

Organizations are losing control over their customer experiences—and those that understand and embrace this today will be closer to their customers than any competitor.



Your customers are changing: Do you know what they expect?

How touchpoints are driving shifts in distribution, feedback and marketing channel control to alter the landscape of customer experience forever.

Overview: Organizations are losing control over their customer experiences

Executives who understand and embrace this today, will draw customers closer to their company.

Key Issues:

1. Companies are losing control. From distribution channels to touchpoints to customers themselves, many decisions are made outside the realm of corporate influence.

2. There are only three kinds of touchpoints: Human, Interactive and Static. But today, the ways in which these touchpoints can interrelate is moving from defined to dizzying.

3. What can forward-looking companies do to plan for, much less deliver, a differentiated customer experience in a world where customer expectations are changing as fast as touchpoints are multiplying?

Today, the only constant truly is change. Little stays the same. Not the competitive marketplace. Not customer loyalties, perceptions and expectations. Not even employees' attitudes and competencies.

It didn't used to be like this. In the days of mass marketing ("pre-digital") there was little need to map all the points where your company touched your customers. You advertised; they bought. Correspondence came by mail; you could respond in 6 to 8 weeks and still be prompt.

But the advent of the digital age has spawned multiple, often interconnected touchpoints, and the velocity of change and expansion is staggering.

In the world of touchpoints, the most effective allow information to flow two (or more) ways. The days of static or "dumb" touchpoints that try to push customers to act are limited. Increasingly, customers are impatient for precisely what they need—right here, right now.

As brand loyalty continues to erode and touchpoints continue to multiply, staying ahead of changing customer expectations means that everywhere you touch a customer, your touchpoints need to be smarter, faster and better.

Smarter touchpoints turn complaints into up-sells, reveal customer needs, create new revenue streams, and power innovation.

What your customers want has changed.

Has your experience kept up?

Companies are losing control of distribution channels, touchpoints, and of customers.

It doesn't take a crystal ball to realize that many companies are losing control of their distribution channels, brands and even their customers. In a world where good—and bad—news spreads like wildfire over digital media, companies move much slower than their customers.

This manifesto serves as a polite but firm warning for marketing executives who have yet to fully confront the implications of these changes. It does so in the context of the changing nature of touchpoints, which are the places where companies touch their customers, and visa versa.

The bottom line is simple to understand, but a lot of work to execute: companies must immediately re-evaluate the way they touch, influence and serve customers. Five years from now, the majority of profitable customers will expect faster, better and more customized service than most firms offer today.

What's a touchpoint?

Anyplace you touch or interact with a customer is a touchpoint. Salespeople, packaging, advertisements, manuals, toll-free customer service centers, invoices, web sites, distributors, text messages from your firm, catalogs, thank you letters, and even the products themselves... all touchpoints.

The concept of touchpoints is changing dramatically

YESTERDAY → TODAY → TOMORROW

Most touchpoints were just mass marketing

Firms used ads, direct mail, point-of-purchase displays etc. to reach customers...as the Web started to become significant...

Touchpoints become more elusive to manage

Social networking influences “always connected” customers. Traditional distribution channels grow increasingly hazy.

Touchpoints built into products and services

Smarter, faster and stronger touchpoints deliver an accurate picture of profits and losses; instant “sense and respond” strategies become feasible.

Yesterday, today and tomorrow...

Follow a teenager around for a day. Watch the way she communicates, interacts, makes decisions and makes purchases. Online, she “talks” with peers she barely acknowledges in the halls of school. She text messages friends in the middle of an in-person conversation with someone else. News arrives via many sources, few or none of them traditional. The influences she trusts vary from day to day.

Some, but not all of this is due to her age. Most of it is due simply to the fact that this generation has grown up with digital media. Five years from now most of our shopping habits will resemble those of today's frenetic teenagers: impulsive, impatient, and ever-connected.

Yes, we may be a bit more focused—but we will increasingly make purchase decisions based on recommendations from people we do not know.

We will also conduct transactions through a variety of devices—smartphones, glasses, even clothing—that allow us to increasingly circumvent traditional touchpoints such as stores, catalogs and phone lines.

Two years from now most of our shopping habits will resemble those of today's frenetic teenagers: impulsive, impatient, and ever-connected.

