

Andrew Reise

How to Deliver CX Strategies That Result in Tangible Business Impact

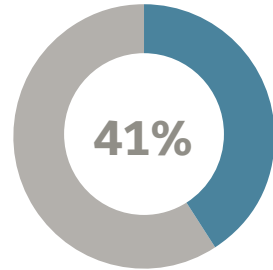
Three common pitfalls that prevent CX initiatives from driving impact and how to overcome them

The benefits of a superior customer experience are now widely accepted. Great CX equals a loyal and growing customer base equals increasing revenue and market share.

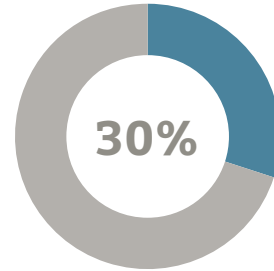
Or at least it should in theory. The potential benefits of improved customer experience are very real and tangible. However, many organizations fail to fully realize these benefits. And those that do, fail to fully and accurately quantify the business value they deliver.

This ebook explains how you can overcome the three most common pitfalls preventing CX initiatives from driving desired business impact.

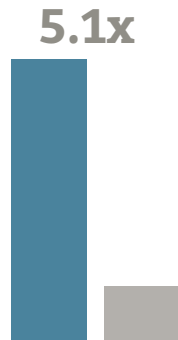
The Impact of Superior Customer Experience



Chief Customer Officers report direct to the CEO²



By 2020, poor customer experiences will destroy 30% of digital business projects³



Revenue growth of CX leaders over laggards⁴



Willingness to pay a price premium of customers who have excellent versus very poor experiences⁵

“Executives are quick to see the end-game benefits of a customer-centric strategy: more satisfied customers, increased loyalty, a lower cost to serve, and more engaged employees. But they often fail to understand clearly what a superior customer experience is worth and exactly how it will generate value.”

McKinsey¹

“Those who are successful in improving the customer, employee and user experiences are being disproportionately rewarded. And those who are missing the mark are being disproportionately punished.”

Gartner⁶

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Pitfall 2: Misaligned CX initiatives

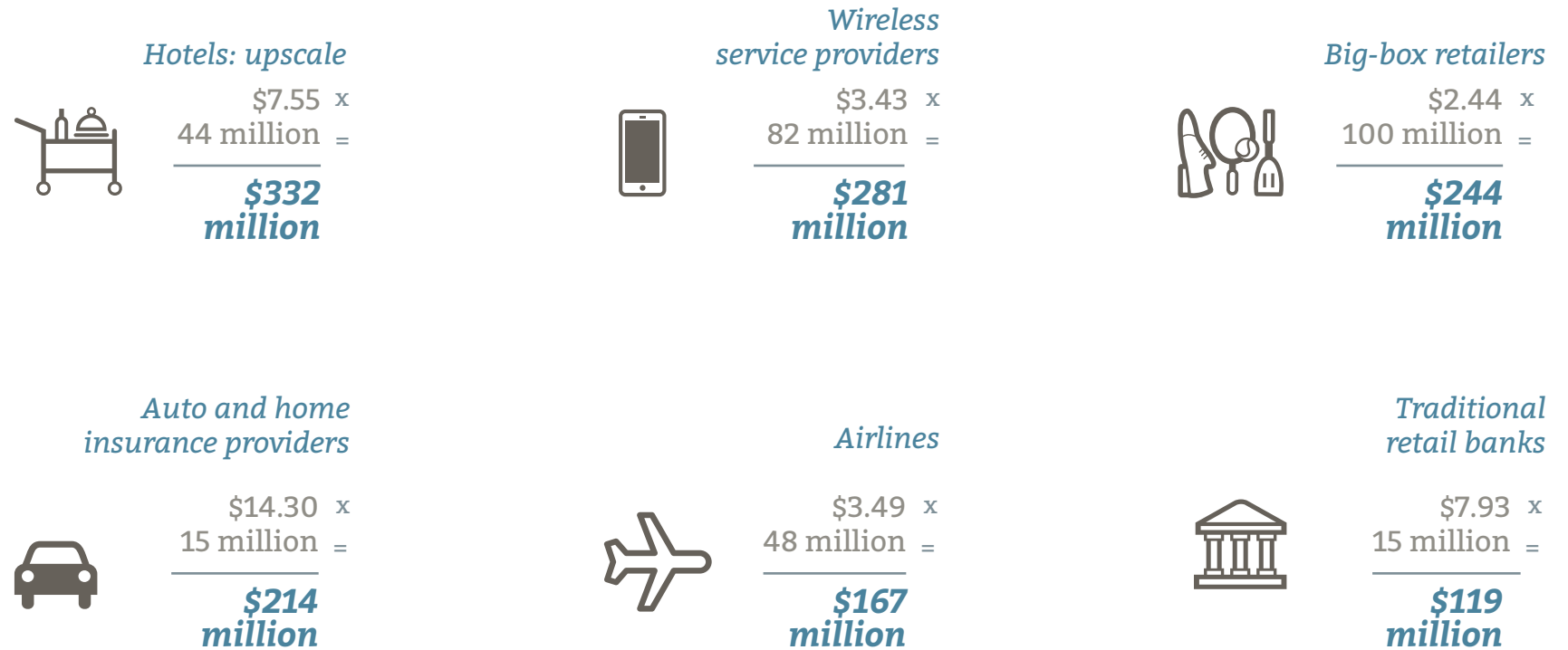
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Revenue impact of CX improvement within selected industries, according to Forrester

