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The customer-centric culture and the new roles and skills in the omnichannel era

TESI DI LAUREA MAGISTRALE IN
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Ai miei genitori Maura e Franco,
per essermi stati vicino in tutti i momenti
più difficili di questo percorso,
a voi devo tutto.

A mia sorella Benedetta,
che ha sempre creduto in me,
aiutandomi ed incoraggiandomi a dare il meglio.

Ai miei nonni Rosa e Dino,
grazie ai quali sono diventata la persona che sono oggi e
ai quali posso dire solo un sincero grazie.

Senza di voi tutto questo non sarebbe stato possibile.

Abstract

This work is intended to investigate **the new roles and skills needed to support and promote an omnichannel culture** inside companies in the Italian landscape.

The analysis has been pursued relying on the 2022 Research conducted by the Polimi Omnichannel Customer Experience Observatory, which I have collaborated with for a 6 months internship experience, and on the interviews directed with the help of the same Observatory just mentioned. The interviews made were focused on three categories, chosen as a point of reference for this thesis work, namely:

1. Fashion and Luxury;
2. Banking, financial services and insurance;
3. Telco and Utilities.

They are aimed at analyzing two of the four main pillars at the basis of the omnichannel marketing approach: the **Strategy and Organization variables**. In the first chapter it has been analyzed the **initial framework and context** in which the Italian firms *de facto* position themselves: clear literature definitions of multichannel marketing and omnichannel approaches have been given, highlighting the main points of difference between the two and the characteristics at the basis of their (successful) implementation. Afterwards, it has been entered *in medias res*, starting from the concepts of **customer centricity** and its importance in the omnichannel transition journey. It has been focused then on the description of the **change management path**, defining the main stages, the companies' positioning in it and the barriers and frictions that may prevent companies from implementing omnichannel initiatives. **Top management commitment** has been also analyzed and **the governance models** further investigated, outlining which are the main figures in charge of the omnichannel customer experience (OCX) management. Moreover, the macro themes of **culture and competences** have been treated *in toto*, in order to give a framework of the main skills, competences and resources companies can rely on nowadays and need to have in the future. Last, it has been given space to the **measurement systems** and the final **further considerations** in the road to the Metaverse. At the very end, some **conclusions and possible suggestions** for companies have been released.

Keywords: omnichannel marketing, customer experience, customer centricity, change management, omnichannel culture and competences.

Abstract in italiano

Questo lavoro ha lo scopo di indagare **i nuovi ruoli e le competenze necessarie per supportare e promuovere una cultura omnicanale** all'interno delle aziende nel panorama italiano. L'analisi è stata portata avanti basandosi sulla Ricerca 2022 condotta dall'Osservatorio Omnichannel Customer Experience del Politecnico di Milano, con cui ho collaborato in un'esperienza di stage per 6 mesi, e sulle interviste condotte con l'ausilio dello stesso Osservatorio appena citato. Le interviste realizzate sono state focalizzate su tre categorie, scelte come punto di riferimento per questo lavoro di tesi, ovvero:

1. Moda e lusso;
2. Servizi bancari, finanziari e assicurativi;
3. Telco e servizi di pubblica utilità.

Tali interviste mirano ad analizzare due dei quattro pilastri principali alla base dell'approccio di marketing omnicanale: le variabili **Strategia e Organizzazione**. Nel primo capitolo è stato analizzato **il quadro iniziale e il contesto** in cui *de facto* si posizionano le imprese italiane: sono state fornite chiare definizioni letterarie di multicanalità e approccio omnicanale, evidenziando i principali punti di differenza tra i due e le caratteristiche alla base di una loro implementazione di successo. Successivamente, si è entrati *in medias res*, partendo dai concetti di **customer centricity** e dalla sua importanza nel percorso di transizione omnicanale. Ci si è poi focalizzati sulla descrizione del percorso di **change management**, definendo le tappe principali, il posizionamento delle aziende in esso e le barriere e gli attriti che possono

impedire alle aziende di implementare iniziative omnicanali. È stato inoltre analizzato il **commitment del top management** e sono stati altresì approfonditi i **modelli di governance**, delineando quali sono le principali figure preposte alla gestione della customer experience omnicanale (OCX). Inoltre, i macro-temi di **cultura e competenze** sono stati trattati *in toto*, al fine di fornire un quadro delle principali capacità, competenze e risorse su cui le aziende possono contare oggi e di cui avranno bisogno in futuro. Infine, è stato dato spazio ai **sistemi di misurazione** e alle **considerazioni finali** nel cammino verso il Metaverso. Nelle ultime pagine sono state poi evidenziate alcune **conclusioni e possibili suggerimenti** per le aziende.

Keywords: omnicanalità, esperienza del cliente, centralità del cliente, gestione del cambiamento, cultura e competenze omnicanali.

Contents

1 Initial Framework and Context

1.1. Brief presentation about myself and my internship experience

I am Flaminia Guasco, I have a Bachelor's degree in Management Engineering at Politecnico di Milano and I am currently finishing my path as Master of Science Management Engineering student, with a particular focus on Business Strategy and Transformation.

I love setting goals and learning new skills, continuously challenging myself in the most varied sectors. My strong motivation always pushes me to do the best in every situation I am asked to face. I have a very wide and diversified background, made of classics studies at high school combined with a technical engineering program at University.

Moreover, I have a keen interest in new technologies and I am eager to adopt them. In my last year as a Bachelor student I participated in an additional Project Management course offered by the International Project Management Association (Ipma Italy) and I've obtained the required level of competences to be granted the Project Management certificate. This experience has enabled me to deepen my knowledge when it comes to plan a new project and has also taught me how to successfully work in teams. Besides, I am really fascinated by the luxury environment and, as a consequence, during the previous months I have been delighted to undertake a specific training path with the LVMH group which has concluded with the release of the INSIDE LVMH certificate, letting me understand the fundamentals of luxury and immerse into the prestigious Group's ecosystem.

In addition, I have had the possibility during these years to work several times with international teams (both spontaneously formed and created by professors) and this has really been an incentive to open my mind. All the projects I was in where not only about the work but about sharing interests, cultures and traditions and it has been possible thanks to the diversity in cultures, languages and backgrounds of the team members. I strongly believe that the cultural variety and the diversity of backgrounds people have are some of the best features that characterize a team and I really think that this diversity can drive Innovation.

At the end all these experiences made me understand that, thanks to different viewpoints, more creative solutions than it would be possible while working on my own, arise.

I also have a strong curiosity about integrated approaches aiming at developing new business models with a customer centric approach and, not by chance, my thesis work is about the new roles and skills in the omnichannel era.

I have been developing it together with the Omnichannel Customer Experience, Multichannel and Internet Media Polimi Observatories, collaborating with them for a 6 months internship.

But let me introduce a little the 3 aforementioned realities:

1. **Omnichannel Customer Experience**[1]: this Observatory's ultimate goal is not only to guide companies in understanding the benefits deriving from the adoption of an omnichannel approach but also to provide ideas and guidelines on how to implement such a system correctly, overcoming possible barriers and obstacles that prevent them from being omnipresent.
2. **Multichannel**[2]: founded 16 years ago with the aim of examining the propensity of Italian people for a multichannel and/or omnichannel interaction with the companies, now this Observatory is the point of reference for the Italian business community in helping brands and different realities to understand the evolution of consumer behavior across the customer journey. It also supports companies in promoting an open discussion between different

players in the market, deepening the analysis about multichannel issues and new opportunities offered, always looking for supporting market development.

3. **Internet Media**[3]: this Observatory aims to analyze and support the Digital Media market, particularly focusing on its most innovative developments. It aims to be a point of reference for the entire Media sector in understanding the various phenomena of innovation taking place during the last years in the digital world, promoting an open discussion between different players in the market and deepening the analysis about digital media issues and new opportunities offered.

This internship experience has made me not only deepen my knowledge when it comes to the Omnichannel ecosystem, but has made me gain real-life exposure, letting me understand that I am in the right career field I would like to pursue in my near future. During these 6 months I have had the possibility to exchange information with valuable professors and researchers and the Observatories and also with top players in the industry. This knowledge sharing has really made me grow both as an individual and as a professional. I have learnt from them some valuable and precious hard and soft skills as how to overcome obstacles, manage difficult tasks and several activities together and the importance of working in team.

To sum up, this experience has allowed me to learn more technical skills but also to learn more about myself, my aspirations about the future and the kind of professional I aim to become.

1.2. Brief presentation about my thesis work

My thesis work is about analyzing the new roles and skills that are needed within the organization to pursue an omnichannel transformation. There are 3 main variables that can be used in order to map and describe an omnichannel approach and they are the following:

- Strategy and Organization
- Data and Technologies
- Execution

All these variables (that are the pillars of any omnichannel strategy) make up the three axes of the map, as illustrated in the picture 1.

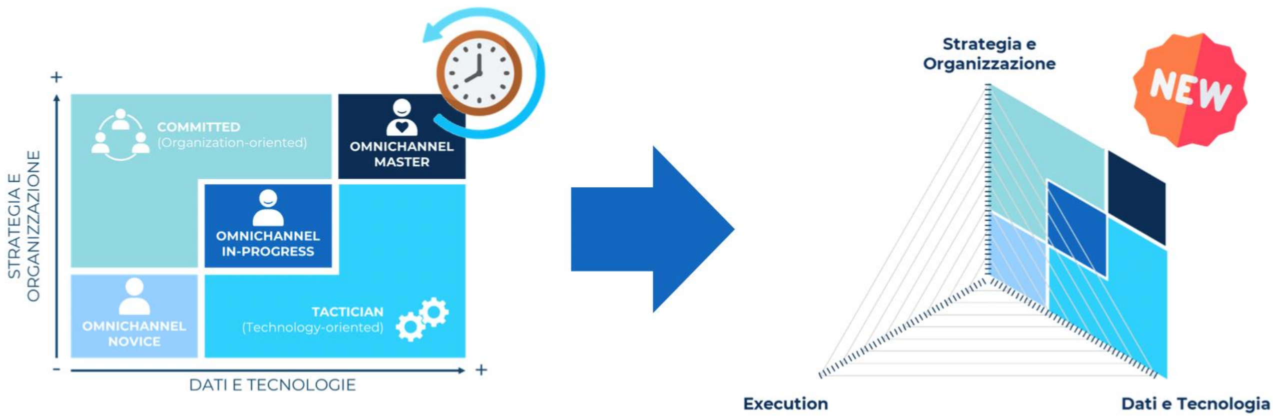

Figure 1, The omnichannel maturity maps and the clusters that compose them, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 1_La maturità delle aziende italiane.pdf, November 2022

However, it is essential and necessary to make a premise: as shown in the image (Fig.1) it is possible to see how during the last years the old classification model (the one to the left) has been surpassed in favor of the new one (to the right) that also takes into account a third dimension (Execution). Therefore, new clusters that substitute those of the previous map are emerging: First Steps, Aware, Enterprising, Structured and Advanced. This innovative classification is intended to replace the old one, namely Omnichannel Novice, In-Progress, Master, Tactician and Committed.

In this work the main focus will be given to the **Strategy and Organization** variable. In order to start an omnichannel transformation, it is needed to start from a fundamental question among all: *how to start an omnichannel transformation?*

First of all, it is necessary to define the **main steps in the omnichannel transformation roadmap**: it starts with the perception of the need (stage 1), then moving on to the definition of objectives, roadmaps and budgets (stage 2), the effective implementation and change management (stage 3) and, lastly, the consolidation and monitoring of new processes (stage 4).

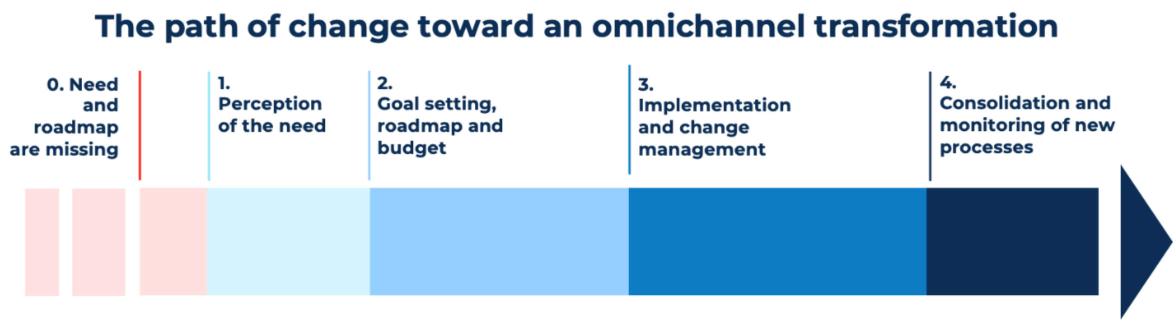

Figure 2, The path of change toward an omnichannel transformation, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 2022 Research

During this paper I will analyze in depth how the Italian companies are moving toward an omnichannel transformation, in which stage (between the one of Figure 2) they are and the different approaches adopted.

In particular, the **3 sectors** chosen for the analyses are the following:

1. Fashion and Luxury
2. Banking, financial services and insurance

3. Telco and Utilities

Today, these are the most advanced sectors in terms omnichannel approach and they are also the ones that show the promising challenges and the innovative solutions for the future.

1.3. The Italian Ecosystem

It is fundamental to underline that **in this paper it has been focusing on companies belonging to the Italian market**. All the analyses, declarations and research made are to be intended to apply only to this Country, not considering the realities abroad.

This is a preliminary but very important specification to be made as all the numbers provided in the paper, with the exception of duly noted rare exceptions, refer only to Italy.

1.4. Preliminary analyses

If Internet is described as "a world-wide public computer network that provides access to a number of communication services including the World Wide Web and carries email, news, entertainment and data files" [4], Internet users are defined as "those people who use the Internet from any location"[5].

After a significant growth in Internet Users recorded in 2020 (+5% compared to the previous year), in 2021 the situation seemed to remain quite stable at a percentage of 88%, while reaching 89% in 2022 (namely, an Italian population aged 14+ using internet of 46.3 million)[6].

Therefore, in 2022, **89% of the Italian population over 14 years old is connected to the internet** and about 35 million are the Italians who have made at least one online purchase in the last twelve months[7].

This is to highlight how **customers are increasingly using more than one channel** to market, giving relevance to the so-called concept of **Multichannel marketing**. The phenomenon of Multichannel Marketing emerged since the late 90s and over the years it gained more and more importance in marketing practices as well as in specific research studies. Not by chance, the concept of multiple marketing channels has been discussed several times by academic journals and management consulting firms, giving birth to different definitions of the same notion.

1.5. Multichannel marketing

Multichannel marketing can be defined as a situation in which "a company uses two or more marketing channels to reach one or more market segments"[8]. Other authors, instead, have defined the concept of **multiple marketing channels** from a consumer's perspective, describing it as "as a situation where a firm interacts with different segments of the customer base through different channels"[9] or describing multichannel retailers as "retailers that sell products or services through more than one channel"[10]. However, **the most comprehensive definition is given by Scram-Klein** who defined multichannel retail as "a parallel usage of multiple channels in retail"[11].

Moreover, according to the Report Multicanalità 2022 written by the Osservatorio Multicanalità, it is possible to map **three different stages** that a consumer gets into when in the buying process. During each stage it is possible to understand the different propension of consumers in adopting an online, offline or hybrid approach according to the type of products considered:

- **The information search stage:** *before making a purchase or subscription, information on products and services are collected.*

  For some categories as FMCG, Food/Beverage, House cleaning, Medicines/ Supplements, Beauty, Fashion, Insurance the phase of information collection is made in physical stores while information are mainly gathered online for other items belonging to the Electronics category, Small electronics, Large Appliances and Travel.

In particular, there are different sources of information sources used, such as paper and digital flyer, points of sale, word of mouth, Google, Amazon, price comparators, shop owners' websites etc.

For the Food/Beverage, Household cleaning, Beauty, Fashion, Insurance and Medicines/Supplements industries, the physical point of sale still plays a major role while the other offline and online touchpoints such as the paper and digital flyer, the website of the shop, the sites for comparing prices and comparing products have a significant minor weight. For the Travel, Small Electronics and Large Appliances industries instead, search engines, marketplaces and price comparison sites have a central role;

- **The purchase stage:** this is the moment where the customer effectively makes the final buying.

  Concerning the items belonging to Consumer goods, Food/Drinks, House cleaning, Medicines/Supplements, Beauty, Fashion and Insurance categories, the act of the final purchase takes place mainly in the physical points of sale while the buying process is made online or mainly hybrid for the Electronics/IT category, Small electronics, Large Appliances and Travel sectors.

  What is interesting to underline is that for some categories[12], though the biggest part of purchases is made in physical stores, a conspicuous percentage of them is made following a hybrid offline/online approach.

  A special remark here needs to be done. The focal question is "what is the main reason that make people prefer buying online?" The main reason for choosing online as a purchasing method is due, for almost all the aforementioned categories, to the price factor. As a matter of fact, buying online is more convenient than purchasing in a brick-and-mortar store;

- **The after-purchase stage:** *here the client receives after sales assistance.*

  The main activities performed online in the post sales stage are the assistance requests, research about contacts for service assistance and examination of instructions on how to use some kinds of products.

1.6. Multichannel definitions and basic assumptions

If in the previous paragraph they have been explained the concepts of multichannel marketing and the main **different stages that a consumer gets into when in the buying process**, now are depicted some other important elements, at the basis of a multichannel approach and that see the **customer at the center**, and they are the following:

- **CJ** (customer journey): customer journeys are defined as "the complete set of interactions that a consumer has with a brand for any given task or decision"[13].

  The customer journey refers to the **series of touchpoints that a customer goes through when interacting with a brand or organization**, from the awareness stage to the post-purchase;
- **CX** (customer experience): it can be defined as "customer's cognitive, emotional, behavioral, sensorial and social responses to a firm's offerings during the customer's entire purchase journey"[14];

  This concept refers to the set of **impressions and expectations that a customer has of the brand under examination**, basing on all the interactions she/he has had over time along the several touchpoints, both online and offline, used during the journey.

Here comes the difference between CJ and CX, two surely related but distinct concepts: therefore, if **the customer journey is a strategy**, **the customer experience is the set of emotions and feelings perceived by customers in the journey**.

