hansa research

CUSTOMER XPERIENCE

OUTLOOK REPORT

2022

Accelerate Your
Organization's
CX Success

KEY HIGHLIGHTS

While it has been a minute since all eyes have been on customer experience, its relevance continues to rise due to its huge impact on customer acquisition as well as the brand's capacity to create long-term relationships with customers. "Customer needs and experience" is the top priority for 44 percent of industry experts in 2022–2023, with most others rating it a close second.

We are all mindful of the rapid evolution of customers in the last two years, as well as the need for organizations to ensure that their customer experience strategies are dynamic to cope with the meteoric customer expectations that exist today. This has resulted in some organizations using this evolution as an opportunity to accelerate their CX journey. Others have had less success and are taking their time.

Our 3rd edition of the Annual Customer Xperience Outlook (CX-O) Report is a compilation of curated insights from our in-house subject matter experts and leading CX professionals across industries, aimed to provide an understanding and glimpse into how organizations are identifying opportunities, challenges, priorities, and adapting plans to mitigate risks to shape effective CX strategies and initiatives over the next year to gain further traction in the customer experience space.

KEY TRENDS OBSERVED

A **'dilution'** of the customer-first culture in organizations.

Customer experience **improvements led via digital transformation** may have peaked.

Simplifying customer processes, quicker and more responsive customer service, and providing data privacy / security are the **future focus areas** for most organizations.

Limited predictive insights, inadequate root cause identification, and a lack of real-time insights, are **key challenges for many organizations**.

Real-time VOC tracking, alignment of VOC with internal data, and close looping are gaining momentum, in order to **move the needle on customer experience**.

PANDEMIC'S LONG DURATION HAS LED TO THE 'DILUTION' OF THE CUSTOMER-FIRST CULTURE IN BUSINESSES

STAGE		2022	2020
STAGE	**4**	13%	25%
STAGE	**3**	50%	45%
STAGE	**2**	37%	30%
STAGE	**1**		

It is practically impossible to deliver a fantastic customer experience without a customer-first culture. A customer-first culture requires both a forward-thinking perspective and a constant emphasis on the present, with all employees throughout the organization placing the customer at the center of all they do.

There is cause for alarm, albeit the explanation is understandable, with only **12% of polled executives saying that their companies have a well-established CX culture**. It seems that this long-duration epidemic has resulted in a 'dilution' of the customer-first culture in businesses, with some organizations backtracking on their journey to becoming more "customer-focused.

