THE GLOBAL STATE OF CX 2023

How digital experiences, automation, employee engagement and budget allocations are shaping CX in 2023

INSIDE

- **How ChatGPT is changing the outlook for AI in CX**
- **Why customer loyalty is evolving and what it means for your organization**
- **How bigger budgets buy a different perspective on trends and customer behavior**

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Featuring insight from Amazon Games, Nike, Roche, John Holland Group, Humm Group, Wayfair, Talkdesk, and 550 CX leaders and practitioners

Foreword

Digital is everything, loyalty is changing and CX teams face new pressures

As the digital age continues to reshape customer demands and organizational capabilities, the CX function is finding a new role in all businesses. Driven by insights in customer data, CX in 2023 is no longer a guessing game – the data it holds provides visibility and reach that has the potential to drive the vision of an entire business.

Doing so, however, requires agile management, cultural change and financial investment against a backdrop of increasingly fickle customers and labor shortages. It also requires an understanding that progress and innovation in CX are driven by customer demand, to which organizational strategy must respond. This is creating a sense of urgency for CX leaders as new digital CX capabilities become standard customer expectations.

The Global State of CX 2023 is based on the findings of *CX Network*'s Global State of CX survey, completed by 550 *CX Network* members between January and March. The report explains our findings and features analysis and guidance from CX leaders in both traditional, digital-first and digital-native organizations, all of whom agree that customers carry higher expectations for low-touch service and competitive products than ever before – and they will vote with their feet when these demands are not met.

The report presents an avenue through the trends and challenges identified, and insights on how CX practitioners can leverage them to drive progress.

The Global State of CX 2023
Key findings

65% of all respondents said they agree or strongly agree that customers were more willing to switch brands if unsatisfied.

42% of respondents agreed that automation was critical for delivering CX at scale.

43% of all respondents said economic uncertainty in their market was influencing customers' purchasing decisions.

35% of respondents selected customer loyalty and retention as a top-three area for investment.

28% customer journey mapping was an investment priority for 28 percent of respondents.

69% of survey respondents said they do action customer feedback with 29 percent declaring they do not.

45% of respondents said revenue was the most popular gauge for CX success.

36% of all respondents said their greatest challenge at present is competing priorities.
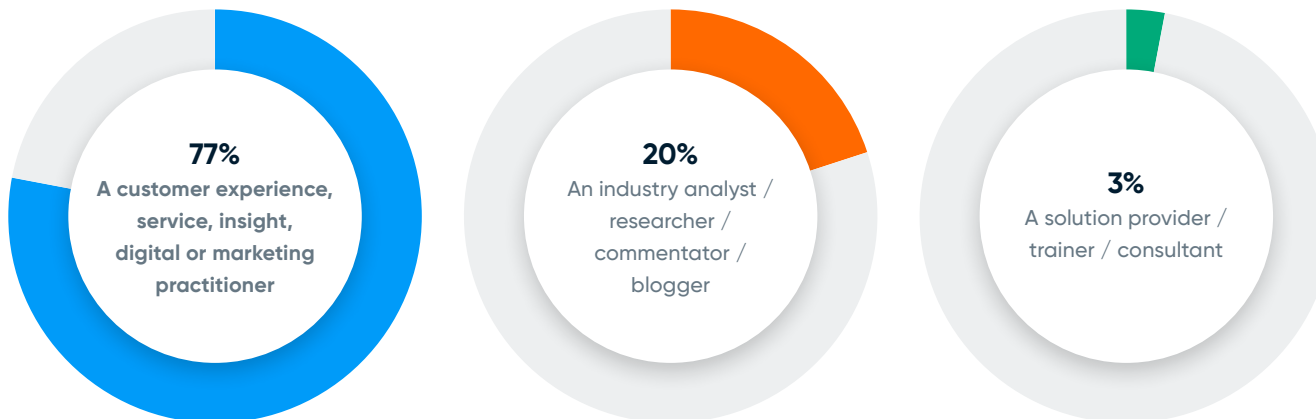
About the respondents

CX Network's annual Global State of CX survey sees our network members share their observations on the omnichannel developments, customer behaviors and budget trends shaping their work, and their ability to deliver superior customer experiences.

Now in its seventh year, the 2023 *Global State of CX* research report is based on the findings of our Global State survey, completed by our network members between January and March 2023. With 550 respondents from around the world, the data provides a barometer for CX development and maturity, as well as the trends and challenges defining the space.

To contextualize the findings in the 2023 report, this section details the locations, departments, seniority and job function of the survey respondents.

Figure 1
I am...

77%
A customer experience, service, insight, digital or marketing practitioner

20%
An industry analyst / researcher / commentator / blogger

3%
A solution provider / trainer / consultant

Source: *CX Network's Global State of CX survey,* January-March 2023

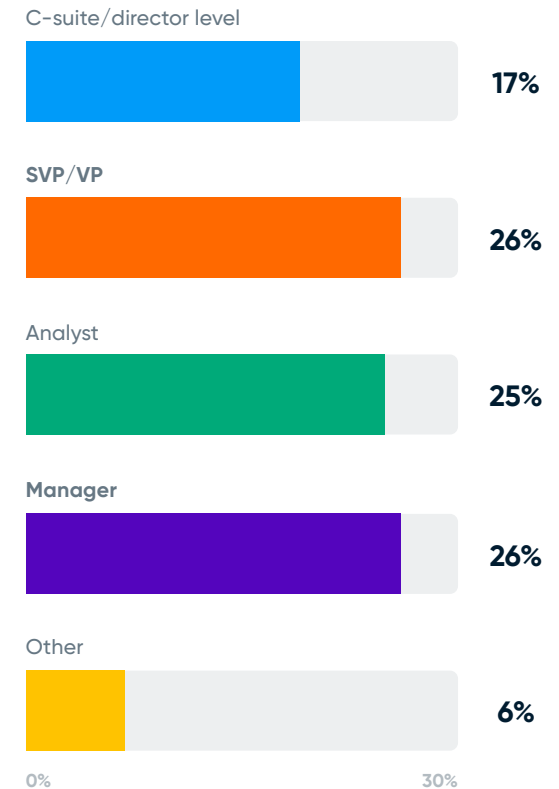## Figure 2
Which title best describes your current role?

C-suite/director level — **17%**

SVP/VP — **26%**

Analyst — **25%**

Manager — **26%**

Other — **6%**

0% — 30%

Figure 3

Which regions are you responsible for?

27% North America		**24%** UK	
4% Central America		**10%** Europe	
3% Middle East		**3%** Asia	
2% Africa		**4%** Asia-Pacific	
6% South America		**12%** Global	

4% I am responsible for multiple/different combination of geographies
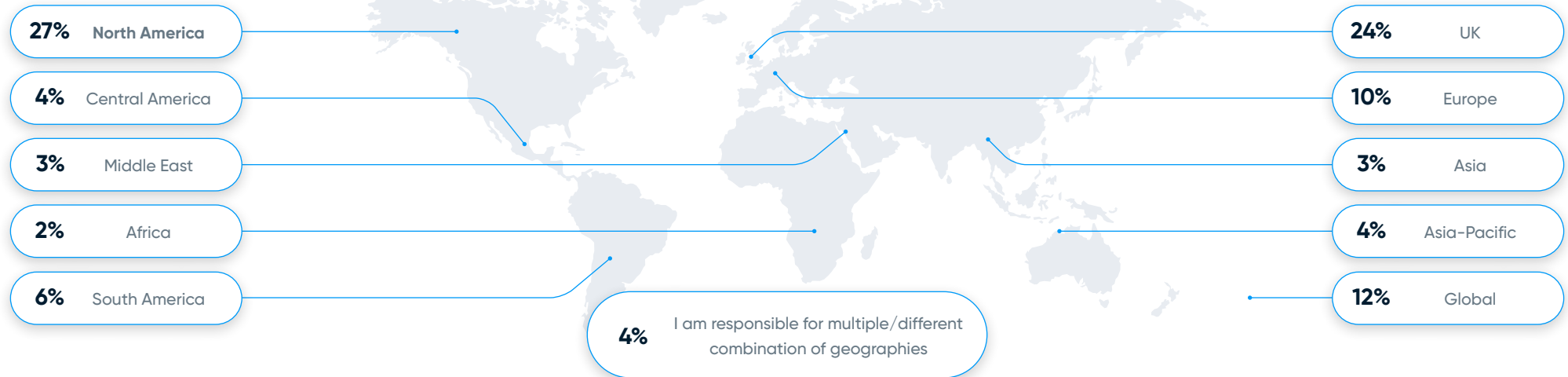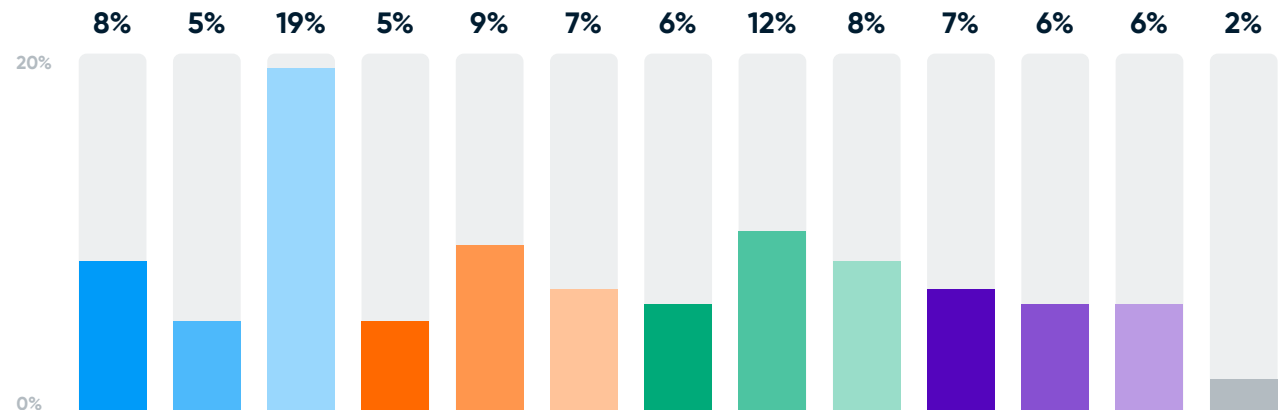
Figure 4