Undoubtably they are bot critical elements that every strategy maker must take into consideration and under examination when evaluating the economic value the company is generating.

- **Channels**: they the means used by companies to advertise products or services to the targeted customer base. There are different types of channels to be used and preferred, according to the specific needs of firms and clients and they are described in detail in the next chapter;
- **Marketing Funnel**: it describes the journey that the customer does when in contact with the company, from the first stages to the latest ones. Again, it will be properly presented in the next pages.

1.7. Multichannel marketing and Omnichannel marketing

Nevertheless, today the capability to go through multiple channels in parallel is fast evolving, **shifting from the concept of Multichannel marketing to the one of Omnichannel marketing**.

The main change here is the shift of focus from a consumer's perspective (Multichannel marketing approach) to the firm's perspective (Omnichannel marketing approach).

Omnichannel marketing and Multichannel marketing may seem synonyms at a first glance but, despite the underlying idea at their basis is very similar, **the way they are declined is very different**. As suggested by Parker & Hand (2009) and Ortis & Casoli (2009), who have been the first to refer to the term Omnichannel, "the omnichannel shopper is an evolution of the multichannel consumer who instead of using channels in parallel, he uses them all simultaneously". Here comes the first and main difference between the two approaches. If is true that the **multichannel marketing practice uses more than one channel** (as TV, print, social media, email, billboards, display ads, and many others) to communicate with customers, it is also true that **these channels are**

not necessarily integrated one the other. This way, **the product or service delivered is placed at the center** of the underlying strategy. **All the channels work to convey a message individually** and, since each channel works separately, customers need to go through that specific channel to find the information requested.

The omnichannel approach, instead, surely involves multiple channels but in this case all the channels are integrated with each other (i.e., touchpoints are synergically managed by the company to ensure full consistency between them) in order to create a unified experience for the customer.

Consequently, **the customer can seamlessly move between all the channels** in her/his journey with the brand. The Company this way is providing the customer with the so called "seamless experience", namely a shopping experience that is fluid, without interruptions and highly personalized. **Whatever marketing material they see** when they visit different channels as website, social media pages, physical store or other types of channels **will be unified around a single message or concept**. With respect to the multichannel approach that has the product or service as a focal point, **the omnichannel strategy is instead centered around the customer**. Since the focus is on the customer, it is clear the **Omnichannel strategy is much more to be analyzed from a company's perspective**, emphasizing that company's aim is to give consumers a unified, seamless and personalized (i.e., tailored on the specific client's needs and pains) experience.

The main points of difference between the 2 approaches have been here summarized:

Multichannel	Omnichannel
Product centricity	Customer centricity
Different channels that work individually	Multiple channels integrated with each other
No integrated management of the information, data and behavior of users getting through the various touchpoints	There is an integrated management of the information, data and behavior of users getting through the various touchpoints
The customer has several different touchpoints available	The customer lives the same brand-coherent experience across all touchpoints
Different experiences depending on the devices used and the touchpoints encountered	Seamless experience across all the different touchpoints she/he gets in contact with

Table 1, Multichannel vs Omnichannel approach

- **Product centricity vs Customer centricity**: the Omnichannel approach tends to be more customer centric than the multichannel one. Empirical evidence, deriving from the interviews made, show that most of the companies with a multichannel approach are also the ones that adopt product centricity;

- **Different channels that work individually vs Multiple channels integrated with each other**: as already stated, the basis for an Omnichannel strategy is to have an integration of all the channels, both online and offline, through a synergic management of the different touchpoints a customer get in contact with. In this sense, it differentiates from a multichannel approach as the latter does not imply a synergic management of the different touchpoints, but, instead, focuses on providing the customer several touchpoints, enriching the final portfolio offered to the clients;

- **No integrated management of the information, data and behavior of users vs Integrated management of the information, data and behavior of users**: In a multichannel approach, as it does not imply an integrated management of the information, data and behavior of customers, the performances may be optimized from a single touchpoint's perspective. In an omnichannel strategy, thanks to the integrated management of the information, data and behaviour of users, it is possible to collect all of them in a data-driven approach that help to know the customers' habits and preferences better in order to provide them more tailored customer experiences;
- **The customer has several different touchpoints available vs The customer lives the same brand-coherent experience across all touchpoints**: in the omnichannel approach the customer non only has several touchpoints to choose from, but she/he also lives the same experience across the different touchpoints she/he decides to make use of, seamlessly and without interruptions when shifting from a channel to another;
- **Different experiences depending on the devices used and the touchpoints encountered vs Seamless experience across all the different touchpoints she/he gets in contact with**: as previously mentioned, the experience the customer lives across the touchpoints is the same in every single point of contact. Contrarywise, the multichannel approach provides different experiences depending on the device that is preferred, without guarantying the customer a seamless journey when in contact with the brand.

The main advantage of shifting toward the omnichannel approach from a company's perspective is to guarantee the consumer the so-called **brand's consistency**. It is fundamental that **all the channels work perfectly together to reach the same ultimate aspirations of the brand**. By reaching an adequate level of consistency across the various channels a company can benefit from having an increased brand image, important information to rely on and customers information to collect and properly manage.

However, **a narrow view of this consistency**, i.e., replicating the same offerings through different channels, **can surely become a loss of opportunity** in the long run, as the company is not exploiting the right way the advantage of being omnipresent, both online and offline.

Being omnipresent also means to have maximum exposure to potential audience, **maximum availability of different channels** customers can choose from and **mitigate the risk of customer's churn**. On the other hand, it is important to be realistic and aware that **companies do not have infinite budget** to dedicate every single project and here the choice of prioritizing the activities that best fit with the company's value proposition and objectives.

1.8. Omnichannel marketing

With the term **Omnichannel** we refer to a "seamless and effortless, high-quality customer experiences that occur within and between contact channels"[15]. As highlighted by the definition given by the American consulting firm, **the basis for an omnichannel** (from the Latin "omnis", "every") **transformation is the integration of both offline** (physical channels) and **online** (digital channels) **as to enable a tailored, seamless and boundless customer experience**.

1.9. Omnichannel definitions and basic assumptions

Customer experience is defined in literature as "the internal and subjective response customers have to any direct or indirect contact with a company"[16].

Other authors added that "… it originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual)" [17].

Having a unified, personalized and seamless customer experience is at the basis of the implementation of an omnichannel approach.

Hence, another key element deriving from adopting an omnichannel strategy has been revealed: the **Customer centricity**. The omnichannel approach strongly focuses on the clients' needs in all the steps they go through when interacting with the company.

A further element of fundamental relevance for being omnipresent is the **Lead management**, namely a process of management, sharing and monitoring of potential customers (leads)[18].

It implies activities of marketing scoring that allow marketers to have some already mature contacts ready to be converted.

The **Customer Data Platform** (**CDP**) is another key driver at the basis of the above-mentioned strategy. It can be defined as a platform that led to the matching of customer data of any nature (personal data, purchases, social networks, first-party cookies, etc.) coming from the various touchpoints of the company (owners and non-owners)[19].

The **Digital Asset Management** (**DAM**) is still another key concept that needs to be explained. It is a platform that allows the archiving, the intelligent management, the tagging and the organization of various types of content such as audio, text, video, etc. in order to promote their consistency on the various touchpoints[20].

Going deeper in the explanation of the various elements that are at the core of the omnichannel approach it needs a special remark the **Marketing Automation**. It is a collection of automation systems that support communication and marketing activities. These platforms make it possible to automate and personalize communications based on rules created from previously generated data and insights, linking them to the occurrence of certain events (triggers)[21].

In order to work properly it is needed a **Knowledge Base**, a structured base that integrates and makes accessible the company's know-how and best practices, with the ultimate goal to support the Customer Care process[22].

The **Smart routing** is the process that makes it possible to detect and understand the reasons for the contact, directing the customer towards the most appropriate assistance channel and assigning the correct priority to each request[23].

Besides, **Predictive analytics** are advanced tools that perform data analysis in order to answer questions about what could happen in the future. They are characterized by mathematical techniques such as regression, forecasting and predictive models[24].

1.10. Omnichannel benefits

There are **different competitive advantages deriving from a correct omnichannel strategy implementation** and, according to "Gli impatti e i benefici di una strategia omnicanale" by redazione Osservatori Digital innovation[25], they can be classified as following:

1. **Tangible benefits:** *They are all the benefits that can be measured easily, directly and in financial terms.* They include:

   1.1. **Greater effectiveness**: decisions are taken in a better and more proactive way than the market average. Benefits of effectiveness include:

   1. <u>increase in revenues</u>: conversion rate and speed, info lead, number of qualified lead, increase in sales, possibilities of cross and up selling strategies;

2. service level improvement: errors reductions, increased effectiveness of the sales force.

1.2. **Greater efficiency**: by reducing the times, the costs of marketing activities and personnel are also reduced as a consequence. Furthermore, a higher quality of the processes is ensured. Benefits of efficiency include:

- increase in process quality: speed in campaign execution, information alignment between sales and marketing;
- costs: improvement in personnel costs (reduction of manual and time intensive activities) and improvement in marketing costs (optimization of investments on single channels).

All those companies that correctly implement an omnichannel strategy can quickly and successfully reach **tangible marketing objectives** such as the ones above depicted (i.e., increase in revenues and process quality, service level improvement etc.), maximizing also one of the most important financial indicator companies use, namely the ROI (return on investment). Return on investment can be defined as the ratio between net income and the total costs of the investment made[26].

The result is that, thanks to always more sophisticated technology advancements available in the market, companies considering it worth investing in such technology systems can timely collect data and valuable information about clients. By relying on a huge amount of data that these realities can collect and properly manage, they are also more aware of clients' behaviors, thus being able to set up highly qualified and personalized marketing actions towards customers.

2. **Intangible benefits:** *They are all the benefits that are difficult to be measured directly and in financial terms.* They include:
    - **Brand image**: increased brand's consistency along the company's various touchpoints;
    - **Increased loyalty**: increased clients' engagement;
    - **Costumer's satisfaction**: better personalization of customer's experience with the brand;
    - **Employee's satisfaction**: more detailed information about clients available for the employees in order to improve the performances;
    - **Measurement and control**: possibility to measure the efficacy of different actions and contents on the different targets.

The intangible benefits represent all those advancements that cannot be directly measured in terms of numbers and money. However, they are fundamental as they allow the company to possibly redesign some critical aspects of the strategy.

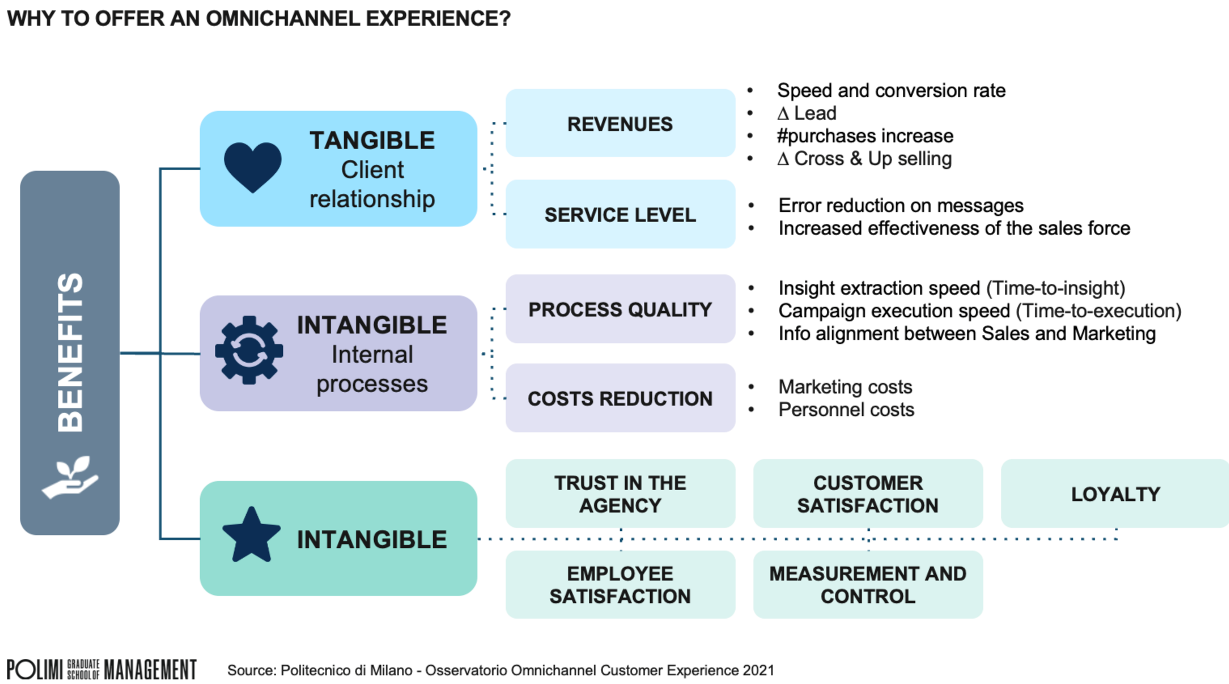

Figure 3, The benefit Tree, Politecnico di Milano, Osservatori.Net

From the analysis conducted it emerges that not only the benefits that can be measured directly and in financial terms (i.e., tangible benefits) are a major source of competitive advantage, but **it is the combination of both tangible and intangible elements** that make the company sustain and gain a competitive advantage on top of competitors over time.

1.11. KPIs and measurement system

After describing the main benefits that derive from the adoption of an omnichannel approach, **the introduction of an appropriate set of KPIs is fundamental to measure such advancements**. They need to be specifically set for the Omnichannel Customer Experience assessment. Here are provided some examples of KPIs between the most frequently used by the companies[27]:

- **Net Promoter Score** (NPS) **for single channel**: the one who first spoke about the NPS is Fred Reichheld, in his book "The Loyalty Effect", together with the Satmetrix company.
  However, Bain & Company was the first to use the NPS to "help companies earn customer loyalty and inspire employees".[28]
  NPS's increased success and adoption by the firms during the years is due to its simple but effective implementation. Indeed, according to Bain& Company, the companies with the highest NPS surpassed competitors more than twice[29].
  It is based on simple questions to ask to the consumer in order to understand his/her rate of satisfaction. For instance, possible questions could be: "*Would you recommend this product?*" or "*What is the probability that you would advise the brand to any of your peers?*".
  NPS is a very important indicator for all the companies that want to maximize their profitability that mainly derives from the word of mouth;
- **Transactional Net Promoter Score** (Transactional NPS): this indicator is described as "it aims to address customer satisfaction at a more granular level.

Unlike relational NPS, transactional NPS questions elicit feedback after a specific interaction like a support call or after installation” [30];

- **Relational Net Promoter Score** (Relational NPS): it is “determined by asking your customers how they feel about your organization overall. Relational NPS gives a high-level view of customer satisfaction and loyalty”[31];
- **Customer Satisfaction Score** (CSAT): it is usually calculated by giving the consumer a questionnaire consisting of in just one single question in order to assess his/her satisfaction, right after the purchase process. Interviewees can choose the better option among the ones proposed basing on a 1 to 5 rating points[32];
- **Customer Effort Score** (CES): it is an index that assesses the effort put in place by the customer during the purchase, the resolution of a problem or the interaction phase with a firm or a product proposed by the company, on a scale that goes from "very easy" to "very difficult"[33];
- **Customer feedback**: it is the measurement of the feedback provided by the customers on products. It is necessary from the company’s perspective in order to understand which are the main needs and pains (and possible compliances and requests of customers), in order to implement possible corrective actions to better enhance the customer experience;
- **Customer Experience Indices** (CX Indices): indices for measuring the Customer Experience that analyze and investigate a series of factors that influence the loyalty (e.g., the probability of buying other products and recommending the company to other peers) and the quality of the experience offered to the single customer (e.g., personalization of the experience and human touch);
- **Omnichannel Customer Experience Indices** (OCX Indices): indices for measuring the Omnichannel Customer Experience that analyze and investigate the average evaluation of customer satisfaction gained in the

interaction with the company on at least two channels between physical, digital and mobile channel;

- **Average length of the Customer Journey**: it is an index that measures the length of the Customer Journey across the different touchpoints a customer gets into.

All these elements, as already underlined before, are the main pillars of every omnichannel strategy that deserves to be called this way and they are the foundations to leverage on to achieve the **two most important objectives of an omnichannel campaign**[34]: optimize the customer experience and improve the performance of the company along the various touchpoints clients get in contact with.

In addition, it is possible to define omni-channel management as the "synergetic management of the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels is optimized".[35]

1.12. Channels

Besides, **plenty of channels are available** and used, both by the companies in their marketing activities and by the clients in the path to purchase. In table 2 are listed some of the main channels, according to the POE classification[36], in which:

- Paid media: it embodies the type of marketing you can't execute for free, such as traditional advertising;
- Owned media: marketing content owned by the brand published for free on their website;
- Earned media: they are channels through which consumers, through word of mouth, mentions and advertising spontaneously and directly created by the

target audience, share company's part of contents and communicate about specific brands. It is a clear example of user-generated content.

A specification needs to be made: the term online channels is referred to "websites which push (broadcast) requested content to subscribers."[37]. On the contrary, offline channels are all those channels which do not have to do with the internet.

	Online Channels	**Offline Channels**
Paid	Search engine marketing, Mobile advertising, Social media advertising, Display advertising, Influencers	TV, Radio, Outdoor, Print
Owned	Social media, Search engine optimization, Mobile web, Website	Points of sale, Agents, Call Center, e-mails
Earned	Communities, Word of Mouth, Blogs,	Word of Mouth, Club

Table 2, Online and Offline channels declination, Lucio Lamberti, 2 CX personas e CJ.pdf, DIG, A.Y. 2021/2022

In any case, **it is a mistake to make use of every channel available**: the channels must be accurately chosen to have a justifiable return on the investment made. Also, **they should be selected according to the ones that make more sense to a specific business**, in order not to give too many alternatives to the customer, running the risk of generating confusion.

Moreover, **it is important to try to be always aligned with customers' expectations** across every single touchpoint, as failing to meet client's expectations in one channel may negatively impact the overall experience.

It can also be stated that not every channel is in line with the same content and style. Each channel has its own goal, its own purpose, and its own vocabulary.

