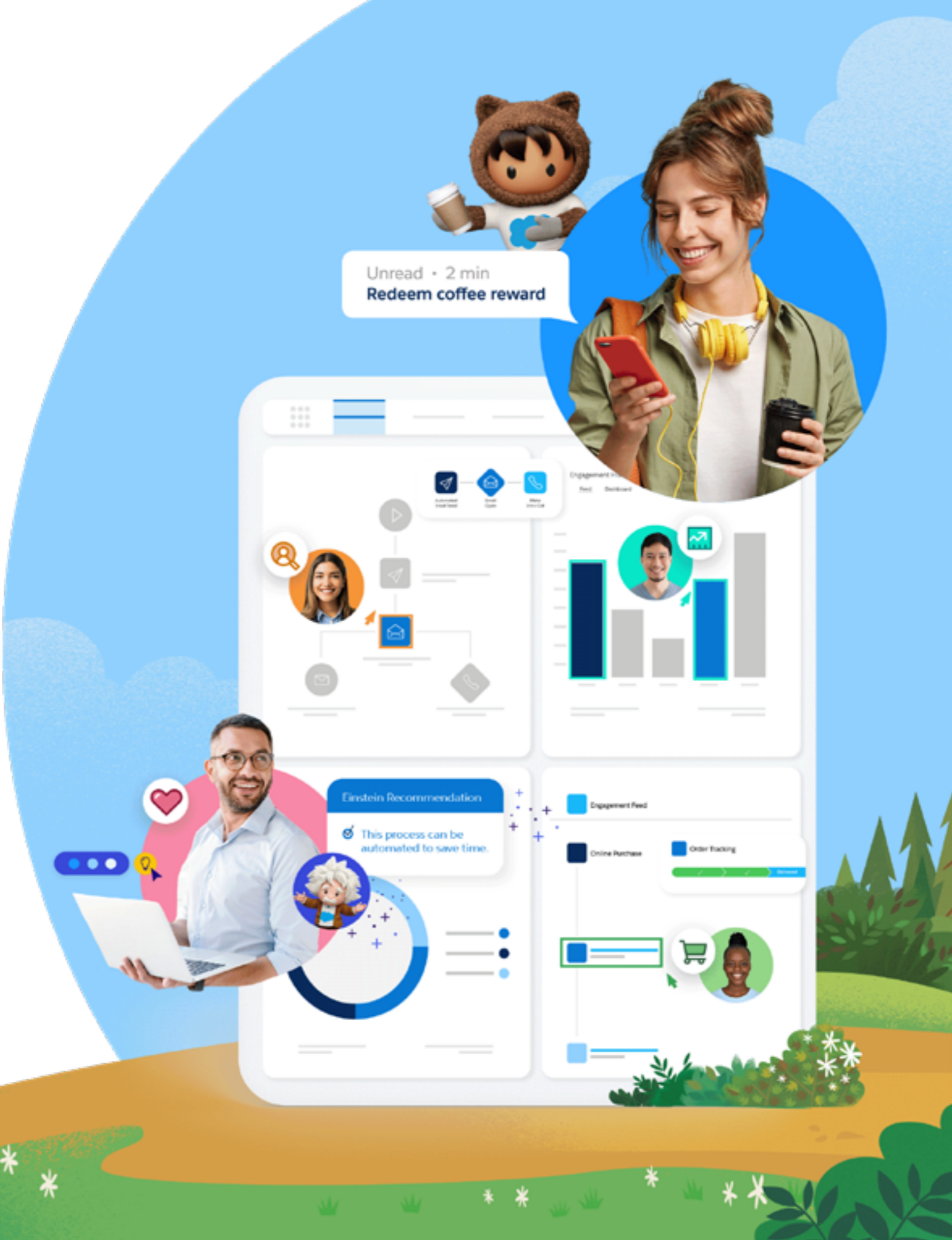salesforce

SIXTH EDITION

State of the Connected Customer

Insights from 14,300 consumers and business buyers on how AI, digital transformation, and macroeconomic trends are changing customer engagement

What You'll Find in This Report

For the sixth edition of the **"State of the Connected Customer"** report, Salesforce surveyed 11,000 consumers and 3,300 business buyers worldwide to discover:

- How economic shifts have reshaped customer expectations and behaviors
- The changing ways that customers engage with companies across the buying lifecycle
- Customer sentiments around new technologies like generative artificial intelligence (AI)

Due to rounding, not all percentage totals in this report equal 100%. All comparison calculations are made from total numbers (not rounded numbers).

Data in this report is from a double-blind survey conducted from May 3, 2023, through July 14, 2023. Respondents represent 25 countries across six continents. All respondents are third-party panelists. For further survey demographics, see page 28.

In this report, we examine survey results from three primary groups:

Consumers
Those reporting their interactions with companies when purchasing for themselves

Business Buyers
Those reporting their interactions with companies when purchasing on behalf of their employers

Customers
Aggregated consumers and business buyers

3,300 business buyers surveyed worldwide

11,000 consumers surveyed worldwide

Salesforce provides data-driven insights to help businesses transform how they drive customer success. Browse all reports at salesforce.com/research.

Contents

Customer expectations continue to rise as businesses face increasing costs, the quest for efficiency, and privacy hurdles. Generative artificial intelligence(AI) holds tremendous promise to help businesses get through these challenges. However, the stakes are high for getting it right. As we stand at the doorstep of a completely transformed way of doing business, it's a crucial time to check in: what do customers want right now? How can companies responsibly implement AI to build trust?

In our sixth "State of the Connected Customer" report, we surveyed 14,300 business buyers and consumers worldwide. We see tension between generative AI's ability to improve customer experience and customers' caution around the technology's risks. We're also seeing that, despite their hesitancy, customers are open to artificial intelligence when it's transparent, secure, and improves their experiences.

Customers demand fast, consistent, and personalized interactions everytime they interact with a company. They're seeking brands that offer exceptional products and services, and are loyal to those that deliver. With customer loyalty at stake, this is a pivotal moment for businesses to thoughtfully use generative AI to supercharge the seamless experiences their customers expect.

Generative AI is the future, and businesses that use it strategically and ethically will come out on top. At Salesforce, we believe now is the time for companies to build secure, innovative, and efficient experiences with trust at the forefront. Insights from today's "connected customers" are an essential guide for how to do that. I sincerely hope you find this research helpful as you navigate the new era of technology and customer engagement.

Michael Affronti,
SVP & GM, Commerce Cloud

Executive Summary

Rising costs and shifting priorities have customers rethinking their relationships with brands. Meanwhile, companies are feeling pressure to increase efficiency.

Although evolving technologies like generative AI intelligence* promise to elevate their experiences, customers are wary of risks involved. This creates an opportunity for companies to drive differentiation through technology strategies grounded in trust and human connection.

*Silvio Savarese, Chief Scientist of Salesforce AI, defines generative AI as "AI that doesn't just classify or predict, but creates content of its own, be it text, imagery, video, or even executable code. And, it does so with a human-like command of language."

01 A Changing World Shakes Up Customer Expectations

Economic and technological shifts are changing customer priorities, behaviors, and expectations. The pressure is on for brands to step up. **Eighty-one percent of customers expect faster service as technology advances.**

02 The Customer Engagement Playbook Evolves

Customers have revealed the recipe for companies to earn their loyalty: consistency, efficiency, and a human touch. **Seventy-nine percent of customers expect consistent interactions across departments.**

03 The Trust Gap Widens as AI Goes Mainstream

Brands are turning to generative AI to boost efficiency while improving customer engagement. Customers – wary of the technology risks – demand a thoughtful approach built on trust. **Eighty percent of customers say it's important for humans to validate AI's outputs.**

1

A Changing World Shakes Up Customer Expectations

01

Customers Revisit Their Priorities

Compounding factors like inflation and technological advancement are leading people to rethink what's important, including where and how they spend their money.

62% of consumers have recently reassessed their priorities.

Finances are top of mind for many: cost of living is the #1 factor influencing their priorities, and better deals are the most common reason for switching brands.

Nevertheless, customers are not single-minded in their quest for a good deal, leaving room for brands to compete on more than price. Product quality remains essential, as does customer experience.

80% of customers say the experience a company provides is as important as its products and services.

Customer Experience Remains Crucial Amidst Pricing Push

Consumers Who Say the Following Have Affected Their Priorities

Cost of living	82%
Personal well-being	44%
Advances in technology	34%
Climate change	23%
Social justice	18%
Other	2%
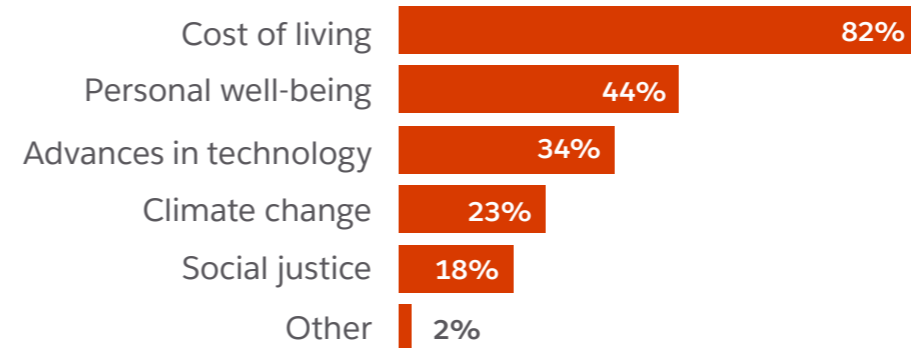
Base: Consumers who recently reevaluated their priorities as customers.

