



LEADING THE WAY FOR
MEANINGFUL
BUSINESS
TRANSFORMATION

Challenges of a Global Marketplace

So much has changed in the past 20 years. All the miraculous advancements in IT and communication infrastructure have completely shaped the way people live and work, how they interact with each other, how companies do business and how consumers buy products and use services provided by those businesses.

Indeed, the widespread of these rapidly evolving capabilities gave nearly every business the ability to tap into new performance potentials, which naturally shortened the distance between traditional, monolithic businesses, and their emerging competitors. These were often able to harness these technological advancements to disrupt legacy business models,

implementing new ones that played into their own advantage.

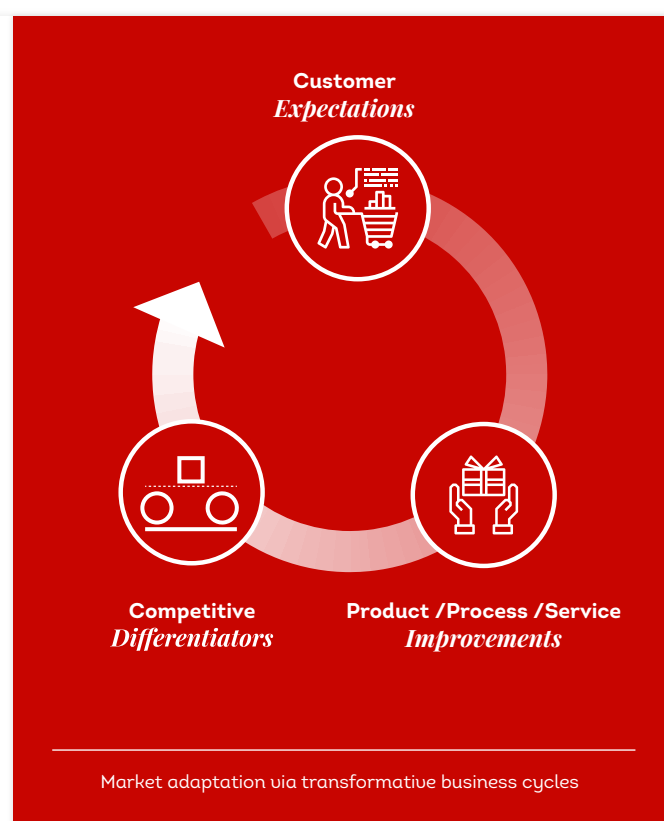
Obviously, business competitiveness has always been a factor since the dawn of commerce. It is not something we stumbled across just in the last 20 years, not by a long stretch. However, even though global digitalization has brought incredible growth opportunities, the democratization of the marketplace through technology also brought its own set of challenges.

Regardless of sector, geographical or economical context, two new key-challenges affect every business across the board:

1. The speed at which businesses have to adapt to compensate for the democratization of the marketplace; This encompasses coming up with new, better or more adequate products and services, new business models and streamlining operations to thrive among overwhelming competition. Businesses that cannot adapt quickly to the modern market dynamics, will likely struggle competing with more efficient operation models, see their market share decline rapidly and their business model ultimately fail.

2. Meet ever-changing customers' expectations, consequence of their own exposure to technological advancements on a personal or professional level. Though also related to the quality of products and services provided, managing customer expectations adds a new set of challenges that relate to the quality of their personal experiences as consumers.

These 2 challenges are really part of the same cycle. Technology-driven advancements lead to better competitiveness, which leads to higher expectations from customers, driving businesses look for new competitive differentiators.



With this in mind, even though there are certainly more factors to take in consideration, one could argue that businesses that make tackling these challenges a priority and effectively implement structural changes that can ensure the appropriate response to the market's changing conditions, are the most likely to succeed.

The *Business Transformation* processes that we hear so much about in the last couple of decades are actually a reflection of businesses trying to implement said structural changes, and many companies are still going through this process of implementing more flexible and dynamic business structures.

