

VERINT®

The 2023 State of Digital Customer Experience Report

An industry analysis of consumers' and
businesses' digital engagement expectations

20+ stats to understand your
customers and competitors

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Introduction & Methodology

The shift to digital has fundamentally changed customer experience expectations. The result? Today's organizations are facing:

- An increasing number of customer interactions
- An increasing number of engagement channels
- Ever-increasing customer expectations

The problem is that most businesses are trying to meet these evolving challenges with limited resources. A new approach is needed as a result. One that understands the growing complexity of modern customer journeys, that goes beyond simply not making errors when answering customer questions—an approach that unifies customer interactions across channels and enables seamless digital experiences.

Verint's *2023 State of Digital Customer Experience* report analyzes the changing customer preferences and behaviors that impact digital customer engagement strategies for enterprise brands.

The report provides a comprehensive overview of how consumers communicate—or at least want to communicate—with your organization. It analyzes the top digital CX priorities for large enterprises, including how conversational and generative AI is used in customer service delivery.

Throughout, the report explores how high-performing companies provide experiences that build customer relationships and the best practices that separate the industry leaders from the rest, allowing you to benchmark where competitors are focusing their efforts and budgets.

Consumer Survey Methodology

More than 2,000 surveys were conducted between March 27, 2023 and April 21, 2023 with U.S. consumers between the ages of 18 and 75 selected from online research panels. In addition to demographic information, the survey included various questions on consumer engagement preferences through a combination of multiple-choice, Likert Scale, and ranked responses. There was an equal split between male and female survey participants, and their age distribution closely matches the age distribution of the U.S. general population reported by the Census Bureau.

Brand Survey Methodology

200 business surveys were conducted between March 27, 2023 and April 17, 2023 with participants selected from business research panels. Respondents were asked screening questions to ensure that they are involved with customer service or customer experience at companies with at least 1,000 employees and have the role of director, executive vice president, senior vice president, executive vice president, or C-level executive.

Note: Individual percentages listed in bar graphs may not sum to 100% due to rounding.

The State of Digital CX: 2023 vs. 2022



50%

of consumers have used social media and/or a private messaging channel to contact a business. The use of social media to engage with a business has increased by **14%** over the past year while private messaging has increased by **13%**.

31%

of consumers have higher customer service expectations than last year, an increase of **11%** year-over-year.

69%

of consumers have stopped doing business with a company due to a single poor customer experience, an increase of **5%**.

67%

of businesses believe they take a proactive approach to digital customer engagement, an increase of **4%**.

77%

of businesses say consumer expectations for effectively engaging with them digitally have increased over the past 12 months, an increase of more than **10%** since 2022.

46%

of businesses say their legacy systems are one of the biggest barriers when trying to implement a digital customer engagement strategy—up by **15%** from 2022.

Consumer Data Analysis and Key Findings

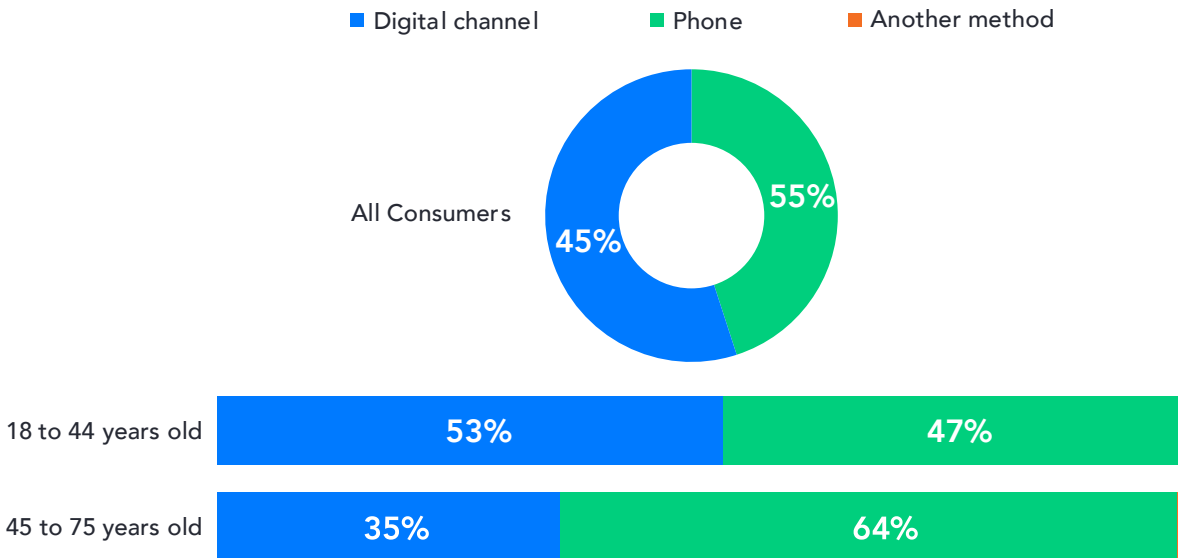
We asked more than 2,000 U.S. consumers their preferences for engaging with brands.

Digital-First Engagement for Customers

Trend: Digital Customer Engagement Is a Business Imperative

Contact Centers Must Prioritize an Integrated Omnichannel Approach

How do you most prefer to contact a company to ask a product or service-related question?



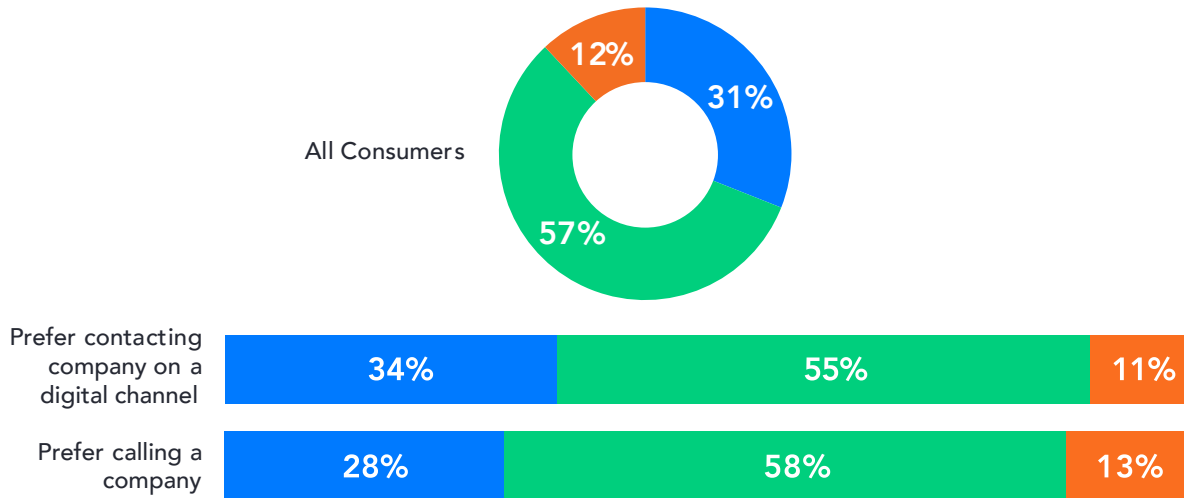
Consumers under age 45 favor digital channels over phone, with **53%** preferring to reach out over a digital channel. Despite respondents aged between 45 and 75 preferring to use the phone, more than one-third (**35%**) chose digital channels as their favored method of contacting a company.

The growth of digital channels—and continued popularity of reaching out over the phone—means that companies need to adopt an open approach to customer engagement. A customer-centric strategy that enables a conversation to begin on one channel and continue on another is the most effective way of ensuring seamless customer experiences.

