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ECONOMICS



State of Digital Customer Experience

How Generative AI and Personalization Are Transforming the Digital Customer Experience Landscape



Personalize content



Prioritize preferred channels

Unify experiences



Define AI strategy

Executive summary

Customer expectations and preferences are changing at unprecedented rates—a reality that presents executives with enormous opportunities and challenges. The solution is clear in theory: “Think about what makes experiences just a little bit better for customers,” says Amelia Dunlop, chief experience officer at Deloitte Digital. “Focus on elevating the human experience.”

Executing that vision is not easy in a world of constant change. Personalization and relevance are top of mind for customers, who at the same time demand that brands respect their privacy, ensure their security, and maintain the human touch in an increasingly digitized world. Meanwhile, generative AI continues to raise the stakes for brands competing in an already tight market as companies and people around the world race to adopt the technology.

But these challenges are not insurmountable. Customer experience fundamentals like having a unified vision for the business, a leader and team focused on the end-to-end customer experience, and an agile and modern tech stack can put companies ahead of their competitors.

Oxford Economics and Adobe surveyed executives and customers around the world to better understand the current state of customer experience. We also interviewed executives from a range of B2B and B2C companies. Our research shows that executives have big plans to position their businesses to thrive in this new world, but critical gaps in their strategies remain:

- Businesses are still building up their customer experience frameworks and tech stacks.
- Personalization is essential, but customer experiences must be relevant and secure as well.
- Executives underestimate the experiences that really drive their customer away, and how much empathic problem-solving can turn negative interactions into positive ones.
- Executives and customers have high expectations for generative AI, as long as ethical and security concerns are sufficiently addressed.

Businesses that prioritize the customer experience are reaping the rewards.

Compared to others, these CX leaders have experienced higher rates of growth over the past three years than their counterparts in key performance metrics like:

- +23% new customer acquisition
- +18% lead generation
- +17% referral rate
- +12% repeat business
- +9% profit per customer or account

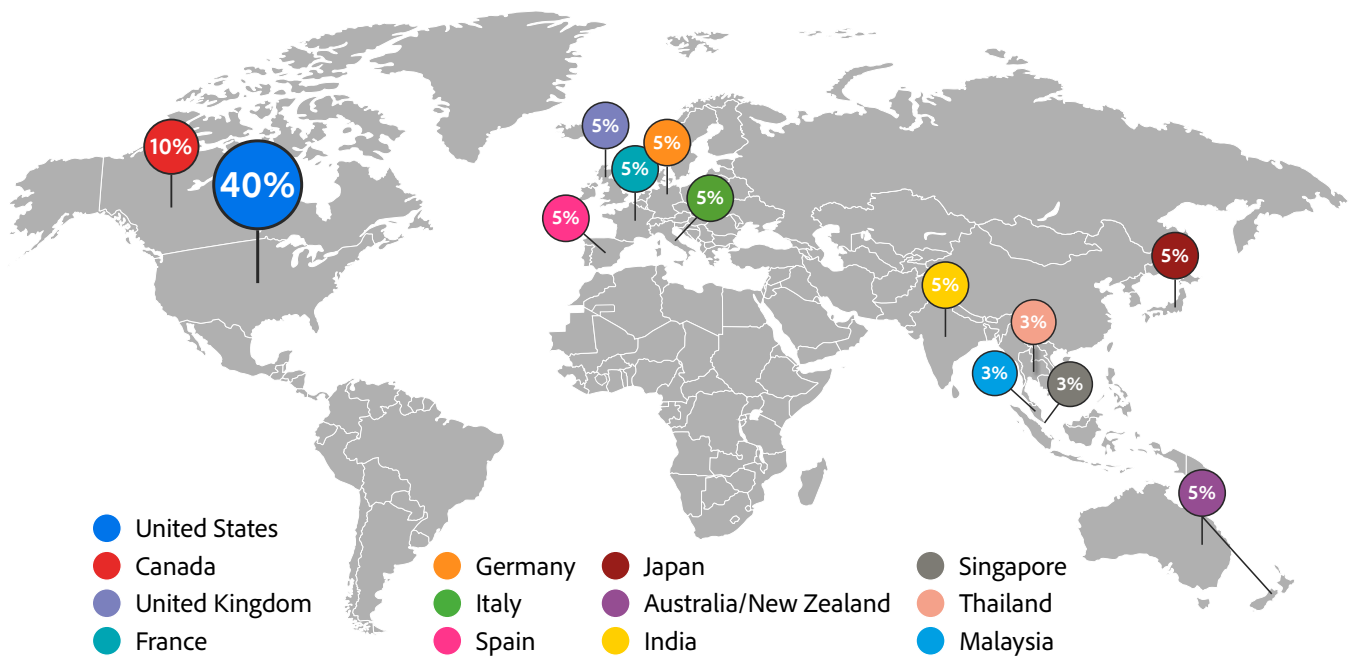
Businesses can boost performance by building a modern tech stack that includes capabilities like unified customer data, personalized content that can be activated through connected or real-time channels, and agile content and digital asset management.

Research methodology

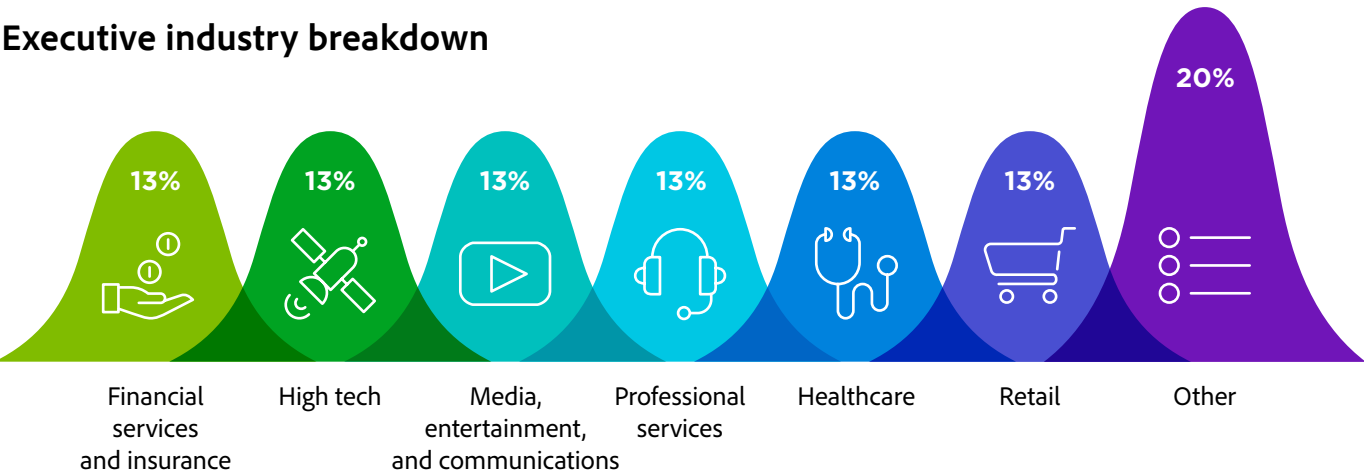
Oxford Economics, in partnership with Adobe, conducted surveys of 1,500 executives and 4,000 customers from 13 countries. Our customer survey included 1,000 respondents responsible for B2B purchasing decisions at their companies. The executive survey was fielded via computer-assisted telephonic interviewing (CATI), and the customer survey was fielded online. Responses were collected from June to August of 2023.