Making your touchpoints stronger, faster and smarter today will mean increased profits and stronger market positions tomorrow

Already, many of us are highly influenced by social media. From Facebook to Yelp, we consult "others" before we buy. Instead of going to our travel agent to book a hotel, many of us go to Trip Advisor where we review feedback from strangers and then click on a link to book the hotel recommended by the fellow travelers who seem most credible. In other words, we no longer need visit a local store or merchant before deciding what to buy. We find what we want, and it's delivered to our doorstep in a day or two. Traditional distribution channels are shifting, along with the touchpoints that drive customer experience.

Companies that don't understand and control their touchpoints will be at huge risk, as smarter, faster stronger touchpoints from smarter, faster, stronger competitors position your company for you, steal market share, and grow their business as yours erodes. Those who fail to craft a touchpoint strategy in response to these changes may discover that they become disconnected from their customers. In other words, they may simply fail.

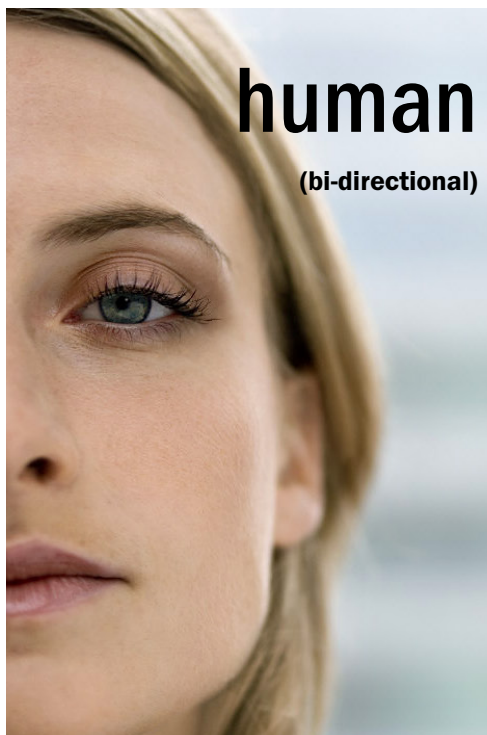
Looking forward, the overwhelming, accelerating trend in our world is to convert "dumb" or static objects into interactive, mobile-enabled (or "smart") touchpoints. In this manifesto, we seek to persuade you that your firm needs to get ahead of this trend by identifying every practical and profitable opportunity to build smart touchpoints into your products and services.

Embracing exponential touchpoint growth

A non-profit charity is building online communities around each of its projects, in response to donor calls for greater transparency and the ability to really see what is being accomplished with their donations.

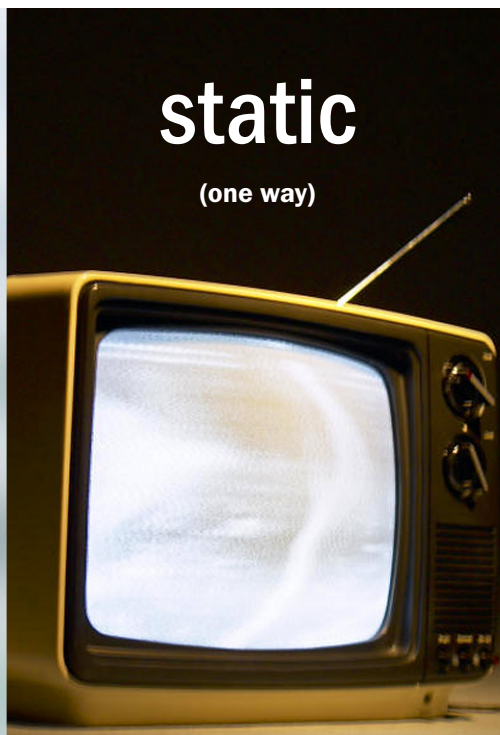
By creating an alternative channel for donors to communicate and interact with those being helped, this explosion of interactive touchpoints also builds brand, boosts loyalty and drives a series of exceptional customer experiences.





human

(bi-directional)



static

(one way)



interactive

(multi-directional)

This is not part of some highly strategic marketing decision or a new fad. It is a competitive necessity and market reality because the cost of putting intelligence into nearly any object is approaching zero.

