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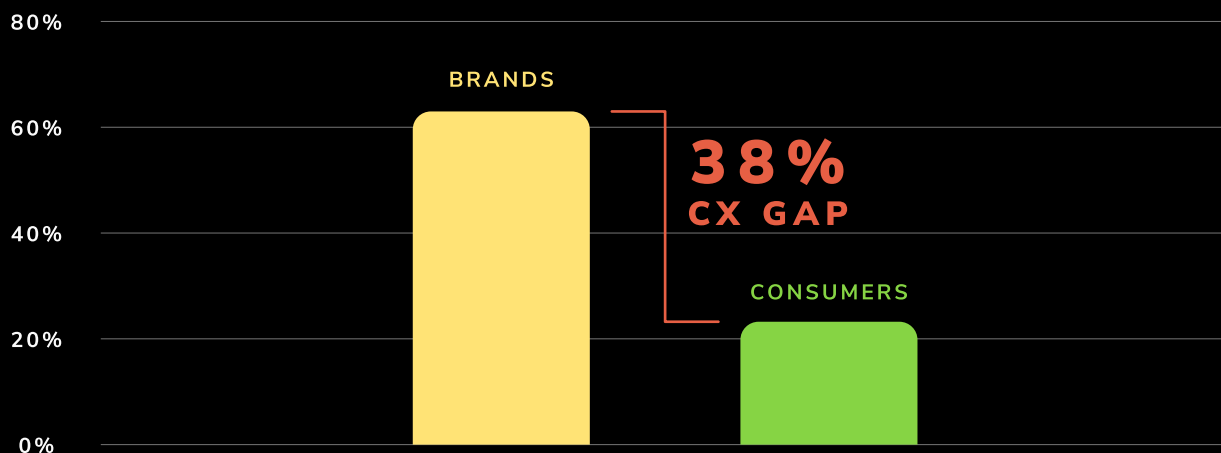
2022 CX IQ Index

Customer Experience Insights From Consumers & Brands

Top Trends

BRAND VS. CONSUMER CX SATISFACTION RATINGS chart

80%

BRANDS

60%

38%
CX GAP

40%

CONSUMERS

20%

0%

— % of brands & consumers that rated consumers as "very satisfied" (5 on a 1-5 scale) with CX —

In this report, you'll discover the top trends shaping the customer experience landscape, including:

THE CX GAP

The majority of brands overrate their CX performance when compared to consumers.

DATA SECURITY & PRIVACY

Fifty-five percent of consumers say data protection is "very important" to customer experience — more than any other CX characteristic.

CONVENIENCE & RELIABILITY

Meeting consumer expectations requires brands to prioritize agility, speed and consistency.

PERSONALIZATION

Consumers are more concerned with brands understanding their needs (23% rated it "very important") than knowing who they are (11% rated it "very important").

INDUSTRY PERFORMANCE

Financial services brands perform best across the CX characteristics consumers say are most important. Media/publishing brands lag behind.

ENTERPRISE CHALLENGES

The biggest brands are less likely to rate their CX performance as "very strong."

U.S. VS. U.K. DIFFERENCES

Brands in the United States are more likely to rate their CX performance as "very strong" when compared to brands in the United Kingdom.

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Bridge the Gap Between Perception & Performance

Welcome to the inaugural CX IQ Index — a data-driven report exploring the state of customer experience in 2022.

ActionIQ surveyed more than 400 consumers across the United States and United Kingdom to understand what matters most to them in terms of CX. In the course of our research, we discovered where consumers believe businesses across different industries are meeting expectations or falling short.

We also surveyed 350 U.S.- and U.K.-based businesses to learn how they evaluate their CX performance, as well as how their assessments compare to those of consumers'.

Our findings uncovered that many businesses significantly underestimate their weaknesses and the impact they have on customer experience.

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> **Businesses significantly underestimate their weaknesses and the impact they have on customer experience.**

The goal of this report is simple: To help enterprise brands bridge the gap between how they perceive their CX strategies versus how they perform against consumers' wants and needs.

Among other findings, our research revealed:

- Which CX characteristics are most important to consumers
- How consumer sentiment varies across verticals
- What businesses can do to improve their performance

Explore the insights below to learn how you can develop a CX strategy that will exceed customer expectations and maximize positive business outcomes.

> ⓘ **HAVE QUESTIONS?**
>
> Contact ActionIQ to learn more about our survey results and how these insights can help you improve your CX strategy.

