



Rising to the top with digital customer experience

How to use digital as
a growth engine and
differentiate your brand in
the experience economy.



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Thank u, next

Thank u, next

THE DIGITAL CHALLENGE IN THE EXPERIENCE ECONOMY

It's been just over 20 years since Joseph Pine first coined the term 'The Experience Economy' and the shift from competing on goods and services to competing on experiences is showing no signs of slowing down.

“Fundamentally, customers do not want choice;
they just want exactly what they want.”

— B. Joseph Pine II, *The Experience Economy*, Updated Edition

It's the biggest shift in consumer behavior in more than a generation and in the last decade. Rocket fuel has been added by the growth of e-commerce, mobile internet and social media.

It's also gone hand-in-hand with what some have called 'the death of brand loyalty,' as consumers churn more frequently than ever, driven by a need for experimentation, a technology landscape that makes switching easier than ever, and egged on by the FOMO amplified by social media.

61% of people say 'brand relationships'
are no longer a key factor in their
purchase decisions¹

The idea of the Experience Economy has changed brand-consumer relationships forever.

Where once consumers were wedded to their favorite brands, today they are more likely to be serial daters, always ready to swipe left in search of something new.

This new landscape and resulting consumer behavior presents plenty of challenges for brands as they try to keep up with the proliferation of channels and the increasingly high expectations of their customers.

But there are plenty of opportunities too, with those same technologies providing more ways of getting closer to customers, understanding in more depth than ever before what matters most to them, and using the digital experience as a key differentiator to drive growth.

1. <https://success.qualtrics.com/QualtricsRetailResearchReport.html>

It's complicated

It's complicated

MANAGING THE CUSTOMER EXPERIENCE IN AN OMNICHANNEL WORLD

At its very core, customer experience is about understanding the moments that matter most to your customers and turning those interactions into opportunities to delight and exceed expectations.

While delivering world-class customer experience has never been easy, it's something that has become even more complex with advances in technology.

First, there was the switch to online and e-commerce. Then came social media and mobile. Now **new channels such as voice-activated devices and IoT-enabled devices are adding even more complexity** when it comes to managing the experience for your customers.

For many organizations, these channels remain siloed — you have your in-store experience, contact center, website, apps and social media — and each one is managed by different teams and departments in the business.

But think about your organization from a customer's point of view, and the channel itself is almost irrelevant. **Customers now jump effortlessly between channels** as they look to complete a task; for example, they may research a product on their mobile, buy it on their desktop and then visit the store or call a contact center when they need support.

Each interaction shapes their view of the brand. Should an experience fail to meet their expectations on any one channel, it impacts not just their perception of that channel, but the brand as a whole.

Brands must break down those silos and **think about the complete customer journey, both on- and offline** to improve the experience for their customers.

**The challenge facing
brands in digital**

The challenge facing brands in digital

MULTIPLE CHANNELS, ENDLESS CUSTOMER JOURNEYS

There are now countless ways to interact with brands, and consumers have the option to choose their own path — mixing and matching channels to suit their own needs rather than following a set path.

More often than not, those journeys begin in digital, and research by Deloitte has found that 56% of offline purchases are impacted by digital interactions that happen long before a customer even enters a store.

66% of consumers prefer to choose
their own journey through a brand's
channels to complete a task²

NEW CHANNELS, NEW EXPECTATIONS

One impact of the multichannel world we now operate in is the shifting expectations as customers switch from one channel to the next.

In digital channels, customers expect things to happen much faster than they do offline, whether that's completing a task such as buying a product or finding an answer to a question, or getting a brand to respond to a social media post.

YOUR COMPETITORS ARE JUST A CLICK AWAY

Before digital, the barriers to customer churn were higher. For example, if a store didn't have a product in stock, the effort required for the customer to go somewhere else to find it was relatively high.

Today, customers only need to take out their phone, or say 'OK Google' to switch brands and find what they're looking for.

YOU PROBABLY DON'T EVEN KNOW ALL YOUR COMPETITORS

Technology has lowered the barriers to entry, allowing anyone to easily host an entire e-commerce platform on Amazon Web Services, go direct to market through eBay, Amazon or a Shopify store, and even take advantage of direct-to-consumer advertising through YouTube and Facebook.

It means startups like Dollar Shave Club can take on established billion dollar brands with just a fraction of their resources, knowing that if they can find breakthrough insights to deliver on the experience where the big brands fail, it's easier than ever before to take advantage.

\$22B **the amount of customer spend transferred from big consumer brands to smaller startups since 2016³**

WORD OF MOUTH, AMPLIFIED

If digital is the rocket fuel behind the Experience Economy, then social media is the booster engine. A whole new generation has entered the market having grown up sharing each and every experience, whether it's the meal they just ate, a vacation they have taken, or the latest product to arrive at their doorstep.