The pandemic has had a significant effect on organizations, with most of them forced to prioritize digital transformation over other aspects. For many, it was also about evolving a new business model in light of setbacks. It is evident that these new priorities and new ways of working have weakened employees' collective focus, quality of communication, teamwork, and employee engagement/morale within the organizations, all of which are ingredients for a fully functioning 'customer-first culture'.
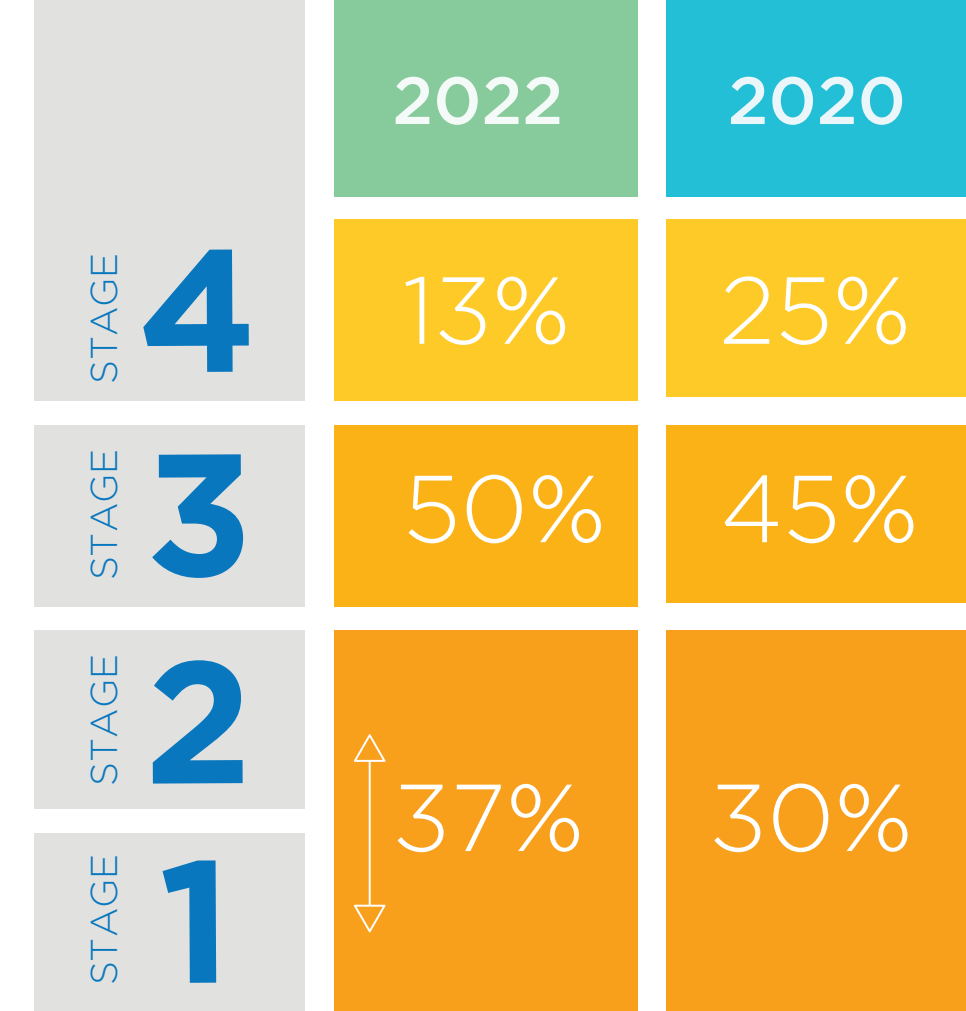
> *Organizations must recognize that digital transformation, new business models, and new ways of working cannot be implemented without supporting changes in organizational behaviours and norms that align with a customer-first culture.*
>
> **Piyali Konar**
> *Head- CX Practice · Hansa Research Group*

THE BIGGEST **PRIORITIES** FOR LEADERS

44% of Industry professionals believe **"customer needs and experience"** is the top ranked priority at the moment for 2022-2023 and most others believe it to be the second most important priority.

TOP 3 ORGANIZATION'S PRIORITIES FOR 2022-2023

1
Pricing &
cost strategies

2
Customer needs
and experiences

3
Product & services
(R&D, Innovations, etc.)

Customers nowadays are deliberate and energized by digital, which drives them to get the most value for their money in terms of effort, suitability, and pricing. However, when these expectations are not realized, customers usually seek alternatives or become apathetic.

The last couple of years saw customer experiences positively impacted by the onset of digital transformation, e.g. multiple digital customer support touchpoints, improved TATs, and mobile apps with enhanced functionalities for the customer. But now, less than half of the surveyed executives (48%) claimed that they saw some improvement in the CX metrics over last year. Is the momentum of improving CX, led by the digital transformation - plateauing?

"
CX in companies will need to be a step ahead of not just competition but even their customers. Companies will need to know what customers want even before they do."

Neha Nargundkar
Research Director · Hansa Research Group

"
A satisfactory experience, on the other hand, does not guarantee brand preference or repeat purchase. This emergence of the evolutionized customer necessitates the prioritization of CX."

Nitasha Singh
Sr. Consultant · Hansa Research Group

Prioritizing customer experience is difficult, especially when the financial benefits are not fully understood. Our survey revealed only 16% of organizations are able to assess the ROI of CX initiatives. Forecasting the CX ROI requires tracking and linking CX initiatives to operational and financial performance.

Only 16% of the organizations are able to calculate the ROI of CX decisions

MOVING THE NEEDLE ON
CUSTOMER EXPERIENCE

The top areas of focus identified by the surveyed executives to improve Customer Experience remain unchanged over 2021

1 Tracking customer feedback - real time

2 Aligning internal data with customer feedback

3 Focus on 'close looping' while tracking feedback real time

TOP 5 CUSTOMER FEEDBACK TOOLS / METRICS BEING DEPLOYED!

