

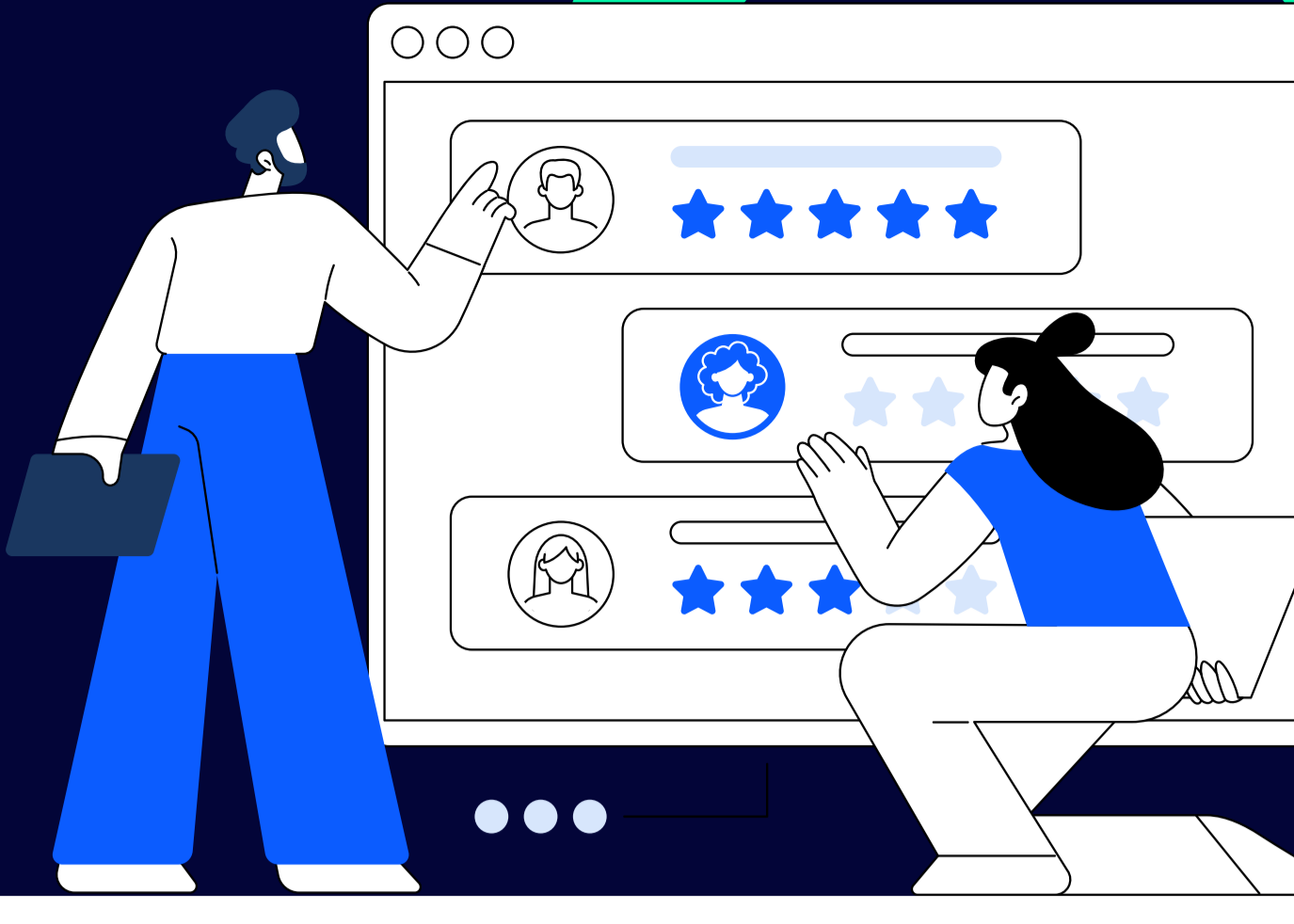
The State of Customer Experience (CX)

