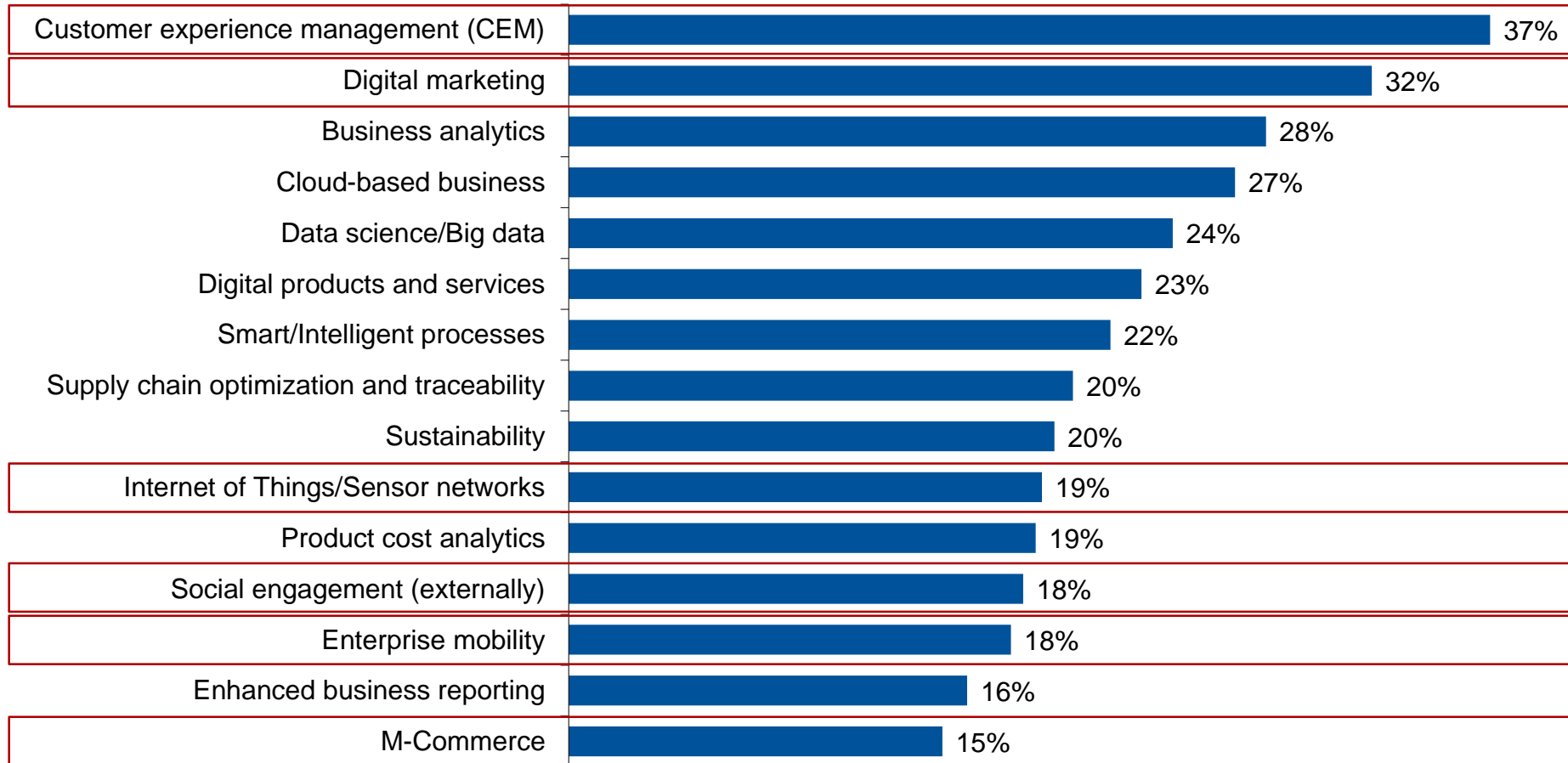# Customer Experience is THE Competitive Battleground and the Key to Digital Business
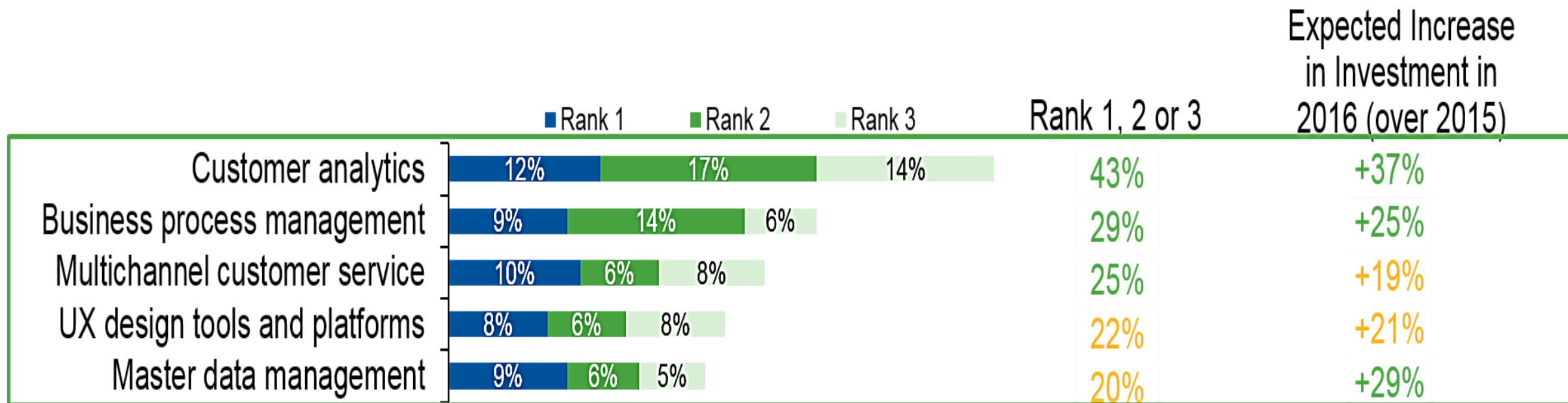
Gene Phifer (@gphifer)

Customer Experience was a CEO Priority in 2015...

Capability	Percentage
Customer experience management (CEM)	37%
Digital marketing	32%
Business analytics	28%
Cloud-based business	27%
Data science/Big data	24%
Digital products and services	23%
Smart/Intelligent processes	22%
Supply chain optimization and traceability	20%
Sustainability	20%
Internet of Things/Sensor networks	19%
Product cost analytics	19%
Social engagement (externally)	18%
Enterprise mobility	18%
Enhanced business reporting	16%
M-Commerce	15%