To augment our survey findings, we conducted in-depth interviews with executives across industries to understand how their companies approach the entire customer experience journey, including any plans to integrate generative AI into their current customer experience tech stack.

Executive and customer demographics



Executive industry breakdown



Other industries include energy, manufacturing, consumer goods and services, and more. Percentages might not add to 100% due to rounding.

The current customer experience landscape

It would be hard to find an organization that does not focus on the customer—85% of the executives we surveyed say improving the customer experience is a top or significant business priority. Unfortunately, many are not operating around that imperative.

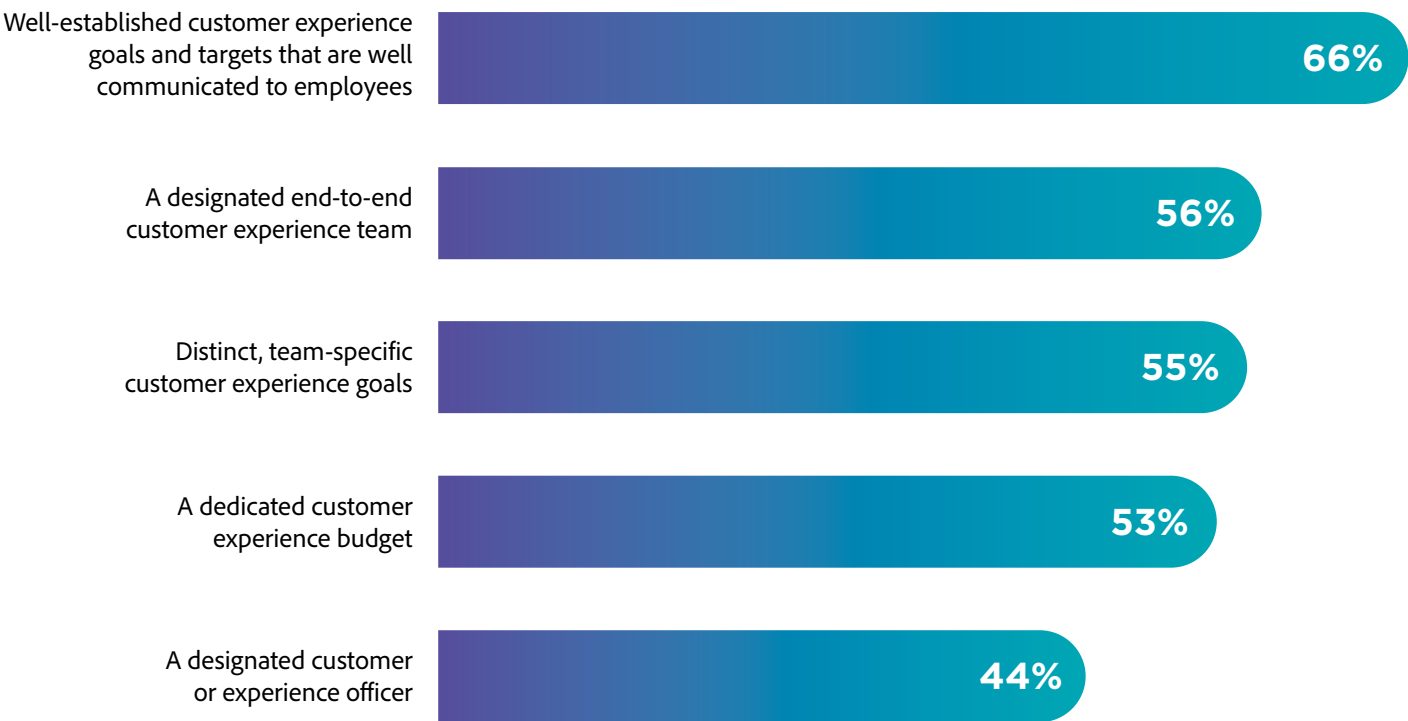
For example, about two-thirds of executives say they have well-established customer experience goals and targets that are communicated to their employees, but fewer have followed through with concrete actions like

establishing a dedicated customer experience budget or unified company vision.

This oversight shows. Nearly two-thirds of customers report a lack of consistency across experiences from initial product or service exploration via digital channels to customer service within the same organization. This shortfall is significant, as 70% also emphasize the importance for an organization to deliver a unified, seamless experience at any point of interaction, whenever they interact with it.

Figure 1. Organizations' customer experience focus is emerging.

Q. Which of the following components of a customer experience framework does your organization have in place today? *Select all that apply responses from executives.*



Customers are in luck, though, as executives say change is coming fast. Many businesses expect to improve their customer experience plans within the next 12 months—49% plan to implement distinct approaches to different customer segments, and 47% plan to invest in breaking down organizational silos to enhance experiences across the customer journey.

These changes will require the right tools and technologies. Fundamental tech stack elements that support customer experience strategies are well established today, but advanced capabilities that could enable personalization at scale have yet to take root.

