

THE GREAT CUSTOMER EXPERIENCE RESET

An unexpected opportunity
to build brand love

ACX IOM



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CX HAS CHANGED (BECAUSE EVERYTHING HAS CHANGED)

They say change is the only constant in life. Looking at the events of 2020 and 2021, and the impact they've had on brands, you can upgrade *change* to a serious case of *disruption*. When the COVID-19 pandemic hit, the evolution of people's expectations (which was happening quickly already) accelerated dramatically, pretty much overnight.

Our entire lives were transformed, so it's inevitable that our behaviour as shoppers would change, too.

 78% of shoppers changed *where* they shop, with 28% more shopping online.

 89% changed *how* they shop, making 32% faster visits but spending 44% more per visit.¹

We saw similar behaviour changes hit all industries, from retail and financial services to manufacturing and automotive.

To keep pace with these changes, brands had to go through years' worth of transformation in just a few months. Retail became e-commerce-first. Live events became virtual. Restaurants had to pivot to "click and collect" operations. Much of healthcare became telehealth. And offices everywhere were mothballed as workforces entered the work-from-home (WFH) era.

In short, many brands had to rethink not just their customer experiences but their entire business model.

It's like someone hit *reset* on customer experience as we know it.

Some brands adapted better than others. Whether you survived or thrived as a business, that's an achievement – kudos. But the threat is not over. Those who survived the challenges of recent disruption know things will never go 100% back to the way they were. They also know major disruption could hit again at any moment.

This means the “Great CX Reset” has been both a warning and an opportunity. Many of the changes we've seen will be permanent. According to research from PwC and the Local Data Company, 17,532 chain stores closed down last year, while only 7,655 opened up.² The return to office has been slow, while WFH and work-from-work (WFW) are likely to be a matter of personal preference for the foreseeable future. Not to mention the other conveniences people have gotten used to in recent months, like free delivery – don't expect them to stop demanding the upsides to all this digital transformation.

Your CX opportunity: Get the right foundation in place

What does it all mean for marketers? With the extent of the transformation that's been forced on brands so quickly and at such a scale, it's no surprise that immediate survival is on everyone's minds. But be under no illusion: There is no “business as usual” to return to – there's only how you choose to react to the Great CX Reset.

So, our advice is: Don't let a crisis go to waste. This is the future of your customer experience we're talking about. Now is the time for your brand to set up for the long run – beginning with a return to the basics.

It's never been more critical to understand your customers as individuals. This is the basis of great CX, and it's impossible without the proper data foundation in place. That means making sure you've got a data strategy and the right expertise to execute on it – capabilities like data management, integration, analytics, personalisation, measurement and more.

These things can't be done in separate, ad-hoc initiatives. That just leads to more of the same: data silos. In the old days, most businesses could deal with the inconvenience data silos caused. However, after the Great CX Reset, they're a business buster.

In this guide we'll explore what the Great CX Reset means for brands that want to understand the customers they love (and those they'd love to have), and how they can get set for long-term CX success with the right data foundations in place. Let's go.

THE GREAT CX RESET IN NUMBERS

Some things haven't changed

There's no shortage of data demonstrating that good CX is great for business.



- Customers are 40%³ more likely to spend more than they planned when their shopping experience is highly personalised. Forrester evaluates the business impact of a 1% improvement in customer experience to be a \$2.44 increase in revenue per customer per year – that can seriously add up to millions in a hurry.⁴
- Research shows there is long-term commercial value in CX initiatives that meet people in the channels they use every day. A recent survey showed that 96% of respondents agreed brands that deliver excellent customer experience over messaging channels are more likely to have repeat customers.⁵

Some things have changed – maybe forever

E-commerce grew as a proportion of all commerce (although it's worth noting it still is a minority). What's perhaps more interesting is how buyer journeys have become more easily disrupted.

Purchase delays have plagued the travel and hospitality industry as people have been forced to push back their plans. High-value and luxury goods are subject to similar delays in times of uncertainty. And even when it comes to essentials and groceries, shoppers have had their buying habits disrupted by empty shelves and other supply chain issues. As a result, many have opted for the convenience of subscription purchases for everything from toiletries to pet food.

All these changes make traditional buyer journey models very hard to use. Buyer journeys are much more fragile, so it's extremely difficult to glean any reliable insights from the signals buyers are giving.

