Signals for 2023 and beyond: Customer Experience

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Introduction

Accelerated and necessitated by the pandemic, digital experiences are de rigueur moving into 2023, which has elevated technology to become a primary consideration in modern strategic planning. These experiences generally fall into one of three categories—CX, EX, and developer experience—each of which has been part of the experience economy, in one way or another, for the last decade. With so much economic uncertainty moving into the new year, it's understandable that companies would want to produce high quality experiences using time-tested paradigms.

However, the primary issue with this approach is that the last few years have seen unprecedented change across the industry, and companies would be wise to update their tactics accordingly.

Context

This report aims to guide organizations aiming for lasting change in their digital experiences by providing insights, trends, and predictions, guided by Zoho's own observations, and discussions with customers, ecosystem partners, and industry analysts. These signals are intended to help customer experience professionals investigate, evaluate, and make the most appropriate considerations while designing, executing, and refining the CX strategy for their respective businesses.

Customer Experiences

Digital self-service will become a basic customer expectation in any industry.

The pandemic enunciated the need for customer self-service and catalyzed a rapid growth in investments by companies in their self-service stack. As a result, customers grew accustomed to self-service and began to expect the same convenience across sales, commerce, marketing, compliance, fulfillment, and other experiences. Even traditional industries, like insurance, health care, and finance, are already undergoing digital experience transformation within self-service and Artificial Intelligence.

In the next three to five years, regardless of industry, customers will gain the option to manage 90-100% of their brand relationships and journeys purely through self-serve experiences. This, alone, will reduce much of the complexity, costs, and risks involved in delivering great customer experiences at any scale.

Customer demand for mobile-first experiences will see a steady rise.

The mobile phone is the first “channel-less” device, capable of handling everything from a humble email to cutting edge, immersive VR. In fact, a wave of companies have already adopted a “mobile-first” approach as their primary differentiator, especially in finance, insurance, e-commerce, and education. As more digital natives enter the workforce and become financially self-sustaining, they will primarily adopt offerings from brands that are similarly digital natives—or, at least, in that proximity.

The pandemic has also validated the broad viability of digital-first and mobile-first approaches to CX in many parts of the world where mobility restrictions were in place. The surge in customer demand for mobile-first experiences is likely to push even traditional brands to prioritize mobile and digital experiences.

Privacy-based offerings like identity insurance will see strong demand.

In recent years, the topic of privacy has become more nuanced. Technology presents both new possibilities and new threats, and legislation is evolving to safeguard the interests of customers—though it has some catching-up to do. Given the current complicated nature of relationships between customers and brands, there already exists a need for customers to be more vigilant and protect the various aspects of their identity. Privacy-based offerings—like end-to-end encryption, ad-free experiences, right to be forgotten, and data audits—are already available on the technology platform side. On the business side, there are insurance offerings that safeguard against events like data loss, identity theft, and impersonation.

It's sensible to expect customer demand for these to increase, prompting a surge in the number of offerings. Privacy is well-placed to be one of the top three priorities for customers, one for which they will pay a premium to be respected.

Business & Employee Experiences

Waves of cultural changes will be driven in most companies by digital-natives.

Employees who were born in the 1990s have graduated to mid-management and senior management positions in many organizations. These digital natives drive the culture of their respective organizations today, and have already been facilitating the adoption of technology in everyday employee experiences, as well as the widespread adoption of hybrid work—both strong paradigm shifts that have challenged traditional approaches to organizational culture.

Along the same curve, it's prudent to anticipate changes, like holistic compensation in employment, an increased focus on wellness, widespread use of personalization for employees, learning and development, and other areas. It's safe to say the employee experience will evolve exponentially in the current decade, with digital experiences forming the bear share of that change.

Messaging and Video will become the hub of internal collaboration.

The shift to hybrid work in the 2020s still presents an interesting challenge for most teams and organizations. Work has become predominantly asynchronous, which changes the very fabric of collaboration. To compensate, teams are adopting and experimenting with various channels to substitute the value offered by physical collaboration. The best example of this is instant messaging becoming the hub of internal communication, augmented further by tools like white-boarding, mind-mapping, asynchronous video messages, and meetings powered by virtual reality technology. Combined with the possibility of meeting in person a few times a month, these channels help address a drop in the effectiveness of collaboration amongst teams that were previously tied to an office.

Every organization, and perhaps every team, would need to apply the above methods and find a functional equilibrium that is suitable for their specific context. In the interim, this state of flux might affect the customer experience adversely in organizations, more visibly so in some. The long term expectation is that a stable collaboration culture will emerge organically.

