

A photograph showing several business professionals in a city setting. In the foreground, a person's hand is holding a white smartphone. In the background, a man in a white shirt and blue tie is looking at his phone, and a woman is also visible. The scene is outdoors with a blurred city background.

Redefining CX for the Digital Age

Technology has become personal. It is a companion in our everyday life, a tool that entertains us and keeps us connected to anyone and everyone. Technology also offers an excellent opportunity to differentiate your business by delivering great customized experiences for your customers that are uniquely reflective of your brand. This paper focuses on the unique attributes of digital solutions and provides guidance on how organizations can capitalize on digital to build better branded experiences.

Tracking the Digital Revolution

Moore's law is the observation that the number of transistors in a dense integrated circuit doubles approximately every two years. This observation by Intel cofounder Gordon Moore in 1965 provides us with the framework to understand why technology is evolving at such a rapid pace. That was the year the digital revolution began, when the concentration of semiconductors on a circuit board increased computing capacity. The introduction of the Internet in 1983 paved the way for electronic transfer and storage of digital information from one machine to another. These improvements unleashed a true technological paradigm shift that changed how people live—including how customers buy things.

Then, suddenly, devices no longer needed to be fixed to a wire. Wireless technology was no longer bound to a fixed position in our homes or offices. It could go with us wherever we went. The ability to take smart computing with us transformed our relationship with technology. It was no longer a box we turned on to do work. And since 2008, a plethora of applications have been released into the marketplace, marking the end of technical restraints as a hurdle for creativity: If you can think it, we can build it.

Many analysts consider 2014 the year of the mobile revolution. It is the year that access to the Internet via mobile devices such as smartphones and tablets exceeded the computing capability of desktop computers. Smart mobile devices have penetrated the global marketplace at rates previously unseen. Their adoption rate has surpassed most technologies over the past fifty years, taking less time to penetrate households than most other technologies. According to research by Statista, the top four countries for smartphone penetration in 2016 were United Arab Emirates, South Korea, Saudi Arabia, and Singapore—all in the Middle East or Asia. The US ranked thirteenth according to the

Statista report on smartphone penetration.¹ And according to BI Intelligence, there are 6.2 billion mobile connections globally, of which 1.2 billion use mobile web. This figure is estimated to grow to two billion by the end of 2017.

This mobile revolution has given organizations an opportunity and a mandate to reinvent themselves in their customers' eyes. The high adoption rate and usage of mobile devices have simultaneously created opportunities and threats for organizations, and have changed consumer behaviour and expectations in ways we are just beginning to understand.

What Mobile Domination Means for the Marketplace

Why is mobile dominating the marketplace? What makes mobile different from other technologies? What has led to this phenomenon in the global uptake of devices? And how has it transformed our behaviour as human beings and as consumers? The answer to these questions lies primarily in what mobile offers the customer—its unique attributes and the value it offers, both in its usage and in how it's distributed.

WHY CUSTOMERS—AND ORGANIZATIONS—ARE ATTRACTED TO MOBILE

Smartphones and tablets have provided customers with unique value propositions:

- A dramatically more personal experience when communicating, shopping, gaming, or researching
- A unique, individual personal space that can be customized in any way
- A tool to access a multitude of services
- A fully portable medium that is accessible anytime, anywhere

These high-value propositions offered by mobile devices are accelerated by the declining prices of these devices and the ease of their distribution. Device manufacturers and telecom companies have helped the adoption rate of these devices by reducing the

¹ "Number of smartphone users in the United States from 2010 to 2021," Statista, accessed November 22, 2016, <https://www.statista.com/>.

barrier of up-front costs and amortizing it over the term of a contract for voice and data services. The convergence of easy distribution, low up-front costs, and high value offering has delivered a compelling buying proposition for consumers.

Customer behaviour and expectations are evolving because these devices have given them a new way to access information and control their world. These devices are portable and have a growing number of applications, empowering the customer unlike ever before. Consumers are attracted to mobile devices because of the wide range of uses they offer— not only multiple utilitarian functions, such as the ability to become a flashlight, GPS navigator, and record of daily exercise, but also educational and entertainment ones. The ease of switching from one use to another through a simple swipe of the finger has made mobile the fastest adopted consumer technology in history.

