

This time it's personal: from consumer to co-creator



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1. Executive summary

Consumers are harder to define, understand and please than ever before. Digital technology is altering not only how, where and when consumers shop, but is transforming their expectations of, and interactions with, all suppliers – from retailers and manufacturers to governments and utilities.

This upheaval has come so fast that many organizations are struggling to adapt their business models to keep up with the evolving demands of consumers and the escalating potential of technology. And one thing is clear: the future will be no less turbulent.

To get a clear picture of the new consumer and offer solutions to how organizations can keep pace with their shifting needs, in 2011, Ernst & Young conducted an extensive international survey.

The survey took the pulse of almost 25,000 people of all ages and backgrounds, in 34 countries, across mature and emerging markets. It asked each individual detailed questions about their purchasing activities, preferences and perceptions across 10 different products and services, from food and beverages, to consumer electronics and public services. Consumers were either asked to indicate their opinions on a scale from 1 to 10, with 10 being the highest possible score, or to give a percentage rating.

The findings provide further evidence of the changing nature of commerce and valuable intelligence into contemporary and future trends.

The new consumer trends

Breaching the boundaries of market segments: color-matching the chameleon consumer

The survey reveals the prevalence of the “chameleon consumer,” a constantly changing persona, who defies the confines of traditional market segmentation. This consumer has conflicting preferences and facets: shops online but demands the human touch, insists on individualized service but communicates in packs. This individual is hard to read – and even harder to please.

Brand loyalty: a double-sided global coin

As further proof of the complexity of today’s consumer, the survey found a regional split in brand loyalty. In emerging markets, brands are increasingly likely to influence purchasing decisions. Western consumers, however, are more changeable and show lower brand loyalty, challenging businesses to find new ways to hook their customers.

From mass broadcasts to self-selection: consumer communication gets personal

As part of a clear preference toward personalized communication and service, the survey shows trust has moved from traditional mass channels to closer “community” vehicles, such as social media and other digital channels. This move is taking the power of the owned and paid-for channel out of the hands of brands – and the reach of traditional marketing – and making bloggers society’s new spokespeople. This trend offers huge opportunities for organizations that can harness digital consumers to their advantage: nothing less than a massive new marketing department, that’s not even on the payroll.

The know-it-all, have-it-all consumer

The survey confirms the extent to which, in barely a decade, the web has reshaped everything we do – from the way we communicate and shop to the way we pay for services and research. The majority of people now go online for at least part of their shopping journey, and China’s half a billion internet users – 23% of the global total of web players¹ – make one-third of all their purchases online. The web is changing the retail power relationship as much as it is altering its channels. Equipped with all possible product, price and stock information, consumers can simply bypass retailers that don’t compete.

The consumer to partner metamorphosis

These new empowered customers, the survey shows, want to have a greater say in how they experience service. They want products and services to be designed, sold, delivered, serviced and purchased in a way that suits them. They want to be active co-creators, not passive consumers.

A radical transformation of customer behavior

These five trends show that customer behavior has changed beyond recognition. In becoming a “chameleon,” the consumer has undergone a radical “metamorphosis” – to use another analogy from the natural world. This change has significant consequences for all customer-reliant organizations: to remain relevant to the new consumer, they must undergo a similar radical transformation.

¹ “Top 20,” *Internet World Stats* website, www.internetworldstats.com/top20.htm, accessed 19 January 2012.



The implications for business

Engage in dialogue with the consumer

Organizations have to go back to basics and get to know their consumers if they are to develop strong and profitable customer relationships. They must engage in a different type of dialogue, characterized by a new way of listening *and* talking, in neutral forums governed by different rules. To complement this dialogue, and build their consumer understanding, they must invest in all possible analytics. Government authorities must also learn from this shift: citizens used to the swift and informal communications traffic of social media will not respond well to the remote formality of traditional bureaucracy.

Make service personal

Equipped with new consumer insights, organizations must align their entire value chain to provide a personalized customer journey: from bespoke product and service variants and flexible delivery, to adaptable payment and communication options and cross-channel recall of customer preferences. Personalized does not equate to solitary. Shopping, whether online or face-to-face, must remain a fun and social leisure activity.

Provide an end-to-end brand experience

Customer experience is the new brand: no part of the consumer journey must betray the marketing promise of the brand. Organizations must deliver a positive experience across every customer touch point, including all consumer communications. It is only by delivering an all-round positive customer experience that companies can build the strong and loyal brand communities that can protect their products from commoditization and their reputations from tarnishing.

Deliver consistent multi-channel service

Seamless service across all channels is essential. Consumers demand consistency in pricing, quality and branding across the full service network, whether the components are virtual or bricks and mortar. As organizations develop their online capability, they must be wary of neglecting the face-to-face experience. Physical outlets will remain core to consumers' preferred retail experience, but organizations must reassess the role and format of their built portfolio.

Make consumers business partners

Empowered consumers expect to be able to influence organizations to behave in a way that suits them. Organizations must focus on developing collaborative relationships with consumers and find win-win opportunities for acting in partnerships. Opening up the research and development funnel to consumers, for example, both brings in the lifeblood of new ideas and builds consumer ownership and loyalty; involving customers in creating relevant loyalty programs ensures suppliers can build genuine affinity.

These imperatives offer great challenges – and great opportunities – for business. Companies that harness the principles of good marketing behind these action points and truly transform their organizations – and their offerings – along customer-centric lines, can achieve great competitive advantage: in the relevance of their offering, the end-to-end efficiency of their value chain and the loyalty of their customers.

2. New consumer trends

Marketers from past eras would look on today's consumer insights with envy. Twenty first century consumers give away more information about themselves than ever before. Through social media, blogs, brand communities and other online forums, they share their views, preferences, likes and dislikes with whoever cares to read or listen.

In possession of so much information, identifying what consumers want and marketing to them should – theoretically – be easier than ever. And yet, the more we know, the less can seem clear about the contemporary customer and what they really want. And the more complex – and invaluable – effective marketing becomes.

Our international survey brings a new clarity to the debate by identifying strong consumer trends that indicate not only what customers want now, but what they are likely to want in the future.



Breaching the boundaries of market segments: color-matching the chameleon consumer

The chameleon is the natural world's fickle player: changing its color depending on its mood, temperature or the time of day. Today, consumers have also turned chameleon: no longer displaying the behaviors of just one fixed marketing segment, they display a range of contradictory attitudes and preferences, changing their colors from one moment to the next.

The new, changeable chameleon consumer is making marketing more complex and demanding than ever before. They know much more but are harder to know and more demanding to please, skeptical of marketing and the established media, and as knowledgeable as any official "expert."

These seismic shifts mean the old rules and roles of marketing need to change. The days when marketers could assign consumers to a socioeconomic segment, attract and inform them via ads in channels they knew customers trusted, and tell them where to buy the goods and why, are long gone. Gone too are the old restrictions on consumer power, when customers had limited access to product knowledge and were confined to set stores, locations and opening times.

Consumers are flexing their muscles. They are more fickle in their loyalty and yet keen to share insights and opinions to help co-create products and services. They demand to be known and treated as an individual, and want their virtual and actual friends to know every shopping preference they have and move they make – and they want the same information about their friends.

Consumers can no longer be easily categorized, and it is only those organizations that make real and rapid efforts to know and please them – and transform their entire operations to reflect their preferences – that will prosper.

The shifting sands of segmentation

Consumer segmentation is the cornerstone of traditional marketing. Product and service development, communication, advertising, branding and sales have all been shaped to reflect the categories assigned to the target markets: whatever a consumer's status or type, all could be filed under the appropriate demographic, geographic, psychographic or behavioral band.

In mature markets, cracks have been appearing in this edifice for some time. If you just look at individuals through the lens of the "classic" channels, might you not miss the innovative trendsetter? And in our more volatile society, with its less rigid roles and fewer common assumptions about how one *should* behave, how can you categorize the banker mother-of-three who buys clothes from thrift shops?

However, what finally broke the old faith in market segmentation – or, at least, the faith that it was the universal remedy – was the recession and the internet.



The past three years of financial turmoil and uncertainty have changed the way the West thinks – and acts. It's a different story in the emerging markets, of course, where growth continues, and a growing middle class are wealthier than ever before. In developed markets, even the lucky ones – those who are still in work or in business and are enjoying reduced mortgage payments on the back of low interest rates – are influenced by a preoccupation with frugality. The big Western grocery retailers are meeting – and feeding – this caution with intra-peer price matching and slashed prices. At the other end of the scale, in the Indian retail sector, an annual retail growth rate of 8.7% is forecast until 2016, as wealthier consumers have more money to spend than ever before and are making greater demands on service, stock and standards.²

In the developed markets, bargain hunting is no longer a sign of meanness; it's a sign of good sense – for the rich as well as the less well-off. Major retailers are exploiting the reality that richer consumers often go against type and buy down-market: "Price-sensitive affluents" – wealthier shoppers who love deals – are one of Walmart's core customer groups.

Our survey backs up this dichotomy

When it comes to making a purchase decision, price is as important to high earners, with a US\$56,000+ salary, as it is to those earning less than US\$28,000 – with 89% in both salary bands rating it the most important factor. Middle earners actually rate price as slightly less important than the well-off do, at 88%.

"There is a new paradigm in behavior," Jim McCarthy, Chief Executive of European discount retailer Poundland told the *Financial Times* in 2011.³ "People are being more careful with their money, less wasteful since the last recession."

During the recession, Poundland – owned by private equity group Warburg Pincus – has flourished in both poorer working-class districts and in affluent neighborhoods. Contrary to market segmentation logic, the AB demographic – or upper middle class – accounts for 13% of customers in Poundland's UK stores.⁴

The new rituals of deal hunting

The recession made it sensible for the better off to buy cheaply, the internet made it fashionable. Cheap, ubiquitous digital technology has provided the platform – or the game board – to make deal chasing exciting, social and ritualistic.

Getting enough friends together to exploit a Groupon cheap meal offer can be as much fun as the actual event, sharing bargains with virtual – and actual – friends in a YouTube "video-haul" adds to the luster of getting the new must-have, and "beating" others to the cheapest flights feels momentous to even the least competitive of individuals.

As the study *The Long and Winding Road: Gamesmanship of Shopping*⁵ showed, it is now "cool" to find good deals. The study found that, fueled by the growth of coupon and price comparison sites, 60% of consumers feel that shopping is competitive and getting a better price than other people makes them feel like winners. "Online tools have made using coupons an activity for the tech-savvy and smart shopper, not just the thrifty and cost-conscious," the report says.

² AT Kearney 2011 Global Retail Development Index.

³ *Financial Times*, 20 September 2011.

⁴ *Financial Times*, 20 September 2011.

⁵ Yahoo!/Universal McCann, *Long and Winding Road: Gamesmanship of Shopping*, April 2011.



With getting a good deal being the new cool, it is perhaps unsurprising that discount trader Poundland is harnessing that association by calling its new Irish operation Dealz.⁶ That said, buying cheap is something that today's chameleon consumers turn on and off: wealthier consumers may buy chocolates at the discount store, but it may be the private box at the opera where they can be

found eating them. As with much else, organizations cannot rely on what shape-shifting consumers will do from one moment to the next.

The peril of categorizing consumers is demonstrated in the differences in consumer behavior between – and within – nations. Today, we may live in a global village but our survey shows the villagers have very different tastes:

- ▶ 67% of Chinese consumers buy clothes online, just 18% of people do in the Middle East.
- ▶ Indians are 12% more likely than Americans to pay extra for innovative features in consumer electronics products.
- ▶ Eastern Europeans are twice as likely as Americans are to pay in cash.

Such regional disparities mattered little when organizations sold primarily to their own national markets, through stores or through country websites. However, as more and more companies look for international reach for their websites – which protects home markets from “cannibalization” – it has a much greater significance.

The survey shows that consumers also defy definition when it comes to how and at what point they use physical stores or the internet for shopping. Most shoppers do go online as part of their shopping experience, but it is not always at every stage of the process. It could be just for research, to compare shopping experiences or prices, or to purchase – or it could be all of these things.

Notable differences include the facts that 56% of Americans prefer to go online for part of the shopping experience, compared with 68% of Chinese people; Indian consumers are three times more likely to shop in-store than online (61% compared with 19%), Western Europeans are closer to twice as likely (44% versus 20%), and women are more likely to resist buying online (6%) than men (4%).

Although the above statistics show again how hard it is to put today's consumers into segments, market segmentation and, it goes without saying, good marketing principles continue to play an indispensable role in understanding and delighting the consumer.

Traditional segmentation, with the contradictory preferences of today's consumers, is more complex – but more important – than ever. It still has a particularly strong part to play in designing products and broader targeting. However, as we explore further in “Engage in dialogue with the consumer,” when it comes to micro-segmentation, it is the consumers' own “self-segmentation” that truly identifies them – and what they want.

⁶ *Financial Times*,
September 20, 2011

Brand loyalty: a double-sided global coin

Hollywood has A-list actors whose appearance in a film will guarantee box office success: some brands have a similar power. And as some actors are life-long stars, while others burn out overnight, some brands seem to get stronger and more iconic every year.

But elite brands, whose very name and reputation virtually guarantee sales, are few and our survey shows that – in the developed world at least – the star attraction of brand loyalty is fading. As today's chameleon consumers refuse to be filed in neat segments, so they are becoming less loyal to particular brands. They are informing – and making – their own choices.

In the developed world, only around one in four consumers say that a product's brand influences their purchasing decisions: just 24% of Western Europeans and 25% of Americans say they are swayed by reputation.

It is a different picture in developing markets. As the West falls out of love with brands, less mature markets are increasingly smitten. Globally, 28% of consumers rate brand as a purchasing driver, compared with 40% of Chinese, 34% of Brazilians and 32% of Indians. The correlation of new wealth and established brands arguably reflects the kudos of association: the freshly prosperous don't just want to be affluent, they want to be *seen* to be affluent, whereas those accustomed to wealth, in mature markets, feel they have less to prove.

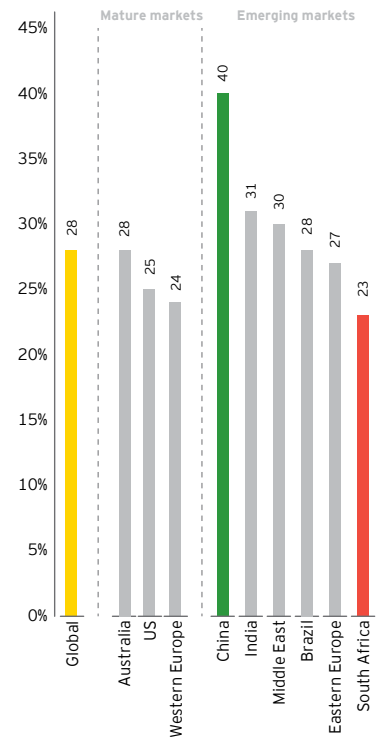
Sector-specific loyalty

Different sectors inspire different levels of affinity. Telecoms providers enjoy the greatest loyalty, with a global rating of 6.8 out of 10 – perhaps indicating that, as well as developing practical dependency on portable devices, we are developing emotional dependency on their respective brands. Food and beverages come next, with a rating of 6.6. Financial services garner least loyalty, with a score of 4.8 for consumer loans and 5.8 for household insurances. Government authorities, such as fiscal authorities and registry offices, also have a low reputational rating, with just 5.6 out of 10.

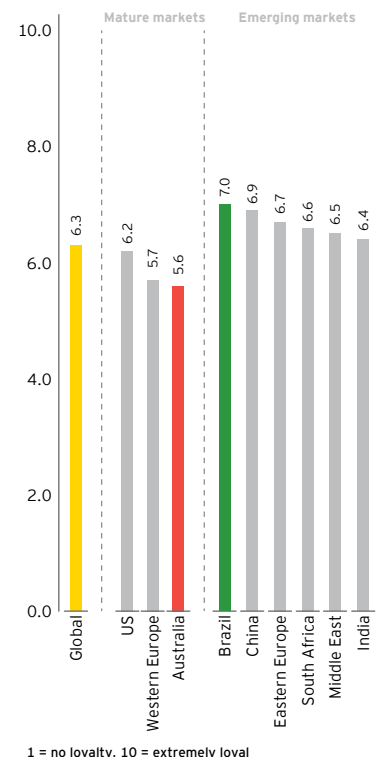
Within this sector variation, the survey shows a split between certain mature and immature markets:

- ▶ Consumer electronics brands, globally, inspire a high 6.3 loyalty rating: in Australia and Western Europe, this falls to 5.6 and 5.7, respectively; in China and Brazil it rises to 6.9 and 7.0 – a spread of 1.4 between these four regions.
- ▶ Clothes brands rate lower globally at 5.9, and at just 5.0 in Australia and 5.4 in Western Europe. In India, however, clothes garner a strong score of 6.6 and in China, 6.5 – a spread of 1.6.
- ▶ Cars attract a more uniform cross-regional loyalty, with motor marques attracting 6.2 globally and in India, 6.0 in Western Europe, 6.1 in Australia and 6.7 in China and Middle East – a spread of 0.7.

Which aspects influence your purchasing decision (figures for brand loyalty, per country group, over all products and services)?

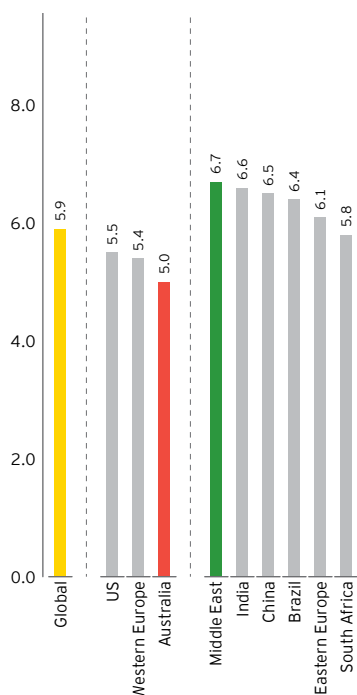


Please rate your brand loyalty on a scale from 1 to 10 (figures for consumer electronics, per country group).





Please rate your brand loyalty on a scale from 1 to 10 (figures for clothes, per country group).



1 = no loyalty, 10 = extremely loyal

Can brand loyalty survive?

The fact that the fast-growing emerging markets are becoming more loyal to brands, just as the West becomes more fickle, may offer only temporary relief for providers. The question is: will this divergence last? There is a strong theory that, whatever their superficial differences, deep down, consumers are actually all the same – just at different stages of their retail evolution. If the developing markets go the way of the West, brand loyalty could become a thing of the past.

When brand loyalty goes, many products and services will just be differentiated on price – and, across all geographies and incomes, the survey shows that price is still the main consideration when it comes to buying anything. Competing on price alone has few winners – particularly when mobile and web price comparison sites, such as ShopSavvy, the Japanese barcode comparison app used by millions of consumers in more than 30 countries – give consumers all they need to locate the cheapest traders.

