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EXPERIENCE 2030: PULSE REPORT

THE ACCELERATION OF DIGITAL ENGAGEMENT, PERSONALIZATION AND TRUST

ABOUT THIS PULSE REPORT

In late 2019, Futurum Research, in partnership with SAS, completed a comprehensive global research study, ***Experience 2030: The Future of Customer Experience is…NOW!*** to uncover the current and future state of consumer and brand engagement. Representing the collective perspectives of more than 4,000 consumers, executives, marketers and technology professionals from brands, governments and global organizations, our study highlighted the elements of customer experience (CX) used by brands to drive superior experiences that meet or exceed consumer expectations: smart and immersive technology, digital trust, loyalty in the digital age, and agility and automation.

Experience 2030 was a roadmap for the future. But then in early 2020, a disruption appeared.

Reflecting back on our original study, we sought to understand the impact of this disruption on the behaviors and trends we had identified previously, and to answer some important questions about how consumers and brands are not only engaging, but also how their reciprocal relationships may be shifting or evolving in this new environment. We wanted to know:

- *How have consumer and brand behaviors changed as in-person engagement has been forced into a digital, or physically distant, delivery model?*
- *How are consumers adapting to their new digital lives, and how important is personalization in a primarily online (for now) brand engagement model?*
- *How are brands stepping up and adapting to change, and how are they positioning themselves for the future?*
- *What are the key drivers of brand loyalty in this new engagement model?*
- *How are brands and consumers building common trust to reinforce their engagements and relationships?*

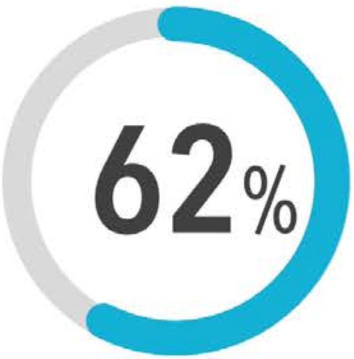
After re-examining our prior research and reaching out to more than 600 global consumers, executives, marketers and technology professionals during June and July 2020, we validated that the operating models for consumer and brand engagement hold true, yet continue to be redefined as brands adapt and accelerate their plans to build for the future.

TABLE OF CONTENTS

1 Consumer engagement is exponentially digital — even when physical

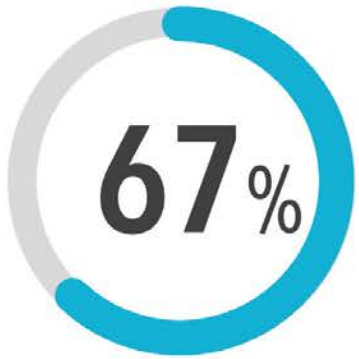
In a “socially distant” market, the use of digital, mobile or online technology isn’t just an option, it’s often an imperative. Hybrid digital/physical experiences have become increasingly common as both brands and consumers look to technologies that provide both convenience and safety — from the increased use of telemedicine to contactless payments and checkout.

SHOPPING



Say they’d prefer to SHOP ONLINE and use curbside pickup

TELEMEDICINE

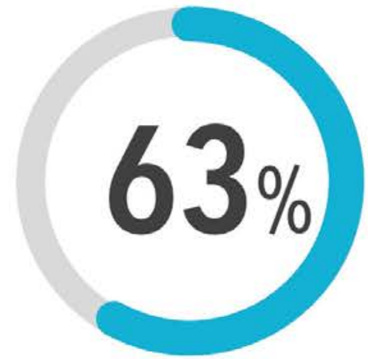


Say *YES* to TELEMEDICINE and digital doctor visits

INFORMATION

Say let’s ask SIRI or ALEXA for help and information while in a store

SUPPORT



Say bring on the VIDEO and ditch the chat for customer support

Digital is an enhancement, not a replacement, for in-person engagement.

