Redesigning the Customer Experience Around the Internet of Things

Promoting an IoT-centric Customer Experience and Value Proposition

A Frost & Sullivan White Paper
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COMMISSIONED BY GENESYS
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RETHINKING THE CUSTOMER EXPERIENCE THE IOT WAY

Pressure to accommodate the evolving needs of customers represents the biggest driver behind industry change in 2017, and organisations must make the most of customer insight to optimise their business strategies. IoT can enable countless improvements to products and services, making a material difference to customers.

If organisations accumulate data streams from Internet of Things (IoT)-enabled devices and exploit that data usefully, they can develop a holistic view of their customers. Organisations can introduce new engagement models that deliver additional value to improve the customer experience (CX). With data analytics, competent insights teams are already promoting CX improvements. With IoT, CX improvements will happen in real time, targeting specific customer journeys.

IoT-enabled devices become an entirely new channel through which organisations can serve customers (automatically, in many cases), without employees and customers needing to take any action.

An IoT-enabled customer experience (IoT-CX) captures the convergence of a customer’s journey across digital and physical environments, enabling organisations to deliver personalised, predictive, and productive experiences to customers. Organisations are already embarking on such strategic initiatives. For example, Volvo’s connected car, Whirlpool’s smart kitchen, and Amazon’s Dash and Alexa integrate services that bring new levels of convenience to users, enhancing brand equity in the process.

Frost & Sullivan recently surveyed almost 1,000 CX leaders in Europe and Asia-Pacific. This paper focusses on Europe, where almost two-thirds of CX leaders agree that IoT will bring direct value to the CX. Organisations in the United Kingdom and, to some extent, Germany embrace the IoT-CX concept, and organisations with large contact centres are more attuned to the possibilities of IoT than organisations with small contact centres.

Insurance companies are enthusiastic about the IoT-CX because they already offer black boxes that monitor driver behaviour and award discounts for good driving. Utility companies are passionate about the IoT-CX as well because of their solid smart metering skills that enhance their predictive maintenance capabilities. Therefore, organisations with practical IoT experience are more excited about the CX implications of IoT.

If organisations want to achieve the best possible outcome for customers, they must completely rethink and redesign the CX based on IoT capabilities.

At the other end of the spectrum, public sector and healthcare organisations are unsure of IoT-CX, which is unfortunate considering the many potential positive outcomes for citizens, ranging from street lighting to patient monitoring and disease prevention. The IoT industry clearly needs to promote itself to public sector stakeholders.

THE STRATEGIC VALUE OF THE OMNICHANNEL CUSTOMER EXPERIENCE

European organisations find it increasingly difficult to differentiate prices and products in a meaningful way for customers. These organisations recognise only a differentiated, well-managed, end-to-end customer journey will allow them to live up to customer expectations and remain profitable.

The concept of omnichannel customer engagement is vital to end-to-end customer journeys. Channels must be offered in a transparent manner; customers must be able to switch channels dynamically; and all customer information and history must be preserved and made available throughout. Information captured from IoT-enabled devices and actions taken based on that information become part of the customer history, so IoT-CX is an enhanced omnichannel experience with added complexity. IoT-CX is not an option for organisations that do not master omnichannel, and it is likely that most organisations will need to audit and upgrade the existing CX before integrating IoT capabilities.
Almost two-thirds of European CX leaders expect an increase in customer lifetime value to be the most significant business benefit delivered by enhanced CX capabilities; however, these leaders consider improved employee engagement in the context of CX to be almost as important, indicating the value customers continue to attach to the human touch throughout their experience with a brand.

