Harvard Business Review
ANALYTIC SERVICES

PULSE SURVEY

The Challenges and Opportunities of Customer Journey Management in an Expansive Omnichannel Environment

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As consumers engage with brands across a growing number of physical and digital touchpoints, the modern customer journey has become increasingly complex. Business-to-consumer (B2C) companies that once adapted to basic omnichannel setups are now challenged by a fragmented, nonlinear journey, spanning everything from social commerce and conversational platforms to in-store and online interactions. To remain competitive in this dynamic landscape, businesses must deliver personalized, seamless, and consistent experiences at every step.

This Harvard Business Review Analytic Services report, sponsored by NielsenIQ, explores how B2C companies are navigating the critical challenges of customer journey management. Based on a survey of 227 respondents and in-depth interviews with leading consumer packaged goods (CPG) companies, the report provides insights into the strategies, investments, and innovations that organizations are deploying to keep pace with the evolving customer journey.

The research reveals that while 88% of respondents recognize the importance of creating seamless customer journeys, 43% say their organization is struggling with siloed data, and only 20% report that their organization's journey is seamless to a great extent. Key obstacles such as unstructured data and siloed systems continue to impede efforts to provide cohesive, real-time interactions across channels. Many companies are also grappling with how to get a clear view of customer experiences across platforms.

To overcome these challenges, companies are taking bold steps. Vertical integration is reshaping how leading retailers and brands engage with customers, enabling them to control the entire journey from discovery to purchase by acquiring or building their own media assets. Similarly, platforms like social commerce are redefining product discovery and pushing brands to rethink their marketing and sales strategies. In addition to these trends, companies are focusing on creating data-sharing partnerships to bridge information gaps and personalize customer interactions at scale.

At the heart of these transformations is the effective use of data. With 43% of respondents citing siloed data as one of the biggest data issues their organization faces in creating a clear view across the entire customer journey, the need for robust data integration and governance is more pressing than ever. Companies that invest in data infrastructure and develop collaborative partnerships with channel and data providers are better positioned to deliver real-time, personalized experiences that foster loyalty and long-term success.

Ultimately, this report offers a roadmap for navigating the complexities of omnichannel customer journey management. It provides actionable insights on how to integrate channels, streamline data, and collaborate effectively to meet the rising expectations of today's consumers. Businesses that prioritize data-driven strategies, embrace cross-functional teams, and ensure seamless, consistent experiences will thrive in this hyper-connected marketplace.

Liz Buchanan
President, North America
NielsenIQ

The Challenges and Opportunities of Customer Journey Management in an Expansive Omnichannel Environment

Business-to-consumer (B2C) companies have been adapting to the most basic of omnichannel environments, but the customer journey involving these organizations is evolving at an ever-faster rate. New channels continue to emerge while many traditional platforms remain, creating a commerce and marketing ecosystem that includes everything from social commerce to billboards.

"Today's consumers demand hyper-personalized experiences, real-time responsiveness, and ultra-convenience across a variety of platforms, from direct-to-consumer (DTC) e-commerce and in-store retail media to social media and conversational commerce," says Karen Lellouche Tordjman, managing director, senior partner, and global leader of the customer experience topic in the Mexico City office of Boston-based Boston Consulting Group Inc. (BCG). "Data-driven personalization has become crucial, as customers expect relevant offers and seamless interactions, while augmented digital experiences and immersive content are reshaping how brands engage with their audiences."

For consumer-packaged goods (CPG) manufacturers, which historically are a step removed from the end customer, following along the customer journey can be a particular problem—one that's only getting more complicated. "In recent years, the customer journey for CPG has undergone a significant transformation, and many businesses are struggling to keep up with the pace of evolution," says Claire Davies, managing director at L.E.K. Consulting LLC, a global strategy consulting firm based in Boston. For example, at Nestlé S.A., the multinational food and beverage conglomerate headquartered in Vevey, Switzerland, there are company-owned touchpoints, retail customers' touchpoints, mobile apps, online marketplaces, and more. "There's been significant change in terms of digitization of touchpoints and also the sheer

HIGHLIGHTS

88% of respondents agree that it's important to create customer journeys that are **seamless, personalized, and consistent**.

78% expect the total number of **commerce and marketing channels their organization uses to increase** in two years.

64% agree that the **rapid increase in consumer-facing channels** is making it difficult to manage the customer journey.

Due to rounding, some figures in this report may not add up to 100%.

> "This expansion of channels has created a more complex, nonlinear customer journey where consumers can engage with brands across multiple platforms simultaneously," says Kathleen J. Kennedy, associate professor of practice at the University of Arizona's Norton School of Human Ecology, Retailing and Consumer Science.

increase in the number of touchpoints," says Neel Arora, Nestlé's global head of e-commerce based in Barcelona. "It's a really, really fragmented environment."

