

# Business 2020

## Six Key Dynamics Will Determine Success

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# Executive Summary

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The few years since the introduction of the smartphone have brought unprecedented and unforeseen change to the business environment in nearly every company. Technology innovations such as mobile computing, analytics, cloud, and social platforms have empowered consumers in both B2C and B2B contexts, and fundamentally inverted the relationship between buyers and sellers. Looking forward to the business environment in 2020, we can be confident that this revolution will not be reversed. Indeed, buyers will only become more demanding; no longer satisfied with a slick app or an outstanding website, they will look for – and expect – relevant and engaging information, seamlessly delivered across multiple channels and touchpoints.

To win in this relentlessly customer-centric era, businesses must master six key business dynamics: 1) Competing for the attention and retention of buyers by providing the most relevant information; 2) Optimizing experiences across the entire customer journey, not fragmented exchanges; 3) Using data and analytics – including input from the emerging Internet of Things – to inform and improve interactions, often in real time; 4) Discovering and validating new customer needs with iterative experimentation; 5) Embracing business process management at a company-wide strategic level in order to drive the necessary transformations; and 6) Drawing on and empowering the resources of flexible, dispersed, and heterogeneous teams that will include employees, partners, consumers, and potentially competitors.

Meeting this challenge will require substantial resources – in people, skills, technologies, process refinement, partnerships, and customer insights. Established businesses, and especially large enterprises, will find that their distributed scope, their ability to scale, and the sheer volume of historical and real-time data and information that they harbor and produce can be a significant advantage. By 2020, perfecting the seamless execution of omnichannel customer experiences represents an opportunity for enterprises to strike back against the upstart disruptors, and to ensure holistic, end-to-end customer centricity in a way that smaller firms cannot.

# 2020 Is Closer Than You Think — and Stranger Than You Imagine

For many people, the year 2020 represents a remote, science-fiction future with flying cars, space colonies, and robotic cops. But of course, 2020 is now barely five years away. It is closer to us today than the introduction of the web-enabled smartphone. Extraordinary — and at one time *unimaginable* — transformations have taken place since the iPhone went on sale in 2007. And yet, due to the accelerating pace of change, we can be certain that the next five years will bring even more disruption, and additional unforeseeable changes. Predicting the future is hard, but we can sense the forces and trends that are operating today, and we can plot their impact on businesses up to 2020 and beyond.

## Customer experience is the new battleground

Mobile, social, analytics, and cloud — these and other forces of digital disruption have fundamentally changed the business environment for nearly every company (and equally for nonprofit and governmental organizations). In B2B as well as B2C contexts, the relationship between buyers and sellers has been inverted — buyers have rapidly acquired unprecedented voice and choice, and as a result, they have become almost unbelievably fickle and demanding. Eighty-nine percent of U.S. consumers said in a 2011 survey that they have switched providers or brands based on unsatisfactory experiences.<sup>1</sup> Accenture estimates the total revenue put into play by this “switching economy” was an astonishing \$5.9 trillion worldwide in 2013 (\$1.4 trillion in North American alone).<sup>2</sup>

We have clearly entered the “customer-centric era.”<sup>3</sup> By 2020, business success will be determined largely by a company’s ability to create, manage, offer, and optimize compelling and engaging customer experiences. (The cornerstones of customer centricity — namely, nurturing long-term *relationships* with *relevant* interactions — are even more important in B2B commerce, where relatively fewer buyers make much larger purchase decisions.<sup>4</sup>) The transition from established business models to customer centricity will not be easy. Large organizations, with distributed operations and complicated supplier and partner ecosystems, may find it particularly difficult to respond with the requisite agility.

## The increasing importance of enterprise information

However, we should not hasten to award the race to the “digital disruptors.” Two widely held misconceptions about customer centricity hamper an effective response by existing businesses and obscure the opportunity that the new era offers for large enterprises.

First, we tend to identify the sources of this era as new kinds of hardware (the so-called “mobile shift”) and innovative software services (witness Marc Andreessen’s famous assertion that “software is eating the world”).<sup>5</sup> Computers became portable, then pocketable, and now wearable, enabling uninterrupted, ubiquitous access to the internet, applications, and powerful processors. At the same time, software

