

THE FORCES OF CUSTOMER EXPERIENCE IN LATIN AMERICA

The science of strong relationships

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GAME CHANGERS



The importance of customer experience (CX) as a driver of financial performance is widely acknowledged. Customer retention, share of spend and advocacy are crucial customer outcomes that organisations need to drive to generate revenue growth.

The COVID-19 crisis has brought significant changes in customers' needs, expectations, attitudes and behaviours. In any 'new normal', a priority for organisations will be to work out how to re-invent their ability to service customers in a way that is in line with health and safety requirements, but also meets those changing customer needs, and takes account of the increase in use of remote channels; digital and contact centre. The ultimate goal remains the same as before – designing experiences that drive stronger relationships, competitive advantage and revenue growth.

Tracking key performance indicators (KPIs) such as customer satisfaction or Net Promoter Score (NPS) is a good way to keep a pulse on customer sentiment, but it is not enough. In order to design experiences that truly connect with customers' needs, organisations need to leverage proven frameworks

that provide strategic guidance to focus on what truly matters. **This paper introduces *The Forces of Customer Experience – The science of strong relationships*, a human-centric framework that helps organisations better design and deliver customer experience, so that it drives true competitive advantage and a better Return on CX Investment (ROCXI).**

The Forces of CX was launched earlier in 2020¹. The findings reported in this paper have been updated, based on R&D in seven Latin American markets: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru².

The Forces of CX is built from a set of questions that capture true building blocks of relationship strength to help organisations take their CX strategy to the next level. Organisations need to leverage such a framework to move from creating experiences that are shallow and transactional to deeper and more relational. Only then will the customer experience bring the financial return associated with relationship strength and competitive advantage.

Figure 1 The Forces of CX



Source: Ipsos R&D

TOWARDS A MORE HUMAN-CENTRIC CX

The Forces of CX builds on previous R&D on the importance of emotional attachment when it comes to driving relationship strength and higher Customer Lifetime Values. Relationship strength reflects the current level of attitudinal and behavioural loyalty and is linked to positive customer outcomes. Emotional attachment is defined as a high level of relationship strength that goes beyond mere satisfaction. Emotionally attached customers tend to feel a special bond with an organisation, which can lead to higher loyalty over time.

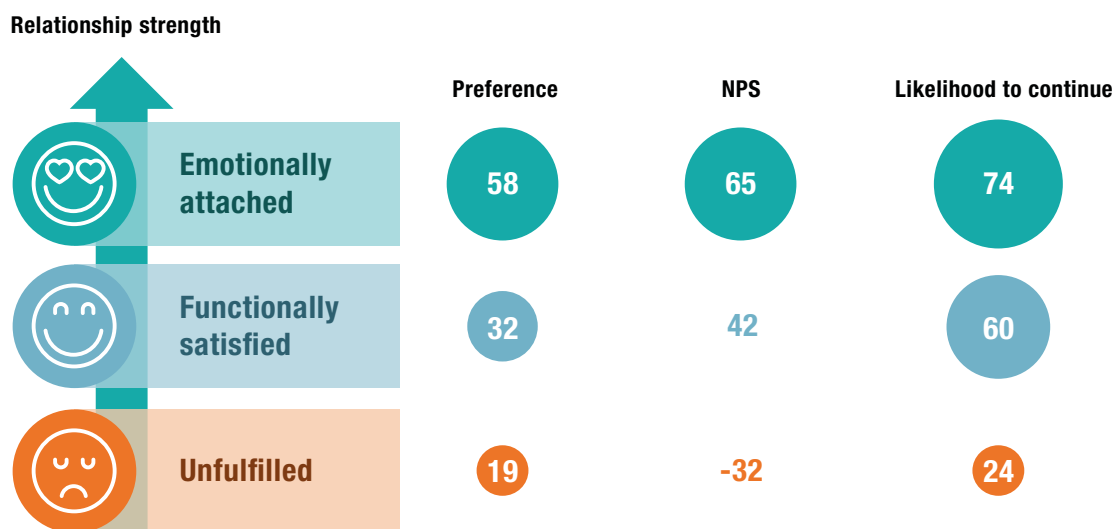
This Ipsos research, conducted in Latin America, spans nine sectors and employs behavioural science theory to frame our analysis of more than 8,000 evaluations of customers and boost our understanding of their expectations of interactions and relationships with brands. We were able to

quantify the impact of emotional attachment on relationship strength and customer outcomes, and to identify the key ingredients of strong relationships between customers and companies.

