STATE OF CUSTOMER ENGAGEMENT REPORT

2020
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FOREWORD

A state of constant flux

The landscape of communications is fluid. It reflects human innovation and cultural shifts. As it changes, the way we engage customers and constituents must evolve too. Are you keeping up?

As a leading cloud communications and customer engagement platform powering nearly 800 billion human interactions annually, Twilio has a unique, birds eye view of this ever-changing landscape. Every day we help more than 170,000 customers engage, connect and stay top of mind with their own customers. This means unparalleled insight into how businesses and consumers engage, how technology is transforming communication, and the major currents in communication that are emerging across industries.

Drawing on this insight, the State of Customer Engagement Report is a snapshot of the five most salient trends in communications and customer engagement that surfaced in 2019. The report aims to help us better understand what these changes mean for businesses and how they will evolve in 2020. Read on to keep your finger on the pulse of customer engagement.
**MAJOR MOMENTS IN COMMUNICATIONS 2019**

**January  
Customer Experience**

**Mastercard hires its first Customer Experience Officer (CXO)**
A global Fortune 500 company adds a new role to its C-suite focused on customer experience, signaling the increasing importance of CX for business success.

**February  
Conversations**

**Spotify doubles down on podcasting**
Spotify acquires Anchor and Gimlet Media, validating the market potential of the medium and proving consumers are hungry for platforms that deliver intimate, direct communication with brands.

**March  
Conversations**

**Facebook focuses on private communication**
Facebook unveils a redesign that focuses on the Groups feature of its main platform, a reflection of consumers’ shifting preference for more private, intimate communication.

**April  
Conversations**

**The launch of 5G**
South Korea announces itself as the first country to roll out the 5th generation network. Shortly after, Verizon claims its 5G network is live, sparking debate over who got there first.

**June  
Trusted Communications**

**FCC rules on robocalls**
A ruling passed by the FCC on June 6 lets phone companies block robocalls before they get to consumers’ home phone or mobile device.

**June  
Conversations**

**Google rolls out RCS chat**
Android users in the UK and France can opt in to RCS Chat services provided directly by Google, ushering in the next era of dynamic messaging.

**July  
AI**

**Google announces a conversational AI acquisition**
Part of the growing trend of big business snapping up conversational AI companies, Google announces the acquisition of Socratic. Later in the year, McDonald’s buys speech-recognition company Apprente and Sonos picks up conversational AI company Snips.

**September  
Politics**

**More than 4 million people strike for global climate change**
People across 185 countries showed up to call for action on global warming. One of many moments of increasing civic engagement among younger generations, enabled by advancing communications technology.

**November  
AI**

**Open AI releases GPT-2**
The full version of an AI system that produces text from minimal prompts, an advancement in NLG that causes concerns about AI being used for fake news and disinformation.

**December  
Trusted Communications**

**The U.S. passes robocall legislation**
Congress passed The TRACED Act into law, establishing the nation’s first and much-needed federal law for cracking down on unwanted robocalls.

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1 Quartz, *How big was the global climate strike? Here’s the best city-by-city estimate* (Data here).
2 Harvard Political Review, *Youth Political Engagement and Hope Ahead of the 2020 Election*. 
Trend 1

CONSUMERS WANT REAL CONVERSATIONS

Digital overload creates a shift to authentic, two-way communication

People are reaching a breaking point with the constant digital bombardment—social media alerts, push notifications, messages, robocalls, and chat bubbles coming from all sorts of apps, websites and platforms. One study found that people receive, on average, 63.5 notifications per day. This near impossible task of trying to keep up, set amidst the current climate of digital mistrust, has caused a wave of social media burnout that is driving people to seek out more secure, authentic communication.

The result is a seismic shift in the way companies must engage with consumers. While a decade ago, the rise of social media pushed communications into the public sphere (where broadcasting to the widest audience dominated), people are now showing a preference for secure, 1-to-1 or group channels. This evolution is an opportunity for businesses to develop authentic connections with their customers through personalized, dynamic conversations. Businesses must prepare to have two-way conversations with customers on multiple channels over time. This will be essential to delivering a positive experience and forging authentic relationships with customers.
According to recent research by Twilio:

**Consumers say there must be a better way**

- 94% of consumers are annoyed by communications they receive from businesses.
- 83% prefer email as the channel, unless the communication is urgent where most consumers prefer text.
- 54% of consumers say it’s important that businesses make it easy to opt out.
- 52% want the option to choose the channel on which they receive messages.
- 41% of consumers are annoyed because they don’t remember opting in to receive communications from businesses.

Source: survey

“More of us are moving toward private modes of sharing: a Slack group instead of a tweet; an encrypted Signal message instead of a status update...That direct connection creates a sense of loyalty between writer and reader that can be difficult to achieve on websites or social networks.”

