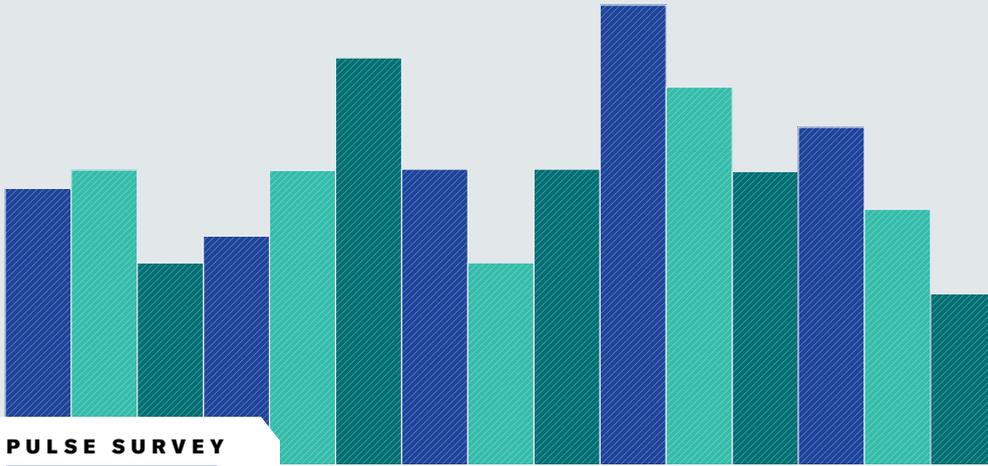


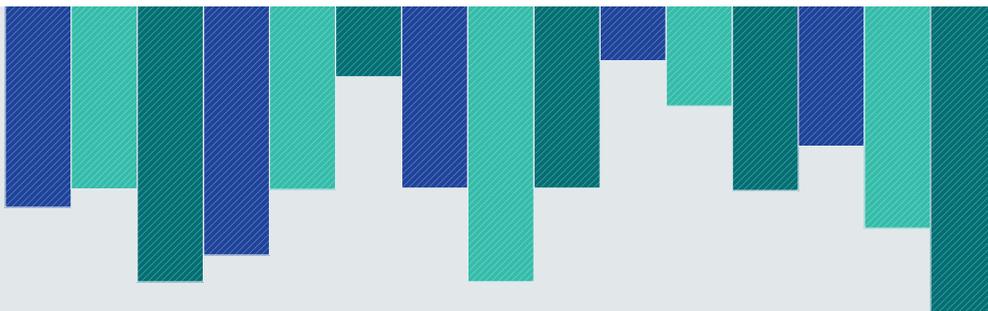


**Harvard  
Business  
Review**

ANALYTIC SERVICES



# Rethinking Customer Interactions to Boost Customer Experience



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## Customer Interactions Maketh Your Customer Experiences!

In a hyperconnected ecosystem, enterprises need to think about creating superior experiences for their employees, customers, partners, and users across the value chain. Specifically for customers, as expectations continue to rise, customer experience, and thus customer interactions have evolved into a crucial determinant of business success.

Customer interactions have evolved to extend beyond individual touchpoints, encompassing the entire customer journey. Traditionally, customer interactions were transactional, focusing primarily on completing a sale or resolving an issue. However, today, customer interactions are viewed as opportunities to create memorable engagements, build relationships, and foster loyalty.

Enterprises seek to create seamless customer experiences across channels, ensuring consistency and continuity at every stage of the customer life cycle. To do so, it is important for them to understand the elements of a CX strategy driven by interactions, and consistently drive efforts to make every interaction count. This strategy revolves around understanding your customers, humanizing and personalizing interactions, improving efficiency utilizing technology and intelligence, breaking organizational silos, and driving a culture of empathy and collaboration.

Working with customers across the globe, we at Tata Communications have witnessed firsthand the transformative shift in customer interactions. With the Tata Communications Customer Interaction Suite (CIS) that enables contextual, hyper-personalized, and trusted interactions at scale through the entire customer journey, we are helping enterprises blend artificial intelligence-led automation with seamless human-led interactions to deliver better CX, enhance marketing ROI, and drive operational efficiencies.

