

CUSTOMER XPERIENCE OUTLOOK REPORT

A Marketer's Guide to Building a CX State of Mind in Organizations



HANSA RESEARCH'S 2021 CUSTOMER XPERIENCE OUTLOOK (CX-O) REPORT

Traditionally, the role of marketing has been about defining and introducing the brand to the customer. Unlike earlier times, customers no longer rely solely on advertising of the brand. Today, they are self-empowered with unrestricted access to information and have heightened expectations. This is requiring marketers to increase their capacity from just defining and managing the brand to also focusing on strengthening the customer-brand relationship. It has become a requisite for marketers to not just understand the business, but to also understand how brand value can be delivered via seamless customer experience.

The pandemic has certainly changed the Customer Experience (CX) landscape. It has led to changes in customer values, how they interact and engage with the brand, and what they expect as benefits for their loyalty. This transformation has led to customer experience (CX) becoming even more crucial to the ultimate success of an organization's marketing strategy.

Hansa Research's 2021 CX-O report has been prepared basis insights from leading professionals in India across industries including CX practitioners surveyed during the duration of the pandemic. In this report, we will explore trends, challenges along with future focus areas and recommendations to help organizations have a concrete CX mandate, given the new trends and emerging norms.

KEY HIGHLIGHTS

1

Customer Experience continues to reign among the Top 3 priorities for organizations in India. However, organizations are looking to ensure 'fair' pricing as a key component of customer experience, given the heightened price sensitivity of consumers.

2

Rising '**Customer-first culture**' within organizations in India.

3

Empathy and personal safety are emergent customer expectations, and therefore organizations need to align themselves with these.

4

The pandemic did not negatively impact Customer Experience as much as anticipated, however, challenges still exist.

5

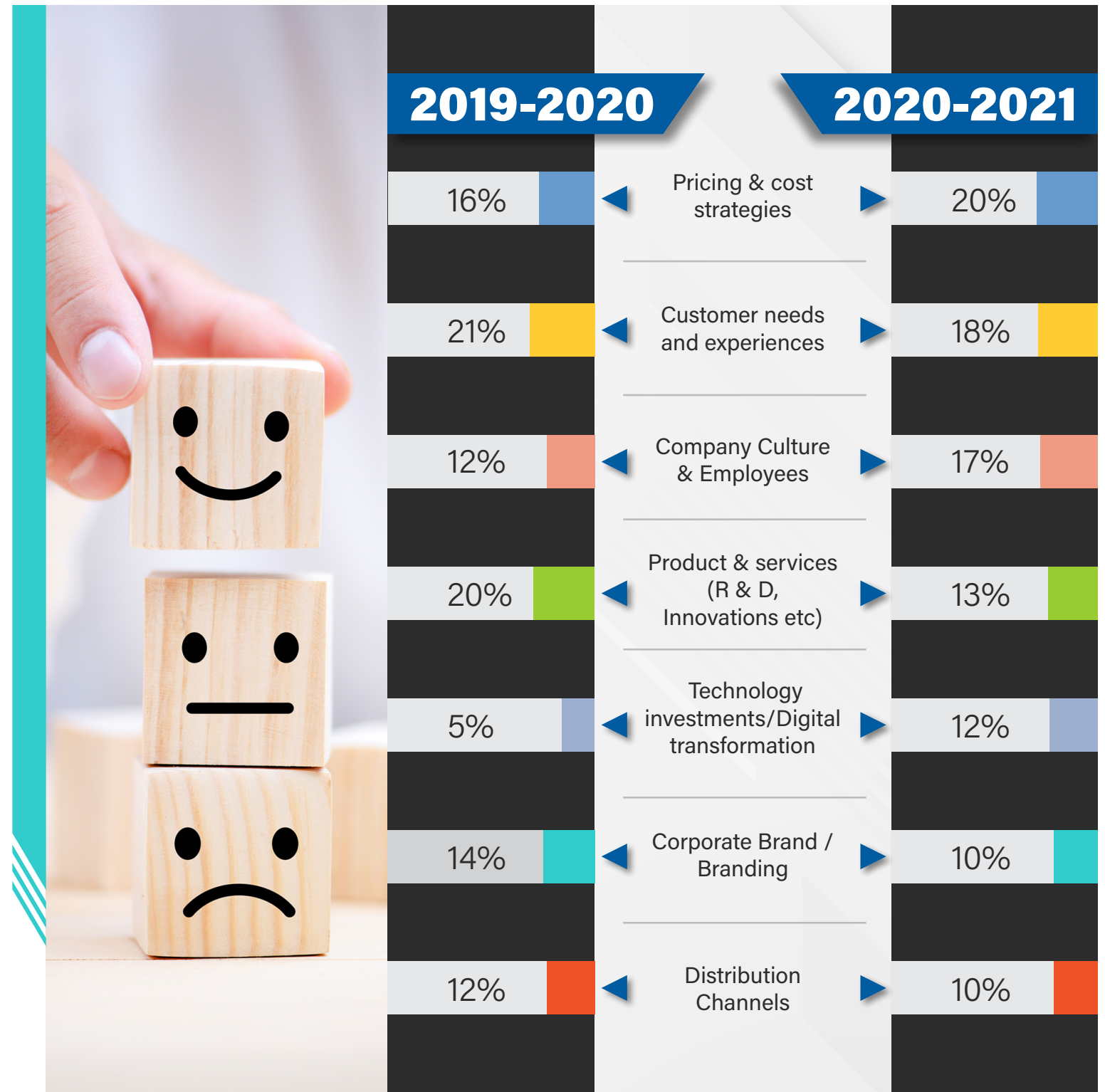
'Digital First' approach for Customer Experience is no longer nice to have, it is essential.

