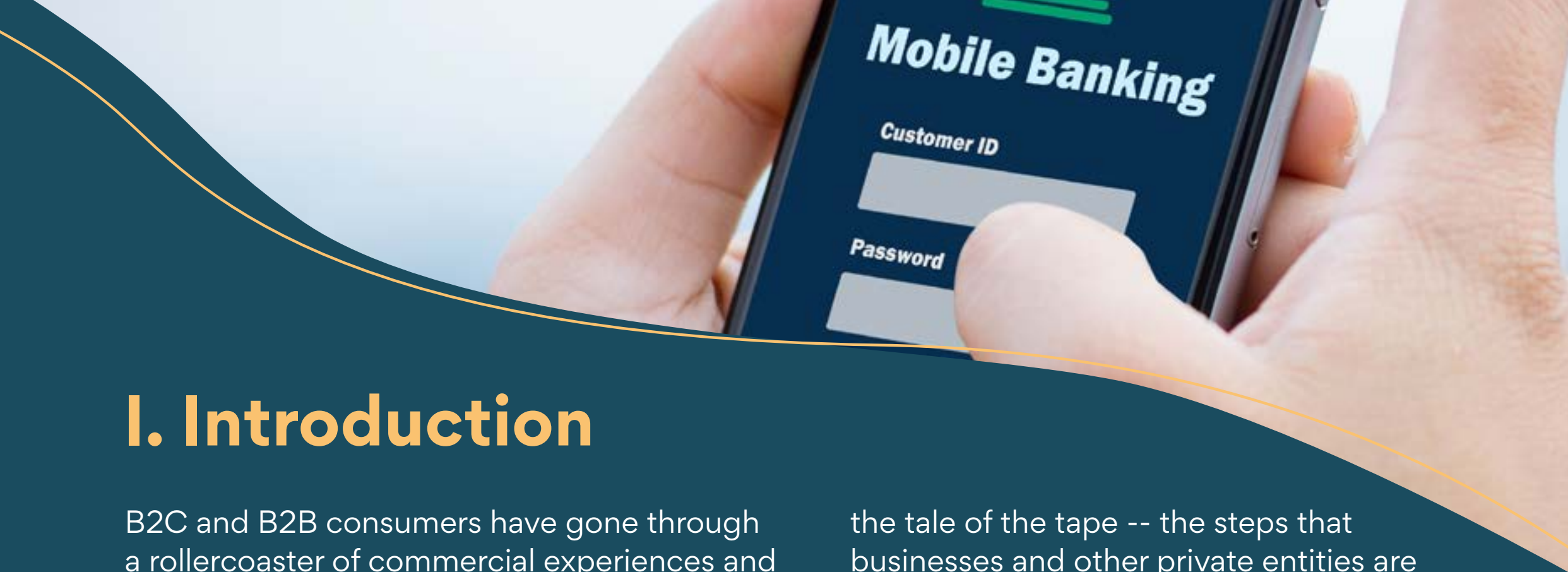


The logo for LUMOA, featuring the word "LUMOA" in a white, sans-serif font. The letter "O" is replaced by a yellow sun icon with rays.

# State of Customer Experience

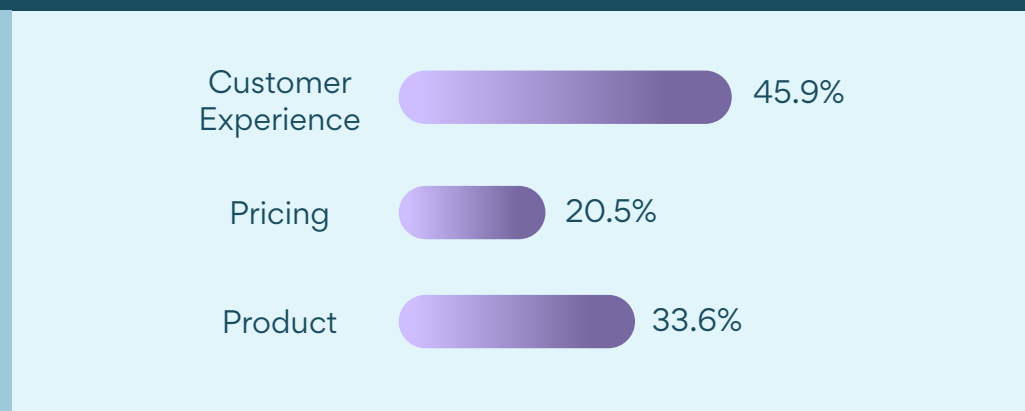
2023





# I. Introduction

B2C and B2B consumers have gone through a rollercoaster of commercial experiences and standards in the last half decade. This is part of the reason why **45.9%** of companies are prioritizing customer experience (CX) over the next five years.