We sponsored this survey and report to delve deeper into what the landscape of customer interactions looks like today, and how it will evolve in the future, as we truly believe that customer interactions power CX, which, in turn, drives business growth. The report offers insightful data from industry leaders and perspectives into the evolving world of customer interactions from academicians and experts. It also provides actionable insights and useful best practices to build or strengthen your customer interactions strategy for today and beyond. Read on!

For more information, please visit: [www.tatacommunications.com](http://www.tatacommunications.com)



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# Rethinking Customer Interactions to Boost Customer Experience

Simply put, customer experience (CX) has the power to make or break business success. The experience a company provides is often as important as its products or services when it comes to customer satisfaction and loyalty. And in today's digitally driven world, there are more customer touchpoints and ways of communicating than ever before, making it imperative to get CX right. Conversely, organizations cannot afford to get CX wrong, as dissatisfaction can result in diminishing brand value, lost revenue, and customer churn.

Each customer interaction is one building block that makes up a customer's perception of an organization or brand. The sum total of these interactions is CX. Individual interactions, overall experience, and business outcomes are inextricably linked. A global survey by Harvard Business Review Analytic Services in December 2023 of 264 members of the *Harvard Business Review* audience, all familiar with their organization's strategy and approach to customer interactions, finds that customer interactions are critical to CX, and in turn, CX is critical to business success. The vast majority of respondents (92%) agree that each customer interaction impacts overall CX, and 93% agree that the quality of an organization's CX impacts its ability to succeed.

But organizations may be struggling to put these sentiments into practice. The survey findings point to a gap between what organizations believe is important and what they can successfully execute: although 94% of respondents say that, in order to be successful in their organization's industry, it is very important that organizations consistently deliver positive customer interactions (indicating 8–10 on a 10-point scale, where 10 is "extremely important"), only 38% indicate

## HIGHLIGHTS



97% of respondents say that over the next 12 months, their organization is **focusing on one or more improvements to customer interactions**.



94% of respondents say that, in order to be successful in their organization's industry, it is **very important** that organizations **consistently deliver positive customer interactions** but only 38% say their organization is very successful at doing so.



91% of respondents agree that making interactions more useful for customers **can optimize an organization's efficiency**.

Due to rounding, some figures in this report may not add up to 100%.

that, overall, their organization is very successful at doing so (8–10 on a 10-point scale, where 10 is “extremely successful”).

Consistently delivering good interactions across a myriad of channels is not an easy task. Organizations have an overwhelming amount of data to process to get a clear view of customers’ behaviors and preferences. And integrating that information—in a manner that is as seamless for internal operations as it is for external customers—is increasingly difficult to achieve using outdated systems and siloed ways of working.

“There are companies that do a good job of collecting data around specific touchpoints, but I don’t think there are many that do a very good job of knitting that together to create an entire life cycle view of the customer,” says Matt Dixon, founding partner of DCM Insights, a Washington, D.C.-based firm that helps organizations better understand their customers. “An end-to-end view of the customer relationship across all its interactions can help to determine what is causing friction. Minimizing the effort the customer has to put into any interaction, reducing friction, and making the overall experience easier for the customer form a thread running through every touchpoint that is critical for strengthening the positive relationship between customer and company.”

This report seeks to understand how organizations are prioritizing and rethinking customer interactions and CX to meet customers’ needs. It will explore the idea that putting personalized, relevant, seamless interactions at the heart of CX strategy can improve business outcomes. The report will also examine the tools and technologies that organizations are relying on to help them do so, uncover any obstacles to success, and elaborate on how these obstacles can be overcome.

It is vital to interact with customers in the way that suits them best, says Micah Solomon, author, trainer, keynote speaker, and president of Four Aces Inc., a Seattle-based consultancy specializing in improving CX. “Today’s customers, from every generation, don’t subscribe to the idea that commerce should be confined to just one channel,” he explains. “Younger customers are, on average, the most emphatic about having a world without boundaries—and this perspective extends to their consumer behavior.”

## What Good Interactions Look Like

“Good” may mean different things to different organizations, but certain characteristics stand out as necessary for making any customer interaction a positive one: frictionless, personalized, seamless, and human, even when the interaction is digital.

