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PERFORMANCE MEASUREMENT AND MANAGEMENT OF CUSTOMER EXPERIENCE FUNCTION

ABSTRACT

Jenni Toivonen: Performance Measurement and Management of Customer Experience Function

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Organizations are increasingly emphasizing the importance of comprehensive customer experience as their primary competitive advantage, and increased competition has shifted the market power from organizations to customers. Over time, question that has arisen increasingly is how Customer Experience function can be measured and managed more systematically within organizations to enhance customer experience. Despite the recognized importance, the current understanding of customer experience has stayed on a relatively high-level, and the number of empirical findings is limited. A search of relevant work did not yield research where Customer Experience function would have been evaluated from the performance measurement and management systems viewpoint, although several recommendations of using the viewpoint exist.

This research analyzes how Customer Experience function is measured and managed in organizations, and what is the role of customer accounting in their customer experience management. The first objective of this research is to establish a comprehensive understanding of how organizations perceive the performance measurement of Customer Experience function and which management methods are essential in it. As the second objective, it addresses the daily processes in customer experience management and the role of customer accounting in supporting their measurement. The research was conducted as a qualitative action-oriented multiple case study, involving interviews with three directors of Customer Experience functions. The represented organizations were chosen based on the organization size, competition intensity and market orientation.

Due to the discretionary nature of sample selection and small size, the results of this research can be further used to create generalized results. The research findings indicate that performance measurement and management systems play an important role in the Customer Experience function, but standardized measurements and management methods do not exist yet. A unique factor of the performance measurement and management system within the Customer Experience function is the importance of qualitative data. According to the research results, the quantification of the qualitative data collected by the function enhances impact of customer experience within the organization but includes a risk of overlooking and hiding business-relevant insights. The role of customer accounting in customer experience management focuses on decision-making and enhancing customer engagement, with the expectation that customer accounting will provide future-oriented and behavior-based insights for the function. To advance the measurement and management of Customer Experience function, it is important to increase understanding of how customer experience can be integrated into financial measurements.

Keywords: *Customer experience, customer experience management, balanced scorecard, performance measurement and management systems, customer accounting*

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1 INTRODUCTION

1.1 Choice of Topic

Customer-centricity in business development has always been present and it has long been widely accepted in academia that customer-centric organizations outperform others in the business world (Drucker, 1954; Guilding & McManus, 2002; Mittal et al., 2023). Indeed, it is natural that customer experience has strongly emerged in the vocabulary of both companies and public organizations over the last decade. An increasing number of executives talk about customer experience as their primary source of competitive advantage which has enhanced it as a well-established concept in organizational strategy, missions, visions, as well as in employee incentive and reward systems. (Saarijärvi & Puustinen, 2020.)

Market changes such as increased competition and the resulting shift of power from organizations to customers have transformed inter-organizational competition. Market evolution has progressed from production-centric to customer-centric where organizations compete with each other not only in terms of products and services, but also in creating more memorable customer experiences. (Pine & Gilmore, 1998.) However, consulting company Accenture (2023) found in its latest research that 88% of directors feel that their customers are evolving faster than their businesses can adapt. Customer Experience functions have been trying to adapt to the new digitalized and multi-channel society for years but have encountered challenges in creating a unified customer experience. (Curtis, Burke, Björnsjö, de la Mare & McNeely, 2023.) According to the American Customer Satisfaction Index (2023), customer satisfaction ratings are at an all-time low in the United States. Indeed, there is a need for reliable and systematic information on how the Customer Experience function can impact the customer experience in organizations (Becker & Jaakkola, 2020).

Performance measurement and management systems (PMMS) is an integrated set of financial and non-financial measurements together with various management processes that link performance measurements to execution (Malina & Selto, 2001; Neely & Najjar, 2006; Burney et al., 2009). While the early definitions of PMMS was primarily defined based on measurable financial information (Skinner, 1969), nowadays PMMS considerate cultural and social elements more comprehensively, aiming to address not only individuals but also the multifaceted and dynamic nature of organizations and their operating environments (Franco-Santos, Lucianetti & Bourne, 2012; Melnyk, Bititci, Platts, Tobias & Andersen, 2014).

In academics, it has been noted that there are no established PMMS frameworks for Customer Experience function, increasing both the costs associated and reducing the value delivered to customers by organizations (Ng & Wood, 2018). According to Ceesay (2020), the absence of a PMMS framework poses significant challenges for the Customer Experience function as its abilities to seek concrete assistance are lower because organization's other functions may not necessarily understand the role of customer experience. Becker and Jaakkola (2020), on the other hand, highlight that due to the lack of framework, customer experience often remains at the level of wishful thinking and organizations are not able to deliver the unified customer experience. In the business environment, it has been investigated that insufficient customer experience reduces sales revenues by two to seven percent, profitability by one to two percent and shareholder return by seven to ten percent, highlighting the significance of the challenge (McKinsey & Company, 2022).

Further research is therefore needed for enhancing both scientific theory and the business environment. For example, Guilding and McManus (2008) as well as Matsuoka (2020) highlight the fragmentation and shallowness within the customer experience research and underscore the importance of action-oriented approach in future studies. Through action-oriented research, the diverse factors and dimensions of measuring and managing the Customer Experience function in real organizational contexts can be considered. According to them, one of the most significant current challenges in academics is the lack of empirical data. (Guilding & McManus, 2008; Matsuoka, 2020.) Especially authors have requested an integration of marketing and accounting literature where Customer

Experience function is analyzed from the PMMS viewpoint because this approach allows for the expansion of a comprehensive understanding of customer experience rather than focusing on single factors (Guilding & McManus, 2002; McManus & Guilding, 2008; Ng & Wood, 2018; Matsuoka, 2020).

Previous empirical research has primarily focused on measurement by investigating the implementation of customer accounting techniques or factors impacting the utility and effectiveness of them. Vaivio (1999) investigated how the implementation of customer accounting impacts the organizational structure and according to him, customer accounting will create new dimensions and reshape traditional responsibilities in organizations. Researchers Guilding and McManus (2002), McManus and Guilding (2008, 2009) as well as McManus (2011) have, on the other hand, examined the implementation of customer accounting from various viewpoints, but their research has been geographically limited as it has focused on Australia and New Zealand. Holm and Ax (2020) have examined the effects of competition intensity and competition type on customer accounting techniques' sophistication and recognized a higher sophistication level in highly competitive industries. Elkmash, Abdel-Kader and Badr El Din (2022) as well as Wobst, Röttger and Lueg (2023) have investigated the potential of more advanced technologies and recognized a significant role of them in enhancing the implementation of customer accounting. However, research that analyzes both the measurement and management of the Customer Experience function comprehensively has not been conducted.

In this research, Customer Experience function is examined through the lens of PMMS to understand the frameworks that could better support them in customer experience measurement and management. The need for discussions is perhaps greater than ever before. Competition and technological advancements are constantly increasing, so are customers' needs, and to remain connected with these changes, it is crucial to analyze this topic. The development of customer experience can be seen as one of the most significant tools for achieving more profitable business, and thus, it is meaningful to provide new research that holds significance both in theory and practice, as well as foster the dialogue between them.

1.2 Objectives, Research Questions and Restrictions

The goal of this research is to enhance the understanding of how Customer Experience functions are measured and managed in organizations, and what is the role of customer accounting in their customer experience management. The two research questions are presented as the following:

1) *How do organizations measure and manage the Customer Experience function from the viewpoint of performance measurement and management systems?*
2) *What is the role of customer accounting in Customer Experience function's customer experience management?*

The first research question aims establishing a comprehensive understanding of how organizations perceive the performance measurement of Customer Experience function and which management methods are essential in it. The examination is conducted through the lens of Kaplan and Norton's four viewpoints of Balanced Scorecard, which emerge from the PMMS research field. A broad understanding of the viewpoints is sought by identifying common characteristics among Customer Experience functions' PMMS. When approaching the first goal of the research, the outcomes of Customer Experience function are examined as part of the organization.

The second research question focuses on the processes in the Customer Experience function itself. In previous research, PMMS has been observed to represent the outcomes of daily operations' efficiency of the function. To enhance the comprehensive understanding, it is requested to examine both the daily processes and the outcomes they generate in the same research. (Ng & Wood, 2018.) Indeed, the second research question addresses the daily processes that Customer Experience function has and the role of customer accounting in supporting their management. The role is assessed by observing the maturity of the three key processes of customer experience management and by evaluating the customer accounting techniques' suitability in measuring these processes. The theoretical framework is conducted as multidisciplinary research of marketing and accounting because it has been seen as an emerging integration to enhance the

understanding of the Customer Experience function (McManus & Guilding, 2008; Matsuoka, 2020).

The empirical part of the research is conducted in globalized Finnish organizations all of which have their headquarters and the director of Customer Experience function in Finland. The organizations were chosen based on three criteria which were organization size, competition intensity, and market orientation. According to Merchant (1981), the need for PMMS increases alongside the organization size while Guilding and McManus (2002) have found that in comparison to other factors, competition intensity and market orientation support significantly the prevalence and perceived benefits of customer accounting techniques usage. Thus, it could be assumed that the maturity of Customer Experience function is higher in large organizations with high competition and market-oriented approach.

It is evident that ultimately, customer experience is driven by the operational execution involving, for instance, customer service representatives, logistics, and procurement personnel, however, these functions are excluded from the primary scope of examination. In these operational implementations, customer experience is viewed as a supportive element for carrying out daily tasks whereas this research seeks to analyze customer experience more comprehensively. Also, although the study acknowledges the impact of strategy when leading the Customer Experience function, it is excluded from the main examination, but focuses more to the operational level.

The first part of the theoretical framework, PMMS, include several empirical frameworks such as Tableau du Bord (Epstein & Manzoni, 1997; Malleret & Nørreklit, 2004; Pezet, 2009), the Performance Prism (Atkinson, Waterhouse & Wells, 1997) and Balanced Scorecard (BSC) (Kaplan & Norton, 1992). Due to the limited study length, this research reviews only the BSC for several reasons. First, BSC is considered as the dominant framework in the field which makes it easy to understand among practitioners (Llach, Perramon & Marimon, 2017). Second, BSC is the first performance measurement and management framework that emphasizes customer value (Bourguignon, 2005) which is in a crucial role in this research.

1.3 Research Methodology

Based on the research problem and the research objectives the conducted research can be categorized as a qualitative study grounded in hermeneutics. For hermeneutics the research object is a society constructed by humans, where practices are intentional and meaningful for them, and its practices can only be understood by delving into their purposes and meanings (Tuomi & Sarajärvi, 2018). Hermeneutics emerges as an appropriate philosophical foundation for this research because it aims to increase the understanding of PMMS within a specific function which according to Vaivio (1999), will change organizations' nature, personal perceptions, and behavior. Throughout the research process, it follows a hermeneutic circle, which refers to the dialogical interaction with the research material. While the researcher's preconceptions underpin the understanding of the material, through the form of dialogue with the material, it aims to foster critical awareness of researcher's limited subjectivity as well. (Valli & Aaltola, 2018.)

Within the accounting research domain qualitative methodology explains how accounting and its systems engage with their surrounding environment (Hoque, 2006a; see Hopwood, 1983; Hopper & Powell, 1985) by representing a real-life phenomenon, wherein the examined material is approached in multifaceted and detailed manner (Hirsjärvi & Hurme, 2022). Qualitative methodology aligns with the research objectives of this research because first, previous research has requested qualitative empirical studies within the realms of customer experience (McManus & Guilding, 2008; Matsuoka, 2020). Also, the foundation of qualitative research's contribution is providing new ways of understanding the phenomenon, focusing more on depth than generalization (Creswell, 2023, 171-172) which aligns with the goal of this research.

The data collection strategy in the research and the method of conducting is a case study. A case study approach emphasizes the importance of getting close to the daily life of the research object to personally understand the realities and details of it (Creswell, 2023, 134-135). It is employed when the research explores in depth one or few purposefully selected cases, such as a specific process or function within an organization. As this

research involves multiple cases, it can also be referred as a multiple case study. The advantage of a case study lies in its ability to facilitate a comprehensive understanding of functions which is crucial in this research context as well. (Koskinen, Alasuutari & Peltonen, 2005.) In this research, the focus is on the processes that exist in the specific function.

When reflecting upon the hermeneutics nature of reality, the qualitative nature of knowledge, and the multiple case study, it can be asserted that the research approach in this research is action-oriented. Action-oriented approach is one out of five traditionally followed Finnish business research methodologies by Neilimo and Näsi (1980) and Kasanen, Lukka and Siitonen (1991)[1] where it aims to achieve a deeper understanding of a single or few cases using qualitative methods and a dialogue between theory and empirical data (Neilimo & Näsi, 1980). Research questions relate to understanding the process of change or development of some actual problem. It seeks to enhance comprehension of human actions by centering the human essence within an organization, with the goal of generating not only understanding but also conceptual systems, frameworks, and languages. (Kihn & Näsi, 2017, 137.). Action-oriented research can either aim to create a new theory or demonstrate, deepen, or test an existing one (Creswell, 2023, 212).

In this research, the action-oriented approach is identified with the aim of demonstrating and deepening the theory through pragmatic research, with a concentration of developing a framework foundation for an actual problem. By utilizing a widely recognized PMMS framework in analyzing the empirical data and centering the customers' needs in the middle, it aims supporting organizations in their ways of measuring and managing the Customer Experience function. By utilizing the action-oriented approach, according to Matsuoka (2020), the impact that PMMS have on employees' awareness and behaviors in Customer Experience can be observed. The introduction of such a system may enhance

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[1] According to Neilimo and Näsi (1980) the five research methodologies are concept analytical, nomothetic, decision analytical, and action-oriented. Later, the classification has incorporated a constructivist research approach (Kasanen et al., 1991).

employees' ability to execute marketing strategies more efficiently, or vice versa, it may cause unexpected negative responses (Matsuoka, 2020).

1.4 Structure of Research

This research comprises five main chapters and their progression is illustrated in Figure 1. The introduction of the research formulated the topic as well as goals, research questions and restrictions of the study. Furthermore, an exploration was conducted into the epistemological foundation and research methodology of the research.

Chapter 1 Introduction	Chapter 2 Theoretical framework	Chapter 3 The empirical part of the research	Chapter 4 Findings	Chapter 5 Summary and conclusions
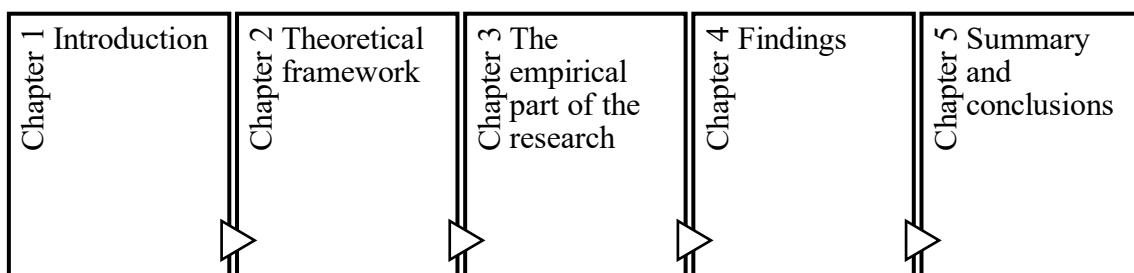
Figure 1 The structure of the research

In the second chapter, the research object is comprehensively examined from a theoretical viewpoint. Of crucial significance is the research about PMMS. A review of customer accounting, its key techniques, and previous empirical results perceive an approach for understanding how Customer Experience function is typically measured in the organizations. Last, the review of customer experience is reviewed to understand the management of Customer Experience function. The summary of the second chapter defines the framework which will be the viewpoint for the empirical part of the research.

Third chapter transitions to the description of methodology and data. Within this chapter, it is addressed how the empirical data has been collected, processed, and analyzed while outlining validity and reliability of the research together with research ethics. The

presentation of the individuals interviewed, organizations they represent, and the data is undertaken at the end of the third chapter.

Empirical findings of the research are presented in the fourth chapter, linked to the theoretical framework as well as key findings summarized. In the final, fifth chapter, conclusions drawn from the empirical results are outlined. Finally, the significance of the study is addressed, along with further research possibilities, and an assessment of the research's reliability is provided.

