

Forbes insights

Experience Evolution:

Staying Ahead Of Customer
Expectations Through 2030 And Beyond

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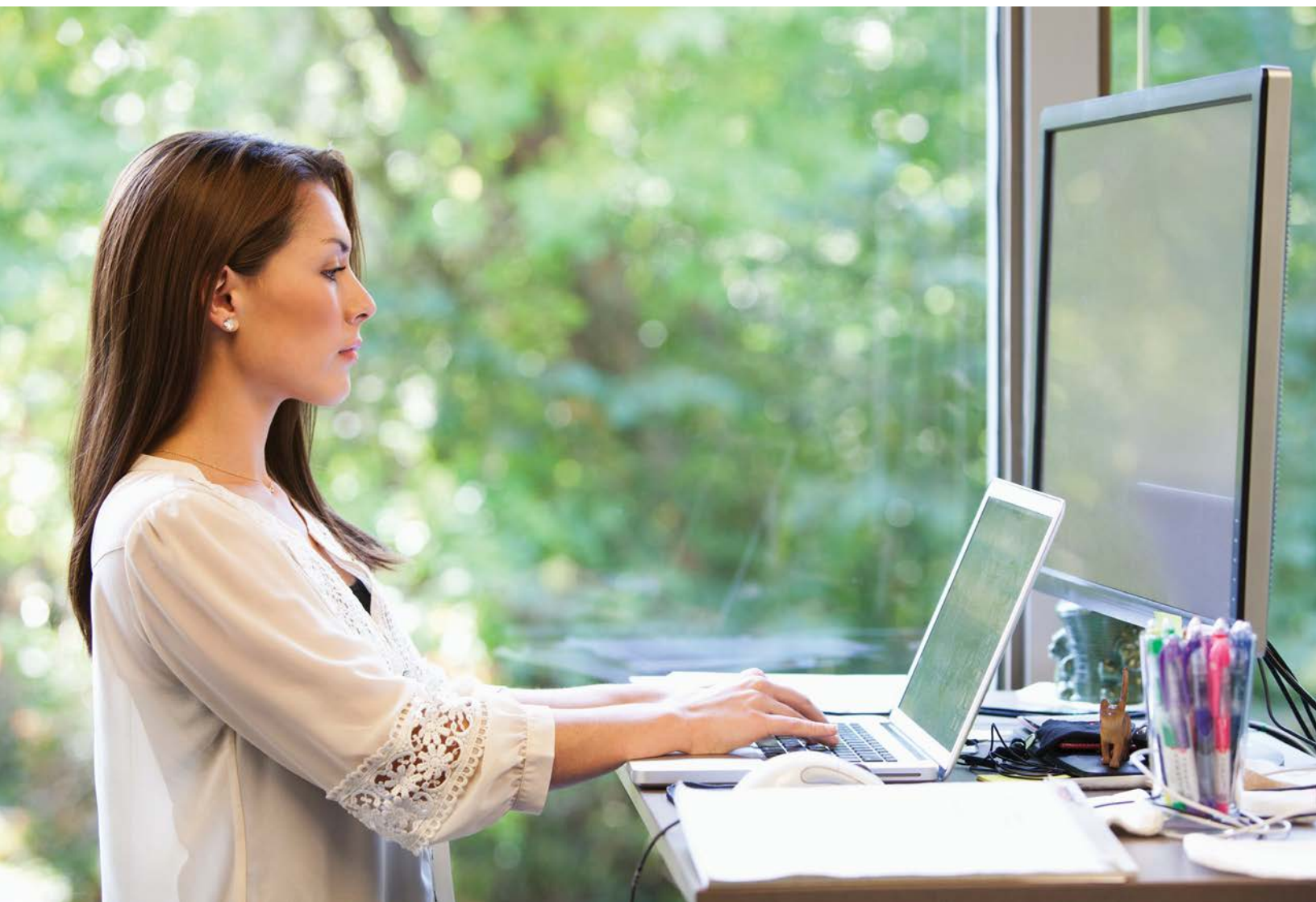


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Introduction

Customer satisfaction is a fast-moving target, with smart advanced technologies and changing demographics driving the creation of new experiences for digitally savvy consumers.