"Which 5 technology-enabled capabilities will be the most important areas of investment to improve your business over the next 5 years?"
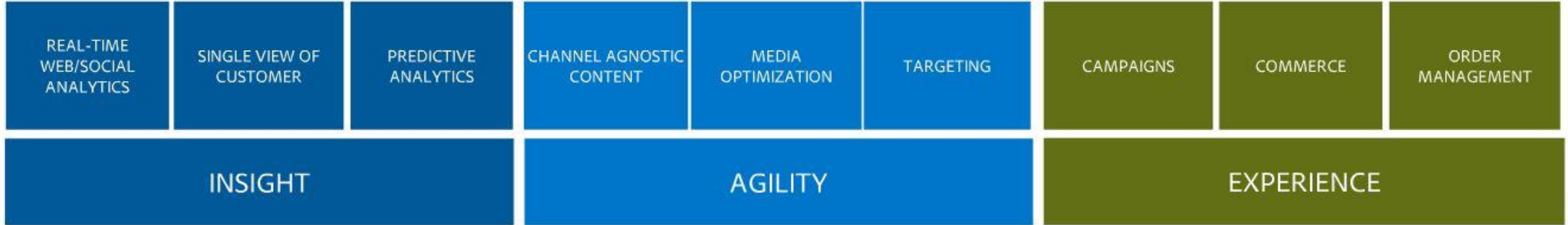
And Customer Experience Continues to be a CEO Focus in 2016 and Beyond

	Rank 1	Rank 2	Rank 3	Rank 1, 2 or 3	Expected Increase in Investment in 2016 (over 2015)
Customer analytics	12%	17%	14%	43%	+37%
Business process management	9%	14%	6%	29%	+25%
Multichannel customer service	10%	6%	8%	25%	+19%
UX design tools and platforms	8%	6%	8%	22%	+21%
Master data management	9%	6%	5%	20%	+29%

Q15. Which are the most critical technology investments for customer experience projects in 2016? Rank 1 to 3
Q. Which, if any, of these technologies do you expect your organization to increase investment in for 2016 (versus investment in 2015)?

n = 192; base: Excluding DK and none

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Your Objective: Deliver the Best, Next Digital Experience

web | mobile | In store/branch | contact center | digital goods | marketplace | print | social | search | digital ads | email

REAL-TIME WEB/SOCIAL ANALYTICS	SINGLE VIEW OF CUSTOMER	PREDICTIVE ANALYTICS	CHANNEL AGNOSTIC CONTENT	MEDIA OPTIMIZATION	TARGETING	CAMPAIGNS	COMMERCE	ORDER MANAGEMENT
INSIGHT			AGILITY			EXPERIENCE		

Source: Adobe

Design for Persona, Context and Best Next

Context	Persona	Content	Best Next …
▪ Intent ▪ Identity ▪ Environment ▪ Community	▪ Gerry ▪ Bought a house ▪ Is on a business trip ▪ Searched for "furniture refinishing" ▪ Is in a good mood …	▪ Granularity ▪ Variety (of type) ▪ Diversity (of sources)	▪ Action/Task ▪ Intelligence ▪ Content ▪ Interaction ▪ Design

But Complications Arise

Cloud

Expanding

Analytics

Patterns

Personalization

...

External sources of information (various; often unknown quality)

Frequency, recency, location, segmentation, search string, ...

For example, detected patterns or trends

Implicit and explicit

Master data, managed enterprise data from BI, analytics, CRM databases

Information
Services
Apps
Actions
Designs

Mail

POS

Web/ Portal

Contact Center

Mobile

IoT

...

Expanding

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Does Your Organization Sell Products or Experiences?

The Experience Economy:

Shift From Products to Experiences

Commodity
1 cent to 2 cents a cup

Goods
5 cents to 25 cents a cup

Experience
$2 to $5 a cup

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What Is Customer Experience?

"The customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with an enterprise's employees, channels, systems or products."

Storefront

Sales Associates

Channel Partners

Customer-Facing Processes
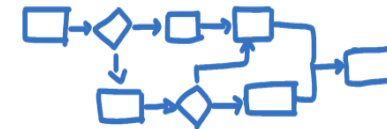
Contact Centers

Websites/Portals

Mobile

You

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A Sampling of Brands Seen as Having the Best Customer Experience