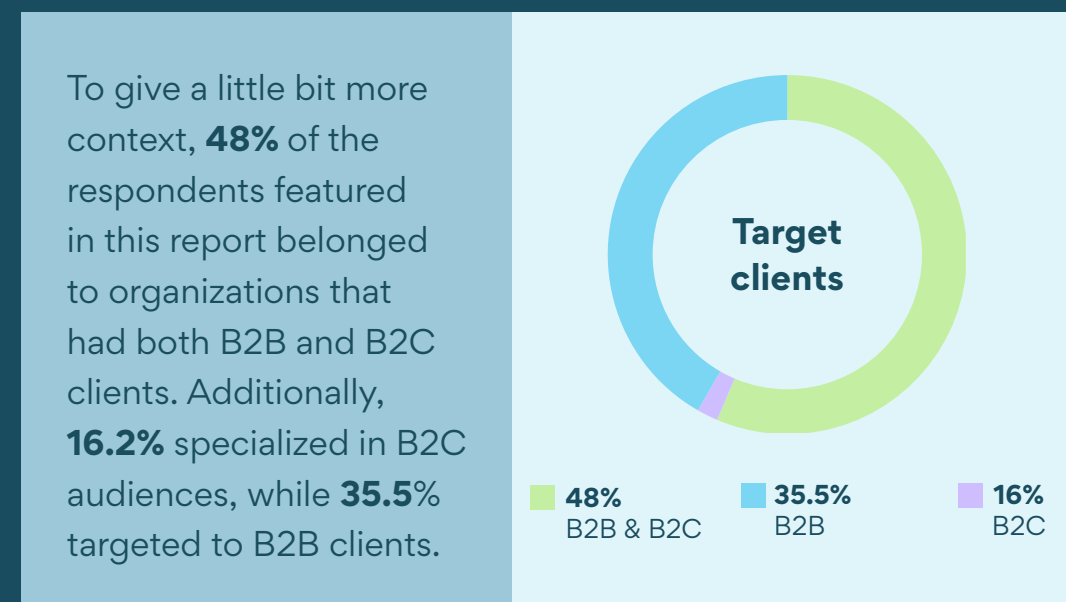
The biggest global pandemic in the last century, the ensuing rapid-fire digitalization of traditional industries, and the emergence of potentially disruptive AI technology have altered the experiences that the average consumer expects to have.

On the opposite side of the equation there's business owners, customer experience (CX) specialists, and other decision-makers that have to adapt to the fluctuation in their audience's expectations.

This is why this report focuses on the perspective of businesses and organizations.

The goal of our State of CX 2023 report is to tell

the tale of the tape -- the steps that businesses and other private entities are finding effective to respond to the changing expectations of their customers and clients.



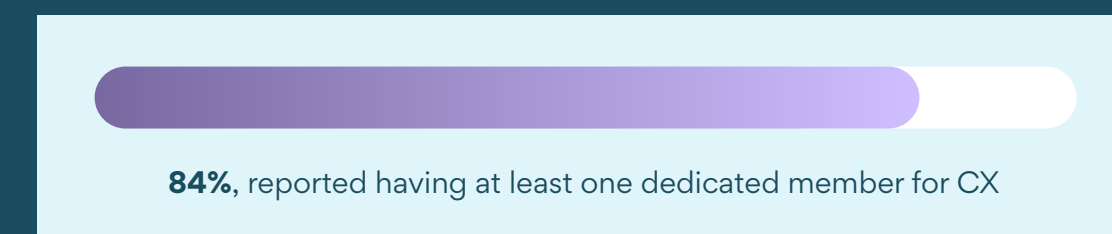
Likewise, there are 39 total industries represented in our data, with SaaS (16.2%) telecommunications (10%), and banking (9.3%) owning the highest shares. This is notable because only a handful of industries were based on physical products.

