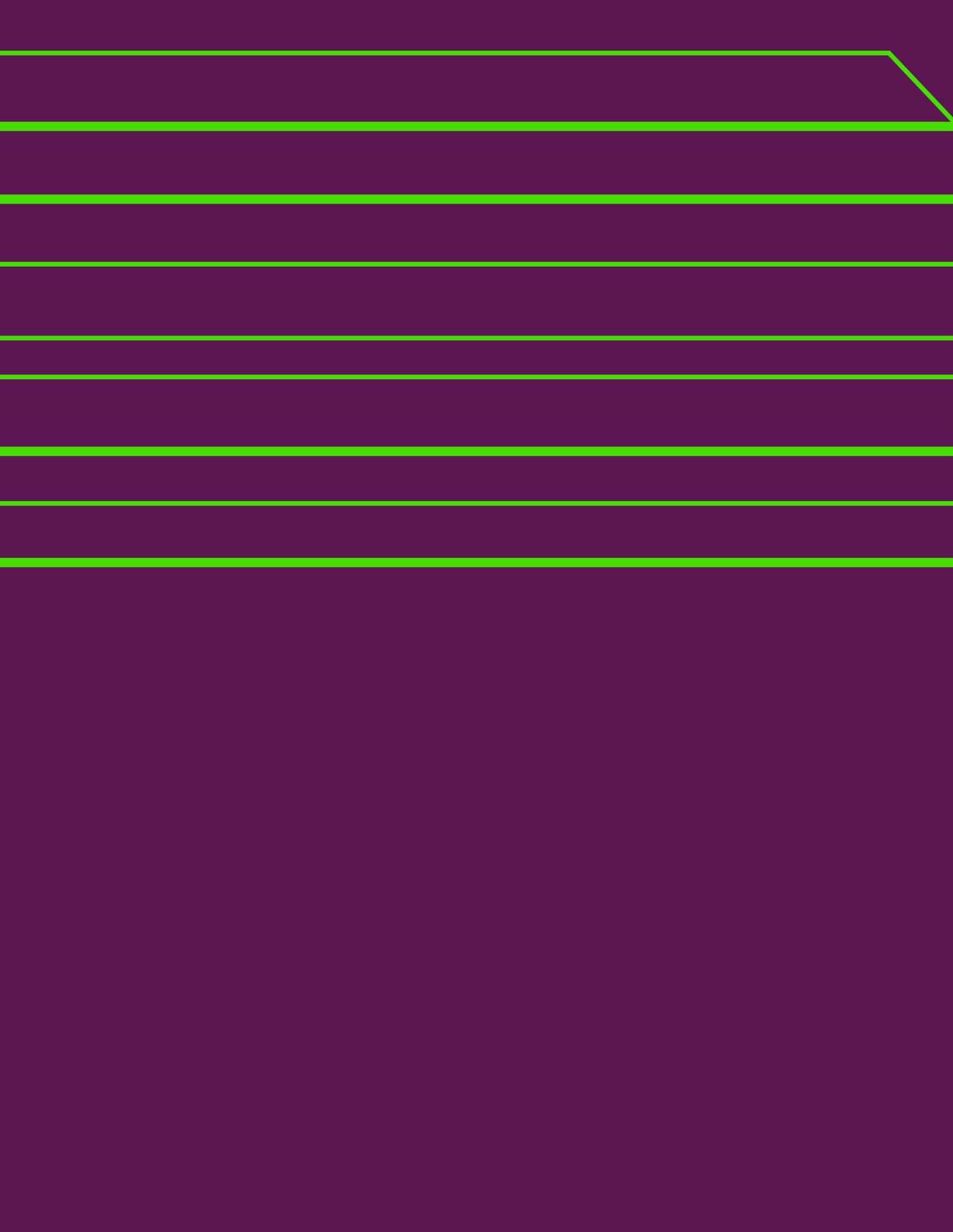


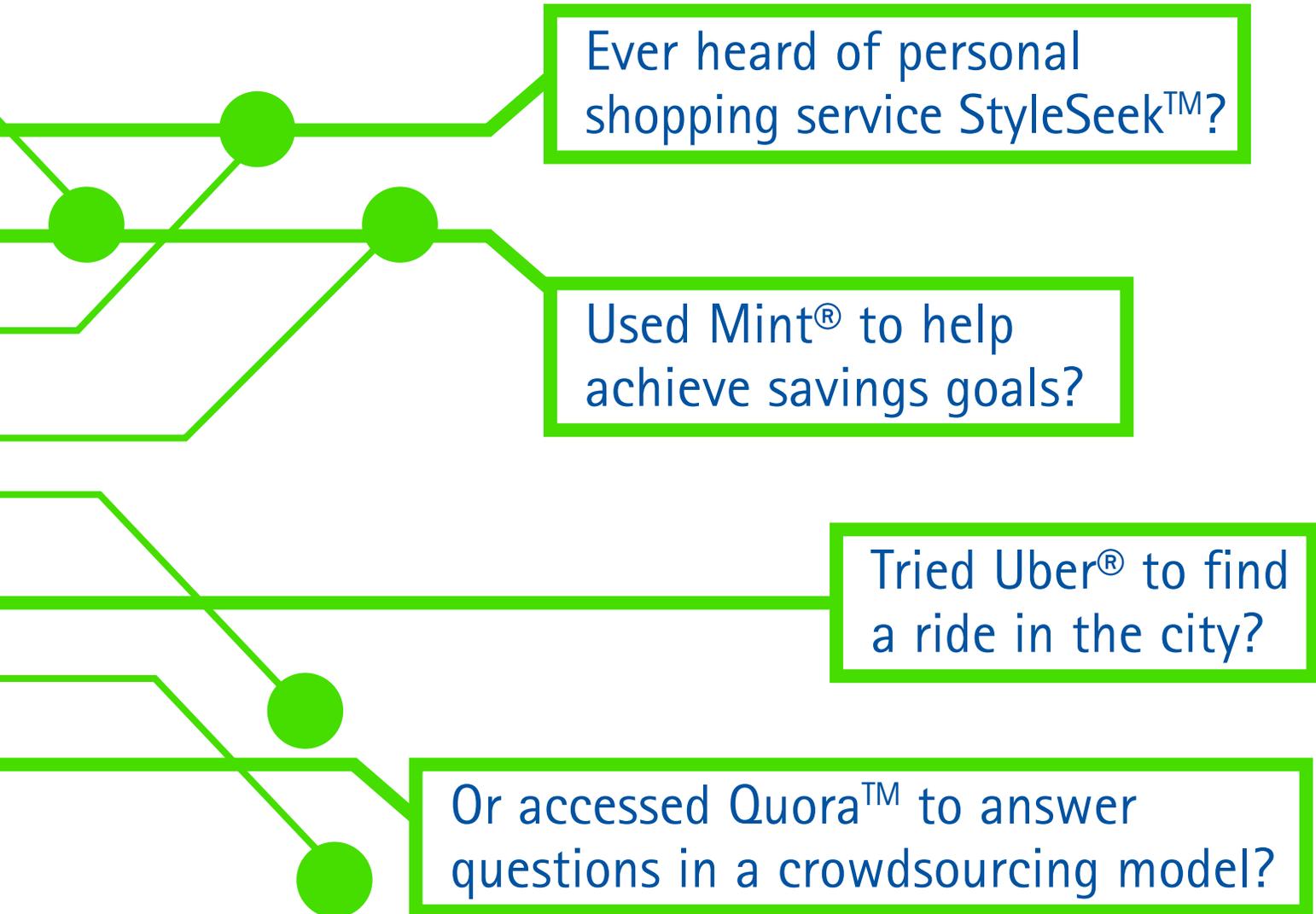
# Seamless Lifestyle Experiences:

Moving from transactional moments to top of mind

**High performance. Delivered.**







Ever heard of personal shopping service StyleSeek™?

Used Mint® to help achieve savings goals?

Tried Uber® to find a ride in the city?

Or accessed Quora™ to answer questions in a crowdsourcing model?

Today's customers are using a variety of new channels and technologies to improve their shopping experiences and enhance their lifestyles. Whether looking to discover the best prices for products or services, accomplish goals, seek recommendations, find inspiration, or ultimately complete a purchase, these customers are not afraid to switch brands to achieve their aim. According to the recent Accenture Global Consumer survey, 51 percent of US consumers switched service providers in the past year. Switching rates were highest among retailers, cable and satellite providers and retail banks, making businesses in these sectors the most vulnerable.<sup>1</sup>

To counteract this trend, businesses need to act quickly and boldly. The next frontier in customer experience is engagement, because an engaged customer is much more likely to be a repeat customer. Case in point;

according to the book *Marketing Metrics*, businesses have a 60 to 70 percent chance of selling to an existing customer, while the probability of selling to a new prospect is only five to 20 percent.<sup>2</sup> And a study from Bain and Co. revealed that a five percent increase in customer retention can increase a business's profitability by 25 to 95 percent.<sup>3</sup>

Now more than ever, businesses must not only engage with customers within existing channels, but also extend their reach into customers' lives in entirely new ways.

### Current Engagement Strategies Fall Short

Traditionally, a business's marketing team has led the charge in attracting customers and increasing awareness of the brand, products and promotions. Customer relationship

management (CRM) tools are used where possible to track and connect with customers. The ubiquitous uptake of social networking has added new channels and businesses are increasingly using social media to draw in customers through dialogue, campaigns and ads. In some cases, businesses are also using social media profiles to better target customers. (We outline significant ways to expand on this concept in our point of view, "[Unlocking Value from Social Data](#)."<sup>4</sup>) However, these activities only touch the surface of what is possible.

Current engagement strategies focus on the customer "purchase funnel" and typically address the customer outside of the context of a need. For example, while trying on clothing outfits at home, a customer realizes she needs a pair of shoes to complete the look. The next day during her lunch hour, she visits her favorite website to find the

shoes, but has to recollect or guess how well her clothes will match. This example can be extrapolated to practically any kind of product or service. When a business advertises on TV, emails a coupon or tweets an offer, the customer must be persuaded to associate the business with a future need, recall the business when that need arises and remember why that business should be chosen over the competition.

