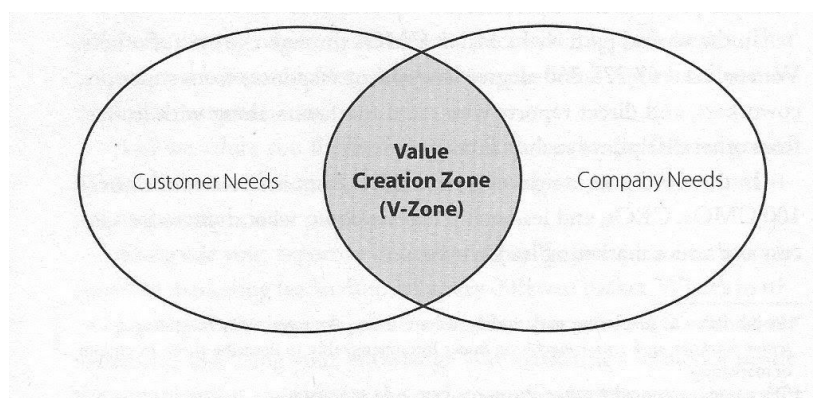


Figure 7. The Value Creation Zone (Barta & Barwise 2017, 4)

Barta and Barweis (2017) do not, however, discuss *how* this Value Creation Zone and its constituents should be determined. They merely suggest finding the key customer needs, latent needs and things that can be continuously improved to incrementally make the product or the service better, and then comparing them with the key company needs and the CEO's views to make decisions and prioritizations.

When thinking about actual tools for assisting in decision-making, one of the perhaps most familiar aids is the business case; a detailed analysis of different decision options and their consequences for the business. A business case identifies the opportunity and the alternative options for taking advantage of it, analyzes the alternatives based on the data gathered of them, suggests a decision and assesses the risks and opportunity costs that come with it. A business case is also often considered to be a tool for communicating the idea and justifying the decision made. (After Developing a Business Case 2011, 5–8.)

A more detailed and perhaps a more advanced tool for decision-making in complex business situations is introduced by Watkinson (2017). He notes that while there are numerous frameworks, models and matrices for analyzing individual aspects of business, they do not mix and match and sometimes even contradict each other. As Turpin and Marais (2014), also Watkinson claims that many leaders have abandoned theoretical models of decision making, but mainly because those models only take one aspect of a business into account at a time instead of looking at the situation as a whole. (Watkinson 2017, xvii-xviii.)

Watkinson (2017, 419), on the other hand, views business as an interconnected entity, where making decisions over one aspect of it can have effects over the others. He thus introduces a grid (figure 8), consisting of nine main aspects of business, that can help make sense of complex business systems and interdependencies in the decision-making processes. Watkinson's grid resembles a checklist, with which decision-makers can ensure that they have taken all significant aspects of business into consideration and can compare the effects on such aspects with one another. Not all items on the grid, however, are important for all decisions, and some may need to be prioritized above others. Watkinson thus notes that his grid is more like a mental model to help structuring one's thinking, than a one-size-fits-all template. (Watkinson, 2017.)

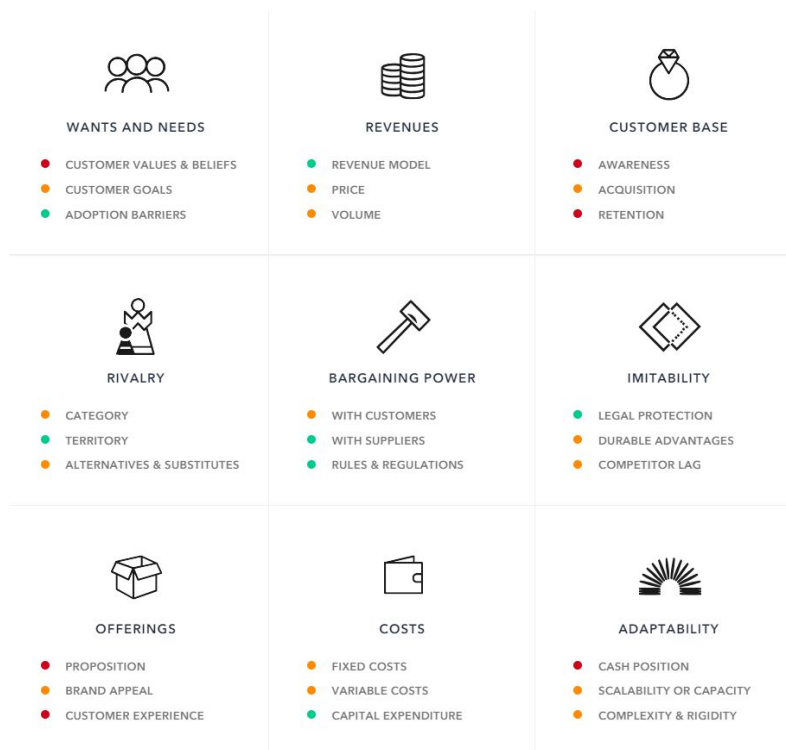


Figure 8. The Grid (Watkinson 2017, 16)

4 UNDERSTANDING THE PROBLEM

To validate the hypothesis of customer experience related decision-making being a challenge and to gain more insights into the issues organizations face when making CX development-related decisions, insights from the actual decision-makers needed to be collected. To gain as broad of an understanding of such challenges and to further define the problem, already existing, openly available information of the subject was collected for further analysis.

There are multiple recent studies, performed by reputable global and local research consultancies, about the stage of customer experience development and management, both in the international and Finnish context. Analyzing the results of these studies allowed for formulating a broader set of insights, based on hundreds of data subjects, than would have been possible just by collecting primary data with the resources available within the limitations of this project.

After analyzing the secondary information, primary data was then collected by interviewing eight people who are either principal decision-makers for CX related investment opportunities (usually C-level decision makers) or involved in making the decision (often managers responsible for specific business functions). The insights provided by the secondary information were used to frame the semi-structured interviews in a manner that allowed for investigating whether the results of the previous research reflected the reality as it was experienced by the interviewees, and to gain a deeper understanding of the challenges they have faced.

4.1 Secondary data: State of CX – The decision maker's perspective

For secondary data analysis, eight relevant research reports about the stage of customer experience development or management were chosen, based on four criteria. First, the research had to be conducted and the report compiled within the past five years in order for it to be considered relevant for assessing the current stage of CX. Second, the authors and/or the publishers were to be, by and large, known as reliable sources, such as reputable

consultancies or distinguished CX societies. Third, the reports had announced how many data subjects were surveyed or interviewed for the study, whether the study could be participated locally, globally or within a selection of countries, and which sorts of positions the data sources hold at their organizations. Lastly, the reports also needed to provide insights into relevant data, expressed in percentages of respondents from the whole sample size. Using these criteria allowed for assessing the validity and the reliability of the reports and their insights.

The reports providing secondary insights were analyzed by utilizing thematic analysis as defined by Braun and Clarke (2006, 87). The process started with familiarizing oneself with the reports and identifying initial codes – recurring themes and features in the reports in this case – and continued by further exploring and organizing the findings under each relevant code. Based on the initial codes, the following four questions were defined and utilized as a guideline for a more thorough analysis of the reports:

1. **Does the report contain any results indicating the importance of customer experience development or management for the studied organizations?** This question was used to validate the relevance of the research subject of this thesis and used as a baseline for assessing the overall maturity of CX development and management, based on each individual reports' presented findings.
2. **Does the report exhibit any results indicating the challenges faced when making customer experience related investment decisions?** This question was used to analyze whether any recurring themes among the studied reports would arise.
3. **Does the report include any results regarding measuring the effects of customer experience related investments?** This question was used to assess which metrics organizations are reportedly using to analyze the effects of their CX initiatives, and to what extent.
4. **Does the report present any findings regarding the responsibilities of decision making in the field of customer experience?** This question was used to evaluate the organizational structures around CX development and management – in other words, who are the primary decision-makers regarding CX in organizations.

4.1.1 Global view

Temkin and Mead (2019) studied 212 United States based companies, all with over 500 million dollars of annual revenue, to evaluate the efforts these organizations are placing on customer experience development and the maturity of their CX management. They found that 81 % of the studied organizations planned to increase their focus on improving customer experience within the next 12 months. 65 % of the studied organizations also stated having a senior executive in place, in charge of customer experience across channels and products. Even so, only 45 % reported having significant development efforts in progress across the different departments of the company which would have notable coordination between them.

Temkin and Mead (2019) also asked the respondents about the obstacles to developing an organization's customer experience. Other competing priorities and limited funding, followed by conflict across internal organizations and the lack of a clear customer experience strategy, were found to be the key impediments for improving customer experience. What was notable is that while the first three issues were experienced by both organizations with high and low CX management maturity – CX leaders and laggards, as Temkin and Mead have named them – the lack of a proper customer experience strategy was a far larger matter for companies with low CX management maturity.

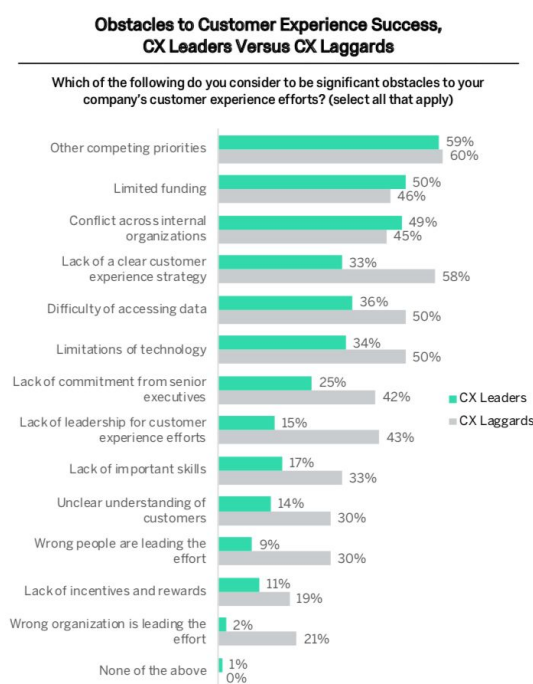


Figure 9. Obstacles for customer experience efforts (Temkin & Mead, 2019)

Furthermore, Temkin and Mead (2019) discovered that when asked about the most frequently used skills of customer experience management, the two most often practiced skills were process integration (32 %) and value planning of CX efforts (30 %). While value planning was done by nearly a third of respondents, only 16 percent stated actually tracking the value of CX efforts. Moreover, less than one in ten respondents stated actively managing metrics to prioritize operations and using insights to drive strategic decision-making.

The Economist Intelligence Unit Ltd. (2015) investigated how the executive-level managers of organizations experience the value of customer experience by surveying 516 senior-level executives from 21 countries. They discovered that 63 percent of the organizations surveyed rated the importance of investing in CX “very important” – yet 66 percent of respondents still stated that “CX is more important than my organization realizes”.

According to The Economist Intelligence Unit Ltd. (2015), senior executives in financial functions were more sceptical about the commercial importance of CX investments and management, when compared to their counterparts in general management or sales and marketing, for example. This may be due to the discovery that over 34 percent of companies making financial investments in customer experience related initiatives failed to measure the return on investment or even the success rate of their efforts. Most respondents that did not measure the outcomes of CX initiatives stated that the difficulty of differentiating the impact of CX improvements from other factors was the key impediment to measuring the performance of customer experience related ROI. Companies that did measure the effects of customer experience initiatives mostly used customer retention rate and customer satisfaction as the main metrics.

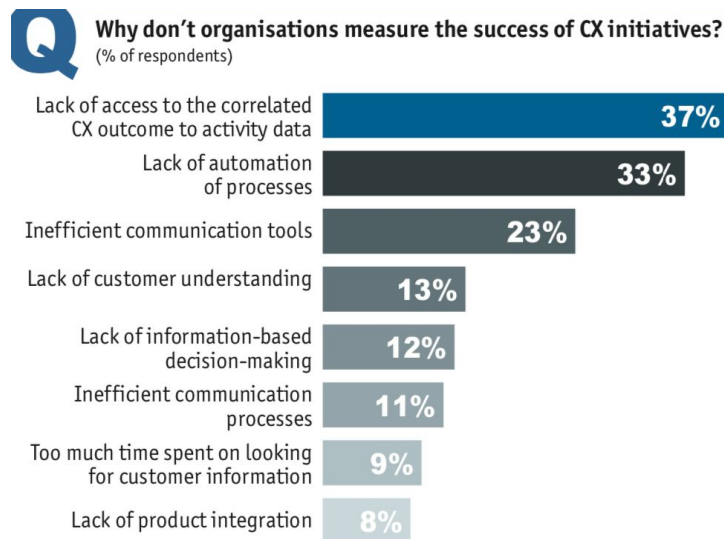


Figure 10. Why organizations do not measure the success of CX initiatives (The Economist Intelligence Unit Ltd., 2015)

The Economist Intelligence Unit Ltd. (2015, 11–12; 20) also found that many executives still experienced “a level of confusion” as to who is actually in charge of CX management and investment decisions:

“When asked who is leading customer experience transformation initiatives, there is a very appreciable discrepancy between what CEOs say, and what those beneath them in the organisational hierarchy say. Seventy-two percent of CEOs think they themselves are in charge, but only 27% of the other executives surveyed (predominantly, it must be emphasised again, other C-suite executives) accept that this is the case.”

Furthermore, the study revealed that executives of other departments, such as IT or sales, often also believed they are the ones in charge of CX development when in reality the other departments’ executives within the organization did not agree it is so. For example, 35 percent of executives working in sales and marketing thought the CMO is responsible, yet only 13 percent in general management and a mere 6 percent in operational management agreed with this view. (The Economist Intelligence Unit Ltd. 2015, 11–12.)

Oracle (2018) gathered survey responses from 329 global CX professionals, 70 percent of them with titles on director-level or above, studying their perceived readiness to manage customer experience. While 65 percent of the respondents stated having a good understanding of what their customers perceive a good experience to be, only 32 percent thought they have access to all the information they would need in order to understand

customers' needs and use this knowledge to improve customer experience. When it comes to making decisions about product, service and customer experience related initiatives, 68 percent of respondents referred to customer feedback as a way of prioritizing investment alternatives.

Barnes (2019) surveyed over 100 global senior professionals who work with customer experience related challenges. When asked about measuring the impact and costs of customer experience initiatives, 55 percent of respondents stated having no processes in place to measure them. 15 percent reported such processes being in place, whereas the remaining 30 percent were "somewhat" measuring the costs and impact. The study also revealed that 56 percent of respondents did not have a full view of all customer interactions and the whole customer journey with the organization, across all functions.

4.1.2 Nordic stance

Lumoa (2018) studied the state of customer experience management in the Nordics by surveying 110 customer relationship, CX and marketing leaders from Denmark, Finland, Iceland, Norway and Sweden. The survey revealed that the key priorities for the respondents in customer experience development were in improving and personalizing the customer experience, reducing churn, increasing retention and improving the actionability of customer feedback and customer experience metrics. The biggest impediment to making such improvements in CX management were organizational silos, reported by over 54 percent of respondents, with slow processes and resistance to change being the most common challenges. Lack of budget and tools were also reported by approximately a third of the respondents.

Lumoa's (2018) report also revealed some differences between the challenges faced by different types of organizations. Management buy-in and the lack of skills were suggested to be more of a challenge for B2C organizations than in B2B companies. Moreover, in organizations with less than 100 employees, the lack of budget was the biggest issue, whereas organizational silos were indicated to be the biggest impediment for CX development in companies employing more than 100 people.

Lumoa (2018) found that the most popular ways of measuring customer experience were NPS (Net Promoter Score), Customer Satisfaction (CSAT) and churn rate. Only 14 percent stated to be measuring the ROI of CX management, whereas 60 percent measured the experience but not the financial impact of it (figure 11).

How do you measure ROI of CEM in your company?

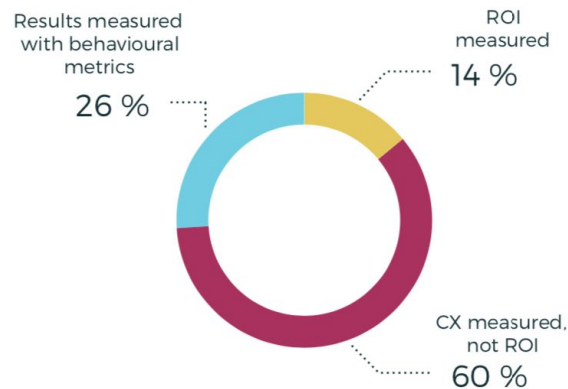


Figure 11. Measurement of ROI of CEM (Lumoa 2018)

Tieto (2017) interviewed 71 Finnish and Swedish leaders in marketing, sales and customer service related positions in retail, manufacturing and business-to-business services in order to find out how well-developed organizations are in their customer experience management activities. 58 percent of the respondents stated that customer experience management (CEM) is mentioned in their organization's strategy and 94 % mentioned CEM being one of their most important development areas within the upcoming three years. Even so, the insights gathered by Tieto (2017) indicated that the actual implementation of CEM was still on a low level. In many cases, the internal organizational structure for CEM was not formalized. The majority of the respondents stated they measure CX by conducting overall customer satisfaction surveys, but only a minority was holistically measuring the CX of different customer journey points.

Tieto's (2017) report also categorized the interviewed organizations into four different segments based on their answers' indications of the maturity of CEM – four being the highest level of maturity and one the lowest. The majority of the respondents landed under maturity levels of 2 (42 %) and 1 (24 %) and mostly shared similar challenges in trying to launch their CEM practices: limited resources and fragmented responsibilities of customer experience within the organizations (ergo, silos). However, whereas leaders on maturity level 1 found that there is no overall consensus of the importance of customer-centricity within the organization or even in the top management, on maturity level 2 the importance

was recognized but respondents found it difficult to calculate the business value of CEM related projects.

4.1.2 Finnish landscape

In Finland, the state of customer experience management has been studied by Hovi and Vaulos (2019) and Shirute (2019). Hovi and Vaulos (2019) surveyed 273 people from 161 organizations in various industries and multiple sizes (measured by turnover). 60 percent of the respondents were executive-level managers and while the rest of the respondents were not all categorized by titles, based on the ones that were, they seemed to be representing functional (senior) management, holding titles such as marketing or sales manager.

While the majority of the respondents stated having a customer-centric mission, value statement and strategy in place, under 40 % had any metrics in place for customer-centricity. Only a third reported having adequate customer-related data to base decision-making on. Hovi and Vaulos (2019) summarized that while respondents stated wanting to differentiate based on customer understanding and develop their business based on customers' needs, they currently lacked in gaining such understanding and did not utilize data and customers to their full potential as assets in business development. (Hovi & Vaulos, 2019.)