Brands must therefore find new ways to reinforce loyalty. The ones that are most likely to succeed are those that create a positive consumer experience around their brands, during the entire length of their relationship with consumers.

It is those brands that retain loyalty that will defy the fate of commoditized goods and become too strong to discount.



From mass broadcasts to self-selection: consumer communication gets personal

Customers have turned their backs on established media channels and are electing their own spokespeople. Traditional one-way marketing does not satisfy the need for interaction, equality and community that today's consumers want and expect from communication.

Authority has moved from the detached to the personal; from national or international media channels to sectional or community blogs; from the objective expert to the known friend, relative or trusted blogger.

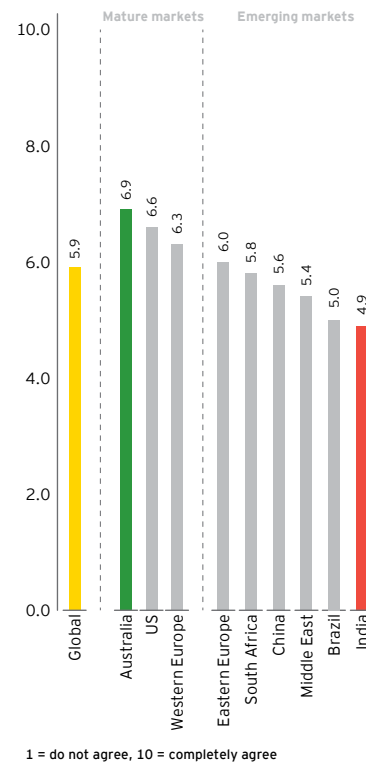
Our survey emphasizes this dynamic pattern. It shows that personal contact is the preferred communication channel across all regions and products: consumers globally give personal contact a strong rating of 6.6 out of 10, compared with 5.3 for online channels and just 4.9 for the traditional channels of print and electronic media.

The power of peer opinion

People trust their friends and family much more than they trust corporate marketing media. Peer recommendations – not paid-for advertising, whether on social media platforms or in print – are what count. Globally, respondents agree, at a rating of 5.9 out of 10, that social media is no replacement for personal contact: this leaps to 6.9 in Australia and 6.6 in the US. This conviction drops in emerging markets, where there is clearly more trust in the medium: Brazilian consumers give a rating of just 5.0, with India even lower, at 4.9.

Personal recommendations have, of course, always been important. But the internet means they are more potent than ever. The "social consumer" no longer shares their viewpoints with just a close circle.

Social Media like Facebook, Twitter, LinkedIn, etc. are no replacement for personal contact and waste a lot of time.



They share good or bad retail experiences online, where they are seen – and passed on – by countless friends of friends. Likewise, bloggers can have an influence far beyond their own postings, if they are trusted by large numbers of followers who can, in turn, pass on their commentary and opinions to their own followers. Bill Gates, for example, has more than five million followers to his Twitter account, which focuses on “Sharing cool things I’m learning through my foundation work and other interests ...”⁷

Marketers have responded to the breakdown of trust in traditional media by turning to newer, more personal channels that can more easily replicate the authenticity of social media. Online marketing is no longer the new – or the small – kid on the block. In many markets, internet ad spend is overtaking traditional channels. In the US, online already represents the second biggest advertising medium after television, having overtaken newspaper advertising in 2010. By 2013, digital marketing analyst eMarketer forecasts that online ad spending will be greater than print spending on both magazines and newspapers combined.⁸

Online media increasingly features new and different ad formats, such as video, and more channels, especially social media and mobile. In 2011, as an online YouGov⁹ poll we sponsored showed 79% of UK 25-to-34 year olds who use the internet before purchase are influenced by social media. National advertising on the channel increased by almost 200% on a like-for-like basis over 2010. Our barometer survey backs up this shift, with online media edging out print and electronic channels as consumers’ top information source.

Governments too are adapting their communications to meet new public communication preferences – a necessity if they are to overcome growing disenchantment about political leaders, particularly among the young. For example, following the 2010 Macondo oil spill in the Gulf of Mexico, the US Environmental Protection Agency set up a public information website, deepwaterhorizonresponse.com, with film, advice with updates, a dedicated Twitter account at @Oil_Spill_2010 and a page on Facebook at Deepwater Horizon Response. The website still exists, providing a focus for the continued restoration and recovery of the affected coastline and those affected.¹⁰

Making consumers brand advocates

When a brand gets online marketing right, and goes viral, it can achieve the ultimate objective: getting consumers to market on its behalf. US blender company Blendtec’s humorous film ad series Will it Blend? has achieved 65 million YouTube views and increased sales by around 800%.¹¹ The series features homely company founder and Chief Executive Officer Tom Dickson in the Blendtec kitchen demonstrating just how powerful his products are – by putting everything from iPhones to brooms and vuvuzela horns in the blender. Spin-offs include such merchandise as “Will It Blend?” and “Tom Dickson Is My Homeboy” t-shirts and Dickson’s appearance in various commercials for major corporates.

However, the new channels are much less easy to direct and control: creating a YouTube or Twitter presence does not mean a brand becomes more trusted or that you can direct what is said – or thought – about it elsewhere. Our research on social media with YouGov mentioned above found that only 15% of social media users think companies use social media well. And, although companies may be trying their hardest to create a community, consumers may just want what they can get.

7 “@BillGates”, Twitter webpage, www.twitter.com/BillGates, accessed 19 January 2012.

8 “Industry data & landscape,” *Interactive Advertising Bureau* website, www.iab.net/insights_research/industry_data_and_landscape/1675/1707493, accessed 19 January 2012.

9 Ernst & Young social media survey with YouGov Plc GB 2011.

10 *Restore the Gulf* website, www.restorethegulf.gov, accessed 19 January 2012.

11 “10 best viral marketing campaign videos,” *TutorialChip* website, www.tutorialchip.com/tools/10-best-viral-marketing-campaigns-videos, accessed 19 January 2012.

This opportunistic impetus for joining online brand communities was flagged up in August 2011 by a post on socialmediatoday.com: "On the most basic level, customers engage with a consumer brand to receive discounts, special offers and early notification of sales," wrote US social media strategist Christina Inge.

"And many companies are up front about putting these benefits front and center in promotions of their communities. After all, discounts and notifications are the traditional incentive for any opt-in, from email lists to good old-fashioned direct mail."

As consumers cannot be relied on to join communities to sample the online "brand experience," their commentary on particular brands can be equally "off message."

Social media's anarchic heart

The anarchy of online posts is a world away from the order and protocol of a newspaper's "Letters to the editor" page. Hoteliers around the world have been stung by the critical comments posted about their establishments by members of TripAdvisor's 50 million-strong online community¹², some of which they suspect are written by competitors. And when the online world found out about the critical email response of a well-known fashion chain to a customer's quite reasonable complaint about the attitude of a store assistant in 2011, the brand's Facebook page was overwhelmed by furious posts, and two condemnatory online groups, expressing outrage and urging a chain boycott, sprang up overnight. The retailer's email included the line: "If you would like to do us any favors, please do not waste our staff's time because, as you have already seen, they will not tolerate it ..."

Media-savvy consumers can also see through the use of social media for blatant marketing. Many survey respondents, particularly in the developed world, consider using social media for objective information gathering a "waste of time."

Echoing the regional divergence in opinion mentioned above, our survey identifies a divide between mature and less mature markets' perceptions of social media's value. Asked to rate the medium's worth as an objective tool for finding and validating information, globally, consumers gave it an unexceptional 5.4 out of 10; the more positive consumers of the Middle East and China rate it higher at 6.3; and Brazil goes even higher to a respectable 6.4. The more skeptical Australians and Western Europeans gave it 4.6 and 4.8, respectively.



¹² TripAdvisor for business, www.tripadvisor.co.uk/ Owners, accessed 1 March 2012.

Case study

“Word of mouth is the strongest thing”

Professional US blogger Robert Scoble captures the archetype of the powerful trusted blogger and the influence of online channels, in a post about a local Napa Valley restaurant, in November 2011.¹³

Scoble is delighted by the Latin-American restaurant, which he chanced upon accidentally.

“Then I opened up Foursquare and Foodspotting and saw that everything online matched the experience we were having. One of the Foursquare tips was ‘say hi to Ariel.’ So, we asked the guy serving us, ‘Is Ariel here?’ and he quickly showed up,” Scoble blogs.

In two recordings with the owner, Ariel Ceja, we find out about his Mexican immigrant grandparents’ humble origins, his diminutive mother’s great cooking and his father’s work ethic. These insights help us relate to Ariel and his family: we feel part of their community, as he talks to “us” in the busy restaurant, where we can hear the buzz of Friday night in downtown Napa.

The redundancy of traditional channels comes through in the comments of 28-year-old Ariel: “We don’t advertise traditionally, via print or for paid impressions. We try to create community. Word of mouth is the strongest thing and always will be. I want everyone who walks out of here to be a brand ambassador.

“We use Facebook, Twitter and TripAdvisor. We posted [tonight’s party] on these media last night and got 100 in tonight. The power of that media is incredible.”

Followers add real-time responses to Scoble’s Google+ post. Photographer Samir Osman writes: “We’ve been looking for something new in the area. Thanks for the heads up!”

Coder Gat Sirivong writes: “Sounds like a great place. Will definitely check it out the next time I’m in Napa.”

Internet marketer Nicola Cairncross adds: “Great story and interviews with genuinely inspirational entrepreneur!” – and so on.

This dialogue captures the community, real-time activity and authenticity that people derive from digital communication – and which evades most corporate media.

¹³ “Robert Scoble’s blog”, Google+ website, <https://plus.google.com/111091089527727420853/posts/NaxFNECYJr>, accessed 19 January 2012.



The know-it-all, have-it-all consumer

The internet was not responsible for creating consumers who want to be treated like individuals.

Neither did it initiate skepticism about the partiality of advertising or a preference to get the “other side” of the marketing story. Nor did it create the impulse to discover the cheapest place to buy a particular product or to confirm whether it was in stock before traveling to a store. It just gave consumers the tools to make these things happen. And now they have happened, there is no turning back.

Online upturns the balance of power

The web has inverted the global power relationship. It has given consumers the means to have it all their own way. Shops need never be closed, out of stock or out of reach ever again and consumers need never, ever, ask a shop assistant for advice, information or a recommendation. They can know it all before they walk through the door.

Online shopping is now as commonplace as popping to the supermarket. In 2011 – less than a decade after Amazon first went into profit¹⁴ – most consumers (62%) did at least part of their shopping journey online.

Online Chinese consumers – who represent 23% of the world’s internet users – already buy almost one-third (32%) of their products online. And, globally, despite all products still being bought primarily face-to-face, services such as insurance are only 1.5 times more likely to be bought in-store, and electricity, water and gas, 1.8 times more.

Across the world, just 38% of consumers insist on buying in-store, with most store shoppers doing research online first. And this number will almost certainly fall as today’s web-savvy youngsters become middle-aged: just 14% of 15-to-30 year olds both research and buy products in-store, less than half the ratio of over-50s, according to our research.

This research also confirms that emerging markets have more online shoppers: of our online respondents, just 2% of Chinese and Brazilians have no interest in buying online, compared with 8% of Americans and 7% of Australians. This pattern reflects the high internet and mobile penetration of the emerging markets, as they leapfrog technology: India has almost one billion cell phone subscribers¹⁵ and, with 100 million internet users, the world’s third-largest online population.¹⁶ Reflecting the developing world’s head start in online penetration, web services are also less advanced in some mature economies than in emerging markets.

The cross-channel imperative

There can be little doubt that internet shopping is here to stay. Although in-store shopping seems likely to remain a core part of the shopping experience – even for Generation Y consumers born in the 1980s and 1990s, who grew up with digital – all significant store-based retailers have no choice but to embrace a multi-channel model. Fast.

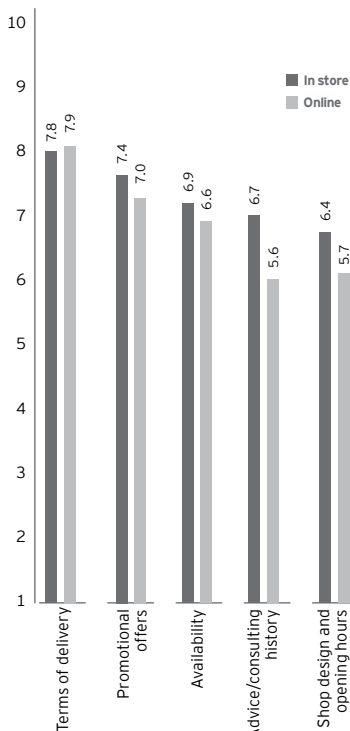
14 “A surprise from Amazon: its first profit,” *The New York Times* website, www.nytimes.com/2002/01/23/business/technology-a-surprise-from-amazon-its-first-profit.html, accessed 19 January 2012.

15 “Growth spike brings India closer to one billion subscribers,” *mobiSights* website, www.mobisights.com/2011/08/30/growth-spike-brings-india-closer-1-billion-mobile-subscribers, accessed 19 January 2012.

16 “Top 20,” *Internet World Stats* website, www.internetworldstats.com/top20.htm, accessed 19 January 2012.



Which aspects influence you when buying a product (global figures for purchases in store, over all products and services)?



1 = no importance, 10 = high importance

As Daniele Pederzoli, Professor of Marketing at Rouen Business School, has said: "All retailers should operate a cross-channel presence now ... The cross-channel presence helps retailers to build a strong brand awareness and reputation, creating a clear differentiation and allowing them to extend relationships with their customers. Social networks, even if they remain predominantly about socializing, are an essential part of this relationship strategy for retail."¹⁷

As part of this leisure experience, consumers want the retail world to be straightforward and pleasurable to navigate, be it bricks and mortar or online. Our survey found that as an influencer to purchase, globally, consumers rated a physical shop's design and opening hours at 6.4 out of 10, with terms of delivery (7.8) and promotional offers (7.4) being seen as most important. The strength of a trader's website rated 5.7, again, some way below the top criteria of terms of delivery (7.9) and promotional offers, but still significant.

Consumers may still want a leisure experience in today's multi-channel shopping world, but the way they approach that experience has been transformed. Online shopping introduced new habits and activities that have radically altered shopping behavior across the spectrum. Previously, shopping was a linear experience: a consumer heard about a product; went to look at it in a couple of shops, then either bought it or didn't. It was quick and decisive. Now, consumers take their time: a recent study¹⁸ found 55% of people believe the internet has made them less impulsive shoppers.

¹⁷ Yahoo!/Universal McCann, Long and Winding Road: *Gamesmanship of Shopping*, April 2011.

¹⁸ Oracle, *The Future of Retail: Through the Eyes of Digital Natives*, September 2011.

New links in the shopping chain

Contemporary consumers dip in and out of the shopping process: they read reviews and talk to friends, compare prices online – and in stores, via mobile comparison apps, put products in and out of electronic shopping baskets, join discussion forums and ruminate on whether to buy a product now – or to wait until the new version is launched, before deciding to go ahead and purchase – that is, unless they have lost interest entirely.

This fragmentation of the purchasing process – apart from impulse buying, of course – means that purchasing can take longer, often days or weeks more. The ease with which online consumers can skip between different websites means that – despite the increased duration of the consumer's entire shopping journey – the shopper spends less time on individual sites and becomes more “promiscuous” with different providers. Such changing patterns make it all the more important for organizations to make favorable impressions quickly – or else run the risk of consumers slipping away.

That brand marketing constitutes an increasingly smaller proportion of consumer research material is another way online is changing shopping – and putting control in the hands of consumers. Formerly, the main awareness raising and research influencers were brand driven. Corporate advertising, manufacturers, stores and media content dominated, although there were always balancing factors, such as consumer advocacy organizations and publications, and family and friends. Since the web entered the picture, there has been an explosion in tools that put information into the hands of consumers, such as shopping portals, social media, mobile apps and online streaming.

This proliferation of sources not only equips consumers with more information, but by putting more links in the chain, it fragments the shopping process. This again means that an organization has less time to “hook” the consumer, and thus must be much smarter in doing so.

The consumer to partner metamorphosis

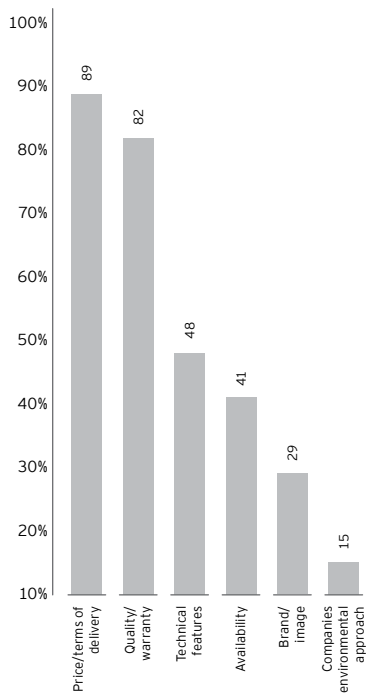
If a web “mashup” is an app that combines elements from several sources to create new services, the web itself could be dubbed a “social mashup.”

The internet brings together disparate people, experiences and cultures, and creates a new type of community, without traditional barriers, formality or geographical distinctions. Everyone has equal rights, access and privileges: on the surface at least, this digital community is a democracy.

Such “democratization” is evident in the new, more equal, relationship between buyers and sellers. People no longer want to be seen as just consumers. They want a transformed relationship: to come over to the other side of the cash register, to be beta testing new products, be part of the decision-making chain and central to how *their* service is structured, from end to end. They want nothing less than a business partnership.

Accustomed to sourcing information and shopping when and how they want online, and used to personalized web service, such as “remembered” delivery preferences, consumers now want bespoke service, on their terms, whenever they are dealing with a product or service provider from the beginning to the end of the shopping experience – from innovations they help shape to immediate and satisfying rewards for loyalty.

Which aspects influence your purchasing decision (global figures, over all products and services)?



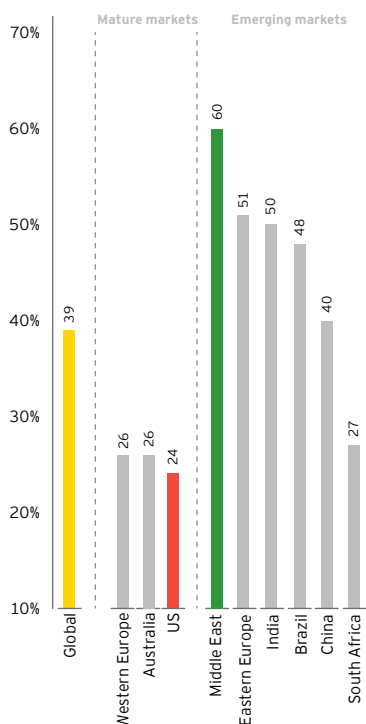
Our survey shows that consumers want products and services to be designed, sold, delivered and serviced, in the way that suits *them*. As evidence of this, whether they are buying in-store or online – apart from the non-negotiables of a good price and high quality – consumers’ top priorities are advanced technical features (including customization options, a wide range and the latest models), which are a factor for 48% and instant availability, which is a must-have for 41%.

