Courting the 21st Century Customer

Towards cutting-edge customer experience

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Foreword

We live in the age of the individual. Technology allows us to shape our world around our most immediate needs, desires and whims, be it on-demand TV, round-the-clock shopping, 24/7 banking or collecting legions of friends and followers on social media. In this age of personalisation, we are increasingly intolerant of anything that does not meet our personal requirements.

We expect the organisations we interact with to notice us: to understand who we are however we choose to contact them; to respond with empathy to our concerns and complaints; and to make us feel special and valued. We are quite simply "high maintenance"[1].

As we each pursue our individual preferences, customer behaviour as a whole is becoming more diverse. Some of us buy on mobile but collect in store; some use mobile apps to pay instantly at the local coffee shop or to remotely control our home energy usage[2]; some happily use social media or web chat to find answers to queries. Others, by contrast, cling relentlessly to the good old ways – the branch, the ticket office, the call centre, the cash payment. Many routinely flit between real world and online channels, and not only expect a consistent and integrated service across them but even expect suppliers to anticipate our channel preferences and personalise their service accordingly.

To satisfy our extreme expectations, organisations are being forced to rethink their systems, processes and people. Corporate agendas are being re-engineered to put the customer at their centre and deliver a customer experience (CX) that is intuitive, effortless, consistent and personal. Nothing less than delivering

that moment of surprise and delight that has been the driving force behind CX leader Amazon.com, with its "relentless focus" on the customer[3], will do in the tooth-and-claw competition of the global digital age.

As digital innovation blurs the lines between traditional sectors, TCS and Marketforce wanted to investigate how those businesses that deliver cutting-edge customer experience are now raising the bar for all. It is increasingly clear that consumer behaviour has been changed for good by the intuitive and personalised experiences pioneered by digital frontrunners.

This report provides a pan-sector snapshot of current customer experience practice in Europe. We look at those sectors getting it right, why the rest are getting it wrong, and chart a course to customer-centric success through an holistic CX approach that will satisfy even the most high maintenance customer.

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1. Introduction

The digital revolution has empowered customers with increased choice, and they are not afraid to exercise it. Entitled by the array of choice before them, they, like Sally Albright in *When Harry Met Sally*, see their "high maintenance" behaviour as a picture of reason and good sense.

These 21st century consumers - these digital divas - are temperamental, expecting organisations to understand them and personalise their customer journey accordingly. They are demanding, expecting to be rewarded for their loyalty. They are impatient, paying a premium to get their needs and desires met promptly. And when one organisation excels, others are expected to swiftly replicate that service innovation. Digital frontrunners like Amazon.com and Zappos.com have helped mould these extreme expectations but now find themselves, in common with organisations across every consumer-facing sector, bound by the demands of their customers.

This spiralling CX inflation cannot be ignored: disappoint these digital divas and they will use their online armoury to tell the world.

Indeed, organisations neglect the desires, habits and extreme expectations of customers at their peril. Research indicates 66 per cent of consumers worldwide switched suppliers in 2012 in what Accenture calls the "Switching Economy" with up to US$5.9 trillion in revenue "at play"[4]. Perhaps most telling, however, is the statistic that 82 per cent of consumers agreed that their supplier could have done something differently to prevent them switching due to poor service[5].

Not even the public sector is immune to the pressures these empowered customers now routinely exert. In healthcare, for example, research shows patients are willing to pay more for "no wait time prescriptions" as they seek the same convenience they enjoy in other settings[6]. Rising citizen experience expectations due to new consumer experiences has been identified as one of the "megatrends" with which the public sector must contend in 2015[7].

But what is a challenge for one organisation is an opportunity for another; those organisations able to bend flexibly but economically to each customer's fancies can reap significant dividends. It's a strategy that takes time to get right but does pay: there's a clear correlation between those brands that score highly in CX rankings and those making profits and growing market share despite the economic headwinds.

One study by Harvard Business Review Analytic Services found 71 per cent of surveyed global business executives believe customer experience efforts provide a competitive advantage[8]. And when Bain & Co measured the relative growth and profitability of 140 US consumer products and services companies according to their brand equity, Net Promoter Scores (NPS) and other gauges of customer satisfaction, just fifteen, or one in nine, were leaders on all these measures - all household names with enviable balance sheets[9].

When **Harry** Met **Sally…**

Harry Burns: *There are two kinds of women: high maintenance and low maintenance.*

Sally Albright: *Which one am I?*

Harry Burns: *You're the worst kind; you're high maintenance but you think you're low maintenance.*

Sally Albright: *I don't see that.*

Harry Burns: *You don't see that? Waiter, I'll begin with a house salad, but I don't want the regular dressing. I'll have the balsamic vinegar and oil, but on the side. And then the salmon with the mustard sauce, but I want the mustard sauce on the side. "On the side" is a very big thing for you.*

Sally Albright: *Well, I just want it the way I want it.*

4. Global Consumer Pulse Research, Accenture, 2013. According to the report, switching rates were highest among retailers, cable and satellite providers and retail banks, making companies in these sectors the most vulnerable, but also giving them potentially the most to gain
5. Global Consumer Pulse Research, Accenture, 2013
6. Experience Radar, PWC, 2013
7. Public Sector Megatrends: Rising Citizen Experience Expectations Due To New Consumer Experiences, SAP, 28 August 2014
8. Lessons from the Leading Edge of Customer Experience Management, SAS/ Harvard Business Review Analytic Services April 2014
9. What it takes to win with customer experience, Bain & Co, 2011

Methodology

In July 2014 TCS and Marketforce surveyed over 400 senior executives to assess current CX practice and plans. Respondents worked for companies ranging in size from SMEs to large multi-national organisations and were drawn from a wide variety of customer-facing sectors – retail, telecoms, media & technology, banking, insurance, investments, public sector, utilities and transport & logistics.
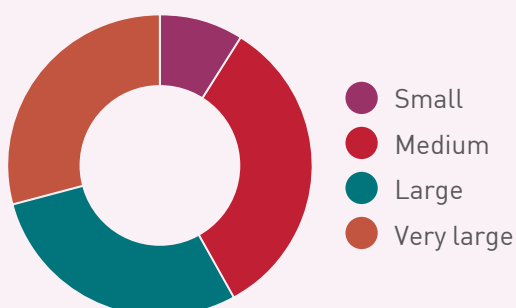
We surveyed not only customer experience specialists in specific CX functions but also executives in related functions: business operations, sales & marketing and technology.

Figure 1

In which of the following sectors do you work?

- Corporate & Commercial Banking
- Insurance
- Investments
- Public Sector
- Retail
- Retail Banking
- Telecoms, Media & Technology
- Transport & Logistics
- Utilities

How large is the organisation in which you work?

- Small
- Medium
- Large
- Very large

Into which of the following areas does your role most closely fit?

- Business Operations
- Customer Service
- Sales & Marketing
- Technology
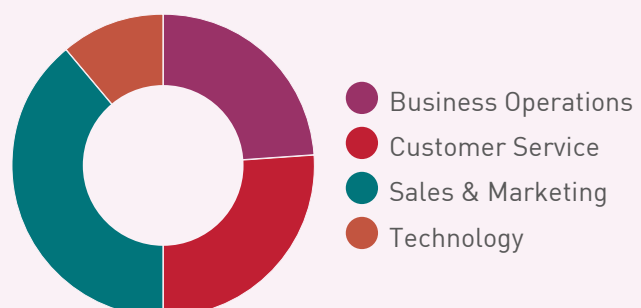
2. Executive summary

Delighting customers is, of course, not as easy as the CX leaders make it look. This is confirmed by our research, which shows organisations have embraced the customer-centric philosophy but have yet to practice it in their day-to-day operations:

98% of our respondents said they work for a customer-centric organisation but just...

7% rated their organisation's customer experience as excellent

Organisations talk a good CX game but are failing to provide the leadership, structure and governance required to transform performance

» 65 per cent agreed that Boards focus too much on achieving short-term financial returns from customer experience programmes rather than on delighting customers

» 41 per cent don't have a customer experience director on the Board even though 92 per cent believe no organisation will achieve cutting-edge customer experience unless it is driven from the very top

» More than one quarter do not have a customer experience department or team, yet 75 per cent see poor cross-departmental governance of the customer experience as a significant root cause of poor CX

» 70 per cent said more visible Board-level commitment would make a significant difference to improving CX performance in their organisation

Inadequate CX metrics, meanwhile, mean organisations are often running blind

» Eight out of ten agreed metrics often fail to give a true picture of the customer experience, with ambivalence as to which measures are most effective

» 78 per cent felt the way staff are measured makes them more focussed on targets than on the customer experience itself

In the future, organisations expect to have a more detailed and nuanced picture of their customers, enabling them to deliver the unique and special experiences consumers crave

» 69 per cent are making significant investment in data analytics, with 84 per cent believing this investment will transform the customer experience delivered by their organisation

» 86 per cent agreed that within five years interpretation of unstructured data will have revolutionised measurement and understanding of customers' experience, behaviour and preferences

Whilst organisations must clearly keep pace with changing customer behaviours, our survey finds they are falling behind

» 83 per cent believe the adoption of technology and development of staff competencies in call centres have not kept pace as their role has evolved to deal with web chat and social media

» 87 per cent said customer experience suffers from staff often having less flexibility than the customer to access and share information

But 81 per cent believe the rush to become digital can obscure what an organisation must do to meet the true needs of the customer

Legacy systems and processes mean organisations are struggling to offer the seamless, personalised service customers expect however they choose to interact

» 84 per cent and 83 per cent respectively agreed that greater channel consistency and better channel integration would significantly improve the customer experience in their organisation

» 78 per cent identified legacy systems that preclude a single customer view as a significant root cause of poor customer experience; 74 per cent cited poor cooperation between organisational silos

But the focus on and commitment to CX is set to intensify

75 per cent agreed that within five years the majority of organisations in their sector will have a Board-level director with authority over all aspects of customer experience

3. Towards a true customer experience focus

Most organisations talk the language of customer centricity with ever-increasing fervour and customer experience improvement initiatives are de rigueur, but the overwhelming majority have come late to the CX creed relative to the nineteen and sixteen years that Amazon and Apple respectively have been transforming customer attitudes[10].

3/4
of organisations have been focussed on customer experience excellence for less than 10 years

Our research reveals that for most organisations (54 per cent), customer experience has been a strategic objective for less than 5 years, and for one in five (21 per cent) for less than two years (see Figure 2). Only a quarter have prioritised the customer experience for over 10 years.

