



Become a ROXstar with PIM!

How investments in customer experience pay off



A new business KPI is changing the game

More and more B2C and B2B customers are buying online and their overall buying experience is crucial in compelling them to make a purchase. Therefore, manufacturers and retailers need to optimize every possible touchpoint to offer an exceptional customer experience. Only if the experience is consistently positive will customers make a second or third purchase and remain loyal in the long term. So, investing in customer experience (CX) certainly pays off. But what's the best way to measure the success of such investments?

We all know and rely on **return on investment (ROI)** to understand the profitability of an investment.

$$\text{ROI} = \frac{\text{(Benefit of the investment - cost of investment)}}{\text{Cost of investment}}$$

But it's not always enough to determine success based on the performance of financial investments alone. While ROI can give you a snapshot of the value generated by a single investment, **return on experience (ROX)** shows the extent to which investments in CX are worthwhile—even if they don't immediately translate into profit.

ROX vs. ROI—what are the differences?



ROX is more abstract than ROI. While ROI refers to concrete figures such as sales in euros or dollars or clicks on ads, ROX captures how changes to the customer experience positively impact customer lifetime value and the financial well-being of the business.



ROX focuses on enhancing the customer experience as the basis for strong customer relationships, while ROI primarily aims to reduce costs and increase revenue.

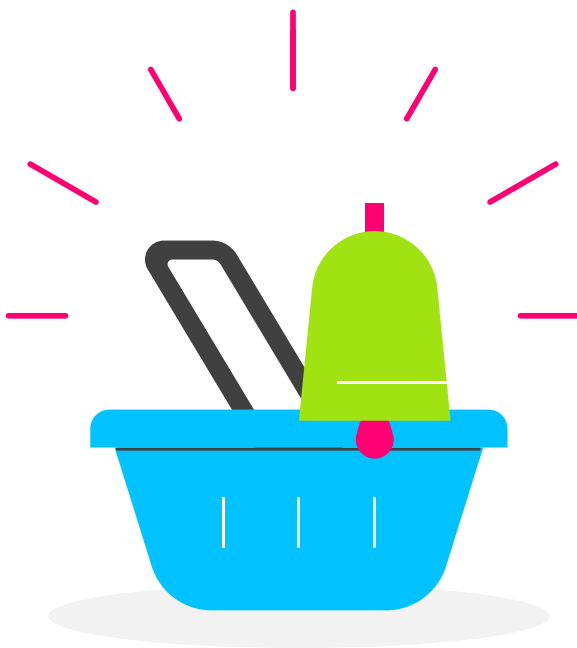


ROI is an efficient metric for advertising campaigns but can fall short when evaluating subjective experiences. ROX, on the other hand, captures a more holistic view of the influence and effect of marketing initiatives.

The return on experience—the new success metric

Modern businesses know it's vital to look at the impact of the experiences they offer. Yet, the introduction of a new metric like the ROX poses challenges. If companies want to invest in customer experience, it's crucial to think long-term and to evaluate and justify the effort, just as with any other investment. For example, detailed product data, provided by a PIM system, has a direct impact on CX. It ensures fewer returns and less shopping cart abandonment. It makes sense to evaluate this positive impact on business success using ROX instead of only quantifying the ROI of the PIM system.

A recent study by PWC¹ shows that companies should increasingly focus on ROX instead of just ROI: investments in customer satisfaction have a positive impact on crucial parameters such as customer lifetime value, loyalty, average order value, customer retention and conversion rates. If businesses give their customers exceptional experiences, they'll buy more and share their positive experiences with others. Products and services can even be sold at up to 16% higher prices—a boost for both ROX and ROI.



Positive shopping experiences lead to:

-  **4x** more willingness to buy
-  **4x** higher repurchase rate
-  **7x** more cross-selling turnover
-  **6x** higher motivation to recommended

Source "Experience Matters" report by Temkin Group 2018

¹ Global Consumer Insights Pulse Survey, 2022

To survive the new era of customer experience, a shift in thinking is required

If companies are only ROI-oriented, there's a risk that customers' needs will be neglected. A mistake that can prove disastrous: according to a PWC report², for 32% of the people surveyed, just one bad experience is enough for them to turn their back on their preferred brand.

It's not the businesses running the show, it's their customers. That's why ROX is a key metric to analyze efforts that are primarily aimed at making customers happy and ensuring their loyalty.

Among other things, these efforts are designed to:



Reduce costs for the customer (e.g., for orders and returns)



Save customers' time (e.g., through faster processes and less manual effort)



Increase convenience (e.g., through a user-friendly tool or website)



Create added value (e.g., in the form of discounts, gifts and exclusive information)

By striving to avoid bad customer experiences and encouraging positive ones, retailers and manufacturers improve CX while ROX increases.