Our data shows that while there are benefits associated with creating functional satisfaction, huge gains can be achieved in terms of 'business success metrics' as relationship strength increases. As demonstrated in Figure 2 below, when a customer is emotionally attached, they are:

- Far more likely to express a preference towards the brand (than if they were just functionally satisfied)
- Much more likely to recommend the brand
- Significantly more likely to stay with the brand in the future.

Figure 2 Emotional attachment is key to driving higher Customer Lifetime Values



Unfulfilled – customers fundamentally dissatisfied with value proposition and services

Functionally satisfied – customers who think the company is delivering well on all the basics but not showing any emotional attachment

Emotionally attached – customers who feel an emotional connection with the brand in addition to being functionally satisfied

Source: Ipsos R&D – LATAM

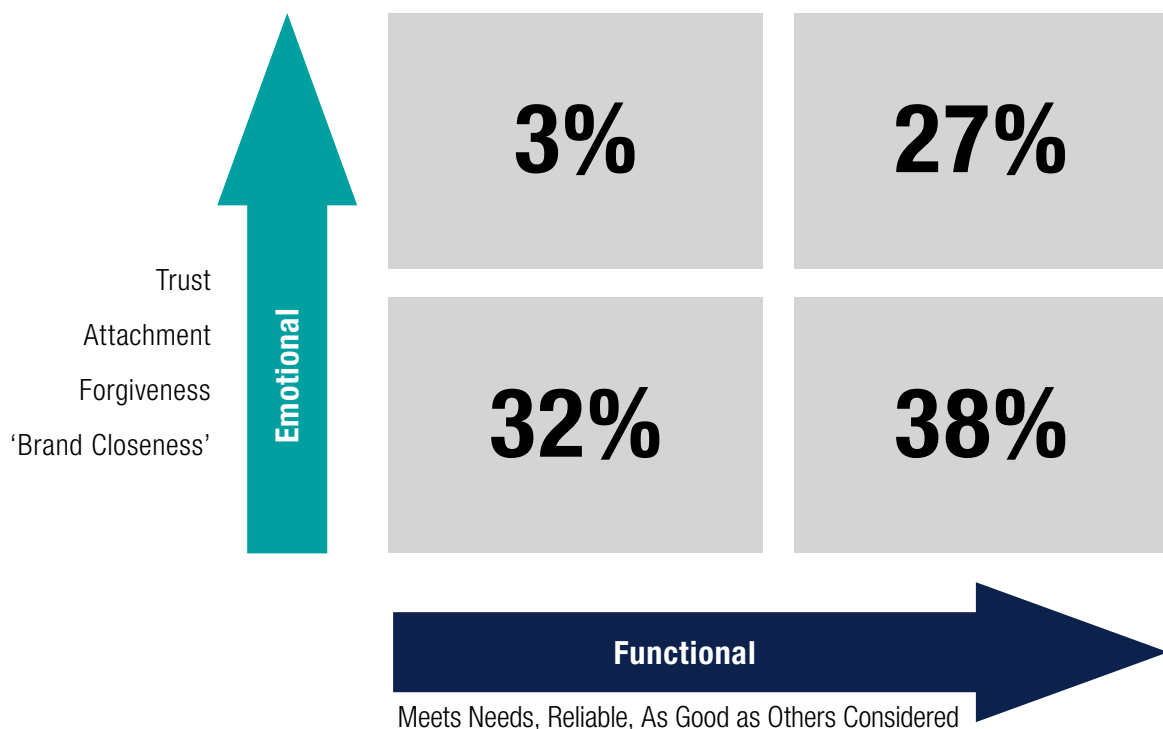
In addition to being crucial to driving customer retention, advocacy, preference and the resulting share of spend, emotional attachment can insulate brands from mistakes. Emotionally attached customers are more likely to be forgiving, which can lead to reduced rates of complaining behaviour and a higher operational efficiency.

As we noted in an earlier Ipsos paper, *Getting Sticky – Emotional attachment and profitable customer relationships*³, achieving emotional attachment status was still a goal for a large majority of brands.

Disappointingly, our latest research from Latin America shows that only just over a quarter (27%) are emotionally attached. At the other end of the scale, a third (32%) are 'unfulfilled', not even satisfied at a functional level.

Emotional attachment drives higher retention, share of spend, advocacy, and reduces cost to serve.

Figure 3 Creating a functional/emotional framework



Source: Ipsos R&D – LATAM

THE FORCES OF CX – THE SCIENCE OF STRONG RELATIONSHIPS

So, how can organisations design and deliver the customer experience to drive emotional attachment and strong, meaningful and profitable relationships?