The demand for bespoke treatment continues through to after-sales service. Across all products, a guarantee or warranty is the main consumer priority, globally rated at 7.2 out of 10, closely followed by technical assistance (such as free expert after-sales help, via telephone or website), with a 7.0 grading, and organizational assistance (including fast service and out-of-hours availability), with 6.7.

The culmination of the shopping experience – payment – is another area where consumers want it their way. Globally, immediate payment is preferred for 77% of transactions, with a balanced preference for cash (39%) and debit cards or electronic transfer (38%): only 20% prefer to pay by credit card.

The preference for cash varies markedly between regions: globally, it is preferred by 39% but that figure rises to 51% in Eastern Europe and 61% in the Middle East, falling to 26% in Australia and Western Europe and to a low of 24% in the US.

Which payment methods do you prefer (figures for cash, per country group, over all products and services)?



Cash is very much a young person’s preference: across all regions, the tendency to pay with cash reduces with age. In Australia, cash is preferred by 34% of 15-to-29 year olds but by 23% of the over-50s; in India, the breakdown is 54% to 42%, and in Middle East, 64% to 51%.

Affluence also affects payment method: 44% of those earning less than US\$28,000 prefer to pay with cash versus 35% of middle earners and 32% of high earners.

Going forward, retailers will need to offer even more payment options, across all channels. “Mobile money” – whether it involves a cell phone being used as a “cashless wallet” in a physical store, sending money electronically through a mobile handset, or paying for services via SMS – is transforming payments. Its convenience, exemption from high credit card charges and, in emerging markets, freedom from the web’s infrastructural limitations, means its impact is already widespread. In the US, Google Wallet is working with major retailers to install the necessary next-generation registers¹⁹, while, streets ahead of the developed world, in Kenya, US\$77.7m is transferred by mobile every day²⁰. The march of mobile money can only spread.

¹⁹ *Financial Times*, 20 September 2011.

²⁰ “Kenya mobile money under security threat,” *East African Business Week* website, www.busiweek.com/11/news/kenya/1454-kenya-mobile-money-under-security-threat, accessed 19 January 2012.

Survey respondents were asked what – in these cash-straitened times – they would pay extra for. Again, the response demonstrates the demand for personalized service. Almost one-third are willing to pay a premium for instant or swift availability (32%), while 12% will pay for more innovative features. Innovation rates highest – and people will pay more – for consumer electronics innovation. Globally, 26% of survey respondents will pay more for this: the figure is lower in the West, with 21% of US and Western European consumers happy to pay a premium, compared with 35% of Chinese and 36% of Eastern Europeans.

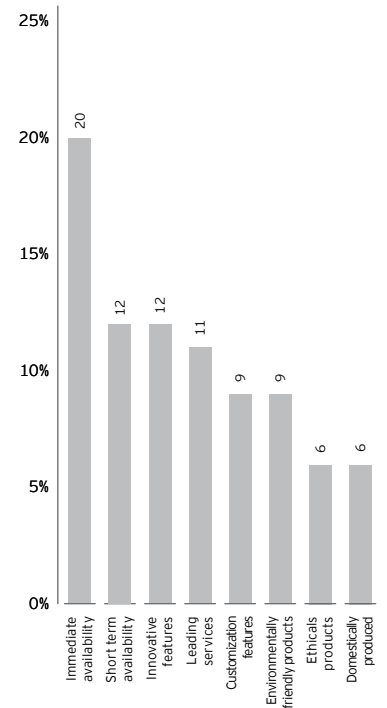
In pinpointing availability and innovation as the two key things worth paying for, consumers hit on an important truth for retailers too. Ensuring they have the goods on the shelves when customers want them is fundamental to success. If retailers fail in this, they not only lose the immediate sale, they run the risk of the disappointed customer never coming back. Innovation, meanwhile, is what companies need to survive, across their entire value chain.

When it comes to loyalty programs too, organizations have to adapt – and listen to customers' changing needs – for the old ways are no longer working. In our survey, consumers put loyalty programs far down their list of priorities, globally rating them at 6.1 out of 10 – behind a guarantee, technical assistance and organizational assistance.

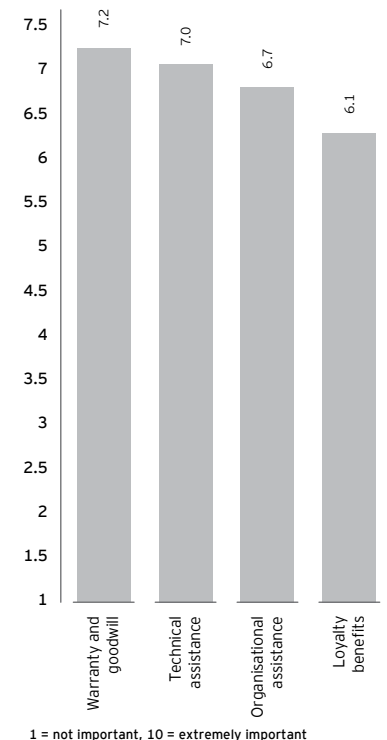
Today's consumers want immediate, satisfying recognition for their custom, rather than some far-off and undesired reward. In this too, they want their personal needs – and preferences – met. If a loyalty gift is not one they would choose themselves, it is worse than nothing, from someone who doesn't understand or appreciate them – not what you would expect from a partner.



Please indicate for which features you would be willing to pay extra (global figures, over all products).



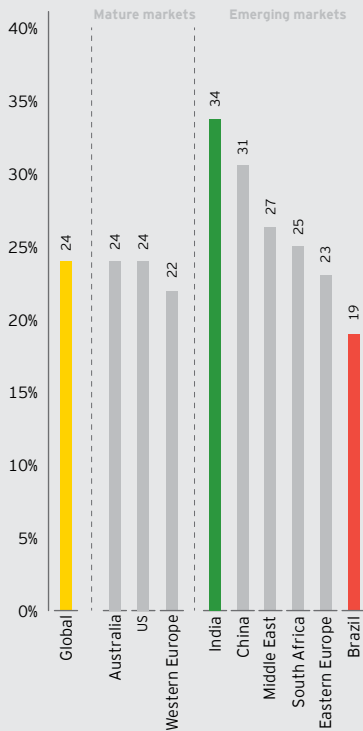
Please rate the following aspects of after sales service on a scale from 1 to 10 (global figures, over all products).





Sustainability rates low

Despite huge business investment in corporate responsibility, fewer than one in four consumers globally (24%) make purchasing decisions based on companies' social or ethical stance or on sustainability issues. Regionally, China and India put most priority on environmental credentials with 31% and 34% of consumers, respectively, considering it a factor. Brazil, with 19% and Western Europe, at 22%, are the least interested.





3. Implications for business

The trends our survey identifies show that the consumer is experiencing ongoing change. Whether it's behavior or brand loyalties, trusted media or shopping habits, market segments or the role of physical stores, very little is fixed, many things are fluid.

There are urgent implications for businesses in these new trends. An understanding of these implications, supported by the solid principles of effective marketing, will help organizations navigate through this new consumer environment.

Engage in dialogue with the consumer

Consumers have changed and, with them, the rules of buying and selling. Suppliers now have the task – and opportunity – of building their relationships with customers all over again.

We recommend that organizations go back to the basics: rediscovering who their consumers are and what they want. That doesn't just mean what they want to buy, it means how they talk, research, shop and interact, and what they now expect from relationships.

It will be a significant challenge: as our survey shows, customers have become more complex and changeable, with distinct needs, values and behaviors. The internet's "erasure" of geographic boundaries means customers now consume and interact across borders. Complicating things even further is the fact that, as the survey also shows, regional and national differences still endure.

This familiarization process is magnified for companies targeting international markets. They need to drill down into further distinctions within their geographies. It is not enough, furthermore, to know one's own markets and customers. Trends, features and aspirations are viral: what one sector is delivering to its customers today, other sectors will want tomorrow. Because, of course, the person who drives a car also listens to music, reads books and buys items such as toiletries and groceries, and, alongside topic-specific websites, the main social media sites welcome all players. Keeping abreast of cross-sector and market trends is particularly key, as our survey shows, in those sectors where innovation is especially prized, such as consumer electronics.

To get to know consumers, as in any relationship between individuals, we would urge organizations to engage them in dialogue. And, critically, that involves both talking and listening.

Learning to listen to the consumer

Organizations are blessed in the wealth of customer conversations they can now tap into.

Today's consumers seem almost driven to declare digitally what they like and dislike, to share what their product wish lists are and what they think of the products when they get them, and even to share other people's opinions – by passing on the views of bloggers and other digital commentators. As Facebook CEO Mark Zuckerberg says: "People have really gotten comfortable not only sharing more information and different kinds, but more openly and with more people."²¹

Essentially, millions of people are completing individual market research "forms" daily by their posts on social media and other digital forums. To gain the competitive advantage that consumer insight brings, organizations must access this rich seam by investing in analytics – and acting on what they find. All customer research, across the whole gamut of quantitative and qualitative methodologies, is valuable in building insight. We suggest, however, that digital analytics offers a particular solution to the challenge of understanding today's chameleon consumer.

21 "Mark Zuckerberg quotes," *Great Quotes - Powerful Minds* website, www.great-quotes-powerful-minds.com/mark-zuckerberg-quotes.html, accessed 19 January 2012.

Procter & Gamble (P&G) is a prime example of an organization that uses advanced analytics to connect effectively with consumers. As part of its Consumer Pulse initiative, it scans the universe of global online commentary on P&G, from blogs to tweets, and sends them to the appropriate brand manager for action. Robert McDonald, P&G President and CEO, explains: "This allows for real-time reaction to what's going on in the marketplace, because we know if something happens in a blog and you don't react immediately – or, worse, you don't know about it – it could spin out of control before you get involved."²²

Sourcing consumer-generated online commentary is increasingly straightforward. Business intelligence and analytics technology are maturing rapidly and the amount of customer data that is already available is growing exponentially. For organizations that wish to carry out their own consumer and brand surveys, the easy availability of rich consumer datasets means that bespoke research is now possible at very low cost.

Organizations need not only look externally for analytics. Millions of online purchasers and followers entrust their personal information to manufacturers, retailers and service companies every day. As well as being stored in an organization's database, the one-off consumer preference information in each transaction can be immediately turned into another sales opportunity in the form of "you might also like" offers.

Harnessing self-segmentation

Because such offers reflect true consumer preferences and interests, we suggest they are more relevant than any externally imposed marketers' segmentation. When a user logs into Amazon and finds "Recommendations for You in Music," these reflect true preferences because they reflect "self-segmentation" – what that individual has ordered before, not what a marketer assumes is wanted.

Such self-segmentation can also reflect uncharacteristic but relevant consumption patterns. For example, based on what a consumer bought their father for the last three Christmases, it can offer some great ideas for his coming birthday – gifts that the primary consumer would never have wanted for themselves, so which would not otherwise have been predicted.

Although traditional segmentation still has a strong part to play in designing products and broad targeting, when it comes to micro-segmentation it is the consumers' own self segmentation that truly identifies them – and what they want. And, as it offers the in-built ability to sell more – as well as to plumb information – it contains much greater potential value.

Having ascertained who their customers are and what they want, now and in the future, we recommend that organizations use that information to shape everything – from the format of their shops and their factory processes to their business planning and after-sales service. It will make them more agile, responsive and relevant – and can create huge competitive advantage.

Reconnecting with, and understanding, the new consumer is not a one-off task. Smart organizations will continuously evolve their understanding with ongoing consumer dialogue – and perpetually reshape their business and their offering to meet customers' changing needs.

²² *McKinsey Quarterly*,
November 2011.





Learning to talk to the consumer

We believe that organizations also have to learn a new way of talking – and find new forums to speak in – to engage in the new social digital world.

As our survey shows, consumers are changing the way they receive information. Increasingly, they are forgoing traditional media and moving toward digital and social channels. While traditional broadcast and print media may still be the best way of communicating to large groups, when

it comes to communicating with communities, digital communication can be much more targeted, effective and personal.

It is not enough, however, for organizations just to launch a corporate Facebook or YouTube page, place banners on shopping portals, or start a CEO's blog. To engage with consumers effectively, organizations need to use language and content that truly *connects* with them.

Our survey gives a strong pointer to the best common language whatever a consumer's mother tongue. As personal contact is the preferred communication channel across all countries and products, the best – and most efficient – universal language is that which resembles conversation. That is, language that is social, non-hierarchical and informal (while still being respectful).

This style of personal dialogue is, of course, at the heart of social media: one person states an opinion, another disagrees, a third puts an alternative view, before a fourth responds to the second person's nay-saying. This style of written communication is that which many consumers are becoming most used to – and not just those who spend hours on Facebook every week, or day. With the right customers, in appropriate situations, marketing communication can effectively simulate this style.

To speak to consumers, of course, organizations must have them “in the room.” And with social media being the room that many consumers inhabit, having a social media presence – to complement other more traditional channels – is becoming a marketing priority.

Social media may be open to everyone but, for brands to succeed in this digital arena, they have to learn, and play by, different rules. In a social world, it is the community that owns the channel – a huge step change from the time brands either “owned” the main media, such as their website, or bought access to channels, via advertising. Such ownership enabled them to control the flow of content. Not any longer: the brand is now merely a member, albeit an influential member, of a social media community. It must behave and interact differently within this social context, practising collaboration and persuasion, rather than instruction.

Modern consumers may demand personalized service but, paradoxically, many want to communicate everything they do to multiple virtual “friends.” Thus, organizations must also learn to talk – through social media posts, blogs and viral messaging – to crowds of people, who are often talking to each other. As well as generating a great deal of noise, this interaction means that information can flow in directions that the company does not anticipate.



Your new marketing department – massive, but not on the payroll

Brands need to be alert to the anarchy of the social world – but not fearful. Social media users and bloggers are value-neutral: research suggests customers are as likely

to use social media to share positive experiences of a brand's products and services as to complain when things go wrong. And a 2011 survey of bloggers²³ found that 49% felt their relationships with brand representatives were "somewhat" or "very" favorable, with only 3% saying interactions were "not at all" favorable.

The smart organization will see, and utilize, the web community as a huge band of potential advocates for their brand – a massive new marketing and PR department they don't even have to put on the payroll.

As well as talking to consumers in a language, a place and a style of their choosing, there are other pointers to mobilizing this army of virtual advocates. We believe it makes sense to:

- ▶ Monitor the whole universe of comment about a brand and respond swiftly and appropriately to negative criticism.
- ▶ Resist censoring a brand's social media site, unless absolutely essential. It creates ill feeling and – like the chopped broom in *Disney's Sorcerer's Apprentice*²⁴ – causes more to spring up. Criticism dealt with effectively can win more advocacy.
- ▶ Woo influential bloggers, as media relations departments have traditionally courted journalists. More than two-thirds of bloggers say they are influenced by other blogs: the marketing potential of working with bloggers positively is enormous.
- ▶ Focus as much on making employees advocates as customers. Staff also buy products, make recommendations to friends and create impressions about their employer. They should be encouraged to share ideas about the brand and its output via internal social platforms and to communicate freely via blogs or emails with senior leaders.
- ▶ Fulfill the brand promise, creating great products or services that do what the brands say they will and marketing, selling, delivering and servicing them in a way that customers love. This is the simplest, yet hardest, task, and falls partially outside the web's remit. But from this, everything else follows.

As organizations embrace social media, we recommend they also remain aware of its potential for sudden and potentially devastating "bushfires." A 2011 survey²⁵ of 50 significant social media crises over the past decade found 76% could have been averted, or diminished, if the companies affected had been better prepared. In particular, companies should have a clear strategy for managing social media crises, incorporating an action-ready dedicated crisis team and a cross-business contingency process, and should hold regular "fire drills" to rehearse how a crisis should be dealt with. The survey suggests that, rather than limiting staff access to social media, it should be encouraged but, critically, employees should be educated on social media governance.

²³ State of the Blogosphere 2011, Technorati, 2011.

²⁴ *Fantasia*, Walt Disney Productions, 1940.

²⁵ Social Business Readiness: How Advanced Companies Prepare Internally, Altimeter Group, 2011.

- ▶ Organizations must learn to listen to and talk with consumers.
- ▶ Smart organizations will mobilize web communities as corporate advocates.
- ▶ When companies find out what consumers want from them, they must reshape their entire value in response.

Case study

The customer-centric solution

Building consumer intimacy is the cornerstone of a transformation program at leading Spanish insurance company Reale Seguros Generales.

Reale, like many other businesses worldwide, is facing challenges from increased competition, direct selling and changing consumer behavior. The troubled eurozone economy poses additional pressures.

When Reale called in Ernst & Young – the first external consultants it had used to develop its customer proposition – our first step was a customer rapid assessment.

The assessment revealed several areas for improvement. In particular:

- ▶ Narrow, financially based customer segmentation precluded the development of differentiated strategies.
- ▶ There was minimal use of, and no systematic approach to, customer information, with no data-mining tool.
- ▶ Business intelligence was underdeveloped, with no analytic models to prevent attrition or detect cross-selling opportunities.
- ▶ The value proposition was based on product and geographic factors, not customer segmentation.
- ▶ Organizational issues, including poor coordination between the customer department and the rest of the company, impeded effectiveness.

Based on these findings, we prioritized customer knowledge development as the key strategic lever to transforming the company. There was a range of steps in this process:

Enriching segmentation

- I. To gain deep customer insight and enable the company to align itself around its most profitable customers, we redefined and enriched its customer segmentation. We identified the key demand drivers – social class, location type and age – and developed an in-depth understanding of the motives and values driving consumer behavior.
- II. We selected the principle segmentation criteria – customer loyalty, profitability and potential value – to both identify which customers could provide revenue and help with resource allocation.
- III. We then established bespoke service models to fit the different customer segments.

Leveraging business intelligence

- I. We also acted to improve the commercial use of business intelligence, to help reduce attrition and increase the number of policies per customer.
- II. We introduced marketing activities tailored to customer value and profitability – backed up by skilled call center retention units – to limit attrition.
- III. To boost cross selling, we employed statistical modeling to identify well-defined customer profiles, with higher purchasing propensity. We then used market research to confirm what type of products and benefits customers would be willing to buy.
- IV. We delivered a multi-channel commercial strategy, supported by a campaign management IT tool, to manage opportunity handling better.

