# Key metrics measuring CX success

Psst... your customers are talking. This book will help you listen.

Shh... it's our little secret

**CXM**
ACADEMY

# Foreword

Let's face it: most business texts are about as exciting as watching paint dry. They're packed with jargon, buzzwords, and enough pie charts to induce a sugar coma.

But this? Well, this is different.

We're not going to bore you with endless theory or abstract concepts. Instead, we're getting our hands dirty with the real-world metrics that separate the CX champions from the pretenders.

You'll learn about the numbers that truly matter, the ones that'll make your customers sing your praises and your competitors break out in a cold sweat.

We'll show you how to gather them, decipher them, and use them to create experiences so remarkable, your customers will be lining up at the door.

So grab your favorite beverage (caffeinated or otherwise), and get ready for an adventure. Because by the time you finish this book, you'll be equipped with the knowledge and strategies to transform your CX from "forgettable" to "phenomenal."

And trust us, your bottom line will thank you for it.

Michel Stevens
**Course Director CX Master Academy**

# BUSINESS IN THE FRONT, PARTY IN THE CUSTOMER'S HEART

Few terms are as widely used and yet as loosely defined as "customer experience" or CX. Often, it's reduced to simple notions of satisfaction or loyalty—a customer enjoyed their purchase, or they keep coming back for more. But CX is far more intricate and profound than these surface-level interpretations.

CX is about creating and delivering value. Value for the customer, value for the business, and value for the brand. And these three need to be in balance.

This perspective highlights that CX isn't just about making customers happy; it's about creating a mutually beneficial relationship where all parties thrive. It underscores the importance

of aligning CX initiatives with business goals and brand identity, ensuring that every interaction contributes to long-term success.

In essence, CX is the ongoing narrative of a customer's relationship with your brand. It's a dynamic interplay of perceptions, emotions, and value exchanges that shape their loyalty, advocacy, and ultimately, their lifetime value to your business.

A successful CX strategy isn't about isolated moments of delight or fleeting transactions. It's about consistently delivering value that resonates with your customers, strengthens your brand, and drives sustainable business growth.

**customer takes towards that goal**, but also opportunities for improvement, ways to personalize interactions and of course **measure and track progress.** By establishing performance indicators at each step, you can track the effectiveness of your CX initiatives and identify areas for further optimization.

### The impact of CX on business

While CX is undoubtedly about creating value for customers, it's equally crucial to understand its tangible impact on your business. A well-executed CX strategy can significantly influence key business metrics, driving growth, profitability, and long-term success.

Depending on your business strategy and how your CX strategy stacks up against it, it can impact your bottom line with **increased revenues**, **reduced churn, improved brand reputation, reduced cost-to-serve,** and **enhanced employee engagement.**

Companies that prioritize CX and invest in creating exceptional experiences are more likely to outperform their competitors and achieve sustainable growth.However, it's essential to go beyond anecdotal evidence and establish a clear link between CX initiatives and business outcomes. This requires measuring and tracking the right metrics, analyzing data to uncover insights, and making data-driven decisions that optimize CX and drive business success.

### From first click, to loyal fan

Understanding CX requires more than just grasping its essence; it demands a deep dive into the customer journey—the series of interactions and touchpoints a customer experiences throughout their relationship with your brand.

The customer journey isn't a linear path; it's a dynamic and often unpredictable series of interactions that can span multiple channels and touchpoints. It begins with the initial awareness of your brand and continues through the consideration phase, purchase decision, onboarding, ongoing usage, and even

post-purchase support and advocacy.

Each stage of the journey presents opportunities to create value for the customer, the business, and the brand. It's crucial to map out these touchpoints and understand the customer's mindset, needs, and expectations at each stage. This allows you to identify potential pain points, optimize interactions, and proactively deliver value that resonates with your customers.

A well-mapped customer journey provides a framework for understanding the CX landscape. It allows you to clearly **identify the jobs to be done and how they align with the steps a**

## CUSTOMER LIFETIME VALUE

The predicted net profit attributed to the entire future relationship with a customer.

Average Purchase Value)
x
Average Purchase Frequency
x
Average Customer Lifespan

Indicates long-term customer value, guiding investment in acquisition and retention.

You can also use it to segment customers, personalize experiences, optimize marketing spend.

## CUSTOMER EFFORT SCORE

Measures how much effort a customer feels they exerted to achieve their goal.

$$\frac{\text{Sum of all response scores}}{\text{Total number of responses}}$$

Identifies friction points in the customer journey.