Shirute (2019) surveyed 84 leaders from 56 Finnish organizations on the local top 500 list and over 15 different industries, investigating the state of customer experience management in Finland. Nearly 80 percent of the respondents believed the customer experience of their organization was better than the competitors' – yet only 52 percent stated that their CX development was systematic. The amount of development had, however, risen from 2018: nine out of ten respondents indicated that the organization had made investments in CX development projects in 2019, as opposed to only six out of ten in 2018.

4.1.3 Key insights from the secondary data

All of the previous research reports analyzed had a very similar narrative of the state of CX management, whether the decision-makers investigated worked for global conglomerates or local mid-sized to large companies. While it was evident that, on a superficial level, the

“era of the customer” had been embraced by many and was being preached in organizations small and large, the research reports indicated that all the talk about customer-centricity was not manifested as actions in the daily operations or on the strategic planning level. Table 2 summarizes the key findings from the previous research.

Table 2. Key takeaways from the analyzed research reports (Temkin & Mead 2019, The Economist Intelligence Unit Ltd. 2015, Oracle 2018, Barnes 2019, Lumoa 2018, Tieto 2017, Hovi & Vaulos 2019, Shirute 2019)

How many of the reports contain direct references related to	Amount of reports	Observations
importance of CX development or management	4/8	CX development and management were important and invested in– yet not important enough to qualify for being strategically led.
challenges in CX related decision-making	4/8	Decision-makers struggled with limited funding, silos and truly understanding their customers.
measuring the effects of CX investments	6/8	Measuring was usually done either on a very generic level (NPS, CSAT) or most often not at all.
responsibilities in decision-making concerning CX?	2/8	Many decision-makers thought they are in charge, yet anyone rarely truly seems to be.

Based on the reports, many organizations have seemingly been investing in CX development blind: the respondents reported growing the emphasis of customer experience related efforts in their organizations, but had little metrics or processes in place to investigate what they were dealing with to begin with. Many also reported having no strategy in place, nor did it seem to be clear who is managing CX development within the organizations. This indicates a pharisaical approach towards customer experience management: preaching one thing but doing something else (or, in this case, not actually doing much of anything). It is hard to imagine, however, that this would be a conscious and malignant choice from the organizations, but rather a by-product of having to quickly become more customer-centric due to competition and general business atmosphere, but not really understanding how to do it properly.

The reports analyzed indicate that the key impediments for developing customer experience are limited funding and organizational silos. Nevertheless, the reports suggest that less than a half – in most reports far less, in fact – of the organizations make any efforts in properly measuring the ROI of CX, making it very credible that funding CX-related development projects is a challenge. Moreover, organizations do not report actively mapping out their own processes around customer experiences and journeys either. It is

thus not all that surprising to find that the responsibilities of CX management are either scattered around the organization or in fact given to no one.

While the state of CX indeed does not appear to be very mature, the previous research suggests that organizations do embrace the importance of it and are eager to develop the management of it. In two of the reports, respondents even note that CX is more essential than the other members in their organization realize – indicating that assuming a more customer-driven approach to developing products and services could be just a matter of gaining a shared understanding of the value of customer experiences.

4.2 The interviews: The decision-making dilemma

To validate the findings of the secondary research data and to gain more insights on the issues Finnish organizations face in CX related decision making, eight people were interviewed for this study in December 2019. All of the interviewees represented different organizations and multiple industries, working as C-level executives or (senior) managers.

The organizations for the interviews were selected based on the criteria introduced in chapter 2: the organization 1) serves a large (prospective) customer base, 2) operates in an industry with multiple alternative service options available and little barriers for changing the service provider, 3) employs over 30 people or produces its services in continuous co-operation with business affiliates and 4) has reached a turnover of over 5 million euros in its most recent fiscal year. To group the interviewed organizations, three categories were used, based on definitions made by Statistics Finland (2019): small, medium-sized and large organizations. For the purposes of this study, the following publicly available attributes were compared to define into which group the organization of each interviewee falls under (table 3).

Table 3. Categorization of organizations based on size

Category	Yearly turnover	Amount of employees
Small organizations	Under 10 million €	Under 50
Medium-sized organizations	Under 50 million €	Under 250
Large organizations	Over 50 million €	Over 250

In case of discrepancy between these two items – when the metrics fall under different categories – the yearly turnover was used for the grouping. To further ensure the anonymity of interviewees and their organizations, for industry definitions, the top level of Standard Industrial Classification (TOL 2008) of Statistics Finland (2019) was used.

Table 4. The interviewees

	INDUSTRY	ORGANIZATION SIZE	POSITION
A	Arts, entertainment and recreation	Medium	Director
B	Construction	Large	Manager
C	Information and communication	Small	Director
D	Professional, scientific and technical activities	Medium	Manager
E	Wholesale and retail trade	Large	Director
F	Wholesale and retail trade	Large	Manager
G	Human health and social work activities	Medium	Director
H	Accommodation and food service activities	Large	Director

To investigate whether the findings of the previously presented reports were also experienced by the interviewees, the following topics (appendix 1) were discussed in each of the interviews:

1. The importance of customer experience development and management for the organizations: How the interviewees themselves experience the importance and how it is viewed within others in the organization.
2. The challenges faced when making customer experience related investment decisions: What sorts of issues have the interviewees experienced and what measures have they taken to mitigate the effects of such issues.

3. Measuring the effects of customer experience related investments: How – with what metrics, time intervals, scopes and/or other parameters indicated by the interviewees – are the effects of made investments measured, why has the organization chosen these methods and how is the information gathered used.
4. Responsibilities of decision making in the field of customer experience: Who is ultimately in charge of developing customer experience and what are the experienced effects of such an organizational structure.

In addition to these topics, the semi-structured interviews allowed for freely discussing any other themes that naturally came up within the discussion – mostly initiated by the interviewees themselves to examine the matters they found to be most important within the field of CX management and development.

To analyze the interviews, two methods were used: thematic analysis to identify common, recurring themes and an analysis of rhetorical devices to identify the ways of constructing and conveying meanings and contexts. Thematic analysis focuses on identifying both explicit and implicit themes within the data gathered, which is practical for capturing complexities of meaning within a set of data (Guest, MacQueen & Namey 2012, 10–11). Rhetorical analysis, on the other hand, allows for examining how facts are constructed, identities produced and people, events or phenomena categorized (Jokinen 1999, 156). In analyzing the interviews, rhetorical analysis assisted in identifying implicit themes, such as differences in how the interviewee perceived their own skills and understanding of customer experience related issues in relation to those of their colleagues. Rhetorical analysis was also used to evaluate the level of certainty the interviewees had for their statements, in order to evaluate and compare the statements and understand their implied importance and relevance in relation to each other.

4.2.1 High importance, scattered responsibilities

The interviews indicated that customer experience is a topical issue for organizations in competitive markets, regardless of their size and industry. All eight interviewees reported customer experience to be of high importance to their organization and six out of eight interviewees stated actively following discussions, developments and events in the field. However, when asked about the amounts of investments made to CX related projects, only

two interviewees were able to directly state whether their organization has invested in such projects. The others did bring forth projects related to business functions such as sales or customer service, but did not refer to them as customer experience projects as such.

Furthermore, only one of the interviewees stated having a designated person in charge of CX management within their organization. The other seven stated being either actively or at least somewhat involved in CX related projects themselves, but reported their organizations having no specific person or business unit in charge of the overall performance of such projects. Of the eight interviewees, four made remarks regarding the challenges in developing customer experience: development projects were often decided upon and carried out by separate business functions and thus the overall customer experience could lack consistency, as might the internal CX systems within the organization. The interviews indicated this to be more of an issue for large organizations or middle-sized companies with offices located also outside of Finland.

4.2.2 Multiple options, limited resources

One prevalent challenge in CX development, indicated by the interviews, was the multitude of options to choose from, in relation to the limited resources organizations have earmarked for customer experience management. Six out of the eight interviewees stated being able to identify numerous customer experience related development project alternatives. However, when it came to prioritizing these options, they were unsure which would yield the best results and were thus unsure which projects to commit to – if any.

The reasonings for the difficulty in committing to development projects, however, differed based on the position of the interviewee. Whereas the C-level executives indicated finding it difficult to decide which projects would be financially justifiable, the managers expressed less uncertainty in prioritizing the projects but more difficulties in convincing others to agree with them:

“We have three projects prioritized and roadmapped, but they require approval. And for that, they want to know how much is the profit. I mean, I can’t promise them an exact number.” (Interviewee B)

The interviews suggested that the problem with multiple options is a reflection of the limited resources at organizations’ disposal. The C-level executives reported to be responsible for the overall financial performance of the organization and thus often stated

having to think about where the invested money would yield the best results. In fact, 4 out of 5 C-level executives referred to facing challenges with the owners or investors if their decisions were hastily made:

"All of a sudden we're all out looking for a new job if we use half a year and half a million on a project that doesn't yield results." (Interviewee E)

For the managers, on the other hand, the limited resources were suggested to be more of an issue of limited budgets and siloed skills. All three interviewed managers stated having a budget that allows them to take small projects to improve customer experience, but any larger initiatives would require them to either pool budgets with other departments or request additional funding. Furthermore, as different departments all typically have their own priorities, getting all the required skills to participate in a joint CX development project was seen as a laborious task.

While none of the C-level interviewees mentioned organizational silos to be an issue with CX development, four of them did discuss doubts as to whether the current employees of the organization possessed the necessary skills to drive CX development:

"I don't know whether we have those kinds of skills in here that it could be fully managed. Many people understand the basics of course, but the whole picture... I just don't think we have that kind of a vision here." (Interviewee G)

4.2.3 Unknown customers and their journeys

When asked about their customers on a general level, all eight interviewees stated having a fairly good understanding of who their customers are and what they appreciate. However, only 2 out of 8 interviewees – both C-level executives – reported being fully aware of their most profitable customer groups. All interviewees' organizations monitored metrics such as the number of customers and average purchase or profit per customer, and some gathered data on, for example, retention rates and new customers acquired. However, only two stated having proper calculations in place to determine the customer groups that are most lucrative for the organization.

Six out of the eight interviewees reported having customer personas in place. When asked about the purposes for which these personas are used, however, marketing communications dominated the responses, with no mentions of sales processes or service

development, for example. Based on the responses regarding measuring customer profitability, 4 out of the 6 organizations with identified customer personas had not linked them with any financial data. Customer journeys had been mapped out according to 3 out of 8 interviewees. Customer journeys, as well as customer personas, were mostly used to plan and execute relevant communications towards customers at each stage of their journey, but none of the interviewees stated using journeys systematically to measure or develop experiences.

All eight interviewees suggested that having more accurate insights about their customers would help them make CX related decisions more effectively. The managers especially felt they had a lot of data at their disposal, but did not have adequate resources to process it to formulate actionable insights. The C-level interviewees, on the other hand, stated having access to many readily crunched data insights but had concerns over having the *right* information.

4.2.4 Unknown ROI of customer experience

None of the interviewees were aware of current or past CX related projects being measured by ROI or the projects having a forecasted ROI before making the decision of executing them. Five out of the eight interviewees – all director-level – indicated that this was a problem both at the decision-making and the follow-up stage.

“If I have two options for allocating budget, I will naturally choose the one for which the returns can be communicated. I am not saying that everything should or even could come with a clear payback calculation, but if there are no concrete numbers presented, what would I justify my decision based on?” (Interviewee C)

Not all C-level interviewees, however, found the issue of the missing ROI to be a major problem for investing in CX development:

“It would be great to be able to calculate a ROI for these, but we can do it only for about 10 percent if we can measure, for example, the utilization rate. For the rest, we certainly keep track of otherwise, by customer questionnaires and asking employees. We can not do nothing just because we can not say precisely what the result is going to be.” (Interviewee A)

There were some differences in how the interviewees addressed the issue of ROI, based on their position in the organization. The managers often referred to the hardships of predicting or calculating the ROI of CX development projects by de-emphasizing their ability to affect the calculations. When asked about the ROI, manager-level interviewees suggested that it was difficult, if not impossible, to calculate it precisely and this was something “you just have to accept”.

Four out of the five C-level interviewees, on the other hand, suggested that the inability to adequately predict and measure the ROI of CX projects was due to the lack of proper data or proper skills within the organization. Three of them referred to the lack of connections between financial and customer data, which they thought was a notable obstacle to accurately measuring the link between customer experiences and financial performance. However, three interviewees also expressed concerns for their senior employees’ skills in understanding the importance and correct components of ROI – thus in fact emphasizing the employees’ ability to affect the calculations, contrary to what the managers implied.

“I receive these development ideas and they might be good, but there are no calculations. Only the cost, not even a prediction of what they might return. You have to have at least an estimate and a justification, that’s just common sense.”

(Interviewee H)

All of the interviewees did, however, state having at least some sorts of metrics in place to measure customer experience. Seven out of the eight organizations represented in the interviews measured either NPS (net promoter score), CSAT (customer satisfaction score) or an equivalent metric. Five out of the eight interviewees stated conducting customer research in some form at least biennially and three organizations had continuous customer panel groups in place to test new services and features, for example, and give direct feedback to the organization.

4.3 Key insights and implications from the interviews and the research reports

The interviews confirmed many of the assumptions made, based on the previous research reports. While customer experience was stated to be of importance, the responsibilities and authorizations in CX development were perceived as scattered, even unorganized. There

were few organization-wide customer experience development efforts and there was often no systematic view over what elements the organization's customer experience consists of. This was a surprising finding in the sense that many of the interviewees worked in top management – in positions from which one would assume something could be done to develop CX management towards a more organized direction. The impression was, however, that even if CX was considered to be essential for the success of the organization, something else was often more pressing, leaving efforts for developing customer experience management for the future. This was also referred to by the previous research reports, as respondents stated other competing priorities to hinder focusing on CX.

The resources for customer experience development were seen to be somewhat scarce among the interviewees as well as the respondents of the previous researches. This was suggested to be partly due to the more acute other management issues, partly because most organizations did not have a specific function for CX, and thus it did not have its own budget nor a manager. The interviews and the previous research reports indicated that the situation has created a type of a cycle, where the lack of resources has resulted in inadequate data-crunching efforts, unsatisfactory project proposals and sluggish measurement efforts – and then the lack of proper data, project proposals and metrics has hindered the granting of adequate resources for development.

The interviews and the previous research reports suggested that the ROI of customer experience initiatives is a concept very much longed by some and predominantly overlooked by the rest. There was, on the other hand, little controversy over the challenges of measuring the ROI, implying this being the core reason for it being rarely monitored, let alone forecasted. Most organizations were admittedly already measuring the customer experience by other related metrics, even if they had not yet been able to combine them with the appropriate financial performance indicators. However, the metrics currently reported as most popular, albeit functional in measuring the historical overall satisfaction of customers, reveal little about the underlying conditions due to which the customer experience is perceived as it is and how those conditions might change over time. This may indicate why the currently used metrics were not perceived as adequate tools for decision-making purposes: the metrics look back, while the decision-makers need to look forward.

Furthermore, both the interviews and the previous research reports indicated that the customer knowledge discrepancy is a reality faced by many organizations. Representatives of the organizations stated that they know their customer base and the different needs of it very well and operate in a customer-centric manner, but at the same time admitted to not

knowing the customers well enough to make proper CX related decisions. Many struggled to cope with customer data, generating actionable insights from them and combining them with financial performance information. This can be related to the insight stated by the previous research reports, that the lack of adequate resources simply does not allow for assessing what is relevant when it comes to customer insights, let alone producing strategic plans based on such assessments.

5 DESIGNING THE DECISION-MAKING FRAMEWORK

To craft the actual decision-making framework, the design process was divided into three phases. First, customer personas and a value proposition canvas were created in order to document the perceived pains and needs of the potential users of the framework, based on the gathered insights. Second, a workshop with six people, all working in positions that require making decisions over CX related matters, was organized, during which an initial idea for the framework concept was drafted. Third, the framework was built based on the results of the workshop and by combining relevant aspects of previous research with service design tools and methodologies.

5.1 Customer personas for the framework

Based on the interviews and reflecting on the insights of the presented previous research, two customer personas were created in order to help with the design process of the decision-making framework. Maria (figure 12) represents the mid-level employee, often in a managerial position herself and in charge of determining which CX related investment projects to propose and drive forward. She usually has the mandate to make decisions on her own within her own department's budget, but any larger investments or projects requiring participation from or affecting other departments will require making her case for other decision-makers. While she thus needs to make justified decisions herself, she also needs to be able to communicate the benefits of her proposals efficiently.

USER PERSONA

Position level: Manager

MARIA, 34 YRS.



Maria works as a manager of a specific team, most often related to marketing, sales and/or customer service. Maria works closely with and reports directly to executive board members. Maria is in charge of her own budget, but usually has to get an approval for either the budget itself or the larger investments outlined to it from the board or her manager. Moreover, Maria often works in multi-functional project teams with representatives from different departments, which may in certain situations require budget-pooling and shared decision-making.

Maria has a university degree and 5-10 years of experience in her field of expertise. She has no formal training in customer experience management or service design, but has taken some seminars and courses and is somewhat familiar and increasingly interested in the subjects.

Motivations	Pain points	Goals	Tools/skills
<ul style="list-style-type: none"> - Getting development projects implemented in an effective manner. - To learn more about CX management and help others within the organization understand its value. 	<ul style="list-style-type: none"> - Time consuming processes in project planning and evaluation phases. - Hardships in convincing the executive board of the actions to take. 	<ul style="list-style-type: none"> - To drive development projects with provable advantages to customers and business. - To come off as a competent manager and advance her career. 	<ul style="list-style-type: none"> - NPS / CSAT, occasional customer surveys, customer feedback (used occasionally) - Departmental data - Some general sales and customer data, yet often in an unprocessed form

Figure 12. Customer persona 'Maria'

Kenneth (figure 13), on the other hand, holds a top-level director position and is mostly concerned with the strategic steering of the organization and/or his business unit. The management team, of which Kenneth is a part of, is responsible for ensuring that all development initiatives are in line with the organization's strategic objectives and thus needs to evaluate all proposed projects based on their anticipated effect on the organization's performance. Kenneth values getting an adequate amount of information to base his decisions on, but has little time to gather all the needed data himself.

USER PERSONA

Position level: Director

KENNETH, 47 YRS.



Kenneth is a C-level director and a member of an executive board and as such, partly responsible for the overall performance and budgeting of the whole organization. Kenneth has multiple direct reportees with whom he works closely with, along with the other executives. As a C-level director, Kenneth and his peers also work closely with the organization's board and investors to ensure the viability of operations both at present and upcoming times.

Kenneth has a university degree and well over 10 years of experience in his field of expertise, accompanied by at least a few years of experience from a directory position. As a holder of such executive level positions, Kenneth has learned to be very number-oriented. However, he is not very familiar with the emerging business trends in data analytics and customer experience management and is thus reliant on his team's managers to help him understand which initiatives to take.