In which function do you sit?

- ● Contact center
- ● CRM
- ● **Customer experience**
- ● Customer insight
- ● Customer service
- ● Digital customer experience
- ● Digital marketing
- ● Executive team
- ● IT
- ● Marketing
- ● Market research
- ● Operations
- ● Other

Source: *CX Network's Global State of CX survey,* January-March 2023

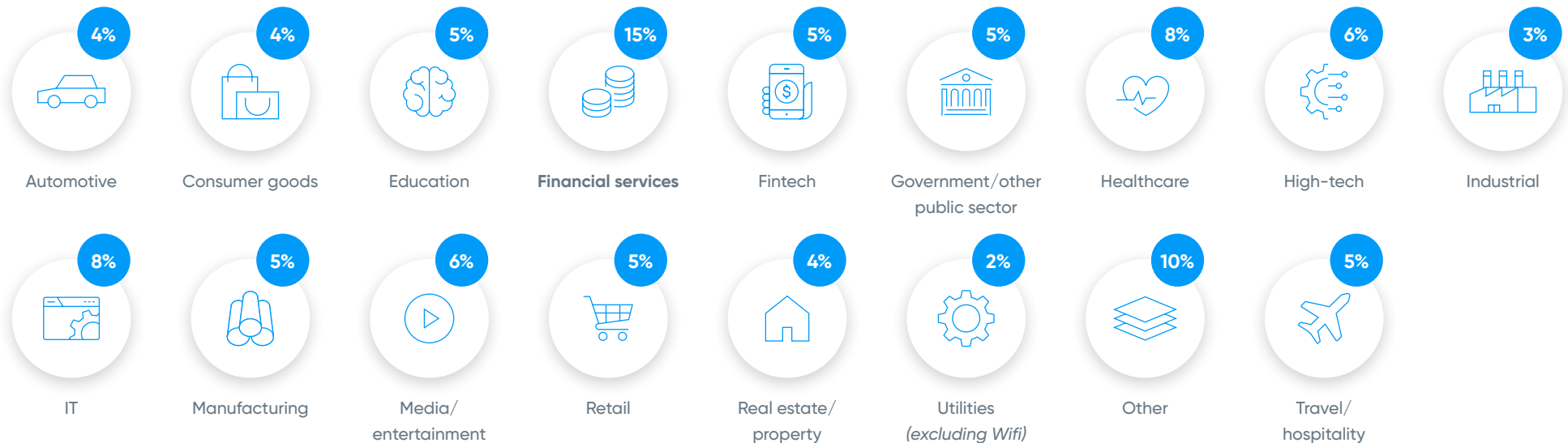| 8%	5%	19%	5%	9%	7%	6%	12%	8%	7%	6%	6%	2%

> "With contact centers and chatbots, a lot of information is presented to a customer and ChatGPT allows a more eloquent response."

Michelle Martinez
Head of post-order CX strategy for Wayfair

Figure 5

In which industry do you primarily operate?

Industry	%
Automotive	4%
Consumer goods	4%
Education	5%
Financial services	15%
Fintech	5%
Government/other public sector	5%
Healthcare	8%
High-tech	6%
Industrial	3%
IT	8%
Manufacturing	5%
Media/entertainment	6%
Retail	5%
Real estate/property	4%
Utilities (excluding Wifi)	2%
Other	10%
Travel/hospitality	5%

Source: *CX Network's Global State of CX survey,* January-March 2023

About the analysts

To support our analysis of the Global State of CX 2023 survey, *CX Network* interviewed...

Iain Langridge
CX Network Advisory Board member and product and CX lead at Amazon Games

Ayelet Mendel-Girin
CX Network Advisory Board member and group head of CX for Humm Group

André Grandt
CX and digital transformation lead for Saudi Arabia and the Gulf at Roche

Gautaam Borah
CX Network Advisory Board member and ecommerce director

Yvette Mihelic
CX Network Advisory Board member and director of CX at John Holland Group

Devon Mychal
Senior director of product marketing for Talkdesk

Andrae Kirkland
CX Network Advisory Board member and lead tech program manager at Nike

Ema Poi
CX strategist and former Verizon manager

Michelle Martinez
Head of post-order customer experience strategy for Wayfair

Our interviewees are CX professionals within major organizations. Their comments are shared within the context of their professional expertise and experience.

![talkdesk | CX NETWORK]

THE CX TRENDS DEFINING *2023*

INSIDE THIS SECTION

- **The growing importance of digital in CX**
- **ChatGPT is changing how CX professionals approach AI**
- **Automation is now a top-10 trend for CX practitioners**
- **EX is changing across all markets and industries**

The CX trends defining 2023

When asked which three trends CX practitioners expect to have the greatest impact on their role this year, digital customer experience (CX) was selected by 37 percent of our 550 respondents (see figure 6). This was followed by data and analytics (32 percent) and conversational AI (29 percent).

Compared with 2022, these results are striking. Looking at the top-10 most selected trends, both human-centered design and personalization dropped off the list this year, while automation and declining customer patience both entered.

The growing importance of digital in CX

On the fundamental elements of digital CX, Iain Langridge, *CX Network* Advisory Board member and product and CX lead for Amazon Games, says the most successful digital experiences incorporate the entire pre- and post-purchase lifecycle, including onboarding, support, loyalty and community.

"Build for digital and go there first," he says. "Customers live their lives online. It cannot be that you do some things online and other things offline – digital needs to be your default customer touchpoint."

Digital CX invites challenges, however, particularly around self-service and support.

Ayelet Mendel-Girin, *CX Network* Advisory Board member and group head of CX for Humm Group, says: "The initial rollout of voice and chat-based solutions was marred by negative feedback and a poor reputation due to their underdeveloped state, which resulted in customer frustration and disappointment. This led to a decline in customer engagement."

To reverse this trend and rebuild trust in self-service, Mendel-Girin says organizations should move away from generic solutions that replicate the information found in website Q&As. Instead she advises they integrate channels with real-time data for personalization and pre-empt customer needs via the delivery of relevant information.

Figure 6

10 trends that are changing the role of the CX practitioner in 2023

| Digital CX | Data and analytics | Conversational AI | Customer loyalty programs | Automation | Other AI-powered technologies | Dipping patience levels from customers | Employee experience | Customer churn reduction | Business continuity strategies |

Source: *CX Network's Global State of CX survey,* January-March 2023

Data plays a key role in all digital CX. Yvette Mihelic, *CX Network* Advisory Board member and director of CX at John Holland Group (JHG), says to craft effective experiences organizations should analyze diverse data sets to uncover and respond to new customer trends.

Explaining how this is achieved in transport, JHG draws on GPS tracking, feedback interactions, purchasing, non-completed purchases and shopping habits to profile transport users and refine overall experiences.

