Report

The New Rules for a Tech-Empowered Customer Experience

Insight ®

Foreword

Whether you like it or not, your customers aren't the same as they were five years ago. And in the next few they'll transform again.

The vast majority of people have accepted this now, with **90%** of the business leaders we surveyed expecting a shift in customer behaviour in the next five years.

And so much of this change is driven by the evolution of technology.

According to Gartner there are **currently 8.4 billion** connected 'things' in the world, up **31%** since last year.

That's **31%** more potential opportunities to connect with your customers in some way. And this figure will only continue to grow.

But as technology advances so does everything around it: the way we live. The way we work. The way we expect things to be. And the changes are happening faster than most can keep up with.

In an increasingly digitalised world, these changes mean pleasing the customer has never been harder. Organisations are under immense pressure to deliver unique, valuable customer experiences and customer services.

But what do we mean by 'customer' and the '**customer experience'**?

From citizens interacting with public services to when banks invest in software to support the back-office, our survey looks across a breadth of industries, organisations and business sizes.

We surveyed senior business leaders from companies with 500+ employees across the UK in order to better understand their hopes and fears, challenges and opportunities with regards to their customers, as well as the role technology plays in underpinning these.

So how do business leaders feel about all this? Are they worried? Are they ready for what's ahead?

The results have been eye-opening.

While **86%** believe digital technology has enabled the evolution of organisations and the creation of new services, many are struggling to put theory into practice.

This is particularly concerning when you consider that **76%** of European consumers will ditch businesses that don't meet their customer experience expectations, according to research by Quadient. Those that don't manage to get to grips with these challenges soon risk losing their customers to competitors.

On the plus side, however, there is a real opportunity for those who invest and innovate quickly. PwC expects 'first movers' – i.e. those that deploy new digital technologies before others – to enjoy revenue gains of more than **30%** and cost reductions of **30%** again.

Whether cloud, data analytics, AI or another technology, organisations are still coming to terms with how to use these technologies to shape their organisations in the right way.

But only when they are **managing the use of technology** effectively, can organisations look to transform.

It's fair to say the future just got very, very interesting.

Emma de Sousa

Managing Director UK &
Vice President of Marketing EMEA, Insight

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The customer experience itch

By this point the phrase 'customer experience' is in serious danger of entering tired buzzword territory.

But of all the overused business phrases out there, this is the one you shouldn't ignore.

Why? Because it actually matters.

Today consumer expectations go way beyond traditional differentiators like product or price. They want a personalised service. And they want that service to be consistent, whether they're speaking to you on the phone or reading the frequently asked questions on your website.

The business leaders we surveyed are very much aware of this change – **90%** of them expect a shift in customer behaviour over the next five years.

Despite this acknowledgment of change, there seems to be some confusion as to where the responsibility of customer service lies. This is widely disputed with **two fifths (41%)** believing IT departments are responsible, a third point to marketing, two thirds to sales and operations, whilst a fifth even think finance have a vital role to play in managing this.

81%
of business leaders plan to increase their investment in improving customer experience.

To help mitigate this, it's positive to see **81%** of business leaders plan to invest more heavily into improving the customer experience in the next year, largely on specialist teams and partnerships to help tackle the impact of digital transformation on customer relationships.

What's worrying however, is that only **22%** are looking to create a business transformation team, with **less than a fifth (19%)** not investing in one at all.

> "In an increasingly digitalised world, in which the relationship between business and customer has transformed, there is real pressure on businesses to deliver personalised, relevant and meaningful customer experiences."
>
> **Emma de Sousa**
> Managing Director UK &
> Vice President of Marketing EMEA, Insight

On the other side of the coin, it's positive to see that a staggering **60%** already have transformation specialists in place, which will likely make the transition easier for them.

So what will this predicted shift in customer expectations look like?

According to **47%** of our respondents, the greatest changes will be always-on, high-speed access to cloud-based services and a willingness to engage with digital channels or assets.

More than half (56%) said customers will value personalisation most, while **49%** said convenience.

The top three of those challenges to delivering good customer service are:

• Speed **(46%)**
• Personalisation **(43%)**
• A lack of understanding of the necessary tech required **(42%)**

If they could transform their customer relationships, **47%** of business leaders would like to challenge their customers to think differently and stay one step ahead of the market.

Again, this all links back to one specific issue: markets are moving faster than ever, and without the right digital tools in place it will be impossible to keep up with more **tech-savvy competitors** in future.

More than half (56%) said customers will value personalisation most, while 49% said convenience...

