



Experience is everything:
Here's how to get it right



pwc.com/future-of-cx

Overview

Give customers a great experience and they'll buy more, be more loyal and share their experience with friends. Great. That's what every company strives for. So why are so many consumers disappointed? Call it an experience disconnect: companies tout the latest technology or snappy design, but they haven't focused on—or invested in—the aspects of customer experience that are the most meaningful.

What truly makes for a good experience? Speed. Convenience. Consistency. Friendliness. And one big connector: human touch—that is, creating real connections by making technology feel more human and giving employees what they need to create better customer experiences. People are increasingly loyal to the retailers, products, brands and devices that consistently provide exceptional value with minimum friction or stress.

The challenge: use new technology with purpose to make the experience feel more human—without creating frustrations for customers and while empowering employees.





6 takeaways to guide you

1 **The price premium is real—and it's big.**

The payoffs for valued, great experiences are tangible: up to a 16% price premium on products and services, plus increased loyalty. In return, among U.S. consumers, there's a sharp increase in willingness to give up personal data: 63% say they'd share more information with a company that offers a great experience.

2 **Bad experience is driving customers away—fast.**

You won't have many chances to get it right. One in three consumers (32%) say they will walk away from a brand they love after just one bad experience. This figure is even higher in Latin America, at 49%.

3 **Companies need to get the must-do's right.**

Speed, convenience, helpful employees and friendly service matter most, each hitting over 70% in importance to consumers. Those who get it right prioritize technologies that foster or provide these benefits over adopting technology for the sake of being cutting edge.

4 **The employee experience is the cornerstone.**

Human interaction matters now—and 82% of U.S. and 74% of non-U.S. consumers want more of it in the future. Regardless, the technology supporting human interaction must be seamless and unobtrusive across platforms.

5 **Give up generational fixation.**

What matters most to all generations surveyed holds true for Gen Z, too. But what passes for speed and knowledge to Gen Z might be different. Instant is expected. Convenience—seamless transition from tablet to smartphone to desktop to human—is a baseline expectation.

6 **Experience is the strategy.**

54% of U.S. consumers say customer experience at most companies needs improvement. That's quite an experience gap.

The implications are significant

There is a formula for getting it right. The right culture, new ways of working and empowered talent are key to unlocking revenue opportunities through better experience. But technology alone won't cure what ails customer experience.

Done right, technology can help companies create phenomenal customer experiences and reap the resulting benefits: 82% of the top-performing companies report [paying close attention to the human experience around digital and tech.](#)

- **Your customers have demands. They aren't what you think.** Technologies and improvements that increase speed, convenience, friendliness and knowledge—core demands of consumers—are openings for companies to improve how people interact with, embrace and spend with their brand.
- **Customers generate revenue. Employees drive the experience.** Reduce friction for consumers and empower employees to bring higher customer satisfaction, resulting in more forgiveness if things go wrong. This may require new ways of working, more focus on the employee experience and a sophisticated view of the human-and-machine relationship in customer experiences.
- **Technology isn't the final solution, it's an enabler.** Companies won't be able to solve their customer experience problems with technology alone—it's just the enabler. Focus on experience to realign priorities. Great employee experience brings stronger, smarter, more innovative ideas, which will drive future business and superb customer experience.

Methodology

PwC surveyed a representative sample of 15,000 people from 12 countries, via an online survey and in-field interviews; 4,000 respondents were from the U.S., the remaining 11,000 were from a sampling of countries¹ around the globe.

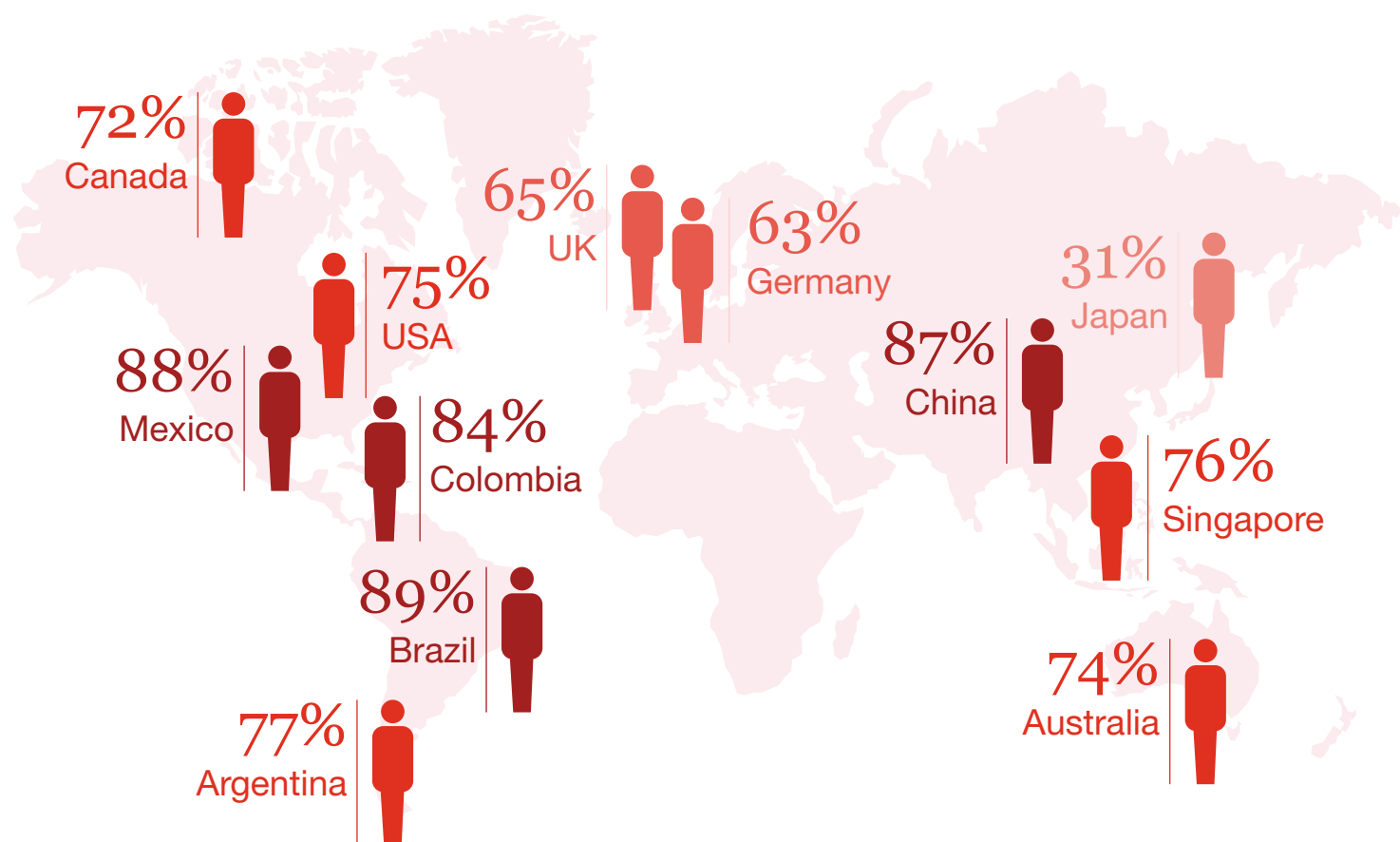
¹ Countries surveyed: Argentina, Australia, Brazil, Canada, China, Colombia, Germany, Japan, Mexico, Singapore, and the U.K.

