

DEFENDING THE CUSTOMER DURING ECONOMIC UNCERTAINTY

Ipsos Customer Experience

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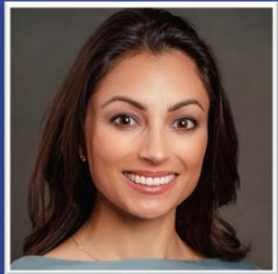
GAME CHANGERS



In a period of uncertainty, CX owners face new challenges.

While each organization is unique, there are best practices every CX leader can employ when faced with budget pressure.

Giving the customer a seat at the table when making tough CX decisions is what will keep them there.

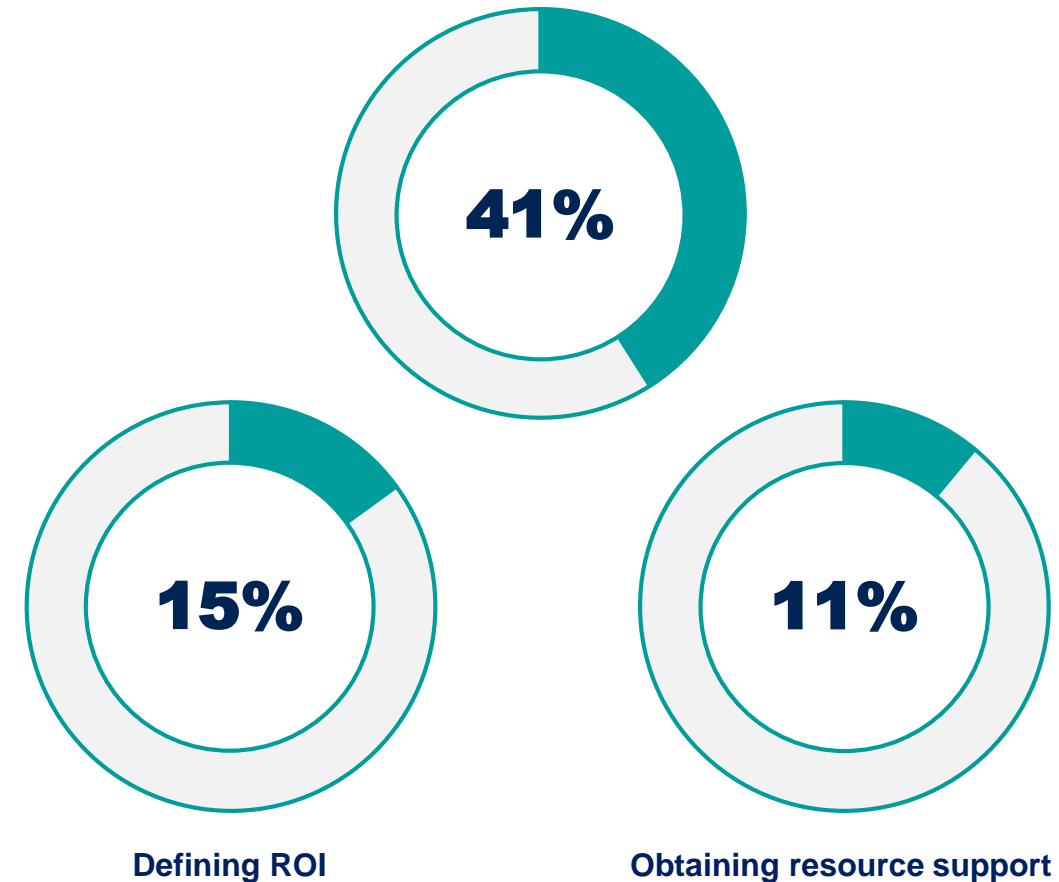


Stephanie Bannos-Ryback
*EVP, Service Line Leader,
Customer Experience & Employee Experience*

- Head for the US CX & EX Service Line
- Executive sponsor for a wide variety of CX programs
- Leads service line innovation through new offerings and thought leadership that addresses needs from the voice of our clients

What is your biggest challenge with running an enterprise CX program?

GETTING LEADERSHIP TO PRIORITIZE IT.



Results from a live poll of ~100 CX and EX practitioners while presenting our at Qualtric's X4 on March 7.