Consumers Who Say They've Switched Brands for the Following Reasons

Better deals	72%
Product quality	55%
Product availability	41%
Product selection/variety	41%
Changing needs/expectations	39%

Base: Consumers who switched brands in the past year.

01

Personalization Gives Favorite Brands a Leg Up

Personalization is a tenet of modern customer engagement, as almost two-thirds of customers say they expect companies to adapt experiences to match their changing needs and preferences.

However, most customers feel companies treat them as a number rather than as an individual. This is particularly true of consumers, whose relatively small transactions don't prompt the tailored attention of large and slow-moving business deals.

Customers' favorite brands have an edge against the competition when it comes to matching changing needs, but even they have room for improvement.

Personalization Falls Short, But Favorite Brands Have the Edge

Extent to Which Brands Adapt to Changing Needs

Favorite brands	16%	40%	35%	9%
Most brands	12%	34%	39%	15%

■ Always   ■ Often   ■ Sometimes   ■ Rarely or never
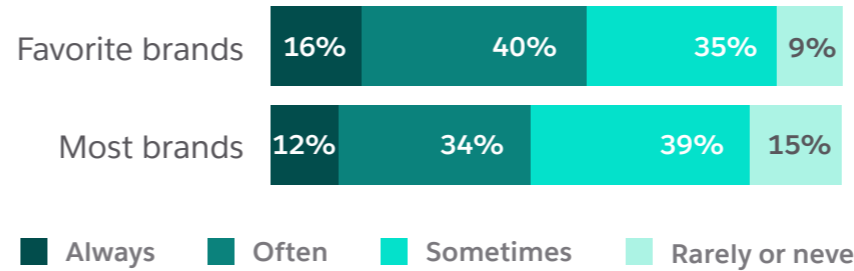
Base: Consumers who have a favorite brand.

78%

65%
of customers expect companies to adapt to their changing needs/preferences

61%

but

61%
of customers say most companies treat them as a number

66%

46%

■ Business buyers   ■ Consumers
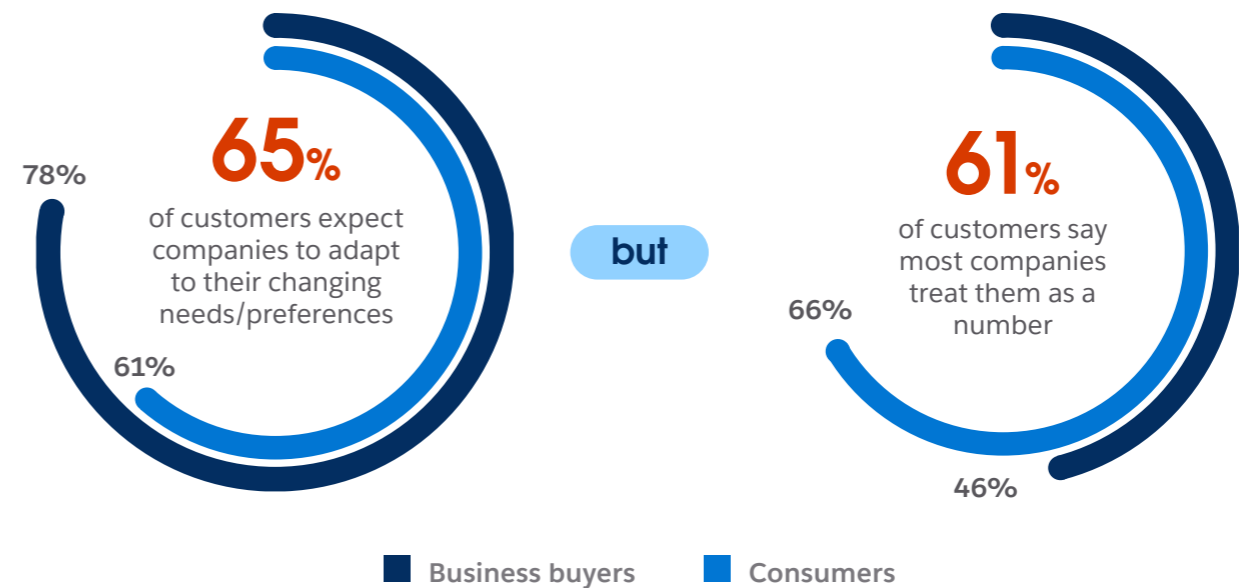
01

Data and Technology Up the Ante for Customer Engagement

Customers know that companies depend on data to meet their standards for personalized engagement, but they expect something in return when they hand it over. The more data customers provide, the better experience they expect.

More of today's customers see data as a factor than money in determining whether they'll get the fast, tailored experiences they desire.

Technological breakthroughs like generative AI can help businesses scale support and personalization, and are further raising customers' standards: 81% of customers expect faster service as technology advances, and 73% expect better personalization.

More Customers See Data as a Motivator Than Spend

Customers Who Expect Faster Service Under the Following Circumstances

When **technology** advances	81%
When they provide more **data**	75%
When they **spend** more	65%

Customers Who Expect Better Personalization Under the Following Circumstances

When **technology** advances	73%
When they provide more **data**	74%
When they **spend** more	64%

01

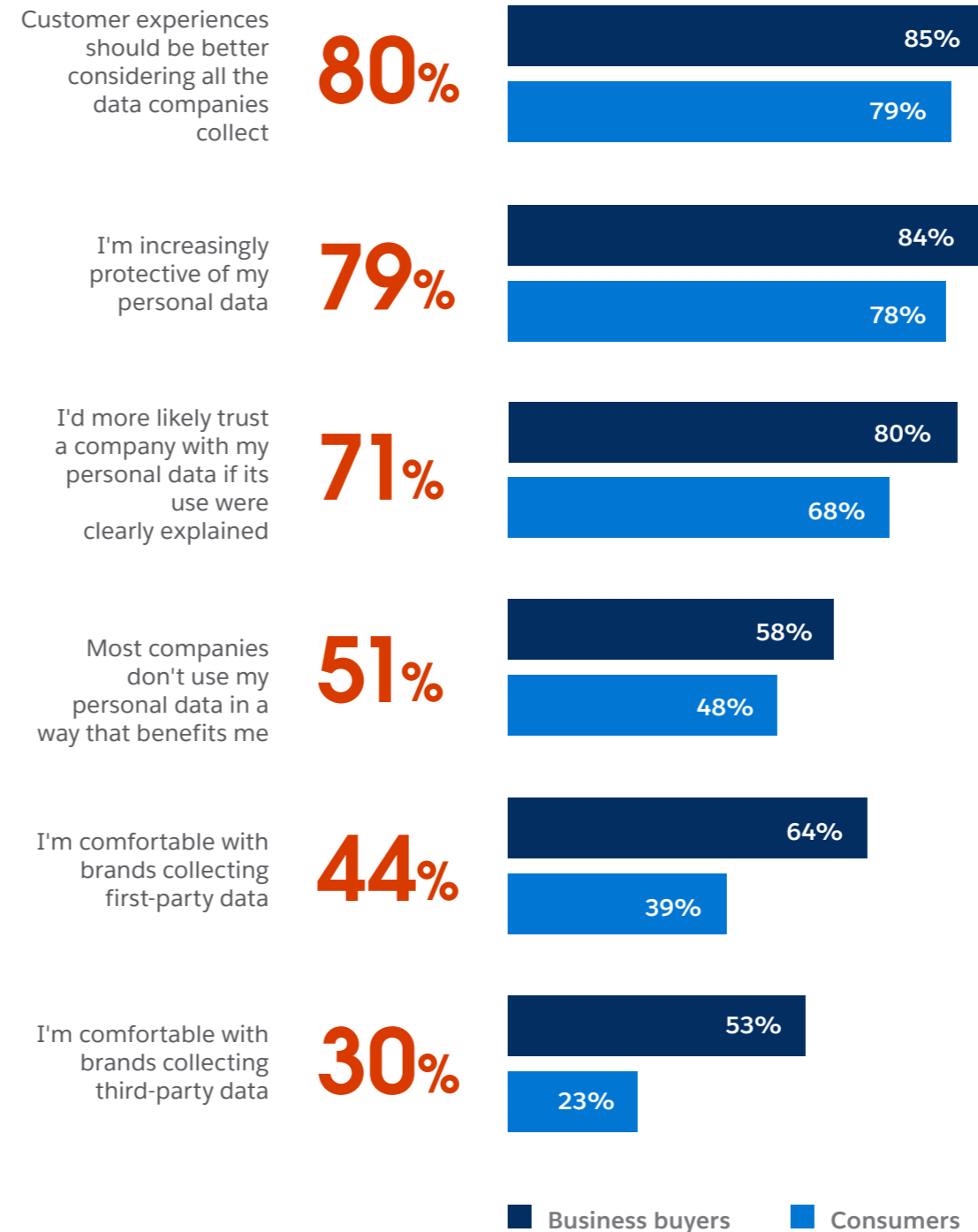# Customers Demand a Mindful Approach to Their Data

Well aware of its value, customers are increasingly protective of their data. However, companies have opportunities to earn their trust.

