

THE CHANGING RULES OF

CUSTOMER ENGAGEMENT

MOVING TOWARDS
A DIGITALLY
ENABLED FUTURE

Sailing on the digital wave



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Abstract

The last decade saw the emergence of two macro-trends that impact businesses directly. Firstly, mobile devices have moved out of the pockets of users into the living room, to the workplace and beyond changing the way people connect and conduct business. Secondly, the rate of technology adoption has accelerated rapidly as compared to a decade ago. This means, businesses cannot ignore consumerization and will need to adapt to these changing trends faster than ever before.

Four phenomena have emerged from these macro trends that are changing the rules of customer engagement. While these phenomena may appear to challenge businesses, they also offer a tremendous opportunity for transforming the way they do business. When leveraged effectively, they enable organizations to reap the benefits of the explosive trends and gain competitive advantage.

This whitepaper discusses these trends in detail with examples of how to take advantage of these changing rules of customer engagement for sustained business agility and growth.

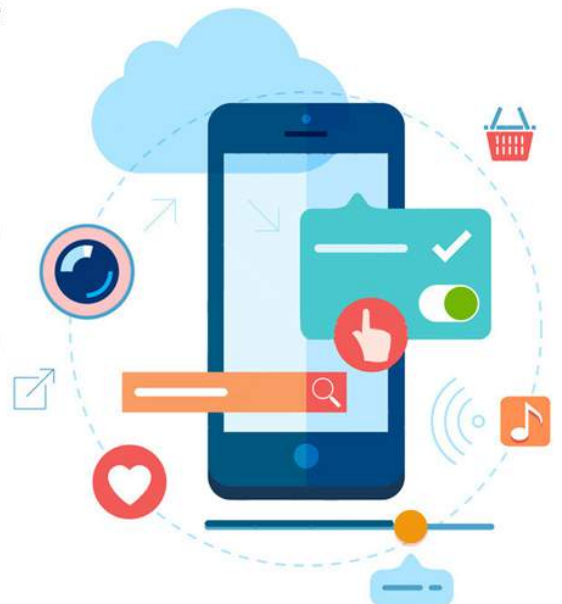
Digitally savvy consumers in the driver's seat



Almost 20% of the world's population owned a smart device in 2013, and this is expected to increase to 34% by 2017

The digital ecosystem is a dynamically evolving environment that impacts the way consumers engage with businesses. Over the last two decades, the rate of adoption of new mobile technologies, devices and platforms has accelerated tremendously. The Internet acquired 1 billion users over a period of more than 30 years, but mobile has done it in less than half the time!

This means, businesses now have a much smaller time frame within which to embrace the rapidly changing technologies that consumers are adopting en-masse. The mobile explosion is a macro-technological force that has catalyzed the explosion of other paradigms such as the internet, analytics and social. These trends have in turn resulted in a digital generation that constantly craves for content, connect and meaningful engagement.





The conventional way of customer engagement

Traditionally, consumer-centric businesses such as travel, banking, retail, insurance and entertainment have been at the forefront of adopting cutting-edge technologies for superior customer engagement.

For a long time, the process of engaging customers was leveraged primarily to market the brand and increase sales through promotions.

Several companies adopted loyalty programs to reward and retain customers. However, in most cases, marketing, sales, loyalty management and customer service were siloed business processes. This approach of segregating business processes under different owners impacts the way organizations collect and analyze data for decision making.

Compartmentalized data analysis lacks holistic context and results in disjointed decisions, biased hypotheses and eventually incoherent customer engagement activities from different business functions within the same organization. Some pioneering companies identified this problem early on and made efforts to stitch cross functional processes together into a unified whole for collecting and assessing data. This enabled them to engage customers consistently across all the touch points. However, building such systems, processes and mindsets within the enterprise was a tiresome effort involving large and focused investments.

What has CHANGED NOW?



Over the last few years, four key technology trends have impacted the way organizations deal with customers and their data - Mobile explosion, increasing maturity of social networks, democratization of data and the emergence of cloud. Let's see how each of these impact customer engagement today.





