

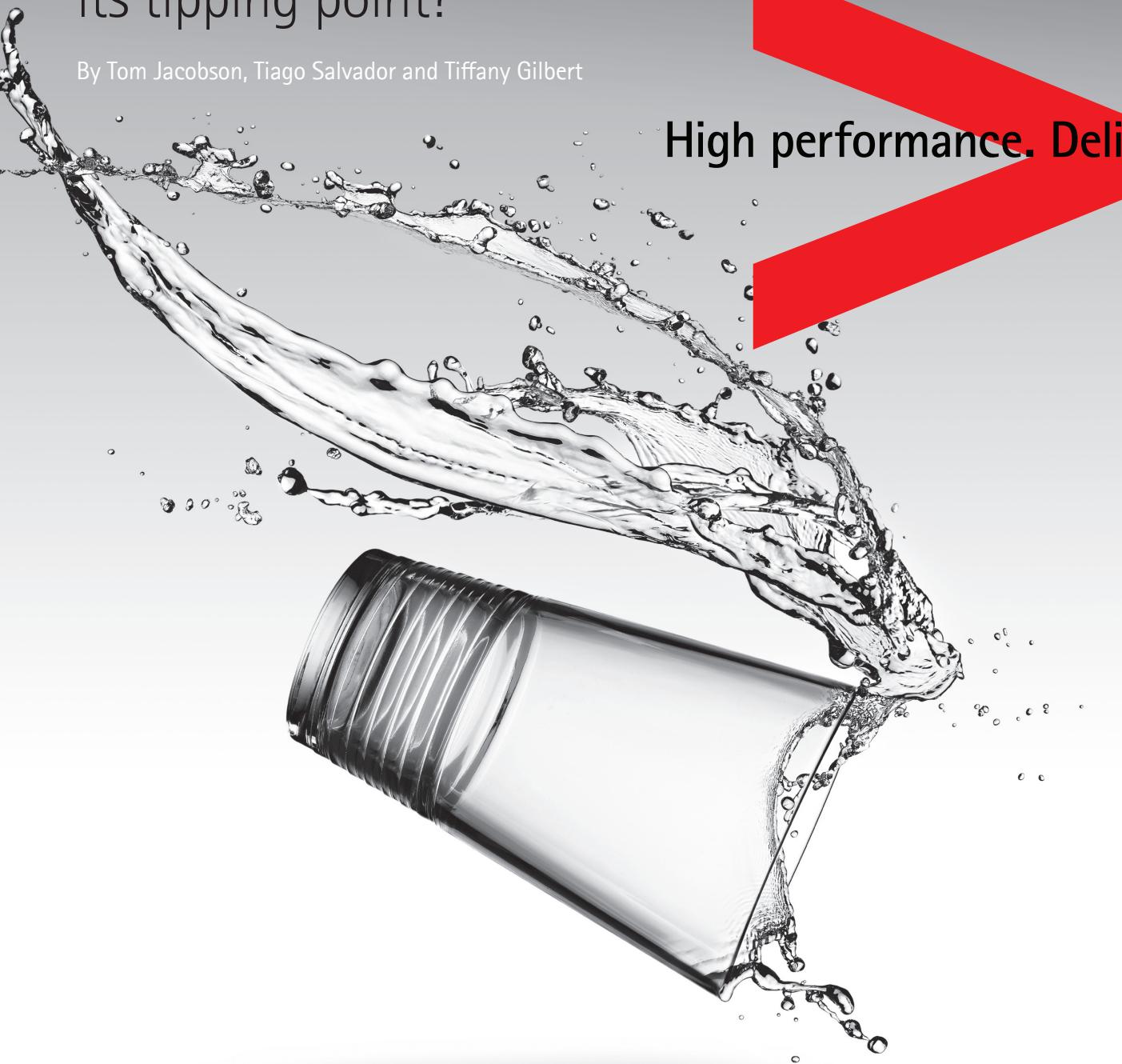
Digital Disconnect in Customer Engagement

The high price of obsession

- Has digital reached its tipping point?

