



Expert Insights



Navigating Uncertain Times

The Executive's Guide to Driving More Profitable Growth

How to use customer experience as your secret weapon to increase efficiency and reduce costs, while retaining more customers

Medallia

I Introduction



With organizations across industries facing continued uncertainty, CEOs are adjusting operating plans and looking for ways to reduce costs and drive more profitable growth.

Despite the current environment, customers still expect the best products, services, and experience. Boardrooms still demand businesses meet their objectives to maximize shareholder value. And the workforce continues to demand companies evolve to meet their needs.

In a market underpinned by economic turbulence and rapidly changing customer needs, delivering a best-in-class customer experience is the only way to drive the most important business results. When organizations truly understand the customer across every team and touchpoint, they are better equipped to take immediate action to increase operational efficiency and customer retention.

Although customer experience practices have evolved in recent years to move beyond simply gathering feedback from surveys to more comprehensive signal capture, those efforts are typically siloed across the enterprise, and the data can't be acted on fast enough.

From the consumer perspective, this leads to a disjointed and impersonal experience that can turn customers away. From the organizational perspective, this leads to frustrated employees and wasted resources with the time and cost of trying to connect disparate technologies and data, as well as the analysis that often comes too late to make an impact.

Organizations that can consolidate tech stacks, data, and customer insights will have a single view of the customer and be able to make smarter decisions and act quickly. By making customer experience a strategic function and priority throughout the enterprise, organizations can drive more profitable growth.

“Challenging times provide the opportunity for strong companies to get stronger,” said Michelle Peluso, Chief Customer Officer and Co-President of CVS Pharmacy, whose company relied on customer feedback to help guide it through the initial rollout of COVID-19 vaccines and rapidly changing consumer behavior.¹

II Unlock hidden value through digital experience

53%

of customers say they prefer **making purchases via digital channels**

61%

of overall customer **interactions with companies take place via digital channels**

As senior leaders look for ways to drive efficiency across the organization, the grow-at-all-costs mentality seen during boom times has shifted to a focus on more profitable growth. Instead of trying to keep up with rising customer acquisition costs, companies are searching for ways to optimize current efforts and retain and grow existing customer value. This is especially true on digital channels, where repeat customers are most likely to re-engage with brands.

With digital channels projected to account for 54% of commerce revenue by the year 2024, **53% of customers saying they prefer making purchases via digital channels,² and about 61% of overall customer interactions with companies taking place via digital channels,³** digital is increasingly becoming the primary touchpoint for customers.

With the current economic climate and companies and consumers becoming more selective about where and how they spend their money,⁴ no business can afford to lose customers or sales opportunities due to gaps in the digital experience.

The corollary is also true: no business can afford to leave potential money on the table by missing chances to better engage, convert, or upsell active and interested digital customers. Not only do organizations need to fix issues before they hurt their bottom line, they also need to find and seize opportunities to maximize sustainable revenue growth.

Understand digital behavior to increase conversion

When digital feedback is combined with tools like form analytics, heatmaps, and session replays, companies can leverage behavioral intelligence to detect broken experiences that turn customers away, as well as pinpoint new opportunities to drive growth.

A great example of this is British telecommunications company Vodafone UK. Its digital team leveraged behavioral intelligence to understand how they could get more customers to interact with the “contact us for help” buttons on their website — buttons that drove customers to the contact center, leading to an upsell opportunity.

Based on their analysis, they were able to pinpoint and solve an issue that limited engagement with this critical website call-to-action (CTA), **a move that helped the company drive a 331% uplift in sales opportunities through support chats and a 181% increase in sales opportunities through support calls.**⁵

Reduce customer acquisition costs by knowing where to focus

As companies shift their focus to customer retention over customer acquisition, advertising budgets are being slashed⁶ and marketers are under more pressure than ever to deliver cost-effective results. Understanding how customers are interacting with your digital channels can provide insights into what’s working and what’s not, helping guide companies on where time and money can be spent more wisely. By knowing which campaigns are most effective, companies can increase spend on the areas driving the greatest impact.



