# Addressing The Gaps In Customer Experience

A Benchmark Study Exploring The Ever Evolving Customer Experience And How Marketers And Consumers Are Adapting

The Harris Poll
Harris Insights & Analytics LLC, A Stagwell Company
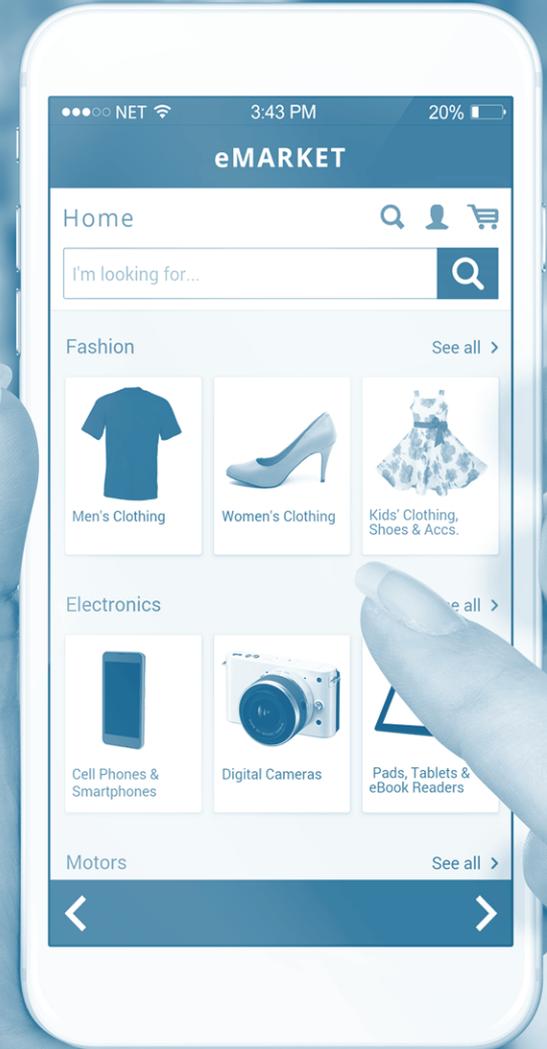
REDPOINT GLOBAL

Introduction

Welcome to the first annual "Gaps in Customer Experience" Report

To better understand and address the challenges of today's marketers and consumers, RedPoint Global commissioned The Harris Poll to conduct quantitative research among these audiences. In looking at responses from over 450 marketers and 3,000 consumers across the U.S., Canada, and the U.K., we found a number of gaps between marketers' customer experience strategy and consumers' expectations.

In 2019, marketers' confidence is consistent - and high - for success across all four dimensions of the Customer Experience Index (measuring customer understanding, personalization, omnichannel, and privacy). This is a clear contrast with consumers who average a **15-point drop** from the marketers' own view.

In regards to personalization, our research shows that consumers today largely expect a personalized experience when they interact with a brand. Consumers are willing to provide personal data to receive such an experience, but only if the information is used properly. Over half not only assume, but welcome, companies accessing relevant data about them, anticipating their needs and providing specialized offers only to them. However, there needs to be an exchange in value for that information and a trust that the privacy of that data is paramount. Many consumers are willing to offer greater loyalty and business to a company that personalizes its services, but likewise will threaten to leave a company that does not. Still, even with a clear mandate for personalization, a large majority of consumers still feel that companies are struggling in this regard.

Although most consumers are comfortable with companies utilizing their data to deliver a more personalized experience, taking any additional steps without their permission is not permitted. Transparency and control are fundamental to a majority of consumers, and anything that might compromise their personal information, whether unintentionally (e.g., hacking) or intentionally (e.g., selling data) could result in brand switching and a loss of business. While marketers are nearly evenly split on

what dimension matters most in the Customer Experience Index, consumers make a clear call for privacy. And, when reflecting on companies' biggest shortcomings, again consumers put a slightly greater emphasis on privacy (and consistency).

Marketers admit to a clear gap between their company's ideal strategy and its execution. The majority suggest that their company occasionally falls short and could take some steps to improve. Marketers today realize that they need to **meet the customer where and when** they are in their overall customer journey, with many advocating for deeper knowledge of customers, less fragmented or complex technology, greater cross-functional commitment, and better integration of processes.

Technology is one of the critical components of delivering an exceptional customer experience, and marketers evaluate their current marketing technology (MarTech) as doing a good – but not great – job in offering personalized, up-to-date, real-time information. Although many continue to invest in various MarTech systems, technology repeatedly serves as a barrier, rather than an enabler, to improving their customer experience execution. On average, marketers are currently taking advantage of 10 different customer engagement systems, with this number expected to rise in the near future. Having so many disparate systems makes it difficult for marketers to manage all customer touchpoints and provide a seamless experience.

Looking back over the past five years, most marketers express confidence that they have closed at least some of the gaps with respect to strategy and execution – and largely believe they are moving in a positive direction. They recognize there is still progress to be made, but are optimistic that their company's strategy will evolve, ultimately breaking through information silos and creating a single point of control over data, decisions, and interactions.

Marketers are Confident that Customer Expectations are being Met; Consumers Not as Convinced

Gaps indicate a clear opportunity to improve and win over customers

Marketers are largely positive in their perspective of their industry as a whole, with the vast majority saying that things in their industry are heading in the right direction (92%). Nearly all believe their industry is also doing an excellent/good job of implementing new customer engagement technologies (86%) and keeping up with changing customer expectations (86%). Likewise, marketers present a similarly confident view when looking at their own company, with an overwhelming majority (92%) saying their ability to deliver an exceptional customer experience is excellent/good.

While marketers report a more confident view, consumers are less likely to rate the CX as excellent or good. When thinking about all of the brands they interact with on a regular basis, 80% of consumers rate these brands' ability to deliver an exceptional customer experience as excellent/good. This contrast is even more noticeable among those who gave a rating of "excellent", with marketers (34%) nearly twice as likely as consumers (18%) to give that highest rating. Among consumers, Gen Z (27%) and Millennials (27%) are more likely than Gen X (17%), Boomers (12%), and Seniors (10%) to say "excellent".

FIGURE 1.0

Brands' Ability To Deliver An Exceptional Customer Experience
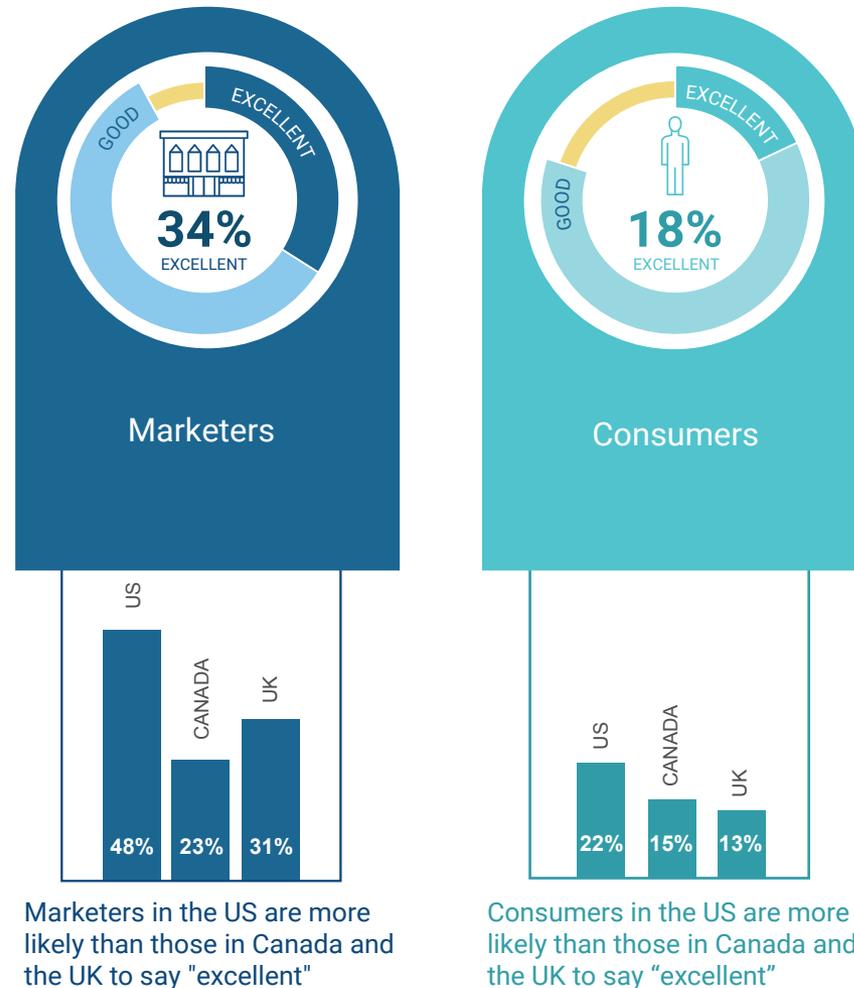
Marketers
- GOOD
- EXCELLENT
- 34% EXCELLENT