While customers' expectations are constantly evolving, recent developments and market fluctuations show us that unforeseen external conditions can turn these expectations on a dime—and companies need to be able to pivot just as sharply to meet these new, often urgent, expectations.

"To meet the changing expectations of customers, brands need to instill a mindset of customer obsession within their organizations, use the gift of digital transformation and the knowledge that they now have about their customers to construct the best experiences, and then automate and execute with agility," says Jennifer Chase, senior vice president of global marketing at SAS.

This report will explain how companies can use advanced marketing technologies and data-driven analytics to build customer relationships on a foundation of trust and loyalty. It will also explore how marketers can transform their organizations internally and empower their teams to execute on the customer-obsessed mindset.

Meeting Customers' Expectations: Bridging The Perception Gap

There is a significant gap in the perception of customer satisfaction levels: Brands believe they are doing much better at meeting their customers' expectations than their customers do.

Almost all brands (90%) believe that they provide the highest level of satisfaction to drive loyalty.¹ This conflicts with what consumers say, however. 42% of customers say that three or fewer brands provide a high level of customer satisfaction, and only 36% say as many as four or five brands do so.²

What causes this gap in perception? The answer requires us to first explore the intricate nature of the customer experience.

Moments Of Truth

Brands need to meet their customers' expectations at every relevant moment of their customers' journeys. These are the so-called "moments of truth" (micro-moments), and there are hundreds of these points across a customer journey. Each moment is a small milestone, which can lead to the customer taking the next step, choosing a different direction or abandoning the shopping journey altogether. The actions that customers decide to take depend on how well the brand guides the customer at a given juncture, how fast it can do it and how easy it makes the process.

These moments of truth can fall into different categories. Some are informational: When the consumer wants to know the balances in their checking account, the status of delivery or how to apply for a mortgage, for instance. Transactional moments happen when a customer needs to take an action such as order or pay, request additional services from, say, a cable company or talk to an advisor. There can also be service moments of truth: When the customer needs help resolving an issue, returning the purchase or changing the order, for example.

The nuances involved in creating a smooth customer journey come not just from the sheer number of micro-moments. It's also necessary for brands to understand how those moments relate to each other and to then link them all into a continuous, positive experience for the customer.

"Whether customers are discovering options or moving to engagement and purchase, brands need to identify these moments of truth, design the most fitting interactions and then seamlessly connect them for continuity of the overall customer experience," says Wilson Raj, global director of customer intelligence at SAS.

The Technology Gap

To better meet customer expectations, marketers need to close the technology gap between their customers and brands. While consumers have embraced immersive technologies such as AR and VR, advertising and marketing platforms may not yet account for some of those channels. Thus, many brands are not yet creating moments of truth using technologies that customers prefer. These immersive technology-driven micro-moments can happen at any stage of the consumer journey, starting with research. For instance, some beauty brands offer customer apps that allow you to virtually experiment with different colors of lipstick, while some clothing brands have created virtual fitting rooms to simulate the in-person experience of trying on apparel before purchasing.

SAS research reveals that consumers are embracing advanced technologies. Many households (60%) already own at least one smart device such as a virtual voice assistant.³ While brands are also looking at advanced technologies to strengthen their customer engagement,

¹ Experience 2030: Customer experience—now and into the future, SAS and Futurum Research.

^{2,3} Ibid.



they aren't always on the same page as their customers when it comes to which tools work best across different micro-moments. For instance, a majority of brands (78%) believe that customers are uneasy dealing with technology in stores, while in reality just about a third of customers feel that way.⁴

To create a winning customer experience, brands should identify which technologies their customers are looking for and when to apply the right technologies at very specific moments of the journey.

"If your brand isn't prepared to act on opportunistic micro-moments with consumers and their desired technologies, you're losing potential revenue," says Suneel Grover, marketing AI and decision science architect at SAS.

The Insights Gap

Apart from delighting consumers with the use of preferred technologies at different micro-moments, advanced technologies are also a way for brands to gain a sharper understanding of customer needs. While the intelligence gathered from AR, VR and IoT can substantially deepen that insight, the existing technology gap may be preventing brands from truly knowing their customers' preferences.