Figure 2 For how long has customer-centricity been a strategic objective for your organisation?
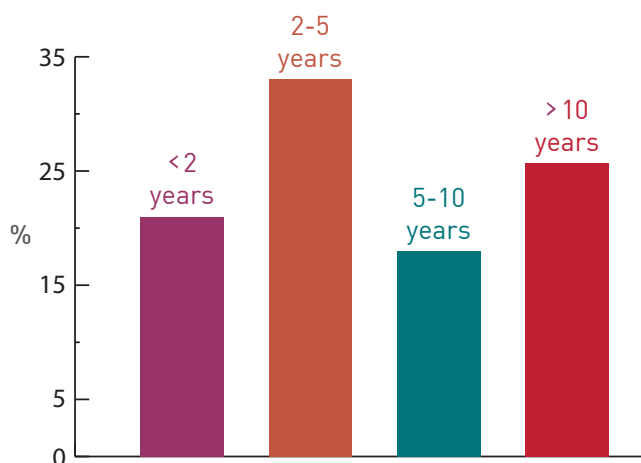
It seems many organisations have been to slow to respond to the CX challenge and now have significant ground to make up.

But, regardless of when organisations began to focus on the customer experience, CX is now firmly on the strategic agenda: only 2 per cent of our respondents said their organisation does not try to be customer-centric.

There is a mismatch, however, between the 98 per cent that talk of a customer-centric strategy and the day-to-day reality of how organisations are led, focussed and structured.

Driven from the top?

92 per cent of our respondents agreed that no organisation will achieve cutting edge customer experience unless it is driven from the very top, a finding borne out by the number of founders and chief executives of CX frontrunners who are cheerleaders for customer experience: think Jeff Bezos at Amazon[11] or Tony Hsieh at Zappos. These leaders' unrelenting championing of the customer, often at the expense of short-term financial gain, is the key to their organisations' longer-term brand success and growing market share.

65%
agreed boards focus too much on financial returns from CX programmes rather than on delighting customers

However, many organisations lack the Board-level evangelism needed to achieve true CX excellence:

» 41 per cent said a lack of Board support for customer experience improvements is a significant root cause of inferior service in their sector

» Almost seven out of ten said more visible Board-level commitment would make a significant difference to improving CX performance in their organisation

» 65 per cent agreed that boards focus too much on achieving short-term financial returns from customer experience programmes rather than on delighting customers

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10. Amazon.com went live in 1995. Apple's launch of the iMac in 1998 was the start of the turn-around of the company following the return of Steve Jobs as CEO
11. CX frontrunner Amazon.com consistently tops CX rankings. In 1997 founder and CEO Jeff Bezos wrote to shareholders to say the company would "obsess over customers". In 2013, 16 years of astonishing growth later, Bezos again wrote to shareholders reaffirming the company's commitment to "proactively delight" customers

Confusing CX with digital?

81% believe the rush to become digital can obscure what an organisation needs to do to meet the true needs of the customer

Even when boards believe they are championing the CX agenda, there is evidence of confusion between commitment to the customer and commitment to investing in digital initiatives. In our survey, 81 per cent of respondents agreed that the rush to become digital can obscure what an organisation needs to do to meet the true needs of the customer.

Creating a new app or Facebook or Twitter profile to enable digital interaction with customers is a quick win with the appeal of being clearly visible. But sometimes it is investment behind the scenes that will deliver the most profound improvements in the quality of the customer experience. These stealth CX wins include ongoing investment in training and metrics to empower staff to build rapport and delight customers, as well as delivering the back office IT and connectivity needed for staff to deliver on their CX promises.

A CX-focussed organisational structure

It is clear, however, that having a CX champion for CEO and a sophisticated understanding of the digital customer landscape is no guarantor of success: it is essential to have the right structures in place to translate Board-level commitment into corporate action.

36% have a Board-level director to whom all departments are accountable for the customer experience

While almost all organisations at the very least pay lip service to customer-centricity, fewer are walking the talk by adapting their organisation's structure and governance:

» 64 per cent do not have a Board-level director to whom all departments are accountable for the customer experience

» More than one quarter (26 per cent) do not have a CX department or team

74% said poor cross-departmental governance was a significant root cause of poor customer experience

Even where a CX team has been established, too often its members are working in isolation from their counterparts in marketing or customer operations and find themselves either duplicating or, worse, being undermined by other initiatives and priorities. Our survey respondents recognise the problem: 66 per cent and 74 per cent respectively believe poor cooperation between organisational silos and poor cross-departmental governance are significant root causes of poor customer experience.

75% expect the majority to have a Director of Customer Experience on the Board within five years

There is, however, a clear drive to ensure an alignment between stated strategy and operational reality: 75 per cent agreed that within five years the majority of organisations in their sector will have a Board-level director with authority over all aspects of the customer experience. This will be an essential step in ensuring the drive and oversight to focus the whole organisation on perfecting each and every customer's journey.

Case Study: Charles Schwab

Achieving CX governance through the Customer Advocacy Office

In 2004, the US stockbroking giant Charles Schwab was struggling, its customers turned off by high fees and poor service. Re-enter from retirement, the eponymous founder Charles Schwab to turn round the ailing firm that he had founded in 1973.

Charles recognised that a laser-like focus on improving the quality of the customer experience would be essential in turning the business around. To achieve this, he brought in NPS metrics to systematically measure and analyse customer feedback on a rolling basis. But measurement alone would not go far enough. Charles Schwab needed a dedicated team of people to bang the customer experience drum from the broker to the Board. His solution was to set up the Customer Advocacy Office.

The Customer Advocacy Office has three main functions: to oversee a high standard of rigour and consistency in the application of NPS across the business; through NPS analysis, to pinpoint where CX initiatives are needed most and to marshal the required resources across customer-facing teams, finance, risk management and technology; and to act as the customer's voice within Charles Schwab, ensuring that decisions in any area are taken having considered their impact on the customer[12].

Charles Schwab's commitment to putting CX at the heart of its strategy has really paid off. Ten years on, it reported a 13 per cent year-on-year increase in net revenues to over $1.5 billion for Q3 2014[13].

A long way to go

8% rated CX in their sector as poor; only 7 per cent said their organisation's CX was excellent

Whilst most organisations have started on a journey to improve the customer experience, there is still a long way to go: the majority of our respondents rated their organisation's CX as fair to good; only 7 per cent said it was excellent. A worrying 8 per cent rated their sector as poor.

1/3 said utilities deliver the worst customer experience; one quarter said the same about passenger transport

When we asked which sectors respondents thought were best and which were worst, the identity of the worst performing sectors came as no surprise. One third (34 per cent) said utilities deliver the worst customer experience. Passenger transport also fared badly, named by one quarter as bottom on CX (see Figure 3).

61% said retailers deliver the best experience

More than six out of ten said retailers deliver the best experience – unsurprising given their supremacy in customer satisfaction and experience indices[14]. This is five times as many as chose retail financial services, the next best performing sector, selected by 12 per cent as delivering the best customer experience.

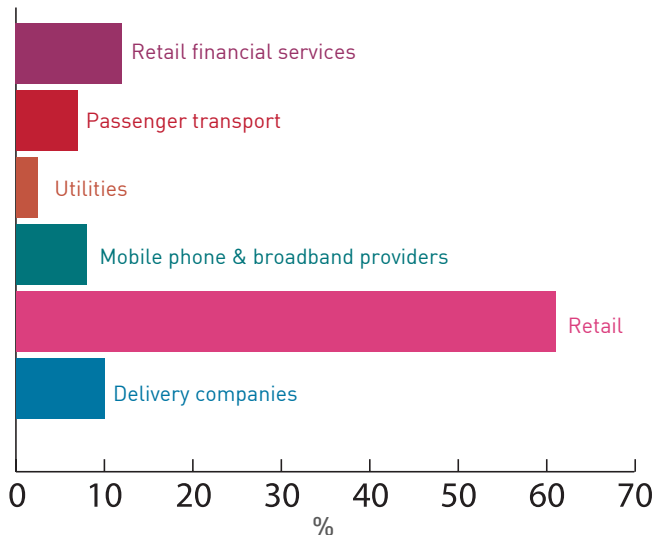12. The essential role of a Customer Advocacy Office, Rob Markey, Bain & Co, June 2014
13. As reported in Forbes Investing October 2014
14. UK Customer Satisfaction Index, Institute of Customer Service, July 2014 and UK Customer Experience Index March 2014
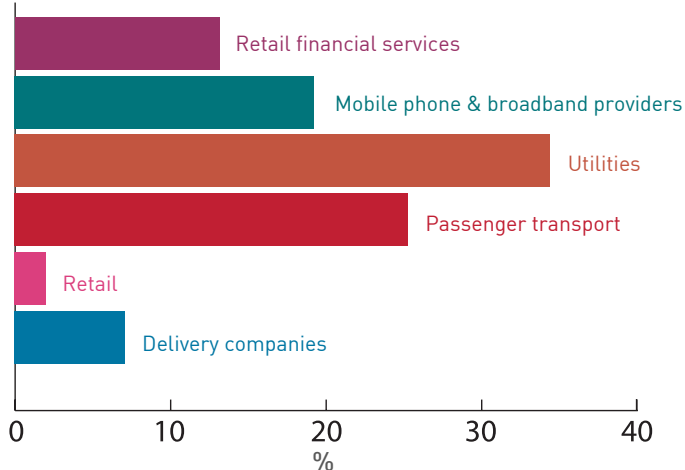
Figure 3

Which of the following sectors do you think delivers the **best** customer experience?

- Retail financial services
- Passenger transport
- Utilities
- Mobile phone & broadband providers
- Retail
- Delivery companies

Which of the following sectors do you think delivers the **worst** customer experience?

- Retail financial services
- Mobile phone & broadband providers
- Utilities
- Passenger transport
- Retail
- Delivery companies

TCS Viewpoint

Disrupt or be disrupted

Digital technology has created new ways for organisations to engage with their customers. Visionary companies have identified gaps and created new customer experience models to help them enter new markets or capture a greater share of their existing ones. Innovative customer experiences have disrupted many industries. Witness, for example:

- » Zappos' customer service model
- » Spotify's stellar music sharing experience
- » Uber's pioneering app-enabled cab service
- » Amazon's leading e-tailing features

The core products and services these companies provide have not changed but how customers purchase products and receive services has. The common thread is the creation of an ecosystem that connects partners to deliver products and services, with the added benefit of customer communities that regulate these offerings through reviews and feedback.

