COVID-19 Amplifies the Urgency for a Data-Driven Experience

The 451 Take

COVID-19 didn’t create online grocery shopping, mobile delivery and take-out services, online banking or customer service chatbots, but it accelerated adoption of digital-first and digital-only experiences. Many consumers have been trying these experiences for the first-time, creating potential converts for longer-term behavioral changes. The coronavirus is changing the face of the customer experience (CX) while igniting dramatic shifts in consumer spending patterns, economic confidence and trust. Airlines, hotels, banks and other businesses whose customer experiences have been crushed in the pandemic are now more likely to invest in technology projects to remain relevant in the eyes of their customers.

With over 83% of consumers now shifting at least some of their spending online amid the pandemic (451 Research’s Voice of the Customer: Macroeconomic Outlook, Consumer Spending, July 2020), understanding and influencing customers’ behavior shifts, retaining and winning back customers, and reducing costs through technology and AI represent essential investments. 451 Research’s Voice of the Enterprise: Digital Pulse, Coronavirus Flash Survey June 2020 found that 35% of businesses are either starting or accelerating their investment around the digital delivery of customer experiences. Although the market for CX and commerce software will likely dip initially in the current economic climate, it will emerge with a higher growth rate than before the crisis amid increased demand for the software to build, manage and analyze digital customer engagement.

As customers change their behavior due to the pandemic, 81% of surveyed businesses state that generating a 360-degree view of the customer to better understand intent and context will have a high impact on their operations over the next two years. Now more than ever, companies will need to rely on data-driven insights to discover new customer preferences and journeys, maintain customer relationships and ultimately improve CX.

Digital Leaders Are Investing in Data-Driven Initiatives

Source: 451 Research’s Voice of the Enterprise: Customer Experience and Commerce, Digital Transformation

<table>
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<th>67%</th>
<th>76%</th>
<th>81%</th>
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<td>Invest in newer digital platforms that enhance customer service and loyalty to improve performance, business agility and reduce friction points</td>
<td>of digital leaders* state the importance for new customer engagement tools to respond quicker to customer inquiries such as AI-driven virtual assistants and self-service</td>
<td>of businesses state generating a 360-degree view of the customer to understand intent and context will have a high impact over next two years</td>
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*Digital leaders are those organizations with a formal digital transformation strategy in place.

In the wake of COVID-19, there is an even more compelling business case for companies to wake up and begin delivering contextual experiences. Implementing technologies that dynamically discover customer behaviors, facilitate data-driven experiences, ensure seamless customer journeys and drive stickier relationships is likely to become a top priority as businesses work to simultaneously secure loyalty and revenue.

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With empowered consumers increasingly demanding greater control over the interactions and relationships they have with businesses, experiences – not products – are now the battleground for competitive differentiation. Winning businesses will heed the following imperative: Situations like the coronavirus are very difficult to predict, but technology supported by data can ensure that businesses rise to meet customer expectations. Amid the societal shift to digital, businesses are redefined by a more nuanced relationship between people and the automated systems and devices they use to engage with the world.

**USE REAL-TIME CONTEXTUAL INTERACTIONS ACROSS ALL CHANNELS AND IOT CONNECTED DEVICES.** The use of data and analytics to gain insight into customer behaviors and company performance was already a key differentiator between digitally driven businesses and their digitally delayed counterparts. Businesses should seek a solution that provides true omnichannel experience – connecting online, mobile, store, devices and other channels – because digital touchpoints are now the one of the most important ways in which consumers interact with businesses. Social media and connected devices (e.g., smart speakers) are disrupting traditional modes of interaction and engagement, while ultimately enabling more contextualized and personalized experiences.

**DATA REMAINS CRITICAL TO SUCCESS FOR CUSTOMER JOURNEYS, AND AN INDUSTRY FOCUS IS KEY FOR FASTER TIME-TO-MARKET.** Businesses need to capture and unify disparate sources of consumer data, and effectively contextualize and operationalize information to push critical insights across channels and stakeholder groups that shape the customer journey. As businesses look to create more hyper-personalized experiences, the most meaningful (and ultimately profitable) experiences will be informed by data-driven context clues. For instance, a banking customer may change their behavior by choosing online banking rather than coming into the branch due to safety concerns. By just tracking their movement to the online channel, a bank may miss an opportunity. By also leveraging the customer’s data, the bank can discover that the customer’s car lease is expiring – and by anticipating them leasing a new vehicle, the bank can offer an online option for a loan and car insurance, and also alert them to low mortgage refinance rates having also identified that their credit rating has increased.

Industry-focused solutions will help provide data integration and industry domain models to speed decision-making and the delivery of actionable insights. To quickly react to rapidly changing market demands and disruptions, companies should look for industry-specific out-of-the box solutions with pre-built use cases that can be easily integrated with their existing technology for lower TCO, and to help drive early, practical and sustained results.

**Looking Ahead**

The desire to enhance CX was already fueling investments in digital transformation projects. In 451 Research’s Voice of the Enterprise: Customer Experience & Commerce, Digital Transformation survey, nearly two-thirds (61%) of respondents cited ‘improving customer experience’ as a main justification for digital transformation initiatives. Budgets for such CX projects will continue to increase as businesses focus on customer retention and reducing costs in a post-coronavirus economy.

451 Research’s analysis demonstrates that there is at least $500bn in revenue opportunity in the US alone related to improving digital experiences – ranging from personalization improvements to mitigating abandoned shopping carts and other customer friction points. As consumers shift their spending online, businesses need to invest in new digital tools to work in a way that ensures that data, insights and key technologies connect people with information and processes, leading to a better experience for customers and, ultimately, business growth.

Businesses must ensure that they pivot to enable contactless contextual experiences. Particularly as socioeconomic disruptions from the COVID-19 pandemic completely upheave consumption models and industries, establishing and maintaining consumer loyalty is paramount to survival. It is now essential for companies to leverage data-driven industry-focused solutions so they can view each stage and point of interaction along the customer journey, and take advantage of the opportunity to deliver consistent, differentiated experiences to attract, win and retain customers.

To deliver highly differentiated and personalized customer experiences, businesses need an accelerated, data-driven approach to understanding and anticipating customer behaviors, preferences and goals in real time. TCS’s Customer Intelligence & Insights (CI&I) customer analytics software enables businesses to deliver hyper-personalized, connected experiences at every point along the customers’ digital/physical journeys – to banking, retail and communications service provider customers. Amid COVID-19, these capabilities take on greater importance because customer safety has become a key pillar of the customer experience. Since ‘Safety is new CX,’ TCS is offering ready-to-use analytics solutions to help companies make it safe for returning employees, manage enterprise risk and deliver safety as part of customer experience.