

Customer expectations are changing at a radical pace. Getting on top of these ten trends will help you adapt and meet the increasing demands of your customers.

## 10 Trends Shaping the Future of Customer Experience

Market-driven insights to help you compete in a world where traditional industry boundaries are disappearing and commoditization is ever more commonplace.

# Overview: Customer experience trends are raising the bar for everyone.

In today's mobile-first, omni-channel world, if you're responsible for any aspect of B2B customer or consumer experience, you need to understand these trends and their potential impact on your company.

## Key Issues:

1. Customer experience—as a discipline and competitive differentiator—is now a strategic priority across industries, channels, and devices.
2. Customers have high (and growing) expectations of the experiences they believe they deserve.
3. Customer standards are set by “the best” experiences that leading companies provide, raising the bar for everyone.
4. The delivery of great customer experiences will become an ever-greater priority in a digitally driven world.

As leading analysts and industry executives now recognize, Customer Experience is a critical, fast-growing management discipline: one where technology increasingly drives, enables, and (sometimes) impedes the interactions between organizations and their customers.

In today's mobile-first, digitally driven world, the challenge for all companies is to understand where and how to focus their efforts on meeting customer expectations and when and how it's appropriate to exceed them.

The rise of customer expectations is due in large part to the fact that today's digitally enabled, smart customers have less tolerance for mistakes, easier access to information, and a lot less time and patience, which makes the likelihood of defection high if their expectations aren't met.

When it comes to more effectively serving and engaging customers in this swiftly changing environment, there are many different things organizations can do to improve customer experience and drive engagement.

The ten trends outlined in this white paper point to some of the key issues that companies need to better understand when it comes to serving ever-smarter customers in an increasingly competitive omni-channel environment. And if 2020 taught us anything, it's that the environment evolves more rapidly than anyone can possibly predict.

Will you be able to align data, processes, and technology to better serve your customers on their journey—in a post-pandemic world and beyond?

# All of these trends are linked tightly together, and they impact multiple groups, teams, and functions within your organization.

## Addressing customer experience trends for nearly two decades

The customer experience trends we're going to cover in this whitepaper aren't new. In fact, we first noticed them as early as 2015: hints and whispers of how the "best of the best" were rising to the top. And those trends weren't disappearing, either; the more we researched a consulted with market leaders, Fortune 100 companies, and more, the more we realized that these trends have evolved into the very lifeblood of successful organizations. They're the "secret sauce," if you will.

Here at McorpCX, we're independently recognized by industry analysts as being at the forefront of the customer experience management wave. We've identified customer and employee experience trends—and helped companies address and profit from those trends—since 2002.

But in all our years in the industry, we've never seen these trends be more critical than they are in 2021. We're optimistic that we're well on our way to a post-pandemic era. But if the coronavirus taught us anything, it's that life is unpredictable. Only the businesses that are poised to react with agility and precision—the ones that monopolize these CX trends—will thrive in good times and bad.

## Connecting the dots to a better experience

The trends discussed in this white paper may not be new to you. In fact, you've likely heard of most, if not all the trends we're discussing. But what's important to take away is the cumulative impact of emerging trends like these on how you serve your customers.

**"While digital technology can make human interactions more effective, it's critical to humanize digital interactions."**

Michael Hinshaw, McorpCX

Our future-looking approach to customer experience management, assessment, design, and improvement helps brands like yours understand what customer experience looks like from the perspective of your business and your industry and to identify specific opportunities to act on. In this context, we hope that these perspectives inspire you and your teams to look at the trends in a new light.

## Why getting on top of these customer experience trends is so important to your organization<sup>1</sup>

Good customer experience brings customer closer



**43%** will pay a higher price for convenient experiences

**43%** pay more if they receive warm, inviting service

**63%** willing to provide more personal data in exchange for good experiences

up to **16%** price increase for products accompanied by better service

Bad customer experience pushes customer away



**59%** will leave a loved brand after a few bad experiences

**17%** leave a loved brand after just one bad interaction

nearly **79%** will stop doing business for unfriendly service in-store

**46%** walk away if a brand's employees aren't knowledgeable

“If you don’t make an emotional connection with customers, then satisfaction is worthless.”

