



6 Ways the Customer Experience Is Being Transformed

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The inflection point that is digital has utterly transformed the relationship between organizations and their customers. We've gone from selling products through retail channels to selling 'experiences' directly to the end user. We've gone from sales funnels to immersive and experiential connections to customers. And we've gone from products that were, well, products, to hybrid offerings in which product features take a back seat to the digitally intermediated experience. What does all this mean for the future of the customer experience?

1. Blending the best of human with best of technology

Far too many companies, particularly in low-margin businesses like retailing, have come to treat customer-facing employees like Kleenex. They hate their jobs. They quit en masse. They're poorly trained. Their schedules are unstable. The pay stinks. And even worse, as research by MIT's

Zeynep Ton has shown, many CEOs are oblivious to the fact that the bad jobs they are offering their employees translate into horrible experiences for their customers.

Some forward-thinking firms – firms such as Wegmans, Best Buy and Costco – in contrast, invest in their people, and blend training and a sense of purpose with top-notch technology. The result? Happier humans on both sides of the customer experience and better bottom lines overall.

2. Experience in the context of arenas

What confuses many company leaders is that they are still thinking in terms of competing with others in their industries. Guess what? Customers don't care. They want not only the best experience they have with any provider to be the standard, but they'll gaily buy from players from other industries if the mood suits them. Just have a look at what technology-based direct-to-consum-

er operations like Dollar Shave Club and Harry's have done to mighty Gillette's market share, costing it 14 points of market share in a breathtakingly short period of time.

3. Breakdown of taken for granted assumptions about advertising

We have collectively managed to sleepwalk our way into the surveillance economy, where every move we make on line (and increasingly in the real world) is tracked and monetized. But there are signs of a backlash. First up – Google's announcement that it would phase out third party cookies for Chrome, technology that powers a reported \$25 billion in revenue in the consumer economy. Next, a lot of consumers really hate ads, even (or especially) targeted ones with the result that about a third of Internet users employ some kind of ad blocker. Particularly offensive are ads that consume bandwidth (and therefore battery life). Consumers are so keen to avoid ads that services such as Hulu are inserting them when a viewer presses "pause." Finally, there has been a lot of confusion that micro-targeting of consumers implies that they are engaged. They aren't.

4. Brands taking back control

For many categories of offering, conventional wisdom has been that there is no option but to play by the big distribution platforms' rules. Back in 2014, publisher Hachette, for instance, took a beating from Amazon that included dropping pre-order buttons for some of their titles and delaying shipments of others. While the dispute was resolved, the cautionary tale of Amazon's power stuck. Today, however, brands themselves are getting on the direct-to-consumer bandwagon with firms such as Nike and Birkenstock taking back control of how their products are marketed and distributed, essentially cutting Amazon out of the picture.

5. Content creators fight back

After decades of fighting a rear-guard action against the mantra that content should be free and seeing their revenues shrivel, content creators are beginning to flex a few muscles. News Corp's Robert Thomson has been saying for years that Facebook should pay to use publisher's content and – guess what – it finally happened in a deal cut between the two companies. Publishers in general are

getting a lot smarter about what goes behind a paywall, what requires a subscription and what tiers of service get you what. You're also starting to see "membership" and belonging concepts creeping into content consumption as creators use their talent to create compelling experiences.

6. Regulators wake up

Finally, even as consumers want more personalized experiences from their providers, they also want protections for their data and limits to what for-profit companies can do with that information. Where consumers go, legislators eventually follow, even if it is likely to create unintended consequences for businesses that have grown accustomed to weak, if any, privacy protections for consumers.

What we can begin to prepare ourselves for is an environment in which consumers increasingly have far greater power to select what kinds of experiences they are going to seek out – and pay for.

The company that remains clueless is only going to lose out.



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