

Successful Customer Experience Calls For Customer Insight

By: Tim Walters, Ph.D.

Introduction

The forces of digital disruption have empowered consumers and inverted the power relationship between buyers and sellers. Competitive advantages based on manufacturing, distribution, and IT are no longer sustainable. Customer loyalty has all but disappeared; buyers can and will shift their allegiance immediately if disappointed. In the era of the empowered consumer, business success depends upon offering consistently outstanding customer experiences across multiple touchpoints and over the entire customer lifecycle.

Mastering this new discipline of customer experience management (CEM) will entail massive and disruptive changes across the organization, and require new or refocused technologies, skills, teams, and corporate commitments. Most companies are at the beginning of this transformation; best practices have yet to be established – and in many cases they never will be, given the speed and unpredictability of change. One thing is clear, however: *earning and keeping customers depends on understanding them*. When experience is the business battleground, the winners are those that can not only first recognize (or anticipate) the buyer's needs and goals, but can also respond to them most quickly with the appropriate product, service, or offer.

Broad segmentations based on demographics, customer status, or “marketing intuition” are no longer an adequate response to the consumers' current – and rapidly evolving – expectations for consistent, coherent, and contextual multichannel interactions. Marketers, IT, and the broader teams responsible for CEM should immediately begin to explore, experiment with, and deploy the emerging solutions to extend digital marketing with *customer insight* and provide the edge in the battle for consumers' attention.



Empowered Consumers and the Dream of Personalized Interactions

Personalized, “one to one” web site content has been the marketer’s dream for almost the entire twenty year history of the commercial web.¹ For years, personalization was the perennial “next big thing,” but there are many good reasons why it didn’t take off sooner. Dial-up modems, inflexible IT infrastructures, the cost of storage and servers, the handling of rich media assets — all of these discouraged the early adopters. But the main reason is that for a long time, whether or not a company offered personalized content was a matter of choice. Yes, they might gain some commercial advantage, but it was hard, costly, and frankly, the web sites weren’t all that important for customer engagement and satisfaction, so few wanted to bother.

Today, virtually every seller relies on digital channels, and consumers have taken control. Mobile devices and social platforms grant consumers unprecedented choice and voice — they have uninterrupted access to information, the most influential elements of which often issue from fellow consumers rather than “official” corporate sources. In parallel, the same fundamental forces — namely, the accelerated flow of, and open access to, information and powerful technology — have radically reduced the cost of innovation and eroded sustainable competitive advantages based on manufacturing, distribution, or intellectual property. Like it or not, most companies face a future in which their commercial success — and ultimately, their existence — will depend on their ability to create, offer, and optimize customer experiences across digital and offline customer interactions.


Consumers know what they want

Consumers are not shy about exercising their new-found power. Already in 2011, a survey of US consumers found that virtually none of them (1%) felt their customer expectations were always met, and nearly all of them (89%) had switched providers due to poor experiences.² While demanding, they are not fickle: in Accenture’s 2013 Global Consumer Pulse survey, 82% said that the company they abandoned could have taken steps to keep their business. Accenture then calculated that some *\$5.9 trillion* was put into play globally in 2013 due to this “switching economy.”³ (The figure for North American alone was \$1.4 trillion; for Western Europe, \$1.0 trillion.)

Studies have also revealed the role of personalization and relevance for positive customer experiences. Harris Interactive found that 74% of surveyed US consumers feel “frustrated” by irrelevant web site content.⁴ Although privacy remains a hot issue and a tripping point for brands, consumers appear to be willing to ensure relevance in exchange for personal information. In the same study, 57% said they are “comfortable” providing personally identifiable information if it is used to improve their site experience. Similarly, three quarters (74%) of surveyed consumers in the United Kingdom stated they “respond positively” to companies that understand them — with “understanding” defined precisely as “taking into account preferences, purchase history, and other provided information.”⁵ (Moreover, a surprising 84% said they would abandon a company that failed to “understand” them in this sense.)

Providing the desired web experiences is hard enough, but consumers are already looking for, and favoring, companies that can offer consistent and coherent experience across multiple channels and

“Consumers are demanding, but not fickle; 82% said the provider they abandoned could have taken steps to keep their business with an improved experience.”



for the entire extent of their customer journey. For example, Accenture found that 65% of consumers globally are irritated by “inconsistent offers, experiences, or treatment through different channels”; 79% said they are specifically frustrated when companies pose the same questions or market the same offers during a multi-channel interaction.⁶ Based on similar findings, McKinsey estimates that providing consistent customer journeys has the potential to lift customer satisfaction by up to 20% and revenue up to 15%, while also reducing costs by up to 30%. They conclude that the “3 Cs” of customer satisfaction are “consistency, consistency, and consistency.”⁷

Meeting the Demand for Great Customer Experiences

Marketers recognize that they need to deliver experiences that are tailored and relevant for the individual buyer. Today’s popular mantra cites the need to provide “the right information to the right person at the right time on the right device in the right context.” In part, this describes a content management challenge — the appropriate content needs to be produced and approved, matched to the user, and published or delivered to the correct touchpoint. But it’s critical to realize that success depends far more on the *intelligence challenge*: Who is the right person? What is the right content for them, at this time (time of day, stage in the buying cycle, period since the last touch, etc)? What is their evident goal and context? In short, *customer experience management largely depends on customer insight management*. Sellers have lost the ability to control the one-way conversation with buyers. Now they need to become exceptionally good listeners, and two-way conversationalists.