Customer Experience Maturity Model
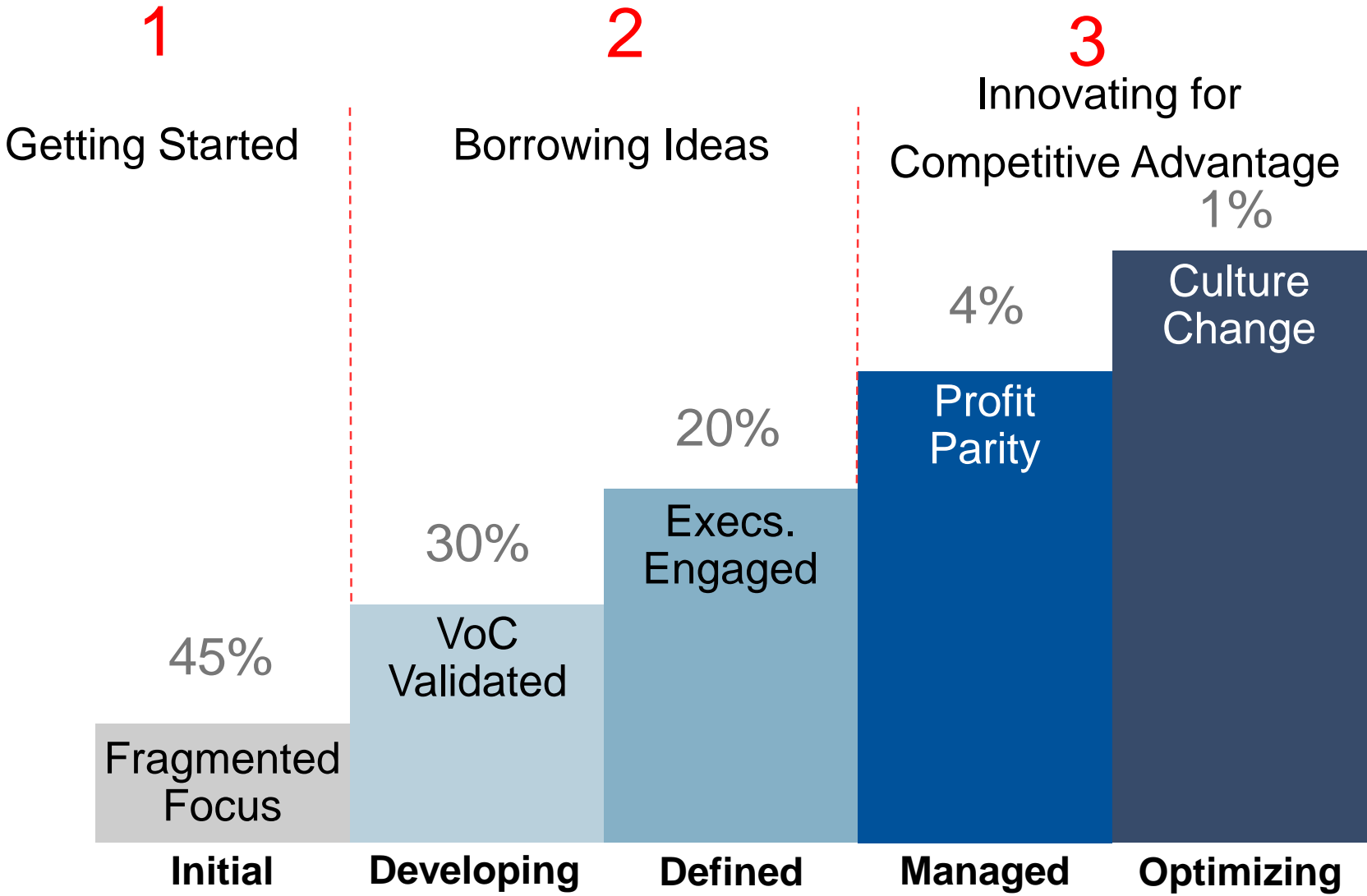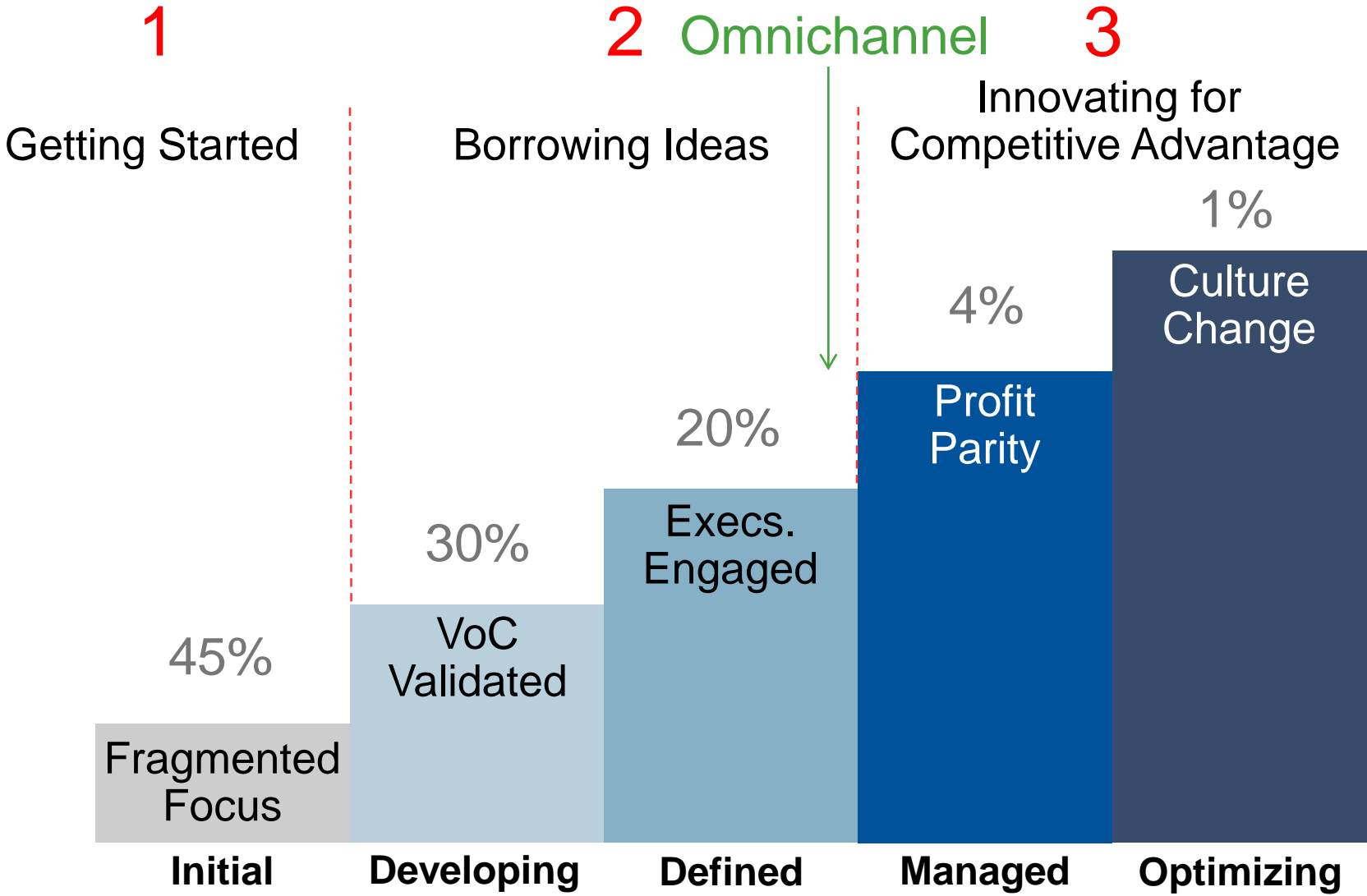
1 Getting Started

2 Borrowing Ideas

3 Innovating for Competitive Advantage

45%	30%	20%	4%	1%
Fragmented Focus	VoC Validated	Execs. Engaged	Profit Parity	Culture Change
Initial	**Developing**	**Defined**	**Managed**	**Optimizing**

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Customer Experience Maturity Model

The Breaking Point for Customers

Symptoms:
Confusion, Irritation

Result:
Customers Become Ex-Customers and Vocal Detractors

What's the cost of poor CX?

Start With a Coordinated Effort, Supported by a CxO, Which Motivates Silo Owners to Cooperate

➘ "We are in the midst of another record-setting year — combining our unique 'third place' in-store experience with highly relevant coffee and tea innovation and **differentiated customer-facing mobile and digital technologies.**"

Email to employees from Howard Schultz, CEO, Starbucks, August 2015

➘ "We will **drive our alternative banking channels,** including digital banking. This will help to drive down operating costs as well as capture a significant share of new and existing bank account holders as well as a large portion of the unbanked."

Uzoma Dozie, CEO, Diamond Bank

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The CCO Can Be Key to Your CX Strategies

Banking

American Express
Bank of America
Barclays
Capital One
Citigroup
Credit Suisse Group
Fidelity
first direct
First Horizon National
HSBC
Huntington National Bank
JPMorgan Chase & Co.
Keycorp
Kiwibank
Lloyds Bank
National Australia Bank Group
Nationwide Building Society
OCBC Bank
Royal Bank of Canada
Royal Bank of Scotland
Standard Bank of South Africa
TD Ameritrade
Tesco Bank
Union Bank
Univest Corporation of Pennsylvania
Volkswagen Credit
Wells Fargo
Westpac

Insurance

Allstate
Cigna
Liverpool Victoria Friendly Society
Progressive
Prudential
Travelers
USAA

Comms. and Media

AT&T
Bell Canada
BT
Charter Communications
Comcast
Directv
Global Crossing
KPN

Orange
O2
SingTel-Optus
Sprint
T-Mobile UK
TalkTalk
Spark New Zealand
Telefónica
Telstra
Telus
Time Warner Cable
Turk Telekom
Verizon Partner Solutions
Virgin Media
Virgin Mobile Canada
Vodafone
Xohm
Yahoo

Travel and Hospitality

AAA
Air Canada
Alaska Airlines
American Airlines
Eurostar
Hertz
Hotels.com
Marriott International
Orbitz
Starwood Hotels and Resorts, Worldwide
thetrainline.com
Travelocity
United Airlines
Wyndham Hotels and Resorts

Reporting relationship
15% to CMO
30% to business unit
30% to customer svc.
25% to CEO

Source: SynGro

Retail

Amazon
Barnes & Noble
Best Buy
Denny's
Gap
Jessops.com
John Lewis Partnership
Marks and Spencer
Sears
Sierra Trading Post
Walgreens
Wal-Mart Stores
Wendy's
1-800-Flowers.com

High Tech.

