qualtrics^{XM}

Global Consumer Trends

2023

2023 – the year businesses rediscover the human connection

For the last three years, the focus for many companies has been on accelerating digital transformation. They had to — their very survival depended on it. And some of the moves they made set a new bar for customer experience that will hold for decades to come.

But in the rush to digitize everything, and drive operational efficiency, many companies left their humanity behind. And now, they're paying the price as consumers demand deeper, more human connections with the companies they buy from.

2023 is the year to re-balance the scales and bring the best of digital together with a renewed effort to connect, on a human level, with customers. Because when consumers are being forced to make tough decisions about where they spend their money, it's the ones they have the greatest connection with that will win their loyalty, attract new customers, and continue to grow.

We spoke to more than 33,000 consumers in 29 countries around the world to find out what businesses need to do to win their loyalty. The answer? Act more human.

In this report, we'll explore where businesses have improved over the last 12 months, where they still have a way to go, and set out a roadmap for how you can rediscover a connection with your customers at every touchpoint, both in-person and online.

Meet the experts

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How do you win on customer experience in 2023?

Looking at the data for 2023, there are three key areas to focus on as you look to keep your customers happy, and keep them loyal in what's set to be a challenging economic environment.

01 Find the human connection to win hearts, minds, and loyalty

Our research shows a genuine, human connection has more impact on customer spend and loyalty than operational efficiency. In the contact center, for example, helpful, empathetic agents are about twice as likely to make customers happy than shorter wait times.

02 Get closer to customers to differentiate and win in a down market

History has shown that in tough times, innovation pays off. The companies that win over the next 12 months will be those who innovate based on a deep understanding of customers' ever-changing needs, rather than simply batten down the hatches and wait for the storm to pass.

03 Understand how people really feel through more genuine, human listening

People want companies to listen more — and that doesn't mean just sending more surveys. They want companies to *really* listen, and that means tapping into omnichannel listening and new tools like video feedback, to get a better understanding of how people feel, so you can respond in the right ways.

Find the human connection to win hearts, minds, and loyalty

Happy customers = business growth

Before we get into the data, it's worth making the business case for happy customers. Seems obvious, doesn't it?

Satisfied customers spend more. They come back more often. And they don't come knocking at your door when you've disappointed them.

In fact, customers that rate an experience 5/5 stars are more than twice as likely to purchase from that company than those who rated it 1 or 2 stars.

So, happy customers means more revenue per transaction. More transactions per customer. And lower cost to serve in critical areas like your contact center.

Bad digital experiences result in an 8% loss in revenue [1]

[1] *XM Institute, Digital Experience Metrics (2022)*

Happy customers spend more

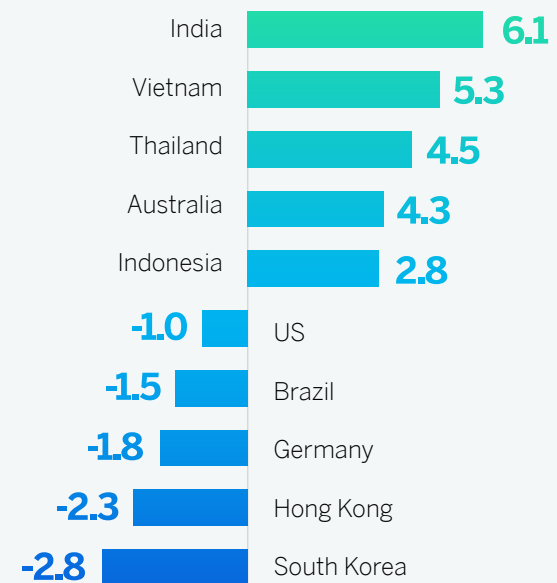Satisfied consumers

80%

Dissatisfied consumers

35%

Globally, our data for 2023 shows that satisfaction remains relatively flat. There's a similar pattern for other outcomes we tracked too, including trust and likelihood to recommend. Only consumers 'likelihood to purchase more' increased in the past 12 months, but by only +2 percentage points, it remains a relatively small improvement.

However, break it down by country and we see a real split with consumers in countries like the US, Brazil, South Korea, and Germany all reporting a drop in satisfaction in 2022, while consumers in India, Vietnam, Thailand, Australia, and Indonesia all reporting an increase in satisfaction.

