

Unifying Customer Experience in a Multichannel World

Unlocking the Full Potential of Multiple Channels To Engage, Acquire, and Retain Customers

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The evolution of consumer technologies in the last decade has outpaced that of business technologies. This has led to a proliferation of devices, web applications, and content resources that cater to consumers' needs, enabling them to research, purchase from, and interact with companies through numerous channels—the physical or online store, call center, or even a social networking site where the company may have an e-commerce extension.

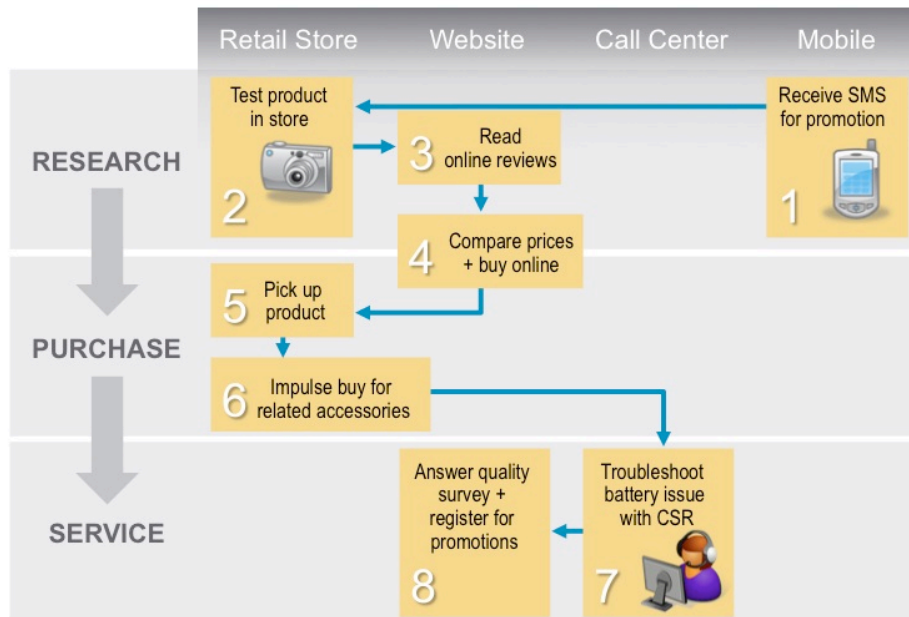
With so many touchpoints to manage, unifying the customer experience in a multichannel world has become essential to engaging, acquiring, and retaining customers. Understanding customer needs and behaviors is the first step toward achieving this objective. From there, it is important to develop a robust multichannel platform with an extensible architecture that allows the company to deliver relevant information and interactions to customers based on their contextual and technology needs.

The Multichannel Reality

The economic climate has driven customers to become highly mindful of their product consumption and more critical of substandard products, services, and interactions with businesses. The multichannel world provides ease of access that may result in consumers not only using multiple channels of one company, but also switching to a competitor's channel in the course of a single purchasing cycle. Customers today can access any channel at any time, from anyplace, using any device of their choice. This is particularly true for younger consumer segments such as the Millennial Generation, who were raised on the Internet and are constantly connected to the digital world through social media and the mobile web.

For example, buying a new digital camera can include a series of interactions that cross more than one channel. Figure 1 expands on this point, showing multiple processes and channels at each stage of the purchase cycle. Customers who switch from one channel to another—for example, from a retailer's store or website to its call center—expect information and service continuity.

Figure 1. Customer Processes Cross Multiple Channels During Each Stage of the Purchase Cycle.



Source: Cisco IBSG, 2010

Customer acquisition and retention are becoming increasingly challenging for companies as consumers design their own experiences and gain access to information from different sources throughout the purchasing process. As a result, customers are:

- Becoming more judicious as product/price transparency increases, and they are using social media and product comparison sites to find the best value
- Willing and able to voice their opinions in real time through sites such as Twitter and YouTube, sometimes creating public relations nightmares for companies
- Growing less loyal, as they are able to access more information quicker than ever. Today, a new global competitor can set up a storefront online, build a brand, and deliver products to the consumer's doorstep.

