Looking to the future of customer experience (CX)

orange™ **Business Services**

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Improving customer experience needs to be a vital part of any business strategy. We look at how technologies and processes are adapting to meet consumer expectations in a digital world.

The discipline of customer experience (CX) has moved on significantly since the term was first coined around five years ago. Today, companies can improve their CX with a range of digital communication channels, are able to merge the online and contact center journeys, and benefit from a 360-customer view.

Yet despite the best efforts of many businesses to improve their CX, many customers remain unsatisfied with their experience. In particular, large incumbent multinationals and government departments struggle to compete on CX with nimble digital-only players. The former have typically grown organically over the years, made investments in expensive voice infrastructure and use a variety of siloed, legacy application systems. These are all barriers to delivering a consistent and high-quality customer experience.

The investments required to replace legacy voice and application systems are often so high or complex, that many organizations eschew major CX-focused transformations in favor of point solutions or custom integrations. However, if they do not focus on transforming their CX and the systems that underpin it, they won't survive in the face of increasing competition and shifting consumer behavior. This is especially true in the fast-moving changes to the global business environment resulting from the COVID-19 pandemic.

In this paper we look at the technologies and processes that can help these companies enjoy CX success.

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Maturing CX technology

Delivering technology solutions that improve customer experience can be difficult, simply because customer experience as a concept is relatively new and few vendors have developed products focused solely on this strategy.

The technologies behind customer experience software have developed considerably. There have been advancements in cloud technologies, web standards, digital communication channels and smartphone capabilities. All of these have led to improvements in CX product features and functionality. The shift in consumer behavior to online purchasing and non-voice-based interactions has changed the corporate mindset. Businesses are seeking out products that can deliver powerful, personalized, holistic customer journeys.

Vendors have listened and responded to these needs, but progress involves more than the introduction of a single, highly-functional CX product into an organization's IT ecosystem. It often requires integration with legacy systems, mobile app and web development, and cloud transformation. In fact, when addressed holistically, CX cuts across almost all facets of a company's IT estate. This means that integration and interoperability are crucial to delivering the end-to-end customer journey.

Integrating contact center and online

The two IT domains that have traditionally functioned independently are the contact center and online systems, yet these systems hold the majority of CX data and support almost all of the features a customer will experience when engaging with an organization.

The convergence of online and contact center solutions will facilitate targeted and proactive customer engagement and improve the quality of customer-agent conversation as data from a customer's online behavior is better integrated with contact center systems.

Security

Since much customer data is hosted in, or used by CX products, data security needs to be a prime consideration when developing a CX solution. Customer data is valuable for a host of reasons and will be a target for malicious actors. Regulations around data privacy also mean that companies need to know where their data is and justify how and why it is being used. Failure to appropriately secure customer data can result in regulatory fines, and even derail an organization's CX strategy.

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Cloud enabling agile development

The cloud has become a strategic IT goal for many organizations as it offers the ability to adapt their operating models to changing business needs, including working from home and scale-on-demand requirements. For vendors, cloud is an enabler for agile development and continuous improvement practices. Cloud architecture makes it easier for vendors to launch new features on shorter weekly schedules, rather than every six months or year. This is helpful if organizations are to effectively respond to the rapidly developing needs and expectations of consumers.

Cloud has also facilitated the introduction of AI services. Vendors are starting to incorporate machine learning algorithms into their products and offer external AI integration for features such as predictive routing and language processing. Bot deployment is still gaining traction but suffers from a lack of industry confidence due to its perceived limitations, such as only allowing simple queries. In addition, bots have the potential to damage the customer experience if not implemented properly, through inaccurate sentiment analysis, for example.

The digital journey

Today's customer journey often begins with brand or product awareness and there is no shortage of advertising or social media to convert surfer to buyer.

Badly-designed customer journeys and negative contact center experiences are the modern equivalent of mislabeled supermarket aisles and grumpy cashiers. They frustrate and discourage prospective customers from engaging with the business, hindering customer loyalty.