Inside the customer experience disconnect

Good customer experience leaves consumers feeling heard, seen and appreciated. It has a tangible impact that can be measured in dollars and cents.

- 73% of all people point to customer experience as an important factor in their purchasing decisions. Yet only 49% of U.S. consumers say companies provide a good customer experience today.
- 43% of all consumers would pay more for greater convenience; 42% would pay more for a friendly, welcoming experience. And, among U.S. customers, 65% find a positive experience with a brand to be more influential than great advertising.

Figure 1: Customer experience helps people decide between buying options



Q: When it comes to making purchase decisions, how important is customer experience in choosing between options?
Source: PwC Future of Customer Experience Survey 2017/18

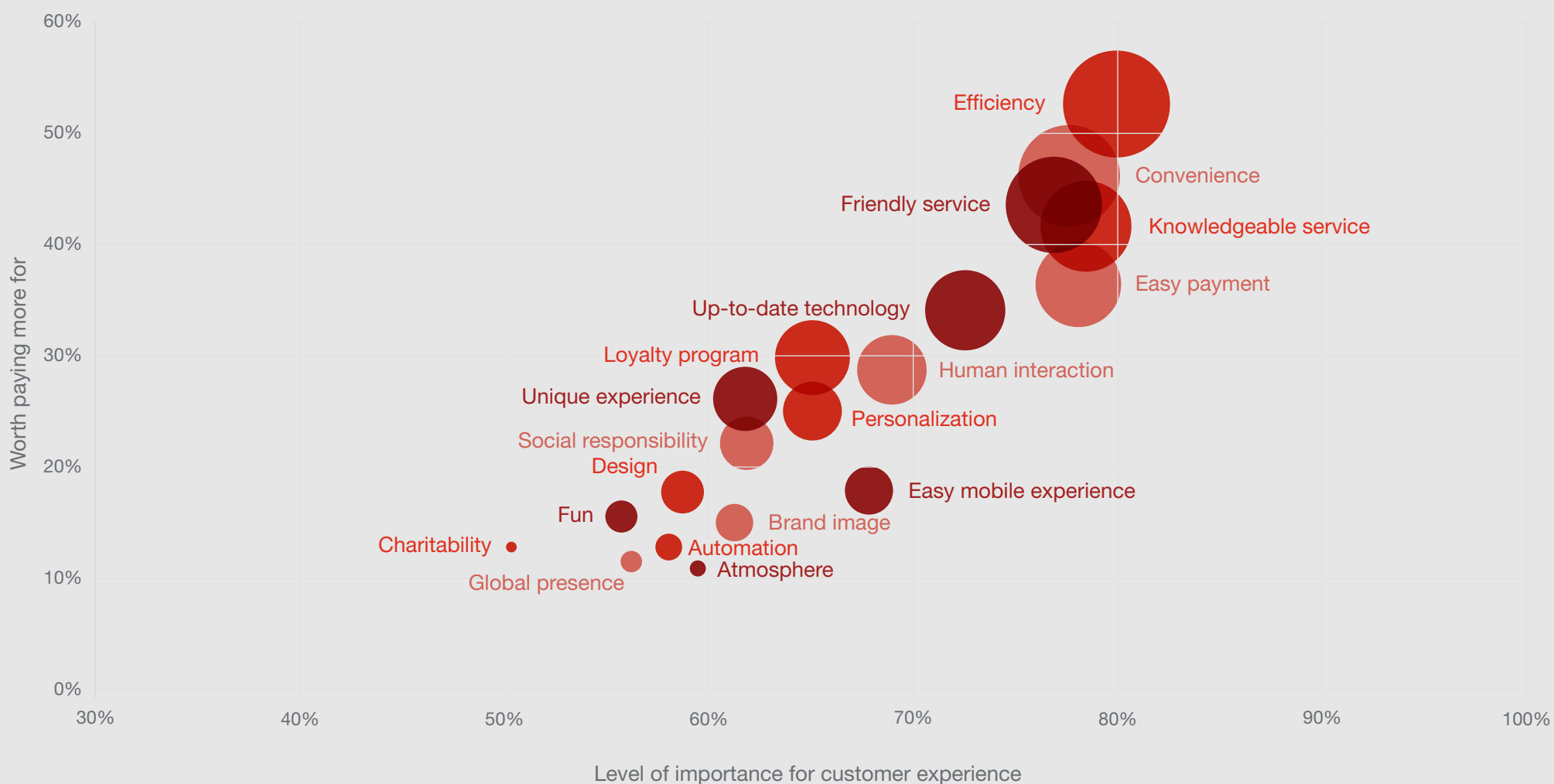
What really matters to consumers

Nearly 80% of American consumers point to speed, convenience, knowledgeable help and friendly service as the most important elements of a positive customer experience.

Consumers outside the U.S. value speed even more than Americans do. Speed can mean something as simple as instant service or as complex as instant delivery. In some cases, people will pay for it: more than 40% of respondents in [PwC's Global Consumer Insights Survey](#) say they would pay extra for same-day delivery.

Customers expect technology to always work (and are unlikely to take note of new technology unless it malfunctions or interrupts the seamless, friendly experience). They want the design of websites and mobile apps to be elegant and user-friendly; they want automation to ease experience. But these advances are not meaningful if speed, convenience and the right information at the right time are lacking.

Figure 2: What people value most in their customer experience



Q: When it comes to great overall customer experience, how important do you think each of the following will be in the future?
Which of the following things are worth paying more for?
Source: PwC Future of Customer Experience Survey 2017/18

The experience gap leaves an opportunity sweet spot

Price and quality remain top of mind for customers as they make purchasing choices. But when customers think about their interactions, positive experiences influences purchasing decisions in almost every industry, but are particularly influential in healthcare (78%), banking (75%), restaurants (74%) and hotels (74%).

