

Strategic Importance of Customer Experience Management (CXM) Within SMES in Derby, UK

Abosedede Rebecca Agbolade

Department of Management, University of Derby, UK

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Abstract

This report investigates the impact of Customer Experience Management (CXM) on the performance and sustainability of small and medium-sized enterprises (SMEs), particularly licensed restaurants in Derby. In an increasingly competitive business environment, where customer experience has become a key differentiator, this study seeks to bridge the gap between theoretical frameworks and practical applications of CXM in the SME context. The research is guided by the aim to develop and validate a diagnostic tool specifically tailored for assessing the effectiveness of CXM systems in SMEs. To achieve this, the study was structured around two key objectives: analysing existing CXM frameworks and investigating current practices in licensed restaurants. A comprehensive literature review established the theoretical foundations of CXM, drawing on seminal works such as Lemon and Verhoef's customer journey framework and Homburg et al.'s conceptualization of CXM as a higher-order resource. The review also highlighted the relevance of emerging technologies, such as AI and blockchain, in enhancing CXM strategies. These insights informed the development of the diagnostic tool, which was designed to assess various dimensions of CXM, including customer satisfaction, feedback mechanisms, and the integration of technology. The empirical research involved in-depth interviews with owners of licensed restaurants in Derby, providing valuable insights into the current state of CXM practices. The thematic analysis revealed that while SMEs recognize the importance of CXM, there are significant challenges related to resource constraints, lack of formal feedback systems, and resistance to change. Despite these challenges, the study found that SMEs that invest in CXM—particularly through technology integration and customer feedback mechanisms—are better positioned to achieve customer loyalty and business growth.

Keywords: *Customer experience, management, strategy, marketing, SMES, Restaurants, Derby*

Introduction

Customer experience (CXM), which can be described as a consumer's reaction to interactions within a business via various channels, before, during, or after a purchase or consumption, has become a reliable way for businesses to stand out from the competition. Companies typically use the customer journey, which consists of numerous touchpoints that represent direct or indirect encounters the customer has with the company, to illustrate and manage customer experience (Kuehnl et al., 2019). In order to achieve and maintain long-term customer loyalty, customer experience management, or CXM, is defined as a higher-order resource of cultural mind-sets towards customer experience, strategic directions to design CXM, and organisational capabilities to continuously improve CXM (Homburg et al., 2017).

Practitioners have taken the lead, evaluating customer experience management (CXM) as one of the most promising marketing strategies in consumer industries like small and medium-sized enterprises (SMEs), despite ongoing studies debating the future of the marketing idea (Homburg et al., 2017). According to Peppers and Rogers (2005), a company's customer experience is now the most crucial factor in determining its success in any industry. Customer experience management, often known as CXM, is described by the pair as a business approach that centres a company's activities and procedures on the requirements of specific customers (Popli and Rishi, 2021). Businesses ought to emphasise how crucial the client experience is. Simply said, customer experience management is the field, approach, and/or procedure used to manage a customer's exposure to, contact with, and transactions with a business across many channels.

CXM has been identified as one of the most appealing marketing strategies by practitioners especially in consumer industries including SMEs. Although current research still remains mixed on the future of various modes of marketing, CXM has proven to be a critical strategic management model for SMEs determined to stand out in today's markets (Enwe, 2020). Peppers and Rogers (2005) concurred by observing that customer experience management is currently the most significant competitive factor across industries including the SME sectors. This is likely to be the case given the reality that SMEs, which may be operating under a constrained resource base, manage to compete intensely while putting emphasis on CXM. Customer experience management, or CXM, as defined by Peppers and Rogers is an organisational business strategy that positions all its activities and processes based on the requirements of customers it serves (Abdulwasiiu, 2023). This focus is particularly important for the SMEs since they can experience improved business performance and their customer relations.

Research Objectives:

1. To critically analyse the theoretical foundations and existing frameworks related to customer experience management (CXM) in the context of SMEs.
2. To investigate the current CXM practices, challenges, and needs of SMEs in Derby through empirical research.

