Grab ‘n Go: Session 7
Find Holger: Digital transformation med kunden i centrum

19. maj 2016
Linking the presentation to the first Grab ‘n Go session

- Digital business models and services
- Digital innovation
- Digital customer experience
- Data-driven insight
- Intelligent process automation
Agenda

- Why digital customer centric transformation?
- How to work with centricity & innovation
- Exemplification and organization
Agenda

Why digital customer centric transformation?

How to work with centricity & innovation

Exemplification and organization

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Observation #1: Create value
Over time, most companies get better and better at things that people want less and less.
Observation #2: Remove friction

If you do not make life easier for your customers, someone else will
Observation #3: Jobs-to-be-done

Don’t sell products and services to customers, but rather try to help people address their “jobs-to-be-done”
Observation #4: Don’t underestimate your customers.....

Customers can be many things; stupid, irrational, demanding, self-centered – but you need them...
Agenda

- Why digital customer centric transformation?
- How to work with centricity & innovation
- Exemplification and organization
The 4 P’s – the marketing mix

- Product
- Price
- Place
- Promotion

Jerome McCarthy 1960
THE SALESMAN.
THE PROSPECTIVE CUSTOMER.
Study of the tastes and disposition of the prospect. Introduction, by self or intermediate person, or by letter.
ATTENTION.
Make your presentation not too strong, going back without a break if necessary, showing the purpose of your article, its utility and why your customer should have it, and try to arouse his
INTEREST.
Having done this, you develop it by judicious argument, the showing of testimonials and references to the special merits of your subject and citing good opinions of others, until your customer has a
DESIRE
to purchase, from which, by satisfying him as to price in relation to value, governed by his ability to purchase, you produce
CONVICTION
and the sale is closed.
Daily shopping experience
First virtual supermarket launched in Korea
Customer centric approach

**Customer insights**
- Explore data insights
- Establishment of data strategy
- Predictive modeling
- Calculate Return on customers
- Life Time value of customers
- Loyalty and retention analysis
- Fraud detection
- Forecasting
- Social Media engagement
- Customer testing
- ……

**Business strategy**
- Establish link to Corporate strategy
- Customer value case – not business case
- Digital strategy and digital transformation
- Fit/GAP and road mapping
- Create your digital customer radar
- ……

**Business re-design**
- Business process alignment
- Data model
- Organizational model
- Customer touch points model
- Marketing/communication model
- Sales and service model
- Infrastructure model
- Service, experience, solution and product innovation
- ……

**Competency build up**
- Project definitions
- Setting of metrics KPI
- Attracting core competencies
- Development plan
- Organization and project method
- ……

**Implementation and transition**
- Program and project execution
- Organizational change management
- Infrastructure transition
- Data and process ownership
- Ongoing quality assurance
- ……
The Seven Characteristics of Customer-Centric Companies

1. They conceive of themselves **not as a group of products**, services, territories, or functions, but as a **portfolio of customers**.
2. They know how much **money they make or lose with each of their customers** or customer segments, and they understand why.
3. They understand the **different needs of different customers** and group them into operational customer segments and sub-segments based on common needs. They thrill their customers by delivering knockout value propositions that competitors cannot match.
4. They continually **innovate by evolving their customer segments** and sub-segments, and improve their value propositions as customer needs change.
5. They organize their businesses into customer segment business units to establish **clear ownership of the customer experience and accountability** for the financial performance of each customer business unit.
6. They create a competitively unassailable customer innovation advantage based on a customer **R&D model grounded in continual experimentation** at key customer touch points.
7. They understand in **precise analytic terms exactly** how their different **customer relationships contribute to or subtract from the total value of the firm**; because they manage their customer portfolio on this basis, they know what to manage and where to invest in order to create sustainable, profitable growth and drive outstanding share price performance **over time**.
The digital mega trends

**Mobile**
- Mobile creates new ways of engaging with customers and vendors
- Sensors allows to capture data in all steps in the value chain
- Ability to monitor actual behavior on vendors and customers

**Data**
- The amount and accessibility of data in combination with analytics allows for new insights
- Integration to operational processes and real time creates opportunities for applying analytics in retail

**Social**
- Business need to leverage the potential in the collaborative technology and need to open up to new vendor and stakeholder management
- Pop up shops – increase in short term and specific store setups targeting specific audiences
- Engage with customer in emotional ZMOT’s to create relationships

Source: Deloitte Tech trends 2016
Understanding the behavior and needs is the key

The customers’ data DNA

360 view of customer behavior

- EXPOSURE
- INQUIRY
- EXPLORATION
- STABILIZATION
- MATURITY
- ATTRITION
Omni-channel is a prerequisite for a great customer experience.