It would also be a mistake to think that emerging businesses that start with the undeniable advantage of having facilitated market access and reduced cost structures will not have to undergo this very transformation process rather sooner, than later. The constant evolution of the marketplace itself will eventually dilute their starting advantage, as new competitors rise with their own improved products, processes, business models, and of course, technology.

At NEWVISION, we know that the answer to these challenges is actually one, and the same.

This article is meant mainly for senior business, operational, marketing and customer experience managers, and will focus on demonstrating how this can be achieved using appropriate tools to identify improvement potential, developing strategies to improve performance on the main identified pressure points, and implement procedural changes that will allow continuous improvement of the customer experience and business performance alike.

Business Transformation: Opportunities & Digital Traps

While it is true that Digital Transformation has become the most notoriously recognized vector in Business Transformation processes, there are two very common misconceptions about it:

1. Even though it is enabled by it, Digital Transformation is not about technology. It's about process efficiency and gathering insights from raw data;

2. Digital Transformation is not the only form of Business Transformation, and in many cases it isn't even the most impactful one;

Indeed, Digital Transformation is something that most businesses need to embrace in order to face the challenges of the modern marketplace, because these changes will ultimately dictate how efficient the business will perform. Actually most businesses have long recognized this as an absolute necessity and even a priority, but in reality, only less than 1/3 of them have succeeded in implementing these transformations ⁽¹⁾.

So why such a low success ratio?

There are naturally multiple factors involved. Aside the most obvious ones, like the financial effort involved in executing what are often massive transformation projects and the inherent internal resistance organizations face when implementing large structural changes, there are some factors that may be less obvious, but can completely tip the scales between utter failure and absolute success.

One of them is failing to understand that going digital is not all about eliminating physical channels. It is actually about putting in place processes that optimize their operational and revenue performance. A solid digital transformation process considers the physical branch network as a pivotal point to undergo transformation, as it is the one that can more directly influence customer retention and the capture of new business prospects.

Another one is the fact that organizations struggle (the larger the organization, the harder the struggle) to adapt to disruptive marketplace paradigms, and as a consequence, they are put under enormous pressure to undergo transformation **fast**, and more often than not, with very real budgetary constraints.

What many times ensues is a classic critical business mistake: Making decisions and effectively executing structural changes without real knowledge of the impact it will have, other than the financials.



Typically, what suffers from rushed transformation processes is the quality of the customers' experience, the level of service provided to them and, obviously the business' performance. When that is the case, backtracking a lot of the changes made becomes a real necessity, entailing even more costs. Many businesses were already under so much financial pressure, that after the fact, they were no longer able to make a new change of course.

The dynamic nature of the marketplace, fuelled by technological advances will never stop, so business transformation is not actually a process, but a cycle, which may encompass iterations of digital transformation processes.

Businesses that started the transformation process with real data and insights about how to leverage their business under the modern consumer behaviour paradigms are more successful than those who just follow generalist digital transformation trends.

(1) "Digital transformation is not about technology", Harvard Business Review, March 2019 (<https://hbr.org/2019/03/digital-transformation-is-not-about-technology>)

(2) "Unlocking success in digital transformations", McKinsey & Co., Oct. 2018 (<https://www.mckinsey.com/business-functions/organization/our-insights/unlocking-success-in-digital-transformations>)

Lastly, business transformation is often, though wrongly, summarized simply as digital transformation. This is yet another dangerous misconception for two reasons:

First, because it leads to think that business transformation is over as soon as the digital transformation process is finished. It is not, nor will it ever be. The dynamic nature of the marketplace, fuelled by technological advances will never stop, so business transformation is not actually a process, but a cycle, which may encompass several iterations of digital transformation processes.