Year-over-year changes to satisfaction

By percentage points

Country	Change
India	6.1
Vietnam	5.3
Thailand	4.5
Australia	4.3
Indonesia	2.8
US	-1.0
Brazil	-1.5
Germany	-1.8
Hong Kong	-2.3
South Korea	-2.8

Find the human connection to win hearts, minds, and loyalty

One touchpoint on the customer journey that serves as a perfect analogy for the connection between your business and your customers is your contact center. It's where the most direct, two-way conversations happen with your customers — and often it's when their emotions are heightened like when they're trying to resolve an issue with a product or service.

So what does our data tell us about customers in that moment?

Well, it turns out that celebrating operational 'wins' like cutting wait times isn't the be-all and end-all. In fact, when we looked further at consumers' contact center experiences, we found that empathetic agents are about twice as likely to make customers happy as short wait times.

What makes customers happy in the contact center?

6.2x
Helpful agents

5.2x
Agent empathy

2.7x
Low wait times

Extend that out to other touchpoints where your people and your customers meet, say frontline staff in a retail store for example, and you can expect the same result. The individuals dealing with your customers day in, day out have a real opportunity to foster a human connection that pays dividends in customer spend and loyalty.

Find the balance between human and digital

Our data shows that human connection trumps operational metrics when it comes to driving satisfaction (which can lead to more spend and increased loyalty). And for many businesses the rush to ruthless operational efficiency has left the door open to customer churn.
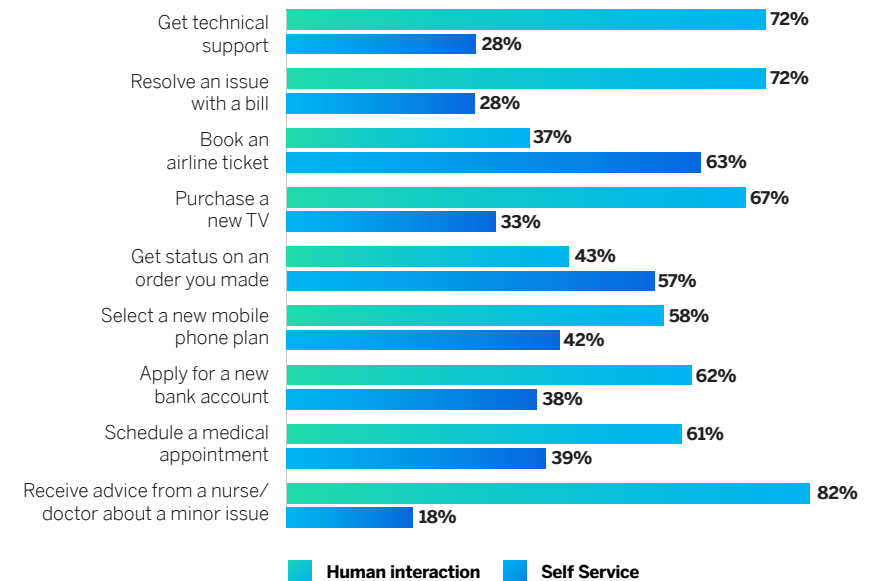
But it's not a case of throwing out your tech and going back to doing everything face-to-face — in fact, there are so many things your customers would prefer to do with no human interaction at all.

Instead, you need to be able to respond to the individual customer — which channels do they prefer to use? And for which tasks?

Equipping your organization with the tools to be able to understand each customer's intent, their channel preference, and then seamlessly route them down the right journey is essential in being able to meet their needs.

Balancing in-person and digital experiences

Our data on channel preferences shows that consumers want to interact in different ways depending on the complexity of the task at hand.

Task	Human interaction	Self Service
Get technical support	72%	28%
Resolve an issue with a bill	72%	28%
Book an airline ticket	37%	63%
Purchase a new TV	67%	33%
Get status on an order you made	43%	57%
Select a new mobile phone plan	58%	42%
Apply for a new bank account	62%	38%
Schedule a medical appointment	61%	39%
Receive advice from a nurse/doctor about a minor issue	82%	18%

■ Human interaction   ■ Self Service

It's not just about completing tasks, either. Often, the first exposure a potential customer will have to your company is in digital as they learn more about you, your products and services, and in many cases go all the way through to purchase.

And while most in-person interactions are actively sought out by customers (e.g. I need to get support, or I need to check on an order) and present an opportunity to drive loyalty, there is considerable upside to exceeding their expectations when they don't seek you out.

For example, cross-selling or upselling through personalized offers as they browse your website, or targeting them with new products and campaigns through their social media feeds.

