

CUSTOMER EXPERIENCE IN AUSTRALIA

The Missing Link:
Australia's Emotional
CX Blindspot

AUTHOR

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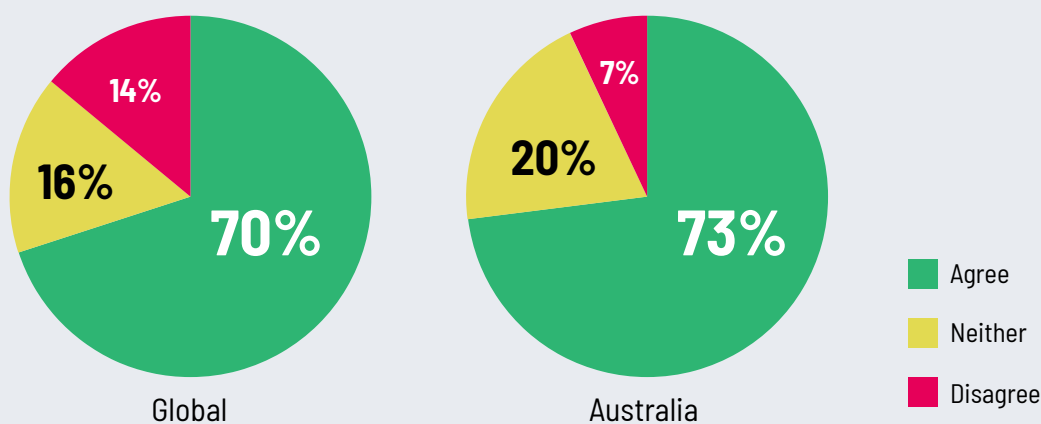




INTRODUCTION

The Australian Customer Experience (CX) landscape stands at a critical juncture. While 73% of Australian consumers say they actively choose brands based on the expected quality of the customer experience—higher than the global average of 70%—our latest CX Global Insights 2025 study reveals a sobering reality: Australian organisations are failing to capitalise on this opportunity. With nearly half (48%) of all customer interactions rated as “nothing notable” and only 35% considered genuinely good, the nation’s CX performance is mediocre at best.

% who actively choose brands based on expected experience quality



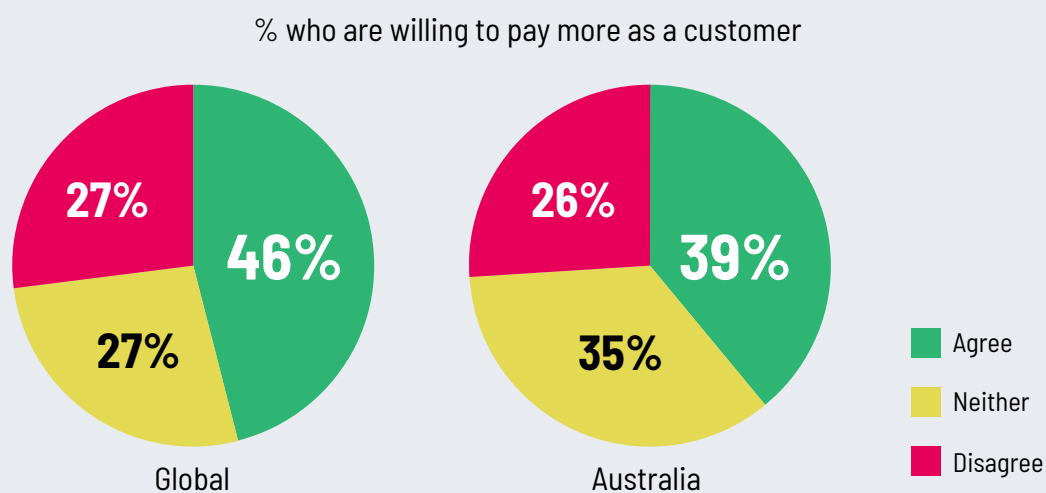
Q. I choose to use a brand because I know the experience will be good





Perhaps even more concerning is the value being “left on the table”. Despite Australian consumers acknowledging the customer experience as a key driver of their choice, only 39% are willing to pay more for better experiences—well below the global average of 46%.

