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Three steps to outstanding digital CX

How customer-first digital transformation drives uncommon growth.

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Companies that leverage customer data and digital technology to build customer relationships are winning in two powerful ways: generating competitive advantage and fostering long-term customer loyalty. This is true for both B2C and B2B companies. Take Schneider Electric. By enabling electrical contractors to specify on-the-ground requirements through mobile technologies, the company has made their work easier, less time-consuming, and more reliable. In the process, Schneider has forged a deeper customer relationship. Similarly, by equipping their elevator repair technicians with digital diagnostic tools and troubleshooting software, ThyssenKrupp has cut elevator downtime by more than half—an accomplishment that few competitors can match and that keeps customers happy long after the repair.

Keeping customers happy requires more than investing in the latest technologies. Many companies waste money transposing subpar analogue interactions into equally lame digital experiences. A chatbot that merely replaces a call centre interaction may save a company a few dollars per call, but does little for the customer. So, what is preventing companies from creating outstanding digital experiences that could make a real difference to customers? Mindset.

Too many company leaders see digitisation as a way to insert themselves into customers’ lives, rather than to offer customers a better experience. Many leaders think of customer experiences in terms of discrete silos such as customer service or claims processing, simply because they already have teams and systems devoted to these areas. But this function-by-function approach impedes leaders from seeing what is lacking from the customers’ viewpoint. It does not reveal deficiencies in needs-matching, onboarding, and pre-renewal engagement—areas that often do not have an organisational owner. But such gaps, if filled, could make a tangible difference to customers.

Finally, leaders often focus on immediate transactional outcomes instead of a broader set of experiences that could promote customer loyalty, increase value, and spur brand recommendation. Their narrow view of digitisation may bolster immediate revenues but harm customer value in the long run.
Improving the digital customer experience is frequently ranked as a top strategic priority by senior executives. Studies have shown that companies that leverage digital trends strategically could be up to 30 per cent more profitable than companies that do not. Yet digitisation presents both an incredible opportunity and an alarmingly risky proposition. According to the 19th Global C-Suite Study by IBM Institute for Business Value, there is a persistent disconnect between what motivates customers and what executives think will motivate them.

To help companies succeed in their digital experience makeover, we have developed a framework that ensures the customer is integrated into digital transformation efforts. The framework consists of three steps:

**Step 1:** Map and prioritise the top customer experience improvement opportunities. This step begins with listening to customers to understand what frustrates and delights them in the current experience. It also requires prioritising those customer opportunities that can best be exploited through digital channels. It is important that the
degree of digitisation of specific touchpoints in the customer journey fits the digital skill level of the target customer segment—or better, the level of digitisation the customer wants.

This does not mean that customers cannot be trained or pushed into a certain direction. But digitisation of the most important touchpoints must meet the customer’s needs. This step requires deconstructing the customer journey through a technique called customer journey mapping to mine opportunities for improvement. Only then can leaders identify the low-hanging fruit and isolate the most critical touchpoints where digital trends can make the biggest difference to the customer experience.

**Step 2:** Craft and deliver a plan to win the competition for each of the top priority customer opportunities. This is the point at which companies can determine where they are and where they want to be in terms of the degree of digitisation at different customer touchpoints. Several options are available: fix broken parts of the experience; improve aspects of the experience that are already working well; or launch entirely new experiences or touchpoints.

**Step 3:** Build the ‘digital readiness’ of the organisation. Some companies are already digitally savvy; others are relative beginners. It makes no sense to adopt an advanced digital solution replete with big data, artificial intelligence, or augmented reality without the infrastructure and top-level competencies to support it. Our research and interactions with executives show that one of the biggest challenges of an organisation’s digital makeover is understanding where it currently stands as well as where it should start its transformation. This step involves an objective assessment of the organisation’s capabilities in talent, processes, and tools, and then building the capabilities through recruiting, training, and developing data analysis tools and digital platforms.

**Success story**
German maker Vorwerk’s best-selling food processor Thermomix TM5 is an excellent example of a product whose team followed the three steps we describe above. The Thermomix is a multi-function kitchen appliance that can

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weigh, mix, chop, mill, knead, blend, steam, cook, beat, heat, stir, and emulsify. Sold through a direct sales model for decades, it has taken on a new growth trajectory since Vorwerk digitised the customer experience.

**Step 1: Mapping the customer journey and identifying opportunities**

The Vorwerk team mapped the customer journey into three main phases: pre-, point of- and post-purchase.

- In pre-purchase, the Vorwerk team identified an opportunity to enlist existing customers to recommend and support the use of the product to new customers. Fans were already volunteering to promote Thermomix to neighbours and doing demonstrations for them. The customer experience team saw the opportunity to move these customer demonstrations into the digital space.

- At point-of-purchase, the Vorwerk team found that customers were quite happy with purchasing a Thermomix online or through a direct sales representative. They found that moving everything online would cut off B2B sales and could dilute the influence of customer ‘evangelists’ who like to demonstrate and sell the product in person.

- Post-purchase opportunities to digitise the customer experience were substantial. Vorwerk’s customer research revealed opportunities to improve product maintenance and make the food processor more versatile and easier to use, hence creating the ‘stickiness’ that builds loyalty.

**Step 2: Craft and deliver a plan to win**

The Vorwerk team focused on pre-purchase and post-purchase opportunities to improve the customer experience.

- In pre-purchase, the team built a ‘community’ of Thermomix users on online social platforms that exchanged product information, posted reviews, and took part in troubleshooting and—most importantly—demonstrations.

The team also created websites where customers could exchange and rate products.
recipes with other community members. Thermomix can download recipes and display them on its built-in flat screen display. The social platforms and recipe websites gave prospective customers a wealth of information about the product and its usage, while the company gleaned useful information about frustrations using the product.

- Post purchase, the customer experience team sought to make maintenance less of a hassle by enabling Thermomix to produce an error code that users could enter into an online portal and receive immediate guidance to troubleshoot problems.

  The team also tackled another customer pain point: grocery shopping. Vorwerk partnered meal-kit delivery company Hello Fresh to deliver ingredients to Thermomix users, who could place orders with just one click.

Some analogue functions of the Thermomix were retained, but enhanced digitally. For example, a weekly planner could select recipes and create digital shopping lists that would be sent to the user’s mobile device.

**Step 3: Build digital readiness in the organisation**

An objective appraisal of Vorwerk’s organisational digital readiness indicated that it lacked talent and digital skills. It also did not have adequate digital tools, particularly in social media and website development. Nor was its team agile or quick enough for data-powered digital initiatives. For instance, while the company highly valued customer feedback it did not systematically analyse data and apply the findings to product development. It also had limited information on how customers used Thermomix. However, its direct selling model provided excellent processes that could be redeployed in digital.

As the Vorwerk team built digital readiness, one of their focuses was to understand customer usage habits and satisfaction with digital monitoring tools. Vorwerk now sits on a treasure trove of digital data that it uses to improve the product and the customer experience. It also uses its online platforms to gather feedback and suggestions to enhance future versions of its food processor.

Vorwerk has been able to create a sophisticated digital offering at the points of the customer journey that matter most to its customers. But as customers become more sophisticated, the company will have to adapt in tandem. Data analysis of customers’ usage habits offers many possibilities in the form of, say, customised recipes, and serves as a driver of customer loyalty.

Vorwerk’s experience demonstrates how a tailored customer experience makeover provides value for a company and its customers. The key in a nutshell? Developing a digital strategy by considering where your customers are, where you are, and where you want your company to be.


**References**

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