When there is no physical good present in the interaction consumers tend to put more weight on the experience they had, so creating positive interactions should be a major priority for companies that offer intangible goods.

With all that as a backdrop, let's take a deep dive into the data.

# CX Team Sizes and Types of Companies

Our survey participants showcased a diverse range of CX teams. Interestingly, the size of these teams was not uniform across the board, signifying different approaches and resource allocations to CX across companies. A significant majority, around **84%**, reported having at least one dedicated member for CX, underlining the crucial role of CX in their operations. This variety in team size can often be attributed to the overall size of the company and market shares, with larger organizations typically investing more in their CX teams.



The nature of the businesses surveyed were also varied. Many of the participants operated in both B2B and B2C sectors, while a substantial number solely focused on either B2B or B2C. Notably, the strategies for collecting, analyzing,

and storing customer feedback did not vary substantially among these different types of organizations.

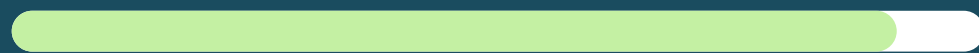
The industries most represented in the survey were SaaS and software, telecommunications, banking, and retail. However, our survey reached beyond these sectors to include participants from a diverse array of industries, highlighting the universal relevance and application of CX across all sectors.

Finally, we observed a wide range in the number of customers or users among the surveyed companies. This ranged from companies with less than a thousand customers to those boasting over a million. This distribution signifies that the importance of CX transcends the size of a company's customer base. It is more likely to be shaped by the specific industry and customer expectations, indicating that irrespective of company size or customer base, CX remains a cornerstone of successful business operations.

# Notable Findings

- CX matters!

- 91% of companies believe that CX is essential to their business



- 80% of companies plan to add more surveys and new CX touchpoints in 2023



- AI is already making an impact

- 40% of respondents use AI for customer feedback analysis



- 31.2% use AI for chatbots and one-to-one customer service conversations



- 118 out of 128 respondents believe AI could improve CX management



- Feedback channels tend to be the same

- The most popular channels for customers to leave feedback

- Email (39.2%)



- Customer service interactions (35.9%)



- On the website (21.1%)



- Feedback channels heavily influence insight platforms

- The most popular channels for creating CX insights

- Email (36.8%)



- Customer service interactions (33.6%)



- On the website (29.6%)



- CX information is used by various departments

- Customer feedback is most commonly accessible to

- Customer Experience (54.7%) department



- Customer Service (45.2%) department



- Other stakeholders that also have access to varying degrees include

- CEO and top management (25.6%)



- Marketing & Digital Channels (22.9%)



- Sales (21.9%)



- Product and R&D (16.7%)



- Admin departments (12.6%)



- Technology-centric industries lead the CX charge

- The most represented industries in the survey

- SaaS and Software (43.7%)



- Telecommunications (27%)



- Banking (25%)



- Retail (25%)



These key findings and insights can be used as a guide to understanding the current state of customer experience management while also highlighting some of the elements that will likely shape future trends.

- 16% of companies have no dedicated full-time person for CX

- 20.6% of companies have one dedicated person for CX

- 29.7% of companies have a CX team size of 2-4

- 13.7% of companies have a CX team size of 5-8

- 19.8% of companies have a CX team with more than 8 members



# State of Customer Experience in 2023

In this context, CX refers to the processes, actions, activities, and steps you take to create a great experience for your customers.

The CX journey begins when a customer first enters the sales funnel and continues long after they complete their first purchase. CX processes are closely tied to the customer journey and it's essential for companies to focus on this area at every stage.

More companies are focusing on CX than ever before, in part, because customers now expect more from their brands.



Today, **4 out of 5 customers** believe that the experience created by a business is just as important as its products and services.



Add to that another **66%** that expect brands to understand their needs.

However, **54%** believe that companies do a poor job at transmitting the right information while **66%** say they're being treated like numbers.

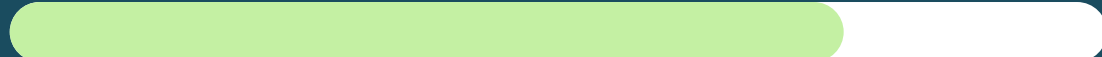


Moreover, there are many challenges companies must overcome on the way to implementing a robust CX strategy. These include:

- **Budget and Profitability:** Creating a strategy, implementing different solutions, tracking metrics, and transforming the insights collected into actionable information represents an investment.
- **Technical Variables:** Ineffective data silos, outdated tools, and poor personalization options are some of the technical challenges that CX-centric companies need to overcome.
- **Human Interactions:** Ensuring that your team members see the value in and always follow CX best practices can be difficult even with a large budget and powerful technical solutions.