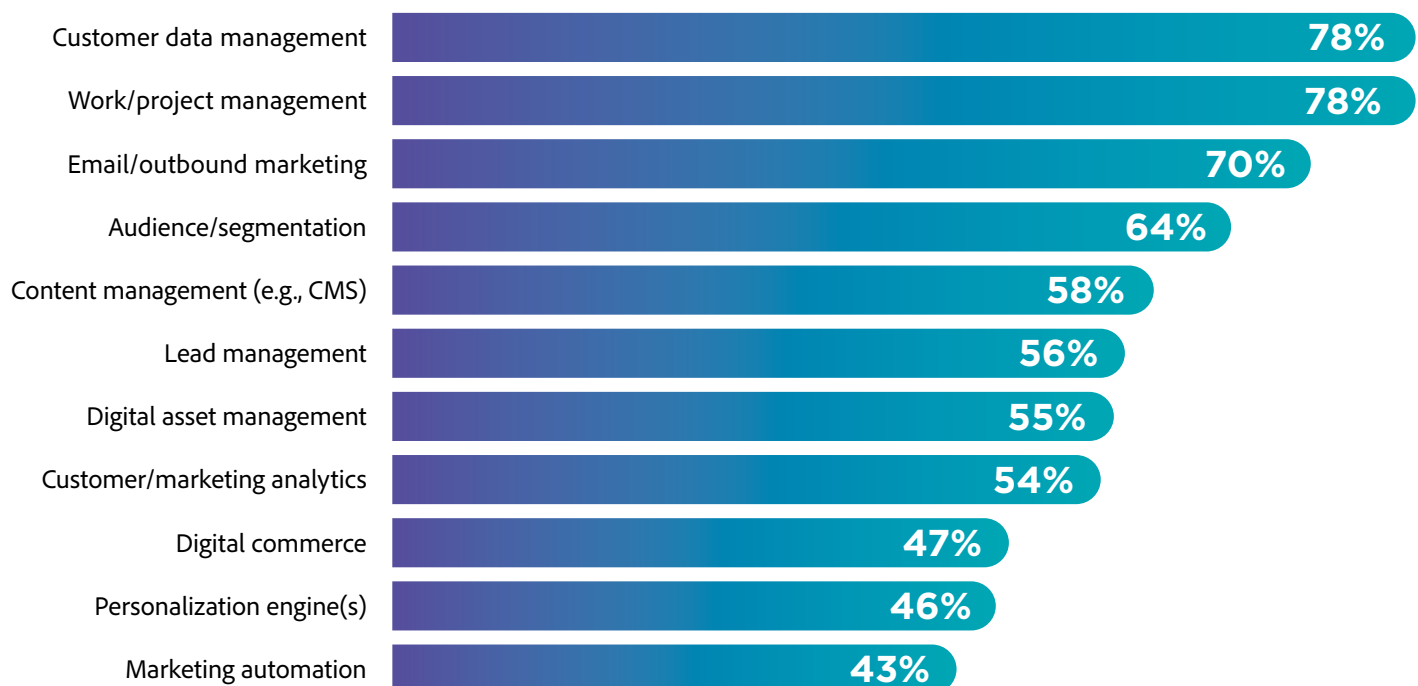
For Eran Levy, director of customer success and CX operations at Cisco, making sure customers experience a unified vision across the organization's new and old technologies is crucial—and the tech stack is where it all begins. "We have thousands of different products, and being almost 40 years in business, some are new, but others may be old," he says. "Our ability to use the tech stack as the interaction between what we sell and how we respond or provide that experience depends a lot on standardizing it—bringing the old stuff with the new stuff and making sure they have similar experiences everywhere."

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Eran Levy, Director of Customer Success and CX Operations at Cisco

Figure 2. Businesses have opportunities to expand the tools they use to drive digital customer experiences.

Q. Which of the following tech stack elements does your organization have in place to support the customer experience today? *Select all that apply responses from executives.*



Executives must drive several improvements over the next year to achieve their customer experience goals. Just under half plan to invest in applying better data insights (48%) and driving better integration of their tech stack (44%) to improve customer experience delivery across the organization.

In his efforts to transform his own company's CRM, Pranay Sinha, vice president of customer engagement solutions at Cencora (formerly AmerisourceBergen), is relying on these tech stack elements to simplify and personalize his customers' experiences. "You need to have the right dataset to parse your customers, and then intelligently use these technologies to take the best advantage of the managed and learned dataset."

Mr. Sinha's strategy is supported by our findings, as well—at least half of businesses that have deployed tech-enabled capabilities like dynamic audience segmentation and marketing automation have already reported improvements in customer satisfaction, loyalty, and retention.

Key takeaway

Building a mature customer experience framework and integrated tech stack is critical. Executives who have improved their customer experience delivery across the customer lifecycle have enhanced their capabilities with data, segmentation, and automation of digital touchpoints.

Customer experiences are improving

In 2020, customers around the world were forced to embrace digital experiences almost overnight as companies quickly built and scaled their digital capabilities in response to the pandemic.

These rapid digital transformation efforts were not without their challenges, but customers report having better experiences now. For example, many say the past three years have brought improvements in the following areas:

- The ability to adjust preferences quickly and easily (51%)
- The seamless usability of brands' platforms and apps (50%)
- The consistency of personalization between online and in-store experiences (49%)
- The frequency of contact efforts (46%)
- The use of relevant or preferred channels in marketing activities (44%)
- The relevance of ads to their needs and interests (42%)

With the exception of price, for which 41% cite worsened experiences, less than one-fifth say any of these aspects of their customer experience has worsened over the past three years.

Orienting business priorities with customer expectations

First impressions matter, especially digital ones at the beginning of the customer journey. Impersonal marketing content, complicated websites, and the use of irrelevant channels for marketing activities can quickly end the customer journey when it is just getting underway. Business priorities are well-aligned with these realities—most executives are highly focused on the earliest stages of the customer experience journey, initial discovery and product or service exploration.

Yet executives must also take into account the remaining stages of the experience lifecycle, like product or service use and implementation (fig. 3).

While price and quality are top of mind for customers, other aspects such as customer support and data security contribute heavily to favorable experiences.

Executives understand the importance of these features, though our research uncovered critical gaps between executive perceptions and customer needs. Businesses often focus on competitors when they should care more about the quality of their own products and services. Our customer survey shows low tolerance for faulty products, delays in service, or inflexible subscriptions and services (fig. 4).

Figure 3. Executives and customers agree—the beginning of the experience journey is critical.