Gallup

## 1. Your competition is investing heavily in customer experience.

Back in 2005, the phrase “Customer Experience Management” didn’t even register on Google Trends. Now, however, nearly 80% of business executives believe that customer experience is the primary way they stand out from the competition.<sup>2</sup> Not best prices, best product quality, or most innovative products (although those certainly help)—just customer experience.

And they’re putting the proverbial “money where the mouth is,” too. For example, Statista Research predicts that spending for CX technologies—just one piece of the CX puzzle—will soar as high as \$641 billion in 2022.<sup>3</sup> That’s up from \$471 billion in 2018.

These investments are predicted to continue to flow across all channels, customer segments, and industries around the world. We believe that the primary driver of this profound shift is a simple recognition: In a customer-driven world where products and services are increasingly commoditized, customer experience is proving to be the only truly defensible competitive advantage.

## 2. Employee experience is as important as customer experience (if not more so).

Employees are who actually deliver on the promises your brand makes, so the connections between employee engagement and customer experience should be obvious. But despite the fact that your people are the ultimate drivers of customer experiences, not nearly enough energy, training, and investment has been spent on improving experience for employees.

On the intuitive level, the pandemic brought this issue into sharp relief. Remote work became the norm, not the exception. Valuable employees were laid off or let go entirely. And now, we’re seeing hundreds of businesses struggle to attract new talent (or re-attract old talent). For many potential workers, the tedium of work, or the poor employee experience, isn’t worth the hassle.

A negative employee experience puts your business on the fast-track to mediocrity (or even failure). But a positive EX drives meaningful, sustainable growth. The reality is that engaged employees work with true passion and feel a real connection to their company and the importance of serving their customers. Engaged employees drive innovation and move the organization forward. This may sound like “soft data” to some executives, so how’s this: Gallup reports that companies with engaged work units enjoy a myriad of benefits, including a 10% improvement in on customer satisfaction ratings.<sup>4</sup> Plus, they enjoy a 20% higher sales rate—which ultimately leads to a 21% increase in profitability.

Customer experience winners are those customer-and-employee-centric companies that prioritize their culture and their people.

## 3. Customer experience design will become a critical capability for experience leaders.

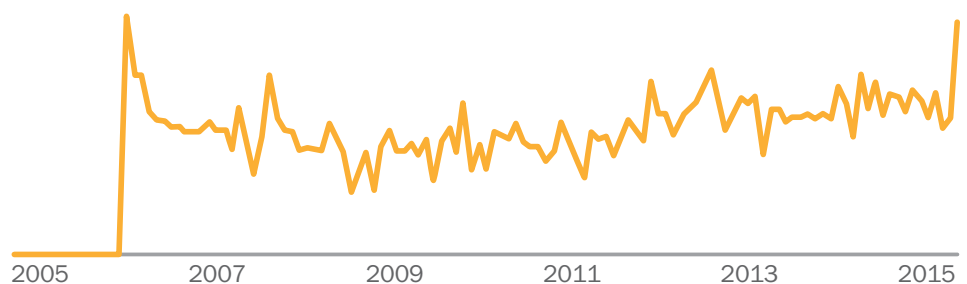
As widely discussed as customer experience is, the process of designing these experiences is a discipline that few organizations truly understand. Given the increasingly important role of digital (see trend #9), companies need to bring cross-channel experts and insights, as well as technology and advanced analytics, into the process.

Ranging from identifying and closing experience gaps to driving true innovation, McorpCX has been able to craft seemingly simple design improvements to drive massive results for its clients. You can too, provided your designs are driven by well-qualified customer insights (assumptions and inference don’t count).

We’ve seen the simplification of a single interaction save a company \$5 million *and* increase customer loyalty. Adding sensors to a product created something highly differentiated in a commodity business, driving both growth and margin. And the list goes on.

### Interest in “Customer Experience Management” Search Term Over Time

According to Google trends, Customer Experience Management is a relatively new discipline, getting traction in late 2005.