Said another way, for most firms even a modest incremental benefit outweighs the cost of turning a dumb touchpoint into a smart touchpoint.

Managing the possibilities

In a company of scale, it is easy to allow a discussion of touchpoints to descend into paralyzing complexity. You need a way to sort through the possibilities.

Touchpoint types

When it really comes down to basics, there are only three types of touchpoints.

- 1. Human beings:** a real person represents your company
- 2. Static (or “dumb”) objects:** touchpoints that include advertisements, catalogs, physical buildings, signage, and even certain products. Such a touchpoint is considered dumb if it lacks the ability to process and/or transmit information
- 3. Interactive:** Defined broadly, interactions go through one or more devices (computers, phones, etc.) that possess the ability to process, transmit and/or receive information

Touchpoint control

In the same manner, we can generalize about the three types of parties who control the interactions with your company, or information about it, through these touchpoints:

- 1. Customers** (and prospects)
- 2. Your company** (its employees, computers, equipment, communications, products or services)
- 3. Third parties** (distributors, retailers, press analysts, influencers, etc)

Managing touchpoint direction, control and type: the future of customer relationships

Combine the two sets of possibilities and we get the matrix shown here. This exhibit helps us to visualize the types of interactions a company needs to manage.

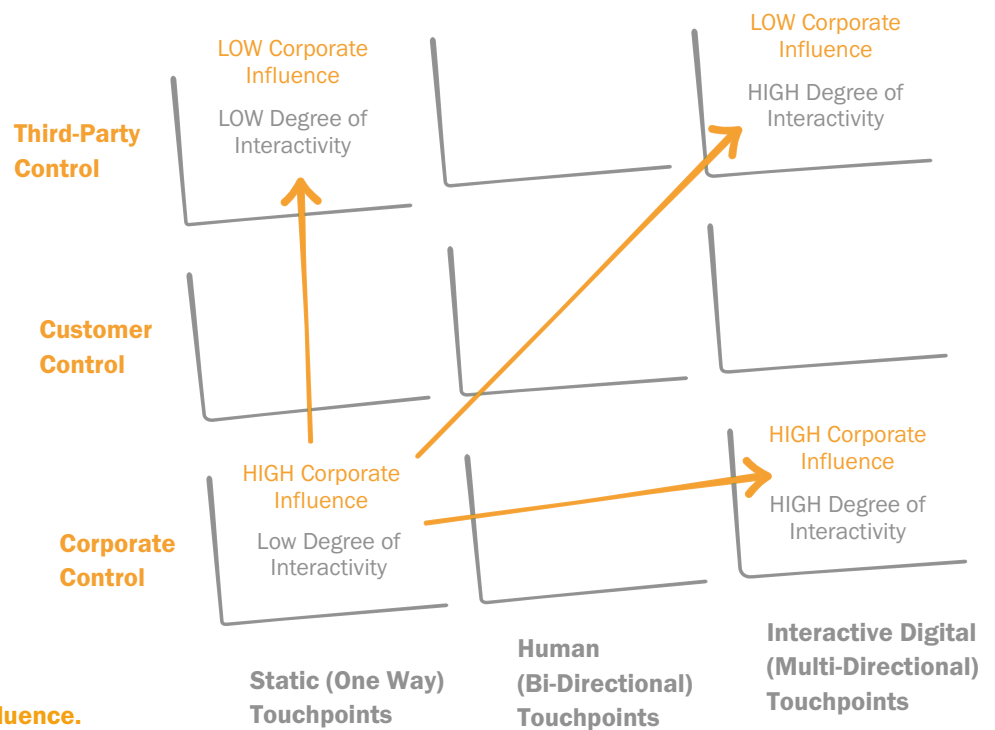
For example, the simplest interaction is when a customer interacts directly with an employee of your firm (just like the old days).

- Customer's computer interacts with 3rd party's computer—perhaps to send a message that customer's printer will soon be out of ink and your firm should ship more to the customer.
- 3rd party contacts employee at your firm, who picks, and packs ink cartridge.
- Employee uses computer at his firm to confirm shipment, triggering an automatic message.
- Message received by customer's computer.
- Customer reads message and relaxes, knowing they will have more ink tomorrow.

Today: Low interactivity and significant influence.
Tomorrow: High interactivity and low influence.

