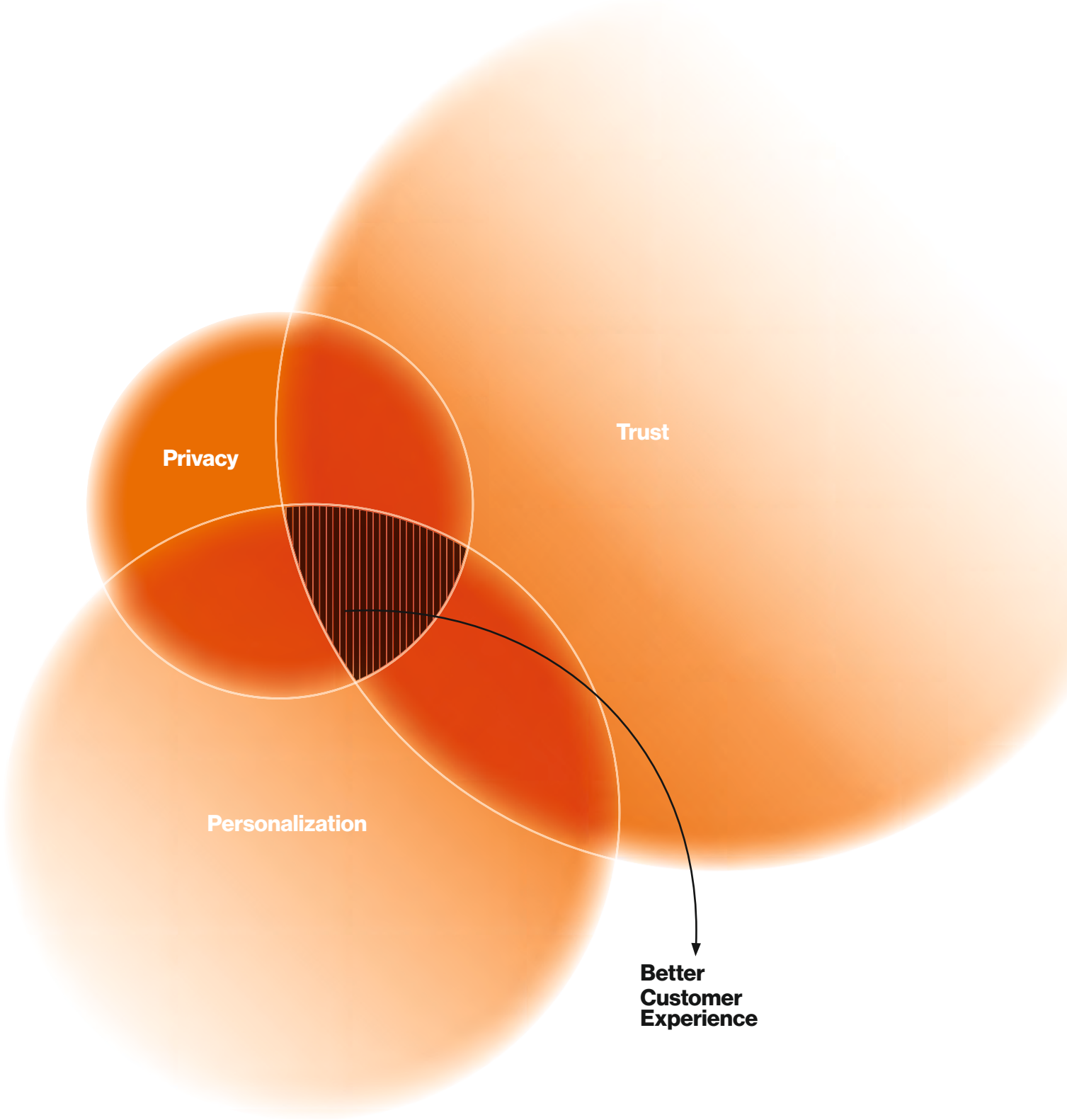


Europe: High-stakes CX



Introduction

With political uncertainty rising, regulations tightening and data breaches proliferating, it is easy to see why European consumers are cautious. Cautious about the brands they buy from; cautious about the products and services they use; and, most importantly, cautious about how they share their personal data.

From a customer experience (CX) point of view, this makes Europe a tough nut to crack. Digital transformation has turned customer data into rocket fuel for enhanced CX, but if nervous customers withhold this data, the engine can stall.

The stakes are high – although European consumers are among the most discerning with their data, if brands can win their trust, the rewards will be rich.

