



A Conectys made White Paper

Navigating inflationary pressure with wise CX outsourcing

Strategic insights for transforming BPO-brand relations in a
time of rising costs

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Introduction

In today's business landscape, numerous industries embrace the advantages of partnering with Business Process Outsourcing (BPO) providers to elevate their Customer Experience (CX) services. Entrusting specialised CX functions to external companies is a growing trend, fueled by organisations' desire to deliver better support, boost operational efficiency, curtail expenses, expand globally or grow vertically while avoiding substantial investments in internal resources, knowledge, and technology.

Finding the right BPO partner capable of delivering high-quality services while adhering to company standards is crucial for successful fulfilment. However, it's equally important to establish a solid foundation of shared commitment and aligned objectives beyond traditional BPO-brand collaboration standards. When both parties work together towards mutual benefits and the success of the overall initiative, the outsourcing venture is more likely to yield positive outcomes for everyone involved.

This point deserves attention, as well-being and balance are easier to achieve under normal economic circumstances when cooperation between the CX provider and a brand is characterised by stability and lacks significant disruptions. Unfortunately, it is not always the case, as the global economy is vulnerable to many unpredictable challenges and fluctuations. While not isolated, businesses are also impacted by various external factors, including inflationary pressure recognised on a global scale. They can significantly transform firms' operational and financial activities and their approach to collaboration with external partners, such as BPO organisations.

Fortunately, challenges can be managed effectively and well with the proper support and agile adaptation to unexpected situations. Our white paper analyses all of this. It delves into the strategic benefits of wise CX outsourcing in overcoming inflationary pressure and provides critical insights into transforming relations between BPOs and brands amidst growing costs. It also underscores the need for adaptive wise outsourcing strategies and innovative solutions to navigate the complex economic landscape, ensuring continued growth and prosperity.



Meeting Customer Experience challenges in inflationary times

For the last two years, the global economy has been grappling with an inflation crisis impacting almost every region of the world, even where spiralling prices have not been recognised at such alarming levels for a long time. This has been unprecedented and unexpected, with the sources of this inflationary pressure stemming from quite unusual factors like the effects of the COVID-19 pandemic and Russia's invasion of Ukraine.

From emerging markets and developing nations to advanced ones, cost escalation has become a substantial concern and a widespread problem causing significant disruptions in the daily lives of many individuals and exerting considerable strain on various economies worldwide. The price increase caused a snowball effect, creating a complex economic situation for households and businesses. Citing selected statistics, such as those provided by Eurostat, highlights the scale and magnitude of the problem, revealing that “in 2022, annual inflation within the EU surged to a record-high level of 9.2%, marking a more than threefold increase compared to the previous year's value of 2.9%”. According to Statista, “global inflation in 2022 was estimated to have reached 8.75%, representing the highest annual increase since 1996”.

Under inflationary pressure, on the one hand, consumers have begun focusing on value for money while cutting expenses, optimising spending and analysing their budgets more carefully to adapt to the specific situation. On the other hand, companies have tried to maintain profit margins by reducing expenses and implementing cost-cutting measures, often increasing prices in response to growing labour and resource costs.

A lot has changed during the inflation crisis, and the impacts of this will be long-lasting. However, one element remained relatively stable. Most customers kept their experience outlook intact during the price crisis, even with less money or more financial constraints they needed to face.

In 2022, IPSOS, a multinational market research and consulting firm, examined a group of buyers to understand how the growing inflation pressure affected their assumptions towards CX. The key findings included in the IPSOS study titled “How inflation affects Customer Experience expectations” were as follows:

IPSOS' findings on CX

Customers are more accepting of inflation and are willing to pay more if they receive a great Customer Experience.

Potential Conclusions

This suggests that companies focusing on providing exceptional CX can better navigate inflation challenges.

71% of loyal buyers empathise with increasing prices.

This indicates that customers with a strong relationship with the brand are more understanding and open to price shifts.

As prices rise, customer retention and loyalty investment will yield substantial returns.

This highlights the importance of prioritising shopper retention and loyalty to maintain a solid buyer base during inflationary periods.

Large multinational organisations face the most inflationary pressure and must enhance their CX offerings to match higher prices.

This implies that companies with a global presence must maintain and improve their CX strategies to meet consumers' expectations during the crisis.

Failing to deliver exceptional CX during inflation poses a significant business risk.

This emphasises the need for enterprises to ensure and even boost customer satisfaction and experiences to avoid negative consequences in a challenging economic environment.

The insights gained from the IPSOS study serve as a clear signal for entrepreneurs that prioritising Customer Experience in managing inflationary pressures and investing in buyer-centric CX strategies is vital for securing a competitive foothold in the turbulent market.

