

Delivering Sustainable Customer-Focused Digital Experiences at Scale - in Manufacturing



Mark Casidsid
Senior Research Analyst,
IDC Manufacturing Insights



Sudhir Rajagopal
Research Director,
Future of Customer Experience

Executive Summary

Customer expectations continue to expand faster than companies can meet them. Transforming future experiences that deliver sustainable customer-focused outcomes at scale requires maximum effort over the shortest time. Companies that succeed will enjoy long-term competitiveness and a larger share of the market.

Enterprises now have a greater imperative to wield next-generation customer experience (CX) as the tip of the spear for experience-led market differentiation. In the digital economy, intelligence will drive future value creation, meaning enterprises need to move from transactional to intelligent customer engagement. Digital experiences lead to higher levels of customer engagement and retention but require time and investment, particularly in terms of the technology needed to build value-based outcomes for customers.

The path forward requires enterprises to focus on value-based experience outcomes — but doing so in a profitable and sustainable way. This will involve aligning strategies that allow CX transformation to flow across the organization, closing the gap between the planning, implementation, and execution phases and partnering with the right technology providers to deliver more tailored experiences quickly.

This **IDC InfoBrief** will discuss current trends and shifts in CX, the need for enterprises to better leverage technology in delivering digital customer experiences, and the top 5 priorities for bringing digital experiences to market at scale.

“*Customer data is the fuel that powers intelligent, contextual customer experiences. With more enterprises adopting digital business models, data and insights will anchor the future value exchange between customers and brands.*”

— Sudhir Rajagopal



Market Shifts That Will Impact Future Customer Experience Strategy

The digital-first era

C-suite executives recognize the crucial role of technology and digital experiences in driving successful customer engagement.

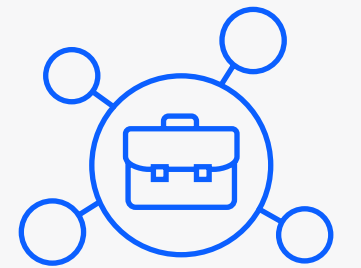
- All digital customer journeys should be powered by an enterprise's digital core. Experiences are not digitally exclusive. Increasingly, the lines between engagement channels and modalities are blurring.



Business model changes

Technology acceleration of tech/digital capabilities — e.g., gen-tech, augmented reality (AR), customer data platform (CDP), and decentralization/Web3—gives rise to newer business models. IDC finds that accelerating technology is the #1 external market shift that enterprise leaders are most concerned about.

- The rise of XaaS drives greater focus on the post-sales customer lifecycle. The experience lever will shift from acquisition to retention; enterprises must prioritize experiences that are more relationship- and empathy-driven. This also increases the imperative to connect insights from service and support back into marketing and acquisition activities.



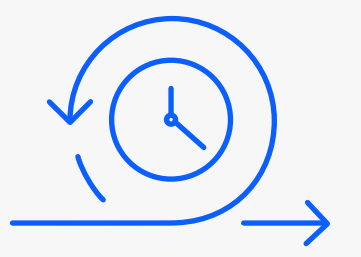
Experience commoditization

One quarter (**26%**) of CX executives report that experience commoditization will have the most impact on future CX strategy. Loyalty is a top priority for enterprises globally. Although enterprises offered digital customer experiences, customer outcomes were utilitarian — factors such as speed, ease, and efficiency played a part. Customers now navigate a sea of “digital sameness.”



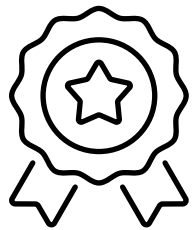
Enterprise agility

In an uncertain environment, business leaders see the urgency of agility, a simpler software stack, greater integration, open and composable architecture, and standardized data, processes, and applications for seamless customer engagement.



Prioritizing Investments That Impact the Relational vs. Transactional Aspects of Customer Experience

Enterprises are prioritizing the downstream aspects of the customer lifecycle — improving **retention, loyalty,** and **tracking** and earning the customer’s **trust**. In turn, it will be crucial for enterprises to actively use customer context to deliver value-based customer outcomes.

