A marketer’s guide to reaching the new consumer

As we witness the world around us changing due to technological innovation, there’s another big change happening too. A new consumer is emerging, with unprecedented expectations about how they want to shop, buy and experience the world. Winning the loyalty of the new consumer requires delivering contextually relevant experiences to each individual. To do this, brands and marketers must first understand the context in which purchase decisions are made — including when, where, how and why.

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The new consumer includes emerging segments, such as women, minorities, millennials, Generation Z and the LGBTQ community — all of whom are experiencing significant economic growth and buying power. It’s more important than ever for industries to engage with them through new value propositions and marketing catered specifically to their unique needs.

DID YOU KNOW?

- 31% of women out-earn their partners and influence 83% of all U.S. consumer spending.¹
- LGBTQ buying power in the U.S. is currently over $1 trillion.¹
- Minorities are predicted to represent 34% of total buying power in the U.S. by 2021.¹
- By 2020, U.S. millennials will hold 30% of overall buying power.¹
- Generation Z is on track to influence 40% of consumer spend in 2020.¹

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As technology and all industries continue to evolve, the world of your consumer has transformed as well. Changes include the following:

- Lines are blurred between digital and physical experiences.
- Fluid expectations shape desired experiences.
- More nontraditional providers deliver disruptive products and services.
- Customers’ loyalty goes to companies delivering more value.
- A brand’s social values and business practices are equally or more important to consumers.

Marketing opportunity:
Understand the new consumer and you’ll win their loyalty.

Consumers now expect brands to deliver more personalized experiences. In fact, they’ve become accustomed to on-demand interactions and seamless transactions 24/7. What does this mean for marketers and brands? It’s time to improve customer service experiences, make engagements frictionless, and deliver value beyond your products or services. There’s some homework involved to understand the new consumer, adapt your strategy, and deliver what they want and need.

44% of customers would leave current providers if alternative and comparable, disruptive provider appeared.¹
Six emerging trends are reshaping the expectations of the new consumer. We investigated these trends in partnership with Accenture to help you understand their impact on your business and how to evolve your marketing strategy, so you can successfully engage with the customers you seek.

Meet Sophia

To help you visualize the new consumer, we’ve created an example representing the emerging consumer in the United States. Sophia, a college-educated millennial, is a business professional living in San Francisco. Technology is embedded in most of her interactions — she appreciates innovation and convenience above all. Her parents gave Sophia her first cell phone when she was 13, and she’s always had a computer. Growing up in the digital age, she has views on privacy that reflect a willingness to trade personal, identifiable information for more personalized products and services. Sophia is beginning to earn more than some of her male peers. Because she’s financially independent, she makes most purchasing decisions on her own. In most areas of her life, she wants to be given information without having to ask for it.

Winning the new consumer requires more than creating unique experiences. It requires understanding who each individual is, and creating contextually relevant experiences to meet their rising expectations. Throughout this eBook, we’ll explore Sophia’s ideal experiences and interactions across multiple industries and trends. Discovering how each expectation trend is viewed by consumers today — through Sophia’s real-life experiences that are enabled by current market leaders — will help you consider where opportunities exist for your business to win the loyalty of the new consumer.
Hyper-relevance and personalization
“I expect things relevant to me.”

“Customers aren’t looking for brands to define their journeys, but to design experiences that help them create their own journeys.”

Jeriad Zoghby, Global Personalization Lead, Accenture Interactive

Words that matter:
Recognition, individualized, tailored recommendations, co-create.

Since the new consumer expects every experience to be hyper-relevant and personalized, companies can’t rely on old methods to attract and retain them. It’s become critical to offer fast, consistent, relevant and personalized experiences — or risk losing customers.

Research shows that 67% of millennials and Generation X customers value personalization, but only 22% of those who travel say that travel services recognize them as past customers. The lack of personalization could result in revenue loss, as 47% of these travelers are open to paying a premium for more contextual and relevant offers.¹

50% of consumers are likely to switch brands if a company doesn’t anticipate their needs.²

64% of [the time] when customers shift from one brand to another, it’s to seek a more relevant product, service or experience — and that number is likely to increase.²

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²Microsoft Advertising. Intelligent connections.
What are some simple, powerful actions you can take today to deliver hyper-relevance and personalization? Try these Microsoft Advertising solutions:

- **Remarketing** helps you reconnect with visitors.
- **Product Audiences** (dynamic remarketing) deliver relevant ads with the exact product customers viewed on your site.
- **Dynamic Search Ads** recognize user intent to dynamically create the most relevant ads.
- **Price Extensions** display a list of products, services and their corresponding prices.
- **Expanded Text Ads** feature more text, so they stand out and improve engagement.