Furthermore, mobile capability presents a unique characteristic with significant potential: Unlike the desktop, mobile devices enable the convergence of time, place, and content. This makes mobile devices powerful, game-changing pieces of technology. Smartphones using telecom carrier smart networks and GPS can geo-locate the user at any given point in time and potentially offer content that is relevant at that given moment and place. The contextualization capabilities of mobile have the potential to create an even more highly personalized experience for the user.

Mobile devices are unique for all these reasons. They have given consumers new ways to interact with their world and changed their expectations about interacting with organizations to research, acquire, and seek support for products and services. This unique, interactive capability has created a new ecosystem where businesses interact and exchange information with their customers.

This ecosystem is becoming the primary environment for organizations to differentiate themselves by delivering new and better customer experiences. Industries such as banking and finance have leveraged the inherent security features of mobile devices to streamline how consumers can access their accounts. For example, most banking apps have a second authentication



requirement that is invisible because each smartphone has its own unique, inherent identifier. Banking applications are therefore easier to use on smart- phones than on desktops. The convenience and ease of Apple and Android applications has enabled banks such as Chase in the US and ANZ in Australia to differentiate their services and create a branded experience through their mobile apps. Organizations able to capitalize on the ability of this ecosystem's features to increase the value to customers are the ones positioned to flourish. Others unable to adapt will decline as their market share erodes.

HOW MOBILE DEVICES HAVE CHANGED CONSUMER BEHAVIOUR

Look around, and you will see the number of people staring into their devices while walking down the street, sitting in restaurants, shopping at the mall, and doing just about anything at just about any place you can think of. The fixation with mobile devices is everywhere. No country seems to be immune. The degree of obsession is closely aligned with a person's age and gender. Each generation uses a certain group of applications more frequently than others. This preference for particular apps provides valuable insights into what is considered appealing in the digital world.

A thorough analysis of each generation and its customer segments enables an organization to better understand the how, what, and why of a particular consumer. Insights from the analysis should reveal the types of applications customers prefer and how they use those apps on a daily basis. This can help your organization isolate the differences and commonalities between customer segments and thus better understand how to deliver value for each segment.

For example, we know that millennials—the first generation to have grown up with the Internet—are more frequent users, and that female millennials are on the higher end of usage because of their social media practices. Following is an example of this analysis:

US Female, Millennial

- Applications: Snapchat, YouTube, Tumblr, Instagram, WhatsApp, Candy Crush
- Primary purpose: To share experiences with others, socialize, be entertained, and learn how to do things not taught at school or home
- Daily usage: High—any spare moment, while traveling and at work

US Male, Generation X

- Applications: Banking apps, LinkedIn, Google Maps, CNN, Twitter, Evernote, Call of Duty
- Primary purpose: To reduce the time required to locate things or shop, and to remain abreast of breaking news
- Daily usage: Moderate—mostly when relaxing, spending time in coffee shops, or waiting to meet someone

From the analysis, we can determine that female millennials are more likely to respond favourably to applications that permit self-publication and sharing postings with friends. Meanwhile, the Generation X male is time-poor and more likely to respond to applications that are uncluttered, quick, and easy to interact with. At the same time, we note the common theme of entertainment and control for both segments.

While each generation has a slightly different focus for how its members use their mobile devices, some common behavioural changes across all consumer types have defined the digital landscape. Understanding these unique characteristics and customer expectations, as described here, helps companies build better apps for their target consumers:

- Shorter attention span. According to the National Centre for Biotechnology Information, the average attention span dropped 33 percent in recent years, from twelve seconds in 2000 to eight seconds in 2013. This figure is now even lower in 2017.
- Single-click onboarding of applications. Customers no longer have the patience for entering their personal details multiple times. Customers are drawn to a single Facebook or Twitter registration that affords them entry to other apps.
- Visual based. Mobile's rich visual display lends itself to creating attractive pictures and graphics. Consumers are drawn to applications that are easier to navigate and that offer more visuals than text.
- Richer and quicker control. Mobile devices' portability has enabled developers to offer a diverse range of applications that allow consumers to have a richer, quicker means to control their environment. This improved interface has enabled

self-service to become the new preferred method for consumers to receive goods and services.

