The Future of CX in 2024

How OpenText can accelerate your digital transformation

Adam Firbank | Senior Consultant

Will Morgan | Senior Research Analyst

December 2023

Sponsored by OpenText

State of the customer communications market

With consumers spending less, every touchpoint will take on greater consequence as brands work to earn and keep their business

Cultural and economic turbulence has defined the first years of this decade. While we're all still recovering from the profound disruption wrought by a once-in-a-century pandemic, the world now finds itself divided and uneasy in the midst of intractable political rancor, an ongoing war in Ukraine, and a conflict in the Middle East that could expand into a regional – or even global – conflagration. In October 2023, Pierre-Olivier Gourinchas wrote in the **International Monetary Fund's** blog that "despite war-disrupted energy and food markets and unprecedented monetary tightening to combat decades-high inflation, economic activity has slowed but not stalled. Even so," he continues, "growth remains slow and uneven – the global economy is limping along, not sprinting." While Gourinchas is hopeful that a soft landing will reduce inflation without a significant downturn in economic activity, the fact remains that consumers are continuing to suffer the ill effects of higher prices on a daily basis. By necessity then, many are reducing their non-essential spending, and as a consequence, every interaction between customers and their chosen brands will take on even greater significance. In order to maintain consumer loyalty, organizations must demonstrate empathy and build relationships that can withstand these extraordinary pressures.

A lesson from the past

Though it may seem counterintuitive at first, focusing on customer experience is a winning strategy, even in times of turmoil. A study by **McKinsey & Company** found that CX leaders realized three times higher returns for their shareholders during the economic downturn of 2007 – 2009 than those who neglected customer experience. Likewise, Aspire's research has demonstrated that companies focused on improving customer experience through their communications grow their revenue

41% faster than those who remained concerned with only reducing cost and risk.

It's ironic then, that nearly half of the 2,000 British consumers who responded to a recent survey by **People 1st International** believe that customer service standards have worsened over the last two years as inflationary pressures and reduced profit margins push providers to cut corners. Disinterested staff and chatbots replacing human interactions were among the most commonly cited complaints. The study's authors speculate that this points to "skimpflation", a phenomenon whereby inflationary pressures and squeezed profit margins force firms to cut corners. But as we will show, instead of chasing savings, businesses should be doubling down on investments that will give their employees the data and tools they need to craft and manage personalized interactions.

> Consumers believe customer service standards have worsened as economic conditions have grown uncertain and cite disinterested employees and chatbots replacing human interaction as their most common complaints.

Total Experience the connection between EX and CX

Aspire's research revealed that in the wake of social distancing lockdowns, over 90% of U.S. businesses reported that they had enabled or planned to enable employees to create and manage communications while working remotely. One-third named an "easy-to-operate" user interface among their most important considerations when purchasing an online CCM platform. This is in keeping with continuing efforts to empower business users with limited technical expertise to manage communications on their own with minimal IT involvement.

> Organizations are almost universally concerned with empowering business users to manage communications with minimal IT involvement, but employees are frustrated with the outdated software tools they are given to do their jobs
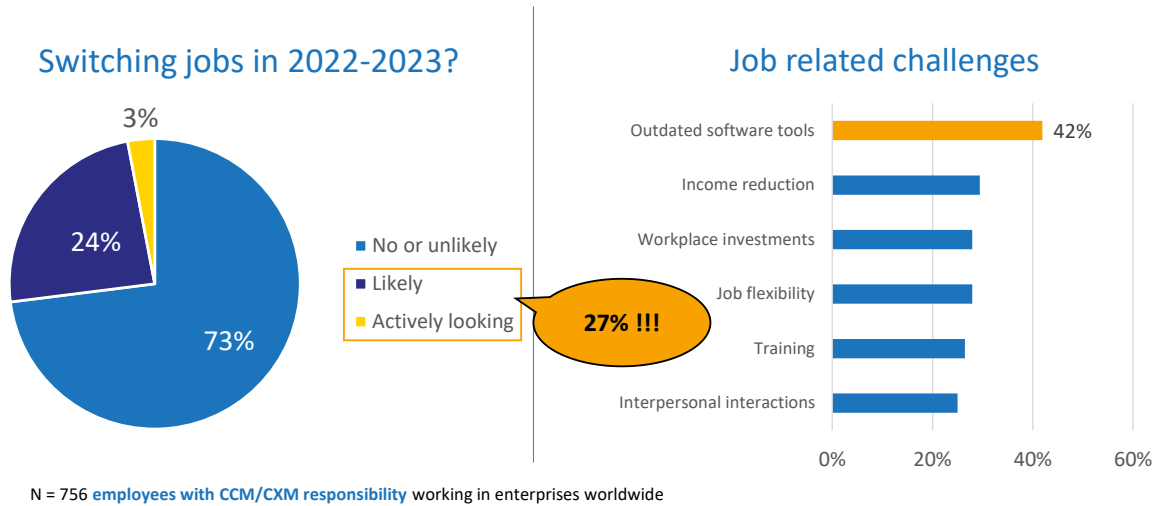
Nevertheless, our research revealed that the tools they are given are often not up to the task. Over one-quarter of enterprise respondents (all with some level of CCM responsibility) said they were likely to leave their jobs in the next 12 months or were already actively looking for new employment. Respondents

overwhelmingly selected outdated software tools as their top source of frustration.

