

2016 CX

Trends Report:

Trending Positively Toward
Personalization and Transparency

inmoment

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Introduction

We're back. Substantially built-out since last year's maiden initiative, we've returned with an even deeper follow-up for your 2016 planning needs. Feedback and experience trends were once again considered and rated by brands and consumers, and open-end comments were studied to pull meaningful stories and insights from the data. Our Panel Insights Team noted alignment and divergence between consumers and brands, leveraging inside and outside research to provide recommendations, add clarity, and offer a preview into the customer experience landscape of 2016.

Reality Check

Consumers are reality, and reality is dual-natured

Customer feedback has made a name for itself in the business world as an accurate view of brand performance. It has gained its appeal by being a viable measuring stick for brands. It has become the quintessential reality check for organizations interested in success and survival.

In this capacity, consumers have earned the titles of advisor, expert, and authority. Based on the measures we have available, these labels seem warranted. Their feedback, on the whole, is the best brands can do in terms of gauging their perceptions against the reality of the product, the service, the overall experience they provide, and the relationships they create.

This reality is a blend of pros and cons, positives and negatives, disappointment and delight. It's often a balance of good and bad, with the eternal hope that the good will outweigh the bad. So, how's this for a research finding:

It does!

A Rising Tide of Positivity

Consumer positivity is up from last year

In both last year's and this year's studies, we asked consumers whether the feedback they left with brands was positive or negative. While a two-year comparison is a few data points shy of establishing a trend, there's encouragement in the noted rise in positive customer feedback.

In most cases, consumers left more positive reviews and comments about the brand in 2015 than was reported in 2014. This also included open-end comments that talked about how consumers saw improvements in some of the key aspects of customer experience.

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Methodology

The InMoment Panel, one of our largest (and growing) research initiatives, consists of tens of thousands of consumers across the United States and Canada. Representing various demographics, these consumers constantly engage with our panel through various interactive studies and activities.

For this CX Trends study, we collected a large-scale data set from North American consumers and from business professionals involved in CX delivery. Overall, we collected data from approximately 10,000 North American consumers and 500 brand representatives across a range of industries that includes Food Service, Retail, Petro, and Financial Institutions.

Why So Glum, Brands?

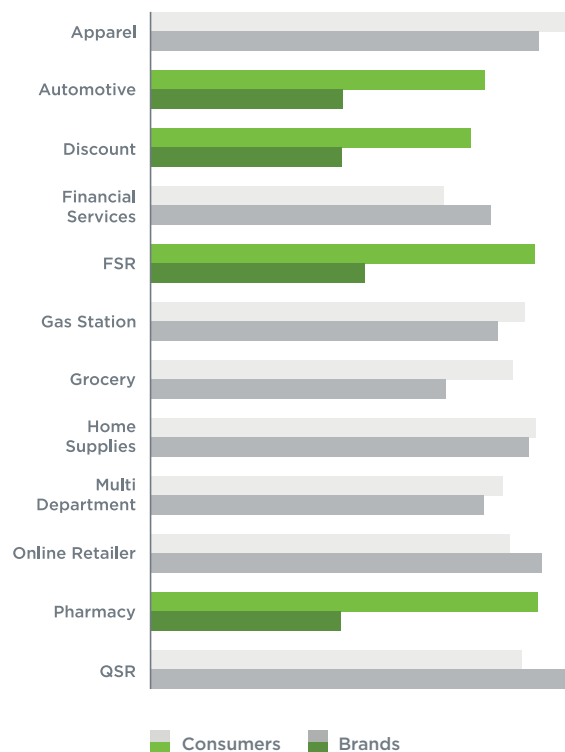
Consumers are leaving more positive reviews than you think

We also asked brand-side professionals to share their perception of how much negative feedback they receive from customers versus positive feedback. Overall, we found that brands' perception of feedback was not aligned with reality, aka, the consumer perspective.

