

The Salesforce logo, consisting of the word "salesforce" in white lowercase letters inside a blue cloud-like shape.

salesforce

A welder in a red shirt and safety glasses is smiling and holding a glowing metal object. A bright light burst is visible at the bottom right of the image.

THE CUSTOMER ECONOMY

HOW TOP INDUSTRIES CAN MEET TODAY'S
MOST IMPORTANT CHALLENGE



Introduction

THE TIME FOR CHANGE IS NOW

Every industry across the globe is being impacted by technology. Mobile, social, and cloud are driving rampant change. As with the survival of the fittest, it's not the companies that are the strongest that will last, but those that adapt the fastest. Those that continue to put their capital efforts towards what worked in the past, instead of embracing the future, will not succeed.

On the following pages, we will take a closer look at six of today's leading industries:

- Communications
- Financial Services
- Government
- Healthcare
- Manufacturing
- Retail

First, we will examine the current landscape for each industry, from customer expectations to competitors. Next, we will list the unique challenges they face, from siloed environments to outdated processes. Lastly, we will offer concrete solutions for both adapting and thriving.

Keep reading to learn how to plan for the next generation of your company, customer, and industry.

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Chapter 1

COMMUNICATIONS

LANDSCAPE

The communications industry is made up of the companies that run the global communications network: wireless, wireline, cable, and voice data providers. The market is dominated by the very large communications operators, many of which offer all four services.

According to former Comcast Cable CIO and current salesforce.com SVP, Industry Solutions Andrew Baer, many of the key challenges these providers currently face have been magnified in the past 18 months by continued industry consolidation and market saturation. Here are a few of the biggest:

1. Expectations

Customer expectations for the communications industry mirror what customers experience in the world of social media. They want personalized,



seamless interactions across all channels, with no separation between networks, content, or devices.

In addition, there has been a huge explosion in demand for data bandwidth from the communications industry, as well as applications that run on this bandwidth.

2. Compression

Continued mergers in the communications space have led to more intense pressure to add subscribers. While introducing new products and services helps attract new customers, most large operators are challenged to differentiate themselves with product capabilities. Much of the new competition has been around pricing, which has led, in many geographies, to shrinking margins.

3. Competition

Market disruptors are also changing the communications marketplace. “Cord cutters”—those that no longer pay for conventional video service but instead have a direct paid relationship with content providers—are increasingly prominent, especially among the millennial demographic. Younger consumers are also often referred to as “cord nevers”—meaning they have never paid for a traditional video subscription, says Baer.

There has also been a shift in the balance of power from the content aggregators, such as traditional cable companies, to the content owners.

CHALLENGES

Communication providers have begun to realize that competing on product and price is no longer enough. They now also need to differentiate themselves when it comes to customer experience with their products and service.

Customer service

It’s no secret that among the biggest obstacles the communications industry faces are low customer satisfaction ratings.

A recent Temkin Group study of 19 industries rated television service providers last in customer service, with no organization scoring higher than 30% satisfaction. The same survey found that the highest satisfaction rate earned by Internet providers was a mere 32%.

Business agility

Another obstacle for communication providers who want to compete in today’s environment is a lack of the business agility needed to move from being simply a utility provider to a value-add provider.

Everyone acknowledges that the pace of change continues to accelerate. Communication operators’ existing systems were designed, developed, and implemented in an era of a slow-moving, highly regulated business.

Today's environment and customer expectations require a much more agile back office infrastructure—one that supports frequent business changes in days, rather than months and years.

SOLUTIONS

To truly serve and retain the modern customer, communication providers need to not only reinvent the way they do business, but also adopt technology that allows them to do so quickly.

In order to meet customer expectations, the technology must give customers a low-effort experience that reflects an understanding of customers' desire for a company that is easy to do business with. This means they want it personalized not only by persona, but also by situation.

Delivering this improved customer experience begins with the following:

Omnichannel solutions

First, it must include an omnichannel solution, which offers the same personalized customer experience across all channels, regardless of where customers are and which channel they move to.

In order to provide a true omnichannel experience, companies must employ a single technology stack across all channels. Any updates to this stack will then be automatically reflected across all channels.

