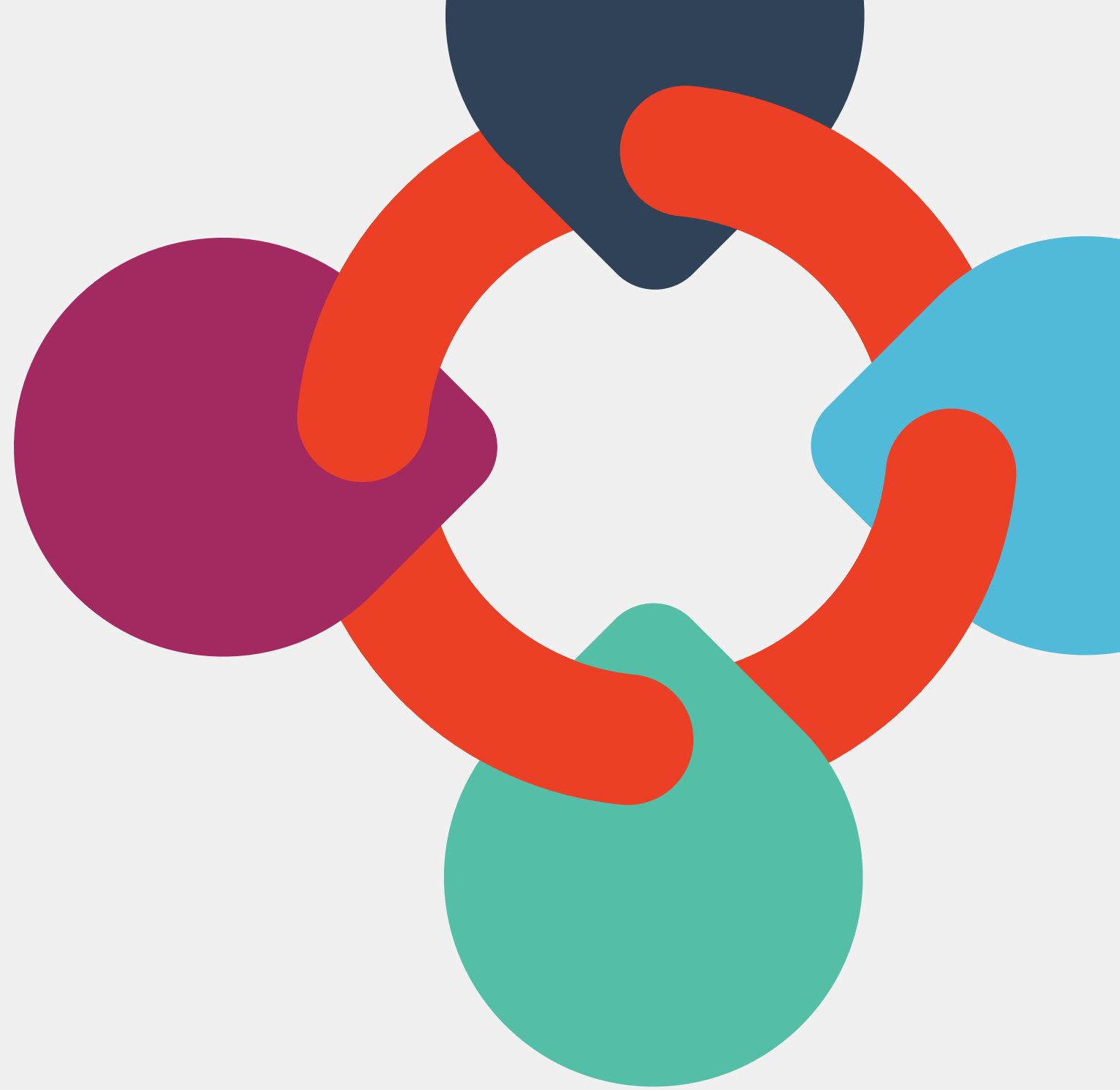
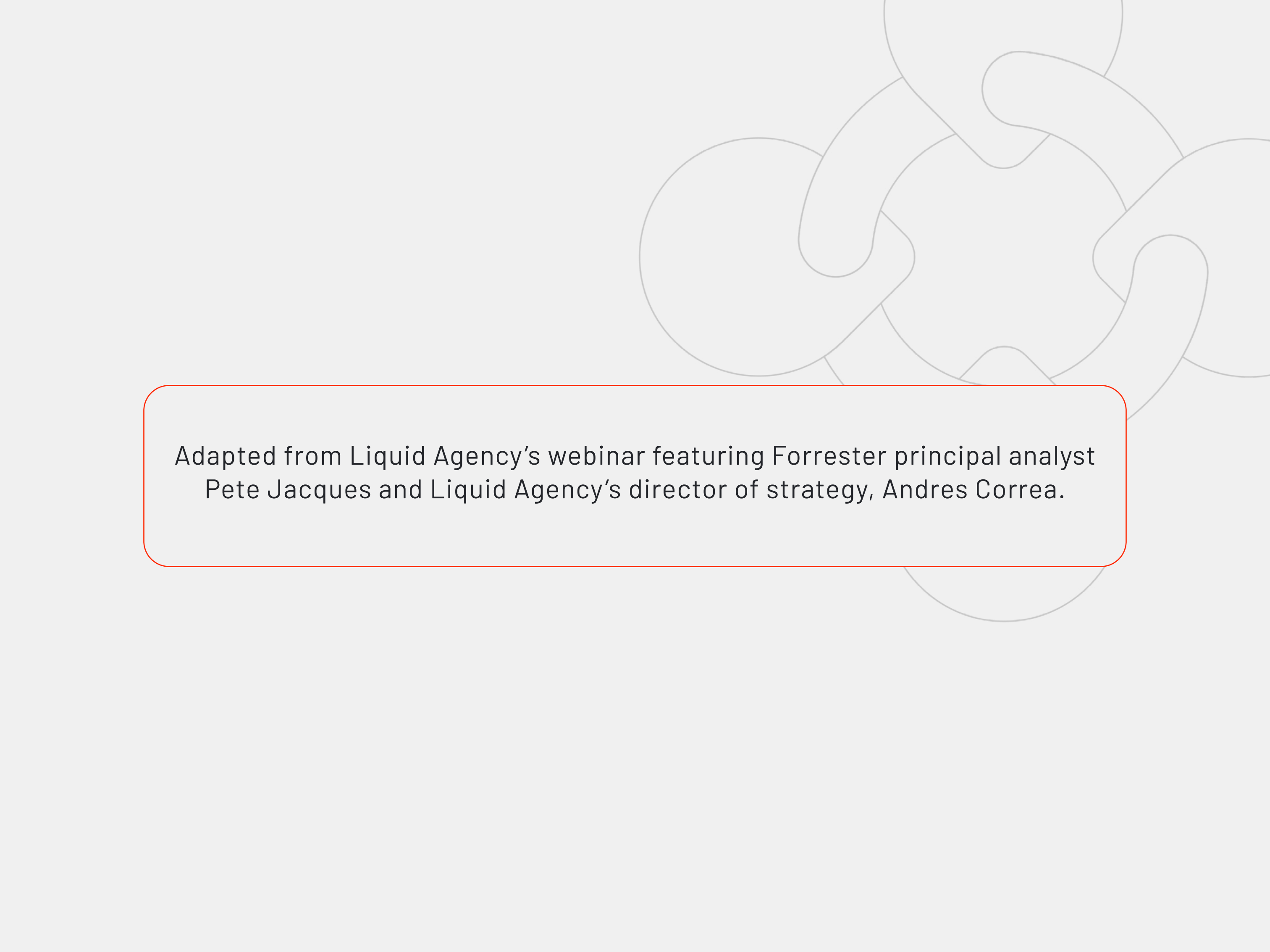


