

The ultimate guide to experience management ROI

**How to prove the business impact
of your CX program**



service
management
group®



A woman with blonde hair and glasses is looking intently at a laptop screen. She is wearing a dark green button-down shirt. In the background, other people are visible, including a man in a white shirt and another man in a light-colored shirt. The scene is dimly lit, suggesting an office or meeting room environment.

The pressure is on, and the clock is ticking.

With the ramp-up in customer experience (CX) program investments continuing to accelerate across industries, CX leaders face an existential question:

How do we demonstrate the business impact and prove the program is worth the effort?

The stakes are high— and the urgency is real.

CX leaders know the importance of demonstrating financial impact—but 50% aren't confident in their ability to do so. More than half of leaders say they have under a year to meet the demands of their executive team and connect CX investments to top-line financial benefits.

This ebook details how to define, demonstrate, + sustain ROI for your CX program by combining end-to-end measurement, action-oriented reporting, and industry-validated research methods.



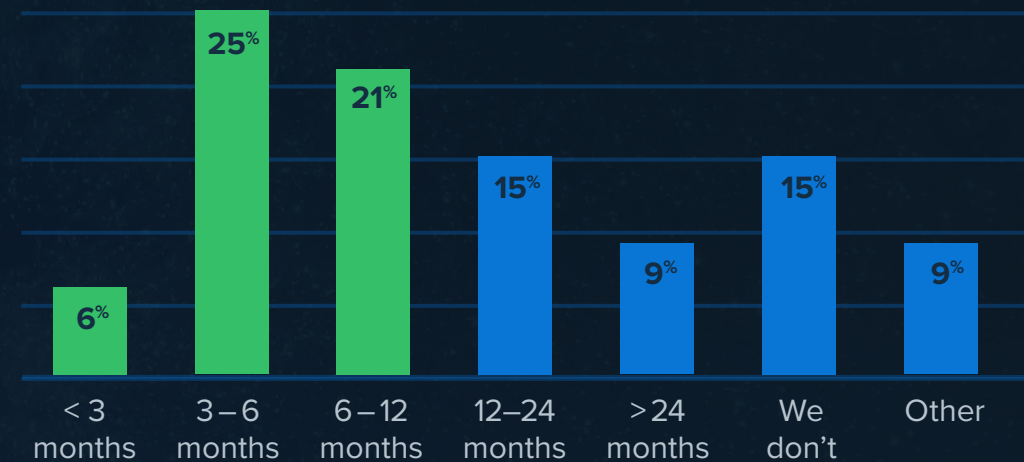
How do leaders rate the **importance** of showing the financial impact of CX investments?



How do leaders rate their **ability** to demonstrate the financial impact of their investment?



What is your typical timeframe for demonstrating the financial benefit of CX investments?



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SECTION 1

Data rich, insights poor— Why most CX programs fail to solve the ROI conundrum

Too often, CX programs get sidelined as performance-trackers or diagnostics tools—collecting data that doesn't appear on a meeting agenda until something starts flashing red. Scores fluctuate, reports get skimmed—but by and large, it's business as usual. Before you know it, you find yourself on the wrong side of the growing gap between brands that are simply aware of the data and those that are using it to surface insights that drive action and produce meaningful business results.

Advanced insights-driven firms were
5x more likely than beginners to report
at least 20% revenue growth in 2019*

SECTION 1

To translate mountains of data into actionable insights that lead to tangible business outcomes, every CX initiative you launch must be:

Targeted

What is the specific CX focus of the business case you're aiming to address?



Measurable

How much will the initiative cost, what are the projected benefits, + which KPIs will you track?



Data-driven CX programs struggle to prove ROI because they operate in hindsight—using correlation analyses to show retrospective relationships between scores + sales.

Insights-driven organizations thrive by leveraging prescriptive reporting to target specific areas for focus and using predictive analytics to go beyond assessing impact to project the specific outcomes that success will be measured against.

Define ROI for your organization

Proving ROI is more than an exercise in accounting—it's about aligning CX targets with growth strategies + tactical plans of action. From R&D efforts to behind-the-scenes operations, every aspect of your business influences the customer experience (and vice versa).