### IMAGINE THE OPPORTUNITIES

Businesses must understand the value of hyper-relevance to keep pace with their customers’ changing behaviors. So, how do leading companies stay relevant? They adopt the mindset of being a “living business” — by building and keeping “living profiles” of their customers.

Sophia’s hyper-relevance and personalization experiences

Sophia needs a vacation. She researches options and decides on a relaxing cruise. Prior to her adventure, she’s asked to fill out a questionnaire about her preferences and interests. As she boards the ship, she’s immediately greeted with her favorite cocktail and a digital wristband. Finding her room is easy — she just scans her wristband, and an interactive map guides her. No need for a room key, she just swipes her wristband to open the door. Later, while unwinding near the pool, a crew member reminds her that a yoga session she’s interested in starts in 10 minutes. At dinner, crew members provide her top preferences and are already aware of her food allergies. Information about her is collected throughout her vacation, making her experience as enjoyable, personable and memorable as possible. In this ideal experience, Sophia is “recognized.” She receives “tailored and individualized recommendations” and is “co-creating” her experience by sharing her preferences.

74% of consumers would find it valuable to tell brands exactly what they want through living profiles.¹

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Seamless, effortless, digital & physical, virtual & interactive, reduced friction.

"[On digital & physical channels] People want to experience things both ways — the conversation is less about splitting the channels and more about leveraging the trend."

Deborah Yeh, Marketing Executive, Sephora

The new consumer expects smooth, effortless experiences across digital and physical channels. As a result, integrated experiences are now table stakes for most industries, as customers don’t hesitate to switch brands when services fail to meet their expectations. Driven by this, brands are beginning to approach integrated experiences in two ways:

- Creating consistent experiences between digital and physical channels to deliver a single brand experience
- Collaborating with partners to create an ecosystem, so consumers can use services across multiple providers seamlessly

67% of U.S. digital shoppers want consistent level of service, regardless if they’re shopping at a physical location or through a digital channel.¹

67% of millennials versus 46% of Generation Z would seek an online coupon.¹
What are some simple, powerful actions you can take today to deliver integrated experiences? Try these Microsoft Advertising solutions:

- **Local Inventory Ads** promote in-store products to nearby customers.
- **Location Extensions** target your ads to local customers.
- **Call Extensions** increase incoming calls with easy one-click calling for customers.
- **Mobile-specific ads** help you reach more on-the-go customers.

Sophia’s integrated experiences

Sophia is ready for a new look. She loves lipstick but hates trying on a lot of different colors because it dries out her lips. Instead, she goes to an interactive kiosk in a store that mixes digital and physical reality, so she can see what she’d look like with each color — without having to put on lipstick. The kiosk sends a picture to her phone. Now Sophia can share the picture on social media to get reactions from friends, further aiding her purchase decision. After she clicks on the lipstick color she wants, it’s immediately brought to her. Months later, the store releases new lipstick colors and other products. Sophia will receive image notifications of herself wearing the new product. In Sophia’s ideal experience, she doesn’t differentiate between digital and physical experiences; they’re seamless. She can use virtual interactions to effortlessly visualize products while making purchases through a physical channel, if she chooses.

64% of U.S. consumers and 76% of millennials are more likely to choose a brand if it exposes them to new sensations or experiences. ¹

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**IMAGINE THE OPPORTUNITIES**

When it comes to integrated experiences, consumers no longer differentiate between digital and physical experiences. Companies must recognize this to provide the seamless experience their customers expect.

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On-demand services
“I expect it now.”

“We live in a culture of buy and receive “now.” Consumers expect ease, convenience, and immediate delivery of tailored products and services. Most businesses aren’t structured to meet this demand. Consumers’ expectations for speed are only increasing. More and more, we see consumers expect products and services now, delivered at speed.

56% of consumers in the U.S. say it’s important “to have access to products and services when and where you need them.”

