

CX Trends in 2023

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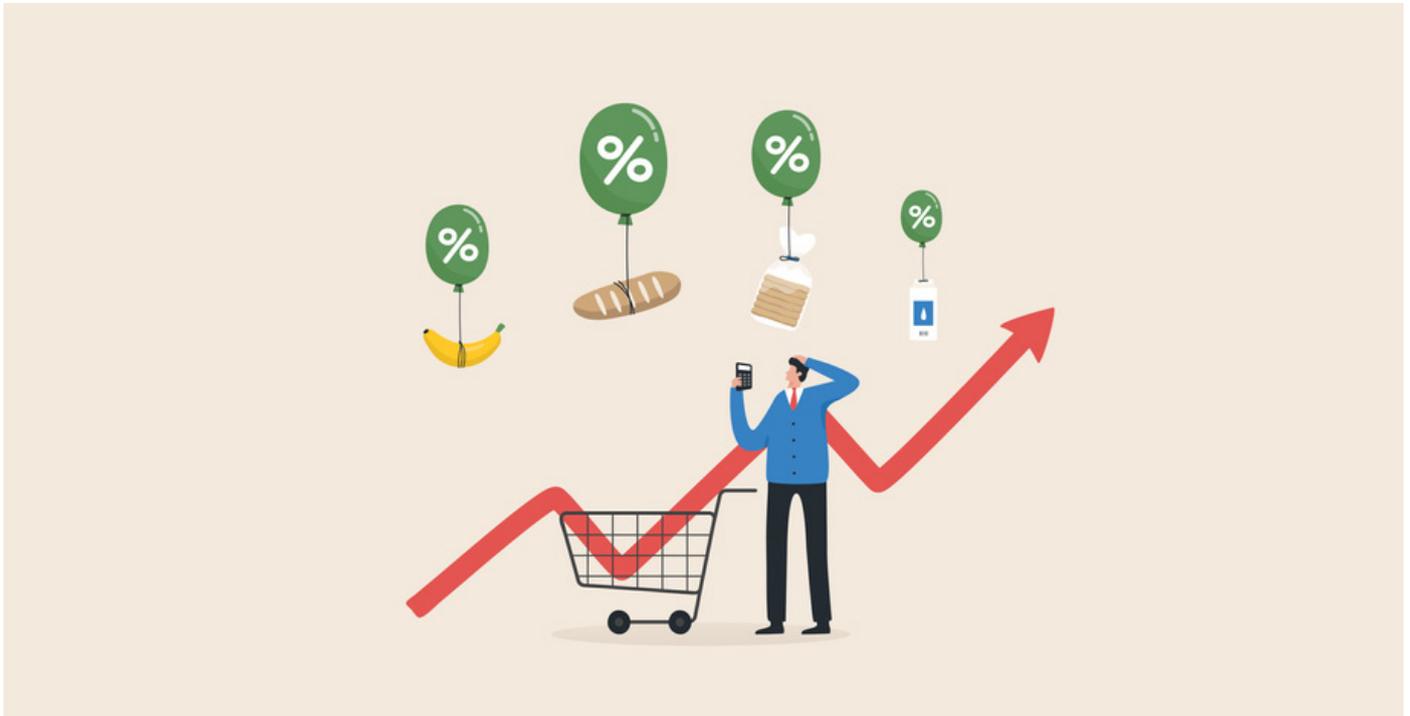
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January 2023 is shaping up to be quite different from January 2020 (the times before the COVID pandemic), from 2021 (during the pandemic), and from 2022 (emerging from the pandemic). We've had so many unprecedented events that the word 'precedented' is beginning to sound appealing. In this report, I draw together the key trends that are shaping and reshaping the CX world as we enter unprecedented times in 2023.

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It's the economy stupid



“The economy, stupid” was a phrase coined by James Carville in 1992 in his role as an advisor to Bill Clinton. In 2023, the most significant issues for customers and brands are likely to be focused on the economy and, in particular, on inflation.