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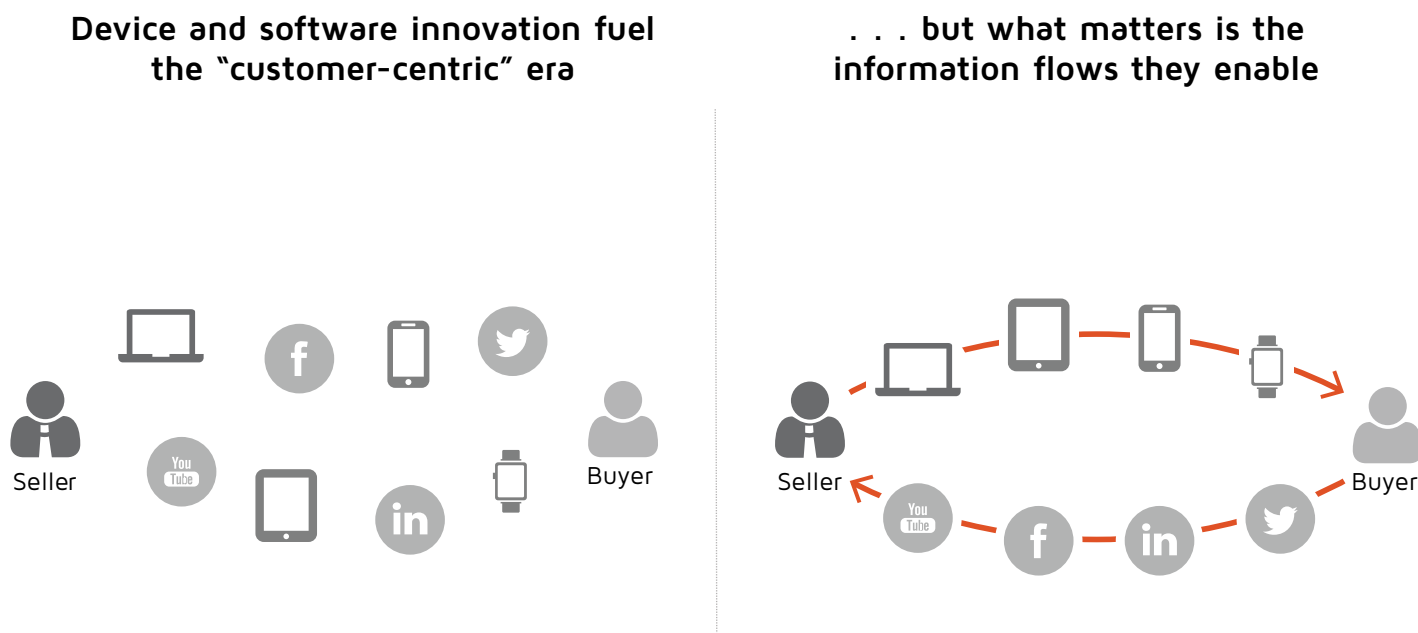
“Two widely held misconceptions about customer centricity obscure the opportunity that this new era offers for large enterprises.”

allowed and encouraged new ways of connecting, sharing, and communicating — first building on, then extending and refashioning, our innate social behaviors and attitudes.

This emphasis on devices and software is valid, but at bottom, the shift to customer centricity is really about *the flow of information between (and around) buyers and sellers* (see Figure 1). This information today takes many different forms, including texts, ads, images, video, offers, search terms, and memes. It may be encountered as website content, billboards, face-to-face exchanges, in-game advertising, multi-screen interactions, or in innumerable other channels and touchpoints. And it consists, increasingly, of machine output — data streams, purchase histories, account records, and sensor outputs from the exploding Internet of Things.<sup>6</sup>

In the past, information flowed mostly from seller to buyer, and companies built competitive advantage around their ability to control the time, place, and extent of its delivery. That dynamic is fading fast. Buyers now have access to information about products, pricing, and competitive alternatives that is at least equal to the seller's own (if not superior, given the power of social networks and user reviews). Nevertheless, managing information will become far more important, not less, in the coming years, because in all its myriad forms, from rich media to data streams, enterprise information is the indispensable medium of customer engagement. Security and regulatory requirements remain paramount, of course, but firms must relinquish the desire to *control* and *restrict* information and instead master information management in the service of *orchestrating*, *nurturing*, and *optimizing* interactions with empowered prospects and buyers.

Figure 1.





## It's not only about marketing

Second, as companies have recently begun to shift their attention to customer experience, many still make the mistake of looking at it as a sales and marketing initiative that has little impact on the rest of the organization. The reality is precisely the opposite. Attracting prospects' attention and moving them efficiently through the "sales funnel" is only one aspect of their overall experience with the organization, which can include mass advertising, peer recommendations, manufacturing quality, speed of innovation, the purchase and accounting process, customer support, partner networks, and even the color of the corporate logo or the type of paper used for invoices. Buyers already favor companies that understand their specific needs and offer relevant information.<sup>7</sup> By 2020, they will expect these insights to be reflected in coherent and consistent interactions throughout a relationship that may last years and involve virtually every facet of an organization. Companies that approach customer centricity solely as a marketing problem will not be able to offer the depth and richness of support that buyers increasingly demand.