Exhibit #1: Benefits organisations expect to realise from improved CX capabilities

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased customer lifetime value</td>
<td>64%</td>
</tr>
<tr>
<td>Increased employee engagement</td>
<td>63%</td>
</tr>
<tr>
<td>Increased customer loyalty (including churn reduction)</td>
<td>56%</td>
</tr>
<tr>
<td>Increased company revenue/profits</td>
<td>56%</td>
</tr>
<tr>
<td>Reduction in costs</td>
<td>47%</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan, 2017, N=480

Industries prone to churn, such as banking, telecommunications, and utilities, have high hopes of increasing customer loyalty though CX capabilities. About 60% of telecommunications and utility providers expect to reduce costs, and those two verticals have seen fierce price competition in recent years, with little scope for competing on anything other than customer loyalty. European organisations, therefore, believe enhanced CX capabilities will be the solution.

Proactivity and Personalisation: Old Hats Already?

In Europe, ease of service and instant gratification are the qualities most organisations believe their customers crave, whereas proactivity and personalisation are at the top of the list in Asia-Pacific. Companies in Europe have possibly been investing so much in proactivity and personalisation already that those qualities no longer serve as a major differentiator, which would be consistent with the findings from Frost & Sullivan’s 2015 CX Management study, indicating European customers want proactive offers to be relevant and timely, whereas personalisation alone does not constitute a good experience.

Some significant vertical and national differences exist, however. Similar to the travel and hospitality vertical, banks continue to perceive proactivity and personalisation as important qualities. The instant gratification trend is strong in Germany, hinging on building comprehensive profiles of customers and dynamically managing customer relationships. Germans may traditionally have been labelled as conservative in their consumer behaviour, but that is certainly no longer true.

UK enterprises are keen on advancing self-service capabilities. A widespread expectation exists amongst UK customers that self-service tools will be available, particularly in retail, logistics, and banking, and independent research shows customers who serve themselves are happier than customers who do not. The human touch has a time and place, and talking about basic personal preferences for channels would be too simplistic. Rather, customers are discerning about the channels they use, based on context and substance. Customer-centric organisations must accommodate such variable preferences.
**Exhibit #2: The types of engagement benefits customers are looking for according to businesses**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of service (anytime, anywhere)</td>
<td>60%</td>
</tr>
<tr>
<td>Instant gratification</td>
<td>56%</td>
</tr>
<tr>
<td>Personalised services</td>
<td>50%</td>
</tr>
<tr>
<td>Interactivity/continuous engagement</td>
<td>47%</td>
</tr>
<tr>
<td>Proactive engagement</td>
<td>43%</td>
</tr>
<tr>
<td>Consistency of service (across channels for whole journey)</td>
<td>35%</td>
</tr>
<tr>
<td>Self service</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan, 2017, N=480

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**IOT—TURNING CONCEPT INTO REALITY**

IoT refers to ever-expanding networks connecting numerous devices and sensors, enabling the collection and accumulation of vast amounts of data. The technology platform makes the most of data and creates new business models. Good examples of IoT use include Rolls Royce embedding sensors in jet engines to offer jet engines-as-a-service, rather than only selling jet engines to airlines, and Sporveien, the Oslo commuter rail operator, using door sensors to detect increasing friction from accumulating ice, enabling targeted maintenance before doors fail.

**Europeans Increasingly Familiar with IoT and the Value it Creates**

European organisations understand the IoT technology can create new opportunities. Almost 90% of European organisations have some level of familiarity with IoT, with 35% having a clear understanding of the concept and value it brings. This awareness is higher than in Asia-Pacific. In the United Kingdom, almost 60% of organisations have a clear understanding of IoT, and companies with large contact centres are significantly more familiar with IoT than companies with small contact centres.

The insurance, telecommunications and utilities verticals are familiar with IoT; however, the banking and manufacturing verticals are exhibiting high levels of familiarity as well. No vertical is more enthusiastic about the perspective of IoT than banking, strongly agreeing that IoT will bring direct value to the CX and that the benefits will outweigh the costs. Banks are keen to embed themselves into a shopping-payment experience, and wearables are part of that vision. Moreover, banks can improve authentication and fraud prevention, which are essential CX elements. The public and retail sectors are the least familiar with IoT.
Exhibit #3: Familiarity with the concept of IoT

Source: Frost & Sullivan, 2017, N=480

Positivity Fostering Greater Knowledge and Action

Close to two-thirds of European organisations believe IoT will bring direct value to the CX, and almost no organisations think IoT is only hype; however, French organisations are more wary of IoT being hype than anyone else. Organisations that understand IoT tend to feel IoT applies everywhere and not only to pockets of the economy.