Agenda:

5 Objectives for CX Owners:

1. Throughput on Outcomes
2. Maintaining the Insights Engine
3. Articulating Value
4. Maximizing Impact
5. Securing Buy-In

How to Secure & Measure Return on CX Investments

Objectives for CX Owners in times of Uncertainty

Objective 1: Underscoring Throughput on Outcomes When a Program's Funding is at Risk

“A multi-phased effort to improve the customer experience is at risk of being paused before completion, which will delay ROI and put the quality of outcomes at risk. As a CX leader, I need to defend continuity of this past, in-flight strategic decision.”

— Lindsay, Head Of Customer Activation, Financial Services

Ipsos CX Guidance

When a major investment comes under scrutiny, the key is to **show that the need is still real**. Demonstrating early signs of success also helps to indicate the impact is real and you must keep going to achieve value realization.



Showcase early wins and promote leading KPIs of success



Brush off the original business case and revalidate it



of CX professionals strongly agree that companies which continue to invest in CX will outperform competitors (+6pts vs 2021)

Source: Ipsos CX Global Voices 2022

Objective 2: Maintaining the Insights Engine that Powers the Business

“A long-standing CX insights program is seeing budget pressure, but the insights from the program are used to power decisions, and even financial compensation, across business units. As a CX leader, I need to rally my stakeholders in support of the importance of this program.”

— Anthony, CMI Director, Telecommunications



60%

Of CX leaders expect recognition of the importance of CX in the Board room to increase

Source: Ipsos CX Global Voices 2022

Ipsos CX Guidance

It's critical to **defend the merit of the program** by crowd-sourcing support from the users of insights. In doing so, take this as an opportunity to evaluate and optimize the program.



Gather stakeholder feedback from across business units (the voice of the users has power!)



Optimize the program and find efficiencies to demonstrate action against the budget pressure

Objective 3: Level Up how the team goes about Articulating Value

“My organization hasn’t been great at articulating the impact of CX investments, so now my budget is at risk. As a CX leader, I need to quickly demonstrate the ROI of recent CX investments and size the potential impact of future investments.”

— ANNA, HEAD OF CX, RETAIL

Ipsos CX Guidance

Ipsos CX has a proprietary approach to **measuring the return on CX investments (ROCXI)**, but when the heat is on, establishing a full-scale measurement strategy may not be the quickest option.



Select a few key investments to perform a retrospective pre/post impact analysis



Survey highly engaged customers about how their recent experience with the brand may have improved for tangible verbatims



Define and showcase an ongoing measurement program with KPI targets and milestones for report-out

Only 1 in 6 companies have models in place, capable of linking CX success to financial performance.

Source: Ipsos CX Global Voices 2022

Objective 4: Maximizing Impact

“We know there are a number of customer pain points that are causing churn and preventing us from maximizing the value of customers we acquire. We need to make smart investments in initiatives that will have the broadest impact and simultaneously maximize value from current high value customers. As a CX leader, I need support figuring out where to allocate my budget.”

— RICK, VP CUSTOMER SUCCESS, TECHNOLOGY

Ipsos CX Guidance

In times of limited resources, focus on investments that impact **high value and high-potential value** customers.

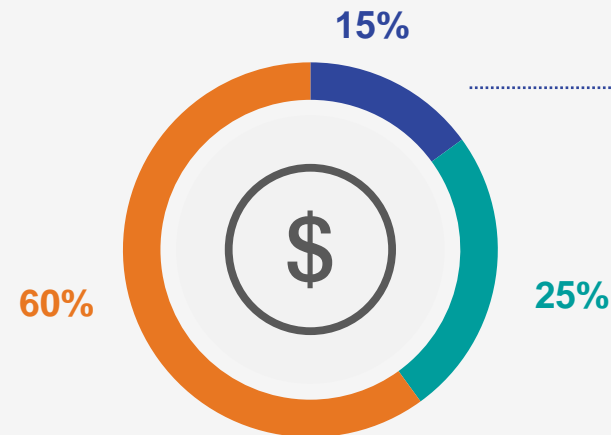


Identify key drivers of satisfaction and spend for the high value cohort

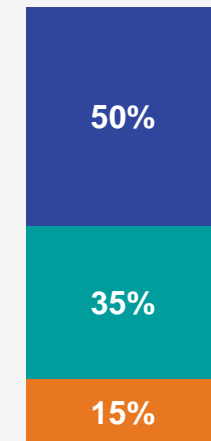


Estimate the impact of improvements to those key drivers for the entire customer base

Proportion of Customers by Lifetime Value



Proportion of Annual Revenue



● High Value ● Medium Value ● Low Value

Objective 5: Securing Buy-In and Long-Term Executive Commitment

“My executive leadership is bought into the principles of customer centricity, but always prioritizes budget for core functions like sales, marketing and operations over CX. As a CX leader, I need to demonstrate how investments in CX also drive impact across sales, marketing and operations.”

