

# Innovation and the Customer Experience

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**NAVIGATING THE CONNECTED LANDSCAPE**



salesforce

# Introduction

## INNOVATION AND THE BUSINESS LANDSCAPE

Innovation is more important to business than it has ever been. Why? Business is closely linked with technology, and technology is evolving at its most rapid pace yet.

Today's connected customers easily keep pace with cutting-edge technological trends in their personal lives. With smartphones and computers being used for everything, this puts the onus on businesses to stay ahead of trend as well. Responding to emerging technologies quickly and capably is a recipe for success in an environment where best-in-class-but-late-to-launch is seen as less valuable than functional-but-first-to-market. Innovative businesses that deliver a next-level customer experience stand to win the day.

*“Everyone is talking about innovation in new ways...and it's really about the customer.”*

### TIFFANI BOVA

Global Customer Growth  
& Innovation Evangelist at Salesforce



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# Today's Business Environment

## AN INCREASINGLY CONNECTED WORLD

While thinking of ways to make your business innovative, take into account the technological landscape. Today's consumer is more connected than ever: it's predicted that by 2020, 70% of the global population will be connected. That's 5.5 billion people.

Additionally, 72% of their devices and connections will be smart – up from 35% in 2015.<sup>1</sup> Cars, cameras, thermostats, and more will make the Internet of Things a reality. The implications, and pure potential, for the customer experience of tomorrow are enormous.

The future promises more customer interactions across more possible touchpoints. Innovative companies will leverage emerging technologies to deliver radically new and superior customer experiences – raising the bar for not only their industries, but others as well.





## DROWNING IN DATA

One advantage of our connected world is that businesses have unprecedented access to customer data. 90% of the world's data was reportedly created in the past 12 months alone – yet half of all business's decisions are currently made with incomplete information.<sup>2</sup>

This failure to leverage data is more than wasted opportunity. The connected customer can be turned off completely by a business's perceived unwillingness or inability to use data to improve the customer experience. One such study shows 77% of customers say they are not engaged with the companies they buy products and services from.<sup>2</sup>

Some cutting-edge start-ups are building tools to help businesses apply their data to meet these challenges. One such company is MetaMind, which is leveraging deep learning to enable enterprises to quickly and intuitively analyse their images, text, and other data for practical uses. With their recent acquisition by Salesforce, MetaMind's potential to advance CRM systems is massive.



*“One of the reasons why we’ve put this platform up is that we want to see how people actually use deep learning. If you could literally just drag and drop images in your browser, what would you do? That helped us to build the right technology that users really want. Food classification is one of them. Medical image classification is another. Other verticals are coming up.”<sup>3</sup>*



**RICHARD SOCHER**

Founder at MetaMind &  
Chief Scientist at Salesforce

## GREATER EXPECTATIONS

With big data comes big expectations. As leading businesses evolve their customer experiences, connected customers take notice. The result is increased demand for seamless experiences from every company across industries. Success depends on meeting that demand – and high performers are responding.

The business of today needs to stay ahead of the curve to succeed. In Salesforce's 2016 State of Marketing report, more than half of high-performing marketing teams reported driving customer experience initiatives across the business. Those same teams are 3.7x more likely to indicate that they stay ahead of tech trends. They're also 1.8x as likely to say they're increasing their spending on customer-facing apps, and 4.8x more likely to say they now engage digitally with customers.<sup>4</sup>



High-performing marketing teams are:

# 3.7x

more likely to indicate they stay ahead of tech trends



# 1.8x

more likely to increase their spending on customer-facing apps



Is your business making the investments in innovation that it needs to succeed?

# Learning to Innovate

## INNOVATION AS A DISCIPLINE

“Being innovative” is often misunderstood as an innate quality, just as “being creative” or “being athletic” can be misunderstood. People look at successful artists and athletes and assume they were simply born that way. What often goes ignored, however, are the thousands of hours of hard work and tireless dedication that was truly instrumental in that person’s success. Innovation is a product of that same hard work and dedication.

Let’s look at three ways to build your organisation’s innovative capacity.



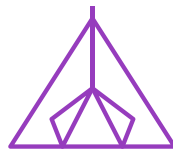


## BEING DELIBERATE WITH INNOVATION

One of the most critical ways to bolster your business's ability to innovate is to approach it strategically: make a plan, and an effort to identify practical use cases. Think of your customers' problems from their perspective. During a Day of Innovation event, run by Salesforce, special panelists lent their own insights.



How can you build innovation into your company's strategy?