Already an increasingly important part of the consumer experience before the pandemic, digital now serves as a key element of a richer, deeper and more immersive user experience. One that users say they’re ready for today, particularly if it involves augmented, virtual or mixed reality (AR/VR/MR).

- 69 percent of consumers say they expect to use AR/VR/MR to sample products in the coming year.
- 63 percent of consumers say they’d “visit” a remote venue, location or event using AR/VR/MR in the coming year.

It's clear that consumers are looking to technology as an integral component of their overall brand experience, not just today but in the near future. What are some of the technologies consumers expect to be part of their lives and brand experiences by 2022?

It's not just consumers who are being disrupted in 2020; brands face even more disruptive challenges.

The shifts of 2020 have been challenging for many brands and organizations as they deal with many of the same challenges as their customers — but from organizational and operational perspectives.

- 73 percent of brands admit they're rethinking their entire business model, 43 percent of them strongly.
- 8 out of 10 brands say they're scrambling to deal with remote working.
- 6 out of 10 brands say they're unable to deliver their regular products to their customers.

Overcoming these challenges, and meeting increasingly tech-infused consumer expectations, requires an agile mindset, the right technology solutions, an ecosystem-wide effort and a willingness to ask the right questions.

Brands are adapting quickly, with an emphasis on differentiated, valued personalization.

The accelerated expectation for the use of technology as part of the brand experience is about personalization. Personalization is typically thought of as the part of a brand having a 360-degree view of the consumer, allowing the brand to offer an engagement that is personalized and tailored to the consumer's needs. But personalization goes well beyond that. It's about a consumer engaging with a brand's products and services in an immersive and meaningful way. For brands, this means being able to deliver personalization at scale, respecting and protecting privacy, while also providing an embedded, immersive experience for the customer.

Personalization at Scale. Creating the technology and process infrastructure to not just allow for in-moment personalized experience, but to achieve it at scale requires an approach that embeds data, compute and intelligent, contextual awareness. This allows consumers to control their own level of personalization, and not have personalization become intrusive or driven by the brand.

Personalization with Privacy. As brands increasingly shift their product and services mix from physical to digital assets and engage consumers directly, what about security and privacy at the edge, or in a consumer's home, car, office or school?

- **Real-time Rules:** 73 percent of brands agree the future of CX is in real-time data collection and analysis, while a similar number (72 percent) believe consumers will accept increased collection of personal data.

- **Privacy Matters:** 68 percent of consumers expect to use wearable devices to enage with brands and control their personal tech, but 67 percent also say they're concerned about sharing their data online.

Overcoming these challenges, and meeting increasingly tech-infused consumer expectations, requires an agile mindset, the right technology solutions, an ecosystem-wide effort and a willingness to ask the right questions.

Personalization with Embedded Immersive Experiences. If consumers are amplifying their digital expectations, it's imperative that brands follow. But in the digital realm, products, services and experiences will likely be very different from both a consumption and delivery perspective. Not all products or services offered in the physical world can be offered in a digital or online environment, nor do all products and services used in the past necessarily have the same demand or use requirements today. The key will be to leverage technologies to create more immersive, rich and rewarding experiences for the consumer.

SOME KEY BRAND QUESTIONS:

- What products and services can we offer, and which ones *should* we offer?
- What can we do to recreate the physical in digital environments, while satisfying consumer motivations for in-person engagements?
- What can we do now that we could not do before, and how can we improve the value we offer to our customers?
- How can we develop new processes and implement new technologies to adapt quickly to a changing market — and how do we make sure our ecosystem of suppliers and partners adapts as well?