## Time is running out

In short, 2020 is not so much a fixed date as it is a warning that time is running out. Today, most companies fall short of the rapidly evolving expectations of empowered consumers.<sup>8</sup> For now, this widespread failure provides safety in numbers, reducing the alternatives for disaffected buyers and shielding firms from the true consequences of

inadequate customer engagement. But the buyers' appetite for superior experiences is insatiable. Or rather, the temporary satisfaction of the desire simply ratchets up the expectation for the next encounter, which must be progressively smarter, better integrated, and offer a more coherent and seamless experience. Within the next few years, buyers will lose patience with companies that cannot offer what PricewaterhouseCoopers (PwC) has designated "nearly perfect execution" of experiences across multiple channels and touchpoints.<sup>9</sup> Companies that do not begin now to make the significant and wrenching changes necessary to catch up with customer expectations will soon find that the transition is no longer possible.

Business 2020 isn't a prediction about the conditions business will face in the future. It is a statement about what they must do today in order to have a future. And the message is this: Adapt or die.

Enterprises — large by definition and slow-moving by reputation — typically do not make rapid and agile transitions. According to the old analogy, it's hard to turn a battleship. But what's often overlooked is that once the battleship is turned and can train the full force of its weaponry on the task at hand, it is a very formidable opponent. Retooling and reorganizing to meet the demands of customer centricity will be difficult for any company. But given the role of enterprise information — and the need for a holistic, company-wide effort — enterprises have the opportunity to leverage their resources, scale, process expertise, and information assets and emerge as the leaders in this new era.

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# Six Key Dynamics Will Determine Success in 2020

Action begins with understanding. Companies seeking to navigate the difficult transition to customer centricity should attend to the following six core business dynamics that will transform the business environment by 2020.

## 1. Digital makes information the currency of customer engagement

The disruptive impact of digital innovation is nowhere more evident than in the rapid and unexpected empowerment of consumers by digital innovations in the first decade of the 21st century. Together, web-enabled mobile devices, app stores, social sites, and the general phenomenon of customer engagement:

- **Accelerate the flow of information.** Barely seven years after the introduction of the iPhone, people are infamously reluctant to part with their phones and other mobile devices — regularly rating them more important than money, car ownership, or romance.<sup>10</sup> But of course what they're really attached to isn't the object but rather the fact that it grants them instant, always-on access to information — news, social updates, entertainment, directions, shopping assistance, etc. Mobile devices have initiated ubiquitous computing by virtually eliminating any delay in the access to apps and the internet.
- **Democratize the production of information.** Widely denounced as mere hype at the time, “Web 2.0” genuinely did revolutionize the way people use and benefit from the internet. As soon as it became possible and common for anyone to be an author and publisher — whether in the form of a blog, review, status update, or tweet — it was only a matter of time until every purchase decision could be informed by the collective consciousness of the buying public.
- **Dissolve the monopoly over information.** The combination of real-time access and widespread production of information means that any business model based on an information monopoly, or artificial scarcity and limited access, is no longer sustainable. Attempting to maintain such controls is both unrealistic and counterproductive, since “unauthorized” content already plays a significant role in buying decisions. In contrast to the old picture of a business customer who can be fed information and reliably “managed” by an account manager, research indicates that over 80% of B2B buyers do their own research at least twice before making a decision (12% research more than three times); 76% want different kinds of content as their research phase evolves. About 90% prefer educational and word-of-mouth information, rather than product information and promotional content, so it's no surprise that 86% of business buyers regularly consult social media.<sup>11</sup> (It is surprising, however, that nearly 60% say they would rather make a business-related purchase over the mobile web than over the phone.<sup>12</sup>) (See Figure 2.)

By 2020, buyers will not only resist any corporate limitations on information, but they will also expect and demand the opposite — namely, that providers use information to anticipate the prospect's needs, remove irrelevant information, and assist them in achieving their goals. Cisco, for example, determined that B2B prospects desired more educational and word-of-mouth content. The company later calculated that the addition of peer testimonial videos on its website increased the engagement rate by more than one third (from 13% to 18%) and led to \$18.4 million in incremental revenue.<sup>13</sup>

Figure 2.

## The New World of B2B Buyers



Sources: \*\*Salesforce/Pardot; \*\*IDG Connect. See note 11.

## 2. The customer journey is the new cool app

Today's state-of-the-art customer experience is often a smartphone app, a distinctive website, or exceptional customer support. By 2020, such isolated elements will be passé; buyers will look for seamless interactions across the entire customer journey, and will abandon firms due to gaps or inconsistencies in interactions that will likely occur via distinctive touchpoints and potentially over long time periods.