Figure 1: Inefficient technology turns talent away

Switching jobs in 2022-2023?

- No or unlikely
- Likely
- Actively looking

3%
24%
73%

27% !!!

Job related challenges

Challenge	Percentage
Outdated software tools	42%
Income reduction	
Workplace investments	
Job flexibility	
Training	
Interpersonal interactions	

0%   20%   40%   60%

N = 756 **employees with CCM/CXM responsibility** working in enterprises worldwide

Source: *The State of CCM-to-CXM Transformation,* Aspire

This will likely remain a challenge throughout the coming year. In our newest survey published in October 2023, nearly half of all participating enterprises worldwide reported that they have given business users access to additional channels or even artificial intelligence technology to help them create content. Unfortunately, only a third have improved user experience or given business users greater autonomy and additional approval support.

> Outdated software tools are the top source of frustration for employees working with communications, but businesses that have made the most advancement toward CXM maturity are more likely to retain talent

While businesses now understand that a positive customer communications experience is critical to overall business health, many are only beginning to comprehend how the experience of the employees sending these communications is an equally essential element of a successful strategy. If an employee leaves and there is no unified system to manage communications, the resulting loss of experience and institutional knowledge will inevitably erode customer satisfaction. Once this institutional

knowledge is lost, it will take time (and expense) for new or reassigned employees to learn the old processes or find and develop new ones.

It should be noted, however, that as organizations advance toward CXM maturity, employee experience improves alongside customer experience. Businesses with CX teams in charge of communications were three-to-five times more likely to retain their employees. Business users (and employees in general) need tools that will enable them to do their jobs well from wherever they may be working. When combined with best practices to guide them, this will improve the experience for both the sender and the recipient.

The continuing journey to CXM

In the wake of social distancing lockdowns, around 80% of consumers responding to Aspire's survey reported that they had accessed a statement or paid a bill online, with roughly 15% doing so for the first time. Since then, consumers have been inundated with technological demands. For instance, a study by **Nielsen** found that British adults in 2022 racked up over 11 hours of screentime in an average day compared to just 6 hours in 2019. Nearly one third of the consumers who responded to Deloitte's *Connectivity and Mobile Trends* Study reported that they have felt overwhelmed by technology since the beginning of the pandemic.

In order to effectively engage consumers in this oversaturated environment, businesses must focus on improving customer experience through superior digital interaction. Aspire's research has shown that these are, in fact, the primary concerns informing communications investment.
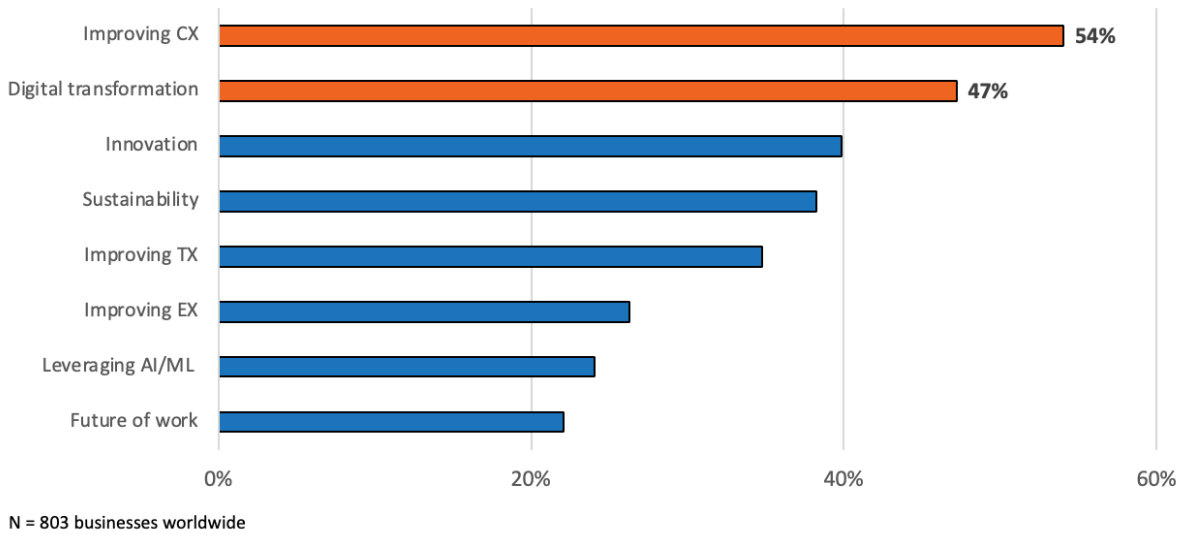
Over 40% of consumers reported that they feel overwhelmed when managing multiple devices and that they are working to streamline their technology. Nevertheless, they are – at the same time – embracing virtual experiences and demanding innovation.