- Digital personal space. Mobile users have a unique, personal, private relationship with their devices. Sending mass marketing to your customer's mobile device is a sure way to lose that customer. If you are sending content through mobile, make sure it's highly personalized. A recent survey² found that a whopping 90 percent of users keep their phones next to their bedside table; it's the last thing they use at night and the first thing in the morning. The intimacy created by these devices and their apps has motivated consumers to adopt them as the preferred way to access, control, and connect with their world.
- Review of websites to make buying decisions. A plethora of review websites that rate products and services of all sizes and shapes have helped shape consumers' purchasing behaviour. The vast majority of customers now research their desired category of product or service on the Internet before making a purchase.

The unique attributes of mobile devices provide companies with an opportunity to build a digital relationship with their customers. Organizations can create a branded experience for their target customer segments by leveraging the unique characteristics of digital.

Customers' Expectations for Digital Solutions

The high reliance on mobile devices has defined what consumers now expect and value most from their mobile applications. Knowing these expectations and creating digital solutions for consumers that adhere to them helps organizations design segment-appropriate applications. To be successful in function and form, the application design should meet a number of important customer expectations.

² Amanda Lenhart, Rich Ling, Scott Campbell, Kristen Purcell, "Teens and Mobile Phones," Pew Research Centre, April 20, 2010, <http://www.pewinternet.org/2010/04/20/teens-and-mobile-phones>.

SELF-SERVICE

Empowering customers to perform different types of common transactions is a key benefit derived from digital solutions. Surveys have outlined consumers' preference to serve themselves rather than wait in a line. For the value to be realized, digital solutions need to be shorter than the length of a transaction using alternate channels such as a retail outlet or call centre. The speed at which mobile applications deliver transactions has naturally reduced users' attention span and tolerance for waiting. The convenience of transacting using a smartphone application obviates wasting time in a retail outlet or contact centre. Consumers are all about point-and-click, download, or home delivery options. This has driven the self-service movement.

MINIMAL EFFORT

The hyperconnected consumer has become accustomed to using services online that require very little effort. For many members of the millennial generation, performing a task that is not linked to online services is simply unheard of. A positive customer experience has now become a function of the amount of effort required by a customer to do business with an organization. To meet today's customer expectations, your organization needs to measure this effort beyond the first sale and through all touch points of the entire customer life cycle. Make sure you incorporate research and service phase interactions, too. The less effort required by a customer to do business, the better the customer's experience.

OMNICHANNEL ACCESS

Hyperconnected consumers want to reach a company anytime using any device or application they choose. They require 24/7 access and a comparable experience to other channels, such as retail, whether they are contacting the company via phone or tablet. Customers reasonably expect retail outlets to have limited operating hours, but they will not accept limited functionality online or a difficult online experience. Customers want to choose how and when they contact a company.

PERSONALIZATION

In our hyperconnected age, social media shapes how individuals view themselves. The Internet and social media create a platform for people to self-publish anything and everything about themselves and their likes and dislikes. The responses their postings get from their network of friends and associates create a barometer of how a person feels about the world and about himself or herself. The instantaneous nature of receiving feedback on a self-portrait digital photograph shared over the Internet—the ubiquitous selfie—has created an important emotional link between social media networks and the way a person feels. This bond is stronger among growing young adults in the process of forming their adult identity. Mobile applications offering a high degree of personalization achieve a greater level of importance for consumers.

CONTROL

The sense of control offered by mobile applications plays an important role in how confident an individual feels. Being in control gives people a sense of self-gratification. The emotional association of control with online interactions has shifted customers' preferred style of interaction from assistance to self-service. Performing self-service tasks gives consumers the sense of control they require to feel good about themselves. They choose what they want and when they want it. Companies able to provide this emotionally gratifying experience for their customers can deliver a branded experience that is valued by the hyperconnected customer.