Evidence from Asia-Pacific suggests organisations in emerging markets, unencumbered by legacy systems, are open to exploring new technologies and may find it easier to realise CX benefits from IoT. Furthermore, countries with greater exposure to IoT technologies through a government focus on smart cities and smart industries tend to have a more accurate perception of IoT benefits, meaning government has an important role to play; although, only about one-third of European public sector organisations believe IoT to be important to the experience they provide to their own citizens.

Exhibit #4: European organisations agreeing IoT will bring direct value to the customer experience

Source: Frost & Sullivan, 2017, N=480

Delivering Positive Outcomes for Customers

IoT is increasingly finding its way into daily lives and is poised to capture every aspect of the human experience, presenting significant opportunities to predict, optimise, and enhance customer interaction.

Over two-thirds of European organisations believe IoT will enhance the CX. Again, banking stands out as the most enthusiastic vertical, followed closely by travel and hospitality. Despite their fear of hype, French organisations are almost as enthusiastic as UK organisations about the positive CX impact of IoT.
European organisations perceive IoT to be effective in delivering key qualities and values necessary for their CX strategy. About 72% of European organisations expect the increased speed of service to be an important benefit from the application of IoT capabilities to the design of the CX. Businesses in Italy expect the greatest benefits in terms of speed.

More than 66% of European organisations consider IoT to be effective in increasing first-call resolution as a means of improving quality and accuracy of services, and this percentage rises to over 82% in the travel and hospitality vertical.

Exhibit #5: Importance of IoT in enhancing CX

<table>
<thead>
<tr>
<th>Not Important at All</th>
<th>Banking and Financial Services</th>
<th>Insurance</th>
<th>Public Sector (including Healthcare)</th>
<th>Retail</th>
<th>Manufacturing (including Automotive)</th>
<th>Travel and Hospitality</th>
<th>Telcoms</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>2%</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5%</td>
</tr>
<tr>
<td>Somewhat Not Important</td>
<td>2%</td>
<td>3%</td>
<td>21%</td>
<td>9%</td>
<td>11%</td>
<td>-</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Neutral</td>
<td>15%</td>
<td>17%</td>
<td>36%</td>
<td>23%</td>
<td>24%</td>
<td>18%</td>
<td>29%</td>
<td>11%</td>
</tr>
<tr>
<td>Somewhat Important</td>
<td>35%</td>
<td>55%</td>
<td>36%</td>
<td>50%</td>
<td>44%</td>
<td>59%</td>
<td>44%</td>
<td>61%</td>
</tr>
<tr>
<td>Very Important</td>
<td>46%</td>
<td>21%</td>
<td>7%</td>
<td>18%</td>
<td>20%</td>
<td>24%</td>
<td>23%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan, 2017, N=480

IoT Enhancing Sophisticated Business Models

Within the next two years, a majority of European organisations plan to incorporate some form of IoT capability into their systems to enhance the CX, and 22% of organisations have already done this. Interestingly, companies with mid-sized contact centres are the most advanced in incorporating IoT into their CX design. At the bottom end of the scale, the clear trend is that companies with the largest contact centres are far behind; however, 64% of the largest contact centres are either exploring how to introduce IoT or implementing a trial.

Large contact centres are more likely to have multiple on-premise legacy systems that are difficult to integrate with IoT capabilities, and accomplishing change in large organisations is always difficult. Large organisations, however, are definitely aware of the CX benefits of IoT. A large organisation is three times as likely as a small organisation to give the highest priority to IoT in relation to other CX initiatives, and IoT is a top priority for three-fourths of organisations with contact centres of more than 1,000 seats, representing a challenge for CX and contact centre solution vendors. Organisations can address immense untapped demand and become successful if they can demonstrate thought leadership and make it easy for customers to introduce IoT capabilities into large deployments.

