February 2024

Unlocking growth: Leveraging CX in today's hyperconnected world

ET CX+ Summit 2024

Message from PwC

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"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel."[1]

Wonder if Maya Angelou knew how timeless this is. In a hyper-competitive market like India where, as consumers, we are spoilt for choice, experience is a seminal differentiator. It turns out that how you feel about a product makes you perceive it differently even if it's the same exact thing as another one.

We spoke to leaders across industries – retailers, banks, insurance companies, hotels, automotive and media – and found that CX is a critical success factor. Leading brands across industries know that exceptional CX drives growth. It is no surprise, therefore, that they have been doubling down on delivering meaningful and memorable experiences to their consumers.

The trick is in being meaningful and memorable to your guests – as many of the leaders put it – not just at every touchpoint but also over time. CX will continue to shift in the years to come. So, if brands want to stay relevant and continue attracting and, most importantly, retaining their customers, they will need to grow, change and be agile.

We hope you find this report to be an insightful and thought-provoking read.

Let's dive in.

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1 The Maya Angelou Quote that will radically improve your business

Foreword

Amit Kumar Gupta
Business Head
The Economic Times
B2B Verticals

Businesses are entering the era of the 'experience economy', where the significance of experiences in shaping customer loyalty is paramount. Coined by Joseph Pine II and James H. Gilmore in 1998,[2] the term refers to the value that a business creates that goes beyond its inputs and includes goods and services.

Traditionally, customer experience (CX) was confined to physical interactions between brands and customers. However, with the advent of digitalisation, this landscape has evolved. Delivery of exceptional CX has been democratised through advancing technology and digital channels.

Marketers and custodians of CX are now focused on quantifying the value derived from providing a remarkable experience. Essential questions are being explored, such as whether consumers genuinely prioritise the experience, are willing to pay a premium for it, and whether a superior experience cultivates increased loyalty and drives more sales. CX has emerged as a pivotal differentiator for brands.

Intense competition has led to commoditisation, causing consumers to perceive their relationships with brands as transactional. The challenge that then arises is, why choose 'X' brand when 'Y' brand offers the same product at a lower cost? Instead of engaging in a zero-sum game, brands are contemplating what motivates customers to remain loyal beyond the price point.

Delivering an exceptional experience requires a holistic organisational effort, with ownership starting with the CEO. This is because CX necessitates collaboration across every function within the organisation to achieve a seamless customer journey.

In collaboration with PwC, our report seeks to comprehend the evolving trends in CX and measure how outstanding CX directly translates into improved business outcomes.

This report highlights how brands across various sectors innovate to provide exceptional CX. It is important to note that there is always room for improvement, as CX is an ongoing and dynamic process.

Executive summary

Companies have always strived to deliver great CX – an aspiration that's been evident in the way CX has evolved over the past couple of years. Many trends that arose have now become table stakes in providing exceptional CX – for example omnichannel operations, artificial intelligence (AI)-powered customer support and the continued importance of personalised experiences.

While there are a multitude of changes, five trends stand out as the vectors that could help drive revenue growth and enhance the reputation of brands.

These five trends will continue to stay relevant as they have been crafted keeping in mind the cultural nuances of India, learnings from how consumers are changing, views from industry experts as well as PwC's experience in crafting meaningful CX. Applied in the context of a business, they can help in reimagining the CX strategy and delivering game-changing experiences that can drive growth in revenue, reputation and retention.

Monetising CX in a holistic manner and a robust approach towards embedding the same into the business operating framework will be key to ensuring long-lasting profitable growth.

I want to be in the driver's seat, but please be around just in case

Order a taxi? Check.

Open a bank account? Check.

Order a soup and salad? Check.

Split the dinner and drinks bill with your friends? Check.

Facing issues with your order and need a refund? Check.

I've got this, but please be around in case I need help.

In today's fast-paced world, customers value convenience and control like never before. They're accustomed to calling for taxis, opening bank accounts or splitting dinner bills – all with just a few taps on their smartphones. This trend extends to every aspect of the customer journey, from discovery to post-purchase. And brands have responded to this by offering seamless self-service options at every touchpoint.

Customers prefer self-service options, ranging from websites and mobile applications to chatbots. This shift is particularly pronounced among younger customer, who value speed and convenience above all else.

While digital self-service offers unparalleled convenience, there's still a fundamental need for human connection – especially when things go awry. In moments of uncertainty, customers seek reassurance and human empathy. This highlights a nuanced consumer expectation: a blend of self-sufficiency with genuine human interaction, particularly in resolving challenges.

As businesses navigate this trend, striking the right balance between self-service and human support will be key to delivering exceptional customer experience (CX) in the digital age.

> " To be around while enabling the consumer to drive is a tightrope walk – especially if you don't know the consumer and their context. Without context you risk being that overeager server in a restaurant who hovers around annoyingly. Use ethnography and data to understand the consumer and their context. Serve them using that insight and you will see you don't just have customers anymore; you have fans!"
>
> **Prateek Sinha**
> Partner and Leader,
> Experience Consulting, PwC India

> " We don't forcefully push a consumer to interact with a chatbot. In cases where consumers require human interaction, we allow them to easily switch between their preferred mode of query/conflict resolution." **– Tata CLiQ**

01

Self-service in the digital space

Enhanced processes and seamless technological integrations have made self-service in the digital space a smooth ride.

Whether it is via chatbots on company apps and websites or integration of instant messaging services, customers can smoothly perform complex tasks and interact with brands online. This has been witnessed across sectors. For instance, food delivery apps offer instant resolution of customer grievances via chatbots, and incase of escalations, by looping in a service executive.

Legacy banks have integrated digital capabilities into messaging apps, allowing users to open bank accounts, manage their accounts and even buy new banking products. And if any help is needed, an executive is just a call away.

Neo banks also offer an extremely quick and completely digital account opening and servicing, driving traditional banks to enhance their digital experiences.

Digital-first insurers showcase streamlined processes from policy purchase to claims, setting industry standards.

02

Self-service in the physical space

Self-service options are increasingly sought after in physical spaces/stores, reflecting a growing customer preference for automated and self-operated systems.