Q. Which of the following stages is your organization most focused on today in its efforts to provide the best overall customer experience? *Top ranked responses from executives.*

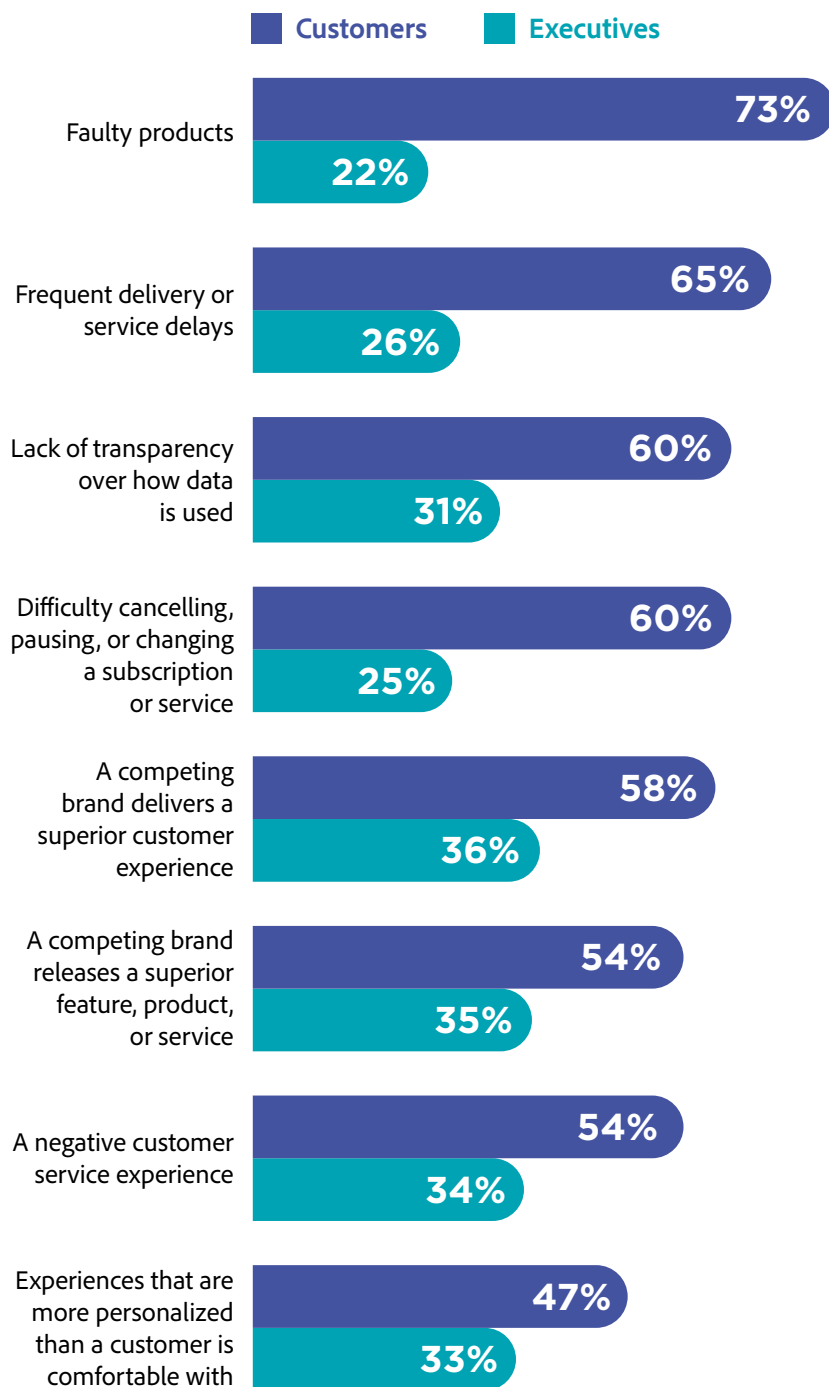
Q. Which of the following stages do you feel is most impactful on your impression of the overall experience you have with an organization? *Top ranked responses from customers.*

EXECUTIVE RESPONSES		CUSTOMER RESPONSES
29%	Initial searching or discovery	29%
40%	Product or service exploration	23%
15%	Product or service implementation or use	10%
10%	Customer support	13%
5%	Renewals or upgrades	3%
1%	Returns or cancellations	2%

Figure 4. Executives underestimate what drives their customers away.

Q. Which of the following scenarios do you believe would most likely cause a customer to stop interacting with your organization or switch to a competitor? Select top three. *Responses from executives.*

Q. When considering your digital experiences only, how likely are you to stop interacting with an organization as a result of the following scenarios? *"Very likely" and "Somewhat likely" responses from customers.*



Negative interactions can transform into positive experiences—problem-solving is a chance to leave a good impression

Executives should take note that while negative experiences are inevitable, they are not necessarily disqualifying.

In fact, they can be seen as opportunities to rebuild customer loyalty. Roughly half of customers say a positive experience was memorable because an issue was resolved quickly and satisfactorily, and a similar amount say they have tried to stop interacting with an organization but changed their minds after a good customer experience.

Equipping the whole organization with the right data and tools to provide customers relevant and personal interactions is critical.

Key takeaway

Businesses are rightfully focused on the early stages of product or service discovery and exploration, where relevant digital experiences are a must. But executives should take into account the entire customer experience and address even negative interactions with personalized, empathetic engagements. The total experience is more valuable than the results of individual stages.

A memorable experience is a personalized one

Most customers in our survey report at least one positive, memorable experience in the past six months—and the more frequently they interact with an organization, the more likely they are to remember these experiences. Many of these positive experiences are a result of personalization.

While scaling personalization is worth the investment, doing so is not an easy task. When it comes to delivering positive experiences, businesses especially struggle in personalizing marketing content and building usable apps and platforms.

Figure 5. Customers remember personalized experiences.