According to Solomon, the four elements required to satisfy customers are a “perfect” product (designed and tested to perform to the applicable standards), timeliness, friendliness, and a service recovery framework (for working



“Minimizing the effort the customer has to put into any interaction, reducing friction, and making the overall experience easier for the customer form a thread running through every touchpoint that is critical for strengthening the positive relationship between customer and company,” says Matt Dixon, founding partner of DCM Insights.

with disappointed customers) in case any of the first three fail. This set of elements is the baseline, but companies can do more, he explains. “For a company to actually delight a customer, more is needed. The ‘more’ comes from anticipatory customer service: fulfilling desires the customer hasn’t yet expressed and answering questions a customer hasn’t even voiced. Traditionally, anticipatory customer service has been provided by an empathetic, focused employee paying attention to the customer in a deep way. However, this hands-on approach can now be augmented by using technology in an anticipatory way.”

Human kindness and connection go a long way in building positive interactions. “Key attributes are being knowledgeable, helpful, and friendly,” says Shep Hyken, customer service and experience expert and author of *The Cult of the Customer*. “By contrast, rudeness and apathy are the top reasons why customers don’t come back.”

DCM Insights’ Dixon believes that post-sale service interactions are the ones that can make or break the customer relationship—and here the best experiences are low friction. “One of the most critical moments in the broader customer experience is how you handle problems or unexpected issues. These interactions determine customer retention and advocacy. But often, this is where companies go wrong. They are focusing on surprising, delighting, and wowing customers when in this instance all customers want is a quick and easy experience. Customer service is the place to really focus on efficiency and making the interaction a low-effort experience,” Dixon says.

Unfortunately, customers often have difficult experiences when it comes to customer support. According to Hyken,

the author of *The Cult of the Customer*, it is common for customers to repeatedly scream “agent” or “representative” into the phone and eventually hang up out of frustration. “Our consumer research shows that 38% of customers would rather clean a toilet than call customer support,” he says in all seriousness.

One way to improve such interactions is to focus on seamlessness, particularly the ability for customers to switch channels—for example, from a chatbot to a call center—without having to repeat information or reauthenticate. Annette Franz, CEO of CX Journey Inc., a customer experience strategy consultancy based in Orange County, Calif., believes combining an omnichannel and an optichannel approach to interactions can achieve seamlessness and boost CX.

“Omnichannel is about having many channels and making sure the customer experience across all of them is seamless and consistent,” she says. “Optichannel means knowing and understanding your customers, their preferences, and where they are in the journey—and using the optimal channel to interact with them. The focus is maximizing the effectiveness of what’s happening in each channel.”

The survey finds that organizations aren’t settling for mediocrity; almost all (97%) are focusing on one or more improvements to customer interactions over the next 12 months, primarily around seamlessness, personalization, and providing a consistent cross-channel experience. Only 3% of respondents say their organization is not focusing on making improvements to its customer interactions. **FIGURE 1**

As the bar on customer expectations continues to be raised, and technology continues to evolve at a rapid pace, the world of CX could become increasingly digitized and removed from human-to-human interaction. But every interaction, whether digital or not, has a human behind it. As Hyken points out, technology is built by people to be used by people. “If you analyze all customer touchpoints and examine what is driving them, you’ll find an impact point—and impact points are made by employees who may not have any interaction with customers at all,” he says. “From designing an online shopping experience to putting a label on a package to be shipped, there is always a human element somewhere.”

Hyken believes that in an increasingly digital world, it is important to keep the option for human interaction alive. “In the bigger picture, people can’t isolate themselves and leave technology to take care of everything. I expect the social, real-life aspect of CX will remain. The challenge and the opportunity is to find a way for technology to make this possible,” he says.