So, we are a nation of consumers who value CX, but not enough to pay more for it. This is the challenge that Australian organisations face - how can they deliver experiences to differentiate themselves AND demonstrate the tangible value that justifies premium pricing.



Q. I am willing to pay more to get better experiences as a customer










THE MISSING LINK - EMOTION

To understand this conundrum where customers simultaneously value great experiences yet are not willing to pay for them, we must first confront an uncomfortable reality: most Australian organisations deliver for functional adequacy while failing to create emotional connections. Ultimately, what this translates into on a day-to-day basis is delivering experiences that simply meet customer expectations (but don't exceed) and delivering unmemorable interactions at the moments that matter.

The numbers paint a stark picture. Nearly half (48%) of customer recollections of interactions in Australia are rated as "nothing notable"—forgettable moments that neither delight nor disappoint. Only 35% of interactions go above and beyond expectations, compared to 51% globally. We've created a nation of bland experiences, technically competent but emotionally vacant.

The impacts of this lack of emotion are not all psychological, it has profound consequences on key business metrics. When we examine the relationship between Emotional attachment and business outcomes, the impact becomes clear. "Emotionally Attached" customers in Australia – those customers who are not only functionally satisfied, but feel a deeper bond with an organisation– not only deliver an average Net Promoter ScoreSM of 56, while "Unfulfilled" customers plummet to -50—a staggering 106-point swing, but they also make more recommendations (something we explore further in the Additional Insight section at the end of this report).

Similarly, when we asked customers about their likelihood to continue with their current provider, the difference in those who are Emotionally Attached versus Unfulfilled is staggering. Nearly three quarters (72%) of those who were Emotionally Attached were likely to continue with their existing provider, while just 12% for those who were unfulfilled.

	NPS®	Satisfaction %	Retention %
 Emotionally Attached	56	62	72
 Functionally Satisfied	13	34	47
 Unfulfilled	-50	8	12

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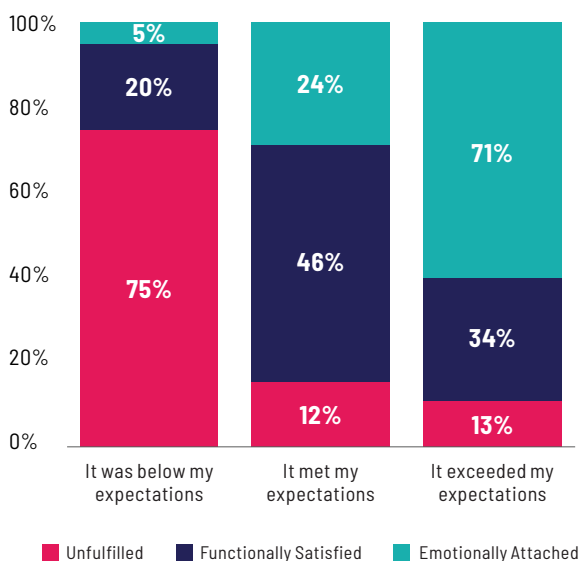
BRIDGING THE EMOTIONAL GAP – HOW CONNECTIONS ARE CREATED

Understanding the emotion gap naturally leads to a critical question: what creates emotional connection? Our research points to two inseparable factors—memorable moments and exceeding expectations.

