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Digital CX Services 2022-23 RadarView - Report Excerpt

Building competitive advantage with Digital CX services

October 2022

RADARVIEW™

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Defining digital CX services

Definitions
CX and CRM Systems CX and CRM systems are applications, tools, and technology used for managing and improving relationships with customers. CRM usually covers the foundational pillars of marketing, sales, service, and commerce and focuses on customer management. On the other hand, CX systems focus on optimizing the entire customer journey. CRM has evolved from a system of record to a system of recommendation for managing CX today. **Digital CX services** Avasant defines digital CX services as a combination of strategy, consulting, digital design, and technology implementation services. These services cover the value chain for customer facing functions like marketing, sales, customer service, and commerce, as well as back-end functions and processes. They encompass the entire customer journey, from customer acquisition and provisioning to retention. It also entails creating a 360-degree view of the customer across multiple channels and platforms, with knowledge management, predictive and real-time insights, and a feedback loop to enhance CX.

Functions	Digital CX functionality	
Marketing	• Digital marketing • Campaign management • Customer segmentation • Customer data management • Customer intelligence	• Customer behavior analytics • Social listening • Sentiment analysis • Text analytics • Customer loyalty
Sales	• Sales planning • Sales force automation • Performance management • Configure, price, and quote • Partner management	• Sales analytics • Smart content • Voice of the customer • Guided selling
Customer service	• Service desk • Field service management • Order management • Digital self-service • Omnichannel support	• Chatbots and virtual agents • Collaborative and live support • Survey management • Interaction analytics
Commerce	• Mobile, digital, and social commerce • Subscription management • Configure, price, and quote • Account management	• Browser-level recording • Social listening • Personalization • Payment integration

Key digital CX trends shaping the market

CX has become a value driver for the experience economy	• CX has become a major driver of customer brand preference, purchase decisions, and behavior. It is a key differentiator for enterprise growth, customer retention, and loyalty. Enterprises are trying to monetize experience by focusing on design and interactivity, increasing customer satisfaction level. • External service providers are helping customers by designing customer journeys, focusing on digital moments, customer delight, personalization, and an omnichannel experience.
Rethinking brand experience and customer loyalty with metaverse	• As technology continues to evolve, brands are rethinking their current and future CX strategies leading to an increase in adoption and investment of immersive experiences to enhance customer relationships and loyalty. • Though Metaverse is in a very early stage, brands are developing their Metaverse road map and exploring new business models to be future-ready for their metaverse implementation.
Rapid growth in the adoption of CX services in B2B and B2B2C models	• Enterprises are transitioning from B2B to B2B2C models to engage with the end customers directly leading to the rapid growth of mobile transactions, use of self-service, and social commerce. Companies are developing their own digital platforms and websites to sell their products directly to customers. • This consumerization of B2B commerce is driving enterprises to implement integrated CX strategies
Retail, BFSI, and manufacturing remain the top users of CX services	• Retailers continue to focus on providing convenience to their customers through omnichannel and personalized services such as curated shopping lists, virtual tours, live shopping, and real-time updates. The share of service provider CX revenue from retailers rose from 17% in 2021 to 28% in 2022. • BFSI constituted a 20% share of service provider CX revenue due to an increase in digital channels for banking, and contactless payments. Manufacturing constituted 12% of service provider revenue.

*Note: US retail e-commerce sales data as reported by the US Department of Commerce

Digital CX services adoption: The road ahead

Invest in a digital CX strategy that spans multiple channels and platforms	• Enterprises should invest in real-time customer journey analytics, customer data integration, and digital channels to implement an omnichannel experience. • They should adopt a data-driven CX strategy and data governance model to collect customer data across channels and use AI and analytics to provide a personalized experience to their customers.
Carefully evaluate business needs when selecting the right CRM platform	• For selecting the right CRM solution, enterprises must identify the right features and functionality based on their business needs, and type of users, and that there are no hidden costs when scaling up. They must choose based on the integration it enables and the degree of customization offered. • They should leverage industry focussed ready-to-use solutions, platforms, and accelerators for faster implementation of their CX services.
Provide a personalized and customized customer journey with personas	• To support the successful deployment of CX initiatives, businesses should use strategic tools such as personas and journey maps to have a deep understanding of how customers interact in the customer life cycle and align enterprise business objectives with customer needs and expectations. • Utilize customer data across applications and leverage analytics, predictive segmentation, and AI-based methods to optimize customer journeys across digital and traditional channels.
Leverage metaverse to create high-touch experiences and fuel new business growth	• Enterprises should build a CX strategy that caters to users in the metaverse. Create a partner ecosystem including startups, academics, consortiums, and service providers and platforms to identify gaps, innovate new solutions and generate a new revenue stream for the enterprise. • They must develop new infrastructure to support the metaverse. They must also ensure proper user control and security to protect their users in the metaverse.