Cloud solutions

From a technology perspective, cloud solutions give communication providers the agility they need to offer

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61% of service providers identify customer loyalty as critical to success—higher than any other topic including network upgrades.

- Telecom World Congress Report 2012

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the omnichannel experience their customers demand, plus the ability to create innovative, value-driven products.

Cloud solutions also provide quicker and more natural multi-product integration models that are far quicker to implement and more cost effective to maintain than legacy on-premise solutions.

Measuring satisfaction

Communications companies must also rethink the way they measure customer experience. Doing so in each channel separately no longer works. If a customer first looks for service on web or mobile, but ends up calling the call center because she couldn't complete the action she wanted, she did not have a good experience.

This is true even if by all standard call center metrics, it looks like a good call center experience.

Compelling experiences

Finally, communications companies must change their thinking to create customer experiences that are compelling to the customer. You can no longer try to "force" customers to use one channel versus another.

Hiding disconnect and downgrade information on the website doesn't keep customers from disconnecting and downgrading; it just creates a bad experience that

customers talk about on social media. And all data show that customers are 10 times more likely to share bad customer experiences than exceptional customer experiences.

In every channel, communications companies need to create experiences that are so seamless that the customer can accomplish tasks faster and more easily than by using other, higher-cost channels.

It is only by putting the customer experience first that the communications operators can deliver the retention and customer satisfaction results that they are hoping to achieve.

Chapter 2

FINANCIAL SERVICES

LANDSCAPE

The financial services industry, and specifically retail banking, has seen more disruption since the 2008 financial crisis than it did the previous 100 years. And there are three big drivers behind that disruption:

1. Retail Renaissance

During the debt bubble many large banks were seduced by the attractive yields of exotic financial instruments - losing focus on their retail banking line of business. Legislation enacted after the financial crisis such as the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act and the European Markets and Infrastructure Regulation ("EMIR") have resulted in what the Economist dubbed the "Retail Renaissance" - a shift back to core retail banking products.

"70% of buying decisions are based on how customers feel they are being treated."

-McKinsey Quarterly, the Moment of Truth in Customer Service

2. Customers

Consumer expectations have been fundamentally reset by their interactions with other innovative brands, companies, and services. While customers' view of how banks should interact with them has shifted, most financial institutions still look at customers through a traditional lens.

3. Priorities

Retail banks have slowly begun to realize that they are more than just four walls and a vault, and that their customers are more than just a series of transactions and accounts.

There is a shift underway, with more innovative banks returning to a classic, more customer-focused approach. This means understanding who their customers are, what needs and goals they have, and how the bank can help them on their financial journey.

CHALLENGES

Retail banking is ripe for massive transformation. And while the needed updates may seem straightforward for some industries, they are groundbreaking for the financial services industry, known to be traditionally hesitant to change.

Information silos

Most banks have increased in size, not because of organic growth, but as a result of mergers and acquisitions. This has led to numerous silos across financial organizations.

Although a customer may use one bank for their checking account, credit card, mortgage, and investments, many banks lack a consistent view of their customers across different lines of business. That makes it very tough for banks to build a personal relationship with the customer.

Lack of trust

Money is a very personal thing to most, if not all, consumers. They want it to be safe and secure, and they want to have a trust, and not just transactional, relationship with bank. For too long, customers have felt undervalued and ignored by financial institutions.

The engaging service and technology offered in other industries has been a wake-up call in customer expectations. And the time is now for banks to respond. If they don't, technology disruptors will continue to take their market share.

SOLUTIONS

Retail banks of today must shift from a sales model to a service model. They need to rethink what a bank should be and the kind of customer experience it should provide. Enablement technology, such as a customer relationship management (CRM) cloud solution, gives banks the 360-degree customer view they so desperately need.

In addition, implementing an engagement layer allows customers, who don't always want to go to a bank branch or pick up the phone, to contact the bank on the channel they choose, while having a consistent experience across each channel. These include:

- Web
- Email
- Social
- Communities

- Live Chat
- Mobile

Banks should also keep in mind that “mobile” does not mean simply converting a website to an app,. Apps need to be personalized to the user, customized for the mobile experience, and most importantly, engaging.

In every interaction, even the most transactional ones, customer service should be the bank's objective. The more customers see the value the bank is adding to their lives, the more likely they are to remain customers for the long term.