— EDDIE, CXO, MANUFACTURING

Ipsos CX Guidance

By taking a “**connector**” approach, CX leaders can demonstrate how CX investments drive scale and efficiency when spend is well coordinated and orchestrated across business functions.



Associate existing investments across business functions to the central CX mission



Engage cross-functional leaders to tell a unified story and rationalize spend



Clearly articulate how cross-functional collaboration amplifies each dollar spent

Globally, only **one third** of organizations have a formal governance structure in place to allocate resources towards CX activities.

Organizations classifying themselves as “very advanced” at CX are almost **3X more likely to have exceeded their top business goals** by a significant margin.

So how do you Secure & Measure Return on CX Investments?

Our proven methodology for Return on CX Investments (ROCXI) is the heart of our approach



- Validates CX metrics (VOC, engagement data, sales and operations data, etc.) against business outcomes
- Demonstrates the financial return of improving the CX and risk calculations of unresolved CX issues
- Permits 'what if' simulations and action planning that links CX optimization and business/financial outcomes
- Provides prioritization and a case to justify CX expenditures or scale up or consolidate existing investments

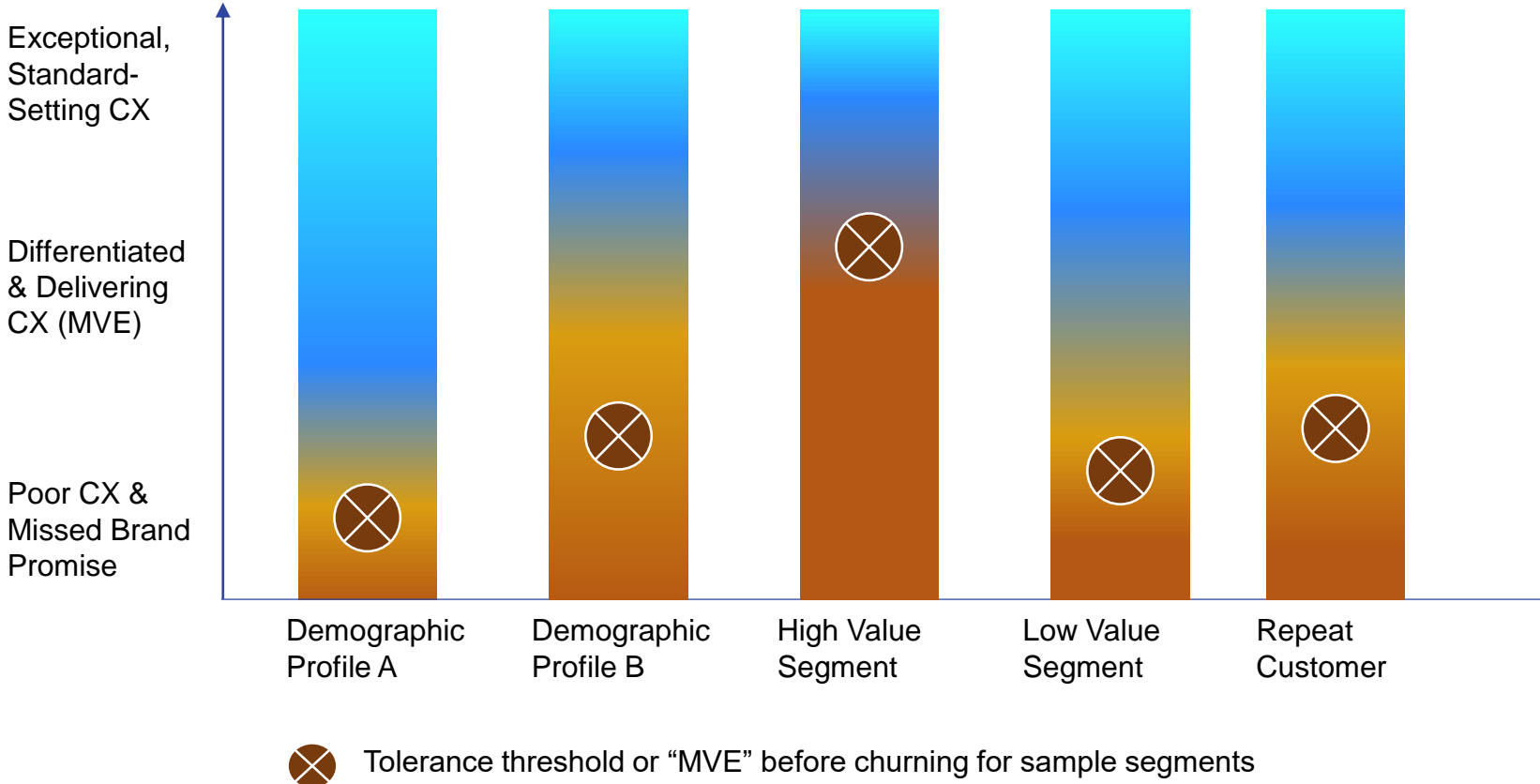
When budgets are tight, we apply ROCXI to find the breakeven point of CX tolerance before customers churn.