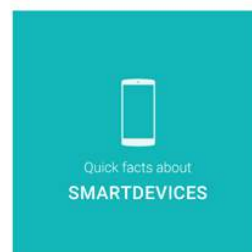
The mobile explosion

The steep rise in adoption of mobile devices has impacted consumer behavior significantly across the world. Mobile phones are now akin to a person's shadow and present with him anywhere/anytime; whether or not connected via the internet. In certain African and Asian countries, where internet penetration is still low, the mobile phone has become the first touch point for online businesses with the customers. The rural and semi-urban consumers who were targeted by only a few big FMCG companies are now within the reach of the smallest businesses who want to sell to that market.

75% of all phones sold in Q4 2014 were smartphones in contrast to 60% of all phones sold in Q4 2013. The increasingly disproportionate growth in smartphones as against other feature phones testifies the surging need for being more connected in more ways than mere phone calls.

This drives immense opportunity for enhancing consumer experience and engagement. In addition, large enterprises are increasingly focusing on mobility to influence their B2B engagement as well as drive organizational agility through employee-focused mobile enablement.

According to Forrester Research, volume of M-commerce transactions in India doubled over the period FY13-14, but the value more than quadrupled from Rs 7,800 crore to Rs 36,000 crore according to Forrester



- ▶ In 2011, 472 million smartphones were sold worldwide. In 2013, the number stood at 967 million units, an increase of over 50% in two years
- ▶ By 2017, it is estimated that almost 80% of all mobile users in the United States will own a smartphone, as compared to 26.9% in 2010.

Source: Statista



Maturing social networks

Social networking started as a virtual connector of geographically distant people and has evolved dramatically since then. Today, we have start-ups selling only via social networks as well as brand biggies that are building customer loyalty online, taking steps to move into the realm of the consumer's personal and social life. Be it a small company or an established brand, social media provides a level playing field for all. The company that produces the most relevant content and superior engagement strategies is able to dominate consumers' attention. In essence, social networking sites are changing the way businesses should and can influence customers. In this new setting, content is the key, community is the place to be and consumer is still the king.

Mobile phones have played a huge role in this social networking boom. They have brought sharing and connecting to the consumers' finger tips. The concept of the 'always on and always connected consumer' owes its origins to mobile phones with 77% of the all social networkers accessed via mobile devices.

With nearly two billion users worldwide, social media offers huge potential for increasing sales, building customer loyalty and enhancing brand impact; but there are downsides to social networks as well. Today consumers can destroy a brand or shutdown a business with the stroke of a few keys on their phone! A negative comment on the social media goes viral in seconds, invites criticisms from other customers within hours, and can force businesses to rush for cover or even shut down within days. With such power embedded in the consumer's hands, it makes complete sense for businesses to actively monitor their social footprint, engage irate customers positively and mitigate any potentially damaging situations with utmost maturity.

As of Jan 2015, the number of active social media accounts was 2.07 billion, while the number of active mobile social accounts stood at 1.68 billion

Source: We Are Social



Democratization of data

With the advent of the 'Internet of Things' the consumer data footprint has reached an all-time high. On an average, individuals upload 15 times more data today than they did three years ago. According to IDC, the amount of digital information in the world is more than doubling every two years.

Mature social networks and the explosion of mobile devices have made consumer more open to sharing personal information with brands in exchange for personalized deals and offers! This opens up new possibilities for engaged retailing – i.e. opportunities for brands to engage customers with more care and precision, something deemed difficult five years ago.

To enhance customer experience, organizations today should let their interaction with customers be guided by the rich consumer information available to them. 360 degree customer knowledge can make consumer interactions effective and efficient, and eliminates redundancies. It helps businesses understand consumers more deeply, create relevant promotions and boost customer loyalty.

According to an IDC study, since 2005, unstructured data has swelled with a CAGR of 56%. At the end of 2010, 90% of all data in the digital universe was unstructured while 68% of all unstructured data in 2015 will be created by consumers.