Prospective customers loath the idea of waiting in a long queue to speak to an organization in order to purchase its product. If no easy contact options are offered at the point a prospect wants to make a purchasing decision, they are likely be lost to a rival that will offer phone or chat support.

After-sales contact channels

As for after-sales queries, although some customers still choose the phone as their first choice, most start their engagement online. The answer to their issue might be easily found online or through their account page. But if not, they will try to find a contact telephone number or chat option on the website. If that can't be found, the customer becomes ever more frustrated as they realize the company that was so quick in processing their purchase doesn't want to speak to them – even when the source of the issue is perceived to be the company's responsibility.

This means that customer-agent conversations often start badly because the issue – such as a faulty product, unrecognized bank charge or broadband failure – is compounded with a poor customer journey experience. And it starts with the inability to find a contact option that suits them and their query.

People increasingly want to shop and communicate "their way" and organizations must respond in kind, because those that fail to do so seriously risk losing market share or ultimately being put out of business.

What do we mean by "digital" in the context of CX?

In the context of this paper, "digital" refers to the customer experience interactions that are the product of modern digital development and infrastructure. These interactions are typically generated from mobile phone or web applications and support end-to-end business processes through online engagement.

Examples include booking a hotel near your current location or ordering a replacement product online via self-service. In this definition, contacting a company via social media or web chat is not a "digital" interaction, they are simply channels into the contact center.
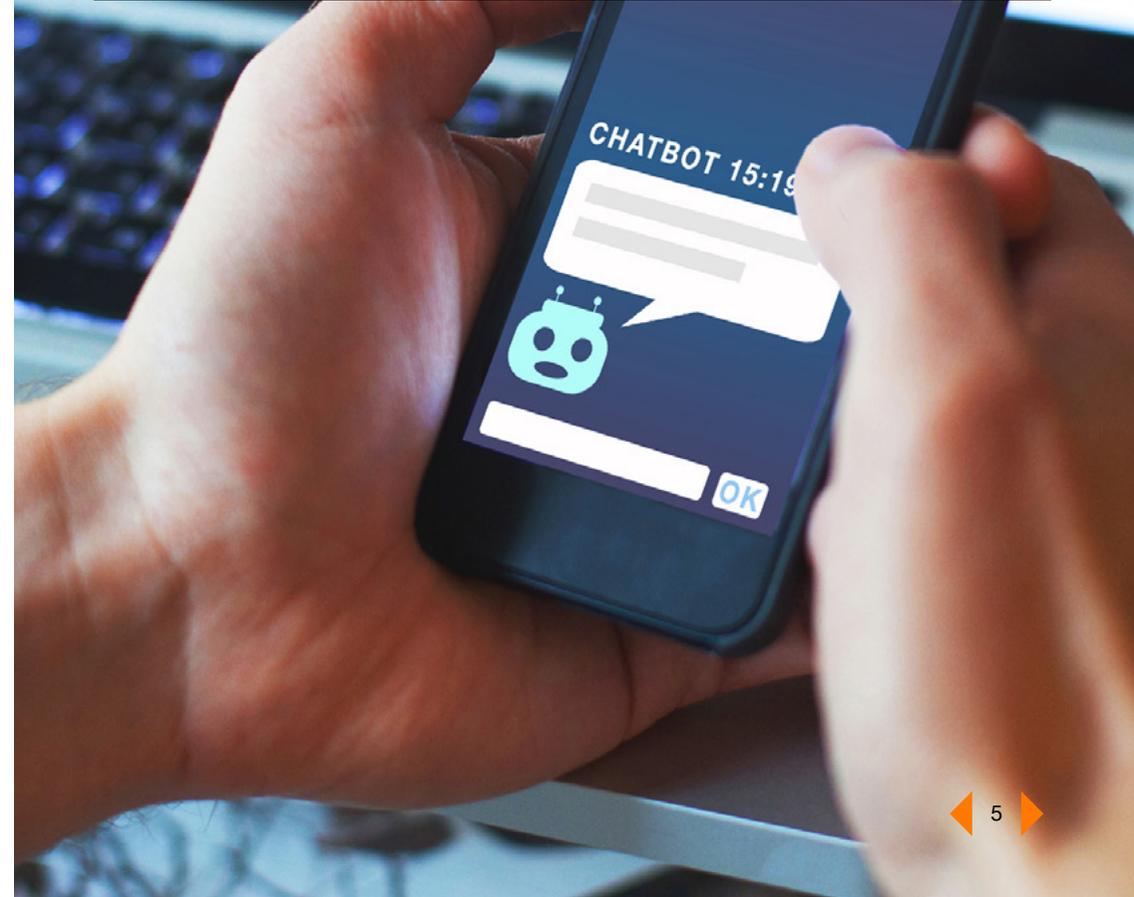
Meeting the needs of tomorrow's customers