The revenue impact of a one-point improvement in Forrester CX Index score results in:

Figures quoted calculate annual incremental revenue per customer x average number of customers per company.



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Link CX to Business Results for Bigger Impact

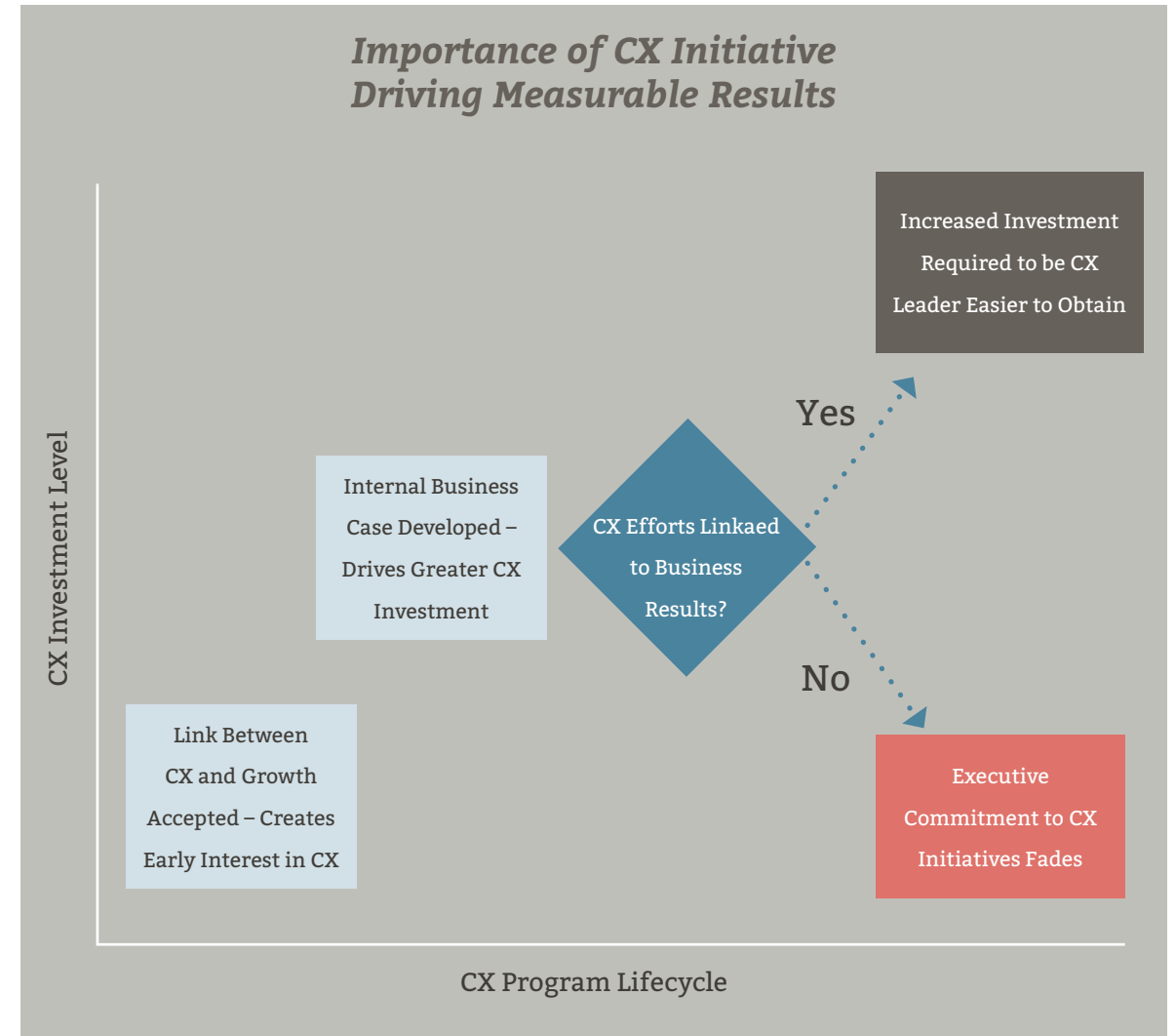
The data on the previous pages prove that high-quality customer experience drives revenue growth. Research such as that highlighted – along with a perception that this is the case – is often enough to justify initial expense to get CX projects up and running.

Many organizations take this a step further and are able to make an internal business case projecting future benefits. Typically, this involves linking CX to financial performance and other data-driven analysis.

This approach may well be enough to maintain investment in CX for some time, but eventually the C-suite wants tangible proof points of CX investments driving business results – which represents a crucial inflection point.

If you're able to do this, you are likely to gain additional investment and can potentially become a genuine CX leader. If you are not, you risk – slowly but surely – losing executive commitment and reduced investment levels.

So where do companies go wrong?



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Pitfall 1: Incomplete Understanding of Your Customers' Needs

Too many companies don't completely understand their customers. When defining CX initiatives, this incomplete view can lead to problems. If you don't know what your customers want, the changes you make are clearly not going to be targeted in a way that improves CX and has a significant business impact.

Most companies ask for feedback from their customers. However, there are many examples where they do so in way that prevents action that will actually make a difference.

Consider the following example: airlines commonly ask you to provide feedback about your check-in experience at the airport (often by hitting a red, orange or green colored button).

Say you hit the green button on your way through but then have a terrible subsequent experience through security, boarding and finding a seat, while the flight is delayed, communication is poor and so on. The only piece of feedback that airline has is about your check-in service, which

is the last thing you're bothered about given the subsequent turn of events. It's unrepresentative, misleading and cannot possibly result in discernible action.

By contrast, say at the very beginning you hit the red button. The airline's CX team doesn't have any context behind the reason for you taking that action. All they know is what you thought of your check-in experience. They don't know why. Without this information, how can they possibly make the improvements necessary to drive results?

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Pitfall 1: Incomplete Understanding of Your Customers' Needs

SOLUTION:

Assess customer needs across all VoC sources

To understand the entire customer journey, you need to assess customer needs across all VoC sources.

