Engage customers online, anywhere

Digital capabilities & approach

*Customers expectations and behaviours are changing. Both private and public sector organisations are being impacted by the rise of digital, mobile and social interaction.
A comprehensive response is required to meet the threat and grasp the opportunity.*

pwc

Contents

The digital tipping point has arrived

Welcome to the new world. Businesses (and public sector organisations) are waking up to the explosive rise of the digital economy. A new digital tipping point has arrived, changing the way in which organisations interact with their customers, employees and with each other.

The new digital world is one where power has shifted dramatically to consumers, the competitive playing field has been levelled and boundaries removed, while enabling a ruthless focus on efficiency.

$20.4tr

is how much the digital global economy is estimated to be worth by 2013 – equivalent to almost 1/3 of global GDP

More than ever, organisations need to be clear about their goals and strategy in response. The entire value chain, from products, marketing, sales and distribution is impacted. The challenge has increasingly become how to identify and capture value in the digital world. Our team has the skills and experience to help you respond to the new imperative for digital change.

65%

of UK banking transactions are projected to be online by 2012

Power shift

Digital channels and content; mobile devices, networks and applications; the rise of social media - all have combined to open up a new world of transparency and choice, where customers have unprecedented levels of influence and control. If they don't like what you say or do, they will voice their opinions and share them with their peers, undermining your brand. If you can't or won't give them what they want, they will simply take their business elsewhere.

A level playing field

In the digital world, traditional barriers to entry no longer apply. Reductions in lead times and the capital required to start up new businesses has allowed hungry and agile competitors to enter new markets, and in many cases reshape them. In this new world, small start-ups can punch above their weight and attack larger competitors on their home turf. Entire sectors are changing as traditional value chains are disintermediated by new digital innovators.

Eroding boundaries

The rise of the digital economy is breaking down many traditional boundaries for business. Digital technology provides organisations with easy access to global markets, while also accelerating the development of emerging economies, as people in Africa, Asia and Latin America rapidly embrace digital and mobile change. The digital tipping point is resulting in industry convergence, as organisations battle for customers and for new sources of value, outside of their traditional domains.

Enabling efficiency

Digital is providing new opportunities for both public and private sector organisations to be more efficient and effective in how they deliver their products and services to customers and citizens. From enabling self-service to finding new ways of delivering and fulfilling it, the digital tipping point is changing the world just as dramatically as the industrial revolution did in its own time.

750m

people registered for Facebook globally

20%

of all consumer spending in the UK is now online

What does it mean for your customers and you?

What does the new environment mean for your customers? What benefits can they expect, and how is it shaping their expectations?

Increased convenience

The ability to access content and services wherever and whenever desired means that customers are no longer constrained by a business' operating hours or physical location. Comprehensive product information and real-time inventory status mean that product availability and staff expertise do not pose barriers to carrying out a transaction.

Greater value

The low cost of delivering products and services through digital channels is often passed on to customers; robust search and comparison tools make finding the best value a simple and straightforward proposition.

More control

Customers are able to control the pace and schedule of conducting business, having the opportunity to pause during a sales process to think, to further research or to seek other opinions rather than being in a pressured face to face sales environment. Channel choice means that customers can initiate and carry out transactions using their preferred channel or combination of channels.

Better information

Digital channels offer universal access to data. For customers, this means product and service ratings, comparisons, reviews and comprehensive features and benefits information for almost anything imaginable.
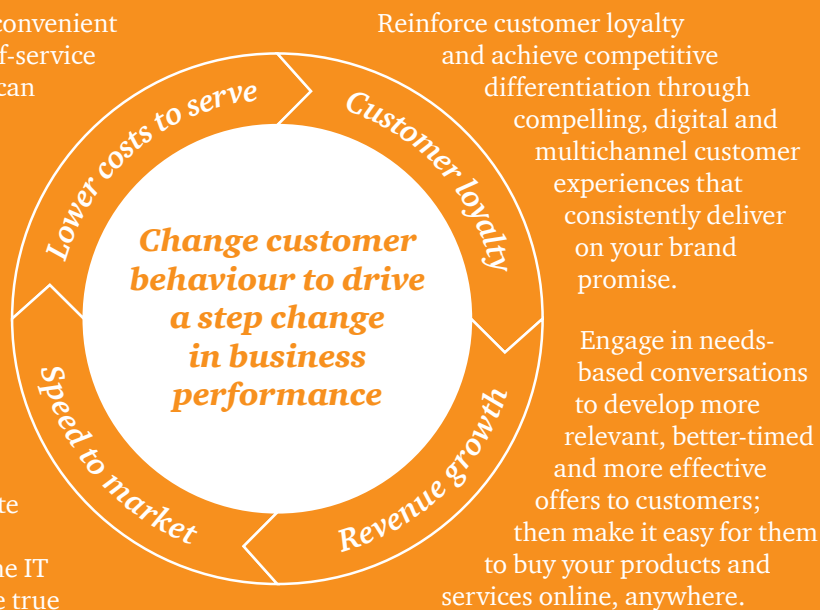
Expanded choice