The lag between the technologies used by brands and what their customers already use causes a dissonance in terms of the level of insights that companies glean. In turn, the technology gap then becomes an insights gap as brands overlook signals from customers already using immersive tools.

As increasingly diverse consumer data is available to brands, the value for customer experience teams requires translating data insights into a relevant moment-of-truth experience during the customer journey.

"Data without analytics is value not yet realized," says Grover. "While access to analytics is no longer unique, getting value from analytics has become a competitive differentiator."

To achieve and leverage business value from analytics, brands need to be able to use relevant analytical techniques, including artificial intelligence (AI). The vast number of potential moments of truth and the many variables and correlations among them requires machine learning analytics techniques, which can analyze millions of interactions between the customer and the brand in order to power smarter decisions. Over time, the technology self-learns how to identify which real-time actions the brand should take at different moments of truth in order to achieve specific business goals.

⁴ Ibid.

Closing The Gap: The Top Three Drivers Of Customer Experience

Closing the technology gap will allow brands to more precisely meet their customers' expectations and build deeper customer relationships based on trust, loyalty and agility.

Digital Trust

Raj defines digital trust as “an authentic and transparent exchange of value between the brand and the customer.” Data-driven technologies have the potential to create immense value for the customer and the brand, but essential for achieving long-term value is a strong foundation of trust.

SAS research reveals a gap between what brands perceive as providing a trustworthy relationship and how consumers perceive that trust. A majority of consumers (76%) are concerned with the amount of data brands gather, and 73% are concerned with how brands are using their personal data.⁵

Many brands are well aware of the pitfalls and benefits associated with gathering customer data. Most brands (83%) agree that a single major data breach can erode consumer trust in their brand, and 59% strongly agree that securing customer information is the single most important factor in ensuring a strong experience for customers.⁶ To carefully balance the data-driven risks and opportunities, brands need to implement digital guardianship—a set of internal policies covering data management, governance and protection.

Digital trust is based on a trustworthy and transparent value exchange with the customer. That exchange involves giving consumers full control over how much information they're providing, the freedom to change the amount of data that they're sharing and an easy way to opt in or out of data sharing. Trust also requires communicating clearly with customers about the brand's use of personal data—as one food and drink

conglomerate did when it cut its terms and conditions of data use from 50 pages to one full-screen length, for instance.

One example of a beneficial and customer-centric use of data comes from a theme park that uses real-time data from customers' wrist bands solely for improving and customizing the experience while customers are in the park. Brands should be able to demonstrate to customers that their personal data is used responsibly and also improves the customer experience in tangible ways.

Digital Loyalty

Past ideas of brand loyalty, traditionally measured via loyalty programs, are shifting to a new, holistic approach—the emphasis on becoming a loyalty company. In this new approach, customer loyalty isn't limited to or measured by loyalty programs. Digital loyalty is not a sales tactic, but focuses instead on using loyalty attributes, such as premium services, experiences and support.

Brands that aim to be loyalty companies strive to earn customer loyalty at every moment of the shopping journey. Loyalty can be earned, for instance, by using the right technology at the right time, providing a real-time solution, crafting a customized experience, anticipating customers' needs and preferences, leveraging customer data responsibly and more.

All of the above can happen only if brands are able to recognize their customers and understand their needs. Insights from data allow brands to pinpoint individual moments when customers are looking for information or need assistance, and to then construct the right interactions instantly.

^{5,6} Ibid.

Striking the delicate balance when it comes to harvesting data insights to help customers while also maintaining their trust is essential. Of course, while customers expect that brands read their minds, they also want to be comfortable with how brands use their personal information. Most consumers (72%) say technology tracks too much information, and 28% report that tracking offline behavior would make them less likely to be loyal to the brand.⁷ As they aim to become loyalty companies, brands should work diligently to prioritize and maintain digital trust.