*...yet **9 out of 10** organisations are facing challenges when trying to deliver good customer service.*

Driving customer service with technology
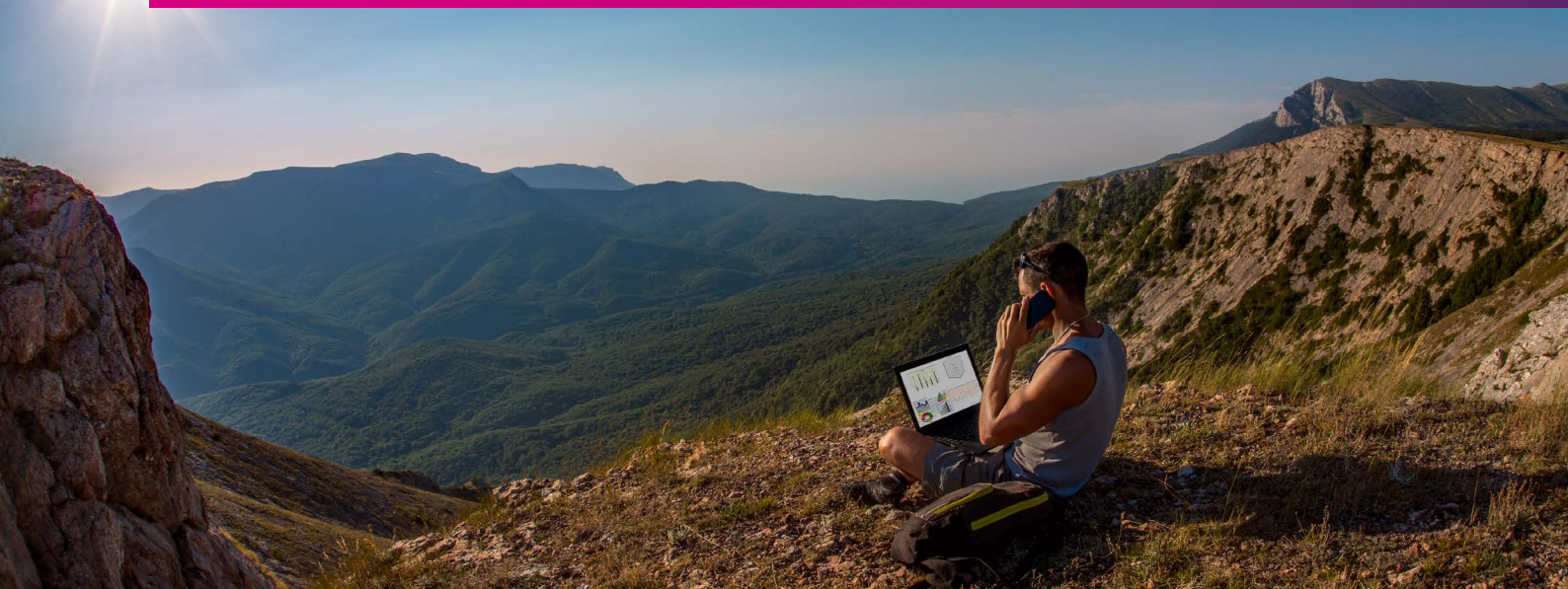
If technology seems to be the answer to everything these days, that's because it is everything.

Or rather, everything is underpinned or at least in some way powered by it.

In the world of customer service and the customer experience, this is no different. In fact, as far as organisational operations go it's arguably one of the areas where technology can and has had the biggest impact of all.

In fact, **79%** of the business leaders we surveyed believe digital is important and **86%** agree it has enabled the evolution of organisations and the creation of new services.

But are business leaders really ready for the digital age? They certainly seem to believe they are.

9 *out of* **10** *business leaders think their business is ready to meet the demands of the digital customer.*

However, despite this optimism, less than half **(45%)** of business leaders still hope to further enhance the customer experience by implementing new technology.

Whilst **45%** is still demonstrative of a large proportion of business leaders hoping to further enhance the customer experience with technology, when you think about how many organisations there are in the UK, the fact that over half still don't have these plans to implement technology is quite eye-opening when considering the **clear benefits**.

And they put greater importance on this than other tech-enabled improvements, suggesting the customer experience really is king in today's economy.

Just **39%** said streamlining business processes is a priority for IT investment, while only **38%** pointed towards improving cybersecurity.

If you go back a few years you would likely see those latter two objectives far outweigh the first one. It just goes to show how strongly organisations are shifting towards a customer-centric approach, and technology is **powering this new strategy**.

As for the specific form that technology might take, three tools in particular stand out as being potentially beneficial to customer relationships:

- Data analytics **(53%)**
- Mobile applications **(47%)**
- Artificial intelligence **(37%)**

But it's not just organisations that are changing their attitudes and approaches to IT investment. Our report also highlighted a number of shifts in customer sentiment towards certain technologies that could have a significant impact on customer demand in future.

