Making the Shift to the Next-Generation Enterprise
(a multipart series)

Future of Work Enabler: Customer Empowerment and Engagement

Meeting the needs of the empowered consumer by providing a consistent, cohesive and compelling customer experience.
Executive Summary

Have you met the new consumer?

- She likely knows as much as you do about your business’s products and services.
- He probably uses his smartphone to research competitive pricing and availability when in your store, hotel or bank.
- She has no patience for promotions or offers that don’t target her directly, especially when she provides personal information.
- And when the interaction moves from your brand’s Facebook page to an online chat, mobile Web, contact center or brick-and-mortar outlet, she expects the processes and policies to be consistent across these channels and for each one to pick up where the other left off.

Enormously informed, always-connected, highly expectant – this is the new consumer, aided and abetted by social, mobile, analytics and cloud technologies (or the SMAC Stack™). Whether it’s millennials who have grown up with a smartphone and a social media mindset, or digital immigrants slowly but surely adopting these new behaviors, customers are using the latest technologies to manage their lives, and they expect their business interactions to be no different.

New consumer behaviors are impacting all industries, but much can be learned from retail, as this industry has long been focused on customer centricity. Each step of the retail journey – research, shop, transact and post-sale – is now performed in multiple and sometimes simultaneous channels. A shopper who sees a product in a catalog might research it further via the mobile Web, check out the comments on the retailer’s Facebook page and “pin” it, sparking interest among her Pinterest followers. She might head out to the store on her lunch break to see the item in person and check her mobile device for nearby deals and customers’ ratings and reviews.
At home that night, she might chat with a service agent by phone and then complete the transaction online, receiving an e-mail receipt and then tweeting her plan to pick up the item the next day in the store. When she realizes she’d prefer another color, she might try to return it at the service desk and order a different color at the in-store kiosk. And if any of these interactions exceeds or falls short of her expectations, she won’t hesitate to let others know – and word spreads quickly on social networks.

Clearly, whether in retail, travel/hospitality, financial services, insurance, technology or media/entertainment, forward-facing enterprises need to devise a holistic strategy for engaging with and empowering the new consumer, using social media, Web and mobile tools. Doing so is one of the eight enablers companies need to consider when mapping their journey of reinvention for the new world of work, as described in our overview paper, “Making the Shift to the Next-Generation Enterprise.” In this installment, we will look at the many choices and considerations businesses must make when forging a customer-centric strategy and choosing the tools, technologies and policies to empower and engage with customers.

### Mapping the Enablers to the 3 R's

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Figure 1
Understanding Today’s Customer

It’s no wonder that “customer centricity” and “customer experience” are popular phrases among the C suite and business leader circles. With seemingly endless product and service options available to them on the Web, customers today are less loyal to a particular brand or company, and they expect the same variety from how they shop, pay or take delivery. Convenience and efficiency are now table stakes — when most consumers (74%) will abandon a Web page if it doesn’t load on their mobile device in five seconds," you can imagine the turnaround they expect when they lodge a complaint or request information.

Customers are also more informed, whether by the opinions and reviews found on social media or the more direct information available on vendor Web sites. In our 2013 shopper study, conducted with Retail Information Systems News (RIS), we found that 80% of shoppers research online before making a purchase.2 Similar behavior exists in the travel industry, where over 60% of travelers use mobile devices frequently to aid their travel process.3 In fact, customers today are rarely without their smartphones — according to Morgan Stanley, 91% of adults always have their smartphone within arm’s reach, while IDC Research says most check their phones within 15 minutes of waking up.4

How Service Stakes Have Risen

Personalized service is becoming increasingly important to customers.

Response base: 2,500 shoppers in the U.S. and Canada
Figure 2
Millennials in particular rarely disconnect from the mobile Web or their social networks and even engage with multiple devices simultaneously. Such multitasking not only keeps them distracted, but it also gives them a lot of power — with one creatively worded (or recorded) rant, they can cause a public relations emergency. The opportunities for companies to interact with their customers are manifold, but the competition to win mind share and generate action is greater than ever before.

And it doesn’t stop there. Customers today also want ultimate flexibility in how, when and where they engage with companies, and they expect those interactions to be handled by well-trained and knowledgeable associates. Increasingly, customers also expect businesses to “know” them by offering relevant, personalized and localized service and deals, delivered just when they need it (see Figure 2). And amid all this, customers also crave the element of surprise — in a world where 800 apps per second are downloaded from the Apple App Store alone, novelty is the name of the game.

Creating a Customer Empowerment Strategy

These new customer behaviors will only become more entrenched as social/mobile use spreads. Faced with this reality, many companies make the mistake of taking a tactical approach to changing their customer experience. They move in multiple directions at the same time, with no holistic plan in place. We propose a four-pronged approach for developing a customer empowerment strategy and a customer experience that is cohesive, consistent and compelling.