For example, customers are more comfortable providing data if they're given a clear explanation of how it will be used – not as details buried in a long user agreement. This is partially in response to the general sense that not all companies use data to maximize benefit to customers, and that they collect more of it than they need.

Not all data is the same, of course. Customers are more comfortable when companies collect first-party data directly from their platforms (such as website clicks) than when they source third-party data from data brokers.

Customer Seek Transparency As Trust Erodes

Customers Who Say the Following

	Business buyers	Consumers
Customer experiences should be better considering all the data companies collect — **80%**	85%	79%
I'm increasingly protective of my personal data — **79%**	84%	78%
I'd more likely trust a company with my personal data if its use were clearly explained — **71%**	80%	68%
Most companies don't use my personal data in a way that benefits me — **51%**	58%	48%
I'm comfortable with brands collecting first-party data — **44%**	64%	39%
I'm comfortable with brands collecting third-party data — **30%**	53%	23%

■ Business buyers   ■ Consumers

2

The Customer Engagement Playbook Evolves

02

The Online/Offline Divide Narrows as Revenge Shopping Ebbs

After the restrictions of early COVID lockdowns, customers rushed back to brick-and-mortar establishments in 2022. This reactive zeal, commonly known as "revenge shopping," is now giving way to equilibrium, with engagement evenly split between online and offline channels. Customers anticipate a slight bump in their online interactions in 2024, resuming the shift to digital channels that was underway before the public health emergency.

Regardless of where they engage, customers expect companies to meet their needs all the same.

74% of customers expect to be able to do anything online that they can do in-person or by phone.

Online/Offline Split Evens Out

Estimated Share of Customer Interactions Taking Place Online
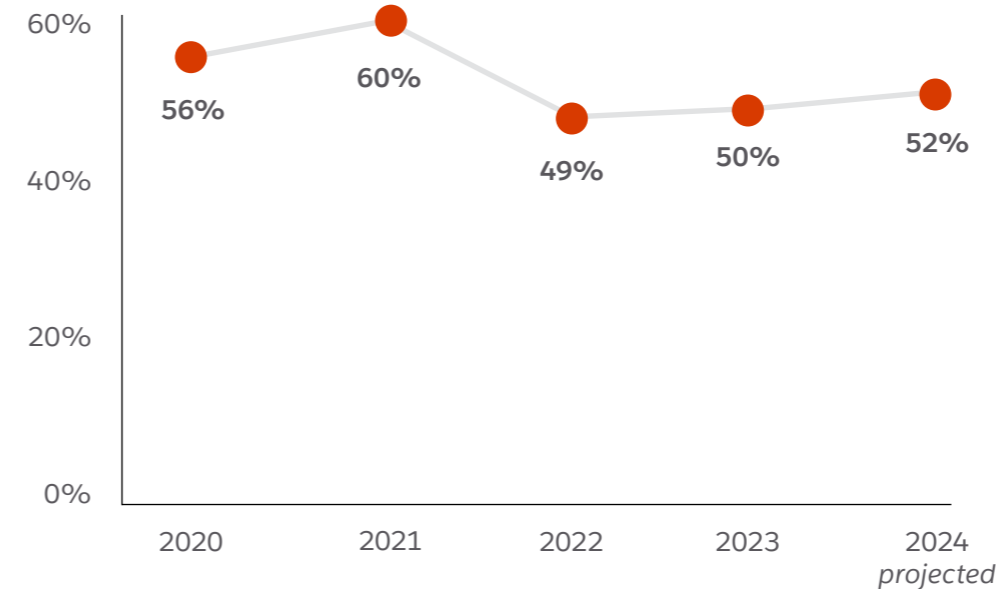
Customers Who Prefer to Engage Digitally

Total	53%
Baby boomers	38%
Gen X	54%
Millennials	65%
Gen Z	61%

SPOTLIGHT: Retailers Elevate Store Experiences

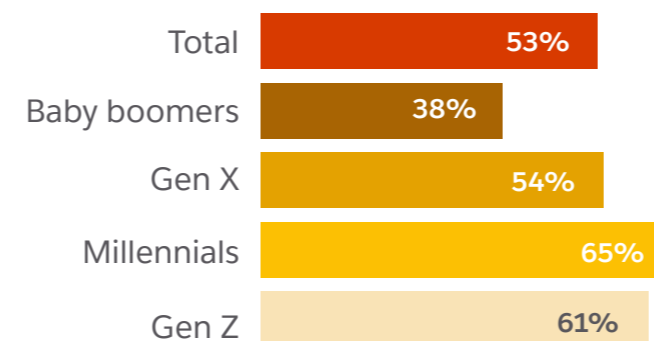Digital transactions are on the rise, but brick-and-mortar stores remain critical to driving shopper engagement. Retailers are adapting and optimizing the store to remove friction for shoppers and delivering experiences that will set them apart from competitors.

Today, many retailers that carry highly-considered or technical merchandise already deliver high-touch service, reminding shoppers about the benefits of going to a store in person. Retailers are exploring additional services and experiences that differentiate their store experiences from the competition. From personal shopping to holding blowout events with exclusive products and deals, these encounters build loyalty by helping customers feel recognized, understood, and appreciated.

Data on this page comes from Salesforce's **Connected Shoppers Report, Fifth Edition.**

Physical Shopping Delivers Instant Impact

Top Reasons to Shop in a Physical Store

1 To get merchandise immediately

2 To touch and feel the merchandise

3 To avoid shipping fees for purchases

4 To take advantage of in-store discounts

5 To enjoy the shopping experience

Retailers Level Up Store Services

Retailers Plan to Implement Value-Added Services

	Appointment scheduling	Space for events	Augmented reality (e.g., virtual try-on)	Virtual stylists
Currently offer this	59%	51%	50%	45%
Plan to offer	36%	40%	44%	43%
No plans to offer	5%	9%	7%	11%

■ **Currently offer this**   ■ **Plan to offer**   ■ **No plans to offer**
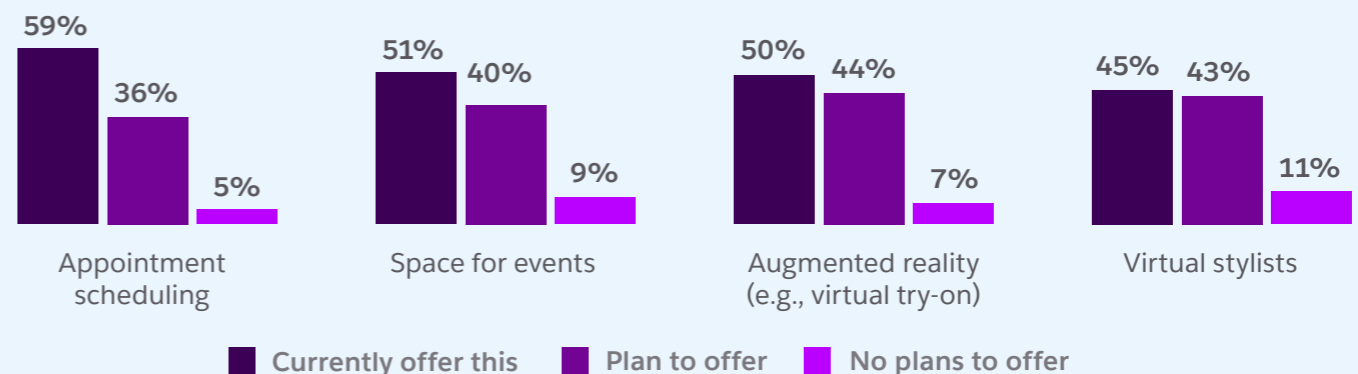
02

There's a Time and Place for Each Channel

On average, business buyers engage with companies across 10 channels, while consumers typically use eight. How customers decide which channel to use depends on where they are and what they're doing.

71% of customers prefer different channels depending on context.

Facebook is the most popular social platform for brand engagement worldwide, though top platforms vary greatly by region. For example, WhatsApp is the leading platform in Germany, India, Italy, the Netherlands, Singapore, South Africa, Spain, Switzerland, and the United Arab Emirates.

