

Will CX Leaders and Teams Survive the COVID-19 Crisis?

CX professionals report changes to governance, focus, and operations



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Introduction

Covid-19 has has a dramatic effect on business and indivudals all over the world.

Some businesses have closed, and others have seen huge increases in demand. The vast majority of companies have had some negative impact. But what was happening to customer experience work? Were CX teams becoming more active as customers became more concerned, more hesitant to purchase? Or were CEOs finding themselves in situations where extreme cost-cutting was a necessity, resulting in CX teams being reduced or eliminated? It was difficult to know just based on reading stories on professional websites and social media.



OCX Cognition / sandsiv+

OCX Cognition and sandiv+ collaborated on research to provide more specific answers to the questions and fears raised by the pandemic, using a survey instrument distributed by email and via social media, targeting CX professionals globally. Conversations with leaders in the field helped shape the research effort.

Invitations to take the survey were sent to the mailing lists of both companies and posted on LinkedIn and Twitter. 862 people responded by the time we processed the data. Results were analyzed manually and by using the Sandsiv+ software platform. Questions required a mix of pre-defined answers and open text responses.

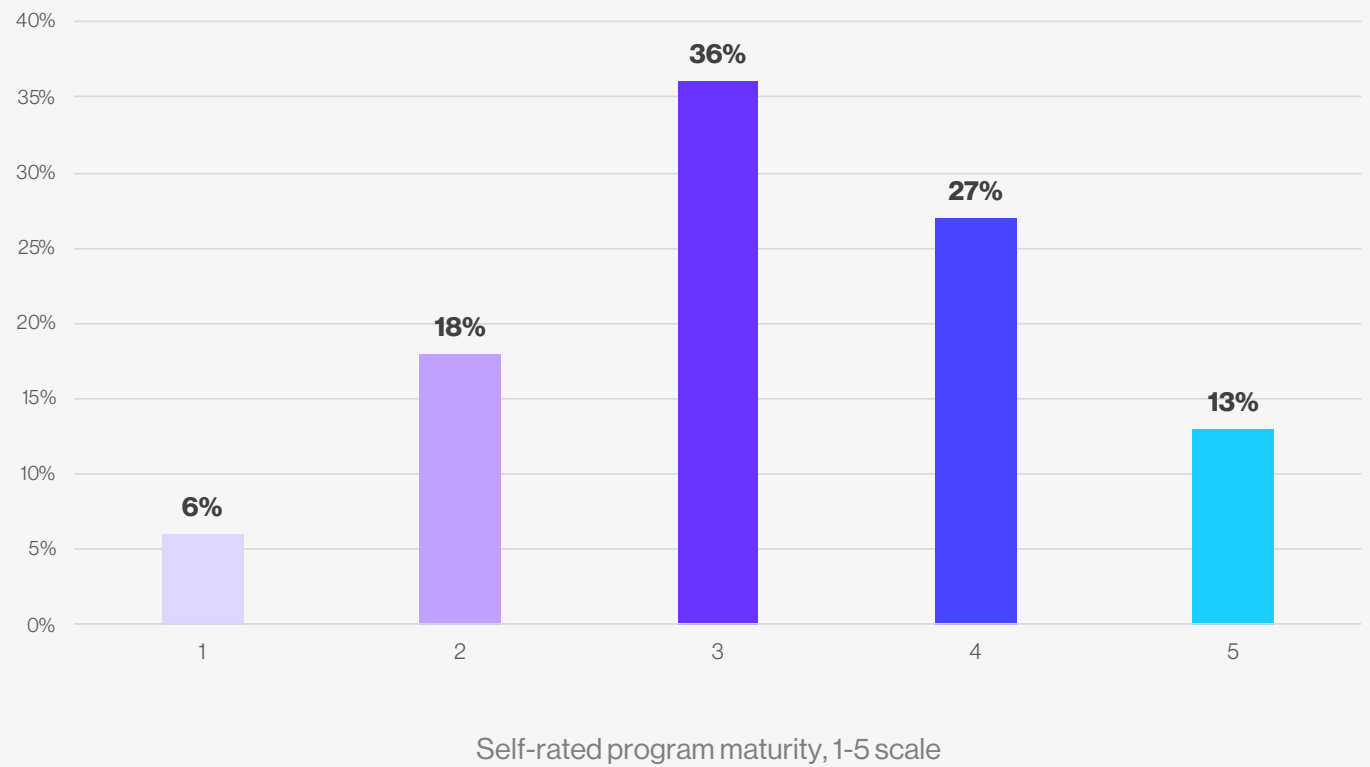
The full survey is shown in the appendix

