



White Paper

The importance of emotional rapport, data and analytics, and ESG:

Improving customer experience to accelerate business growth

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The importance of CX in today's business landscape



Introduction

Traditionally, companies looking to boost revenue focused on enhancing the quality of their goods and services, investing strategically in new technologies or research to improve their offerings.

While evolving products and services is important, it's just one part of a comprehensive growth strategy. Companies must prioritize customer experience (CX) to accelerate business growth. CX refers to all of the interactions a customer has with an organization while purchasing an item or service. It involves the customer's behavioral, cognitive, and sensory responses and how well the company delivers an excellent experience during the buyer's journey. CX is crucial to enterprise growth. According to a [Salesforce report](#), 84%

of customers say the experience a company provides is as important as its products and services.

Although customer experience (CX) is crucial, with [45.9% of businesses prioritizing](#) it over the next five years, many struggle to determine the most effective areas for improvement. In this paper, we'll explore the common obstacles preventing companies from improving CX, three crucial areas of focus to strengthen your CX approach, and how changes in these areas can help you accelerate business growth.



A satisfied customer is a loyal customer

For a long time, the “customer is always right” principle led companies’ customer satisfaction strategies. However, customer needs and expectations have evolved over the past few decades. As a result, what constitutes a ‘good experience’ is no longer a fixed standard but rather a dynamic concept that companies must continually adapt to and redefine based on shifting customer preferences, data-driven insights, and emerging trends.

For example, with new communication channels like chatbots, customers expect companies to provide service 24/7. This level of accessibility wasn’t feasible until the early 2000s, as phones were the primary means of communication until the turn of the century.

Or consider how the customer journey and touchpoints have changed with the rise of eCommerce. Prior to online shopping, wholesale was the main channel through which manufacturers and retailers conducted their business. Retailers would source products in bulk from wholesalers, who acted as intermediaries between the producers and the final points of sale. The customer journey was more straightforward, revolving around physical retail locations and traditional marketing methods.

With the rise of internet shopping and social platforms, product manufacturers could sell directly to customers, with touchpoints expanding to include various channels, including websites, mobile apps, and social media. This shift created significant opportunities for companies to engage directly with their target audience, personalize the shopping experience, and gather valuable data to refine their strategies.

However, it also introduced new challenges, such as the need for a robust digital presence, increased competition, and the complexity of managing multi-channel interactions.

With customer expectations, technology trends, and products and services constantly evolving, it’s no wonder that companies struggle to develop effective CX strategies.



Overcoming obstacles in CX improvement

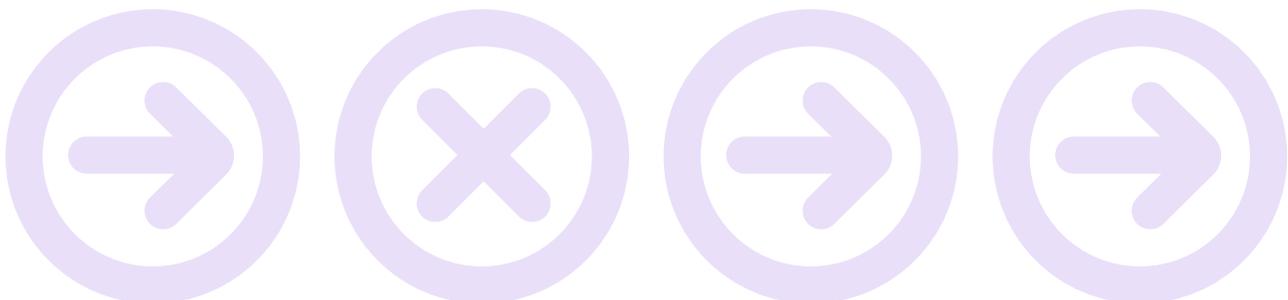
Improving CX throughout the buyer's journey can be difficult — it's a nuanced fusion of UX principles, empirical research, and strategic inquiry. The benefits, however, are worth the difficulty. In fact, **61% of consumers will pay at least 5% more** if they know they'll get a good customer experience.

Let's explore some of the major obstacles to improving CX, as well as the benefits that come with overcoming them.

Challenges in enhancing CX

In addition to evolving market trends and customer needs and preferences, here are a few more reasons why improving CX can be difficult.