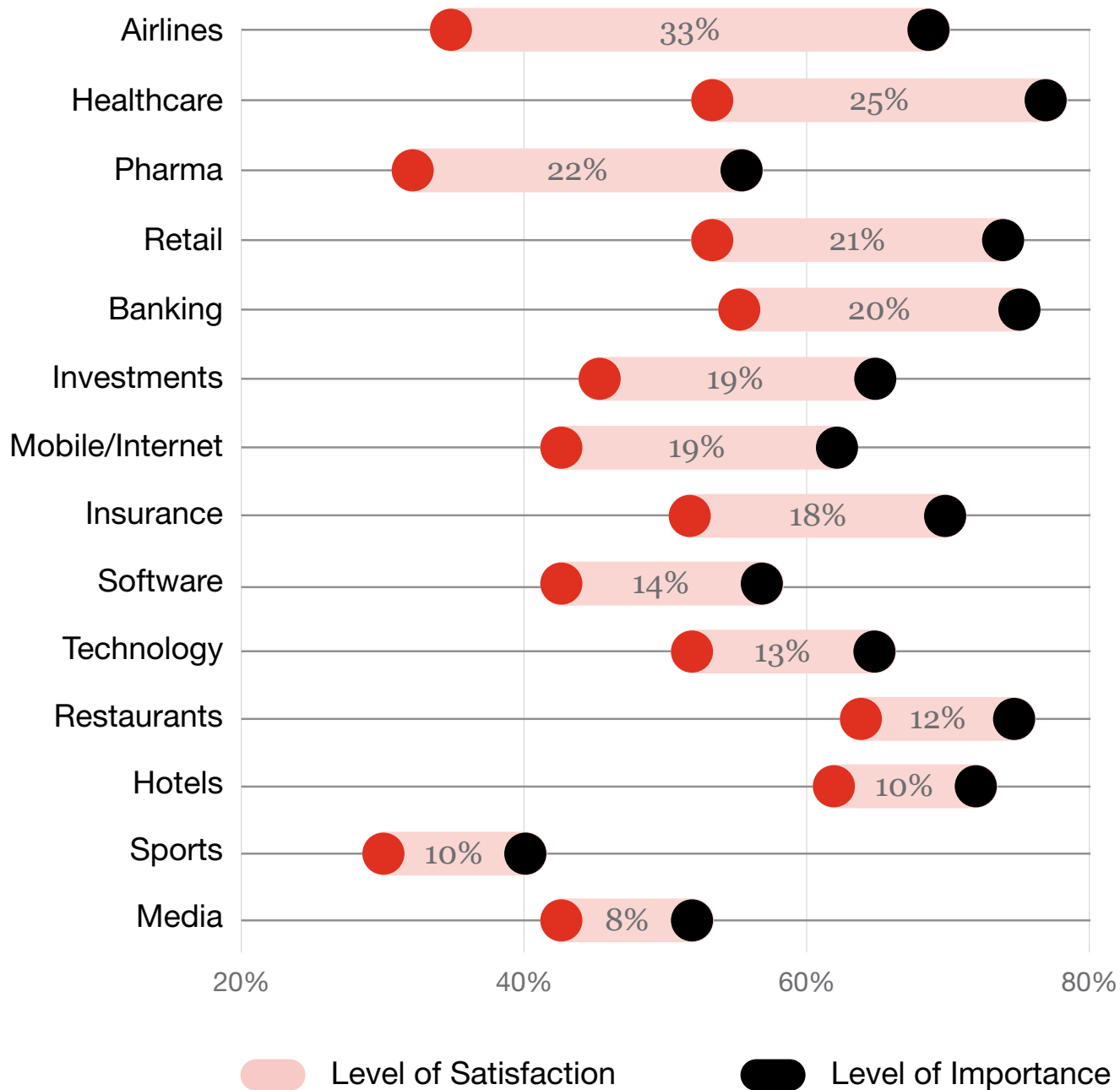
Defining Successful Experiences

Across all the industries surveyed, an average of 48% of U.S. consumers point to friendly, welcoming service as uniquely defining success in an industry; fewer (32%) pointed to having the most up-to-date technology. Most people only make the connection between technology and customer experience when tech fails, is slow or disrupts the process. Yet the number of companies that say creating better customer experiences is a digital priority have [dropped to just 10% in 2017](#), down from 25% in 2016, according to PwC's Digital IQ survey.

The gap is clear when you look at what customers expect versus the satisfaction they're actually getting. It's not a pretty picture (see Fig. 3). But closing that gap by finding the sweet spot—where technology complements the human element of customer experience without creating new frustrations—is the opportunity right in front of you. Along with that technology comes [upskilling your workforce](#) to teach them how to adapt and adjust to evolving customer needs and ways to connect.



Figure 3: The experience and expectation gap



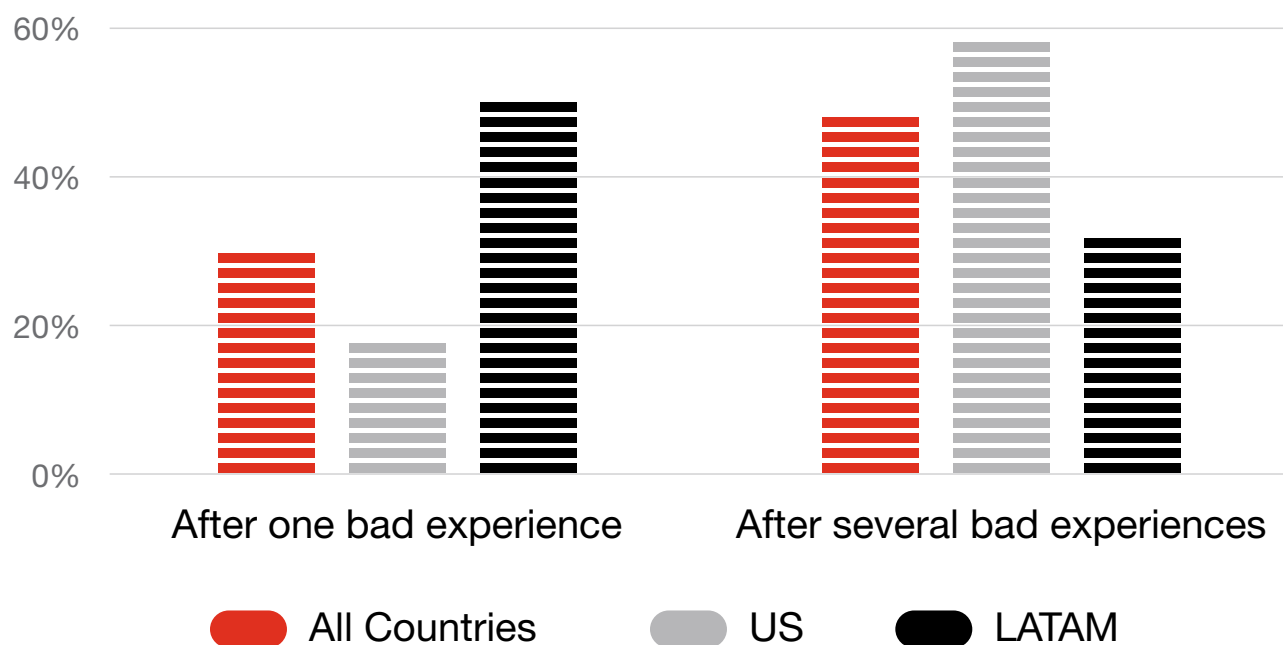
Q: When it comes to making purchase decisions, how important is customer experience in each of the following industries? Generally speaking, how would you rate the customer experience in each of the following industries today?
 Source: PwC Future of Customer Experience Survey 2017/18