Consumers
- GOOD
- EXCELLENT
- 18% EXCELLENT

Marketers: US 48% | CANADA 23% | UK 31%

Consumers: US 22% | CANADA 15% | UK 13%

Marketers in the US are more likely than those in Canada and the UK to say "excellent"

Consumers in the US are more likely than those in Canada and the UK to say "excellent"

Marketers are Confident that Customer Expectations are being Met; Consumers Not as Convinced

Gaps indicate a clear opportunity to improve and win over customers

There is a similar gap between marketers and consumers when looking at the overall **Customer Experience Index Score[1]**, with consumers rating brands more than 15 points lower than marketers rate their own companies on delivering customer experience. Looking specifically at the four individual dimensions (Privacy, Personalization, Customer Understanding, and Omnichannel/Consistency) that comprise the index, marketers consistently rate themselves approximately 1.2 times higher than consumers do across all four dimensions. This indicates that the gap in customer experience is not confined to a single area or dimension but instead is widespread across all the dimensions, revealing a clear opportunity to improve and win over customers.

FIGURE 1.1

Marketers   Consumers

CX Dimension Scores

Privacy   4.1   **19.0**   **14.9**   25

Personalization   4.2   **18.5**   **14.3**   25

Customer Understanding   3.9   **18.2**   **14.3**   25

Omnichannel / Consistency   3.5   **18.2**   **14.7**   25
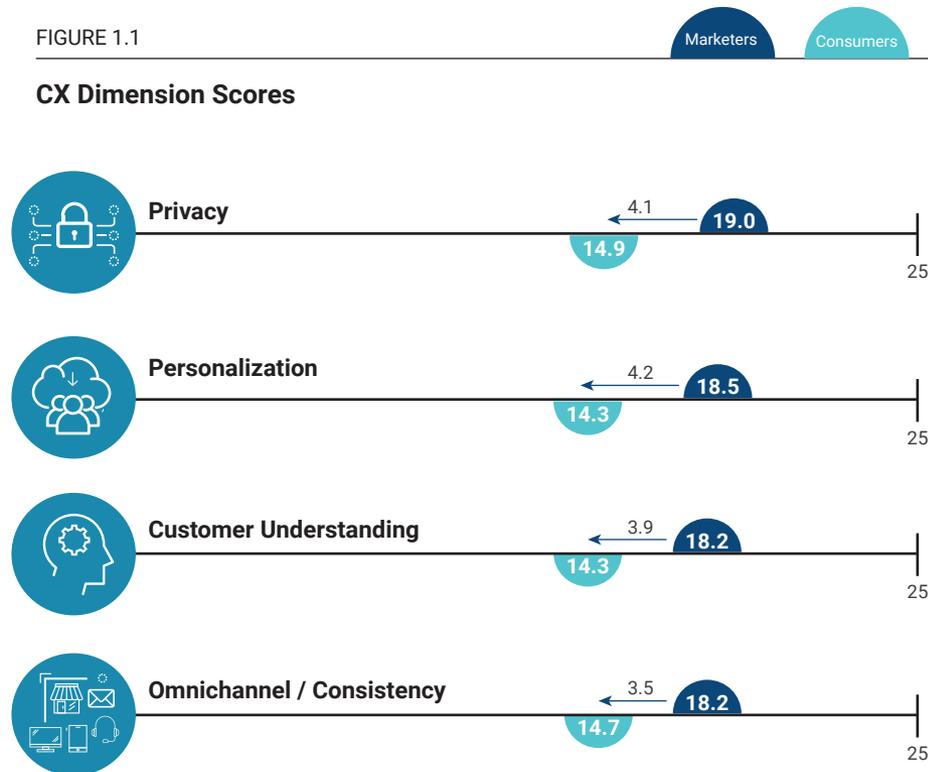
FIGURE 1.2

Total Index Score

100

73.8
Marketers

58.2
Consumers

0

US **77.8**   CANADA **72.4**   UK **71.4**

Marketers in the US have a significantly higher overall CX score than Canada and the UK

[1] The index score was created using 12 questions asked on a 5-point scale and classified into 4 categories: Customer Understanding, Personalization, Omnichannel/Consistency, and Privacy, with 3 questions asked per category.

Marketers are Confident that Customer Expectations are being Met; Consumers Not as Convinced

Gaps indicate a clear opportunity to improve and win over customers

There are further differences between marketers and consumers when looking at which dimension of customer experience they believe is **most** important to achieve or uphold. While marketers are evenly split on customer understanding and privacy as the **most** critical dimensions of the customer experience, consumers are far more likely to emphasize that privacy takes precedence and demands the most attention and urgency.

This conviction is consistent regardless of age, but older generations are more likely than younger generations to say privacy is the most important dimension [Gen X (51%), Boomers (60%), Seniors (61%) vs. Gen Z (36%) and Millennials (41%)]. With continuous media coverage of an ever-growing list of companies who've been victimized by data breaches, consumers are acutely aware of the vulnerability of their personal information and heightened concern over privacy.

FIGURE 1.2
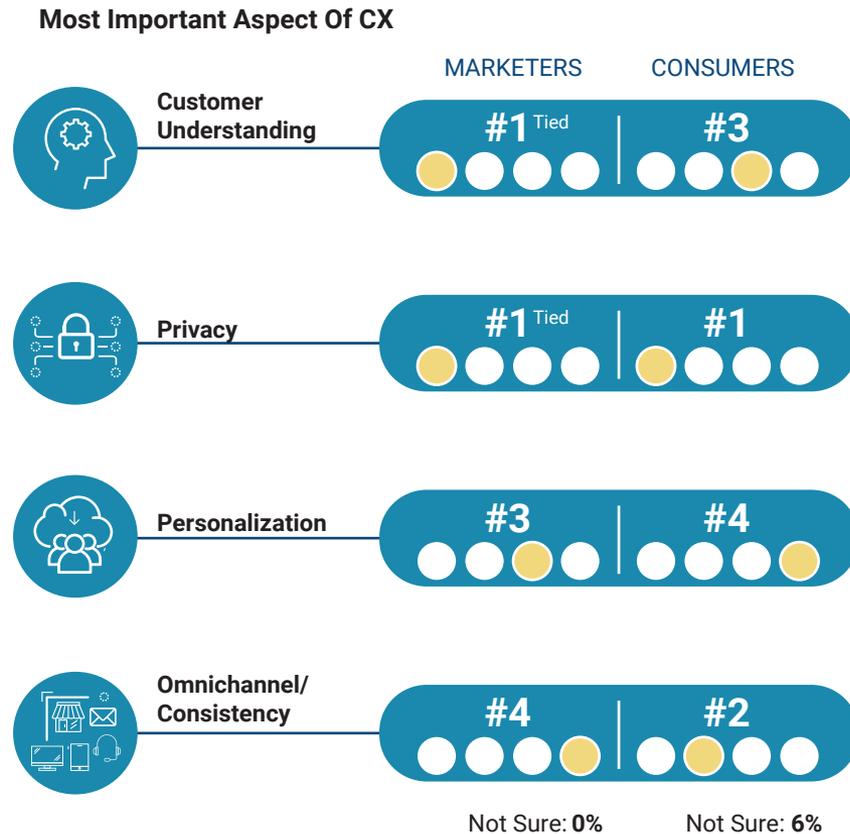
Most Important Aspect Of CX

MARKETERS   CONSUMERS

Customer Understanding
#1 Tied   **#3**

Privacy
#1 Tied   **#1**

Personalization
#3   **#4**

Omnichannel/ Consistency
#4   **#2**

Not Sure: **0%**   Not Sure: **6%**

Personalization Is Now Considered Table Stakes, but Consumers' Pessimism Remains High

Brands that succeed at personalization will gain traffic and loyalty; those that struggle will lose

The majority of consumers don't just appreciate, but outright demand, that companies know who they are as individuals and demonstrate a clear understanding of their needs and priorities. Sixty-three percent of consumers stress that personalization is now part of the standard service that they expect and 61% assume **relevant data about them will be at companies' fingertips**. Over half (53%) expect a brand to know their buying habits and preferences and be able to anticipate their needs.

Consumers identify specific actions that companies can take to make them feel like brands recognize them as individuals, mainly sending special offers available only to them, knowing they are the same customer across all touchpoints, and enabling them to customize and control brands' interaction with them.

Consumers are grateful when companies take proactive steps based on the personal information they collect and have indicated that if personalization is done right, they will reward the company with their loyalty. For 37% of consumers, these types of personalized offers or messages presented by brands will make them even more likely to purchase or use services from that brand in the future.