Digital CX, however, is a broad term. Explaining how practitioners and decision-makers can narrow focus for the best results, Devon Mychal, senior director of product marketing for Talkdesk, says companies should focus on providing a seamless experience for both service agents and customers throughout the customer journey, irrespective of the channels where engagement takes place. Doing so successfully, he notes, requires a unified approach to routing and data, as well as a single pane of glass for agents to handle interactions. He says: "Those are the foundations but they are so critical to get right.

"When it comes to digital, we are at an inflection point of mass adoption from both a consumer expectation and organizational point of view," he continues.

Figure 7

Preparing for the leading trends

When asked how they are preparing for the leading trends in CX, survey respondents told us....

"We are implementing AI chatbots to help with self-service, which reduces the hiring budget we require to staff service channels."

"We are developing automated flows within our CRM to reduce the impact of human error in resolving CX concerns."

"We are working cross-functionally with our DEI and digital teams to ensure we build a foundation internally for EX excellence."

"We have started using more automated ROI tools."

"We are moving to the cloud and buying a new CCaaS platform."

"There is a focus on closing the feedback loop and understanding how best to combine physical and digital experiences."

Source: *CX Network's Global State of CX survey,* January–March 2023

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"For example, more contact centers are moving from on-premise to the cloud where you have the best opportunity to implement a digital channel mix."

Yet many companies are still deploying their first set of digital channels or taking a piecemeal approach to multichannel, Mychal notes.

Reinforcing his observations, 24 percent of survey respondents said they have a multichannel model but the connections between channels remain fragmented. A mere 15 percent reported smooth connections between some channels and 13 percent confirmed they had a fully implemented omnichannel model and strategy. Of these respondents, 40 percent had a CX budget of US$1m or less.

ChatGPT is changing how CX professionals approach AI

Two of the top-10 trends in 2023 concern artificial intelligence (AI), marking a growing awareness of AI's vast capabilities and application potential in CX.

AI was a top-10 trend for practitioners in 2022, yet major new models have since emerged including the most recent releases of OpenAI's ChatGPT, as well as Google's Bard and Meta's LlaMA.

On the next generation of AI-powered tools, Langridge says large language models (LLMs) – the generative AIs that powers these platforms – and AI search engines, are the next generation of CX capabilities.

"LLMs are a huge opportunity to improve and reduce the cost of what we traditionally spend a lot of time on in CX," Langridge says.

While Mychal agrees the emergence of GPT and other LLMs have made AI a key technology for CX decision-makers, the Global State survey was conducted shortly after the release of GPT-3 meaning many have yet to fully grasp the transformative potential of LLMs. In the results, 15 percent of respondents strongly agreed that AI is becoming more effective at solving customer issues, while 13 percent disagreed.

Mychal says: "I cannot overstate the importance of LLMs. GPT is the most prominent today, but we will see many advanced LLMs emerge over the coming years, with significant improvements on how well they can execute their core functions."

On deploying LLMs for ecommerce, Michelle Martinez, head of post-order CX strategy at online furniture retailer Wayfair, advises: "Spend some time understanding the capabilities and how LLMs can be applied to your

business. For example, more efficient knowledge bases. With contact centers and chatbots, a lot of information is presented to a customer. ChatGPT allows a more eloquent response that can potentially leverage all the information available for both agents and chatbots and can present information to customers and agents with speed and a human tone."

When AI is applied to the contact center, the most immediate benefits occur around virtual agents and agent-assist technology. Customer queries can be better contained in self-service, while agents are more accurately informed on how to address intent and drive satisfaction during live service.

Mychal says the key question to address is not how this technology can change the contact center, but how it can change the business. Taking a holistic view across channels allows all generated data, including high-quality transcripts, to be mined for pain points and tension across the entire customer journey. Such data can then be used beyond CX to inform product and operational improvements.

"The contact center is one of the best sources of business intelligence available to organizations, but today it remains largely untapped," he adds.

LLMs and AI will change the job of the CX professional, but this technology will not make CX leaders redundant. Instead, the data gathered will elevate their status, particularly for those who are able to utilize the data for company strategy.

Mychal says: "The valuable insights that such data can unlock will enable CX leaders to become trusted advisors to other important decision-makers in the company. At the very least, they will be expected to implement this technology in a way that makes it broadly available to the business, so other leaders can self-serve and analyze."

Today, only the forward-thinking companies are leading on this, but Mychal says that having such insights on hand will soon become the expectation.

Automation is now a top-10 trend

Automation emerged as the fifth-most important trend this year, with respondents looking to automation to solve common challenges and reduce CX and EX costs. This is despite automation not making the top 10 in 2022.

Some respondents said they are analyzing contact channels to explore the feasibility of automation. Those with more advanced capabilities are hiring management-level engineers and scaling their strategies to meet organizational targets. Meanwhile, 42 percent of respondents agreed that automation is critical for delivering CX at scale.

One respondent commented: "Automation is going to influence almost every department across industries big and small. The right way to keep pace with these changes is to upskill your talent pool and integrate their skills with the agile technologies for optimized individuals."

Sharing his golden rules for automation success, Andrae Kirkland, *CX Network* Advisory Board member and lead

tech program manager at Nike, says practitioners should understand the customer's problem before considering how to define it in the most discrete and succinct way possible in order to solve it.

He says: "If we start off with an ambiguous objective or task, that is going to lead to challenges in terms of process mapping, designing the solution, building out those business rules and developing the logic. If we start with a succinct, well-defined problem as it relates to CX, then we can start developing a process map that makes sense of and ultimately improves CX."
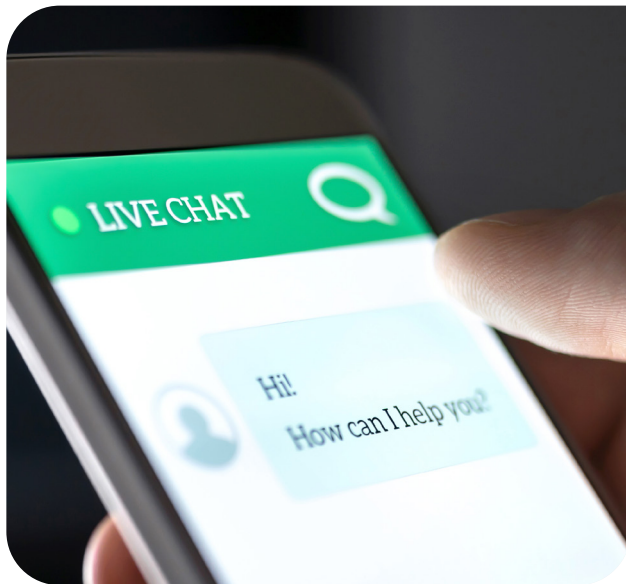
EX is changing across all markets and industries

Survey respondents repeatedly highlighted the pressure to attract and retain talent, with 42 percent agreeing that it is increasingly difficult to do so.

André Grandt, CX and digital transformation lead for Saudi Arabia and the Gulf at Roche, says growing awareness of how a negative employee experience (EX) can impact a business means it is climbing the CX agenda.

He explains: "In part, this is due to our more complex and connected world, which can easily result in 'collaborative overload'. This means the physical and mental wellbeing of employees is very important."

In response to recent trends, Roche has narrowed its focus on employee wellbeing within the wider context of diversity and inclusion (D&I). This year it launched an initiative to support the mental wellbeing of Roche employees in the Middle East.

JHG's Mihelic says employment is becoming less transactional and more like a business partnership. She notes four key trends emerging around the world: an ongoing skills shortage, non-linear pathways to

development, changes in employee expectations and a demand for co-creation between employees and employers.

In short, both prospective and existing employees now want to work *with* an organization, rather than for an organization. Engaging these employees and improving their experience requires clear pathways to development, which are no longer about simply moving up the ladder on a frequent basis.

She adds: "We are seeing a desire for people to co-create with their employers and add value in a non-traditional way. Rather than adding to the profit and loss line, we are really seeing an increase in the ability to volunteer, for example on diversity committees. If they see a gap where something should be in place, they seek to create something themselves."

"If we start with a succinct, well-defined problem as it relates to the customer experience, then we can start developing a process map that makes sense and ultimately improves the CX."

Andrae Kirkland

Lead tech program manager for Nike

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To attract new talent and retain existing staff, JHG has doubled down on its "hearts and minds" EX strategy, meeting the desire for purpose and flexibility at work. Where flexibility cannot be provided through remote working, drivers are able to split shifts to take personal time during traditional working hours. They can use this for further education, volunteering or other pursuits.

Turning attention to EX among CX agents, Mychal says technology can be used to improve overall EX, elevate the role of the contact center agent and tackle labor shortages.