Customer Engagement Is Decidedly Omni-Channel, Including Across Social

Channels Used to Engage with Companies

Channel	Percentage
Email	93%
Phone	88%
In-person	86%
Mobile app	76%
Online chat	72%
Online portals	70%
Text/SMS	66%
Messenger apps	65%
Online knowledge bases	65%
Social media	64%
Online communities	49%
Video chat	48%
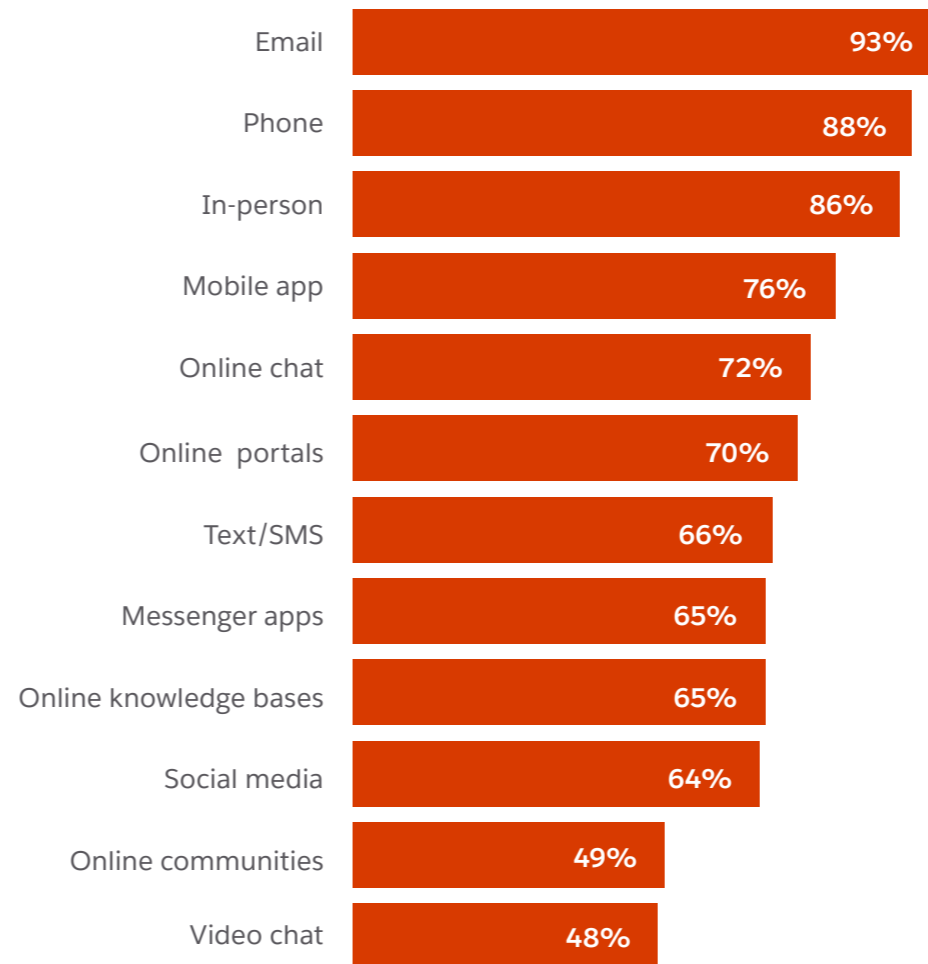
Social Networks for Engaging with Companies, Ranked by Popularity

1. Facebook
2. WhatsApp
3. YouTube
4. Instagram
5. Twitter
6. TikTok
7. WeChat

Base: Customers who have used social media to engage with companies.

SPOTLIGHT: Tougher Sales Cycles Raise Standards of B2B Engagement

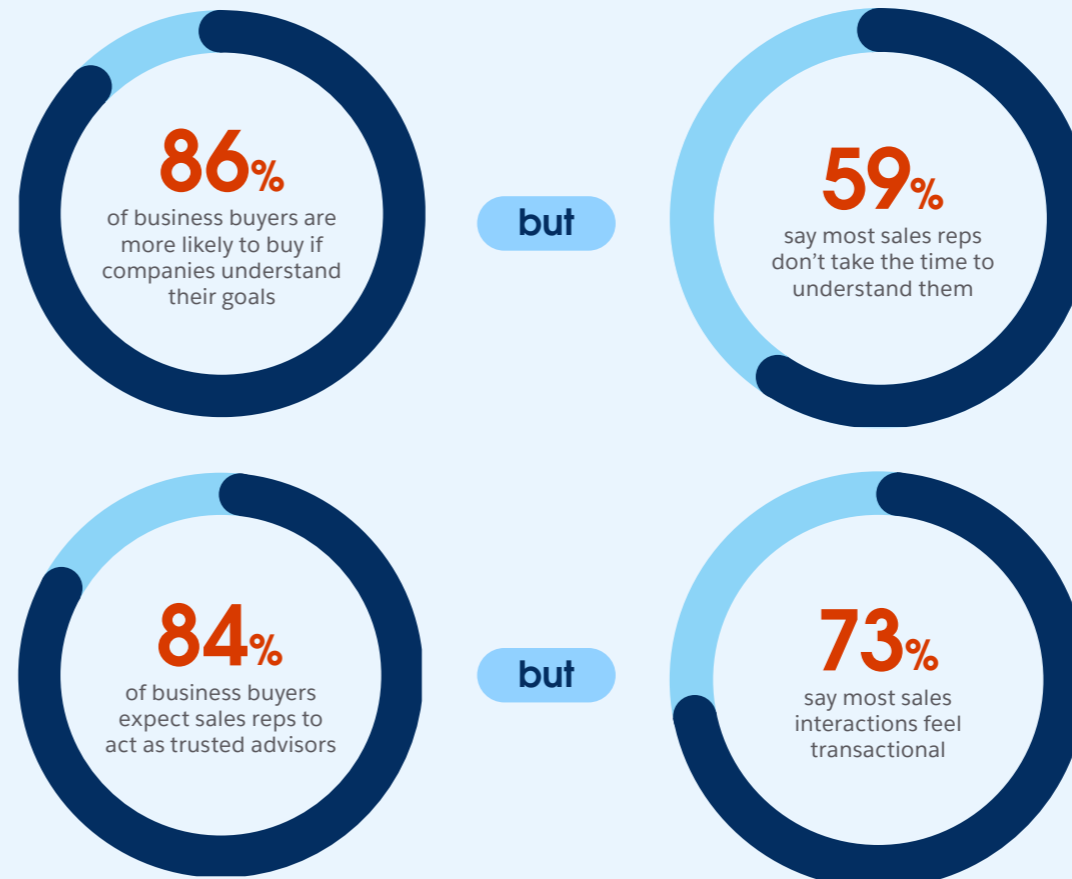B2B sales cycles have lengthened as the number of stakeholders grows and budgets come under scrutiny. Companies are focused on extracting maximum value from every purchase, and 69% of sales professionals say selling is increasingly difficult.*

B2B customers expect sales representatives to act as trusted advisors, taking the necessary time to understand their goals. However, close to three quarters of business buyers say selling relationships feel transactional, lacking desired depth and personalization.

63% of business buyers say most customer experiences fall short of what they know is possible.

*Salesforce State of Sales, December 2022.

Business Buyers Who Say the Following About Their Company's Procurement Process

My company is more careful about spending money than before	78%
My company extracts maximum value from every purchase	76%
There are more stakeholders involved in purchase decisions than before	68%
Sales cycles are longer than they used to be	58%
My company purchases fewer products/ services than before	50%

86% of business buyers are more likely to buy if companies understand their goals

but

59% say most sales reps don't take the time to understand them

84% of business buyers expect sales reps to act as trusted advisors

but

73% say most sales interactions feel transactional

02

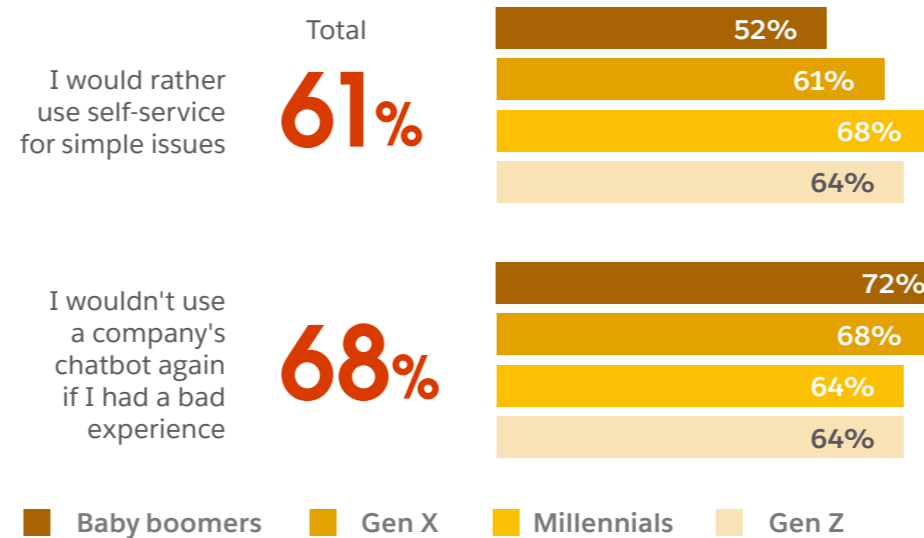# Customers Prefer Self-Service When the Task Is Simple

While assistance is crucial in complex cases, for simpler issues, customers generally prefer the convenience of self-service tools like account portals, FAQs, and chatbots. This is particularly true for digital natives – i.e., millennials and Gen Z.

Self-service tools do require thoughtful implementation, though. Case in point: over two-thirds of customers won't use a company's chatbot again after just one negative experience.

72% of customers have used self service portals, and 55% have used self-service chatbots.