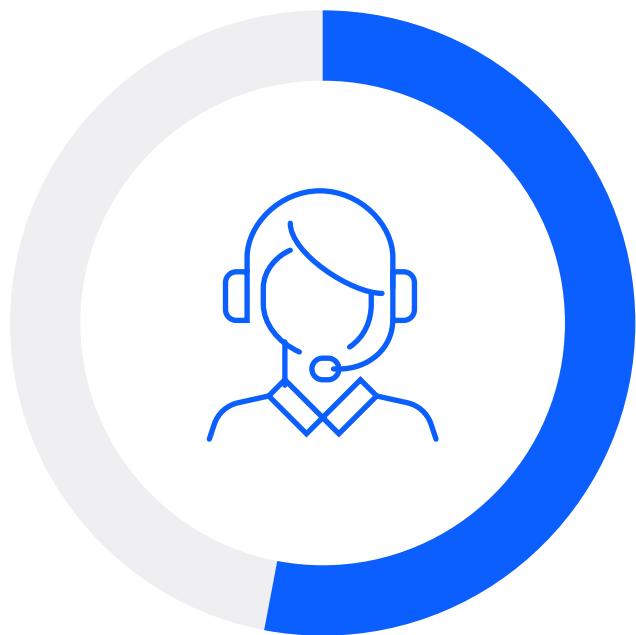


Top 3 areas where organizations will prioritize CX investments (technologies, organization change, processes/operations) over the next 12 months:



69%

Customer satisfaction and trust initiatives



53%

Implementation and customer service/support



53%

Customer data and intelligence

Managing and Harnessing Value from Customer Data

Businesses must extract value from data to sustain future value exchange with customers.

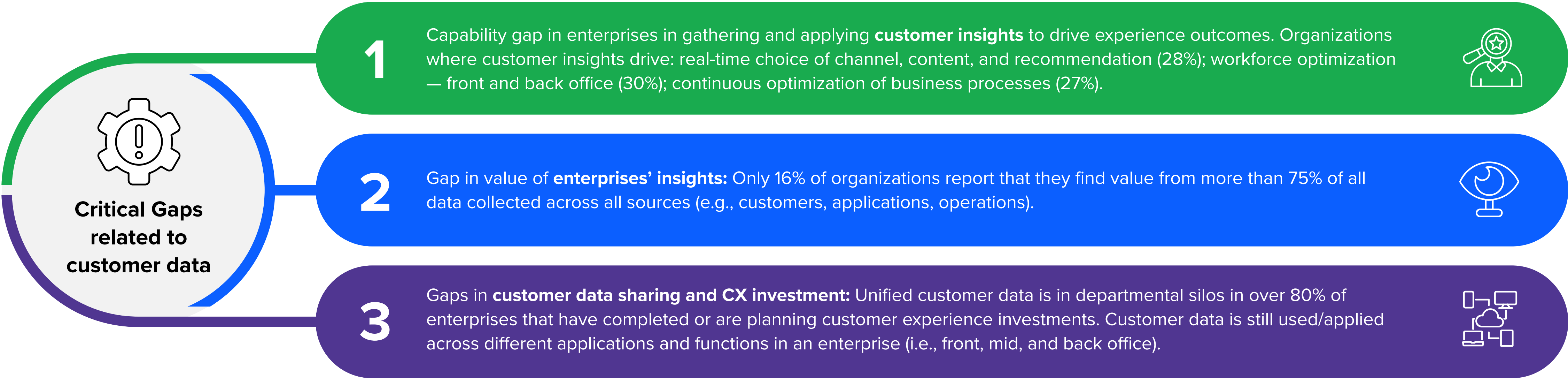


The volume of data in the world is expected to double by 2026 (currently >100,000EB).



28% of enterprises globally report that expanding data volume will have the most impact on CX.

However, numerous **competency gaps exist** in the capture, use, and channeling of value from data and insights to drive profitable growth.



Challenges to Differentiation in the Future Digital Economy

Most organizations manage CX transformation at **the departmental/functional level**.

IDC research shows that 59% of enterprises globally execute and manage CX transformation initiatives at the department or program level, but not alongside their overarching strategy.



Enterprises want their CX initiatives to improve business outcomes rather than just CX metrics such as customer satisfaction. **Revenue growth** and **increased profits** are the 2nd and 3rd most important business outcomes, cited by an average of 30% of enterprises globally.



Balancing CX outcomes with operational efficiency remains a priority focus for enterprise leaders. For **a third** of enterprises globally, the top challenge with CX initiatives is a result of the organization refocusing IT/digital initiatives on improving operational efficiency.



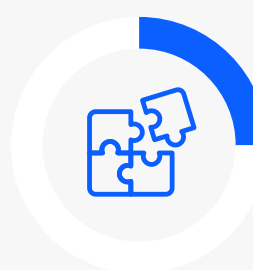
Challenges in the tech stack limit enterprises' agility and their ability to proactively respond to evolving customer expectations.



