IS YOUR BUSINESS CX-READY?

The trends that will define Customer Experience in the coming months and how you can get your business ready for them.

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ABSTRACT

The last two years saw dramatic shifts in customer behavior. A trend towards prioritizing customer experience over other attributes of the product or service was supercharged by the pandemic and became industry standard. A dramatic shift in the target customer base for most industries from the baby boomer generation to the Millennials and Gen Z means that companies must reinvent how they set themselves apart from the competition.

Customers want a great experience at every interaction in their customer journey. Above all, they want convenience in interacting with companies, finding products, and shopping. Companies must balance offering mass communication across several channels while providing an increasingly personalized experience. Companies rely more and more on automation, self-service, AI, and other smart technologies to meet customers where they are.

THE WAY BUSINESS IS DONE IS CHANGING

Trust is at the core of every transaction between a customer and a business. The customer has a need, and the company promises a service or product that meets it. Both parties trust in the transaction, and if the trust is justified, both will leave happy with the result. This is the ideal scenario. Unfortunately, for one reason or another, this trust is often not justified, and the customer leaves the transaction dissatisfied with the results. This is when your support agents come in to recover the situation. Ranging from clarifying a few points to reversing the whole transaction, their interaction with the customer can have a tremendous impact on the company's success and customer loyalty.

Trust is a reason for a customer to engage with a company in the first place, and research has shown that organizations that are highly trusted are 2.5 times more likely to function on a high-performance level and experience revenue growth. To build trust with customers, you have to offer an exceptional Customer Experience (CX) and customer journey. Why should you have a good CX you ask?

CX mature companies are more likely to exceed customer retention goals by more than six times. Good CX builds on three principles:

- Reply when and where the customer needs you

- Make it easy for the customer to do things on their own

- Make things clear for your customers

Having a digital CX has become a must with the pandemic greatly accelerating the adoption of technology in every aspect of the business. 9 in 10 business leaders say that it sped up digitalization in their business, and companies and customers alike have become more adept at digital solutions (2). However, as new technology brings opportunities, it also challenges the business. It is more difficult for a business to differentiate in a digital-first or digital-only world. A customer can compare and choose between businesses with just a few clicks. Never before was it so easy for a customer to gain information about a product or service and compare

all offers, and as a result it has become extremely difficult to differentiate solely with your products or service. Many companies found out that their USP (unique sales proposition) was not such a unique differentiator as they initially thought. To win in this game, you need to understand what frustrates the customers in the industry and provide a better CX than anyone else. Every interaction between customer and company from initial interest and fulfilment is a step in the customer journey. A well-crafted and positive customer experience is the key to retaining customers in a world where competition is fierce and products easy to replicate.

Customers are unforgiving. Research suggests that – 80% will switch to the competition after just one bad experience. A lost customer is lost for good. To make matters worse, a disgruntled customer can cost a business other potential revenue through negative feedback and reviews. Companies must equip their support team with the right tools to do their job effectively to avoid this scenario.

However, only every second agent in customer support says that they have adequate tools to do their job effectively and qualitatively. Two support agents out of three feels over whelmed or under perform because of a lack of appropriate tools.

As established before, customer experience is a crucial element of differentiation from the competition. This puts companies before a challenge – how to make a memorable customer journey and retain customers when their customer support staff do not have the adequate tools to provide the customers with the service level they expect? Above all the modern customers value convenience and effortless interactions. Traditional support processes are rigid and follow company preference – not customer preference. While there was a trend to change towards a more customer-centric approach before 2020, the pandemic supercharged the speed at which change occurred. Many companies did not have sufficient time or flexibility to adjust their internal workings and lag in their customer service experience and performance. To gain more customers, increasingly companies must win over market share from the competition. This puts even greater pressure on them to differentiate through an impeccable customer experience.

This paper will look at the best practices and trends in CX and discuss how companies can implement them in their daily operations to ensure that customers keep coming tomorrow and in the days after.

INVESTING IN CX CAN HELP YOU PULL AHEAD OF THE COMPETITION

Before going into the details, it is essential to understand that investing in customer retention pays off. Reducing churn by 5% percentage points from 15% to 10% can result in 50% more revenue for a business. Because happy customers are not only returning customers, but they are also free brand ambassadors who bring new clients. A commitment to CX must be a priority from day one. It is not an afterthought or marketing stunt. It must be the centerpiece of the strategy. Companies who embrace a customer-centric approach throughout the entire organization see better customer retention, higher employee satisfaction, and better returns.