In this regard, it is important to define the main models and pillars at the very basis of the advertising sector.

In every purchase there are some fundamental steps that a client follows in the path toward the (possible) purchase[38]:

1. **Attention**: the consumer must be engaged when exposed to an advertising, so that her/his attention is grabbed. Every day we are exposed to thousands of advertisements and just few of them are able to capture our attention.
2. **Interest**: the individual should not be only engaged but also interested in what is proposed. She/he should have the interest in going on reading or watching a video.
3. **Desire**: the client has to desire what he/she is seeing. He/she should project his/her ultimate aspirations into the product proposed, so that the willing to purchase process is triggered.
4. **Action**: here the previous steps described, if well managed, conclude in the action process, the act of the final purchase.

This is what is called the **AIDA model**. It was first presented by Elias St. Elmo Lewis in 1898 an became popular in the advertising campaign environment. The reason why it is usually implemented **ex-post** and not ex-ante by advertisers is that it is a tool to implement to measure and understand, at the end of each campaign, the success or unsuccess of it, by relying of consumers' feedbacks and interaction.

This model, though still valid and accepted, is now considered a bit outdated.

The new paradigm of the advertisers today is what is called the **marketing funnel**. A marketing funnel is a model that describes the customer journey when in contact with the brand. In particular, it describes all the stages that a customer goes through from the initial one (awareness) to the conversion, loyalty and advocacy.

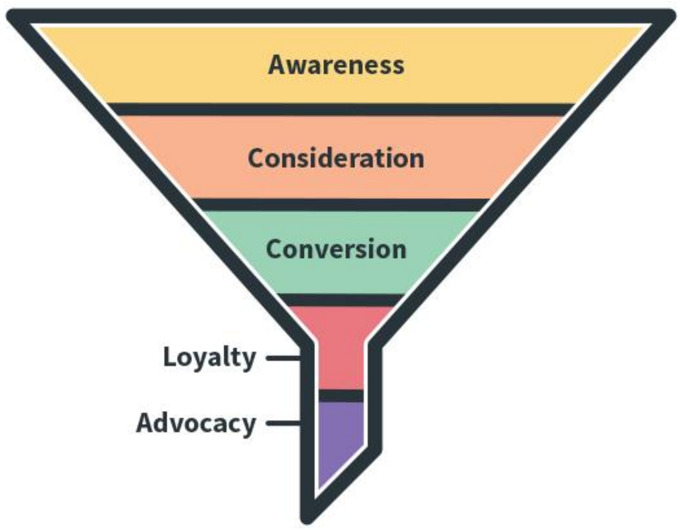

Figure 4, The marketing funnel, https://sproutsocial.com/it/glossary/marketing-funnel/

As it is possible to see from picture 4, the funnel is composed by an upper part made by the phases of awareness and consideration, by a middle part (conversion) and by a lower part (loyalty and advocacy).

The stages that compose the funnel are here described:

- **Awareness**: it is the degree of familiarity that an individual has with a brand. It includes the notoriety of the name, messages, tone and style, values and culture shared by the organization.
- **Consideration**: the goal of this stage is that consumers take into account a certain brand and the related products offered when making the final purchase.

- **Conversion**: consumers have to be encouraged to purchase a product or service because they are so committed to that the chosen brand that they believe it is the best solution to their pains or gathers their needs.
- **Loyalty**: firms can foster loyalty by offering a smooth and simple shopping experience, providing also high-quality products or services. By building a strong relationship and a close contact with consumers after the purchase, brands can reach the objective of remaining top-of-mind among the consumers.
- **Advocacy**: here the aim is that at the end clients recommend the brand to their peers

From the analyses conducted so far, it can be stated that **channel integration has many benefits**:

- It is essential for a consistent customer experience;
- It guarantees more flexibility and convenience for customers that can freely navigate among different channels;
- It allows the brand to provide the client with a more personalized and enriched experience by specifically analyzing all customers data available.

However, **not every company today is adopting an omnichannel approach** and there are several reasons behind. Here are listed just some: many firms do not have the necessary budget to allocate to such kind of initiatives, many do not feel compliant with this approach (also for the nature of the business itself) and many others do not have the right competences and the adequate level of commitment to develop such a transformation.

In fact, the **Omnichannel transformation is a radical change** as it is pervasive of the entire organization and **requires profound interventions at the level of organizational models, processes and technologies**. Therefore, a strong strategic direction is a necessary condition in order to be able to successfully face it. As a consequence, a *structured change management path* is required. Of course, **it implies significant timing and resources for concrete results** in the long run and not all companies can afford such an effort.

Despite not all the companies are listing Omnichannel in their pillars (but the trend is surely evolving during the years), **an omnichannel customer experience management is essential for managing the changes taking place in consumer purchasing processes**. It has as a basis a synergistic management of the various channels and touchpoints with customers to achieve two main objectives: optimizing the consumer experience and improve the company's performance associated along the various touchpoints.

A fundamental aspect that surely deserves attention is the one of **channel orchestration**. **Orchestration is an all-encompassing term which emphasizes the idea of how the various channels can be connected to each other and investigates if there is an underlying structure that integrates one channel with another**, so that the user, passing from one to another, has an experience that is as much coherent, seamless and satisfying as possible.

The strategic importance that this concept is assuming in the last period is such that the orchestration is included in the title of the 2022 Research edition conducted by the Omnichannel Customer Experience Observatory, namely "Omnichannel Customer Experience: in search of the winning symphony". **Just like it happens in an orchestra, all business functions and processes must play in unison, with the ultimate goal to improve the customer experience**. This certainly implies a strong commitment from top management and a profound transformation needs to take place at an organizational level.

1.13. The role of Covid-19 and the pandemic impact

One last aspect that worth mentioning is the **role that COVID-19 played in this field**. The pandemic has surely turbocharged the digitalization of most of the companies, consequently paving the way for an omnichannel transformation. The pandemic has surely changed the habits of many customers, thus forcing companies to quickly react to these changes in order not to lose a consistent part of its customer base and, consequently, decreasing the margins.

This phenomenon resulted in an increasing interest, from firms' perspective to the omnichannel strategies and their adoption within the organizations.

If the 2020 has unquestionably signed an important step forward for what concerns the omnichannel marketing interest, the main visible signs stemming from the investments made and the effort put to purse such a transformation, will emerge during the next years, starting from 2021.

As stated before and not by chance, for the 72% of Italian companies the pandemic emergency has accelerated, the omnichannel transformation[39].

In particular, among this 72%[40]:

- the 34% of the companies said that pandemic has accelerated the omnichannel transformation a lot;
- 38% of them said it accelerated enough;
- 20% declared just a few;
- 8% said it did not receive any acceleration toward omnichannel approaches.

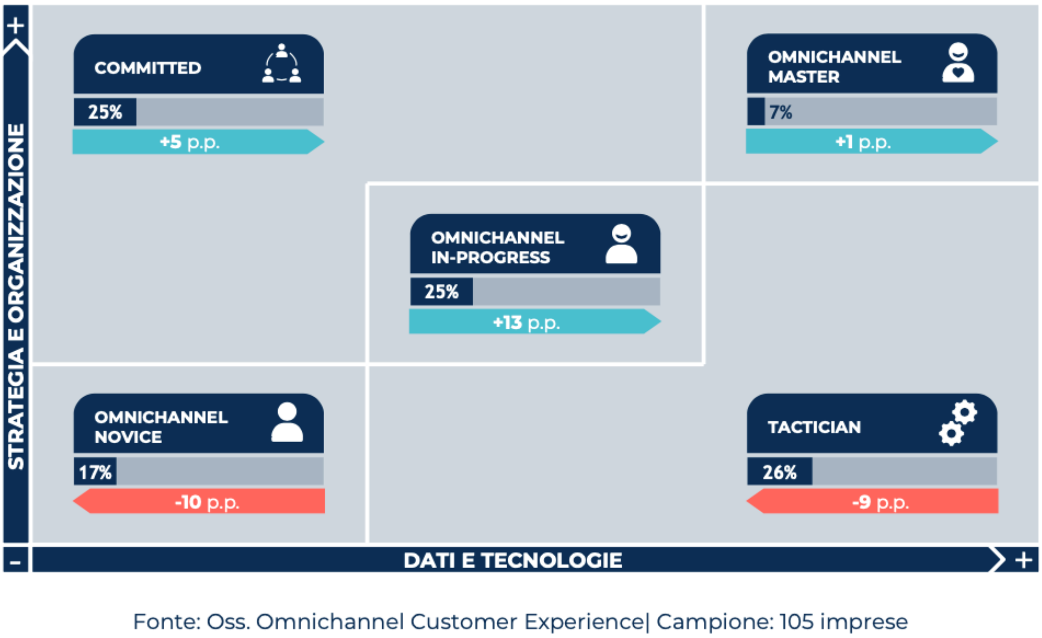

Figure 5, The maturity of Italian companies in terms of omnichannel customer experience, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, L' impatto del Covid-19 sull' Omnichannel Customer Experience_sku_4001765.pdf, 2020

As it is possible to see from Figure 5, **in 2020 there has been a significant increase in all the directions of the pillars at the basis of an omnichannel transformation**. Among all, the strategy and organization variable seems to be the one that grasped more attention.

However, not all that glitters is gold.

As a matter of fact, despite these high percentages shown, **not all the companies have adopted and are adopting a mature approach toward the omnichannel strategy**. Just few of them are the big players in the industry and too many are the ones who still are not aware of the benefits deriving from the adoption and implementation of an omnichannel approach. The reasons why of this behavior will be further investigated during the next chapter.

This said, it is possible to conclude that COVID-19 has surely created the right bases for a correct implementation, but the path to follow toward a full omnichannel approach is still long and anything but straightforward.

2 Customer centricity

2.1. Customer centricity vs Product centricity

Customer centricity is described as "a set of transformational activities" as, for instance, organizational alignment or cultural change[41] or "as organizational objectives like customer need orientation"[42] and it is also aimed to "intensifying customer relationships"[43].

One of the main objectives pursued by most of the companies nowadays is how to successfully satisfy customer needs. If it is true that "the core idea is that of adjusting value propositions to consumer needs (Shah et al. 2006; Sheth et al. 2000)", it is also fundamental to understand that "consumers are human beings who want to fulfill not only functional needs, but also pursue pleasurable experiences" [44].

This highlights that at the basis of our choices there is not only the rational part of our mind, but often what is behind is "a complex, interrelated system of thoughts, emotions, activities and value which are highly subjective and idiosyncratic dimensions"[45].

Three are the organizational objectives of customer centricity:

1. **Customer need orientation**: customer-centric companies strive to understand how the products and/or services provided might fulfill costumers needs and expectations. These needs have to be satisfied not at a general level, but they must be addressed taking into account a small segment of consumers, trying to provide them with solutions and offerings that are as much customized as possible;
2. **Value co-creation**: it is a concept that has gained popularity over the last years and the core assumption is that "different entities (e.g., firms, consumers, societies) jointly integrate their operant resources (e.g., knowledge, skills and

technology) within a collaborative process (e.g., within a service offering) to generate value” [46];

3. **Relationship orientation**: it aims not only at creating but also, and especially, at maintaining long-term relationships between a brand and the related customers. This relationship is based on trust shared by both the sides involved as well as shared values and believes.
   Developing long-term relationships with clients surely increases the degree of loyalty and retention they might have with the brand.

As it emerges from table 3, though all of the three organizational objectives are to be considered, the third one (namely, relationship orientation) is considered by the majority of the authors as the most important one to focus on to achieve customer centricity.

Firms adopting a **product centric approach**, at the opposite, “focus on product profitability and market share”[47]. Indeed, a product centric approach focuses on the product provided on top customers ‘needs. The customer is not at the core of the strategies implemented and the solutions are not put in the market to satisfy people’s need.

The aim is to sell new releases of products, with small features and changes added incrementally and gradually, often depending on the new technologies advancements.

Organizational objectives	Boulding et al. 2005	Day 2003	Gummesson 2008a	Gummesson 2008b	Jayachandran et al. 2005	Johnson & Bharadwaj, 2005	Kumar 2015	Kumar et al. 2008	Lamberti 2013	Lee et al. 2014	Payne and Frow 2005	Payne et al. 2008	Peppers et al. 1999	Prahalad and Ramaswamy 2004	Saarijärvi et al. 2013	Shah et al. 2006	Sheth et al. 2000	Tax et al. 2013	Vargo and Lusch 2004	Verhoef and Lemon 2013	Womack and Jones 2005	**TOTAL**
Customer Need Orientation			X		X	X	X	X	X				X	X		X	X		X		X	**12**
Value Co-Creation	X		X	X				X	X		X	X		X		X		X	X	X	X	**13**
Relationship Orientation	X	X			X	X	X		X		X	X	X	X	X	X	X	X				**14**

Table 3, Organizational objectives of consumer centricity, https://core.ac.uk/download/pdf/301367335.pdf

In table 4, the main characteristics of the two approaches have been summarized[48]:

Customer Centricity	**Product centricity**
The aim is to understand and fulfill costumers needs and expectations.	It focuses on the product provided on top customers ‘needs.
Needs have to be satisfied considering a small, targeted customer base.	The customer is not at the center.
Solutions and offerings are as much customized as possible.	Solutions are not to satisfy people’s need.
The objective is to create customer success and long-term relationships.	The aim is to sell new releases of products depending on the new technologies’ advancements.
The primary aim is to enhance the customer experience.	The goal is to provide consumers with the best product quality, leaving in the background the customer experience.

Table 4, Characteristics of customer centricity and product centricity

2.2. The importance of the customer centricity as the basis for an omnichannel transition

In the omnichannel transformation path, **the first issue to be addressed as a company is to wonder if it is pursuing a customer centric approach**. Being customer centric means to have a strong focus on customer needs within all company processes and strategies, at both marketing and sales and product/service development levels. Nowadays, it is an increasingly debated and central issue for the Italian market.

From the OCX22 Survey[49] conducted it clearly emerges how **the customer centricity is becoming a central element to rely on for an omnichannel transition**.

Indeed, in 2022 25% of the respondents to the abovementioned survey declared to be purely client centric, while 24% of the realities consider themselves as product/service centric. It means that the remaining 51% is in what is called "in transformation from a product/service centricity to customer centricity".

It is important to underline that the number of firms declaring to adopt a customer centric approach has increased during the last year (it grew by 2 percentage points from the same research conducted in 2021). This highlights **the increasing interest from a company's perspective toward the omnichannel marketing**, despite the general framework that emerges remain quite stable.

2.3. Evidence from the interviews made

Moreover, from the interviews made, the situation depicted is quite heterogeneous:

1. **Fashion and Luxury**: 1 company out of 2 is still product centric;
2. **Banking, financial services and insurance**: about half of the realities can be considered customer centric;
3. **Telco and Utilities**: 2 out of 3 of the companies declare to be customer centric.

2.3.1. Fashion and Luxury

It emerges that within the first cluster (i.e., Fashion and luxury) the big players can count on the so called first mover advantage. They have understood the benefits deriving from adopting an omnichannel approach before the other players in the same industry and they have undertaken an omnichannel path since many years so far.

Hence, considering figure 6, they are already in the 3rd or 4th stage.

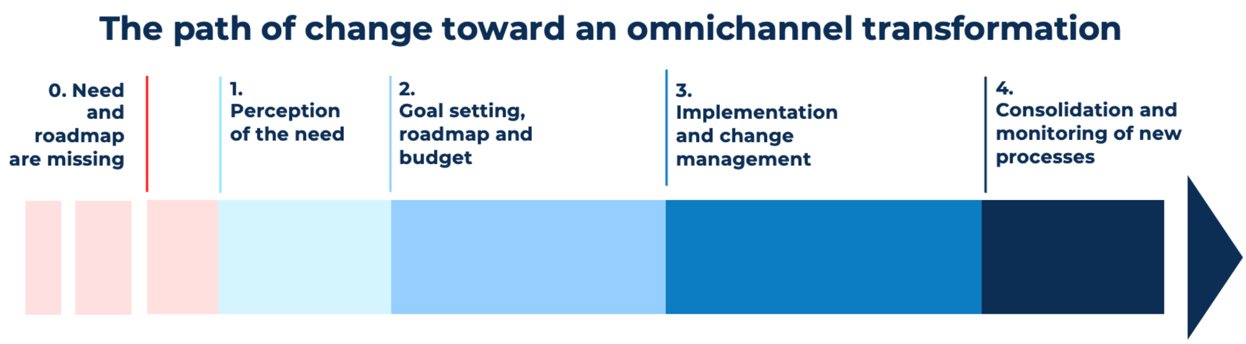

Figure 6, The path of change toward an omnichannel transformation, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 2022 Research

These realities are more mature than the others and showed since the start of their omnichannel transformation a holistic vision of the theme. All of them said that the key factor that led to the success implementation of the omnichannel approach was the logic behind: they stared wondering **how to really put the customer at the center of their strategy,** in other words how to become customer centric. Then they created a customer service structure, working on the retail operation and focusing on both internal and external customers.

Later on, they adopted the most suitable technology (CRM) in order to create lasting and valuable relationships with the clients. These companies implemented one-to-one and one-to-many marketing campaigns and made also use of artificial intelligence models.

Another key element that contributed to the success of the omnichannel approach implementation was surely the awareness of the actors involved since the start of the journey.

Surely such a transformation implies a change and, as all the changes, p**eople are not always inclined to change their habits, rules and routines but they want to be stick to what they already know**. So, the first step is to understand what to do, the physical stores often see the figures in charge of promoting and executing the omnichannel implementation as ecommerce managers (and as competitors who bring customers to ecommerce), encountering sometimes also customer service resistance.

Despite these attempts to remain in the current state of the art, they were able to overcome the inertia (whose reasons will be deepened and explored in the next chapters) working with a very strong strategy: the aim was to **reduce all the non-client-centric activities** and generate additional revenue stream (relying on social commerce remote sales and capitalizing as much as possible on all touchpoints).

Another specification that deserves to be done is that these mature companies all belong and are big players in the luxury industry.

And for a sector such as the luxury is, **the shift towards a customer-centric vision seems to be more necessary than ever before** nowadays. The initiative was often born from the CEO and it is the result of the "client is king" reasoning, a concept rooted in the luxury ecosystem.