Cx as a brand-led enterprise capability

Understanding the latest Cx insights and how putting brand at the center helps companies elevate Cx as a core enterprise capability.





Adapted from Liquid Agency's webinar featuring Forrester principal analyst Pete Jacques and Liquid Agency's director of strategy, Andres Correa.

Executive summary

Customer experience is essential to brand differentiation and growth. Brands with exceptional Cx see increased performance across the board.

But strong Cx is not necessarily easy to achieve, and many organizations are falling into the Cx gap, failing to meet constantly evolving customer needs. To succeed, companies need to implement a holistic, brand-led approach.

Brand-led Cx starts with developing shared beliefs that live at the center of everything customers—and employees—experience. This alignment drives greater company performance, including up to 60% higher profit.

Forrester principal analyst Pete Jacques joined Liquid Agency's director of strategy, Andres Correa, in a recent webinar: "Cx as a brand-led enterprise capability." In the webinar, the experts discussed how impactful Cx can be for businesses, especially when fully powered by brand—it can even double revenue per devoted customer, depending on the industry. However, despite the advantage brand-led Cx provides, 80% of companies fail to align Cx with their brand identity, and up to 94% lack the customer obsession they need to drive growth.

To watch the original webinar, go [here](#).

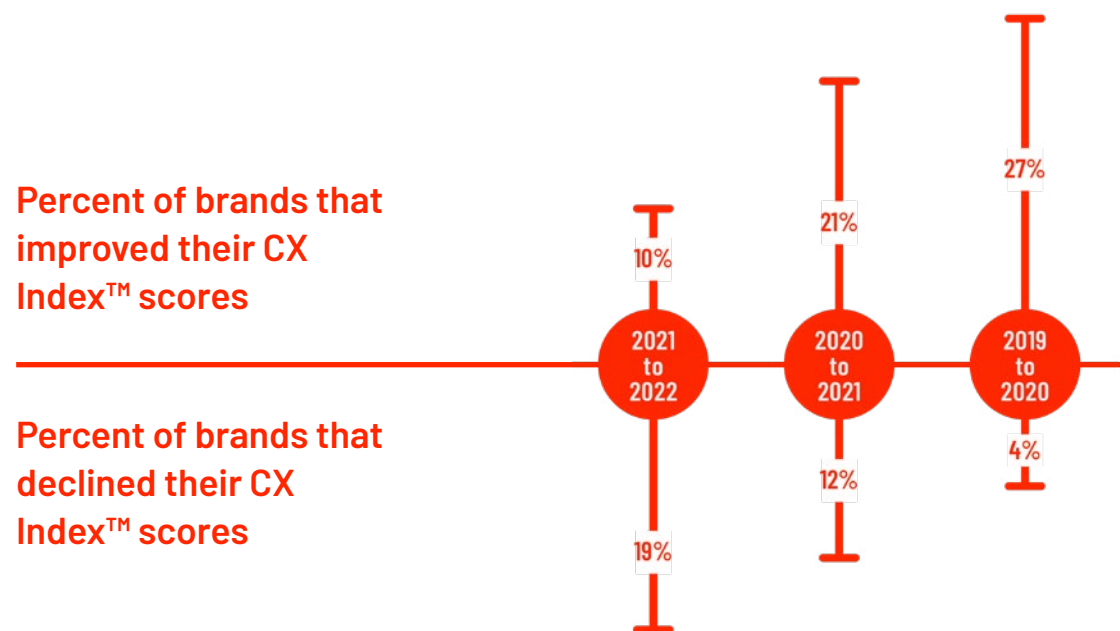
In this digest, we break down some of the most salient points about the stakes of brand and Cx alignment, as well as strategies for bridging the Cx gap and meeting customer expectations.

Cx trends

According to Forrester’s 2022 customer experience benchmark surveys, companies across nearly every industry are seeing poorer performance in the Cx Index™, which measures the overall quality of customer experience. As a result, differentiation is narrowing across most industries.

Decrease in Cx Index™ Scores

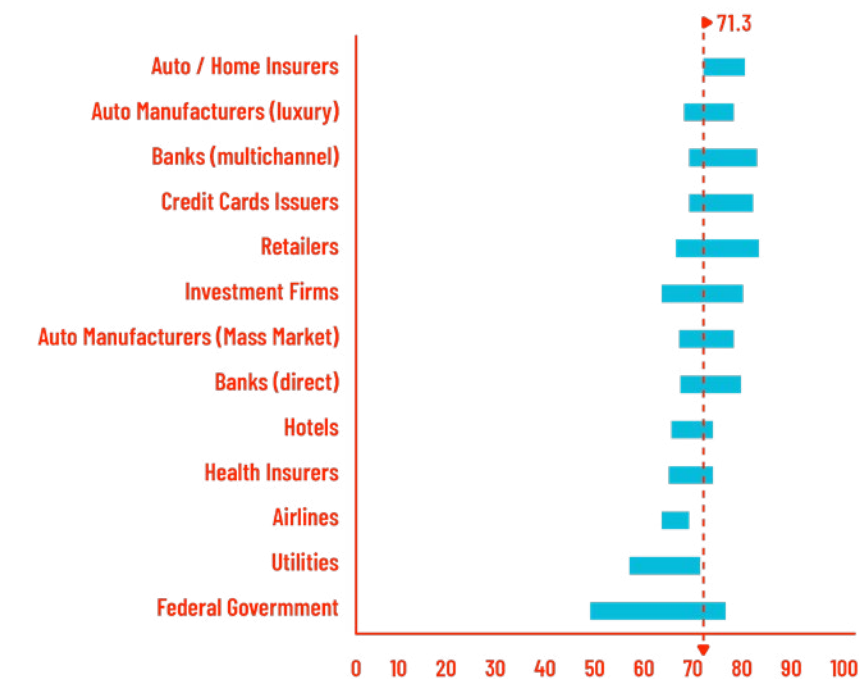
The most striking trend that cuts across all industries is a drop in Cx performance:



Between 2019 and 2022, the number of brands improving their Cx scores year-over-year has fallen from 27% to just 10%. At the same time, the number of brands declining in YoY scores has risen from 4% to 19%. In other words, the majority of Cx is getting worse rather than better.