In a Harvard Business Review Analytic Services September 2024 survey of 227 respondents from organizations that manufacture or sell physical consumer goods who are part of the *Harvard Business Review* audience, 88% agree that it's important to create customer journeys that are seamless, personalized, and consistent (with 71% strongly agreeing with the statement). However, many of these B2C companies are struggling to enable those qualities as the omnichannel ecosystem grows more sprawling.

"This expansion of channels has created a more complex, nonlinear customer journey where consumers can engage with brands across multiple platforms simultaneously. For CPG manufacturers, this shift presents both opportunities and challenges," says Kathleen J. Kennedy, associate professor of practice at the University of Arizona's Norton School of Human Ecology, Retailing and Consumer Science. "While they now have more avenues to reach and engage consumers, providing a seamless experience across all these touchpoints has become increasingly difficult. Manufacturers must ensure consistency in messaging, branding, and customer service across all channels while also tailoring experiences to the unique characteristics of each platform."

It's a tall order. B2C companies must overcome significant hurdles to develop new customer journey strategies and omnichannel practices capable of keeping pace with all these changes. Tracking and managing this increasingly complex and evolving customer journey, which is paramount to increasing wallet and market share, will require new approaches to data, analytics, organizational structures, and data-sharing partnerships.

This report will seek to understand the current state of B2C customer journey management in a rapidly evolving omnichannel landscape and will delve into the challenges organizations face. It will examine the investments and changes organizations are making to provide a more seamless customer experience, how they're working with channel and data partners in new ways, and—most importantly—the role data has in helping them keep pace with the rapidly expanding customer journey.

The Customer Journey Management Gap

There is no question that the customer journey impacts some of the most important measures of corporate performance. Topping the list are customer experience (83%), customer retention/loyalty (81%), and sales/revenues (80%), according to respondents. A large number also report that their organization's brand reputation (73%) and profitability (65%) are impacted by the quality of their customer journey. "Data has shown that a well-managed customer journey can significantly improve customer loyalty and drive sales," says Kennedy.

It makes sense then for forward-looking CPG companies to prioritize a seamless customer journey. To accomplish that, they need to effectively orchestrate end-to-end journeys and engage consumers across the omnichannel landscape. "As traditional sales channels evolve and new ones emerge, the ability to offer a consistent, unified experience across touchpoints is essential," says BCG's Lellouche Tordjman. "This means optimizing personalization, collaborating more closely with retailers, and integrating digital and physical experiences."

Those three things are key priorities at PepsiCo Inc., the multinational food, snack, and beverage corporation headquartered in Purchase, N.Y. "We work with our retail partners to ensure we make the shopper journey as simple and convenient as possible," says Kate Garner, senior vice president, North America insights and intelligence, at PepsiCo, which has seen the number of shoppers who buy both online and in-store grow 2.6 times since 2020. Garner's goal is to reduce friction, frustration, and churn. "We need to ensure we are showing up at the right times and right places for our retailers and shoppers as this space continues to evolve," she says.

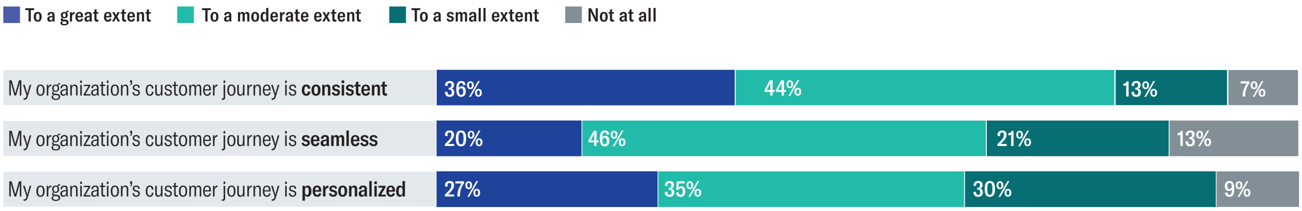
As the customer journey grows more fluid, shoppers are constantly engaging in active and passive ways with B2C businesses. "In the past, activating well along the customer journey may have been a point of differentiation for brands, but today's customer may be put off by a disruption or gap in their expectation of the customer journey," says Idoia Hidalgo, client solutions executive at Clarkston Consulting Inc., a consumer products, retail, and life sciences consultancy based in Durham, N.C. "Brands should look at ensuring the

FIGURE 1

The Customer Journey Struggle Is Real

There's room for improvement in key customer journey attributes

To what extent do the following attributes describe your organization's current overall customer journey?



Base: 223 to 224 respondents, varies by row, excludes "Don't know."

