

# Rapid Changes in consumer behavior lead by four disruptive forces

As a key provider of digital solutions, Cumulo9 is constantly monitoring changes in the marketplace. We work closely with our customers and partners to ensure our solutions remain at the forefront of technology, customer and consumer trends.

Cumulo9 is a Platinum Partner of Quadient and their recent research has identified four areas that are changing rapidly and fast becoming disruptive forces that cannot be ignored.

Quadient's research reinforces our findings here in New Zealand and the full report from Quadient can be reviewed on the following pages.

May 2020

## Top 4 Converging and Disruptive Forces Impacting Customer Experience in 2019



A new approach is necessary to help businesses successfully navigate the complexities of communicating with customers and building profitable customer experiences. This is driven by rapid changes in consumer behavior, technology, data availability, and regulations. Looking at the complexities that arise from creating easy and effective experiences, overcoming corporate siloes, managing CX strategically, and managing physical communications, companies will require innovative technology that helps businesses increase agility, respond faster, and stay current with whatever technology trend is impacting the market.



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To learn more about how Quadiant can help you achieve customer experience excellence, please visit [Quadiant.com](https://www.quadiant.com).



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## Introduction

Customer experience (CX) is often defined as the perception that customers have of how they are treated by companies with whom they interact. Optimizing CX is a top priority for many businesses as good CX generates positive feelings and emotions, which in turn affects customer behavior and increases loyalty. It also helps businesses to stand out against competitors. Especially in industries that are heavily regulated, CX is rapidly becoming a more important differentiator than product or price.

Every touchpoint, or - in other words, every individual customer interaction - feeds the overall customer experience. Managing customer interactions is therefore crucial for managing customer experience.

## Disruptive trends

### Empowered consumers

Driven by technological developments, especially around connectivity, mobile, and social media, consumers have become much more empowered. Modern, always-on consumers are much more information-savvy than ever before, and make very informed buying decisions. They also have much greater choice than previously, which places more emphasis on online reviews and peer-to-peer recommendations. A recent survey by mobile loyalty company, SessionM, among 12,000 randomly selected U.S. consumers shows that 90 percent of respondents use their smartphones in stores, and checking prices is the top activity.

Always-on consumers also have their voices heard; within seconds, viral messages can reach vast audiences through social media networks. Consumers also expect immediacy and highly personalized, relevant messaging. Empowered consumers are sometimes characterized by self-efficacy (the desire to be seen as unique). Visual consumer-generated content is rapidly rising, as well as the usage of visual content for marketing purposes in general.



Businesses have started to realize that they need to transform from product-focused to customer-centric companies. From a CX perspective, customer-centricity means that it is no longer the business that makes assumptions on how customers want to receive communications, but that customers themselves will determine how a brand interacts with them. Businesses will need to embrace a truly outside-in perspective to make customer experience work.

### New technology

The communication world has tremendously changed in recent years, and this trend will continue as we consider what is coming next. Developments in robotics, artificial intelligence/machine learning, voice technology, the Internet of Things (e.g. wearable devices, smart appliances), driverless cars, peer-to-peer distributed ledger technology (i.e. blockchain) will impact the economy, society, and business world. From a customer experience perspective, it is important to note the following observations:

1. Technological development will accelerate, not slow down  
Observations such as Moore's law, which describes that innovation doubles roughly every 18 to 24 months, has been proven reasonably correct over the last 40-50 years. With a move to a cloud-based platform economy, built on APIs and micro services, new (digital) developments can be distributed virtually in an instant and reach critical mass faster than ever before. New technology will come faster, not slower.
2. The number of communication channels will continue to rise  
While we do not know yet what channels will become dominant in the future, we do know that new channels will emerge. Smart appliances may become channels for critical communications, or holographic mixed reality devices such as HoloLens or MagicLeap may be used for displaying documents in a mixed reality experience.
3. Data will become a crucial component  
Today, customer communications typically originate at various places inside an organization. Easy and secure access to data is needed to provide context so they are managed in a more automated way.