In other words, many existing engagement strategies focus on driving sales or transactions in the short term and fail to embed the brand into customers' lives through services that support their lifestyles. In the near future, engagement strategies will use more real-time and advanced intelligence to engage customers by supporting the activities they engage in with any given business's products or services. By employing these strategies, high-performance businesses will position themselves as the brands that can fit into customers' lifestyles and engage at the point of need. Accenture Technology Labs has developed a new approach for engaging customers outside of the purchase funnel, which is focused on increasing engagement and influencing purchasing behavior. (See Figure 1.)

## Customer Behaviors and Needs Evolving Rapidly

Since an engaged customer is a repeat customer, the next wave of innovation in customer experience should focus on continuously creating deeper connections with customers before and after a purchase is made. To make this possible, businesses will need to use customer engagement strategies that provide services to support the customer at the exact moment a need surfaces. This approach will first require them to understand how customers' preferences are evolving. Today's customers have a stronger sense of self—they know what they want and when they want it.

To better understand this phenomenon, Accenture Technology Labs conducted a qualitative study on customer behaviors. The objective was to provide a more detailed look at customers' needs beyond basic transactional interactions with businesses. Our key findings, further supported by outside research, include the following:

Customers want retailers to understand who they are and how they evolve.

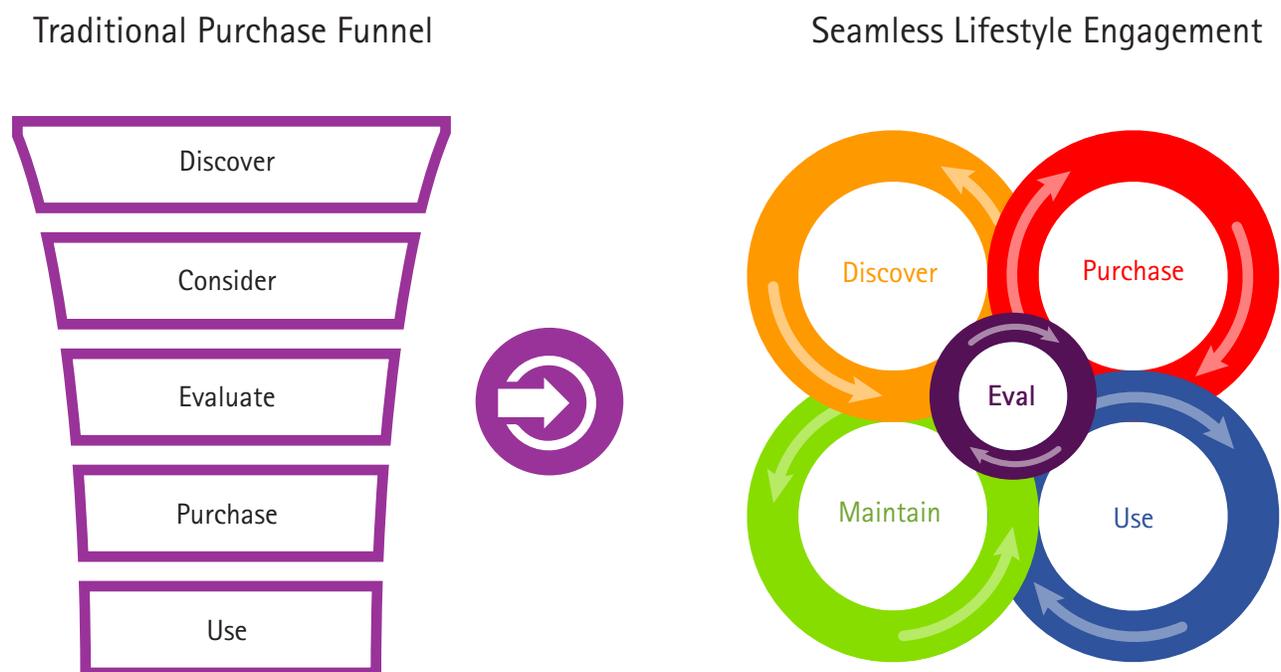
- "In June 2011, Josh Bernoff revisited Michael Porter's competitive strategy work to show that business has entered a new era where competitive advantage will come from obsessing over your best customers. In this seminal report (subscription required), Bernoff argued that the only way companies will stand apart from competition is by combining information, technology and strategy to deeply understand customers and demonstrate that understanding through product, marketing and service interactions."<sup>5</sup>

Customers continuously seek to reinvent themselves, so they want to be creative and be given the opportunity to explore.

Customers' leisure time is increasingly important, so they do not want to waste it browsing through products. They want to save time and quickly and easily arrive at solutions.

- Forrester says, "The revenue impact from a 10-percentage-point improvement in a company's customer experience score can translate into more than \$1 billion."<sup>6</sup>

Figure 1: A Customer's Life Journey Provides Many Engagement Opportunities for Businesses



Customers want their concerns to be taken seriously, so they want to be heard and seen.

