



# Customer Experience in the Age of Hyper-Personalisation

A high tech sector point of view

**ORACLE®**

# Introduction

The major challenges facing tech companies today either relate to, or can be solved by, a transformational approach to Customer Experience (CX)

Take commoditisation: one of the greatest challenges facing tech companies today. The competitive advantage once granted by being first to market is shrinking, and the price of technology is in decline. The ability to differentiate through compelling customer experiences is therefore vital. In fact, a recent Gartner report showed that 42 percent of CEOs in technology companies cite customer engagement as one of their key drivers behind innovation investment, ahead of new products and services<sup>1</sup>.

Significantly, the boundary between customer experience and product is blurring. Rather than selling one-off products, technology companies are building continuous relationships with customers based on subscriptions and repeat experiences and increasingly enabled by the Internet of Things (IoT). In this regard, hardware companies need to catch up with the likes of Amazon, Google and Facebook which have already built their businesses on digital service platforms and are now looking to diversify.

In this new world, it's no longer enough to measure customer satisfaction at specific touchpoints: it needs to be measured across the entire customer journey. In fact, a 2014 survey of US consumers by McKinsey showed that measuring satisfaction across customer journeys is 30 percent more predictive of customer satisfaction than measuring happiness for each specific interaction<sup>2</sup>.

In the digital age, consumers demand more than ever. We want to have things our way, all the time – and that includes for our tech products and services.

If tech companies are to deliver competitive customer experiences, they must be ready and able to pivot constantly to deliver content, experiences, services, and technology to individuals however and wherever they desire.

## Welcome to the age of hyper-personalisation

In this paper, we look at what hyper-personalisation means for the high tech industry, and what steps tech companies can take to transform their CX capabilities to be fit for purpose. The time for half-measures has past. So immediate and serious are the changes facing tech companies, they must now rethink every aspect of their organisation – from product and service, through sales and marketing to CRM pricing and billing – and centre them squarely on the needs of individual customers. Handled correctly, CX can lock-in customers and secure repeat custom.



### Sources

- 1 Gartner, [Gartner Survey Shows Technology Provider CEOs Believe That Customer Experience Provides a Winning Strategy](#), June 2016
- 2 McKinsey & Company, [The three Cs of customer satisfaction: Consistency, consistency, consistency](#), March 2014

# Hyper-personalisation: challenges and opportunities

In a recent Oracle research<sup>3</sup> study of North American executives, 84 percent of respondents stated their organisation has experienced a trend toward customers wanting a more individualised experience in terms of products, services, content, and how they are purchased/obtained, delivered, or consumed. Nearly two-thirds of general managers/managing directors in the study said the shift represents a growing challenge in their ability to compete effectively.

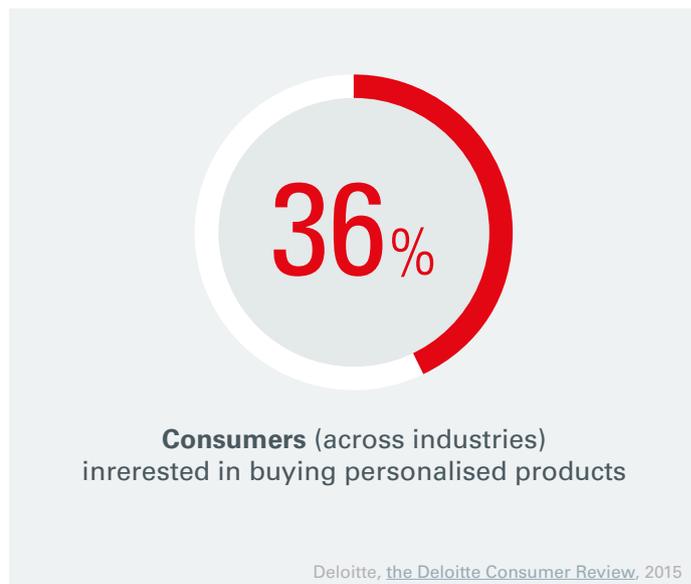


**Companies that are ahead of the curve in individualisation increased their revenues by 10 percent last year**



Our research revealed that 93 percent of organisations believe they are leaving money on the table by not successfully offering customers a highly personalised experience. Managers estimated that if their organisation could successfully offer such experiences they would earn an additional 18 percent in additional revenue<sup>4</sup>. In fact, we found that companies that are ahead of the curve in individualisation increased their revenues by 10 percent last year<sup>5</sup>.

The opportunity personalised services represent for the high tech sector is therefore significant. In fact, Deloitte has found that across industries, 36 percent of consumers are interested in buying personalised products and services and one in five are willing to pay a premium for them<sup>6</sup>.



With the economic potential of individualisation so clear, there's an opportunity for tech companies to push ahead with hyper-personalised services to enable rapid growth.

Crucially, this involves not only gathering insights on customer preferences, but also feeding insights from the previous generation of products/services into the design process for the next generation. This enhances the product/service and encourages repurchase. In a world where brand loyalty has never been harder to achieve, perfecting product and service is now an essential part of driving repeat custom.

## Sources

<sup>3</sup> Oracle, [The Era I Enterprise: "Ready for Anything"](#), April 2016

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Deloitte, [the Deloitte Consumer Review](#), 2015

# The state of play

How well prepared are businesses to meet the hyper-personalisation agenda?

Our research showed that the majority (66 percent) of respondents believe the ability to offer more highly individualised experiences to customers ranks as one of the top three priorities for their organisation<sup>7</sup>.

