

INSIGHTS | Research



A briefing paper in association with



Preface

Getting To Iconic is a briefing paper by MIT Technology Review. It is based on a global survey of business leaders conducted between May and July 2017. Further insights were gained through in-depth industry interviews and are included in this report. We would like to thank all participants in this research project as well as the sponsor, omnichannel customer experience and contact centre solutions provider, Genesys.

MIT Technology Review has collected and reported on all findings contained in this paper independently, regardless of participation or sponsorship.

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Contents

1. Executive summary	4
2. Iconic, ubiquitous, and intimate	6
Survey structure and methodology	6
Technology deployment for Iconic firms	7
Regional variation	10
3. The Iconic firm and customer experience	12
In-depth with customer experience leaders	12
Identifying the Iconic firm	13
4. The evolving engagement cycle	14
5. From “Omni” to “Ubiqui”	18
6. Keeping eyes over the horizon	21
7. How Iconic firms endure	24

1. Executive summary

Implications for customer-centric firms

Successfully implementing and managing a comprehensive suite of customer experience technologies is essential for global businesses seeking to sustain high levels of customer experience and brand value. However, knowing how to temper the instinct to throw technology solutions at efficiency problems is what distinguishes global customer experience leaders from the rest. New technologies must be balanced with appropriate investment in human resources.

This is the central finding of a global survey of over 550 senior executives conducted by MIT Technology Review to examine the pressures that shape their customer experience processes and the tools and strategies they employ to mitigate those challenges and continuously improve customer engagement. This research found that respondents from “Iconic” firms – businesses that both maintain the highest levels of customer experience and have world-leading brand recognition – display several key distinctions from their counterparts:

Iconic firms are omnichannel leaders. Nearly 90% of respondents from Iconic firms felt they were adept at managing customer experience from an omnichannel perspective; this figure drops to 75% for all responses, and 66% among the poor performers. While there is much work to be done on technology optimization, 60% of Iconic firms respondents also felt they had the right mix of “live” and automated channels, compared with only 26% of the poor performers and 40% overall.

Iconic firms are more than twice as likely as others to employ comprehensive, leading-edge technology solutions for omnichannel customer experience areas such as next-generation self-service, loyalty program management, and “voice of the customer” survey analytics. They were also

three times more likely to invest in such solutions than respondents with lower-than-average levels of customer experience and brand loyalty.

Iconic firms are particularly far ahead in the deployment of artificial intelligence in their customer experience operations: 91% of respondents from Iconic firms indicate that they use AI solutions to some degree to increase customer satisfaction, as compared with 42% of overall respondents. AI does more for Iconic firms than simply mitigate customer inquiry loads through chatbots: 58% of respondents indicate that AI is being used in their customer analytic capabilities, over 20% higher than the average of responses.

For Iconic firms, automation technology supplements and extends the capabilities of their customer support teams, rather than simply replacing call center headcount. While respondents from Iconic firms are much more likely to see themselves as technology leaders (63% regard themselves as such, compared to 24% on average), they are less likely to see technology as the primary solution to their customer experience challenges: Iconic firms are 20% less likely to resort to a technology-based solution than the average. As a result they are more prone to recognize the efficiency gains of customer management automation tools, but balance their technology strategies with appropriate human capital investments.

Iconic firms are 20% more likely to have a customer experience strategy driven by customer satisfaction objectives rather than efficiency, particularly during delivery and customer service – the later stages of the customer journey. Part of this is due to Iconic

firms' early, and comprehensive, adoption of appropriate technologies, which likely ensures that some degree of efficiency has already driven through their CX operations. Low-performing firms are, by contrast, a third more likely than Iconic firms to be driven primarily by efficiency for every stage other than customer service.

Maintaining optimal customer experience across an ecosystem is a challenge for all respondents but Iconic firms take a much more active role in managing that process: they are more than twice as likely as the average to have their ecosystem partners adhere to their customer experience standards, and nearly three times more likely to have their customer experience systems integrated

with partners. That said, Iconic firms have higher levels of resistance to sharing analytics and other customer insights across their ecosystem – over 34% actively do not do so, compared with 22% on average. While industry leaders recognize the importance of establishing common customer experience standards with channel partners and affiliated brands, they also recognize the competitive advantages of maintaining unique insight into their customers.

Corporate social responsibility is a differentiator for Iconic firms: 75% feel it is one of the most important components of their brand value, compared with 46% on average and 21% among low-performing firms.

2. Iconic, ubiquitous, and intimate

How leading firms leverage technology, ecosystems, and their own culture to enhance and deepen customer relationships

Mastering customer experience (CX) – optimizing tools, applications, and operational processes to engage with customers at every stage – has always been a core growth strategy for successful global firms. It has only become more central with the advance of technologies such as big-data analytics, which turns customer information into predictive assets, and virtual assistants or chatbots, which help firms more efficiently manage customer inquiries. But technology adoption is only part of the CX strategy – and in fact, over-reliance on technology in search of efficiency gains can reduce, rather than increase, levels of customer intimacy required for success.

This report summarizes the analysis of a global survey of over 550 senior executives conducted by MIT Technology Review, who were asked to describe their customer experience strategies and operations holistically (see 2.1).

Iconic firms: Firms that both rank among the highest scorers in CX evaluations and have built an industry-leading level of brand awareness (for more on this see section 3.2)

2.1 Survey structure and methodology

Over 550 senior executives (one-third of them CEOs or managing directors) at global firms from more than 30 countries and territories were asked to respond to a series of questions about how they develop and maintain their customer experience programs, and how they introduce new technologies and optimize human capital as they seek to improve.

- Surveying began with an examination of what drives their firms' customer experience processes across all stages of the customer journey, and an effort to quantify the pressures to achieve both efficiency and customer satisfaction.
- Respondents were asked to detail the use of technology and technology-enabled processes in their CX operations, particularly in their current and planned usage of artificial-intelligence-enhanced tools and analytics. They were also asked to evaluate how well they execute on technology planning and implementation in the service of customer experience objectives.
- The survey also asked them to analyze their own level of true omnichannel experience management, their ability to manage their surrounding ecosystem in support of their customers, and the role that broader objectives – specifically corporate social responsibility – play in achieving customer experience goals.

Out of these global responses, the analysis focused on a subset of firms with high levels of customer engagement and brand management, which we have designated *Iconic firms* for purposes of comparison (a description of the survey and its methodology can be found in in section 3.2).

Our survey reveals distinct differences between Iconic firms and others, in terms of both the current level of technology deployment in their CX operations and the way they blend their technology and customer satisfaction strategies. Overall, Iconic firms are much more advanced in their deployment of leading-edge CX technologies, including the use of emerging artificial intelligence (AI) applications. They are also much more able to follow their customers across all their channels, and they feel they can manage customer experience levels across their extended ecosystem.

At the same time, these Iconic firms also understand the limitations of a technology-centric approach to maintaining desired customer management levels, and they place a high value on maintaining an optimal level of human and automated customer touchpoints. Some of these key differences:

Maintaining optimal customer experience throughout the ecosystem of partners and affiliates remains a challenge for all companies

Iconic firms are driven more by customer satisfaction than by efficiency management.

Overall, survey respondents see a tension between the need to increase operational efficiencies in their CX functions and the need to improve customer satisfaction levels. Across all respondents, customer satisfaction was understandably the dominant driver for customer service, but more so in Iconic firms, which also tended to respond to customer satisfaction as a driver across all stages of the customer journey.