FIGURE 1.3
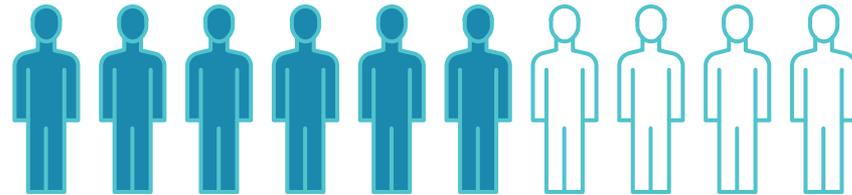
63% of consumers agree that personalization is now part of the standard service they expect.

FIGURE 1.4

Ways Brands Make Customers Feel Like An Individual

Sends me special offers only available to me
52%

Knows I am the same customer across all touchpoints
(e.g., in-store, email, mobile, social media, call center, etc.)
43%

Enables me to customize and control how, when, where, and why the brand will interact with me
42%

Sends me recommendations based on products I recently purchased or viewed
38%

Sends me reminders to purchase items I left in an online shopping cart that I haven't yet bought
29%

Other: **1%**   None: **11%**

Personalization Is Now Considered Table Stakes, but Consumers' Pessimism Remains High

Brands that succeed at personalization will gain traffic and loyalty; those that struggle will lose

The reverse is also true that consumers become annoyed when brands don't recognize who they are as individuals. When it comes to personalization (or lack thereof), many consumers report it is very frustrating when a brand sends them an offer for something they just bought (34%), sends them offers that aren't relevant (33%), or does not recognize them as an existing customer (31%). And, more than 1 in 3 (37%) will go even further to **stop doing business with a company that doesn't offer a personalized experience**.

In a 2017 study by Accenture[2], personalization failures cost US firms $756 billion and a total of $2.5 trillion globally. Ultimately, companies put their own business at risk when they don't succeed at personalization.

FIGURE 1.5

% Who Are Very Frustrated When A Company...
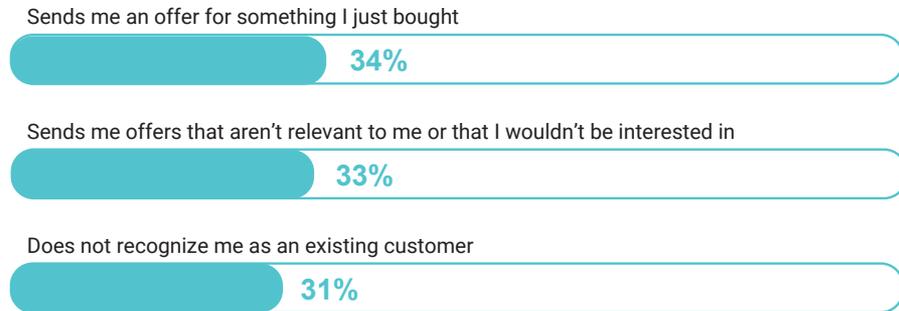
Sends me an offer for something I just bought

34%

Sends me offers that aren't relevant to me or that I wouldn't be interested in

33%

Does not recognize me as an existing customer

31%

37%

Will no longer do business with a company that doesn't offer a personalized experience

[2] Accenture Strategy Global Consumer Pulse Research (2017, December 5)
https://newsroom.accenture.com/news/us-consumers-turn-off-personal-data-tap-as-companies-struggle-to-deliver-the-experiences-they-crave-accenture-study-finds.htm

Personalization Is Now Considered Table Stakes, but Consumers' Pessimism Remains High

Brands that succeed at personalization will gain traffic and loyalty; those that struggle will lose

Despite the clear emphasis placed on personalization by consumers, there is still room for improvement in companies' execution. Although (36%) of consumers say that brands are presenting them with more personalized offers and messages compared to a year ago, consumers (73%) are nearly twice as likely as marketers (43%) to say that brands still are struggling to meet customers' rising expectations for a personalized experience. This indicates that while consumers recognize that brands are focusing more on them as an individual, brands will need to continue to find innovative ways to keep pace with consumers' expectations for personalization.

Consumers are nearly **2X** more likely than Marketers to say that most brands are struggling to meet customers' rising expectations for a personalized experience

FIGURE 1.6

Believe Brands Are Struggling To Meet Customers' Rising Expectations For A Personalized Experience

43%
Marketers

73%
Consumers

Consumers are Inclined to Take Actions against Companies that Don't Respect Data Privacy

Marketers who don't prioritize transparency and control risk losing customer trust and business

While consumers have expressed a majority mandate for personalization, they are still not willing to give companies full license to use their data at their discretion. Confidentiality, security, transparency and control are critical, and companies that violate this premise may see a clear impact on their bottom line.

Consumers are unambiguous in their opinions about transparency and control, which are important to the majority, and 'absolutely essential' to at least 32% of consumers. Older generations appear to hold these items in even higher regard, with Boomers and Seniors being more likely than Gen Z, Millennials, and Gen X to say they are "absolutely essential." This demonstrates a clear opportunity to marketers in their efforts to improve and win over customers. Marketers need to ensure their organization is ethically collecting and protecting data and has a strategy in place for making it actionable in a way that benefits the consumer.

FIGURE 1.7

% Who Say It Is Very Important/Absolutely Essential That A Company…
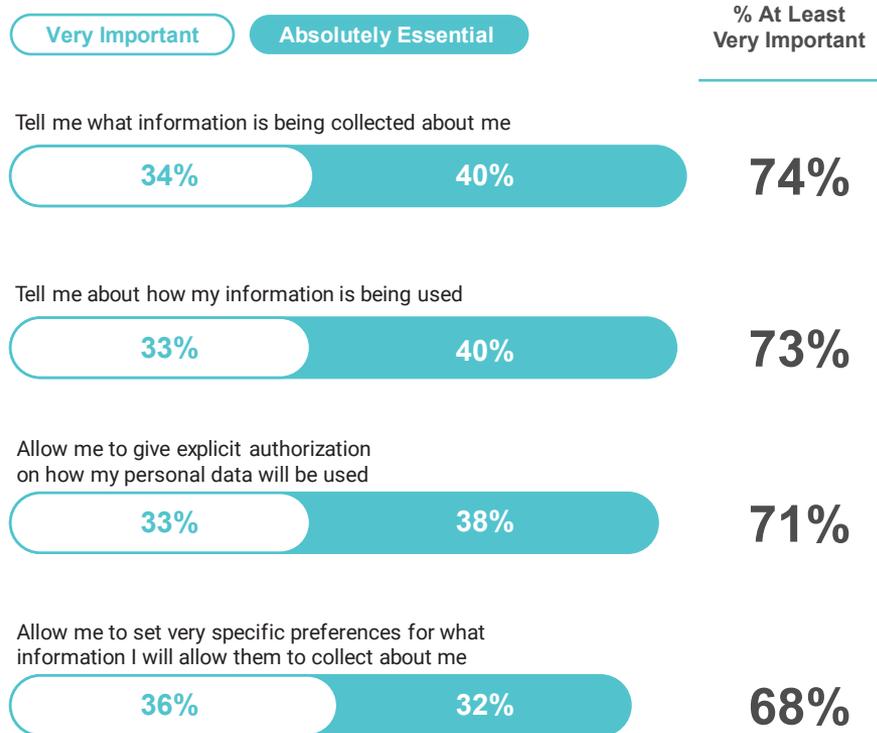
Very Important   Absolutely Essential

% At Least Very Important

Tell me what information is being collected about me

| 34% | 40% | **74%** |

Tell me about how my information is being used

| 33% | 40% | **73%** |

Allow me to give explicit authorization on how my personal data will be used

| 33% | 38% | **71%** |

Allow me to set very specific preferences for what information I will allow them to collect about me

| 36% | 32% | **68%** |

Consumers are Inclined to Take Actions against Companies that Don't Respect Data Privacy

Marketers who don't prioritize transparency and control risk losing customer trust and business

More than half of consumers (54%) say they are willing to share personal data with companies to achieve a more personalized experience, with younger consumers more likely than their older counterparts to say they are "very willing" to share their personal information for that purpose (72% Gen Z, 70% Millennials, 59% Gen X vs. 39% Boomers, 34% Seniors). Still, many are not satisfied with brands' ability to tell them about how their information is being used (41%), tell them what information is being collected about them (41%), allow them to give explicit authorization on how their personal data will be used (41%), or allow them to set very specific preferences for what information they will allow them to collect about them (40%).

Consumers will not tolerate companies failing to protect their personal information, regardless of whether that action is purposeful or unintentional. The majority of consumers (63%) say it is very frustrating when a brand sends their personal information to other companies and will be less likely to shop with them or use their services in the future (57%).