### Improved Organizational Efficiency

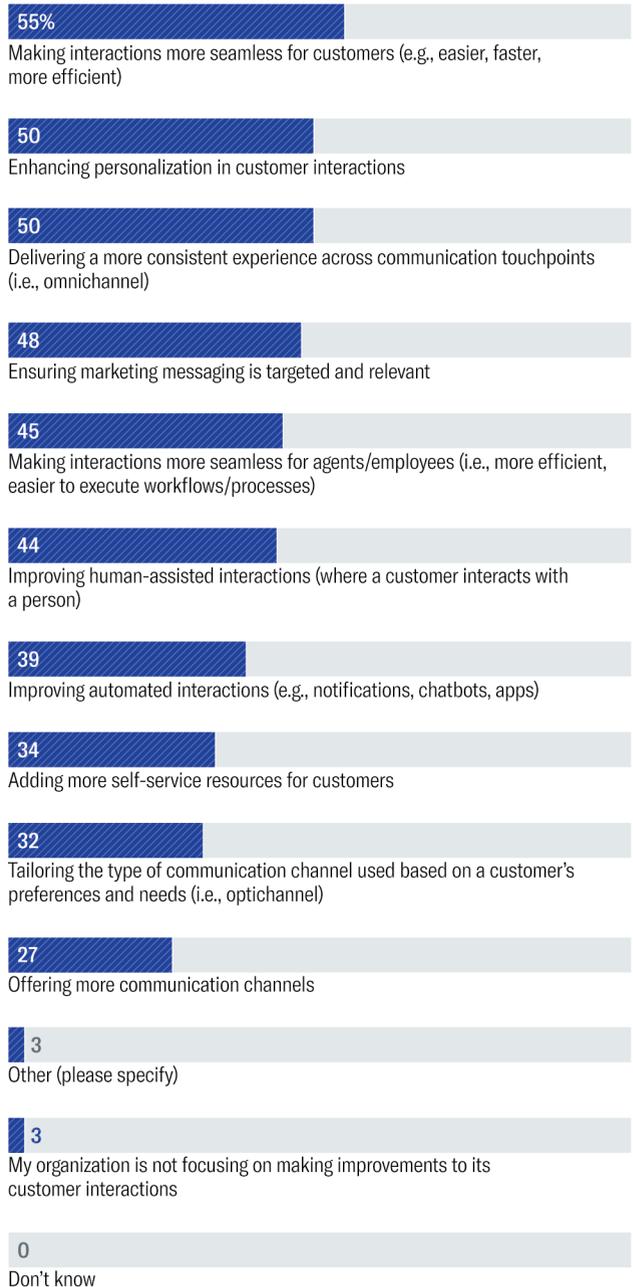
Better customer interactions can offer a direct pathway to happier customers, repeat sales, and increased revenues.

FIGURE 1

### Interactive Improvements Are Underway

Seamlessness, personalization, and consistency top the list

Over the next 12 months, what improvements to customer interactions, if any, is your organization focusing on? *Select all that apply.*



Source: Harvard Business Review Analytic Services survey, December 2023



**“In the bigger picture, people can’t isolate themselves and leave technology to take care of everything. I expect the social, real-life aspect of CX will remain. The challenge and the opportunity is to find a way for technology to make this possible,” says Shep Hyken, customer service and experience expert and author.**

Additionally, making improvements to how useful a customer’s interaction is could have big payoffs through greater efficiency and lower costs. Around nine in 10 survey respondents say making customer interactions more useful can improve organizational costs, and a similar percentage say so for efficiency. More specifically, 87% agree that making interactions more useful for customers can optimize an organization’s costs, and 91% agree that making interactions more useful for customers can optimize an organization’s efficiency.

CX Journey’s Franz describes how getting customer interactions, and ultimately CX, right can spill over into many aspects of business. “There’s a common perception that if you want to improve CX it means spending more money and doing more work. But really, a true focus on CX means doing things more efficiently and more effectively. And good CX means doing the right things because you understand your customers’ expectations, their pain points, and what problems you need to solve,” she says.

Further, a combination of omnichannel and optichannel approaches can cement customer interactions at the heart of the business. “It’s possible to combine seamless integration between multiple channels, essentially an omnichannel strategy, with the optichannel approach of optimizing what is happening in individual interactions in specific channels—that’s the sweet spot,” says Franz. “That combination enhances both the effectiveness and the efficiency of a business’s marketing, sales, strategy, and customer service efforts. It also makes for a great customer experience that is personalized and enhances engagement.”