Likewise, it's also important to note that there are clear areas of improvement that offer companies great opportunities to boost their CX performance. For instance:

**76%** of customers expect consistent interactions across departments



**74%** of customers have used multiple channels to start and complete a transaction



**52%** of customers expect offers to always be personalized



**88%** of customers expect companies to accelerate digital initiatives



**61%** of consumers feel like they've lost control over how their personal information is used



Each one of the observations above presents a unique opportunity for companies to strengthen their CX processes.







## Why Analyze the State of CX?

The State of Customer Experience 2023 was created by Lumoa with the goal of assessing the methods companies currently use to measure engagement with and delight their audiences.

At the same time, this ebook aims to identify the trends that will shape CX processes within different organizations and the overall direction of the customer experience industry.



## Research Method Used

For the creation of this ebook, we surveyed **135** business owners and decision-makers from around the world.



Not all questions included in this survey were mandatory and many of these had multiple allowed responses, which is the reason why you'll find discrepancies in the number of answers in some questions.

The goal of this research was to identify the trends and processes that CX-centric companies currently have in place and analyze them in the context of current and future consumer expectations.

In addition to the raw data, we've included an interpretation of our findings and commentary based on our knowledge of the global CX landscape.

## II. CX Survey Data Analysis

In this section, we will analyze the data collected through our business owner survey. The answers below cover a wide range of essential CX processes, but we've divided them into 5 major categories:

1. KPIs and Goals for 2023 and Beyond
2. CX Challenges, Analyzing the Impact of CX Initiatives, and ROI Calculations
3. Evaluating CX Resources and Granting Access to Feedback
4. Direct Customer Feedback, Insights, and CX Touchpoints
5. AI Usage and Potential in CX Management

For each section, we will provide the number of respondents and an analysis of the responses.



# 1 KPIs and Goals for 2023 and Beyond

CX key performance indicators (KPIs) help companies measure and improve the customer experience efforts.

But, which KPIs are commonly used? Which are some common goals these companies set?

Here's what our research yielded.



## What Are Your Goals for CX in 2023?

No. of responses: 99

### Analysis:

The goals for CX in 2023 were diverse among the respondents. However, some common themes we identified were:

- **Improving NPS, CSAT, and other KPIs** - Many respondents consider a rise in their scores in various key metrics as a success.
- **Better understanding and usage of CX tools** - Respondents want to maximize the value of tools like Lumoa.
- **Enhanced customer journey** - Some companies have a focus on improving the customer experience throughout the entire journey.
- **ROI and financial impact** - Here, organizations want to quantify the financial benefits of their CX initiatives.
- **Expansion and growth** - Respondents aim to grow their businesses while maintaining or improving CX quality.
- **Increased self-service and automation** - Here, the goal is the implementation of self-service options and automation of customers processes.

## What CX KPIs Do You Follow?

No. of responses: 130

### Analysis:

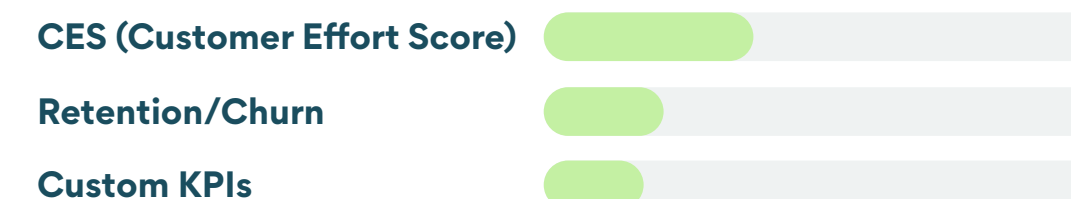
The majority of the respondents use **NPS (Net Promoter Score) as their primary KPI (79.2%)**, which makes sense as this approach is regarded as one of the most direct methods.