FIGURE 1.8

Consumers Unforgiving To Companies Failing To Protect Their Personal Information
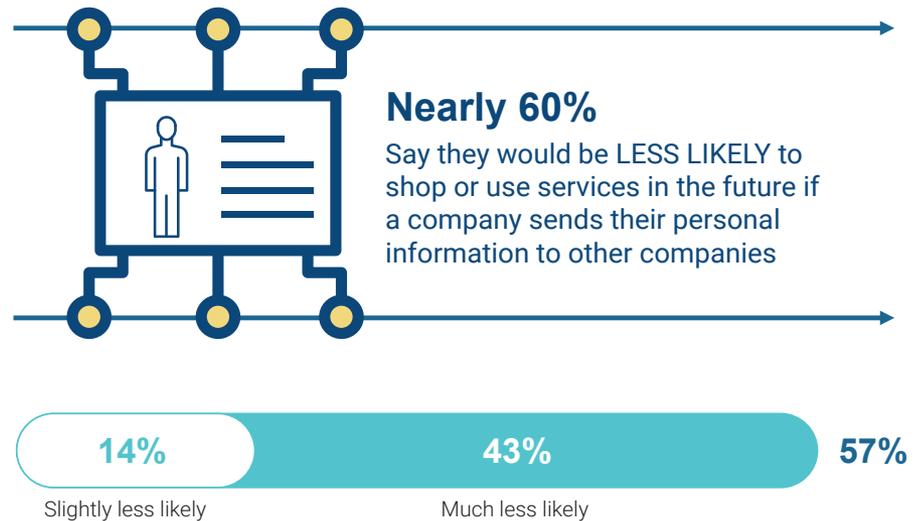

Nearly 60%
Say they would be LESS LIKELY to shop or use services in the future if a company sends their personal information to other companies

14%	43%	57%
Slightly less likely	Much less likely	

Consumers are Inclined to Take Actions against Companies that Don't Respect Data Privacy

Marketers who don't prioritize transparency and control risk losing customer trust and business

Moreover, the vast majority of consumers are somewhat likely to switch brands if a company sells their data to other companies for marketing/advertising purposes without their permission (88% say likely; 41% say it is a deal breaker).

Consumers appear equally unforgiving (and likely to switch brands) if their information is compromised in an unintentional way, for example if the company is hacked and sensitive personal information is compromised (89% say likely; 39% say it is a deal breaker).

FIGURE 1.9

Consumers Are at Least Somewhat Likely To Switch Brands If A Company…

Absolutely (deal breaker) · Very · Somewhat

89% LIKELY
39% DEAL BREAKER
is hacked and their basic personal information is compromised (name, email, phone number, etc.)

88% LIKELY
41% DEAL BREAKER
sells their data to other companies for marketing/advertising purposes without their permission

86% LIKELY
32% DEAL BREAKER
is hacked and sensitive personal information is compromised (credit card/other payment information, transaction history, etc.)

Consumers in Canada and the UK are more likely than those in the US to say these are deal breakers

Despite Solid Strategy, Marketers Falling Short on Execution:

Marketers identify many vulnerable areas that must be addressed including: inability to engage in real-time; data lacking depth; fragmented, overly complex technology; and lack of business commitment

When thinking about their company's customer experience strategy, the majority of marketers would describe it as "customer-driven" (70%) or "innovative" (57%). Approximately 10% of marketers describe their company's customer experience strategy as "lagging" (10%) or "outdated (9%)." While optimistic about strategy, some 63% of marketers say that their company doesn't execute its customer experience strategy "very well" . More than half (57%) say they have the right customer experience strategy but are not able to execute it effectively.

Marketers (76%) and consumers (78%) alike see companies as having **significant room for improvement** in delivering a consistently exceptional customer experience. That said, there appears to be little consensus on what the challenges are and what steps need to be taken to improve.

FIGURE 2.0

Say Their Company Isn't Able To Execute Their Customer Experience Strategy "Very Well"

63%

FIGURE 2.1

Say Their Company Has The Right Customer Experience Strategy But Isn't Able To Execute It Effectively

57%

FIGURE 2.2

76%
Marketers

78%
Consumers

Believe their company / most brands have significant room for improvement in delivering a consistently exceptional customer experience

Despite Solid Strategy, Marketers Falling Short on Execution:

Marketers identify many vulnerable areas that must be addressed including: inability to engage in real-time; data lacking depth; fragmented, overly complex technology; and lack of business commitment

The biggest challenges that companies face in delivering an exceptional customer experience are real-time engagement (50%) and customer understanding (48%). Even when asked to single out one clear area, marketers are evenly split between customer understanding (23%) and real-time engagement (23%), with privacy closely behind (20%).

When asked about the disparity between their customer experience strategy and its execution across all customer interaction channels, marketers report the biggest challenge is that customer data is available but is lacking in the depth required to get new levels of performance gains (25%). Nearly 1 in 5 (18%) say the biggest issue is fragmented engagement systems that fail to connect or deliver a unified view of the customer experience across touchpoints.

Similarly, bridging disparate technology systems is also seen as a barrier to closing the gap. The top barriers that marketers say has prevented their company from closing the gap between strategy and execution are: the complexity of technology solutions (39%), lack of cross-functional commitment to the strategy (35%), and the inability to integrate new capabilities with existing processes or technology (33%).

FIGURE 2.3

Challenges Marketers Face In Delivering An Exceptional Customer Experience

Real-time engagement	**50%**
Customer understanding	**48%**
Personalization	**44%**
Privacy	**44%**
Single customer view	**37%**
Omnichannel presence	**34%**

Other: **0%**   None: **4%**   Not sure: **1%**
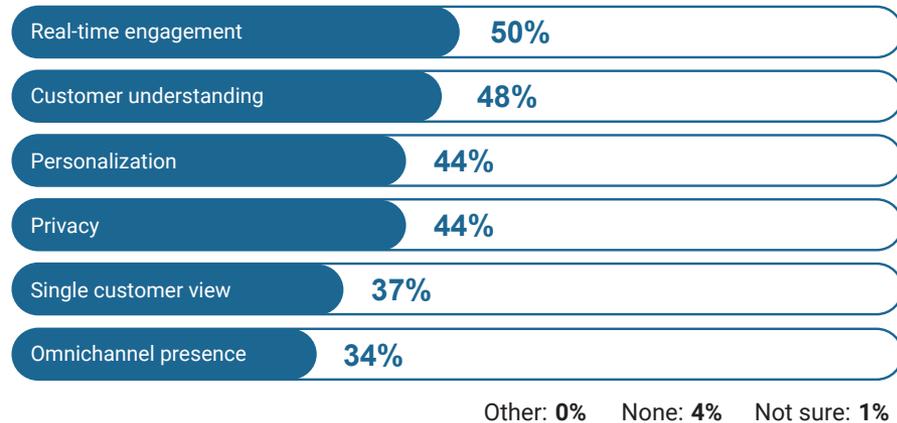
FIGURE 2.4

Top 3 Challenges Preventing Companies from Closing the Gap

39% — The complexity of technology solutions

35% — Lack of cross-functional commitment to strategy

33% — The inability to integrate new capabilities with existing processes or technology
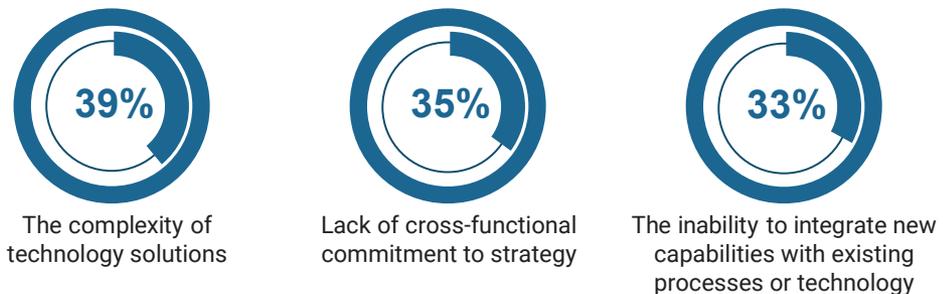
Though it fell lower on the list among marketers in the US and Canada, government regulations was identified as an obstacle for nearly **1 in 3** marketers in the UK.

13

Technology Is Key to Delivering an Exceptional Customer Experience, but Limitations Exist

Cost and resources often stand in the way; more systems generally equate to a greater burden

Marketers – and consumers to a lesser extent – say that customer engagement systems ("technology" for consumers) do a good – though not great – job accomplishing company goals for a complete, personalized, up-to-date, real-time experience for customers. That said, marketers are two and a half times more likely than consumers to say customer engagement systems and technologies enable them to achieve customer experience capabilities very well.

