Humanizing CX in a Digital Transformation

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Everyone needs to work with a customer-centric approach, especially when introducing new digital strategies.

Customer experience (CX) has ceased to be a passing trend; it has come to stay. Research has shown that 60 percent of companies that have been consciously and consistently working on their CX strategy have shown better business profitability compared to those not focused on a customer-centric strategy. Additionally, 90 percent of companies compete uniquely based on customer experience.[1]

We must debunk the belief that CX is only for large companies. Whether it's a professional who manages his/her personal brand manager, a small or medium-sized enterprise, or a large corporation, everyone needs to work with a customer-centric approach, especially when introducing new digital strategies.

CX IS HIGHLY PROFITABLE

The implementation of a customer-centric strategy brings multiple benefits, including:

– Positive impact on ROI

– Reduction in customer churn rate

– Increased process efficiency

– Higher average ticket value

– Extended customer lifetime value

– Reduction of costs due to rework or failed launches

– Increased satisfaction, retention, loyalty, and advocacy rates

The great challenge lies in demonstrating the impact a CX strategy has on a company's economic results. It's not that the impact doesn't exist; the problem is when companies don't know how to measure its value. While CX professionals talk about loyalty, recommendation, satisfaction, emotions, memorable moments, and empathy, businesses want to talk about ROI, gross margin (GM), net results (EBIT), profit and loss (P&L), and cash flow. It's like they speak in different languages. The big challenge for CX professionals is to be bilingual. *They must be savvy to speak about CX results in terms of their business context and speak to impacts on profitability.* Most importantly, the strategy must be closely tied to the vision and goals of the company to accurately attribute revenue to CX management and gain ongoing support.

Digital transformation and CX strategies are gaining more momentum across industries worldwide, and customers are demanding more digital experiences and speedy decisions to cater to their needs. These strategies, when put together, are one of the most solid and consistent ways to differentiate a brand and gain a competitive advantage. Seventy-one percent of people said they would pay more for a better experience, and 66 percent cannot remember the last time a brand exceeded their expectations. Seventy-six percent of people say they expect an immediate response when they contact a company, and 82 percent reported they had to go to multiple customer service channels to resolve their issue. This translates into the need to adopt emerging technologies with a core focus on the customer. Strategies

76 PERCENT OF PEOPLE SAY THEY EXPECT AN IMMEDIATE RESPONSE WHEN THEY CONTACT A COMPANY.

that are geared toward bridging the communication gap with the customer. Creating interactions that facilitate customer feedback from the customer to understand customer needs, pain points, and expectations.[2]

As an example, in the contact center context, online interactions increased from 42 percent to 61 percent from 2019 to 2022. On the contrary, offline interactions decreased from 58 percent to 39 percent from 2019 to 2022.[3] Thus demonstrating a significant increase of customers willing to be supported digitally.

Change to digitalization has disrupted our environment and our ways of operating as human beings and as brands. Leaders should have an open mind when considering new digital adoptions. In 2021, TikTok passed Google as the domain most visited, and it replaced Facebook as the most popular social media outlet.[4] It is surprising, but we must recognize that our society is in part ready to interact with bots (69 percent in favor); however, 48 percent of consumers in Latin America reported being frustrated as they experienced inconsistency with their digital interactions.[5]

Companies considering a digital transformation or digitization should have CX strategies as their core, the culture embedded in the DNA of their employees, and be ready to continue to pivot as technology evolves. Brands such as Ritz-Carlton, Disney, Southwest Airlines, Starbucks, Zappos, Metro Bank (U.K.), and many others have understood that while digitally transforming they had to continue designing experiences for their customers, which in turn leads to a highly profitable business.

Consequently, a successful digital transformation should include four key elements:

1. Digitize customer interactions

2. Digitize operations

3. Digitize employee interactions

4. Digitize existing products and services

The dream began — the excitement of a family that traveled from Peru to embark on a journey that promised to be filled with magic, fun, and unforgettable moments. The visit to different parks in Orlando started with the most magical of all — Magic Kingdom, where the imposing Cinderella Castle stands as a symbol of this park.

The day unfolded smoothly, experiencing different types of activities such as rides, character photos, spectacular shows, fireworks, and other attractions that make the Disney experience unforgettable.

It was around 6 p.m., and the night was approaching. While moving from one attraction to another, the youngest child of the family, a 5-year-old, said to his father, "Daddy, I'm cold." At that moment, the heartbroken dad realized the child's sweater, which was in the stroller, was missing. It had fallen somewhere around the waiting area for the Space Mountain ride, one of the most popular rides in Magic Kingdom.