Iconic firms are CX technology leaders – but do not let technology overshadow their CX strategies. A significant majority of Iconic firms

2.2 Technology deployment for Iconic firms

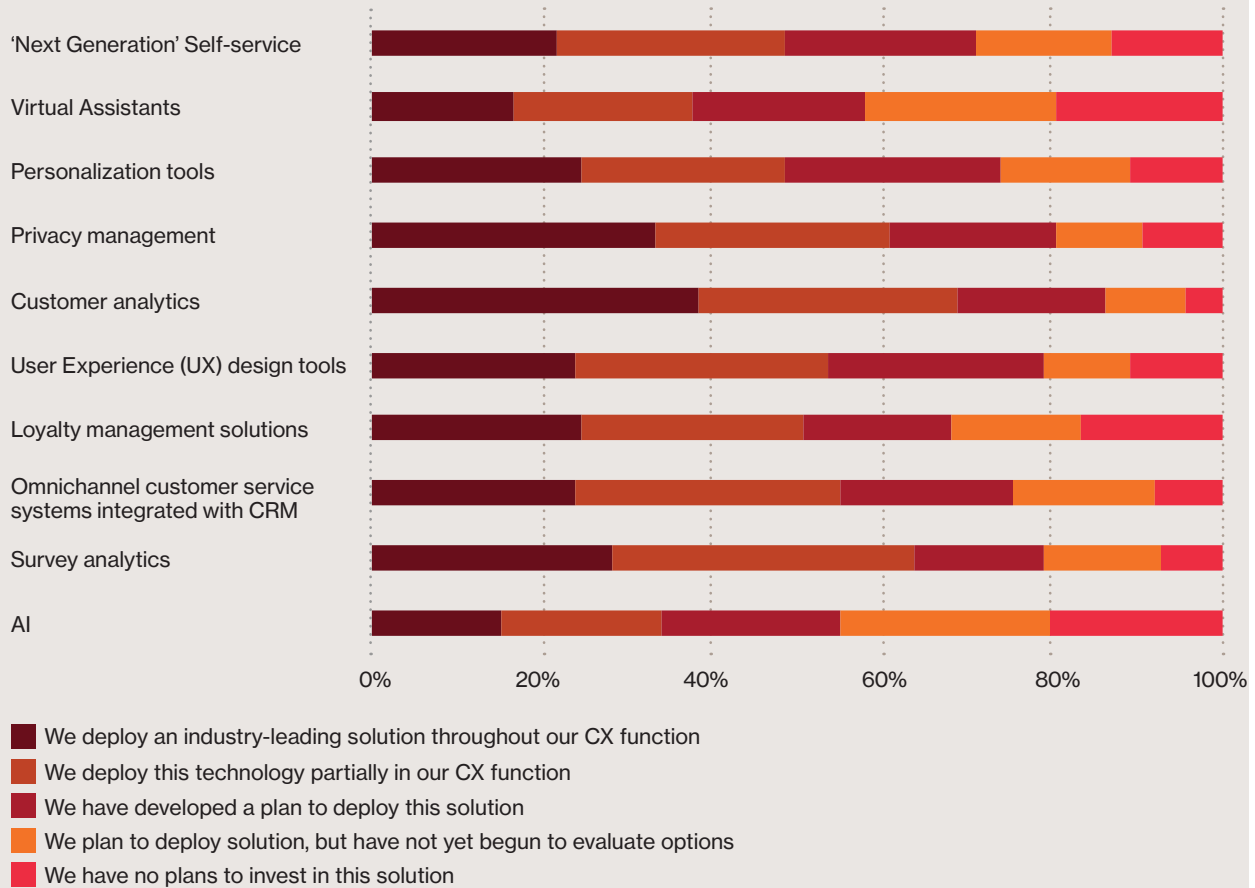
Customer-centric Iconic performers are well ahead of the average when it comes to technology adoption across a range of solutions. High-performing firms are particularly well provisioned with best-in-class solutions to understand their customer needs and requirements intimately: 87% report leading-edge adoption of customer analytics, and 77% have deployed similarly advanced technologies for “voice of the customer” survey analytics. This last is particularly significant: only a third of all respondents have invested in any sort of survey analytics, and nearly a fifth of low performers have no intention of doing so.

Getting the most out of that insight in terms of optimizing customer relationships is another technology area that distinguished Iconic respondents from the rest. Nearly 80% of Iconic firms have deployed loyalty management programs and 85% have omnichannel management platforms in place, as opposed to roughly half in the population overall.

The only area where an overwhelming majority of Iconic firms do not have a solution in place is artificial intelligence: here only 67% report active deployment, although most of the rest have it in the works. Among low performers, only a third of respondents have AI in place, and roughly 20% have not brought it onto their planning radars.

Figure 1: Technology adoption**How would you describe your firm's technology adoption efforts?**

(% of respondents)

ALL RESPONSES

Source: MIT Technology Review survey, 2017

Varying levels of digital maturity and customer expectations across regional markets cause some global Iconic firms to modify their use of technology across different markets

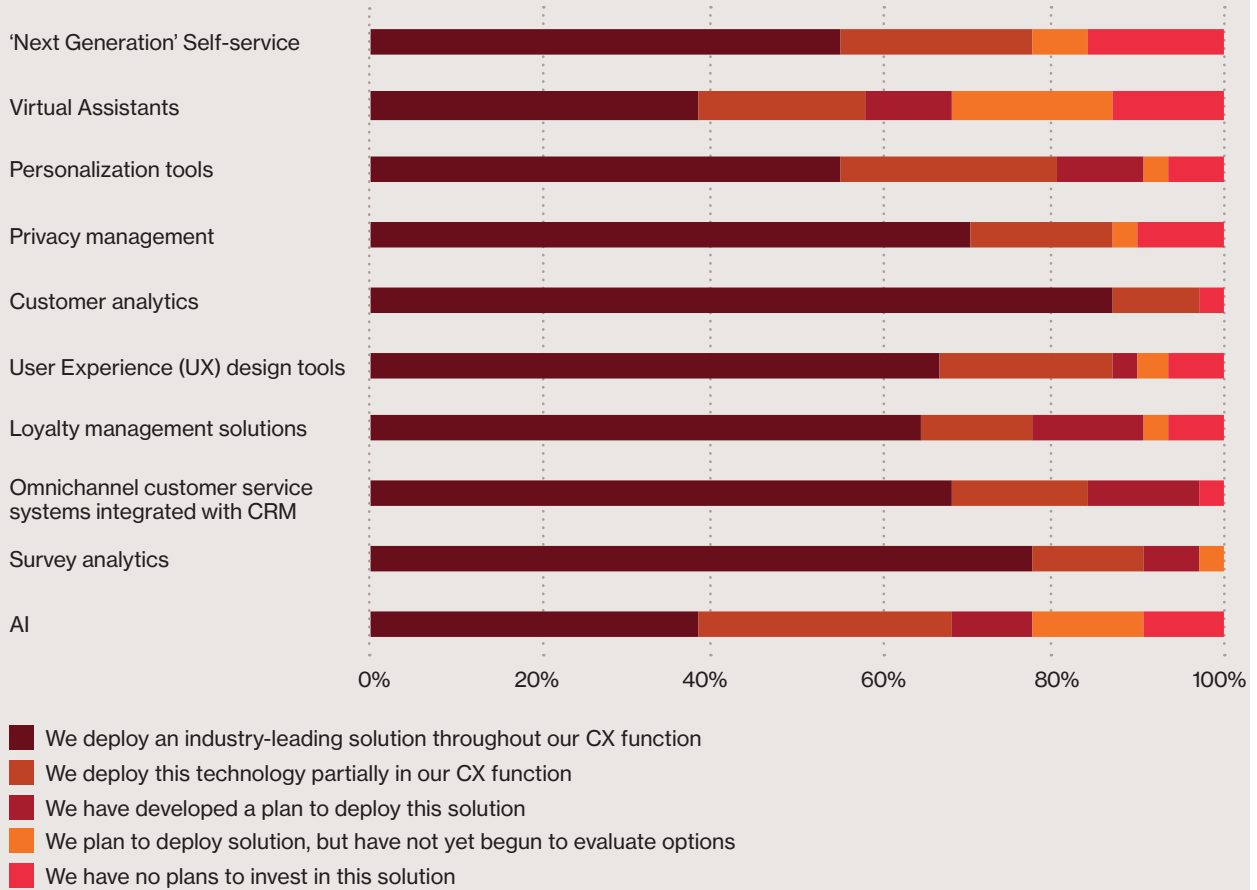
indicated that they are already deploying “industry leading” solutions for all but one of the 10 CX technology areas surveyed. Overall, some 63% of Iconic firms had full deployment of leading CX technologies, compared with only 25% among total respondents. Technology deployment at Iconic firms is also starkly at odds with the record at low-performing firms: with the exception of customer analytics and privacy management, 48% of low performers have not yet deployed any form of CX technology (whereas 90% of Iconic firms have), while one in 10 low performers reports no intention to do so.

Figure 1.1: Technology adoption

How would you describe your firm's technology adoption efforts?

(% of respondents)

RESPONSES FROM ICONIC FIRMS



Source: MIT Technology Review survey, 2017

Iconic firms are omnichannel leaders. Nearly 90% of respondents from leading firms felt they were adept at managing customer experience from an omnichannel perspective – that is, they have the ability to carry each customer's context seamlessly from one channel to another and personalize the interactions across each, allowing customers to easily find and utilize their preferred channel. This figure drops to 75% for all responses, and 66% among the poor-performance cohort.

Ecosystem ambivalence. Maintaining optimal customer experience throughout the ecosystem of partners, distributors, and affiliates remains a

challenge for all respondents. Moreover, there is still a great deal of resistance to sharing customer insights across one's ecosystem – and that resistance is actually greater among Iconic firms.

CSR is a differentiator for Iconic firms. A majority of 75% ranked their corporate social responsibility (CSR) initiatives among the most important components of their brand value – compared with 46% on average, and 21% among low-performing firms.