Key Findings

Respondent group reports higher than average program maturity

EXHIBIT 1

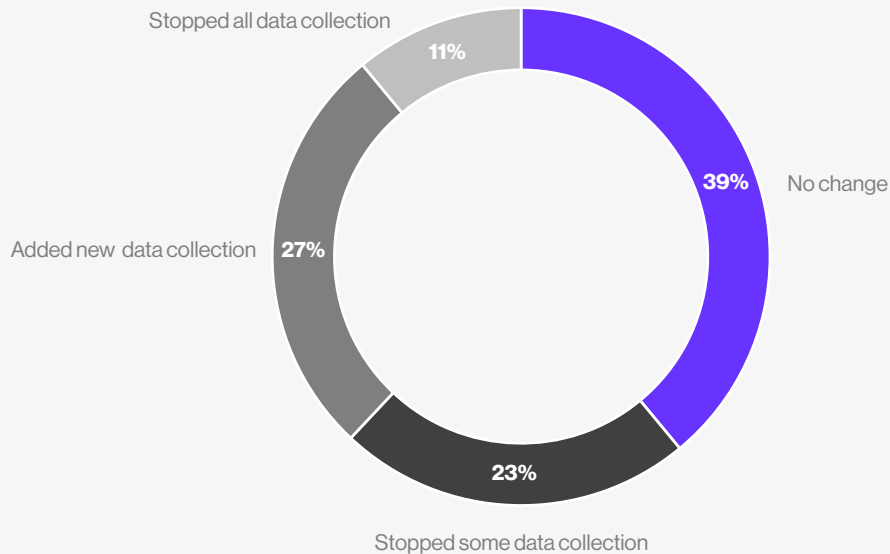
Respondents self-rated the overall maturity of their CX efforts. Results showed maturity levels slightly higher than a standard distribution would have predicted. Exhibit 1 shows companies' self-ratings.



Key Findings

Only a small number of companies stopped survey programs

EXHIBIT 2



Gathering and interpreting the voice of the customer becomes more difficult during mandatory closures, partly due to decreased opportunities for interaction. Some VOC programs kept functioning even though their businesses were effectively closed. Few actually halted VOC / survey work, as shown in Exhibit 2.

Slightly more companies decided to increase data collection than decrease. This is understandable for companies such as e-commerce sites, some types of healthcare products and services and logistics companies, for example. However, since over a quarter of companies increased data collection, we believe the effort goes well beyond such businesses and demonstrates a desire to be closer to customers during the pandemic.

Just 11% of companies stopped all data collection.

“Not the right time to ask people to recommend. People are in survival mode.”