In India's retail and consumer sector, self-service solutions encompass a range of technologies, including self-checkout kiosks, interactive displays and mobile applications. These solutions empower customers to independently browse, locate, select and purchase products within physical store spaces.

Impact of GenAI on this trend

Chatbots are a key enabler in self-service and streamlining customer service. As they get more sophisticated, chatbots hold the most promise for helping customers get over bumps on the road themselves.

Brands are increasingly relying on generative AI (GenAI) to meet their customer demand for self-sufficiency, significantly reducing human intervention required for such tasks.

Further, companies that have incorporated AI chatbots have seen significant improvement in employee productivity and workload reduction by streamlining tasks, reducing customer service queries by a significant amount, and offering personalised assistance to customers, thus improving the customer's and employee's experience with the company.

By combining sentiment analysis in call recordings and chats using GenAI, organisations can personalise interactions, analyse emotions, escalate issues when necessary and resolve them smoothly, thus transforming CX.

16%

prefer using self-service checkout kiosks

15%

prefer product browsing on a retailer's website or mobile app in-store

12%

prefer retailers' 'scan-and-go' devices and apps, allowing them to bypass both staffed checkout lanes and self-service kiosks

As the retail industry aims to bring the convenience of digital platforms into physical stores, it recognises the importance of human involvement in all self-service operations.

Self-checkout adoption is surging in fashion retail, a trend led by stores that cater to younger audiences. Indian retailers are also understanding this new need of Indian customer to be in control throughout the customer journey. Some brands like Tira[4] have introduced makeup vending machines which allow the customers to try-and-buy products to enable better self-service.

Similarly, quick-service restaurants are embracing self-discovery, supported by store personnel aiding checkouts. One such example is McDonald's.[5]

This trend is not only limited to the retail and service industry – the aviation industry is also integrating digital technology to cater to this demand for self-service. For example, DigiYatra helps customers perform all formalities related to air travel digitally, thus eliminating the time customers used to spend in long queues. Further, the availability of a dedicated support team at various points ensures connectivity and assistance whenever required.

44%

of Indian consumers said that readily available support staff for checkout queries would encourage them to use self-checkouts more often

Source: PwC's Global Consumer Insights Pulse Survey: India perspective

03

Building communities for self-service

Digital technology has catapulted how companies can empower customers to be in the driver's seat. However, some companies are going beyond digital technology-led solutions and focusing on building communities to enhance the self-service experience. Through these communities, companies want to empower customers to solve their own problems, exchange knowledge and contribute to a collective pool of expertise.

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3 PwC Global Consumer Insights Pulse Survey June,2023

4 Reliance Retail launches Tira

5 Nothing less than an experience of the future – McDonald's self ordering kiosk

> Such experiences where customers feel welcomed and connected with the brand foster a sense of belonging and ultimately loyalty towards the brand.

What this means for organisations:

- Prioritise helping consumers accomplish their tasks quickly and seamlessly. Utilise machine learning (ML) and AI to anticipate consumer needs and ensure they feel understood.

- Provide clarity and reduce uncertainty. Design intuitive experiences that guide consumers through their journey, reducing uncertainty and making expectations clear.

- Understand consumers' preferences through ethnographic research, distinguishing between tasks they prefer to handle themselves and those where they may need assistance.

Data privacy considerations:

Enabling self-service requires a lot of customer data. Therefore, it is critical that companies obtain consent before conducting any behavioral and psychographic profiling based on it.
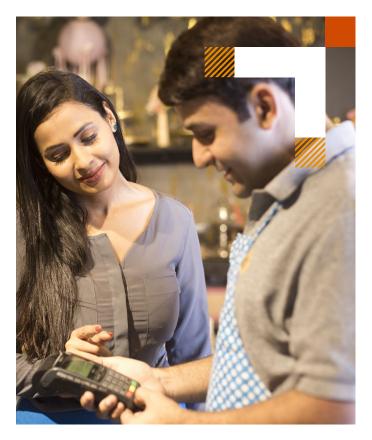
Further, self-service apps need to be extremely mindful of using a minor's personal data and should use the same only upon parental consent. Thus, there is a need to ensure that customers are empowered with the ability to change their data privacy settings at any given point in time in a simple manner.

I want my offline experience to be enhanced

Consumers want upgraded physical spaces that are differentiated and surpass or at least match the experience benchmarks set across digital touchpoints.

> "
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> Many banks, auto showrooms and retail outlets are still stuck in 2004. They give you a token to hold on to without telling you how long you have to wait. The car salesperson asks you which vehicle you want – blissfully unaware that you've spent the past two weeks on their brand's site configuring your dream vehicle, which is contrary to a seamless omni-channel expectation. That beautiful chikankari kurta sits quietly on a store shelf – while the history of chikankari can be brought to life through a simple scan on a customer's phone. It is time for such physical space experiences to fast-forward from 2004 to 2024."
>
> **Prateek Sinha**
> Partner and Leader,
> Experience Consulting, PwC India

Consumer expectations are heightened in the physical realm, influenced by captivating digital experiences. Customers now seek differentiated physical experiences across channels, whether technology driven or not.

Unique experiences are desired, and customers seek informed personalised interactions. Also emerging is the expectation for seamless and personalised experiences. Brands must enhance physical touchpoints to seamlessly deliver convenience and control to customers. At a bare minimum, consumers expect the same level of sophistication and personalisation in physical spaces that they are now accustomed to online.

Therefore, physical spaces need to deliver better experiences and need to be spruced up, amped up and upgraded.

Impact of GenAI on this trend

- With GenAI and augmented reality (AR)/virtual reality (VR), customers can explore immersive virtual showrooms for pre-purchase experiences. It also assists in creating AR-powered user manuals, making features/functionalities easier to understand during sales interactions.

- In physical spaces, GenAI tailors real-time offers to individual customer preferences, enhancing their shopping experience and boosting sales conversions.

