



accenturestrategy

Your Customers, Your Compass

High performance. Delivered.

Strategy | Digital | Technology | Operations

Companies have long claimed that customers are at the heart of their decisions about where, how and how much to invest in marketing, sales, service and customer experience initiatives. But digital is exposing the truth: The claim of customer-centricity isn't really the case, and probably never was.

Consider the significant digital investments being made today to target the lucrative millennial customer. Those investments aren't paying off. In fact, millions of dollars are being left on the table. Why? Most companies are using an outdated model that doesn't acknowledge the lasting effect that digital has had on customer behaviors. They also are investing in digital initiatives without understanding the "digital intensity" of their customers. That means they don't have a clear line of sight to what their customers will notice and value. Without that understanding, they can't be truly customer-focused.

It's now time that the actions of sales executives, chief marketing officers, customer experience officers and customer service executives reflect their words. It's time to truly make the customer the North Star.

How's that working for you?

Despite their pronouncements of customer-centricity, organizations still largely base their investment decisions on static, siloed and "one-size-fits-all" assessments of potential return. When they get around to considering the requirements of their segments (or even individual customers), it's usually after their investment decisions have been made and the marketing, sales, experience and service programs are up and running.

That inside-out, investment-led scenario continues in the digital age. Organizations are adopting new technologies to better engage and serve their customers. But they are doing so without a clear understanding of what customers notice and value. Rather, they are placing their bets on particular digital solutions. Then they try to figure out how to use those solutions to address their customers' requirements. They are, in effect, putting the digital cart before the customer.

Enough is enough. It's time for companies in both the business-to-consumer (B2C) and business-to-business (B2B) space to ask if their solution-led investments are paying off. Accenture research reveals that 55 percent of B2B companies have experienced little, flat or negative growth—despite investing in what they believe are programs designed to improve the customer experience.¹ Nearly half of these investments are being used ineffectively or, at worst, outright wasted. Results from Accenture's annual Global Consumer Pulse Research are equally telling. Nearly a third (30 percent) of consumers claim their providers' digital channels don't provide correct information, 22 percent don't trust them and 17 percent don't even know how to access them.²

Why no one strives to think "inside the box"

Is it fair to say that investments have been completely wasted? No. What is more accurate is that companies have used the wrong compass to guide their investments. That's why results have been so disappointing. Three common mistakes companies make are to:

1. Anchor on an outdated customer model. Historically, the customer model has followed a linear path—from discovery to consideration to evaluation to purchase. Investments (and organizational designs) were intended to capitalize on the end point of this journey: the sales transaction. In the digital world, the point of purchase is no longer where companies win their customers. It's during "evaluation." That's because digital has made the sales process much more fluid and dynamic. It's also prompted permanent changes in customer behaviors—including their varied adoption of mobile, online and digital devices—that have fundamentally altered the customer journey.

"Evaluation" is now a continuous activity, with customers constantly assessing their providers on a number of factors. The effect of this digitally enabled scrutiny is that nearly 60 percent of customers are now more likely to switch providers than they were 10 years ago. And, even more tellingly, 44 percent are more open to offers from non-traditional players.³ That's shaking up traditional winners and losers in virtually every industry. Front-office investments need to be focused on putting the providers' "best feet forward" and addressing customer needs—not just at the point of sale, but long before and long after.

2. View their digital investments through the millennial lens. Digital exposes the faultiness of assumptions companies routinely make about their customers. Traditionally, they've relied on demographic data to create snapshots of customer segments. Based on those limited insights, they then adapt their sales, service and marketing programs to address these segments' perceived requirements. That's still going on and is, in some ways, even more pronounced in the age of digital sales. Consider how many companies assume their millennial customers are all digitally savvy. Or that their over-55 customers are not. Those sorts of assumptions are wrong. In the digital world, characteristics such as gender, location, income or even age are largely meaningless. A digital investment strategy based on them is not differentiating and is quite likely to fail. What matters most to customers now is the experience that is delivered. That's where the differentiation—and the customer delight—takes root.

3. Confuse a "multiple channel" approach with a "multi-channel" strategy. A multiple channel approach allows companies to engage with customers via various channels. But the experiences are distinct and often disjointed. Promises made in one may not be delivered in another and digital solutions—such as websites or Twitter feeds—are just "add-ons," rather than integral components of a comprehensive approach. A multi-channel strategy, on the other hand, delivers a tightly integrated customer experience, where every digital and physical channel is supportive of each other. In this scenario, the totality of the experience is greater than the sum of its parts. And it is the totality of the experience that attracts customers and keeps them coming back. Today, companies are falling short on the multi-channel promise. Accenture's research found that only 14 percent of consumers believe their providers are very effectively delivering multi-channel experiences.⁴ If companies continue to think of digital as "just one more" channel, they will continue to miss an important truth: every customer is now a digital customer, each moving at his or her own pace.