Over 60% of European organisations find IoT implementations enable them to influence customers’ buying decisions, and this trend is pronounced in insurance and manufacturing. Approximately 63% of organisations have noticed a high positive impact on customer satisfaction after implementing IoT capabilities, rising to 77% in the telecom and utilities verticals.
As more organisations embrace IoT to help transform their business models from transactional to service-orientated models, customer service and experience will be perceived as the product itself, rather than only a differentiator. This idea resonates with half of European organisations that have implemented IoT, showing a positive impact on the development of new disruptive business models. This view is strong in retail and manufacturing, and in line with the mass customisation trend transforming the clothing, footwear, and electronics markets. Other IoT benefits include higher internal efficiencies, employee engagement, and productivity.

**Exhibit #6: Realised business benefits from IoT**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Very High Impact</th>
<th>Some Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased company revenue/profits</td>
<td>49%</td>
<td>19%</td>
</tr>
<tr>
<td>Ability to offer new product/services</td>
<td>35%</td>
<td>33%</td>
</tr>
<tr>
<td>Develop new disruptive business model</td>
<td>25%</td>
<td>22%</td>
</tr>
<tr>
<td>Increased operational efficiency</td>
<td>40%</td>
<td>21%</td>
</tr>
<tr>
<td>Increased customer loyalty (including churn reduction)</td>
<td>36%</td>
<td>23%</td>
</tr>
<tr>
<td>Enhanced customer satisfaction</td>
<td>41%</td>
<td>21%</td>
</tr>
<tr>
<td>Increased customer lifetime value</td>
<td>36%</td>
<td>24%</td>
</tr>
<tr>
<td>Increased employee productivity</td>
<td>38%</td>
<td>21%</td>
</tr>
<tr>
<td>Improved customer/employee engagement</td>
<td>38%</td>
<td>22%</td>
</tr>
<tr>
<td>Influence on customer buying/engagement decisions</td>
<td>40%</td>
<td>23%</td>
</tr>
<tr>
<td>Increased brand equity</td>
<td>44%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan, 2017, N=210
BUSTING THE MYTHS OF THE IOT-CENTRIC CUSTOMER EXPERIENCE

Although Europeans recognise the immense potential of IoT in transforming the CX, organisations embarking on an IoT-CX journey are prone to misconceptions. The Frost & Sullivan 2016 IoT-enabled Customer Experience Report dispels a number of the most common myths and misconceptions:

**Myth 1**
**IoT-CX is for the Future**

Even with hype surrounding IoT-CX as a futuristic undertaking, many European organisations are actively exploring or implementing IoT-CX projects. The Frost & Sullivan maturity index tracks the progress of organisations in deploying IoT-CX initiatives. European organisations enjoy higher levels of IoT-CX maturity than Asia-Pacific organisations.

**Myth 2**
**Developed Economies Lead the Way in IoT-CX**

European organisations are relatively mature, but it does not necessarily mean developing economies are immature. China at 29% and India at 20%, for example, enjoy a more optimistic view of the value of IoT-CX, compared to other countries analysed by Frost & Sullivan. These markets are unencumbered by legacy systems and are more open to exploring new technologies.

**Myth 3**
**Only a Few Usual Suspects are Early Adopters of IoT-CX**

Except for the public sector and healthcare, all verticals highly understand IoT and are implementing IoT capabilities to enhance the CX. European companies in banking and insurance are the most advanced in their thinking, followed closely by telecommunications, utilities, and manufacturing.

**Myth 4**
**IoT-CX is All Hype and has No Real Benefits**

Frost & Sullivan finds strong correlation between IoT-CX adoption and enhanced customer satisfaction, regardless of how customer satisfaction is measured. Organisations deploying IoT as part of their CX strategy achieve higher net promoter scores and customer satisfaction indices, suggesting companies embracing the IoT-CX concept perform better financially. The travel, hospitality, and manufacturing verticals achieve the highest impact on profitability; however, 67% of companies perceive a positive impact on revenue and profitability. Other real IoT-CX benefits include increased employee productivity and operational efficiency, improved brand equity, and sophisticated disruptive business models.