Narrowed Cx differentiation

Forrester has also documented the narrowing of Cx differentiation across many industries:

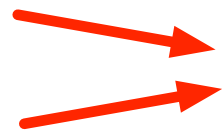


Of particular interest here is the relative consistency in pattern seen across the many industries surveyed. For most of them, the difference between the highest- and lowest-performing brands is within 15%. And the vast majority of industries (75%) sit within five points of the average.

Observing patterns

Because of these converging trends, consumers are having a harder time differentiating between higher- and lower-performing brands' Cx. This is the net impact of significantly less Cx improvement and more Cx degradation happening at the same time across most industries.

The general direction of movement has taken on four patterns:



Convergent

High performers are doing worse; low performers are doing better.



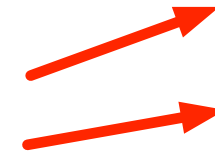
Competitive

Low performers are improving at a better rate than high performers.



Contrasted

High performers are improving at a better rate than low performers.



Consistent

Both high and low performers are neither improving nor declining.

- ▶ The best pattern for both consumers and brands is Contrasted, not least because it creates Devotees: a win-win situation where people trust brands more and are rewarded for it.

Devotees and brand energy

Despite the overall decrease in companies' Cx success and the lack of industry-wide adoption of Cx-brand alignment and customer obsession, there is some hope for differentiation in the form of Devotees. These are a brand's most engaged customers, defined by the following key characteristics:

- **A willingness to forgive mistakes made by the company**
- **An intention to stay with the company and buy more from them in the future**
- **A willingness to pay a premium for the company's product or service**

▶ Per Forrester, Devotees make up about 25% of all consumers across all industries surveyed.

Organizations with higher proportions of Devotees typically showcase greater Cx and brand success. This is because Devotees drive growth due to their connection to brand promise:

- **91% of Devotees say brand values align with theirs (vs. 41% of Non-Devotees)**
- **93% of Devotees see brands as distinct from competitors (vs. 44% of Non-Devotees)**
- **91% of Devotees say that brands make them feel special (vs. 39% of Non-Devotees)**
- **96% of Devotees express trust in particular brands (vs. 58% of Non-Devotees)**

▶ On average, Devotees perform 47.25% better across these key indicators of brand success.

Alongside a higher percentage of Devotees, exceptional Cx is also tied to stronger brand energy. Brand energy accounts for a brand's salience, personal fit, love, need fit and relationship with consumers—all of which can impact revenue directly.

Cx Index™, Devotees and brand energy

There's a correlation between Cx Index™ score, percentage of Devotees and brand energy:

	CX Index ^a score	Devotees	Brand energy score
USAA	80.4	36%	82.4
Trader Joe's	80.2	27%	71.8
Kroger's	73.8	24%	68.8
Walmart	69.0	22%	65.2

As keen observers of differentiation, Devotees notice the variance in quality between different brands' Cx output—and they're willing to pay more for a better experience.

Average revenue per customer

Most importantly, a higher number of Devotees is directly correlated with greater margins across industries. In the webinar, Pete highlights the difference across four industries in particular:

	Devotees	Non - devotees	
Multichannel banks	\$872	\$593	47%
Direct banks	\$847	\$512	66%
Auto manufactures	\$19.368	\$9.319	108%
Retailers	\$1.855	\$886	109%

Given the value Devotees create, it's essential to meet their Cx needs and create stronger connections to your brand. To do this, you need to make brand the motor behind your Cx.

Cx and brand

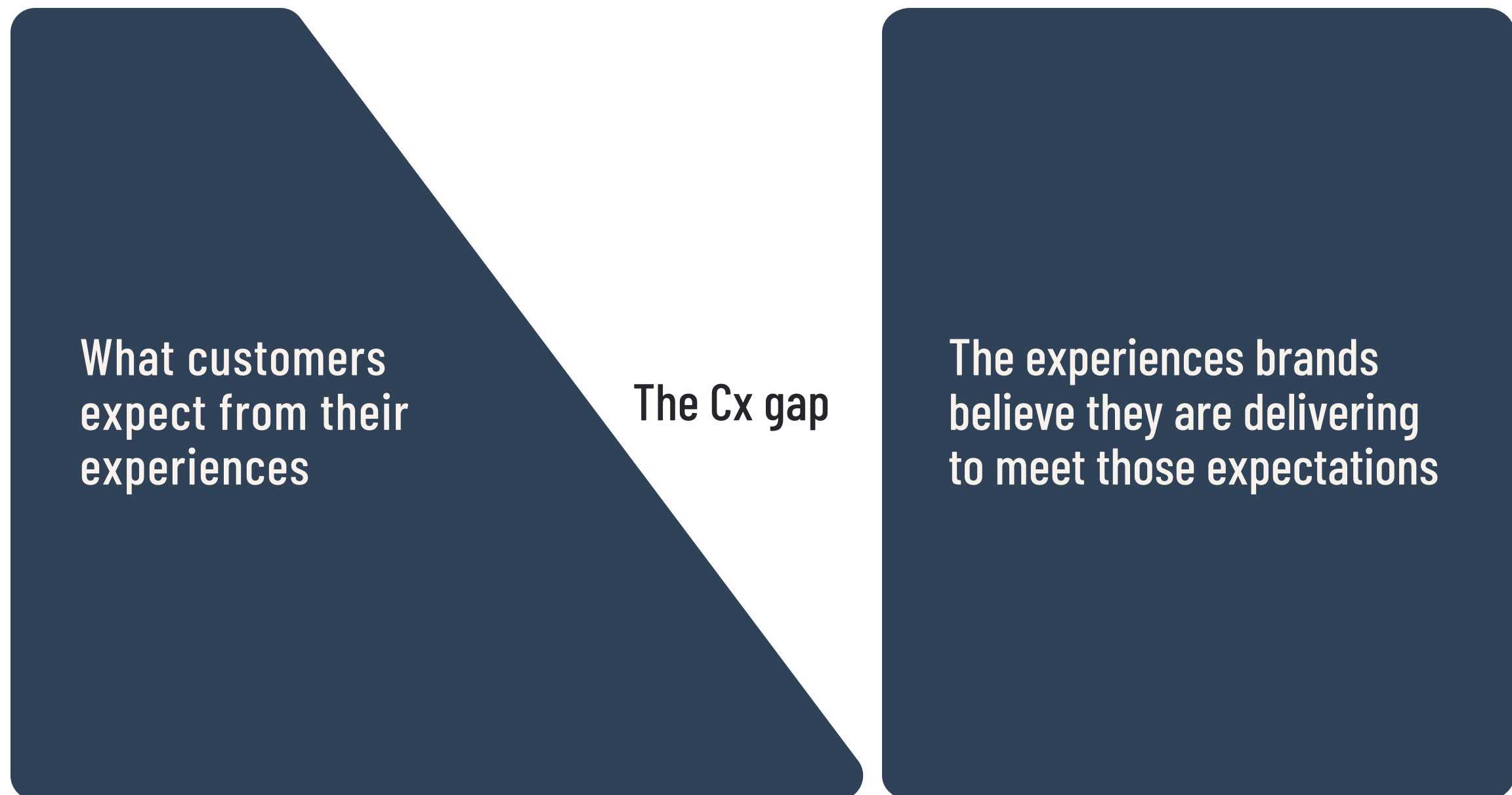
Forrester's research indicates that only 20% of brands consider Cx part of their identity. An even smaller minority (6%) are as customer-obsessed as they need to be, putting customers and Cx at the center of all leadership, strategy and operational decisions.