Leading energy company Constellation Energy was able to keep the organization’s advertising costs in check by identifying critical digital bottlenecks that were having a negative impact on conversions and cost per acquisition (CPA). By implementing fixes to the digital account look-up process, mobile page layouts, and the placement of mobile CTA buttons, Constellation Energy saw an uplift in mobile conversions by 45% and reduced CPA by 25%.⁷

Use digital insights to increase organizational efficiency

Confusing digital experiences can have a ripple effect across an organization. If customers can't find what they need online, their next step is often to reach out to a contact center. With the average customer call to the contact center typically ranging in cost from \$2–\$7, preventing unnecessary customer inquiries by improving the digital experience can be a powerful way to reduce costs.

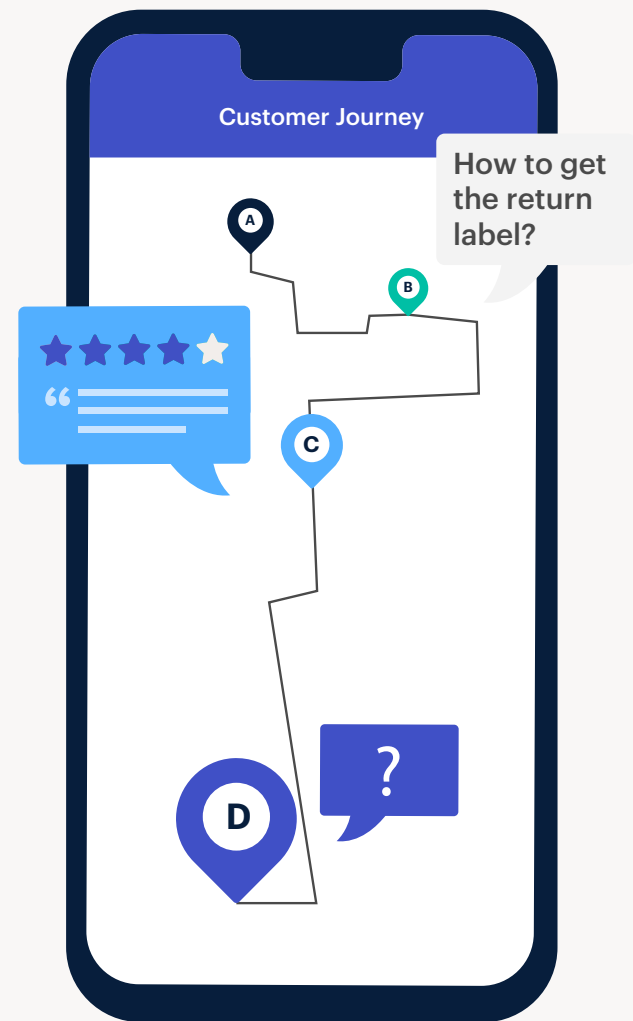
Lease-to-own retailer Aaron's Inc. used digital feedback to capture customer experience insights across the company's website, app, and web chat channels, and leveraged AI-driven insights to detect and rectify points of friction in the omni-retail experience. **This led to a decrease in call volume to the company's contact center by 71.5% and customer hold time by 92%.⁸**

Research shows that when customer service issues arise, **60% of consumers say they're only willing to spend 10 minutes or less on a company's website looking for answers before taking another action.⁹**



The value of a connected digital experience

By analyzing the customer experience across digital channels, organizations can proactively identify the most important moments in the online journey and prioritize resources to fix what's broken, improve self service, and double down on what's driving the most value. Combining behavioral intelligence with digital feedback provides deeper insights into the root cause of problems and opportunities to deliver seamless and more personalized experiences across the entire customer journey.



III Transform the contact center from cost center to center of efficiency

While companies look for cost savings across the enterprise, the inherent risk is that the customer feels every cut. That, along with rapidly changing customer behavior, are why calls — with long hold times and frustration — continue to surge in contact centers. With 65% of consumers saying one bad customer service experience would motivate them to change brands,⁹ there is little margin for error at a time when customer retention is mission-critical.