At that moment, they looked for a "cast member" to assist them, after which they went to the lost-and-found, but found nothing. The family resigned, and while leaving, Ralph,

another cast member, approached the family and was intrigued by their situation. He asked the family to go with him to one of the park stores (the one closest to Space Mountain, where they were), as sometimes when someone finds something, they turn it in at these stores. But once again, the son's sweater was not found.

THE SURPRISE

At that moment, Ralph asked the family to wait a few minutes, after which he appeared with a voucher to redeem a sweater at any of the park stores, and just like that, without any "fine small print" this kind gesture from Ralph, a low-ranking employee, surprised the family who had a memorable experience.

The cost was a sweater with a retail value of $40, but the actual cost for Disney was probably 10 or 15 percent of that amount. The benefit of this action was a happy child now wearing his sweater alongside other Disney souvenirs they purchased, and a family that tells this happy story to everyone they can. Ultimately, Disney is much more than Mickey and the princesses; it is an entire industry working to make millions of people from different parts of the world happy.

This true story reminds us that technology should only improve how we run our business, but the people connection will always prevail as our legacy and our company's culture must be part of the DNA of our employees. Technology facilitates a company's scalable growth, but people determine its success.

Ralph appeared to solve the problem, and once his mission was accomplished, he disappeared as if by magic … no doubt, to continue bringing joy to more people in the park.

WHAT MADE THE MAGIC POSSIBLE?

For a situation like this to be possible, the company needs to empower its employees to solve problems in a speedy manner without having to ask for authorization. After all, Disney's goal is for its guests to leave with smiles. For a company to get to this level of customer experience, they need to have *efficient processes in place that enable nonscripted employee decision-making.*

Here are seven key aspects that make the magic possible:

1. Leadership

2. Attitude-based talent selection

3. Extensive training

4. Simple processes, policies, and procedures

5. Practical and fast problem resolution

6. Empowerment

7. Foster an innovative and creative culture

As we can see, these seven points mentioned apply to any company. What is lacking is the belief that it can be done and having the right people to make it a reality. Everything else can be designed, built, and turned into reality. A key factor: It all starts with the people, especially the leaders.
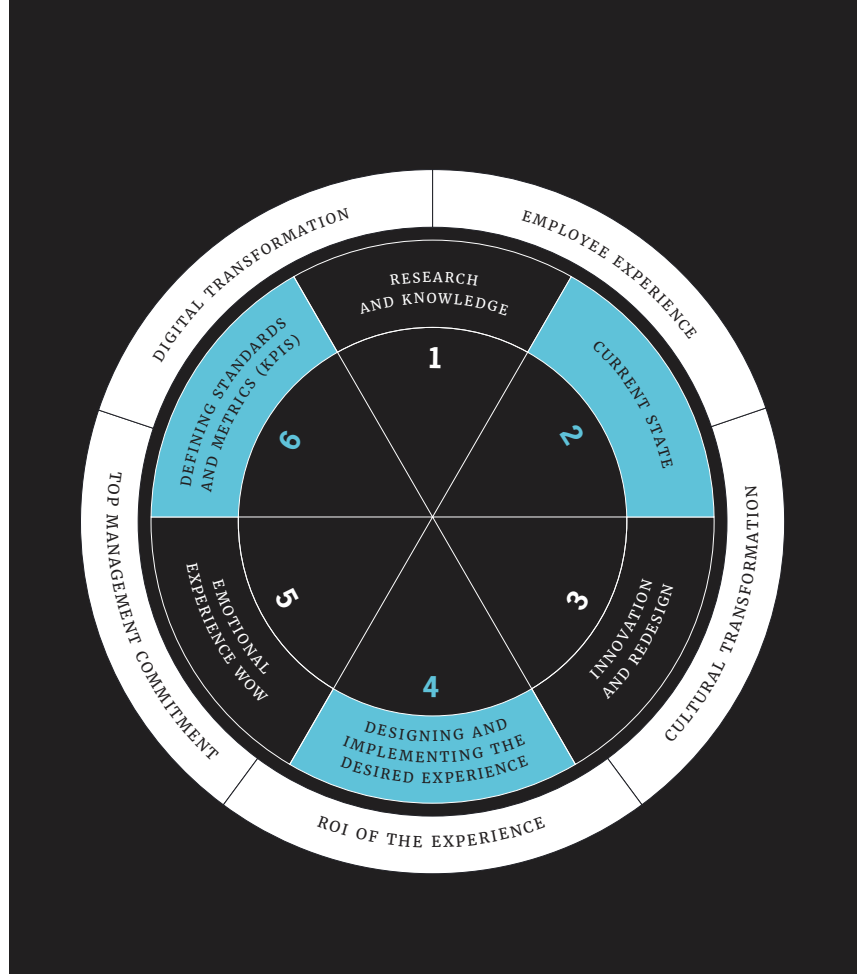
The circular diagram shows six numbered inner segments: 1 RESEARCH AND KNOWLEDGE, 2 CURRENT STATE, 3 INNOVATION AND REDESIGN, 4 DESIGNING AND IMPLEMENTING THE DESIRED EXPERIENCE, 5 EMOTIONAL EXPERIENCE WOW, 6 DEFINING STANDARDS AND METRICS (KPIS). The outer ring reads: DIGITAL TRANSFORMATION, EMPLOYEE EXPERIENCE, CULTURAL TRANSFORMATION, ROI OF THE EXPERIENCE, TOP MANAGEMENT COMMITMENT.