Avasant recognizes 25 top-tier service providers offering digital CX and CRM services

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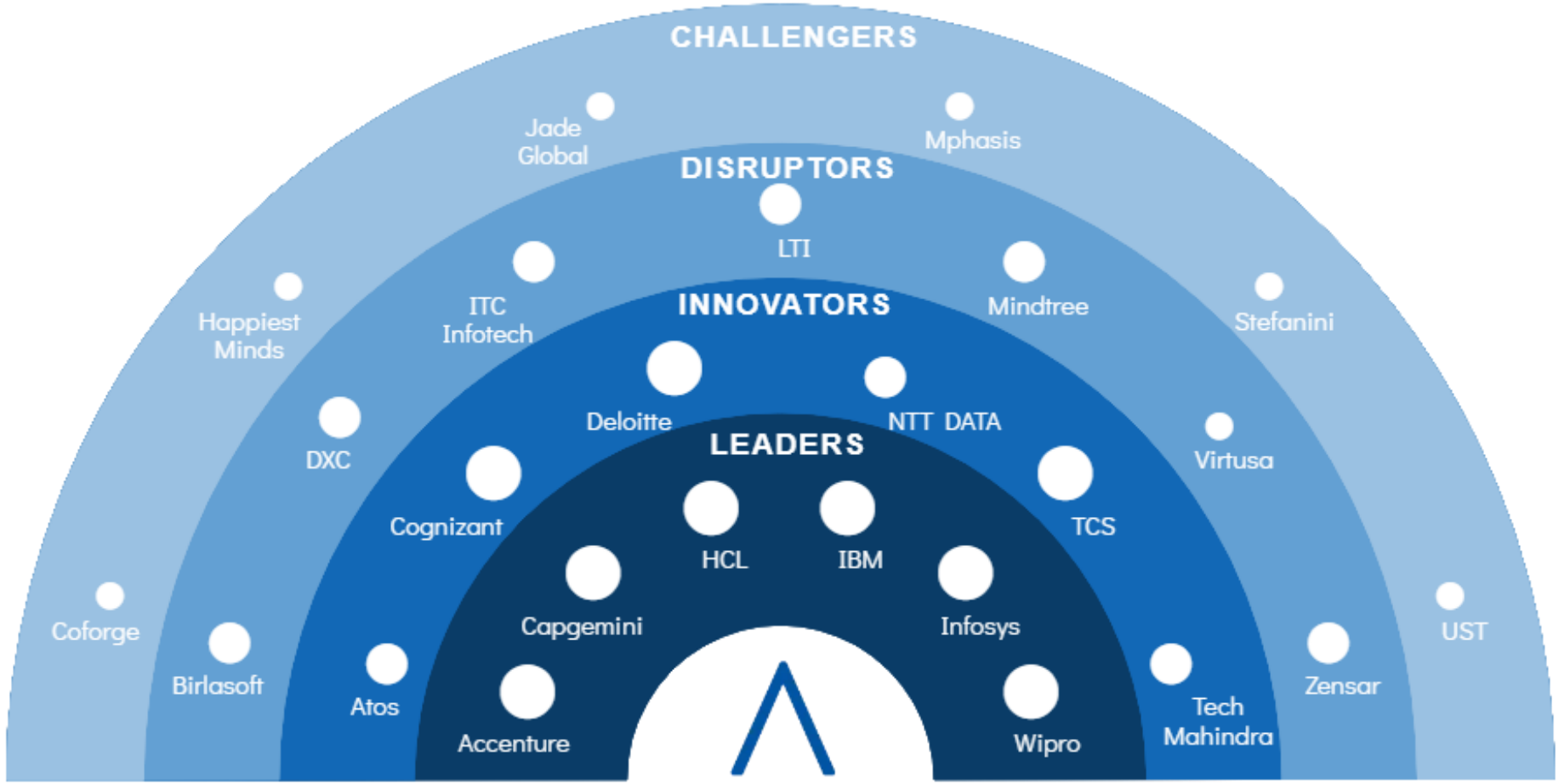
Practice maturity



