LIVE OR DIE BY DIGITAL EXPERIENCE

The perception gap: why digital leaders are losing customers they don’t know they’re losing.

msqDX

THE DIGITAL IMPACT COMPANY_

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EXECUTIVE SUMMARY

Organisations live or die by their digital experience. At MSQ DX, this is our single, non-negotiable belief and this research proves it.

We surveyed 1,000 UK consumers and 150 digital leaders at large enterprise companies ranging from over £50m in annual revenue to over £1billion with over 500+ staff. What we found isn't a skills gap or a budget problem it's a perception gap so wide that leaders are making million-pound decisions based on data that's wrong by a factor of 2-3X.

Four brutal facts

32.9%

of consumers switched brands due to poor digital experience in the past year. Digital leaders estimate an average of **24% switched** for this reason, underestimating the problem. More troubling: **13.3% of leaders believe zero customers left due to digital experience.**

8%

of consumers compare you to your competitors. **63% compare you to Amazon, Google, Apple, and Netflix.** Most organisations benchmark against their own sector. Your customers benchmark against the best digital experience they've ever had.

90.7%

of digital leaders believe customers are comfortable with AI service. **Only 41.5% actually are**, yet 28.2% are uncomfortable. They're deploying AI without understanding adoption barriers, alienating a third of customers who need human escalation options and trust-building first.

39.3%

of digital leaders plan to invest most heavily in proactive notifications and AI learning, **ranked 6th and 7th by consumers.** Only 35.3% prioritise 24/7 service, consumers' **#1 expectation by 2027.**

Digital Leaders intellectually understand that digital defines brand value, in fact 96% agree with this statement. But they can't measure the problem (churn), don't understand the benchmark (Amazon, not competitors), misread customer readiness (AI comfort), and are investing in the wrong future (sophistication over reliability).

The gap between what leaders believe and what customers experience is where brands die. This white paper quantifies that gap and shows you how to close it.

Research Methodology

- 1,000 UK adult consumers, 150 digital leaders from enterprise UK companies with £50m to over £1billion turnover. Sectors: Financial Services, Healthcare, Hospitality, Retail, Telecoms, Manufacturing, Legal, Travel & Transport
- Conducted by Censuswide, January 2026

01

THE CHURN CRISIS

“You’re losing customers you can’t see”.

The invisible exodus

Nearly one in three UK consumers switched brands because of poor digital experience. Not price. Not product. Digital experience.

In the past 12 months, 32.9% of consumers stopped using a brand or moved to a competitor for exactly this reason. When we asked digital leaders to estimate how many of their own customers had done the same, the gap was stark. Leaders consistently underestimated the scale, on average estimating 24%, and 13.3% believed digital experience had cost them no customers at all.

This isn't a rounding error. It's a dangerous disconnect from reality.

This is only part of the story

When you include consumers who seriously considered switching, the true scale of digital-driven customer risk rises to 60.9%, almost three in five. And 16.2% have already done it more than once. When customers leave more than once, the habit is already forming.