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Banks that place a greater emphasis on improving their customers' experience are 60% more profitable than their competitors.

- BCG Perspectives, Operational Excellence in Retail Banking, 2014

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Chapter 3

GOVERNMENT

LANDSCAPE

Government as an industry is made up of local, state, and federal agencies that encompass education, defense, public safety, healthcare, energy, and transportation.

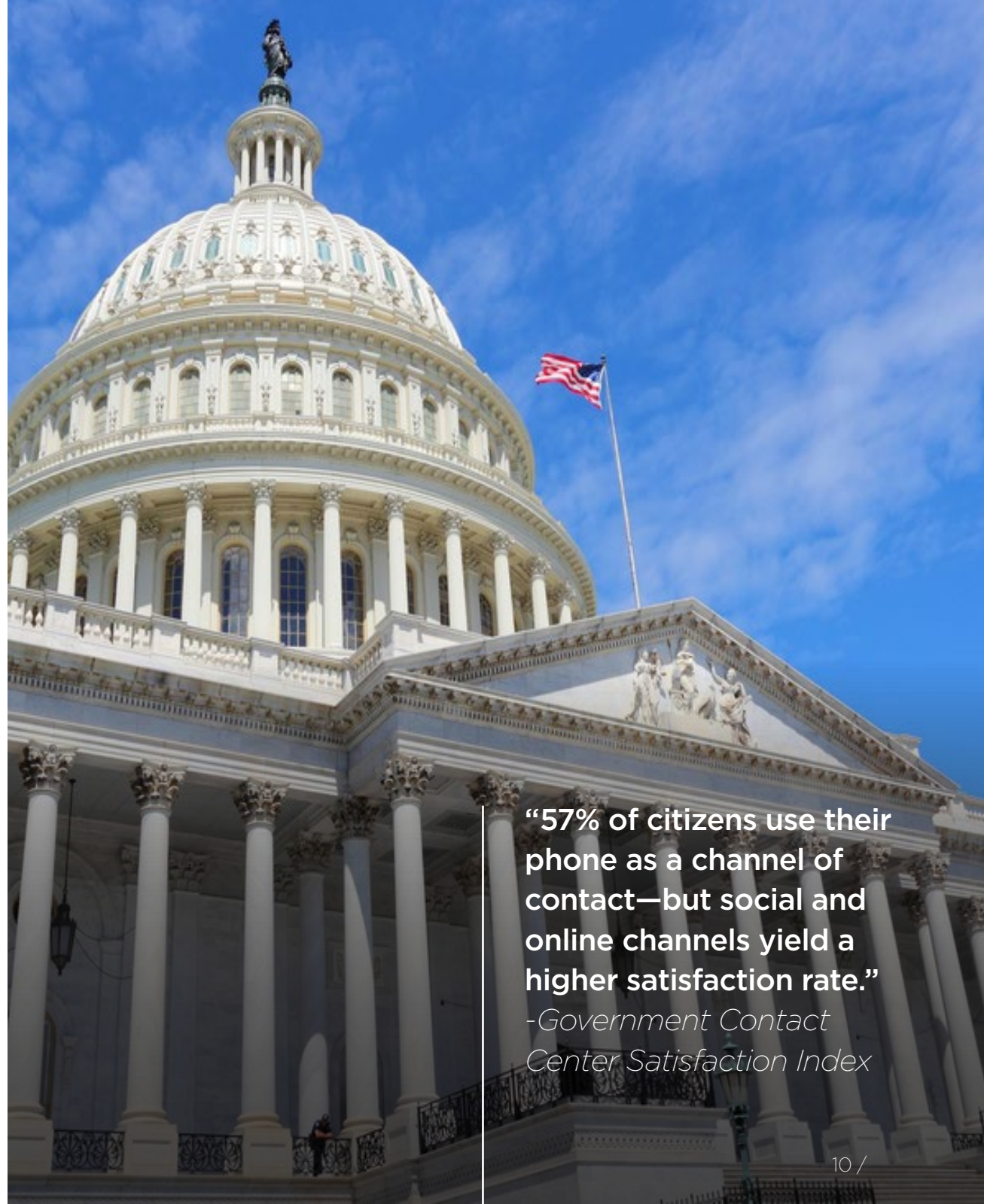
These government agencies, from top to bottom, are being encouraged to update and introduce technology to better serve citizens and employees.

