Volatile markets should not impact CX investments

By Harley Manning

18 Jul 2016

The global economy entered 2016 under a cloud of uncertainty that has been further exacerbated by the Brexit shockwave. Now more than ever, company leadership will need to develop meaningful strategies to win new business, despite the growing global volatility.

But businesses should be cautioned that now is not the time to cut back on customer experience improvement programmes.

Companies are sitting on more than $7tn worth of cash – double that of just a decade ago. In an effort to garner returns in a low interest rate global economy, companies will look for investments. Venture capital and hedge funds now have $2.8tn in assets and crowdfunding outfits have funneled over $1.3bn into almost 80,000 projects. This access to capital will fuel competition for companies as it lowers barriers to entry for startups and disruptors. Traditional companies will have to quickly adjust their attitudes to customer experience investment if they want to survive.

Companies that obsess over these recent global market developments might be tempted to panic and cut spending on customer experience improvement programs, despite the fact that many firms are sitting on piles of cash. But cutting CX budgets is a terrible idea because CX is the greatest potential source of competitive advantage — especially in times of high market volatility.

In an analysis of five industries in the US between 2010 and 2015, Forrester reported the following three takeouts which support these views:

CX leaders grew revenue more than five times faster than CX laggards

Analysis found that organisations with superior customer experience grew revenues far faster than their competitors. On average, the top eight CX leaders had compound annual growth rate (CAGR) revenues of 17%, while their competitors averaged only 3%.

Superior CX drives customer loyalty, despite highly comparative buying patterns

The analysis showed that when customers had a good experience with a brand, they were inclined to remain loyal to a brand, spend more with it, and recommend it to their friends.

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This finding is significant considering that in 2015, 59% of US online adults had used consumer rating and review sites to research products or services in the past three months (source: Forrester’s North American Consumer Technographics Retail Online Benchmark Recontact Survey 2015). Moreover, 2015 showed that 20% of US online adults use their phones in store to compare prices — “showrooming” — and 432% of those consumers ended up buying somewhere else (source: Forrester's North American Consumer Technographics Retail Survey).

Companies with superior CX can charge more for their offering

Despite an ever increasingly comparative and discerning customer, customers were willing to pay more for a product or service in return for a superior customer experience.

The weaker economy and the easy access to multiple options has put the consumer firmly in the drivers’ seat, with technology empowering them to make informed decisions. While companies once controlled the information, price and location, connected consumers are now taking control.

On the back of the research, it's possible to offer some insight to companies looking to stay ahead of their competitors during times of volatility.

Companies should stay connected to the pulse of their customers. Establish habits like regularly listening into contact centre calls and reading customer ratings and reviews. Secondly, do the math. Knowing that improving customer experience increases customer loyalty, add up the financial benefit of a one percentage point increase in customer retention for your company. This will help keep you connected with what’s at stake.

Finally, keep checking in with CX leaders. Seeing the real-world correlation between CX success and business success will help you overcome lingering doubts as to whether this connection is real.

ABOUT THE AUTHOR

Harley Manning, research director in the Customer Experience practice at Forrester