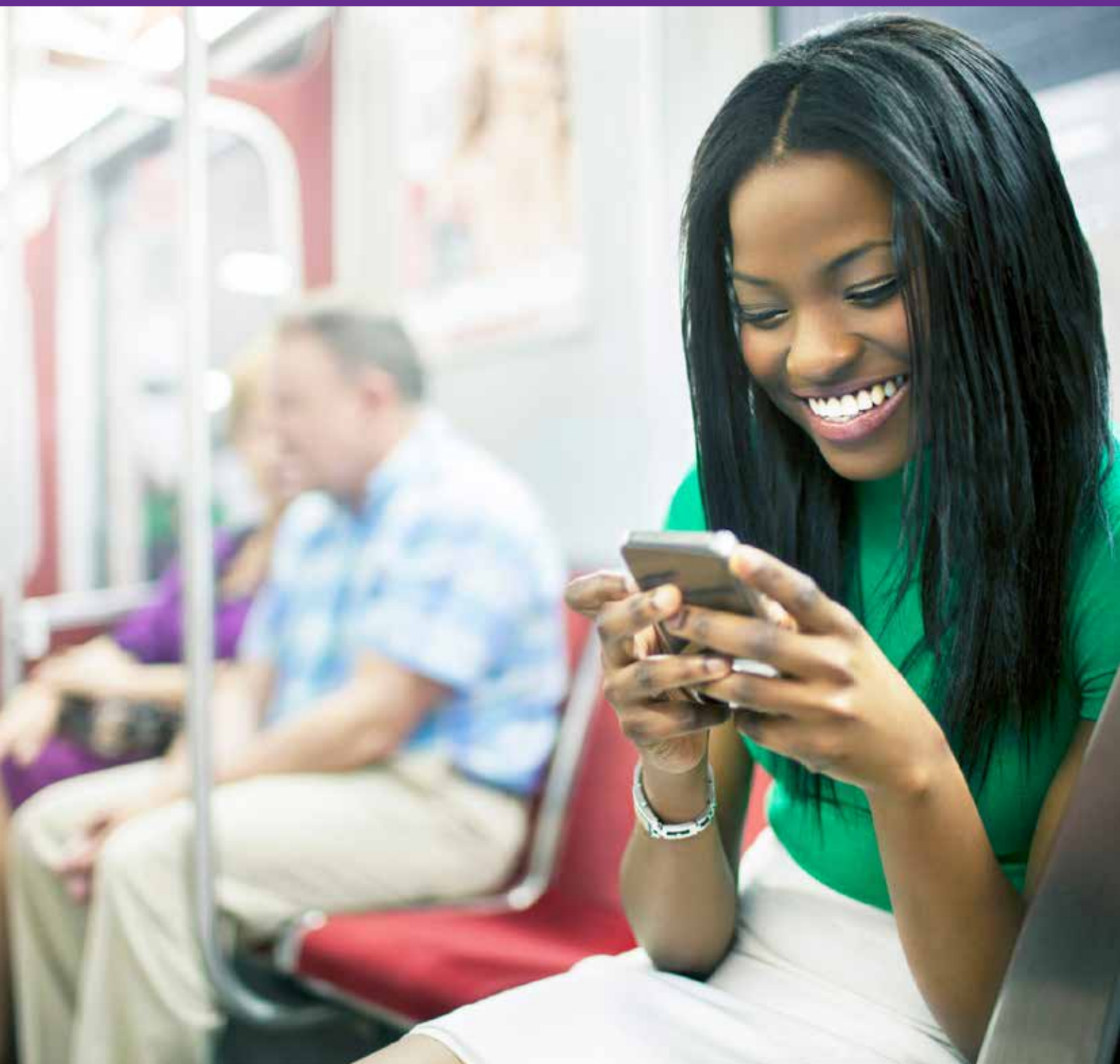


The digital customer

Closing the expectation gap through digital transformation



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A better digital customer experience plays a key part in improving customer satisfaction, competitive differentiation and customer acquisition.

Foreword

It is no surprise that improving the customer experience is a priority for CEOs. A better digital customer experience plays a key part in improving customer satisfaction, competitive differentiation and customer acquisition. CEOs are very clear about the role of digital transformation in developing these richer relationships with their customers.