Finding Baseline Expectations by Customer Segment

Leverages Behavioral Science Center and CX Measurement Expertise

Evaluates the profile of your current customers and CX KPIs with what we know about behaviors and expectations of consumers with similar profile

Provides insight into baseline customer experience expectations, or the Minimum Viable Experience (MVE), before churn risk would increase



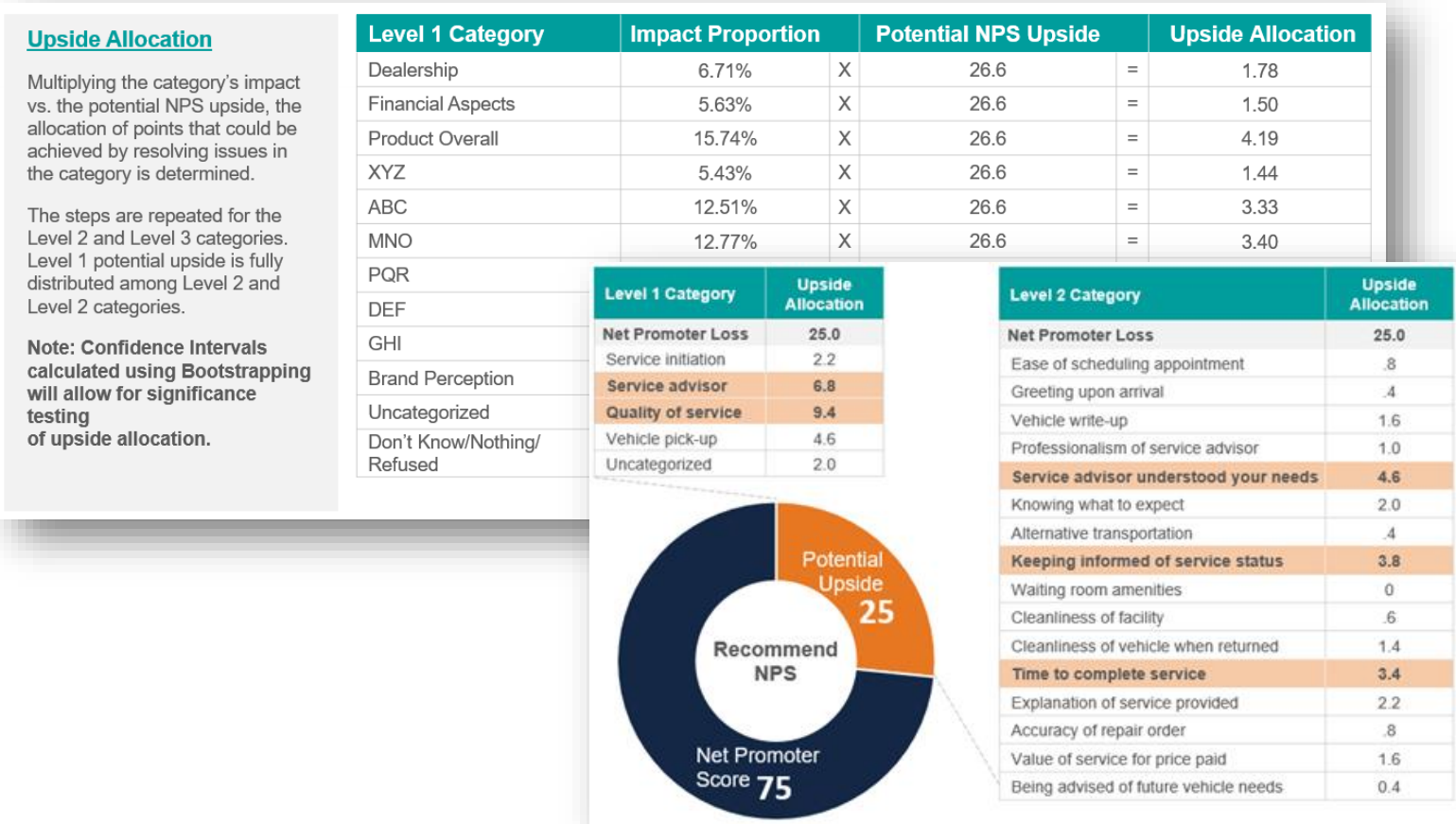
Once tolerance is known for key segments, we focus on identifying key drivers of retention.

