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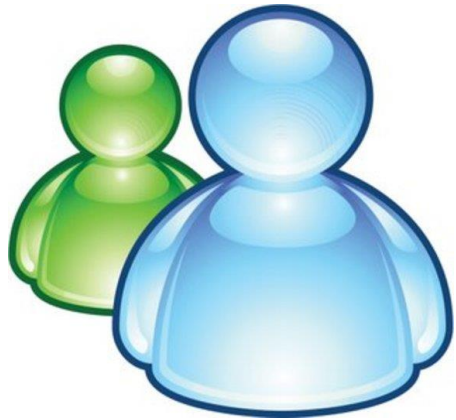
CHALLENGE THINKING. LEAD CHANGE.



Empowered Customers Drive The Need For Customer Obsession – Now

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May 9, 2017



Recent innovations have set a higher standard for customer experience and have raised consumer expectations

A purchase is no longer just about the product; it's about the experience.



Consumer churn rates are on the rise, as customers have greater choice and lower barriers to switch



Highly demanding consumers vote with their feet.

Demographics and past behaviors are not sufficient to understand, influence, and predict consumer activity

Once improbable things are now reality: Consumers are not always intuitive.



Key questions you must ask yourself about your customers:

- How are my customers evolving, and how fast?
- Which customers are most likely to leave our company for a better experience, and why?
- Which customers are most likely to reward our innovation with new revenue, and why?
- Are we keeping pace with our most empowered customers?







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

A high-angle, wide shot of a massive outdoor market or festival. The scene is filled with a dense crowd of people. Numerous tents and umbrellas are scattered throughout, many featuring logos for well-known brands. Visible logos include Zillow, GrubHub, Airbnb, Estimote, and eBay. The tents are in various colors, including white, blue, green, and red. The overall atmosphere is one of a busy, crowded public event.

How do you satisfy empowered customers' needs in a marketplace that's crowded with alternatives?

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)

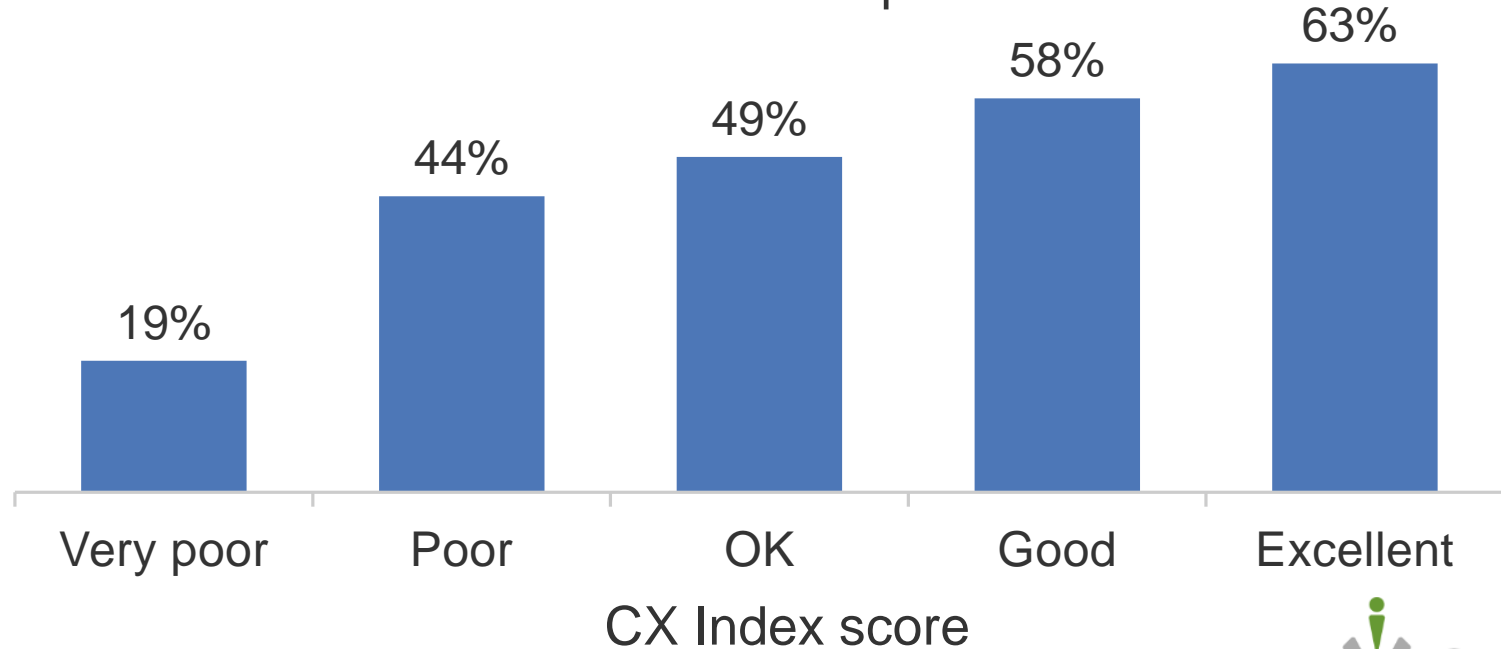
Source: Forrester's Customer Experience Index Online Survey, US Consumers 2016