So when there's no human interaction at all, you need to find ways to make the experience feel more human.

Customers don't expect different levels of service as they switch between channels — in fact, it's been shown that customer emotion has more impact on customer loyalty than other perception metrics like customer effort and task completion when it comes to the digital experience.[2]

[2] *XM Institute, "ROI of Customer Experience, 2022" (2022)*

7 essentials for more human digital interactions

In any person-to-person interaction there are 7 key elements that make them human.[3] Those same elements can be applied to your digital experiences to make them more human.

01 **Intent Decoding:** Anticipate each customer's intent

02 **Contextual Framing:** Personalize the experience based on your understanding of them, their needs, and their intent

03 **Empathetic Agility:** Understand customers' emotions as they go through the customer journey and adapt accordingly

04 **Supportive Feedback:** Let customers know they're on the right track to achieve their goal

05 **Basic Manners:** Follow societal norms and basic design principles

06 **Self Awareness:** Design digital experiences that are an authentic representation of your brand

07 **Emotional Reflection:** Apply your digital learnings to future interactions

Get the guide to humanizing your digital experience

DOWNLOAD NOW

[3] *From "The Human Conversational Model" developed by the XM Institute. XM Institute, "Humanizing Digital Interactions" (2017)*

Get closer to customers to differentiate and win in a down market

Get closer to customers to differentiate and win in a down market

There's no escaping the fact that 2023 is going to be difficult. Inflation, the rising cost of living, geo-political turmoil, and many of the world's most developed economies expected to be in recession by the first quarter, are all putting the squeeze on both consumers and businesses.

But here's the thing — long-term market share is won in a down market.

Research from the XM Institute showed the gap in stock prices between 'CX leaders' and 'CX laggards' grew from 24 percentage points in 2019 to 66 percentage points by the end of 2021, as leaders far outperformed the market during the COVID crisis.[4]

Take a look at the recession in '08 and '09, too. At the peak of that crisis, Netflix shares were up 68%, and its subscriber base had rocketed from 7.5M before the crisis, to almost 12M. Amazon meanwhile, saw its profits jump 68% between '08 and '09.

[4] *XM Institute, , Experience Management Leaders' Stock Price Outperformed Peers Through COVID (2022)*

In times of economic uncertainty, share of wallet tends to concentrate amongst trusted brands as consumers become more cautious. Businesses have a real opportunity to win – and increasing market share can become a possibility by becoming one of those trusted brands that understands their needs. As consumer spending is squeezed, ensuring that consumers choose you also means you'll take market share away from your competitors."

Léonie Brown
XM Product Scientist, Qualtrics

There are gains to be made. And they're made on the back of innovation.

As costs rise and consumer finances come under pressure, we're all forced to make trade-offs. And it's rarely a case of ditching the expensive stuff, while keeping the cheap stuff.

It forces people to think hard about why they spend their money with the companies they do, and it makes them more susceptible to switching than at any other time.
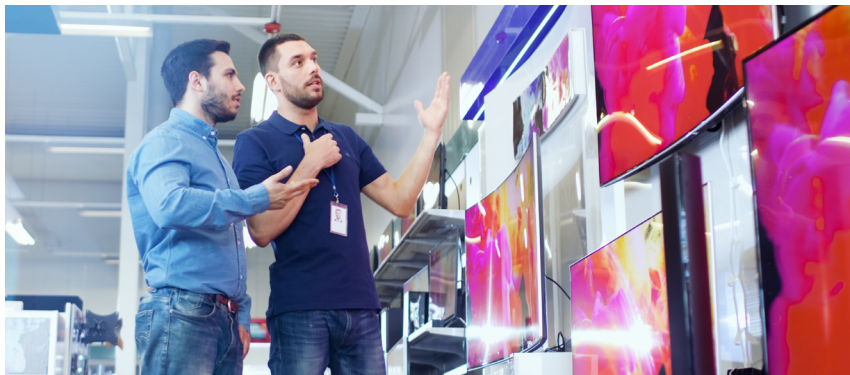
So it comes down to two things:

+ **Close experience gaps, quickly:** People are more open than ever to switching brands when the purse strings are tightened, so their tolerance for bad experiences is reduced. When all it takes is a single ad showing up in their newsfeed to get them to churn, you need to make sure they have no reason to leave.

+ **Get closer to customers:** As economic reality bites, consumer needs change. And you need to be able to keep up with them to understand what they value most, and what they need next. Remember, too, that each customer will have their own unique needs, so being able to adapt and personalize the experience is essential.