60.9% switched or seriously considered switching in the past 12 months

32.9% actually switched brands or stopped using a company in the past 12 months

16.2% switched more than once in the past 12 months

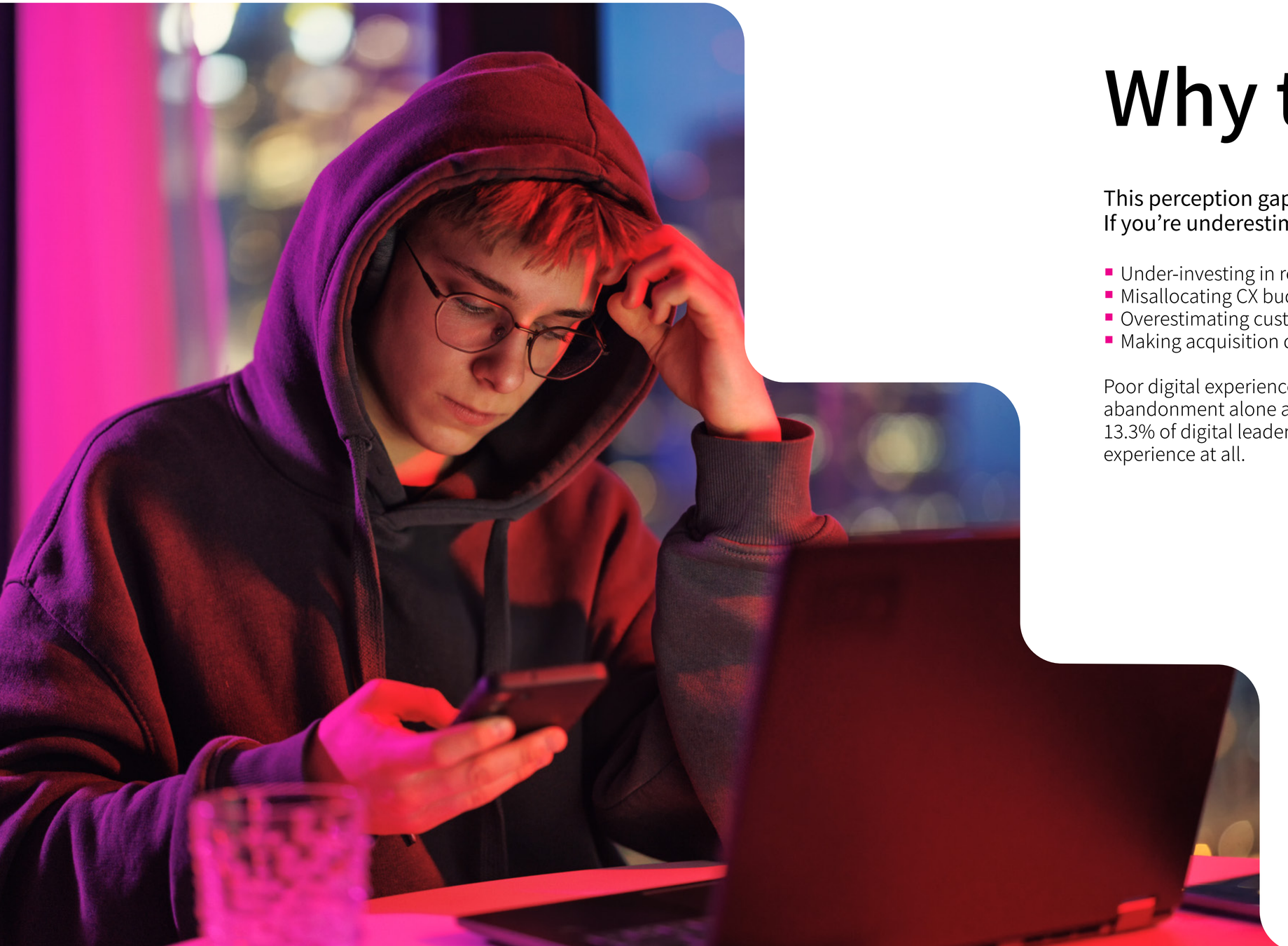
The age factor

Brand switching due to poor digital experience:

25-34 year olds (your future market)	**64%**	**HAVE SWITCHED**
55+ consumers (your legacy base)	**17%**	**HAVE SWITCHED**

This isn't just a gap, it's a 3.8X difference. The demographic that represents your future revenue has already voted with their feet.

> Younger consumers, the future market, show a near total intolerance for poor digital experiences.
>
> - Rebecca Crook, CEO, MSQ DX (UK)



Why this matters

This perception gap isn't just embarrassing, it's expensive. If you're underestimating churn you're:

- Under-investing in retention
- Misallocating CX budgets
- Overestimating customer lifetime value
- Making acquisition decisions based on false retention assumptions

Poor digital experience costs UK businesses billions annually. Cart abandonment alone accounts for £38bn, up 11% in a single year. Yet 13.3% of digital leaders believe zero customers have left due to digital experience at all.

> You can’t fix churn you can’t see. And you can’t see churn you don’t measure.

- Nick Rudd, Head of Strategy & Consulting, MSQ DX (UK)

Immediate Action

Do you know how many customers you've lost to poor digital experience in the past 12 months?

If your answer is no or we roughly know, that's not good enough. You need to have digital churn attribution in place, so start tracking exit surveys, abandonment analytics, etc.

Your competition isn’t who you think it is

When consumers interact with your digital experience, they’re not comparing you to your industry competitors. They’re comparing you to the best digital experiences they’ve ever had. And those experiences are set by companies with infinite budgets and decades of optimisation.

The data

We asked consumers: When you interact with a brand digitally, what companies do you mentally compare their experience to? Only 8% compare brands to their direct competitors. Instead, 63% benchmark against digital giants:

AMAZON

25.6%

GOOGLE

20.4%

THEIR BANK’S APP

19.2%

What this means

A hotel chain isn’t being compared to Hilton. They’re being compared to Amazon’s one-click checkout and Apple’s seamless ecosystem.

A retail bank isn’t being judged against other banks. They’re being judged against Netflix’s personalisation and Spotify’s instant gratification. A B2B software company isn’t competing with their nearest rival. They’re competing with Google’s speed and simplicity.

> Your biggest competitor isn’t in your sector. It’s the last digital experience your customer had before they arrived at yours.