You can also use it to pinpoint areas for process improvement and streamline interactions.

## CUSTOMER RETENTION RATE

The percentage of customers a company retains over a specific period.

$$\frac{\text{Number of customers at end of period - Number of new customers acquired}}{\text{Number of customers at start of period}}$$

Reflects customer loyalty and the effectiveness of retention efforts.

You can also use it to identify at-risk customers and implement proactive retention strategies.

## CUSTOMER ACQUISITION COST

The cost incurred to acquire a new customer.

$$\frac{\text{Total marketing and sales cost}}{\text{Number of new customers acquired}}$$

Evaluates the efficiency of marketing and sales efforts.

You can also use it to optimize campaigns and channels to reduce acquisition costs.

## CUSTOMER SATISFACTION

Measures how satisfied customers are with a product, service, or interaction.

$$\frac{\text{Total number of satisfied customers}}{\text{Total number of responses}}$$

Gauges immediate customer sentiment and experience quality.

You can also use it to identify areas for improvement and track progress over time.

## NET PROMOTER SCORE

Measures the likelihood to recommend a company, product or service.

% of Promoters
-
% of Detractors

Doesn't predict growth potential or customer advocacy.

You can also use it to show off to your friends, family and relatives. Unless you implement it correctly, then it's really interesting.

While traditional metrics like Customer Satisfaction (CSAT) and popular ones like Net Promoter Score (NPS) offer insights, they only scratch the surface of what constitutes CX success. To gain a more comprehensive understanding of your customer experience performance, it's essential to track a range of metrics that go deeper into the customer journey and its impact on your business.

The *right* metrics depend on your business strategy and how your CX strategy stacks up against it, but also the mandate your CX program has.

Sometimes the right mix might consist of 10 to 20 different metrics, measuring CX, operations, and processes.

By tracking and analyzing these metrics, you can gain a more nuanced understanding of your customers' experiences, identify areas for improvement, and make data-driven decisions that enhance CX and drive business growth.

## Tying CX to the business

The ultimate goal of any CX initiative is to drive business growth, profitability, and long-term success.

In this context it's important to distinguish correlation from causation. While a correlation may exist between improved CX and increased revenue, it doesn't necessarily mean that one directly causes the other. There could be other factors at play.

To establish a clear causal link, it's essential to conduct rigorous analysis and experimentation.

- **Controlled Experiments:** Running A/B tests to compare the impact of different CX initiatives on key business metrics
- **Longitudinal Studies:** Tracking CX metrics and business outcomes over time to identify trends and patterns
- **Statistical Analysis:** Using regression analysis or other statistical techniques to isolate the impact of CX on specific business outcomes

By establishing a clear causal relationship between CX and business metrics, you can make data-driven decisions that optimize CX investments and maximize their impact on your bottom line.

## The Return on Experience

One of the most compelling ways to demonstrate the value of CX is to calculate its Return on Experience (RoX). This involves quantifying the financial benefits of CX initiatives and comparing them to the costs incurred.

Calculating the RoX can be complex, as it requires measuring both the direct and indirect benefits of improved CX, but it typically includes:

- Increased revenue from repeat purchases and upsells
- Reduced costs associated with customer churn and acquisition
- Improved brand reputation and customer loyalty
- Enhanced employee engagement and productivity

In its simplest form, the business case could be as easy as calculating the difference between an unhappy and a happy customer, as in this example below.

|  | **Dissatisfied customer** | **Neutral customer** | **Satisfied customer** |
|---|---|---|---|
| Value per sale | € 75 | € 85 | € 80 |
|  | x | x | x |
| Lifetime sales | 1,4 | 2 | 3,8 |
|  | = | = | = |
| **Customer Value** | **€105** | **€ 170** | **€ 304** |

# WHILE YOUR COMPETITORS GUESS, YOU CONNECT THE DOTS BETWEEN CX AND OPS

While CX is often perceived as a customer-facing endeavor, its success is intrinsically linked to the efficiency and effectiveness of your operations. The way your organization functions behind the scenes directly impacts the experiences your customers have at every touchpoint.

Operations encompass the systems, processes, and people that enable your business to deliver products or services to customers. From supply chain management to customer service interactions, every operational aspect can influence the CX.

To understand the impact of operations on CX, it's crucial to track key operational metrics that directly or indirectly influence customer experiences.