2 THEORETICAL FRAMEWORK

In this chapter, the literature pertaining to the research questions is subject to a critical review, and the requisite concepts for the research are delineated. First, the concepts and theory of PMMS in general and the framework used in the empirical part are defined. Second, the most relevant approaches and techniques of customer accounting are reviewed in their own subchapters, and previous empirical results are assessed. Third, the history and development of customer experience is reviewed in more detail, and customer experience management is defined. Fourth, the theoretical framework is summarized, and the synthesis presented. The theoretical framework of the research is presented in Figure 2.
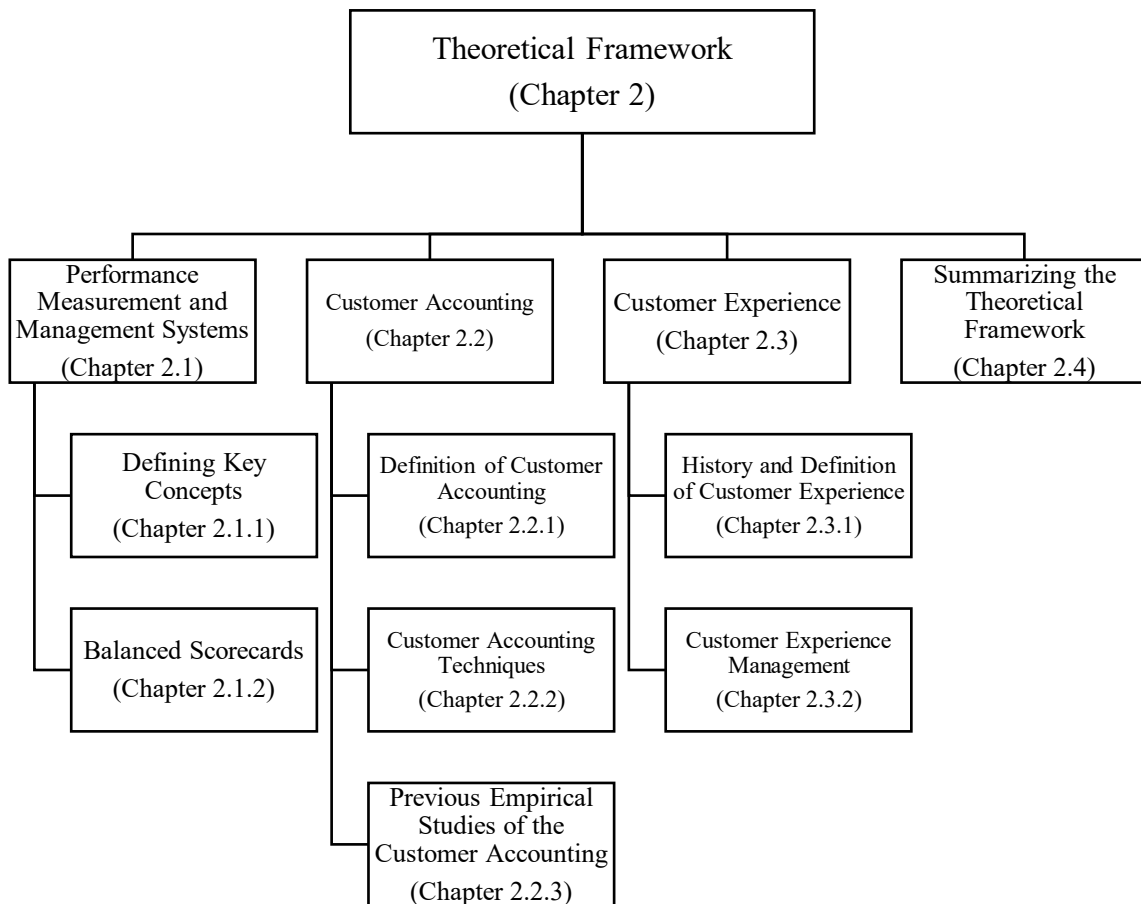

Figure 2 Theoretical framework of the research

2.1 Performance Measurement and Management Systems

2.1.1 Defining Key Concepts

The topic of PMMS has an extensive history within the realm of management accounting and is also one of the key concepts in this research. However, the definition and theories used in PMMS have been subject to variation, and inconsistent in the academic literature over time. Thus, lack of clarity has resulted in an absence of a widely accepted and agreed-upon definition (Franco-Santos et al., 2012). In this chapter, the theoretical background of PMMS is introduced by presenting existing definitions of performance measurement, performance management, and performance measurement and management systems, e.g., PMMS. Their relations with each other are also visualized in Figure 3.
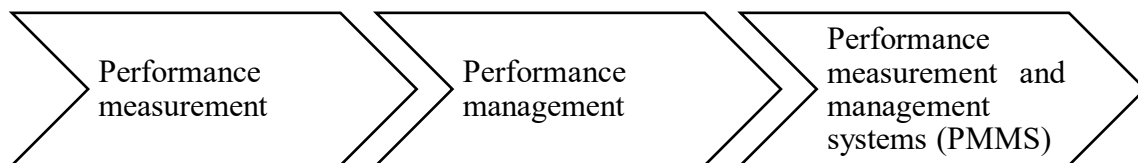
Figure 3 Key concepts' relation to each other

William Skinner is considered as one of the pioneers who introduced the concept of performance measurement to academics in the 1970s (Neely, Gregory & Platts, 1995). Back then, Skinner (1969) aligned strategic intentions with operational measurements by stating that criteria for managing a factory should not be considered only based on efficiency and costs but include organization's competitive strategy as well. Strategy refers to an organization's long-term direction and the way it utilizes its resources to achieve a competitive advantage (Puusa, Reijonen, Juuti & Laukkanen, 2016). Johnson and Kaplan (1987) then extended the definition by proposing organizations to shift toward a broader view of the entire value chain, including suppliers and customers rather than focusing on an individual costs in measurement. That way measurement can adapt to the modern business environment where organizations are required to be agile and adaptable to change (Johnson & Kaplan, 1987).

A characteristic part of performance measurement definition is the relationship between financial and non-financial measurements (Ittner & Larcker, 1998; Kennerley & Neely, 2003; Ittner, Larcker & Randall, 2003; Burney, Henle & Widener, 2009). In Kennerley and Neely's (2003) definition, non-financial measurements' role is to indicate how performance targets are achieved or how to enhance them. By quantifying the efficiency and effectiveness of past actions, organizations can measure their performance to review and communicate their position as well as drive progress (Kennerley & Neely, 2003). Based on goal-setting theory, according to Burney et al. (2009), non-financial measurements define the evaluation benchmark and corresponding measures for individual that will operate as leading indicator for the individual of performance regarding goals, initiatives, and financial performance. Ittner and Larcker (1998) found that non-financial measurements indicate future financial performance, but later they (Ittner et al., 2003) showed that the use of non-financial performance measurements did not indicate financial performance.

Performance management is an integrative part of performance measurement, sometimes mixed with it and it has particularly been influenced by various psychological theories (Franco-Santos et al., 2012). Performance management is an integrated set of management processes which links performance measurements to execution. By emphasizing the way managers challenge their assumptions and align them to the goals, performance management can be understood as an efficient way of using performance measurements (Neely & Najjar, 2006). In their definition, Malina and Selto (2001) emphasize performance management from the communicational importance, for which the need, according to Merchant (1981) is larger as the organization grows. In performance management, communication is trusted and relied on when processes and measurements behind it are perceived as understandable and trustworthy (Malina & Selto, 2001). Hoque (2014) also adds the visual appearance as one characteristic of the performance management and highlights that together with communication, it affects the way the message is understood.

Together these two elements, performance measurement and performance management, constitute an integrated system called performance measurement and management

systems, e.g., PMMS[2]. For example, Bourne, Mills, Wilcox, Neely & Platts (2000) has defined PMMS based on agency theory as a framework that translates the needs of agents and other stakeholders into business objectives and measurements for the organization. Through this process, PMMS enables a systematic evaluation of the gap between achieved results and desired outcomes. When deemed essential, PMMS includes the implementation and continuous monitoring of corrective actions aimed at closing performance gaps. (Bourne et al., 2000.)

On the other hand, the definition of PMMS has also been influenced by contingency and psychological theories with the emphasis on organizational environment as a crucial element of PMMS. According to Franco-Santos et al. (2012) and Melnyk et al. (2014), shifts in the organizations' strategy, culture, structure or the external environment should directly impact the configuration of PMMS. Franco-Santos et al. (2012) argue that PMMS inevitably impacts employees' behavior and individuals make subjective decisions based on the information PMMS provides. Therefore, continuous attention must be given to ensure that the information disseminated through PMMS influences the way employees think, act, and interact as desired. For the same reason, Melnyk et al. (2014) propose that organizations often need to make a choice between a lightweight, generic PMMS and a heavy, personalized PMMS when implementing such a system. The choice between generic and personalized PMMS should be contingent upon the organization's available resources. Indeed, the concept of system fulfills performance measurement and management in this research by considering the external environment within which they are implemented. (Bourne et al., 2000; Melnyk et al., 2014.)

PMMS can also be examined through multiple levels. Neely, Gregory and Platts (1995) examine PMMS individually, as an entity and as the relationship between the PMMS and the operational environment. Individually, the key is understanding the measurements of the PMMS by reviewing, why they are used, what they are used for and what benefits they provide. As an entity, PMMS can be analyzed by exploring if all appropriate

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[2] In academia, various terminologies have been used to describe concepts related to PMMS. Other known terms include "contemporary performance measurement" (Franco-Santos et al., 2012), "integrative performance measurement systems" (Bititci, Carrie & McDevik, 1997), "strategic performance measurement" (Ittner et al., 2003), "performance measurement systems" (Bourne et al., 2000), and "comprehensive performance measurement" (Hall, 2010).

elements are covered both in relation to the improvement rate and in the short and long term. Last, in the relationship between PMMS and the environment, the key is to emphasize the environment in which the PMMS operates. About the environment, it is important to emphasize the strategy, culture, reward system and customer of the organization (Neely et al., 1995.) Drawing upon this, one of the empirical frameworks in PMMS field is introduced next.

2.1.2   Balanced Scorecards

The preceding sections have introduced the key concepts of PMMS to provide background for the empirical part of this research. This section delves deeper into the subject and presents a comprehensive framework that will serve as the foundation for the empirical research approach. To gain a comprehensive understanding of the research object, this research adopts Kaplan and Norton's (1992, 1996) BSC framework which assists organizations in translating their goals into a set of measurable objectives and recognizing cause-and-effect relationships across four hierarchical viewpoints: learning and growth[3], internal processes, customer, and financial. The framework is presented in Figure 4. The selection of this framework was driven by its prevalence and customer-centric approach. As observed earlier, the BSC is recognized as the dominant framework within the PMMS research (Llach et al., 2017), but it is also the first PMMS framework that addresses the importance of customer value (Bourguignon, 2005). Next, the history and development of the BSC is reviewed.

Various viewpoints on history of the BSC have emerged over time, but the earliest indications can be traced back to the 1950s when Lewis (1955) observed an organization that measured the success of projects not only with financial but also with non-financial

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[3] "Learning and growth" viewpoint was initially introduced as "Innovation and Learning", but it was changed because Kaplan and Norton (1996) expressed that learning and growth emphasizes the organization more comprehensively

measurements (see Kaplan, 2010). In the meanwhile, Drucker (1954) emphasized the role of accounting information in aligning employees' individual objectives with the overall strategy while Anthony (1965) introduced a planning and control systems framework that emphasized the importance of strategic planning as well as management and operational control. Generally, several authors were voicing concerns about performance measurements that emphasized purely financial performance by prioritizing short-term financial benefits at the expense of long-term prospects (Johnson & Kaplan, 1987). Authors started to advocate for the integration of non-financial measurements alongside financial indicators to enhance organizations' long-term performance, but until the 1990s, the utilized financial information depended mainly on budgets to sustain the short-term performance (Kaplan, 2010).

After conducting a year-long investigation involving 12 organizations, Kaplan and Norton (1992) combined financial as well as non-financial measurements and other findings into a performance measurement framework called the Balanced Scorecard, e.g. BSC. Their initial 1992 publication depicted the BSC as a comprehensive PMMS that balances and integrates short- and long-term performance, financial and non-financial measurements, and leading and logging information in a coherent manner. In their later articles (1996, 2004, 2006), they added a management viewpoint for the BSC by arguing that BSC also supports managers in establishing consensus on strategic goals, communicating them, and harmonizing the efforts taken by individuals and organizational functions. In contemporary context, the BSC is indeed perceived as a management tool that describes, communicates, and facilitates the strategy implementation (Kaplan, 2010).

BSC has not been immune to criticism. Nørreklit (2000) argued that the BSC may overemphasize the significance of non-financial measurements. She maintained that as long as financial measurements remain pivotal in shaping an organization's reality, decisions such as the restructuring of processes should be made based on profitability considerations. Non-financial measurements should then be used only as insights source (Nørreklit, 2000). Additionally, some authors (Laitinen, 1996; Watts & McNair-Connolly, 2012) have encountered challenges in establishing a demonstrable cause-and-effect relationship among the various viewpoints of the BSC. In practical

implementations, the interconnection between these viewpoints often appears loose and is generally employed in a disconnected manner (Watts & McNair-Connolly, 2012). Epstein and Manzoni (1997) questioned whether organizations can articulate their strategy so explicitly that it would facilitate the development of the BSC. They also noted that retaining the system is heavy. On the other hand, Vaivio (1995) questioned the notion that a group of quantitative measurements are enough to describe the different aspects of an organization's strategy.

Despite the criticisms, they are relatively few in comparison to the benefits recognized by advocates of the BSC (Malmi, 2001). Recent literature argues that, until a superior alternative emerges, the BSC will continue being a valuable choice for organizations, serving as a strategy map, a means to facilitate policy implementation, and a tool for control and accountability (Hoque, 2014). Bhimani, Horngren, Datar, and Rajan (2019) emphasize that the BSC is an excellent tool when managers are aware of its limitations. Additionally, Nørreklit and Mitchell (2014) suggest that strict compliance to the BSC guidelines may not be necessary if it does not align well with the organization's structure. Next, the four viewpoints are reviewed in more detail.
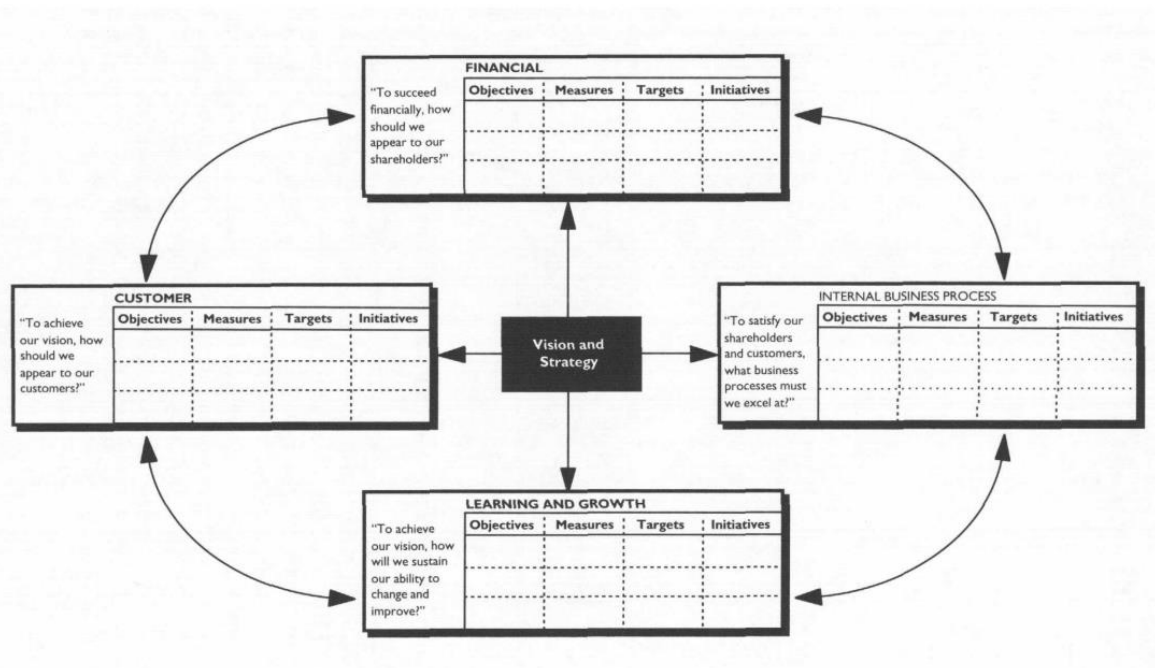
Figure 4 Kaplan and Norton's (1996) Balanced Scorecard framework

Learning & Growth

The causal chain of the BSC starts from learning and growth, which describes an organization's ability to innovate, learn and improve, and develop its human capital to sustain a competitive advantage (Kopia, Kompalla, Buchmüller & Heinemann, 2017). It offers a future-oriented view of an organization's performance, emphasizing continuous improvement and preparedness for future challenges (Kaplan & Norton, 1992). According to Kaplan and Norton (1996), learning and growth offers an indication of the outcomes of three other BSC viewpoints by supporting managers in defining the employee skills, technology and organizational culture needed to support strategy. Examples of generally used measurements are, for example, employee turnover, employee training and development, and innovation and creativity (Kopia et al., 2017).

Marr and Adams (2004) conducted a study exploring the relationship between different BSC viewpoints within the healthcare industry and identified the learning and growth viewpoint as the weakest link in the BSC. Similarly, Speckbacher, Bischof, and Pfeiffer (2003) reported that approximately one-third of BSC users excluded learning and growth viewpoint in their framework. Despite its recognized importance, particularly in highly competitive industries, the challenge lies in the limited adoption of appropriate measurements for the viewpoint, mainly due to its reliance on intangible assets (Bischof & Pfeiffer, 2003). As intangible assets are difficult to quantify, organizations encounter challenges in effectively integrating this viewpoint into their performance evaluation and planning processes (Kaplan & Norton, 2004).

In order to include the organizational culture into the learning and growth of BSC, for example Molina, González, Florencio and González (2014) as well as Chang and Lin (2022) recommend a strong employee involvement during the BSC implementation. By involving employees to the implementation, organizations can confirm the BSC to align with the organization's prevailing modes of thinking and interacting. That does not only impact and guide individuals' behavior but also cognitive processes, emotional responses, job satisfaction, and the overall interaction among employees within the organization (Molina et al., 2014; Chang & Lin, 2022).

Internal

Internal viewpoint is the second part of the BSC hierarchy by offering future- and process-based view for describing the effectiveness of business processes (Kaplan & Norton, 1992). Kaplan and Norton (1996) describe internal viewpoint as a value chain model, where first, it covers operation management and second, customer and innovation management, calling these short-wave and long-wave value creations. The short-wave which refers to operations management, centers on the processes delivering current products and services to customers. The long-wave, including customer and innovation management, assist organizations in identifying entirely new products and services that will address the evolving needs of customers. (Kaplan & Norton, 1996.) This also supports organizations in focusing on the efficiency of using various assets they have (Bryant, Jones & Widener, 2004). According to Kaplan and Norton (1996), the potential measurements are, for example, cycle time, yield and efficiency but they highlight that measurements must be chosen based on the criteria of which impact on customer satisfaction and financial goals the most.

The internal viewpoint has been noted as an especially important area in highly regulated and service industries. In highly regulated industries regulation forces organizations to satisfy the law before starting to focus on customer satisfaction and financials. On the other hand, monitoring the efficiency of internal processes is not as straight-forward in service industries as in goods industries, meaning that creating a process for evaluating the quality of service demands more resources than the quality of manufacturing production. (Hegazy & Tawfik, 2015.) In today's world, operational innovations should be implemented using various technologies and supported by knowledge and skills to positively affect performance and customer satisfaction (Hong & Lee, 2018).

The internal viewpoint has a central position between learning and growth and customer viewpoints. Its outset involves a collection of the core skills and critical technologies and then progresses how these factors contribute to the customer value. Through this identification, organizations can increase their understanding of the processes that significantly affect the customer, as well as the organization's commitment to fulfill the expectations of both shareholders and customers. (Dinesh & Parthiban, 2018.) Together with this baseline it plays a crucial role in shaping two key components of a strategy: the

production of a compelling value proposition for customers and the optimization of cost efficiency in delivering it (Kaplan & Norton, 2004).