The most advanced player, a company belonging to the Fashion and Luxury category, was one of the first, not only on the industry in which it operates but also among the other sectors, to create a department dedicated to omnichannel approach. It is one of the most progressive non only within the mentioned Group but also in the industry in which it operates, as well as in Italy in general.

Clearly this change of paradigm was complex because bringing a new concept in the company is not easy. The pandemic has certainly played a part in that; the client advisor kept on working remotely, managing meaningful relationships with the customers and building new ones. And the fact that they were found prepared in terms of digitalization of most of the activities when in the pandemic years has surely helped the process.

2.3.2. Telco and Utilities

Shifting to another category (Telco and Utilities), **the companies belonging to this sector seem to have understood the importance of starting from the customers' needs**. For almost all these realities the focus is the client.

According to them, the Omnichannel approach can be a sales tool in order to improve the customer knowledge. As a matter of fact, they try to work synchronously on all aspects to have an in-depth customer knowledge.

If these companies are asked to mention the key factor that led them to change paradigm from product centricity to customer centricity, they answer that surely **the CEO's commitment to customer centricity is a fundamental element**.

If the CEO and the board of directors are committed to these themes, the implementation inside the company is much easier and quicker than it would be otherwise.

However, there is an exception and it is represented by company that is partly municipalized. Here the Omnichannel approach does not exist, what is embedded is the concept of multichannel marketing. They do not have the omnichannel strategy in their strategic plan. There is not a structured strategic approach, but the customer is managed on a single channel.

In this specific case there is no OCX[50]-oriented corporate culture: there are other priorities that are not customer centricity. Nevertheless, it is to be considered that the energy sector hit hard these months, so it is comprehensible that some of the organizations belonging to this sector, particularly the smaller ones, now have other priorities.

It is also true that not all the companies, for the Telco category, also between the biggest players in the industry, **are fully customer centric**. Some are in the way to become.

2.3.3. Banking, financial services and insurance

One last mention is to be destinated to the banking, financial services and insurance category. Here the framework is varied: **the majority of the companies are client centric** (again, the biggest players in the market), **some are in the way to become client centric and just a few still are to be considered product centric**.

2.3.4. General comments

In conclusion, making a cross analysis between all the firms, it is possible to state that in general **the biggest players in each category are the ones certainly to consider customer centric**. This is to be explained considering that **their journey toward omnichannel approach started several years ago**. This way, they can exploit the structured and solid strategies they have built over time, always based on the customer as a priority.

Undoubtedly, the aforementioned realities (i.e., the most advanced ones in terms of customer centricity) are also the ones that show a higher degree of advancement in terms of omnichannel maturity.

Hence, customer centricity is a common thread and not by chance "it is the customer who gives us the bread" said a company's founder's 150 years ago[51].

2.4. Customer centricity and different approaches to OCX

Two types of approach toward omnichannel initiatives are possible[52]:

1. **Systemic approach**: according to this paradigm, the omnichannel marketing represents a pillar in the company's strategic plan. There is a strong connection between businesses' objectives and the omnichannel initiatives and the omnichannel strategy has an impact on the organization as a whole, not only on single function or departments.
   The C-level is strongly committed to the mentioned initiatives and she/he supervises and monitor the advancements made in person;
2. **Individual projects approach**: according to this paradigm, omnichannel marketing initiatives are implemented for single projects or specific activities. Very often the realities adopting this approach do not consider omnichannel marketing as a priority in their medium to long term plan. The board of directors is not fully committed and the projects are undertaken by single functions or specific people in charge of promoting omnichannel strategies within the company.

Adopting a systemic approach means to be already in a mature stage toward an omnichannel transition. However, it is not possible for all the realities, since the transformation path is a long and complicated journey to pursue, that implies to have overcome the silos inside the organization (e.g., adopting an agile methodology) and having the client at the center of the strategy.

As it is possible to see from figure 7, there is a **close correlation between customer centricity and systemic approach**[53].

Indeed, the great majority of firms focusing on product centricity is also adopting an individual projects approach and just in less than 20% these realities are pursuing a systemic approach. On the contrary more than the half among the client centric companies is joining a systemic approach.

The picture is more heterogeneous in the case of companies in transformation from an approach to another.

They show a quite equally distributed between the 2 approaches, also if there is a slight preponderance towards the systemic approach.

The same flavor has also emerged from the interviews made: the systemic approach has been adopted only by customer centric realities that, as said before, recognized the importance to have the client at the center of their strategy years ago.

It led to conclude that a **systemic approach and a customer-centric business orientation are two undoubtably correlated phenomena**.

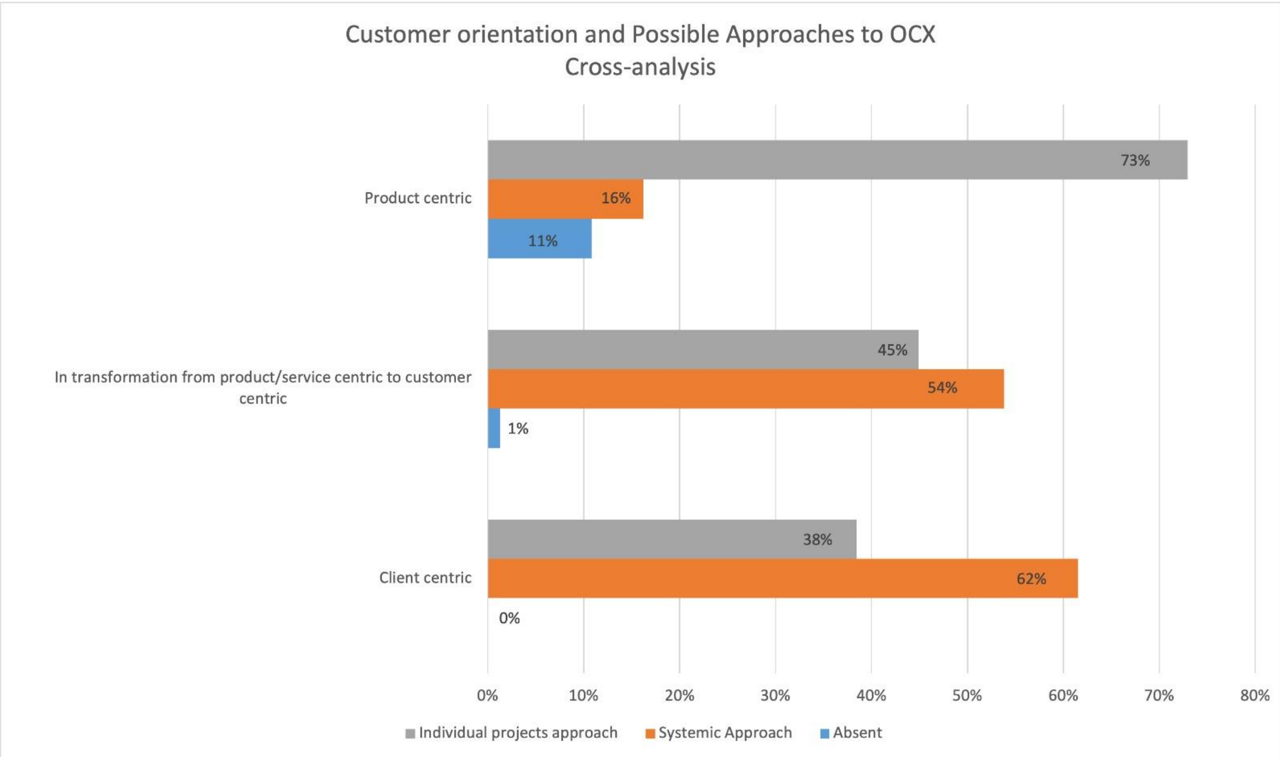

Figure 7, Customer orientation and Possible Approaches to OCX, cross analysis.
Data taken from Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 2022 Research

2.5. Budget dedicated to Omnichannel initiatives

From the 2022 Research[54] it emerges that **more than the half of the organization interviewed declared to have a budget for omnichannel initiatives, but it is allocated to the individual initiatives to be implemented** (e.g., eCommerce, in-store pickup solutions, chatbots, marketing automation systems, etc.). Only a minority (14% of the realities) professed to have an overall budget for the omnichannel transformation. The remaining firms said to be in the way to define such a budget (11% of the realities) or not interested in defining it at all (19%).

Between the interviewed firms belonging to the 3 sectors (i.e., Fashion and Luxury, Banking, financial services and insurance, Telco and Utilities), the biggest number of companies with a dedicated budget to OCX are the ones belonging to the Banking, financial services and insurance sector. In these cases, the budget dedicated to the omnichannel initiatives is consistent.

There are several initiatives designed with a significant budget and it happens not only with the biggest players in industry, as for instance happens when it comes to the adoption of customer centricity, but here also some smaller realities are advanced in terms of budget allocation.

It can be explained also considering the nature of the businesses in which each firm operates in; the banking, financial services and insurance sector is surely a solid business which can allocate a proper amount of money to some initiatives that are strategic for the company. It has some capital at disposal and possibly it does not suffer from lack of liquidity as much as other industries.

In order to conclude this chapter, in Figure 8 is presented a synthesis of the state of maturity of Italian firms[55], declined according to the different aspects treated in the previous lines.

Figure 8, OCX management approach, Strategic orientation, and Dedicated budget, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, OCX22_Presentazione pre-convegno_v1, October 2022

3 Change Management

The concepts described in the previous chapter are key to set up a **concrete transformation path that not only aims at achieving an omnichannel marketing strategy but also implements it effectively and not only "in words"**.

This said, the organizational steps that are needed to pursue a Change Management path are usually four and they will be presented in the next paragraph.

3.1. The 4 steps needed for a change management path

As it is possible to see from Figure 9, there are 4 steps (plus an embryonal step called step 0- namely, the need for transformation and a missing roadmap) needed for a change management path and they are the following:

1. **Perception of the need** and awareness to undertake an omnichannel transformation;
2. **Definition of objectives, implementation roadmap and budget** to be dedicated;
3. **Implementation and management of change** in all its transformation dimensions (Organization, Technologies, Work processes and procedures, skills);
4. **Institutionalization/consolidation and monitoring** of new processes.

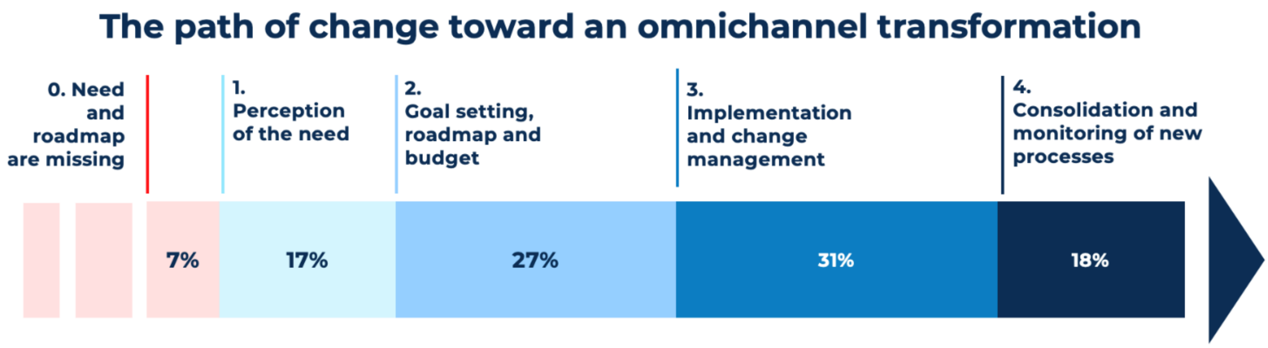

Figure 9, The path of change toward an omnichannel transformation- Italian firms positioning, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, [2022 Research]

According to picture 9, in 2022[56]:

- 7% of the realities considered are in the embryonal stage (step 0);
- 17% of the companies are in the 1st stage;
- 27% of the interviewed are in the goal setting, roadmap and budget phase;
- 31% of firms is in the 3rd stage;
- The remaining 18% is in the most advanced phase of consolidation and monitoring of new processes.

What emerges, both from the interviews made and from the mentioned Research, is that **almost all the companies have already undertaken an omnichannel transformation path**, in more or less advanced terms according to the specific cases and needs.

And it highlights the **importance of the omnichannel marketing as a phenomenon to which firms today put always more emphasis on**.

3.2. Evidence from the interviews made

Very often the change management derives from the top of the management: the board of directors and the C-level decide autonomously how to pursue this transformation path inside the companies, not having a clear picture of problems and needs of the single functions, thus resulting in decisions which may have the opposite effect inside the organization than the one desired.

A good practice can be to **engage the middle and lower layers of the organization since the start of the process**, so that the resistance to change can be minimized.

Resistance is certainly instilled in each of us for human nature: people tend to remain and not to get out of their comfort zone. However, this bitter pill to swallow can be sweetened if people are engaged in the transformation journey, making them feel and embrace the change in person.

3.3. Barriers and frictions toward the change

In this path it **is essential to identify the right moment to change**, i.e., when the drive for change is greater than the resistance. In this sense, it surely deserves some attention the analysis of the reasons that trap companies in some stages and prevent them from going further.

According to the 2022 Research[57] the main barriers encountered by the firms can be summarized as follows:

- **Silos organizational structure**: it is a relevant or very relevant barrier experienced by almost the half[58] of the companies interviewed;
- 45% of the cases declare to suffer from the **absence of an OCX measurement system**;
- **Reward systems oriented towards sales** and not towards the customer/customer satisfaction is a friction for the 45% of the respondents;
- More than one out of three[59] firms encountered **cultural barriers/resistance**.

It is fundamental to overcome these barriers by implementing specific actions aimed at enabling the transformation path.

How do pursue such an objective?

There are several possible ways to leverage on in order to support an omnichannel transition. The first relies on key figures to introduce who will be in charge of promoting omnichannel initiatives and methodologies. These figures can be seen as OCX ambassadors whose responsibilities vary from guiding the teams to support omnichannel strategies implementation, as well as many others.

Another possible way could be to structure an education process toward the change that makes easier for people to embrace such a change.

In this view, it is needed to overcome some **inertia**, either cognitive or action inertia. **Cognitive inertia** is defined as "the tendency for a particular orientation in how an individual thinks about an issue, belief or strategy to resist change. In clinical and neuroscientific literature, it is often defined as a lack of motivation to generate distinct cognitive processes needed to attend to a problem or issue"[60].

It shows off when managers have a narrow view of just few aspects of companies in their opinion are the only ones to be perceived as strategic for the company, such as its competitive position, the industry in which they operate and its core capabilities. They are the most important factors that, according to them, will affect the future of the company.

Cognitive inertia comes from an emotional attachment by the strategy maker to a specific aspect of the company (part of the BM, specific routines, specific form of product, values…). As individuals, strategy makers are attached to the company and it is very hard to admit part of the decisions made are not valid anymore.

Hence, actions are made complex because the organization does not even see the need to start some kind of project. The trigger for initiating these projects is missing.

Action inertia, instead, implies a "the habit of following past successful strategies and models that result in not taking action to benefit the organization in response to environmental changes" [61].

Hence, it comprises some degree of resistance toward the introduction of new business models and routines and it may arise especially during the implementation phase of the strategy process.

Thus, it is possible to state that is a matter of ability: even if the importance of pursuing a certain project that may allow you to jump on the next S-curve is perceived, it can happen that the organization is not able to, due to the lack of skills and competences it suffers from.

In conclusion, **these types of inertia should be overcome as much as possible, in order to generate an open mindset inside the company that is not sticked to routines, emotional traps and lock-ins circles**.

The last key aspect that deserves to be mentioned is the **propensity to support the change by customers and third parties**, since the support from the ecosystem surrounding the organization is key to the success of the transformation journey.

3.4. Further considerations

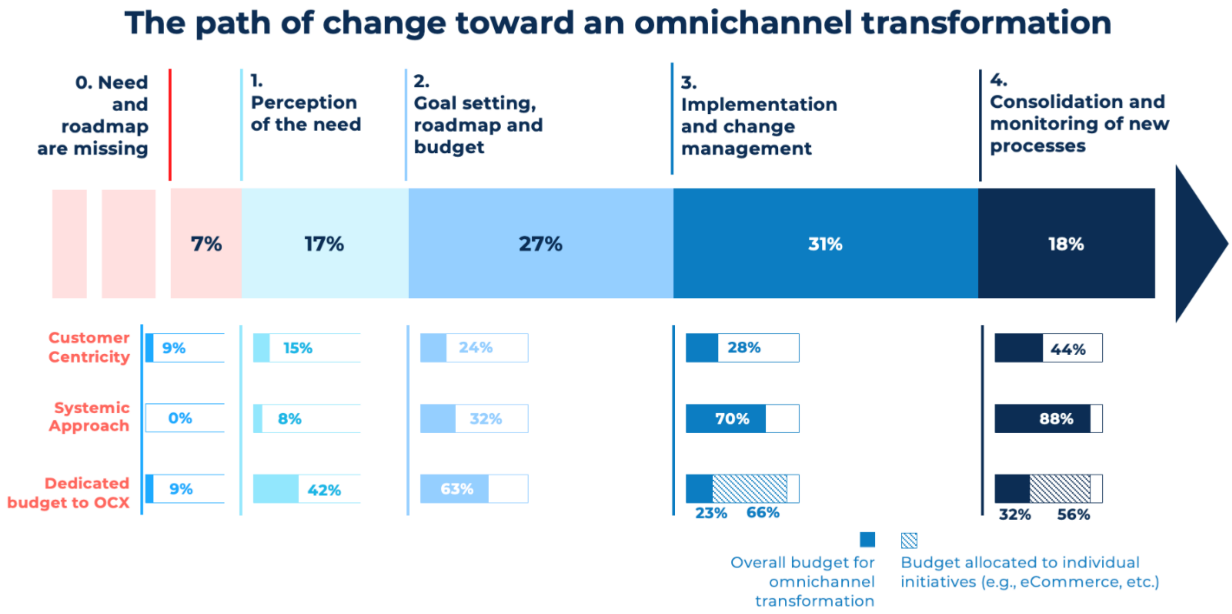

Figure 10, The path of change toward an omnichannel transformation-cross analysis, Osservatori.Net and Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 2022 Research

Considering Figure 10, **a further important remark that needs to be made is that more than the half of the companies in the sample**[62] **have declared to have already defined a roadmap or are now implementing** the change. Moreover, a significant portion of these realities is already in an advanced stage (i.e., the 49% of them is the phases of implementing the change or consolidating and monitoring new processes).