A lot of the CX measurement and management focus is currently centered on functional aspects of the customer experience – the amount of effort a customer puts in to get something done, the speed of getting things done, or how to fix issues when they arise. Organisations often struggle to understand how to design and deliver experiences that go beyond the transactional, and create stronger relationships, and true competitive advantage.

Clearly, functional performance is key to meeting basic needs and preventing dissatisfaction. But it is not enough. Understanding and meeting customers' relational needs, in addition, is key to creating meaningful customer-company

interactions that drive positive memories and lead to strong and profitable relationships.

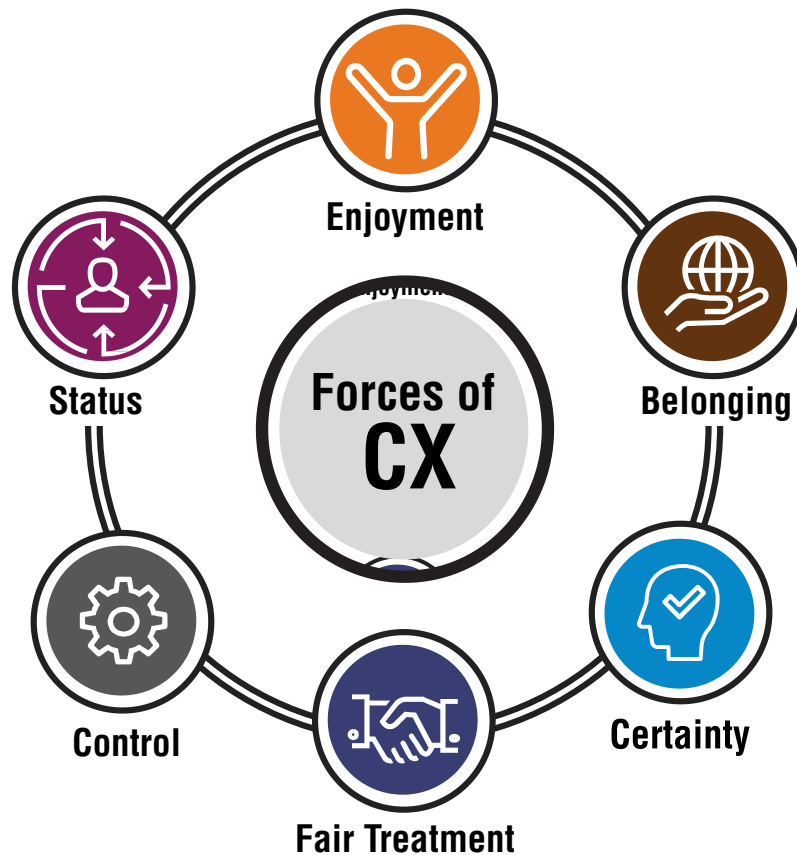
In collaboration with Ipsos' Global Behavioural Science team, we have developed a framework for customer experience that helps organisations drive stronger relationships through a better understanding of customers' functional and relational needs. The framework builds on Ipsos' existing understanding of people's needs and motivations which frequently appear in the psychological literature that explores how social relationships are established and flourish⁴.

We were able to identify key dimensions, which we then validated to be strong predictors of emotional attachment and relationship strength. Focusing on them will allow brands to refocus customer experience measurement and management to address what truly matters.

A woman with blonde hair is shown in profile, looking down at a tablet computer she is holding. The tablet screen displays a website for a clothing store named 'FRESHSTYLE'. The website has a clean, modern design with a white background and orange accents. It features several images of clothing items, including a blue shirt, a yellow shirt, and an orange shirt. Text on the screen includes 'CASUAL FASHION', 'BUY TODAY', 'WEAR EVERYDAY!', and 'CONTACT'. The woman is wearing a light-colored, textured sweater. The background is blurred, showing what appears to be a pile of clothes or a bed.

**Organisations need to move
from creating experiences that
are shallow and transactional
to deep and truly relational.**

Figure 4 The Forces of CX



Fair Treatment

Make customers feel that there is a fair exchange in their relationship with you



Status

Make customers feel valued, respected and worthy of special treatment



Certainty

Make customers feel that things are clear, transparent and working as expected



Belonging

Help customers feel a sense of belonging and show you care about the greater good



Control

Help customers feel in control of the situation and in the driving seat



Enjoyment

Make customers' lives easier, so they feel a sense of freedom

Source: Ipsos R&D



Fair Treatment – previous research, including our paper *Get Fair or Fail – Why fairness is key to business success*⁵, highlighted the importance of Fair Treatment on customers' relationships with brands. If an organisation's value proposition or service handling is fundamentally unfair, customers will simply not engage further. In the context of COVID-19, it is, of course, crucial for brands not to be seen to be profiting unfairly from the current crisis. Some internet service providers have upgraded their customers' package at no extra cost to help them better interact with others during lockdown.