- Rebecca Crook, CEO, MSQ DX (UK)

02

THE AI ILLUSION

“Your customers aren’t ready for your roadmap”.

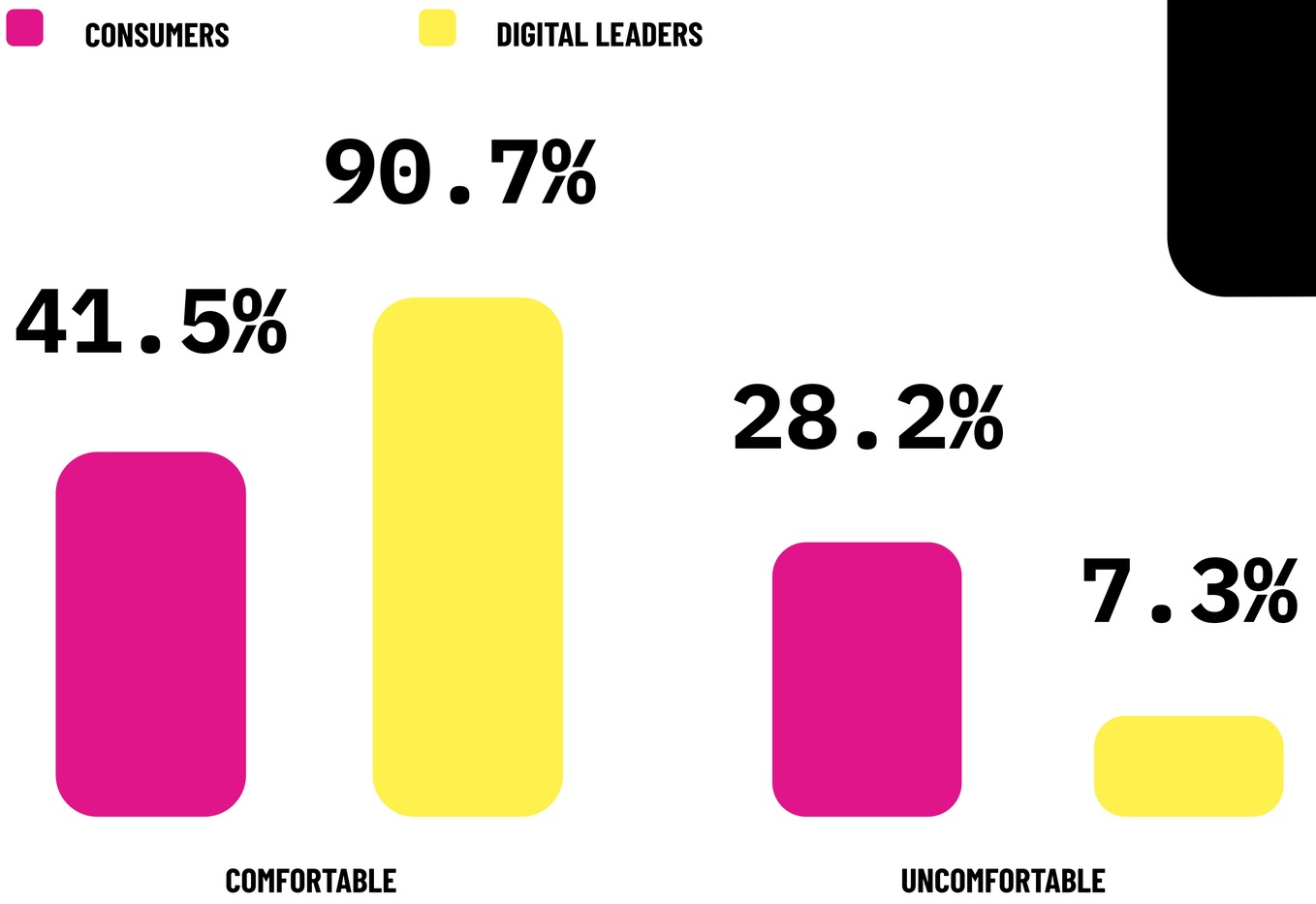
The AI comfort paradox

Digital leaders are building AI-first customer experiences based on a dangerous assumption that customers are ready for them. Our research reveals they're not.

90.7% of digital leaders believe all their customers are comfortable interacting with AI-powered customer service. The reality? Only 41.5% of consumers are actively comfortable. 28.2% are uncomfortable - a group four times larger than leaders believe.

This overconfidence is driving billions in AI investment toward solutions that may alienate nearly a third of your customer base.

