THE ROI OF CUSTOMER-CENTRIC DIGITAL EXPERIENCE MANAGEMENT: MASTER DIGITAL TO DRIVE BETTER PERFORMANCE

October 2022

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This report highlights the business performance enjoyed by contact center and CX leaders that go beyond traditional methods of managing digital experiences and instead execute a truly customer-centric digital engagement program spanning all channels and business departments.

How Firms Use Digital Channels Determines CX & Operational Success

Digital channels such as the web, chat, email, messaging, and video have all become an essential part of customer experience management (CX) programs. In fact, Aberdeen's *Contact Center Trends* survey capturing insights from business leaders around the world and across all industries and company sizes shows that **all businesses use digital channels to serve customers**. In other words, from global conglomerates to neighborhood mom-and-pop stores all firms use digital channels within their activities. While for some this may mean simply having a company website and email address for others it may mean using more than 15 different channels to engage current and potential clientele. To this point, Aberdeen's survey also shows that **one out of two contact centers use at least nine different digital channels**.

It's no longer adequate for firms to add more channels to differentiate. Modern business leaders must master using all digital channels in harmony – and in a customer-centric manner (see sidebar) – to extract maximum potential gain from digital engagement programs. Figure 1 shows that business leaders that build & nurture a customer-centric digital engagement program excel far ahead of their peers across numerous key performance indicators (KPIs) indicative of success in CX.

Figure 1: Customer-Centricity in Digital Means Superior CX Results
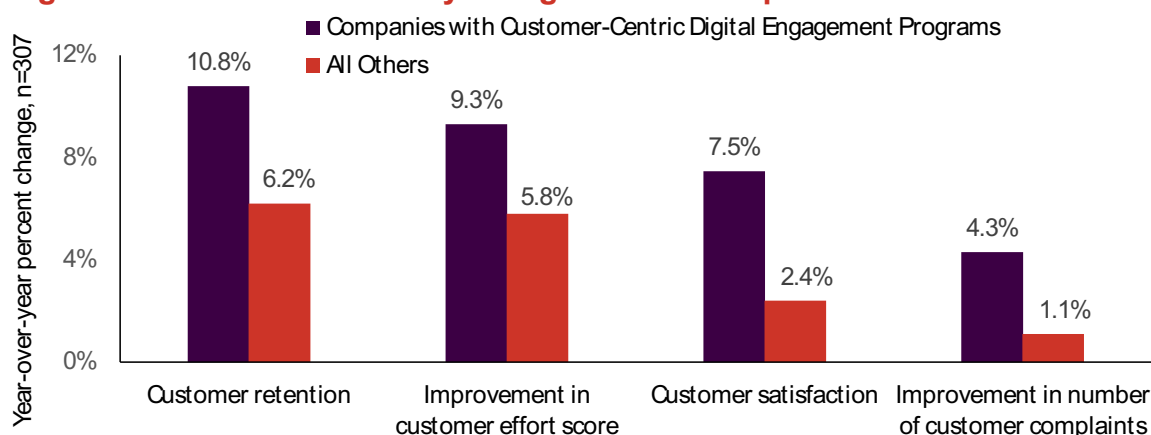
Source: Aberdeen, October 2022

Definition: Customer-Centric Digital Engagement

For the purposes of this research, Aberdeen defines "**customer-centric digital engagement**" as companies that truly connect with their customers by enabling them to use their channels of choice when interacting with the firm.

These firms build and execute smart interaction workflows that optimize issue resolution across all channels while leveraging data in combination with analytics, AI, and automation to optimize use of all channels to deliver effortless and hyper-personalized experiences across all channels and by all business departments.

In comparison, firms with traditional digital engagement programs don't actively build and adjust CX activities spanning all digital channels based on customer insights. Instead, they are static and based on historical data and gut-feel versus real-time data and analytical insights used by customer-centric firms.

With the advent of more channels combined with speed in technology innovation and rapid democratization of customer experiences, contact center and CX leaders have quickly embraced digital channels over the past decade. Yet, many have seen digital engagement programs as one where continuously adding more channels and using each channel for specific issue types was enough to satisfy customers. Firms with such a mindset learned that it's not the case. As an example, companies that built social media presence such as a Facebook page or a Twitter account but solely used them to promote products / services without a defined process to handle support requests also coming through these channels frustrated their clientele more than they would have if they didn't have a social media presence as customers now felt the firm was ignoring their needs. Of course, when managed well, social media and all other channels play a vital and beneficial role on CX results, but the above example illustrates the shortcomings of traditional digital engagement programs.

By designing and executing digital engagement programs to be more customer-centric, business leaders have found that they improve (reduce) the number of customer complaints by 3.9x more YoY (4.3% vs. 1.1%) and improve (decrease) customer effort scores by 60% more YoY (9.5% vs. 5.8%). **Making it easier for clients to receive service across all channels in turn helps firms increase customer satisfaction rates by 60% more YoY** (95% vs. 5.8%) **and grow customer retention by 74% more YoY** (10.8% vs. 6.2%).