Deloitte's 2023 Connected Consumer Survey

Figure 2: Organizations are working to leverage better digital communications

What are your organization's **top THREE (3)** customer communications priorities for 2023-2025?

N = 803 businesses worldwide

Source: *The State of Customer Communications and Experience Management,* Aspire

> Going into 2024, organizations hope to engender loyalty and ensure customer satisfaction by delivering superior interactions seamlessly linked across digital channels.

These two initiatives – digital transformation and efforts to improve customer experience – have remained atop the list of both the most important corporate communications priorities and the primary goals driving technology investment since the unprecedented market disruption and subsequent digital surge in 2020. Furthermore, we have found that enterprise efforts to digitally transform their communications and improve customer experience are indelibly and consistently linked. Going into 2024, businesses reported that their efforts to increase digital adoption are focused on improving content and boosting mobile app engagement. In other words, organizations hope to engender loyalty and ensure customer satisfaction by delivering superior interactions seamlessly linked across digital channels.

While this is certainly a positive development, less than a quarter of the organizations responding to a survey by **Metrigy** agreed that they have successfully been able to integrate customer data into their business processes. Moreover, the vast majority (94%) believe that being able to quickly adapt their customer

experience strategy based on up-to-date consumer activity and sentiment is important for organizations like theirs, but only 42% are able to do this today.

How customer behavior is likely to evolve in 2024

"The human desire to be heard and understood is universal, especially in today's digital world. With all of the economic, political, and medical uncertainties over the next couple of years, organizations need to get even better at recognizing and responding to shifts in what customers are thinking and feeling to retain their loyalty."

Bruce Temkin,
Head of Qualtrics XM Institute

When faced with tough economic times, businesses are often tempted to place too much emphasis on hitting their targeted metrics in order to justify their budgets, but organizations can't afford to lose sight of overall customer experience by focusing solely on operational goals. Treating consumers with respect and conversing with them as individuals ultimately delivers more value than approaching customer interactions with a myopic focus on operational efficiency. In other words, a personable service agent has a greater and more lasting impact on consumer satisfaction than a shorter wait time or faster delivery. According to CXM Research, when a consumer talks to an empathetic agent, they are over five times more likely to come away with a positive view of the interaction. By contrast, those who experienced a shorter wait time were only 2.7 times more likely to positively rate the interaction when compared with those who were dissatisfied with how long they had to wait.
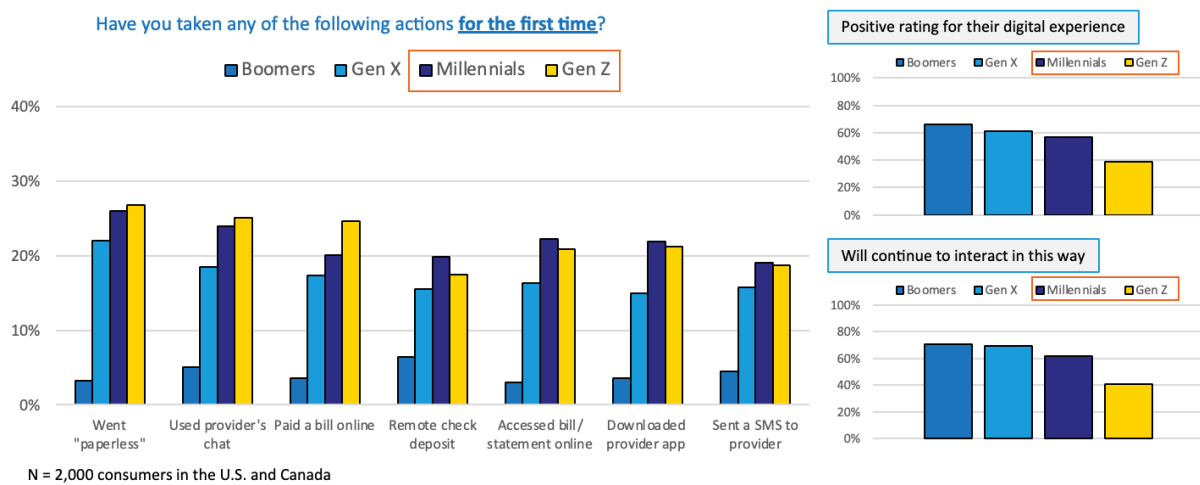
Until now, customers have been relatively understanding of staffing issues and other challenges arising from the coronavirus pandemic and its ensuing complications. But going into 2024, their patience will run out unless organizations focus on customer experiences rather than operational goals.