Hunt out experience gaps or risk customers quiet quitting

If customers' tolerance for bad experiences is at an all-time low, then our data on customer service experiences could be grim reading for some.

Some 36% of consumers said they were not satisfied with the levels of customer service they'd received, while more than half reported that when they'd raised a customer service issue, it went unresolved.

Now is not the time to let experience gaps go unresolved.

We know that 80% of customers say they'll switch brands as a result of bad customer experience (and 43% will churn after just a single negative interaction).[5] We also know that, with pressure on discretionary spend over the next 12 months, customers are more open to switching brands than ever.

Now that's quite the melting pot.

[5] *Qualtrics and ServiceNow research (2021)*

36%

Are not satisfied with their customer service experience

55%

Of customer service issues go unsolved
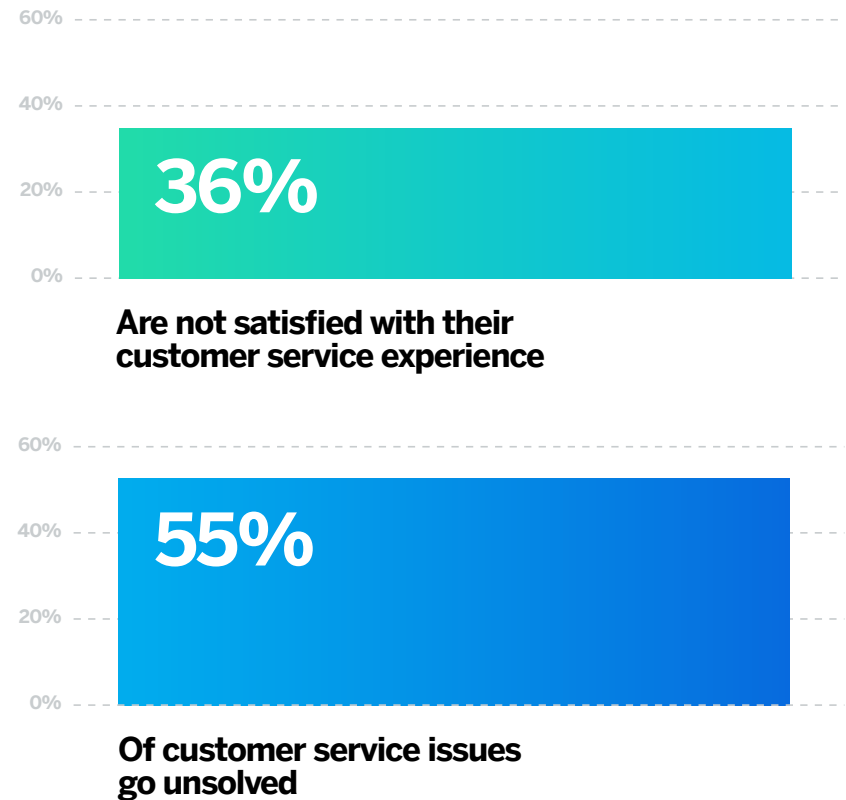
Getting ahead of bad experiences, and spotting potential issues before they result in churn is essential. After all, digital transformation has not only made it easier for consumers to engage with and buy from companies — it's also made it far easier to churn.

Many of your customers are just a tap, click, or swipe away from churning, giving you no warning that they're about to take their business elsewhere.

38% of consumers switched brands during the last recession in 2008/09 [6]

So if you thought quiet quitting was just something keeping HR leaders awake, think again — customers are quiet quitting because of poor experiences and there's a good chance that the first you'll hear of it is when it shows up in your sales figures.

[6] *Qualtrics original research, 'Predicting the unpredictable' (2020)*

Look for the leading indicators to tackle churn

The answer to customers quiet quitting? Tune in to what they're saying at every stage in their journey and look for the leading indicators of churn.

Sure, customers might not hold up the red flag and say 'hey, I'm about to switch to your competitor,' but you can bet they'll give feedback, get in touch about their problem, or post a comment on their social media or on a review site.

When you tune in to everything, from their very first interaction with you to every post-purchase call, comment, like, or mention, you'll know exactly where the friction is.

Listen, understand, and act to differentiate

Listening to your customers pays off. But it's not simply a case of being reactive and responding when things go wrong — it's about looking ahead and anticipating what they need next.

That's where differentiation comes from, and there's no better time to find it than in a down market when consumers are actively looking for something new.

