VERINT

FIFTH EDITION

# The State of CX Trends Report 2021

How consumers worldwide view conversational customer experiences, AI & bots, and private messaging channels when engaging with brands.

CONTENTS


Overview & Methodology 03

Data Analysis 04

2020's Digital Reckoning

Consumer Data Analysis 06

TREND 1: Increasing demand for messaging businesses

TREND 2: Great CX is key in maintaining customer loyalty

TREND 3: A growing familiarity with bots & AI

Brand Data Analysis 13

TREND 1: Private messaging channels are at the heart of brands' 2021 CX plans

TREND 2: Automation needs to be taken seriously to unlock brand potential

Key Recommendations 18

Conclusion 21

# Overview & Methodology

Welcome to *The State of CX Trends 2021* report. Now in its fifth iteration, this report analyzes the changing customer preferences and behaviors that will impact your brand's customer engagement.

The data was gathered by polling over 2,000 consumers of all age groups, genders, and income brackets from the United States and the EU to provide as rich a data set as possible. Additionally, for this report, we asked over 100 of your corporate peers their strategic CX priorities for 2021.

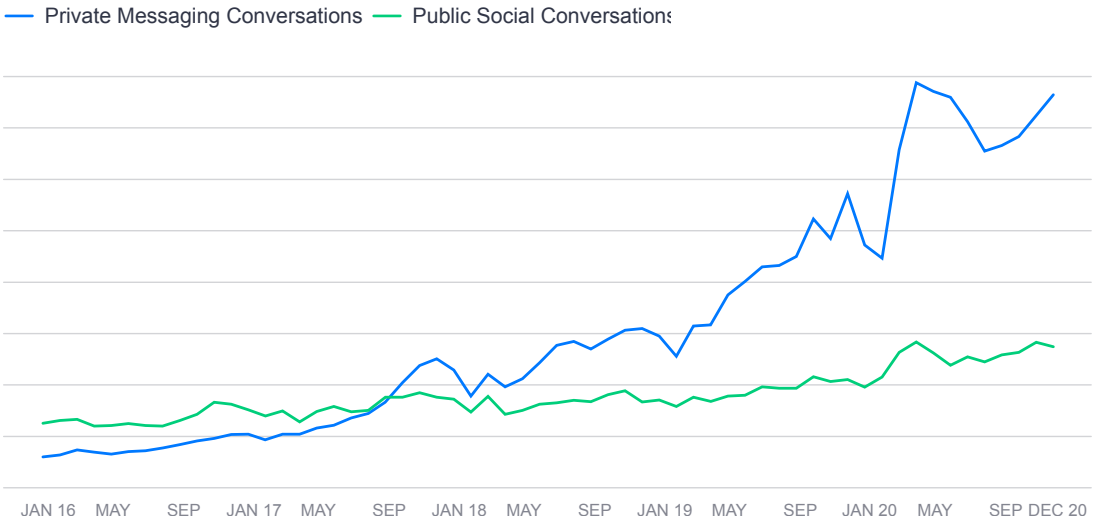
The goal was to provide a comprehensive overview of how consumers communicate — or at least want to communicate — with your brand and allow you to benchmark where your corporate peers are focusing their efforts and budgets.

Throughout, we explore how high-performing companies provide experiences that keep customers returning and the best practices that separate the industry leaders from the rest. The results are summarized in this report.