Autodesk
BMC Software
CSC
Dell
Epson
HP
HP Spain
Intuit
Logitech
Océ
Orange Business Services
Pitney Bowes
Polycom
Roxio
Sage (U.K.)
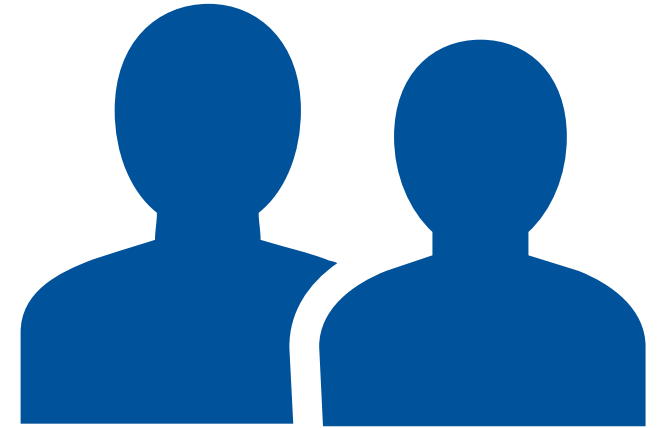SAP

Symantec
Vertex Business Services
Xerox

Others

Centrica
Cerner
Chrysler
Coca-Cola Enterprises
Department for Work and Pensions
DHL
E.On
FedEx
Fiat
LexisNexis
McKesson
Merck & Co.
Eversource Energy
Pfizer
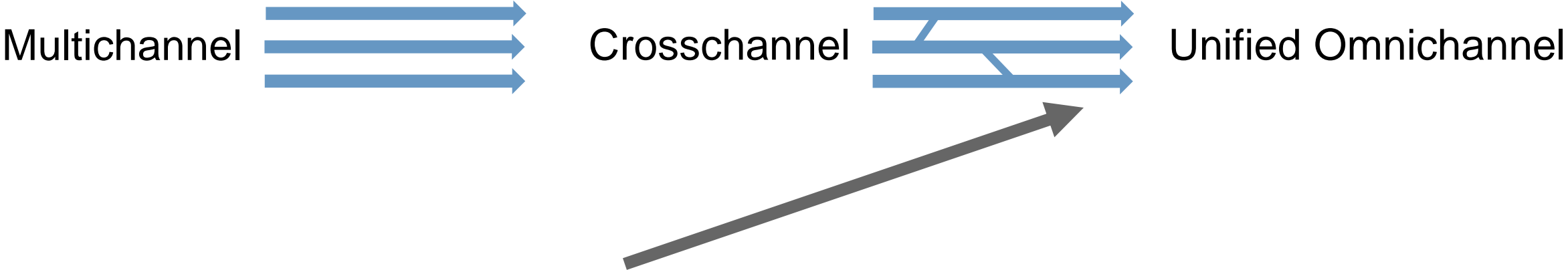Philips Electronics
Porsche
Shell
Thomson Reuters

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First Get the Basics Right Within Each Channel

Then move on to cross-channel, with a focus on consistency.

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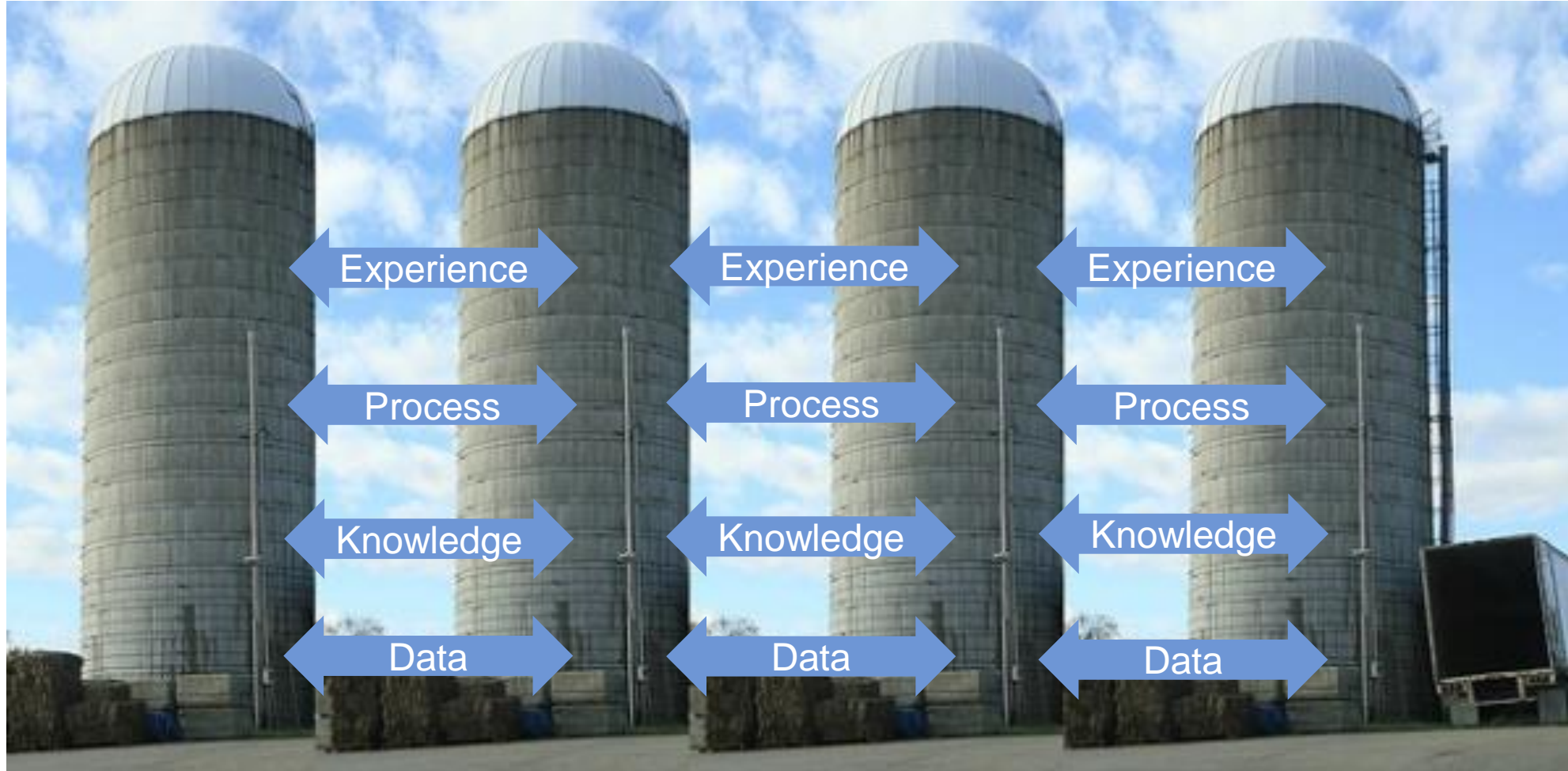# Bridge Silos to Deliver Omnichannel Experiences

Siloes can't be knocked down, but they can be bridged.