Source: Harvard Business Review Analytic Services survey, August 2024

seamless customer journey as not only a top priority but the lens through which they examine all that they do and how decisions are made."

Yet many respondents say their organizations' customer journeys to some degree lack those attributes they describe as so crucial. Just over a third of respondents say that their organization's current overall customer journey is consistent to a great extent, with 44% saying that it is to a moderate extent. But only one in five say their organization's customer journey is seamless to a great extent, with 46% saying that it is to a moderate extent. Meanwhile, just over a quarter say their organization's customer journey is personalized to a great extent, with 35% saying it is to a moderate extent. Even fewer combined (less than half) say their customer journey possesses all three attributes—consistency, seamlessness, and personalization—to a great or moderate extent. **FIGURE 1**

The Ever-Expanding Omnichannel Environment

PepsiCo has its eye on Gen Z, one of the most important growth cohorts for the food and beverage industry. The company has a data science and predictive analytics approach, called pepviz, that applies proprietary in-house data and retail partner data related to location, product offerings, and shopper behaviors to create a 360-degree view of shared customers across channels. Using this approach, PepsiCo uncovered that Gen Z shoppers are both digitally native and fond of in-store experiences. "They want shopper journeys to authentically match this blended lifestyle," says PepsiCo's Garner.

Although one-third of Gen Zs' transactions take place digitally and they are twice as likely to shop on mobile devices compared to Millennials, they are also the generation most likely to browse in-store and are more likely than other shoppers to prefer pickup over delivery. There is now a term, "phygital," describing the blending of physical and digital shopping experiences. "They recognize the benefits of technology but value real-life engagements," Garner says. "This is leading to a rise of 'phygital' environments that integrate retail spaces with omnichannel offerings."

Indeed, a variety of sales and marketing channels are in play for many B2C companies, from traditional to digital. "Newer touchpoints like social media, DTC websites, and mobile apps have redefined the customer journey. Platforms like TikTok and Instagram are not just for discovery anymore—they've become key shopping destinations," says L.E.K. Consulting's Davies. "Managing these touchpoints is crucial, as they allow brands to meet customers where they are, but maintaining a consistent experience across them is no easy feat."

While most respondents' companies sell consumer goods via traditional e-commerce and brick-and-mortar stores, social and conversational commerce are now also established channels for more than half. Among the surveyed group, the most commonly used commerce channels are the company's own e-commerce sites (77%), third-party e-commerce sites (65%), third-party brick-and-mortar stores (62%), social commerce (59%), respondents' company's own brick-and-mortar stores (58%), chat/conversational commerce (55%), respondents' companies' own mobile apps (51%), and third-party mobile apps (40%). Smart stores/shopping carts (36%) and vending machines (20%) are the least popular channels on the list in terms of current use.

Looking ahead, 21% of respondents say their company is considering using social commerce channels in the future and 26% say the same for chat/conversational commerce. "Brands are facing the decision of which channels they should be present on and which they should invest behind," says Davies. "The consumer wants to be met where they want to

> "We see enormous fragmentation of both the media landscape, where people discover Nestlé's products, and the retail landscape, where people buy Nestlé's products. In terms of getting an overview of how customers are shopping, it's dynamic," says Neel Arora, Nestlé S.A.'s global head of e-commerce based in Barcelona.

shop, with a consistent experience and brand message, but that poses many challenges."

When it comes to marketing channels, the vast majority of respondents' companies are using social media marketing (92%), online advertising (89%), email marketing (82%), and traditional advertising (76%). But a significant portion are also using social influencer marketing (68%) and SMS marketing (51%). And usage of those channels is set to grow, with 15% saying they're considering using social influencer marketing in the future and 17% saying the same for SMS marketing—both higher than any other marketing channel.

Social media channels like Instagram, TikTok, and YouTube have become crucial for reaching new audiences, particularly with Gen Z and Gen Alpha, according to Davies. "Influencers, user-generated content, and sponsored posts drive product awareness and engagement across these platforms. Brands are even experimenting with the metaverse or virtual reality to drive brand discovery and interaction," she says. "However, brands are having to navigate the heavy cost of paid advertising and the rising customer acquisition costs across these channels and are leaning heavily into generating free user-generated content to support the next viral moment which can catapult a brand."

Nestlé's Arora points out that while some consumer brands have fully embraced digital, CPG companies continue to operate in "a duality" of both, which is harder. "Customers can reach our brands on social media, read reviews about our products on retailer websites, compare prices, and then go into a store and buy them. Or they might be walking down the aisle of the store, looking for coupons and reviews on their phones," Arora says. "We see enormous fragmentation of both the media landscape, where people discover Nestlé's products, and the retail landscape, where people buy Nestlé's products. In terms of getting an overview of how customers are shopping, it's dynamic."