SECTION 2

In your quest to prove ROI, make sure your CX insights are defined in accordance with at least one of these business outcomes:



Generate new revenue

by attracting more customers, opening new channels, + expanding product offerings



Grow existing revenue

through increased transactions + lifetime customer value



Reduce churn + detractors

by lessening at-risk revenue, recovering lapsed customers, + curbing employee turnover



Drive operational efficiencies

to better serve customers, reduce operating costs, + increase employee satisfaction

When you're able to demonstrate the causal relationships between CX initiatives and critical business outcomes across channels, proving ROI isn't a challenge—it's an opportunity to align cross-functional strategies and build a customer-centric culture.

How to build your formula for success by answering 3 ROI questions from the C-suite

Once you've defined ROI objectives and aligned strategies accordingly, the onus is on you to instill confidence in the C-suite that the CX program is built to achieve them. From comprehensive measurement to action-oriented reporting + a research-backed insights framework, be ready to answer 3 essential ROI questions:

- 1 Is our CX data comprehensive enough to point us in the right direction?
- 2 How do we translate the data into insights that lead to targeted action?
- 3 Do we have the expertise to connect CX improvements to actual business outcomes?

1 Is our CX data comprehensive enough to point us in the right direction?

Part of the reason ROI calculations get so convoluted so quickly is a simple case of missing variables. Brands measuring single touchpoints or operating in departmental silos lose sight of the big picture. So, while one team celebrates an uptick in conversion rates + on-site satisfaction, others scramble to address an influx of returns accompanied by overwhelmed contact centers and plummeting ratings + reviews.

To get a holistic view of the entire brand experience, organizations must map out the entire journey—from the customer's point of view—and capture feedback at every juncture.



SECTION 3

That means building an end-to-end measurement strategy that incorporates:



On-site, post-transaction surveys using multiple invitation methods so you reach a representative sample



Solicited + unsolicited digital feedback from targeted micro-surveys + always-on feedback buttons



Contact center measurement solutions that turn service recovery efforts into loyalty-building experiences



Online reputation management tools to streamline your approach to responding to online ratings + reviews



Brand research + behavioral data aimed at understanding consumer perception, brand positioning, + market share



Employee experience (EX) feedback from every stage in the employee life cycle—so you can impact the customer experience with employee perspectives



Here's what an end-to-end customer journey may look like in financial services:



CASE STUDY

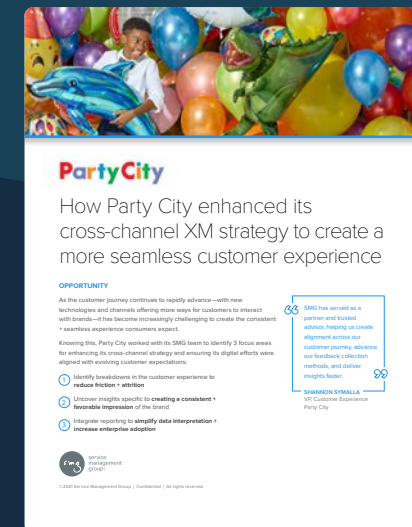
How Party City enhanced its cross-channel XM strategy to create a more seamless CX



To get a comprehensive read on the entire brand experience, Party City expanded its CX program to include feedback from every point of customer interaction — including in-store visits, digital touchpoints, ratings + reviews, and brand tracker studies and behavioral data. Within months, the retailer increased responses for in-store (2.1x YOY) + off-premise (4x YOY) purchases.

With more feedback comes more targeted action, which led to an 8-pt increase in Overall Satisfaction in a single quarter. As the organization continues to focus on a transformational, customer-centric strategy, it's no surprise their Q2 2021 results exceeded expectations:

- ▶ Total Sales increased 110.4% versus prior year; Comparable Sales increased 118.3% versus prior year and 19.1% versus Q2 2019 driven by strength in core categories
- ▶ GAAP Net Income of \$29.8 million versus a Net Loss of \$130.0 million in Q2 2020
- ▶ Adjusted EBITDA of \$85.8 million versus a \$42.8 million Adjusted EBITDA Loss in Q2 2020



[GET THE STUDY](#)

2 How do we translate the data into insights that lead to targeted action?

Let's say your measurement strategy is on point and collecting high-quality data across every channel. While that's a notable achievement, it's not nearly enough. An ROI-centric CX program ensures you're not just collecting the right data, but also getting it into the hands of the people tasked with acting on it.