Uber and Amazon are great examples of companies that have disrupted the on-demand space — offering on-demand “I want it now” car services and two-day shipping.

43% of U.S. consumers expect faster delivery from companies in 2018, increasing 23% over the prior year.

83% of patients feel all providers should offer tools to enhance digital and physical experience.

Only 9% of providers say they can offer tools enabling the digital experience patients expect.

“No longer just a luxury, speed has quickly made the transition from being a ‘nice-to-have’ to a ‘need-to-have’ across all industries.”

Ray Wizbowski, CMO, Entrust Datacard
Imagine the opportunities

When it comes to on-demand services, customer wait times are getting shorter and shorter. Consumers expect things instantly and are more willing to switch from a product or service to another company that delivers faster.

With food and transportation being truly on-demand services, consumers are going to expect everything to be given to them at the same speed. Retailers must close this expectation gap to avoid falling behind.

An effective on-demand service requires speedy delivery and a hassle-free overall experience to retain customers.

What are some simple, powerful actions you can take today to deliver on-demand services?

Try these Microsoft Advertising solutions:

- **Expanded Text Ads** feature more text so they stand out and improve engagement.
- **Callout Extensions** show more content in your ads.

39% of online orders from top 50 west coast retailers fulfilled took 5+ days.\(^1\)

4.5 days is the maximum delivery time average consumers are willing to accept.\(^1\)

Sophia’s on-demand services experiences

Sophia loves traveling. She plans at least one monthly trip. During a trip to the Grand Canyon, she starts feeling sick and so lethargic that she can’t get out of bed. She needs immediate care, but it’s the weekend and her primary doctor is in San Francisco. She doesn’t want to go to the emergency room because it’ll be expensive. While in bed, Sophia finds an affordable mobile solution that provides an immediate, virtual doctor’s visit. After registering, she fills in a quick questionnaire about her symptoms and is connected to a doctor through video. The doctor diagnoses Sophia and writes a prescription for antibiotics at the nearest drugstore. By receiving immediate care and attention, she’s able to enjoy the rest of her trip. In Sophia’s ideal experience, she receives speedy, almost immediate delivery of services that meet her needs.
With the rise of the internet of things (IoT) and numerous data collection points, the new consumer not only expects fast, personalized service, but also notifications and visibility into a broad spectrum of information that’s relevant to them in nearly real time. This empowers them to stay informed about their surrounding environment. That’s where precision push notifications come in. These notifications elevate the benefits of mobile customer engagement programs to new heights.
Sophia’s proactive-notification experiences

It’s a rainy night and Sophia drives home from a friend’s house. She hates driving when it’s dark out, but she was having fun and lost track of time. As she drives, it starts to pour, so she drives slower to be safe. Still, she can barely see what’s in front of her. Suddenly, her car warning light turns on, notifying her that there’s an icy patch in a few hundred feet. Sophia drives slower through the patch and remains in control of the steering wheel. A while later, her car alerts her to a stopped vehicle in her lane a mile ahead. She switches lanes to avoid the vehicle. In Sophia’s ideal experience, she receives real-time notifications and real-time visibility into what’s going on in the world around her.

40%

Only 40% of companies use mobile coupons.¹

75%

75% of millennials say they prefer real-time discounts delivered while shopping in-store.¹

IMAGINE THE OPPORTUNITIES

Companies must become more aware of what their customers expect, even if customers don’t know exactly what they want in any given moment. If you create valuable experiences for customers without them having to tell you what they want, they’ll reward you by spending time and money with your brand.

What are some simple, powerful actions you can take today to deliver proactive notifications?

Try these Microsoft Advertising solutions:

- **Merchant Promotions for Product Ads** highlight special offers.
- **Price Extensions** display a list of products and services and their corresponding prices.

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“Easy Button” services
“I expect technology and automation to enable and do more for me.”

“A new cohort of design-driven companies are adding a layer of convenience between us and the underlying services and utilities that improve our lives. This could change everything.”
Scott Belsky, Chief Product Officer, Adobe

Words that matter:
Convenient, served, automation, low-maintenance, technology-enabled, trusted.

Just 39% of companies have an artificial intelligence (AI) strategy in place and they’re typically large companies.¹

Consumers today are becoming more trusting and are more open to allowing someone else to handle things they don’t want to do or learn. They’d rather pay for affordable, technology-enabled services to do things for them. This new convenience is called “Easy Button” services, and it’s becoming more important to consumers. As their expectations change, their interest increases in using technology-enabled services, such as automation, to handle tasks.