Looking at our data for 2023, we can see that those companies that rate highest for listening to customer feedback outperform those who don't when it comes to both satisfaction and intent to purchase more.

63% of consumers say companies need to do a better job of listening to feedback

Now let's think about the context around those top-performing industries for a second: online retail, department stores, and supermarkets.

Throughout the pandemic, these are businesses that have needed to be incredibly agile in putting customer needs first as COVID rules constantly changed – whether that was to match ever-shifting interactional styles, or to meet hill-and-valley patterns in demand.

Demonstrably, they're the industries that have passed muster when it comes to listening to their customers. And, rightly, that ability to listen and understand has helped them build longer-lasting connections.

Across all industries, though? It's a pretty different story. Almost two in three consumers (63%) want companies to be better at listening to feedback – so there's some serious work to be done.

Listening = happy customers + better business

	Listening to customer feedback	Overall customer satisfaction	Likely to purchase more
01	**Supermarket**	Streaming	**Supermarket**
02	Department Store	Hotel	**Online Retailer**
03	**Online Retailer**	**Online Retailer**	Electronics maker
04	Streaming	Parcel Delivery	Department Store
05	Parcel Delivery	**Supermarket**	Airline

And listening isn't just about asking them what they think. After all, when people give feedback, they do it with the expectation that you'll do something about it.

So however you're listening to customers, make sure you're backing it up with the tools and processes to act on that feedback. Because without action, your customers are just shouting into the void — and we know where that ends up.

"

In a world where customers and employees alike have expectations for real-time issue resolution, businesses cannot afford the luxury of doing ad-hoc data management. Now more than ever organizations need to be savvy with where and how they automate the process by which they attribute, synthesize, and most importantly socialize insights with stakeholders who are positioned to effect change. In today's world, data latency can leave zombie organizations in the rearview mirror; empathy without action is just lip service."

Terry Anderson
XM Product Scientist, Qualtrics

Understand how people really feel through more genuine, human listening

Understand how people really feel through more genuine, human listening

Empathy. We've talked a lot about it as we've crunched the numbers on the 2023 consumer trends data — but what does it mean?

It's about responding in the right way given the context of a situation.

Context is everything to the customer experience. How you respond to a customer who's calling for the fourth time about the same billing issue will be different to how you respond to a first time customer who wants a status update on their order, for example.

The ability to add context and respond with empathy is what makes human interactions so powerful. Harness that, both in digital and in-person experiences, and you'll be rewarded.

36% of consumers are unhappy with the empathy shown in their customer service interactions

"

In addition to the strong connection between customer satisfaction and loyalty, our research also highlights the importance of empathy and variations in channel preferences by activity. Successful organizations understand what's most important to their customers for the most business-critical activities. They intentionally invest in and deliver experiences in a way that meets — or beats — both customer expectations and business objectives.

Moira Dorsey
Principal XM Catalyst, Qualtrics XM Institute

But here's the catch — you can only act with empathy if you have understanding.

A deep understanding of each and every customer is the fuel that powers everything from acting with empathy, to personalizing their experiences, and designing new, disruptive experiences.

Yet many companies are flying blind because they rely on single, point-in-time surveys that give them just a snapshot of what's happening.

Truly understanding your customers, and therefore giving yourself the right context to be able to act with empathy, requires widening the aperture on how you gather feedback.

In 2023, there are two areas you need to focus on as you build your understanding of your customers:

01 **Unstructured data:** The vast majority of data available to companies today is unstructured. Whether it's social media posts, call transcripts from your contact center, online reviews, forums, or chats, it's where the vast majority of consumers talk about the companies they buy from. Bringing these unstructured data sources into your CX program is essential to truly see the full picture and understand what they really need.

02 **Video feedback:** Today's consumers have grown up with video. Whether it's video chats with friends, or posting to social media, it is now the primary communication channel for the vast majority of consumers. The insights you can gather from video have the potential to be far more detailed, and accurate, than a survey, too.

Unstructured data: tune in to conversational feedback

Surveying your customers is just the start of listening, and only scratches the surface of truly understanding your customers.

Think about where you talk about companies, or your experiences with them.

Occasionally, you'll do that through solicited feedback, such as when a company emails you, or serves a pop-up on their website. But more often than not, you're doing it when it's unsolicited.

