Wearable Devices: The Next Big Thing in CRM

By integrating wearable computing devices with CRM systems, organizations across industries can have real-time access to account data, engage more effectively with customers, systematically identify opportunities for cross-selling and up-selling, and enrich customer relationships at every encounter.

Executive Summary

High-performing businesses know how to take control of data, optimize critical systems and equip their workforce with the technologies they need to offer customers a consistently gratifying experience. Among these are wearable devices, which hold significant potential for the consumer electronic and computer industry, as well as companies across sectors.

Today's advanced wearable technologies enable users to enjoy the same kind of integrated digital experience that they expect from their desktop, laptop, smartphone or tablet, but with the ease and convenience afforded by watches or glasses, for example. This capability is quickly reshaping people's understanding of how work is done and how decisions are made – especially in scenarios where safety or logistics can limit the use of common portable devices.

The wearable technology market is entering a rapid growth phase that is likely to mirror the hyper-connectivity phenomena spurred by the global smartphone revolution. Worldwide, the wearable electronics market is expected to cross US$8 billion in 2018 – increasing at a healthy CAGR of 17.7% from 2013 to 2018.[1] Even though consumer applications accounted for the largest market share (with revenue crossing US$2 billion in 2012), the enterprise and industrial applications space is expected to expand more than 21% annually from 2013 to 2018, with APAC as the fastest-growing region (see Figure 1 on next page).

In this white paper, we will discuss the scale and scope of the wearables market, uncover key factors that are driving the technology's integration with CRM systems, and showcase how wearable devices intersect with and create value across the sales, marketing and service continuum. We will also recommend a move-forward strategy for organizations that want to collect and make meaning from customer information generated across the "Internet of Things."

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The Growth of Wearables
Market Revenue By Applications & Geography, 2012-2018 (US$Million)
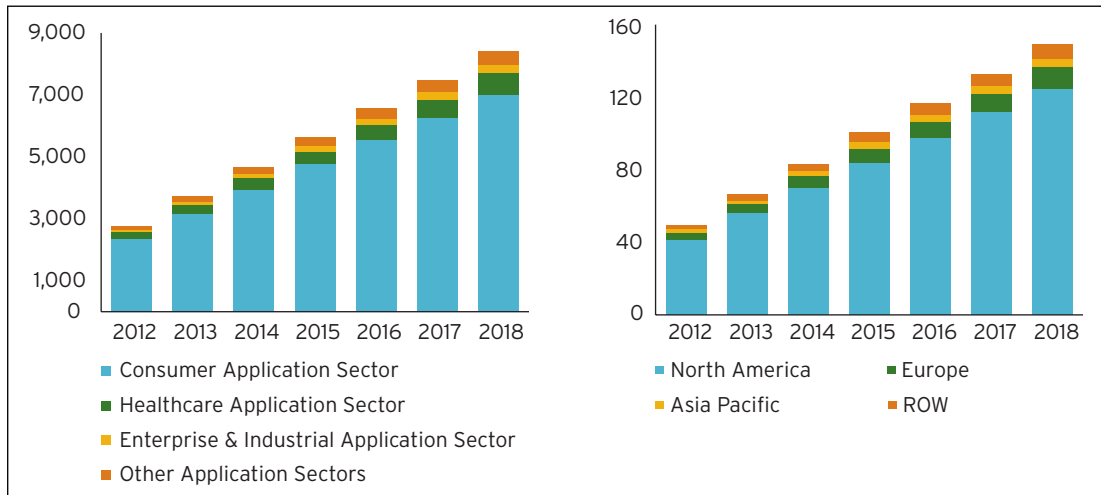
Source: MarketsandMarkets Analysis

Figure 1

The Wearables Ecosystem and Landscape

The global wearables technology ecosystem (i.e., the entire wearables device market and its providers) was estimated at US$4 billion-plus in 2012, and is expected to cross US$14 billion by 2018 (CAGR more than 18% from 2013). Forecasts predict that the penetration rate of wearable technology is predicted to accelerate over the next five years, reaching roughly 46% of the total addressable market (TAM) by 2018.