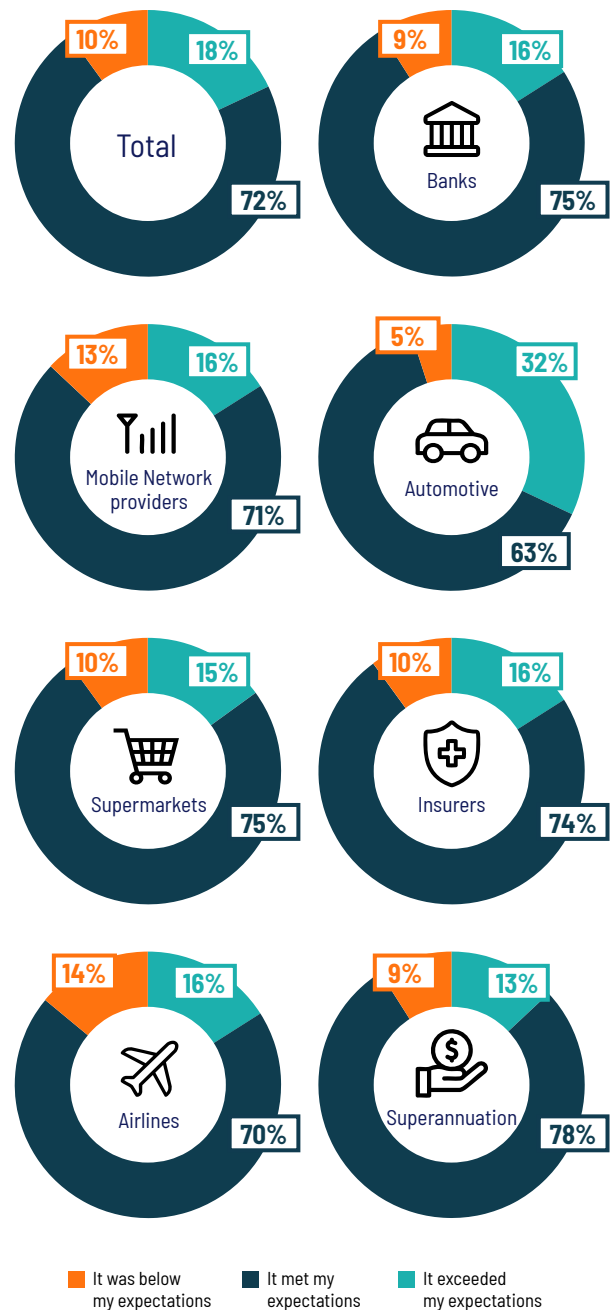
Let's consider the expectation equation first. When Australian businesses exceed expectations, 71% of customers feel emotionally attached—a powerful outcome. But unfortunately this happens only 18% of the time, with the top-performing industries such as automotive, only exceeding expectations 32% of the time. The vast majority of interactions either only meet expectations (creating functional satisfaction but not emotional connection) or fall below them (creating active detachment).

To make it worse, the Australian response to unmet expectations proves harsh. While 71% of global customers feel emotionally unfulfilled when expectations aren't met, in Australia that number is up at 75%. This (albeit marginally) amplified negative response shows that Australian customers don't just notice failures—they remember and punish them, and the data shows this. When expectations aren't met, only 12% of customers intend to stay, compared to 23% globally. This heightened sensitivity to disappointment means Australian businesses operate on a knife's edge—one failed expectation can undo years of relationship building.

Emotional Connection vs Meeting Expectations



Expectation Management by Industry



The challenge compounds when we examine how memorable experiences are. Even in our best-performing industries, 56% of interactions leave no lasting impression—they're neither good nor bad, just forgettable. This mediocrity explains why Emotional Attachment remains elusive: you can't create emotional connection through forgettable experiences.

THE FORCES THAT SHOULD BE DRIVING CONNECTION

The Ipsos Forces of CX framework helps decode this emotional connection challenge by revealing which experiential forces drive Emotional Attachment. The framework identifies six critical forces—three hygiene factors (Fair Treatment, Certainty, Control) and three differentiators (Status, Belonging, Enjoyment).



