

VERINT

The 2022 State of Digital Customer Experience Report

An industry analysis of consumers' and brands' digital-first engagement expectations.

Learn the top market trends impacting customer experience in 2022 from your customers and competitors.

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Digital-First Engagement is the process of interacting with customers on digital channels (your brand's website, online community, social media channels, private messaging apps, email, intelligent virtual assistant, chatbot, etc.) to build long-lasting relationships.

Overview & Methodology

Verint's 2022 State of Digital Customer Experience report analyzes the changing customer preferences and behaviors that impact digital-first engagement strategies for enterprise brands.

The report provides a comprehensive overview of how consumers communicate—or at least prefer to communicate—with brands. We also analyze the top priorities for large enterprises regarding digital-first engagement initiatives and strategy.

Throughout, we explore ways that businesses can provide customer experiences that build lasting relationships and the best practices that separate the industry leaders from the rest, allowing you to discover where competitors are focusing their efforts and budgets.

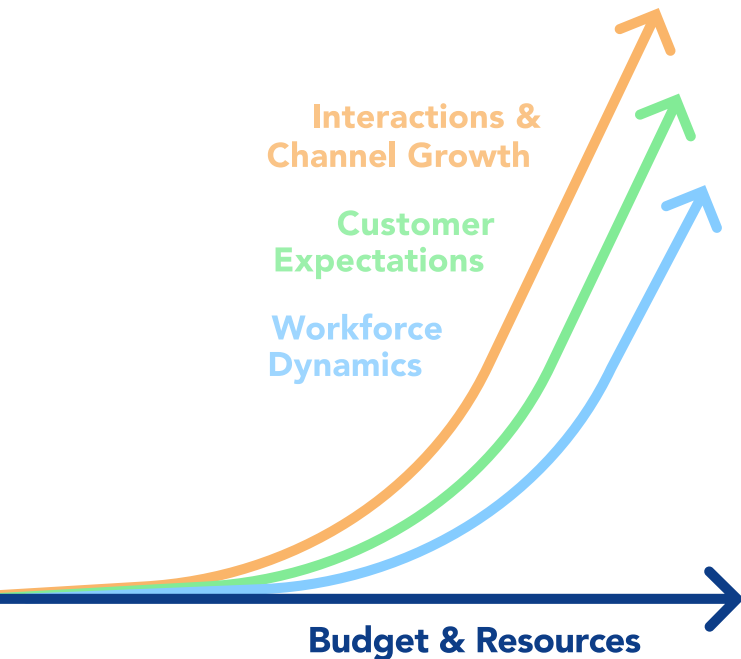
Consumer Survey Methodology

This survey was conducted by an external market research organization that gathered responses from 2,000 participants between the ages of 18 and 75 living in the United States. In addition to demographic information, the survey included various questions on consumer engagement preferences through a combination of multiple-choice, Likert Scale, and ranked responses. There was an equal split between male and female survey participants, and their age distribution closely matches the age distribution of the US general population reported by the Census Bureau.

Brand Survey Methodology

More than 100 brand surveys were conducted with participants selected from business-to-business research panels. Respondents were asked screening questions to ensure that they are involved with customer service or customer experience (CX) at companies with at least 1,000 employees and have a role of manager, director, senior vice president, executive vice president, or C-level executive.

Note: Individual percentages listed in bar graphs may not sum to 100% due to rounding.



The Engagement Capacity Gap

Verint recently published the second edition of [The Engagement Capacity Gap](#), a global research study that examines the state of customer engagement and experience in different industries.

The Engagement Capacity Gap™ is the difference between elevated customer expectations among increased interactions, channel growth, and changing workforce dynamics and an organization's ability to engage customers (meet those expectations) with limited budget and resources.

Through our research, we discovered that as digital disruption increases, new factors are affecting the Gap. Even with limited resources, companies need to manage the increasing number of engagement channels, new workforce dynamics, and consumer interactions. As a result, organizations are realizing that it is harder than ever to deliver the desired customer experience.

The research found that:

76% of leaders believe that customer engagement challenges will increase in 2022

59% cite digital-first customer engagement as one of the top priority initiatives over the next 12 months

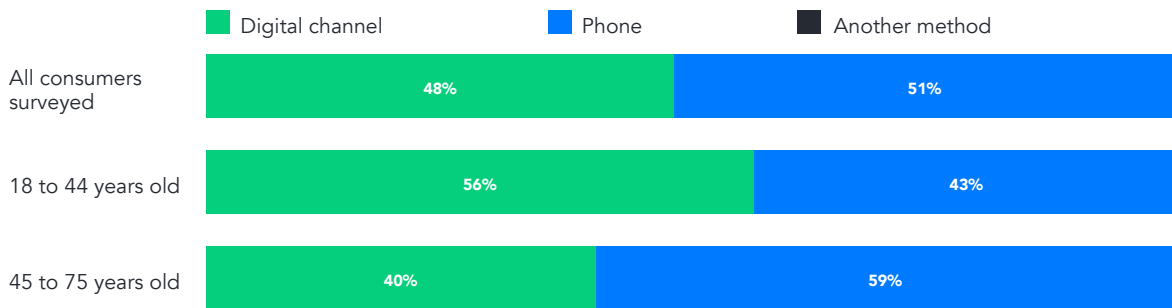
This report builds on our Engagement Capacity Gap research, asking additional questions to analyze what digital-first engagement means for both consumers and brands.

Consumer Data Analysis: Digital-First Engagement for Customers

Trend 1: For Younger Customers, Digital Channels Are Key

Consumers' Channel Preferences Are Evenly Split

How do you most prefer to contact a company to ask a product or service-related question?