79.2%

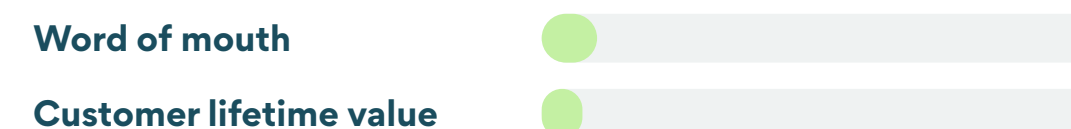
**CSAT (Customer Satisfaction) follows as the second most popular KPI with 65.4%** of respondents using it. CSAT evaluations usually consist of multiple questions, which means that consumers are less likely to complete them, hence their position on this list.

65.4%

Other KPIs that show significant usage include CES (Customer Effort Score) at **37.7%**, Retention/Churn at **36.2%**, and custom KPIs created by the organizations at **30%**.



The remaining KPIs have a much lower adoption rate, with word of mouth (**10.8%**) and customer lifetime value (**7.7%**) being the only ones above **1%**.



A few respondents also mentioned specific or unique KPIs they follow that are not listed in the main options.



# 2 CX Challenges, Analyzing the Impact of CX Initiatives, and ROI Calculations

This section asked respondents to share the most common challenges that they faced when trying to improve their CX and how to overcome them.

We also inquired about the impact of CX initiatives on business metrics, such as customer satisfaction, loyalty, and revenue, and how to calculate ROI for CX investments.

There are many common challenges that may derail your efforts to improve customer experience. Here, we asked respondents to share these obstacles and how they measure return-on-income (ROI) statistics, if done at all.

## What Are the Top Challenges of Your CX Department Currently?

No. of responses: 128

### Analysis:

The most significant challenge faced by respondents is the lack of people, with **42.1%** of respondents mentioning it as a top obstacle.

42.1%

Another critical challenge is having too many manual and repetitive tasks, which was brought up by **38.2%** of respondents.

38.2%

Both of these challenges may be interrelated, as a lack of people could lead to an increased workload on manual tasks for the existing team. However, growing the number of team members may not be the most effective way to solve this.

Instead, having tools that help complete repetitive processes at a large scale, like

reading and interpreting customer feedback, can improve efficiency and become an advantage.

Other notable challenges include not having a high enough budget (**32.8%** of respondents) and other departments not seeing the value/impact of CX initiatives (**37.5%** of respondents).

While the two above are not directly related, they can become the solution for each other. By enabling other departments to see and experience the value of CX, it may be possible to increase the customer experience investment.

This highlights the need for better collaboration and communication between departments and the importance of having adequate resources to implement and maintain CX initiatives effectively, but also the immense benefit that standard communication across a business can bring.

## Do You Measure How CX Initiatives Impact Business Metrics? Do you Calculate the ROI of CX?

No. of responses: 128

### Analysis:

The majority of the respondents (**62.5%**) do not measure ROI for any of their CX initiatives.

62.5%

This indicates that there is significant room for improvement in measuring and understanding the financial impact of CX efforts. The development of an ROI-measuring system can also reveal

## If You Measure the ROI of CX for All or Some Initiatives, How Exactly Do You Calculate It?

No. of responses: 48

### Analysis:

The methods used by respondents to calculate ROI vary greatly, with some respondents providing specific metrics or tools, while others provide more general descriptions or estimates.

Common approaches include measuring the impact on business metrics such as sales, costs, and customer lifetime value (CLV).

Some respondents mentioned using

the true impact and value of CX investments.

Only **12.5%** of respondents mentioned that it is mandatory to have ROI for all CX initiatives, while the rest of the respondents calculate ROI for a portion of their CX initiatives.

12.5%

This suggests that businesses could benefit from a more comprehensive approach to measuring and reporting the ROI of their CX initiatives to help justify the value and impact of these efforts.

correlation models, customized dashboards, and A/B testing to track changes in CX KPIs.

A few respondents acknowledged the lack of a standardized method for calculating ROI or difficulties in doing so, which may be possibly linked to challenges like a small budget.

Overall, this data emphasizes the need for organizations to develop consistent methods and tools for calculating ROI in their CX initiatives, with the goal of better understanding the impact of these actions on business performance.

# 3 Evaluating CX Resources and Granting Access to Feedback

Privacy is a major concern for companies across the globe, especially those that care about CX.

