

# Exploring the strategic value of customer experience

## Article



**A**fter a turbulent year, customer expectations around experience have changed. While many organizations are making progress toward meeting these new demands, more are struggling to consistently deliver the best possible customer experience (CX).

CX's value lies in the competitive advantage it generates, according to some experts we interviewed for our recent [“Customer Experience 2021”](#) report. “[CX] transformation *needs* to

take place to drive brand competitive advantage,” said Craig Dempster, global CEO of performance marketing agency Merkle. He argued that today’s consumers are making their purchasing decisions on three dimensions: product, price, and experience.

“Consumers are saying, ‘Give me a fantastic customer experience across sales, service, marketing, and commerce, and I’ll reward you even if your price is higher—and sometimes even if your product isn’t as strong,’” he said.

Heidi Bullock, CMO of Tealium, agreed. “There’s so much competition and so many options” in today’s marketplace, she said. “If you can provide that great experience at the right moment —companies that can do that are going to win.”

The possibility a customer will have an experience so bad that they don’t come back is quite real.

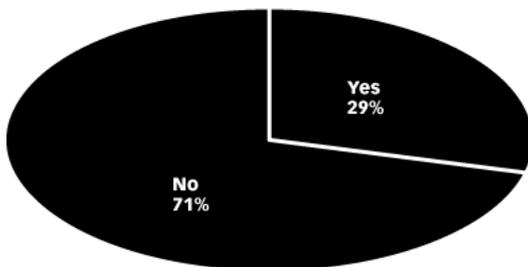
In a May 2020 Dimensional Research study sponsored by [24]7.ai, 29% of internet users worldwide said they’d recently had such a bad customer support experience (admittedly, just an element of CX, but a critical one) that they decided never to do business with the company again.

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**Internet Users Worldwide\* Who Have Had a Recent Customer Support Experience So Bad that They Decided Never to Do Business with the Company Again, May 2020**

% of respondents

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*Note: ages 18+; among respondents who have received customer support in the past 6 months; \*Australia, Canada, New Zealand, the UK and the US*  
Source: Dimensional Research, "Customers Are Less Happy Than Companies Think: An International Survey of Business and Customers" sponsored by [24]7.ai, July 28, 2020

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The importance of delivering positive customer experiences is underscored by May 2020 research from XM Institute, a division of Qualtrics, which found that 94% of US adult consumers said they were very likely to purchase more from a company providing “very

good” CX and to recommend it to others. What’s more, 89% of respondents said they would trust a company they believed offered “very good” CX.

These findings clearly suggest that the better the CX, the more likely the company is to achieve positive outcomes. Likewise, respondents who rated a company’s CX as poor or very poor were less likely to purchase from or recommend the company, forgive a bad experience, or trust the company to take care of their needs in the future, per the XM Institute.

Marketing professionals we spoke with cited several consequences of failing to deliver a positive CX, including dramatically reduced customer loyalty, poor word-of-mouth, and even higher customer acquisition costs. “There are two things working against brands today: competitive sprawl and the erosion of loyalty,” said Nneka Ude, vice president of strategy at shopper marketing agency Arc Worldwide. “Customers know that when one experience falls short, a new and better option is typically around the corner. Good customers are expensive to replace.”

One of the main reasons why CX continues attracting interest and funding is its ability to offer deep, actionable insights. A December 2020 study of marketing professionals worldwide by Adobe and Econsultancy found that the top benefit of focusing on CX was gleaning insight into the drivers of loyalty and retention. That held true for both types of respondents: “CX leaders,” defined as those with a very advanced CX approach that effectively aligned strategy and technology; and the “CX mainstream,” those with an “immature” to “somewhat advanced” approach to CX.

For more on the challenges and opportunities of CX, and how much to invest in it, Insider Intelligence subscribers can read our recent report:

**Report** by Jeremy Goldman Mar 23, 2021

## Customer Experience 2021

