

A Forrester Consulting
Thought Leadership Paper
Commissioned By Khoros

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Getting To Know Your Customers

Why Brands Must Bridge The Gap Between
What They Think They Know And What
Customers Really Want

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Executive Summary

The customer is always right. There's a reason that old adage continues to be relevant today. In this age of the customer, consumers have the power to shape brands at a fundamental level. Brands that work to listen and respond to the needs and desires of their customers will thrive, while those that fail to truly understand their customers will struggle. This may sound obvious, but making it work in reality is far trickier than just saying it. Why? Because understanding and connecting with your customers requires brands to think holistically about how they engage with their customers digitally.

In April 2019, Khoros commissioned Forrester Consulting to explore how holistic digital customer engagement translates to good customer experiences. To explore this topic, Forrester conducted two online surveys — one with 227 marketing and customer care decision makers at B2C enterprises in the US and Europe, and another with 1,042 consumers age 18+ who regularly purchase from the types of brands referenced in the brand study and have interacted with a brand's customer service within the last six months. We found that brands fundamentally misunderstand what their customers want and consistently misjudge the actions customers are willing to take when confronted with an unpleasant brand interaction.

KEY FINDINGS

- › **Brands are burying their heads in the sand when it comes to the realities of digital customer engagement at their organizations.** Though brands are wildly optimistic about their ability to collaborate internally to deliver good customer experiences, there is trouble brewing beneath the surface. Brands admit to a proliferation of channels and a general difficulty in both incorporating new channels into their digital engagement strategy and creating cohesive experiences across the full customer journey.
- › **Brands don't fully understand their customers.** Brands are challenged by internal team misalignment, data silos, and tools that hinder rather than enable integration. Even more concerning is a fundamental lack of understanding when it comes to what customers want, which can lead to potentially disastrous consequences for these brands' bottom lines.
- › **Brands that are able to connect with customers will reap rewards.** Customers value interactive experiences when engaging with a brand. In fact, their favorite brands are those that excel at personalized, convenient, and speedy interactions that can take place on a variety of channels. Brands know they need to better communicate with customers and understand those customers' needs in order to improve engagement — which, as a worthy goal, will lead to happier, more satisfied customers and employees alike, as well as increased sales.

Brands Are Optimistic About Digital Customer Engagement At Their Organizations, But Many Still Struggle

In the age of the customer, there is perhaps no more important task than meeting your customers' expectations. This can apply to any facet of the business, but it's particularly glaring in activities that directly touch consumers such as marketing and customer care and/or experience. Unfortunately, not all brands have learned this lesson and customers continue to have poor experiences.

In surveying both consumers and the brands they buy from, we found a shocking disconnect between what brands think and what customers actually want and experience. Specifically:

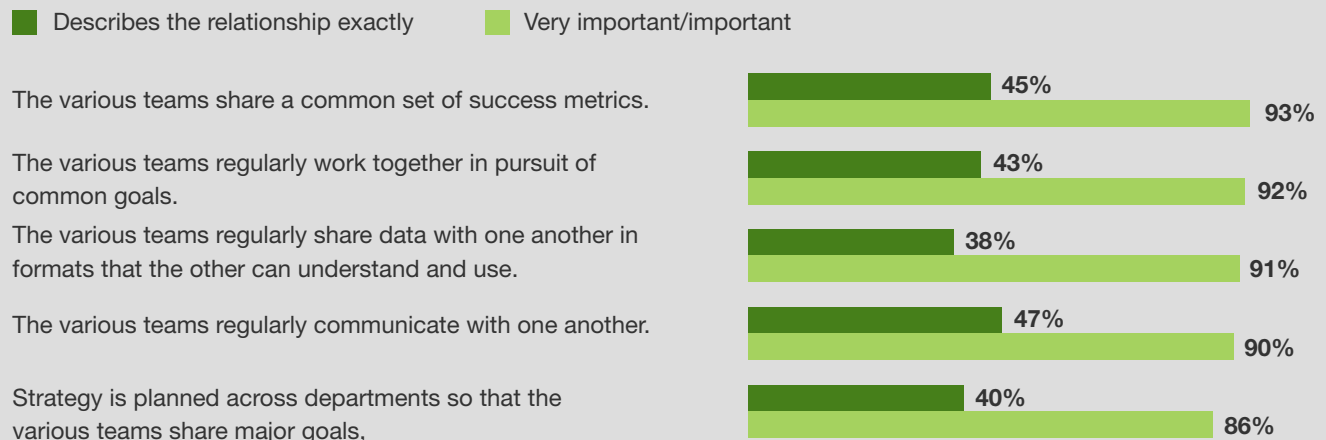
- › **Brands have an overly positive view of customer engagement, and the people, processes, and tools which support that engagement.** Just over 40% of brands believe they are very successful at: identifying areas for customer experience (CX) improvement; being there for customers at every point of need; keeping their business connected to the voice of the customer; growing and activating their customer community; and finding and attracting new customers. When adding the brands that rate themselves as “successful” at these same tasks, percentages increase to nearly everyone (79% to 91% of all brands). Furthermore, they largely describe their approach to customer engagement as integrated, collaborative, customer-centered, and cross-functional. Again, just over 40% of brands say these approaches describe their organizations exactly. For the respondents who weren't as confident in their initial assessments, most say they are actively working to improve or planning to improve these same areas. In general, brands seem to think they are doing just fine.
- › **Brands know the power of collaboration, but they haven't yet excelled in this area.** Brands agree it's important that the various teams that touch digital customer engagement be collaborative. Anywhere from 86% to 93% agree it's important that these specific and varied teams regularly: communicate and work together in pursuit of common goals; share data and success metrics; and plan strategy across departments. However, less than half of all respondents say these statements describe their organization exactly (see Figure 1).
- › **Brands struggle to truly unify their digital customer engagement.** Less than half of brands we surveyed say they have fully connected the tech, metrics, customer journey, teams, data, and channels that enable digital engagement at their organization. Even more problematic is that 77% of these same respondents report struggling to create a cohesive customer journey across channels or devices for their brand.