The AI Comfort Illusion



The age divide

The Generational Split

CONSUMER COMFORT WITH AI SERVICES

AI adoption isn't mainstream for all industries and consumers. Know your customer base before you deploy

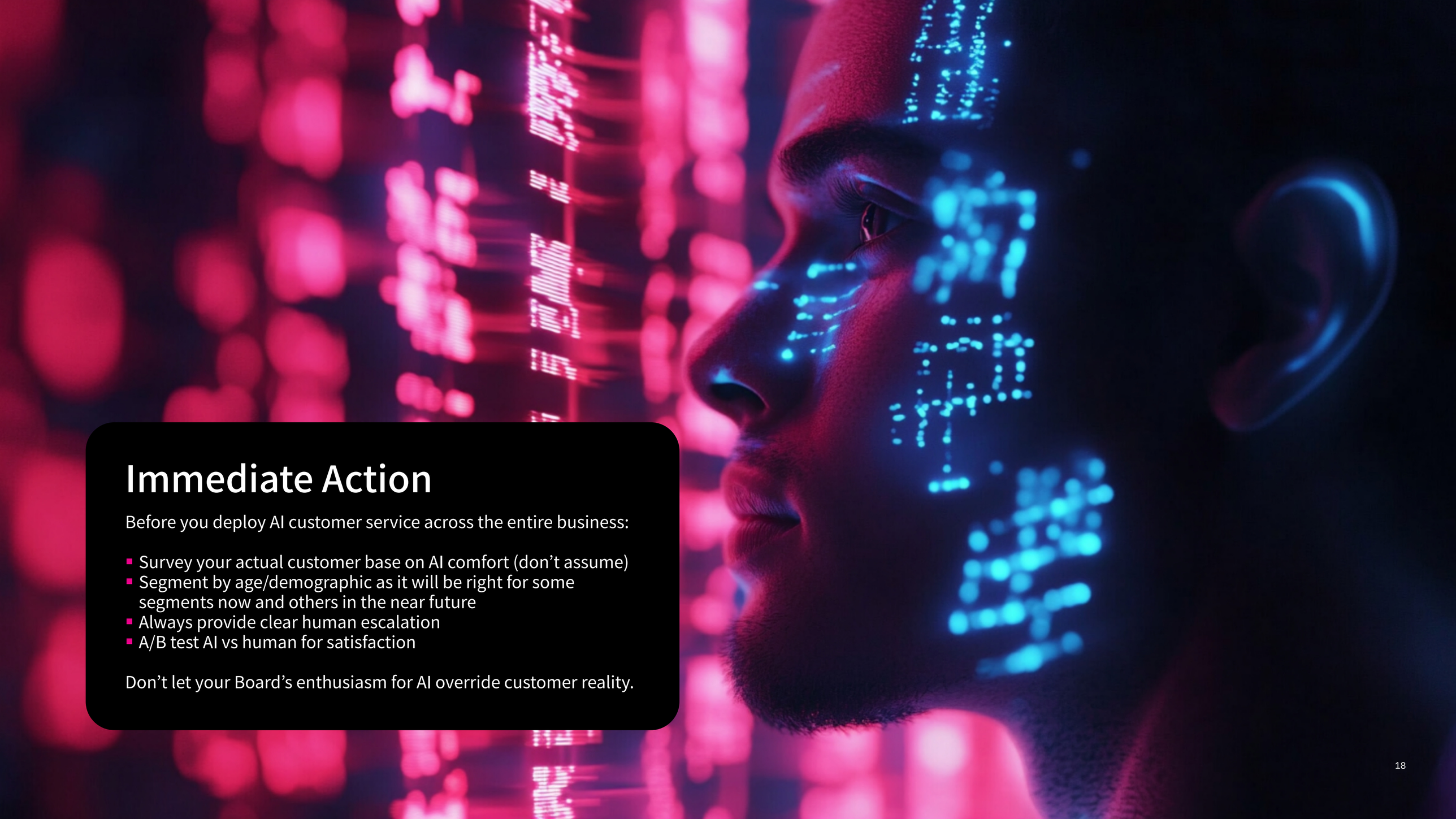
The Dangerous Assumption

86.6% of digital leaders believe customers are comfortable with AI 'as long as they can reach a human if needed' OR 'even if they never reach a human.'

But consumer data shows 28.2% across all age groups are uncomfortable regardless of human fallback options. That's not a feature gap, it's a trust gap. Leaders are building AI strategies without understanding what customers want.

> Building AI without understanding adoption barriers is like building a bridge without checking if people want to cross it.

- Mark Rodseth, CTO, MSQ DX (UK)



Immediate Action

Before you deploy AI customer service across the entire business:

- Survey your actual customer base on AI comfort (don’t assume)
- Segment by age/demographic as it will be right for some segments now and others in the near future
- Always provide clear human escalation
- A/B test AI vs human for satisfaction

Don’t let your Board’s enthusiasm for AI override customer reality.