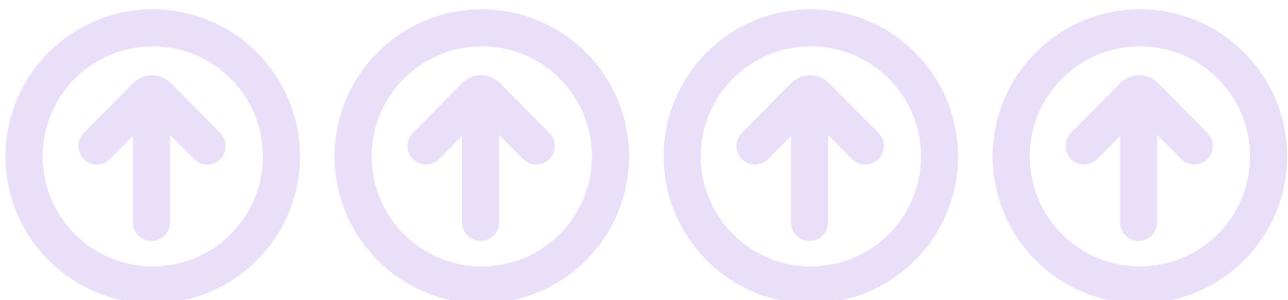
- **Struggle to turn data into actionable insights:** Even though most companies today gather feedback from customers, they often miss the opportunities to turn it into effective strategies that drive engagement. This is sometimes due to overreliance on quantitative data without considering the qualitative context.
- **Outdated technology:** Legacy systems often cannot be integrated with modern tools or analyzed in real time, resulting in siloed data and fragmented customer insights. This prevents companies from leveraging current advancements in automation, personalization, and data analytics, which are crucial for achieving great CX.
- **Inadequate understanding of buyer motivations:** A significant challenge in improving CX is accurately understanding what drives customers' decisions. Without a clear grasp of customers' underlying motivations, companies may misalign their offerings and communication and service strategies, leading to ineffective marketing solutions and missed opportunities. This is often due to relying too heavily on surface-level metrics or not engaging directly with customers.
- **Lack of personalization:** A McKinsey study revealed that 71% of consumers expect personalized interactions, and 76% express frustration when this expectation isn't met. This disconnect leads to dissatisfaction, reduced loyalty, and missed engagement opportunities. Companies that don't personalize the sales journey risk losing their competitive edge as customers turn to brands that better cater to their needs.



The benefits of improving your CX strategy

Addressing the obstacles to improving CX can unlock significant benefits for companies. By overcoming these challenges, businesses can enhance customer satisfaction, foster loyalty, and drive long-term growth. Here are some of the major benefits of improving and optimizing your company's CX strategy:

- **Enhanced customer retention:** Customers are more likely to return and make repeat purchases after a positive experience with your brand. Repeat buyers are **50% more likely** to try your new product and 31% more likely to spend more on an average order, emphasizing the importance of increasing loyalty through great CX.
- **Sales boost:** Improving CX can lead to upselling and cross-selling opportunities as customers feel more confident and satisfied with their choices.
- **Improved brand reputation:** Great experiences drive customers to engage with your brand through social media, turning them into brand advocates. Research suggests that increasing **customer advocacy efforts by 12%** can double your brand's revenue growth.
- **Competitive advantage:** Superior CX can differentiate your company from its competitors, providing a unique selling proposition that sets it apart in a crowded market.





The importance of emotional rapport in CX

When building an excellent CX strategy, an often-overlooked element is the emotional bond between businesses and their customers. In today's landscape, it's no longer solely about delivering good products or services; it's about crafting unforgettable, immersive experiences that forge deep connections with customers, employees, and partners.

According to a recent [survey by Motista](#), 71% of customers are more likely to recommend a brand they have an emotional connection with.

At its core, CX is about nurturing a sense of belonging—a sentiment that transcends transactions and resonates on a personal level. This emotional tether fuels customer loyalty, promotion, and ultimately, increased revenue and sustainable growth. When companies can create an emotional bond with customers, they transform passive consumers into brand advocates who actively champion businesses and provide free marketing through word-of-mouth and social media promotion.

71%

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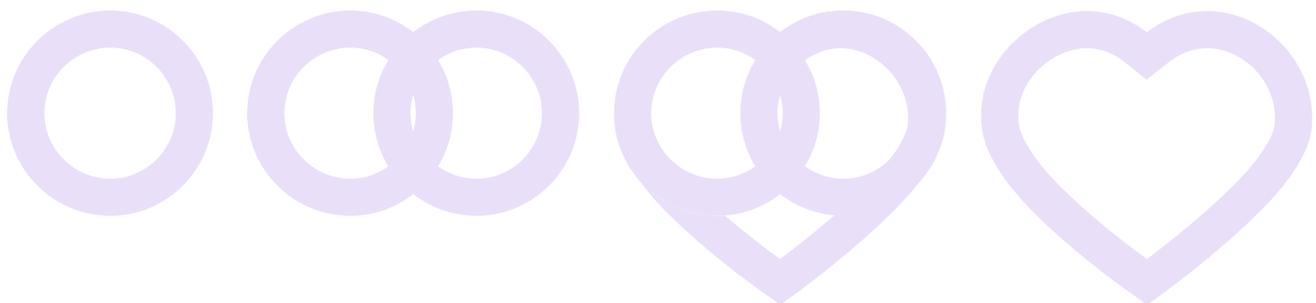
How to build emotional rapport in the digital age