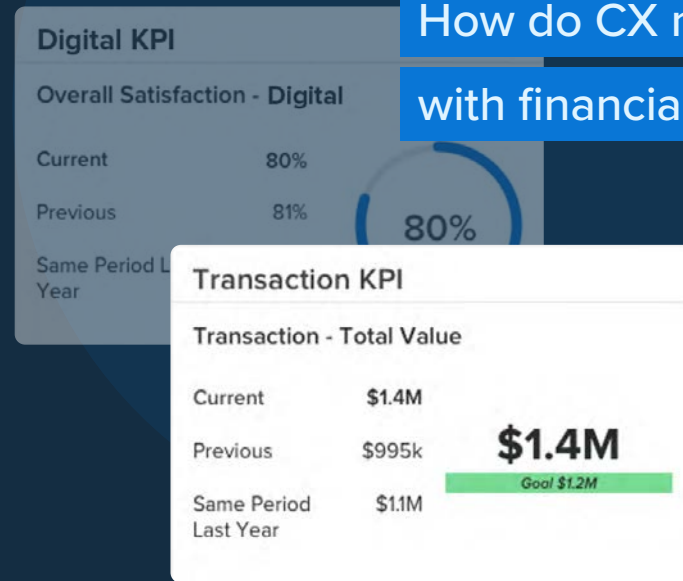


SECTION 3

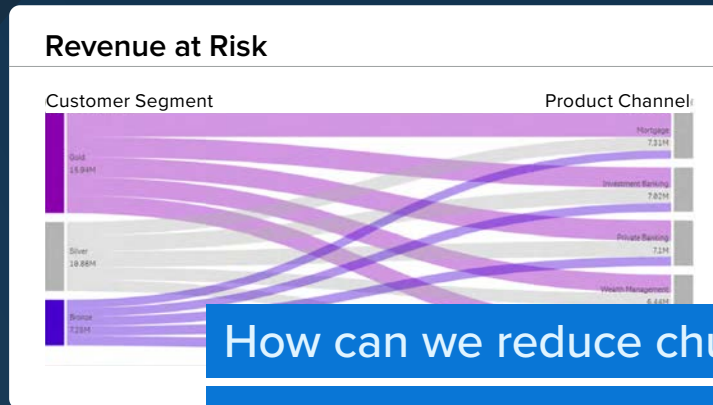
And when it comes to something as all-encompassing and complex as the customer experience, those users need an intuitive analytics platform that:

- ▶ Describes what's happening
- ▶ Diagnoses the root cause quickly
- ▶ Prescribes clear actions
- ▶ Predicts what results to expect

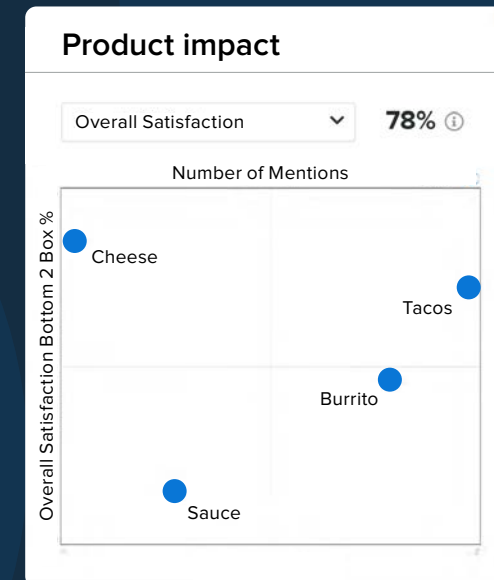
How do CX metrics align with financial outcomes?



What can customer feedback tell us about our product innovation strategy?



How can we reduce churn and inspire loyalty across customer segments?



