NEWS RELEASE

Inflation is causing brand loyalty to go backwards, according to ServiceNow research

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- 58% of consumers feel less loyal to brands than they did two years ago
- 55% are more loyal to businesses that invest in technology to offer a better customer experience
- 63% would be less likely to engage with a company knowing that their employees were unhappy

June 6, 2023 – Macroeconomic challenges have impacted businesses and consumers alike, spurring changes to decision-making habits. As a result, almost two-thirds (58%) of consumers in the UK feel less loyal to brands than they did two years ago. These findings are according to new research of 2,000 adults in the UK and a total of 13,000 across Europe, the Middle East and Africa (EMEA) from **ServiceNow**, the leading digital workflow company making the world work better for everyone.

Financial reasons are regarded as the biggest driver behind this, with nearly half (45%) spending more now in comparison to 12 months ago, citing rising costs (83%). These rising costs are considered more of an issue for UK consumers than those in other EMEA countries, such as the UAE (46%), Sweden (59%) and Switzerland (60%). A quarter (24%) of UK consumers are spending less, primarily because they are cutting back due to the increased cost of living (79%).

“Despite inflation beginning to fall in the UK, the price of most items continues to rise, with cheese having increased by 44% and A4 paper by 33% in the past year alone,” comments Simon Morris, Area VP, at ServiceNow. “With consumers cutting back, brands need to work hard to stay front of mind. But with operational costs continually rising, the fix is not as simple as just reducing prices. Brands can make a difference by offering a great customer experience, helping them stand out at a time when people have less money and living costs are higher. Those that succeed in improving their customer experience now will build long-term loyalty for their brand.”

The customer experience conundrum

So, how can businesses offer a customer experience that will help them stand out? The research finds that the most important element for UK consumers when using a company's services is the ability for their problems to be resolved easily (95%).

Other important factors include:

- A good level of security for personal data (94%)
- Customer service response times (92%)
- Choice of engagement methods, such as the option to speak to a chatbot or a human (89%)
- Seamless service (88%)

The vast majority also deem it important for companies to understand them as a customer (83%), and almost three-quarters (69%) feel more loyal to businesses that succeed in this.

Data-driven personalisation

However, despite the wish to be better understood, many in the UK are reluctant to divulge data – and more so than in the rest of EMEA. Only a minority in the UK (45%) are happy for their personal details to be used to improve service, compared to more than half (54%) in EMEA, and just over half in the UK (56%) would like to be offered tailored recommendations, compared to nearly three-quarters (71%) in EMEA.

Personalisation for different generations

This sentiment differs between generations, and those aged between 18 and 34 are more inclined to want data-driven insights in order to receive personalised discounts (86%) and tailored recommendations (75%). Nearly two-thirds (62%) of this age group are happy for their personal details to be used to improve service, compared to less than half (45%) in the UK on average.

Over half (55%) state that they are more loyal to businesses that invest in technology to offer them a better customer experience, rising for those aged 18-34 (67%) but falling for people aged over 55 (45%).

Personalisation across EMEA

Additionally, while the majority (88%) want seamless service, around a quarter (23%) would refuse to spend more to receive this. The UK is the least willing to pay more in order to guarantee a seamless service, with only two-fifths

(41%) stating they would be happy to, compared to EMEA countries such as the UAE (78%), Ireland (65%) and Germany (62%).

“Despite wanting brands to understand them better, consumers are reluctant to provide data insights,” adds Morris. “Businesses need to prove the value in this, showcasing that data is secure and demonstrating the benefits of seamless service, fast response times and better outcomes. Trust is hard gained but easy to lose, so organisations must show how data can lead to a better experience. But it’s a long process, and consistency and transparency from brands are key factors for them to prove themselves.”

Boosting customer experience through employee experience

Almost all (87%) consumers say that it’s important for the companies they use to treat their employees well, and almost two-thirds (63%) would be less likely to engage with an organisation knowing that their employees are unhappy. This is largely driven by those aged 18-34 (72%).

When it comes to creating a great employee experience, salary (63%) is unsurprisingly the most important factor. Other key elements include:

- The ability to work flexibly (45%)
- Employee benefits (37%)
- Progression opportunities (32%)
- Learning and development opportunities (29%)

In the UK, consumers feel that the retail industry provides the best customer experience (40%). This is followed by the healthcare (28%), banking (26%) and consumer technology (22%) sectors.

Methodology

The study was commissioned by ServiceNow, the leading digital workflow company, and conducted by Opinium in March 2023. The sample consisted of 13,000 adult consumers (18+), including 2,000 in the UK, across nine countries in EMEA: the UK, Ireland, France, Germany, Italy, Netherlands, Switzerland, Sweden, and the UAE.

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