The survey results indicate that organizations are making changes with organizational efficiency in mind. When respondents whose organizations are focusing on at least one improvement to customer interactions over the next 12 months are asked what business outcomes their organization most hopes to achieve from such adjustments, most (74%) cite improved customer satisfaction, but this goal is closely followed by increased sales/revenue (61%). And just over a third (36%) are hoping for greater organizational efficiency.

### **A Pervasive Lack of Collaboration**

There are several challenges that stand in the way of improving customer interactions, many of which involve an organization not having a cohesive or unified way of viewing CX. Dixon describes how a traditional organizational structure can create silos that hamper CX efforts. “While many companies have a head of CX, typically there is nobody who is responsible for it as it applies to all areas of the organization. Often CX is limited to customer service or gauging customer satisfaction,” he says. “Nobody is empowered to collect data from all of the different touchpoints and get functional leaders together to agree on what is broken and what should be prioritized in terms of improvement, for instance, across product, marketing, sales, post-sales service, and accounts.”

According to Dixon, the problem posed by structural silos can be compounded by different areas using different metrics and incentive structures. For example, sales teams may be compensated on one measure, such as conversion rates, and customer service employees may be compensated on reduced handling times or call volumes, while marketing teams could be incentivized according to website clicks. “Function-specific metrics are not unified; they’re not all pointing in the same direction or working toward a common goal of creating the easiest, most enjoyable experience for the customer,” says Dixon.

Another challenge is making data accessible to those who need it. “Data is at the heart of designing and delivering a great customer experience. For that you need the right data that is contextually relevant,” says Franz, who points to the virtues of silo-transcending systems such as “data lakes,” central repositories designed to store, process, and secure large amounts of data. “Data also has to be accessible if it’s to be of any use,” she continues. “Whether organizations are using unified customer data platforms or centralized data lakes, the system needs to put data in the right place at the right time for the people who need it.”

The survey indicates that common challenges in delivering quality customer interactions revolve around a lack of integration in terms of both people working together and data and systems working together. For example, lack of collaboration across teams (48%), siloed/disorganized



“Data is at the heart of designing and delivering a great customer experience. For that you need the right data that is contextually relevant,” says Annette Franz, CEO of CX Journey Inc.

FIGURE 2

### A Customer Interaction Hurdle

Lack of collaboration is the most common challenge

What challenges, if any, does your organization face in delivering quality customer interactions? *Select all that apply.*



Source: Harvard Business Review Analytic Services survey, December 2023

customer data (39%), and different digital tools or dashboards used across the organization (35%) are all cited by over a third of survey respondents. **FIGURE 2**

There's also strong sentiment among survey respondents about the importance of having a seamless system of tools to support end-to-end customer interactions, but few have such a system. When it comes to the technology organizations use to execute their customer interactions, a strong majority (92%) agree that it's important that the digital tools, systems, and strategies used for customer interactions be connected across an organization. Yet when asked whether they agree that they actually are connected across their organization, just 50% could agree. Again, there is a gap between what respondents believe is ideal and what's happening in practice at their organization.

But work is being done to remedy disconnected systems and processes. Many organizations are looking into increasing data sharing between their teams, tools, and systems. Respondents were asked whether they expect their organization to increase or decrease the extent to which it conducts a few different customer interaction activities, primarily focused on cross-team collaboration and information sharing. Seventy-five percent say their organization is either considering or currently increasing the alignment of processes across teams involved in customer service interactions, and 71% say their organization is considering or currently increasing the integration of data across the digital tools/systems used for customer interactions. Notably fewer respondents (20%) say their organization is considering or currently increasing the sharing of customer data with external partners. **FIGURE 3** This hesitancy could be due, in part, to increased sensitivities around data privacy or the need to comply with country-specific regulations, as elsewhere in the survey, one-third of respondents (32%) say cybersecurity/data privacy protocols are one of the most important factors for their organization when selecting a platform/tool vendor to help execute customer interaction processes.