Today's teenagers are tomorrow's customers. Any future development of CX will have to take their needs and lifestyles into account.

The future of CX is inextricably intertwined with the expectations of the customers of the future. Even as today's Millennials are waiting in chat queues to speak to automated bots, tomorrow's Generation Z are developing their vision of how they want to buy a product, get information, or resolve a problem.

Ultimately, it is the expectations of these generations that will define the future of CX. We expect that they will include enriched shopping experiences that are personalized for the customer, a wide choice of communication channel options and a single agent dealing with the query to its conclusion.

Leveraging personal data

The carefree use of social media amongst teenagers has shown their relative lack of concern regarding use of personal data, as long as their data is used to benefit them. Examples of that include personalized online experiences, improved routing of calls to the right agent, or agents being able to recommend products based on the customer's profile or shopping habits.

Developing enriched online shopping experiences with intelligent agent intervention will simplify the browsing and buying process for the customer and improve revenue. Agents could recommend products based on customer data, history and, through AI-based products, their expectations, with customers able to choose the communication channel to suit their query. This will support the customer perception that their experience is personalized to them.

Using data science to meet customer needs

Data science can play a key role in improving the customer experience. By applying analytics on customer contact data and consumer online behavior, companies can better target promotions and improve products. It can be used to anticipate what customers are calling about or identify what they were searching for online, so that their query is routed to the right agent or the right agent engages proactively at the right moment during the customer's browsing.

But working with data can be challenging, both for security and in relation to data privacy laws, such as GDPR, which makes using customer data potentially complex and expensive.

COVID-19 and the customer experience

COVID-19 has disproportionally impacted certain industries. Among the worst hit are travel and hospitality companies. But in the scramble to protect their business, many of them damaged their brand through poor CX.

Purchasing a holiday or flight is an easy process to conduct online because companies have spent considerable time and effort to make it easy. But in the wake of wholesale cancellations due to travel restrictions, customers have found it difficult to claim refunds. In many cases, customers requesting refunds online have been greeted with messages informing them that a call to the contact center was the only way to get one processed. That has often meant wait times of over an hour followed by a stressful conversation with an uncooperative agent.

However, an automated online refund feature is not particularly complex or expensive to implement. If customers want their money refunded (and the law is on their side) they will get their money back. Deliberately creating a difficult journey for the customer is a sure way of losing them to competitors in future.

In general, organizations should increasingly look to automate processes and offer self-service as agent-assisted options become less cost effective and a barrier to quality customer experience.

Challenges of home-based agents

Another direct impact of COVID-19 on CX is that many companies have shifted their contact center agents to home

working to meet government lockdown rules. This is already having an impact on the customer experience. No longer is the background noise the sound of a busy office, instead callers can hear children and pets and the demeanor of the agent seems more relaxed.

But contact center productivity will suffer, at least in the short term. The home agent is more dependent on collaboration tools to communicate with colleagues, but it is easier to share knowledge and ideas when sitting in proximity in the office. This gap in the learning and skills process will need to be addressed if the expected increase in home working is to be fully effective. Some of these gaps will be addressed through new features to make it easier to operate as a contact center with front-office and back-office functions that are all working in different locations.

