

Cost of living hits businesses hard, but good CX could be the saving grace

Research conducted by client experience company nlightencx, reveals that out of the main crises currently affecting the country, such as loadshedding, the supply chain crisis, and water issues, it's the cost of living (COL) crisis that is hitting businesses the hardest.



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The CX company analysed the four main crises, their impacts on South African businesses and how SA's best companies are surviving – and even thriving – in the face of extreme adversity.

“At the end of the day, all the big problems feed into each other, but it makes sense that cost of living is crippling for business. If your client or customer is out of pocket, chances are, so are you,” says Nathalie Schooling, CEO of nlightencx.

A bleak Black Friday

Schooling highlights the bleak performance of Black Friday this year as an indicator of just how cash strapped South Africans are. According to [reports by Reuters](#), the crowds in malls across Johannesburg and Cape Town this past Black Friday were thin, with no queues outside stores – unlike previous years.

“South African businesses are dealing with a lot. Ongoing load shedding, which surprisingly only got 17% of the votes in our poll, is still a huge challenge, but when an overwhelming 83% of companies cite COL as their biggest current hurdle, it's a concern because there's no magic wand that can change the economy,” says Schooling.



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This is why she points out that one of the best ways for businesses to differentiate and survive, especially for retailers going into the festive season and B2B companies looking for annual contract renewals, is with a good customer experience.

The recent 2023 Ask Afrika Orange Index, published by research company Ask Afrika, found that companies that focus on CX typically exhibit increased revenue, are more profitable, have more engaged employees, and have customers who are willing to pay up to 18% more for products.

“This is significant,” says Schooling, “because businesses can invest in understanding what their customers are facing at the moment, and then create solutions to reduce those pain points. If we look at the likes of how Shoprite Checkers, and the Discovery Group are coping, they’re not closing the doors and turning off the lights; they’re fighting back by putting themselves in their customers shoes to understand exactly what they need. In doing so, they’re winning client trust and featuring prominently in customer-choice awards.”

Slashing prices is not the best strategy

Schooling says that their research is clearly showing that the companies weathering the storm best are those which don’t focus excessively on cost and being the cheapest.

“If your strategy is simply to be the cheapest offering, then when your competitor matches or beats your price, your only option is to lower your price again. It becomes a race to the bottom until the company runs out of profit margin. And no profit means you’ll soon be out of business.”



Nathalie Schooling, CEO of nlightencx. Image supplied



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Rather, emphasises Schooling, the winning companies in the cost of living crisis are those that focus on a good customer experience and customer-service excellence.

“As businesses we can’t control the economy, the markets, the supply chain and interest rates. But we do have an element of control when it comes to how we treat our customers, the level of service we offer, and how we empathise with them.”

Now is the time to meet the customer where they are at, concludes Schooling. “It’s tempting and seems counterintuitive, but do not obsess over price despite the cost of living crisis. Rather focus on how you can give your customer real value for their money.”

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