Customer experience innovation is business critical, whether it's to fend off the threat from new entrants or to take on market incumbents from a standing start. Every organisation must develop an informed and holistic CX strategy that extends its value proposition, by grouping connected offerings together and enabling customers to play an active role in the proposition, whether through ideation, reselling or peer-to-peer service as part of a community.

This strategy must comprehensively cover the approach, investment priorities and benefit measurement techniques required to meet the organisation's chosen objectives, transgressing product, channel and organisational silos. And, crucially, it must incorporate a robust governance mechanism to ensure its successful implementation.

4. Measuring customer experience

For the modern organisation, which must deliver services across multiple touchpoints, departmental silos and outsourced delivery partners, understanding the experience of customers, whether good or bad, is impossible without sophisticated metrics.

80% agreed metrics often fail to give a true picture of the customer experience, with ambivalence as to which measures are most effective

Our research exposes considerable uncertainty when it comes to the accuracy of CX measurements: eight out of ten respondents agreed that metrics often fail to give a true picture of the customer experience.

Each of the most popular metrics provides a different insight into the customer experience, be it a snapshot of customer satisfaction (CSAT), tracking the number of promoters or detractors after key interactions (Net Promoter Score - NPS) or the amount of effort a customer must make to resolve issues (Customer Effort Score - CES). But there's ambivalence about which of these is most effective.

CES is seen as marginally more effective across the board, rated highly effective by 24 per cent of survey respondents (see Figure 4), rising to 32 per cent among those in dedicated CX functions. However, this is hardly a compelling vote of confidence.

The customer experience is a complex, multi-layered interaction involving many outside influences.

Organisations need to find ways to capture this complexity, which may well mean triangulating current metrics with other data, such as customer complaints and social media chatter, to get a more rounded and nuanced view.

86% agreed that, within five years, interpretation of unstructured data will have revolutionised CX understanding and measurement

Looking to the future, our respondents agreed analytics could transform how CX is measured and how metrics are used to transform each individual customer journey. 86 per cent concurred that, within five years, interpretation of unstructured data from social media, phone calls and correspondence will have revolutionised the measurement and understanding of customers' experiences, behaviours and preferences.

25% do not measure the impact of partners on the customer journey

For now, however, too many organisations are failing even to measure the CX impact of partner organisations that are responsible for important aspects of the customer journey. Despite the sectors we surveyed working extensively with partners, just 10 per cent are extensively measuring partner organisations. A quarter do not measure the impact of partners on

Figure 4 How effective are each of the following metrics in driving true improvement in the customer experience?

CSAT   NPS   CES

- Not very effective
- Fairly effective
- Highly effective
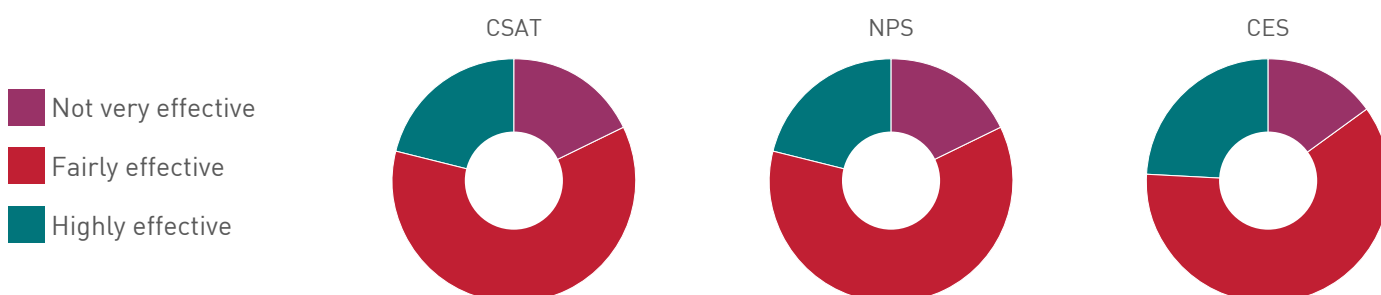
the customer journey at all, and 13 per cent are doing so only in pilots. That means almost four out of ten have little or no idea of how their customers view the experience delivered by partners, thereby running the risk of reputational harm and loss of market share.

Driven by metrics rather than customers?

78% said metrics drive staff to focus on targets rather than on truly pleasing customers

Further concerns came to light over the impact of present day metrics on staff behaviour: 78 per cent said customer experience metrics sometimes drive staff to focus on numerical targets rather than on truly pleasing customers.

Getting it right may mean letting go of narrow and inflexible targets – a disquieting concept for those organisations accustomed to tightly controlling their customer interactions.

Case Study: Zappos

Targeting "wow"

Zappos.com, the Las Vegas-based online shoes and clothing retailer, part of the Amazon.com group since 2009, uses metrics with surgical precision to cut through to what really makes a difference to the customer experience.

Because Zappos is interested in building personal connections with its customers, it uses its Happiness Experience Form to assess how the call agent sought to build rapport measured against attempts to make a personal emotional connection, sustain the rapport, address unstated needs and provide a "wow experience". Zappos' fine-tuned use of the NPS also invites open-ended feedback: it's not about whether customers would promote the company but drilling down into the why.

TCS Viewpoint

Big data analytics – the key to true CX understanding

Unstructured and often new data sources, such as social media or machine sensor outputs, combined with new, more powerful analytical tools, natural language programming (NLP) and psychographics, hold the keys to true CX understanding.

Customers share vast amounts of information about themselves and their experiences via social media, recorded call centre conversations and email or webchat. While analysis of this data is not easy, it can be invaluable in enabling customer satisfaction to be understood in the context of individual needs and circumstances.

Using this insight effectively will require a new approach to measuring and managing many variables that define an individual customer experience. Gauging customer satisfaction also needs to happen more frequently, ideally in near real time, so that bad experiences can be quickly captured and corrected, socially contagious dissatisfaction nipped in the bud and the impact on both existing and future customers minimised.

At the moment, when organisations try to tap into unstructured data, their approach is too narrow, generally using just keyword searches, sentiment analysis and some simple text analytics. To capture truly useful CX insight, advanced text analytics must be applied to a comprehensive data set. While keyword-based sentiment analysis might reveal that a website is not meeting customer expectations, the fuller analysis now enabled by powerful analytics will reveal why.

Advanced text analytics can also reveal the criteria customers themselves apply in judging CX. The organisation can then develop further social insight that evaluates how it performs against the competition according to customers' own criteria.

5. Customer centricity: the people factor

The customer journey always depends on people. Even a completely digital interaction will have been engineered and calibrated by people who, in the best organisations, have put the customer first. This means all organisations must ensure each and every member of staff embraces the customer-centric philosophy.

1/3 see the belief that customers cannot leave as a cause of poor customer experience

Motivating staff to care for the customer can be a particular challenge in semi-monopolistic sectors, such as passenger transport, in which the perception of customers as effectively captive can breed complacency. Despite years of CX improvement efforts, many focussed on culture and staff training, 40 per cent of our survey respondents from passenger transport and 33 per cent from more competitive sectors cited the belief that customers cannot leave as an underlying factor in poor customer experience[15].

But look at the best examples of excellent customer experience – the kinds that go viral on the internet – and you will find that without fail they come down to members of staff having gone the extra mile for the customer, with empathy and a "can do" attitude.

This doesn't happen by accident: those organisations known for this kind of exceptional customer experience have worked hard to create an environment that inspires it.

53% are taking significant action to improve rewards for engaging behaviour
77% believe such action would improve CX in their organisation

Most organisations are taking action to reward engaging behaviour and this remains a key focus for improvement:

» 77 per cent said that better rewards for engaging behaviour would significantly improve the customer experience in their organisation

» 53 per cent said their organisation was taking significant action in this area

75% are ensuring the employee experience stimulates customer-centric behaviour

A central tenet of successful CX-focussed people management is that happy employees make for happy customers. CX leaders make it their mission to ensure their employees are experiencing a sense of "wow" that in turn inspires them to wow customers. While 75 per cent of our survey respondents have moved beyond the pilot stage in shaping the employee experience to stimulate customer-centric behaviour, only 21 per cent have committed to this approach extensively (see Figure 5).

Figure 5 To what extent does your organisation do each of the following in order to optimise the customer experience?

Ensure the employee experience stimulates customer-centric behaviour

14%	11%	54%	21%

Ensure staff performance management rewards innovative thinking

23%	15%	49%	13%

Measure and reward staff for their contribution across the customer journey

24%	10%	49%	17%

■ Not at all ■ In pilots only ■ To some extent ■ Extensively

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15. The 33 per cent reflects the views of respondents from the retail, banking, insurance and investments sectors

Cutting-edge CX incentive frameworks go even further, motivating staff to drive forward innovation by thinking outside the box of their specified job roles in order to deliver customer delight. 62 per cent of our survey respondents have moved beyond the pilot stage in rewarding innovative thinking (just 13 per cent do this extensively); 66 per cent in rewarding staff for their contribution across the customer journey (17 per cent extensively) (see Figure 5).

CX leaders eschew restrictive targets

Case Study: Timpson

The freedom to make customers happy

Timpson, the family-owned chain of locksmiths and shoe-care experts, empowers its employees, who can spend up to £500 to settle a customer complaint without management authorisation and charge whatever they like (the price list is a guide only).

The company feels able to do this because it recruits people with the right fit for the business – people it can trust and whom it, in turn, values. Employees get a day off on their birthday, there are free holiday homes for them to use, and once a year the Timpson ″dreams come true″ draw delights a lucky few, financing an employee's family reunion or dream holiday.

Staff are paid weekly bonuses based on the profitability of their store, which is very transparent, and can receive a higher proportion based on the training and development courses they attend. Those who have gone the extra mile to delight customers are championed with personalised notes and sometimes a bonus.

As eight out of ten of our survey respondents observed, the use of metrics in staff performance management can be a blunt tool if not carefully calibrated. CX leaders are alive to this danger, eschewing restrictive targets in favour of an incentive framework and culture that straightforwardly motivates staff to make customers happy. In this way, staff have the freedom and autonomy to judge for themselves how best to achieve customer delight.