Customer

The customer viewpoint constitutes the third layer in the hierarchy by providing managers with a future-based insights of the organization's customer segmentations (Kaplan & Norton, 2004). It is considered as a key driver for financial performance with a support by the internal and learning and growth viewpoints (Kaplan & Norton, 1996). With a focus on the external environment of the organization, it aims to support organizations to understand, discover, and emphasize customer needs (Bryant et al., 2004). Commonly used measurements are, for example, customer satisfaction, acquisition, retention as well as market share (Hoque & James, 2000).

The findings from the airline industry study revealed that measures should focus more on activities before the service or purchase than on post activities. According to Gouws, Habtezion, Vermaak and Wolmarand (2014), pre-flight activities had an impact on customer satisfaction, whereas post-flight activities did not exhibit an impact on it. On the other hand, employee satisfaction also had an impact on customer satisfaction, and for the employee satisfaction the working conditions impacted the most (Gouws et al., 2014). Cugini, Carù and Zerbini (2007) investigated the relationship between customer satisfaction and the costs associated with service production. According to them, cost reductions should be only made if the quality of the service does not decrease. Otherwise, there is a risk of losing potential revenue due to the lower customer satisfaction level (Cugini et al., 2007).

The value proposition for customers plays a pivotal role defining the drivers of core measurements in customer viewpoint. For example, customers may place value on factors like fast and on-time delivery, while others may prioritize a continuous flow of innovative products and services (Kaplan & Norton, 1996). Although value propositions in different industries, and in different market segmentations vary, Kaplan and Norton (1996) have recognized three key dimensions that generally defines the value proposition toward customers, including service and product attributes, customer relationship, and brand image. First, product and service attributes encompass functionality, price, and quality.

Second, customer relationship covers delivery and response time which third, defines the customer's perception of the purchasing experience. (Kaplan & Norton, 1996a.)

Financial

Financial viewpoint is an outcome-based measurement that has traditionally been seen as the main approach for evaluating organizational success (Maltz, Shenhar & Reilly, 2003). Throughout the years it has been criticized for an overly narrow and short-term viewpoint (Nørreklit, Nørreklit, Mitchell & Bjornenak, 2012) and, for example, Ivanov and Avasilvai (2014) highlight organizations focusing too much on financial measurements. Typical financial measurements are sales, gross margins, and return on investment (Kaplan & Norton, 1996)

Despite the criticism financial viewpoint has received, various empirically tested theories argue in favor of its superiority (Kraus & Lind, 2010; Cardinaels & van Veen-Dirks, 2010). Kraus and Lind (2010) note that on a corporate-level financial measurements were most important, while in agreement with this viewpoint, also standards and incentives were largely based on financial measurements. Cardinaels and van Veen-Dirks (2010), on the other hand, underline managers' tendency in emphasizing financial measurements more carefully than non-financial measurements in their decision-making, regardless of appropriateness of the actions taken in achieving the targets.

The superiority of financial viewpoint, but at times also its narrow-mindedness, has created debates on whether all accounting information should be transformed into a financial form. According to Hall (2010), the financial viewpoint should be included whenever possible, but decision-making should rather focus on understanding causal chains than forcefully converting everything into the financial form. If each source of accounting information is attempted to be molded into the financial form, misunderstandings will inevitably arise (Hall, 2010). Also, financial measurements share a similar emphasis toward financial results while non-financial measurements are a combination of result-oriented measurements and driver measurements of certain results. Managers are not only familiar with financial measurements, but the similar nature also makes them easy to understand. (Anthony & Govindarajan, 2001.)

Kaplan and Norton (2008) emphasize that all four viewpoints should be evaluated based on three factors. First, organizations should understand how each viewpoint can affect improving quality and efficiency of operations, and second, how each viewpoint supports growing high-value customer relationships. Third, it is important to understand how each viewpoint accelerates product innovation. Together with the high-performance culture, BSC creates a PMMS through which organizations can enhance their strategy, describe it as operational tasks as well as sustain and develop efficiency. (Kaplan & Norton, 2008.) In the meanwhile, three out of the four viewpoints are rooted in the needs of customers whereas financial viewpoint is considered being the outcome of how successful the organization has been with the other three viewpoints. Therefore, it is meaningful to strive for a deeper understanding on how the customer can be more precisely measured as a part of PMMS. This matter will be addressed in the following chapter.

2.2 Customer Accounting

As clarified earlier, there is an integrative relationship between performance measurement and management in PMMS. In this chapter, the measurement viewpoint is reviewed in more detail. By starting from the definition of customer accounting, then moving to the specific customer accounting techniques, the nature of how customer is constructed in quantified manner can be understood better. Last, empirical results regarding customer accounting are presented.

2.2.1 Definition of Customer Accounting

The definition of customer accounting has been defined in both marketing and accounting literature, however, in this research the definition is incorporated into management

accounting. Customer accounting is generally defined as a combination of various accounting techniques that are using customer data (Ittner & Larcker, 1998; Bellis-Jones, 1989). The theory of customer accounting is considered to have emerged during 1950s and 1960s when several authors began to emphasize that delivering tangible value to customers represents a fundamental determinant of achieving success within the domain of business (Drucker, 1954; see Boyce, 2000). Hopwood (1994) who examined customer accounting within its social context, underscored the idea that accounting for customer value goes beyond being a mere reflection of an underlying reality. Instead, it defines the lens through which customers are perceived in organizations (Hopwood, 1994).

Bellis-Jones (1989) is then the first one who defined customer accounting holistically in management accounting. His primary focus was back then on customer profitability highlighting the recognition that not all customers contribute equally to profits and emphasizing the need to customize activities to the most lucrative customer relationships. According to him, customer accounting is a way to quantify and demonstrate the impact of managing customer relationships in a manner that adds substantial value to commercial decision-making. Ittner and Larcker (1998) defined customer accounting similarly but added the construct of customer satisfaction into the definition. According to them, the higher the level of satisfaction among customers, the more willing they are to remain and make additional purchases by increasing the profitability as well.

Shortly after the emergence of the definition by Bellis-Jones (1989), Boyce (2000) questioned the inherent subjectivity of customer accounting. According to him, customer accounting is often treated as an objective measure of customer value where costs and revenues are allocated and estimated by using a straightforward calculation procedure. However, the calculation process involves several subjective assumptions and simplifications and for that reason, accountants should rather focus on understanding customers and the social context where customer accounting exists rather than deepening the accuracy of the calculations. (Cooper & Kaplan, 1991.)

On the other hand, according to some authors, ethical considerations are needed when defining customer accounting. Ogden (1997) questions, whether the ethical consideration in academic literature is currently broadly enough emphasized when advising the management of customer accounting. Several studies recommend ending a customer

relationship if a customer damages an organization's financial value or is unloyal (Reinartz & Kumar, 2002). In such instances, a customer becomes managed by numbers where the quantitative understanding of the customer dominates the determination of management strategies and actions (Ogden, 1997). If customers will be treated as a group, some humans will inevitably be considered according to their individual socio-economic status and in line with forthcoming data (Weir, 2014).

In Lind and Strömsten's (2006) definition of customer accounting, the measurement should happen based on customer segmentation which can mean either single customers or segments of customers, depending on the dynamics of a given customer relationship. Customer relationship is driven by the technical and organizational resource interfaces that is demanded from the organization. Technical interfaces encompass technological and product-related elements like customization and technical support, aligning the organization's offerings with individual customer needs. On the other hand, organizational interfaces involve communication structures, collaboration approaches, and role definitions within the relationship, shaping how the organization and customers collaborate. (Lind & Strömsten, 2006.) Based on their findings, they have divided customer relationship types into four segments:

1. *Transactional:* Customer's product includes standardized interfaces, leading to low technical and organizational interfaces needed from the organization. There is no regular interaction between customer and organization.
2. *Facilitative:* Customer's product differs only marginally from standardized ones leading to low technical interface needed from the organization. The communication between customer and organization is regular, leading to high organizational interface.
3. *Integrative:* The product is co-developed with the customer, leading to high technical and organizational interfaces.
4. *Connective:* Customer's product is co-developed with the customer, leading to high technical and organizational interfaces. In comparison to integrative customer relationship, revenue generated from the customer is low, meaning customer creates low profits for the organization.

Foster, Gupta and Sjoblom (1996) have a similar approach, but they also emphasize the level of service within the customer's organization. According to them, service organizations differ in resource usage, infrastructure, and customization options in comparison to manufacturing organizations.

According to Lele and Sheth (1987; see Hoque, 2006b), the crucial factor in customer accounting resides in the identification of the expenses associated with managing customer relationships, alongside the identification of current non-value-added processes that can be excluded to decrease the expenses associated with their management. Organizations need to make a tactical choice regarding the customer satisfaction level. They can either aim to ensure performance by striving to exceed existing customer expectations or by lowering customer expectations for their product, which, in turn, also reduces the level of achievable satisfaction. (Lele & Sheth, 1987; see Hoque, 2006b.)

In the latest articles, authors have emphasized whether customer accounting should be built more based on the interest of customer rather than organization. Roslender and Nielsen (2022) recommend for a complete rejection of the traditional practice of determining customers' financial value. They propose a shift towards "accounting with customers" and "accounting to customers", both of which aim for the same goal with financial valuation but are driven by a customer. In these definitions, customer reflections of their interactions with the organization, both positive and negative experiences, are integrated into the annual reports. This inclusion of customer and employee insights provides shareholders with non-financial information more comprehensively. (Roslender & Nielsen, 2022.) By adopting these approaches, customers receive the ability to articulate their viewpoints and motivations concerning their interactions with organization, a concept to what Roslender and Hart (2010) define as self-accounting[4].

In this research, the definition of customer accounting considers both the organization and customer viewpoints, as suggested by Bellis-Jones (1989), Ittner and Larcker (1998) and Roslender and Nielsen (2022; see also Roslender & Hart, 2010). Customers are not

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[4] According to Roslender and Hart (2010), in self-accounting, customers actively express their own interpretations and underlying reasons for their interactions with organizations which are perceived as a facilitating accounting intervention. The advocacy for self-accounting is thought to be particularly facilitated through the media (Roslender & Hart, 2010).

defined in detail based on different customer segmentations because in this research, the central focus is to examine customer accounting as part of PMMS in the Customer Experience function, rather than within the context of a single customer segment. However, the research aims to observe how the Customer Experience functions utilize customer segmentation as part of PMMS.

2.2.2   Customer Accounting Techniques

Various approaches exist for customer accounting techniques, differing either on emphasizing customers' intangible assets or having a primary focus on profitability. However, a general theme through all techniques is the crucial role of customer orientation in gaining a competitive advantage (Ng, Harrison & Akroyd, 2013). Three extensively recognized techniques within customer accounting are customer profitability analysis (CPA), customer lifetime value (CLV), and the valuation of customers as assets. These techniques are summarized in Table 1 and further elaborated next. While alternative classifications of customer accounting techniques do exist, this specific selection is aligned with the viewpoints of Guilding and McManus (2002) whose work stands as one of the most frequently referenced articles in the field of customer accounting.

Table 1 Customer accounting techniques

Technique	Abbreviation	Definition
Customer profitability analysis	CPA	Measuring the net financial impact of customer by comparing the revenue and costs generated to identify the most profitable customers (Noone & Griffin, 1998).
Customer lifetime value	CLV	Measuring the net present value of anticipated future cash flows generated by a customer over the duration of customer relationship (Andon, Baxter & Bradley, 2001).
Valuation of customers as assets		Emphasizing intangible assets of the customer together with the revenues and costs generated over the lifetime (Foster et al., 1996).

Customer profitability analysis

CPA is a widely recognized and extensively discussed technique in both practical and academic literature. CPA assesses a customer's role in organization's profitability by quantifying the contrast between the revenue received and costs associated by the customer for the organization (Boyce, 2000). The approach enables managers to identify the customers who contribute most significantly to profitability, enabling them to formulate targeted product and marketing strategies to these most profitable segments while disengaging from unprofitable ones. (Noone & Griffin, 1998). Wilson and Gilligan (1998; see Hoque, 2006b) have recommended a series of six steps in implementing CPA, through which organizations can recognize the most profitable customers[5].

A crucial component of CPA is activity-based costing (ABC) which supports the accuracy of CPA (Smith & Dikolli, 1995). ABC allocates costs to various items, such as products, services, and distribution channels, aligning them with the activities that drive the

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[5] According to Wilson and Gilligan (1998; see Hoque, 2006b), the process involves six key steps: 1) identify the customer segment based on the specific needs of each segment, 2) identify the factors contributing to the service costs of these customer segments, 3) analyze how service offerings are tailored and differentiated for each customer segment, 4) identify the resources allocated to support each customer segment, 5) determine methods to assign the costs of these resources to the respective customer segments and 6) connect revenues and costs to each customer segment, with profit arising as the difference.

organization's profitability (Foster & Gupta, 1994). Karhkmal (2006) suggests that in service-oriented businesses, where costs and organizational efficiency are not as straightforwardly defined as in manufacturing, the greater resources should be allocated to analysing the profitability of various customer segments. They also have greater possibilities on benefitting of detailed CPA (Karhkmal, 2006).

Therefore, the CPA recommends a focus on the most profitable customers whose profitability is assessed based on historical data. Some researchers have criticized this approach for examining customer relationships in a manner that is too short-sighted and narrow-focused. As a result, authors have begun to develop more future-oriented customer accounting techniques. (Guilding & McManus, 2002.)

Customer lifetime value

CLV represents a more recent innovation in realm of customer accounting techniques (Andon & Baxter, 2011). Although its definition continues to evolve, there are some authors that have defined CLV. Andon et al. (2001) along with Boyce (2000) offer notably similar definitions of CLV, conceptualizing it as the measurement of the net present value of future cashflows anticipated to be received throughout a customer relationship. Guilding and McManus (2002) define CLV as an extension of CPA that incorporates not only past interactions but also the future profitability of customers.

CLV is driven based on two drivers: growth in customer volume and profit generated by customer (Reichheld, 1996). First, growth in customer volume, emphasizes the acquisition and retention rates of customer. The greater the challenges encountered in maintaining and increasing customer relationships, the more challenging the task becomes in sustaining and enhancing sales volume through customer retention and acquisition rates. Therefore, there is a positive correlation between sales revenue growth and the length of customer relationship with an organization. (Andon & Baxter, 2011.) The second, profit generated by customer, encompasses the variables that influence the value of CLV. These include:

- Growth in revenue as customers start familiarizing themselves with an organization's offering

- Decreased costs as customers become familiar with an organization's business and learn optimal methods for interacting with them

- Referrals given by satisfied customers who recommend an organization for other potential customers

- Increased margins as customers reduce their price sensitivity by attaching a greater value by having a prolonged relationship with an organization (Reichheld, 1996)

Through the implementation of CLV, organizations can establish a more forward-looking viewpoint when assessing their cashflows while also facilitate the adoption of customer-centric approach within the organization (Andon & Baxter, 2011). According to Ward (1992), customer relationship may include a phase where the initial investment phase does not create profits. However, the demand for products is expected to decline over time and single customers or customer segments may continue to display loyalty and profitability if the organization adjusts its offerings to align with their various needs (Ward, 1992).

Valuation of customers as assets

Valuation of customers as assets is the third and final concept introduced within customer accounting techniques. It acknowledges that certain customers who potentially appear unprofitable from a traditional CPA or CLV viewpoints, might still hold value based on which customer should be retained in terms of organization's goals (Kaplan, 1992). Hoque (2006b) names this value as intangible assets which aim supporting organizations in their profitability goals. According to Kaplan (1992), new and growing customers, customers providing qualitative value beyond the financial benefits, and the thought leaders of the industry might possess additional intangible asset value that might be beneficial to retain.

Foster et al. (1996) did not provide a direct and explicit definition of the concept of valuation of customers as assets, but they were the first one who offered any elaboration of the role of intangible assets when analyzing customer retention rates with CPA. They elaborated valuation of customers as assets by describing that organizations should also

emphasize the other assets customers can provide for the organization together with the financial value.

The other three management accounting authors who have given hints of valuation of customers as assets are Ward (1992) as well as Foster and Gupta (1994). They combined assets into theoretical considerations of intangible marketing assets presented by Guilding and Pike (1990). Intangible marketing assets, such as brand image and strength as well as reputation are integrated with marketing activities (Ward, 1992; Foster & Gupta, 1994). According to Guilding and Pike (1990), certain marketing activities play such a crucial role in ensuring long-term commercial success that they can reasonably be assumed to include a significant economic value. However, the definition of intangible marketing assets remains still an unresolved issue within the management accounting paradigm. To make these factors quantifiable in the management accounting, it is important to not only separate the various asset activities but also differentiate the inputs and outputs generated by them. (Guilding & Pike, 1990.)

As noted, management accounting literature has developed a relatively standardized understanding for CPA, but CLV and especially valuation of customers as assets are still evolving. This observation might be somewhat surprising when noting the substantial attention that customer value has received in turn in marketing literature (Cadez & Guilding, 2008). Next, the empirical results that have been conducted this far in customer accounting are reviewed.

2.2.3 Previous Empirical Studies of the Customer Accounting

Earlier in this chapter, the definition of customer accounting and various accounting techniques stemming from it were introduced. Next, the previous empirical studies that have examined the topic are explored. Overall, the empirical results regarding the topic are scarce (Guilding & McManus, 2002; Guilding & McManus, 2008; Ng & Wood, 2018; Matsuoka, 2020).

One of the first and most referred empirical results has been provided by Vaivio (1999) who researched the implementation of customer accounting throughout the organization. They do not refer straight to the definition of customer accounting, but to "quantified customer", emphasizing to the similar definition as customer accounting. Vaivio (1999, 702-703) explores how the transformation of the customer into a quantifiable entity impacts an organizational setting. According to them, non-financial measurements create a new quantifiable dimension within the organization, reshape traditional responsibilities, reveal new performance dimensions, and alter power dynamics among organizational agents.