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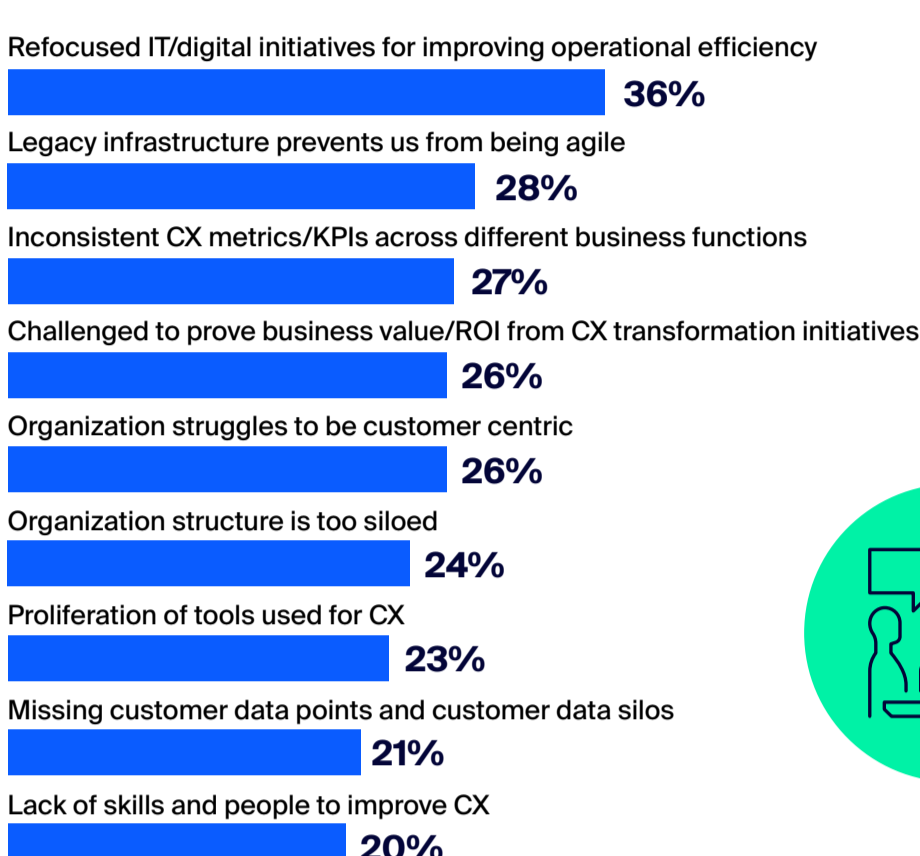


The Evolution of CX — CX Challenges

Companies in Europe view CX as a key area of investment.

However, a lack of customer data, inadequate levels of skills, and poor CX cultures and structures challenge the future of CX transformation:

CX Challenges in European Organizations



These challenges impact the entire business in different ways, with a cascading effect on CX...

Some **30%** of organizations in Europe have an enterprise-level CX strategy. However, their CX initiatives are run at the department or program level, with limited links to their overarching strategies.

Customer data privacy and security risk regulations are other major concerns that impact CX for **36%** for European leaders.

Some **53%** of enterprises in Europe aim to empower all employees to independently take actions that deliver greater customer value.

Staffing, training, and leadership support are the most difficult organizational challenges in sharing customer data for **55%** of enterprises. Missing data sources negatively impact CX improvements as well as employee productivity and efficiency.

Enterprises must find a balance between delivering excellent CX and increasing operational efficiency. Despite the present economic environment, European enterprises consider CX projects as one of the top three areas most immune to IT budget reductions. Consequently, measuring continual progress on CX with the right key performance indicators (KPIs) is critical for an enterprise-wide CX strategy.

Source: IDC's Future of CX Survey, June 2023 (Europe = 266); IDC EMEA, Future Enterprise Resilience 2023, Internal, Wave 1, Jan 20 - Feb 3, 2023 (Europe = 225)

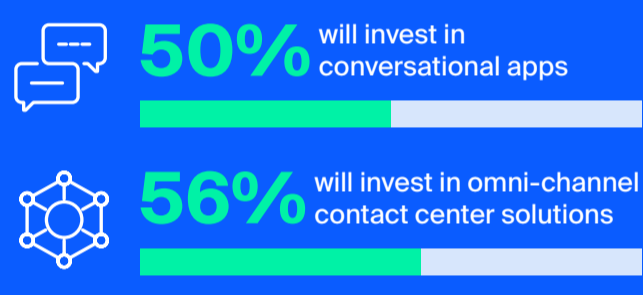
The Evolution of CX — State of the Art

CX transformation strategies must enhance personalization to create more immersive and contextualized CX approaches. By focusing on people (training talent), integrating customer data, breaking down internal information and data silos across departments, and measuring value-based outcomes, enterprises can overcome existing challenges while prioritizing loyalty, boosting new customer acquisition and profitability (a top three business priority) as well as leveraging conversational, CX-enabling technologies:

Actions Taken by European Enterprises to Overcome CX Transformation Challenges



Over the next 12 months, European enterprises plan to increase their spend (by up to 15% or more) on the following technologies that deliver more effortless and seamless engagements:



Moreover, **53%** of European enterprises plan to increase their spend (by up to 15% or more) on engagement analytics over the next 12 months to gain a better understanding of the customer context and personalize experience.