Experience

Experience

Experience

Process

Process

Process

Knowledge

Knowledge

Knowledge

Data

Data

Data

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Web, Smartphones and Tablets Are SOOOO Yesterday: Anticipate New Technologies and Shifts in Channel Usage

- Shift from keyboard to touch to voice

- Shift from fixed to portable

- Impact of AI

- Impact of IoT

- Consumerization drives new channels/devices

Key: Provide an agile, flexible infrastructure that can adapt to new channels and devices

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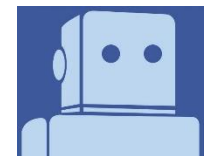
Beyond Consumerization: Develop a Multichannel, Multidevice Strategy for the Future

- User Expectations Must Be Met

- Build for Multichannel

- Build for Multidevice:
  - Mobile First/Touch First
  - Responsive Design

- Build for Agility: Event-Driven Architectures and RESTful APIs

- Provide Consistency, but Don't Sacrifice Functionality
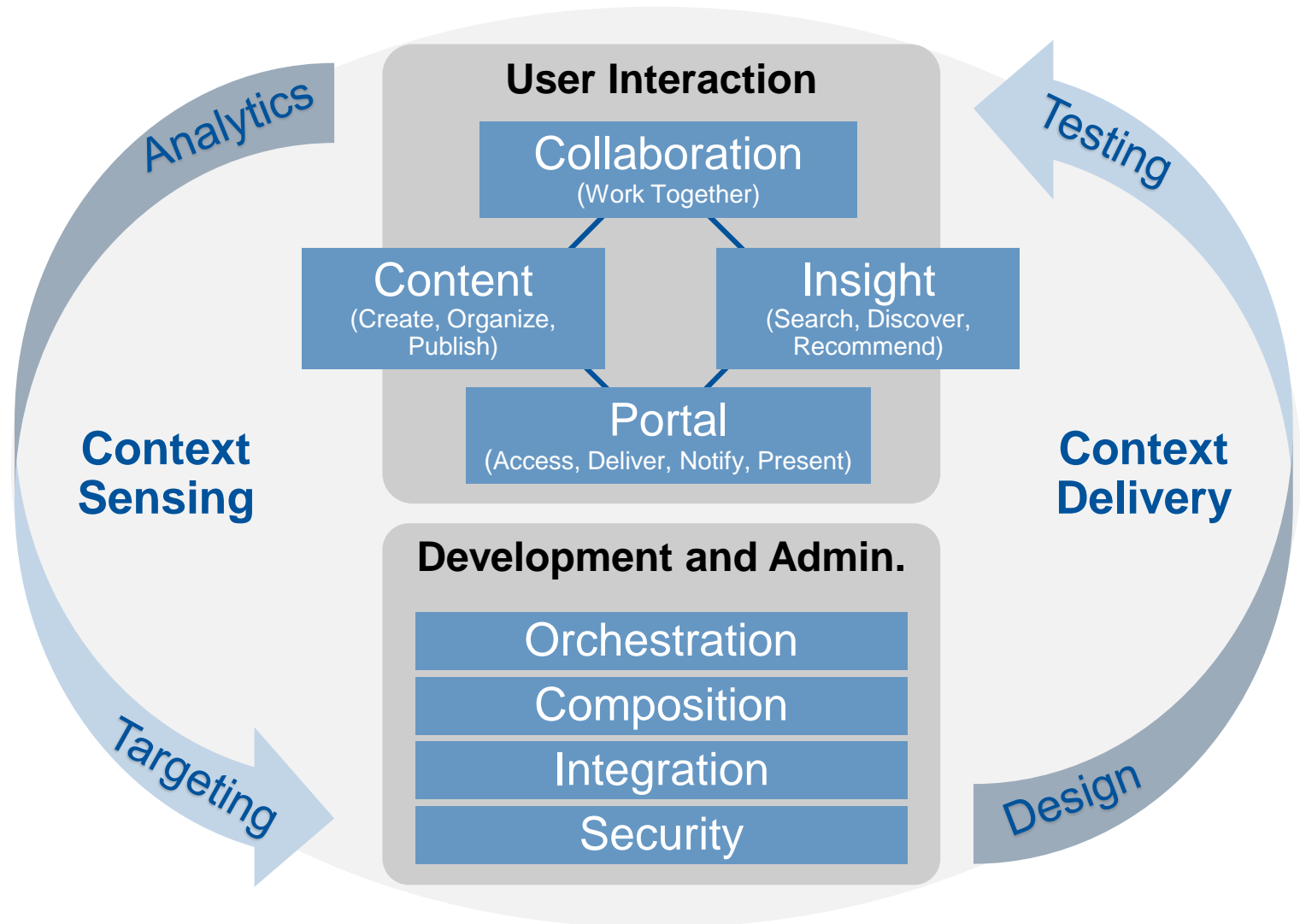
- And Plan for the Future

Target Customers and Audience Segments With Contextual Experiences

- Personalization and targeting, leveraging contextual attributes, is critical

- Personalization/Targeting goes well beyond demographics:
  - Psychographics
  - Buying behavior and trends
  - Customer segment
  - Contracts
  - Device
  - Location
  - What product/ad./message I want to push — right now
  - What step in the process/journey
  - What does the user want

- Not just for B2C-style customers

Digital Experience Platform Is a Requirement for Digital Business

DXP: A rationalized and integrated set of technologies and services used to deliver a variety of digital experiences to variety of audiences. DXPs are used to create websites, portals, mobile apps, and IoT.

Analytics

Testing

Context Sensing

Context Delivery

Targeting

Design

User Interaction

Collaboration
(Work Together)

Content
(Create, Organize, Publish)

Insight
(Search, Discover, Recommend)

Portal
(Access, Deliver, Notify, Present)

Development and Admin.

Orchestration

Composition

Integration

Security

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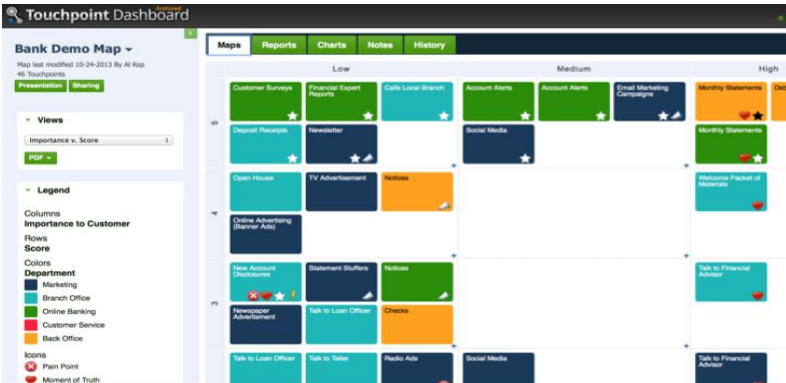# Bridging the Process Gap: Orchestrate the Customer Journey

- Map your customer and their journey, not your company's org. chart and its processes.

- Include all channels.

- Lead the customer by the pinkie, not by the nose; better yet, let the customer lead you.

- Explore use of emerging journey builder tools to bridge process silos and facilitate customer journeys.