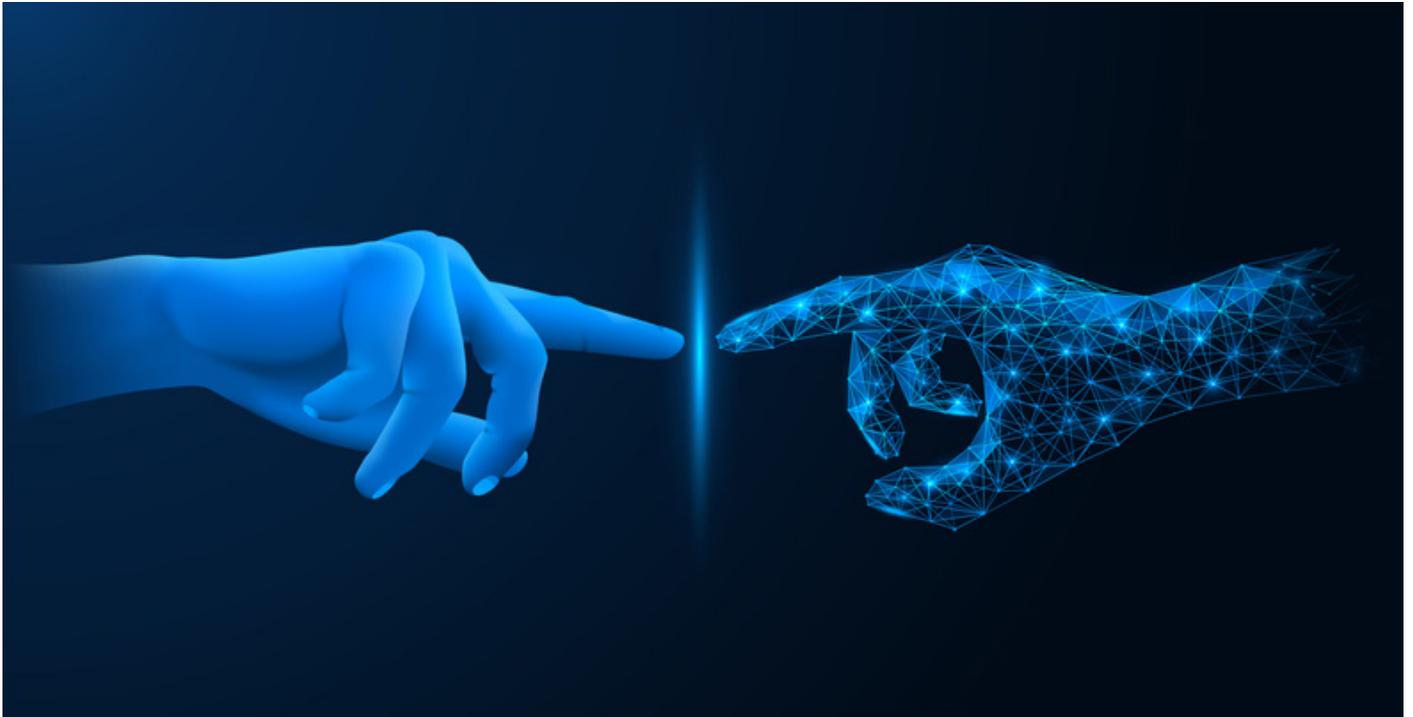
Inflation is a scourge that the West has not seen for forty years, which means few managers, customers and governments know how to handle it. Inflation reduces the spending power of consumers, pushes up input costs, and reduces the ability of organizations to plan for the future. In order to contain inflation, Governments push up interest rates, so many customers and companies will struggle with debt-related payments.

Inflation will drive some customers to spend less or to switch to cheaper alternatives, or to discontinue some products and services entirely. As a consequence of these inflationary times, many customers will change the way they answer NPS questions. Recommending consumption in hard times can seem inappropriate, especially for premium or luxury expenditure.

However, for perhaps 25% of customers, there will be no changes in behavior and preferences, for example amongst the better off or those with index-linked incomes. Brands will need to avoid short-changing these people (and avoid leaving money on the table).

From a CX point of view, it will be more important to be seen as empathetic than efficient, you need to measure whether people think you are on their side.

Seamless omnichannel



Service provision has moved from clicks versus mortar, to multichannel, and the focus is now on seamless omnichannel. Traditional operations have sought to optimize their services for each channel, often with different designers and different key metrics. However, when seen from the viewpoint of the customer, the key concept is to be seamless, to create friction-free experiences.