Investment made in automated solutions has great potential to achieve rapid return on investment

COVID-19 pushing customers online

COVID-19 has increased pressures on customer service operations. But instead of letting CX take the hit, forward-thinking companies are increasing investment in online self-service solutions. If customers are unable to speak to an agent, they should be able to access a portal to cancel or change their service online. This will ensure continued excellence in CX even in the most challenging times.

Further, any investment made in automated solutions has great potential to achieve rapid return on investment (ROI) given the increasing online focus by customers during this health crisis. Once customers are accustomed to the self-service, they may never return to using the phone, thereby reducing contact center costs significantly in the future.
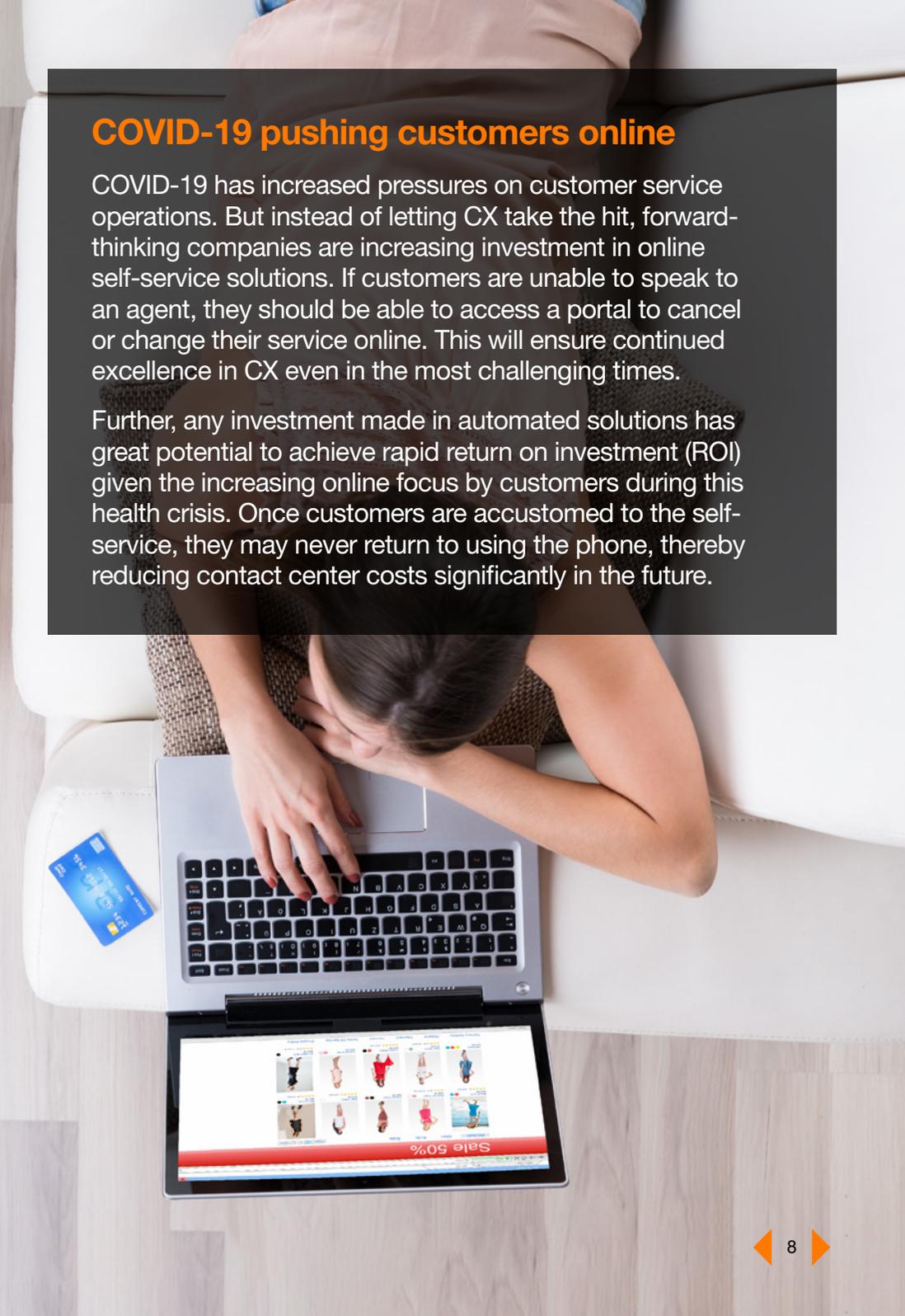
Judging the pace of change

