Growth and Customer Loyalty: Why Digital Experiences Matter

An Innovation Index Special Report

NTT DATA
Trusted Global Innovator

Experiences matter

From curbside deliveries to telehealth, the acceleration of digital customer experiences revealed which organizations were prepared for disruption and which weren't. It's a big divide.

Disruption or not, customers, patients, constituents and partners all want one thing: **superior service**.

Did you know that enterprises focused on creating digital experiences grow revenue 1.4 times faster than companies who aren't?[1]
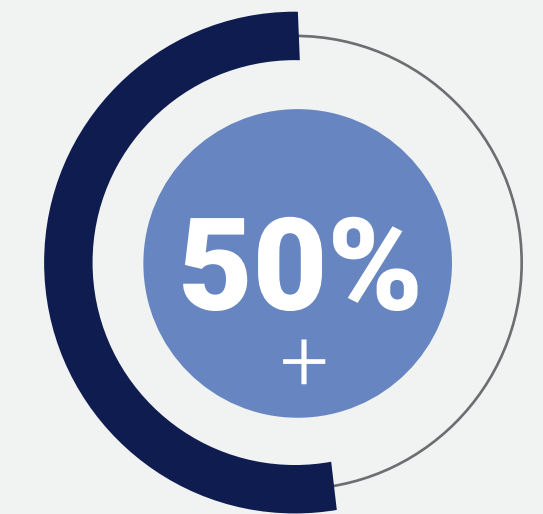
However, we found in our first annual Innovation Index study that:[2]

60%
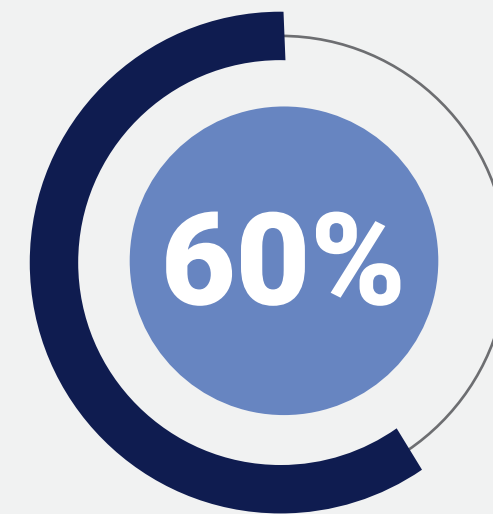
60% of executives believe customers' wants and needs change too quickly to provide high-quality experiences.

40%
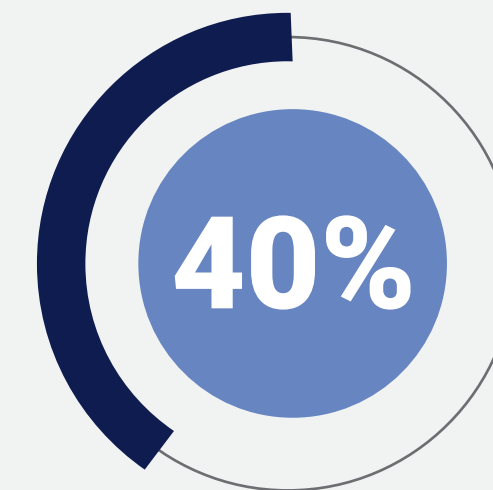
Only about 40% consider digital experiences to be critical to satisfaction and loyalty.

50%+

Over half say their data governance doesn't support the innovation needed to create those stellar experiences.

Your organization will have to find ways to overcome these challenges to acquire, engage and retain customers and develop lifetime customer value.

"

To grow and create customer lifetime value, today's business leaders must be able to attract customers and grow employee engagement through trusted digital experiences that are personalized and deliver on the brand promise.

Lisa Woodley, Vice President
Digital Experience, NTT DATA

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Growth and customer loyalty depend on trusted digital experiences

Customers expect personalization

"Know me and what I want"

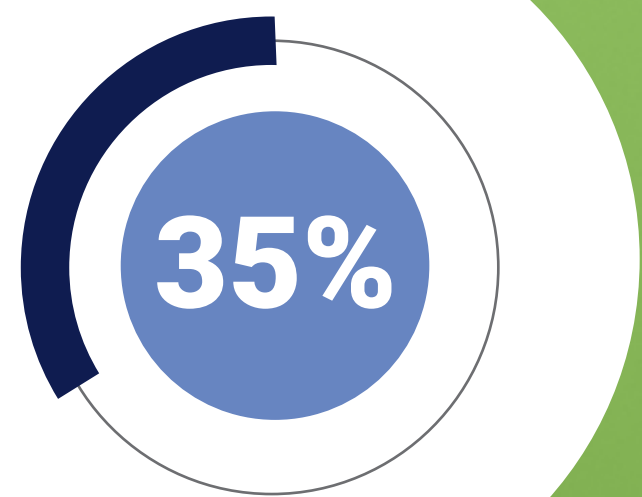**Customers expect a frictionless experience**

