



**MULESOFT
CONNECTED
CONSUMER
REPORT**

2017



www.mulesoft.com

Foreword



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Customer experience is more important than ever. Increasing numbers of businesses see customer experience as the key battleground, where fortunes can be made or lost. Within this digital age, consumers are demanding a higher level of integrated services, on demand and across many channels. There are several new and maturing technologies that businesses are increasingly attracted to, which are changing the way customer experience is handled. These include (but aren't limited to):

- **Mobile Apps** – unlocking cost savings through customer self-service at their fingertips
- **Social Media** – as perceptions of traditional channels harbour long wait times and bureaucracy, social media has opened up the instant response options for consumers
- **Artificial Intelligence** – millions of simple transactional queries handled by a chatbot instead of customer service teams

It seems like a match made in heaven. So, as the inaugural MuleSoft Connected Consumer Report reveals, why are so many businesses getting it wrong?

One of the killers of great customer experience is a disconnected approach to customer journeys. In recent years, we have witnessed an explosion in the use of customer satisfaction surveys. Every call, email, text, tweet is followed

immediately by a request for feedback – “how could we improve your experience?” Whether it’s Net Promoter Score (NPS), Customer Effort Score or C-Sat, businesses have embraced the challenge of listening to their consumers.

Are you asking the right question at the right time though?

Businesses are focusing intently on individual touchpoints, rather than looking at the end-to-end journey. This only serves to reinforce the silos in their business and drive a disconnected customer experience.

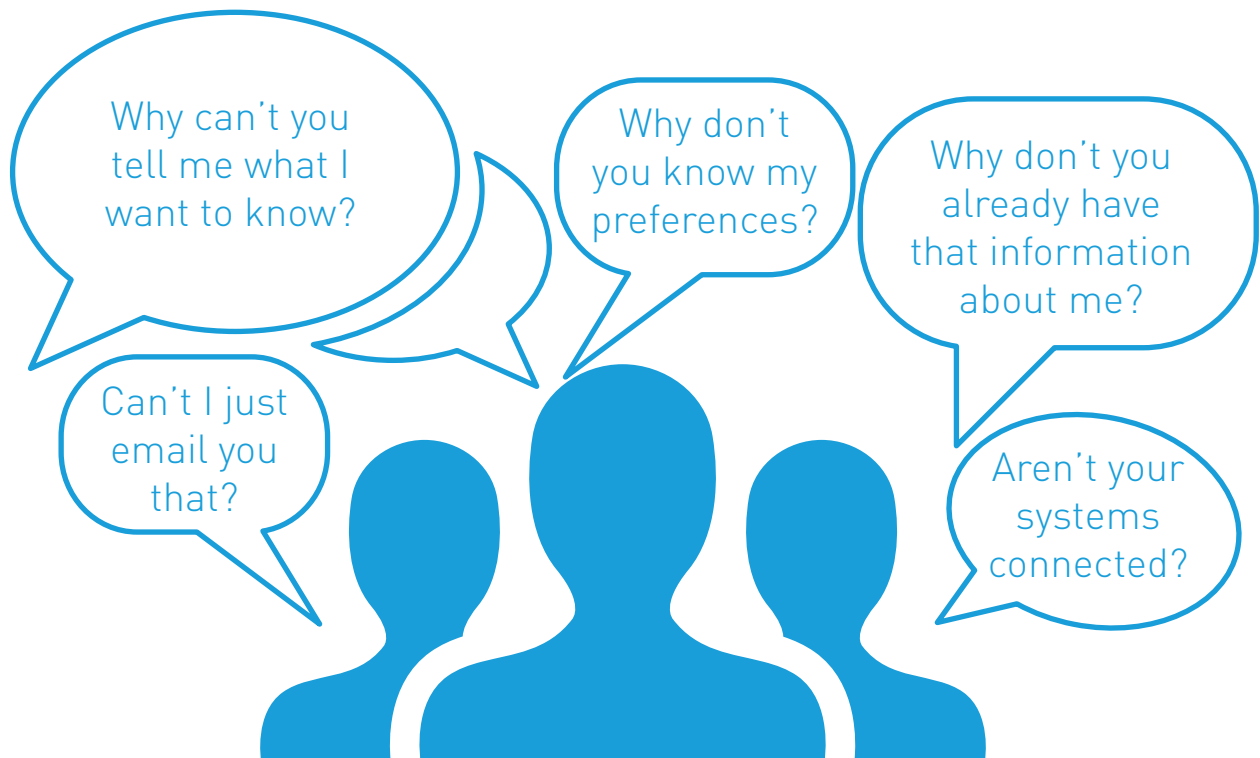
The key is to develop a way of measuring customer satisfaction which encourages all of the links in the chain to connect, to deliver a seamless experience. This engages the entire business, and not just the customer facing teams, in listening to the voice of the customer. A customer journey measurement approach can bring together the processes and behaviours needed to create a more joined up approach across channels.