What is CX

Customer Experience and Customer Service at first glance seem like synonyms. However, the concepts differ in their approach. Customer Service is a reactive process. A customer has a problem with the locking mechanism on their unit, contacts the company, and someone tries to find a solution to replace the faulty part ASAP. Customer Experience looks at the whole customer journey and every step in it. Every time a customer talks to someone within the organization is an opportunity to make a memorable impression. Customer Service is an element of Customer Experience, but there is more.

In short: Customer Experience is a holistic approach. The goal is not just to solve a problem as quickly as possible but also to build a customer relationship. It is this focus on relationship building that leads to impressive results in purchase intention and customer loyalty:

86% of customers are willing to pay more if they receive a great customer experience

86%

They will pay a premium of up to 13% on the same product simply by experiencing a better customer journey

13%

49% of customers made impulse purchases after a personalized customer experience

49%

In a CX organization, the company listens to the customer and anticipates future needs to have solutions before the problem occurs. Most importantly, CX also includes the customer's perception of the company throughout the entire journey. Performance KPIs exist for Customer Service as well. But they measure the speed and efficiency of problem-solving. In Customer Experience, a good perception by the customer is the goal.

CX Trends and Best Practices

Experience Economy Boom and Immersive Digital Experiences

A handful of CX trends emerged during the pandemic and continue to define the direction the industry moves in. One of the most prominent ones is the so-called experience economy. Companies are moving away from the traditional definition of products and services. Baby Boomers are no longer the strongest consumer group. Millennials make up a third of the global population, at 1.8 billion people. Gen Z are even more – over 2 billion. Two thirds of the global population and consumer base are digital-native. This changed everything.

In the past, companies differentiated through their product or service. Price and quality – tangible definitions that made it easy to set one business apart from another. Now the product morphed to include the whole experience a customer has. In other words, it includes all the peripheral services and the sum of interactions between customer and company. Companies offer a range of complementary services: Supermarkets do cooking classes and cars order their own spare parts. The goal is to showcase the product differently and in a way that enriches the customer's life.

The experience industry does not stop at the product and continues and provides benefits into marketing, sales, and after-sales activities as well. The goal of these experiences is to connect with a new audience and communicate the product's benefit in a better way. This trend emerged under the term 'metaverse': online environments to connect, collaborate and communicate. As everyone continues to stay at home and socially distance, businesses will look more and more for ways to interact with their customer digitally.

Customer Experience is The Main Factor of Competition

Customer experience will become the main differentiator between brands. Undercutting prices or offering different product features is not enough anymore. Customers are willing to pay extra for a great experience so the motivation for companies to invest in CX is high. With the help of technology, there are virtually no limits to creating and delivering a unique and unforgettable experience. Undercutting prices and copying a product to compete is comparatively easy. However, a great experience is much harder to 'rip-off'. It is a more sustainable USP and has potentially higher returns on investment, too.

At the same time, customers value this investment to gain their trust and are willing to provide copious amounts of data about their consumption behavior and lifestyle. Every interaction is a source of information and an opportunity to learn and improve. When Customer Experience becomes the priority, companies no longer look at the customer in the context of a single purchase. Instead, they look at the lifetime value of the customer. A great customer journey increases the likelihood that the customer will remain loyal.

Personalization and Automation in Customer Service

Despite the focus on Customer Experience and individual journeys, customer service is seeing an automation boom. New and smart technologies make it possible to serve more customers with more personalized communication at a larger scale. More automation fueled the shift from Call Centers to Contact Centers. Automated call handling can quickly navigate the customer to the right agent with the right expertise. Some companies link their FAQ to their hotlines to serve customers with repetitive inquiries. Chatbots can deflect questions and free up agent time in written support, like email or social media messaging services.

AI is becoming more sophisticated, and the newest generation of chatbots employs natural language processing (NLP) to understand inputs better and predict the correct response. Research in voice recognition and sentiment analytics makes it easier and easier for machines and humans to communicate. However, despite 50% growth in adoption, chatbots remain an underutilized tool. This leaves opportunities for companies to make AI a partner for you agents, not just a tool.

The overall experience with chatbots between customers and companies is positive, but there are potential frustrations to consider when planning your automated chat support. Most customers prefer to talk to a live agent about complex issues, especially billing and invoicing. Customers also want to reach a human representative easily without going through too many iterations of automated responses.