Source: IDC's Future of CX Survey, June 2023 (Europe = 266)

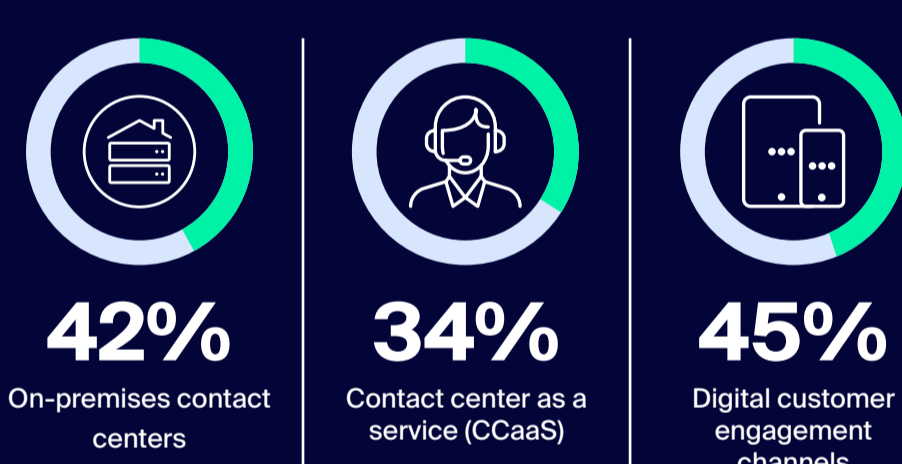
European enterprises are moving from static to real-time contextual CX and building empathetic conversations with customers across multiple touch points. Enterprises are also becoming trusted partners by ensuring compliance with customer data privacy and security regulations (such as the General Data Protection Regulation).

According to **62%** of European enterprises, customer context is maintained throughout the customer life cycle.

IDC prediction:
 By 2024, empathy among brands and for customers will drive organizations to adopt shared process intelligence across the ecosystem that drives 20% collective growth in customer lifetime value.

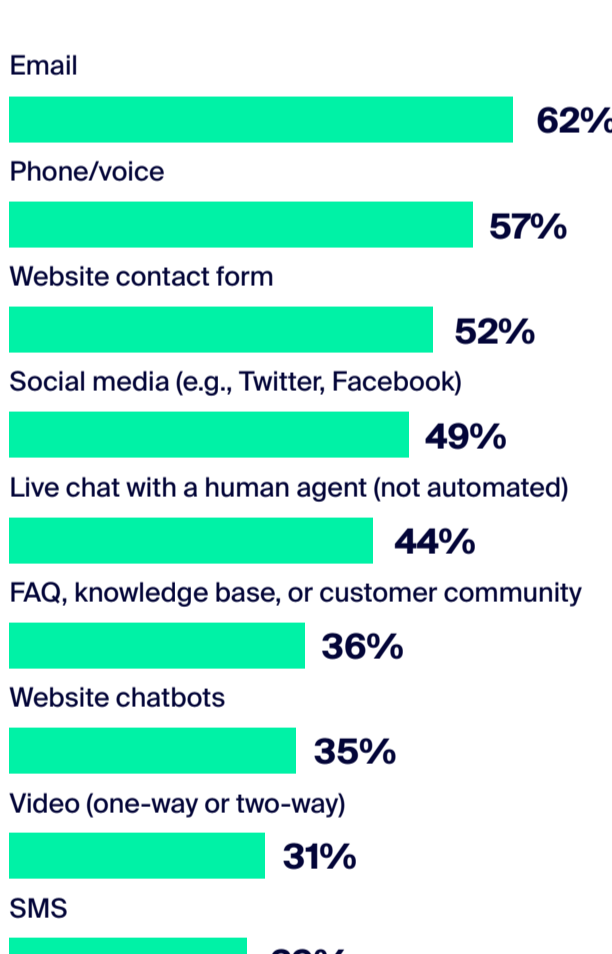
Contact Centers Are Limited by Legacy Infrastructure

Current Adoption of Contact Center Technology in Europe



- CX is important for contact centers as brand loyalty is dependent on the quality of support/service customers receive. However, legacy infrastructure hinders contact centers from providing the expected level of customer service, risking business outcomes in the process.
- The siloed nature of legacy infrastructure, together with fragmented customer/operational data, prevents modern functions from improving CX. Over **40%** of contact centers are still using on-premises infrastructure, and **45%** have adopted digital channels such as email and website contact forms.
- Contact centers need cloud-based infrastructure to better enable sophisticated CX-focused functions.