Brands which can overcome these challenges could pave the way to differentiate themselves and enjoy significant success. Against this backdrop, CX becomes a major battleground.

Get it wrong, and European customers will be punishing. But get it right, and their long-term loyalty – and business – is the prize. In this report, we will assess the CX situation in Europe and provide recommendations on the best way to overcome consumer caution in order to provide superior CX.

Distrust in data

When it comes to sharing their personal data with brands, Europeans are the most cautious in the world. Only 6% of European customers would share their data without knowing how it would be used (compared to 8% in the Americas and 9% in the Asia-Pacific (APAC) region). In addition, three quarters of European consumers think companies are using their data for their benefit, not to serve them better, demonstrating a remarkable level of skepticism in the region. France and the UK have the highest levels of caution in Europe (as Figure 1 shows) as well as globally.

About this research

The insights in this report are drawn from an extensive body of research. We surveyed 6,003 consumers globally, including 2,252 from the following European countries: the UK, Germany, France, the Netherlands, Sweden and Italy. All consumers surveyed have had a customer experience in the past year. In addition, we carried out qualitative interviews with six global customer experience experts, including representatives from Europe.



I often feel that companies are asking for my data for their own gain rather than to serve me better

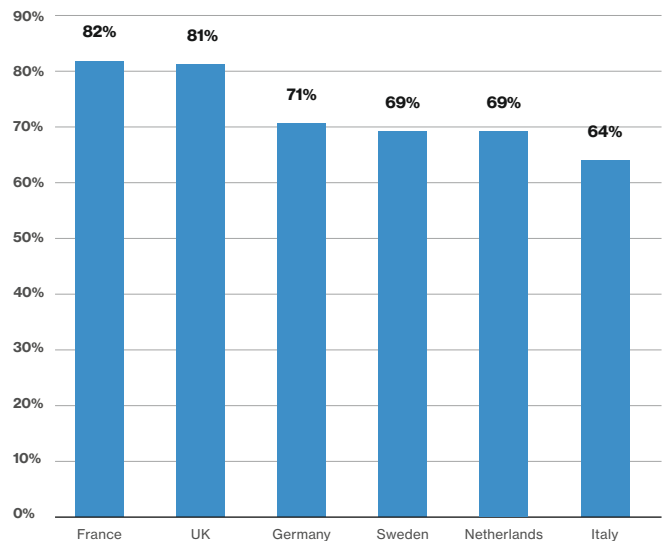


Figure 1: European consumers are the most cautious in the world when it comes to companies' use of their data

The caution shown in Europe is partly cultural and partly related to increasing regulations across the region in recent years. But it's more than that, – 65% of European consumers simply do not believe any company is secure, so won't save their card details with them, speaking to a high level of distrust.

Craig Palmer, Director of CX Transformation at Verizon Enterprise Solutions, said this is a growing trend across Europe: "Customers are definitely becoming more precious with what data they're prepared to give up, with all the opt-in regulations and GDPR." He added: "I think there's definitely more trust that needs to be built between organizations...and consumers when it comes to sharing their data. Transparency is a step to be taken here – it's probably the key one, and organizations are stepping up to that now."

Totally transparent

A significant amount of the distrust customers feel about brands and their use of their data comes simply from not knowing how it is used. Smoke-and-mirrors policies and information which is difficult to find only make the issue worse. As Verizon's Craig Palmer alluded to, transparency is the only way to combat this, especially in Europe. An example of a European brand which is doing transparency about customer data very well is Danske Bank. The Danish bank has a very comprehensive privacy policy, accompanied by easily accessible content explaining exactly how the data is used. As part of its cookies information on its privacy portal, the bank clearly and simply explain what cookies are, why it collects them, and how it – and third-party companies – use them. This straightforward process of simply explaining to customers what is happening really helps to demystify the data privacy issue, and fosters openness and transparency, which is what customers in Europe are demanding.

Julia Mathias, Head of Commercial Strategy at Lloyds Banking Group, agrees. She says companies across the board have put transparency and security high on their agendas, even going as far as hiring new teams to make this a reality.

"We're seeing much more emphasis on hiring security personnel," she says. "We're also seeing the hiring of people with specialist skills – particularly in Europe."

Honesty pays

Although European consumers are cautious, there are some ways to persuade them to engage in CX activities. But before they do, they have to trust you. Some 68% of Europeans say the most important way to build trust is with honesty and transparency about how the data is going to be used.

