

The secret to winning in the age of experience

 By Leigh Andrews

29 Oct 2019

Attendees mingled over breakfast bites and much-needed morning coffee before settling into the conference area for the Cape Town version of the Kantar customer experience (CX) advantage 2019 masterclass. Here's what you missed from Barbara Cador, global head of Kantar's CX+ initiative, and Mark Molenaar, head of CX for Kantar South Africa, with a special focus on learnings from the banking industry...



Kantar's Molenaar (second) and Cador (third) with the rest of the morning's speakers, coverage on the rest to follow soon!

Cador shared key learnings and themes from Kantar's CX+ initiative, with a focus on how companies are closing the gap between expectations and delivery, while Molenaar continued the story by sharing insights from Kantar's local study on how to get the #ExperienceAdvantage and enhance CX efforts to grow your brand.

Cador explained that Kantar has been building up its expertise for decades in the CX space and contextualised the current big shift in society: In the 1980s and 1990s, consumers were focused on accumulating possessions and making money.



But in recent years, there's been a shift from accumulating and possessing, as we become a society that embraces living the moment and enjoying the moments and memories; on accessing rather than accumulating; on renting rather than

possessing.

Hello 2020: Living in the experience economy

That's a massive shift in terms of consumer mindset for much of the population. For example, studies show that 75% of millennials say they prefer to spend their money on experiences than on possessing – whether that's their own money or their parents' money, quips Cador.

This led her to speak of the rise of stereotypes, and that the fact that we can't just put people into little boxes.



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Cador said that our beliefs no longer align with stereotypes and that even for a company that offers online services, there won't be marked differences between their 16-to-20-year old centennials, millennials and baby boomers customer base. Instead of generation-to-generation, differences now vary on a person-to-person level.

Customer stereotypes, be gone!

Cador called for an acknowledgement of this shift in society's mindset and to get away from stereotyping customers whether it's done on the more obvious levels of race, gender and age or on those that are beneath the surface.



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Cador adds getting the customer experience advantage right needs to become a business priority, as there are financial advantages of doing so.

For example, it's estimated that in just two years' time, the industry of customer experience will have tripled from about \$6bn in 2017 to \$17bn in 2022. That's a massive amount of money that's lying on the table.

Adding proof to the pudding, Cador shared that Kantar's own BrandZ ran an analysis of the global top 100 brands over 20 years, and found that those brands that perform highly in the customer experience space and create impactful customer experiences have grown ten times more in brand value than non-CX brands.



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Leigh Andrews 6 Nov 2018



This holds true as a reflection of that place of customer-centricity at the boardroom table for over 20% of Fortune100 companies, with a person sitting on their board, who represents their customer – welcome to the era of the chief customer officer.

CX as a leadership priority

Cador says this sends a message on client-centricity as a leadership responsibility. Every company needs to put the resources behind its customer-centric vision, for the whole company to understand and follow.

Cador adds that experience has the ability to make or break relationships, which means we've also seen repeatedly that it has the potential to make or break a brand or company.

“ We live in a world today where there is more of everything – more noise, more choice, more voice, more competition, and more customers who know exactly what they want and when they want it. They shout at the top of their lungs over the rooftops to get it. ”

So making these people your ambassadors is more important than ever, says Cador. As marketers, we tend to think that if I don't get it right today, I'll get it right tomorrow. But in many industries today, you no longer have that many opportunities to get it right with your customers.



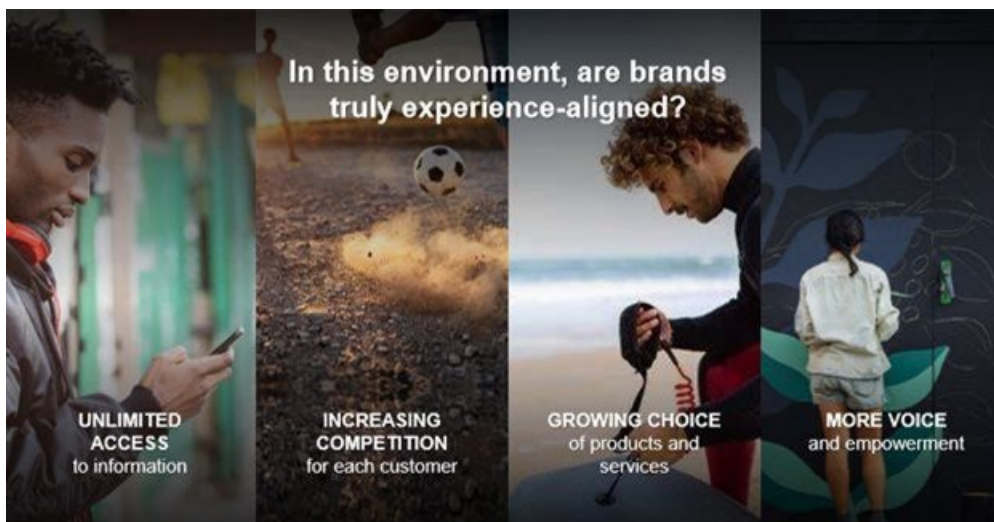
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Think about how often you buy a new car these days, or apply for a mortgage for a new house, or even how often you book to stay at a specific hotel. Brands just don't have that many touchpoints to get the experience right with customers, so you need to ensure you nail it when you have that communication channel open with them.