FOMO is a powerful motivator too — in fact, 90% of people say that online reviews have impacted their decision to buy a product while 77% of millennials say they've made a purchase online or in store after seeing a product mentioned on Facebook.^{4,5}

77% of millennials have been prompted to make a purchase after seeing a product on Facebook

2. <https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/deloitte-study-digital-in-luence-rede-ines-customer-experience.html>

3. <https://www.ft.com/content/4aa58b22-1a81-11e8-aaca-4574d7dabfb6>

4. <https://blogs.constantcontact.com/do-customers-trust-online-reviews/>

5. <https://www.lyfemarketing.com/blog/social-media-marketing-statistics/>

**The opportunity
in the challenge**

The opportunity in the challenge

HOW TO USE DIGITAL TO MASTER CUSTOMER EXPERIENCE

For all the challenges and complexity the digital landscape presents, digital technologies provide plenty of opportunities for brands to stand out and deliver customer experiences that differentiate them from their competitors, drive spend, and create loyalty from today's consumers.

Over the next few pages, we'll explore the opportunities for brands to use digital to accomplish six key objectives:

1 UNDERSTAND THE 'WHY' BEHIND YOUR METRICS

Much of the existing data brands have on their customers is operational data (O-data), which tells you what they did (e.g., bounce rate, cart abandonment, time spent on site, conversions etc.). Today's experience leaders combine O-data with experience data (X-data) on digital channels to understand the human factors that drive behavior and use it to make powerful predictions about how to anticipate their customer's needs and wants.

[More about bringing X- and O-data together >](#)

2 UNDERSTAND CUSTOMERS BETTER THAN EVER BEFORE

With all the data now at our fingertips, we can build detailed customer segments and target customers better than ever to personalize the experience they get from the brand.

[*More about customer segmentation >*](#)

3 TURN CUSTOMERS INTO EVANGELISTS

While social media and online review sites might pose a challenge, when used correctly, they can turn customers into powerful and loud advocates of your brand.

[*More about online reputation management >*](#)

4 ENGAGE CUSTOMERS ON THEIR OWN TERMS

More channels means more opportunities to engage with customers. Advances in technology means brands are no longer tied to a single customer survey but can adopt new, more conversational approaches like SMS or chat applications like Facebook or WhatsApp to capture feedback that can be used to improve the experiences that matter most.

[*More about customer targeting and personalization >*](#)

5 CLOSE EXPERIENCE GAPS FASTER

New innovations like chatbots and AI can help brands navigate the complex digital landscape and close gaps faster, helping to provide better experiences for their customers.

[*More about artificial intelligence and the digital experience >*](#)

6 FIND EVERY MOMENT THAT MATTERS

With so many touchpoints to manage, some owned by the brand and others on third-party platforms, you need to be able to bring together both solicited and unsolicited experience data (X-data) to get to breakthrough insights and understand what really matters to customers across multiple channels.

[*More about multi-channel feedback >*](#)

$X + O = Why$

X + O = Why

The digital age has brought with it plenty of data, and brands spend billions each year trying to gather and understand it. But most organizations are spending those resources on O-data (i.e., bounce rate, conversions, time spent on page, etc.), but O-data has its limits.

Think back to the example we used earlier around cart abandonment. Using operational data from your website analytics, you could learn that cart abandonment has increased. But with just the O-data to go on, most organizations could do nothing but guess the reason for that increase. Which means any action they take to solve the issue would be based purely on conjecture.

It's not a particularly efficient process and you never know 100% whether you've solved the root cause of the issue. That is until you add experience data (X-data) — the human factor data that tells you what people think, how they feel, and why they do what they do.

In the case of the increase in cart abandonment, X-data collected through customer feedback will help you understand why customers are not completing the checkout process so you know exactly what actions to take in order to resolve the issue.

X-data is the game changer for the digital experience because it turns data into intelligence by helping you understand the emotions, sentiments and beliefs that ultimately drive customer behavior.

With your X- and O-data together, you're able to identify which actions to take, at every stage in the customer journey to improve the experience and have the biggest impact on your operational metrics.

**Build rich customer profiles
and segments**

Build rich customer profiles and segments

When a customer walks into a store, the chances that you know who they are, what they want or what they bought on their last visit are fairly slim. Switch to digital, however, and the moment a customer opens your website or app, there's a good chance you know all of those things.

Digital technologies have allowed brands to build up detailed pictures of each and every customer. Cookies tell you which advertisements or content they've been exposed to up to this point; you know how they entered your site, what they were looking for and, in many cases, whether it's a return visit or their first.

That presents two great opportunities for brands:

1 BUILD DETAILED PROFILES

Using information such as geolocation, behavior patterns or other demographics gathered through website analytics, you can aggregate your data to build more detailed customer segmentation and start to personalize the experience.

