

FORRESTER®

CHALLENGE THINKING. LEAD CHANGE.




# Empowered Customers Expect Excellent Experiences

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The image is a composite. The background is a first-person view from a car driving on a paved road that stretches into the distance under a blue, cloudy sky. The road is flanked by green hills. In the upper right, a rearview mirror is visible, reflecting a dirt road that leads towards a fence and some trees. Overlaid on the center of the image is a semi-transparent dark grey rectangle containing three lines of white text.

Innovations change expectations  
Lower barriers to switch  
Past behaviors don't predict future interest







# Forrester's Empowered Customer Segmentation



**Progressive  
Pioneers**



**Savvy  
Seekers**



**Convenience  
Conformers**



**Settled  
Survivors**

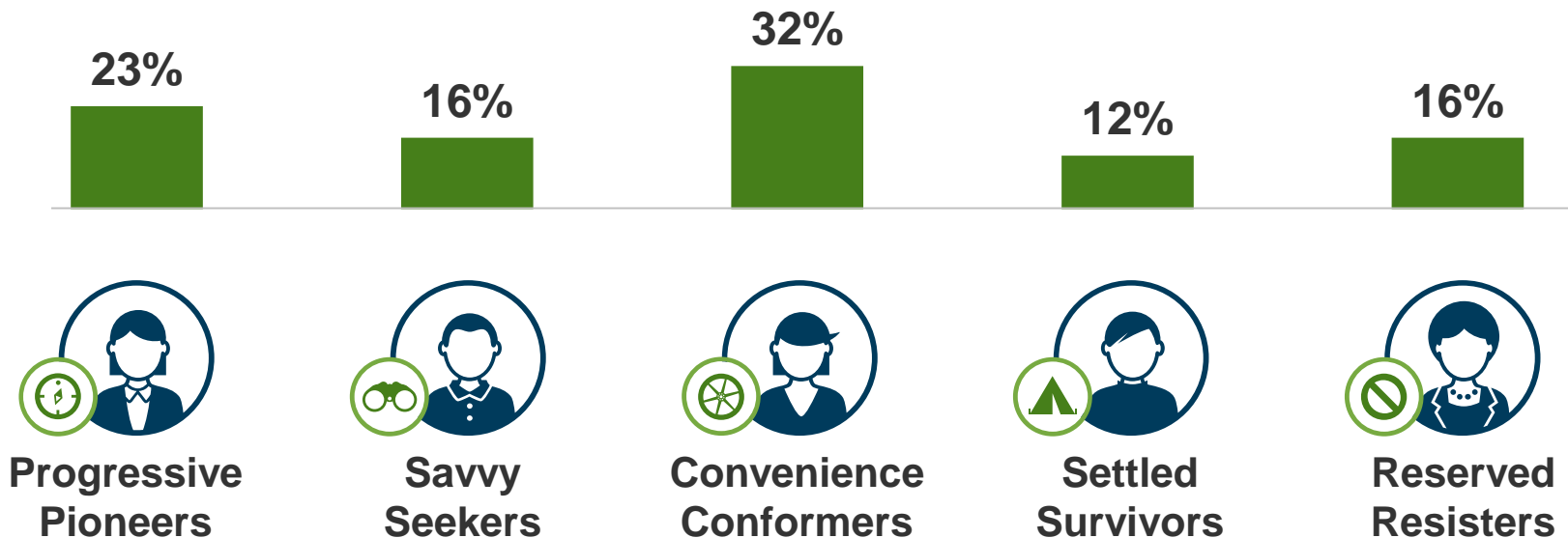


**Reserved  
Resisters**

Most Empowered  
Least Forgiving  
Highest Churn

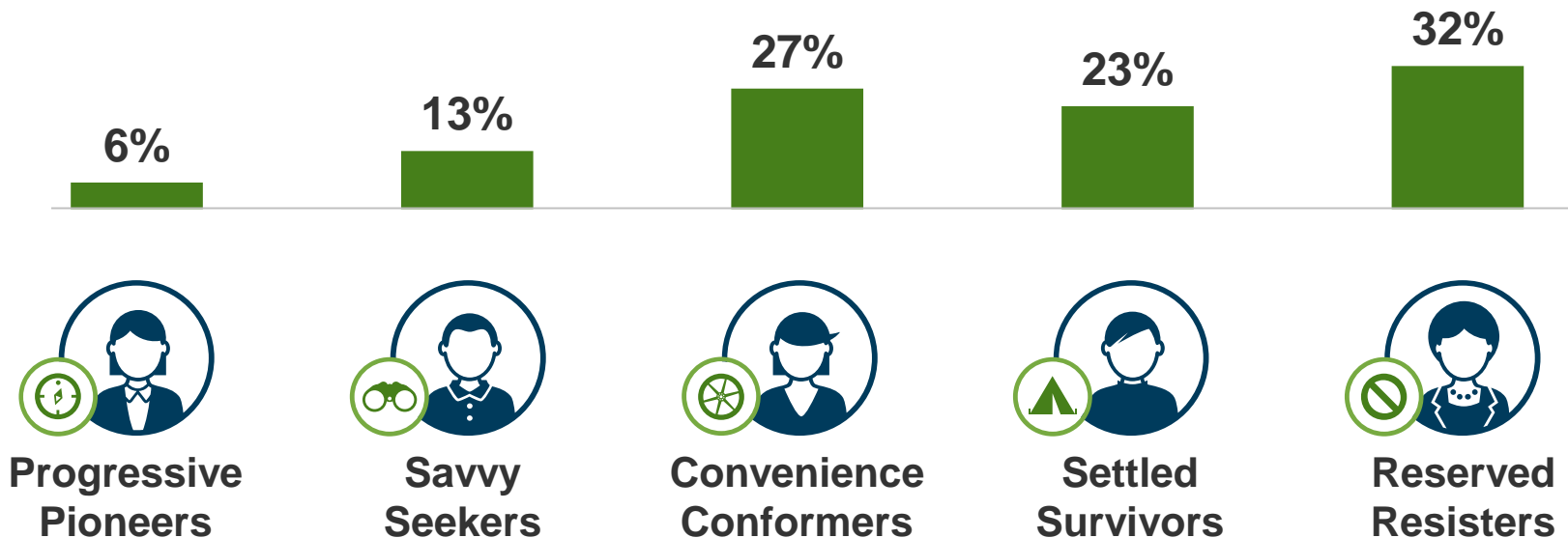
Least Empowered  
Most Forgiving  
More Loyal

# The empowered customer segmentation in the US:



Base: 58,000 US online adults; Source: Forrester Data Consumer Technographics® Online Benchmark Survey, US Consumers 2017 #ForresterData

# The empowered customer segmentation in the Sweden:



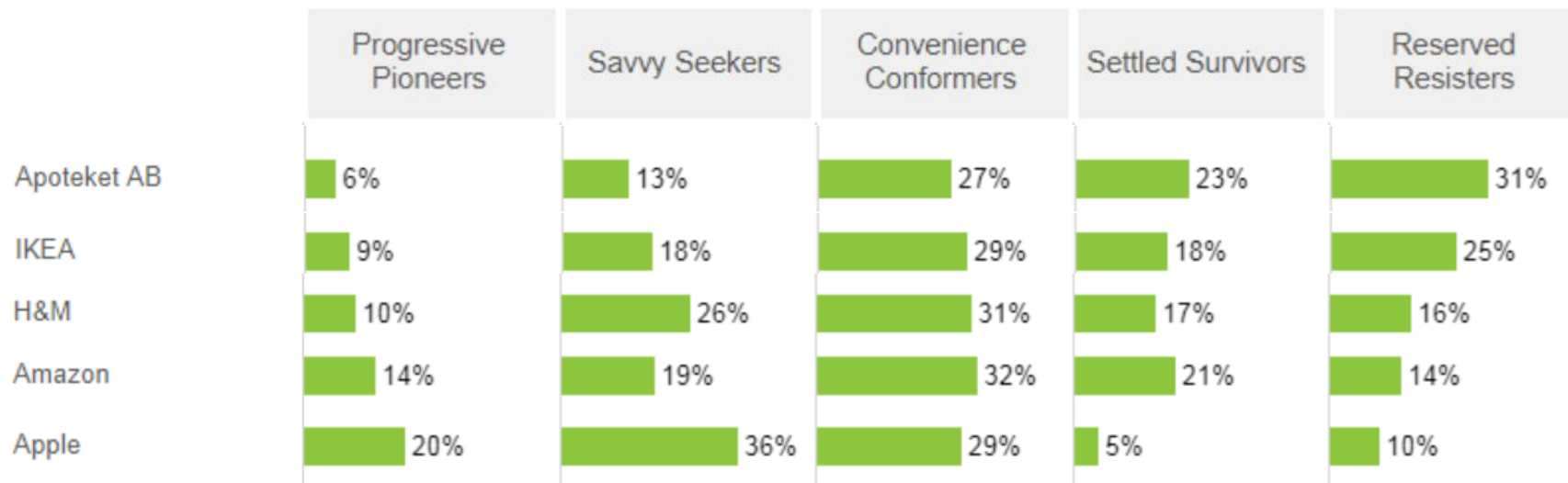
Base: 725 Swedish online adults; Source: Forrester Data Consumer Technographics® Global Online Benchmark Survey, 2017