The world is brought to the customer through digital channels, allowing access to a breadth of products and services unimaginable two decades ago. Unconstrained by proximity or time, it's possible to access all available options anywhere and any time. Contextual awareness means that offers are more relevant and personalised.

What are the potential impacts and benefits to your business?

This rapidly changing environment may be daunting, but it also creates opportunities for both revenue growth and cost containment. And the cost of doing nothing can be much higher than the investment in change.

By offering attractive, convenient and intuitive digital self-service options, organisations can change customer behaviour, achieve channel shift and significantly reduce their overall cost to serve.

Remove the technical and organisational obstacles preventing rapid product and service launch. Integrate all elements of the operating model and the IT infrastructure to enable true business flexibility and agility.

Reinforce customer loyalty and achieve competitive differentiation through compelling, digital and multichannel customer experiences that consistently deliver on your brand promise.

Engage in needs-based conversations to develop more relevant, better-timed and more effective offers to customers; then make it easy for them to buy your products and services online, anywhere.

Lower costs to serve

Customer loyalty

Speed to market

Revenue growth

Change customer behaviour to drive a step change in business performance

60%

of retailers rate multichannel customers more profitable than single channel customers

29m

UK Facebook users, 50% of whom log in every day

1 day

is the average time a UK user spends a month on the internet

12%

(and rising) of all access is via mobile devices

A framework for understanding the opportunity and the challenge

PwC can help you realise the possibilities of the digital economy.

Digital opportunities	Collaboration & social media	Channel integration	Analytics & insight	Mobility & access anywhere
Business model	What opportunities does the digital landscape create for your business?			
Customer engagement and experience	How do you successfully engage with customers across all channels to grow revenues and drive advocacy?			
Employee & network engagement	How do you facilitate knowledge sharing and collaboration across your extended organisation?			
Technology infrastructure & security	What technology model will underpin enhanced business agility, performance, security and efficiency?			

What are the digital possibilities for your business and how does this impact your business model?

Knowing the possibilities and how this impacts your business means assessing your market, consumers and competitors to create a differentiated and profitable market offering. Companies will need to align their business model and integrate both digital and conventional products, services and channels – acknowledging the disruption that has taken place.

What customer experience do you want to be known for?

Digital channels create many opportunities to engage with customers. Listening, responding and acting upon customer needs is essential in order to create a distinctive customer experience. This is often the only means organisations have of differentiating themselves in an information-saturated market.

How do you engage employees and your extended network?

The blurring of employee work-life boundaries is changing the workplace. Increased expectations from staff and the need to support the mobile and virtual workforce, means companies have to carefully rethink how they engage their employees and network of business partners and suppliers.

Can your technology support (and deliver) your future needs?

The journey to a digitally-enabled business requires agility and flexibility to underpin a continually evolving business environment. Organisations need to define a technology model that can adapt and scale, while managing security and privacy concerns.

How to do it and be successful

So how do you understand what the changing experience expectations of your customers and prospects mean for your business? How do you get a view of what the implications might be on the creation of compelling offers and the delivery of differentiating service?

1 *Envision success*

Start by defining success through measurable hypotheses that set the 'direction of travel' for your business' vision. Analyse the market, customers and your competitors to understand the potential opportunity. Set out guiding principles for the key elements of the vision – customer experience, operating model, people, technology and roadmap – to serve as markers for proposition development.

With this top-down view of the desired outcome in place, you have the robust framework needed to flesh out your vision.