Agent retention is just as pressing of a concern due to these challenging work environments. Typical contact center turnover rates — 30% to 45% — are more than double the average of all other types of jobs in the U.S.,¹⁰ and recently they've jumped significantly, as high as 65% to 80% in some verticals.¹¹ There is then the cost of replacing these key frontline employees, which can add up to \$10,000–\$15,000 per agent.¹²

Between the costs of hiring, training, and retaining agents, and the cost of serving customers, not to mention the billions companies lose on poor customer service experiences annually,¹³ it's no wonder companies have historically thought of the contact center as a cost center. Researchers have found, however, that organizations that instead view them as value centers achieve 3.5 times more in revenue growth.¹⁴

Understand customer support interactions to drive operational efficiencies

Customer support phone calls, emails, and chats are inevitable — especially during times of economic uncertainty. No brand can anticipate every single customer issue or concern. But by leveraging insights from every customer call and interaction, progressive organizations are proactively identifying and eliminating points of friction in the customer journey that reduce the burden on the contact center and improve organizational efficiency.

“It’s hard to listen to each and every call and rate that call and get insights from those calls,” said Ashok Meka, Vice President, Business Data Analytics at UMB Bank. **“With speech analytics, we are able to get quality scores for each and every call, and it gives us insights into what our customers are calling us about.”**

A circular inset image showing a woman with short, curly dark hair and a man with short dark hair, both smiling and looking at a laptop screen. The woman is wearing a dark blue top, and the man is wearing a light blue button-down shirt. Their hands are visible near the laptop. The background is a blurred office or meeting space.

Using those insights, UMB was able to enhance their online experience and product offerings, which resulted in less calls to the contact center. **In addition, those customer insights helped the financial services company improve first call resolution by 20%, and increase NPS by 15%.¹⁵**

New research shows most consumers aren't willing to wait on hold for more than five minutes, increasing the urgency for companies to solve problems faster.¹⁶ The same research revealed that 66% of consumers would prefer a call back instead of waiting on hold, showcasing the importance of giving customers the ability to interact with the brand when and how they want. Customer insights can also help companies know when to offer a callback — when the right technology is integrated into the contact center, it can automatically schedule one at a time convenient for the customer. This also ensures an agent will be ready to resolve the issue.

Empower agents to increase retention and reduce costs

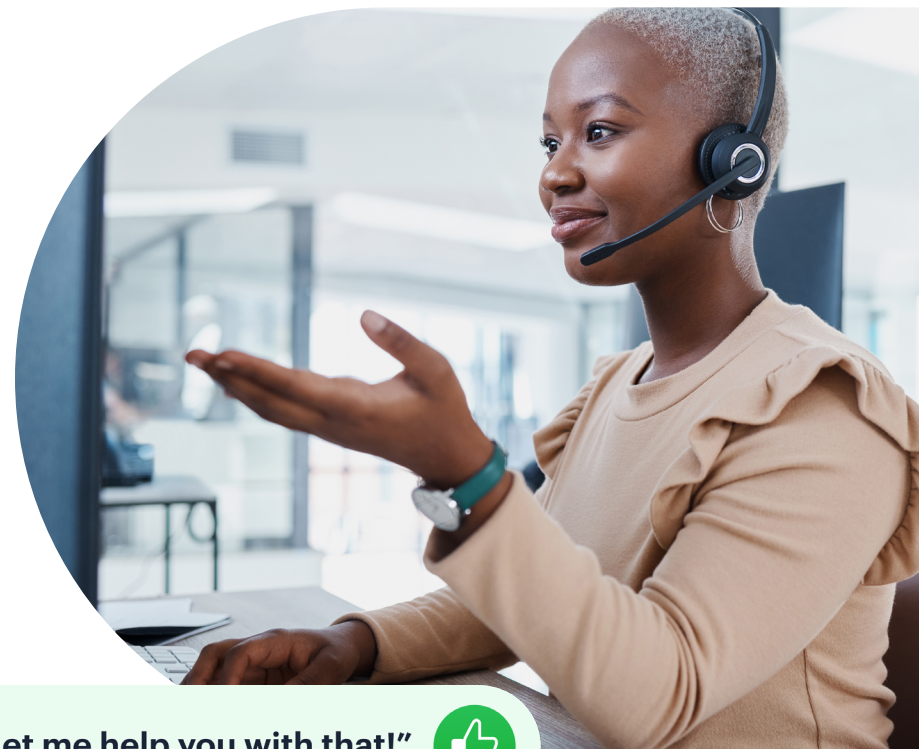
Just as no consumer enjoys encountering a challenging customer service issue or having to wait on hold to get things resolved, it's just as challenging for agents who have to smooth things over with frustrated customers.