Secondly, because it often disregards the importance of the physical branch network, relegating it to a secondary position instead of treating it as what it really is: **a premium channel for customer engagement.**

Recognizing the true value of the Branch Network

Online has truly revolutionized the retail and services sectors in the last decade. It has undoubtedly boosted virtually every other business sector, but these definitely have seen the most growth. The accelerating technology adoption rates by consumers and being able to rely exclusively on digital channels allowed them to present soaring profitability and very successfully claim their share in the marketplace, while operating over a very reduced and optimizable cost structure. Without a doubt, **that is the very cornerstone of every digital transformation process.**

This, however, is not true for every business sector. Most business sectors rely on their branch network, not only because in many cases it is a requirement from the major slice of the customer base, but also because it gets them better results on the long haul. Brand retail and supermarket chains, most having already set up robust revenue streams via digital channels, still need the proximity of face-to-face and hands-on-product interactions to drive sales. Even though it translates to huge figures on the global market, online commerce still represents less than 15% of global retail sales ⁽³⁾⁽⁴⁾.

87% of customers think brands need to put more effort into providing a consistent experience

-Zendesk

Customers who had the best past experiences spend 140% more compared to those who had the poorest past experience

-Harvard Business Review



Telecoms, that were responsible for networking the digital era into the mass market, still require an extended network of POS/Customer Service branches to support customers and differentiate themselves through high-end shopping experiences.

For the Healthcare sector, accessible clinics and hospitals are the very foundation of the entire business model, so all efforts must go into the sustainable quality care and the service provided to patients.

On the public sector, proximity to the population served is an absolute operational requirement, often with very limited resources available, and even when real investments to modernize public services are possible, there are significant portions of low-adopter demographics that require traditional access, and many critical services in which the presence of the person itself is a service requirement.

On the financial sector, there is no doubt that the emergence of Fintechs caused great disruption in the banking marketplace, precisely because they are a product of the digital era. However, traditional banking institutions, while having the lowest net margins in retail banking products, these typically represent around 50% of all operating income. What's more, it has been widely demonstrated that consumers use the branch as a preferential channel when applying for home loans and other credit products ⁽⁵⁾.

(3) "Global Ecommerce 2019", eMarketer, Jun 2019 (<https://www.emarketer.com/content/global-ecommerce-2019>)

(4) "Global Powers of Retailing 2019", Deloitte, 2019 (<https://www2.deloitte.com/global/en/pages/consumer-business/articles/global-powers-of-retailing.html>)

(5) "Recognizing the value of bank branches in a digital world", Deloitte, February 2019 (<https://www2.deloitte.com/us/en/insights/industry/financial-services/bank-branch-transformation-digital-banking.html>)

For all these sectors, each customer entering a branch location is an invaluable opportunity to engage them, wow them and, of course, to sell more and sell better. Indeed, the branch experience is the most significant of all channels available to banks as far as influencing customer satisfaction. In such a competitive and accessible market, terms such as customer retention or customer loyalty have indeed gained new relevance ⁽⁶⁾⁽⁷⁾.

Studies have comprehensively demonstrated that over 67% of all customers that undergo what they perceive to be a bad customer service experience will stop doing business with a particular provider and move on to one of their competitors. On the other hand, it has also been established that 69% of customers are more likely to recommend that particular business after a good customer experience and, 50% will consider supporting that business further by buying or subscribing more of their products. It becomes ever so clear, that customer experience has become the most significant differentiator, some studies showing that around 89% of all companies will be competing almost exclusively based on this factor (8).

In fact, the global trend points to having less branches, but higher-quality ones tailoring them with digital touchpoints and tool to help them become more efficient.

Branch networks are, however, very expensive to operate. For the banking sector, for instance, branches equate to around 75% of the entire operating cost structure, which is in itself a factor that justifies the steady decline of branch density registered in the last decade ⁽⁵⁾. This is not true for every geography, of course, but even with many banks deciding to shut down low-performing branches, this does not mean they do not open new branches, and ones that are even more expensive.

