



SEFAS INNOVATION

# CORONAVIRUS, CUSTOMER EXPERIENCE & DIGITAL DISRUPTION IN 2020.

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THE YEAR 2020 USED TO SOUND FUTURISTIC. MODERN, FORWARD-THINKING CONSUMERS SEEM TO KNOW MORE – AND THEY CERTAINLY EXPECT MORE. ARGUABLY, IT'S THE INNOVATIVE COMPANIES – THOSE THAT CAN ANTICIPATE THE NEEDS OF THESE DEMANDING CUSTOMERS WHILE CREATING MEMORABLE CUSTOMER EXPERIENCES – THAT WILL SUCCEED THROUGH THE GLOBAL HEALTH & ENSUING ECONOMIC CRISES OF 2020 AND BEYOND.

Consumers expect companies to understand their individual needs and personalise their experiences. So, organisations undoubtedly need 2020 vision to manage the demands digital disruption is placing on them today.

The trend towards a digital world, and the ensuing disruption to standard working practices, has been accelerated by recent events due to the Coronavirus COVID-19 pandemic. Social distancing and isolation measures have meant that more people are working remotely than ever before – dependent on virtual communication, digital correspondence and remote access to core systems. Consumers and customers are having to interact with service providers via the web as branches, offices and call centres are closed or down-sized because of the pandemic.

Digital disruption is driving an increase in demand for customer insights throughout the enterprise.

That's why customer-centric organisations must know what customers are thinking, when they are thinking it, and why. They also need to ensure that their customer communications processes are fine-tuned and ready for this new wave of digital disruption.

## DIGITAL DISRUPTION EXAMPLE: INTERNET OF THINGS (IOT)

The Internet of Things (IoT) is one form of digital disruption that is forcing customer service professionals to rethink their customer engagement and service delivery models.

IoT is where physical objects or "things" are becoming wirelessly connected and embedded within electronics, software and sensors that allow these objects to collect and exchange data. The connectivity then allows these physical objects – fridges, TVs, lighting, etc. – to be controlled remotely via smartphone apps.

Customer service teams tasked with servicing an IoT product are finding that leading with a self-service strategy is key. Consumers will start by tapping digital screens and searching a knowledge base for answers. Then, if they still can't resolve the issue, customer service professionals have the ability to intervene by tapping into the physical object to diagnose and predict problems. They can then assist consumers via video, access past purchase history, and provide a better personalised experience.



## DIGITAL DISRUPTION IS THE NORM...

Digital disruption is taking many forms, including the Internet of Things (IoT), Artificial Intelligence (AI), blockchain, cloud computing, smart mobility, social networking, big data analytics and machine learning. But what will be the impact on incumbent businesses that cannot or will not change from this wave of digital disruption?

In the IBM Institute for Business Value study, [Outthinking Disruption in Communications: the 2020 CSP in the Cognitive era](#), 135 industry leaders were surveyed in more than 50 countries. The study found that 86 percent of Communications Service Provider (CSP) executives view the giant digital disruptors as their biggest competitive threat in the next five years, followed by innovative digital start-ups.

A recent study by Accenture showed that industry leaders expect up to 40 per cent of incumbent businesses to be displaced by digital disruption. A clear example of this is emerging in the banking and finance sector, where analysts estimated that banks will have lost as much as 23 per cent of their 2018 revenue to leaner tech-enabled competitors (FinTechs) by the end of 2020.

Customer experience in the new wave of digital disruption is obviously a key focus and is undoubtedly being shaped by millennials. With some 80 million in the US alone, they are fast becoming the most important (and disruptive) customers - larger than the Baby Boomer generation - and are expected to control the greatest share of wallet in the future.

According to Forbes magazine, it is estimated that they will be spending \$10 trillion over their lifetimes as consumers. They are ultra-connected with their social networks, they are armed with multiple devices and they value individualised experiences. This group also has the highest expectations when it comes to service - they demand effortless experiences, want answers within seconds not minutes and are profoundly changing customer engagement strategies across the globe.

But the older age groups have also shown that they too are able to survive in a digital economy with the Guardian reporting that in March 2020, online shopping had grown by up to 72% for some consumer items and major supermarkets reporting an increase in online deliveries that could not be met. Whilst such behaviour may not sustain for many social and age groups, the fact is that all consumers are becoming or have become more accustomed to the digital economy.



## DIGITAL DISRUPTION IN INSURANCE

One of the most progressive industries in terms of embracing digital disruption is the insurance sector – with insurtechs challenging traditional businesses. In this new digital insurance landscape, customers are becoming less loyal and more demanding and competitors are entering the market unburdened by legacy systems. Disruption is therefore inevitable – and the challenge to incumbent insurers is deciding whether they will be among the disruptors, or one of their casualties.