Conceptual review

The Importance of Customer Experience Management (CXM) in SME Growth

CXM is evolving into a crucial tool for improving SMEs' strategies and building the resilience of such companies in the competitive tussle for market share as well as being the effective way to stand out in the current markets (Gherghina et al., 2020). The successful strategies focus on the fact that customers should be treated individually and that communication and after-sales activity are key areas. Saura et al. (2023) suggested that with customer data, SMEs will be in a position of offering product relevancy and targeted marketing communication which makes the interaction with the customers much more meaningful. Uncomplicated and effective two-way communication improves the first-time customer interaction and keeps customers informed all through their lifecycle. They are also after sales service and strong customer service management that includes interaction with customers in several touch points, retaining customer relationships and effective

methods of satisfying customers on their lifetime journey with a particular brand are also critical (Saura et al., 2023).

Based on this, SMEs should consider incorporating new trending technologies including AI, IoT and blockchain to further build up their customer experience strategies (Sharma et al., 2021). Consumer services can be offered using AI in recommending products, and predictive analysis can be made using AI; IoT can be used in order tracking, and in offering smart business management solutions. Blockchain supports secure and transparent transactions which in a way protect SMEs from fraudulent transactions and improve the trust between SMEs and its customers (Sharma et al., 2021). It is also important for SMEs to centralise the mobile experience of the customers as most of the communications happen via the digital mediums. For customers to have a fruitful experience, SMEs should take the customer through the complete communication sequence, that is, before, during, and after sale.

Implementing CXM in SMEs requires a strategic approach, involving investment in technology, staff training, and continuous feedback mechanisms. SMEs must upgrade the current knowledge on better technologies to optimise the flow of operations and the delivery of services to its customers (Mantravadi et al., 2023). It is crucial to provide training to the employees and make them understand about the various principles of CXM to achieve proper and satisfactory service delivery. However, Nekesa (2020) highlights listening and responding to the customers' feedback as helping factors to SMEs to adapt to the changing needs of their clientele and improve on their service delivery. As for the specific CXM trends that can be expected in the future for SMEs, it is possible to identify such priorities as AI, IoT and block chain that can help to enhance the customer experience and make the overall operations smoother. While the clients' sophistication grows, the focus on the digital context will be over the continuity of services, including seamless interconnection with other digital services (Sun et al., 2020). SMEs will also need to employ big data and AI to tailor its products and services, as well as recommendations to its consumers to increase its sale as well as dealing with issues concerning environmental sustainability and ethical consumption due to the increasing consciousness of consumers in the market (Handayati et al., 2024).

Therefore, SMEs should keep abreast with technological trends and should always be checking whether these can be adapted to their CXM strategies. Sustaining improvement work is important so that the CXM processes being followed will remain effective and on-par with current standards. By being in touch with the customers' needs, small business establishments are able to adapt the services that they are offering to the marketplace (Yu et al., 2022). Here are some customer experience (CX) services that can assist SMEs to improve customer experience management: Developing CX's vision aligned to organisational goals, evaluating CX maturity that focuses on strength and opportunities, and designing customer journey touchpoints that focuses on those that matter most. When SMEs create more elaborate customer profiles, they gain understanding of the key needs of particular clusters of customers; an implementation plan enables efficient and logical application of CX strategies and tactics (Pusceddu, 2023). The presence of a cohesive CX strategy management plan is found to ensure that all components of the customer journey are managed with a view to achieving customer satisfaction, customer loyalty and thus growth for the SMEs.

Through the adoption of these strategies and customer-oriented business model, SMEs can boost up their performance on customer experience management to maintain their competitive advantage in the rising competition of the global market in any decades to come. Thus, the tendency of CX in SMEs will depend on their efficiency in embracing new technologies, as well as on their capability to predict and meet the clients' expectations and demands for new services. Through these aspects, SMEs could be able to forge long-term relationships with their customers, which are key to the success of the business.