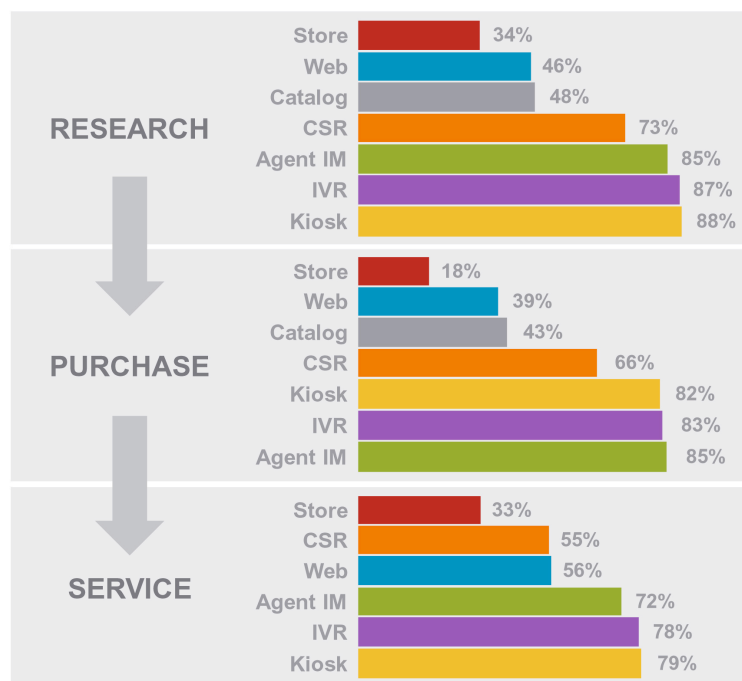
Channel-Experience Failures

To date, companies have missed opportunities to deliver a continuous, seamless experience because each channel operates independently and continues to suffer from poor design and customer experience issues. Even with long-established channels such as call centers that have live customer service reps (CSRs), customers are dissatisfied with their experience (see Figure 2).¹

¹ During November and December 2007, Forrester Research conducted a mail survey of 4,732 U.S. and Canadian households and individuals ages 18 and older. The survey sample size, when weighted, was 3,876 North American respondents at the household level and 4,728 North American respondents at the individual level. Respondents rated their level of dissatisfaction with each channel from 1–5, with 1 being “not at all satisfied” and 5 being “very satisfied.” The percentages in Figure 2 are based on ratings 1, 2, and 3.

Based on data from Forrester Research that captured customer feedback on seven separate channels and modes across the customer lifecycle, kiosks and interactive voice response systems (IVRs) have the highest customer “dissatisfaction.” Newer technologies such as instant messaging with agents also rate high in terms of dissatisfaction at different stages of the customer lifecycle.

Figure 2. Level of Dissatisfaction with Each Channel at Particular Stages of the Customer Lifecycle.



Source: Compiled by Cisco IBSG, 2008, using data from “Forrester’s North American Technographics Retail, Marketing, Customer Experience, and Service Benchmark Survey, Q4 2007,”

<http://www.forrester.com/ER/Research/Survey/Excerpt/1,10198,646,00.html>

Based on research from the Cisco® Internet Business Solutions Group (IBSG), high dissatisfaction may be due to consumers’ lack of familiarity with more recent technologies and companies’ inability to establish appropriate supporting processes; it can take time for companies to adopt, refine, and maintain the right resources and response mechanisms.

As companies become more competent at integrating certain channels to meet customer demand for flexibility and choice, the cross-channel experience can compound pre-existing channel issues and create new ones.

Even for established store and web channels, which had the lowest dissatisfaction ratings at each stage of the purchasing process (and, therefore, the highest satisfaction rating) in 2007, the cross-channel experience was rated as “unsatisfactory” by almost half of customers in all age groups two years later, in 2009. Figure 3 shows the results of a 2009 Forrester Research survey that captured customer feedback on store-to-web and web-to-store cross-channel experiences for three retail product categories.

Figure 3. Customer Satisfaction Levels: Store and Web Cross-Channel Experience with Leading Retailers.

Percentage of consumers who were satisfied when they researched the following product categories at a store and then purchased on the company's website in the past 90 days

	Gen Y (18–29)	Gen X (30–43)	Younger Boomers (44–53)	Older Boomers (54–64)	Seniors (65+)
Consumer electronics	55%	57%	51%	57%	54%
Apparel/footwear/accessories	52%	56%	50%	57%	46%
Wireless phones and service	50%	52%	43%	44%	36%

Base: U.S. online consumers who have researched at a store and then purchased online for each category

Source: North American Technographics Marketing, CXP, and Pre-Holiday Retail Online Survey, Q3 2009," Forrester Research

Top reasons for unsatisfactory cross-channel experiences were: (1) difficulty finding a product online that customers saw in the store, and vice versa; and 2) inconsistent pricing and product information across channels. This discrepancy can be especially frustrating when experienced instantaneously, such as when a customer is browsing in the store and checking the store's website on his or her mobile phone.