The wearables landscape is supported by industry-standard technology platforms and tools such as Salesforce and Microsoft CRM, which allow devices, applications, data, products and services to work together in brand new ways. Internet connectivity through Wi-Fi, telecom networks and APIs provided by standard operating platforms such as Android and iOS is further powering the market's rapid evolution.

Key Drivers in CRM

There are several crucial developments in the CRM space that are especially relevant to wearable technologies:

- **Salesforce.com's Salesforce Wear Developer Pack** comprises reference apps, demos, open source code and other documentation. This developer platform enables device developers to design and build wearable apps that connect to the salesforce.com CRM platform. In fact, Salesforce.com has released six end-to-end apps for wearable devices as part of its Salesforce Wear initiative.

- Other CRM vendors are collaborating with wearable device vendors to explore different business-use cases, such as generating effective leads and campaigns, and reducing lead-to-order cycles. For instance, **Microsoft Dynamics CRM** supports customization of a mobile platform compatible with Google Glass.

- Wearable devices will enable users to buy products online, directly from their device. Recently, **PayPal** announced a new app that allows users to pay for products using their Samsung Gear 2 Smart Watch.

- **Google Glass** can track a user's eyes to see which advertisement the customer has seen. In conjunction with its patented "Pay per Gaze" advertising, this capability has the potential to transform digital marketing.

- **Real-time actionable data**, context-based content, localized content and augmented media will only propel the demand for wearables in CRM.

Figure 2 on the following page depicts how organizations are beginning to launch wearable products, and references designs that allow non-technology OEMs and brands to quickly deliver innovative, diverse, unique and stylish solutions. These devices will provide an additional channel
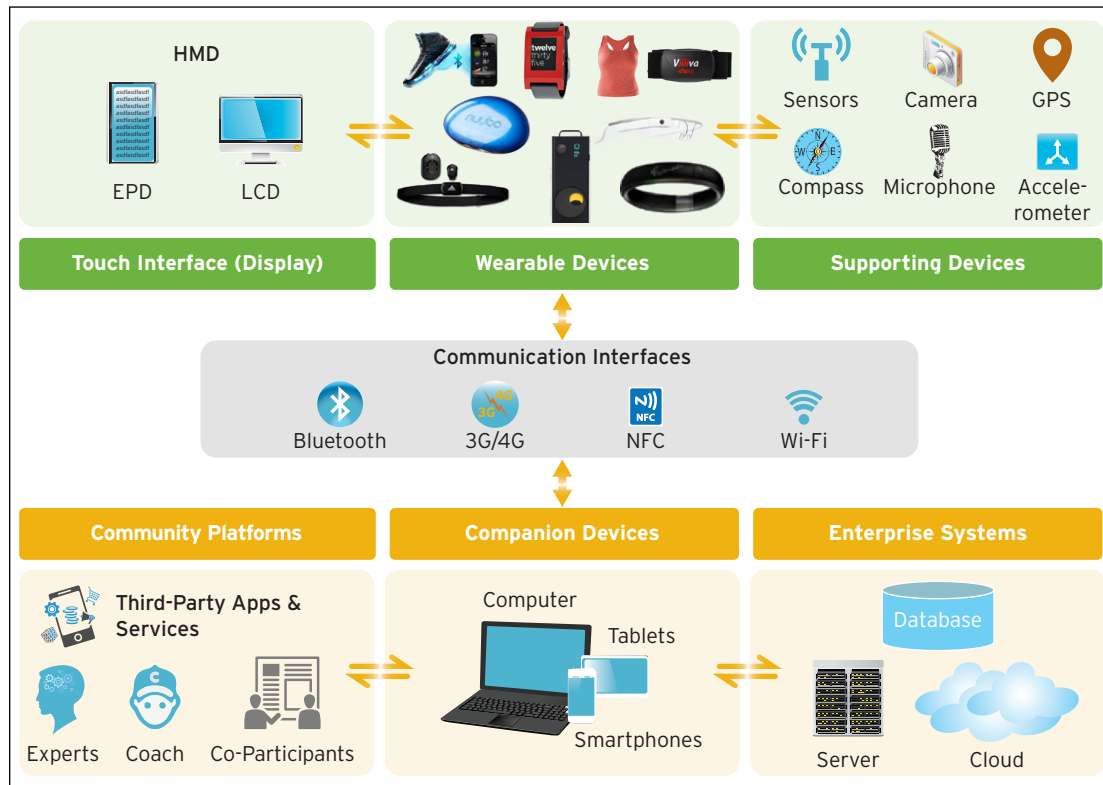
How Organizations Are Launching Wearable Products

