Consumer Expectations

The Driving Force Behind Digital in Leisure

80% of leisure operators believe technology is the key to extending customer experiences beyond the venue

The UK's leisure sector is poised for a year of heightened activity

As the UK faces economic uncertainty, with both Brexit and the recent elections causing the pound to drop, Britons are looking to participate in domestic holidays. The leisure industry felt the impact as it relies heavily on consumer confidence. The industry's initial response to the result was negative, with the share price of a number of leisure companies falling. The outlook for the industry seemed somewhat uncertain, as Brexit presented its fair share of challenges. However, almost a year on, those fears have reduced and the latest figures suggest that the short-term implications of Brexit have not been as substantial as we may have first thought.

> "An obsession with customer joy combined with a focus on delivering memorable, personal experiences"

Brand Loyalty

The improvement of in-home leisure is putting increased pressure on out-of-home leisure operators to expand their offering beyond the venue. Not only to attract new customers but to build brand loyalty and increase engagement before and after the 'main event'.

Consumer Expectations

Providing a memorable customer experience (CX) can truly differentiate a business from its competitors. According to KPMG, an obsession with customer joy combined with a focus on delivering memorable, personal experiences for consumers, are the defining characteristics of the companies leading in customer experience excellence.

Improved CX from leading consumer brands is having an impact on consumer expectations across the board. This impact has led to 40% of leisure operators seeing consumers' expectations of CX as their biggest threat over the next 12 months.

Failing to deliver on customer experience could prove to be a significant issue in the next year. More than half (52%)[1] of senior leaders across all industries have highlighted customer experience as the most important way they look to differentiate their brand.
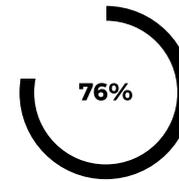
40%

of leisure operators see consumer expectations as the biggest threat over the next 12 months[2]

76%

of consumers expect organisations to understand their individual needs[3]

81%

of consumers demand an improved response time[3]
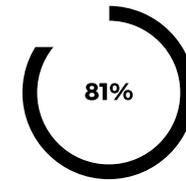
A shift in consumer expectations

Firstly, what do we mean by consumer expectations? They are a set of beliefs about how a service will be delivered. These beliefs can be drawn implicitly, from previous interactions with a similar experience, or explicitly from your brand promise, e.g. "never knowingly undersold". These beliefs serve as a reference point, against which the performance of your organisation will be judged.

Increased levels of expectation across all sectors is putting greater pressure on leisure operators to deliver long-term and meaningful customer engagement.

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By 2020, customer experience will overtake price and product as a key differentiator
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The most pressing expectations consumers have in 2017 are[4]:

• Personalisation
• More options
• Constant contact
• Fast response

Forrester and Accenture found that many businesses are measuring their CX success against their direct competitors. However, their consumers are benchmarking their experiences against the businesses they interact with every day. It's this comparison that has forced leisure operators to come into direct competition with the leaders in CX, from First Direct to Amazon.

Consumers are spoilt by the ever-increasing standards in CX, with the bar being raised and set by many of the companies on KPMG Nunwood's Customer

Experience Excellence top 100. The top spot in 2016 was awarded to First Direct for their 'Humanity First' approach to CX. Zoe Burns-Shore, Head of Marketing, said "Real people sit at the heart of everything and we're always looking at how the world works for the customers we serve".

Ultimately, businesses that fail to invest in customer experience will fall behind because by 2020, customer experience is set to overtake price and product as a key differentiator for brands[5].