For example, you may identify a series of behavioral cues that suggest a customer is most likely opening your app in order to get support, rather than buy something. As a result, you can start to target customers based on their most likely need, immediately showing them a pop-up asking whether they want to visit your support site. The resulting experience reduces friction and helps them achieve their goal quicker, delivering a better customer experience.

2 THE RIGHT MESSAGE, AT THE RIGHT TIME

The data you have on your site or app visitors presents an opportunity for personalization that can help you resonate more with your target customers.

Take Samsung as an example: Data used to create detailed customer segments helped the world's largest consumer electronics brand know which product features appeal most to users of different devices. Now, when users visit the Samsung website from different mobile handsets, they are presented with different messages, depending on which product features are most likely to resonate.



**Turn your customers
into evangelists**

Turn your customers into evangelists

Word of mouth remains one of the most powerful conversion mechanisms any brand has. Thanks to the growth of social media, that mechanism is now infinitely more powerful than in was in the pre-digital age.

95% of consumers turn to social media or review websites in order to evaluate a product or service and it's been shown that by displaying reviews on your website, you can increase conversion by up to 270%.^{6,7}

The challenge for many brands, however, is that they don't own these channels. Managing what happens on your own sites, apps, contact centers or stores is one thing, but taking on social media and the wider internet landscape is something entirely different.

That's where online reputation management comes in.



New technologies allow brands to monitor what people are saying across social platforms and online review sites and use it to do these three things:

1 CLOSE THE EXPERIENCE GAP

Using third-party platforms as a source of X-data helps you go beyond your owned channels and understand the experience for customers who may never respond to a customer survey. Bringing this data into your existing customer experience program allows you to track what people are saying about you online and analyze the data to find rich insights that might otherwise have been lost. Armed with these insights, you can start to take action to improve the experience for your customers and boost your online reputation.

6. <https://learn.g2crowd.com/customer-reviews-statistics>

7. https://spiegel.medill.northwestern.edu/_pdf/Online%20Reviews%20Whitepaper.pdf

2 CLOSE THE LOOP ON SOCIAL MEDIA

Negative reviews left unanswered can hugely damage your brand, being easily found by other customers and prospects. Responding to detractors online is essential — in fact, 41% of people believe that when a brand responds to negative reviews, it shows they care about their customers, and prospective customers are 92% more likely to purchase if a brand has responded to any negative reviews.^{8,9}

3 AMPLIFY YOUR HAPPIEST CUSTOMERS

Reviews are powerful, not just for big brands, but smaller, local businesses too. Research has shown that when local businesses go from a 3-star to a 5-star rating online, they receive 25% more click-throughs on Google. It's important therefore to encourage your customers to share their experiences. A good way to do this is to integrate social sharing into your existing customer experience program and encourage people to share their experiences on popular social or review sites once they've completed a customer survey.

8. <https://www.chatmeter.com/blog/google-confirms-responding-to-reviews-improves-your-local-seo/>

9. http://media2.bazaarvoice.com/documents/Bazaarvoice_Conversation_Index_Volume6.pdf

**Engage customers
on their own terms**

Engage customers on their own terms

The proliferation of digital channels means brands now have more opportunities to engage with customers in ways that suit them.

The best time to get feedback from customers is in the moment, while the experience is still fresh in their mind — not only because you're likely to get higher-quality data and better response rates, but you can start to drill down into the key moments of the customer journey.

It means starting conversations with customers at the moments that matter most and using that to find breakthrough insights and get laser-focused on the actions that will have the biggest impact on your business.

Take cart abandonment as an example. Let's say you've seen a rise in cart abandonment and want to understand what's driving that.

If you were only collecting feedback through a relational customer survey, you could match up your customer database to your analytics and filter responses for those customers who've abandoned their cart. But what kind of insights would you get? How many of those customers would remember that one time they abandoned their cart and have given feedback on it months later? How many potential customers would you miss because they're not in that database at all?

By installing feedback mechanisms at these key moments — like a website or in-app intercept when someone abandons their cart — you can quickly diagnose the issue. This allows customers to give feedback on a specific part of the journey, in the moment, while it's fresh in their minds.

It's all part of helping you better understand the 'why' behind customer behavior at the moments that matter to both your customers and your business, and respond quickly to drive improvements.



**Using technology to close
experience gaps faster**

Using technology to close experience gaps faster

Where technology adds complexity, it also offers a solution with new innovations such as chatbots and artificial intelligence providing plenty of opportunities to delight customers at key moments in their journey.

AI has the potential to take all the X- and O-data you have on your customers and use it to do all the heavy lifting to personalize the experience. To work effectively however, you need to make sure ALL your data is together in one place. AI is at its most powerful when it's fed with more data, so having all your X- and O-data on a single platform is essential to leveraging these technologies to transform your customer experience.