More than three-quarters of brands struggle to create a cohesive customer journey across channels or devices.

Figure 1

“Thinking about all of the people in your organization who interact with customers on digital channels in one way or another, how well does each of the following describe the relationship between those teams and people? How important to your organization is it that each of the following describes the relationship between the various teams and people who interact with customers on digital channels?”



Base: 227 marketing and customer care decision makers at enterprises in the US and Europe
Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, May 2019

CHANNEL PROLIFERATION IS ONLY GOING TO COMPLICATE MATTERS FURTHER

These burgeoning cracks in the customer engagement picture are only going to grow bigger. Our survey showed:

- › **The customer engagement landscape is crowded . . .** Brands engage with customers on a slew of outbound channels. On average, brands say that they regularly publish content or initiate contact with consumers on five channels. And there are even more channels on which customers initiate engagement with brands — 6 on average. However, there is the potential for many more. Our study identified 14 different outbound channel options and as many as 20 inbound channels.
- › **. . . and getting more complex.** These channels are only going to increase in number for most brands, further complicating the customer engagement landscape. Seventy-three percent of brands expect the number of inbound channels to increase within the next 12 to 24 months, and 53% believe the same is true for outbound channels. Everyone else believes the numbers will stay steady, meaning that no one believes things are going to get simpler going forward.



Why is this a problem? Because 77% of brands struggle to incorporate new channels in their digital engagement strategy.

Brands Fundamentally Do Not Understand Their Customers While Also Suffering From Internal Misalignment

This overabundance of optimism is even more concerning when you consider the fact that brands don't seem to be listening to or understanding what their customers want from them. Our study found:

- › **Brands believe that everything is critical in pursuit of good CX, however, customers have clear preferences.** Rather than taking the time to understand how customers prefer the engagement to play out, brands have simply decided that all methods which reinforce customer engagement are important. And while this may seem benign on the surface, in reality, this means that brands are wasting critical resources on things which won't ultimately make a difference to their customers. While 44% of brands think making product recommendations based on preferences or past purchases is important, only 11% of customers noted this as important for their brand preference. Brands would be better suited to addressing customers' top issues, namely: quickly responding to questions with helpful, personalized answers (44% very important to customers) and offering helpful and personable customer service over the phone (34% very important to customers).
- › **Customers don't see brands putting their confidence into action.** Despite the fact that the majority of brands are confident or very confident in being able to accomplish these tasks (all options range between 85% and 91%), customers simply don't see it (see Figure 2). In fact, less than 20% of customers say they regularly see brands doing any of these things, with their top two requests being middle of the pack in frequency. Only 17% and 15% of customers see brands offering that helpful service over the phone and answering questions in a timely, helpful manner, respectively.
- › **Brands underestimate how often customers are having poor experiences.** Even more concerning is that brands are out of touch with how often customers have bad brand experiences. For every negative experience we tested, consumers were on average 38% more likely to say they deal with those experiences more frequently than brands think they do (see Figure 3). Not surprisingly, these poor customer care and marketing experiences leave customers with a bad taste in their mouths, creating feelings of disappointment (53% poor customer care experiences/42% poor marketing experiences), unhappiness (43% poor customer care experiences/40% poor marketing experiences), and anger (41% poor customer care experiences/29% poor marketing experiences).



