

THE RELEVANCE OF

CUSTOMER EXPERIENCE

IN A **DIGITALLY CONNECTED WORLD**



Table of Contents

Introduction.....	2
Customer Experience in Essence.....	3
What is Customer Experience?	3
Why is Customer Experience Important?.....	3
How is Customer Experience different from Customer Service?.....	4
Can Customer Journey Impact CX?	5
Core Trends that are Shaping CX.....	6
Designing Experiences that are Personalized to Each Customer	6
Delivering Proactive rather than Reactive Experiences	8
Creating CX Strategies with Empathy at the Heart of them	9
Key Metrics for CX Service Leaders.....	11
Measuring the Impact of CX Strategies	11
CX Leaders in Singaporean Markets.....	12
The Future of CX.....	15
Contributors.....	16

Introduction

Every brand is constantly competing for an edge over the others in their respective industries. And by now, most companies have figured out that delivering extraordinary customer experience (CX) is the way to the top. Several studies have indicated that CX has taken precedence over price and product or service features as customers primarily look for brands that can stand out with their great service delivery.

Customer expectations in Singaporean markets have grown significantly over the last year. Online demands, ranging from personalization to empathy, have witnessed growth through the COVID-19 period. A Nielsen's report indicated that two out of five customers in Singapore have shown an increase in online shopping activities, and this number is expected to continue to rise due to the widespread implementation of 5G services¹.

With more and more customers turning to online platforms to avail products and services from various brands, the need for more personalized experiences and better technology has also increased. To keep up with these demands, companies are focusing on providing exceptional customer experiences with the power of artificial intelligence (AI). 66 percent of insiders within the marketing community expect most engagements between customers and brands to occur through AI within the next 10 years.²

In the coming years, companies will need to focus on elevating their customer experience by adopting technology and service practices that can help them analyze customer behavior and set them apart from other brands.

¹ MediaBuzz (2020), [Consumer Trends That Define The Digital Economy In 2021](#)

² Ibid

Customer Experience in Essence

What is Customer Experience?

Customer experience, or CX, is the overall perception that customers have of a brand or an organization based on their every interaction. CX, spanning the entire lifecycle of a customer, begins before the purchase and lasts even after its completion. The impression created during this lifecycle leads to the customers' decisions on repeating the purchase or dropping the brand.

Whether they intend to or not, any brand that conducts business with people delivers a customer experience. As the name suggests, customer experience is dependent on the opinions of the customer. While a brand may assert that its product or service is excellent, customers are the ultimate decision-makers.

As it is only possible to predict customer behavior to a limited extent, brands may be unable to maintain complete control over customer experience. Therefore, brands need to tip the odds in their favor by reviewing and optimizing each of their contact points with the aim of maximum customer satisfaction.

Why is Customer Experience Important?

As services become increasingly transactional, customers use exceptional CX, rather than functions or product features, to identify the brands they prefer.

Customers want their preferred brands to build an emotional connection with them. They want businesses to show them care and respect by paying attention to their needs. Companies need to prioritize CX and offer personalized engagement at every step of the way, as it distinguishes them from their competitors.

Every interaction with a customer impacts their general perception of a brand, making CX essential for business success. These customers could turn into unofficial brand advocates who would further recommend the brand to their network of friends and acquaintances.

Many companies in the market differentiate themselves by delivering CX superior to that of the others. Some of these distinguishing factors could include:

- Addressing customer needs through marketing campaigns.
- User-friendly navigation and assistance on retail store websites.
- Effective sales and service strategies that serve both B2B and B2C customers.
- Making customer information easily accessible to relevant teams so that customers do not have to repeat their requests.

In short, delivering outstanding CX can lead to better customer satisfaction and retention. Companies that can relate to their customers the most have a better likelihood of influencing their decisions to stay loyal to a brand. By focusing their efforts on CX, companies can gain an edge over their competition.

How is Customer Experience different from Customer Service?

Although the two terms are similar, customer service and customer experience cannot be used interchangeably. Customer service refers to the support that a company provides to customers who are facing issues. It is a part of customer experience, which pertains to the entire customer journey.

Customer service is concerned with a customer's interaction with employees, primarily the customer support team, before and after a sale. These interactions may transpire through communication channels like email, live chat, phone calls, social media, and chatbots. Customer service is reactive support, which is brought into effect only when a dissatisfied customer reaches out to the company for assistance.