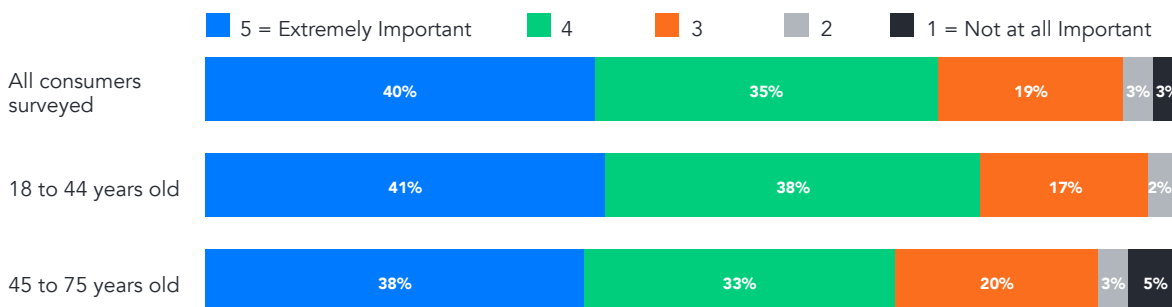


When asking a product or service-related question, consumers are almost evenly split between preferring to call and preferring to contact the company on a digital channel.

A preference for engaging via digital channels is highest among consumers under age 45, with **56%** preferring to reach out over digital channels. The only age segment in which phone is preferred over digital engagement is in consumers ages 45-to-75 years old.

A Good Digital Experience Is Critical for Customers

In general, how important is it to you to have good experiences on digital channels?

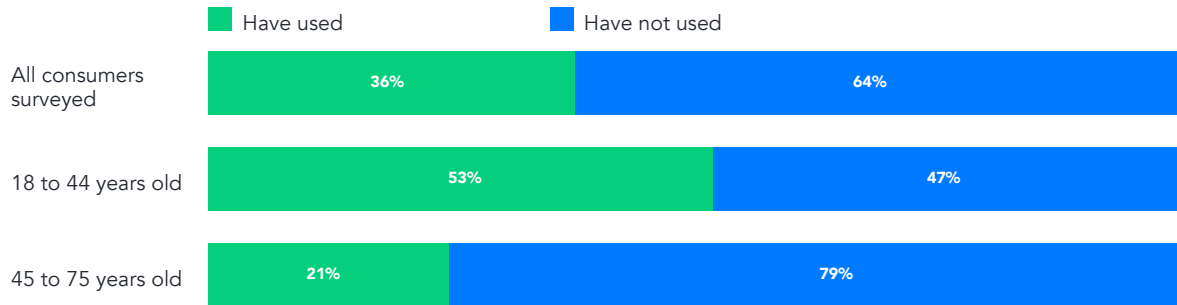


Three-quarters of the consumers surveyed gave an above-average rating for how important is to have positive experiences on digital channels.

79% of consumers under 45 gave an above-average rating for how important it is to have good experiences on digital channels, compared to **71%** of older consumers. Even though only **40%** of older consumers prefer asking a question via a digital channel, 7 in 10 consider digital experiences important, demonstrating how critical exceptional digital engagement is to people 45 and older.

Prevalence of Contacting Companies on Social Media Channels

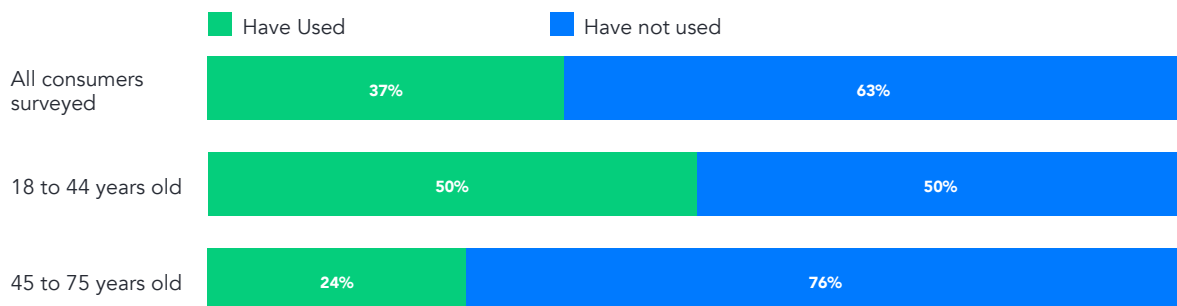
Have you ever used social media channel such as Facebook, Twitter, or Instagram to contact/interact with a company?



Consumers under 45 are more than twice as likely as older consumers to have engaged with a brand through public social media channels. Contacting a company via a social media channel is most common among those under the age of 45, with **53%** of customers having used public social media channels to engage a brand previously (a 32-point difference by age to those over the age of 45).

Prevalence of Contacting Companies on Private Messaging Channels

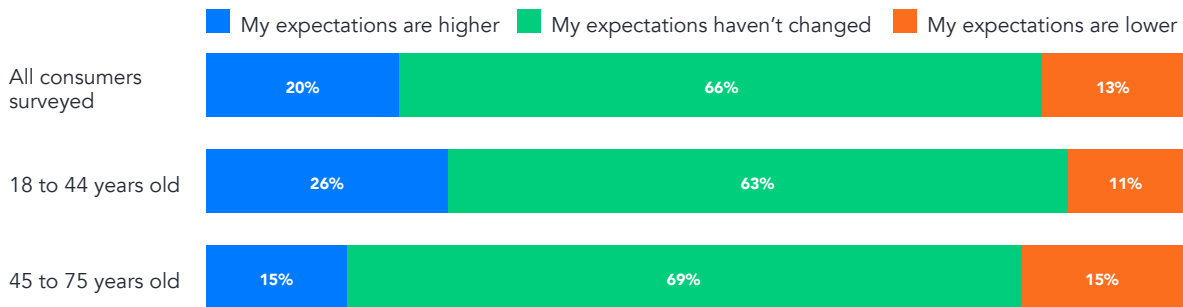
Have you ever used a private messaging channel such as texting, Facebook Messenger, or WhatsApp to contact/interact with a company?