Self Service Is Preferred – When It Works

Customers Who Agree with the Following

I would rather use self-service for simple issues

Total **61%**

52%
61%
68%
64%

I wouldn't use a company's chatbot again if I had a bad experience

68%

72%
68%
64%
64%

■ **Baby boomers**   ■ **Gen X**   ■ **Millennials**   ■ **Gen Z**

Extent to Which Brands Make Information Easy to Find

Favorite brands	27%	50%	21%	3%
Most companies	16%	43%	34%	6%

■ **Always**   ■ **Often**   ■ **Sometimes**   ■ **Rarely or never**
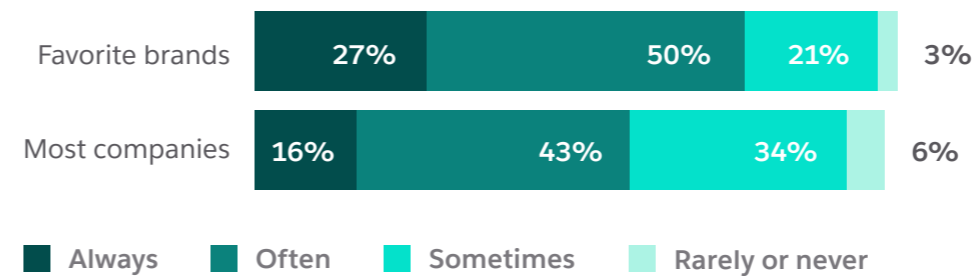
02

Human Assistance Is a Differentiator

Nearly half of customers – including three-fifths of millennials – are willing to pay extra for better customer service, underscoring the importance of customer experience even in an age of price sensitivity.

Most customers now expect instant responses upon contact. A challenging task for service teams to scale, this is a prime case for a premium offering. Instant responses are a competitive differentiator, as even favorite brands fail to consistently make a connection between customers and agents fast and easy.
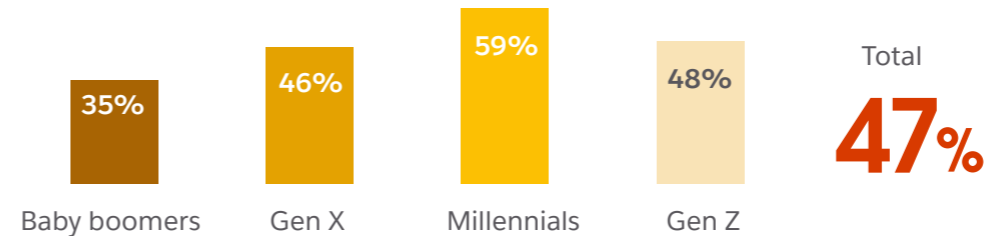
77% of customers expect to interact with someone immediately when they contact a company.

Human Connection Prized as Customer Service Grows as a Differentiator

Customers Willing to Pay Extra for Better Customer Service

35%	46%	59%	48%	Total
				47%
Baby boomers	Gen X	Millennials	Gen Z	

Extent to Which Brands Make It Easy to Reach a Human

	Always	Often	Sometimes	Rarely or never
Favorite brands	22%	40%	29%	9%
Most companies	15%	36%	34%	14%

■ Always   ■ Often   ■ Sometimes   ■ Rarely or never
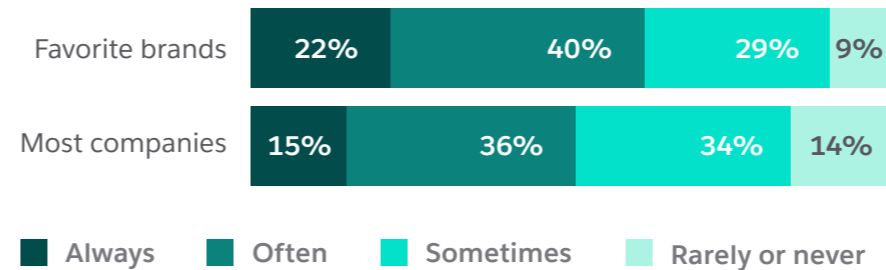
02

Service Experiences Spur Purchases and Advocacy

Companies that prioritize good customer service don't just grow their reputation – they grow their business.

88% of customers say good customer service makes them more likely to purchase again.

Quality service influences purchasing decisions, earns forgiveness, and leads to word-of-mouth referrals. Investing in service yields benefits beyond improving attrition rates. This is particularly true with business buyers, a population with large deal sizes, which makes it critical to get customer service right.

Great Service Drives Repeat Purchases, Advocacy, and Even Forgiveness

Customers Who Say the Following

77% / 74%	85% / 71%	82% / 68%
75%	**75%**	**71%**
of customers forgave a company's mistakes after receiving excellent customer service	of customers recommended a company based on excellent customer service	of customers made purchase decisions based on customer service quality

■ **Business buyers**   ■ **Consumers**
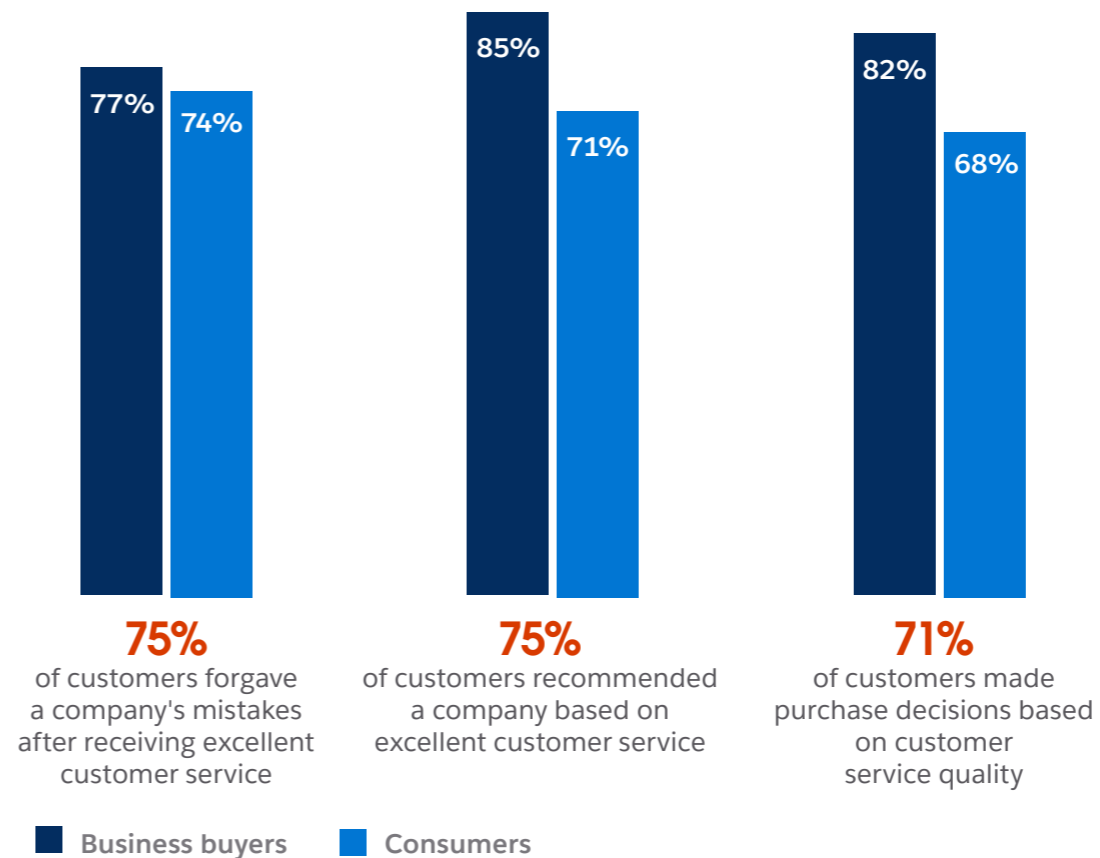
02

Proactive Service Is Rare and Prized

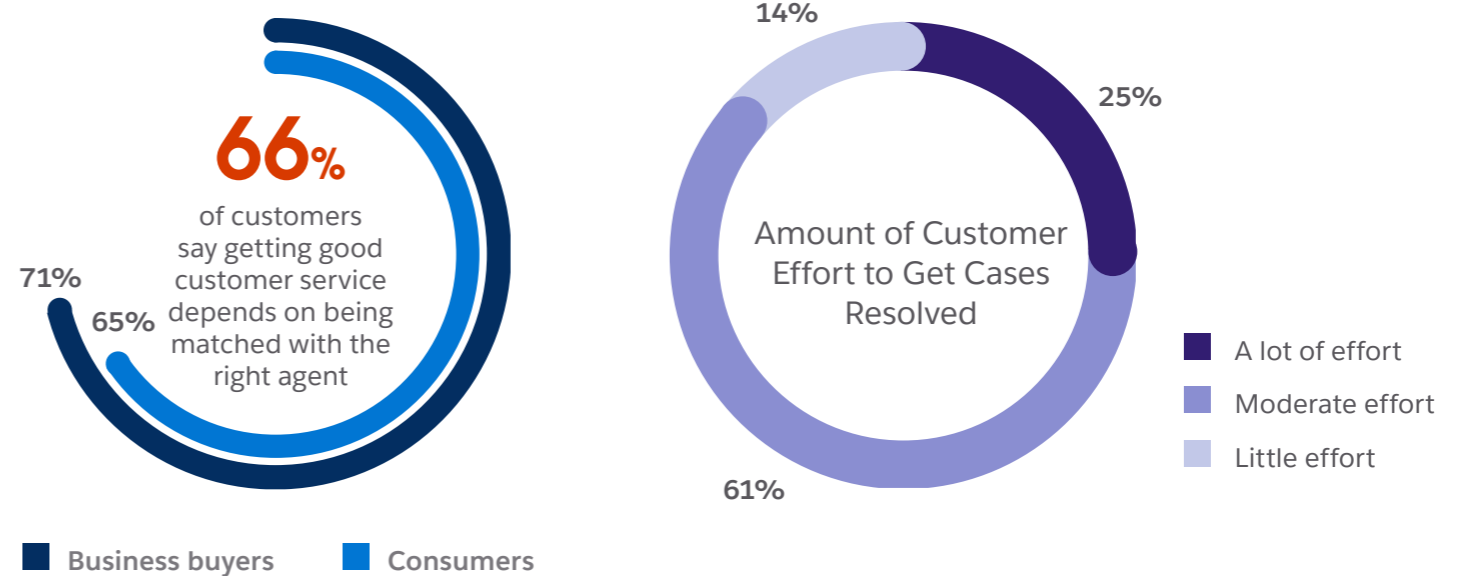Increasingly, customers expect companies to deliver proactive customer service rather than relying on them to file the initial case. However, while most customers expect companies to anticipate their needs, they generally find customer service is reactive by nature.