#ForresterData



# Some brands have more empowered customers than others

## The Empowered Customer Across Key Retail Brands



Base: 725 Swedish online adults; Source: Forrester Data Consumer Technographics® Global Online Benchmark Survey, 2017



How do you hold on to your empowered customers in a marketplace that's crowded with alternatives?



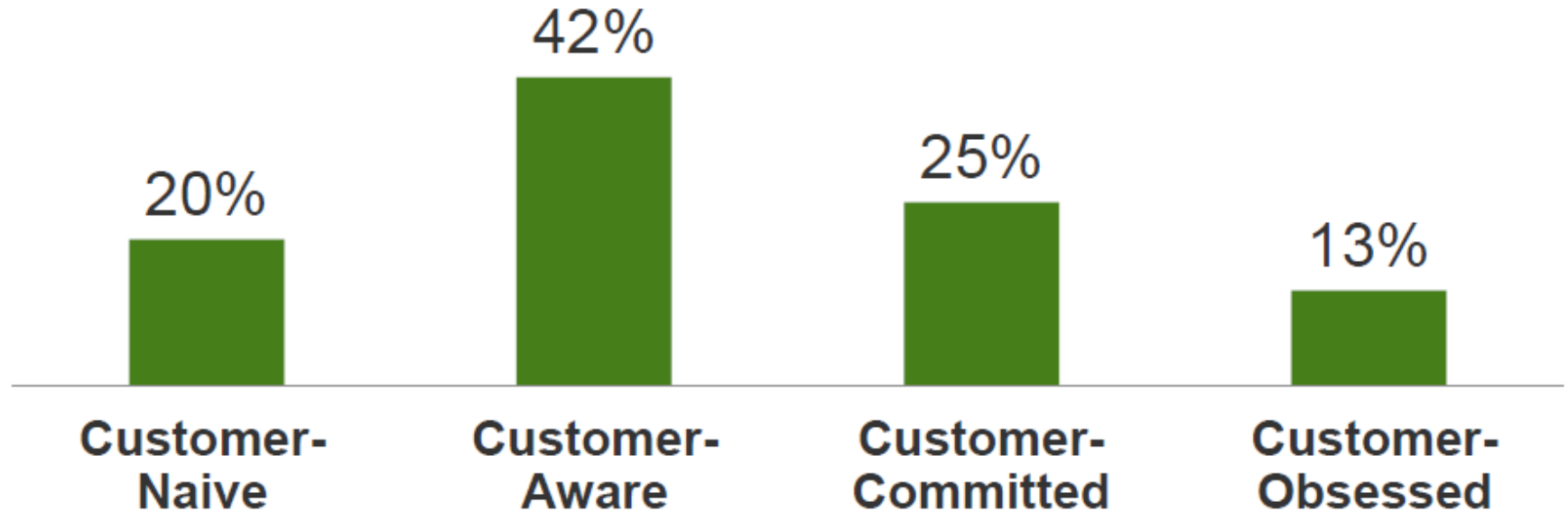


A close-up portrait of Jeff Bezos, CEO of Amazon, looking slightly to the right with a serious expression. He is wearing a dark suit jacket over a white shirt. The background is dark and out of focus.