1. Mandate

According to CIO.gov, government has been given a mandate to innovate and provide services to citizens in the most efficient way, deliver this innovation by transforming its information technology (IT), and protect it by advancing cybersecurity.

2. Citizens

Social, mobile, and cloud technologies have changed expectations for



“57% of citizens use their phone as a channel of contact—but social and online channels yield a higher satisfaction rate.”

-Government Contact Center Satisfaction Index

government “customers,” its citizens. They are used to the conveniences technology brings them in the private sector and expect the same quick, meaningful interactions with the government.

3. Employees

Expectations for innovation aren't limited to citizens. As within the private sector, government employees have begun to demand tools that enable them to move at the speed of business. In addition, “bring your own device” (BYOD) has become a reality in government, uncovering a need for authorization around these devices.

CHALLENGES

Historically, the government has been known for being at the forefront of technology, leading innovation in space, mainframe computers, and the World Wide Web. In recent decades, however, innovation in some sectors has stagnated.

Culture change is needed

In many cases, often due to budgetary and organizational challenges, government agencies have shifted their focus from serving citizens to simply getting the job done. In order to restore citizens' confidence, government agencies need to refocus on their “customers,” or constituents, and provide better visibility and accountability.

Legacy systems need to be replaced

In many government agencies, legacy systems have locked crucial data in place so it's not available across departments. In extreme cases, information is physically locked in file cabinets, where it is not only unavailable, but also not secure.

SOLUTIONS

In order to adapt to the world as it is today, government should strive to be a connected brand. Imagine if instead of visiting six different government organizations, there were a one-stop shop for citizens.

This new model puts citizens first and helps agencies both anticipate their needs and deliver personalized service. It also connects people and the devices and channels they use to government services.

Key to making this change is leaving archaic IT systems behind. Leveraging cloud technology will break down barriers, connect siloed data, and give visibility into processes.

The end benefit will mean a more effective experience for citizens, including on social and mobile platforms. In addition, employees will better be able to collaborate and share best practices internally.