In a highly competitive environment, leisure operators must focus on creating loyal relationships with their consumers in order to deliver commercial value beyond the ticket sale.
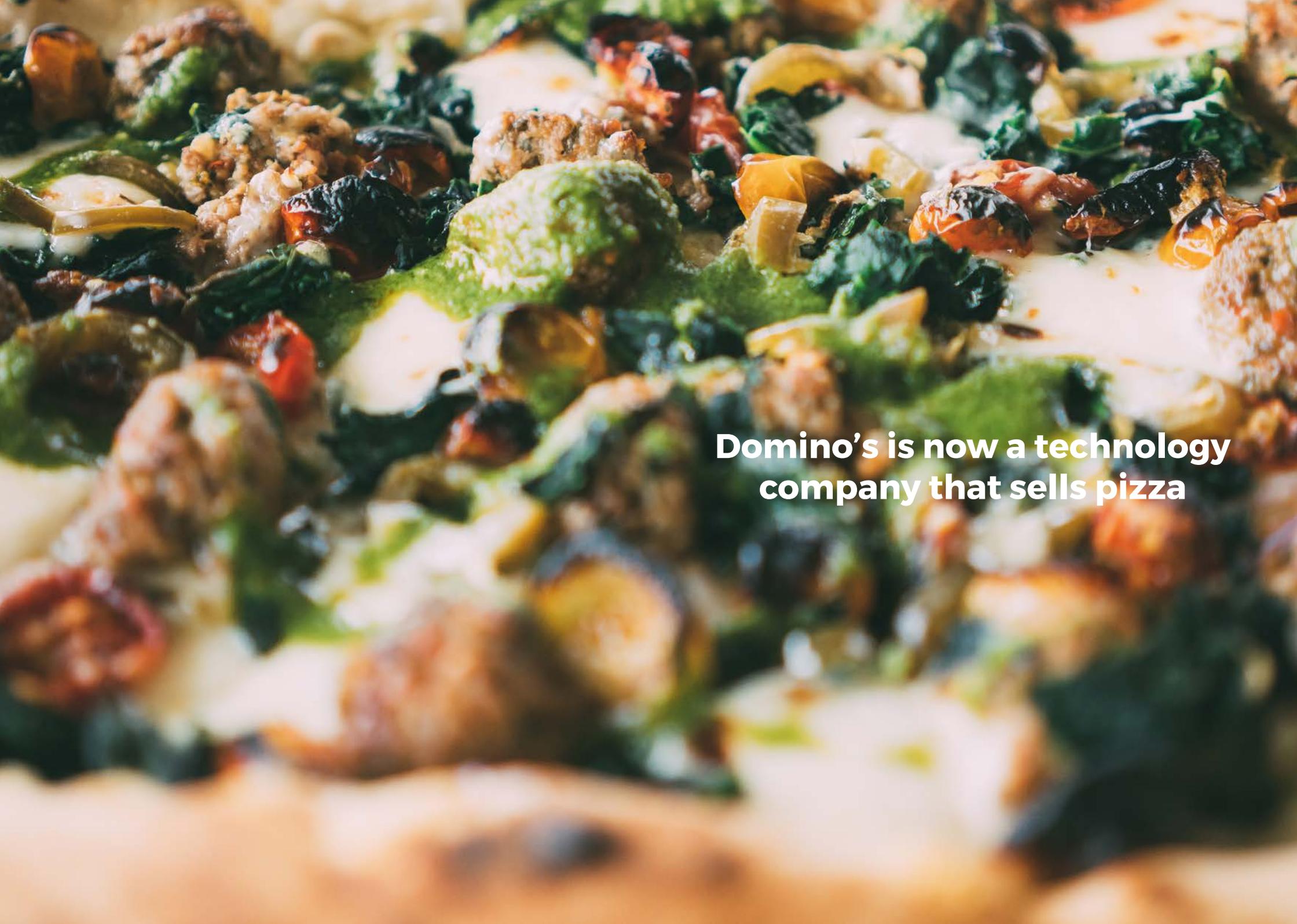
Domino's is now a technology company that sells pizza

Why create an experience beyond the venue?

The internet has commoditised the service economy and ushered in the experience economy; an economy where goods and services are no longer the differentiator between your brand and the next. Brands across the globe are competing for consumers' time, attention and money simultaneously. The way in which consumers experience your brand has to be memorable and customised to have a lasting impact.

On inspection of some of the most innovative and successful brands throughout varying industries, it is evident that the products themselves are no longer the central indicator for success – it's clear that the unified experience that surround their products has become their most valuable brand asset, resulting in significantly increased loyalty and compelling brand engagement.

The companies who give the best experience, over the longest period of time, are reaping the benefits. It's no coincidence that Domino's Share Price (NYSE:DPZ) has grown 5000% since the recession. Is this because their

cheese is organic and their pepperoni tastes better than the competition? Of course not. It's because they've invested in creating the perfect customer experience journey. They made it easy to buy from them, and they tick the 'instant gratification' box by letting consumers know exactly where their order is with their pizza tracker feature. They've essentially become a technology company that sells pizza. They've evaluated and optimised the entire journey, from opening the app, to finishing the final slice.

We're not suggesting highly experience-driven business models are anything new; companies like Disney, Apple and Starbucks have successfully built their entire businesses on them. What *is* new is how technology has changed expectations and it's having an impact on customer loyalty.

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66% of brands that did not offer an app saw a decrease in customer loyalty in 2016[6]

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In today's world where consumers can quickly lose interest and switch loyalties overnight, it's the businesses that have evaluated and elevated their entire customer journey that are succeeding. Identifying every customer touch point and designing a bespoke customer experience can address untouched potential and drive brand differentiation.