Mike Isaac, New York Times

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1. Telefonica Research, *An In-Situ Study of Mobile Phone Notifications*.
2. The Verge, *Facebook CEO Mark Zuckerberg Says the Future is Private*.
Trend 2

CONVERSATIONAL AI IS EVERYWHERE

Interaction with AI is common and transactional

AI is fundamentally transforming the way people communicate with one another and with brands. This transformation is driven in large part by conversational AI, which includes bots, virtual assistants, and communication platforms powered by machine learning. Use of virtual and voice assistants continues to rise, with Google's Assistant deployed across one billion devices, and Amazon reporting sales of 100 million Alexa-enabled devices in 2019. Today, interacting with AI is common. However, the way most consumers engage it is still transactional. By and large, consumers use virtual assistants and bots for handling basic tasks that make life more convenient, like checking the weather or answering simple questions. This is because the limits of conversational AI are often unclear to consumers. When expectations of what AI can do are unclear, they go unmet. As a result consumers mostly trust bots and assistants for simple tasks.
Right now, the full potential of conversational AI hasn’t begun to be unlocked. Chatbots and virtual assistants are just the tip of the iceberg. There is a major opportunity for businesses to deploy conversational AI to create proactive, ongoing dialogue with customers, rather than one-off, reactive or transactional interactions. And beyond that, when properly leveraged, conversational AI and Natural Language Understanding should benefit every level of the business from day-to-day customer interactions to backend operations. Consider what it means to truly understand what your customers are saying at scale. AI can turn anecdotes into real data, and provide true insight into how the business is performing. When deployed with clear expectations of what conversational AI can deliver, brands can build trust in the technology, augment existing systems, and equip employees to do their best work.

“Consumers don’t expect a conversation for every digital task, but third-party experiences are setting and normalizing expectations that voice and chat can help with simple tasks and questions.”

“Consumers want to complete tasks easily and efficiently and feel confident and valued while doing so. Too many brands fail at this—and digital business pros need to lighten consumers’ cognitive load. Using natural language rather than computer language is one way to do so; pushing contextually relevant services within existing apps or websites is another.”

Forrester, Inc

Forrester, Consumers Want Convenience, Not Conversations, August 2019.
ROBOCALLS KILL TRUST IN THE PHONE

The rise of robocalls in the U.S.—the year Americans stopped answering the phone

2019 was a tipping point amongst consumers regarding trust and digital communications. In the United States, 58 billion robocalls were placed in 2019, equaling roughly 178 calls per person affected. The John Oliver show focused an entire episode on robocalls, catapulting the issue into the mainstream U.S. media. Consumers turned into constituents, clamoring for legislators to do something about the robocall scourge. Increased media attention shed light on the need for industry-wide cooperation to mitigate robocalls and the creation of standards and regulations to guide the telecommunications ecosystem. Consumers in the U.S. answered their phones less and treated incoming calls with justified skepticism. This played out in an environment of decreased trust in “Big Tech” platforms. The overall result? A lack of trust in what used to be our most trusted digital communication channel—the phone.

YouMail. Robocall Index Historical Robocalls By Time.
For businesses, the impact is obvious: if consumers don’t trust a brand, they won’t engage with it regardless of the channel. Lack of engagement ultimately impacts the bottom line. Businesses can rebuild trust in their brand by making sure customers know who they are when calling (through verification and sender ID protocols like STIR/SHAKEN), and ensuring communication with their customers is both wanted and valuable.

Partnerships across the entire communications ecosystem—from carriers and providers to public policy officials and government agencies—are critical to restore consumers’ faith in all forms of digital communication, especially the phone.

“The robocall epidemic rolls on and isn’t going to go away soon. We’ve seen this before, with spam emails. That was solved with the same approach that’s gaining momentum now: innovation, industry coordination, regulation, and consumer education. Robocalls will become a minor nuisance, but it’s going to take a continuous, sustained effort on all fronts.”

Alex Quilici, chief executive officer, YouMail
Trend 4

POLITICS MOVES BEYOND THE POLLS

New channels create new opportunities to engage voters and constituents

The explosion of communications channels is creating new avenues for civic and political engagement. Newer platforms like apps and peer-to-peer messaging are becoming ubiquitous, while standard channels like email and text are improving with better analytics and rich features like RCS. As a result, campaigns and political advocacy groups are beginning to leverage digital channels to expand their reach and engage constituents in new ways. And that’s just in the United States. Across the globe, digital channels are being used more and more for polling, organizing, fundraising, and all manner of political engagement, shaping what the future will look like via digital communications technology.
Messaging makes moves in politics

During the 2016 election and the 2018 United States midterms, 1-to-1 messaging grew as a tactic used by American politicians to effectively engage their targeted voters.¹

1B+ texts
sent by political organizations between July 2018 and election day 2018 using Twilio.

36x increase in texts
sent between the 2016 election and the 2018 election on Hustle.²

200M texts
sent in 2018 election on Hustle.²

¹ Campaigns & Elections, Text Emerged As A Top Tool In 2018 As Democrats Take House, GOP Holds Senate.
² NPR, From Get-Out-To-Vote To Text-Out-To-Vote: The Rise Of Peer-To-Peer Texting.
There is tremendous opportunity for political advocacy groups, campaigns and other stakeholders to optimize how they’re engaging across new and maturing digital channels. Twilio research shows that consumers prefer businesses use different channels depending on the urgency and type of communication. The same holds true for political organizations and advocacy groups reaching constituents, volunteers and organizers. It’s not enough to simply meet constituents on their channel of choice—political organizations have to be mindful of best practices and contextual preferences for the specific medium they’re using. A Twilio study on the efficacy of U.S. presidential campaigns using email found that only 3.8% of campaign emails sent landed in the primary tab of constituent accounts. A majority of messages were not delivered or routed to a secondary tab because basic best practices weren’t followed. If campaigns and organizations are intentional about using best practices for the channel they’re using, they have the opportunity to reach nearly every demographic via their chosen and preferred communication method. The potential to galvanize and engage people with communications technology has never been greater.