29% of organizations report legacy infrastructure as a major barrier to being responsive to future customer expectations.



22% of organizations need to manage the proliferation of tools used for customer experience solutions, leading to an increasingly complex and distributed technology stack across the enterprise.



25% of organizations cite the lack of a unified customer view due to missing customer data points and customer data silos.



A company's path to transforming customer experiences digitally varies — IDC's January 2023 *FERS Survey* shows that 73% of firms globally are somewhat or mostly digital businesses. Experience transformation, however, has seen limited gains. Despite digital transformation initiatives that tout CX as a priority, performance has been sub-optimal, largely due to functional silos and the prevalent thinking that limits CX implementations to the engagement layer.

Five Priorities for Bringing Digital Experiences to Market More Rapidly



1.

Unify customer and operational data



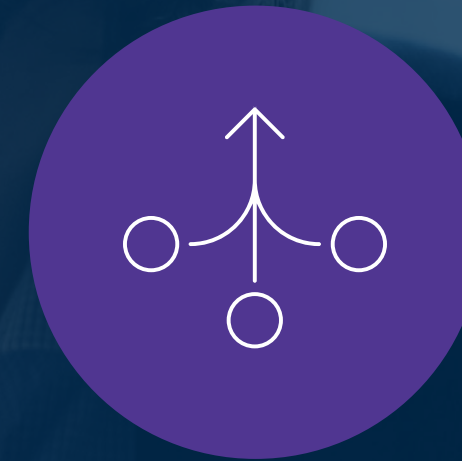
2.

Focus on customer outcomes vs. channel outputs



3.

Design and adopt composable experiences



4.

Simplify the CX technology stack



5.

Transform beyond the engagement layer

Unifying Customer Data

To harness unique business value, enterprises must redesign CX solutions — breaking down departmental silos and working upwards from the data layer to the customer engagement layer, instead of the other way around.

In 18 months, the number of enterprises planning to implement and use unified customer data as a centralized, enterprise data service across all organization functions will double.

Priorities for enterprises include:

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Unified customer view: Over the next 12-18 months, customer data and related infrastructure to enable CX capabilities is at the top of enterprises' investment priorities (cited by 40% of enterprises globally).
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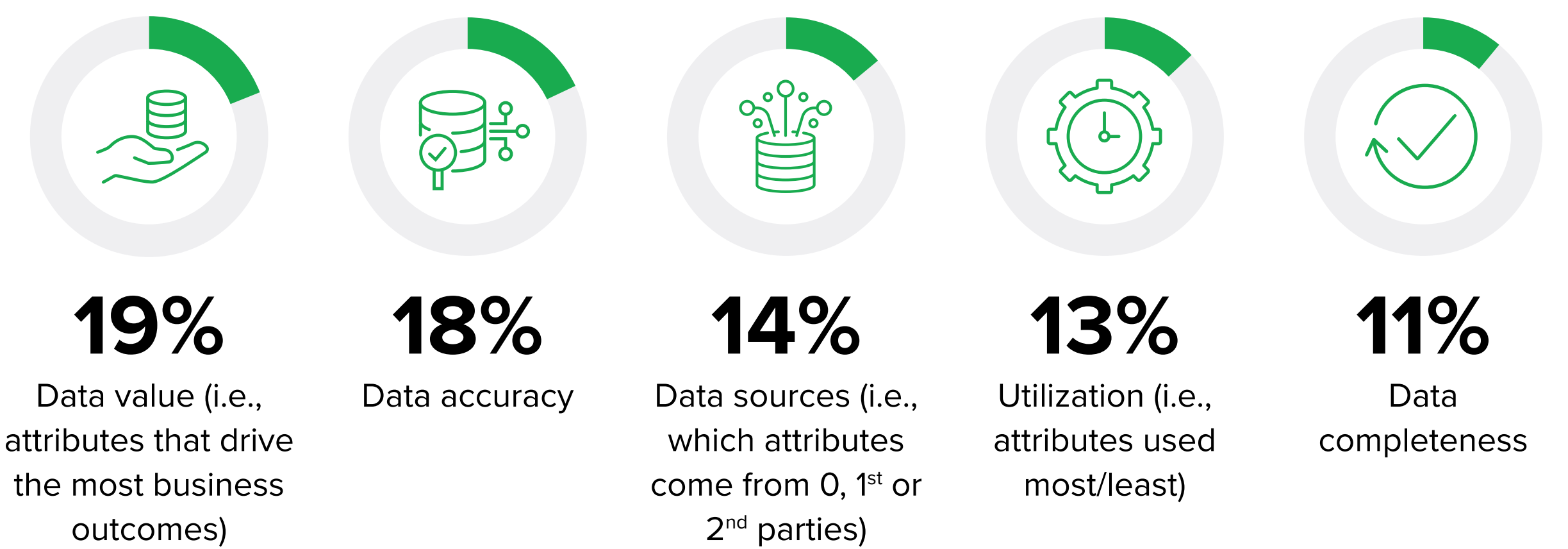
Centralized data storage: Over 50% of organizations globally plan to increase investment in CDPs to gain a better understanding of customer context and to personalize experiences.
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Embedded data transparency: Leading enterprises embed transparency regarding their use of customer data within their business and provide consent options to customers. As a result, these organizations increase mutual trust with their customer base.
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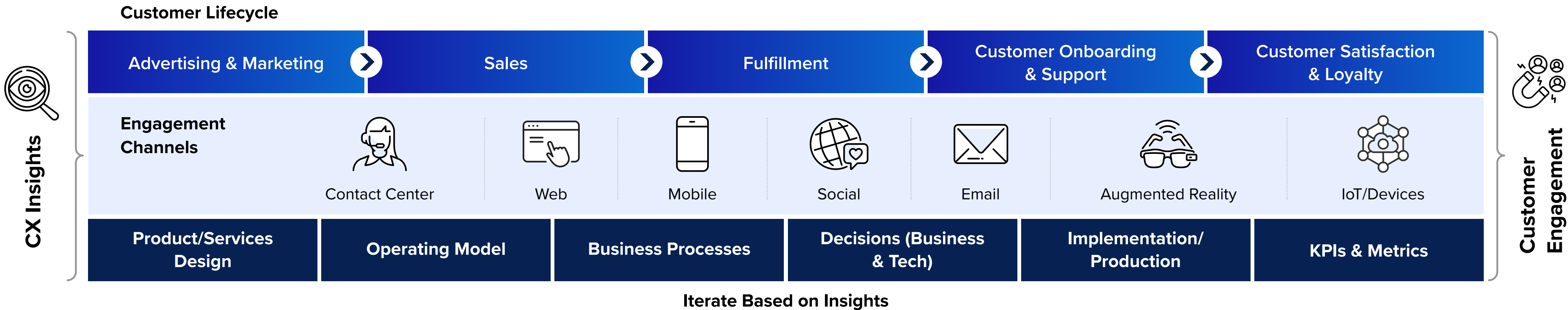
Applied customer intelligence: With much of the insights within organizations hidden in unstructured data, proprietary AI/ML models are key to unlocking long-term patterns and detecting changes in customer behavior and insights with greater accuracy, speed, and scale. Large language models (LLMs) can also potentially address the data value gap.

Leading enterprises also focus on data culture as a strategic investment to drive value.

Importance of customer data attribute measurements for enterprises:



Closing the Loop from Engagement to Insights to Achieve Customer Outcomes



IDC research shows that two-thirds of customers perceive an organization as being empathetic if engagement leads to contextual, customer-desired outcomes.

- To understand customer outcomes, enterprises must wire a deep understanding of customers into the heart of their business models. For example, incorporating insights from customer service conversations or VoC feedback into future product/services design and business operations not only improves experience value for customers but also enables the enterprise to leverage a wealth of unique information to compete more effectively and profitably.
- To become more contextually intelligent, enterprises must:
 - Make insight collection a byproduct of customer engagement, not a separate process.
 - Understand customer context across multiple dimensions, such as current and prior customer actions, preferences, sentiment, and channel. Context can be made richer if customer profile and transaction data is enhanced with additional input from social data and prior interactions between the enterprise and the customer — e.g., action/offer recommendations.
 - Maintain context continuity across multiple customer journeys throughout the whole customer lifecycle.

Adopting Composable Experience Design

- Unified customer data will drive the realization of unified experiences by merging and correlating omnichannel data and insights across the whole journey lifecycle stack. This will pave the way to composable experiences — essentially assembling CX capabilities and features on an “as-needed” basis for experience design and delivery.
- Digital/CX platforms lend themselves well to architect composable CX. Best-of-breed platforms boast high extensibility and feature APIs that integrate apps and services (e.g., data management, privacy, AI and analytics, and intelligent customer engagement) with a modular architecture.
- By using pre-built components beginning from a unified customer data layer and working upward, organizations benefit from reduced IT dependency, reduced capital expenditures, better-managed tech debt and system bloat, flexible CX, and front-to-back operational efficiency.



Composable experience design enables enterprises to keep pace with evolving customer experiences.