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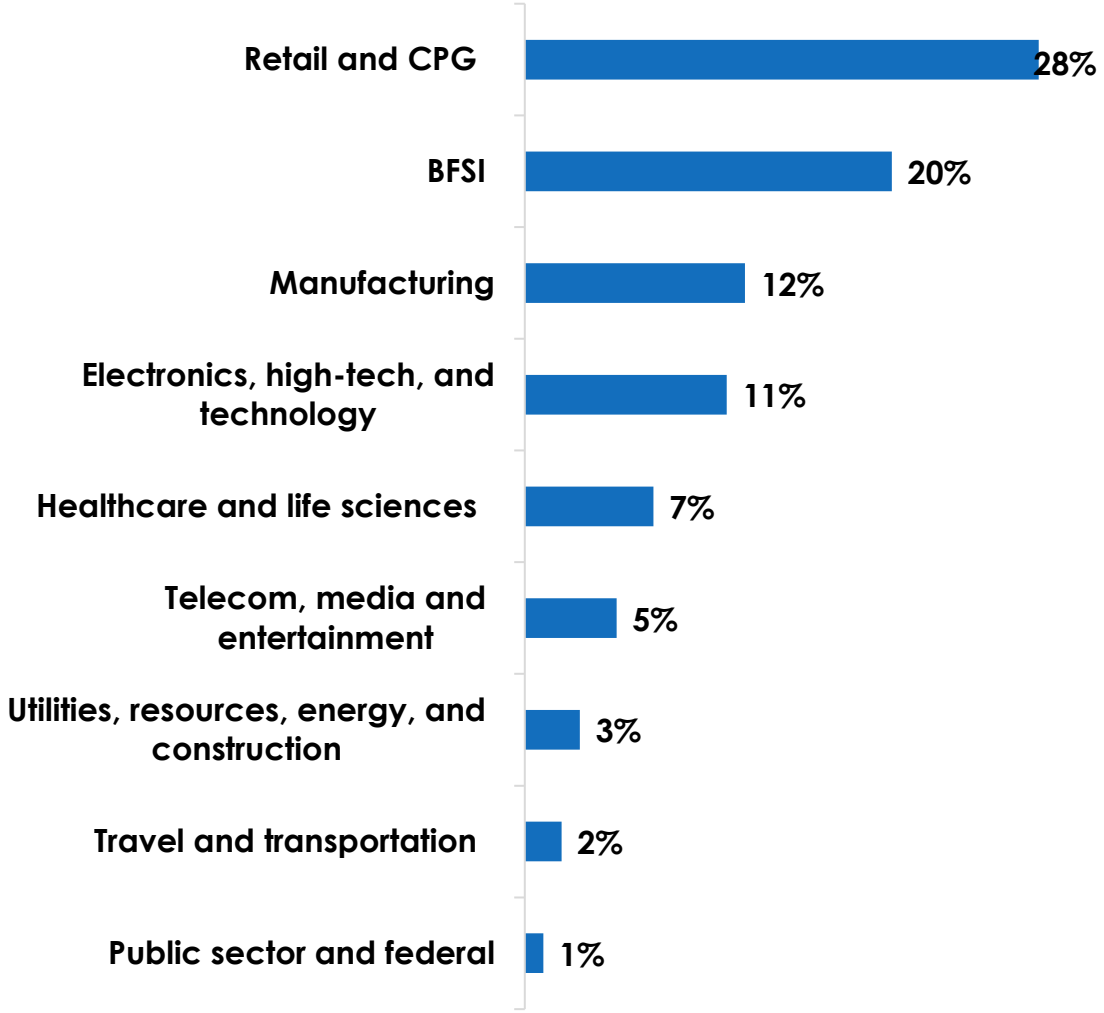
Sample report pages

Retail and CPG, BFSI, and manufacturing are among the highest adopters of digital CX services