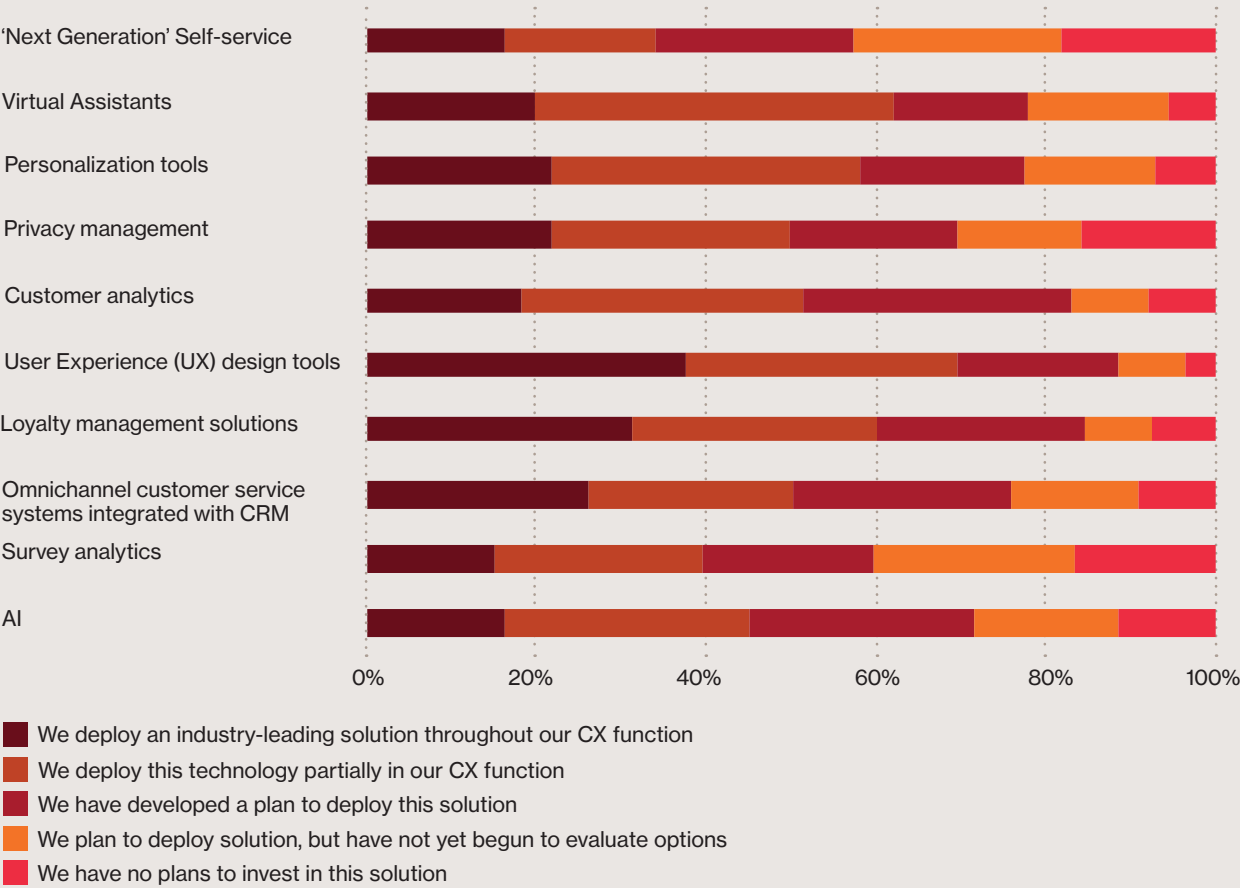
There are some notable regional variations in the survey results, for both Iconic leaders and respondents as a whole (see 2.3).

Figure 1.2: Technology adoption

How would you describe your firm's technology adoption efforts?

(% of respondents)

RESPONSES FROM LOW PERFORMING FIRMS



Source: MIT Technology Review survey, 2017

2.3 Regional variation

Some global Iconic firms let variance in regional maturity and customer expectations modify their use of technology in different markets. “As a brand, our fundamental point of differentiation is the human factor. When we look at bringing tech into the consumer journey, we ask ourselves how it will help the brand reps deliver a more amazing experience ... and this of course has implications for the tech we choose to deploy,” explains Spiros Fotinos, General Manager and Global Head of Brand Management and Marketing at **Lexus International**. “Our new retail concept being rolled out in Europe has incorporated tech that allows the salesperson

to continue a car configuration you may have started at home. In the U.S. we have launched a new program called Plus that aims to simplify the process for consumers by having everything managed through a single point of contact. In Japan we have vehicle recognition systems so that once you arrive at a Lexus dealer we know who you are, your car’s history, and why you have come.”

Other significant regional variances include:

NORTH AMERICA

When considering the primary drivers of technology adoption, North American respondents, operating in what

are considered more mature customer experience markets, say that efficiency is more critical at the earlier stages of the customer journey – discovery and purchase. This is understandable in markets such as the U.S., where the increasing pervasiveness of Internet retail constantly raises the bar on efficiency for search and purchasing activities. By contrast, North American respondents are driven by customer satisfaction at the later stages of the customer journey (delivery and customer service) – even more so than the global Iconic average.

North American respondents tended to indicate adoption of leading-edge customer experience solutions at higher than average levels across all categories – and at notably high levels in the deployment of artificial intelligence.

EMEA

Responses from European companies were somewhat similar to those of their North American counterparts, although overall they tended to see efficiency and customer satisfaction as equal pressures. Meanwhile, the places of efficiency and customer satisfaction are somewhat reversed for respondents from emerging markets – again, largely reflective of their market maturity. European respondents and, interestingly, those in Africa and the Middle East, report relatively high levels of expertise in ecosystem management, particularly the ability to manage standard levels of customer experience across their partnership networks.

LATIN AMERICA

Latin American responses generally demonstrated lower levels of technology adoption: over half of Latin American respondents, for instance, indicated that they had no plans for AI. At the same time, a very high percentage of Latin American respondents indicated that customer satisfaction is the dominant pressure which drives their customer experience; this more mature response is likely due to the leapfrogging impact of the mobile Internet, which makes a large proportion of the region's customers “digitally native,” with commensurate expectations (see the interview with Nubank, chapter 4).

ASIA

Emerging-market respondents reported notably lower levels of “leading” CX solutions, and a particularly high level of respondents in all emerging regions, save Asia, have no plans to implement these solutions. The relative lack of technology forwardness in emerging markets extends into next-generation solutions; Asia is a notable exception. While few respondents from Asia indicated that they currently employed “leading” solutions, between one-third and one-half of respondents had some CX tech in place,

and nearly all respondents have plans to implement it in the near future; in particular, 86% report some plans for AI. Surprisingly, even some respondents from Asia's relatively mature markets are poor adopters: almost no respondents from Japan indicate that they have leading customer solutions deployed, and more than half have no plans to implement self-service, privacy or user experience tools.

“AI for us is more than a gimmick or a chat bot,” says Lexus' Fotinos. “We see it as a way of providing a truly integrated and individualized experience. We have made serious investments in AI, the core of which are managed through the Toyota Research Institute in California. As a luxury lifestyle brand, we imagine our AI tech must add value beyond just the narrow scope of the car itself.”

Respondents from most markets report relatively similar levels of omnichannel experience, with the significant exception of Asia. Respondents across Asia indicate they are 10% to 15% less likely to perform aspects of omnichannel management, such as enabling customers to personalize their experience online.

AUSTRALIA AND NEW ZEALAND

Respondents from Australia and New Zealand occupy a unique place in the trajectory of customer experience: their approach to technology adoption, omnichannel experience and ecosystem management differs significantly from their regional and global peers. ANZ respondents, even more so than those from Iconic firms, feel that customer satisfaction is the key driver of their operational strategies across the entirety of their customer experience. Iconic firms, as discussed, are most driven by customer satisfaction in the latter stages of the customer journey (Delivery, Customer Service)-presumably because technology has allowed them to increase efficiency in the earlier stages of the journey, such as discovery and purchase, that lend themselves to automation and ‘internet-ification’.

That customer satisfaction is top of mind for ANZ respondents points to their relatively mature level of customer-centricity—but it may also be tied to a lack of technology maturity. Despite operating in markets with relatively Internet-and smartphone-savvy consumers, ANZ respondents are far less likely to have employed technology across all categories than their global peers, with the exception of privacy management tools.

ANZ respondents are aware that they are behind the technology adoption curve: nearly a quarter believing themselves to be slower than average to employ a technology in the customer experience process. This extends itself into omnichannel and ecosystem management, where ANZ respondents also generally report much lower solution adoption levels than the average of responses.