By Tom Jacobson, Tiago Salvador and Tiffany Gilbert

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Companies have invested significantly in digital technologies to create more personalized connections and, by extension, drive profitable growth. Ironically, a number of these investments are producing the opposite results. Companies are beginning to recognize their over-reliance on digital has come at a high price. To optimize their growth potential and deliver the experiences customers demand, they need to balance their digital exuberance with a human touch.

The digital disconnect

Digital innovation has been a game-changer for companies looking to extend their reach. It's also been a boon to customers, who value the price advantage, convenience and access that digital channels provide. Accenture Strategy's [Global Consumer Pulse Research](#) found that 88 percent of customers use digital channels at some point in their shopping journey. Forty-one percent want even more digital interactions.¹

There are signs, however, that digital may not always offer the win-win experience that companies and customers expect. For one thing, only 36 percent of customers believe digital channels are better than non-digital forms of interaction. That's hardly a ringing endorsement. Also, digital has done little to boost customer loyalty. In 2014, only about one-quarter of consumers were willing to recommend their providers to others. And 65 percent took all or part of their business elsewhere.² This lack of loyalty is particularly pronounced in the retail, banking and Internet service sectors. Customers in those industries defect primarily because of poor service. That's ironic because those industries were among the first to embrace digital to make their service interactions more satisfying and keep customers engaged. Clearly, digital technologies can only do so much.

Too much of a good thing?

Digital has made it easy for companies to reach customers with a steady stream of digital messages and promotions. Too easy, perhaps. Many customers like this intensity of digital connection. But a sizable number throw up their hands, too overwhelmed by the inundation of choices to make any choice at all. For them, too much digital interaction is an annoyance—and a deterrent to sales. Also, when multiple providers bombard customers with digital promotions, customers don't feel special or unique. All offers and communications blur together in an undifferentiated way. Customers feel like companies have used digital not to tailor their experiences, but to commoditize them.

Companies need to understand not only how a customer's perception of the experience affects purchasing decisions, but also the effect digital has on that experience. Consumers assess three factors when determining an offer's relevance: product, venue and experience. Of these three, the experience influences loyalty the most. Many customers savor the convenience of digital interactions. And some will pay more for a digital-only experience to avoid the hassle of going to a physical store. But a sizable number of customers (36 percent) are also willing to pay a premium for a more personalized shopping experience.³ A fashionista considering a high priced cocktail dress, for example, wants to see it in person, try it on or ask detailed questions. Furthermore, the in-store experience may also provide a unique—and, to some customers, desirable—opportunity to negotiate price. Providers that fail to offer human-delivered services and experiences to clients willing to pay are ignoring a significant revenue-generating opportunity.

The tipping point

Companies that rely too heavily on digital interactions might be extending their reach, but they're alienating valuable customers and losing out on upsell and cross-sell opportunities due to the lack of personalization customers want. Ironically, the savings brought about by digital efficiencies are increasingly offset by the promotions and discounts companies must now offer to win customers back. In fact, many companies are approaching a tipping point where the expense associated with digital exceeds the value of digital benefits. The lack of a balanced approach to digital and non-digital experiences comes with a significant cost. Accenture has found that customers who can engage with providers across multiple channels are more valuable.



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In the retail sector, multi-channel customers are responsible for 3.2 times the sales and 2.6 times the margin of store-only customers.⁴



In banking, multi-channel customers purchase 1.4 times the products and are 15 percent more likely than digital-only customers to serve as advocates for their providers.⁵



Consumers are more than twice as likely to be upsold (45 percent vs. 18 percent) through a human interaction than through a digital channel.⁶

Before they can seize the economic benefits that accompany multiple modes of interaction, companies need to first agree that a one-size-fits-all approach to customer engagement won't work. Instead, what's needed is a strategic mix of digital and non-digital options that allows customers to pursue the experience they want at any given time.

The case for being human

In their rush to take advantage of all-things-digital, many companies have lost sight of the value of human connections. That's a costly oversight. Consumers actually prefer human interactions for a number of sales and service situations:



58 percent
prefer dealing with humans to get quick answers to questions.



73 percent
prefer human interactions to resolve service issues.



73 percent
seek out humans to get advice.