Building upon the SDL framework, researchers have developed various models and concepts to further elucidate the intricacies of customer experiences in service contexts. The customer experience quality (CEQ) model, for instance, identifies key dimensions such as service quality, product quality, and value that collectively shape customers' perceptions and evaluations of their experiences (Klaus & Maklan, 2012). Similarly, the customer experience journey (CEJ) framework acknowledges the dynamic and evolving nature of customer experiences, highlighting the importance of mapping and optimising touch points across different stages of the customer journey (Lemon & Verhoef, 2016).

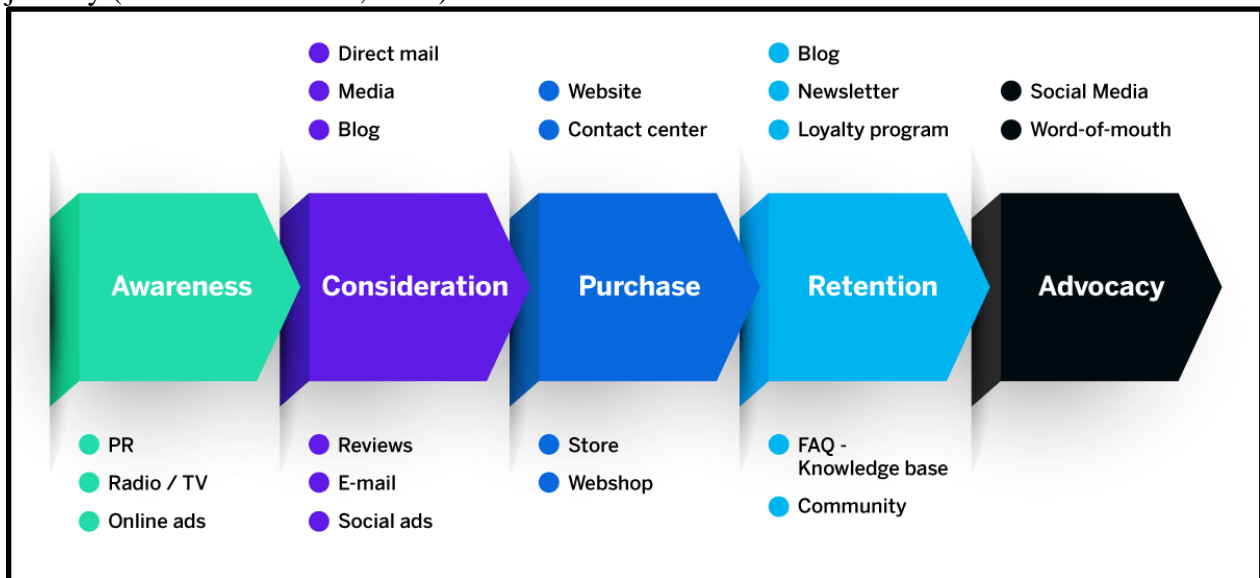


Figure 1: Customer Experience Journey Framework

Source: qualtrics.com

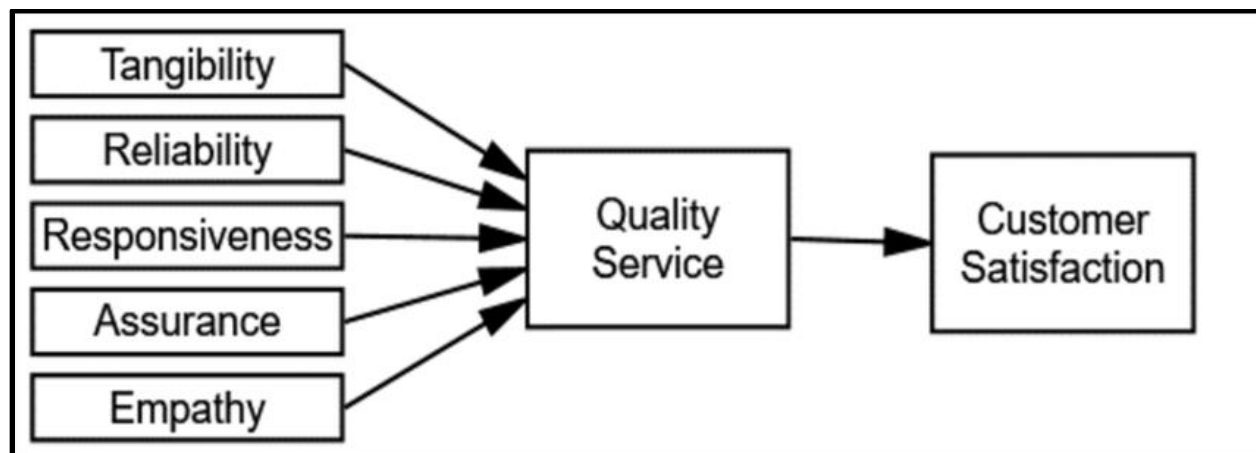


Figure 2: The SERVQUAL Model Source: Adopted from Parasuraman et al. (2023)

2.2 Customer Experience and Customer Experience Management (CXM) in Small and Medium Enterprises (SMEs)

In the ever-evolving landscape of the service industry, the concept of customer experience has emerged as a critical differentiator and a key driver of business success. Nowhere is this more evident than in the highly competitive and customer-centric SME industry, where delivering exceptional customer experiences has become a strategic imperative. This section delves into the definitions of customer experience and customer experience management (CXM), underscoring their importance in the and exploring the current state of CXM practices, challenges, and opportunities within the industry.

Customer Experience and Customer Experience Management

Customer experience can be defined as the totality of interactions, perceptions, and emotions that a customer encounters throughout their journey with a particular brand, product, or service (Lemon & Verhoef, 2016). It encompasses every touchpoint and encounter, from the initial awareness stage to post-purchase engagement, and encompasses both tangible and intangible aspects of the customer's journey (Homburg et al., 2017).

Customer experience management (CXM), on the other hand, refers to the strategies, processes, and practices employed by organisations to design, orchestrate, and monitor customer interactions and journeys across multiple touchpoints and channels (Homburg et al., 2017). It involves a deliberate and systematic approach to understanding customer needs, preferences, and expectations, and