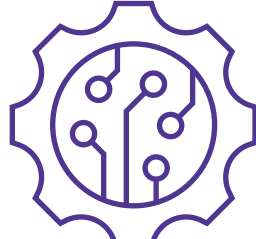
Simplify the Tech Stack to Drive Digital Experience Innovation



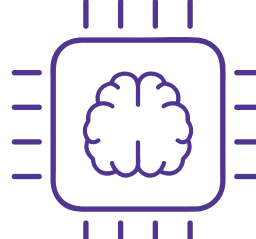
Cloud-First: Enterprises are tapping into a cloud-first model to scale a digital-first customer experience with elastic capacity in a cost-effective manner to gain faster access to technical innovation and deliver next-generation immersive experiences. In total, 95% of organizations worldwide reported committing resources to one or more cloud platforms to support their digital-first strategy.



API-First: APIs are the most common interfaces connecting various applications in a composable system. Outcome-based services can scale to support a growing number of channels, customer personas, internal and external ecosystem stakeholders (e.g., organizational functions, partners, communities), and touchpoints along the customer journey in a way that is not cost prohibitive.



Purposeful Automation: Digital customer journeys and automation are the dynamic duo that will run a viable digital business at scale. Around 41% of enterprises globally are adopting automation technologies to improve customer satisfaction. Powered by capabilities such as natural language processing (NLP) and machine learning (ML), enterprises can adapt and respond based on customer behavior and intent. Features like low-code further augment automation capabilities by not only empowering line-of-business developers to digitize their business processes but also to accelerate professional development for legacy application modernization and to build customer-facing applications at scale.



Secure Intelligent Experiences: Improving customer experience is among the top 5 primary business drivers for executives in using AI. When infused with GenAI and other sentiment analytics capabilities, technologies such as AI-based recommendation engines not only learn in real-time from customer journeys but also proactively engage them through personalized content, created in real-time, based on mined AI insights that include customer emotion, sentiment, and intent.



Integrated Experience Platform: Worldwide, improving CX was the top factor for digital platform adoption. More than a quarter (26%) of enterprises currently use a digital platform for customer engagement, with a further 48% either implementing or planning to implement one in the next 24 months. An integrated platform approach enables organizational teams to work directly from a single application that serves as a source of truth and orchestrates end-to-end experiences in a secure, cost-effective manner.

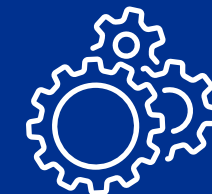
Moving Beyond the Engagement Layer



Customer-centered C-suite leaders prioritize CX initiatives that achieve customer and organizational value parity. Providing an empathetic experience requires the whole organization to actively own CX. IDC’s Future of CX research finds that 37% of enterprises globally have a customer-centered leadership for CX initiatives.