2022

#1 Net Promoter Score (NPS)

#2 Customer Satisfaction (CSAT)

#3 Social Media

#4 Feedback from employees on the customer experience

#5 Customer Journey Mapping

'REAL-TIME' VOC TRACKING WITH MORE FOCUS ON TRANSACTIONAL FEEDBACK

The focus on customer's voice is undeniably strong. **72% of the polled executives acknowledged the usage of customer KPIs like CSAT and NPS to evaluate organizational performance, however, just 28% can spot CX concerns and possibilities in real-time**. Owing to interactions becoming more spontaneous and proactive rather than reactive, VOC must be collected in real-time. Social media and techniques such as AI, are allowing VOC to be leveraged real-time. Infact 68% of the organizations reported a significant increase in customer engagement and participation over social media in the last 1 year.

ALIGNING INTERNAL DATA WITH CUSTOMER FEEDBACK

The Digitech revolution is enabling enterprises to meaningfully connect VOC with internal data by integrating solicited VOC with a variety of data sets. This includes CRM-based internal customer behaviors, transactions, and profiles, as well as third-party data on customer attitudes, purchase preferences, digital actions, social media activity, and IoT data collected in-store or on-location about customer health, usage, and sentiment. Companies that do not holistically view data risk wasting millions on expenditures unrelated to what customers care about.
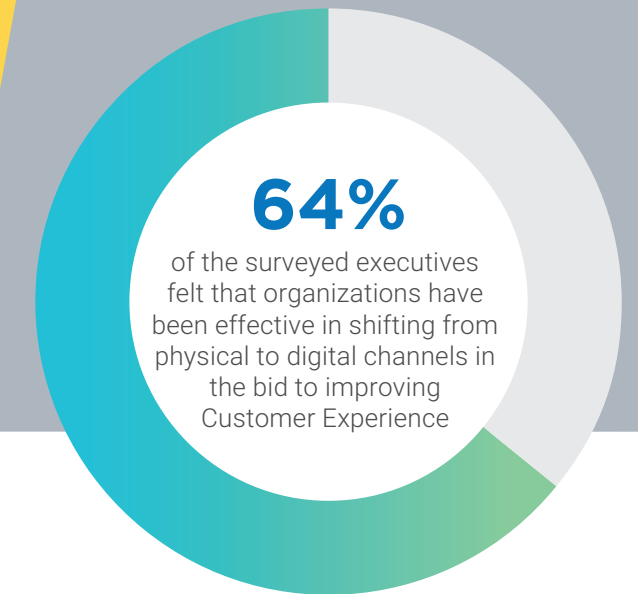
CLOSE LOOPING

Our CX-O 2021 report outlined the process and benefits of instilling a close looping process within the organization. In this year's 2022 report, we would like to highlight 5 best practices to ensure an effective closed-looping process.

1. Concentrate on one source of feedback at a time
2. It must be completed quickly, ideally within 48 hours
3. Reach out to as many customers as possible. Don't just target detractors; plan your outreach to include passives as well
4. Incorporate the closed-loop process into the customer experience programme
5. Establish a review committee and gain leadership support to keep this from becoming a non-starter

GETTING DIGITAL RIGHT!

Digital CX through your website, mobile app, and various social media channels is now an important expectation within the overall customer experience paradigm and is highly correlated with your NPS. With customers' increasing use of digital channels, it is up to the companies to provide excellent digital CX that satisfies their expectations.

We've found some critical trends and insights to help organizations develop their CX strategy from a digital perspective and to help win in this digital-first era.

64%
of the surveyed executives felt that organizations have been effective in shifting from physical to digital channels in the bid to improving Customer Experience

1 Preference of Digital Channels for engagement i.e. SMS, website, mobile apps, social media, etc differ basis customer needs like information, query, service, and customer support.

2 Older age groups who are in the process of embracing technology still need to be empowered through digital education and guidance, so resistance changes to reliance, especially for service.