Trust is Consumers' #1 Priority

CX THEME : TRUST

— % of consumers who rated characteristic as "very important" (90+ on a 0-100 scale) —
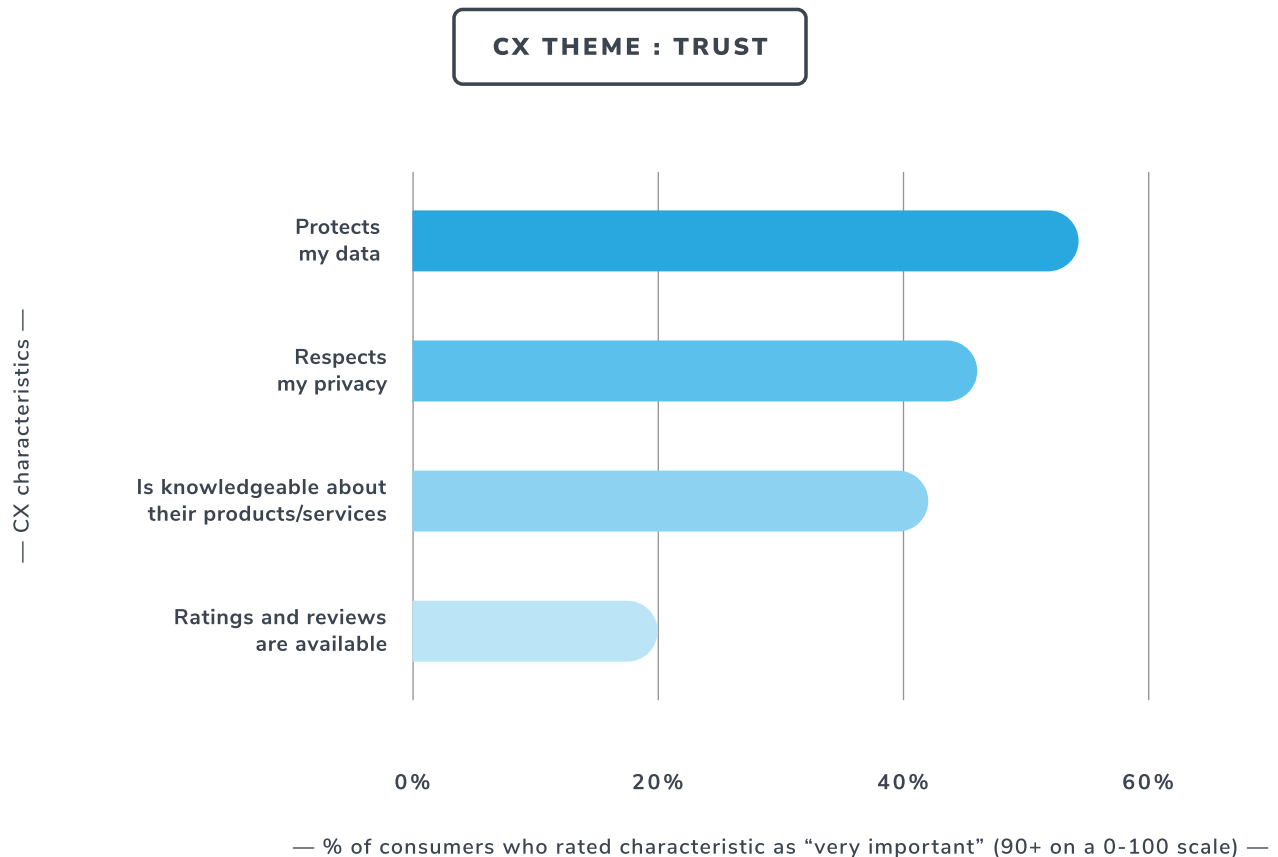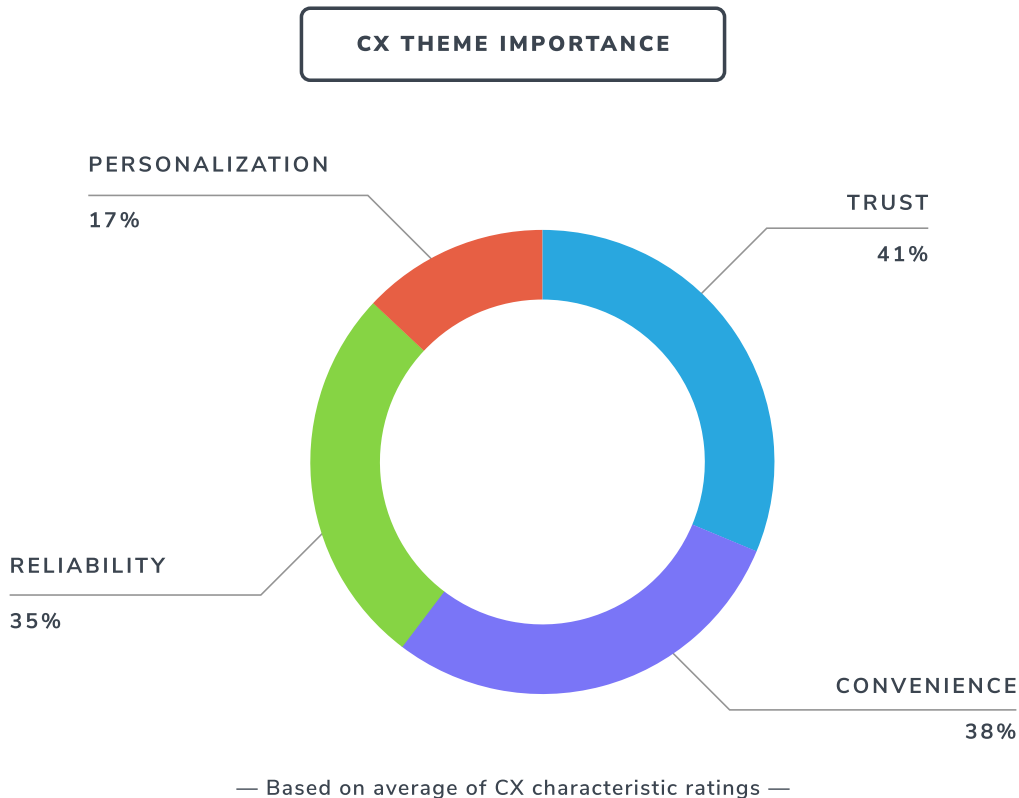
When consumers were asked to rate how important different characteristics are when interacting with a company to get information, make a purchase or resolve an issue, **the top three highest-performers were all related to the theme of trust**.

The two characteristics most likely to be rated "very important" (90 or higher on a 0-100 scale) — "protects my data (55%) and "respects my privacy" (48%) — align with recent changes to how businesses collect, use and share customer data.

Consumer demands for greater transparency and privacy have spurred global governments to enact increasingly strict data protection and privacy laws — and led directly to the deprecation of third-party cookies. As companies move to update their marketing strategies for a world where anonymous third-party data is disappearing, it's clear that ethically collecting and securing first-party customer data is not only essential to effective customer acquisition and conversion, but also to providing consumers with the customer experiences they want.

Agility, Speed and Consistency Are Key

CX THEME IMPORTANCE

PERSONALIZATION
17%

TRUST
41%

RELIABILITY
35%

CONVENIENCE
38%

— Based on average of CX characteristic ratings —

Consumers also rated characteristics related to the themes of convenience, reliability and personalization.
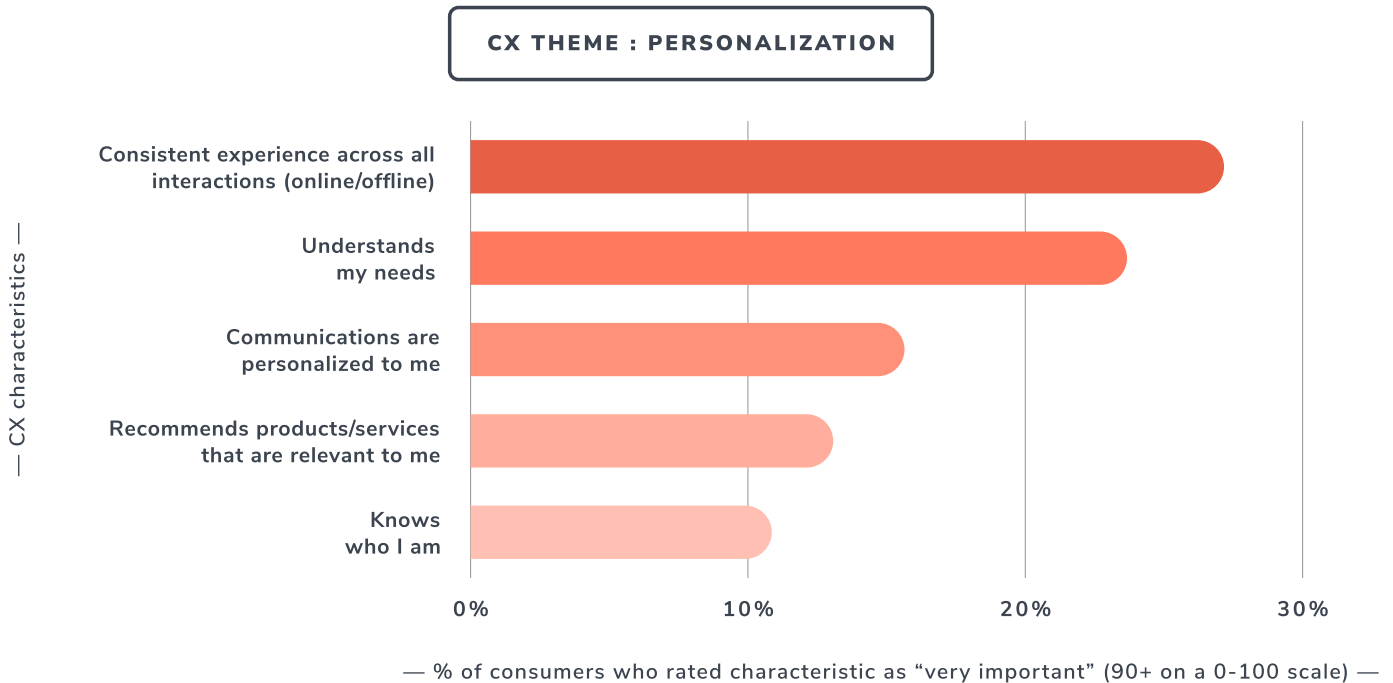
Among the characteristics most likely to be rated "very important" by consumers, "is available when I need them" (36%) — which falls under the theme of convenience — as well as "listens to me/is responsive" (37%) and "has fast resolution of problems" (35%) — which fall under the theme of reliability — illustrate the importance of agility and speed to customer experience.