As another viewpoint, research highlights that the new environment which customer accounting creates can bring management accounting closer to the operational activities of the organization. However, it is important to observe that while the closer integration of management accounting and operational activities can yield various synergistic benefits for the organization, it also comes with its own set of risks (Vaivio, 1999, 704-705). If the current operational management is not deeply enough understood, there is a risk that the quantification of information generated by customer accounting may overlook important operational factors (Vaivio, 1999, 708).

Foster et al. (1996) have noted several challenges regarding customer accounting techniques. Implementation of customer accounting techniques is often tied into PMMS where most of them focus either on products or functions but not on customers. Second, together with the costs on the offering, the CPA depends also on the costs in marketing, sales, and logistics. According to them, these costs are often neglected (Foster et al., 1996).

Generally, CPA is recognized as the most used customer accounting technique (Guilding & McManus, 2002; McManus & Guilding, 2009; Holm & Ax, 2020). Guilding and McManus (2002) investigated the prevalence and perceived benefits of customer accounting in the hotel industry. Among all customer accounting techniques that were examined, the perceived benefits exceeded the current usage rates, referring there is future potential in further adoption of customer accounting techniques. A notable observation by Guilding and McManus (2002, 53) is the discrepancy between the highly ranked and lowly ranked customer accounting practices. Especially the long-oriented techniques,

such as CLV and valuation of customers as assets were ranked higher than what their current usage is. However, organizations are also facing more challenges with quantifying the future value and intangible assets. Last, Guilding and McManus (2002, 56-57) argue that there are two contingent factors that dominantly support the prevalence, perceived value, and reasons for using customer accounting techniques in organizations. They are competition intensity and market orientation (Guilding & McManus, 2002, 56-57).

Holm and Ax (2020) made a similar finding with Guilding and McManus (2002) regarding competition intensity. According to them, customer accounting techniques are more advanced in competition intensive industries because it emphasizes the amount of organizations competing on tailoring their offerings to meet specific customer needs. Guilding and McManus (2002) found that between competition intensity and competition type, dependent variable increases with changes in the independent variable. However, Holm and Ax (2020) found a more complex and interactive relationship between variables. They found the crossover interaction, meaning the impact of competition intensity on competition type change direction at a particular point.

McManus and Guilding (2009) researched the potential barriers to customer accounting techniques adoption. They recognized five barriers in order of importance: information technology challenges, other organizational priorities, risk aversion, lacking skills and political context. Information technology constraints refer to challenges related to an organization's IT infrastructure, which can hinder the handling of customer data. Organizational priorities may lead to customer accounting being deprioritized in favor of other initiatives, while aversion to change, inadequate skills and political context can create resistance to implementing customer accounting techniques. (McManus & Guilding, 2009.)

Also, the same study implies that the variety of the organization's customer base affects the sort of customer accounting techniques it can effectively use. For example, larger organizations with a substantial number of customers might be more tending to implement more complex customer accounting techniques, such as segmentation in CPA, to gain deeper insights into their customer base. In contrast, smaller organizations with fewer customers might rely on simpler or case-by-case analyses due to resource limitations. (McManus & Guilding, 2009.)

In the latest study McManus (2011) investigated the consequences for decision-making and examined how industry and organizational factors influenced the adoption of customer accounting techniques. Customer accounting provides organizations with valuable insights into customer-centric factors of their business, allowing them to make data-driven decisions. They identify several contextual factors that impact when adopting customer accounting techniques. First, customer accounting helps optimize resource allocation, pricing strategies, marketing efforts, and customer retention initiatives, ultimately resulting in improved financial performance and customer satisfaction. Second, the research reveals that characteristics like market orientation, amount of customers, employee number, cost and revenue differences, and competition, as suggested in accounting literature, play pivotal roles in customer accounting techniques usage. (McManus, 2011.)

In the future, technology is expected to play a significant role in advancing the implementation of customer accounting. Wobst et al. (2023) investigated the utilization of natural language processing (NLP) to enhance the quality of customer accounting[6] whereas Elkmash et al. (2022) examined the abilities big data analytics can bring for enhancing performance management[7].

According to Wobst et al. (2023), NLP facilitates the applicability of textual analysis to other management accounting concepts, such as BSC or customer accounting. Additionally, textual analysis allows the use of more fine-grained constructs which contain more information than separately created measurements (Wobst et al., 2023). On the other hand, big data analytics as part of PMMS significantly improves various efficiency factors, such as customers' data analysis, customers' problem handling, customers' data analysis time. Furthermore, the research suggests that using big data analytics for measuring customer performance leads to high-performance outcomes by

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[6] NLP methods are computerizations that investigate human-generate texts by having a capability in accounting to analyze annual reports, internal reports, meeting notes, conference calls, public news, public speeches, social media accounts and interviews (Wobst et al., 2023).

[7] Big data analytics applicates advanced analytics techniques against vast and heterogeneous datasets, encompassing structured, semi-structured, and unstructured data originating from diverse sources and varying in scale. It includes several technologies utilized within customer account management, such as voice analytics, video analytics, text analytics, social media analytics, and sentiment analysis. (Elkmash et al., 2022.)

enabling real-time tracking of customer behaviors and rapid bottleneck identification, ultimately enhancing customer satisfaction and potentially increasing sales. However, although the big data analytics can decrease the cost associated with analyzing customers' unstructured data, accounting professionals are still concerned about the initial investment required as they feel they are not yet understanding the potential cost reductions well enough. (Elkmash et al., 2022.)

2.3 Customer Experience

To understand the nature within which the Customer Experience function operates and the management of it, this chapter introduces the concept of customer experience. Following this, this chapter provides a more comprehensive examination of performance management in this research's context by defining the concept of customer experience management.

2.3.1 History and Definition of Customer Experience

To effectively design and manage customer experience it is essential to comprehend how customer experience is constructed and formed (Becker & Jaakkola 2020). Throughout history, the theory of customer experience has varied and lacking an agreed-upon definition (Lemon & Verhoef, 2016). Next, the history of customer experience theory is presented. Major historical milestones and timelines are presented in Table 2.

Table 2 The historical development milestones in customer experience theory

Time frame	Research area	Contribution to customer experience theory
1970s-1980s	Customers' decision-making process, behavior and added value	Customers are not merely rational actors, but they seek diverse experiences and use emotions in their decision-making (Hirschman & Holbrook, 1982; Thompson et al., 1989)
1980s-2000s	Process outcomes of customer experience	Outcomes of customer experience arise in touchpoints of customer journey, where customer groups value for the organization must be optimized based on the collected customer data. (Payne & Frow, 2005; Palmatier, Gopalakrishna & Houston., 2006)
2000-2010s	Customer-centric organizational factors of customer experience	Customer-centricity as a strategic approach, where organizations should understand the needed cross-functional collaboration between functions and identify the key aspects of each customer segment's needs (Sheth, Sisodia & Sharma, 2000; Gulati and Oldroyd, 2005; Fader, 2012; Lemon & Verhoef, 2016; Bolton, 2016)
2010s ->	Customer engagement in creating the customer experience	Customer activities that go beyond purchase, including customer's engagement and connection with the products, services, and other organizational initiatives launched by customer or organization (Nambisan & Nambisan, 2008; Hoyer, Chandy, Dorotic, Krafft & Singh, 2010; Brodie, Hollebeek, Juric & Ilic, 2011; Vivek, Beatty & Morgan, 2012)

The theory of customer experience is commonly understood to have originated from the 1980s, when Hirschman and Holbrook (1982) advocated the experiential factor of customers and questioned the traditional viewpoint of customers as rational actors. This triggered a paradigm shift where an increasing number of researchers recognized that consumption possesses not only a utilitarian dimension but also a hedonic dimension (Hirschman & Holbrook, 1982; Thompson, Locander & Pollio, 1989). They believed that customers do not solely rely on rational decision-making when processing information, but rather actors who seek diverse experiences and use their emotional factors in decision-

making and experience (Thompson, Locander & Pollio, 1989). The role of customers' emotions and behavior in the decision-making started to get identified in various articles.

Around a decade later, the relationship marketing theory started to enrich the understanding of where experiences arise. This shift in focus led to the identification of the customer journey as a fundamental theoretical framework for quantifying and evaluating various factors of the customer experience. Customer journey includes all the multiple touchpoints and channels where customer interacts with the organization. (Palmatier et al., 2006.) Palmatier et al. (2006) emphasized the role of trust, commitment, switching cost and relationship quality in customer journey. In their definition of customer journey, organizations should aim to form relationships with customers. Customer experience is in the end customer's subjective experience which makes its nature heterogenous. By building strong relationships with the customers, organizations can increase their understanding of customer's heterogenous nature. (Payne & Frow, 2005.)

During the dot-com boom when the growth of the technology sector exploded, authors recognized the meaning of customer data and provided additional viewpoint regarding the heterogeneity of customers. At first, they recommended understanding individual customers' value rather than mass customer segments (Sheth et al., 2000), but later, authors advocated the acknowledgment of customer segments due to the lackness of customer data on individual-level (Lemon & Verhoef, 2016). For recognizing customer segments and the heterogeneity of them, organizations should aim to collect and analyze customer data extensively. In practical terms, this includes leveraging advancements in used technologies. Better service experiences and competitive advantages can be achieved through advanced technological implementation. (Bolton, 2016.)

The increased understanding of technology usage also raised up the notion of cross-functional customer experience, where the importance of customer-centric approach in building organization's strategy and culture was emphasized. Customer-centricity should be the agenda for the entire organization and is generally understood as the organization's ability to anticipate changing customer needs, learn, and respond by providing products and services that generate increased value (Saarijärvi & Puustinen, 2020). The most notable article about customer-centricity has been introduced by Gulati and Oldroyd

(2005), who argued that together with efficient tools and technologies, customer experience must be whole organization's agenda, thus organizations must create a customer-centric approach to their culture. The approach can be implemented using four phases[8] based on which Gulati and Oldroyd (2005) argue that organizations can differentiate the more and less appealing customers, but also emphasize the lower-value customers that may evolve into more profitable in the long term. Indeed, organizations should aim to identify profitable characteristics of customers who seem less-profitable (Gulati & Oldroyd, 2005). Fader (2012) has introduced a similar approach as Gulati and Oldroyd (2005) but has a stronger focus on organizational strategy in recognizing the profitable characteristics. According to Fader (2012), customer-centricity should function as a strategy for organizations that aligns their top-tier customers to optimize the financial sustainability derived from these customers.

In the current decade, a trend in the realm of developing customer experience theory has been the engagement with customers. Efforts are being made to differentiate customer behaviors beyond a purchase. Brodie et al. (2011) suggest motivation as the primary driver for customers to engage with organizations. According to them, there is a dynamic psychological state associated with an entity within the organizations within service relationships to co-create value. Expanding on this concept, Vivek et al. (2012) examine engagement comprehensively by defining engagement as customer's willingness to involve and connect with the products, services, and other organizational initiatives that can be launched either by the customer or the organization. The reason behind these statements is that engaged customers have a crucial role in marketing efforts by referring and recommending to others particular products, services, or brands (Vivek et al., 2012). This engagement exists also in the realms of new product or service development (Nambisan & Nambisan, 2008; Hoyer et al., 2010).

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[8] According to Gulati and Oldroyd (2005), implementing customer-centric approach includes the following four phases: 1) *Communal coordination*: organizations start collecting and standardizing all customer information together and organize it in a way that customer will become the fundamental unit of analysis, 2) *Serial coordination*: organizations transfer customer information from centralized collation to local business units to get insights of customers from past behavior, 3) *Symbiotic coordination*: organizations start to develop and understand the future customer behavior, and 4) *Integral coordination*: Customer-centric approach begins to define the organization and customer needs are responded in real-time

A common theme between all definitions throughout the history of customer experience's theory is its relation to the interactive dimension between customers and organizations. Also in this research, the definition of customer experience presented is rooted in the concept of interactivity, as presented by De Keyser, Lemon, Klaus and Keiningham (2015). According to De Keyser et al. (2015) interaction generates a response in the customer's mind, meaning that the customer experience is as customer perceives the interaction with the organization. Patrício, Fisk, Falcão e Cunha and Constantine (2011) emphasizes that customer experience manifests through interaction in three ways: during a service, within a service system, or within a network where other service providers contribute value alongside the company. Indeed, interaction is a dynamic process that evolves over time and is shaped at different touchpoints along the customer journey (Becker & Jaakkola, 2020).

2.3.2   Customer Experience Management

A distinction in customer experience management is generally made between strategic and operational levels, encompassing strategic planning and operational execution (Schmitt, 2003; Homburg et al., 2017; Ceesay 2020). Due to the set research objects, this thesis mainly focuses on the operational execution. The framework for examining customer experience management encompasses three most researched components presented by Becker and Jaakkola (2020). Three factors are the customer journey, a customer data, and a customer-centric approach (Becker & Jaakkola, 2020).

First, the above customer journey was recognized as a context in which experiences are created and through which the measurement and the aspect assessment of customer experience happen (Palmatier et al., 2006). In marketing (Kotler, Kartajaya & Setiawan, 2016) and service management (Ng & Wood, 2018), customer experience management is commonly framed under the customer journey. Many of the touchpoints within a customer journey fall under the organization's control, such as external communication

managed by the organization. However, not all touchpoints are within the organization's control. Touchpoints that lie beyond the organization's control include those owned by customers themselves and those where customers engage with external entities. (Lemon & Verhoef, 2016.) Touchpoints that are owned by customers are for example customer expectation, emotions, and interpretations. When engaging with external entities, the customer might engage for example with the organization's partners. (Følstad & Kvale, 2018.)

Ng and Wood (2018) based on service-dominant logic theory divide the customer journey into four phases: product design, current usage by customers, future usage by customers and performance measurement. Throughout these phases organizations can confirm that they meet customer requirements at a profitable price and cost, understand the current and futuristic value of their customer relationships as well as integrate the customer viewpoint into overall view of performance (Ng & Wood, 2018). The phases are introduced in Figure 5.

Kotler et al.'s (2016) approach in marketing literature is similar, but they divide it into five phases based on relationship marketing theory. These five phases are introduced in Figure 6. According to them, customers learn about the various brands (aware), become curious to some of them (appeal), ask opinions from other surrounding them (ask), decide to purchase (act) and over time, develop a sense of loyalty towards the brand by retention, repurchase and recommendations (advocate). While Ng and Wood's (2018) suggest taking customer into product development to achieve better performance within the organization, Kotler et al. (2016) suggest focusing on marketing actions to engage and commit customer even before they become actual customers. This research predominantly adopts Ng and Wood's (2018) viewpoint on the customer journey but also recognizes Kotler et al.'s (2016) focus on the pre-customer phase.

Product design | Current usage by customers | Future usage by customers | Performance measurement

Figure 5 Customer journey according to Ng and Wood (2018)

| Awareness | Appeal | Ask | Action | Advocate |

Figure 6 Customer journey according to Kotler et al. (2016)

The second integral part of customer experience management is customer data that is defined by its precision, concreteness, and detailed nature, primarily originating from direct actions taken by the customer (Saarijärvi, 2011). According to Davenport and Prusak (1998; see Blosch, 2000), customer data represents a collection of distinct and objective details concerning an object. It is considered as one of the most critical resources utilized for accumulating customer insights, enhancing the customer experience, and making strategic decisions (Schmitt, 2003).

Customer data is often construed as post-data that is automatically created during the interaction with the organization. It contains objective details about the specific transaction, such as the purchased items, time, location, cost, and, if applicable, the customer loyalty card used, and the purchaser's identity (Saarijärvi, 2011.) Customer data transforms into information when customer perceives it as valuable, making it applicable for use as input in the value co-creation within the customer journey. The utility and value of information is in the end determined by the customer who has a pivotal role in assessing whether the insights of the used customer data can contribute to their value co-creation process. (Saarijärvi, Grönroos & Kuusela, 2014.)

Third, the operational implementation of a customer-centric approach is not only responsibility of marketing, sales, or customer service, rather, everyone in the organization is responsible for it (Smith & Wheeler, 2002). Operational implementation involves various stakeholders, including middle managers, supervisors, and frontline employees such as customer service representatives (Shaw & Ivens, 2002). The role of leadership is to act as co-creators for customer-centric deployment and execution, ensuring that everyone participates in operationalizing the strategy (Ceesay, 2020).

Additionally, leaders are responsible for cultivating a supportive work environment and ensuring that employees possess the necessary skills to create customer experiences (Palmer, 2010; Ceesay, 2020). Many researchers believe that customer satisfaction starts

with employee satisfaction (Palmer, 2010). Hence, maintaining employee motivation, skills, and an innovative work approach is crucial (Schmitt, 2003). When employees are motivated and content, customers are also satisfied (Palmer, 2010). According to Schmitt (2003), the problem faced by many organizations is that they do not think and act in a customer-centric manner, instead, matters are primarily viewed from an internal perspective within the organization. In these cases, the risk exists that additional value for customer is not provided and customer does not get integrated with the organization (Schmitt, 2003).

2.4 Summarizing the Theoretical Framework

Based on the research goal of increasing the understanding of measuring and managing Customer Experience function and the role customer accounting in customer experience management the theoretical framework of the research was divided into three main sections: performance measurement and management systems, customer accounting, and customer experience. The comprehensive framework for measuring and managing the Customer Experience function, presented on Figure 7, begins by defining the nature of the PMMS. Customer accounting describes the nature of measurement in Customer Experience function whereas customer experience the nature of management.

The conceptualization of PMMS was started by defining performance measurement where non-financial measurements define the evaluation criteria and corresponding measurements for indicating the performance against goals, initiatives, and financial performance (Burney et al., 2009). Performance management, on the other hand, extends beyond measurement and is an integrated set of management processes that link performance measurements to execution. It emphasizes assumptions that measurements include and aligns them with organizational goals by having a strong focus on effective communication (Malina & Selto, 2001; Neely & Najjar, 2006). These two elements constitute an integrated PMMS system which supplements the earlier definitions by considering the external environment within which performance measurement and

management are implemented (Bourne et al., 2000; Franco-Santos et al., 2012; Melnyk et al., 2014). It consists of two parts where first, the characteristic of PMMS is systematically evaluating the gap between achieved results and outcomes (Bourne et al., 2000), and second, the organizational environment which directly impacts the configuration of the system (Franco-Santos et al., 2012). By examining PMMS at three distinct levels, it delineates individual motivational factors towards the utilization of the framework, the accuracy of the measured factors, and the environment within which both the individual and PMMS operate (Neely et al., 1995).