*"Talk to everyone on your teams. Innovation can come from anywhere."*

**VICTORIA FRAM**

Managing Director at ViiCap Investments, LLC



*"Separate the innovation teams. Remove bureaucracy and hierarchy so they can truly act like entrepreneurs."*

**PAUL CAMPBELL**

Vice President of Innovation at Schneider Electric



*"You need to get all levels [in the company] on board with what you're going to do."*

**CHRIS COLEMAN**

Head of Multi-Channel Sales & Development at Virgin Media

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## BREAKING THE RULES

Successful fashion house Zara disrupted the traditional retail business model and, in turn, has set a new bar for an elevated customer experience. Leveraging data to understand customers' preferences and quickly predict trends, Zara produces 10,000 pieces a year – nearly 5x that of a traditional fashion house, and on a timeline that's almost 9 times as fast.<sup>5</sup> The result? For one, Zara's sales are up while sales across the luxury brand industry are currently down. Most profoundly, their business model has caused many people to think differently of, and expect more from, fashion houses.

Zara clearly didn't follow the "rules" set by the rest of the fashion industry, with its nine-month production periods and two collections per year.



What are the rules and norms that exist in your industry that could be challenged to take your business to the forefront?





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## GETTING INSPIRED

Your inspiration to innovate shouldn't come solely from established companies. The startup world is brimming with potential, particularly in the emerging technology sector. Their applications to your business might not be immediately obvious, but in the longer term could mean big dividends.

Amazon's Alexa voice service is an excellent example of an emerging technology whose potential is only just being realised. The heart of the platform – enabling customers to interface with devices in an incredibly intuitive manner, using their own voices – offers seemingly limitless applications. The launch of Amazon's Echo device brings this technology into

our homes so we can interact with our music, lighting, and environment in exciting new ways.

Alexa is just one applied example of disruptive technology. Is your company ready for the next wave?