When ESPN started its fan support organization nearly 20 years ago, its leaders did not want to replicate the traditional call center with unempowered and unengaged agents. By de-emphasizing quantity metrics like handling time or number of calls and focusing on enabling and empowering frontline agents, the leading multinational, multimedia sports entertainment brand has been able to increase agent retention and customer satisfaction while reducing costs.

ESPN's fan support team captures customer feedback in the moment after a customer interaction and uses those insights for positive feedback and coaching for agents, as well as to drive process enhancements within the organization. With this focus on quality, **the brand has seen its agent attrition rate drop to less than 10%** — compared to the more typical 30%–45% — **while fan support consistently earns high customer satisfaction scores of 91%.** Most impressively, the fan support team has done this while operating at about 60% of their original budget.¹⁷

The value of a connected contact center

By analyzing every customer interaction and using conversational intelligence, contact centers can better understand customer sentiment and intent and see where, and how, agents can deliver better support. They can also democratize these insights across the enterprise — to digital, marketing, product, operations, and more — so these teams can take steps to improve experiences and reduce the burden on the contact center in the first place. With the right contact center insights and tools to act at scale, organizations can resolve customer issues faster and more efficiently — increasing both customer and agent retention while reducing costs.¹⁷



"Let me help you with that!"



IV Bringing CX to the workforce and the importance of employee experience

12X

employee experience leaders are **12 times more likely to grow their revenue by 20%** over a year

1.7X

more likely to **meet or exceed their financial targets**

Just like in the contact center, employees throughout the enterprise are facing increasing challenges and pressures as organizations adjust operating plans and tighten expenses.

Leaders with clear insights into how these types of internal changes affect employee experience tend to be more successful in the long run, as they are able to connect the dots to the impact on customer experience and overall business outcomes. That is why organizations that focus on **employee experience leaders are 12 times more likely to grow their revenue by 20% over a year and 1.7 times more likely to meet or exceed their financial targets.**¹⁸

Customer experience leaders know listening to customers on an ongoing basis across every touchpoint is now mission-critical. Doing so drives efficiency and retention. The same is true for the employee experience, and innovative HR leaders know that applying similar approaches to the workforce can drive similar results.

By going beyond traditional annual employee engagement surveys to more agile, real-time feedback models and signal capture, organizations can unlock timely insights to better understand the front lines and beyond, harness their input and ideas, and ultimately empower them to deliver far greater business impact.



Enable employees to drive action with real-time customer insights

In addition to bringing customer experience approaches to the workforce, bringing real-time customer insights to employees can help them deliver better customer experiences.

“We believe being a customer-first organization starts with our employees,” said Agustin Lopez Diaz, SVP Global Customer Satisfaction & Quality at Schneider Electric, which recently rolled out personalized dashboards that empower employees to see real-time customer insights. The global leader in energy management and industrial automation has 128,000 employees in more than 115 countries. “We can now provide personalized insights to our team and allow each employee to visualize relevant results on their scope of work. With a clear guide to what customers want, our employees are able to improve customer experience as well as the customer journey.”¹⁹

Arming employees with real-time customer insights also helps companies proactively solve customer issues. Sunrise Communications recently launched a real-time cross-channel customer feedback initiative to gather customer insights across contact center and retail interactions. Switzerland’s second-largest telecom brand disseminates these learnings among employees to arm them with the information they need to optimize the

customer experience in the moment. Since introducing these efforts, the company has seen a 22-point increase in NPS and a 20% drop in call volume.²⁰

The value of a connected employee experience

Traditionally, organizational silos have kept EX and CX strategies apart, with employee experience led by HR and customer experience overseen by a chief experience officer or related leader. While CX and EX have the potential to drive a significant impact separately, when both initiatives are aligned, they can be transformative.