Q. What made your positive experiences memorable? Select all that apply. Responses from customers.

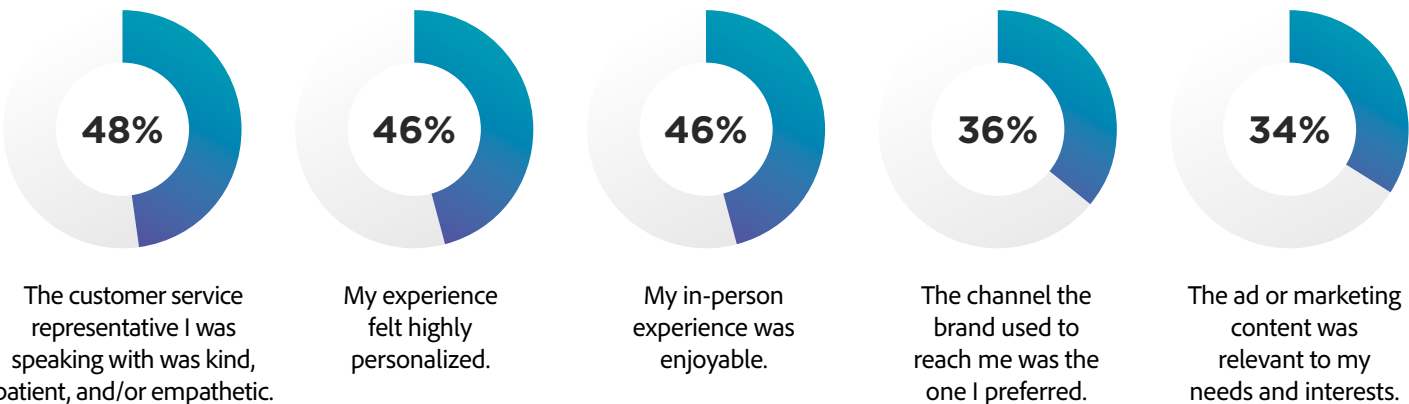
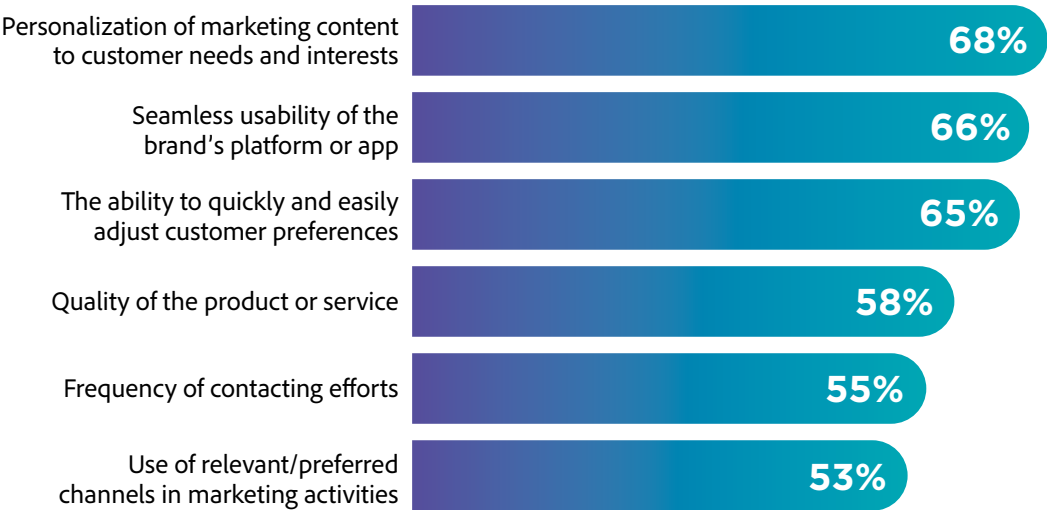


Figure 6. Personalization is easier said than done.

Q. How challenging is it for your organization to effectively deliver positive experiences to your customers in each of the following areas? “Prohibitively,” “Significantly,” and “Moderately” challenging responses from executives.



Key takeaway

Investments in data insights and content creation-to-activation technology will pay dividends for organizations struggling to deliver the personal, digital customer engagements expected today.

Leverage technology and data to build trust

There are many ways to improve personalization efforts, including predictive analytics and dynamic audience segmentation. Yet fewer than half of executives have ongoing or completed deployments of these capabilities—perhaps because the speed of technological change is considered a challenge by 70% of respondents.

Personalization at scale requires data and insights, content, customer journey orchestration, real-time activation across channels, and seamless workflows across teams—all of which take time to optimize. Currently, at least half of businesses find inaccurate data (56%) and restrictions around data collection (50%) to be most prohibitive to their personalization efforts. Companies also must balance personalization and over-familiarity—while 62% of customers want their in-person experiences to be as personalized as their digital ones, half say hyper-personalized experiences feel like a violation of their privacy.

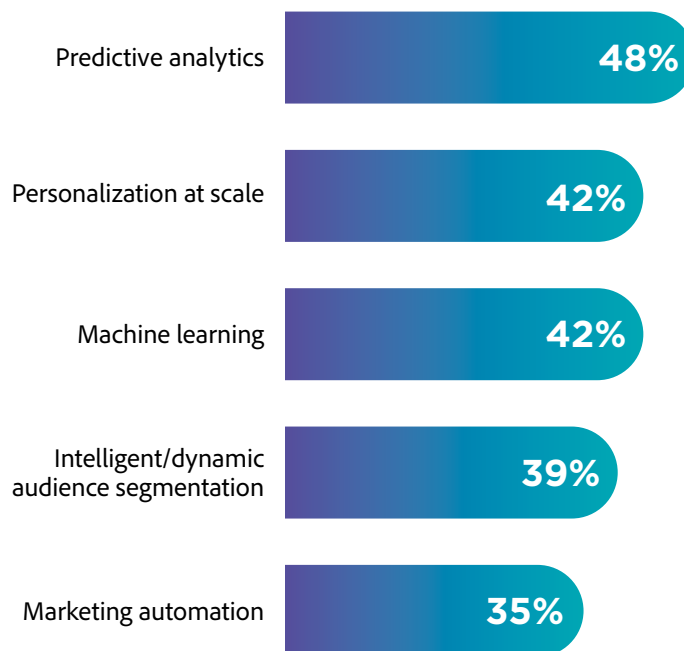
Trust is essential for positive experiences. But in most industries, less than half of respondents strongly or completely trust companies to enforce ethical practices around data privacy and data-sharing. For Sundeep Kumar, executive director of technology at Morgan Stanley, trust is a competitive differentiator. “Customers expect us to tell them how we secure their data to make them feel more confident about their interactions,” he says. “This is our highest priority.”

Businesses must adapt to a world in which customers are increasingly aware of the risks they face when sharing their data with companies. In fact, customer unwillingness to share data inhibits personalization efforts at over half of surveyed companies. Executives should do more to restructure data governance policies and hire employees with security and privacy expertise, but less than half have done so. Three out of five customers would likely stop interacting with a brand due to a lack of transparency around data use. “At the end of the day, you can’t elevate anyone’s experience if they don’t trust you,” says Ms. Dunlop of Deloitte Digital.