And when it comes to new technologies and deploying automated solutions ask yourself: **just because I can automate an experience, does it mean that I should?**

Take time to understand the needs of your individual customer segments, the reason for contact, the level of emotion and importance that the customer ascribes to that contact. Then, design automated experiences that meet their needs. Done well, automation lifts satisfaction and reduces costs. Avoid pushing customers to poorly designed digital experiences simply to deliver a cost to serve objective. A clear channel mix strategy, set up front, can help you to avoid some of these pitfalls.

The following MuleSoft Connected Consumer Report 2017 highlights a number of best practices and barriers to consider when connecting your customer experience. I hope you enjoy the read.

Introduction



Have you ever asked one of these questions? They're a familiar existence in modern day consumer life. As all of us expect everything to be on demand and fully connected, no organization is immune from the forces of digital disruption. Today, banks are being required to make their services more open due to regulation and the emergence of a new wave of fintech companies; bricks-and-mortar retailers are having to transform into omnichannel businesses to compete with the likes of Amazon; insurance providers need to differentiate in an increasingly commoditized market; while in the public sector, efficiency drivers and citizen demand is seeing public services migrate online.

While the nirvana for organizations is being able to deliver a fully-connected and highly-personal experience to consumers, the current reality is somewhat different. The MuleSoft Connected Consumer Report 2017 looks at how a disconnected experience is currently impacting European consumers and then explores the opportunities and challenges ahead for banks, retailers, insurers and public services individually to meet consumers' expectations.



What is a connected consumer experience?

For the purpose of this study we defined a connected experience as:

“An organization knowing your preferences across all channels and/or being able to provide you with access to the information you need in a timely manner”.

More than half of European consumers feel they receive a disconnected experience

Right from the start, the research is clear; banks, retailers, insurers and public services have room for improvement when it comes to providing a connected and value added experience to consumers. Public services are the worst performer with 58% of respondents saying they feel they receive a disconnected experience, followed by insurance providers (55%), banks (53%) and retailers (52%). This indicates that public services isn't as far on its digital transformation journey as other sectors, and continues to face integration challenges.



PUBLIC SERVICES

58% of consumers believe public services provide a disconnected experience.



Germany



UK



Belgium & Netherlands



INSURANCE PROVIDERS

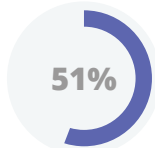
55% of consumers believe insurance providers provide a disconnected experience.



Germany



UK



Belgium & Netherlands



BANKS

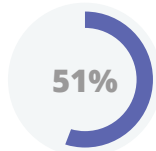
53% of consumers believe banks provide a disconnected experience.



Germany



UK



Belgium &
Netherlands



RETAILERS

52% of consumers believe retailers provide a disconnected experience.



Germany



UK



Belgium &
Netherlands

To understand consumers' frustrations further, we looked into the four factors that contribute towards a disconnected experience.

What factors contribute towards a disconnected consumer experience?

1. Do you know me?
2. Data input deja-vu
3. Hello? Anybody there?
4. "Sharing is caring"



1. Do you know me?

Today, consumers interact with organizations using a variety of channels (online, offline, phone, social media, etc.). A lot of this data is being captured, but the question remains: how effectively is it being used to deliver a truly personalized experience to users and consumers? A common complaint from consumers is that they continue to be poorly targeted with 'personalized' information and offers.

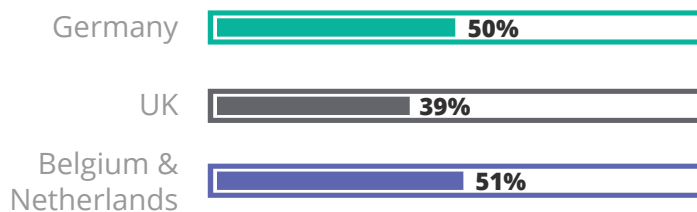
This is where the research highlights some noticeable differences between industry sectors and geographies. Banks score highly

when it comes to personalization, with 71% of consumers feeling they received a highly tailored and personalized experience. However, at the other end of the scale, only 45% of consumers feel they receive a personalized experience from retailers. This could be explained by the fact that consumers tend to undertake a handful of standard transactions with a bank, whereas in retail interactions and preferences will change based on factors ranging from what is being purchased to the latest fashion trends.