Fair Treatment

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



Certainty

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



Control

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



Status

Make customers feel valued, respected and worthy of special treatment



Belonging

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

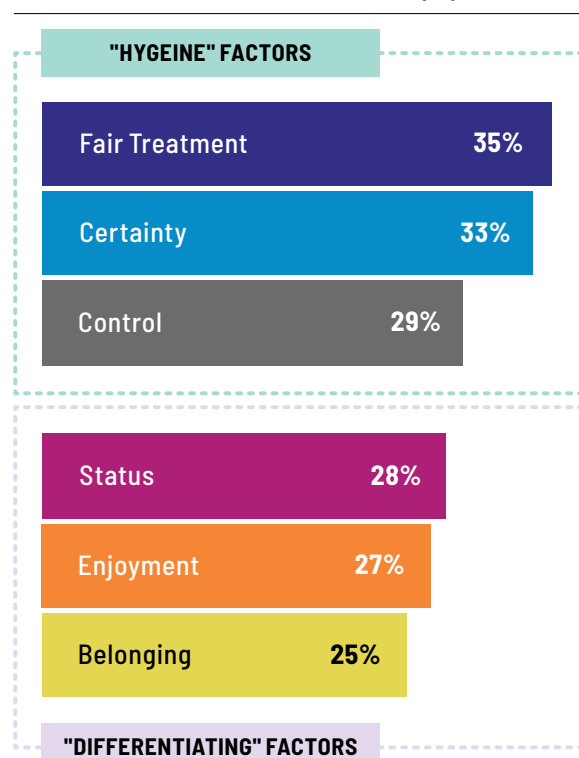


Enjoyment

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

Australian businesses do better in the delivery of the hygiene factors. They deliver fair treatment (35% top-box scores) and certainty (33%) reasonably well – but there is room for improvement with control at 29%. These foundational elements prevent active dissatisfaction but don't necessarily create advocacy. It's the business equivalent of being polite but unmemorable.

Forces of CX Performance (%)



Note: top box % = 9&10 responses on a 0-10 scale.

The issue emerges in the differentiating forces. Only 25% of customers feel a sense of belonging with Australian brands, just 27% experience enjoyment in their interactions and only 28% feel valued. These are the forces that transform satisfaction into advocacy, customers into fans and Australian businesses are yet to capitalise on this.

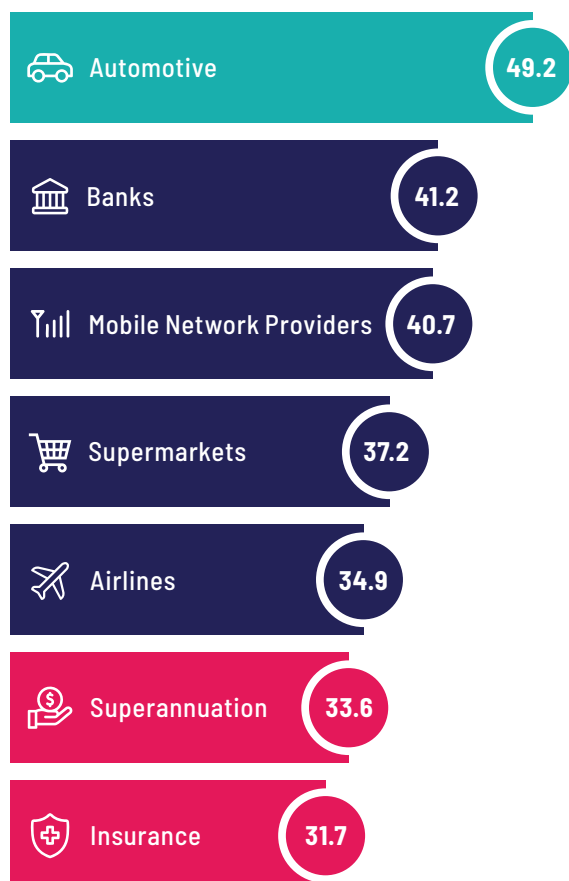
This imbalance between hygiene and differentiators explains the willingness-to-pay gap. Customers won't pay premiums for basic competence. They pay for experiences that make them feel special, understood, and valued. Until Australian businesses master these emotional differentiators, the value perception problem will persist.



LEADERS AND STRUGGLERS: INDUSTRY PERFORMANCE

To see how this plays out in reality, we can look at the industries covered to understand how differently industries navigate these emotional waters, with a clear winner emerging.

