



experience 2030

EXPERIENCE DISRUPTED:
**IS COVID-19 CONTINUING
TO CHANGE CUSTOMER
BEHAVIOUR?**

EMEA RESEARCH REPORT

EXECUTIVE SUMMARY

In September 2020, SAS commissioned a survey looking into how customer preferences and behaviours had changed as a result of the pandemic.

The research found that customer experience had improved, the number of digital users had risen - with many planning to remain online moving forward - and the patience of customers exposed to a few poor experiences was very low.

As COVID-19 vaccines continue to be rolled out worldwide, signalling a potential end to tough restrictions, SAS aimed to discover whether these trends had continued and if the impact on customer behaviour was lasting. In this latest study conducted during February 2021 the facts speak for themselves. Four-fifths (80%) of customers feel their customer experience has improved since the pandemic started. The number of new digital users has continued to grow, rising from an increase of 15% to 17%. As for how permanent these changes are, only three in 10 people plan to revert back to the same pre-pandemic shopping habits.

This research and the survey from 2020 confirm one thing: the pandemic has created a new type of customer. Compared to the customer that went into the pandemic, the customer of today is more digital than ever before.

They increasingly see value in multiple areas of the customer experience, not just price, and will happily switch providers if they don't get the service they expect. Today's digital customer is also more willing to share their personal data than ever before, though many are wary of cybercrimes, such as fraud and scams. The responsibility therefore is on brands to ensure customer data is protected and used diligently to provide a tailored service that customers want. And measures to combat fraud need to be strong, but not at the expense of a seamless customer experience.

Organisations must embrace the permanence of these changes and take advantage of the opportunities they bring. There is more scope to engage with customers in an innovative and personal way and the reward for doing so is clear. Not only will it help companies to retain existing customers, but also to attract dissatisfied consumers from competing brands. People are more likely to increase their spending (19%) once the pandemic subsides than to reduce spending (9%). So, for organisations that can get their customer experience right there is business to be won.



“Customers expect a huge amount from the customer experience, and these expectations are only rising. Meeting these demands is a monumental challenge for businesses, but one with a reward to match at the end. By tailoring the customer experience to individual customers’ wants and needs, businesses can not only retain existing business, but attract new customers who are easily dissatisfied with the competition. People are more willing to share personal data than ever before, so brands have the unique opportunity to understand their customers better - and deliver a faster, better service - through the use of advanced analytics. Companies that don’t seize this opportunity will live to regret it as they watch their customers flock to businesses that do.”



Andreas Heiz, EMEA Director of
Customer Intelligence at SAS

IMPORTANCE OF LOW PRICES CONTINUES TO FALL

In SAS' first instalment of [EX2030 research](#), conducted in September 2019, 53% of consumers said that low prices and special discounts would drive loyalty by 2030. Before the pandemic, in September 2020, this figure already stood at 54%.

However, as the world begins to return to something resembling normality, 52% labelled it as a top three priority. While this is a small drop, other areas of the customer experience are rising in importance. In SAS' second instalment of [EX2030 research](#), which took place in September 2020, convenience was ranked as a top three priority by 36% of consumers, companies acting fairly and responsibly by 30% and friendly service by 30%. Fast forward half a year and these numbers have risen dramatically.

Our latest research found that 48% of consumers value convenience as a top three priority, 43% prioritise companies acting fairly and responsibly and 33% consider friendly customer service to be important. In fact, in this six-month time period, the importance of all these traditionally softer areas of the customer experience has, on average, risen from 27% to 33%: a marked rise of 6%. Meanwhile, the significance of price has reduced or, at the very least, stagnated.

48%

Our latest research found that 48% of consumers value convenience as a top three priority

How customer priorities have changed during the pandemic, from September 2020 to March 2021

| Customer experience factors | Percentage of customers who ranked it as a top three priority (September 2020) | Percentage of customers who ranked it as a top three priority (March 2021) |
|--|--|--|
| Low prices & discounts | 54% | 52% |
| Convenience | 36% | 48% |
| Companies that act fairly, responsibly and respectfully towards others and the environment | 30% | 43% |
| Product or service availability and quality | 44% | 42% |
| Good service/customer experience during lockdown/s | 27% | 42% |
| Friendly customer service | 30% | 33% |
| Flexible returns or refund policies, with quick turnaround | 23% | 26% |
| Customer reviews or recommendations by other people | 18% | 24% |
| Personalised offers that match my current need | 22% | 20% |
| Regular communication and updates from the company | 13% | 15% |



The trend is clear:

For customers, the gap in importance between low prices and the all-round customer experience is narrowing. Meanwhile, the increasingly even spread of results suggests that what one customer considers to be a good customer experience can differ considerably from another customer's expectations. This is a challenge for businesses, given the importance of understanding customers' individual preferences. Failure to do so could result in the loss of business, with nearly half (48%) claiming that they would ditch a brand after just one to two poor experiences. Customers are following through with this threat as well. Our research found that, since the pandemic started, 52% of customers have switched providers for a variety of reasons, such as better prices elsewhere, the availability of an easier or simpler online experience and better delivery options.