Businesses need to be on top of new developments. The world is changing fast, and businesses that do not invest in new technology to improve their customer experience will be left behind. Surveys indicate that almost 50 percent of customers have switched brands because of bad experiences.<sup>1</sup>

1 Survey from NewVoiceMedia among 2,000 US consumers, 2016

## Regulations

From utilities to healthcare, the majority of industries have regulations in which they must comply when engaging with the consumer. For example, in the U.S., the median number of restrictions is 1,130 per industry,<sup>2</sup> with energy (exploration and distribution combined) being the clear winner with over 45,000 restrictions. Managing experiences in heavily regulated industries often adds complexity because of the following reasons:

1. The regulator strictly prescribes what a brand is allowed to do and how it should interact with its customers. In the U.K. energy sector for instance, a digital bill should be the exact same pixel-perfect version as a printed bill. In many countries, governments are developing regulations on how to provide access to communications for visually impaired persons. Country and cultural differences will vary with individual regulatory agencies.
2. In many industries, regulations are increasing, not decreasing. According to Thomson Reuters, a firm who tracks regulatory insights, banks in Europe now have to deal with 185 regulatory changes a day on average, up from 10 in 2004.
3. The cost of non-compliance is soaring. In Europe, the General Data Protection Regulation (GDPR) allows regulators to fine businesses up to four percent of total turnover. Fines that were previously in the six-figure range now extend into the eight-figure range, placing smaller companies in particular at risk of being put out of business in case of being fined for regulatory breaches.
4. Companies operating in heavily regulated industries often have a lot of outdated legacy systems that are hard to upgrade. Many touchpoints are hidden in back-office touchpoints which are difficult to unlock when using outdated technology.

From a customer experience perspective, regulations often restrict businesses in what they can or cannot do. Regulation is an important aspect that is often overlooked by CX technology providers, or considered as highly restricted by CX professionals, but it has a direct impact on how a company engages with customers. Having technology that is optimized to work within a regulatory framework reduces risks.

## Data

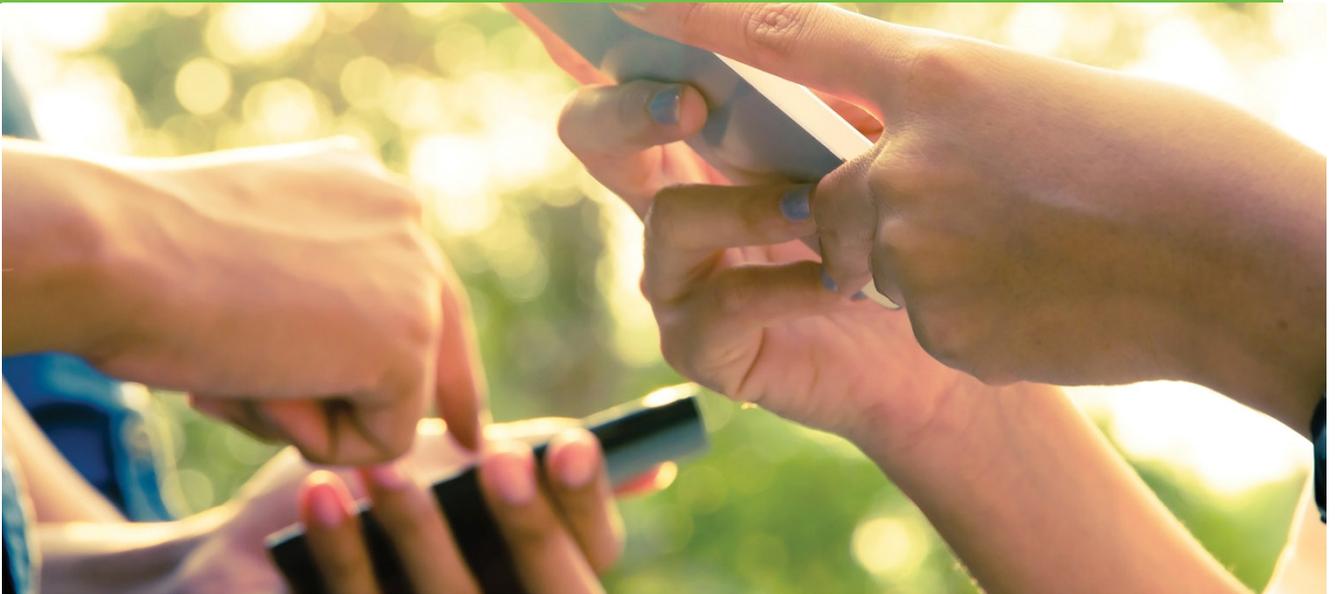
The amount of data in enterprises continues to rise and will soon globally surpass the 30 zettabyte mark. Unstructured data, such as video, voice, and user-generated content, is about four times the size of structured, highly organized data, and is growing at almost double the speed of structured data. The challenge here is to turn unstructured data into meaningful information.