Motivations	Pain points	Goals	Tools/skills
<ul style="list-style-type: none"> - Getting development projects implemented in an effective manner. - Showing positive results to peers and the board. 	<ul style="list-style-type: none"> - Not getting enough information about customers and CX related metrics to base investment decisions on. - Unclear responsibilities of CX management. 	<ul style="list-style-type: none"> - To grow the value of the company and keep the board/investors content. - To be seen as a competent director (by the board / investors and his social professional network). 	<ul style="list-style-type: none"> - NPS / CSAT, customer feedback, other insights - Multiple sources of financial and operational performance data (some processed, some not)

Figure 13. Customer persona 'Kenneth'

The pain points, aspirations and motivations of Maria and Kenneth are illustrated by a value proposition canvas (figure 14) – a tool that allows for visually designing and testing the fit between the designed service and the customer’s needs (Kalbach 2016, 72). Even though Maria and Kenneth differ slightly in their motivations and pain points, mostly in relation to their positions in the organization, they share the need to choose and run successful development projects – and to be seen as competent managers and leaders who can make justified decisions and advance the success of their organization. The biggest pains for both of them, even if sometimes at different stages of introducing a new development project proposal, are in not knowing enough about the customers, siloed processes or the relevant metrics and insights to make educated decisions. Furthermore, they do not have the time or the applicable know-how for changing these conditions. For them, the biggest gain creators would be in tying organizational performance indicators with customer experience to not only justify decisions but to communicate the relevance of CX for others in decision-making positions. A clear framework would also help them make assessments and decisions over projects in a more prompt manner, and unifying the assessment criteria would help in choosing projects that are in line with the organization’s goals, instead of relying on individual manager’s or team’s perceptions of the benefits of a project.

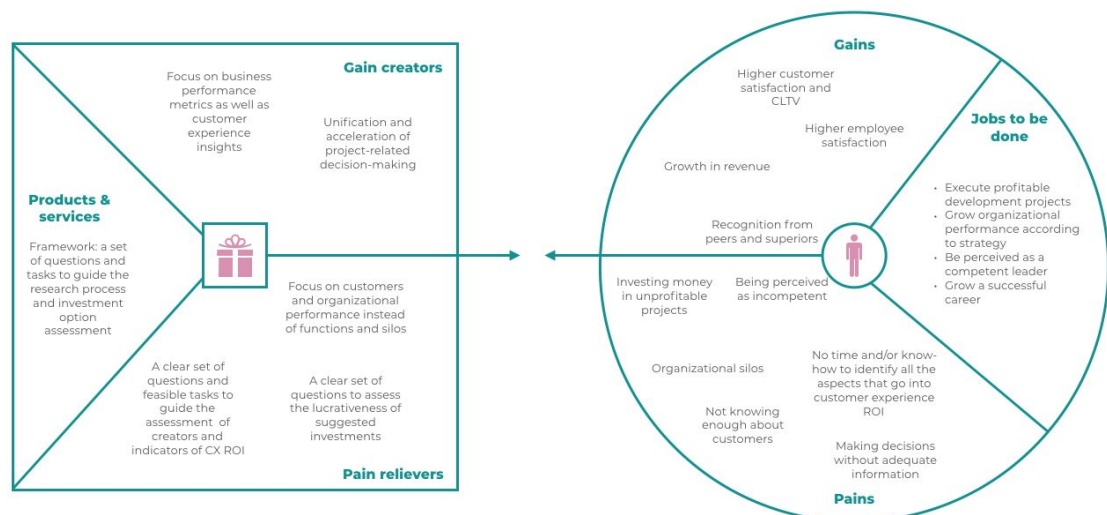


Figure 14. Value proposition canvas for the decision-maker (appendix 5)

Maria and Kenneth are lacking the time and/or the know-how to assess and plan to combine different methods and datasets in a meaningful way to build a solid basis for CX related decision-making. It is thus presumed that a major pain reliever would be a set of questions and a clear process for using them, in order to evaluate relevant aspects of

customer experience and its management and thus build a frame for evaluating different development initiatives.

5.2 Framework-definition workshop

In order to define the elements of the decision-making framework, a 3-hour workshop was held on January 13th, 2020, to ideate, prioritize ideas and discuss the aspects that need to be taken into consideration when building the first prototype of the service. The workshop was attended by six people: four mid- or C-level decision-makers from different organizations that meet the criteria listed in chapter 2 (pages 7–8) and two business consultants from companies that serve the kinds of companies described by the criteria in chapter 2. All of the participants had been actively involved in service and/or product development projects and related decision-making to improve customer experience within the past 12 months.

During the workshop, an initial idea for the framework concept was drafted, the stakeholders for using the framework were mapped out and a business process canvas was filled in order to further define the process and benefits of using the framework. This chapter is entirely based on the discussions, sketches and results of the methods used during the workshop (see appendix 2 for the tasks completed during the workshop).

The workshop began with an introduction and free-flowing discussion over the previous research and decision-maker insights gathered by interviews, as well as the relevant theories over customer experience management and measurement. After that, participants were asked to write down ideas – one per each post-it note – for the decision-making framework: what could it entail and what data could be used to power it. The ideas were then clustered into sets of ideas that were either similar or closely related to each other, and connections between ideas were mapped out to visualize the dependencies between different aspects.

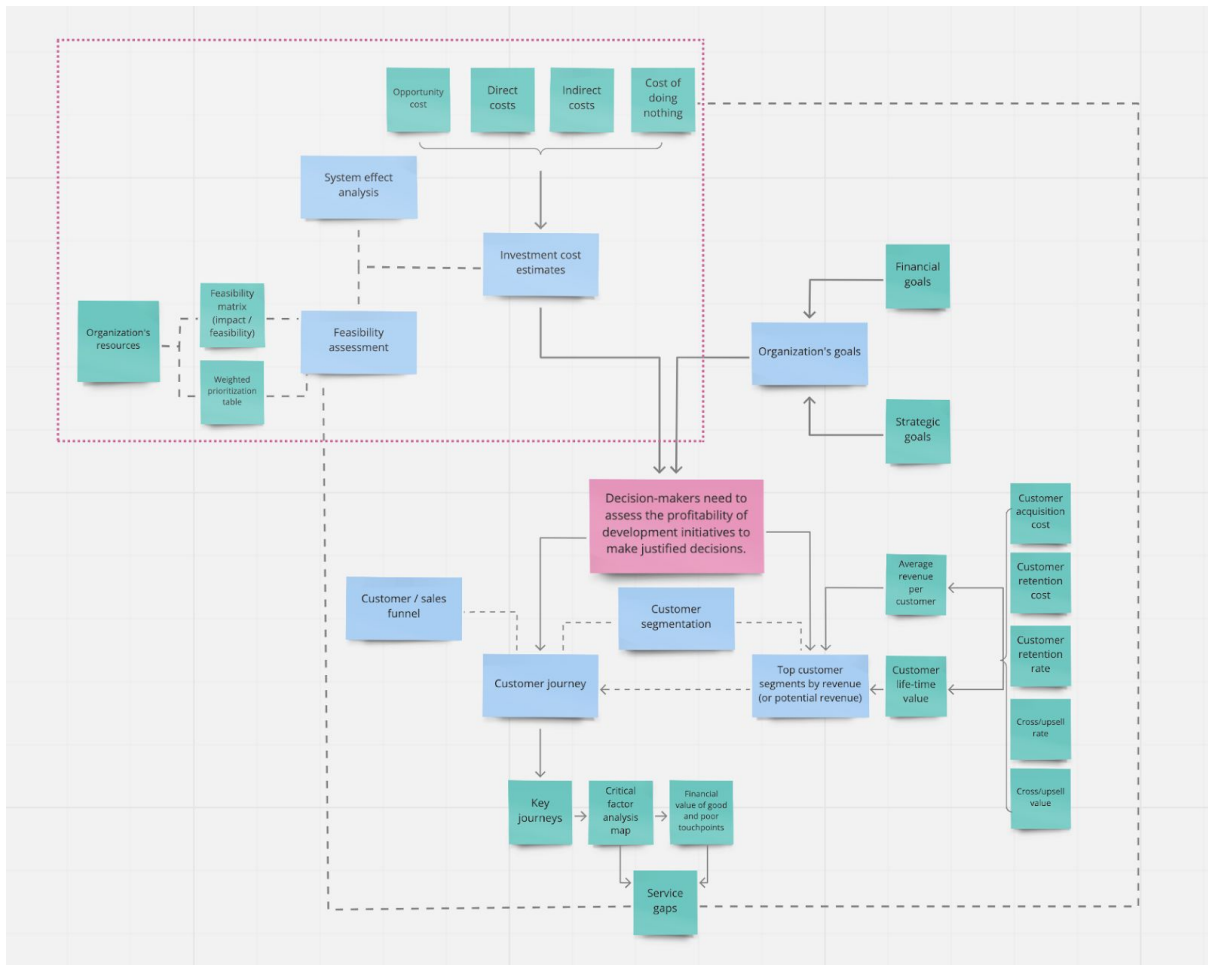


Figure 15. A map of gathered ideas and the relations between them (appendix 6)

Figure 15 illustrates the map of the gathered ideas for the building blocks of the framework. The items grouped by the pink dashed line are aspects concerning the eventual evaluation of project proposals and it was agreed that this part of the assessment has to be done individually, case by case. The rest of the items outside the pink line, however, were noted to be aspects that only need to be analyzed once to form a stable basis for evaluating proposals case by case. Having said that, it was agreed that even the assessments of the items outside the pink line should be re-evaluated periodically, when the organization's strategy or the operating conditions, for example, change. Failing to do that will eventually likely lead to making decisions based on an outdated model.

During discussions over the ideas in the workshop, it was agreed that not all the items listed on the board are vital for the framework to produce value. This conversation was initiated by the notion that even some of the larger companies can still struggle with customer-related metrics, making it laboursome to calculate exact values for cross-selling or customer retention, for example. It was thus agreed upon that as long as there is enough

data to calculate the average revenue per customer and the value of a customer over an organization-specific period of time, working with these figures would be enough for a minimum viable version of the framework. However, when data for more defined calculations is available, it should be put to use, as it describes the realities of customer relationship management in a more accurate manner.

After ideating for the first draft of the framework, a stakeholder map (figure 16) was drawn out by the workshop participants to identify the different parties that may have an interest in or an effect on how (or if) the decision-making framework is used. Stakeholder maps help in visualizing and understanding the ecosystem of actors, their relationships and potential networks and frictions between them and the service (Stickdorn, Hormess, Lawrence & Schneider 2018, 59).

On the inner circle of the stakeholder map (figure 16) are the employees responsible for preparing proposals of development projects and making decisions over what to invest in. Closely related to them are the other decision-makers within the organization, whether in general management, bearing the responsibility for the overall performance of the organization, or in related units that may have an effect on CX related projects (such as IT, for example). It was noted that these managers can play a large role in the successfulness of utilizing the framework, as a buy-in from them can significantly increase the odds of gaining all the relevant information and crossing potential organizational silos.

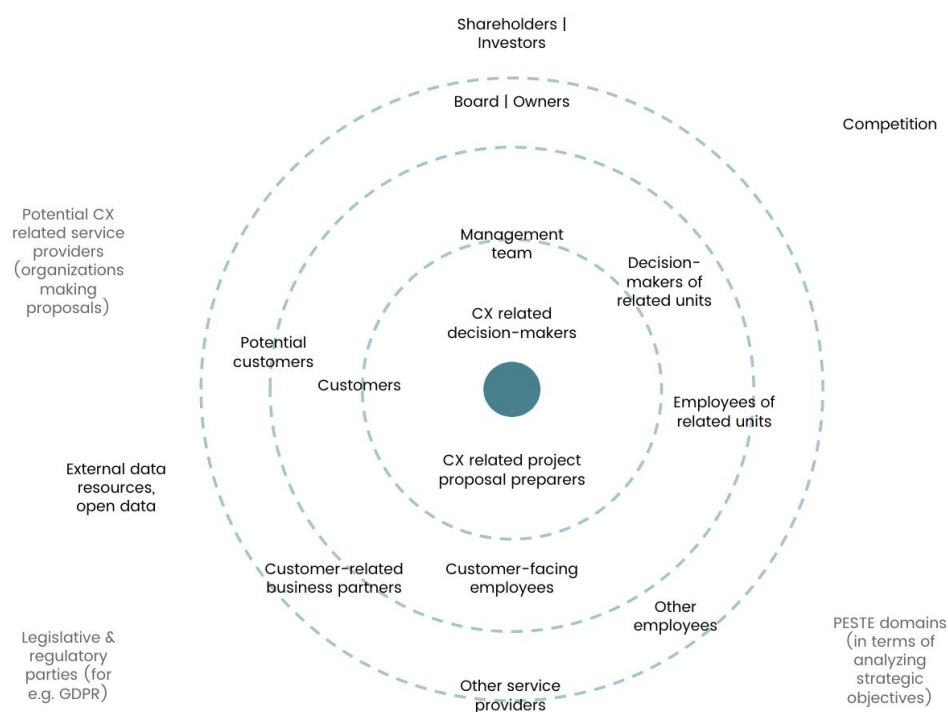


Figure 16. A stakeholder map

Current customers, customer-facing employees and even customer-related business partners, when closely involved with customers, should be considered as close stakeholders as providers of crucial information and co-creators of value. The importance of potential customers – the ones the organization is not currently serving – may vary case by case, depending on the strategic objectives, but more often than not, at least the customers the competition is serving are sources for valuable insights. Other employees and service providers – ergo the ones not directly involved with providing customer experience related services – are located slightly further away from the center: they should be taken into account especially when assessing the potential ripple effects of any CX related initiatives.

On the 4th layer of the stakeholder map (figure 16) are external data resources, which can be important sources of relevant information for some organizations' frameworks. The investors and shareholders are also positioned on the outermost layer, as they have little to do with the organization's strategies and operational decision-making, but may require justifications for made decisions – especially at financially turbulent times. Competitors, on the other hand, are potential providers of customer and market insights (although rarely directly), possible objects for benchmarking or differentiation tactics and in certain instances a convenient baseline for assessing the minimum viable customer experience.

The 4th layer of the stakeholder map (figure 16) also holds entities that can be relevant for using the framework in specific situations. Such entities can, for example, be legislative and regulatory parties, which can, pose restrictions or demands on how customer-related data can be stored or handled. Furthermore, potential customer experience related service providers, approaching organization with project proposals, will eventually be subjected to assessments based on the decision-making framework. It can thus be worthwhile for the organization to determine how transparent it wants to be in using the framework: will it openly discuss the relevant aspects of its CX and decision-making criteria with the external service providers, or will it use the framework to evaluate and compare service providers' proposals internally. Finally, the stakeholders named "PESTE domains" represent any stakeholders within the areas of political, environmental, social, technological and economic spheres, which could have an effect on customer behavior and the operating environment, changing the conditions under which the aspects of the framework have been evaluated.

After crafting the initial idea for the framework and mapping out relevant stakeholders, a business process canvas (figure 17) – a combination of a business model canvas and a

project model canvas, both tools that help present business models or actions in a visual form (Kalbach, 2016) – was filled in order to further define what using the framework in practice would require and what benefits it would produce. The overall activities were divided into five main activity segments, which were agreed to be carried out in chronological order, as each previous segment would help narrow down the information needed at the next stage. Six milestones were also defined in order to create more structure to the framework. The relevant users, participants and stakeholders were listed, as were the deliverables – the set of evaluative questions – against which each individual investment proposal could be assessed.



Figure 17. A business process canvas of the decision-making framework (appendix 7)

In addition, by utilizing the business process canvas (figure 17), the potential constraints and risks for using the framework were assessed, along with the costs, benefits and revenue streams. These items were discussed together during the workshop, as it was noted that using the framework can be time-consuming or even require funding, depending on the CX maturity of the organization. The costs of internally allocated working hours could be notable especially for organizations with little customer experience management practice, and thus the benefits and revenues gained with the framework need to be greater than the direct and indirect costs of using it. It was, however, noted that often the mere direct costs of development projects are far greater than that of putting the framework into

use. Therefore being able to make more justified decisions and avoid choosing the unprofitable projects would likely yield benefits for most organizations.

5.3 Defining the framework

With the results from the workshop, the decision-making framework was further defined with the help of previous literature and by combining existing models and methods for data gathering, analysis and decision-making. In simplicity, the framework is a set of guiding questions and a linear process that will steer the user through gathering and analyzing relevant data in the right order, in order to produce a solid frame for assessing customer experience related investment options.

The process should be utilized as it is designed, as each step narrows down the focus for the next stages, making it easier to concentrate on the most relevant aspects and not spend resources on the insignificant ones. The list of questions, on the other hand, is not intended to be exhaustive, but rather a directional one, giving room for disregarding or adding questions. It needs to be noted, however, that overlooking or replacing questions should not be done based solely on what is easy or difficult to find answers to, but based on what is relevant in the context of the organization and its customers.

For some of the questions, the answers may be very straightforward and easy to find. This could be the case, for example, with financial data, provided that the organization already tracks multiple financial metrics related to different customer segments. For other questions, however, it is likely that some research or analyzing work will be required to find a viable answer. These are most likely at least the questions related to critical factors along the customer journey and the possible service gaps.

It is necessary to notice that while utilizing the framework can require making hypotheses and subjective prioritizations at some points, the purpose of the framework is not to build a decision-making model merely on assumptions. Applying the framework to build a solid basis for making informed decisions will thus require a certain amount of work and resources – the amount being dependent on the maturity of the organization's customer experience measurement and management. The upside, however, is that once the relevant insights and the related data points have been specified, updating the information behind the decision-making framework is a straightforward and resource-efficient process.

A total of 29 questions divided into six categories based on the milestones listed on the business process canvas: 1) examining strategic and financial goals, 2) mapping out relevant information sources, 3) determining the most lucrative customer segments, 4) mapping out key journeys for those segments and identifying critical factors on those journeys, 5) identifying and prioritizing gaps on key journeys and 6) assessing an investment proposal.

Table 5: Guiding questions for different stages of using the framework

Milestone	Questions to ask (not an exhaustive list – can be tailored to organizational needs)
Financial and strategic goals	What are the short-term (1-2 years) financial goals for the organization? (E.g. growth in sales, revenue, financial efficiency)
	What are the mid-term (2-5 years) financial goals for the organization? (E.g. growth in sales, revenue, financial efficiency)
	Are there any specific objectives for expanding the customer base, market share or expanding to new markets in the short or mid-term?
	Are there any objectives for launching completely new products/services (that may attract new types of customers) or for discontinuing existing products/services in the short or mid-term?
	Are there any specific opportunities or threats in the operational environment that may affect the current way of operating in the short or mid-term?
	Are there any specific strategic KPI's in place to monitor the progress towards the goals?
Relevant information resources	Which of the following customer-related metrics (if any) are readily available or can be calculated based on other available financial data: <ul style="list-style-type: none"> • Revenue per customer (average per customer base or segments) • Customer acquisition cost (average per customer base or segments) • Customer retention cost (average per customer base or segments) • Customer retention rate (average per customer base or segments) • Churn rate (per customer base or segments) • Cross- or upsell rate (average per customer base or segments) • Cross- or upsell value (average per customer base or segments) • Customer life-time value (average per customer base or segments)?
	What data or insights are readily available about the customers? (E.g. previous customer research results, customer feedback, NPS or CSAT scores.)
	Has the customer base been segmented / are there personas in place? If yes, what is the basis for this segmentation (ergo, is it relevant for organizational performance)?
	Have customer journeys been mapped out? If yes, to what extent (e.g. individual journeys for segments, function-based journeys)?
	What touchpoints related to customer experience are measured (e.g. NPS, CSAT, touchpoint metrics, online behavior analytics)?
	What are the viable (in relation to the framework project) ways of gathering additional customer insights (e.g. online analytics, observation, surveys, interviews etc.)?
Most lucrative customer segment(s)	Which customer segments are the most profitable for the organization in terms of revenue? (Either base this on data or make a hypothesis.)
	Why are some segments more profitable than others? (Either base this on available data or formulate a hypothesis.)
	If you based the two previous questions on hypotheses, how will you agilely validate your assumptions? (Ergo: craft a plan for gathering insights.)
	Are the grounds for profitable segments likely to stay the same or change in the short or mid-term? (Look to financial and strategic goals to assess this.)
	Which customer segments will you choose to be the key segments and why?

