

Future of customer experience revisited

David Jackson
CEO



www.thecustomer.co

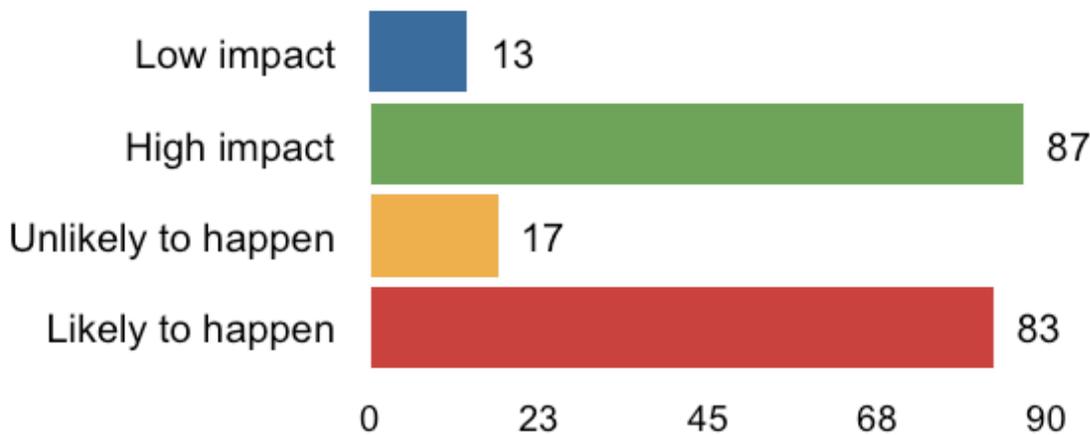
info@thecustomer.co

The future of customer experience revisited

In 2004 I contributed to an article based on a survey of senior business leaders around the world into key trends in business. Of the many issues addressed, I focused on how companies thought about the customer. The results are worth revisiting.

The panel was asked to rank the impact and likelihood for a series of statements. The panel clearly believed that customer focus would increasingly be a winning strategy. In fact, 83% thought it likely that customer based differentiation would succeed ahead of price. Of all the issues addressed, the panel believed most this was the most likely to happen and have the greatest impact.

‘Many organisations by their focus on customer enhance their market performance beyond others with more price competitive offers.



(% respondents)

The panel was right 10 years ago and is still right today. Research continues to show business leaders believe customer experience is critical to their success, perhaps even survival.

There are many factors that will shape the future of customer experience but I want to focus on just three that I think will be the most significant.

Technology enabled experiences

This is perhaps the most obvious driver of change., even if it is not new: technology has always shaped businesses. Technology will influence the customer experience in three ways:

Technology creates completely new products and services and enhances existing products. Perhaps the biggest trend in the next two to five years will be connected products - the internet of things. Whilst not new, technology has reached the point where even the most mundane of products can and therefore will, be connected.

Technology creates new ways of doing business. Connected products will see increasing use of auto-replenishment; making life easier for customers and making business more predictable. Technology is also likely to continue to drive changes in the buying process, putting more information and control in their hands.

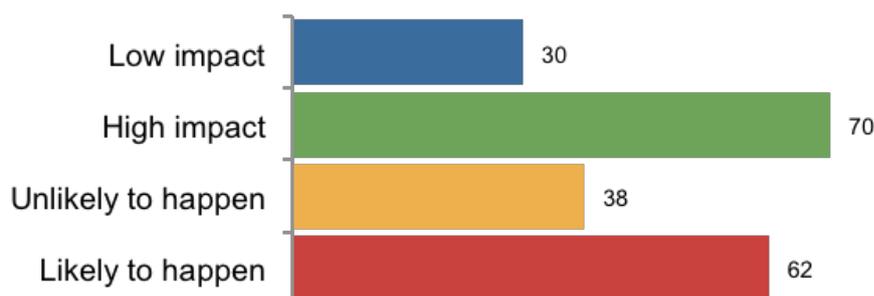
Finally, technology will change how businesses are run, changing processes and the way that people work. Dealing with people and their specific, current context will require richer information from much more tightly integrated systems and, most importantly, people with the right skills and attitude. Technology, be it in the form of computing systems or robots will take on more of the repetitive, mundane tasks currently carried out by people today. This has massive implications for how companies are managed; a subject I will return to shortly.

Managing personal data will be a source of competitive advantage

I have long talked about mutuality as a critical capability for customer focused companies. Mutuality is about developing products, services and processes that are beneficial for both the customer AND the company. I believe people will be more willing to share information with companies that demonstrate mutuality in their actions, not just marketing platitudes.

Buyers, both consumers and businesses are increasingly aware of the value of their information to suppliers and will ration, if not exclude, companies that fail to use that information for their benefit as well as for the companies. Companies must recognise that they do not own data in their CRM systems, it is only leased to them and the cost of maintaining access and updates is doing something of benefit to the customer. (I have covered this in another blog entitled “Why CMR will replace CRM.”)