FOR ORGANISATIONS IN INDIA, CUSTOMER EXPERIENCE CONTINUES TO REIGN AMONG THE TOP 3 PRIORITIES

Organizations in India rightfully recognize the need for a seamless customer experience and believe it to be an expectation amongst consumers. It was evident from the 2020 Customer Xperience Outlook (CX-O) report, which reported customer experience as a top organizational priority in India, basis the survey conducted amongst leading marketing and CX professionals in India.

Our 2021 CX-O report shows customer needs and experiences, as a priority remains important inspite of the pandemic. However, the report also highlights the fact that organizations are becoming more conscious of 'pricing and cost strategies' since the last year. Investments in technology and digital transformation are being prioritized much more by organizations when compared to the pre-pandemic times.

The pandemic has resulted in severe economic impacts for all, including countries, businesses, and individual consumers, whose disposable incomes will continue to be challenged for a while. Consumers will look for brands that offer the best value for money for the 'end to end experience.' Price is not singularly a key differentiator for organizations, but it is an important component of the overall customer experience. Hence, pricing strategies cannot be formed in isolation and will need to be aligned to meet customer needs without compromising on experience or value. Therefore organizations will need to be inventive and flexible while adopting the same and focus on ensuring "fair" pricing.



'CUSTOMER-FIRST CULTURE' ON THE RISE WITHIN ORGANIZATIONS IN INDIA

The 2021 CX-O report reveals that the pandemic has not diluted the efforts of organizations striving towards becoming more 'Customer Focused'. A comparison with the 2020 pre-pandemic survey shows that there is a definite improvement towards establishing a customer-centric culture amongst businesses, indicating that organizations are seeing the benefits of working towards building the right culture. With close to one-third (31%) of the surveyed executives claiming that their organizations have a well embedded CX culture within the organization – it is a step in the right direction.

Research shows that customer-centric companies are significantly more profitable compared to companies that are not customer-centric. It is also important to note that culture evolves in stages, slowly, and cannot change overnight. Coping with a fragmented CX culture is not easy and requires the right strategy.



CREATING A WELL EMBEDDED CUSTOMER-FIRST CULTURE

A 'Customer-first culture' needs to be more than a desired need or strategy. It needs to be top-driven and percolate down to each unit and individual within the organization, to become a shared belief and a key value. Organizations need to hire the right people, consider reward and recognition frameworks to encourage employees to embrace their role as customer advocates. Employees need to directly interact with customers and get access to customer insights for action, for a customer-oriented culture to prevail.