Customer Expectations Are Growing

How have your customer service expectations changed compared to 12 months ago, if at all?

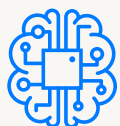
■ My expectations are higher ■ My expectations haven't changed ■ My expectations are lower



CUSTOMER SERVICE EXPECTATIONS ARE <i>HIGHER</i> THAN THEY WERE 12 MONTHS AGO	2022	2023	CHANGE
All consumers	20%	31%	+11%
Consumers who prefer contacting a company on a digital channel	18%	34%	+16%
Consumers who prefer calling a company	23%	28%	+5%

The percentage of consumers with higher customer service expectations has grown by **11%** year-over-year, while the proportional growth is even greater among those who prefer to use digital channels, rising by **16%** compared to last year's *2022 State of Digital Customer Experience* survey.

Traditionally, increasing your workforce was the answer to improving the customer experience, but it's not economically viable to hire your way to deliver better experiences. Companies need CX automation to build a scalable workforce of humans and bots that can match the expectations of consumers without sending contact-center costs from exploding.



CX Automation is the application of AI to automate, scale, and remove friction from the interactions between a business and its customers.

Poor Experiences Increase the Chance of Customer Churn

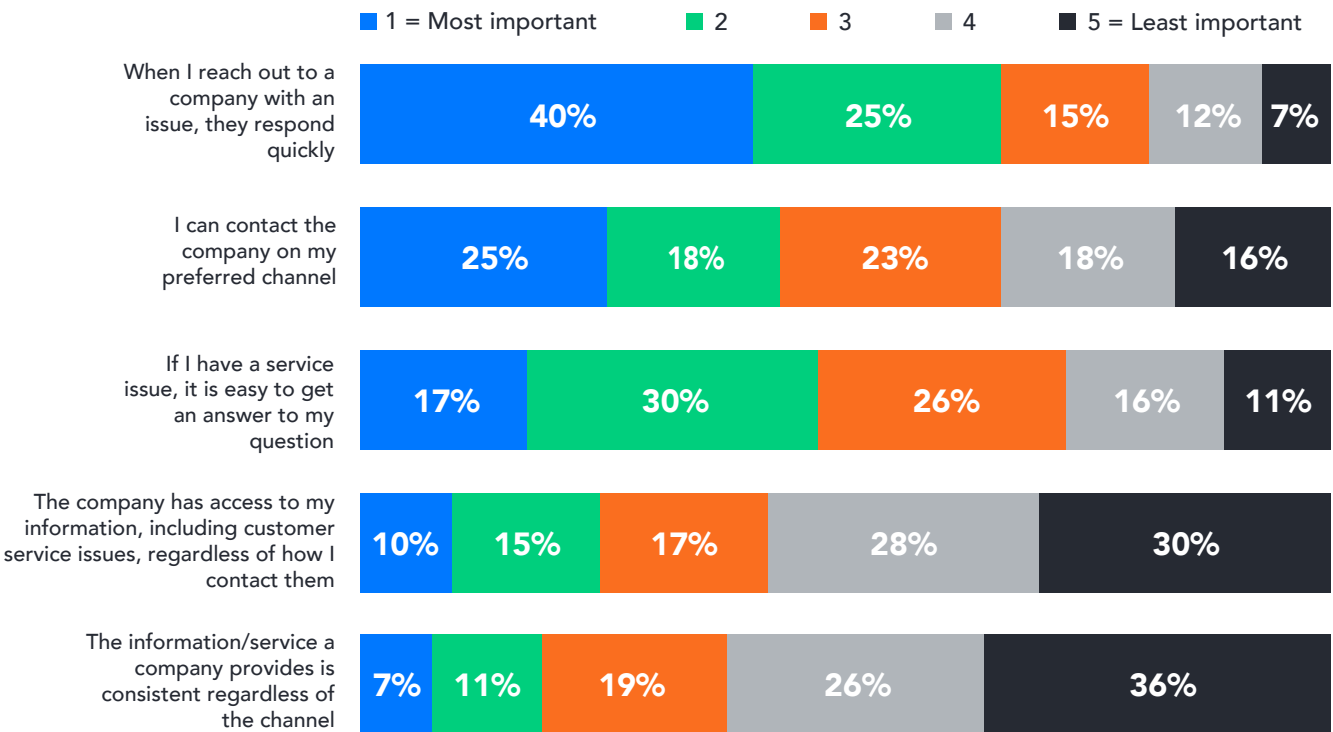
Have you ever stopped doing business with a company due to a poor customer experience?



With **69%** of consumers stopping doing business with a company after a poor customer experience, companies need to focus on delivering consistently excellent customer experiences by lowering contact-center volume through self-service, reducing average handle time with embedded knowledge, and improving loyalty with seamless bot-driven experiences across channels.

Quick Responses + Ease of Use = A Good Customer Experience

Please rank these aspects of a good customer experience from 1 to 5

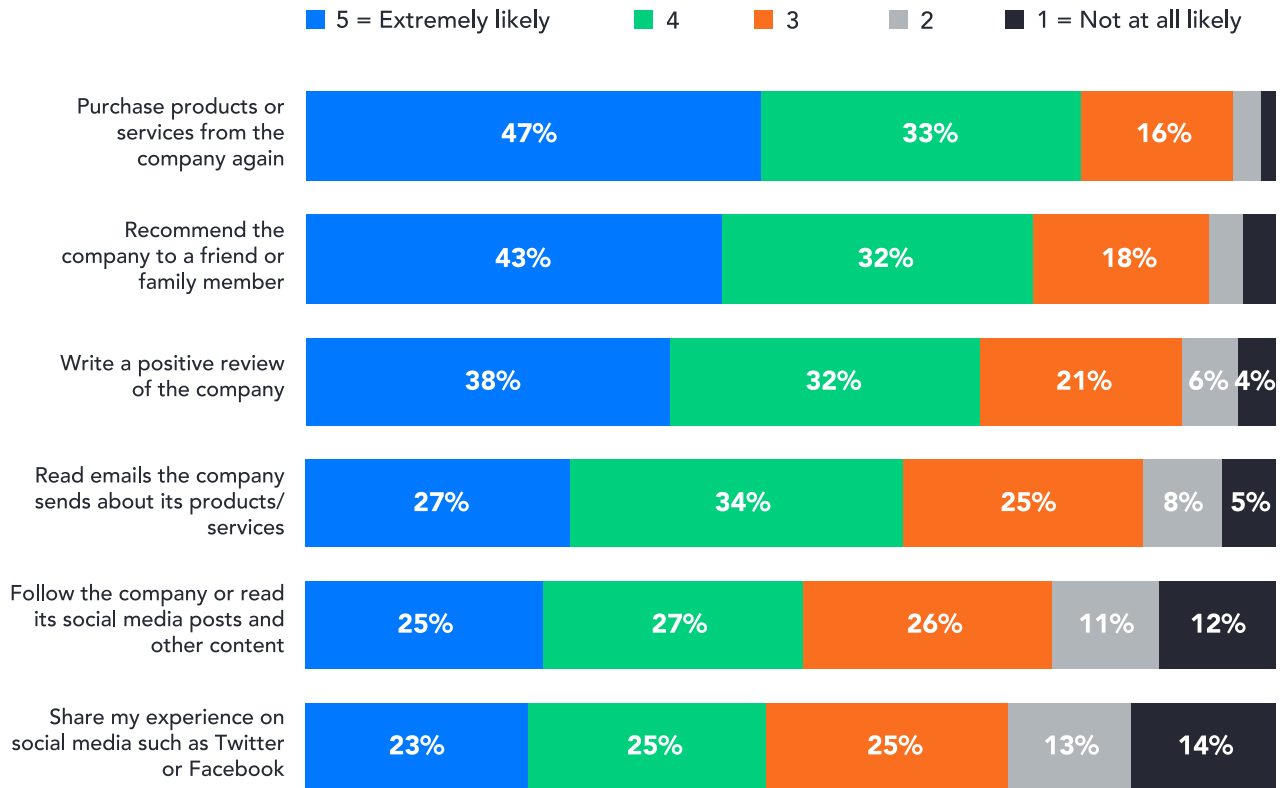


65% of consumers surveyed ranked companies responding quickly as the most or second-most important aspect of a good customer experience. Being able to easily get an answer to a service issue also rated highly, with **47%** of respondents ranking being able to easily get an answer as first or second in importance.