Customer journeys and critical factors	Are the customer journeys for the chosen segments already mapped out?
	If the customer journeys and critical factors are not mapped out, how will you gather insights and map them out? (Ergo: craft a plan.)
	What parts of the journey are the most important in producing customer experiences (both positive and negative)?
	What are the critical factors among those journeys that will make or break the customer experience?
	What are the touchpoints related to the critical factors and how are they currently affecting the perceived customer experience?
	Are there any notable opportunities or risks in these touchpoints, that might affect the customer experience positively or negatively in the foreseeable future?
Prioritization of experience gaps	Analyze the identified gaps: <ul style="list-style-type: none"> • Where do the customers expect to have meaningful positive experiences but are not currently getting them? • What aspects of the touchpoint(s) related to the gap are responsible for producing unsatisfactory experiences? • Are there any notable opportunities or risks in these touchpoints, that might affect the customer experience positively or negatively in the foreseeable future?
	What is the effect of each gap on customer-related metrics (the value of the gap)? (Calculate based on data when available – make an educated assessment when exact data is not available.)
	Prioritize the gaps based on (predicted) effect on customer-related metrics.
Assessing an investment proposal	What are the costs related to the project? <ul style="list-style-type: none"> • Direct costs: include also the costs of internal resources • Indirect costs (e.g. costs of modifying processes on other departments) • Opportunity costs (ergo what else could be achieved with the resources) • Cost of doing nothing (e.g. revenue lost)
	Which of the gaps does the proposal address, to what extent (ergo does it solve it completely, partially or something else), and what is the predicted value of closing this (part) of the gap?
	How easy or difficult is it to execute this proposal? (Assess the different aspects involved.)

Using the list of questions will also require assessing things such as what are considered relevant time-periods to investigate when evaluating metrics, which costs are to be included in calculations and whose opinions are allowed to affect subjective evaluations. The following chapters will introduce the six phases of the framework in more detail, giving guidance into making the above-mentioned assessments as well.

5.3.1 Financial and strategic goals

There are numerous definitions of a business strategy, some of which approach the concept from a practical view, listing the elements of a strategy, some of which describe it in an abstract way – and some of which land somewhere in between these two extremities. Most of the definitions do, however, seem to essentially be describing very similar things even if the manifestation of the definitions vary. For the purposes of this study, the approach of Watkins (2007) was adopted. He defines business strategy as *“a set of guiding principles that, when communicated and adopted in the organization, generates a desired pattern of decision making”*. Watkins describes strategy as a roadmap as well as a set of guiding rules that helps people throughout the organization make decisions, prioritize actions and allocate resources to accomplish key objectives.

Following this perspective on strategy, the organization's strategic and financial goals are thus a way to prioritize certain metrics, customers and services, for example, when utilizing the decision-making framework. In some organizations, the goals and the corresponding key performance indicators (KPI's) are well-defined and compiling the needed information to build a solid basis for the framework is a very straightforward process. It may consist of a meeting with the CEO or the management team or, in very transparent organizations, just of a review of well-structured strategy documentation.

In other organizations, however, the strategy may be more vague (even for the management) or in need of updating. Vague or outdated strategic objectives, however, generate little value for the decision-making framework as guiding principles, as they can steer the process of choosing the most lucrative customer segments in the wrong direction and end up skewing the whole framework. In these situations, it is wise to use only the mid- to long-term financial goals (if available) as a basis for the next stages, as they are likely less prone to change. The strategic goals can be bundled in later on if they are updated and/or clarified.

5.3.2 Relevant information resources

The process of mapping out relevant information resources is the most organization-specific part of the process of utilizing the decision-making framework. This is due to the fact that all organizations have unique ways of gathering, processing and storing data. While the tools and methods used for collecting and utilizing data can be similar, the

means of using them vary. Certain customer relationships management (CRM) systems, for example, are used by thousands of organizations globally, but what information is stored, when it is stored and the purposes for which it is processed and used for is something each organization has to specify for themselves. Moreover, certain teams within an individual organization can also have different ways of working with data, making the process of mapping out the information sources an even more case-specific task.

As a general guideline, however, mapping out the relevant information sources should start with mapping out all of the customer-related information sources that are currently being used by the organization. These sources are then reviewed by using two criteria: how relevant they are in relation to the strategic and financial goals of the organization and how much processing of the available data is needed in order for it to deliver relevant insights. If an information source provides little value for understanding if and to what extent the key performance indicators for strategic and financial objectives are being met from, it is not helpful for making more justified decisions over CX either. If, on the other hand, the data requires a lot of processing in order to formulate insights that are useful for the decision-makers, it should be assessed whether the cost of processing exceeds the benefits gained by using the insights derived from the data. These two criteria should be used together: knowing whether an information source is relevant for assessing if the strategic and financial KPI's are being achieved makes it easier to evaluate the value of data processing. Vice versa, the mere usability of data should not be the sole reason for utilizing it – the relevance of the information should be assessed as well.

If, after mapping out the relevant information resources, it is evident that the organization lacks certain essential information, a plan for gathering the needed insights should be crafted. However, evaluation of the costs and benefits of acquiring the information is required: the relevance of the pursued insights should be assessed in relation to the costs (whether direct or indirect) of gathering them.

5.3.3 Finding the most lucrative customer segment(s)

Segmenting the customer base helps the organization identify groups of customers (or potential customers) with relatively homogenous needs, in order to look at the customer-base in clusters instead of getting overwhelmed with individual needs and preferences. There are four general categories based on which customer segmentation is usually done: behavioral, demographic, psychographic and geographic. Behavioral

segmentation tends to yield the best results, as it is based on actual customer behavior and interaction with the service, indicating the actual needs and preferences of the customers. (Ferrell & Hartline 2013, 136.) It allows for predicting and influencing future behavior on historical behavior patterns, prioritizing the allocation of resources on segments that are identified to have a concrete impact on reaching the organization's goals and monitoring patterns of behavioral change within and among the segments (DeAsi, no date).

Examples of behavioral segmentation are dividing customers into segments based on the extent of their service usage, customer loyalty, purchasing behavior or benefits sought from using the service (DeAsi, no date). While Ferrell and Hartline (2013, 136) note that segmenting customers based on behavioral aspects may be challenging and time-consuming in practice, the author's experience is that modern technologies such as CRM software and user analytics tools often allow for organizations to monitor and identify behavioral patterns in an increasingly cost-effective manner.

Beginning the search for the most lucrative customer segments should begin with assessing whether the proper customer segmentation is already in place to begin with. If not, the first step is to segment the customer base based on criteria that is meaningful to the usage of the service. When appropriate segments are in place, the next phase requires identifying the segments that currently have the highest customer profitability (looking back on historical data) or life-time value (CLTV, assessing the present value of the projected future cash flows) within a chosen time period. (See appendix 13 for the formulas for the calculations.) This time period can be very freely determined by the organization itself, as long as it makes sense for its operating model. For a car dealership, for example, a time span of only a year would seem to be too short of a period to identify a proper value of a customer, knowing that most people do not buy a car on a yearly basis. For a supermarket, on the other hand, a year may well be a sufficient time span, as groceries usually get bought if not daily, at least on a weekly basis.

Basing the assessment of the customer segments solely on current metrics may not be enough, in case the organization also fosters strategic objectives that relate to the potential of customer segments. These could, for example, be current segments that will hypothetically become more lucrative in the future for a reason stated in the organization's strategy, or segments that the organization is not currently serving but are strategically important for its performance in the near future. Because the value of these segments is based on hypotheses rather than data, it is important to clearly articulate the performance expectations for these segments so that the subsequent phase of determining customer journeys and critical factors can identify aspects that are in line with meeting the objectives.

5.3.4 Determining customer journeys and critical factors

Customer journeys are narratives of the customer's experience with the organization over time. Customer journey maps are an often used tool to visualize these narratives, in order to better understand how the existing services create the experiences and uncover potential pain points and opportunities for improvement. (Stickdorn, Hormess, Lawrence & Schneider 2018, 44.)

Lemon and Verhoef (2016, 74) conceptualize customer experience as a customer's journey with the organization over time, during the purchase cycle and across multiple touchpoints. They describe the total customer experience as a dynamic process, consisting not only of pre- and post-purchase stages in addition to the actual purchase, but also of past experiences and external factors. The touchpoints that make up the experience are divided into four categories:

1. **Brand-owned touchpoints:** Customer interactions that are designed by the organization and the production of which is under the organization's control.
2. **Partner-owned touchpoints:** Customer interactions are jointly designed, managed and/or controlled by one or multiple partners in addition to the organization.
3. **Customer-owned touchpoints:** Customer actions that are part of the customer experience but are not influenced or controlled by the organization or its partners.
4. **Social/external touchpoints:** Actions of other people and the environment that influence the customer experience and are not controlled by the customer, organization or its partners. (Lemon & Verhoef 2016, 76–78.)

Lemon and Verhoef (2016, 79) note that while service blueprinting – generation of illustrations of the different production components of the service and their dependencies – can build a solid base for customer journey mapping, it rarely looks at the journey from a very customer-centric point of view and thus conducting proper journey analysis requires real customer input. Rawson, Duncan and Jones (2013, 5–6) suggest combining customer and employee research and different types of data and insights in order to identify the parts of customer journey and the process of producing it that matter the most – both to the customers and the organization's performance. They point out that while the process of

looking at both sides of the journey simultaneously and throughout it, perhaps conducting additional research and analysis, is no small task, it builds a solid factual base for understanding the customer experience and the aspects of it that should be prioritized.

Mapping actual customer experiences, however, requires including the customer's emotions as well as actions, as emotions are generally considered to help us assess situations and make decisions (Kalbach 2016, 157 and Walden & Janevska 2014, 7). Emotions are difficult to research and observe, as assessing emotions is always subject to interpretation – even when emotions are clearly communicated, which they often are not. Moreover, customers may experience multiple, even contradictory emotions at any given moment, making the task of understanding and representing feelings an even more challenging task. (Kalbach 2014, 157–160.) One should thus consider the tradeoff between too much simplification and the amount of effort it takes to research emotions, to determine the level that best serves the purpose of finding the critical factors along the customer journey.

Building on various models of customer experience journey diagrams, the following process and visualization model (figure 18) for researching and mapping out the current customer journey and critical factors is proposed:

1. Researching how customers interact with the organization and other related actors during pre-purchase, purchase and post-purchase stages:
 - What exact activities does the customer take?
 - What are the customer's motivations for taking such actions? (Ergo, what is the customer expecting to achieve?)
 - What are the touchpoints (brand, partner, customer and external ones) the customer interacts with?
 - What are the activities either the organization or its partners take to produce service at the touchpoints? (The service blueprint can provide assistance with this.)
2. Researching how customers feel when interacting with the organization:
 - What kinds of elements produce positive and negative emotions for the customer at different touchpoints?
 - What are the critical points where the highest positive and the worst negative emotions occur?

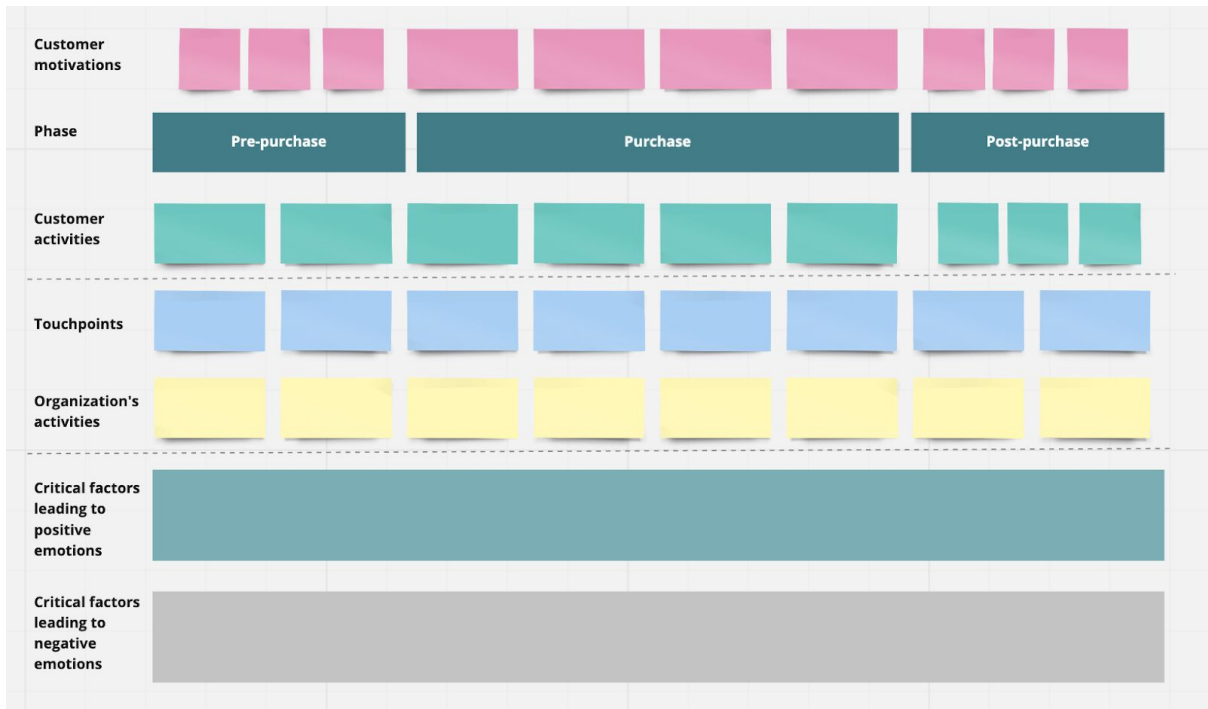


Figure 18. A customer journey map template

To consider a factor along the customer journey to be critical, it should be assessed based on its ability to encourage or discourage customers from using the service (again), thus affecting the customer life-time value (CLTV) and the profitability of the organization. Some exemplary questions for assessing this are introduced in table 6. They can be used as simple yes/no questions or assessed on a Likert scale – a scale that measures how much the respondent agrees or disagrees with a particular statement – for example, to aid in prioritizing the factors.

Table 6. Questions for assessing the criticalness of the factors along the customer journey.

Does the experienced emotion at the given touchpoint...	Related to
affect the propensity of using the service again?	Customer retention, CLTV
affect the frequency of using the service?	Customer retention, CLTV
affect the possibility of up- or cross-sell to the customer?	CLTV
cause costs for the organization (e.g. time spent on addressing issues and complaints)?	Customer retention/acquisition cost, CLTV
affect the recommendations given by the customer?	Customer acquisition

It should be noted, though, that the task of assessing the criticality of a factor will likely require making some subjective interpretations or additional research at times. While some customer-originated insights about deal-breakers or makers might be very clear, it is highly possible that even after combining different data points with customer insights, one might have to make an educated estimate of whether (and how much) an experience at a certain touchpoint will affect customer retention or propensity to recommend the service to others.

For example, solely based on given feedback by a preferred airline customer, irritated about a severely delayed flight and threatening to never use the airline again, the company might consider it highly likely to have lost a customer. However, based on usage data, the airline may find the customer is still using their services, indicating that one delayed flight may not have been as critical for the customer as their feedback would have implied. This is not to say that being on time is not critical for the customer: it is unlikely that they would have taken the time to complain about something that was of little importance to them. It just indicates that while constantly offering delayed services would likely lead to losing the customer – a subjective prediction, based on the customer's feedback – experiencing strong negative emotions once over arriving late is not enough to predict churn even when the intention of changing airlines is expressed directly.

This should pose another question for a customer-centric airline: something is clearly more critical for the customer, but what? Maybe it is the frequent flyer points the customer has acquired during all the years as a loyal customer. Maybe the airline is the only one operating to customer's preferred locations directly. Perhaps it is something completely different. Nevertheless, whereas looking at the existing data and insights may not always clearly indicate what the critical factors are, they can point one to the right direction and assist in asking the relevant questions.

The customer journey and the critical factors should be mapped out individually for all the customer segments that have been identified to be strategically important. This phase is likely to take the most time, as it will require gathering customer insights from different sources and combining them with internal processes and tools to get a full view of the journey and identify the parts of it that are the most important. Assessing the critical factors is also the stage of the process where hasty assumptions, if treated as facts, could potentially distort the end-results of using the framework. It is thus important to see the difference between facts, assumptions and the unknowns. It is acceptable to have both assumptions and unknowns about the critical factors at the end of this stage, as long as

everyone involved understands the difference between making decisions based on facts and hypotheticals.

5.3.5 Identifying customer experience gaps

Once the customer journeys and critical factors for the relevant customer segments have been mapped out, the next phase is to identify current and potential gaps – differences between customers' expectations and the service experience – within the journey. A practical tool for this can be loosely derived from the well-known PEST analysis grid, which traditionally looks at political, environmental, social and technological factors in order to identify issues in different domains that may affect the organization. For the decision-making framework's purposes, however, these domains are replaced by the four different types of touchpoints: brand, partner, customer and social/environment owned.

For each factor that is considered to be critical, an analysis of different aspects related to the touchpoint should be analyzed. Are there any existing conditions that are causing challenges for producing positive emotions or increase the likelihood of producing negative emotions? Furthermore, as the decision-making framework is a future-facing, strategic tool for evaluating investments, are there any foreseeable conditions within these four domains that may affect the organization's ability to produce positive emotions and mitigate negative ones?

An exemplary table template for identifying existing and potential factors causing experience gaps is presented in figure 19. While the organization itself can only be fully in charge of the touchpoints covered by themselves and by their partners (to a certain extent), existing and potential gaps caused by customers themselves or external factors may also be mitigatable, and should thus be considered just as important. In air travel, for example, the weather phenomena causing turbulence – an external touchpoint – during a flight can not be controlled by the airline. It could, however, be able to minimize the discomfort experienced by the customers by actively communicating about the expected duration of the situation and the safety of the aircraft. An external touchpoint with a negative impact on customers' emotions can thus generate increased demands for brand-owned touchpoints in order to reverse or minimize the effects of the uncontrollable gaps.