AUTHENTICITY AND TRANSPARENCY

The hyperconnected consumer seeks to build a relationship with organizations that are authentic in their approach and transparent in their dealings. Because time is of the essence and less effort is optimal, consumers are looking to deal with companies that don't use fine print in their agreements. They don't have time to deal with complicated rules and procedures, and they are wary of business dealings that seem constructed to "catch them out." They prefer digital applications that offer simple commercial arrangements and a service model that can address their problems without asking numerous questions or making them go through red tape.

GUARANTEE OF RETURNS

Purchasing products and services using digital applications can be risky if the consumer is unable to try the product first. Organizations that offer a risk-free return policy successfully overcome this barrier to purchase. Consumers prefer organizations that stand behind their products and services. For example, the company Sleeping Duck offers mattresses online with an innovative 100-night comfort guarantee. Customers unhappy with their online purchase can return the mattress for free within the 100 nights. By de-risking the purchase for consumers, Sleeping Duck has removed the barrier associated with purchasing a mattress online, and the 100-night comfort guarantee also differentiates the company from brick- and-mortar competitors that offer no such guarantee.

GAMIFICATION

Psychologically, consumers are always looking for ways to feel good about themselves. Through social interactions and gamification—engaging users in solving problems through game thinking and game mechanics in non- game contexts—mobile applications provide customers with instant gratification. Applications offering recognition for consumers as they achieve targets or advance through different levels, primarily for entertainment purposes, provide positive reinforcement that builds self-worth. The emotional gratification increases repeat usage of the application.

Designing a Successful Digital Application

To achieve an optimal digital experience, organizations need to recognize these new consumer behaviours and incorporate all these expectations in their application designs. A digital application that translates into a rewarding experience for consumers should feature the following characteristics:

- Personal
- Contextual
- Intimate
- Informative
- Able to be used anytime, anywhere

- Social
- Frictionless
- Effortless

SIMPLICITY IS COOL

What defines a good application is how simple yet functional it is. The digital world is ruled by minimalism. Keeping the application simple so any user can benefit from using it should be an objective for any digital designer. The focus on simplicity has to encompass all aspects of the application, including the terms and conditions and the return policy. Simplicity is valued because it reduces the time it takes customers to think and act to achieve a desired transaction.

More organizations are now innovating further simplified experiences to create a better customer experience. Amazon, for example, has designed a single-click option for common repeat-usage items such as laundry detergent. Consumers can order goods and have them delivered to their door by clicking on just one icon. Future innovations around reducing effort and increasing simplicity will enable organizations to differentiate their brand using digital and mobile solutions.

Offering a digital solution that works faultlessly, is simple, and delivers contextual and rich information better than competitors makes an application cool. Customers talk about



cool applications on social media and freely recommend them to others. If the application is widely considered cool, its adoption rate increases.

The paradigm shift brought on by mobile has put consumers in control, a position to which they have grown accustomed. Any experience that detracts from their ability to control their world is going to deliver a subpar experience for them.