“Democracy only works when people vote, and the good news is that enthusiasm for voting is surging. Our challenge isn’t apathy, it’s about providing voters the information they need in ways that seamlessly integrate into their everyday lives.”

Seth Flaxman, Chief Executive Officer, Democracy Works
CX IS THE DIFFERENTIATOR

Businesses walk in the customers’ shoes—and it pays

According to recent research from Forrester, 76% of executives say improving customer experience is a high or critical priority\(^\text{10}\) and many companies have established a C-level position to oversee it. 75% of all consumers are more likely to make a purchase from a company that knows their name and purchase history and recommends products based on their preferences, according to Accenture\(^\text{11}\). Customer Success Specialists ranked #6 in LinkedIn’s Emerging Jobs Report,\(^\text{12}\) showing increased demand for specialized talent as the field of CX gains importance. In 2019, customer experience drove dollars to the bottom line and businesses are making it a bigger priority. More and more, customer experience is the differentiator that sets brands apart from the competition.

\(^{11}\) Accenture, *Personalization Pulse Check*.
\(^{12}\) LinkedIn, *2020 Emerging Jobs Report*. 
Businesses are betting on this trend by investing in customer experience talent and strategy. Flashy Fortune 500’s hiring CXOs make headlines, and new roles like the Customer Experience Design professional are in high demand. Beyond beefing up the CX team, the first strategic step—whether that business is a digital native or a traditional brick and mortar shop—is to understand the customer’s perspective. Companies across all industries are raising the bar for customers by reimagining what the customer is trying to accomplish and making it as easy as possible for them to do. Sometimes that’s low-lift and means wrapping improved CX around the existing customer journey, and sometimes it’s a more fundamental shift. Regardless, pioneering businesses are improving CX by walking in the customers’ shoes, optimizing engagement with their customers and removing as many points of friction as possible.

“\textbf{A supporting trend to the emergence of Customer Experience Design is the growing availability of CX applications with low- and no-code design. These allow CX Design professionals to customize solutions and deliver better business outcomes. Without the need for manual coding, CX Designers are now also citizen developers.}”

Sheila McGee-Smith, analyst
FORECAST

2020

Insights from the experts
In 2020...

**Mobile apps are less relevant**

“A company’s mobile app will become less relevant as brands make themselves available on the communication channels where consumers already exist—email and messaging in particular. Twilio research shows, only 12% of global consumers want to be reached via a company’s mobile app.”

Sara Varni, Chief Marketing Officer at Twilio
In 2020...

**AI helps fight robocalls**

“AI and ML are a natural fit for stopping illegal robocalls, continuing to improve cyber security, and identifying and blocking online disinformation. Much of what is happening with regard to illegal robocalls, cyber security, and online disinformation, is the result of automation. Machines can analyze information faster, react quicker, and engage at a scale larger than humans ever could.”

*Len Shneyder, VP Industry Relations at Twilio*

**Conversational AI goes beyond bots**

“Bots and voice assistants are barely the tip of the iceberg of what conversational AI technology can do. Over the next few years, we’ll see the smartest businesses use the technology to transform the very nature of how every department solves problems. Conversational AI will turn anecdotes into real data, and provide true insight into how the business is performing.”

*Al Cook, VP & General Manager of AI at Twilio*
In 2020...

**Robocalls are conquered**

“SHAKEN/STIR protocol, in conjunction with other industry efforts, will create a dramatic change in the robocall landscape in the next 12 to 18 months.”

Len Shneyder, VP Industry Relations at Twilio

“Robocalls will eventually become a minor nuisance, but it’s going to take a continuous, sustained and ongoing effort on all fronts.”

Alex Quilici, Chief Executive Officer at YouMail
In 2020...

**Endless political cycles amp up engagement**

“Political campaign cycles continue to lengthen which requires campaigns and advocacy groups to engage their constituents earlier than ever before. In response to a seemingly endless election, the political engagement industry will grow rapidly as needs for their services become consistent versus seasonal.”

Len Shneyder, VP Industry Relations at Twilio

“The biggest trend of 2020 will be companies leaning into their civic duty to help their employees, users and customers become active participants in our democracy.”

Seth Flaxman, Chief Executive Officer at Democracy Works
In 2020...

**Survival of the best experience**

“We're in the midst of a Darwinian evolution that hinges on customer experience. In 2020, we'll see companies that invest in CX survive and thrive. Businesses that don't make it a priority will see their brand relevance drop dramatically.”

Sara Varni, Chief Marketing Officer at Twilio
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