Building emotional rapport should start with telling a story instead of relying on endless facts and figures. While you can leverage customer data to learn more about their interests and needs, customers don't want companies to perceive them as data points. In fact, 86% of consumers emphasize empathy as crucial to building a strong connection with a brand.

Well-crafted stories can humanize your brand, make it more relatable, and evoke emotions that foster a deeper bond with customers.

Here's how to get started:

- **Tailor your stories:** The customer journey is often broken into the following stages: awareness, consideration, decision, loyalty, and advocacy. Consider your goal in each of these stages — whether it's building trust during the awareness phase or communicating value in the decision stage. Then, craft narratives that speak to the buyer's needs at the stage while paying attention to tone (e.g., familiar, informal, or entertaining).
- **Dive into your customers' world:** Try to truly get to know your audience. Whether it's more time with their families, love of nature, or stress relief, demonstrate how your brand's story aligns with what matters the most to them. With 73% of customers expecting companies to understand their unique needs and expectations, aligning your brand story with their core values can deepen connections and foster long-term loyalty.
- **Be transparent:** Ensure your brand voice and practices are consistent. Avoid sending mixed messages and using generic, impersonal language when challenges arise. Mistakes happen, and an apology can go a long way. For example, following a major data breach, Sony's CEO publicly apologized to all affected users. In addition, users received a free month of PlayStation Plus and identity theft insurance.
- **Ask for feedback:** Listen carefully to your customers. Companies can leverage positive feedback for customer testimonials, social media content, or case studies, which can help buyers early in the buyer's journey. Negative feedback also provides valuable insights into customer experience. You don't want to simply make it go away so your brand is not affected; instead, use it as a valuable opportunity to understand your customers' concerns and make meaningful improvements.



Considering buyer psychology

Establishing emotional rapport is pivotal in unleashing the full potential of CX initiatives. To accomplish this, businesses must transcend transactional exchanges and delve into human emotions and psychology. For example, while some buyers value conventionality and consistency, others might prefer bolder, more innovative brands. The motivations and shopping behaviors driving their purchasing decisions, then, would also be different. For traditional customers, they typically value a focus on history or a connection to the past. This connection to the past can indicate stability and quality, whereas a bold customer may look for industry disruption and a brand story that focuses on what's new and cutting edge.

Also, consider how customers' emotional and psychological needs and responses may depend on the industry in which your company operates. For example, customers in the banking sector are likely to value a sense of trust and security above anything else. In the healthcare sector, customers expect a touch of empathy at every touchpoint, whereas in retail, customers seek personalization and are likely to respond very well to brands that are inclusive in their communication and practices.

Cognitive Design methodology

When building customer experiences, our product design teams at HTEC and our experience design studio, Momentum, use advanced techniques like **cognitive interviews and walkthroughs** to understand users' mental models, reasoning patterns, and pain points. We use this information to create development workflows that focus on user needs and leverage technology like AI in ways that feel like a natural extension of human cognition. The result? Superior customer experiences centered around discovery, creativity, and learning.



Driving business growth via CX data analytics

In today's data-driven cosmos, information reigns supreme. Data analytics is the linchpin of effective CX strategies, giving organizations invaluable insights into customer behavior, preferences, and pain points. It can also be used to transform customer feedback into practical findings, pinpointing areas for enhancement, opportunities to capitalize on strengths, and ways to adapt to shifting market dynamics in real time.