Another aspect of democratization of data is the advent of cloud and open source big data platforms that have made it cheaper and faster to analyze vast troves of data. They help gather insights not just from structured enterprise data, but also the more challenging unstructured consumer data gathered from various online and offline sources. This new power in the hands of enterprises can help splice unstructured and structured data to define new and exciting customer experiences that drive lasting business benefits to the brand.

Emergence of the Cloud

Adoption of the cloud by large enterprises has been slow but steady over the last decade. Initially, it was the SMBs who jumped in to take advantage of the cloud benefits, but the emergence of large online retailers and marketplaces followed by the explosion of mobile devices has increased the adoption in enterprise segments too.

Cloud is a game changer for internet based businesses, the brick-n-mortar businesses who want to go online and for mobile app developers who need a robust backend. The impact of this trend is that the cost of deploying massively scalable internet applications has become exponentially cheaper and anyone can now aspire to build applications for the world.

For enterprises, the cloud provides a low cost way to collect data from multiple sources, aggregate them in a single place, analyze them with greater efficiency, and ensure that nothing is lost or forgotten—ever.

This affordability encourages enterprises to look at collecting more data and analyzing them more often – not just in retrospect, but to try and peer at the future of a customer’s purchase decision and what might influence it.





The new rules of **CUSTOMER ENGAGEMENT**

The emerging consumer behavior patterns, purchase paths and experience expectations are now dictating the rules of engagement for businesses.

Here is what has changed





Understand and walk with

the customer on their paths to purchase

Mobile and social have embedded themselves into the purchase decision paths of consumers; right from identifying a need and finding or comparing options, to purchasing and filing publicly visible complaints on social channels. They have empowered consumers in new ways and businesses are being forced to play along with these new engagement rules.

For instance, a leading travel operator developed a mobile-first customer engagement strategy with their travel booking sites optimized for high quality responsiveness to various devices. Seeing the encouraging response pouring in from customers, the travel operators developed strategies to enhance the customer's experience at each level of their vacation and did not limit their focus on only closing sales. The brand realized that the customer lifecycle value can be enhanced by engaging them actively post-purchase too. They developed strategic apps to help users manage their post-booking activities. It subtly embedded itself in the customer's travel experience itself.



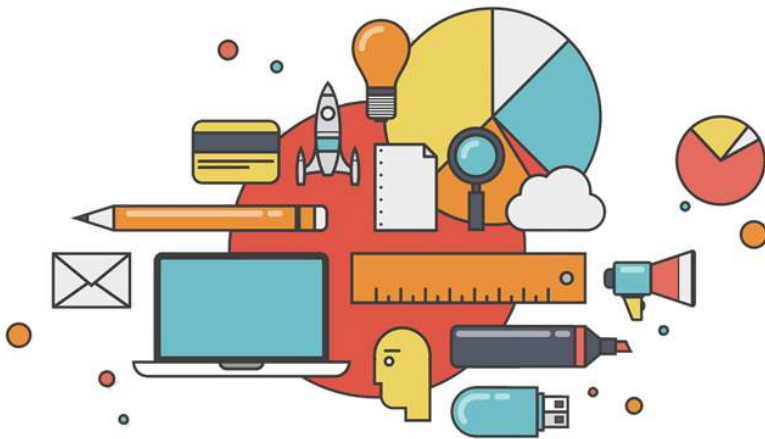
For example, reminders to make pre-travel arrangements such as visa, flight check-in, packing, etc. It also allows travelers to take pictures of themselves during the trip, share their location on social networks, post pictures to popular photo sites and so on, all through their app. They also offer the facility to capture the user's experience in a feedback form which helped the tour operators gauge the customer's satisfaction levels while they were engaged. This creates the foundation for future engagements with the same customer or even their friends.



Ensure relevance, please

'It is not possible for businesses to push promotions in the face anymore'. Consumers are in the driver's seat and encourage only relevant promotions that are personalized to their tastes, aspirations and behaviors, the rest are trashed unceremoniously.