How quickly should companies move to adopting the customer experience technologies and processes of the future? Budgets will need to be targeted to achieve the greatest ROI.

The economic shock caused by COVID-19 is having an immediate impact on investment levels, and this includes the money spent on CX initiatives. Budgets will be scrutinized and challenged, and there will be ever-increasing demands for new CX initiatives to show robust business cases and ROI. For example, there is little point in improving CX to drive customer loyalty if the product itself needs improvement. It would be better to invest in developing a more reliable product.

The very reason CX exists is because satisfied customers drive up revenue, lower churn, reduce costs and grow the business. CIOs and CTOs need to see how their investment is making a difference to the key performance indicators of successful CX, which are churn and customer satisfaction.

CX cost-benefit analysis

CX is a means to engender loyalty and generate revenue, and CX cost-benefit analysis is rapidly becoming an exact science to help companies make commercial judgements. Therefore, improving the ability to quantify these benefits and track them will help facilitate the decision-making process.

Senior leadership will look to vendor and reseller sales support when attempting to secure financing from their directors and CFOs. Product vendors, resellers and their sales support functions have a key role to play in supporting customer CX leaders with the right information, such as ROI, to get purchasing decisions approved.

Remaining agile in a changing world

Any CX investment will also need to recognize the need for increased agility in these uncertain times. For example, customers of the future may have greater loyalty towards companies that have better communication channel options, such as WhatsApp or social media. New communication channels need to be considered in any CX strategy.