2 *Understand your customers*

Understanding your customers and their needs should be at the heart of your vision. We use (or help you create) your demographic, psychographic and segmentation data.

We then create a set of customer 'personas' that are used to represent your different customer groups in shaping your vision. We work with you to identify the required behaviour change for each customer group in order to achieve your objectives.

3 *Visualise customer value propositions*

Engage with practitioners, subject matter experts and real-life customers to come up with value propositions that meet the needs of your customer groups.

Illustrate these propositions through narrative customer journeys, interactive prototypes, videos and environments in order to test and validate their effectiveness. These become powerful tools to communicate the vision and secure buy-in from your stakeholders.

4 *Assess the impact*
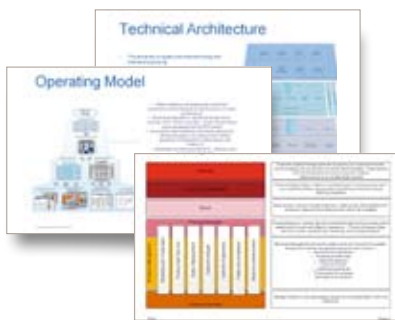
It's important to understand the impact that your vision may have on your business. Your organisational structure, processes and capabilities, people, technology infrastructure and marketing communications could all be affected.

We help you identify where gaps may exist in your current capabilities, work through the implications and refine your vision to reflect the constraints.
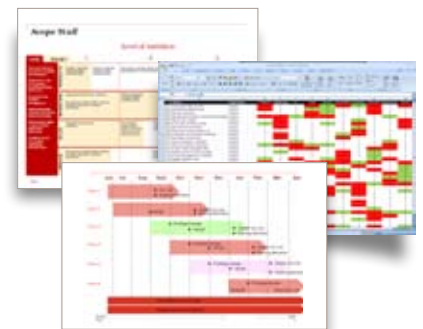
5 *Develop the business case*
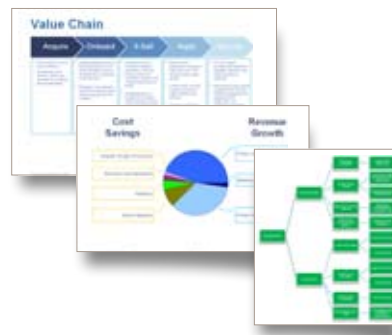
A clearly articulated business case is essential to communicate the rationale for change. Your success criteria provide pointers to the benefits; it's now time to work these up to better understand their scale and associated costs.

We help you baseline current performance, identify alternative options and refine priorities. By telling the story of how the benefits can be achieved, the business case becomes a powerful means of getting your stakeholders behind the vision.

6 *Build the roadmap*

Develop your strategic roadmap for change. This is created by viewing the future through the multiple lenses of customer experience, business case, operating model, technology solution and delivery risks.

This strategic roadmap enables costs and benefits to be set out over time, dependencies to be understood, resourcing needs to be identified and communications plans to be put in place.

From vision to reality

Our capabilities span the full range of competencies required to bring your digital transformation programme from vision to realisation. Our independence from any single delivery solution or vendor ensures that the advice that we provide and the solutions we co-develop are truly unbiased. Whether you are at a particular stage in your journey or just starting out, whatever your internal capabilities may be and with whomever you may already be partnered, we can help.

Strategy

When setting a direction and plan of action it's critical to understand the market in which your business operates, the competitive landscape, your target segments, optimal channel mix and – not least – your unique selling proposition, positioning and brand. A digital transformation programme is no different, and we can help you understand the external and internal forces that will shape your efforts, assuring that your journey is on the course that will lead to your business goals.

Research and analytics

Our strategy expertise brings deep industry insights around the market and the competitive landscape, with a point of view on 'hot topics' based on proprietary research. We are able to bring modelling capabilities to analyse complex, operational and financial issues and support decision making and benefit evaluation. Our International Survey Unit (ISU) is able to provide primary research services to talk to your customers and understand their needs.

Customer experience

In a business environment where it is becoming increasingly difficult to differentiate from the competition, the quality of your customers' experiences with your brand can become the primary driver of preference. We bring expertise in user experience strategy and design to ensure that the customer's journey is considered throughout. Our customer insight and analytics specialists provide the means to understand and segment your customer base. And finally, our customer testing capability provides the ability to review and refine propositions through direct customer feedback at each stage of the process.