Country breakdown of customer impatience, looking at how many poor experiences would make them switch providers

| Country | Percentage of customers who would ditch brands after 1-2 poor experiences | Percentage of customers who would ditch brands after 3-5 poor experiences |
|--|---|---|
|  Sweden | 58% | 33% |
|  France | 57% | 32% |
|  UK | 51% | 39% |
|  Poland | 50% | 42% |
|  Italy | 50% | 41% |
|  Spain | 47% | 43% |
|  Saudi Arabia | 46% | 40% |
|  Netherlands | 45% | 36% |
|  Greece | 41% | 49% |
|  Germany | 41% | 43% |
|  South Africa | 38% | 48% |



Across the pandemic, our research highlights a clear trend.

As customer expectations are rising, their loyalty to companies offering just one or two disappointing customer experiences is diminishing. Businesses must continually ensure they are providing a better customer experience than their competitors, or they risk losing business. This must be done on a customer-by-customer basis, which depends on understanding each customer at a granular level. To achieve this, organisations of all sizes can use cloud-based technologies such as analytics and AI to analyse the customer data they have and create actionable insights for each individual customer. Naturally, the first step is to ensure that the company's customer data is accessible from a connected platform, such as the cloud. Only then will they be able to generate the insights they need to create a personalised customer experience and outmanoeuvre the competition.

Case Study – dm-drogerie markt

Every human being is unique, so retailer dm-drogeriemarkt and its IT subsidiary dmTECH, aim to create a high level of personalisation in customer interaction, which is tailored to the preferences and interests of the customers. They can now identify personal interests and present anyone with offers for their favourite items. By analysing data from individual customers and using a highly personalised approach, they can provide far more than just a pleasant shopping experience. [Find out more in this short video.](#)

WHAT DO CUSTOMERS REALLY THINK OF THE DIGITAL SHOPPING EXPERIENCE?

Owing to the pandemic, many countries across Europe have been forced to implement lockdown and/or social distancing measures since March 2020.

This has seen stores close or have limited capacity for extended periods and businesses move online. A year later, how has this changed customer behaviour and what are their thoughts on the experience?

The SAS EX2030 research in September 2020, found that the number of digital users had grown by 15% since the pandemic started - something it would take years to achieve in normal circumstances. Our latest piece of research found that this number has continued to increase, with 17% taking up a digital app/service since the pandemic started. What this means is that, currently, 46% of all customers are now digital customers.

46%
**of all customers are
now digital customers**

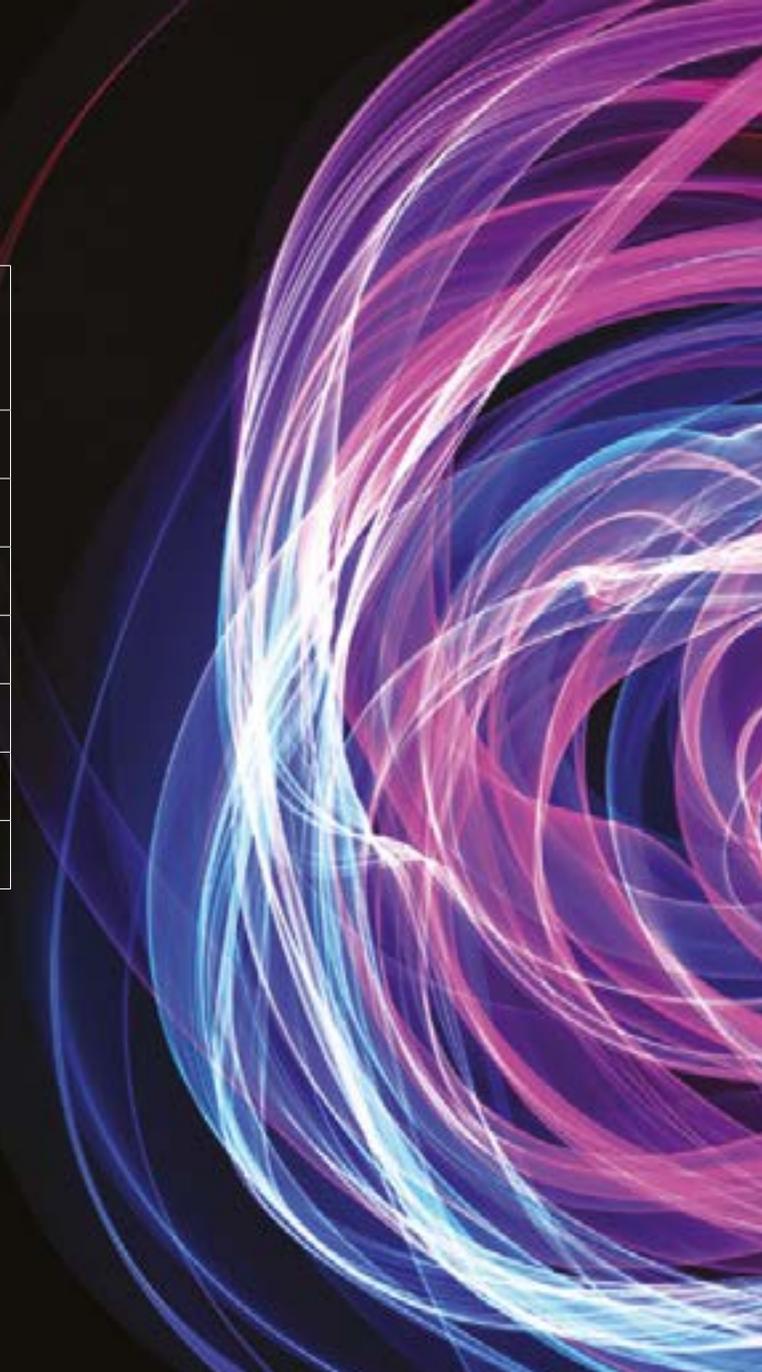
Industry breakdown of new digital users and total digital users by percent