then proactively shaping and delivering experiences that meet or exceed those expectations (Kandampully et al., 2018). In turn, practitioners have begun appraising customer experience management (CXM) as one of the most promising management approaches for meeting these market challenges. A survey on marketing's role in firms, for example, found that by 2016, 89% of firms expect to compete primarily by CXM, versus 36% in 2010 (Akter, 2022).

Much attention has been paid to Customer Experience in recent years. It appears to be a hot topic across the world. Companies have sections, teams and even full departments to look after customer experience. According to Holmlund et al. (2020), most managers and directors that look after this have been thrown into this domain, often because they were in charge of customer satisfaction or customer's relations. This has led to the development of Customer Experience (CX) as something

quite different from the original thought of Customer Experience Management (CXM). CXM is a much bigger and broader term than CX. CXM is more of a business philosophy whereas CX is more mid-level strategy (Solthong, 2022).

CXM has now become a business orientation. The focus of the entire SME is now being directed on improving customer experiences. However, most companies have adopted customer experience as a business strategy and not a philosophy. The focus of these companies is on improving existing processes. They will use tools and techniques such as experience mapping, finding out key touch-points, NPS, etc to improve the customer experience for customers.

Overview of Chosen Organisations

Small and medium enterprises remain the point of focus of this study. SMEs are typically defined by their size, specifically the number of employees, annual turnover, or balance sheet totals. While definitions vary across countries and organisations, the European Union (EU) categorises SMEs as businesses with fewer than 250 employees and an annual turnover not exceeding €50 million, or a balance sheet total not exceeding €43 million (European Commission, 2020). In contrast, the United States Small Business Administration (SBA) defines SMEs based on industry-specific standards, often considering firms with fewer than 500 employees as small businesses (U.S. Small Business Administration, 2021). Despite these variations, the commonality in definitions lies in the relative size and scope of operations compared to larger enterprises.

