Delivering Experiences That Win Business and Build Loyalty: FOCUS ON LATIN AMERICA
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Recap:
Global CX Survey Key Findings

Organizations worldwide are boosting investments in key customer experience (CX) technologies. According to a global survey of 2,670 managers conducted by MIT Sloan Management Review Connections and sponsored by SAS, nearly 50% of companies expect to increase their CX technology investments by a hefty 11% to 50% over the next two years.

Organizations are also confident about the returns on these investments. A majority of companies — 57% — report “large positive” or “moderate positive” returns (4 or 5 on a 5-point scale) on their CX technology investments. Within two years, that number will leap to more than 70%.

While money is flowing and expectations are high, achieving payoff on these investments is still a work in progress. Only 15% of organizations surveyed say they are significantly outperforming their competitors in terms of CX quality and ROI on investments. These companies — we call them CX Champions — stand apart from the pack because they:

1. Elevate CX strategy to the same level as their overall digital transformation strategies.
2. Use sophisticated analytics and strive for mastery of artificial intelligence (AI).
3. Make CX a mainstay of their operational operations.

This follow-up report explores CX trends and challenges in Latin America.

Latin America: Struggling With the CX Numbers

Latin America has some of the world’s fastest-growing middle-class populations. As a result, businesses in the region are expanding rapidly and, in turn, helping drive their national economies. Regional business leaders are keenly aware of new strategies and technologies that can boost operational effectiveness and competitive advantage, according to experts interviewed for this report. As a result, customer experience ranks high on corporate agendas, and organizations in the region are committing to hefty investments in core CX technologies with the expectation of quite strong returns, according to the MIT SMR Connections survey.

Latin American organizations are primarily local, so, overall, they have limited contact with global business networks and the North American and European companies they strive to emulate. According to regional experts, the relative isolation of these companies limits their view of the entirety of CX, including structure, organizational alignment, and culture. The use of tools is the most apparent aspect and, for that reason, has become synonymous with CX.

Latin American companies face an additional hurdle: the ability to calculate the ROI of their CX efforts. Analytics capabilities are the main stumbling block. Although most businesses have made substantial investments in analytics tools, senior leaders don’t realize how powerful they are. And many survey respondents give their senior leaders poor marks on their data and analytics skills.

The tide is turning, however. According to experts in the region, middle managers are increasingly studying business in U.S. and European universities and coming back to their home countries with a great deal of know-how. These managers have the opportunity to “manage up” and drive senior management and organizational buy-in to the power of analytics and how it can spur more potential uses of CX.

Strong CX Investments but Weak Analytics

Similar to other companies worldwide, many of the Latin American businesses surveyed are boosting spending on CX technologies and expecting strong returns on these investments.
For example, 27% of Latin American companies plan to boost spending on CX technologies between 51% and 100% in the next two years. This compares to 20% of companies overall (see Figure 1).

“LatAm businesses have their eyes on companies in developed markets and are committed to keeping pace with the latest tools,” says Nicolás Fritis, Latin American head of customer experience and channel performance at global research company Ipsos. “They are willing to spend on technology.”

Latin American businesses report strong returns on these investments. For example, 22% of Latin American entities report “large positive returns” on CX technology investments to date, compared with 17% of companies globally. Latin American businesses see that trend continuing: In two years, 46% of respondents from the region plan to achieve large levels of ROI, compared to 38% of their peers in other parts of the world (see Figure 2).

Viewing ROI Through a Clouded Lens

Many Latin American companies are struggling to develop robust ROI calculations that can effectively demonstrate the bottom-line impact of long-term customer value enabled by CX technology investments, Fritos says.

Fritis, who is based in Chile, was part of a global Ipsos qualitative research project that involved interviewing some 1,000 executives, including more than 200 in Latin America, about their CX challenges. He also conducted a webinar with about 1,000 Latin American executives. In both, an increasing number of executives cited calculating the ROI for CX as one of the three top challenges they face.