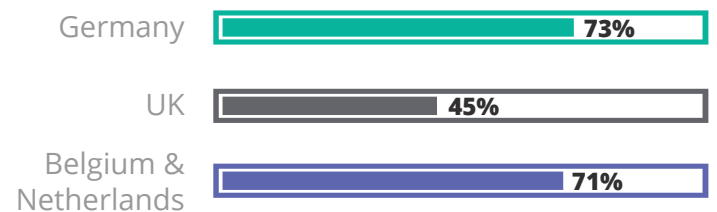
PUBLIC SERVICES

44% of consumers feel they receive a personalized experience.



INSURANCE PROVIDERS

59% of consumers feel they receive a personalized experience.



Despite the vast amount of customer data retailers capture online and through loyalty programmes, there is clear room for improvement in providing a truly personalized experience.

At a geographic level, German consumers generally feel they receive the most personalized experience, whereas UK respondents have the least personalized experience in every industry. This difference may be attributed to the fact that a larger number of services in Germany, especially

banking and insurance, are still being provided 'in-person.' In contrast, in the UK more services are delivered online and could be viewed as more impersonal. Yet it is the move to online that could ultimately lead to solving the personalization conundrum. As we'll see later in this report, consumers are increasingly more open to share personal and social media data if it directly benefits them. The key is courage and focus to define the specific parts of the customer journey that organizations want to personalize, versus trying to personalize everything.



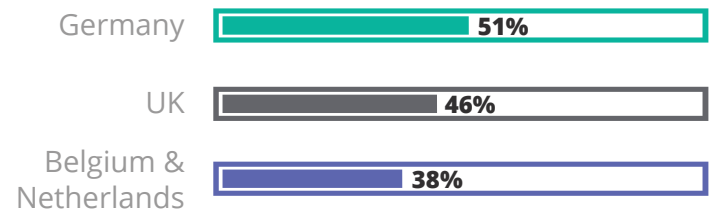
BANKS

71% of consumers feel they receive a personalized experience.



RETAILERS

45% of consumers feel they receive a personalized experience.



2. Data input deja-vu

To compound the lack of personalization that consumers experience, most say they are very frustrated when they have to re-input or re-submit personal information they previously provided. The research shows that this is particularly evident in public services and the insurance sector, where 56% of consumers were re-submitting or re-inputting personal data they had previously provided. Neither the banking nor retail sectors fared much better, with 52% and 49% of Europeans respectively expressing frustration.



PUBLIC SERVICES

56% of consumers are frustrated having to re-input or re-submit personal data they had previously provided.



INSURANCE PROVIDERS

56% of consumers are frustrated having to re-input or re-submit personal data they had previously provided.



BANKS

52% of consumers are frustrated having to re-input or re-submit personal data they had previously provided.



RETAILERS

49% of consumers are frustrated having to re-input or re-submit personal data they had previously provided.

This is indicative of today's consumer who interacts with an organization using a variety of channels, yet has a poor experience due to the siloed nature of applications and data. Later in this report, we show how this disconnected experience can lead consumers to move banks or find alternative retailers; the threat is real when consumers vote with their feet.

Best practices:

In the United States, the Department of Veterans Affairs (VA) is responsible for providing healthcare and other services for over 21 million veterans, making it one of the world's largest healthcare providers. Even at this size, they are running a Proof of Concept for a Digital Health Platform to provide a comprehensive dashboard spanning a Veteran's complete health record across every medical record system.

The aim?

360 views of patients, to avoid consumers resubmitting information again and again. The key is the underlying technology architecture which leverages a network of Application Programming Interfaces (APIs) to integrate military and commercial health data and enables 'plug and play' with other systems¹ .

¹ <https://www.oit.va.gov/specialreports/dhp/>

3. Hello? Anybody there?

The speed at which organizations respond to online or offline requests for information (e.g., product availability, delivery information, billing information, etc.) is another area of frustration for many consumers. This is often a result of information sitting in different systems, making it difficult for staff to respond in a timely manner.

The research reveals that public services is at the bottom of the pile again in this regard. 37% of consumers have had experiences where a query or request for information could not be answered or took a lot longer than anticipated because staff did not have access to all the information they needed. This issue seemed particularly prominent in Germany, where 45% of respondents had experienced unanswered queries or delayed responses from public service organizations.