Higher expectations for customer experiences explain the desire for quick responses and first-time resolution. However, speed and accuracy are not straightforward to achieve—providing a good customer experience will rely on effective self-service through automation and routing interactions to the right agent or bot regardless of channel.

Amazing Digital CX Leads to Increased Sales

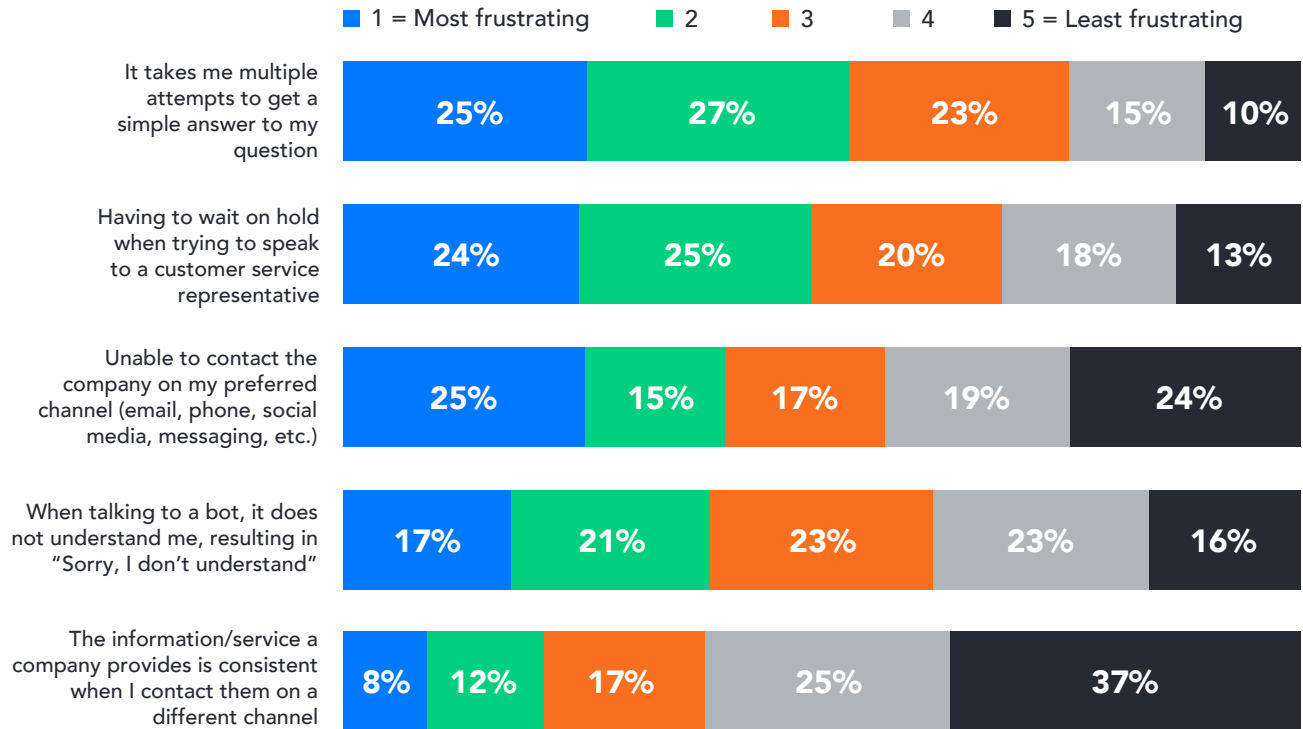
If you had an amazing customer experience on a digital channel, how likely would you be to do each of the following?



80% of consumers are more likely to be repeat customers with companies that provide amazing customer experiences on digital channels. Concentrating on quick responses and swift resolutions across multiple channels are critical to your company’s ability to increase revenue through customer retention and expanding a company’s customer base through referrals.

Waiting on Hold + Slow Resolution = A Poor Customer Experience

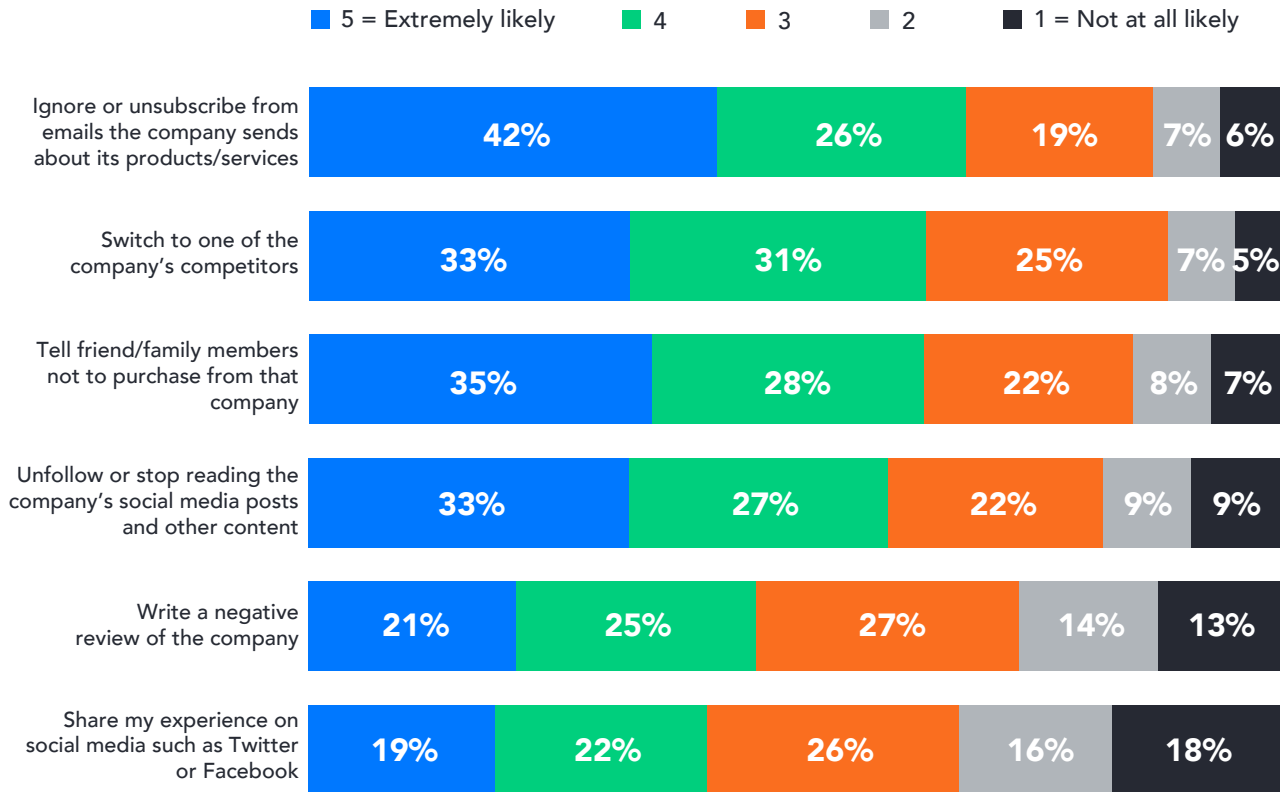
Please rank these aspects of poor customer experience from 1-5



The factors which create poor experiences are, unsurprisingly, the opposite to what's considered good CX. Where quick and accurate responses make consumers happy, they are frustrated by waiting on hold and having to make multiple attempts to get an answer. Equally, the ability to use their preferred channel is likely to create a loyal customer relationship, while the opposite will happen if their channel of choice isn't an option.