### Tech as Enabler

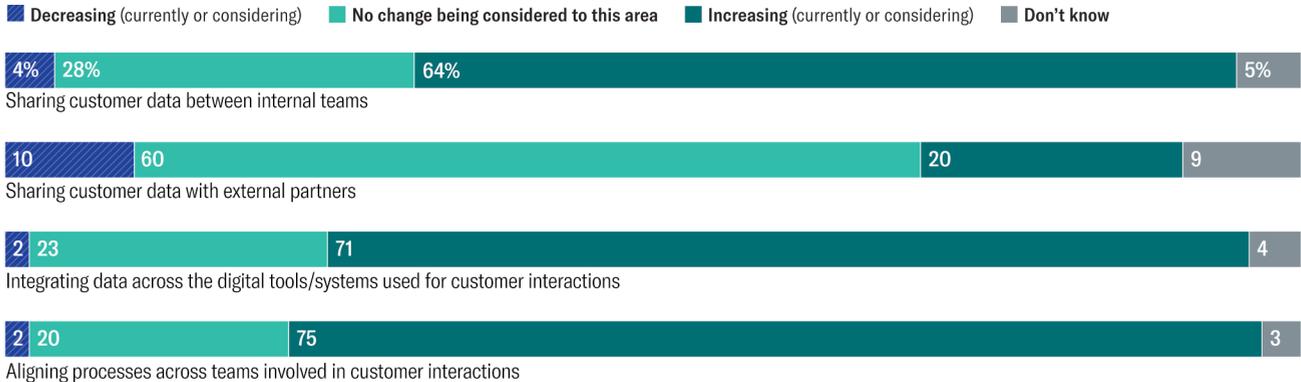
On a practical level, organizations can invest in the technology solutions they need to get CX systems and data more integrated in support of cohesive action. It is worth

FIGURE 3

## Greater Alignment and Sharing

Data sharing is increasing across internal teams and systems

Is your organization altering the extent to which it conducts the following activities as part of its customer interaction operations?



Source: Harvard Business Review Analytic Services survey, December 2023

noting that only 51% of survey respondents agree that their organization currently has the right technology in place to support strong customer interactions.

It's not surprising, then, that organizations are planning to increase their digital tools and capabilities over the next 12 months. When respondents are asked about the digital tools or capabilities their organization is increasing its use of as part of its customer interaction processes, about half say their organizations are increasing customer data analytics (53%), customer relationship management tools (51%), and process/workflow automation (46%), followed by customer experience or engagement tools (44%). Around a third say their organizations are increasing communication/messaging software (31%) and generative AI tools (30%). **FIGURE 4**

While the right technology is essential for building a deeper understanding of customer behavior, as well as improving interactions and overall CX, technology alone is not a panacea. Rather, technology can be an enabler of better CX. "Customer experience is not technology," states Franz. "Technology, no matter how advanced it is, is only a tool to facilitate and support the experience the customer has."

There are many elements that need to work together for any technology to reap the intended benefits—and culture, strategy, processes, and people all play a role. Franz believes that people are at the heart of realizing technology's full value. "So many companies try to throw technology at a people issue," she adds. "Really, what they should be doing is focusing on people and helping them to adjust to technology, especially when it comes to working with AI."

According to Franz, people need to learn to work with artificial intelligence (AI), but they also need to know how to work side by side with AI. "People can learn to let go of some things that humans have always done, and let the AI do it, instead of spending hours on tasks that drain time and energy," she asserts. "But keeping a human in the loop is necessary to ensure judgment and control over any AI outputs."

Four Aces' Solomon describes using a triangular approach to understand how technology can support human interactions. "A triangular framework is a useful way to think about introducing tools like AI. The three vertices of the triangle are the customer, AI or other advanced technology, and the human agent. These all work with each other interactionally," he says. "The customer can initially engage with AI such as a chatbot on the company's site, and then, when things get complicated (or when they're ready to take action), they can text, call, chat, or email the human agent. And here's where it gets interesting: even once the customer is speaking or messaging directly with a human agent, behind the scenes the AI can be helping the agent in many ways. And it's likely the customer will continue to use AI, whether they realize it or not. For example, they may still be using an AI-powered dynamic search bar on the company's website."