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



Many measure satisfaction, but that should not be the end goal

% of customers satisfied with the experience

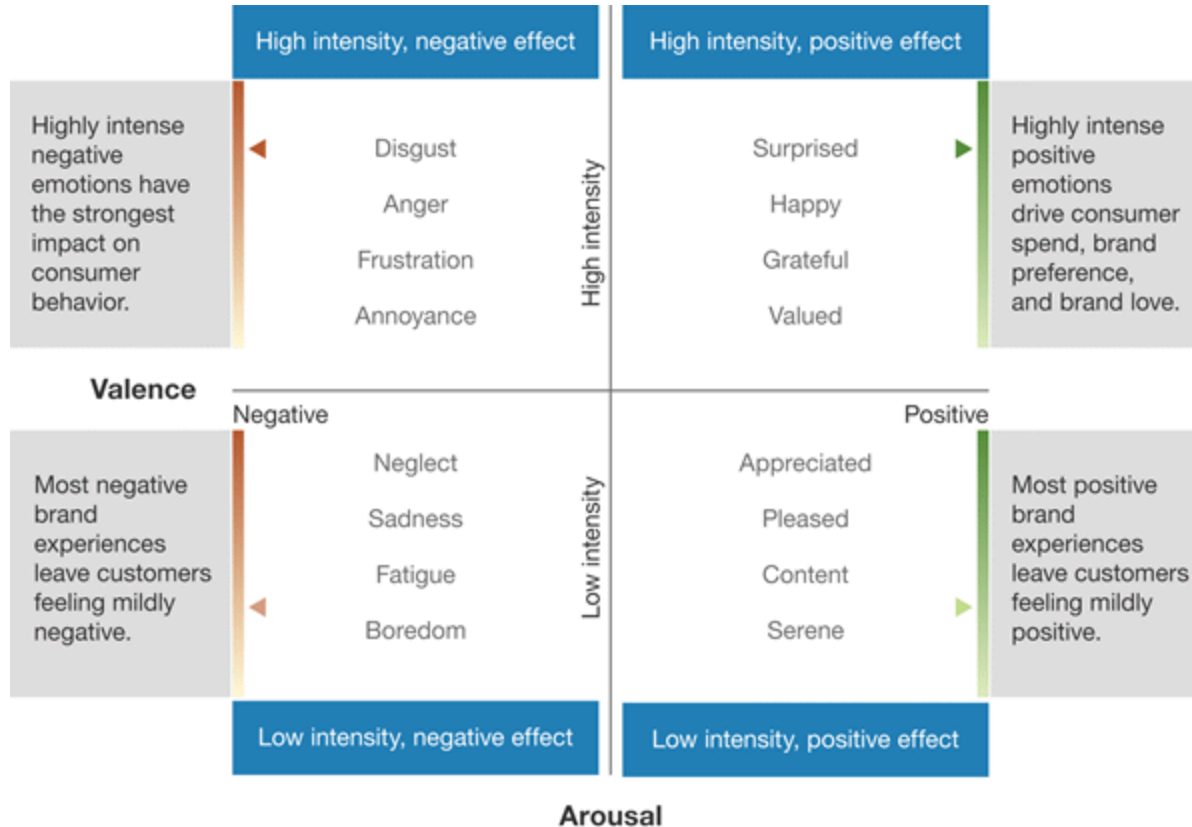


Base: British online adults

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



Instead, focus on emotions that have a high intensity



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

Customers that feel:



Surprised

Spend \$150 more with
the brand



Grateful

Are 2x as likely to seek
out the brand



Appreciated

Are 2x as likely to prefer
the brand

Base: 3,469 US online adults; Source: Forrester's Customer Experience Index Online Survey, 2015

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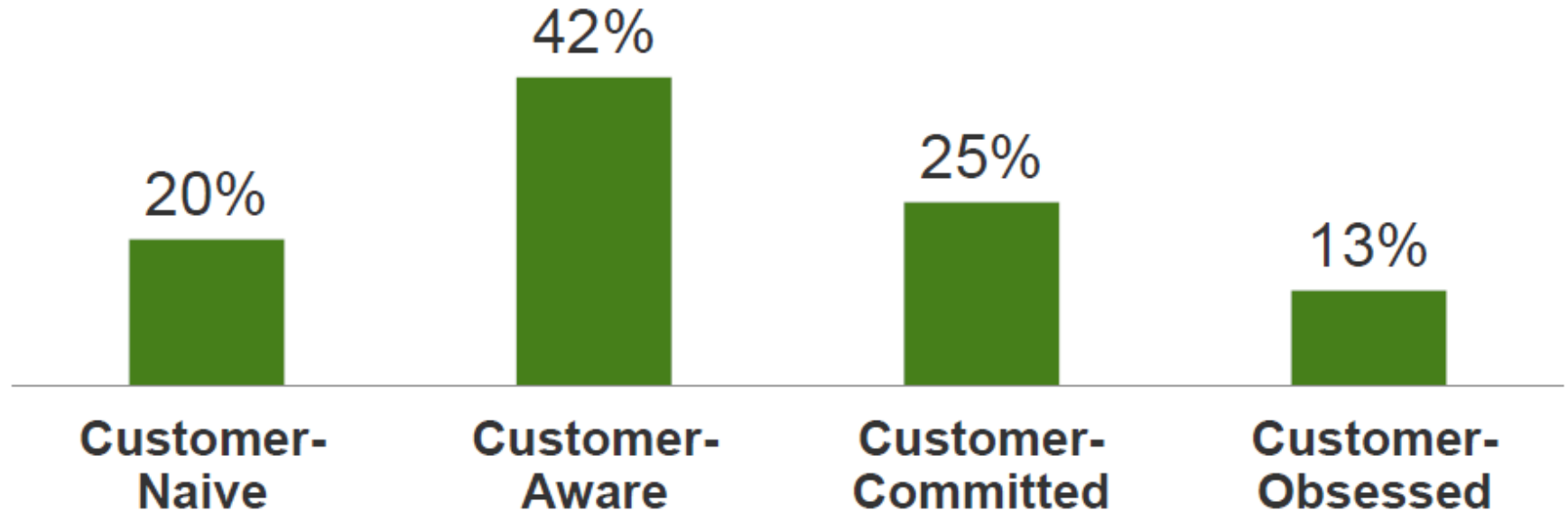




"WE'RE NOT COMPETITOR OBSESSED, WE'RE CUSTOMER OBSESSED. WE START WITH WHAT THE CUSTOMER NEEDS AND WE WORK BACKWARDS."