| Industry | Percentage of new digital users since the pandemic started | Percentage of total digital users now |
|--|--|---------------------------------------|
|  Banking & Finance | 14% | 55% |
|  Government & Public Services | 19% | 46% |
|  Grocery & Food Companies | 20% | 42% |
|  Healthcare Providers | 19% | 42% |
|  Insurance | 17% | 46% |
|  Retail | 18% | 45% |
|  Travel & Hospitality Brands | 15% | 45% |



According to customers, this shift has coincided with the vast majority now saying their experience improved during the pandemic.

Asked whether they felt the customer experience had improved or deteriorated since the pandemic started, four-fifths (80%) said it had improved. This was particularly true in the private sector, where 84% of customers noted an improvement.





Percentage of people by industry who noted an improvement in the customer experience during the pandemic

| Industry | Percentage who feel the customer experience has improved during the pandemic |
|--|--|
|  Grocery & Food Companies | 91% |
|  Retail | 89% |
|  Insurance | 84% |
|  Banking & Finance | 82% |
|  Healthcare Providers | 74% |
|  Travel & Hospitality Brands | 74% |
|  Government & Public Services | 68% |

Given the wider use of digital channels and the accompanying improvements in the customer experience, people have become more willing to share their personal data since the pandemic started.



A third (32%) of people are now more likely to share personal data with organisations, compared to 20% who are less likely to. A third of the people more willing to share data said they would do so in return for an improved customer experience.



60%

of people are either more vigilant of fraud or have personally experienced an increase in scam messages during the pandemic

However, despite this increased willingness to share data, customer awareness of fraud has risen during the pandemic. Three-fifths (60%) of people are either more vigilant when it comes to fraud or have experienced it personally. In fact, 19% have experienced an increase in scam messages. Therefore, businesses need to find the right balance between extensive fraud-protection measures while at the same time maintaining a frictionless customer experience. Analytics and accompanying technologies such as AI and machine learning can be used to detect fraudulent patterns, helping to detect and prevent fraud in real-time but without disrupting the customer experience.

It's clear that the shift to a more digital customer experience has led to significant improvements, which has in turn increased customers' willingness to share their personal data with organisations.

However, companies should see this as the beginning and not the end. There is scope to improve the customer experience even further and, in turn, encourage customers to share even more personal data. Having access to more online data will allow organisations to create an even more personalised customer experience. However, this is only possible with the appropriate analytical technology, which will empower companies to always deliver the 'next best action' and, where necessary, respond in real time.

WILL A VACCINE SEE CUSTOMER BEHAVIOURS RETURN TO 'NORMAL'?

The elephant in the room among all of these findings and trends is: What will happen as the pandemic subsides and people can return to a more normal way of living?

The truth is, businesses have to prepare for customers to disperse in different directions, with habits expected to change once more as the world returns to something more 'normal'. While the majority of customers have noted an improvement in the customer experience over the pandemic, 48% still miss browsing in-store and 49% miss being able to examine a product in-store. It's possible new technologies - such as augmented reality - could address some of these needs. However, a significant proportion of consumers (30%) point out the social benefits of the physical shopping experience, allowing them to spend time with friends and family. Organisations must accept that the omnichannel shopper will continue to exist and

that they therefore need the capability to combine online and offline data when understanding their customers.