Social media posts, forums, review websites, online chat — all the places where you're offering up your unsolicited, unfiltered views about a product, service, or company — are the primary channels for giving feedback.
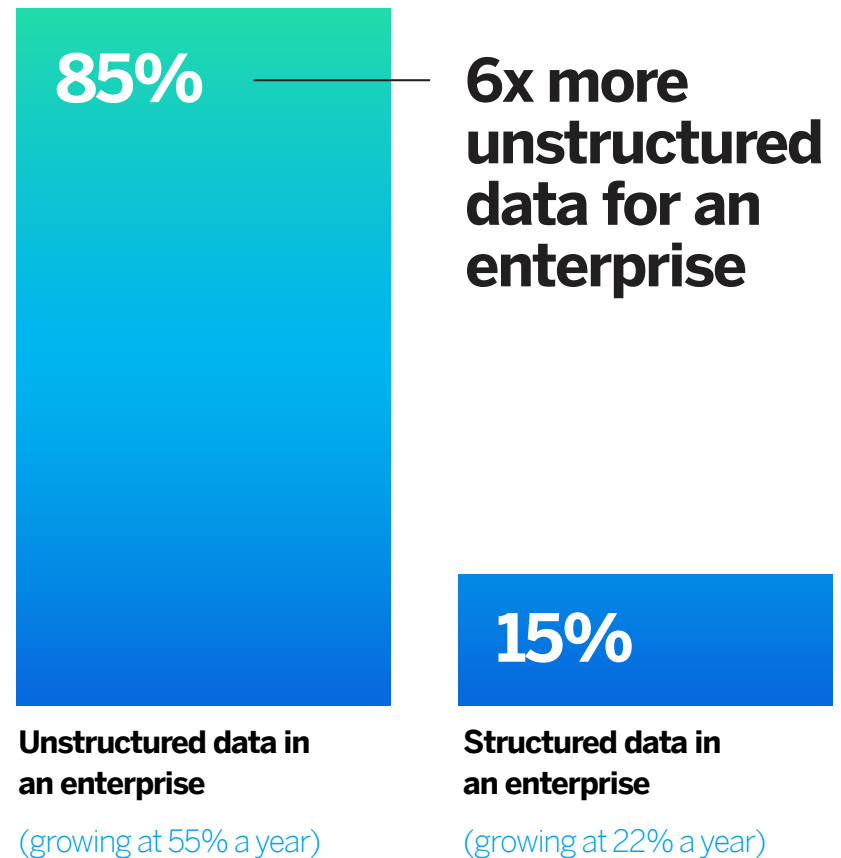
85%

6x more unstructured data for an enterprise

15%

Unstructured data in an enterprise

(growing at 55% a year)

Structured data in an enterprise

(growing at 22% a year)
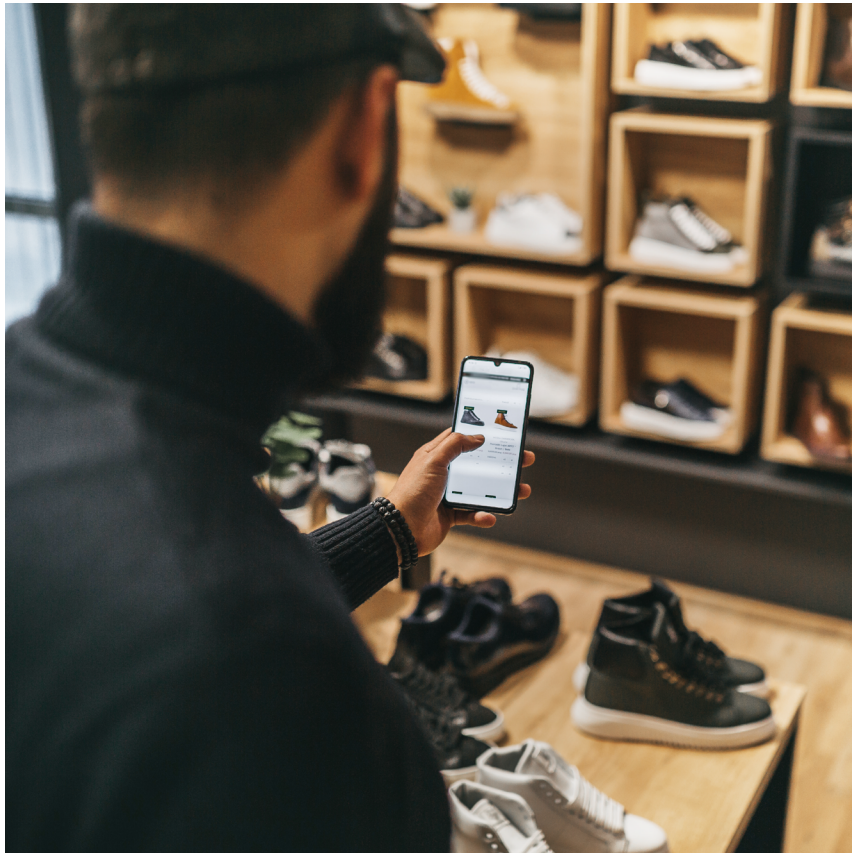
These are the places your customers describe their experiences in their own words, painting a much richer picture of how they feel than any multiple choice question can provide.