However, fewer than one in five C-level executives give their organisation an 'A' grade in its ability to offer highly individualised customer experiences. Forty-one percent of respondents gave their businesses a 'C'. For these businesses, their greatest difficulties were:

**59%** Ability to turn on a dime

**46%** Ability to offer highly individualised products and services

**44%** Ability to respond to changing market conditions

Business agility is therefore closely linked to delivering a transformational customer experience.

Our research revealed there is a gap between where businesses understand their CX needs to be and their readiness in bringing it to that state:



**82%** Respondents believe the ability to offer more personalised experiences is critical to staying relevant

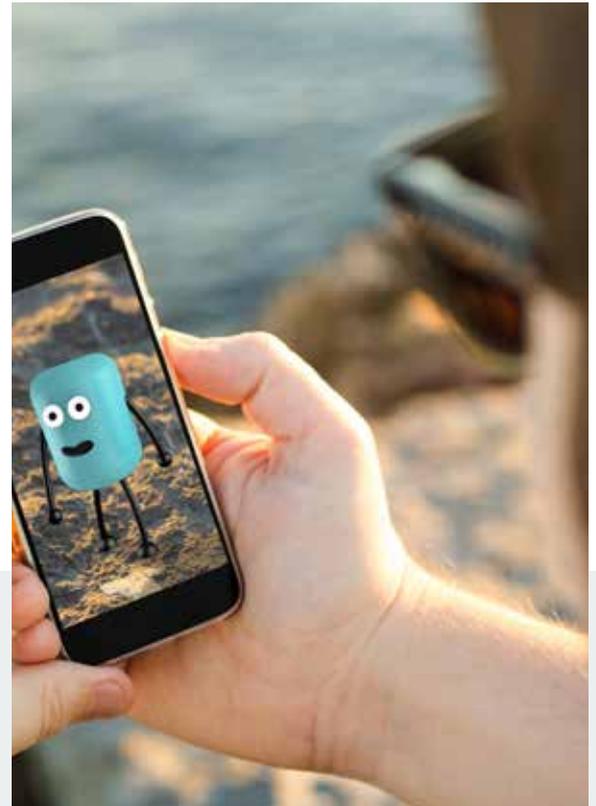
**21%** Respondents are well prepared to deliver personalised experiences

Sources

7 KPMG, [The Six Pillars](#)

This gap must be bridged if businesses are to offer a compelling customer experience fit for the 21st Century. In fact, KPMG lists personalisation at the top of its Six Pillars, which companies in industries including high tech can use to unlock rapid growth. It defined personalisation as ‘using individualised attention to drive an emotional connection’ and stated that it is ‘a crucial element to a customer experience strategy’.

While stand-out companies like Amazon and Netflix are leading the way in hyper-personalisation, many other tech companies, particularly hardware companies, need to do more to progress the hyper-personalisation agenda. The risks of not doing so are clear. In our research, business executives appeared well-aware of the dangers that arise from ignoring the hyper-personalisation imperative. These include:



**46%**

Loss of customers



**45%**

Loss of talented employees



**45%**

Loss of revenue

KPMG lists  
**Personalisation**  
 at the top of its Six Pillars

# Transforming the customer experience

What can tech companies do to ensure their CX systems are fit for purpose in the age of hyper-personalisation?

It's clear that the solution needs to be technology-driven. According to our earlier research study:

**97%** Respondents said investing in IT solutions will improve their ability to offer the individualised customer experiences needed to compete today

Respondents cited the following as the three most important:

**49%** Business intelligence tools

**49%** CX solutions

**40%** Industry-specific applications<sup>8</sup>

Importantly, 81 percent of managers believe there is an important link between cloud-based IT solutions and their organisation's ability to deliver the flexibility and agility needed to deliver more individualised employee and customer experiences. Today however, only 28 percent of mission and business-critical applications are in the cloud<sup>9</sup>.

Oracle's view is that it's now essential that tech companies utilise digital technologies including cloud-based applications, platforms and infrastructure, mobile devices and social media to create the hyper-personalised customer experiences people demand.



Sources

- 8 Ibid
- 9 Ibid

In the tech sector, the Internet of Things will prove particularly important, connecting people, places and things with data to deliver disruptive customer experiences. They therefore need to ensure they invest in digital technologies that are:



### Complete

Hyper-personalised CX must be delivered across marketing, e-commerce, sales, service, and social media to deliver superior customer experiences that foster advocacy and revenue growth.



### Connected

All customer interactions must be connected across devices, channels and products to be truly customer-centric.



### Modern

Tech companies must modernise their businesses with native mobile, social, and analytic technologies. Best-in-class, integrated applications are also important to create a competitive edge.



### Agile

No longer do the 'big fish' of business swallow the 'little fish'. Rather, the 'fast fish' out-swim the 'slow fish'. Businesses must invest in agile cloud technology that allows them to innovate faster than the competition.



### Data-driven

Hyper-personalised services must be based on insights derived from in-depth analysis of data from customers, places and things. Additionally, merging data from all business units enables real-time business process optimisation; further enhancing CX.



### Industry – tailored

The high tech industry faces unique challenges. CX solutions must be tailor-made to address these directly.

Oracle recommends technology companies focus on flexibility and agility, building a customer experience based on insights from customer, product and operational data; customer experience solutions; and industry-specific applications. To meet this need, the cloud is a must as it simplifies IT, reduces costs and drives innovation. By becoming a cloud leader, tech companies will find they have the scalability and agility needed to deliver transformational hyper-personalised customer experiences.

It is increasingly clear that to be successful, any such transformation must be complete. Customers are demanding new business models from their brands and this requires a wholesale rethinking of the customer experience. Tactical responses to competitors are no longer enough: the entire business must now be ready to reorganize around the customer and to leverage CX platforms to re-engineer their core operations and services.