Agility & Automation

The moments of truth during the customer journey are fleeting opportunities. If a brand falls short in meeting expectations in real time, for example, the chance to interact with a given customer could be gone forever. To optimize these moments of truth, brands need to be able to gather, process and activate data in real time. The majority of brands (82%) recognize that the ability to proactively meet and exceed consumer expectations is tied to the ability to capture and analyze real-time data.⁸

Achieving such a quick and accurate reaction time to hundreds of moments of truth requires advanced technology like AI and machine learning. Many brands have not yet fully mastered using technology for real-time customer interactions and optimizing their customers' journeys. Many of the data models, such as customer segmentation, next best offers, churn analysis or customer lifetime value, are not up to date at the time they're activated. This delay happens when brands are unable to operationalize data in real time and don't refresh their data-driven models often enough.

What's promising is that brands view agility and automation as the way forward: By 2030, brands estimate that two-thirds of customer engagement will be via digital devices and completed by smart machines. Brands also predict that 67% of in-person engagements and 69% of decision making during real-time consumer engagement across all channels will be conducted by smart machines.⁹

^{7,8,9} Ibid.



Getting There: Transforming With The Future Customer In Mind

To meet customer expectations at every moment of truth consistently and in real time, brands need to adopt a customer-obsessed mindset and aim to cultivate an agile internal organization.

This means creating a continuity of people, process and technology that matches the continuity of a desirable customer experience. The steps to building a brand that successfully delivers—and stays ahead of—customer expectations are:

Unite The Whole Organization Around CX

Champion and prioritize customer experience initiatives at the top level. It's not enough for marketers to live and breathe customer experience, they must also instill this customer experience obsession within the organization's top leaders.

"You need to be the voice of the customer in your organization," says Chase. "If there's ever a conflict internally about which strategy to take, ask yourself: 'What's going to create the best customer experience for us?' That is always the way."

Assess Your Technology & Analytics Maturity

With many organizations operating complex, hybrid models of data-based marketing combined with digital marketing, initiatives aimed at improving customer experience can be daunting to develop. The first step is to take stock of current technology, analytics maturity and integration possibilities. The assessment of analytical maturity starts with grasping what types of data the brand currently has, who has access to it, what analytical processes are used to glean insights and how effectively the data is operationalized. Or, put simply, how well does the brand translate customer data into enhancing the customer experience? In order to make progress with new data-driven and analytics initiatives, start with a small, focused pilot program.

Put Data At The Center Of CX & Use It To Empower Staff

Data helps unite hundreds of moments of truth into a consistently positive customer experience. The holy grail is for all employees focused on the customer experience to operate from the same set of data. This includes employees from different departments and functions, as well as frontline employees who interact with customers personally. Without consistency and continuity of employee data experience, it becomes impossible to also create a consistent experience for customers.

Melt The Walls Between Organizational Silos

To create a streamlined customer experience, brands need to be internally cohesive. In many organizations, customer experience-related insights and projects are handed over from team to team or from function to function in a waterfall process. Try to create more agility by making the operating model more adaptive. Melt the walls of the silos by reorganizing stakeholders with different responsibilities around core customer experience initiatives, so that they collaborate in real time.



Lead With The Heart To Form An Emotional Connection With Customers

While technology can automate and accelerate customer interactions, at the heart of customer satisfaction is an emotional connection between the brand and the customer. Such a human connection can be best created by humans in the first place, which is why technology plays a significant role by freeing marketers to think holistically about the brand and its purpose. Brand authenticity depends on messaging, language, tone of voice and icons created by human intelligence and creativity—with AI serving as an important supporting tool.

Be Willing To Continue Changing & Innovating

As a marketer, strive to put yourself in your customer's shoes. Look ahead and imagine what customers might want in a decade. Most brands will not be 100% on the mark with every prediction, but given the swift pace of change we're observing today, being shortsighted becomes a strategic risk for any organization. Commit to innovation through technology.

Conclusion

"It's no longer just about embracing change; you've got to instigate it and create a 'bring it on' culture in your organization," says Chase.

"Disrupt yourself along the way. If you are not going to do that, somebody else who is more passionate about customer experience will."

Being passionate about customer experience means always striving to delight the customer and cultivating authentic customer relationships based on trust, loyalty and agility. The foundation for building such relationships are data-driven technologies, which allow brands to understand their customers and interact with them in a way that keeps them coming back.



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