You Don't Have Many Chances To Get It Right

Can you imagine losing one-fifth to one-third of your customers in a single day? Lost. For good. That's exactly what could happen after just one bad customer experience with your product or brand. Even if people love your company or product, in the U.S. 59% will walk away after several bad experiences, 17% after just one bad experience.

32% of all customers would stop doing business with a brand they loved after one bad experience. In Latin America, 49% say they'd walk away from a brand after one bad experience.

Figure 4: When do consumers stop interacting with a brand they love?



Q: At what point would you stop interacting with a company that you love shopping at or using?
Source: PwC Future of Customer Experience Survey 2017/18

Get the no-brainers right—and the rest will follow

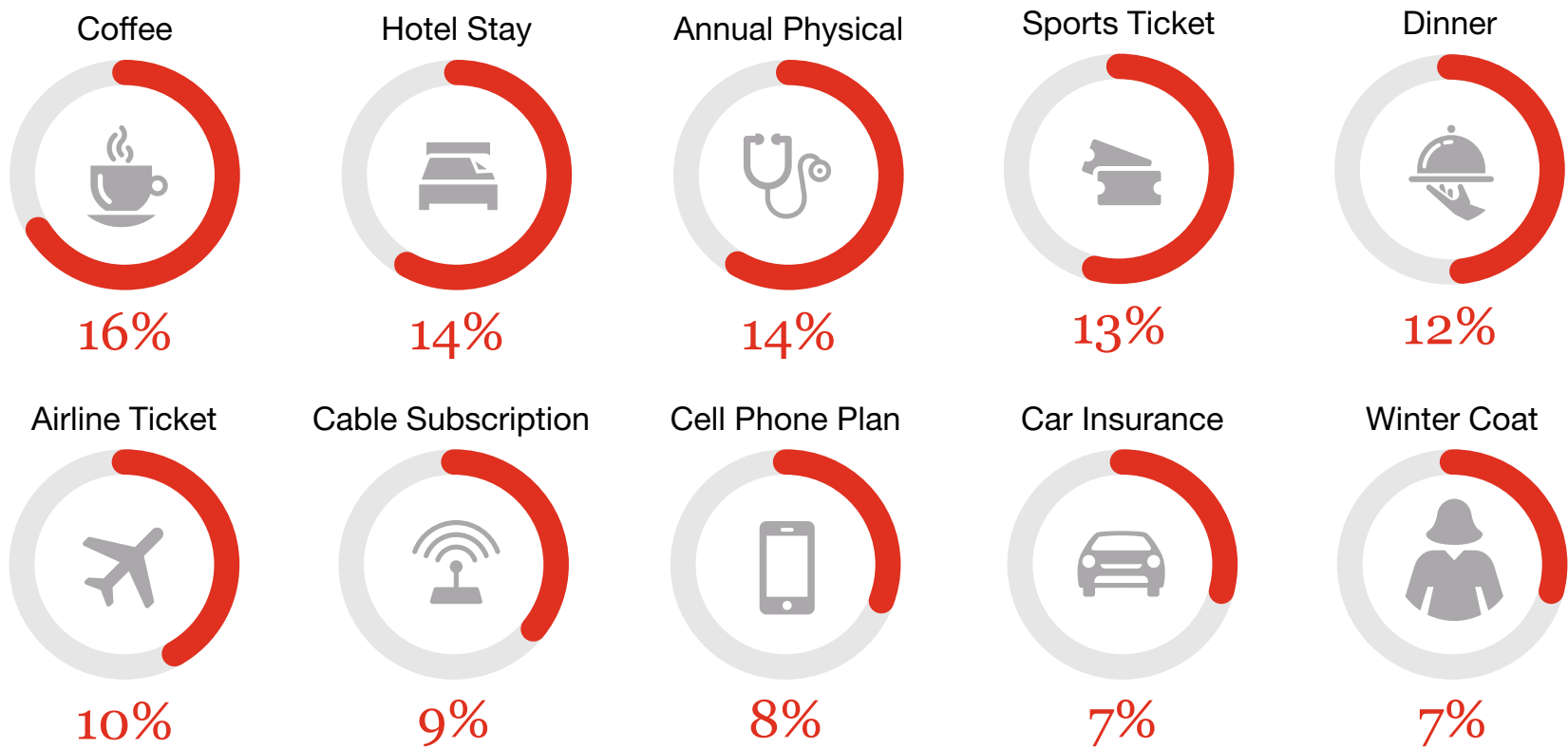
Want to win the experience race? Change your customer experience goals to reflect what actually matters to customers. When customers feel appreciated, companies gain measurable business benefits—including the chance to win more of their customers' spending dollars. Just over 36% of consumers say they will [likely spend more in 2018](#), but to get that extra revenue, companies will have to work harder.

Price Premiums

While every industry saw a potential price bump for providing a positive customer experience, luxury and indulgence purchases benefit the most from top-flight service. Such items averaged a 13% price premium for better experience among consumers outside the U.S., with up to 18% for something like coffee for customers in the U.S. (see Fig. 5).

But customers aren't willing to pay more for bells and whistles unless core elements of customer experience are met. They're not willing to pay for trendy products or features. And only 15% of all customers would pay more for engaging design and 12% for a great atmosphere.

Figure 5: The price premium of good customer experience



Scale is out of 25%

Q: How much would you pay for the following product or service if the company provides a great customer experience?