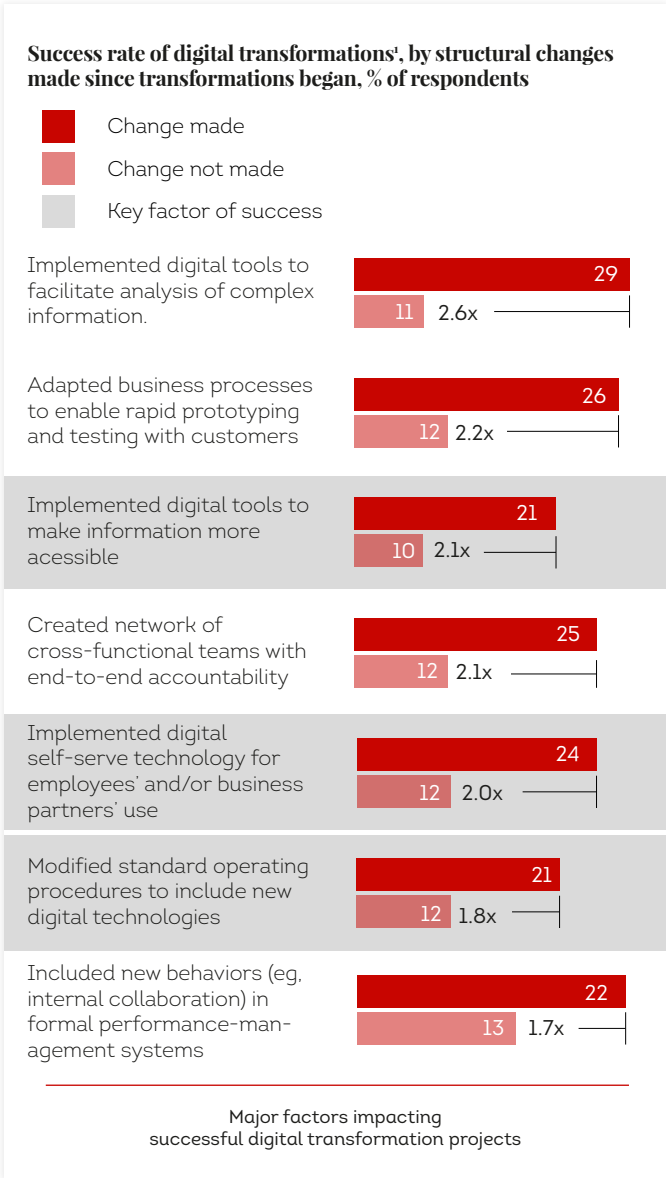
In fact, the global trend points to having less branches, but higher-quality ones, tailoring them with digital touchpoints and tools to help them become more efficient.

This digitalization of the traditional physical channels is one of the most incredible opportunities businesses have, to improve their customers experience, while simultaneously reducing costs and maximizing business opportunities.

Sounds great! But... isn't that already what all businesses strive to do, all the time?

Well, they should, and the reality is that every business takes steps to improve upon these factors the best they can. Being successful, however, is a completely different matter. We already established the common mistakes that cause nearly 2/3 of all digital transformation projects to fail, and without a doubt, the most successful businesses of any of the aforementioned sectors are the ones that:

- 1. Do not disregard their branch network as a critical point for improvement;
- 2. Make sure that their transformation process includes operational and analytical tools that provide invaluable data and insights on performance and what to improve next.



(6)"Customer Service and Satisfaction Statistics for 2019", Customer Thermometer, 2019 (<https://www.customerthermometer.com/customer-service/customer-service-and-satisfaction-statistics-for-2019/>)
(7)"37 Customer Experience Statistics You Need To Know for 2019", SuperOffice, 2019 (<https://www.superoffice.com/blog/customer-experience-statistics/>)
(8)"80 Customer Service Statistics: 8 Lessons to Fuel Growth in 2019 and Beyond", Groove, 2019 (<https://www.groovehq.com/customer-service-statistics#statistics1>)

The way to assure continuous improvement of daily operations and strategic business level decision-making must be a sustainable way to do 3 things, systemically:

Improve
the value of
the customer experience

Maximize
every business
opportunity

Optimize
the available
resources

***So, what does continuous improvement actually mean,
and what does it look like?***

Continuous improvement by focusing on the customer

As we should, let us consider the customer first. Mostly all income comes from customers, so it's critical to care for all of them. Providing them with fully accessible quality products and services, understanding and catering to their changing needs and preferences, taking every opportunity to improve and consolidate the business relationship.