Our 2017 research reveals that a majority of CEOs consider that they already deliver a digital customer experience that is 'good' (42 per cent) or 'excellent' (38 per cent)¹. But would their customers agree?

Online and mobile channels have dramatically raised the bar for customer service, and overturned traditional business models. Consumers and business customers expect a straightforward, individual and engaging experience every time they shop or interact with an organisation.

Today's digital customers use all sorts of new channels with enthusiasm, but still want to visit traditional stores, offices and branches. Smartphones and widespread connectivity let buyers switch with ease between channels – and between sellers – as they seek to fulfil their needs. Purchasing decisions are supercharged with information, and customers are less loyal and more difficult to retain.

And while companies may talk of 'omni-channel', customers never do – they might use several different ways to interact, but they only see one organisation. They expect that organisation to have a similarly all-encompassing view of them, and their current and past relationship and interactions. The biggest challenge for both consumer and business-to-business (B2B) companies is to create this single, seamless experience across all channels, along with all the personalisation, engagement and convenience that is the hallmark of a rich digital customer experience.

In this paper, we explore not just why, but how to create those amazing digital experiences: by aligning all the customer touchpoints – every contact, through every channel, digital and physical – to give a personal, wraparound experience every time. The outcome will deliver for both customers and businesses alike.



Thomas Duecke

President, Global Customer Service, Global Services

A handwritten signature in black ink, appearing to read 'Thomas Duecke', with a long, sweeping horizontal line extending to the right.

The biggest challenge for both consumer and B2B companies is to create that single, seamless experience across all channels.

Executive summary

Smartphones and widespread connectivity have turned us all into digital consumers.

The digital consumer switches between mobile and online channels, but still likes visiting bricks and mortar stores and branches. Digital consumers expect a seamless, personal and engaging experience, wherever and however they shop. Organisations are racing to catch up.

The problem is widely reported. Traditional businesses still have too many discrete channels, too many silos of customer information and too little integration of customer-facing processes. But customers expect everything to be joined up, and that the company will have easy access to their purchasing history and preferences.

It's very clear what customers want: they want transactions to be easy, the vendor to be available 24 hours a day, 7 days a week and their personal data to be secure.

CEOs may be optimistic about the digital customer experience they currently deliver, but there is a real mismatch between what digital consumers expect, and what is actually on offer.

The top two primary corporate objectives named in our recent CEO research are 'increase operational efficiencies' and 'improve the customer experience'. The good news is that in addressing the latter, organisations can also achieve the former. The key is to understand the customer journey, and align people, process and technology to deliver a wraparound experience at every stage. We've developed a structured approach, which will both allow you to review your customer experience strategy, and identify the technology that can simultaneously improve that experience, and reduce costs.

There is a mismatch between what digital consumers expect, and what is actually on offer.





Understanding the customer journey

The first step is to define the customer journey. What is important, and what are the key interactions?

The second step is to understand customer behaviours and expectations. Traditional market segmentations such as demographics or lifestyle are no longer helpful. We've found that there are three broad categories of digital customer behaviours² – visionary, utilitarian and customer in crisis; one individual can display all of these behaviours at different stages of their journey. Each customer needs an experience that is relevant at that specific moment in time.

At the third step, you are now ready to choose the right technology mix from three areas:

- Omni-channel breaks down the barriers between channels and information silos
- Automation and self-service allow customers more independence and reduce operational costs
- Proactive contact uses data analytics to create proactive and personal interactions

The final stage is to analyse customer interactions, and check that your digital customer experience is delivering the results you want. You'll be using metrics that evaluate the customer experience and show you where it can be even better.

Doing all this at speed and at scale is a challenge. Few CIOs will want to build the digital infrastructure that enables a great customer experience from scratch. There will always be a role for experienced partners, especially when it comes to integrating innovative solutions with existing enterprise systems, and delivering for customers without compromising security.

“Since we got the new [BT Cloud Contact] system I'm no longer a slave to the telephone. The effect's really noticeable at one-to-ones with my boss. I'm getting due recognition for what I do because it's suddenly become measurable and manageable.”