Source: PwC Future of Customer Experience Survey 2017/18

Access to Customer Data

43% of U.S. consumers say they would not give companies permission to collect their personal data (such as location, age, lifestyle, preferences and purchase history) to allow for more personalized, customized experiences. However, they felt differently in one instance. For a service they say they truly valued, 63% said they'd be more open to sharing their data. Building trust is also imperative. 88% of U.S. consumers say that how much they trust a company determines how much they're willing to share personal information.

Gen Z is quickly forming its loyalties to brands. 40% of Gen Zers (vs. 24% for everyone surveyed) feel more loyal to brands now than last year.

More Loyalty

When U.S. customers feel appreciated, they are more likely to recommend or endorse a brand on social media, subscribe to a brand's newsletter or sign up for promotions and make repeat purchases.

What's more, customers say they are more likely to try additional services or products from brands that provide superior customer experience.

Consider American Express*, which transformed its approach from treating customer service as a cost center into an opportunity to build customer relationships—and as a result they began to truly understand customer needs. At the same time, Amex made a tremendous effort to enhance processes, shift technologies, alter policy and modify products to drive that experiential shift.

These efforts quickly led to a 400% increase in customer retention. These changes put customer relationships at the core of the strategy, further enabling Amex to position itself as more than a credit card company, winning more elements of a customer’s life, from travel to concert tickets.

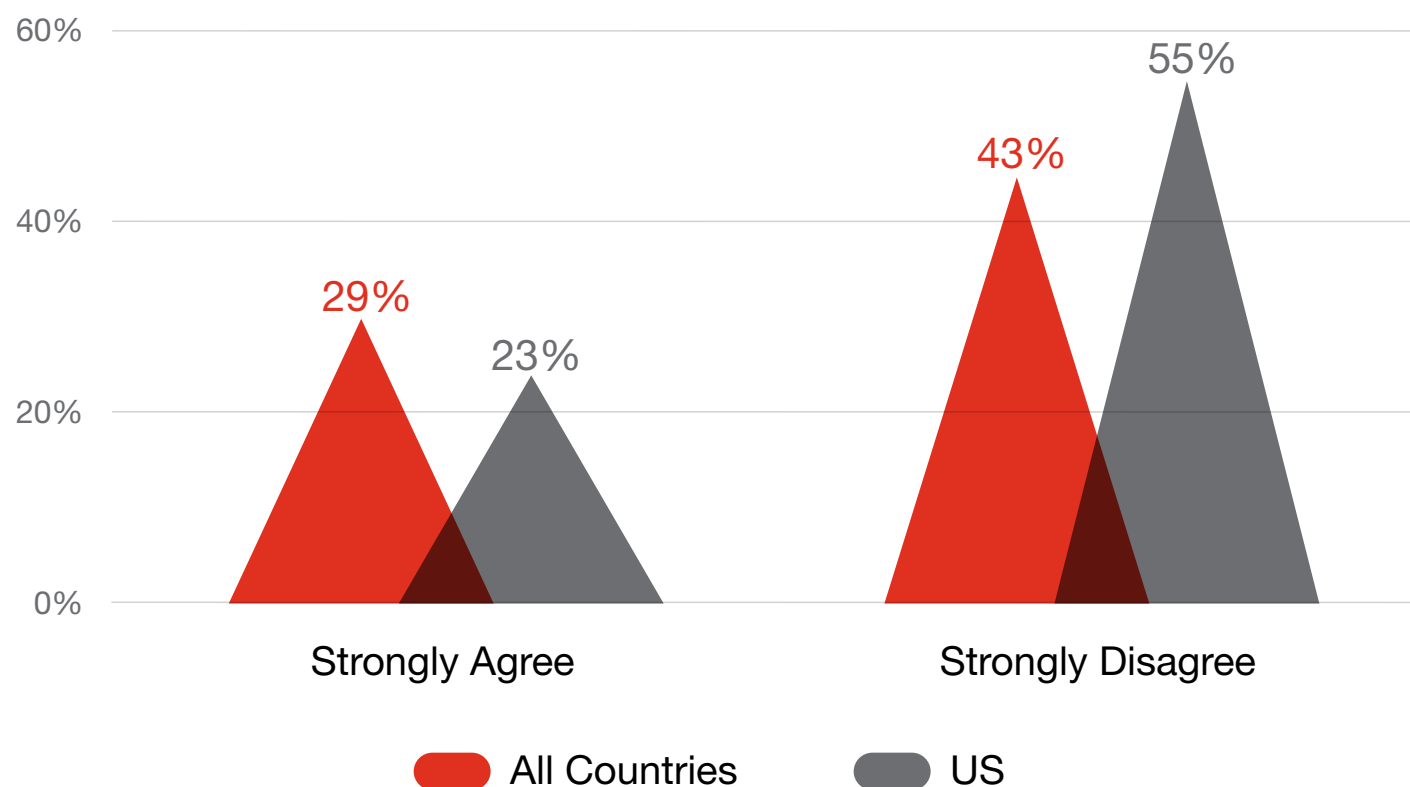
* Financial Times: Road To Excellence: How American Express leads the way for customer experience transformation

How to win the experience wars

Be—or Feel—More Human

Even as technology improves and automation becomes more prevalent, most American consumers still prefer human interaction. People engage with apps, self-service checkouts, websites and the like. But the second something goes wrong, they want to talk to a person, stat. Only 3% of U.S. consumers, for instance, want their experiences to be as automated as possible.

Figure 6: Once technology becomes advanced we won't need people for great customer experiences



Q: How much do you agree or disagree with the following statement: Once technology becomes advanced we won't need people for great customer experiences.

Source: PwC Future of Customer Experience Survey 2017/18

New technology tools are tantalizing and sometimes necessary, but the human touch remains enormously important. Today, 64% of U.S. consumers and 59% of all consumers feel companies have lost touch with the human element of customer experience. 71% of Americans would rather interact with a human than a chatbot or some other automated process.

Human and Machine, Not Human or Machine

Take advantage of automation, but make sure customers can reach a human when one is needed. In turn, automated solutions should “learn” from human interactions so those experiences also improve. This shift allows your employees to be more engaged when they’re needed, provide better service and get necessary support from technology—as part of the seamless experience. This will require a change in how companies measure customer service performance. For instance, instead of measuring call volume, companies may look to the number of successful solutions they provided for a customer.

Keep in mind, the habit of shopping in stores isn’t going away—in fact, it’s increasing. In a recent survey, 44% of consumers said they shop in stores daily or weekly (for items other than groceries), up from 36% in 2014. And most consumers say they’ll want more human interaction in the future. Japan stands as an outlier; the desire to interact with a human is lowest, at 53%.

