
Leveraging Digital to Optimise the Customer Experience



By Joerg Niessing , INSEAD Affiliate Professor of Marketing

A broad array of new digital tools and trends can help you re-imagine the customer journey.

“Digital transformation” is a slippery term for marketers and other senior executives. It is so often used that many are vague about its actual meaning.

There is a common misconception that companies must rush to refashion themselves as “digital first”. After all, customers around the world increasingly live online. The last few years alone have seen new digital tools, technologies and trends exponentially increase the number of customer touchpoints available to marketers.

Yet my research shows that a swift, haphazard adoption of digital trends is usually worse than doing nothing at all. This doesn’t mean that companies should be standing still, but it is better to walk slowly in the right direction than to run the wrong way.

The consistent winners of the digital race are often not the fastest adopters of new technology, but the ones who take the time to properly integrate

digital into an existing organisational strategy.

The winners understand that digital is best used not as a replacement for traditional marketing and/or strategy frameworks, but as an enhancement of them. The two should coexist, interchanging roles across the customer journey.

To make this work, companies will often have to change the way they do business, if not their business model itself. Think of digital trends – AR, VR, AI, social media, 3-D printing, etc. – as “software” that doesn’t function properly unless companies have the right “hardware” in place. Just as important as technology, management disruptions such as design thinking, lean management and cross-silo coordination are enablers of the digital transformation process.

Most importantly, before leveraging any digital trends, executives have to understand and deconstruct the customer journey. Only then can a company identify low-hanging fruit and isolate touch points where digital trends and channels can make the biggest difference to the customer experience.

Instead of the buzzword “digital transformation”, companies should think about “digital transformation of the customer experience”. But, as mentioned above, the right enablers need to be in place. The end goal is to offer a superior customer experience and be better able to generate growth in competitive environments. GE, Amazon, Netflix, Starbucks and Disney are great examples that show how companies can strategically leverage digital trends to engage customers effectively at important touchpoints.

Optimising the customer journey

But let’s back up a step. Above, I mentioned understanding and decomposing the customer journey in order to make better-informed decisions when leveraging digital trends. How do you start to do that?

First, employ a step-by-step approach to customer-experience mapping, a process for discovering how customers or new users feel as they engage with your brand across all touchpoints. It’s also about understanding what customers really need, want and expect at each touchpoint.

For this you need customer insights, which should not be confused with data. Data is only the raw material needed to extract an insight. Converting the

former to the latter is a complex process due to the overwhelming volumes of data that can be accessed by marketers today. Before digital, customer self-selection kept information flow relatively manageable. Data privacy rules notwithstanding, today's companies have access to a head-spinning amount of information from search, GPS, ad clicks, social media sentiment and more. The data faucet has become a firehose. It can be very difficult to ferret out insights amidst all the noise.

How do you know when you've got a strategic insight? There are three main criteria:

- Novelty – Obviously, you don't shout "eureka!" unless you have discovered something entirely new or a novel approach to an old problem.
- Credibility – The basis should be a genuine consumer challenge derived from the data, either quantitative or qualitative, or (ideally) both.
- Actionable – The connection to business goals should be clear, even if specific next steps are a matter for debate. What are the relevant goals to keep in mind? Quite simply, to become more customer-centric and drive business growth.

The toolbox

Luckily, in recent years, a host of enterprise services and tools has become available to help turn data into insights – drawing upon everything from traditional research and intelligence tools to automated decision making and smart analytics (like your fridge ordering your favourite milk). Based on their specific needs, companies can choose from this array of offerings to assemble their own digital transformation toolbox. This enables companies to pinpoint and exploit opportunities for optimising the customer experience. However, as more and more companies are discovering, it doesn't come cheap. According to Gartner, the CMO will spend more on technology than the CIO in 2017.

Google in Russia

Google used tools developed for its own corporate customers, such as YouTube, Google Trends and search analytics, to win in the Russian market against the key competitor Yandex. Back in 2012, Google found that younger internet users in Russia, like their age cohort globally, were gravitating more towards mobile, and that their evolving mobile habits were more flexible than the desktop-based behaviours of older generations. Also, the younger

the Russian, the more likely it was that he or she had used Google in the past.

Google decided that the novelty and convenience of Voice Search, a mobile-only feature unique to Google, would attract young digital adepts. Good word-of-mouth from teens and millennials would spur wider adoption among the much larger group of 25- to 45-year-olds, a key target segment.

By December 2015, Google.ru's share of the mobile search market reached a historic high of 37.5 percent from just 27.2 percent in January 2014. Voice Search – and the multi-channel communication campaign launched to promote it – was critical to this success.

Seize the micro-moments

Google's Russia strategy was designed to capitalise on what the company terms "micro-moments" – points in time when users look to the internet to solve a problem, whether major or minor. It's essential to seize the moment, as that is when consumers' brand receptivity is at its peak. For example, a pivotal micro-moment for Dunkin' Donuts occurs when a busy urbanite, perhaps hurrying to her next meeting, takes out her mobile and searches for "coffee near me". So Dunkin' partnered with Google to show potential customers a geo-targeted map highlighting the path to nearby outlets, with wait times for each one.

Similarly, deconstructing the customer journey uncovers a surprising amount of touchpoints that can serve as springboards for optimised customer experiences. To implement, companies can select from a rapidly expanding arsenal of digital tools and trends offered by Google among others.

For example, a while ago I helped a leading Las Vegas hotel with the digitisation of its customer experience. We discovered that the average guest's interaction with the property contained 125 touchpoints! A single venue, such as the onsite dance club, encompassed more than one: the bar, the rest rooms, etc.

Scanning the customer journey end-to-end, we first sought the low-hanging fruit, areas where customer-centric improvements were not only necessary but also straightforward to execute. Right away, we homed in on the check-in process, where guests' first impression of the property was often harmed by a long wait at the reception desk. We leveraged mobile technology to

allow customers to check in online with their phones. We also introduced keyless room access via a mobile app, video tours so guests could see what their room looked like prior to check-in and an automated concierge for re-booking if they were unsatisfied with the room.

It took quite a few digital trends – mobile, video, Internet of Things, robotics, etc. – to revamp the customer experience around one vital touchpoint (check-in). Applied across the entire customer journey, this method constitutes digital transformation that matters.

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