On the other hand, customer experience highlights the emotions, opinions, and reactions of a customer at every touchpoint in the journey. It starts from the research stage and continues through the purchase and beyond, i.e., providing product/ service feedback to the company and recommendations to others. Unlike customer service, customer experience is proactive, which implies that companies can take the necessary steps to optimize the journey to avoid disappointing their customers.

When companies deliver outstanding customer service consistently, it positively impacts the customer's experience with the brand. CX is a comprehensive process that goes further than just customer service.

Unlike customer service, which is concerned with one interaction at a time, CX is a responsibility entrusted to every person in the company. It prepares for the overall customer journey by building trust through long-term customer relationships.

Can Customer Journey Impact CX?

CX comprises all the points of contact that a customer has with a brand, including the product packaging, instructions manual, support services, and repairs and exchange. Customers form an opinion on the brand based on the feelings and emotions they experience at each of these touchpoints.

Customers may transition from feeling happiness to indifference to disappointment or a range of other emotions. Consequently, they form positive opinions when let's say, the customer support is efficient, and negative judgments when they deal with slow service. These emotions and opinions may vastly differ from one touchpoint to another.

The best way for businesses to build brand loyalty is by determining customer touchpoints and creating specific experiences at each stage. With each recurring touchpoint, companies create more repeat customers, who will turn into brand advocates and generate new clients for the business.

Analyzing the touchpoints at all stages, i.e., before, during, and after the purchase, can help brands get a closer look at the preferences of their customers. It enables them to offer the right kind of support and an unmatched level of customer experience. Therefore, brands should invest more time and effort into carefully identifying each digital touchpoint to deliver as much value as possible with each customer experience.

Core Trends that are Shaping CX

In Singapore, customer experience derived a new meaning during 2020. Many businesses in Singapore experienced a growth in their volume of online transactions, which was three times higher than usual, stated a survey by Accenture³. As the world enters into the post-lockdown period, there has been a rise in customer expectations, with greater demand for empathy and interaction.

Now that organizations have had sufficient time to overcome technical difficulties, customers, particularly those that have witnessed other brands do so, expect to be back at the forefront of CS delivery. Although customers are now returning to a more relaxed state of mind, there is still an air of uncertainty and anxiousness, making it essential for businesses to tune into customer needs and provide a seamless experience.

The 2021 Genesys Customer Experience Transformation Readiness Index for Asia-Pacific (APAC) is perched at 54 percent, suggesting that there is an enormous and as yet untapped potential for growth and innovation. However, while leadership readiness presents itself as the topmost challenge and opportunity for APAC firms, only 11 percent of them have integrated cross-functional teams, technologies, and processes that enable the transformation of customer journeys⁴. Businesses in the APAC region have been working towards correcting these issues starting with:

Designing Experiences that are Personalized to Each Customer

Personalized customer experience refers to offering support services that are tailored to individual customers based on their specific needs and wants. Personalization of services leaves customers feeling more satisfied and allows companies to build a closer relationship with their customers.

According to KPMG's Customer Experience Excellence Report 2020 (KPMG CEE Report 2020), 19 percent of customers in Singapore prioritized Personalization above other drivers of customer experience excellence, which included Integrity, Expectations, Time and Effort, Resolution, and Empathy⁵. Customers value personalized experiences and often opt for less economical options if it means receiving solutions that are individualized to their needs.

³ Accenture (2020), [COVID-19's impact on Singapore's digital consumer](#)

⁴ Genesys (2021), [The Asia-Pacific Customer Experience Transformation Readiness Index 2021](#)

⁵ KPMG (2020), [Customer Experience Excellence Report](#)

To provide personalized customer service efficiently and effectively, businesses should equip themselves with the right information and technology. Companies can gain access to the right customer data by relying on AI tools and omnichannel platforms that can help them understand the people they are servicing. By building a repertoire of background data for every client, customer service teams can determine what their customers care about and accordingly provide real-time contextual support on any platform.

Omnichannel Customer Experience

Omnichannel Customer Experience comprises all of the customer touchpoints ranging across various communication channels that are integrated seamlessly, enabling customers to begin the experience on one platform and switch over to another without any hassle.