A third distinctive trend in automation is self-service. 74% of polled customers prefer to find solutions to their problem themselves rather than having to wait and talk to a support agent.   The priority is speed and convenience, with as little human interaction as possible. Customers want easy to navigate, mobile-friendly, and informative self-service solutions. An easy-to-navigate self-service solution can give you an edge over the competition. Customers will value the low effort and speed of your help center. Moreover, deflecting common or repetitive inquiries reduces the strain on human support staff. A comprehensive knowledge base will lead to a better Customer Effort Score (CES) and improve employee satisfaction amongst your support staff.

As companies can outsource a lot of the troubleshooting to machines, they are left with resources to increase the personalization of their service and experience. 75% of consumers want a personalized experience and are willing to pay extra for it. Your customers provide information about their preferences and behavior at every interaction with a brand. Those who can best interpret and leverage the data will have an edge over the competition. A hot topic in personalization in 2022 will be so-called 'micro-moments': Finding the right time to send a personalized offer to a customer to maximize the probability of a selling opportunity. This window can be as short as a few seconds. Identifying and jumping at these moments will soon define competition for new customers.

Don't forget EX (employee experience). Research shows over and over that EX and CX are entangled. Giving agents adequate tools and training to thrive in the environment they find themselves in is crucial to improving their motivation and performance. A motivated agent is better at helping customers and willing to go the extra step for a truly outstanding customer experience.

> **"74%** of polled customers prefer to find solutions to their problem themselves rather than having to wait and talk to a support agent."

Messaging Services and Other Channels

Different customers have different preferences on how they want to contact and communicate with a business. There is anecdotal evidence that Millennials hate talking on the phone so much, they would rather spend five minutes writing a text message than one minute talking on the phone. Whether or not this is true, we see a trend to offer more channels and be equally present on all of them. This so-called omnichannel trend started in marketing and made its way to support. To minimize customer effort and improve customer experience, companies should meet the customer where they are – as opposed to expecting that the customer will come to them. 50% of website visitors will leave within 5 minutes if they don't find the information they need and/or a

convenient way of contacting the business. Before 2020, only a handful of companies offered more than an email/contact form and a phone number. By 2021, omnichannel communication in marketing and support became industry standard. WhatsApp chat support increased by almost 300% in 2020 for enterprises and 30% for smaller companies. It had the most substantial growth of all messaging services(compared to SMS and Facebook/Twitter DM). We also see that successful teams in CX are 1.5 times more likely to use messaging services.

It is not enough to merely offer a wide selection of channels. Customers want seamless interactions and conversations across these channels and multiple devices. If a customer messages on Monday about a problem, and calls back on Wednesday, they expect the agent to know the content of the previous conversation and continue where they left off – even if it is an entirely different person. In fact, a third of customers expect to reach the same agent through various channels. It is possible to achieve this with the help of new technologies and CX tools.

There are tangible benefits for companies as well. Compared to single-channel companies, omnichannel strategies increase customer retention by 90%. Purchase intention increases, and omnichannel customers spend around 13% more per order. Over time, this accumulates to a 30% higher customer lifetime value.

Instant Replies, Instant Gratification

The internet and social media made instant gratification the norm and expectation for many interactions in a digital environment. Marketing and customer support are no exception. Customers expect faster replies from companies on every channel.

EMAIL

37% of customers expect a reply to their email within one hour. 44% expect an answer after one hour but under 24 hours. In other words, over 80% of the customer base give a company only one day to reply.15% will wait up to 48 hours for a reply. Only 4% are willing to wait over 48 hours to hear back.

SOCIAL MEDIA (posts, comments)

Response times drop harshly, but so does the performance by companies. The average time among polled companies on Facebook is close to an hour. However, the average time most customers are willing to wait is 30 minutes. Only 50% of polled companies meet this target. Of all social networks, Facebook is where most customers post their complaints – 71%, to be precise. Prioritizing the response time can significantly reduce churn. The statistic is similar for Twitter.

CALLS

52% of customers want their call answered within 5 rings.

SOCIAL MESSAGING
(WhatsApp, Messenger, WeChat, etc.)

Looking at SMS, WhatsApp, Instagram DM, and LinkedIn DM, customers are more patient when it comes to waiting times. A third expect a reply within one hour, but another 30% will wait up to 6 hours and 20% up to 12 hours. Customers who contact through WeChat are stricter: 50% want to hear back from the company in under one hour.