Kathryn Rogers, Lead HR Administrator, Thales

Customer experience is the benchmark when choosing between brands

In an age when customer experience is increasingly the benchmark for choosing between brands, it is good to see CEOs displaying high levels of confidence in the digital customer experience they currently offer. However, research suggests this confidence may be premature. For example, our Digital Customer 2017 research found that globally, 69 per cent of consumers say they find dealing with

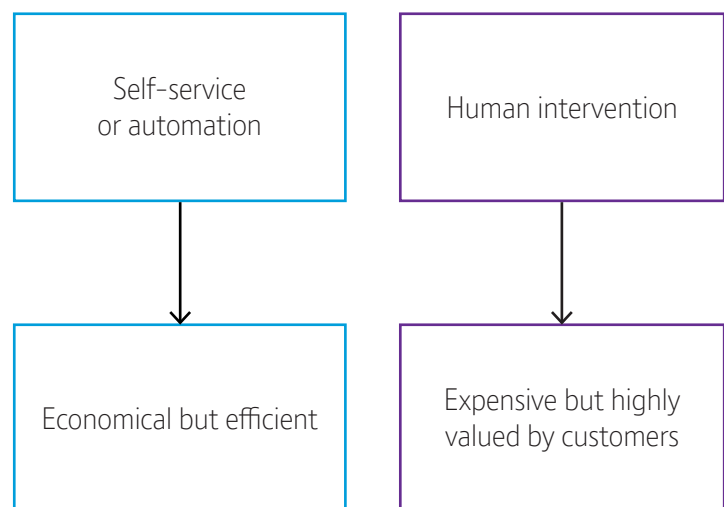
customer service issues exhausting³. While it is encouraging to see many CEOs so positive about their customer experience, the hard truth is that not all their customers would agree.

Consumers are more than willing to use telephone, online and mobile services, but they also increasingly expect their digital interactions to be underwritten by human

contact⁴. This is especially true when things go wrong, or a transaction proves too complicated to manage through purely digital channels. Customers want to contact a real person who can help. This raises the question: what's the right mix of self-service or automation (economical but efficient) and human intervention (expensive but highly valued by customers)?



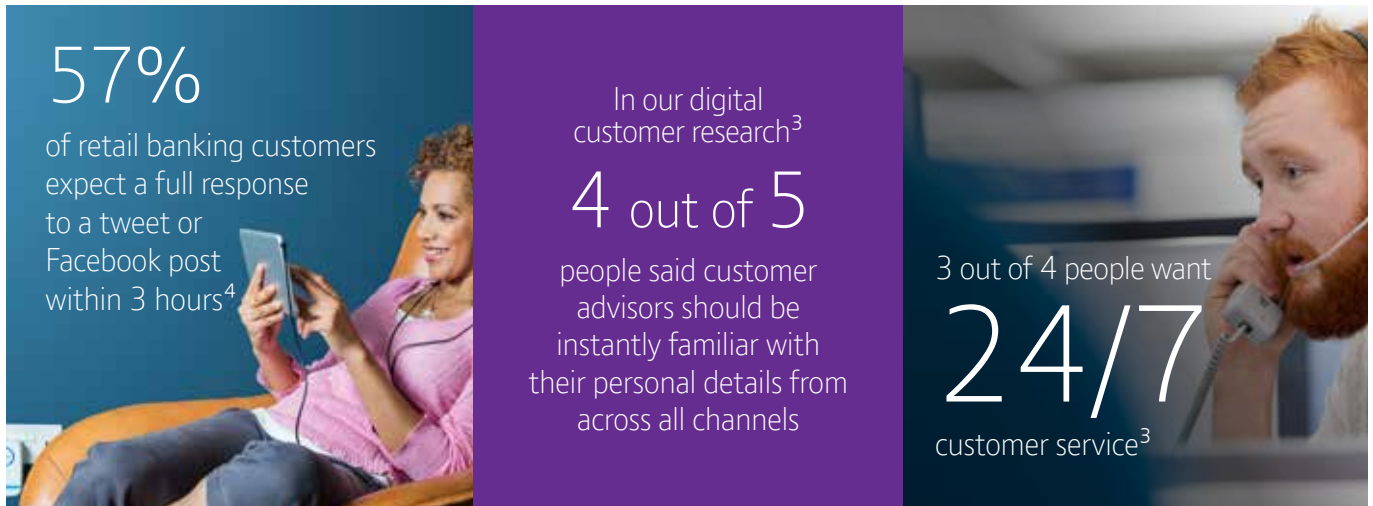
What's the right mix of self-service or automation and human intervention?