But personalization benefits are worth the effort. Of those that have started scaling their personalization efforts across their business, nearly half have improved their brand reputation, customer satisfaction, loyalty and retention, and product and service quality.

Figure 7. Personalization at scale is hard to achieve without key tools and technologies.

Q. To what extent has your organization integrated the following capabilities into your customer experience efforts? “Full deployment” and “Ongoing deployment” responses from executives.



Key takeaway

The benefits of getting personalization right range from improved brand reputation to increased customer satisfaction and loyalty. But brands that balance trust with personalization will win out over those that do not.

Preparing for generative AI

Suddenly, generative AI is everywhere. Executives are excited about the potential business benefits. "It is the same transformation that the internet brought when it came, or maybe when Ford created the automobile," says Mr. Sinha of Cencora. "If somebody is not taking it seriously, I think they will be left behind."

Meanwhile, customers are cautiously optimistic about the technology—they believe in its potential to improve their overall experiences but are not convinced organizations will implement AI that meets their needs consistently, ethically, and at scale.

Executives must move quickly to roll out generative AI without rushing through essential steps, like hiring the right talent, partnering with experts to guide their rollout, and creating policies around the use of the technologies. Otherwise, they risk losing their customers' trust and support. Yet few have started on these efforts, despite big plans for the future—less than one-fifth of executives have started integrating generative AI in their customer experience efforts, however 52% expect to leverage it within the next 12 months.

Figure 8. Customer excitement for generative AI comes with some concerns as well.

Q. How likely do you think the use of generative AI and other advanced technologies will lead to the following scenarios when interacting with organizations? "Very likely" and "Somewhat likely" responses from customers.

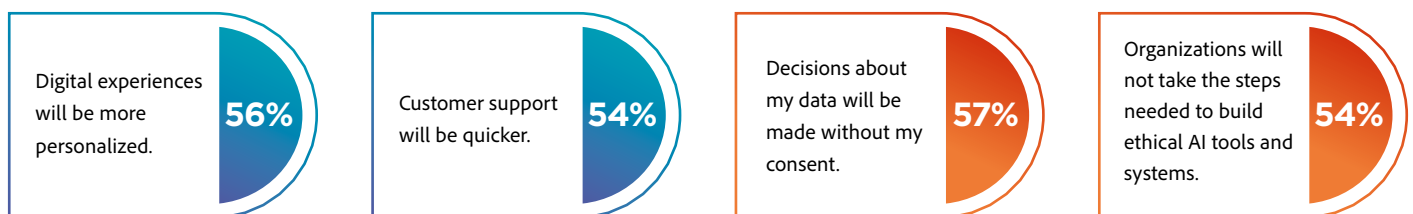


Figure 9. Businesses must do more to prepare for generative AI.

Q. Which of the following steps has your organization taken, or does it plan to take, to prepare for its adoption of generative AI? "Completed" and "Ongoing" responses from executives shown.



Less than one-fifth of executives have started integrating generative AI in their customer experience efforts—however, **52%** expect to leverage it within the next 12 months.

Business plans for generative AI vary, but most are using or plan to use the technology to support the attraction of new customers (81%), campaign planning (79%), experience creation (75%), audience definition (73%), campaign performance measurement (69%), and experience delivery (66%). This aligns with the top focus areas uncovered by our research, including efforts to personalize marketing content and improve digital experiences in the early stages of the buyer's journey.

A majority (79%) of executives are also currently using or plan to use generative AI for customer support—far more than any other stage of the customer experience journey. This might help them improve support response times, a top pain point for customers

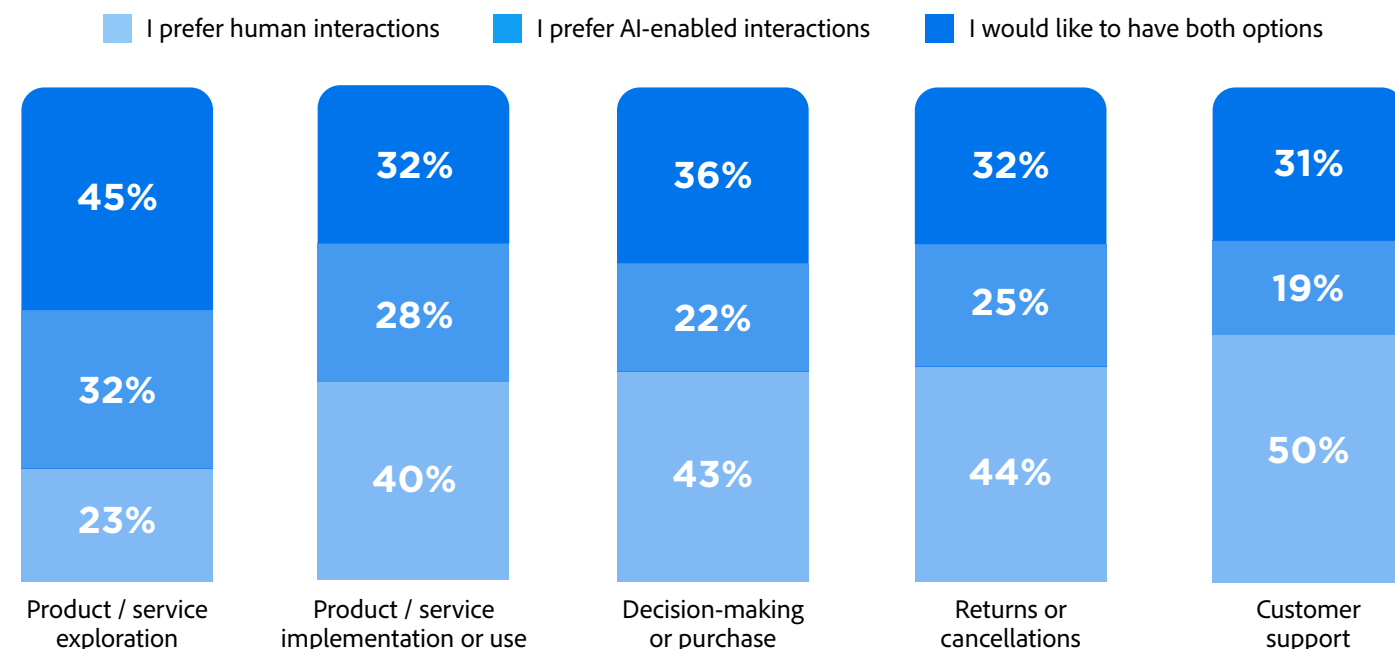
across industries, but businesses must incorporate the empathy that customers expect when interacting with customer support representatives. In fact, a top reason for a positive, memorable experience is speaking to a kind, patient, and empathetic customer service representative—an experience that can certainly be supported, but not replaced, by generative AI.