“Not that long ago, much of Latin American business was cash-based, creating a very transactional mindset that still exists today. Businesses here are focused on selling things, as opposed to the bigger picture of strong customer loyalty and how to develop and measure it.”

DAVID BENABIB COPPEL
So why the apparent disconnect between the high ROI expectations that Latin American companies reported in the survey and what Fritis and others find in the marketplace? Collectively, the experts we interviewed believe this stems from a kind of transactional mindset that looks mainly at ROI from a cost savings standpoint and doesn’t take into account customer satisfaction, loyalty, and value.

“On top of being focused on short-term results, as are most companies worldwide, retailers in Latin America have emphasized providing a good experience at the store during the actual transaction,” says David Benabib, head of customer relationship management (CRM) for the large Mexican retailer Coppel. However, too often, the experience doesn’t extend much beyond that point: “There is little progress on leveraging data to manage customer lifetime value and loyalty,” he says.

A lack of access to global business networks compounds the problem. “Companies in the region don’t have access to best practices or global corporate headquarters disseminating them,” Fritis says. “So they might know about the tools and buy them, but they don’t have deep experience with customer-centricity and aligning organizations around managing CX to customer value. CX is still considered a cost in many organizations.”

Chatbots are a prime example, says Lee Ullmann, senior director of the MIT Sloan Latin America Office. Before the pandemic, shopping was still predominantly an in-person experience in Latin American shopping malls and city centers, says Ullmann, who has lived and worked in the region. But once the pandemic hit, people stayed at home and turned to online sources for purchases and other business. Sales volume ballooned. Along with it, customer service demands soared as well.

To handle the surge, many companies, especially retailers, implemented AI-powered chatbots. Using chatbots saves businesses from having to hire new armies of call center agents and may even allow for the elimination of existing positions. Many businesses celebrated a CX ROI that was based purely on cost savings.

The ROI can look good when looking at CX as just a tool and cost. “Both overall costs and costs per customer interaction decreased significantly,” Benabib says. “But the move didn’t move the satisfaction needle. Many customers felt the bots were ineffective and frustrating.”

But because the ROI often adds up when looking primarily at costs, Latin American companies are spending similar amounts on CX technologies as are organizations overall — and using those tools to similar degrees (see Figure 3).

### Figure 3:
Current Use of Key CX Technologies
Percentage of organizations now using each tool below

<table>
<thead>
<tr>
<th>Tool</th>
<th>Global</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straightforward Access to a Human</td>
<td>55%</td>
<td>49%</td>
</tr>
<tr>
<td>Live Chat</td>
<td>53%</td>
<td>55%</td>
</tr>
<tr>
<td>Cloud-Based Computing</td>
<td>50%</td>
<td>47%</td>
</tr>
<tr>
<td>Personalization Technology</td>
<td>43%</td>
<td>41%</td>
</tr>
<tr>
<td>Real-Time Data Collection</td>
<td>43%</td>
<td>37%</td>
</tr>
<tr>
<td>AI-Powered Chatbots</td>
<td>32%</td>
<td>29%</td>
</tr>
<tr>
<td>Smart Assistants in Phones and Tablets</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Edge Computing</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>Connected Omnichannel Experiences</td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td>AI Assistant Embedded in Products &amp; Services</td>
<td>22%</td>
<td>21%</td>
</tr>
<tr>
<td>Immersive Experiences</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Autonomous Vehicles for Delivery</td>
<td>16%</td>
<td>18%</td>
</tr>
</tbody>
</table>

### An Arm’s-Length View of CX Best Practices
Fritis, who is also coauthor of a November 2020 Ipsos report titled “The Forces of Customer Experience in Latin America: The Science of Strong Relationships,” emphasizes that most Latin American companies are highly local. They aren’t deeply embedded in global net-
works nor are they part of global entities guided in best practices from world headquarters, Fritis says.