And this lack is being noticed by consumers. Only 11% of consumers believe companies have excellent Cx, and just under half (49%) have reported leaving a brand in the past year because of poor Cx.

Cx gap

What this all amounts to is a gap in customer expectation and experience that companies need to bridge by aligning Cx and brand.

This creates what Liquid Agency refers to as “the Cx gap”:



So the challenge organizations face is in balancing two opposing forces of consumer demand: consistently differentiated experiences and a constant state of brand evolution.

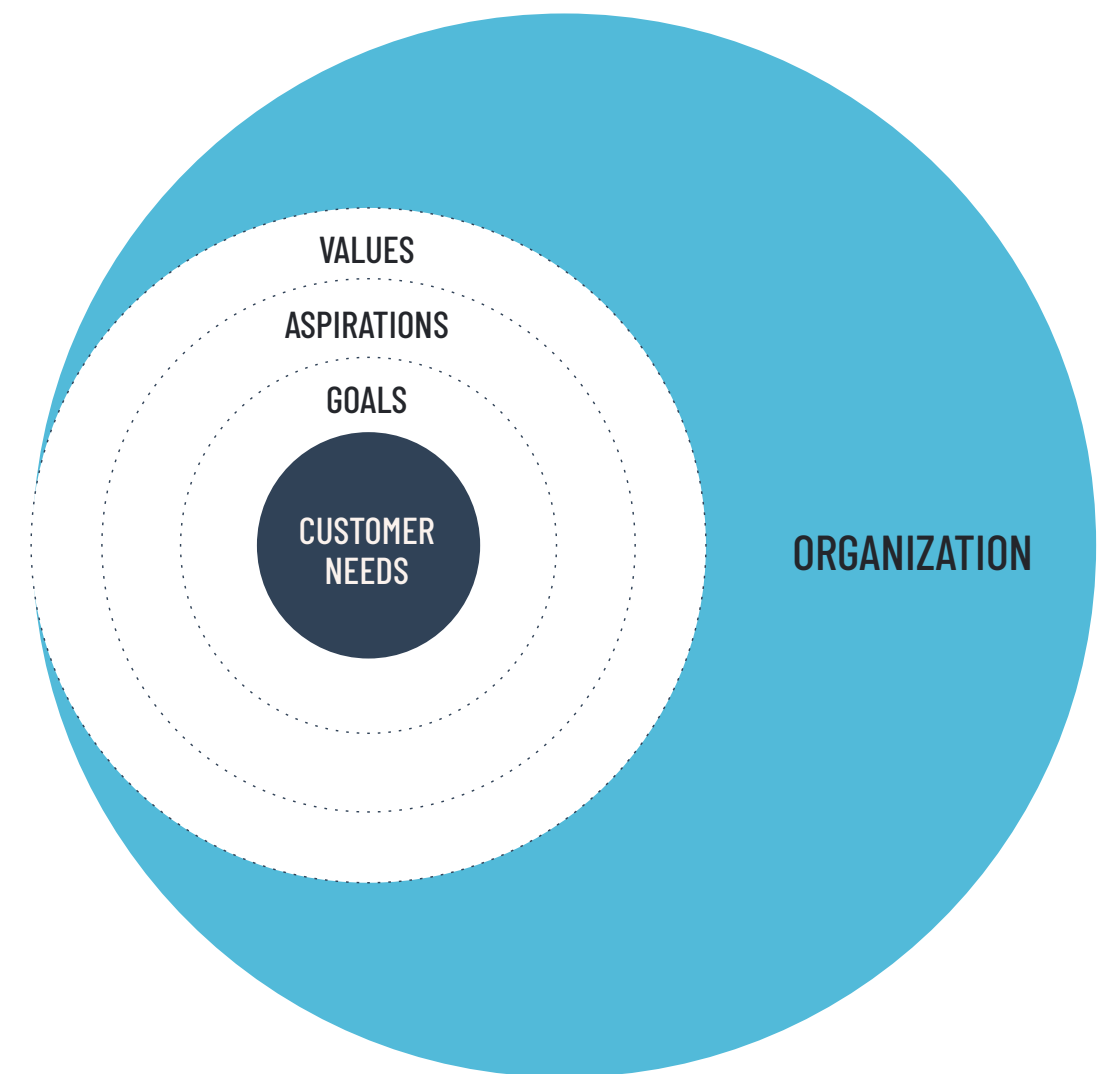
It's no longer enough to handle customer service complaints, as Liquid emphasizes; companies are now expected to provide both humanity and effectiveness at scale.

Per Liquid's explanation, companies must operate within a model that works across brand touchpoints to not just listen and learn, but anticipate and meet customer needs proactively—all while remaining true to their brand.

Customer Centricity

The key to bridging the Cx gap is developing a customer-driven and brand-led Cx that centers customer needs.

Customer-centricity means devoting resources to understanding these needs and building brand beliefs around them.



- ▶ Customer-centric companies are 60% more profitable than their counterparts, per Deloitte.

