

MONETIZING CX: THE NEXT FRONTIER


How business leaders can leverage next-gen technology to generate value from customer experiences and cement market position





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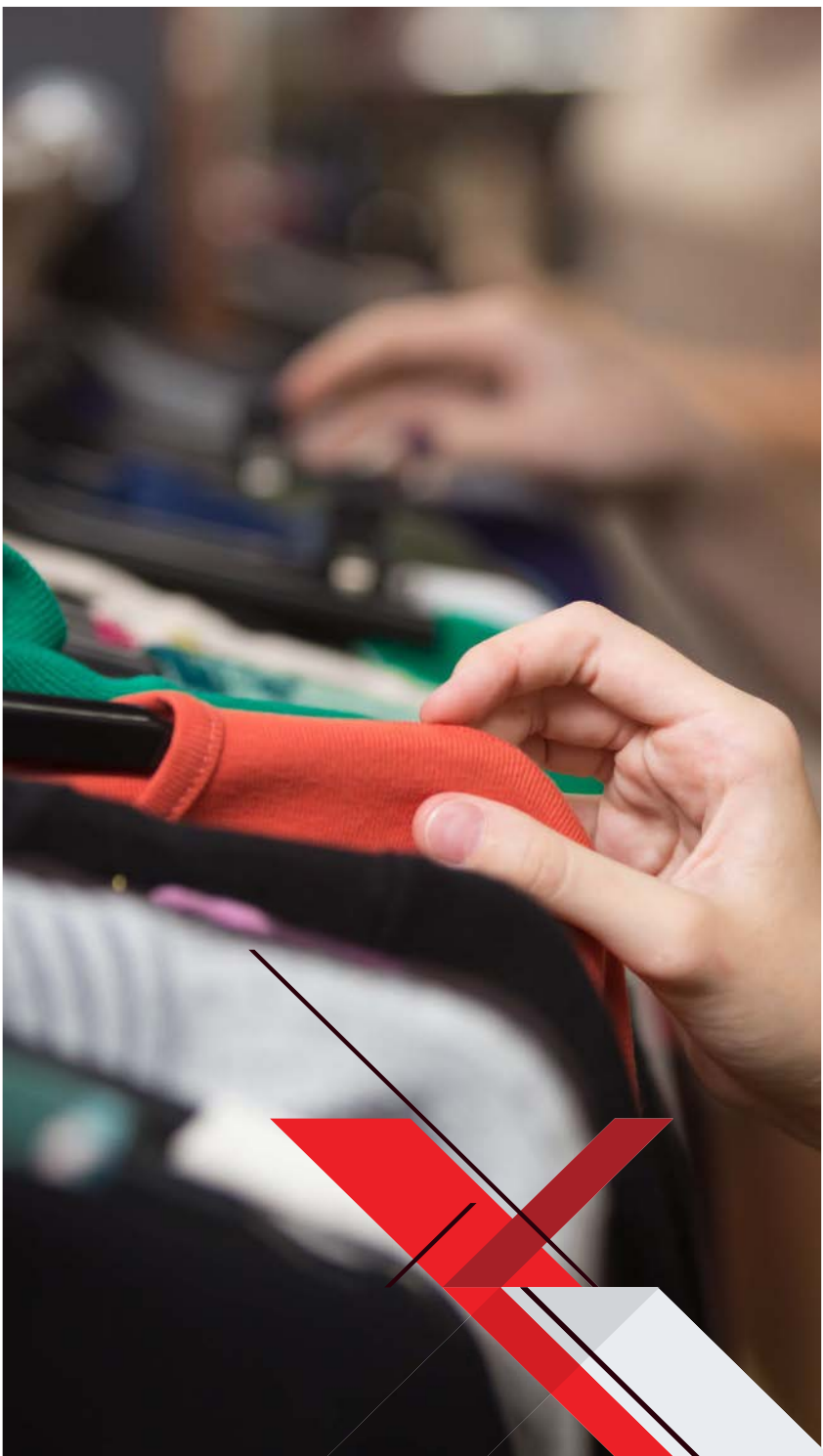


1

KEY TRENDS IN CX AND WHAT THEY IMPLY

In the last two years, conversations around customer experiences (CX) and their contribution to the bottom line have been gaining momentum. As products become more competitive with little scope for differentiation, quality of experience can give organizations an edge. Beyond this, there are also opportunities to redefine experiences with a focus on value generation, opening up new areas of monetization and customer engagement. All of this is compounded by a definite 'push' from modern customers towards more connected, seamless and personalized experiences.

