Consider your customers in your digital transformation strategy

By Brent Haumann   6 Feb 2020

Most organisations understand the need for digital transformation, with many spending fortunes on investments in digital technologies. Research from The Economist Intelligence Unit, sponsored by DXC and Leading Edge Forum, shows that they're also bullish about it.

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And why shouldn't they be? After all, investing in digital transformation means a better customer experience (CX), which leads to increased loyalty and revenue, and a decreased cost to serve

Except there's evidence to show that digital transformation isn't resulting in improved CX. The reason? Organisations aren't putting customers at the heart of their digital transformation strategies.

The State of Play

A recent study by Kony Inc. shows just how bad the disconnect is. The study covered 1,600 respondents across four verticals: banking, retail, utilities, and healthcare.

It indicates that the average annual digital transformation budget for a company in each vertical stands between US$28m and US$33m.

Most importantly, the study found that, despite nearly US$5tn in overall investment, only 1 in 5 consumers reported any significant improvement in the experiences received.

The reason for this is that most organisations tend to focus on business processes rather than customer needs when it comes to digital transformation.

In fact, Kony's research shows that less than a third of enterprise respondents (28%) cite customer needs as the number one priority in their digital transformation efforts. It should hardly be surprising, therefore, that customers are not seeing real improvements in their experience with brands.

Get the data right

Knowing this, what can organisations do to ensure that they put the customer at the heart of their digital transformation efforts?

A good place to start is with data.

So much of digital transformation, specifically when it comes to enhancing customer experience, relies on having the right level of data to personalise the customer experience. Despite being such an important component, this is often where transformation efforts get stuck.

A key requirement for successful digital transformation efforts is the search for the 'single view of the customer' - a holy grail that has eluded even the most successful companies due to siloed business structures and disparate data stores.

This one objective can eat up budget and effort in a way that derails digital transformation progress. However, without a single view of the customer, realising true hyper-personalisation of experiences is an enormous challenge.

Rather than giving up on hyper-personalisation, however, organisations should put in the work necessary to ensure that they can collect the data they need for a single view of the customer while staying within the bounds of regulations and without intruding on customer privacy.

Involve the right people

One way to ensure that the organisation achieves this is by getting the right people involved in the digital transformation process. Internally, the digital transformation team must include representatives from all areas that contribute to when, how and why a customer interacts with the brand. It is highly likely to include certain functions that were never considered to have an impact on customer experience, nor include journey mapping.

Alongside CX experts, customers also need to be deeply involved in the digital transformation process. Customers are, after all, the best source of information about their current experiences and how they can be improved.

Focus on the right technologies

Finally, it's important to remember that some technologies have a much bigger impact on CX than others.

Artificial Intelligence, for example, improves customer experience through the analysis of data on hand, in order to decide the next message that is best suited to each customer. Delivering the right message to the right person, at the right time, improves the customer experience, and due to relevance and timeliness, is most likely to result in the response the business wants - a subscription, an upsell or a new sale.

Digital communication, meanwhile allows the organisation to engage with its customers on their terms and on the channels they prefer. To build real relationships with customers, organisations need to communicate with them regularly and ensure consistency across all these communications.

Leveraged properly, digital communication can be the core pillar for great customer experiences.

Far more than just being a means of distributing information, digital communication is a way to build long-lasting relationships that'll encourage loyalty and have a positive impact on the organisation's bottom line. It is also a key component for driving the adoption of other digital channels

Put CX first

It's clear then that current approaches to digital transformation aren't providing organisations with the returns that they want. It's also clear that much of this has to do with their failure to put CX at the heart of their digital transformation strategies.

By focusing on the data and involving CX expertise as well as the customers themselves, it's possible to turn this around. In doing so, however, it's vital that organisations focus on technologies that'll actually make a difference in how their customers experience their products and services.

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