It's no secret that the ways customers interact and gather information about your brand is changing. Businesses or consumers, they demand more and get it from more places than ever. To compete over the next 5 years, companies first need to understand the current—and optimal—customer experience. Then control the touchpoints you can, and influence those touchpoints you cannot control.

Across all three types of involved parties—customers, your company and 3rd parties—this trend towards smarter touchpoints also facilitates numerous opportunities for marketers to increase corporate revenues and profits, and also to quantify—some would say “at last”—the effectiveness of each touchpoint.



How can your touchpoints gather critical customer information—while improving their experience?

Faster, stronger touchpoints: sense-and-respond

In the next few years, we see touchpoints getting smarter and faster, as well as expanding. Even more touchpoints will be built right into products and services, ensuring a direct connection between your company and your customers, and yet another way to control or influence the conversation. This will enable you to not only better understand each customer's needs, but also respond immediately when such needs change.

With the proliferation of wireless devices and the expansion of broadband services, opportunities abound to design “intelligent” and connected products and services. For example, think of a swimming pool that alerts its repair service when there is a problem, so the problem can be fixed before the customer is even aware of the issue. Or an electric meter that notifies your utility service if you have an outage, or can email you with ways to save on your power bill. These services and many like them already exist. Five years from now there will be thousands of similar services.

In such an environment, a “sense-and-respond” strategy is the logical choice for most companies. That is, your firm creates a network of sensors that monitor customers, products, market conditions and inventory—among other elements—and automatically trigger responses based on criteria your firm and its customers set in advance.

Sense-and-respond touchpoints are here. Today. From shopping for clothes or buying songs, they're here to stay. How might these kinds of touchpoints affect your business?

For example, a customer might instruct, “If the price of that outfit ever dips below \$300, ship me one,” or “Every time the cost of fuel oil dips below \$40 a gallon, fill up all our tanks.”

With Verizon's V Cast Song ID service or Shazam for the iPhone, a customer can hold his phone up in a bar, concert hall or next to a radio and the service will identify the song title and artist. By pressing a button on the phone the customer can instantly purchase the song.

Or use your phone to take a picture of a pair of shoes you see in the subway, a purse at a show, or a video game and upload the photo through “Amazon Remembers,” and they'll match the picture up to that item if they sell it, and save it for you on their servers regardless.

Someday soon, clothes may come with identifiers woven into their fabric: if you want another shirt, you order another one merely by using your phone to read the identifier and specify what color you want this time.

By the time you read this, there will be a thousand new opportunities to inject sense-and-respond tactics into your company's marketing plan.



Control the touchpoints you can, and influence those touchpoints you cannot control

As touchpoints proliferate across digital and user-driven channels, traditional corporate influence over them wanes. While several possibilities emerge, we see that this usually means one of two things to the average company.

The first is that lack of knowledge about your touchpoints means that you tacitly (and usually unconsciously) cede control of the touchpoints that influence customer experience, and their perceptions of your brand.

The second thing we see is the organization that moves to influence and control their touchpoints, based on a deep understanding of which work, which don't, and why.

The question your organization should ask is this: will you control your touchpoints, or will you allow them to control you? The importance of touchpoints—understanding them all, controlling those that you can, and influencing those you cannot—will be the defining factor in delivering a better customer experience, building stronger relationships and driving loyalty over the next five years—and beyond.

Out of control, and eroding brand perceptions

A recent Google search for a \$10 billion bank produced one page of results. Interested searchers saw the bank's name three times on the first page:

1. A Yelp! post displayed in the preview: "....Not even worthy of one star. They're all sweet and friendly, but only three things matter in banking: fees, speed, and accuracy. [They] have obscene fees...."
2. The bank's company web site.
3. And a competitor's ad—the top right PPC result—where a regional competitor had purchased their brand name as a keyword.

While simple, this is just one example of the importance of touchpoint awareness. It also shows how a lack of awareness—combined with a lack of control or influence—can leave the door wide open to brand erosion and smarter competition.

Ask yourself: do you know all of your touchpoints?



What to do first?

Most companies have no idea what percentage of their touchpoints are dumb versus smart, nor have they formulated a game plan for the kind of intelligence they should add to their touchpoints. In fact, most companies don't even have a complete picture of existing touchpoints—even the ones they control. So where do you start?