- “Forty-three percent of Gen Z (ages 18 to 23) online adults agree with the statement “I am very likely to abandon my online purchase if I cannot find a quick answer to my questions,” and 63 percent agree with the statement “Valuing my time is the most important thing a company can do to provide me with good online customer service.”<sup>7</sup>
- “Fifty-five percent of Golden Generation (ages 68 and older) and Older Boomer (ages 57 to 67) online adults report they are likely to abandon online purchases without a quick answer, and 76 percent agree that valuing their time should be the hallmark of good customer service.”<sup>7</sup>

Above all, customers want to be unique and to uniquely experience the world around them.

- An Econsultancy/Monetate [Realities of Online Personalization Report](#) found that “94 percent of businesses believe that personalization is critical to current and future success. Online personalization improves customer retention because it lets retailers build a personalized web experience around their customer’s behavior.”<sup>8</sup>

## Innovative Customer Experience Channels

To be at the forefront of delivering a superior customer experience, businesses will have to innovate by providing services that support customers’ evolved needs. These kinds of services are already coming to life outside of the typical ecosystem of a business. Using websites, social networks, mobile apps and public or community forums, customers are actively communicating about products and services, sharing their experiences while interacting with specific brands, exploring new purchase opportunities, making recommendations to friends and more. (We further explore this emerging trend in our point of view “[Product Intelligence: Turning Online Reviews into Product Decisions](#).”<sup>9</sup>) Many businesses are already disrupting this space

and addressing unmet customer needs. These companies provide services in a few different categories, including:

### Inspiration and showcasing:

With information so easily accessible, customers are turning to the web to quickly find what is new and most relevant. Between purchases, customers often seek inspiration for new products that reflect their lifestyle. Companies like Pinterest, Inc. have risen as channels for viewing, collecting and organizing images that showcase personal style, and serve as inspiration and reference for future purchases. Besides collecting their own pins, Pinterest users follow other users with similar styles and preferences. As a result of this enablement, the connection they develop is not to the brand, but to other users and the technology for allowing them to categorize their lives according to their own needs. This is an example of how technology has enabled the support of exploration of style, taste and new products.

### Expert recommendation/advice seeking:

Online recommendation services help customers more quickly discover new products and services that fit their unique needs. For example, before a customer applies for a new credit card, she goes online and peruses various forums to determine which companies offer a card with associated rewards that best fit her lifestyle. Since she is an avid traveler, she opts for a card that offers double miles for every dollar she spends. This is a better option for her than the cash-back credit card offered by a competitor company.

However, advice seeking and recommendations are not limited to third-party forums. For instance, we have witnessed the growth in popularity of Quora™, a question-and-answer site. This type of advice exchange focuses on providing assistance about life choices—for example, places to visit while traveling. These services reflect how people go through the process of decision-making. Difficult and expensive decisions do not happen in a vacuum. Using this new channel, customers consult other people and experts to arrive at the optimal decision.

### Personal shopping:

Time is an important commodity, and people want to use it wisely. Advances in technology have made personal shopping relatively inexpensive, and we are witnessing growth in digital personal shopping services in which customers allow third parties to shop and research new clothing items on their behalf. This takes care of the hassle of the crowds and store lines.

Some customers choose to be completely hands off and allow the service to decide on the products, do the shopping and deliver the items to the doorstep. In this option, control over choosing the items is worth less than time, so the customer is willing to give it up. Customers that prefer more control opt for making selections and letting the service do the shopping and delivery. These formerly high-end services are now available to the masses, and shopping behaviors are shifting as a result.

### Product management/use:

After purchasing a product, many customers desire assistance as they interact with that product. For example, a customer who is using a wearable health device to make health changes will use data and services from the device to modify his behavior. He can set up goals and expectations, track progress online, and receive advice on how to reach his goals more quickly.

By providing personalized advice and support, businesses can create services that help customers meet their goals, which transforms the customer relationship and secures a higher degree of customer engagement. These types of activities occur after customers buy items outside of the purchasing funnel. Yet, they lead to future product and service purchases and, more important, brand loyalty. Therefore, these behaviors represent opportunities for companies to connect more deeply with their customers.



# Businesses Capitalize on Customer Engagement Channels across Three Areas

Type of Service	Example Business
<p><b>Contextualized Product Discovery</b></p>	<ul style="list-style-type: none"> <li><b>Pinterest</b> is used to collect images that reflect a customer's personal style. Customers categorize or organize the images according to their own needs. The images then lead to blogs or sites where the product can be purchased. Customers are fed content depending on the people/board that they follow and the items for which they search. Customers can also discover new products as they browse through the site.</li> <li><b>Zappos</b> is a shoe and clothing site that offers a feature called "outfit of the day" (#OOTD) that takes advantage of the trend in "selfies." When customers tag Instagram pictures with #NextOOTD, the system sends personalized shopping recommendations based on the images.</li> <li><b>Spotify</b> has branded itself as one of the best music discovery sites. Its algorithms are meant to find music that matches customers' interests based on what they listen to.</li> </ul>
<p><b>Integrated Social Support</b></p>	<ul style="list-style-type: none"> <li><b>Quora™</b> is a question-and-answer website that leverages the power of crowdsourcing. Users post questions, and the community answers and edits them.</li> <li><b>Uber®</b> is a driving service that matches people who need to move from place to place with drivers who are willing to use their car and do the driving.</li> <li><b>Airbnb™</b> is a lodging finder service that allows customers to book homes, apartments or rooms in many cities and tourist locations. The site connects people and helps them monetize their lodging.</li> <li><b>Task Rabbit®</b> allows users to outsource their tasks to other people who will do the work for a self-established price.</li> </ul>
<p><b>Intelligent Lifelong Services</b></p>	<ul style="list-style-type: none"> <li><b>Mint®</b> is a financial application that helps customers set up budgets to achieve their financial goals. The application also tracks progress and makes suggestions about habits to change based on spending activities.</li> <li><b>Full Circle</b> is a weekly vegetable delivery service to a customer's home. The vegetables are chosen based on what local growers have in season. The quantity is predetermined by the box size the customer selects.</li> <li><b>Fitbit®, Jawbone UP™ and Nike FuelBand</b> are wearables that collect data about the physical activity of people to help them develop better habits over time. Customers establish goals and measure progress via the devices or associated websites, dashboards or reports.</li> </ul>