CUSTOMER FIRST CULTURE READINESS IN ORGANIZATIONS



2019-2020

2020-2021

25%

STAGE
4

A well embedded 'Customer first culture' exists within the organization

31%

STAGE
4

45%

STAGE
3

Organization committed and focused on developing a 'Customer first culture,' it is **not fully embedded**

51%

STAGE
3

30%

STAGE
2

Fragmented focus within the organization on developing a 'Customer first culture'

13%

STAGE
2

STAGE
1

A 'Customer first culture' is limited to only a stated strategy at the moment

5%

STAGE
1

CHALLENGES IN DELIVERING A SEAMLESS CUSTOMER EXPERIENCE POST THE ONSET OF COVID 19

79% of the surveyed executives reported that post the onset of Covid-19, their organizations innovated in small to big ways to make the customer experience as seamless as possible for consumers.

However, only **53%** of the organizations saw improvements in their CX metrics. This means that inspite of making changes and innovations targeted towards improving customer experience, it did not result in CX improvement for all.



ORGANIZATIONS ARE FACING CHALLENGES IN DELIVERING ON CUSTOMER EXPERIENCE. SURVEYED EXECUTIVES HAVE LISTED SOME OF THESE CHALLENGES.

1

THE CHANGED CONSUMER

One of these challenges is the changed consumer who is making noticeable shifts in behaviour, expectations, and motivations related to spends, social, and shopping behaviour. This warrants that organizations understand the customer's prioritized needs in their entirety and demonstrate values that are aligned to customer needs. This step is essential to meet and exceed their expectations, to impact customer acquisition and retention positively. Currently, only 11% of the surveyed marketers believe that organizations currently exceed customer expectations. Given that a well-planned customer journey is a requisite for delivering a seamless experience, re-mapping the customer journey is becoming a critical intervention for organizations.

2

DIGITAL TRANSFORMATION

It is a fact that organizations and consumers have become more digitally oriented in the past 1 year. Organizations are also prioritizing investments in technology to support digital transformation. However, there are still many hurdles around the whole digital transformation process internally and externally for organizations. One of the key challenges that plague India is digital adoption and the cultural mindset around it. We also find digital transformation exacerbates compliance challenges, especially in certain sectors. Additionally, organizations are also finding they are unable to digitize at speed and scale which has led to disrupted customer experiences on account of traffic spikes/ loads on online channels.

3

TALENT MANAGEMENT

To maintain a CX advantage, it is essential to develop and retain talent. Keeping workforces safe, boosting morale, managing the productivity of remote workforces, reskilling and training online, remote hiring are new circumstances and challenges that organizations have been dealing with. Yes, the pandemic has had many sectors dialing back on hiring, but technology is not one of them. Given the accelerated speed of digital transformation across organizations, there is also a talent shortage, especially on the IT & digital skill front.

4

IN-PERSON/IN-STORE EXPERIENCE

Stay-at-home behaviour on part of customers has led to unimaginable challenges for brick and mortar operations including retail stores, restaurants, movie theaters, etc. Challenges include dealing with new customer expectations, preferences, and norms related to physical distancing, and health-and-safety regulations. Organizations in this context face the huge challenge of re-engaging customers for in-person interactions. They have to navigate the new normal for safety practices and preferences via mask-wearing, physical distancing, controlling the capacity of the establishments, queue management, contactless payment methods, use of hand sanitizers to plexiglass shields, HVAC filters, etc.

NEED OF THE HOUR - CREATE AN EMOTIONAL CONNECTION WITH YOUR CUSTOMERS

Everyone is navigating a new normal now. Lockdown restrictions, social distancing, work trends such as flexible/remote work policies, reduced/loss of compensation, etc have accelerated changes and shifts in customer behavior and expectations. So how can brands engage customers, given that some of these societal and economic trends are permanent, while others may be temporary? Having understood the changing customer landscape in the last 1 year, professionals and executives who participated in the 2021 CX-O survey believe that in this sensitized environment, emotional connection is a critical element for building loyalty. They have highlighted 5 aspects that they believe are important to customers and need to be at the core of the customer experience design.