HMD

EPD **LCD**

Sensors **Camera** **GPS**

Compass **Microphone** **Accele-rometer**

Touch Interface (Display)	Wearable Devices	Supporting Devices

Communication Interfaces

Bluetooth **3G/4G** **NFC** **Wi-Fi**

Community Platforms	Companion Devices	Enterprise Systems

Third-Party Apps & Services

Experts Coach Co-Participants

Computer
Tablets
Smartphones

Database
Server **Cloud**

Figure 2

What Customers Expect from Wearable Devices

Comfort: Ease of Use
Provide a comfortable, portable, lightweight device.

Connectivity: Providing and Processing Data
Offer connectivity options like Wi-Fi, Bluetooth, etc., for data input and data transmission.

Value: Right Content
Extract and analyze meaningful data. Allow users to make informed decisions.

Communication
Connect with an expanding community of wearables, devices, systems, platforms, services and software.

Customer Expectations from Wearable Devices

Intelligence: Quick Response Time
Afford minimal interaction with the user/expedite user's manual actions.

Sensors: Recognizing User Action
Measure activity levels, distance traveled, etc. Contact-less control through voice activation.

Portability: Minimum Charging Time
Allow smart portability with 24-hour access.

Multi-Function
Augment special features with the ability to track multiple parameters while providing automated user feedback through notifications/alerts.
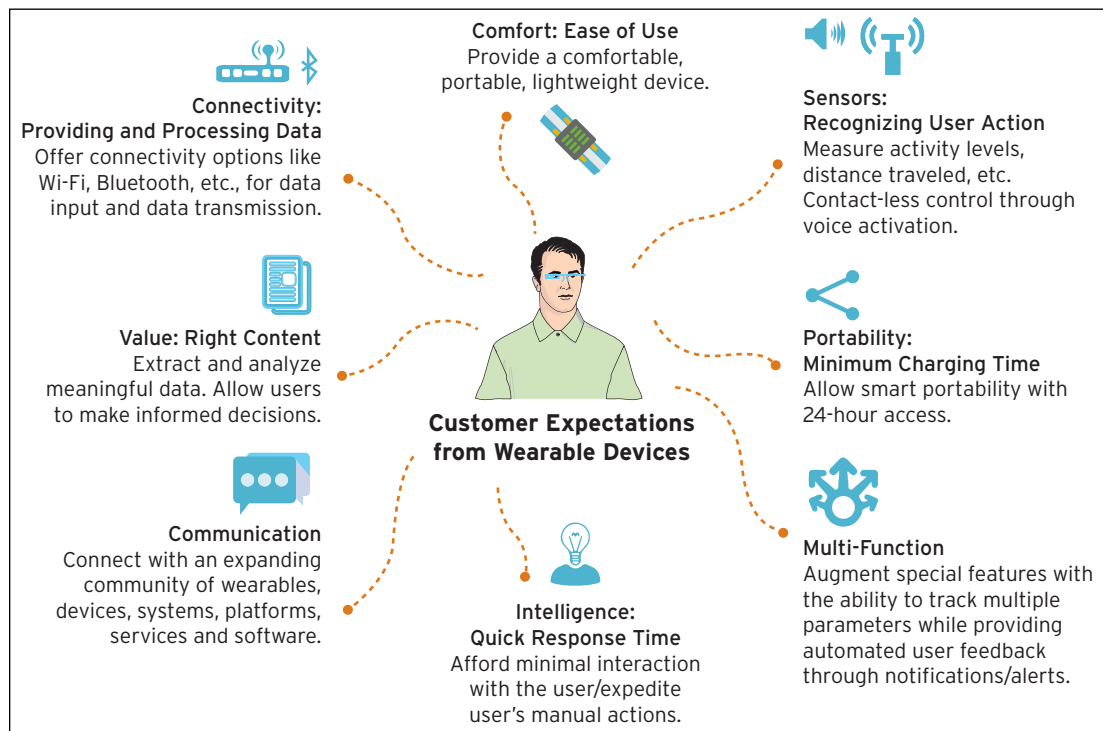
Figure 3

through which organizations can deliver content/services and extract granular profiles of users.