Job number one is to identify the touchpoints you do have, and create a map of where you are today. Among other key measures, such a map should highlight:

- All your touchpoints;
- How individual touchpoints work—in sequence or alone—to move customers through the lifecycle and closer to your company;
- The most important touchpoints with regards to:
 - Customer loyalty
 - Value to your business, and to your customers
 - Revenue generation (or cost savings)
 - Business intelligence gathered

- Categorization of the touchpoint (human, interactive or dumb) and potential benefits of adding additional intelligence;
- How data flows—or does not—through the touchpoints (highlight any critical roadblocks);
- Gaps where touchpoints should exist—and don't;
- Redundancies—where touchpoints do exist, and shouldn't;
- The internal “owner/manager” of touchpoints.

Job number two is to construct a specific plan for moving forward, one that sets priorities, maps out the costs and benefits, and provides specific metrics for measuring the results.

A word of caution: don't fall into the trap of projecting specific revenue increases resulting from the conversion of specific touchpoints. Business is messier than that. Instead create metrics such as the “volume of market intelligence generated” or the launch of an “automatic replenishment” program by a certain date. Be tactical as well as strategic.

Above all, keep in mind that your overriding task is to preserve your firm's option to be a market leader. Market leaders five years from now will be digitally connected to not only their customers, but also their products and services.

This is not a one-time effort, nor is it one that can be completed in a matter of months. It is a long-term strategy backed up by numerous tactical details.

Ask yourself this: “In a few years, will we be in closer touch with our customers than any of our competitors?”

If you follow the approach outlined here, the answer is clear: “Absolutely, yes.”

How might McorpCX help you?

To learn how we can help you better understand and connect with your customers, visit www.mcorp.cx/contact or call 1-866-526-2655.

In conclusion:

Companies are losing control. From distribution channels to touchpoints to customers themselves, many decisions are made outside the realm of corporate influence. That's why those forward-looking companies who find ways to plan for, and deliver, a truly differentiated customer experience in this new world will be able to get ahead of their competition.

With the combined tectonic shifts of rapidly changing customer expectations and a veritable explosion of influential touchpoints, sense-and-respond touchpoints that make your brand a more integral part of your customer's life—meeting defined needs and wants that your competitors are only beginning to understand—has the potential to give your organization a significant head start.

So increase your knowledge of your touchpoints, and understand how they influence customer experience and perceptions of your brand. By moving to control the touchpoints you can, and influencing those you cannot control, you will build better experiences, stronger relationships, and drive loyalty over the next five years—and beyond.

McorpCX is a leading customer experience services company delivering consulting and technology solutions to customer-centric organizations since 2002.

Our practical approach has led to measurable growth, deeper engagement, and better business outcomes for fast-growth market leaders and the Fortune 100, including Microsoft, lululemon, T. Rowe Price, and Blue Shield of California.

Whether your organization is just beginning its customer experience journey or is well down the experience transformation path, we are experts at driving customer experience transformation in an increasingly connected world.

Meeting customer expectations into the future: Here are seven things you can do today.

1. Audit your touchpoints

Do you know what they are? Many companies don't have a full inventory.

2. Determine customer wants and needs

Through an understanding of needs across the lifecycle, you'll see what gaps exist—and can begin to close them.

3. Understand how and where your touchpoints do—or do not—work

How effective are your touchpoints—in sequence or alone—at moving customers through the lifecycle and closer to your company?

4. Prioritize your touchpoints

Which are most important, and why? What is the value—to you and your customers—of each?

5. Map data flows

How does (or doesn't) data flow through your touchpoints?

6. Close gaps and eliminate redundancies

Eliminate touchpoints that don't work. Add them where they are missing. Fix those that could work better.

7. Plan for—and begin to integrate—interaction in your touchpoints

By allowing data to flow more than one way through your touchpoints, you'll deliver a better customer experience, get better data, and enjoy stronger relationships. Just don't expect it to happen overnight.

McorpCX

1-866-526-2655

www.mcorp.cx



McorpCX is a leading customer experience services company. For more than a decade, our blend of strategic thinking and design innovation has helped companies—from fast-growth market leaders to the Fortune 100—transform products, services, customer experiences, and internal processes in exciting and profitable ways.