Functional operations professionals will get a seat at the strategy table.

From as custodians of the technology stack for quite some time, the perception of functional operations professionals (sales ops, service ops, marketing ops) has come a long way. Today, they are viewed with increased relevance as technology has evolved from being a driver of efficiency to becoming a fundamental enabler of great customer experiences has increased the relevance of functional operations teams.

The imminent wave of technology consolidation in most companies will create a permanent necessity for these organizations to consider the strategic implications and value of every technology purchase. The stakeholders who are best placed to advise and guide those considerations will be the ones with the most contextual expertise, the functional operations professionals.

IoT and AI will become key to every employee's role in the organization.

The world is already in the age of IoT and AI. Although these technologies are currently cutting-edge and have only been adopted by large organizations in their customer and employee experiences, as stable platforms emerge and cost of entry reduces, it's only a matter of time before they are adopted more widely by organizations of all shapes and sizes. Relevant capabilities for all employees include delivering critical intelligence contextually, identifying anomalies and deviations, prescribing next steps, and personalizing the journey based on the customer's intent.

Applying AI and IoT to these, and many other, use cases will become viable enough for every organization, and, in turn, become accessible to every employee in the organization. These technologies don't follow a linear maturity path, and take vast strides every two to three years; that level of rapid evolution and widespread accessibility stands to transform the customer experience for the better.

Self-service and AI will enable a "light" tier of offerings for broader access.

One of the primary input costs involved in delivering great offerings to customers is labor. High-contact, human-driven experiences have been traditionally richer and more gratifying for customers than low-contact self-serve experiences. However, recent and upcoming advancements in self-service tech—like embedded self-service, conversational interfaces, no-code and low-code interface builders, and natural language querying—have enabled self-service to become quicker, simpler, and more valuable to customers. With the application of AI, self-serve experiences have the potential to become as rich as the ones involving human employees.

The improved quality, along with the multidimensional scalability of self-service, will enable businesses to offer a low-density version of their offerings, possibly at lower cost to the customers, without relegating them to a poorer overall experience. Such a confluence will open up more companies to the opportunity at the bottom of the economic pyramid.

Technology & Developer Experiences

IoT and composability will drive stronger adoption of common protocols.

For organizations to succeed in the experience economy, they require a high degree of interoperability and the use of composable technology. This is already clear when integrating different software to maintain a connected CX technology stack. Adding a layer of devices to this mix only reinforces that need.

However, a mature technology stack powering complex experiences will lose viability for businesses, without the use of common protocols (like AMQP, MQTT in IoT, and MACH for composability). This simple reality will drive a wave of standardization within the turn of the current decade.

AI will enable big strides in software personalization like self-organizing interfaces.

Software has enabled a large amount of personalization in customer experiences. Much of that has been made even more effective by the application of AI to process customer behavior, intent, emotions, and other signals. Towards the second half of this decade, AI will be able to personalize the software experience for every employee. These self-optimizing and self-organizing interfaces will adjust for differences in roles, daily responsibilities, traits like left-handedness, and even the device being used.

Together, they will bring about an exponential leap in the employee experience.

The Metaverse will remain interesting, but immediate investments will diminish.

Representing the ultimate crown jewel of the experience economy, the concept of the Metaverse is quite fascinating, and will remain so for the foreseeable future. However, the deep research, offering development, underlying partnerships and alliances, and the regulatory frameworks for safeguarding users have to fall in place for it to flourish in mainstream society truly. All of those require copious amounts of effort, time, and funding. The economic downturn will impede this along all three axes.

The investments in the Metaverse may temporarily diminish, but the interest and commitment will remain for the long term.

Cost of public cloud infrastructure will be a top consideration for large enterprises.

The amount of technology in the average CX stack has increased multi-fold in the last decade. At the smaller end sits SaaS software built on top of public cloud infrastructure. At the larger end sits various kinds of technology built on some form of managed public or private cloud infrastructure, like data warehouses, micro-services and serverless applications, and temporary forms of storage. The common aspect across all of the above is their use of the public cloud at some level. Therefore, the cost of public cloud infrastructure directly impacts the cost of these technology offerings and deployments. For many years, this cost saw incremental increases without changes in usage; but, in the last few years, this particular input cost has seen multiple waves of substantial increases.

As organizations mature into the experience economy, they tend to consume more cloud infrastructure as they deploy more technology pieces and manage enormous amounts of data, and it's all but clear that the cost of public cloud infrastructure will need to be factored into nearly every strategic CX decision.

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