He says: "A lot of agent burnout is due to working a difficult and intense job providing good service even when a customer is angry. In part, these roles are stressful because the tools at hand do not necessarily make it easier to do the job. Tools like AI agent assistants can provide real-time support to serve customers more effectively and access the information they need to provide good service, while automating some of the most boring or repetitive parts of the job.

"Empowering agents to be more productive and successful will remove sources of stress and make them happier on the job," he adds.

AI can also be used to eliminate bias in traditional performance management, which typically uses a sample of customer interactions to assess the agent's work.

"Using AI to augment, or even fully automate the evaluation of an entire body of work, rather than a random sample, cultivates a fairer and more transparent approach. It also equips managers with the holistic insights they need to provide more personalized coaching—all of which contributes to higher engagement and job satisfaction," Mychal says.

The next section of this report explores the customer behavior trends CX practitioners reported as being most influential during their 2023 planning. It looks in detail at what these behaviors mean for loyalty and how senior practitioners can steer their strategies in response.

"I cannot overstate the importance of LLMs. ChatGPT is the one for now, but we will see a number of advanced LLMs emerge over the coming years."

Devon Mychal
Senior director of product marketing for Talkdesk

CUSTOMER BEHAVIOR PATTERNS

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- **Organizations must focus on customer centricity**
- **Customer loyalty is changing**
- **Emotional connections can be formed on digital platforms**
- **Data and AI are instrumental to modern loyalty**
- **Customer feedback is not reaching the correct departments**

Customer behavior patterns

Across all regions, two of the top-three most influential customer behaviors involved spending (see figure 8). In fact, 43 percent of all respondents said the current economic uncertainty in their market is influencing customers' purchasing decisions.

When analyzed by region, reduced customer spending is of the most concern in North America and Europe. In the Middle East, customer awareness of ethical working conditions was the most influential behavior, followed by expectations for instant service or delivery and customers spending more. In Asia, increased customer spending was the top behavior, followed by awareness of ethical working conditions, and expectations for instant service or delivery.
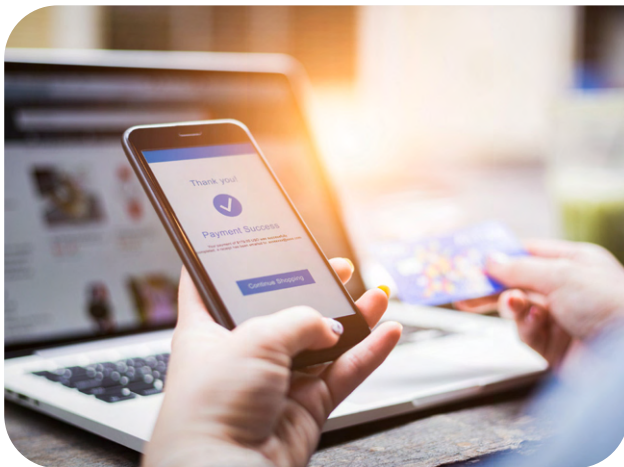
Figure 8

Which three customer behaviors influenced your 2023 planning the most?

- ● Awareness of ethical working conditions
- ● Customers spending more
- ● **Customers spending less**
- ● Demand for convenience
- ● Demand for home delivery
- ● Demand for sustainable/ethical products and brands
- ● Expectation for instant service/delivery
- ● Increased used of buy now pay later (BNPL)
- ● Use of social media for product/service research
- ● Increased usage of digital channels

| 25% | 40% | 44% | 39% | 5% | 25% | 43% | 14% | 14% | 27% |
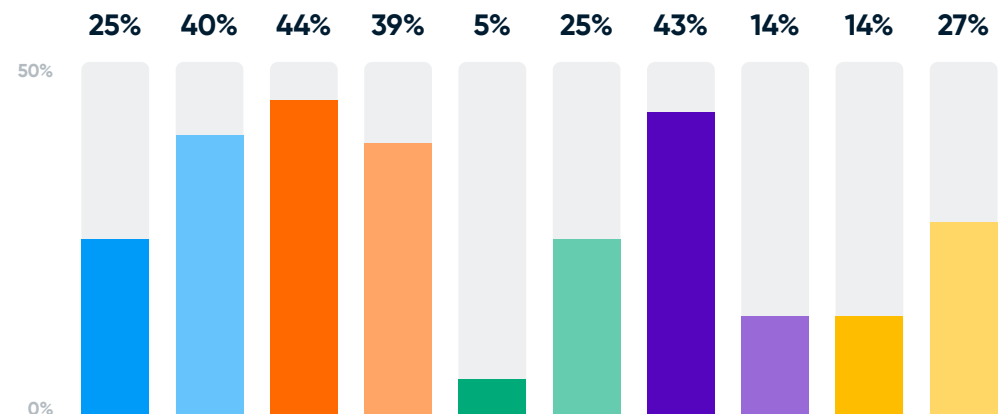
Source:
CX Network's Global State of CX survey, January-March 2023

> "There is nothing you cannot do with SMS and the important thing about text messaging is that as a technology it is hugely extensible."

Iain Langridge
Product and CX lead for Amazon Games

Another trend to make the top five across all regions was increased customer demand for convenience. Among respondents, 38 percent reported customers are willing to spend more for convenience, although this is down from 44 percent in 2022, reiterating the influence of global economic trends on consumer spending at present.

To address these demands, Humm Group's Mendel-Girin says organizations must prioritize the experience elements they are willing to invest in. For example, some organizations should not chase speed and convenience promises that fail to deliver real customer value due to the operational costs and potential to hinder business growth.

She explains: "If customers are willing to pay a higher price for added convenience, it indicates that the service genuinely enhances their experience and life. When customers are not willing to spend their money, however, the service is merely a 'nice-to-have' and does not fulfill a legitimate customer need.

"To grow and be more profitable, organizations must realize that they need to be precise about the type of speed and convenience they provide to customers, discern the core desire of their target market, and understand what customers are willing to pay for."

In Australia, four food delivery services, including Deliveroo, closed between April 2022 and April 2023. All the businesses cited economic pressure and a lack of appetite for the cost of convenience they offered.

Organizations must focus on customer centricity

For organizations that cannot act on the demand for instant service, Roche's Grandt says that a focus on customer centricity can be more productive.

He says: "You cannot afford to lose sight of competitors, but the companies that are the most successful in a certain industry are customer centric. Speed is very important at present, especially for the younger generation of customers, but not at all costs. If your overall experience is not pleasant because you are so focused on speed, then it will hurt you in the long run."

Effective self-service is one means by which to deliver support at speed across industries. Among respondents, 42 percent agreed that customers are more willing to self-serve at present.

Regarding the service tools and channels that can successfully support this demand, Langridge says text messaging is the most valuable communication channel because it is asynchronous and can be automated with an AI, such as ChatGPT.

"Quite simply, nobody wants to call anybody – not even their friends – although there are some instances where phone is better for more complex or more human engagements. There is nothing you cannot do with SMS and the important thing about text messaging is that as a technology it is hugely extensible," he says.

Customer loyalty is changing

There are clear consequences for not responding to the customer behaviors outlined in this chapter. Thirty-five percent of all respondents said they agree customers are more willing to switch brands if unsatisfied and a further 30 percent strongly agreed with this statement.

This result signals a problem for customer loyalty, particularly in the US where the American Customer Satisfaction Index has been in decline since 2018.

Grandt says: "There is a big difference between a repeat customer and a loyal customer. A loyal customer will have an emotional connection to the company or brand."

There are many ways to form an emotional connection with customers. They might return for superior or individualized service, or the rapport they have with a particular employee.

Grandt says: "Then, for example, during times of hyperinflation, prices can adjust as the company needs and the customer will remain loyal because they have the emotional connection."

"During times of hyperinflation, prices can adjust as the company needs and the customer will remain loyal because they have the emotional connection."

André Grandt

CX and digital transformation lead for Saudi Arabia and the Gulf, Roche

Company values can also provide a source of emotional connection and therefore loyalty, Grandt says. The results show customers are becoming more conscious of sustainability, with 42 percent of practitioners agreeing and a further 19 percent strongly agreeing. Furthermore, combining the results on ethical behavior and sustainability in figure 8, shows that 50 percent of respondents have observed a demand for sustainable and ethical business practices and working conditions.

Emotional connections can be formed on digital platforms

Whether a product is digital or physical, most businesses have a digital presence and Langridge says the emotional connections that underpin loyalty can also be formed by disregarding the limitations of a physical product and instead focusing on the digital experience.

He says: "Digital is always there, always on, always accessible. You have to think about the product in that context – if it is always there, always on, always accessible, what does it mean to your customers? As a customer buys your product they are in a relationship with your company. You have to pay off on that relationship and online is a great way to do that. It is manageable and it is where your customers are."