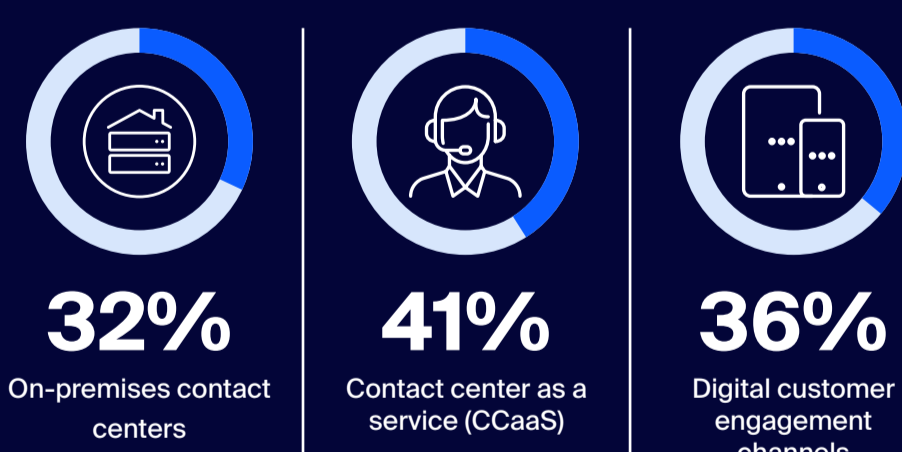
Digital Channel Usage for Brand Engagement in Europe



Source: IDC's Future of CX Survey, June 2023 (Europe = 266); IDC EMEA, Future Enterprise Resilience 2023, Internal, Wave 1, Jan 20 - Feb 3, 2023 (Europe = 225)

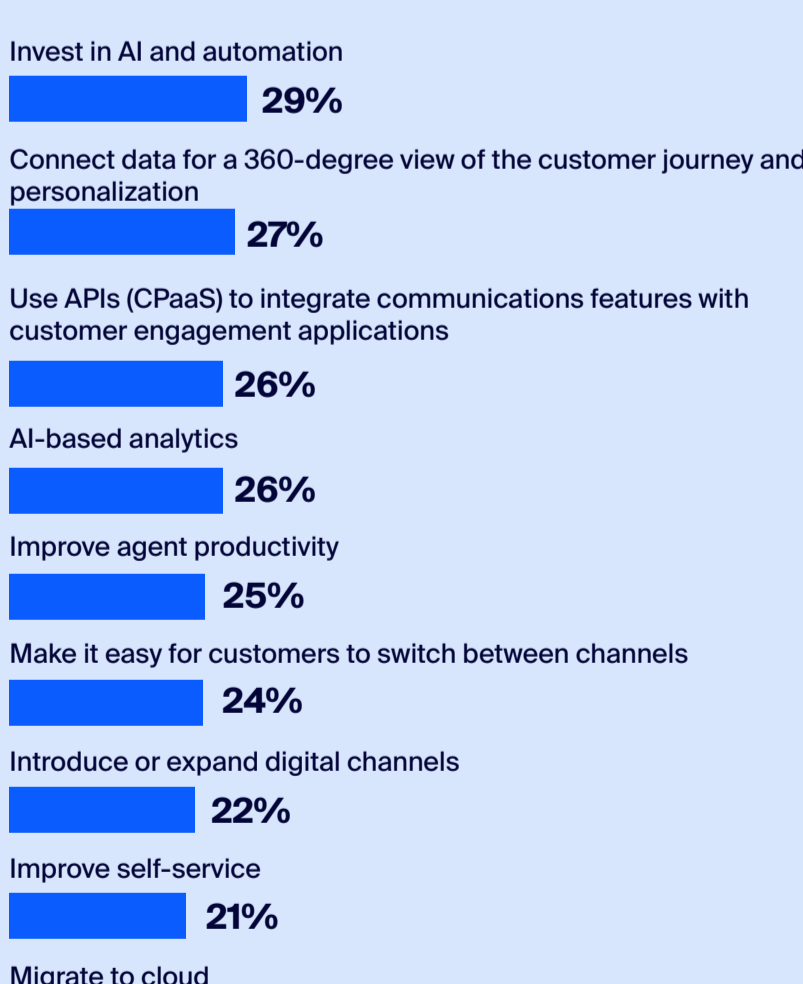
Contact Centers Are Upgrading IT Stacks to Drive Enhanced CX

Future Adoption Plans for Contact Centers in Europe



- Investments in AI automation, the connection of data for 360-degree views of customers, and the use of analytics to ensure service quality and customer satisfaction are the three leading factors driving CX success in contact centers.
- The uptake of cloud-based services in contact centers is increasing, with over **40%** of organizations stating that they will adopt CCaaS (on top of the **34%** already using CCaaS). Over **35%** of organizations stated that they will deploy digital engagement channels (in addition to the **46%** already using them). In the future, all the widely used digital channels will be driven by AI technology.
- Despite the benefits of cloud, over **30%** of organizations stated that they will invest in on-premises environments due to concerns about the transparency and control of data/infrastructure. Such investments will limit the scope of CX initiatives.