Customers are willing to abandon brands after poor experiences, but brands fail to grasp this reality.

› **Customers are willing to put their money where their mouth is, but again brands fail to grasp these realities.** These poor experiences are frustrating to customers, which lead them to take decisive economic action against the brand: 67% have told others about their bad experience; 65% have switched to a different brand; and 65% stop purchasing from the brand. But here again, brands underestimate their customers. Brands are much more likely to assume that customers will merely complain on social media or write a bad review, not understanding what's really at risk here. Only 38% of brands believe consumers will tell others about their bad experiences, 20% believe they'll switch, and 19% believe they'll stop purchasing. This is particularly true in the case of companies that believe their customers are willing to sacrifice pleasant and personal interactions for speed. For instance, 40% of these brands say that customers are not at all likely to discourage others from shopping with a brand, while a whopping 42% of customers said they have done just that. If brands don't bridge this gap quickly, they risk losing business.

Figure 2

“How confident are you in your organization’s ability to successfully carry out each of the following? How often do you see brands do each of the following?”



Base: 227 marketing and customer care decision makers at enterprises in the US and Europe

*Base: 1,042 consumers age 18+ who shop at the brands/organizations referenced in the B2B study and who have used customer service recently

Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, May 2019

Figure 3

“How frequently would you say you have each of the following experiences with brands or products? In other words, how common would you say these experiences are? How frequently do your customers have each of the following bad experiences with your brand?”



Base: 227 marketing and customer care decision makers at enterprises in the US and Europe

*Base: 1,042 consumers age 18+ who shop at the brands/organizations referenced in the B2B study and who have used customer service recently

Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, May 2019

ORGANIZATIONAL CHALLENGES ALSO COMPLICATE MATTERS

It's not just that brands fail to understand their customers, which is leading to poor experiences, brands also struggle to organize their various internal teams in a way that encourages collaboration (see Figure 4). We found:

- › **Internal team alignment and data sharing challenges harm CX.** Brands will admit to some organizational struggles that impede their ability to deliver on good customer engagement. Topping the list of issues is the fact that teams have different strategies and goals (30%) and they don't share data or are working with incomplete data (29%). Another 25% of brands say that teams are simply not working together successfully.
- › **Effective internal collaboration is hindered by data siloes and technology concerns.** Brands want to collaborate, but there are barriers that impact their ability to do so. Thirty-eight percent of brands say the lack of the right tools to support collaboration is a problem at their organization. And, not surprising given the fact that data is not being shared between teams, 37% agree that data at their organization is too siloed.
- › **The tools teams use to help, can actually be a barrier.** Every single respondent in our brand study acknowledged that the integration of solutions, used in the service of digital customer engagement, is a pain point for its organization. But here again, we see a thread of optimism peeking through. Despite the fact that 64% of brands say that existing tools have technical limitations that impede integration, 86% of these same firms claim that most or all of their engagement technology is integrated. Brands need to recognize the reality of their technical limitations if they want to move forward.

Effective Digital Engagement Benefits Customers, The Brand, And The Bottom Line

Customers make no bones about how willing they are to abandon a brand if/when their needs are not being met — convincing others to do so as well. But, it's not just that brands need to overcome these customer engagement challenges in order to avoid ruin, there are also plenty of benefits to be gained if brands can find a way to truly connect with their customers. We found:

Figure 4

Effective Digital Customer Engagement Is Hindered By:

INTERNAL CHALLENGES:



30% - Internal teams have different strategies and goals.



29% - Teams don't share data or are working with incomplete data.

COLLABORATION BARRIERS:



38% - Lack of the right tools to support collaboration.



37% - Data is too siloed.

TECH INTEGRATION HURDLES:



64% - Existing technology has technical limitations.



40% - New, unified technologies wouldn't meet our needs.

Base: 227 marketing and customer care decision makers at enterprises in the US and Europe
Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, May 2019

- › **Proactive communication and understanding is key to customer engagement.** When asked what they needed to do to better engage customers throughout their journey with the brand, 55% of organizations said they needed to proactively communicate with customers, and 54% said they needed to better understand our customers' journey. Understandably, given the challenges noted, sharing customer data across the organization rounded out the top three actions needed at 50%.

- › **Brands see the benefits of operationalizing effective customer engagement for both employees and customers.**

It's not just customers who benefit when brands are better able to organize in pursuit of better customer engagement. By effectively defining, reporting, and analyzing digital customer engagement performance, creating cross-functional collaboration and accountability, and integrating technologies and systems that power this engagement, brands believe the No. 1 benefit will be more satisfied employees (see Figure 5). Of course, there are other benefits too. More loyal customers, reduced risk, and even increased revenue are all at stake here. Being able to consolidate data into a single view of the customer and coordinating consistent customer engagements across all touchpoints will also result in more loyal customers (52% and 55%, respectively).