Delta Swan is a Customer Experience Consultancy, supporting SMEs and small corporations as they learn more about their customers, adapt to meet customer needs and deliver the benefits enjoyed by all businesses that manage customer experience. Building Voice of the Customer processes, deep diving into customer personas, value propositions, and mapping the customer experience are just a few of the activities Delta Swan leads in to identify opportunities to delight more customers.

Many businesses know they have great products and services. So, they struggle to understand, let alone fix, customer dissatisfaction. When this happens, issues remain unresolved and repeat, decreasing satisfaction until customers leave. Delta Swan as an organisation, creates tailored plans to fix, improve and transform CX, teaching your team and helping them to build new capabilities and a culture that supports the customer. They also display how to create new products, services and touch points to deliver the best possible Customer Experience for the first time. True to their principles, they listen, understand your needs and build tailored hands-on-support and mentoring. Extra benefits involves getting the support of an experienced leader, who brings a can-do energy and inspires people to embrace different points of view and act with intent, digging deep to understand what you need and create the right outcome, working collaboratively to engage, excite and motivate your team, defining opportunities, building solutions and taking action to enhance your CX and deliver lasting business performance and recognising and responding to the ideas and concerns of all stakeholders to ensure we leave everyone happier.

Methodology

The study employs a qualitative mono method approach, focusing on in-depth, semi-structured interviews with two SME owners. This methodology is grounded in the interpretivist paradigm, which emphasises the subjective nature of reality and the importance of understanding phenomena through the perspectives of research participants (Saunders et al., 2019).

Research Design

Qualitative Research

The study adopts a qualitative research design, which is particularly well-suited for exploring complex social phenomena such as customer experience management in SMEs. Qualitative research, as described by Denzin and Lincoln (2018), allows for an in-depth exploration of individuals' perspectives, experiences, and the contexts in which they operate. This approach aligns with the study's aim to understand the nuanced ways in which SME owners conceptualise and implement CXM strategies.

The choice of a qualitative design is further justified by the exploratory nature of the research questions. As Patton (2015) argues, qualitative methods are particularly useful when the goal is to uncover new insights and develop a rich understanding of a phenomenon, rather than testing pre-existing hypotheses. In the context of CXM in SMEs, where practices may vary significantly based on individual business contexts, a qualitative approach allows for the flexibility to explore unexpected themes and adapt the inquiry as new insights emerge.

Moreover, the qualitative design aligns with the interpretivist paradigm underpinning this study. Interpretivism, as explained by Bryman (2016), emphasises the subjective nature of social reality and the importance of understanding phenomena through the eyes of participants. This perspective is particularly relevant when studying CXM practices, as it allows for an exploration of how SME owners interpret and give meaning to their customer interactions and management strategies.

Semi-Structured Interviews

Within the qualitative framework, semi-structured interviews have been chosen as the primary data collection method. Semi-structured interviews, as defined by Kvale and Brinkmann (2015), are a versatile method that combines predetermined questions with the flexibility to explore emerging themes and ideas. This approach allows for a balance between consistency across interviews and the ability to delve deeper into individual experiences and perspectives.

The choice of semi-structured interviews is particularly appropriate for this study for several reasons. Firstly, as noted by Galletta (2013), semi-structured interviews are well-suited for exploring complex topics where the researcher wants to understand not just what participants do, but also why they do it. This aligns with the study's aim to uncover the rationale behind SME owners' CXM practices. Secondly, the flexibility of semi-structured interviews allows for the exploration of unexpected themes that may arise during the conversation, potentially leading to new insights about CXM in SMEs (Rubin and Rubin, 2011).

Moreover, semi-structured interviews provide an opportunity for the researcher to build rapport with participants, which is crucial when discussing potentially sensitive business practices. As King et al. (2018) argue, this rapport can lead to more open and honest responses, enhancing the depth and quality of the data collected.

Data Collection Plan

Interview Guide Development

The development of a robust interview guide is crucial for ensuring that the semi-structured interviews yield rich, relevant data. As Kallio et al. (2016) argue, a well-constructed interview guide helps maintain focus on the research questions while allowing for flexibility to explore emerging themes. The interview guide for this study will be developed through a rigorous process involving several key steps.

