

4 out of 5 consumers declare brands don't know them as an individual, according to study

April 2 2015, by Doug Frain



IBM today announced the results of a study that found a massive

perception gap between how well businesses think they are marketing and the actual customer's experience. The U.S. study, developed by Econsultancy, found that almost 90 percent of marketers agree that personalizing the customer experience is critical to their success. Despite this widespread agreement, nearly 80 percent of consumers stated that the average brand doesn't understand them as an individual.

The consumer/brand relationship has evolved into a two-way partnership where [consumers](#) are willing to share their most personal details with trusted businesses in exchange for experiences that are unique to them. The onus is on brands to deliver. To gain greater insight into both sides, Econsultancy conducted two U.S. studies, the first with marketing professionals from 276 consumer companies, most with revenues in excess of \$1 billion. The second study features direct responses from 1,135 consumers, the same people who are transforming the decade of digital into the decade of experiences.

Consumers believe brands don't understand them

The studies found that 80 percent of marketers strongly believe they have a holistic view of individual customers and segments across interactions and channels. In addition, this group also believes strongly in their ability to deliver superior experiences offline (75 percent), online (69 percent) and on mobile devices (57 percent).

Despite this agreement, only 47 percent of marketers stated that they are able to deliver relevant communications. In fact, even that figure may be too high. When consumers were asked if companies are personalizing the shopping experience (products, deals and other information) for them as an individual, the response was a resounding no, even when it comes to their most trusted brands. Specific findings include:

- Only 37 percent of respondents believe their preferred retailer

understands them as an individual

- Only 22 percent of respondents say the average retailer understands them as an individual
- Only 21 percent of consumers said the communications from their average are "usually relevant"
- Only 35 percent of consumers said the communications from their preferred retailers are "usually relevant"

This lack of understanding and relevancy may explain why many shoppers leave a brand's website without completing their purchase. According to IBM's Digital Analytics Benchmark, shopping cart abandonment rate continues to rise, reaching 73.7 percent in March 2015.

Brands lack capabilities to deliver cross-channel customer experiences

One explanation for relevancy void may be a lack of innovation for the multi-channel lives we all lead. According to the study, only 34 percent of marketers said they do a good job of linking their online and offline [customer](#) experiences. With the vast majority of dollars spent offline and the majority of product research happening on the Internet, the two are already linked for consumers but this gulf must close for marketers if they are to advance. One issue is the technology of integration, with only 37 percent of marketers saying they have the tools to deliver exceptional customer experiences.

Customer loyalty is tenuous

A failure to deliver these experiences can be costly. Researchers asked consumers if they had changed providers in the last 12 months. The question focused on several service areas known to be inherently sticky,

including banking, mobile, internet and satellite/cable. 49 percent of consumers said they changed service providers in the last 12 months with experience-related factors playing a prominent role

30 percent switched due to provider failure, with 51 percent citing customer experience as the number one factor.

59 percent switched because the new company offered something better, with 42 percent stating products as the top factor followed by experience at 29 percent.

"The customer is in control but this is not the threat many marketers perceive it to be. It's an opportunity to engage and serve the customer's needs like never before," said Deepak Advani, General Manager, IBM Commerce. "By increasing investments in marketing innovations, teams can examine consumers at unimaginable depths including specific behavior patterns from one channel to the next. With this level of insight brands can become of customer's trusted partner rather than an unwanted intrusion."

Customer trust brings greater insight

Businesses that successfully deliver experiences pave the way for a surge in brand advocacy and customer trust. Researchers asked consumers about their willingness to share their most precious data with a brand. The results show that with an average company, 38 percent are willing to share their geographic data while 37 percent said they would do so with their personally identifiable information. When it came to trusted brands, these numbers spiked dramatically. Details include:

- 72 percent said they would share their geographic data with a brand they trust, an increase of 89 percent
- 61 percent would be willing to share their personally identifiable

information with a brand they trust, an increase of 65 percent.

"The fundamental thinking behind digital marketing has shifted. The goal of providing the right message to the right person at the right time is now just a part of the larger puzzle. The real challenge is providing the right experience for the right person at a time that's right for them," said Stefan Tornquist, Vice President Research for the Americas at Econsultancy. "At the center of it all is the marriage of marketing and technology and a commitment to innovation that's driven by individual customer needs."

The consumer perspective

Today's consumers have strong opinions when it comes to brands. IBM took to the streets of New York City to get some thoughts from consumers on several topics including Brand Experiences, the Importance of Trust and Personalization.

About the study

The report, titled "Listening to the Customer: 7 New Research Findings," is based on two parallel online surveys. The first survey included 276 marketers (manager level or above) from consumer companies that offer both online and offline channels to their customers. All participating businesses had at least \$100M in revenue, with most having revenues in excess of \$1 billion. The second survey explored consumer views, collecting more than 1,135 responses. All respondents also had to cite at least one multi-channel retail relationship.

More information: The complete study is available online: https://www14.software.ibm.com/webapp/iwm/web/signup.do?source=swg-smartercom_medium&S_PKG=ov33876&dynform=18187&S_TACT=C348047W&cm_mmc=EconsultancySurvey_-_social_-_infographic_-_Apr2015

Provided by IBM

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