TOP 5 CUSTOMER MOTIVATORS FOR BUILDING LOYALTY



1

Transparency and trust



2

Ease and convenience the brand brings
to lives of customers



3

Speed & agility in customer support



4

Empathy



5

Personal health and safety with respect
to customer handling practices



CUSTOMER TRUST, AN INDISPENSABLE INGREDIENT FOR CUSTOMER LOYALTY

'Customer Trust' is one of the most important assets for any company and solid customer relationships demand trust. Consumers across multiple studies have cited a loss of trust, as a key reason to switched providers. The current consumer market is complex, with customers as well as organizations undergoing significant adjustments in their way of interacting with each other. Unless, organizations make 'Trust' a focus area and undertake demonstrable actions such as sharing information transparently, educating customers, acknowledging privacy and security concerns of the customers, etc, it could weigh heavily on customer loyalty, leading to financial risks.

THE 3 MOST IMPORTANT THINGS ORGANIZATIONS NEED TO DO TO BUILD TRUST

1

**Connect and
be transparent**



2

**Listen and
acknowledge**



3

**Deliver on
brand promises**



KEEP IT EASY AND KEEP IT CONVENIENT

Across sectors, ease and convenience are leading consumer purchase decisions. The pandemic has seen not only e-commerce but also traditional sectors such as Banking, Insurance, Healthcare, and Hospitality (restaurants) striving to bring ease and convenience to the door steps of the consumer. Organizations need to ensure that ease and convenience transcend all elements of customer experience including product, service, and customer support by providing for example easy to understand products, ease of shopping, convenient payment options, convenient DIY channels of support, etc. It is an important value driver for Millennials especially.

FOCUS ON 'EMPATHY & PERSONAL SAFETY' TO REMAIN RELEVANT AND CONNECTED TO THE CUSTOMER






The new normal warrants, brands focus on being more empathetic to customer needs. This pandemic has resulted in some organizations demonstrating generosity by having flexible processes and policies to resonate with customers at an emotional level. Waiving of charges on late payments, are some examples. Personal safety is another critical element, which is now a basic customer expectation. The explosion of digital payments across the country has been aided by the need to go contactless to stay safe. QR codes at vendors like the bhel puri wala and the Kirana store have helped digital payments gain massive traction. This has helped the local vendor showcase empathy towards his customer's need to stay safe during the pandemic.



FUTURE GOALS: FOR THE CUSTOMER EXPERIENCE STRATEGY

Delivering on Customer experience, comes with challenges. But the good news is that organizations in India have a plan and have identified their focus areas to further enhance CX strategy and delivery.

According to the 2021 CX-O report, leading marketing executives have prioritized the following five strategic initiatives:

- 1 Tracking customer feedback - real time 
- 2 Aligning internal data with customer feedback 
- 3 Focus on 'close looping' while tracking feedback real time 
- 4 Increased spend on customer experience (CX) measurement programmes 
- 5 Increasing the frequency of customer feedback cycle 

CX MEASUREMENT PROGRAMMES

Measuring customer feedback is a classic starting point for any organization. VOC is at the heart of any customer experience strategy and the pandemic is definitely not diluting the importance of soliciting and listening to customer feedback. Yes, we do believe that surveys designs and methodologies need to be re-thought to make them relevant in light of the changes in the last year, however, it is definitely not to be abandoned. CX Measurement Programmes have been identified as a definite focus area by organizations. Organizations are not only looking at increasing spends but also looking at an increased frequency.

WHY FOCUS ON 'REAL-TIME' CUSTOMER FEEDBACK TRACKING?

In the past, it took weeks and sometimes even months before organizations discovered that their customers were running into problems. And by the time they solved the problem, customers were already long gone and subsequently, never came back. Today, supported by technology organizations are realizing the importance of capturing feedback real-time tracking, and are moving away from the traditional reactive surveys. Companies that capture customer feedback in real-time, will have the advantage of a more accurate view of customer needs and can provide immediate interventions to sustain customer loyalty.

ADVANTAGES OF ALIGNING INTERNAL DATA WITH CUSTOMER FEEDBACK

Customer feedback programs and metrics are now commonplace, but just soliciting customer feedback is not enough. An important step you can take to use customer feedback and make them actionable is to start linking them to your overall organizational KPIs and internal data. Both internal data and customer feedback are valuable independent sources of information, but together can be even more valuable, as they can help gain a comprehensive view of the gaps in the customer journey to improve the experience of their customer. Alignment involves linking internal data such as customer attributes, financial data, product data along with customer interactions, feedback, and social conversations, plus agent and employee feedback, to outcomes such as NPS or CSAT surveys. This linking can provide valuable insights to understand and improve the customer experience. It also helps build visibility and acceptance for customer experience measurement within your company.