Firstly, a comprehensive literature review was conducted to identify key themes and concepts related to CXM in SMEs. This review will draw on academic journals, industry reports, and relevant theoretical frameworks to ensure a broad and up-to-date understanding of the field. As noted by Brinkmann and Kvale (2015), grounding the interview questions in existing literature helps ensure their relevance and theoretical significance.

Secondly, the research questions and objectives were carefully reviewed to ensure that the interview guide directly addresses the study's aims. Each question in the guide was mapped to specific research objectives, ensuring comprehensive coverage of all relevant aspects of the study.

Thirdly, the questions were formulated using open-ended language to encourage detailed, reflective responses from participants. As recommended by Patton (2015), the questions were designed to elicit descriptions of experiences, opinions, and behaviours related to CXM practices. For example, instead of asking "Do you use customer feedback?", the guide might include a question like "Can you describe how you gather and use customer feedback in your business?"

The interview guide was structured into several key sections:

1. **Introduction and background:** This section included questions about the participant's business, their role, and their general approach to customer management. For example:
 - Can you tell me about your business and your role within it?
 - How would you describe your overall approach to managing customer relationships?
2. **CXM strategies and practices:** This section explores specific CXM strategies and practices employed by the SME. Questions might include:
 - What specific strategies do you use to enhance customer experience?
 - How do you measure and track customer satisfaction?
 - Can you describe a recent initiative you implemented to improve customer experience?
3. **Challenges and opportunities:** This section focuses on the difficulties faced in implementing CXM and potential areas for improvement. Example questions:
 - What are the main challenges you face in managing customer experience?
 - How do you see technology impacting your ability to manage customer experience?

Analysis Approach

Thematic Analysis

The primary analytical approach for this study is thematic analysis, as outlined by Braun and Clarke (2006). Thematic analysis is a flexible method that allows for the identification, analysis, and reporting of patterns (themes) within data. This approach is particularly well-suited to the exploratory nature of this study, as it allows for both inductive and deductive approaches to theme development.

The thematic analysis process follows Braun and Clarke's six-phase approach:

1. **Familiarisation with the data:** This involves immersing oneself in the data through repeated reading of the transcripts and listening to the audio recordings. As emphasised by Nowell et al. (2017), this phase is crucial for developing a deep understanding of the data's breadth and depth.
2. **Generating initial codes:** In this phase, the researcher will systematically code interesting features across the entire dataset. As recommended by Saldaña (2021), a combination of descriptive coding (summarising the topic of a passage) and in vivo coding (using participants' own language) will be employed to capture both the content and the nuanced expressions of participants.
3. **Searching for themes:** This phase involves sorting the different codes into potential themes and collating all the relevant coded data extracts within the identified themes. As noted by King and Brooks (2018), this process is iterative and may involve creating thematic maps to visualise relationships between codes and potential themes.
4. **Reviewing themes:** The themes will be checked in relation to the coded extracts and the entire data set. This process, as described by Fereday and Muir-Cochrane (2006), ensures that the themes are coherent, distinct, and reflective of the data.
5. **Defining and naming themes:** This phase involves refining the specifics of each theme and generating clear definitions and names for each theme. As emphasised by Braun and Clarke (2019), the names and definitions should capture the essence of what each theme is about and how it relates to the overall story the analysis tells about the data.
6. **Producing the report:** The final phase involves the selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, and producing a scholarly report of the analysis.

Throughout this process, the researcher will use NVivo software to facilitate the organisation and analysis of the data. As noted by Bazeley and Jackson (2013), NVivo can enhance the rigour of the analysis by providing tools for systematic coding, theme development, and data visualisation.

Comparative Analysis

Given the study's focus on two SME owners, a comparative analysis was conducted to identify similarities and differences in their CXM approaches. This comparative approach, as described by Eisenhardt (1989), allows for the exploration of how different contexts and individual factors might influence CXM practices.

The comparative analysis will involve:

1. Developing detailed case descriptions for each participant, including their business context, CXM strategies, challenges, and perceived outcomes.
2. Identifying patterns of similarity and difference across the cases, considering factors such as business type, target customer base, and personal management style.