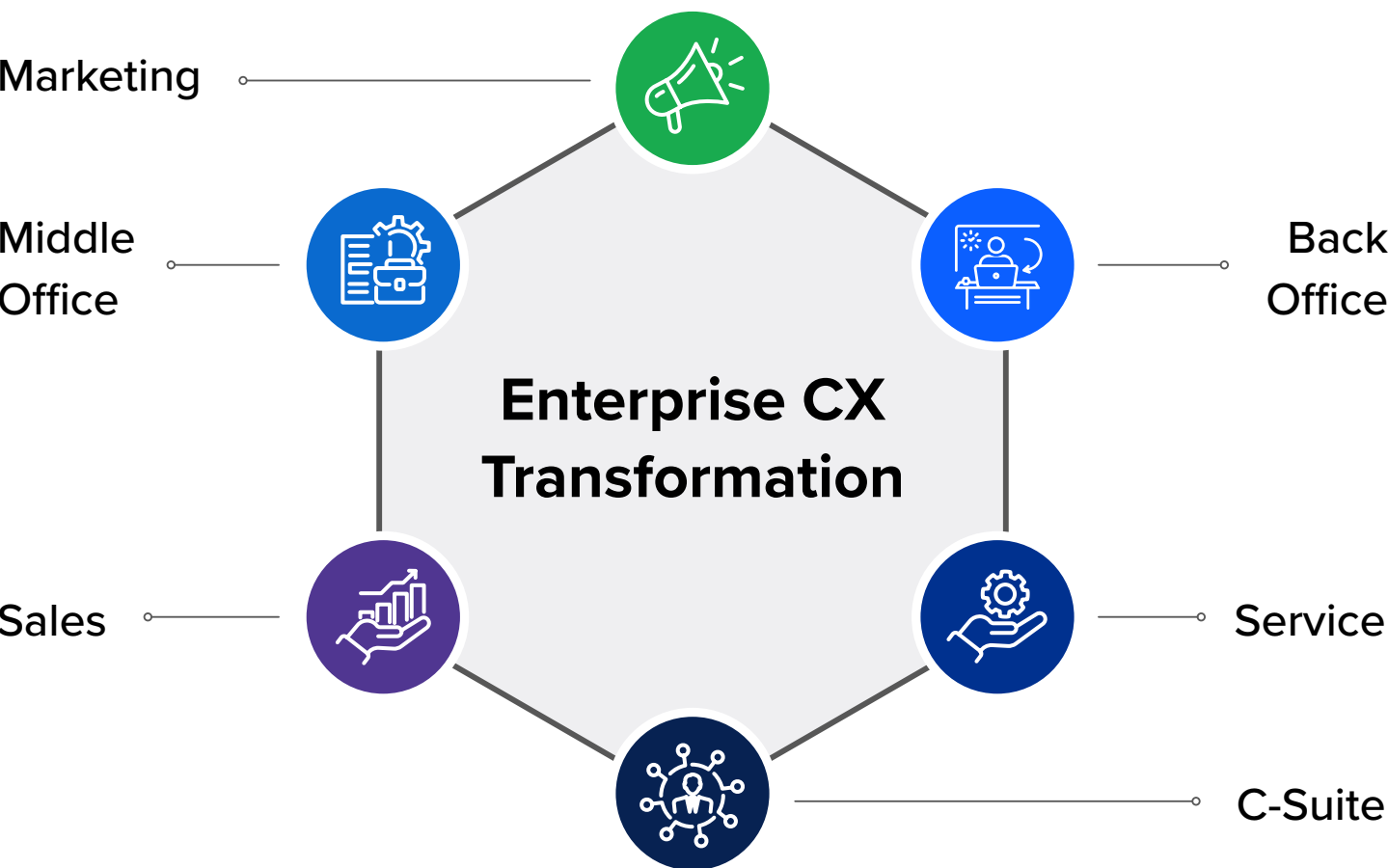
- More than half (53%) of enterprises globally agree that sharing and collaborating on insights has a significant or major impact on improving their most important business outcomes.
- A further 17% of organizations agree that sharing insights and collaborating is the most important driver of business improvements.

Enterprises can meet data-sharing challenges by orchestrating internal collaboration around CX, essentially bringing together the front-, mid-, and back-office functions on common customer-focused outcomes.



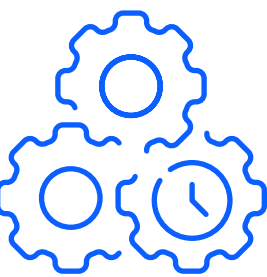
- Make CX a shared accountability across the C-suite, with a dedicated C-suite executive responsible for coordinating cross-enterprise CX.
- Get clarity, consensus, and buy-in from business units (line-of-business leaders), IT, and business stakeholders by building a roadmap that shows the state and future vision of the current program and how it aligns with each function’s goals.
- Operationalize CX initiatives around customer-focused outcomes.
- Actively champion CX and customer-centric change management so that the whole organization owns CX. Communicate progress often and acknowledge the right behaviors.
- Tie quantitative customer outcomes and metrics to business objectives and operational success metrics to sustain growth and innovation in CX.

Making CX an enterprise-wide initiative



Manufacturers Are Investing in CX to Navigate a Complex Market Landscape

Previously sidelined, customer experience is a key priority for manufacturers. Several factors are driving this shift:



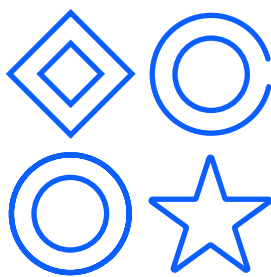
Product Complexity and Longer Sales Cycles

Manufacturers typically sell complex products, carry a significant number of stock keeping units (SKUs), and have longer selling cycles. In this context, customers expect accurate product information, seamless purchasing experiences, and reliable after-sales support. Additionally, manufacturers must empower their sales, marketing, and service teams with the right tools to navigate this complexity and drive customer value.



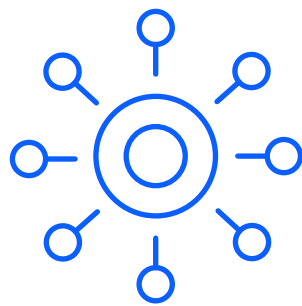
Lack of Holistic Customer View

Disparate and fragmented data sources prevent manufacturers from having a holistic view of customer relationships. Manufacturers need to bridge this information gap to promote data-driven decisions and provide personalized customer experiences.