01

In a digital-first world, offline retail still rules

For many categories, consumers prefer hands-on shopping experiences, highlighting the enduring popularity of in-person interactions. 49% of Indian consumers and 41% globally preferred physically purchasing items like clothes and electronics offline.[6] A leading retailer in the Indian consumer durables market notes that 'customers prefer taking their time to enjoy their physical shopping experience by immersing themselves in the interactions, objects and spaces designed by the brand at their physical touchpoints. Customers may discover products, read reviews, and compare prices and products online but still seek a great in-person experience, especially in the case of products or services that are emotionally or financially "high-involvement" purchases.'

> "
> In CX, success lies in executing numerous small tasks consistently. In retail, it's about getting the details right daily. A vigilant salesperson, attuned to customer needs, is crucial. It's not about the rigid formula but more like crafting a delicate dish for each customer." **– Nissan Joseph, Chief Executive Officer, Metro Brands Limited**

02

Venturing into experiential retail

Customers are experimenting with brands that offer immersive shopping experiences. Retail companies are trying to meet this need of customers to experience something new, giving them a delightful and fulfilling experience with the brand. For example, Azorte by Reliance Retail[7] has introduced smart trial rooms with interactive screens that display selected items with their detailed information. Customers can thus visualise themselves in different lighting conditions and request size changes seamlessly.

03

Enhancing physical in banking and financial services

Customers still rely on physical banking for everyday transactions like withdrawals, deposits and bill payments, highlighting its integral role in any economy. So while physical banking remains relevant, it needs a makeover to stay competitive against its FinTech rivals. Banks must revamp physical touchpoints and customer interactions to offer seamless experiences. Traditional banks, like Federal Bank have responded by introducing a 24/7 banking facility, i.e. the Federal Experience Centre at Kochi Airport. This centre offers a secure space for storing belongings, conducting business and accessing digital banking facilities physically.[8]

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6   Global Consumer Insights Pulse Survey: India perspective

7   Reliance Retail opens its premium fashion and lifestyle store Azorte in Bengaluru

8   Federal Experience Centre

Preserving the personal touch: The role of physical presence in insurance

In the Indian insurance sector, the phygital model is essential. While customers can buy policies online, physical offices with agents are vital. Agents offer personalised assistance by clarifying doubts and guiding customers through insurance processes, providing a sense of trust and reliability which is crucial in this industry. Upgrading physical insurance branches with technology-enabled digital solutions to empower agents is a strategic imperative to meet evolving customer expectations.

> " More than 90% of the business comes from bancassurance." **– Anu Chaudhuri Ghosh, Star Union Dai-ichi Life Insurance Company Limited**

How people researched in the pre purchase stage

49%
online

24%
both online and in-dealership

How people selected vehicle configuration options

28%
online

22%
both online and in-dealership

What people preferred in the purchase stage

80%
preferred visiting dealerships in-person for brand engagement, test drives and transaction finalisation.[9]

Car buyers demand an in-person experience: 80% opt for dealerships during the purchase stage

In the automotive sector, consumers prefer an omnichannel approach during the pre-purchase journey and in-person during the purchase stage. This makes it imperative for frontline teams to elevate their expertise to meet evolving customer dynamics.

Importance of informed human touch at dealerships

With customers armed with extensive knowledge, the automotive industry in India faces a pivotal sales wake-up call. Customers now demand more from sales representatives, prompting frontline teams to urgently elevate their expertise and adapt to the ever-shifting dynamics of the modern automotive market. Although digital dealerships are seeing wide adoption, the touch and feel aspect is still very important for new customers before they decide on their final purchase. Positive experiences with employees in dealerships thus play a crucial part in a customer's ultimate buying decision.

Thus, companies are investing in their employees, especially the frontline staff, training them regarding products, company practices and steps that should be taken to elevate the customer experience with the brand.

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9 PwC's 2022 Car Consumer and Dealer Survey

> " Enhancing customer experience means focusing on key aspects in sales and after-sales service. This includes ensuring a positive journey in the dealership, improving interactions, and recognising service experience's role in building loyalty and brand image." **– Rajesh Mishra – Senior Vice President Corporate Processes and IT, VE Commercial Vehicles**

> " If I am happy with the dealer, I will buy more accessories. All retail sales occur when customers are content with the dealers, and they have a good rapport with the dealership." **– Sucheta Majumdar Palkhiwalla, Lead – Aftersales Quality and Customer Care, Škoda Auto Volkswagen India**

> " Companies like Tata Motors have introduced EV showrooms – dedicated EV experiential sales and service destinations with full-size vehicle configurator screens and digital concierges linked to charging infrastructure and dealers for purchase, along with guidance on lifetime savings along dimensions such as cost, energy consumption and emissions. These physical spaces have green interiors made from recyclable products and are augmented by digital technology for multi-channel convenience." **– Sheetal Chawla Jain, General Manager – Digital Business and Strategic Initiatives, Tata Motors**

> " With data becoming ubiquitous, today's car buyer needs authenticity in the sales process, pushing the entire sales approach to move towards genuine product comparisons rather than the earlier approach of showing competition in poorer light – this requires a much better trained and informed sales team as well as a shift in selling style."
>
> **Sameer Kanegoankar**
> Partner, Customer Consulting
> PwC India

Rise of experience centres

Automakers are transforming showrooms into immersive experience centres to get customers to engage with their products and services. These spaces feature interactive displays and demonstrations, aiming to create memorable brand experiences and meaningful connections with customers. For instance, to promote electric automobiles that have a 'green' or environment-friendly image among customers, Tata Motors has introduced EV showrooms with green interiors made from recyclable products.[10] They have also tied up with eco-friendly companies, allowing them to promote their products in these revamped physical spaces.

Further, automotive companies are also integrating AR/VR capabilities in some of their showrooms to create an immersive connection with car enthusiasts.

The verdict is clear – in a market driven by changing consumer demands, businesses that merge traditional face-to-face interactions with innovative upgrades are primed for success.