SECTION 3

To transform CX results from vanity metrics into organizational priorities, you need an end-to-end reporting platform that delivers:



Cross-channel views with powerful drill-down capabilities + in-platform report building



24/7 mobile access for regional managers traveling between locations



Centralized executive reporting to enable side-by-side analysis of disparate CX + financial data streams



Multi-source, AI-native text analytics to surface emerging themes in unstructured data



Alerting + case management technology to help you reduce churn + detractors



Online reputation management tools to monitor ratings + reviews, engage customers, + drive SEO efforts



CASE STUDY

How Signet Jewelers optimised online reputation management to strengthen customer relationships + boost digital presence



Keeping up with fast-paced, high-volume ratings + reviews channels can be a daunting task—but brands failing to manage their online reputation effectively are putting revenue at risk. That’s especially true for high-end retailers, where one bad review can dissuade would-be buyers from even considering a visit.

To streamline its approach and lessen the strain on its labour force, Signet Jewelers integrated ratings + review data alongside solicited CX feedback channels, implemented real-time alerting + competitive benchmarking, and improved search rankings by using in-platform response templates to engage customers who left a review.

+97%

Response rate from contact centre

+85 ppts

Higher response rate than competitors

+44%

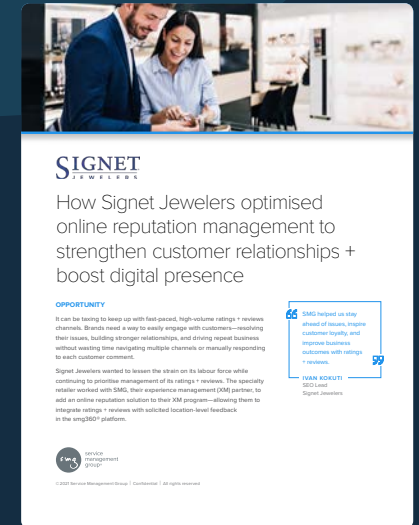
Uplift in click-to-call + website traffic

1,300+

Page 1 Google My Business rankings across keywords

+235%

Uplift in Google My Business customer interactions



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3 Do we have the expertise to connect CX improvements to actual business outcomes?

A true ROI-generating program isn't about tracking today's strategy—it's about shaping tomorrow's and ensuring you're primed to evolve alongside customer expectations + behaviors. The most sure-fire way to future-proof your program and secure long-term investment is to show how it illuminates the right path forward by analyzing how CX results align with market trends, incorporating emerging technologies like AI-based analytics, and connecting every insight to a projected financial outcome.

Unfortunately, time is limited, and even with ramped up investments, most CX teams remain lean. That's why it's important not to settle for a CX vendor.



SECTION 3

Seek out a true partner that saves you time, money, and labor by offloading daily administrative tasks and delivering:



Dedicated support from seasoned CX professionals + advanced-degree researchers



Consultative analyses that translate mountains of data into clear paths to action



Agile analyses around new brand initiatives, seasonality impact, + pressing research questions



Strategic action planning guided by a cross-functional steering committee





Advanced insights-driven firms [...] grow faster because their pervasive use of insights allows them to stay on top of changing customer needs and continuously deliver more effective and efficient decisions, actions, and experiences. They are 1.8 times as likely to say their use of data and analytics has enabled them to drive new revenue streams.*



FORRESTER[®]

**Forrester | Enable An Insights-Driven Business: The Insights-To-Action Process Maximizes Business Impact | April, 2021*

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CASE STUDY

Krispy Kreme Japan sweetens the customer experience + improves business outcomes



Not getting enough actionable insight from their mystery shop program, Krispy Kreme Japan transitioned to a comprehensive customer experience management solution. The approach quickly paid dividends by showing customers were more satisfied and spent more when front-line employees executed specific service standards.

The brand quickly:

- ▶ Shared monthly results company-wide to enhance employee awareness
- ▶ Implemented scores as a personnel evaluation metric
- ▶ Included scores in evaluations for biannual best location award
- ▶ Used results to advise the development of employee training + success metrics



RESULTS

In correlation with the increase of service standard scores, loyalty measures and comp sales have also improved.