03

THE WRONG PROBLEMS

“You’re optimising what doesn’t matter”.

Misaligned priorities: why leaders obsess over speed while customers can’t reach support

Digital leaders and their customers agree on one thing: digital experience matters. Where they disagree is what matters most.

When we asked consumers which digital issues would cause them to abandon a purchase, the top answers were clear:

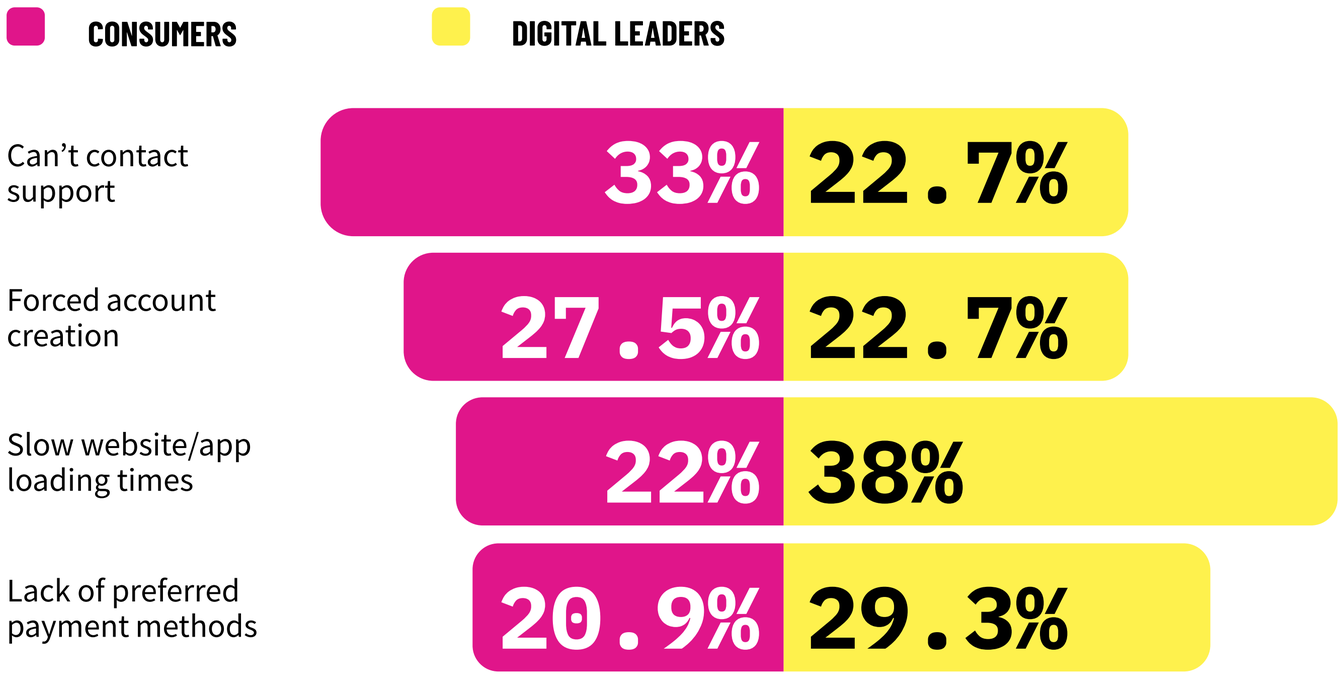
- Repeating information they’d already provided (35.3%)
- Unable to easily contact customer service (33%)
- Complicated checkout or poor navigation (28%)

When we asked digital leaders which issues they believed would cause abandonment:

- Slow website/app loading times (38%)
- Lack of preferred payment methods (29.3%)
- Complicated checkout (28.7%)

Leaders are optimising infrastructure while customers are abandoning due to process friction.

The Priority Mismatch



The Data Integration Crisis

The #1 abandonment trigger, for consumers “having to repeat information I’ve already provided’ (35.3%), isn’t a UX problem. It’s a systems architecture problem. It means:

- Disconnected data silos
- No unified customer view
- Chat/phone/web not integrated
- Form fields that don’t pre-populate
- Support agents without conversation history

Leaders obsess over milliseconds of load time while customers rage-quit because they have to re-enter their account number for the third time.