"Give me what I need when I need it"

Customers expect their information to be protected

"Don't violate my trust"

Customers expect personalization

6% of elite leaders are 35% more likely to report annual revenue growth of 5%

35%

Personalization is the growth differentiator

Less than one-third of the organizations surveyed in our Innovation Index say delivering personalized products or experiences is a primary component of customer satisfaction and loyalty. And of all the critical factors that drive customer satisfaction, personalization ranks low in importance, with **only 32% of respondents saying they're highly effective at using personalization**.

But an elite group (6%) of **leaders use artificial intelligence (AI)** — internet of things and predictive analytics — to improve the customer experience by supporting customer-facing processes and services. And it's paying off. These leaders **are 35% more likely to report annual revenue growth of 5%**. They're also more likely in general to expect continued growth over the next two years.

Customers expect a frictionless experience

Almost 60% of organizations that have adopted mobile apps say they see value in improving experiences.

60%
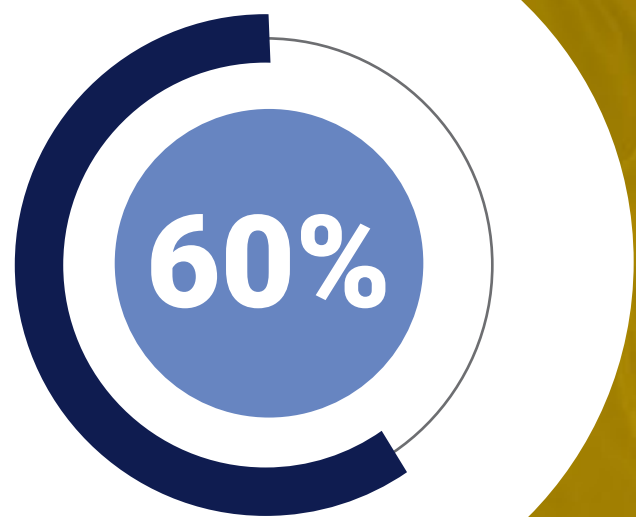
## Apps are just the starting point for improving experiences

Customers today want speedy, friction-free personalized service at their fingertips, and organizations are responding. Our study shows that **speed of service and quality are the top two critical factors for ensuring customer satisfaction**.

Almost 60% of organizations that have adopted mobile apps say they see value in improving experiences. And those planning to implement a mobile app believe customer satisfaction is the biggest reason to do so.

However, in a hyperconnected world, web and mobile applications are just the starting point. Your organization will need to **be ready to deliver continuous experiences that straddle multiple digital touchpoints, devices, platforms and in-person experiences**. And each must be integrated with enterprise apps across your partner ecosystem to deliver a secure, seamless and continuous experience.

Customers expect their information to be protected

Our research reveals that 95% of organizations are either somewhat or highly effective at maintaining trust in privacy and security.

95%
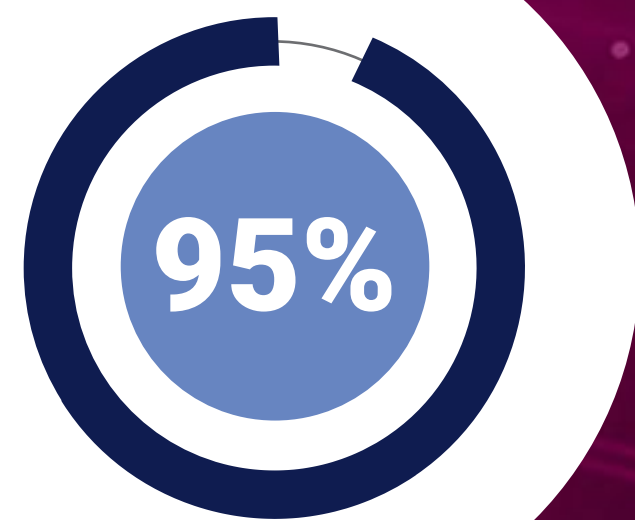
Data usage, privacy and security are table stakes

Customers want you to know them and serve them personally, and that requires data. However, a large majority won't do business with your company if they don't trust you to be responsible with their data.