**"WE'RE NOT COMPETITOR OBSESSED, WE'RE CUSTOMER  
OBSESSED. WE START WITH WHAT THE CUSTOMER  
NEEDS AND WE WORK BACKWARDS."**

JEFF BAZOS, CEO OF AMAZON

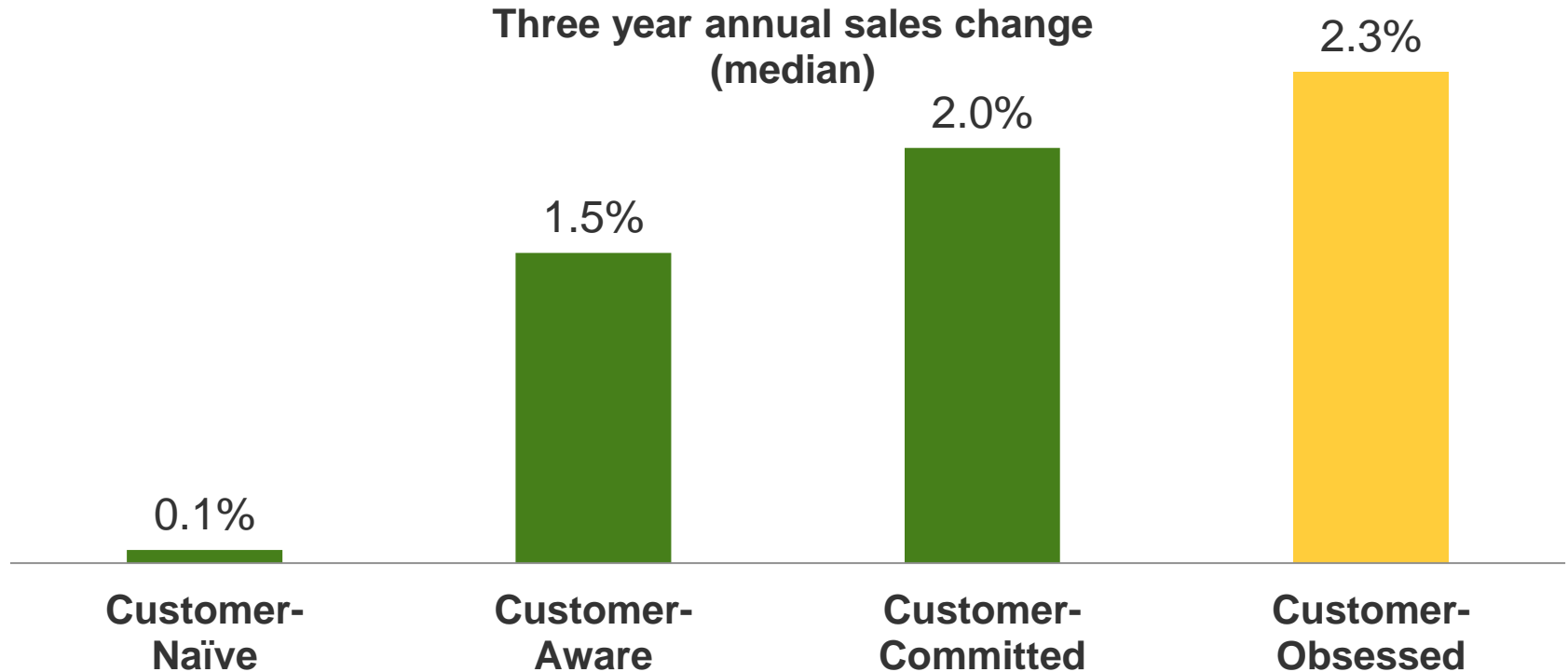
# Most companies are still in the early stages of customer obsession



Base: 1,024 global executives

Source: Forrester's Q3 2016 Customer-Obsessed Operating Model Online Survey

# Customer obsessed companies show better results



194 Global Executives

Source: Forrester's Q3 2106 Customer-Obsessed Operating Model Online Survey and appended Dun & Bradstreet 3 year revenue data





**Paul Franks** @pjfranks1509 · Aug 19

@elonmusk can you guys program the car once in park to move back the seat and raise the steering wheel? Steering wheel is wearing.



42



91



1.9K



**Elon Musk** ✓

@elonmusk

Follow

Replying to @pjfranks1509

Good point. We will add that to all cars in one of the upcoming software releases.

3:11 AM - 19 Aug 2017

468 Retweets 9,081 Likes



266



468



9.1K





40%  
YoY



HOME

pure  
our insurance

ER CENTER

# Exceptional is the rule

At Pure Insurance, we offer comprehensive property insurance designed for the most successful individuals and families. We believe that insurance should be fully aligned with the interests of its policyholders, providing better coverage, unparalleled service and superior savings. We are more than a company, we are a community of success, where members rule. [The Pure Promise](#)

REQUEST A QUOTE

AGENT LOGIN

FIND AN AGENT

David Ogilvy's definition of a brand:

**The intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised.**



A close-up photograph of a person's hand holding a silver, ribbed metal can. A white straw is inserted into the top of the can. In the background, the person's mouth is open, showing their teeth and tongue. The image is used as a background for a text overlay.