To meet customer expectations, **brands must prioritize providing customer-facing teams with the data they need** to quickly and appropriately respond to customers. The focus on problem solving also highlights why customer support teams in particular need to be able to access, analyze and take action on relevant customer data.

Meanwhile, the characteristic most likely to be rated "very important" under the theme of personalization — "consistent experience across all interactions (online/offline)" (26%) — emphasizes the importance of routinely providing the same level of care and attention across all channels. No matter when, where or how consumers interact with a brand, they expect personalized treatment that remains consistent across all touchpoints, both online and in person.

Personalization Must Go Beyond the Surface

CX THEME : PERSONALIZATION

— % of consumers who rated characteristic as "very important" (90+ on a 0-100 scale) —

After "consistent experience across all interactions (online/offline)," the characteristic related to personalization most likely to be rated "very important" by consumers was "understands my needs" (23%), surpassing "communications are personalized to me" (14%), "recommends products/services that are relevant to me" (12%) and "knows who I am" (11%).
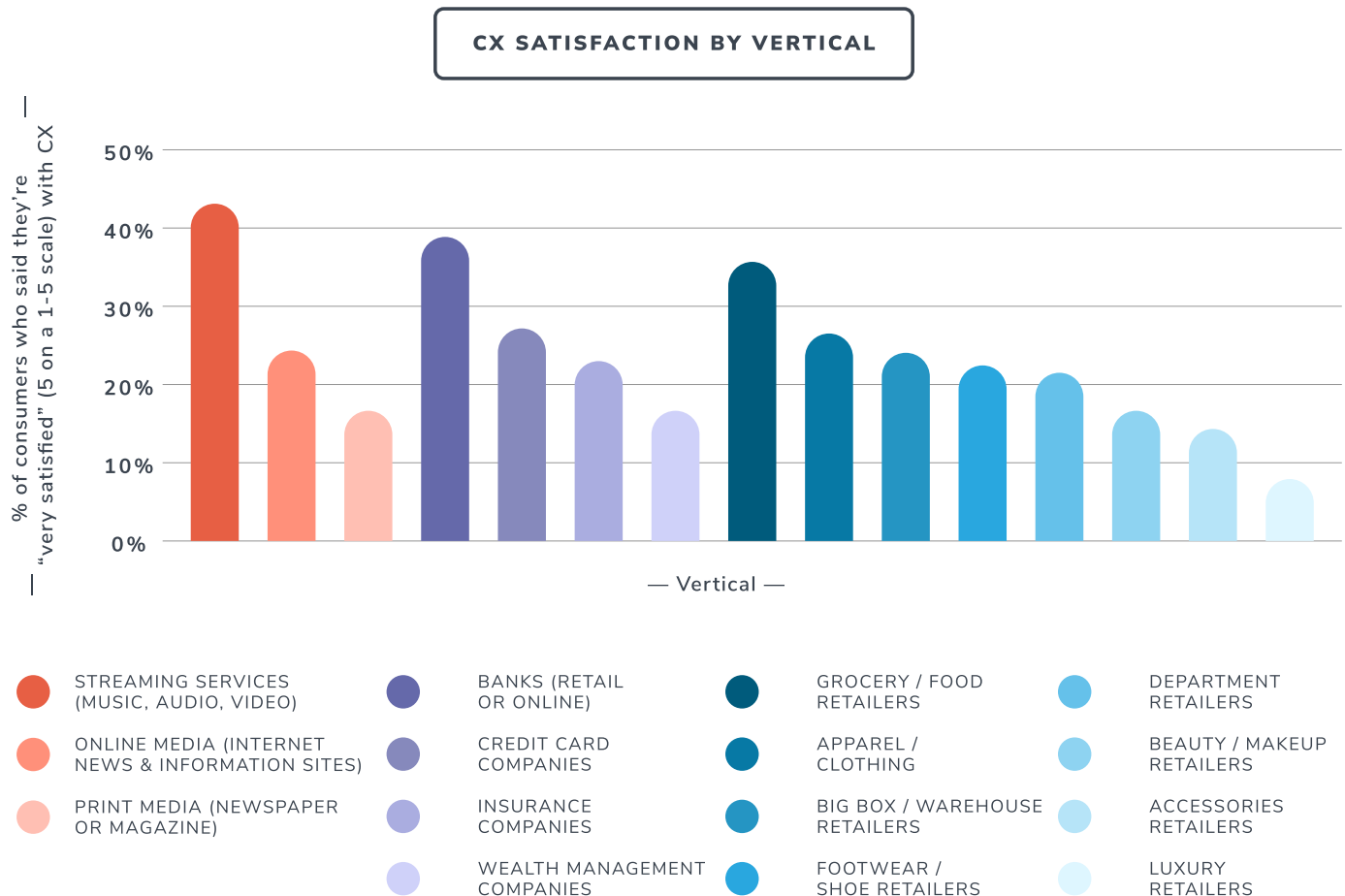
Personalized communications, relevant recommendations and accurate customer identification are important to many consumers — and vital for brands to consistently provide the types of experiences their customers want. However, consumers appear more concerned with how knowledge about their histories, behaviors and preferences are applied in terms of anticipating their needs.

While surface-level forms of personalization — such as emails using a customer's name or product spotlights based on past purchases — are appealing, **consumers don't value businesses knowing who they are as much as having their needs met whenever, wherever and however they interact with a brand.** Organizations must know who their customers are to accomplish this, but it's even more important that they're able to transform those insights into experiences.

The importance of substance over style lines up with consumers' priorities in other areas, as well. Twenty-one percent of consumers rated "offers loyalty programs that reward me" as "very important," and 20% did the same for "educates me about how to better use their products/ services." Meanwhile, only 13% of consumers rated "surprises/delights me" as "very important."

Certain Verticals Lift Entire Industries

CX SATISFACTION BY VERTICAL

% of consumers who said they're "very satisfied" (5 on a 1-5 scale) with CX

— Vertical —

- ● STREAMING SERVICES (MUSIC, AUDIO, VIDEO)
- ● ONLINE MEDIA (INTERNET NEWS & INFORMATION SITES)
- ● PRINT MEDIA (NEWSPAPER OR MAGAZINE)

- ● BANKS (RETAIL OR ONLINE)
- ● CREDIT CARD COMPANIES
- ● INSURANCE COMPANIES
- ● WEALTH MANAGEMENT COMPANIES

- ● GROCERY / FOOD RETAILERS
- ● APPAREL / CLOTHING
- ● BIG BOX / WAREHOUSE RETAILERS
- ● FOOTWEAR / SHOE RETAILERS

- ● DEPARTMENT RETAILERS
- ● BEAUTY / MAKEUP RETAILERS
- ● ACCESSORIES RETAILERS
- ● LUXURY RETAILERS

When consumers were asked to rate their satisfaction with experiences and interactions across different types of businesses over the past three months, the highest-performing industry was media/publishing, followed by financial services and retail.

However, it should be noted that **media/ publishing's lead in satisfaction was due to one vertical: "streaming services (music, audio, video)**." Forty-two percent of consumers said they were "very satisfied" (5 on a 1-5 scale) with this vertical, far outperforming "online media

(internet news & information sites)" (23%) and "print media (newspaper or magazine)" (16%). It should also be pointed out that while media/ publishing accounts for three verticals, and financial services accounts for four, the retail industry accounts for eight separate verticals.

