

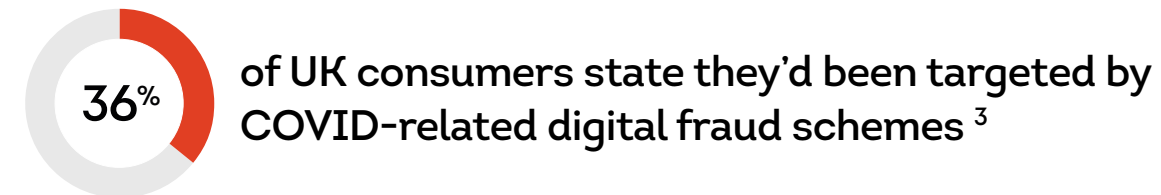
SWITCH ON CUSTOMER EXPERIENCE

Global Digital Trends in 2021 and Beyond:
Transformation, Acquisition and Conversion Optimisation

The COVID-19 pandemic put consumer adoption of digital services into hyper-drive. The reasons differ across business sectors. Face-to-face interaction was limited. Cash was suspected of being a source of contagion. Governments needed efficient delivery for assistance programs. All these shifted consumers to digital channels – many for the first time. Coupled with increased competition from digital-first businesses prior to the crisis, organisations have to commit to digital transformation to remain relevant.

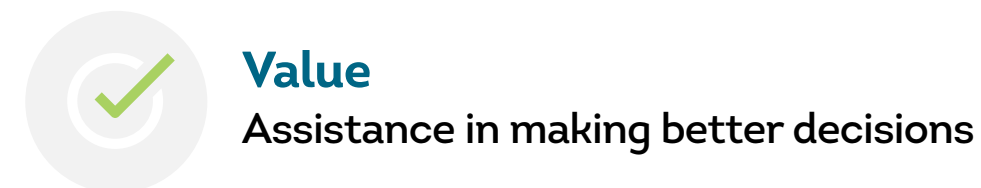
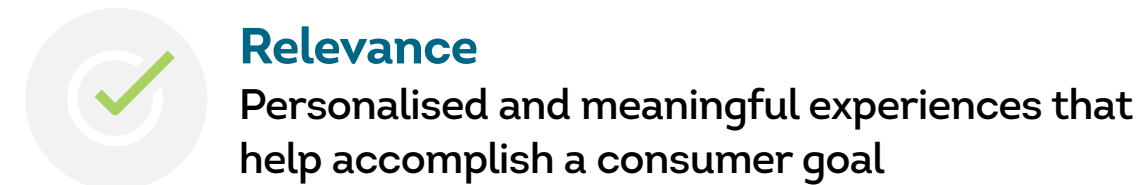
As businesses transition to a digital-first customer experience, balancing convenience and security is imperative. Organisations can master these challenges and position for growth with a friction-right approach to seamlessly verifying identities and authenticating transactions throughout the customer journey: engagement, acquisition and management. This report looks at key ecommerce and business trends, and opportunities to innovate the customer experience and win the future.

Key trends:



Customer experience innovation meets customers' needs

Three characteristics of digital experiences that can make or break your business:



¹ *New Dimensions of Change: Building trust in a digital consumer landscape*, Economist Intelligence Unit, October 2020.

Full survey results based 1,600 Global executives, of those 180 UK executives.

² eMarketer, *Global Retail eCommerce Report 2020*

³ TransUnion, *Global Consumer Pulse Study, Q2 2021*



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Enhanced Customer Experiences Lead to Better Business Outcomes

Business leaders understand the need to optimise for digital. A 2020 Economist Intelligence Unit global report found 85% of global executives (83% of UK executives) surveyed believe smooth transactions are now “essential to survival” rather than merely a competitive edge.⁴ Higher consumer expectations lead to impatience with organisations that don’t keep pace. At the same time, the reward for good digital experiences results in repeat customers; with 94% of U.S. consumers indicating they were very likely to purchase from a company that provided a very good customer experience.