Contacting a company via private messaging channels is most common among those under the age of 45, with **50%** of consumers in that demographic having used private messaging apps to engage a brand (a 26-point difference by age to those over the age of 45).

Customer Service Expectations Remain High

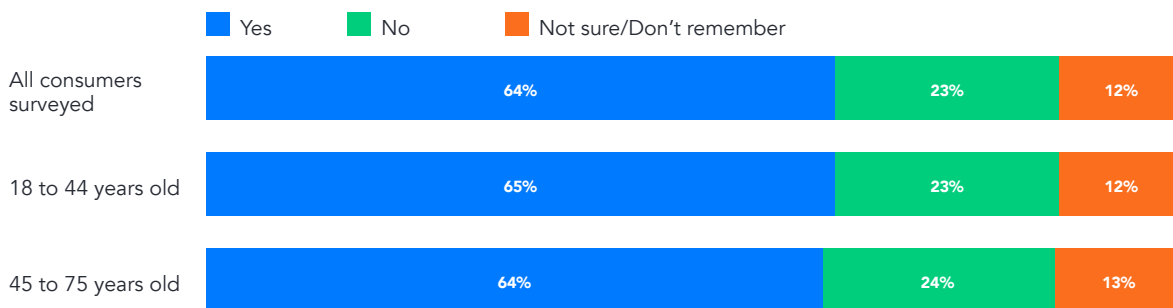
How have your customer service expectations changed compared to 12 months ago, if at all?



With customer expectations already at an all-time high, customers under the age of 45 are more likely to have even higher service expectations than their older counterparts by an **11%** difference.

Poor Customer Experiences Lead to Customer Attrition

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



64% of the consumers surveyed have stopped doing business with a company due to a poor customer experience. This was consistent across all age groups, demonstrating the importance of getting customer experience management right every time.

Key Finding: Customers Continue To Use Digital Channels To Engage Brands—Especially Younger Generations

Younger generations—those under the age of 45—prefer engaging with a brand over digital channels (**56%**) vs. a traditional one (**43%**). What's more, **79%** of consumers under 45 gave an above-average rating for how important it is to have good experiences on digital channels, and **65%** have moved to a competitor after receiving a poor customer experience.

Of the digital channels that brands can use to power customer conversations, younger generations have a greater desire to engage over private messaging apps, with **50%** of under 45-year-olds having previously used a channel like WhatsApp or SMS texting.

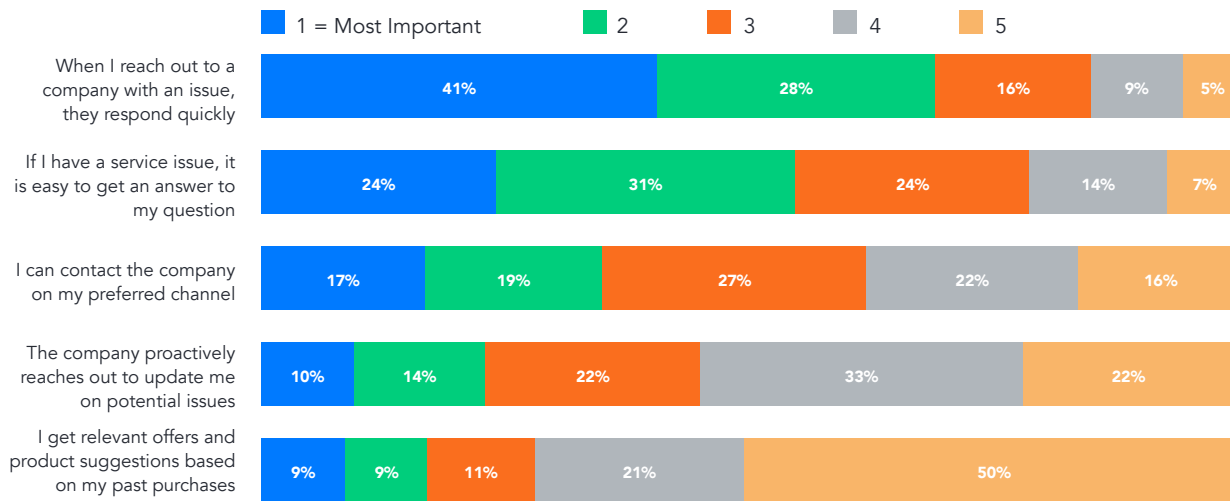


Private messaging channels—like WhatsApp Business, Facebook Messenger, and Apple Messages for Business—allow brands to offer seamless customer experiences centered around asynchronous conversations between consumers and brands.