Just as companies like Amazon and Apple bring customer expectations into the design process today—prototyping and testing solutions and iterating improvements before launching and scaling—mindfully designed customer experiences will be a hallmark of the most successful organizations in the future.

#### 4. Competition for customer experience talent will become increasingly intense and harder for non-experts to judge.

If customer experience improvement isn't a priority for your business, you're already miles behind your competitors. Just look at how many businesses have a specific executive-level position in charge of their CX initiatives. In 2017, 35% of businesses didn't have a C-suite equivalent role for customer experience.<sup>5</sup> But by 2019, that number was down to just 10%. Despite that executive leadership, however, only 12% of companies self-identify as having a "Mature" customer experience.<sup>6</sup>

This illustrates the fact that it's hard to find highly experienced CX professionals, and it's only going to get harder. As a relatively young management discipline, experts are thin on the ground, and they will be for some time. Given the strategic priority of CX, you'll be competing for talent not just within your industry, but with everyone.

While customer experience management can obviously be learned, there are few generally accepted practices as there are for more established strategic disciplines (e.g. brand strategy, marketing, and product management). We suspect this is one reason that 76% of CX Top Performing Companies turn to outside professional services experts with specialized customer experience expertise to help them get up and running, train staff, and accelerate success.<sup>7</sup>

#### 5. As "the best" get even better, customer expectations of experience continue to increase.

In the old days (i.e. through 2010), competition was easier. You could name your competitors, do some market research, and build strategies to play up your strengths and overcome your weaknesses. But today, you no longer compete just against the best in your industry—you compete against customer experience leaders everywhere, in every industry, like Southwest, Zappos, and Virgin America.

Today, customer expectations of experience are set by the best across every industry. Think about how Amazon's online user experience has spoiled us, and how their two-day shipping has set expectations for shipping across an array of supply companies. Or how Disney treats "guests"

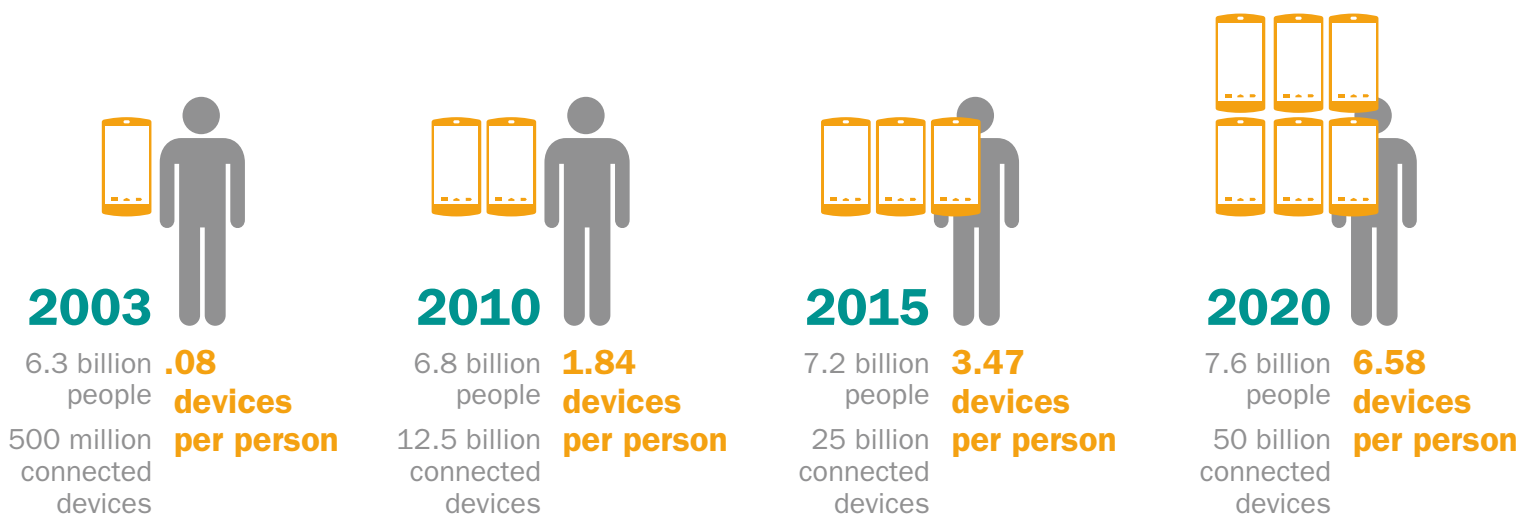
in their hotels and boutiques, and the fact that this level of service has been cited by customers of a retail clothing manufacturer. Think about how you relied on online shopping, prompt shipping times or a quick, seamless grocery pickup experience to get your own essentials during the pandemic, and you get the picture.