## Adopting a Lifestyle Experience Strategy

The pinnacle of engagement occurs when the business becomes a part of the customer's life and lifestyle. Businesses should not only sell products, but also provide services that 1) enhance the customers' experience with a business's products, and 2) connect the customers to new purchase opportunities.

A seamless lifestyle experience strategy combines customer behaviors with technologies to help extend a business's reach by seamlessly weaving products, services and brands into the everyday lives of their customers. To support this aim, Accenture Technology Labs proposes a new engagement strategy—a seamless lifestyle experience strategy that takes advantage of many of the customer behaviors discussed above and combines them with technologies that can extend a business's reach by seamlessly weaving products, services and brands into the everyday lives of its customers. Our approach meets customers' needs; takes into account their context such as previous purchases, preferences and interests; and enables customers to bring

other opinions into the decision-making process. In exchange for a more valuable offering, customers will be more likely not only to make purchases, but also to become loyal advocates of the business and brand.

Here we explore the four steps companies can take to design a seamless lifestyle experience. (See Figure 2.)

### Step 1: Identify and understand the customer's life.

The customer's life comprises a range of behaviors and activities that businesses can leverage as points for engagement. From inevitable events like growing up to proactive decisions such as changing careers, customers' activities vary widely during the course of their lives. Some activities are simple and routine occurrences like a morning run; others are occasional and momentous ones like having kids. These moments are important for the customer because needs arise and priorities might shift.

In either case, businesses have an opportunity to engage with customers in these moments in a meaningful way by delivering an experience that is attentive to a particular customer's surroundings.

For example, with a customer's permission, a health-related business could keep track of the individual's physical activities, eating habits, biometrics and sleep patterns in order to better determine behavioral changes needed to achieve long-term goals or to prevent high-risk conditions. (See Figure 3.) The key is to understand which customer behaviors and activities are relevant to the brand and to develop value-added services to support them.

### Step 2: Design relevant services.

To engage customers, businesses can provide services that unlock value for the customer in three focus areas: **contextualized product discovery, integrated social support and intelligent lifelong services.** Contextualized product discovery tools should enable customers to conveniently explore and experiment with new products without providing an overwhelming number of options. For example, the health-related business could use the customer's past meals data to determine a gluten allergy and abstain from offering meals that contain gluten in future recommendations. (See Figure 3.) To enhance social network

Figure 2: Businesses Can Design a Seamless Lifestyle Experience by Following Four Steps