Our research reveals that **95% of organizations are either somewhat or highly effective at maintaining trust in privacy and security**. And protecting customer data continues to be a top priority.

But challenges remain. **Only 24% of respondents say they're highly effective at sharing data with partners and 30% believe the data they collect from customers is useful**. While nearly one-third say a growing unwillingness by customers to share their information is a challenge to effectively using that data to improve experiences.
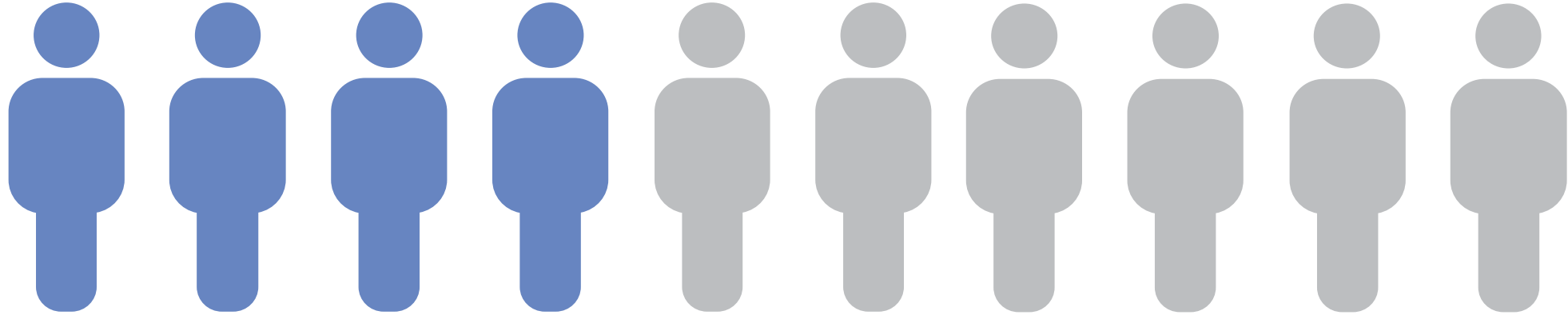
Delivering experiences that matter isn't easy

66%
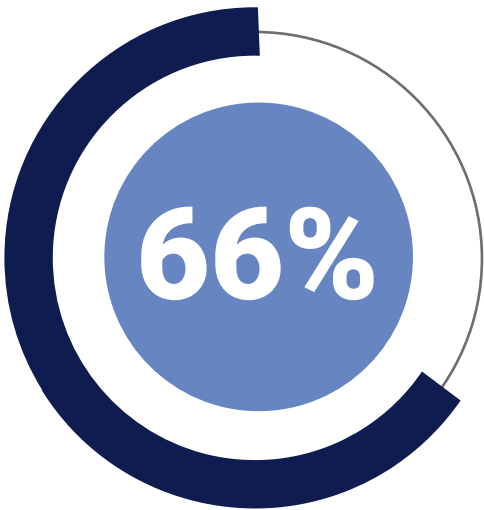
In our research, 66% of executives say **increasing customer satisfaction is their number one priority** — with growth and customers driving the reason behind this operational change.