A RESPONDENT

Key Findings

Customer journeys and employee experience were the top two areas impacted

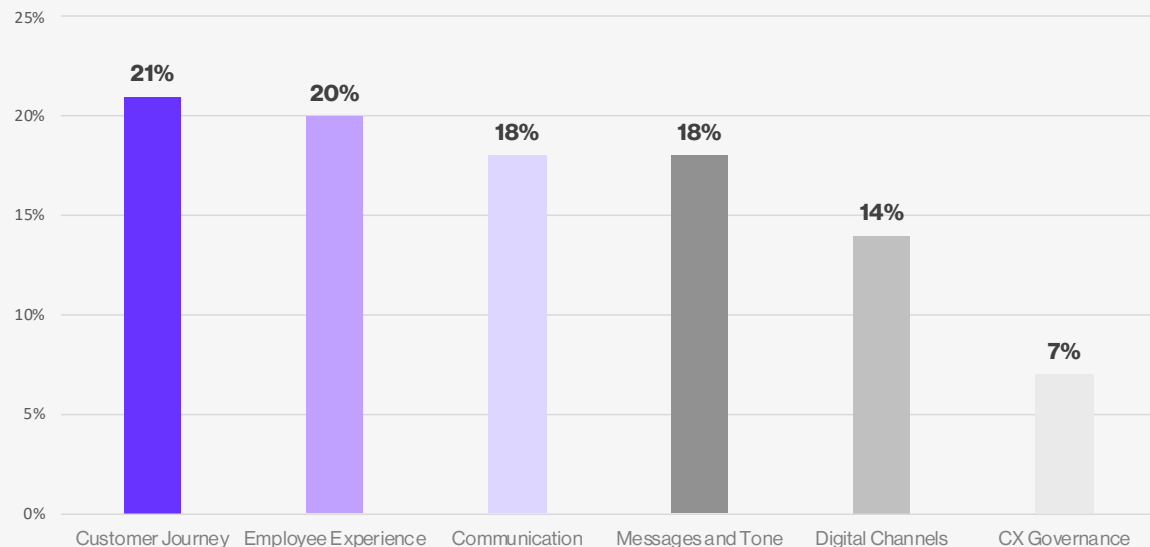
EXHIBIT 3

Customers and companies have had to interact in new ways during the rapid shifts in business operations. Physical steps in customer journeys have often been replaced by digital interactions. Accordingly, customer journey was the top area of change identified by CX professionals. Respondents could choose multiple answers. We predict the greater adoption of digital channels will only be partially reversed when the crisis ends and will discuss the impact on CX professionals in detail later in this report.

Many CX professionals also noted an impact on employee experience. This was particularly the case for companies with low levels of CX maturity. For such companies, employee experience was the top scorer at 31%. The full list of the most-impacted areas are shown in Exhibit 3.

In their answers to the open question about reasons for change, quite a few respondents commented that they felt corporate external communications had to be adjusted to show far more empathy for customers than usual. Indeed, if the 'Communications' and 'Messages and tone' items are combined, they become the largest impact area.

Digital channels became more important for some companies and were noted as impacted by 14% of respondents. This is particularly understandable for companies where physical interactions with customers stopped or became extremely limited, and may reflect a growth in the importance of self-help channels when contact centers became overwhelmed.



"We're in retail/e-commerce, there's no reason to stop or change it as we still need to measure customer sentiment using same methodology to be comparable."

A RESPONDENT

Key Findings

Increased executive attention may require adjustment

The results suggest that CEOs and senior leaders are taking more interest in what customers are thinking and are looking to the CX leader to be the customer spokesperson. That is quite a challenge for those CX leaders who have seen their primary role as the production of scorecards, rather than insights, or perhaps to supply insights rather than to propose and implement improvements.

The external situation changes rapidly in times of crisis. The only tool most CX leaders have at their disposal is the humble survey. Using surveys to get a picture of the leader's own company's performance is difficult enough and a crisis means the usual time lag of up to two or three weeks to create the picture is simply unacceptable. And as for gathering information about competitors... Traditional benchmark surveys take months to complete and document and are therefore useless in the short term.



"We are part of an industry deemed essential. We want to especially reach out to our B2B customers at this time. Relationships still go on even if times are hard! We still want to hear from them and perform the closed-loop process now, more than ever."

A RESPONDENT

Key Findings

Money matters more than ever

The job role of the CX professional is likely to undergo significant change, according to our research. Less than 6% of respondents expected to carry on as before.

Higher focus on cost, revenue, and profitability was the most cited shift that CX professionals expect to see in their own roles from the Covid-19 crisis.

Most CX professionals face obstacles to making this change in their roles. To credibly demonstrate financial impact, they need to be able to accurately predict the financial impact and ROI of changes they (and customers) propose, whether in terms of growth or of cost reduction. Most CX leaders do not know how to do this, and are doubly challenged by the lack of financial standards for critical CX concepts like customer lifetime value (CLTV).

See our recommendations for standardizing CLTV calculations in the following section.

Interpretation and suggestions



Recap of what research findings indicate

To recap, research findings indicate that most companies are adapting their programs, most companies expect changes in messaging and communication, executive scrutiny is more likely, and greater emphasis on financial performance is likely.

The companies that succeed in this shifting environment must make fundamental changes to operations.

We recommend these three key areas of focus:

- **Proving the impact of CX on financial outcomes**
- **Advocating for wise cost-reduction**
- **Building more sophisticated data assets for real-time insights**

We have chosen to focus on future-facing items, things that take customer experience and NPS to new levels. Our intention here is three-fold: to help CX teams achieve improved financial outcomes, indicate appropriate ways that CX leaders should address corporate cost reductions, and to suggest how technologies that did not exist when NPS was invented can better integrate CX work with day-to-day corporate operations.