IMPORTANCE OF CLOSE-LOOPING

Customer feedback is essential for any organization, but that is not enough and should not end there. It is acting on this feedback that makes a difference. It is a fact that any organization, no matter how well-prepared, will occasionally undergo a service failure. A service failure, whether big or small, can make or break relationships with customers. However, if service recovery is done effectively, it can lead to increased trust and customer loyalty. Research shows 70% of customers who experience good service recovery after a failure continue to do business, and 30% also increase their business with the company. What creates differentiation among successful brands is responsiveness and timeliness in rectifying the wrongs and going beyond the usual to delight the customer. Close looping is the process of resolving queries, concerns, or requests especially from a customer who has given negative feedback, it can go a long way towards making customers feel valued. Also often know as case management, closed-loop actions have become an expectation for a loyal relationship to flourish. Closed-looping was an impossibility even a few years ago, but technology has brought it to our doorstep.

CX MEASUREMENT PROGRAMMES

MEASURING CUSTOMER FEEDBACK IS A CLASSIC STARTING POINT FOR ANY ORGANIZATION AND IS AT THE HEART OF ANY CUSTOMER EXPERIENCE STRATEGY

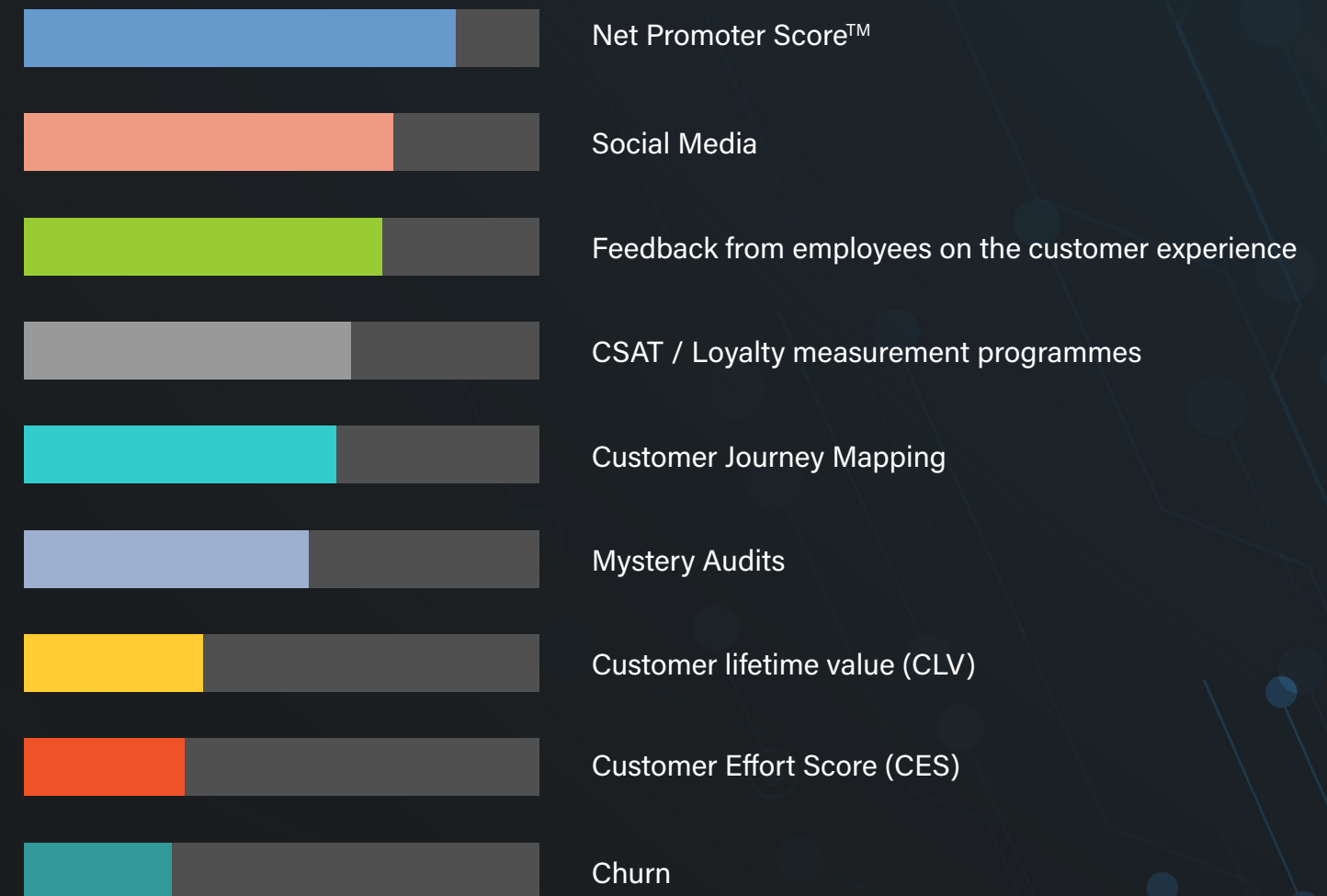
Almost all leading organizations are using some Voice of Customer (VOC) metric to capture customer feedback. The most popular external metric remains Net Promoter Score (NPS), Social Media, Feedback from Employees, Customer Satisfaction (CSAT) surveys, and Journey Mapping.