TCS Viewpoint

The employee experience goes digital

Engaging employees to in turn engage the customer cannot be just about financial incentives; it's about finding new, often digitally-enabled ways to motivate staff to connect with the emotional rewards that their job can bring – because it's interesting, because it's fun and because it's the right thing to do.

Employees must be able to engage with customers freely, and also with each other. This requires staff to be empowered to cross organisational boundaries and engage customers based on a clear set of organisational and brand values. No one should need permission to do the right thing. This empowerment is, in itself, a reward and a mark of trust that engenders feelings of ownership and responsibility.

The digital revolution has also created new ways for organisations to engage their staff - ways that mirror the approaches many are utilising to engage customers. In particular, approaches such as crowdsourcing and gamification can stimulate more collaborative and comprehensive employee engagement in the CX excellence agenda. Making social networking and digital collaboration available internally enables all employees to learn from one another and collectively problem solve, while gamification can drive commitment to customer-centricity by tapping into the individual's desire for achievement.

6. IT infrastructure – fit to inspire delight?

Despite their pursuit of a customer-centric culture, few organisations have an IT and data infrastructure built with the customer in mind. The overwhelming majority are hamstrung by systems originally designed with products and channels, rather than customers, as their focus.

With data held in disparate systems that provide no enterprise-wide visibility, organisations lack a single, integrated view of the customer across multiple channels and products. This not only disjoints the customer journey but also leaves the organisation blind to information and insights that could transform the overall experience. The result is frustrating and disappointing interactions that leave both customers and organisations dissatisfied. And, with IT infrastructure now complicated by many years of systems add-ons and workarounds for different products, channels and services, creating new customer-friendly processes is an uphill struggle.

A single customer view

8% of organisations have extensively implemented a single customer view to underpin their CX improvement efforts

A single customer view (SCV) is arguably the most critical tool in delivering a cutting-edge customer experience. Yet our survey shows very few organisations have achieved it (see Figure 6):

» Only 8 per cent have achieved SCV extensively across the whole organisation

» 32 per cent simply have no single view of the customer

» 22 per cent have achieved one only in pilots

78% say that legacy systems that preclude a single customer view are a significant root cause of poor CX

This is where disruptive digital entrants, unencumbered by legacy systems, can steal a march. For the majority of organisations, legacy systems are a significant handicap in their drive for CX excellence: 78 per cent of our respondents saw legacy systems that preclude a single customer view as a significant root cause of poor customer experience.

Systems agility

The inflexibility of the often tangled web of legacy systems presents a further barrier to customer experience excellence. As CX glitches arise and opportunities to enhance the experience come to light, those at the coal face of customer experience

Figure 6 To what extent does your organisation form a single view across all data on each customer - (including transactions, social media activity and device usage)

32%	22%	38%	8%

■ Not at all ■ In pilots only ■ To some extent ■ Extensively
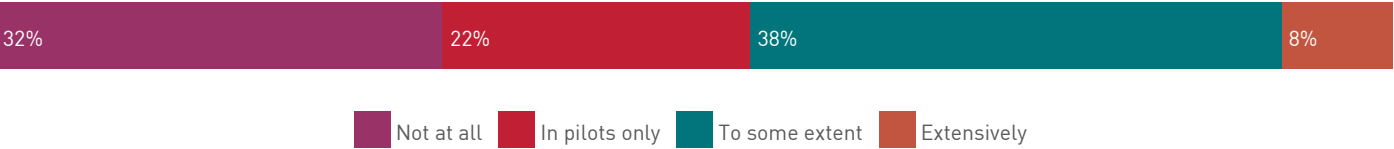
improvement can rarely make changes as quickly as they would like or as customer pressures demand.

## 59% are past the pilot stage in enabling non-IT staff to adapt systems and processes

Approaches such as a "service-oriented architecture" (SOA) can transform systems agility, allowing even those with little or no IT training to swiftly create new processes. Yet organisations have been slow to embrace SOA solutions: over a quarter (26 per cent) have taken no action to enable non-IT staff to adapt systems and processes to meet changing customer needs; a further 15 per cent are only at the pilot stage. Just 9 per cent have created this kind of agility in their systems extensively (see Figure 7).

Case Study: Ford Retail

Investing in a "customer layer"

Ford Retail, by investing in 'a customer layer' that sits across its systems and technology platforms as part of its Trust Ford programme, is providing staff across regional dealerships with a single customer view. In one flagship Ford showroom, a number plate recognition facility linked up to this centralised 'customer layer' allows staff to offer a personalised welcome and service as soon as the customer enters the building. Ford's stated aim is to equip staff with the tools to help them to better handle that 'moment of truth'[16] with the customer.[17]

Figure 7 To what extent does your organisation have systems and processes that non-IT staff can quickly adapt to meet changing customer needs

26%	15%	50%	9%

- Not at all
- In pilots only
- To some extent
- Extensively
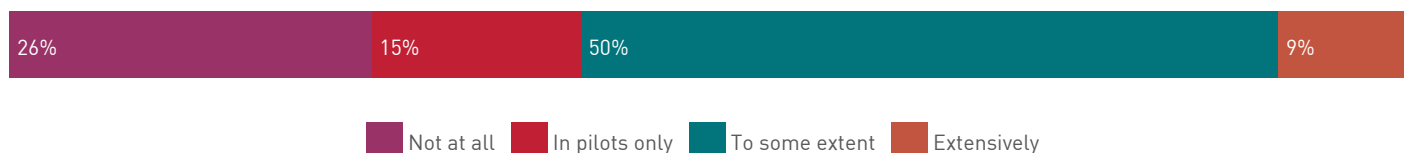
TCS Viewpoint

No room for complacency

Substantial commitment is required to remove the limitations imposed by legacy systems and achieve a more integrated and flexible IT footprint. This is not only necessary to deliver the obligatory omnichannel experience, but also to simplify integration with potential partners delivering a wider spectrum of experiences across the value ecosystem.

Contrary to their public statements, to date many organisations have not rated customer experience highly enough to win Board backing for the significant cost and disruption required to overhaul processes and systems. But today, with tech-savvy, mobile, social customers providing the drivers for change and innovation, organisations can no longer afford the luxury of complacency.

As more organisations grasp the nettle of legacy systems, an increasingly popular approach will be to embrace cloud computing, thereby circumventing the need for major capital expenditure whilst delivering the accessibility and agility required.

16. McKinsey defines the 'moment of truth' as: those few interactions (for instance, a lost credit card, a cancelled flight, a damaged piece of clothing, or investment advice) when customers invest a high amount of emotional energy in the outcome.
17. Interview with Celia Pronto, Head of Marketing and E-commerce, Ford Retail Group, at JUMP, part of the Festival of Marketing October 2013

7. Data – the lifeblood of CX excellence

Data is the lifeblood of customer experience excellence, enabling organisations to understand customers, develop relevant products and services, and intelligently hone their operations. Without the oxygen of information, the sophisticated data analytics required to power CX transformation withers, crippling an organisation's ability to optimise and personalise the customer journey.

87% said CX often suffers from staff having less flexibility than the customer to access and share information

Yet in too many organisations, arteries are blocked, preventing the flow of data to all parts of the business. Siloed legacy systems act as a major barrier to information flow across business lines, channels, teams and technologies, a problem often exacerbated by organisational culture, as internal fiefdoms flex their muscles and refuse to share their data with "rival" departments.

Our survey respondents recognise the need to act: 87 per cent believe the customer experience often suffers from staff having less flexibility than the customer to access and share information.

Regulatory inhibitors

43% cited the barriers created by data protection laws as a significant root cause of poor customer experience

The industries we surveyed must also deal with more stringent data protection laws designed to address the vulnerability of consumers in our interconnected world[18] and this strengthened oversight poses additional challenges:

» 43 per cent of our cohort saw the barrier data protection laws pose to resolving customer enquiries as a significant root cause of inferior customer experience

» 66 per cent said the same about the associated, often cumbersome processes

Committed to transparency?

CX leaders must operate in a world of data protection and regulation like anyone else, but the pacesetters don't use increased regulatory scrutiny as an excuse for inaction. They actively encourage the free flow of information, as far as data protection laws allow, across the entire customer experience eco-system.

Case Study: Uber

A master class in data transparency

One of the world's fastest growing businesses, Uber, which characterises itself as 'everyone's private driver', relies heavily on partners because it doesn't directly employ any of the cab drivers fundamental to its business. It has turned the cab industry upside down, in part by being transparent with its data.

On requesting a taxi through the Uber app, customers receive a price, an arrival time, a photo of the driver and the rating that driver has received from other customers. At the end of the journey, the passenger rates the driver and, more interestingly, the driver rates the customer – a truly democratic strategy.

Uber is able to use this data to enforce quality control and to ensure that the best drivers are rewarded, and so are the best passengers[19].

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18. On 13 May 2014, the Court of Justice of the European Union issued a landmark ruling on the 'right to be forgotten', in relation to online search engines. In 2012, the European Commission proposed a major reform of the EU legal framework on the protection of personal data. According to the EC, the new proposals will strengthen individual rights and tackle the challenges of globalisation and new technologies
19. What We Can All Learn From Uber's Customer Experience LinkedIn Blog, Michelle de Haaf, Medallia

Figure 8 To what extent does your organisation encourage full information transparency between customers, employees and partners

25%	15%	47%	13%

■ Not at all　■ In pilots only　■ To some extent　■ Extensively

40% have not progressed beyond the pilot stage in encouraging full information transparency between customers, employees and partners

Among the 400 organisations we surveyed, many are failing to harness the power of data sharing and transparency:

» 25 per cent are making no effort to encourage information transparency between customers, employees and partners

» A further 15 per cent are at the pilot stage and only 13 per cent are encouraging full information transparency extensively (see Figure 8).

Making the most of data – personalising the journey

Of course, the digital revolution has greatly expanded the pool of data to which organisations potentially have access, as their customers leave digital footprints across a wide variety of digital channels and devices. CX leaders leverage this information to personalise the customer journey, often in real time.

High maintenance customers want their individuality to be recognised and appreciated, be it as simple as a barista remembering a coffee preference or their bank not scheduling meetings that clash with the school run. Sophisticated data analytics can enable personal touches to be just as powerful in the digital world. By optimising their use of "Big Data" organisations can build a more nuanced understanding of the customer so

that products and services can be tailored accordingly and contact centre staff can quickly build rapport.