LIVE CHAT

Chat has become very popular – 8 in 10 customers prefer it to email or social – because it is immediate. For companies, it provides the benefit that a single agent can serve up to six customers simultaneously with modern tools. However, the average expected response time in the chat is 48 seconds. Moreover, one in two customers will abandon a chat if they don't receive a solution within 5 minutes. Nearly 60% of customers expect the chat to work 24/7. Some companies run the chat only during office hours and forward customers to a contact form outside of hours. However, most customers (57%) will abandon the page. Only 8% fill in the form. Avoid losing these customers by implementing a live chat with a Chatbot.

To succeed, companies must carefully manage their target response times, not only by channel but often even by platform. With modern tools, it is possible to split incoming traffic by channel and apply different sets of automation rules and triggers to minimize the risk of making customers wait longer than they are willing to wait.

Corporate Social Responsibility and The Environment

Across the world, 91% of customers expect that companies act sustainably and take on their social responsibility. No matter if, a business is brick-and-mortar or digital – they all have a carbon footprint. It could be the building, the operations, or the supply chain. When companies try to reduce their impact on the environment and become greener, they need to be transparent about it to gain customer trust. This will have a positive influence on brand perception and customer experience. Recent surveys suggest that almost 40% of consumers are willing to pay a price premium of up to 5% for eco-friendly alternatives (TOLUNA November, 1).

Analytics Tools

1 in 3 businesses don't have the right analytics tools to measure the performance and success of CX. Especially in a world where change can happen overnight without a clear idea of where the company stands, it is impossible to adopt new strategies and follow new trends. There is a multitude of CX KPIs to track to improve performance. It is impossible to give a one-size-fits-all recommendation on which KPIs to track, as it depends on the company, industry, and strategy.

Research shows, however, common denominators and certain KPIs are a must-have for a functioning CX strategy.

- Customer Effort Score (CES)
- Net Promoter Score (NPS)
- Churn Rate
- Retention Rate
- Customer Lifetime Value (CLV)
- Customer Satisfaction Score (CSAT)

There are specific KPIs to measure the success of your other CX activities, to keep track of your omnichannel strategy's performance, or to measure yourhelp center's effectiveness. These analytics tools usually come with a CX solution, such as Zendesk Explore, in the form of system dashboards. They will provide an overview of agent performance, supported channels, chatbot activity, and other implemented solutions. The powerful built-in reports help to analyze, interpret, and understand performance KPIs and additional information.

"1 in 3 businesses don't have the right analytics tools to measure the performance and success of CX."

Zendesk CX Tools

Zendesk is an all-in-one CRM solution. The tool includes several solutions for new and emerging CX trends to ensure that companies can stay ahead of the game.

Agent View

One such tool is the Agent View. A space where all information about a customer is stored. This includes key data about the customer, past purchases, and transcripts of all past conversations. This way, an agent can quickly look up the history and understand the context. One of the resulting benefits is a much faster resolution time. For the customers, it leads to fewer frustrations because they no longer must repeat their information over and over.

The best way to reap the benefits of omnichannel is to provide seamless conversations over time and across channels. All conversations flow together in the system to make things easier for the agent. The agent can not only interact with multiple customers but also across multiple channels. In essence, each agent's PC turns into a small contact center.

The unified view also makes it easier to manage customer data. For one, it reduces the risk of data breaches due to inadequately stored data within one department or another. Instead, it can be managed centrally. By taking the data out of a silo in an internal or third-party database and giving access to agents, they can provide a much more personalized service to the customers. Rather than collecting customer information again and again, they can pull the available data and proceed to troubleshooting faster.

Workflows

Workflows are tools to increase efficiency and improve collaboration among teams. A true CX organization cannot function in silos. The whole company must work towards the same goal in a customer-centric approach. To achieve this, companies must make sure that agents can collaborate within the team and with other departments. The other component is to free up the agent from repetitive tasks, by outsourcing them to the system. This way, agents can more effectively focus on the customer and on complex problems. Workflows can be customized to fit the processes within the company. They work with action-based rules (triggers) and time-based rules (automations). Here are some examples of what workflows are capable of.