- › **Good customer experiences create customers who are satisfied, loyal, and more likely to buy from the brand.** Just as a bad experience can cause a customer to abandon a brand due to anger and frustration, good customer care and marketing experiences can lead to customer feelings of satisfaction and happiness, boosting the bottom line. Forty-three percent of customers are more likely to buy something from the brand after a good customer care experience, and the same is true of 41% of consumers for positive marketing experiences.

"Be good corporate citizens, don't use info incorrectly, admit mistakes, and tell how they intend to fix it."

18+ consumer



"I wish more companies would do text-based support without canned responses."

18+ consumer



CUSTOMERS WANT TO FEEL CONNECTED TO BRANDS

Effective digital customer engagement must first and foremost align to what customers actually want. Regardless of whether internal organization issues can be solved, if brands continue to operate in the dark when it comes to their customers, they'll never truly succeed. So what exactly do customers want from these brands? We found:

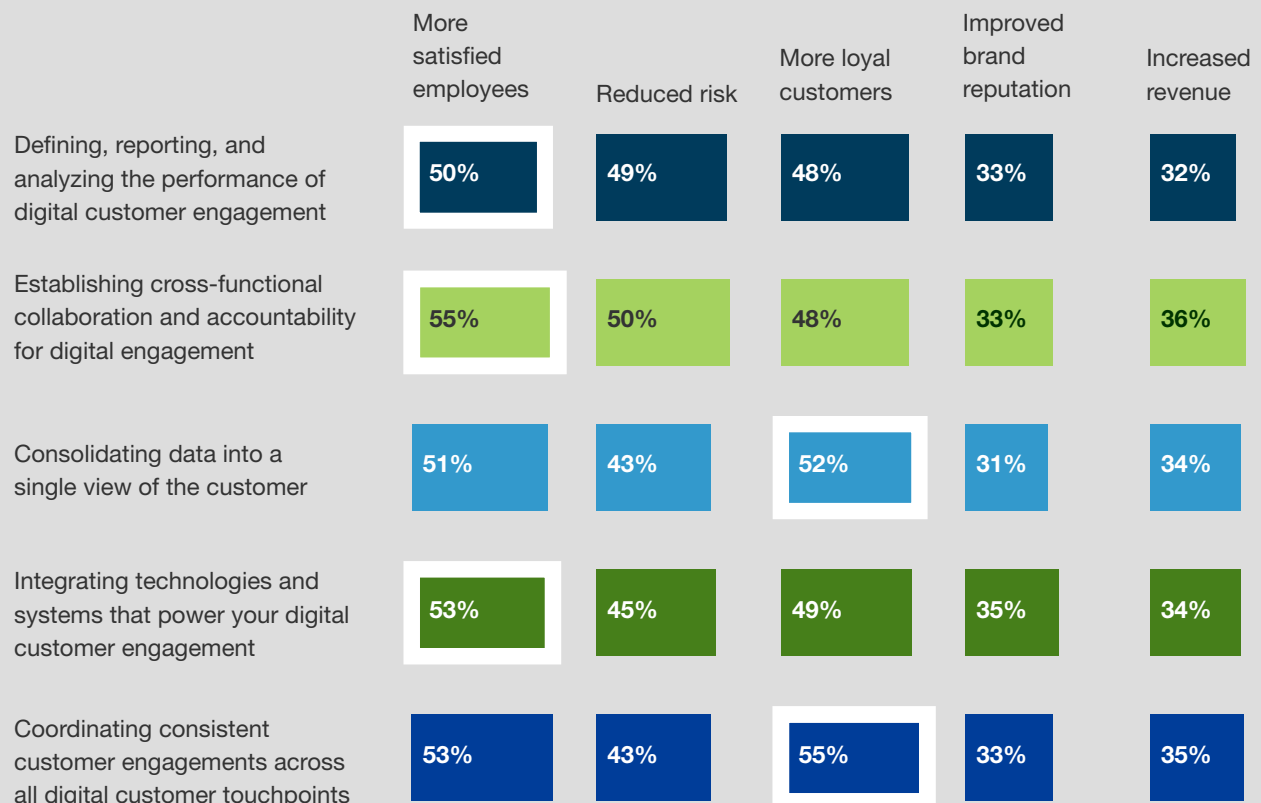
- › **Most brand interaction happens when customers are looking for a deal or purchasing a product.** Consumers report looking for discounts, coupons, or deals (57% regularly or often) and purchasing a product or service (53% regularly or often) as the most common reason for brand interaction. Brands should look for opportunities to connect with their customers especially during these parts of the customer lifecycle.