FUTURUM PERSPECTIVE

Individualized consumer experiences will require integrated technology investments and cross-functional collaboration throughout a brand's ecosystem. As brands rethink their operational models and the role that technology plays within their organization, we recommend the following:

- **Audit Personalization Strategies and Technologies.** Assess and accelerate technologies and solutions that speed personalization, such as consumer-facing applications, edge computing to improve real-time analysis, cloud computing to create a single source of record (or customer knowledge), and automation tools that improve the speed and accuracy of decisions and actions. But don't neglect the human and emotional dimensions that can make or break a customer connection with the brand.
- **Leverage Speed of Data to Speed to Value.** Collecting, analyzing and activating data faster can only drive value if the insights created are instantly embedded into customer-facing interfaces, systems and processes – both for existing offerings and the creation of new sources of value in consumer engagement and business models.
- **Make Personalization a Team Sport.** Collapse silos, create dedicated cross-functional personalization teams, co-locate all team members where possible, and work fast in a test-and-learn culture. Business resiliency comes through agility and collaboration so that the organization can simultaneously operate and innovate during challenging times.

2 Brand survival requires resiliency, agility and speed of data

Resiliency in disruptive times is not a given, nor is the ability to embrace change. Many brands told us they are challenged by the need to meet internal employee and business needs, as well as deal with plans and strategies that may have been neither as complete nor as effective as intended.

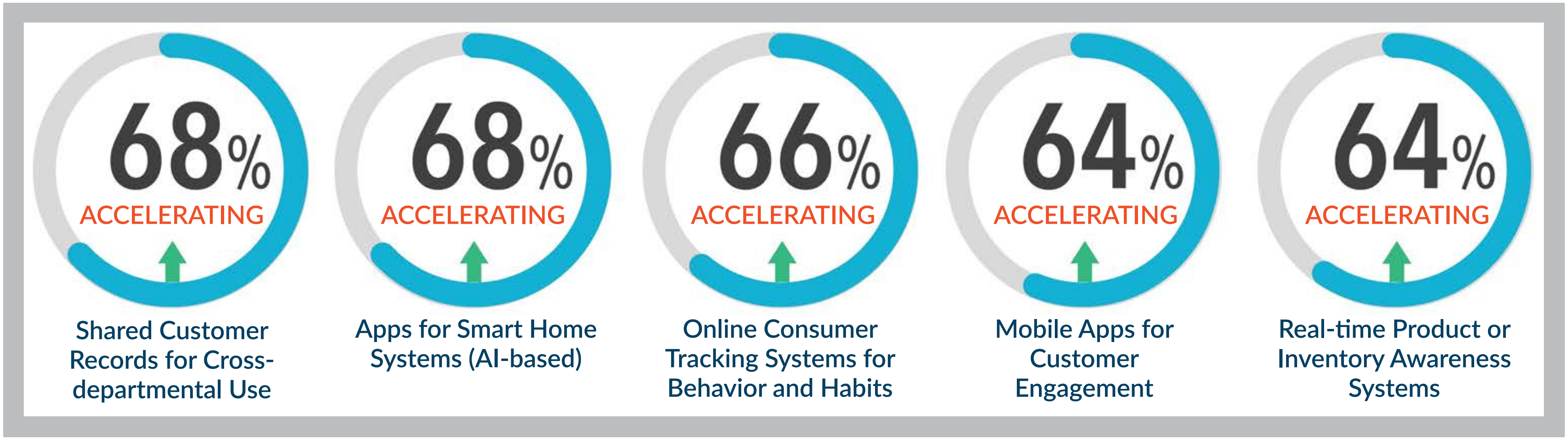
- 34 percent of brands have been forced to temporarily adjust their plans to increase digital engagement, but expect to revert to their prior model in the future.
- 28 percent of brands have been unable to adjust and adapt and are riding things out until “normal” returns.

But there are brands that are aggressively charting their path forward, leveraging tools and processes that increase business agility, adaptability and their current (and future) resiliency to not only counter future distruptions, but also spur growth.

Brands recognize ’Speed of Data’ can improve both agility and resiliency.

Creating an organization with the ability to overcome challenges and change is good, for the consumer and the brand. This capability will increasingly be a competitive differentiator as those companies adapt and excel in the future, creating new models and opportunities. The more aggressive, more forward-thinking brands are taking 2020 as an opportunity to accelerate their transformation plans to improve agility, test new ideas and create new opportunities, products and services — including efforts that improve the speed of data collection and analysis to enable faster, more effective data-driven decisions.