In our consumer research, Aspire has found that Gen Z and Millennials (consumers now aged 18 to 42 years) were in every case the most likely to have taken steps toward digital adoption for the first time at the beginning of the coronavirus pandemic while Baby Boomers (those now 59 and older) were the least

likely to have taken these actions. Nevertheless, follow up questions established that consumers aged 42 years and younger (and particularly those under the age of 27) were the least likely to positively rate these digital experiences and the least likely to report that they planned to continue interacting with their providers in this way once COVID-19 had finally run its course.

Figure 3: Young consumers are open to digital, but are unhappy with the status quo

Have you taken any of the following actions **for the first time**?

N = 2,000 consumers in the U.S. and Canada

Positive rating for their digital experience

Will continue to interact in this way

Source: *Understanding the New Digital Reality*, **Aspire**

Why are these younger consumers open to digital communications but dissatisfied with the status quo? For many businesses, digitization simply means transforming a static print document into a PDF and password-protecting it behind an email link without giving any consideration to how the PDF might look on a mobile device or the hassle consumers must undertake to jump through hoops to access it. Other organizations might redesign a printed document in HTML but fail to take advantage of any of the actual digital capabilities the medium offers, such as deep linking or interactive displays and charts. In short, digital communications are often an afterthought with documents designed to merely mimic print. All too often, enterprises fail to put in the proper groundwork before undertaking digital

transformation and they create communications that do not embrace the true interaction young consumers expect or that digital platforms make possible. Young consumers' desire for personalized interaction and a seamless experience is at the root of their dissatisfaction with the current state of digital communications.

Figure 4: What aspects of provider communications are the most vital?

Which of the following **aspects of a poor communications experience** would be the most likely to influence you to switch providers?
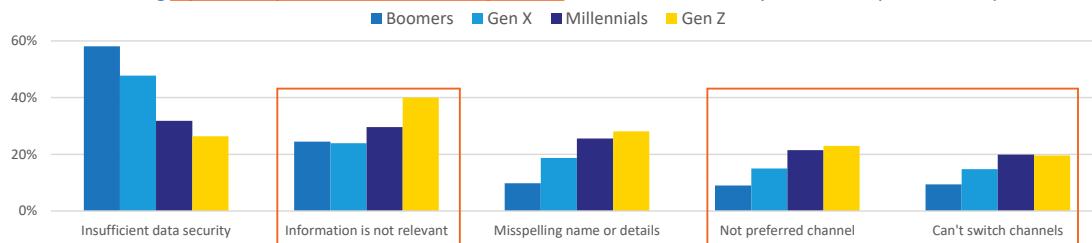
Which **aspects of a positive communications experience** would you be willing to pay more for to receive?
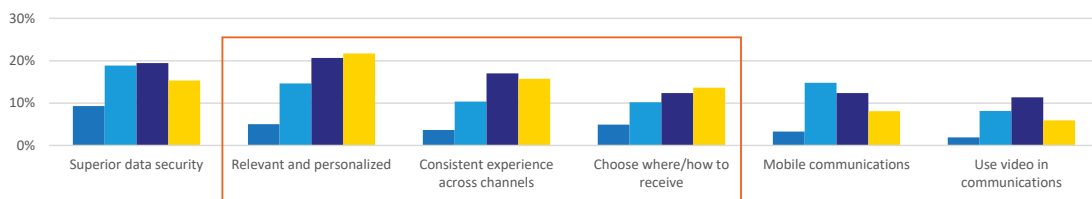
N = 2,000 consumers in the U.S. and Canada

Source: *Understanding the New Digital Reality*, **Aspire**

While Boomers prize data security and Gen X prioritizes mobile communications access, Millennials and Gen Z value relevance and personalization based on their purchases and preferences. They also want a consistent experience across channels, and they want to choose how and where they receive communications.

Furthermore, our research shows that consumers who live in the wealthiest households (who also tend to be the most technologically sophisticated) demand seamless interaction and an ongoing conversation across their chosen communications channels. Businesses who offer consistent and meaningful

interaction can forge bonds with their customers that are far stronger than the kind of shallow attachments static and impersonal messages can manage. This is important because the young, the wealthy, and the tech savvy have demonstrated a history of switching providers after a negative communications experience and have reported an increased willingness to pay a premium for superior interactions. **These demographics — vital to the future of any business — will do what it takes to secure better communications.** Therefore, forward-looking organizations must commit to wise investments that will meet these consumers' expectations while making room for future innovation. **With consumer patience already wearing thin, now is not the time to prioritize short-lived savings by shifting focus away from customer experience**.