› **The most valuable experiences are the interactive ones.** When asked which activities they had done within the last six months, two of the top three activities were seeing a brand's social media post/ad and visiting a brand's social media page. However, the activities seen as most valuable to customers were the interactive ones; whether it was participating in an online chat with a customer service rep (79% valuable), interacting with other customers in a brand's online community (75% valuable), or messaging a brand through their mobile app (67% valuable). It's interesting to note that though customers find value in the interaction, the mere fact that brands offer the interaction through a particular channel is not a driver of brand preference. One potential conclusion to draw here is that the interaction itself is the critical component, and the channel or format in which that interaction is packaged carries less weight. This could be a reason why brands are having such trouble connecting with customers, as it essentially means that brands have to enable the potential for meaningful interactions anywhere and everywhere.

Figure 5

“What are the benefits you see currently or would expect to see from your organization effectively doing each of the following?”



Base: 227 marketing and customer care decision makers at enterprises in the US and Europe
Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, May 2019

- › **Customers consider good, speedy customer service very important when making purchase decisions.** Outside of logistical considerations, like products offered and price/value, good customer service (83%) was the most important factor to customers when deciding what to buy. Additionally, 79% of respondents want fast responses when contacting the brand. In fact, almost two-thirds of US online adults believe that valuing their time is the most important thing a company can do to provide them with a good customer experience.¹ This is the kind of behavior that makes a brand a customer favorite. Responding to questions in a timely matter with personalized and helpful answers was the most commonly noted quality of customers' favorite brands (75%).
- › **Customers expect a lot from brands, but they'll reward these good experiences with loyalty and sales.** Above all else, customers want to feel like they are making a human connection when they interact with a brand: 75% value an authentic human voice over a perfectly crafted brand message. Furthermore, customers want their brand interactions to be as easy and convenient as a conversation with a friend: 77% want brands' internal teams to communicate so they don't have to repeat themselves or get impersonal messages, and 62% want to be able to reach a brand on all their favorite digital channels. Customers aren't willing to cut brands any slack when they fail to provide a good experience, but they are also happy to compensate brands that go the extra mile. Eighty-three percent of customers are more loyal to brands that respond to and resolve their complaints, and 68% will spend more money with a brand that knows them and treats them like an individual (see Figure 6).

"I wish they would already have some info when I call. Like, if they type my phone number or email in, all of my info pops up."

