



experience 2030

EXPERIENCE 2030:
**HAS COVID-19 CREATED
A NEW KIND OF CUSTOMER?**

EMEA CONSUMER RESEARCH



EXECUTIVE SUMMARY

In 2019, SAS commissioned a survey into consumer buying habits and brand practices to try and understand the customer experience and what this might look like in 2030.

Experience 2030: The Future of Customer Experience is... Now!¹ revealed great enthusiasm among customers for the latest technologies and experiences, but also a slowness from brands to live up to their potential.

In the wake of COVID-19, SAS wanted to discover how attitudes have changed and if businesses had made progress in developing their customer experiences. The new survey - using an extended sample size of 10,000 consumers from across Europe, Middle East and Africa (EMEA) - shows that COVID-19 has reinforced the importance of the customer experience in consumer buying habits. And yet, brands are still falling short when it comes to delivering these great experiences.

The quality of the customer experience remains an influential buying factor, with 61% of customers willing to spend more on brands that delivered a good customer experience during the pandemic.

A third of customers even said they would abandon brands that delivered just one bad experience.

Overall, the quality of service held up strongly during the pandemic, with three-in-ten consumers reporting their experience had actually improved during lockdown. Brands are also facing an exciting new prospect - large numbers of customers who are using their digital services and apps for the first time during lockdown. Over one in ten (15%) of customers can be considered digital adopters, and 70% plan to keep using the new channels permanently.

However, brands still have some work to do before they can deliver the experiences customers crave. Only 20% would say they are highly satisfied by their experience. To entice, support and retain consumers, companies have to take a more analytical, data-driven and personalised approach to customer intelligence.

1. [SAS, Experience 2030: The Future of Customer Experience is... NOW!, 2019](#)

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NO GOOD EXPERIENCE GOES UNREWARDED

With many stores and workplaces forced to close, and with requirements not to journey outside unless wholly necessary, commerce decisively shifted online during the pandemic.

The impact and permanence of this shift are still being understood, but the survey has shown that the quality of customer experience has only strengthened as a powerful purchase influencer.

61% of consumers would pay more to buy from businesses that delivered a good customer experience during COVID-19.

Three-fifths (61%) of shoppers said they would pay more to buy products and services from businesses that provided them with a good customer experience during COVID-19. Interestingly, there seems to be little correlation between this sentiment and the level of a country's COVID-19 response. Two countries with early and particularly restrictive response measures - Germany and France - had the least enthusiastic response, with 48% and 47% of customers respectively willing to reward brands.

Customers who would pay more for products and services from a company that provided a good customer experience during COVID-19, by country.

	Saudi Arabia	88%
	South Africa	87%
	Spain	69%
	Italy	65%
	Greece	64%
	UK	59%
	Sweden	55%
	Poland	54%
	Netherlands	54%
	Germany	48%
	France	47%



No good experience goes unrewarded



Regardless, it's clear shoppers continue to value a high-quality customer experience, fulfilment of which boosts goodwill and brand loyalty. Yet, the survey findings also pose a warning to brands.

A third (34%) of customers said they would switch providers based on just one bad experience, failure or mistake.

Customers in Spain and France were the least forgiving, with four-in-five (41% and 40% respectively) willing to cut ties immediately. Meanwhile, nine-in-ten (89%) customers said they would abandon their old provider after up to five bad experiences or slip-ups. The lesson for businesses is that, while consumers value their shopping experience, they simply won't tolerate a few bad ones.

It's important for brands to invest in the customer experience to build loyalty and retention. The relationship between business and customer is founded on trust and the fulfilment of the customer promise. Failing in that duty threatens to sever the relationship.

Customers who would ditch a brand after just one bad experience, by country

	Spain	41%
	France	40%
	Netherlands	38%
	Poland	37%
	Saudi Arabia	34%
	UK	33%
	Italy	32%
	Sweden	31%
	Germany	30%
	Greece	27%
	South Africa	26%

34%
of customers would stop doing business with a company after only one bad experience



No good experience goes unrewarded



The factors that inform customer buying decisions

	Ranked in top three factors post-COVID
Company acts responsibly and shows compassion	32%
Convenience	37%
Customer reviews and recommendations	19%
Flexible refunds or return policies	25%
Low prices and discounts	51%
Personalised offers	22%
Availability and quality	44%
Regular communication and updates	16%
Responsive and helpful customer service	27%
Friendly customer service	27%

A more detailed breakdown of the findings shows that customers have a diversity of opinions on what makes a good customer experience. Price and discounts remain integral for half (51%) of shoppers, but 49% actually put the quality of their customer experience above them. Simply offering the lowest prices and best deals won't cut it with many shoppers.

Other factors like service availability and quality (44%), convenience (37%), and responsive and friendly service (27%) loom large as customer priorities. But significant numbers also value flexible return policies (25%) and regular updates and communication (16%) - factors that have become especially important during lockdown.