Across the board, customers spend significant time and energy getting service issues resolved. When agents are unevenly trained and equipped, customers can feel getting good service depends on luck.

Customers Carry the Burden of Service on Their Shoulders

53%
of customers expect companies to anticipate their needs

73%

47%

but

only
33%
say most companies address service issues proactively

29%

48%

■ Business buyers   ■ Consumers

66%
of customers say getting good customer service depends on being matched with the right agent

71%

65%

■ Business buyers   ■ Consumers

Amount of Customer Effort to Get Cases Resolved

14%

25%

61%

■ A lot of effort

■ Moderate effort

■ Little effort

02

Companies Struggle to Provide a Connected Customer Experience

Customers value consistency across channels, devices, and departments. However, consistency is not the norm, and many customers find themselves repeating information to different representatives – a sign of siloed information.

Ultimately, poorly integrated technology and processes leave 55% of customers feeling like they generally engage with separate departments rather than holistically with one unified company.

Consumers' #1 frustration with organizations is disconnected experiences.*

* "Personalization, Data Security, and Speed Drive Customer Loyalty Amid Uncertainty – Salesforce Research," Salesforce, January 19, 2023

Consistency Does Not Match Expectations

Customers Who Agree with the Following

79%
of customers expect consistent interactions across departments

but

56%
often have to repeat or re-explain information to different representatives

70%
of customers expect all company representatives to have the same information about them

but

55%
say it generally feels like they're communicating with separate departments, not one company

3
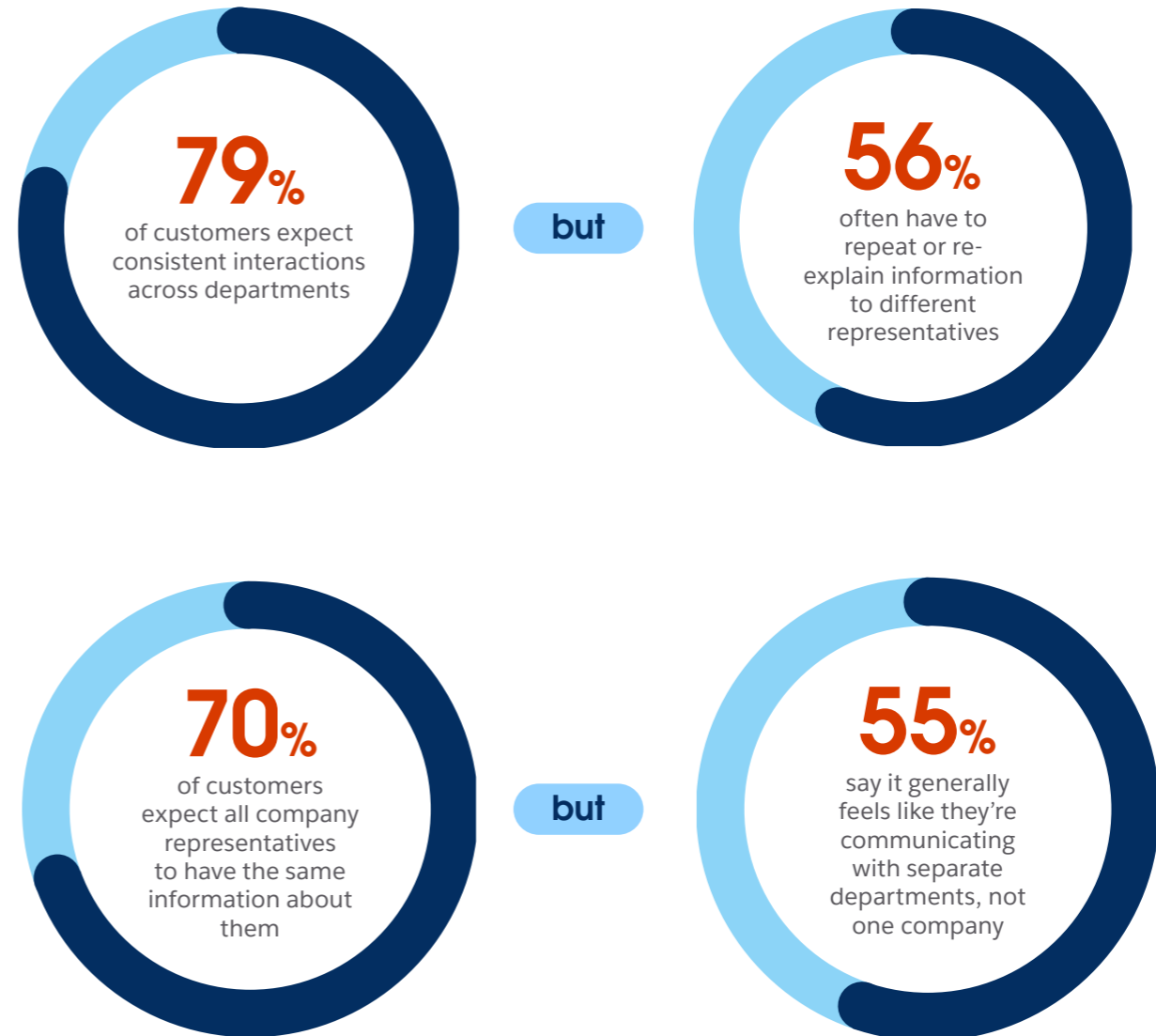
The Trust Gap Widens as AI Goes Mainstream

03

As Companies Embrace Generative AI, Customers Remain Cautious

Seismic and quickly advancing, generative AI has captivated the world, creating new content like text, imagery, and video from large language models.

As companies focus on efficiency, generative AI promises time and resource savings by scaling content creation. Six in 10 desk workers use or plan to use generative AI.*
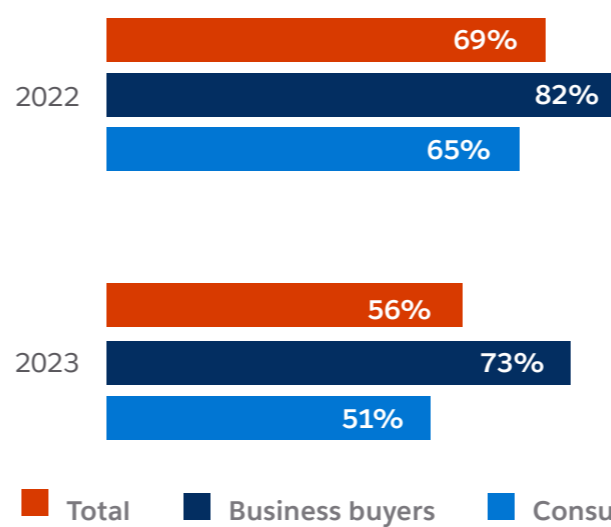
While most customers are open to AI, that sentiment has dipped since generative AI burst onto the scene. Compared to consumers, business buyers are more confident that generative AI will improve customer experience – a perspective shared by those employees on the frontlines of customer engagement.