# Data Analysis

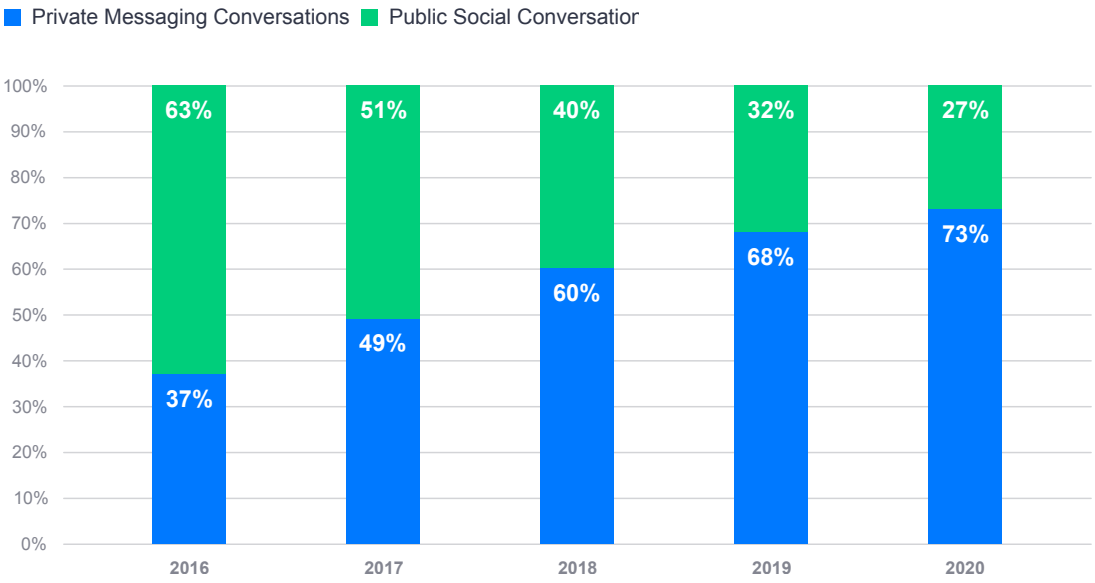
## 2020's Digital Reckoning

### Private vs Public Conversation Volume



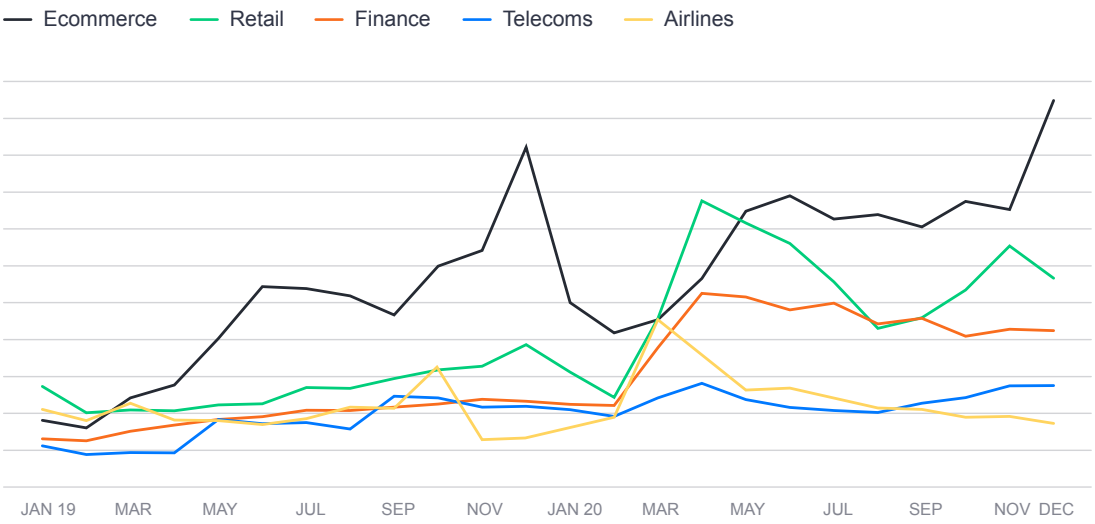

In 2020, private messaging conversation volume grew 87% when compared to 2019.

### Share of Private vs Public Conversation Volume




Since 2016, customer conversations have shifted from public social to private messaging channels by 36%.

## Industry-Specific Conversation Volume




Conversation volume for the retail industry has increased by 100%, 50% for the e-commerce industry, 120% for the financial sector, 24% for airlines, and 40% for the telco industry.

2020 pushed businesses to face a digital reckoning. As the pandemic unfolded — and governments imposed restrictions to try and stop cases from spiking — the way consumers work, socialize, shop, and entertain themselves was entirely reinvented. Analyzing our own data, the impacts have been clear; customers have moved their lives online. What's more, this surge in conversation volume shows no signs of slowing as we continue on the path toward relative normalcy. These shifts in consumer behavior will undoubtedly last long after the pandemic is under control globally.

# Consumer Data Analysis

## Trend 1: Increasing demand for messaging businesses

Have you used a private messaging channel (such as Facebook Messenger, Twitter DM, WhatsApp, iMessage, SMS, etc.) to engage with a brand?

69% of consumers have used a private messaging channel to engage with a brand — a 13% increase from 2019.

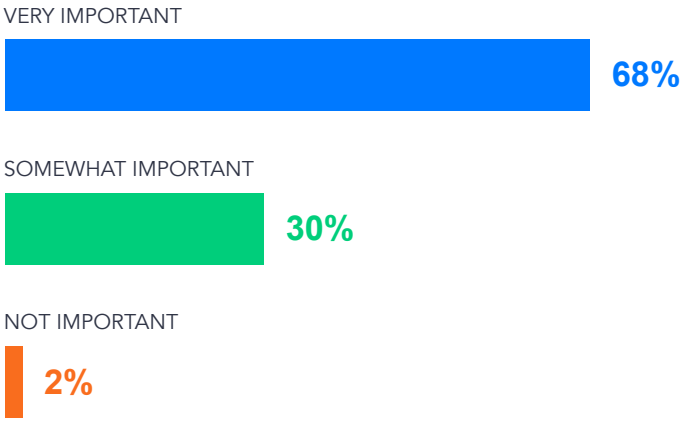
Do you now expect brands to offer customer engagement over messaging channels?

81% of consumers expect brands to engage with them over private messaging channels — a 10% increase as compared to 2019.

True or False: "I'd be more likely to make a purchase if I could use a messaging channel to browse and ask questions before I buy."