The Vanity Metrics Trap

Leaders prioritise what’s easy to measure:

- Page load times
- Server uptime
- API response time

Customers abandon based on what’s hard to measure:

- I couldn’t find the support number
- I had to explain my problem twice
- The checkout took too many steps

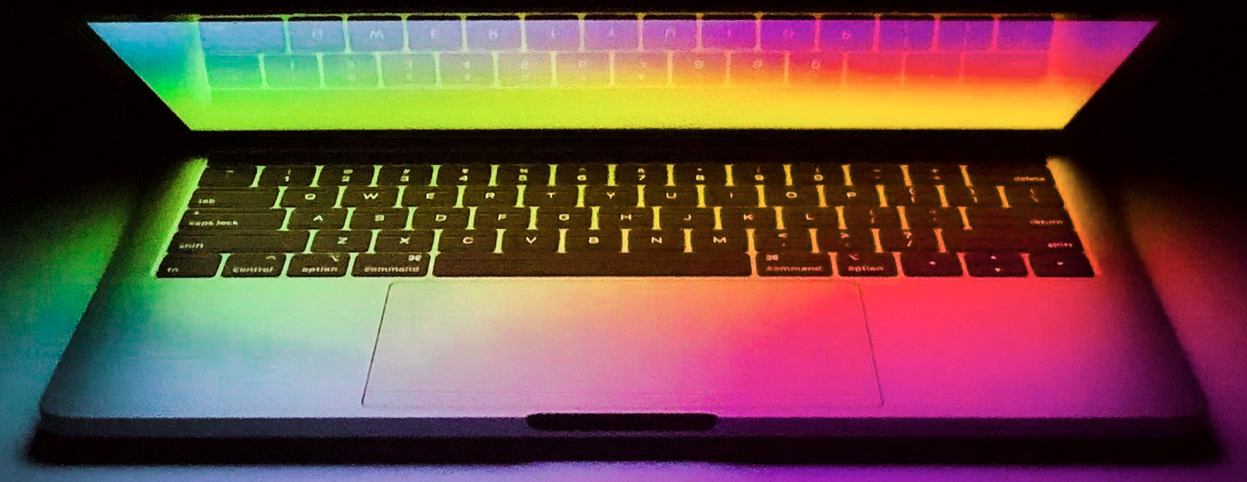
Infrastructure metrics don’t predict customer behaviour.

Immediate action

Audit your friction points:

- Can customers reach support in 2 clicks?
- Do forms pre-populate known data?
- Is checkout under 3 steps?
- Can users complete tasks without an account?

These aren’t nice to haves they are the difference between conversion and churn.



04

THE INVESTMENT GAP

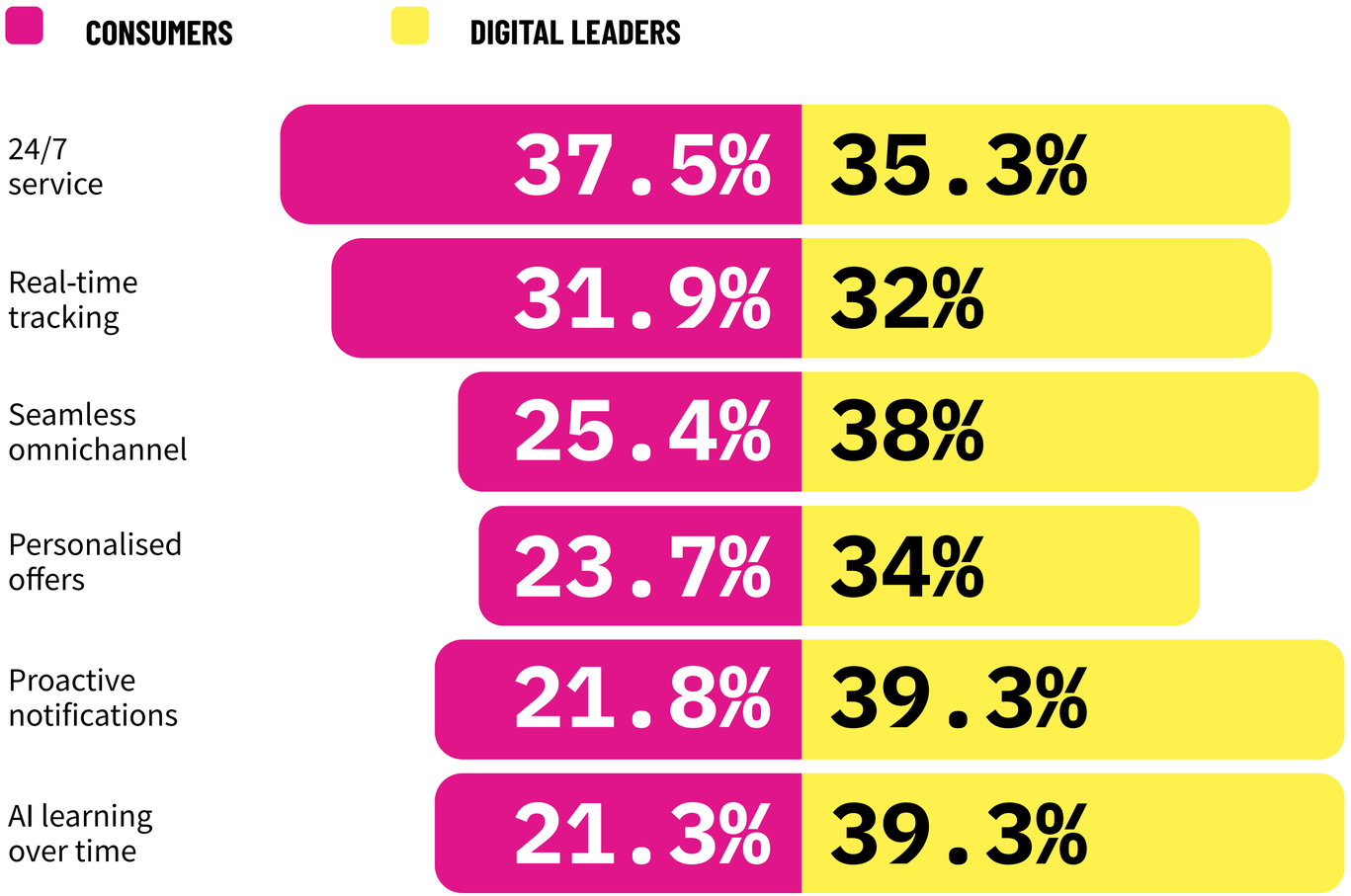
“You’re building the wrong future”.