The volume of channels companies must manage will continue to grow in the near term. More than three-quarters of respondents (78%) expect the total number of commerce and marketing channels their organization uses to increase in two years, with one quarter expecting that number to increase significantly. And around two-thirds (64%) agree that the rapid increase in consumer-facing channels is making it difficult to manage the customer journey.

The University of Arizona's Kennedy predicts immersive experiences will take off as augmented reality and virtual reality enable consumers to engage with brands in new ways. The internet of things will likely lead to smart packaging that can interact with consumers and provide real-time information to brands, she adds, while artificial intelligence (AI) will power more sophisticated recommendation engines and hyper-personalization. "Perhaps most significantly, we can expect a further blurring of the lines between online and offline experiences," Kennedy says. "This evolution will require CPG manufacturers to be even more agile and innovative."

Where Omnichannel Strategies Fall Short

Not all organizations, however, are in the best position to manage within this dynamic environment—right now or in the future. Sixteen percent of respondents strongly agree that their organization's omnichannel strategy is current with the marketplace (37% somewhat agree). Looking ahead, 18% strongly agree that their organization is prepared for changes in the omnichannel landscape (34% somewhat agree). Around one quarter (24%) strongly agree that their organization's omnichannel management approach will be effective in two years (35% somewhat agree).

There is an array of roadblocks to providing a good customer experience across channels, particularly team and data issues. Chief among the challenges respondents report are not enough collaboration between internal teams/siloed functions (51%), lack of a clear customer data strategy (44%), not enough resources/people to manage multiple channels well (44%), and lack of a clear view of the customer journey across channels (44%). FIGURE 2

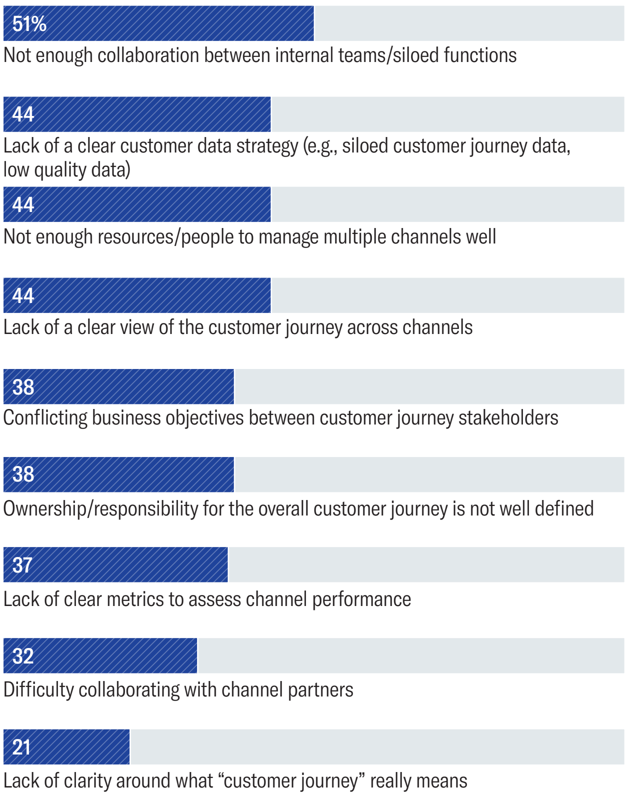
"People, process, technology, and data are the critical components to achieving an omnichannel view," says Hidalgo of Clarkston Consulting. "From a people perspective, companies will need a more extensive data and analytics team and/or partner in order to effectively translate the vast amount of customer data into the right insights and business

FIGURE 2

Missing Customer Experience Pieces

A variety of issues thwart effective omnichannel experiences

What challenges does your organization face in providing a good customer experience across channels? *Select all that apply.*



Base: 227 respondents. Not shown: 3% None, 2% Other, 2% Don't know.

Source: Harvard Business Review Analytic Services survey, August 2024

decisions. In terms of process, organizations will need to examine and evolve siloed processes to enable cross-functional collaboration and decision making. Technology and data are obviously critical here, as well. Organizations need the right tools in place to capture, store, and manage customer data in a way that they're able to easily and accurately analyze for actionable insights." Indeed, B2C companies can struggle to turn data into actionable intelligence, particularly at scale, she says.

What makes this issue more glaring and immediate is that as consumers engage with brands across a growing range of channels, B2C companies have potential access to unprecedented volumes of more granular information. "This data goes beyond traditional customer personas, yielding one-to-one biographic insights at the level of location, context, engagement, transaction, and sentiment," says Lellouche Tordjman.