The security of customer information is one cost of maintaining that access. Despite the high profile breaches at companies like Sony, Target and Talk-Talk, too few companies recognise the threat of data security and as a result, under-invest. That simply cannot continue.



This trend was foreseen by the panel in 2004. When asked; “As consumers select one supplier to be their trusted advisor, and invest time in communicating their personal data and needs with that supplier, the barriers of entry to competitors significantly increases.” they responded as follows.

As the results showed, those companies that build genuine relationships based on trust will secure longer term relationships, leaving others to fight over the mercenary customers who trade in deal loyalty, not real loyalty. Companies will have to recognise that even real loyalty has its limits. Trust is not just about privacy of information. It also embraces fair pricing, reliable and effective products and services and the company’s public image.

One contributor to the survey commented:

“Those organisations that can effectively build a trust based relationship with their customers will be the obvious winners. Larger organisations will find this a massive challenge and therefore leave the door open to smaller, fleeter companies.”

That brings me to the third of my forthcoming changes.

Management styles and structures will change

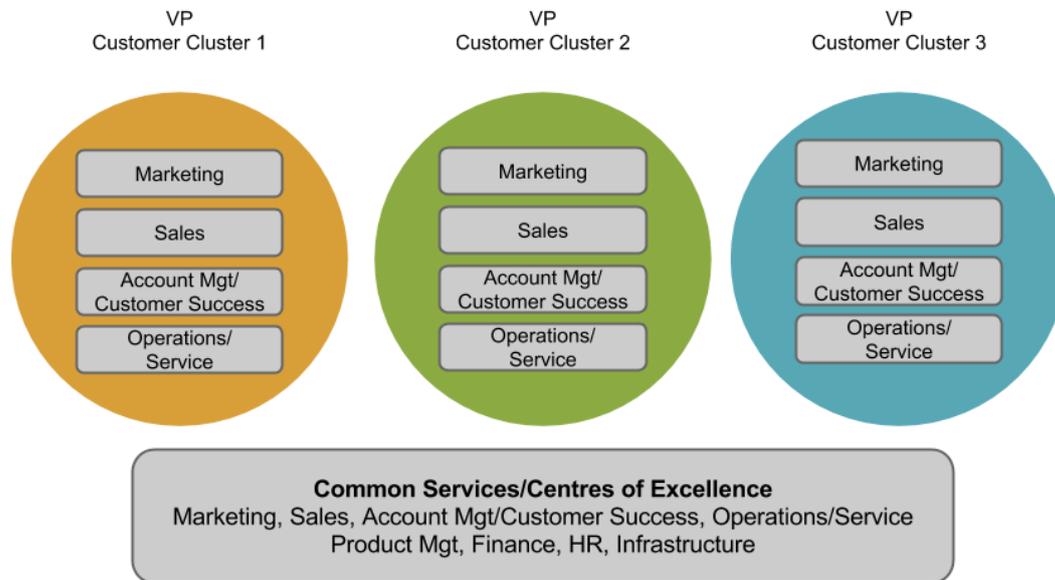
We face a commercial environment where the growth of information accelerates the shift of power to customers. Companies must respond with personalised, authentic experiences if they are to avoid exclusion by customers.

Delivering such experiences requires access to and use of much wider information about the customer, a clear understanding of the company’s purpose and chosen customers and the freedom to act in the interests of the customers, whilst protecting the long-term health of the company.

This takes employees that are truly engaged, find satisfaction and meaning in their work and have the right skills, tools, information and freedom to do their job. I believe this will drive two major changes in how companies operate.

First, employee engagement does not prosper in strong command and control organisations. I believe the companies that excel at customer focus will establish a strong, widely understood sense of purpose, founded on values that are reflected in what the company does, not just what it says. Much greater emphasis will be placed on building workplace cultures that foster collaboration, innovation and individuality. The focus on intrinsic motivation (as described so well in Dan Pink’s TED talk) will grow.

Second, customer focus requires a rethink of how we structure companies. Departmental focus and goals get in the way of deliver great experiences: they have to go. I believe that the level of coordination and collaboration required to deliver winning customer experiences will lead to



companies that organise around groups of customers. I have described this organisational design approach in a separate article - "The case for customer clusters."

In closing

Looking back on the research was enlightening. Ten years ago, senior business leaders recognised the importance the importance and impact of growing customer power. What fewer have learned, or failed at, is how to shape their companies to be winners in this new world. Some have and are creating an advantage that others will find increasingly hard to compete with. It may already be too late for some.

About the author

David Jackson is the CEO of TheCustomer.Co, which advises companies on how to profitably, win, satisfy and retain their chosen customers better than the competition. For fifteen years he was CEO of Clicktools Ltd, a software company which he founded and which led the world in integrating feedback with CRM. He is the author of several books, including Dynamic Organisations, which, when published in 1997 was one of the first books on customer focused companies.