These findings support the contention that people have a real need and appreciation for human connections. Psychological studies have shown that lack of human contact can lead to physical, mental and emotional deterioration.⁷ And while it's unfair to conclude that digital-only consumers suffer from social isolation, it's not unreasonable to think that human connections make customers' experiences more satisfying. Customers want to be heard, understood and empowered. They want to feel taken care of. And they want to be valued. A digitized voice and a blinking cursor offer cold comfort.

Reclaiming the customer experience

Businesses should do three things to make sure they aren't alienating customers and sabotaging the experiences that make or break the sale.



Identify their tipping point

A recent study commissioned by Accenture Interactive found that 56 percent of digital experience decision-makers are planning to assess the impact of digital on customer experience.⁸ This is an encouraging sign. But it is just the first step. Companies need to compare the value they derive from digital with the costs associated with winning disenfranchised customers back. While the tipping point will be different for every business, there are common ways to assess it. Trends in customer loyalty, affinity and advocacy are good indicators of the current and projected health of a company's relationships. And tools such as Accenture's Digital Intensity Index can gauge customers' digital proclivities (see Figure 1). Together, measures of loyalty and digital intensity can help companies understand whether their digital investments are creating satisfying experiences and where to place their bets moving forward.



Accenture has found that customers who can engage with providers across multiple channels are more valuable.

FIGURE 1 | Every customer is a digital customer, each one with a different intensity and speed

Need to pivot to the multispeed customer organization for all customer types.

Traditional

They rely on traditional channels and interactions. Even then, they leave digital traces.

Experimental

They selectively engage in digital for utility value, discovering how the experience improves.

Transitional

They strive to leverage digital more broadly but may not always be able to do so.

Digital Savvy

They make digital technology part of all dimensions in their life. Mobile access is key.

Increased Speed

Higher Digital Customer Intensity



Re-think their engagement strategies

Before they can deliver differentiated experiences that customers find relevant and engaging, companies need to understand the current state of consumerism. Digital has replaced the linear path to purchase with a highly fluid and "always on" shopping experience. Customers are now always evaluating their purchase options, carrying out transactions or looking to resolve a problem. Their intentions, along with the context in which they find themselves, dictate their channel preference at any given time. In this new world, an over-reliance on a particular interaction channel will backfire. What's needed is a mix of digital and human experiences that optimize lifetime value. Companies that build agile connection strategies that cross channel boundaries will not only be able to keep pace with the customer evolution, but also enable customers to engage via their preferred channel—and seamlessly switch to another channel if and when they desire.



Balance digital with human (or human-like) connections

Digital plays an important role in building enduring customer relationships. But so does the human touch. There are several ways companies can be more personal. Nordstrom, for example, trains its retail associates to make each customer feel unique, relevant and heard. Shoppers return for the differentiated experience they receive, delivered by people they come to know and trust. Even digital leader Amazon sees value in the human touch. It recently opened its first physical bookstore, where customers can browse thousands of titles and engage in a social experience that is enhanced by the presence of helpful and knowledgeable sales associates.⁹ Some companies are using digital technologies to mimic the human elements of connection. Macy's, for example, has launched a "name a price" feature for select online items. Customers can engage in what appears to be a person-to-person negotiation by entering a lower price and then waiting to see if Macy's accepts the offer.¹⁰ NIKE launched NIKEiD, an online shoemaking service that enables customers to create a one-of-a-kind pair of shoes. Customers are in control of everything from design to performance features. They feel as if they are collaborating with a personal shoemaker who is committed to bringing their unique vision to life.¹¹

Putting digital in its place

In the coming years, everything that can be digitized will be digitized. But there's one thing that can't be digitized. That's the customer. To make the most of their digital investments—and avoid the digital tipping point—companies need to personalize the experiences they deliver. That means making customer experiences more, not less, human.

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Notes

1 Accenture Global Consumer Pulse Research, 2014

2 Ibid

3 Accenture Global Consumer Pulse Research, 2015

4 Accenture Customer Vision 2015

5 Ibid

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7 Michael Bond, "How extreme isolation warps the mind," BBC, May 14, 2014. Retrieved November 10, 2015 from <http://www.bbc.com/future/story/20140514-how-extreme-isolation-warps-minds>

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