3. The Iconic firm and customer experience

Survey methodology and “firmographics”

MIT Technology Review conducted an online survey of more than 550 senior executives across nearly 40 countries worldwide, in every major regional economy: Asia Pacific and Japan, North America, Latin America, Europe, and Africa and the Middle East. Roughly one-third of respondents were CEOs or other “C-suite” executives, while another 40% held director-level positions leading strategy, marketing and brand management, or customer experience. Respondents represented more than a dozen distinct industry sectors, with roughly two-thirds of participants coming from finance, ITC, or consumer goods and retail. Over 60% of respondents managed relatively large operations with more than \$1bn in annual revenue. More than 40% served large end-user bases of 50 million or more, including 12% that served more than 1 billion end users.

Respondents were asked about technology investments in their customer experience

3.1 In-depth with CX leaders

The following senior customer experience leaders spoke to MIT Technology Review about their strategies and their views on the directions that customer experience technology and human capital management will take at their firms:

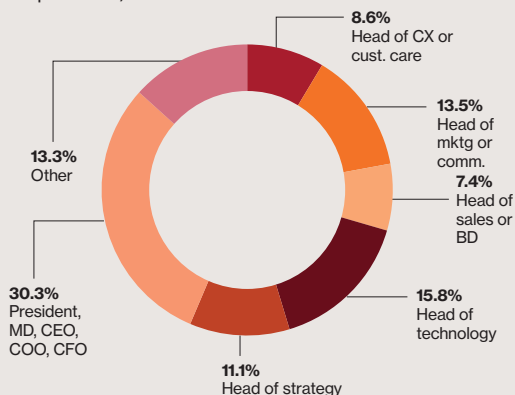
- Felix Liu, Head of Customer Experience Business Group, **Alibaba**
- Dr. Nicola Millard, Head of Customer Insights & Futures, **BT Global Services**
- Spiros Fotinos, Global Head of Brand Management & Marketing, **Lexus International**
- Cristina Junqueira, Cofounder and VP of Branding and Business Development, **Nubank**
- Troy Stevenson, Global Head of Community Operations, **Uber**
- Monika Schulze, Global Head of Customer & Digital Experience, **Zurich Insurance**

operations and the extent to which efficiency and customer satisfaction informed their adoption strategies across the customer experience

Figure 2: Respondents by title

What is your position?

(% of respondents)

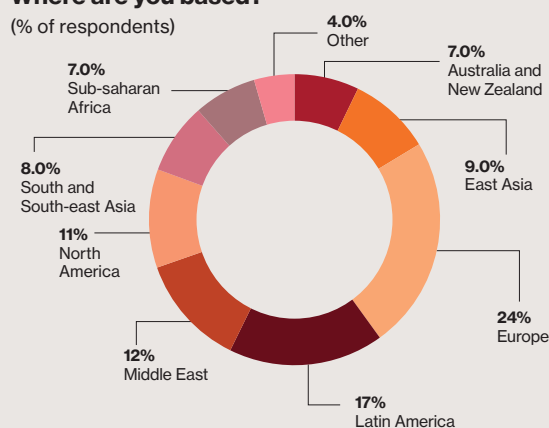


Source: MIT Technology Review survey, 2017

Figure 2.1: Respondents by geography

Where are you based?

(% of respondents)



Source: MIT Technology Review survey, 2017

3.2 Identifying the Iconic firm

To develop our analysis of what separated leading customer experience firms from the average in their strategies around technology and human-capital management, MIT Technology Review examined survey responses in three categories: all respondents, and two subgroups with either high- or low-performing CX levels. These two outlier groups were determined by respondents' own evaluations of two aspects of their relationship to their customers:

- Whether they routinely used an industry-accepted methodology to assess their CX capabilities – such as a Net Promoter Score (NPS) – and, if so, how they scored relative to global industry benchmarks.
- How well they perceived their firm to perform on overall brand awareness.

Fully half of respondents indicated that they specifically used NPS as a CX benchmark, and only 15% did not employ any formal evaluation methodology. Firms reporting that they both ranked among the highest scorers in CX evaluations (“Net Promoters,” in NPS methodology) and had built an industry-leading level of brand awareness are referred to as **Iconic firms** throughout this report. This cohort was roughly 6% of the respondent pool.

Iconic firms' responses are compared against the overall survey population, and against the low performers – those indicating that their CX evaluations and brand recognition were either average or poor, which were roughly 12% of respondents.

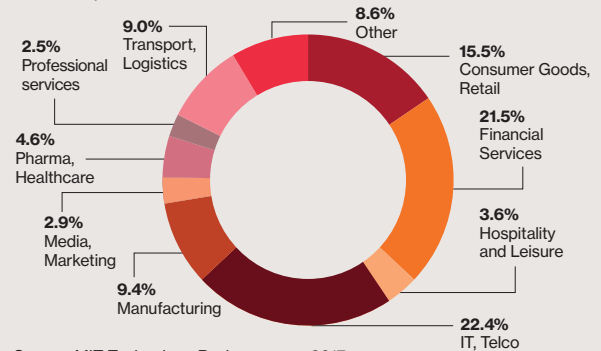
journey. They were asked to evaluate the current deployment of 10 customer experience technologies, applications, and platforms—including the specific use of artificial-intelligence tools—and the extent to which their technology practices were integrated with their overall customer service strategies. Respondents were further asked to describe the state of their channel management practices (with emphasis on their “omnichannel,” or cross-channel, customer experience) and ecosystem management capabilities.

Analysis of these survey results was complemented by several in-depth interviews with the global heads of customer experience in industry-leading firms in Asia Pacific and Japan, North America, Latin America, and Europe (see 3.1). These conversations focused on the specific ways these companies used technology to develop a holistic customer experience process, and how those technologies support and enhance customer-facing teams within their service operations.

Figure 2.2: Respondents by sector

In which industry do you operate?

(% of respondents)

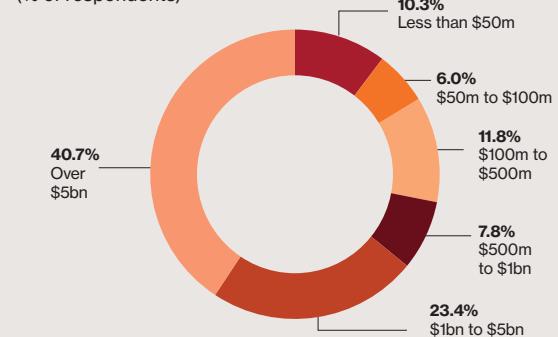


Source: MIT Technology Review survey, 2017

Figure 2.3: Respondents by revenue

What were your organization's global revenues in 2016?

(% of respondents)

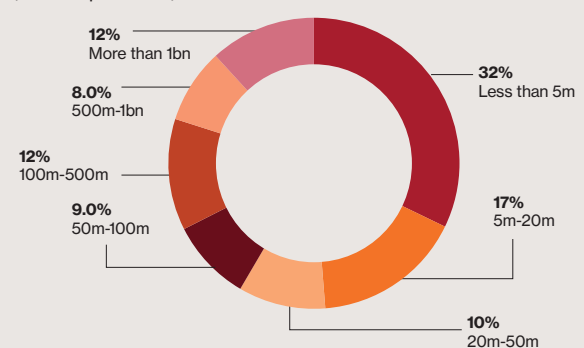


Source: MIT Technology Review survey, 2017

Figure 2.4: Respondents by customer base

How many unique end users does your organization service in a given year?

(% of respondents)



Source: MIT Technology Review survey, 2017

4. The evolving engagement cycle

Customer engagement and operational strategies

In our survey, respondents were asked to indicate whether efficiency or customer satisfaction exerted the greater pressure on their operations in each of four discrete stages in their customers' experience journey: discovery, purchase, delivery, and customer service. Most respondents see these two pressures as being equal for each stage, with the exception of customer service itself (where, understandably, customer satisfaction is seen as most important).

But Iconic firms were much more likely to see customer satisfaction as the primary performance driver in every case, whereas low-performing firms felt that each stage of their customer journey was defined by the need to maintain efficiency. As will be discussed below, once a customer service request is escalated, the emphasis has to shift from "pure" efficiency to effective issue resolution.

Cristina Junqueira, Cofounder and VP of Branding and Business Development at **Nubank**, a Brazilian provider of mobile-phone-based financial services with over 3 million credit customers, says her company's robust growth has benefited from a unique confluence of local market conditions: a mobile-centric Internet market that is also "an incredibly social and sharing society." Junqueira estimates that 70% of Nubank's customers came through referrals from customers using social media platforms.