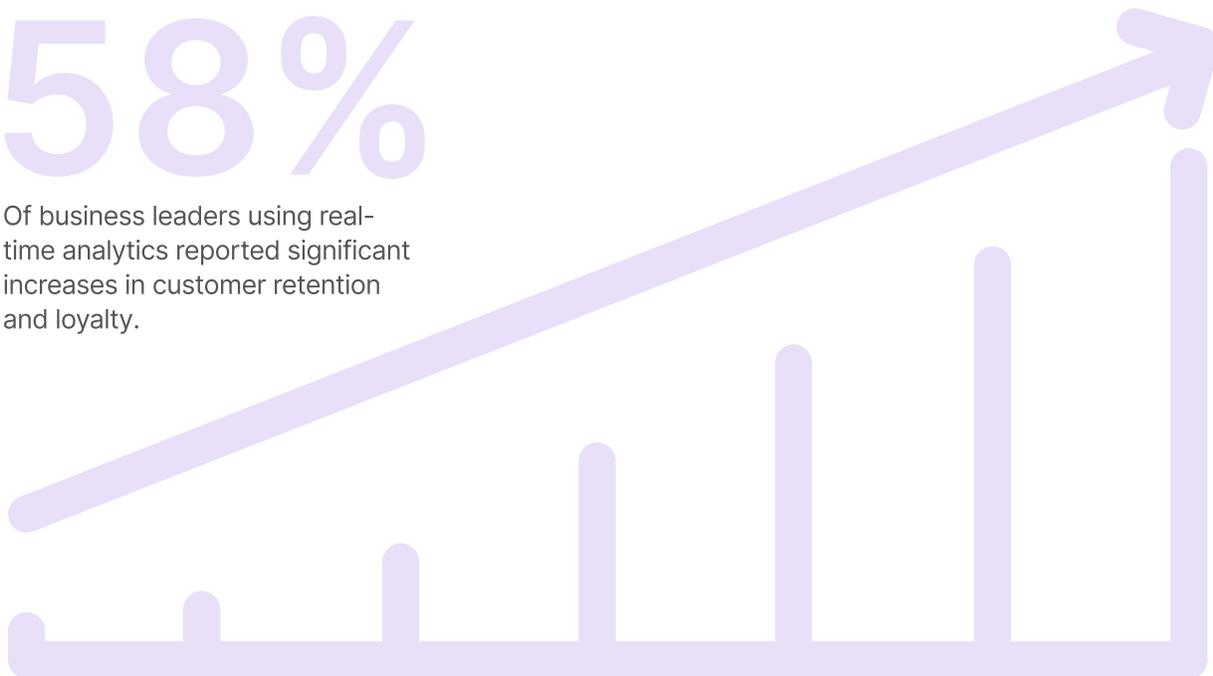
By leveraging data analytics, organizations can gain a profound understanding of their customers' needs and wants, enabling them to optimize CX strategies effectively. In a Harvard Business Review Analytics Services survey, **58%** of business leaders using real-time analytics reported that their companies have seen significant increases in customer retention and loyalty.

Data insights in action

Recently, HTEC leveraged a client's customer data to reduce the project scope from a complete app redesign to a single-page update. After our experts analyzed the data and the CX problem, we targeted one client-facing page for redesign. In addition to saving the client time and money, this small change increased the client's conversion rate by 20% and their revenue by over a million dollars.

58%

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The practical value of data

Data analytics offers many tools and techniques to gauge and optimize CX initiatives. It can help spot opportunities, eliminate pain points, and map customer journeys to understand emotional drivers in particular stages of a customer experience. To maximize the value of your data resources, consider leveraging some of these tools and techniques:

- Establish a clear set of jobs to be done (JTBD) at each phase of the customer journey. This approach helps you identify what “jobs” or goals customers try to achieve at every stage, shifting the focus from features and products to the problems and outcomes customers are seeking. Use data and analytics to track customer behavior against the established JTBD. This can lead to more effective and user-centered product design and development.
- Track key metrics to help optimize customer interactions and identify areas for improvement. Some useful metrics include:

Customer effort score (CES):

CES is a transactional metric that asks customers how easy it was to solve a problem. The goal is to make it as simple as possible for customers to interact with the brand, complete a purchase, or resolve an issue.

Net Promoter Score (NPS):

A survey question that asks customers how likely they are to recommend a company to others on a scale of 0–10. NPS can also predict revenue growth.

Customer lifetime value (CLV):

Helps companies understand how profitable a customer or customer segment is throughout their relationship with the brand.

Customer satisfaction score (CSAT):

A key performance indicator that measures customers' satisfaction with a product, service, or overall experience. Great customer satisfaction positively affects customer retention, which drives growth. On average, **return customers spend 67% more** than new ones, underscoring the importance of tracking and continuously improving CSATs.

Customer churn rate (CCR):

How often customers cancel subscriptions or opt out of purchasing products. This metric is especially important for companies that sell SaaS-based products with monthly fees, as it directly impacts recurring revenue and overall business stability. SaaS companies should ideally keep monthly churn to around 3% to grow sustainably.