To be able to do this, you need a way to measure every customer interaction, extracting valuable information in a non-intrusive way. Customer Experience Management systems are an invaluable tool for any organization that interacts and caters to their customer base via branch network, because they allow doing just that. Operationally, they can bring order to service environments, deploy and intuitively manage complex networks of top-notch digital touchpoints, predict affluence and empower service representatives with more and better information about customers so they can make good decisions for the business, in real-time.

The consolidated data and insights these systems are able to generate are crucial for assertive decision-making, aimed at **improving the customers' experience**. Loyal customers generate the most business opportunities.

By continuously collecting data from each individual customer journey across the entire branch network, businesses can know exactly which services customers are seeking, how long is an average visit for each one of them, what are the best offers in your portfolio that match its profile, how do they perceive the quality of the experience you are providing and how it could be improved.

These insights will allow you to do something truly impactful on your branch network and on the business itself: Empowering your staff.



IMPROVING ***the Customer Experience***

Differentiating the services provided through the consistent delivery of a high-quality, efficient, yet personalized experience, that is continuously improving by the customers' own voice.

This is fundamental to engage new customers, to captivate them and consolidate their brand loyalty.

MORE OPPORTUNITIES + BETTER RETENTION



Increase prospects

The right time to try to **maximize the business** is when you are face-to-face with the customer, so the responsibility falls almost exclusively on your representatives to make the most out of each opportunity. By sharing and making the right set of information available to your staff, at the exact time it is needed, is the best way to deliver personalized quality service.

Also, having all this information about customers' needs and desires very often leads to businesses finding out that they are not prioritizing customers that yield high-value transactions, as they should be doing. Also, it is a very common insight that a big portion of time spent on delivering low-value transactions can, sometimes by preference of customers' themselves, be delegated to other channels with a much better cost-value ratio, like online or digital kiosks for payment processing.

This point brings us to the last function that any business transformation engine should be able to perform, and that Customer Experience Management systems can do with incomparable efficiency: Optimizing the available resources.

MAXIMIZING *all Business Opportunities*

By knowing who each customer is in advance, prioritizing them in order to maximize profitability.

Also, having the right information, at every moment about what the best commercial offers are for that exact customer. if the customer is face-to-face, that's the best time to sell.

MORE UPSELL + BETTER UPSELL



Increase sales volume



Continuous improvement by optimizing resources

Customer Experience Management systems are the most efficient tool available to optimize resources because they create systematic snapshots of the entire organization's performance across the touchpoint network, paving the way to impact the cost structure and improving the overall profitability of the business.

Even more than empowering staff with quality information about each customer, giving them efficient operational tools will help maximize business opportunities, and also allow understanding the cost-efficiency of each transaction, how long does each transaction type take to complete and how to improve those times.

The result is always less time per transaction and of course, less time customer have to wait. They also give a clear picture about which resources are better suited to perform particular transactions, and which skillsets need to be boosted in order to achieve the best results and interaction outcomes.

Something that is also very impactful when optimizing resources are the gains that come from planning daily workloads efficiently. The ability to predict customers demand goes a long way when it comes to planning what resources should be available and how they should be distributed. This prevents wasteful resource management, but also assure that service quality levels are maintained sustainably at high levels.

Lastly, being able to identify which transactions are better suited for purely digital channels, for instance, represents yet another incredible opportunity to increase business performance, as it serves a double purpose.

OPTIMIZING costs via Branch Resources

From adjusting the resources according to actual demand to being able, to planning more efficient and profitable workload distributions.

From allowing branch staff to focus on commercial activity, to improving the distribution of services through better channel allocation. The optimization potential is huge!

