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Capgemini and MIT Report Defines New Era of Collaborative Customer Exchanges New research shows that the human element is more important than ever before

Paris, May 23, 2017 – The latest report from <u>Capgemini Consulting</u> and the <u>MIT Initiative on the Digital</u> <u>Economy (IDE)</u> outlines the emergence of a new approach to customer experience management defined by the concept of Collaborative Exchanges (CX)¹. Based on nearly two years of research with leading customer-centric organizations and a quantified analysis of customer exchanges, the report charts the shift from organization-led customer interactions to a digital economy where the locus of control of the customer experience rests neither in the hands of the firm nor the customer, but rather is negotiated in collaborative exchanges.

The new report, **From UX to CX: Rethinking the Digital User Experience as a Collaborative Exchange**, is part of a six-year collaboration between Capgemini Consulting and the MIT Initiative on the Digital Economy to help organizations succeed in digital transformation and provide best practices.

This new form of collaborative customer exchange has two main dimensions – the active *participation* of customers along an organization's value chain and the extraction of more *information* at every touchpoint to target and personalize the offering.

- The Participation Market centers on how firms drive value by sharing internal activities while simultaneously satisfying a customer need. Firms that have started to collaborate with customers have found that they want to engage, want to provide their expertise, and appreciate being asked.
- The Information Market centers on how brands deliver value by leveraging information they have directly or indirectly gathered. Similarly, if the information is used to benefit the customer or offer a personalized experience, customers will be willing to provide personal data.

Customers are now able to engage at various levels along a firm's value chain from R&D and product development, through content creation and logistics to services. Concurrently, companies are able to gather information at each point to uncover and infer insights. The combination of strategic decisions around the level of participation and flow of information in a win-win way results in successful collaborative exchange.

¹ **CX for** *Collaborative Exchanges*: the concept of defining a new approach to customer experience management with greater potential rewards for both firms and customers.





"The fevered pitch for the development of algorithms that better understand and predict customer preferences seem to suggest that the future of customer experience lies on the laurels of data science alone. In fact, customer engagement must be understood through the lived experience of the consumer herself and is subject to the heuristics highlighted by behavioral science too. In a desire to welcome a new age of digital technology and prescient algorithms, firms must be mindful of the human element when it comes to user experience and work hand in hand with customers to create collaborative exchanges." Renée Gosline, Senior Lecturer and Research Scientist, MIT Sloan School of Management.

Four archetypes for Collaborative Customer Exchanges emerge at the intersection of the two dimensions that will help firms design successful collaboration exchanges.

- Hosts gather information about their users by opening up their value chain to shared participation
- **Companions** work alongside their customer so that the *shared participation* and user information is leveraged to change Customer Experience
- Advisors leverage information about their customers but retain tight control of participation
- Directors provide services based on controlled customer participation and gathered information

To create a successful exchange, both organization and customer must be willing to give up some control to allow positive participation and information sharing. Understanding the two-way flow of engagement and how customers benefit from the exchange is an essential part of cultivating a collaborative exchange. Customer engagement must be understood not only in terms of amount or value extracted by the organization, but by the lived experience of the consumer. Getting the balance right is key to create a win-win exchange.

Collaborative Exchanges in a digital world require that firms do not rely on data science alone, but develop a parallel arsenal of behavioral science. Granular analytics need to be balanced with a focus on empathy. Developing a comprehensive understanding of human behaviors, values, and sentiments will remain as important as ever in the digital economy.

<u>Didier Bonnet</u>, Executive Vice President at Capgemini Consulting explains: "Marketers are told daily that the success of their actions lies with analytics, algorithms, and AI. Of course this is massively important. But what we see clearly from this research is that, in this digital economy, the human element remains as important as ever. Only when brands are able to strike a balance between data analytics and behavioral science will they be able to drive win-win exchanges with their customers."

A copy of the report can be downloaded <u>here</u>.





'From UX to CX: Rethinking the Digital User Experience as a Collaborative Exchange' Research Report Methodology:

This research uncovers a framework for deciding when and how consumer experiences can transform into collaborative exchanges (CX) via digitally-mediated touchpoints in the firm's value chain. This framework, combining both quantitative and qualitative analysis, is based on findings from event and sentiment analysis (involving thousands of customer comments and tweets), executive interviews, and observational case studies.

We analyzed over 70 collaborative Customer Experience events across industries and extracted data from 50 cases for sentiment analysis. These events included changes or launches in loyalty programs, self-service platforms, features, offerings and more. For each event, the study measured: (1) the degree of firm-consumer participation and information exchanged on a 56 point scale and (2) sentiment analysis of over 40,000 tweets before and after a collaborative customer exchange to assess which events had a positive or negative experience and the type of capital that drove customer value.

About Capgemini Consulting

Capgemini Consulting is the global strategy and transformation consulting organization of the Capgemini Group, specializing in advising and supporting enterprises in significant transformation, from innovative strategy to execution and with an unstinting focus on results. With the new digital economy creating significant disruptions and opportunities, the global team of over 3,000 talented individuals work with leading companies and governments to master Digital Transformation, drawing on their understanding of the digital economy and leadership in business transformation and organizational change.

Find out more at: <u>http://www.capgemini-consulting.com/</u>

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About the MIT Initiative on the Digital Economy

The MIT Initiative on the Digital Economy (IDE) is a team of visionary, internationally recognized thought leaders and researchers examining how people and businesses work, interact, and will ultimately prosper in a time of rapid digital transformation. Capgemini Consulting is a corporate member and research sponsor of the MIT IDE.

Find out more at: <u>http://ide.mit.edu</u>