Once this is established, Europeans will be receptive to receiving promotions from brands. Almost three quarters (73%) say they want discounts and promotions from brands in exchange for their data, followed by 43% who say they want a more exclusive experience, and 41% who say they want one-click experiences, such as for transactions and logins.

Lloyds Banking Group's Julia Mathias said that brands which win the trust of their customers will be able to reap the rewards by offering them much more personalised services, which will build long-term loyalty.

"Consumers want everything personalised – right down to the picture on their credit card," she says. "The consumer wants you to know about them, and our value streams fit around this. This applies to everything from auto-filling forms, for convenience, right down to knowing that they play tennis once a fortnight. Customers want offers and information which are relevant to their preferences."

A matter of privacy

Unsurprisingly, and in line with many of the findings from this research, the main things that will put off European consumers from sharing their data are concerns around privacy and security. The number-one factor that would make Europeans switch to a competitor is companies failing to adhere to privacy policies – tied with not answering an issue the first time it arises.

Gordon Little, Managing Director of Verizon's Global CX Practice, underlined the need to put privacy at the top of the list when it comes to CX execution. "There are just so many sources of data, so many ways to use data, but you have to put the consumer's privacy first, because the second you betray that privacy, you're dead in the water," he said. "You cannot betray that privacy."

If a company suffered a high-profile data breach, what impact would it have on your relationship with them?

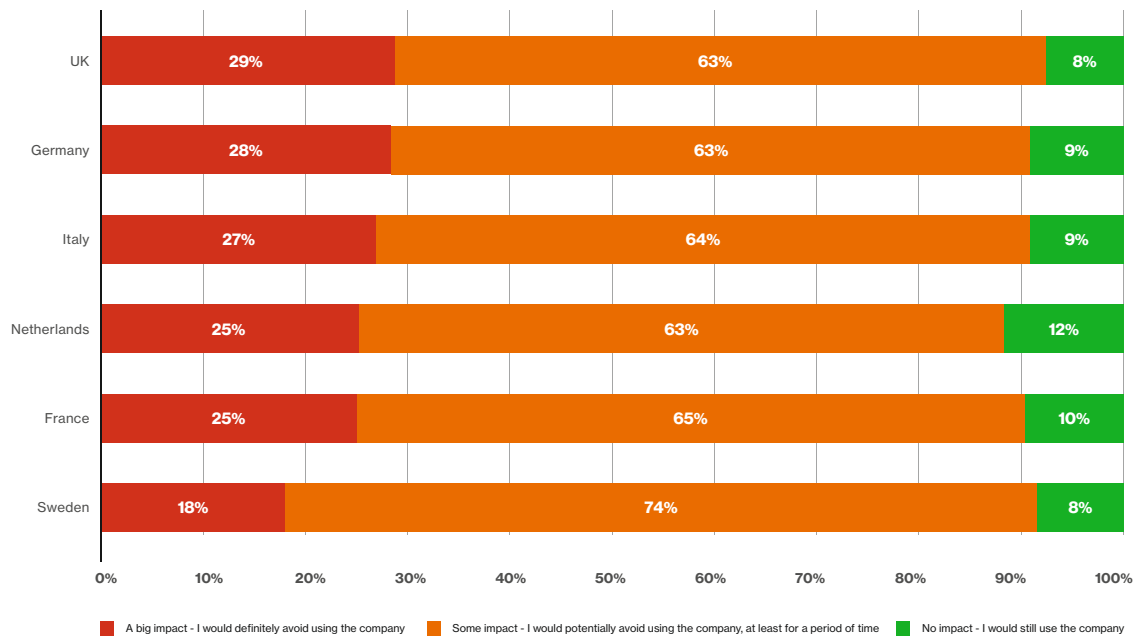


Figure 2: European consumers will not tolerate companies which suffer a cybersecurity breach

Europeans will not tolerate data security breaches, and not only will they stop sharing data with you if this happens, 26% of European respondents overall said they would stop buying from you all together. As Figure 2 shows, there are significant country-level nuances on this point. This heavily underlines the need to secure European consumer data and to communicate this effectively with them.

Security = success

For every risk that Europe's CX caution presents to companies, there is an opportunity. If brands can master security technologies and nail the privacy messaging, a significant prize will be theirs: customer respect and customer loyalty. Privacy must trump data access at all times.

Europe has a zero-tolerance policy on data security breaches and consumers are highly skeptical on how their data is used. Investments in security and communication around data policies are essential. This is just the very basic requirement before any other CX activities can be considered. The smallest misstep simply won't be tolerated in Europe, and consumers will immediately move to a competitor.

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