Amid persistent business uncertainty, with initial supply and stock shortages as well as many brands

going into administration, it's understandable for consumers to seek updates and assurances from their favoured brands. They also need flexibility and understanding from companies when it comes to returning products they can't interact with instore. Indeed, a third (32%) of customers said they wanted compassion and responsibility from the businesses they dealt with.



No good experience goes unrewarded





“Price has always been a retail go-to in order to increase sales, but in recent times we’ve seen grocers, healthcare and DIY stores reduce their focus on price and discounting. Their focus has been more on the service. How can they stop the customer’s need to queue for hours to get onto their website to shop? How can they let their customers know if a product will not be available at the time of selection, and provide relevant alternatives? Linking supply to digital customer experience to avoid the doorstep delivery ‘shock’ has been a learning curve for retail, and there is much effort going into solving this to provide a more open and transparent CX experience for all.”

Andrew Fowkes, Global Retail Practise, SAS

These factors will only become more important as economic uncertainty persists. This holiday season, 90% of customers intend to spend the same or less than they did last year. Over half (54%) have said they will spend significantly less. To weather the storm, brands have to be smarter, offering targeted, personalised offers and improved customer experiences to encourage consumer spending.

The lesson for brands is they can’t neglect any aspect of the customer experience. Every buying factor presented won the support of a significant number of customers. In today’s business climate, no

business can afford to ignore even 16% of consumers. That could mean the difference between survival and going bust. This stresses the value of being close to customers. Brands need to understand them on an intimate level, and build up a clear picture of their individual preferences and behaviours. Only by applying advanced analytics to online and offline data can brands build up this understanding of their customers. This analysis will empower businesses to make the best possible decisions for that specific customer, and in real time when necessary.



**No good experience
goes unrewarded**



COVID-19: RESILIENCE UNDER PRESSURE

Consumers clearly value brands they can trust to provide a good experience during the tough times.

The question is, how did businesses perform during the initial outbreak and mass lockdowns? What impact might this have on their future customer prospects?

The survey results present a strong picture of brand performance. On the positive side, an average of three in ten customers noted an improvement in their customer experience during lockdown. The largest improvements were found in Saudi Arabia, where 63% of customers noticed an improvement on average.

These improvements are impressive given the major disruption caused to workforces and supply chains worldwide during the pandemic.

In every industry apart from entertainment and events, more consumers noted an improvement in their customer experience compared to those who experienced a decline. The results, of course, vary greatly between the industries and sectors surveyed.



43%
of food and grocery customers reported an improvement in their customer experience despite COVID-19



COVID-19: Resilience under pressure



The industries that performed the strongest during lockdown were grocery and food companies, healthcare, and online retailers.

These sectors experienced customer experience improvements of 43%, 40% and 39% respectively. Such drastic improvements could suggest that, for some industries, an entirely digital customer experience is preferable to the physical, in-store experience. One thing is for certain, though: by providing crucial services when consumers needed them most, these sectors have performed strongly and consistently, securing a large share of national goodwill.

“It’s clear that some industries were better prepared than others, specifically those with existing digital and online infrastructure. However, this wasn’t without its challenges. Many were overwhelmed and found it difficult to scale to the increased online demand, as well as the ongoing challenge of finding people with the right digital skills to support. Covid-19 has driven true digital transformation and shown how digitally focussed organisations have been able to approach their customer experience with empathy and understanding, because they knew their customers well.”

Manuel Tönz, Customer Experience Advisor, SAS



**COVID-19: Resilience
under pressure**



However, despite these improvements and new opportunities, customers still think there's much more businesses can do. An average of 14% of customers felt their customer experience had diminished over lockdown.

Furthermore, regardless of any improvements, the majority of customers remain only lukewarm towards the experiences brands provide. Across most industries, less than 20% of consumers describe themselves as highly satisfied with their customer experience. Prior to lockdown, 12 out of 17 industries had customers that felt predominantly neutral - and there has been little change since. Yet this represents a massive opportunity for brands that are able to double-down on providing the best experiences.

A lack of progress is understandable given the unprecedented nature of the challenge facing all brands. Continuity and consolidation rightly climbed to the top of business priorities during the pandemic. But this situation can't last forever, and there are clear dividends for companies able to anticipate and understand customers on an intimate level. Targeted investment in analytics and the wider customer experience, can help turn general indifference into competitive advantage by delivering relevant, personalised and engaging experiences.

"The challenge is not just about "being more digital". It's about really understanding what your data is telling you to be able to forecast, plan, market and scale for the long term. How can organisations take advantage of historic empiric data they have to be able to plan, forecast and predict what their customers will do if there is another lockdown, or if something else happens. It's all about trying to predict the unpredictable as much as possible using the information you have. But those organisations who haven't been as digitally focussed don't have this data to work with, which may cause them problems in the future."

Manuel Tönz, Customer Experience Advisor, SAS



**COVID-19: Resilience
under pressure**



CUSTOMERS OF HABIT

To improve the customer experience overall, brands need to know what types of offer appeal to which customers, what channels they use and when they use them.

With the opportunity for physical interactions greatly reduced during lockdown, there has been a sizeable increase in digital interactions across all sectors. Many of these engagements came from customers using these channels for the first time.