With that said, all industries had clear standouts across specific verticals: "Banks (retail or online)" (39%) led the financial services industry in terms of consumers being "very satisfied" and "grocery/food retailers" (37%) led the retail industry.

Nonessential Retailers Lag Behind

5 HIGHEST- & LOWEST-PERFORMING VERTICALS

— % of consumers who said they're "very satisfied" (5 on a 1-5 scale) with CX —
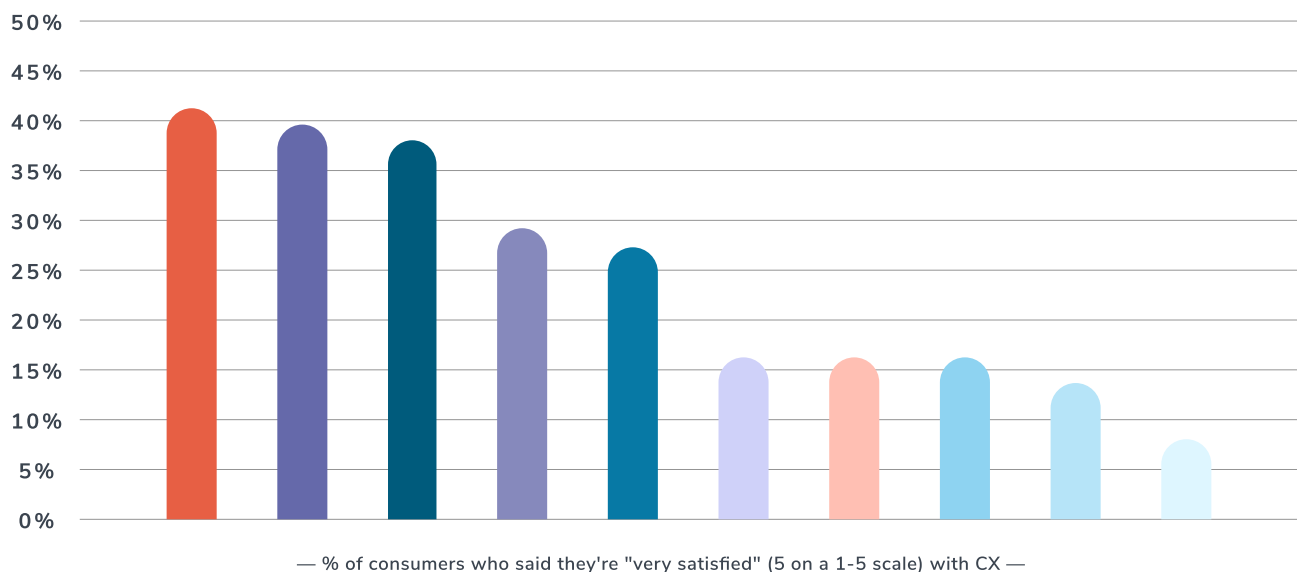
Highest-performing verticals:

- STREAMING SERVICES (MUSIC, AUDIO, VIDEO)
- BANKS (RETAIL OR ONLINE)
- GROCERY / FOOD RETAILERS
- CREDIT CARD COMPANIES
- APPAREL / CLOTHING

Lowest-performing verticals:

- WEALTH MANAGEMENT COMPANIES
- PRINT MEDIA (NEWSPAPER OR MAGAZINE)
- BEAUTY / MAKEUP RETAILERS
- ACCESSORIES RETAILERS
- LUXURY RETAILERS

Retail businesses that consumers may view as essential — such as those selling food and clothing — perform better in terms of customer experience. But retail businesses that may be viewed more as nonessential — such as those selling makeup, accessories and luxury items — are among the lowest-performing businesses across all verticals.

Interestingly, as we'll explore in a later section, retail brands are seemingly aware of this. When asked to evaluate how their organizations perform on specific characteristics when customers interact with their companies to get information, make a purchase or resolve

an issue, **retailers were more likely to rate themselves lower than the average when compared to brands in other industries**.

This may speak to a greater need among retailers to implement technologies and processes that enable their marketing, sales and customer service teams to better identify, understand and develop impactful experiences for customers.

According to consumers, other CX laggards included wealth management and print media businesses.

Financial Services Brands Lead On the Most Important CX Characteristics

10 MOST IMPORTANT CX CHARACTERISTICS

— CX characteristics —

- Protects my data
- Respects my privacy
- Is knowledgeable about their products/services
- Is simple and easy to use/access
- Listens to me/is responsive
- Is available when I need them
- Has fast resolution of problems
- Consistently meets my expectations
- Consistent experience across all interactions (online/offline)
- Understands my needs

0%   20%   40%   60%

% of consumers who rated characteristic as "very important" (90+ on a 0-100 scale)

Based on consumer ratings, of 17 characteristics to choose from, the 10 listed in the graph above are the most important to customer experience. Financial services brands are most likely to be rated "very strong" (90 or higher on a 0-100 scale) by consumers for all but one: Retail brands are more likely to be rated "very strong" for "is simple and easy to use/access."

Financial services' lead was especially dramatic across "protects my data," "respects my privacy," "is knowledgeable about their products/services" and "understands my needs," surpassing other industries by 10 percentage points or more.

**The dominance of financial services brands may be due to their direct access to end customers and the amount of authenticated customer traffic they have across their digital channels**.

For example, collecting and authenticating digital traffic is built into most banks' operating models (the same is true for streaming services, which may help explain that vertical's leading performance in overall CX satisfaction). However, clearly not all verticals within the financial services industry are making the most of customer data, as indicated by wealth management companies' lagging performance.

Meanwhile, media/publishing brands' performance was least likely to be rated "very strong" across every characteristic. This industry trailed the others most significantly (by 10 percentage points or more) across "listens to me/is responsive," "has fast resolution of problems" and "consistently meets my expectations."