Having the right customer data strategy is paramount. "This wealth of information, when properly harnessed, can lead to deeper insights and more targeted marketing strategies. However, the sheer volume and variety of data generated across these touchpoints have also created significant challenges," says Kennedy. Companies need robust customer data platforms and advanced analytics to integrate and analyze data from disparate sources. "Moreover, the fast-moving nature of consumer behavior in the digital age means that insights can quickly become outdated, necessitating real-time data processing and analysis," she says.

Digging into respondent-reported data challenges reveals critical areas in need of attention. When respondents were asked what the biggest data issues are that their organization faces—if any—in creating a clear view across the entire customer journey, the top results are data is siloed/not well integrated (43%), challenges with unstructured data (37%), and lack of effective tools to analyze customer journey data (36%). **FIGURE 3** "Being able to collect, analyze, and act on insights from zero-party [information that a customer intentionally and proactively shares with a company], first-party [information that a company collects on customers via interactions with its products, services, websites, apps], and third-party data is crucial," says Davies. "Those that do not have the data sources and analytics will not be able to keep up and achieve any meaningful form of personalization."

Legacy IT systems, common in many established CPG companies, make it difficult to connect data from various touchpoints, creating fragmented views of the customer and difficulties tracking interactions across channels, according to Kennedy. "To address this [issue of disparate and disconnected data sources], companies need to invest in data management to integrate data from various sources into a unified platform," says Hidalgo. "Another challenge we often see is inconsistent data quality across systems leading to inaccurate insights and poor decision making."

Robust data governance practices (e.g., regular data audits, data validation protocols) can help ensure clean, reliable, actionable data. But delayed data updates can lead to missed opportunities for engagement or personalization.

"To fully leverage this [data] potential, companies are grappling with the challenge of democratizing data across functions and channels and deploying advanced models and algorithms," says Lellouche Tordjman.

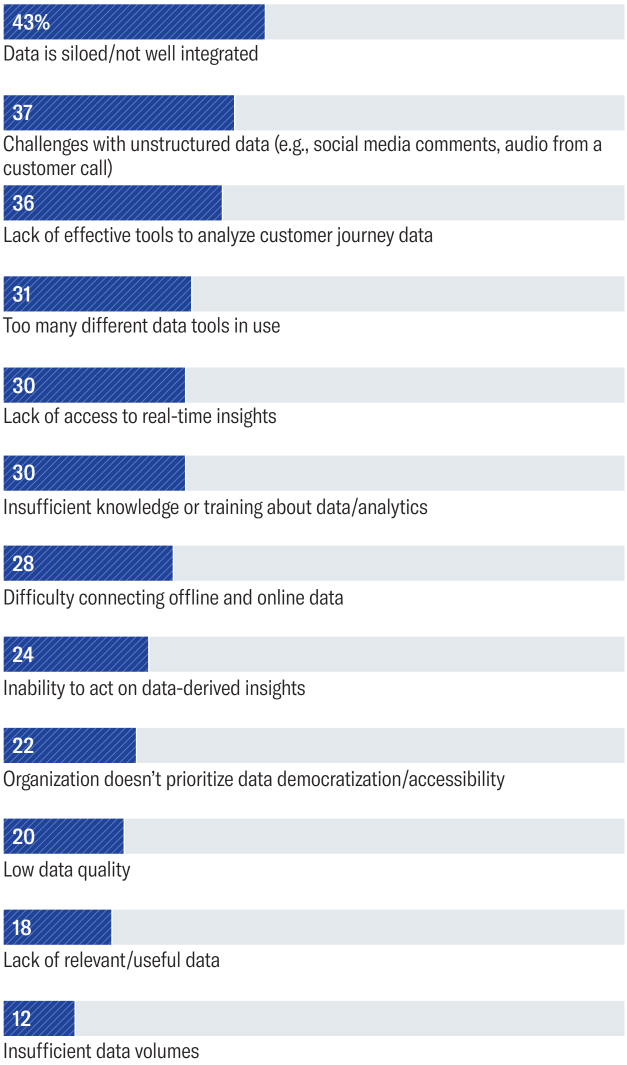
Data fragmentation is one of the biggest challenges for Nestlé. "Multiple touchpoints, multiple owners, multiple journeys: to get your arms around that is very complicated," Arora says. The key is not to let the perfect be the enemy of the good. "In an ideal situation, you'd have it all connected and constantly be reporting on who's doing what where. The

FIGURE 3

More Data, More Challenges

Siloed and unstructured data stymies customer journey management

What are the biggest data issues your organization faces in creating a clear view across the entire customer journey, if any? *Select up to five.*



Base: 227 respondents. Not shown: 4% Don't know, 3% None, 1% Other.