The customer journey is not a new concept. According to McKinsey, over 50% of all customer interactions today are part of a multi-event, multichannel journey.<sup>14</sup> But siloed technologies, data, and teams have prevented most firms from getting a holistic view of all interactions, let alone crafting and offering the optimal engagement. Each touchpoint may be owned by a different department or team, which is typically evaluated and compensated according to the performance and satisfaction level of that specific channel (see Figure 3). Making the effort to get it right pays off: McKinsey calculates that optimizing

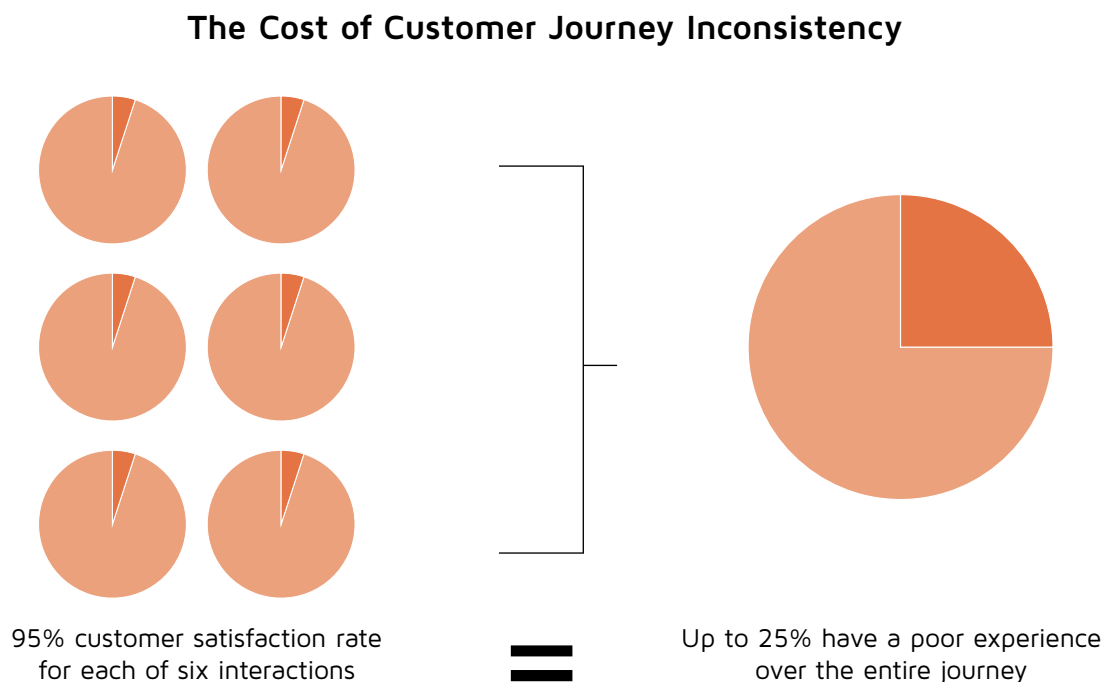
the experience over complete customer journeys can increase customer satisfaction by up to 20% and revenue by up to 15%, while simultaneously reducing the cost of customer service by up to 20%.<sup>15</sup>

As PwC recently noted, by 2020, buyers will expect not only a channel-agnostic “omnichannel” experience but also “nearly perfect execution” throughout all of their interactions. The demand for omnichannel execution is a logical and inevitable extension of today's buyer expectations. Since buyers judge the consistency of the overall experience at least as critically as they do the individual elements, companies must quickly learn to identify, understand, support, and optimize numerous customer journeys as holistic, coherent processes.

## 3. Scale feeds insight – size matters (again)

The dawning imperative to support seamless omnichannel experiences means that the task for large firms through 2020 is as promising as it is arduous. Adopting a customer-centric culture is one

Figure 3.



Source: McKinsey, 2014


thing. Thinking of information in terms of education rather than promotion, and nurturing relationships rather than pushing products, is another. Treating information — sales data, invoices, customer account records, as well as detailed profiles of a customer’s past actions and real-time current exchanges — as a source of insights that can drive increased relevance for buyers is perhaps the hardest change of all. But it is also the area in which large firms can turn their long histories of successful customer service to an advantage.

In particular, enterprises can derive value from the vast amounts of data that they harbor and produce on a daily basis. Accumulated data, records, and transaction histories can be mined for insights and patterns — and thus finally live up to the designation “corporate asset” rather than simply taking up space in the archive. In combination, the real-time data that is

produced by every customer order, website visit, sales call, or rotation of a turbine in a piece of industrial machinery can be recognized and used for what it always has been — valuable information that communicates the status, context, and needs of virtually every prospect, customer, or thing.

Big data, combined with the Internet of Things, means that size matters (again). By 2020, there will be up to 50 billion connected devices (i.e., devices with an IP address) and potentially a trillion other objects with sensors capable of producing data.<sup>17</sup> This means, for example, that a manufacturer’s entire supply chain, delivery fleet, or installed product portfolio becomes an intelligence source that can directly improve distribution, production, product development, and ultimately the customer experiences. While sheer volume is no guarantee of data intelligence, the combination of diversity (from numerous different





aspects of a value chain) and consistency (similar data sets over long periods of time) helps alleviate spurious correlations, unrepresentative data sets, and other “signal problems.”<sup>18</sup> Larger, more established companies are more likely to have access to diverse and consistent data than newer and narrowly focused organizations.

