



# 2019 CX Trends Report

*Australia*

inmoment

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**Methodology** — InMoment surveyed 500 consumers and 270 brands in Australia to discover where both groups aligned or disconnected on a variety of customer experience topics. Data has been cleansed and validated.

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# Introduction: Excellence Continues To Elude

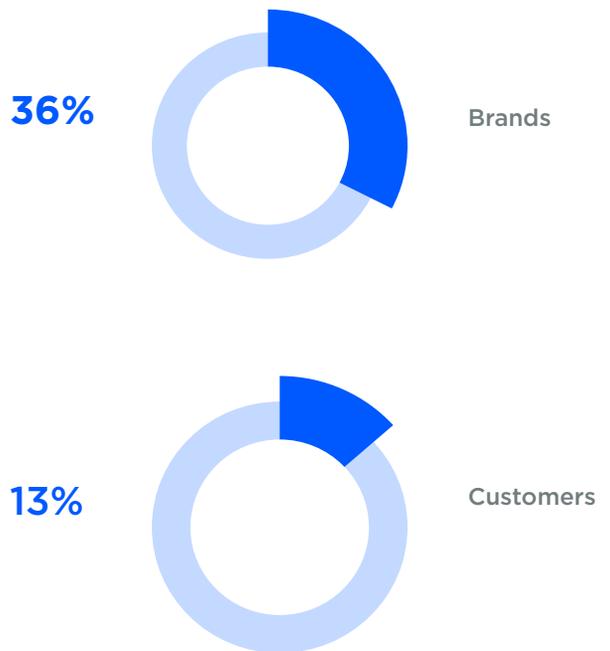
The phrase ‘customer expectations continue to increase’ is one of the most commonly stated, yet oversimplified statements in customer experience (CX). Yes, customers expect more from brands, but they do so because there are brands out there delivering phenomenally simple, fast, different, and even profound experiences. As Paul Papas, global leader of IBM Interactive Experience said: ‘The last best experience that anyone has anywhere becomes the minimum expectation for the experiences they want everywhere.’

By these new measures, when a brand doesn’t keep up, gets sloppy, or doesn’t do the work to understand what its customers really value, those customers notice — and they put the culprit on notice.

For our 2019 CX Trends Report, InMoment surveyed both consumers and brands to understand the alignment and disconnects in how well or poorly customer experience is delivered. While there are some bright spots, the overall takeaway is that most brands are still struggling to find ways to do right by their own needs, while also serving the evolving needs and expectations of their customers.

One big red flag was the mismatch in how companies and consumers responded to whether brands are getting better at delivering an excellent customer experience versus just completing a transaction.

Thirty-six percent of brands responded that they are ‘definitely’ doing better — a fairly sad statement. However, only 13 percent of consumers said the same. And **more than three times as many consumers than brands believe that experiences are definitely not getting better.**



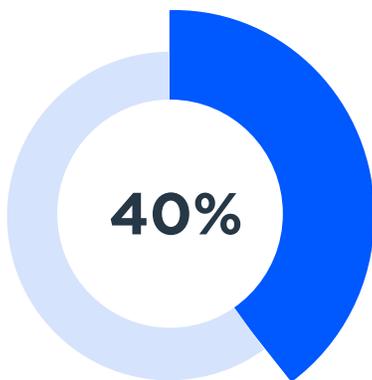
Believe brands are ‘definitely’ doing better at delivering an excellent customer experience.

It doesn't help that brands aren't accepting accountability for falling short. When asked how much responsibility customers have in helping create better experiences, 40 percent of brands reported that that customers were 'very' responsible, with an unbelievable 11 percent stating that customers are 'completely' responsible. Customers, on the other hand, see responsibility as a shared endeavor.