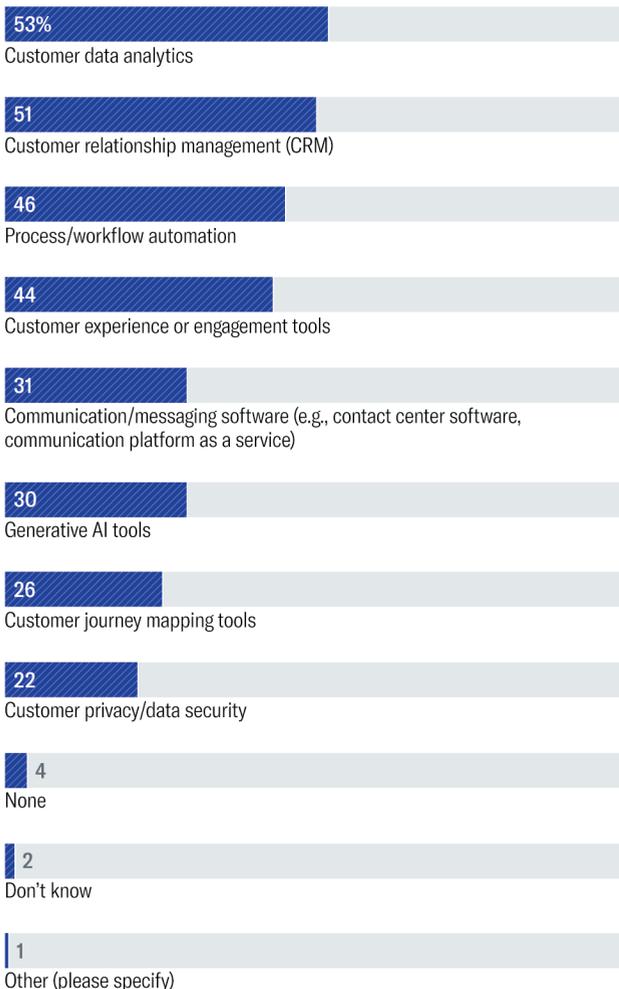
Dixon says that one of the ways in which technology is most useful, but often disregarded, is in making work easier for employees. "CX rests on creating an easier, frictionless experience for the customer. But one of the things I think companies often overlook is that being easy to do business with starts at home," he says. "Employees need to be empowered to do their jobs well, whether they are frontline staff or those

FIGURE 4

## Digital Is on the Rise

Around half are increasing customer data analytics over the next 12 months

Over the next 12 months, what digital tools or capabilities is your organization increasing its use of as part of its customer interaction processes, if any? Select all that apply.



Source: Harvard Business Review Analytic Services survey, December 2023

designing and implementing customer interactions. If people are given the correct technology that supports their work, it can set them and the company up for success.”

## Best Practices for Bridging the Gap

There are several actions that organizations can take to overcome challenges and turn their CX aspirations into reality:

**Define a vision of CX excellence.** For Hyken, improvements begin with a company-wide commitment to customer centricity. “Leadership needs to decide to improve customer interactions and communicate the vision of what that ideal or the aspiration looks like,” he says, citing the example of Horst Schulze, cofounder and former COO of The Ritz-Carlton Hotel Co., who set the standard for CX at the hotel chain by implementing the motto, “We are ladies and gentlemen serving ladies and gentlemen.” Adds Hyken: “That vision is well-defined and easily understood and communicated. You’ve got to define the vision, communicate it, and train everyone at all levels of the organization in how to action it.”

**Pay attention to culture.** Organizational culture can set the stage for a vision to take hold. Franz says that while elements such as strategy, data, and technology are essential for revitalizing CX, culture sets the foundation for any improvements to become actionable. “If you don’t have the culture in place that puts people before products and metrics, then you may struggle to improve customer interactions,” she explains. “It may be a cliché to say that culture eats strategy for breakfast, but it’s true. If you don’t have that foundation in place, then people will be questioning why anything needs to change.”

**Unify systems.** Greater collaboration and data sharing, across people and systems, can lead to seamless customer interactions. Franz believes that some organizations may be struggling to manage the data needed for CX improvements, due to a lack of technology or having disparate systems in place or relying on legacy systems. “Getting a unified data system in place is essential for improving CX,” she says.

**Build capabilities.** Dixon believes that companies that excel at customer interactions tend to focus on and invest in the same four capabilities. “The first is creating a frictionless digital self-service experience—one that is simple, intuitive, and easy to use. Second, they think one step ahead of the customer and not only fix the problem they reached out with, but work at next-issue avoidance, too. Third, companies train their representatives to use language in a principled and purposeful way that can help to make the customer experience more positive, and fourth, they invest in their frontline professionals,” he says.