Companies that embrace these changes will not only survive; they'll thrive. Those that don't, won't. As a result, there's only one approach executives should embrace: Make understanding and responding to the needs of your customers a priority.

#### 6. Demand for personalized and customized experiences will continue to grow.

In the age of smart, connected customers, personalization is the future of experience. Given a choice, each of us (as well as our customers) prefers experiences tailored to our unique wants and needs. Firms that can customize our experiences have significant competitive advantage over those that cannot.

Already, mass production and consumption of news, entertainment, products, and services have lost the battle, giving way to personalization and customization. 'One size fits all' simply doesn't fly anymore. And it doesn't have to.



Organizations of all sizes have the tools for intelligent personalization via the data that surrounds almost every customer. The better companies become with using this data to understand and serve their customers, the more effective and competitive personalization and customization are going to be. Customizing products and services to meet the needs of individual customers based on an understanding of what they want is one of the hardest things for a competitor to copy, which is either very good or very bad news for you.

### 7. The physical web—that is, the ability to “surf” the real world much like the internet—will continue to expand.

With the cost of digital sensors plummeting and the ability to store and analyze the data they gather getting easier and cheaper, we’re in a situation where nearly any product or device can become ‘smart.’

We’re already seeing digital extensions to physical products; consider smart clothing that has companion apps to sense your health and exercise stats. And Forrester Research predicts that this rapid, omnipresent digitization will only continue. Spurred by the ongoing effects of the COVID crisis, companies have realized that digital

is no longer a “nice to have.” It’s a necessity.<sup>8</sup> Furthermore, by the end of 2021, at least 30% of Global 2000 companies will have extensive digital portfolio offerings.

The services created by digitally enabled products, services, and assets create previously unheard of opportunity for customer experience leaders. Now you can use sensor technologies like GPS, accelerometers, RFID tags, and others to collect and share data that makes your customers’ lives easier and more enjoyable and your products and services smarter and more effective.

### 8. Customer journey mapping will remain a key tool for driving insights from the outside in and the inside out.

No two customers are the same; they never have been. Just to name a few: Millennials are twice as likely to look to social media channels to impact purchasing decisions.<sup>9</sup> Baby Boomers rely on the ability to “touch and try” a product nearly twice as much as Gen Z. Millennials, Gen X, and Gen Z all rely on online financing methods, but Baby Boomers don’t. You can expect 75% of online purchases from Gen Z to be returned.

That’s enough statistics to make your head spin. That’s where customer journey mapping comes in.

Understanding what motivates your customers across each of these channels—their perceptions and needs, hesitations, barriers, and concerns—is a challenge for any organization. Customer journey maps are tools companies use to reveal what customers truly want and the best ways to go about achieving customer needs.

Combined with research-based customer personas, journey maps help companies understand their customers’ experiences across different segments, journeys, channels, and devices, and provide a way to communicate the complex series of actions and motivations that drive the end-to-end customer experience company-wide. A proven resource, they will continue to be one of the most powerful tools for understanding the unique journeys of customers, including helping to identify the gaps and pain points in their experiences.

### 9. Physical and digital channels will become more integrated.

While it’s unlikely most customers have heard of (or care one bit about) terms like ‘omni-channel,’ they expect a seamless experience across an ever widening variety of channels. They fully expect to be able to interact with a company wherever they are, whenever they want, and through any device they choose. And of course, when

## How might McorpCX help you?

To learn how we can help you better understand and connect with your customers, visit [www.mcorp.cx/contact](http://www.mcorp.cx/contact) or call 1-866-526-2655.

customers adopt a new channel or device (like mobile phones or tablets) they don't abandon the old ones—they simply add to their digital arsenal.