According to Gartner, "A comprehensive VoC solution integrates collection, analysis, distribution and action into a single interconnected platform to understand customer experience and sentiment. For a solution to be considered as a multichannel VoC platform, the solution must collect and analyze all three types of VoC data."⁸

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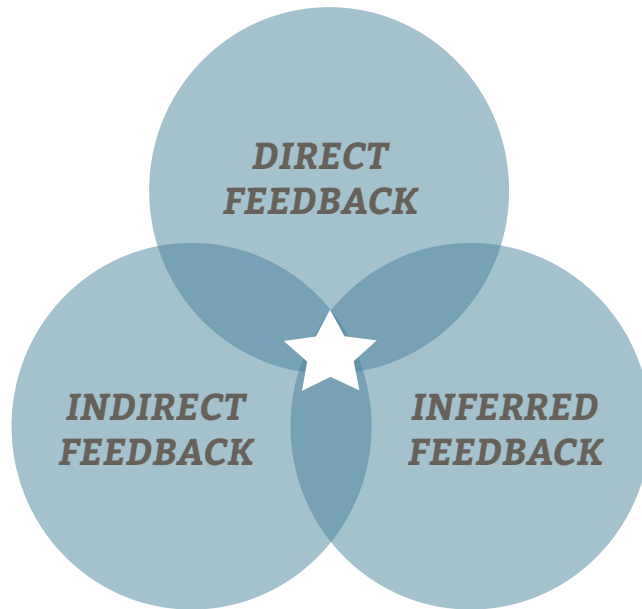
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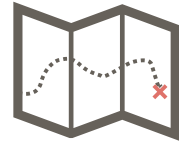
To gain a thorough understanding of what your customers need, ensure you factor these different types of feedback into your analysis. This gives you the complete picture, providing you with insight from right across your customer experience to fully optimize CX that drives discernible and tangible business results.

- **DIRECT FEEDBACK:** Feedback direct from your customer in a format intended for this purpose (e.g. survey, opt-in feedback either on or offline etc.)

- **INDIRECT FEEDBACK:** Feedback about you but not directed at you in a format intended specifically for that purpose (e.g. occurs on social media, contact center, live chat etc.)

- **INFERRED FEEDBACK:** What customers would say about their experience if they were asked at any given moment (e.g. can be captured digitally through session replay or through IVR logs in a contact center)

Pitfall 2: Pursuing CX Initiatives Not Aligned With Your Brand



Say you do understand your customers' needs. This still doesn't mean – in itself – the improvements you make are going to drive business impact. Many companies for example listen to their customers but end up

pursuing CX initiatives that are not aligned with their brand promise or core competencies.

These initiatives could be completely in line with customer sentiment but

if you're not equipped as a business to pursue them or deviate from your organization's primary objectives, you're unlikely to have the sort of impact you need to have significant positive outcomes.



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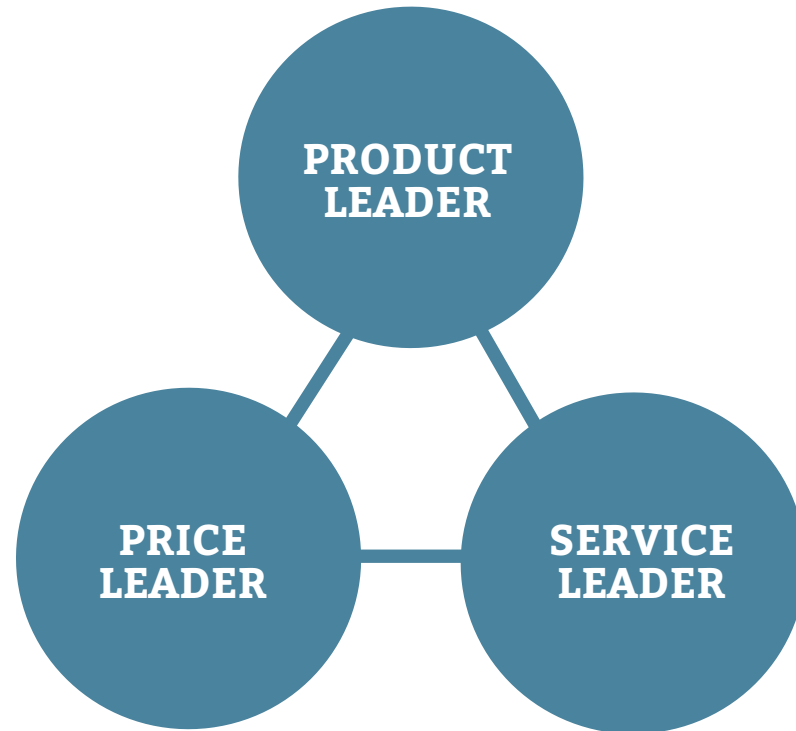
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Pitfall 2: Pursuing CX Initiatives Not Aligned With Your Brand Promise