Bad Digital CX Leads to Customer Apathy

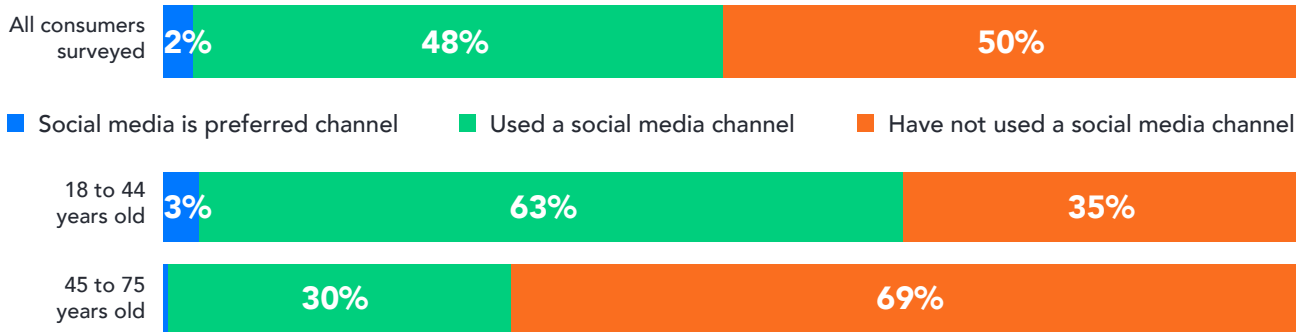
If you had a terrible customer experience on a digital channel, how likely would you be to do each of the following?



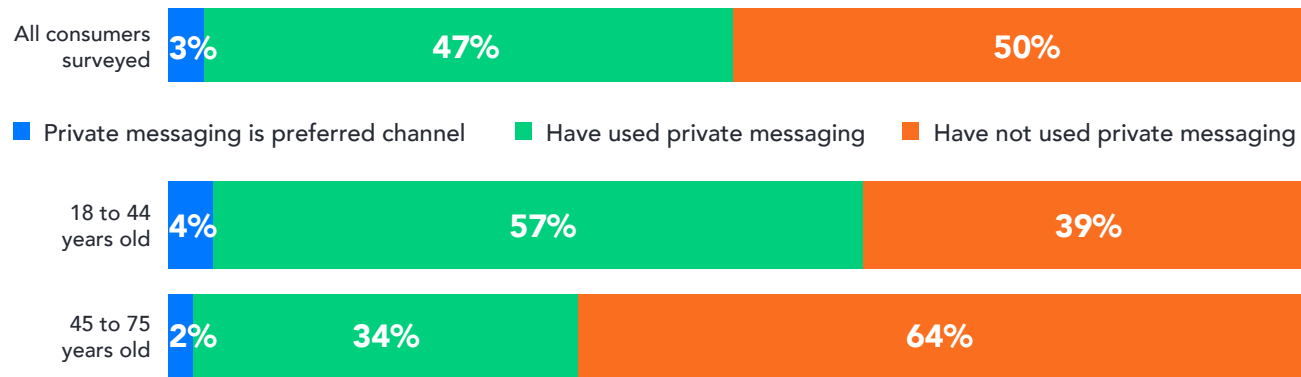
Terrible customer experiences are likely to lead to customer churn, with the impact reaching further than just one frustrated customer. For **63%** of respondents, poor CX will lead to bad word of mouth, meaning a company won't just lose one customer, but potentially their family and friends too.

More and More Customers Are Interacting with Companies on Social Media and Private Messaging Channels

Have you ever used a social media channel such as Facebook, Twitter, or Instagram to contact a company?



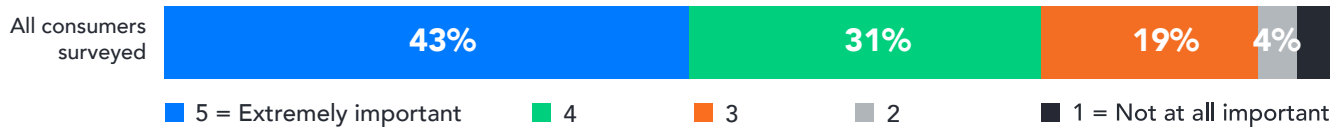
Have you ever used a private messaging channel such as texting, Facebook Messenger, or WhatsApp to contact a company?



The popularity of digital engagement channels continues to grow. Half of all respondents have used either social media or private messaging channels to contact a company, with social media and private messaging use both increasing year-over-year across all generations.

Digital Experiences Are Extremely Important to Customers

In general, how important is it to you to have good experiences on digital channels?



With close to three-quarters of respondents rating good digital experiences as important, the growth in popularity of engagement channels such as private messaging and social media shows the challenge facing companies. Without a hybrid workforce of human and bots, it will be difficult to meet the high expectations of a modern consumer.

Key Finding:

Customer expectations are growing and so is their preference for omnichannel engagement.

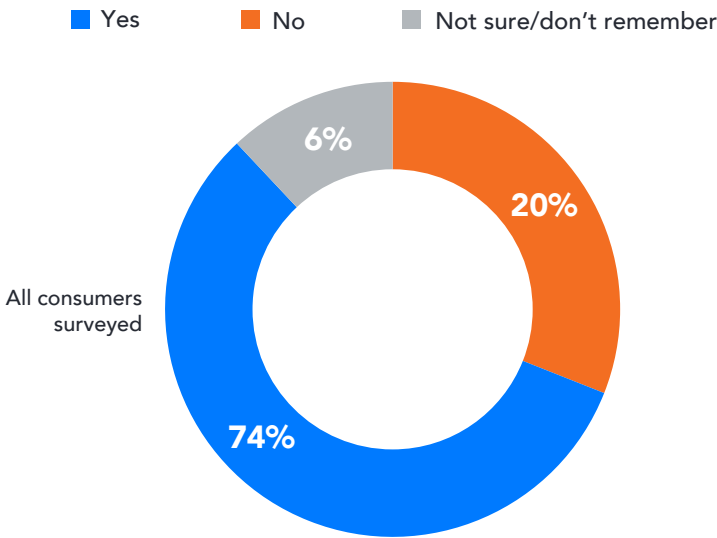
Consumer demands are rising—**31%** have higher expectations than 12 months ago—and so are the number of channels being used to interact with companies (social media and private messaging channel usage increasing **14%** and **13%** respectively). Customers value quick responses to their queries over their preferred channels, meaning that offering a seamless omnichannel engagement strategy is vital for delivering great customer experiences.

However, it is not good enough to simply provide additional channels to meet customer demands. The growth of digital channels also provides companies with the opportunity to harness customer data and provide more personalized experiences, such as targeted product and service recommendations or predicting a customer's needs based on their prior behaviors. Higher expectations also mean there's a greater chance of disappointing consumers; companies must ensure their digital engagement strategies deliver consistently effortless experiences or risk customer churn.