It's important to note that companies don't suddenly transform from traditional to customer-centric digital engagement overnight. It takes planning and strategic execution to maximize CX and other performance benefits. Firms that succeed in this do so through savvy use of customer and operational data to reveal hidden trends and factors influencing customer behavior. They also use analytics to uncover root-causes influencing positive and negative digital engagement outcomes so they can maintain and strengthen processes and tools that work and fix those that don't. While doing so, one of the focal areas across customer-centric business leaders is ensuring that each channel is used in combination with customer preferences and efficacy in issue resolution.

Customer-centric firms don't use specific channels for specific issue types. Rather, they analyze customer data to determine channel preferences and use customers' preferred channels to engage. However, they also combine this with data on issue resolution so for example, if a customer prefers using self-service but operational data shows that self-service typically has a high escalation rate to assisted service with phone providing more rapid and efficient support, the company routes the customer to the most efficient channel that will help the customer address the issue. Such savvy use of channels combined with customer and operational data and analytics eventually makes it easier for firms to maximize operational efficiency. In fact, Figure 2 shows that these customer-centric firms enjoy 88% greater YoY increase in agent productivity (10.5% vs. 5.6%).

Transforming from traditional to customer-centric digital engagement is a necessity for modern business leaders.

This must be done carefully by way of strategic planning and execution leveraging available data, analytics, AI, and automation to fuel maximum results.

Figure 2: Firms with Customer-Centric Digital Activities Enjoy Better Operational Efficiency
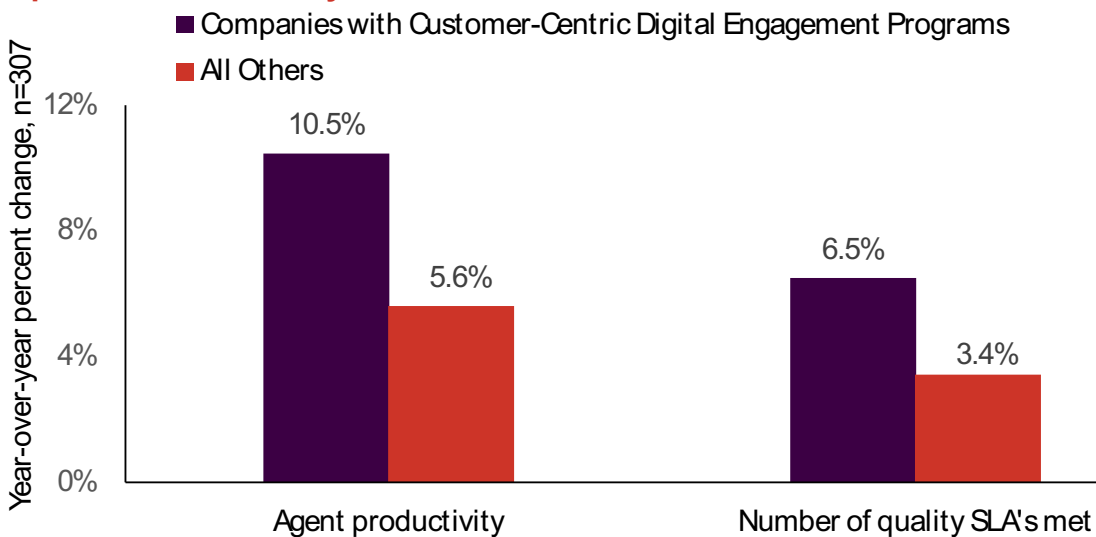
Source: Aberdeen, October 2022

Improvement in agent productivity is important because although more interactions now include self-service, assisted service delivered by human agents is still playing an important role for delivering high-touch and high-impact support. As such, the company processes must be optimized such that agents must have visibility into customer data across all channels when first interacting with a client in order to best steer the conversation. They must also be able to control conversations across various channels so if a customer has sent an email to the company for example, the agent can see that email through the agent desktop while speaking over the phone versus transferring the customer to a different department that may have received that email or putting the interaction on hold to find the relevant email by communicating with internal stakeholders.

Designing and managing customer interactions across digital channels in a more customer-centric manner also requires firms to fulfill commitments made to customers such as average wait time as well as meeting internal service-level agreements (SLAs) that are designed to improve CX results. As such, it's no surprise that firms with customer-centric digital engagement excel in increasing the number of quality SLAs met by 91% more YoY (6.5% vs. 3.4%). As noted earlier, the use of data, analytics and designing proper workflows executed through automation are all crucial for companies to achieve such efficiency gains.