+7^{ppts}

Overall satisfaction

+5^{ppts}

Intent to return

YOY

Sales increase

GET THE STUDY

Are you getting true CX insights— or just data points?

Like many buzzwords, insights get talked about so often they have become difficult to define and easy to confuse with data points. Understanding the difference between the two and determining if your CX program is delivering true insights or just sitting on the shelf collecting data is more critical than ever—particularly for brands struggling to prove ROI.



This best practice guide breaks down 5 definitive tests you can use to validate the output of your CX program + ensure you're maximizing business impact.

[GET THE GUIDE](#)

ROI in practice: How leading brands transform CX insights into revenue-generating initiatives

Because successful CX initiatives focus on specific business challenges, ROI can (and should) look different for every organization—but the one commonality should be a direct tie from actions to results.

Here are 4 short examples that illustrate an outcomes-driven approach to experience management:



Pivoting to curbside pickup as the primary touchpoint amid the pandemic, Tractor Supply Co. revamped communication processes, updated their mobile app to allow customers to check in, + reallocated labor.

RESULTS

3 quarters
of triple-digit
e-commerce growth

130%
Comp sales YOY

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After venturing into the breakfast daypart, Wendy's used product-level analyses and text analytics to identify improvement opportunities for new menu items.

RESULTS

+8%

Total sales

LEARN MORE ▶



The Canadian pizza chain Pizza Pizza turned to its SMG team to uncover specific gaps in the digital customer experience and drive improvements to its online ordering system.

RESULTS

+12%

YOY increase in digital sales

LEARN MORE ▶



When customers cited out-of-stock items when purchasing less than intended, Heinen's set up real-time Product Availability alerts + invested in predictive analytics software to uncover purchasing patterns.

RESULTS

\$250k

Impact to the bottom
line over 3 years

LEARN MORE ▶

SECTION 5

Determine if your current CX strategy delivers ROI

ROI shouldn't be a guessing game. When you track the right metrics, you should be able to predict the bottom-line impact of every action you take. To stop making guesses and start making gains, use our interactive ROI calculator to input your current performance KPIs + determine the potential impact of specific CX improvements for your organization.



[View ROI Calculator](#)

SECTION 6

How a true CX partner can help

SMG's unique software with a service (SwaS) approach helps organizations generate new revenue, grow existing revenue, reduce churn + detractors, and drive operational efficiencies. By delivering insights across the enterprise and measuring experiences at every touchpoint, our unique partnership model includes platform technology and professional services that help clients change the way they do business.

In fact, SMG commissioned Forrester Consulting to conduct a **Total Economic Impact™ study of the smg360® CX solution**, identifying the real-world ROI our customers can see through their programs. The study revealed how — within just 3 years — clients can see:

551% program ROI	\$14.7M in total benefits	Program payback within 6 months
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[GET THE STUDY](#)

**Forrester | The Total Economic Impact™ Of The smg360® Customer Experience (CX) Solution | A commissioned study conducted by Forrester Consulting on behalf of SMG | May, 2021*

Chart your path to consistent, sustainable ROI

One of the defining characteristics of organizations that make the leap from being data-driven to insights-driven is how they approach ROI. It's not just an after-the-fact calculation to justify expenditures—it's an ongoing process embedded into each step of every customer-centric initiative. From aligning CX metrics to business challenges and organizational KPIs to putting systems in place to track progress, achieve improvement goals, and demonstrate bottom-line impact, it requires an iterative, cross-functional strategy.

Once that shift takes hold, the sky is the limit for your CX strategy.





To learn how SMG's unique software with a service (SaaS) model can help you build + sustain an ROI-generating CX program, visit smg.com/contact-us.



About Service Management Group

SMG inspires experiences that improve people's lives. We are a catalyst for change—helping organizations generate new revenue, grow existing revenue, reduce churn and detractors, and drive operational efficiencies. Our unique software with a service (SaaS) model puts a dual focus on platform technology and professional services, making it easy for brands to activate insights based on customer, patient, and employee feedback. To learn more about our customer, employee, and brand experience management (XM) solutions, visit www.smg.com.

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