MORE EFFICIENCY + LESS COSTS

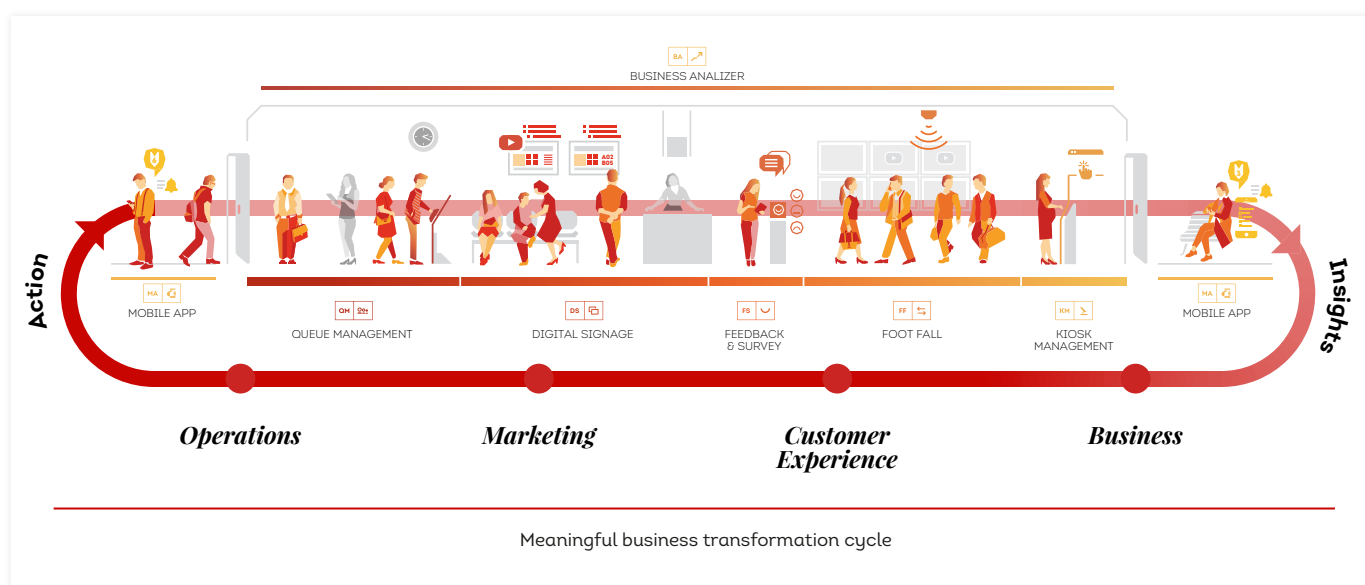


Improve net margin

On one hand, you can route these essential, often repetitive low-value transactions to automated, self-service channels, which are much more cost-efficient. On the other, doing this takes a lot of pressure off service representatives and lets you use these valuable resources and their skillsets to focus on delivering more personalized service, more complex and higher value transactions.

Consolidating every customer journey into intuitive analytics and valuable insights and sharing that information with every stakeholder of the business does create great value for each one of them, allowing them to improve their own operational context consistently and systematically, over any length of time.

Truly, that is what continuous improvement looks like.



Let our expertise transform your business

As a senior Business, Operations, Marketing or Customer Experience manager, you need to be prepared to face the constant challenge of always being under pressure to deliver better and more efficient results, dealing with budget constraints and having to respond to increasing volume and quality service demands. Seeking ways to apply the best available solutions to promote continuous improvement should be on your top priorities, especially when it is clear they are financially sustainable and provide incredible value to the whole business.