Top CX technology trends in 2024

There are six key trends that will shape the development of CX technology in 2024, and the first has the potential to be the greatest disruptor the communications market has yet seen.

Generative Artificial Intelligence

Three quarters of businesses worldwide report that they are currently incorporating artificial intelligence and machine learning (AI/ML) technology into their communications management or that they will do so at the same time as their competitors. This is particularly true for those businesses who have achieved CXM maturity.

Figure 5: CX-led organizations are jumping on the AI opportunity

How would you describe your organization's readiness to use AI/ML in customer communications?
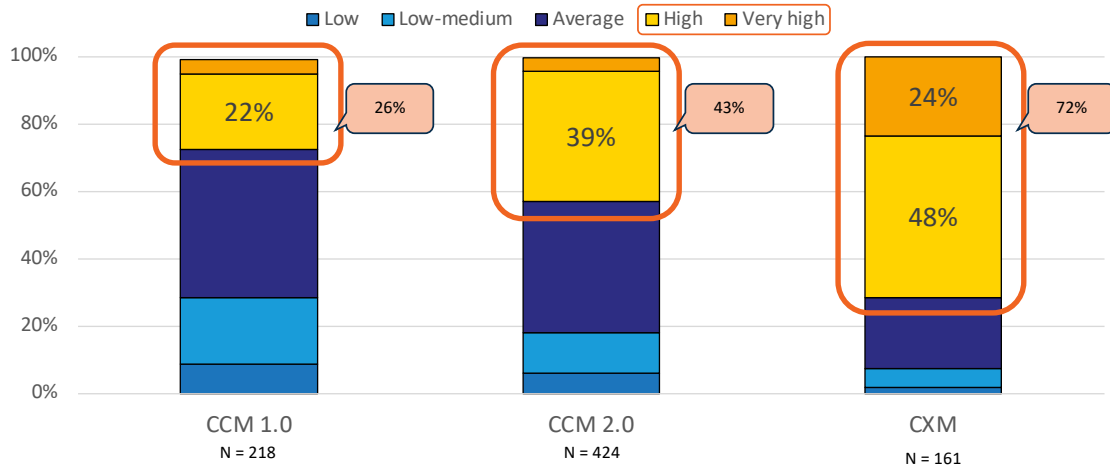
Source: *The Future of AI in Customer Engagement*, Aspire

Generative AI applies AI techniques to autonomously generate personalized and contextually relevant customer communications, elevating the overall customer experience. A whopping 92% of the businesses Aspire surveyed plan to invest in Generative AI within the next 12 to 24 months. Aspire expects that AI investment will mostly focus on content intelligence and rationalization, approval workflows, chatbots, content generation and rewrites, inbound processing, and coding.

AI can make a huge difference in communication creation and approval. The ability to code forms, communication templates, journey steps, or other areas based on text-prompts while specifying the most appropriate tone-of-voice, is an incredibly powerful use of this new technology. Aspire expects communications creation and approval to be a major area of AI investment as businesses work to secure the ability to automatically improve messages and interactions or find the best approver for a given use case.

Furthermore, as they continue to focus on improving CX through superior digital interactions and bi-directional communications, they could use AI to capture user input within the touchpoint and follow-up with automated personalized messages. Data collection is not the challenge – many technologies exist for that purpose – but marrying collection to outgoing communications at scale and driving meaningful orchestration and interaction, is easier said than done. Aspire believes AI will have a significant impact in the area we call **Interaction Experience Management (IXM).**

Immersive Experiences

The Metaverse

Nobody really knows what the metaverse will look like in ten years' time, but organizations are already introducing some basic concepts that will help them connect with customers in new and more immersive ways. In 2024, consumers will increasingly demand memorable interactions that will enable them to forge a relationship with their chosen brands. In order to remain relevant, businesses must commit time, resources, and thought to effectively leveraging the metaverse so that they can create customer journeys that will resonate with consumers.

Until now, organizational culture has evolved – largely organically – in an office environment. But with more employees now working remotely in different locations and at different times, businesses will need to gain a fuller understanding of the whole working journey to know where it makes sense for the metaverse to fit. Aspire is already seeing organizations using elements of the metaverse to tremendous effect, (especially in terms of global collaboration as we settle into a hybrid working model).

"In the simplest terms, the metaverse is the internet, but in 3D. It is a tool to connect us as humans and with our planet. Many of the metaverse ingredients are with us now – think interacting with lots of people and content made by them, in persistent, immersive worlds across many devices, including virtual reality."