Brands Overestimate Customer Satisfaction

INDUSTRY VS. CONSUMER CX SATISFACTION RATINGS
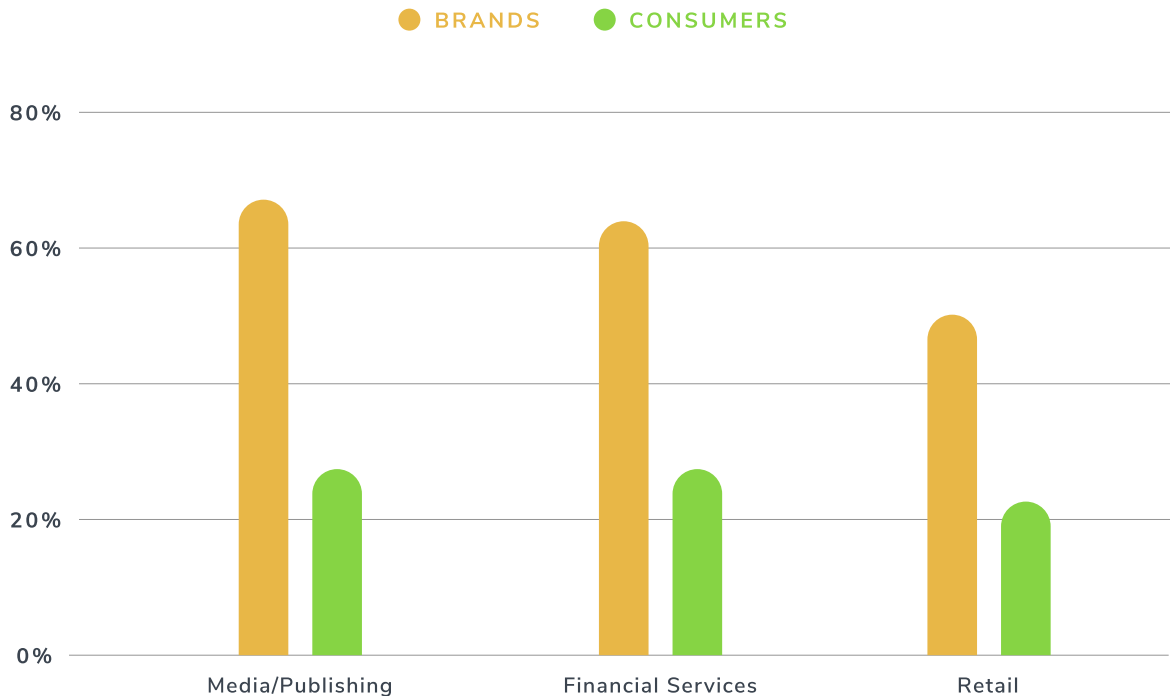
● BRANDS ● CONSUMERS

— % of brands & consumers that rated consumers as "very satisfied" (5 on a 1-5 scale) with CX —

When businesses were asked to rate overall satisfaction with their companies for customer experiences and interactions to get information, make a purchase or resolve an issue, 61% said their customers are "very satisfied" (5 on a 1-5 scale).

From an industry perspective, media/publishing and B2B technology brands were most likely to say their customers are "very satisfied" with customer experience and interactions (69%), followed by financial services (67%) and retail (50%).

However, business assessment of customer experience is significantly higher than what consumers report (only 23% of consumers said they were "very satisfied" with brand experiences and interactions over the past three months).

Such a substantial gap between what businesses perceive and what their customers describe indicates **organizations across industries are not investing enough resources into the people, processes and technologies required to provide superior customer experience.**

Media/Publishing Has the Widest Disparity

MEDIA/PUBLISHING VS. CONSUMER PERFORMNCE RATINGS

● MEDIA/PUBLISHING   ● CONSUMERS

CX characteristics

- Protects my data
- Respects my privacy
- Is knowledgeable about their products/services
- Is simple and easy to use/access
- Listens to me/is responsive
- Is available when I need them
- Has fast resolution of problems
- Consistently meets my expectations
- Consistent experience across all interactions (online/offline)
- Understands my needs

0%   20%   40%   60%

% of brands & consumers that rated performance as "very strong" (90+ on a 0-100 scale)

When compared to the total response of businesses across all industries, media/ publishing brands rated their performance as "very strong" (90 or higher on a 0-100 scale) both more and less often than the average across various CX characteristics.
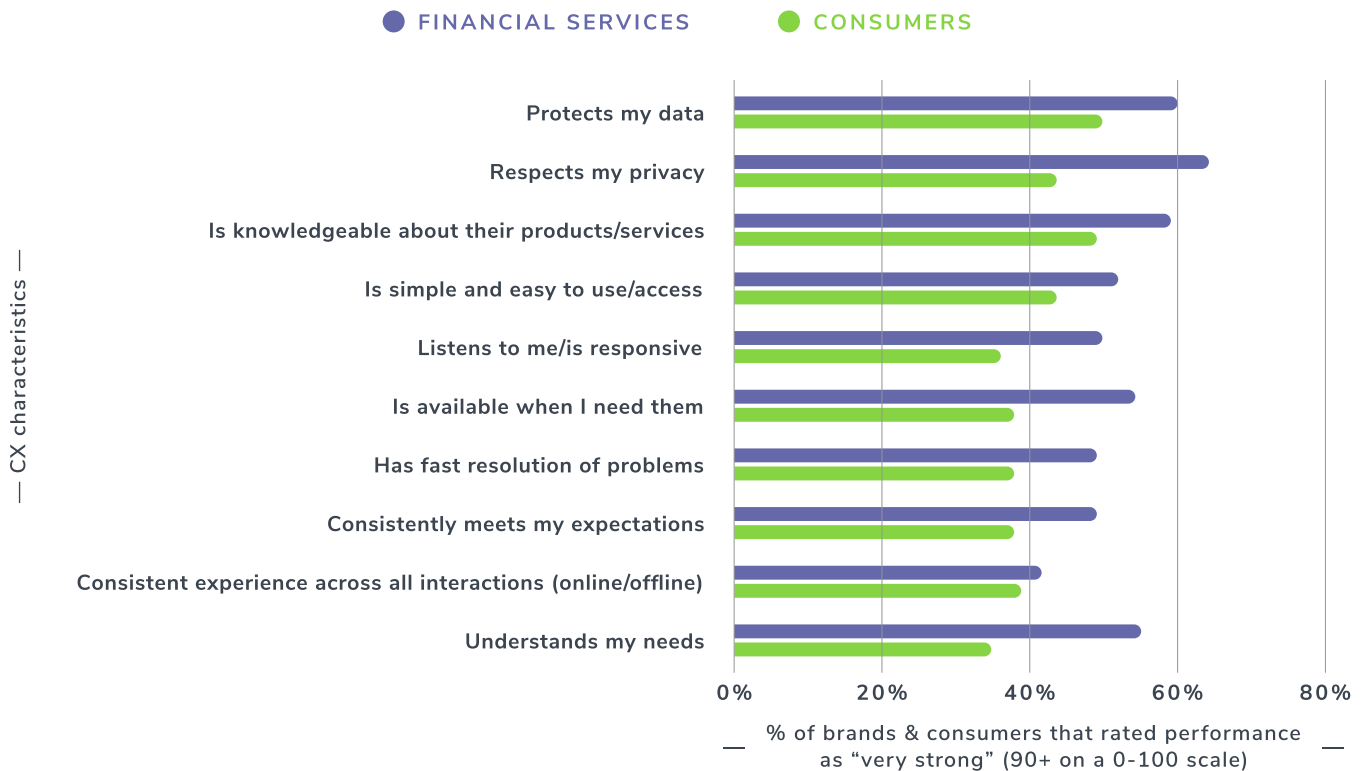
However, brands in this industry were significantly more likely to say their performance is "very strong" across nearly all characteristics when compared to consumers (often by 20 percentage points or more), **meaning media/ publishing has the widest gap between CX perception and performance.**

This was most pronounced across "protects my data" (49% versus 22%), "respects my privacy" (51% versus 18%), "is knowledgeable about their products/services" (60% versus 26%) and "has fast resolution of problems" (49% versus 18%), all of which are among the characteristics most important to CX, according to consumers.

Media/publishing consumers weren't more likely than media/publishing brands to rate performance as "very strong" across any characteristics.

