



# Cost Reduction Creates Experience Improvement, Not Just Business Value

Author: Jim Katzman, Principal, CX Strategy & Enablement

Measuring a customer experience (CX) program's business value can take many forms. However, we're seeing more of these programs zero in on cost reduction as the clearest proof point for justifying their implementation. Reducing cost is certainly important, but organizations focusing exclusively on this element might be missing the bigger picture. There's another, grander reason to reduce costs, and it's one that brands that want to stay competitive would do well to heed: Experience Improvement (XI).

## WHY IT'S VITAL TO REDUCE FRICTION

Most brands continually look for ways to drive efficiencies and reduce costs as a matter of course, but what many of them forget is that doing so can and should reduce customer journey friction. In this context, friction refers to excessive effort customers have to expend at key journey touchpoints—the moments that matter.

Whether it's repeat calls, returning to stores, or navigating obstinate help pages, friction comes in many flavors. Most pertinently to this discussion, friction can also result in not just higher costs for brands, but higher customer dissatisfaction and, ultimately, churn.

Let me provide an example of how reducing friction saves both costs and customer effort. When I was a customer experience (CX) practitioner in the insurance field, I learned that our tech support contact center could save an astonishing \$100,000 (annually) for every second we could shave off of calls. On one hand, saving that kind of time (and money) had a direct impact on the firm's bottom line. More importantly, though, if we found "good" ways to reduce calls by even a few seconds, we created a stronger customer experience. Frankly, who enjoys listening to disclaimers and legalese? Working to reduce that friction saved both money & customer effort.

All of this is why it's vital that organizations use customer experience programs to not just focus on reducing costs, but also to create a meaningfully improved customer experience. Anyone who says you cannot do both is not leveraging all their intel from a robust customer experience program. Reducing friction is thus a win-win scenario, creating a meaningful customer experience while also positively impacting your bottom line.

## **BUILDING FUNDAMENTAL CONNECTIONS**

One of the biggest cost reduction areas for brands, especially in areas like insurance, to consider is the customer claim journey. Organizations that go about this process the right way can end up both saving business value and strengthening customer relationships. We constantly see that customers who have an easy, low-effort claim experience come back feeling like your company truly values their business, creating

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a fundamental connection between them and your brand. And, they will tell their friends and family about it!

Even if your organization isn't a large company, you may rely on some amount of automated claim-handling to make things easier for customers and to keep trivial tasks out of expensive contact center channels. The most effective claim-handling systems that I've seen are the ones that can capture as much information from an automated channel in as few steps as possible. Your organization's contact center agents can save their time for larger issues while customers whose claims can be auto-handled walk away feeling that everything was resolved expediently.

Of course, this dynamic can be tricky to master. As I mentioned earlier, customers don't enjoy having to listen to legalese and disclaimers, so brands need to be careful about what auto-resolution systems they use. Rather than keep this discussion siloed, brands need to bring every relevant department into the room to find the right balance. While this can be a labor-intensive process, it doesn't have to be. These journey exercises can be fun and productive—contrary to popular belief, these are not mutually exclusive outcomes! A strong CX team can ensure that every department achieves its goals and that the customer gets the ultimate benefit of a great experience. You can also drive a more CX-centric culture with this approach.

## **PROACTIVELY CREATING CHANGE**

Finding ways to reduce today's business costs is all well and good, but what about tomorrow's? An important (and overlooked) element of any effective cost reduction strategy is being mindful of how unprecedented change can alter your brand's business and experience landscape—sometimes in real time. This isn't to say that organizations should be expected to anticipate every change that comes their way, but being proactive from the get-go can save far more costs and customer relationships than acting after the fact. This is where a focus on Experience Improvement, constant listening, and keeping tabs on market forces is critical.

As an example, we saw several grocery chains adopt a more proactive stance toward future cost and friction reduction as COVID-19 kicked into high gear. These chains relied on their experience platforms to listen to customers, analyze their sentiments,

and to quickly react to the “new normal.” As a result of their proactivity, these chains adopted measures that reduced friction and optimized cost considerations, such as curbside delivery.

## **REDUCING COSTS MAXIMIZES EXPERIENCE**

To recap, lowering cost to serve and increasing business value are great reasons for brands to always be on the lookout for efficiency opportunities. However, the grander mission at play behind this effort should always be Experience Improvement (XI). A fundamentally improved experience brings customers back to your brand even if you have a lot of competitors or adverse market conditions. It creates a human connection that transcends business and strengthens organizations' bottom lines. Best of all, all of this can be brought about by thoughtfully looking for cost reduction to create experience improvement, not 'just' business value and cost savings.

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