Despite these factors, organizations have been hesitant to transform CX design and incorporate the latest technologies in a bid to generate value. This can be attributed to inadequate budgets, where a majority of the funds are allocated towards what's perceived as 'core business', ignoring these other strategic areas. Another possible reason is the absence of technical knowledge required to implement advanced data analytics, AI, ML, and other breakthrough innovations.





A mere **22%**
of consumers are satisfied
with the current level of
personalization in CX

(Source: Infosys - Rethinking Retail STUDY)

31%



of are asking for a more
personalized online experience

(Source: Infosys - Rethinking Retail STUDY)



Only **7%**
of organizations view
personalization as their
#1 priority

(Source: Econsultancy - Digital Intelligence Briefing - 2018 Digital Trends)

By 2020, CX will
overtake price and
product as the key brand
differentiator



(Source: Frost & Sullivan - <https://www.telusinternational.com/articles/personalized-cx-2019>)





Over **45%**
of consumers already
choose AI-based bots as
the preferred means of
communication

(Source: ttec - CX trends to watch in 2018)

74%



of executives say AI will
fundamentally change how
they approach CX

*(Source: IBM Institute for Business Value -
The AI-enhanced customer experience)*



50%
of organizations have an AI
strategy in place

*(Source: IBM Institute for Business Value -
The AI-enhanced customer experience)*



To navigate this landscape and come out on the winning side, organizations need a clear CX strategy. This will align business goals and target KPIs with the available technologies and best practices. A key area to consider is that AI implementation must be guided and directed by the organizational vision for CX, and not the other way around. Falling for the 'AI hype' instead of focusing on new customer acquisition, boosting lifetime value for the existing audience, and augmenting support services, is a major pitfall to avoid.

2

5 BEST PRACTICES TO REWIRE CX FOR VALUE GENERATION

1 DON'T ADD TO THE CLUTTER



Organizations should not try to reinvent the wheel when applying AI to customer pathways and purchase journeys. Existing digital systems will already house reams of useful data -- the key is to maximize this information, applying technologies like machine learning and advanced analytics (descriptive, predictive, and prescriptive) to unlock hidden opportunities.



2 THE CUSTOMER KNOWS WHAT THEY WANT

The modern customer is highly informed and educated regarding their purchase decisions. Therefore, CX pathways should not be interpolated with additional and irrelevant information - rather it should be able to dynamically adapt to customer expectations, accelerating conversion.





3

BE WHERE THE CUSTOMER IS

Following up from the last point, customers will visit several touchpoints during the research phase. By initiating engagement on these platforms, organizations can get a head-start on the purchase journey, guiding activity towards their preferred platform. Remember, in an omnichannel world, a customer may reach out via any platform (from conversational bots to the tried-and-tested email) making it critical to bolster brand presence using next-gen tools.



4

EVERY DATASET WILL GIVE INSIGHTS

As mentioned, the platforms in place will already have a plethora of underlying systems which are rich with data. Organizations need the right tools to scan, process, and extract data from multiple layers and API integrations, zeroing in on what's most relevant.



5

LESS IS MORE

It is advisable to focus on the bigger picture instead of targeting low-hanging fruits. Likewise, long-term value generation depends on customer loyalty, expectation-product alignment, and Net Promoter Scores, and not only the frequency of high-value sales. Organizations should work on using technology to create a stable, reliable, and high-average-value customer base.