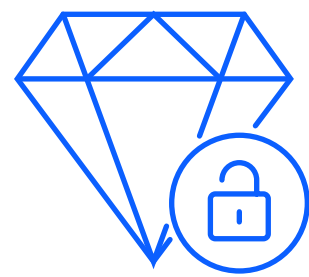
Differentiation in Commoditized Markets

As product features become increasingly standardized, manufacturers must find alternative ways to create value for their customers. A customer-centric approach, ensuring a quality experience throughout the customer journey, is essential to providing a compelling value proposition and thriving in competitive markets.



Optimizing Engagement with Channel Partners

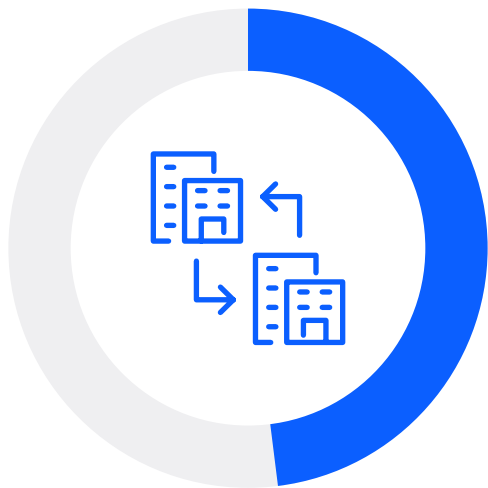
Manufacturers rely on a network of channel partners and resellers, each with unique needs and requiring differentiated levels of engagement. To unlock value within this intricate network, it is necessary to promote collaboration to forge strong and mutually beneficial relationships.



Unlocking Value Through New Business Models

Manufacturers are moving beyond product-centric strategies and adopting new business models, such as D2C and service-oriented approaches, to respond to market shifts and satisfy customer expectations. The challenge is to leverage a wealth of customer data to continuously improve customer experiences and boost customer loyalty and retention.

What Are Manufacturers' Top CX Initiatives?



48% of manufacturers consider B2B digital commerce as a key initiative to drive CX.



42% of manufacturers consider customer self-service portals a key initiative.



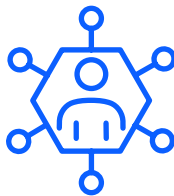
46% of manufacturers consider customer feedback loops into the innovation process as a key initiative to drive product and service innovations.

(Source: 2023 IDC Global Manufacturing Intelligence Survey)

Manufacturers are focused on building CX capabilities that drive long-term revenue streams and customer loyalty, especially in B2B contexts. Areas where manufacturers will prioritize CX investments include:



77%
Customer satisfaction and trust



59%
Customer data and intelligence



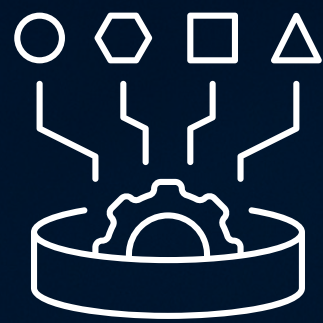
46%
Sales and renewals, including partner and channel integration

(Source: IDC Future of Customer Experience Survey (manufacturing, n = 81))

Essential Guidance for Manufacturers

- 1** Promote a 360-degree view of customers by integrating manufacturing business applications such as enterprise resource planning (ERP), customer relationship management (CRM), and product information management (PIM) to provide context-based information in every customer interaction.
- 2** Harness data from customer interactions, leveraging AI to unlock deeper insights and drive product reliability, service efficiency, and continuous innovation.
- 3** Break down silos in sales, marketing, and service teams to increase collaboration, personalize interactions, and increase lifetime customer value.
- 4** Drive end-to-end customer experience improvements by unifying back- and front-end tech stacks to provide personalized and frictionless experiences at every customer touchpoint.

Essential Guidance/Recommendations



Establish and provision a unified data fabric across the enterprise.

Shore up the data infrastructure for trusted data sharing across business functions. Enable access to unified customer data as a centralized customer data service. Track customer data relationships and maximize value from zero- and first-party customer data.



Pave the way for enterprise agility.

Design experience journeys that are modular and composable. Standardize customer-facing assets — e.g., content, action/offer, etc. Atomize and construct assets as modular components that are served up at relevant moments based on context.



Consider if a platform approach makes sense.