These measurable metrics give you vital pieces of information that let you understand how happy and satisfied consumers are with your products or services and brand in general.

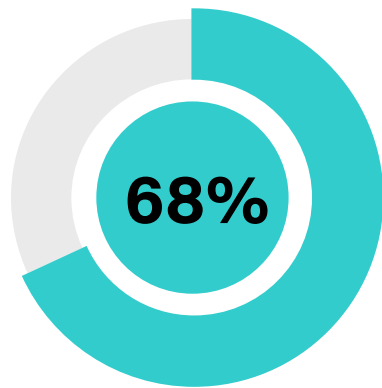
With the onset of the pandemic, Some companies halted customer and employee surveys, but ideally, these times are when it's most important for leaders to listen to their customers. Infact going forward, the post-pandemic world will be the next big challenge of customer satisfaction. it will be crucial to keep an eye on the right metrics to determine success. If you decline to measure these CX metrics, you will miss valuable data that can help you improve your customer experience.

Net promoter score (NPS): This metric is popular among companies and typically takes the form of a single survey question asking respondents to rate the likelihood that they would recommend a company, product, or service to a friend or colleague. Infact the past year, see a greater % of companies using NPS as their CX metric. Organizations use NPS in multiple ways, either as a Relationship metric or Transactional or sometimes even a combination.

CUSTOMER FEEDBACK METRICS USED BY ORGANIZATIONS - 2021



MEASURING & MANAGING SOCIAL CX



68% of the participants reported that that customer engagement and participation over social media have increased significantly. Social media is no longer a place just to send out information. It is emerging as a highly interactive channel between the brand and its customers. It is key to driving customer experience on the brand's social media platforms through consistency, responsiveness, and transparency. Marketers need to recognize that Social media is now a valuable customer support channel and also a vital listening tool for insights. Social media remains a double-edged sword and needs skillful wielding. It can however play a pivotal role in enhancing the CX of a brand manifold if used well.



Learnings from 2020



FROM LEADING PROFESSIONALS IN INDIA ACROSS INDUSTRIES INCLUDING CX PRACTITIONERS

1

NEED TO STAY CONNECTED WITH CUSTOMERS

Open lines of communication, proactive frequent updates, being available, keeping it personal, empathetic, and not transactional are important components of engagement with customers.

2

ACT IN TIME

Quick response time is valuable for customer loyalty. Digital disruption has in many ways raised customer expectations, especially concerning response times. The local grocers and vendors are the best examples of those who pivoted quickly to retain their customers and offered them a superlative experience, by offering contactless payment options, home delivery, etc.