Trend 2: Customer Retention Is More Important Than Acquisition

Swift + Effortless = A Good Customer Experience

Please rank these aspects of a good customer experience from 1 – 5 (1 being most important)

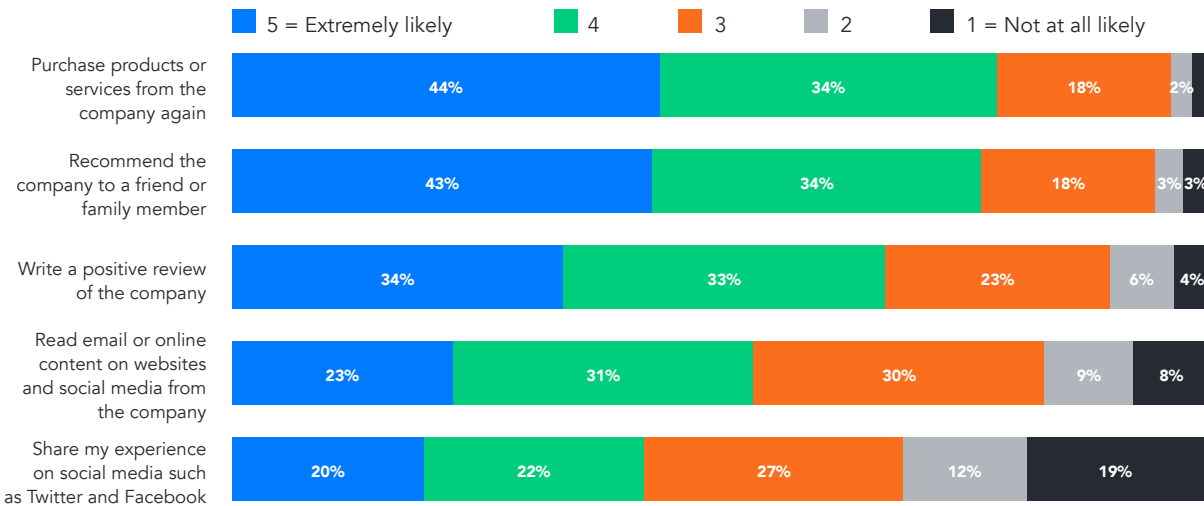


Customers value in-the-moment responses and an effortless resolution when engaging with brands.

More than two-thirds of the consumers surveyed (**69%**) ranked brands responding quickly as the most important, or second-most important, aspect of a good customer experience, with **55%** of consumers giving an above-average rating for effortless customer experiences.

The Benefits of Engaging Customers on Digital Channels

If you had an amazing customer experience on a digital channel, how likely would you be to do each of the following?

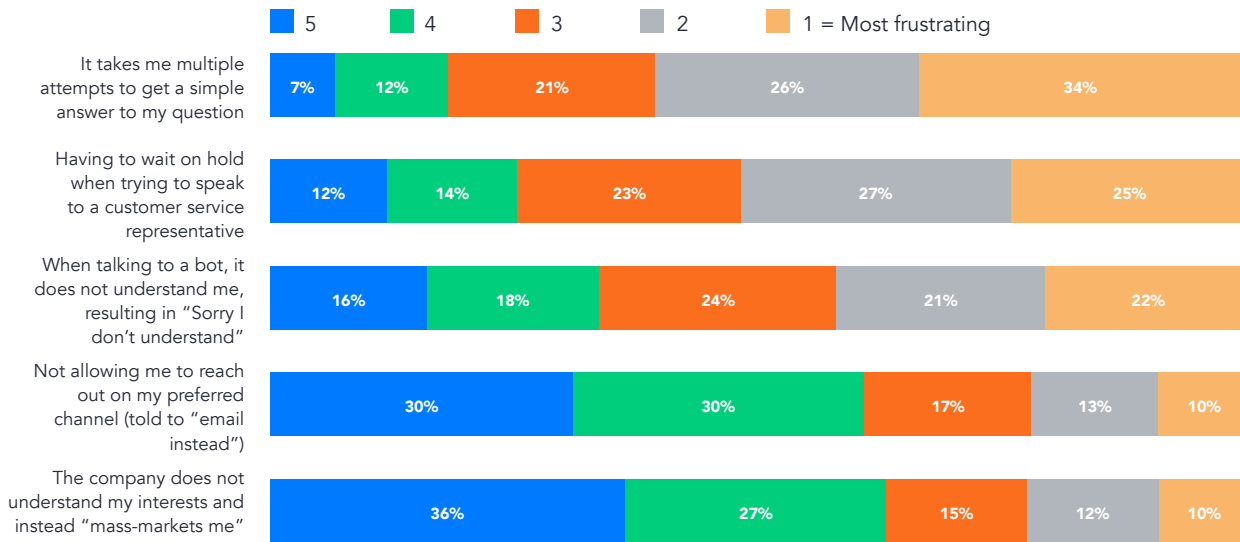


Providing amazing customer experiences on digital channels often drives additional purchases and recommendations.

78% of consumers gave an above-average rating for how likely they would be to purchase products or services from a company again if they had an amazing customer experience on a digital channel, and **77%** gave an above-average rating for how likely they would be to recommend the company to a friend or family member.