The empirical part of the research is based on Kaplan and Norton's (1992, 1996) BSC framework in which the PMMS is classified into four distinct dimensions: learning and growth, internal processes, customer and financial outcomes. Through the four viewpoints, organizations have the opportunity to implement a PMMS that balances and integrates short- and long-term performance, financial and non-financial measurements, and leading and logging information cohesively. The presented four viewpoints constitute a cause-and-effect relationship that originates from learning and growth and culminates in financial outcomes. This forms the foundation upon which organizations can translate and operationalize their strategies, as well as monitor the effectiveness of both (Kaplan & Norton, 2008).
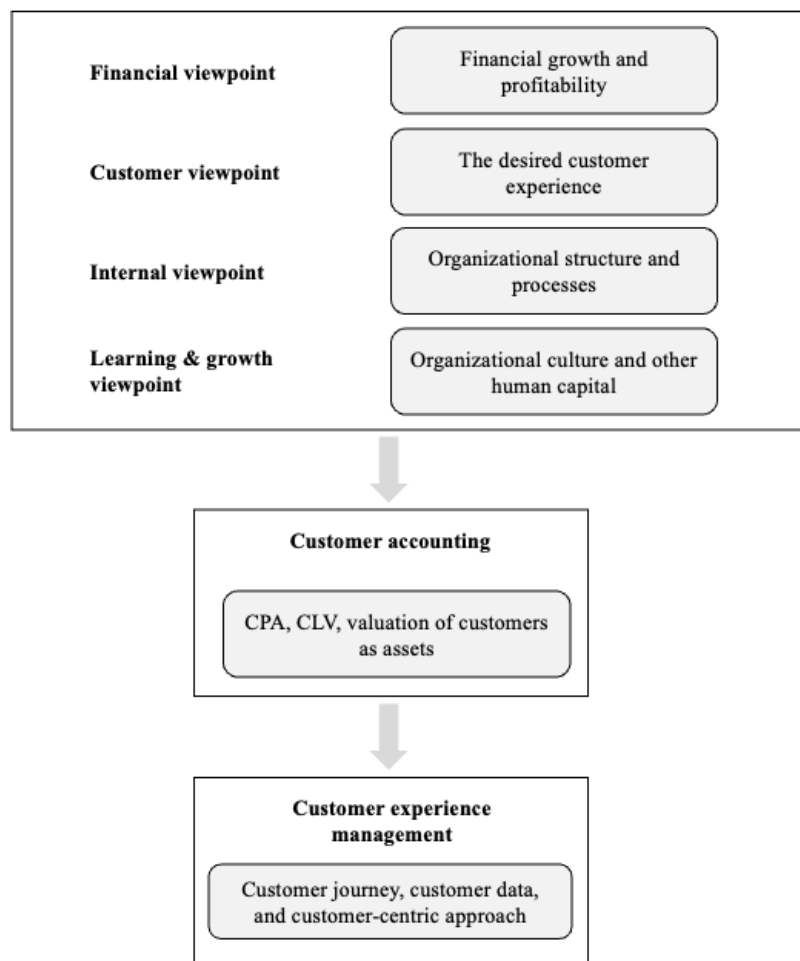
Figure 7 Summary of the theoretical framework

The second research question focuses on the role of customer accounting as part of the customer experience management. Customer accounting is defined as a combination of various accounting techniques that are using customer data (Bellis-Jones, 1989; Ittner & Larcker, 1998). Customer accounting research in its original form has primarily focused on the organizational viewpoint which suggests customers being examined and segmented in relation to resources and profitability it causes for organization (Bellis-Jones, 1989; Foster et al., 1996; Lind & Strömsten, 2006). Increasingly, researchers have, however, shifted their focus on customer accounting to examine it based on the value experienced by the customer (Roslender & Hart, 2010; Matsuoka, 2020; Roslender & Nielsen, 2022). According to Roslender and Nielsen (2022) customer viewpoint aligns customer accounting with the same objective as the organizational viewpoint, but in this case customer accounting is driven by customer. In this research, both viewpoints are observed.

Customer accounting techniques are considered to consist of CPA, CLV and valuation of customers as assets. CPA assesses a customer's role in organization's profitability by quantifying the contrast between the revenue received and costs associated by the customer for the organization (Noone & Griffin, 1998; Boyce, 2000). According to Guilding and McManus (2002), CLV is an extension of CPA by incorporating not only past interactions but also the future profitability of customers by measuring the net present value of future cashflows. Valuation of customers as assets goes even further and together with the historical and futuristic profitability, it also emphasizes the intangible assets customers may provide for the organization. Kaplan (1992) divide intangible assets into new and growing customers, customers providing qualitative value beyond the financial benefits and the thought leaders of the industry, whereas Guilding and Pike (1990) emphasize mainly intangible marketing assets that support in ensuring the long-term commercial success with various marketing activities. When reviewing previous empirical studies, it is observed that CPA is the most commonly used technique (Guilding & McManus, 2002; McManus & Guilding, 2009; Holm & Ax, 2020). However, CLV and the valuation of customers as assets have been found to hold significant potential (Guilding & McManus, 2002, 53). Essential for their enhancement is the improvement of customer data, where technology is expected to play a substantial role (McManus & Guilding, 2009; Elkmash et al., 2022; Wobst et al., 2023).

PMMS is incorporated into the Customer Experience function. Based on the definitions by De Keyser et al. (2015) and Becker and Jaakkola (2020), customer experience management is understood as a threefold process where the interactivity between customers and organizations generates a response in the customer's mind, meaning that the formation of the customer experience is perceived by the customer. The threefold process of customer experience is observed in organizations through the lens of the customer journey, customer data, and a customer-centric approach (Becker & Jaakkola, 2020).

The customer journey includes a multitude of touchpoints out of which only some are under the control of the organization (Palmatier et al., 2006). External controllers are the customers themselves, along with external entities, where the former nurture expectations, emotions, and interpretations (Verhoef et al., 2009), while the latter refers

to collaboration with the organization's partners (Følstad & Kvale, 2018). In this research, the customer journey introduced by Ng and Wood (2018) is primarily followed, including four phases of product design, current usage by customers, future usage by customers and performance measurement. Furthermore, the customer journey is understood to encompass the pre-customer phase presented by Kotler et al. (2016). Customer data is specifically examined as part of the customer journey, where data transforms into value-added information based on customer's assessment (Saarijärvi et al., 2014). When combining the customer journey with customer data as part of customer-centric approach, it can be affirmed that customer experience falls within the scope of each individual at the organization (Smith & Wheeler, 2002). At the operational level, the responsibility lies in the implementation of customer experience (Shaw & Ivens, 2002), whereas at the leadership level, the task is to contribute to the co-creation of models and methods used in customer experience management (Ceesay, 2020).

3 RESEARCH METHOD

3.1 Conducting the Empirical Results

3.1.1 Data Collection, Processing, and Analysis

In the context of qualitative research, it is essential to consider specific characteristic features that relate to the qualitative research's dataset. When assessing the distinctions between quantitative and qualitative research, a science-driven approach to qualitative research claims that its primary goal is to encompass characteristics and meanings whereas quantitative research focuses on describing and measuring. Nonetheless, several authors argue that the differences are rooted more in epistemology, the theory of knowledge, than in the presence or absence of measurement. (Bryman & Bell, 2015, 37.) In qualitative research, data collection, analysis, and reporting often do not unfold linearly, but are rather overlapping processes (Alasuutari, 2011). The role of the researcher and participants have a pivotal role in qualitative research's viewpoint (Hirsjärvi et al., 2009; Tuomi & Sarajärvi, 2018). This is because in qualitative research, words are primarily used to recognize illustrated themes which can only be recognized, according to Alasuutari (2011), analytically. This chapter presents data collection, processing, and analysis of the research. The exposition begins by introducing the data collection method, interviews, and the reasoning for choice.

The empirical data of the research was collected by using interviews as the data collection method for three reasons. First, in interviews the interviewee is recognized as a creative subject generating meanings and is given the freedom to express their thought process (Hirsjärvi & Hurme, 2022, 30-31) which aligns with the epistemological underpinnings of this study, as hermeneutic approach. Second, one of the key advantages of interviews is flexibility where the interviewer can clarify or repeat questions and alter the order of

questions (Tuomi & Sarajärvi, 2018; Hirsjärvi & Hurme, 2022, 30-31). Third, the interviewer has then the opportunity to motivate and encourage the interviewee to elaborate and clarify their responses (Hirsjärvi et al., 2009). With the research nature as above pre-assessing the quality and nature of interviewee responses may get challenging (Hirsjärvi et al., 2009; Hirsjärvi & Hurme, 2022, 30-31). Although the starting points of research always rely on the researcher's preconceptions and perceptions (Hirsjärvi et al., 2009), in this research the small number of previous empirical results was considered to make the pre-assessment of interview responses a challenging task.

The chosen sub-method for interviews continued to be semi-structured thematic interviews. The endpoints of interview methods are structured interviews, where question formulation and sequence are predetermined, and unstructured interviews, which can be seen as informal conversation in their open nature (Hirsjärvi et al., 2009). Semi-structured thematic interviews fall in between, leaning more towards the unstructured end (Koskinen, Alasuutari & Peltonen, 2005). However, thematic interviews can also possess a strong structure as the researcher predefines the themes and questions to be addressed (Hyvärinen, 2017).

Semi-structured interviews may involve more detailed questions, but their formulation and sequence can vary (Hirsjärvi et al., 2009; Tuomi & Sarajärvi, 2018). Often an exclusive defining characteristic is that the interview progresses through themes rather than relying on precise questions. These themes in thematic interview are grounded in prior knowledge of the phenomenon (Tuomi & Sarajärvi, 2018), which in this context refers to the theoretical framework. Based on the theoretical framework the interview themes were three-fold. First, the purpose and role of customer experience in the organization was assessed. Then, the PMMS of the function was reviewed from the BSC viewpoint and last the role of customer accounting. There are no strict rules for semi-structured thematic interviews, but it is rather defined based on the nature of the research object (Hirsjärvi & Hurme, 2022, 32-33). With this phenomenon thematic interviews are considered as an effective method because researcher can guide the interview without taking complete control over it (Koskinen et al., 2005).

In this research the researcher's ability to guide the interview was considered as a particularly important component as the interviewees' business environment mainly

represented a different field than the theoretical framework of the research. The researcher works in a similar function as interviewees and based on that experience professional terminology used by the interviewees was expected to be different from what was observed in the theoretical framework. Through flexibility it was possible to ensure that the researcher could adapt her vocabulary to the preferences of the interviewees during the interview.

The organizations and interviewees were chosen based on the goal and restrictions of the research by using discretionary sampling. Discretionary sampling is used in qualitative research instead of a sample, because it either aims towards a deeper understanding of the research object, acquiring information about a phenomenon, or exploring new theoretical viewpoints (Hirsjärvi & Hurme, 2022, 58-59).

The interviews were conducted as individual interviews remotely. The interviewees were informed in advance about the recording of the interview sessions to ensure the original and reliable data for the research process. Based on the theoretical framework a thematic interview framework was created and categorized by thematic areas. The interviewees received a concise outline of the themes in advance while a more extensive thematic framework with questions was prepared for the researcher's use. The structure of the interview is presented in Attachment 1. After each interview, the material was transcribed lightly into text before conducting a new interview. Preliminary analysis of the material was carried out to identify emerging themes that could be incorporated into discussions in subsequent interviews (Bell, Bryman & Harley, 2019, 446). Initially there were 14 questions to be covered in an hour, but it varied from 14 to 19 questions in between interviews.

After all the interviews had been conducted recordings were transcribed into written text creating verbatim transcripts which serves as the basis for the actual data analysis. Given that the primary focus of this research was on the content of the interviewees' thoughts, general verbatim transcripts were produced based on the interview recordings, excluding detailed transcription of all elements. From the viewpoint of understanding the main content of the interviews, it was unnecessary to include elements such as intonations, pauses, or feedback noises in the text (Ruusuvuori & Nikander, 2017, 367-369.) Also, all the interviews were conducted in Finnish with the awareness that they would be translated

into English, potentially impacting the interpretation of the responses. Furthermore, for the sake of clarity, any word repetitions were removed from the selected interview quotes in the empirical results as well as the wording was modified in quotes that, in their original form, could have enabled the identification of the organization presented by the interviewee.

In the analysis and interpretation of the interview material, the process described by Hirsjärvi and Hurme (2022) was largely followed. After the interviews, the transcribed material was first analyzed data-driven by breaking it down into thematic areas. Thematic analysis begins by defining the unit of analysis which can be an individual word, a sentence, a statement, or a conceptual framework including multiple sentences. The selection of the unit of analysis is guided by the research question and the quality of data. It involves dissecting and categorizing the material according to different topics, thus representing a form of classifying the data. (Tuomi & Sarajärvi, 2018.) Classification simplifies and condenses the material, guiding its subsequent interpretation (Hirsjärvi & Hurme, 2022). In this research the method was applied by defining three units of analysis which were performance measurement and management systems, customer accounting, and customer experience management.

After that, the analysis followed more theory-guided content analysis where theory directs the analysis, but the analysis is not directly based on it (Tuomi & Sarajärvi, 2018). Theory-guided content analysis is directed by abductive reasoning, which is the third logic of scientific inference alongside inductive and deductive reasoning. In abductive reasoning the researcher initially seeks to identify ambiguities or contradictions between theory and empiricism. Then the researcher aims to formulate either theoretical viewpoints or explanations to resolve the ambiguity or contradiction. (Hirsjärvi & Hurme, 2022.) In this research it entailed maintaining continuous attention to the viewpoint from which the interviewee views their function. Within the themes, similarities and differences in the interviewees' experiences and viewpoints in comparison to theoretical framework were sought.

3.1.2 Validity and Reliability of the Research

The evaluation of research often involves the concepts of validity and reliability. There has been ongoing debate in the academics about their applicability and meaningfulness in qualitative research because they originally emerged to address the needs of quantitative research, thus frequently staying only as theoretical principles (Tuomi & Sarajärvi, 2009). Nevertheless, validity and reliability have established their presence in qualitative literature and despite the questioning of the concepts, they must be evaluated (Koskinen et al., 2005; Hoque, 2006). Therefore, this study is also assessed from these viewpoints.

Validity relates to the accuracy and justifiability of the information acquired in research, in terms of how comprehensively the research explains or depicts what has occurred and with what level of reliability and precision. In qualitative research validity means convincing the reader of the accuracy of the research results, and the researcher's own actions are central to the evaluation of the reliability of qualitative research. (Kihn & Ihantola, 2015.) Based on Kihn and Ihantola's (2015) consequence the validity of qualitative research is being divided into three approaches: internal validity, external validity, and structural validity.

Internal validity refers to the internal coherence, consistency, and accurate depiction of relevant research stages in interpretation (Koskinen et al., 2005). Internal validity can further be divided, according to Erikkson and Kovalainen (2008), into unity and credibility. In this study, the aim has been to address various phases of the research process in a detailed manner. Initially, the selection of the target organizations and interviewees has been explained in Sub-Chapters 1.2 and 3.2, followed by descriptions of data acquisition, processing, and analysis in Chapter 3. According to Tuomi and Sarajärvi (2018) through detailed reporting, the reader can evaluate the validity of the research. Additionally, it is important that the material has been evaluated comprehensively and equally, therefore, the researcher should also be open to observations that contradict with the theory (Hoque, 2006a). In this research, the collected interview data was analyzed comprehensively, considering situations where interviewees' experiences were different

or in conflict with the theoretical framework. Examples have been explicitly mentioned in the research results (Chapter 4 and 5) as well as in research methods (Chapter 3).

External validity seeks to generalize interpretations to cases that have not been specifically examined (Hoque, 2006a). According to Lincoln and Guba (1985; see Eriksson & Kovalainen, 2008), in qualitative research the focus should shift from generalizability to transferability – that is, comparing research findings to previous results. Generalizing the findings of this research was challenging due to the absence of statistical sampling in the context of the action-oriented approach[9]. Additionally, the comparison with previous results was challenging as the number of previous results were low. To evaluate the generalizability, the case organizations, interviewees, and their backgrounds are described in a detailed manner in Sub-Chapter 3.2. The research can also be positioned as a kind of preliminary study mapping out new potential subjects for quantitative research. The validity of the research and the newly formulated hypotheses can be tested later by applying a statistically robust, nomothetic research approach. (Koskinen et al., 2005.)

Structural validity is tied to the operationalization of theoretical concepts within empirical data. In qualitative research particular emphasis should be placed on the transparency and credibility of interpretation and construction of conclusions (Hoque, 2006a). The interviewees received the research questions in advance to support their ability to respond to the questions. Additionally, in the empirical section a diverse range of direct quotations from interviewees' responses is presented. This provides readers with the opportunity to assess whether the researcher's conclusions are appropriate and credible.

The reliability of qualitative research cannot necessarily be directly assessed through the repeatability of measurement results as action-oriented approach focuses on uniqueness (Lukka, 1988; see Kihn & Ihantola, 2015). The cases under investigation are understood as unique and the data is also interpreted from this viewpoint (Hirsjärvi et al., 2009). However, Hirsjärvi and Hurme (2022) highlight challenges related to defining reliability,

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[9] According to Alasuutari (2011), it is not possible to obtain statistically generalizable information similarly in qualitative research as in quantitative research. Quantitative research is based on statistical probabilities and its variables can be clarified more easily, whereas the goal of qualitative research is to create observations and solve puzzles.

including challenges such as changing attributes, personal experiences and interpretations, as well as contextual dependence. When taking these factors under consideration it is not possible to say explicitly that this research is entirely reliable. Both interviews and analyses are tied into context as well as personal experiences and understanding. The inherent human factor of evolving changes over time must also be considered. Therefore, replicating this research entirely identically is challenging. Additionally, this research is hindered by a generalizability issue. The results of the research are not generalizable due to the discretionary sample which consists of only three interviews with three different individuals. However, acknowledging and openly presenting these factors enhance reliability.