Essential service providers like healthcare organisations (18%), grocery and food companies (17%), education and advocacy groups (17%), and public sector organisations (17%) saw the highest shares of digital adopters. Digital channels gave consumers access to these crucial services they otherwise would have struggled to get. Sectors with large, pre-established cohorts of digital customers such as banking and finance (57%), and mobile TV or internet companies (52%), also saw strong growth of 14% in new users.

Industry	Existing digital	New digital
 Banking & FS	57%	14%
 Consumer	32%	17%
 Education & advocacy	20%	17%
 Entertainment & events	34%	15%
 Government & public sector	34%	17%
 Grocery & food	31%	17%
 Hardware & software	29%	14%
 Healthcare	28%	18%
 Insurance	34%	15%
 Media	40%	15%
 Mobile, TV & internet	52%	14%
 News, advertising & publishing	39%	15%
 Restaurants & fast food chains	35%	16%
 Retail (physical)	34%	16%
 Retail (online)	43%	15%
 Social media	56%	13%
 Travel & hospitality	36%	13%



70%
of new digital
customers plan
to keep using
digital services
after lockdown

These are huge leaps, taken in a very short span of time. To put this in perspective, it took four years for the number of online banking users to increase by 16% between 2016 and 2020². Yet, 14% growth has been achieved in just three months during the pandemic, representing a huge acceleration of the process.

On an even more positive note, 70% of these new digital adopters plan to continue using digital services after the lockdown. This suggests that new customers are already starting to realise the benefits of digital, and they're hungry for more. The sectors and businesses that manage to retain these customers in the long-term can expect the highest dividends. The greatest opportunities lie in the Saudi Arabian and Spanish markets, which saw the largest increases in the number of new digital customers (25% and 17% respectively).

This upsurge in digital adopters present a clear opportunity, as increased use of digital channels creates digital footprints that help organisations using advanced analytics to deliver more relevant, personalised and satisfying experiences. Customers should expect improved, more personalised services in the future.

“New digital customers are an opportunity but also an optimisation and improvement challenge. Take banks as an example - there was a huge reliance on people meeting face-to-face, and when it comes to money it can be difficult for those new to digital to trust a website rather than a person. How can organisations ensure these customers are still receiving the same level of personal service so they stay and are happy?”

Manuel Tönz, Customer Experience Advisor, SAS

[2. Finder, Digital banking statistics 2020](#)



Customers of habit



However, in addition to these opportunities come new responsibilities for brands to take onboard. Customers who have never purchased online before are likely to need more help and support in order to make the most of unfamiliar digital apps and services. This is especially true for older customers, who make up a significant portion of digital adopters. In healthcare, for example, one-in-ten (9%) of all new users are aged 55 and over.

Considering the large influx of new users, it would be a shame for them to level off and return to more traditional channels over time. It's crucial that brands get up to speed on understanding their new audiences, so they can take advantage before their competitors.

To hit the ground running, they need to understand every customer journey on an individual basis, working out what parts of the cycle they struggle with or choose to drop off. This is only possible with the capabilities to combine online and offline data,

and the analytics to determine - in real-time where necessary - the next best action for each customer. Given the sheer number of unique engagements involved, a level of AI-driven automation is critical to carrying each customer through their optimal journey. These systems form the foundation that delivers targeted, in-the-moment, and tailored communications and offers.



Customers of habit



CONCLUSION

Customer behaviours have been forced to change by the reality of lockdown. More consumers are turning to digital apps and services. But are these shifts only temporary or are they here to stay? The outcome very much depends on what companies do next to improve their online offerings. COVID-19 has propelled a whole new generation of digital adopters online. But brands will have to work hard and offer competitive online experiences in order to keep them.

The quality of the customer experience is now more important than ever, especially as it becomes more digital-centric. However, the survey findings consistently show there's no single decisive factor that will help businesses secure market share. Instead, brands need to have all their bases covered, from convenience to personalisation, to ensure every customer walks away satisfied.

Ultimately, there's no shortcut around customer intelligence. Brands have to use all available customer data to make accurate and timely decisions - at the segment of one.

This must go beyond simple marketing messages, to include the digital enablement of personalised post-sale service, account management and queries. Brands need to be more functional and interactive, moving from human-to-human conversations to digital interactions that retain the human touch.

This requires extensive use of analytics and AI - something that is usually not built into the digital experience by design and which many have yet to master.

**FOR MORE EVIDENCE AND
EXPERT INSIGHT INTO HOW
THE CUSTOMER EXPERIENCE
IS CHANGING**

Methodology

This consumer research was conducted and statistics compiled for SAS by 3Gem. Respondents completed an online questionnaire in August 2020 across a number of markets (UK, Germany, Italy, France, Spain, Netherlands, Poland, Sweden, Greece, Saudi Arabia and South Africa), adding up to a global sample of 10,000 adults over the age of 18. A broad range of 17 industry sectors was covered; including financial services, retail, healthcare and media.





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