

Digital experiences are front and center in coping with coronavirus

Analysts - Sheryl Kingstone

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Introduction

While airlines are already notorious for struggling to meet rising customer expectations during normal times, situations such as pandemics wreak further havoc for many. Although most travel and transportation businesses have invested heavily in mobile application development, social media engagement technology and self-service chatbots, customers are still frustrated. Call centers can't keep up, websites are experiencing outages and information shared online, in emails and on social media is inconsistent. Even the use of bots that try to scale responses and shift conversations outside public eyes have shown little effectiveness in calming rising customer friction points.

It's not just the travel industry that feels the pressure. Retailers, restaurants and bars are seeing the impact as store hours are reduced or even eliminated. Many ad campaigns are ill-timed and running with out-of-context messaging and/or out-of-stock products. Grocery chains are struggling to keep up with in-store demand, leading to long lines and items going out of stock. Even Amazon isn't immune as it struggles to keep up with demands and suffers with out-of-stock household items and delayed deliveries due to raised demand fueled by coronavirus concerns.

According to our macroeconomic March 2020 monthly consumer spending report, we see a big dip in overall spending, with 33% of consumers spending less over the next 90 days than the previous 90 days. As expected, areas hardest hit are travel, restaurants and consumer electronics. With 72% of our respondents also stating that the economy is going to worsen over the next 90 days, up from 28% in February, business leaders need to focus on remaining relevant in the eyes of customers. The upside: 72% of respondents are not worried about losing their job and 62% of respondents expect spending to remain the same or to increase.

The 451 Take

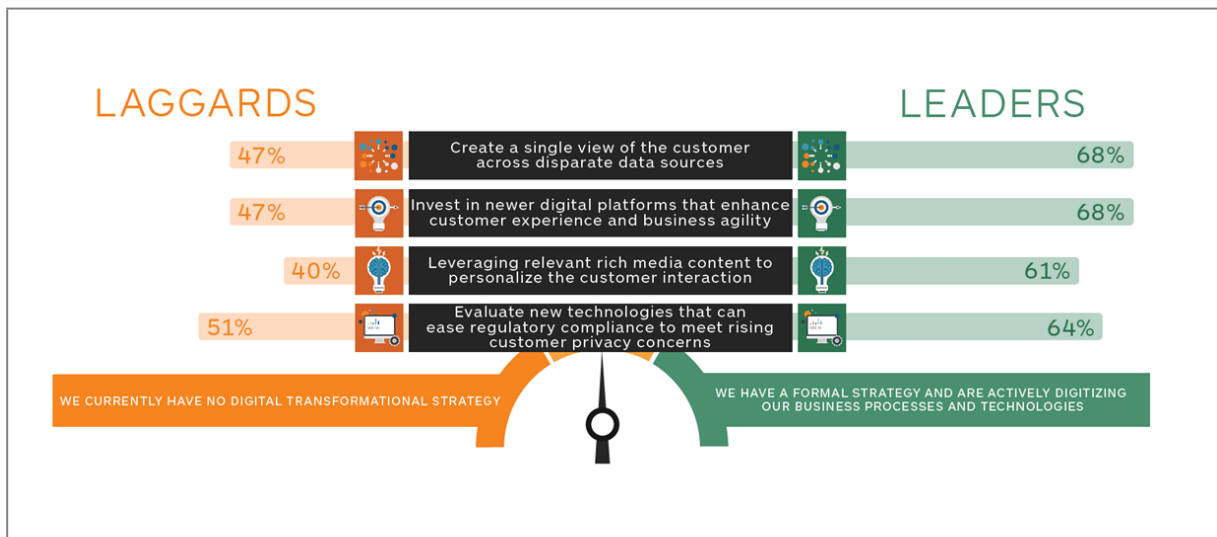
The future of digital experiences must focus on building trust, transparency and retention. Our macroeconomic data shows that 89% of consumers are concerned with protecting their personal data. Since the top concern is online shopping, this will put pressure on businesses to make data privacy and security a core aspect of the digital consumer experience moving forward, with

transparency and control paramount in their approach to business and IT innovation. With the empowered consumer increasingly demanding greater control over the interactions and relationships they have with businesses, experiences, not products, remain the battleground for competitive differentiation. Situations like the coronavirus are very difficult to predict, but technology today can ensure that businesses rise to meet customer expectations, especially as businesses are redefined from a transactional relationship between people into a more nuanced relationship between humans and the automated systems and devices they use to engage the world.

Top five insights to keep in mind as we navigate uncharted waters

While Lululemon, Nike and Apple announced store closures so employees can stay home in support of social distancing, their digital experiences remain operational – and for the foreseeable future, the primary experience that can't go wrong. This current crisis could place more emphasis than ever before on the growing primacy of the digital experience as we try to adhere to 'social distancing' requirements, but also increase the efficiency and effectiveness of meeting the immediate needs of thousands if not millions. Even nonprofit and governments aren't immune to the need to scale digital information. As we stated in our 2020 Trends in Customer Experience & Commerce, digital experiences that leverage data, modern digital platforms and privacy by design will separate leaders from laggards.