Emotional attachment Score by Industry



THE LEADER: AUTOMOTIVE

The Australian automotive sector emerges as the clear CX champion with 49% Emotional attachment—4% above the global average for automotive. This success stems from their ability to exceed expectations, with 32% of experiences surpassing customer expectations compared to the Global average of 18%. The sector's NPS of 37.5 towers above other industries, driven by their superior performance on the Status (34%) and Enjoyment (34%) forces. Automotive brands have mastered the art of making customers feel valued and special – something Damian Long, the Ipsos Global Head of Automotive, has seen evolving.



"We see Automotive companies going well above and beyond, offering increased vehicle personalisation options with bespoke interior trim or exterior colours, or inviting buyers to become part of a community, where they can ask questions and engage with the brand - in return for discounts on other products and services.

In some cases, customers are offered the services of a specialist individual to look after them throughout the sales process, as well as being their point of contact for any follow up after-sales care. Other, typically the more premium, brands, also invite customers to try their cars on a race track, or invite them to sporting events to foster loyalty."

THE STRUGGLERS: INSURANCE AND SUPERANNUATION

At the opposite end of the spectrum, insurers (32% Emotional attachment) and superannuation funds (34%) face more CX challenges. This is not likely to come as a surprise given the more transactional nature of these experiences, but these sectors also share common failings: low issue resolution rates (25% of Insurance and 22% of Superannuation customer issues are not fully resolved), low Certainty scores (33% for Insurance and 31% for Superannuation), low likelihood to be forgiven if a mistake was made and limited ability to create positive memorable moments.

Yet these results aren't inevitable for financial services. Banking demonstrates that emotional connection is achievable in this sector, ranking as the 2nd best performing industry with 41.2% Emotional Attachment. Banks have earned this through concerted efforts to forge deeper emotional connections with customers—through their branding, advertising and experiences. This success provides a clear roadmap that insurers and superannuation funds could follow to transform their own customer relationships.

The insurance sector's challenges are particularly important given the emotional context of their services. When customers need insurance, they're often in stressful situations requiring empathy and support. Yet only 30% of customers feel Insurers understand their personal situation, 23% feeling a sense of belonging and 31% of customers feel of certain in their interactions. This emotional disconnect translates directly to business outcomes, with only 42% of customers likely to remain—a retention crisis in the making.

THE SURPRISING LOW PERFORMER: AIRLINES

Perhaps the most striking finding is the underperformance of Australian airlines relative to global peers. While airlines globally achieve 52% Emotional Attachment, Australian carriers manage only 35% – a 17-point deficit. Despite having the most memorable experiences (both positive and negative), with 63% of customers recalling notable interactions, airlines struggle to convert these moments into emotional connection.

The airline paradox—high memorability but low attachment—suggests a misalignment between what airlines deliver and what Australian travellers need to emotionally connect. High prices, service inconsistencies, low issue resolution and failure to recognise customer loyalty can outweigh occasional moments of delight. While there aren't many options in the market, with only 41% retention likelihood, Australian airlines still face a CX challenge that requires rethinking of the experiences and how these connect with their customers to create loyalty.



THE PATH FORWARD: HOW TO DRIVE CX EXCELLENCE

There is a lot to unpack – but with a clear target on creating memorable experiences that emotionally connect with customers, we can now look at how Australian organisations tackle these challenges.

Based on our experience in working with organisations to overcome similar types of challenges, we see there are three critical areas that organisations must focus on to elevate their CX performance:



1. EMBRACE EMOTIONAL AND HUMAN CENTRED DESIGN

Less designing for efficiency, more designing for emotion. Every interaction should be evaluated not just on if it solved a problem but whether it created a connection. Brands are masters at bringing the human emotion into branding and advertising – now it needs to translate into their experiences. This means designing frameworks that empower employees to create moments of unexpected delight, investing in personalisation that demonstrates understanding the customer, and treating each interaction as an opportunity to strengthen emotional bonds.

2. MORE FOCUS ON EXPECTATIONS

The need for Brand-Experience alignment as concept is not new, but what is concerning is how the experience gap persists – with brands continuing to deliver experiences that don't stack up to the expectations their advertising has set.

With Australian customers showing high sensitivity to unmet expectations, how these expectations are managed becomes critical. This means radical transparency in communication, building buffers into every promise, and when failures occur, approaches to recovery that don't just fix the problem, they focus on rebuilding trust.