At Amazon, Jeff Bezos has taken the company to the cutting-edge of customer insight: figuring out what customers want before they buy. By using complex data algorithms, Amazon can turn analysis of customers' habits into intelligent recommendations[20].

43% have yet to pass the pilot stage in using all available data to personalise the customer experience

For many of the organisations we surveyed, however, the devil's not only in the detail but in the data. Big Data is leaving many at a loss, with some unable to harness its power to truly understand the customer and drive through the operational changes needed to successfully personalise customers' experiences[21]:

» 19 per cent said their organisation did not use all available data to create a personalised journey for each customer in real time

» 24 per cent are achieving this in pilots only; just 8 per cent have succeeded in implementing the approach extensively across their organisation (see Figure 9)

84% agreed better data analytics would transform CX in their organisation

20. Inside Amazon's Idea Machine: How Bezos Decodes Customers, Forbes, 2012
21. Much of the data in the world goes unmapped and unanalysed. Research by the Economist Intelligence Unit found that more than 75 per cent of senior executives from over 500 companies were wasting more than half the data they already hold

There is a clear recognition that data analytics should be a priority for investment: 84 per cent of respondents agreed that better data analytics capability would deliver a significant enhancement to the customer experience delivered in their sector; 69 per cent are taking significant or very significant action to improve it.

Case Study: Coca Cola

A beverage just for you

In the food and drinks sector, Coca Cola uses sensors and the internet of things to analyse customer data and better personalise the customer journey. Smart vending machines that use facial recognition software are being trialled to determine user preferences. The sensors feed data back, which Coca Cola then analyses to determine what drinks should be delivered to individual vending machines, allowing the drinks giant to vary the product and the price according to local customer preferences and behaviours[22].

Data-driven CX strategy

Data is also king in the approach CX leaders take to pinpoint where CX initiatives are needed and how to prioritise them. Amazon, for example, tracks all sorts of data from across its business to ensure that it is fixing the right CX faults as they arise.

57% have progressed beyond pilots in using all available data to define and prioritise CX initiatives but only 12 per cent are doing so extensively

Our survey respondents are making progress in using data to define and prioritise their customer experience initiatives: 57 per cent have passed the pilot stage in using all available data to define and prioritise CX initiatives across the organisation. Many organisations could be making better use of their data, however, to identify where to target CX resource and spend more scientifically: a mere 12 per cent are making extensive use of data to determine their CX strategy.

Case Study: Amazon

Directed by data

Amazon relentlessly collects and analyses its data, looking at statistics on delays, product defects and out-of-stock products on a real-time basis to pinpoint areas that may be causing detriment to the customer experience. Nothing is too small to analyse: the company even tracks nuisances such as delays to web pages loading. This data-driven approach has consistently secured Amazon a top score in CX rankings year-on-year.

Figure 9 To what extent does your organisation use all available data to create a personalised journey for each customer in real time

19%	24%	45%	12%

■ Not at all   ■ In pilots only   ■ To some extent   ■ Extensively
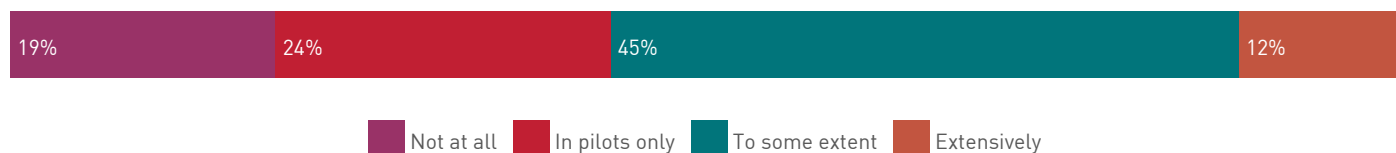
22. FutureView Live Presentation, J.Walker Smith, The Futures Company, 2013

TCS Viewpoint

Unstructured data – the untapped goldmine in defining CX strategy

The demographic data organisations have traditionally collected about customers – name, address, postal code, income, life stage and so on – does little to provide the insight required to design CX strategy.

Some organisations develop 'personas' to help define customer experience but these are only conceptual descriptions of customer type, generally created by marketers. What is needed for customer experience design are personas based on a wider pool of contextual information that gives a deeper understanding of customers' behaviours, attitudes and reputations, including: channel usage by time and location; engagement levels; brand perceptions; loyalty triggers; and the networks each customer influences and is influenced by.

By using these personas as a lens to enhance their insight, organisations can make highly informed decisions on the design of new experiences and new value ecosystems, and can facilitate new roles for customers that deepen their engagement with the brand. On this basis, they can also identify the changes they must make to business and operating models to deliver their chosen strategies.

As new digital communication technologies continue to come online, rapid consumer adoption and an ever faster pace of life are driving, rather than following, innovations in customer service. No organisation can afford to be complacent about understanding and accommodating the way customers' lifestyles, channel behaviour and service expectations are evolving.

The omnichannel challenge

We have become a world of what Google terms "multi-screeners", with 90 per cent of the average consumer's media interactions (4.4 hours a day) taking place on a computer, smartphone, tablet or TV[23]. The device selected is often driven by context – where we are, what we are doing, what we want to accomplish, how much time we have available. And, as channels have multiplied, customers have come to expect to move seamlessly between them depending on where mood and circumstance take them.

Organisations must now match the expectations of customers used to blending online and offline experiences. The prevalence of sequential device usage, in particular, means there is pressure to update data across all channels in real time and enable customers to save their online progress.

Certainly, poor channel consistency and integration is a red flag for demanding consumers: one study showed 58 per cent of customers are frustrated with inconsistent experiences from channel to channel[24]. Another estimated US$83 billion is lost in aborted purchases each year in the US due to today's "omnichannel shoppers" suffering poor and inconsistent experiences[25].

Conversely, there is also a clear correlation between customer satisfaction and a consistent multi-channel experience[26]. In more and more industries, from automotive to retail banking, delivering a seamless experience across multiple interaction points is a key source of competitive advantage.

Case Study: Marks & Spencer

Implementing an omnichannel vision

In 2011, Marks & Spencer (M&S) challenged itself to become a true omnichannel retailer within three years and to deliver consistent customer experiences across every channel.

M&S' first step, in May 2012, was to launch a new e-commerce mobile site, to enable shoppers to browse and shop the full range of the M&S inventory, save and retrieve wish lists, and share favourite items with their friends via Facebook, Pinterest or other social channels.

Later that same year, M&S launched a fully transactional iPhone app with a barcode scanner that allows customers to find product information and locate items not available in store. For customers who start their shopping journey on another channel, the app also makes it possible to scan QR codes of products held in their "virtual basket".

The virtual basket represented an early innovation in M&S' move to true multichannel shopping. Once items are placed in the basket, customers can buy directly at an in-store kiosk or scan the QR code using their mobile device to make their purchase later. The QR code can also be used by sales assistants carrying tablets. Orders can be home delivered or shipped to any M&S store. And, to facilitate mobile's role in bridging the gap between the digital and physical worlds, M&S provides free Wi-Fi in all its stores.

In September 2013, eDigitalResearch evaluated 14 retail brands that have mobile optimised sites and apps as well as a desktop site. They wanted to find out which offered the most consistent customer experience. M&S came top, pulling ahead of previous benchmark leader Amazon.

In 2014, M&S was among six leading retailers topping Forrester's Customer Experience Index, UK.

23. Google, The New Multi-Screen World, August 2012
24. Accenture Global Consumer Pulse Research 2013
25. How marketing is taking charge: leading the customer experience – insights from the IBM State of Marketing 2013 survey
26. In the 2013 World Retail Banking Report by Capgemini and EFMA: On average, customers with positive customer experiences in 85% of the cases said that their banks are doing a good job of offering consistent experiences across channels. Only 34% of customers with negative experiences said they think their banks provide consistent multi-channel experience

Contrary to expectations, market incumbents with physical distribution outlets can leverage their real-world presence to beat off digital-only challengers. John Lewis' "click and collect" service is an example of where a traditional player has been able to gain an edge over digital-only rivals by leveraging its physical distribution presence as part of an omnichannel strategy.

> ## 83% said better channel integration would significantly improve the customer experience in their organisation
>
> ## 69% are taking action to improve it

But few organisations have John Lewis' omnichannel prowess. Too often a consumer who starts a transaction online and wants to complete it via the call centre is compelled to repeat the details; too often the balance on an online banking app does not tally with the ATM.

Our survey highlights the importance of getting this right: 84 per cent and 83 per cent of our respondents respectively agreed that greater channel consistency and better channel integration would significantly enhance the customer experience in their sector, with 61 per cent and 69 per cent respectively saying they were taking steps to improve.

At the speed of cyberspace

Customers who interact via digital channels expect not only the convenience of channel consistency but also instantaneous solutions to their needs. Their impatience means they readily switch to rivals when organisations fail to deliver a prompt and informed response.

Responding quickly to customer queries is, therefore, a business imperative. Despite this, one survey found the average successful response time to a customer service question made via Twitter was 8 hours and 37 minutes[27].

TCS Viewpoint

The future of customer service - thinking outside the phone box

Customers expect to be able to communicate with their favourite organisations through their channel of choice, and their choices are becoming more diverse. As well as calling the contact centre or clicking on the chat window on the website, they're Tweeting complaints and questions, Facebooking their friends about how to use a product or service and Yelping that organisations are not meeting their expectations.

To meet this challenge organisations need an integrated, omnichannel engagement centre – a centralised hub that monitors, analyses, automates and manages all customer communication both in and outbound, irrespective of channel.

Customer service departments are the logical candidates to fulfil this centralised digital engagement function. They generally already function across several channels and have staff skilled in customer conversations to whom relevant social engagement skills can be taught.

Certainly, customer service teams cannot continue to respond to customers during only limited hours and via a select few channels. Call centres can and should transform into channel-agnostic engagement centres capable of delighting even the most demanding digital customers. But, in many organisations, further IT investment will be required to equip them with the right capabilities to do so.

27. Digital & Wise study 2014, quoted by The Future of Customer Satisfaction, Hootsuite whitepaper, 2014

The inevitable dismay and damage to the customer relationship that delayed responses can cause is magnified by the greater tendency towards vocal dissatisfaction that characterises digital natives. Research shows that customers who engage via social media are not only likely to use those same channels to broadcast their experiences but are also highly sensitive to the service they receive[28]. Equally, delighting these digital divas pays dividends: they spend an average of 30 per cent more than other customers[29].