The man versus machine debate doesn't seem to be keeping CEOs awake at night. Instead, they say one of the biggest barriers to a better digital customer experience is insufficient understanding of what customers actually want or need¹. Interestingly, this is particularly high among retailers.

So what do customers want? Above all, customers want it to be easy. Globally, consumers say they buy more from organisations that make the customer journey easier for them⁵. They are happy to go with self-service, if it lets them get the job done without hassle.

Globally, 69 per cent of consumers say they find dealing with customer service issues exhausting.



Customers also want organisations to be available and it needs to be fast. Even though they routinely use a diverse range of channels (website, email, social media, telephone, SMS), consumers expect their personal data and shopping history data to converge, and be readily available across every channel.

Organisations need to do all this, while also keeping customer data safe. For example, any business that accepts card payments must comply with the global

Payment Card Industry Data Security Standards (PCI DSS), which enforces tight controls around the storage, transmission and processing of cardholder data. Then there's the General Data Protection Regulation (GDPR), due to come into effect in May 2018. The GDPR places greater obligations on organisations to protect personal customer data. The challenge for businesses is to comply, without compromising the level of personalised experience customers ask for.

The challenge for businesses, is to be compliant, without compromising the level of personalised experience customers ask for.

Dealing with new EU data protection regulation

The core implication of the General Data Protection Regulation (GDPR) is that organisations must design data protection into their business processes. In fact, GDPR makes explicit reference to this point. Companies must demonstrate that they have the necessary capability and controls in place to protect personal data.

More than ever, managing risk is a process; it is a task without an endpoint. Companies obviously must embrace digital innovation,

but at the same time they should address upfront all security and privacy questions related to any new initiative. Unfortunately, many companies still struggle with this. Business leaders may understand these principles, but that does not mean they have the capabilities to manage security accordingly.

Let's look at an example in the financial sector. Many of us would like to use our smartphones to access banking services, and dispense with

cumbersome authorisation steps such as the use of a card reader. The question is, how? How can banks create an easier customer experience without adding more risk? We think it is possible, but you must design data protection into business processes upfront. Trying to secure a product or service after you have scaled it up is much harder.

Guus van Es, General Manager,
Security Consulting Worldwide, BT

Closing the gap: understanding the customer journey

Customers want to interact with you in new ways, on their own terms. But let's be clear – just offering more alternative channels is not the answer. It's time to start thinking about each customer experience as a journey. Customers make decisions at each stage of the journey based on their motivation, context and attitude.

An organisation must understand the needs and objectives of customers who behave in certain ways, provide signposts and personalise every interaction until the customer achieves their goal, whether that's booking a flight, changing an account, stopping a service, or reporting a fault.

Many customer experience strategies continue to make the same mistake – they tend to silo communication channels. In other words, what happens in the physical space, like stores and bank branches, stays in the physical space, and the same applies to digital channels.

There can also be silos within silos. For example, the social media team may not have access to the same systems as the telephony team, and the contact centre agent might not have an email address. This 'channel blindness' means that customers have to work hard as they switch between them.

Integrating digital channels into traditional physical environments is challenging. But with the right digital transformation strategy, it is possible to achieve the appropriate balance between high-quality customer experience and cost control. For example, phone contact remains popular, but by applying new technologies such as voice biometrics for identification and verification, companies can make using the phone easier, faster and more secure for their customers, while reducing call centre costs.

Consumers also show an interest in using technologies such as video and web chat, and the deployment of such technology, can enable the organisation to make the most of its valuable human talent and skills. Combining people with technology also enables the organisation to contact customers proactively, and create more positive interactions with them.

Despite the confidence of the CEOs we recently polled, there is still a gap between what digital consumers want today and what is currently provided by the organisations they buy from. There remains significant work to do to deliver the right digital experience for customers.



Many customer experience strategies continue to make the same mistake – they tend to silo communication channels.