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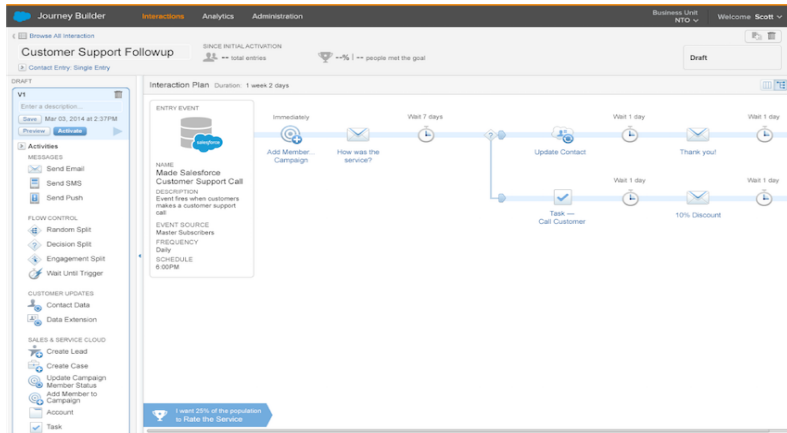# Key Technologies: Customer Journey Mapping, Building, Analytics

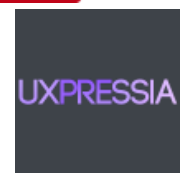| Pencil and Post-it manual approach	Customer journey modelling and visualization tools	Customer journey operationalization and analytics

- https://hbr.org/2010/11/using-customer-journey-maps-to
- www.lorettaneal.com/peoplesmart.html
- https://experiencinginformation.wordpress.com/2010/05/10/customer-journey-mapping-resources-on-the-web
- www.joycehostyn.com/blog/2010/03/22/visualizing-the-customer-experience-using-customer-experience-journey-maps
- www.shmula.com/customer-journey-map-continuous-improvement/10494
- www.adaptivepath.com/ideas/exploratorium-mapping-the-experience-of-experiments
- www.adaptivepath.com/ideas/the-anatomy-of-an-experience-map
- http://mappingexperiences.com

Picture Source: Adaptive Path, Touchpoint Dashboard, Salesforce

adaptive path

Touchpoint Dashboard

smaply   experiencefellow

UXPRESSIA   UX360

salesforce   NICE

THUNDERHEAD.COM   VERINT

ENGAGEcx   kitewheel
orchestrate great experiences

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Design for the Whole Customer Life Cycle

Abandon

Maintain

Use

Buying Cycle

Experience Drives Advocacy

Buy Again

Inspiration

Explore

Evaluate

Engage

Buy

Onboard

Abandon

Owning Cycle
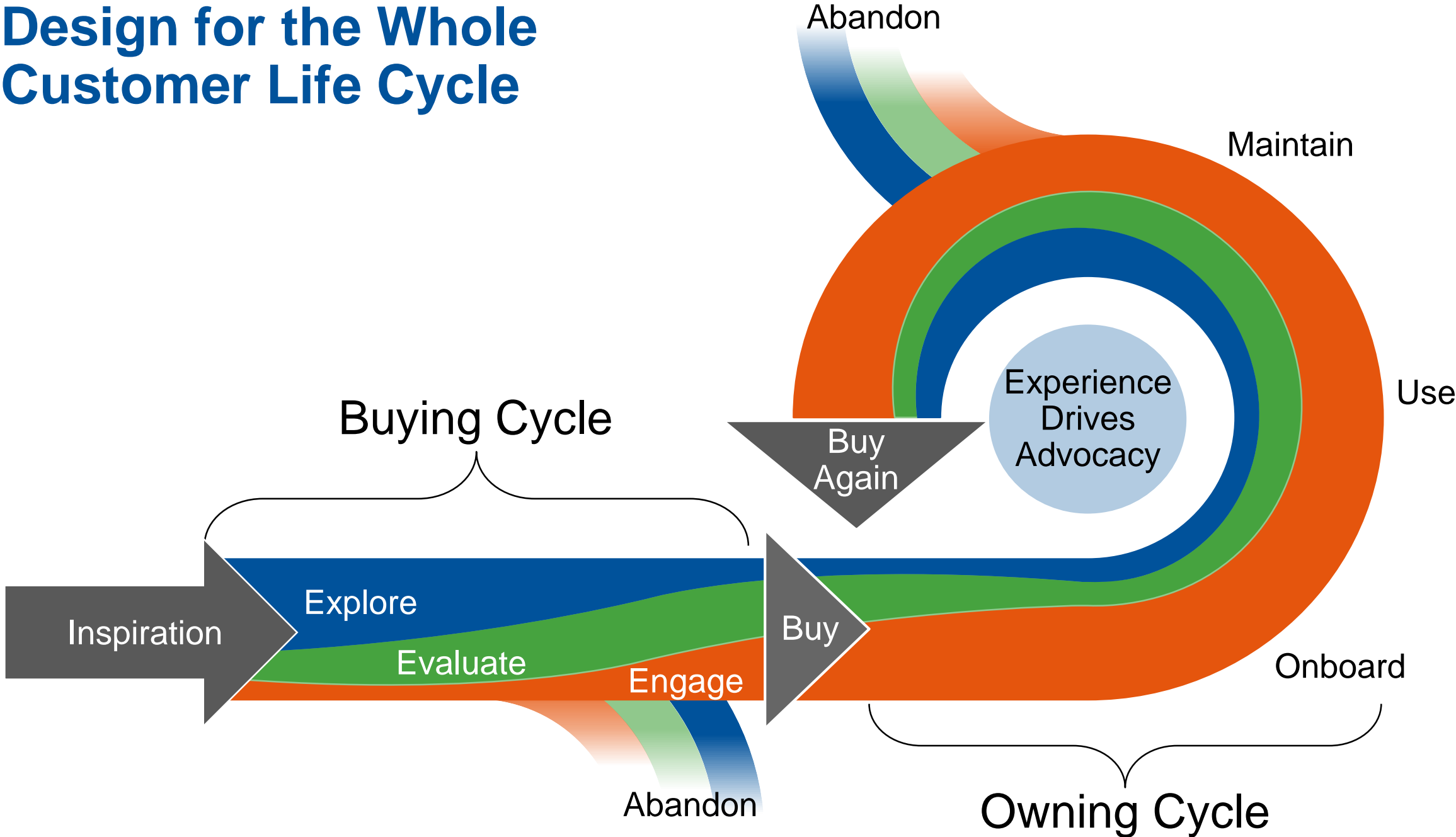
Bridging the Knowledge Gap
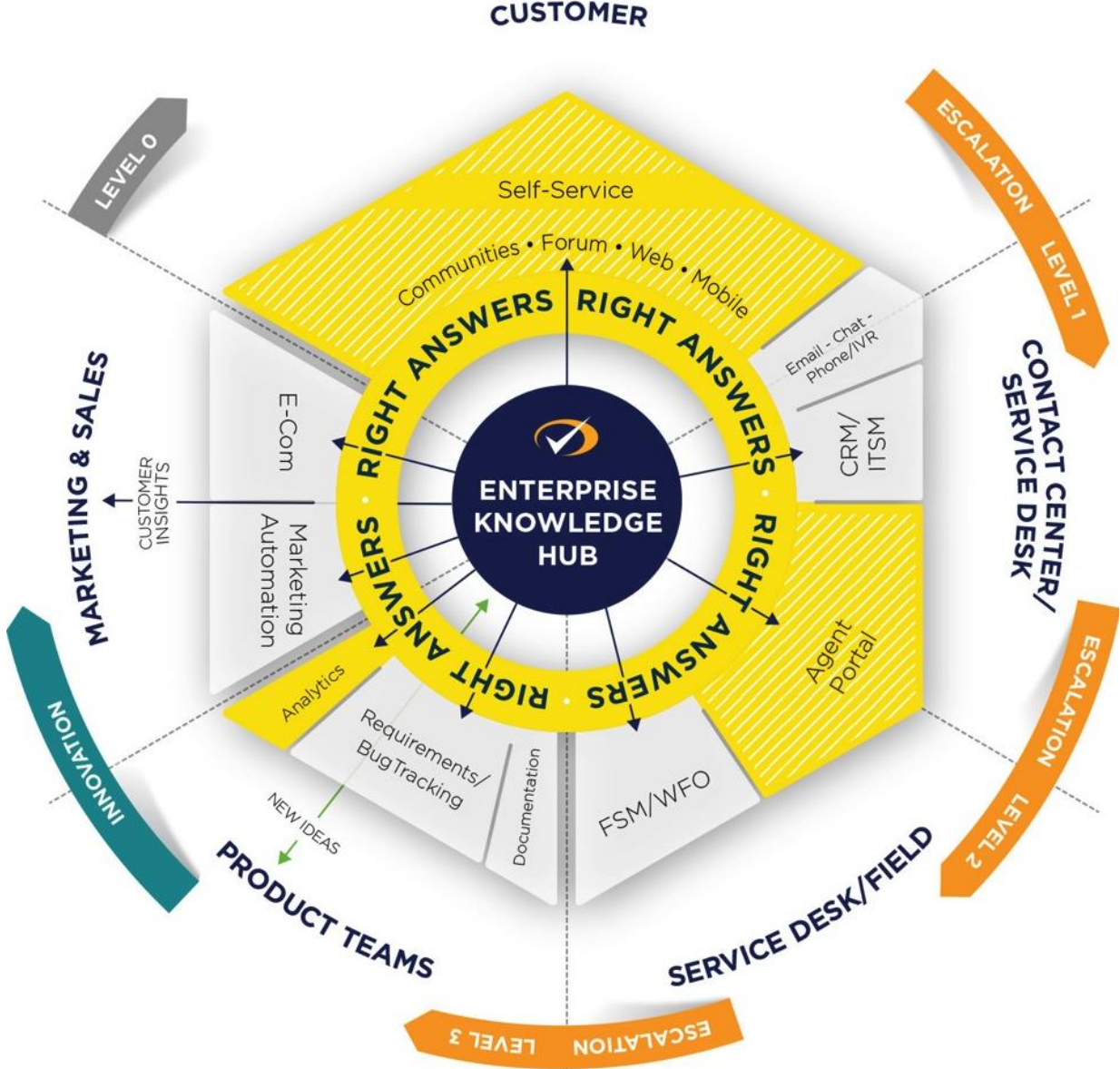
Source: RightAnswers