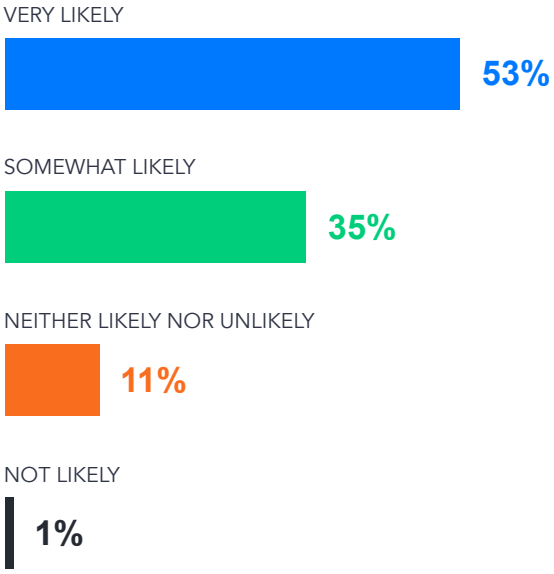
And 80% would be more likely to buy your products if they could use a messaging channel for product discovery.

How important is a good customer experience on messaging channels in your choice of, or loyalty to, a brand?




68% of customers said a good customer experience over messaging channels was very important in their brand loyalty.

Are you more likely to be a repeat customer of a brand that delivers great customer experiences over messaging channels (Messenger, iMessage, etc)?




Brands that deliver great customer experience over messaging channels are more likely to have repeat customers, with 88% of those surveyed confirming so.

Have you ever stopped doing business with a brand due to a poor customer experience?

70% of customers have stopped doing business with a brand after a poor customer experience.

## Key Findings: Lack of exceptional CX over messaging channels is a dealbreaker for customers

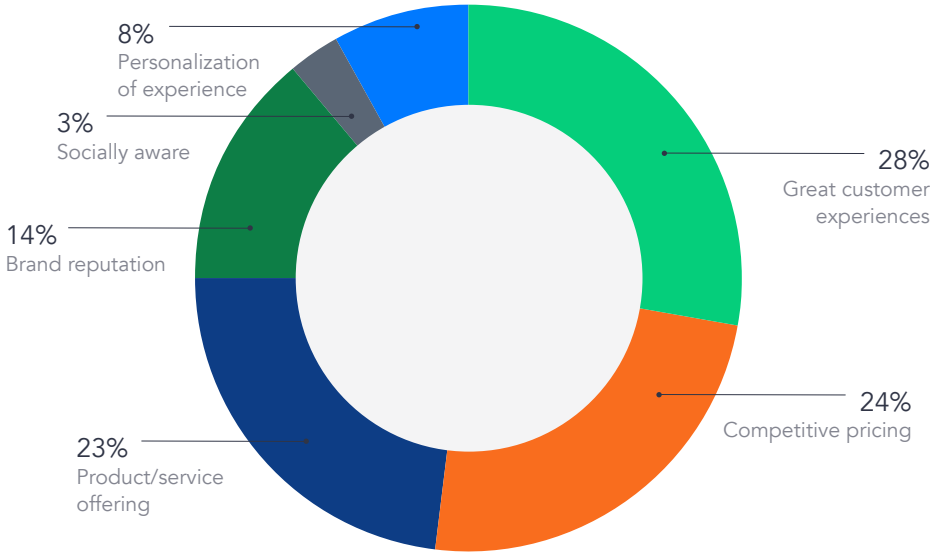
69% of consumers have used a private messaging channel to engage a brand — a 13% increase when compared to last year's responses. 81% of those customers expect brands to offer customer engagement over private messaging channels. And 80% would use messaging channels to make purchases if brands enable product discovery in-channel. These rising consumer expectations will have long and lasting implications for brand-consumer relationship management well into 2021.

An overwhelming 68% of respondents say a good customer experience over messaging channels is very important to their brand loyalty. 88% of those surveyed are more likely to be repeat customers of brands who deliver a great customer experience over messaging channels, while 70% have stopped doing business with a brand all together due to a poor customer experience.

Private messaging channels allow brands to offer seamless customer experiences. Centered around real time, private messaging apps — like WhatsApp Business, Facebook Messenger and Apple Business Chat — provide a continuous conversation between consumer and brand. It's clear that customer expectations have risen, for both the channels they communicate with brands on and the quality of those experiences. As platform providers evolve at breakneck speeds, it's up to brands to leverage the power of messaging channels and start providing exceptional personalized experiences anywhere and at any time. Brands must innovate to keep pace.

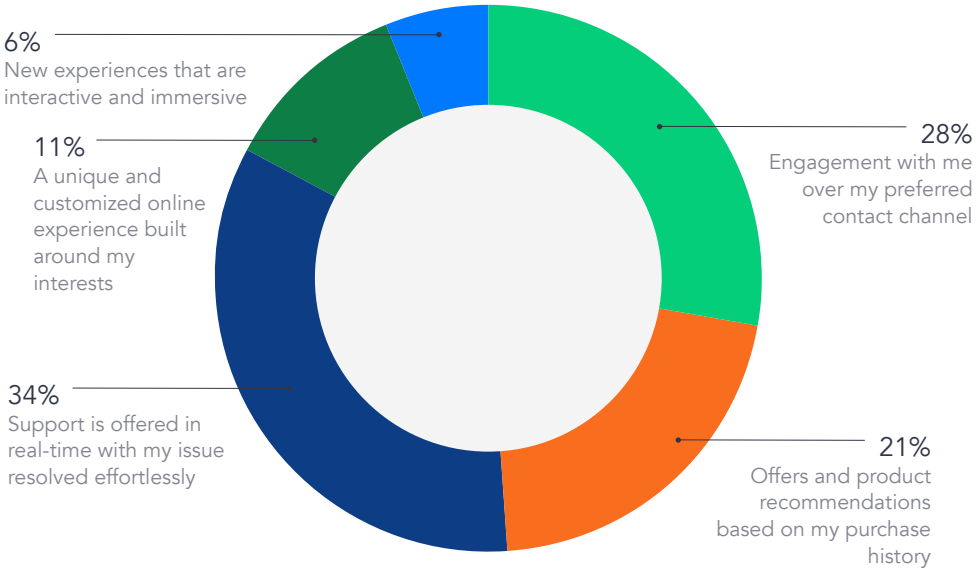
# Trend 2: Great CX is key in maintaining customer loyalty