3

THE VITAL ROLE OF ARTIFICIAL INTELLIGENCE (AI)



AI is often touted as a one-stop answer to business problems -- in reality, its application is far more specific. The true power of AI lies in **“real-time decisioning”**: the ability to spot customer behavior, analyze actions, anticipate needs, and respond on-the-fly. This will allow an organization to successfully generate value from every touchpoint on the purchase journey, without missing a beat.

This is how it works -- AI systems perceive unstructured data in a way very similar to that of human cognition, and like humans, they can also continually learn from past mistakes and behavior. The USP of AI is that it can consume vast amounts of data at lightning speed, beyond what’s possible for any manual-dependent engine. With AI now progressing to chat and voice-based channels, CX is poised for a massive transformation: AI-powered experiences will soon begin to mirror natural human engagement.

But the question to ask is, will this lead to new, completely unfamiliar patterns in customer behavior? The answer is an emphatic NO. While customer behavior has not undergone a tectonic shift in the last few years (with only expectations transferred from one platform to the other) but organizational capabilities definitely have. It is now possible to learn from behavior, uncover insights, and drive value by introducing elements such as AI-based customer journey mapping and personalization.



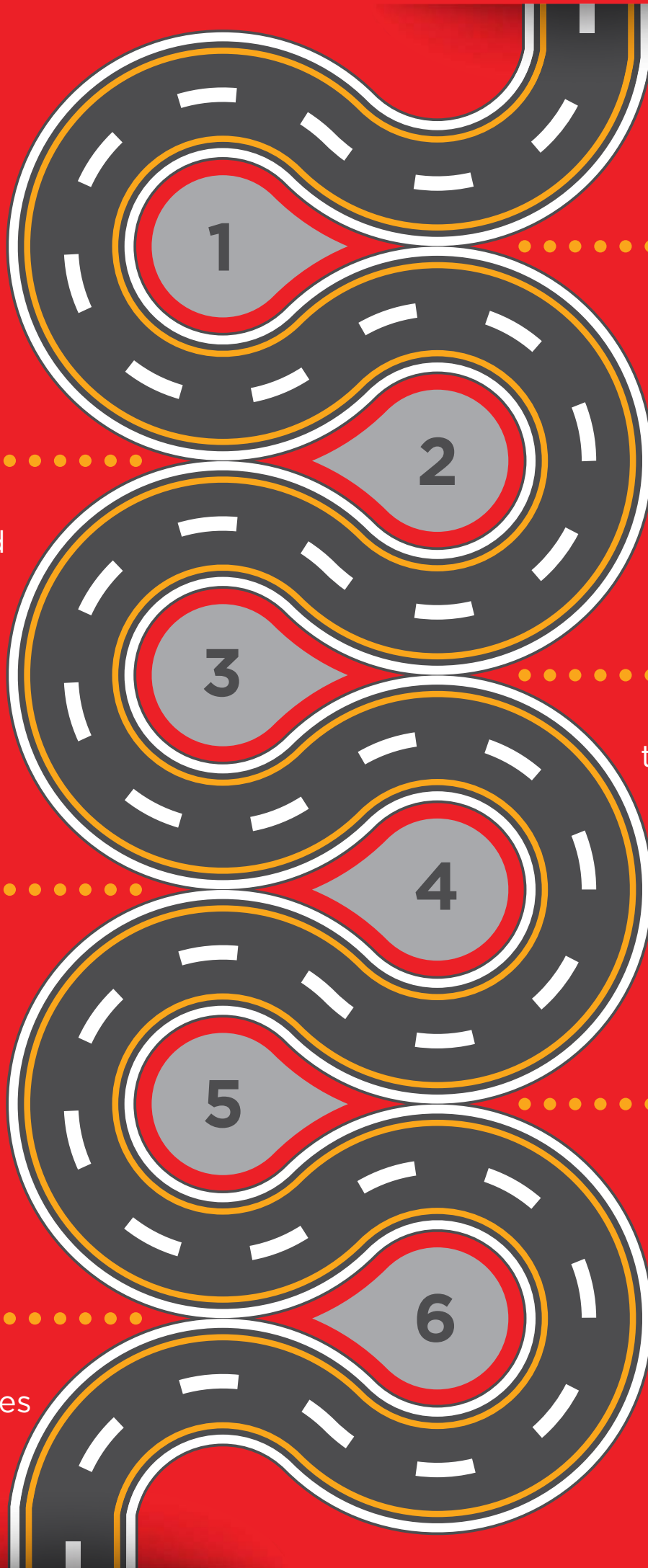
Tailor campaigns to the insights, derived from continuous monitoring