Companies may need to design completely new online customer experiences, which they perhaps never even considered before. Museums, for example, are creating a brand-new experience of visitors navigating their collections in the virtual world.
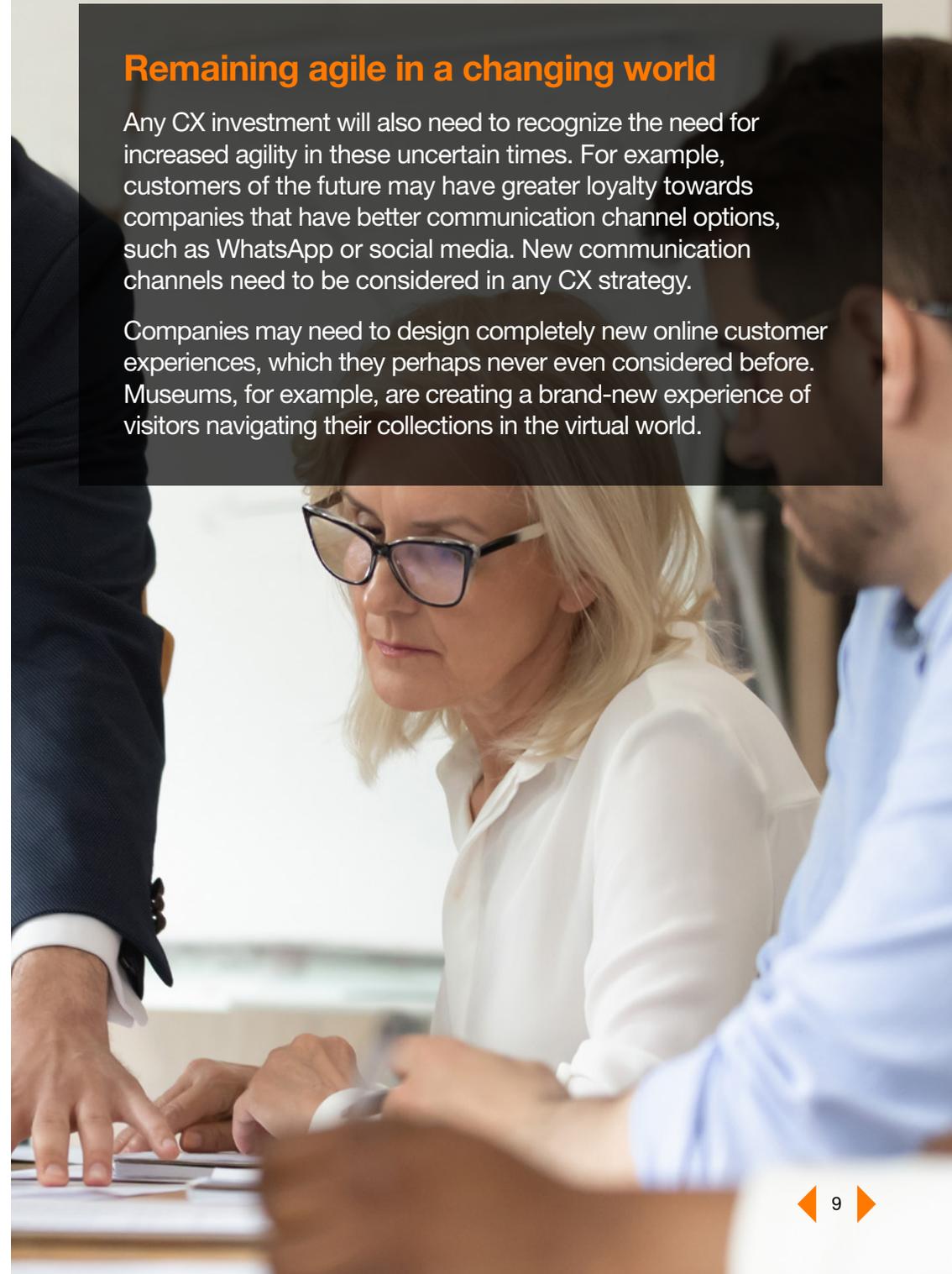
Taking the next step in CX

The future of CX will depend on the willingness of industries to embrace new customer experiences, preferably as a planned strategy, rather than a reaction to market changes.

Different sectors are at different levels of maturity in their CX strategies. But whatever industry they operate in, digital experiences will play an ever more important role. Take two large contrasting sectors as examples: the automotive and fashion industries.

The automotive sector has recently suffered significant falls in revenue and the future success of manufacturers will depend on how they deliver customer experience in the aftermath of COVID-19. Online purchasing in the automotive industry is already growing, with three-quarters of Tesla cars already sold online and almost half of under-40s considering buying their next car online. In addition, car service reports are already offered in the form of an online video recording.

Excluding a test drive, much of the auto sales process can be done without a visit to the showroom. New online sales platforms will offer an enriched, multimedia experience for the customer purchasing journey and generate new revenue streams. Innovative, engaging CX is key to converting customers from traditional purchasing journeys to online ones.

Changing fashions

The fashion industry is also adopting CX-centric approach to customer journeys. Similar to automotive customers, those who would have never considered purchasing clothes online a few years ago are benefitting from improved online shopping experiences.

Augmented reality apps, efficient online refund and replacement options and a more personalized shopping experience have made online clothes shopping a CX success for many businesses and reduced the necessity to operate only in traditional high-street premises. Online disruptors have gained market share and increased revenue by avoiding many of the downsides of the COVID-19 turmoil.

Companies that successfully manage the transition to the new CX-centric world will reap the benefits in terms of increased revenue.

Six steps to CX success

All industries have different requirements, but there are a several steps that all should take to succeed in the future of CX. We have listed six below.

1 **Be data driven.** Understand your customers and their requirements based on data rather than intuition alone.