Technology

Identifying and aligning the right technology enablers to deliver your change is essential. We have capabilities in solution architecture and project, financial, IT and risk management. Our practitioners bring their expertise in systems controls, data management, outsourcing, regulatory requirements and security. We draw on our deep industry knowledge to deliver the strategic thinking that supports our clients through change. And we have the approach to change which makes sure the benefits we deliver are sustainable.

Operating model design

Ensuring that your business can implement, optimise and sustain the effectiveness of your digital channels – and their integration with your other channels – requires a rationalised and coherent operating model and process design. Through our operations transformation capability we bring the skills and expertise to define and evaluate target operating models to align the overall multichannel strategy to an organisation's capabilities.

Information security

Information security is a much broader concept than technology. It relates to protecting information and information systems from unauthorised access, use, disclosure, disruption, modification or destruction. As the volume of information grows and continues to be increasingly stored and communicated in electronic form, information security is rapidly becoming intertwined with technology, and more specifically, the internet. Our information security specialists can help clients understand the impact of emerging threats to the security of their information and intellectual property, and ways to mitigate those threats.

Change management

We follow an approach called 'Making Change Stick' which accelerates the delivery of benefits in ways that are sustained long after a programme is done. It focuses on achieving those benefits and sets up measures to track them, encourages the involvement of the people who will deliver those benefits in practice, and builds sustainability by embedding new ways of working into performance management and training processes.

Business case development

A clearly articulated business case is essential to communicate the rationale for change. We help you baseline current performance, understand the potential return on your investment, calculate the cost of the programme and identify alternative options and refine priorities. By communicating the potential benefits and how they may be achieved, the business case becomes a powerful means of getting your stakeholders behind the vision.

Project and programme management

When it comes time to make your digital transformation vision a reality, it's essential to understand, manage and assure the integrity of the end-to-end delivery. We can help you to determine which parts of the programme will be delivered by internal resources and which could and should be outsourced; how the various work streams will be managed; and assure that the programme stays on track and true to your strategic vision.

Getting started

We offer a number of ways to help businesses take advantage of the opportunities presented by the changing digital landscape.

Digital insight briefing

A one day workshop that acts as an introduction to understanding the implications of digital for your business. During the course of the briefing, our practitioners, subject matter experts and business partners facilitate a workshop on the trends and issues faced by you and your customers.

Insight discovery

A short engagement that helps you set out both your digital vision for the future and potential quick wins to secure short-term benefit. Our structured approach includes facilitated workshops, external research, customer testing and uses visual and diagnostic techniques. Outputs such as a vision blueprint, prototypes, videos and a shared experience space are designed to bring your vision to life and communicate it to your stakeholders.

Digital diagnostic

An assessment of your digital and multichannel capabilities, presented within the context of competitive performance benchmarks and the customer experience landscape of your industry. We use our benchmarking and diagnostic tools to support this survey and produce a focused series of recommendations for action.

Digital governance

An evaluation (with recommendations) of how your digital assets are managed and controlled, in terms of content creation and management, brand management, marketing and application development. This can be extended to cover operating model and governance considerations, in order to help provide you with a sustainable digital governance model for the future.

Strategic vision design

A design and visualisation activity for your future vision for digital and multichannel transformation. This engagement builds on the 'Insight discovery' stage to set out the strategic design perspectives needed to support your vision. As well as a comprehensive customer experience design, this engagement covers target operating model design and the creation of your technology solution outline, refining your business case and roadmap as required.

Programme design

A detailed design and planning activity for your digital and multichannel transformation programme, encompassing the full scope and timeline of activities needed to develop the customer experience, technology and operating model, in tandem with a detailed business case.

Sourcing & selection

We have experience across the different types of organisations from whom you may require assistance to execute complex digital transformation initiatives. We can help you by managing the process of identifying, selecting, tendering and contracting business partners to deliver.

Programme assurance

We can provide quality assurance and independent oversight of the delivery of your digital and multichannel transformation programme, including the increasingly critical areas of information security and risk. We help you confirm whether or not your programme is on track, remains true to your strategic vision and continues to meet business objectives.