Nubank's technology platform allows for an almost completely automated response to the vast majority of the customer experience journey. But rather than using technology to skimp on investment in talent, Nubank's approach is to "use humans when they are most needed," on the assumption that once a customer service issue has been escalated, it requires a human agent with detailed product knowledge, customer insight, and the ability and authority to resolve the call quickly.

One core strategy for achieving this is to "embed our customer experience team with our product development people," Junqueira explains.

Another human-resource strategy Nubank uses is to recruit only multi-lingual professionals fluent in English for the front-line customer service team. This seems counterintuitive, in that the customers are nearly all Brazilians for whom Nubank's domestic credit card is often their first financial product, but Junqueira explains that English fluency serves as a useful filter in finding high-caliber talent that can work well across teams and draw upon complex business problem-solving skills.

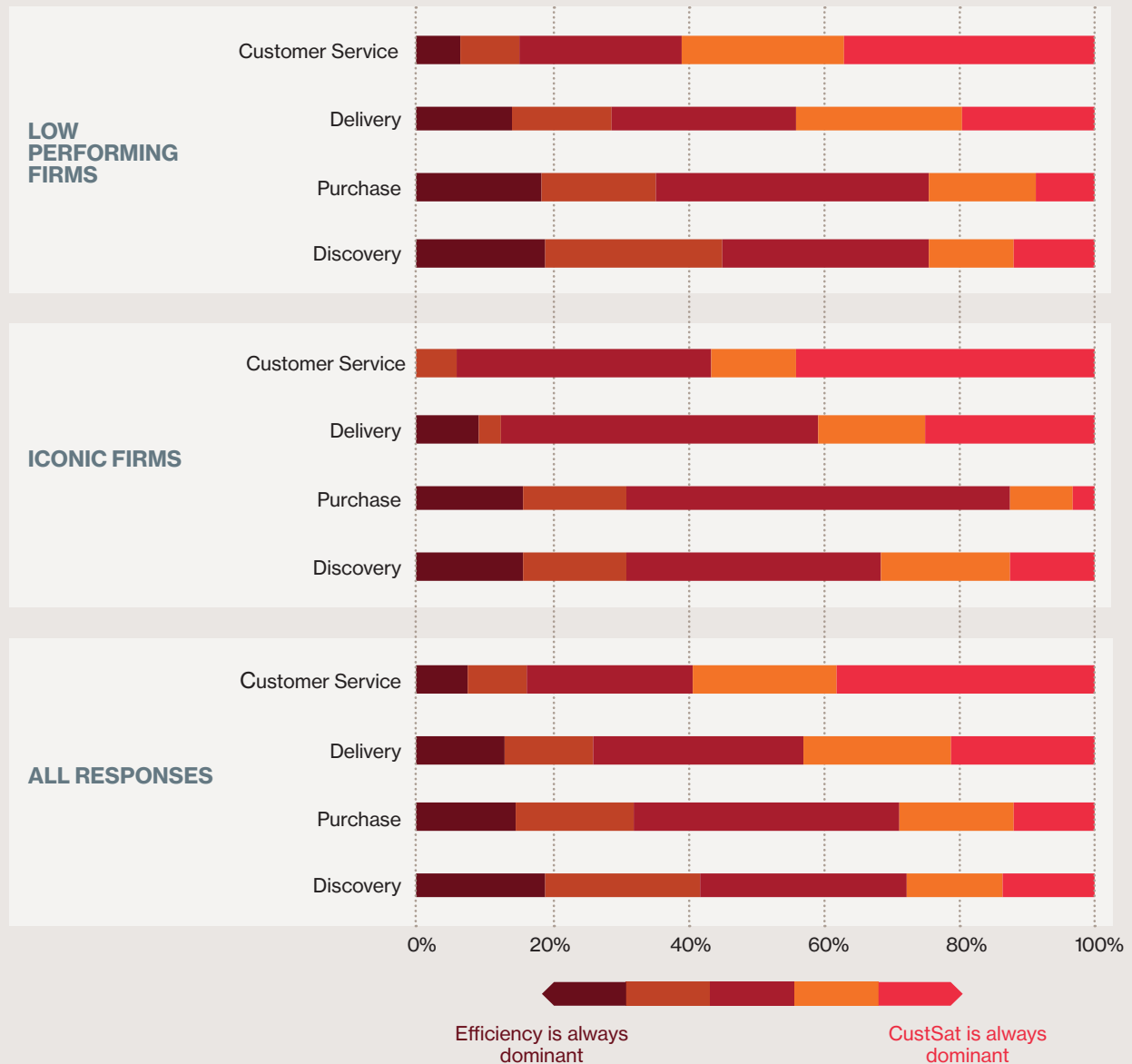
Maintaining high-performance talent in their customer experience teams ironically turns out to be a common characteristic of technology-centric and Internet-based firms. They show a perspective common among Iconic firms, which recognize the efficiency gains that automation tools can achieve in customer management but balance their technology strategies with appropriate human-capital investments to maximize satisfaction. For Iconic firms, automation technology supplements and extends the capabilities of customer support teams, rather than simply replacing call-center head count.

"We are a seven-year-old company which is recognized by our customers as a technology firm first and foremost," says Troy Stevenson, Global Head of Community Operations at ride-sharing giant **Uber**, who oversees a customer service operations network of over 10,000 across the 80 countries in which it currently operates. Automated, "in app" customer experience is one of Uber's founding principles; Stevenson notes that in its early days, phone support was reserved primarily for assisting and coaching drivers. Even now, given the always-on expectations of its

Figure 3: Efficiency vs. customer satisfaction

Which puts more pressure on your operations at each stage of your customer's journey: efficiency, or customer satisfaction?

(% of respondents)



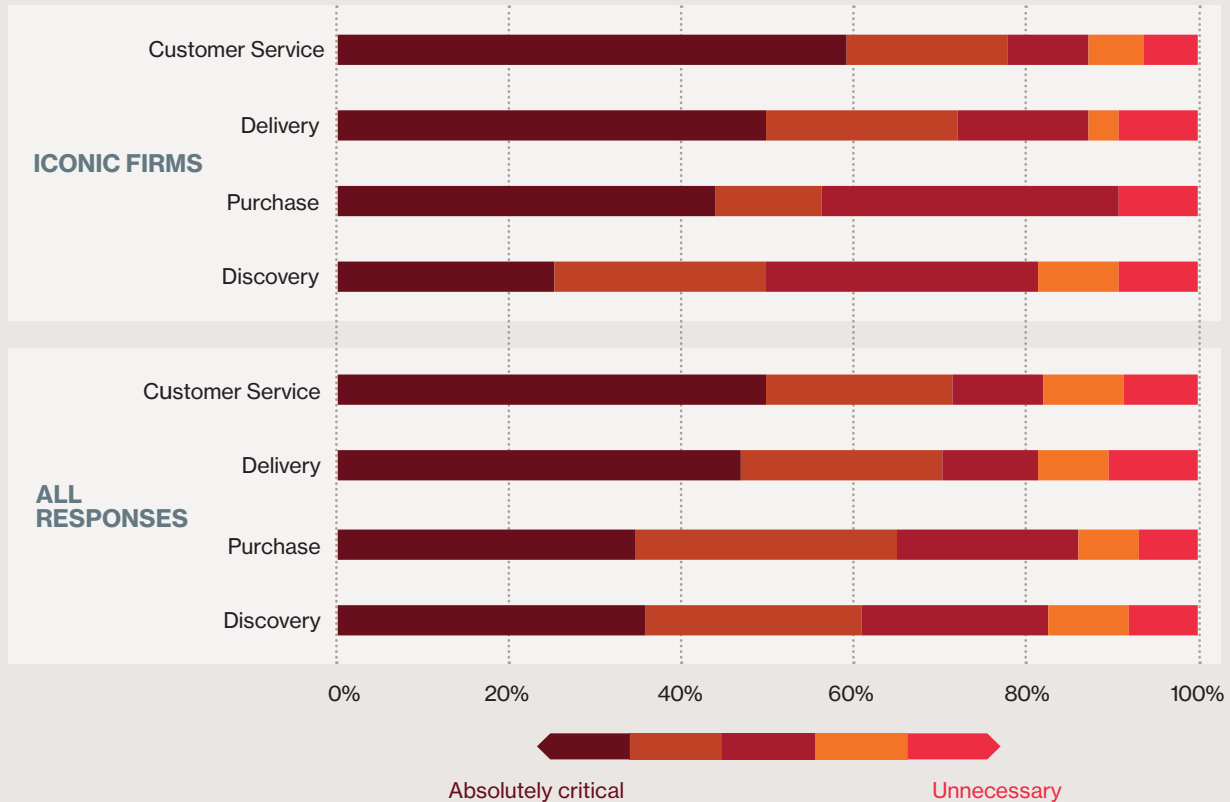
Source: MIT Technology Review survey, 2017

smartphone-wielding customer base, Stevenson feels that “the best service is no service,” adding that current rules and decision tools allow for many quick automation improvements, so that “it is weird to have agents reset passwords.” Using technology to handle the vast majority of customer

service issues, however, means that by the time an issue moves upstream to a contact center, “we treat this as a defect which needs to be resolved quickly.” Stevenson therefore “spends the dollars that will have the most impact” on talent for Uber’s customer experience teams.