What is also critical here is the alignment between CMO's and CCO's. What are their strategic agendas? How incentivised are they to ensure alignment between the expectations they set and deliver?

3. ACTIVATE YOUR DIFFERENTIATING FORCES

While maintaining hygiene factors is critical and a bare minimum for success, actively focussing on and investing in creating a sense of Status, Belonging, and Enjoyment is where organisations can differentiate. Make customers feel special through recognition and rewards. Create communities that foster belonging. Design experiences that add joy to routine transactions. These differentiators justify premium pricing and drive advocacy. Whilst many organisations may say they are doing some or all of these activities – the data doesn't lie, and that those that are, may need to rethink their approach to differentiated experiences.

CONCLUSION: THE EMOTIONAL IMPERATIVE

The state of CX in Australia presents both sobering realities and clear opportunities. While it appears most organisations have achieved functional competence—delivering reliable, fair, and certain experiences—they've failed to create the emotional connections that drive true customer loyalty and advocacy.

The sectors showing the way—automotive, banking and mobile network operators—prove that emotional connection is achievable even in traditionally rational categories. Their success demonstrates that with deliberate focus on experience design, expectation management, and emotional resonance, any organisation can transform customer relationships.

For Australian businesses, the question isn't whether to invest in customer experience—the data makes that imperative clear. The question is whether they'll settle for functional adequacy or bridge the emotional experience gap.

In a market where 73% of customers choose brands based on experience but only 39% will pay more for it, the answer will determine who thrives and who merely survives.

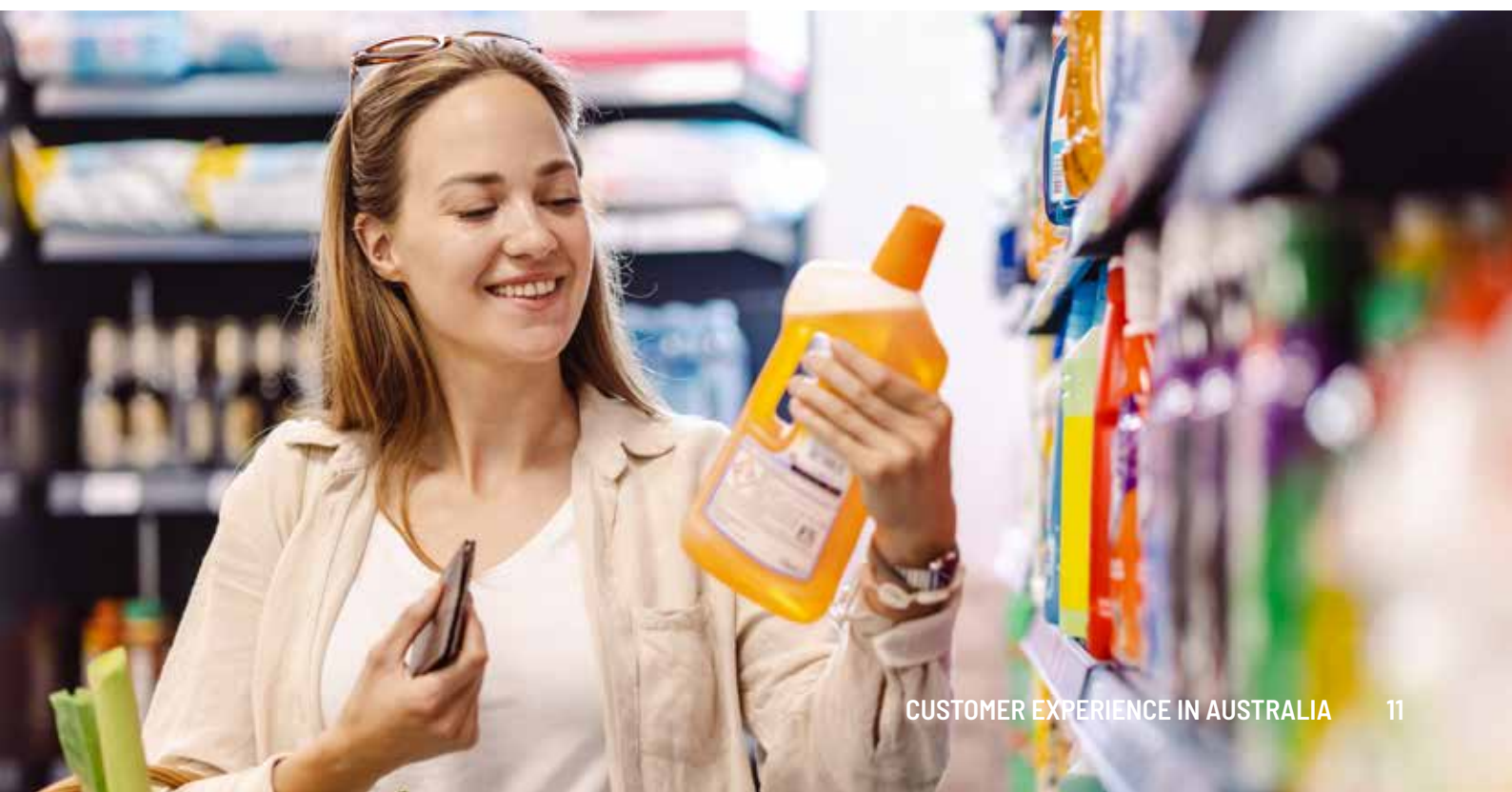
The path forward is clear. Organisations must move beyond satisfaction to create genuine Emotional Attachment through memorable moments that consistently meet and as much as possible exceed expectations. They must master the Forces of CX, investing in differentiators like Status, Belonging, and Enjoyment while maintaining hygiene factors. Most critically, they must recognize that in the Australian market, there's no middle ground—customers are either emotionally connected or they're gone.