The idea behind omnichannel personalization is to provide a consistent experience to customers any time they engage with a brand either offline or online. Omnichannel personalization draws customer information from various channels such as social media, calls, mobile apps, emails, as well as in-store interactions to deliver a rich experience across every touchpoint in the customer journey. Omnichannel CX creates more business and drives longer-lasting customer relationships by:

- **Personalizing the experience** - Customers can interact with their favorite brands through their preferred channels, be it social media, chat, or others. Companies can provide personalized support by activating multiple channels at once. For instance, if a customer visits an e-commerce store but abandons their cart at the last minute, companies can later retarget such customers through social media ads and entice them with discounts. The personalized attention that customers receive can enhance the overall CX and heightens the chances of converting a prospective customer into a paying customer.
- **Building customer loyalty** - When customers receive an enhanced level of customer service, it also improves their loyalty to a brand. Customers hate hitting frustrating roadblocks, and so, when they encounter a brand that can offer an excellent customer experience, they tend to remain loyal and return for more purchases.

Omnichannel CX also breaks down silos within an organization and facilitates cross-team information sharing, which enables service teams to deliver holistic support to customers. By implementing technology that can unify data from multiple platforms and channels, companies can provide their employees with one-stop access to any information they need to fulfill customer needs. As must be evident, omnichannel CX is a part of customer service that not just enhances the customer journey but also enriches the employee experience.

CX powered by Artificial Intelligence

Companies understand the value of integrating AI into their CX strategies to achieve success in their businesses. This is due to the intelligence and convenience offered by AI in creating memorable experiences at every customer touchpoint.

The greatest advantage of artificially intelligent customer service is that they automate support processes and can create a quick and hassle-free experience for customers. Chatbots, for instance, are used to interact with customers using AI-powered conversations. They are designed to imitate live agent interactions and deliver personalized solutions instantly.

AI chatbots help avoid unnecessary delays and mistakes in customer service, particularly while handling angry customer complaints. With the help of automated responses, service teams no longer have to handle simple and repetitive queries and companies can cut down on training costs for their employees.

AI-based personalization has the power to make every customer feel as though each experience was drawn out just for them. Today, companies use AI to predict personalization for customers by incorporating it into everyday routines. Predictive personalization is especially helpful in determining online consumer behavior by tracking the time spent on websites, purchases, searches, interests, and more. Businesses can ascertain the needs of individual customers by analyzing this data and suggest the best solutions for them.

In addition to tracking consumer behavior, AI can also help generate insightful real-time reports by entering other marketing, sales, service, and other functions. These actionable data points will play a key role in enhancing customer engagement and improving employee experience by allowing them to make smart decisions.

Companies are quickly realizing that AI-backed analytics that covers the entire customer journey will be crucial in delivering impactful customer experiences efficiently. By effectively segmenting customers and delivering pertinent content through omnichannel data and AI, companies can design a personalized journey for their customers.

Delivering Proactive rather than Reactive Experiences

Proactive customer support is concerned with predicting and addressing customer issues even before they occur. It requires businesses to anticipate the roadblocks that customers may face and resolve them before they become issues. Companies may offer proactive solutions

through various means including, but not limited to, FAQs, knowledge base, community forums, videos, and instruction manuals.

When a brand's customer service is limited to reactive support, it involves customers reaching out through call, email, or an online contact page and then awaiting a response. With proactive support, brands can empower customers to resolve the issue on their own using FAQs, knowledge portals, chatbots, AI search, etc. By including proactive elements in customer service, brands can resolve issues before customers reach out and thus create a more seamless customer experience.

Further, proactive customer service is not just about enhancing support for customers. It also contributes to a better employee experience by boosting their efficiency and reducing the ticket volume for queries regarding simple and repetitive issues. Some ways in which proactive customer service improves the overall experience for both employees and customers are:

- **Suggested responses to common questions:** Using predefined or canned responses, customer service representatives can proactively interact with customers in an effortless and meaningful way while simultaneously reducing resolution time.
- **Real-time support with live chat:** By enabling the live chat feature on their website, companies can guide prospective customers and existing customers through their shopping journey.
- **Self-service tools for instant support:** Companies can also offer proactive support to their customers by creating a knowledge base or portal comprising tutorials, FAQs, instructional videos, and more. Customers can navigate through the functionalities of a brand's products and services with step-by-step manuals without having to contact the service team.

Proactive customer service is not just essential to satisfy and retain existing customers but also to convert them into brand advocates who can create more business and further drive profits. And the quickest way to achieve this goal is by delivering proactive customer service and surpassing the CX levels of other brands that typically offer only reactive support.