JEFF BAZOS, CEO OF AMAZON

Most companies are still in the early stages of customer obsession



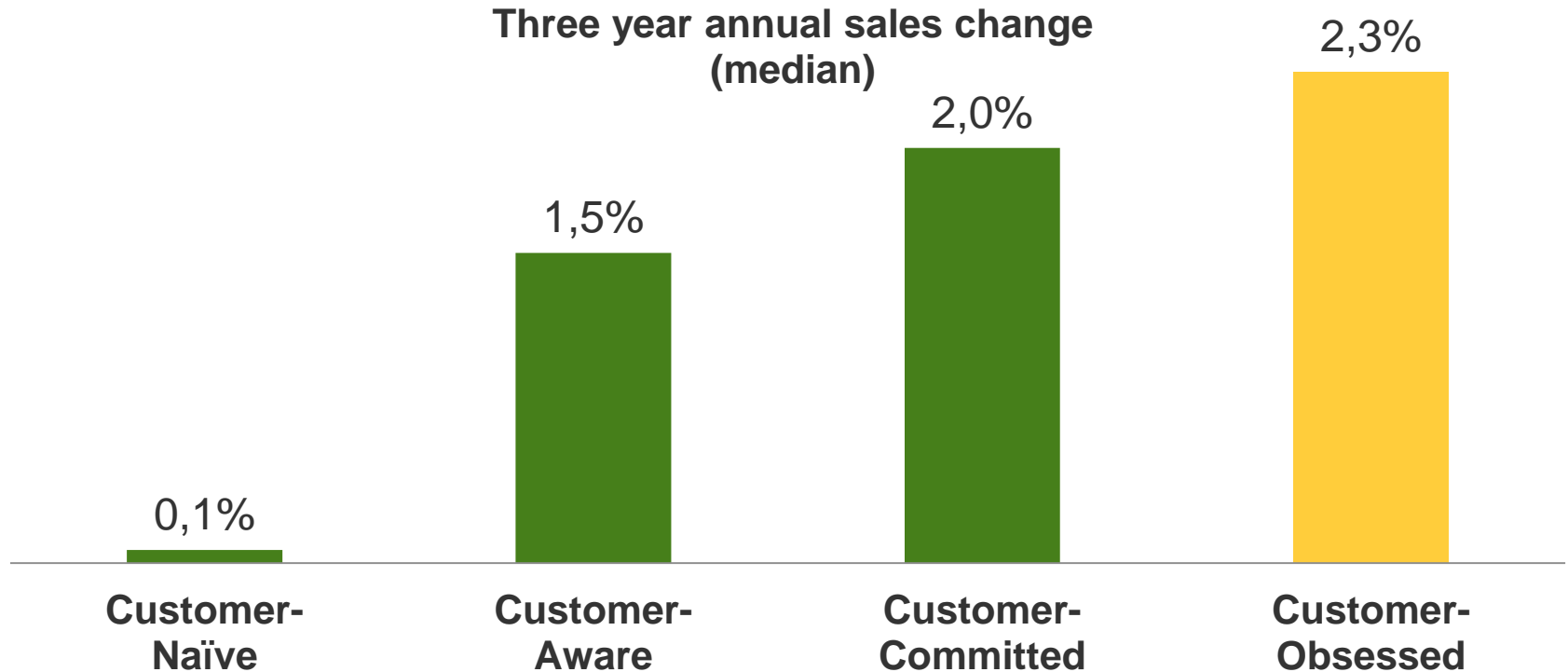
Base: 1,024 global executives

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



**“Awesomeness”
increases with
maturity**

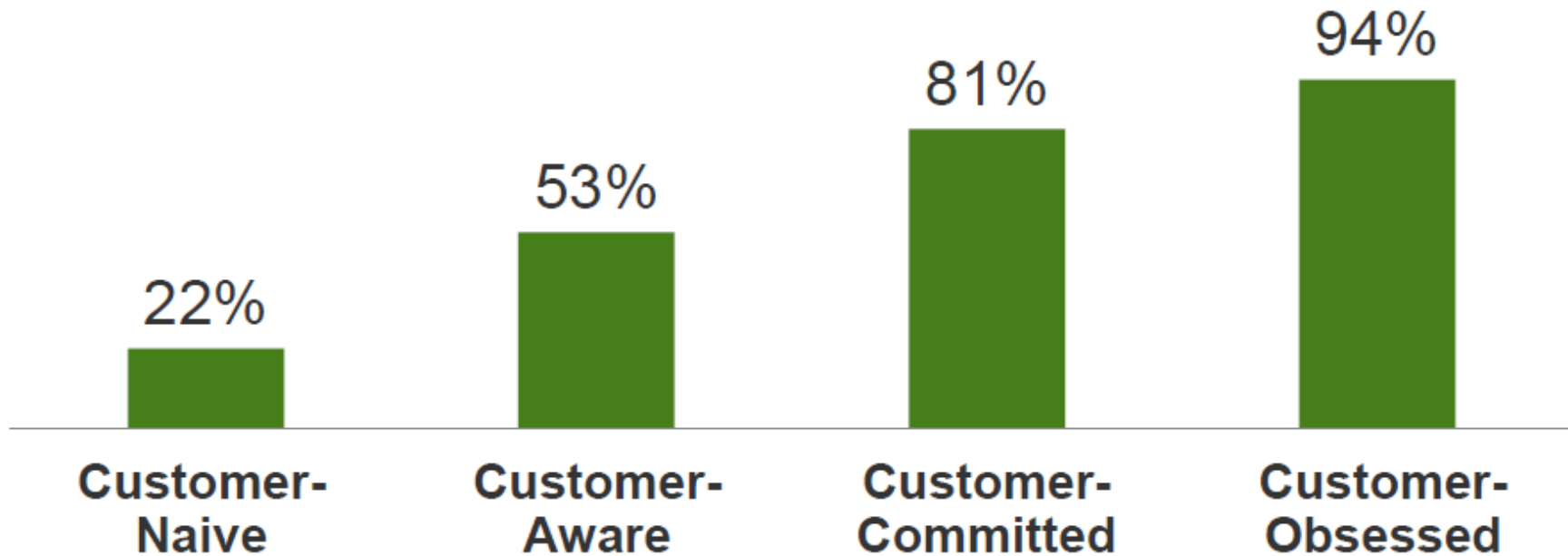
Customer obsessed companies show better results