This does not mean customers lack enthusiasm for the technology. About one-third prefer AI-enabled interactions while exploring products or services, and 45% want to have the option for both human and AI-enabled interactions at this stage.

Ms. Dunlop of Deloitte Digital believes that the omnichannel and multi-modal approach to customer experience improvements requires AI—but only if empathy for customers is considered at a broad, human level. “How do we grow to be more human, to demonstrate more empathy? I think businesses have a role to play in leading the use of AI in ways that allow us to be more human at scale, allow us to deliver better human experiences,” she says. “Those are the things that a business leader should be thinking about when it comes to their adoption of generative AI.”

Figure 10. Customers welcome most AI-enabled interactions, but customer support still needs the human touch.

Q. Do you prefer to interact with a human or AI technology for the following experiences? *Responses from customers.*



Percentages might not add to 100% due to rounding.

Overcoming generative AI roadblocks

Executives encounter a wide range of barriers to adopting generative AI based on the unique circumstances of their business, but time to implementation is a top challenge—and no company, including a large and well-established one, will be immune to this pressure.

“The level and speed of engagement is significantly faster today than it has ever been.”

Geert Leeman, Chief Revenue Officer at SAP, Customer Experience

Figure 11. Various challenges emerge in the race to adopt generative AI.

Q. To what extent have the following factors acted as barriers to the implementation of generative AI within your organization? “Large barrier” and “Medium barrier” responses from executives.



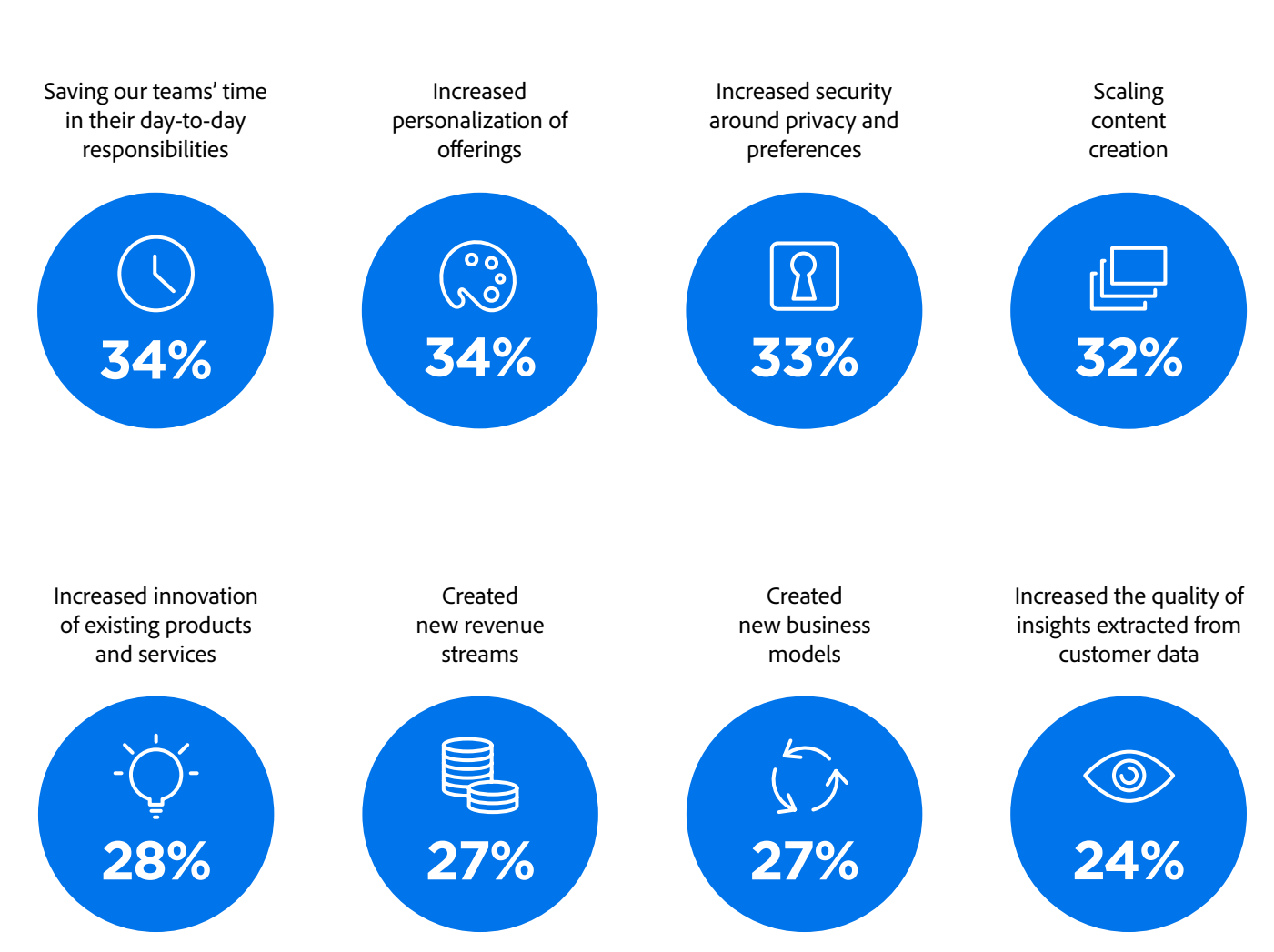
"The level and speed of engagement is significantly faster today than it has ever been," says Geert Leeman, chief revenue officer at SAP, Customer Experience. He adds that this is especially the case given recent breakthroughs in artificial intelligence, and that today's customer experience challenges are compounded by overwhelming amounts of data that lack insight. "There's no more time, and the time to consume data is costly. Serving data with insight and action is

what's going to make a difference in the next couple of decades, and those who play strongly in these domains will be the winners."

Despite the nascency of the technology, many businesses that have started deploying generative AI in their customer experience efforts are already noting improvements in their business performance and reputation—and in the quality of their data insights.

Figure 12. Generative AI is already delivering on its promises.