... in reality brand is often:

**A concept of a product or service that is publicly distinguished from other products or services so that it can be easily communicated**



Customer Experience (CX):

**How customers perceive  
their interactions with  
your organization**







# Forrester's CX Index score measures . . .

*. . . how successfully a company delivers customer experiences that **create and sustain loyalty***

## Customer Experience Quality



## Customer Loyalty



### Effectiveness

The experience delivers value to customers.



### Ease

It's not difficult for customers to get value from the experience.



### Emotion

Customers feel good about their experience.



### Retention

The likelihood that a customer will keep existing business with the company



### Enrichment

The likelihood that a customer will buy additional products and services from the company



### Advocacy

The likelihood that a customer will recommend the company to others

# The model calculates revenue impact CX investments

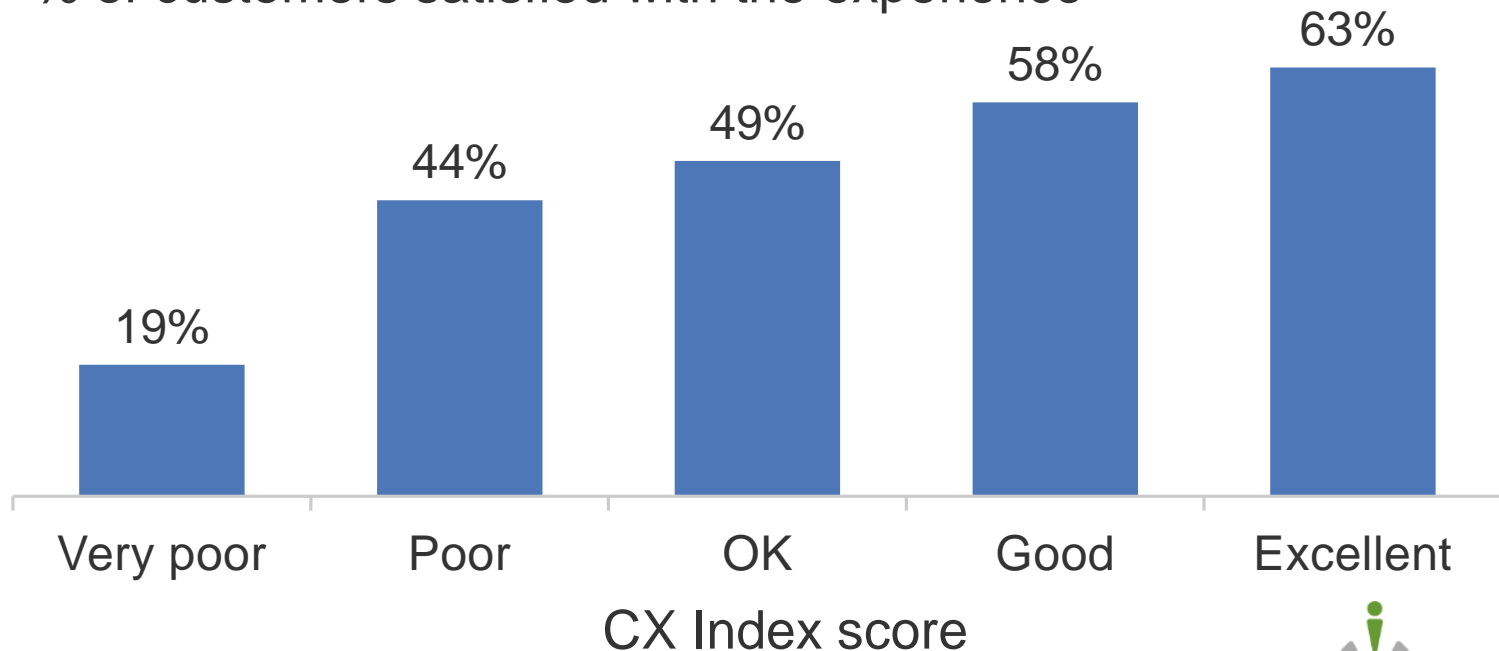
One-point improvement in CX Index™ score results in:					
		Annual incremental revenue per customer (from a one-point increase)*	x	Average number of customers per company†	= Total revenue
	Auto manufacturers: mass market	\$48.50	x	18 million	= \$873 million
	Hotels: upscale	\$7.54	x	44 million	= \$332 million
	Wireless service providers	\$3.39	x	82 million	= \$278 million
	Big-box retailers	\$2.44	x	100 million	= \$244 million
	Auto and home insurance providers	\$14.32	x	15 million	= \$215 million