In 2023, the quality of digital CX – and its impact on retention – cannot be underestimated and monitoring it requires product instrumentation, data analysis and modeling. Langridge says the aim is to identify silent sufferers and preventatively address the issues in their journey before a complaint or loss of custom.

Whether it is ethics, price, experience or choice, in a worst-case scenario all attempts to forge loyalty fail and the customer still leaves. The temptation here, Langridge says, is to load the customer's exit with friction, but that is unlikely to change their sentiment.

"The reality is if your customer is at that point, you have already lost them. Saving at the point of switching is going to cost a lot of money and if you haven't fixed fundamental issues in the customer journey all you have done is discount your product and train the customer to believe they can get it cheaper," he explains.

While it is hard to resist the temptation to focus on the point of switching, Langridge says it is "everything that leads to that point that is really important".

Data and AI are instrumental to modern loyalty

Contact center technology can unify customer data to offer rich insights on behavior, which allow organizations to predict behavior and create new, responsive touch points that respond to the customers' needs and requirements in real time – even if that need does not directly lead to a sale.

Such data can be captured from direct service, website interactions, marketing emails and social campaigns, then cleaned and unified to produce insights. This approach builds on the concept of customer lifetime value to forge a more sophisticated, long-tail customer relationship.

Mychal says most organizations are not ready to tap these insights, yet those that have are now adding AI to trigger additional touchpoints that can build the emotional connections that foster loyalty.

"It is not about selling me something new based on what I have bought, but using data to engage with the customer," he explains.

If a customer searches an ecommerce store for outdoor equipment that would be needed on a cold weather trip, for example, there could be flags in the service interactions and digital behavior that show the customer is about to take this trip. The organization has several choices: direct market more equipment that could be useful, reach out about previous purchases and offer a free upgrade, or direct message relevant content that offers tips for a successful and safe trip, without expecting a sale conversion.

Mychal says: "The engagements that are value adds but do not immediately lead to sales suggests a business cares. It is thinking about the experience I will have with their products, rather than selling more products.

Figure 9

To your knowledge, does your company action customer feedback?
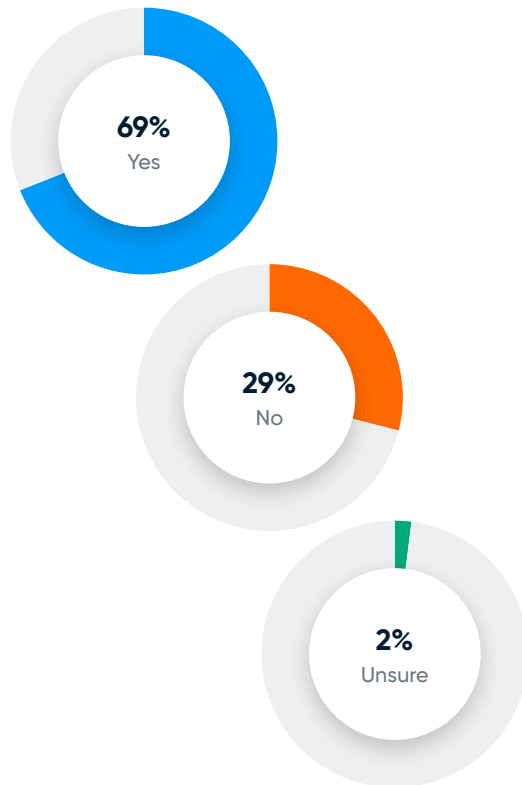
In general, how often do customer feedback insights reach the relevant business units?
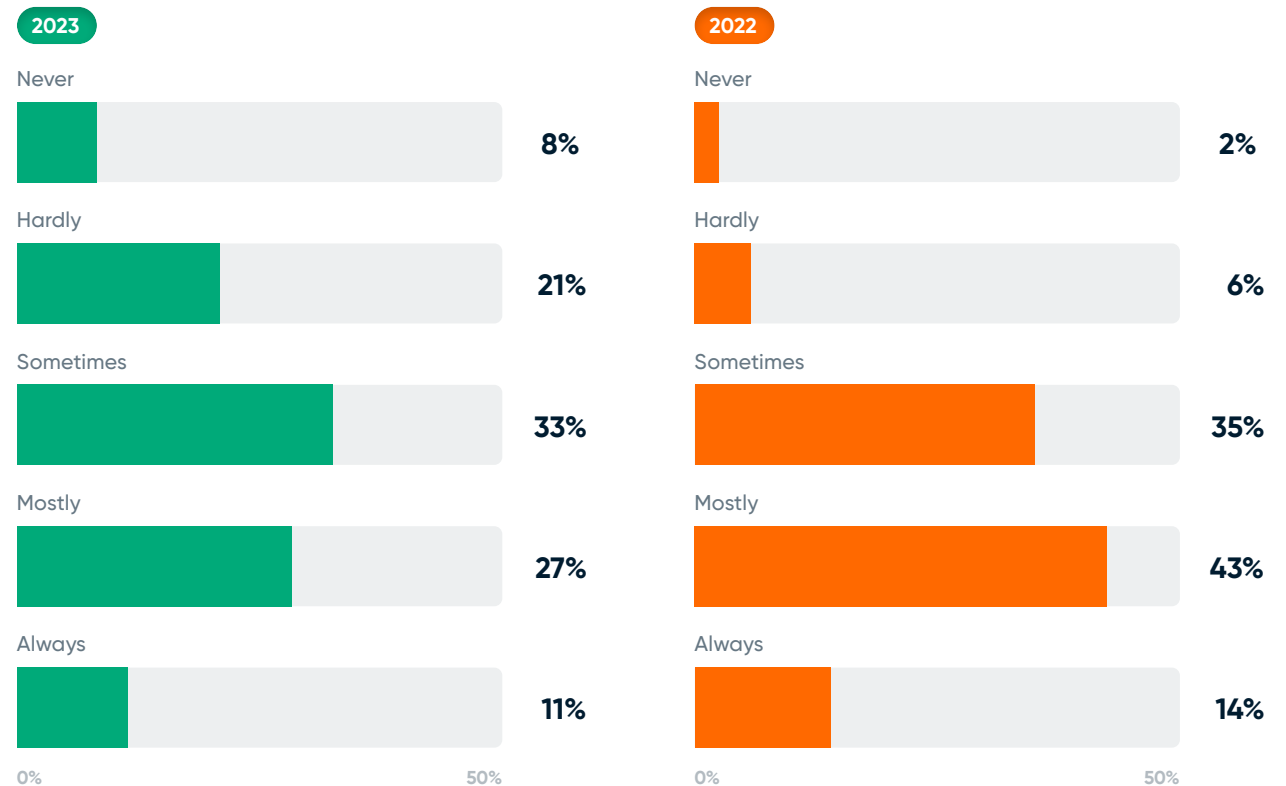
Source: *CX Network Global State of CX survey,* comparing results from January–March 2023 with January–March 2022

A proactive relationship that is a value-add builds long term loyalty and, as a customer, if they know there is that level of engagement, they are more likely to buy on experience than price."

While in-house expertise is required to achieve this level of data-based engagement and marketing at present, Mychal says the continued adoption of AI-based technologies will democratize access to such sophisticated features for small- and mid-sized businesses.

Customer feedback is not reaching the correct departments

When asked about Voice of the Customer (VOC) programs, 69 percent of survey respondents said they do action customer feedback, while 29 percent do not. There has been a decline, however, in the success of this feedback reaching the right departments (see figure 9). While 43 percent said in 2022 that it "mostly" reaches the right department, that figure stands at 27 percent in 2023. The proportions of those who "hardly" and "never" see insights reach the right department both increased.

To address the situation, Grandt says practitioners should invest in robust analytics tools to better understand their customers and monitor changing customer behavior

in real-time. An advocate for combining multiple VOC sources, Grandt says a 360-degree VOC program should comprise surveys, focus groups, customer shadowing, interviews and other methods.

He says: "Whatever else you use, ideally build it so you can sense your customer signals in real time. You can then use that in real time and afterwards act on the customer signals and continuously learn from the process."

As a pharmaceutical company, Roche is well versed in the science, data and evidence-based elements of a VOC program, but it faces other challenges when it comes to timescales. Survey design, customer recruitment and regulatory requirements all add to the process. To ensure insights are as close to real-time as possible, it runs its VOC program as a continuous feedback loop that allows the company to continually learn about its customers.

Grandt says for any organization the next stage is to improve the collection and understanding of customer data to inform predictive analytics.

The next section of this report takes a closer looks at the spending trends reported by survey respondents, including their budget sizes, allocations and priorities, and looks at how and where they can secure the greatest customer satisfaction and bottom-line benefits.