Programme delivery

If you require an independent partner to undertake more than just programme assurance and take end-to-end delivery of your digital transformation programme, we have the skills and experience required to help you.

Digital transformation offerings
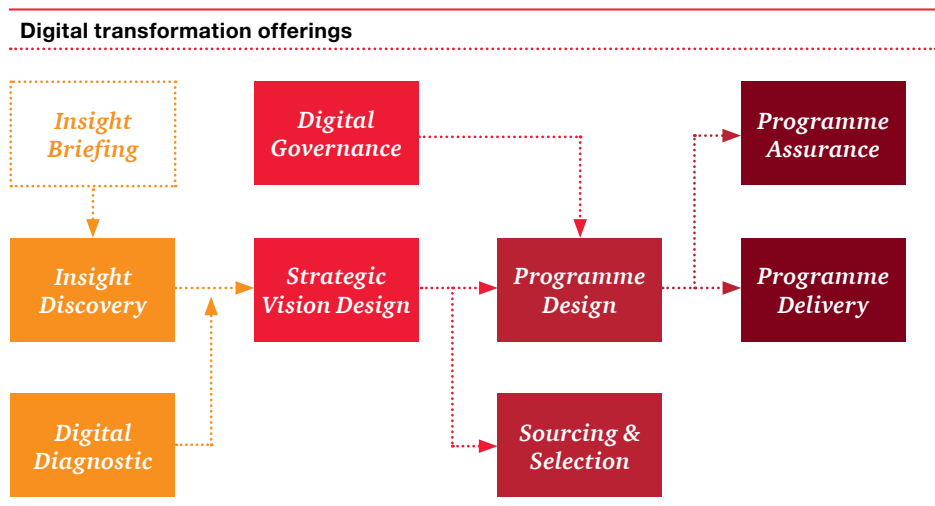
Projects and clients

Exploring digital opportunities for a global bank

The challenge

This client wanted help in determining whether a major investment in internet and mobile technologies was required. They asked PwC if the world has reached a 'tipping point' in the way that the internet, mobile technology and social media is impacting banks and their customers. They wanted to see the evidence to support this idea across banking and non-banking industries and in key developed and emerging markets. Finally, they wanted to understand the potential implications and benefits for them and whether an investment in 'digital' would support their overall strategy.

How we helped

We analysed over 9,000 banking customers from nine countries, mapped into three target customer segments, through a mix of interviews, surveys and desk research. We developed and tested six hypotheses about what retail banking might look like in 2015, focusing specifically on the impact and positioning of digital banking. We used this analysis to clearly identify the benefits of a digital investment for the client and share success stories from both banking and cross-industry sectors.

Unlocking the value, together…

The analysis showed that banking customers are now digital ready, and also that there are both new potential revenue streams and a number of threats to existing revenues from the rise of digital. Whilst there are important regional differences, a strong digital strategy presents a significant revenue opportunity for the client around the globe, in both developed and emerging markets. The depth of analysis and insight from PwC gave the client's executive management team the confidence and rationale to support proposing a multi-million dollar investment in a digital banking future.

Using digital to deliver better services to citizens, for less

The challenge

Our client needed to reduce their cost of customer contact by £20m due to reductions in funding and changing customer demands towards more resource intensive services. The client had also identified that their operating model was no longer fit for purpose and as a consequence they were underperforming against targets. The approach was to seek a reduction in their costs to serve customers in areas related to enquiry handling, processing applications, managing appointments, determining eligibility for services, assessing need, and approving the service that will be provided to their customers.

How we helped

We started by helping the client to understand the current customer contact experience and future customer expectations to help define vision themes for the future customer contact model and identify the gaps that needed to be filled to achieve their vision of success. The client particularly found that our use of personas helped them to focus their thinking and better appreciate how the use of digital channels would improve customer engagement for key citizen groups.

From these vision themes we helped to develop a business case for change and a multichannel customer contact strategy with a strong focus on digital engagement channels that complemented a redesigned and centralised contact centre and face to face channels.

Unlocking the value, together...

The strategy that we delivered clearly identified the digital transformationinvestment required to unlock the benefits and saving our client was looking for. The project has identified savings of £5m, which has put our client on track to reach their efficiency targets, as well as improving the customer contact with the citizens they serve.