Figure 7: Human vs. Automated Interaction



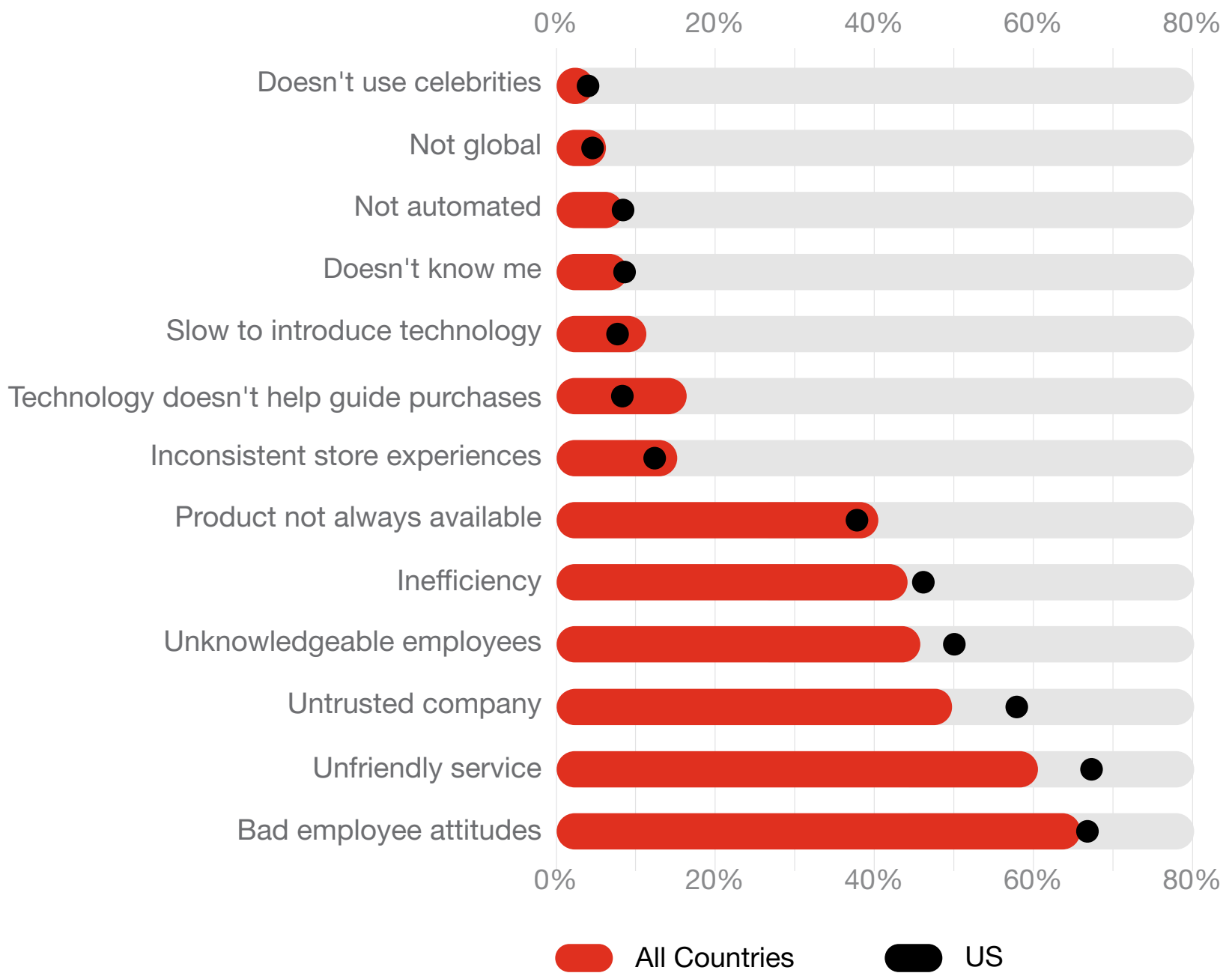
Percent who indicate:
 “I’ll want to interact with a real person more as technology improves”

Source: PwC Future of Customer Experience Survey 2017/18

Understand What Drives People to Take Their Money Elsewhere

Price and product quality are a given—79% of U.S. consumers say they might switch from one brand they like to another for a better price, 52% for product quality. Such drivers often dictate initial choices too—and in many instances, switching brands can be hard (consider what it takes to switch banks). For many it's not worth the hassle for small improvements.

Figure 8: What drives people away



Q: Which of the following would stop you from doing business with a company?
Source: PwC Future of Customer Experience Survey 2017/18

Empower Employees (Right Now)

There's a reason every employee at Ritz-Carlton Hotels* has the freedom to use up to \$2,000 to rescue a bad guest experience. The risk of not getting the human element right is significant. 60% of all consumers said they'd stop doing business with a brand if the service they received was not friendly.

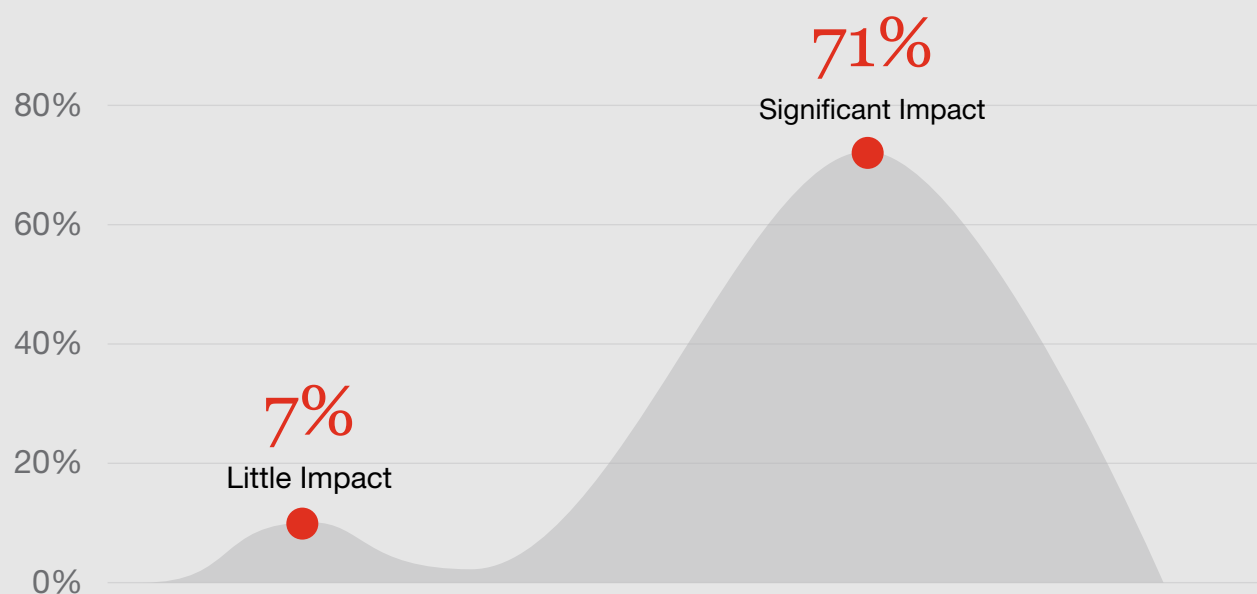
Of course, not every company serves well-heeled clientele or can afford this level of spending on a customer. But any company can follow the ideal: empower all employees to make things right, from the cashier who can price-adjust instantly without a manager's approval to company-wide adoption of an "I'll go get that for you, no problem" mentality or no-questions-asked policy on returns, à la Trader Joe's**. Policies that reduce friction for consumers and empower employees bring higher customer satisfaction—and more forgiveness.