Brand and Cx alignment

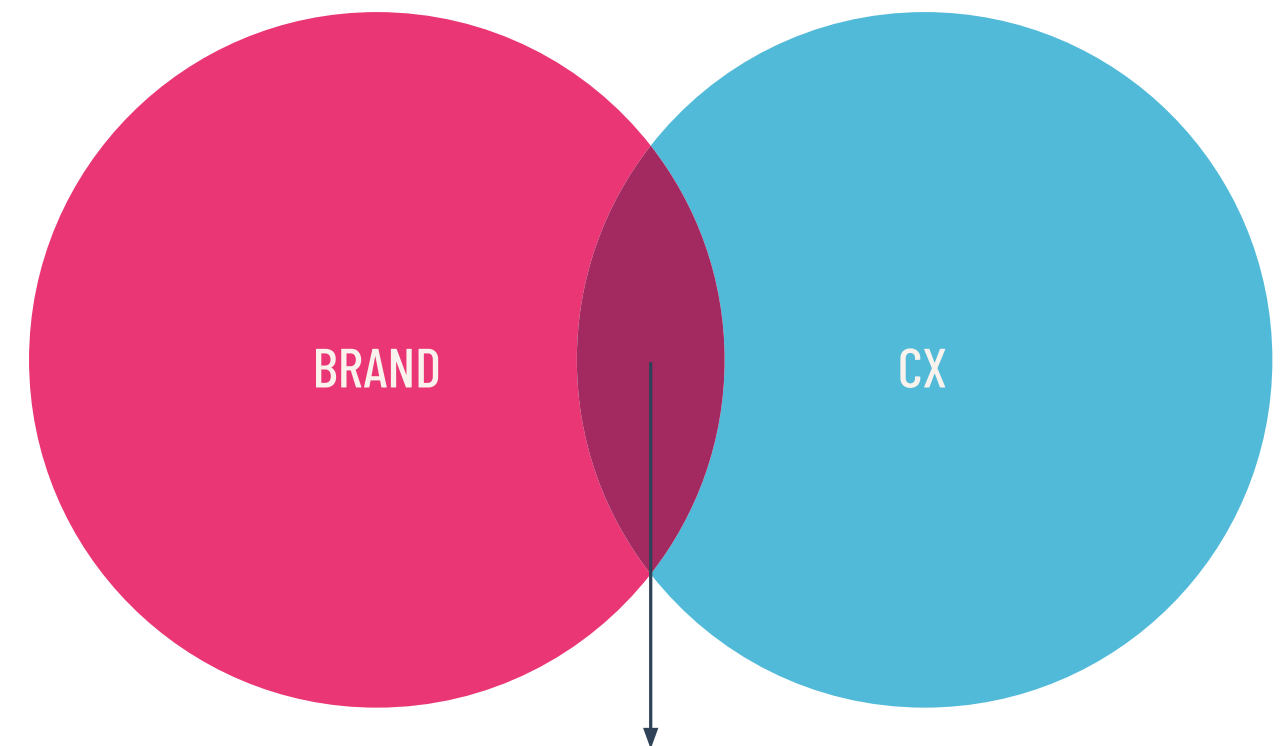
That said, customer centricity is just the starting point. When it comes to designing and delivering exceptional experiences, Cx should also be a brand-led mission.

And it starts with belief.

Companies like Apple, Starbucks and Salesforce have exceptional Cx because they've built their Cx around values they share with their customers and employees. In other words, they're reaching into the reservoir of power that manifests when you place brand at the heart of every experience—an ideal core to us at Liquid Agency. When a company, its employees and its customers align around the same beliefs, a stronger performance follows—customer satisfaction, employee engagement, greater efficiencies—and this power is unlocked.

The benefits of brand and Cx alignment

Cx is where brand meaning comes to life. It allows a company to deliver on its promises, driving improvement across the factors of growth, profit, brand equity and employee empowerment.



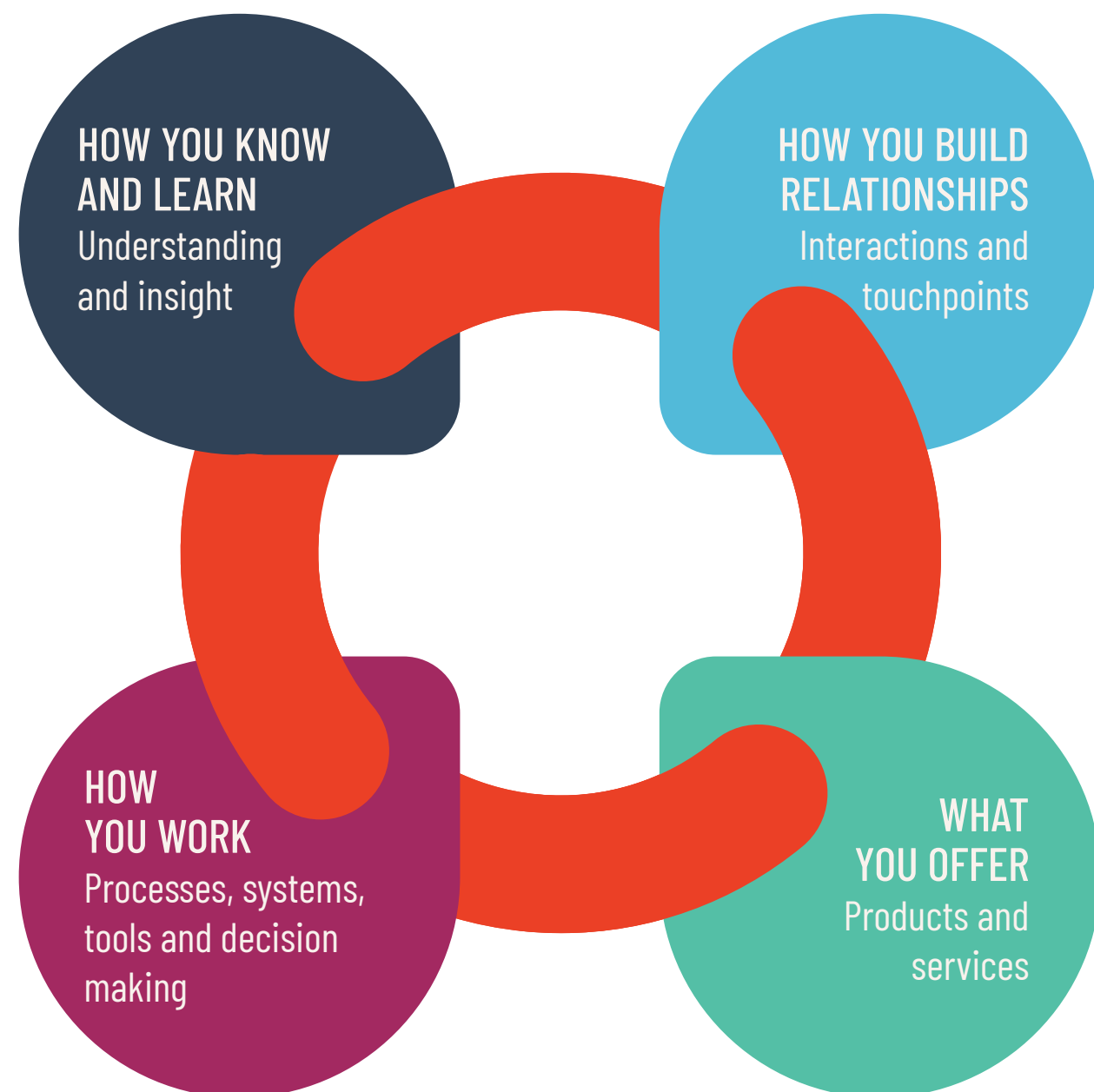
Organizations that align brand and CX show at 24% difference in improved performance in comparison to organizations that are poorly aligned.

- ▶ Successful Cx-brand alignment can generate up to a 24% increase in overall company performance.