Misallocated investment: what leaders plan to build vs. what customers expect.

By 2027, certain digital capabilities will be table stakes expected as standard by consumers across every sector. The question is: are enterprises building what customers actually expect? Our research suggests they're not.

We asked consumers what they expect to become standard in the next 3-5 years. We asked digital leaders what they plan to deliver. The misalignment is staggering.

The Investment Mismatch



The opportunity isn’t choosing between AI and the basics. It’s using AI to deliver both.

The investment misalignment isn’t an argument against AI sophistication. It’s an argument for deploying it differently. Consumers have spoken clearly: 24/7 availability and real-time visibility are the non-negotiables of digital experience by 2027. These aren’t optional enhancements, they’re the new baseline. And the fastest, most cost-effective way to deliver them at scale is through AI.

Yet the investment data tells a different story. Nearly 4 in 10 digital leaders are prioritising proactive notifications and AI that learns over time, capabilities consumers rank 6th and 7th in importance. Meanwhile, 24/7 service, the single capability consumers expect most by 2027, sits 4th on leaders’ investment priority list. That isn’t a minor misalignment, it’s a significant commercial risk hiding in plain sight.

The data reveals a sequencing challenge, not an investment problem. Leaders are rightly investing in AI sophistication but the biggest commercial return will come from directing that capability where consumers are demanding it most. When AI powers your 24/7 service and real-time tracking, you’re not just meeting expectations. You’re building the foundation on which every more advanced capability compounds.

The enterprises pulling ahead aren’t choosing between AI investment and customer fundamentals. They’re using AI to make those fundamentals effortless, and that’s where the real competitive advantage begins.

Immediate Action

AI is your fastest route to closing the gap on what consumers expect as standard:

- Can AI power always-on 24/7 support by reducing cost while increasing availability?
- Can AI deliver real-time tracking and proactive updates across every channel?
- Is your AI investment sequenced around what consumers are already demanding or what looks impressive in a roadmap?

05

THE BELIEF PARADOX

“You know it matters, but you can’t measure it”.

The conviction gap: 96% of digital leaders agree digital defines brand value but can't measure if it's working

We asked digital leaders: To what extent do you believe your customers agree with the statement 'This brand's digital experience tells me everything I need to know about how much they value me as a customer'? 96% agreed.

> This is near-universal consensus that digital experience = brand equity. It's the philosophical foundation of every digital transformation strategy.

- Nick Rudd, Head of Strategy & Consulting, MSQ DX (UK)

But here's the paradox:

- They believe digital defines brand value
- They underestimate churn
- They overestimate AI readiness by 49 points
- They prioritise speed over support accessibility
- They're building proactive notifications while customers want 24/7 service

Leaders intellectually understand the stakes but the challenge lies in knowing how to execute operationally.

The Measurement Blind Spot

This isn't about bad intentions or lack of care. It's about measurement failure. Leaders can't manage what they don't measure. And they're not measuring:

- Digital attribution for churn (13.3% think it's zero)
- Actual customer sentiment on AI (assuming 91% are comfort when only 42% are)
- Which friction points drive abandonment (obsessing over speed, ignoring support)
- Whether roadmap investments align with customer expectations (sophistication over reliability)

The result is billions in misallocated digital investment based on assumptions that are probably false.