We complemented such business and customer intelligence support by helping Reale to develop its commercial governance model and to enhance its commercial IT support tools.

Our program has had a significant impact on Reale's approach to customer effectiveness. The company is mid-way through its transformation program but it has already become a significantly more customer-centric organization.

Make service personal

The hard-up student traveling through Egypt and Algeria with a heavy backpack does not want the weight, cost or breadth of an all-Africa travel guide – but they still want local insights. To this challenge, publisher Lonely Planet delivers the ideal solution: downloadable digital pdfs of individual country chapters of its regional travel guides, as well as offering the full guides in Kindle and tablet formats.

This type of ingenuity is what personalization is all about. Having worked out what consumers want, the supplier delivers it – and, in Lonely Planet's case, with individual chapters selling far above their value as a percentage of the whole volume, and with the consumer footing the print bill, there are cost benefits too.

Achieving all-round customer intimacy

In all but the most commoditized sectors, we recommend that businesses strive for greater intimacy from end to end of the customer experience – not just in product development and distribution. This should include everything from identifying minute variations between and across customer types and connecting with different groups in an appropriate language via the right media for each occasion, to offering individualized call center support, multiple product variants, flexible delivery options and enabling people to pay the way they want – all in a cost-effective way. Businesses should also recognize that different people, across different sectors, require contrasting levels of engagement: some customers just want an answer, others a long-term relationship.

While engaged and customer-focused staff are prerequisite, digital technology is key to the personalized proposition. Used effectively, technology can help recreate the “corner shop” experience, where people know what you normally like, how you pay, and who your friends are and what they might like too. Sharing consumer data across all retail or service channels may be an automated digitally enabled procedure, but to the consumer, whose preferred payment and delivery options have been “remembered,” it feels like the human touch.

Keeping shopping fun

Organizations should not equate personalized shopping with solitary shopping. More than ever, we believe that consumers want shopping to be social – even if it is being conducted online. Shopping has always been a leisure activity. As the economic downturn grinds on, consumers increasingly need to be encouraged to spend. Continuing to make shopping fun and exciting – across all channels – is essential.

As Professor Daniele Pederzoli has said: “Brick and mortar and online retailers should carefully consider [the] leisure dimension of shopping in the conception and design of their physical stores and the construction of online sites. Stores must provide the customer not only with range, value and services, but also with a shopping experience.”²⁶

Online deal-of-the-day company, Groupon, or smaller portals like Ireland's BoardsDeals or Tippr, which covers selected US cities, make the very process of securing one of their discount vouchers part of the enjoyment. Witty

²⁶ Yahoo!/Universal McCann, *Long and Winding Road: Gamesmanship of Shopping*, April 2011.



- ▶ Companies must personalize all elements of their service.
- ▶ Shopping must remain a leisure experience, whether in a physical store or online.
- ▶ Technology is essential to both personalizing and keeping retail fun.

emails, a web countdown to a deal's expiry and the challenge of galvanizing enough people to activate an offer all build a sense of excitement (and show the providers mobilizing their consumers as their sales force). In another example, Amazon and Facebook have made social media even more social by enabling Amazon users to receive gift recommendations for themselves and their friends based on Facebook profile data. By enabling users to know what their friends are reading, listening to and doing, this initiative is feeding conversations and cementing relationships.

We urge organizations to use technology as a core means of making consumption fun and personal for each individual. As gorgeous or quirky stores add to the retail experience, so inventive, amusing and startling apps, websites and viral marketing can build pleasure. Technology can simulate the social nature of shopping – sharing information, tips and deals with real and virtual friends – even if the consumer is online alone.

Case study

Record-breaking marketing

Rock band Kaiser Chiefs have demonstrated how delivering personalized products can delight the customer – as well as reinforce a brand, strengthen a consumer community and make money.

On launching their 2011 album, *The Future is Medieval*, the group offered fans the chance to create their own version of the work. Buyers could select which 10 tracks, from a selection of 20, they wished to download from the group's website, and design their own cover. They were encouraged to sell their bespoke copies of the album – and were provided with a customizable web page, ad banners and posters to help them do so. Fans even got £1 for each copy of the £7.50 album they sold.

The group made the whole purchasing journey an enjoyable experience, aiming, it said, to “re-engage the excitement and spontaneity of offering new music immediately to fans, allowing them to hear the record at the same time as media and critics alike and hopefully giving people a fun experience of being the Kaiser Chiefs A&R [talent scouting] department.”²⁷

As part of this “fun experience,” the trailer video showed a fan picking and choosing his preferred songs as the band performed each track for him in a deserted warehouse, examples of celebrity-designed album covers were posted online beside fans' versions, and the name of the fan who sold the most albums was emblazoned on the band's concert drum kit.

The ploy made headlines – across traditional and new media – whipping up interest, excitement and a true sense of “belonging.” The band site had 101,000 unique visits within 24 hours of the album's launch; it gained 50,000 more followers on Twitter and generated 13,000 launch Tweets, and, on Facebook, it accumulated £10m worth of impressions and 1.4 million pieces of related content. As digital marketing blog koozai said: “This is affiliate marketing with personalized branding. What it does is give users a platform in which to promote and market the band's product but the twist is the personalization of the album tracks and cover.”²⁸

²⁷ “Kaiser Chiefs,” *Specialmoves* website, www.specialmoves.com/work/client-work/kaiser-chiefs, accessed 19 January 2012.

²⁸ “Kaiser Chiefs let fans design their own album,” *koozai* website, www.koozai.com/blog/fun-games/kaiser-chiefs-let-fans-design-their-own-album-669, accessed 19 January 2012.

Provide an end-to-end brand experience

Iconic brands, from Coca-Cola and IBM to Disney and Microsoft, have built their reputations as much on how they make their customers *feel* as on the strength of their products and services.

To create and preserve brand loyalty, in the face of an increasingly fickle market, we recommend that companies aim to focus their entire organizations on delivering a flawless consumer brand experience that makes customers feel valued and special.

Such a customer brand experience has two complementary aspects:

- I. The sum of consumers' impressions of, and contacts with, a company during the whole life cycle of intended or actual purchases.
- II. How ownership of the brand makes consumers feel about themselves and other people who own the same brand.

Marketers promise great things for their brands. It is not enough that the product alone fulfills such promises, although it must. To create loyalty, *all* aspects of the customer journey must fulfill the brand promise.

Companies must maintain efficiency and effectiveness throughout their operations, with a robust value chain, capable of swift and seamless production, delivery and supply. Navigation through an outlet must be straightforward and logical, whether in a virtual or actual store. Skilled help must be easily identifiable, and available and accessible out of office hours. Customers must never go away empty-handed because a product is out of stock, or because they don't understand an organization's range of services. After-sales service, including systems for returning goods, must be given the same priority as presales.

No output must be below par, no matter how apparently insignificant. For example, consumers who buy a brand's components from different suppliers, rather than integrated products direct from the brand, must feel the same satisfaction.

Even one slip can bring a brand's edifice crumbling down, as a major UK department store, that is normally a byword for excellent customer service, found out recently. Department store John Lewis is a byword among middle-class UK consumers for excellent customer service. When teething problems with a new centralized wedding list service left couples without their gifts, while letters of complaint went unanswered and staff seemed unwilling or unable to help, consternation was so great a national newspaper devoted a whole page to the issue.

The disappointment of customers, whose faith in the hugely respected brand had been apparently unshakable, prompted genuinely anguished comments on online forums. In a typically distraught post, one consumer wrote: "For a company that prides itself on exceptional customer service, our experience was horrific." Such disappointment is all the greater – and harder to repair – when trust and expectations have been strong.

To ensure that organizations never inflict disappointment on their consumers – and themselves – we suggest that regular stress testing should be carried out on all customer-facing functions and, if pain points are diagnosed, a robust roadmap for transformation should be created.

Keeping brands desirable

To attract new customers and maintain old ones, organizations must feed consumers' desire for novelty by constantly refreshing brands, be it with new features, fragrances, flavors or formats.

Equipped with consumer analytics and knowledge of breaking trends, organizations should embed innovation in the DNA of their entire organization and open up R&D networks to external inspiration, from customers to suppliers. As they enter into new markets, and as their existing ones change, they must tailor their prices, products and service to reflect local differences.

To protect brand integrity, we advocate that organizations also maintain a multi-disciplinary approach to counterfeiting, incorporating the supply chain, IT and international legal advisors. To prevent breaches of intellectual and physical property, it must employ innovation to develop a truly secure supply chain and use advanced IT tools for tracing and tracking.

Creating a lifestyle around a brand

Creating a fun and consistently good consumer experience builds loyalty. The most elite brands, however, generate something akin to devotion. They do so by creating a community or lifestyle around their products, which add to consumers' feeling of self-esteem.

Apple has woven this spell around its devotees. It did so by creating a demand that was not there for products that people didn't realize they wanted. In the words of Regis McKenna, one of the architects of the brand, Apple worked on the principle that: "Markets for new innovative products do not exist, they have to be created and defined."²⁹

This was achieved with a marketing strategy that made everyday consumers believe that owning a Mac was a chic thing to do – and that they were just the sort of people who should be owning such a cool machine. This approach (and its success) infuriates some high-tech critics, as the following two posts on the blog of US private equity firm OpenView indicate:

Blogger 1: "Apple knows the power of perception: perception is everything ... Apple is all about creating a digital lifestyle. Apple isn't just targeting male gadget geeks: it is going after anyone and everyone. Apple's marketing is broader and can be relatable to both men and women, young and old."

Blogger 2: "In terms of what competitors can do, it's simple. They have to make owning an Apple product not cool. Owners of Apple products, especially iPads, are elitist who want to be hip. Apple caters to their ego with the mock turtlenecks and 'we're the greatest' hype. It isn't the product. It's the feeling the person gets – that they are better than you – that is the real prize."³⁰

This second post may have been written in anger but it captures, neatly, the pinnacle that Apple has reached, and which other brands need to scale, if they are to offset a wide-scale waning in brand loyalty.

Every touch point Apple has with its customers: from calling its small business support service "Joint Venture" to offering "personal set-up" as standard with iPads, makes them feel part of a nurtured and exclusive community. They have created a sense of family that gives people the "feeling" that they are "better." Even for the most cost-conscious of consumers, that is worth a premium.



- ▶ The whole customer journey must reflect the brand promise.
- ▶ To ensure satisfaction, organizations should stress test all consumer-facing functions.
- ▶ To keep brands alive, they must be continually refreshed and reinvented.

²⁹ "Apple's marketing strategy: history repeats itself," *OpenView* website, www.blog.openviewpartners.com/apples-marketing-strategy-history-repeats-itself, accessed 19 January 2012.

³⁰ "The iPad 2 marketing strategy: what makes it so special?," *OpenView* website, www.blog.openviewpartners.com/the-ipad-2-marketing-strategy-what-makes-it-so-special, accessed 19 January 2012.

Case study

Creating a market for bad boy bikes

When it comes to offering what customers believe is a unique and treasured experience, it is hard to beat the power 109-year-old motorcycle brand Harley-Davidson holds over its loyal fan base.

Harley-Davidson's former President and CEO, Richard Teerlink, said that, to Americans, brand ownership represented: "The adventurous pioneer spirit, the Wild West, having your own horse, and going where you want to go – the motorcycle takes on some attributes of the iron horse. It suggests personal freedom and independence."³¹

Way before online communities, Harley created the paradigm of establishing an experience and family feeling around its brand. The Harley Owners Group, rallies uniting members, dealers and employees, and rich benefit packages – ranging from private receptions and motorcycle events to free membership of biking groups – all make Harley riders feel like they are part of a community. As the owners' group website strapline says: "Hit the road with nearly one million of your closest friends."

Branding the experience, not just the product, has allowed the company to expand the ways that it captures value: its lines include clothing for men and women, a parts operation, an accessories business offering everything from Harley logo cookie cutters to branded money clips, and a Harley-Davidson Visa card.

The brand has also succeeded in shifting its demographic – by smart marketing and upping its prices and quality – from its traditional working- and middle-class base to professionals or managers, who now make up one-third of owners; college graduates, who constitute 60%, and women. Essentially, it created a market for "bad boy" bikes among consumers who hadn't even realized that they wanted to be bad.

31 "Harley-Davidson: evolution of marketing strategy," *ICMR* website, www.icmrindia.org/casestudies/catalogue/Marketing1/Harley%20Davidson-Marketing%20Case%20Studies.htm, accessed 19 January 2012.



Deliver consistent multi-channel service

An organization that does not have a website is like a shop without a door. As our research shows, in little more than a decade, online has revolutionized the way we buy, sell and discover.

Most consumers now use technology, be it a computer, telephone or TV shopping channel, for at least part of the shopping experience. The huge rise in the number of smartphones and the high mobile penetration in emerging markets – where it far exceeds internet penetration – will inevitably boost the number of phone shoppers even further. Such figures make an effective website an essential part of commerce.

The ease of moving from one website to another, the fragmented nature of the modern shopping experience and the constant presence of price comparison mechanisms, all mean an organization's website has little time to hook the shopper. To achieve that hook, whatever a site's brand, design or sophistication, it must be simple to navigate and easy to read, with engaging content and clear help and contact links.

A top-class web presence is, however, just part of the story. Becoming an effective cross-channel operator is about far more than latching a website and a Facebook page onto an existing operation. The fact that one out of two people still prefer to shop in-store brings home how important physical shops are.

Our survey found consumers rate the design and opening hours of stores an important purchasing influencer (6.4 out of 10). Organizations must continue to nurture the face-to-face consumer experience, at the same time as they develop online capability. Retailers should leverage the advantages that physical stores have over the web. For example, stores should provide extensive testing and try-out areas that are welcoming, comfortable and well equipped to maximize web retail's disadvantage of consumers not being able to see or trial products.

We would emphasize that cross-channel consistency in quality, transparency and pricing is particularly important. A 2011 survey³² of what consumers want from multi-channel retailers found that "a consistent and convenient shopping experience from a merchant's website to any of their stores (physical, mobile) where I shop," was the primary driver.

Organizations must employ digitalization and integrated working to ensure an identical experience across its different channels. Consumers must be able to move between an organization's channels seamlessly, as if they were walking into adjacent departments in a physical store. They should, for example, be able to select an item on a brand's website, view and test it in-store, and then have it delivered to their home.

To create a fit-for-purpose cross-channel operation, we recommend that retailers reassess the purpose and format of their physical stores. They should consider, for example, if they should:

- ▶ Keep all their stores or just retain enough for a sufficient national or regional presence, complemented by a powerful website
- ▶ Redesign shop formats so that they become more like showrooms, where customers can see, assess and try out the products they have researched online
- ▶ Provide an "always on" service – or at least extended opening hours – in line with the online world

³² *Closing the Cross-Channel Gap*, the e-tailing group/MyBuys, 2011.



- ▶ Companies must continue to nurture face-to-face service, as they develop digital capability.
- ▶ All channels must be consistent in quality, transparency, pricing and branding.
- ▶ Organizations must support all payment systems, including mobile money.

We suggest that retailers might also want to empower store shoppers with the online capability virtual shoppers enjoy, in what a 2011 Cisco report called “mashops.”³³ This would see store shoppers having access to such online tools as interactive digital displays, video assistants, social networking technologies and Wi-Fi networks to enable them to remain connected with trusted people and information while in-store.

The Cisco report suggests that this integration of virtual and physical retail could be a win-win for consumers and retailers: “Shoppers receive the information and convenience of web-based experiences while, at the same time, being able to touch, feel and see the products they want to buy. For retailers, mashops promise to preserve margins and increase sales. Shoppers are also more likely to upgrade their purchases and increase the basket size when factors other than just the best price influence their buying decisions.”

Retail operations cannot just be transformed on the surface. A robust multi-channel shopping experience that enables consumers to shop in their preferred way, treats them as individuals and ensures stock is always available, swiftly delivered and smoothly serviced requires a flawless supply chain.

End-to-end digitalization is key to supply chain excellence. All aspects of a retail organization – including its call center – should fit together cohesively to the supply chain. Organizations should, for example, look to integrate e-procurement into their supplier relationships to reduce manual processes and improve invoice tracking, or develop secure portals for real-time collaborative forecasting with suppliers to manage inventory better. Such activities will help create the efficiency that will get goods on shelves when consumers want them.

To maintain competitive advantage, we think that multi-channel retailers also need to ensure that their systems can accommodate changes in payment patterns. As mobile money increasingly becomes “legal tender,” all channels must be ready for the challenge.

³³ *My Shopping, My Way*, Cisco Internet Business Solutions Group, 2011.



Case study

Sharing the consumer journey

Looking at the experience of shopping through the eyes of the customer has transformed one of Russia's largest consumer electronics companies.

In mid-2011, the Eldorado chain was facing tough competition in the market: it had lost its position as market leader and had to improve its performance.

Customer satisfaction was also an issue. Eldorado trailed its leading competitor in several important matrices: its net promoter score (NPS) satisfaction measure was behind target, its conversion rate was also a few percentages lower than target and, when surveyed, a large percentage of its customers said they would not shop there again.

To get a real insight into what was going wrong, as part of its diagnostic analysis, we took a consumer journey through Eldorado stores. From posing as a customer returning a faulty item to quizzing staff about particular products, we experienced everything as a consumer would - identifying a wide range of issues.

In a two-month pilot, we then set about transforming the shopping environment in six of Eldorado's Moscow stores. Working closely with the client team, we focused particularly on improving:

- ▶ In-store atmosphere, including changes in store layout, product display and in-store signage
- ▶ Customer service, including in-store navigation, complaints resolution, training and after-sales support
- ▶ Product assortment, including the ratio of promotional items, effective shelf replenishment and the management of damaged products
- ▶ Personnel utilization, store manager involvement, customer-facing time and in-store warehouse processes

Pilot boosts sales

The results were dramatic. Following the pilot, Eldorado's NPS at the six stores rose by 2.7 points, leapfrogging competition by 1 point; sales increased by about 10% compared with non-pilot stores (and compared with a month prior to implementation) and labor productivity was up by almost 9% on a year to year basis.

A successful initiative to help ensure the products customers wanted were always on the shelves was a key contributor to these positive results. Before the pilot, product availability had been a major customer frustration. We established that one in four failed conversions were due either to shoppers being unable to find what they wanted or staff being unable to answer their queries about products. The challenge was two-fold: to improve product on shelf availability and to emphasize the role of store manager and sales staff in focusing on customer service.