194 Global Executives

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

“Employees are happy to work in my organization.”



Respondents selected 4 [Somewhat agree] or 5 [Completely agree] on a scale of 1 [Completely disagree] to 5 [Completely agree]
Base: 1,024 global executives
Source: Forrester's Q3 2016 Customer-Obsessed Operating Model Online Survey

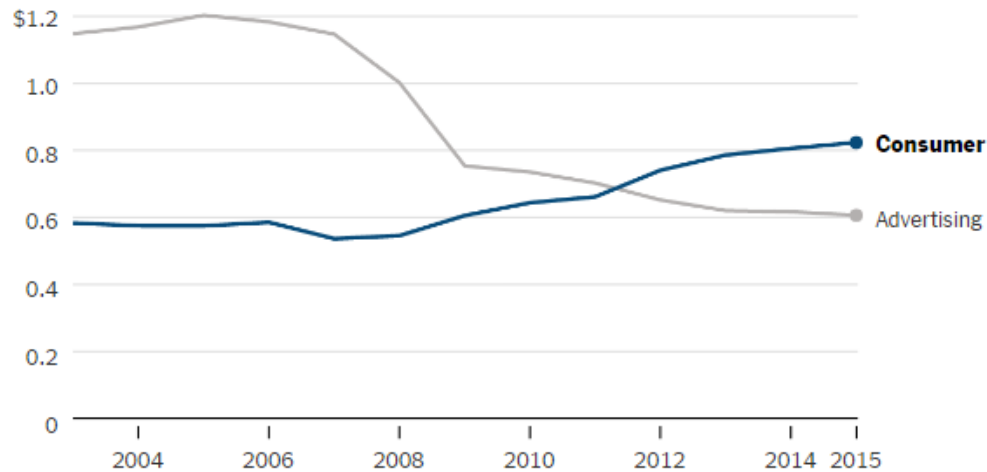
The New York Times

“Our journalism must change to match, and anticipate, **the habits, needs and desires** of our readers, present and future. We need a report that even more people consider an indispensable destination, worthy of their time every day and of their subscription dollars.”

Source: <https://www.nytimes.com/projects/2020-report/>

The New York Times

New York Times revenue, in billions



Source: <https://www.nytimes.com/projects/2020-report/>





If you're truly obsessed over customers, it'll cover a lot of errors.

Jeff Bezos

"I have confidence when I shop with Amazon that it will help me with everything I need, and more. It puts everything at my fingertips." (UK female, 25 to 34 years old)

Customer Insights Professionals Need To Deliver Deep Data Insights To Their Organizations

1. Understand how empowered your target audience is.
2. Embrace emotion as a critical driver of customer behavior
3. Map your customers' emotional and tactical journey through a multi-method research approach
4. Drive customer-obsession within your organization. Unveil consumers' real needs and wants and share them broadly. Be your customer's advocate.

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Thank you

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