What is the main characteristic that makes you feel loyal to a brand?



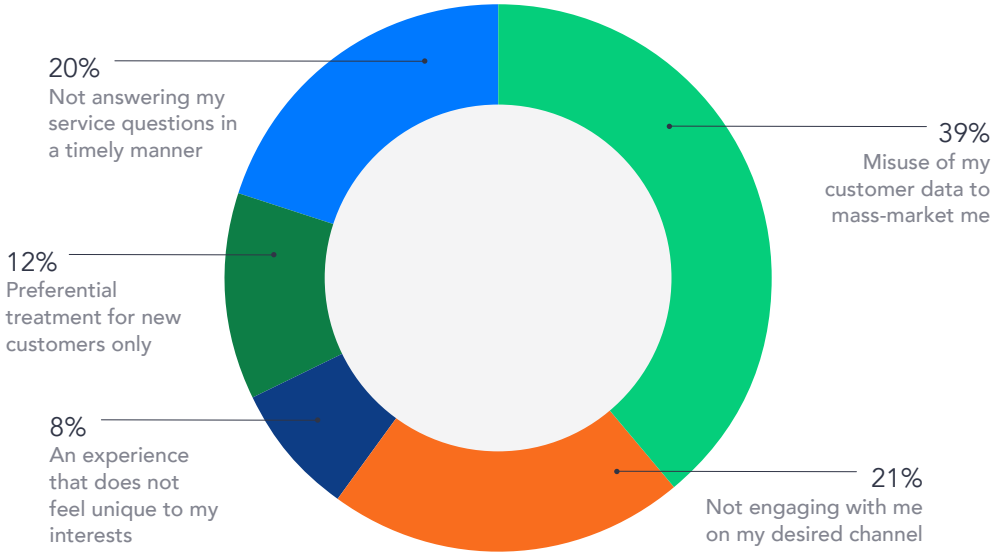

The most important characteristic to a customer's brand loyalty is delivering great customer service experiences (28%), followed by competitive pricing (24%) and product/service offering (23%).

What is the most important aspect of a good customer experience?




Support being offered in real time is the most important factor of a good customer experience. Brand engagement on the consumers' preferred contact channel was a close second.

What is the most infuriating aspects of a bad customer experience?




On the other hand, mass-marketing is what customers find to be the most infuriating aspect of a bad customer experience (messaging platforms actually prohibit this).

## Key Findings: Great CX is more important than price and product

In this year's findings, we've gained insight into what constitutes a good experience versus a bad one. Customer expectations are clear; they want an effortless experience (34%) on the channel of their choice (28%) — What's more, they crave unique, personalized experiences, with no time for mass marketing (39%).

Once a customer becomes loyal to a brand, the most important factor in maintaining that loyalty is providing great CX (28%). In fact, exceptional experiences rank higher than both price (24%) and product (23%).

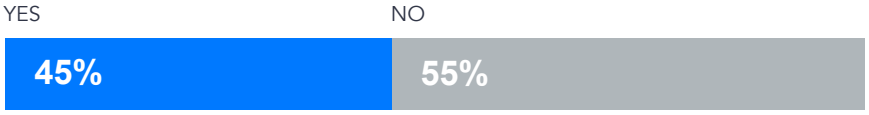
At a time of unprecedented competition for marketing messages, with customers bombarded with targeted advertising more than ever, one thing remains constant: customer retention through loyalty is the key driver of business success.

# Trend 3: A growing familiarity with bots & AI

Would you use a bot if it improved your customer experience or answered your support questions quicker?

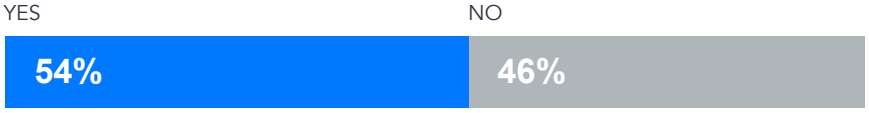
69% of consumers would happily use a bot if it improved their customer experience.

Do you think that AI and bots have the potential to provide a better, more efficient customer experience?




But only 45% actually believe bots have the potential to drive better customer experiences.

Have you had a bad bot experience when talking to a brand?