A practical approach to building a wraparound digital customer experience

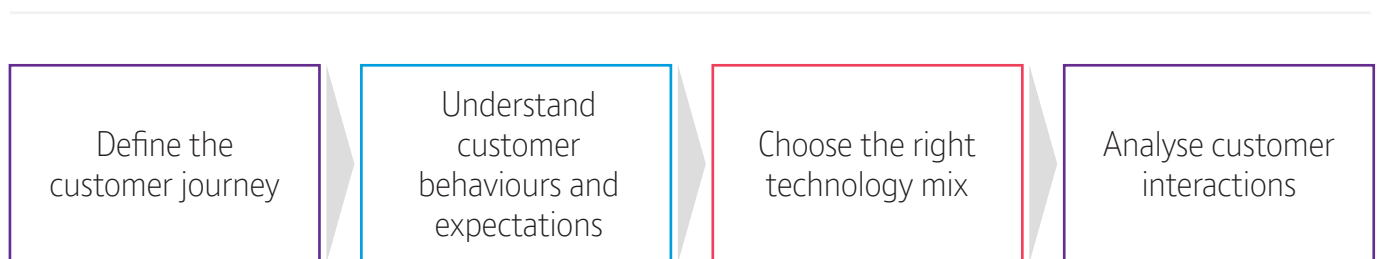
To help organisations move ahead with digital transformation, we've developed a structured approach that brings business and technology together.

We'll help you look objectively at your customer experience strategy, and only then identify the technology that can simultaneously improve that experience

and reduce costs. This approach will help you work out where you are now and how to progress along the digital pathway to deliver the seamless, hassle free experience that customers want.

The first step is to define existing customer journeys, then understand why customers are behaving as they do. With

this knowledge, you can begin to choose the right technology mix and, in the long run, monitor and analyse customer interactions (using feedback and metrics such as cost per transaction) so that you can continually refine and enhance the overall experience.



1. Define your customer journeys

Digital customers are blending the digital and physical worlds to interact directly and indirectly with you. They're dictating the stages in the journey, and they're choosing how, where and when they interact with you at each stage.

The challenge is to ensure quality and seamless interactions across all the touchpoints on that journey.

There are many different customer journeys – making a reservation or a

purchase, cancelling a service or logging a complaint. The first step is to define which journeys are important, identify the key stages, and highlight all the points where customers come into contact with your organisation.

Questions to ask yourself

- What are the main objectives a customer will have for contacting you?
- What do you want out of the transaction (to try and make both sets of objectives compatible)?
- What are the relative priorities of the journeys for both the customer and the business?
- How successful, or not, are the current transactions (using collected data)?

2. Understand customer behaviours

The second step is to understand customer behaviours and expectations. How customers behave and what they expect at each stage of the journey is not a function of their age, nationality or wealth. It's a function of what they're trying to achieve. In short, customers are goal-centric.

Understanding what customers are trying to achieve, how they feel, and the actions they'll take as a result, will allow you to give them optimal technical treatment. This is beneficial for the customer's experience, and also for cost – as it will help you to focus on the touchpoints that matter most in the journey.

Despite traditional segmentations by demographics such as age, location or wealth, customer interactions with organisations may not be influenced by any of these factors. Customers make decisions based on their motivation, context and attitude – what they hope to achieve, how they feel about it and their past experiences.

Customer behaviour can be categorised into three broad groups², but one person can behave in three different ways – even in a single journey. When you understand this you can give them the relevant customer experience:

How customers behave and what they expect at each stage of the journey is not a function of their age, nationality or wealth. It's a function of what they're trying to achieve.

Types of digital customer behaviours



Visionary customers are seeking to develop themselves or their lifestyles through the purchase of a product or service, such as moving house or booking a holiday. They're usually in a positive and motivated state of mind, and willing to invest time researching the product or service – especially if it's a large investment or has associated risks. Visionaries are driven by achieving their goals and want access to channels that can help them get there, but they also want to enjoy the task at hand.



Utilitarian customers simply want to fulfil routine, mundane tasks, like paying a bill or buying groceries. Such tasks are considered emotionally neutral (if they go as expected) and low value in terms of the customer's time and energy. Anything that saves time, effort or cost, and adds value, is seen as positive by the utilitarian customer. They don't look for the 'wow' factor or expect enjoyment in the interaction; they just want to get things done quickly.