2 **Target investments accurately.** With restricted budgets it is even more important to develop a business case that delivers a quantifiable return on investment in customer loyalty and spend. Prioritize and investment accordingly.

3 **Collaborate with the wider business.** As a transversal activity, a CX leader will need to be represented at senior leadership team (SLT) or director level and be involved in strategic decisions. CX has a key role in product development and marketing, for example.

4 **Map end-to-end processes to technology architecture.** Understand what technologies deliver business processes and how they can be architected to improve the customer experience. For example, a refund process involves many different technology elements, such as finance platforms and supply chain integration. A consistent CX requires enterprise-wide IT development.

5 **Invest in automation.** The increasing move online and a new generation of consumer make investment in automation an essential part of delivering exceptional CX.

6 **Build a CX roadmap.** Have a company-wide vision that drives people, processes and technology to the common CX goal. Develop a CX brand that will differentiate your organization from its competitors.
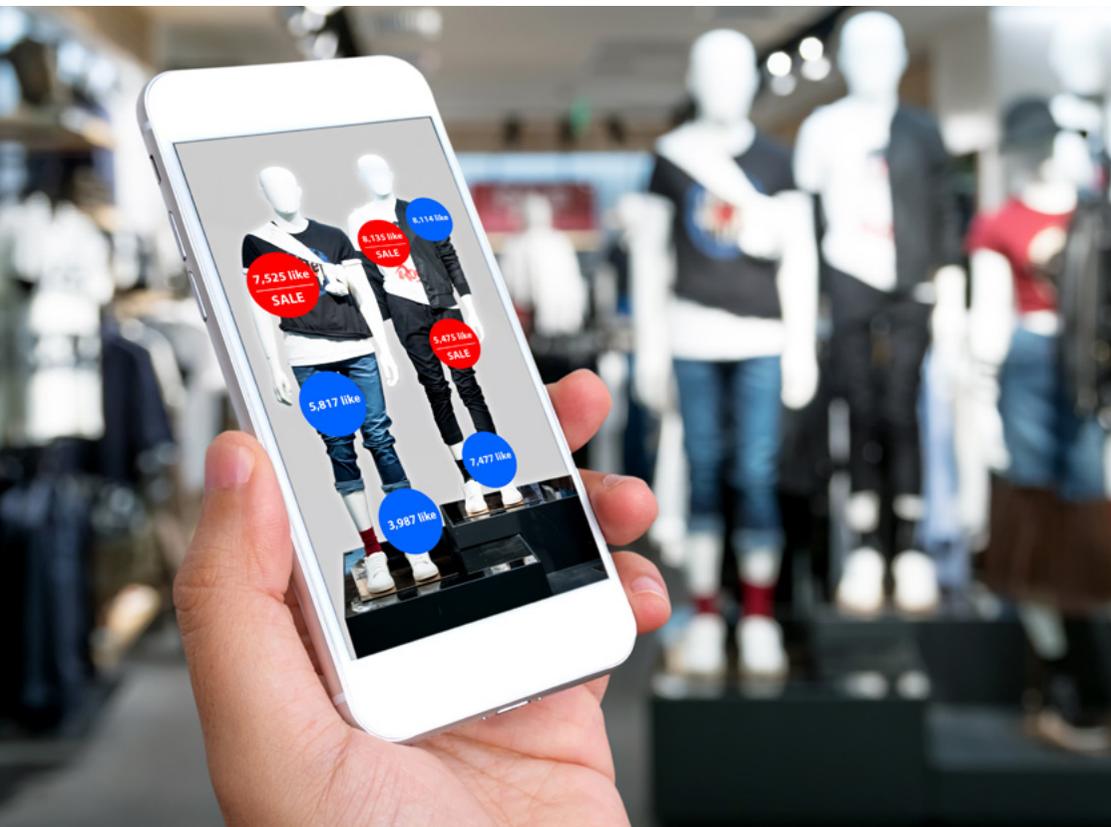
IIf you are interested in understanding more about CX and how it can set your organization apart, please get in touch with
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