In particular:

- among the 7% of companies that do not perceive the need for omnichannel strategies, none of these either has embraced a systemic approach neither has the OCX in the company's medium to long strategic plan.
  In addition, only the 9% of them adopt a customer centric orientation, while more than 2 out of 3 of them is focused on the product/service provided[63];

- between the realities that are in the "Perception of the need stage" (i.e., feel the need to purse an omnichannel transformation path) only the 8% of them has adopted a systemic approach and almost all of them[64] follow an approach based on individual projects;
- 88% of the companies in the last stage (i.e., "Consolidation and monitoring of new processes) have adopted a systemic approach and they can count on a dedicated OCX budget. Nevertheless, this budget is fully committed to OCX initiatives as whole just in a small portion of them[65].

As already highlighted, **it does not come with surprise that the most advanced companies in these stages** (the ones in the 3rd or 4th stage) ar**e also the ones more inclined to be customer centric** or to adopt a systemic approach.

4 Top management commitment

A necessary condition for the successful implementation of an omnichannel transformation is, in addition to a clear strategy, surely a strong commitment coming from the board of directors. Indeed, the top management commitment can be a possible way to go out of the aforementioned first stages of the path of change (i.e., stage 0- "need and roadmap are missing" and stage 1- "perception of the need"), thus overcoming the inertia that lock the organization inside the as-is status and the non-willingness to change.

This said, it can be stated that the **top management commitment is an essential element at the basis of every omnichannel transformation path** for several reasons[66]:

- The top management outlines the strategic vision of the future by standing as the promoter of the omnichannel transformation process and provides resources and concrete support to the entire organization;
- She/he can be considered as a guide and a successful example for the other actors inside the company as this figure embraces a change of mindset;
- This figure directs the transformation processes by being fully involved and constantly monitoring the different OCX activities.

4.1. CEO involvement

A specification here needs to be made: first of all, the terms CEO, top management, C-level and board of directors are to be intended (as in this case they are used) as synonyms. Indeed, top management "includes a small number of people (president, CEO, general manager, general secretary, etc.) who have the responsibility and the authority over the entire company"[67]. Hence, **by referring to the top management firms are referring mainly to the CEO figure**.

Following the same track of the previous years, most of the realities[68] judged the CEO as an active and constant figure inside the organization.

As a matter of fact, according to the 45% of the companies interviewed in the 2022 Research[69], **the CEO is directly involved in decisions regarding Omnichannel Customer Experience and directly monitors the different initiatives**.

Moreover:

- in the 28% of the cases, instead, despite the CEO is not directly involved in decisions regarding Omnichannel Customer Experience, she/he monitors the initiatives in place;
- the 22% of the realities declared that the CEO is not only not directly involved in decisions regarding Omnichannel Customer Experience but she/he also does not monitor the initiatives in place;
- the remaining 5% of firms stated that the CEO is not involved and none inside the organization is carrying on concrete projects related to the Omnichannel Customer Experience.

Basing on the evidence of the Research[70] it emerges that **for a consistent part of the firms** (namely, the 73%) **the CEO directly monitors the OCX initiatives**.

Also from the interviews made, it emerges that almost in all the companies (with just a couple of exceptions that will be discussed later) the top management is involved to the OCX initiatives.

It confirms once again that if the top management, as previously said, is involved in the Omnichannel initiatives and projects in place in the organization, the implementation of them will be eased.

It happens because **if the key figures inside the company**, the ones other employees take as representative of the whole organization, **do not embrace certain initiatives**, or are not fully convinced about the benefits that can derive from undertaking those projects, **the path toward an effective and successful implementation is much more complicated**.

Deepening the 3 sectors of analysis[71] the general framework that can be depicted is the following:

- **Fashion and Luxury**: all the companies belonging to this category have top management involvement;
- **Banking, financial services and insurance**: the majority of the companies belonging to this category have top management involvement;
- **Telco and Utilities**: there are few exceptions here that declare not to have top management involvement.

First of all, it is to be said that these exceptions are product centric or "in the way to become customer centric" firms. However, it does not come with surprise that all the customer centric companies are also committed in terms of CEO involvement, but it is an aspect on which the focus will be given in the next paragraph.

The most important takeaway here is that those companies which do not have CEO involvement are not similar to the other, despite belonging to the same macro classification. In fact, the only thing in common they have is the sector they belong to.

Focusing on the first firm, it is a big player in the market, with a very solid background and history behind, large capital at disposal and a high market share.

Nevertheless, it suffers from some kind of path dependence and too much bureaucracy and complexity inside a so giant organization, that do not make possible to have smooth and linear processes, but, in the contrary, very often things are easier said than done.

According to this company, "in this moment there are other priorities that weight more than the omnichannel initiatives", and this mantra comes from the board of directors. But it is not the only reason behind the lack of involvement.

Among the others, **the most important explanations can be the hierarchy of the business and the blindness in seeing the business at 360 degrees**.

On the other hand, the second player that is a step behind the others in terms of top management commitment is a small reality, with a non-structured strategic approach toward OCX; the customer is managed on a single channel and there are no initiatives that involve different channels in a more transversal way, the only focus is on different channels management (i.e., multichannel initiatives).

Here **there is no OCX-oriented corporate culture**: once again, there are other priorities that are not omnichannel initiatives.

A small degression needs to be done: **the utilities and energy sector hit hard these months**, due to the increase in electricity and gas prices in the face of the war between Russia and Ukraine[72].

Therefore, it is explainable that in this particular moment companies operating in this industry have other priorities.

The most important lessons learned are:

- there are external circumstances or exogenous factors which may influence what happens and the priorities of the entire organization;
- sometimes if you are a giant firm, things may become even more difficult with respect to a more contained reality, with leaner communication processes and less reporting structure.

4.2. CEO involvement and top management commitment

Moreover, there are two concepts, which are, although surely interrelated, slightly different between one another. **One concept is represented by the involvement** and the other is the **level of intensity of the same top management when in charge of promoting omnichannel initiatives** (commitment).

For instance, **the CEO (or the top management in general) may be involved** (i.e., is directly involved in decisions regarding Omnichannel Customer Experience and directly monitors the different initiatives) **but the level of intensity of her/his promotion of OCX inside the organization** (i.e., commitment) **is medium to low**.

It happens because being involved means to be formally in charge of pursuing certain activities but **the commitment**, instead, **is different as it requires a particular effort** and a profound awareness of the benefits deriving from those tasks. In other words, **the term commitment implies an engagement to the theme, dedicating part of yourself into doing it**. Therefore, **a C-level involvement does not automatically translate into a high level of commitment of the OCX promotion by the top management inside the organization**.

Indeed, if it is true that generally, for the 43% of the interviewed companies[73], the level of intensity of the OCX promotion by the top management is "elevated" or "really elevated", it is also true that if it is analyzed in depth among those companies who declare that the C-level is directly involved in decisions relating to the Omnichannel Customer Experience, the situation is a little bit different.

Between the above-mentioned realities (namely, those companies who declare that the top management is directly involved in decisions relating to the Omnichannel Customer Experience), **the 36% of them recognize, from the same top management**

that is perceived as involved, a medium, low or zero commitment in promoting omnichannel within the company.

This means that **the relationship between CEO or top management involvement and the level of commitment through which the same top management promotes OCX inside the company is not so linear**.

4.3. Customer centricity and top management commitment to OCX promotion inside the company

According to the 2022 Research[74] it is possible to state that **a high level of commitment of the top management** towards the omnichannel initiatives **leads to a greater diffusion of a customer-centric orientation** inside the company in the medium-long term.

Not by chance, as it is possible to see from table 5, the 59% of the customer centric companies claim to have also an "elevated" or "really elevated" level of commitment of the top management when in charge of promoting omnichannel initiatives within the company.

Orientation: Customer centric		
Level of commitment by the top management towards OCX initiatives	**N answers**	**% companies**
Elevated	18	46%
Really elevated	5	13%
Medium	15	38%
Low	1	3%
Really low	0	0%
TOT	39	100%

Table 5, Customer centric orientation and Level of commitment by the top management towards OCX initiatives, cross analysis. Data taken from Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 2022 Research[75]

Orientation: Product centric		
Level of commitment by the top management towards OCX initiatives	N answers	% companies
Elevated	7	19%
Really elevated	2	5%
Medium	10	27%
Low	8	22%
Really low	10	27%
TOT	37	100%

Table 6, Product centric orientation and Level of commitment by the top management towards OCX initiatives, cross analysis. Data taken from Politecnico di Milano, Osservatorio Omnichannel Customer Experience, 2022 Research[76]

If the same logic is applied to the product centric companies, clearly the percentage of realities claiming to have an "elevated" or "really elevated" level of intensity of the top management, among this cluster, notably decreases[77] (as it is possible to observe from table 6).

It is possible to conclude that, once again, **the customer centricity is one of the main pillars and "must have" at the basis of every omnichannel transformation journey**. The more focus on the client by the top management inside the company, the more inclination by those actors to be supportive and promotive toward the OCX initiatives.

On the other hand, the more there is a lack of customer centricity the more difficulties are encountered by the board of directors to promote omnichannel initiatives within the organization. And it is partly due to a **blindness** by those figures in charge of directing the company: sometimes they are not truly aware of the benefits and advantages deriving from adopting a customer centric orientation first and implementing omnichannel initiatives consequently.

This is to say that, **if the top management is not fully convinced of how important it is to put the client at the center of the company's strategy, therefore it will not be committed** as well when it is time to promote and support OCX initiatives, as those initiatives implies by definition to be customer centric.

As a matter of fact, very often, OCX initiatives are not listed in the strategic priorities of the top management. On the contrary, they are initiated or emphasizes following the so called "*fashion effect*", as it will be investigated in the 4.4. paragraph.

4.4. Omnichannel Customer Experience as a strategic priority only "in words"

It happens that companies perceive the Omnichannel Customer Experience as a strategic priority only "in words", but, in reality, there are **several other priorities** that force the firms to put omnichannel initiatives in the background or there are **no adequate skills and tools** to undertake such projects. Therefore, the OCX oftentimes appears to be included in the company's strategic plans, but in fact it is not implemented.

Two are the main reasons behind this phenomenon, namely Omnichannel Customer Experience as a strategic priority only "in words".

4.4.1. Fashion effect

The first reason is to be found on what has been already anticipated as the called "*fashion effect*" concept. The omnichannel marketing is so widespread nowadays that the attention and the emphasis toward it is growing more than ever before.

As a consequence, **many companies follow a *bandwagon effect*** (i.e., "the tendency for people to adopt certain behaviors, styles, or attitudes simply because others are doing so"[78]). Indeed, **they start** (or at least try to implement) **omnichannel marketing projects inside the organization not because they are aware and fully convinced** about the advantages deriving from adopting such an approach, but because the others are doing it, in order to be on top of the wave. Omnichannel initiatives are thus pursued just because companies want to uniform to what competitors and the average market are doing.

And the interviews conducted clearly give evidence of what has already been said.

In some companies, omnichannel initiatives follow *fashion effect* more than anything else: **omnichannel marketing is seen as the tool that solves problems**. All the companies want it but most of them lack the substrate to understand how to get there, and all the applications behind it.

For some realities, **the interest toward Omnichannel marketing is something that the company has always showed off but then easier said than done**.

Oftentimes, **CEO and C-levels are, formally, very engaged on the subject**.

However, **they don't know what omnichannel marketing is**. They perceive it as necessary in order to keep the current network and also to add new channels to expand the current business.

They pursue omnichannel objectives although they do not know why they are doing it.

And the framework just depicted happens most frequently when there is a product centric approach. Indeed, when there is a lack of customer focus, that is not a nice to have but a *must have* for the omnichannel transformation path, there is as a result also a lack of support for omnichannel initiatives.

4.4.2. Urgencies of other priorities

The second reason, instead, lies in the fact that **sometimes companies face *urgencies of other priorities* which force them to necessarily define a scale of priorities** and, regularly, omnichannel initiatives are not in it.

It has seen, for instance, in the paragraph 4.1. when talking about the increase in electricity and gas prices, which has hit hard the energy sector in these months.

Here the companies belonging to the aforementioned category have shown interest toward omnichannel initiatives, but due to force majeure they have been forced to give priority to other critical areas. Other examples of urgencies may be the **pandemic situation** that led companies to face problems with raw materials sourcing and supply chain management.

4.4.3. Final considerations

One last cause of omnichannel customer experience as a strategic priority only "in words" can be seen in the **lack of tools**, both technological and organizational, in order to implement such initiatives inside the company.

As evidence of what has just been stated, the 2022 Research[79] shows that the 56% of the Italian companies interviewed[80] "fully," "strongly" or "enough" agree with the following sentence: "Compared to the following statement, how much do you think this represents the situation in your company?

The Omnichannel Customer Experience is a strategic priority "in words", but in practice there are other priorities and/or the tools (technological and organizational) to implement it are lacking".

Therefore, it is possible to conclude that the **Omnichannel Customer Experience as a strategic priority "in words" is a widespread phenomenon** among the Italian companies more than the previous years. In fact, with respect to 2021 the percentage has seen a boost of +3 percentage points.

5 Governance

In order to be ready to satisfy clients' requests not only as soon as possible but also in a successful way, providing a high level of customer service, **it is needed to have a fluid dialogue between the company itself and the end customers**.

Consequently, **firms have to overcome the silos organizational structure**, one of the elements they usually define as the main barrier that slows down the omnichannel transformation journey, as already highlighted in paragraph 3.3. (Barriers and frictions toward the change).

Indeed, **very often a rigid and monolithic structure within the organization may hurt the company's ability to quickly to respond market needs and stimuli**, becoming always more difficult and costly to maintain.

Each organizational silos think autonomously, and it aims to optimize its own functioning even if it has a negative impact for the whole company. In short, **silos seek for local optimization instead of looking to the global one**[81].

The omnichannel approach, on the contrary, imp**lies to have collaborations and communication between different departments**: e.g., marketing and digital functions strictly work together, as well as Marketing and IT, Sales and Digital etc.

5.1. Governance models

Governance models, if formalized and implemented correctly, **represent a very effective tool for overcoming the main barriers**, described in the previous chapters, that inhibit the omnichannel marketing initiatives diffusion inside the company.

Several governance models set up to manage omnichannel initiatives and diffusion inside the company are possible to have, and here are presented the most relevant and frequently adopted ones:

- A <u>working group within a specific function/BU</u> (e.g.: Marketing, Digital, CRM, etc.);
- A non-codified cross-functional working group in the company organization chart that deals with OCX initiatives;
- A <u>specific codified function</u> in the organization chart assigned to the OCX;
- An <u>agile structure</u> and a team that deals with the OCX management;
- The omnichannel culture is already distributed throughout the organization and therefore there is <u>no need to have a team/structure dedicated</u> to the topic;
- <u>No corporate function or team</u> that is responsible for OCX management.

These are the possible configurations of figure and teams in charge of the management and ownership of the omnichannel transformation within the organization.

Basing on the results of the 2022 Research[82] it is possible to state that in **the 59% of the cases** analyzed, **the OCX governance is in the hand of a non-codified working group** within the organization and in particular:

- in the 52% of cases, *the working group is internal to a specific function/BU* as, for instance, Marketing, Digital, CRM, etc.…

Here the main advantage is certainly the greater specialization of the resources involved companies can exploit. However, one of the possible risks that can be encountered is that the OCX objectives may be put in the background with respect to those of the specific functions involved;

- in the 48% there is a *cross functional working group* that integrates in the group skills of different business areas. With this type of configuration, it is possible to make use of different skills and competencies coming from people belonging to disparate areas inside the organization (i.e., cross-fertilization of competencies). In addition, it is possible to be more focused on the OCX objectives, as a result to have at disposal resourced to be destinated to the single projects in place.

Besides, **in the 15%** of the companies considered, **there is no corporate function or team responsible for managing the Omnichannel Customer Experience**. They do not present any kind of governance regarding OCX initiatives.

Looking to the **most mature and advanced realities**, that represent the **26% of the interviewed companies**, they are:

- In the 14% of cases characterized by a *codified function assigned to the OCX* in the corporate organization chart;
- In the 9% *the organization is structured following an agile methodology* and a team that deals with the OCX management is already in place;

- In the remaining 3% of cases *the omnichannel culture is already distributed throughout the organization* and therefore there is no need to have a dedicated team/structure.

These 3% represents the most advanced scenario possible: the realities belonging to this cluster seem to be fully aware of the strategic relevance of pursuing omnichannel marketing initiatives that surely leads to more responsible and incentivized figures on charge of promoting OCX.

However, not all that glitter is gold, since **very often in order to have such a configuration, companies have to face several organizational and structural complications,** with a huge effort in terms of money and time spent.

Moreover, from the interviews made, it appears that very often companies and people working inside complain about a too rigid hierarchy within the organization.

Indeed, **the less hierarchical** (i.e., the more flexible) **the company is, the more there is a democratic structure that benefit all the actors** (especially the middle managers) and the more there is room for adopting an agile methodology. The migration toward agile is a very important change for all the company.

The shift towards agile mode means different management and leadership model and, again, in a less hierarchical structure consensus becomes key. T**he agile brings several benefits**, both in terms of speed and reliability of each delivery: it is the team that decides on the deliveries and often when a customer-supplier relationship is created it is no longer a role-playing game, but a team game.

The most advanced player, the one that has already adopted an agile methodology and where the omnichannel culture is already distributed throughout the organization belongs to the fashion and luxury category.

On the other hand, the less advanced reality here is to be found between the telco and utilities, a small company that has not in place any corporate function or team responsible for managing the Omnichannel Customer Experience.

What has also emerged from **other realities in the middle layer** (i.e., neither the most nor the least advanced) is that sometimes, if in the short term it is not possible to create a separate entity for the OCX management, **they have to be reinforced transversal or cross functional units**.