Best practices:

Global retailer GANT recognised that its omnichannel customers are 30-40% more profitable. To better engage with customers across their channels, they aimed to build a seamless customer experience by launching initiatives such as a unified stock availability checker (for both online and in-store). To achieve this visibility into product availability, they introduced a new blueprint architecture, created a GANT API that documented and exposed data from across multiple systems, and released an omnichannel online store stock check product in just a few weeks.

4. “Sharing is caring”

Power to the People:

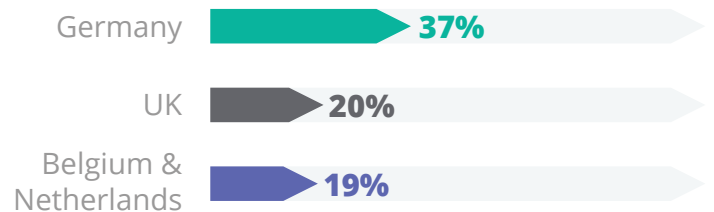
Consumers want to call the shots on how they communicate and share information.

The final frustration explored was the number of consumers who are unable to interact with an organization in the way that suits them. The research showed that sharing information, or the right insights, is often difficult and a significant number of consumers are simply giving up completing an activity or request. The research highlights that, across the board, nearly a quarter of consumers have given up on an activity due to the difficulty of sharing information. Notably, German consumers were especially intolerant when it came to interacting with banks and public services, compared to their counterparts in the UK, Belgium & Netherlands. Furthermore the research highlighted that younger consumers aged 18-34 (27%) were more likely to give up on an activity, compared to those in older age brackets 35-54 (24%) and 55+ (20%), highlighting the impatience of the millennial generation.



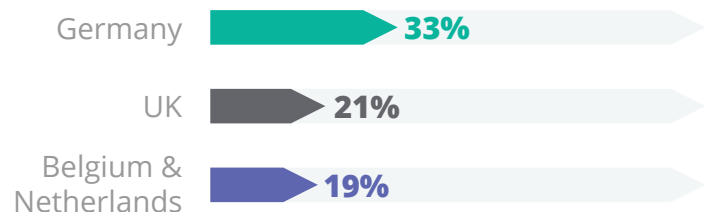
PUBLIC SERVICES

24% of consumers have given up on an activity or request because sharing information was too difficult.



INSURANCE PROVIDERS

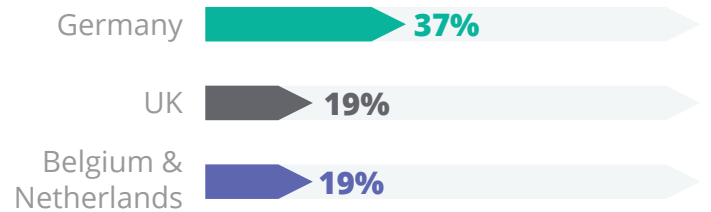
24% of consumers have given up on an activity or request because sharing information was too difficult.





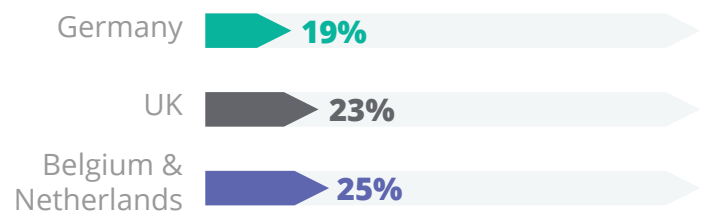
BANKS

23% of consumers have given up on an activity or request because sharing information was too difficult.



RETAILERS

22% of consumers have given up on an activity or request because sharing information was too difficult.



Industry analysis



Banking



A snapshot of FinTech across Europe:

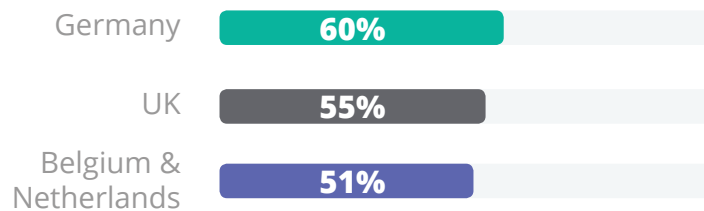
- **Venmo, the payments app, is on track to process \$20bn in payments in 2017**²
- **£110m deposited to Atom Bank's fixer saver accounts within 9 months of launch and 100% mobile interactions**³
- **More than 100,000 people in the UK are now using the Monzo app, since the company was founded in 2015**