➤ When the pandemic lockdown hit, almost 80% of people changed where they shop (with more moving online and to pavement pickups), *how* they shopped (fewer shopping trips, completed 32% faster but with a 44% average higher spend) and *what* they bought (more essentials, less apparel, and 25% fewer categories purchased overall).⁶

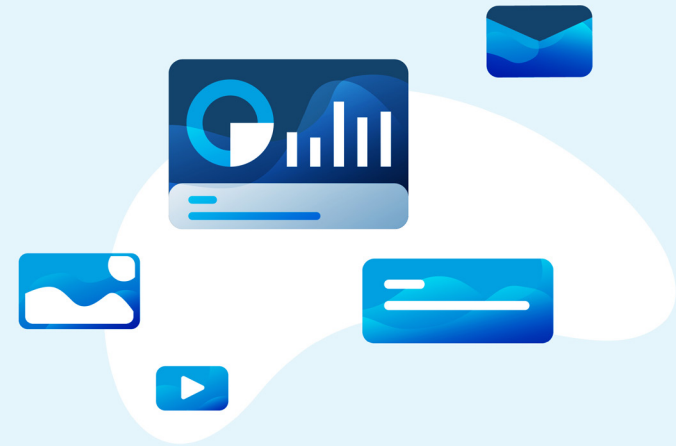


The digital noise has become deafening

According to McKinsey, the pandemic increased the number of digital interactions between people and brands, accelerating the digital interaction explosion by at least three years.⁷

Brands know they have to redouble their focus on *people*. When you understand people, conversations and experiences are always better. Better conversations and better experiences build trust. And people love to buy from brands they trust.

The question is: How can brands do that today?



> Today, the average person is estimated to encounter between 6,000 and 10,000 ads per day.⁸ The digital noise has become deafening, and brands know it. Marc Pritchard, chief brand officer at Procter & Gamble and chairman of the ANA, said, “We tried to change the advertising ecosystem by doing more ads, and all that did was create more noise.”⁹

CREATING EXPERIENCES CUSTOMERS (AND BRANDS) LOVE

It pays to take a step back and remember what we're actually trying to achieve when we're building great experiences.

Yes, there's a transactional value – we're helping customers and prospects achieve something. But ultimately there is no final destination in CX. When brands create moments that matter, they're building relationships and loyalty. It takes a constant commitment to customer understanding and a willingness to adapt based on every new piece of knowledge gained and every new interaction.

So CX relies on a brand's ability to create personalised, relevant, meaningful experiences – but also their ability to do it *reliably*, for the long term. After all, your customers won't want to commit to any kind of relationship (let alone a loyal one) with a brand if they're not confident it will be rewarding in the long term. And it won't be rewarding if it doesn't last, full stop.

Marketing with a memory

Digital marketers get excited by the promise of super-fast, in-the-moment marketing, but none of that can be effective unless you master the slow, long-term stuff too. In the next installment in The Great CX Reset series, we look at progressive CX, why brands shouldn't neglect the prospect experience, and more thoughts on the importance of marketing with a memory. [Grab it here.](#)

It's a two-way street

Great CX is about helping brands understand people, but it's also about helping people understand your brand.

How deep you go with that understanding, and using data to personalise the experience, will vary across different industries and product categories. So, for example, a person's relationship with a toothpaste brand and their bank will be very different, with the latter evolving significantly over the course of a lifetime.

When CX backfires

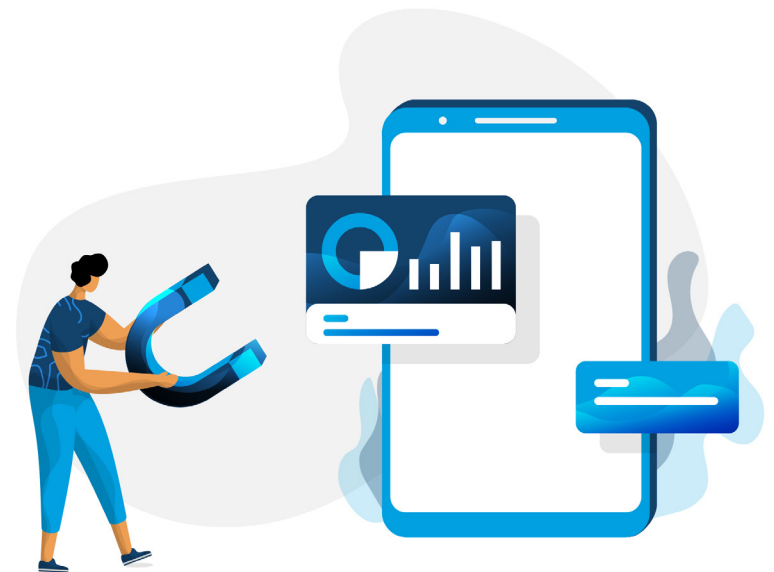
There are ways to cultivate brand love effectively, without going too far – tips on that later in this guide.