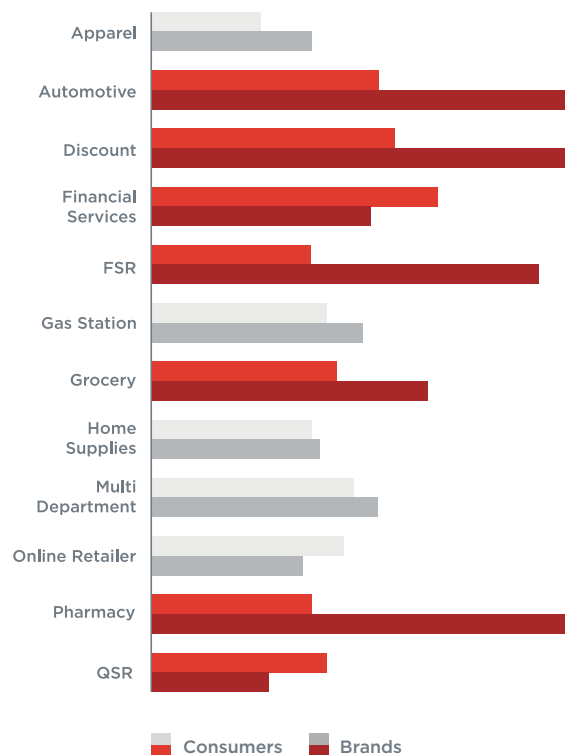
As a whole, the numbers for brands skewed toward the negative, while the numbers reported by consumers skewed toward the positive. When segmented by industry, in 9 of the 12 segments represented, brand-side panelists both underestimated the positive nature and overestimated the negative nature of customer feedback, sometimes alarmingly so.

Four industry segments in particular showed a striking disconnect (measured as a gap of at least 20 percentage points) from the more positive consumer reality: Automotive, Discount, Full-Service Restaurants (FSR), and Pharmacy. However, amidst the overly negative overall brand perspective, there were four industry segments that appeared to be aligned (measured as a gap of no more than 5 percentage points) with consumers on the sentiment of incoming feedback: Home & Supplies, Multi-Department, Gas Station, and Online Retail.

Positive Reviews



Negative Reviews



Upping Brand Optimism to Close the Perception Gap

While offering a full explanation of why this disconnect occurred is beyond the scope of this study, there are, however, some very real possibilities brands should consider when trying to align more closely with consumers.

Visibility and Conditioning

One particularly common use of the customer voice is as a form of customer recovery or damage control that specifically identifies and alerts on negative customer experiences. These case management-type programs are very useful in saving at-risk customers; however, by necessity, they make negative feedback highly visible to management and staff. If this is the only, or even the primary, way a company is using its customer feedback, it could be conditioning employees to think of customer feedback in a predominantly negative, reactive way.

Remember that positive customer comments can be instructive to satisfying and retaining customers. Identifying where you are succeeding in customers' eyes can help you move beyond a solely reactive approach to a more effective proactive one. On top of bolstering your efforts to engage your employees in CX, this will align your team's perception of consumer sentiment—and their own performance—with reality.

It's important to share the whole customer story through the use of positive, negative, and neutral customer comments. Sharing the negative disproportionately can poison the perception of employees to believe the majority of customers are not being satisfied—and that it is extremely hard to do.

Consumer vs. Brand

 Consumer Source
 Brand Source

Several consumer responses from this study showed concern over the use of their positive feedback:


“I find that many companies do not share survey information with their staff... even if it is a compliment. Big mistake.”


“I think it is important to give feedback for positive experiences. I think most companies get little of that. I think in many ways the customer can help set the tone of the service they get.”


“I think ALL reviews good and bad should be shared.”



Questions to Ask Yourself

In considering how to align your brand with the *mostly* positive consumer reality, we recommend asking yourself 4 questions:

1. Are your employees aware of your organization's brand promise and the role they play individually in creating the optimal customer experience?
2. Are your employees aligned on your organization's customer experience strategies?
3. Is all customer feedback shared with all staff?
4. Do employees know what to expect in the next steps of customer experience optimization?

While the data makes it tempting to offer a blanket recommendation to focus more on positive feedback, that's an oversimplified recommendation that implies overlooking the negative. What is needed is alignment

with your customers' reality, through your customers' stories. Share the good with the bad. According to this study (and more than a decade of gathering customer feedback), the good will outweigh the bad.



**Dr. Paul Warner - VP of
Data Sciences**

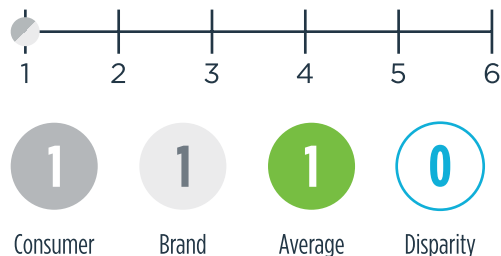
"Your staff should be treated like your extended family. The more you share with them, the more they feel involved and excited about building your brand. When it comes down to it, the last line of separation between your company/brand and a purchase is the individual staff member."