We tackled these challenges on several levels, by:

- ▶ Introducing a process whereby merchandise was brought out of in-store warehouses *before* shelves were empty, so products were always on view and customers did not have to wait for them
- ▶ Simplifying planograms and merchandizing plans, which indicate where items should be placed on shelves
- ▶ Increasing the role of promotional items and improving the in-store signage
- ▶ Revising staff scheduling, based on customer traffic forecasts, so that more trained help was available
- ▶ Reducing the sales process time from between 5 and 7 minutes to 20 seconds, by streamlining the administration involved in closing a sale
- ▶ Refocusing the store manager on leading the team, which meant moving their office to the customer service desk at the center of the shop floor, reducing administrative tasks and implementing new management instruments
- ▶ Introducing a monitored checklist system so the staff adhered to new corporate standards

As the rise in NPS indicates, our program - which is now being rolled out across the brand's 350 Russian stores - has transformed the customer experience at Eldorado.

Make consumers business partners

The digital world has put the customer in control. They are more informed, connected and empowered: at the center of a world that they believe – and have found – can be all about them.

When it comes to commercial relationships, consumers are not about to give up that power. They expect to be able to influence organizations to behave and sell in the way they want. If particular organizations aren't prepared to dance to their tune, there are others that will.

We believe that today's companies must, therefore, realign the whole value chain so that it focuses on developing collaborative partnerships with customers, listening to their expectations and understanding – and meeting – their needs.

Absorbing new ideas

Innovation is a prime area where collaboration with the consumer pays dividends. The smartest companies constantly absorb new ideas and influences. From keeping track of changing sector and market trends, to opening up innovation to external inspiration: consumers should be a core part of an organization's innovation funnel.

Reflecting today's "social mashup," we believe that high numbers of consumers are willing to help companies to make the type of products they want to buy. giffgaff, a cell phone service run by UK operator O2, is built on active co-creation with consumers. Members participate in giffgaff's sales, marketing and customer service, receiving financial "Payback" in return. The speed of response to other users' online technical queries – within three minutes, on average – means customers take their questions to the community, rather than an agent, 50% of the time. This reduces call center costs, ensures customer preferences are fulfilled and creates a strong brand community.³⁴

Collaboration's win-win rewards

giffgaff works because it meets consumer demand for personalization. Customers run the service they want, in a way that they want. This business model allows O2 to attract a different type of "free-thinker" who is disillusioned with the traditional mobile operating models. Members spread the word via social media to attract new customers, again receiving financial incentives to do so. Satisfaction receives a 90% rating; 31% of customers come from long-term mobile contracts with other providers, and 63% recommend the service to friends or family members (78% of whom join).

The giffgaff experience shows how social media practices can be incorporated into new business models. It also demonstrates that, if managed appropriately, consumer demand for a "business partnership" need not be an imposition or a chore: it can offer a true win-win situation and the innovation insights all organizations desperately need.

We advise organizations to use every opportunity to encourage consumer participation in the innovation process, both directly – through involving them in beta testing, focus groups, post-contact feedback, social media groups etc. – and indirectly, by keeping abreast of changing behavior trends. It's important to remember that co-creation isn't just about developing products. Useful consumer feedback covers experience across all points in the value chain, from material selection, to production, marketing, sales and after-sales services.

³⁴ "Lithium giffgaff case study," giffgaff website, www.community.giffgaff.com/t5/Social-Off-Topic/Lithium-giffgaff-case-study/td-p/2185943, accessed 19 January 2012.





The design of loyalty programs is another area where we believe organizations should listen to what consumers want. Personalization is again a key driver here, as was emphasized in the 2011 *Closing the cross-channel gap* survey.³⁵ Of seven survey statements relating to personalization, the one most ranked as “very important” stated that: “Stores where I am part of a loyalty program should deliver me a more personalized shopping experience than those where I don’t participate in their program.” That is, where consumers are part of a loyalty program, they feel they have a right to be known. When it comes to rewards, they don’t want to receive what a corporate marketing department thinks they should have, they want to make their own choices, based on their own preferences.

Making rewards relevant

When it comes to creating effective loyalty programs, retailers should consider:

- ▶ Analyzing the return on investment of current programs and acting on the results
- ▶ Using analytics and consumer knowledge to determine what different types of customers actually want from loyalty programs
- ▶ Introducing programs that make customers feel genuinely known and special, and tailoring them to meet the needs of different channels and consumer groups
- ▶ Partnering with related brands and companies to increase value for the customer: e.g., a hairdressing chain could partner with a hair styling brand

³⁵ *Closing the cross-channel gap, the e-tailing group/MyBuys, 2011.*



O2, giffgaff's owner, has been impressive in this area. Its 2011 loyalty initiative, "Priority Moments," is seen as an example of how to get loyalty campaigns right – and relevant.

The campaign built on O2's existing loyalty program, which gives customers privileged early access to tickets at the entertainment venues it sponsors. The new program includes a partnership with 30 high street brands to bring location-based, voucher-like offers to O2 customers' smartphones. It therefore brings excitement, local relevance, special "treats" and, according to O2, the opportunity for each customer to save £105 per month.

Marketing Week, the UK industry magazine, summed up its value: "O2 has created a loyalty service that actually **rewards every customer** and **fits their specific needs**, rather than simply promoting sponsorships. Priority Moments gives mobile phone users an actual reason to want to switch to O2, which has grabbed the trend for discounting by the lapels at just the right moment."³⁶

The phrases "rewards every customer" and "fits their specific needs" should be the goal of all loyalty programs and, indeed, all consumer-focused organizations.

³⁶ *Marketing Week*,
15 July 2011.

- ▶ Organizations must align their entire value chains to developing collaborative partnerships with consumers.
- ▶ Customer collaboration is particularly essential in innovation.
- ▶ Loyalty programs must deliver what customers really want.





Case study

Opening up the innovation funnel

GE's Ecomagination Challenge,³⁷ which fosters collaboration between the conglomerate and entrepreneurs, demonstrates how valuable "open innovation" can be.

GE asked external entrepreneurs for their ideas on "Powering the Grid" and "Powering your Home." The company received 5,000 business plans within 12 months of launching the challenge in June 2010. GE and its venture capitalist partners have invested US\$134m in several of the winning businesses, which range from fairly established cleantech companies to small start-ups. GE has also launched a US\$20m Ecomagination Innovation Fund, which accelerates some of the most promising ideas within commercial GE pilots.

The move to collaborate with entrepreneurs expanded GE's traditional open innovation links with academics and scientists. The company's Chief Marketing Officer, Beth Comstock, told the *Harvard Business Review* how the program was benefiting GE. "We're looking for new models of innovation. We don't have all the answers or all the capabilities.

"It's changing the way we're working ... Mainly it challenged our assumptions ... Many ideas came in and we thought at first, this is not scientifically possible, but then we'd look closer and figure out why it is."

³⁷ "GE's Eco-innovation platform," *Harvard Business Review* website, www.blogs.hbr.org/winston/2011/10/ges-eco-innovation-platform.html, accessed 19 January 2012.

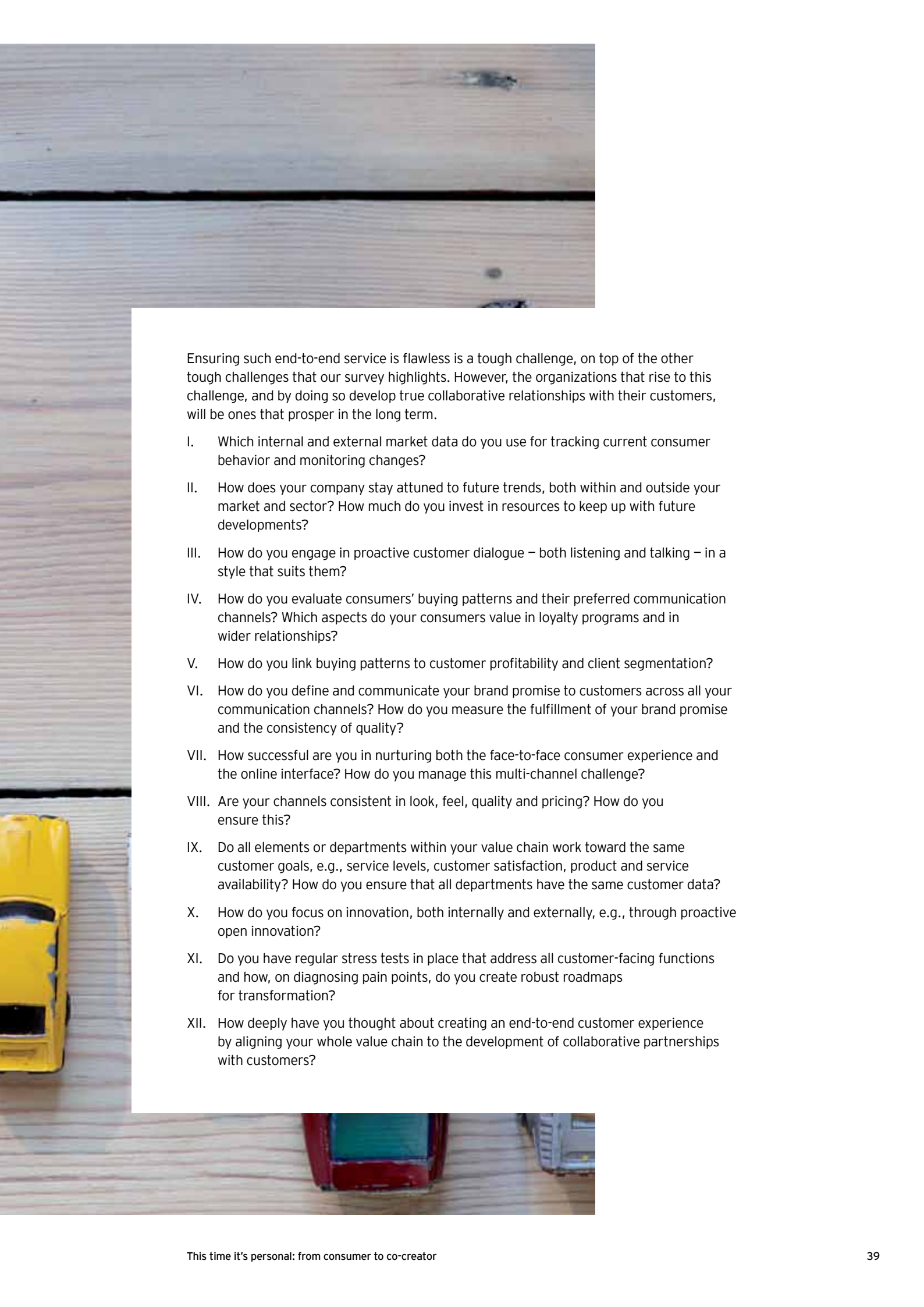
4. Business-critical checklist

The digital revolution has transformed consumer expectations and behaviors and laid the whole world of products and services at their feet, and at a tap of a touchscreen.

To engage and satisfy today's more demanding consumers, businesses must transform themselves, as radically and as fast as possible, to offer a truly personalized service to their customers.

Critically, this metamorphosis cannot just be confined to the marketing and sales functions – although effective marketing is an essential tool in understanding the new consumer. Every link in an organization's value chain must be aligned to delivering the brand promise: from how products and services are designed and developed to choosing the right supplier and guaranteeing quality; from developing the right customer communication strategy to defining convenient distribution channels; from securing the optimum multi-channel experience to delivering first-rate after-sales services.





Ensuring such end-to-end service is flawless is a tough challenge, on top of the other tough challenges that our survey highlights. However, the organizations that rise to this challenge, and by doing so develop true collaborative relationships with their customers, will be ones that prosper in the long term.

- I. Which internal and external market data do you use for tracking current consumer behavior and monitoring changes?
- II. How does your company stay attuned to future trends, both within and outside your market and sector? How much do you invest in resources to keep up with future developments?
- III. How do you engage in proactive customer dialogue – both listening and talking – in a style that suits them?
- IV. How do you evaluate consumers' buying patterns and their preferred communication channels? Which aspects do your consumers value in loyalty programs and in wider relationships?
- V. How do you link buying patterns to customer profitability and client segmentation?
- VI. How do you define and communicate your brand promise to customers across all your communication channels? How do you measure the fulfillment of your brand promise and the consistency of quality?
- VII. How successful are you in nurturing both the face-to-face consumer experience and the online interface? How do you manage this multi-channel challenge?
- VIII. Are your channels consistent in look, feel, quality and pricing? How do you ensure this?
- IX. Do all elements or departments within your value chain work toward the same customer goals, e.g., service levels, customer satisfaction, product and service availability? How do you ensure that all departments have the same customer data?
- X. How do you focus on innovation, both internally and externally, e.g., through proactive open innovation?
- XI. Do you have regular stress tests in place that address all customer-facing functions and how, on diagnosing pain points, do you create robust roadmaps for transformation?
- XII. How deeply have you thought about creating an end-to-end customer experience by aligning your whole value chain to the development of collaborative partnerships with customers?



5. The design of the survey

The data for our research was collected in an online survey, conducted between September and December 2011.

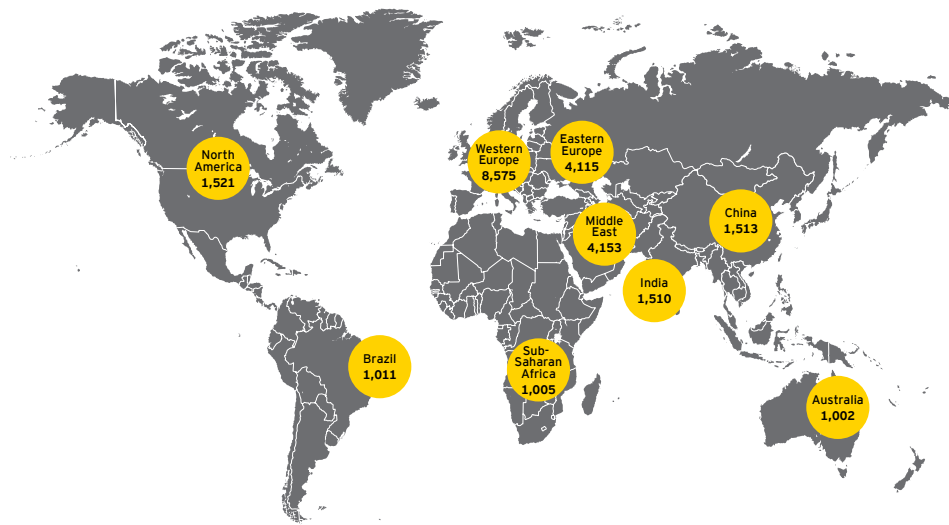
We surveyed 24,405 participants in 34 countries, across the Americas, Asia Pacific, Europe, the Middle East, India and Africa. The sample represented a diverse and comprehensive snapshot of the world's consumers: 53% of respondents were female; ages ranged from the 15-to-20 age band to over 60, and annual incomes ranged from less than €10,000 to over €100,000.

We asked respondents a range of detailed questions about their brand loyalties, shopping preferences, preferred media channels, purchasing history, buying influencers, what they would pay a premium for, their preferred shopping channels, payment methods and after-sales drivers, retail relationships and online usage.

Questions covered 10 product and service areas: telephone/mobile contracts; consumer loans; household insurance; food and beverages; consumer electronics; cars; clothes; utilities; government authorities, such as fiscal authorities and registry offices; and drugs/medical supplies.

Respondents were largely asked to rate their preferences on a scale of 1 to 10, with 10 being the highest possible grade. Certain questions were percentage based.

24,405 participants in 34 countries



North America

USA

Brazil

Western Europe

Austria
Belgium
Finland
France
Germany
Italy
Norway
Poland
Spain
Sweden
Switzerland
Turkey
The Netherlands
United Kingdom