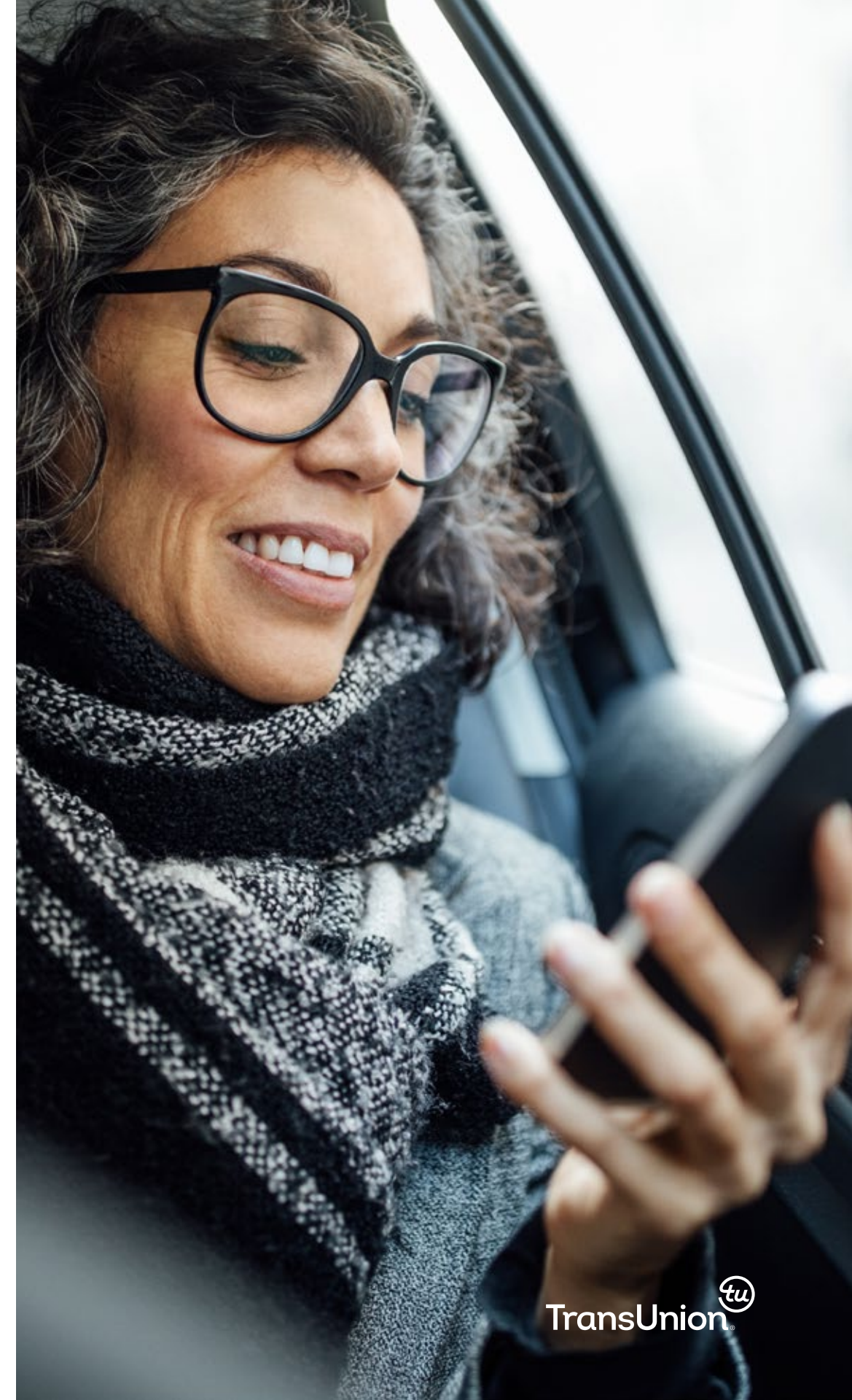
Impact of Customer Experience on Purchase Intent in the US

US consumers who are very likely to purchase more from a company based on their customer experience (CX), by Select Industry, May 2020

	VERY GOOD CX	GOOD CX	OKAY CX	POOR CX	VERY POOR CX
Banking	93%	79%	67%	46%	19%
Computer makers	93%	88%	75%	54%	23%
Electronics	92%	83%	71%	51%	22%
Fast food	96%	87%	72%	52%	22%
Grocery	96%	90%	79%	61%	25%
Retail	95%	90%	78%	58%	25%
Software firms	94%	84%	73%	49%	20%
Streaming media	92%	81%	70%	45%	21%
TV/internet service	90%	79%	64%	39%	14%
Total	94%	84%	72%	50%	20%

Note: n=10,000 ages 18+; select industries shown
Source: Qualtrics XM Institute, “Q2 2020 Consumer Benchmark Study” as cited in “ROI of Customer Experience, 2020”, Aug 18, 2020

⁴ *New Dimensions of Change: Building trust in a digital consumer landscape*, Economist Intelligence Unit, October 2020. Full survey results based 1,600 Global executives of those 180 UK executives.



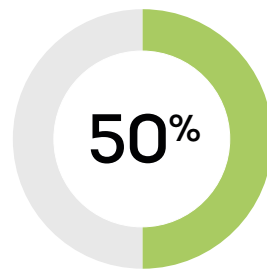


Major shifts in consumer shopping behaviour quickly accelerated

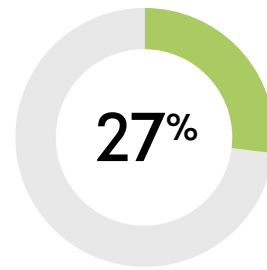
Consumer behaviour can change fast. In some instances, the pandemic drove people to digital experiences when other options weren't available. Often, it was simply because the digital option was just more convenient. Those companies who were ready benefited – while others are left trying to catch up.

Digital wallets

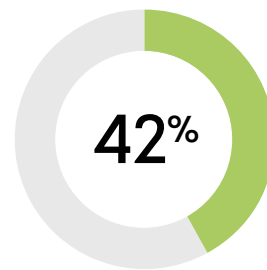
Contactless digital transactions provide more security and convenience for consumers:



of Chinese in-person transactions were done with a digital wallet ⁵



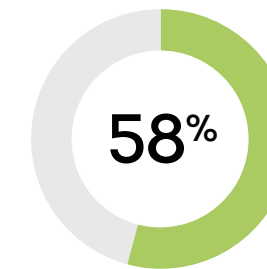
of all UK payments were contactless payments in 2020 ⁶



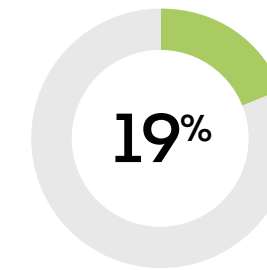
Digital payments increased 42% in India ⁷

Shopping and entertainment

Better digital experiences provide more choice for consumers:



of US insurance shoppers chose digital as their predominant channel ⁸



growth in global iGaming transactions in 2020 ⁹

⁵ PaymentsSource, *How mobile wallet use exploded from one year in lockdown*, April 26, 2021 (FIS 2021 Global Payments Report).