Four key dimensions of brand-led Cx

For brand-led Cx, brand and brand meaning should pervade every element of how the company creates and delivers value to all those it serves—including employees. It's a holistic approach.

In practice, this holistic approach accounts for four key dimensions:



- ▶ These dimensions are dynamic and can be prioritized in any order. To that end, different companies emphasize different elements based on the specific beliefs germane to business goals and customers' expectations.

How you know and learn

The first dimension, “How you know and learn,” requires a continuous process of learning and adjustment. Companies should work to develop a deep, dynamic understanding of who they create value for—customers, employees and the broader market—and their needs.

Companies can “build the muscle” of this dimension by surfacing, analyzing and measuring qualitative and quantitative data concerning their consumers. Two industry leaders provide strong examples to follow:

WARBY PARKER

Warby Parker is committed to learning about and addressing their customers’ needs, particularly in-store, where employees carry tablets to input and meet customer requests.

amazon

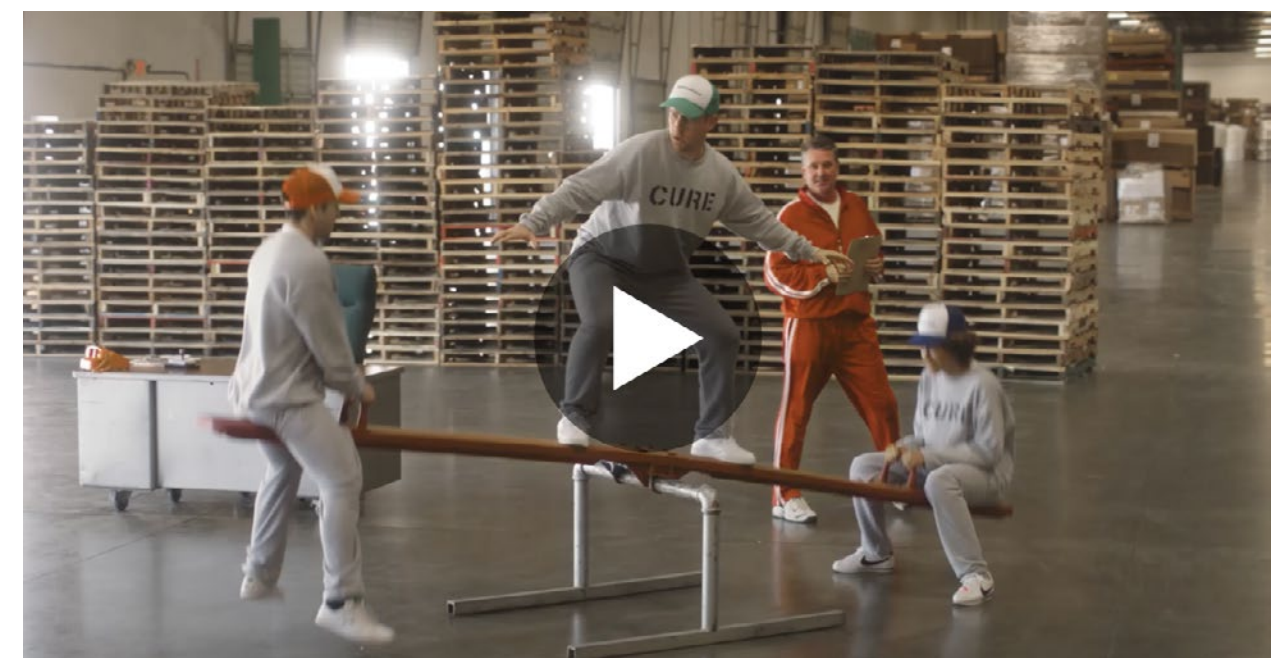
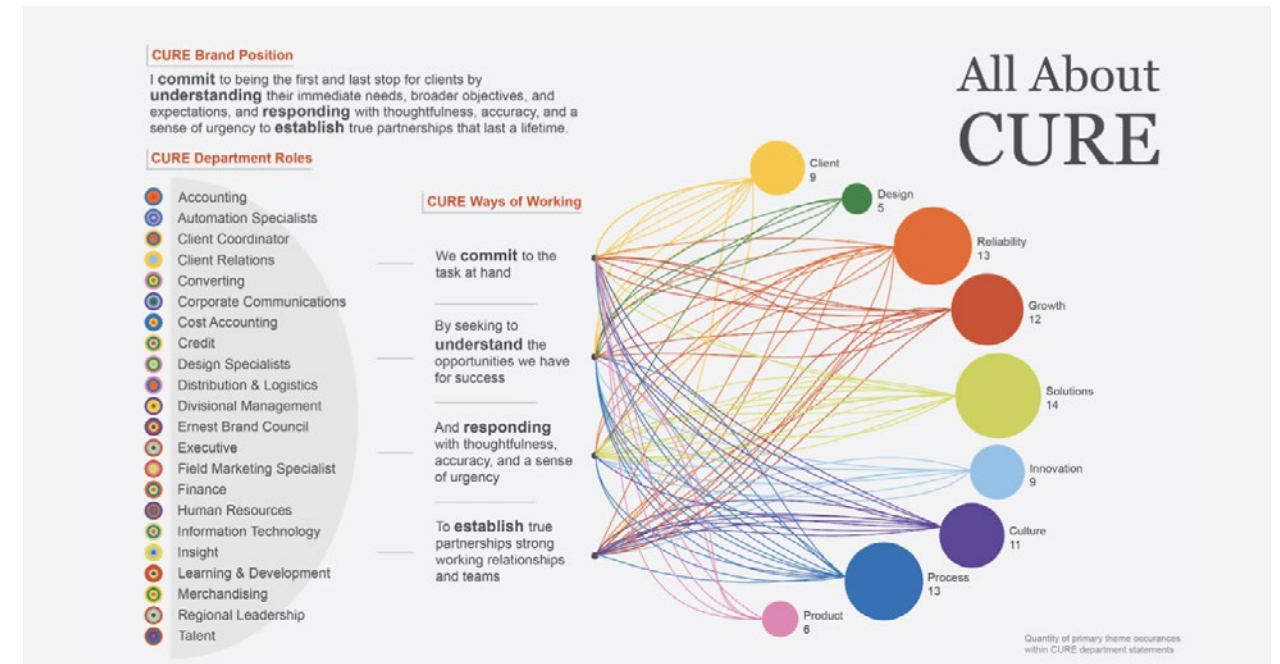
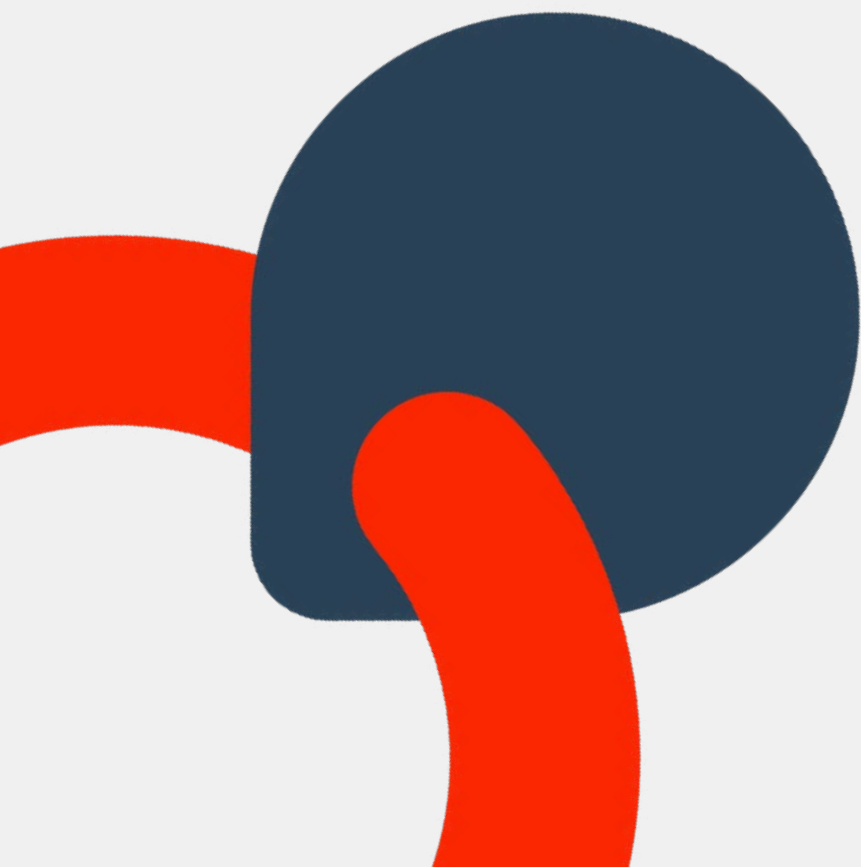
Amazon collects and uses customer data directly from its own online storefront and across AWS-hosted businesses to streamline Cx everywhere it touches.