Overhaul the Business Model

The most important element of customer empowerment is revising the business model so that the customer is truly at the center. While this advice is commonly given, ample evidence suggests that very few companies actually implement it.

In order to be truly customer-centric, business leaders need to think like a customer and view their business from the outside-in, experiencing it as a customer would. Today, that means taking a look at all the channels through which you interact with customers and rationalizing those points of engagement so that the company appears as one single entity, sometimes called an “omni-channel” approach (see Figure 3).

The Omni-channel Approach to Shopping

The non-linear shopper journey begins and ends anywhere.
Omni-channel is the new belief system in retail, particularly given the criticality of aligning physical and virtual storefronts; with its early momentum, retail has many lessons to offer other industries that will similarly need to pursue omni-channel strategies. The underlying belief is that channels cannot be treated as silos and that the experience needs to be cohesive and relevant across them.

In an omni-channel business, a customer is recognized as a single individual, no matter which channel he or she is engaging in. Too often, companies treat their bricks-and-mortar business as one silo and their digital operations as another, relying on marketing to drive traditional promotions, for example, and the e-commerce group to drive online deals. As a result, when a customer purchases $100 worth of goods in a physical location and $50 from the same company online, she’s not seen as a $150 customer but as two customers, with two spending buckets. Or, an interaction or transaction that starts online, for instance, breaks down when a customer tries to return a purchased item in the physical location.

In order to move toward an omni-channel capability, businesses need to forge new lines of communication among business functions, applications and technology systems. Instead of operating as separate business units, businesses need to work together in partnership. This is particularly true for the IT and marketing functions; it’s never been more important for the CIO and the chief marketing officer to forge a close partnership to leverage common creative assets, collaborate on strategies and share technology resources.

It means pulling together the data that resides in the various functions’ IT systems and applications so that it can be viewed and shared across the enterprise. The IT function needs to be nimble and able to quickly respond to customer-centric strategies.

Get to Know Customers as Individuals

The second element of customer empowerment is recognizing customers as individuals, with a particular set of preferences and needs. Today’s customers increasingly expect businesses to recognize those preferences and provide personalized interactions. This means developing a holistic and up-to-the-minute view of who their customers are across all touchpoints and understanding their preferences, even interacting with them, at an individual level.

Using available data and advanced analytics, businesses need to reevaluate and redefine previously established customer segments that were based on demographics and lifestyles, and update them with actual information on their digital behavior and how they interact with brands online. Every action that an individual makes online – a product selection, a Web site click, a “like” or “share” on social media – produces volumes of information that create a unique virtual identity – something we call a Code Halo™. Businesses that learn to decode the digital information
contained in Code Halos can not only better understand how customers want to interact and transact, but they will also realize unprecedented levels of insight and business value by connecting the dots across channels and interactions. (For more on this topic, see our white paper “Code Rules: A Playbook for Managing at the Crossroads.”)

Even more opportunities open up for companies that make distinctions about what customers need and desire in the different roles they inhabit in their lives. For example, the same customer may want to interact with a brand differently on a weekday evening on the way home from work vs. a weekend morning on the way to the gym. Depending on time, place and channel, they will expect the experience to align with their shopping motive. To do that, companies can’t peg customers with one profile; they need to understand the customer through a prism that accounts for several personas – the busy working woman with leisure time on the weekend but time constraints during the week who wants a different experience, depending on her mission.

Few companies have incorporated this level of technographics into their customer profiles. Without it, companies cannot optimize their customer interactions; for instance, they might send e-mail promotions to customers who would be more responsive to text messages.

**Define the Business Value You’re Trying to Achieve**

Let’s face it, the rise of the social/mobile customer has been a fast one, and many companies – particularly more traditional businesses – are concerned about missing the boat on the new opportunities these new behaviors introduce. As a result, many companies move quickly into new initiatives without first determining their business goals and priorities.

An example is a company that recently launched a multimillion-dollar omni-channel transformation program. When asked why, the company responded, “Everyone else is doing it, so we have to, too.” There was no real business strategy or end goal, however, or even a sense of what customers cared about or how the program’s success would be measured. The company was just anxious and antsy and felt it had to do “something.”

While a company might get lucky diving in without a full-fledged strategy in place, it’s not a chance worth taking. Businesses need to establish what they are trying to accomplish – gain market share, boost new customer acquisitions, drive more value from existing customers, attract more traffic to digital channels, improve online conversion rates, enlarge basket size – and align their initiatives with those goals. Otherwise, they are focused on building capabilities that may have minimal impact on business performance.
Identify and Pursue the Highest Value Tactics

Only after companies shift to a customer-centric business model, use analytics to better segment customers and prioritize their business goals are they ready to select the particular tactics to pursue for customer engagement and empowerment. There is no one right answer — the tactics that are pitch-perfect for one company will not be the same for another. It’s a matter of choosing the tactics that will drive the desired business value for the customer segments you wish to serve.