Three of the biggest shifts according to respondents are

- Always on, high speed access to cloud-based services **(47%)**
- Increasing demand for mobile-first transactions for almost half **(46%)**
- Acceptance of chatbots or other AI-driven interactions for over a third **(36%)**

Any companies that plan to be in tune with the wants and needs of their customers in the coming years would be wise to bear in mind the above points when planning any new tech investment.

Of course, there is one ongoing hurdle that particularly affects the larger and more established companies out there: overhauling **legacy IT systems** quickly enough to keep up with these evolving demands.

And with **only half of respondents** describing their organisation as 'digital-first', clearly this is going to be a problem for a huge number of organisations.

It's also worth noting that while digital is seen as hugely important, most don't believe you can create a great customer experience with technology alone.

We won't be seeing customer service agents replaced by robots any time soon, then.

The value that data holds
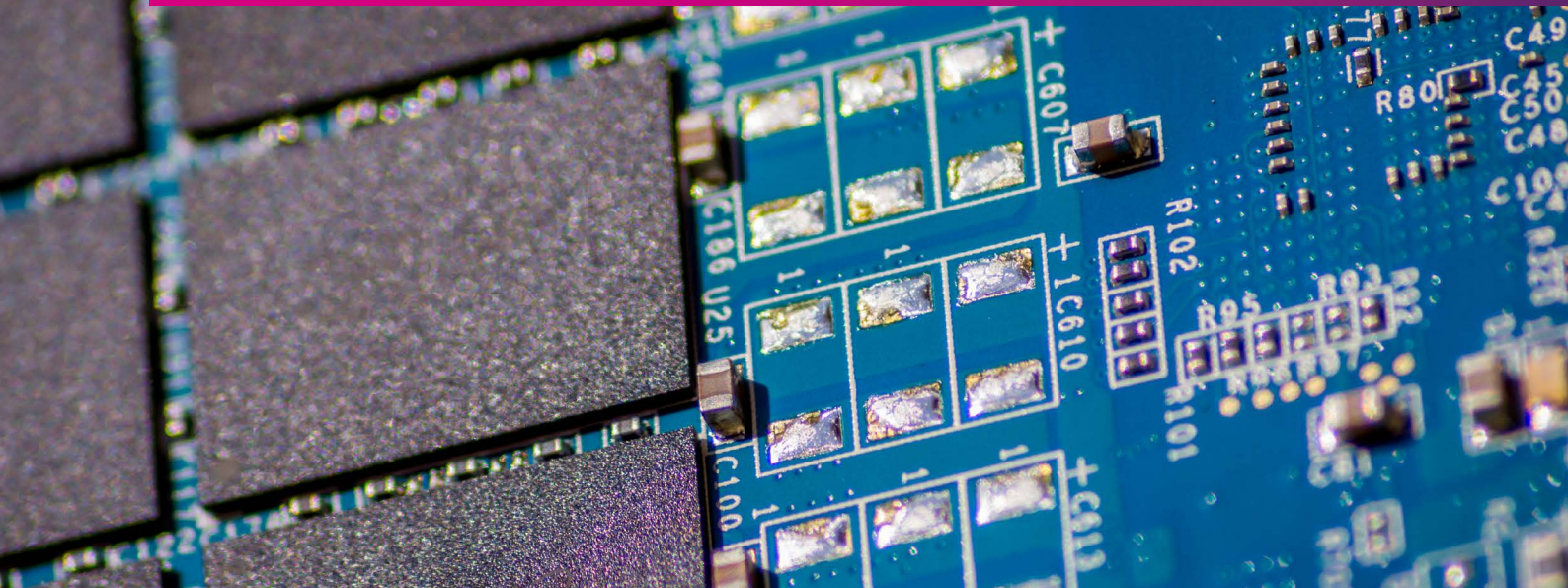
It's fair to say nobody disagrees that data is valuable to an organisation. And if they do then they likely won't see growth for much longer.

The debate is not about whether data matters but rather which data is important, why, and how to extract that value from it.

A seemingly simple set of questions that nobody seems to be able to answer yet, though many have tried.

And the fact that companies have recognised the value in data in recent years has created a problem in itself: many **have more data than they know what to do with**.

There's clear evidence of this in our survey responses, with **55%** of business leaders saying they are only just starting to understand the value their data holds and a further **40%** saying they haven't even begun to look at the value of their data.

> *"Understanding the data held for existing customer interactions enables organisations to unlock the subtle differentiators which will help them earn client loyalty and attract new customers."*
>
> **Lal Hussain**
> IT Director of Applications, Insight

Almost three-quarters (73%) say insights gained from data have been critical to their organisation's growth.

Despite compelling evidence that finding the value in data is good for organisational success, however, not everyone has made the connection between data-fuelled insights and the customer experience.

Only **53%** named data analytics as the top application of tech when it comes to improving customer relationships.

55%
state they are only just starting to understand the value their data holds.

yet

40%
comment that they haven't even begun to look at the value of their data.