Ed Greig,
Head of Disruptor, Deloitte

Augmented Reality (AR) & Virtual Reality (VR)

Immersive AR experiences will become the norm going forward as customers begin to embrace a new digital world born from accelerated digital transformation in response to the pandemic. While this world of augmented reality is still in its infancy, the sheer momentum it is expected to gain should be enough to earn the attention of even the most hesitant organization.

New immersive experiences will go way beyond trying on clothing or virtually applying make-up and will instead showcase products by building worlds around them. According to **G2 Learn Hub**, there will be a projected 1.4 billion AR device users at the beginning of 2024 and the market will be valued at $50 billion by the end of the year.

Phygital Experiences

Phygital is a portmanteau of 'physical' and 'digital'. Certain phygital journeys, such as scanning QR codes on product packaging or using interactive menus in fast food restaurants, are already mainstream. Good ones that blur the line between the physical and digital worlds will be the stand-out experience of 2024, especially as pioneering organizations carry these innovations into new industries like banking and insurance. In fact, phygital experiences will be key in helping to drive simplified communication in the sector now that Britain's Consumer Duty regulations have gone into effect.

As phygital interactions grow smarter and more immersive, Aspire expects businesses to expand their use beyond kiosks and apps to develop innovative experiences that will enable customers to make larger and more important purchases, up to and including automobiles and mortgages.

Augmented reality's momentum should earn the attention of even the most hesitant organizations

As phygital interactions grow smarter and more immersive, businesses will develop more innovative experiences

Personalization

One of the most popular ways of creating great customer experiences in 2024 and beyond will be to offer personalized products, goods, and services. Today's technology enables businesses to carry out personalization at scale on a level that goes beyond the personalized marketing materials we all now take for granted. Everyone expects a personalized promotion or an advertisement that's been tailored to fit their perceived needs, but **Deloitte's** research has found that customers are willing to pay a 20% premium for customized or personalized products.

In the same vein, consumers also like to get involved in the design process. This is why Nike and Adidas have launched 'personalizable' sneakers/trainers that can be fully customized while skincare companies like Clinique offer personalized moisturizers and creams tailored to specific skin conditions and different skin types. Going into 2024, Aspire expects to see more organizations adopt technology such as 3D printing in order to be able to create physical goods and products that are exclusive and personalized.

> Going into 2024, Aspire expects organizations to adopt technology that will enable them to create exclusive personalized products

Automation & Self-Service

While staffing concerns remain a problem for every organization, brands can't make excuses and they must find creative solutions to work around the challenge. Automating contact centers and warehouses reduces the need for human labor without sacrificing customer experience. For example, companies like Fittingly allow customers to design their own bespoke wardrobe and storage solutions, cutting out the need for sales/planning teams and expensive home visits while improving customer experience by enabling direct and personalized involvement, all online. In 2024, self-service options will soar and expand to short

> In 2024, self-service options will allow customers to solve problems and find answers in their own time

videos and voice memos that allow customers to solve problems and find answers to their questions at a time that is convenient for them.

Figure 6: Businesses are planning to invest in automation

Which of the following CCM/CXM capabilities are you planning to procure in the next 12-24 months?
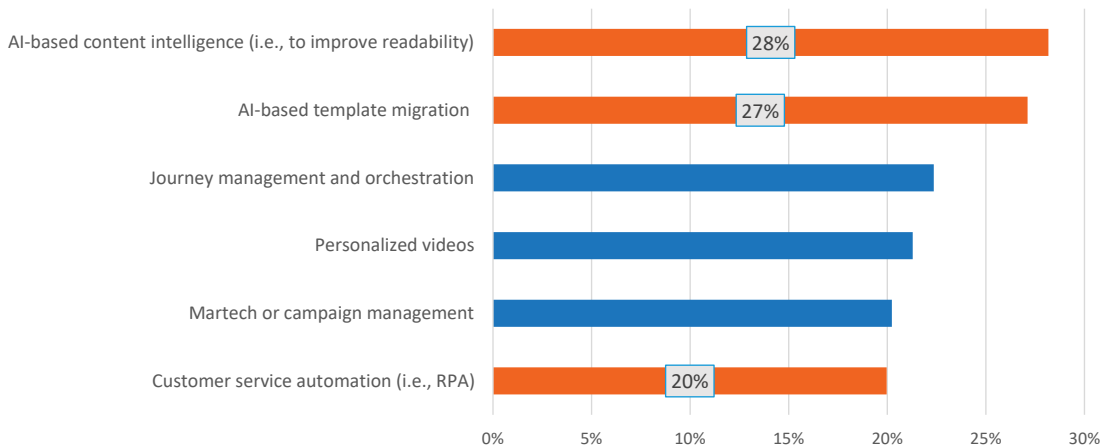
N = 756 enterprises worldwide

Source: *The State of CCM-to-CXM Transformation*, Aspire

As the figure above demonstrates, businesses expect to prioritize investments in artificial intelligence and robotics process automation (RPA) all in an effort to streamline workflows and elevate each communication touchpoint.