⁶ UKFinance, *2021 Payment Markets Report* - <https://www.ukfinance.org.uk/press/press-releases/contactless-now-accounts-more-quarter-all-uk-payments>

⁷ <https://www.livemint.com/news/india/42-indians-have-increased-use-of-digital-payments-during-lockdown-report-11586864127244.html>

⁸ TransUnion, *2020 Insurance Shopping Annual Report*

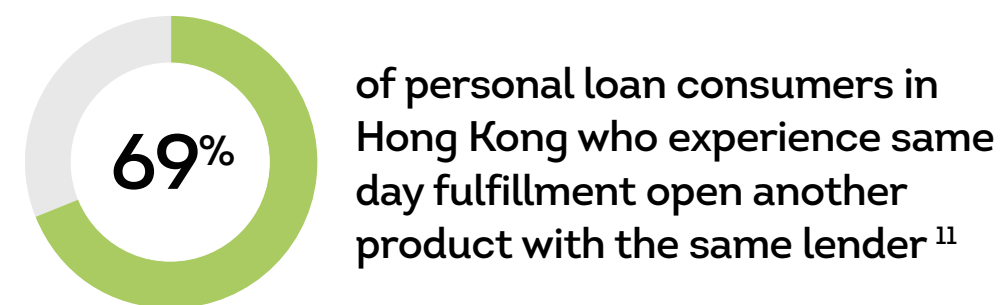
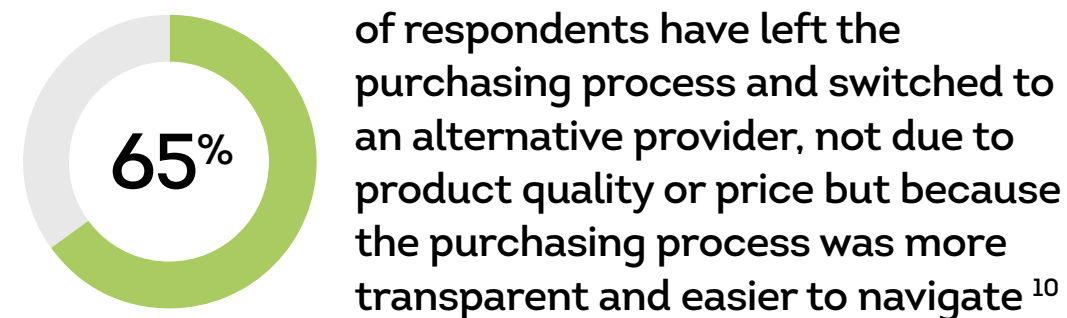
⁹ TransUnion TruValidate Consortium Data

Digital Excellence Builds Loyalty and Provides Opportunities for Consumers

The drive to build excellent online experiences is the result of larger global consumer trends quickened by the COVID-19 pandemic: adoption of smartphones, digital payments and the growth of ecommerce. Many companies have responded by investing in digital transformation throughout their organisations to improve the experience across the customer lifecycle.

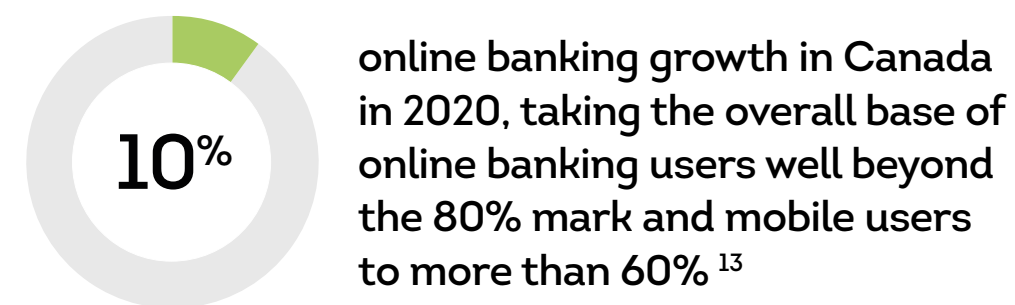
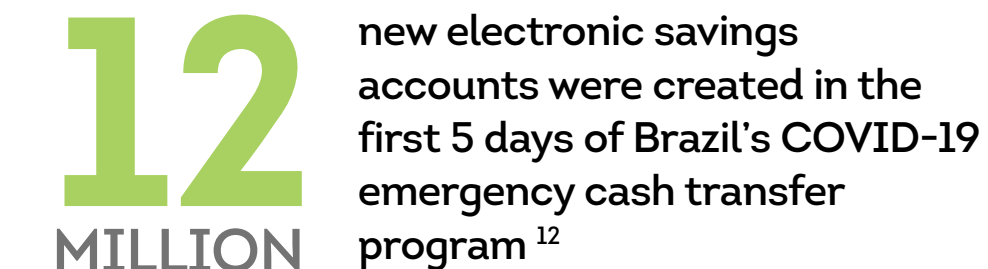
Customer satisfaction and loyalty

Streamlined digital customer onboarding and fulfilment delivers more value to consumers:



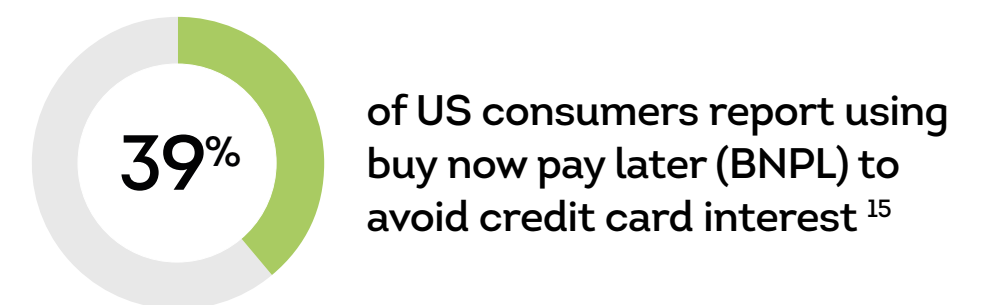
Financial inclusion

Online banking services provide more opportunity for consumers to access financial services:



Personal empowerment

Personal finance information and payment options enable consumers to achieve financial goals:



¹⁰ <https://www.whisbi.com/77-of-telecom-customers-demand-more-human-interactions-online/> 2018

¹¹ TransUnion, *Hong Kong Turn Around Time Study, 2020*

¹² International Monetary Fund: Public Financial Management Blog, *PFM Solutions for Emergency Cash Transfers in Brazil*

¹³ BCG, *It's Time for Canadian Retail Banks to Fast Forward to the Future, October 2020*

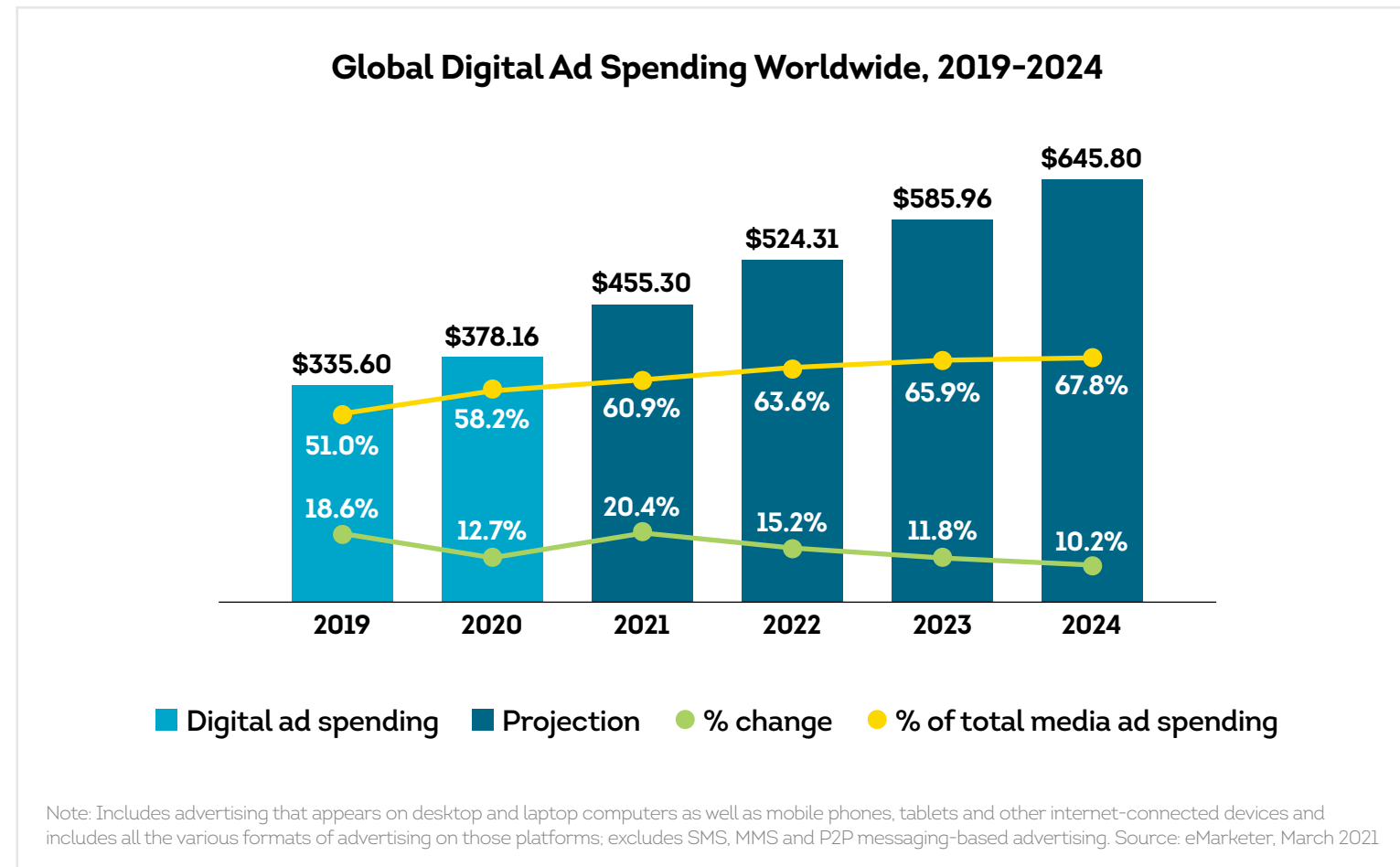
¹⁴ TransUnion, Survey of 2,000 nationally representative adults (18+) carried out by OnePoll, June 2020