Where are most brands accelerating their technology development and deployment plans?

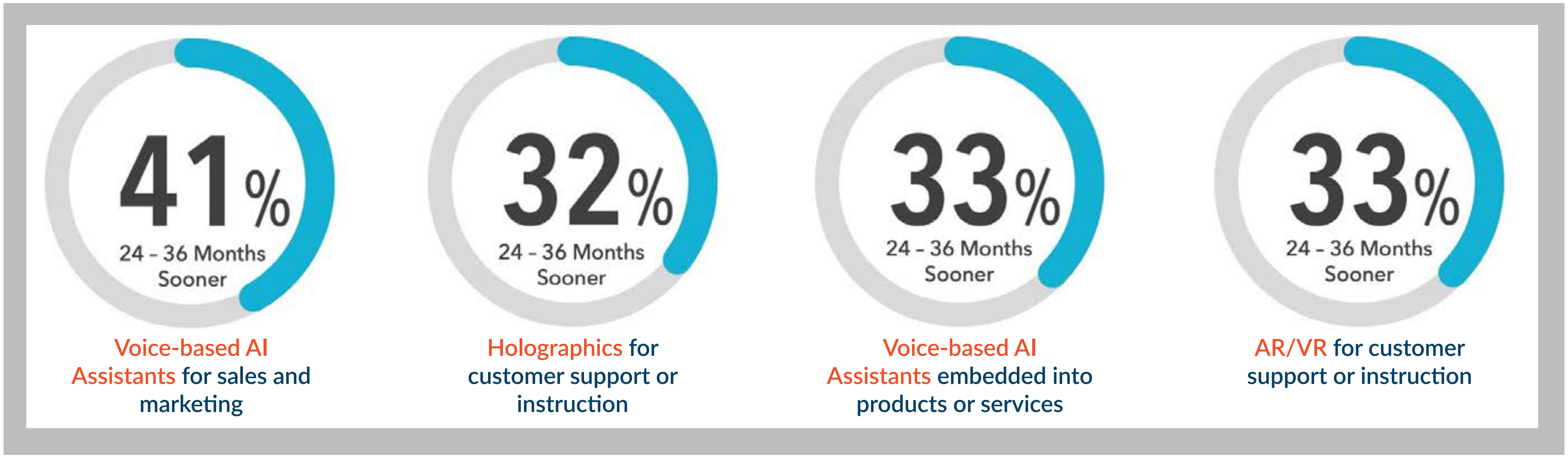


Brands across the board have boosted and accelerated a significant number of initiatives throughout the first half of 2020. In addition to the top five initiatives noted above, more than half of all brands we've engaged have accelerated plans and initiatives involving alternative payment apps, offline consumer intelligence (behavioral tracking), AI and predictive analytics, automated subscription or delivery plans for consumers, chatbots, 5G, encrypted communications and/or distributed ledgers (blockchains).

Faster data allows for more immersive consumer experiences.

Brands have also stepped up and accelerated their deployment of customer-facing technologies such as AI, AR/VR, holographics and customer journey analytics, all of which are made possible by massive amounts of real-time consumer data and analytical insights.

Which immersive technology plans are brands accelerating on the fastest (i.e. implementing at least 24 to 36 months sooner than originally planned)?



Brands are also looking to speed the implementation of technologies to help make these immersive technologies private, secure and trusted by their customers.

- 37 percent of brands are accelerating plans for identity resolution solutions by at least 24 to 36 months to ensure immersive technologies are secure.

SOME KEY BRAND QUESTIONS:

- Do we have the ability — as close to the customer as possible — to gather and analyze data to make better informed, real-time decisions?
- Is there data left uncaptured or under-utilized that could drive more valuable insights?
- Are there ways we can improve the immersive experience of our products, services and support to drive and benefit from improved speed of data?