Source: Harvard Business Review Analytic Services survey, August 2024

reality is that's never going to happen because the space is never standing still," he explains. "Rather than try to build a monstrous system where everything is connected in a single data lake, we strip it down to smaller parts and make assumptions based on less data."

Arora also leads the effort to create consistent brand experiences across all retailer touchpoints, whether Nestlé owns them or not. "That's the bit that's challenging at scale when you map the journey from creating content on a master copy, then shopping that content to different media and retail touchpoints in multiple languages in 180 countries," he says. "One thing you need is consistent data architecture and governance. You need data librarians and stewards. It sounds dry but it's absolutely critical."

Adjusting to Omnichannel Challenges

B2C firms that want to stay current should be open to working in new ways and embracing new channels. A recent PepsiCo campaign, in partnership with DoorDash, is a case in point. The campaign features "Pepsi Chase Cars" racing to ensure pizza deliveries are accompanied by Pepsi products. The campaign offered free pizzas to 1,000 consumers who purchased select Pepsi products and satisfied a minimum order amount through the delivery app. "This example shows the importance of meeting consumers where they are—on DoorDash ordering pizza on a Friday night—to stay relevant and interesting to your consumers," says Hidalgo.

At Nestlé, Arora offers guidance to local markets on what the "must win" priorities are and where to make their investments. "We want to understand our trade landscape: where it is now and where it's going in the future," Arora says. There has been an explosion in last-mile delivery players like Instacart and DoorDash in recent years. "It's digitalized an impulse mission that you previously had to go to the store to do," he asserts. "It boomed during Covid, then there was a consolidation period." Arora's work was to identify the leading last-mile delivery players that would have the most global value for Nestlé going forward and have its local markets focus on them.

Despite the recognition that the customer journey impacts some of a company's most important KPIs, some organizations are failing to devote dedicated resources and focused attention to newer channels. Less than half (43%) of respondents agree that their organization is hiring experts in new, cutting-edge channels to help them leverage these channels more effectively.

Arora acknowledges this need to allocate resources to meet omnichannel challenges. He says that there is a host of new capabilities Nestlé needs today, like expertise in search, "which is art and science." The company has put some 10,000 employees through various training programs in recent years, from webinars that cover a variety of relevant e-commerce and customer journey topics at a high level to deep dives into specific new skills.

B2C companies must also learn to work in more proactive, agile ways. "The most successful companies are quick to pilot potential activations and learn what resonates with the

“The most successful companies are quick to pilot potential activations and learn what resonates with the consumer.”

Idoia Hidalgo, client solutions executive, Clarkston Consulting Inc.

> "Complex organizational structures further hinder innovation. For some organizations, hiring a chief experience officer can help. For those without, a unified vision and executive oversight of cross-functional CX investment remains a key success factor for customer-centric organizations," says Boston Consulting Group LLC managing director Karen Lellouche Tordjman.

consumer," says Hidalgo. "This requires a company culture that encourages testing, learning, and accepting failure, as not all potential activations will be successful. In addition, companies need to have the right governance in place to determine what activations and/or technologies can move from pilot to rollout phase."

Unfortunately, says Lellouche Tordjman, "many organizations lack the data-driven insight, design, and agile skills to innovate at speed and scale, relying on outdated waterfall methods rather than real-time, customer-insight-driven, and test-learn-improve approaches."

Then there are the multiple groups involved in customer journey management that may not have access to the same data. The average respondent selected five different teams as involved in managing the customer journey. Marketing/advertising (73%), sales (66%), and customer service/support (62%) are the most common groups involved, followed by customer experience (52%), e-commerce (43%), product teams (42%), and operations (41%). When asked whether every employee involved in managing the customer journey has access to a single, common source of customer journey data, a full two-thirds of respondents say no.

"The impediments to creating a common data source are numerous," says Kennedy, noting siloed systems, organizational resistance to data sharing, data consistency and quality issues, and concerns about data privacy and regulatory compliance. "Overcoming these challenges requires strong executive sponsorship, significant investment in data infrastructure and governance, and a cultural shift toward data democratization," she says.

PepsiCo has multiple teams—sales, shopper, and consumer insights; category leadership; retail space optimization; and digital commerce, to name a few—involved in improving the customer journey. "Our teams have access to a common source of data," Garner says, pointing to a combination of open-source data, first-, second-, and third-party data, proprietary data from 110 million households, and data generated through PepsiCo's direct-store delivery network, which consists of 500-plus retail partners. "We then use advanced analytics, statistical analysis, machine learning, and AI to produce actionable insights," Garner adds.