SOLUTION:

Know your strengths and play to them

Great brands are true to their promises while typically offering very different experiences.



At a very basic level, organizations typically compete on product, price and/or service. The ultimate objective is to win on all three but this is very hard and extremely rare.

More realistically, you need to focus on a single key area. Know your strengths, play to them and don't deviate. Confusion around your objectives and misaligned CX initiatives makes success much more difficult. Great CX is not a uniform panacea.

You can say you want to be a leader in your main area of strength. But how can you tie CX to this broader corporate objective?

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Pitfall 2: Pursuing CX Initiatives Not Aligned With Your Brand Promise

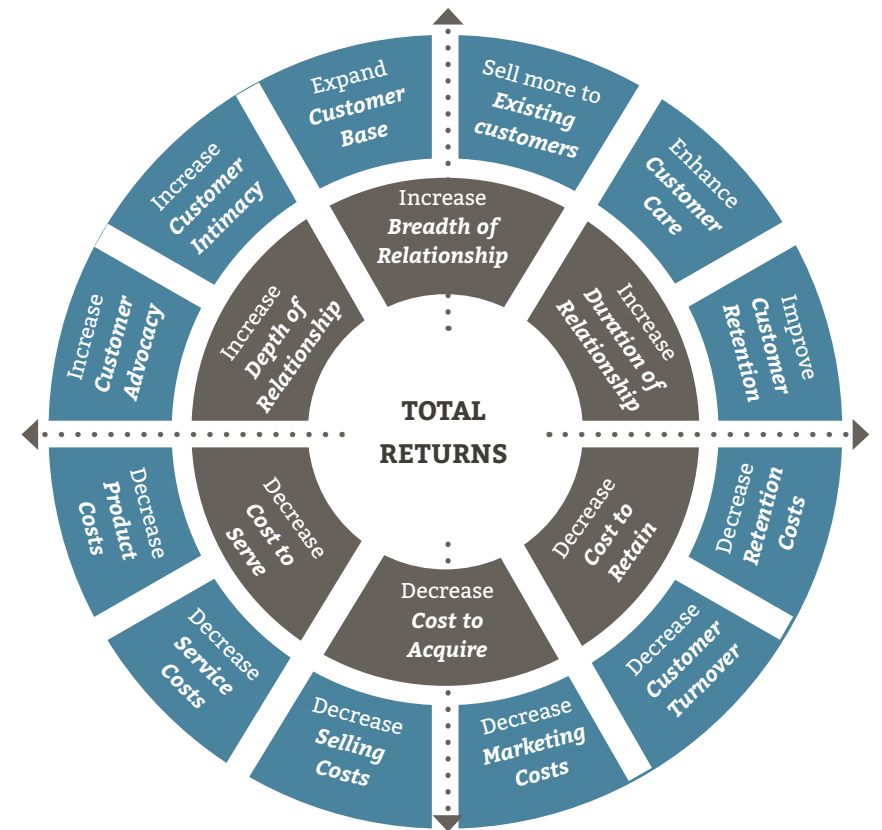
SOLUTION:
Know your strengths and play to them

Link CX initiatives to corporate objectives and prioritize accordingly

The value compass (right) takes the concept of tying CX to broader corporate objectives a step further. Split into two sections, the top half focuses on increasing revenue and the bottom half on reducing costs (typically the main focuses for companies implementing CX initiatives).