Tactics that companies typically deploy include the following:

- **Mobile capabilities**: Depending on their goal, companies might pursue a range of capabilities to capture customers’ attention through their mobile devices. These include mobile apps or mobile Web sites that provide streamlined experiences for people on the go (such as fast food establishments that enable quick pickup for online orders). Or they may leverage near-field communications capabilities to send localized offers at the right time and place.

- **Social**: Businesses need to move beyond pursuing “likes” on their Facebook pages, to higher-value social media opportunities. Examples include monitoring social media activity to identify and resolve product and service issues; engaging in forums to contribute (meaningfully) to relevant discussions; extending services and
transactions to social media sites (such as promotional contests on Facebook or the ability to print Instagram photos, as Walgreens does); and alerting customers to recent purchases made by their social media contacts. Companies can also use popular social media sites (Twitter, Instagram and YouTube, for instance) to embed their brand into the consumer zeitgeist; however, there are more ways to get this wrong than right, as evidenced by AT&T’s tweeted 9/11 promotion, Tesco’s tweeted pun following a horsemeat scandal and other social media blunders.

- **Web:** Companies are seeing continued growth in their online businesses, but Web sites are more than just a sales channel; they can augment the customer experience across all customer touchpoints. For instance, an eyeglasses retailer might lower the cost of service and increase customer engagement by offering a virtual “try-it-on” capability on its Web site, as well as the ability to order sample eyewear. The brick-and-mortar locations then need to maintain a contiguous customer experience by understanding what transacted online, offering similar policies and ensuring consistent pricing and promotions.

Real differentiation comes from empowering sales people to make decisions that can “rescue the sale.”

- **Interactive store experiences:** Our retail studies all point to the same conclusion: Customers still value the physical experience. At the same time, customers will no longer be satisfied with an in-store experience that fails to adopt digital capabilities such as rich product information, self-service options and interactive experiences. Here again, channel consistency is key. An example of a retailer that “gets it” is Burberry, which embeds RFID tags into merchandise that project multimedia content about the item onto store mirrors, such as insight into the product’s craftsmanship or a video of how the item was worn on the catwalk. “Walking through the doors is just like walking into our Web site,” former Burberry CEO (now Apple retail chief) Angela Ahrendts has famously said.

- **Personalization/targeted offers:** Customers are well aware that companies collect information about what they buy and when they buy it; it’s no wonder they expect that data to be used intelligently, in the form of personalized offers that they, as individuals, would value. Further, given that many customers carry a smartphone, it’s possible to offer not just personalized but also localized discounts and promotions that are particularly valuable at an immediate time and place, using both historical intelligence and real-time information of where the customer is and what he is doing, down to the store aisle in which he is browsing.

- **Better enabled store associates:** As much as digital behavior has become an overriding influence on consumers, brick-and-mortar locations are still an essential piece of any business’s customer empowerment strategy, with four out of five purchases still occurring in stores, according to our 2013 shopper survey. The key is arming sales associates with the tools, information and training to provide higher levels of service than ever before. (For more on this topic, see our white paper, “Retail Gets Personal.”) Many businesses start by providing store associates with a Web-connected tablet, and that’s a good start — with Web access, the salesperson can see the same information that the consumer can. However, beyond technology enablement, real differentiation comes from training sales people to sense the customer’s true motivation and empowering them to make decisions that can “rescue the sale.” This can mean matching a competitor’s price, looking up inventory information at nearby locations, arranging for home delivery or otherwise serving the shopper to the extent that it isn’t worth it to go elsewhere (see Figure 4, next page.).
Moving Forward with Customer Empowerment

Whether in retail or any other industry, understanding and engaging with the new customer is a challenge for all businesses leaders. However, the fundamentals of product, price and service are just as relevant as ever. Even while devising and executing on their customer empowerment strategies, businesses cannot take their eye off providing the most relevant products at the right price points and surrounded by excellent service, both in the store and online. This is true all the way to the completion of the transaction and beyond, to post-sales service. At each and every one of these touchpoints, businesses have the ability to leave the customer frustrated, satisfied or thrilled with the experience.

Companies that win will refrain from jumping into an initiative before thinking through the four steps: moving to a customer-centric business model, using analytics to get to know customers, establishing their business goals and identifying the highest value tactics. With a strong foundation and a unified approach, companies can meet and even exceed the expectations of today’s empowered customer.
Footnotes


About the Author

Shannon Warner is an AVP within Cognizant Business Consulting, providing digital transformation business advice to retail, consumer goods, manufacturing, travel, hospitality and utilities/energy companies seeking to provide cohesive, relevant, value-added customer experiences across bricks-and-mortar, Web, mobile, social media and call center touchpoints. Shannon’s areas of expertise include digital commerce, digital information strategy and management, customer experience management, digital marketing and loyalty, and program management. She can be reached at Shannon.Warner@cognizant.com | LinkedIn: www.linkedin.com/in/shannonlwarner/.
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