"If customers are willing to pay a higher price for added convenience, it indicates that the service genuinely enhances their experience and life."

Ayelet Mendel-Girin
Group head of CX for Humm Group

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CX BUDGETS AND ROI

INSIDE THIS SECTION

- Customer loyalty and retention are top investment priorities
- Practitioners are unable to measure the full benefits of CX
- Pressure to prove ROI is increasing
- Bigger budgets buy a different perspective on trends and customer behavior

CX budgets and ROI

Of the 2023 survey respondents, 55 percent said they are part of the decision-making team and 21 percent reported having sole responsibility for CX investments.

Budgets have decreased marginally year on year. The majority of respondents this year have US$100,000 or less to spend on CX projects. A majority was also recorded in this bracket in 2022 (see figure 10). In the upper budget brackets, 19 percent of respondents last year had a budget of $2.5m-$10m, compared with 15 percent in 2023 and a further three percent who reported a budget of $10m or more this year.

Langridge says that when allocating budget, CX leaders should prioritize the areas that will drive the most net revenue or lifetime value.

Figure 10

What is your company's annual budget for customer experience management solutions (US$)?

2023
2022

Budget	2023	2022
US$0-$100,000	22%	34%
$100,000–$250,000	20%	19%
$250,000–$500,000	12%	10%
$500,000–$1m	16%	9%
$1m–$2.5m	12%	9%
$2.5m–$5m	8%	19%
$5m–$10m	7%	19%
$10m+	3%	N/A

0%   35%
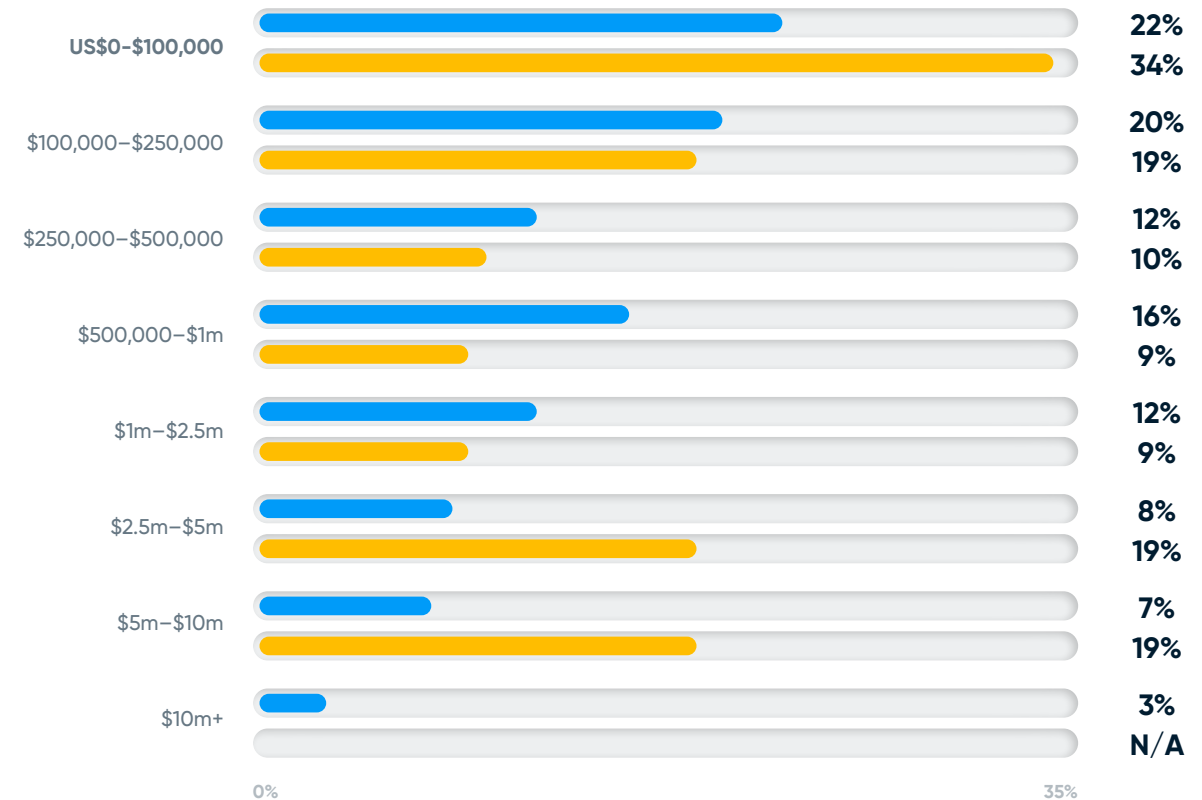
Source: *CX Network's Global State of CX survey,* January-March 2023

He explains: "To do this, you need metrics in place, you have to then predict, understand and test to confirm what has the greatest impact on net revenue or lifetime value. It is the only thing CX should be looking at."

Budgets themselves were a major obstacle for investment plans, however, with finding budget, demonstrating return on investment (ROI) and a lack of patience from budget controllers all cited as top challenges (see figure 11).

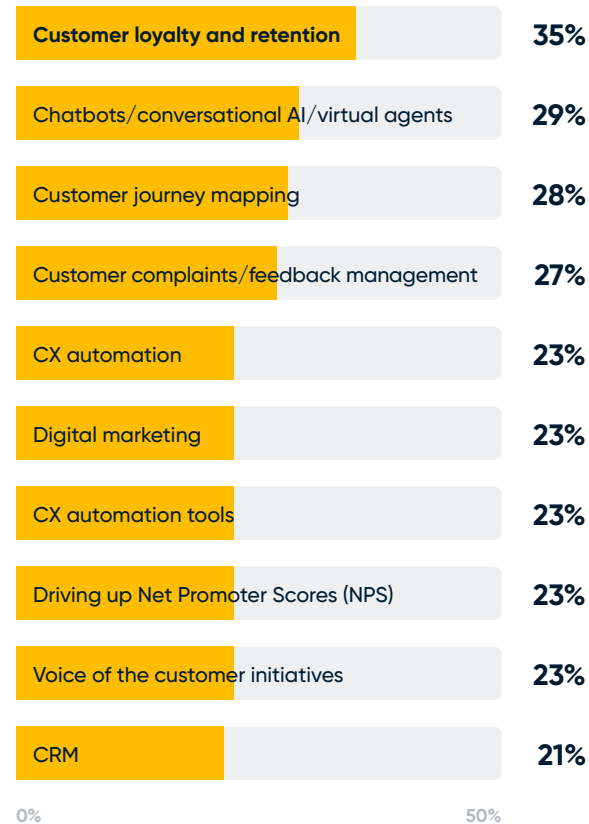### Customer loyalty and retention are top investment priorities

On spending priorities, respondents are most focused on investing in customer loyalty and retention, with 35 percent selecting this as a top three priority (see figure 11).

Customer journey mapping was a priority for 28 percent of respondents, reflecting the need to keep journeys friction-free and convenient, particularly as digital CX continues to redefine what is possible.

Gautaam Borah, a *CX Network* Advisory Board member and ecommerce director, says journey mapping is one of five major considerations for CX practitioners when designing digital experiences, alongside UX design, personalization, content strategies and omnichannel.

Figure 11

Investment priorities for the year ahead*

Priority	%
Customer loyalty and retention	35%
Chatbots/conversational AI/virtual agents	29%
Customer journey mapping	28%
Customer complaints/feedback management	27%
CX automation	23%
Digital marketing	23%
CX automation tools	23%
Driving up Net Promoter Scores (NPS)	23%
Voice of the customer initiatives	23%
CRM	21%

0% — 50%

Investment obstacles

Obstacle	%
Integration into existing tools	43%
Integration into company culture/processes	42%
Finding budget	41%
Demonstrating ROI	38%
Complicated internal sign-off process	23%
Lack of time	23%
Lack of human resources	19%
Developing or locating the right talent	17%
Gaining board level buy-in	16%
Lack of patience from budget controllers	12%

0% — 50%

* Respondents were asked to select three choices

Source: *CX Network's Global State of CX survey,* January-March 2023

"One can look at digital CX from two perspectives: design and delivery. In design you must leverage conversational AI for presale and query resolution. For delivery, product-suggesting technologies, heat maps and live cursor movement trackers should be utilized. Delivery is about horizontalization of the customer-delivery metrics with the use of digital technology."

Ema Poi, a CX strategist and former manager at Verizon, says investments in AI, machine learning and chatbots are required to enhance CX, followed by the necessary data analytics and customer journey mapping tools.