54% of customers have had a bad bot experience when engaging with a brand.

Do you feel comfortable with good customer experience interactions driven by automation?

But if the experience is 'good', 58% of consumers feel comfortable with customer experience interactions driven by a bot — a 10% increase from 2020's data.

# Key Findings: Conversational design is key to unlocking automation's potential

69% of consumers would happily use a bot if it improved their customer experience. 58% of customers are comfortable engaging with a bot. But 54% have had a bad bot experience and only 45% of respondents believe bots can actually deliver better customer experiences.

As bots become a larger part of mainstream customer experiences, consumers are starting to recognize the benefits of automation. Nonetheless, there's still a way to go before bots are fully appreciated; the speed, ease of use and convenience they provide are all positives, but a lack of human touch and personalization is where they are lacking — the key weaknesses of bots created with too little attention to conversational design.

> Conversational design must be at the forefront when creating your bot, and is therefore key to unlocking their potential.

In 2021, we'll truly start to see brands figure out how to use bots & AI in a way that adds real value for customers. By focusing on a specific use case — or business challenge — brands can create unique digital experiences that span the customer's lifecycle.

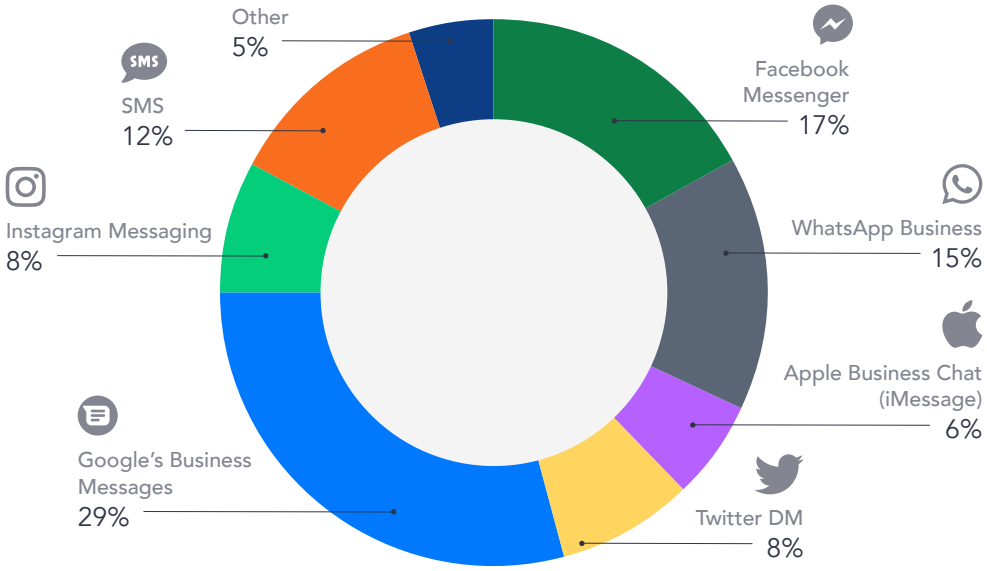
# Brand Data Analysis

## Trend 1: Private messaging channels are at the heart of brands' 2021 CX plans

Do you feel your customers have higher expectations of digital engagement than they did a year ago?

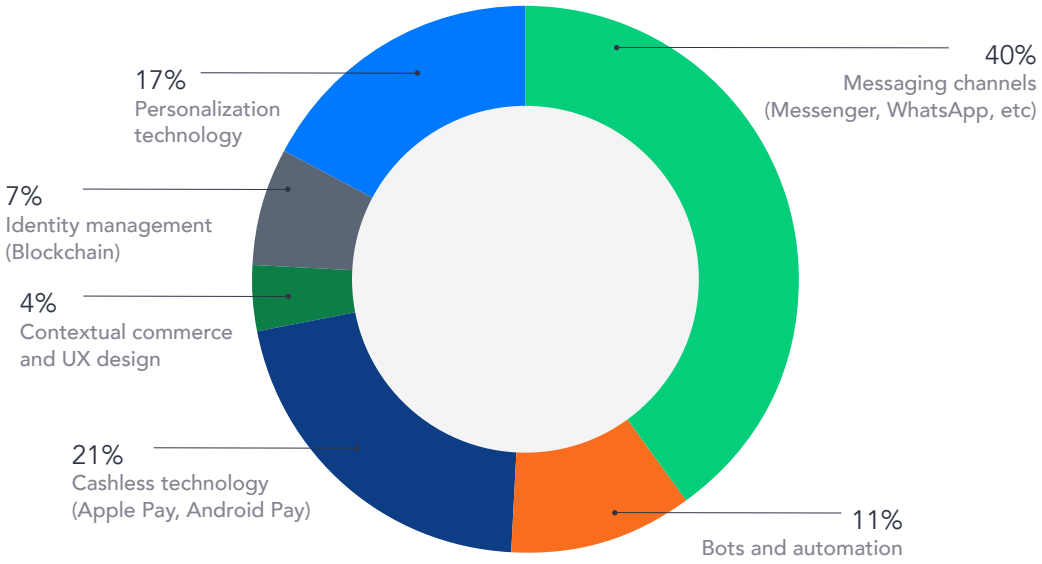
94% of CX professionals believe their customers have higher expectations for digital engagement than they did a year ago.