> ## 83%
> said skills and technology in call centres has not kept pace as they have evolved to deal with web chat and social media

Sadly most organisations are in the danger zone of digital native unrest. 83 per cent of our survey cohort agreed that staff skills and adoption of technology in call centres has not kept pace as they have evolved to deal with social media and web chat. Investment is needed, and fast.

Community feel

The dangers of disappointing digital expectations, and equally the benefits of delivering digital delight, are further amplified by the growing influence of online communities on the customer experience.

> ## 96%
> said the customer community is set to become an increasingly critical aspect of the customer experience

An overwhelming 96 per cent of our survey respondents agreed that as customers increasingly share information and feedback with one another online, the customer community will become an increasingly critical aspect of customer experience.

Community sentiment and peer support are outside the control of organisations but this does not mean they should be ignored: indeed CX leaders actively nurture and tap into online communities to enhance their brand reputation. Skype's member community, for example, stands out for the combined use of social channels and peer support to provide a superior social support experience for Skype's customers. In the Skype community, members help members while interacting as needed with brand personnel. The result is a vibrant, enabling social customer experience.

Case Study: Spotify

Building a community - seducing the socially engaged consumer

Spotify, the company that has challenged the mighty iTunes by allowing free universal access to music, has a site that mirrors the characteristics of social media platforms like Facebook and Twitter. Users can set up profiles, follow other users and create playlists that can be shared in real time with global networks of contacts across any digital channel. Part of Spotify's success is arguably due to its foresight in embracing social media

– creating connected communities that can share the music they love with one another instantly.

In a pioneering move in 2011, Spotify integrated its own platform with Facebook, enabling playlists and tracks to become visible on Facebook feeds in real time. When users synchronise Spotify with Facebook, it automatically pulls friends who use Spotify into their account. They can then drag and drop tracks they think friends would like into their profiles, with the song landing in the friend's Spotify inbox via an in-app notification[30]. And Spotify's love affair with social continues: Twitter accounts can now be synced with the site as well.

28. According to "Social media raises the stakes for customer service" (American Express, 2012), social media users are more likely to abort an intended purchase when service levels disappoint. Conversely, they will also pay a higher premium for excellent service
29. Putting social media to work, Bain & Co report, 2011
30. 5 ways Spotify is Pioneering the Hyper-Social Business Model, Patrick Salyer, Mashable, 2012

9. Customer-centric collaboration

Online communities, crowdsourcing, digital partnerships and collaborative ways of working – within the organisation and beyond – are all symptoms of the scope for openness and inclusiveness to which internet technology has given rise. Collaboration has become a watchword for success in the Digital Age and nowhere more so than in ensuring excellent customer experience.

Crowdsourcing: at the cutting-edge of CX

CX leaders use crowdsourcing to take on board the ideas of those who know their customer base best – customers. Crowdsourcing allows organisations to drive innovation, fine-tune their offerings and engage with customers to get a deeper understanding of their needs and preferences than any CX metric could ever provide.

5% are making extensive use of crowdsourcing to involve customers in proposition design and development

Despite these potential benefits, crowdsourcing is still very much in its infancy:

» Almost half (49 per cent) of our surveyed organisations make no use whatsoever of crowdsourcing to involve customers in proposition design and development

» Only 5 per cent of respondents are using it extensively (see Figure 10)

This leaves a significant gap if organisations are to keep pace with CX frontrunners, like Barclaycard, that have taken crowdsourcing to heart.

Working with partners in complementary industries

CX leaders' collaborative ethos when it comes to innovation also extends into working closely with partners in complementary industries that make up the customer experience ecosystem.

In financial services, for example, Halifax has established partnerships with a wide range of retailers to enable customers to earn cash back when they shop using their debit or credit card.

Figure 10 To what extent does your organisation use crowdsourcing to involve customers in proposition design/development

49%	21%	25%	5%

■ Not at all ■ In pilots only ■ To some extent ■ Extensively
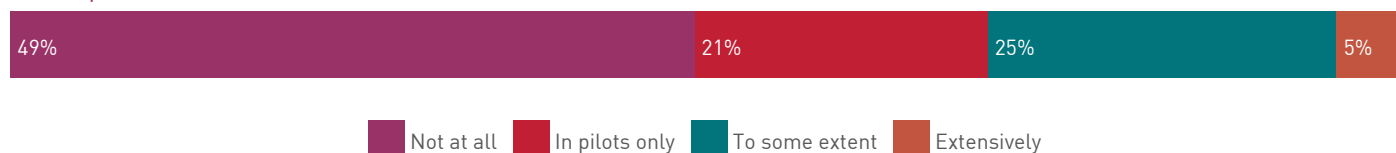
Case Study: Barclaycard Ring

Crowdsourcing the credit card

In 2012, Barclaycard US launched Barclaycard Ring, the first 'social' credit card. Upon application approval, members become part of the Barclaycard Ring community. The card offers low interest rates, simple T&Cs and low fees. Community members are encouraged to participate in the online forum and in weekly polls to offer input into anything from product features to marketing programmes. Importantly, members also share in the profitability of the card through GiveBack™, leading to high, ongoing levels of engagement. Barclaycard says it is an opportunity to "put power back in the hands of customers"[31].

31. Paul Wilmore, Managing Director-Consumer Markets, Barclaycard US, Businesswire, March 2012

Under Halifax's Cashback Extras scheme, consumers get back between 5 per cent and 15 per cent of their bill when they buy from Morrisons, Hertz, Argos, Oasis, O2 or Marriott, to name but a few. Halifax recommends a list of offers based on the customer's spending habits. All customers have to do is select via their online banking account the retailers from whom they would like to receive offers and then use their credit or debit card when shopping online or in-store to earn money back.

For CX leaders in the banking and payments industry, recognition of the benefits of personalisation is a major driving force behind their commitment to working with complementary industries to deliver greater value to the customer. If organisations across the CX eco-system work together to take advantage of data sharing opportunities, they can add colour and depth to customer profiles and begin to deliver greater value through tailored rewards and services.

CX-savvy companies also recognise the power of partnerships to deliver value for consumers by making their lives easier. For Gatwick Airport it is, quite literally, about making the customer journey as easy and convenient as possible. The airport, recognises that passengers want to get from the terminal to their final destination as quickly as possible. Through its partnership with Gatwick Express, operated by Southern Railway Company, passengers can move straight from baggage handling to the train platform

and, at London Victoria, can check their flight details on dedicated screens.

13% are working extensively with complementary industries to deliver greater value to the customer

Despite the clear benefits that partnerships with complementary industries can bring to the customer experience, we found almost half (45 per cent) of our organisations very tentative about this kind of extension of their proposition:

  » 23 per cent have no such partnerships with a further 22 per cent still at the pilot stage

  » Just 13 percent are partnering with complementary industries extensively (see Figure 11)

  » Whilst 72 per cent of survey respondents feel that closer collaboration with partners could significantly improve the customer experience in their sector, only just over half (56 per cent) are taking any significant action to improve it

72% believe closer collaboration with partners could deliver significant CX improvement

Figure 11 To what extent does your organisation work with complementary industries to deliver greater value to the customer

23%	22%	42%	13%

■ Not at all   ■ In pilots only   ■ To some extent   ■ Extensively
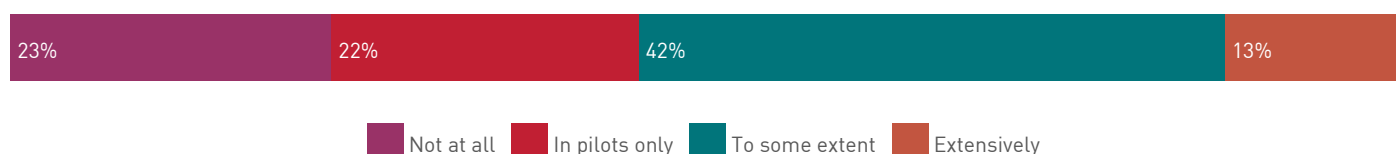
Case Study: BNP Paribas Fortis and Belgacom's Sixdots

Partnering to add value for consumers

Europeans are set to spend €19.8 billion on mobile shopping in 2014, 13.1 per cent of online retail spend.[32] Belgium-focussed bank BNP Paribas Fortis and telecoms giant Belgacom saw an opportunity to partner in order to offer Belgians a convenient and secure way to pay on their mobiles. In March 2014, together they launched the mobile wallet Sixdots, which is named after the six dot security code specific to each m-wallet holder.

Convenience is the priority at Sixdots: anyone can use the open platform app, which offers not only mobile payments and simcard top-ups but also e-ticketing. It doesn't require a card reader and users don't have to enter bank details afresh at each transaction – they are all stored in the wallet, which also offers discount coupons and loyalty programmes.

BNP Paribas Fortis' and Belgacom's intention is to open up access to all Belgian consumers, no matter who they bank with. In this spirit of inclusiveness, the partnership has already expanded to make ING, KBC, Belfius, Mobistar and Base Company participants in the scheme.

TCS Viewpoint

### Collaborating for perpetual innovation

In the digital age, innovation is no longer about periodic breakthroughs; it's about constantly harnessing ideas wherever they can be found. Transformative and innovative customer experiences will increasingly be co-created by customers, employees and partners collaborating across the value ecosystem.

Collaboration excellence entails an open and collaborative culture enabled by the right systems to support it. Social networks and mobile devices are the foundations of collaboration, extending the organisation's reach to customers, partners and other stakeholders, while connecting employees internally in real time. They allow the creation of a knowledge ecosystem and a collective knowledge base.

Advanced analytics that deal with both structured and unstructured data are then critical to enable that knowledge base to be leveraged to optimum innovative

effect. Indeed, the greater the collaboration within the ecosystem, the more critical gathering and analysing the resulting intelligence becomes for the organisation to stimulate CX differentiation and sustain competitive advantage (Figure 12).