The future of customer experience is all about harnessing data flows at scale. This inherently requires integrating each part of the CX stack with the rest of the customer-facing systems. Enable a services-oriented architecture based on open APIs, common data schemas, and microservices.



Activate experiences beyond the engagement layer.

Integrate systems of record with systems of insight, systems of engagement, and systems of value. CX leaders must anchor transformation on experience value parity and establish a transparent set of shared metrics, value-centric incentives, and greater collaboration across different departments.

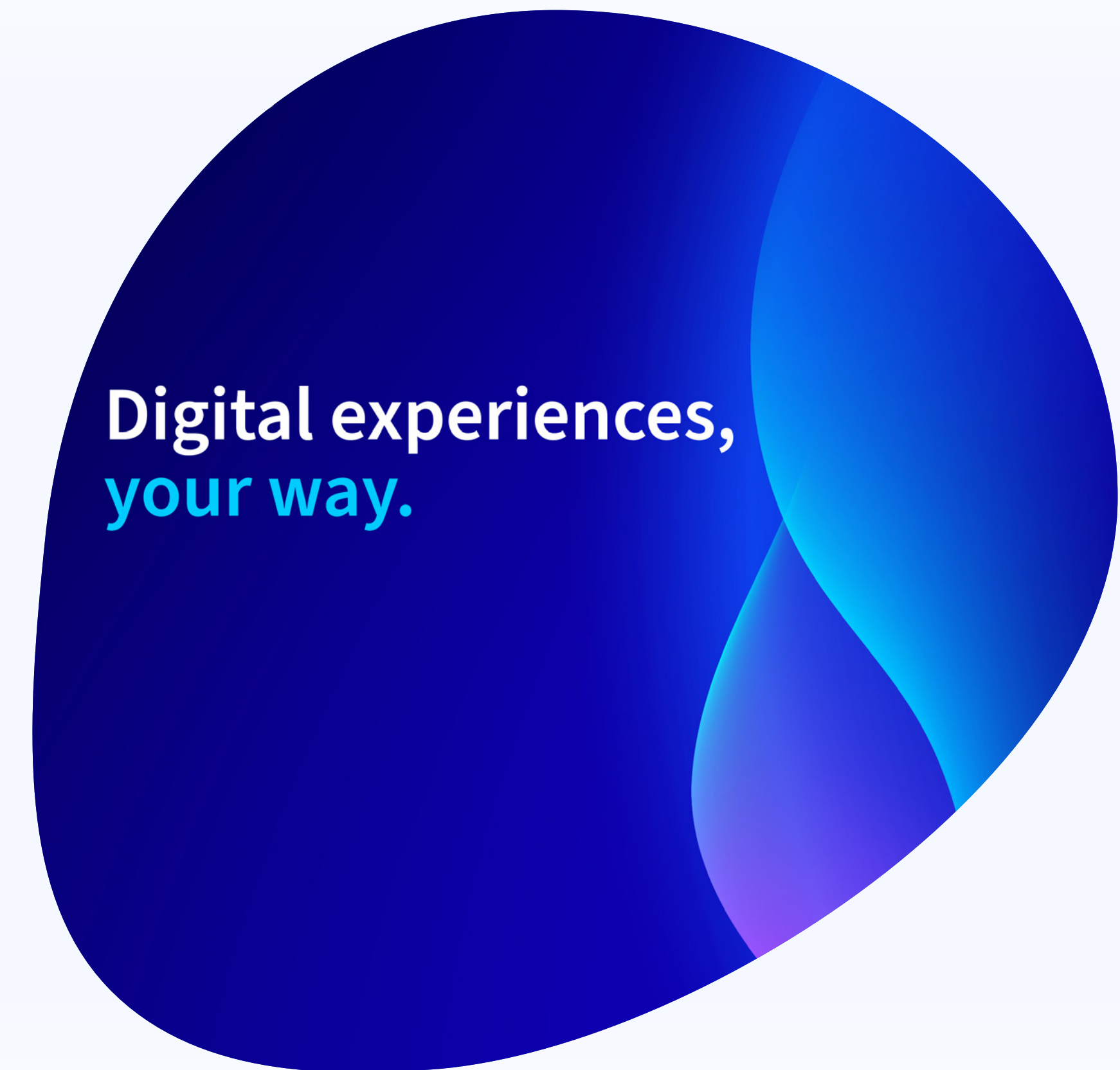
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IDC UK
5th Floor, Ealing Cross, 85 Uxbridge Road, London, W5 5TH, United Kingdom
T 44.208.987.7100

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