¹⁵ Business Insider, *Buy Now Pay Later Report: Market trends in the ecommerce financing, consumer credit, and BNPL industry, 2020*

Digital Market Trends Speed Drive to Transform Customer Experience Now

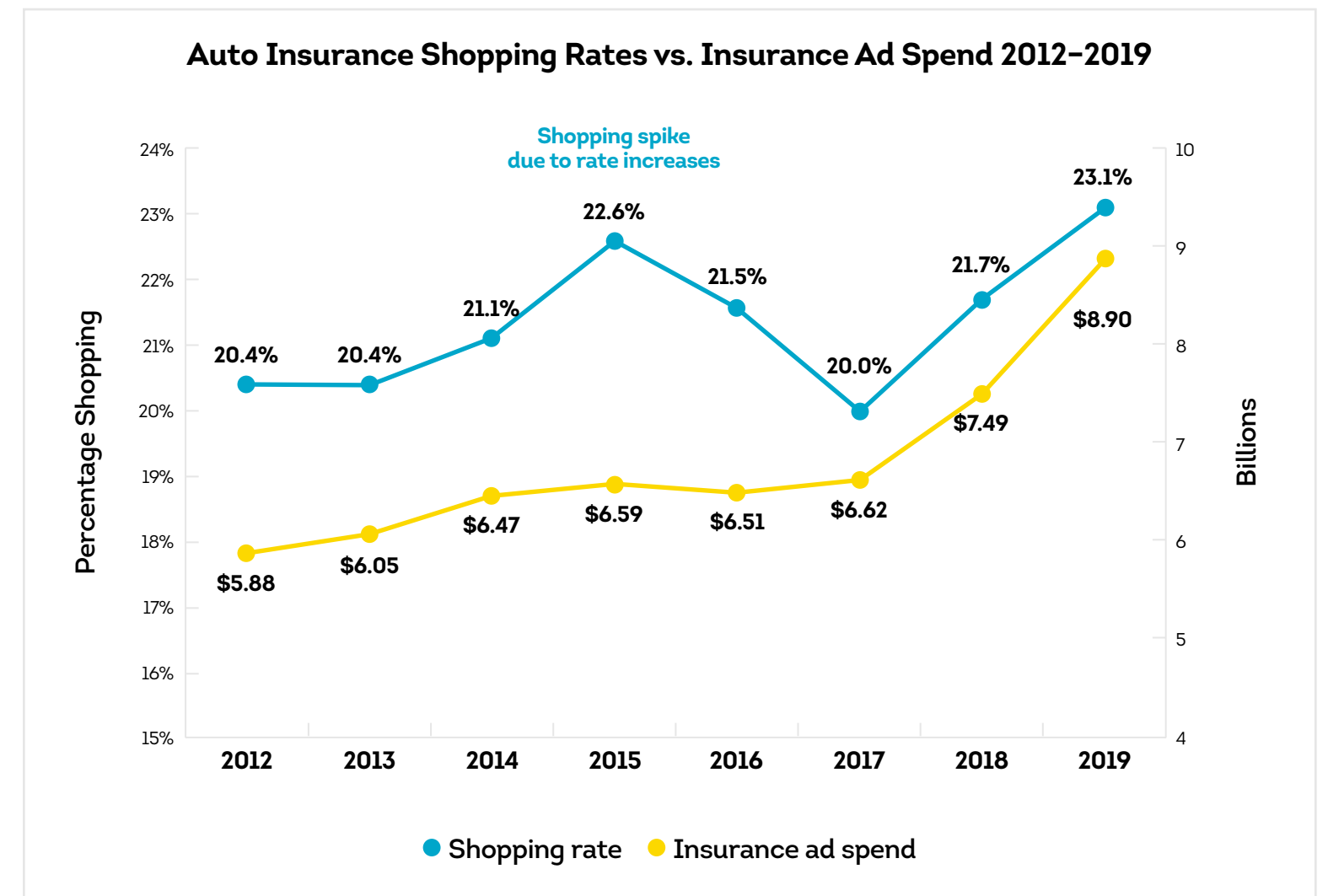
Digital advertising growth increases need to compete effectively for online shoppers

While growth in digital ad spending slowed in 2020, it captured a greater share of overall ad spend. The steady and continued investment in digital advertising is a direct response to smartphone adoption, allowing marketers to reach consumers anywhere. It's driving shopping behaviour that subsequently puts pressure on companies to deliver incredible digital-first – and often digital-only – experiences.