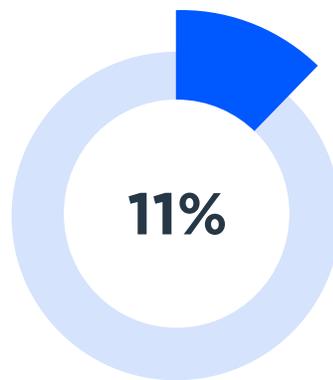
While the state of CX may sound bleak, the study also uncovered wise counsel on how brands can reverse unproductive practices and make serious strides in the other direction. Read on for five trends and takeaways to help you correct or reinforce a positive CX course.

## How much responsibility do customers have in helping create better experiences?

### BRANDS



Brands that reported that customers were **'very' responsible**



Brands that reported that customers are **'completely' responsible**

### CUSTOMERS



Customers see responsibility as a **shared endeavor**

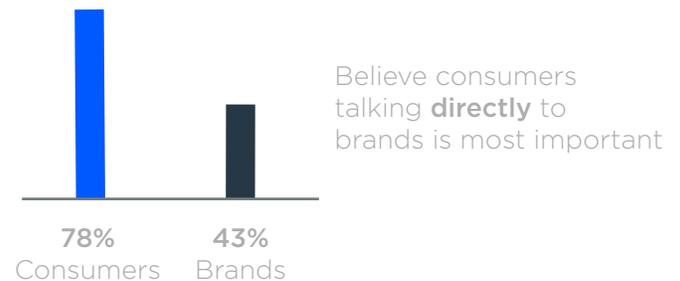
## Trend #1: Lurking vs. Listening

Customer data is one of the most precious resources of intelligence on understanding the health and wealth of your business, and companies are spending billions of dollars each year scrutinising the vast number of digital interactions, from click through and online conversion rates to social posts and online reviews.

And while these measures of customer satisfaction and sentiment can deliver important information, the most essential information may lie somewhere else. In the study, we asked about the most important thing brands can do to capture how consumers feel about them and the experiences they are providing. Options included monitoring their posts on online review sites, monitoring their social posts (on both the customers' and the brands' channels), capturing conversation with staff, as well as monitoring digital behaviours. Overwhelmingly, customers chose something else: asking them directly.

Nearly 78 percent of customers selected this option, with only 43 percent of brands reporting the same.

Brands placed more emphasis than customers on the importance of tracking digital behaviours, as well as public-facing forums like customers' social media



channels, as well as companies' own social channels and websites. Because reputation management is such an important factor, it makes sense that brands give these channels out-sized emphasis, both encouraging positive chatter and quickly quashing the negative. And while companies must continue to monitor, respond to, and take to heart what they are hearing online, favouring these areas at the expense of direct conversations may skew their view of the customer experience, which affects a slew of actions — from how to prioritise fixes and choosing which new ideas to elevate, to how company leaders and employees view and treat customers. When you feel and act as if you are always under public fire it will impact the foundations of your customer relationships.

### KEY TAKEAWAY: Encourage your customer to talk to you, not just about you.

The answer for this disconnect is to open channels for direct feedback between you and your customers. Make it as easy as possible for them to tell you how they feel about your brand. Don't shy away from asking them the important questions, and be sure to weigh both asking and listening wisely. Thankfully, today's technologies enable brands to do this at scale, and in a very personalised way. Harnessing customer listening platforms to capture, understand, and socialise the authentic voice of your customer is a powerful way to bring and keep the human element of the relationship front and center for both customers and employees.

## Trend #2: Dismissing the Human Factor

While AI has dominated much of the conversation around how to improve CX over the last 12-18 months, boosting the effectiveness of old-fashioned human interactions may actually be more important.

We asked consumers to tell us the most important thing brands can do to improve their experiences.