Chapter 4

HEALTHCARE

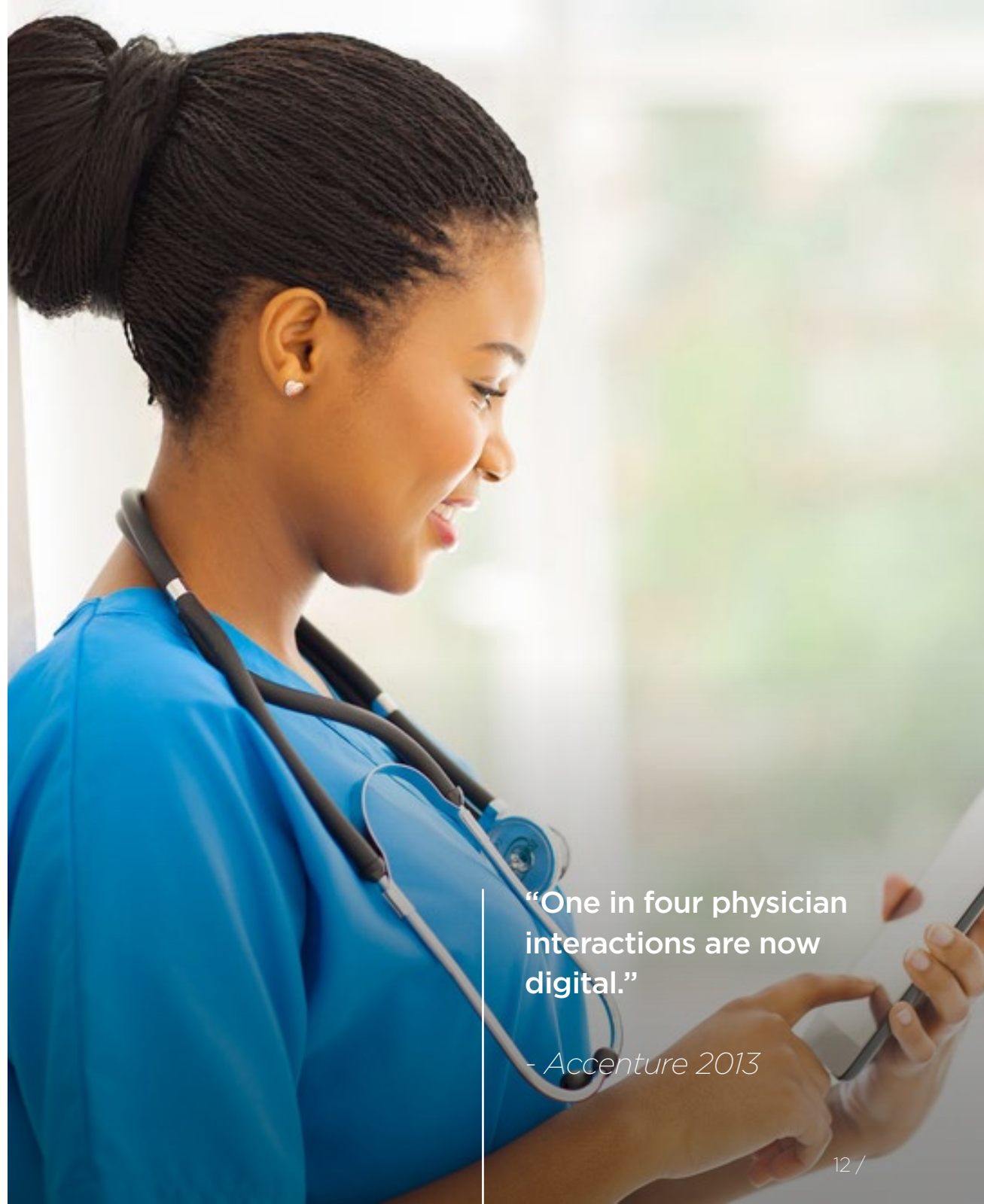
LANDSCAPE

The healthcare industry is being disrupted like never before. Social, mobile, and cloud technologies are empowering hospitals, doctors, and other care providers to collaborate closely around, and connect to, their patients. These tools also allow patients to be more involved in their care.

Along with the technology mentioned above, this industry is impacted by the following changes:

1. Regulations

Healthcare payers and providers are being required to follow new government regulations, as a result of the Patient Protection and Affordable Care Act (ACA), which was specifically designed to put “consumers back in charge of their health care.”



“One in four physician interactions are now digital.”

- Accenture 2013

2. Needs

The ACA is bringing new people into the healthcare marketplace and is driving the focus back to individuals and the patient experience. In addition, there is new awareness of patients' need to manage their own care, especially among those who suffer from chronic diseases.

3. Outcomes

It is no longer enough to market a treatment or product. There must be data-driven evidence that care produces results. This means a shift to quality-based outcomes across the continuum of patient care.

CHALLENGES

The red tape around new regulations isn't the only challenge those in the healthcare and life sciences industry face. Outdated systems and practices are also preventing them from providing the service and care customers of today expect.

Data silos and floods

Many healthcare companies lack an integrated, 360-degree view of their customers. In addition, digital tools are creating a flood of data around patients, physicians, treatments, results, claims and more. This data piles up and isn't useful, because it isn't aggregated in one place.

Lack of personalization

Healthcare systems have been historically designed to treat every patient in the same manner. This obstacle has prevented personalization, and treats patient care like a transaction and not a relationship. The nuances needed for individualized care have been lost.

SOLUTIONS

To adapt to the current landscape and requirements, healthcare providers need to shift to a model of personalized, connected, and engaged service.

Personalized service is about meeting the preferences of members, patients, physicians, and providers, and making the experience unique to them.

A big part of this is offering the communication channel they want to use at any given moment, including social channels, email, communities, live chat, phone, and more.

Connected service involves relating all of the conversations about the patient across care settings, from departments within any one organization, to any number of separate physicians who may have treated them.

With healthcare spending expected to make up one-fifth

of the U.S. economy by 2021, **engaged** service involves slowing this cost growth. It encourages patients to take responsibility for their own health and wellness.

One example of this: a mobile app that helps patients manage medication, appointments, and physical therapy following a hospital stay.