Customers in crisis need a solution to a problem with their product or service – reporting a fault or getting advice, for example. They are often driven by frustration, anger, worry or other negative emotions. They want recognition that their problem is important and reassurance that it will be solved. Customers in crisis prefer traditional channels such as face-to-face and phone contact, which provide reassurance, and they're less tolerant of channels that don't help them achieve their goal.

Questions to ask yourself

- How do people currently interact with you (again, look at your analytics)?
- What causes the shift when customers move from one type of behaviour to another?
- What is the balance of human and automated interactions that would be right for each customer behaviour and journey?

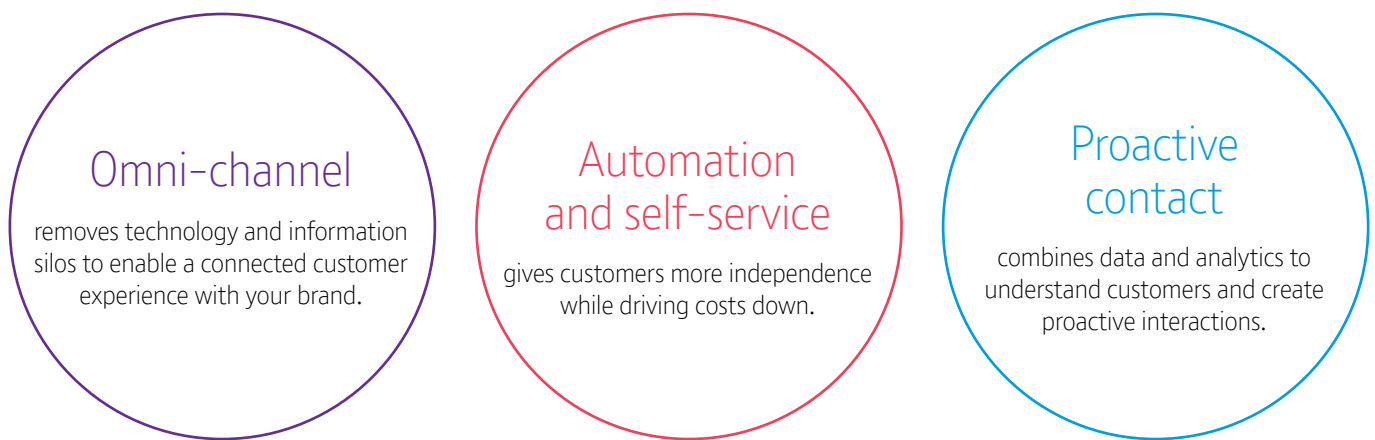
3. Choose the right technology mix

By this point you're committed to enhancing your digital customer experience. You may currently be focused on the voice channel as a way to service customers, but know you need to do more. It's important to note that voice is

not being replaced – in fact it's still very much one of the key ways that customers want to interact³. But you can't ignore the way customers are switching between channels to help them achieve their goals.

Voice is not being replaced – in fact it's still very much one of the key ways that customers want to interact.

Digital customer experience innovations can be grouped into three key technology areas:



These technologies are capable of transforming the customer experience. But to make it all work, and so that you can improve customer advocacy and reduce costs, you need to have fully reviewed your customer journeys.

Questions to ask yourself

- Have you assessed the infrastructure you currently use for customer service? Identifying the longevity, supportability and desirability of the components will help locate where you can re-use legacy technology.
- Have you agreed your own technology roadmap? Start with your requirements and priorities based on commercial and operational constraints, before working out a running order for the introduction of features and technology into specific business units and personas.
- Is the business case built using a cost / benefit framework? Confirm the cost of running existing technology versus the cost of introducing new technology, and consider the cost of parallel running.
- Do you have a thorough communications plan to maximise the use of existing technologies?
- Have you carried out an audit, considering not just your end-customer personas, but also the ways they interact with your brand across different channels and geographies?
- Are you confident that you have the resources required for supporting the transformation identified and scheduled? Set up a full transformation project team, including risk management.