Certainty is all about making customers feel that things are clear, transparent and working as expected. Customers like to be able to understand what the next steps are and get clarity on outcomes. Customer choice quite often involves some amount of uncertainty, particularly in challenging times. Brands should be mitigating this by providing clear information and a strong, consistent service proposition. For example, providing estimated availabilities for products currently out of stock can help customers feel less uncertain.



Control is about helping customers feel that they are in the driving seat. It means providing customers with meaningful choices and the ability to access the full range of services and options available. Fluctuating levels of service and product availability associated with the COVID-19 crisis means that it is important for brands to find ways to give consumers back their sense of control. We have seen some supermarket chains providing step-by-step instructions on how deliveries will be made to customers to foster a sense of control.



Status is about making customers feel valued, respected and worthy of special treatment. If that is accomplished, it can, of course, help to strengthen the relationship. Very loyal customers tend to expect preferential treatment, and this is also true in challenging times, meaning that brands need to find ways to show flexibility and recognise loyalty, for example, freezing tier membership status for frequent flyers while international travel is banned for their most valued customers.



Belonging is about helping customers feel you care about the greater good and that they share your values. A brand's ability to build a sense of belonging is key to building a truly meaningful relationship with a sense of purpose and authenticity. Some organisations successfully demonstrate, via the customer experience, that they truly care about people. For example, some e-commerce companies have provided free e-books and audiobooks to keep children entertained and help with home schooling.



Enjoyment can take different shapes depending on the nature of the sector, but it is ultimately about enabling achievement of goals and removing hassle. In some cases it can be about allowing customers to focus on themselves and feel a sense of pleasure throughout the experience (e.g. restaurants). In other cases it can be about delivering services in a way that makes customers' lives easier so that they can feel a sense of freedom.

By adding these dimensions to customer surveys, organisations can diagnose, prioritise, and (re)design their customer experience accordingly, so that it drives the right outcome.

UNDERSTANDING THE FORCES OF CX IN LATIN AMERICA

Our analysis in Latin America shows that the importance of each Force varies by market, as one would expect given cultural differences.

In most Latin American markets, Belonging sits at the top of the list of drivers. In a continent where socioeconomic differences are enormous, customers value those brands which show, through their customer experience, that they care about them and that they share their values.

Chile stands out, with Certainty holding the number one position: in last place in all other markets, but Chile and

Brazil. Given the relatively 'structurally-sound' nature of the customer economy and the value placed more generally on attributes associated with being serious and trustworthy, this may come as no surprise.

Over the last decade, Peru has experienced the benefits of a flourishing economy, granting middle class and low-income sectors access to new opportunities and experiences. However, this economic growth has not yet reduced social inequalities. In this context, Peru stands out as a market in which Status, making customers feel valued and worthy of special treatment, ranks at the top.

Figure 5 Relative Impact of CX Forces by market

| Total | Argentina | Brazil | Chile | Colombia | Ecuador | Mexico | Peru |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Belonging | Fair Treatment | Belonging | Certainty | Belonging | Belonging | Belonging | Status |
| Fair Treatment | Belonging | Fair Treatment | Fair Treatment | Control | Fair Treatment | Control | Fair Treatment |
| Control | Status | Certainty | Belonging | Fair Treatment | Control | Fair Treatment | Belonging |
| Status | Enjoyment | Control | Control | Status | Status | Status | Control |
| Enjoyment | Control | Status | Enjoyment | Enjoyment | Enjoyment | Enjoyment | Enjoyment |
| Certainty | Certainty | Enjoyment | Status | Certainty | Certainty | Certainty | Certainty |

Source: Ipsos R&D – LATAM

UNDERSTANDING THE DIFFERENCES BY SECTOR

Our analysis shows that the impact of each Force also varies by sector. For example, Status is a stronger driver in the case of telco service providers; having achieved high levels of penetration, focus is on providing a differentiated, personalised offer to customers. Of course, drivers also

vary by brands within the same sector. It is therefore crucial for organisations to work out which Forces drive their relationship strength most among their own customers and different segments and profiles, as well as at an overall sector level.