Yet, companies aren't tuning into it like they should be.

With conversational analytics and natural language processing, the technology to analyze mountains of unstructured data has matured to the point where it is now as easy as a standard-issue customer feedback survey – giving us the gold standard of both solicited and unsolicted feedback.

Bringing all your data — both structured and unstructured — into your customer experience (CX) program should be priority number one in 2023 because without it, you're not tuned in to the vast majority of customer data.

Integrate video feedback into your CX program

We can all agree that unstructured data is a rocket booster for your CX program — so why not integrate it into your solicited feedback channels?

New feedback channels like video feedback enable you to bring together the benefits of solicited feedback with the unrivalled insights you get from unstructured data.

For your customers, it's the most natural way for them to communicate, mimicking the way they message friends and family, and for many the way they predominantly work, too.

And for your business, it's the route to deeper insights that really get to the heart of what your customers need.

It all comes down to the power of human language.

Think about it — if you stood outside a fast food restaurant and asked 20 people about their experience, every single answer would be different. They would describe the experience in their own unique ways, giving you far more detail, color, and context than a traditional survey.

Again, thanks to the technology companies have available to them today through artificial intelligence (AI) and natural language processing, those conversations are now as easily analyzed as any structured data set.

So you give customers an opportunity to engage and start a conversation with you in a way that feels natural to them, and in return you get richer, more meaningful insights by hearing their stories in their own words. How's that for a win-win?

As you move your CX program forward in the next 12 months, look for opportunities to integrate video feedback, whether it's as part of your existing customer surveys, or by offering new opportunities on digital platforms for consumers to quickly and easily record video feedback in the moment.

The end result will be a deeper understanding of what they need, and a more solid platform to act with empathy as you look to build deeper, stronger connections with customers moving forward.

Appendix

Country Data

Consumers who believe companies need to do a better job of listening to their feedback by country

Country	%
Argentina	62%
Australia	48%
Belgium	52%
Brazil	70%
Canada	43%
China	85%
Colombia	65%
France	67%
Germany	43%
Hong Kong	70%
India	85%
Indonesia	83%
Italy	64%
Japan	34%
Malaysia	72%