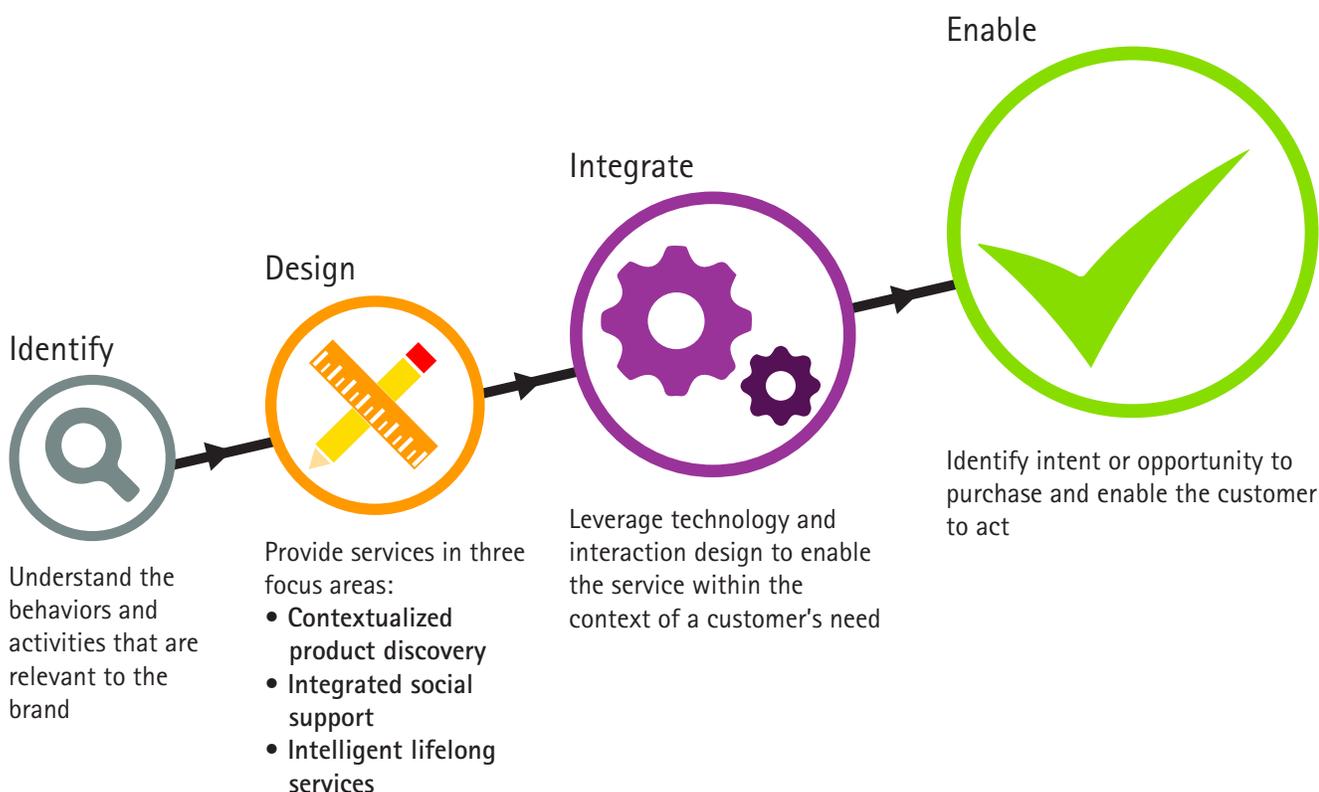
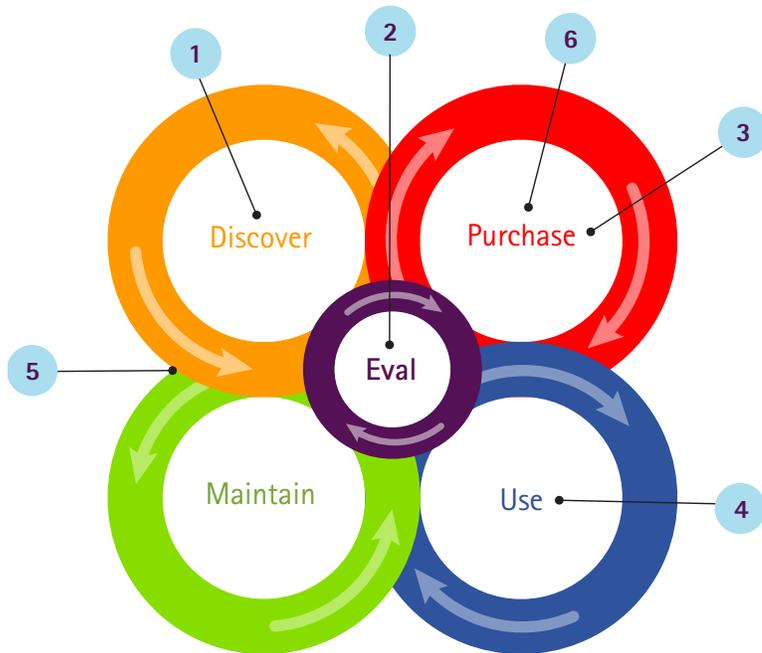


Figure 3: Seamless Lifestyle Experiences Provide More Opportunity for Businesses to Engage with Customers in More Meaningful Ways as Needs Arise.



- 1 Paul learns about fitness tracking devices that can help him improve his health.
- 2 Paul evaluates different vendors by reading reviews and asking friends' opinions.
- 3 Paul decides to purchase one of the devices.
- 4 Paul uses the device to track his workouts, eating habits, sleep patterns and more.
- 5 Paul reviews his data and notices a recommendation for new foam roller stretches given his workout intensity and consistency.
- 6 Paul purchases a foam roller.

support, businesses should help customers connect to a range of sources for advice (e.g., other customers, experts, enthusiasts, etc.). Intelligent lifelong services should track periodic and cyclical behaviors to forecast needs (e.g., track physical exhaustion to determine injury prevention care) and enable easy acquisition of needed products when necessary. In all, services should support customers' activities in context while being unobtrusive.

**Step 3: Integrate experiences that support.** With a relevant service selected, businesses can then leverage technology and interaction design to enable a service within the context of a particular customer's need. Customers are performing activities with products, and the service should seamlessly integrate with them. To continue with our health example, some companies have developed devices and apps to help customers keep track of their physical activity, such as walks or runs, and fitness goals. By providing this support and integration, companies could then provide a new value proposition for customers by proactively solving problems and enabling enhanced product experiences. This makes the brand stickier and encourages customer loyalty and advocacy.