Figure 12

32. Online Retailing: Britain, Europe and the US , Centre for Retail Research , 2014
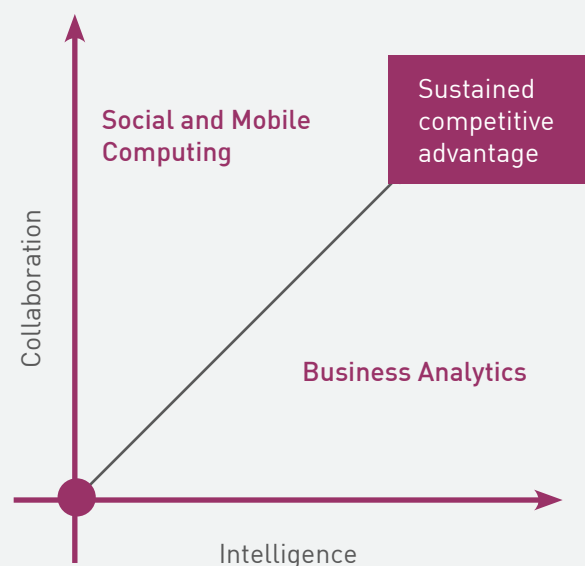
10. Conclusion

We are no longer at the dawn of the digital revolution. Tomorrow's consumers are being born in the full glare of the transparency engendered by our interconnected, digital world, their births announced and commemorated on Facebook, their lives and loves refracted endlessly through the lens of social media and smart devices to global networks of friends and followers.

Personal data - the oxygen that fuels the lifestyle that they want to lead

To this new generation, personal data will no longer be their own precious commodity but the oxygen that fuels the lifestyle that they want to lead. These consumers will be always-on (online 24/7), their experiences shaped by ever-evolving technologies, their expectations sharpened by a cacophony of opinions and advice accessible through a host of virtual sources from the Twitter-sphere to blogs.

Significant ground must be covered to remain relevant

This future throws the present into sharp relief. Significant ground needs to be covered for organisations to remain relevant even to today's already high-maintenance consumer. This challenge is not going unrecognised: our research shows that the vast majority of organisations (98 per cent) are striving to be customer-centric – yet our report vividly illustrates that very few are achieving CX excellence.

The lions-share of progress is in structures and culture

A cutting-edge customer experience is made possible by driving customer-centricity in three areas – systems, structures and culture. Our survey reveals that the lions-share of progress is being made in structures and culture, with major systems challenges left to be addressed another day. There is a clear focus on staff: many are creating employee experiences that encourage thinking and acting in customer-centric ways. Staff in most of the organisations we surveyed are routinely appraised and rewarded on their contribution across the customer journey. There is also recognition that staff must be encouraged, through the right performance management, to present innovative thinking on CX enhancements.

Pitfalls in CX metrics remain

But, though firms are making good progress in ensuring their people are CX-focussed, pitfalls in CX metrics remain. Metrics and targets are not always correctly calibrated, leaving firms with no true picture of how their customers feel, while their staff are blinkered by incentives unaligned with good customer outcomes and partner organisations often fall outside the scope of measurement frameworks altogether.

Staff face an uphill struggle, weighed down by IT

And, despite progress towards a customer-centric culture and an empowered workforce, staff still face a Sisyphean task, weighed down by an IT architecture that was never designed with the customer experience in mind and which is increasingly unfit for purpose. Only a handful of respondents provide a single customer

view extensively across their organisation yet, as our report makes clear, this should be the starting point of building a customer-centric journey.

External and unstructured data remain an untapped resource

Organisations are also struggling to gain the depth of customer insight that distinguishes the CX front runners from the rest. Data from external and unstructured sources remains an untapped resource, resulting in one-dimensional customer profiles and inhibiting anticipation of customer needs and preferences – a hallmark of the CX stars.

Committing to customer-centric and agile IT

Achieving this means committing to a new customer-centric and agile IT infrastructure that can flex with changing consumer behaviours and expectations. Progress has been made in adopting customer-centric cultures and structures: now systems must catch up, and fast.

A central team of customer advocates to drive transformation

Change on this scale requires leadership by a customer experience champion with the clout to drive through CX-focussed change across all teams and to act as the voice of the customer within the organisation. As in the case of Charles Schwab (see page 10), this doesn't need to be an individual: a central team of customer advocates can also drive the transformation across the business.

Few companies really understand high-maintainence consumers

And transformation is the right word: only 7 per cent of our respondents rate their customer experience as excellent, and only a few companies, as illustrated in the case studies that pepper this report, really understand the high-maintenance consumers who, through their online interactions, are setting their own extreme expectations as the norm for all.

TCS Viewpoint

Shedding light on the way ahead: an holistic approach

The message of this report is clear: organisations must up their game to win the devotion of their increasingly high-maintenance customers before more sophisticated and determined suitors lure them away. For some organisations this will mean a back to basics approach to realign their culture, systems and organisation with new, exacting customer requirements. Organisations should consider defining their customer experience strategy from two perspectives: Outside In and Inside Out.

To understand the Outside In, many organisations have completed customer journey mapping to define new journeys. Whilst in itself a useful process, the insight it gives is altogether deeper when complemented by the true voice of the customer that can be derived from analysis of unstructured data. Text analytics that analyse call centre transcripts, web chat, emails, qualitative survey results, social media and sensor outputs will deliver a much truer picture of the experiences customers really want.
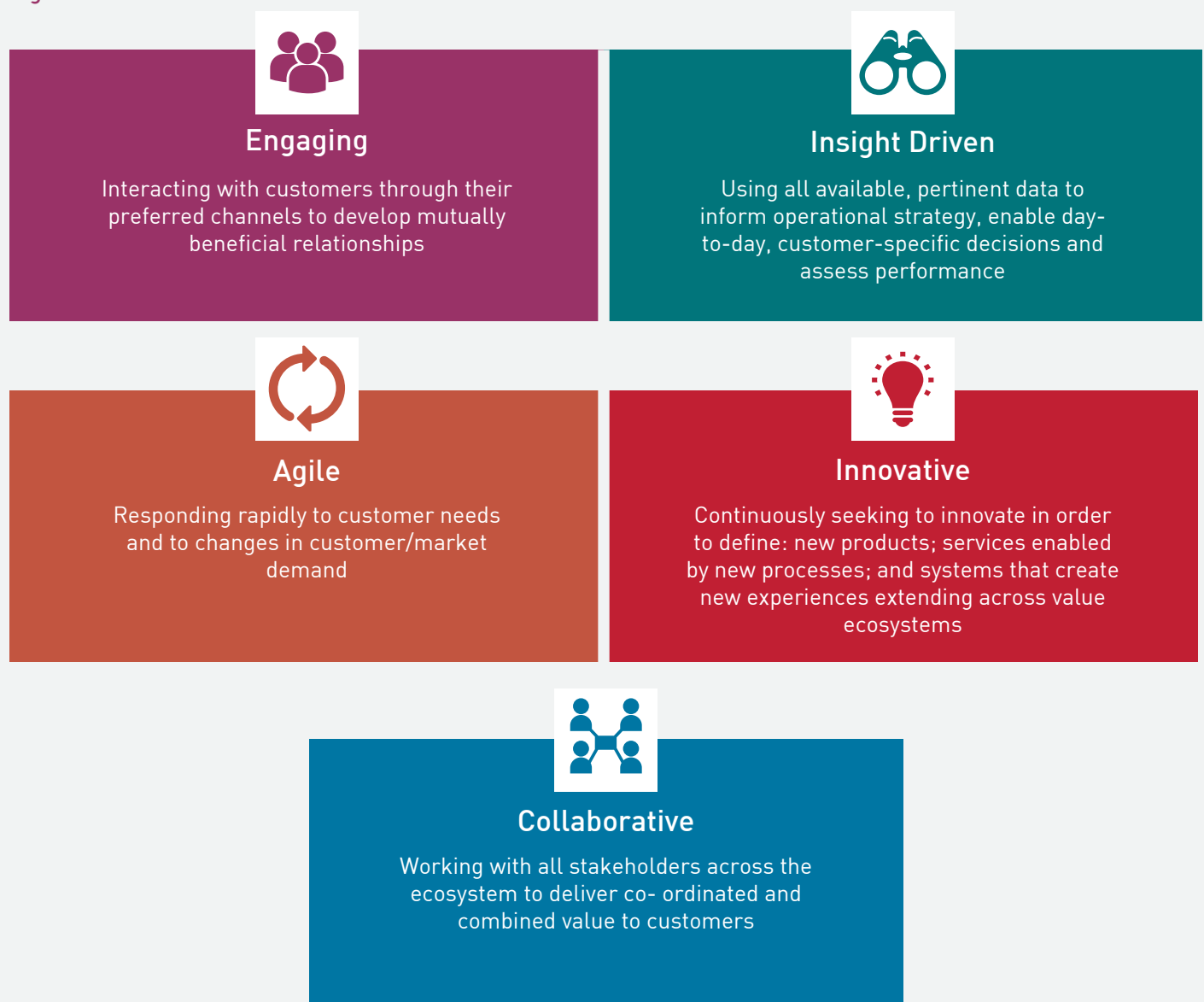
But even with the keenest social listening and analysis, organisations can falter when it comes to CX delivery unless they have the right culture, organisation, systems and processes to capitalise on CX learnings. This requires an Inside Out analysis to understand the many interdependent capabilities necessary to deliver 'joined-up' omnichannel experiences across one or many ecosystems.

At TCS we have identified five key characteristics that form a recipe for good customer experience in any sector. They are: "Engaging", "Agile" "Insight Driven", "Innovative" and "Collaborative" (see Figure 13). If any aspect of an organisation's operating model does not contribute positively to these attributes, suboptimal CX will follow.