“The deep insights from having customer and employee experience data all living under one roof has given us data to prove that employee happiness plays a significant role in how well employees deliver services to their clients,” said Jon Terwillinger, Program Manager at the City of San Diego.²¹

In Ireland, Permanent TSB, a retail bank with more than 1.1 million customers and a total of 2,500 employees, has found similar results. The company recently expanded its employee experience efforts and adopted a real-time listening practice. Since linking it to the established CX program, the company has seen a 65% increase in customer NPS® among branches with more engaged employees and achieved an overall 7-point increase in employee NPS®.²²

By bringing a customer experience approach to the workforce and capturing and analyzing signals across the employee journey, organizations can understand employees, harness their input and ideas, and empower them to deliver a far greater business impact. When those efforts are connected to the customer experience and employees have real-time customer insights at their fingertips, they can do their jobs more effectively — and organizations can increase efficiency and customer retention.

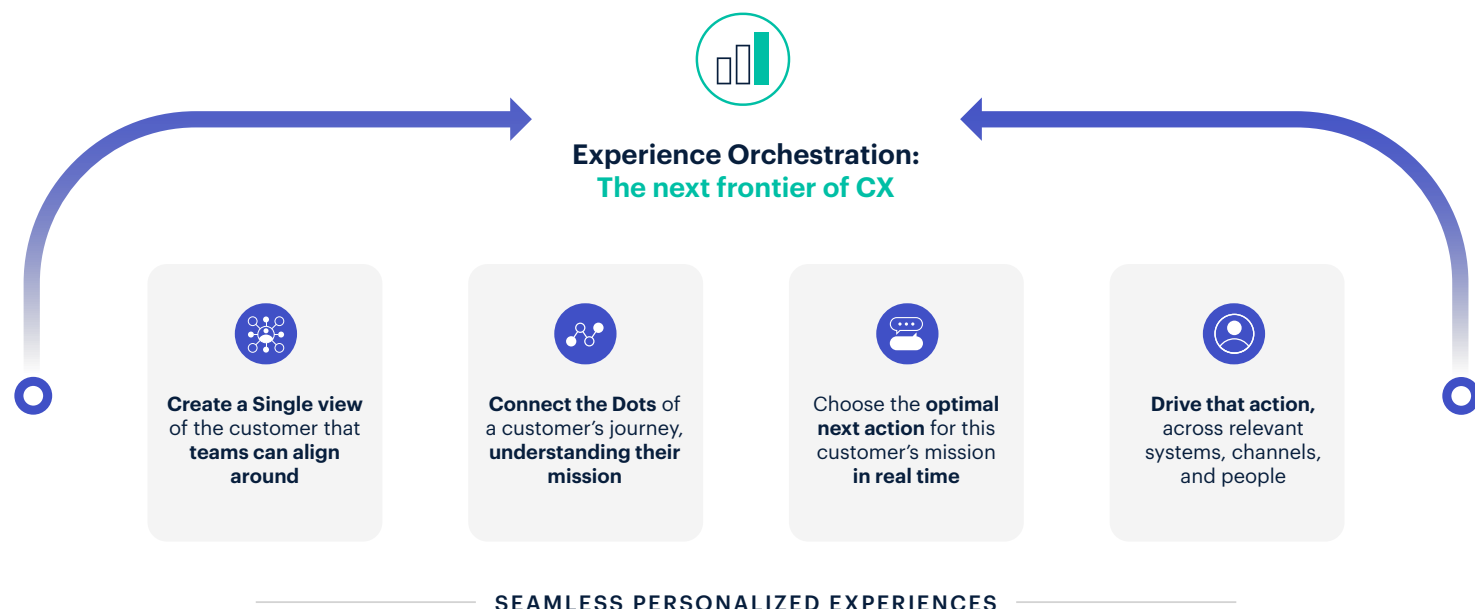
V Bringing CX together: The sum of all parts