**Myth 5**
**IoT-CX is Only Relevant to Private Enterprises**

Few public sector organisations have already implemented IoT; however, three-fourths of institutions that have implemented some form of IoT have achieved a positive impact on citizens’ perceptions. Moreover, evidence suggests the public sector expects to achieve benefits for citizens through stronger employee engagement and business process optimisation.

Citizen engagement is more important in Europe, and the public sector knows it must provide value in return for citizens’ taxes, it must be seen to care about service levels, and it must ensure attention to detail. This is true of local government, which has the most touch points with citizens. Citizens are increasingly educated and informed, and they see through the government spin, which is inspiring the public sector to adopt a CX approach in much the same way as private enterprises.
Introducing the IoT-enabled Customer Experience Readiness Index

Although most European leaders understand the CX potential of IoT, few organisations feel comfortable doing something about it. To help companies benchmark their readiness against peers worldwide, Frost & Sullivan developed an IoT-CX readiness index (IoT-CXi) based on a survey of almost 1,000 CX leaders from Europe, Asia, and Australia. Frost & Sullivan engaged with heads of CX, heads of contact centres, and customer service directors involved in defining CX strategies and implementing systems and processes.

IoT-CXi comprises three different facets that determine an organisation’s maturity on its IoT-CX journey. European organisations highlighted the value of IoT, their readiness for IoT-CX, and related initiatives as key determinants of their progress. The value of IoT emerged as the most important driver of the IoT-CXi, rather than an organisation’s readiness to adopt the technology.

About 57% of European organisations have not earnestly embarked on their IoT-enabled CX journey, and 18% of organisations have no current plans to do so, which might be explained by the phenomenon that C-level executives have the lowest appreciation of the CX potential of IoT, whereas CX professionals are more advanced in their thinking.

Exhibit #7: IoT-CXi in different countries and regions

<table>
<thead>
<tr>
<th>Region</th>
<th>IoT-CXi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Europe</td>
<td>3.42</td>
</tr>
<tr>
<td>UK</td>
<td>3.73</td>
</tr>
<tr>
<td>Germany</td>
<td>3.54</td>
</tr>
<tr>
<td>France</td>
<td>3.34</td>
</tr>
<tr>
<td>Spain</td>
<td>3.30</td>
</tr>
<tr>
<td>Italy</td>
<td>3.01</td>
</tr>
<tr>
<td>Overall Asia-Pacific</td>
<td>2.79</td>
</tr>
<tr>
<td>China</td>
<td>3.81</td>
</tr>
<tr>
<td>India</td>
<td>3.10</td>
</tr>
<tr>
<td>Japan</td>
<td>2.66</td>
</tr>
<tr>
<td>Korea</td>
<td>2.44</td>
</tr>
<tr>
<td>Australia-New Zealand</td>
<td>2.16</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan, 2017, N=959
The Challenge of Promoting a Concrete IoT-CX Value Proposition

Being concrete is useful when framing discussions about investment priorities. Only 10% of European organisations feel ready to define and promote the value proposition of IoT in driving the CX. In other words, organisations demonstrate enthusiasm about the value of IoT as a concept, but translating that into unique benefits available to customers is more difficult.

This issue is exemplified by a relatively lower preparedness to provide ubiquitous access to channels and to implement the data management and monetising strategy that would guarantee better access to contextual data.

Exhibit #8: Readiness of European organisations to exploit different IoT-CX elements

- Clear understanding of the IoT value proposition in driving CX: 56%
- Privacy and security issues: 55%
- Introduction and management of new devices into the existing environment: 48%
- Ability to orchestrate across different parts of the organisation: 46%
- Data management: 43%
- Ability to offer ubiquitous access to channels (including IoT devices): 38%
- Data analysis and monetisation: 38%

Source: Frost & Sullivan, 2017, N=480

European companies feel more ready to address privacy and security issues of the IoT-CX, introduce and manage new devices in the environment, and orchestrate across the organisation.