Effort + Hold Times = A Bad Customer Experience

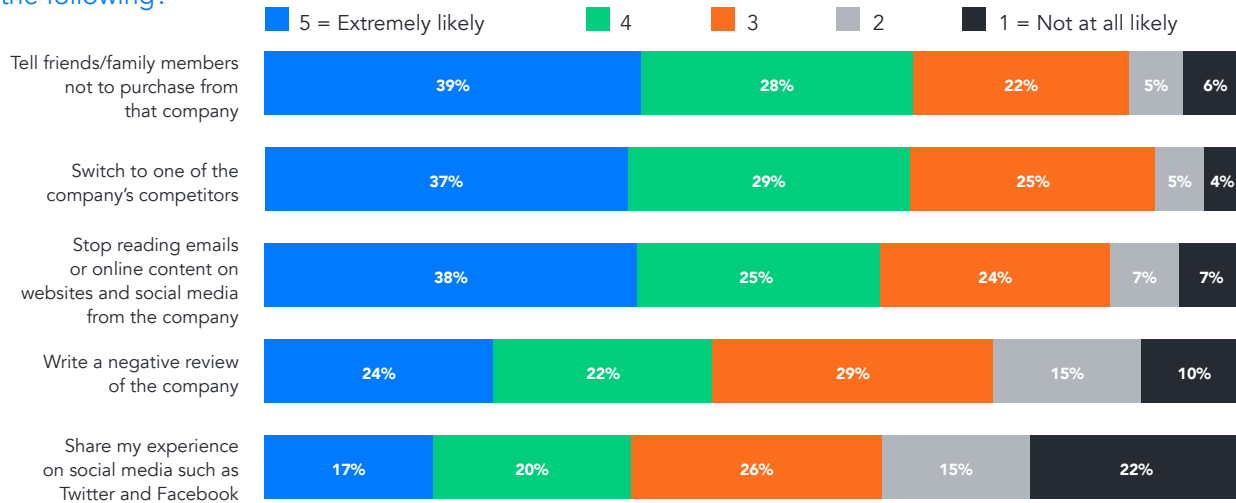
Please rank these aspects of poor customer experience from 1 – 5 (1 being most frustrating)



The most damaging characteristic to brand loyalty is the amount of effort needed to get a resolution (**34%**), followed by long hold times (**25%**) and bad bot experiences (**22%**).

The Danger of Delivering a Bad Customer Experience on Digital Channels

If you had a terrible customer experience on a digital channel, how likely would you be to do each of the following?



Two-thirds of consumers gave an above-average rating for how likely they would be to tell their friends/family not to purchase from the company and nearly two-thirds gave an above-average rating for how likely they would be to switch to a competitor.

Providing poor customer experiences on digital channels often leads to negative word-of-mouth and customer attrition. **67%** of consumers gave an above-average score for telling their friends and family about poor customer experiences and **66%** gave an above-average score for switching to a competitor.

Key Finding: Delivering Great Customer Service Experiences Is Your Best Form of Marketing

In this year’s findings, we’ve gained insight into what constitutes a good customer experience versus a bad one. Customer expectations are clear: they want a swift and effortless customer experience on the channel of their choice—an experience that does not make them wait on hold or direct them to an endless phone menu.

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%), according to the consumers we surveyed.

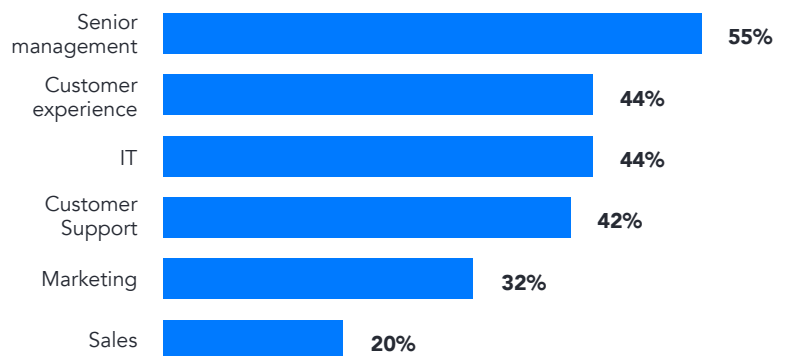
Brand Data Analysis: Digital-First Engagement for Brands

Trend 1: CX Personalization Is the Top Priority for Brands in 2022

Multiple Internal Departments Determine Digital-First Engagement Strategy

Which area(s) in your organization determine your company’s strategy for digital-first customer engagement? (Select all that apply)

More than one area of an organization is often involved in determining the strategy for digital-first engagement, with 68% of the survey participants selecting at least two areas.

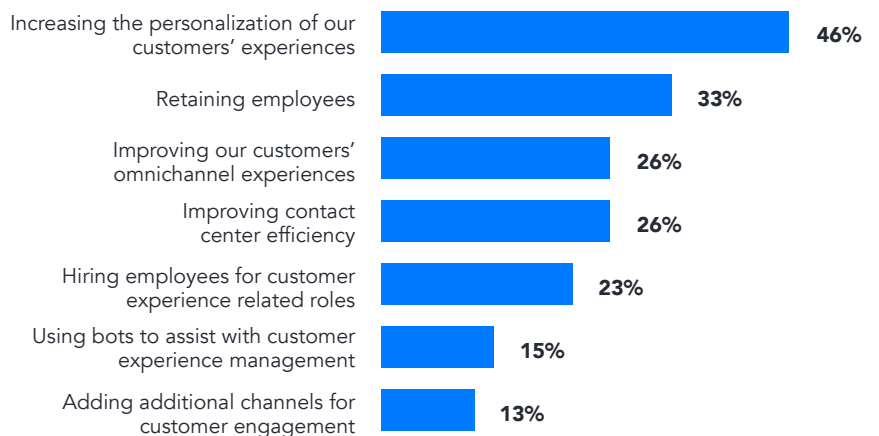


Personalizing the Customer Experience Is the Top Priority

What is your company’s overarching customer experience priority for the next 12 months? (Select one or two)