The diagram helps you identify exactly what you're trying to achieve, focus your CX initiatives accordingly and serves as a platform for your business case going forward. Involving stakeholders from across your business to flesh this out also helps to ensure you act in line with your primary corporate objectives.

Once you establish your aim this specifically, you can then start to tailor your CX strategies and initiatives accordingly.



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Pitfall 3: Myopic Approach to Using Metrics for Success Measurement

Inefficient or inappropriate reporting can be a huge roadblock to driving measurable business results through improved CX. How can you expect to shift performance if you are not measuring that performance effectively?

For example, companies often use post-call survey responses to assess the performance of and incentivize their staff. But this nearly always ends up skewing the results. Typically, employees will push the survey to such an extent that customers can't help but provide overwhelmingly positive results.

The upshot: the end results are misleading and don't provide insight that will lead to meaningful results. This is a flawed metrics approach that actually prevents investment aligned with business goals.



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Pitfall 3: Myopic Approach to Using Metrics for Success Measurement

SOLUTION:

Employ a variety of CX metrics to collectively track desired outcomes

NPS, CSAT and so on are all great metrics but they measure different things so need to be taken in context. There are complex relationships among each of these CX measures so they should be considered collectively. The diagram below summarizes and focuses this approach. Each of these factors should be accurately assessed and measured through a comprehensive VoC platform.

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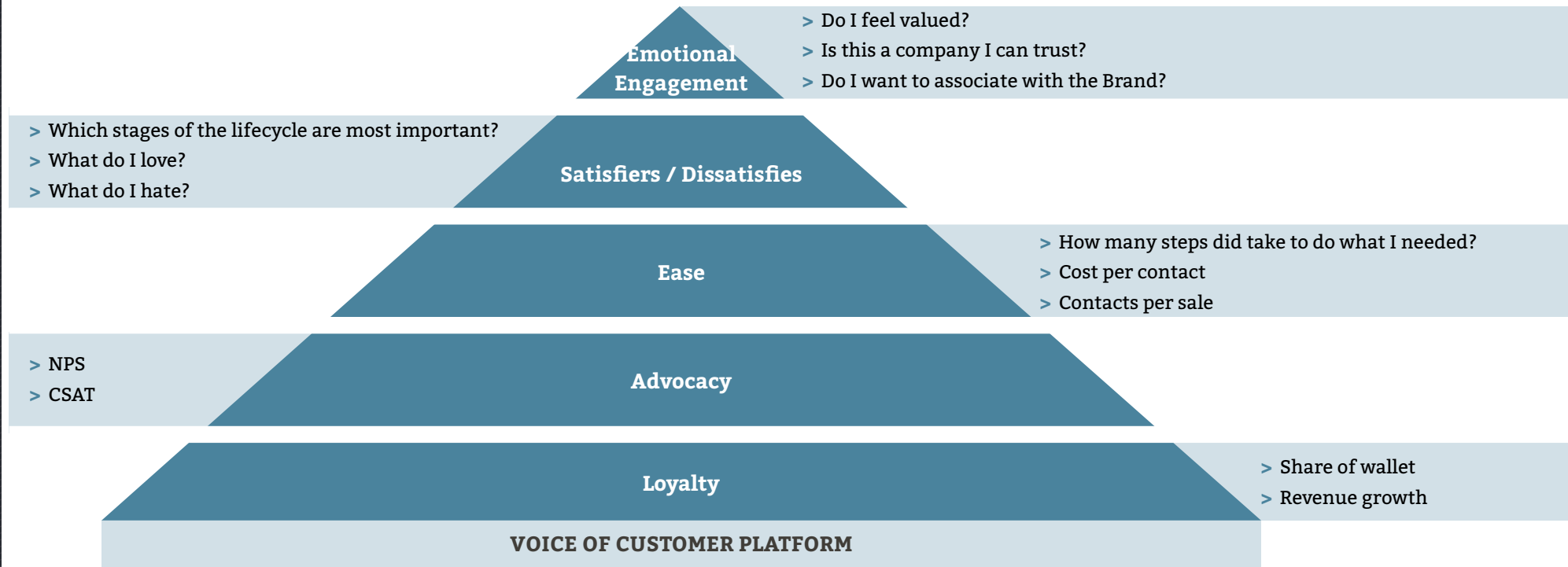
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MEASUREMENT TYPES