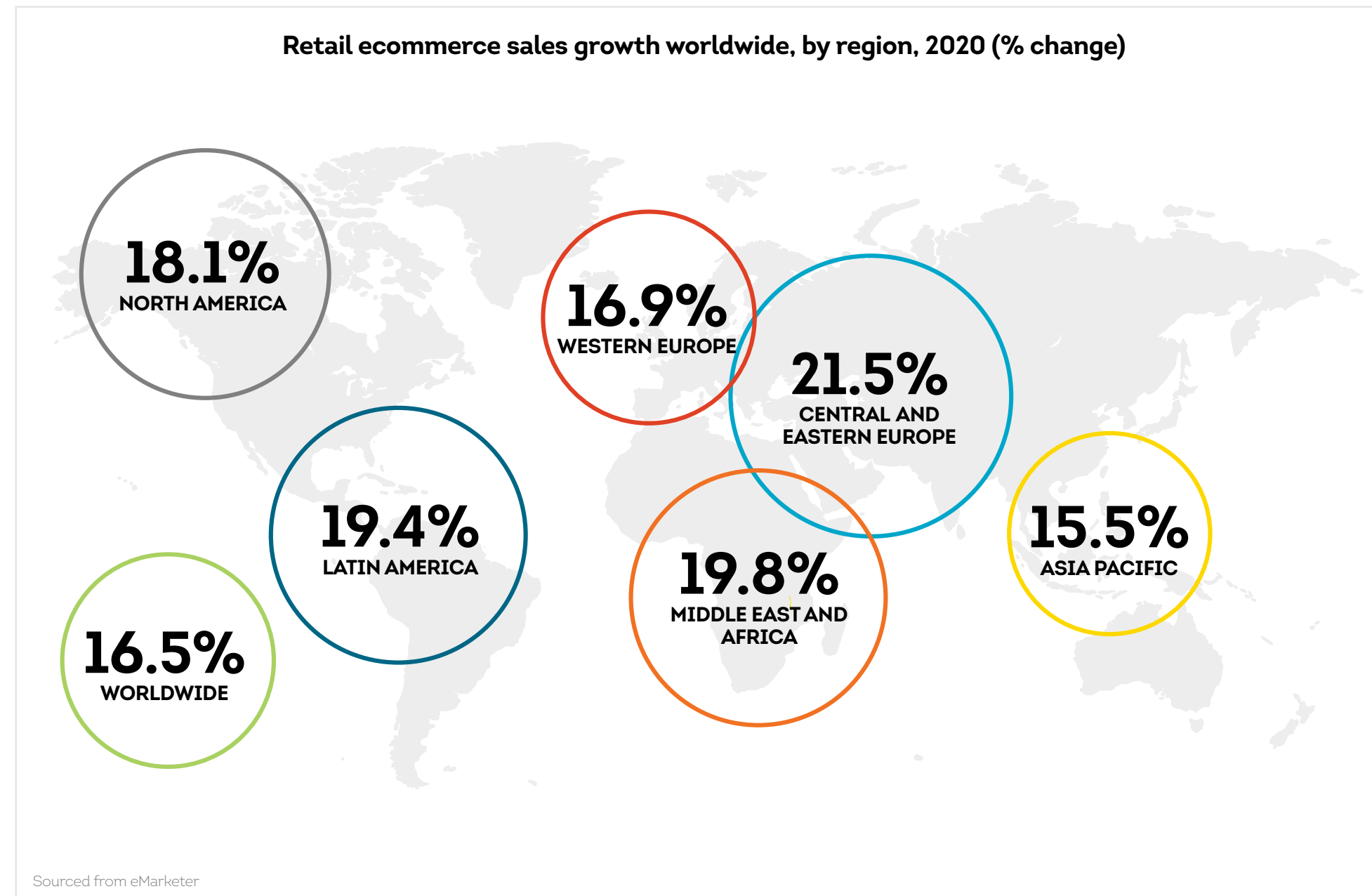
Digital advertising brings more shoppers to the market

Unlike most advertising formats, digital advertising can result in an immediate sale and performance can easily be tracked. Not only that, digital advertising can impact shopping behaviour, especially in industries with low switching costs. For example, automotive insurance shopping is closely correlated with advertising spend.¹⁶



Growth in digital transactions puts focus on conversion optimisation

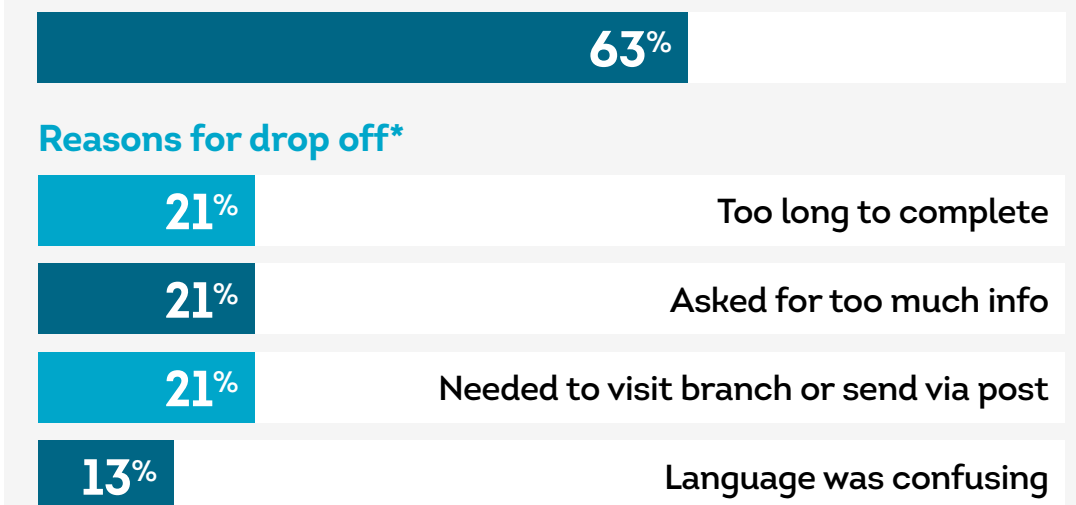
Ecommerce saw large surges because of COVID-19-related stay-at-home orders. With more consumers using digital services, organisations need to focus on maximising the traffic coming to their sites.



The growth in ecommerce presents an opportunity for companies to provide a differentiated experience and personalised engagement that will allow them to retain customers even after the pandemic.