The realities adopting such a configuration also rely on collaborations with consulting firms especially for the technology behind (as for the CRM part and the unique view on the customer).

One last aspect that is fundamental to outline is how the creation of a team/function is central to also develop a more holistic/systemic approach on the different omnichannel projects in place.

5.2. Figures responsible for the OCX management

There may be different figures responsible for the OCX management inside the company, with different codified levels, namely high, medium or low levels.

Nevertheless, in the 64% of cases[83] there are still no dedicated figures in charge of the OCX management within the organization.

In particular:

- only the *36% of companies currently have an OCX manager*;
- *13% of firms stated that they do not have such figures* but *are looking for them* or identifying them within the organization;
- the remaining *51% of the realities* stated that they *do not have the introduction of such figures in their strategic plan*.

Among that one third of companies declaring to already have an OCX manager, it is possible to have different levels of codification of the OCX manager within the company's organization chart, namely the ones visible in Figure 11.

Figure 11, Levels of codification of the OCX manager within the company's organization chart, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, OCX22_Presentazione pre-convegno_v1, October 2022

Therefore, **in the 65% of cases it** appears to be a **high codified level** (Head of, Director, Global, VP, C-Level etc.), in the 31% medium (Senior Manager, Manager, Leader, Advisor, etc.) and only in the 4% low (Specialist, Expert, etc.).

It strongly reinforces the reasonings of the previous chapters, in which it has been stated that the diffusion of the omnichannel culture and promotion within the company starts from the top management.

What clearly emerges from the interviews made is that **it is crucial to have a responsible for the OCX management that belongs to a high codified level** and that can be viewed as the alter ego of the top management. However, most of the companies do not have such responsible, though they recognize it as fundamental to have. Some of them are also willing to create an OCX observatory within the company specifically dedicated to CEO.

In addition, these realities seem not to have a distinction between OCX and CX[84]. Indeed, very often the omnichannel initiatives are in the hands of the CX management department or function in case the company has one.

This is to say that, in line with what has been analyzed before, **within the corporate organization chart frequently are missing proper figures responsible for initiatives**

related to the OCX. Despite firms tend to overlap the concept of OCX and CX, the competences and skills needed for these two types of figures are surely different and this aspect will be analyzed in depth in the next paragraphs.

6 Culture and competences

This chapter is aimed to **explore the strategic role that the organizational culture and the competences of the different figures inside the company play in promoting an omnichannel approach** and supporting the related transformation path.

As a matter of fact, the **cultural barriers are one of the most important and relevant obstacles encountered in the omnichannel transformation path**. Thus, relying on specific figures that might support and promote the omnichannel initiatives may be the keystone to smooth out such a cultural resistance.

6.1. Activities to support the diffusion of the Omnichannel culture

According to the 2022 Research[85]:

- 39% of the realities have in place *training plans on general issues* related to customer focus in the various business processes (e.g., customer centricity);
- 33% of them join the creation of *internal workshops* to share best practices;
- 27% of the respondents have established *figures such as digital ambassadors*, who promote the culture and best practices related to OCX projects within the organization;
- 25% of the companies has introduced *innovative sharing and collaboration tools* and methods (design thinking, co-creation, etc.);
- 12% of the firms relies on *periodic newsletters* to promote the dissemination of knowledge of the OCX initiatives activated and show their benefits;
- For the *3%* of them there is *no need for special initiatives* s*ince the OCX culture is fully spread* throughout the company;
- For another *3%* they have set up *other initiatives*;

- For the remaining 31% *no specific activities* are implemented.

The first conclusion is that **surprisingly most of the companies have already set up specific activities to support the diffusion of the omnichannel culture**, namely the two third of the sample.

Particularly, from the interviews made, **almost all the companies belonging to the fashion and luxury category have not only dedicated training sessions for employees**, but they have undertaken specific initiatives related to the OCX diffusion. Some examples are here provided: meetings, workshops, conventions, special projects that are to be started, sharing on information between departments, best practices etc.

Some other realities belonging to the aforementioned sector have also implemented moments of information sharing with the other brands belonging to the same group or they participate in dedicated conventions organized by the parent company for all the maisons of the group.

This adds a further element to be considered, as **the interest toward omnichannel initiatives in this case comes not only from the top management of the brand but comes from the C-level of the whole Group**, that is indubitably a key source of advantage.

Among the Banking, financial services and insurance sector it is possible to see that, despite all the firms here show to be really attentive to the training of their own employees through dedicated courses and activities, **not all of them seem to have some initiatives in place related to the OCX diffusion**.

The majority of them have undertaken such initiatives, and particularly the most advanced realities in terms Omnichannel training activities oriented to its diffusion inside the company are those born more recently.

They are the ones that organize the most varied activities both in terms of numbers and also in terms of innovation of them.

It also deserves to be mentioned that **some companies**, although they do not have properly formalized OCX training courses, activities and thematic days, **rely on a more unformalized kind of training**, that is the **mentorship by some senior managers,** seen as the figures in charge of promoting OCX**, to the junior ones**.

These figures with a high level of seniority very often communicate with the other younger peers verbally, coaching and inspiring them toward an omnichannel approach.

This is a classic example of **tacit knowledge** owned by some actors inside the company (especially the older ones): they have acquired over time a set of knowledge, skills and capabilities that are often hard to be written in manuals.

Therefore, their experience is possibly spread within the organization without documentation, communicated by voice.

The concept of **tacit knowledge** is to be referred to Michael Polanyi's Personal Knowledge (1958) and it can be described as "skills, ideas and experiences that are possessed by people but are not codified and may not necessarily be easily expressed".[86]

On the opposite side there is the **explicit knowledge**, as it is possible to see from the top of the pyramid of figure 12. The explicit knowledge is defined, according to the literature, as "what can be expressed in formal and systematical language and shared in the form of data, scientific formulae, specifications, manuals and such like"[87].

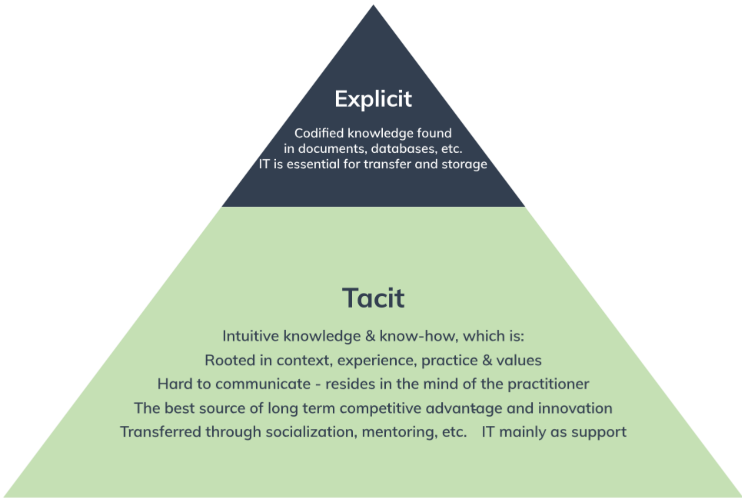

Figure 12, Tacit and Explicit Knowledge, Tacit Knowledge: Definition, Examples, and Importance. https://helpjuice.com/blog/tacit-knowledge.

This small digression was aimed to highlight that the **knowledge owned by people inside the company is surely one of the firm's most valuable assets**.

Going forward and focusing on the last of the 3 categories under the spotlight (i.e., telco and utilities), it is possible to see that almost all the realities belonging to this sector do not have specific moments of training dedicated to the promotion of an omnichannel culture inside the company.

These realities are both small and big players in the market: it is to be underlined, again, that not only the biggest realities are the most advanced ones. On the contrary, sometimes the bigger you are, the more other priorities you have and the more is difficult to focus on all the areas, especially if those considered are not in the company's strategic plan.

In conclusion, if the most advanced companies in terms of activities to support the diffusion of the Omnichannel culture are to be found in the fashion and luxury sector, the less advanced ones belong to the telco and utilities category.

6.2. Internal skills development vs external acquisition of resources

When it comes to OCX management inside the companies, there are different forms adopted by firms for OCX-related skills.

From one side, a growing number of realities[88] is working on **up-skilling and empowerment of the resources already present in the company**. This is an aspect that has emerged both from the 2022 Research[89] and from the interviews made: it is interesting to note how companies tend to internally develop the adequate competences in order to sustain the omnichannel transition.

Indeed, most of the realities prefer to rely on specific sessions and courses set up to train internally the resources.

However, **this is possible not for all the companies**, but for the ones who have already inside the company some actors that, with some adjustments and dedicated training, can be adapted to the figures in charge of promoting and sustaining the OCX.

In this case, those realities that have already some figures to be trained and reskilled appear to be the biggest players in the market. In particular, the Banking, financial services and insurance and the fashion and luxury sectors are those with the highest number of internal resources valued and reskilled.

On the other hand, in the Utilities and Telco category, rely on **external acquisition of resources** (very often an external branch was acquired and brought in-house in order to import know-how within the company) or adopt the so called "**hybrid strategy**" which implicates the collaboration and involvement of consulting firms and/or specialized agencies to support and guide resources in the change process within the organization.

The reason behind this choice can be found in the fact that **the resources in these types of organizations frequently are not able to be repositioned in the Omnichannel marketing initiatives**, since they do not have the necessary competences and skills to pursue such OCX objectives. In some cases, they are more focused on the digital or ecommerce world, while in other cases they have different backgrounds that do not match with what omnichannel initiatives imply.

Another aspect that needs to be considered is also the **level of seniority** of the resources. In fact, one of the main issues emerged from the interviews made is that often the older figures are the ones with more resistance to change and, consequently, the ones more difficult to be repositioned or reskilled.

Nevertheless, if it is certainly true that the more years one person has worked inside a place the more she/he is inclined to be sticky to its routines and habits, it is also true that such actors, thanks to the experience and seniority gained, could be the perfect candidate for the figures in charge of promoting OCX inside the company.

Indeed, in most of the cases they have a **high codified level** and, as stated in paragraph 5.2., **the diffusion of the omnichannel culture within the company starts from the top management**.

As a result, the only solutions available for the companies who cannot reskill the already present figures inside the organizations are:

- to **acquire resources from the outside**, that means the recruitment of qualified and specialized resources for specific development areas that are considered key in the strategy planning phase or in the transformation process;
- to **count on the support of specific figures**, such as digital coaches with a coordination and guidance role or the coaching provided from specialized consultancy firms/agencies to support internal resources.

Surely, they have also to be studied the skills and competences of the possible figures in charge of promoting OCX and, very often, companies lack actors that have those specific abilities concerning the omnichannel initiatives management, being thus forced to acquire them form the market. This aspect will be further investigated in the next paragraph 6.3..

6.3. New roles and skills in the OCX

What has emerged from the interviews is that there is a need to hire people from outside especially for new skills and specialist profiles.

Nevertheless, one of the critical points that companies very often point out is a certain **scarcity in the market in terms of qualified resources specialized in specific areas**, since these figures are first difficult to recruit and second they are also characterized by a particularly high level of turnover.

As specified by some realities, if the agile skills are quite widespread inside the organizations, **the technical skills are in the hands of a few data scientists**.

The figures most companies lack of are the ones in charge on analyzing the data: data scientists, data analysts etc.

In general, **data scientists and analysts are responsible for extracting insights and knowledge from data to help businesses to make better decisions**. While there is some overlap between the two roles, **they are surely to consider two distinct figures**.

Data analysts typically work with smaller data sets, focusing on descriptive analysis which involves exploring data to understand what happened in the past and why. Between the main tools used to perform analyses it is possible to list SQL or Excel.

On the other hand, **data scientists** are **characterized by working with more complex information sets.** They focus on prescriptive rather than descriptive analysis they may also use **advanced statistical and machine learning techniques to build predictive**

models and algorithms and they usually work with programming languages like Python, R, or SAS.

This to say that if on the data side specialized skills are somewhat lacking, on the customer side there is already a set of structured skills inside companies.

As a matter of fact, **most of the companies have already developed ad hoc teams or functions in charge of enhancing Customer experience**.

These teams or functions in charge of the Customer Experience management have usually **different names depending on the company**, such as CX team, Customer Success team or Customer Care team. Regardless of the name, **the ultimate goal is the same:** to provide a **positive and seamless customer experience** in all the stages clients interact with the given brand.

Some **key responsibilities of these teams are here provided**:

- <u>Analysis of customer feedback</u>: they gather feedback through surveys, interviews, social media or other channels in order to spot areas for improvement, if needed, and to quantity customer satisfaction;
- <u>Definition of customer-centric strategies</u>: they develop strategies aimed to improve the customer experience, such as personalization, loyalty programs, listening to customers' needs and expectations etc.;
- <u>Collaboration with other departments within the company</u>: they do not work alone, but their job is closely linked with the one of the other functions such as marketing, sales, IT, digital solutions or product development. It is to ensure that the customer experience is as much consistent with the firm's goals and values as possible;
- <u>Monitoring and measurement of customer experience metrics</u>: they put in place metrics and indicators such as Net Promoter Score (NPS), Customer Effort Score (CES) or Customer Lifetime Value (CLV) to assess first the

effectiveness of the omnichannel initiatives and to identify then possible opportunities for further improvements.

Hence, it is possible to state that **enhancing customer experience has become a strategic priority** for many companies as it has several positive impacts on the business, such as an increased customer loyalty, an enhanced brand reputation and, consequently, a possible revenues' boost.

However, very often **the focus is more on CX and less on the OCX**, which involves channel orchestration and analysis of insights.

Most of the realities do not have an omnichannel project manager role for instance, a figure who covers seamless multichannel experiences, designs the UX[90] and takes care of the UI[91]. Ultimately, most of the companies seem to have a **more practical and implementation-focused roles instead of having a more holistic and overall vision**.

In conclusion, **today the biggest challenge is finding the right person**, there are no major resistances within the company in terms of omnichannel transition.

6.4. Customer Experience (CX) Manager and Omnichannel Manager

As anticipated in the previous paragraphs, a **Customer Experience (CX) Manager and an Omnichannel Manager are two distinct roles** that are responsible for managing different aspects of the customer experience. Thus, a small the description of the two roles is needed. Starting with the **CX Manager, this figure is responsible for designing, implementing and optimizing the overall customer experience across all the channels companies provide clients with**.

She/he:

1. <u>Works closely with different departments</u> such as marketing, IT, customer service, and digital to ensure not only that the customer journey is seamless,

personalized and aligned with the company's brand and values but also **to enable**, if possible, **a wow experience**[92];

2. Collects and analyzes customer feedback and data to identify areas for improvement and to measure customer satisfaction;
3. Develops a consistent Customer Experience across all channels;
4. Optimizes the customer experience;
5. Reduces the churn[93];
6. Maximizes CLV through the analysis and mapping of the CJ.

On the other side, an **Omnichannel Manager is responsible for taking care of the delivery of a seamless and integrated customer experience** across all the points of contacts a customer gets into when interacting with the brand (i.e., touchpoints).

She/he:

1. Works closely with different departments to ensure that the company's systems, processes and data are suitable to support an omnichannel strategy;
2. Identifies and prioritizes the channels that are most relevant to the firm's customer base and develops strategies to optimize the customer experience in each of those channels;
3. Ensures that customer data are synchronized and accessible across channels, enabling customers to switch channels without any disruption in their journey (i.e., guarantying a seamless CJ);
4. Is able to identify new opportunities and further improvements concerning the Omnichannel and Digital world.

If it is true that **both roles are focused on improving the customer experience**, it is also true that a **CX Manager has a broader focus on the overall customer experience**, while the **Omnichannel Manager's emphasis is more specific on delivering a seamless experience** across the channels at customers' fingertips.

Nevertheless, **the two profiles just described are capable of driving the change**. They both identify the broader scope of initiatives (as objectives and impacts), create a roadmap of implementation and define budget, metrics and KPIs associated with those initiatives.

As stated in the previous chapters, from the interviews made it emerges that in some companies **the two roles may overlap**, with the CX Manager also responsible for managing the OCX strategy, or with the OCX Manager reporting to the CX Manager.

Deepening this aspect, it is needed to link the above analysis with the insights emerged from the 2022 Research[94].

Indeed, for the first time ever, in 2022 a specific analysis was conducted on roles related to Omnichannel and Customer Experience, on a representative sample of about 300 companies, divided among different product sectors (Fig. 13).

They have been analyzed different profiles of Omnichannel Project Manager and Customer Experience Manager types, with a specific focus on educational background, previous work experiences, and seniority. This mapping research was aimed at identifying and mapping the competencies and skills of these figures required by companies.

What has emerged is that first of all **there is not a common and shared nomenclature used by companies in terms of roles codification** and, second, **several companies** analyzed, although they have some figures that perform activities related to Omnichannel Project Manager and Customer Experience Manager, **attribute to them different titles or names**.

In particular, looking at the hierarchical role of the figures identified[95]:

- 30% of them holds a *Head of/Director/VP* position;
- 65% a *Manager/Senior Manager/Leader/Advisor* position;
- only the 5% is classified as *Specialist/Expert*.