Figure 1: Digital leaders use new technologies to create differentiated experiences



Source: 451 Research, 2020 Trends in Customer Experience & Commerce

Heightened demands for context, convenience and control in all customer interactions require companies to re-evaluate how they provide contextually relevant – and in situations such as the current crisis, sensitive – experiences for their customers. In effect, this is forcing the evolution of the entire technology stack and organizational culture to enable real-time, contextually relevant experiences.

There are lessons to learn from these uncertain times as digital experiences are now a catalyst for new technology investments. Here are top five insights to keep in mind as we navigate uncharted waters:

- *Measure digital performance.* According to our VoCUL, Connected Customer Q3 data, 76% of consumers are likely to switch due to poor website or mobile app performance. Additionally, 61% state that a negative online experience makes them less likely to shop with that company in the

future. While performance issues are table stakes, not all companies measure digital performance, including customer journeys. There are many vendors to consider, but enterprise providers Adobe, Google, Oracle, SAP, Microsoft and Salesforce all have some capabilities to measure and improve customer experiences. Additionally, companies that specialize in performance include Clicktale (acquired by Contentsquare), Centerbridge Tealeaf, Dynatrace, Glassbox, Fullstory, Medalia, MixedPanel and SessionCam. It's important to bring experiences to life online for deeper engagement to make people feel as connected as in-person experiences. Since emotion is the currency of experience, businesses will strive to drive spending on new technologies that harness the power of digital experiences to ensure brand loyalty.

- *Catalyst for digital improvements.* Opportunity lost is opportunity cost. 451 Research's analysis demonstrates that at minimum there is \$500bn in revenue opportunity in the US alone related to improving digital experiences, ranging from personalization improvements to mitigating abandoned shopping carts and other customer friction points. As consumers shift their spending to online, businesses need to invest in new digital tools to work in a way that ensures that data, insights and key technologies connect people with information and processes, leading to a better experience for customers and, ultimately, business growth. As businesses look to create more hyper-personalized experiences, the most meaningful (and ultimately profitable, for those providing them) experiences will be informed by data-driven context clues, which will only increase in number as the amount of available data – especially unstructured data – proliferates. This will continue to accelerate with the growth of new types of connected devices capturing unprecedented volumes of behavioral data. Key areas for investment here are digital experience for content and commerce along with customer data and intelligence platforms.
- *Use of virtual assistants to ease capacity issues.* Forty-seven percent of digitally demanding consumers (those who use ten or more digital apps frequently) would prefer to use a virtual digital assistant if it saved them time vs. calling customer service, compared with only 9% of digitally delayed consumers, who don't like to use digital applications. Service technology is a rapidly shifting market, characterized by the development of new contact channels for communicating with customers, as well as the application of data and machine learning to processes to provide richer customer experiences. The area of service and support is a critical component of the customer-experience landscape – it consumes enormous amounts of business resources in labor and technology, and becomes relevant at influential moments in the lives of customer relationships. The purpose of self-service is twofold: first, to provide customers with easy access to information when it is most relevant to them, and second, to deflect as many service interactions as possible away from expensive live-agented help and toward automated systems. The rise of virtual assistance and conversational interfaces provides a new avenue for businesses to achieve both the primary goals of self-service. A wide variety of companies now participate in this segment and although many are contact center or CRM firms such as Zendesk, Salesforce, Oracle, [24]7 and Verint, many others are venture- or private equity-backed startups focused on adding AI and machine learning to the conversation such as Helpshift, IPSoft, Conversica and Sharpen.
- *Subscription economy focuses on retention.* As consumers stay home and order goods, 41% of millennials are already using subscriptions. High-touch, relationship-based subscription and rental models will proliferate even faster across physical goods industries including pharmaceuticals, consumer packaged goods and especially grocery. With the increasing prevalence of the subscription economy changing the long-term economics and relationships between brands, retailers and consumers, new approaches to engagement models will emphasize loyalty-building and retention exercises. The most coveted retail data behind top-line sales numbers (orders, units sold by channel), behavioral metrics are crucial to curating personalized experiences and anticipating customer demands. While this type of tracking has been difficult to execute, emerging subscription management software tools are now bridging this divide and driving curated recommendations and offers. Beyond gaining a stronger understanding of one's customer base, subscription services can also serve as an education platform to display new products and services. Leveraging the consistent touch point to guide customers and drive awareness of new products, retailers can then use discounts and incentives to drive adoption.
- *Mobile order and deliveries flourish.* With 64% of millennials already frequently using mobile order ahead compared with only 8% of the over-65 population, expect adoption of new digital-native services to dramatically alter the way people experience things in 2020 – even for the digitally

delayed. As restaurants are forced to reduce seating or close all together, ones that can capitalize digital experiences or collaborate with the gig economy to bring food and other essentials will be in tremendous demand such as Uber Eats, Instacart, Postmates and DoorDash.

The coronavirus is changing the face of customer experiences. We also recently wrote about how the coronavirus could be a contactless payments catalyst for US financial institutions. Considering that 48% of the market is still formulating its digital transformation plans, businesses have a long way to go to ensure that vision meets reality. However, there has to be a specific reason to start – finally there is a business case for many to wake up, especially when it comes to delivering contextual experiences. Technology is central to how individuals experience the world around them and is shifting the center of gravity to digital in an unprecedented way.