The CEB Marketing Leadership Council recently found that only 14% of B2B buyers feel that feature differences and unique selling propositions justify paying a premium for a product. In this environment, it is imperative to use data to understand prospects and provide precisely the information they will find valuable and persuasive. Indeed, the same survey found that buyers who are convinced that a brand “will provide business value” are over four times more willing to consider it.<sup>19</sup>

#### 4. The question mark trumps the exclamation point

Traditionally, companies use research and analysis to produce answers — about customer needs, market viability, product positioning, campaign themes, etc. While never perfect or complete, answers reduce uncertainty, eliminate non-viable options, and provide the secure foundation for action. In the face of a technology or market innovation, such as the advent of the World Wide Web, most companies (aptly named “the mainstream”) would wisely sit back, watch the early adopters make mistakes, and wait for best practices — that is, reliable answers — to emerge.


It’s tempting to believe that the massive amounts data available today should provide even better answers; its bigness should leave even less room for uncertainty, and business should have access to more accurate insights. The reality is just the opposite. Due to the accelerating pace of change and the buyers’ insatiable appetite for new and differentiated experiences, the useful shelf life of any given insight or answer has been drastically diminished. By 2020, leading firms will realize that real competitive differentiation comes from the quality and distinctiveness of the questions that they pose and the experiments they conduct.

In short, the only way to keep up with exponential change in tech innovation, customer behavior, and buyer expectations is to adopt an equally rapid cycle of experimentation and interrogation. Fortunately, the very forces that have empowered consumers and put sellers on the defensive can power experimentation and radically reduce its cost. Digital interactions and apps, cloud services, social exchanges, as well as big data and rapid prototyping help create what Accenture calls “iteration capital.”<sup>20</sup> In our view, this entails: the capability to conduct frequent and fast experiments; the intelligence (or “validated learning”) that is produced; and the enhancement to the next set of questions — which is the real benefit of the entire process.

Rapid, iterative experimentation has recently become relatively well-known in the guise of Eric Ries’ “Lean” methodology or Steve Blank’s similar “Customer

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“ Large organizations are more likely to have the access to the diverse and consistent data sets that help to avoid spurious correlations and other big data ‘signal problems.’ ”



Development” approach. While these were developed to assist start-up companies, which have to identify and validate a market opportunity in the context of what Ries calls “extreme uncertainty,” it’s now quite clear that they apply equally to nearly any organization.<sup>21</sup> (Witness Blank’s 2013 Harvard Business Review article, “Why the Lean Start-Up Changes Everything.”)

Going forward, however, it is crucial to realize that, whether applied in a start-up or in a massive, established enterprise, such approaches are not to be set aside once the new product or market has been validated and established. “The purpose of a business,” Peter Drucker famously said, “is to create a customer.”<sup>22</sup> By 2020, innovation will be so fast and buyer behavior so unpredictable that the creation, recreation, and validation of the customer (and his or her needs) must take place *constantly*. Iterative experimentation — testing the best questions you have for the purpose of producing even better questions — must become the principal activity of the business.<sup>23</sup> The challenge is to manage the velocity, accessibility, and manipulability of enterprise information that makes this approach both necessary and possible.

## 5. Business process management drives the transformations

Despite the need for information agility, real-time decisions, and constant experimentation, Business 2020 is not without rules, structure, and governance.

On the contrary, no organization can hope to make the necessary transitions, nor consistently create and offer exceptional experiences for buyers, without detailed planning and sophisticated management of work- and information-flows for core business processes. By the same token, however, the existing discipline and supporting technologies of business process management (BPM) must be substantially transformed.

Today, process planning is typically isolated, redundant, and inflexible. Processes are modeled and optimized within departmental or functional silos, with little if any concern for the impact on other internal groups or the overall business value chain. Like the deficient customer journey, current practices can result in local productivity and efficiency gains but still fail to improve the interactions with customers and prospects. In effect, BPM has focused on the processes without sufficient regard for the business as a whole.

Business 2020 requires organizations to remedy this imbalance with a new kind of BPM that is dedicated to ongoing organizational transformation rather than process-specific improvements. BPM guru Connie Moore has dubbed this approach “Big Process,” which she describes as “a shift from isolated process improvement projects to a sustainable enterprise-wide business transformation program.”<sup>24</sup>

By definition, *holistic* customer experiences must be orchestrated across numerous teams, repositories,

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processes, and delivery points. By 2020, success will depend upon business process planning and management that can comprehend and execute cross-functional processes, orchestrate omnichannel customer engagement, and ensure the timely delivery of data, insights, and assets from multiple enterprise systems of record as well as real-time interactions.