**Step 4: Enable and close the loop.**

Finally, companies can benefit financially when they enable customers to instantly acquire a product that addresses a need, when that need arises. Once the business has identified an intent or opportunity to purchase, it can enable the customer to act upon the offering and purchase an item. For example, based on the data, the health device or app might detect that the customer has just started working out after a long time. Then it might keep track of how quickly the customer increases intensity, and advise when an injury is likely to happen, provide advice on how to solve it and offer a coupon for a foam roller to help out. (See Figure 3.) In this way the service provides added value to customers and makes it easier for the business to measure conversion and return on investment.

**Benefits for Boosting Customer Engagement**

When a more proactive approach to engagement is taken, the focus shifts from investing in campaigns that regain the customer's attention to a sustaining a conversation between the customer and the business. As a result, a brand will coexist with the customer and add value

at any moment that is meaningful for the customer. This in return will help:

**Customer retention:**

Designing seamless lifestyle experiences helps businesses focus on engagement that leads to customer retention by serving a customer's real needs (that is, solving problems rather than trying to only sell products). The customer ceases to see the business as the product provider, and instead sees it as an ally in achieving his lifestyle.

**Revenue and expenses:**

With better understanding of customer preferences, customer engagement strategies can be individualized to better focus on those strategies that ensure greater satisfaction. Customer relationship management can be organized around needs and serve specific populations.

**Point of purchase and cart size:**

Seamless lifestyle experiences suggest that every point of the customer's everyday life creates an opportunity for businesses to engage with the customer. Better understanding of the customer's activities will allow businesses to leverage more opportunities to sell, upsell and cross-sell, thereby increasing the number and value of purchases made by the customer.

# Weaving the Seamless Experience into Daily Life

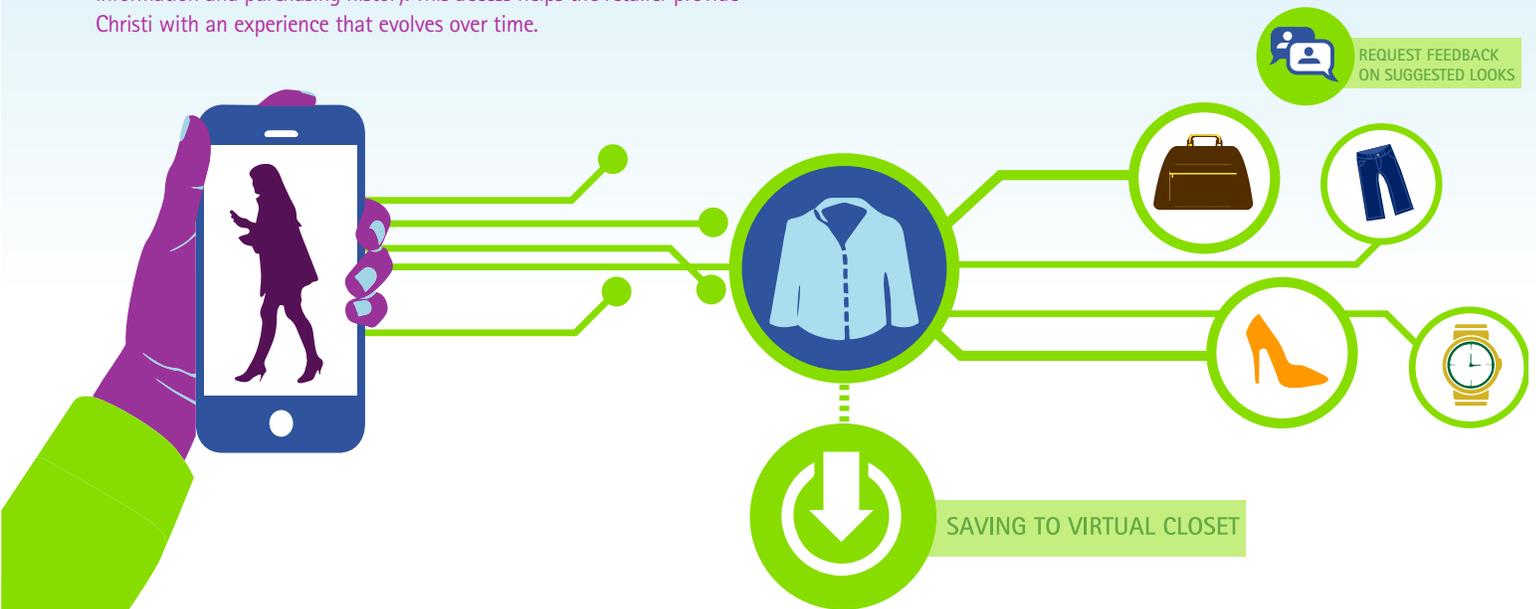
To illustrate how customer engagement and interactions can connect to the lives of customers, we developed a story centered on a common apparel customer activity: daily wardrobe decisions. These decisions range from coordinating existing items to determining the need for new items. This "digital closet" concept comprises a set of multichannel services apparel companies. Each business can help customers with wardrobe decisions and management. With a digital closet, the retailer can then place its products in the context of wardrobe decisions when the need first appears.

## Christi's Coat

Christi is an executive at a large company and juggles her work and family duties. She is a mother of three and is constantly on the go. Christi considers herself an impatient shopper—time is money and she does not want to waste time browsing at a store or online. Her top priorities are discovering new items and managing the overcrowding of her closet by identifying items that can be donated.