In addition, a significant part of self-care and prevention is education. And it shouldn't be generic. Everyone knows they should exercise and eat healthy.

But really understanding each patient as an individual is how healthcare providers can cater information specifically to them.

Technology exists that can keep track of how much people are exercising, what they are buying to eat, and more, so prevention messages can be tailored to them. In addition, it can provide automated reminders for when patients should schedule check-ups.

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60% of consumers are willing to share their health information among providers to enable better care.

- PwC Healthcare Trends 2012

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Chapter 5

MANUFACTURING

LANDSCAPE

For manufacturers, the pace of change has never been quicker. There are huge opportunities for companies that can stay one step ahead of customer expectations in an increasingly connected and digital world. The digital revolution is disrupting the way manufacturers interact with their customers, partners, employees, and even equipment. However, the latest cloud technology presents manufacturers with a unique opportunity to harness the digital revolution and build powerful leadership positions in the market.

To optimize sales performance, deliver service excellence, and drive efficiency in the business of manufacturing and distributing the goods that fuel today's economy, manufacturing companies need to streamline their front-office processes, connect their equipment, and unlock information in their legacy and ERP systems. They also have to make



“39% of manufacturers cite providing faster service and support to customers is how big data can improve their manufacturing performance.”

- LNS Research and Mesa International 2013-2014 “Metrics That Matter” survey ([source](#)) ^{15 /}

this information available in a mobile-first environment. For modern manufacturers, this is the central challenge — and a source of inspiration for industry-tailored cloud solutions.

CHALLENGES

Despite a recent influx of technology and data, many companies struggle because of the systems they are using. A patchwork of disconnected systems — from legacy on-premise tools to antiquated spreadsheets — can hold companies back from driving productivity and efficiency among their customer-facing employees, partners, and distributors. The end result is that manufacturing customers typically struggle through four core business issues:

Dispersed Sales Teams

Manufacturers have operations spread out across the globe. Management needs to evaluate performance, and sales teams and channel partners need to coordinate and collaborate across borders, languages, time zones.

Differentiating with Service

Manufacturers often find there is parity in product and price. Without sacrificing margins, manufacturers are struggling with how to differentiate. Service is an effective value-add, but it's often challenging to manage and coordinate different service level offerings.

Channel Partner Execution

Many manufacturers struggle to manage their channel partner programs, or even to track their effectiveness at all — which means they miss key insights into important business functions.

New Marketing Paradigm

The new buyer journey involves independent research into product information and peer reviews, long before a prospective buyer talks to a sales rep. Companies need to use these tools to build relationships with customers in new ways.

SOLUTIONS

Today's manufacturers face unique challenges. In a world where products are becoming more complicated and customized, they must gain better visibility into customers' rapidly evolving needs. Success comes with simplifying complex interactions and processes while aligning better with partners, resellers, and customers. Salesforce has built four new solutions that focus on the core processes manufacturers need to be effective in today's economy:

1. **Inquire to Order** is an integrated, multi-channel guided selling solution that provides an efficient way for manufacturers and channel partners to engage customers and guide them through the selling processes, simplifying the customer-manufacturer relationship.

2. **Service Excellence** helps customers more effectively market their service offerings, provide service to customers through a variety of methods, manage spare parts inventories and RMAs, and even sell their products and services.

3. **Unlock ERP** gives manufacturers a better way to manage complex distribution and supply chains through ERP and legacy integration and building collaborative communities.

4. **Connected Products** gives manufacturers the tools they need to connect their devices to the cloud to collect, consolidate, analyze, and act on the data they generate.

Manufacturers must act quickly to redesign and manage the customer experience across the entire ecosystem so they can fully connect with their employees, partners, suppliers, and products, fostering collaboration on a global basis and in real time.

Creating this new experience by using an integrated omnichannel platform will allow manufacturers to deliver what any modern customer wants and expects in our new digital world: a voice, a community, and relevant service—anytime, anywhere. As a result, brands will also build trust and a stronger connection with their customers.

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Manufacturers must act quickly to redesign and manage the customer experience across the entire ecosystem.