Trend: Businesses Need to Improve AI-Enabled Customer Service

The Majority of Consumers Have Interacted with a Chatbot

Have you ever communicated with a company using their chatbot?

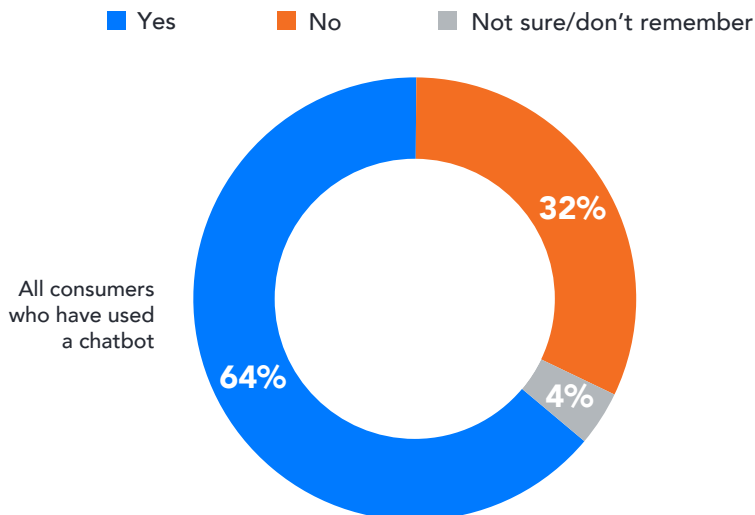


CX Automation is the application of AI to automate, scale, and remove friction from the interactions between a business and its customers.

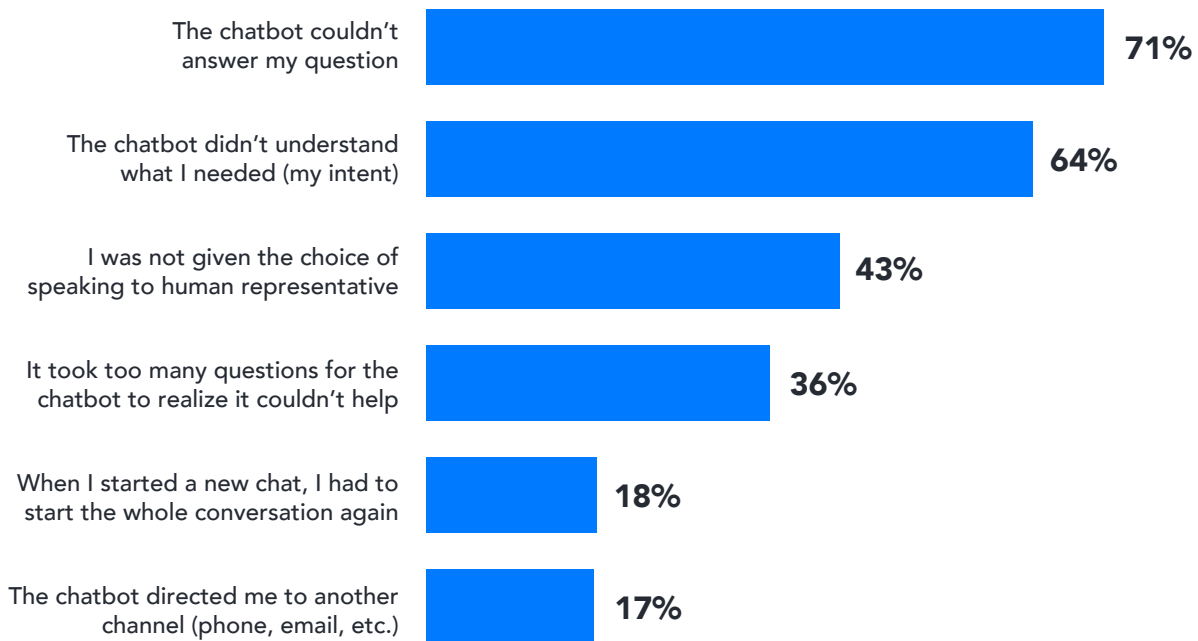
Organizations on the fence about introducing CX automation can rest assured that there's considerable consumer awareness for this kind of engagement. With almost three-quarters (74%) of consumers having already communicated with a company via a chatbot, CX leaders should think of automated experiences as a vital tactic in their customer engagement strategies.

Chatbots Can Still Frustrate Customers

Have you ever had a bad experience communicating with a chatbot?



What are the most important reason(s) communicating with a chatbot was a bad experience?



Of the **71%** of consumers who have used a chatbot, **64%** say that they have had a bad experience.

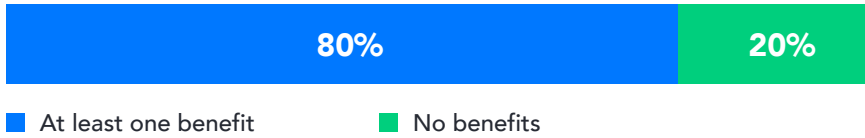
Organizations should review their chatbots and ensure that:

1. The chatbot can answer the most common customer queries.
2. The chatbot can hand over to a human agent when it's asked something outside of its scope.
3. The chatbot is leveraging natural language understanding (NLU) models to understand customer intents and deliver the right experience.

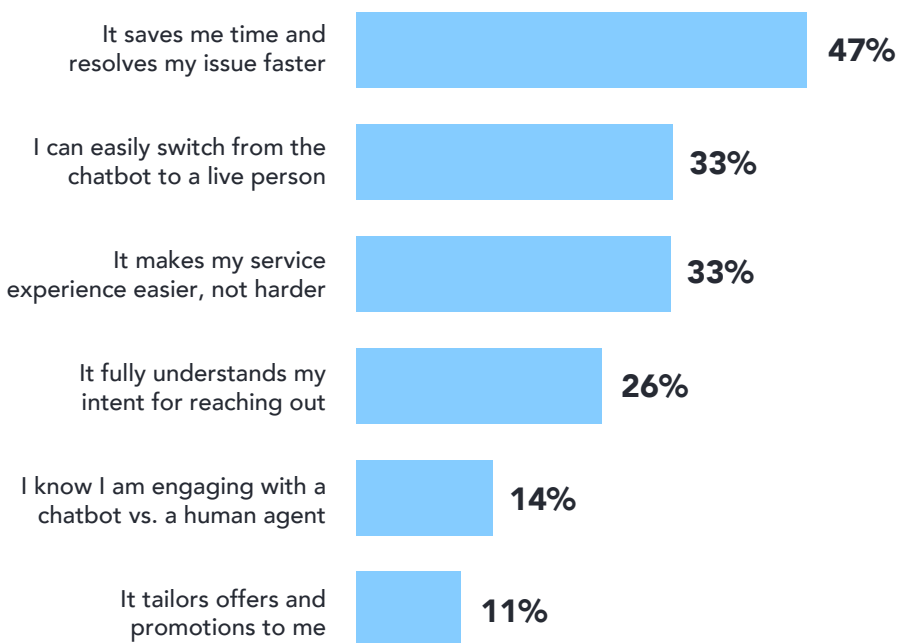
These three points alone address many of the main reasons why almost two-thirds of consumers have had a bad chatbot experience.

Customers Expect Bots and AI To Benefit Their Experiences

What do you think are the biggest benefits customers receive when they receive assistance from a company’s chatbot?



What do you think are the biggest benefits customers receive when they receive assistance from a company’s chatbot? (Select one or two benefits.)