In the past, when a brand committed a CX fail, they risked losing one customer (and maybe a few from that person's immediate circle).

But today, we're in an era of shared CX. How many of us automatically search for online reviews when we're researching something, whether it's a restaurant, a pair of shoes or a piece of enterprise software?

Those star ratings can make or break a buying decision. And now that customer service has a very public face on social media and the internet, every single customer experience (good and bad) has the potential to be amplified to hundreds or thousands of people.

The bottom line is that the stakes have never been higher. The potential impact of CX has never been greater, and every single interaction matters immensely.



CX INNOVATION IS NO LONGER OPTIONAL

Digital transformation has accelerated so quickly because it's been a matter of survival for brands. Sure, many of the digital developments were already on people's roadmap. The reality is that the pandemic kicked those plans into high gear and moved them from "nice to have" to "must have" in a matter of weeks.

But while necessity may be the mother of invention, it doesn't come with an instruction manual.

We speak with people at lots of brands who know they have to innovate, but they're not sure where to begin with things like personalisation.



Here are some simple examples to get your creativity flowing:

- ① **Website homepage personalisation.** A surprising number of businesses, even in retail, still fail to do this. You can start at a basic level, by recognising repeat customers or remembering what they have in their cart – and progress all the way to advanced strategies that tailor the entire experience based on behavioural data and insights.
- ② **Personalised offers** not only promise an exchange of value but also demonstrate your brand understands its customers' preferences. And remember, if you're doing marketing with a memory, these personalised offers will evolve over time. Context is everything.
- ③ **Timely discounts** that strike at an opportune moment – and, on the flip side, avoid the awkwardness of bad timing. (No one wants to get a discount voucher for something they've already bought.)
- ④ **Contextual interactions** based on long-term customer milestones. For example, in personal finance and banking, you might offer relevant savings accounts or mortgage offers. In automotive, you should know when to clinch that car service deal. In retail, you can ensure your digital ads are informed by up-to-date purchase history data, so you don't promote an item to someone who's just bought it.
- ⑤ **Tiered loyalty programs** are a tried-and-tested way to incentivise new buyers while also keeping long-standing customers motivated to stay engaged. Customers now expect loyalty programs to be more relevant to their life and customisable to their wants and needs.



THE ATTENTION ECONOMY HAS BECOME THE EXPERIENCE ECONOMY

Earlier we heard about how the daily onslaught of digital ads and interruptions makes it hard for brands to cut through the noise.

It's clear that a traditional approach, focusing on metrics like reach, exposure and clicks, is a race to the bottom. Brands that compete in what some have called the Attention Economy are doomed to go bust.

What if brands stopped desperately trying to pique the interest of a mass audience, and instead tried to serve the interests of the individual? With the former approach, various marketing tactics have been used under the catch-all term of *personalisation*. But what about the other important factors that go into making experiences people can really love (and trust) – things like relevance, timeliness, meaning, and context. These are the hallmarks of great customer experiences, and getting them right is the focus of brands that have graduated from the Attention Economy to the Experience Economy.

A holistic view of CX

This move to the Experience Economy can change the way we talk about, approach, and execute marketing. Brands need to be aware and empathetic, and also more contextually relevant. As the number and variety of digital touchpoints increase, you have more opportunities to engage customers. But this comes at a price: the overall quality of your brand's CX is only as strong as its weakest link.

You need a holistic view of your CX, bearing in mind that it can mean very different things in different businesses. For example, if you're in retail, CX might primarily mean the in-store experience, and increasingly the personalised e-commerce experience. In customer service, it's the call centre experience. If you're a digital business, CX and UX will have significant overlap.