Close the Expectation Gap

Right now, there's a mismatch between customer expectations and how employees deliver.

- 46% of all consumers will abandon a brand if the employees are not knowledgeable.
- Only 38% of U.S. consumers say the employees they interact with understand their needs; 46% of consumers outside the U.S. say the same.

Figure 9: Employees have a significant impact on experience



Q: How big of an impact do a company's employees have on your overall customer experience?
Source: PwC Future of Customer Experience Survey 2017/18

* IBS Hyderabad: Employee Training & Development at Ritz-Carlton

** The Daily Meal: You can return almost anything to Trader Joe's

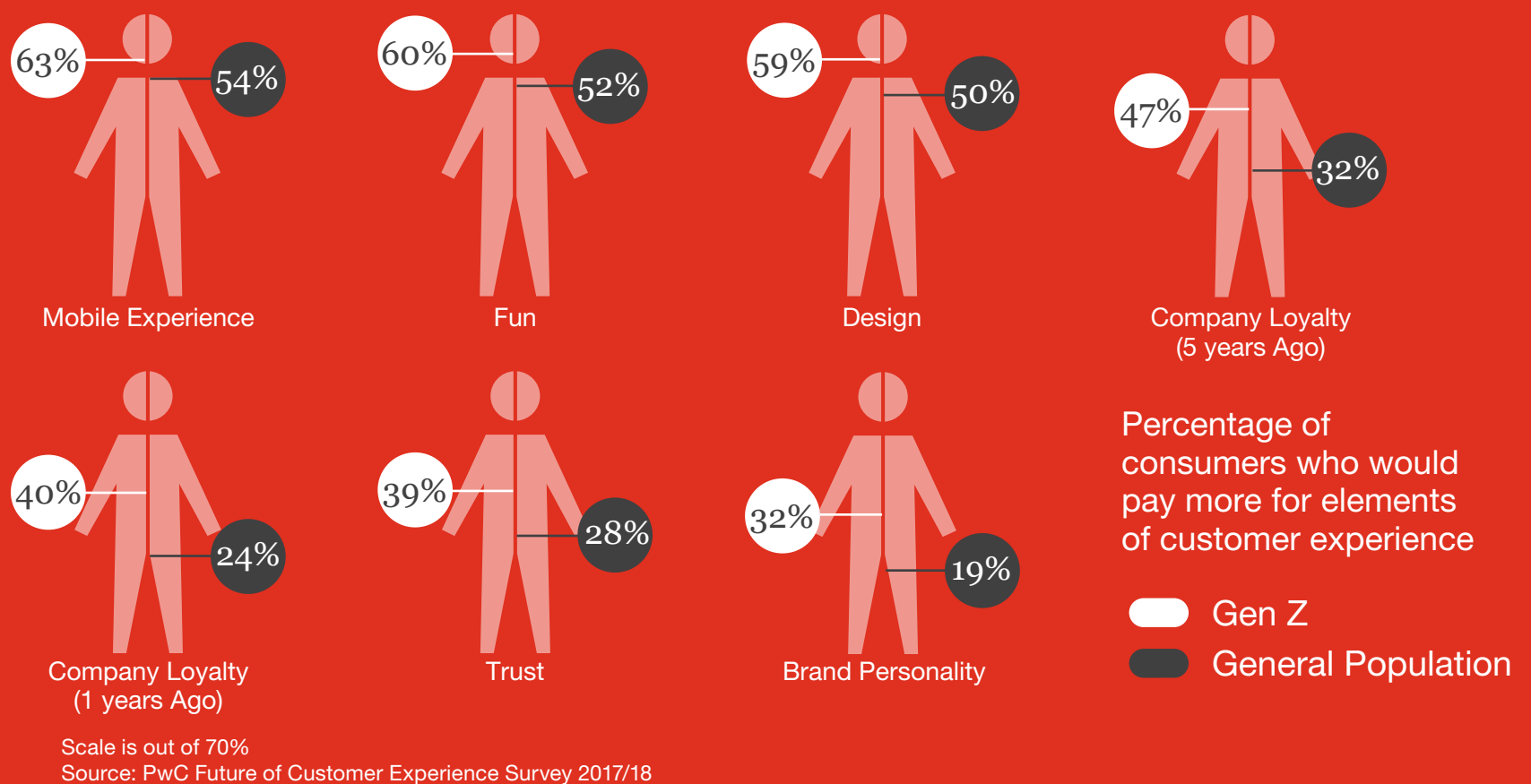
A focus on using technology and innovation to equip employees with the information they need to best serve consumers could help close this gap—and so could incentivizing employees to provide a good experience, [boosting relevant training for employees](#) and creating an overall corporate culture of empowerment.

Shape perception of the digital future

Get to Know Gen Z

Gen Z isn't all that different from the millennial generation and Gen X when it comes to what they want from customer experience. But there are some nuances worth understanding if you're trying to appeal to the preteens, teens and young adults of the generation that was born in the mid to late 1990s.

Figure 10: Get to know what matters to Gen Z



People instinctively understand that technology will change how they buy things, but they don't always clearly see how innovation and technology already impact their interactions. For instance, only 38% of U.S. consumers think cloud technology has an impact on their customer experience. Yet people interact with cloud technology hundreds of times every day. Unless there's a failure, they're unlikely to notice or believe the cloud has an impact on their experience as a customer.

Take Oscar Healthcare, for example*, a search engine and health insurance company, was designed to simplify research, selection and purchasing of non-employer healthcare plans. The company's digital experience simulates conversations a customer would have with a representative on the phone and is seen as simple to use.

* InVision: [What the Oscar team learned designing apps for healthcare](#)
 * Medium: [How we designed Oscar 2.0](#)

Similarly, the most tangible role of artificial intelligence (AI) in consumers' shopping activity is already seen via the devices they use, such as smartphones, and in ads and sponsored content that links to prior behavior. But most consumers simply aren't aware that these are AI in action.