² <http://fortune.com/2016/10/20/venmo-20-billion/>

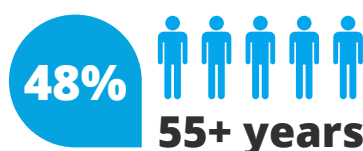
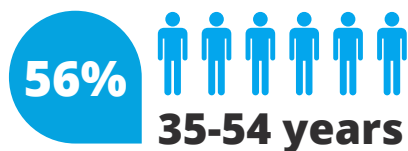
³ <https://www.finextra.com/pressarticle/67494/atom-bank-claims-110-million-in-deposits-for-fixed-saver-account>

More than half of European consumers said a disconnected experience would make them consider changing banks. This figure is even higher (65%) for respondents aged 18-34 years, indicating that this digitally savvy age group has higher expectations regarding banking services. With switching banks becoming easier, and new FinTech companies springing up, it is clear that banks can no longer rest on their laurels when it comes to customer retention.

55% of consumers would consider changing bank due to a disconnected experience.

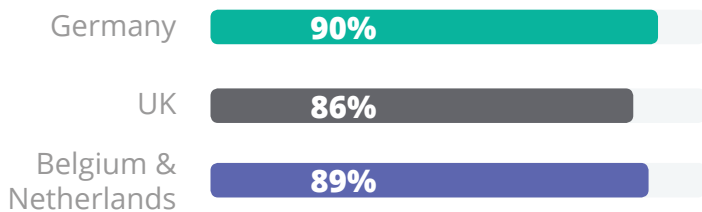


DEMOGRAPHIC SPLIT



In particular, consumers agreed banks should make it easier for them to compare products and services, as it would allow them to make a much more informed choice.

88% of consumers believe banks should make it easier for consumers to compare products and services.



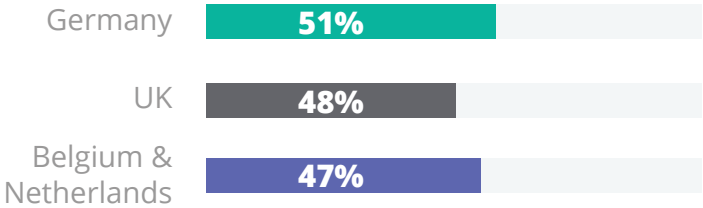
Across Europe, banks will be obliged to give third-party providers access to customers' accounts through open APIs. This will enable anyone to build payments services on top of banks' data and infrastructure – from the likes of Google and Facebook to a supermarket or coffee shop chain.

The Payment Services Directive (PSD2), coming into force in 2018, provides a legislative mandate for more open data and increased open data interchange between financial services organizations. The key is how do institutes use this as an opportunity to thrive, rather than simply comply and survive?

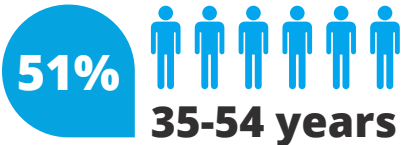
The research reveals nearly half of European consumers would be happy to share their banking transaction history with a trusted third-party, and more than a quarter would consider using the likes of Amazon, Google, Facebook or Apple rather than a traditional bank in the future. Simplicity and convenience (55%) was by far the biggest reason for consumers considering a Google or Facebook, followed by personalization (33%) and user interface (29%).

The research highlights that consumers in the younger 18-34 age bracket are the ones most happy to embrace this new potential wave of banking services (42%). Overall, the findings highlight how banks should look to integrate with the broader value chains being created by other organizations. This allows banks to play a role in many value chains, rather than just owning one; reaching addressable markets that would otherwise have been outside of their grasp.

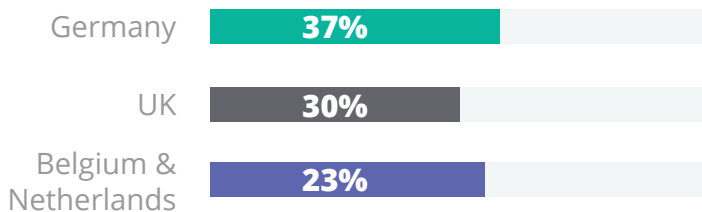
47% of consumers would be happy to share their banking transaction history with a trusted third-party.