"61% of Workers Embrace Generative AI, but Lack Trusted Data and Security Skills," Salesforce, June 12, 2023

Consumers, Business Professionals Split on Generative AI

Customers Open to the Use of AI to Improve Their Experiences

2022
- Total: 69%
- Business buyers: 82%
- Consumers: 65%

2023
- Total: 56%
- Business buyers: 73%
- Consumers: 51%

53% of customers say generative AI will help companies better serve customers

- Business buyers: 72%
- Consumers: 48%

Legend: ■ Total ■ Business buyers ■ Consumers ■ Business buyers ■ Consumers

Professionals Who Say Generative AI Will Help Companies Better Serve Customers*

- IT professionals: 84%
- Commerce professionals: 79%
- Marketers professionals: 70%
- Service professionals: 62%
- Sales professionals: 61%

03
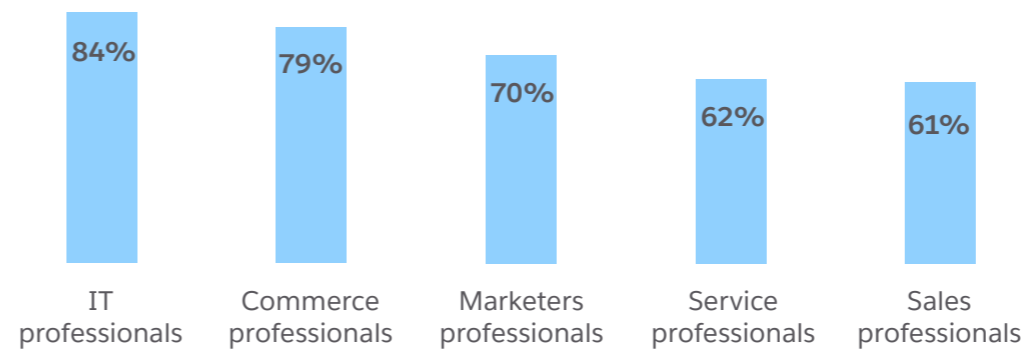
Generative AI Evokes Curiosity Above All

Generative AI's promises – and risks – are still taking shape in customers' minds. Curiosity is consistent across the board but subsequent sentiments vary depending on age.

Millennials and Gen Z – generations that came of age with the Internet – are more excited by generative AI, while older generations are more suspicious.

As younger generations gain influence in the market, attitudes towards the technology may warm.

Top 5 Sentiments About Generative AI by Age Group

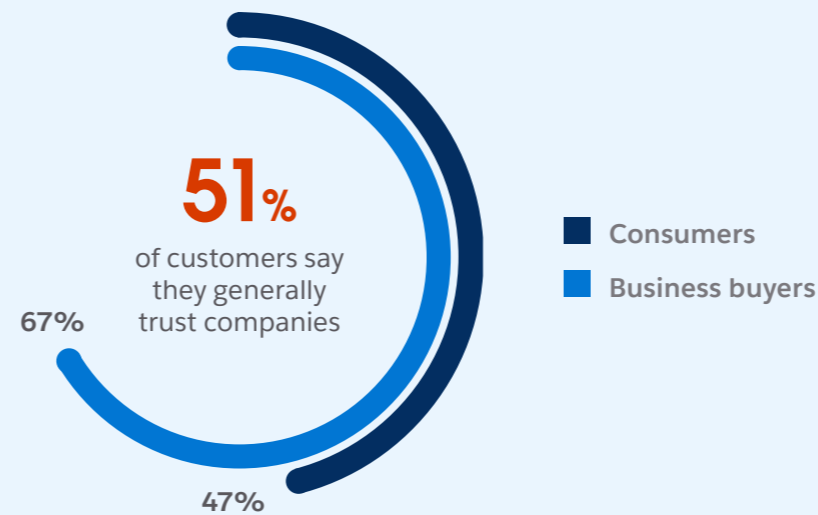|	1	2	3	4	5
Baby boomers	Curiosity	Suspicion	Anxiety	Hope	Fear
Gen X	Curiosity	Suspicion	Hope	Anxiety	Excitement
Millennials	Curiosity	Excitement	Hope	Suspicion	Anxiety
Gen Z	Curiosity	Excitement	Hope	Suspicion	Anxiety

SPOTLIGHT: The State of Customer Trust

A baseline of trust is necessary for business transactions to take place. However, trust is complex and multifaceted: a customer can, for instance, trust a company's product quality without trusting its environmental commitment.
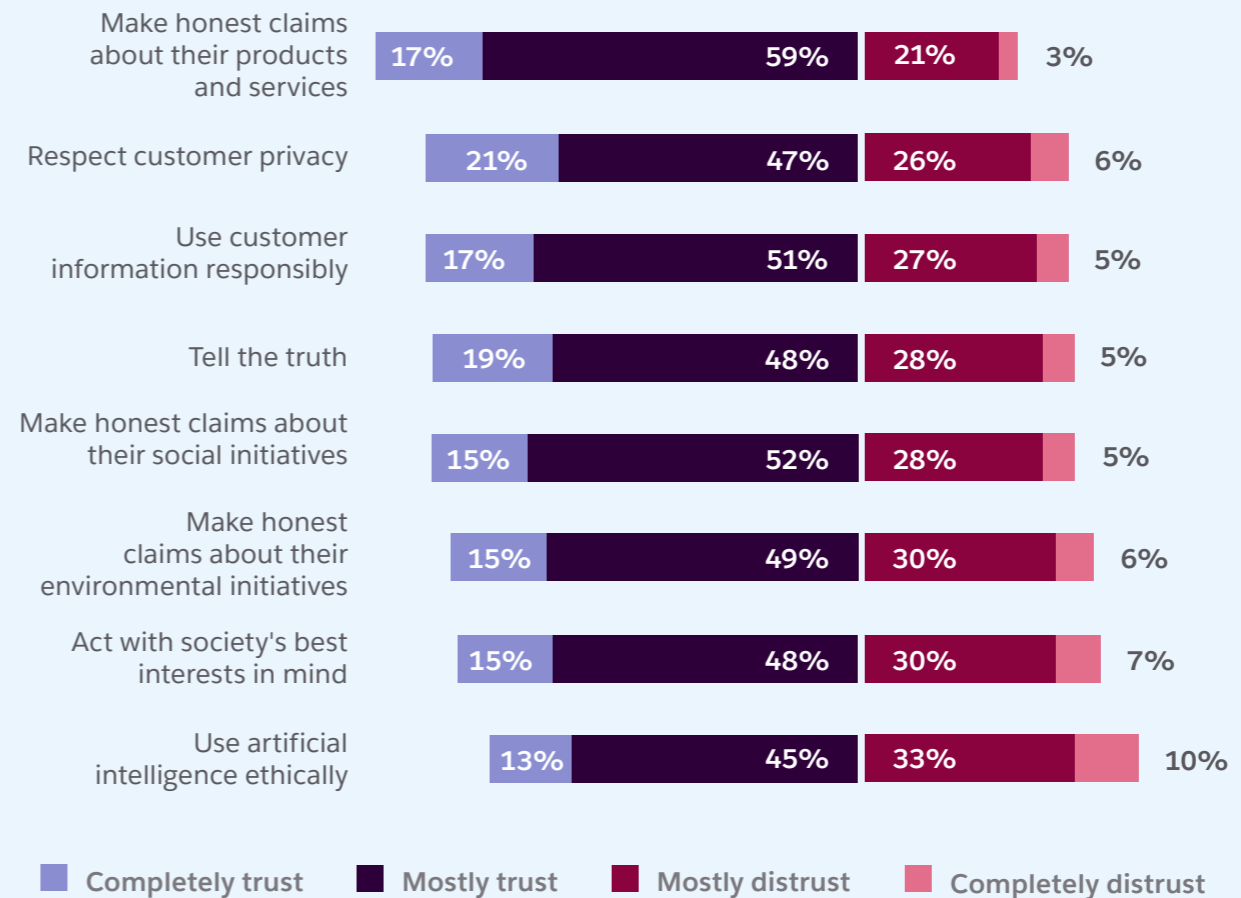
Many customers trust companies to respect their privacy and be truthful, but only half say they trust companies in a broader sense.

While there is room for companies to improve trust across the board, one impactful area is ethical AI. Just over half of customers trust companies to use AI ethically.

68% of customers say advances in AI make it more important for companies to be trustworthy.

51% of customers say they generally trust companies

67%

47%

■ Consumers
■ Business buyers

Extent to Which Customers Trust Companies To Do the Following

	Completely trust	Mostly trust	Mostly distrust	Completely distrust
Make honest claims about their products and services	17%	59%	21%	3%
Respect customer privacy	21%	47%	26%	6%
Use customer information responsibly	17%	51%	27%	5%
Tell the truth	19%	48%	28%	5%
Make honest claims about their social initiatives	15%	52%	28%	5%
Make honest claims about their environmental initiatives	15%	49%	30%	6%
Act with society's best interests in mind	15%	48%	30%	7%
Use artificial intelligence ethically	13%	45%	33%	10%