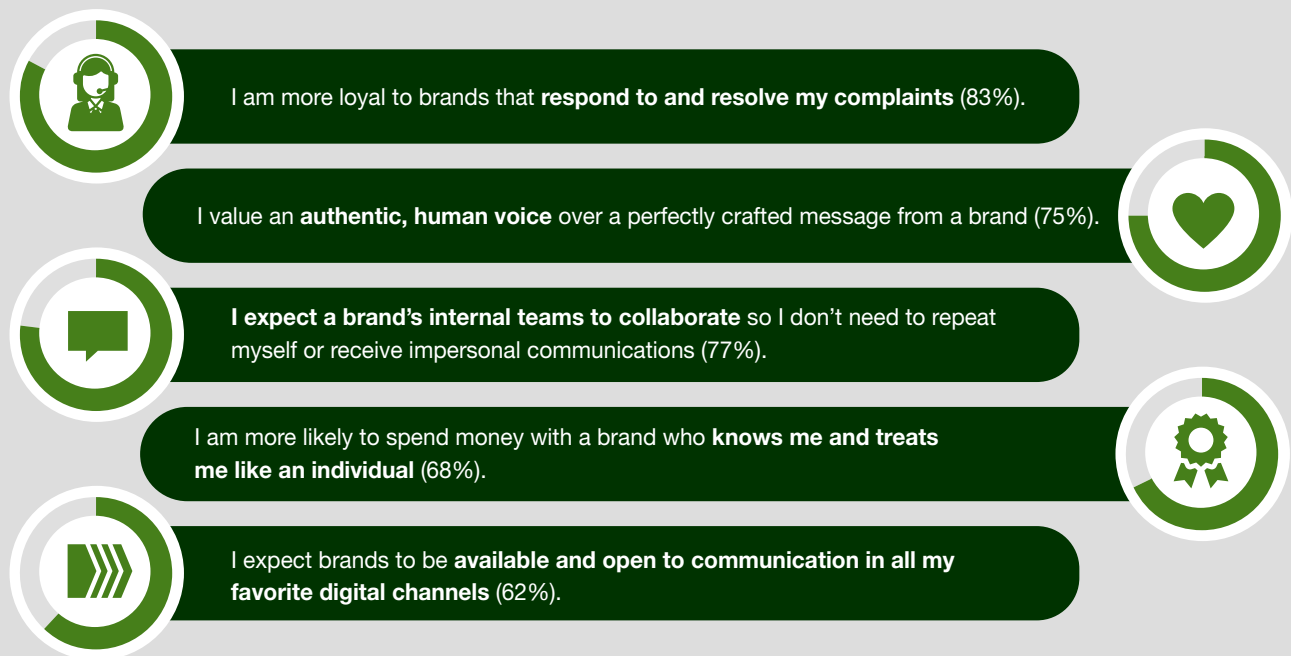
18+ consumer



Figure 6

"How strongly do you agree with the following statements?"

(Strongly agree/agree)



Base: 1,042 consumers age 18+ who shop at the brands/organizations referenced in the B2B study and who have used customer service recently

Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, May 2019

Key Recommendations

Brands seeking to provide their customers with the best possible CX should craft a holistic approach to digital customer engagement by following these recommendations:



Be proactive — initiate conversations with your customers. Your customers don't have to be the ones to initiate the conversation. Mobile apps and connected products provide usage data, but even simple estimates of how often consumers need to replenish consumables such as shampoo or pet food can give brands the opportunity for proactive engagement. Savvy brands use upcoming events, like a birthday or Valentine's Day, as a jumping off point for communications.



Make digital customer engagement the top business priority, starting at the C-suite/executive level. Competing objectives are a death knell for companies. Define a north star focused solely on the end customer and ensure that the entire organization — from top to bottom — buys into this singular mission.



Cultivate a positive and collaborative employee culture first. The cliché about healthy relationships still rings true: “Love yourself before you can love another.” Satisfied and motivated employees will create happier environments and, in turn, positively impact customers. Treat your employees the way you would your customers with frequent temperature checks and responsive programs to cultivate talent. Collaboration is also key here. Organizations must be committed to creating a culture that values collaboration over siloes, and actively drives that transformation. But don't count on technology solutions to fix this. Focus on getting your corporate culture in order, and then find the technology to support these goals rather than working against them.



Augment the performance of your customer-facing employees. With customers using self-service or peer-to-peer service for straightforward interactions, there are fewer opportunities for engagement with customer service agents who can provide the human face for your brand. That makes getting those agent-assisted interactions right increasingly important. Look to technologies such as AI and systems of context to help guide agents to the right content, answer, or connection, allowing them to concentrate on the conversation at hand.



Serve customers where they want to be served, and do so quickly. Get back to basics with your customers. Data revealed that customers don't need to be catered to everywhere, at all times — only in the channels and the timeframes they specify. Further, brands must solicit a continuous customer feedback loop to gauge satisfaction and proactively get ahead of customer frustration.



Share customer feedback data across the organization. Keeping this type of customer data siloed in departments minimizes its impact. Customer feedback allows R&D teams to invent the next great product or service, operations teams to fix problems on the spot, sales teams to find new leads, and even enables risk teams to curb crises before they happen.

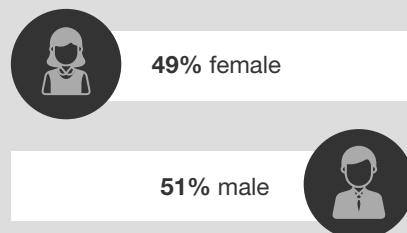
Appendix A: Methodology

In this study, Forrester conducted an online survey of 227 B2C brands in the US, the UK, France, and Germany to evaluate how firms organize and carry out digital customer engagement. Survey participants included decision makers in marketing or customer care roles. Forrester also conducted an online survey of 1,042 consumers, age 18+ in the US, the UK, France, and Germany. Consumers had to regularly go online, purchase goods from the types of brands represented in the business survey, and have had used customer care services within the past six months. The consumer study began in March 2019 and was completed in April 2019. The brand study began in April 2019 and was completed in May 2019. All respondents were offered an incentive as a thank you for time spent on the surveys.