In addition, Liquid Agency’s work with a packaging solutions provider has shown the importance of anticipating customer needs. Proactivity reigns supreme in brand-led Cx.



A packaging solutions company

Driven by the promise to deliver unexpected packaging solutions, the company focused on a key capability: anticipating customers' needs. They've been building customer knowledge across the organization in order to inform solutions, from logistics to customer service.



How you build relationships

The next dimension, “How you build relationships,” shows the strong need for connecting with customers on their level, providing guidance and support to help them when they need it most. Critically, it’s about building the right interactions and **signature moments** that create opportunities to enhance the experience or aid in recovering from a brand trust breakdown.

Andres highlights two more industry leaders in this dimension:



Airbnb thrives on its central value of creating a sense of belonging and trust between hosts and guests. Its Cx is designed to comfort all parties in critical moments.

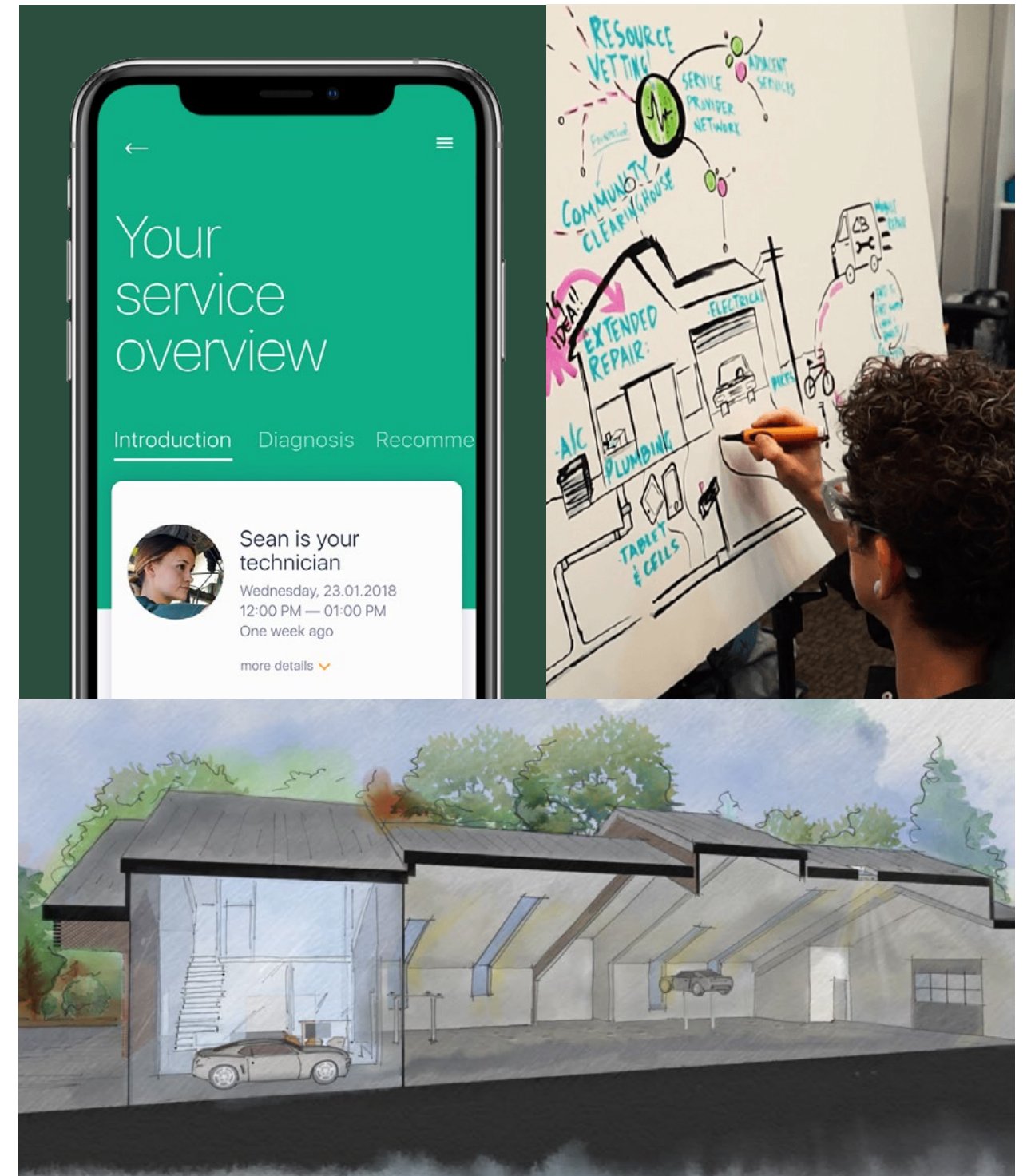


The airline rebounded from a potential PR nightmare in 2022 by doubling down on its commitment to high-quality customer service and accessibility.