CALL TO ACTION:

Get in touch with us on CustomerExperience@ipsos.com to learn more about how Ipsos can help you create emotional connections with your customer by delivering the experiences they want and will remember.

METHODOLOGY SUMMARY:

The Ipsos CX (Customer Experience) Global Insights 2025 study included 65,000 respondents across 18 countries and 16 industries. In Australia, the study analysed the experiences of 3,400 respondents across 7 key industries (Banks, Mobile Network Providers, Automotive, Supermarkets, Insurers, Airlines, and Superannuation).





ADDITIONAL INSIGHT 1

THE ADVOCACY RIPPLE EFFECT - UNLOCKING THE HIDDEN VALUE OF RECOMMENDATIONS

While Australian organisations obsess over likelihood to recommend, they're missing the real story: actual recommendations and their compounding impact on business growth. Our research reveals that customers acquired through recommendations exhibit more positive behaviours that create a powerful ripple effect throughout the customer base.

The numbers tell a compelling story. In Australia we see customers who join a brand based on recommendations are 1.2 times more likely to remain and 1.5 times more likely to make recommendations themselves. Then those who joined based on recommendations make an average of 3.6 recommendations compared to just 1.5 for those who joined without a recommendation. This creates a virtuous cycle where advocacy builds advocacy – or as we call it, the **Advocacy Ripple Effect**.

It is also here that we again see the power of emotional connection and its ability to super-charge recommendation behaviours. Globally we see, Emotionally Attached customers make on average 5.7 recommendations, 1.8x higher than recommendations from Unfulfilled customers. In Australia, the difference is even more pronounced with Emotionally Attached customers making 3 recommendations, 2.3x higher than the 1.3 recommendations from Unfulfilled customers.



Average Recommendations by Emotional attachment



But Australian businesses are yet to capitalise on this opportunity. With Australians making only 2.09 recommendations on average—less than half the global average of 4.3—millions in potential customer acquisition value remains untapped.

Rather than viewing NPS or recommendation as an endpoint, organisations need to see it as part of a circular value chain. Every promoter represents not just higher spend and lower churn potential but, more importantly, acquisition power.