Overall, 32% will be reverting back to the same shopping habits as before the pandemic, while 5% will be moving to a more offline experience. Nevertheless, over half (56%) of all customers will not be returning to 'normal', with 28% of these saying that they will use even more online and digital apps than they do currently. However, it remains important that organisations can connect and understand customer behaviour across all the channels they happen to be using.

56%
of all customers will not be returning to normal behaviours post-vaccine

Case Study – Topdanmark

Topdanmark, the second largest insurance company in Denmark, faced the issue that their digital channels and direct channels had developed separately, creating data siloes. This meant that customer data was disconnected, making it difficult for the organisation to analyse it and get a true picture of their customers. This led to a disjointed customer journey and, in today's reality, it would have prevented them from reacting quickly to changing customer behaviours and preferences.

Using the SAS® Customer Intelligence 360 platform, though, Topdanmark was able to address this by joining the datapoints together and creating an omnichannel customer experience.

More than this, though, the platform enabled them to prioritise tasks according to their value to the customer journey, creating a more functional and results-driven workflow. Ultimately, this helped Topdanmark generate a seamless customer journey.

[To find out more, read the full case study here](#)

Country breakdown of how consumer behaviours will change post-pandemic

| Country | Percentage of people who will continue using more digital apps than before the pandemic | Percentage of people who will revert to the same balance of online/offline as before the pandemic | Percentage of people who will move to a more offline experience than before the pandemic |
|---|---|---|--|
|  Saudi Arabia | 75% | 17% | 3% |
|  South Africa | 61% | 30% | 4% |
|  Italy | 60% | 26% | 4% |
|  Spain | 58% | 28% | 4% |
|  Greece | 55% | 31% | 7% |
|  UK | 52% | 28% | 6% |
|  Poland | 51% | 30% | 4% |
|  Sweden | 48% | 33% | 4% |
|  Germany | 43% | 41% | 6% |
|  France | 43% | 35% | 5% |
|  Netherlands | 40% | 40% | 6% |





For organisations, this represents a huge challenge. They need to identify which customers plan to continue using online and digital apps, which will move to a more offline experience and which are keen to return to the same balance as before the pandemic.

Only then can they adapt quickly and provide the experience their customers desire. The pandemic has also created fresh challenges for organisations to face up to. For example, businesses must ensure that their supply chains are flexible and resilient enough to withstand disruptions, satisfy high demand for certain products and deliver goods for the same or next-day delivery.

For companies to stand a chance of adapting to the changing tide of customer behaviour, they must take advantage of customers' increased willingness to share personal data. Accessing the very latest data and updating analytical models accordingly, organisations stand more chance of understanding their customers and keeping up to date with their changing preferences and behaviours. With customer loyalty and patience diminishing, failing to adapt quickly will be costly for businesses.

The potential rewards, both short-term and long-term, are huge. In the short-term, 19% of customers said they will spend more once vaccines have been rolled out. This compares to just 9% who said they would spend less. If companies can separate the two and adapt their offerings appropriately, there is a huge opportunity to boost revenues and start making up for a year of largely flat or falling revenue.

It's clear that, for many, the pandemic has changed customer behaviour forever. Organisations must accept this and be flexible enough to adapt. With revenues declining or stagnating during the pandemic, it's crucial that companies make the most of a rise in consumer spending post-pandemic by tailoring the customer experience to individual behaviours, needs and preferences.

1 in 5

customers plan to spend more money once vaccines have been rolled out in their countries.

CONCLUSION

The customer that entered the pandemic is not the same customer that exists now, or necessarily the same as the one that will exit the pandemic. People have been exposed to a more digital customer experience, which has proven superior. As a result, low prices and discounts no longer dictate customer behaviour.

Instead, people want a more rounded customer experience and businesses must cope with the fact that individual customers prioritise different aspects of the customer experience. For many people, this is a permanent change in attitude. Organisations must try to tailor their customer experience to keep existing customers and attract potential new ones. Fortunately, customers are more willing to provide their personal data to help companies adapt. Businesses must ensure that they have the correct analytical technology to take advantage of this. This will help them to understand their customers on a more granular level, making better decisions more quickly - even in real time, where necessary.

Companies that fail to adapt will miss out on a massive opportunity. Our research throughout the pandemic shows that customers are very prepared to

switch if there's a better experience on offer elsewhere. Organisations must make sure they are always that better option. To make this a reality, companies now have more digital users than ever before, with a greater willingness to share data. They now need the right data-driven approach to turn this opportunity into lasting success.

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EXPERT INSIGHT INTO HOW
THE CUSTOMER EXPERIENCE
IS CHANGING**



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