Base: 122,500 US online adult customers (ages 18+) of at least one industry who interacted with that industry within the past 12 months (bases vary by industry)

Source: Forrester's Customer Experience Index Online Survey, US Consumers 2016

# Many companies measure satisfaction, but that only tells part of the story

% of customers satisfied with the experience



Base: online adults

Source: Forrester's European and Australian CX Index Online Survey, 2016



**Others focus on ‘effortless’ but that also may lead to the wrong outcome**

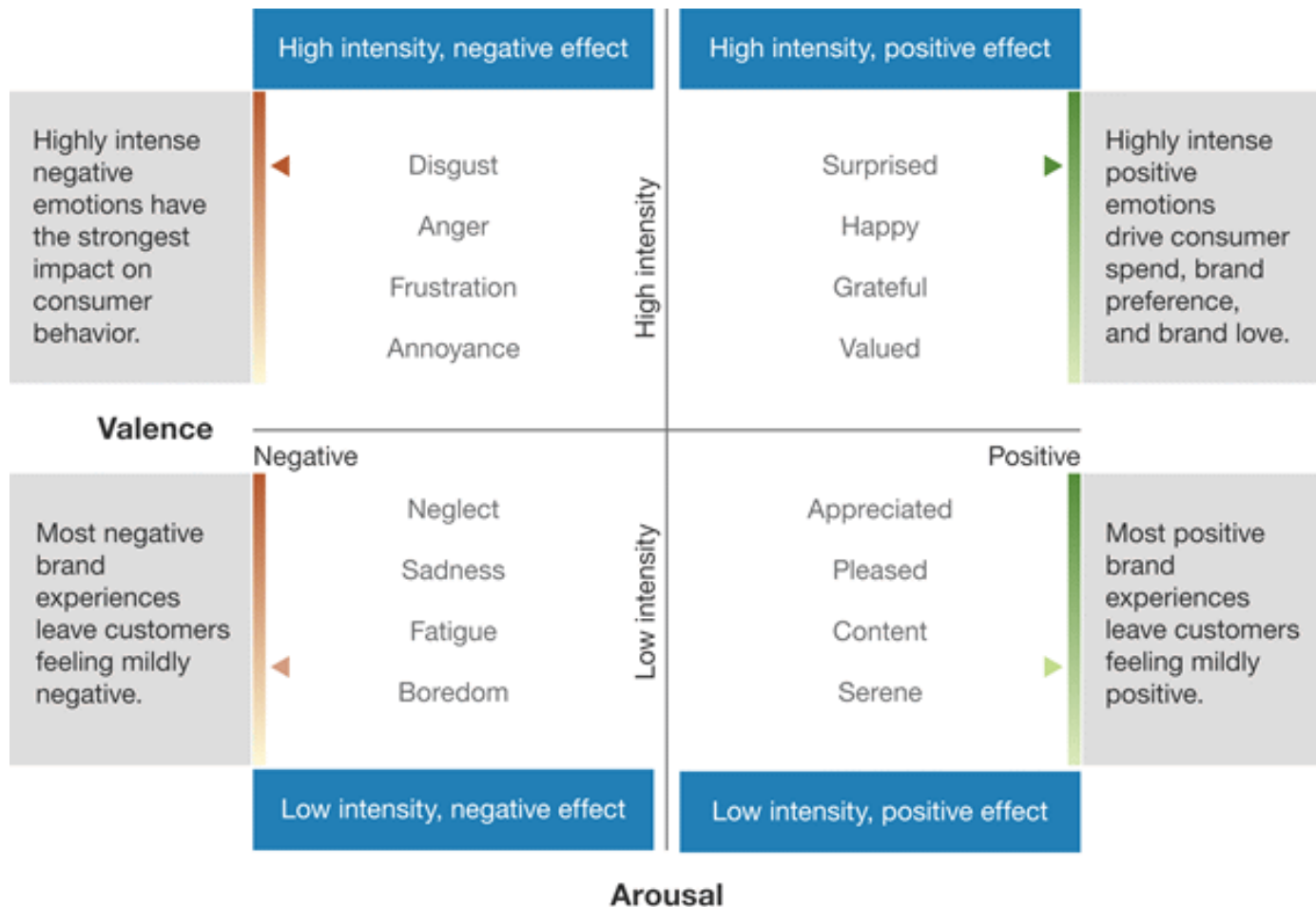
**“Quick and simple functions are not enough to retain consumers. In fact, they can **weaken the quality** of CX”.**