Increased Market Share
Increased Share of Customer Wallet
Higher Margin Product Portfolio
Lower Acquisition Costs and Cost to Serve
Accelerated Time to Market
Improved Customer Engagement
Improved Lifetime Value of Customer

Capabilities
Strategy and Transformation
Customer Insights
Product and Service Development
Sales
Marketing & Customer Engagement
Customer Service
Organization
Ten types of innovation…
Most companies focus on product innovation…
But innovation is much more…

<table>
<thead>
<tr>
<th>Network CONNECTIONS</th>
<th>Process PROCESS</th>
<th>Product System PRODUCT SYSTEM</th>
<th>Channel CHANNEL</th>
<th>Customer Engagement CUSTOMER ENGAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connections with others to create value</td>
<td>Signature or superior methods for doing your work</td>
<td>Complementary products and services</td>
<td>How your offerings are delivered to customers and users</td>
<td>Distinctive interactions you foster</td>
</tr>
</tbody>
</table>

**Platform Development Led Innovation**

**Customer Experience Led Innovation**

**Business Model Led Innovation**

<table>
<thead>
<tr>
<th>Profit Model</th>
<th>Network</th>
<th>Structure</th>
<th>Process</th>
<th>Product Performance</th>
<th>Product System</th>
<th>Service</th>
<th>Channel</th>
<th>Brand</th>
<th>Customer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The way in which you make money</td>
<td>Alignment of your talent and assets</td>
<td></td>
<td></td>
<td>Distinguishing features and functionality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Representation of your offerings and business</td>
</tr>
</tbody>
</table>
Business model – centric innovation

Configure assets differently to deliver value

UBER
Platform centric innovation

Reinvent or recombine capabilities to deliver value

Platform-centric innovation

Profit Model  Network  Structure  Process  
Product Performance  Product System  Service  Channel  Brand  Customer Engagement

amazon.com
Experience centric innovation

Engage customers differently to deliver value
Breakthrough innovations require more than just new products
7 types of innovation
The top innovators outperform the S&P 500…

5-Year Indexed Stock Price Returns of the Top Innovators vs. S&P 500

- **All “top innovators”**
  - 138 companies
- **S&P 500**
…and integrating more types of innovation deliver superior financial returns.

5-Year Indexed Stock Price Returns of the Top Innovators vs. S&P 500

- 5+ Types of Innovation: 45 companies
- 3-4 Types of Innovation: 59 companies
- 1-2 Types of Innovation: 34 companies
- S&P 500
Data from Denmark supports the conclusion

Five years of C20 stock prices (2009-2014).
Agenda

Why digital customer centric transformation?

How to work with centricity & innovation

Exemplification and organization
Traditional and digital retail are the future

#madeforLondon
Linking the customer & digital transformation together

10 Types of Innovation
- Configuration
- Offering
- Experience

Customer Segment
- Gen Y
- Key targets
- Value segment
- Write off

Customer life situation
- Where to live
- Marriage
- Work
- Family
- Health

The digital radar
- Understand
- Investigate
- Execute
- Investigate
- Understand

Organization
- Do it yourself
- M&A
- Cooperation and crowdsourcing
CLIENT PROOF OF CONCEPT: FACIAL RECOGNITION MOBILE APP ADD-ON

A global consumer bank wanted to add facial recognition technology to their exiting mobile application.

**Scope**  Deloitte worked with one of our crowdsourcing partners to create a Proof of Concept for mobile app users to log into an application using facial recognition technology.

The project included:

- Wireframing the user flow
- Creating front-end UI design mockups
- Sourcing, modifying, and integrating open source facial recognition algorithms
- Coding & delivering a functioning POC for testing and integration with an exiting mobile app
A Monitor Deloitte strategy team was tasked with assessing the commercial attractiveness of a new drug across 14 diverse markets for a large, global pharmaceutical company.

**Scope** Working with crowd partner, 10EQS, 39 experts were identified, screened, and interviewed to obtain qualitative and quantitative insights. Topics included national prevalence and treatments rates across 3 disease states, regulatory requirements for new drugs, patient ability to pay for treatments, and likely evolutions to patient care. The research was used by the Deloitte project team to prioritize markets and develop detailed go-to-market models for the top 3 markets.
Deloitte Pixel™ Case Study

CLIENT DELIVERY: BANK AMBASSADOR APP

A regional bank engaged Deloitte Pixel™ to build an app that allows employees to instantly get a better sense of a customers’ banking relationship while out interacting in the community.

Scope  Using Topcoder’s community of designers and developers, Deloitte Pixel™ designed and built a mobile application prototype that will be handed off to the client for full system integration. The project included:

- Wireframing the user flow and information architecture
- Creating and testing front-end UI design mock-ups and prototypes
- Running code assembly challenges to build out API and app functionality
- Testing and handing off for sensitive data integration
- Sharing crowd lessons learned and strategies

“Through crowdsourcing we were able to deliver interaction and visual designs at a fraction of the typical cost, with increased optionality and a very engaging feedback loop for team participation”

- Client Sponsor, SVP of IT
Digital loyalty program for KappAhl
Digital loyalty program for KappAhl