But for brands to truly be experience aligned, they need to offer the following:



In these increasingly disrupted markets, Cador says that experience is becoming the key element of differentiation. Some brands have famously built their success exactly on this model, through an ecosystem that's aligned to the needs of the customer as a human being. Cador lists the following as a few examples, but note that there are actually many more:

Netflix, Amazon, Uber, Airbnb, Dollar Shave Club, Tesla, Starbucks, Virgin.

Netflix has proven its success in winning a handful of Oscars, so it's definitely reshaping the way we think of entertainment and media consumption, but looking at these CX-first brands, Cador lists three commonalities:

1. They have **no siloes** in their companies, with brand communications handled here and marketing campaigns handled there. Instead, they speak one language and one vision internally, with the customer at the centre. That's dramatically different to how most companies function today.
2. They **don't sell a product, they offer an experience**, and...
3. None of these brands has launched anything that is **dramatically, differently innovative**. For example, you go to Starbucks for the experience more than the coffee. They have a completely different view of how to put the customer at the centre of their business.



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Now, Cador says, "You've been suitably brainwashed into thinking experiences are something you should put more focus on, but it's not only about experience. It's about coherence between what you promise your customer and what you qualitatively deliver, as that's where the CX magic happens.

It's about understanding your customers' expectations and needs, and delivering – if not over-delivering – on those needs, as the end-result experience is never disconnected from the initial expectation.

CX in SA, by numbers

Next, Molenaar spoke through the true state of CX numbers in SA. He explained that Kantar's CX+ programme, run by Cador, is about measuring the gap between the brand promise and the customer expectation.



To uncovering similar findings locally, a mobile study was run on SA's banking population to measure how relevant key global trends are locally, as Molenaar admitted that we often see reports on what's happening overseas, which don't really apply here.

First up is that 74% of South Africans say they prefer to spend money on experiences than on material possessions, which is similar to the global trend.

Molenaar clarified that when South Africans talk about experiences, we look at things that can enhance our lifestyles and what we do, so brands need to fine-tune how they offer value to consumers to succeed at offering a good customer experience.



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Experience is important in terms of creating memories, in creating the stories that we tell ourselves as the narrative of our lives.

That's why brands are becoming more interested in experiences because it's about the memorable things that make consumers feel good about themselves – whether those stories are shared on social media or just told to ourselves.



Looking at this around the world, Molenaar says SA is quite high up there, with only India slightly ahead of us in terms of being experience-centric, but he cautions that companies aren't necessarily leveraging this experience.

Instead, companies are recognising that we have to focus on experience and being more customer-centric. The Insights2020 study by Kantar Consulting found that around the world, 91% of CEOs do feel customer-centricity is central to driving business growth, but when we look at the consumer end of the spectrum, there's a disconnect. For example, in SA only 31% of customers rate their brands as being truly customer-centric.



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Molenaar says that's not to say we're doing a bad job, it's more a reflection of how high the bar is and whether we're delivering what customers expect, especially when compared to other countries around the world...

Looking at those results in a bit more detail, physical and digital experiences with different companies in different industries were compared, with banking, telecommunications companies and insurance providers standing out in terms of delivering

customer-centricity, and municipalities featuring as an outlier – while not a commercial business, it's important for municipalities to be customer-centric.

Are we moving from bricks to clicks?

Molenaar says that the digital experience is becoming more important as technology drives much of the customer experience today, especially in banking, where there's a lot of disruption right now and offers learnings for other industries.



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One of the more interesting findings was that South Africans are more trusting of new, technology-enabled banks than is the sentiment in more developed markets like India, Spain, Italy, France and Poland. When it comes to demographic data information, SA was also found to be quite enthusiastic and willing to say “use my data to personalise and make my experience better.”

Molenaar says lots of what we want in this regard is fairly straightforward:

- Alert me if something funny happens in my account
- Offer fingerprint or facial recognition to access my facilities so I don't have to enter a Pin code each time
- Analyse my spending habits to help me save money
- Offer relevant banking services, based on my spending habits and shopping behaviour
- Understand my life stage and offer me appropriate services
- Be proactive and send me pre-approved offers
- Use GPS information to show me where I can get discounts for services close to me

Speaking specifically of Kantar's 'Future finance' findings on 'neo banks' – the new tech-enabled and purely digital banks – there's a strong socio-economic correlation with popularity of use as those earning lower incomes are generally more open to engaging with them as they're easy to use, with lower costs and the way they use their money. People higher up the income scale have more sophisticated needs and as such may prefer a traditional bank offering face time with banking professionals.