Deliver offers and promotions in real time, based on customer response



Cultivate an ecosystem of services and offerings to boost customer lifetime value



Identify target customer segments using analytics



Position AI-engines to observe individual responses to the campaign elements (clicks, views)



Learn from engagement patterns and push new/associated products

4

EXPLORING PRAGMATIC USE CASES FOR MONETIZING CX

There are several creative ways to use each of the touchpoints on a customer's journey, revealed in real-time by AI, towards value generation.



MICRO-MOMENTS IDENTIFICATION

By capturing a user's moments in real-time, organizations can push their messaging, offers, and products, increasing monetization opportunities. Therefore, CX design must take these micro-moments into account, understanding user intent in order to drive engagement. An example of turning micro-moments into a tangible value add is to plug-in 'listicles' or 'how-to' guides in areas frequented by targeted customers.

CROSS-SELLING TO PUSH LIFETIME VALUE

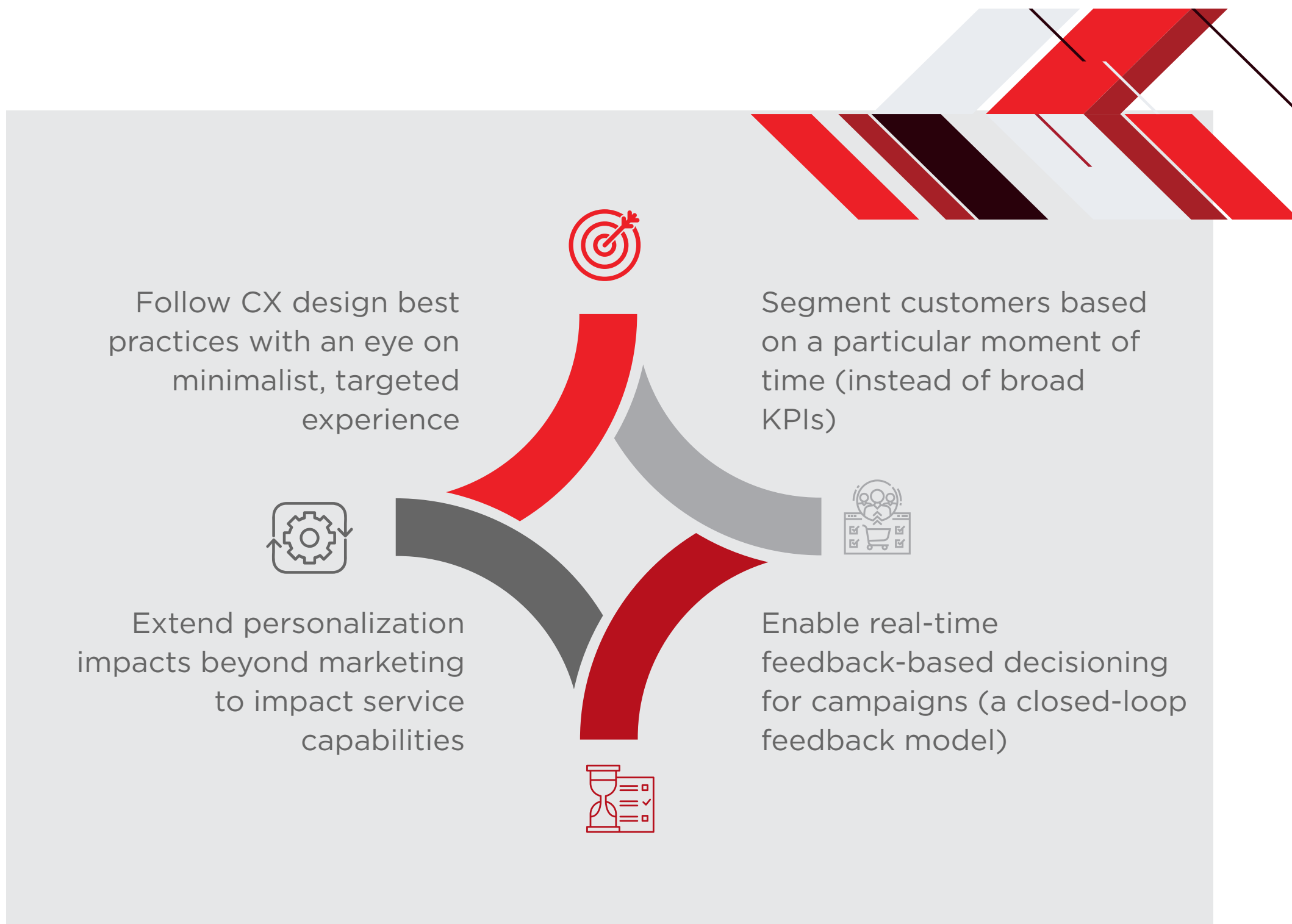
Organizations are often focused solely on up-selling tactics, disregarding the need for high-lifetime value customers. Modern technologies like AI enable organizations to move away from generic up-selling programs and use personalized insights to cross-sell relevant products. This is encapsulated in the idea of recommendation engines and real-time mobile alerts triggered after a purchase.