Financial Services Still Has Much Room for Improvement

FINANCIAL SERVICES VS. CONSUMER PERFORMNCE RATINGS

● FINANCIAL SERVICES   ● CONSUMERS

— CX characteristics —

Protects my data
Respects my privacy
Is knowledgeable about their products/services
Is simple and easy to use/access
Listens to me/is responsive
Is available when I need them
Has fast resolution of problems
Consistently meets my expectations
Consistent experience across all interactions (online/offline)
Understands my needs

0%   20%   40%   60%   80%

% of brands & consumers that rated performance as "very strong" (90+ on a 0-100 scale)

When compared to the total response of businesses across all industries, financial services brands rated their performance as "very strong" more often than the average across all CX characteristics except two: "offers loyalty programs that reward customers" and "surprises/delights customers."
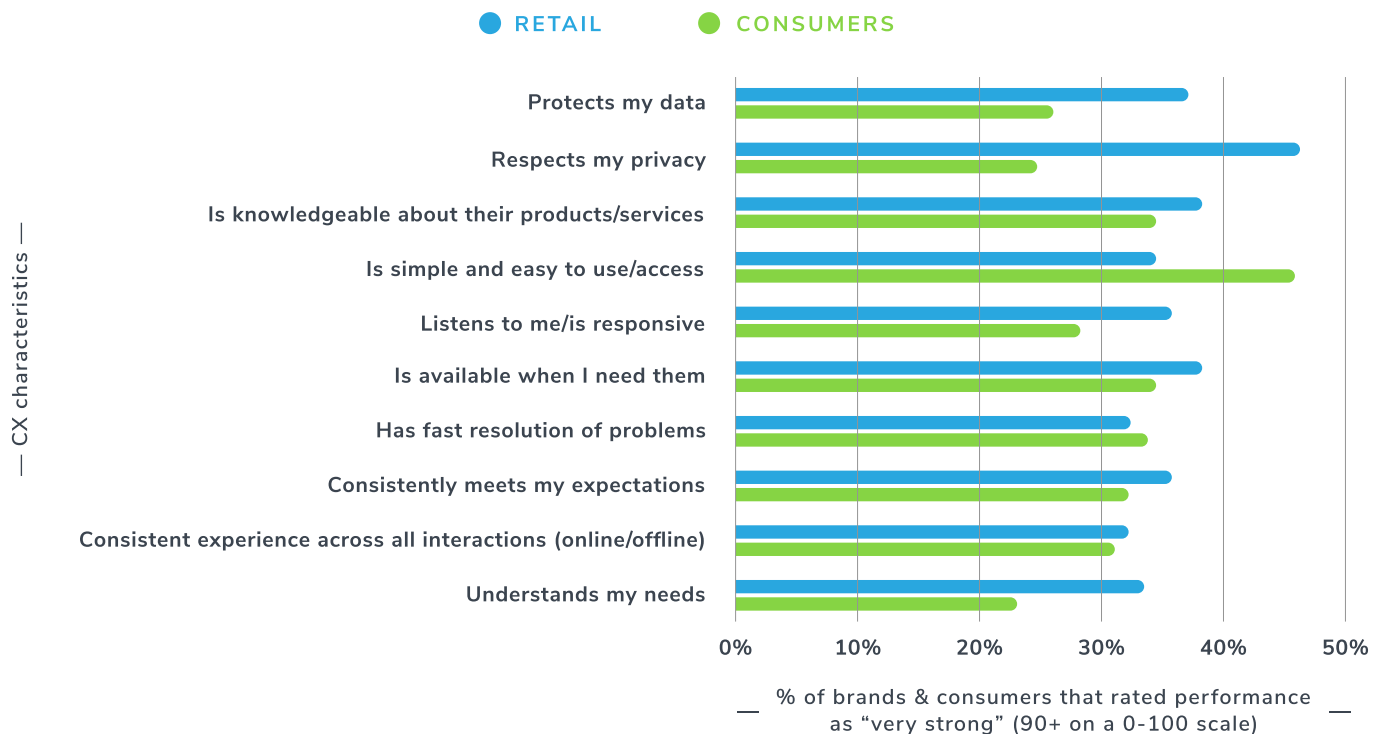
While financial services companies perform best among the majority of consumers' most important CX characteristics, they're still far more likely to rate their performance as "very strong" when compared to consumers (typically by 10 percentage points or more).

Among the characteristics consumers highlighted as most important to CX, the biggest discrepancies were seen across "respects my privacy" (62% versus 45%), "is available when I need them" (54% versus 38%) and "understands my needs" (54% versus 34%). Other substantial gaps existed across "recommends products/services that are relevant to me" (51% versus 29%) and "communications are personalized to me" (56% versus 33%).

Financial services consumers weren't more likely than financial services brands to rate performance as "very strong" across any characteristics.

Retail Overestimates Performance Despite Lower Self-Assessment

RETAIL VS. CONSUMER PERFORMNCE RATINGS

● RETAIL   ● CONSUMERS

— CX characteristics —

- Protects my data
- Respects my privacy
- Is knowledgeable about their products/services
- Is simple and easy to use/access
- Listens to me/is responsive
- Is available when I need them
- Has fast resolution of problems
- Consistently meets my expectations
- Consistent experience across all interactions (online/offline)
- Understands my needs

0% 10% 20% 30% 40% 50%

% of brands & consumers that rated performance as "very strong" (90+ on a 0-100 scale)

When compared to the total response of businesses across all industries, **retailers rated their performance as "very strong" less often than the average across all CX characteristics except "knows their customers,"** which was the same.

However, they were still more likely than consumers to rate their performance as "very strong" across the majority of characteristics.
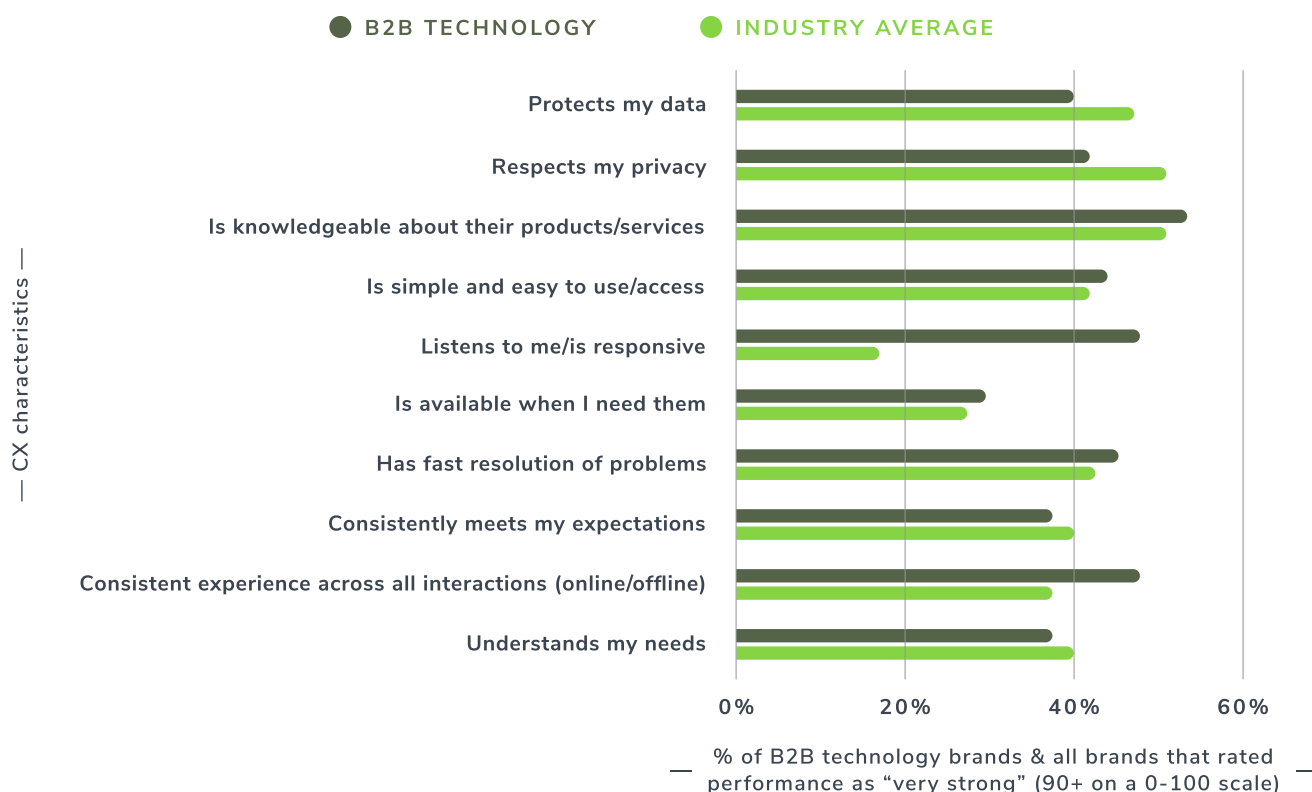
This was most dramatic across "protects my data" (38% versus 26%), "respects my privacy" (47% versus 25%), "understands my needs" (34% versus 23%) and "knows who I am" (39% versus 20%). All but "knows who I am" are among the characteristics most important to CX, according to consumers.