We reveal all aspects of ROX and how they affect customers and suppliers in our infographic:

Get it now →

²"Experience is everything: Here's how to get it right", 2018

How to calculate the return on experience (ROX)

ROX calculation is based on ROI, which is determined from the profit generated divided by the capital invested. The formula is as follows:

$$\text{ROX} = \frac{\text{Profit generated from CX measures}}{\text{Cost of CX measures}}$$

Profit is calculated based on sales through CX measures minus the cost of CX efforts to increase customer satisfaction.

$$\text{ROX} = \frac{(\text{Return on CX measures} - \text{cost of CX measures})}{\text{Cost of CX measures}}$$

A ROX greater than 0 indicates lucrative CX efforts, while a ROX equal to 0 suggests that the efforts pay off in terms of customer satisfaction, even if they don't generate any instant financial benefit for the company.



How to become a ROXstar with PIM

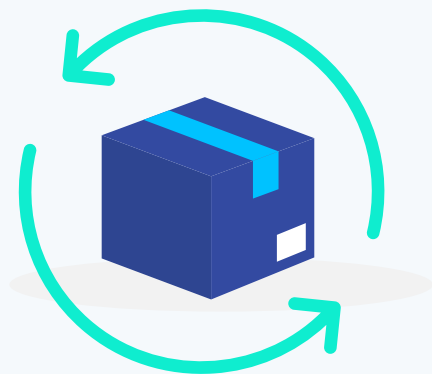
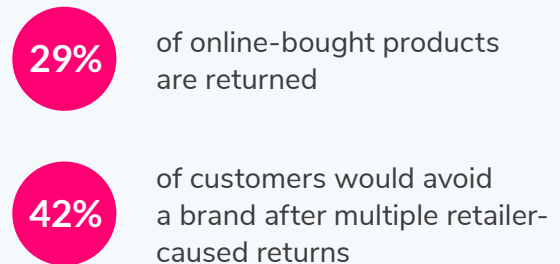
CX initiatives often include dealing with technical data and content—especially in ecommerce. Unlike a traditional retail store where customers can try and test the product in person, ecommerce doesn't have that option. Therefore, the product information you provide can significantly impact the customer experience and your ROX. This is where a Product Information Management (PIM) system comes to the rescue.

Why do online customers return the ordered goods?



Source: Processed returns statistics 2017

What are the consequences of returns for companies?



Source: NFR (National Retail Federation)
The Right Fit: How AI is Changing eCommerce
Apparel Returns 2021 State of the Industry Report

PIM in practice: return rate of cross trainers

A fitness equipment manufacturer that sells mostly cross trainers uses PIM to provide its customers with comprehensive product information—regarding the dimensions of the equipment, how it’s used, the noise level and how it’s packaged and shipped. In this way, the company has been able to significantly reduce the number of returns. ROX is calculated based on the revenue not lost due to fewer product returns, the overall costs saved and the costs of the PIM system:



$$\text{ROX} = \frac{(\text{Cross trainer revenue not lost (net)} + \text{costs saved}) - \text{PIM costs for "Cross trainer" product group}}{\text{PIM costs for "Cross trainer" product group}}$$

ROX should be at least 0 so that the positive impact of the PIM system on the return rate and on customer satisfaction and business success can pay off.

PIM increases the return on experience because:



Better product data creates more transparency for the customer, reduces the rate of returns and saves costs



It can store, organize and manage product reviews, which improve the customer experience and accelerate purchase decisions



Providing complete, accurate and personalized product information positively influences the customer experience and ensures return on investment



Detailed product data ensures that fewer shopping carts are abandoned. As a result, companies not only secure the sales they would otherwise lose but also boost their business



It stores, organizes and manages information that helps nudge a customer towards a buying decision – including product specifications, retailer and manufacturer information, product availability, warranty, shipping and customer reviews

Become a ROXstar!

Customer experiences powered by PIM have a crucial impact on customer satisfaction and contribute to the success of retailers and manufacturers. However, investments in customer experience are still insufficiently measured. Evaluating the success of these investments is key to making the right adjustments to further improve the customer experience. Measuring only ROI is no longer enough, as it only considers cost and revenue factors. ROX, on the other hand, looks beyond monetary aspects by focusing on customer experience as a critical variable for business success. After all, happy customers stick around, and positive interactions develop loyalty—and loyalty can hardly be quantified in monetary terms!

First ROI, then ROX? No problem! Learn how to calculate the ROI of a PIM solution with our white paper “The ROI of PIM: calculate the value of your next project!”

[Get it now →](#)

Are you still stuck in the old ROI-tine or are you already a ROXstar?

[Take the quiz →](#)





About ContentServ

ContentServ's software solutions enable manufacturers, brands and specialized retailers to deliver rich, personalized and highly converting product experiences that delight customers, improve time-to-value and boost ROI.

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