Liquid Agency also helped a national auto repair franchise develop brand-led Cx around this dimension by emphasizing customer relationships in every element of a multi-year expansion strategy.

A national franchise of auto repair shops

This company developed a multi-year expansion strategy that leveraged the core strength of their business—their personal relationships with customers—and extended that strength into new kinds of interactions, including new physical spaces, digital channels and out-of-the-shop services.



What you offer

The third dimension, “What you offer,” concerns the interconnectedness of a company’s various products and services. Brand-led Cx seeks to emphasize the cohesiveness of your ecosystem, teaching customers how each part works together and meets their needs.

Consider the following industry leaders in this dimension:



Apple’s flagship iPhone is the center around which its extended ecosystem revolves, and that ecosystem is world-renowned for its simplicity and accessibility in Cx.

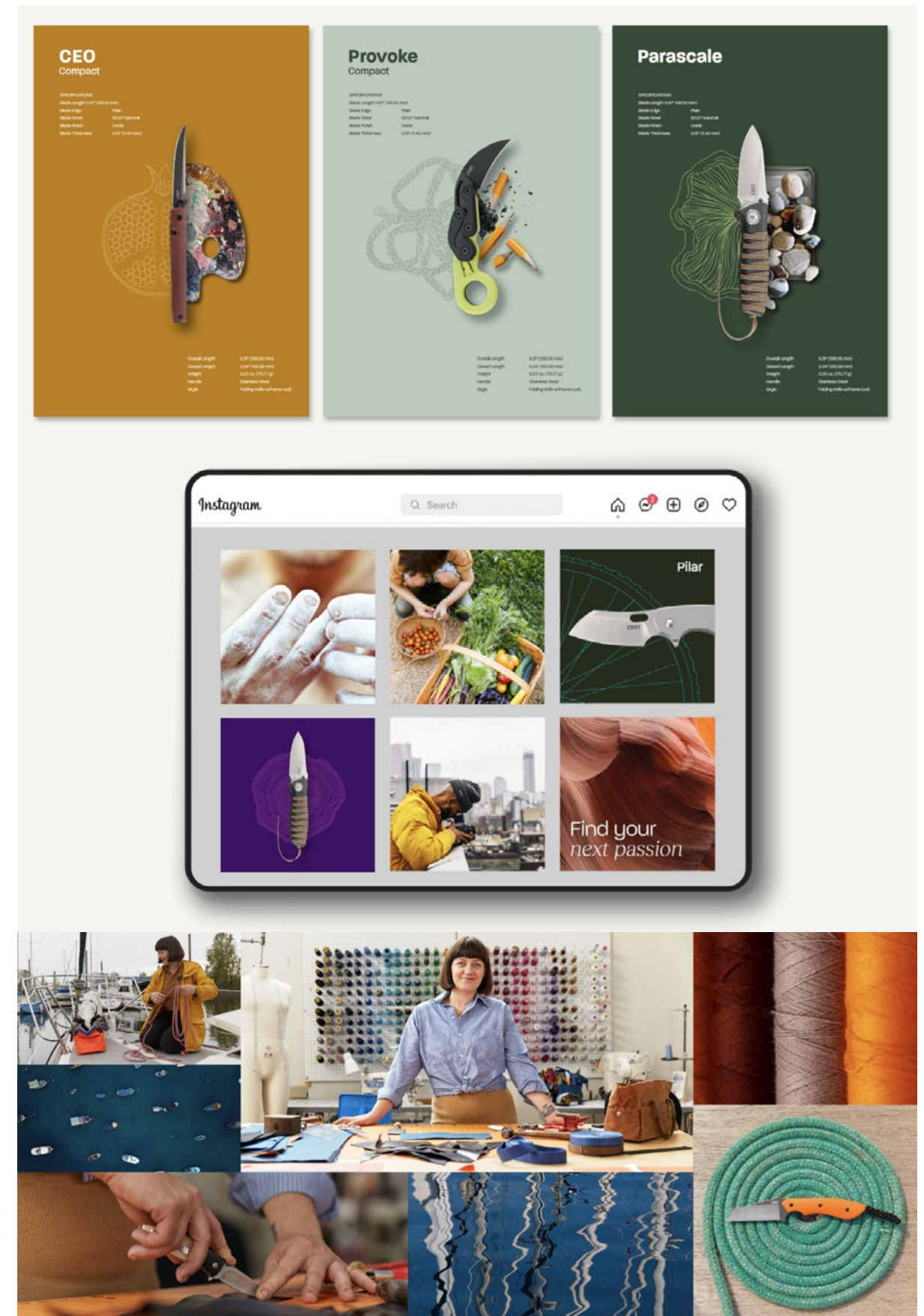
MUJI
無印良品

Originally a home office goods company, MUJI has expanded into architecture, home decor and other goods—along with hospitality—all of which emanate from its central philosophies of simplicity, minimalism, functionality and sustainability.

In working with a knife and tool company, Liquid Agency helped expand the brand’s offerings to develop a fully immersive ecosystem of experience with educational workshops and community-based gatherings that addressed current customer needs while extending their reach to new audiences.

A knife and tool company

They created a vision for category leadership by stepping outside traditional transactions and moving them into offering meaningful services and experiences that met and anticipated the needs of the customers they had, while broadening their audience to reach the customers they wanted.



How you work

The last dimension, “How you work,” encompasses alignment across the various operations and resources that make up your company’s business environment. As with offerings, cohesion across operations creates strength—and a proactive, intentional drive is important. Organizations should ask themselves questions about how they can create internal processes that facilitate Cx.

This means thinking critically and creatively about prioritizing and solving problems like the following brands have:



THE RITZ-CARLTON

With the motto, “We are Ladies and Gentlemen serving Ladies and Gentlemen,” this hotel chain prides itself on the discretion afforded to its employees, including a per-incident problem-solving budget.



This cloud-based data services provider constantly reshapes its operations based on real-time customer inputs, leveraging consumer concerns in all decision-making.

And, finally, Liquid Agency’s work with a debt collections company involved thinking outside of the box and shifting models completely from penalization to empowerment.

Flexibility, like that shown in these examples, can drive companies to be more human-centered, and it’s this human-centered mindset that ultimately serves as the backbone of all brand-led Cx.

A debt collections company

They designed a new debt collection experience, moving away from legacy collection models and focusing on helping customers regain financial stability and confidence for a better future. This meant shifting people's mindset and behaviors—via systems, tools and education—to be more supportive, empowering and empathetic.



Conclusion

Approaching Cx as a brand-led enterprise capability equips organizations to build an always-evolving strength on how to discover, develop and deliver meaningful and differentiated value through their customer experience.



LIQUID AGENCY

We create experiences for brands and their customers and employees, all aligned with the organization's true meaning and purpose. When your experiences line up, people do the same, and real business value is the result.



Andres Correa
Director of Strategy, Cx Practice Lead
andres.correa@liquidagency.com
liquidagency.com