Eastern Europe

Czech Republic
Hungary
Kazakhstan
Russia
Ukraine

Sub-Saharan Africa

South Africa

Middle East

Bahrain
Egypt
Jordan
Kuwait
Lebanon
Oman
Qatar
Saudi Arabia
United Arab Emirates

India

China

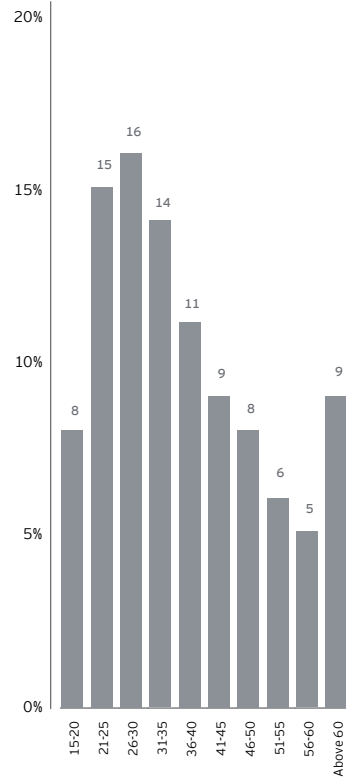
Australia

Demographics

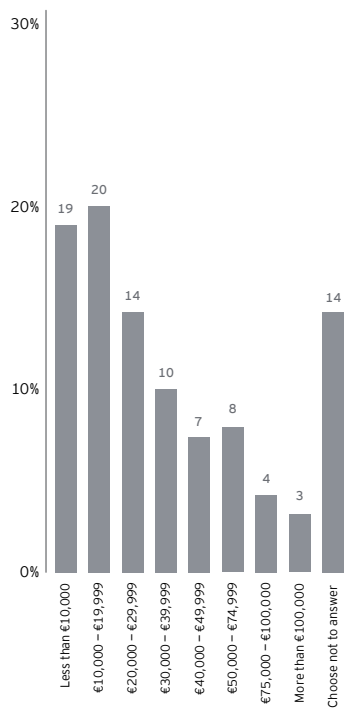
Gender



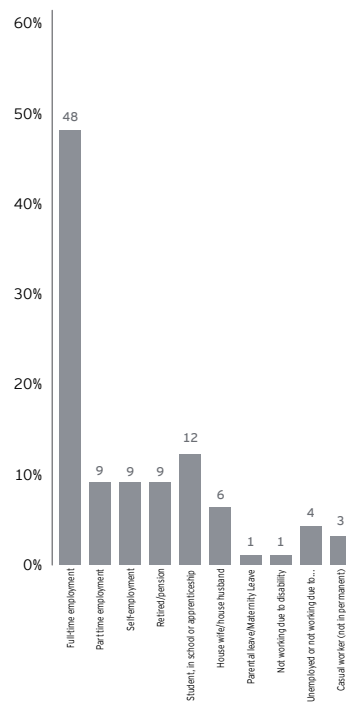
Age



Annual Income



Employment situation



Services and products included in the survey

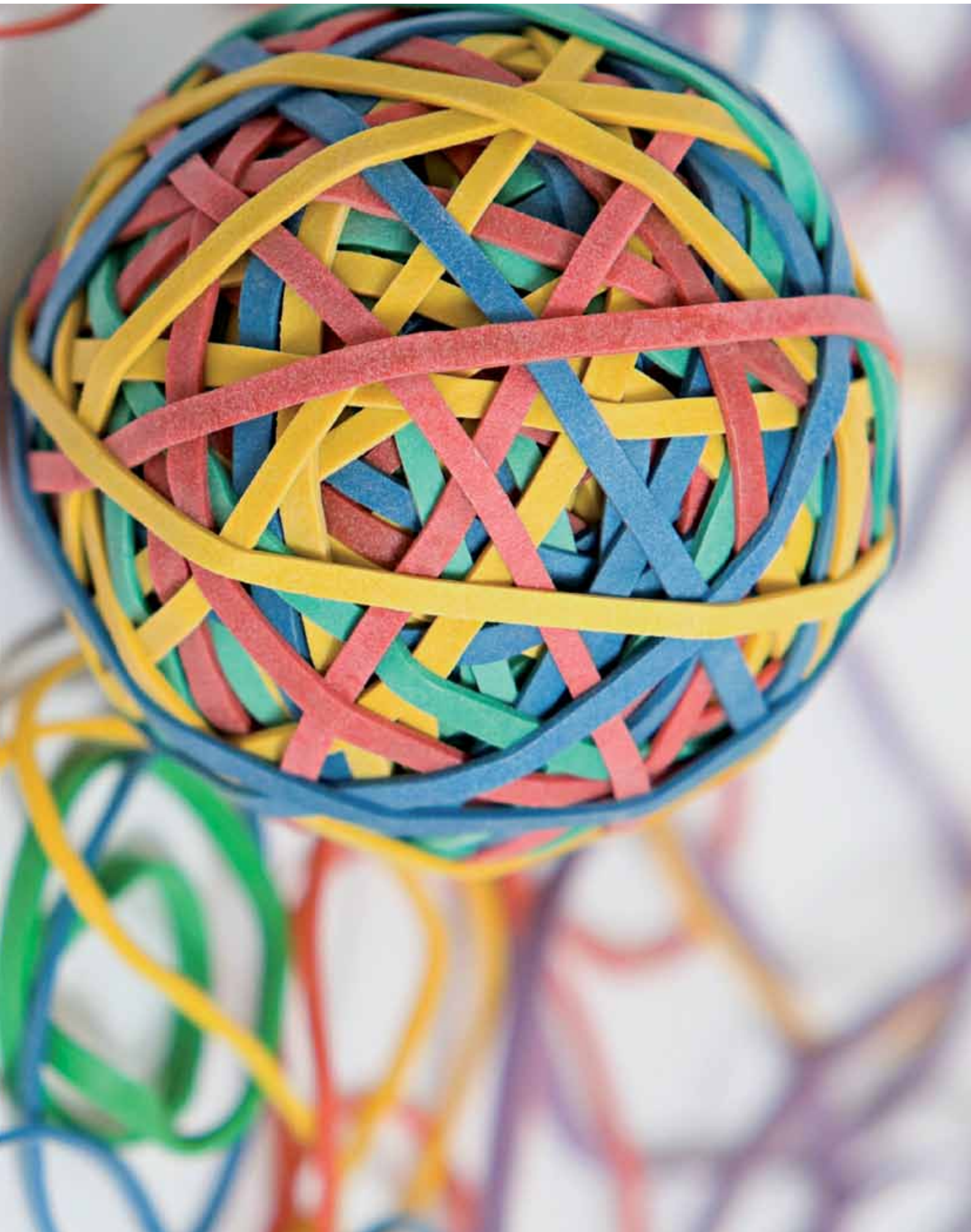




Appendix

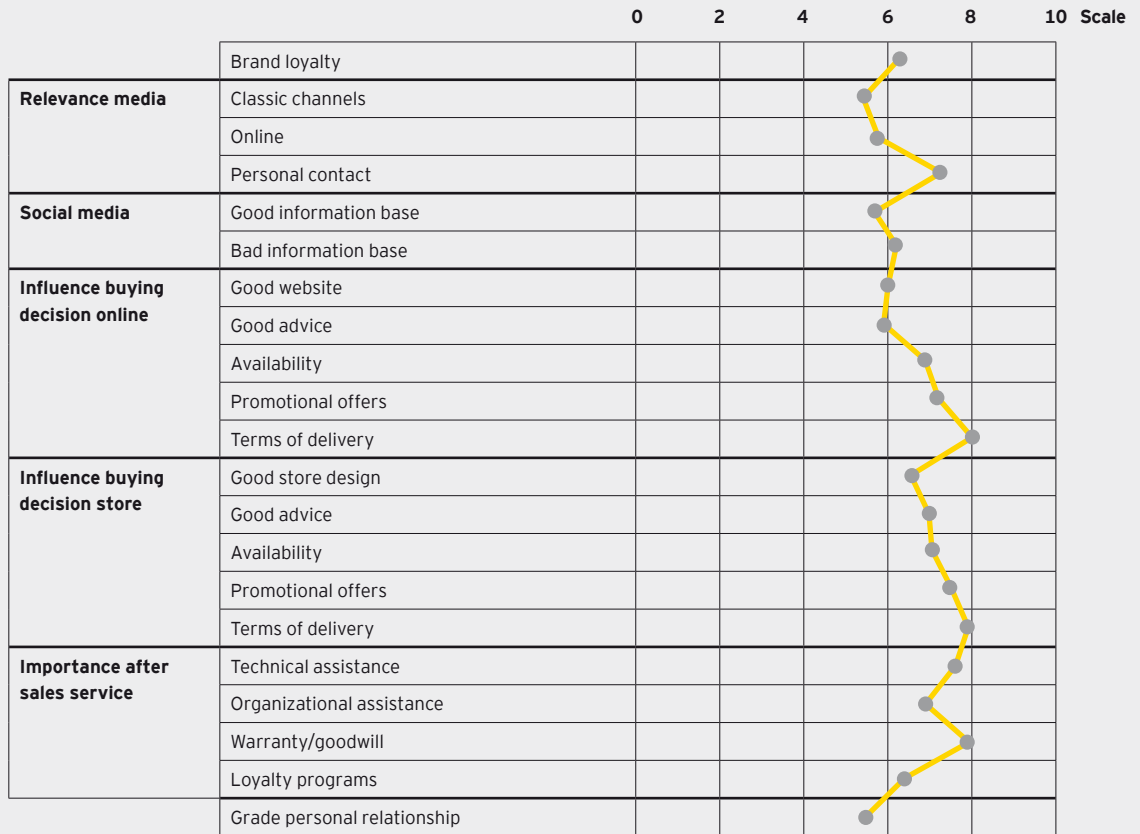
For each product or service included in the survey, we have developed a result profile that reflects the answers to the whole questionnaire in one chart for each category. You will also be able to access these profiles plus corresponding country and country group profiles on www.ey.com/from-consumer-to-co-creator.

From May 2012 onward, a web-based tool will be available that allows users to customize the results obtained during the survey for individual purposes. Users will be able to select between multiple countries or products/services, and filter on different aspects, such as age, gender, income, etc. In addition, up to five different profiles can be overlaid to make direct comparisons.



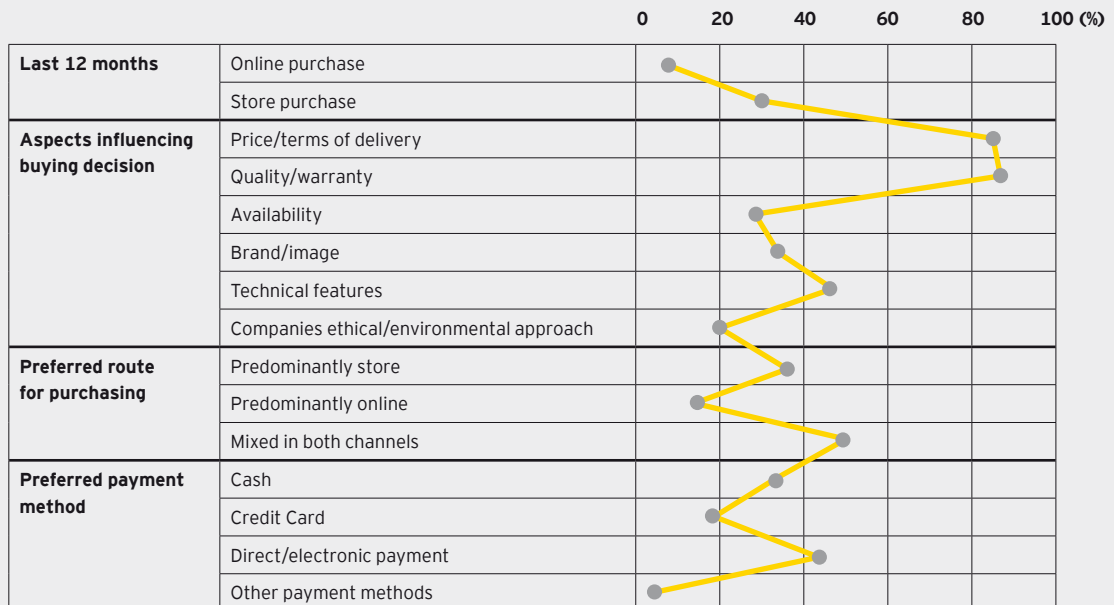
Result profiles

Cars



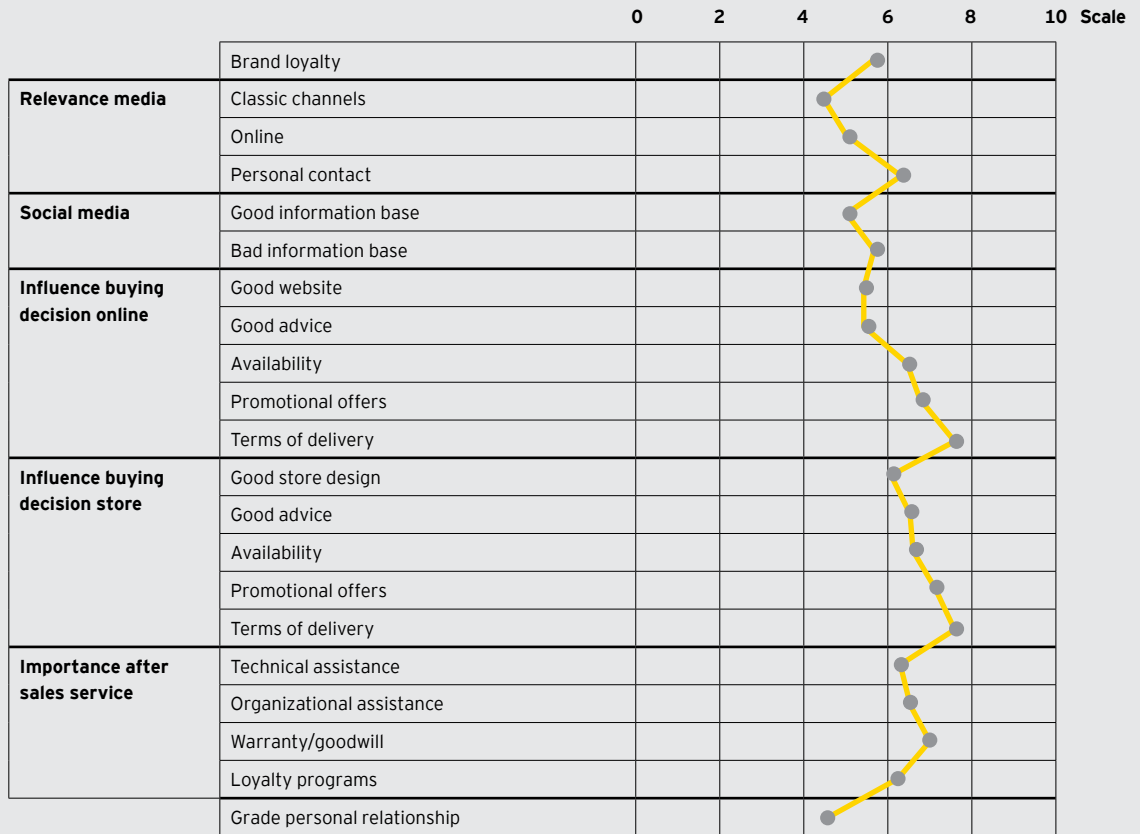
1 - lowest possible score

10 - highest possible score



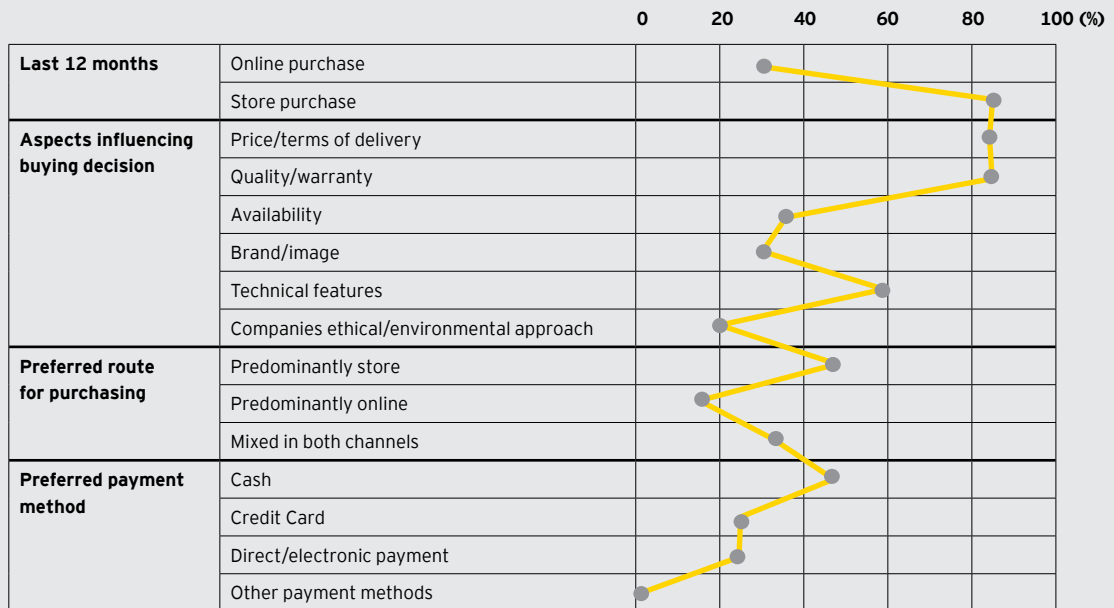
Result profiles

Clothes



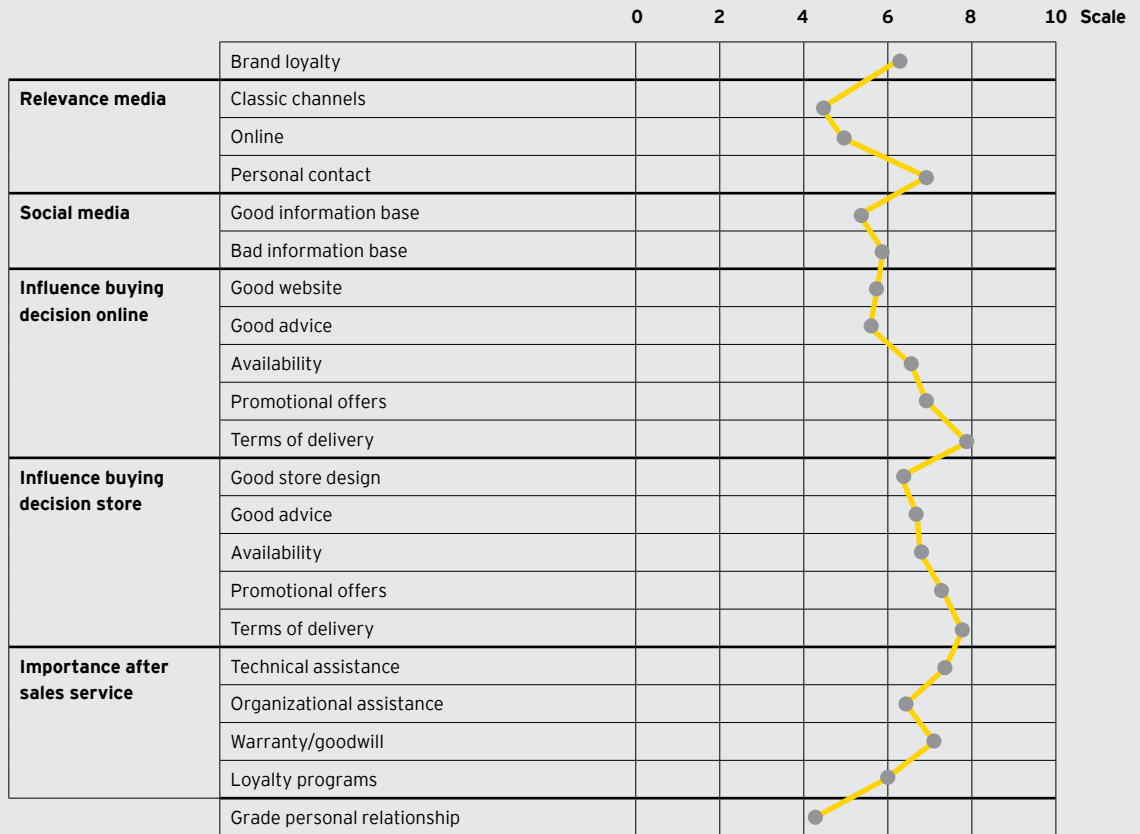
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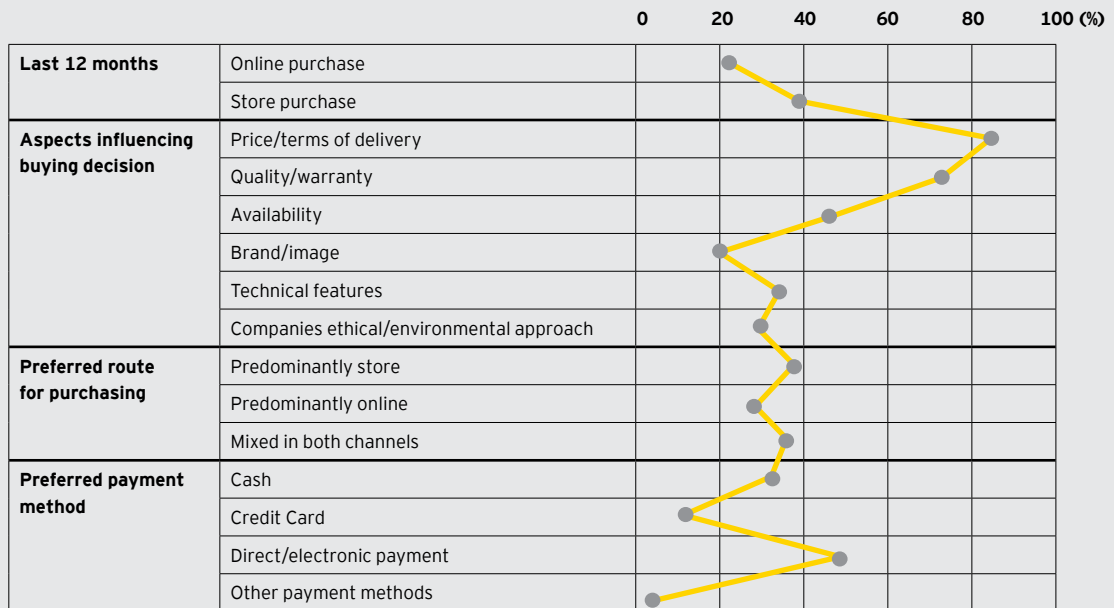