**The top response was Better Service from Staff at 50 percent, outperforming their next pick by 32 points, and ranking this factor even higher than US (42 percent) and UK (30 percent) consumers.**

This is consistent with a finding from our [2018 CX Trends Report](#) that staff both make and break the experience. According to that study, 68 percent of consumers reported that staff interaction remained the most

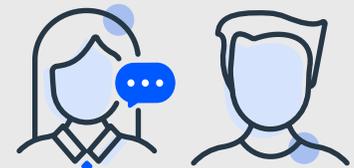
significant and frequent contributor to positive experiences. And our [2017 Retail Trends](#) (US only) report found that a positive experience with staff on average increases a customer's satisfaction by 33 percent.

Despite the strong evidence, brands continue to underestimate the outsized influence of their employees, with only 29 percent ranking this factor first.

Hiring, training, and empowering the right kind of employees to deliver memorable experiences doesn't just make for happier, more generous customers. According to Jacob Morgan's Employee Experience Advantage, companies that invest in employees are four times more profitable and have two times the average revenue.

### Person-to-Person

Another essential function of staff is as a point of contact for customer feedback. Australian consumers (35 percent) were much more likely to prefer giving feedback to store or contact center employees than their US (13 percent) and UK (27 percent) counterparts.



### KEY TAKEAWAY: Prioritise better EX for CX.

It's not enough for companies to 'improve' CX and EX in disconnected silos. Today's top brands are aligning these two important audiences, creating cross functional teams, new and complimentary metrics and KPIs, and making cultural changes to create a healthy symbiosis between the groups. For brands looking for ways to reap more from their customers, they may want to start by addressing the employee experience.

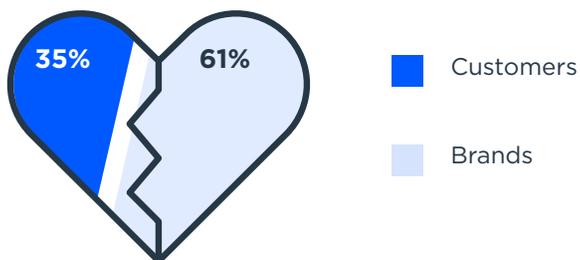
## Trend #3: Pathetic Personalisation

The potential of personalisation is undeniable. The consulting group Accenture estimates that the potential upside for companies that integrate a smart digital strategy to personalise customers' experiences is a hefty \$2.95 trillion for the industry and consumers. It's no wonder brands are rushing to personalise as many interactions as possible, all under the banner of creating better experiences for customers. And despite the fact that personalisation done well can achieve the coveted intersection where customers are happier and more loyal — and brands more profitable — the lion's share of current personalisation efforts are actually achieving the opposite.

Why? Too many brands use personalisation to sell more products, in the absence of improving — and sometimes to the detriment of — the customer experience. And consumers see right through it.

As with several prior InMoment studies, we found that brands significantly overestimated the positive customer impacts of personalisation. In this study, when asked if personalisation efforts made customers feel 'cared for,' only 35 percent of consumers said yes (although not a single one said these tactics made them feel 'very cared for'). On the other hand, 61 percent of brands claim personalisation makes their customers feel warm and fuzzy.

### Believe personalisation make customers feel cared for:



Customers aren't naive. They know what information brands should have about them, and they're not as easily impressed just because you can include their name in a subject line. In looking at the data holistically, it's clear that customers expect brands to have and use the data that can provide them the most value. Brands, on the other hand, prioritise data that's either more available, or more likely to serve their efforts to fill and move customers through the pipeline quickly. For example, when we asked consumers to rank the most important things brands can do to improve their experience, 65 percent placed 'knowing me' (name, buying/service history, preferences, etc.) last.

### KEY TAKEAWAY: Personalise with purpose, not just for profit.

Brands are leveraging personalisation to market and sell products to customers, but not necessarily improving the customer experience. The big problem: this is a direct and explicit violation of a promise. Whether specifically stated ('Please share your information so that we can provide a better customer experience'), or implicitly communicated via your brand, product, or service promise, your customers expect and deserve a fair exchange of value. Customers would rather you understand their preferences and buying habits than just receive personalised marketing emails. If you can tailor the actual experience to individual customers, you can more easily win them over.