60%
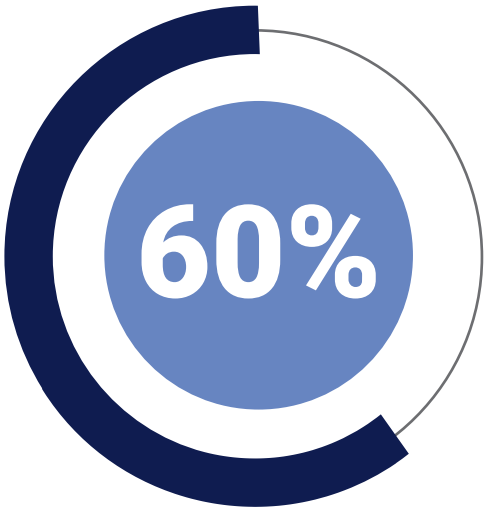
And by 2023, more than 60% of all **customer service engagements will be delivered via digital and web** self-service channels.
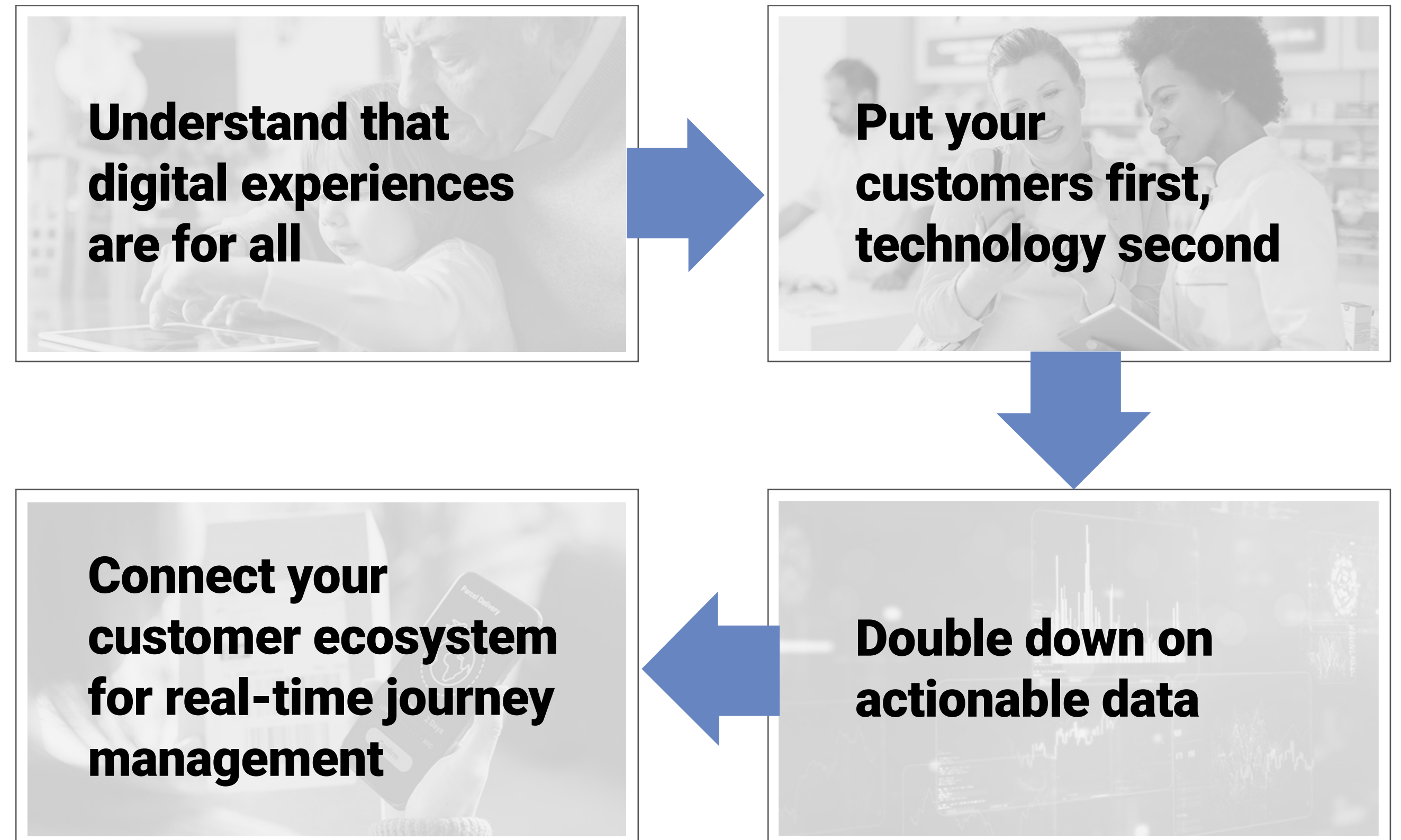
However, only 4 out of 10 organizations say they're highly **effective at delivering digital experiences, speed, service flexibility and personalization**.