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Bridging the Data and Information Gap:
Invest in Customer Analytics to Generate Shared Insights

Four Types of Analytics Capabilities

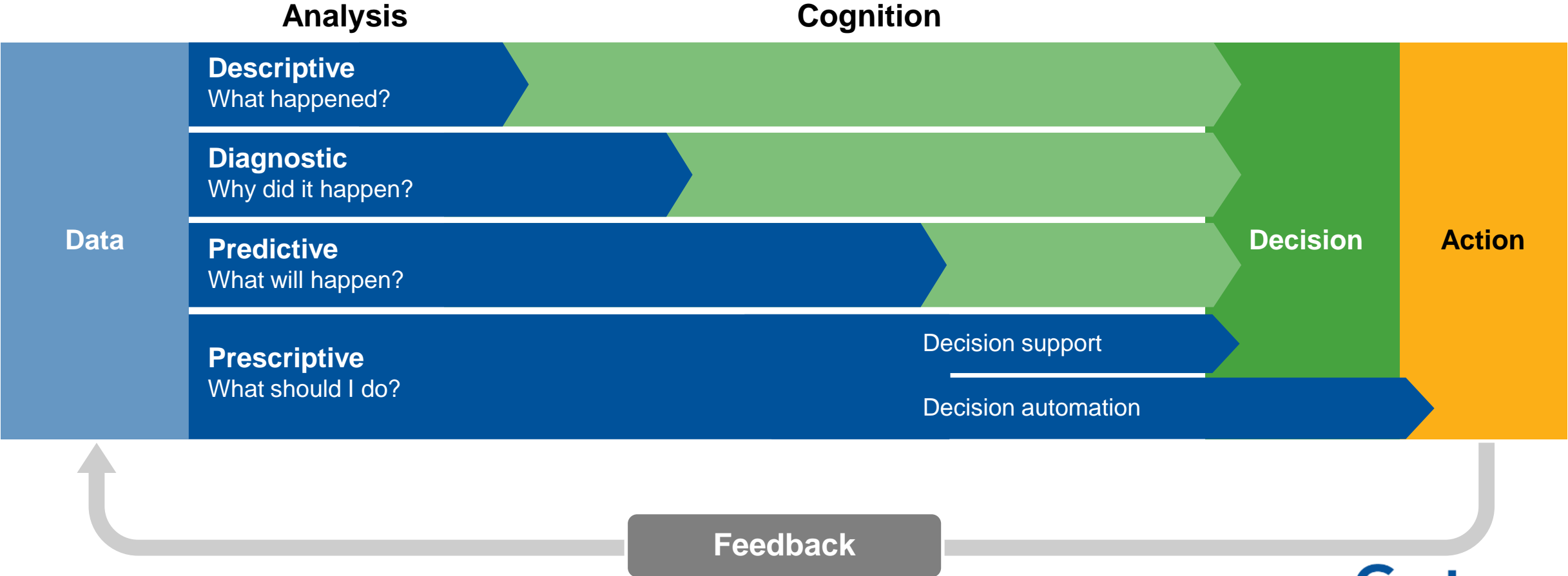# Maintain a 360-Degree View of Your Customer, but Don't Be Creepy

- Capture every interaction from every touchpoint

- Maintain a customer master record/profile

- Use analytics to mine for trends and insights:
  - Correlate across information silos
  - Tie to customer's relationships and peer sets
  - Capture not only historical data, but also WIP

- Instill expected data privacy:
  - Adhere to regulatory requirements
  - Avoid the "creepiness factor"
  - Offer opt-in

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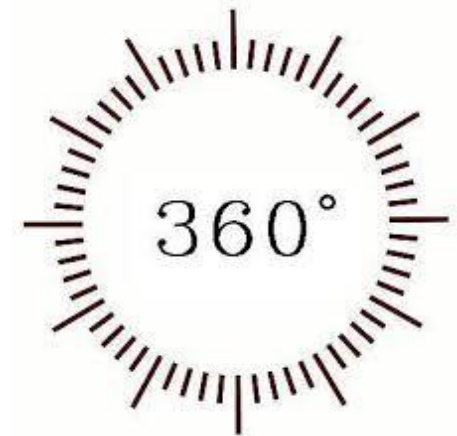
UX Is No Longer an Afterthought, but IT Still Can't Get It Consistently Right

IT Is UX-Challenged:

- Good developers don't make good designers

- Quantity over quality

- Skills are missing

- Design effort minimized

- Real users absent during development

- Prototypes skipped

- Noniterative models (e.g., waterfall) used

- UX hard to measure

Forward-Thinking CIOs Use Best-Practice Methodologies:

- **User-centered** process

- **Continuous improvement**

- Based on **objective data** about user **behavior**

- Guided by **design patterns**

- Implementing **key scenarios**

- Supporting **journeys**

- Tied to measurable **outcomes**

- Obtained by **analytics**

- Resulting in **business value**

- Think **agile, DevOps, product management**

Yet Results Too Often Resemble This:

What users wanted

What IT delivered

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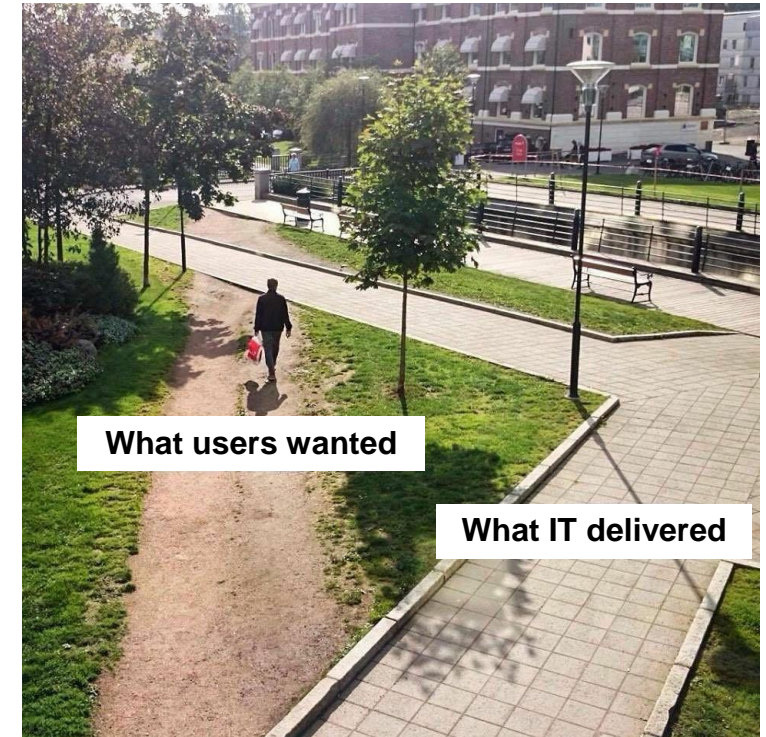
Seven Core Requirements for Customer Experience Success in Insurance

- Customer intelligence to know preference and context

- Right channels to meet customer needs

- Fast, realtime processing

- Multichannel integration

- Right content delivered to the right channel at the right time

- Right product to meet their needs

- Optimal claims and customer service experience

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Five New Priorities for Customer Experience in the Digital Insurance Market

Engagement Strategy

Intelligent Channel Interactions

Integrated and Seamless Channel Infrastructure

IoT-Enabled Customer Experiences

Radical and Futuristic Product Innovation Based Upon Customer Alignment

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Maturity Around the 10 Digital Insurance IT Imperatives for P&C and Life Insurance

Legend: ■ Not at all prepared ■ Slightly prepared ■ Moderately prepared ■ Very prepared ■ Extremely prepared

| Imperative	Not at all prepared	Slightly prepared	Moderately prepared	Very prepared	Extremely prepared
Data availability for enterprise BI and reporting	3%	19%	42%	32%	4%
Ability to support new distribution partners easily with web front ends	13%	29%	31%	19%	8%
Data standardization using industry standards for easy data exchange	9%	30%	36%	19%	5%
Business-user-maintained workflow and business rules	9%	35%	32%	18%	5%
IT environments that support off-premises (e.g., cloud/SaaS) use	1%	27%	48%	16%	8%
Integrated channel platforms to support cross-channel interactions/transactions	13%	36%	27%	21%	3%
Ability to quickly and efficiently build and launch new insurance products	10%	30%	39%	13%	8%
Open systems for easy integration with third-party ecosystems	9%	36%	34%	19%	1%
Interactive and digital customer channels built on customer preferences for e-commerce and self-service	13%	38%	31%	16%	3%
Event-based processing	9%	39%	35%	14%	3%

How prepared is your organization in delivering the following IT capabilities to support emerging business needs?

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Market Environment and Corporate Culture Favoring Insurance Industry Disruption

Market Environment

- High competition and market dynamics with new nontraditional market entrants
- Quickly changing/unstable market
- Fast-paced regulatory changes
- Changing definition of "insurance" with new value propositions

Futurist

Disruptor

High Market Volatility
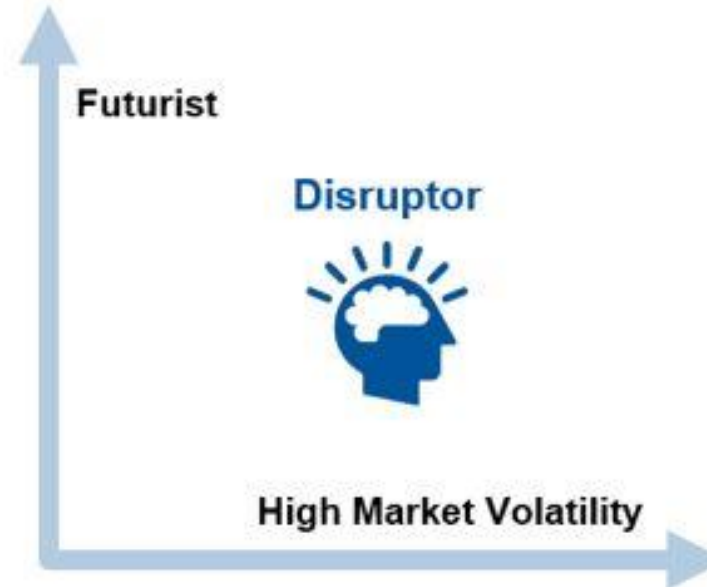
Culture:

- Aggressive and disruptive
- Agile and entrepreneurial
- Creative, no-limits mindset
- Experimental, fail-fast attitude
- Challenging status quo

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Intelligent

Advanced Machine Learning & AI

Intelligent Apps

Intelligent Things

Digital

Augmented & Virtual Reality

Digital Twin

Blockchain & Distributed Ledger

Conversational Systems

Mesh App & Service Architecture

Digital Technology Platforms

Adaptive Security Architecture

Mesh

Customer Engagement: From the Last Best Experience to the Best Next Experience

	Element	Description
☐	Governance	Domain-level groups collaborating to manage the initiative for the whole company
☐	Organization	A core customer experience team advising different departments to improve projects
☐	Vision	A unified vision for customer experience tied to the company's overall business vision
☐	Metrics	A hierarchy of linked customer experience metrics feeding top-level goals
☐	Strategy	A multiphase road map for customer experience agreed on by all departments
☐	Culture	Employees who do the right thing without being asked, given incentives or pressures
☐	Processes	A plan to work through the top 10 to 25 customer-related processes
☐	Technology	Integration of technologies to support end-to-end processes that contribute to the customer experience
☐	Data	A shared, accurate, timely and complete view of the customer
☐	Improvement	An ongoing, wide-ranging search for examples of excellence and innovative approaches

Customer Experience is THE Competitive Battleground and the Key to Digital Business

Gene Phifer (@gphifer)