But retail consumers were more likely than retail brands to rate performance as "very strong" across "is simple and easy to use/access" (46% versus 35%), "has fast resolution of problems" (33% versus 32%), "offers loyalty programs that reward me" (39% versus 29%) and "ratings and reviews are available" (41% versus 32%) — the first two of which are among consumers' most important CX characteristics.

B2B Technology Must Be Wary of Industry Trends

B2B TECHNOLOGY VS. INDUSTRY AVERAGE PERFORMANCE RATINGS

● B2B TECHNOLOGY   ● INDUSTRY AVERAGE

CX characteristics:
- Protects my data
- Respects my privacy
- Is knowledgeable about their products/services
- Is simple and easy to use/access
- Listens to me/is responsive
- Is available when I need them
- Has fast resolution of problems
- Consistently meets my expectations
- Consistent experience across all interactions (online/offline)
- Understands my needs

— CX characteristics —

0%   20%   40%   60%

% of B2B technology brands & all brands that rated performance as "very strong" (90+ on a 0-100 scale)

When compared to the total response of businesses across all industries, B2B technology brands were similar to media/publishing organizations, both more and less likely to rate their performance as "very strong" than the average across different CX characteristics.
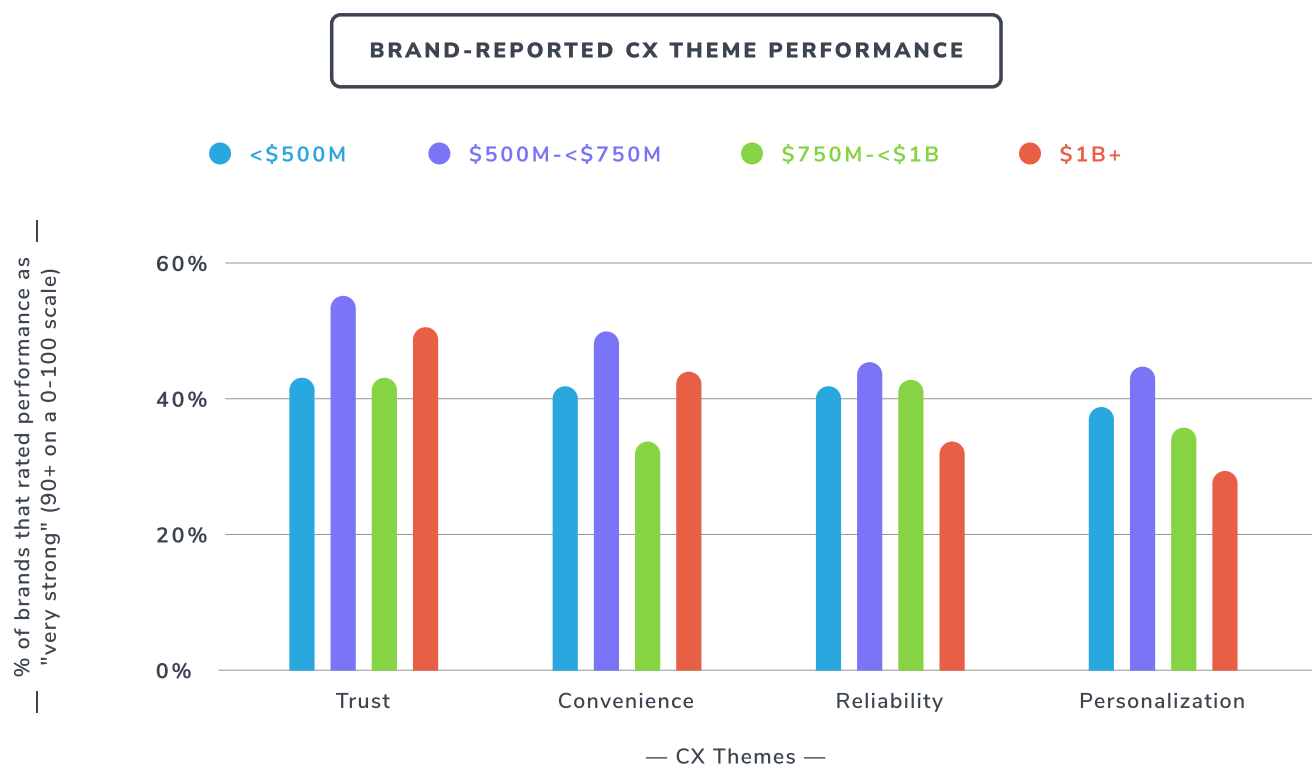
Since our research was based on business-to-consumer surveys — as opposed to business-to-business — we can't speak to how B2B technology brands' self-assessment aligns with the opinions of the buyers who purchase their products and services.

However, the trend across all other surveyed industries is that **businesses consistently overestimate how they perform against the characteristics consumers consider most important to customer experience.**

Check out The Forrester New Wave™: B2B Standalone CDPs, Q4 2021 report to learn more about the tools available to help B2B brands deliver better customer experiences.

Larger Companies Are More Self-Critical

BRAND-REPORTED CX THEME PERFORMANCE

● <$500M   ● $500M-<$750M   ● $750M-<$1B   ● $1B+

% of brands that rated performance as "very strong" (90+ on a 0-100 scale)