	Brand-owned touchpoints	Partner-owned touchpoints	Customer-owned touchpoints	Social / external touchpoints
Critical factor #1	Existing Potential	Existing Potential	Existing Potential	Existing Potential
Critical factor #2	Existing Potential	Existing Potential	Existing Potential	Existing Potential
Critical factor #3	Existing Potential	Existing Potential	Existing Potential	Existing Potential
Critical factor #4	Existing Potential	Existing Potential	Existing Potential	Existing Potential

Figure 19. The experience gap identification table (appendix 8)

5.3.6 Projecting the benefits of closing the customer experience gaps

Once the gaps and the underlying factors behind them have been identified, they need to be prioritized based on the expected value of closing them. If the decision-maker is later faced with multiple alternative CX related investment initiatives, they can prioritize the ones that address the gaps with the biggest impact on the organization's performance.

Projecting the benefits of closing an experience gap is relatively straightforward in cases where the financial value of it has already been established at the previous stages. This could be the case, for example, in e-commerce, where the causality between a glitch in the online experience and an abandoned shopping cart is evident. However, even when exact data of losses caused by the gap is not available, generating an approximation of the gap's value is often adequate to allow for prioritizing the gaps.

To evaluate the value of the gap, one should first assess how it affects the life-time value of a customer relationship. This effect may come into play via different metrics, such as higher customer acquisition costs or lost opportunities for cross-selling, and it may affect multiple ones or just one. Once the average effects on an individual CLTV have been estimated, multiplying the number by the estimated total number of affected customers will

produce a projected value of the gap. At simplest, this is also the projected financial benefit of closing the gap. However, if it is reasonable to assume that closing the gap will also yield to growth from potential customers – people who the organization is not currently serving, that is – the projected CLTV of the amount of these potential customers should also be added into the calculations.

It is evident that assessing the value of closing the experience gaps will often require making subjective evaluations of the number of customers impacted and the financial implications of it. These evaluations should, however, be based on insights gathered at earlier phases (or otherwise) whenever possible, which reduces the portion of pure, error-prone guesswork.

5.3.7 Defining the case for assessment

Finally, to utilize the framework to assess different CX related development investment options, each initiative needs to be evaluated based on the cost of the project compared to the anticipated revenue of it – in other words, assessing the expected ROI of the project. The first step of evaluating any initiative is to determine whether it addresses the prioritized customer segments, journeys and service gaps. Once this has been done, the next step is to estimate – or calculate, if the affiliated numerical data is available – the financial value of the gap(s) that the initiative is designed to solve. This will produce a projected revenue for the suggested project.

To find the expected ROI of the initiative, the costs of the project need to be calculated, too. The direct costs of the project are usually easy to detect; the price of external consulting, software or equipment, for example. Many development projects, however, also take numerous hours of internal work to complete and can cause ripple effects throughout the organization, such as needs for employee training and modifying processes. When summed up, these costs can add up the expense of the project dramatically, and they should thus not be left out of the equation – especially if there are alternative usage options for the internal resources, essentially constituting an opportunity cost.

Finally, when assessing the lucrativeness of an initiative, the feasibility of implementing the development project needs to be taken into account. Certain aspects of feasibility – the cost of working hours, for example – are addressed during the cost analysis and manifest themselves through ROI calculations. Other dimensions, however, may not have a clear financial value, but can still cause notable challenges for the project. This could be the case,

for example, with uncooperative stakeholders, legislative issues or technological restrictions. To include the feasibility aspect into the assessment, using a value-feasibility matrix (figure 20) to evaluate an initiative based on both the projected ROI of it and the feasibility of implementation will produce a more comprehensive perception of the viability of the project.

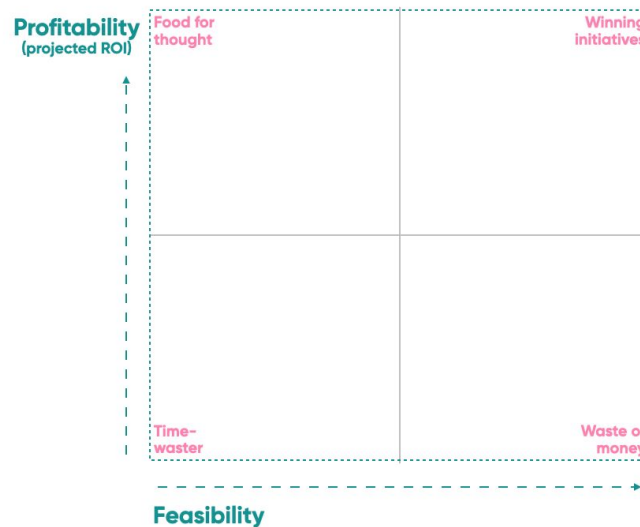


Figure 20. A value-feasibility matrix

When the value-feasibility matrix is used to compare multiple, alternative initiatives, it can help in prioritizing the ones to invest in by visually expressing the superiority of one initiative over the others. If, on the other hand, the matrix is usually used to evaluate one initiative at a time, it can be beneficial to give the profitability axis a minimum target value, against which the projected ROI of the project can be assessed.

One should note that while the unfeasible and unprofitable projects will most likely always remain, as stated in the matrix, time-wasters, the feasible but low-ROI and profitable but unfeasible projects are not necessarily bad initiatives, should something change. If, for example, the cost of a resource needed to complete a project falls dramatically, the ROI of a previously too expensive project might rise. The conditions under which a project is currently unfeasible may also be subject to change. If there are feasible, high-ROI initiatives lined up, these should naturally be given the priority. However, as the decision-making framework is intended to be a strategic, forward-facing tool, it is also advisable to assess the projects in the categories high left and low right and evaluate the criteria under which these projects might catapult themselves to the winning initiatives' category.

6 VALIDATING THE PROTOTYPE

Service prototype is a way to evaluate the viability of an idea and gather feedback of it in order to develop it further. Prototypes can be seen as staged service experiences, explored by a group of testers. Prototypes come in different forms and levels of detail, and it is typical for the fidelity of the prototypes to increase during the design project. (Stickdorn, Hormess, Lawrence & Schneider 2018, 64.)

As the decision-making framework is essentially a list of aspects to consider and a process according to which evaluate them in order to assess the profitability and viability of different CX related investment options, the process of designing the framework, for the most part, overlapped with designing the prototype. However, to be able to introduce and clearly communicate the framework in the testing phase, a prototype with a visual presentation of the process of using the framework was created to be used along with the list of guiding questions.

To introduce both the process of utilizing the framework and the benefits of using it for a group of decision-makers at the prototype testing phase, an 11-step process description was drafted out, illustrated in figure 21. The description consisted of the main questions assessed at each stage and the reasoning for completing each step. The objective for the process description was to be clear enough to be comprehensible during a short introduction. It thus contained only the bare minimum amount of information and it was designed to work together with a live presentation, which was one of the testing methods used during the prototyping phase.

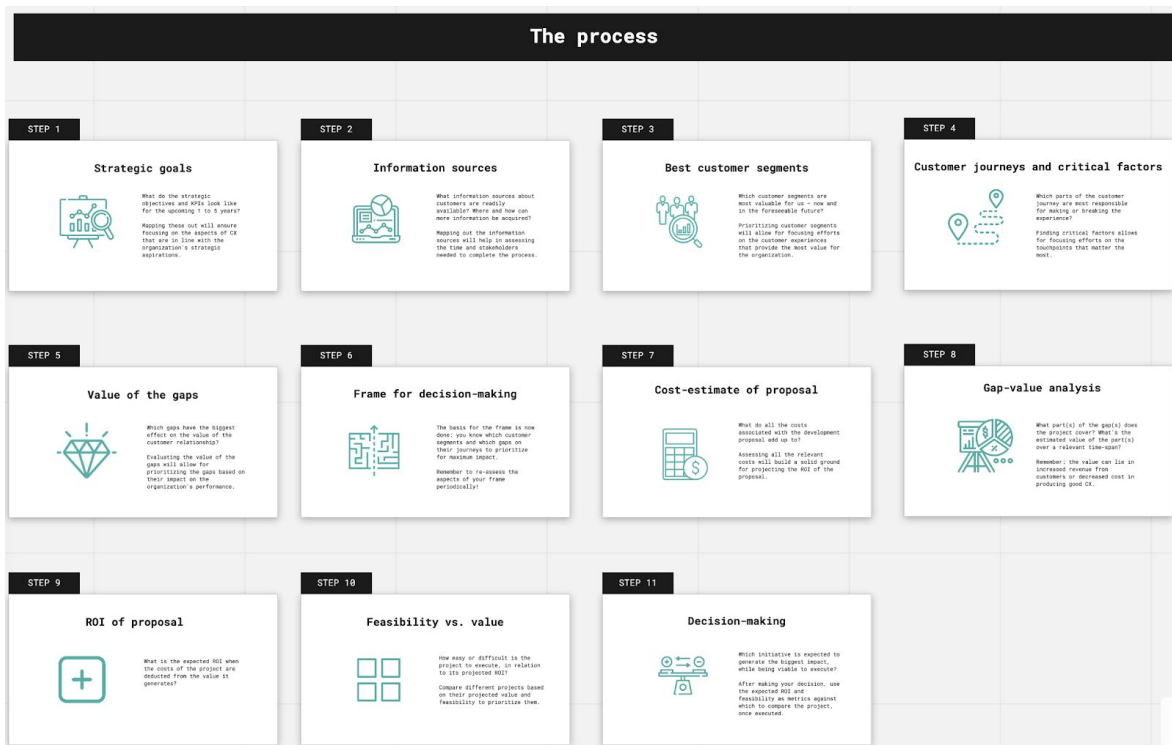


Figure 21. The process description of utilizing the framework (appendix 9)

In addition to the process description, a lighter visualization of how to prepare for using the framework was drafted out. This visualization was used to communicate the importance of approaching the usage of the framework as a project, requiring clear roles, resourcing and scheduling.

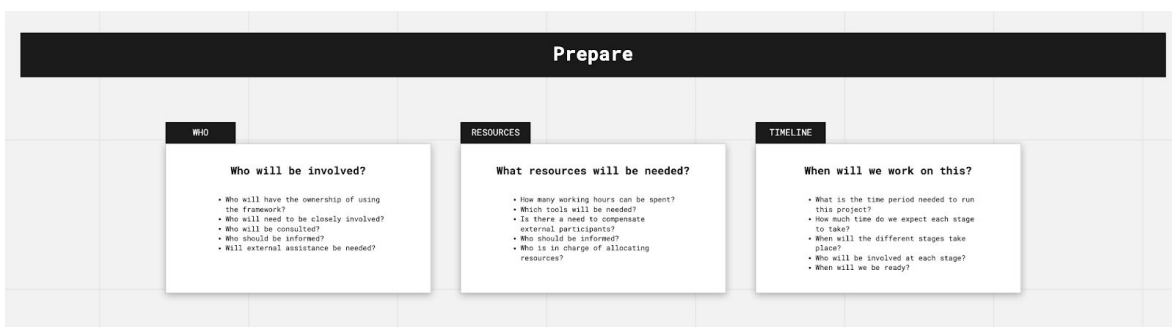


Figure 22. Preparations for utilizing the framework (appendix 10)

To ensure the overall viability of the decision-making framework, evaluative prototyping (Stickdorn, Hormess, Lawrence & Schneider 2018, 212-213) was chosen in order to assess the hypothesis that the built framework would help decision-makers make more justified investment decisions and help reduce the time and effort to evaluate different options. To define the questions to be answered through the prototype testing sessions (table 7), the

triangle of prototyping questions (Stickdorn, Hormess, Lawrence & Schneider 2018, 215) was used as a referential basis.

Table 7. Aspects for evaluating the prototype

Aspect	Questions
Value	Does the framework make CX related investment comparison and decision-making easier for the decision-maker?
	What needs and pain points can the framework address?
	How will the framework fit into the larger context of the decision-makers' working life?
Look & feel	What tangible elements does the framework consist of?
	What is the feeling experienced when utilizing the framework?
Integration	Are there any constraints to using the framework – and can they be balanced or resolved?
Feasibility	What do organizations need in order to utilize the framework?
	What is the rationale for utilizing the framework?
	What makes the framework feasible to utilize (e.g. financial and technological aspects)?

6.1 The prototype testing process

The testing process of the prototype was divided into two sections in order to gather information on both the general perception of the framework in an organizational context and to test the actual viability and usability of it in practice. The first part consisted of presenting the framework to 19 people matching the personas of Maria and Kenneth and collecting feedback from them. The second part of the prototyping process included engaging a team from a large organization into actually using the framework to form a basis for their CX related decision-making.

6.1.1 Testing the perception: The process

For evaluating the general perception, a 20-minute online presentation session was organized to introduce the decision-making framework. The session was organized by a video conferencing tool called Zoom, which allowed for recording the session and making it

available for participants at the time of their choosing as well. At the end of the presentation session (or at the end of the video recording) the participants received a link to an online survey where they were asked a set of both quantitative and qualitative questions (appendix 2) about their perceptions of the framework. In the survey, the respondents were also asked whether they would be available for a short interview to elaborate more on their thoughts.

The invitations to the presentation session were sent out to 25 people, who, according to a preceding inquiry, had made decisions over or prepared customer experience related investment proposals during the past 12 months. All of the invitees also worked for organizations meeting the criteria listed in chapter 2 (pages 7–8). A total of 11 people participated in the live session, 8 watched the recording of it and all 19 answered the online survey. The participants were asked to log into the session with unidentifiable usernames to allow and encourage asking questions about using the framework and commenting it anonymously in a Zoom chat window. Based on the survey, however, the participants consisted of 8 C-level decision-makers and 11 mid-level managers.

After analyzing the survey results as well as the questions and remarks presented during the presentation session, four of the 19 participants were interviewed to gain deeper insights. In unstructured 30-minute interviews the respondents were asked to mirror the decision-making framework in the light of their own challenges with CX related investments in their own words. At this stage, the interviewee was in charge of what was discussed: laddering questions were used to deepen the understanding of their thoughts, feelings and perceptions, but there were no specific questions designed for this stage to prevent asking leading questions and skewing the results.

6.1.2 Testing the perception: Survey results

The aggregated survey responses – illustrated by figure 23 and presented in more detail in appendix 3 – revealed that the majority (68,4 percent) of the respondents perceived the framework beneficial for their organization, especially as a means to evaluate and communicate the value of different initiatives. The rest of the respondents, based on the open comments, were either unsure of the value of the framework or doubtful of their organization's ability to use it properly. One respondent also made a notion of their organization already having the relevant metrics and tools for measuring CX in place, thus finding the framework to produce no added value for them.

When asked about the potential benefits of utilizing the framework, assessing the ROI of initiatives and comparing and prioritizing alternative proposals were by far the biggest perceived advantages among all respondents. Participants who identified themselves as working in mid-management positions also appreciated the ability to identify relevant metrics for measuring development, whereas C-level respondents indicated to be more interested in the possibility of developing customer experience across organizational silos. However, when asked about the framework's ability to speed up the decision-making process and build confidence towards the made decisions, over a third of the respondents stated that they could not say whether the framework would be beneficial or not. The uncertainty over the benefits for the pace of decision-making could merely indicate that in certain organizations the decision-making process takes time due to reasons beyond the quality of development proposals. The ambivalence towards decision-making confidence, on the other hand, was chosen for further investigation during the interviews in order to assess why some respondents were unsure if having more information to base decisions on would also help them feel more confident about the decisions made.

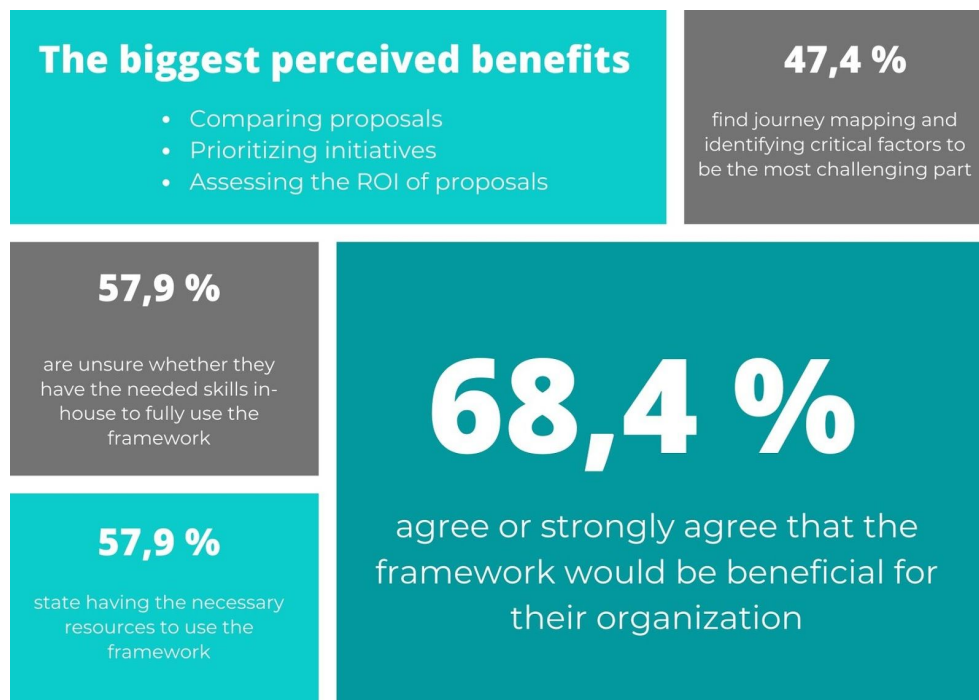


Figure 23. An illustration of the aggregated results

When asked about the different stages of the framework that were perceived as the easiest and most challenging to carry out, the respondents were fairly unanimous about the easy ones. Nearly half of the participants found determining the strategic goals to be a

straightforward process, most of them mentioning that objectives are well-planned and documented. 36,8 percent of respondents also stated that the relevant information sources are either already well-defined or relatively easy to map out.

For the challenging part, nearly a third of the respondents stated that mapping the customer journeys and identifying the critical factors would be a laborious and/or difficult process. The majority of open question responses referred to the organization having little customer-related data in place to begin with or mostly having quantitative data, which reveals little of the reasons behind customer's behavioral patterns. The other half of the respondents were more scattered in their perceived challenges, as every category received at least one vote. Many of the reasonings behind the respondent's choices, however, still related to the challenges of understanding customers and tying behavioral aspects to financial metrics.