Figure 6 Relative Impact of CX Forces by sector

| | Ranking 1 | Ranking 2 | Ranking 3 | Ranking 4 | Ranking 5 | Ranking 6 |
|-------------------------------|----------------|----------------|----------------|-----------|-----------|-----------|
| Auto Insurance | Fair Treatment | Belonging | Status | Enjoyment | Control | Certainty |
| General Insurance | Belonging | Fair Treatment | Status | Control | Enjoyment | Certainty |
| Auto Sales and Service | Belonging | Control | Fair Treatment | Status | Certainty | Enjoyment |
| Banks | Belonging | Fair Treatment | Status | Control | Certainty | Enjoyment |
| Hotels | Belonging | Fair Treatment | Control | Enjoyment | Status | Certainty |
| E-commerce | Belonging | Fair Treatment | Enjoyment | Status | Control | Certainty |
| Retail | Fair Treatment | Control | Enjoyment | Status | Belonging | Certainty |
| Supermarkets | Fair Treatment | Belonging | Status | Enjoyment | Control | Certainty |
| Telecommunications | Status | Fair Treatment | Belonging | Enjoyment | Control | Certainty |

Source: Ipsos R&D – LATAM

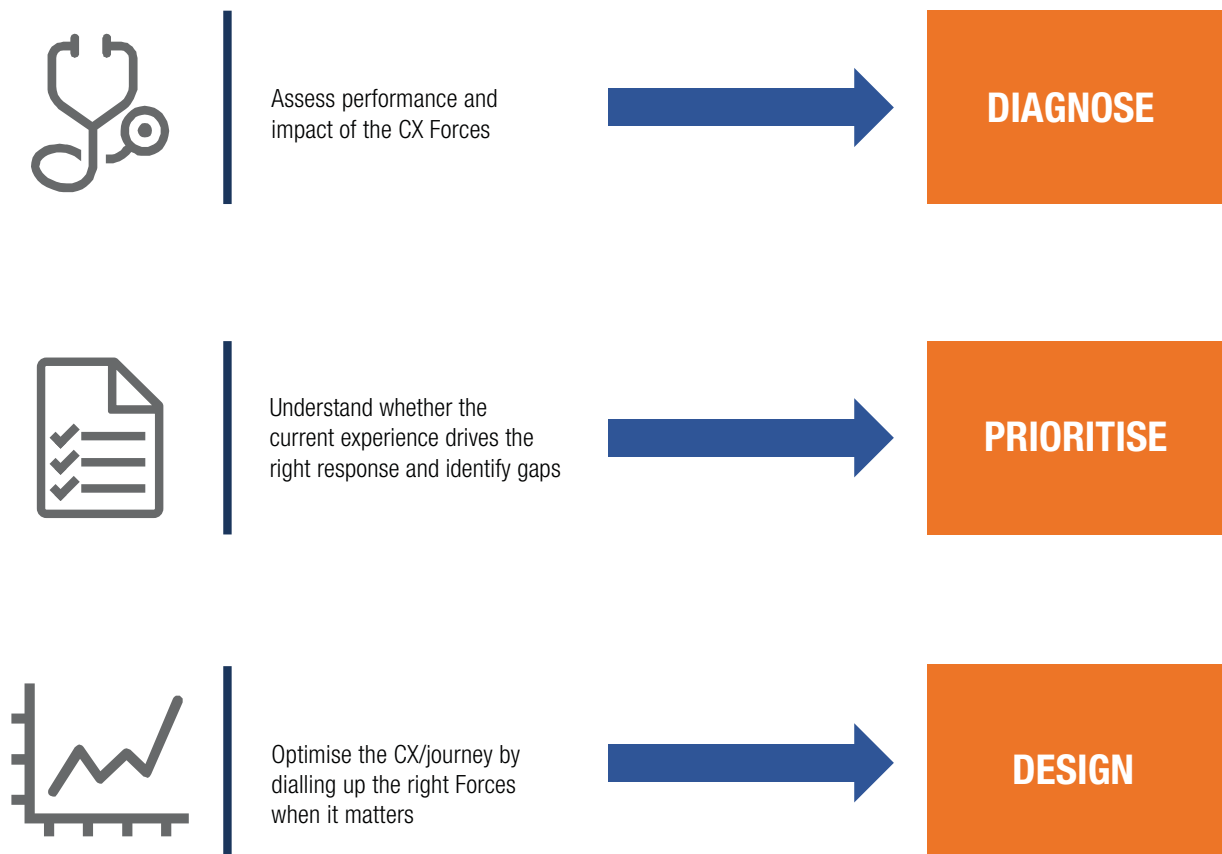
LEVERAGING THE FORCES OF CX TO DRIVE COMPETITIVE ADVANTAGE

As part of our R&D, we were able to identify statements that can be included in customer surveys to capture these Forces of CX. By adding these dimensions to customer surveys, organisations can diagnose, prioritise, and (re)design their customer experience accordingly, so that it drives the

right outcome. The use of the framework can be extended to the analysis of customer comments – from surveys or social media – and enable organisations to boost the value they can derive from unstructured feedback by providing a meaningful frame to the analysis.