At the same time, while many Latin American businesses have invested heavily in CX tools, they may not have made full use of them. That lapse became even more noticeable when more people began shopping and working online due to the pandemic.

“It’s easy for Latin America executives to visit companies in Europe and North America,” says Benabib. “They can see all the impressive tools in action. But the strategic and cultural alignment needed to bring together multiple functions and ecosystem partners isn’t as evident to outsiders. Something gets lost in the translation.”

To illustrate, Juan Garcia, advanced analytics leader at Bain & Co., describes a common scenario with CRM systems. Many Latin American companies have them, says Garcia, also based in Chile. But when you look under the hood, he says, you often see that CRM systems are being used mostly as customer databases and not as an anchor of enterprisewide operations.

Latin American companies do use strategic and operational tools for CX. For example, 72% of organizations globally “strongly agree” or “agree” (4 and 5 on a 5-point scale) that their organizations have raised CX strategy to the level of corporate digital transformation strategy. In Latin America, it’s 71%.

“Retailers are starting to create customer experience teams to manage the effort and move it forward. We’ve seen great progress here that is becoming a trend.”

Juan Garcia
Bain & Co.

Privacy vs. Personalization


Latin American companies have taken note. Nearly 70% of companies worldwide, as well as in Latin America, have created codes of ethics for data protection and the use of AI. In Latin America, however, data ethics has yet to become the cause célèbre that it is in Europe and North America. Part of the challenge is the general lack of enforcement resources on the part of the many governments in Latin America.

As Greta Jacobs, a former executive with Walmart and Citigroup in Mexico and Latin America, observes: “In LatAm, companies that comply with data privacy regulations do so of their own free will.”

The region’s consumers also aren’t clamoring for data privacy regulation compliance. “In LatAm, you don’t hear much about consumers being concerned about their own data privacy,” says Lee Ullmann of the MIT Sloan School of Management, who has lived and worked in the region. “It’s a bit surprising given the political history in the region.”

In fact, such consumers tend to be concerned about being saturated with offers that reflect little or no knowledge about the recipient, says David Benabib of Coppel: “Customers can become quite peeved by offers that don’t relate to what they need. Personalization is more important than privacy right now, as many Latin American customers don’t believe their data may be valuable.”

Similarly, 65% of companies globally “strongly agree” or “agree” that their organizations have documented workflows across the enterprise to assure that all involved understand their own roles and those of everyone else. In Latin America, the percentage is essentially the same: 63%.

But these tools typically aren’t implemented to drive an enterprise-wide customer-centricity effort. Instead, Latin American businesses tend to place their bets on the company’s brand and the promises it makes. “Senior executives at large corporations often take this approach,” Ullmann says. “They are huge players in the market and
perceive that customers have little choice. So they invest in the brand as the best source of competitive advantage.”

Industry Views

In certain industries, especially industrial manufacturing and retailing, Latin American companies are in line with or ahead of the rest of the world in their use of CX tools. Others, such as financial services, lead in only a few such areas (see Figure 4).

Latin American manufacturers rank well above the global survey population in the use of several key CX technologies, including the use of autonomous vehicles, smart assistants in portable devices, real-time data collection, and cloud-based computing. More than three-quarters (77%) readily provide direct access to a human customer representative, compared with 55% globally.

Those findings likely reflect the fact that Latin American manufacturers have access to inexpensive labor and power and thus have more margin available to spend, Ullmann says. “Manufacturers have been able to invest heavily in automation. They have greater ability to be technologically advanced,” he says. In addition, industrial manufacturers in the region don’t primarily create finished goods, he adds: “These companies supply raw materials to manufacturers abroad, and their customers are demanding the latest CX experiences.”