Key CX crisis difficulties for maximising potential

However, as businesses navigate the ever-changing landscape of escalating costs, they encounter primary challenges that must be overcome. A profound understanding of these issues can empower companies to efficiently address these obstacles, dispel stereotypes, alleviate fears, and foster a resilient environment for sustained growth. Among these, the most critical challenges related to an inflation crisis encompass the following:

- **Striking the right balance** between cost-effectiveness and maintaining high-quality and enjoyable CX services. This involves appropriately managing resource allocation, knowledge, flexibility, innovative tools, and strategic alignment with customer expectations. Failing to achieve this balance can affect how buyers perceive the brand.
- **Insufficiently prepared customer support teams.** As inquiries and complaints increase due to changes in pricing, service levels, or disrupted product deliveries, inadequately equipped customer support teams may struggle to handle the larger volume of interactions effectively.
- **Adapting to changing shopper needs and preferences.** Failure to align with evolving customer preferences can result in reduced customer retention. Lack of investment in new technologies and data-driven approaches, such as personalisation and tailored solutions, can exacerbate this challenge.
- **Addressing employee concerns.** Employees' apprehensions about their financial situation and workloads can impact morale and productivity. Managing these fears is crucial to ensuring the consistent delivery of exceptional experiences.

Bain & Company suggests that successful businesses thrive during a disruption by remaining finely attuned to shifting customer needs and profoundly understanding distinct buyer segments. The firm emphasises the significance of engagement for growth and profitability, involving:



Transformation of relations between BPOs and brands

In an era of escalating costs and economic uncertainties, the dynamics among Business Process Outsourcing providers and brands are experiencing a profound paradigm shift. Redefining the relationship between the two is, therefore, an inevitable necessity. This transformation aims to address cost pressures and foster collaborative and value-driven partnerships that remain steadfast in the face of financial challenges.

For businesses, this means a strategic rethinking of how they approach Customer Experience services. As inflation affects the economic landscape, companies now rely more than ever on their BPO partners to help them deliver top-notch buyer interactions. The expectations are higher as this collaboration goes beyond a simple business deal. It's a united effort to provide excellent service while navigating challenges.

In this changing scenario, the partnership between businesses and BPOs is more than just about adapting. As inflation's impact looms, outsourcing becomes more like allies, working hand in hand to provide outstanding CX services. The shared journey is directed towards a common goal where customer satisfaction is paramount, challenges are faced together, and the fabric of the partnership is woven with innovation and unwavering commitment. And through it all, this collaboration is emerging not just intact but even stronger – a testament to the power of partnerships redefined.

Here, we delve into the intricate interplay of factors that reshape the BPO-brand alliance during times of economic upheaval:

Wise Outsourcing Attributes	Their scope
Access to Cost-Effective Talent Pools	Partnering with suitable BPO companies in optimised regions, enabling businesses to reduce labour costs while maintaining work quality.
Operational Efficiency	These encompass specialised expertise, resources, and experience that might be lacking internally within an organisation, ensuring tasks are executed more efficiently and cost-effectively than in-house.
Scalability	Adjusting operational scale to respond dynamically to changing conditions, which offers flexibility in expansion or streamlining, aligning expenditures with financial circumstances.
Constant CX Monitoring	Essential metrics, such as VoC (CSAT, NPS, CES), customer feedback, process efficiency, satisfaction surveys, and more, serve as a performance compass in inflationary times, integral to the wise outsourcing strategy.

Technology and Innovation

Leveraging cutting-edge technologies without significant upfront investments, as these assets are often readily available through specialised BPO providers.

Cost Transparency

Providing clear and transparent cost structures within outsourcing agreements, aiding entrepreneurs in budget management and understanding cost commitments, which is particularly valuable during economic volatility.

Contract Flexibility

Offering contract flexibility, allowing negotiations, service adjustments, volume changes, or pricing modifications to adapt to shifts in the economic landscape. This aligns with the “Only Pay for What You Need” principle.

Advanced CX Strategies

What sets wise outsourcing apart and makes it exceptionally effective is its customer-centric approach, placing buyers at the forefront of decision-making processes. This ensures that all aspects of the CX strategy seamlessly align with buyers’ genuine expectations and desires. In this context, wise outsourcing offers advanced CX strategies, including robust data collection and management, detailed consumer journey mapping, and personalised experiences tailored to individual preferences.



Strategic deployment of wise CX outsourcing: placing your trust in capable hands

Selecting the right BPO partner for wise CX outsourcing is a cornerstone in effectively managing the challenges posed by inflation while maintaining financial stability. This strategic decision helps overcome the obstacles brought about by rising costs and positions the company for long-term economic resilience and success within a highly competitive market.

A comprehensive evaluation of potential or existing vendors is crucial to ensure a well-informed choice. This entails assessing their experience, expertise, certifications, technological infrastructure, security measures, cultural compatibility, financial strength, management practices, scalability, and more. This due diligence guarantees that the selected BPO partner is best suited for efficient collaboration, unlocking specialised skills and resources to address a broad spectrum of operational needs, from customer service to back-office functions.