Q. To what extent has your organization realized direct benefits from its generative AI capabilities? *"Transformative benefit" and "Significant benefit" responses from executives that have deployed generative AI.*



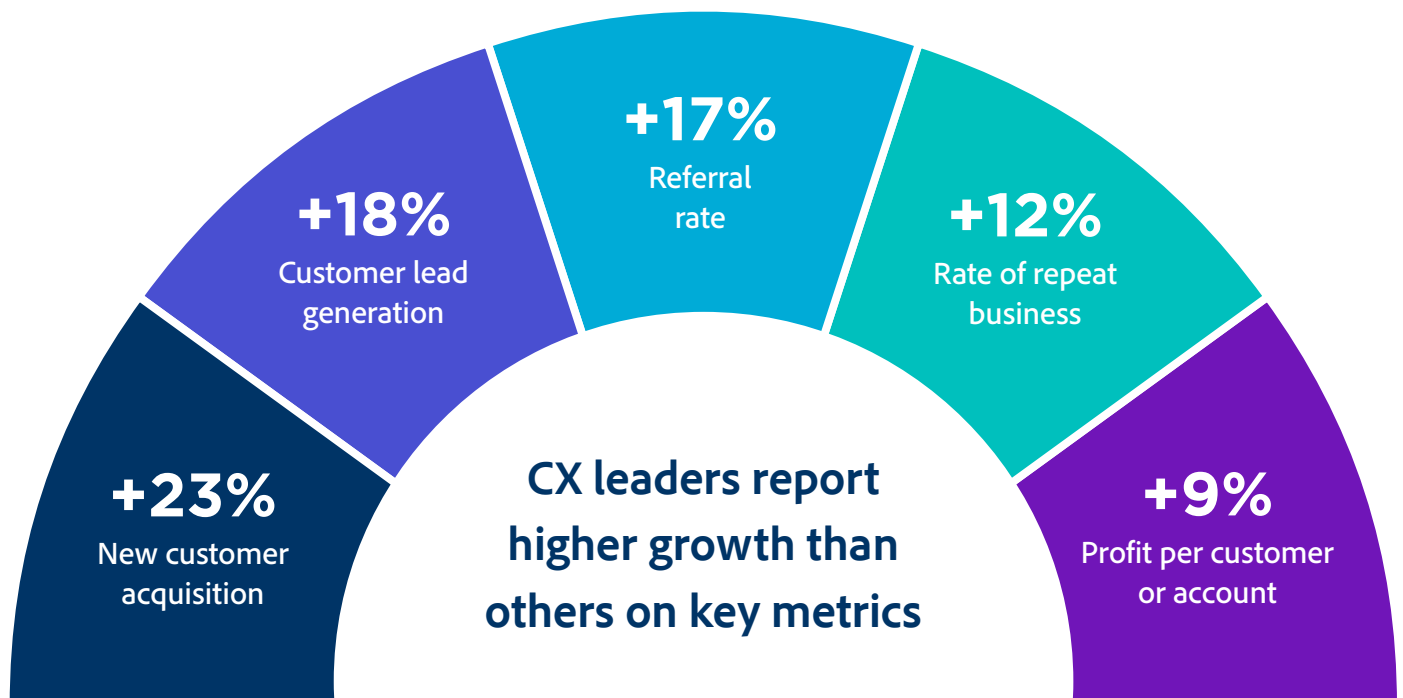
Emphasis on the total customer experience is a game-changer

Our analysis of the executive survey has identified a small group of organizations that place an increased emphasis on the customer experience—and outperform others as a result. In order to qualify, these companies must say improving the customer experience is a top priority for their business and that adaptable CX is a core business focus. They must also have established key components of their customer experience framework and tech stack.

The payoff is clear. On average, these companies reported higher performance than others across a range of customer experience metrics.

Figure 13. Businesses that prioritize the customer experience outperform others on key metrics.

Q. Over the past three years, how has your organization's performance across the following measurements changed? *Relative difference in average percentage change between CX leaders and others.*



Final perspective: Start today

Executives can take key steps to bridge the gap between their customers' expectations and experiences—and position their businesses for success in the years to come:

Strengthen your customer experience framework and tech stack.

- Create a unified customer experience vision for the entire business.
- Establish and clearly communicate customer experience goals and targets to employees.
- Invest in a modern tech stack that can deliver unified customer data; real-time activation across channels; streamlined content development and deployment capabilities; agile content management across websites, mobile, and apps; and marketing automation to personalize digital experiences throughout the entire customer journey.

Businesses must be structured in a way that supports the customer experience both within and across functions to meet customer demands for unified experiences at all stages of their journey.

Invest in technologies and data practices that enable personalization at scale, unify the experience journey, and provide the human touch to customer experiences.

- Implement unified customer profiles, dynamic audience segmentation, and marketing automation. These are no longer considered nice to have—they are essentials for companies that want to create human-centered experiences.
- Maintain data quality and connectivity to make the most out of your technology investments.
- Analyze and unify data with an eye toward driving a seamless end-to-end customer experience.

Businesses that have invested in these capabilities are already reaping benefits ranging from improved customer satisfaction and loyalty to increased internal efficiency and security.

Create a responsible plan to include generative AI in your customer experience roadmap.

- Establish internal working groups and company-wide policies to unify your company's generative AI strategy.
- Prioritize transparency, data security and privacy, safety protocols, and bias minimization.
- Partner with experts focused on the ethical and commercially safe use of generative AI to help optimize use of the technology while minimizing resistance from customers.

Keeping up with the pace of technological change remains a challenge for all types of businesses—and the costs of falling behind, or haphazardly rolling out new technologies, are too big to ignore.

Learn more about how you can implement the [personalization](#) and [generative AI](#) strategies found throughout this report.

About Adobe and Oxford Economics

About Adobe

We empower everyone to create impactful digital experiences. For decades, our products have helped our customers build the world's best brands. But there's more to customer experience than a well-designed app, ad, or webpage. Our comprehensive portfolio of customer experience products and services helps businesses put every customer interaction in context, understand what each customer needs right now, and then quickly design and deliver digital experiences that build customer loyalty and drive business success.

About Oxford Economics

Oxford Economics is a leader in global forecasting and quantitative analysis. Our worldwide client base comprises more than 2,000 international corporations, financial institutions, government organizations, and universities. Headquartered in Oxford, with offices around the world, we employ 550 staff, including 350 economists and analysts. Our best-in-class global economic and industry models and analytical tools give us an unmatched ability to forecast external market trends and assess their economic, social, and business impact.



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