5

IMPLEMENTING AI IN CX DESIGN: A ROADMAP

On the consumer side, AI can bring a heightened degree of personalization and immediacy, delivering exceptional experiences. For organizations, AI offers real-time capabilities, dynamically analyzing consumer behavior to arrive at a 'segment of one'. In this scenario, each consumer is treated as an entirely distinct demographic, where the AI engine rapidly processes data volumes to draw insights. The organization leverages AI's real-time decisioning capability to send personalized messaging/ interactions/ product recommendations to reinforce communication lines.



6

WHY A CLOSED-LOOP FEEDBACK MODEL IS THE WAY FORWARD

To succeed in this paradigm of challenge and change, listening to feedback and dynamically incorporating the same into the organizational CX strategy will be critical. In this context, Closed-Loop Feedback can help combine the real-time decisioning power of AI with the customer's need for personalization and rapid response. Closed-Loop Feedback is when a service executive (human or virtual) reaches out to a customer following an event be it positive or negative, initiating the appropriate action. Traditionally, this has relied on manual intervention dramatically lowering the efficacy of most Closed-Loop Feedback models.



For **2 out of 3** of customers, personal experience influences their choice of brands



30% of customers, across industries, have reported a negative event - half of whom proactively register a complaint



24% of complaining customers state that they started to use the brand less or stopped using it

Source: https://www.ipsos.com/sites/default/files/files-fr-fr/doc_associe/smarterclosedloop_feb2016.pdf



This is where AI can be particularly relevant, promptly addressing negative events by auto-triggering a response and independently resolving less severe feedback via fiscal compensation or an equivalent. An escalation matrix can be predefined, allowing for human intervention after a certain threshold, ensuring that customer loyalty is unaffected and their lifetime value is maintained/improved. However, where AI really shines is during positive events and feedback -- each purchase, engagement, and high NPS score is fed into the database which the engine immediately learns and builds into the next interaction loop. AI-based Closed Loop Feedback can help organizations drive greater value from each customer and minimize lost opportunities. This is in addition to the larger sales and marketing personalization spectrum, where strategically placed AI can prove to be a genuine differentiator.

What we are looking at, therefore, is a rapid and incremental personalization maturity, based on the outcomes analyzed in real-time. It is easy to imagine how this paves the way for “Agile” CX-reimagining where the resultant findings from each step on the customer’s journey only feed into and empower the next phase, creating a continuous cycle of excellence and intelligent monetization.



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