FUTURUM PERSPECTIVE

Being able to deliver the products, services and experiences that consumers expect in a turbulent market is a challenge, but one which we believe can be met by brands today. Given the unpredictability in market and consumer behavior, agility and coordination are critical. We recommend brands:

- **Focus on the Minimum Viable Product (MVP).** Fast-changing market and consumer requirements create a pressing need to adapt quickly. It's probably a safe bet that the traditional proof-of-concept > pilot > implementation > scale process may not be appropriate. Adopting an MVP approach that shifts long-term "complete system approval" aside in favor of a quick implementation > constant improvement > rapid iteration model can be used to ensure that even incremental improvements and features can be of immediate value.
- **Explore the Realm of Possible.** Business as usual is gone — for now, anyway — and the boundaries that constrained an organization in the past may no longer exist. What services can a brand offer? Is there a digital connection that opens new market or revenue opportunities? As more businesses shift to a digital model, more opportunities will exist, and brands need to foster an agile culture — one that encourages experimentation and always-on testing models that will drive change and business evolution.
- **Harness the Ecosystem for Speed.** No brand exists in a silo, and the entire ecosystem of suppliers, partners, distributors, and even customers, are experiencing a steady, yet unpredictable, wave of change. Individual efforts may be beneficial to a particular group, but the speed of change and the all-in aspect of the consumer/brand digital imperatives require a well-coordinated effort between all business units and partners to be effective.

3 The merging of personalization, loyalty and trust as elements of consumer experience

Personalization includes physical and digital security.

Often overlooked in the discussion about personalization is the importance of trust, and the ability of a brand to protect aspects of a consumer's personal life. The increased need for social distancing and the heavy reliance on digital engagements reinforce the importance of consumers' personal safety and the protection of their personal data — often a first step in establishing trust and loyalty.

65% LOYALTY DRIVER

PERSONAL SAFETY
Ensuring social/physical distancing in a facility

57% LOYALTY DRIVER

SCHEDULING NEEDS
Delivery within a few days (to match a consumer's schedule and desires)

56% LOYALTY DRIVER

RELEVANT SUGGESTIONS
Special recommendations that meet a consumer's current needs

54% LOYALTY DRIVER

HUMAN CONTACT
Having a live person, and not a bot, available to talk

Which industries lead in consumer trust (and which do not)?

- Healthcare providers are trusted the most by consumers for both physical well-being (67 percent trust) and protecting and not abusing personal data (74 percent trust).
- A majority of consumers say they don't trust social media companies to protect their personal data (55%) or look out for their personal well-being (51%).

TOP TEN INDUSTRIES RANKED BY CONSUMER TRUST

TRUSTED WITH PROTECTING PERSONAL DATA

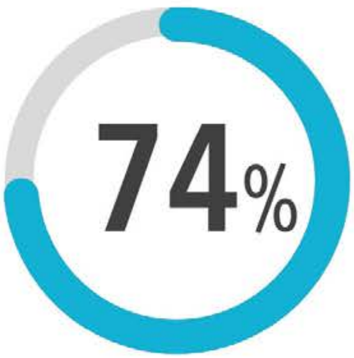
1. Healthcare Providers (like doctors, hospitals, clinics)
2. Grocery and Food Companies
3. Education or Advocacy Groups
4. Mobile, TV or Internet Companies
5. Shipping and Delivery Companies
6. Retail Stores (not online)
7. Banking and Finance Companies
8. Pharmaceutical & Drug Companies
9. Restaurants & Fast Food Chains
10. Energy & Utility Companies