- Pre-prepared answers to save time on repetitive topics, like the cancellation policy
- Automatically routing issues to the agent with the skill to solve them, avoiding waiting times for the customer and frustration on both sides
- Using a bot to capture preliminary details from customers to help the agent troubleshoot
- The ability for agents to have conversations with each other inside a ticket for easier information exchange
- Enable and empower collaboration between agents, other departments and even third parties where needed by setting clear rules and procedures

Knowledge Management

Zendesk has various tools to manage the help center and improve self-service metrics. Agents can easily manage the knowledge base and create new articles for recurring questions. After solving a customer ticket, an agent can convert their answer into a support ticket and publish it to the knowledge base with a few clicks. Next time a customer comes with a similar question, they can self-service instead. It also helps new agent training. Instead of searching for the answer and asking more senior colleagues, they can use an existing knowledge base article and share it with a customer.

AI-powered suggestions can guide the customer through the knowledge base and to the right answer. The same tool can help agents curate the knowledge base and maintain hygiene by avoiding repetitive content.

Conclusion

The way business is done is changing. Having the cheapest product or nicest packaging is no longer enough to beat the competition. Customers view the entire journey as a comprehensive experience and expect it to be great. While it is challenging for companies to re-focus their efforts on CX, those who do can reap attractive returns.

In essence, there are three CX facets to outrunning the competition. The first is to keep customer effort low at every step. Prioritizing fast resolution times, quick responses, self-service and omnichannel to significantly reduce the time and energy a customer must find a solution to their problem. The second is to ensure the support team has the right tools to help customers effectively and efficiently. Not only will this increase employee satisfaction, but the overall process will benefit from the increased efficiency and lower costs. Finally, it is essential to keep the business in sync through technology. By enabling collaboration between teams and collaboration between IT systems, a company can quickly react and adopt to new trends. The first-mover advantage in CX can bring happy, loyal customers, early on and make it harder for the competition to catch up.
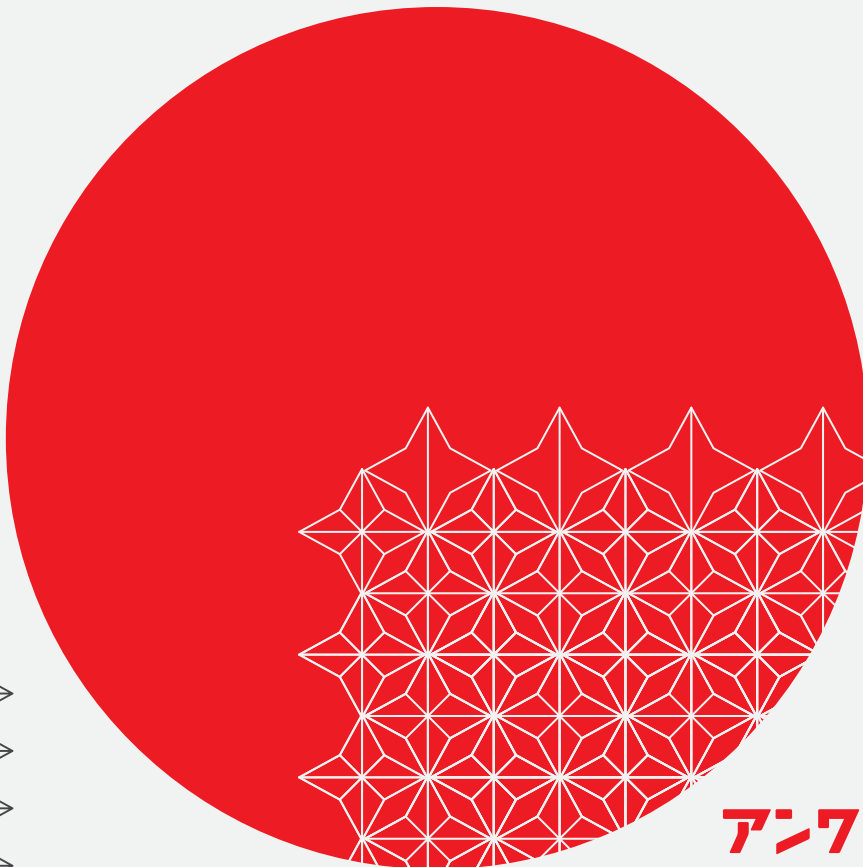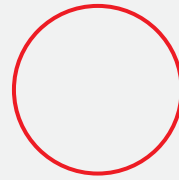
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