Here are four examples where it can make a huge difference:

1 PERSONALIZING THE EXPERIENCE

One of the most common uses of AI has been in the e-commerce industry to make powerful recommendations to customers based on their historic behavior, feedback or customer profile. It can be used to display the products you know a customer will like, to serve them the right content for their stage in the funnel, or to customize pricing based on their profile in order to get the right mix of revenue and profit by dynamically altering prices in order to achieve the best balance.

2 CONVERSATIONAL CUSTOMER INTERACTIONS

AI opens the door for a 1:1 approach to customer experience at scale. Through chatbots that converse naturally with customers as they go through their journey, you can guide users through the process, reducing friction and helping them complete the tasks they came to your site or app for. It means interacting with brands becomes more conversational, and thus creates more of an emotional connection in place of traditional, broad-brush approaches to customer experience.

3 FASTER SELF SERVICE

We've already seen how customer expectations are heightened in digital and they expect everything to happen much faster when they move from offline to online. This is where chatbots really earn their money, and many organizations now use them to help customers seamlessly navigate self-service support. It's not necessarily about replacing human support, but complementing it by handling the simple requests which usually account for the majority of support queries, freeing up people to deal with the more complex ones.

4 PREDICTING CUSTOMER BEHAVIOR

Another huge benefit of AI in customer experience is the ability to learn across all your data to make powerful predictions about customer behavior. A great example of this comes from subscription services, where AI can be used to predict customer churn before it happens, allowing the brand to step in and improve the experience for that customer before they make the decision to churn. Similarly, you can make predictions around customer spend or even loyalty to identify exactly what actions you need to take for each customer to encourage them to spend more and do it time and time again.

49% of consumers said they would shop with a brand more frequently after using AI in e-commerce, while 34% said they would spend more money.¹⁰

10. <https://digital.pointsource.com/acton/media/21911/2018-artificial-intelligence-and-chatbot-report>

**Understanding every
moment that matters**

Understanding every moment that matters

Try as you might to guide them, customers will choose their own path through your digital channels to complete a task. While one customer may prefer to seek support on Twitter, another will visit a store; where your mobile app is the first port of call for some customers managing their account, for others it's your contact center.

Add to that the fact that no journey involves just a single step — and many customers will use a variety of different channels to complete their task — understanding the moments that matter most to the customer experience can be tricky.

Again, technology answers the same challenge that it poses.

With so many different ways to collect X- and O-data, organizations are inundated with it. But now the technology exists to bring it all together into a single data warehouse — like the XM Directory.

It means you can see, at both an individual as well as customer segment level, not only the actions people have taken (e.g., what products they viewed, how much they spent, how often they came back) but also how you felt at every stage in that journey and why (e.g., frustrated because a link did not work, pleasantly surprised by a low price).

It means you can identify the key moments that drive the experience and make adjustments that drive measurable business results.

Let's say for example, you notice that your website customers spend more after visiting a store or speaking to a contact center agent. Drilling down into the data, you can find out what it was about those interactions that created that feeling and take actions to replicate that on other channels too.

Having the technological infrastructure in place to collect, analyze and act on all the data you're gathering across every channel is the starting point for connecting the dots between channels and identifying where you can have the biggest impact on the customer experience.

**How to get started with
your digital CX program**

How to get started with your digital CX program

In the digital age, customer experience has become more important than ever and has arguably become the one remaining sustainable differentiator.

And as we've seen, digital is a key battleground with more and more interactions between brands and consumers taking place through websites, apps, chatbots, voice-activated and IoT-enabled devices, and social media.

Here's a quick overview of our tried-and-tested process for bringing your CX program into your digital channels. For a full step-by-step guide to digital experience, make sure you download the full guide.

1 DIAGNOSE HIGH-LEVEL PROBLEMS

Start by capturing high-level feedback across key journeys on your websites, apps, chatbots and conversational platforms. The goal here is to get a broad picture of which journeys and channels are most important and to diagnose which ones need attention to improve the overall experience.

2 DEEP DIVE INTO KEY JOURNEYS

With your priority list in hand, go deeper into your most important journeys, asking for feedback at critical moments and probing deeper with specific questions about those journeys to help understand the 'why' behind your customer behavior.

3 CLOSE THE LOOP

Go from simply identifying problems to proactively reaching out to your customers to resolve them, whatever platform they choose to use. This means connecting social, website, app, chatbot, contact center and any other platforms your customers are using so you can respond quickly to customers to solve problems.

READY TO GET STARTED?

See our full step-by-step guide to building a world-class digital customer experience program including example questions and guides for each stage in your program.

DOWNLOAD THE GUIDE