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10 Tata Motors unveils two EV-exclusive showrooms in Gurugram, plans 50 outlets in 18 months

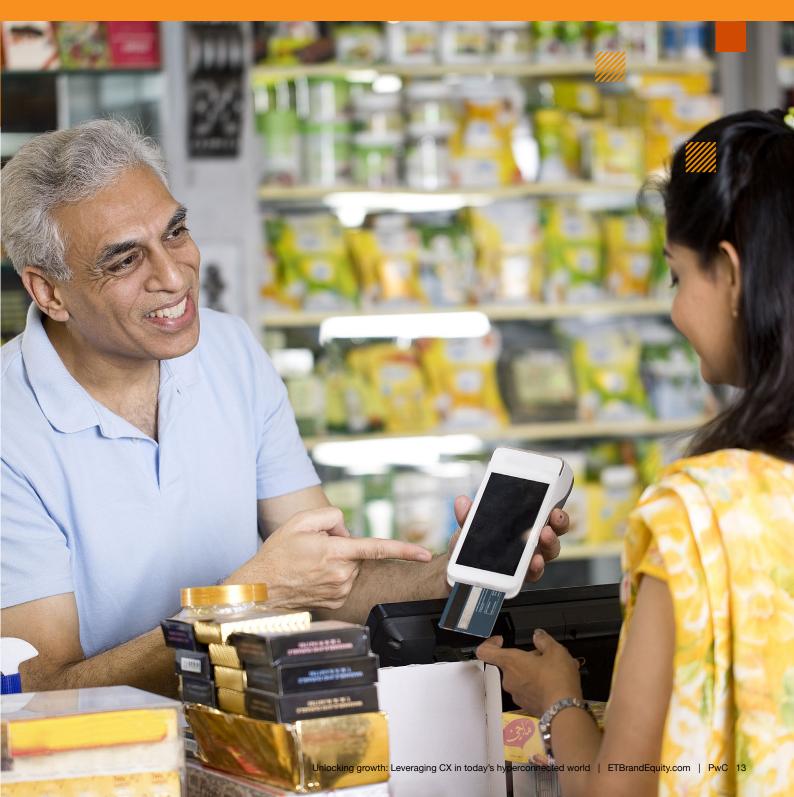## What this means for organisations:

1. Enhance physical touchpoints to seamlessly deliver convenience and control to customers.

2. Deliver the same or higher level of information, speed and assurance that's available online in physical spaces as well.

3. Additionally, consider enhancing the physical space to enable an immersive experience for not only your customers, but also your employees.

Data privacy considerations:

While enhancing physical experiences, personal images and voice recordings that are captured for quality and training purposes should be deleted as per the retention policies or once the purpose of the customer's interaction is completed.

Trend 3

I want it in the blink of an eye

As the industry's CX standards rise, customers expect similar exceptional experiences across sectors, with more emphasis on getting the best experience as soon as possible.

The increase in consumerism, interaction with new-age companies and significant decrease in waiting time have led to a substantial change in the behaviour of the customers. They are no longer solely comparing experiences from brands within the same industry. Instead, they are increasingly evaluating their experiences based on interactions with brands across industries. For instance, a positive and prompt experience with a new-age digital company's customer service is setting a new standard for expectations when interacting with a retail or automotive company.

> "
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> Customers' needs are evolving. In addition to the best-in-class selection from leading global brands, they now expect super-fast delivery from e-commerce companies like ours. They are no longer willing to wait for days to receive their orders. It's imperative to acknowledge their evolved state and innovate to be able to provide such an experience to customers." **– Santosh Kevlani, Head of Monetisation, Customer Experience, Contact Center, Payment Partnerships & Alliances, Myntra**

Services like quick deliveries, instant query resolution and fast refunds offered by companies have further reduced a customer's willingness to wait for brands to act on their needs. There is a 'need for speed' among customers. Around 80% of shoppers in India desire same-day shipping, with 61% expressing a desire for even faster deliveries, within 1–3 hours of placing an order.[11]

> "
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> Understanding customer expectations on a real-time basis, to create a customer experience or a product intervention, is a challenge for companies." **– Sayantani Gupta, Senior Vice President and Head – Marketing and Analytics, Tata Play**

01

Instant gratification through swift and agile omnichannel experiences

The retail industry is flooded with companies offering similar products with little to no price differentiation. What really drives the growth and revenue of industry leaders is the brand loyalty they create through the quality of service and convenience they provide to customers.

The advent of quick-commerce companies has further accelerated this need for instant gratification, and product quality is no longer the only differentiating criterion.

This need has led companies across segments – from electronics to gifting to e-pharmacy – to offer customers delivery of ordered products as soon as possible.

"

Customer expectations are moving fast. They expect the same service experience as that offered by instant service delivery platforms, namely Swiggy and Zomato. We need to come up with innovative technology to meet to meet the customer's need for immediacy." **– Malpadevi Maharana, Executive Vice President and National Head – Operations and Customer Service, Tata AIG**

Impact of GenAI on this trend

- Companies are integrating GenAI for comprehensive sentiment analysis to improve customer interaction, by removing pain points and resolving queries in real time, thus achieving a quick win with customers.

- In the financial services sector, GenAI is helping employees effectively find and understand information in contracts and providing summarised reports to customers, helping them make better purchase decisions.

"

Building a winning CX strategy comes down to two crucial elements: understanding your customers deeply and responding to their needs swiftly." **– Kishore Thota, Director – Shopping Experience, India & Emerging Markets, Amazon**

Further, traditional brick-and-mortar stores, especially apparel retailers, have integrated digital capabilities in their offline offerings and started offering services like buy online pickup in store (BOPIS), allowing customers to pick up their purchased items from physical outlets or return their online purchased items at these outlets. Such measures give customers the option to skip long delivery timelines or inflexible return pick-up schedules.

02

Fast service offerings through digital tech integration

Further, financial services companies are investing time and money by integrating embedded financing technology across platforms, to streamline customer payment processes. This eliminates the need to navigate across interfaces to make transactions. Through embedded financing solutions, companies aim to meet customers wherever they are by offering the financial products they need, such as loans, insurance plans or easy payment gateways. Examples of embedded finance include products such as co-branded credit cards, EMI cards and one-click payment on e-commerce platforms.