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Chapter 6

RETAIL

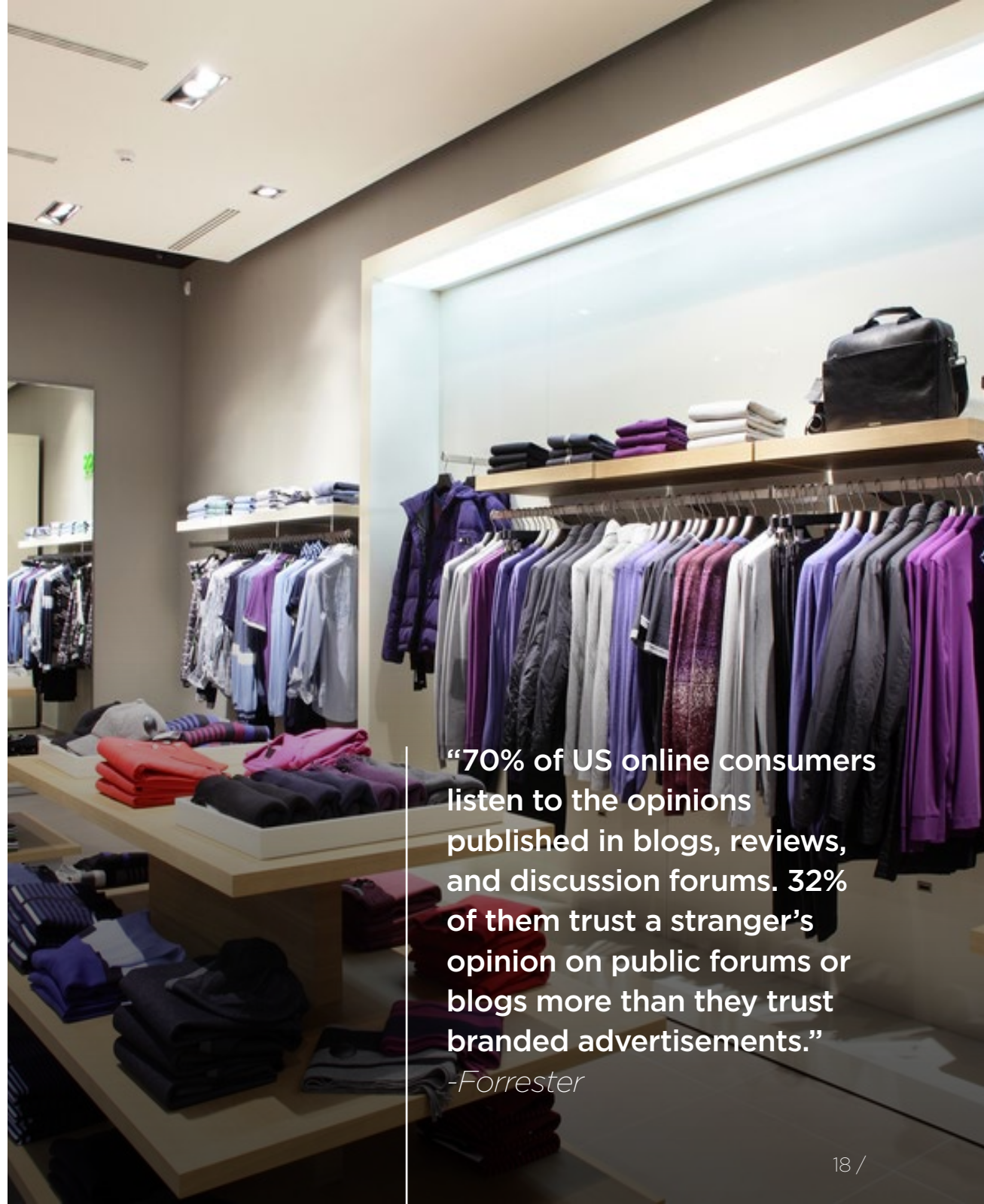
LANDSCAPE

The retail industry encompasses any company that is selling goods to a consumer, from a brick-and-mortar luxury, specialty, big box or department store, to e-commerce, to mobile.

According to Shelley Bransten, Salesforce SVP, Industry Solutions, and former Gap Inc. executive, it's a change-or-fail moment for all of them. "Do you want to be Tower Records or iTunes? Do you want to be Blockbuster or Netflix? Do you want to be Borders or Amazon?" Bransten says.