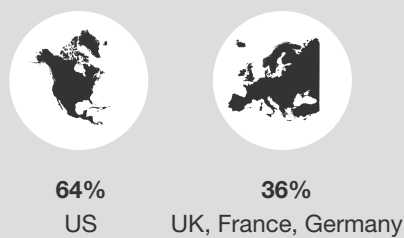
Appendix B: Demographics/Data

Consumer Survey

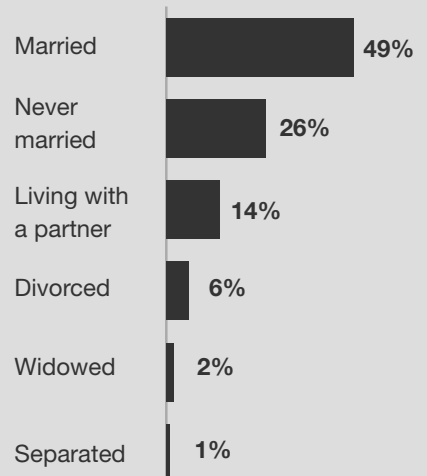
GENDER



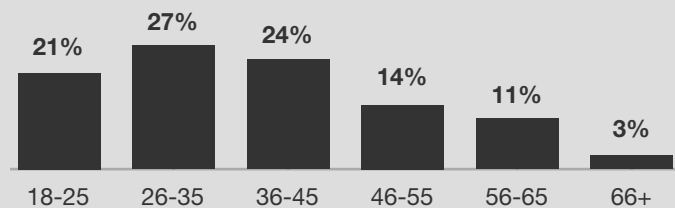
REGION



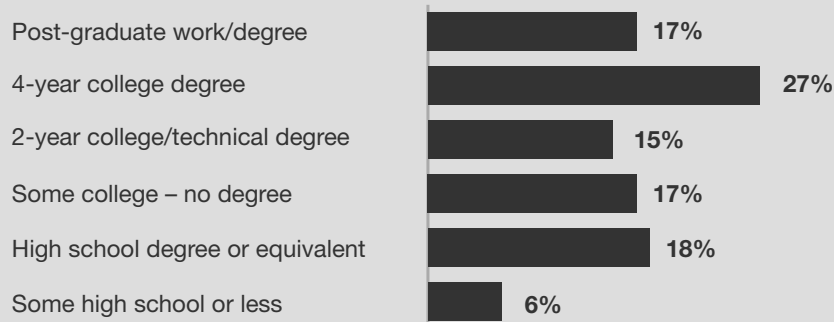
MARITAL STATUS



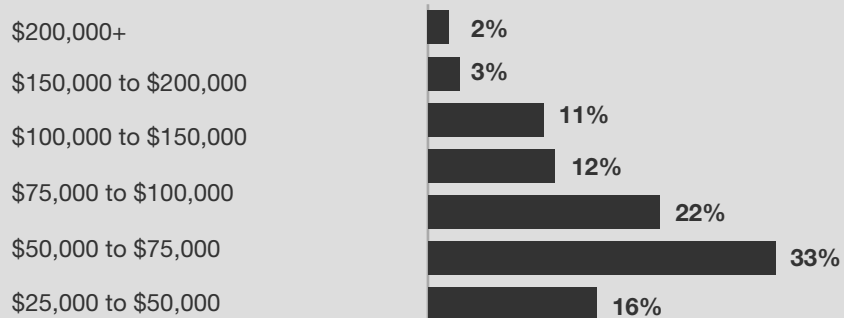
AGE



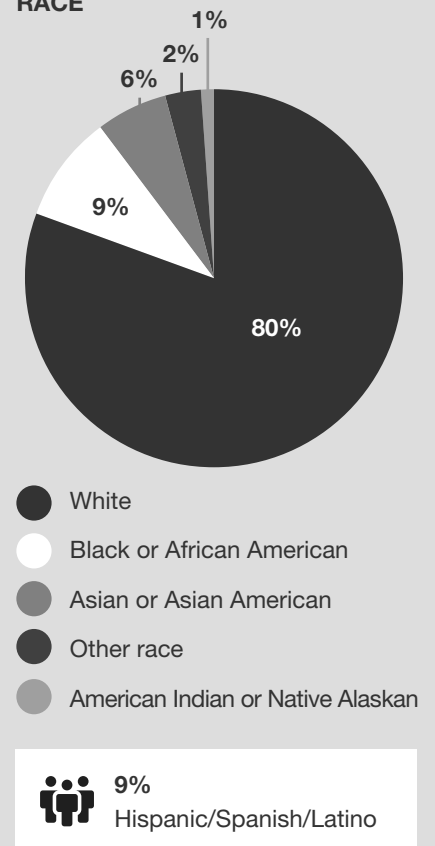
EDUCATION



ANNUAL INCOME (BEFORE TAXES)