Christi loves shopping at Clothing, Inc., because the retailer is always there when she needs it. She has an account with Clothing, Inc., that is authorized to use her social media profile and activity, along with her web browsing information and purchasing history. This access helps the retailer provide Christi with an experience that evolves over time.

On her way to the office, Christi runs into a co-worker wearing a stylish coat that she admires. Christi takes a photo of the coat with her seamless lifestyle app (contextualized product discovery). When the app pulls up a similar coat on-screen, Christi notices that it is available at a local store. She selects the "try on" option, which gives her the ability to try the coat anywhere she wants. Christi chooses to try on the coat as soon as possible, which means the system will deliver it within an hour to anywhere Christi is located (intelligent lifelong service). The system looks at Christi's calendar to figure out where to deliver the item, selects an address and requests Christi to confirm the location.



Christi receives the coat at work and tries it on. She loves the fit and selects the "I want" option to complete the purchase, which adds the item to her shopping cart as well as to her "must haves" board on Pinterest®, where she shares her passion for the brand.

Unsure of what to wear with the coat, Christi uses the "complete the look" feature on the app to discover options to coordinate with the coat. The digital closet immediately goes to work by comparing the color and

design of the coat to other examples available online and evaluating outfit combinations (integrated social support).

Since Christi's digital closet has access to her social media profiles, web browsing data and purchasing history, the service also sends an alert to Christi's stylist, as well as a request to her friends for ideas on how to wear the coat. By doing this, Christi allows her stylist and friends to look into the items she has in her closet to create a more personalized recommendation (integrated social support).

At noon, Christi receives a notification letting her know that her monthly package from Clothing, Inc., has arrived at her home. The box contains three new items that align with her style. Christi opted for this service because she often does not have time to shop herself, so she prefers to have a personal stylist provide some clothes for her, which she can either keep or return. The retailer has also included a new pair of stockings to replenish her old ones. The system knows Christi needs new ones based on her past purchase history (intelligent lifelong service).

After arriving home, Christi takes out her tablet and opens the seamless lifestyle app to access her digital closet. A new look book is populated with options that pull data from her stylist, her trusted friends and the digital closet's recommendation engine. All the looks created incorporate the items that Christi already has in her closet, as well as the three new items in the box and additional items that complement Christi's personal style.



A number of friends have voted on the looks and left comments for Christi, too. She likes most of the recommendations and decides to find out more about the outfit that received the most votes. This look includes Christi's favorite pair of dark jeans, which the digital closet knows because she has put together plenty of outfit combinations with these jeans, along with a new red top with leather trimming and a few accessories (contextualized product discovery). Earlier in the week, Christi had been searching for tops in this category and red has been identified as her favorite color based on her past purchases. Christi loves the look, so she chooses the "get the look"

option to automatically add the new items to her shopping cart. She checks out and selects to receive everything at home.

Later that day, the wall-mounted screen in Christi's closet alerts her that a number of items in her closet have reached the two-year expiration date that she had set. She agrees it is time for those items to go, in addition to a few other items she no longer wears. Christi collects these items and places them at the door to take to the local shelter. As a reward for the donation, Clothing, Inc., gives her bonus loyalty points.

### Competitive advantage:

By interacting in the customer's everyday activities, businesses will have an advantage over competitors by always being at the top of their customer's mind. The relationship between the business and the customer becomes more personal and equally beneficial for both parties because the business grows loyal customers and the customer receives services that enhance his or her experiences. By staying top of mind, the business develops loyal customers who think about the business first and recommend it to others, becoming advocates or evangelists of the brand. These advocates—together with the services the

business enables (contextualized product discovery, integrated social support and intelligent lifelong services)—will be key to attracting and retaining new customers.

In summary, customer engagement interactions should evolve beyond connecting channels to connecting to the lives of customers. The seamless lifestyle experience strategy (identify > design > integrate > enable) will help businesses harness the appropriate data and develop analytics that will help them get to know their customers as unique individuals. We call this the digital customer genome, or what every business should know about

its customers based on traditional and nontraditional sources of data. These insights can be used to provide services that add value in the areas of contextualized product discovery, integrated social support and intelligent lifelong services. Based on these inputs, businesses can integrate interaction design and technology into delivery methods for the experience, and finally enable customers to seamlessly act upon an offering. In this way, the seamless lifestyle experience strategy brings about continuous interactions with customers, ensuring that their everyday activities become a core part of the purchasing journey.



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## About Accenture Technology Labs

Accenture Technology Labs, the dedicated technology research and development (R&D) organization within Accenture, has been turning technology innovation into business results for more than 20 years. Our R&D team explores new and emerging technologies to create a vision of how technology will shape the future and invent the next wave of cutting-edge business solutions. Working closely with Accenture's global network of specialists, Accenture Technology Labs help clients innovate to achieve high performance. The Labs are located in Silicon Valley, California; Sophia Antipolis, France; Arlington, Virginia; Beijing, China; and Bangalore, India. For more information, please visit [www.accenture.com/accenturetechlabs](http://www.accenture.com/accenturetechlabs).

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