Quantify What Elements of CX Drive Revenue

Evaluate the key drivers of positive sentiment as well as the incidence and financial impact of those drivers using our CX Optimizer Models

Identify the most important elements of the Experience for each customer segment and prioritize investments around high value and high potential value customers

Explore how the drivers for top value customers may have a halo effect on other segments for a total understanding of value.



Investment levels in key drivers are simulated to balance risks and prioritize effectively

Provide simulated impact of CX initiatives at various investment levels

Recommend priority investment areas to secure or defend when financial guidance changes

More CX Budget / Effort	<p>DISQUALIFY Never pursue CX ideas that can alienate select segments without quantifiable ROI</p>	<p>RE-ASSESS Evaluate business case as these may be less relevant during economic uncertainty</p>	<p>LIMIT While high impact; consider deferring or phasing until economic climate is more stable</p>
Status-Quo CX Budget / Effort	<p>WATCH-OUT Underinvesting in current problem areas can perpetuate current drivers of churn</p>	<p>MAINTAIN Continue to invest while exploring optimization; scrutinize cuts as they may yield negative ROI</p>	<p>ACTIVATE Prioritize these CX investments for maximum ROI and speed to impact</p>
Reduced CX Budget / Effort	<p>AVOID Especially when high value customers are impacted, losses can outweigh saving</p>	<p>DOUBLE-DOWN These bubble to the top of prioritization as they represent achieving MVE at lower cost</p>	<p>UNICORN Whether through optimization or effective scaling, these initiatives are must-do, <u>if</u> they exist</p>
	Churn	Retain (same spend)	Grow Value (higher spend)

Once priorities for CX Expenditure are identified, we help our clients build the business case

Our workshop-driven approach answers

- Why do we need to do this? Why is it better or different?
- What is the minimum that can be done to achieve impact?
- How can we go beyond the Minimum Viable Experience so that we exceed expectations while within our budget?
- How does this align to business strategy and guidance?
- What about this approach is scalable / sustainable?
- What is the cost structure and revenue associated?
- How will we measure success and prove outcomes?

PROBLEM List top 1-3 pain points or needs you're trying to solve for.	SOLUTION List top 3 features – simplest thing you can build to address each pain point (aka minimum viable product).	UNIQUE VALUE PROPOSITION Define why this solution is different and worth buying / getting attention. <ul style="list-style-type: none"> • Be different, but make sure your difference matters • Target early adopters • Focus on finished story benefits <i>High-Level Concept</i> Elevator pitch used to quickly get your idea across and make it easy to spread.	COMPETITIVE ADVANTAGE Something that cannot be easily copied or bought. Examples: <ul style="list-style-type: none"> • Actionable data • Scale of membership 	SCALABILITY How can we make this scalable enough to have an impact?
	KEY METRICS How will we measure success?		CHANNELS Paths to the customer Examples: <ul style="list-style-type: none"> • Pull vs. Push • In-Person vs. Digital 	FOCUS SECTOR(S) How does this offer fit into our sector strategy? What sectors should we pilot with first?
COST STRUCTURE List the operational costs, or cost drivers you anticipate will be incurred while bringing the offer to life.		REVENUE STREAMS List the expected revenue streams and associated margin / savings. Examples: <ul style="list-style-type: none"> • Gross margin • Operational savings • New revenue streams 		

Questions?

**THANK
YOU.**