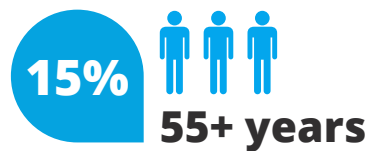
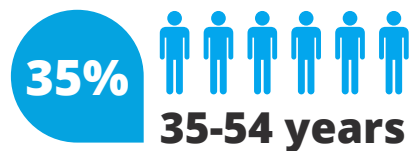
DEMOGRAPHIC SPLIT



28% of would consider using the likes of Amazon, Google, Facebook or Apple rather than a standard bank.



DEMOGRAPHIC SPLIT



REASONS FOR CHOOSING THE LIKES OF **AMAZON, GOOGLE, FACEBOOK** OR **APPLE** FOR BANKING SERVICES

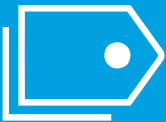
55%
for simplicity/convenience

33%
they provide a more personalized service

29%
for user interface

24%
they have better security

Industry analysis

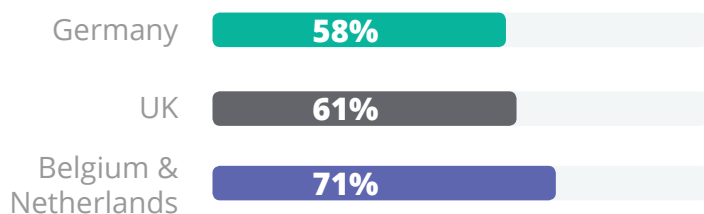


Retail



Earlier, we showed that the majority of consumers feel they receive a disconnected experience from retailers and that they expect a more personalized experience. In fact, nearly two-thirds of European consumers would consider changing retailers due to a disconnected experience. Today's customers are now expecting more than a transactional relationship with retailers; they want a seamless and personalized journey that reflects the context of how they shop across devices and channels. For example, customers might start off browsing products on social platforms before going to an eCommerce site to find pricing and more detailed information. Then they might go to a physical store to see a product before arranging home delivery. The future of retail centres around creating seamless, omnichannel experiences for customers, who need to be at the heart of everything retailers do. They must be ready to engage with their customer across multiple touchpoints and provide a consistent experience throughout, otherwise customers will simply shop elsewhere.

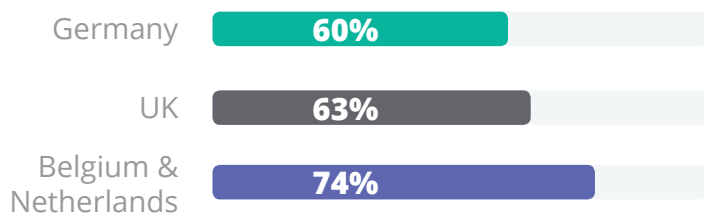
63% of consumers would consider changing retailer due to a disconnected experience.



A separate study⁴ of CEO's shows that while the majority of retailers are investing in digital transformation as part of the quest to deliver a great customer experience, their efforts are hindered by an inability to integrate existing and new technologies effectively. For example, it is common for inventory and order management systems to not be integrated, thus shoppers fail to receive accurate product availability information when shopping online or instore.

Almost two-thirds of European consumers said they find it unacceptable for retailers to show inaccurate information regarding what items they have in stock either online or in-store.

65% of consumers find it unacceptable for retailers to show inaccurate information regarding what items they have in stock either online or instore.



⁴ <https://jda.com/knowledge-center/press-release/jda-pwc-survey-says-retail-ceos-making-digital-transformation-their-highest-investment-priority>

Industry analysis



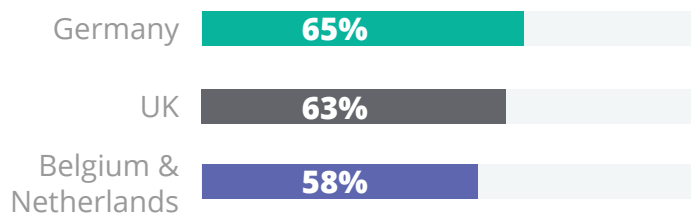
Insurance



The insurance industry is another sector currently facing a lot of digital disruption with the emergence of online aggregators and insurtech companies, forcing the traditional insurance providers to re-evaluate and evolve their customer offerings. According to PwC⁵, 70% of insurance CEOs – a higher percentage than in any other industry – see the speed of technological change as a threat to their growth prospects.

