

Customer Engagement Trends 2018:

The Age of the Consumer



Introduction

There is a lot to be expected in 2018 from customer engagement. We've reached the Age of the Consumer, meaning that purchasing power has tipped to the side of the consumer who is more informed and has more options than ever before.

Many brands and retailers have already begun adapting to this shift, so we've put together our prediction for the 4 major trends in customer engagement this year. These trends gained traction in 2017, but will continue to take center stage.



Rise of the Robots: Artificial Intelligence & Machine Learning

There has been buzz around artificial intelligence (AI) for quite some time now, but we will see that buzz become reality this year and beyond. AI will play a large role in streamlining customer service requests. However, companies should proceed with caution when it comes to more complex issues by still maintaining a human element when needed. There will be a fine line between cutting costs through automation, and providing a poor customer experience.

Beyond improving customer service, AI will allow marketers to personalize the customer

experience by understanding behavior across channels and managing real-time interactions. Rather than eliminating jobs, AI and machine learning will transform them to involve a greater focus on critical thinking and strategy needed to maintain optimal AI execution.

Ready or not, AI is here to stay. In fact, **50% of retailers** will adopt an omnichannel commerce platform by 2019, with 30% of retailers investing in foundational platform technologies that are “cloud-based, AI-enabled, and composable.”



The Integrated Customer Experience

On average, businesses are supporting 9 channels for customer contact and **that number is expected to rise to 11 by the end of 2018**. Access to such a large amount of customer data forces brands and retailers to be proactive rather than reactive when it comes to customer engagement. As previously discussed, AI will play a significant role in enabling a cross-channel customer profile and engagement strategy. However, brands and retailers must beware that a successful customer experience is one that understands a customer holistically, rather than on a per device basis.

WHAT DOES THIS MEAN?

- Integrating machine learning, social messaging apps, content, & personalized messaging throughout the customer journey
- Finding new ways for customers to engage with your brand
- Within a loyalty program, creating a variety of avenues through which customers can earn points (e.g. *“earn 10 pts for completing your member profile!”*)

A loyalty and engagement program can be the beginning of building that cross-channel experience and AI enables brands and retailers to ensure that messaging is consistent and welcomed by the customer. Only offering transaction-based interactions is outdated, with 81% of millennials preferring loyalty programs that reward them beyond a transaction.

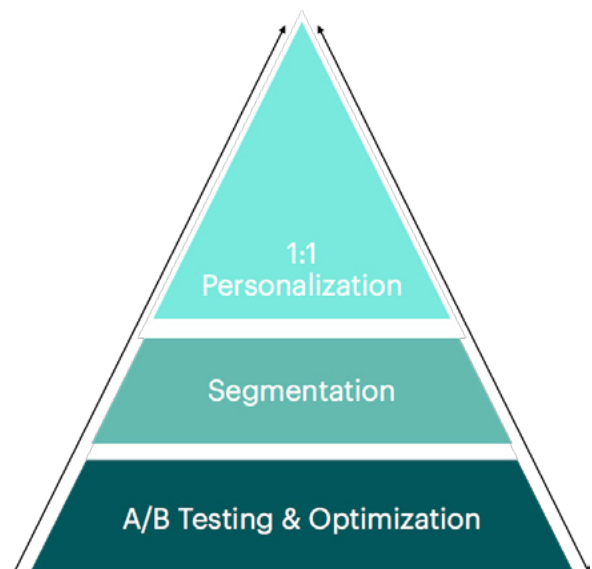
Let's Get (Hyper-) Personal

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Right on the heels of an integrated customer experiences comes personalization. One can't quite exist without the other. As we begin 2018, customers still repeat themselves across multiple channels, with **in-store being the biggest culprit**. Many brands and retailers' inability to identify a customer once they've transitioned from online to offline put a huge break in the customer roadmap, creating a huge barrier to personalization.

We'll see many retailers find ways to rectify this issue, particularly those with advanced loyalty and engagement programs that can identify customers across a variety of channels. As the customer experience cloud gains traction, brands and retailers will be able to bring together customer data, digital experience, in-store experience, and personalization together.

The greatest predictor of future behavior is past behavior. Brands and retailers will need to use AI and machine learning to deliver messaging and offers based on purchase behavior. This shows customers you're paying attention to who they are and what they want. Customers crave a 1:1 relationship, with 77% of consumers preferring loyalty programs that provide personalized rewards.



The path to personalization requires brands and retailers to begin collecting customer data into a central profile, and activating AI to optimize messaging.

A large crowd of young people, likely at a music festival, is shown from the chest up. They are wearing casual clothing like t-shirts, hoodies, and sunglasses. Many have their arms raised in the air, some holding up smartphones to take photos or videos. The entire image is covered with a semi-transparent teal filter. On the right side, a large, bold, teal-colored number '4' is superimposed over the crowd. On the left side, the text 'Cracking the Gen Z Code' is written in a white, sans-serif font.

Cracking the Gen Z Code

Just as brands and retailers feel like they've finally begun to figure out the Millennial generation, here come the new kids on the block: Generation Z. Gen Z begins with those born in 1998, meaning that this generation's oldest members will only be blowing out 20 candles this year. While it may seem like marketing to Gen Z is something to worry about later, brands and retailers must embrace this generation ASAP if they haven't already, as **they will account for 40% of all consumers by 2020.**

This “always on” generation is the most diverse across demographics and the most socially engaged generation to date. Gen Z cares about social activism and will be the first to abandon a brand if it doesn't share their same values, or demonstrate corporate social responsibility.

They will demand that brands and retailers take a stand on social, political, and environmental issues among many others. We've already witnessed brands doing so in 2017 (e.g. [Patagonia](#) and [Burger King](#)) and this will only continue to grow in the coming years.

Gen Z engages through a variety of platforms and channels, but uses each for different activities.

Instagram: *aspiration*

Snapchat: *real-time moments*

Twitter: *breaking news*

Facebook (if they have one): *information*

This generation differs in its social media interactions from Millennials as they prefer more bite-sized pieces of content. Therefore, in order to engage these newcomers, messaging should be tweaked for each of these platforms, be concise, and quickly tell a story.



Conclusion

This year will be the year of trends that keep on trending. While none of the trends we described are novel concepts, they will surely take center stage in 2018 and beyond. Brands and retailers will have to pivot to accommodate the Age of the Consumer,

which has only just begun, by embracing technology as a means to create relationships. For more information about how Hatch's technology can help you create more meaningful relationships with your customers, visit www.hatchloyalty.com.

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