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Sophia has accumulated a good amount of money in her bank savings account over the years. She realizes she should invest it, but the stock market is a foreign concept to her and she doesn’t have time to learn about it. Through recommendations from friends, she uses a very low-cost, highly liquid and convenient AI-driven adviser that will invest her money for her. All she has to do is pay a small fee, deposit money into her new account, set her risk level preferences, and watch her investments grow over time. When she needs cash, she transfers money from the investment account to her bank account. In Sophia’s ideal experience, she can outsource tasks, with minimal oversight, though trusted resources that deliver results that are similar or better than if she had done the tasks herself.

75% of millennials feel that new technology makes their lives easier.¹

Millennials are price conscious but are willing to pay for quality and convenience.

What are some simple, powerful actions you can take today to deliver “Easy Button” experiences? Try these Microsoft Advertising solutions:

- **In-market Audiences** is audience targeting that curates lists of people ready to buy.
- **Automated Bidding** manages key word bids automatically.
- **Automated Extensions** help improve ad visibility and performance.
- **Google Import** easily imports your Google Ads into Microsoft Advertising so you can run the same ads on the Microsoft Search Network.
- **Google Merchant Center Import** easily imports your product catalogs, mirroring your offers from Google.

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¹ Microsoft Advertising. Intelligent connections.
Customers, particularly millennials and Generation Z, expect to be empowered to take care of their needs when and how that want. As a result of being more tech-savvy, they lean toward self-service to drive convenience that suits their changing needs. Most customers, regardless of age, expect top-notch, 24/7 customer service and support, and they may become frustrated if that’s not what they receive.
Sophia’s self-service experiences

Sophia loves late-night online shopping. She’s interested in some clothes but has a few questions. She clicks the “Chat Now” button, where she receives instant, relevant responses through a chatbot that remembers her from previous interactions. After buying some items, Sophia later decides to return a few of them at the physical store. When she arrives, she sees a long line, so she goes to a self-service kiosk where she scans the item barcodes, puts the clothes in a bin, and receives an immediate refund. Since she saved time, Sophia browses for a few minutes. She sees a sweater she likes but can’t find her size. Instead of looking for help, she opens the store app on her mobile phone, scans the barcode, and sees a page that tells her store and online availability of the sweater. Sophia orders it online and leaves the store within minutes. In this ideal experience, Sophia receives immediate, excellent customer service through a chatbot that uses historical data, making her experience truly personal. She’s empowered to help herself with the kiosk and mobile app inventory check. All of Sophia’s expectations of doing things fast, on her own and at a convenient time are met.

75% of customers believe it takes too long to reach a live customer service agent.¹

94% of customers prefer self-service digital insurance claims processing.¹
IMAGINE THE OPPORTUNITIES
Customers expect a lot from their web self-service interactions, and it behooves brands in every industry to improve the digital customer experience. When done well, self-service is a big value-add for customers. To improve the customer experience, consider using a smart, virtual service agent and deploying that agent broadly across your website. Virtual agents on websites and apps deliver relevant, personalized and contextualized answers to consumer questions. Consumers are comfortable with these intelligent technologies, and they expect that engaging with your virtual agent will be easy and relevant. Here are other ways to improve the customer experience: Make self-service a core mobile-app feature, set up the right knowledge base for your virtual agent, empower your organization with the same knowledge base, mine customer queries for insights, and enable seamless escalation.

Prepare to engage the new consumer

Now that you’ve begun to explore these six emerging expectation trends of the new consumer, you can begin to see the impact on your business. It may feel like a lot to process, but don’t worry — these trends are igniting powerful new opportunities for brands and marketers.

By learning how to meet the needs of the new consumer, you can evolve your marketing strategy to successfully increase customer engagement today and better anticipate the next wave.

What are some simple, powerful actions you can take today to deliver self-service experiences?

Try these Microsoft Advertising solutions:

- **App Install Ads** drive people to your app in the Apple App Store or Google Play.
- **Call Extensions** can increase incoming calls with easy, one-click calling for customers.
- **Sitelink Extensions** include more in-ad links that take customers to specific pages on your site.


Get started with free coaching from Microsoft Advertising.