Also, for example Saarela-Kinnunen and Eskola (2010) present systematic assessment of sources of error as the third aspect of reliability in qualitative research. The potential sources of error within the research were systematically assessed throughout the research process as they have been identified to have a negative impact on the validity and precision of the research (Koskinen et al., 2005). Errors were sought to be minimized through well-planned and precise work, supplemented by the researcher incorporating insights from industry professionals' thoughts when constructing the theoretical framework. The interviewees were chosen based on their extensive experience in the field, thus assuming that they have substantial knowledge of the phenomenon. The choices were based on the interviewees' current job roles and recognition within the industry. Potential errors within the research were systematically mitigated using carefully chosen interview themes, clarifying follow-up questions, observation, and recording of the interviews. The interviews were transcribed verbatim to ensure that essential information would not be overlooked during data analysis.

Last, ethics and good scientific practice are crucial in all research endeavors and they played a significant role in guiding this research as well. Scientific ethics entails a commitment to criticality, honesty, and transparency (Hallamaa, 2002). Research ethics, on the other hand, encompasses the ethical principles, norms, virtues, and values to which a researcher must adhere and for which they are personally accountable. It also involves moral beliefs and decisions. Ethical considerations must be pondered at various stages of the research, including the selection of research subject and methodology, data collection,

assessment of the reliability of scientific knowledge, treatment of research participants, implications of research findings, and adherence to principles within the scientific community (Kuula, 2015).

Especially in qualitative research where individuals and their actions often take center stage or are involved, it is important to recognize that research involves rights and responsibilities. Participants are subject to principles such as voluntariness throughout the research process. They have the right to choose whether to participate in the research and can withdraw their participation at any time. In addition to adhering to legal and other protocols in conducting research, the researcher must also inform participants about the research purpose, the participants' rights, and the use of information. Data should only be used for the intended purposes. Individualized and informed consent is required from participants, wherein they authorize the processing of their personal data. (Kuula, 2015.) In this research, participants were provided with a research information sheet and a data protection notice before the interviews. These documents outlined the research objectives and intentions, as well as provided information about data processing in the research. Furthermore, each participant signed a consent form, confirming their understanding of the research purpose and their own rights.

3.2 Presenting Empirical Data

The interviewees were selected in a manner that aligns with the purpose of the research. Thus, the process of identifying potential organizations was initiated based on the restrictions set by the research scope. In the theoretical framework it was recognized that there are two factors, competition intensity, and market orientation, that predominate the usage and perceived merit of customer accounting (Guilding & McManus, 2002) while according to Merchant (1981), the need for PMMS increases alongside the organization size. Using these three factors as criteria was considered beneficial because, in the theoretical framework, it was recognized that customer experience and customer experience management still lack agreed-upon definition and processes, but it could be

expected that organizations fulfilling the above-mentioned criteria would have more mature Customer Experience functions.

After the organizations had been selected, individuals with the title Head of Customer Experience or Director of Customer Experience were contacted. These roles were perceived to have the most comprehensive understanding of the PMMS structure they utilize. Furthermore, they have the most extensive experience and understanding of how customer experience exists throughout the organization which supports understanding the role of customer accounting in customer experience management. Last, these roles were perceived to have a comprehensive understanding of function's goals and operational execution.

The research material consisted of three individuals with whom the interviews took place during the summer of 2023. When collecting empirical data, it was observed that the lengths of the interviews increased. This is perceived to be the result of both the varying characteristics of the interviewees and the researcher's growing understanding of the research object. Table 3 presents the relevant background information regarding the interviews conducted for this research.

Table 3 Interviews of the research

Date	Length of the interview	Title of the interviewee	Reference used
June 15th, 2023	36min	Head of Customer Experience	Person A
June 19th, 2023	51min	Director, Customer Experience, Design and Innovation	Person B
June 29th, 2023	1h 2min	Head of Customer Experience and Insight	Person C
In total	2h 29min (avg. 50min)		3 interviews

Person A: Person works as Head of Customer Experience in international Software-as-a-Service (SaaS) organization in business-to-business industry. In the current role they have

worked for the last 2.5 years and before that they have worked in sales and marketing related roles for around 10 years.

Person B: Person works as Director of Customer Experience and Design and Innovation in a leading logistics company that is serving both consumers and businesses. In the current role they have been for the last 1.5 years, but they have more than 15 years of experience of customer experience in total.

Person C: Person works as Head of Customer Experience and Insight in retail organization that is serving consumers. In the current role they have been for the last 1.5 years, but they have worked in similar roles in various organizations before that for around 10 years.

4 FINDINGS

In this chapter, the case study material is examined by analyzing the obtained research results. The results have been categorized into three subsections based on the theoretical framework. First, a general overview of the Customer Experience function is presented after which the measurement and management of the function as part of the organization are analyzed and linked to the BSC's four viewpoints. Second, the usage of customer accounting techniques is analyzed and third, customer experience management is analyzed based on the three recognized processes in theoretical framework. Last, the synthesis of the empirical results is presented.

4.1 Description and Analysis of the Empirical Data

4.1.1 Balanced Scorecards

PMMS is built based on the goals of function and organization. For that reason, an attempt was made to form a picture of how the interviewees perceive the role of Customer Experience function in their organizations. First, the interviewees were asked how they understand customer experience management in their organizational context and the areas beyond their function that they are aiming to impact. Furthermore, the organizational culture was analyzed by asking what customer experience management's relation to the strategy is and how customer-centric they emphasize their organization is.

Each of the interviewees immediately highlighted that the role of Customer Experience function is to ensure the organization's business is managed with a customer-centric approach. They emphasized that ultimately the Customer Experience function cannot develop customer experience management independently, but all development work must

be conducted in close collaboration with other functions. Through this collaborative effort they perceived a significant role for themselves in supporting other functions in business development. Additionally, interviewees emphasized with various wordings the importance of systematically and automatically measuring customer experience. In the context of customer experience management, the automated measurement of customer experience ensures a continuous flow of data without allocating human resources to it.

In Figure 8, the conceptualization of Customer Experience function by the interviewees is illustrated. The observation positioned at the top of the figure stood out notably from the rest while the observations on the second row were mentioned by each interviewee, but in varying contexts. On the third row two of the interviewees mentioned the highlighted viewpoints, whereas on the fourth row, a single interviewee made mention of the indicated components.

Figure 8 Interviewees' viewpoints of Customer Experience function

None of the functions formally monitored all four viewpoints of the BSC although the importance of each viewpoint was recognized. They perceived that BSC's viewpoints particularly support collaboration among different functions as they can assist in developing a common customer-centric language. Next, each BSC viewpoint is analyzed separately with the guidance of theory.

Learning & Growth

Learning and growth can be seen as aiming to describe an organization's ability to innovate, learn, improve, and develop its human capital. All of the interviewees mentioned training immediately as the most important way to affect learning and growth from a performance management viewpoint. Ultimately, customer experience is shaped and influenced by the entire organization and each employee must feel also outside of the Customer Experience function that impacting customer experience belongs to their role. By focusing on training, it becomes possible to enhance the understanding of the potential opportunities that can impact customer experience. According to interviewees, regular training ensures that customer experience becomes present in everyone's minds and actions. Person C mentioned that training must be treated as a continuous process rather than as a project with start and end date.

> *It is important to remember that effective implementation cannot be taken for granted but requires continuous effort. With the arrival of new individuals and the nature of forgetting things, this should not be approached as a project with a clear beginning and end, but rather as a process where the foundational elements are established first, and then the daily work truly starts. (Person C)*

On the other hand, Person A highlighted that training is not necessarily always connected straight to customer experience, but instead, it is important to provide opportunities for employees to learn about topics that are personally relevant to them.

> *And then when it comes to people's development not all things are, of course, related to customer experience. - - Everyone agrees with their managers on what matters to them and where they want to improve. (Person A)*

In contrast to the theoretical framework, each of the interviewees perceived peer learning as an important way to enhance learning and growth. According to them, it is important to highlight employees or process improvements that has affected positively for customer experience, but also to engage and discuss various ongoing topics. Emphasizing successful employees can be considered as a reward and motivational factor for the successful employee while the rest of the employees can take inspiration from their

working methods. On the other hand, with regular meetings the employees can gain support from one another in challenging situations as well as confirm that they are steering their responsibilities to the right direction. Additionally, Person C mentioned as the last factor of peer learning employees' skill profiles for offering an ability to compare themselves against other employees.

> *We have integrated customer experience into the employees' skill profiles, so there's a consistent benchmark to compare and evaluate how you're doing. (Person C)*

For Person B, the viewpoint of learning and growth varied whether it was spoken about employees or the leadership. For employees, they did not have any straight measurements, but a broad variety of different webinars, articles, modules, and research bank. For the leadership, on the other hand, they conducted a yearly survey about their understanding of customer experience and what is the meaning of it for the business. Person B added that it is good to remember in this approach that many of their executives come from manufacturing industries where financial figures have larger weight.

> *Many of our executives on the business side have come from fields where financial values resonate more than qualitative information or the building of emotional connections or empathy. (Person B)*

Person A identified a regular measurement for the learning and growth viewpoint which was employee satisfaction and engagement towards the organization and the leadership. Person C did not recognize specific measurements but mentioned that measurements are used case-specifically. If a challenge relates to the employees at a particular touchpoint, it is their responsibility to objectively consider how learning and growth operations can be improved.

> *If we see at a particular touchpoint that something isn't going well due to some staffing-related reason, then we analyze it and consider if it's due to resourcing or some operational model, for example. But our aim is that it's not our opinion, but we gather data and based on that we've recognized a challenge. (Person C)*

In contrast to the theoretical framework, the organizational culture impacts the way learning and growth is managed. Persons B and C believed that to promote a customer-

centric organizational culture, it is important to integrate customer experience to the financial measurements. According to them, the financial viewpoint is easy to understand because it plays a significant role in each organization. By emphasizing financial viewpoint more broadly, a more unified language can be established. On the other hand, Person A perceived that one of the root reasons for their customer-centric culture is their ability to measure the financial impacts of customer experience.

> *I think our culture is rather customer-oriented because for us it is easy to measure customer experience and then connect it to the business measurements. (Person A)*

Internal processes

Among the viewpoints of the BSC there was the most notable variation in the interviewees' responses regarding internal processes. In the theoretical framework it was observed that the role of internal processes is to build structure and smoothness for daily operations. The observation was made by each interviewee with varied practical implementations, however, they all also mentioned potential measurements they could use for measuring internal processes but would not provide additional value for management. Person B emphasized the need to structure processes in a manner that ensures a shared comprehension of ongoing development areas among all employees within the Customer Experience function. It is important that employees know they are progressing in the right direction within their respective areas of responsibility. Responsibility areas are shared based on customer journey's touchpoints. In their organization, they have various weekly, monthly, and quarterly conducted meeting concepts for the discussions. From the performance measurement viewpoint Person B expressed that the existence of regular meetings is already a measurement itself.

> *In our team, we have weekly meetings, a weekly show-and-tell where different team members share their methods and work with each other. We also have a monthly focus day and then a semi-annual one, which is a more comprehensive review where we look at our strategic directions. We ensure that everyone has consistent information about what we are currently doing. At the same time, we make sure that each person is moving their own area in the right direction. -- In general, the fact*

that these [meeting concepts] exist is already a kind of metric, as they ensure a certain structure for team management. (Person B)

The organization of Person A follows an OKR (objectives and key results) model[10] wherein they quarterly define their goals. More precisely, they establish objectives that are aligned with their intentions and allocate those across different teams. Measurements vary based on the chosen areas of improvements, but there is a notable emphasis on ensuring a connection to key performance indicators.

In every quarter, we create a shared goal in terms of what needs to be accomplished and these OKRs are then distributed among teams. If we would be developing onboarding for example, a natural metric would be conversion, meaning how many of our trial customers ultimately purchase our product. (Person A)

Person C acknowledged two primary factors when it comes to organizing daily processes. First, they underlined the importance of delegating responsibilities in alignment with the organizational structure. They believed that this approach facilitates a more effective infusion of local culture into processes, thus enhancing collaboration with other functions. Second, they emphasized the necessity of ensuring that the customer's viewpoint remains integral in the organization's daily conversations. While participating in regular and systematic meetings is straightforward, they observed that the daily work environment includes unforeseen situations and sudden shifts where consistent engagement in such conversations is challenging. In these daily conversations, their role entails providing an objective representation of the customer's viewpoint.

In day-to-day operations, decisions often tend to be driven by emotions. Our role is to timely provide objective understanding and analysis of the customer to the decision-making process. (Person C)

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[10] OKR is a framework used to manage organizational goals and thereby execute an organization's strategy. The model is not completely standardized, but generally it consists of two components: objectives, which indicate what is aimed for, and key results, which in turn indicate whether the journey is progressing as intended. (Hämäläinen & Sora, 2022.)

Furthermore, within Person C's organization whenever an individual applies for project authorization one of the required components is an explanation of how the project would impact customer experience.

> *We aim to influence the development processes in a way that when you seek approval for a project, you're already required to assess the customer understanding it's based on and how the project is expected to impact customer experience. While normally customer experience naturally comes more into focus in the later stages, this approach allows for a certain evaluation to be integrated into the initial phases as well. (Person C)*

Customer

The customer viewpoint can be formed based on the value proposition upon which measurements such as customer satisfaction, acquisition, retention, and market share are determined. Surprisingly, however, it emerged that the interviewees primarily focused only on examining customer satisfaction. Persons A and C has one measurement that is used throughout the whole organization. Person A used health score[11] measurement which is created based on the way customer uses their product. They did not utilize a separate measurement specifically describing customer satisfaction. Instead, based on the health score, it can be assumed that if a customer extensively uses the product, their satisfaction level is also high. Person C emphasized the importance of measuring the customer's emotional experience. Their team then fulfills the score of customers' emotions with qualitative analyses that are based on the feedback they receive from customers. Both Persons A and C emphasized that when a singular measurement is employed it becomes more straightforward to comprehend, consequently raising the interest of customer experience in other functions more easily.

> *We have one customer experience metric in use that is implemented across all touchpoints, countries, and units. When there's a single metric, and then we also*

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[11] Health score is a measurement used to predict the future customer behavior by determining how much risk there is of a customer churning or how likely they are to be ready to pay for an upgrade to their service (Mehta, Steinman & Murphy, 2016).

incorporate the qualitative aspect, the staff immediately starts considering how we can improve. And that's really crucial. (Person C)

Person B's organization was the only one who measures customer satisfaction in various levels and ways. They examine customer satisfaction at a relational level, focusing on the overall experience a customer has with the organization. They are also utilizing Customer Satisfaction Scores (CSAT) but are also interested in exploring the applicability of the Net Promoter Score (NPS). Furthermore, they measure Customer Effort Score (CES) which could be useful at the relational level[12]. At the transactional level, the organization measures customer experience with CSAT, while at the product level, they measure the customer experience of single features or channels. Person B described the reason for having several measurements in place as the following.

There is a strong focus on what kind of experience the customer has with us as a whole. (Person B)

However, in line with Persons A and C, they also emphasized that currently they are using multiple customer satisfaction measurements only to learn the best methods for them. In the future the aim is to reduce the number of measurements. They highlighted that their current measurements are not perfect, but they are good enough because they are easy to understand.

At least at this moment, if you were to ask, I would strongly be against indexes because an index constructs a complex structure, and if something changes within that structure, the entire context changes, rendering it ineffective. - - So, one reason to appreciate straightforward metrics is that they are simple and easy. (Person B)

In contrast to Persons B and C, Person A did not see a reason to measure customer satisfaction through commonly known customer satisfaction measurements. They

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[12] CSAT, NPS and CES are some of the most known customer measurements in marketing field. CSAT measures customers' satisfaction to product or service, NPS customers' willingness to recommend the organization for another person and CES the customers' expressions of how easy it is to work with the organization. (Gök, 2009.)

personally did not believe that measurements considering customers' emotions are effective enough in a business environment.

> *Instead of just measuring, for example, customer satisfaction or NPS, we measure how much revenue we can generate for the company, and then everything we do after a customer becomes a paying customer, the ultimate goal we aim to influence is specifically retention. - - Personally I don't believe that customer experience is just about measuring soft factors; it's business-driven. (Person A)*

Financial

In line with the theoretical framework all interviewees recognized the financial viewpoint as predominant viewpoint. They all highlighted a focus on the sales growth while Persons B and C also emphasized the aim to impact on improving gross margins. The interviewees highlighted that the paramount objective ultimately remains in the attainment of profitable business operations because focus on other performance dimensions would be inconsequential if sales do not reach a satisfactory level.

> *The focus should be on measuring tangible business outcomes. Because if we aren't running a profitable business, these other perspectives wouldn't really matter. (Person A)*

Despite the predominance of the financial viewpoint Person B mentioned that they rarely report financial measurements, but it would be crucial to increase their impact in the Finance function. Person C also emphasized that a broader presence of the financial viewpoint would facilitate influencing decision-making. They are currently developing an index that would show the return on investment of customer experience. Through the index they would be able to show what the loss is if the customer experience is not enhanced. Person B recognized a similar situation, where they have not been able to provide the meaning of a certain factor before they were able to provide it with financial measurements.

> *If we just said, "hey, this needs fixing, and we need to invest in it", the response would be, "we don't have the budget". But if we could actually prove that these 1500*

responses highlighting this issue cost us half a million euros annually, the nature of
that conversation would be completely different. (Person C)

On the other hand, Person B raised the fact that customer experience measurements react at a different time frame in comparison to financial measurements. Organizations have an opportunity to impact the customer's experience only during interactions. Person B emphasized a scenario where a customer has had a single poor customer service experience but they do not use their services again for the next two years. Consequently, regardless of any improvement efforts, the customer's experience cannot turn positive until they re-engage with their customer service.

Changes in customer experience are very slow. So, if a customer has had a bad
experience with customer service once they may not have a reason to contact our
customer service for the next two years. If we talk about these traditional financial
metrics customer experience metrics don't react at the same pace. Often, for
example, customer satisfaction is visible much earlier than when sales start to
decline. (Person B)

4.1.2 Customer Accounting

Next, the interviewees were asked about the various accounting techniques they utilize to track customer profitability and the factors they have incorporated into their measurements. In line with the theoretical framework, CPA was the most common customer accounting technique used by the interviewees. They all have defined CPA but its maturity and depth levels varied. Persons A and B emphasized that, from their organization's viewpoint, it is not relevant to track or understand profitability on a customer-specific basis. Instead, they aim to understand it based on their customer segments. For Person B, CPA particularly considers volume. For Person A, CPA is mainly determined based on product maintenance, customer acquisition, and customer service costs. They highlighted that in their business profitability primarily arises through

customer retention. Therefore, in customer experience management they utilize CPA more for following customer engagement than margins.