She explains: "Automating routine tasks, providing personalized recommendations and offering 24/7 customer support are all possible with these

technologies." Omnichannel platforms can also help to ensure customers have a frictionless experience that makes it easier for them to interact with a brand.

The third area should focus on employees.

Poi says: "It is imperative to invest in the training and development of employees. Empowering employees to provide exceptional customer service will enable them to deliver a personalized and positive customer experience, ultimately leads to higher customer satisfaction and loyalty."

As always, there are obstacles to bringing these investments to life. For example, 43 percent expressed concern for integrating new and existing tools, as well as

integrating new capabilities into company culture and processes.

Practitioners are unable to measure the full benefits of CX

While there are many established CX metrics and many ways to calculate CX gains and savings, practitioners feel they are unable to accurately measure the full benefits of CX in their organization (see figure 12).

"It is imperative to invest in the training and development of employees."

Ema Poi
CX strategist and former Verizon manager

Figure 12

Do you feel your organization benefits from CX in ways it is unable to measure?

36%	34%	17%	9%	4%
Yes, I feel there are a lot of CX benefits that go unmeasured	Yes, I think there are a few benefits that go unmeasured but we manage to catch the important ones	Not really, we measure and track most of the benefits from CX	No, we have visibility on all benefits gained due to CX	Don't know

Source: *CX Network's Global State of CX survey,* January-March 2023

Revenue was the most popular gauge for CX success, as identified by 45 percent of respondents. This was followed with Net Promoter Scores (NPS), cost to serve and retention (see figure 13).

Humm Group's Mendel-Girin says current economic pressures have reinforced focus on financial stability and resilience in CX, which often involves cost-saving measures, optimizing operational efficiency and finding ways to drive revenue, profitability and ROI.

She says: "CX teams are not exempt from this focus. Introducing business and financial metrics, in addition to the 'pure' CX metrics, will support a team's effort to justify further investment in the CX projects."
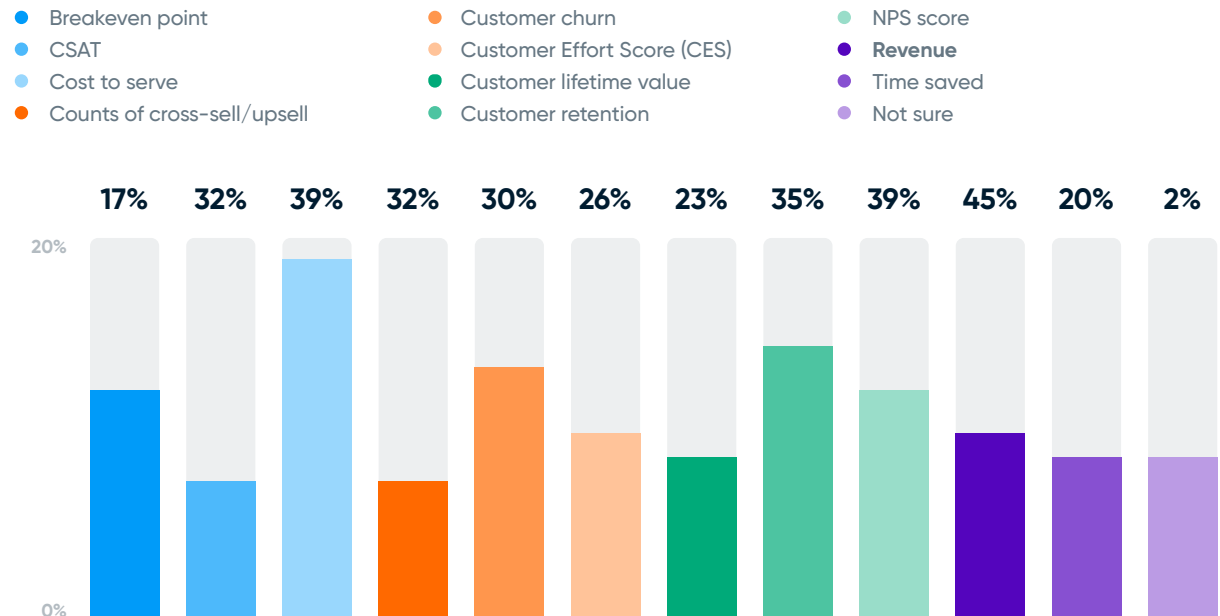
Mendel-Girin advises that CX teams select and focus on **three different types of metrics** that are relevant to their overall business strategy.

One set should demonstrate how CX initiatives contribute to business profitability and growth, the second should demonstrate how CX supports cost optimization and the third should draw on an established CX metric, such as NPS.

Combining these metrics addresses different aspects of CX Mendel-Girin says, and its impact on the financial performance of the wider organization.

Figure 13

What metrics do you use to measure the benefits of CX in your organization?*

- ● Breakeven point
- ● CSAT
- ● Cost to serve
- ● Counts of cross-sell/upsell
- ● Customer churn
- ● Customer Effort Score (CES)
- ● Customer lifetime value
- ● Customer retention
- ● NPS score
- ● **Revenue**
- ● Time saved
- ● Not sure

17% 32% 39% 32% 30% 26% 23% 35% 39% 45% 20% 2%

* Respondents were asked to select all that apply

Source: *CX Network's Global State of CX survey,* January-March 2023

"**Be prepared to think more strategically than ever before, using multiple and non-traditional measures such as operational and people-based metrics.**"

Yvette Mihelic

Director of CX at John Holland Group

Pressure to prove ROI is increasing

The pressure for CX practitioners to prove ROI is increasing according to 42 percent of respondents, while 27 percent said the pressure remains the same.

While there is no single method by which to measure the ROI of CX investments, the objective, JHG's Mihelic says, is to demonstrate the far reach of CX in total.
This can range from the cost savings of reduced feedback cases or refunds, to projecting a reduction in marketing spend due to increased loyalty among customers. If a complaint costs $50 to resolve and there are 10 complaints a day on that issue, practitioners can show the pay back return and suggest how those funds are reallocated.

"Be prepared to think more strategically than ever before, using multiple and non-traditional measures such as operational and people-based metrics," says Mihelic. "These can include employee-turnover reduction and reduction of cost to serve. Having hard numbers, inclusive of trending and validated forecasting, also helps."

The next step is to secure buy-in from colleagues in other departments, ahead of presenting to the CFO or board.

"Before going into these meetings, you need to understand who your key supporters are and where

objections might come from, so you have the opportunity to pre-empt them and tackle concerns," she says. "Many concerns are about misunderstanding the true value of CX and the breadth of the value of CX in addition to the direct profit and loss."

When asked if their organization benefits from CX in ways it is unable to measure, nine percent of respondents said there is visibility on all CX gains across the business. The majority (36 percent) said a lot of benefits go unmeasured and a further 34 percent said there were some unmeasured benefits, but the important ones are measured.

Bigger budgets buy a different perspective on trends and customer behavior

In 2023, those with the largest budgets for CX initiatives were in financial services, healthcare, retail and IT.

Further analysis of the budget brackets confirmed that practitioners and leaders with a budget of $10m or more have a different perspective on the trends and customer behaviors that influence their work.

On trends, in contrast with the results on page 23, *CX Network* found that the respondents with largest

budgets are more focused on business continuity strategies and conversational AI, with digital CX dropping to third place. Rising customer expectations and automation rounded off the top five trends of note for the largest budget holders.

On customer behavior in 2023, those with the largest budgets were most influenced by customers' increased use of digital channels, their demand for sustainable or ethical products and brands, and expectations for instant service or delivery.

The next section of this report assesses the challenges that face both individual CX professionals and organizations. It explores the impact on employees and offers guidance on how and where to find opportunities.

CHALLENGES AND OPPORTUNITIES

INSIDE THIS SECTION

- CX practitioners can tap the contact center for insights
- CX faces a unique combination of challenges at present

Challenges and opportunities

When asked where their three greatest challenges lie, 36 percent of all respondents selected competing priorities (see figure 14).

The majority these respondents were CX practitioners or executives who have some spending power within their organizations. The trends they cited as having the most potential to influence their role over the coming 12 months were: conversational AI, other AI-powered technologies and customer loyalty programs.

Survey respondents said that to overcome the current challenges in CX, organizations should focus on a balanced tech stack, employee engagement and performance, and strong leadership (see figure 15).

CX practitioners can tap the contact center for insights

Regarding further challenges, 34 percent of all respondents selected actionable insights from data, and 28 percent selected assigning internal CX responsibility.

Advising on how practitioners can find actionable data insights to inform their work and strategies, Mychal says that while data from across the business is necessary for some tasks, a wealth of rich data that can help CX practitioners discover actionable insights can be

sourced directly from the contact center. For example, by combining direct VOC feedback across multiple channels and indirect feedback through interaction and speech analytics.