Smart organisations are already moving beyond traditional metrics to track actual recommendation behaviour and its downstream impact. They're investing in advocacy programs that make it easier for customers to recommend, rewarding actual recommendations rather than just satisfaction, and systematically converting recommendation recipients into advocates themselves. The advocacy ripple effect isn't just theory—it's measurable, manageable, and quantifiable.

WHAT DOES THIS MEAN FOR AUSTRALIAN ORGANISATIONS?

We need to stop treating NPS just as a metric or endpoint and start building systems that understand and motivate actual advocacy. This means making it easy and rewarding for customers to recommend, tracking actual recommendation behaviours (not just likelihood) and then creating experiences so remarkable that customers can't help but share them.

ADDITIONAL INSIGHT 2

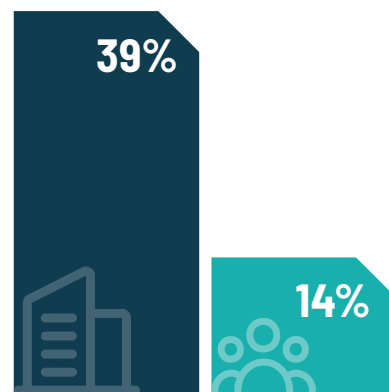
THE AI PERCEPTION GAP - WHO REALLY BENEFITS?

As artificial intelligence rapidly transforms customer experience delivery, a concerning perception gap emerges from our research. In Australia, our study found that 41% of customers believe companies will benefit most from AI development, while only 6% think customers will be the primary beneficiaries (down from the global 14%). This scepticism poses a fundamental challenge for organisations rushing to deploy AI-powered CX solutions.

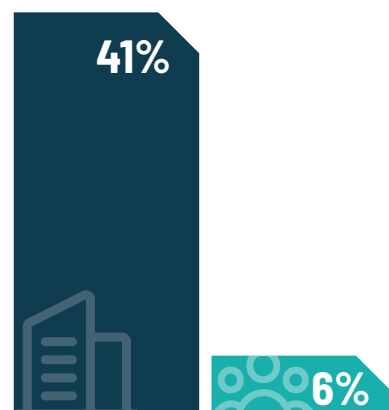
AI assistant ✨

Who will benefit most from AI?

Total



Australia



- Companies will benefit the most
- Customers will benefit the most

The perception gap stems from implementation realities. AI deployment is seen to focus more on cost reduction—replacing human agents with chatbots, automating previously personal interactions, and creating digital barriers between customers and human support. Too often, customers experience AI as a frustration multiplier: endless loops with unhelpful bots, inability to reach human agents, and tone-deaf automated responses to emotional situations.

Yet the potential for AI to genuinely enhance customer experience remains enormous. When deployed thoughtfully, AI can enable hyper-personalisation at scale, predict and prevent service issues before they occur, and augment human agents with real-time insights that enable more empathetic, effective service.

These findings highlight that organisations must rethink their AI strategy through a customer value lens. Instead of asking “How can AI reduce our costs?”, leaders should ask “How can AI create experiences impossible without it?” This might mean using AI to eliminate wait times rather than eliminate agents, to predict customer needs rather than deflect customer contacts, or to personalise every interaction rather than standardise every response.

Australian organisations also face a particular challenge given the market’s heightened expectations and lower forgiveness for failure.

AI mistakes that might be tolerated elsewhere become relationship-enders in Australia. This demands a more cautious, customer-centric approach to AI deployment—one that prioritises customer value creation over operational efficiency.

The winners in the AI-powered CX future will be those who demonstrate tangible customer benefits: faster resolution, more accurate personalisation, proactive problem-solving, and augmented human connection, rather than replaced human interaction. Until organisations prove AI benefits customers as much as companies, the perception gap will remain a barrier to CX transformation.

WHAT DOES THIS MEAN FOR AUSTRALIAN ORGANISATIONS?

Now is the critical time to reframe AI and digital transformation through a customer value lens. Be clear that it is about using technology to eliminate friction, not human contact. Organisations need to focus on deploying AI to understand, predict and exceed expectations, not just to reduce costs, creating digital experiences that feel more human, not less.





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