3

INNOVATE TO PROVIDE CUSTOMER SERVICE

Customer service and support are a leading driver of customer loyalty. Today, customers are looking for support/help on not only purchase but also seeking buying advice. proactive customer service within an omnichannel environment. Investing in self-service options, Automated Service are some examples of how companies should be strategizing.

4

SURPRISE CUSTOMERS TO DELIGHT

Today, engaging customers is one of the challenges being faced by all brands. One great way of engaging customers is through the element of surprise. This can be a single big surprise or a steady stream of small surprises that build over time. It can be used successfully to make customers start generating positive word of mouth.

5

FOCUS ON EMPLOYEES

Traditionally employee engagement has been driven a lot by in-office experiences, including interactions at the office and the physical workspace. But remote working has changed this scenario completely. It is becoming imperative for organizations to understand the new expectations that employees may have and deal with them in a creative, innovative, and safe environment.

GOING AHEAD - BEST PRACTICES AND REFORMS EXPECTED



1 FOCUS ON INCREASING CUSTOMER COMFORT WITH THE BRAND THROUGH INCORPORATING FLEXIBILITY, AND CONVENIENCE

An example of this is 'ease of product replacement' driven by a no-questions-asked replacement policy to delight the customers and give them the confidence to buy the product without physical experience. Organizations are looking at incorporating flexibility and convenience at all points of the customer journey. Convenience and flexibility through scheduled delivery service at the doorstep is on the way to becoming a way of life for some brands.

2 CUSTOMER DATA CONFIDENTIALITY

Data privacy would come more and more to the forefront and it would benefit the organizations to proactively focus on customer privacy protection. This would be valuable in building customer trust.

3 DRIVING PERSONALIZATION WITH INTENT

Brands ahead of the CX curve are driving personalization with the intent to provide greater value to customers in terms of time savings, effort, and a better product-service fit. When there is intent, personalization drives customer loyalty and retention. Personalized experiences should not be about automating everything.

4 'DIGITAL FIRST' APPROACH FOR CUSTOMER EXPERIENCE WILL BE AN ESSENTIAL COMPONENT

Companies need to understand that they can focus on digitalization for a few touchpoints. Digital-first needs to be showcased and interweaved across the entire customer journey. Embedding digitization at the relevant intersection of the customer journey is the key.

5 KEEPING 'HUMAN' CUSTOMER SUPPORT ACCESSIBLE, WHILE DIGITIZING

While self-service tools have huge advantages in terms of costs to organizations, the human touch is still very essential in helping build trust in the mind of the customer. The value of being able to connect with a person when there is a concern or a special situation should not be undermined. Marketers need to create frictionless paths for customers to contact their human support team. Inability to do so could lead to customers defecting in the long term. A proper balance between technology and people is needed to secure customer loyalty.



OUR CX PRODUCT SUITE

Hansa Research, a part of the R K SWAMY | HANSA companies, is the largest Indian consumer insights company undertaking engagements with clients across 77 countries. We at Hansa Research understand that Customer experience (CX) today is one of the key differentiators and is essential to maintaining sustainable competitive advantage for organizations, especially when 'Solus' loyalty is no longer an achievable target for brands in many of the markets/ sectors. Armed with proprietary solutions, technology and an amalgamation of a unique set of passionate & competent researchers, with a vast repository of knowledge and expertise across industry verticals, we focus effectively on managing customer experience for clients by partnering and helping them measure and then convert insights into decisive and measurable added value for their customers.



**CUSTOMER
SATISFACTION**



**NET PROMOTER
SCORE**



**TRANSACTION
EXPERIENCE**



**LOST
CUSTOMER**



**MYSTERY
SHOPPING**



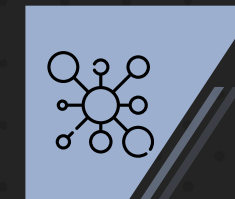
**EMPLOYEE
SATISFACTION**



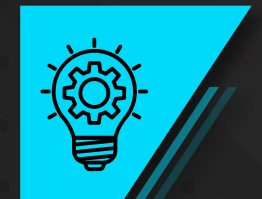
**VENDOR
SATISFACTION**



**CUSTOMER
JOURNEY MAPPING**



**SYNDICATED
SERIES (CX)**



**PLATFORM
SOLUTIONS**



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