

Adapt and Learn: AI-Powered Experiences Driving New Model For Loyalty, Finds Adobe and Goldsmiths Study

LONDON, UK – 13th September 2017 – A new study by Adobe and Goldsmiths into the changing nature of consumer loyalty has found that half (50%) of British consumers are loyal to brands that tailor experiences to their needs and preferences. Driven by overwhelming choice (46%) and a growing demand for convenience (53%), brands risk significant disruption and revenue loss, as almost two thirds (61%) of consumers admit they would happily buy products from an unknown brand that provided a superior experience – the highest in Europe.

As a result, for 62% of the 1,000 consumers surveyed across the United Kingdom, having a consistent experience of a brand either online or offline was key to securing their return business. Brands are now being advised to take advantage of new technologies, like artificial intelligence (AI), to help meet changing consumer expectations in the digital age.

With data and AI now powering more personal experiences, around half (46%) say that they like it when brands know their preferences and cater to them directly. However, Britons also provided a strong warning: the vast majority (83%) want transparency on how their data is being used, demonstrating the fine line between recognising individual needs and being intrusive.

UK brands may have to work even harder to build loyalty. As well as being most likely to buy from unknown brands, Britons' loyalty to brands that tailor experiences to their needs and preferences was the lowest in Europe: while 50% of UK consumers agreed with this, across the region it averages at 61%, peaking at 68% in France.

The need for adaptive and consistent experiences across channels is highlighted with consumers saying they now do on average nearly half (48%) of their shopping online, and an average of 25% of their shopping on their mobiles.

In addition, this more digitally-aware consumer is looking to brands to use new technologies like AI-powered chatbots and augmented reality to excite and delight them, with over a third 38% in the UK – and half (50%) across Europe – agreeing they felt good about brands that continuously introduce innovation to improve the customer experience.

David Burnand, enterprise marketing director for Adobe EMEA, says: "Digital has changed the game forever, no brand denies that data holds the key to providing consistent, relevant and exciting experiences, but the next iteration of data insight and action – AI – will move this story on even further in the experience era. AI means brands can turn data and content into true, personalised experiences based on customer relationships – and at scale. As time goes on, the algorithms will continue to learn and adapt, allowing us to not only surprise and delight customers, but also help to solve their problems quickly and easily. AI will be critical to providing the personalised experiences that will keep consumers coming back."

Dr Chris Brauer, Director of Innovation in the Institute of Management Studies (IMS) at Goldsmiths, University of London, said: "The proliferation of digital tools and the use of AI have re-written the rules of consumer loyalty. The new model of loyalty embeds available consumer data at the core of a consumer's journey, and allows brands to present their audiences with personalised and relevant offerings that not only satisfy their needs but relate to them in a deeper more personal way."

The New ABCD of Loyalty

As part of the study, Adobe and Goldsmiths identified four key new dimensions that brands should consider when creating and delivering experiences that delight customers, meet their needs and promote loyalty:

- Give people an **Adaptive** experience – loyalty is strongly linked to having an engaging experience that is tailored to the consumer's specific needs and preferences. Brands need to know and respect their customers by using data in a way that seamlessly fits into a customer journey.
- **Be** wherever the consumer loves to be – an always-on mentality is paramount for consumer loyalty. The traditional customer journey has been completely disrupted by digital, which has brought with it unbridled convenience. Brands need to be always on, always available and on any device or platform – consistently.
- Help consumers filter **Choices** – cutting through the noise is necessary for brands who want to grab attention and drive loyalty. Brands should look to AI to scale their experiences using intelligence that brings together relevant data and great content that is delivered at just the right time to the right person.
- **Differentiate** through experiences that surprise and delight consumers. New and emerging technologies that help today's convenience-driven consumers solve their problems or meet their needs faster, will set brands apart.

To read the full report, visit: <https://adobe.ly/2woJe1Q>

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Methodology

The report is a result of mixed methods research to capture qualitative and quantitative data. Extensive desk research informed the background of consumer loyalty and the entry points of digital technology. Subject Matter Experts helped to shape the model. Ten dedicated participants spent one week interacting with the research team through the 'Loyaltybot', a chatbot designed to deploy tasks focusing on digital tools while providing feedback for their activities. A workshop followed, capturing further insights about our participants' decision making processes. A consumer survey carried out by 3Gem in August 2017 in five markets (UK, Germany, France,

Benelux and Nordics) provides broader insights and tests the dimensions of new loyalty among 5,000 consumers (1,000 respondents in each market).

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