CX lessons from neobanks

Cador confirmed that Kantar's CX+ analyses and ranks banks as the sector serves as a useful case study in terms of how brands can use customer experience to connect in a different way, to grow both market share and customer base, as the sector is living through an era of unprecedented disruption.



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Ernest North 3 Oct 2019



The key lesson here is that those disruptors are able to scale really fast. That's part of their strategy – they can't sustain large marketing campaigns as they don't have the financial support to do so, and often work on very narrow margins. That means they need to acquire a vast customer base, very fast.

Secondly, they're changing the way clients interact with their financials and shifting behaviours, which is what makes them so successful. The experience era means consumers are starting to change the way they interact with their money and

neobanks are tapping into this by rewarding them for doing so.

Experience should rule, whether your customers are physical or digital

The downside to this is the rise of bank branch closures we've experienced as of late and a 'protest' mindset kicking in amongst bank staffers as they don't want to lose their jobs to the rising tide of digital. Around 700 SA bank branches have been shut down in the past decade, since the peak of total branches in SA, but we're by no means alone in this regard.



Molenaar confirmed that in the UK, a third of all bank branches have closed in the past five years, with that number rising to two-thirds if you look at the numbers over the past 20 years; and in the US almost 10,000 physical bank branches have closed in the past five years.

Molenaar says the biggest risk of the shift to digital is the loss of an empathetic connection, which is crucial from a customer experience point of view.

Because when we shift to doing it all digitally, we take the pain out of the process but also make it harder to feel an affinity, commitment and connection to one bank over another, especially if they all offer similar features and types of service.

The riddle of experience vs memory, explained

The experiences are no longer memorable, now they're just really easy, so there's nothing that's creating a memory with the bank in your mind, as a brand would.

So how do banks then create emotional connections with their customers in this kind of environment?

Explaining why it matters that banks create emotional connections with their customers, Molenaar recommends watching 2002 economic sciences Nobel Memorial Prize-winner and behavioural economist Daniel Kahneman's 20-minute February 2010 TEDTalk on the riddle of experiences vs memories:

Kahneman speaks of the difference between the experiencing self and the remembering self, especially when we experience thousands of things every day, the bulk of which are not memorable as they don't have an aspect of emotional connection. His sentiment is summed up as follows:

“ There is confusion between experience and memories, we actually don't choose between experiences, we choose between memories of experiences. ”

From a brand point of view, Molenaar says we see that emotion is really at the heart of memorable experiences and embedding a brand and relationship in people's minds and beliefs, so we need to create positive emotions in the moments that matter to our customers.

A study on the new science of customer emotions, in the *Harvard Business Review*, found that emotional connection is the key to creating customer value. Even among highly satisfied customers who rated an interaction as excellent, the stronger the emotional connection, the higher the customer value.



To get this right, we need to anticipate within the customer's journey and seek out opportunities to create memorable moments for them, as those experiences then become memories, our memories are what drive our relationships, and those relationships in turn really drive business outcomes.

Don't forget the importance of human connection in the digital world

Unfortunately, Cadot says many industries just don't connect with humans on that emotional level, especially when we speak of the tech, telecoms and financial services as these are seen as very rational matters.

“ But think about it. Financial services mean we are placing the results of our whole lifetime of working; of sweat, blood and tears; and of the future of our children, in somebody's hand. That's actually a very emotional act. ”

It's the fact that these matters are treated from a rational base that creates a disconnect with consumers.

Cadot shared the following example from Nationwide bank, on where emotion fits into banking:

Locally, Molenaar said Capitec is bucking this trend and actually rolling out more branches – increasing from 507 in 2011 to 840 as of February 2019, which is currently the largest number of bank branches in SA.

This is despite the fact that 85% of their transactions remain the self-help digital type over smartphone app and USSD transaction, but the option remains to come in and have a face-to-face discussion, to connect with someone who is explaining something that can't be done on an app.

Cadot said that globally, financial services companies are going against the stream too and building bank branches with a difference.

There's Capital One in the US, which has opened Capital One Cafes, open even to non-customers to go in and have a coffee and use the Wi-Fi or tablets. Bank employees sit in an informal space so you can have a discussion about your money if that's your end goal, or you can just "have a cup of coffee and chill."

Rethinking banking, for the experience age

It's a different environment, a different way to connect with your bank that's less about the branch itself and more about the context that's set to create the relationship and humanise the experience.

Cador said for most brands, getting this right is about figuring out how to "make the tech the slave of the human being instead of the other way around."

We need to provide a balance between digital seamlessness and humanity and realise that tech is not there to replace the experience, instead it's a support mechanism to create that emotional connection with the human being and amplify the relationship.



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Cador spoke of the 'smaller worlds' concept, which defines the ability we now have as human beings, because of technology and the digital world, to connect to other human beings that we would never have found in any other way and create our own tribe through digital connection.

Don't confuse the customer experience with the technology that enables the humans to connect and create the experience.

Watch for my further coverage of the Kantar #CustomerAdvantage sessions on site, and follow [Kantar](#), [Cador](#) and [Molenaar](#) on Twitter for the latest updates.

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