Result profiles

Commodities

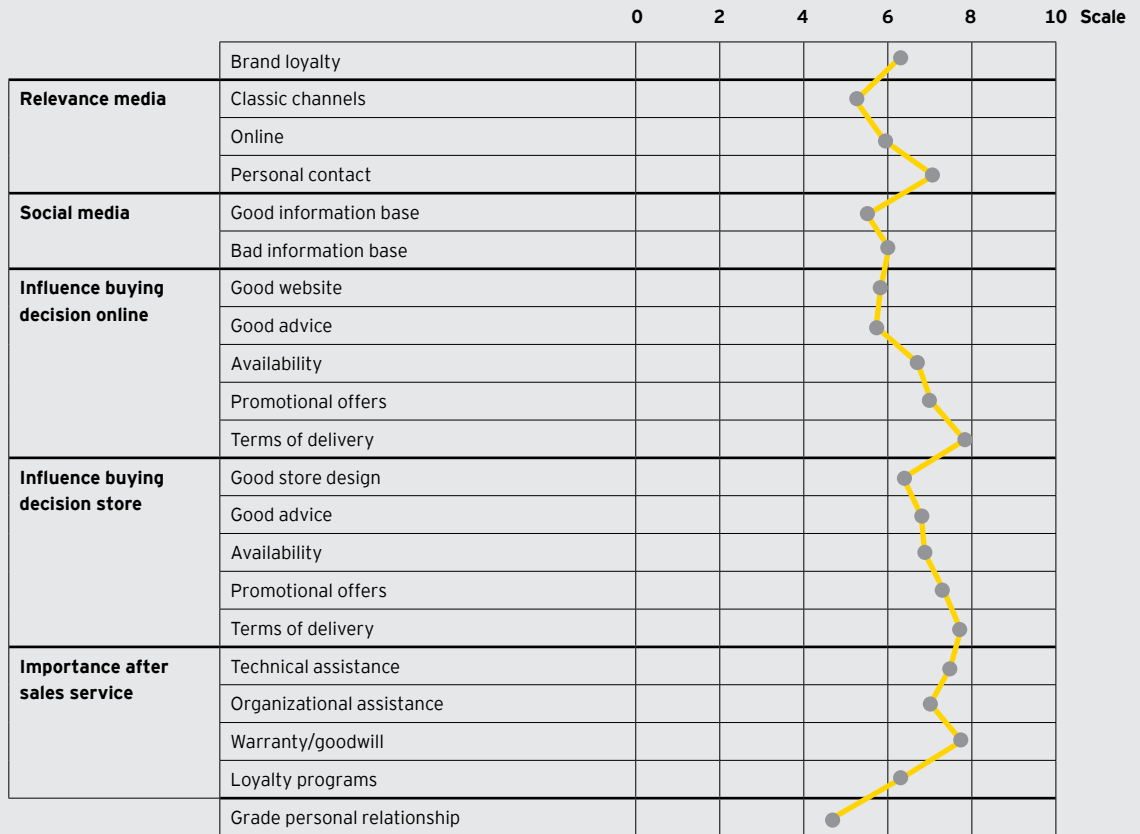


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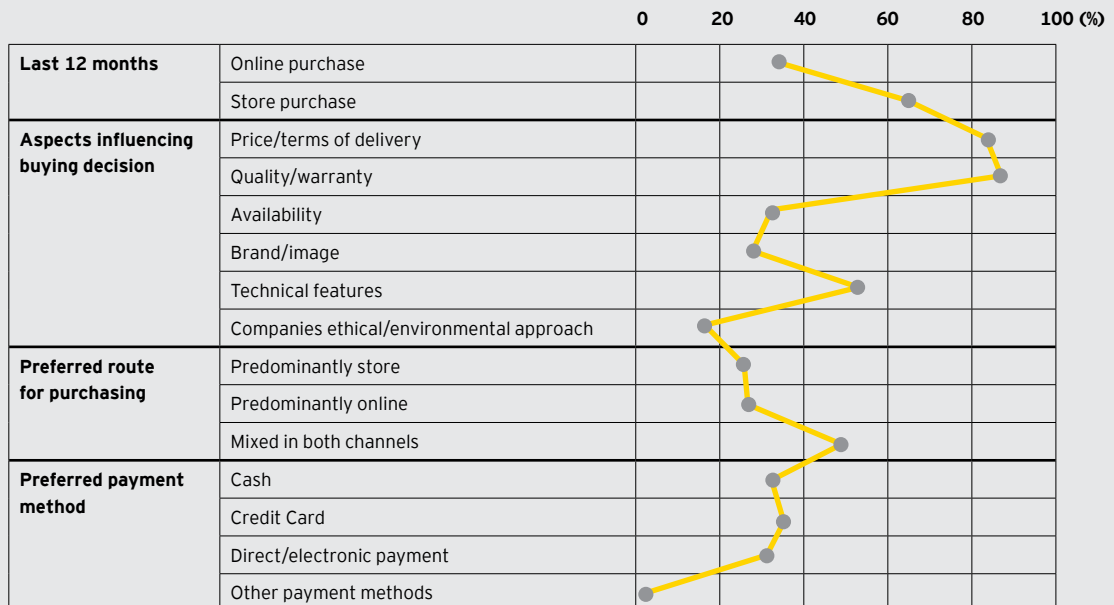
Result profiles

Consumer electronics



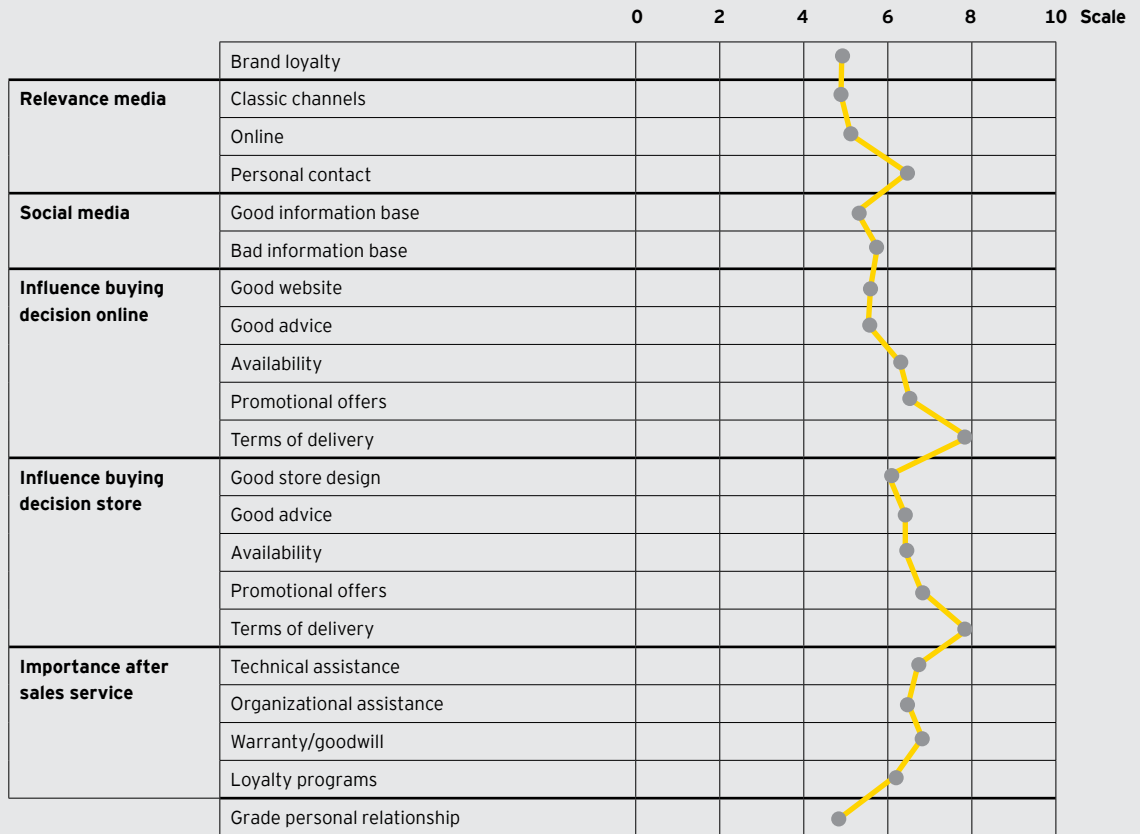
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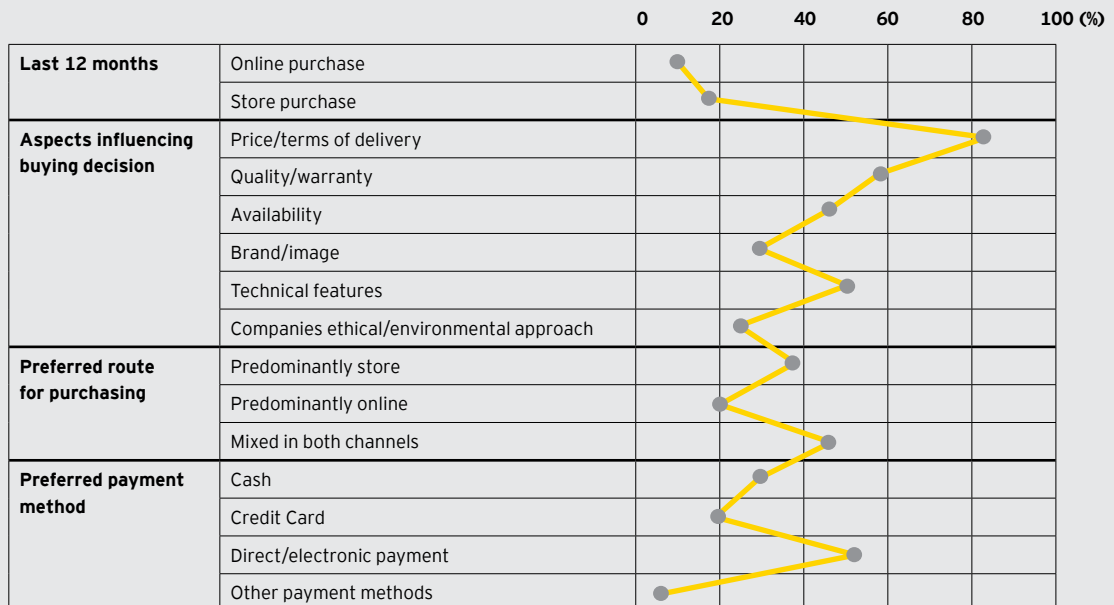