> *For an individual customer, we don't look at it that way but we assess it more through the entire customer portfolio. In our type of business profitability comes from customers staying with us for as long as possible. So, we aim to optimize it in a way that there isn't a situation where we acquire a customer in the first month, and then they're gone the next month. (Person A)*

Otherwise, Persons A and B had differing views on how CPA impacts customer experience management. According to Person A, everything starts with profitability and the service provided to the customer should be designed based on it. On the other hand, Person B thought that other factors impact the management as well. Although Person C did not directly mention the impact of other factors as part of profitability they did note that customers might receive better benefits than what their level on loyalty programs suggest if they frequently visit the stores or are clearly growing.

> *Generally, when we need to identify the top 100 for something like an event, it's based on sales. But it can also be based on factors like visiting frequency, not just the absolute euros, but the clear indication that you visit us frequently. (Person C)*

Person A was the only one who had defined a CLV for the organization while none of the interviewees currently include intangible assets in their customer accounting techniques. Person A uses CLV to understand how long each customer segment remains as their customers in average. Therefore, the importance of CLV is particularly emphasized when an individual becomes their customer as this enables them to estimate how much the customer is likely to generate revenue for them.

> *A customer who comes in this month, we assess how much they are likely to spend with us. - - We can practically calculate the average time a customer typically stays with us. (Person A)*

Persons B and C both perceived potential in enhancing CLV but mentioned the need for additional customer data to further develop it. Furthermore, Person C raised ethical concerns regarding CLV. They acknowledged that they are not the most budget-friendly

player in the market which is why they could potentially determine CLV based on factors such as socioeconomic status. However, they do not consider this approach ethically appropriate. Nevertheless, it would be beneficial for them to identify, for example, young individuals who currently have low absolute spending, but are interested in sustainability.

> *Of course, we could consider some socioeconomic perspectives, but we haven't analyzed it so thoroughly because we don't want to exclude people based on income or other similar factors. - - But the question is, how we could identify those youngest consumers who are currently spending less in absolute terms but still prioritize sustainability. (Person C)*

Person B on occasion supplemented Person C's thoughts by mentioning that they are aware of a customer segment that forecasts behavior of other customer segments and they focus the development initiatives on this specific customer segment. However, they emphasized that this customer segment does not impact their approach to customer experience management but rather define their development projects which confirms that the approach does not exclude anyone.

> *The customer segment doesn't currently have an impact on our management but rather on the future development. - - So, this approach doesn't exclude anyone; rather, the development efforts are primarily focused on the groups where we see the most critical customers being. (Person B)*

Outside of customer accounting techniques, interviewees considered quantifying customer engagement as an important factor. All three interviewees conduct various customer surveys which are utilized to identify improvement areas to enhance customer understanding. Person B acknowledged the information obtained through these means as valuable but challenging. According to them, the data gathered through surveys would enable proactive development of operations but influencing decision-making based on qualitative information proves to be challenging. However, the process of quantifying the information, such as into customer satisfactions measurements, takes considerably longer. At this stage, the problem has already grown so significantly that addressing it will require a substantial amount of time.

For the past several months, our CSAT and NPS have been trending in opposite directions and no one has noticed yet because there are many other interesting things going on. - - But let's put it this way, now that I can show it in numerical form, it raises interest. As long as the situation was one where I could have just explained it verbally, it wouldn't have been interesting. (Person B)

Finally, in relation to the theoretical framework, it should be noted that based on the interviews, the processes of customer accounting techniques in Person A's organization appeared to be the most advanced. Among the industries represented by the interviewees, the industry of Person A's organization is the easiest to enter which is why they also face the most competition. This observation aligns with the findings in the theoretical framework.

4.1.3   Customer Experience Management

In the theoretical framework customer experience management was defined as comprising of the customer journey, customer data, and a customer-centric approach. These processes were investigated by asking the interviewees about the meanings they attribute to them and how they currently use them in practice. All interviewees unanimously agreed that all three processes of customer experience management are essential. Customer data was identified as the most critical factor by all interviewees generally but especially when aiming to enhance customer accounting to make customer experience management more efficient. Customer-centricity within the organization was also seen as crucial as it was perceived to impact key areas of development as well as the interviewees' ability to influence organizational decision-making. While understanding the customer journey was acknowledged as valuable, the interviewees emphasized that what matters more for customer experience management are the customer segments within the customer journey. The customer journey illustrates the various stages the customer goes through within the organization whereas customer segmentation is the key

to understanding the heterogeneous nature of customer experience. Next, interviewees viewpoints regarding customer experience management are analyzed in more detail.

Each of the interviewees perceived that customer experience management means serving as an advocate for the customer within the organization and confirming that the experience expressed by the customer is at the highest level of quality with them. The interviewees described customer experience management as follows.

It means that the customer's journey with us is as good as possible and it means aiming to lead the company's growth in a customer-centric way. (Person A)

People sell their time to earn money which they can use to acquire goods. In this context, what I find crucial to understand is that people have nothing but time. Therefore, when they sell their time to earn the most valuable asset, money, they must be able to use that money to acquire goods and services that respect their time and the effort they've put into earning it. We waste that precious resource, time, when we spend money on something that doesn't deliver the expected experience or service. (Person B)

[Customer experience management] means measuring it systematically. - - So, one thing is the customer experience metrics; we get data very effectively and then there's the management perspective. Meaning that everyone who works in our company, their bonuses are determined based on customer experience. (Person C)

Persons A and B mentioned the customer journey as a crucial part of customer experience management where it is essential, in their view, to understand the factors of the organization's operations that create the most value for customers. In line with theoretical framework, they both recognized that they are only partially involved in customer's journey. Although Person C did not explicitly emphasize the customer journey they underlined the importance of systematical measurement of touchpoints more than the other interviewees. According to them, they have around twenty touchpoints in which they measure customer experience systematically.

Our approach to customer experience management is quite systematic. We systematically measure customer experience at various touchpoints - - we have around twenty different measurement points. (Person B)

Also, the other two interviewees considered the measurement of customer experience important, but they integrated it as a part of digitalization. In connection with this observation interviewees collaborate the most with product and e-commerce functions. According to Persons A and C, together with the measurement, digitalization enables the automation of customer experience management. Person C, on the other hand, mentioned that they are still in the process of identifying the specific customer data they actually require.

[The role of customer data is] really significant. For us, customer experience is highly business-metric driven, meaning our success is measured by how many paying customers we acquire. - - But this has to be done through automation. (Person A)

We're actually currently trying to recognize what specific customer data we need to look more towards the future. - - I would like to be able to understand, for example, how many of our customers are vegans, so I would like to get answers to such value-based questions (Person C)

Additionally, Person C emphasized that after enough customer data has been collected organizational culture should be taken into account. They mentioned their daily sales report as an example, which, according to them, overly focuses on a historical viewpoint but has become an established practice within the organization. Therefore, integrating a customer experience viewpoint into the sales report would be relatively straightforward, as the report is already a part of the organization's existing routines. Person B also mentioned that there are practices that are not optimal but are a natural way for the employees to operate in their organization. According to them, sometimes it might be more effective to develop customer experience based on slightly deficient processes if it is incorporated into existing organizational structures.

So, it's like this: people have gotten used to the current model and if the sales report isn't in by nine, many start asking where it is. - - People have become quite systematic

about monitoring what we currently offer, so we don't create nice-to-have material. But then, of course, when we can invest more that's perhaps something that many can't imagine what all is possible when the current one is already working. (Person C)

In addition, Person C highlighted that customers are aware of the data collected about them, and therefore, a significant factor of customer experience management involves executing targeted advertising.

This isn't exactly a CX metric, but it's like customers get annoyed because they know we know a lot about them as they are in our loyal prgoram. So, when we advertise something completely irrelevant, it's like if you see that I always buy new products, why do you advertise 'sale intensifies, sale intensifies'? (Person C)

According to the theoretical framework regarding customer-centric approach, customer experience should be the responsibility of the entire organization with the management of a customer-centric culture starting with employee satisfaction. Although each interviewee mentioned that customer experience is everyone's responsibility in the organization they perceived the construction of customer-centric culture from a viewpoint that deviates from the theoretical framework. Person A emphasized that they have a shared goal throughout the organization and a desire to take the best possible care of customers. They felt that in their organization prioritizing the customer happens quite automatically, and the employees have willingness to incorporate the customer into development efforts.

We have a shared goal of wanting to take the best possible care of our customers, and that also makes it easier for us to prioritize things together and keep in mind that we want the customer to stay with us for as long as possible. It also supports all the development efforts. (Person A)

On the other hand, Persons B and C perceived the situation somewhat differently and wondered how to implement the reports more effectively. They considered the reports as a significant factor in developing a customer-centric culture, as they viewed this as a pathway to better customer focus, especially in leadership's decision-making. However,

there is a risk that decision-makers are only interested in maintaining a certain level of customer satisfaction but do not pay attention to areas for improvement.

> *The challenge lies in incorporating the customer's voice into decision-making. That's the challenge. I'm worried if the roles in customer experience become more about providing and delivering information and monitoring reporting than pushing forward with addressing problem areas. Closing that feedback loop—now we're at the beginning stage, where the metrics are in place, but what happens when the actions identified through customer experience are brought to the forefront? We need to ensure that they are genuinely recognized and taken for development. (Person B)*

On the other hand, Person C added that time must be given time for the development.

> *Perhaps, in this situation, our approach is more like: "Now that score needs to improve." But then, now it helps us as a company to be able to allocate resources when we see that in some areas, we're not at the level we want to be, compared to others or where we want our brand to be. So, in that way, this systematic measurement helps us create that future strategy. (Person C)*

Throughout the interview, Person A emphasized in various wordings their ability to measure customer experience in a business-oriented manner and how much this contributes to the development of customer experience. On the other hand, Persons B and C consistently mentioned that they currently cannot measure their impact in an enough business-oriented manner. Since Person A also mentioned that they hope customer experience becoming more business-oriented generally in organizations, this is believed to be an explanatory factor, based on the analysis, for why Person A's organization appeared to be the most customer-centric.

4.2 The Synthesis of the Results

Balanced Scorecard

When assessing the overall view of Customer Experience function, most importantly, their main role in the organization is the customer-centric business management. Two additional crucial roles were noted to be cross-functional collaboration and ensuring customer experience is the agenda of the entire organization. Each interviewee considered all four viewpoints of the BSC important, however, none of them utilized them systematically at present. In general, the responses from the interviewees broadly aligned with the theoretical framework, although some exceptions were observed.

Training was perceived as the most important approach to influence learning and growth both by theory and interviewees, but Person A emphasized that training is not necessary always directly correlated to the customer experience. Indeed, it is important to consider the individual's own interests as well when evaluating the training needs. The emphasis on peer support as part of learning and growth is at least partially surprising since this viewpoint did not emerge in the theoretical framework. In addition to training and peer learning, the Person C highlighted that learning and growth should be considered in employees' skill profiles while Person B highlighted the importance of offering a broad variety of webinars, articles, modules, and research banks. Several previous empirical studies have identified learning and growth as the weakest viewpoint of the BSC due to the challenge of defining concrete measurements. Although the interviewees mentioned a relatively few concrete measurements based on this empirical data the viewpoint cannot still be considered the weakest, as each of the interviewees emphasized the significant role of the viewpoint within the Customer Experience function. A key observation was the ability to influence a customer-centric organizational culture. According to the interviewees, the more effectively customer experience is linked to the financial viewpoint the more opportunities there are for enhancing a customer-centric organizational culture.

Regarding internal processes the interviewees' viewpoints varied the most. In line with the theoretical framework, it could be expected that the methods employed by the

interviewees focused on improving operational efficiency. Person C has noticed that when daily processes are built based on both organizational structure and the geographical location of the employees, they can incorporate local culture as part of their daily work which enhances their operations. Person B, on the other hand, emphasized that processes should be defined in a manner that ensures a unified understanding of current development areas within the function. Person A, regarding improvement areas, aligned with Person B but specifies that processes are defined quarterly based on current development projects. Additionally, Person C mentioned that when seeking project approval employees must explain how the achieved results are expected to impact customer experience. Interviewees did not have specific measurements regarding internal processes because they were not seen as providing additional value for managing the function.

With the first two BSC viewpoints it was observed that methods used primarily focused on performance management. However, from the customer and financial viewpoint the measurements were more emphasized. In contrast to the theoretical framework that reviewed various customer measurements, the measurements utilized by the interviewees mainly centered around customer satisfaction. Both Persons B and C focused on measuring the customer's emotional experience while Person A placed more emphasis on product usage. An important observation highlighted in the research is that customer satisfaction should not necessarily be measured through traditional measurements but via product usage. Person A's measurement was developed based on product usage, and they mentioned that the more extensively and diversely a customer uses the product, the more satisfied they can be assumed to be. Another noteworthy observation is the importance of simplicity in customer measurements. Each interviewee emphasized that there should be only a few measurements in use, and they should be easily understandable, as this makes their integration into decision-making more efficient.

In terms of the financial viewpoint, an important observation is that each interviewee perceived the financial viewpoint as dominant but despite the recognition it was utilized relatively rarely. This observation can be attributed to the finding in the theoretical framework which indicates that managers often prioritize the financial viewpoint over other viewpoints, regardless of whether the observations align with the objectives at hand.

All interviewees aimed to impact revenue growth, and Persons B and C also mentioned their aim to impact profitability. Another noteworthy observation is the asynchrony of customer experience measurements compared to financial measurements. Person B pointed out that customer experience measurements, in their quantitative form, often react more slowly to changes compared to financial measurements. In their qualitative form, observations can be made faster than with financial measurements but in this case their impact on decision-making is weak.

Customer Accounting

In the context of customer accounting, the interviewees aligned with the theoretical framework in most cases. All interviewees mentioned that they have defined CPA, while for CLV and valuation of customer as assets most of the interviewees identified challenges they must solve before implementing them. An exception was Person A whose organization had also defined CLV. However, it was surprising to observe that each interviewee emphasized more focusing on revenue growth rather than understanding cost structures. Additionally, the interviewees did not feel the need to understand CPA on a customer-specific basis but rather on customer segmentation basis. The role of customer accounting techniques, as perceived by the interviewees, appeared to be less significant within the organizations than what was expected based on the theoretical framework.

In line with the theoretical framework, it was observed that customer accounting can be viewed from both the organization's and the customer's viewpoints. Persons B and C believed that customer accounting should be based on customer segmentation, and customer segmentation should, in turn, be based on customer behavior. Although Person A did not fully neglect that viewpoint, they emphasized customer segmentation more in terms of how much resources customer consumes from the organization. In other words, Person A believed that customer relationship profitability holds greater significance compared to Persons B and C. Additionally, Person C supported the observation from the theoretical framework that ethical considerations should be considered when building customer segmentation.

Person A used CLV to understand how long a customer in a specific segment remains as their customer. They particularly utilized CLV in the early stages of the customer

relationship. Persons B and C saw potential in developing CLV but needed more customer data to enhance it. Consistent with the theoretical framework, the interviewees considered as CLV's greatest advantage the future-oriented viewpoint. None of the interviewees had quantified intangible assets as was emphasized in theoretical framework. Person B especially highlighted that not all qualitative information should be monetized or otherwise converted into a quantifiable form. However, Person B mentioned that they had identified a customer segment that predicts the behavior of other customer segments towards them. While this does not directly affect customer experience management, it does impact the development projects they launch.

Outside the realm of specific customer accounting techniques, the interviewees emphasized the importance of various customer surveys. An interesting observation regarded to Person B's viewpoint about the different time frame of customer accounting or customer data compared to financial measurements. According to them, the data gathered through surveys would enable proactive development of operations, but influencing decision-making based on qualitative information proves to be challenging. However, the quantified information, such as customer satisfaction measurements, reacts slower to changes than financial measurements. At this approach, when financial measurements demonstrate the changes in customer experience, the challenge has already grown that significantly that addressing the challenge would require a substantial amount of time.

Customer Experience Management

All interviewees considered the three processes of customer experience management as important, with customer data being most important. According to the interviewees, customer data enables the measurement of touchpoints within the customer journey, but also enhances a customer-centric approach. Persons A and B mentioned the central role of the customer journey in customer experience management wherein they recognized in line with the theoretical framework that they can impact only into some touchpoints in the customer journey. Person C, on the other hand, did not specifically mention the customer journey but emphasized the importance of measuring customer experience at different touchpoints. While Persons A and B found measuring customer experience important, they linked it more to digitalization. Person A mentioned that digitalization

enables the automation of measuring customer experience, a point that was also supported by Person C.

However, contrary to the theoretical framework the interviewees emphasized the importance of different customer segments more than the customer journey. Although interviewees agreed that the customer journey should exist, they all expressed it should be defined based on customer segments. Person C additionally highlighted that customer experience management should be based on emotions and values which can be achieved only through customer segmentation, whereas the customer journey alone cannot achieve this.

From the interviews, it became evident that only Person A believed the current state of customer data is good. Additionally, it was apparent that, contrary to the theoretical framework, organizations' cultural context is essential to understand when implementing customer data to the daily operations. Both Persons B and C mentioned having reports or other practices that they considered suboptimal. However, they believed that integrating customer data into existing practices might be more effective than creating an entirely new structure because the need for change management is lower when new functionalities are integrated into existing structures. However, Person C pointed out that this approach also carries the risk of not supporting employees' willingness to develop.

Contrary to the theoretical framework, the interviewees did not specifically emphasize the importance of customer satisfaction when building a customer-centric culture. Instead, they highlighted the ability to integrate customer data into financial and other business measurements. The responses indicated that the organizational culture at Person A's organization is the most customer-centric, whereas Persons B and C faced similar challenges in terms of including customer viewpoint into decision-making broadly enough. The difference observed was that Person A's organization was more advanced at integrating customer data into financial and business measurements while Persons B and C identified this as major improvement area. However, all interviewees agreed with the theoretical framework that a customer-centric organizational culture plays a crucial role in customer experience management.