Data enrichment, which is the ability to complement an existing data point with data from another source, is an exciting technique to turn two previously separated data points into new information. Enrichment, as well as data cleansing and address verification, is crucial for good customer experience; data degradation rates in contact databases can be as high as 30 percent per year.<sup>3</sup> Enrichment is also useful to drive more intelligent business decisions, or to add more contextual information to a communication piece.

For businesses, data is a crucial element for obtaining actionable insights to create better customer experiences. Data management and enrichment allow businesses to obtain a single view of their customers, which can then be utilized to communicate in more personal, relevant, and profitable ways.

<sup>2</sup> McLaughlin-Sherouse List, 2014

<sup>3</sup> Source: marketingsherpa, 2015



## The necessity of a new approach

The rise in empowered consumers, new technology, regulation, and data is forcing companies to respond to those new market realities. Optimizing customer communications with a goal of building better experiences requires companies to overcome four specific challenges. Those are: managing complexities, overcoming siloes, defining and managing CX strategically, and managing physical communications alongside digital for true omni-channel deployment.

### Managing complexities

The current CX solutions landscape is technologically fragmented and generally not built with customer communications in mind. Many CX solution providers are start-ups that operate opportunistically without appreciating the complexities around regulatory intricacies, dismiss the importance of sending physical communications alongside mobile and digital experiences, or will not have the financial backing of a larger parent organization that provides trust, investment, and commitment in the longer term. A complex technology ecosystem makes it challenging to build good customer experiences.

Exploring what good means in terms of CX, research firm Forrester contends that building a good customer experience requires an alignment on three 'Es:'

1. Easy. Interactions that are easy to understand or transact
2. Effective. Instant, personalized communications that are relevant for the recipient
3. Empathy in the conversation so that customers feel appreciated and cared for

While technology is only one part of the equation to build good customer experiences, it is a very important one. Good, easy-to-use software helps businesses to create simple yet powerful experiences across channels and touch-points. Modern technology enables teams to own and manage communications themselves, raising empathy because they intrinsically know more of what customers prefer, and are much faster to respond than large IT teams. Modern technology also helps to visualize touchpoints and communications, which helps various teams to come together and overcome organizational siloes. And finally, modern software that is developed with regulatory standards in mind, helps businesses to stay compliant at the lowest possible cost.



### Overcoming siloes

Large enterprises operate largely in siloes. While the rise in digital transformation is helpful — about 40 percent of companies now have a formalized steering committee that oversees digital transformation, including redefining CX<sup>4</sup> — in practice, many businesses still create and manage customer communications in siloes. For example, operations are often responsible for billing, marketing for promotional communications and direct mail, services for call centers, and Line-of-Business owners for business correspondence. Aligning those groups is essential for building consistent communications and experiences across the enterprise.