Clearly, wearable technology is "the next megatrend" that will change the way we live, work and play. But meaningful innovation will only occur if customer expectations are addressed (see Figure 3, previous page).

Types of Wearables

Wearables can be broadly grouped into five categories: fitness, medical, lifestyle, gaming and infotainment (see Figure 4).

While smart glasses could be a starting point (i.e., transitioning from touch-screen smartphones), the entire spectrum of wearable devices will need to evolve in order to spur consumer interest. With different forms of wearable devices available, organizations should focus on ways to equip users with the digital information they need (real-time data) to support real-world actions (i.e., decision making).

It took roughly eight years for smartphones to mainstream; tablets took only three years to achieve broad adoption. In our view, it could take even less time for wearable devices to scale. The key to widespread adoption of wearables among businesses and customers will be in products that leverage the single, unique benefit of a smart device that can be worn all the time – lessening the risk of it being misplaced, lost, damaged or stolen. This is a distinct advantage over smartphones.

Wearable Tech Meets CRM

Unlike many technology cycles where either consumers or businesses lead the way in adoption, wearable technology is being simultaneously embraced by individuals and organizations alike (see Figure 5, next page). This dual advantage provides the perfect scenario for businesses looking to sync customer relationship management (CRM) with wearables.

The Spectrum of Wearable Devices

Figure 4

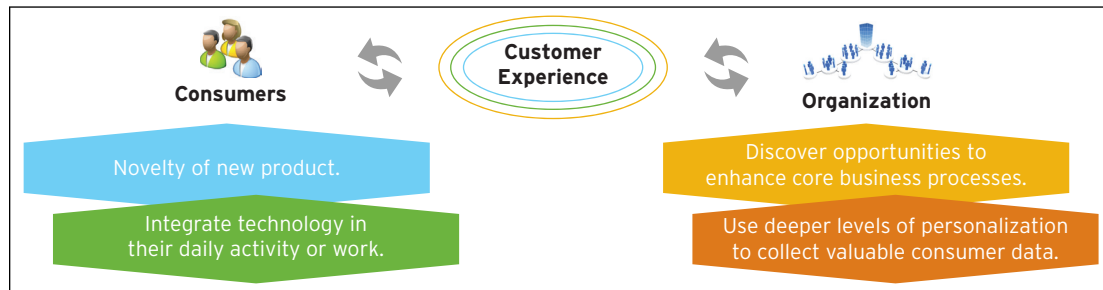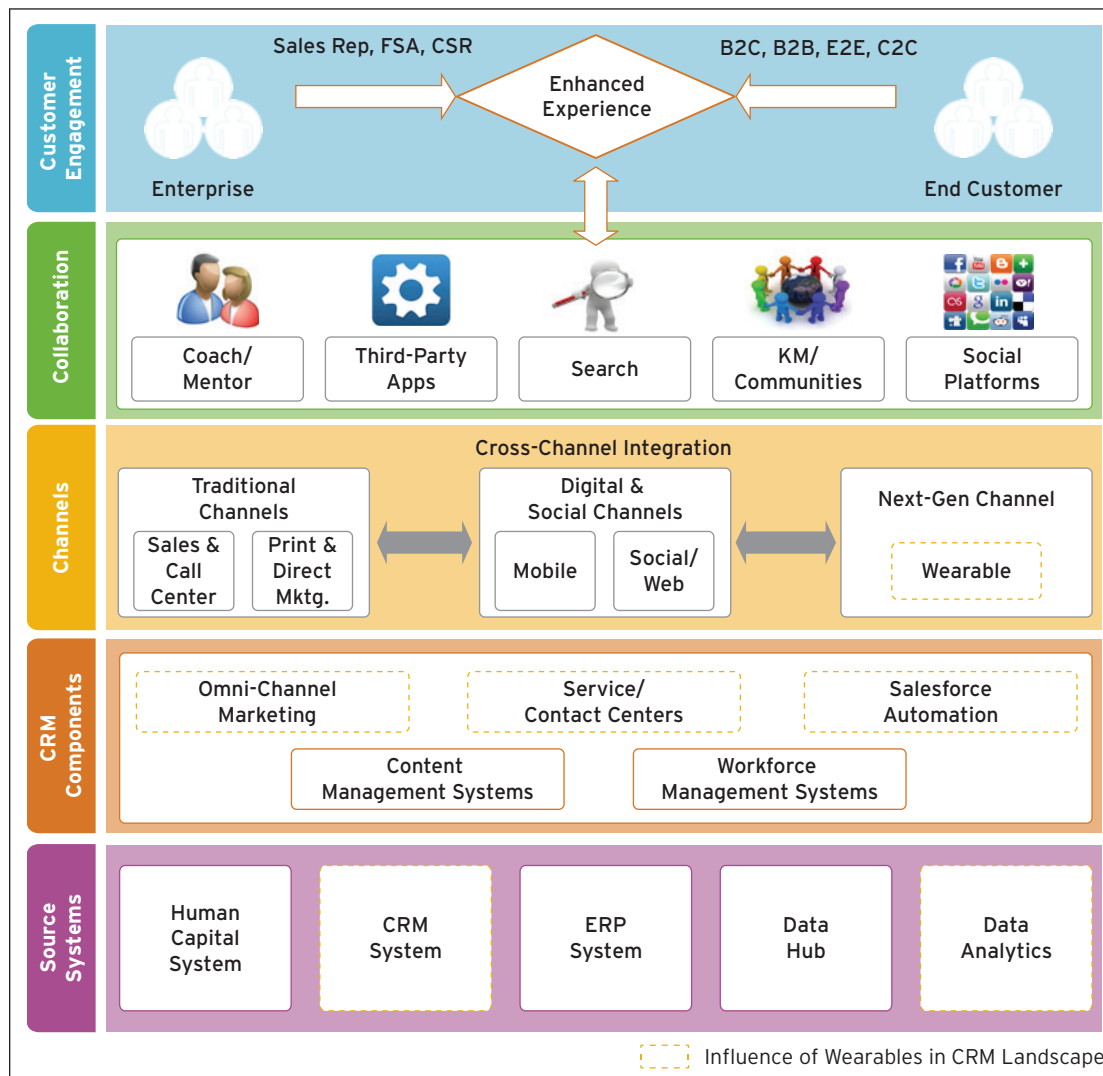## More Value for Customers and Businesses

Figure 5

Wearables offer round-the-clock, real-time access to employees, prospects, customers, product or services information, from anywhere (through interactive maps), at any time (online/offline mode). Furthermore, these devices can collect customer data on purchase behavior, location, activity, health indicators and hobbies, for example – providing companies with insights they can use to consistently enrich the customer experience at every touch point (see Figure 6).