TRUSTED WITH PHYISCAL WELL-BEING

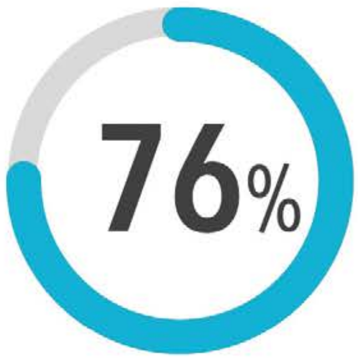
1. Healthcare Providers (like doctors, hospitals, clinics)
2. Grocery and Food Companies
3. Restaurants & Fast Food Chains
4. Mobile, TV or Internet Companies
5. Personal or Professional Services Companies
6. Retail Stores (not online)
7. Shipping and Delivery Companies
8. Pharmaceutical & Drug Companies
9. Consumer Brands
10. Education or Advocacy Groups

Brands are stepping up to the new “hybrid” loyalty and engagement model

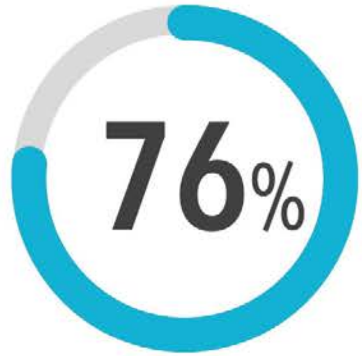
Brands are rightly questioning the essence of customer experience, and the digital technologies they will need to utilize in order to deliver rewarding, immersive experiences that are personalized, trusted and drive loyalty.



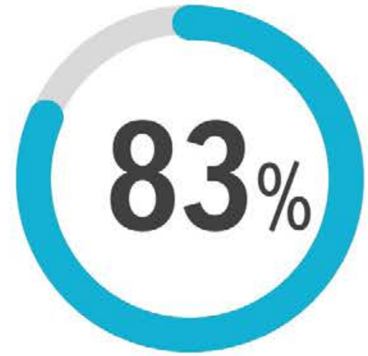
Expect wearables, smart phones and AI assistants to be the primary consumer engagement vehicle.



Believe consumers will embrace the new digital (or digital-infused) model.



Say they must offer smarter, more personal, and more interactive products.



Are rethinking what it means to deliver superior customer experiences moving forward.

We see smart brands beginning to position themselves to help lead the creation of this hybrid loyalty model, leading with a strong focus on data privacy, even as a third of brands strongly believe privacy concerns will limit their ability to collect the type of data they need to deliver desired customer experiences.

- 80 percent of brands include “best-of-breed” data security in cloud and single system of record initiatives.
- 91 percent of brands are accelerating their efforts in identity resolution.

SOME KEY BRAND QUESTIONS:

- Are we transparent about internal issues and issues that impact our employees, partners and consumers?
- Is our strategy one of empathy that places the physical and digital well-being of every consumer (and employee) at the center of all decisions?
- Do we engage consumers from a level of mutual respect that goes both ways, and spans the physical and digital elements?

FUTURUM PERSPECTIVE

Personalization, loyalty and trust must include elements of consumer control and consumer protection. While personalization requires vast amounts of data, that data must be protected to gain the personal trust of the consumer. Caring for the personal well-being of a consumer brings an element of humanity to an increasingly digital world. As brands rethink how they can best deliver personalized, trusted and loyalty-driving experiences, we recommend the following:

- **Innovate as if There Is No Box.** Brands with the right digital infrastructure, the right speed of data, and the ability to adapt and change rapidly have a unique opportunity to think beyond the box in terms of the products, services and experiences they can deliver. Make decisions based on the opportunity – and on the needs of the customer – not your legacy model.
- **Elevate the Human Element.** Brands must recognize that technology can create reliability and improve performance through automation – but it cannot create trust by itself. Trust in the digital age requires empathy, and that requires both data (for personalization and context) and a human element that spans technology, people and process.
- **Reinforce Trust Needs of Consumers.** Brands must shape their business and consumer engagement models around the trust needs of consumers, and not the other way around. This includes placing the customer at the center of all decisions on a personal level that extends beyond the transactional nature of any single engagement. It also requires an understanding that the needs of a consumer may go beyond a brand's existing offerings. Flexibility can be as important as agility.

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