Interpretation and suggestions



Standardize your customer lifetime value calculation

It's easy to say that CX leaders need to be able to demonstrate the ROI of relevant investments. Easy to say, but not so easy to do. Or at least that must be the conclusion based on how few CX leaders do so. The lack of a standardized calculation for customer lifetime value (CLTV) presents a significant obstacle. We suggest CX teams lay the foundation for overcoming this roadblock by agreeing the precise CLTV calculation with their CFOs. Here is our proposal:

The basic principle is that for most companies the financial value of the company and the value of their customers has to be identical. We are not talking about the stock market value. There is only a single generally accepted methodology for valuing companies: discounted cash flow (DCF), the current value (the net present value) of all future cash flows forever, from all sources of cash. Unless your company has substantial investment income, the only relevant source of cash is customers.

As sources of cash, customers fall into just two categories: your current customers, and those you will attract in the future by word of mouth and by demand generation. You should already know the average contract renewal rate, the average purchase amount and the average annual purchase frequency for your existing customers. This means you can quite easily calculate their DCF. Companies tend to be a little less rigorous in documenting the financial for new customers. If you don't have precise data we suggest agreeing some approximations with your CFO.

Now you know what your customers are worth. The next step for CX leaders is to split customers into relevant categories. We suggest starting with their NPS status. If you have an existing brand-level NPS metric, you should have all the information you need to establish the different purchasing and renewal rate habits of Detractors, Passives and Promoters. If you do not find meaningful differences in behaviors between the three categories your survey program is worthless and you have a different problem.

Interpretation and suggestions

"We need to track customer needs and behaviors constantly now more than ever."

A RESPONDENT



Become an advocate for 'invisible' cost savings

While some companies come out winners in times of crisis, the majority lose out. Companies with sudden drops in revenue will naturally seek out ways to minimize the damage to profits. For many companies, cost reduction becomes a question of survival. In our experience with cost reduction efforts over the years, we can say with confidence that customer experience leaders are never spontaneously asked to be part of the small team deciding what to do. Multinational companies have extreme restrictions on what they are allowed to communicate before they have briefed workers councils and unions on planned actions.

CEOs are human. They want the various members of the leadership team to consider them as being fair. It is common to see them demand an equal percentage of cost reduction to every member of staff. At a psychological level it does indeed sound fair. The problem is that a general 15% reduction in cost can easily lead to a 15% or greater reduction in customers.

This is where the modern customer experience leader needs to intervene. All companies have costs in areas that have no effect whatsoever on the customer journey; costs that are totally invisible to customers.

Real estate costs are a good example. If you move your rented company HQ from where it is now to a smaller space in a lower-rent part of town, your customers will never notice it. We don't feel it is appropriate for the CX leader to go into fine detail about which of the thousands of areas of cost belong in which category. It should be enough to have the general principle accepted. To pick an example, if you have already outsourced your contact center and its case volumes have not changed, there should probably not be a cost reduction objective for that. If you operate your own security and canteen services; things customers never see, why not go for a 20% cost reduction by subcontracting the work?

Interpretation and suggestions



Expand customer insights well beyond traditional survey methods

There is a general, easily understood problem with traditional survey methods: We think a 40% response rate is sensational. Putting this more negatively, we think it is sensational to have no information on how 60% of our customers feel about us. Additionally, traditional survey methods examine the past, not the future. A modern world full of technologies like AI that did not exist when survey-driven NPS was created placed new demands on CX teams, and provides new solutions.

So, how should CX leaders deal with the new demands? Real-time operational and other data should be combined into an AI model that suggests what the NPS status is for 100% of customers. Survey NPS data is primarily used to calibrate the model. Work by both OCX Cognition and Sandsiv suggests that this is indeed possible. The predictive model allows companies to intervene before it is too late, before customers reach out to your competitors to solve their urgent problems. At OCX Cognition, this is called Spectrum NPS.

“We run a low volume VOC program at the end of consulting engagements. It’s our way of ensuring that our clients got what they wanted (and more) from our engagement. While we are working remotely, that connection with clients remains critical to ensure that we are delivering high quality work and adjusting to our new remote work methods”

A RESPONDENT



Conclusion

Covid-19 continues to impact many major aspects of the lives of everyone on our planet.

It is therefore unsurprising that companies and their CX teams have been impacted, some negatively and a larger number positively. CX leaders and their executive sponsors must step up to this new reality. Stepping up involves taking customer experience work from the simple production of scorecards to initiatives and other work that will improve corporate financial outcomes during this crisis and beyond. Prerequisites are deep corporate understanding of and believe in the relationship between customer experience, as well as the addition of new techniques to predict NPS status of 100% of customers based on operational and other fast-changing data.

This is the future of NPS.

Meet your CX challenges head on.

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OCXCognition™

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