Short-form video content and personalized videos

Figure 6 also points to an increased focus on optimizing the customer journey through active campaign management and a desire to leverage personalized video.

Consumer attention spans – much like their patience – are continuing to wane. One only need look at Instagram's Reels and YouTube's Shorts to see how short-form video content is driving

consumer engagement. *CX Magazine* has reported that short-form video racked up the highest ROI of any visual social media marketing strategy in 2022 and future projections indicate this trend is likely to accelerate. In fact, Aspire's research shows that more than 40% of organizations worldwide are planning to purchase personalized video capabilities for the first time or expand their use in 2024 and 2025. Businesses that begin integrating this content into their marketing strategies now will see higher engagement in the future.

> Aspire's research shows that more than one in five organizations are planning to purchase personalized video capabilities in 2023

Social eCommerce

People enjoy browsing and shopping on social media because they get an accessible but in-depth perspective on different brands that enables them to make more informed decisions and efficient purchases. While social media shopping is popular today, few organizations are properly prepared for its projected expansion. TikTok General Manager Sandie Hawkins has described social media shopping as "word of mouth on steroids". In fact, according to **Accenture**, social commerce growth potential will triple by 2025. That's an estimated $1.2 trillion in revenue available for those organizations that have properly prepared to take advantage of the opportunity.

> While social media shopping is popular today, few organizations are properly prepared for its projected expansion

How OpenText can help businesses fuel a Total Experience (TX) future

OpenText is a global provider of Information Management (IM) software, offering market-leading customer communications, digital experience, content management, and business automation solutions. The company is headquartered in Canada and has offices and customers in every major market in the world. **OpenText** ™ **Exstream**™ is a leading customer communications and experience management platform used by

companies around the world to product high-volume digital and print communications.

In 2022, OpenText saw a **converging need for personalization that cuts across its CCM and Digital Experience portfolio**. This shift to customer data platforms and audience managers for holistic customer tracking presents an opportunity for OpenText to provide a platform that not only **optimizes and orchestrates digital experiences at scale**, but also shares the underlying personalization and data engine with Exstream to **power meaningful, highly personalized customer communications and experiences** designed to boost conversion rates. OpenText also recognizes the inextricable link between employee experience and customer experience.

To that end, OpenText launched its Total Experience blueprint – led by OpenText Experience Cloud – to help organizations advance their TX strategies. OpenText defines Total Experience as a discipline combining customer, employee, and operational experience to achieve satisfaction for both customers and employees while driving business growth.

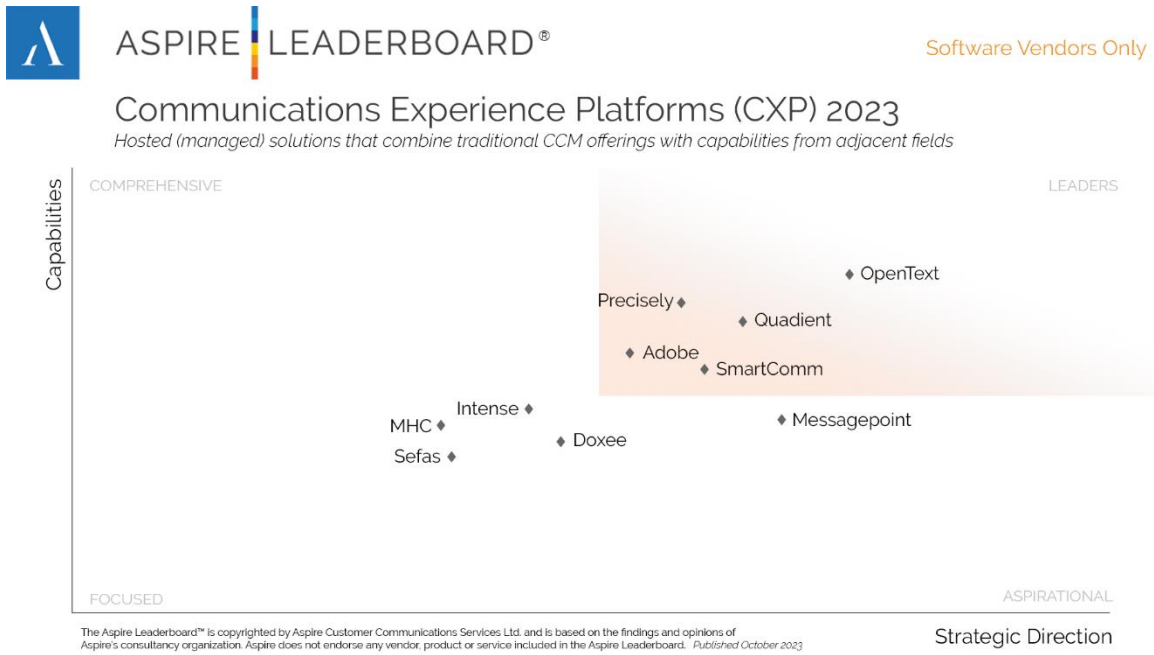**Figure 7: OpenText's Blueprint for Total Experience**