Which of the following digital messaging channels are a key focus for your company in the next 12 months?




Google's Business Messages (29%) is the key focus for the majority of brands within the next 12 months, followed by Facebook Messenger (17%) and WhatsApp Business (15%).

What technological advancement do you feel will have the biggest impact on your customer experience strategy in the next 12 months?




Brands view private messaging channels as the biggest disrupter when it comes to their customer experience operations in the next 12 months.

## Key Findings: Messaging channels are key to CX management in 2021

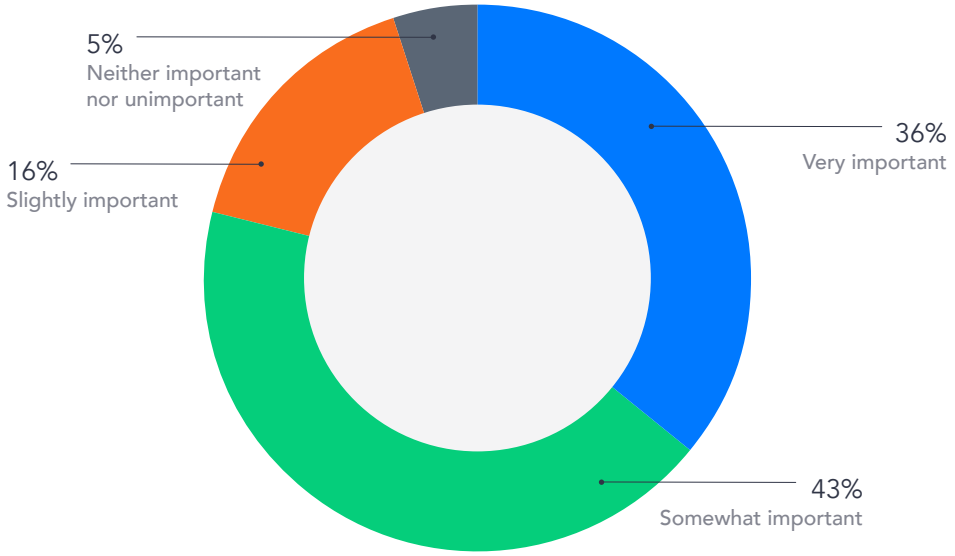
The data is clear. Your CX peers see the power of digital messaging channels and recognize their inevitable impact on CX strategies over the next 12 months. 94% of CX professionals believe that compared to 2020, consumers now demand even more from digital interactions with brands.

To address the growth of private messaging channels for customer conversations, CX professionals are looking at which touch points will be most effective. 29% say Google's Business Messages (GBM) will be key to their strategy.

Although GBM has fewer current active users than Facebook Messenger or WhatsApp, it sits at a more strategically important stage of the customer lifecycle. Because Google searches are high intent, utilizing GBM as an engagement channel at the point of search allows brands to potentially bypass sending customers to their website, where conversion rates are as low as 2%, and engage with them in private messaging channels from the start.

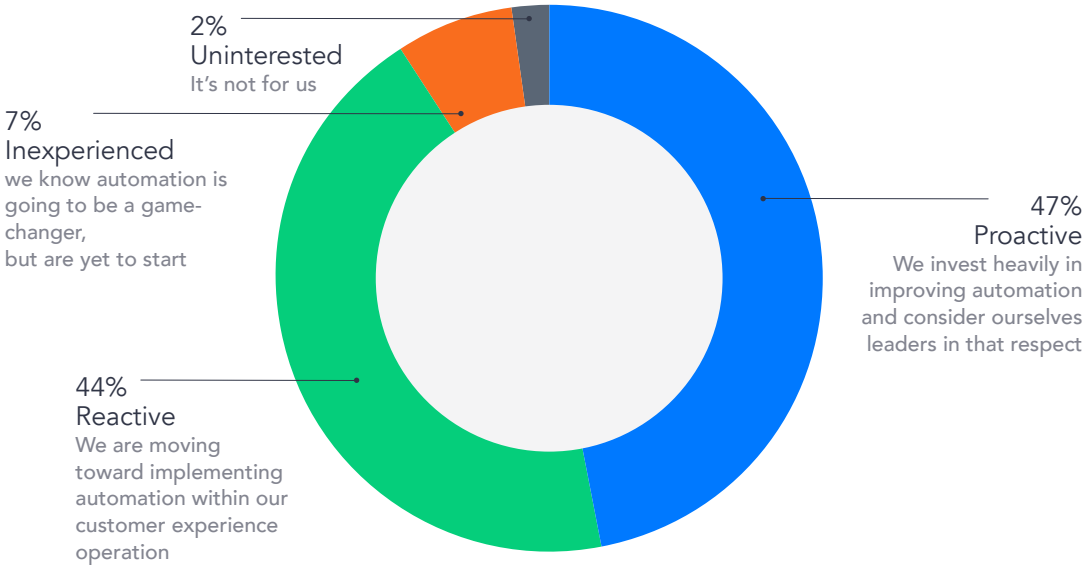
# Trend 2: Automation needs to be taken seriously to unlock brand potential

How important a role will automation and bots play in your CX delivery in the next 12 months?