For us, it was extremely important to find out who has access to customer feedback and what type of resources are available to CX managers.

Let's review what our respondents had to say.

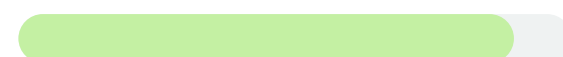
## Who can access direct customer feedback in your company?

No. of responses: 129

### Analysis:

The majority of respondents allow their Customer Experience (89.1%) and Customer Service (73.6%) departments to access customer feedback information.

Customer Experience



Customer Service

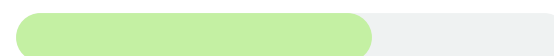


This usually includes both reports and raw data, which gives these departments the freedom to interpret the information and develop internal statistics success. At the same time, these departments use CX data to measure their performance.

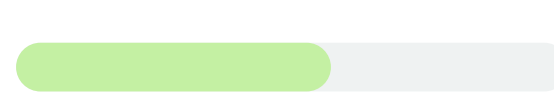
CEO and top management (64.3%), Marketing & Digital Channels (57.3%), and Sales (55%) also have significant access. These departments use this data to create better campaigns, uncover audience needs, create

better sales pitches, and improve operational processes, among other actions.

CEO and top management



Marketing & Digital Channels



Sales



Like the customer service and CX departments, it's worth noting that all these stakeholders tend to have access to the raw data as well as the report analysis.

Product and R&D (41.8%) and all admin departments (31.7%) have relatively less access to direct customer feedback. These departments can use CX data to create new products, improve services, and deliver better solutions to clients.

That said, this requires a comprehensive setup that is usually only available in large organizations. Providing access to CX data without the right structure in place may result in a security breach, so it makes sense for this access to be limited.

## Do you believe that the management of your company invests enough resources in CX?

No. of responses: 127

### Analysis:

Out of the 127 respondents, 65.3% believe that their company's management does not invest enough resources in CX, while 34.6% think

that the current resource allocation is sufficient.

This shows that most respondents perceive the support and resources for CX initiatives within their organizations as weak, showing the need for companies to reassess their investments in CX and actually empower their team members.

## If you get more resources, what kind of results/initiatives would you be able to deliver?

No. of responses: 74

### Analysis:

Respondents identified numerous potential improvements and initiatives they could implement if they had access to more resources.

Some of the common themes include:

- **Improved customer journey and experience:** Surveyed decision-makers mentioned the ability to create better user interfaces, end-to-end customer journeys, and more seamless experiences for their audiences.
- **Enhanced analytics and data-driven decision-making:** More resources could enable better analysis of customer feedback, the implementation of advanced analytics, and the use of data to drive decision-making and improvements in CX.

- **Increased focus on customer loyalty and satisfaction:** Respondents cited the potential to invest in loyalty programs, customer appreciation initiatives, and targeted efforts to address key dissatisfaction drivers.
- **Greater efficiency and automation:** Additional resources could support the adoption of AI and automation tools, leading to more efficient processes and reduced manual workloads.
- **Improved training and support:** Respondents mentioned the possibility of providing more extensive training for customer service agents and increasing support for business units.

Overall, this data suggests that with increased resources, companies could enhance their CX initiatives and drive better results in terms of customer satisfaction, loyalty, and overall business performance, as long as the investments are made in the right areas.



# 4 Direct Customer Feedback, Insights, and CX Touchpoints

One of the reasons why CX is difficult to manage is because its a sum of all channels that audience members decide to use.

As such, we inquired about the CX touchpoints and feedback channels that companies use to engage with customers and gather feedback.

Here, we also asked about the channels that companies use to gather direct customer feedback and how this feedback is analyzed to improve CX.

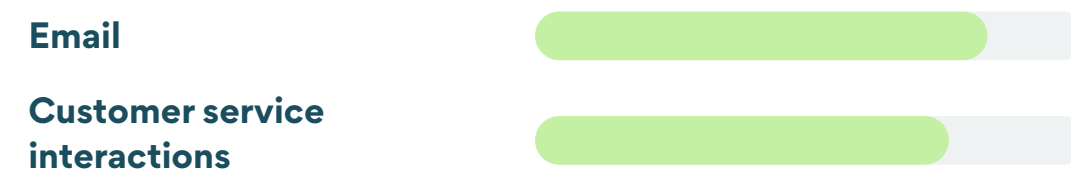
We also had to find out whether companies are adding, reducing, or maintaining CX touchpoints and surveys and how they plan to to optimize these channels to gather more actionable feedback.