3 Innovation & Updation is important in ensuring superior Digital CX digital channels. e.g. 1. SMS reminders are best replaced by Whatsapp and 2.Scope of social media is increasing from just information to customer support

4 The digital and non-digital touchpoints need to be linked and integrated to ensure the success of digital touchpoint
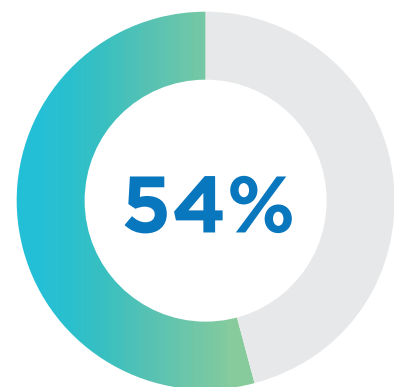
5 Human intervention/access when using these channels will continue to play in the delivery of a great digital CX.
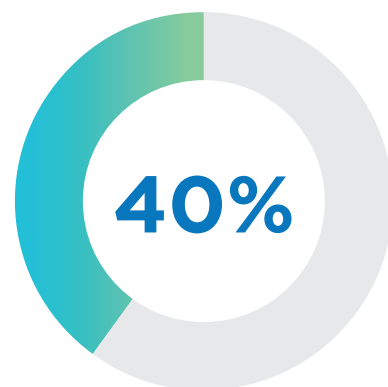
6 Monitoring digital experience is vital to improving it. Along with VOC, Web Analytics is an important source of data.
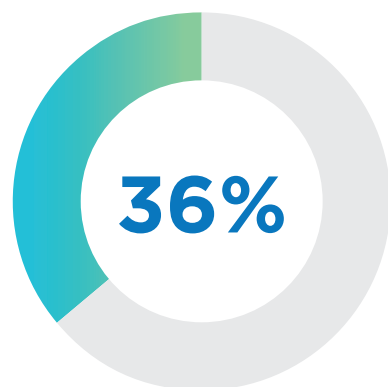
HOW DO YOU STACK UP ON THESE **CHALLENGES** IN THE CX MEASUREMENT PROGRAMMES ?

54%

of the organizations are able to **effectively source insights from CX measurement programmes** that enable both tactical and strategic actionability
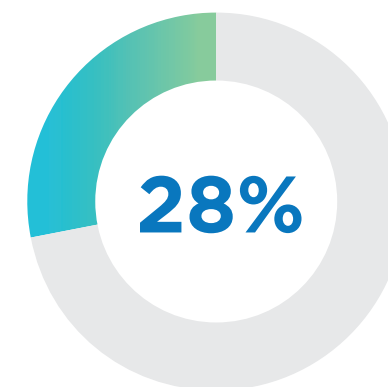
40%

of the organizations believe they have been able to **use personalization effectively to impact Customer Experience**
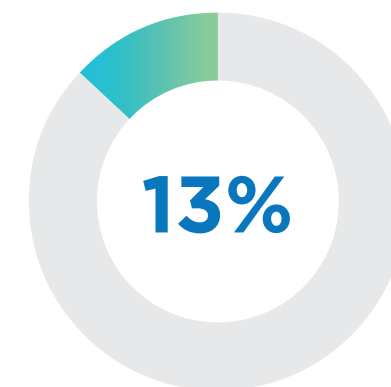
36%

of the organizations are confident in their own ability and skills to **generate insights through analysis and data mining**

29%
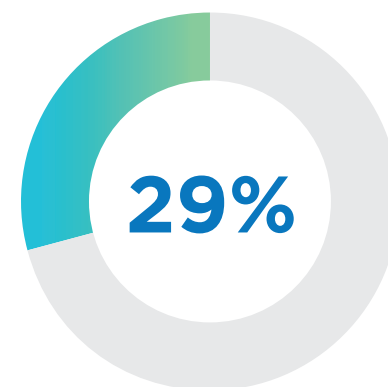
of the organizations are able to effectively **identify Root Cause Issues via their CX measurement programmes**

28%

of the organizations are able to **identify CX issues and opportunities in real-time**

13%

of the organizations are able to effectively **harness predictive insights from CX measurement programmes**

TOP 5 **CUSTOMER MOTIVATORS**
IDENTIFIED FOR 2022-2023

Transparency & Trust

Simplicity & Ease of dealing

Speed & agility in customer support

Empathy & Opportunities for engagement with the brand

Personalized Product and Service Fit (Suitability to Individual Needs)

EMPATHY & EASY OPPORTUNITIES FOR ENGAGEMENT WITH THE BRAND ARE THE KEY TO LONG TERM LOYALTY

To create permanent loyalty, brands must connect emotionally with customers through deeper, more frequent, frictionless, convenient, flexible, and personalized encounters, as well as reward them for their commitment. The experiences of customers are inextricably related to customer loyalty.