Leveraging data for hyper-personalization

While metrics bring valuable insights to companies, it's important to remember that they are aggregated and may not capture the nuances of individual customer experiences. As CX from one customer to another can vary, the best individual experiences are achieved through hyper-personalization. By analyzing customer behaviors, preferences, and buying patterns, companies can segment broad customer bases, allowing them to tailor their marketing strategies, product offerings, and customer service to meet the specific needs of each segment more effectively.

Netflix is a famous personalization champion, and its secret is analyzing vast amounts of data using artificial intelligence (AI) and machine learning (ML) algorithms. In addition to personalizing your content recommendations, Netflix goes one step further — personalizing your homepage and even thumbnails to capture attention and drive engagement. By turning customer data into data into actionable insights, Netflix ensures that each user's experience is highly tailored, enhancing satisfaction and engagement.

Hyper-personalize your CX with HTEC's StepFrame AI

HTEC's StepFrame AI approach translates data and research into impactful solutions through ethical AI. Our engineers collaborate with domain experts and stakeholders to turn an extensive library of pre-trained AI and ML models into custom models using state-of-the-art algorithms. With hyper-personalization at the heart of a good CX strategy, our approach helps deliver tailored and highly relevant experiences that meet specific customer needs while continuously evolving to stay ahead of market trends.



Implementing ESG considerations in CX

With environmental and social consciousness on the rise, ESG considerations have become intrinsic to business operations. Companies are no longer judged solely on their products, services, and financial prowess; consumers and stakeholders also scrutinize their ecological footprint, social impact, and ethical practices.

The dangers of greenwashing

Incorporating ESG principles into CX strategies isn't merely an exercise in corporate social responsibility; it's a strategic imperative. In fact, a study by NIQ and McKinsey&Company found that in the US, products making ESG-related claims averaged 28% cumulative growth in the past five years versus 20% for products that made no such claims.

By aligning CX strategy with broader sustainability goals, organizations can improve their brand reputation and nurture deeper connections with environmentally and socially aware consumers. From eco-friendly products and packaging to ethical sourcing and supply chain transparency, every facet of the customer experience presents an opportunity to display a commitment to sustainability and social responsibility.

Companies should be aware that cosmetic changes will not do the trick. In fact, **54% of UK customers** would stop using products from companies that practice greenwashing or falsely advertise their products or practices as environmentally friendly.

Integrating ESG practices extends beyond mere messaging to permeate every facet of the customer experience.

Where to get started with ESG

Companies that embrace ESG principles in their CX strategies show an authentic commitment to effecting positive change, resonating with consumers who prioritize sustainability and ethical conduct. Organizations looking to improve their ESG practices should consider the following:

- **Obtaining ESG certificates:** These include standards such as ISO 14001 (environmental management systems), Energy Star Certification, and ISO 26000 (social responsibility). **Research shows** that 68% of customers trust companies to act in society's best interest, emphasizing the importance of socially responsible practices.
- **Sustainable supply chain management:** Implementing sustainable practices across the supply chain, including sourcing eco-friendly materials, reducing waste, and ensuring ethical practices.
- **Fair labor practices:** Ensure fair labor practices across all operations and supply chains. This includes providing equitable wages, safe working conditions, and opportunities for advancement.
- **Optimizing delivery for reduced carbon footprint:** Implementing strategies to minimize the environmental impact of logistics and transportation, such as using energy-efficient vehicles, optimizing delivery routes to reduce emissions, and incorporating carbon offset programs.



The importance of CX in today's business landscape

As the business landscape grows more competitive, companies that embrace the importance of CX and develop a solid strategy will position themselves best for long-term success and growth.

How to get started

To begin, take stock of how your organization approaches the buyer's journey and perform an in-depth analysis of each touchpoint. Asking targeted questions around what is (and isn't) working in your current strategy can provide an excellent starting point for improving CX. Then, consider your performance in emotional engagement, leveraging data analytics, and applying ESG principles. These are often overlooked, but foundational aspects of CX should also align with your organization's overarching business objectives.

During this process, it's also important to consider technology's role in CX. Whether it's using geo-mapping to provide a better in-store experience for shoppers or investing in a generative artificial intelligence (GenAI) chatbot that can provide 24/7 customer service, the right tools can help you automate, personalize, and streamline CX like never before.

Transforming your CX with HTEC

Here's where HTEC can help. Our premium engineering services transform tech stacks across a variety of industries. We work with each client to identify their core customers and develop solid strategies to engage them through innovative, custom solutions.

Are you ready to elevate your organization's CX strategy and unlock your full growth potential? HTEC's digital engineering expertise and deep CX strategy experience can help you develop pioneering solutions and immersive customer experience journeys.

[Explore our services and get started today!](#)

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