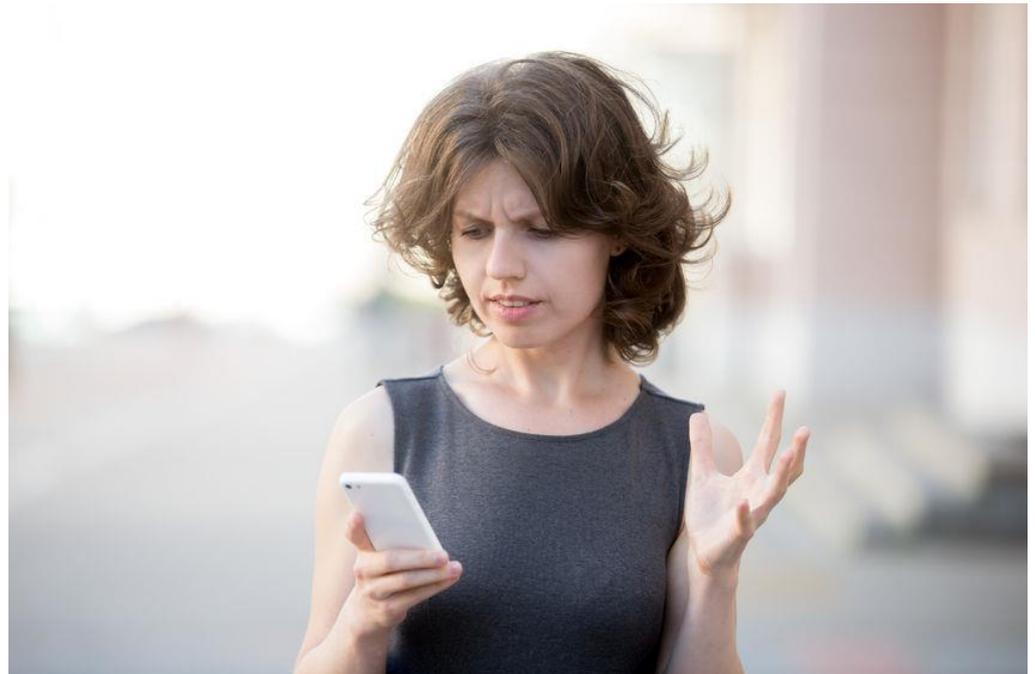
This evolving nature of consumer expectations requires organizations to align their channel strategy with experiences delivered by the digital channel.

AVOID DESIGN ERRORS

Your organization can focus all its energies on creating a really cool digital experience for customers, but ignoring your other channels is a mistake. These alternate channels have a purpose, though their importance may vary based on the business model and the customer segments serviced.

Many organizations wrongly design digital solutions from their internal perspective and not the customer's. Some companies show complete disregard for customers by purposely frustrating access to simple information such as the contact details to force customers to use self-service or crowd-based support. In fact, minimizing the effectiveness of certain channels to shift customers from expensive channels (such as retail) to lower-cost channels (such as digital) is a growing trend. Contact centre interactive menus become

more complicated, making it harder for callers to access a live agent. Companies bury the customer support phone number deep in a website to force customers to use self-service or digital solutions. These tactics, though they potentially bring immediate cost



savings for the organization, can often backfire in the long run by frustrating customers and forcing them to choose more accessible competitors.

A customer-centric organization would not purposely seek to alienate a segment of its customers in this way. Rather than frustrate customers for using a more costly channel, an organization should address costly, high-volume support calls in more intelligent ways: by

examining the root causes of the high volume of customer inquiries to isolate and then remedy the underlying problem areas.

It's also important to understand the unique characteristics of each channel and why a customer may choose one over the other. Some customer segments simply will not use a digital service because it is out of their comfort zone. These customers may expect to easily call someone if a problem arises, because this is the most comfortable means of communication for them. Ignoring or over-automating this channel will only alienate these customers further. Some organizations that serve a large, mature- age customer segment have identified the value of customer helplines and have made investments in differentiating their contact centres by placing them onshore and making them more accessible. This makes great sense strategically because it goes against the tide, creating a point of differentiation that can be used in marketing.

The key message is: Do not ignore traditional channels when trying to cater to the hyperconnected on-demand generation. Delivering cool and valued experiences through any channel should be your ultimate goal. The mobile ecosystem is an exciting and interesting space. The unique attributes of mobile devices have created the ideal platform for disruption in many industries. This disruption is occurring at a historically fast pace and affects numerous industries, especially banking and retail. This pace of change may seem frightening to organizations that are not structured to deal with innovation and change. But adapting quickly is imperative in today's market. Otherwise, slowly but surely, your organization will suffer the consequences of digital disruption.

If your organization is vulnerable to disruption, the last thing you should do is rush into developing technological solutions without proper analysis of what your customers expect and the types of experiences they value most. Properly understanding strategic customer experience and learning to master it will ensure your business grows and flourishes in our transformational digital world.

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