He says: "If you are not already doing this it is a huge, missed opportunity. CX leaders should be looking at these data sources for insights to drive improvements to the customer journey, identify emerging trends and pinpoint skill and knowledge gaps across the workforce."

"These use cases fall into the realm of possibility for contact centers to draw from if they have the right technology in place today," Mychal says.

CX faces a unique combination of challenges at present

In the wider CX space, the 2023 survey data confirms challenges exist in customer behavior and demands, budgets and employee engagement. JHG's Mihelic notes that one of the greatest challenges at present is chasing customer personas, which has led JHG to profile customers based on how they feel and behave, rather than the type of customer they are.

For many of the CX leaders featured in this report, however, there was a consensus that CX is still at a

Figure 14

The 10 most common challenges in CX

Challenge	%
Competing priorities	36%
Creating actionable insights from data	34%
Assigning internal CX responsibility	28%
Building a customer-first culture	27%
Ensuring business continuity	19%
Linking CX initiatives to ROI	18%
Gaining senior management buy-in	14%
Implementing digital solutions	13%
Implementing AI effectively	12%
Rapid changes in technology	12%

0%   50%

Source: *CX Network's Global State of CX survey,* January-March 2023

Figure 15

What CX leaders believe organizations need to overcome their challenges

"Realism beyond financial figures, continuity and humble expectations for the future."

"Uncomplex digital tools to serve and track customer behaviors."

"A focus on why."

"Senior managers who recognize or are open to hearing about and acting upon the customers' wishes."

"Decision-makers with a better understanding of their markets who can make the right calls when needed."

"Making sure talent is in a position to shine and assigning the right people to the right tasks."

"Recognition that customer centricity is the only way to guarantee business continuity."

"Creating a culture of employee empowerment, voice and participation."

"Investment in people and systems."

"Silos need to be blasted into oblivion."

"An understanding that improvements can still be made if something works."

"Leadership that sets the ambition and coordinates the effort."

Source: *CX Network's Global State of CX survey,* January–March 2023

nascent stage of development and that there is much more progress to be made, particularly around the recognition of CX in the wider business.

Langridge says there is some way to go before businesses get used to, comfortable with and focused on operating a complete suite of CX opportunities.

Langridge says: "We have come a long way, but there is so much further to go. Every business you talk to and engage with are all at different places and all facing different problems, because CX is such a big and complex area."

Regarding the impact of this on the contact center, Mychal says: "There is this unique combination right now of the global economic environment and how that is driving a more cost-conscious business, budget reductions, hiring freezes and other changes.

"Most contact centers and service operations today are being asked to do more with less and that is coinciding with a tighter labor force. In the service industry, contact centers are still experiencing high levels of turnover, they are having trouble getting the talent they need in place and they are more cost conscious. In addition, customer expectations are rising," he adds.

Current challenges, Mychal says, will force rapid change in a space that has traditionally been slower to adopt change and cutting-edge technology.

"Digital CX is the number one trend this year, not because older contact centers suddenly decided to change, but because they now know they need to change," he adds.

CX practitioners must embrace and navigate this change to remain competitive, which will bring personal career opportunities. Mychal says that as more advanced technology is adopted, CX leaders and practitioners will be expected to bring new expertise to its deployment and potential. The skills required are likely to relate to system and process design, as well as data.

Mychal adds: "The job is going to become more complex but also more impactful for some CX leaders, particularly in IT and management. They need to ask, what should customer service look like from a customer point of view and what is the stack of technology I need to pull that off with the resources I have and can realistically put in place, while still operating in a cost-conscious world?"

It may be a million-dollar question, but even those CX leaders with smaller budgets must be able to answer it.

"Digital CX is the number one trend this year, not because older contact centers suddenly decided to change, but because they now know they need to change."

Devon Mychal
Senior director of product marketing for Talkdesk
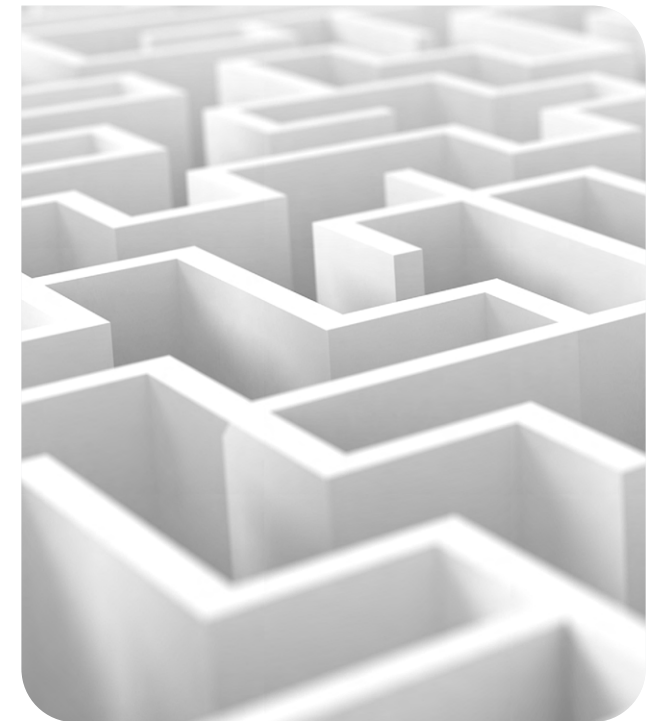
CONCLUSION AND KEY TAKEAWAYS

INSIDE THIS SECTION

- **Digital is changing everything but AI can supercharge CX careers**
- **About CX Network**
- **About Talkdesk**
- **CX Network editorial calendar**

Conclusion

Digital is changing everything but AI can supercharge CX careers

The findings of this report clearly outline the importance and potential of digital CX and its related technologies in 2023, not only in meeting operational efficiencies, but customer expectations for instant and convenient service. Yet, while there are clear business and EX benefits to be gained from digital, this year's *Global State* survey findings show it has also amplified existing challenges.

There is no single source of truth in CX. As a business function, it has long depended on other functions to help prove its worth. Today, practitioners and leaders also face a unique combination of obstacles and increasing pressure from other departments. This is already having an impact on CX professionals who cited competing priorities as their number one challenge at present.

The future, however, is bright.

As new technologies deliver on their operational and analytical capabilities, they will provide CX leaders with the data – and cost savings – required to drive change at the very top of their organization, while positioning them as important advisors in the business.

The leading organizations are already paving the way, but they are a minority. A mere 11 percent of respondents described their organization's CX strategy as mature. The remaining 89 percent must prepare for the cultural changes ahead.

The roles of human agents and team leaders will change rapidly in the coming years, but it is expected that the adoption of advanced technology will elevate CX professionals at all levels of an organization. The skills required are likely to relate to system and process design, as well as data.

To respond effectively, practitioners need the same instant and convenient service their customers desire, but from their tech stacks and colleagues. They require analytical capabilities and a broad view of the organization; they must automate where it makes sense and remap journeys accordingly. Diverse data will be the North Star in this work, painting an accurate, real-time picture of ROI, customer behavior and employee performance that can inform the whole business.

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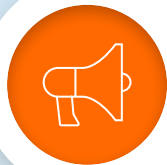
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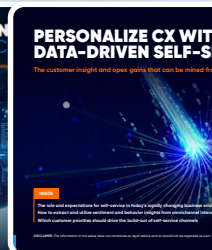
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ONLINE EVENT
CXN Live: Voice of the Customer 2023
RESEARCH REPORT
Digital CX

MAR — Focus Topic: Enhancing ROI
ONLINE EVENT
CXN Live: Customer Self Service 2023
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RESEARCH REPORT
Calculating ROI in CX
EXPERT INSIGHTS EBOOK
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MAY — Focus Topic: Global state of CX
ONLINE EVENT
CXN Live: Customer Contact
Week Digital ANZ 2023
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RESEARCH REPORT
Global State of CX Report
(NA, EMEA, APAC versions available)
Telecoms

JUN — Focus Topic: Retail
ONLINE EVENT
CXN Live: CX Automation 2023
RESEARCH REPORT
CX in Retail
WEBINAR
Building digital citizen experiences

JUL — Focus Topic: Data, analytics and insights
ONLINE EVENT
CXN Live: Contact Centers 2023
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Customer Insights & Data Analytics US
and EMEA
Customer Insights & Data Analytics APAC
EXPERT INSIGHTS EBOOK
Personalising CX in APAC

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CXN Live: CX Financial Services 2023
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RESEARCH REPORT
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OCT — Focus Topic: Contact centers
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Contact centers

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