RACE

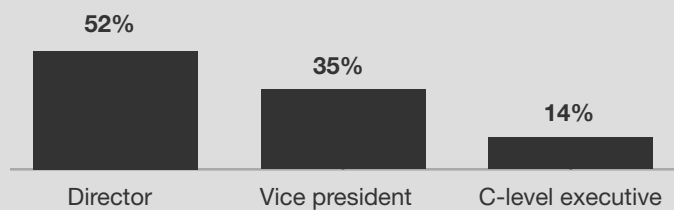


Base: 1,042 consumers age 18+ who shop at the brands/organizations referenced in the B2B study and who have used customer service recently

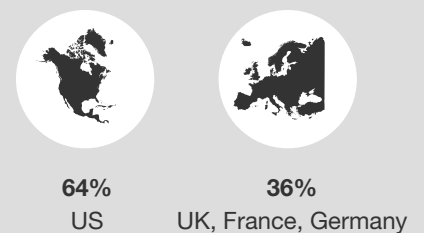
Source: A commissioned study conducted by Forrester Consulting on behalf of Khoros, April 2019

Brand Survey

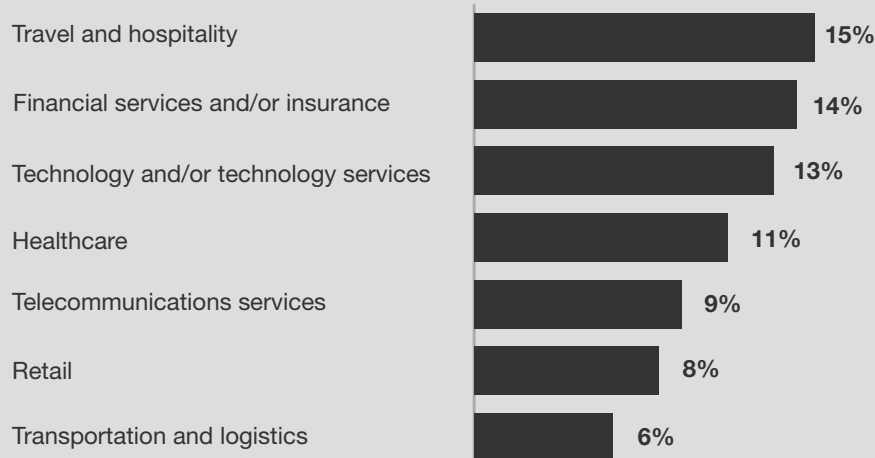
RESPONDENT LEVEL



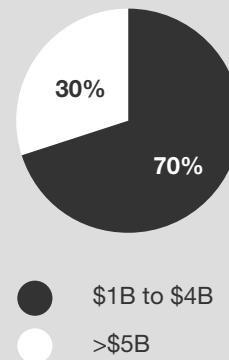
REGION



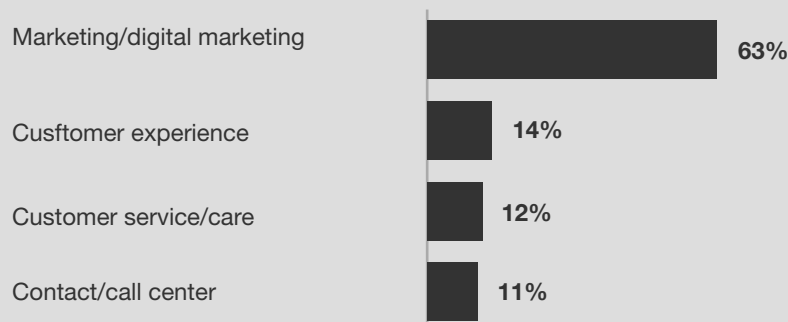
TOP INDUSTRIES



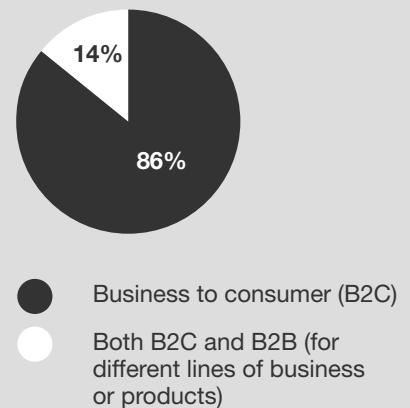
COMPANY SIZE



DEPARTMENT



COMPANY TYPE



Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“The Future Of Social Intelligence Is In The Enterprise, Not Marketing,” Forrester Research, Inc., December 15, 2017.

“Consumers Want Convenience, Not Conversations,” Forrester Research, Inc., July 2, 2018.

“Five Methods For Measuring Call Deflection From Experiences That Begin With Digital,” Forrester Research, Inc., March 5, 2018.

“The Model For Modern Marketing,” Forrester Research, Inc., March 8, 2019.

Appendix D: Endnotes

¹ Source: Forrester Analytics Consumer Technographics® North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).