Drilling down into financial products and commitments, there are opportunities for businesses to improve conversion rates. They can do this by optimising the onboarding process for financial products that require an application to gather information about potential customers to meet regulatory requirements or consider risk-based decisions. Six million (12%) UK adults made the switch to digital banking between March and April 2020.¹⁷ Streamlining digital onboarding – application completion, identity verification and decisioning – can reduce drop off and improve conversion rates.

63% of European consumers abandoned digital bank applications in 2020



*Source: *The Battle to onboard: The impact of covid and beyond*, October 2020. Signicat.com. (survey based on surveyed 4000 consumers in the UK, Germany, The Netherlands, Belgium, Sweden, Finland, and Norway.) <https://d2qcmozihn2auk.cloudfront.net/whitepapers/SG-Battle-to-onboard.pdf?mtime=20210621191019&focal=none>

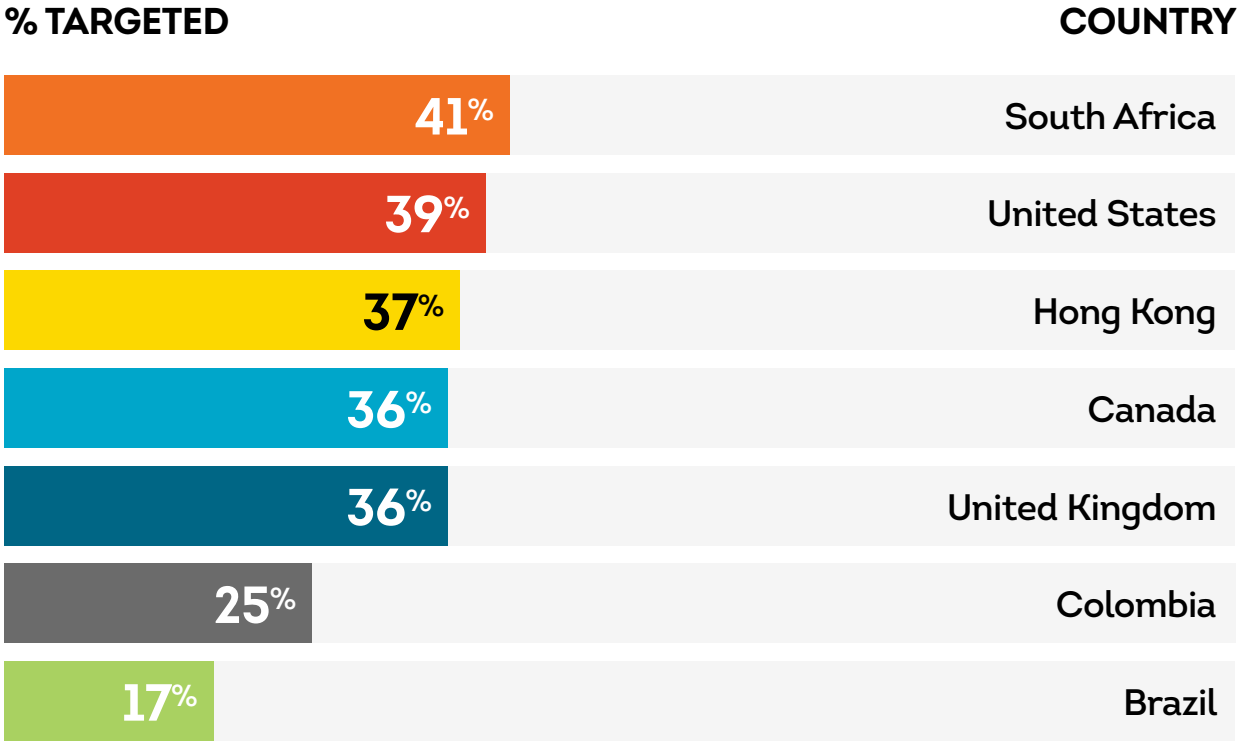
¹⁷ Moneyexpert, *Millions downloading banking app first time lockdown* - <https://www.moneyexpert.com/news/millions-downloading-banking-app-first-time-lockdown/>



Balance opportunity for digital success and fraud risk as identity theft increases

As consumers race to use online services, criminals are waiting. There's been a dramatic increase in cybercrime since the start of the pandemic, especially in the form of identity theft-related fraud. Data breaches are all too common, making consumer identity information and online credentials readily available to perpetrate fraud.

Consumers Targeted by Covid-19-related Fraud Schemes



Source: TransUnion Consumer Pulse Study, Q2 2021

¹⁸ *New Dimensions of Change: Building trust in a digital consumer landscape*, Economist Intelligence Unit, October 2020. Full survey results based 1,600 Global executives of those 180 UK executives.
¹⁹ *AI for fraud detection to triple by 2021* – ACFE, SecurityBrief, June 26th 2019

Businesses plan for a more secure digital future

As businesses strive to build trust with consumers and streamline the customer experience, they're looking to a number of technologies and processes for innovation.

National Digital IDs

79% of global executives (73% UK executives) believe there are benefits in a national digital ID for fraud prevention in consumer transactions ¹⁸

Biometrics

A significant 85% of global executives (74% UK Executives) believe biometrics will be used to authenticate the vast majority of payments in the next 10 years ¹⁸

AI & Machine Learning

There was a 200% increase in the number of organisations planning to use AI and machine learning to detect and deter fraud by 2021 ¹⁹

Data Privacy Regulation

Of Global and UK executives surveyed, 64% believe their fraud prevention efforts have benefited from government imposed data privacy regulations ¹⁸

Reopening and Recovery: Essential Strategies for Growth

As world economies recover and reopen, businesses laser-focused on digital will be setup for long-term success. Many are investing in digital transformation in response to COVID-19, with more than 66% of global executives (61% UK executives) indicating increased investment.²⁰ An integrated customer experience is key to driving profitable growth for your organisation, capturing new customers and building loyalty.