Creating CX Strategies with Empathy at the Heart of them

Customer Empathy refers to taking the customer's opinions and feelings into consideration while making business decisions. By stitching empathy into interactions, businesses can do away with assumptions about the customer's experience, ask the right questions, and employ empathetic listening to solve issues.

Organizations can implement the below strategies and technologies to incorporate empathy into their service delivery processes and enhance overall CX:

- **Be genuine** - Companies cannot deliver empathetic customer support without being genuine. Using informal everyday speech without being overfamiliar, companies can create a comfortable environment that puts customers at ease.
- **Emotive chatbots** - Chatbots can often come off as cold and disconnected. However, fusing mildly emotive words and phrases into the predetermined speech can help give chatbots a more natural feel.
- **AI-powered conversations** - With the integration of AI tools that can detect cues in customer responses and suggest the most appropriate prompts to agents, companies can be better prepared to deal with frustrated customers in real-time.
- **Customer-focused processes** - The key feature of customer-centric service delivery is flexibility to a certain degree. By letting go of rigid service formats to a certain extent, companies can convert even unhappy customers into satisfied ones.

CX has never been more essential than it is now. Companies that allow their customers to feel heard can develop closer relationships that ultimately last longer.

That said, each customer is different and requires individualized service. Some customers are uninterested in building empathetic relationships with businesses. They prioritize competence over empathy and prefer to receive quick and efficient support without additional personalized services.

Key Metrics for CX Service Leaders

As CX deals with emotional connections and subjective opinions, it may seem like it is impossible to measure. However, businesses use a variety of CX-specific metrics applied separately or together to understand their CX levels.

Before they can begin analyzing their CX levels though, companies need to begin by determining the below three factors:

Discerning the ideal customer segment - Companies should first identify their ideal customer segment, i.e., consumers who would derive the most value from a brand's products or services if they had the chance to buy them. This also includes those who would return if they had a great experience. After identifying who their ideal customers are, companies can build personas to help them through the remaining steps.

Establishing key touchpoints in the journey - Although customer feedback gathered in an unstructured or random format can be useful in understanding their opinions, it does not provide sufficient data to enable companies to improve long-term processes. Hence, companies must keep in mind that specific touchpoints require more attention, like customer onboarding, cancellations, product returns, lost deals, etc.

Gathering customer feedback and opinions - Companies must establish a credible method of collecting feedback from customers so that they can identify areas of improvement and provide impactful customer service. By measuring customer feedback, companies can enhance CX and create positive experiences at each touchpoint.

Measuring the Impact of CX Strategies

Companies can apply measurable indicators to trace the effects of CX over a specific period and assess the positive and negative changes that impact customers. No matter the size of the organization, companies can overtake their competitors by using the right metrics to upgrade their CX strategy. Once companies have collected all the relevant data points, they can ascertain their CX strengths and weaknesses through the following methods:

Net Promoter Score (NPS)

Companies use NPS to understand a customer's experience by measuring the likelihood of them recommending the brand to their network of friends and family. Measuring NPS is

essential for business growth as it enables companies to identify trends and assess the impact of their customer experience strategy and make the necessary changes.

Customer Satisfaction (CSAT)

CSAT is a metric that generally uses a binary scale (i.e., yes/ no, happy emoticon/ sad emoticon, etc.) or a point scale (i.e., a 5-point scale wherein 1 could indicate “very bad” and 5 could indicate “very good”) to understand the level of customer satisfaction. With NPS, customers are asked to rate their overall satisfaction with the brand, whereas with CSAT, customers are asked questions specific to various touchpoints.

Customer Effort Score (CES)

CES measures the amount of effort customers have to put in to complete an action, i.e., how easy or difficult it was to solve the issue. These surveys are typically sent to customers after an interaction with the brand or when a milestone is completed. CES uses a rating scale to ask customers about how easy it was to have the issue resolved, with options ranging from “1 - very easy” and continuing all the way to “7 - very difficult”.

Response Time

Response time, as the name suggests, refers to the time taken for customers to obtain a response or solution to their query. As the business grows, companies will need to grow their service team to keep up with customer requests. If they notice an increase in the response time, then companies will need to employ more customer service representatives or review and optimize their internal processes.

Sentiment

Large brands with a massive social media presence can use machine learning technology to understand people’s opinions of their companies based on their posts. Since reputation is a key driver for business growth and success, companies can use sentiment analysis to resolve complaints before they spiral out of control.