Companies in the insurance space are aiming to provide a seamless omnichannel experience to the customers. In addition to instant messaging support for addressing and clearing queries, InsurTech companies, in a bid to attract new customers, have started offering express insurance claims depending on the claim amount to create 'wow' moments for customers through instant gratification. This is majorly powered by AI and machine learning (ML) integration, which helps insurance companies to expedite the underwriting process and claims processing time and improve the overall turnaround time (TAT).[12]

Insurance companies are focusing heavily on reducing their TAT as a key metric to provide quick service to the customers. For example, Acko Insurance[13] and Aditya Birla Sun Life Insurance[14] offer a completely digital onboarding process to customers. New-age digital-first companies, to cater to this need of immediacy among the customers, are offering services providing instant reimbursement of the repair cost for minor claims. The customer is not obligated to scan and upload bills on the portal to claim these expenses.

Automotive companies are reshaping brand–customer interactions to meet dynamic expectations beyond product experience. Indian automakers recognise that customers

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Superapps, offering the functionality of multiple apps in a single application, is a trend that is going to stay." **– Sibasish Pani, Head Digital Innovation and Technology, Schneider Electric**

"

As consumers, we transfer expectations from adjacent categories. Uber delivers instantly. Now people want instant resolution to their service requests and queries. They want tailor-made solutions, not general ones." **– Pradeep Pandey, Chief Digital Officer, Life Insurance Corporation of India**

"

Speed is critical for CX. Customers today do not like to wait for too long. They need certain types of services to be quick." **– Malpadevi Maharana, Executive Vice President and National Head – Operations and Customer Service, Tata AIG**

desire quick interactions, from product details and test drive bookings to instant after-sales service. This urge of customers to want everything as quickly as possible has raised the stakes for companies as well, in terms of providing better customer satisfaction.

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12 How AI, Blockchain technology are taking India's insurance industry to the next level
13 Acko Insurance for buying car insurance
14 Aditya Birla Sun Life Insurance

> " Having a platform that provides real-time data, from prices to availability, to customers and addressing customer queries as fast as possible is a critical part of CX." **– Abraham Alapatt, President and Group Head – Marketing, Service Quality, Value Added Services and Innovation, Thomas Cook**

Automobile companies are also building their mobile application to create a single hub for customers that offers pre-sales service like booking a test drive, scheduling a video call with the sales consultant regarding product information to after-sales services such as scheduling pick and drop services. Customers can avail all these services from the comfort of their home, eliminating the need to contact dealers and service centres.

Post-pandemic, customers are more inclined to travel, seeking experiences that provides a sense of fulfilment to them. This shift has prompted companies to adopt digital solutions, providing real-time service availability and prices. Consequently, businesses are developing comprehensive digital platforms to cater to the demand for immediate, all-in-one service access, including quick hotel check-ins, room controls as well as customer support.

What this means for organisations:

- Customers now benchmark experiences across sectors; therefore, it's important that organisations course-correct to meet the same.
- Improve agility and speed in customer interactions across channels – online/offline.
- Prioritise customer expectations on a real-time basis to provide a seamless customer experience and improve brand loyalty among customers.

Data privacy considerations:

In the case of experiences that are delivered instantly, customers' personal data gets captured and analysed. Data such as geolocation should not be shared with any third parties for marketing purposes. If it is to be used by a third party, customers need to be informed and consent needs to be acquired.

Trend 4

I don't mind paying more for a good experience

Customers are willing to spend more for elevated experiences.

A new breed of Indian consumers is increasingly prioritising comprehensive, high-quality experiences over just securing products or services at the best prices, even if it means exceeding their budget. The pandemic has had an important role to play in the emergence of this trend. Customers across cities are now opting for premium subscriptions which provide not only quick service but also a holistic and fulfilling experience with brands.

Premium offerings for unique experiences are drawing consumers across various sectors, accelerated by urbanisation and rising disposable incomes. Furthermore, the advent of digital payment methods like buy now pay later (BNPL) and increased adoption of credit cards are driving customers to make high-value purchases. These factors are shaping a dynamic Indian consumer landscape where value-pursuit extends beyond price, emphasising experiential satisfaction and personal fulfilment.

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We are living in a kind of experience-driven economy, and experience is the key to what everyone is expecting."
 – Dilpreet Singh - Head Loyalty, CRM and Partnerships, ITC Hotels

01

Premium purchase behaviour driven by the desire for a superior experience

The Indian retail sector is witnessing a significant rise in premium consumption by customers. Products across segments from groceries, liquor, apparel, cosmetics and electronics have witnessed significant premiumisation across geographies from metro to tier-4 cities.

E-commerce has made it more convenient for customers from non-metro cities to order and receive premium products without any hassle.

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> In the past, the product stole the show, then services took center stage, and now it's all about CX. Get the right recipe of product, service and CX – and you're set to command a premium and dominate the market." **– Ritesh Arora, Chief Digital Officer, Polycab**

Industries like consumer durables have witnessed a significant shift in customer purchase patterns. The aspirational buying behaviour of the customers to get the best product and brand experience has increased the demand for premium products. This has led to an 18% increase in the average selling price (ASP) of several categories such as televisions, laptops and smartphones in the last one year.[15] The smartphone industry has witnessed a 50% increase in the sales volume of the premium category (priced above INR 30,000) in the first half of 2023, with 54% growth in value.[16]

> "
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> Fashion aspirations, across various demographics, are growing on the back of global trends becoming ubiquitous and inspirational content being available at customers' fingertips. Shopping choices are not defined by price tags but by the overall offerings, experience and service, making customers more value-focused rather than price-focused. As we observe our platform as a whole, we see the lines between customers from metro and non-metro areas blurring. Their expectations and aspirations are becoming very similar. We are making significant strides in bringing trend-first selection and premium brands, including leading global brands, especially to audiences in tier-2 and 3 towns as they may lack easy access to these brands. Adding to this is our tech-backed differentiated service and experience that provide our customers with an end-to-end superlative shopping experience." **– Santosh Kevlani, Head of Monetization, Customer Experience, Contact Center, Payment Partnerships & Alliances, Myntra**

15 Indian shoppers snap up premium products
16 Premium smartphones, gaming PCs and Immersive entertainment witness growth

Customers no longer have a utilitarian and price-driven mindset when it comes to making purchase decisions, especially within the automotive industry. Today, customers want better safety, better features, best-in-class design, better technology and a seamless customer journey across channels through engaging physical and insightful online experiences. They expect brands to bring more to the table, to provide a holistic and delightful overall experience. As a result, customers have shown willingness to go beyond their budget to get the best experience out of their purchase.