But success is possible

Your organization can create trusted digital experiences by assessing and understanding your capabilities to know customers and then changing your culture, process and technology to deliver on customer requirements.
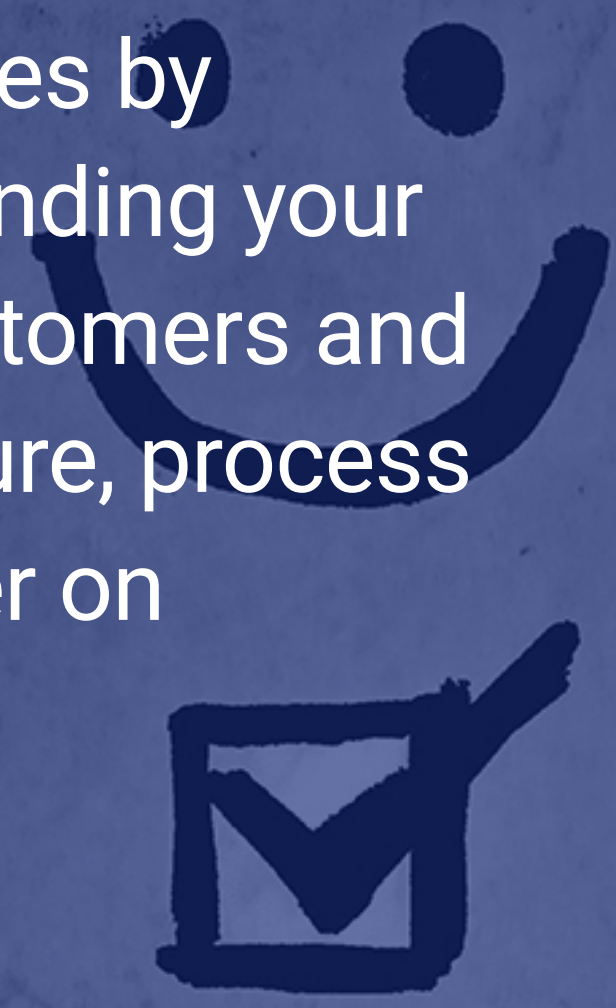
To begin, keep this advice in mind:

Understand that digital experiences are for all

Put your customers first, technology second

Connect your customer ecosystem for real-time journey management

Double down on actionable data

Understand that digital experiences are for all

Gone are the days where you can focus solely on millennials, Gen Z and each new generation when it comes to digital customer experiences. The pandemic has shown us that consumers of all ages are now getting online for telehealth visits, food and grocery deliveries, and streaming services. That means all your customers, not just those who are digitally savvy, expect a much more customized, personalized experience moving forward.

Put your customers first, technology second

Today, one-to-many experiences need to feel like a one-to-one relationship, and unfortunately, technology can't improve a bad customer relationship. Customers expect and prefer to do business with companies that not only understand their likes and dislikes but also share their values. Like any relationship, you need to empathize, understand and anticipate your customers' needs. Technology is a tool; it should help you accomplish your goals and enhance your customer relationships, not just enable separate human interactions.

Double down on actionable data

Knowing your customer has never been more important for delivering hyper-personalized experiences — and data serves as the critical foundation. However, data is simply noise if you can't use that data in real time to understand and quickly deliver on your customers' motivations and needs during digital experiences. Speed, as well as quality products and services are critical. To improve customer lifetime value, you must accelerate the pace of turning data into knowledge and knowledge into action.

Connect your customer ecosystem for real-time journey management

Almost half of all customers say a seamless experience across all devices and channels is a top expectation.[4] To deliver the data-driven, hyper-personalized (Amazon-like) experiences your customers expect — in the engagement channel of their choice — you need technology. Technologies, such as machine learning-driven data platforms and digital twins, as well as enterprise CRM applications, can help you better understand your customers and, more importantly, connect your customer ecosystem to provide real-time, 360-degree customer journey management.

"**Digital-first organizations that stay laser focused on customer experience while keeping pace with rapidly changing customer expectations will win the day.**

To support those strategies and create seamless and frictionless experiences organizations must prioritize personalization, use data insights and AI to inform experience delivery, as well as modernize their applications strategy."

Lisa Woodley, Vice President
Digital Experience, NTT DATA

Sources

1. Forrester. "The Business Impact of Investing in Experience." Commissioned by Adobe. August 2018. https://www.adobe.com/content/dam/acom/en/experience-cloud/research/roi/pdfs/business-impact-of-cx.pdf

2. NTT DATA and Oxford Economics. "Innovation Index: Digital Strategies for an Era of Constant Disruption." November 2021. https://us.nttdata.com/en/insights/innovation-index

3. Lawrence Cheok and Daniel-Zoe Jimenez. "IDC FutureScape: Worldwide Future of Customer and Consumer 2022 Predictions." IDC. December 2021. https://www.idc.com/getdoc.jsp?containerId=AP47382221

4. Wunderman Thompson Technology. "Experiences Customers Want." September 2021. https://www.wundermanthompson.com/insight/experiences-customers-want

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- Get additional insights and perspectives on customer experience
- Find out how we solve customer experience challenges

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