Know What Customers Don't (Now)

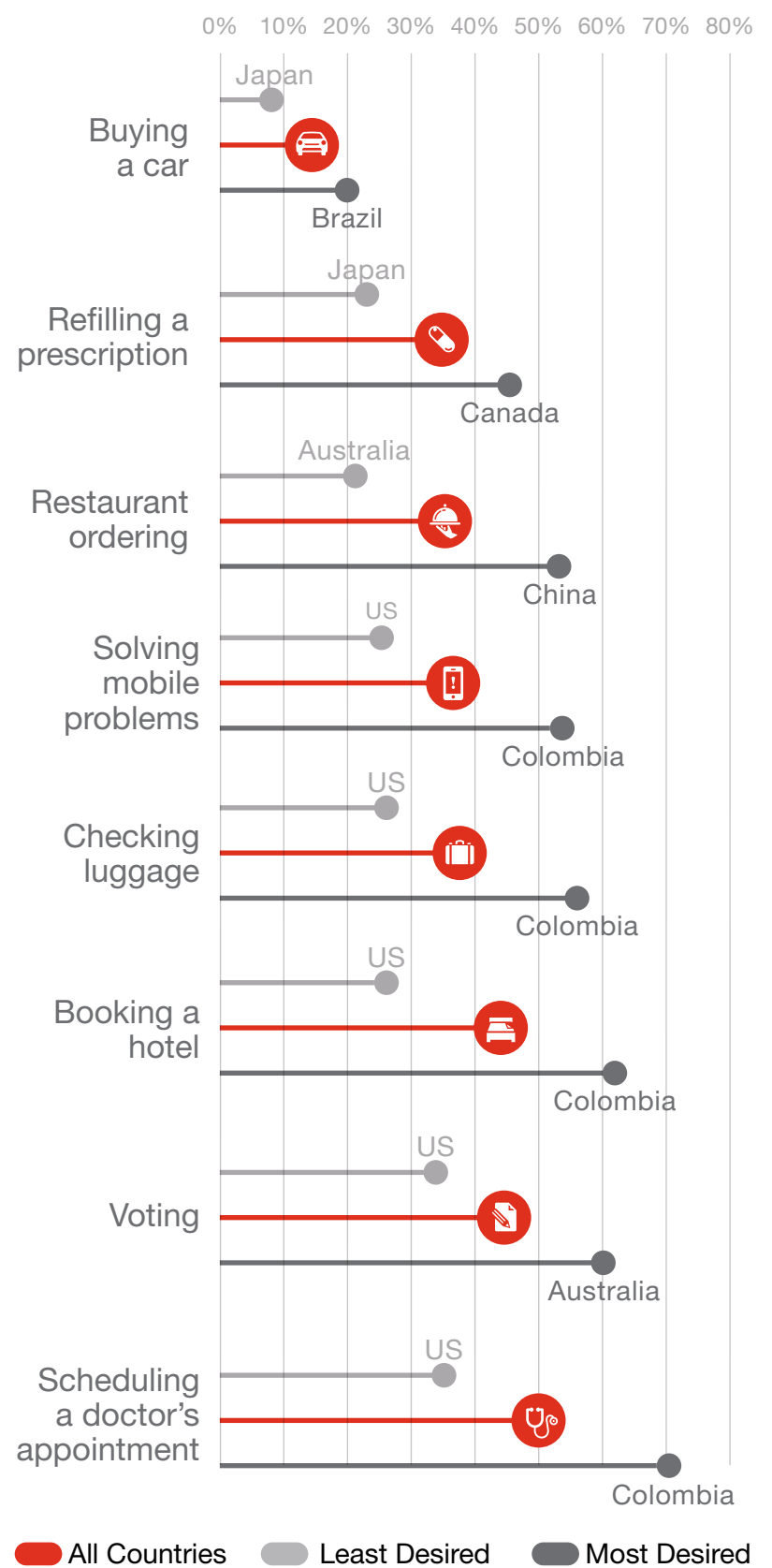
Only **47% of executives say** they understand clearly how robotics and AI will improve customer experience. That has to change—immediately. Smooth, consistent transitions from machine to human is crucial. Consumers increasingly show loyalty to the retailers, brands and devices that consistently provide exceptional value and variety with minimum friction or stress.

Using these tools wisely to provide seamless payments and consistent experiences across platforms and in-person transactions is crucial to customer satisfaction.

Recognize Areas for Improvement

Non-U.S. consumers have more of an appetite for their customer experience to be digitized for tasks such as scheduling doctor's appointments, making hotel reservations and getting tech support. Americans are much more interested in digital experiences for refilling prescriptions and buying cars.

Figure 11: Experiences customers wish were more digitized



Q: Which of the following interactions do you wish were more digital than they are today?
 Source: PwC Future of Customer Experience Survey 2017/18

Tech and people together, improving customer experience



There are areas customers identify for improvement, creating clear opportunities for advancements by using new technologies and digitizing more of your business and processes. Advances in technology will have an impact on customer experience, and the majority of consumers are aware of that. But that impact could be positive, frustrating or a little bit of both.



Good customer experience minimizes friction, maximizes speed and efficiency and maintains a human element, embedded within the automation, AI or other technologies. It leaves consumers feeling heard, seen and appreciated. It has a tangible impact that can be measured in dollars and cents.



The price premiums consumers are willing to pay adds up for companies who heed the call for a customer experience that goes beyond the usual and brings together the best elements of people, technology and service.

Are you ready to transform your customer experience and make what's next for your organization?

LET'S MEET

Authors

David Clarke
Global Chief Experience Officer
clarke@pwc.com

Ron Kinghorn
US Consumer Markets Advisory Leader
ron.kinghorn@pwc.com

Contributors

Anil Swami
Service Experience Transformation Leader
anil.swami@pwc.com

Rik Reppe
Partner, Customer Experience
rik.reppe@pwc.com

David Yoffie
Service Practice Leader
david.yoffie@pwc.com

Steve Barr
Consumer Markets Leader
steven.j.barr@pwc.com

John Swadener
Partner, Experience Center
john.r.swadener@pwc.com

Thomas Puthiyamadam
Global Digital Services Leader
tomp@pwc.com

Matt Lieberman
US Advisory Marketing Leader
matthew.lieberman@pwc.com

Editor

Jennifer Merritt
Editor-in-Chief, Digital
jennifer.merritt@pwc.com

Marketer

Sarah Weiss
Tech and Emerging Tech Marketing
sarah.c.weiss@pwc.com