FIGURE 2.5

How Well Companies Are Able To Accomplish CX Goals

Marketers — Somewhat Well | Very Well
Consumers — Somewhat Well | Very Well

Absolute and Relative Gap % Very Well

Personalize the customer experience
- Marketers: 52% | 37%
- Consumers: 52% | 15%
- GAP **22% (2.5X)**

Provide an up to date view of the customer
- Marketers: 50% | 36%
- Consumers: 51% | 15%
- GAP **21% (2.4X)**

Provide a consistent experience across all interaction touchpoints
- Marketers: 50% | 36%
- Consumers: 51% | 15%
- GAP **21% (2.4X)**

Provide a complete picture of the customer
- Marketers: 51% | 32%
- Consumers: 49% | 13%
- GAP **19% (2.5X)**

Marketers are **2.5X** more likely than consumers to say customer engagement systems/technologies enable them to achieve these things very well

14

Technology Is Key to Delivering an Exceptional Customer Experience, but Limitations Exist

Cost and resources often stand in the way; more systems generally equate to a greater burden

On average, marketers say their company currently has 10 different customer engagement systems deployed. Of those who provided a number, 20% of marketers say their company has more than 20 customer engagement systems deployed.

While there are efficiencies and benefits of each individual channel, the challenge often comes in utilizing all the various elements of the stack. The majority agree that the sheer quantity of customer engagement systems makes it harder for them to provide a seamless customer experience (65%) – and in general, they find it increasingly difficult to manage the number of customer touchpoints they have (61%).

FIGURE 2.6

Satisfaction with Ability to Leverage Technology to Deliver on Key CX Measures

10 Average number of engagement systems deployed

3 IN **5**
Has over **5** Engagement Systems Deployed

1 IN **5** Has over **20** Engagement Systems Deployed

FIGURE 2.7

65%
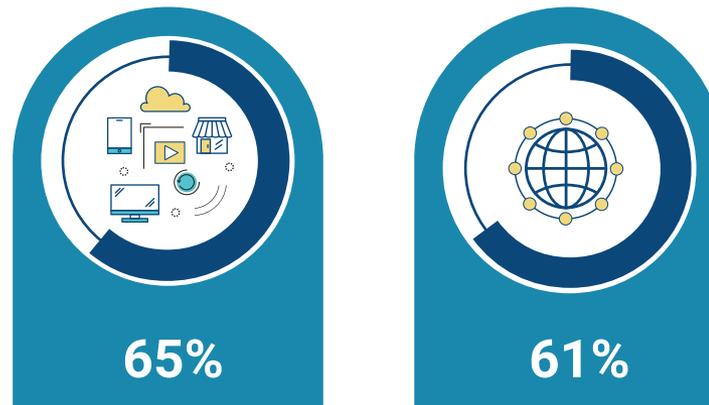
Say the **number** of customer engagement systems they have makes it harder for them to provide a seamless customer experience

61%

Say it is increasingly difficult to **manage the number of customer touchpoints they have.**

Technology Is Key to Delivering an Exceptional Customer Experience, but Limitations Exist

*Cost and resources often stand in the way; more systems generally equate to a greater burden*

While technology is traditionally expected to enable and empower, the effect can be burdensome, and in the case of today's MarTech systems "more" does not necessarily appear to mean better. In fact, marketers with more systems (i.e., their company has 10+) are far more likely to say that:

• the number of customer engagement systems they have makes it harder to provide a seamless customer experience (76% vs. 61% for those that have less than 10 systems)

• it has become increasingly difficult to manage the number of customer touchpoints they have (74% vs. 57%)

• technology has made it harder for them to effectively engage with customers (65% vs. 45%)

Creating a single point of control over all data and interactions that can pull information from all these systems will help marketers retain their legacy solutions. It will also counteract entrenched data silos and allow them to overcome closed systems, so their technology tools can work in harmony, not against each other.

FIGURE 2.8

Agreement With Statements About MarTech
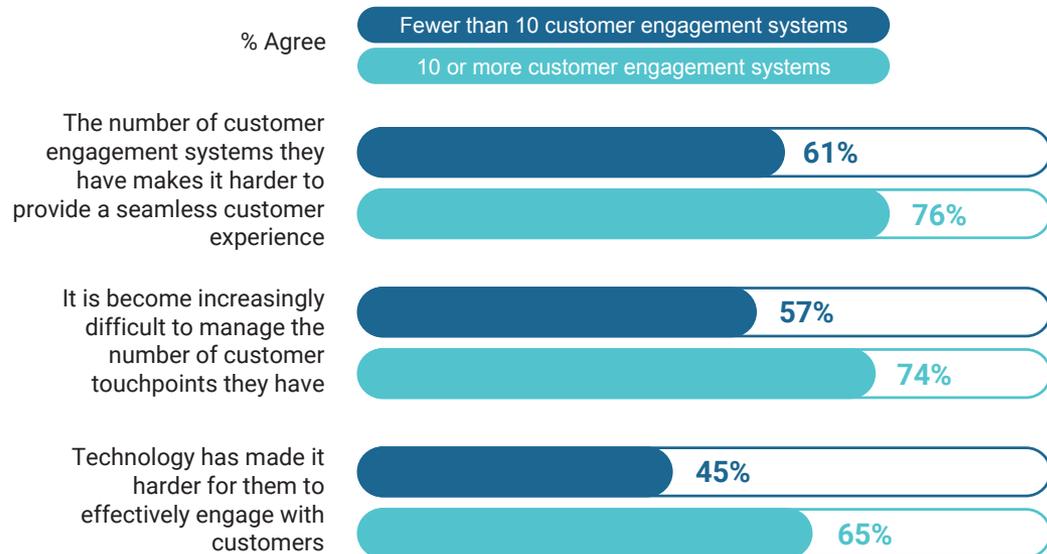
% Agree

- Fewer than 10 customer engagement systems
- 10 or more customer engagement systems

The number of customer engagement systems they have makes it harder to provide a seamless customer experience
- 61%
- 76%

It is become increasingly difficult to manage the number of customer touchpoints they have
- 57%
- 74%

Technology has made it harder for them to effectively engage with customers
- 45%
- 65%

Technology Is Key to Delivering an Exceptional Customer Experience, but Limitations Exist

Cost and resources often stand in the way; more systems generally equate to a greater burden

Neither group (marketers or consumers) is strongly satisfied with brand performance on companies' ability to **leverage technology** to provide complete, personalized, up-to-date, real-time experiences (marketers waver around one-third and consumers around one-seventh), indicating quite a bit of room for improvement. In fact, marketers are at least two times more likely than consumer to say they are strongly satisfied on brands' ability to provide key aspects of the customer engagement experience. Notably, from the consumer perspective, brands appear to be falling short in providing a comprehensive picture of customers as marketers are nearly three times as likely as consumers to be very satisfied with that aspect.

Marketers are at least **2X** as likely than consumers to say they are very satisfied with their ability to provide these aspects of the customer experience.

FIGURE 2.9

Satisfaction with Ability to Leverage Technology to Deliver on Key CX Measures
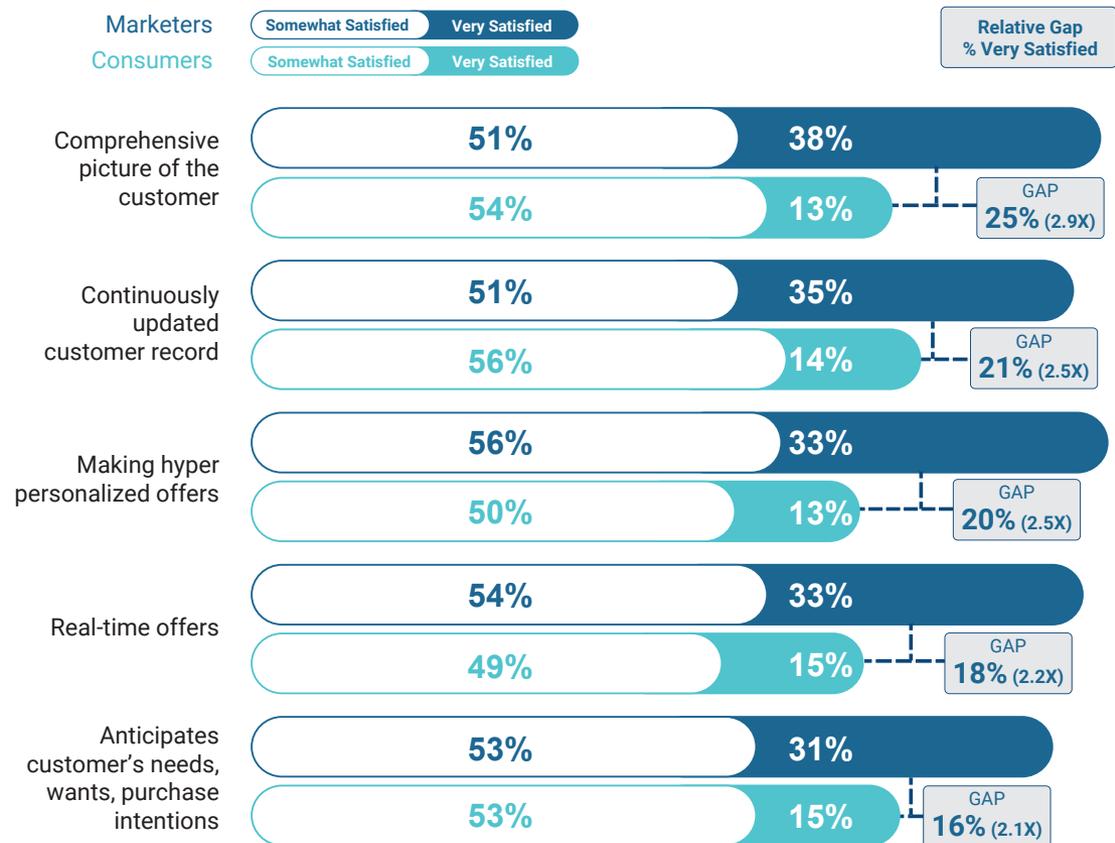
	Somewhat Satisfied	Very Satisfied
Marketers		
Consumers	Somewhat Satisfied	Very Satisfied