CX Leaders in Singaporean Markets

Given the huge shift in digital trends due to the pandemic, customers in Singapore have become increasingly tech-savvy. Many brands sharpened up their customer experience strategies so they could catch up to customer demands and seamlessly evolve with the new normal.

Every company has been pushing itself beyond the limit to build better customer relationships, with some brands taking the lead with their exceptional customer experience. The KPMG CEE Report 2020 ranks brands in Singapore for their performance throughout the pandemic. According to the study, the leading three brands in Singapore are American Express, Singapore Airlines, and Apple Store, all of whom have proven reliable during unprecedented times and gained the trust of their customers.

American Express

American Express bagged the leading position for Customer Experience Excellence in Singapore with their unwavering customer-centric approach over the last year. Several consumers have applauded the brand for its strong dedication to resolving customer issues and driving favorable results, no matter how small or large the request.

By rewarding its customers with air miles and airport lounge access, the financial services brand could deliver happiness to each of its customers. Customers appreciated that the brand was able to empathize with its customers and go above and beyond to resolve complex issues by getting back to them with feasible solutions.

Customers stated that American Express was one of the most reliable brands in Singapore due to its consistent efficiency, empathy, and friendly customer service, which makes for an outstanding customer experience.

Singapore Airlines

Coming in second in the study, Singapore Airlines scored highest for Personalization and Integrity in their customer experience delivery. The members of KrisFlyer, the company's frequent flyers program, can earn discounts on flights or KrisShop by collecting redeemable 'miles'.

The airline brand also creates happy moments for their employees and their families by presenting them with a free ticket to any destination within their airline operations, in addition to year-round travel discounts and profit-sharing bonuses.

Singapore Airlines earned a permanent place in the hearts of many during the pandemic when they initiated a KrisPay It Forward project that enabled passengers to donate their air miles to buy edible treats for frontline workers during the pandemic.

Apple Store

The third brand in Singapore setting the bar high with its personalized CX is Apple Store. Apple Store has carefully designed its CX to highlight its best features at every touchpoint in the customer journey. The brand's retail stores serve as highly delightful visual experiences planned with the intention of leaving a long-lasting impression on all its visitors.

Further, the Apple Store staff interacts with customers to understand their requirements and provide solutions and recommendations that are best-suited to their individual needs. They make customers feel cared for, which is unlike most other brands that only view their customers as sales targets.

Just like Singapore Airlines, Apple Store also prioritizes the experiences of its employees. For this reason, employees are likely to be brand advocates whose passion incites excitement in their customers too.

The Future of CX

With customers in Singapore becoming increasingly dependent on contactless digital services, delivering exceptional customer experience is no longer an optional part of customer service, it is a must. Companies must start redefining their CX strategies by identifying essential touchpoints in the customer journey and develop personalized strategies specific to each customer at every stage. This goal can be best achieved by shifting to an omnichannel model that can help brands reach out to customers with individualized experiences across different channels.

Through AI technology, companies can gather more insights on their target market which will enable them to provide proactive customer support infused with empathy and personalization. Customers who feel cared for tend to be more satisfied with the brand and are more likely to return as repeat customers and brand advocates.

The future of customer experience is predicted to be driven by a highly powerful combination of human and digital interactions. Companies will witness incredible growth in the coming years if they pay attention to both human and technological aspects of customer experience.

Contributors

Author

Subhashini Krishnamoorthy
Head of Solutions Engineering & Operations – FreshIdeas

References

MediaBuzz (2020), *Consumer Trends That Define The Digital Economy In 2021*
<https://www.mediabuzz.com.sg/companies-campaigns-december-2020/consumer-trends-that-define-the-digital-economy-in-2021>

Accenture (2020), *COVID-19's impact on Singapore's digital consumer*
<https://www.accenture.com/sg-en/insights/artificial-intelligence/coronavirus-impact-singapore-digital-consumer>

Genesys (2021), *The Asia-Pacific Customer Experience Transformation Readiness Index 2021*
<https://www.genesys.com/en-sg/resources/the-asia-pacific-customer-experience-transformation-readiness-index-2021>

KPMG (2020), *Customer Experience Excellence Report*
<https://assets.kpmg/content/dam/kpmg/sg/pdf/2020/10/customer-experience-excellence-report-2020.pdf>



 FreshIdeas, #75 Meyer Road, Singapore

 info@freshideastoday.com

 www.freshideastoday.com

Powered by  freshworks