

# Predictions 2023: Customer Experience

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## Summary

2023 will be a year of reckoning for customer experience (CX) programs as companies struggle to focus on customers while navigating a turbulent economy. The character of CX teams will transform, with 20% of them disappearing, 80% lacking essential skills, and their work shifting from strategy to proactive service recovery. Amid these changes, CX differentiation will erode in three-fourths of industries, and the CX tech market will shift as one-third of point solution providers get acquired by platform players.

# A Year Of Reckoning For Customer Experience Programs

The challenges of 2022 — when companies [lost their customer focus](#) amid rising customer expectations and a worsening economy — will create an inflection point for CX programs in 2023. CX programs that help their organizations achieve their brand aspirations — and have the data to prove it — will thrive despite corporate belt tightening. Other programs will wither since they'll no longer have a strong economy to buoy them. This will surprise many CX leaders, given that a shockingly high [82% of them expect their budgets to rise next year](#). Despite [this unwarranted optimism](#), we predict that in 2023:

- **One in five CX programs will disappear — and one in 10 will be stronger than ever.** The estimated 80% of companies for which great CX is not part of their brand identity will finally demand proof that spending on CX improvement is necessary, and some of these companies will dissolve CX teams that can't show numbers. That's bad news for the [54%](#) of CX pros who said their teams are unable to prove the ROI of their projects. Some of these teams will be split up and absorbed into other business functions, while other teams will see their influence dwindle. In contrast, the 20% of companies that embrace great CX as part of their brand identity will reward CX teams that can show positive ROI. The leaders of these teams will join the one-fourth of their CX leader peers who already sit in the C-suite. They'll also gain direct control of teams to which they previously had only dotted-line connections — like customer success or the contact center — and earn larger budgets for personnel, technology, and project work.
- **Four in five CX teams will lack critical design, data, and journey skills.** Already, [a majority of CX teams lack crucial skills](#) in inclusive experience design; design thinking; survey design; data literacy and storytelling; and journey mapping, analytics, and management. [These skills are “accelerants”](#) that help CX teams understand, improve, and manage the customer experience — and ultimately elevate the team's impact. CX teams without these skills will remain stuck on basic find-and-fix work, unable to help their organizations innovate to thrive in a challenging business environment. The skills gap will become most acute for CX teams that are smaller and less well-funded, since they won't be able to compete with the greater support and compensation that larger and better-funded CX teams will offer. However, smaller teams can still help current employees build these vital skills and highlight the opportunities for entrepreneurialism that a small team offers.

- **Proactive service recovery (PSR) will override strategy as the focus of CX work.**

PSR is an umbrella term for actions that try to turn around bad experiences for individual customers — even those who don't complain — usually in as close to real time as possible. For example, an airline that detects when the first leg of a customer's two-leg journey is delayed might reach out in-app to offer alternate flights and a meal voucher. Although technologies that make PSR scalable — like [customer journey orchestration](#), AI-powered contact center agent assistance, and real-time feedback — are now realities, companies' reasons for putting PSR center stage will vary. Companies with strong [CX strategies](#) will use on-brand PSR to help fulfill their strategies efficiently. These companies should keep PSR efforts aligned to strategy or risk diluting the brand. Companies without strong CX strategies will use PSR to fix basic CX problems quickly. These companies should avoid mistaking PSR for a real CX strategy or risk missing out on big-picture CX differentiation.

- **CX differentiation will erode in three-fourths of industries.** The range between the best and worst CX in these industries will narrow as 25% of below-average brands improve and 50% of above-average brands decline or stagnate.

Differentiation has already narrowed in at least one industry in eight of the 11 countries for which we have year-over-year Customer Experience Index (CX Index™) data — including 10 of the 13 industries we study in the [US](#) and five of the nine industries in [Canada](#). Why is differentiation narrowing across so many industries? Lower-performing brands are solving basic CX problems, while top brands are struggling to embrace transformative CX improvements that ensure their differentiation. To stand out from this tightening pack, companies must embrace [customer obsession](#) and pursue CX innovations that differentiate their brand, rather than relying on CX strategies that consumers perceive as similar.

- **One-third of point solution CX tech providers will get acquired by platform players.** Point solution providers are companies that offer a single specialty product or service, like a journey mapping application, design tool, or chatbot. The past two years have witnessed an uptick in acquisition of these companies by larger tech providers trying to fill out their own offerings, absorb innovative competitors, or enter new markets — like [Medallia's purchase of Mindful](#) and [Adobe's bid for Figma](#). Two factors will drive acquisitions to a fever pitch in 2023: 1) many companies' desires to have best-in-class solutions within a single platform and 2) low selling prices for point solution providers that are struggling due to economic trouble and a crowded CX tech market. However, acquisition-prone platform players risk backlash by the end of 2023 if clients perceive that they're: 1) unable to integrate their acquisitions, 2) unwilling to modularize offerings for

buyers who don't want an entire platform, 3) charging too much, or 4) struggling with lackluster relationship management.

## **Start Planning Today For What's Coming Tomorrow**

Use the following research, curated by the authors of these predictions, to guide you on your path to success in 2023.

[Widespread Drops In US CX Quality Point To Major Failures In Brands' Customer Focus](#)

[Planning Guide 2023: Customer Experience](#)

[CX Leaders: Take A Systematic Approach To Ensure Success](#)

Have questions about our predictions for 2023? Submit them via [this form](#). We'll use your questions to help shape what we cover in our [upcoming Predictions 2023 webinars](#) and to respond to our clients' most pressing business priorities and challenges.

## **Supplemental Material**

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