Figure 4: Efficiency vs. customer satisfaction - Technology's importance**How important is technology in alleviating operational pressures at each stage of the customer's journey?**

(% of respondents)



Source: MIT Technology Review survey, 2017

Uber believes that human interfaces are still essential to optimal customer experience, but this does not blunt its appetite for investing in automation, predictive analytics, and machine-learning-enhanced applications. The company relies on a prodigious amount of geolocation, telematics, and trip data, which serves as a core part of its development process for customer care technology. For example, it might monitor telematics data from driver and passenger phones to anticipate and respond to overcharging complaints. Guided judgment tools could also help out at the agent interface. While much of this development borders on AI, Stevenson believes it will still be a long time before the tools the customer care teams use can “think”

on their own. “Automation is the easy part,” he says. “Getting agents the right insight to resolve problems is still hard.” He believes it will be for some time.

Iconic firms clearly believe in the promise of artificial intelligence to advance their customer experience capabilities (this will be discussed in 6.0 below). However, added to the aforementioned concerns about the maturity level of AI applications is a deeper strategic concern for customer-centric firms: “Putting technology decisions before customer needs is a common mistake firms make,” notes Monika Schulze, Global Head of Customer & Digital Experience at **Zurich Insurance**. She believes in making technology decisions subordinate to the firm’s brand values: “We need to establish emotional

connections to our customers, and more often than not we need humans – not AI – to do this.”

Certainly, technology is crucial to improving CX in a heavily process-driven sector such as insurance, where industry participants are under pressure to reduce costs in the underwriting and claims functions, and response times are accelerated by the customer’s own requirements: “Every customer expects Amazon-level completion times,” Schulze notes, and customers will often willingly choose automated channels and chatbots to speed things up. But she adds that while technology has been a vital factor in improving CX – she points specifically to the role analytics

“Putting technology decisions before customer needs is a common mistake firms make.”

Monica Schulze, Global Head of Customer & Digital Experience, Zurich Insurance

has played in increasing customer lifetime value – “technology cannot be looked at as the solution to customer experience challenges, but as an enabler ... it is culture that plays the more crucial role.”

5. From “Omni” to “Ubiqui”

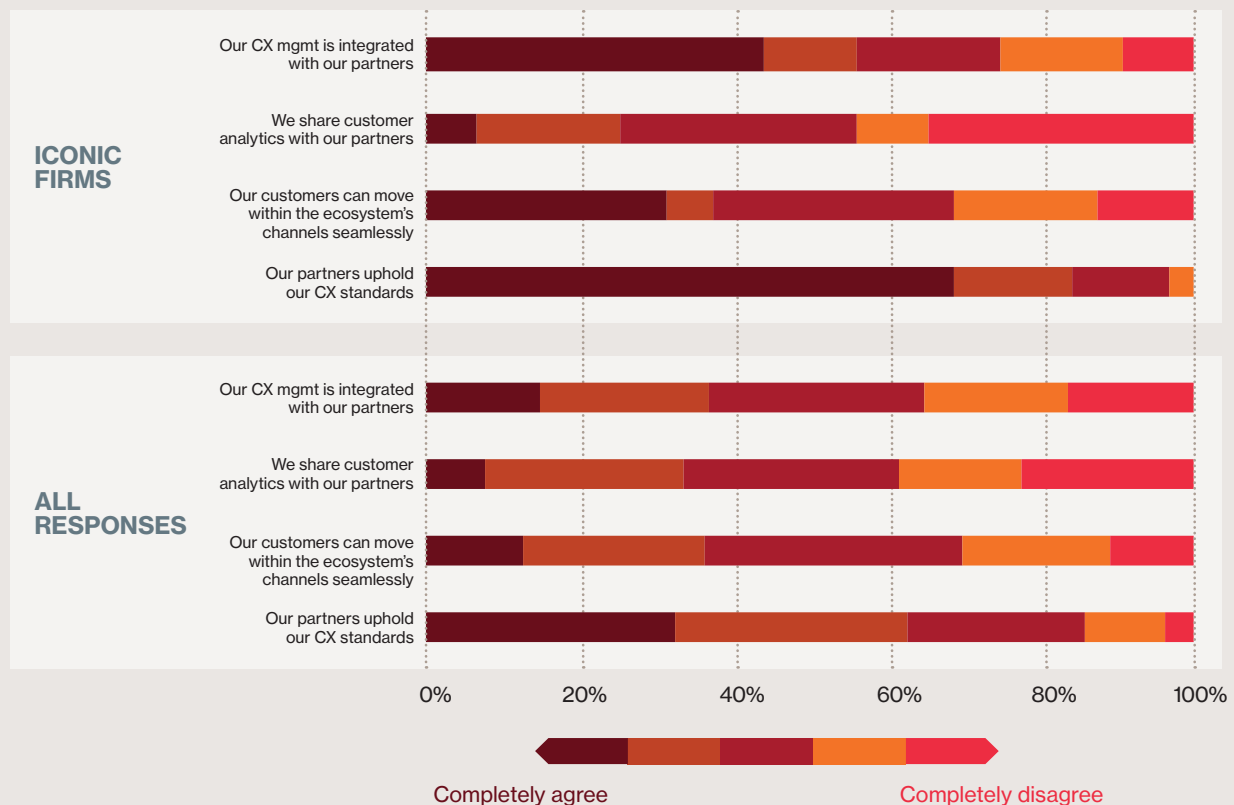
Managing customer experience across channels and ecosystems

The insurance industry also presents an extreme, though by no means unique, example of another pressure firms experience: ecosystem management. As Schulze explains, insurance companies manage their relationships with customers across a complex system of agents and resellers “who still believe they own the customer”; they are resistant to

social media and other channels that they perceive could dilute that relationship. But she adds that despite their resistance, agents face similar growth challenges compounded by technology change: “Bigger agents realize that they can’t manage the large databases they need to cross-sell or upsell without help.” That need can draw ecosystem partners closer.

Figure 5: Ecosystem management

To what degree do your partners help you deliver service, and gather customer insight?
(% of respondents)