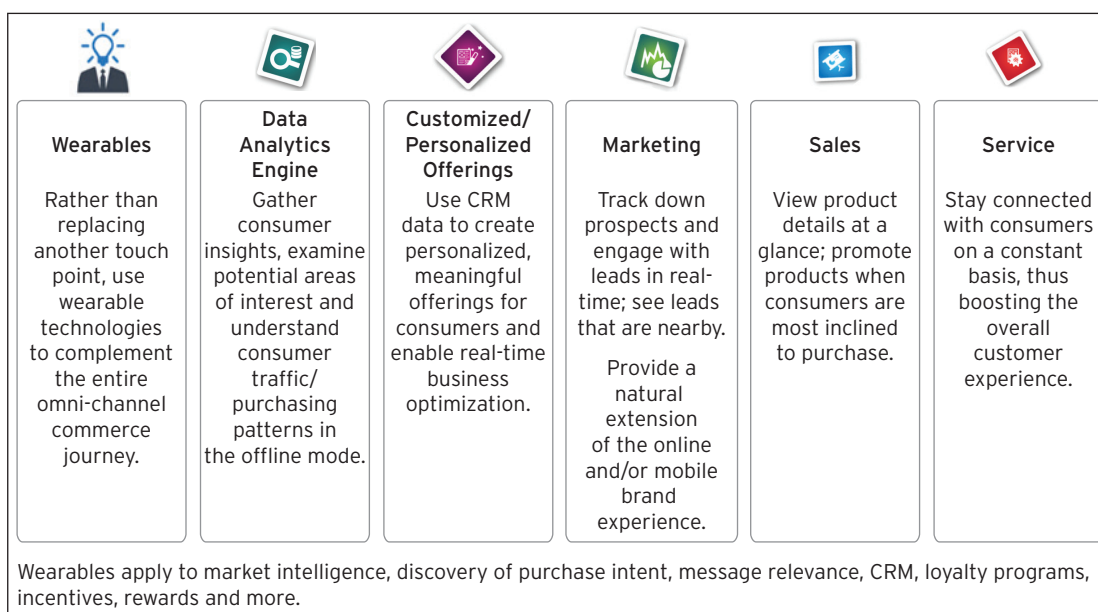## Wearables: An All-Inclusive, Next-General Channel

Wearables	Data Analytics Engine	Customized/Personalized Offerings	Marketing	Sales	Service
Rather than replacing another touch point, use wearable technologies to complement the entire omni-channel commerce journey.	Gather consumer insights, examine potential areas of interest and understand consumer traffic/purchasing patterns in the offline mode.	Use CRM data to create personalized, meaningful offerings for consumers and enable real-time business optimization.	Track down prospects and engage with leads in real-time; see leads that are nearby. Provide a natural extension of the online and/or mobile brand experience.	View product details at a glance; promote products when consumers are most inclined to purchase.	Stay connected with consumers on a constant basis, thus boosting the overall customer experience.

Wearables apply to market intelligence, discovery of purchase intent, message relevance, CRM, loyalty programs, incentives, rewards and more.

Figure 6

Wearables' Impact on CRM

As shown in Figure 4 on page 4, there are a multitude of wearable devices that address various consumer needs. In our experience, different types of wearables have varied impacts on CRM across its different functional areas, as shown in Figure 7.

More specifically, wearable technologies can help deliver quantifiable benefits in:

- **Sales.** CRM systems typically provide companies with the ability to develop a 360-view of customers and generate actionable up-sell and cross-sell opportunities for sales reps to pursue – helping to improve the lead conversion rate. However, making this information available requires third-party integration with wearable devices, which extracts

Gauging the Impact of Wearables

Wearables	Lead/Campaign Management	Account/Contact Management	Opportunity to Quote	Service/Complaint Mgt.	Activity Management	Loyalty Management
Smart Glass (Google, Vuzix M100)	High			High	High	High
Wrist Keyboard (Ikey)	Low	High	Medium	Low		Low
Smart Watch (Apple, Sony, Samsung, Pebble)	Medium	Medium	High	High	Medium	High
Wearable Ear phone (Psst)				High		
Real-time Locating System (9Solutions System)	Medium			Medium		
Wearable Hand Bands (Amsterdam Mnemo)	Low			Low		

Top 3 Wearable Categories Having Highest Impact on CRM   ■ High Impact   ■ Medium Impact   ■ Low Impact

1. **Smart Glass** (Google, Vuzix M100)
2. **Smart Watch** (Apple, Sony, Samsung, Pebble)
3. **Wrist Keyboard** (IKey)

Figure 7

CRM data and displays it in real time on the device. This enables sales reps to:

» Improve the planning of customer calls and activities; significantly increase selling efficiency by having more visibility into more opportunities and better managing selling time.

» Ensure timely follow-up with customers by receiving notifications concerning tasks, events, appointments and meetings – directly from the rep's wearable device.

» Generate quotes in real time and quickly capture customer approval and feedback.