For assessing the perceived feasibility of the framework in the respondent's organizational context, two questions were asked: does the organization possess the needed skills and resources – the latter referring to tools, working time and budget – to utilize the framework properly. While nearly 60 percent of the respondents stated having the proper resources, the same amount of respondents were unsure of having the needed know-how within the organization – and 5,3 % were even sure they do not. The responses to the open questions for elaborating on the skills question revealed that respondents were most unconfident about gathering, using and analyzing relevant data. The biggest perceived issue on the resource side was time: while the benefits of utilizing the framework might be well accepted, finding the time to run yet another project might be difficult. Perhaps for this reason, the majority of the open feedback was related to either acquiring the facilitation and/or project management for the utilization process as consulting work or related to getting the full instructions on how to use the framework.

6.1.3 Testing the perception: Interviews

After gathering the survey results, four 30-minute interviews were held with consenting survey respondents. The survey responses were given anonymously, so the themes discussed during the interview rose from the aggregated results, not individual responses. Two of the interviewees represented C-level decision-makers, the other two mid-level managers. The interviews were unstructured in order to give the interviewees space to openly reflect on their perceptions on the beneficiality and usability of the framework. The

interview notes and recordings were subjected to thematic and rhetoric analysis in order to identify recurring themes in what is being said, as well as how it is being expressed.

All of the four interviewees themselves brought up the challenges of making decisions based on gut feeling and subjective criteria – these challenges being the key reason for perceiving the decision-making framework as potentially valuable for their organization. The lack of proper means for assessing the profitability of project proposals was suggested to be a notable cause of frustration, both for making decisions and communicating the value of the made decisions to other stakeholders. Two of the interviewees felt that their decisions and proposals were sometimes contested by (other) decision-makers, as they were unable to project an adequately exact value the initiative would generate for the organization. They perceived the framework to be a tool for bringing clarity to the components of value generation and help them better communicate the benefits of CX development-related projects.

All of the interviewees also emphasized their uncertainties over the actual usability of the framework. One of them openly admitted that they would not have the required know-how to run a successful usage project. This interviewee mentioned that the skills and processes for actively utilizing data and insights for any development initiatives were missing and even though he considered them to be of importance, he doubted the organization would be able to develop these purely on their own. The three other interviewees, on the other hand, were not so pessimistic about having the needed skills, but were more concerned over time management. While they thought they would probably be able to run the project properly, if given all the time necessary to do so, they feared that competing priorities, where they actually already knew what they were doing, would in reality eventually run over using the framework. One interviewee's solution for this was to start running the framework project during the slower summer months, when she would have more "headspace" and time. The other two, however, stated probably opting for external facilitation, if available, when using the framework for the first time. They noted that this would allow them to get acquainted with the framework without the fear of "messing something up" or the schedule of the project being stretched over an unnecessarily long timespan.

Regarding the surprising survey finding of a third of the respondents being uncertain of whether using the framework would make them more confident decision-makers, two of the interviewees noted that this could be due to being uncertain of one's skills to use the framework. If there is any suspicion over the organization's ability to allocate adequate resources into using the framework or about the know-how needed to use it, imagining the outcome might actually evoke even more concerns over decision-making. As one of the

interviewees noted, basing decisions openly on assumptions is not great, but basing them on false insights is worse – potentially even leading to looking incompetent.

6.1.4 Testing feasibility and usability: The process

To test the practical feasibility and usability of the decision-making framework, a team of four marketing and business development specialists, working in an organization in the wholesale and trade industry piloted using the framework in order to build a basis for their future decision-making around customer experience development. The pilot process took place during a four week period, running from February 10th until March 9th, 2020. In the organization – categorized as large by both the number of employees and the yearly turnover – the marketing director was placed in charge of the project, assuming the responsibilities of project management and internal facilitation. Certain stages of the process were facilitated or instructed by the author of this study, in order to train the users of the framework (and spare them the trouble of reading through tens of pages of instructions). For the majority of the time, however, the team used the framework on their own, as it was essential to test the usability of it in an intended real-life setting, ergo without having a consultant running the project.

The prototype testing phase lasted for four weeks. It was recognized that for organizations with little previous praxis of collecting and analyzing customer-related performance insights, the process could take a longer time. Due to previous measurement and research efforts, however, the tester organization already possessed plenty of customer-related data and insights, which was readily available for building a “minimum viable framework”.

The consultative tasks of the author were kept to a minimum during the testing process: meetings consisted of one face-to-face workshop, two sparring sessions via online conference tools, providing a “helpline” via phone and messaging applications to assist with acute issues – which was only needed three times – and one retrospective session at the end of the test. The project started with a half-day workshop on February 10th, 2020. The framework was thoroughly introduced to the four-member team in charge of running the practicalities of the project: the directors of marketing and business development and two members of the marketing team. The different sources for the needed information for each stage– consisting of organization-specific data systems and previously conducted customer research reports – were discussed and a project plan for the execution of the project was drafted. In the following two weeks, a 30-minute sparring session with the

whole team was held at the beginning of each week to discuss the progress of the project, the next steps and any emerging challenges.

After the framework project was completed by the team, a 2-hour joint retrospective session with the project team and the author was organized on March 9th, 2020. The team introduced the decision-making framework they had built, after which the successes and challenges of the project and development ideas for the framework were discussed. During the retrospective, an outline of the customer journey (consisting of non-confidential information only) of the team using the framework was also drafted in order to visualize the different touchpoints, stakeholders, activities and even emotions they encountered during the process.



Figure 24. Actualized timeframe for using the framework (appendix 11)

Figure 24 illustrates the actual timeframe for using the framework during the pilot project. The two uppermost rows represent the joint actions of the team and the author, whereas the rest of the rows depict the stages of the project conducted by the team alone. The project manager – the marketing director, that is – needed to ask for additional assistance from the author three times during the project: once during making choices over the most lucrative customer segments, once during journey mapping and critical factor analysis and once during the prioritization process of the critical factors. These additional sparring sessions, each under 10 minutes of duration, were conducted over the phone and all addressed issues related to conducting subjective evaluation at the respective stages of the project.

6.1.5 Testing feasibility and usability: The results

During the retrospective session, the team first introduced their process of using the framework, the resulting aspects of customer experience they used to evaluate one

business case, and the results of evaluating the case. The team was pleased with the outcome: the marketing and business development directors stated that evaluating the project proposal based on the insights from the framework made them feel more confident about assessing the proposal's business value. Even though the marketing director noted that the process of using the framework to build the basis for evaluating initiatives was like *"running a project on steroids"*, when it came to using the basis to assess proposals, it made the process much more streamlined and prompt, and the result more justifiable than before.

To assess how the team experienced the different aspects of using the framework, an outlined customer journey, illustrated in figure 25, was mapped out together with the team, consisting of the general actions they had taken at each step, the different stakeholders they worked with and the feelings they encountered. Moreover, the time spent on completing each step was also assessed in order to get a preliminary perception of the working hours needed to put the framework to use.

Phase of the project	Kick-off workshop	Strategic goals	Mapping information resources	Determining lucrative customer segments	Determining customer journeys and critical factors	Prioritization of experience gaps	Assessing a business case against the framework
Goals of the phase	<ul style="list-style-type: none"> Familiarizing with the framework Preliminary assessment on information needed Composing a project plan Team alignment 	<ul style="list-style-type: none"> Financial objectives Operations related objectives Customer & market related objectives 	<ul style="list-style-type: none"> Identifying Already existing insights in analyzed data Data that needs to be analyzed Data that needs to be gathered Data sources > plan for gathering 	<ul style="list-style-type: none"> Finding current most valuable segments Assessing if there are other segments to include for future purposes 	<ul style="list-style-type: none"> Mapping out customer journeys and experiences Mapping out internal processes to create customer experiences 	<ul style="list-style-type: none"> Evaluating the business value of experience gaps based on CLTV 	<ul style="list-style-type: none"> Evaluation of the lucrativeness of a development project proposal
Actions taken	<ul style="list-style-type: none"> Attending the workshop Scheduling for each team member Documenting the project plan 	<ul style="list-style-type: none"> Designing and arranging a meeting with management Meeting with management Documenting the goals (with prioritization in mind) 	<ul style="list-style-type: none"> Project team meeting to map out and document data sources and plan for acquisition Contacting relevant stakeholders for data requests 	<ul style="list-style-type: none"> Determining CLTV timespan Calculating CLTV for all existing segments Comparison of segments and analysis of reasons (including future segments) Choosing segments 	<ul style="list-style-type: none"> Analyzing existing data (sales funnel), online analytics, customer feedback, NPS, service value results to map an outline of journeys and experienced positive and negative emotions Service blueprints to assess internal processes 	<ul style="list-style-type: none"> Analyzing existing data (sales funnel), online analytics, customer feedback, NPS to assess severity of different gaps on customer experience Assessing retention rate and effect on CLTV by segment Assessing value for gaps 	<ul style="list-style-type: none"> Mapping out system effects Calculating the direct costs, estimating indirect and opportunity costs Conducting value - feasibility assessment Comparing proposal against the gap value Making a decision
Experience	<ul style="list-style-type: none"> Clarity 🧐 Competency 🧐 Enthusiasm 🧐 Teamwork 🧐 	<ul style="list-style-type: none"> Suspension 🧐 Clarity 🧐 Enthusiasm 🧐 	<ul style="list-style-type: none"> Minutegging 🧐 Uncertain 🧐 Adapting 🧐 Integrating 🧐 	<ul style="list-style-type: none"> Strightforward 🧐 Boring (calculations) 🧐 Meaningful (strategic discussions) 🧐 	<ul style="list-style-type: none"> Minutegging 🧐 Demanding 🧐 Tiring 🧐 Exhaustive 🧐 Rewarding 🧐 	<ul style="list-style-type: none"> Uncertain 🧐 Self-suspicious 🧐 Optimistic 🧐 Determined 🧐 Accomplished & happy 🧐 	<ul style="list-style-type: none"> Self-discouraged 🧐 Enthusiastic 🧐 Pleased 🧐
Touchpoints involved	<ul style="list-style-type: none"> Introductory emails + calendar invitations Face-to-face meeting Project plan document 	<ul style="list-style-type: none"> Face-to-face meetings Emails / calendar invitations 	<ul style="list-style-type: none"> Face-to-face meeting Data document Emails / phone calls / short meetings with data administrators 	<ul style="list-style-type: none"> Excel, CRM, BI software Face-to-face meeting 	<ul style="list-style-type: none"> Multiple data softwares, excel, BI software, research documentation Face-to-face meetings Back communications 	<ul style="list-style-type: none"> Multiple data softwares, excel, BI software, research documentation Face-to-face meetings 	<ul style="list-style-type: none"> Excel, BI software Project proposal / business case Face-to-face meetings
Stakeholders involved	<ul style="list-style-type: none"> Project team Elba 	<ul style="list-style-type: none"> Project team Management team 	<ul style="list-style-type: none"> Project team Data administrators or employees of related departments 	<ul style="list-style-type: none"> Project team 	<ul style="list-style-type: none"> Project team Employees of different departments 	<ul style="list-style-type: none"> Project team 	<ul style="list-style-type: none"> Project team External service provider: the proposal had been received earlier already!
Realize (costs)	Approximately 12 working hours (3 hours for each participant)	13 working hours (management hours included)	8 working hours + an estimate of 3 working hours from other data administrators	12 working hours	Approximately 26 working hours (not including the working time of employees of other departments)	Approximately 20 working hours	Approximately 7 working hours

Figure 25. An outlined customer journey of using the decision-making framework (appendix 12)

Reviewing the journey of using the decision-making framework revealed an anticipated – based on the survey – fluctuation in experienced emotions at different stages among the core team. They felt enthusiastic going into the process, expecting to become even more skilled and aligned with strategic objectives to drive customer experience development in the future. However, the realities of countless data pools, challenges in recognizing customer's latent needs and emotions and the necessity of resorting to subjective

judgment at times made the team experience uncertainty and even self-doubt, especially during segmentation, journey and critical factor mapping and gaps prioritization.

When asked about the parts they found most challenging along the journey, they agreed that determining what information is essential and what is not was the hardest to determine. As noted before, the organization already had a notable amount of customer-related information available, whether stocked in different types of software or in research reports. How to prioritize and analyze this information in order to find meaningful insights, however, almost created an information overload – or an “analysis paralysis”, as it is sometimes referred to – to the team. The situation was solved after one of the “helpline” calls, during which the team was instructed to use a “minimum viable product” approach to assess which insights are vital in their case and which data sources provide them with this information.

While the team expressed emotions of uncertainty and with that, even momentary doubt and frustration, they also reported having strong feelings of accomplishment once they had been able to complete the process. The marketing and business development director also noted that they experienced more confidence when assessing the project proposal through the framework, knowing they had something more tangible to base their decisions on. Moreover, looking back on the process, the team felt like the path from gathering strategic objectives to prioritizing experience gaps was actually very straightforward, even if it did not seem like that at all stages. One of the team members quite aptly compared the process with a service design project: *“First you think you know what you are doing, then you find out more and you think you know nothing. But when you keep up with it and continue, you eventually realize you actually know something you did not know when you started, and that is when the project starts to pay off.”*

During the retrospective session, feedback was also gathered by asking what the team thought was good about the framework, what challenges they saw in it and whether they had any ideas for developing it further (figure 26). The biggest benefits experienced by the team were expressed as clarity: in having solid grounds for making decisions, in communicating about CX in terms that other stakeholders understand and appreciate, in tying objectives of CX to organizational strategy and in understanding the metrics that are relevant for customer experience development.



Figure 26. The retrospective board

The biggest impediments for using the framework were the challenging nature of combining multiple sources of information (and weeding out the unnecessary) with the limited time assigned for the process. Especially the qualitative nature of some customer-related information, combined with subjective, even if educated, assessments that need to be done during the process, was experienced as tricky to handle. The team felt like they first tried to include 'everything' in their framework, and realizing they would then be working just on the basis of the framework for months made them unsure of what to include and what to cut. Still, the team thought that their starting point, with all the numerous information sources readily available, was better than what some other organizations would have. One of the team members noted that in his previous organization, most of the information now used would have had to be collected first, making the process much longer and complex.

To help organizations which either lack the information needed or are just battling with information overload and are struggling to make sense of it, it was suggested that before diving into utilizing the framework, perhaps some trainings or workshops could be arranged to first introduce different methods and tools for gathering, sorting, prioritizing and analyzing information. Furthermore, an external consultant could be of help during the process, especially in the phases where the confusion and self-doubt tend to peak. It was noted, however, that the process of utilizing the framework should never be fully outsourced to consultants, as the ownership and thorough understanding of customer experience

related matters need to remain within the organization for CX to be used as a strategic means for growth.

Three items were also suggested to include in the “framework manual”, in whatever form that would eventually be: a strong value proposition, instructions for communicating the framework throughout the organization and instructions for updating the framework. The strong value proposition could help interested parties to get organizational buy-in for utilizing the framework, making it easier to allocate resources for an initial project of setting up the grounds for the framework. The framework was also seen to provide value outside its core function of facilitating decision-making. The team agreed that the framework could also be used to communicate the prioritized aspects of CX throughout the organization, thus helping everyone better understand the decisions and changes made – and perhaps even make some smaller-scale customer-related decisions of their own, based on the shared priorities. Finally, it was pointed out that while the process of updating the groundwork for the framework can likely be done by following the initial process and just revising the necessary parts, some users might benefit from having a directional list of situations that may trigger the need for updates, and a list of aspects to check when doing the revision.

6.2 Analysis of the results of the prototyping phase

For assessing the gathered results from the prototype testing phase, a second look at the list of questions considered at the prototyping stage (table 8) was revisited. Each of the questions was re-examined through the findings, evaluating the performance of the prototype and the possible needed alterations the findings may indicate.

Table 8. Prototyping questions

Aspect	Questions
Value	Does the framework make CX related investment comparison and decision-making easier for the decision-maker?
	What needs and pain points can the framework address?
	How will the framework fit into the larger context of the decision-makers' working life?
Look & feel	What tangible elements does the framework consist of?
	What is the feeling experienced when utilizing the framework?
Integration	Are there any constraints to using the framework – and can they be balanced or resolved?
Feasibility	What do organizations need in order to utilize the framework?
	What is the rationale for utilizing the framework?
	What makes the framework feasible to utilize (e.g. financial and technological aspects)?

When evaluating the **value** aspect of the prototype, based on the gathered feedback, it seems likely that using the framework would help decision-makers compare different investment options and be more confident about the decisions made. It could solve the pains of making decisions without adequate information and investing in the wrong projects. The framework alone can not solve the issue of not knowing the customers well enough or having organizational silos stand in the way of proper customer experience related development. It can, however, help in identifying the relevant aspects for gathering customer-related information and mapping out the input of different departments (or silos) in producing the customer experience.

For the pain of not having adequate time and/or know-how to assess all relevant aspects of the ROI of customer experience, the framework may or may not provide a solution – greatly depending on the starting level of the decision-maker. If the issue lies merely with not having the time or skills to develop a process for identifying and assessing the relevant aspects, the framework will likely solve the problem. If, on the other hand, the decision-maker and/or the organization lack the time to use the framework or the skills to gather and analyze customer-related data, the framework alone will not fix the issue. This being the case, the organization would, as also suggested by the prototype testing team, likely benefit from working with an external consultant in order to build a solid basis for ROI-driven customer experience development.

Building the **look and feel** of the prototype, tangible elements of the framework are minimal, consisting of only a list of guiding questions and a description of the process. Using the framework requires previous knowledge of customer-related ROI calculations and customer research methodologies. Relying on users possessing this know-how allows the framework itself to concentrate on how to combine different types of information to evaluate and project ROI for customer experience related initiatives. Even with adequate skills, the testing team experienced some concerns over their choices and judgments before coming to a successful conclusion and experiencing feelings of clarity and accomplishment. This indicates that even if some uncomfortable feelings are to be expected, major confusion when working on the aspects of the framework can be an indication of insufficient previous understanding of customer-related data gathering and processing.

This emphasizes one major constraint for the **integration** of the framework: lack of adequate understanding of customers and their impact on the organization's performance. While the lack of time or even skills can be mitigated with the help of an external consultant, major shortages in customer-related information will require doing some systematic research and data gathering before trying to put the framework into use. Most mid-sized and large organizations, however, do already possess a lot of the needed data, at least in an unanalyzed format, and the required additions are relatively simple to acquire. This constraint should not thus be a very significant one.

The **feasibility** aspect of the prototype can, essentially, be assessed based on the remarks in the previous paragraphs. Organizations will need to have certain customer-related information in their possession, basic skills for analyzing that information and an adequate amount of time to run the initial process of using the framework. Any deficiencies in the latter two can be mitigated by hiring an external consultant, although this will require financial resources. The initial cost – whether calculated as direct financial cost or the cost of working hours used – can be notable especially for organizations with little CX data structures and management experience. However, the framework will, according to the prototype testing phase, decrease the time spent on assessing different investment options and increase the confidence towards the projected ROI of the initiatives. Comparing the initial costs with the projected benefits – less working time spent on assessing development proposals and less financially unjustified decisions made – does thus form a powerful motive for taking the framework into use.