Figure 7 Diagnose, prioritise, design

THREE KEY ANALYTICAL STEPS ARE NEEDED TO PROVIDE THE RIGHT GUIDANCE:



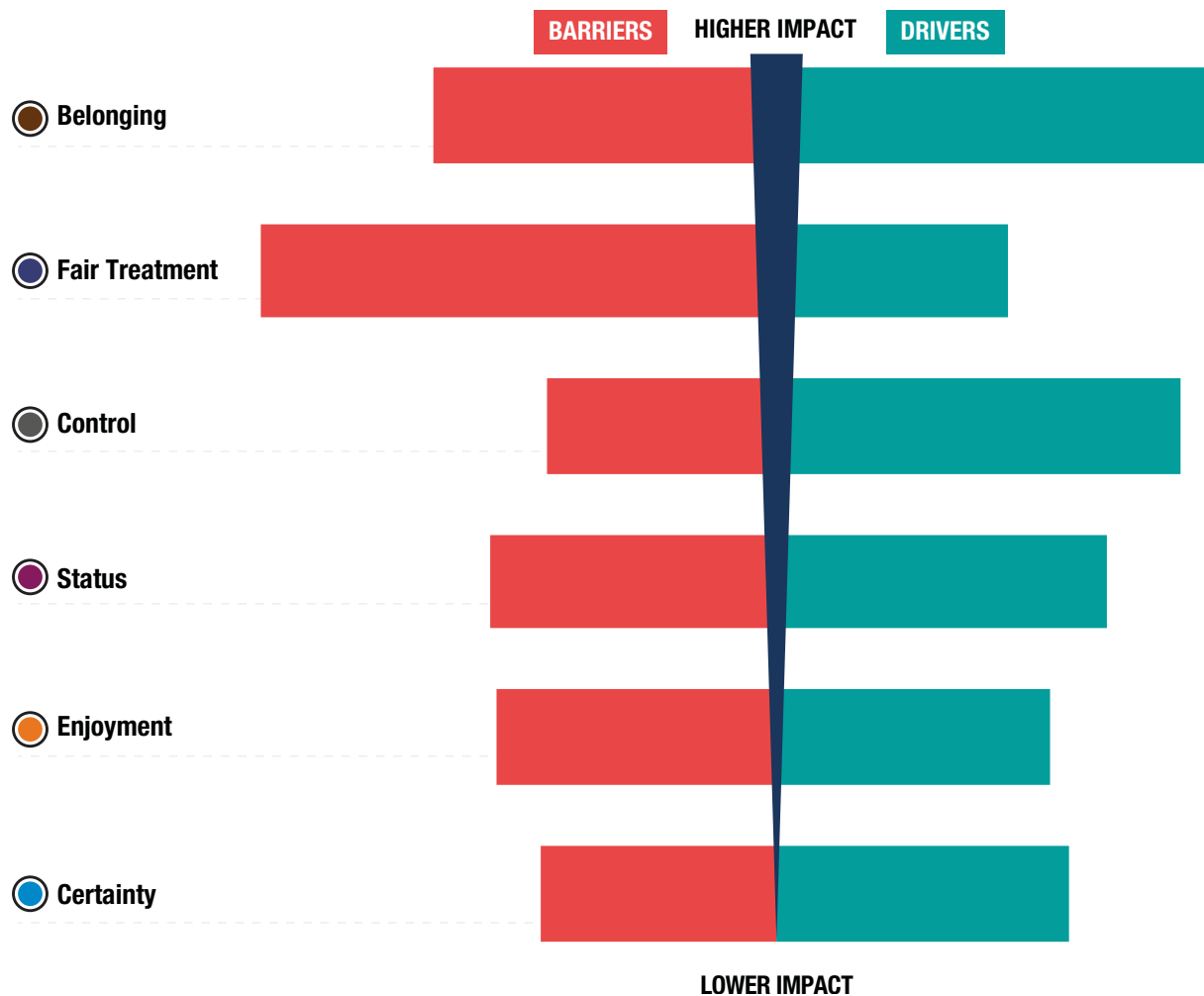
Source: Ipsos R&D

DIAGNOSE

As always, the first step is to understand how brands stack up against each of these Forces; how well do they perform on each. Then, using key driver analysis, we can understand the relative impact of each of the Forces on the relationship strength and rank them.