## Which channels do your customers use to leave feedback? (select all that apply)

No. of responses: 129

### Analysis:

The two most popular channels for customers to leave feedback are email (82.1%) and customer service interactions (75.1%).



This makes sense as email and customer service interactions are suitable for B2B, B2C, and other business formats.

Other notable channels include the business website (just under 52%), online reviews (48.8%), In-depth in-person interviews

(50.3%), and social media mentions (43.3%).

In-depth in-person interviews stand out as a surprise, given how resource-intensive it is. Nonetheless, it's also safe to assume that the information collected by this method holds additional value because it gives customers the opportunity to provide feedback directly to the business.

Less frequently used channels include SMS (17%) and other methods such as in-app feedback, WhatsApp interactions, and B2B sales Interactions.

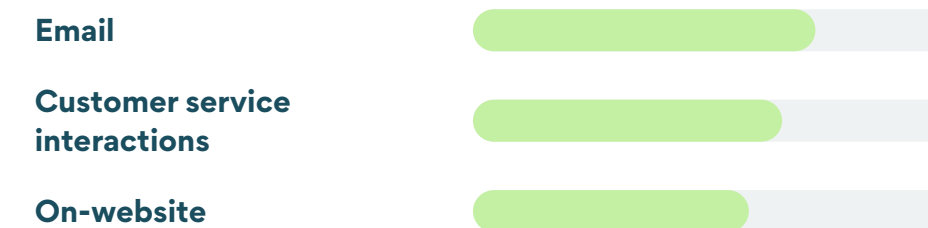
This touchpoint inquiry was among the questions with the highest number of different responses. So, it's essential to highlight the need for a CX strategy that ties in all of these channels.

## If You Measure the ROI of CX for All or Some Initiatives, How Exactly Do You Calculate It?

No. of responses: 128

### Analysis:

Similar to the channels where customers leave feedback, the most used channels for creating CX insights are email (71.8%), customer service interactions (65.6%), and on-website (57.8%).



In this context, insights are defined as any analytic or practical resource that can help improve the customer

## In 2023, you are...

No. of responses: 128

### Analysis:

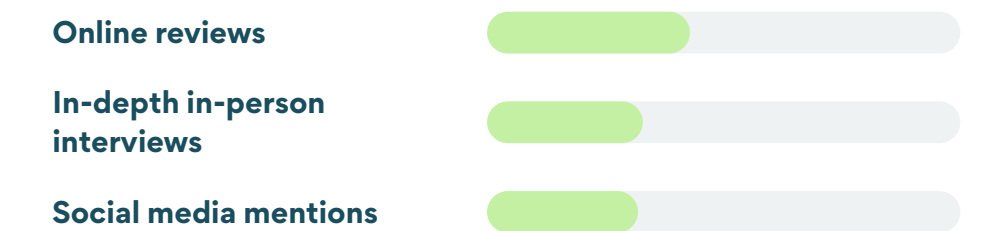
A whopping 62.5% of respondents plan to add more surveys and CX touchpoints, while 31.2% will maintain the same amount of surveys and touchpoints. Only 6.25% of respondents plan to reduce surveys and CX touchpoints.

The need for a CX strategy and dedicated team is becoming more and more obvious.

With the vast majority of companies

experience. The platforms used to create insights are closely tied to the touchpoints available, in part, because most channels provide the ability to view or generate data.

Other notable channels are in-depth in-person interviews (43.5%), online reviews (33.5%), and social media mentions (32%).



SMS (17.1%) is less frequently used, while additional methods include NPS tools, B2B sales interactions, and mobile apps.

(+93%) looking to either keep or grow the number of touch points they have, the question isn't about how businesses can connect with users -- it's about how effective these interactions can be.

This is another challenge that can be overcome with the power of AI. By having more touchpoints, companies exponentially grow the amount of data they need to parse.

A powerful AI tool that's deployed in the right situation can help companies analyze the feedback being provided and transform it into actional pieces of information with relatively little effort.



# 5 AI Usage and Potential in CX Management

Artificial intelligence (AI) is being touted as a game-changer for several industries, including the CX segment.

