

# GET INVOLVED

The future of innovation lies in customer engagement

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**I**NNOVATION in today's context is not simply about the invention of a new technology in a laboratory. In today's fast-moving business environment, innovation relies on a strong understanding of the business and customer context. Creating value for a customer allows a business to gain competitive advantage.

Innovation allows a business to provide new solutions to customers' articulate needs and/or add value in new ways to the existing market. By creating value through innovation and other methods, businesses can begin to distinguish themselves from their competition and can be seen as cutting edge within their industry.

Rather than just relying on internal knowledge, people within a company need to draw on ideas from people outside the business. Such networking with partners and peers allows executives to see potential pitfalls, and to learn from other businesses' experiences.

True innovators recognise that customer engagement is at the heart of successful customer service.

Most companies intuitively understand the return on investment that comes from improving customer experience.

But in the era of mobile devices and social platforms and the collaborative economy, only truly innovative companies seem to understand that customer experience hinges on customer engagement.

## CUSTOMER ENGAGEMENT

Listening to your customers can help companies successfully enter the collaborative economy. In this digitised world where consumers are also producers, customers often expect to be treated like partners.

Customer engagement is not a new focus for most companies. But what is new – and is continually changing – are the many ways and possibilities in which companies are able to engage their customers.

As one entrepreneur puts it, successful innovators do not ask customers and clients to do something different; they ask them to become someone different.

The question here is, do customers adopt innovations, or do innovations influence consumers to adopt?

Some might argue that consumers do not simply adopt innovations. Instead, it is the other way around. Innovations ask customers to embrace new ways of doing things.

This begs the following question: How can companies come up with innovations that will alter consumers if they don't have any idea who they are trying to influence?

For many companies, the pursuit of unique or breakthrough products is often tied to hiring better talent. Business owners with whom I have talked to often understand the importance of research and development (R&D) and do not shy away from spending money in this department.

Sprucing up R&D and hiring the right people are certainly important, but these are just a couple of factors that drive innovation in a company. Knowing your customers' behaviour is a better starting point than looking for opportunities through internal lenses.

If you want your customers to embrace new values and behaviours then you have to understand the "why" behind their purchasing behaviours. Some examples on how companies can help engage customers to drive innovation include:

- Get feedback from people who are aware of your brand or industry. As users of the product or the category, they already have insights on key benefits and pain points of what you are offering.
- Develop a strong customer engagement channel that lets you involve your customers in innovation. Simply engaging

your customers in co-innovation is a great way to help them get more involved in your brand. For example, with the help of a multi-channel customer engagement system, Pizza Hut was able to incrementally capture, structure and leverage large quantities of customer data. The software enabled the company to break down its massive customer base into numerous clusters and micro clusters based on expressed characteristics, purchase tendencies and behavioural indicators.

- Close the feedback loop. If you want your next offering to be innovative, your number one goal is to figure out how to transform your customers for the better. And while customers are happy to share their thoughts, consistent engagement through social media and other tools is necessary if you want them to trust you with their insights.
- Most of all, prioritise your customers. You need to understand if innovation is creating new value for the people who buy your products or services. You have to continually test new ideas with customers and make modifications in line with their demands.

The customer, in short, must be the heart of innovation.

## EVOLUTION OF ENGAGEMENT

Historically, we dealt with customers face to face, with a trusted word and a firm handshake. Then in the late 90s, with the dotcom boom, we created the first digital divide between ourselves and our customers. This divide grew as companies found ways to cut costs and create customer delight by moving more self-service options to the Web.

Technologies are rapidly converging, and with it the shifting and blurring of industry boundaries and in this process, the rapidly changing nature of products and services. For example, the education, communication and entertainment markets were traditionally served by several distinct industries: the consumer electronics industry, the computer industry, the communication devices industry, the music industry and the movie industry.

Today, the lines between these industries have all but disappeared in the wake of the consumer digital space. This convergence of technologies has enabled the features and functions of traditional industries and products to be combined in a host of ways.

Value therefore has to be increasingly co-created with consumers. By allowing individuals to co-construct their own consumption experiences through personalised interaction, consumers need to be encouraged through a search process where they

convince themselves that a given product is the best option.

Indeed, this goes beyond simply opening up access to a company's technology base or seeking customers' help in product development. Rather, value is created by the consumer's participation.

Popular apps such as Facebook and Uber work because they are designed to deal with the experience space. They focus on the individual learner and are sensitive to the pace and contexts in which individuals learn.

Equally important is the fact that they allow users to interact with their system through a simple, interactive interface. These dimensions help place the individual at the heart of a co-creation experience.

The co-creation and expansion of such experience spaces is the future of innovation and customer engagement.

Most businesses have already squeezed most of the easy profit out of employee productivity. The quicker path to profit now may be customer engagement. They become advocates for your brand and are more likely to buy higher-value goods and services from you over time. This means lower churn, lower acquisition costs and higher revenue per customer – benefits that will go straight to the bottom line.

Today's rapidly changing behaviour of consumers and business customers have made us all marketers: the critical moments of interaction, or touch points, between companies and customers are increasingly spread across different parts of the organisation. Engaging customers today requires commitment from the entire company – it has become everyone's responsibility. ■

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