These high-value orders are long-term purchases for many customers. Thus, there has been a tendency to upgrade not only within variants of the segment, but also to shift across segments altogether. For instance, earlier, the base and top variant which would contribute 30% and 5% of sales respectively now bring in 5% and 25% of sales, indicating a major shift in customer behaviour. Compact SUVs, like Hyundai Venue, achieve 40% of sales from first-time car buyers.[17] This shift to more premium vehicles and from hatchbacks to entry-level SUVs has increased the overall market share of compact SUVs from 1% in 2014 to 22% in 2023,[18] suggesting that customers are willing to spend more to get a premium experience.

The hospitality industry has seen increasing demand from customers willing to pay a premium to have an exceptional experience. Indians are becoming increasingly discerning travellers, with around 78% of them displaying an increased appetite for premium and experience-led travel and higher spends.[19]

In the aviation industry, the reduced price difference across different categories has led to Indians trading up their travel to premium economy and business class seats. There is an increase in demand for premium economy tickets which do not break customer's banks while providing a taste of the business class experience.[20] The trend has inspired Indian aviation companies to introduce premium economy seats on select flights, offering a superior cabin product, better in-flight service and added on-ground convenience – all to provide a better brand experience to passengers.[21]

Consumers have also shown an inclination to pay for better experiences both on ground and on board. Aviation companies have catered to this demand by offering services such as reduced wait time on ground and enhanced on-board experiences in the air.

> "
> The trend is towards experiences – it's about value for time, not value for money. People want to be an active part of the experience and actually co-create it."
> **– Veetika Joshi Deoras, Vice President – Brands and Marketing, The Indian Hotels Company**

The surge in air travel across cities has also created a huge demand for hotels that is not limited to metro cities. Customers are also opting to travel to tier-2 and tier-3 cities to get away from metros and experience something new. This change in demand has created a unique opportunity for hospitality brands to extend their presence in such cities and give their unique touch to elevating the customer journey with the brand.[22] Apart from premium hotels which are capitalising on this new customer behaviour, in a move to attract such customers, budget hotels are also expanding to newer geographies and launching offerings which are more premium. In doing so, they are moving away from their traditional brand image of being cost friendly by increasing their presence across price points and for different sets of customers.[23]

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17 Increasing number of first-time car buyers now choosing SUVs
18 India's craze for SUVs: There's more to it than meets the eye
19 More Indians look for exclusive and premium travel ahead of festive season
20 Deepak Rajawat, chief commercial officer of Tata SIA Airlines Ltd owned Vistara
21 Air India Premium Economy: Maharaja's new chamber!
22 Hotel Companies go big on leisure and pilgrim towns as travel booms
23 Oyo launches its premium resorts brand 'Palette'

What this means for organisations:

- Enhance brand loyalty with customers through a delightful customer-brand journey, motivating them to pay a premium for such experiences in the future.

- Move beyond pricing strategy to focus on overall engagement and the experience the company is able to deliver to customers

Data privacy considerations:

Elevating customer experience requires mapping the customer journey, developing customer personas and personalising the experience based on these insights. This necessitates data collection at each touchpoint of customer interaction with the brand. Therefore, brands need to be completely transparent about their data collection policy and how they safeguard it against threats to customers, to foster trust in the customer-brand relationship.

Trend 5

I want it to be real

Customers expect transparency and empathy that goes beyond transactions and authentically resonates with the brand.

In a world filled with uncertainties, it is no surprise that consumers value authenticity – in their food, their relationships and their brands. Consumers are increasingly drawn to brands that echo the sentiment of reliability and expect honest, genuine and transparent interactions with them. Many leading companies and startups are becoming increasingly open and transparent about most aspects of their business value chain, be it their sourcing and manufacturing, the raw materials they use, breakup of costs, the impact on the environment, delivery timelines and even their mistakes. Thus, they create a genuine, relatable and humane interaction with the customers.

This is easily done by brands where there is a culture of transparency and authenticity. Still, these two factors are not enough, companies also need a culture of storytelling, of sharing what's interesting and true in a way that only stories can convey. Two things that make this difficult for brands – pretence and skeletons in the closet. Pretending to be genuine and authentic is expensive and tiring. Keeping it real not only is easier but also makes a lot of business sense, especially now because it helps businesses establish trust, retention and reputation.

01

Beyond transactions…nurturing trust through authenticity and empathy in customer relations

A customer calling a business is an opportunity to build a deeper connection. Seen from the lens of efficiency, these are mere transactions and must be dealt with, with speed and precision. Seen from the customer's perspective, this is an opportunity to understand what they want and how to make their day a bit better.

A business gains efficiency when their customer representatives adhere to standardised scripts. However, the opportunity to create a positive long-lasting connect with the customer is lost when this is done without the human touch. The integration of empathy and authenticity goes a long way in building deeper connections with customers. No wonder then that leading organisations enable their associates with not only SOPs for servicing customers but also a significant degree of freedom to go off-script if required to deliver customer delight. It makes customers feel cared for and fosters a deeper sense of trust.

> " It's the unstated delight – it's going beyond the ordinary, exceeding the guest's needs and expectations and providing a delightful experience. We always aim to create these moments of true joy. At our restaurants, our stewards often proactively replace a dish gone cold for a guest who was busy. This awareness of guests' needs and picking up things that guests relate to is essential." **– Veetika Joshi Deoras, Vice President – Brands and Marketing, The Indian Hotels Company**

02

The importance of transparency

The rise in digital adoption has given the customers the power of knowledge about products, company policies and the quality of services provided by different companies. Customers further have become less willing to be associated with brands that are not transparent regarding each aspect of the product or service they provide to the customers. Thus, companies across sectors are focussing on forming a clear communication bridge with the customer with the transparency being the key motive. For example, in the insurance sector where customers are less aware about the different policy needs and offerings, some companies are providing a platform to educate the customers. There is no pushy salesperson and no spam calls. Interested customers are directly connected with Insurance Regulatory and Development Authority (IRDAI) registered experts. Further, banking companies are also trying to move away from push-selling unrequired products, in order to create a positive relationship with the company. The focus has shifted to enhancing the customers' experience by being honest.

