

# The empowered customer: Productivity enhancements in a digital era

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# The empowered customer: Productivity enhancements in a digital era

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As global employment prospects lag behind a slow economic recovery, customers in many parts of the world are more cautious and better informed than ever. They have access to a wealth of information about the products and services they seek, much of it obtained from trusted sources almost immediately. Yet businesses have moved slowly to exploit emerging technologies and information sources like Twitter, Facebook and YouTube. As a result, customers often seem better informed about the products and services they buy than companies are about their customers. This imbalance presents a big challenge to companies struggling to avoid commoditisation and it could grow into a competitive disadvantage as customers demand more personalised service.

## Obstacles to better customer service

Many executives say that customer service is a top priority in their business, yet their approach to this crucial function has failed to keep up with the times. Most focus on strengthening customer relationships, but too often this is little more than an add-on to the business model, not a core practice. Striving to exceed buyer expectations is important, but it does not necessarily deepen understanding of customers. As a result, many firms are unable truly to build their businesses around the people who buy their products and services.

One recent Economist Intelligence Unit survey<sup>1</sup> found that nearly one-half of executives identified customer service as a core business strength. Yet, when asked to identify areas most in need of improvement, allocating resources to high-value customers came out on top, cited by nearly one-third of respondents. Gathering customer intelligence in the course of providing service was another top answer. In other words, although most companies believe that they deliver good customer service, many admit that they do not adequately leverage their customer relationships to gain the insights needed to personalise their value propositions.

This survey revealed one of the root causes of this deficiency: customer-facing functions often work independently of each other, failing to collaborate and share information. Less than one-third of respondents said that their companies had established procedures for regular interaction among

1. Economist Intelligence Unit, *Beyond transactions: Lessons from six industries on building customer partnerships*, December 2009.

## The empowered customer

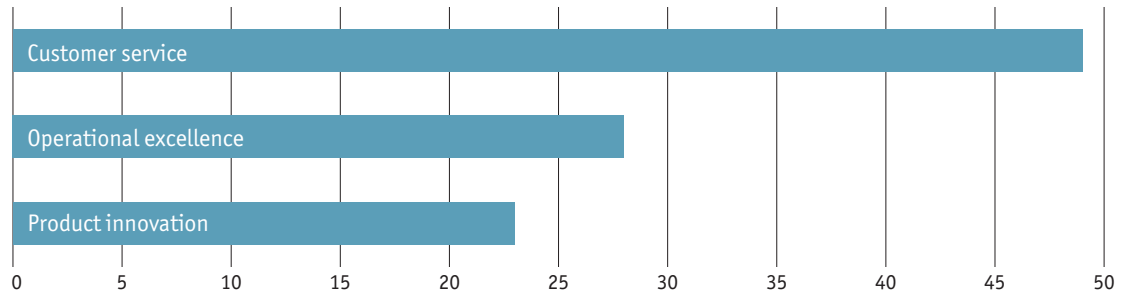
Productivity enhancements in a digital era

### The core strength of business

In your view, which of the following best represents the core strength of your overall business?

Select only one.

(%)



Source: Economist Intelligence Unit, 2010.

functions to incorporate customer feedback into products and services, and only 15% said that they had broad, systematic integration of information and strategies in this area. This lack of integration has the potential to undermine corporate growth strategies as dissatisfied customers switch their allegiance to competitors.

## Boosting customer service productivity

Potential drivers of productivity growth in customer service include better use of social media, effective self-service, enhanced online support, better visibility of customer support tools, improved face-to-face communications, and more sophisticated telephone operations as well as improvements in processes, tools and resources. Using all these different information sources effectively requires refocusing on the customer, where service is seen in terms of empowering customers to make the right purchase decisions and not just as an extension of the product sale. Some executives are not in favour of this strategy because they fear that empowerment sometimes involves the exchange of negative information about their products. But in an environment where customers trust product information from friends and other buyers more than what the vendor tells them, companies can no longer overpower negative information merely through an advertising campaign. A more effective response is to leverage the power of these new channels to shape the messages and learn from them whether they are good or bad.

In this way, firms can harvest a great deal of customer intelligence. For example, the L’Oreal Paris USA page on Facebook, with 155,000 fans, enables the company to track customer thinking at a detailed level through discussion groups, answers to questions, exclusive offers and mini-questionnaires such as “What’s your favourite trend for 2010?” (bold shadow, cat eyes or lip stain). Lush Cosmetics, another cosmetics firm, based in the UK, takes this approach further by probing for negative comments through an online forum called “Product Rants and Raves” that invites customers to “spill the sordid details here”. In the business-to-business (B2B) realm, several software companies have expanded customer service portals to provide customer-to-customer discussion forums. All of these approaches allow vendors to exploit communications channels that are more trusted than traditional vendor-to-customer messaging.

British Sky Broadcasting (BskyB), a provider of TV programmes via satellite, has employed leading-edge technologies to improve customer service productivity in its in-house Customer Management Centres, located mainly in Scotland. Integration of customer-facing functions is a key part of the company's strategy for increasing cross-selling and up-selling in this subscriber-based business. Recent technology upgrades enabled the company to integrate inbound and outbound sales, account management, technical support and in-home installations and service in a way that makes the divisions between these functions transparent to the customer. Agents providing these services by telephone or internet have access to complete customer profiles and are supported by real-time decision logic models that predict and react to individual customer expectations, propensities and behaviour.

## **Turning insights into action**

The applications of technology described here generate actionable customer intelligence at the same time that they improve customer service productivity. The ability to transform information into insights and then to act on them usually hinges on combining information from multiple sources. Some companies employ specialised technology to integrate information about a brand from several social media sites. For example, a large US-based pharmaceutical company tracks consumer online references to side effects of certain drugs, with implications for both marketing and product development. When U-Haul of the US observed customers buying and selling used boxes on the internet, it created its own Box Exchange forum, organised into regional markets, and available only to registered U-Haul customers. Since the used boxes are generally free, this reduces the company's sales of packages, but it makes the service more attractive to customers and improves sustainability.

At BskyB, field engineers who provide home service are linked into the company's integrated customer database using hand-held computers. They can access a complete record of previous contacts with the firm, so the customer needs to explain the problem only once. A forthcoming feature will generate an e-mail to the customer predicting the time of arrival, based on when the engineer arrives at the previous service location. Telephone agents are alerted to service delays or problems in real time so they can actively intervene and avoid customer-initiated complaints.

## Conclusion

The examples cited here demonstrate a few of the many ways that companies can enhance customer service productivity. Yet business enterprises do not seem to be fully exploiting them. Only about one-third of executives responding to the previously cited Economist Intelligence Unit survey<sup>2</sup> said that their companies were building a social media strategy. One reason may be that after decades of reliance on one-to-many marketing tools, they are unaware of the importance of using these new technologies and information sources.

Companies that fail to modernise their customer service strategies to exploit leading-edge approaches run the risk of becoming marginalised, as empowered customers grow more familiar with their alternatives. Gathering intelligence from multiple sources such as social media, customer service centres and online support, and then transforming that intelligence into productivity improvements are vital steps in transforming customer service in the digital age.

2. Economist Intelligence Unit, *Beyond transactions: Lessons from six industries on building customer partnerships*, December 2009.

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