» Immediately update account/contact information and record customer interactions.

» Access products and pricelists to close deals faster, increase the size of the deal, and provide consistent, collaborative customer management.

» View key metrics to see which marketing efforts result in profitable sales.

» Receive on-the-job training by recording sales calls on the device.

Wearables also ease the task of managing accounts and contacts in banking, as depicted in Figure 8, and reduce the "lead to order cycle" in the real estate space, as shown in Figure 9.

- **Marketing.** Using wearables, marketers can employ context-aware and real-time marketing insights to:

  » Send personalized and targeted offers directly to a customer's wearable device, in real time.

  » Transform digital marketing by capturing information on buying preferences, location and customer profiles, when and where needed.

  » Manage and track multi-channel marketing campaigns in real time to ensure that no leads are dropped.

  » Send customized product catalogs and promotion materials to customers from the user's wearable device.

The Banking Industry: Wealth Management for HNIs

❶ Wearing his smart watch, a wealth manager visits an HNI* client.

❷ He uses the watch to retrieve information (via a single view of the client's total investments in deposits, equities, treasury bills, etc.)

❸ Using third-party apps, he checks the equity market and informs his client about her real-time gain/loss.

❹ The smart watch suggests new products (cross-sell and up-sell opportunities) that suit the client's profile.

❺ He optimizes the client's asset allocation (new products, sell or buy existing bonds) and presents it to her.

❻ The wealth manager records his acknowledgment for auditing compliance.

Benefit:
- Provides a single view of the customer across products and geographies.
- Identifies cross-sell and up-sell opportunities – potentially leading to profitable, long-term customer relationships.
- Scales to accommodate and deliver required capabilities.

High Net Worth Individual

Figure 8

The Real Estate Industry: Seller Experience

❶ The real estate agent (wearing his smart glasses) meets the lead and visits the property to be sold.

❷ The agent captures real-time video of:
1. The house
2. The lead's details (reason for sale, introduction, etc.).

❸ The agent enters the property location and retrieves similar property details available in and around the current location.

❹ The agent shows the lead this information on his communication device and helps her evaluate the price for sale.

❺ In real time, the agent composes the advertisement to be published and takes acknowledgment from the lead.

❻ The agent posts this advertisement using voice commands on Web/social platforms through wearable technology.

Benefit:
- Transform every lead into a revenue-generating opportunity.
- Create a quote in real time, in front of the customer.
- Reduce turnaround time.

Figure 9

» Leverage location-based tracking mechanisms to extract contextually relevant data that informs product/service interests.

» Send and analyze consumer surveys to automatically track feedback and gauge reactions to advertisements.

Figure 10 below reveals how wearables contribute to effective lead-generation campaigns in the telecom space.

- **Service.** Today's customers can be anywhere. Using wearable devices in service management can go beyond simply addressing and resolving customer complaints. For example, as shown in Figure 11 below, with wearables, organizations in the hotel industry can serve customers better with highly responsive, relevant and effective service, regardless of time or location. This allows them to:

» Offer readily available literature and solutions (videos and documents) to assist service reps and increase customer satisfaction.

» Empower service reps to collaborate globally with support teams and knowledge

systems in real time, thereby decreasing the time it takes to resolve customer complaints and concerns and keep agents productive.

» Enable service reps to acknowledge customer service requests/cases immediately, as they happen, and remain accountable.

» Measure field service reps' activity metrics by monitoring and capturing data through their wearable device and using that data to calculate performance incentives.

Figure 12 on the following page shows how high-tech organizations can use wearables to be more attentive to service and complaint issues.

Figure 13 on the following page reveals how sales reps in the Fast-Moving Consumer Goods (FMCG) Consumer Goods industry can more effectively replenish inventory via wearables.

The Telecom Industry: Personalizing Service Plans

❶ The telecom agent accesses the CRM system (using app) through his wearable device.

❷ He views his prospect details.

❸ He presents the tariff plans using his communication interface.

❹ The prospect gives his business requirements/concerns/feedback on the tariff plan.

❺ In a few clicks, in front of the prospect, the telecom agent orchestrates the tariff plan (customized).