5   SUMMARY AND CONCLUSIONS

This research consisted of two research questions which together aimed to increase the understanding of measurement and management in Customer Experience function, as well as about the role of customer accounting measurements in their customer experience management. First, the outcomes of Customer Experience function were examined as part of the organization, and second, the attention focused on the function's processes itself. The research process was guided by the following research questions:

1) *How do organizations measure and manage the Customer Experience function from the viewpoint of performance measurement and management systems?*
2) *What is the role of customer accounting in Customer Experience function's customer experience management?*

The research was conducted as a qualitative multiple case-study (Koskinen et al., 2005), which, from a philosophical viewpoint adheres to hermeneutics (Tuomi & Sarajärvi, 2018) and adopts an action-oriented research approach (Neilimo & Näsi, 1980). The empirical data for the research was gathered through semi-structured thematic interviews (Hirsjärvi & Hurme, 2022) with three Customer Experience function directors. Subsequently, the data was analyzed using a mix of a content analysis method and theory-guided analysis (Hirsjärvi & Hurme, 2022).

Next, research questions are answered where particularly the findings that are supplementary or conflicting in the light of earlier theoretical discussion or challenging them are discussed. Furthermore, the limitations of the research, alternative research methods, significance of the results as well as future research topic are presented. It is important to note that due to the empirical data for this research being derived from a small number of purposively selected interviews, the results are not generalizable but serve as a foundation for future research.

Research question 1

The first research objective was to investigate how organizations measure and manage the Customer Experience function from the performance measurement and management systems (PMMS) viewpoint. To answer the research question, the empirical data was collected and analyzed based on Kaplan and Norton's (1992, 1996) the Balanced Scorecard (BSC) framework which supports organizations translating their goals into a set of measurable objectives and recognizing cause-and-effect relationships across four hierarchical viewpoints: learning and growth, internal processes, customer, and financial outcomes.

Initially it can be observed that although each of the four viewpoints are considered important when measuring and managing Customer Experience function, standardized measurement and management methods do not exist yet. In previous studies, authors have faced difficulties in establishing a demonstrable cause-and-effect relationship between different viewpoints (Watts & McNair-Connolly, 2012). However, in this research such a relationship was identified by all interviewees. On the other hand, in the theoretical framework, PMMS was considered to commence with defining appropriate measurements for the function after which the appropriate performance management methods are applied (Kennerley & Neely, 2000; Burney et al., 2009). In this research, the observed situation was the opposite, with two out of three interviewees mentioning various measurements they could utilize but did not perceive as adding value to the management of the function. Generally, all interviewees emphasized more management than measurement methods.

The interviews were in line with previous research (Franco-Santos et al., 2012; Melnyk et al., 2014) in that PMMS inevitably affects people's behavior and decision-making processes, which is why it is important to consider the organizational environment in which PMMS operates when constructing the framework. Based on the interviews, the unique aspect of the Customer Experience function is the number of qualitative information, and the first contribution of this research proposes additional viewpoint regarding the quantitative nature of information. It appears that some of the qualitative data collected by the Customer Experience function would benefit from being quantified into PMMS, but in the meanwhile, it is essential to recognize that quantifying qualitative

data inevitably hides some of the information it provides. Therefore, not everything should be quantified forcibly (Hall, 2010). When constructing the PMMS of Customer Experience function it is crucial to dedicate special attention to the role of qualitative data within its structure and how it should be presented in the PMMS to confirm the qualitative information is neither overlooked nor forcibly quantified in such a manner where some essential business-relevant insights would be lost. On the other hand, Vaivio (1995) has questioned whether the synthesis of quantitative measurements can describe the strategy of a function comprehensively enough. Based on this research it seems that quantitative measurements are efficient, but not enough to describe the strategy comprehensively.

As in the theory has been recognized (Bryant et al., 2004; Kopia et al., 2017), also in the Customer Experience function the learning and growth should primarily be measured via employee satisfaction measurements and managed with a focus on training that is further supported by a customer-centric organizational culture. As new research finding this research highlights the importance of peer learning. According to all interviewees, high-achieving employees should be acknowledged as examples for their peers while employees should have the chance to gain insights into different roles and assess their performance relative to their colleagues. Furthermore, one factor of peer learning that was identified by two interviewees pertained to the importance of various everyday encounters and discussions as an efficient way to peer learn. Indeed, it is proposed that in the Customer Experience function it is crucial to dedicate attention to opportunities of diverse encounters and dialogues among employees.

The internal processes of the Customer Experience function largely followed the formula proposed by Kaplan and Norton (1996). This research complements the formula by one interviewer's adherence that it does not only enhance the function's efficiency but also the understanding of a culture wherein organization geographically locates. In this research, no measurements describing internal processes were observed, partially aligning with Nørreklit and Mitchell's (2014) finding that strict compliance of the BSC may not be inherently meaningful. Even though the number of interviews was not comprehensive enough to claim that initial focus in structuring internal processes should be on the customer journey, propositions can be made based on that within two interviewed functions the responsibility areas were divided based on customer journey

while theory also discusses it as one of the most crucial parts in customer experience management (Becker & Jaakkola, 2020).

The research introduces a new viewpoint on measuring customer satisfaction in PMMS. Generally, product development has been considered as an internal process (Kaplan & Norton, 1996), but in this research all interviewed functions considered it as belonging under the customer viewpoint. Indeed, this research suggests that from the customer viewpoint, it is not necessarily customer satisfaction that should be measured but customer engagement. It can be assumed that the more a customer utilizes an organization's product or service, the higher their level of satisfaction tends to be. Also, all product development should happen with customer and therefore, the research proposes using the customer's willingness to participate in the organization's business development as a measurement and management area for the Customer Experience function.

A similar phenomenon with theory regarding the dominance of the financial viewpoint (Kraus & Lind, 2010; Cardinaels & van Veen-Dirks, 2010) was also recognized in this research. However, it seems that the measurements utilized in the Customer Experience function need still further development to align more closely with financial measurements. This alignment is necessary for two primary purposes within the organization: first, to facilitate discussions with other functions, particularly with leadership; and second, to enhance the impact of the Customer Experience function within the organization. Based on the research, developing the financial viewpoint within the Customer Experience function proves to be the most influential factor in increasing the function's integrative role in customer-centric business management that was considered as the main role of Customer Experience function by all the interviewees.

Last, this research responded to the request by Guilding and McManus (2002), McManus and Guilding (2008), Ng and Wood (2018) as well as Matsuoka (2020) to research Customer Experience function from the PMMS viewpoint. Generally, customer experience related definitions have been lacking agreed-upon definition and it has been suggested that understanding the PMMS of its function can support in standardizing the definition. In this research all three interviewed emphasized the customer-centric business management, cross-functional collaboration, and advanced technology usage when

defining the concept of customer experience. Although the wordings used by the interviewees varied in comparison to the theory of customer experience, their definitions generally were in line with theory and especially with ones presented by Gulati and Oldroyd (2005) and Bolton (2016).

Research question 2

The second research question investigated the role of customer accounting in Customer Experience function's customer experience management to understand the operational activities that impact the outcomes of PMMS. Customer experience management was considered to consist of three processes in the theoretical framework which were customer journey, customer data, and the establishment of customer-centric approach.

Based on the research it seems that customer accounting has two main roles in customer experience management: supporting decision-making and increasing customer engagement. First, the primary role of customer accounting in decision-making is to offer a future-oriented viewpoint of customer portfolio. More specifically, customer accounting impacts especially on future development projects, meaning in customer experience management, customer accounting should primarily provide information that increases understanding of customer needs rather than the financial value of them. The financial viewpoint should be employed to underscore the value of unified customer experience in an organization. Second, regarding customer engagement, one interviewee highlighted that customers are aware of the data organizations collect and in return they expect that requests and advertisements by the organization are personalized based on their interests. This not only facilitates customer engagement but also supports business development where customers should be involved in each step. Indeed, the results partially support the development of customer experience theory where the latest development milestone has been the focus on customer engagement. By enhancing customer's motivation towards the organization's business development, organizations gain improved capabilities for co-creating value with the customer. Simultaneously, customers can contribute to the organization's success by offering referrals and recommendations for potential future customers. (Nambisan & Nambisan, 2008; Hoyer et al., 2010; Brodie et al., 2011; Vivek et al., 2012.)

In academia, there has been debates whether customer segmentation in customer accounting should be determined based on an organizational (Foster et al., 1996; Lind & Strömsten, 2006) or customer viewpoint (Roslender & Hart, 2010; Roslender & Nielsen, 2022). Although the organizational viewpoint cannot be fully neglected in customer experience management, this research aligns more with customer viewpoint by proposing that customer accounting should primarily be measured based on customer behavior to support customer experience management. Only one out of the three interviewees regarded the organizational viewpoint as more important. However, despite the recognition, they also highlighted that customer journey where customer accounting impacts must be constructed from the customer viewpoint. Regarding customer journey, it is noted that customer profitability is not perceived to impact management of customer journey directly but indirectly. Customer experience management should primarily base on customer segmentation whereas the nature of customer journey depends on the segmentation. Customer segmentation should be based only partially on customer profitability analysis (CPA). Indeed, although the role of CPA on the customer journey varied among functions, its importance was recognized in customer segmentation, and in turn, the role of customer segmentation is crucial when defining the customer journey.

A new research finding is the time frame of customer accounting. Throughout the research, both in theoretical framework (Schmitt, 2003; Saarijärvi, 2011; Saarijärvi et al., 2014) and empirical part, the role, significance, and impact of customer data with various customer accounting techniques and in developing customer experience management were acknowledged. One interviewee highlighted that in comparison to financial measurements the qualitative form of customer data can identify the shifts in customer needs earlier than financial measurements. However, in the quantitative form customer data responds to changes slower than financial measurements. Therefore, based on the research findings, it seems that one of the key challenges that customer accounting faces as part of customer experience management is the different response time in comparison to financial measurements. This also creates challenges for customer experience management in a manner that influencing other functions' decision-making becomes more challenging. This research finding is considered to partially support also the observation made in the first research question regarding the impact of Customer Experience function. In the first research question it was observed that it would be

beneficial to further integrate customer experience with financial measurements to increase the function's impact in organizations, but this finding complements the observation by demonstrating the distinct nature of customer experience and financial measurements that should be acknowledged in the PMMS development.

The abovementioned observation will also significantly impact the development of customer lifetime value (CLV). The role of CLV in the customer experience management was found to be currently limited but potential. The results suggest that organizations need to further evolve in integrating customer data more efficiently with financial measurements before CLV can be standardized. The first empirical study regarding the implementation of customer accounting techniques have been provided by Guilding and McManus (2002) who back then noted that especially CLV and valuation of customers as assets were ranked as more valuable than what their current usage is. Based on the findings of this research it seems like organizations are continuing to encounter challenges with measuring CLV and valuation of customers as assets.

The results implicate that customer accounting has a key role in contributing to the customer-centric approach throughout the organization. This was observed particularly in two out of three organizations where customer experience was represented only through a couple measurements. Although CPA was found to be the most used customer accounting technique, the hope towards customer accounting by all the interviewees is becoming more future-oriented and more closely aligned with other business measurements. Vaivio (1999) has proposed that quantifying the customer can have a transformative impact on organizational structure, reshaping traditional responsibilities, and uncovering new dimensions of performance. The observations made regarding the role of customer accounting in customer-centric approach are perceived to significantly influence both the Customer Experience function and the entire organization's operations, aligning with Vaivio's (1999) insights because in the optimal situation, the future-oriented view may uncover new dimensions that have not been recognized before.

In addition, the research provides a new viewpoint on previous empirical studies regarding the implementation of customer accounting by Vaivio (1999), Guilding and McManus (2002) as well as McManus and Guilding (2008, 2009). The efficiency of

customer accounting techniques implementation as part of customer experience management can be enhanced by integrating it into existing structures. When implementing customer accounting techniques it is crucial to consider the need for change management it entails. According to two interviewees, customer experience management is a long-term endeavor, and making significant changes can lead to the underutilization of provided information. When integrating customer accounting's role into customer experience management, managers should focus on simplifying the information provided by customer accounting.

Significance of research results

Generally, there is a scarcity in literature with this research object, and several researchers have emphasized the need for further investigation. Guilding and McManus (2008) as well as Matsuoka (2020) have requested empirical results that follow an action-oriented case study approach. Additionally, the inclusion of the PMMS from the customer experience viewpoint has been suggested (Guilding & McManus, 2002; McManus & Guilding, 2008; Ng & Wood, 2018; Matsuoka, 2020). Thus, this study responded to the requests made in previous literature.

Due to the limited body of existing knowledge and especially empirical results this research is considered to have contributed to both the academic discourse and the business world by introducing several new viewpoints and areas for improvement within the business realm. To the best of the researcher's knowledge, this research was the first to frame the Customer Experience function under PMMS framework. Therefore, this research is seen as having introduced a new viewpoint to academic discussion.

Through qualitative case study methodology diverse results were obtained concerning performance measurement and management within the Customer Experience function. PMMS combines with the theories of customer accounting and customer experience, this research appears to enhance understanding of how organizations can manage their Customer Experience functions more efficiently by taking a stance from both measurement and management viewpoints.

In line with the objectives of the research, it successfully enhanced the comprehensive understanding of Customer Experience function. Typically, with case studies, the outcome of the research generates analytical evidence to support and deepen previous theories (Kreating, 1995). Especially in customer experience context there is still a lack of agreed-upon definition. Therefore, this research is considered to have provided an alternative viewpoint for examining the topic by providing empirical data. Within the field of customer accounting, the current empirical results have been majorly conducted by the same researchers and in the same geographical locations. For customer accounting research, this research primarily introduced a new geographical viewpoint.

Limitations of the research and alternative research methods

When interpreting and evaluating the results of this research, it is important to consider the limitations that impact them. In this qualitative multiple case study the aim was to gather in-depth and detailed information from a small, specifically selected group based on certain criteria (Hirsjärvi et al., 2009, 134–135). This approach diminishes the generalizability of the results. Furthermore, it is good to acknowledge that generally the first research conducted in an area includes a heightened number of limitations due to the scarcity of existing knowledge within the realm.

Even though the interviewed organizations operate internationally, their headquarters locate in Finland, and all the interviewees were Finns. This geographical limitation needs to be acknowledged as it inevitably introduces a certain degree of influence from Finnish culture and ways of operating. The results might not have been necessarily so aligned if the research had been conducted in a different geographical location. On the other hand, the practices and methods identified in the results might not be straightforwardly transferable to other organizations for similar reasons.

An interview situation is always an interactional context, created in a specific moment, influenced by the characteristics, emotions, and personalities of both the interviewer and the interviewee. Despite the effort to extract comprehensive insights through thought-out interview questions, one must also consider that interviewees might deliberately withhold certain information to present a particular impression of themselves and their representing organization. Additionally, the information provided in interviews reflects the

interviewees' viewpoints at a specific point in time, which could change and indeed do change over time when accumulating more knowledge.

The research could have been approached from different viewpoints as well. While constructing the theoretical framework and collecting empirical data, it was observed that the Customer Experience function aims to influence the organization's decision-making. Also, at times, it was noted that organizational culture has an impact on how seamlessly customer experience is integrated into operational activities. By focusing more closely on the abovementioned viewpoints, the nature of the research findings could have potentially been altered.

Additionally, the interviewees represented different industries, and particularly, it was observed that the nature of the organization's target audience, whether consumers or businesses, had an impact. Based on the interviews it seems that if all interviewees had represented consumer businesses, the discussions would have emphasized the customer's emotional experience, while representing business-to-business operations would have highlighted the significance of an innovative product more carefully. Furthermore, none of the represented organizations operate under strictly regulated industry. If such were the case, the processes of customer experience management commence with the consideration of regulations which would have possibly been reflected in the responses.

Future research topics

The scope of this research is still rather new by offering several promising research avenues for the future. First, there continues to be a demand for case studies due to the need for a deeper understanding and practical viewpoints. More specifically, the research results showed that Customer Experience function collaborates strongly with other functions. Also, a sentiment that was underlined by the interviewees, highlighted that customer experience depends strongly on the organization. Thus, providing a single case study by also interviewing the functions that Customer Experience collaborates with, could provide interesting additional findings. Customer accounting related topics that have been provided this far focuses mainly on Australia or New Zealand. There is still a geographical gap to be filled within the research object.

There was also a research subject raised by all the experts in the interviews of this research. The interviewees perceive that the impact of Customer Experience function on the organization is significantly influenced by its ability to demonstrate its effect on business measurements. At times, even in the theoretical framework, the dominant nature of financial measurements was observed. To enhance the development and measurement of Customer Experience function gaining a deeper understanding on how its business effects could be more effectively illustrated would hold significance.

Last, based on the research, it seems that the stronger the involvement of various technologies the easier it is to combine non-financial measurements to financial measurements. Thus, research of Customer Experience function with a stronger emphasis on various technologies could enhance the research field.

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ATTACHMENTS

ATTACHMENT: INTERVIEW QUESTIONS

BACKGROUND QUESTIONS

What is your job title? How long have you been working in customer experience, and how long in your current role?

How would you define customer experience management in the context of your organization?

With whom and what kind of collaboration does your function have within your organization?

What are the goals and strategy of your function and how have they been defined?

PERFORMANCE MEASUREMENT AND MANAGEMENT SYSTEMS

How is employee learning and growth considered in achieving the goals? What measurements do you use to measure employee learning and growth?

How are internal processes considered in achieving the goals? What measurements do you use to measure internal processes?

How does your function communicate about customer viewpoint in achieving the goals? What measurements do you use to communicate about the customer?

How is financial viewpoint considered in achieving the goals? What measurements do you use to measure financial outcomes?

Do you have any other methods or approaches you use to measure and manage customer experience?

CUSTOMER EXPERIENCE MANAGEMENT AND CUSTOMER ACCOUNTING

How would you describe your customer journey? How does it affect customer experience management?

What is the role of customer data in your function? How does it affect customer experience management?

What role does customer profitability play in your approach to managing customer experience?

What role does customer lifetime value play in your approach to managing customer experience? How do you emphasize the intangible assets of customer relationship?

How do you track your customers' usage of your products/services?

In which direction do you see customer experience management is heading? What are the common challenges and what changes do you expect?