Customer empathy is fast becoming a key differentiator between brands. Simply, put it is the ability of the brand to recognize and address customer needs, especially incase there is a dissonance of.....

Customer expectations are evolving very fast. As isolated initiatives, personalisation has become a hygiene. It is the wholistic personalisation embedded across the relevant customer journeys that creates the differentiation.

Piyali Konar
Head - CX Practice · Hansa Research Group

Trust and transparency are the most important brand values for customers and are quickly transcending from just the goods and services to how the brand is operating in the digital and social landscape e.g Transparency about shipping times, data privacy laws and even the brand's impact on society.

Nitasha Singh
Consultant · Hansa Research Group

One of the most influential elements of managing successful customer relationships is the service delivery mechanism across the customer journey – purchase, customer support, communication etc.

Mrinal Ghosh
Vice President · Hansa Research Group

10 TAKEAWAYS TO APPLY TO YOUR 2022-2023 BUSINESS PLANS

> *Data Privacy is slowly becoming important in India too, customer awareness about frauds is on the rise. Strict directives from the regulatory bodies especially in BFSI are driving implementation of robust data security and data privacy safeguards in the India. Organisations need to build strong data privacy systems and educate customers as well.*
>
> **Mrinal Ghosh**
> *Vice President · Hansa Research Group*

1 Sustaining a CX culture and customer-first mindset is a challenge and needs immediate focus

2 Re-examine customer needs in interim and adjust your CX strategy / initiatives – It cannot be an annual activity

3 Measure the impact of customer experience if you wish to make it a priority

4 Ensure your Digital CX strategy is an 'inclusive' strategy for non digital natives and remains aligned to human intervention

5 Push for 'Real time' VOC , and do not confine yourself to traditional sources of VOC

6 Don't squander 'VOC Data,' link it and look at it holistically and make the most of it

7 Bridge the gap on CX by focusing on customer needs:
1. Simplicity in processes 2. Quick and responsive customer support
3. Data privacy, and security

8 Create differentiation by focus on customer motivators of Transparency, Personalization, Ease of Dealing

9 Leverage Video, Vernacular and Voice to engage with all customer segments

10 Cross-functional team collaboration is key to ensuring action

OUR **AWARD WINNING TEAM** WILL BE HAPPY TO PARTNER WITH YOU TO DELIVER TAILORED INSIGHTS FOR BOTH STRATEGIC AND TACTICAL DECISIONS

Customer Experience Team of the Year
Customer Fest
(2022)

Best CX Advisor (Agency)
Leadership Awards and Summit
(2021)

Finalist - Best Client Servicing Team
Golden Key Awards MRSI
(2021)

Best Use of Insights to Enhance Customer Experience
Customer Fest
(2021)

Best CX Consultant (Agency)
Customer Fest
(2020)

LEVERAGE OUR EXPERTISE FOR **CUSTOMER RESEARCH**

CUSTOMER SATISFACTION

NET PROMOTER SCORE

TRANSACTION EXPERIENCE

LOST CUSTOMER

MYSTERY SHOPPING
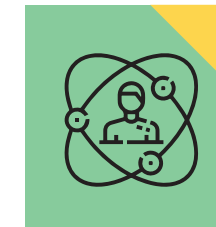
EMPLOYEE SATISFACTION

VENDOR SATISFACTION

CUSTOMER JOURNEY MAPPING

SYNDICATED SERIES (CX)

PLATFORM SOLUTIONS

USER EXPERIENCE (UX)

To Learn More About Hansa Research Or Our 2021 CX-O Report
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CUSTOMER XPERIENCE OUTLOOK (CX-O) REPORT 2022