A true multi-channel strategy will help companies match their customers' varying speeds, as well as their tendencies to navigate both the digital and physical worlds, with offers and experiences that matter and produce results.

Make the customer the compass

Companies must take four steps to adopt true customer-centricity in the digital age:

1. Identify the digital intensity of their customers. To effectively engage customers earlier in the journey, companies need to understand how they make decisions, the sources of information they consult as they consider a product and service, how their behaviors have changed (or will change) over time, and the key influencers on their decision-making. Digital influences all of these (and other) factors. The question is, "to what degree?" That answer can be found by assessing the digital intensity of customer segments (see sidebar).

Does your digital intensity match that of your customers?

Companies can no longer operate at a single speed. They need to create multispeed customer organizations that provide the right experiences for customers at different levels of digital intensity. Accenture's research and experience suggest four categories of customers come into view when observed through a digital lens:

Traditional customers. They rely on traditional channels and interactions. Yet, even they leave digital traces.

Experimental customers. They selectively engage in digital for the value it delivers. They are discovering how their experiences can improve in the digital world.

Transitional customers. They accept that digital is a good thing. They strive to leverage digital more broadly, but may not always be able to do so.

Digital savvy customers. As the most digitally intense group, these consumers make digital technology part of all dimensions in their life. Mobile access and engagement is their new frontier.

2. Align customer behaviors to business results. Business opportunities need to dictate investment strategies, not the other way around. When companies understand the digital intensity of their customers, they can begin to consider the type of investment that will match the customers' requirements and drive growth. This requires turning the traditional model on its head—beginning with isolating the value of the changes in customer behaviors, and using that value to determine the need for (and effectiveness of) digital investments. An "outside-in" approach that considers every experience and every way in which customers engage is critical to creating an investment strategy that meets the customers where they are.

3. Take advantage of the "digital/physical blur." Investments clearly need to mirror the new reality of the digital customer. But that does not mean all investments should be digital. The behavioral changes seen among consumers may be driven by digital exposure, but the effect of those changes extends far beyond the digital experience. Customers today do not live in a "digital" or "physical" world. They occupy both simultaneously. They want to move freely between them. And they will penalize those companies that fail to offer highly satisfying multi-channel experiences. That means digital and physical investments must be balanced and aligned in a way that delivers optimal value. In striking the right balance between digital and physical opportunities, companies need to recognize the business value to be gained by each—and by all. They need to take a close look at their digital and physical investments, see how they relate (or not), and determine which ones will have the greater business impact. And they need to emphasize accountability for results and link incentives to customer experience outcomes. Experiences, at the end of the day, are all that really matter—in the digital world and the physical world and everywhere in between.

4. Adjust the sales model to reflect the new reality. The traditional sales "funnel" is outdated. Companies need a much more fluid model, with new front-office capabilities that adequately address changing customer behaviors. They need to fundamentally question, if not wholly replace, their traditional sales/service models with models that respond to the needs of the nonstop customer and win the battle in "evaluation." Along the way, they need to confirm that their journey matches the customer journey. The challenge lies in creating a model that works for all customers, who now travel through the sales environment at their unique pace. Multi-channel, multi-speed, and even multi-function capabilities are critical not only to growth today, but also to the sustainability of a dynamic, agile and effective investment capability in the years ahead.

The days of making investment decisions without a clear and measurable basis for assessing their choices are over. It's time companies put customers in their rightful place—at the center of companies' investment strategies. It's time companies follow their customers wherever they lead.

Sources

¹ "B2B Customer Experience: Start playing to win and stop playing not to lose," Accenture, 2014.

² "Customer 2020: Are you future-ready or reliving the past?" Accenture, 2015.

³ Ibid.

⁴ Ibid.

Join the conversation:

@AccentureStrat

Contact the authors

Robert Wollan
robert.e.wollan@accenture.com

Kevin Quiring
kevin.n.quiring@accenture.com

Additional contributors

Olivier Schunck
olivier.schunck@accenture.com

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 319,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$30.0 billion for the fiscal year ended Aug. 31, 2014. Its home page is www.accenture.com.

About Accenture Strategy

Accenture Strategy operates at the intersection of business and technology. We bring together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise wide transformation. Our focus on issues related to digital disruption, competitiveness, global operating models, talent and leadership help drive both efficiencies and growth. For more information, follow @AccentureStrat or visit www.accenture.com/strategy