Based on the findings of the prototype testing phase, a SWOT analysis, illustrated by figure 27, was conducted in order to assess the strengths and weaknesses of the decision-making

framework, when mirrored against an organization's internal operations. Opportunities, on the other hand, were evaluated based on what kinds of openings the framework could offer for the organization in relation to its operating environment, whereas threats were mirrored against external factors that may threaten the successful usage of the framework. These items can help organizations better understand (or consultants better communicate) the benefits of using the framework, but also to prepare and address potential issues before they become problems.

Based on the feedback, the strengths of the decision-making framework are in its ability to articulate the value of customer experience, link its value to the strategic goals of the organization and assess the components of delivering experiences across different organizational silos and other determinants. The process was perceived as easy to comprehend and follow, but the weaknesses indicate that running the framework project requires a certain amount of previous knowledge of the aspects of CX and adequate time resources. It is thus presumable that the outcome is the major advocate for using the framework, whereas the previous knowledge needed can be the biggest impediment for adopting it.



Figure 27. A SWOT analysis of the framework

Even if the framework is essentially designed to help with decision-making, it can have other applications as well. While the framework itself is focused on comparing investment

proposals, the gap analysis can be used to identify opportunities in unfulfilled customer needs in new markets or customer segments. Moreover, the different metrics and insights gathered during the process, if monitored regularly, can be powerful tools in detecting changes in customer behavior or market conditions. In this sense, the decision-making framework could not only be regarded as a customer relationship management extension of an organization's strategy, but also as a tool for feeding back information about the customers and the market for the strategy-makers.

The threats of using the framework are in effect the flip side of the opportunities. Whereas the framework can allow for monitoring the operating environment from the customer experience perspective, failing to conduct periodical scanning of potential changes in it or in customer preferences can rapidly make the basis of the framework outdated. Users of the framework should thus understand that there is an "updating cost" for putting the framework to use: the grounds for it need to be revisited from time to time. Moreover, utilizing the frameworks in situations where the normalities of the operating environment have, for one reason or another, changed drastically, would be unwise. Normally relevant customer experience related insights and metrics may not apply at all at times of major turbulence. Take the coronavirus outbreak of 2020, for example: Customers who might normally choose their grocery stores based on the size of the selection, thus often opting for larger supermarkets, may suddenly start preferring smaller shops as the importance of social distance becomes a major component of a non-threatening customer experience. Making investment decisions based on a framework built under normal conditions would likely produce poor results during the outbreak – yet it might be applicable again once the situation cools down again. Or, on the other hand, it might not: perhaps the needs and preferences of the customers have changed also in the long run. This is why it is important to reassess the framework whenever either the internal conditions within the organization or the external situation around it change notably.

7 CONCLUSIONS

The objective of this thesis was to create a multidisciplinary framework that could help decision-makers assess different customer experience related investment proposals and make justified decisions over them. Methods of service design were utilized to determine the needs of the decision-makers and to design a viable framework, which borrows from the schools of design thinking, business strategy and data and financial analytics. The following chapters discuss the conclusions, the learnings gained during the process and the implications for future research.

7.1 Revisiting the research questions

In the beginning of this project, three research questions were identified to guide the research for and development of the decision-making framework:

1. What are the biggest challenges decision-makers face when making customer experience related investment decisions?
2. Which aspects of business and customer experience should decision-makers analyze when assessing service design project investment options?
3. How should decision-makers systematically assess the aspects of business and customer experience to produce adequate insights on which to base their decisions on?

The first question was addressed throughout the project, starting by evaluating the previous research reports and interviewing decision-makers, but also by involving actual decision-makers in both the design and testing phases of the framework building process. This allowed for validating the most pressing pain points and the viability of the pain relievers at multiple different stages of the project.

By far, the biggest challenge faced by decision-makers was the complexity of evaluating the composition and the value of customer experience. While there are numerous measurement tools and methods to use for evaluating the aspects of both, decision-makers tend to lack the time and/or the required know-how to successfully combine different metrics and insights in order to find out what is relevant in the context of

their organization's customer experience. This has led to a situation where decisions have to be made based upon gut feeling or vague metrics and insights and the only way to evaluate the success of initiatives tends to be hindsight (if even that). Decision-makers are thus often left feeling less than certain about their decisions.

For the second question about the aspects of customer experience to analyze in order to assess investment options, the framework does provide decision-makers with an outline of what to look out for, but not a turnkey solution. The process does require the users of the framework to look at the financial side of CX as well as the customer journey and the emotional experiences. As every organization and its customer base is different at least to some extent, the framework can not, however, provide a fixed list of exact metrics and insights to look for. This is where the requirement for previous understanding of customer research or relationship management, for example, comes into play.

The third question addresses the issue of systematically assessing information in order to produce relevant insights for decision-making. This is, essentially, where the framework seems to be at its best: it guides the user through the chronological steps of gathering and evaluating information, continuously defining and narrowing down the aspects of customer experience to prioritize. Based on the feedback from the prototype testing phase, the process gives the users a clear pathway to follow, while the guiding questions help in assessing what is important and what is not.

7.2 Personal reflection and implications for future research

While all of the research questions were answered during this project and a viable decision-making framework was designed, the initial idea of producing an almighty model that nearly any decision-maker could use proved to be, if not impossible, at least impractical. Along the process it became evident that, despite all the talk about customer-centricity, a true understanding of proper customer insight gathering techniques is still rare. By relying solely on one-sided metrics or unsolicited customer feedback, for example, could seriously skew the view of what the organization's most important customers really need and want. Founding decisions on such distorted insights would only produce good results by luck.

This is also something that is, quite luckily, understood by the decision-makers themselves. During the research and design phases of the project it became clear that many

decision-makers realize the value of accurate customer-related insights but are unsure of whether they possess them or not – or whether they even possess the skills to obtain them within the organization. This notion is closely related to the suggestion originated in the retrospective session of offering external consulting for the utilization of the framework – not to hijack CX management from organizations but to help them more comfortably assess and identify the relevant insights and the methods of gathering them.

While customer experience professionals seem to be everywhere these days – at least judging by titles on LinkedIn – it would seem like more education on truly managing and building actionable strategies over the customer experience throughout the relevant journeys is needed in order to make CX a strategic asset. Failing to combine the practices of measurement and research in a meaningful way to produce actionable insights may eventually lead to CX management fading away as just another fad in the business sphere. Customer experiences, however, will not disappear depending on whether they are managed or not.

Even if the framework is not an out-of-the-box solution – the aspects of it need to be regarded and adapted to the context where it is being used in – additional applied research could potentially allow for industry-specific, more defined models to be developed. Studying fairly strictly defined industries, such as car dealerships or amusement parks, for example, could enable generating a rather comprehensive list of metrics, questions and aspects of customer experience and behavior to look for when using the framework – items that might well be applicable throughout the industry. This hypothesis is, however, based on an assumption that within a tightly defined industry, the organizations, customers and other relevant stakeholders would be similar to one another to such an extent that a comprehensive list of aspects to assess when using the framework would be achievable. This hypothesis in itself, if validated, also poses an interesting theme for future research: to what extent do the industries have to be similar to one another for a more specific framework to produce applicable results? In other words: when would the industries be defined tightly enough, and when would a too loose definition just make havoc on the principles of using the framework.

One could, on the other hand, question whether a more defined framework, with a comprehensive list of clearly defined items to assess, would even be desirable. If, as suggested by the prototype testing results as well as the previous research conducted both globally and locally, organizations do feel the need to know their customers on a more profound level, compressing the very core of customer experience management to a mere list of questions to ask and actions to take would not seem like a very strategic move to

make. The whole idea of the framework is to facilitate organizations through the process of assessing and identifying what is significant for them and their customers – at the same time, helping them learn to think about CX management more holistically. A more defined set of instructions might risk restricting organizational learning, creative thinking and even producing competitive advantages. Thus, while the process of using the more facilitative framework definitely has its challenges, there might be disadvantages to using an “easier”, more directive model (if ever developed) as well.

7.3 Final thoughts

When the topic of this thesis was first introduced to the fellow students of the author, while supportive of the idea of the framework, some found it an unpleasant thought that customer experiences should be developed based on the most lucrative customer segments, instead of focusing on all customers. As an idealist, it would be easy to agree: the author herself has many times felt the consequences of being categorized to a segment “not-so-lucrative” by a service provider. As a business design professional (and a realist), however, the author has also witnessed the limited resources organizations have in their disposal. Decision-makers are not – usually – intentionally favoring the needs of the most profitable customer segments to the detriment of other segments. In fact, sometimes the profits gained by serving the most lucrative customer segments actually enable serving other segments as well. The idea of prioritizing CX related investments based on the needs of certain segments is thus not a zero-sum game: it may eventually be for the benefit of other segments, too.

This is not to say, however, that organizations should disregard the basic needs of the segments they do not assess to be the most lucrative. (Unless, of course, they want to get rid of those segments, which might not always be a terrible option either.) Organizations also often have possibilities for improving the experiences of everyone or the not-so-lucrative segments, without having to allocate notable amounts of resources on them. Think of courteous customer service, for example. The organization is investing a certain amount of money on providing customer service. It costs nothing extra for the organization if the customer service employees are polite and approachable, instead of acting indifferent. It should be self-evident which approach to choose.

This view, admittedly, opens the Pandora’s box for discussions over employee experience and good leadership, for example. While it is not possible to address these issues within the

limitations of this study, it is to be noted that improving customer experience management may require organizations to look extensively at their management practices and employee satisfaction. While the framework does encourage involving customer-facing employees as both sources of information about customers and creators of how customer experiences are and should be produced, it does not address the overall culture of the organization. Organizational culture may, however, have a significant impact on what is feasible and what is not, even for CX related development. This is why, when wanting to kickstart the CX development and management processes of an organization, it is advisable to first look at the organization's culture and honestly assess whether it enables being customer-centric in the first place. All the frameworks, tools, metrics, consultants and doctrines should always come second to this.

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APPENDICES

APPENDIX 1: INTERVIEW THEMES (RESEARCH PHASE)

The interviews were held in December 2019. The interviews were semi-structured: the themes below represent the guiding structure for the interviewer, but the actualized interview discussions differed from one another, based on the themes brought up by the interviewees and laddering questions asked based on the answers given by the interviewees.

1. The interviewee's understanding of and experience in customer experience related matters.
2. The interviewee's role in customer experience related matters within the organization.
3. The interviewee's perception of the importance of customer experience: their own personal stance and their perception of how others within their organization view it.
4. The interviewee's perception of how customer experience is developed and managed within the organization: processes, responsibilities, budgets, etc.
5. The interviewee's perception of what (if anything) has made customer experience development easier.
6. The interviewee's perception of what (if anything) are the biggest challenges for customer experience development.
7. Measuring customer experience: the metrics, tools and processes in place and the perceived advantages and shortcomings of them.

APPENDIX 2: THE TASKS OF THE WORKSHOP

1. DISCUSS (20 minutes):
 - a. What thoughts or ideas do the insights gathered this far spark?
 - b. Do you think the customer personas and the value proposition canvas are on point, or would you change something?
2. IDEATE (40 minutes):
 - a. Individually generate ideas – 1 idea per 1 post-it note – of what the decision-making framework could consist of. What would help the decision-makers in identifying and analyzing the most relevant aspects of customer experience?
 - b. Introduce your ideas briefly to others. Pool together ideas and concepts that either describe the same thing or are closely linked to each other.
 - c. Group work: Let's organize the post-it notes on the wall to map out relationships, dependencies and restrictions between the items.
3. MAP OUT THE STAKEHOLDERS (20 minutes):
 - a. Individually, write down all the stakeholders that might have an interest in the usage of the framework. One stakeholder per one post-it note.
 - b. Place your post-it notes on the map on the layer you think is the most appropriate for each stakeholder.
 - c. Group work: Find out any similarities and group them together. If similar stakeholders are initially placed on different layers of the map, discuss and decide on which one they should reside on.
4. BUILD A PROCESS (60 minutes)
 - a. Group work: Discuss and decide how to fill each section of the process canvas template, based on the ideation and stakeholder mapping exercises. Document all your ideas on the map.
 - b. Individually: Use stickers to vote for the best items on the map. 2 stickers for each column per participant.
 - c. Group work: Organize the items on the map, based on the importance indicated by the votes. When applicable, use a chronological order.

APPENDIX 3: THE PROTOTYPE TESTING SURVEY QUESTIONS

1. The decision-making framework would be beneficial for our organization. (*Likert scale 1-5: strongly disagree, disagree, nor agree or disagree, agree, strongly agree.*)
2. Why is that? (*Open-ended question.*)
3. The decision-making framework could help in (*Likert scale 1-5: strongly disagree, disagree, agree, strongly agree, can not say, not applicable.*)
 - a. making decisions faster
 - b. more accurately assessing the ROIs of proposals
 - c. comparing alternative proposals
 - d. prioritizing development initiatives
 - e. identifying relevant metrics for measuring development
 - f. feeling more confident about the decisions made
 - g. building more informative business cases for proposals
 - h. developing CX across organizational silos
4. Which do you think would be the easiest part of utilizing the decision-making framework in your organization? (*Choosing one option.*)
 - a. Determining the strategic goals
 - b. Mapping out the relevant information sources
 - c. Defining the most lucrative customer segment(s)
 - d. Mapping out customer journeys with critical factors
 - e. Defining the experience gaps
 - f. Prioritizing the experience gaps
 - g. Assessing proposals based on profitability and feasibility
 - h. Other (please elaborate)
5. Why do you think that? (*Open-ended question.*)
6. Which do you think would be the most challenging part of utilizing the decision-making framework in your organization? (*Choosing one option.*)
 - a. Determining the strategic goals
 - b. Mapping out the relevant information sources
 - c. Defining the most lucrative customer segment(s)
 - d. Mapping out customer journeys with critical factors
 - e. Defining the experience gaps
 - f. Prioritizing the experience gaps
 - g. Assessing proposals based on profitability and feasibility

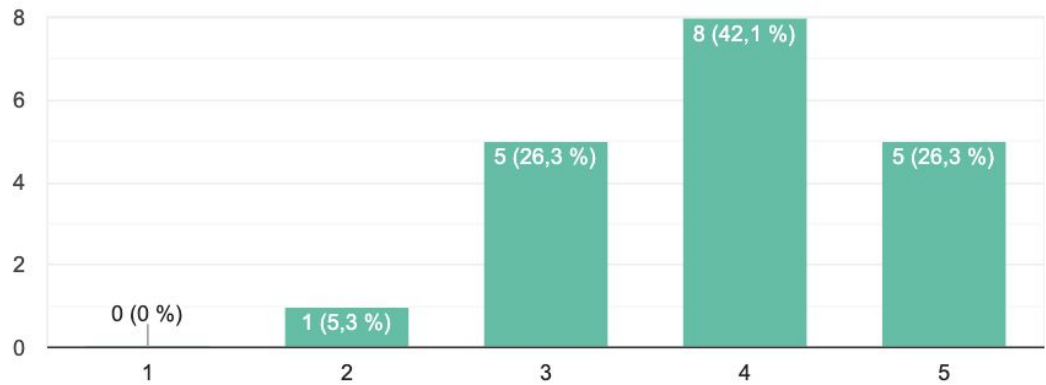
h. Other (please elaborate)

7. Why do you think that? (*Open-ended question.*)
8. Do you have the necessary know-how to utilize the framework in your organization? (*Choose one option.*)
 - a. Yes
 - b. No
 - c. Not sure
9. What do you think you might be lacking? (*Open-ended question; only shown to 'no' or 'not sure' answers from question 8.*)
10. Do you have the necessary resources (e.g. tools, budget, available working hours) to utilize the framework in your organization?
 - a. Yes
 - b. No
 - c. Not sure
11. What resources do you think you are lacking? (*Open-ended question; only shown to 'no' or 'not sure' answers from question 10.*)
12. Would you be open to a 30-minute interview (via phone) to discuss your perceptions of the framework? If so, please leave your email address below. The answers you gave to the previous questions will not be linked with your email address to protect the anonymity of all the survey responses.

APPENDIX 4: Graphs of the answers to the questions to the prototype testing survey

The decision-making framework would be beneficial for our organization.

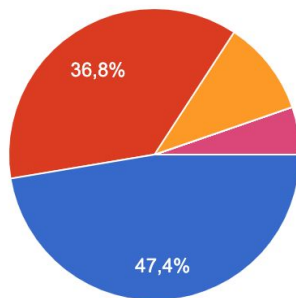
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Which do you think would be the easiest part of utilizing the decision-making framework in your organization?



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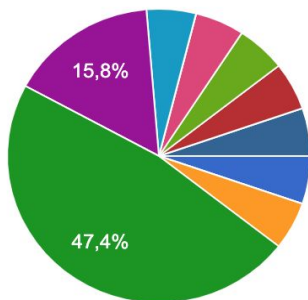


- Determining the strategic goals
- Mapping out the relevant information sources
- Defining the most lucrative customer segment(s)
- Mapping out customer journeys with critical factors
- Defining the experience gaps
- Prioritizing the experience gaps
- Assessing proposals based on...

Which do you think would be the most challenging part of utilizing the decision-making framework in your organization?