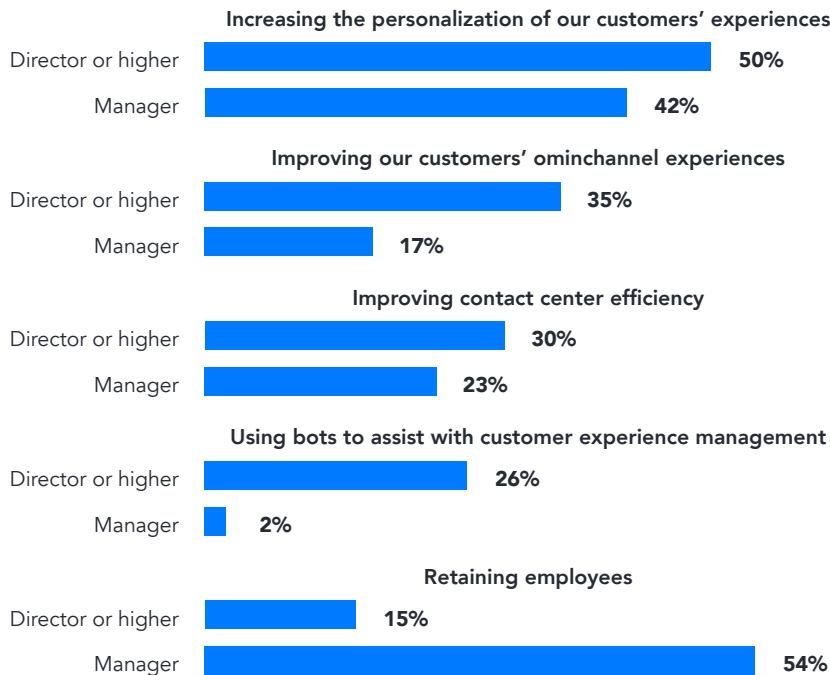
Nearly half of the survey participants said increasing the personalization of their customers’ experiences is an overarching CX priority in the next 12 months.

Employee retention is a top priority for one-third of respondents.



Senior Management Is Also Focused on Delivering Omnichannel Experiences

What is your company's overarching customer experience priority for the next 12 months? (Select one or two)

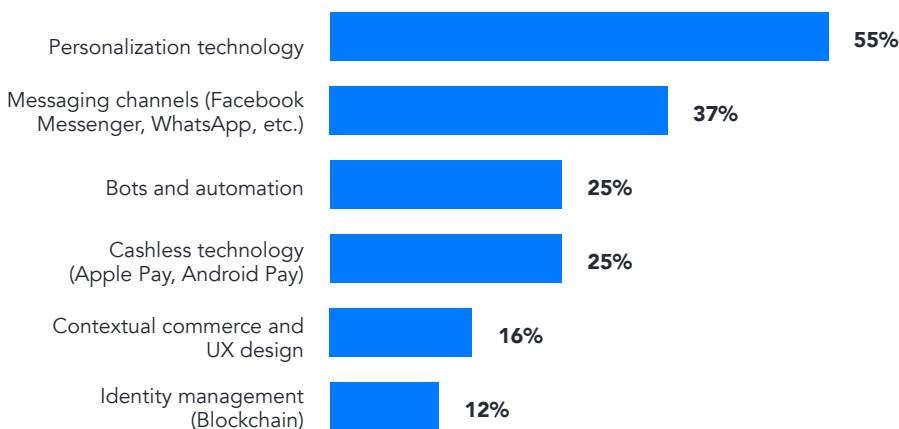


Individuals with titles of director or higher (director, VP, SVP, EVP, or C-Level executive) were twice as likely as managers to select "Improving our customers' omnichannel experiences" as an overarching CX priority for the next 12 months.

There's an even greater disparity when it comes to prioritizing the retention of employees. Managers (54%) were over three times more likely than directors or higher (15%) to select retaining employees as an overarching CX priority.

And—Unsurprisingly—Personalization Is Seen To Have the Biggest Technological Impact

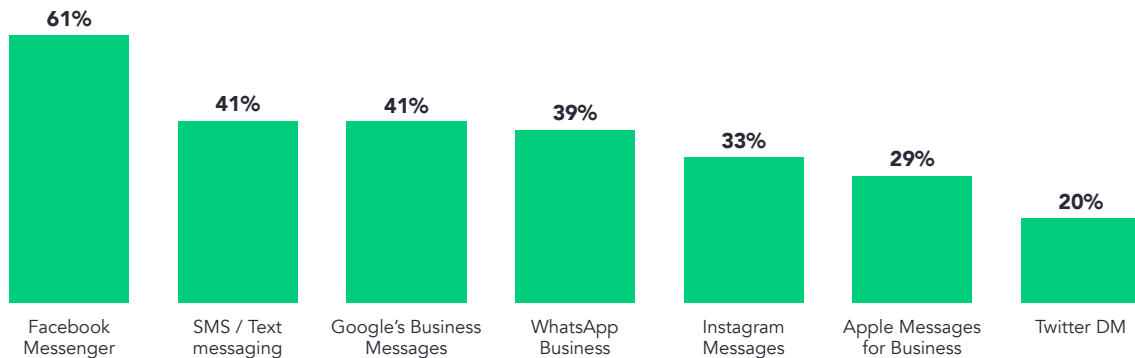
What technological advancement do you think will have the biggest impact on your customer experience strategy in the next 12 months? (Select one or two)



More than half of the survey participants said personalization technology will have the biggest impact on their customer experience strategy this year. Messaging channels, such as Facebook Messenger and WhatsApp, are also predicted to have a significant impact.