Percentages above are based on responses from consumers who think customers receive at least one benefit.

Consumers overwhelmingly believe there is at least one benefit of using chatbots. Organizations should ensure that their chatbot meets consumer expectations for resolving issues faster, passing customers on to a human agent where needed, and making service easier and resolving questions faster by understanding intent.

Key Finding:

Consumers want to use chatbots for self-service, but many are still built badly.

- Automation is now an integral feature of modern customer engagement, with nearly three-quarters of consumers having interacted with a chatbot.
- There's a problem, though, because badly designed bots are causing customer frustration. In fact, **64%** of customers have had a negative experience with chatbots.
- Companies need to go beyond using simple word trees and introduce conversational AI that understands a wide range of customer intents and can deliver efficient and effective service.

With customers demanding that their questions are answered quickly and that their issues are resolved the first time they contact a brand, businesses' approach to AI must go further than building simple chatbots. It needs to combine cutting-edge natural language processing, machine learning, and robust intent understanding libraries to deliver interactions that are conversational and effective.

Business Data Analysis and Key Findings

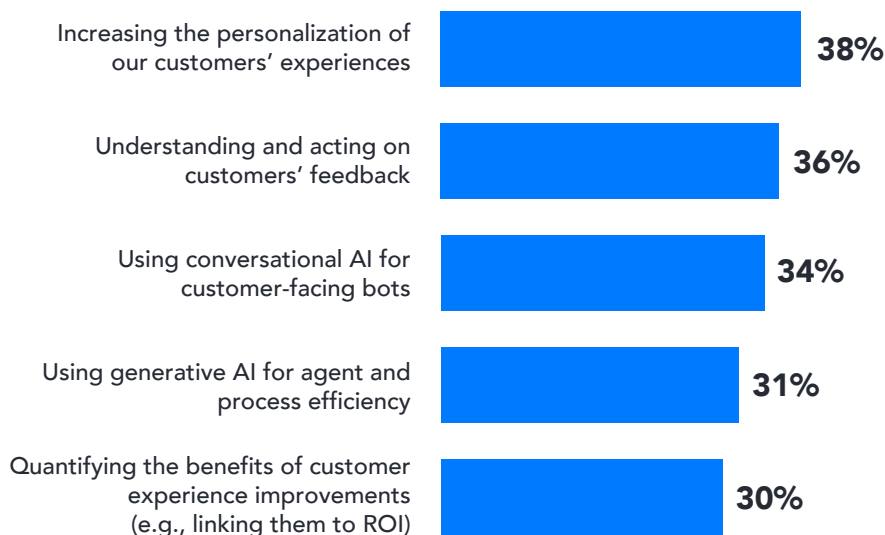
We asked 200 customer experience and customer service leaders at large enterprises what their strategic digital engagement priorities are for 2023.

Digital Engagement for Businesses

Trend: Legacy Systems Hinder the Omnichannel Contact Center

Customer Experience Priorities Include Personalization, Experience Management, and Conversational AI

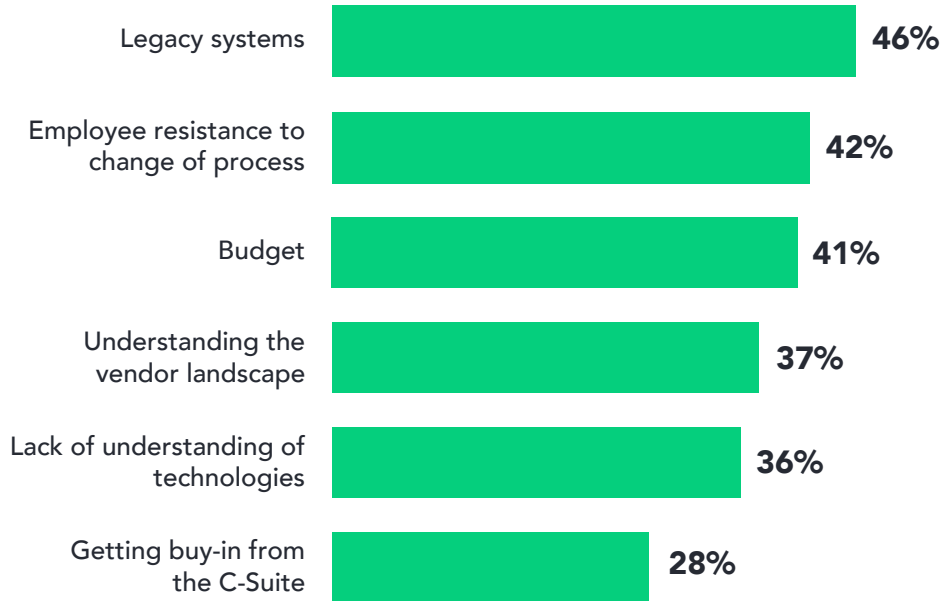
What is your company's overarching customer experience priority for the next 12 months? (Select one or two.)



No contact center exists in a vacuum. For personalization to be achieved—which is identified as the top priority (38%)—seamless integrations with other applications within the customer engagement ecosystem must be in place to drive operational efficiencies. This will allow agents to work in a single environment but still improve the level of personalization available to customers due to the unification of third-party data from existing systems like a CRM. For companies to deliver personalized CX, they must unify engagement data to empower the workforce with insight.

Legacy Systems Present the Biggest Internal Barrier to Digital CX

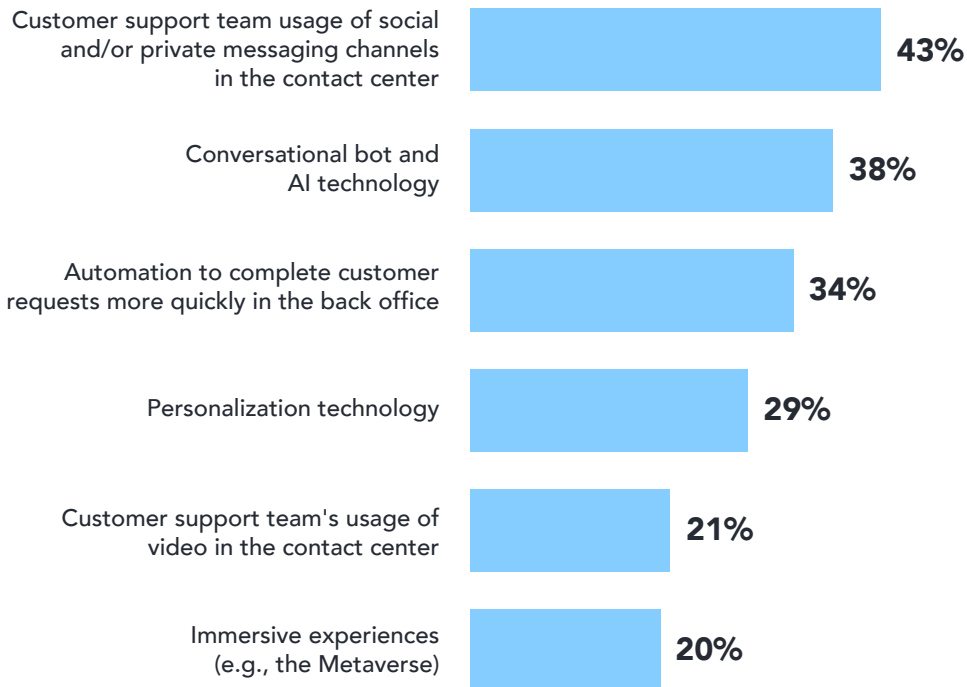
What are the biggest internal barriers you face when trying to implement digital-first customer engagement?