Figure 3 on the next page illustrates the eventual benefits contact center and CX leaders enjoy when they design and execute digital engagement programs from a customer-centric perspective. Improving CX results as well as increasing operational efficiency allows firms to grow customer spend while reducing overall service costs. In fact, data shows that **customer-centric firms enjoy 79% greater YoY improvement (decrease) in service costs** (5.9% vs. 3.3%). These cost savings come from

Savvy use of digital channels enables contact center and CX leaders to reduce costs while growing revenue – thanks to the advances made in delighting clients and improving internal efficiency.

companies using existing channels in a savvy manner, so clients don't need to repeatedly contact the business because their issues were not addressed through a certain channel during a prior interaction. Savings that contribute to the decrease in cost observed by customer-centric firms include savings in telephony costs, agent labor costs and etc.

Figure 3: Customer-Centricity Enables Firms to Grow Revenue & Decrease Costs
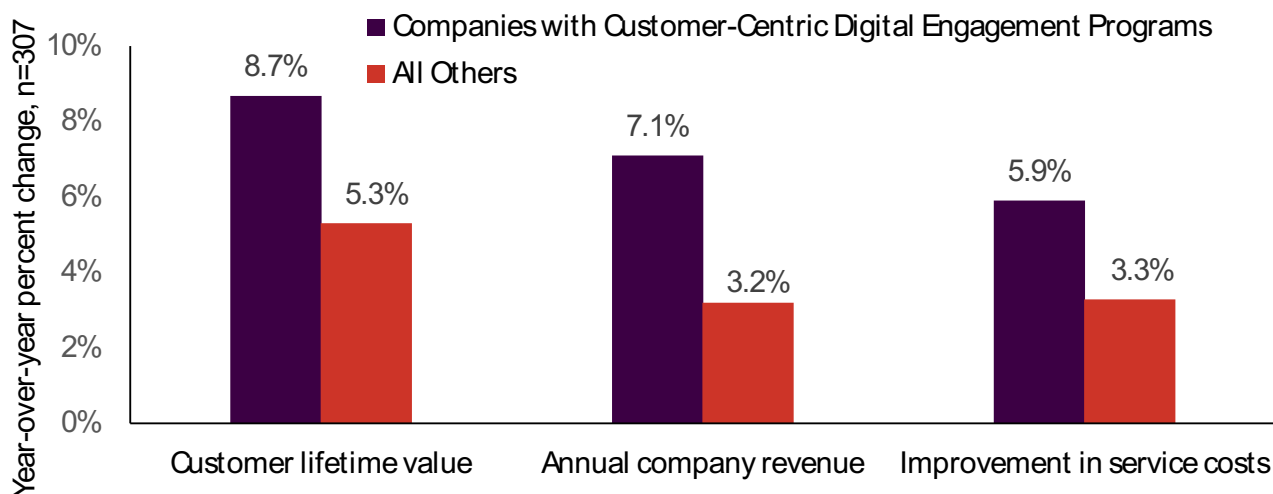
Source: Aberdeen, October 2022

Understanding and addressing customer needs by incorporating them within digital engagement programs eventually facilitates firms to boost customer spend. Happy customers are more likely to remain loyal to firms that address their needs as well as grow their spend over time. Indeed, Figure 3 shows that **companies delighting their clientele through customer-centric digital engagement programs** indeed **achieve 64% greater YoY increase in customer lifetime value** – a metric reflecting the total spend a client makes with a business during the duration of the relationship with that firm (8.7% vs. 5.3%). Increasing customer lifetime value requires firms to both retain their clients but also increase the spend of each client over time. As such, the superior performance enjoyed by customer-centric firms validates that enabling current and potential customers with optimal ways to engage the business facilitates increase in overall buyer spend. This, in turn feeds growth in overall company revenue which is reflected by the 2.2x greater YoY increase in annual revenue reported by customer-centric firms (7.1% vs. 3.2%).

Key Takeaways

The rules of success in digital engagement have changed. Gone are the days where simply adding more channels into the CX channel-mix was enough for firms to differentiate from competition. Today's customers expect businesses to understand all the channels they want to use to address their needs <u>and</u> use these channels in a way that enables buyers to conveniently get their needs addressed in a rapid and efficient fashion. This, in turn increases the complexity of modern digital engagement to a level where traditional methods no longer suffice businesses. Enter customer-centric digital engagement.

Companies using a customer-centric approach to their digital engagement activities blend use of data, analytics, AI and automation to better understand customer preferences, adjust internal activities to align with client preferences and continuously optimize CX activities within the contact center and beyond to deliver truly personalized and consistent experiences across all channels. In turn, these leading firms enjoy far superior performance results across key CX, efficiency and financial metrics.

It's important for modern business leaders to modernize traditional ways of managing digital channels in favor of the customer-centric approach highlighted in this report to achieve similar gains to that of the leading firms noted within this study. To do so, Aberdeen highly recommends first ensuring that all customer and operational data within the company is connected to have a single view of all relevant insights. This must then be used in combination with analytics to understand trends and root-causes influencing customer behavior and preferences. Empowered with these insights, contact center and CX leaders must then infuse AI and automation to design and execute workflows that facilitate continuously using all channels in ways that meet and exceed customer needs.

About Aberdeen Strategy & Research

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