Data Analysis

Introduction

This thematic analysis is based on interviews conducted with two senior members from different SMEs, both of whom operate in distinct sectors: one in software development and education and the other in the food industry. The analysis aims to identify and explore key themes related to customer experience management (CXM) practices within these organisations. The analysis is structured around four primary themes, each comprising two sub-themes, providing a detailed exploration of the interview data.

Coding Table

Theme	Sub-Theme 1	Sub-Theme 2
Strategic Importance of CXM	Role in Customer Retention	Impact on Business Growth
Implementation of CXM Strategies	Use of Feedback Mechanisms	Integration of Technology

Theme One: Strategic Importance of CXM

One of the primary themes that emerged from the interviews is the strategic importance of customer experience management (CXM) within SMEs. Both interviewees highlighted that CXM is not just a peripheral concern but a core element of their business strategy.

Role in Customer Retention

For the software development company, CXM is crucial for customer retention, particularly given their business model, which relies heavily on recurring revenue from educational institutions. The interviewee emphasised that their approach to CXM is highly strategic, designed to ensure that

schools renew their contracts each year. They have implemented several benchmarks, such as the Net Promoter Score (NPS) and customer engagement flags, to assess and enhance customer satisfaction. These tools help the company identify customers who may be at risk of churning and enable proactive engagement to address potential issues.

Similarly, in the food industry SME, the focus on customer experience is viewed as integral to maintaining and growing their customer base. Although they lack formal feedback mechanisms, the interviewee underscored that customer experience plays a vital role in building long-term relationships with chefs, who are their primary customers. The emphasis on providing a seamless and satisfying customer experience is seen as essential for ensuring repeat business and customer loyalty.

Impact on Business Growth

The strategic importance of CXM is also reflected in its perceived impact on business growth. In both organisations, CXM is linked to broader business objectives, such as increasing market share and enhancing brand reputation. The software company views customer satisfaction as a key driver of growth, with satisfied customers likely to promote the company's products to others. This word-of-mouth marketing is particularly valuable in the educational sector, where schools often rely on the recommendations of their peers.

The food industry SME also connects CXM with business success, though in a less structured way. The interviewee pointed out that their efforts to improve customer experience, such as rebranding and enhancing their online presence, have contributed to the company's growth over the past decade. However, they acknowledged that without formal metrics, it is difficult to quantify the exact impact of these efforts on business growth.

Theme Two: Implementation of CXM Strategies

The second theme focuses on the implementation of CXM strategies, with particular attention to how these SMEs gather customer feedback and integrate technology into their CXM practices.

Use of Feedback Mechanisms

Both companies recognize the importance of customer feedback, but their approaches to collecting and utilising this feedback differ significantly. The software development company has established formal mechanisms for gathering customer feedback, such as NPS surveys and customer status audits. These tools allow them to systematically assess customer satisfaction and identify areas for improvement. The company also engages external consultants to review their CXM processes periodically, ensuring that they remain aligned with industry standards and best practices.

In contrast, the food industry SME relies primarily on informal feedback gathered through face-to-face interactions between their sales team and customers. The interviewee admitted that they do

not conduct formal surveys or use structured feedback tools, partly due to the Managing Director's belief that such efforts may not be worth the investment. Instead, the company relies on the intuition and experience of their senior team members, particularly the chefs who work closely with customers, to gauge customer satisfaction.

Integration of Technology

The integration of technology into CXM is another critical aspect of how these SMEs manage customer experience. The software company has invested heavily in developing internal systems to track and manage customer interactions. Their CRM system, which is integrated with their software products, allows them to monitor customer usage patterns, identify potential issues, and respond promptly to customer needs. This technological integration is seen as essential for maintaining high levels of customer satisfaction and ensuring that the company can scale its operations as it grows.

On the other hand, the food industry SME has a more limited approach to technology integration. While they have improved their website and online ordering system as part of their broader effort to enhance customer experience, they have not invested in sophisticated CRM tools or automated feedback systems. The interviewee acknowledged that there are technical challenges in providing the level of support their customers might need, particularly given the complexity of some of their products. However, they also expressed a desire to better understand their customers' preferences and how technology might be used to meet those needs more effectively.