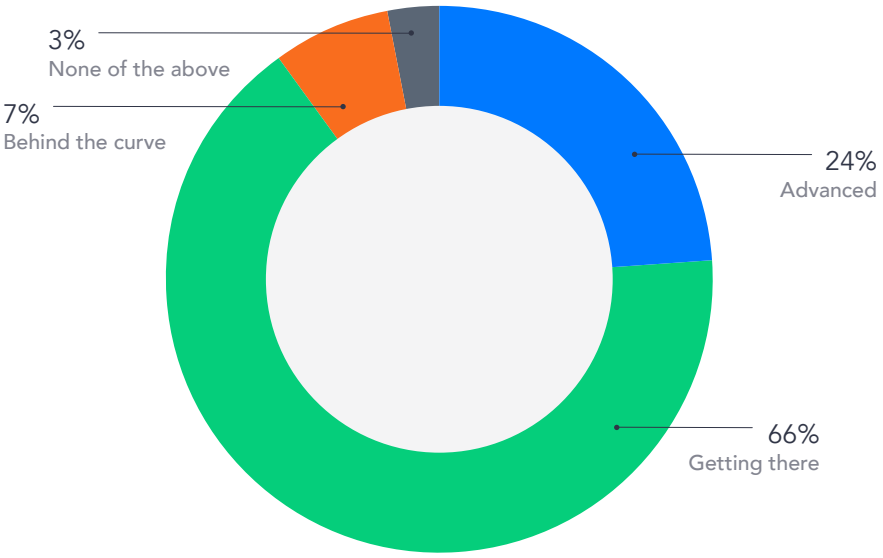

79% of businesses believe automation will play an important role in their CX delivery over the next 12 months.

Which of these options best describes your company's approach to automation



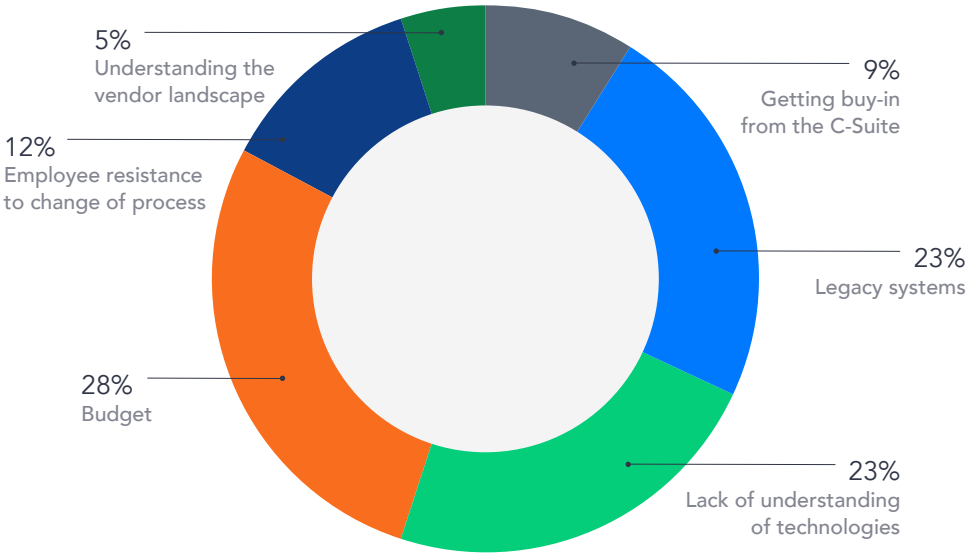

However, only 47% of brands are currently investing heavily in automation.

How well do you rate your company in using automation to drive superior customer experiences?




And only 24% feel they have advanced automation currently in place across their CX operations.

What are the biggest internal barriers you face when trying to implement customer experience automation technologies?




And as always, budget is the biggest blocker when it comes to trying to implement automation across the organization.

# Key Findings: Brands are failing to unlock automation's CX potential

There's a large consensus among the CX world that automation should be a key component in their 2021 strategy, however the degree to which it can and should be utilized is still not yet fully realized by many brands.

79% believe it will play an important role, but more than half are behind the curve when it comes to making the right level of investment in order to place automation at the forefront of their strategy. Less than a quarter (24%) of those surveyed have advanced automation at the heart of their CX operation.

So how do we explain the recognition of automation's importance juxtaposed with its lack of integration into many systems and strategies? Sadly it seems to boil down to 2 things: money and history. Budget is the biggest barrier (28%) with legacy tech (23%) and a lack of understanding of new practices (23%) following close behind.

We've seen in our consumer survey that 81% of consumers expect brands to engage over messaging channels and nearly 60% are happy if a good experience involves a bot. It's without a doubt that investing in automation with great conversational design will result in more satisfied, loyal customers.

