



Customer Interaction in the Digital Age (Whitepaper)

Andreas Duffner, July 2016

This is the first article in a series of reports on relevant business areas in the digital age. The information is intended to point to essential topics for when enterprises explore on digital transformation.

-> *Customer-Interaction*

- Enterprises & Organizations
 - Business Models
 - Management & Leadership
 - Knowledge Workers
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Abstract

The change in consumer behavior is pushing the vendors to new ways in customer-interaction: fast tracking, monitoring and responding to consumers' decisions as they occur in real-time, connected with intelligent big data strategies. Each vendor needs to identify its assets to build 'digital capabilities' to create meaningful customer relationships.

Consumer behavior – What changed?

In the past consumers didn't have the tools to assess products and their quality before buying. They had to rely on hearsay, surveys and marketing materials. Although not always always happy with the use of some products,, the majority of consumers have shown brand loyalty.

This time has passed. Today consumers have better sources of information such as reviews and product demonstrations from other users or experts – online, in real-time, transparent, and objective. It's easier for them to experience the **absolute value** of the specific product or service they would like to consider (*Stanford Graduate School of Business, Simonson and Rosen, 2014*).

As traditional expectations regarding service and support remain largely unchanged, consumers are eager to know more about personalized and jointly created products in an appealing environment (e.g. adidas personalize shoes).

The rising expectations are pushing business to improve the customer experience across all interaction channels. Excellence in one channel is no longer adequate. E.g. consumers expect the same seamless experience in a fashion store as they do when shopping online, and vice versa. But online shopping has downsides if not professionally managed. How often are consumers frustrated by the banner advertisements which constantly harries them about offers that carry no interest or relevance.

Ultimately – and despite numerous efforts of the vendors - consumers are fully aware that they are receiving more valuable information from other consumers/markets than from a vendor.

"... We are waking up and linking to each other. We are watching. But we are not waiting ..."
The Cluetrain Manifesto, Thesis 95



The vendors – new challenges are ahead!

Vendors need to implement new, real-time based instruments to monitor and respond to consumer decisions

With the above in mind traditional marketing and sales strategies are becoming less relevant. In an increasing number of product categories, they are shifting to tracking, monitoring and responding to consumers' decisions as they occur in real-time using data analysis using data analysis. Reflecting this, marketing increasingly focuses on systematically tracking available public information on review sites, user forms and other social media.

At this stage vendors are implementing such concepts to keep pace. But many of these programs are still focused on the sales of products. More gains can be created by connecting these instruments with **big data** for strategic and proactive customer relationship activities. E.g. asking consumers for feedback via digital surveys or personal assistants, articulate appreciation, invitations to co-create products. There is a big opportunity to gather more consumer (behavior) information for new sales programs, product development and relationship management activities.

How can the vendors lay the foundation to master this evolution? Vendors need to focus on their 'digital capabilities' and resources to learn about their assets and potential for new 'digital opportunities'.

The most important are:

- **Data experts** – a new job profile comprising business- and data analytic knowledge and experience. These experts with major decision-making power are indispensable to successfully run activities as outlined above. *Vendors need to be faster and data driven!*
- **Seamless and consistent customer interaction** - clients interact over an increasing number of digital and non-digital channels. A holistic view of each individual customer across all touch points becomes absolutely essential. *(PAC, Nicole Dufft, 2015)*
- **Customer obsession** – customer experience affects everybody across all business departments. Silo mentality must be overcome. New allocations of budgets are critical. All topics and activities that are not directly related to customers need to be challenged every day.
- **Change and innovation culture** – Led and continuously guided by the top leadership team, the company has to build up and live an intrinsic change and innovation culture which is part of its DNA.

Digital capabilities will determine which companies create or lose value!

Finally, as the speedy adaption and creation of **plug-and-play business models** will be mission critical – buzzwords are agility, speed and flexibility – vendors will be pushed to new concepts: e.g. crowdsourcing in peer-to-peer product innovation or customer service. Third-party products and services (digital Lego blocks) will play a more important role to fill process gaps. This evolution will push the vendors to rethink R&D strategies and complex and inflexible e2e processes.



The digital maturity assessment helps to answer the WHAT and HOW

It becomes clear that there is a huge undertaking ahead of the vendors. An appropriate way to start the journey into the digital age is an initial focus on the WHAT (to do) and HOW (to get there).

TCI's digital maturity assessment helps to answer these questions: this service identifies your organization's readiness to enter the digital age, describes your digital use cases, and pictures the digital transformation roadmap.

About the author

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As business consultant and business coach he serves to global customers since more than 25 years. Andreas' core expertise is customer relationship management, business transformation, management of multi cultural teams, digitization and leadership- and team coaching. He was founder of 2 start up companies.

Andreas Duffner was instrumental for building up of SAP's global Business Transformation Services practices; in the course of this the practices in Asia, Pacific and Japan (SAP Asia, Singapore. 2008 - 2010).