Although customer experience leaders are prioritizing a range of initiatives to help them provide a quality digital CX, almost half say that legacy systems are a barrier to implementing digital customer engagement. Legacy contact center solutions were not built to incorporate digital engagement channels, and many are simply unable to integrate with the latest technologies such as conversational AI and generative AI. A more modern approach to the contact center is required with open architecture that makes it easy to offer a range of digital channels and solutions to power the omnichannel experiences that customers demand.

Digital Channel Adoption Will Impact CX Significantly

Which of these trends do you think will have the biggest impact on your customer experience strategy in the next 12 months? (Select one or two.)



While organizations understand that legacy solutions are holding them back from delivering digital engagement, they're also aware that delivering these digital experiences will have the biggest impact to their customer experiences strategies over the next 12 months. Organizations should choose CX vendors carefully, prioritizing those that have the capabilities to support a robust digital strategy, integrate seamlessly with a range of CX solutions, and can evolve their capabilities to adapt to new requirements in the future.

Customer Expectations Are Higher Than in 2022

Compared to a year ago, how have your customers' expectations changed for effectively engaging with you digitally, if at all?



■ Expectations are higher ■ Expectations are about the same

77% of businesses say customer expectations for effective digital engagement are higher this year than they were in 2022, an increase of more than **10%**.

When we asked them directly, however, only **31%** of consumers said their expectations have increased over the past year. This suggests that while organizations believe that customers are being more demanding, it's possible that they simply expect great digital experiences as standard.

You Peers Are Digital Leaders

Which of these options best describes your company's approach to digital-first customer engagement?



- Proactive – We consider ourselves leaders in engaging with customers over digital channels
- Reactive – We are moving toward implementing digital engagement within our customer service operation
- Inexperienced – We know digital engagement is extremely important but haven't implemented any digital channels beyond email yet

Two-thirds of survey participants (**67%**) consider their organizations to be leaders in digital CX. However, building lasting customer relationships goes further than just engaging with customers on digital channels. To truly personalize the customer experience—a top priority in 2023 for organizations—companies must make improving CX a company-wide initiative. By creating an omnichannel contact center, businesses will be able to avoid channel silos and establish seamless, cross-channel customer journeys.

Key Finding:

Digital CX must be a company-wide initiative that focuses on improving experiences at every touchpoint across the entire customer journey.

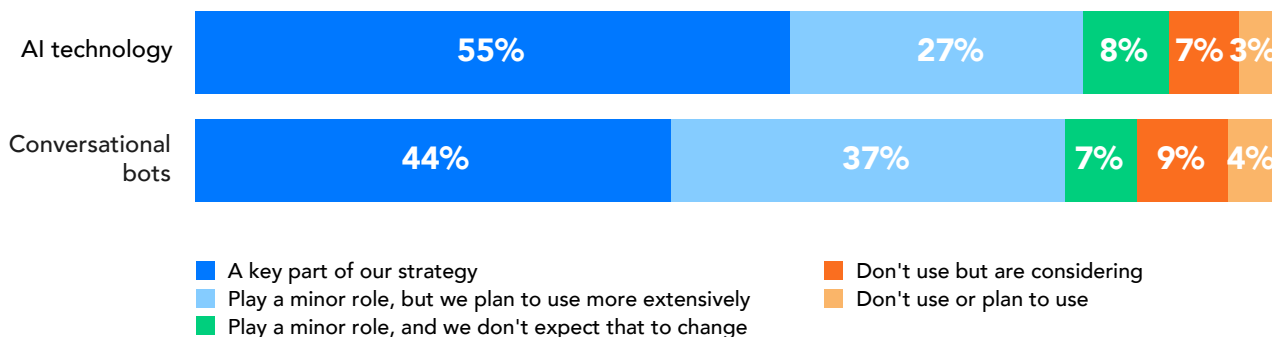
Customer conversations are now happening on digital channels—driven by a younger and more digital-savvy consumer base—with social media and private messaging channels predicted to have the biggest impact on businesses' customer experience strategy in the next 12 months.

As a result, businesses must adopt an omnichannel customer engagement strategy. But the way additional channels are incorporated into the contact center is critically important; adding engagement channels without being able to view each customer's experience across different channels can lead to silos. And silos can lead to disjointed customer journeys that can leave customers (and employees) frustrated.

Trend: AI Is No Longer the Future. It's Here.

Conversational Bots and AI Play Key Role in CX Delivery

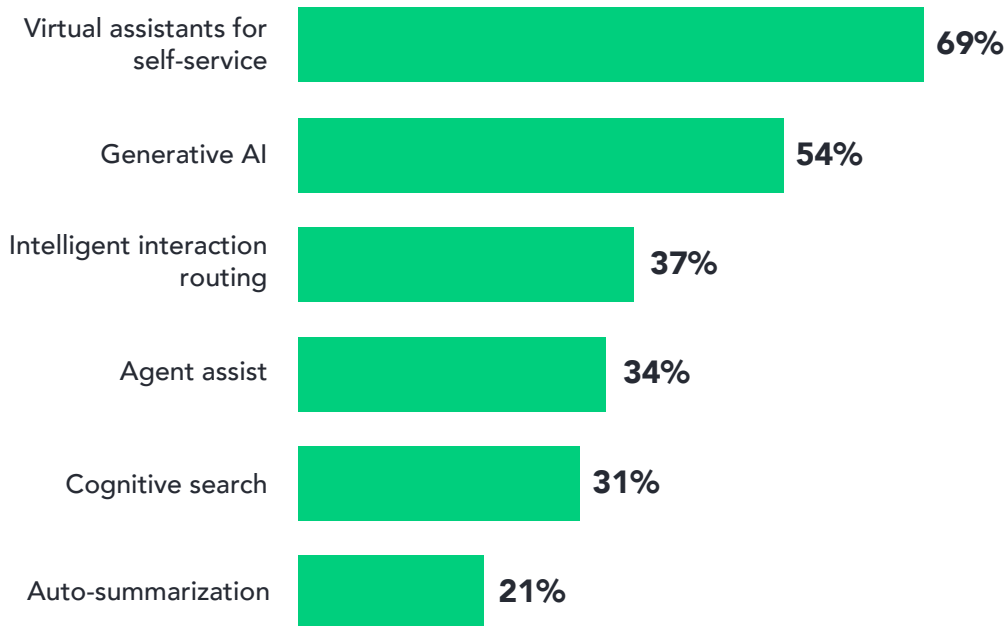
Which of these statements best describes the role conversational bots and AI technology play in your company's current strategy for managing customer interaction volumes?



Delivering a great automated conversational customer experience is key to reducing contact center costs by enabling customers to self-serve. Fifty five percent of CX leaders say AI technology is already a key part of their strategy. By using AI-based intelligent virtual assistants, businesses can dramatically reduce average handle time while freeing contact center agents to perform more complex tasks and deflecting inbound volume through self-service.