The digital enterprise can use data from multiple sources. This includes information available within the enterprise, publicly on internet and confidentially revealed by the consumer that can be leveraged to create highly personalized experiences across channels and brand touch points.



Some of the world's leading airlines, travel and retail companies are doing exactly this.

They combine the data from internal structured and external unstructured sources to create massively personalized CRM and Customer Service systems.

These, in turn, ensure higher success rate of marketing campaigns, faster conversions and better customer lifecycle value through consistent and meaningful engagement.



Know your high value

customer

The new generation of digitally savvy consumers are willing to share their personal information in exchange for me “first”, personalized and tailored offers – something unimaginable just a decade ago in the advanced economies that have enacted stringent privacy laws to protect the individual/personal information.

As a result, consumer-centric businesses need to re-align their strategy of engaging the customers. They need to ensure more loyal and vocal customers get more value from their business while at the same time pushing hard to convert customer into the former category.

A digitally mature organization can apply analytics on social and CRM data to identify high value customers – these are customers who adore the brand, love to talk about their positive experiences, and actively evangelize on social media. There are algorithms and tools that can help an enterprise understand the potential impact of a customer versus the actual impact they are making, by tracking and measuring their activity on social media – with the customer’s permission, of course!





Treat employees

and partners just as you would consumers

Employees are not only valuable for what they do, but also for what they say or feel about you as a brand. They are a company's true ambassadors.

They are also the touch points for a brand's customers. Empowering them with real-time relevant insights about consumers can help them make a more positive impact on customers. It also lets the operations staff manage activities from anywhere at any time and be more productive.

This results in a redefined organization that is vibrant and agile. Front desk and customer care helpline employees can offer better help and special experiences to customers when they are empowered with a 360° view. Service turn-around times are shorter when your operations and front end crew is powered by real-time analytics and mobile-based service assistants.





Moving towards a digitally **ENABLED FUTURE**

Businesses are witnessing a sea-change in the way they engage with both internal and external stakeholders. Embracing this continuously evolving shift in engagement rules can be challenging but also presents an enormous opportunity for businesses to grow rapidly and become more agile. But taking the path to digital transformation is an intense exercise that needs a wide range of capabilities spanning consulting and execution competencies across mobile, analytics and travel technologies.

Some of the most innovative use cases for business transformation come about due to deep expertise and wide implementation experience, combined with a keen understanding of the consumer's purchase journey. At a time when profitability is a major concern for industries across the world, applying integrated solutions powered by mobile and data can provide significant competitive advantage and sustained business growth.





ABOUT SONATA SOFTWARE

Sonata is a global software services company that focuses on providing IT solutions that make a difference to client business outcomes by transforming strategic business processes. A trusted long-term service provider to Fortune 100 companies across both the software product development and enterprise business segments, Sonata's approach is focused on leveraging deep technology expertise and client commitment, through a

unique delivery model based on customer specific centres of excellence, to provide innovation, reliability and faster time to market in harnessing new technology towards critical business results. The company specialises in solutions for Customer Engagement & Growth,



Enterprise Efficiency & Collaboration and IT Cost Management initiatives in the ISV, Travel, Retail and Consumer Goods domains. In India, Sonata's capabilities further extend as one of the largest end-to-end software system integrators, enabling 'clients 'to' maximise' the effectiveness and productivity of software investments.





Sonata partners leading global Travel and Retail brands in their Digital Transformation journey.

As a technology specialist it builds cutting-edge digital solutions customized for specific business needs that have a significant impact on the way travel and retail brands engage with their customers across multiple channels and devices.

Sonata's current focus areas include the digital transformation areas including mobile, social, cloud and analytics. It has a global presence with a right mix of people who use mature delivery processes for successfully catering to the needs of a global customer base that includes several Fortune-100 companies.



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Product Engineering
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Technology Infrastructure



DEPTH MAKES A DIFFERENCE