The Five Characteristics of a Customer-Centric Enterprise
Figure 13

Engaging
Interacting with customers through their preferred channels to develop mutually beneficial relationships

Insight Driven
Using all available, pertinent data to inform operational strategy, enable day-to-day, customer-specific decisions and assess performance

Agile
Responding rapidly to customer needs and to changes in customer/market demand

Innovative
Continuously seeking to innovate in order to define: new products; services enabled by new processes; and systems that create new experiences extending across value ecosystems

Collaborative
Working with all stakeholders across the ecosystem to deliver co-ordinated and combined value to customers
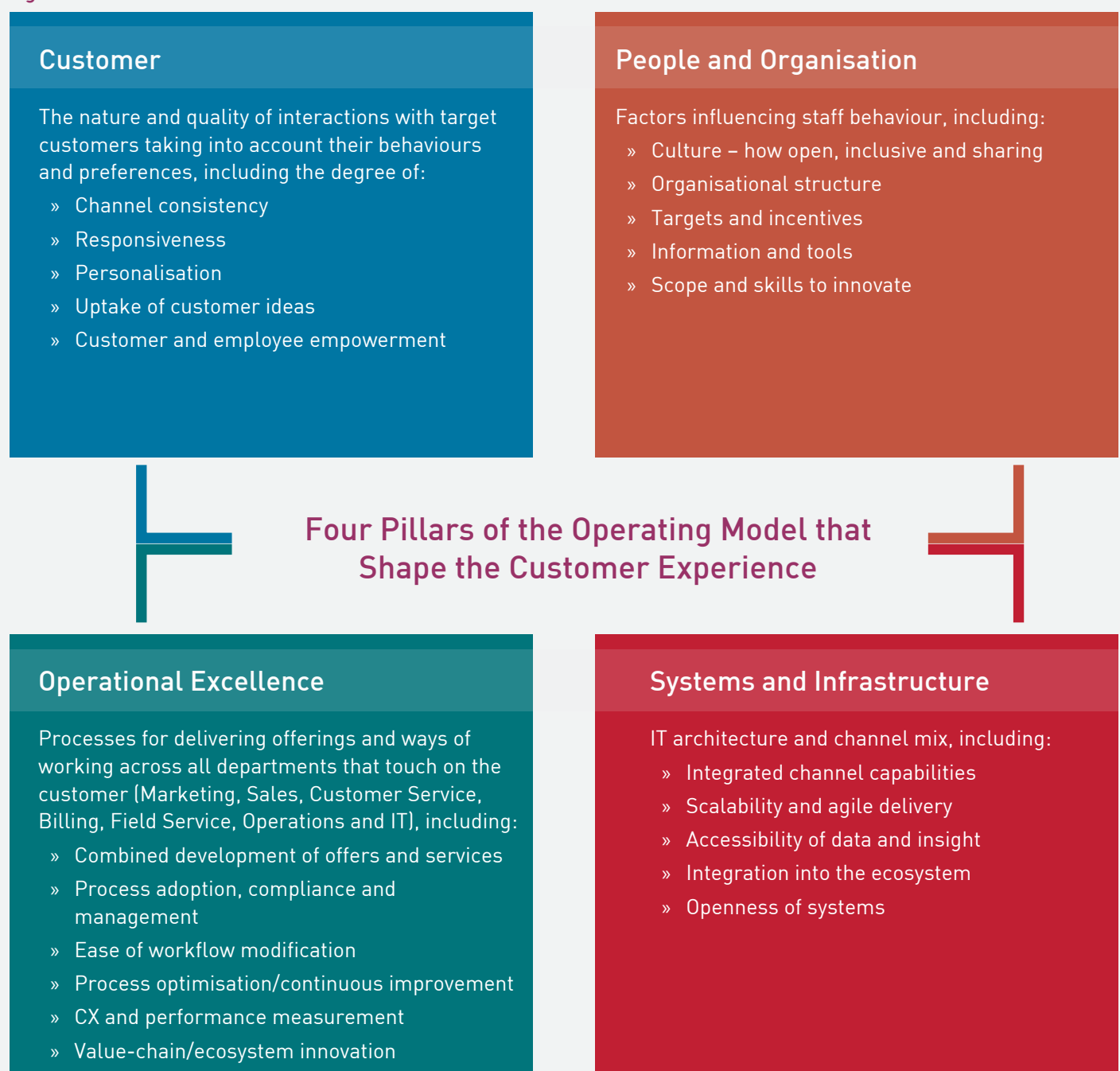
To provide a structure for organisations to assess their CX capabilities against these characteristics, TCS has developed the Customer Enterprise Framework. This framework comprises two dimensions: the first covers the five characteristics of a customer-centric enterprise; the second, four pillars of an organisation's operating model – Customer; People and Organisation; Operational Excellence; and Systems and Infrastructure (see Figure 14).

Figure 14

Customer

The nature and quality of interactions with target customers taking into account their behaviours and preferences, including the degree of:

» Channel consistency
» Responsiveness
» Personalisation
» Uptake of customer ideas
» Customer and employee empowerment

People and Organisation

Factors influencing staff behaviour, including:

» Culture – how open, inclusive and sharing
» Organisational structure
» Targets and incentives
» Information and tools
» Scope and skills to innovate

Four Pillars of the Operating Model that Shape the Customer Experience

Operational Excellence

Processes for delivering offerings and ways of working across all departments that touch on the customer (Marketing, Sales, Customer Service, Billing, Field Service, Operations and IT), including:

» Combined development of offers and services
» Process adoption, compliance and management
» Ease of workflow modification
» Process optimisation/continuous improvement
» CX and performance measurement
» Value-chain/ecosystem innovation

Systems and Infrastructure

IT architecture and channel mix, including:

» Integrated channel capabilities
» Scalability and agile delivery
» Accessibility of data and insight
» Integration into the ecosystem
» Openness of systems

In combination, these characteristics and operational pillars form a comprehensive diagnostic tool that illuminates the practices and capabilities an individual organisation needs to deliver a cutting-edge CX (see Figure 15). It prompts organisations to ask incisive questions (see Figures 16 to 20) that swiftly highlight where the operating model is falling short, as well as suggesting a blueprint for improvement. Pursuing the five characteristics will naturally lead to organisations adopting digital technologies in order to achieve them.

Figure 15

	Customer	People & Organisation	Operational Excellence	Systems & Infrastructure
Engaging	Omnichannel Interaction	Openness and Sharing	Offering and Delivery	IT Architecture
Agile	Context and Responsiveness	Structure and Command	Process Management	Sourcing and Delivery
Insight Driven	Customer Personalisation	Measurement and Direction	Performance Management	Information and Insight
Innovative	Customer Innovation	Employee Innovation	Value Chain Innovation	Ecosystem Integration
Collaborative	Empowerment	Employee Culture	Continuous Improvement	Secure Data and Systems

Ecosystem Innovation (spanning Customer Innovation, Employee Innovation, Value Chain Innovation)

All organisations, whether CX pioneers or late adopters, should undertake this kind of ongoing, holistic assessment. Continuous analysis and fine-tuning of customer experience gives every organisation the potential to not only become exceptional but also to remain so. Without such vigilance, even CX leaders can miss emerging issues and new opportunities presented by evolving value ecosystems.

By assessing each of the four components of their operating model against the five business characteristics we have identified, organisations can understand the many interdependencies necessary to become customer-centric and develop a 'capability map' showing where they are performing well and where investment is needed - a simple picture with the absolute clarity needed to make Boards sit up and take notice.

As our survey shows, for too long CX improvement initiatives have been undermined by a failure to address some of the root causes of poor customer experience because senior management have shied away from the substantial investment required. Organisations that tackle only the low-hanging fruit find their CX investment undermined by these more fundamental issues – not least legacy systems that hinder innovation, personalisation and engagement, making suboptimal customer experience inevitable no matter how good the intentions. Presented with the simple but revealing analysis the Customer Enterprise Framework provides, more Boards may now be brought to see the light.

Figure 16

Engaging

» **Omnichannel Interaction –** Does your organisation consistently and seamlessly interact with customers – so that customers feel they are engaging with a reliable organisation they can trust?

» **Openness and Sharing –** Does your organisation have the culture and processes to create an environment of openness and sharing – so that staff can meet the needs of customers effectively?

» **Offering and Delivery –** Do you work closely with your customers and partners – so that together you deliver a real competitive edge by creating products and service propositions that meet and exceed customer expectations?

» **IT Architecture –** Do you have the right IT Architecture in place? Without it you will be unable to engage with stakeholders effectively, which could result in missed revenue opportunities

Figure 17

Agile

» **Context and Responsiveness –** Can your organisation meet your customer expectations in terms of when, where and how service is delivered? If not, this is likely to be a driver of customer dissatisfaction

» **Structure and Command –** Do you have a very hierarchical organisation, with set roles and decision making bodies? If so, opportunities to increase sales may be lost due to slow decision making

» **Process Management –** Does your organisation have rigid process management and change management processes? If so, your processes will not easily scale-up to meet demand

» **Sourcing and Delivery –** Do you procure technology on long-term, fixed priced contracts? This could make you unwilling to scale-up to meet demand in case it is just a short-term "blip"

Figure 18

Insight Driven

» **Customer Personalisation –** Does your organisation use data at the individual customer level in order to develop specific products and deliver a truly personalised service for profitable customers?

» **Measurement and Direction –** Does your organisation have the right measures in place to understand whether you are delivering your strategy effectively – so you can decide whether you need to make any adjustments?

» **Performance Management –** Does your organisation understand the performance of each step of its ecosystem? It can then focus resources on addressing inefficient activities

» **Information and Insight –** Do you have the right technologie in place? Without them then the organisation will not be able to capture, process and deliver insight in a timely manner

Figure 19

Innovative

» **Customer Innovation** – Does your organisation work with your customers – so that you understand and anticipate demand for new products and services and how to improve current offerings?

» **Employee Innovation** – Does your organisation have in place the culture and relationship with emloyees to harness their individual thoughts and ideas on how to improve, develop and implement new products and services?

» **Value Chain Innovation** – Does your organisation have the processes and measures in place to foster an environment of innovation – so that you can improve operational performance?

» **Ecosystem Integration** – Does your organisation use standard technologies to enable the integration of stakeholders across its ecosystem – so that you can innovate across organisations?

Figure 20

Collaborative

» **Empowerment** – Does your organisation empower its staff to make decisions at the "moment of truth" with customers? If not, there is a risk that your organisation will be perceived to be rule-based and as not trusting its staff

» **Employee Culture** – Does your organisation foster the culture to encourage staff of all levels to be able to work together – so they can seize opportunities to improve the service delivered, reduce costs or increase revenue?

» **Continuous Improvement** – Does your organisation have a focus on continuous improvement? Without it you will miss opportunities to improve how your organisation operates, serves and sells

» **Secure Data and Systems** – Does your organisation have the right data governance in place across its ecosystem to ensure that the "right" data is shared in a way that customers trust?

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About TCS

Tata Consultancy Services (TCS) provides world-class IT services, business solutions and outsourcing, and is among the top 10 technology firms in the world. TCS works with clients to help them first understand what the future holds and then formulate strategies and develop joint, innovative solutions to enable them to reach their goals. Digital customer experience is a key focus area for many TCS clients and TCS is increasingly advising them on: digital marketing strategies; channel integration of social media and Big Data; mobile solution development; streamlining back office IT and operations to improve customer management processes and drive down operational costs.

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