A customer experience strategy will only work if the organization adopts it from the top and transforms the culture to be customer-centric. If we don't work on the culture, the strategy will not hold. We must start with a solid strategy, solid leaders, a culture that fosters empathy, and a team willing to give their all to put the customer at the center and have the necessary tools and technologies to do business well and efficiently, whether in the physical or digital realm. In the end, when companies' profits rise, they are more likely to spend on new technological infrastructure, which leads to businesses being more efficient, innovation, and industry growth.[6] Consequently, keep in mind that a key consideration to the success of a digital transformation and a CX strategy is *the employee* The employee needs to be regarded as a core partner, adoption driver, and embedded contributor to the transformation strategy.

CX AS A BUSINESS STRATEGY IN A DIGITAL TRANSFORMATION

One of the major problems in companies is considering CX as a departmental project rather than a company-wide strategy. CX cuts across the entire organization; it must involve leaders and alignment from different areas to work toward a common goal. Key individuals to attribute to a common success should include the company's transformation leader, CTO, and CIO.

Below we list the foundations of a CX model and components to be considered when designing and implementing a customer experience strategy.

The model consists of six stages:

1. Research and knowledge
2. Current state
3. Innovation and redesign
4. Designing and implementing the desired experience
5. Emotional experience (WOW)
6. Defining standards and metrics (KPIs)

These stages are supported by these fundamental pillars:

– Top management commitment
– Digital transformation
– Cultural transformation
– Employee experience
– ROI of the experience

As seen in the model, by understanding customer expectations, value perceived, employee sentiments, and what the competition is doing, we can design a product or service that impacts what customers value and what the competition lacks, creating a real competitive advantage.

KNOWLEDGE: THE BEGINNING OF EVERYTHING

According to recent studies conducted by CX Latam Group, the three aspects that make a difference when choosing a brand are trust, simplicity, and experience. This is highly relevant data, considering that most companies base their differentiation solely on product or price. And this doesn't mean that the customer doesn't value a good product at a competitive price; of course they do. The point is that, when faced with similar opportunities, what will make the difference is the experience provided and how seamlessly issues can be resolved when they arise. And thus, this is where emerging technologies play a key role in proactively identifying customer pain points and providing potential solutions.

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WIN THE HEARTS OF YOUR EMPLOYEES. ONE CANNOT GIVE WHAT THEY DO NOT RECEIVE, ONE CANNOT GIVE WHAT THEY DO NOT HAVE.

Rodrigo Fernández de Paredes Alegría

"The customer doesn't want problems to not exist; they want them to be solved quickly when they occur."

The 2023 version of the customer has changed: their expectations, tastes, and preferences. Therefore, companies must start by getting to know the customer again and adapting their value proposition and appetite to the type of technology and how they want to interact with it. Managing the customer experience brings new challenges if we want to differentiate ourselves from the competition in a highly competitive market and digital acceleration.

Technology is here to assist people; it is an enabler of experience. We are in a highly competitive environment where companies strive to differentiate themselves from the competition through variables such as product, price, brand, or service. However, even when they have achieved that, they must reinvent themselves because if they become complacent, they disappear. Technology is playing an increasingly important role and is a must-have.

WHERE DOES DIGITAL TRANSFORMATION BEGIN?

A big mistake is thinking that it starts by introducing new technology. It is of no use to undertake significant technological transformations if we haven't first placed the customer at the center. Moreover, a strategic and well-thought-out digital transformation begins by understanding existing and target customers, their needs,

pain points, and expectations. From there, we will see how technology helps us tap into data optimization and centralization, simplify processes, reduce time, automate services, design new customer support channels, and more. Lastly, we need to acknowledge that customers demand smoother, more convenient, personalized, and simple experiences. Therefore, customer experience and digital transformation must be worked on in a harmonized manner. Today's customers want everything faster; they are increasingly digital. The significant challenge lies in understanding how technology can help us achieve simpler, more agile, and integrated experiences, generating competitive advantage, and resulting in more sales, customer retention, and greater profitability. ✋

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Sources:
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