■ Completely trust   ■ Mostly trust   ■ Mostly distrust   ■ Completely distrust
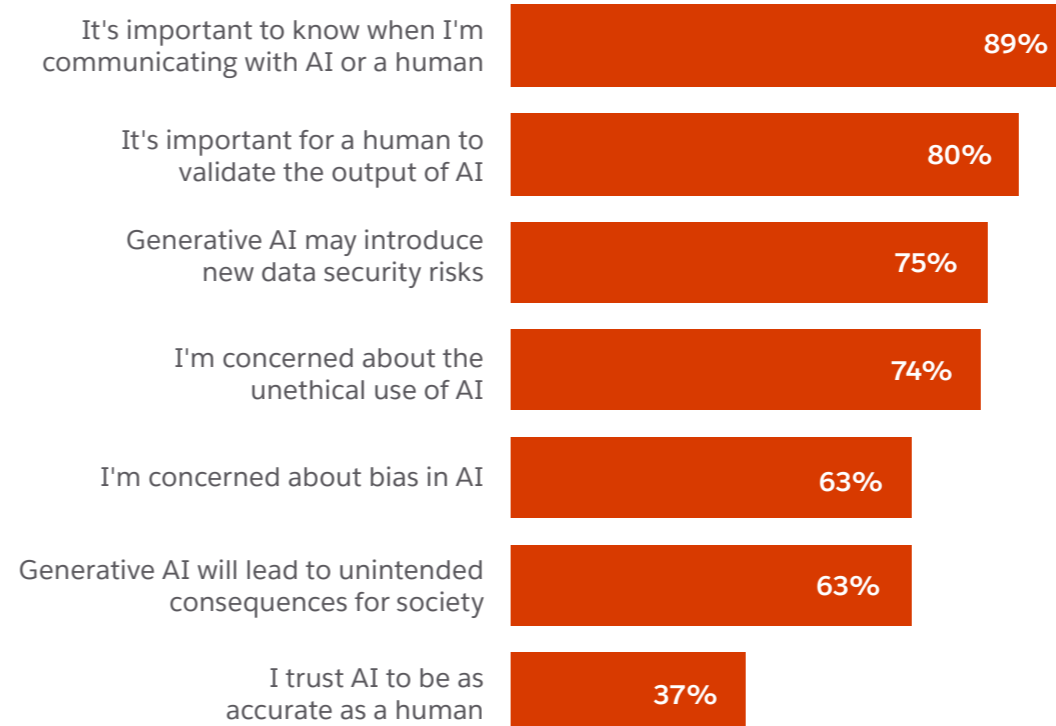
03

Customers Stress Importance of a Human Touch in the AI Era

Most people are concerned about the implications of generative AI on data security, ethics, and bias. To combat this, companies can focus on transparently communicating how they use AI, and making clear that their employees – not technology – are in the driver's seat.

For instance, a mere 37% of customers trust AI's outputs to be as accurate as those of an employee. Accordingly, 81% want a human to be in the loop, reviewing and validating those outputs.

Humans Involvement in AI Is Key to Securing Customer Trust

Customers Who Agree With the Following

It's important to know when I'm communicating with AI or a human	89%
It's important for a human to validate the output of AI	80%
Generative AI may introduce new data security risks	75%
I'm concerned about the unethical use of AI	74%
I'm concerned about bias in AI	63%
Generative AI will lead to unintended consequences for society	63%
I trust AI to be as accurate as a human	37%

Expert Perspective on Ethics in Generative AI

What ethical concerns are you hearing when it comes to generative AI?

As an enterprise AI company, the risks we focus on are accuracy, bias, toxicity, safety, and privacy. And we're not alone with these ethical concerns – the public, our customers, and regulators are paying very close attention as AI technologies rapidly progress. In a recent survey of IT leaders, concerns around generative AI included security risks (79%), bias (73%), and its carbon footprint (71%).

What risks specific to customer data do you foresee coming from generative AI?

At Salesforce, we take a three-pronged approach to mitigating these risks. First, by ensuring model safety and privacy. Second, we build trusted feature designs and architecture. And finally, implementing policy and use case safeguards.

This includes carefully choosing what data we use to train our AI, red-teaming and assessing bias and toxicity before they impact customers, and building in risk mitigations directly into our generative AI technologies. Such mitigants can include ensuring there is a human in the loop, confidence scores, prompt engineering, safety filters, citations and explanations, and more.

What can companies do to prepare?

It's always been important to collect quality data and ensure transparency and consent in the collection process. But it's not just about taking data in. It's also about what happens to that data once we have it. We protect the people whose information enables our AI models by ensuring their data is never left in a repository that can be easily breached or misused. Companies may need data as much as ever, but the best thing they can do to protect customers is to build methodologies that prioritize keeping that data – and their customers' trust – safe.

Paula Goldman
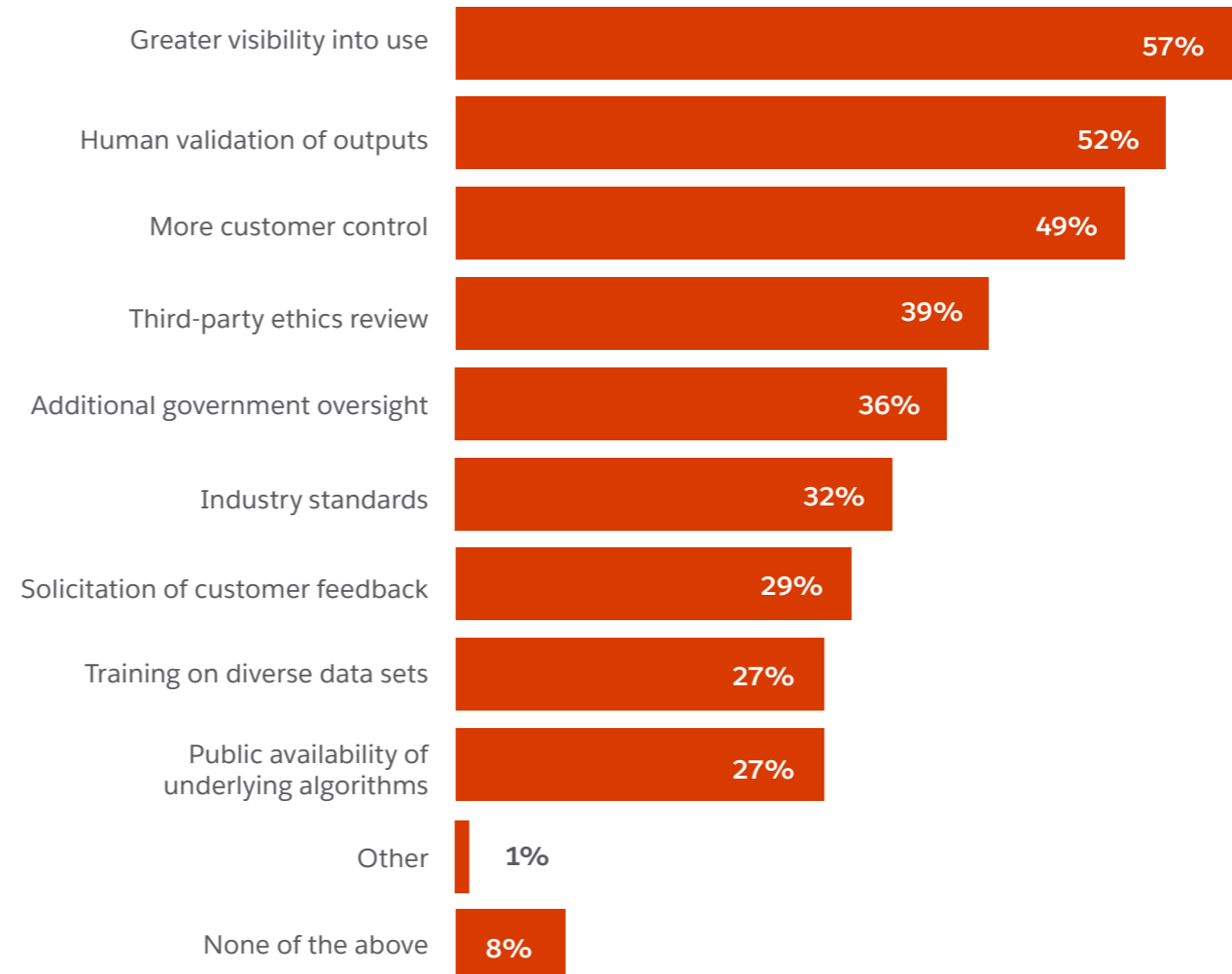Chief Ethical and Humane Use Officer, Salesforce

03

LOOK AHEAD:
AI Driven By
Trust & Ethics

As companies increasingly integrate AI across their businesses, customers grapple with concerns around responsible use of the technology.

When developing their AI strategies, companies can deepen trust by focusing on areas customers define as priorities.

Transparency is the foundation of what customers want. Over half of customers say greater visibility into how AI is applied would boost their trust. Human validation of AI's outputs follows closely, just ahead of increased control of where and how AI is applied in their engagement – such as opportunities to opt out.

Factors that Would Deepen Customer Trust in AI

Factor	Percentage
Greater visibility into use	57%
Human validation of outputs	52%
More customer control	49%
Third-party ethics review	39%
Additional government oversight	36%
Industry standards	32%
Solicitation of customer feedback	29%
Training on diverse data sets	27%
Public availability of underlying algorithms	27%
Other	1%
None of the above	8%

Survey Demographics

Survey Demographics

Country

Australia 3%
Belgium 5%
Canada 5%
Denmark 1%
Finland 2%
France 5%
Germany 5%
India 5%
Ireland 5%
Italy 5%
Japan 5%
Netherlands 5%
New Zealand 1%
Norway 1%
Philippines 5%
Poland 5%
Singapore 5%
South Africa 5%
Spain 5%
Sweden 2%
Switzerland 5%
Thailand 5%
United Arab Emirates 5%
United Kingdom 5%
United States 9%

Customer Type

Business buyers 23%
Consumers 77%

Generation

Baby boomers (1946-1964) 27%
Gen X (1965-1980) 35%
Millennials (1981-1996) 29%
Gen Z (1997-2012) 9%

Gender

Male 53%
Female 47%
Other ....<1%