Customer-centricity is now front of mind, but the research indicates that there is still considerable work for insurance providers to undertake if they are to offer a seamless and connected customer experience – 63% of European consumers said they would consider changing insurance providers due to a disconnected experience.

63% of consumers would consider changing insurance provider due to a disconnected experience.



⁵ http://pwc.blogs.com/press_room/2016/02/insurance-ceos-see-technological-change-new-market-entrants-and-over-regulation-as-main-threats-to-g.html

The insurance industry has always been data driven, and today it is being presented with vast amounts of new data from social media, wearable technology and IoT. According to research⁶ last year, 82% of UK insurers stated they were prioritising big data strategies, and we are now seeing many looking to experiment with big data in an effort to reduce risk.

This certainly seems to be something that consumers are starting to embrace. More than a third stated they would be happy for their insurance provider to utilise third-party data from the likes of Facebook and collect data about their behaviour if it meant they were provided with a more personalized service and lower premiums. This figure jumps to 54% for 18-34 year olds which is a further indication that they are more open to sharing personal data.

When it comes to the use of social media data, the big push is on industry and legislator education. It was only last year that Facebook banned Admiral Insurance from using social media data to help set car insurance premiums⁷. Yet if customer demand is there it is only a matter of time for this to fall into place and something providers should start preparing for by freeing up the data in their technology systems.

If consumers are happy for their data to be shared, will Facebook reverse its ban on insurers analysing user data to set premiums?






⁶ <http://www.computerweekly.com/news/4500278036/UK-insurance-industry-prioritises-big-data-in-2016>

⁷ <http://www.bbc.co.uk/news/business-37847647>

How low will you go? 37% of European consumers would be happy for their insurance provider to utilise third-party data from the likes of Facebook and collect data about their behaviour if it meant that they were provided with a more personalized service and lower premiums.

37% comprises of the following:

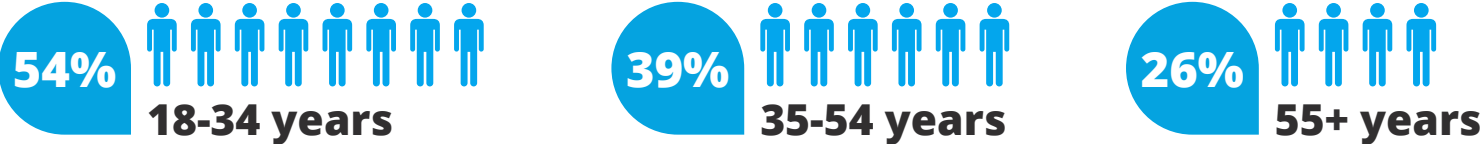


- 3%**  **Yes, if it reduced my premium by up to 5%**
- 8%**  **Yes, if it reduced my premium by up to 10%**
- 10%**  **Yes, if it reduced my premium by up to 25%**
- 7%**  **Yes, if it reduced my premium by up to 50%**
- 9%**  **Yes, if it reduced my premium by more than 50%**

GEOGRAPHIC SPLIT



DEMOGRAPHIC SPLIT



Industry analysis



Public services



Across Europe we are seeing a growing number of public services move online, driven by the need to reduce costs through efficiency savings but at the same time improve the citizen experience. For example, the UK government recently announced its Government Transformation Strategy, aimed at enabling people to have a more coherent experience when interacting with government services. We are now seeing a host of services in the midst of being digitally transformed, from healthcare to taxation through to refuse collection.

The pace of change and overall citizen experience greatly differs from department to department and region to region, due to data sitting in silos.

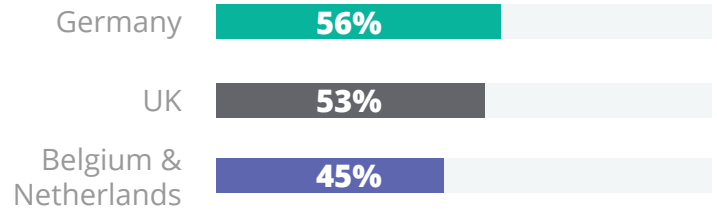
The research reveals that across central government, local government and healthcare approximately half of consumers thought that the experience between online and offline services was not connected.