Identifying needs: research is good, behavior is better


Customer research has never been high enough on the corporate agenda. In the customer era, lack of insight and understanding could prove to be a fatal flaw. While every company should now conduct thorough research with the array of available methods — surveys, focus groups, field observation, etc. — customer experience calls, in addition, for an approach that can capture inputs as they occur and use them to build a profile for an individual consumer.

There is no shortage of such inputs – virtually everything that a consumer does or has done online or off can focus the understanding of who they are and what they want. The problem, rather, is handling the overflow of customer information and making sense of it for CEM. Today, customer data points are usually collected by multiple siloed systems; IT struggles to collate the numerous inputs and formats, and insights are formed only after long delays, if at all. In fact, 85% of surveyed CMOs say their efforts at implementing an omnichannel customer strategy are thwarted by a lack of access to data and/or inadequate tools. A similar number (82%) report they are hindered by the inability to measure cross-channel engagement and performance.⁸ The insight required for effective CEM is sharpened by volume and variety. In order to provide the most detailed view of the customer, the system should be capable of collecting inputs from numerous sources, including digital channels beyond the web as well as offline, “analog” events.

Responding to needs: insight is good, action is better

But “big” does not immediately equal better — the numerous data points must be aggregated, rationalized, and rendered in a customer profile

“Sellers have lost the ability to control the one-way conversation with buyers. Now they need to become exceptionally good listeners, and two-way conversationalists.”



that is comprehensible to marketers and to other systems, in real time. The notion of such a “360-degree” customer view has recently attracted a lot of attention — though it has rarely been put into practice. When achieved, it delivers a concise and detailed view of a customer’s profile, preferences, and behavior that can immediately sharpen the next interaction.

The very real danger is that the today’s demanding customer will not stick around long enough to experience the revised and optimized experience. A single misstep — or, as we’ve seen, even a lack of consistency across channels — is all that it takes for a consumer to seek alternatives. As a result, marketers should look for a solution that is able to inform and enact real time, micro-second decisions about the content and interactive character of the consumer’s experience. The fact is that such decisions are so critical, and must happen so quickly and often, that humans can no longer keep up.

Conclusion


Vendors are beginning to introduce such comprehensive, real-time systems. Obviously, companies must evaluate and test thoroughly to ensure a proper match with their needs. When it works, customer insight can improve customer experience by offering:

- A virtually unlimited number and variety of inputs (explicit, implicit, attributed, contextual, social, etc.)
- Historical and real-time data from online and offline interactions
- Immediate, real-time responses
- Self-optimizing algorithmic decisions
- Machine-to-machine communication and integration of data
- Ability to inform any interaction channel or touchpoint

The expectations of consumers are only going to become more exacting, and their intolerance of poor experiences more pronounced. Every company needs to act now in order to avoid falling further behind.

Notes

- 1 Sir Tim Berners-Lee “invented” the web in 1989, and created the first web browser shortly thereafter. The advent of the commercial web is dated from Marc Andreessen’s development of the Mosaic browser in 1993. See http://en.wikipedia.org/wiki/History_of_the_web_browser.
- 2 This survey was conducted by Harris Interactive in 2011 and commissioned by RightNow. Selected findings are available at: <http://www.slideshare.net/RightNow/2011-customer-experience-impact-report>.
- 3 Accenture surveyed over 13,000 consumers in thirty-three countries between May and July 2013. See <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Global-Consumer-Pulse-Research-Study-2013-Key-Findings.pdf>.
- 4 Harris Interactive survey of 2,091 US consumers aged eighteen and older, conducted for Janrain in June and July of 2013. See <http://janrain.com/about/newsroom/press-releases/online-consumers-fed-up-with-irrelevant-content-on-favorite-websites-according-to-janrain-study/>.
- 5 Dynamic Markets study of 2,057 UK citizens aged eighteen and older, conducted for Experian, January 2012. See <http://www.experian.co.uk/assets/business-strategies/images/scv-infographic-final.pdf>.
- 6 Cited in Accenture’s 2013 Global Consumer Pulse Report. See note 3.



7 McKinsey's study of the impact of cross-channel consistency is based on a survey of over 27,000 US consumers regarding their experiences with companies in fourteen industries. See http://www.mckinsey.com//insights/consumer_and_retail/the_three_cs_of_customer_satisfaction_consistency_consistency_consistency.

8 The CMO Club and Visual IQ conducted a survey of 223 CMOs in October 2013. See <http://www.visualiq.com/cmo-club-study-download-form>.

About DCG

Digital Clarity Group

Digital Clarity Group is a research-based advisory firm focused on the content, technologies, and practices that drive world-class customer experience. Global organizations depend on our insight, reports, and consulting services to help them turn digital disruption into digital advantage. As analysts, we cover the customer experience management (CEM) footprint – those organizational capabilities and competencies that impact the experience delivered to customers and prospects. In our view, the CEM footprint overlays content management, marketing automation, e-commerce, social media management, collaboration, customer relationship management, localization, and search. As consultants, we believe that education and advice leading to successful CEM is only possible by actively engaging with all participants in the CEM solutions ecosystem. In keeping with this philosophy, we work with enterprise adopters of CEM solutions, technology vendors that develop and market CEM systems and tools, and service providers who implement solutions, including systems integrators and digital agencies. For more information about DCG, visit www.digitalclaritygroup.com or email info@digitalclaritygroup.com.

Contact Us

Email: info@digitalclaritygroup.com

Twitter: [@just_clarity](https://twitter.com/just_clarity)

www.digitalclaritygroup.com

© April 2014 Digital Clarity Group, Inc.