Source: Forrester's Report 'Four Myths About Consumer Emotion That Are Leading You Astray'

**Emotion drives CX:**  
**You want your customers to **feel good** about  
their experience with your brand**



# Focus on emotions that have a high intensity



Source: Forrester's Customer Experience Index Online Survey, US Consumers Q3 2015



# You need all three E's to deliver a great experience

## Effectiveness

Customers get value from the experience

## Ease

Customers get value from the experience without difficulty

## Emotion

Customers feel engaged by the experience

Quality

Usability

Experience

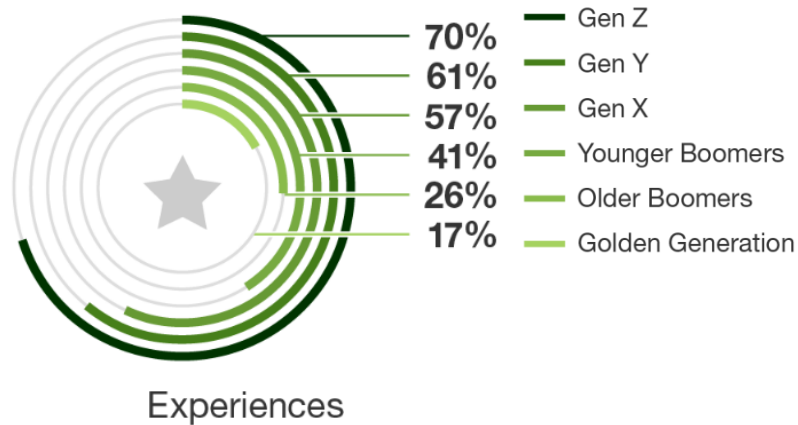


# How to deliver an experience that creates loyalty?



# Experience is the new driver for loyalty - especially for younger customers

Consumers who are interested in using their points for the following:  
(4 and 5 on a scale of 1 [Not at all interested] to 5 [Very interested])



"My favorite loyalty programs would have to be those that offer a huge range of ways to redeem your points, whether it is cinema tickets, dining out, train tickets, or spending in a store." (Female, 25 to 34 years old)

Base: 119 to 602 US online adults (18+) who belong to any type of loyalty program and for whom "Points, miles, or other loyalty currency" is an important element in a loyalty program

Source: Forrester's North American Consumer Technographics® Customer Life Cycle Survey 2, 2015

# Assess your loyalty program

## Assess from the member's perspective

Enrollment

Participation

Account management

Communications

## The loyalty member interaction self-assessment

### Enrollment

→ On a scale of 1 to 5, where 5 equals "strongly agree" and 1 equals "strongly disagree," score each of these statements as they apply to your loyalty program.

Enrollment is intuitive and available at all relevant touchpoints.	1	2	3	4	5
New members can customize their profiles at enrollment.	1	2	3	4	5
Information about the program (including benefits, perks, and how to use it) is presented in a clear way at the time of enrollment.	1	2	3	4	5
Information about the program is presented on an ongoing basis (e.g., a multistage email campaign to help members get acquainted with the program and its benefits).	1	2	3	4	5

### Participation

→ On a scale of 1 to 5, where 5 equals "strongly agree" and 1 equals "strongly disagree," score each of these statements as they apply to your loyalty program.

There are clearly defined but flexible ways to earn rewards (e.g., bonus points, earning rewards for nontransactional activities, or purchase of additional loyalty currency).	1	2	3	4	5
The redemption process is intuitive, easy to understand, and the program provides members with redemption options when relevant (e.g., wait to redeem in	1	2	3	4	5

**Perception  
is reality**





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Thank you

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