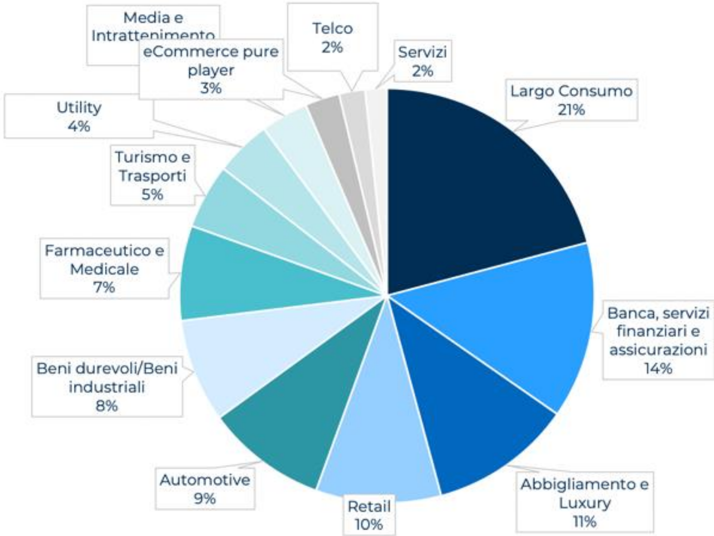

Figure 13, A representative sample divided among different product sectors, Politecnico di Milano, Osservatorio Omnichannel Customer Experience, OCX22_Atti 1°Workshop_L'identikit del team omnicanale ruoli e competenze.pdf, May 2022

Moreover, **six out of ten companies have at least one role that collaborates and manages issues related to Omnichannel and/or Customer Experience**, of which:

- <u>21% have only Omnichannel managers</u>, with Utilities, Telco, Automotive, eCommerce pure players, and Clothing and Luxury among the sectors with the highest incidence;
- <u>36% have only CX managers</u>, with Fashion and Luxury, Retail, Telco, Durable/Industrial Goods, Pharmaceutical and Medical the sectors with the highest incidence;
- <u>43% have both.</u>

6.5. Omnichannel Manager and Customer Experience (CX) Manager Identity Cards

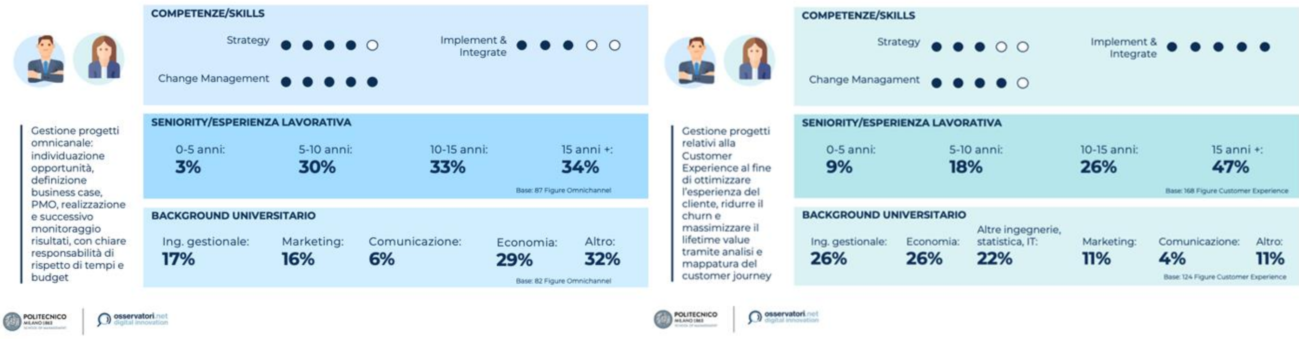

Figure 14, Identity card of Omnichannel Managers (on the left) and CX Managers (on the right), Politecnico di Milano, Osservatorio Omnichannel Customer Experience, OCX22_Atti 1°Workshop_L'identikit del team omnicanale ruoli e competenze.pdf, May 2022

In figure 14 they have been summarized the main characteristics and differences between the 2 actors mentioned in the previous paragraph (i.e., Omnichannel Manager and Customer Experience Manager).

Omnichannel managers are characterized by a high level of skills related to strategy and change management, while being less focused on the implementation part.

On the other hand, **Customer Experience roles present a high level of skills related to the implementation phase**.

Concerning the seniority, figure 14 shows that the seniority of Omnichannel Managers is generally 15+ years of work experience, although a good percentage has between 10-15 years of experience and between 5-10 years, while only the 3% is less than 5 years.

For **CX Managers**, instead, the seniority is distributed as follows:

- in the 47% of the cases they have *15 years or more of experience*;
- 26% of the sample has *between 10 and 15 years of seniority*;
- 18% of the figures has *between 5 and 10 years of experience*;
- *less than 5 years* only in the 9% of the cases.

The **higher seniority that CX managers show to have** in comparison with Omnichannel managers may depend on several factors:

First of all, **OCX is a relatively new field**, so professionals working in this area may have only started working in this sector in recent years.

Second, Customer Experience involves multiple functional areas such as marketing, IT, digital research and analytics, so **CX Managers may have had more diverse work experiences than Omnichannel Managers**.

In addition, the highly operational nature of Customer Experience work requires significant experience to manage practical challenges.

The backgrounds of these figures depicted are also rather diverse.

- **Omnichannel Managers** come from university paths such as economics for the 29% of the sample, management engineering in the 17% of the cases, marketing (16%), and others;
- **CX Managers'** background is also quite heterogeneous**:** they come from management engineering in the 26% of the cases, economics again in the 26% of the realities and other types of engineering, statistics, mathematical and computer science studies.

6.6. Employee's experience

A further element that needs to be considered and that has never been analyzed before in the Omnichannel Customer Experience Observatory is the concept of **employee experience**. Indeed, although Customer experience (CX) and employee experience (EX) are two closely related concepts, they are not the same.

As already described in chapter 1, paragraph 1.6., **CX refers to the overall experience a customer has with a brand or organization, from the first touchpoint to post-purchase support**. It includes all the interactions, emotions and perceptions that customers have when they engage with a company and it aims to create a positive impression as well as to boost the customer loyalty.

EX, on the other hand, **refers to the set of experiences and interactions that employees live and have within the organization during their lifecycle**[96].

A positive employee experience can have a significant impact on employee engagement, retention and productivity, as well as on the brand's reputation. Not by chance, all those **organizations that practically demonstrate to have a particular focus on the employee experience are also the ones more likely to attract talents within the company itself. They are also** firms in which it is possible to create a positive work environment that fosters innovation, and, ultimately, that leads to higher performances.

CX and EX are surely two different concepts, but they are also interrelated one the other.

Indeed, **happy and satisfied employees are more likely to provide better customer service**, which leads undoubtably to a positive customer experience and customer satisfaction as a consequence. The other way round is also true: **a positive customer experience might create** a sense of **motivation among employees**, which in turn **improves the employee experience**.

In short, **CX and EX are both important for business success** and those organizations that prioritize both of them are likely to have a competitive advantage over competitors.

According to the interviews made, almost all the realities considered have a specific focus on the employee's experience.

Here are provided some examples of the initiatives adopted by the **most advances realities**, that seem to be the **companies belonging to the fashion and luxury category**:

- **VOT** (Voice of the Team) initiatives: they have a series of questions related to omnichannel initiatives in order to understand the real adoption and customer feeling;
- **Digital gamification**: it is an initiative according to which people inside the store have to play specific games and consequently a winner among all stores is elected. These are all ways to keep employees engaged.
  And then every month there's an Omnichannel committee where all the initiatives and pilot projects are shared. They are cross-functional because different functions such as finance, IT etc. are also involved;
- **Systems for measuring objectives related to KPIs**: method used by organizations to **track and measure their progress towards achieving specific goals**.

Other measures mainly adopted by companies belonging to the Banking, financial services and insurance sectors are:

- **Internal evaluation systems**: surveys in which various functions are evaluated. These companies usually conduct three evaluations per year;
- **Employee-supervisor evaluations**: these evaluations are surveys that assess behavior, collaboration, and skills. The results are published in a report (followed by an external company. From these evaluations many areas for improvement emerge, which must then be discussed;
- **Spaces for evaluation within projects**: everyone has the opportunity to bring improvements to the project, and then they are evaluated based on objective and subjective evaluation scales;
- A **one-shot non-continuous survey** (once a year): it is an internal survey to evaluate the employee's relationship with the company;

- **Quarterly surveys**: they consist of a series of questions that concern the how much passion a person put in a specific project she/he is asked for, the collaboration between colleagues and team spirit. Employees are also asked how likely they do would recommend a colleague to come and work in that firm;
- A **survey at the beginning of each strategic plan cycle**: it is entirely dedicated to employees and evaluates their satisfaction as if they were customers of the company.

According to the results of the interviews, most of the actions undertaken by companies in order to evaluate the employee experience involves **anonymous surveys**.

These surveys are generally conducted annually and updated every six months.

Usually, the results are publicly disclosed in live streaming events where the CEO and other C-level executives present the results, issues, and actions they plan to take.

These live streaming events were initially launched during the pandemic to maintain a **connection between employees and the company** but then they have continued to exist also afterwards due to popular demand, occurring bi-monthly rather than monthly.

The impact of these actions has brought employees and management closer together, and the Q&A sessions are a regular feature of these events.

Another important element that has emerged by some realities but still needs further attention and application inside companies is the **speak up**.

Speak up is a term used in the context of workplace communication and refers to an organizational culture "where people feel safe to speak out—to raise issues and concerns but also ideas"[97].

In order to deepen the concept of psychological safety, it is to be read the book "*The Fearless organization*"[98] so to understand how it impacts having or not an environment of psychological safety at work.

Amy Edmondson points out that psychological safety occurs when employees perceive that they are in a **workplace where they can speak up, propose new valuable ideas, make mistakes and ask questions without the fear of being punished or shamed**. In any case, it is important not to confuse the concepts of psychological safety, that is object of clinical and research studies, with that of being nice, that is, instead, only a matter of a personal behavior.

Moreover, it is also important to implement a **culture of feedback sharing**: feedbacks should be valued and acted upon appropriately. Feedback can be of different nature: **corrective**[99] or **supportive**. The former is aimed to describe the (negative) effects of the other peer's behavior proposing an alternative one and justifying why it is better to change the previous behavior.

On the contrary, the latter (i.e., supportive feedback) has the goal to reinforce the current behavior, highlighting why it is beneficial for others.

Hence, it is possible to conclude that **starting from the voice of employees is essential** also because it leads to more valuable and innovative projects, and it is valid not only for the omnichannel projects. **By listening to and acting on the concerns and suggestions of employees, a company can improve its operations, enhance employee engagement and, ultimately, drive better business results**.

In conclusion, by redesigning processes with the employees, they often feel no longer like users, but they feel the sense of belongingness to that firm.

And **when employees feel valued, they are better engaged** with the company, therefore they can **actively contribute to the success of the firm itself**.

6.7. HR Support

It has also been explored how much and in which way human resources (HR) are able to support the initiatives related to the Omnichannel Customer Experience and to encourage the adoption of skills and cultures oriented towards the OCX.

It is possible to state that **human resources play a critical role in the development and adoption of skills and cultures that prioritize the omnichannel customer experience**. Indeed, by hiring and training the right candidates, encouraging a customer-centric culture, defining the right goals and fostering collaboration, **HR can support organizations in providing a seamless and excellent customer experience across all channels**.

From the 2022 Research[100] it emerges that still **a conspicuous percentage of companies** (i.e., 58% of the realities[101]) **judges the HR support concerning the OCX initiatives as low or not present at all**. Oftentimes other departments, much more specific to the initiatives in place in certain project, such as marketing, digital, customer care etc. are involved.

Moreover, **only the 3% of the realities considered consider HR support as excellent** and the 14% declared it to be good.

A possible explanation of it can be found in the legacy that is being carried forward from the pandemic; **from that time the HR has surely been focused on other priorities**, as for instance the reorganization and redefinition of the tasks, trying to balance smart and in-person work.

Not by chance, the importance of the human resources as a key function within organizations has particularly emerged during the last 3 years.

In fact, during the pandemic **HR played a critical role in supporting organizations and employees**. Human resources were responsible for ensuring the health and safety of employees by implementing measures such as social distancing, providing personal protective equipment and enforcing hygiene protocols.

Besides, **HR was responsible for communicating updates and changes related to the pandemic to employees**. This function also provided guidance on best practices for working during the pandemic and addressing any concerns or questions employees had.

Last, **human resources were crucial for supporting and promoting experts' phycological assistance** to employees who were experiencing mental health challenges due to the pandemic. However, from the interviews conducted, **most of the companies nowadays seem not to have an adequate support from the HR function** in order to foster an omnichannel culture inside the company.

In particular, only the most advanced reality in the fashion and luxury industry declared to have enough support from human resources concerning OCX initiatives, while all the other players in the category not. For the **Banking, financial services and insurance** sector, instead, the situation appears to be more heterogenous: about half of the companies belonging to it judged the HR as a key function and support in order to pursue omnichannel objectives.

Hence, the above-mentioned category seems to be the most advanced between the three analyzed in the interviews[102]. In the last category (Telco and Utilities), only one player, namely the second for market share between the leading electricity providers in the utilities industry[103], has an adequate HR support in the perspective of omnichannel transformation.

In conclusion, the main takeaway that is possible to gather from all the analyses made is that **the HR function is a critical partner in the implementation of an omnichannel strategy** and **much more emphasis should be put around the HR function**, as it is key to develop and support an omnichannel transformation path and its importance cannot be underrated.

7 Measurement systems and KPIs

Measurement systems and Key Performance Indicators (KPIs) are certainly helpful in providing a framework for inter-firm and intra-firm's comparison: in fact, they can be used both for monitoring and evaluating company's performance across different areas of the organization itself as well as for identifying areas for improvement and new opportunities of growth to be explored.

7.1. Identification of the impacts of omnichannel strategies on business results: companies' positioning

Oftentimes companies tend to focus on the initial phases of the transformation path and of the strategy setting: their emphasis is on structural aspects such as governance and organizational models, resources and skills, etc., while **only later on they start addressing the issues related to the measurement of the impacts of the OCX**.

As a matter of fact, according to the 2022 research[104] **only for the 8% of the companies the impacts or benefits of the OCX initiatives are quantified for all activated omnichannel initiatives**.

The 35% of the realities quantifies the impacts just for some activated omnichannel initiatives, but **in a stand-alone, non-integrated manner**.

Concerning another 27%, **they do not identify the impacts of omnichannel strategies on business results**, but these companies are working on it by implementing measurement solutions that will enable them to do so.

In the **19% of cases**, the interviewed companies declare that **they do not have the skills to do so** and **the remaining 12% declare that identifying the impacts of omnichannel strategies on business results is not in their plans**.

From the interviews conducted, it is clear that **the most advanced realities belong to the Fashion and Luxury category**. These companies are the ones that best identifies the impacts of the omnichannel strategies on top of the organizations in other sectors.

However, they are only a small part compared to the total number of companies analyzed.

According to what previously said, just a small percentage of companies identifies the impacts and benefits of the OCX initiatives for all activated omnichannel initiatives.

Regarding the **Banking, financial services and insurance category the biggest players are also the most progressive ones** in terms of omnichannel impacts' measurement. They identify the OCX impacts on business results through internal surveys or a dedicated set of KPIs, which will be further investigated in the next paragraphs.

Other realities try to import some strategic KPIs from the digital world, such as number of downloads of the app, rating of the app, number of subscribers etc.

These metrics are not strictly related to OCX initiatives, but they are, according to them, **the most easily quantifiable things**.

In addition to this set of quantifiable metrics some of the companies declared to have also metrics linked to the **relational world of quality evaluation**, made of NPS program, quality satisfaction on digital channels.

In every case, the ultimate goal is to have the most truthful picture possible of the digital usage.

The last considerations are linked to the **Telco and Utilities category**: companies belonging to it are usually less advanced in terms of identification of OCX initiatives on business results. The measurement of impacts or benefits of omnichannel initiatives in the telecommunications and utilities industries is commonly evaluated using traditional metrics, such as the *Net Promoter Score* (NPS), in order to quantify the impact of omnichannel initiatives on customer experience or *customer surveys* to evaluate customer satisfaction.

Moreover, omnichannel strategies enable companies to **increase sales by providing customers with multiple options** to engage and purchase.

In general, all the companies interviewed are interested in tracking the revenue generated through each channel, so that they can determine which channels are performing best and adjust their strategy accordingly.

Omnichannel strategies can also help to **reduce operational costs** by automating processes and providing self-service options for customers. Thus, the majority of the realities analyze their cost savings through metrics such as *cost per interaction*[105] *(CPI)* or *cost per acquisition*[106] *(CPA).* These two are commonly used metrics aimed to evaluate the cost-effectiveness of marketing campaigns and customer acquisition efforts:

- Cost per interaction measures the cost of each customer interaction with a company, including phone calls, emails, live chats, social media interactions and other touchpoints;
- Cost per acquisition measures the cost of acquiring a new customer or converting a lead into a paying customer.

One last aspect worth mentioning is that some companies measure the performance of each channel not only individually, but **they also compare it to others to determine which channels are driving the most engagement, sales and customer satisfaction**.

7.2. Reward systems

According to the literature, "Performance management influences performance by helping people to understand what good performance means and by providing the information needed to improve it. **Reward management influences performance by recognizing and rewarding good performance and by providing incentives to improve it**"[107].

In addition, "(…) most of us work in large part because it is our only means of earning the money we need to sustain us and our families. **How much we are paid and in what form is therefore an issue which matters hugely to us**"[108].

There are several types of reward systems that companies can implement, and they can be of different nature: **monetary rewards** (given in the form of bonuses, commission, profit-sharing or salary increases), **non-monetary rewards** (here it is possible to include recognition, promotions, flexible work hours, extra vacation days, training opportunities etc.) and last **rewards that come from a sense of accomplishment and personal fulfillment in each person**. They are often linked to a sense of purpose or mission that can be a particularly powerful trigger.

What has emerged from the interviews made is that in some cases there are already in place rewards systems (especially monetary ones), though they are not well developed yet and, in most of the cases, not specifically linked to OCX initiatives.

In other companies, instead, **their introduction is under evaluation by the top management**.

Another relevant aspect that has emerged is that some firms are now creating games or challenges in order to motivate employees to support omnichannel initiatives (i.e., they are relying on **gamification**). This way, employees can play different games and the resulting winners will have the chance to earn points or identifications for completing programs they were asked to. Usually, **people do not participate alone in**

these challenges but teams, both spontaneously formed and created by organizations, **arise**.

One last mention is to be done to all the other companies investing in **training and developing programs** to equip employees with the adequate level of skills and knowledge needed to support OCX. It may include incentives such as the access to advanced training courses, opportunities for career improvement or higher salaries if the person has demonstrated to have acquired further useful skills for the organization.

7.3. Presence of OCX KPIs in the top management dashboards

According to the 2022 Research[109], more than one third of the companies analyzed stated that OCX KPIs are in the top management dashboards and they are considered the same way (for the 3% of the realities) or far more than the other KPIs (41% of the firms) present in the same dashboard.

Reviews are certainly the most commonly used metrics today, with 68% of companies using them tool to evaluate customer satisfaction and perception towards the company.

Net Promoter Score for individual channels is also used in the 43% of the cases and another 40% make use of the Overall NPS.