Budgetary Constraints Would Hamper IoT-CX Execution

Given European CX decision makers’ enthusiasm for IoT in principle, budgetary constraints would exclusively keep organisations from embracing the IoT-CX. This trend is strong in Italy and in the manufacturing vertical; however, organisations in general have few concerns about eventually not having a business case for IoT.

In Asia-Pacific, the challenge for solution providers and ecosystem participants is to build greater awareness about the benefits and communicate a clear value proposition to entice organisations, whereas the challenge in Europe is to make IoT introduction easy and relatively cheap.
Exhibit #9: Reasons that would inhibit IoT implementation

<table>
<thead>
<tr>
<th>Reason</th>
<th>Europe</th>
<th>Asia-Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of understanding of what IoT brings to the business</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>Lack of understanding what values IoT can bring to customer experience</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>Budgetary constraints</td>
<td>42%</td>
<td>26%</td>
</tr>
<tr>
<td>Lack of business case</td>
<td>12%</td>
<td>27%</td>
</tr>
</tbody>
</table>

*Source: Frost & Sullivan, 2017, N=297*

This scenario would be an advantage to existing contact centre solution vendors capable of seamlessly integrating IoT into existing solutions, rather than vendors offering separate systems requiring integration and initial capital outlay.

**THE IOT-ENABLED CUSTOMER EXPERIENCE IS REAL AND A PRIORITY**

As IoT becomes a routine consideration and as awareness of its value rises, organisations will integrate IoT into their CX initiatives as a priority. About 62% of European organisations will prioritise IoT over other initiatives to enhance CX. UK companies are slightly more bullish about designing CX initiatives around IoT, as are European banks and travel and hospitality providers; however, the trend is strong across the board.

Exhibit #10: Prioritisation of IoT in relation to other CX enhancement initiatives

<table>
<thead>
<tr>
<th></th>
<th>United Kingdom</th>
<th>Germany</th>
<th>France</th>
<th>Italy</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest Priority</td>
<td>1%</td>
<td>4%</td>
<td>6%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Low Priority</td>
<td>6%</td>
<td>9%</td>
<td>7%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>High Priority</td>
<td>47%</td>
<td>48%</td>
<td>51%</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td>Highest Priority</td>
<td>23%</td>
<td>9%</td>
<td>13%</td>
<td>9%</td>
<td>14%</td>
</tr>
</tbody>
</table>

*Source: Frost & Sullivan, 2017, N=480*
IoT Empowering Happy Employees

“Happy employees drive happy customers” may be a marketing cliché; however, research studies demonstrate that engaged employees are more productive, resulting in lower turnover, recruitment, and training costs. In a modern contact centre, the key to happy employees is ensuring critical information is made available at the right time, empowering employees to take appropriate action based on knowledge.

Almost 60% of European organisations have seen a positive effect on employee productivity from IoT, with a good result recorded in Spain. A similar percentage of Europeans have experienced a positive impact on operational efficiency and brand equity. In France, an amazing 41% of organisations have experienced a high positive impact on brand equity.

IoT incorporates multiple new data streams. If an organisation can bring all the data together to form the so-called single customer view, contextual information can enable front-office agents to engage and personalise interaction; back-office agents can live up to the promises made to customers by others and handle situations when things go wrong.

About 62% of organisations believe empowering employees through prescriptive information pertaining to individual customers is important. The desire to empower employees is strong in Spain, and Spanish employers are equally keen to improve employee well-being to motivate them to deliver better customer interactions. Increased emphasis on employee motivation is a pronounced trend in countries whose languages are widely taught and spoken offshore and whose contact centre jobs are easy to outsource to low-cost locations as a result.