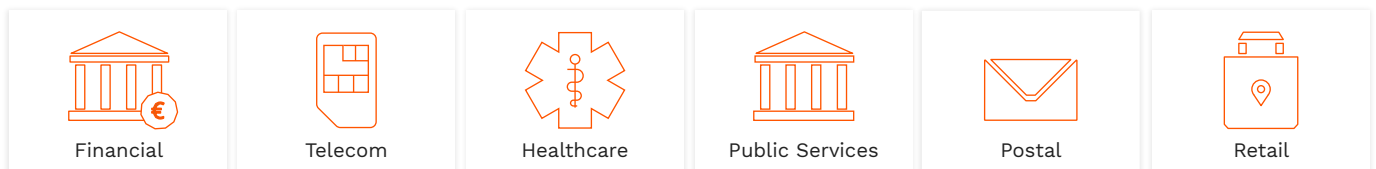
With nearly 20 years of experience in a wide variety of markets, NEWVISION has attained insightful perspectives about the challenges involved in managing businesses that are consumer-centric, at their core.

Having this holistic vision across vertical markets, geographies and cultural differences in consumer behaviour, allowed us to come up with products that are very robust, while also providing outstanding flexibility to adapt to contexts that differ widely and are very dynamic in nature, with expectations and demands changing every year, or even every few months!

We helped thousands of businesses to thrive and consolidate their market position with incredible results, so we know that promoting the enrolment of these powerful operational and analytical tools is one of the best moves any business can make. We stand ready at your service.

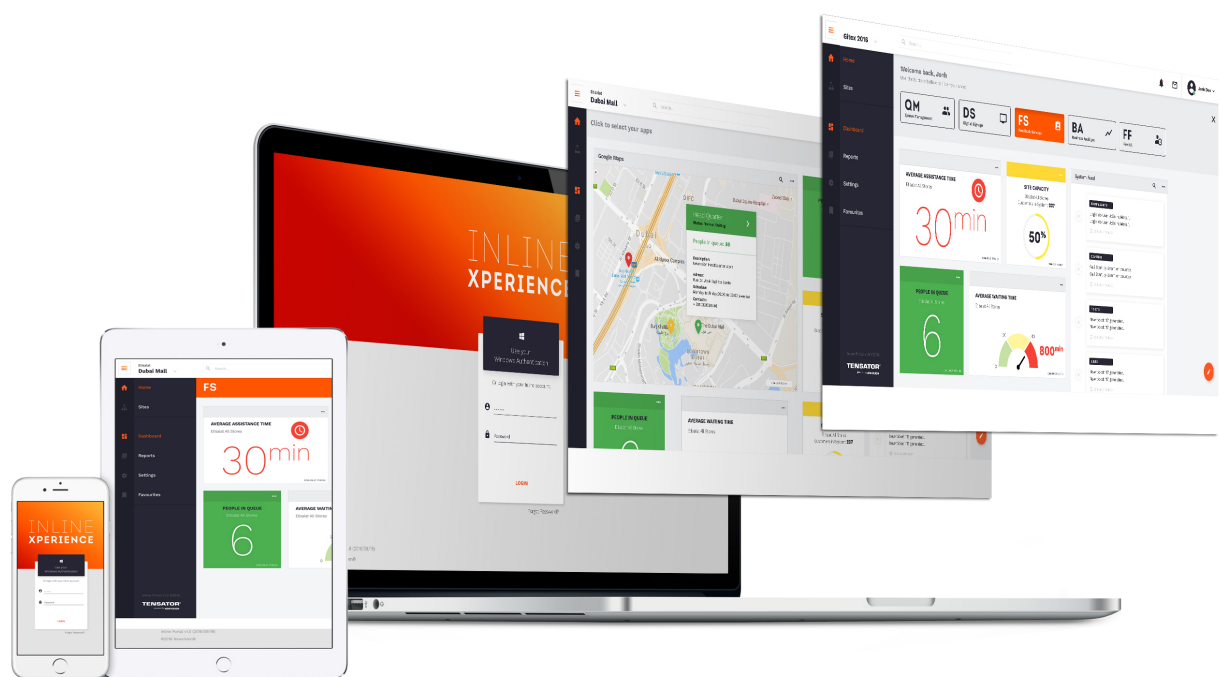


Let's build a better business, together! *Choose your business sector and find out how.*



For even more information about what we can do for your business, visit us at: www.newvision.pt and follow us on social media to get updates on exciting projects and meaningful business insights!





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