Additionally, a multi-sourcing strategy can significantly enhance risk mitigation by diversifying outsourcing partnerships, thereby guarding against disruptions and ensuring uninterrupted business processes, even in the face of unforeseen challenges. Furthermore, this strategic approach provides access to a diverse range of expertise, resources, and global talent pools on an unprecedented scale. This inherent flexibility empowers businesses to address various operational aspects without overburdening a single provider. By allowing each partner to specialise in different areas, efficiency is optimised, and the highest quality of service is ensured. This is particularly valuable during uncertain economic periods and in the context of recent mergers and acquisitions involving the largest BPOs.

Vendor management strategies during high inflation periods

Next to wise outsourcing, proficient Vendor Management is also indispensable for a robust CX strategy, regardless of the industry or business profile of the company affected by the inflationary crises. In this landscape, pivotal stakeholders like the Procurement Department, CFO, and CX teams take centre stage, driving the development of a cost-efficient approach through synergistic collaboration with the BPO partner.

Here are a few illustrative examples of Vendor Management actions that can be taken to handle cost crises, ensuring that against all odds, CX remains exceptional, leading to increased customer loyalty and sustained business growth. These include, for example, negotiating pricing and terms with vendors to counter cost increases, exploring alternate suppliers to diversify and ensure cost competitiveness, collaborating closely with vendors for demand forecasting and optimisation, fostering strong relationships for mutual benefit and flexibility, leveraging technology for streamlined procurement processes, developing risk mitigation plans to address supply chain disruptions, and evaluating vendor performance to ensure value delivery amid cost challenges.

According to the article from Procurement Magazine, “Currently, many procurement experts we’ve spoken to emphasise that challenging suppliers based on data insights is the best way to tackle inflation and enhance value. Yet, these negotiations aren’t solely about confrontation. Building cooperative solutions with suppliers is also highly valued”.

It is also worth emphasising that while the Vendor Management Strategy for CX is vital across industries, it varies according to each sector’s unique challenges. For instance:

Industry	Protective measures
Retail	Negotiating with suppliers and optimising inventory management to counter the impact of inflation, ensuring consistent availability of goods and competitive prices while enhancing customer satisfaction.
Software Business	Re-negotiating contracts, exploring global sourcing, and collaborating with providers to uphold innovative and high-quality CX while mitigating escalating technology costs.
Travel and Hospitality	Securing cost-effective contracts and managing expenses for essential supplies to maintain service excellence while creating memorable and valuable travel experiences facilitated by personalised communication and real-time responsiveness.
Gaming	Implementing thoughtful pricing strategies, offering captivating content, fostering transparent and user-friendly communication to deliver value to players, and protecting players from malicious activities with relevant Trust & Safety measures.
Consumer Goods	Swiftly adapting to market shifts, diversifying supplier options, improving inventory management, gathering customer feedback, addressing concerns promptly, and enhancing agility through digitalisation for streamlined operations.

Summary

Maintaining top-notch Customer Experience is crucial for growth and customer retention in today's inflationary landscape. Balancing quality and cost efficiency is key, and strategic outsourcing holds the answer. This transformation aims to address cost pressures and foster collaborative and value-driven partnerships that remain steadfast in the face of financial challenges. By choosing the right BPO partners, businesses can achieve this delicate equilibrium while managing relevant vendor relationships can help ensure robust CX processes and solidify customer loyalty for sustained success.

Ultimately, referring to Bain & Company, while summarising the topic: "Inflation has become a catalyst, and an opportunity to break down old ways of doing things and find ways to use data, technology, and new management approaches to deliver better Customer Experiences with attractive economics".

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A few words about Conectys

Conectys is a digital-first firm specialising in Customer Experience and Trust & Safety solutions. We excel at delivering cost efficiencies and expediting implementation for companies navigating challenges such as hypergrowth, market disruption, and global expansion. Through flexible, strategic, and digitally inclusive approaches, Conectys collaborates with clients to overcome extraordinary obstacles.

Key Conectys' services are:



Multilingual Customer Experience

24/7/365 customer service and tech support across 35+ languages.



Hybrid Trust & Safety

Ensuring brand-aligned content moderation across platforms, social media, gaming, and the metaverse.



Digital Transformation services

RPA, NLP, Chatbots, automatic translation chatbots, sentiment analysis, voice-to-text, etc



BlueTweak

An agnostic BPaaS platform that enhances clients' CRM capabilities.

Globally disseminated in top BPO locations and with 18+ years in the industry, Conectys is large enough to be a safe partner and experienced enough to be a specialist yet of the right size to be flexible, dynamic and entrepreneurial.



Contact us

Would love to connect with you to discuss how our team at Conectys can help enhance your Trust & Safety and Customer Experience services.

[Let's talk](#)

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