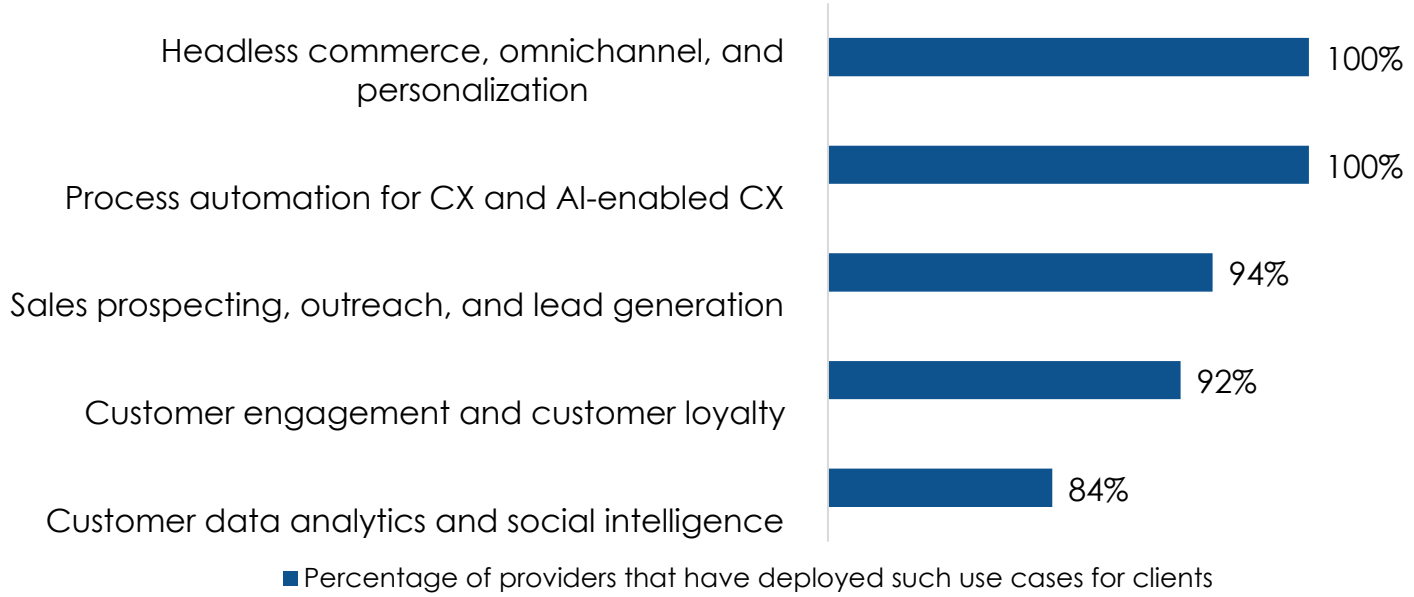
Key consumer trends impacting top industries

Retail and CPG	• Focus on 360-degree view of customers and data-driven personalization • Expansion of online commerce, direct-to-consumer (D2C), and omnichannel • Increase in digital marketing services
Banking, financial services, and insurance (BFSI)	• Growth in providing digital-first application services • Rise in digital channels for banking, contactless payments, and mobile applications • Increase in use of chatbots/customer self-service
Manufacturing	• Focus on B2B/B2C commerce • Increase in service cloud adoption for standard customer service and field service • Increase in the rollout of immersive experiences using AR/VR
Electronics, high-tech, and Technology	• Focus on analytics, including predictive and consumer intelligence • Integration of enterprise applications to provide a seamless experience • Providing a differentiated experience using AI/ML

*Other industries constitute the remaining 11%
*Numbers denote share of total digital CX revenue of service providers
Source: Avasant Digital CX Services RadarView Survey, May 2022–July 2022, Avasant Research

Use cases around omnichannel, personalization, and AI-enabled commerce are at the top of the list

Top five CX and CRM use case segments implemented by providers for their clients



Top emerging technologies used in providing CX services

AI/ML and deep learning	AR/VR	IoT	Analytics
Web 3.0	Voice capabilities	Cloud	Automation tools such as RPA

Key trends across digital commerce types

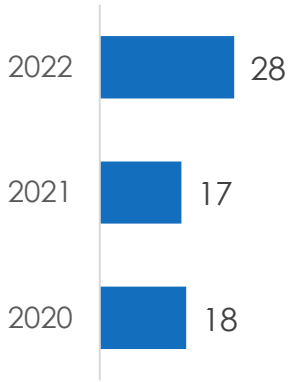
B2B	• Consumerization of B2B commerce • Growth of B2B marketplaces as brands adopt online selling strategies
B2C	• Contactless payments • Buy Now Pay Later • Buy Online, Pick-Up in Store (BOPIS)
D2C	• Hyperpersonalized shopping • Subscription-based models of consumption of services • Advanced forecasting
Social	• Use of social media platforms to smoothen the customer journey • Conversational chatbots • Visual shopfronts

Source: Avasant Digital Commerce Services RadarView Survey July 2021–August 2021, Avasant CX Services RadarView Survey May 2022–July 2022

Retailers are catering to consumers by augmenting their digital shopping experience