*“It's up to other companies to build on and further technology.”*



**PAUL CUTSINGER**

Amazon Developer Evangelist  
for Alexa & Echo at Amazon



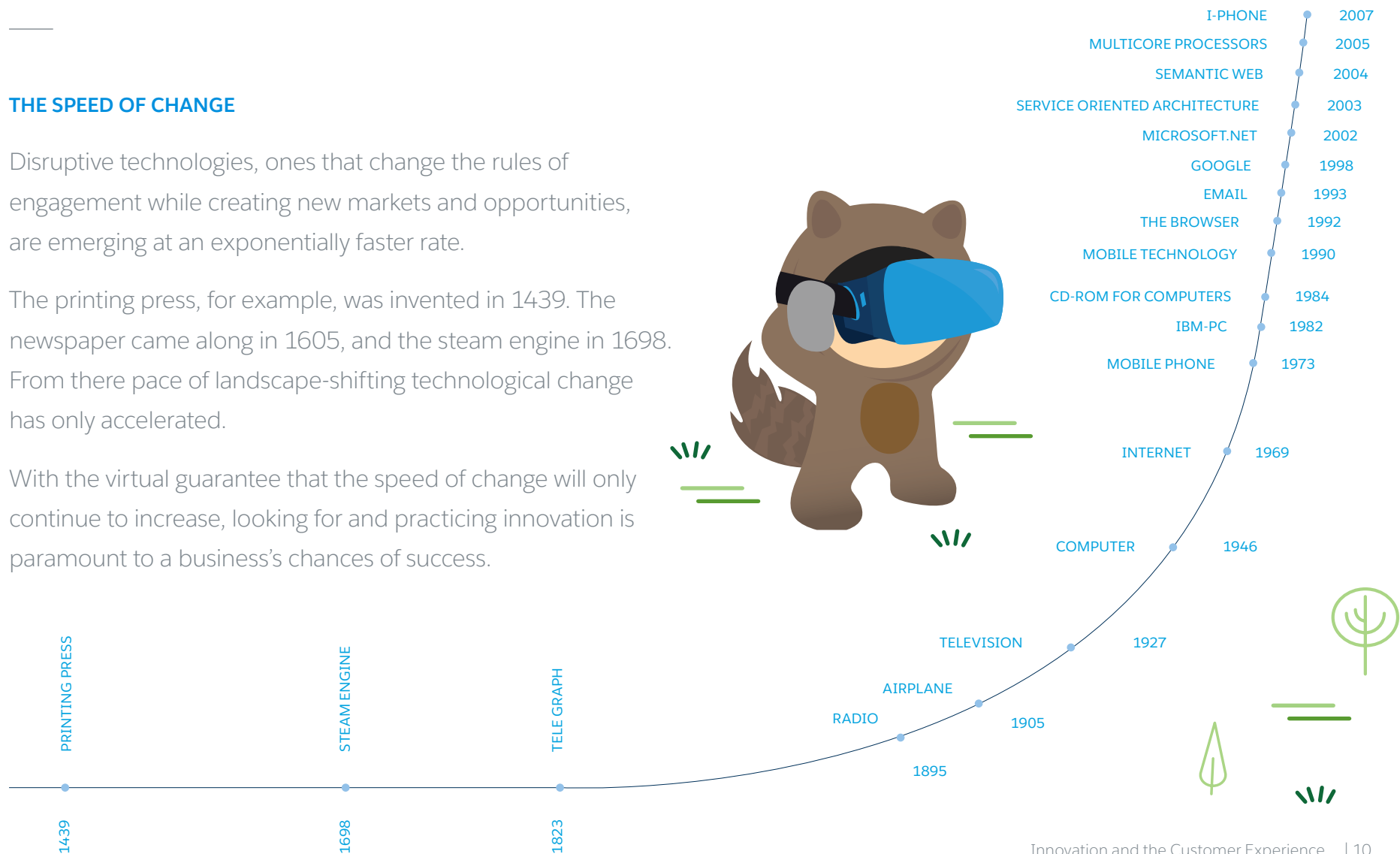
# The Next Emerging Technology

## THE SPEED OF CHANGE

Disruptive technologies, ones that change the rules of engagement while creating new markets and opportunities, are emerging at an exponentially faster rate.

The printing press, for example, was invented in 1439. The newspaper came along in 1605, and the steam engine in 1698. From there pace of landscape-shifting technological change has only accelerated.

With the virtual guarantee that the speed of change will only continue to increase, looking for and practicing innovation is paramount to a business's chances of success.



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## AI AND THE CUSTOMER EXPERIENCE

Artificial Intelligence promises to disrupt and reshape the technological landscape like nothing before. Its ability to connect various points of our lives – like home, work, and travel – will make seamless experiences the new normal.

AI is already at work in commonly used products today. Google leverages AI to autocomplete search queries with no human involvement. Machine learning algorithms tailor Netflix and Amazon product recommendations to you, as well as shaping your Facebook feed. Self-driving cars use AI to efficiently map routes, respond to changing traffic conditions, and more.



*“Eventually, helpful AI features will be on the phone, in chat, email, and any other type of communication people use. These kinds of things will become commodities, and if you have highly accurate and helpful AI, people will love your services.”*



**RICHARD SOCHER**

Founder at MetaMind &  
Chief Scientist at Salesforce





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## HOW AI CAN IMPACT YOUR BUSINESS

AI has big implications for every part of your business.



### Sales

With automatically captured data, sales reps will discover the best next steps to take with a prospect. Predictive sales will help teams prioritise leads and keep them tracking high-value opportunities. Calls and reminders will be set by a digital assistant to ensure relationships are maintained.



### Service

25% of customer service leaders were using predictive analytics or best-next-action functionality in 2015<sup>2</sup> – and that number will continue to grow. Service teams will increasingly be able to anticipate a customer's needs, rather than simply reacting to them. Streamlined systems, package monitoring, predictive intelligence that helps prevent customer attrition, and more will be the new norm.



### Marketing

AI-enabled marketers will even better be able to deliver the right content to the right customer at the right time. Repetitive steps will continue to be automated. Smart scoring will predict a customer's likelihood to convert. Journeys will become customised to individual customers, creating unique experiences that drive revenue.



### IT

We live in an app-centric world where apps are increasingly vital to every business function. App platforms make it easier than ever for business users to develop custom apps with low or no code. In turn, AI makes these apps more engaging, personal, and efficient.



## USING AI TO SUCCEED

Furniture company Room & Board provides a brilliant example of AI in action. Using artificial intelligence capabilities in their CRM, their digital marketing efforts used customer traffic data and predictive analytics to suggest additional purchases on their ecommerce site in almost real time – similar to how a sales associate would interact with a brick-and-mortar customer.

The results were huge. Room & Board found that customers who engaged with its recommendations placed online orders with 40% higher average values. Additionally, order values grew 60% when customers viewed its recommendations before coming into the store.<sup>6</sup> The business case for leveraging technology to deliver superior customer experiences is powerful.



Online Engagement Yielded:

# 40%

higher average values online



# 60%

higher order values in-store



How is your company using digital capabilities to improve your customer experience?

# Conclusion

## INVESTING IN INNOVATION

Technology will continue to evolve – and as long as it does so, its effect on the customer experience and the business landscape will manifest itself in new and exciting ways.

Concurrently, customer expectations will rise ever higher. Businesses that have made innovation a part of their DNA will find themselves best positioned to respond to changing demands, and inevitably succeed.

Learn more insights and tips from leading customer experience experts by downloading: [\*Creating a Connected Customer Experience\*](#)

*“You need to figure out the true cost of failure – and also the opportunity cost if you don’t innovate.”*

### VICTORIA FRAM

Managing Director at VilCap  
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# Acknowledgements

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On October 3, 2016, over 50 innovative companies came together at Dreamforce in San Francisco to discuss the future intersection of business and technology. Much of the content here comes from topics discussed that day, as well as other pieces from the contributors and sources listed here.



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**CONNECT TO YOUR CUSTOMERS  
IN A WHOLE NEW WAY**

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