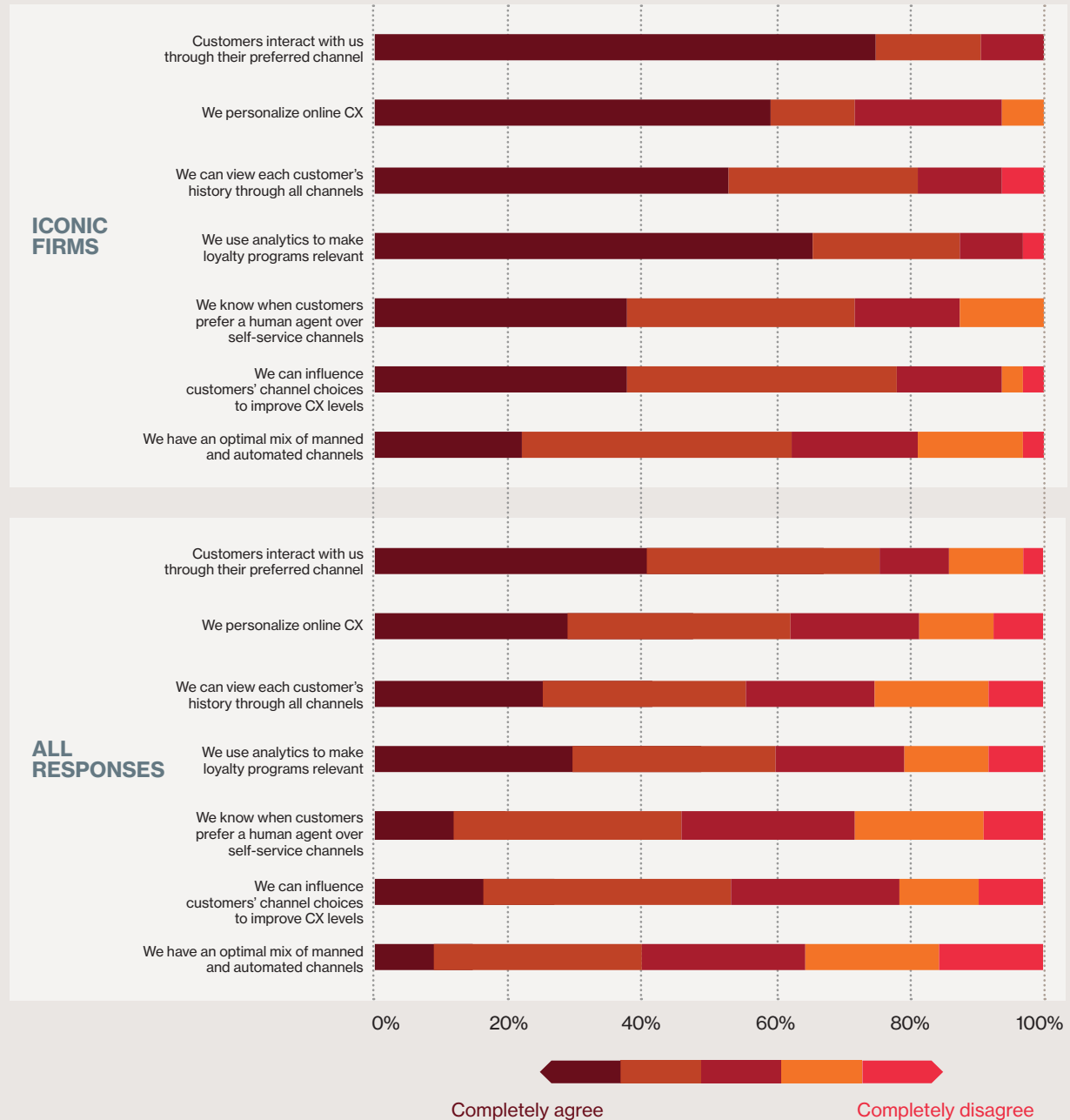


Source: MIT Technology Review survey, 2017

Figure 6: Omnichannel analysis

Do you agree with following statements about your omnichannel management expertise?

(% of respondents)



Source: MIT Technology Review survey, 2017

Overall, our survey found that ecosystem management is important to all customer-centric firms – and particularly Iconic firms. Nearly 85% of respondents from top-performing firms feel

able to hold their partners to a common customer experience standard, and 56% felt their CX systems were well integrated across their ecosystem (compared with 62% and 37% overall, respectively).

Ironically however, Iconic firms do not always regard closer relationships with their partners as an unalloyed good. These respondents were less willing to share customer data across those relationships than even low performers. This suggests that consistent ecosystem management is not correlated with a firm's willingness to provide visibility – indeed, unique and proprietary customer insight may be a competitive advantage for the Iconic firm. There are exceptions, of course: Dr. Nicola Millard, head of customer insights and futures at BT Global Services, points to the recent decision by Transport for London, which provides the city's transportation management services, to open up its data sets to application developers; it estimates that over 11,000 developers have participated in the program to date, resulting in some 600 applications.

As mentioned earlier, the vast majority of Iconic firms feel that they have a degree of mastery over their customer channels, and that their customers have an optimal experience across these channels. The survey findings also show that this omnichannel agility is backed up by strong analytics capability in customer loyalty programs and an ability to guide customers to select the right channel for the desired experience. While there is much work to be done on technology optimization, 60% of Iconic firm respondents also felt they had the right mix of “live” and automated channels, compared with only 26% of the poor performers and 40% for all respondents.

Overall, this translates to an ability to manage a “true” omnichannel experience: Iconic firms consistently manage all the components that organize and operate their channels, leveraging the data they gather and analyze, which allows them to offer a consistent context and experience for all their customers.

Unique and proprietary customer insight may be a competitive advantage for the Iconic firm

A nimble approach to omnichannel management, “blending technology and humans”, helps firms meet expectations in changing contexts, **BT's** Dr. Millard explains: “Often, frustration sets in because a digital channel is broken; an omnichannel approach can allow you to switch channels, or an agent can intervene to confirm and reassure.”

While a common perception is that customers, particularly older ones, prefer live operators to chatbots, Millard says the reality is that “customers mainly like things to be easy.” Most customers are goal-directed, she notes, and their usage is defined by one of three “intention categories.” Positive customers have a “vision” and a willingness to do significant online research, changing channels often. Neutral-intention customers are looking for the most efficient way to pay a bill or complete another transaction, and negatives “are customers in crisis.” As she explains, “their attention span goes down; complex IVRs and long FAQs don't work. They want to speak to someone to solve a problem – and if they get very angry, they will vent on social media.” Firms can use customer data to optimize their response to these different types of users.

6. Keeping eyes over the horizon

Innovation management and technology adoption in Iconic firms

A significant majority of respondents from Iconic firms indicated that they are already deploying “industry-leading” solutions for all but one of the 10 CX technology areas surveyed (Figure 7). These results are much higher than the survey’s average and are starkly at odds with the state of technology deployment among low-performing firms: with the exception of customer analytics and privacy management, the majority of low performers have not yet deployed any form of CX technology.

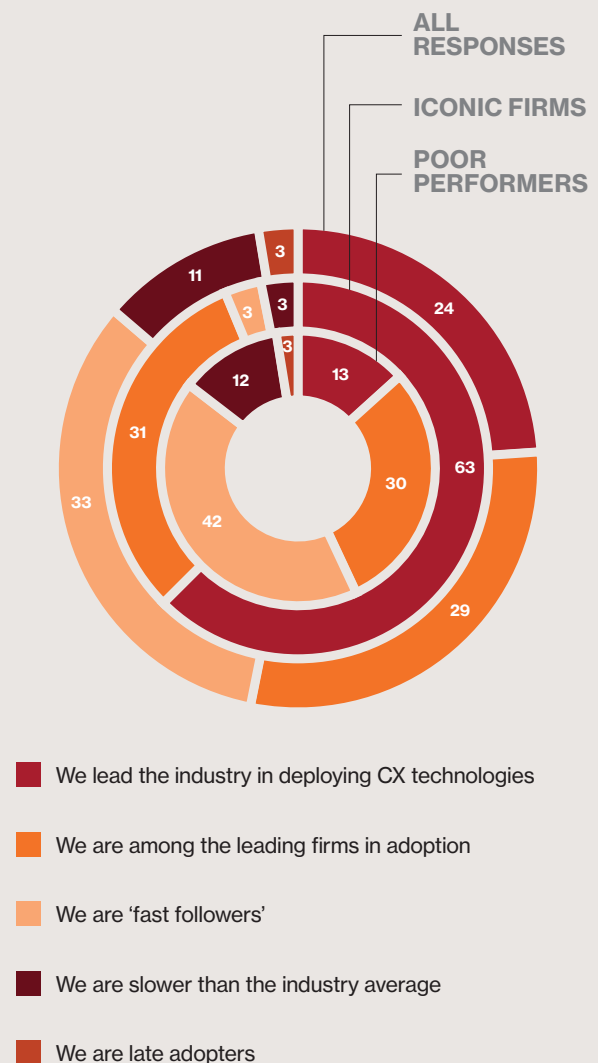
Moreover, 60% of Iconic firm respondents see themselves as leaders in technology adoption, as opposed to 24% of all respondents and 12% of low performers. While Iconic firms are industry leaders in the use of CX technology, they are less likely to have technology drive their CX strategies. They find technology less critical to resolving their customer experience challenges, again in stark contrast to respondents in low-performing firms. While this may be because Iconic firms have already made the necessary technology investments, it indicates that they can focus their strategic energies on higher-order customer experience issues.

The one technology area which most Iconic firms have not yet fully deployed is artificial intelligence. That said, 80% of survey respondents from Iconic firms have utilized AI capabilities in some capacity in their customer experience, and have made investments in AI-related R&D (Figure 8). This result is likely driven by growing evidence that emerging AI-enhanced applications have enormously powerful capabilities.