Meanwhile, retailers are especially advanced in using live chat, smart assistants in phones and tablets, AI assistants in products and services, and immersive experiences, according to the survey results. Competition from online companies, including Amazon and Alibaba, are spurring retailers to provide a customer experience that competes with these standard-setters. To that end, once the pandemic hit, retailers quickly began offering the essentials for e-commerce, including apps and improvements to websites. That growth spawned an explosion of growth in logistics and delivery companies virtually overnight.

“There are a lot of remote places in Latin America, and retailers have always struggled with delivery,” Benabib says. “Shopping was mostly a face-to-face experience. As e-commerce technology developed, so did logistics and delivery capability. Many unicorns sprung up, including delivery companies, last-mile specialists, and logistics firms.”

More recently, retailers have begun moving past the basics and are starting to tackle more complex tasks, such as linking physical retail with online. At Coppel, for example, customers can research products online and find out whether they are available for pickup at a store and vice-versa.

“With many of the essentials in place, retailers are starting to create customer experience teams to manage the effort and move...
it forward," Garcia says. "We’ve seen great progress here that is becoming a trend."

Some of the region’s large, well-established banks have traditionally catered primarily to upscale and middle-class consumers. In recent years, however, some Latin American retailers have established their own banks offering credit and debit cards as vehicles for increasing sales through special offers and discounts sent to mobile phones, says Greta Jacobs, a former compliance and risk executive at Walmart and Citigroup in Mexico and Latin America. “These retail-affiliated banks serve the large portion of the population that is under- or unbanked. They focus on making it easy to open and use accounts,” she says. “Customer experience is focused on simple and efficient banking via mobile phones. As a result, many LatAm banks haven’t embraced more extensive use of CX tools.” In addition, as Ullmann of MIT Sloan noted about major corporations in general, large established banks focus their marketing investments on brand reputation as the primary means of attracting customers.

Powering Up Analytics

Among the main problems Latin American companies face is the relatively low level of analytics skills among the executives leading their CX initiatives, according to the survey results. Respondents from the region rate their leaders’ analytics skills considerably lower than do participants in other parts of the world.

All survey respondents were asked to pick the three most important leadership skills from a list of 11 needed to manage CX. Globally, data and analytics ranked fourth. In Latin America, that skill set ranked seventh.

At the same time, Latin American respondents’ assessments of their company’s leaders’ analytics skills are less than stellar. Globally, 21% of respondents say their CX leaders have “very strong” analytics skills. In Latin America, only 14% have the same view.

Latin American companies do use analytics in all phases of CX to a similar degree as do companies worldwide (product/service research and discovery; product/service choice and adoption; and ongoing engagement). However, an apparent disconnect between upper and middle management is standing in the way of progress.

“Many young managers in Latin America have a deep understanding of big data and analytics and the leadership and cultural change needed to create a data-driven organization,” Garcia says. But those in the ranks above these new managers often have much less knowledge of the matter at hand. Benabib recalls a conversation with another Latin American retailer he knows: “I was discussing getting better analytics with a senior executive. The executive declared that such things didn’t have a relevant impact on the bottom line.”

Given such senior- and middle-management dynamics, this bottom-up endeavor doesn’t shine as much as it could, Garcia says. The good news is that Latin American companies have many analytics tools and professionals. Senior executives are becoming open to experiments and understanding in the long run what data scientists do.

Garcia says that data teams create demonstration projects to build awareness and buy-in on the part of senior executives. To be effective, these teams need to use agile methodologies. “At this stage, it is crucial to come up with some wins,” he says. “So you need to have the odds in your favor. To do that, you need to conduct multiple quick and small experiments.”

The more experiments the team conducts, the greater the odds of finding winners, he says. The process of discovery, in turn, can go a long way in creating awareness and understanding on the part of senior management.

Conclusion

From their investments in core CX technologies to their expectations, Latin American companies are clearly dedicated to CX. However, they often take their cue from North American and European companies.

