

Management Barometer™

CEOs seek new ways to understand the networked consumer

In this special issue, PricewaterhouseCoopers surveyed our panel of senior executives at US-based multinationals to determine how companies are engaging consumers in conversation to understand changing trends. The rise of new media provides a two-way channel for companies to seek out the attitudes, behaviors, and intentions of consumers—either when they talk to each other or to the company directly. In particular, we examined how well companies are using real-time digital outlets, such as blogs and social networking websites to engage consumers in conversation.

The payback is great for businesses that participate in conversation with consumers. Companies can stay ahead of their competitors, improve crisis management, increase efficiency, and achieve higher customer retention. Most importantly, companies that engage and promote dialogue may increase their chances of remaining relevant in quickly changing markets.

Our respondents agree—a full two-thirds identified their organizations as definitely or mostly customer centric (versus product centric).

In fact, executives often require customer information when making investment decisions. When asked if customer information is required to support important new investments, 69 percent said it is required for product enhancements, 68 percent for customer service changes, and 61 percent for new product development. At the same time, 41 percent require customer information before making new investments in marketing, advertising, or public relations programs. Less than half of the respondents surveyed (46 percent) require customer research for their social responsibility agenda, which includes health and safety actions as well as environmental ones.

Organizations rely on a multitude of research methods to understand key influencers of market or customer expectations. For example, 81 percent of respondents collect and analyze observations from employees who interact with customers.

Forty-two percent of respondents regularly analyze open comments from service emails and phone calls and 53 percent actively engage with consumers through online methods such as blogs, chat rooms, or social networking websites.

Chart 1. What companies use most to analyze customer information

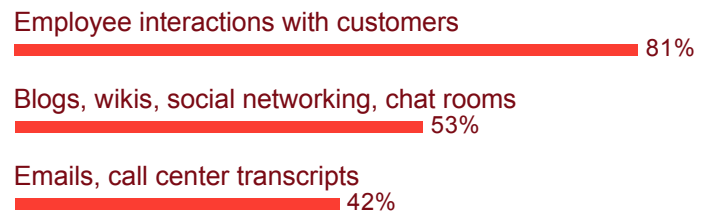


Chart 2. How insights are used most



Interestingly, attitudes towards using new technology to learn about changing trends are somewhat mixed. Seventy-two percent of senior executives thought it would be increasingly important for their company to engage customers in real-time. Additionally, 70 percent stated that using new technologies to learn from customers was worth the investment. In contrast, only 42 percent of respondents felt that using preference patterns and other data from blogs or social networking sites can produce a more accurate picture of customers needs than using internal information alone.

Most senior executives reported challenges in putting customer data to good use. About 60 percent of respondents felt that finding the right data, having the right people in place to analyze it, and having the agility to take action based on it were all major challenges for their companies.

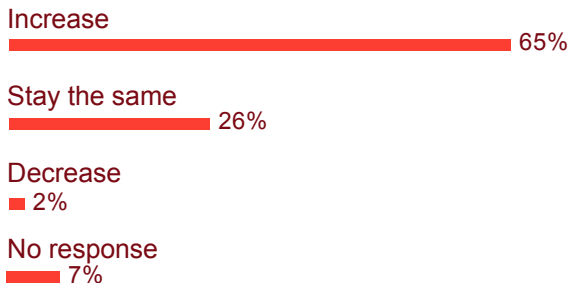
Consumer conversation

Chart 3. Challenges to using customer information



Despite the challenges, most respondents were optimistic about their future ability to learn from customers. Sixty-five percent cited that over the next two years, they expect their company to invest more in knowing their customers better. However, most companies seem to be at the early stages of incorporating new media into this strategy. PwC believes that engaging consumers through digital conversations can help companies transform their business and drive competitive advantage.

Chart 4. In the next 24 months, do you expect your company's overall investment in knowing your customers to:



About the research

The Management Barometer is one in a series of quarterly business outlook surveys from PricewaterhouseCoopers. The survey provides a view on the 12-month outlook for revenue growth, new investments, new hiring plans, emerging business barriers and more. In addition to the business outlook, we hear from our panelists about special issues they face as the business climate changes. Results of the quarterly business outlook surveys and special issue surveys are available at www.barometersurveys.com. To receive our survey results by email, visit: www.barometersurveys.com/mail.

Learn more

For more about the topic of engaging customers through digital conversations, visit www.pwc.com/em to download "How consumer conversation will transform business."

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Demographics

Who	Senior executives of US-based multinational organizations
Interview dates	May 5 to July 27, 2007
Number of respondents	118
Average number of employees	8,985
Average business unit revenues	\$2.54 billion
Average enterprise revenues	\$7.10 billion
Average market capitalization	\$13.16 billion

Methodology

PricewaterhouseCoopers' Management Barometer is a quarterly telephone survey. The data is collected by the independent research firm BSI Global Research Inc. Our regular survey panel consists of senior executives from a geographically balanced sample of large companies in the United States. Ninety-five percent of the panelists hold titles such as president, CEO, CFO, VP of finance, treasurer, controller, or internal audit director.

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