Digital diagnostic to guide development of an online betting platform

The challenge

A world leading online gaming company was concerned that not only was their lead time to publish two months, but they also experienced high content error, inconsistency in brand messaging and duplicated efforts across their multibranded organisation. This was further impacted by a complex organisational structure, whereby core departments were spread across several continents and time zones.

The client recognised that inflexibility in its core marketing activity impacted its competitive position and increased regulatory risks. They requested a complete review of their marketing processes in order to identify ways of significantly speeding up time-to-market of promotional content without impacting quality.

How we helped

We began by conducting a full review of existing marketing processes supporting the launch of promotional campaigns which included:

- Concept initiation
- Creative content production
- Approvals
- Translations
- Regulatory approval
- Online email, website, and personal account content launch

We were then able to identify a number of 'pain points' across the online promotion process and completed a detailed assessment of the root causes of these challenges.

This informed a set of recommendations for improvements and a prioritised implementation roadmap.

Unlocking the value, together...

The project identified an opportunity to reduce the current promotion campaign lifecycle from two months to two weeks with an opportunity to produce 'Fast Track' promotions in as little as three days without impacting the quality and customer experience. The team also highlighted a further opportunity for releasing 20% of designer's time by eliminating and delegating low-value activity to less experienced personnel.

Developing digital customer insight for a large water utility

The challenge

Our client wanted to identify how they could reduce the cost of serving customers using self-service digital channels while maintaining the customer experience. A vast majority of the client's inbound contacts were via phone and they needed to understand where the key opportunities were to develop and promote self service to their customers. The client also recognised that a growing proportion of their customer base had a preference for digital transactions and needed to understand how they could best meet this need.

The approach was to develop insight into the customer base, evaluate the propensity to shift and understand how cost to serve could be reduced while maintaining a focus on the customer experience.

How we helped

We started by providing insight into their customers, their customers' needs, preferences and cost to service. We identified the potential benefits of helping customers use their preferred channels. Using innovative techniques we helped our client to visualise their customer characteristics, needs, preferences and propensity to shift channels. The strategy to move customers to their preferred channel included a comparison of current and future channel costs and setting targets for channel usage. We then developed a framework for achieving the cost saving benefits of successful channel shift.

Unlocking the value, together...

We developed a strategy to help our client shift customers to their preferred channel, which helped our client understand the costs of serving their customers today and identified a channel shift of 10% in the short term which would meet customer preferences whilst also reducing their costs. The 10 customer segments and personas have also provided the client with new perspective on their customers and has become a key way of communicating to the broader organisation what their customer needs are now and in the future.

Digital transformation in the publishing industry

The challenge

The publishing industry is experiencing fundamental changes as a result of the digital revolution. To succeed in the future will require new business models, supporting processes and technologies in order to meet the challenges posed by the dramatic shift in how people are creating and consuming media. Our client recognised the scale of the digital transformation facing the organisation and engaged us to help them to understand and navigate these challenges.

How we helped

We worked with the client to develop a vision and strategy for their core publishing operations to support both digital and traditional publishing. We then developed a change programme which would shift the business from legacy print processes and technologies to the adoption of a 'digital first' mindset. A key element of the change programme was the development of content management processes and supporting technologies which would improve the efficiency of handling content from submission through to publication, and allow content to be re-used and re-purposed for different output formats and devices.

We worked across the organisation with stakeholders from the senior leadership, editorial, production and technology teams to develop the solution and a roadmap to deliver the digital programme. These initiatives were supported by a rigorous business case covering a number of implementation scenarios.

Unlocking the value, together...

The digital transformation programme will realise a number of efficiency improvements and provide our client with a solid platform upon which to develop and deliver digital products and services. Ultimately it will enable the client to exploit its core asset, its content, and position the business to meet the challenges posed by digital publishing.

The team

We are an extensively networked organisation that aims to bring the best of PwC to our clients each and every time. We combine rigour with fun and relish the most complex challenges. We create a flow of people and ideas in order to do the right thing for our clients, our people and our communities.

Our team brings the appropriate talent to bear to address your particular business problem, augmented by subject matter experts and alliance partners who are leaders in their specialised areas of expertise.

The ability to draw upon talent when and where needed ensures that our shared solution covers the optimum breadth of topic areas, from customer experience to technology to business and beyond.

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