Smarter customer acquisition

Competition for new customers is fierce. With more digital advertising spend pouring into the market, it's imperative for marketers to optimise investments. Target consumers who match the profile of your ideal customer with more predictive data and the ability to activate more accurately across digital channels.

Faster and easier customer onboarding

Consumers expect fast service and if they don't get it, they'll click away. Streamline onboarding with friction-right processes that let good customers through while reducing fraud. At the same time, using a sophisticated decisioning engine powered by a more accurate and comprehensive picture of consumers, helps you quickly assess risks, present relevant offers and automate the application process.

Deeper customer relationships

Customer loyalty is built on trust earned through relevant and meaningful experiences. Improve customer engagement with tools that help customers take control of their financial goals. Improve offers with more predictive analytics powered by trended credit data to identify cross-selling opportunities.

²⁰ The Economist Intelligence Group, *New Dimensions of Change: Building trust in a digital consumer landscape, 2020*





Turn trends into opportunities

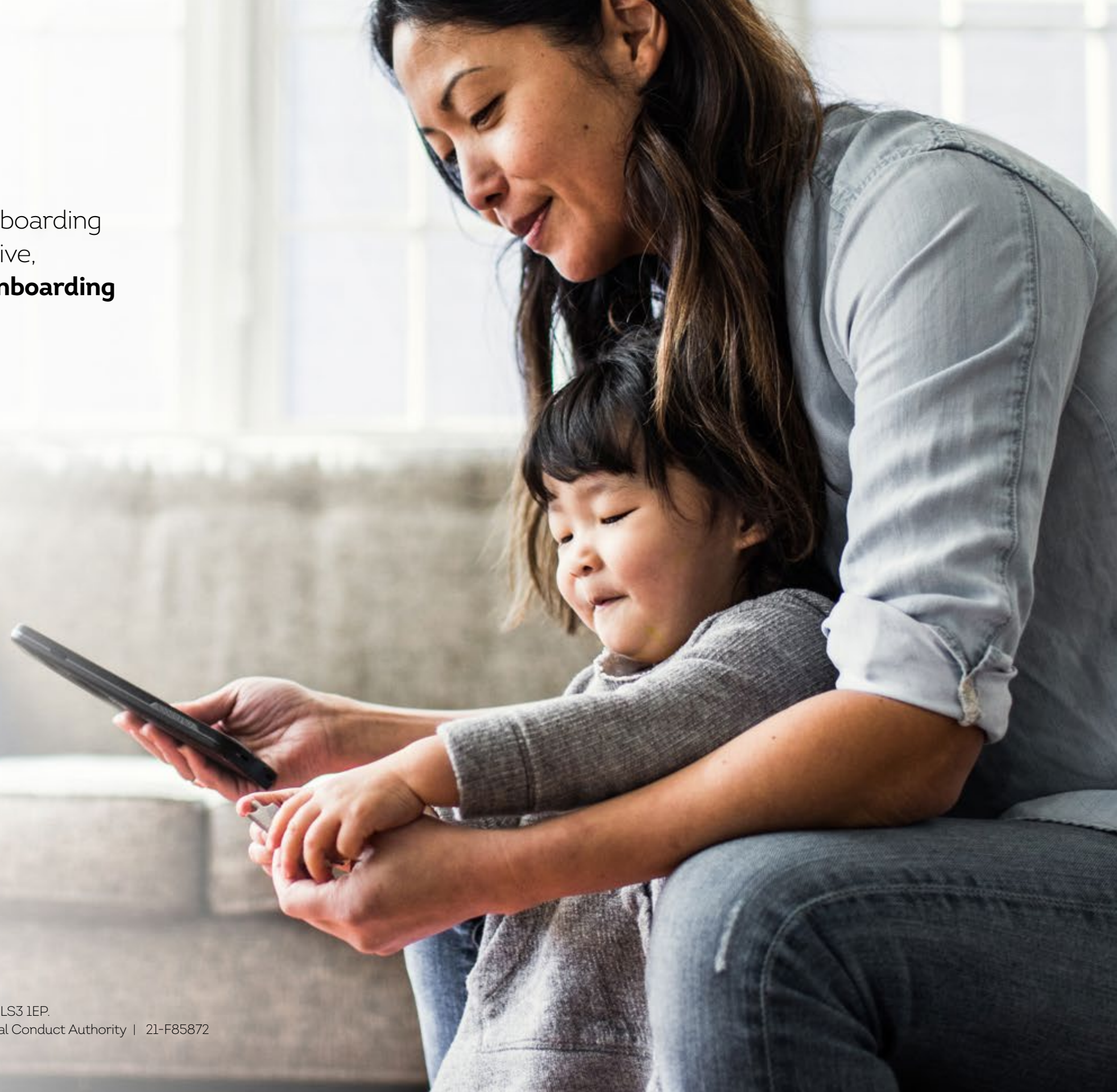
To learn more about these trends and how TransUnion Digital Onboarding can benefit your organisation, contact your account representative, call 0113 388 4300, or visit transunion.co.uk/solution/digital-onboarding

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