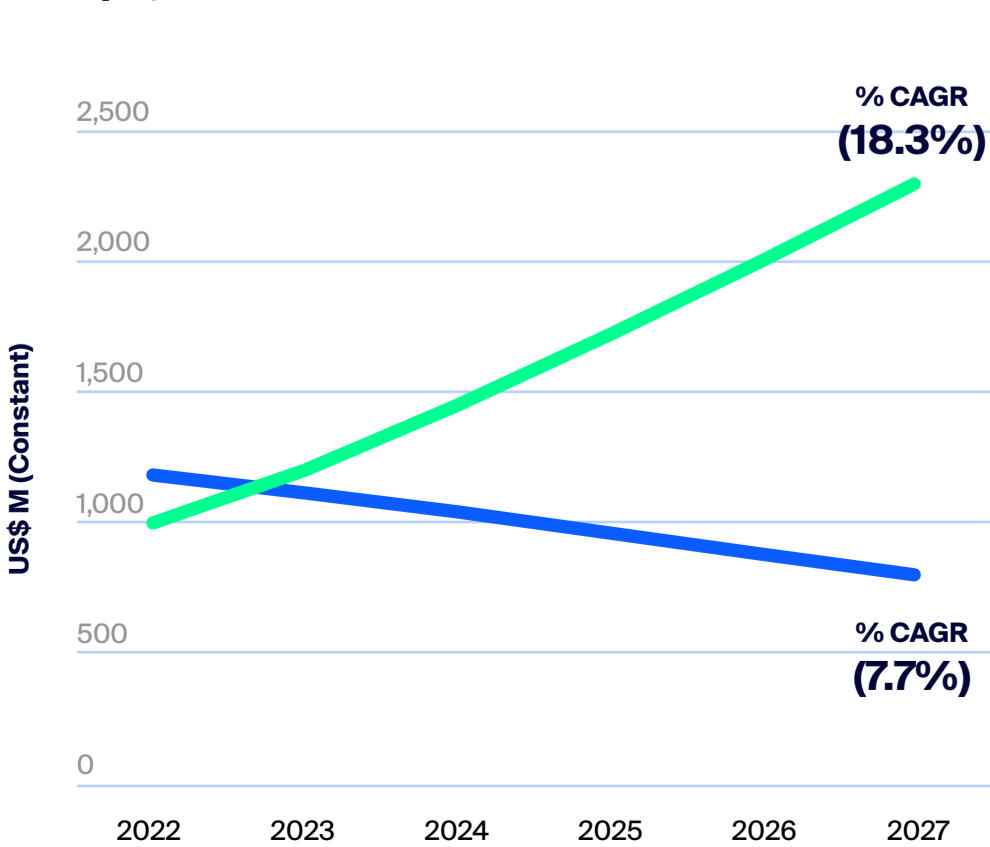
Digital Channel Usage for Brand Engagement in Europe



Source: IDC's European Enterprise Communications and Collaboration Survey, 2023, n = 1,426

Cloud Contact Centers Will Overtake On-Premises Infrastructure

Contact Center Market Forecast by Deployment, Europe, 2022-2027



Source: IDC's Semiannual Software Tracker - Forecast 2022

- By 2027, there will be three times as many contact centers using cloud infrastructure than centers using on-premises infrastructure.
- The integrated pool of digital data on a unified single platform — which enables sophisticated, CX-focused functions — is a major benefit of cloud-based infrastructure.
- AI and automation technologies are defining a new era for contact centers and penetrating every layer of contact center operations, including self-service, journey orchestration, personalization, agent performance and productivity, supervisor assistance, knowledge management, and quality management.
- Analytics has become critical for ensuring and driving quality of service, and AI-infused analytics is now making it possible for organizations to identify gaps and opportunities and obtain detailed insights from more granular data.
- The connected nature of cloud data enables organizations to gain a full view of customer journeys. This view forms the basis for contextualized and personalized services, which are critical components of CX.
- A unified system ensures that teams/departments can collaborate more closely on resolving customer queries.