Pitfall 3: Myopic Approach to Using Metrics for Success Measurement

SOLUTION:

Employ a variety of CX metrics to collectively track desired outcomes

As the diagram on the previous page explains, there are five different metric categories that should be measured. To explain in more detail:

① **Emotional engagement:** How somebody feels about the interaction – indirect and direct feedback methods are very effective in establishing this.

② **Satisfiers and dissatisfiers:** What is it that's driving the satisfaction or dissatisfaction in any interaction? In capturing this information, you start to collect key operational performance metrics and objective dataset that inform your business strategies going forward.

③ **Ease:** How easy it is for your customers to achieve what they want to with your business (e.g. how many clicks to complete a task, how many calls are required or visits to one of your locations does it take to resolve an issue etc.)? According to the CEB, 96% of high-effort experiences result in overall disloyalty and 81% result in negative word or mouth¹¹. You therefore need to ensure the metrics you capture address this factor.

④ **Advocacy:** Customer advocacy metrics – such as NPS and CSAT – are important indicators of perception in the marketplace and therefore should be factored into your analysis. However,

they cannot by themselves accurately indicate revenue so need to be incorporated alongside other performance-focused measures.

⑤ **Loyalty:** How you assess loyalty should be tied to financial metrics. How long is the relationship? How has expenditure evolved in that time?

A CX measurement approach combines metrics assessing each of these factors provides a complete picture of customer sentiment in the context of broader business performance. You can then focus action in the most impactful way.

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Many companies struggle to vividly tie their CX strategies to business results and end up losing momentum in their efforts to optimize the customer experience as a result. However, there are a number of actions you can take to ensure this isn't the case for your organization.

Specifically, you should concentrate on implementing a comprehensive VoC program that captures direct, indirect and inferred customer feedback. You should also ensure you measure your customer experience using a variety of different metrics to enable you to get the complete picture of where you need to focus your action.

Finally, you should ensure the primary focus of this action ladders up to broader business objectives.

Once you're able to successfully bring these three factors together, you can more easily demonstrate value and results – which in turn enables you to grow the influence of you personally, your broader CX organization and customer experience generally.



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To learn more how customer experience can drive tangible business impact, visit andrewreise.com.

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We speak **Customer.**

It's a language we know very well. We're Andrew Reise, a recognized global thought leader who specializes in improving both sides of the company/customer relationship.

Our unique approach consists of our own methodology and a group of distinctly selected consultants – who are all veterans in customer experience. Our process is proven and our people boast a ‘do it all’ no-nonsense approach and are empowered to do the right thing even if that means going above and beyond the original scope of work.

The Andrew Reise mission: Bettering the lives of our clients, colleagues, and communities.



IF YOU WANNA COME VISIT US.

9393 West 110th Street
51 Corporate Woods, STE 500
Overland Park, KS 66210



IF YOU WANNA EMAIL US.

connect@andrewreise.com



IF YOU WANNA CALL US.

(888) 272-8850

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