**First Contact Resolution (FCR):** The percentage of customer inquiries resolved during the first interaction.

**Average Handle Time (AHT):** The average duration of customer service interactions.

**Service Level Agreement (SLA):** The percentage of customer requests handled within agreed-upon timeframes.

**Process Cycle Times:** The time it takes to complete various operational processes, such as order fulfillment or customer onboarding.

**Delivery Times:** The time it takes for products or services to reach customers after purchase.

**Product Quality Control Scores:** Metrics that assess the quality and consistency of your products or services.

**Bug Reports:** The number and severity of software or product defects reported by customers.

**Cart Abandonment Rate:** The percentage of online shopping carts that are initiated but not completed with a purchase.

*Creating a positive customer experience is key to attracting and retaining loyal customers, now more than ever. Whether we call it customer friendliness, customer experience, customer focus, or something else, it all comes down to one thing: exceeding your customer's expectations.*

– Jean Felix, CX Master Practitioner

The first step in building a CX measurement framework is to select the metrics that are most relevant to your business and industry.

While we've covered a variety of metrics in this book, it's crucial to choose the ones that align with your specific CX goals and business strategy.

Consider the following factors when selecting CX metrics:

**Relevance:** Choose metrics that directly relate to your CX objectives and provide actionable insights.
**Measurability:** Ensure that the metrics you select can be accurately and consistently measured.
**Actionability:** Focus on metrics that enable you to take concrete steps to improve CX.
**Alignment with business goals:** Select metrics that tie directly to key business outcomes, such as revenue, churn, or customer acquisition cost.

## Data collection and analysis

Once you've selected your CX metrics, the next step is to establish a robust data collection and analysis process.

**1** **Identifying data sources**
Determine where and how you'll collect CX data. This may include surveys, feedback forms, social media monitoring, customer service interactions, website analytics, and other relevant sources.

**2** **Implementing data collection tools**
Choose the right tools and technologies to collect and store CX data efficiently. Consider using customer feedback platforms, survey tools, social listening software, and CRM systems.

**3** **Analyzing the data**
Use data analysis techniques to uncover trends, patterns, and insights within your CX data. This may involve statistical analysis, sentiment analysis, or other data mining techniques.

**4** **Visualizing the Data**
Use charts, graphs, and dashboards to present CX data in a clear and actionable format. This will make it easier for stakeholders to understand the insights and make informed decisions. Tell the customer's story!

## Building a CX culture

While metrics and data are essential, true CX success requires a cultural shift within your organization.

This involves – above all – leadership commitment. A good way to show your leadership that the time to act is now is through a thorough analysis of your customer centricity. We can absolutely help you with that thanks to our **Customer Centricity Maturity Assessment (CCMA)**, which we discuss on the next pages.

The CCMA can also gauge the employee empowerment, cross-functional collaboration, and your continuous learning and improvement efforts. All the components you need for building a customer-centric culture are measured in other words. And the best thing? It doesn't cost you a fortune and it can be deployed quickly.

By creating a customer-centric culture, you can embed CX into the DNA of your organization, ensuring that every employee is committed to delivering exceptional experiences.

# TRANSFORM CUSTOMER LOYALTY INTO PROFIT

**Retaining loyal customers is crucial to the success of any business. But what if that's a challenge? What does it mean for your team if customers are dissatisfied, competition is getting fiercer, and your business results are under pressure?**

Loyal customers are more valuable than new customers because they spend more, come back more often, and are happy to promote your business to others. The key to retaining these customers lies in customer centricity.

Customer centricity means putting your customers at the heart of your business operations. You understand their needs, meet their expectations and strive to exceed them. Customer centricity is not an innate quality but requires a conscious effort from all employees within your organization.

But being customer-centric alone is often not enough for loyal customers.

CXM Academy's Customer Centricity Maturity Assessment (CCMA), which was developed with Loyalty Group, is a valuable tool that helps your business measure and improve its existing customer centricity. With the help of the CCMA, you get a detailed picture of how your customers experience your organization and where there are opportunities to optimize your customer experience.

**What the CCMA can do for you:**

• Increased customer loyalty and satisfaction
• Increased revenue and profitability
• Improved employee engagement
• A stronger brand identity
• A competitive advantage

The CCMA is a comprehensive assessment that covers several aspects of your customer centricity, including:

• The extent to which your employees experience and apply customer centricity.
• The effectiveness of your customer-centric processes and procedures.
• The quality of your customer communication.
• The strength of your customer relationships.