Trend Rankings for 2016

Once again, we put up several customer feedback trends for consumers and brands to rank (with 1 being the most important and 6 being the least important) for 2016. The results are below:

#1 Personalized Experience

Brands using consumer information to better personalize messages and promotions.



#2 Transparency

Keeping customers informed on the ways their feedback is being used.



#3 Feeling Trumps Function

Brand differentiation will be more a result of relationships and the customer experience than of product features or selection.



#4 Shorter Surveys, More Listening

Shorter feedback surveys with comment fields allowing customers to share stories in their own words. Increased use of social, voice, and mobile channels.



#5 Mobile First

Ensuring 24/7 mobile support to address increasing mobile consumer habits.



#6 More Reliable Online Reviews

Companies helping consumers see better peer information about purchasing decisions by supporting verified online reviews.



Alignment on Personalized Customer Experiences

While we saw virtually no alignment on the balance of positive vs negative feedback between consumers and brands, we discovered the two groups aligned excitingly and perfectly in crowning their #1 CX Trend for 2016: The Personalized Experience.

With brands and consumers both focused on the personalization of messages and promotions, personalization was a common theme in their comments, lending further insight into how the two groups define it, desire it, and—in the case of brands—design it.

Two Working Models of Interaction

In reading through comments, we noticed consumers—or rather, people speaking from a consumer perspective—describing personalization from two distinct viewpoints:

1. The surface consumer persona

Primary Interaction: Consumer-Merchant

“Making it effortless.”

Consumers still frequently (and knowingly) approach shopping and brand interaction on its own set of strictly consumer-merchant standards. In this framework, “ease of doing business” and “consistency” are still the gold standard. When consumers engage with brands in this straightforward pursuit of a good or a service, the brand that can satisfy needs with the least amount of friction wins. This reality still exists, especially in the case of ecommerce, and is a valuable piece of the customer experience.

“Get feedback from customers and suppliers, understand what they need and make it easy for them.”

From this viewpoint, *personalization* refers to a brand’s strategic, omnichannel use of technology and information to tailor a shopping experience to a consumer persona or even an individual consumer profile, making the customer experience more relevant, efficient, and convenient. This type of personalization can perhaps more accurately be called “contextualization.”

As online shopping accounts for more and more retail purchases, the “ease of business” metric will continue to carry weight, which isn’t to say that “ease” is only valued in online retail—nor is it to say that brands aren’t exploring ways to deepen the human connection of an online interaction.

2. The deeper emotional self

Primary Interaction: Human-Human

In a world made increasingly transparent by the Internet, shoppers are also taking opportunity to remove their consumer masks and approach brands as they would approach a person, setting emotional marks such as “empathy” and “caring” as standards for satisfaction. In this more complex, more meaningful relationship, informed consumers factor in human characteristics alongside “behind the scenes” business practices when making a decision to allow a brand into their life.

From this viewpoint, *personalization* means evidence of distinctly human responses and characteristics in a consumer’s brand interaction. In this study, one consumer compared an IVR phone tree to human phone operator as an example: Regardless of how efficient, relevant, and contextualized a company’s phone tree is to the surface consumer persona, it will never be *personalized* in the same way that an empathetic human is.

This type of human-human interaction has become the face of today’s customer experience, because the human relationship is the ultimate loyal connection. In the words of another participant:

“If you can make us feel less like a mass of unknown faces and help us to feel like we are really important to the company we might be able to bring back brand loyalty.”

“I enjoy the ease of ecommerce, but I also like knowing there is someone I can talk to or a store I can go into for a personalized experience.”

“Personalized experience can come across as fake.”

Transactional vs. Transformational Interaction:

Transactional

- Price-based value
- Immediacy needs
- Commodity-based
- Direct exchange of goods for services/products
- Dehumanization

Transformational

- Fulfills emotional needs
- Creates brand advocacy
- Long-term loyalty vs. short-term satisfaction
- Customers and Brands invest in each other (reciprocity)

Where Brand Interactions Break Down

In many situations, the consumer-merchant relationship built on “ease of doing business” is enough. The tricky part for brands is understanding when consumers are leaving on or taking off their consumer masks. It is now up to brands to be prepared at a merchant level but able to understand when the consumer mask has come off and immediately remove their merchant mask in kind.

The Human-Merchant Disconnect

When brands are not prepared for “human-human” interactions, even their best, most contextualized merchant methods turn customers off, or even creep them out. This is the area where automated messages, attempting to sound or feel personal, fall short, often causing more harm than good. In this study, consumers covered the pitfalls of this type of experience:

“I think personalized experiences on the internet are creepy, and I would rank that the least important.”