Relative Gap % Very Satisfied

Comprehensive picture of the customer
- 51% | 38%
- 54% | 13%
- GAP **25% (2.9X)**

Continuously updated customer record
- 51% | 35%
- 56% | 14%
- GAP **21% (2.5X)**

Making hyper personalized offers
- 56% | 33%
- 50% | 13%
- GAP **20% (2.5X)**

Real-time offers
- 54% | 33%
- 49% | 15%
- GAP **18% (2.2X)**

Anticipates customer's needs, wants, purchase intentions
- 53% | 31%
- 53% | 15%
- GAP **16% (2.1X)**

Technology Is Key to Delivering an Exceptional Customer Experience, but Limitations Exist

Cost and resources often stand in the way; more systems generally equate to a greater burden

When thinking about their current MarTech solutions, marketers report a number of obstacles with expense and labor landing at the top of the list. Specifically, marketers mention integrations being costly and labor intensive to manage (29%), a lack of data integration between different MarTech systems (28%), and some channels lagging the customer cadence (i.e., not real-time, not contextually aware) (27%) as the top reasons their existing MarTech stack prevents them from managing an omnichannel customer experience. Most marketers report similar resource/cost-related obstacles preventing their company from building or expanding their machine learning capabilities, including: lack of skilled resources/data scientists (30%), lack of funding (27%), and lack of executive buy-in (25%).

Despite the challenges and obstacles presented by the stack, when looking to the future, more than 9 in 10 marketers (91%) say that continuing to embrace and invest in MarTech is a key initiative for their company. In fact, 21% of marketers say they anticipate the number of customer engagement systems their company is using to increase over the next year. And, even more (39%) expect the number to increase over the next five years.

FIGURE 3.0

Top 3 Reasons Existing MarTech Stack is Preventing an Omnichannel Customer Experience
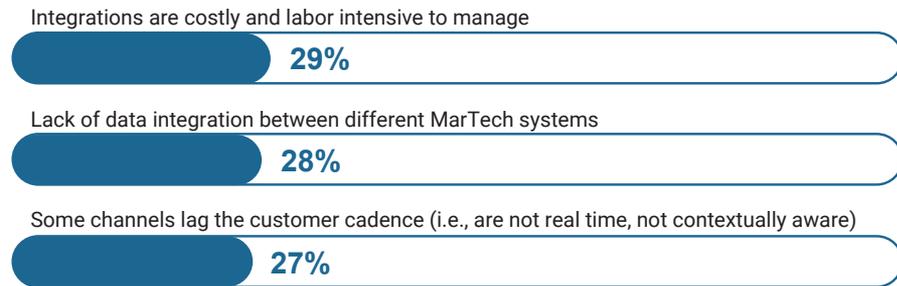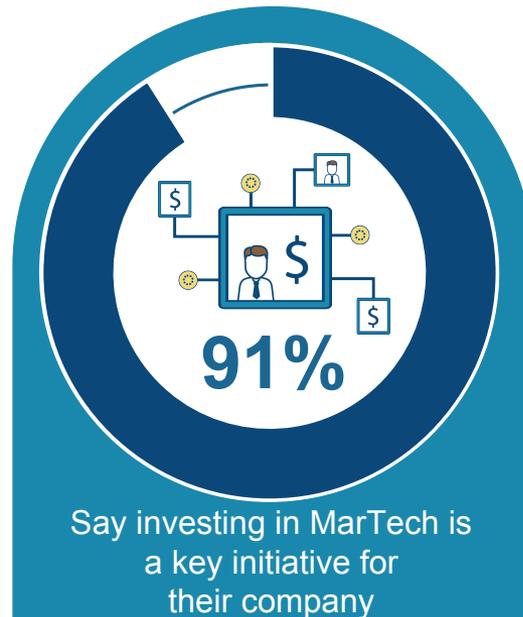
Integrations are costly and labor intensive to manage

29%

Lack of data integration between different MarTech systems

28%

Some channels lag the customer cadence (i.e., are not real time, not contextually aware)

27%

FIGURE 3.1

91%

Say investing in MarTech is a key initiative for their company

Marketers Have Made Some Progress and Are Optimistic for what the Future Will Hold

Evolving to keep pace with consumers remains mission critical; The tools for moving forward involve a better understanding of consumer behavior and embracing new channels

The challenges of today aren't stopping marketers from looking for solutions that maximize current investments in customer experience. Most marketers say their company has made at least some progress in closing the gap between their customer experience strategy and execution over the short-term (one year) (86%) and longer-term (five years) (77%). And, most are optimistic that their company will continue to close these gaps within the next five years (92%), though far fewer say they are "very confident" this will happen (63%). Marketers do not appear to be readily armed with solutions though, as they express somewhat tepid confidence that any positive change will happen within the next twelve months (24% very confident and 83% somewhat confident).

FIGURE 3.2

Progress Made in Closing the Gap Between Customer Experience Strategy and Execution

LAST 5 YEARS — 86%

LAST 1 YEAR — 77%

FIGURE 3.3

Confidence in Company Continuing to Close the Gap
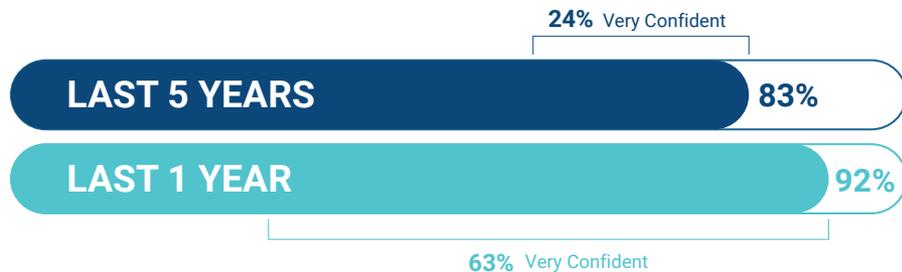
24% Very Confident

LAST 5 YEARS — 83%

LAST 1 YEAR — 92%

63% Very Confident

Marketers Have Made Some Progress and Are Optimistic for what the Future Will Hold

Evolving to keep pace with consumers remains mission critical; The tools for moving forward involve a better understanding of consumer behavior and embracing new channels

Looking ahead, nearly all marketers (96%) foresee their customer experience strategy evolving in the next 12 months, predominantly by applying additional resources to better understand customer behavior and preferences (49%) and embracing new channels for customer interaction (48%). In fact, only 4% say little to nothing will change over the next year.