Focusing on the customer experience within each business unit helps organizations extract crucial value while still retaining customers, at a time when that has become mission-critical. When all parts of the enterprise are working in unison, the results can be exponentially greater.

Organizations that bring together all teams and technologies to have a single view of the customer can begin connecting the dots of the customer's journey and understanding intent in the moment. Based on those insights and within the context of the individual user's journey, they can serve up the optimal next best actions and truly personalize experiences by pulling in all the relevant systems, channels, and people needed to make it happen.

When organizations connect digital experience to the contact center and broader customer experience, self service can be optimized using insights from the contact center. Customer support agents can be armed in real time with personalized insights and offers based on the customer's past experience across in-person and digital interactions. Even better, a higher-value customer frustrated during an online experience can be identified and offered a time to schedule a call with an expert agent, who will be prepared with the full background and able to resolve the issue.

The next frontier of customer experience is moving beyond measurement and analytics and using those insights to drive action and orchestrate experiences as they happen.



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Our team of in-house experience experts is made up of leading professionals with deep real-world expertise within their respective industries.

We help AAA, IBM, Hilton, and more of the world’s leading brands deliver mission-critical results — changing culture, driving focused action, creating accountability, and achieving connecting experiences. Learn how you can bring experience together and drive the business results most important to your CEO.

¹ <https://exp-now.medallia.com/watch/uMhkhk3vC6hduAq4ykmLnS>
² <https://www.salesforce.com/news/stories/salesforce-ecommerce-trends-2022/>
³ https://www.salesforce.com/content/dam/web/en_us/www/documents/research/salesforce-state-of-the-connected-customer-fifth-ed.pdf
⁴ <https://www.medallia.com/blog/consumer-trends-2022-inflation-effects-buying-decisions/>
⁵ <https://www.medallia.com/resource/vodafone-uk-case-study/>
⁶ <https://www.insiderintelligence.com/content/30-of-advertisers-cutting-their-2023-budgets>
⁷ <https://www.medallia.com/resource/digital-constellation-energy/>
⁸ https://www.medallia.com/resource/aarons_case_study/
⁹ <https://www.medallia.com/press-release/medallia-study-identifies-new-consumer-expectations/>
¹⁰ <https://customerthink.com/the-true-cost-of-agent-attribution-in-the-contact-center/>
¹¹ <https://www.medallia.com/blog/contact-center-trifecta-of-pain-rising-attribution-rates/>
¹² <https://customerthink.com/the-true-cost-of-agent-attribution-in-the-contact-center/>
¹³ <https://www.forbes.com/sites/shephyken/2018/05/17/businesses-lose-75-billion-due-to-poor-customer-service/>
¹⁴ <https://newsroom.accenture.com/news/accenture-report-finds-3-5x-revenue-growth-for-companies-that-view-customer-service-as-a-value-center.htm>
¹⁵ <https://exp-now.medallia.com/watch/exqwfAea6M8ddBb9B5UBqc>
¹⁶ <https://www.medallia.com/press-release/medallia-study-identifies-new-consumer-expectations/>
¹⁷ <https://www.medallia.com/customers/espn-case-study/>
¹⁸ <https://www.medallia.com/resource/mi-ex-research-rpt-2021>
¹⁹ <https://www.medallia.com/press-release/medallia-supports-schneider-electric-in-boosting-customer-satisfaction/>
²⁰ <https://www.medallia.com/resource/sunrise-communications-case-study/>
²¹ <https://www.medallia.com/resource/experience-leaders/>
²² <https://www.medallia.com/customers/permanent-tsb/>

About Medallia

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