## 6. Dispersed and heterogeneous teams working in concert

The traditional office and organizational structure is a dinosaur — and the meteorite has struck. By 2020, work will be conducted by teams that are not only remote and mobile but also temporary, distributed, and heterogeneous (including partners, consumers, and potentially competitors). The pace and unpredictability of change make it more important than ever for organizations to focus on their core competencies and develop smart, strategic partnerships for elements that are too new, too exotic, too expensive — or simply unavailable internally. Companies will need to identify, select, and build mutually beneficial relationships with:

- **Technology vendors.** Whether pursuing a suite or best-of-breed approach, firms must cease to think of software vendors as simply tool providers. The established two-year software release cycle is already inadequate; by 2020, technology vendors will use a mix of cloud provisioning, community development, and “app stores” in order to provide the agility and rapid response clients demand. Companies must vet the vendors’ innovation practices and partner networks as carefully as they do the product functionality — if not more so.
- **Agencies and other service providers.** The service provider landscape is in upheaval. Many digital agencies, founded to service

the web and other new media, aim to go “mainstream,” while established consulting firms such as Accenture and Deloitte acquire and expand to support digital business.<sup>25</sup> It’s all a symptom of the increasing role such service providers play in the response to empowered consumers.<sup>26</sup> Going forward, organizations will turn to service providers for rare skills (such as the marketing technologist), innovation assistance (including “creative experimentation”), and strategic input.<sup>27</sup> New commercial models are emerging as well, such as the recent profit-sharing agreement between Peet’s Coffee and Razorfish.<sup>28</sup>

- **“Experience partners.”** For the sake of product development, experience differentiation, or outright news value, end-user companies will increasingly form partnerships, especially around digital innovations. Mercedes Benz, for example, recently partnered with Pebble to allow owners of the smartwatch to receive real-time and remote communications from their cars, including fuel level, door lock status, location, and traffic warnings.<sup>29</sup>
- **Customers and the crowd.** By 2020, crowdsourcing will be common — and required — as companies tap into readily available, eager, and often, free communities of buyers and volunteer experts. Dozens of open or company-specific collaboration platforms already exist, and organizations like Walmart, GE, and Lays use crowd input to research new products, determine merchandising strategies, or solve scientific dilemmas.<sup>30</sup>
- **Employees.** Determining just who is an employee will become increasingly difficult —



and irrelevant. Whether they are on site or remote, corporate or contracted, lifers or temps – people will circulate in and out of project teams and workflows as dictated by their skills, experience, responsibilities, and location. Identifying and authorizing this swarm will not become less important – for security and regulatory reasons – but by 2020, organizations will require a flexible and responsive solution for information access based on role, team, project, location, and more, for both fixed, mobile, cloud-based, corporate and employee-owned devices and repositories.

All of these teams, partners, and resources need to be networked to source and share information, tasks, and expertise. Enterprise social tools and practices have so far failed to make a major impact at most companies – especially when they are introduced as “social for the sake of social,” without a clear business purpose or outcome. When applied to address a work- or information-flow gap in a specific business process, enterprise social gains the necessary justification and dispels the fog surrounding “social ROI.” By 2020, successful firms will have mastered this surgical, process-driven application of social tools and practices in order to power collaboration across teams and partners on a global scale.

# Conclusion — The Enterprise Strikes Back?

There is no roadmap for business success in 2020, no playbook or instruction manual, no best practices that have been tested and proven. Previous technology innovation cycles, such as client-server computing and the World Wide Web, exhibited a 10-plus year disruption/digestion cycle. The accelerating pace of change has rendered such leisurely cycles a quaint historical memory. Long-term planning has become a gamble, always liable to be trampled by the “black swan” lurking around the next corner.<sup>31</sup>

One thing, however, is absolutely clear: whether in a B2C or B2B context, the customer is, and will remain, king. With very rare exceptions, any company that cannot demonstrate consistent customer insight and customer centricity will perish.

Today, start-ups and smaller firms are widely believed to have an unfair advantage in the competition for customer attention and allegiance. Powered by cheap cloud-based resources, and unburdened by large workforces, legacy infrastructures, and the expectations of established customers, these lean and flexible “digital disruptors” can dance circles around the lumbering enterprises. (And, as the fates of Borders, Blockbuster, and Kodak illustrate, they may dance on the graves as well.)

And yet . . . it is far too soon to count out the incumbents. Once unleashed by the force of digital disruption, the expectations and demands of empowered consumers race ahead like an unchecked nuclear reaction. The creative, agile start-up may burst on the scene with a cool point solution for, say, getting a ride across town or tracking calories and steps. But as buyers develop the appetite for the *perfect execution of seamlessly cohesive omnichannel experiences*, such isolated islands of customer delight are inadequate, if not counter-productive.

Business 2020 represents an opportunity for large, established businesses to outperform the upstart

disruptors. With the proper response, enterprises can put their scope, accumulated expertise, and massive resources to work in order to deliver unified, holistic experiences that are beyond the ability of smaller, younger companies. With respect to the six information-centric transformations shaping success in 2020, large enterprises can:


1. Leverage the wealth of information they harbor or can source to create rich customer experiences.
2. Draw on knowledge of and experience with broad, usually end-to-end customer journeys.
3. Use their sheer scale to advantage in producing insights from big data, especially with regard to networking physical facilities and objects through the Internet of Things.
4. Deploy human and other resources to enable iterative experimentation.
5. Exploit their practical expertise with business process management to achieve “Big Process” transformations.
6. Make use of their extensive experience with partner networks and vendor management to build the necessary teams, relationships, and networks.