With such transparency, interactions that involve multiple channels are at high risk of abandonment because the customer may get frustrated with the perceived "wrong price" or "runaround" and not return at all. Many companies have successfully integrated payment and fulfillment capabilities for their online and offline worlds. The next step is to improve the depth and breadth of online product information and pricing. A common dilemma among national retailers that have multiple stores in one city is whether to show the national standard price across all stores or the sale price per store or location.

Evolving Multichannel Capabilities

Often, companies are strategically and tactically "entrenched" in how they manage their customers' multichannel experience. Disparate corporate functions (store merchandising, marketing, and customer service call center) and non-integrated applications (CRM, billing, and inventory management) have all led to fragmented channel capabilities that are difficult to abandon or modify. In addition, the web channel or call center may be managed by a separate group within the company or, in some cases, may be a separate business.

Although channels may be managed separately, optimizing each channel's capabilities in a vacuum without coordination and connection with other channels would be shortsighted. To successfully execute on the multichannel platform, there must be integration and coordination throughout the company for management support, new processes, staff retraining, and metrics that cross organizational functions.

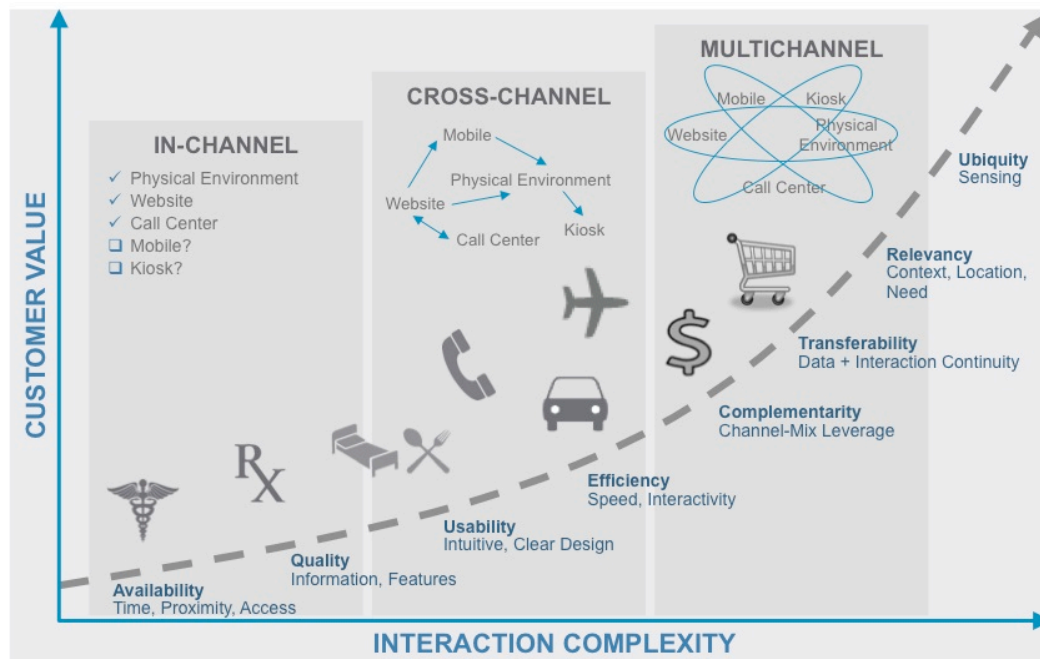
There is strong economic incentive to push all customers to new, potentially lower-cost channels, such as from store employee to kiosk, or from store to web. Therefore, companies embarking on new channel initiatives must carefully consider potential sales implications. From a customer perspective, without additional benefits or incentives, there may be a negative reaction from the perceived "push" by the company to an inferior channel or mode.

To ensure both customer adoption and satisfaction, companies must carefully design a platform for customer interactions by considering channel fit, customer needs and behaviors, transaction, and strategic value.

The Multichannel Ideal: From Basic Access to Ubiquity

A robust multichannel platform can enable a company to incrementally build capabilities and increase customer utility from basic access (availability) to ubiquity, where interactions in one channel complement, substitute for, or enrich interactions in another (see Figure 4).

Figure 4. Multichannel Capabilities by Industry.



Source: Cisco IBSG Innovations Practice, May 2009

As Figure 4 shows, there are three levels of interaction complexity: in-channel, cross-channel, and multichannel. As more channels become integrated, customer value and interaction complexity increase.