The last position in the top 4 is occupied by the Customer Satisfaction Score (33%).

However, it is to be considered that **another consistent part of the sample**, the 36%, **is not implementing key performance indicators to measure omnichannel initiatives**.

Possible explanations for the lack of implementation of measurement system linked to omnichannel approach may be attributed to **several factors. These aspects may prevent firms from implementing measurement systems linked to OCX.** For instance, **data silos**, namely the data collected by a specific function that are not fully accessible by other departments within the same organization, can be a possible obstacle toward OCX KPIs implementation.

Moreover, it is possible to list the already mentioned in the previous paragraphs (for further details see chapter 3, change management) **resistance to change** as another obstacle encountered in many cases and also **budget constraints can be a barrier** that prevent the management from introducing certain indicators, thus reinforcing the status quo.

Lastly, another relevant aspect that deserves to be mentioned is the **difficulty encountered by some companies in isolating the impact deriving only by omnichannel initiatives.**

Oftentimes a customer's buying journey involves multiple touchpoints across different channels and **it is not straightforward to determine which channel or touchpoint had the most significant impact** in the path that led customer to the (possible) purchase decision.

Thence, it is possible to conclude that implementing an omnichannel approach requires huge effort from different departments and teams within the company and **overcoming these challenges is surely anything but a piece of cake**.

One last mention worth doing is to a new indicator, that this year for the first time the 2023 Research[110] is trying to implement, that is the so called **ROX** (Return on experience) **Index**. It is to be calculated as ratio between the net value of improvements to customer experience divided by the cost of investment[111].

Despite its interesting application and the strong attention toward it in the international landscape, nowadays such an indicator it is perceived difficult to measure. As a matter of fact, it is not so straightforward to identify which elements to consider for the numerator of the ratio, the KPIs involved can be different depending on the industry and there is certain degree of uncertainty in the management of the KPIs connected to the CX.

8 Further applications: road to the Metaverse

This section is aimed to investigate **further applications beyond the omnichannel approach** and, in this framework, it surely needs to be analyzed the concept of Metaverse.

Metaverse is a term composed by the prefix "meta", that highlights a connotation of transcendence and virtuality, and "universe", meaning world and universe. "This term refers to the digitized earth as a new world expressed through digital media such as smartphones and the internet"[112].

The Metaverse can be seen as an extension of the omnichannel approach that offers new experiences for those customers willing to have a fully immersive and interactive engagement with a brand. It is defined as a "3D-based virtual reality in which daily activities and economic life are conducted through avatars representing the real themselves"[113].

However, a further specification needs to be done: it is to be clear that **the Metaverse is actually a concept that goes beyond just being another channel to orchestrate**.

Hence, if the omnichannel approach is focused on providing a seamless customer experience across various channels, **the Metaverse instead is more about creating an entirely new digital experience that is not limited by physical constraints**.

Within the Metaverse, **brands can create optimal customer experiences by leveraging on the latest technology to provide highly personalized and immersive contents that stand out from the market**. Indeed, users can create their own avatars, navigate freely through a virtual space, interact with other peers and even purchase virtual goods and other services offered by firms.

And here comes the first question:

Does it make sense to enter in this new virtual space for all the companies?

In the next paragraphs will be analyzed the benefits and the negative impacts, if present, deriving from entering the Metaverse for the **companies belonging to the fashion and luxury category**, **the most promising and interesting**, among the three under examination[114], **for entering the Metaverse**.

8.1. Fashion and Luxury as the most advanced sector in the Metaverse

As stated in the former paragraph, firms belonging to the fashion and luxury world can surely exploit several benefits deriving from entering the Metaverse in the near future.

First of all, because, differently from the other sectors, in this industry many experimentations are now in place. In fact, it's no coincidence that **fashion and luxury companies are generally more advanced in terms of Metaverse applications, compared to other businesses,** and many of these realities under analysis have already started to open shops and sell items in the Metaverse.

8.1.1. The Gucci case

A well-known example in this field is the Gucci case[115]. **The Italian maison has always relied on a strong omnichannel presence** and recently it has also started experimenting NFT[116] (i.e., non-fungible token) first and moving the first steps in the Metaverse as a consequence.

Here are provided some examples of Gucci's initiatives into the road to Metaverse undertaken in 2021:

1. In springtime, Gucci created the kaleidoscopic world called "Gucci Garden Archetypes," [117]. It was a totally new experience, available physically in the Gucci garden Galleria in Florence, but it was also it was launched on the social gaming platform called **Roblox**. The **Gucci Garden Archetypes** experience was characterized by a virtual exhibition featuring nine different rooms that explored the archetypes of the brand.
   Each room was designed to represent a different aspect of the Gucci and visitors to the virtual exhibition could interact with the different rooms, collect digital items and even purchase limited-edition virtual items that were exclusively available in the Gucci Garden Archetypes experience;
2. During the summer of the same year, Gucci gave birth to the "**Gucci Sneaker Garage**"[118] . It was released on an application specifically designed for millennials, namely Genies[119]. Through an immersive environment, users were asked not only to interact with the brand by creating their own avatars but they were also offered the chance to personalize their outfits with virtual Gucci sneakers;
3. Lastly, in September 2021, the brand under examination also launched a **virtual store on Roblox**[120]. Customers were thus able to browse and purchase the brand's products in a virtual store purposely set up with the aim to have the same features of the Gucci's flagship store in Beverly Hills (California).

Concluding, the most important takeaways that are possible to gather from this case study are that first of all that **the main interaction between the Metaverse and the Fashion and Luxury company under examination has taken place thanks to gaming practices**. Gaming has provided to be a crucial channel for the launch of digital experiences in the Metaverse, allowing fashion and luxury brands to engage with consumers in new and innovative ways.

Moreover, by entering the Metaverse **Gucci was able to reach a wider audience and engage better with its customer base**. The brand was also able to introduce with new innovative ways of storytelling and marketing that would certainly have implications for the future of aforementioned industry.

8.1.2. Benefits of entering the Metaverse for other companies in the industry

As seen in the previous sub-paragraph, very often the fashion and luxury industry is associated with **creativity and innovation**.

In this picture, the Metaverse allows **fashion and luxury brands to create greater experiences for customers**: they can mix and match colors or outfits and try on the latest trends, so that more creativity, both from customers as well as companies' side, is allowed.

Besides, **those firms can exploit the Metaverse to enlarge their customer base**: through the Metaverse, they can sell their products not only to "regular" shoppers, but they can also count on a **wider range of interconnected users belonging to social communities** that are enabled by the Metaverse itself.

Furthermore, **a new revenue stream is created**: this is possible thanks to the marketing of digital assets for the avatars, such as clothes, shoes and accessories.

But the benefits deriving from setting a virtual store in the Metaverse are not only the above-mentioned ones: as a matter of fact, **fashion and luxury companies can also lower their costs** by opening not physical but just virtual stores and by providing not real products but just the digital versions of them.

Hence, **the Metaverse has all the potential to revolutionize the way customers interact with brands and it offers an interesting extension of the omnichannel approach**.

8.2. Final considerations

In order to enter the Metaverse, **companies need certain skills and proper figures related to the omnichannel management and the digital environment** and surely not all the firms nowadays have the necessary set of capabilities and skills to pursue such an objective.

In addition, if providing an engaging and seamless CX is a difficult task to achieve in an omnichannel perspective, **it certainly requires still much more effort when it is to be inserted and, consequently, orchestrated an additional channel as the Metaverse is**.

Thus, it is possible to state that **there are certain limitations for the applicability of this concept**: first of all, not all the companies are ready to enter the Metaverse, and **the ones that are in already advanced stages of the omnichannel implementation roadmap can count on a competitive advantage**, as the analysis in the 8.1.1. subparagraph (i.e., The Gucci case) highlights.

Second, **the Metaverse requires additional effort**, both in terms of time and money spent, and it worth not for every company in all the industries. Again, the biggest organizations are the favored in this case.

Therefore, it can be likely stated that indubitably **there are several benefits and advantages deriving from entering the Metaverse**, such as immersive and personalized experiences, creation of interconnected communities, real time socialization mechanisms and the possibility for customers to gain and share cryptocurrencies[121]. This said, if from the analyses conducted so far **it is to be concluded that the Metaverse is surely an enabler of a customer experience *tout***

court, it is also true that it is challenging and difficult to apply in the medium to low size firms and in the not advanced in terms of OCX realities.

9 Conclusions

In this last chapter the main takeaways from the previous analyses conducted will be explored and some best practices for companies in order to promote the diffusion of omnichannel culture and initiatives will be proposed.

A first topic to be discussed is the **strategic importance that the orchestration and coherence between the physical and digital channels of companies** are assuming.

The relevance of this theme is such that, not by chance, the concept of orchestration is included in the title of the 2022 Research edition: "Omnichannel Customer Experience: in search of the winning symphony"[122]. As it happens in an orchestra, also inside the organizations *all business functions and activities must play in unison*, aiming at delivering a satisfactory and seamless customer experience.

This certainly has some important implications for the firms. Indeed, in order to make all the departments and processes play in unison, not only a **strong commitment from top management** is necessary but also as a **revolutionary organizational transformation** is, most of the times, needed.

However, one of the main key messages that emerges from the previous analyses made in this paper is that it is not just a channel orchestration theme, but **it is also a matter of a people orchestration** as well.

As a matter of fact, the key actors inside the companies have a huge responsibility in the path toward an omnichannel approach, as they are the main promoters of such a change. Hence, **all these figures must be aligned**: first of all, they have to share the same values and culture, second, they should all be committed to the change and, last, they have to communicate one another, trying to avoid the organizational and data silos that, as seen multiple times in the previous pages, are one of the most frequently encountered barriers and obstacles toward the change.

In short, as well as it happens for the strategic management of the touchpoints, also **people within companies should be orchestrated**.

A second important aspect to mention is the commitment of top management: as seen in chapter 4, there is certainly a correlation between the top management involvement and its commitment, but this link is not so linear. Oftentimes, **a CEO inside a company might be surely involved in the omnichannel initiative**, directly or indirectly monitoring the activities **but**, at the same time, it can happen that despite her/his involvement, **this figure is not fully committed to the change**.

The main message here is that **being involved does not automatically translate into be committed to the change**: in fact, if involvement means to be (formally) in charge of taking part into something, the commitment goes beyond that and implies a significant effort and participation in the processes in place.

Therefore, **the commitment takes place only if the promoter is fully convinced about the benefits of undertaking an omnichannel transformation path**, otherwise this figure will result to be involved but she/he will never be committed.

A third theme to face concerns the **resources and skills inside the companies**: as already stated (for further details see paragraph 6.3., New roles and skills in the OCX), most of the times companies lack the necessary skills and competencies to pursue an omnichannel transformation path. As a matter of fact, the majority of the realities interviewed and analyzed by the 2022 Research[123] are in already advanced stages of the change management path, outlining that **it is not a matter of cognitive inertia** here (as these companies shows interest towards the omnichannel strategies and its adoption within the organization) but, instead, **it is an issue linked to the action inertia.**

Not by chance it may happen in companies that people with specific tasks have a narrow view of the new issues they possibly have to face, **being thus unable to act rationally** based on their understanding of the situation[124].

In other word, **oftentimes firms do not to pursue omnichannel strategies at their full potential** not because they do not have the willingness to do it or because they do not see the benefits deriving from an omnichannel adoption, but because **they lack the necessary resources and competences**.

The main actions companies might undertake in order to escape from this type of inertia are:

- **<u>Empowerment or reskilling of the resources already present in the organization</u>**, if possible: here the main issue is that, in some cases, the figures inside companies might not adapt to the new configuration system in place, either because they do not have the necessary competences or because of personal resistance to chance, that typically happens in all those figures with a certain seniority;
- **<u>Acquisition of new resources from the outside</u>**: the resources needed are acquired from the outside, though there is a certain scarcity in the market of the technical figures needed to support omnichannel initiatives. In particular these roles are highly requested but not so easy to find in the short term;
- **<u>Relying on third parties</u>** (as consultancy firms or experts): another approach may be to make use of third parties and experts that surely can contribute to better manage the transformation path. Nevertheless, it is to be considered only a temporary solution, a stopgap until the omnichannel marketing becomes a strategic priority for the company. In fact, as it is possible to see from figure 15, according to the outsourcing decision matrix[125], all those activities that are considered core and strategic for an organization must be internalized, i.e.,

carried out in house. On the contrary, they have to be externalized all those activities firms that are non-core ones, of non-strategic importance.

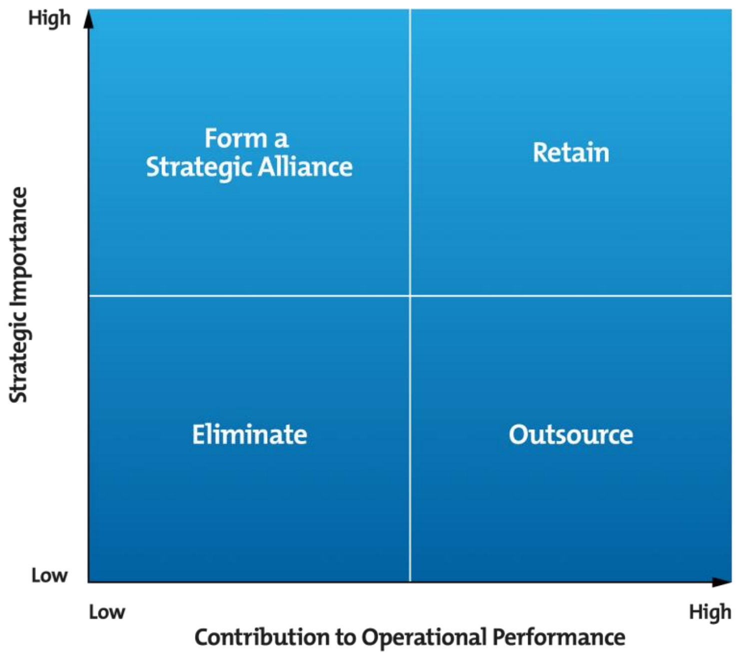

Figura 15, The Outsourcing Decision Matrix, AU, DBOS. «How to Use the Outsourcing Decision Matrix». Medium, 30th September 2019, https://medium.com/@dbosmarketing/how-to-use-the-outsourcing-decision-matrix-777455a3ca57

A further remark should be done: most of the firms are now adopting a top-down approach, in which the main decisions come from the C-levels. Nonetheless, **very often**, as highlighted several times during these pages, **some interesting ideas comes from the bottom** and, in any case, it is necessary to include employees as much as possible during the first stages of the change management path so to reduce their resistance and make them embrace the change.

Another key message to transmit is that most companies are now adopting a top-down approach, where major decisions are made at the top levels of the company. However,

very often, as highlighted several times throughout these pages, **some interesting ideas come from the bottom**.

In any case, it is necessary to involve employees as much as possible during the early stages of the change management process in order to reduce their resistance and make them embrace change.

Moreover, **not only the customer experience is key for firms, but companies are recognizing the importance of also enhancing the employee experience**. Surely it is needed to deeply understand what the link between employee experience and customer satisfaction is. **Despite the EX seems like an easy topic**, from a management point of view it is anything but straightforward as **there is an important organizational change behind it**. In order to become true ambassadors of the brand in a logic of **not only customer centricity but also employee centricity**, most of the internal structures and processes are required to change and it is an activity that implies countless efforts.

One last message to gather is that **much more emphasis should be placed on the HR function**, as they play a crucial role in developing and supporting an omnichannel transformation journey and its importance cannot be underestimated.

To conclude, **the journey toward a full omnichannel adoption is still long** but generally it is possible to state that **Italian companies have surely demonstrated their interest toward the theme** as they are becoming more aware of the benefits deriving from a successful omnichannel marketing implementation.

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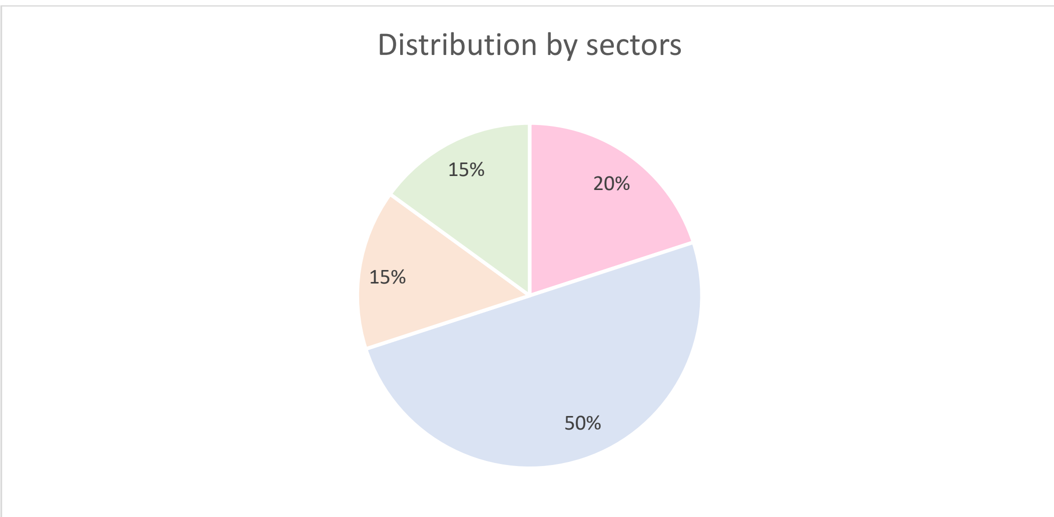
Methodological note

The interviews have been conducted on a sample of 20 Italian companies, belonging to three categories, as it is possible to see from the table below. These firms represent medium to high players in their industry. The interviews have been done in the timeframe between December 2022 and February 2023.

The managers interviewed are the figures to consider as reference point for the omnichannel marketing world. They are many and between the most relevant ones it is possible to list Marketing Directors, Digital Managers, Omnichannel Directors, Head of CX, Project Managers for CRM and CDP, Digital CJ, Global Head of Ecommerce etc.

	Etichette di colonna					
	Fashion and Luxury	Banking, financial services and insurance	Telco	Utilities	(vuoto)	Total
Conteggio di SETTORE	4	10	3	3		20
	20%	50%	15%	15%		100%



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