## Trend #4: Neglecting Non-Buyers

Brands have long pondered the question: Why do people leave without buying? The mystery of the ‘non-buyer’ plagues companies across every industry and manifestation — from traditional brick-and-mortars to born-digitals and omni-channel hybrids.

Most companies ask this question for two reasons: First, so they can fix what’s broken or remove barriers so they can convert, convert, convert! Second, so they can identify which customers to dedicate fewer resources toward, or ignore altogether. And this makes sense. After all, the point of every brand’s existence is to sell stuff, as much, as frequently, and as quickly as possible.

Our findings on this front may not offer brands a quick road to closing more sales immediately, however there are some important longer-term lessons on improving both revenues and building customer relationships that produce healthy financial rewards.

We asked customers about both the brick-and-mortar and online buying experiences and got slightly different responses.

The large majority of consumers — 81 percent — who visit a brand’s website but leave without making a purchase, do so because they are simply there to browse, research, or comparison shop. In other words, they have no intention of buying. Tying for the second position was shipping and delivery, and out-of-stock concerns at just 8 percent. For brick-and-mortar buyers, 50 percent of customers are there primarily to browse, with another 40 percent leaving empty-handed because they couldn’t find what they were looking for.

What do brands think? They underestimate the number of customers who are there to browse by 13 points both online and in-store. They are aligned when it comes to the concerns

around shipping and delivery, and out-of-stock issues with e-purchases. However, when it comes to brick-and-mortar buying, brands significantly underestimate how frequently customers experience out-of-stock issues by a whopping 21 points.

The bad news: There are a lot of consumers using brands’ digital, physical, and human resources who are going to be difficult to convert into on-the-spot buyers. Additionally, because of brands’ skewed perceptions on the out-of-stock issue, they’re likely missing a huge opportunity to improve both on-the-spot sales as well as longer term loyalty benefits like larger purchases, repeat purchases, and advocacy.



The good news: There are straight-forward fixes that brands can make immediately to capture a number of their non-buyers, especially those who come into physical locations. Looking back at previous InMoment research, we know that one of the chief reasons customers choose to shop in-store versus online is for immediate gratification. Harnessing customer behaviour and purchasing data, along with direct feedback, can inform supply chain strategies down to specific locations. Nike's new 'Nike Live' concept store in Melrose, California uses data from local NikePlus (loyalty app) members to in-

form the entire experience — including which inventory to stock.

Brands with online channels need to close the shipping and delivery gap immediately. Thanks to Catch.com.au, ASOS, and other e-savvy brands, customers are now experiencing fast, painless, and free two-, one-, and even same-day shipping and returns. This is the new normal, and unless a brand offers significant incentives that its customers value in exchange for not delivering (literally), the perception and experience gaps will become more glaring and detrimental.

## Conversations With Non-Buyers

**Give non-buyers options in how to give feedback about their 'unsuccessful' experience. The top three preferences for giving brands feedback were directly to your people, through your website, and through survey comments. Only 5 percent preferred review sites.**



### KEY TAKEAWAY: Treat non-buyers as high-value customers.

Resist the common-sense urge to treat non-buyers as non-entities, or worse, pariahs. Even better, embrace them as high-value customers, just ones with a little longer sales cycle.

There are a plethora of devices to convert these reluctant ones, including follow-up emails and offers, but even those may not fully address the bigger opportunity. Amazon and other online brands pioneered a brilliant, yet simple experience specifically for browsers. 'Wish' and 'Favorite' lists make it easy to become buyers, either directly or by sharing with friends and family. They also give browsers a reason to come back to a specific place. Just because a 'customer' doesn't purchase today does not mean they are a lost cause.

Brands with physical locations must identify the right messages and in-store hooks to get browsers to engage, regardless of whether they intend on making an immediate purchase. Retraining staff to cultivate rather than ignore non-buyers is also critical. While this may be a difficult transition for many brands and shareholders looking at short-term business objectives, it is important. The trend toward more consumers recognising both their voice and value — and holding brands personally and publicly accountable — is only growing.