Discussion of findings

The findings from the thematic analysis underscore the critical role that customer experience management (CXM) plays in the strategic operations of small and medium-sized enterprises (SMEs). Both SME owners highlighted the importance of CXM, though their approaches varied significantly, reflecting differences in industry context, resource availability, and organisational priorities. This discussion explores these findings in relation to the literature and theoretical models outlined in the research.

One of the most striking aspects of the interviews was the recognition of CXM as a strategic tool for customer retention and business growth. The owner of the software development company emphasised that "the most important thing that we do from a point of view of our business model is recurring revenue streams. If we don't keep customers happy, they don't renew." This statement directly aligns with the literature, where customer experience is often linked to customer loyalty and repeat business, as highlighted by Homburg et al. (2017), who describe CXM as a higher-order resource essential for sustaining competitive advantage.

In contrast, the owner of the food industry SME expressed a more informal approach to CXM, driven by a belief in the inherent value of their products and services. He noted, "We think we have a good understanding of the customer experience... She [the Managing Director] thinks that customers would tell us if there was a problem." This perspective reflects a reliance on tacit knowledge and personal relationships rather than formalised feedback mechanisms. While this

approach may be effective in the short term, it contrasts with the more structured models of CXM, such as the customer experience journey framework proposed by Lemon and Verhoef (2016), which emphasises the need for systematic management of customer interactions across multiple touchpoints.

In conclusion, the findings from this study reinforce the critical importance of CXM in SMEs, while also highlighting significant variations in how it is perceived and implemented. These differences underscore the need for more nuanced approaches to CXM that are adaptable to the specific contexts and resource limitations of SMEs. The integration of theoretical models with practical insights from SME owners provides a deeper understanding of the complexities involved in managing customer experience in small business settings.

Conclusion

This report has explored the critical role of Customer Experience Management (CXM) in small and medium-sized enterprises (SMEs), with a specific focus on licensed restaurants in Derby. Through a combination of theoretical analysis and empirical research, the study has demonstrated that CXM is an indispensable tool for enhancing customer satisfaction, loyalty, and business performance. The development and validation of a diagnostic tool tailored for SMEs provided practical insights into current CXM practices, challenges, and opportunities. By integrating emerging technologies and fostering a customer-centric culture, SMEs can significantly improve their CXM strategies, thereby securing a competitive advantage in a rapidly evolving market. The findings underscore the need for SMEs to continuously invest in CXM, particularly in areas such as staff training, feedback mechanisms, and technology integration. Moving forward, SMEs should focus on refining their CXM practices, leveraging the diagnostic tool to identify areas for improvement, and staying abreast of industry trends to meet the evolving expectations of their customers.

Recommendations (Business Case Model)

Based on the findings discussed above, a comprehensive set of recommendations is proposed using a business case model. The first recommendation focuses on investment in CXM Training and Education. The varied levels of CXM understanding among SME owners and managers highlight a need for targeted education. It is recommended to develop a comprehensive CXM training program tailored for SMEs. Expected benefits include improved understanding and implementation of CXM practices, enhanced ability to design effective customer journeys, and increased customer satisfaction and loyalty. While there are costs associated with developing training materials, staff time investment, and potential external consultant fees, the long-term benefits in terms of improved customer retention and word-of-mouth marketing are expected to outweigh the investment.

The second recommendation involves the implementation of tailored diagnostic tools. The study revealed the effectiveness of diagnostic testing in improving CXM practices. It is recommended to develop and implement a sector-specific CXM diagnostic tool for SMEs. This would allow for the identification of specific CXM strengths and weaknesses, enable data-driven decision-making in CXM strategy, and facilitate continuous improvement of customer experiences. Although there are costs related to tool development, customization, staff training, and ongoing maintenance, the

diagnostic tool is expected to lead to more targeted CXM improvements, resulting in increased customer satisfaction and potentially higher revenue over time.

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