Felix Liu, Head of the Customer Experience Business Group at the Chinese e-commerce giant **Alibaba**, oversees some 3,000 customer experience team members, including 1,600 front-line agents and 400 process engineers. He explains that his group began AI-based R&D on customer experience applications two to three years ago,

Figure 7: Technology adoption

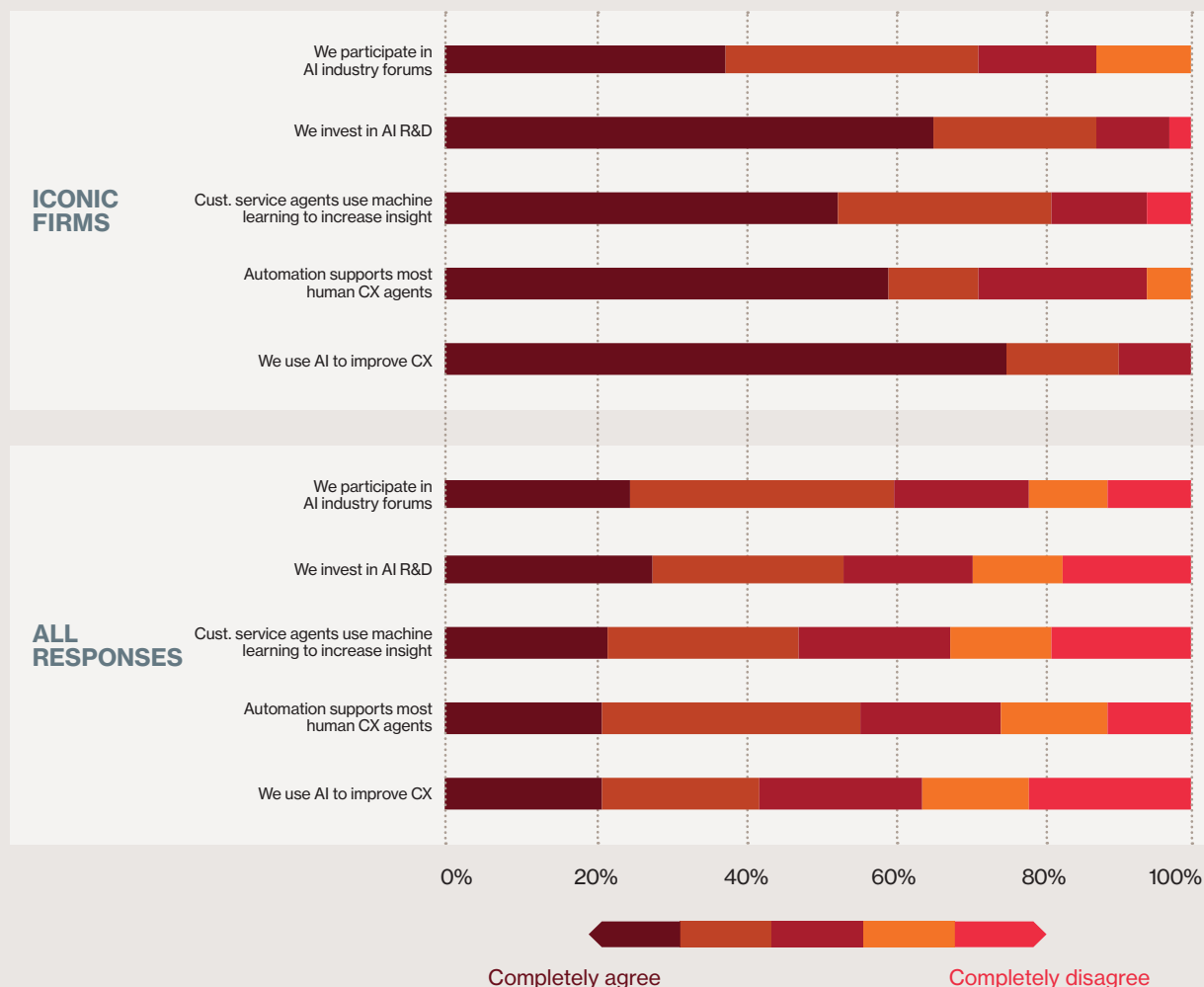
How is technology used to manage your CX?
(% of respondents)



Source: MIT Technology Review survey, 2017

Figure 8: AI adoption**How significant are AI and automation capabilities to your CX processes today?**

(% of respondents)



Source: MIT Technology Review survey, 2017

at the same time it began using non-proprietary chatbot agents: “At that time, we could hardly distinguish what was uniquely ‘AI’ from any other advanced technology.” Since then, Liu reckons, the capabilities of Alibaba’s AI-enabled customer agents have been transformative, in two distinct ways.

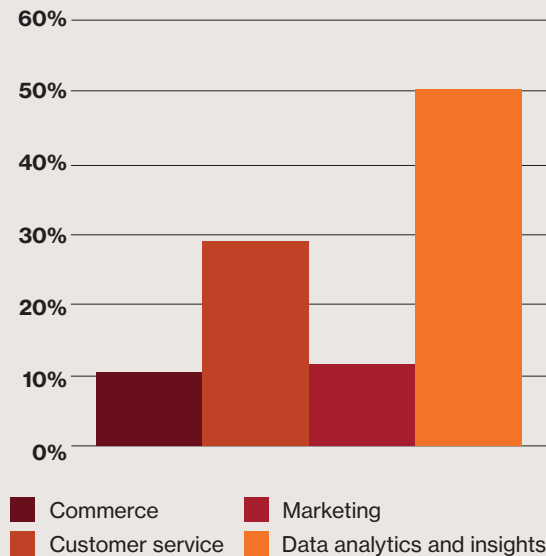
The first is in a step-change increase in efficiency: by gathering customer data (a time-consuming process) and identifying key issues with one or two structured questions, AI currently “helps 100% of our customers with inquiries, and

resolves 50% of them completely.” Liu reckons that AI support of its Taobao service area already takes care of 80% to 90% of FAQ-based inquiries, and he believes that there are still many advantages Alibaba can exploit by increasing deployments further into its ecosystem. “It is not yet a ‘standard’ product, but many of our sellers use it not just to solve after-sales complaints, but for before-sales contact as well,” he says. “There is a lot of low-hanging fruit to help [sellers] reduce the burdens of their customer service team.”

Figure 8.1: AI adoption

Where are you planning to introduce AI in your organization?
(% of respondents)

ALL RESPONSES



Source: MIT Technology Review survey, 2017

Secondly, and more significantly, AI is expanding the functionality of Alibaba's inquiry management channels. By actively listening to and analyzing customer inquiries and complaints, AI-enhanced customer service can provide predictive fault resolution: Liu points to a recent logistics breakdown that the chatbot identified by detecting and analyzing abnormal levels of order

"AI currently helps 100% of our customer with inquiries, and resolves 50% of them completely."

Felix Liu, Head of Customer Experience Business Group, Alibaba

status inquiries. It took less than half an hour to publish a resolution for affected customers. "Our human resources simply do not have the speed and flexibility to respond like this," he says.

But Liu does not believe AI can replace human interfaces wholesale. "Businesspeople often disagree with technology colleagues who think that computers can resolve all faults," he says, placing himself on the "business" side of the debate. He adds, "I am not confident that the machine can always make the final call. Humans need to make the call – but machines can check and support those decisions."

While advances in dispute management applications continue apace, Liu believes that this area will remain a "black box" to AI scientists for some time: "AI cannot tell me why it makes the decisions it does: it has correlations between parameters and confidence intervals, but the system cannot explain the decision. A human needs to discover what other information is not covered in the database." He sees a future where instead of rendering judgements, hybrid AI tools for dispute management "make 'proposals' to buyers and sellers for a most possible solution to accept."

7. How Iconic firms endure

Distinguishing characteristics that separate the Iconic from the non-Iconic have to be prioritized to stay ahead in CX

Iconic firms clearly grasp the challenges they face in achieving excellent customer experience levels, and they understand how they can deploy technology and talent to sustain them. The following is a brief checklist of the strategies and perspectives distinguishing those firms that optimize their resources in service of their brands from those that do not.

Technology leadership: Iconic firms have already taken definite steps to employ leading solutions, particularly in customer analytics and channel management. The need to understand customers intimately – and to place the customer experience, in a sense, above efficiency – is not a new revelation for leading firms. What may be, by contrast, is the understanding that while technology is essential to improving all aspects of customer experience, it cannot be the sole focus of strategy.

AI investment: AI is not seen as a panacea for Iconic firms, and indeed those firms exercise caution when putting AI in place, as efficiency must

be tempered with human “ears” to hear customer concerns. Ultimately, leading firms feel that AI’s primary contribution to CX will not be to automate lower-value inquiries and interaction – AI tools today already do plenty of that – but to support human agents in making complex decisions that will improve customer experience even further.

Omnichannel excellence: Combining analytics with tools that heighten visibility across channels is a clear priority for Iconic firms. “Digital first” firms tend to be, ironically, those that look to increase investment in human talent to optimize those channels, and deploy technology to support better-trained, more empowered service agents.

Sharing with partners – in moderation: To extend optimal customer excellence levels across the ecosystem, Iconic firms are keen to work with channel partners, suppliers, and adjacent brands. What they are less keen on is opening up their entire chain of customer analytics to their partners. There is a very real sense that in order to take full advantage of the insight a firm has into its customers’ journeys, its leaders need to hold it close.

Iconic firms clearly grasp the challenges they face in achieving excellent CX levels

Support brand values: As customer intimacy and visibility increases, Iconic firms realize that this is a two-way street. Corporate social responsibility is one way for industry leaders to demonstrate that their firms share common values and aspirations with their customers.

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