FIGURE 3.4

Ways Customer Experience Strategy Will Change in the Next 12 Months

49%
Will evolve by...
Applying additional resources to better understand customer behavior and preferences

96%
Anticipate their...
customer experience strategy will evolve over the next 12 months

48%
Will evolve by...
embracing new channels for customer interaction
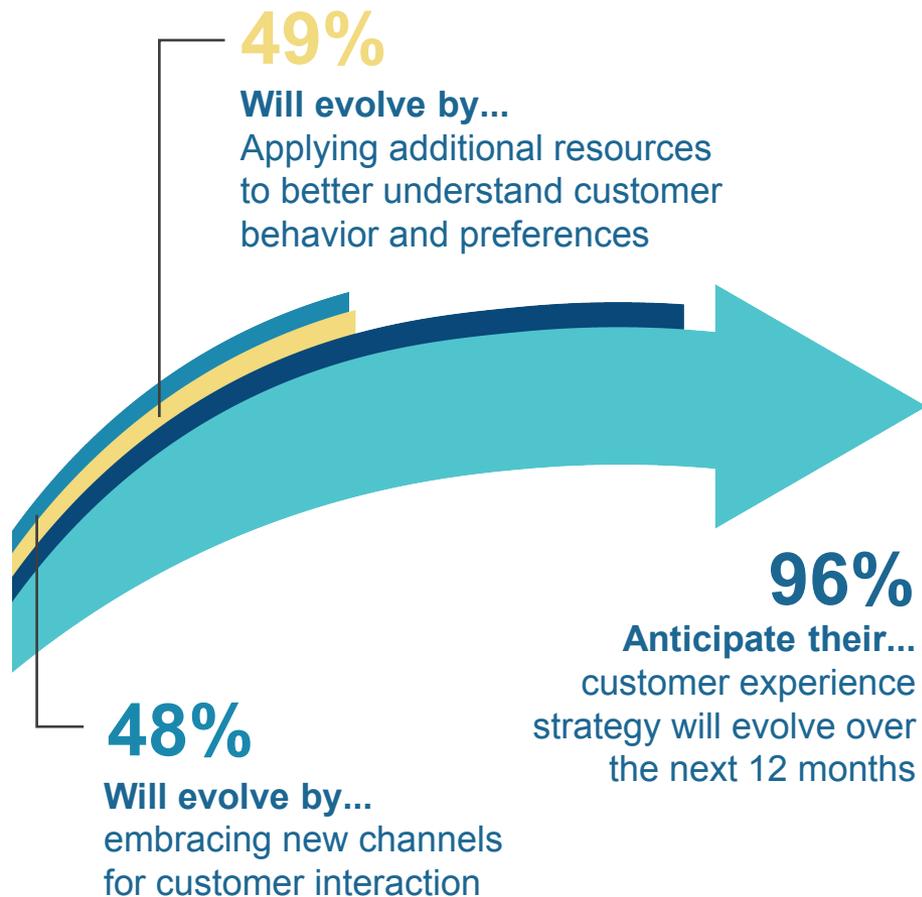
Transforming Customer Experience: Red Point Global Perspective

The CX Inflection Point: Now is the Time to Close the Experience Gap

There is a pressing strategic imperative for brands to compete on customer experience (CX) in nearly every industry. Marketers in retail, insurance, financial services, CPG, travel and hospitality, and health and wellness are pressured to meet growing expectations from the empowered consumer for an experience tailored to their preferences at every stage of the customer journey. Consumers have spoken on what's most important to them in a modern customer experience; privacy, consistency across multiple channels, a deep understanding – and appreciation – of customer needs, and personalization.

However, as this study shows, brands are not delivering on this experience at the level customers want. A deep gap between a consumer's expectations and the experience being delivered is magnified by the inability of brands to marry strategy with execution. Our research shows that brands are aware of the pressing need for a personalized consumer experience, and most have a strategy in place to get there, but existing MarTech solutions prevent them from being able to deliver a true, modern-day personalized experience.

The survey validates that fragmentation is largely responsible for the CX gap. Data fragmentation, system fragmentation, and organizational fragmentation all contribute to the frustration for consumers and marketers alike in the delivery and receipt of a seamless, omnichannel customer experience.

For the marketer, fragmentation is the chief reason why strategies to engage with customers in an integrated fashion across every touchpoint fall short. Our research bears this out. In measuring several key metrics for how well customer engagement systems deliver on CX goals, there is an across-the-board gap between how marketers and consumers rate both the technology and its effectiveness, with marketers skewing roughly **2.5x higher**. The measures span making hyper-personalized offers, anticipating customers' needs and intentions, and providing a comprehensive picture of the customer, among others. Across every measure, 13-15% of consumers thought MarTech solutions **excelled** at providing an experience they wanted, while 31 to 38% of marketers said the same. When products and services are increasingly commoditized, brands that excel at meeting customer expectations will be the winners that separate from the pack.

An urgent need to close this gap is why many multinational companies, including Johnson & Johnson and Mars, are either creating the role of a Chief Customer Officer or elevating CX executives into the CMO position. More than 20% of Fortune 100 companies[3] now have a CCO bringing conversations about customer experience to the board level.

According to Gartner, by next year 81% of marketers[4] expect to compete "mostly or completely" on the basis of CX. The mission for the CCO or CXO, then, is clear: overcome fragmentation by abstracting marketing from the complexity. The reason CX is now a boardroom level discussion is because the vision must entail more than simply the integration of the MarTech stack, or the centralization of data. Rather, the vision must be an organizational mind shift that includes meeting consumer expectations in differentiated ways, a purpose for which an existing infrastructure may be ill-equipped to handle. To their credit, marketers appreciate there is a new frontier. Some 65% indicate the sheer number of systems they must manage make it difficult to provide a seamless customer experience. Nearly as many (61%) said they are having an increasingly difficult time just managing the number of customer touchpoints. We found that as the number of customer engagement systems increase so do the challenges.

3 https://customergauge.com/blog/justifying-the-chief-customer-officer-in-the-c-suite
4 https://www.gartner.com/smarterwithgartner/key-findings-from-the-gartner-customer-experience-survey/
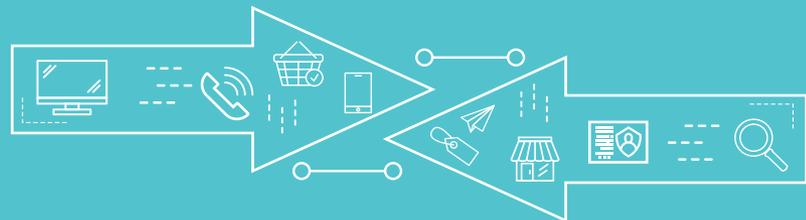
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Personalization is Key to a Modern CX

Marketers know what customers want and they know that they must abstract themselves from data, system, and organizational complexity to get there, with the end goal of creating a differentiated hyper-personalized experience.

The survey sheds light on what hyper-personalization looks like from the consumer's point of view. Fully 73% of consumers stated that meeting customers' rising expectations for a personalized experience is something most brands struggle with. Going a level deeper, many consumers indicated that personalization means that a brand recognizes them as the same customer across all touchpoints (43%), and the brand puts control and customization of interactions across those touchpoints in the hands of the consumer (42%). This seems to indicate that for consumers, personalization goes far beyond, for example, addressing someone by name in an email.

Consumers are telling us that they expect a brand be able to consistently keep pace with them at every stage of a dynamic path-to-purchase that has individualized beginnings, middles, and ends. Brands must expertly manage each journey not only as a singular entity, but also in the context of the complete customer lifecycle. Each touchpoint, then, must be considered in the context of every other touchpoint, which will then influence every action and decision. Customer cadence – past, present, and predicted – must be included as part of a complete contextual analysis. A marketer that knows where a customer has been and where and when they're going can begin to not only personalize interactions but do so with relevance to an individual customer – at the precise moment of the engagement.

Real-time responsiveness also underpins the delivery of a personalized experience throughout every stage of a customer journey. Real-time data, real-time decisions, and real-time interactions are critical to keeping pace with the customer. Without these real-time dimensions, an offer, a recommendation,

a notification, or any other interaction will miss the optimal moment of engagement. Based on the CX gap and the challenge for marketers in aligning strategy with execution, it's not a surprise that the survey also reveals real-time engagement to be a major challenge for marketers in delivering a modern experience, with half (50%) identifying it as the primary hurdle.

For the consumer, an impersonal or, worse, irrelevant interaction is unacceptable. About one-third of consumers said it was "very frustrating" when a company sends an offer for a product they just bought or one that wasn't relevant to them. Frustration will irrevocably shatter the consumer-brand relationship; 37% of consumers indicated that they will no longer do business with a company that fails to offer a personalized experience.

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Consumer-Brand Data Value Exchange

If real time is the oil that greases every component of a contextually relevant, omnichannel experience, transparency powers the entire mechanism. Without it, everything grinds to a halt. When a company is transparent about how a customer's data is being collected, stored, and used, the customer is more apt to share the personal data that is necessary to personalize the experience. Data shows two thirds of customers expect transparency about what is being collected, how the information is being used and that the control over how information is being used remains in the hands of the consumer.

While transparency is a top priority, most consumers also understand that personal data drives personalization in a modern, omnichannel world. Research reveals that more than half of consumers (54%) across all age demographics will willingly share personal data in exchange for a more personal experience, with a substantial percentage increase among younger generations. This dovetails with other findings, including a Boston Retail Partners survey[5] that found 50% of consumers will allow retailers to save purchase history, personal preferences, and personal details if doing so eases the online checkout process, or otherwise allows for more personalized offers.