Anecdotally, the contact centre industry has known about this phenomenon for some time and has shown up strongly in Frost & Sullivan’s survey. On average, a business in the United Kingdom or Spain is 50% more likely to feel the need to work on employee motivation than a business in Germany. Many contact centre seats are returning home because European businesses are beginning to view the contact centre as a revenue-generating asset and not a cost. Most contact centre agents are eager to provide a good experience to customers, and when the survey shows that CX decision makers emphasise empowerment and motivation over policy enforcement, CX decision makers appreciate the potential of agents against the backdrop of sophisticated new business models.

Real-time Data Driving IoT-CX Adoption

Organisations have grappled with data analytics and have developed approaches that produce valuable insight into customer purchase patterns, satisfaction drivers, and locations. European businesses are using this insight to improve products and services, and to be more dynamic in their engagement with customers. What organisations have mostly failed to implement so far, however, is the real-time element of data analytics. IoT offers a real-time data opportunity, but unless the insight is fed directly to the front line of customer engagement, shaping decisions that affect customers, the CX will not be improved. Businesses should establish deeper customer relationships by providing valuable intelligence to enhance customer service, which will help them build trust and loyalty and create new revenue streams.

Almost three-fourths of European organisations find it important to measure interactions with customers across multiple channels.
By adding IoT capabilities to protect the quality of their product offerings and customer journeys, organisations can now remotely fix issues, preventing customers from having to take action. This ability deflects calls, leaving contact centre agents with enough time to offer deeper discourse with customers who want it and prevent issues from reappearing because processes can be adjusted dynamically.

Mitigation is the ability to use real-time insight to take early corrective measures, which is important to two-thirds of European organisations. In banking, manufacturing, and logistics, mitigation represents one of the absolute top drivers behind IoT-CX.

By analysing data gathered from sensors and user interactions, organisations gain greater visibility of their products and users. Organisations can understand exact product use patterns, update features, and adjust future launches in alignment with customer preferences. In organisations with large contact centres, 80% of CX decision makers believe their ability to anticipate customer needs is an important element of their IoT-CX design, probably explained by the greater distance between customer-facing agents and company decision makers. Small businesses can take ad hoc action based on employees sharing insights during breaks, whereas large businesses need to formalise this process. The ability to anticipate customer needs is important to 42% of banks and 37% of telecommunications and utility providers, consistent with their urgent need to harness loyalty and reduce churn. These providers see the IoT-CX as an essential step in that direction.

**The Connected Volvo—More than Just Driving**

Volvo connected car solutions began with its Volvo on Call service in 2001 as a remote safety feature. In 2012, the company launched a smart app, allowing users to access the car’s dashboard remotely; seek emergency assistance;
and check door lock status, fuel levels, and maintenance warnings. In addition to offering proactive maintenance support, the service generates automatic collision and theft alerts. Volvo’s Sensus solution integrates the in-car navigation system to share drivers’ locations, perform local searches, and estimate arrival times, all communicated through text messages or email. Additionally, Volvo offers the car-as-a-service delivery platform with its Volvo In-Car Delivery feature, available in selected cities in Sweden, making the car a delivery point for groceries and other purchases.

**Living the Whirlpool Way—A New Way of Washing Clothes**

At the 2016 Consumer Electronics Show (CES) in Las Vegas, Whirlpool launched its line of smart ovens, refrigerators, and washers/dryers that integrate with other services consumers use on a daily basis. The smart washing machine can track the number of wash cycles and prompt users through Whirlpool’s Smart Kitchen Suite app when laundry supplies are running low. Integration with Amazon’s Dash Replacement Service allows users to place orders easily. Users can remotely activate washer and dryer modes from their personal devices. Whirlpool added the Nest integration that enables energy savings and other features automatically. In addition, devices notify Whirlpool about servicing requirements, which will likely represent the biggest CX improvement because washing machines can be monitored the same way as aircraft engines, preventing them from ever breaking down.