Figure 8 shows the relative importance of the Forces for all sectors combined in Latin America. Belonging comes out on top followed by Fair Treatment. Fair Treatment is mainly a barrier, or hygiene factor, meaning that it is important for brands to reduce perceptions of unfair treatment to ensure relationships can develop and become stronger.

Figure 8 Relative impact of CX Forces on relationship strength



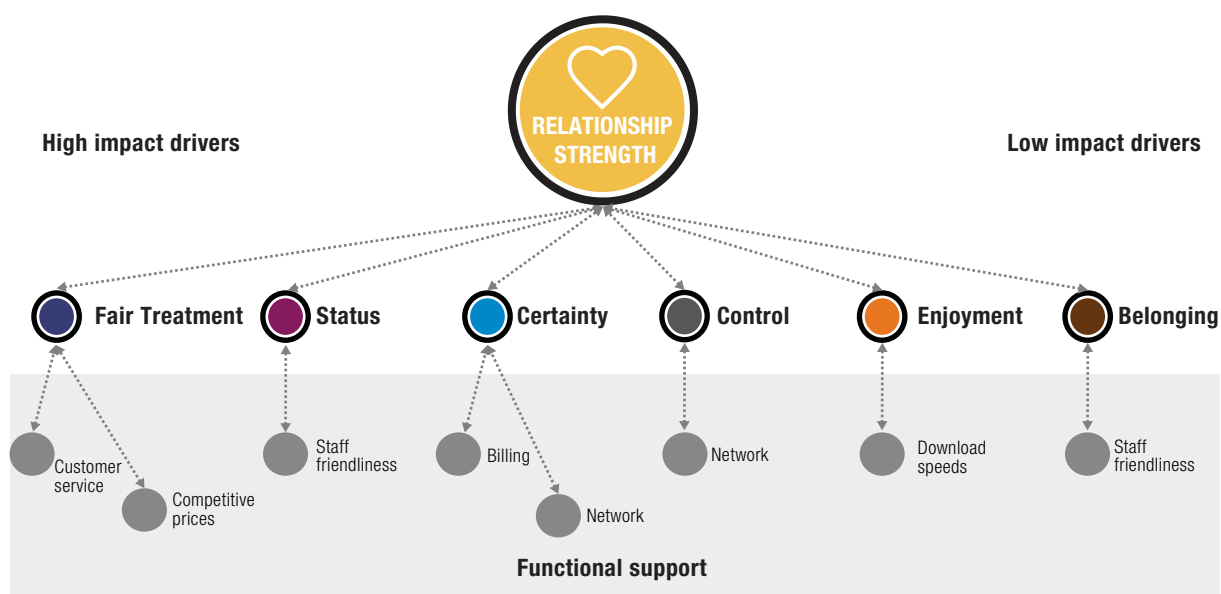
Source: Ipsos R&D – LATAM

PRIORITISE

Organisations need to compare their performance against competitors to identify the 'battlegrounds' worth fighting over. But this does not go far enough. By analysing performance and importance, we can identify priorities for action. And we can go further still and model the potential return on investment associated with improving performance on the Forces of CX.

We also need to understand how to leverage the customer experience to drive the right response on the key Forces. This can be achieved by looking at the interplay between various aspects of the CX and the Forces. We can then work out which elements of service delivery impact these core customer needs and pinpoint gaps in the CX delivery, in other words, aspects of the experience that can be optimised to drive a better customer response.

Figure 9 Linkage between functional factors and CX Forces (illustrative example)