According to [McKinsey](#), higher customer satisfaction, driven by the improved service and faster processing times that digitisation delivers, is itself a driver of profit through increased customer retention. At the same time, by digitising their existing businesses, organisations can remove significant cost across the value chain, further increasing customer lifetime value. Automation can reduce further costs of a critical processes by as much as 30 percent.

The fact is, customers want and expect more personalised services and products that are individually tailored to their personal needs. Companies need to find solutions to meet these customer demands. However, without simplified products that customers can easily understand, the only user experience companies are likely to provide is a bad one. Examples of ‘new wave insurance’, such as [Lemonade](#) (whose slogan is ‘Forget everything you know about insurance’) prove how far you can go when you get the customer focus right.

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Out of the 8,000 consumers surveyed, 46 percent said mainstream insurance firms performed better than InsurTech vendors at security and fraud protection, while 44 percent said they performed better than InsurTechs at brand awareness.

Keith Webb, vice president at Capgemini and co-author of the report, told [CNBC](#): “*The insurance industry is waking up to the fact that working in partnership with InsurTechs is enabling more rapid and innovative engagement models that take them into the personalisation that customers are beginning to expect.*”

Geographically, while the US has been the pioneering market for InsurTechs, according to [McKinsey](#) now only 46 percent of the companies are headquartered in the region, with another 40 percent based in EMEA, with the UK and then Germany becoming the homes of most InsurTech companies.

But UK InsurTech is more than just a siloed sector – it’s an ecosystem supporting start-ups and scale ups, helping consumers access insurance services more efficiently through technology. Some of the key movers and shakers include [Wrisk](#) and [Cuvva](#), the latter being heralded as the very definition of an InsurTech.



## INCUMBENTS SHOULD NOT BE OVERWHELMED

Despite the challenges presented by millennials, and the COVID-19 enforced drive to digital platforms, not all consumers welcome disruption. Whilst some 'early adopter' customers will embrace new ideas, technologies and approaches to delivery, many appreciate - and indeed value - the way they are currently served and will want to return to those ways.

In this context, it's important for organisations to resist the temptation to 'throw the baby out with the bath water' and ensure that all consumer preferences are understood and met.

According to [Accenture's Digital Disruption Index](#), incumbents are using digital to drive business advantage, helping to redefine the rules and, in some cases, becoming giants of disruption themselves. In his blog [Fast-forward to being digital](#), Accenture's Senior Managing Director Bruno writes: "It is one thing to acknowledge that digital technologies create new threats and even more opportunities. It is quite another to be sure that you have the right digital strategy in place to handle the curveballs along the way. Business leaders across the world are seeing how digital is changing everything—from customer expectations to distribution channels and production models."

## DATA ANALYSIS IS A GAME CHANGER

Data and analytics are also changing the basis of competition. Organisations with valuable historic data, may not be able to keep pace with changing consumer demands – who will respond better to more insightful, often real-time new data culled from the Internet of Things (IoT), social media, credit card histories, and other digital records. Evidence of the potential power of access to good data was demonstrated when Facebook recently moved to prevent its users' online activity being used by insurers in the UK.

According to a report by Harvard Business Review (HBR), businesses need to increase digital marketing to better connect with and retain existing customers, as well as to up-sell and cross-sell to bring in new revenues. To achieve these results, they must embrace digitisation and omnichannel support.

With the lines blurring between phones, tablets, and computers, customers require access to information and documentation across multiple devices. This is particularly important for sales and service - consumers use tablets and computers to

Digital technology - and the data and analysis it makes available - gives all businesses the chance to know their customers better. That means they can price more accurately and offer clients more tailored products and services.

research their purchasing options and also want to be able to reach out to vendors and service providers electronically.

Mobile capabilities are convenient for customers and deliver back-end productivity gains, too. The HBR report gives the example of "apps that allow people who've been in an accident to file claims via their phones directly from the scene of the accident, often eliminating the need for an appraiser."

The importance of customer experience (CX) was demonstrated recently in Forbes magazine, which listed the top 10 issues and trends related to digital disruption that executives need to be aware of. Number one was the fact that change is always happening (which could probably apply in any year), but number two on the list was CX.

According to the author: "The customer experience is the ultimate goal of any digital transformation. Customers are more cautious than ever - they'll turn away from brands that don't align with their values and needs. A top-notch user experience is a fantastic way to keep customers involved and engaged with your brand."



## THE ROLE OF CCM IN THE NEW DISRUPTIVE WORLD ORDER

With digital disruption guiding changes to the customer journey through streamlining and personalising the customer experience, customer communications management (CCM) solutions have an important part to play in optimising CX at every stage of the customer journey.

Organisations who embrace omnichannel CCM solutions can benefit greatly in the digital disruption era. *How?*

- By **enabling** information to be accessed via customers' preferred choice of channels.
- By mapping the **customer journey** touch points to the media of choice.
- By enabling **customer expectations** and demands to be met faster and more cost-effectively.
- By engaging customers in **hyper-personalised**, targeted correspondence.
- By **maximising** reliability, consistency, responsiveness and quality of service.
- By demonstrating that **accessibility** and digital interaction can already be provided through omnichannel selection of customers' chosen communication channels.