❻ The telecom agent tailors his pitch (campaign) according to the new plan and presents to the prospect.

Benefit:
• Sort, organize, maintain and manage target sales prospects.
• Drive increased response and sales in real time.
• Accelerate the lead-qualification process.

Figure 10

The Hotel Industry: Frequent-Stay Programs

❶ A hotel staff member wears smart glasses that are integrated with the hotel hospitality app and the customer service system.

❷ She retrieves a customer's information on the smart glasses just as the customer arrives at the hotel lobby and greets him by name.

❸ She identifies booking details and preferences, then immediately starts the check-in process for the customer.

❹ She tracks the existing loyalty points of the customer and gives him options to redeem/accumulate points.

❺ She informs the hotel guest of weather and local events at his destination, then translates that information in his native language.

❻ After check-in, the hotel staff member offers food/drinks and other services based on the customer's choice.

Benefit:
• Engage effectively with the customer and cater to their preferences.
• Create a more seamless hospitality experience for the customer.
• Provide a wealth of customer-tailored information to better target marketing efforts.

Figure 11

Hi-Tech Engineering: Field Service Agents

❶ A field-service agent (FSA) wears smart glasses to view details/SR for a scheduled work order.

❷ He reaches the customer location using routes in Google Maps and conducts a preliminary diagnosis.

❸ He accesses his product/services literature (videos, documents) through the smart glasses to troubleshoot the problem.

❹ As part of L2 service, he starts a live-stream conversation with the back-office support team.

❺ Once the problem (a defective part) is identified, the FSA places the replacement order through third-party apps.

❻ The FSA captures the customer's feedback and digital signature on his communication device – closing the work order/SR.

Benefit:
• Aid in delivering faster services that customer's want – anytime, anywhere.
• Ensure timely response.
• Enhance the productivity of support representatives.

Figure 12

Fast-Moving Consumer Goods (FMCG) Industry: Inventory Replenishment

❶ A sales rep wearing her smart glasses enters the hyper-mart to engage with the store manager.

❷ Through her smart glasses, the sales rep identifies opportunities to sell against in the account and their monthly priorities.

❸ She scans products to offer:
1. Best-selling price (based on competitor pricing)
2. Promotions/deals
3. Inventory refill

❹ Through her smart glasses, the sales rep then places an online order to the regional supplier.

❺ The sales rep reads customer development agreements (marketing activity, shelf space and equipment placements).

❻ Using her glasses, she views the best shelf display based on past sales and arranges the shelf before leaving the store.

Benefit:
• Create incremental demand on every sales call.
• Provide the right assortment, making products more visible.
• Reduce workload to maximize sales-rep productivity and optimize inventory.

Figure 13

Looking Ahead

Today, most consumers research products and services online before they make a purchase, and conduct business with the seller (buying, contacting support services, etc.) in the same way. Thus, companies must offer Web content that makes it easy for customers to make more informed buying decisions and communicate with the organization online. By providing real-time, personalized and context-aware access to customers, wearable technology has the potential to transform the entire customer experience for the better. This makes it imperative for businesses to scale-up their CRM-specific strategies and solutions to engage with customers through their wearable devices.

Wearable technology has the potential to influence the entire CRM landscape. Hence, organizations should be ready to integrate these advancements with their overall CRM strategy by learning to:

• Identify opportunities to utilize this disruptive technology as a new channel and enhance core business processes across sales, marketing and service functions.

• Select the right wearable devices among the many options available, and which the organization believes are the best fit for its CRM ecosystem.

• Develop applications (platforms and apps) around wearable devices to help increase customer engagement.

• Integrate these devices with the organization's existing technological pillars to deliver a seamless and satisfying customer experience at every touch point.

By supporting wearable technologies in the workplace, organizations can empower both employees and customers to more effectively interact in the emerging hands-free, increasingly connected world.

Footnote

[1] Wearable Electronics Market and Technology Analysis (2013 – 2018). *MarketsandMark*, May, 2013.
http://www.marketsandmarkets.com/Market-Reports/wearable-electronics-market-983.html

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About Cognizant

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