⁸ <https://www.gov.uk/government/publications/government-transformation-strategy-2017-to-2020/government-transformation-strategy>



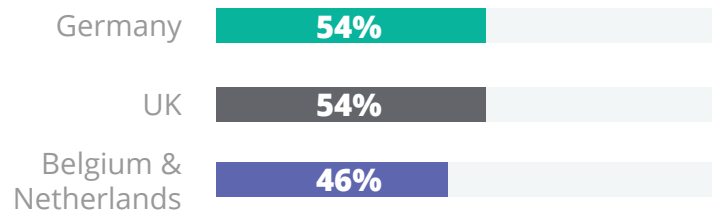
Central Government

52% of consumers thought online and offline services weren't connected.



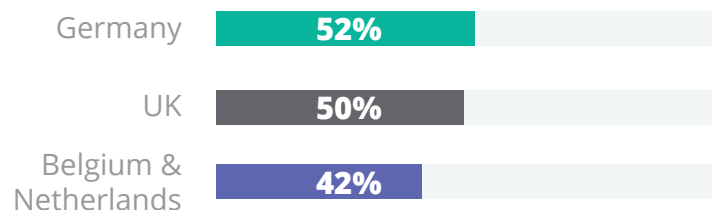
Local Government

53% of consumers thought online and offline services weren't connected.



Healthcare

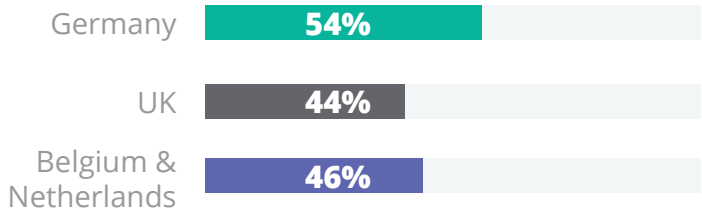
48% of consumers thought online and offline services weren't connected.



Looking at healthcare specifically, the research highlights that the inability of health professionals to access or share information effectively is impacting on patient care and operational efficiency. As a direct result of a lack of integration and efficient data-sharing methods, more than half of consumers said they or someone they knew had experienced a delay in receiving care.

It is not surprising that there are challenges with making information available online, and with sharing and using data more efficiently amongst healthcare professionals. The healthcare sector is made up of a huge number of moving parts, and coordinating all those areas is a multifaceted challenge. However, by connecting all the dots the healthcare sector can create a more joined up patient experience, while at the same time significantly improving process efficiency and delivering better outcomes.

53% of consumers say they or someone they know has experienced a delay in care due to information not being shared between different healthcare professionals.





Conclusion

Today's consumers have shown they are increasingly intolerant of disconnected experiences and are quite prepared to change providers if expectations are not met. As we progress, consumers have the means to quickly identify and switch to companies that can better meet their needs, and businesses who do not act now will be left behind.

The best practices in this report show that a connected consumer experience can only be achieved when organizations are able to bring multiple technologies together to create truly distinctive and differentiated offerings. In order to do so, they must bring data from disparate sources and often to multiple audiences. This report has focussed on consumers but there are also suppliers and employees to take into consideration as well, which multiplies the challenge and opportunity at hand. It is in this context that connectivity must be viewed as an executive concern and why Deloitte points to the CIO as being more appropriately described as the "Chief Integration Officer"⁹.

The recommended approach is not to focus on a single 'point in time' problem. Instead organizations should focus on building what is known as an application network: a future proofed way to connect applications, data, and devices and expose some or all of this data onto a wider network (via technology called APIs). That network then allows other consumers from other parts of the business to come in and discover and use those assets and then provide a more innovative offering for the consumer. By building toward this, it makes connectivity not only a critical enabler of digital transformation, but arguably the biggest differentiator of success for businesses and their consumers today.

⁹ <https://www2.deloitte.com/uk/en/pages/technology/articles/cio-as-chief-integration-officer.html>

Interested to learn more?

Visit mulesoft.com for further insights, including the 2017 Connectivity Benchmark Report, which explores the views of IT decision makers and how they are executing on digital transformation, including the hot topics and recommendations for future initiatives.

Methodology

This survey was commissioned by MuleSoft and independently carried out by Opinium Research. Total sample size was 4,017 adults: UK (2,006 adults), Germany (1,004 adults) and Benelux (1,007 adults). Fieldwork was undertaken online between March 14 and March 20, 2017. The figures have been weighted and are representative of relevant adult populations (aged 18+).

About MuleSoft

MuleSoft's mission is to help organizations change and innovate faster by making it easy to connect the world's applications, data and devices. With its API-led approach to connectivity, MuleSoft's market-leading Anypoint Platform™ is enabling over 1,000 organizations in more than 60 countries to build application networks.



MuleSoft®