

2021 Q1
EDITION

THE STATE OF DIGITAL CUSTOMER EXPERIENCE

Customer Pivots and Business Reactions

A Digital
Customer
Experience

**SPECIAL
REPORT**

PUBLISHED BY



Overview

The pandemic has changed everything — how customers interact with organizations and how organizations communicate with customers. But the consequences of government shutdowns and social distancing has turned the customer journey upside down.

Changes in customer behavior thanks to the pandemic have transformed the customer journey. More digital touchpoints than ever might seem beneficial for organizations who can reach customers anytime, anywhere. However, customers are also more savvy than ever before and demonstrate less loyalty to organizations and brands, especially when those brands are not responsive to their needs. Organizations were already struggling with the customer journey, but now it's much more complicated.

Late last year we surveyed CX leaders and other professionals in the State of the Digital Customer Experience survey. We asked respondents for their impression of their marketing technology tools and how well they were working in this new normal. Do businesses truly understand the new customer journey and have they adapted their CX accordingly?

To solve for the customer journey in the new normal, organizations will need to understand how customer behavior has changed and use all the tools at their disposal to deliver exceptional customer experiences.

Organizations Understand Their Customers...Kinda

Surrounding their efforts to reach customers, businesses want to know how to segment and profile customers to produce better and more successful marketing campaigns. Finally, businesses want to know how well their efforts affect the customer journey. Are they communicating the right information to the customers? What impact do their efforts have on conversions, sales and renewals or attrition?

With the pandemic having upended every industry and nearly every process, many respondents want to understand customers' intentions related to moving from physical to digital interactions. Fewer people are shopping in person these days; how are they interacting with businesses now? More importantly, how lasting are these changes? Will customers return to in-person experiences once the pandemic slows down or are these digital behaviors here to stay?

Time will tell and there are no easy answers with so much in flux. Only 11% of organizations say they currently understand customer behavior well. While 56% say they moderately understand customer behavior, limited actions have been taken on this understanding. Also, 33% say they either understand customer behavior poorly or that they haven't started to understand customer behavior yet.

At what stage is your organization in planning for employees to safely return to the physical workplace?

Well: Tools are in place to gain understanding and take action based on that insight

11%

Moderately: Tools are in place to gain understanding, but limited actions have yet to be taken

56%

Poorly: Some tools are in place but not yielding a good understanding of behavior

27%

Not yet started: We're just starting work in this area

6%

SOURCE: SMG/REWORKED STATE OF DIGITAL CUSTOMER EXPERIENCE REPORT 2021 Q1

Why has understanding of customer behavior not translated into action? After all, organizations emphatically recognize the need to understand their customers better. Nine out of 10 DCX survey respondents said they want to have a better understanding of their customer's behavior. What exactly do businesses want to know about customers? From the State of the Digital Customer Experience survey, much of what respondents say they want to understand falls into the customer journey bucket — things like customer preferences for communications, content and future needs. They also want to know things about behavior related to how customers use other channels or what their digital behavior like channel switching looks like. Translating understanding into action will require the right tools — another issue altogether.

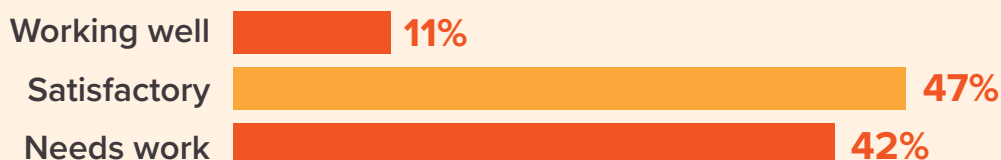
Tools are Working Well... in Moderation

With businesses wanting and needing to know more about the new customer journey, the question becomes: do they have the tools they need?

Larger organizations and others that say their martech tools are working well are also more likely to say that they understand customer behavior well. This means there's some indication that current organizational resources and technology tools support businesses in understanding customer behavior.

However, most respondents seem underwhelmed by the efficacy of the tools. Incomplete tool sets may play a role here. It's possible that implementing the tools is more difficult than has been previously acknowledged. After all, the group that says they understand customer behavior moderately but haven't taken action to improve the customer experience also report having some tools in place. It's clear that it isn't enough to simply have a few tools in place; businesses must also be able to use their martech tools to execute on the strategy.

At what stage is your organization in planning for employees to safely return to the physical workplace?



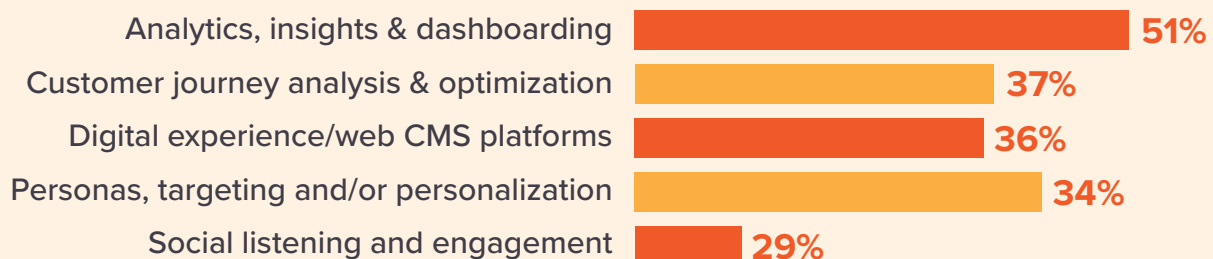
SOURCE: SMG/REWORKED STATE OF DIGITAL CUSTOMER EXPERIENCE REPORT 2021 Q1

Customer Behavior is Always Changing

It's a given that customer behavior isn't static — customers' priorities and loyalties change and evolve depending on their own needs and how they interact with businesses. The COVID-19 pandemic provided a clear example of this customer behavior changing dramatically seemingly overnight. Organizations are now struggling to identify the “new normal” or the “new customer journey.”

It's important to recognize that the customer journey is a continuous process. One problem for a lot of organizations is that they view mapping the customer journey as a one-and-done process — fundamentally mistaking a continuous process for a discrete event. Assuming that your customers will be receptive to the same processes you've always employed is a surefire way to lose customers. Customer experiences need to evolve and respond to changing customer needs and tastes.

Top digital customer experience investment priorities



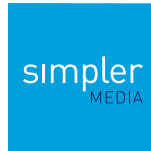
SOURCE: SMG/REWORKED STATE OF DIGITAL CUSTOMER EXPERIENCE REPORT 2021 Q1

Take personalization as an example. When first introduced, customers appreciated that organizations were addressing them by name in their marketing emails. Now; however, customers are demanding more from personalization efforts. Customer service agents need to know how and when customers have interacted with the brand so customers don't feel like a stranger when they run into issues. Marketing efforts can take into account what customers have already purchased, but sending coupon codes after customers have already purchased an item won't translate to new sales. Today's customers are more likely to leave a brand after even one misstep in customer service — customer experiences therefore need to be exemplary if businesses hope to retain the customers they've worked so hard to acquire. Businesses are now looking to invest in other customer experience priorities in addition to personalization.

Conclusion

A new year has brought about new challenges and changing behaviors. Also, the lingering effects of the COVID-19 pandemic has altered customer behavior in ways and volumes not previously seen. Organizations might have the tools they need to understand these new behaviors, but without a clear understanding of their new customer journey, they won't be able to make the connection between customer experience and organizational outcomes.

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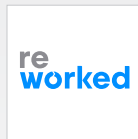
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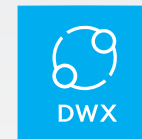
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