> " Customer engagement entails genuine interest in their well-being, habits, and milestones. Star Union Dai-ichi Life Insurance aids in long-term financial planning and provides market trend updates, prioritising authentic care over hard-selling tactics. It emphasises that genuine advice leads consumers to purchase products only when truly needed." **– Anu Chaudhuri Ghosh, Star Union Dai-ichi Life Insurance Company**

03

Expectations meet reality

With the aim of providing the best quality used cars to its customers, a used car buying platform has set up a multi-step car evaluation. It segregates cars into different categories to let customers know about the quality of the car, providing upfront information so that there is no difference between the expected and actual value. Further, the company offers a one-year warranty and a five days no-questions asked return policy to customers if they are not satisfied with the car.

These examples highlight the importance of going beyond expectations, being authentic and showing empathy to enhance customer connections.

04

Embracing mistakes: A trust-building powerhouse

Brands build trust when they prioritise being transparent. Often this goes beyond a singular sale of product or service. Ultimate trust is won when a brand openly owns up to its mistakes, displaying authenticity and making them reliable in the customers' eyes.

For example, food delivery applications in India often openly share an update with customers via messaging platforms if their order is running late and even provide compensation for their mistakes (if any). Therefore, when a brand owns up to its mistakes, customer trust is won as the brand then comes across as being real and honest.

Customers appreciate when a company owns up to its actions and follows ethical guidelines, as it creates a stronger bond of trust and loyalty. This mutual respect and alignment of values form the foundation of a relationship where customers see the brand as more than just a seller, but as a supportive partner in their journey. This, in turn, enhances customer loyalty and advocacy.

05

The significance of ethical practices and sustainability for building deeper connections

According to PwC's Global Consumer Insights Pulse Survey 2023, roughly 19% of Indian consumers are open to paying up to 20% more to companies with a reputation for ethical practices. For products produced or sourced locally, 24% of Indian consumers are willing to shell out between 11–20% more than the average price. Moreover, 13% of Indian consumers are willing to pay 30% higher than the average price for biodegradable products as well as for those made from recycled, sustainable or eco-friendly materials.[24]

According to the survey, over 70% of the respondents expressed a willingness to pay more for sustainably produced goods.

In fact, according to PwC's latest CEO survey, 40% of CEOs report that they face fewer hurdles for climate-friendly investments than they do for other investments.[25] It's evident that prioritisation of environmentally sustainable initiatives is becoming prevalent among corporate leaders and investors. This focus on societal well-being fosters a deeper emotional connection with consumers, enhancing brand loyalty and retention.

> **"**
>
> Sustainability is among the top three considerations for a luxury traveller and the kind of understanding which we are getting from them is that they are able or willing to pay the premium." **– Dilpreet Singh, Loyalty and Partnerships Head, ITC Hotels**

Customers now prefer brands which provide whole and transparent information to them. Brands which are transparent towards customers not only provide clear communication but also foster a sense of trust. Some of them have launched campaigns where they are honest and clear about their practices. They give customers a holistic view about different aspects – from ingredients used in food and beauty care products, to sourcing of material in the apparel industry.[26] For example, WOW Skin Science, uses organic ingredients in their products which are clearly labelled, reflecting their commitment to being a transparent yet an eco-conscious brand. In their new initiative #WOWGreenhands, they introduced paper tubes for products, eliminating the use of plastic.

Eco-revolution: Regenerative travel promotes eco-friendly tourism, aiming for nature-positive and carbon-positive outcomes. A leading Indian hotel chain achieved net zero carbon status across 10 properties, reflecting its commitment to responsible luxury and sustainability. As the world's largest chain with the most LEED Platinum certified properties, it leads in environmentally conscious hospitality, meeting the growing demand for green stays and sustainable practices.

> "
> Creating a brand that consumers truly love is a journey, not a destination. Brands do this by doing the right thing all the time and keeping it real with their customers. The bottom line: It's not enough to just slap on the label of being 'authentic, transparent and sustainable' – you need to walk the talk."

Prateek Sinha
Partner and Leader,
Experience Consulting, PwC India

What this means for organisations:

- Cultivate authenticity as the brand's DNA, i.e. own your truth to build trust with customers.

- Embrace ethical and sustainable practices consistently as a commitment to brand value.

- Combine empathy with transparency for a potent customer experience.

- Embrace mistakes as opportunities to strengthen trust.

- Like every other relationship, communicating with your customers is key.

Data privacy considerations:

Companies need to make it easy for customers to exercise their rights with regard to personal data protection. To achieve compliance, organisations should develop and implement appropriate procedures for customers to raise their rights provided under the various data protection laws. Secure channels should be established along with regular training to employees for secure handling of data subject inquiries.

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26 Is 2022 the year when Indian brands will get more serious about sustainability?

The need to shift from measuring RoI to RoX

Organisations have been appreciative of the importance and relevance of CX as part of their overall business impact. More and more organisations are making CX the fulcrum of their business strategy. To do this, they are revamping their entire operating model and value propositions in line with the changing nature of customer expectations. With significant investments now being positioned around CX-led transformations, the conventional metrics for assessing return on investment (RoI) no longer fully capture a company's performance.

> "
> Return on experience is a relatively new concept because most people perceive experience as a responsibility, rather than something to invest in to get a return on." **– Nitin Chugh, Chief Digital Officer, State Bank of India**

This is where return on experience (RoX) comes in. RoX is a strategic metric that goes beyond traditional financial measures to evaluate the broader impact of positive experiences on not just customers, but also employees within an organisation. Companies are now connecting critical measures such as sales conversion, new product sales, repeat purchases, service penetration with CX measures like customer satisfaction and customer effort. Importantly, empowering employees and enhancing their experiences is directly correlated with creating exceptional CX.