Country	%
Mexico	71%
Netherlands	39%
New Zealand	40%
Philippines	76%
Singapore	64%
South Africa	61%
South Korea	61%
Spain	63%
Taiwan	68%
Thailand	83%
United Arab Emirates	74%
UK	38%
US	41%
Vietnam	80%
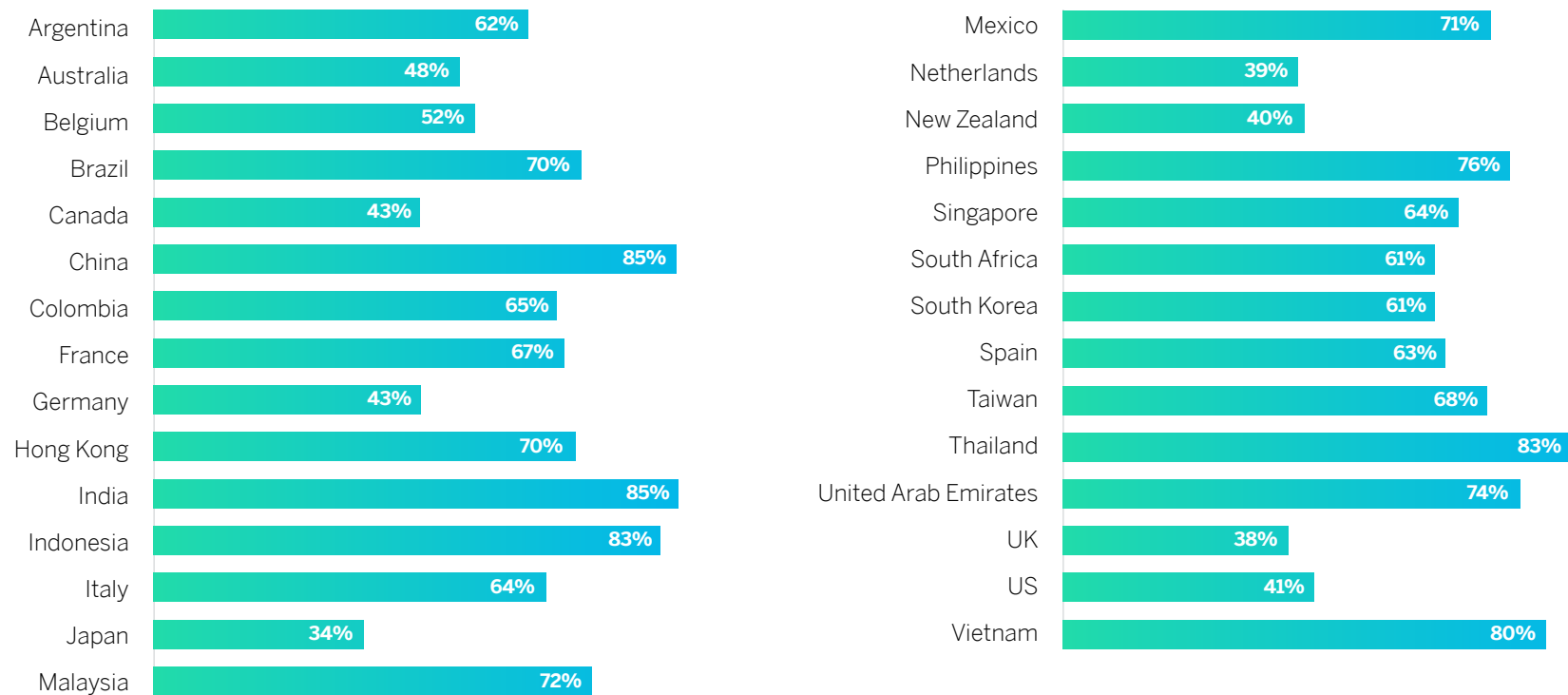
Consumer satisfaction, trust, likelihood to recommend, and purchase more by country

Satisfaction **Trust** **Recommend** **Purchase More**

Country	Satisfaction	Trust	Recommend	Purchase More
Global	77%	74%	72%	70%
Argentina	67%	68%	69%	69%
Australia	79%	75%	71%	72%
Belgium	73%	69%	66%	64%
Brazil	75%	73%	75%	74%
Canada	75%	70%	66%	67%
China	86%	83%	81%	81%
Colombia	75%	73%	75%	72%
France	77%	76%	72%	78%
Germany	74%	64%	61%	45%
Hong Kong	73%	79%	70%	83%
India	89%	82%	82%	80%
Indonesia	88%	79%	80%	74%
Italy	74%	66%	68%	60%
Japan	56%	60%	36%	34%
Malaysia	78%	74%	75%	73%
Mexico	81%	77%	78%	73%
Netherlands	74%	70%	62%	47%
New Zealand	76%	72%	66%	67%
Philippines	80%	83%	84%	80%
Singapore	79%	78%	76%	73%
South Africa	70%	73%	75%	74%
South Korea	68%	65%	60%	77%
Spain	73%	70%	68%	65%
Taiwan	79%	82%	76%	86%
Thailand	87%	82%	82%	74%
United Arab Emirates	79%	82%	83%	80%
UK	76%	72%	68%	66%
US	79%	70%	69%	68%
Vietnam	90%	81%	80%	79%

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Methodology

The data for this report comes from a global consumer study that Qualtrics XM Institute conducted in the third quarter of 2022. Using an online survey, XM Institute collected data from 33,093 consumers across 29 countries: Argentina, Australia, Belgium, Brazil, Canada, China, Colombia, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, Singapore, South Africa, South Korea, Spain, Taiwan, Thailand, the United Arab Emirates, the United Kingdom, the United States, and Vietnam.

XM Institute surveyed approximately 1,200 consumers from each of the countries except those listed below.

The following countries' sample sizes deviate as follows:

Hong Kong, 693. Malaysia, 757. New Zealand, 983. Singapore, 1112. South Africa, 871. Taiwan, 1143.

Demographics

To ensure that the data was reflective of the population within those countries, we set quotas for responses to match the gender, age, and income demographics of each country.

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