**Meet Amazon’s Alexa—Your New Best Friend**

Amazon’s Alexa is a virtual personal assistant capable of natural language processing, potentially becoming a home automation hub with control over other smart devices in the house. Without interacting with contact centres, websites, or apps, Alexa brings processes and data streams together that had previously been separate, with excellent potential for discovering use patterns that can inspire new services. Information requested through voice interaction is sent to connected devices such as mobile phones, tablets, and wearables, and used by the virtual assistant to authenticate the user with the necessary databases.

**THE LAST WORD**

Customers expect immediacy, and delivering a superior CX requires organisations to make the most of customer insight to drive their business strategies and make day-to-day decisions. IoT enhances the omnichannel CX with a host of new possibilities, allowing organisations to develop holistic views of their customers. Enterprises can transform business models to maximise the value that sophisticated CX delivers to customers and employees.

The key IoT-CX value proposition is its ability to “sensorise” an environment, leading to the digitisation of the physical world and the quantification of human actions. Businesses can infer intentions and subconscious customer reasoning, which might predict and explain, for example, their behaviour in a physical retail store, augmenting existing data sources with additional behavioural data. Organisations engage customers by mapping their entire journeys in real time. Many leading organisations have already launched IoT initiatives to enhance the CX, and according to Frost & Sullivan’s CX decision-maker survey, most large enterprises are thinking about IoT and will be taking steps to make IoT-CX a reality.

Organisations looking to implement IoT-CX must apply a comprehensive approach to think through and design every element of the experience, rather than individual initiatives in a piecemeal fashion. The contact centre solution must be capable of incorporating IoT on par with other channels. Organisations looking to upgrade their contact centre solution need to ensure their chosen vendor is future proof and capable of integrating with tools that will be invented in the future and deployed in the cloud.
Frost & Sullivan recommends organisations consider six critical questions when planning their next steps towards an IoT-enabled CX strategy

1. Are you truly a customer-centric organisation?
   Unless your organisation’s culture and processes are developed around a customer-centric approach based on understanding customers’ entire buying lifecycle (e.g., consideration, purchase, experience, support, or advocacy/loyalty), your IoT implementation will not likely deliver the expected dividends.

2. Are you positioned to unlock the power of customer insight?
   IoT-CX is about data and maximising the actionable insight that data generates. An IoT-CX digitises the physical environment and quantifies human actions so you can better understand your customers’ intentions. Your organisation must be able to integrate and automate this insight into processes that have a real-time positive effect on customers.

3. How well do you master the omnichannel CX today?
   An omnichannel approach to CX is a prerequisite to the well-managed, end-to-end journeys that customers expect, but few organisations truly master the omnichannel CX today. On your path to IoT-CX, you may need to hone your omnichannel capabilities first, and you may need to upgrade your existing contact centre solutions.

4. Have you considered employee engagement as part of your CX strategy?
   The importance of human interaction remains central to delivering an exceptional CX, and employee satisfaction plays a significant role in establishing that experience. Unless you are harnessing your IoT capabilities to enable, empower, and enhance the well-being and motivation of your employees, you will not realise the full potential of IoT.

5. Do you have the right CX technology partner to realise the benefits of IoT?
   Most European CX decision-makers know they need external expert help, and 62% of organisations would turn to technology providers rather than system integrators and consulting companies. Frost & Sullivan considers this the right approach because it guarantees the IoT capability will be natively available in omnichannel CX solutions, rather than custom integrations cobbled together various tools. Challenge your technology partners to offer thought leadership and a vision of IoT-CX.

6. Do you have an IoT-enabled CX roadmap in place?
   IoT devices could appear to decision makers as only another customer interaction channel, but the added complexity is significant. Although your organisation may have sound CX and IoT implementation strategies, synergies must be harnessed across both initiatives. An IoT-CX roadmap needs to be charted to ensure the desired outcome is achieved.
Schedule a meeting with our global team to experience our thought leadership and to integrate your ideas, opportunities and challenges into the discussion.

Interested in learning more about the topics covered in this white paper? Call us at 877.GoFrost and reference the paper you’re interested in. We’ll have an analyst get in touch with you.

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