Although it could be argued that traditional paper-based communications have restricted effective customer experience due to the high cost of distribution, digital omnichannel communication is far less cost prohibitive and therefore has the potential for adding real CX value.

For that reason, incumbent organisations can and should embrace digital disruption – and plan for it. Keeping an eye on the ball and recognising the emerging signs of digital disruption means that incumbents can stay ahead of the game. It's about working with the tide, rather than against it.

Working in this way will not only prevent the wave of digital disruption from overpowering established businesses, but it can also lead to exciting new growth opportunities in 2020 – and beyond.



# 10 HYPER-DISRUPTIVE BUSINESS MODELS

In their book, Digital Transformation, Jo Caudron and Dado Van Peteghem outline 10 business models behind digital disruption:

- 1.The Subscription Model (Netflix, Dollar Shave Club, Apple Music) Disrupts through “lock-in” by taking a product or service that is traditionally purchased on an ad hoc basis and locking-in repeat custom by charging a subscription fee for continued access to the product/service.
- 2.The Freemium Model (Spotify, LinkedIn, Dropbox) Disrupts through digital sampling, where users pay for a basic service or product with their data or “eyeballs” rather than money, and then charging to upgrade to the full offer. Works where marginal cost for extra units and distribution are lower than advertising revenue or the sale of personal data.
- 3.The Free Model (Google, Facebook) Disrupts with an “if-you’re-not-paying-for-the-product-you-are-the-product” model that involves selling personal data or “advertising eyeballs” harvested by offering consumers a “free” product or service that captures their data/attention.
- 4.The Marketplace Model (eBay, iTunes, App Store, Uber, AirBnB) Disrupts with the provision of a digital marketplace that brings together buyers and sellers directly, in return for a transaction or placement fee or commission.
- 5.The Access-over-Ownership Model (Zipcar, Peerbuy, AirBnB) Disrupts by providing temporary access to goods and services traditionally only available through purchase. Includes “Sharing Economy” disruptors, which takes a commission from people monetising their assets (home, car, capital) by lending them to “borrowers”.
- 6.The Hypermarket Model (Amazon, Apple) Disrupts by “brand bombing” using sheer market power and scale to crush competition, often by selling below cost price.
- 7.The Experience Model (Tesla, Apple) Disrupts by providing a superior experience, for which people are prepared to pay.
- 8.The Pyramid Model (Amazon, Microsoft, Dropbox) Disrupts by recruiting an army of resellers and affiliates who are often paid on a commission-only model.
- 9.The On-Demand Model (Uber, Operator, Taskrabbit) Disrupts by monetising time and selling instant-access at a premium. Includes taking a commission from people with money but no time who pay for goods and services delivered or fulfilled by people with time but no money.
- 10.The Ecosystem Model (Apple, Google) Disrupts by selling an interlocking and interdependent suite of products and services that increase in value as more are purchased.



## USE CASE: BANKING

As technology has developed, there has been a rise in customers' expectations of banking, not least from the instant and personalised services provided by the leading fintech challengers and BigTech firms.

They have shown what is possible and that all banks need a digital plan. According to Fintech Magazine, since the lockdown there has been a

**72%** rise in the use of fintech apps in Europe.

This is a key battleground for banks as they try to convince investors they can incorporate an effective digital path for customers, while also reducing costs and not risking operational resilience.

Banks can also improve their web channels by personalising experiences through self-selection navigation, targeted online banking communication and robust FAQ content and features. It all helps customers and should also ensure less need for contact centre staff.

Many banks have already started to focus on four key areas to make digital work for customers:

- Redefining **customer experience** and putting customers and their needs to the forefront
- Taking a **mobile-first view**, from contactless banking to account access
- Developing a **data strategy** for personalisation and centralising existing datasets
- Selecting the right **technology platforms** to meet customers needs

## HOW SEFAS CAN HELP

eACCESS from Sefas is a package of solutions provided through a web interface designed to enable a truly simplified user experience. It allows your contact centre employees to boost productivity and be more responsive to customers, enabling:

### CUSTOMER SELF HELP

Fully composed documents can be triggered over the internet through customer interaction from their remote log-in.

### ONE-TO-ONE COMMUNICATION

Your communication content is personalised, adapted to the customer and target device and then transmitted over the most appropriate broadcast channel.

### OMNICHANNEL COMMUNICATION

You operate all contact points through all channels, reinforcing brand guidelines to your customers for a seamless relationship.

### COMMERCIAL EFFICIENCY

Your organisation becomes more agile and improves responsiveness. Average time saving of 75%.

### SECURITY AND COMPLIANCE

Your documents comply with brand guidelines and the latest regulatory requirements.