1. Digital

The shopping experience is being reimagined as consumers merge the physical and digital. "A good friend of mine from Bain is calling this a 'digical' shift, and I love that because it's not about channels; it's about blurring the lines between physical and digital," says Bransten.



"70% of US online consumers listen to the opinions published in blogs, reviews, and discussion forums. 32% of them trust a stranger's opinion on public forums or blogs more than they trust branded advertisements."

-Forrester

Mobile and social media are now a huge part of the shopping experience. All signals point to the buying process being more and more about personalization and engagement, with the the digital experience complementing the physical experience.

2. More Change

Bransten believes that the retail industry will change more in the next three years than it did in the last 50 years. And with all of this change comes a leveled playing field. “It took Sears and Target over 50 years to get to \$500 million. Gilt Groupe did it in three years. Amazon in even less,” Bransten says.

3. Spending

Consumer spending has remained flat and serves as yet another indicator that retail will continue to be about survival of the fittest. Consumers who prefer to purchase eyeglasses from an online startup aren’t also going to shop at a vision retail chain.

“When the family wallet is fixed, it’s about who gets the share. It won’t be about who screams the loudest in mass media. It will be about who is driving the most relevant and engaging customer journey,” says Bransten.

CHALLENGES

Modern technology is ready and waiting for retailers that want to transform. Social tools allow brands to

participate in the buying experience with customers. Mobile puts them where their clients are, while cloud gives companies the flexibility and speed to do both at the new pace the industry demands. So what’s holding them back?

Old mindsets, systems, and models

“Legacy companies protect legacy assets,” says Bransten. But clinging to what worked in the past will do nothing to improve competitive chances today and going forward. In the end, technology is not the problem; it’s people, processes, and organizational structure. It’s a mindset challenge.

Traditional technology

In Bransten’s experience, traditional technology projects at retail companies take at least 18 months to roll out. With the market now changing so much faster, she says, that will no longer cut it. Companies must have a mindset of experimentation. When the time comes to embrace technology, they also need to be sure that it offers flexibility and agility, no matter what the future holds.

SOLUTIONS

“All good technology needs to hang upon the customer problems you are solving,” Bransten says, adding that this technology should align with these four traditional retail fundamentals.

- Customers want high-quality products.

- Customers want inventory availability.
- Customers want value for their money.
- Customers want retailers to make it easy for them.

Here are some suggestions for getting started:

Clienteling

Today's retailers need to make sales more personal and relevant—like the country store that knew everything about its customers, including their recent purchases, their financial situation, and their kids' birthdays. Clienteling involves using the old idea of retail's "little black book," but digitizing it to create relevant customer journeys. Customers want stores to make their visit worthwhile. If they've browsed something, but their size or preference is out of stock, stores should make it easy for the client and ship the right product to them.

Connected operations

Larger retail operations should connect siloed systems and devices so employees have everything they need at their fingertips, keeping in mind that the majority of them never sit behind a desk. These staff members are already social and mobile in their everyday lives. It makes sense to bring that same experience to their workplace. Simple, bite-sized updates at moments of truth help to improve store associates' productivity and engagement. The practice can also reduce churn and operating costs.

Mobile tools should empower employees to do their jobs by including product information, training, and legal and regulatory updates alongside customer history and preferences. This will help employees better coordinate operations to improve and personalize service.

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90% of shoppers surveyed would prefer to buy in a brick-and-mortar store across demographic and age groups.

- A.T. Kearney Omnichannel Shopping Preferences Study

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CONCLUSION

On the previous pages we examined six different industries and the specific challenges they face. Each one has been, and continues to be, dramatically impacted by technology and new customer expectations.

It is truly an adapt or fail moment.

The great news is that these industries, and the companies within them, need not be left behind. Very real and innovative tools now exist that not only offer them the power to transform business models, but to also give today's consumers what they want.

By leveraging cloud, social, and mobile technology, industry leaders can reinvent the outdated processes that hold them back. They can also create stronger long-term customer relationships across every channel.

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While every industry has its unique challenges, building stronger connections with customers and employees—and everyone that matters to your business—is vital for all industries today. Let us show you how Salesforce solutions can transform your business, and enable your entire organization to work together to engage with each other and with customers like never before.

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