The more interactions move online, become automated, or are easily resolved by customers, the more important it is to have frontline staff who are well supported and equipped to deal with complicated issues. “Customers tend to reach out when they cannot solve issues themselves, which means that the problem is likely a difficult one. In this scenario, you want to give more autonomy and control to your frontline people to allow them to handle the issue in



“In this environment of rapid change, achieving great CX entails doing the right things, for the right reasons. You need to keep the customer at the center of your decisions, your culture, and your strategy,” says CX Journey’s Franz.

the way they see fit, instead of having to stick to a predictive script,” says Dixon.

**Keep the human touch.** The foundation of good CX is making sure that all interactions convey a similar experience, Hyken explains. “If it’s human to human, the interaction should be friendly; if it’s online, it should be intuitive,” he says. “One way to invoke the human touch is to personalize interactions. A personalized experience means the company is effectively saying: ‘I know who you are, I hear what you’re saying, I know your buying history and your preferences.’”

**Improve the employee experience.** Happy employees make for happy customers. “If you’re looking to improve CX, the adage, ‘physician, heal thyself,’ applies,” says Dixon. “The first place to look is at your own employee experience. Are you making the job hard for your people? If you are, it’s a tall order for them to create a beautiful customer experience.”

## Conclusion

Many organizations aspire to understand and improve customer interactions across multiple channels—and technology can help them get there. Once the right technology is in place, organizations can analyze customer data better, personalize interactions, make data accessible across the organization, and integrate systems for a process that is seamless for customers and those who serve them.

Thanks to technological advances, there are already significant opportunities to develop CX in ways that were unimaginable a few years ago. According to Franz, tapping these opportunities is just the beginning. “Right now, it feels as if we’re at a tipping point,” she notes. “There has been rapid adoption of multiple use cases, and technology is going to continue to evolve, expand, and take capabilities to a whole new level.

“CX has already taken leaps forward by using new technologies in areas like predictive analytics, customer segmentation, sentiment analysis, customer journey orchestration, and hyper personalization,” Franz continues. “And generative AI can help organizations to create content that is personalized and localized. When you think about adding the world of augmented reality and virtual reality, the possibilities for customer interactions are phenomenal. For example, it’s possible for customers to visit virtual showrooms, and do virtual try-ons, with interactive support.”

This pace of technological evolution may seem overwhelming and exhilarating at the same time. Organizations looking to delve into the details of customer interactions to improve overall CX would do well to embrace change and the technology on offer.

“In this environment of rapid change, achieving great CX entails doing the right things, for the right reasons,” says Franz. “You need to keep the customer at the center of your decisions, your culture, and your strategy.”

## METHODOLOGY AND PARTICIPANT PROFILE

Harvard Business Review Analytic Services surveyed 264 members of the *Harvard Business Review* audience via an online survey fielded in December 2023. Respondents qualified to complete the survey if they were familiar with and engaged in decisions about their organization's customer interactions strategy and approach.

### Size of Organization

**22%**  
10,000 or more  
employees

**30%**  
1,000-9,999  
employees

**10%**  
500-999  
employees

**39%**  
50-499  
employees

### Seniority

**24%**  
Executive  
management/  
board members

**44%**  
Senior  
management

**24%**  
Middle  
management

**8%**  
Other grades

### Industry Sectors

**14%**  
Technology

**11%**  
Health care

**10%**  
Education

**8%**  
Manufacturing

All other sectors  
less than 8% each.

### Job Functions

**18%**  
General/executive  
management

**15%**  
Sales/business  
development/  
customer service

**10%**  
HR/training

**10%**  
Marketing/PR/  
communications

**8%**  
Administration

All other functions  
less than 8% each.

### Regions

**45%**  
North America

**20%**  
Europe

**19%**  
Asia Pacific

**8%**  
Latin America

**7%**  
Middle East/Africa

**1%**  
Other

Figures may not add up to 100% due to rounding.



# Harvard Business Review

ANALYTIC SERVICES

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