Emirates' bespoke app is designed to deliver a memorable journey from booking to returning home. Passengers can use it to track real-time flight information, so that they are not unpleasantly surprised by last minute delays or cancellations, and the app will also remind customers of their departure gates, boarding times, and baggage belts. In addition, it has been crafted to work with Apple Watch, meaning that this information can be relayed to the passenger's wrist without them having to reach for their phone. Their customer journey starts way before you set foot on the plane.

How to adapt to the change in expectation

Building long-term relationships beyond the main event starts by understanding who your customers are and what they want and need.

Typical customer segmentation models are now too crude to identify the needs and wants of customers thoroughly. To truly understand them, you firstly need their data, which can be a challenge to obtain. However, Deloitte discovered that 22% of consumers are happy to share data in return for personalised experiences, and 76% expect some level of individuality, so therein lies an opportunity.

It is important to explain the value to the consumer when asking them to share data, such as time savings, convenience or faster results. Hiding a check box on a form is not acceptable if you want to build a trusting relationship with your consumers. Obtaining data is the first step but once you have sufficient customer data, you need to apply advanced analytics to build detailed customer profiles that will help determine the most effective CX initiatives to invest in and the best approach for customer adoption and retention.

Ascot Racecourse wanted to provide a personalised experience for their customers leading up to and on race days, but they only had visibility of 1 in 6 of their customers due to group bookings. Their solution was to develop a native app, providing its users unique access to live race data, Ascot TV, race replays and information about the iconic racecourse's facilities. Once the app is in use, Ascot Racecourse can monitor user behaviour to gain additional data, in order to improve upon the service. The racecourse have plans to integrate their ticketing system to improve sharability and increase data capture oportunities from within the app itself.

> **22% of consumers are happy to share data in return for a more personalised customer product or service**

According to Forrester, before a company can even start thinking about offering engaging customer experiences, it must first construct an environment that makes CX innovation possible.

You can dissect the construction of the environment into three elements:

1. You need a strong digital foundation that allows you to study the customer journey, where it works, where there's friction, and where it completely breaks down.

2. A data-informed content strategy.

3. Cultural alignment. A company's ability to innovate is as much about the psychology and attitude of its staff as it is about technology.

During our research we came across numerous articles about how recent technology trends can enhance CX, virtual reality, augmented reality, artificial intelligence to name a few but, how many of them are making an impact today?

Dubbed a CX enabler, artificial intelligence (AI) offers the increased ability to personalise and customise interactions by making them more human, in many cases, without humans at

all. BMW has introduced an AI app that can help drivers avoid traffic, give walking directions to their parked car and schedule trips. Every interaction between the brand and consumer can be personalised via the app.

53% of leisure operators we asked were at least investigating virtual reality (VR). The rich, immersive, and deeply personalised experiences VR unlocks is moving the technology well beyond just the gaming sector. Despite the interest in VR, there aren't many examples of it being utilised effectively in the leisure sector, perhaps due to the low bar to entry, the preference seems to be augmented reality (AR).

For example, Blenheim Palace identified that they must evolve their offering in line with advances in technology and the increase in customer expectations. They don't want to be a museum, as their history is still being written, so they feel it's necessary to be innovative. As such, they have a contemporary art exhibition taking place this autumn which will incorporate AR throughout.

> **53% of leisure operators are at least investigating virtual reality**

The businesses succeeding in customer experience have these three things in common:

1. C-level buy in to their customer experience agenda.

2. They evolve with their customers' requirements.

3. They use data to identify insights and create actions.

You must invest time to align your business and discover how to exceed your customer's expectations. In our experience, we find that creating a workshop environment that includes your key stakeholders is the best place to start. You should aim to follow these core principles, which we developed for the Rawnet Foundry:

Discover
Research and investigation to identify fresh perspectives and new strategic thinking.

Analyse
Translating strategic thinking and data into specific company visions, informed by customer insight.

Create
Transforming insights into actionable business solutions, articulated through powerful creative ideas.

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We digitally transform and future-proof businesses through insight driven, big picture thinking - delivering sector defining technology, better customer engagement and increased business efficiencies.

www.rawnet.com

Research References

[1] KPMG Nunwood Customer Experience Excellence report 2017

[2] Original research conducted by Rawnet

[3] IBM Institute for Business Value report; The new age of ecosystems

[4] Forrester: Trends 2016: The Future Of Customer Service

[5] Walker: The Future of B2B Customer Experience

[6] Appentive: Feedback and Loyalty on the Mobile Frontier

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