Source: Ipsos R&D

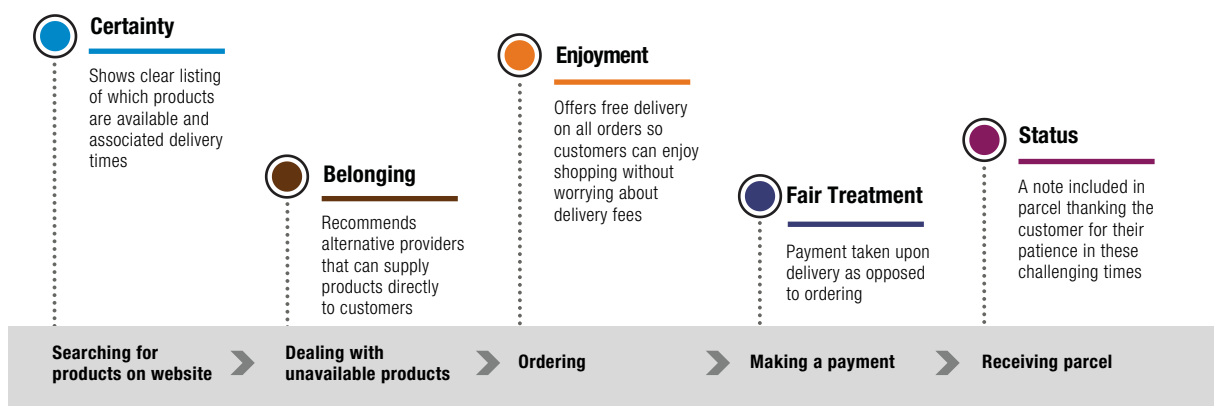
DESIGN

The Forces can be used as a frame to better map customer journeys. We can identify opportunities to dial up the right Forces, in the right way, at the right moments in the customer journey. This is particularly relevant to the COVID-19 situation and the transition period post-crisis, as organisations will need to develop a new customer experience vision to accommodate the changing environment and customer needs. This involves going beyond diagnosis and prioritisation and generating ideas for potential interventions or process improvements to address any gaps we may see across the customer journey. Of course, using a truly human-centric framework to make sure that the design then truly connects to customers' needs is vital.

The analyses described above are fundamental to shaping the design or redesign of the right end-to-end customer experience. They provide key input into action plans and, importantly, into building business cases to drive CX improvement – across every touchpoint and channel, in every single interaction.

Here is an example, using the CX Forces approach, of how an online shopping experience can evolve to deal with the COVID-19 situation:

Figure 10 Optimise the CX/journey: an online shopping journey



Source: Ipsos R&D

CONCLUSION

There is a lot at stake. Meeting customers' functional and relational needs in these difficult times will certainly have positive consequences on customers' emotional attachment and goodwill. Brands therefore need to strive to understand, adapt to, and anticipate these needs to strengthen customer relationships and build a competitive advantage.

The Forces of CX is a framework grounded in behavioural science that enables organisations to take their CX strategy to the next level. The framework can help organisations shape experiences which fulfil customers' fundamental needs and create long-lasting and profitable relationships, leading to a better Return on CX Investment (ROCXI).

We demonstrate from our research in Latin America that the relative importance of the Forces varies across markets, sectors and brands.

Consequently, the Forces of CX should be at the heart of any successful CX improvement initiative, and the understanding of the importance of delivering on the Forces of CX must span every level of an organisation – from C-suite to frontline. This framework needs to shape Voice of the Customer programmes and the resulting insights and action plans should be truly embedded into your organisation's culture – a culture that needs to be fundamentally customer- and therefore *people-* centric.

Do you truly understand the forces that are at play in your customers' minds? Doing so is a critical first step in the design of customer experiences that can foster strong relationships and drive competitive advantage.

Figure 11 Delivering a Return on CX Investment (ROCXI)



Source: Ipsos R&D

REFERENCES

1. <https://www.ipsos.com/en/forces-customer-experience>
2. Ipsos carried out R&D across nine sectors (auto insurance, general insurance, auto sales and service, banks, hotels, e-commerce, retail, supermarkets and telecommunications) in Latin America (8,795 respondents)
3. <https://www.ipsos.com/en/emotional-attachment-and-profitable-customer-relationships>
4. Fiske, S. T. (2008). Core social motivations: Views from the couch, consciousness, classroom, computers, and collectives. In J. Y. Shah & W. L. Gardner (Eds.), *Handbook of motivation science* (pp. 3-22). New York: Guilford
5. <https://www.ipsos.com/en/get-fair-or-fail-why-fairness-key-business-success>

FURTHER READING

Dancing with Duality – Achieving brand growth in a mindful and mindless world

<https://www.ipsos.com/en/dancing-duality>

Mind the Gap – Why what a brand promises and what it delivers matter

<https://www.ipsos.com/en/mind-gap-why-what-brand-promises-and-what-it-delivers-matter>

Money Talks or Budget Walks – Delivering a Return on Customer Experience Investment: ROCXI

<https://www.ipsos.com/en/money-talks-or-budget-walks>

Staying Close to your Customers – Why customer experience still matters amid COVID-19 and social distancing

<https://www.ipsos.com/en/staying-close-your-customers>

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Customer Perspective: An Ipsos podcast

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