4. Analyse customer interactions

Successful innovations are those that customers want, organisations need, and technology can deliver. At the end of this four-step approach, you'll want to make sure it is delivering everything you want. It's time to analyse the customer journey and interactions, find out if the journey is smooth, and whether the experience is great for the customer, and, ultimately, what this is really costing your business.

Improving customer advocacy will help you boost loyalty and gain revenue. But at the same time not everyone wants to spend more on the experience. It's possible to use new channels to both reduce cost, and improve the customer experience. That's why it's important to assess the actual costs and benefits of new customer experience technology and services.

Successful innovations are those that customers want, organisations need, and technology can deliver.

Questions to ask yourself

- How are you analysing customer feedback so that you can assess if the new, redesigned customer journeys are meeting customers' expectations?
- Are you monitoring the voice of the customer (VOC)? e.g. through net promoter score (NPS). Have you considered setting up a team to manage and regularly monitor this?
- Do you know your cost per transaction since this is a key metric behind the cost benefit analysis of the investment?



In conclusion

The so-called FANG (Facebook, Amazon, Netflix and Google) have changed customer expectations of service, engagement and response. More traditional companies are under real pressure to catch up. Using digital technology to transform the everyday customer experience is, quite rightly, high on the boardroom agenda¹. However, it is important to resist the temptation to throw every new technology at the problem.

Digital innovations only work when three things come together: customers want it; the business needs it; and the technology can deliver it, reliably and at scale. Miss out one of these, and the desired transformation may not occur.

Using cloud-based contact centres and omni-channel services can help you to overcome the restrictions of ageing legacy infrastructure, as well as ensure compliance with data protection legislation.

In turn, this builds consumer trust in the way personal data is handled. It is also possible to combine improving the customer experience with increased efficiencies and reduced spending. Properly executed, a digital customer strategy can contribute to lower costs.

Doing all this consistently, securely and at scale is a significant challenge. Companies who are committed to delivering a great digital customer experience will be looking for and leaning on technology partners they can trust.

Digital innovations only work when three things come together: customers want it; the business needs it; and the technology can deliver it, reliably and at scale.



“With the intelligence that’s been delivered through this [virtual contact centre] technology, we’ve been able to increase productivity to 75 per cent.”

Head of contact centres, global airline

BT – your digital customer experience partner

The BT portfolio has all the technology solutions you need to create a great digital experience for your customers, including connectivity, collaboration and contact centre services, all delivered through the cloud. Our integration expertise helps you bring all of these together, reduce complexity, and control the costs of digital transformation. Our technology strategy, the 'Cloud of Clouds' lets you connect easily and securely to the applications and data you need globally, with direct connectivity to third party cloud providers.

BT customer experience consultants work with enterprises throughout the whole customer journey, from defining strategy to determining the right digital roadmap across all areas of the business model. Importantly, we then work with the organisation to implement new solutions and integrate them with existing services. We also manage customer experience services for many global companies, helping them to overcome the shortage of IT skills and maximise return on

investment. Our single global retail help desk supports 11 languages, and we're a global company ourselves, delivering services into 190 countries.

Our security practice draws on all the knowledge and expertise we use to protect the BT network and corporate assets from cyber threats, to help our customer defend their own infrastructure. The security team includes more than 2,500 experts, working from 14 security operations centres around the world.

BT is a technology leader with a strong innovation programme. Technology scouting programmes and R&D investment allow us to share our insights into up-and-coming technologies, and help our customers to be ready to make the most of new capabilities in their own business. We have extensive experience developing and implementing digital technologies for retailers and branch-based businesses, which will continue to play a role for digital customers.

“If we had to leave this office tomorrow, we could continue to take customers' calls on BT Cloud Contact. That's very powerful.”

Andy Barnett, Head of Customer Service Operations, Siemens Healthineers

Our single global retail help desk supports
11 languages,
and we're a global company ourselves, delivering services into
190 countries

The security team includes more than
2,500 experts,
working from
14 security operations centres
around the world

We're already working with retailers, banks and airlines around the world, sharing our experience and skills to help them better understand their customers and shape the right digital experience for their brand and business. For the CEO or CIO, for whom digital transformation of the customer experience is a priority, BT is the partner to choose.

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Find out more at: www.bt.com/digital-customer

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