11%–13%
Expected growth in online sales in 2022

Share of retail in the total digital CX revenue of service providers



Initiatives to elevate the digital shopping experience include

Immersive experience	Amplify CX across web portals through virtual tours and voice-enabled shopping	GUCCI	Created a virtual exhibition called Gucci Garden to give a walkthrough of its campaigns and collections
Customer loyalty	Provide personalized after-sales services and support based on feedback and requirements	Tim Hortons	Created a cross-channel loyalty program called Tims Rewards to increase customer engagement
Live shopping experience	Create a live shopping experience to highlight product benefits and usage through events, product demonstrations, and surveys	Douglas	Reported conversion rates of up to 40% by streaming several shows a week and workshops with experts and influencers
Transparency promotion	Promote transparency by providing real-time updates on the end-to-end delivery schedule, sales return, and stock availability	Etsy	Increased customer retention by providing notifications on delivery schedule and stock availability

Sources: Avasant Research, NRF(National Retail Federation)

Enterprises should prioritize CX across critical touchpoints to improve conversion rates and grow revenue

Customer engagement and personalization

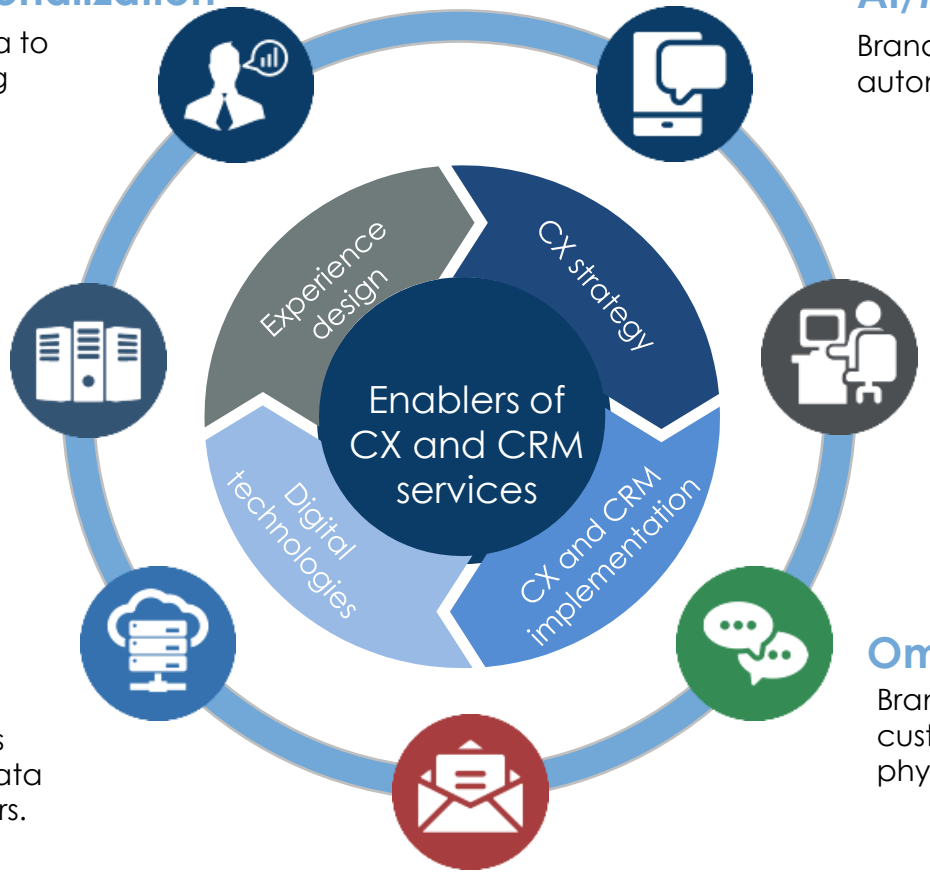
Brands are increasingly accessing customer data to deliver highly personalized services for increasing engagement and loyalty.

B2B/B2C/B2B2C commerce

Brands are altering how they sell and interact with customers to provide touchless experiences due to the pandemic.

Data-driven experiences

Brands are leveraging various analytics solutions and platforms to draw insights from customer data and interactions to target prospective customers.



AI/ML-driven experiences

Brands are leveraging AI/ML to increase automation and improve customer self-service.

Metaverse/omniverse

Brands are providing creative experiences with the use of technologies such as AR, VR, and IoT.

Omnichannel experiences

Brands are offering a seamless experience to their customers across all channels, including digital and physical.

Modernized digital platforms

Brands require platforms that can integrate data from different channels to provide personalized experiences.

Source: Avasant Research

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