Lellouche Tordjman advises B2C companies to centralize customer data and aggregate insight from all functions and channels along the customer journey to create a single view of the customer. Then companies can use advanced data and AI engines to yield insights and enable personalized interactions. Just as important as democratizing access to customer data and insights across all teams, Lellouche Tordjman says, is creating a culture that empowers people to act on those insights.

Who's the Boss?

Despite the challenges that organizations face managing the end-to-end customer journey, ownership of most CPG customer journeys is split among multiple departments such as marketing, sales, e-commerce, and customer service, according to Kennedy. "This dispersed ownership can lead to inconsistencies in the customer experience and difficulties in implementing cohesive strategies," she says.

Just one-third of survey respondents say there is a single leader/team responsible for the overall ownership of the customer journey, despite the fact that 84% agree that ensuring there is a team/role responsible for monitoring the overall customer journey is important (with 54% strongly agreeing). And only 26% say that designating an owner for the customer journey is a step their organization is taking to improve customer experience (CX) across channels.

This lack of CX ownership is a problem. "Complex organizational structures further hinder innovation," says Lellouche Tordjman. "For some organizations, hiring a chief experience officer can help. For those without, a unified vision and executive oversight of cross-functional CX investment remains a key success factor for customer-centric organizations," she says.

However, while a single person or function may own the strategy, execution of customer journey management should still involve cross-functional teams. "This approach allows for specialized expertise while maintaining a consistent overall direction," Lellouche Tordjman continues.

A customer journey owner can also lead the development of an overarching vision that articulates how a CX focus will drive strategic business goals and the creation of objectives and key results (OKRs) and KPIs to connect operational performance to both customer outcomes and business results. Budgets and resources can then be aligned to that vision and target OKRs/KPIs. “Companies can also implement real-time reporting to empower teams to implement both ‘fast’ innovations—like policy adjustments and day-to-day improvements—and ‘slow' innovations requiring strategic investments in technology or organizational change,” Lellouche Tordjman says.

Moving Forward

Looking ahead, there is some positive momentum on certain customer journey management fronts. When asked what steps their organization is taking to create a better customer experience across channels, just 3% say none. Fifty-two percent say they’re increasing collaboration between internal teams/functions, 47% say they’re improving the customer data strategy, and 45% say they’re getting better metrics to assess channel performance. These steps to create a better CX across channels are followed by creating a clearer view of the customer journey across channels (42%), improving collaboration with channel partners (41%), and defining aligned business objectives with customer journey stakeholders (40%). **FIGURE 4**

FIGURE 4

CX Investments for the Future

Respondents’ organizations are investing in collaboration, data strategy, metrics, and more

What steps is your organization taking to create a better customer experience across channels? *Select all that apply.*

Base: 227 respondents. Not shown: 3% None, 3% Don't know, 2% Other.

Source: Harvard Business Review Analytic Services survey, August 2024

Stronger internal collaboration and an improved customer data strategy together can have a powerful impact. “Customer feedback and data will obviously be critical, but there are further opportunities to share information and collaborate in marketing campaigns, loyalty programs, and cross-channel promotions,” says Hidalgo. “As we further explore use cases for AI and ML [machine learning] applications, the wealth of data afforded by the ecosystem of partners and CPG manufacturers will only become more valuable as a means for identifying trends, predicting customer behavior, and enhancing the full customer journey.”

PepsiCo uses its pepviz approach to analyze trip mission trends to better understand how shopper behaviors are shifting and what is driving those changes across planned, fill-in, and special trips. “Looking at all outlets, most shopping trips are still planned, but there has been a shift toward value-seeking behavior,” says Garner. The company can also examine the trip mission mix by income level to see which groups are driving the most significant changes so PepsiCo can better partner with retailers to provide more tailored solutions. “By using proprietary data and insights and a forward-thinking approach, we ensure that our focus remains on understanding the true problem to solve as we continuously update our approach to deliver solutions that work for today as well as the future,” she says.

Building stronger data-sharing relationships with channel partners, new and old, will also be paramount. “Channel partners will be critical to ensuring that manufacturers can effectively meet [customer] expectations, stay ahead of the curve, and continue to satisfy their customers,” Hidalgo says. “Traditionally, this relationship was a more one-way partnership where CPG companies shared significant consumer insights to channel partners. Now, there’s a need for data sharing and feedback loops across each and every partner.”

It will be crucial for channel partners to develop the right infrastructure to share data with their B2C customers and retrieve it from them. Hidalgo points to a recent social media campaign by Unilever plc’s Hellmann’s mayonnaise brand that led shoppers from recipes on Instagram to one-click purchases

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on commerce platforms like Amazon and Instacart. "This required Unilever, owner of the Hellmann's brand, to think through the overall customer journey—from recipe ideation through purchase—and partner cross-functionally with their digital marketing and sales teams to activate successfully in the right channels," Hidalgo says.