The term 'phygital' describes the process of blurring the line between the physical and the digital. The link between online and physical is underscored by the fact that [63% of shopping occasions begin online](#).

From a CX point of view, the most important point is for the programs to focus on the Gestalt, not on the separate features. The sum of the parts is not necessarily the sum of the whole. Focusing on the parts makes sense to those providing a service, but it often makes little sense to the customer.

The Metaverse and Web3



The launch and [meteoric rise of ChatGPT](#) is a big indicator of the rise in interest in the Metaverse and Web3. 2023 will not be the year when the Metaverse and Web3 become mainstream, but it could be the year when we start to see who will be the new Apple and Amazon-type companies, and who will be the new Kodak and Nokia losers.

Expect to see more brands and services advancing their plans for immersive experiences. Watch for companies leveraging tools such as Virtual Reality and Augmented Reality – under the broad heading of Expanded Media.

There is a blurring of the difference between sales teams, contact centers and self-service. At the moment, we see contact centers – staffed with humans – as providing a very different experience to self-service. But, as conversational AI improves, the experience of self-service is going to feel much more like talking to a person.

Don't expect the main impact of the Metaverse to be virtual reality headsets (unless you are in gaming or entertainment). Adding voice, sound, sensation, conversational AI and augmented reality (especially via mobiles) are going to happen faster and wider than immersive VR.

The implications for CX programs are several. Firstly, CX programs will need to gather data from operations leveraging the Metaverse and Web3, secondly the programs will need to utilize these tools in gathering data, and thirdly programs will need to start using the Metaverse and Web3 as a method of delivering results and getting them to the right people at the right time.

Societal Pressures

There are at least three big societal-led pressures that are going to escalate in 2023:

1. Climate catastrophe
2. Diversity, equity, and inclusion (DEI)
3. Data security

Climate Catastrophe

A recent report from the [Pew Research Center](#) shows that 75% of people across 19 countries in North America, Europe and the Asia-Pacific region label global climate change as a major threat. The shift towards electric vehicles and away from plastic is now underway. Brands and services will increasingly need to show what they are doing to help the planet.

One good example of a massive innovation is the change by Ethereum in 2022 from 'proof of work' to 'proof of stake'. The change in how this cryptocurrency works is [estimated to](#) have reduced Ethereum's power usage by the equivalent of the total amount of energy used by Austria or Ireland.

CX programs will need to monitor what customers want, and what they believe you are delivering.

DEI – Diversity, Equity and Inclusion

The trend towards more fairness in society is gathering speed around the world, especially in developed economies. This trend is being spearheaded by Gen Z, who seem the group most likely to insist that [Brands Need To Prioritize DEI And Gender Liberation](#).

However, customers' prioritization of DEI issues varies greatly. An action that might seem essential to a Gen Z might seem ridiculous to a Boomer. Brands need to balance the need to cater to different groups without straying into the realms of hypocrisy or inauthenticity.

Again, CX programs will need to monitor what customers want and what they believe you are delivering. However, because of the different priorities in terms of DEI, brands will need to avoid focusing too much on averages.

Data Security

2022 has seen some of the most egregious data breaches to date. Examples from 2022 include: [Optus Australia](#), medical records for 11 million people were accessed, 5.4 million [Twitter](#) users had their data stolen, and student loan service [Nelnet](#) leaked 2.5 million social security numbers.

The trend for companies is to try to tie all their data together and to utilize customer data to improve sales and services. However, the data security concerns raise two issues 1) people will become warier about sharing their data, 2) the reputational and financial consequences of data breaches will be greater.

The implications of for CX programs are the need to be secure and to be seen to be secure.

Recommendations for 2023



In light of the above, I would suggest five key initiatives:

- 1.** Avoid averages; your customers will want different things, their exposure to inflation will be different, and they will want different experiences.
- 2.** Establish an inflation mindset, increasing prices, factoring in increased costs, look for cheaper ways of doing business.
- 3.** Create friction-free, seamless omnichannel experiences, with a unified measurement system.
- 4.** Explore how you can leverage the Metaverse / Web3 – aiming to blur contact centers with DIY.
- 5.** Look at themes rather than cases. Fixing problems when they occur is focusing on the rear window. In times of change, you need to identify themes that enable you to improve processes and experiences, rather than fixating on cases.

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