But they do want to understand it. And the majority are taking action to try and turn their data into a useful business tool.

Only a third (31%) said data analytics is not a current priority, and **67%** have already employed a Chief Data Officer (CDO) within their company.

And for those that have already invested in data it seems to be paying off.

Just over half might not seem that low at first glance. But it is when you **consider how powerful data can be** when trying to understand and empathise with your customers and provide the personalised experience they crave.

We predict that as more business leaders begin to understand the link between effective data analytics and the customer experience, we'll see that figure increase.

Only **38%** hope to achieve improved security when implementing IT solutions.

Figures suggest most business leaders still aren't aware of how seriously consumers take data privacy.

The data privacy tug of war

You can't talk about data without mentioning the biggest challenge of all when it comes to using it: privacy.

The **General Data Protection Regulation (GDPR)** comes into force in less than a year, which means any company that isn't yet ready for it had better start making the necessary checks and changes soon.

It seems, then, that business leaders are aware that customers want transparency around data but aren't fully convinced about a **wider call for more privacy**. And as a result most aren't taking security into account as much as they should be when it comes to technology.

And even those who are taking data security seriously are struggling to get to grips with it.

84% *said it's important to their customers that they know where their data is being stored.*

But fines aren't the only financial risk companies face if they fail to manage their data. Compensation and lost revenue costs have spiralled into the **10s of millions** for some hacked organisations.

And let's not forget the lasting reputation damage. Big cyber breaches make great headlines, and the brands involved won't be forgotten in a hurry.

Many of those we surveyed seem to understand this latter point, with **46%** of them saying data privacy is one of the top things customers value.

But that number simply isn't as high as it should be. Just look at the rise of encrypted messaging apps – it seems people are becoming more aware of data privacy risks and taking action to prevent themselves.

Yet the figure above suggests most business leaders still aren't aware of how seriously consumers take data privacy.

As does the fact that only **38%** hope to achieve improved security when implementing IT solutions.

On a more positive note, **84%** said it's important to their customers that they know where their data is being stored, with **53%** saying it's very important.

More than half (54%) find storing data securely extremely challenging.

This latter point is particularly concerning given the huge rise in cyber-attacks against organisations the world over. With the Department for Culture, Media and Sport reporting half of UK organisations facing cyber-attacks in the past year and fewer than half knowing how to store data securely, it's clear there are thousands of **disasters waiting to happen** across the economy.

Couple that with the fact that GDPR is looming ever closer, and it's clear to see no organisation can afford to let data privacy take a back seat anymore.

Those that do may find themselves causing irreparable damage to the customer relationships they've worked so hard to build.

> *"In the world of 'always-on', every device is an entry point. Cyber-security must be designed into every single project and business solution that is put forward for sign off."*
>
> **Lee Nolan**
> Director Solution Sales, Insight

With so much change happening all around us, one thing is clear from the findings in our report: business leaders recognise the need to really understand their customers' experience and behaviour in order to grow and succeed.

Technology underpins the modern customer relationship; whether it is delivering services, checking the status of orders, or even making a complaint when something goes wrong.

Whilst most organisations understand that technology can have a profoundly positive impact on the customer experience, many are struggling to work out exactly how to make that happen.

When we decided to do this research, we knew these factors were a problem for organisations. The findings of our research revealed a number of key takeaways:

- **View customer service technology more holistically** – not just focussing on how specific technologies like automation or chatbots can help your customers but rather looking at how all IT can feed into that improved experience.

- **Don't underestimate the value of data** – data, for example, can reveal critical insights about your customers that will enable you to provide them with a more relevant and personalised service. In short: your ability to collect the right data and pull value from it will determine how you stand against your competitors in future.

- **Safeguard customers against looming threats** – if you're going to have a data strategy you must have a data security strategy alongside it, because no amount of buyer insight is going to make up for the damage caused by leaking personal information about your customers.

Of course, customer relationships are built by people, not technology. But because of the tech we now have at our fingertips we can start to create a better customer experience than ever before.

But if you want to do that you have to get one thing right.

Whenever you make a decision about technology, always do it with the customer in mind. Without exception.

Do that and you'll already be one step ahead of many of your competitors.

About Insight UK

Today, every business is a technology business. Insight empowers companies of all sizes and government organisations to healthcare and educational institutions with Insight Intelligent Technology Solutions™ to realise their goals. As a Fortune 500-ranked global provider of hardware, software, cloud and service solutions, our more than 6,000 teammates give clients the guidance and expertise needed to define, architect, implement and manage technology today to help them transform for tomorrow.

Learn how you can keep up with your customers' expectations with Intelligent Technology Solutions™.

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Methodology: Research for this report was conducted by an independent research consultancy, Censuswide in August 2017. 204 senior business leaders within large organisations with 500+ employees across the UK.