— CX Themes —

When different characteristics were calculated as an average across the main CX themes — trust, convenience, reliability and personalization — companies with $1 billion or more in total annual revenue reported lower performance than their competitors.
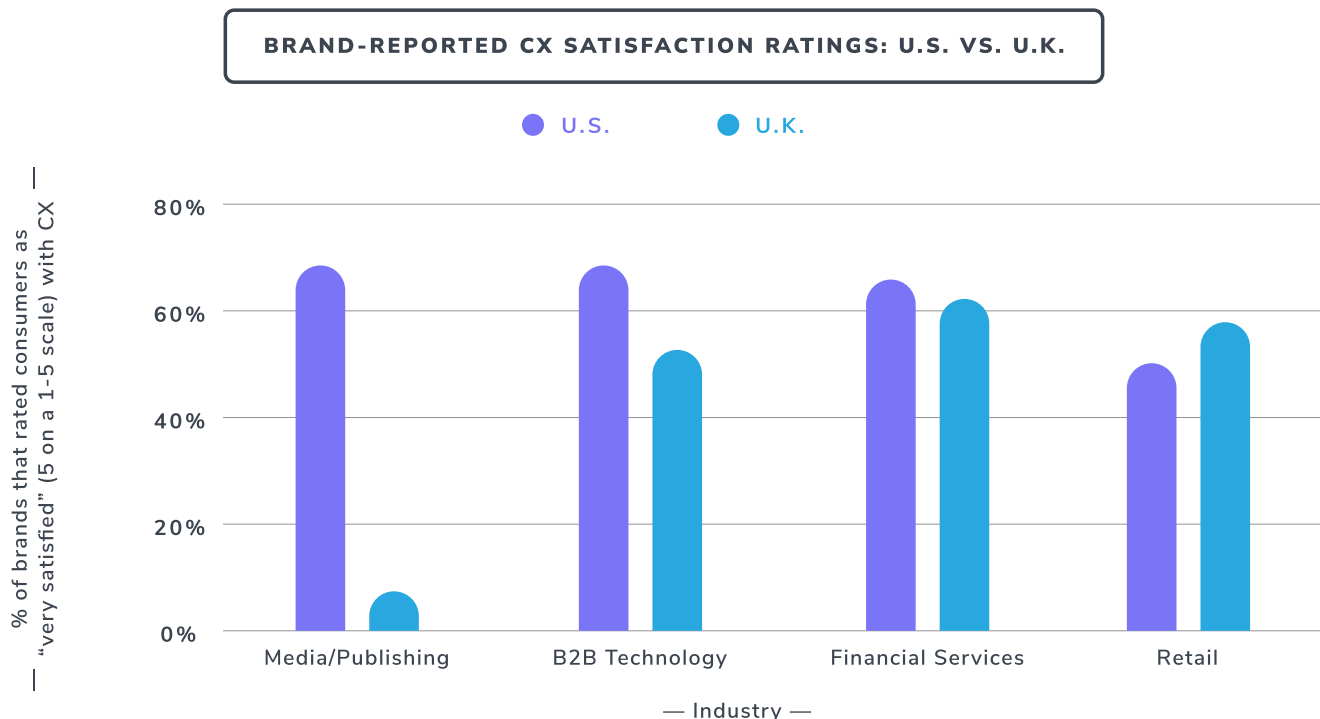
The largest enterprise organizations were less likely than all others to rate their performance as "very strong" (90 or higher on a 0-100 scale) for the characteristics that comprise reliability and personalization. While they were more likely to rate their performance across characteristics related to the themes of trust and convenience as "very strong," they were still less likely to do so than companies that report between $500 million and less than $750 million in total annual revenue.

The biggest enterprise brands typically contend with significantly larger customer bases, a wider range of customer engagement channels and more complicated technology stacks. These challenges may lead to siloed or incomplete customer data and operational inefficiencies that jeopardize customer experience, making closing the CX gap even more challenging — and pressing — for larger enterprise companies.

However, it's encouraging that these organizations are most confident in the areas of trust and convenience — the first and second most important CX themes based on consumer ratings. This indicates that the biggest companies are at least investing in the areas most essential to customer experience.

U.S. VS. U.K. INSIGHTS

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U.S. Brands Are More Likely to Highly Rate Their Performance

BRAND-REPORTED CX SATISFACTION RATINGS: U.S. VS. U.K.

● U.S.   ● U.K.

% of brands that rated consumers as "very satisfied" (5 on a 1-5 scale) with CX

— Industry —

While there are some variations, U.K. consumers generally trended with U.S. consumers in terms of characteristic and vertical ratings. However, there were major differences as it relates to how brands across different industries rate their CX performance.

Across all industries except retail, U.K. brands were less likely than U.S. brands to say their customers are "very satisfied" (5 on a 1-5 scale) with customer experiences and interactions to get information, make a purchase or resolve an issue.

U.K. media/publishing brands were the least likely to say their customers are "very satisfied" (8%) by a wide margin when compared to U.K. financial services (62%), retail (58%) and B2B

technology (52%) brands. In contrast, U.S. media/publishing brands were among the most likely to say their customers are "very satisfied" with customer experiences and interactions to get information, make a purchase or resolve an issue (69%).

Additionally, U.K. financial services and retail brands were less likely than consumers to rate their performance as "very strong" (90 or higher on a 0-100 scale) across the majority of all CX characteristics. But in the U.S., financial services brands were more likely than consumers to rate their performance as "very strong" across all CX characteristics while retail brands trended the same for all but four characteristics.

Key Takeaways

PRIORITIZE DATA PROTECTION

Data security and privacy must infuse every element of your CX strategy — from how customer data is gathered and utilized to how this information is stored and made accessible to internal teams. Invest in technologies that enable you to **leverage authenticated first-party customer data** while ensuring you stay compliant with both regulations and consumer expectations.

FOCUS ON REAL-TIME CX

Agility, speed and consistency are essential to giving your customers the CX they want. Prioritize the tools and tactics necessary to **provide real-time customer experiences that are not only timely and relevant, but consistent** across all channels and business use cases.

ANTICIPATE CUSTOMER NEEDS

Personalization is vital to exceptional customer experiences, but you must concentrate on strategies that **elevate substance over style**. Showing your customers you know what they need (and delivering it at the right time and place) will resonate more than showing them you know who they are.

AVOID CX COMPLACENCY

Based on what consumers say matters most to them in terms of CX, financial services brands are currently performing best while media/publishing brands have the most ground to make up. But data shows that regardless of the industry, **businesses generally overrate the strength of their CX strategies** and how consumers feel about them.

Raise Your CX IQ

CX is now the ultimate differentiator, beating out price and product.

Seventy-five percent of consumers say they'll spend more to buy from companies that provide good customer experience. Half say they'll switch to one of your competitors after a single bad experience (and 80% will do the same after more than one).

It's up to brands to keep up.

But as our research revealed, it's not enough to simply understand the importance of CX. Survey data shows that companies require a way to not only know what their customers want, but quickly and easily take action on it. Just as important is having the data to back up decision-making — too many businesses believe they're providing exceptional customer experience when they're not.

> ⊙
>
> **Too many businesses believe they're providing exceptional customer experience when they're not.**

To their credit, many brands are aware of this. Businesses across industries are spending billions of dollars on technologies to help them improve CX — and much of that investment is going toward customer data platforms (CDP). In 2021, nearly 90% of brands said they'd either deployed a CDP or planned to.

But it's vital to select the right tool for the job. Forty-two percent of organizations that have deployed a CDP say it's delivering little or no value, spotlighting how easy it is for organizations to make the wrong choice.

Don't just find a vendor that will sell you a product — select a partner that will help you raise your CX IQ.

📱 **CONTACT US**

Contact ActionIQ for a consultation with one of our experts to learn how we can help you create exceptional customer experiences across all brand touchpoints.

Methodology

TIMING

Surveys were conducted online in both the U.S. and U.K. during November 2021 by Radius Global Market Research.

RESPONSES

Results are based on surveys of 402 consumers (300 U.S., 102 U.K.) and 350 businesses (250 U.S., 100 U.K.).

Unless otherwise noted, all data is based on U.S. survey results.

DEMOGRAPHICS

Consumers were between the ages of 18 and 64.

Businesses were represented by marketing, sales and customer service professionals with the job title of director or higher.

INDUSTRIES

Business results are based on surveys across retail, financial services, media/publishing and B2B technology brands.

ACTIONIQ

About ActionIQ

ActionIQ is at the center of a data-driven revolution that is changing the way brands think about customer experience, digital transformation and the value of customer data as a core corporate asset. We concentrate on solving enterprise data challenges so that teams are empowered to create authentic customer experiences across all brand touchpoints. ActionIQ helps enterprise companies by connecting their first-party customer data, providing an easy-to-use interface for business users to access customer insights and enabling customer experience orchestration across channels. We are helping brands like The New York Times, Pandora Media, The Hartford, Shopify, American Eagle Outfitters and others grow customer satisfaction and revenue.