It was interesting finding out how companies felt about adopting relatively new technology at a large scale and implementing it into a crucial area like CX management.

Let's review our findings.

## If you use AI in customer service or CX, in which areas do you use AI?

No. of responses: 128

### Analysis:

For those who use AI in customer service/CX, the most common applications are customer feedback analysis (31.2%) and chatbots for one-to-one customer service conversations (26.5%).

Customer feedback analysis 

Chatbots for one-to-one 

Other areas include Automation and Robots (14.8%) and marketing and customer communications (8.5%).

Automation and Robots 

Marketing and customer communications 

With the above in mind, it's important to note that a significant number of respondents (48.4%) do not use AI or are unsure if they use it.

Do not use/ unsure using AI 

Unlike other areas, companies are not as willing to explore the applications of AI in CX. This hasn't stopped the proliferation of different CX tools, so it's expected to see the number of companies applying AI for customer experience increase over the next few months and years.

## Do you believe that AI could improve CX management?

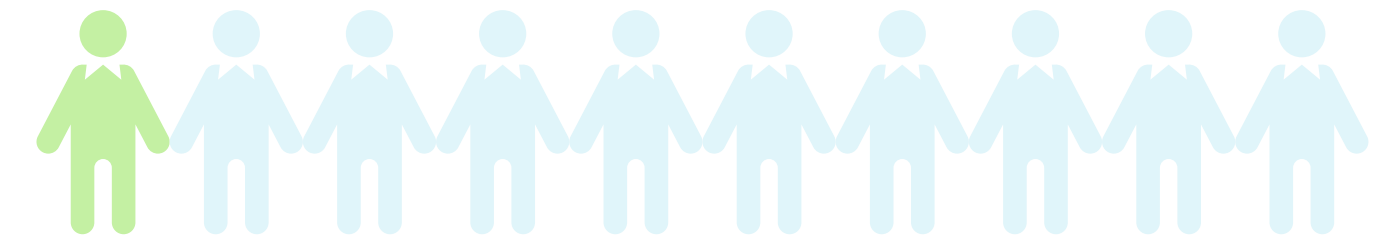
No. of responses: 128

### Analysis:

An overwhelming majority of respondents (92.1%) believe that AI has the potential to improve CX management. A small minority (7.8%) of respondents disagreed with this notion.



believe that AI has the potential to improve CX management



do not believe that AI has the potential to improve CX management

AI poses a great solution to challenges we covered before, like lack of people, too many manual and repetitive tasks, and not having a high enough budget.

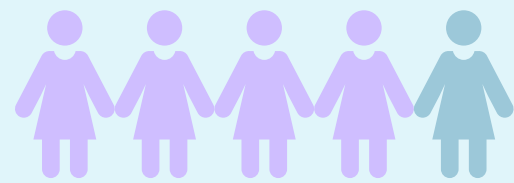
The reason for this is that artificial intelligence can complete repetitive tasks with minimal error rates. What's more, the technology teaches itself as it completes tasks, so it learns to identify the patterns and complete processes more effectively.



### III. Conclusion

Customer experience has become a driving force not only in the marketing actions of businesses, but this element now plays a crucial part in the development of new products, services, and offerings in general.

- The vast majority of companies (**91%**) see CX as essential and 4 out of 5 plan to add more channels in 2023



4 out of 5 plan to add more channels in 2023

- AI is already a valuable resource that enables more efficient customer feedback and sentiment analysis
- It's common for companies to have at least one dedicated full-time CX specialist on their teams (in most cases, it's a small team)
- Regardless of location and industry, technology can have a huge positive impact on the CX actions that companies take

### Analysis Summary of the State of Customer Experience 2023 Survey

Companies across all industries have been making a shift towards delivering a great user experience. The data on this report backs up that notion while also justifying the need for additional CX resources, actions, and techniques.

By analyzing the data above, we can attest that both B2B and B2C consumers expect more from their brand than ever before and CX is one of the ways that brands can and should cater to the needs of their most relevant audiences.

One thing that stands out is the importance of creating and following a CX strategy. In the past, a great experience was something that companies created mainly through great service. Today, valuable products or services is a big element, but it's not the only variable users consider when rating their experience with a company.

As such, it's essential for brands to gain a deep understanding of their audiences and create a system whereby they evaluate their latest audience trends and adapt their CX efforts accordingly.