Seizing this opportunity will not be easy. Few if any of the established skills or practices are directly transferable to the new and emerging requirements. Large-scale and wrenching transformations will be required in organizational structures, process and information flows, technologies, partnerships, and human capital management. Above all, organizations must act now to begin the transition, before the gap between the familiar and the necessary becomes too large to cross. 2020 is not even six years away. It starts today, if not yesterday.




# Endnotes


1. 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>.
2. Accenture surveyed over 13,000 consumers in 33 countries between May and July 2013. See <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Global-Consumer-Pulse-Research-Study-2013-Key-Findings.pdf>.
3. The customer-centric era is widely associated with the empowerment of buyers by digital innovations since roughly 2000. However, the notion that companies and their management should be primarily concerned with customers (rather than shareholder value, to name the most prominent alternative model) has a longer history. It is often traced back to management guru's Peter Drucker's dictum that "the purpose of a business is to create and keep a customer." See, for example, Roger Martin's 2010 article in Harvard Business Review, "The Age of Customer Capitalism" at <http://hbr.org/2010/01/the-age-of-customer-capitalism/ar/1>.
4. See ClearAction's 2013 B2B CEM Best Practices Study, discussed at: <http://www.cx-journey.com/2014/01/b2b-customer-experience-management-best.html>.
5. See Digital Clarity Group's Insight Paper, "Understanding the 'Mobile Shift': Obsession with the Mobile Channel Obscures the Shift to Ubiquitous Computing." It can be downloaded at: <http://www.digitalclaritygroup.com/understanding-the-mobile-shift-obsession-with-the-mobile-channel-obscures-the-shift-to-ubiquitous-computing/>. Marc Andreessen's analysis of how software is eating the world is available at: <http://online.wsj.com/news/articles/SB10001424053111903480904576512250915629460>.
6. The Internet of Things refers to the physical objects – from household appliances to industrial components to the human body – that are equipped with sensors, transmitters, and/or actuators that allow them to monitor their environment, report on their condition, and potentially take actions based on inputs. For a thorough analysis of the impact of the so-called IoT, see McKinsey's 2013 report "Disruptive Technologies: Advances That Will Transform Life, Business, and the Global Economy," especially pages 52-61, available for download at: [http://www.mckinsey.com/insights/business\\_technology/disruptive\\_technologies](http://www.mckinsey.com/insights/business_technology/disruptive_technologies).

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7. Dynamic Markets surveyed over 2,000 U.K. citizens in January 2012 on behalf of Experian. See: <http://www.experian.co.uk/assets/business-strategies/images/scv-infographic-final.pdf>.
  8. For example, Accenture's 2013 Global Customer Pulse study found that no CX metric improved consistently over the last five years and that the overall rating had fallen compared to 2012 in every one of the 10 industries studied. These findings reflect the fact that evolving buyer expectations continue to outrace the response by sellers.
  9. See PwC's report, "Retailing 2020: Winning in a Polarized World": [http://www.pwc.se/sv\\_SE/se/detaljhandel/assets/retailing-2020-winning-in-a-polarized-world.pdf](http://www.pwc.se/sv_SE/se/detaljhandel/assets/retailing-2020-winning-in-a-polarized-world.pdf).
  10. A 2011 survey of U.S. residents by Telenav asked respondents what they would give up for a week rather than their mobile phone. Among the findings: 70% said would rather give up alcohol for a week; 55% said caffeine; 33% said sex; and 22% said they would rather give up their toothbrush. See: <http://www.telenav.com/about/pr-summer-travel/report-20110803.html>.
  11. These findings are summarized in a post at: <http://www.skyword.com/content-marketing/how-content-influences-the-b2b-buyers-path-to-purchase/>.
  12. This unexpected preference for making B2B purchases over a mobile device was determined by a Forbes survey in 2010; the percentage today would undoubtedly be higher. See: <http://marketingland.com/b2b-marketers-cant-ignore-mobile-any-longer-24592>.
  13. Cisco's Karyn Scott presented the story of Cisco's B2B marketing transformation at the Marketing Sherpa B2B Summit in 2012. See: <http://www.meclabs.com/training/misc/b2bsummit/slides/Day-1.8-Karyn-Scott.pdf>.
  14. See McKinsey's "Customer Journey Transformation" presentation, available on Slideshare at: [http://www.slideshare.net/McK\\_CMSSOForum/customer-experience-journey-webinar-v10-091713](http://www.slideshare.net/McK_CMSSOForum/customer-experience-journey-webinar-v10-091713).
  15. McKinsey's March 2014 report identified three aspects of consistency for superior customer satisfaction: customer journey consistency, emotional consistency, and communication consistency. See: [http://www.mckinsey.com/insights/consumer\\_and\\_retail/the\\_three\\_cs\\_of\\_customer\\_satisfaction\\_consistency\\_consistency\\_consistency](http://www.mckinsey.com/insights/consumer_and_retail/the_three_cs_of_customer_satisfaction_consistency_consistency_consistency).
  16. See note 9.