# Key Recommendations

The events of 2020 have pushed a focus toward digital experiences unlike ever before for consumers all across the globe. In fact, Google's European President, Matt Brittin believes the pandemic has sparked a leap forward of 5 years in our use of digital technology, and brands will have to adapt their approach to customer experience management accordingly. This prediction is further supported by our findings:

- The majority of customers (69%) have engaged with a brand —and have even come to expect (81%) brand engagement in return— over private messaging channels.
- Brands have also recognized the importance of messaging channels (40%) and automation (79%) when developing their 2021 CX strategies.

But acknowledging these technological advancements, and meeting them, are two very different things. So where should businesses start?

## Digital innovation that focuses on specific CX use cases.

Automation is the key to unlocking this innovation potential, but so many brands are still lacking the expertise to make this transition seamless. Currently, 76% say they are only "getting there" when it comes to driving superior customer experiences led by automation. But "getting there" is just another indicator of a poor bot experience. By focusing on specific use cases — with conversational design at their core — brands can start to better understand how to navigate the automation space without falling into the trap of becoming robotic.

# Three use cases you can launch tomorrow

**IVR Deflection: Reduce expensive inbound calls by converting to private messaging channels**

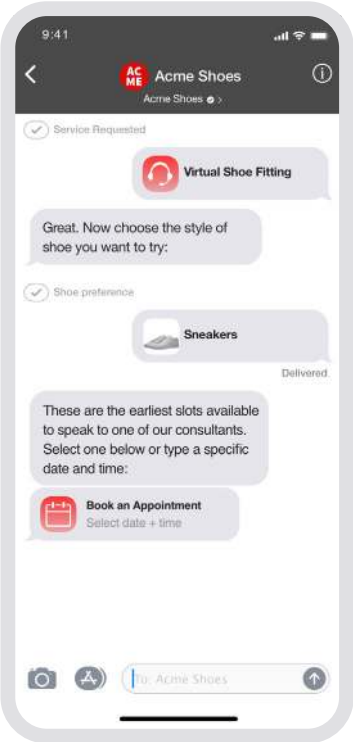
Instead of making your customers wait on hold – offer them the chance to start messaging you instead.

By seamlessly diverting your customers to private messaging channels, either through proactive SMS messages or platform features such as Apple's Chat Suggests, you can meet customers' brand expectations. One organization lowered their cost-per-contact by 48% when promoting messaging over live-chat in session.

**Appointment Booking Bots: Create personalized experiences and improve your customer lifecycle value**

By building custom-tailored experiences over private messaging apps, brands have a unique ability to engage customers and further maximize revenue.

Brands can now offer virtual or in-store appointment bookings using Apple Business Chat (ABC), cutting out the need for email or website navigation. Engaging customers this way leads to greater satisfaction. And as customer trust grows, so does spending; loyal customers tend to spend 67% more than new ones.



**Post Purchase Engagement: Automate order tracking to enable two-way engagement channels**

WISMO ("where is my order") has traditionally been viewed as solely customer service-owned. However coupled with messaging channels, it opens up a multitude of possibilities to drive great customer experiences.

Because messaging channels are designed to work at scale, they are the perfect platform for building order-tracking bots. These bots can send the right marketing message, at the right time, to the right person, with the right experience.

## In 2021, brands must focus on specific use cases, with conversational CX as part of their strategy.

# Conclusion

## The future is two-way customer communication that incorporates conversational CX

A new standard for exceptional CX has arrived, and it's increasingly digital. As the previous year propelled consumers to conduct business virtually and shop almost exclusively online, a higher bar than ever before was set for brand/consumer relationships.

Consumers now expect nothing short of effortless, customized, two-way communication if they are to remain loyal to your brand in 2021. But that of course, is easier said than done. Loyalty is built throughout each step of the customer experience from care, to engagement, to commerce. To successfully earn their trust at every touch point of the customer journey, brands need to think about conversational CX differently than ever before; tactfully weaving artificial intelligence into conversational experience.

Success in 2021's new digital arena will mean embracing the unique nature of messaging and combining human agents with self-service through adaptive automation. True success will lie with those brands who understand the growing consumer desire to simply be a part of a two-way conversation.

All these developments, powered by platform providers and customer preferences alike, will result in customer engagement undergoing a transformation: becoming more centered on messaging channels and automation.

Brands like to talk about digitization initiatives. In 2021, they need to match this talk with action.

VERINT®

Verint® (Nasdaq: VRNT) helps the world's most iconic brands – including over 85 of the Fortune 100 companies – build enduring customer relationships by connecting work, data and experiences across the enterprise. The Verint Customer Engagement portfolio draws on the latest advancements in AI and analytics, an open cloud architecture, and The Science of Customer Engagement™ to help customers close the Engagement Capacity Gap™. Verint. The Customer Engagement Company™. Learn more at www.verint.com.

© 2021 Verint Systems Inc. All marks referenced herein are trademarks, registered or otherwise, of Verint Systems Inc. ("Verint"), its subsidiaries, or its respective licensor owners. All Rights Reserved Worldwide. Unauthorized use, duplication, or modification of this document, or any part, without the written consent of Verint is strictly prohibited. By providing this document, Verint is not making representations regarding the correctness or completeness of its contents and reserves the right to alter this document at any time without notice. Features listed in this document are subject to change and not all functionality is available in all configurations.