In-channel resources include the physical store, website, or call center. Interactive displays, mobile websites, and mobile applications are rapidly coming to the fore as new touchpoints. Not all industries, however, have embraced these touchpoints as in-channel resources. This is likely to change in the near future.

Within the **cross-channel** realm, one channel can connect to another. For example, a customer may use the store's interactive video kiosk to customize a product, complete with a 360-degree view, and then send the video to his or her mobile phone or email address.

In a **multichannel** world, data, applications, and access points (e.g., mobile device, website, video kiosk) are connected and integrated for ease of use and transaction continuity in real time. For example, a frequent customer passing by the store may get a mobile coupon for a new product; intuitive technology detects when this customer is in close proximity and sends data to his or her mobile device. Inside the store, the customer can receive detailed

product information and third-party reviews from the web-enabled multi-touch display, approach the store staff with questions, send the optional accessory demo video to his or her email address for later consideration, and make an electronic payment by mobile phone.

Channel “availability,” the lowest level on the capabilities ramp, can be achieved merely by providing access to a particular channel. But, as you move up the ramp, complexity increases, and retailers are faced with a number of questions. For example, at the “quality” level, once a channel is established, can more features and information be added to improve the quality of the customer experience? As more channels are added, can these channels interact with each other unilaterally or bilaterally? If so, is that transition intuitive and efficient for customers?

At the top of the multichannel capabilities ramp is “ubiquity,” where channel-based solutions can track and trigger appropriate content for—and interactions with—the customer based on programmed business logic and real-time data from any channel to another. While this type of ubiquity is not pervasive, the retail industry has been leading the multichannel momentum, with banks and airlines closely following suit, as Figure 4 indicates.

Next Steps: Key Priorities for Enterprises

Companies can take action now to improve existing channels or embark on a broader multichannel integration strategy that enables them to tap future opportunities. To start, companies must review existing channel gaps in the areas of data design, process protocols, and tools/organizations/people. Cisco IBSG identified major gaps often found within each of these areas.

Experience Design

- Inconsistent or incomplete product information across channels
- Failure to take advantage of the web (the only channel accessible 24 hours a day, seven days a week) to capture customer data and make the web more appealing to traditional store shoppers through free delivery/shipping offers, in-store pickup and returns, and other features
- Poorly designed IVR menus, web interfaces, and technology solutions, such as digital media signage and kiosks in physical environments
- Poor self-service features driving customers to frustration and costly “live” help
- Lack of mobile applications that facilitate the buying cycle, including in-store research

Process Protocols

- No transaction continuity across channels, with little or no “hand-over”
- Difficult escalation and resolution when issues occur, both within and across channels
- Limited use of customer and behavioral data for expediting and resolving issues, or for cross-selling
- Inconsistent information and pricing across channels

Operations and Tools

- Inadequate training for employees
- Siloed performance metrics

- Poor key performance indicators to determine the value of multichannel interactions for customers and businesses
- Channel conflict, where different channels compete for customers. As a result, the retail/distribution strategy must be rationalized for maximum performance.

Proactively Design the Experience

Businesses must adapt to their customers' needs and behaviors, and proactively design and manage the total customer experience across all channels by:

1. Understanding their customers' current channel behaviors and needs. Knowing customers' inclinations and preferences will help companies easily identify opportunities for improvement across the current channel network.
2. Establishing cross-functional teams to develop a multichannel vision, roadmap, and capabilities that align with the overall business model, taking into account customer expectations, social and technological trends, and competitive capabilities
3. Designing, testing, and piloting "ideal" scenarios to validate the broader strategy, and garnering execution sponsorship from senior executives across the enterprise
4. Measuring and refining multichannel deployment to gather intelligence on customers and channels. By capturing data from each channel interaction and building it into the CRM tools, companies can progress to a more intelligent and intimate relationship with their customers.
5. Upgrading, integrating, and rationalizing all channels' technological foundation, from architectures to applications

In today's economy where operating costs continue to increase, companies must do more with less. Taking a more sustainable and flexible approach to developing an integrated multichannel platform can result in the following benefits:

- Accelerated customer acquisition through better product/service information and research support
- Differentiated customer experience through superior services and features
- Reduced costs and increased efficiency through lower-cost channel substitution and self-service

By taking these steps, businesses can track and reduce the overall cost of customer interactions across their channels, and eventually decrease the cost of customer acquisition and retention to build market leadership.

For more information about the Cisco IBSG Customer Experience Practice, please visit our website at www.cisco.com/web/about/ac79/innov/expIT.html, or contact:

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More Information

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