WHAT GETS MEASURED VS. WHAT MATTERS

Closing this gap requires different metrics.

CUSTOMERS CARE ABOUT:

Could I complete my task?

Did I have to repeat myself?

Could I reach someone when I needed help?

Did it feel like they valued my time?

LEADERS MEASURE:

Page load time

API uptime

Development velocity

Feature adoption

“96% of leaders believe digital defines brand value, but can’t measure it. That’s why we created our Digital Impact Measurement Framework. It translates user friction into revenue impact, so you invest based on evidence, not conviction. The brands that survive measure what matters.

- Rebecca Crook, CEO, MSQ DX (UK)

From perception gap to commercial impact

At MSQ DX, we believe organisations live or die by their digital experience. You believe it too - 96% of digital leaders agree that digital defines brand value. But belief without measurement is just philosophy. And philosophy doesn't stop the 32.9% of customers who've already walked away. The gap between what you believe and what you can prove is where brands die.

Our Digital Impact Measurement Framework closes that gap

It translates digital experience into commercial outcomes by connecting user friction to revenue impact, then prioritising investments by ROI, not opinion, not vendor hype, not boardroom politics.

The framework does four things:

01

Identifies what's killing you

Which digital friction points or gaps are costing you customers and revenue?

02

Prioritises by commercial impact

Which outcomes deliver the highest ROI? (not which sound impressive in board meetings)

03

Guides the right technology choices

Which platforms & tools provide the capabilities to actually solve customer needs vs. which just add complexity?

04

Proves the outcomes

How much revenue did that investment generate? How much churn did it prevent?

06

NEXT STEPS

Where do you stand?

This research quantifies the perception gap between digital leaders and their customers. The question is: where does your organisation sit within it? If you don't know, you need to find out.

Three ways we can help you start by using our proprietary MSQ DX Digital Impact Measurement Framework:

OPTION 01_

The Perception Gap Audit

A 2-week diagnostic that benchmarks your organisation against this research:

- How accurate are your assumptions about AI readiness?
- Where do you sit on conversion and churn visibility?
- Are your investments aligned with customer expectations?
- What's your biggest perception gap and how do you address it?

You'll receive a prioritised roadmap based on actual gaps, not generic best practices.

OPTION 02_

Customer Reality Assessment

We survey your actual customers and compare their expectations to your current delivery:

- What friction points are costing you conversions?
- Where are you over-investing vs under-investing?
- What capabilities do customers expect by 2027?

You'll know exactly where the revenue leaks are and what your customers are expecting you to invest in next.

OPTION 03_

Executive Briefing

A 90-minute session where we walk your leadership team through:

- How this research applies to your specific sector
- Where your competitors are investing (vs where they should)
- A data led discussion on gaps, risks and opportunities

No generic frameworks. Just data-informed strategy for your context.

The Choice

The enterprises that survive the next 24 months won't be the biggest or the oldest, they'll be the ones who closed their perception gaps fastest. They'll be the ones who stopped assuming and started measuring what matters. They'll be the ones who build for the customers they have, not the customers they wish they had.

Which conversation do you want to be part of?

Nick Rudd, Head of Strategy & Consulting

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The MSQ DX Difference

We're a 600+ person digital impact company with offices across the UK, Europe and the USA. Helping complex organisations translate digital experience into commercial impact, we design revenue-generating digital products, create experiences that convert and retain, and accelerate transformation through senior-led, AI-enabled delivery. All through a partnership model built on outcomes that matter:

Measurable growth, sustained efficiency, and real-world results. Commercial impact, by design

- Senior-led delivery
- AI-enabled precision
- Outcomes-driven delivery

Proven where it matters

Trusted by global enterprise organisations

Revenue growth and operational efficiency experts

Award-winning delivery

Enterprise scale, market speed

Technology-agnostic approach

Strategic partnerships across leading platforms

Access to the MSQ network of 1,850+ experts

Trusted by

AGCO
Arla
BCG
BOSCH
CFA Institute
CIPD
CAESARS ENTERTAINMENT
CORINTHIA HOTELS
CLARION EVENTS
Dermapharm AG
ERGO
FRESHFIELDS
HARTING
Hyve
Invesco
MOTT MACDONALD
NÜRNBERG MESSE
Pronova BKK
PORSCHE
TeamBank
teva
Translink
Vaillant
vodafone
WARNER HOTELS

Close your perception gap

This research quantifies where digital leaders and customers disconnect. We exist to close that gap. If we can’t measure the impact, we don’t build it.

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