Result profiles

Consumer loan

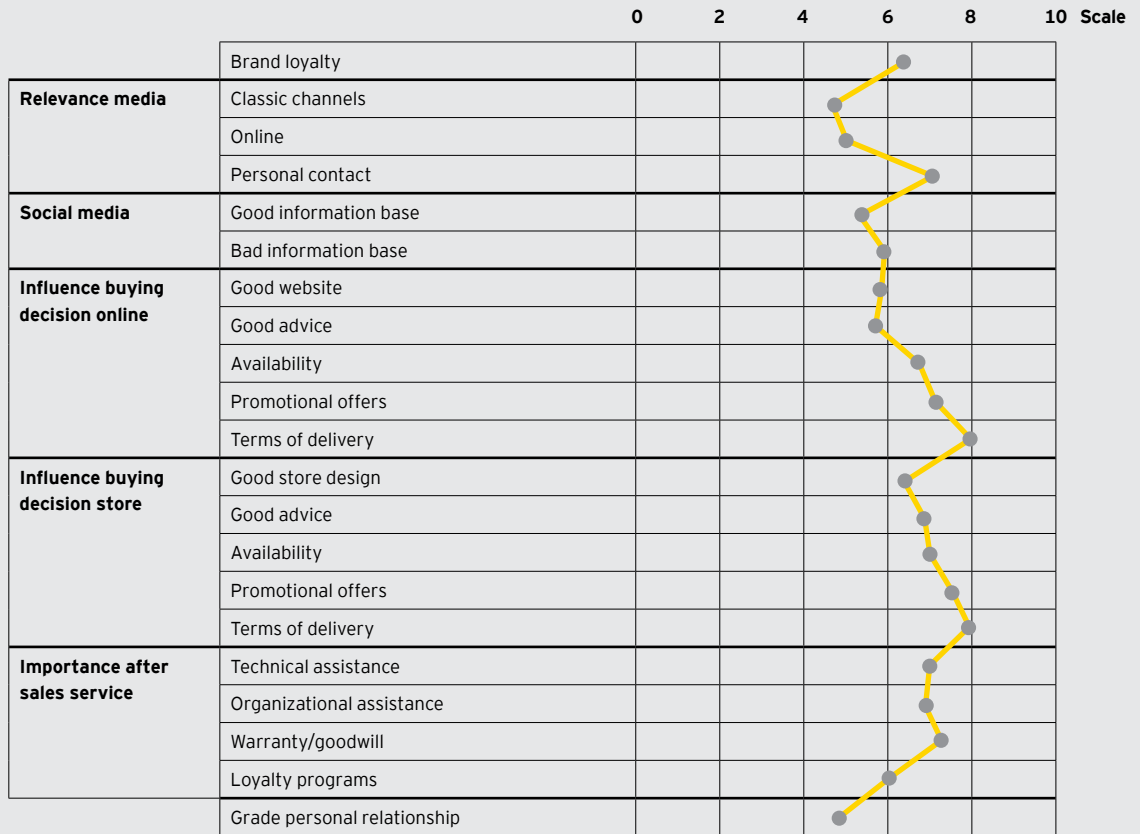


1 - lowest possible score
10 - highest possible score



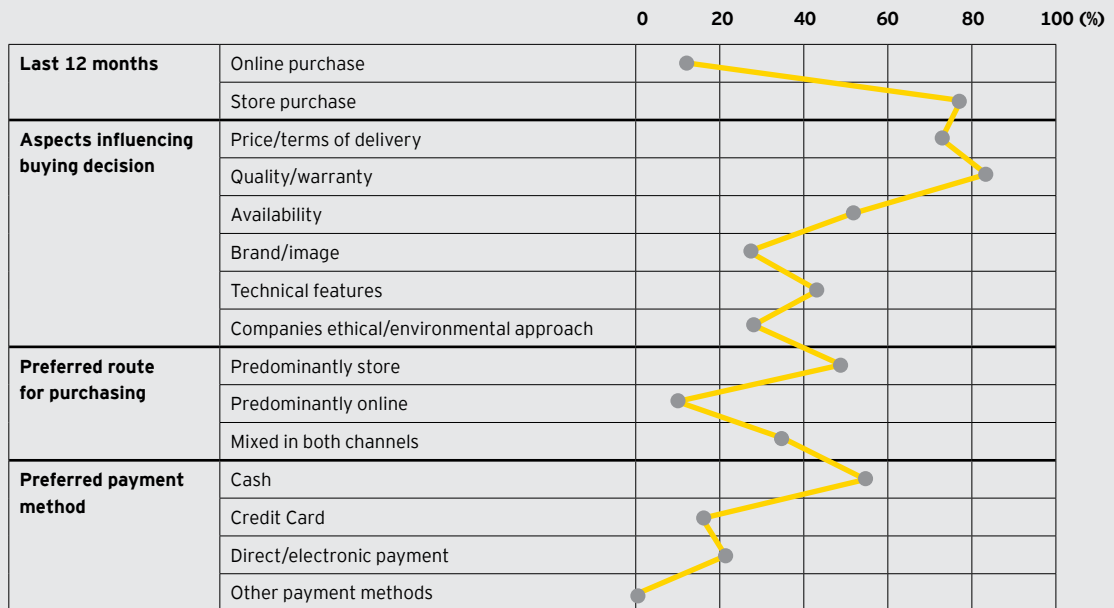
Result profiles

Drugs/medical supply



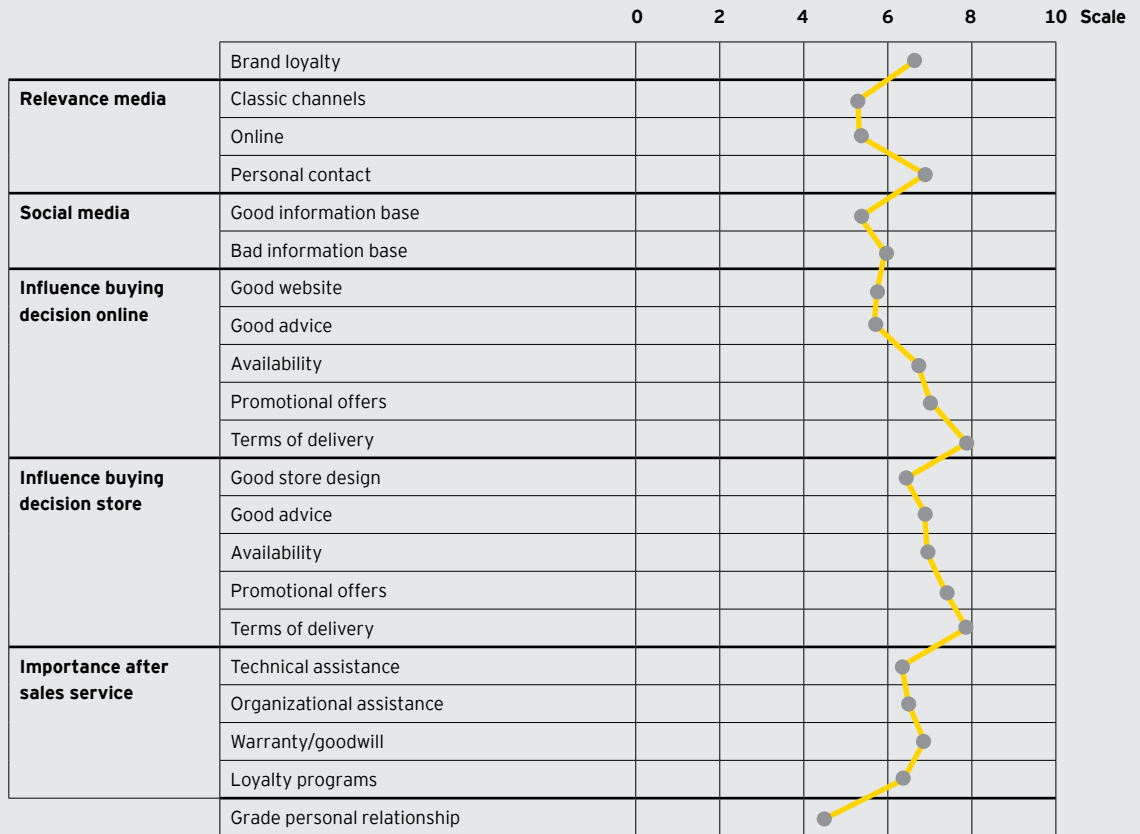
1 - lowest possible score

10 - highest possible score

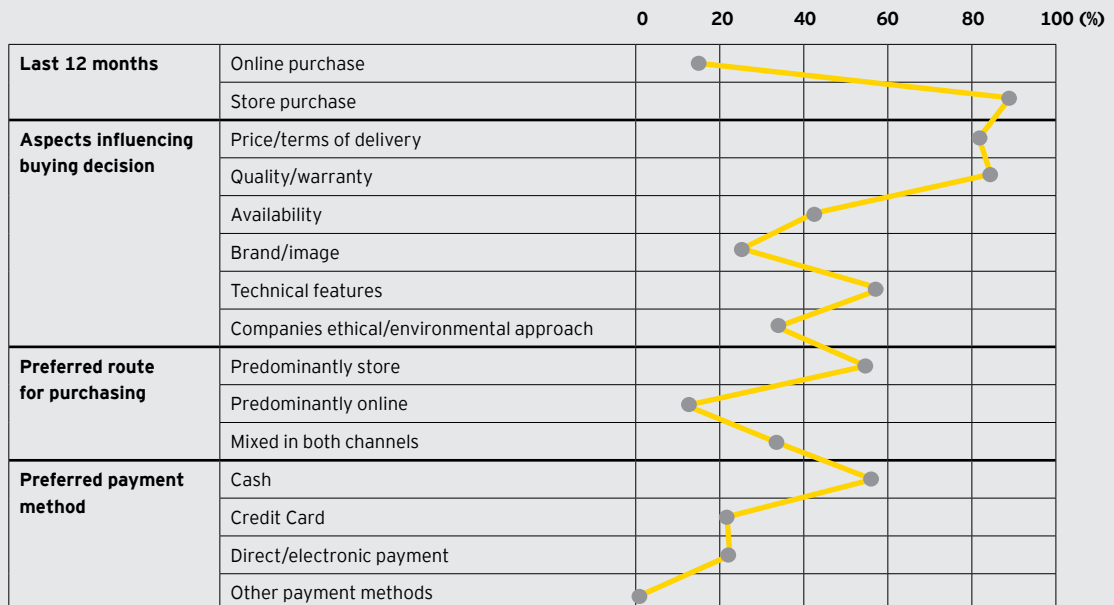


Result profiles

Food & beverages

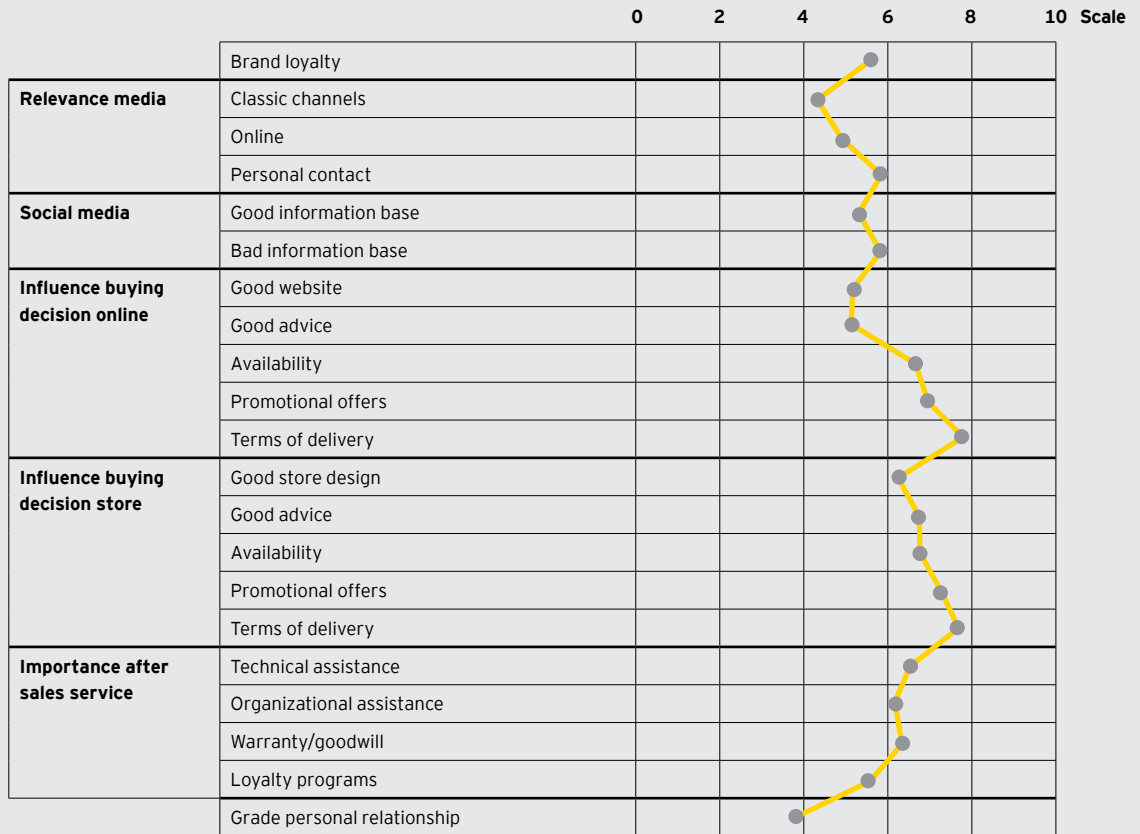


1 - lowest possible score
10 - highest possible score



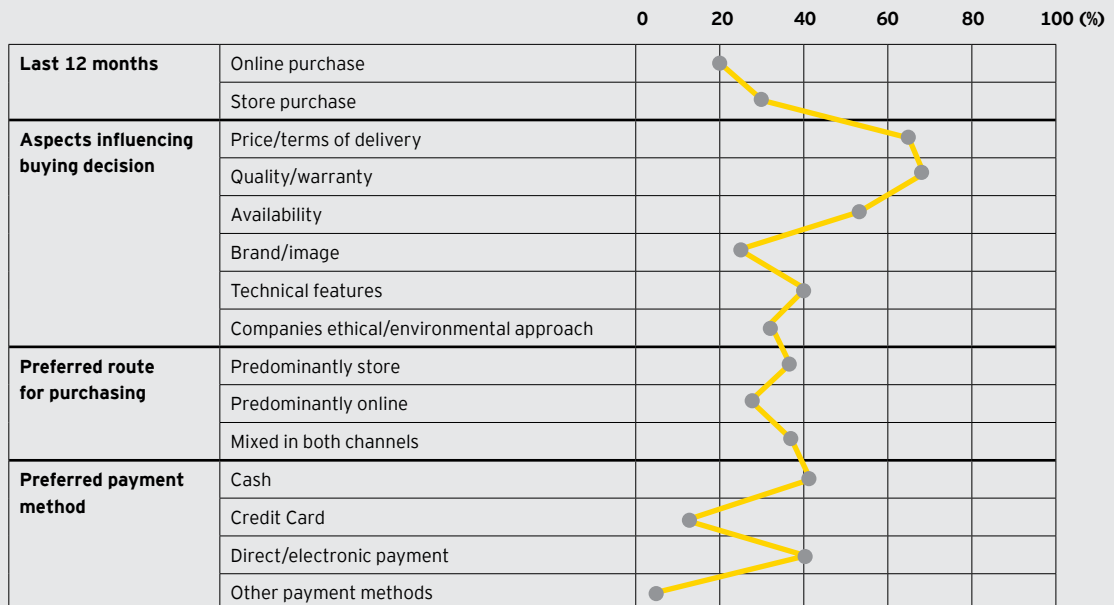
Result profiles

Governmental authorities



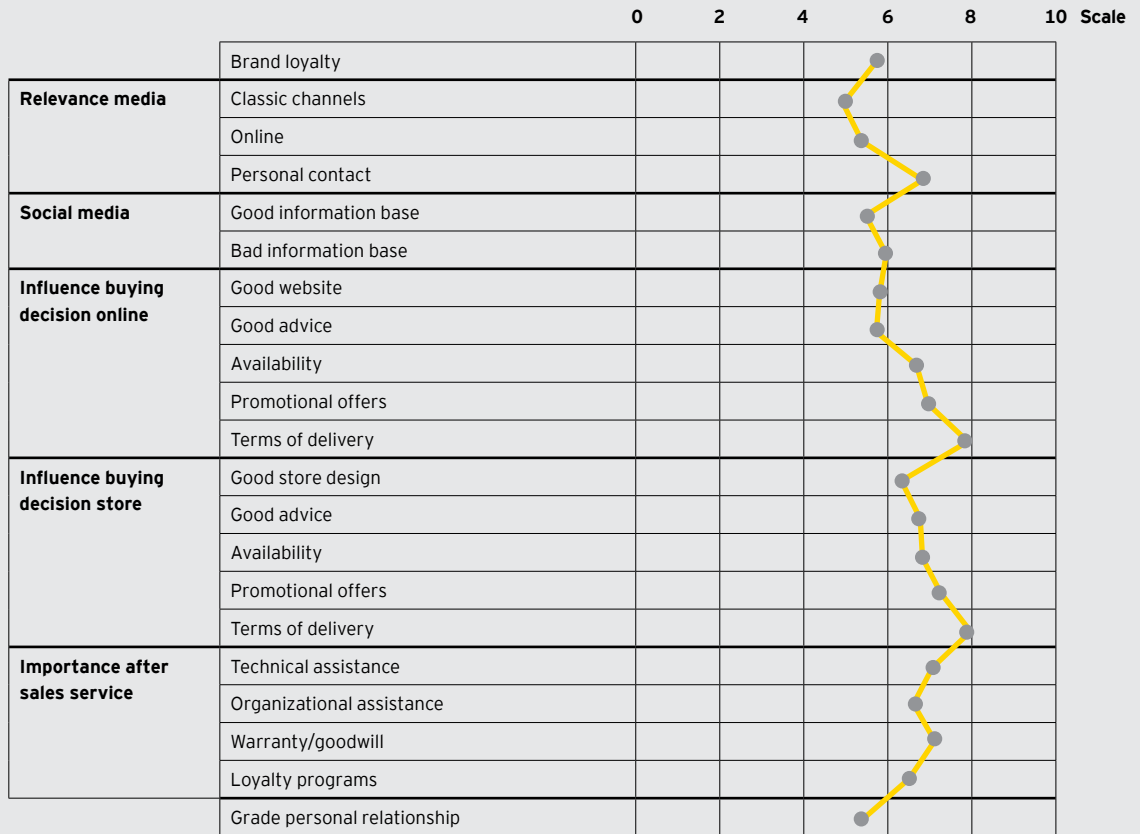
1 - lowest possible score

10 - highest possible score



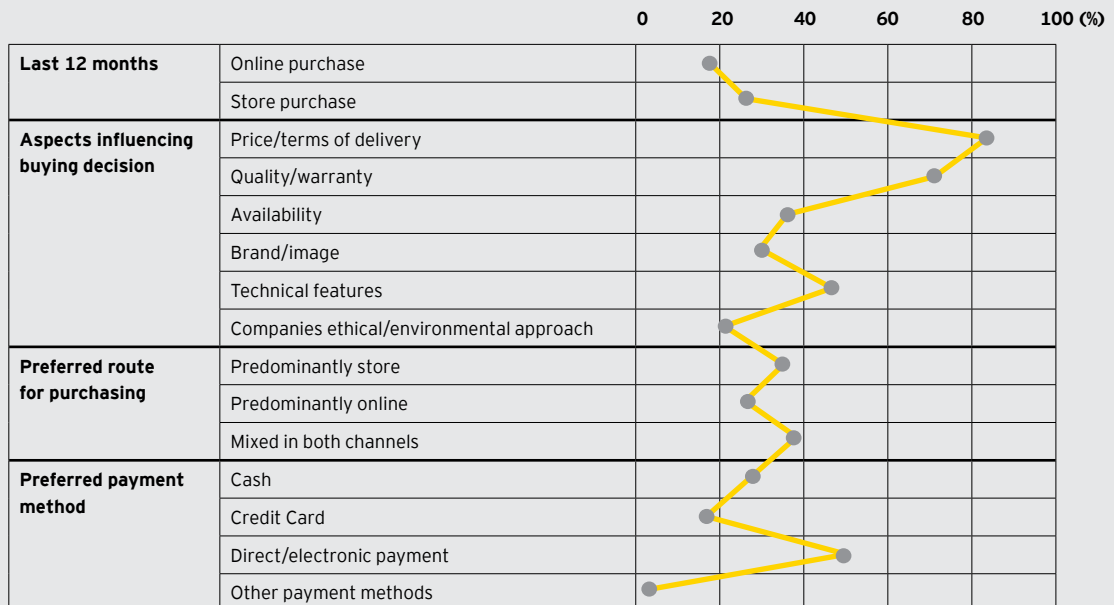
Result profiles

Household insurances



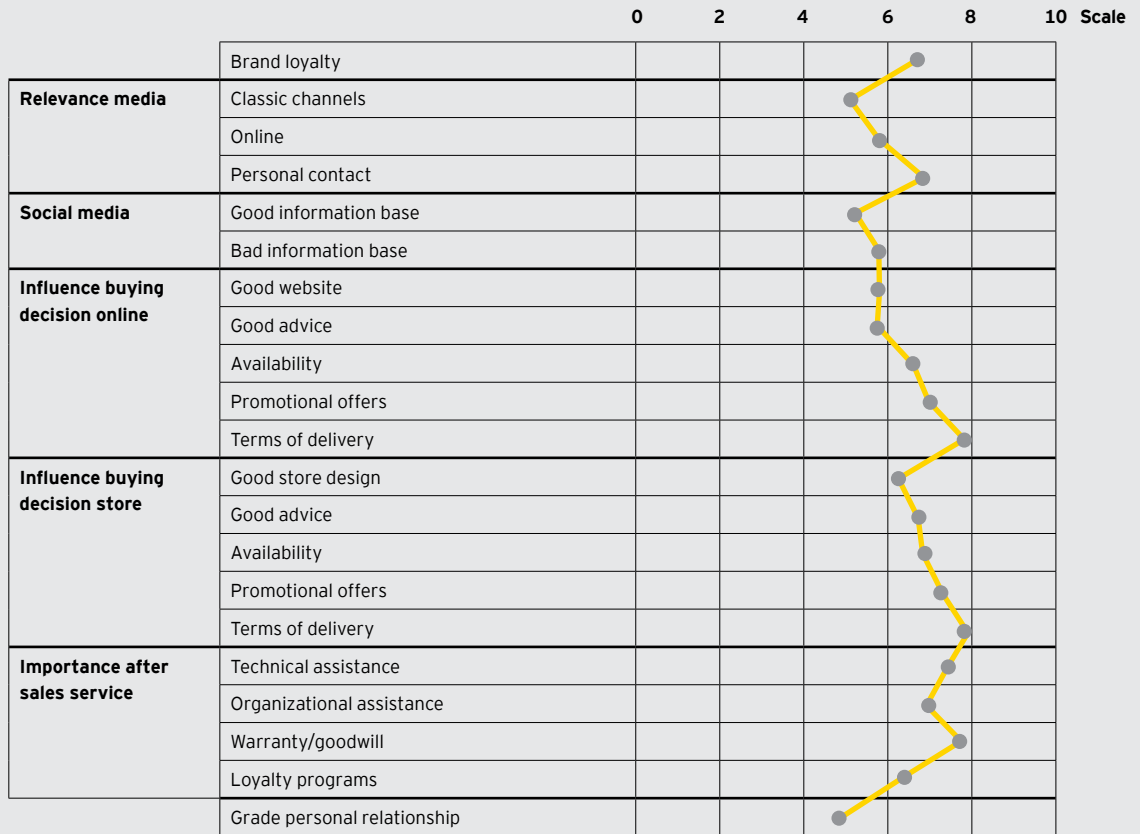
1 - lowest possible score

10 - highest possible score



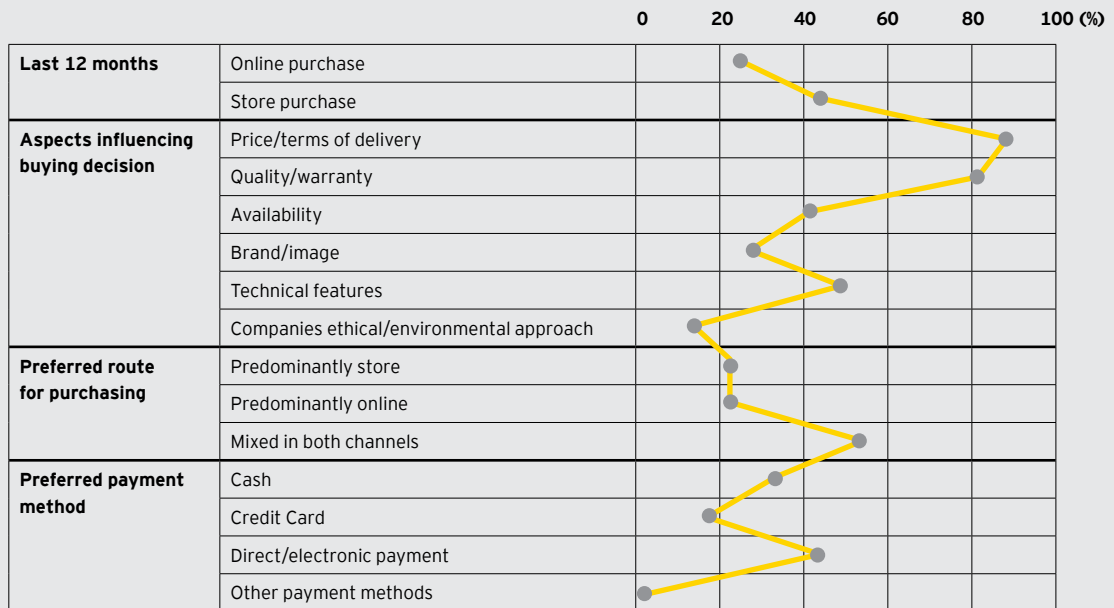
Result profiles

Telephone/mobile contract



1 - lowest possible score

10 - highest possible score







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