**A CCMA is more than just an assessment - it's an action plan.**

The results of the CCMA are translated into actionable recommendations that you can use to structurally improve your customer centricity. This enables you to create consistent customer satisfaction - the foundation for loyalty, growth and profitability.

**Click here to know more.**
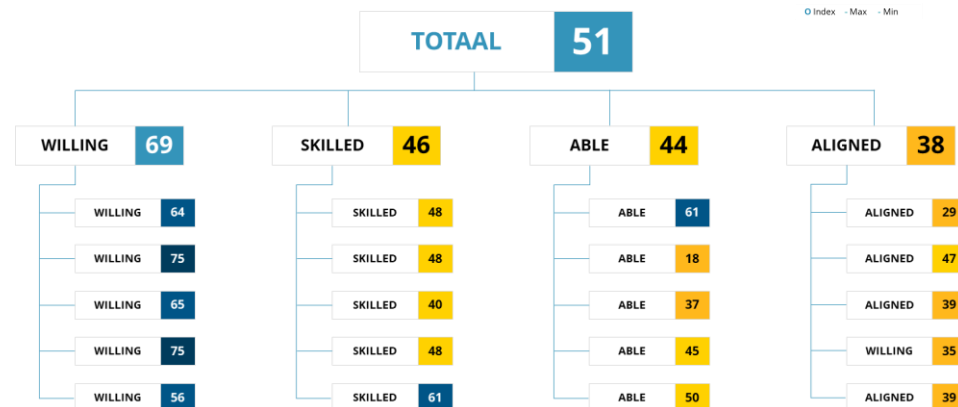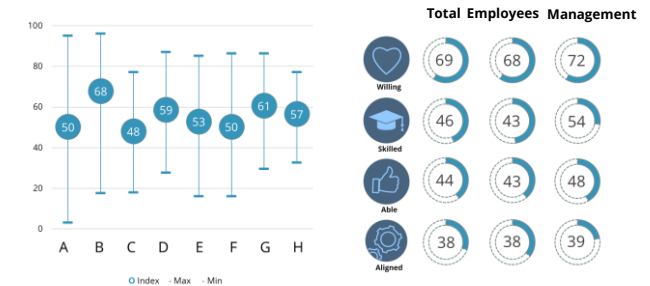
Throughout this guide, we've emphasized that CX measurement is not a one-size-fits-all endeavor.

The right metrics for your organization will depend on your unique business strategy, CX goals, and program mandates. By carefully selecting and tracking the metrics that matter most, you can gain a deeper understanding of your customers' experiences, identify areas for improvement, and make informed decisions that drive tangible business results.

CX is an ongoing journey, not a destination. It requires continuous monitoring, analysis, and optimization. By embracing a data-driven approach and fostering a customer-centric culture, you can ensure that your organization is consistently delivering exceptional experiences that create value for all stakeholders.

By following the principles below and applying the insights gained from this guide, you can unlock the full potential of customer experience and achieve sustainable growth in today's competitive landscape. Remember, exceptional CX is not an accident; it's the result of intentional effort, data-driven decision-making, and a relentless focus on creating value for your customers.

**Go beyond the basics**
Don't rely solely on traditional metrics like NPS and CSAT. Explore a wider range of indicators that provide a more holistic view of CX performance.

**Align metrics with strategy**
Choose metrics that are relevant to your business goals and CX objectives.

**Establish a robust framework**
Implement a systematic approach to data collection, analysis, and visualization.

**Foster a customer-centric culture**
Empower employees and encourage cross-functional collaboration to deliver exceptional CX.

**Leverage technology**
Utilize CX tools and platforms to streamline processes, gain deeper insights, and personalize experiences.

**Embrace continuous improvement**
Continuously monitor, analyze, and optimize your CX metrics to drive ongoing success.

# MAKE YOU CX PROGRAM TALK
## IT WILL TELL YOU WHAT'S IMPORTANT

CX programs fail when they become about the program itself.
They exist to serve a purpose: deeper customer relationships,
smarter business decisions, and ultimately, growth.

Measuring the right thing right tells you where you are, where
you need to go, and how to get there.

You don't just deliver data, you deliver clarity.

We can help you unlock the power of CX to transform your
business. **Ready to chart a new course? Let's talk.**

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