Transparency does not give a marketer carte blanche to use personal data however they see fit. Consumers want some level of control over their preferences in how data is used, and trust that it is primarily being used to personalize experiences. Consumers view this as table stakes, which is why they rated privacy as the most important across the four CX dimensions (privacy, customer understanding, personalization, omnichannel/consistency). Marketers are looking to move beyond table stakes to create differentiated sources of revenue, which is likely why they were split – citing privacy and customer understanding as equally important.

Much like the ramifications for a brand for an impersonal, frustrating experience, a breach of privacy will have the same effect. Consumers were unsparing in their assessment of a brand's ultimate responsibility for protecting both sensitive and basic personal information and to not sell their data without consent. Nearly 90% of consumers said that if any of those compromising situations occurred they were "likely" to switch brands with at least one-third labeling these situations as deal-breakers.

The consumer/brand data value exchange is self-fulfilling; the more personal data is shared, the more personalized the experience, and the more transparent a brand in protecting a consumer's data, the more personal data will be shared. While a more personalized experience benefits the consumer, this data exchange is a win-win for the marketer. Rewarded with more data, the marketer also enjoys tangential benefits of becoming privacy compliant, enhancing reputation, building trust, and strengthening customer lifetime value (CLV).

[5] https://brpconsulting.com/download/2018-digital-commerce-survey/

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Building a Future-Proof, Modern CX

Traditional methods of engaging with customers, where data is siloed by channel, by system, or by program are entirely insufficient to deliver the levels of transparency and personalization that customers demand. It is these types of challenges that cause so many marketers – 63% in this survey – to struggle with executing their strategies very well. Marketers also struggle in that they are looking for a transformative step-change to keep pace or even a step ahead of the consumer.

Marketers indicated in the survey that siloed and inaccessible data, customer data lacking depth, as well as fragmented systems, all pose major challenges to optimizing strategy and execution across all channels, which prevented the delivery of a unified customer view across touchpoints. Nearly 40% also said that the complexity of technology solutions was the top barrier to bridging the gap between strategy and execution.

There is a way to resolve these challenges, through establishing a single point of control over all data, decisions, and interactions. This overcomes the typical fragmentations and puts marketers in a position to deliver against expectations of individual customers. It provides marketing with the foundation needed to deeply understand customers and provide an instantaneous response or a proactive, predictive action that will resonate with a customer in their context and cadence.

A single point of control that overcomes marketers' biggest challenges begins with having a single view of the customer across all enterprise solutions and data sources. This golden customer record includes everything there is to know about a customer far beyond basic transactional history or personal information; behaviors, interests, and preferences are combined into an always-updating record that tracks a customer throughout the entire customer lifecycle. The ingestion of real-time data into a golden record, verified through robust identity resolution, is key to unlocking the full potential of personalization.

Advanced analytics layered on top of a persistent golden record provide self-training models and continuous optimization, which gives marketers real-time decisioning that keep pace with customers. Intelligent orchestration of interactions then provides for the consistency that consumers expect in an omnichannel experience, across every stage of a customer lifecycle. According to our research, marketers are keenly aware of what's at stake in the race to compete on customer experience, with nearly all (91%) agreeing that investing in MarTech solutions is a key initiative for their company. Open garden connectivity that can enable companies to leverage their existing technology investments as they create a single point of control helps overcome the complexity introduced by individual systems.

Our research should put to rest any lingering doubt that personalization is the key to a differentiated customer experience. Customers are clear about their expectations, and marketers are equally clear about the current barriers and challenges to deliver on those expectations. If marketers utilize the right technologies to implement a single point of control across all touchpoints in an open garden environment, there is little holding marketing back to keep pace with their customers and provide an experience worthy of gaining the modern consumer's business.
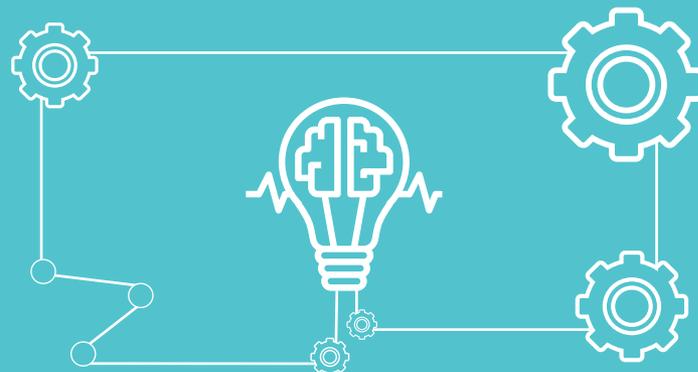
Methodology

RedPoint Global Inc. commissioned The Harris Poll to conduct the online surveys among marketers and consumers.

Marketers

The marketer survey was fielded between January 2 - 28, 2019 among 454 adults 18+ residing in the United States (n=150), Canada (n=150), or the United Kingdom (n=150) and met the following criteria:

- Employed full-time in one of the following industries: retail, consumer products/consumer goods, healthcare – insurance payer, or travel and hospitality

- Has one of the following job titles: Chief Digital Officer, Chief Experience Officer, Chief Innovation Officer, Chief Marketing Officer, Chief Technology Officer, Executive Vice President, Senior Vice President, Vice President, or Director

- Must be responsible for at least one of the following functions: acquisition marketing management (excluding social media marketing), retention management, omnichannel marketing strategy and optimization, customer experience, customer strategy, customer innovation, customer engagement, loyalty management, customer relationship management, digital transformation, customer insight & analytics, or marketing technology

- Minimum annual company revenue of $500M; for companies that consider more than 50% of their business as "e-tail (i.e., sells its products directly to the end user)", the annual revenue minimum was $200M

Data for the marketer sample were not weighted and are only representative of those who completed the survey.

Consumers

The consumer survey was fielded between January 7 - 15, 2019 among 3,002 adults 18+ residing in the United States (n=1,500), Canada (n=501), or the United Kingdom (n=1,001) and met the following criteria:

- Not a student

- Has purchased an item or used a service from any of the following in the past year: physical retail store, online retail store website or app, physical bank branch, online banking website or app, or travel/tourism website or app

Figures for age, gender, education, region, and employment status, were weighted, where necessary, to bring them into line with their actual proportions in the population. In the US, figures for race/ethnicity, marital status, household size, household income, and weekly internet usage were also weighted. In Canada, figures for race/ethnicity, marital status and household size were also weighted. Propensity score weighting was used in the US only to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Poll avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected among panel members who have agreed to participate in surveys. Because the sample is based on those who agreed to be invited to participate, no estimates of theoretical sampling error can be calculated.

Percentages were rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.

Methodology

About the Customer Experience Index

The RedPoint Global Customer Experience Index was created by incorporating responses to 12 questions asked of consumers and marketers. All questions were asked on the same scale and as a single question battery. The questions were classified into 4 categories: Customer Understanding, Personalization, Omnichannel, and Privacy, with 3 questions asked per category.

The index was created by first adjusting the scale of the responses from 1-5 to 0-4 in order to create a 0 point for the index. Next, a score for each of the four components ("dimensions") and the overall index score were calculated. To calculate these respondent-level scores, the summed score across the question battery was divided by the total possible score available, creating a proportion of total possible responses for each respondent, overall and for each category. For example, a respondent who gave a 5 to all questions would have a score of 100 for their overall index, while a respondent who gave a 1 to all questions would have a 0. The final index score is a simple average of all respondent index scores. The dimension scores are scaled to add up to the overall index score, where the highest possible score within any one dimension is 25, and therefore the highest possible Index score is 100.

About RedPoint Global Inc.

RedPoint Global's software solutions empower brands to transform how customer experience is delivered. RedPoint Global's solutions provide a single point of control to connect all customer data, determine next best actions in real time, and orchestrate interactions across all enterprise touchpoints. Leading companies of all sizes trust RedPoint Global to deliver highly personalized and contextually relevant experiences that optimize customer engagement. The RedPoint Customer Data Platform™ provides a single point of control over customer data, connecting all types and sources of customer data – first-, second-, and third-party, batch or streaming – in real time. The RedPoint Customer Data Platform makes the unified customer view accessible across the enterprise to drive more contextually relevant interactions in cadence with the customer.
For more information, visit **www.redpointglobal.com** or email **contact.us@redpointglobal.com**.

About the Harris Poll

The Harris Poll is one of the longest running surveys in the U.S. tracking public opinion, motivations and social sentiment since 1963 that is now part of Harris Insights & Analytics, a global consulting and market research firm that delivers social intelligence for transformational times. We work with clients in three primary areas; building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible. To learn more, please visit **www.harrisinsights.com**.