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## Trend #5: Definition of Loyalty Diverges



All brands hope to drive customer loyalty, and for good reason — loyal customers buy more products more often, and they're willing to purchase at higher prices than those who have never touched your brand. Even more, they'll recommend you to friends and family, acting as unpaid advocates in an age where word-of-mouth is more important than ever.

The problem with loyalty, the study reveals, is that brands and customers have a slightly different, yet very

important perception of its definition. We asked consumers the following open-ended question: 'What's the single most powerful way you prove your loyalty to a brand?' Consumers and brands aligned well around the elements brands use to gauge loyalty:

- **'Buy more'**
- **'Buy more, and even pay higher prices'**
- **'Repeat shopping/coming back'**
- **'Tell friends/family'**

There were two indicators, however, that consumers noted significantly more often than brands: Forgiving when things go wrong, and their willingness to give both positive and negative feedback.

### Here are a few examples:

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'I am **honest** at all times in providing feedback whether it be **positive or negative.**'

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'My feedback would help them **improve** their customer service because **I enjoy shopping there** and would like a better experience.'

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'**Forgive** them for errors. Obviously as long as they set it out properly.'

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'By providing **constructive** feedback.'



Brands mentioned positive feedback and reviews as loyalty indicators, but not a single one included the constructive side of the coin, raising several big concerns. First, brands may be mislabeling customers who complain as 'disloyal,' and treating them accordingly. (They would be given the dubious title of 'detractors' in an NPS survey.) Second, instead of embracing feedback from a friendly, invested audience wanting to help them get better, they may be either ignoring or treating this incredibly valuable intelligence as suspect.

Another finding from the study supports this point. More than 70 percent of customers surveyed say that they feel at least somewhat responsible for creating a better experience, with nearly 30 percent of customers saying they feel very or completely responsible. This shared ownership is a gift that many brands are completely blind to and aren't leveraging.

### KEY TAKEAWAY: Celebrate invested customers.

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Loyalty is a well-established concept with a lot of baggage. Instead of fighting over definitions, it may make sense to add a new or at least an additional way to look at and think about customers: invested. Invested customers don't just buy from you, they engage with you on a deeper and more frequent level. They are committed in a particular way that may feel uncomfortable sometimes, but when leveraged correctly, can also offer significant value to your company.

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# 2019 CX Trends in Summary:

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## #1

### **LURKING VS. LISTENING**

Brands prioritise mining digital data, social posts, and reviews over having direct conversations. However, most customers (78 percent) say asking them directly is the best way to get to the most important insights.

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## #2

### **DISMISSING THE HUMAN FACTOR**

Customers say the most important thing brands can do to improve their experience is provide better service through their employees.

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## #3

### **PATHETIC PERSONALISATION**

Personalisation efforts aren't creating better customer experiences. Only 35 percent of consumers said they felt cared for.

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## #4

### **NEGLECTING NON-BUYERS**

Eighty-one percent of customers who leave a website or store without buying are there to browse, compare, or research, but that isn't even the bad news. Most brands aren't even thinking about how to create experiences to engage them for the long-term.

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## #5

### **DEFINITION OF LOYALTY DIVERGES**

Customers say one of the most important ways they show loyalty is by providing both positive and negative feedback. It's difficult for most brands (and many metrics) to treat constructive criticism as a gift and not a scourge.

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### **About InMoment**

InMoment™ is a cloud-based experience intelligence (XI) platform, arming brands with compelling insights to drive high-value business decisions and relationships with both customers and employees. The company's industry-leading data science powers a full suite of Customer Experience (CX) and Employee Experience (EX) solutions. InMoment's approach of providing strategic technical, best practise and thought leadership support ensures that our nearly 500 brands across 95 countries realise maximum business impact.

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