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17. See the Cisco report, “The Internet of Things: How the Next Evolution of the Internet Is Changing Everything.” Available at: [http://www.cisco.com/web/about/ac79/docs/innov/IoT\\_IBSG\\_0411FINAL.pdf](http://www.cisco.com/web/about/ac79/docs/innov/IoT_IBSG_0411FINAL.pdf).
  18. See the Harvard Business Review analysis of the ways in which data analyses can lead to false or unwarranted conclusions: <http://blogs.hbr.org/2013/04/the-hidden-biases-in-big-data/>.
  19. The CEM Marketing Leadership Council, in conjunction with Google, surveyed 3,000 B2B buyers across 36 brands and seven categories in 2013. The survey was supplemented with structured interviews with business leaders at 50 B2B marketing organizations. The resulting report is telling, titled “From Promotion to Emotion.” See: <http://www.executiveboard.com/exbd-resources/content/b2b-emotion/pdf/promotion-emotion-whitepaper-full.pdf>.
  20. For a description of the role of “iteration capital,” see Accenture’s “Technology Vision 2014” report. Available at: <http://www.accenture.com/microsites/it-technology-trends-2014/Pages/home.aspx>.
  21. I analyzed how lean start-up methodologies extend beyond the start-up context in a 2012 blog post: [http://blogs.forrester.com/tim\\_walters/12-05-01-were\\_all\\_lean\\_startups\\_now](http://blogs.forrester.com/tim_walters/12-05-01-were_all_lean_startups_now).
  22. See Forbes’ “Peter Drucker on Marketing”: [http://www.forbes.com/2006/06/30/jack-trout-on-marketing-cx\\_jt\\_0703drucker.html](http://www.forbes.com/2006/06/30/jack-trout-on-marketing-cx_jt_0703drucker.html).
  23. The ability to effectively conduct iterative experimentation must be a — or perhaps *the* — principal contribution of service provider partners as well. For example, Tom De Bruyne argues that “the core asset of an agency is no longer creative ideas but creative experimenting.” See: <https://medium.com/i-m-h-o/7219d78d48eb>.
  24. For an overview of the revived BPM, see “BPM 2020: Looking Ahead to the Process-Driven Enterprise,” available at: [http://www.ebizq.net/topics/int\\_sbp/features/13366.html](http://www.ebizq.net/topics/int_sbp/features/13366.html). Moore’s definition of Big Process is in a Forrester Research slide deck available at: [http://www.softwareag.com/ProcessForumUK/images/connie\\_moore\\_forrester\\_tcm210-102276.pdf](http://www.softwareag.com/ProcessForumUK/images/connie_moore_forrester_tcm210-102276.pdf).
  25. For an analysis of Accenture’s May 2013 acquisition of Acquity Group as an expression of the need for customer experience management, see my Digital Clarity Group blog post at: <http://www.digitalclaritygroup.com/accenture-acquity-is-about-the-cem-imperative/>.



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26. For an analysis of the growing role of service providers for CEM, see the introduction to Digital Clarity Group's "Guide to Service Providers for Web Content and Customer Experience Management – North America," as well as the Insight Paper "The CEM Imperative." Both are available at: <http://www.digitalclaritygroup.com/category/research/>.
  27. Scott Brinker has a blog dedicated to the rise and role of the marketing technologist. See: <http://chiefmartec.com/>. On "creative experimentation," see note 23.
  28. In April 2014, Peet's Coffee & Tea and Razorfish announced a deal whereby the agency's compensation for services is entirely determined by the fate of Peet's e-commerce profits. See the analysis in my Digital Clarity Group blog post at: <http://www.digitalclaritygroup.com/the-peets-razorfish-deal/>.
  29. See: <http://www.betakit.com/pebble-unveils-smartwatch-for-mercedes-benz-drivers-at-ces-2014/>.
  30. For an extensive list of crowdsourcing sites and tools, see: <http://www.boardofinnovation.com/list-open-innovation-crowdsourcing-examples/>. See also the Harvard Business Review article, "Using the Crowd as an Innovation Partner," available at <http://hbr.org/2013/04/using-the-crowd-as-an-innovation-partner/ar/1> (registration required).
  31. Nassim Nicholas Taleb articulated his "Black Swan" theory to describe unpredictable, outlier events that have disproportionate impact (usually negative) on the unprepared. See "The Black Swan: The Impact of the Highly Improbable," Random House, 2007.



# 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](http://www.digitalclaritygroup.com) or email [info@digitalclaritygroup.com](mailto:info@digitalclaritygroup.com).

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