“I really do not like it when [brands] address me in my emails as “mom.” I am unable to bear children and this is a sensitive subject for me.”

“It is nice to get a personalized response, rather than a form letter ‘thanks for your input’ type of response.”

The Consumer-Human Disconnect

Is there such a thing as being too human on the brand’s part? Yes. There is a very large segment of consumers who appreciate the ability to get in and get out as quickly and efficiently as possible. In these scenarios, attempts to engage the customer in anything more is seen as a nuisance that detracts from the desired experience.

One brand panelist nicely summed up what matters in this reality:

“Not assuming we know what [customers] want, truly listening to them and providing the experience that is right for them at a given moment.”



Kristi Knight - Chief Marketing Officer

“The marketer skillset has been tuned for so long to sell to customers—not to take care of them. But today’s reality is that the marketing department is tasked with aligning the brand promise with customer expectations and owning personalized interactions with customers in a way that is helpful, genuine, and quite different from selling.”

The Customer Conversation Is King

Humans want to be able to talk about their experiences and share their opinions in a more natural, story-telling fashion. In last year’s results, consumers were most interested in seeing shorter surveys with more open listening capabilities. This time around, “Shorter Surveys, More Listening” dropped to #3 on the consumer priority list, which may indicate that brands responded to last year’s plea to make this less of a pain point. The technology certainly exists to do so.

Top Voice of Customer (VoC) programs now commonly employ text analytics to glean insight from open-ended comments—even reading and responding within the feedback process—to create an informative, conversational feel to surveys that eliminates the majority of rating questions and builds the relationship in a way that was previously not possible.

These comment fields, whether static or dynamic, instinctively turn surveys into conversations. Customers frequently use these fields to simply thank brands for listening. Not only do consumers appreciate the ability to speak freely, they use it to provide invaluable qualitative insight.

In this study

- More than **60%** of consumers shared comments
- More than **33%** of brand professionals shared comments

“Thank you for listening and valuing my opinion.”

“I like to have text boxes like this one to be able to elaborate a positive or negative experience. Sometimes a negative experience can be explained better with the opportunity to write about it.”

“Even big companies that solicit opinions give you nothing more than a ‘Thank you’ screen at the end.”

Once you’ve offered the right listening channels, the next step is to ensure your customers are transparently looped into the process. This was a huge theme in the comments of last year’s study, which makes it unsurprising that consumers rated “Transparency” in the feedback process as their 2nd priority in CX trends for 2016. Customers want to know that—and how—their feedback is making a difference, positive or negative.

This means much more than an automated “thanks for your feedback” message. This includes stating upfront how you plan to use the feedback and responding in a way appropriate to the type of feedback offered.

Quality > Quantity

In the last two years, InMoment has continued to grow its consumer panel community: a way for consumers to interact with their favorite brands across different industries. One of the key approaches the panel team has promoted is personalized communication; InMoment Listeners (as they are called) have the ability to communicate with panel managers and offer direct feedback via social community methods.

“Saying thank you at the end of a survey is not sufficient. Tell me more about the company, what are their plans, etc.”



Sandra Tamburino - VP of Marketing Insights & Engagement

“In my experience, our top panel respondents are consumers who feel that they have made a difference. They are the users who have interacted in our personalized activities, and they keep coming back because they feel they are part of a community.”

Offering your consumers the ability to choose between types of topics, interaction, and gamified activities will allow you to offer more personalized approaches. Customer insights are less about the quantity of completes, and more about the quality. Give the consumers activities and communications they are interested in, and they will, in turn, continue to offer you more powerful feedback.

About InMoment

InMoment™ is a cloud-based customer experience (CX) optimization platform that helps brands leverage customer stories to inform better business decisions and create more meaningful relationships with their customers. Through its Experience Hub™, InMoment provides Voice of Customer (VoC), Social Reviews & Advocacy, and Employee Engagement solutions to more than 350 brands in 95 countries.

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Social Media Matters

In a study earlier this year on quick-serve restaurant (QSR) brands, we noted a link between social media interaction and high InCX scores.* In that study, Krispy Kreme's use of social media stood out as an example of blending contextualization for the consumer persona with responsive personalization for the deeper emotional self.

This is the strength of social media. Perhaps nowhere else can brands share contextualized offers and communications, while also maintaining the ability to respond personally and humanly.

If brands are looking for an example of switching between their merchant mask and their human face, social media is a great place to search.

* The InMoment Customer Experience Index (abbreviated "InCX") factors in overall satisfaction, likelihood to revisit, and likelihood to recommend to conservatively measure loyalty