Customers also expect to leverage in-store technology to educate themselves and to find the products they want. This means they are able to start transactions in one channel and finish in another, often at the same time.

As challenging as it can be to enable these capabilities, understanding in-store customer behavior has become as important as tracking user behaviors online. So the need to seamlessly integrate digital and physical experiences is here to stay, and an integrated digital strategy becomes even more critical to help address the challenges.

10. The role of emotions will become much clearer as brands recognize the importance of how customers “feel” about customer experience.

Last but not at all least, those companies that understand the impact and importance of emotion in the customer experience will have a distinct advantage when it comes to getting close to their customers. The old saying “*Aim for your customers' hearts, not just their heads*” seems to be designed as a mantra for customer experience practitioners.

**McorpCX** is a leading customer experience services company delivering consulting and technology solutions to customer-centric organizations since 2002.

Our practical approach has led to measurable growth, deeper engagement, and better business outcomes for fast-growth market leaders and the Fortune 100, including Microsoft, lululemon, T. Rowe Price, and Blue Shield of California.

Whether your organization is just beginning its customer experience journey or is well down the experience transformation path, we are experts at driving customer experience transformation in an increasingly connected world.

That's because customer experience is what your customers *think* and *feel* it is. These feelings and the emotional connections you have with customers are a key driver of brand loyalty. Forrester Research notes that emotion has a great impact on the customer experience than both effectiveness and ease.<sup>10</sup> In turn, those emotions foster increased revenue and profits, higher sales rates, and of course, emotionally invested customers who are more likely to recommend your business. They're also more likely to repurchase, won't flinch if you raise prices, and won't defect to one of your competitors.

That's why understanding and measuring the emotional impact of experience is one of the key disciplines any customer experience effort needs to embrace.

The delivery of great customer experiences will become an ever-greater priority as companies realize that aligning data, processes, and technology to the customer journey is a critical success factor in a digitally driven world.

## In Summary: 10 Trends Shaping the Future of Customer Experience

1. Your competition is investing heavily in customer experience.
2. Employee experience is as important as customer experience (if not more so).
3. Customer experience design will become a critical capability for experience leaders.
4. Competition for customer experience talent will become increasingly intense and harder for non-experts to judge.
5. As “the best” get even better, customer expectations of experience continue to increase.
6. Demand for personalized and customized experiences will continue to grow.
7. The physical web—that is, the ability to “surf” the real world much like the internet—will continue to expand.
8. Customer journey mapping will remain a key tool for driving insights from the outside-in and the inside-out.
9. Physical and digital channels will become even more integrated.
10. The role of emotions will become much clearer as brands recognize the importance of how customers “feel” about customer experience.

<sup>1</sup> Experience Is Everything, 2018. PwC, Inc. 2018.

<sup>2</sup> The Gartner Customer Experience Survey, 2017. Gartner, Inc.

<sup>3</sup> Spending on customer experience (CX) technologies worldwide in 2018, 2019 and 2022. Statista Research Department, 2021.

<sup>4</sup> The Right Culture: Not Just About Employee Satisfaction, 2017. Gallup, Inc.

<sup>5</sup> 2019 Customer Experience Management Survey. Gartner, Inc.

<sup>6</sup> The Top 5 Most Important Customer Experience Trends, 2020. Hotjar, Ltd.

<sup>7</sup> How Top Performers Use Outside Expertise to Improve Customer Experience Quality. Gleanster, Inc.

<sup>8</sup> Predictions 2021: “COVID Wrote the Business Case—Our Future Is Digital.” Forrester Research, Inc. 2021.

<sup>9</sup> The Global Omni-Channel Consumer Shopping Research Report, 2018. BigCommerce Pty. Ltd.

<sup>10</sup> The 2018 Customer Experience Index. Forrester Research, Inc. 2018.

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**McorpCX** is a leading customer experience services company. For more than a decade, our blend of strategic thinking and design innovation has helped companies—from fast-growth market leaders to the Fortune 100—transform products, services, customer experiences, and internal processes in exciting and profitable ways.