"CPGs that build stronger data-sharing relationships with channel partners are better equipped to tailor marketing and product strategies to consumer needs," says Davies. She points to Cincinnati-based Procter & Gamble Co.'s consumer purchase data sharing with Bentonville, Ark.-based Walmart Inc. that enables more targeted marketing and inventory management; Atlanta-based Coca-Cola Co.'s work with large retailers like Minneapolis-based Target Corp. to integrate customer loyalty data and create co-branded promotions to drive in-store and online sales; and Unilever's work gathering insights from digital retail shelf displays to understand how customers interact with products in real time. "These partnerships help tailor marketing efforts and improve the customer experience across all touchpoints," she says.

Another key aspect of customer journey management is partnerships with external customer journey data partners. "For omnichannel CPGs, especially those working through wholesalers or retailers, data gaps are common," Davies continues. "Without a comprehensive view of customer behavior, it's nearly impossible to offer the personalized experiences today's consumers expect."

Indeed, 68% of respondents agree that blind spots in customer journey data are having a negative impact within their organization, so providers of shopper and channel data will play an important role. "Many CPG firms struggle with measuring offline interactions, which remain a significant part of the customer journey despite the digital shift," says Kennedy. "Partnering with specialized data providers can help fill gaps in customer journey data, especially for offline interactions."

Still, the survey results indicate that organizations are looking for more than just data from their external customer journey data partners. Respondents say it's most important for such a partner/vendor to have the following capabilities: provides analysis/customer insights (51%), works or integrates with their existing internal data platform/software (41%), provides data they otherwise don't have access to (35%), and provides integrated online and offline customer data (34%). "The amount of data available will only continue to grow," says Garner. "Partners will play a critical role in driving advancements in technology and ecosystems that create efficiencies and drive down costs when it comes to data sharing, integration, and access as the industry builds their usage of AI/ML and data science capabilities."

Arora appreciates the global "helicopter view" delivered by the technology of his company's external customer journey data partner. "I can log in to this tool from my office in Barcelona and see how our brands are performing across 400 retailers in any country. We can also drive down into granular detail for actionability," he says. "Everyone is looking for growth today. This can tell us where our execution is substandard to drive that growth but also lets us zoom out to see where we're doing well structurally. It's strategic and tactical, which is very powerful."

Charting Dynamic Customer Journeys Ahead

Data is critical to a winning customer journey in an ever-expanding omnichannel environment, but the way forward is likely to be multifold, involving leadership and organizational shifts, new skills and resources, and strong external partnerships and expertise.

"The importance of balancing data-driven insights with human intuition cannot be overstated," says Kennedy. "While data is crucial, it should complement rather than replace the deep industry knowledge and creative thinking of experienced professionals."

Certainly, there is little time to waste in forging ahead. The omnichannel future, as the survey results suggest, is already here, and the commerce and marketing ecosystem is only going to get more complex. "Just look back five years. A lot of companies ignored TikTok in their social media activations, and here we are today where it's become the leading social media platform for some categories and demographics," says Hidalgo. "Customer-facing businesses have to stay as up to date as possible on advances in technology and stack those advances against their customers' journey to find opportunities to better meet their customers with the right message at the right time on the right platform."

In addition, the collaboration between experienced professionals and an increasingly complex commerce and marketing ecosystem will only create a better omnichannel future if it keeps one thing at its core: the customer experience. "While technology and data are crucial," Kennedy notes, "the fundamental principles of good customer service—such as reliability, quality, and responsiveness—remain as important as ever in shaping the overall customer journey."

METHODOLOGY AND PARTICIPANT PROFILE

Harvard Business Review Analytic Services surveyed 227 members of the *Harvard Business Review* audience via an online survey fielded between August and September 2024. Respondents qualified to complete the survey if their organization manufactures or sells physical consumer goods and they were familiar with their organization's approach to managing its customer journey (defined as the end-to-end process a consumer goes through when purchasing a product from the company, including all the channels and touchpoints they interact with along the way).

Size of Organization

33%
10,000 or more employees

28%
1,000-9,999 employees

6%
500-999 employees

33%
50-499 employees

Seniority

27%
Executive management/board members

39%
Senior management

23%
Middle management

11%
Other grades

Key Industry Sectors

33%
Manufacturing

23%
Retail

All other sectors less than 8% each

Job Function

20%
General management

14%
Sales/business development/customer service

11%
Marketing/PR/communications

9%
Operations/production/manufacturing

All other functions less than 8% each

Regions

33%
North America

24%
Europe

19%
Asia Pacific

13%
Middle East/Africa

11%
Latin America

Figures may not add up to 100% due to rounding.

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