### Managing CX strategically

Developing and implementing a CX strategy is resource intensive as it touches on various aspects of the organization. While IT and Marketing are key stakeholders, depending on the organization, other stakeholders need to be considered such as legal, product development, logistics, and finance. With many businesses now launching customer experience initiatives, best practices are emerging and generally focus around the following three points:

1. Ideally CX should be defined at the corporate level, but with input from stakeholders / champions across the organization. Understanding the digitalization efforts that are underway at numerous places in the organization, the various technology maturity levels, and how communications and experiences will be created in each silo is essential for plotting out an effective corporate CX strategy.
2. The CX ecosystem is constantly evolving, so it is vital that any CX strategy is not considered a one-off but set up as an iterative, on-going activity, similar to lean manufacturing or total quality management practices. Somewhere in the organization — ideally a resource within a CX steering committee or Center of Excellence — best practice dictates the need to keep a centralized overview that is being regularly updated.
3. Top-down leadership is often said to be more effective for developing and implementing new strategies vs. a bottom-up approach. Companies that empower a Chief Experience Officer (CXO), Chief Digital Officer (CDO), or Chief Marketing Officer (CMO) with resources to redefine the CX ecosystem are expected to see much better results than leaving it to the business itself.



### Managing physical communications alongside digital communications

Omni-channel communications are essential for a good customer experience. The ability to provide seamless communications across multiple channels helps consumers to trust the brand, and feel that the business understands and knows them. Behind the scenes, implementing omni-channel communications requires a lot of heavy lifting, especially in organizations with a high degree of legacy systems where touchpoints are still hidden in back-office processes, and physical communications are often managed separately from digital communications.

Another challenge is that enterprises have so many different IT systems, that even for digital communications only, being able to provide a consistent, cross-channel experience between web and mobile for instance, is often an onerous task.





The ability to manage physical communications alongside digital is another challenge. Physical communications are still important; many consumers prefer to receive printed communications for example as payment reminder, or as proof of address / identity. Direct mail continues to be effective as well – a recent study by the U.K.'s Royal Mail showed that millennials respond similar to direct mail as older generations, but only receive four percent of total volume as many organizations assume millennials are not interested in being reached through channels other than digital. The challenge in managing physical communications alongside digital is that physical communications require very specific preparations in order to optimize print production and postal delivery.

### Implications

Looking at the complexities that arise from creating easy and effective experiences, overcoming corporate siloes, managing CX strategically, and managing physical communications, companies will require innovative technology that helps businesses increase agility, respond faster, and stay current with whatever technology trend is impacting the market.

### The Quadient take on CX

Quadient believes communications are at the heart of customer experience. Having good control over customer communications enables businesses to have consistent, relevant, and bi-directional conversations with customers through their channels of choice, which is beneficial to serve them better, or to sell more. To create meaningful interactions that improve the customer experience, it is important to fully understand the customer, as well as the context in which the conversation takes place. The innovative and intuitive technology of Quadient helps companies understand what matters most to their customers, transform their communications, and gain control over their experience processes across organizational siloes.



## About Quadient

At Quadient, we provide customer experience solutions that allow our clients to create and deliver meaningful interactions with their customers. By offering proven industry-leading technology we enable organizations to create better experiences through timely, optimized, contextual, highly individualized, and accurate communications across all channels. Our technology provides authoritative insights and visibility into the customer journey across all touchpoints, helping organizations understand what matters most to their customers, and activating a customer experience mind-set across the organization.

### Quadient customers



Quadient serves the world's largest enterprises in industries such as financial services, insurance, healthcare, telecoms, utilities, and manufacturing. Key clients also include governments and not-for-profit organizations. We also have a strong partner network, which includes leading system integrators as well as document outsourcers and print services providers.

## Our customers include



8 of the top 10 largest financial services companies worldwide



6 of the top 10 largest insurance companies worldwide



7 of the top 15 largest Life Insurance companies worldwide



9 of the top 25 largest P&C insurers companies worldwide



over 2,000 customers worldwide

## What you can expect from Quadiant

- A simplified portfolio of solutions aimed at CX
- Common UI's for a seamless user experience
- Simplified licensing and pricing
- Integrated solutions where there are existing needs
- Innovation in future-forward areas of customer experience

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If you are interested in learning more about our approach to customer experience, as well as our products or solutions, please visit our website [www.quadiant.com](http://www.quadiant.com) or contact us on one of the channels below.

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