Facebook Messenger Is Anticipated To See the Greatest Customer Conversation Growth

On which of the following digital messaging channels do you anticipate your customer interactions will increase the most in the next 12 months? (Select all that apply)

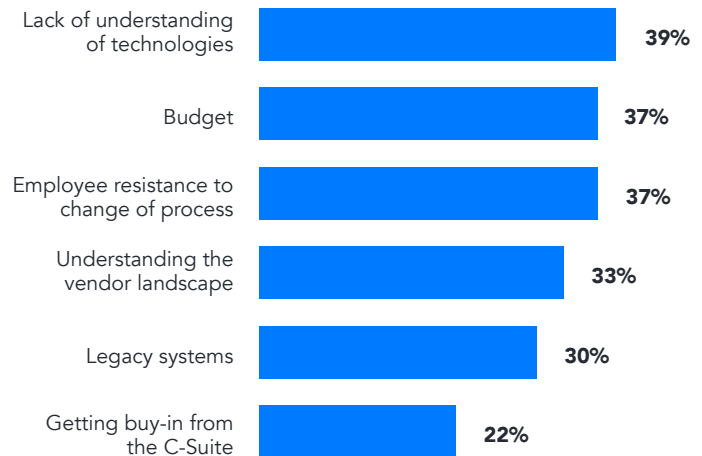


Facebook Messenger is the most common digital messaging channel on which survey participants anticipate their customer interactions to most increase in 2022. Only one in five respondents expect a significant increase in customer interactions via Twitter DM.

Lack of Technological Understanding Is the Biggest Barrier to a Digital-First Strategy

What are the biggest internal barriers you face when trying to implement digital-first customer engagement? (Select up to three)

More than one-third of respondents feel that employee resistance to change is the most significant barrier to embracing a digital-first approach to customer engagement. Additionally, another one-third reported that retaining employees is an overarching priority over the next 12 months, meaning that a digital-first strategy needs to be accompanied with suitable training and guidance to ensure employees are comfortable with this change.



Key Finding: Brands Understand That Personalization Is Key To Delivering Effective CX on Digital Channels

The good news for brands, and their customers, is that there is alignment between what respondents believe will have the greatest effect on improving their CX strategy and what they are actually planning to implement. Some **55%** think that personalization will have the most significant impact on their customer experience strategy over the next 12 months, and **46%** said that increasing the use of personalization is their number one CX priority.

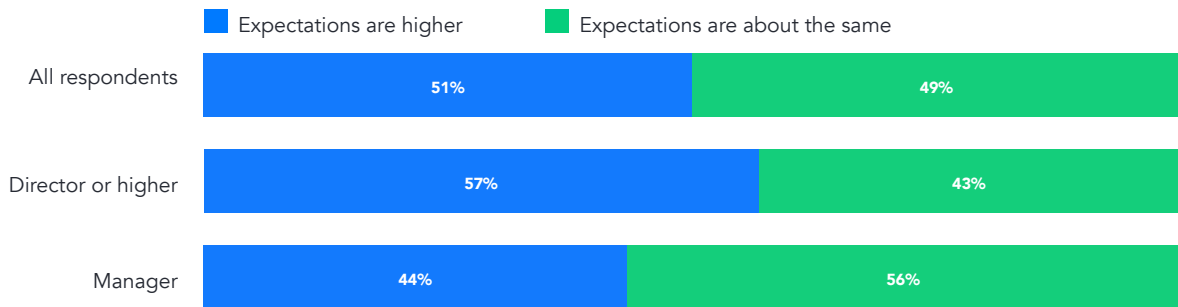
While brands understand that they need to deliver more engaging, personalized customer experiences to retain their customers, they are also aware of the barriers that prevent them from implementing a digital-first strategy.

The research found that employees are resistant to change (37%) and may lack the understanding of modern technologies (39%). On the other hand, retaining employees (33%) is a key customer experience priority due to [The Great Resignation](#). Managers (54%), who see the direct impact of employee turnover on their ability to deliver high-quality customer experiences, see employee retention as their number one priority over the next 12 months. Brands cannot afford to alienate employees but also can't be left behind when it comes to delivering great customer experiences.

Trend 2: CX Directors and Managers Need Greater Alignment

Directors and Above Say Their Customers Have Higher Digital Expectations

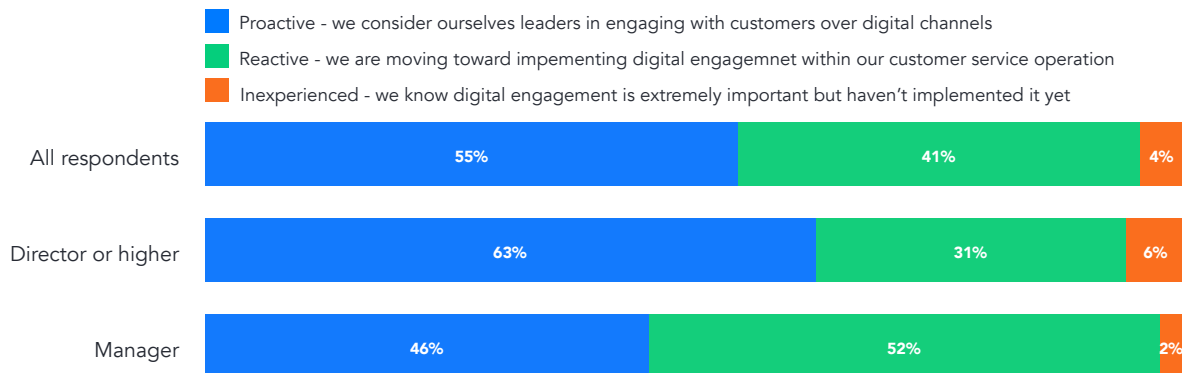
Compared to a year ago, how have your customers' expectations for engaging with you digitally changed, if at all?



Brands are evenly split in their perspectives on how their customers' digital engagement expectations have changed compared to a year ago. However, 57% of those in more senior positions say their customers' expectations have increased.