Since emulating businesses in more developed economies can be a challenge for heavily local Latin American companies, this report has endeavored to both accelerate and improve the development of competitive CX. To move the needle, Latin American companies should take the following steps:

- **Radically improve analytics capabilities** by relying on middle management and data scientists to demonstrate what can be done.
- **Encourage agile experimentation** with new CX ideas and services and measure the impact with increased analytics skills.
- **Form CX teams** to move from experiments and demonstration projects to more comprehensive CX programs that include new services that measurably increase customer satisfaction and the long-term financial impact of customer loyalty.

References

SPONSOR’S VIEWPOINT

Keys to CX Success: Innovative Ideas, Bold Strategies, Powerful Technology

Markets fluctuate. Competitors come and go. And new technologies, data sources, and smart machines are rewriting the story of the customer experience (CX). It seems the only constant is change.

What does it take, then, to consistently be a CX Champion, along the lines of those described in our survey report? It requires making the most right moves — and quickly diverting from the wrong ones. That means adaptive planning and real-time decisions are key. More to the point, the future belongs to the brands that can reimagine marketing for a new era. It belongs to those that are open to new pathways and perspectives for boosting customer retention and cross-sell opportunities, offering personalized services and fostering loyalty.

How can SAS help? SAS is a trusted analytics powerhouse for organizations seeking immediate value from their data. We were named a leader in customer intelligence across five analyst evaluations in 2020 and 2021. In fact, we are the only vendor to be included as a leader in every Forrester Wave Cross-Channel Campaign Management evaluation since our inaugural report in 2008.

Ultimately, of course, those accolades don’t matter much to your organization. What really counts is what SAS can do: help brands excel across every step of the customer journey. With SAS, brands can move beyond a traditional customer data platform to one that enables them to detect digital events in real time, enhance and extend customer data activation, and apply analytics on the go. Those capabilities, in turn, lead to a true digital picture of customer behavior across devices and touch points. Marketing organizations can then accelerate and automate cross-team marketing planning at a variety of levels — brand, product, program, or campaign — quickly adapting to new and unfolding scenarios.

Brands of tomorrow need to embrace new ideas with the same passion that they embrace new technology. The tech you implement must be there to support the bold ideas required for the next era of marketing.
To boost response rates and generate profitable leads, SAS delivers customer journey activation featuring embedded AI and analytics. These features provide the ability to easily test for web and mobile content, automatically uncover common attributes among customer data, and derive value faster with out-of-the-box insights.

When you add it all up, organizations can extend marketing impact to deliver an experience that brings in customers and keeps them coming back.

But there's a catch. Technology — even the best-in-class variety — will only get you so far. Brands of tomorrow need to embrace new ideas with the same passion that they embrace new technology. The tech you implement must be there to support the bold ideas required for the next era of marketing.

Brands that succeed in the coming decade will put the customer at the center of everything, including their technology, moving beyond loyalty programs and becoming loyalty companies. With the right strategy, it's possible. Bottom line: An unprecedented level of customer understanding is readily available. You only need to reach for it.

Download the full research report, “Delivering Experiences That Win Business and Build Loyalty,” at sas.com/cx-champions.
About the Research

MIT SMR Connections conducted a global online survey that drew responses from 2,670 respondents involved in or familiar with CX activities in their organizations. The survey drew participants from a broad range of industries, with the strongest representation from the financial services, IT/telecom, retail/consumer goods, education, and manufacturing sectors. A comprehensive report on the global findings was published in March 2022. For this regional report, we conducted additional data analysis to identify specific trends in Latin America. As described here, our analysis uncovered key differences between global and regional survey results in terms of CX quality and challenges. However, with the exceptions of manufacturing and retail, the industry-specific findings were about the same globally and in Latin America, so readers seeking information for other industries may wish to review the overall report. To provide a rich context for discussion of the quantitative research results, we interviewed several leading CX practitioners and consultants for both the main survey report and this follow-up regional overview. These individuals provided insight into current trends and future priorities for organizational CX activities.

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