Source: OpenText

A focus on **customer intimacy**, **intelligence**, and **relevant communications** will enable businesses to personalize interactions that are **consistent** with a consumer's place in the customer lifecycle across all channels while **efficient** and **responsive** workflow will help them to improve operations and develop an agile approach. Aspire believes OpenText is well-positioned to use its technology to help its partners deliver on consumer expectations and employee experiences in 2024 and beyond. It's for this reason that we have placed it as a **leader in communications experience platforms** among hosted managed solutions on the Aspire Leaderboard.

Figure 8: OpenText is in the CXP Leaders quadrant

ASPIRE LEADERBOARD®

Software Vendors Only

Communications Experience Platforms (CXP) 2023
Hosted (managed) solutions that combine traditional CCM offerings with capabilities from adjacent fields

COMPREHENSIVE — Capabilities — LEADERS

- ◆ OpenText
- Precisely ◆
- ◆ Quadient
- ◆ Adobe
- ◆ SmartComm
- Intense ◆
- MHC ◆
- ◆ Doxee
- ◆ Messagepoint
- Sefas ◆

FOCUSED — Strategic Direction — ASPIRATIONAL

The Aspire Leaderboard™ is copyrighted by Aspire Customer Communications Services Ltd. and is based on the findings and opinions of Aspire's consultancy organization. Aspire does not endorse any vendor, product or service included in the Aspire Leaderboard. *Published October 2023*

Source: Aspire (Latest version of the CXP Leaderboard)

In 2023, OpenText introduced Aviator, a comprehensive AI integration framework allowing its various products to be easily extended with AI/ML capabilities from a variety of sources in each of the OpenText clouds. OpenText Experience Aviator specifically uses Generative-AI, Image-AI, and content analysis for authoring and rich media creation. OpenText has its own Magellan AI engine, which is a set of algorithms in the CCM space largely used for content migration and content intelligence. Through the acquisition of MicroFocus, OpenText also has access to IDOL, the content analytics engine that originated with Autonomy. This engine is useful in many ways, but natural language processing and data analytics have long been a focus. Finally, Aviator allows OpenText to integrate with, and leverage, various Large Language Models (LLMs), most notably Google PaLM 2.

Conclusion

With its accelerated shift to the cloud, redesigned interfaces, deep integration, and an increasing focus on AI, we believe OpenText is prepared to continue shaping the CX market in 2024 and beyond

In these anxious and uncertain times, businesses must overcome the instinct to tighten their belts while keeping an eye on the bottom line and instead seize the opportunity to differentiate themselves from the competition by prioritizing personalized and empathetic interactions with their customers. To that end, Aspire's research has shown that over 80% of businesses worldwide are modernizing their approach to customer communications and nearly three-quarters are getting help from a vendor or service provider.

OpenText is increasingly positioning itself as a vendor offering a best-of-suite platform in the converging CCM-CXM space. As organizations begin searching for ways to holistically manage communications and digital experiences across the entire customer lifecycle, OpenText – with its wide range of capabilities – is in an excellent position to capitalize on this opportunity. Through integration with Google, it offers advanced data capabilities that combine with its leading CCM and Digital Experience solutions to provide a good foundation for companies looking to deliver unique and memorable experiences that will win customers and keep their business. With its accelerated shift to the cloud, redesigned interfaces for the majority of its CCM and CXM products, deeper integration, and an increasing focus on AI, we believe OpenText is prepared to continue shaping the CX market in the years ahead.

About OpenText

OpenText is a global provider of Information Management (IM) software, offering market-leading customer communications, digital experience, content management, and business automation solutions. The company is headquartered in Canada and has offices and customers in every major market in the world.

About Aspire

Aspire is a global analyst and market research firm providing independent insight and trusted advice to the Customer Communications Management (CCM) and Customer Experience Management (CXM) industries. Aspire empowers Enterprises, CCM/CXM Software, Services and Solution providers, and Business Advisories and Private Equity Firms, with unbiased guidance and actionable insights delivered through a variety of highly specialized services.

AUTHOR

Adam Firbank | Senior Consultant
adam.firbank@aspireccs.com
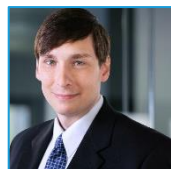
Will Morgan | Senior Research Analyst
will.morgan@aspireccs.com