Indian companies, such as leading retailers of consumer durables, monitor metrics like repeat purchase percentage, net promoter score, average order value, and basket size to measure customer engagement and satisfaction with the brand. Similarly, Indian OEMs are also taking proactive measures to gauge the success of their CX initiatives, understanding that CX is the amalgamation of experience across touchpoints from awareness to aftersales experience. They are measuring the effectiveness of these initiatives through metrics such as customer satisfaction (CSAT) results, lead conversion across channels.

In addition to the established metrics, companies are now focusing more on aligning employee experience with their efforts to elevate CX. To elevate the customer-brand interaction, brands are slowly moving away from just providing good customer service to going a step further and analysing the long-term impact of these measures on their topline growth to further fuel such initiatives. In fact, organisations where leadership and systems reinforce a distinctive culture have showcased 1.9x more revenue growth than their peers.[27]

Organisations are also maturing their approach around accountability for RoX. 'Who owns RoX?' is a question that we see different businesses answer differently – from the CEO to the chief customer officer to the head of customer service to a customer council to 'each and everyone'. The response varies based on several parameters such as the sector, product or service offered, level of direct to customer engagements as well as maturity of the CX approach.

Our conversations with leaders across industries revealed that these are the three most common challenges when it comes to driving fundamental transformation through CX and its impact on RoX:

| Understanding dynamic customer needs |
| People and culture |
| Data infrastructure |

> "
> Infrastructure to measure each touchpoint needs to be built such that it has the ability to assess the performance of all your customer touchpoints." **– Srikanth SK, Head of Customer Experience, Birla Opus – Aditya Birla Group**

Most companies agreed that having a positive employee experience is key to providing better service and experience to customers.
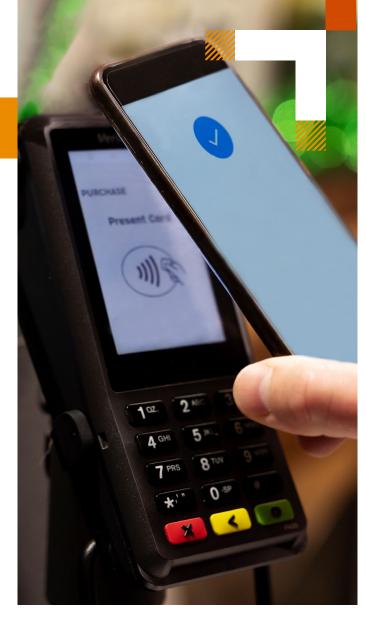
Organisations implementing a robust RoX strategy often prioritise understanding and optimising the entire customer journey. This involves mapping out the various interactions and touchpoints a customer has with the brand, from initial awareness to post-purchase support. By identifying pain points and opportunities for improvement, businesses can strategically invest in initiatives that lead to positive experiences, ultimately translating into long-term customer loyalty and advocacy. Customers value experience and their preferences are shifting. They are open to influences that cut across sectors. Organisations recognise this and acknowledge that they need to adapt to shifting consumer preferences to gain a competitive edge.

Changes in customer preferences was identified as the top driver of reinvention in the PwC's 27th Annual Global CEO Survey: India perspective.[28]

Keeping pace with the changing expectations of heightened CX and continuing to build on it has hence emerged as a cornerstone of an organisation's sustainable growth strategy.

And for this, companies need to get it right consistently. Today's customer expects no less. With the appropriate adoption of technologies, it is not so difficult to meet customer expectations.

In our conversations with leaders across sectors, there was agreement on one universal truth – there is no replacement for the human touch. At least not yet. The trick, hence, is to use technology not to replace but strengthen the human connection.

61%

of India CEOs said that customer preferences had led to changes in how their companies created, delivered and captured value in the last five years.[29]

28 27th Annual Global CEO Survey: India perspective
29 27th Annual Global CEO Survey: India perspective

Methodology

To discover our key insights, we constructed a design guide aimed to identify the relevance of CX, current trends in CX, best practices, metrics, current challenges faced, technological investments and future visioning. We undertook 20 in-depth online qualitative interviews with senior executives, C-suite leaders, and experts in the CX field across diverse sectors in India, including automotive, aviation, hospitality, service, finance and retail industries.

As part of our two-pronged approach, we then undertook extensive secondary research across each sector to validate the emerging trends that emerged from our primary research.

Acknowledgements

About ETBrandEquity.com

Marketing is a business driver as well as a social changemaker. ETBrandEquity.com is a celebration of this spirit and power of marketing to make the world a better place. We bring to fore the biggest questions, challenges, developments: all that elevates marketing as a driving force for an individual, a business and the community-at-large. Through our rich portfolio of content as well as in-house events, conclaves and more, we're here to help you build influence, enhance your effectiveness and become the best marketer you choose to be.

Today, ETBrandEquity.com has grown into a globally-networked media brand focusing on data and analysis, people and culture, and innovation and forecasting. Furthermore, we transfer our core values of honesty, curiosity, quality, and integrity to the events, conclaves, sessions, and other such gatherings in the fields of MarTech, AdTech, PR, corporate communications and more. The DigiPlus Conclave and Awards, Martech Asia, India Communication Summit, Kaleido Awards, Brand World Summit, Shark Awards, iStream Congress, SPOTT Awards, Brand Disruption Awards, Brand Bharat Summit, CX+ Summit, are just some of our landmark properties that have grown from strength to strength in recent years.

Much like the rest of marketing, the story of ETBrandEquity.com is still being written.

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Special thanks

Kavan Mukhtyar, Amit Roy, Vivek Srivastava, Anirban Sengupta, Indranil Mitra, Rajnil Mallik , Ravi Kapoor, Jaikrishnan GK, Narayanan Mahadevan, Subramaniam Sundaresan, Govind Sarathe, Sudip Gupta, Kunjal Thakkar, Sujatha Menon, Sweta Pai

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