Brands Believe They Take a Proactive Stance to Digital-First Engagement

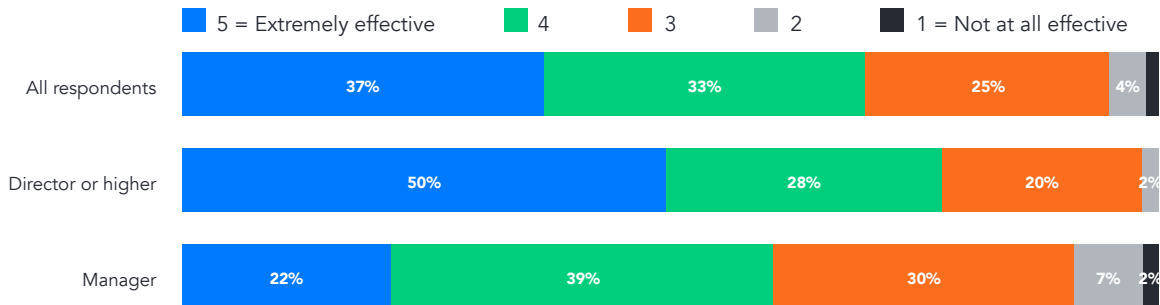
Which of these options best describes your company's approach to digital-first customer engagement?



More than half (55%) of the survey participants consider their organizations to be leaders in digital-first engagement with their customers. But there is a disconnect between those who set the strategy and those who carry the strategy out. Respondents who are directors or higher (including directors, VPs, SVPs, EVPs, and C-suite executives), have a higher opinion of their digital-first capabilities than managers by 17%.

And They Also Believe They Are Extremely Effective at Digital-First Engagement

How effective is the experience you currently provide your customers when they interact with you on digital channels?



70% of the survey participants gave an above-average rating for the effectiveness of the experience they provide to their customers on digital channels. Half of the survey participants who identified as a title of director or higher consider their customers' experiences when they interact with them on digital channels to be extremely effective.

Managers, who are more likely to be involved in the day-to-day operation of digital customer engagement, were more reserved in their assessment, with **39%** stating that the experience provided to customers is highly effective, compared to just **22%** who stated that it is extremely effective.

Key Finding: There Is a Disconnect Between Those Who Set the Strategy and Those Who Fulfill the Strategy

Overall, directors and managers have a similar perception of their approach to digital-first engagement. The key difference, however, is that directors tend to believe that the customer experience their brand provides is more effective than how managers perceive it. This may point to a lack of communication between those responsible for setting strategy and the employees solely responsible for managing customer interactions.

A director may implement technology and processes that they believe are best positioned to ensure extremely effective CX, but the managers who are responsible for delivering that service have a more honest assessment of their capabilities. While most managers still believe that their CX is above average, improving the feedback loop between managers and directors will help to drive improvements to a brand's digital-first strategy and ensure greater alignment across the organization.

Key Recommendations

Customer patience is wearing thin. Although at one-time hearing “We’re experiencing a high volume of calls” invoked a feeling of sympathy, that feeling has quickly been replaced by frustration. Brands have had more than two years to rectify issues relating to high volumes of inbound calls, messages, and queries. Customers now expect swift, effortless engagement on their channel of choice.

So, what happens to brands that fail to live up to customer expectations? **39%** of consumers say they are extremely likely to tell a friend or family member not to purchase from a company if they receive a terrible customer experience, and **64%** are likely to stop doing business with you. The consequences of poor CX could not be clearer.

Therefore, digital transformation initiatives—that could last anywhere from six months to six years—are suddenly more time-sensitive than ever before. What started as a necessity—engaging with brands over digital channels—is now a customer preference. As such, brands not only have to figure out how to operate efficiently in this new digital world, they also must rapidly adapt to changing consumer habits.

To progress beyond merely “engaging with customers on digital channels,” brands must take a holistic approach to digital engagement, focusing on:

- Delivering timely customer engagement with conversational AI:** Speed of response is the most important factor affecting customer loyalty for **41%** of respondents. But your approach to AI must go further than building simple chatbots. You must combine cutting-edge natural language processing, machine learning, and robust intent understanding libraries to deliver interactions with your customers and employees across every channel.
- Provide a single source of truth with knowledge management:** When your customers have questions or issues, they demand immediate, accurate answers in their channel of choice. In fact, having to make multiple attempts to get a simple answer is the most frustrating aspect of poor customer experience for **34%** of consumers. But delivering the right information at the right time is easier said than done, right? Knowledge Management provides a single source of truth that enables consistent answers across channels for assisted or self-service customer needs.
- Empower conversations across the enterprise with engagement orchestration:** Senior management (directors, VPs, SVPs, EVPs, and C-suite executives) rank improving customers’ omnichannel experiences as the second highest CX priority over the next 12 months. To create an effective omnichannel engagement strategy, brands need to empower their workforce with the right tools so customers can start a conversation in one channel and then seamlessly switch to another one and continue from there. The result? Continuous, unified customer conversations on digital channels.
- Adopt an omnichannel customer engagement strategy:** Even before the global pandemic, our lives were becoming increasingly digital. Customer conversations are now happening on digital channels, driven by a younger and more digital-savvy consumer base (56% of under 45s prefer asking service-related questions over digital channels). Therefore, brands need to be present on the channels their customer wish to engage with them on. By doing so, brands can nurture customer relationships through two-way conversational CX.

As consumers have gone digital, brands have struggled to maintain meaningful customer relationships. 2022 needs to be the year of true “digital transformation” with a purpose.

Americas

info@verint.com
+1 770 754 1900
1-800-4VERINT

Europe, Middle East & Africa

info.emea@verint.com
+44(0) 1932 839500

Asia Pacific

info.apac@verint.com
+(852) 2797 5678



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