Self-Service IVAs Will Have a Bigger Digital CX Impact than Generative AI

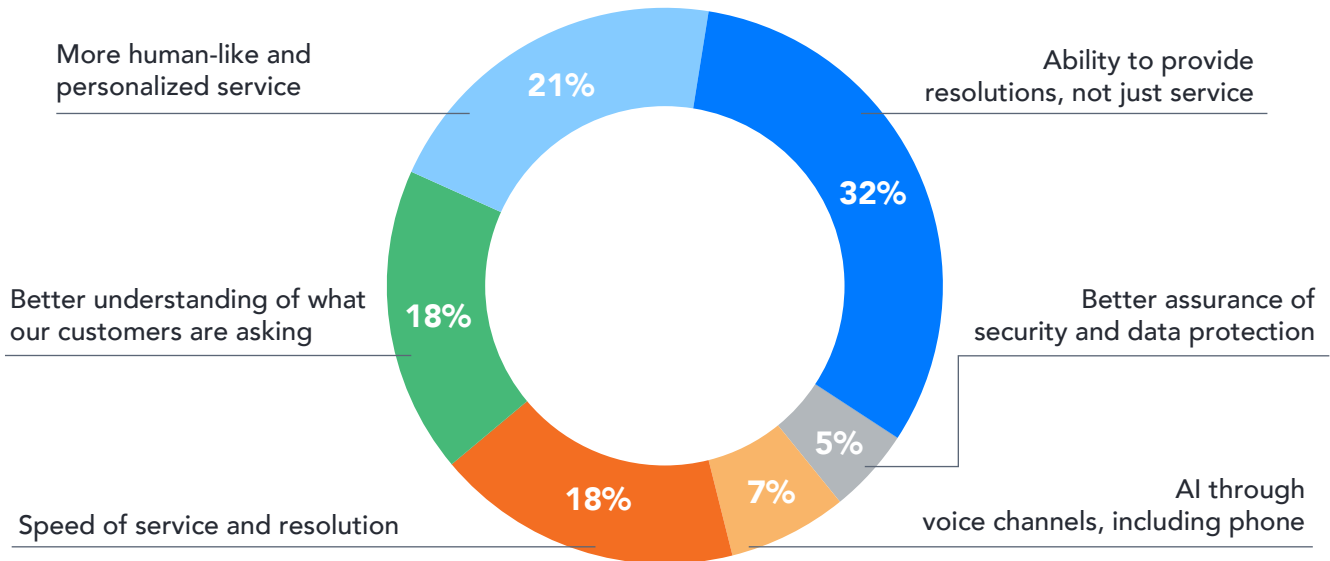
During the next two years, what AI technologies will significantly impact how you engage with your customers on digital channels? (Select up to three.)



CX leaders forecast that virtual assistants (**69%**) and generative AI (**54%**) are set to have a significant impact on how they engage with customers on digital channels over the next two years. Intelligent virtual assistants (IVAs) use natural language understanding (NLU) and machine learning to identify customer's true intent based on the words typed or spoken for a broad range of use cases and modalities of conversational automation. In short, an IVA is an advanced chatbot that can grow, evolve, and adapt to your customer or employee-facing use case needs over time.

Conversational AI Has Strategic Importance, Followed by Personalization and Intent Detection

What advancements in conversational bot technology will MOST help your customers in the next two years? (Select one.)



We've entered a new era in artificial intelligence. An era where AI will affect how businesses deliver customer experiences at every touchpoint. Prioritizing resolution of customer requests means that businesses need to implement smarter conversational AI that understands a customer's intent and can solve the issue in channel without the need to escalate to a human agent.

Key Finding:

Brands are yet to realize the promise of AI technology and conversational bots for digital engagement.

Although executives consistently rank using bots for self-service as imperative to future strategy, few have invested in and/or implemented the changes needed to deliver exceptional service issue resolutions, with **64%** of consumers who have used a chatbot having a subpar experience.

But deploying bots across your organization takes careful planning and execution. Hastily deployed technology can irritate customers, most of whom now expect the same level of service, personalization, and efficiency from a bot as they would a human agent.

Here are a few things that organizations need to keep in mind:

- **A seamless experience:** Conversational AI can revolutionize your customer engagement operations, but it's important to remember bots and other automated self-service tools need to be part of a holistic customer service strategy. This means that, for example, you need to ensure a seamless handoff from your chatbot to your live agent—and the agent needs to be aware of the customer's journey up to that point.
- **Performance is key:** As the above research confirms, companies are moving more and more toward AI solutions, and often an AI-powered chatbot or an interactive voice response (IVR) system might be the customer's first interaction with your brand. This means that your bots need to hit the ground running. The bot needs to be able to make a great first impression, not just in terms of providing a personalized, human-like interaction, but also in delivering actual resolutions and services.
- **Customers like bots: so do brands:** Again, **69%** of businesses said virtual assistants for self-service will significantly impact how they engage with customers. This means that your company's conversational AI strategy needs to be ready to grow and expand alongside both your customers' evolving needs and your company's growth and evolution. Your AI-powered applications need to be flexible, scalable, and sophisticated enough to add new use cases over time.
- **Smart bots need smart implementation:** **55%** of respondents said that AI is a key component of their strategy and another **27%** said they plan to use it more extensively going forward. These organizations need a smart implementation strategy to avoid the pitfalls that so many AI deployments face: long delays, costly development processes, and bots that don't meet customer expectations. A sophisticated virtual assistant, for example, should be managed in a low-code environment so your teams can glean insights and adjust the bot over time without the need for extensive programming or costly maintenance.

Key Recommendations

Transforming Customer Communication into Customer Experience Management

Customers have shifted their preference toward digital channels while also expecting a higher level of service quality. However, a successful digital strategy isn't just about adding channels and resolving individual interactions. Companies need to meet customers' needs and preferences across their entire end-to-end journey and on all touchpoints.

To do this, brands must:

1. Understand how their customers want to engage and effectively manage those interactions.
2. Utilize a workforce of humans and bots working together to efficiently provide a superior customer experience.

Listen, act, analyze: As CX expectations continue to rise, organizations need a better understanding of their customers—one that goes beyond static snapshots. You need to listen everywhere, to each piece of customer feedback and behavior, and then use these insights to act faster and implement improvements across an increasingly omnichannel engagement strategy. To do this, organizations must analyze deeper, not only looking at sentiment trends and reports, but also studying what impact changes to the customer experience have on customer behavior.

To start this process effectively, brands need to:

1. Connect siloed data across databases, CRMs, and every team cross the enterprise.
2. Leverage that data to make decisions in real-time or near-real-time.
3. Use advanced analytics to not only measure, but also predict, the future state of customer experience.

Omnichannel customer engagement: Customers don't see the silos and divisions that exist across your communication channels. Rather, they see your company as a whole. That's why it's critical to act cohesively across your organization, engaging on every channel at the right time, with the right information about every customer.

Whether customers interact on a mobile app, your website, with your contact center agents, or even in a store location, they demand a seamless experience regardless of channel.

Workforce orchestration: Adding more engagement channels—which brands need to keep up with customers' growing digital preferences—can create silos. What's more, these silos lead to a disjointed experience when agents can't work across channels or see the customer's full engagement history. This can leave customers frustrated, as they repeat information they've already provided earlier in their efforts to get their need resolved using other channels.

Brands need to orchestrate the workforce of agents and automation across all engagement channels, connecting both organizational and channel silos through connected customer engagements and workforce agility.



The Omnichannel Contact Center

To progress beyond merely “engaging with customers on digital channels,” brands must take a new approach—one that embraces a customer-centric engagement channel strategy, scales to meet increasing customer interaction volume with automation that *actually* works, and harnesses the power of open data for better customer insights.

Organizations must remember that great customer experiences are the foundation of a healthy business and have a direct impact on revenue, and that using the same legacy solutions to solve new challenges will set them up to fail. To succeed, businesses need to build omnichannel contact centers, using CCaaS solutions with an open architecture that makes it easy to integrate the latest technology and elevates the customer experience with automation capabilities that drive real business value.

Companies need to view customer communication as multiple touchpoints on a continuous relationship with a customer, not as separate individual interactions, and place a greater emphasis on customer experience management throughout the customer lifecycle. The challenge for CX leaders has changed. The solution must change, too.

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