

4 CX Action Steps in a Recession

In today's economic climate, with a potential looming recession, we get a lot of questions from our clients and CX professionals:

- How is a recession going to impact my customer experience metrics?
- Can we look back at historical data to help predict what to expect from future possible recessions?
- What actions can I take to ensure my CX and Voice of the Customer (VOC) metrics are minimally affected by a potential recession?



According to US News, three indicators in 2022 may signify a risk of an upcoming recession:

High inflation

Inflation in the US is currently its highest point in 40 years

Negative yield

The yield rate for long-term treasury bonds was below that of short-term bonds as recently as July

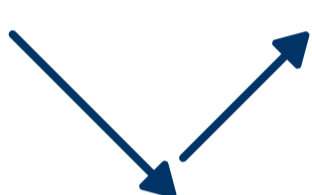
Geopolitical instability

International trade has been affected by Russia's invasion of Ukraine and the sanctions that followed, as well as the continued COVID-19 pandemic

That said, a recession is not a given, especially considering mitigating factors such as the Fed recently raising interest rates. **Impact of a recession depends on its shape.** Recessions can take many shapes, but the most recent recessions are examples of two specific shapes:

V-Shaped

12-18 months

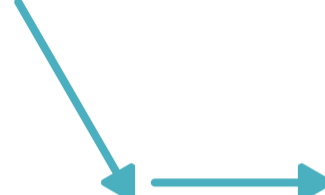


The economy recovers relatively quick

EXAMPLE: COVID recession from February 2020 – April 2020, the shortest recession on record

L-Shaped

10+ years



The economy takes many years to recover

EXAMPLE: Great Recession from December 2007 – June 2009, with some effects lasting to 2016

What does historical data tell us about the CX impacts of previous recessions?

Concentrix VOC analysts investigated this topic through retrieval from our normative database during the Great Recession of 2008-2009. **Our findings?**

Average VOC Performance*

Source: Concentrix normative database

○ Overall Satisfaction ○ Overall Advisor ○ NPS



We do not see large declines in customer perceptions across multiple industries and clients. Overall Satisfaction, NPS, and Advisor Satisfaction slightly softened.

*Overall Satisfaction and Overall Advisor are Top-Three Box on a 5pt scale; data includes performance across industries



There was an increased customer willingness to try lower cost alternatives. **Customers found they liked these products better than expected,** which resulted in more customers sticking with the lower cost options even after the economy recovered.

For some financial clients, we are seeing some slight softening in Overall Satisfaction, but this tends to be the case for this industry when market volatility increases. A recent JD Power study showed that banking customers want more support with personalized, direct service in tough times.



Organizations need to keep customers satisfied to ensure your business weathers a recession. Here are 4 "recession-proof" CX Action Steps to take:

1

Maintain VOC measurement programs through a recession

Organizations need to stay current on customers' changing wants and needs as their purchasing power diminishes.

2

Help more cost-conscious customers find alternative products or services within your business

During a recession, customers can show more interest in core features at a good price than fancy new features at a higher price.

3

Communicate directly and transparently with customers throughout the recession

Companies need to maintain ongoing communications with customers to explain the actions the company is taking and why the company is making that decision.

4

Look for opportunities to increase operational efficiency without reducing staff

Expanding contact channels into the digital space with chat, email, or asynchronous messaging can increase the number of contacts staff can handle while at the same time meeting the customer in their channel of choice.

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