Without a holistic view of your customer interactions, you don't have a solid foundation for all kinds of CX data applications like personalisation, analytics and measurement – not to mention data privacy and security.

GETTING THE RIGHT FOUNDATIONS IN PLACE

In times of severe disruption like these, it's easy to look for a quick fix. But too many brands are just looking for a tech solution to fix all their problems.

Now more than ever, it's critical to build CX programs on a foundation of customer understanding. And you can't do that by just adding another piece to the stack, another data repository (read: another data silo).

The only way to do that is with the right data foundation in place. It will stand brands in good stead for their immediate recovery and when dealing with whatever new normal (or new business model) they're faced with today. Ultimately, it will make them resilient for whatever comes next.

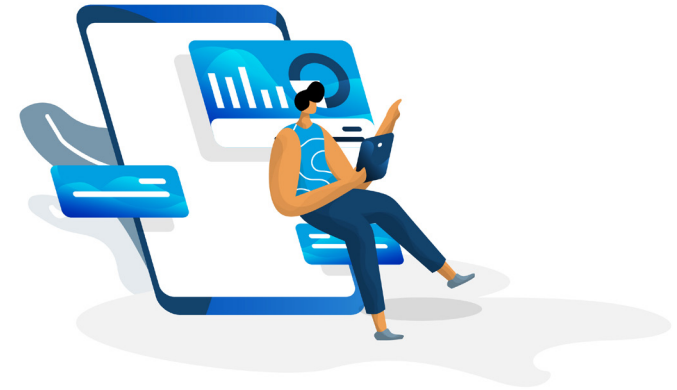
A reset moment for CX, and for marketers

People's CX expectations changed dramatically in the past year because the way they live and work changed dramatically, too. As the magnitude and the permanence of many of these changes become apparent, marketers now must recognise that there is no "new normal" – there is only how you choose to react to the Great CX Reset.



Five key takeaways for marketers:

- ① **Embrace a little uncertainty.** The rules of engagement have changed, and many of the old buyer journey models and maps are out the window. But the CX show must go on. It's a time of CX innovation for many brands, experimenting with new technologies and new ways of engaging. Agility is never a bad strategy.
- ② **Look for the truth behind the data.** Are your customers really spending more or less, or are they simply buying differently? Do your new customers look like your old customers or have you tapped into a new market? Then look for ways to serve these new behaviours with better, more relevant experiences – could you turn a fast-moving good into a subscription product, for example?
- ③ **Grow your first-party identity graph.** Earlier we mentioned that data silos were a major problem and a sure sign of an ad-hoc approach to CX. While you're working on unifying your data, think about connecting those insights with a first-party data graph that's unique to your brand. As you grow your graph (at relevant, appropriate opportunities), you'll improve your ability to build a deep understanding of your customers.
- ④ **Build a data strategy for the long run,** because customer experiences will never go 100% back to the way they were. Define the elements of your CX efforts clearly, so you can plan the best ways to collect and use customer data responsibly. And integrate your systems for the long haul, so your data foundation can improve over time – something we cover in the next installment in The Great CX Reset series.
- ⑤ **Focus on people and their individual and their needs.** Bear in mind that people are bombarded with branded digital interactions every day. Marketers are navigating the shift from the Attention Economy to the Experience Economy, focusing on people and personalising the experience to improve the value exchange.



Make sure you're ready to take advantage of new opportunities to create brand love. Talk to Acxiom about building the right data foundation today, because brands who love people love Acxiom.

In the meantime, read the next installment in The Great CX Reset series: "Why the best CX moments rely on your brand's memory."



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ABOUT ACXIOM

Acxiom provides data-driven solutions that enable the world's best marketers to better understand their customers to create better experiences and business growth. A leader in customer data management, identity, and the ethical use of data for more than 50 years, Acxiom now helps thousands of clients and partners around the globe work together to create millions of better customer experiences, every day.

Acxiom also offers a full suite of strategy consulting, predictive and marketing analytics, and marketing measurement offerings to support all facets of the data-driven prospect and customer journey. We help brands evolve their data strategy, understand marketing impact, and better know their prospects and customers and predict behaviours.

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