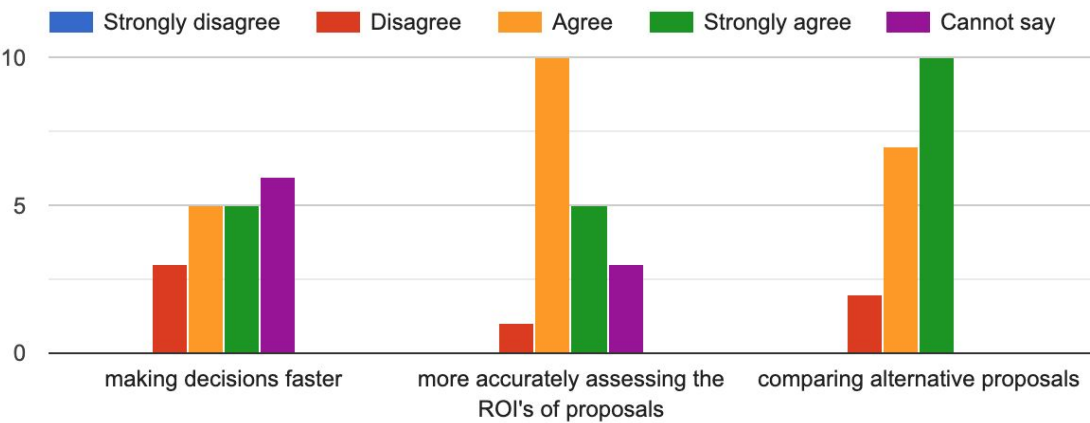


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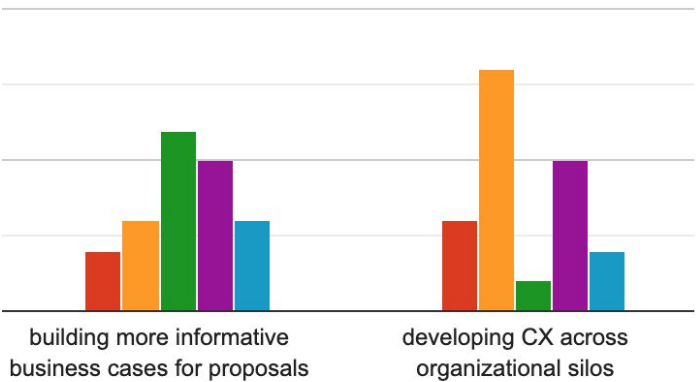
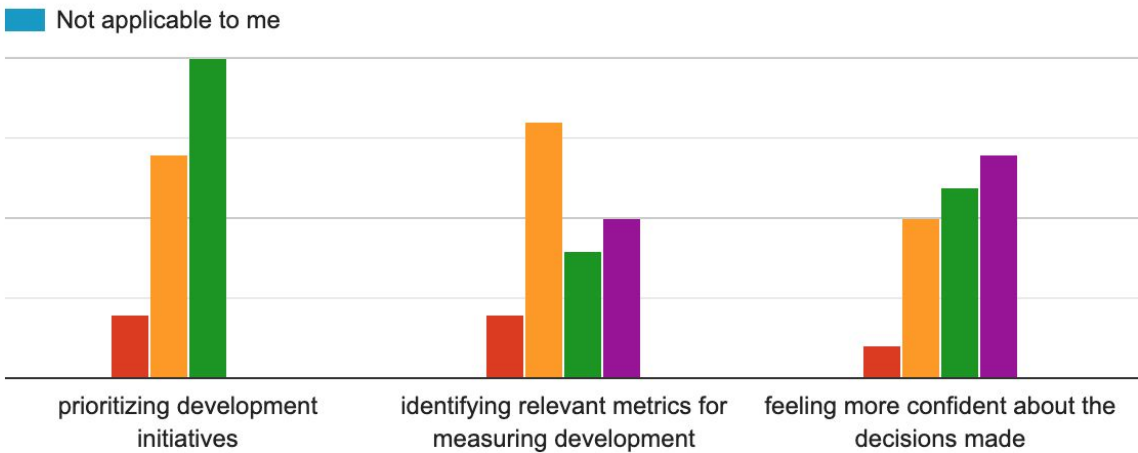


- Determining the strategic goals
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- Defining the experience gaps
- Prioritizing the experience gaps
- Assessing proposals based on...
- Kaikki muut osat

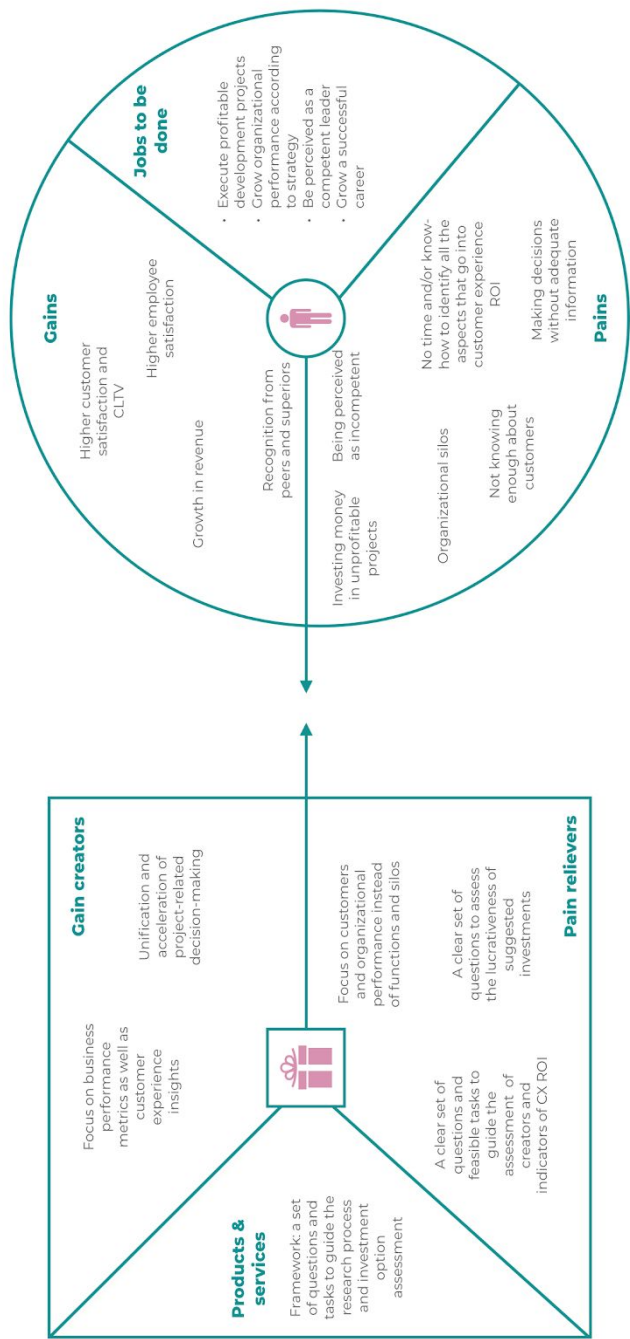
The framework could help in



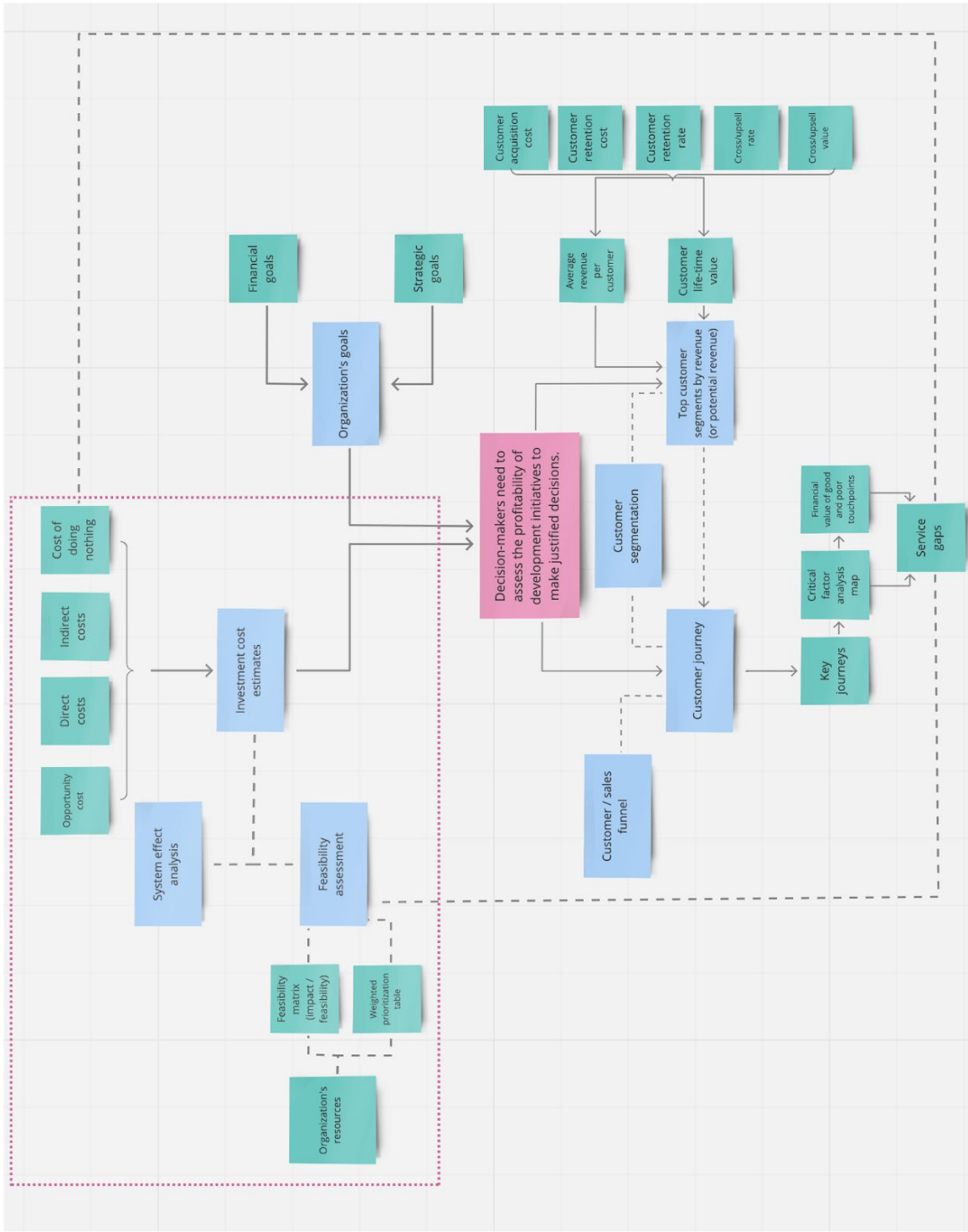
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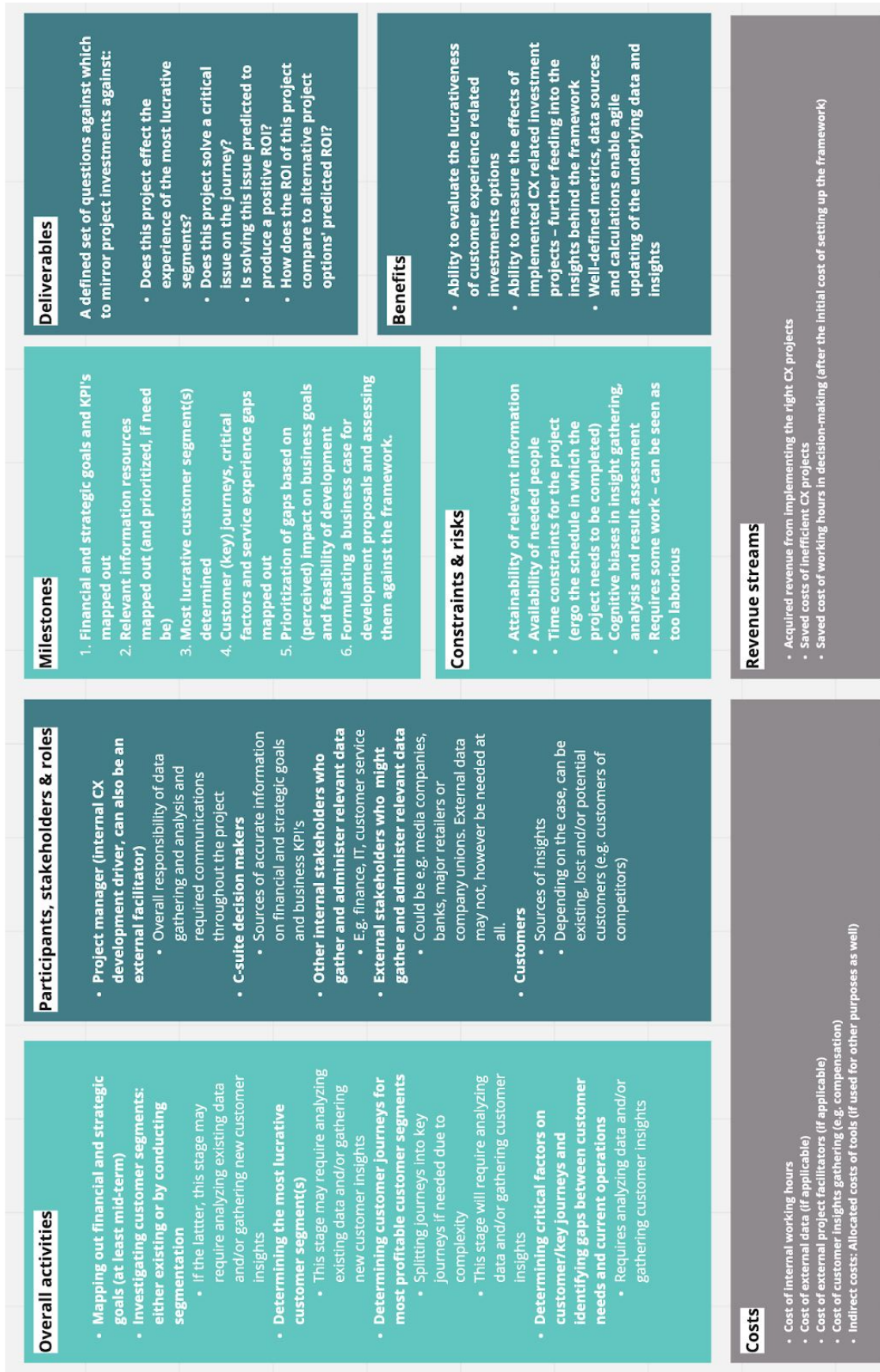
APPENDIX 5: Value-proposition canvas (figure 14)



APPENDIX 6: Map of gathered ideas and the relations between them (figure 15)



APPENDIX 7: A business process canvas of the decision-making framework (figure 17)



APPENDIX 8: The experience gap identification table (figure 19)

	Social / external touchpoints				Critical factor #1	
	Existing	Potential	Existing	Potential		
Brand-owned touchpoints	Existing	Potential	Existing	Potential	Critical factor #2	
Partner-owned touchpoints	Existing	Potential	Existing	Potential	Critical factor #3	
Customer-owned touchpoints	Existing	Potential	Existing	Potential	Critical factor #4	
Social / external touchpoints	Existing	Potential	Existing	Potential		

APPENDIX 9: The process description of utilizing the framework (figure 21)



APPENDIX 10: Preparations for utilizing the framework (figure 22)



APPENDIX 11: Actualized schedule for using the framework (figure 24)



APPENDIX 12: An outlined customer journey of using the decision-making framework (figure 25)

Phase of the project	Kick-off workshop	Strategic goals	Mapping information resources	Determining lucrative customer segments	Determining customer journeys and critical factors	Prioritization of experience gaps	Assessing a business case against the framework
Goals of the phase	<ul style="list-style-type: none">Familiarizing with the frameworkPreliminary assessment on information neededComposing a project planTeam alignment	<ul style="list-style-type: none">Financial objectivesOperations-related objectivesCustomer & market related objectives	<ul style="list-style-type: none">Identifying already existing insights (= analyzed data)data that needs to be analyzeddata that needs to be gathereddata sources + plan for gathering	<ul style="list-style-type: none">Finding current most valuable segmentsAssessing if there are other segments to include for future purposes	<ul style="list-style-type: none">Mapping out customer journeys and experiencesIdentifying internal processes to create customer experiences	<ul style="list-style-type: none">Evaluating the business value of experience gaps based on CLTV	<ul style="list-style-type: none">Evaluation of the lucrativeness of a development project proposal
Actions taken	<ul style="list-style-type: none">Attending the workshopScheduling for each team memberDocumenting the project plan	<ul style="list-style-type: none">Designing and arranging a meeting with managementMeeting with managementDocumenting the goals (with prioritization in place)	<ul style="list-style-type: none">Project team meeting to map out and document data sources and plan for acquisitionContacting relevant stakeholders for data requests	<ul style="list-style-type: none">Determining CLTV timespanCalculating CLTV for all existing segmentsComparison of segments and analysis of reasons (including future segments)Choosing segments	<ul style="list-style-type: none">Analyzing existing data (sales funnel, online analytics, customer feedback, NPS, service safari results) to map an outline of journeys and experienced positive and negative emotionsService blueprints to assess internal processes	<ul style="list-style-type: none">Analyzing existing data (sales funnel, online analytics, customer feedback, NPS) to assess severity of different gaps on customer experienceAssessing retention rate and effect on CLTV by segmentAssessing value for gaps	<ul style="list-style-type: none">Mapping out system effectsCalculating the direct costs, estimating the value of the project proposalConducting value - feasibility assessmentComparing proposal against the gap valueMaking a decision
Experience	<ul style="list-style-type: none">ClarityCompetencyEnthusiasmTeamwork	<ul style="list-style-type: none">SuspensionClarityEnthusiasm	<ul style="list-style-type: none">MindbogglingUncertainAbsorbingIrritating	<ul style="list-style-type: none">StrightforwardBoring (calculations)Meaningful (strategic discussions)	<ul style="list-style-type: none">MindbogglingDemandingFringIntuitiveReassuring	<ul style="list-style-type: none">UncertainSelf-suspiciousOptimisticEnthusiasticAccomplished & happy	<ul style="list-style-type: none">Self-assuredEnthusiasticPleased
Touchpoints involved	<ul style="list-style-type: none">Introductory emails + calendar invitationsFace-to-face meetingProject plan document	<ul style="list-style-type: none">Face-to-face meetingsEmails / calendar invitations	<ul style="list-style-type: none">Face-to-face meetingZoom / phone call / short meetings with data administrators	<ul style="list-style-type: none">Excel, CRM, BI softwareFace-to-face meeting	<ul style="list-style-type: none">Multiple data softwares, excel, BI software, service safari documentationFace-to-face meetingsSlack communications	<ul style="list-style-type: none">Multiple data softwares, excel, BI software, service safari documentationFace-to-face meetings	<ul style="list-style-type: none">Excel, BI softwareProject proposal business caseFace-to-face meetings
Stakeholders involved	<ul style="list-style-type: none">Project teamEsa	<ul style="list-style-type: none">Project teamManagement team	<ul style="list-style-type: none">Project teamData administrators or employees of related departments	<ul style="list-style-type: none">Project team	<ul style="list-style-type: none">Project teamEmployees of different departments	<ul style="list-style-type: none">Project team	<ul style="list-style-type: none">Project team(External service provider: the proposal had been received earlier already)
Duration (total)	Approximately 12 working hours (3 hours for each participant)	13 working hours (management hours included)	8 working hours + an estimate of 3 working hours from other data administrators	12 working hours	Approximately 26 working hours (not including the working time of employees of other departments)	Approximately 20 working hours	Approximately 7 working hours

APPENDIX 13: Formulas for calculating certain customer-related metrics

NB: In literature and other sources, there are a few different ways to calculate different customer-related metrics, mostly related to what is included to the calculations. These formulas are based on the book Marketing Metrics (Bendle, Farris, Pfeifer & Reibstein 2016, 166 - 180), but other formulas can be used to make the necessary calculations as well. As most customer-related metrics are essentially used to track positive and negative changes over time, not as snapshots, what formula to use is often not as important as is measuring a certain metric always in the same manner. In other words: for monitoring changes, any variation of each formula will usually do, as long as it is used consistently.

Customer profitability = Revenues earned from the customer relationship during a specified time period - The costs associated with the customer relationship during the same time period

Customer life-time value = $\text{Margin (\$)} * [\text{Retention rate (\%)} / 1 + \text{Discount rate (\%)} - \text{Retention rate (\%)}]$

Average acquisition cost = $\text{Acquisition spending (\$)} / \text{Number of customer acquired}$

Average retention cost = $\text{Retention spending (\$)} / \text{Number of customers retained}$