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TECHNOLOGY **PERSONAL** **SPECIAL**
GEOGRAPHY **CUSTOMISATION**
FASTER **SERVICE**
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PRICE

SERVICE 2020: MEGATRENDS FOR THE DECADE AHEAD

A BDO report, written by the Economist Intelligence Unit

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CUSTOMER SERVICE MEGATREND 08

CUSTOMER EXPECTATIONS INCLUDING THE PURPOSE OF THE STORE ARE EVOLVING WITH NEW TECHNOLOGY

Mobile devices are leading the way in changing customer expectations. By always being able to access any information, at anytime, people will increasingly expect this throughout their lives. Almost a third of respondents say their customers expect to be able to get in touch with them 24/7. And when asked about the drivers changing customer service today, communications technology topped the list (selected by 53%), followed by more available information (46%) and increased competition (44%).

"The other trend we're certainly seeing, and something we're very alive to, is that the business is moving away from the desk or home and onto tablets and mobile devices," confirms Net-a-Porter's Mr Sebba, noting that this is particularly evident on its sub-brand, Mr Porter, which sells high-end fashion for men. "We're spending a lot of effort ensuring our mobile apps are as good as anything in the market, if not better," he says.

But as with social media, most mobile technology is still essentially new. The most hyped devices, Apple's iPhone and iPad, were only introduced in 2007 and last year, respectively. In the coming decade, a new generation of innovation will emerge on the back of these devices and a rapidly growing list of rivals. Some of this innovation may also come from unexpected sources. Many emerging markets have leapfrogged traditional methods of internet access and adopted mobile connectivity more rapidly than anywhere else. In countries like Kenya, where consumers have had miserable access to retail banking services, the introduction in recent years of a mobile phone-based cash deposit and transfer system, called M-Pesa, has spread like wildfire.

Elsewhere, a trial project by SAP, a software firm based in South Africa, has seen SMS-based applications developed for rural communities, allowing them to aggregate their purchases from a distant store, which then delivers the entire community's order in a single go to achieve economies of scale. "On the e-commerce side, we have a huge population enabled with cell phones," says Pick n' Pay's Mr Ackerman. "Interaction on mobile media is huge here and growing at a huge pace."

Already, the retailer is adding a range of electronic services to make life easier for its customers, such as providing payment services and access to government grants. "You can scan your finger at the till-point to collect your pension," notes Mr Ackerman. By 2020, developed market firms may be learning new mobile tricks from their emerging market rivals. And by then, mobile devices will also help change the in-store experience.

Today, most shops are largely transactional places, but over the coming decade their role will evolve. In part, they will become showcases: places for consumers to kick the tyres of a new purchase. "The role of the high street might shift to becoming a contact sport: looking, feeling, asking," says BT's Dr Millard. Over a third (37%) of survey respondents see the distinction between the online and offline experiences completely blurring by 2020. In the technology sector, Apple has led the way, opening hundreds of stores globally that provide a hands-on browsing experience by letting anyone come in and use their devices for as long as they want. Most recently, the firm has removed payment points, instead simply enabling all sales attendants to act as till points wherever they are, using mobile devices.

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interaction ON mobile media
is huge
 and growing at a **huge** pace

JONATHAN ACKERMAN
 Customer Services Director
 Pick 'n' Pay

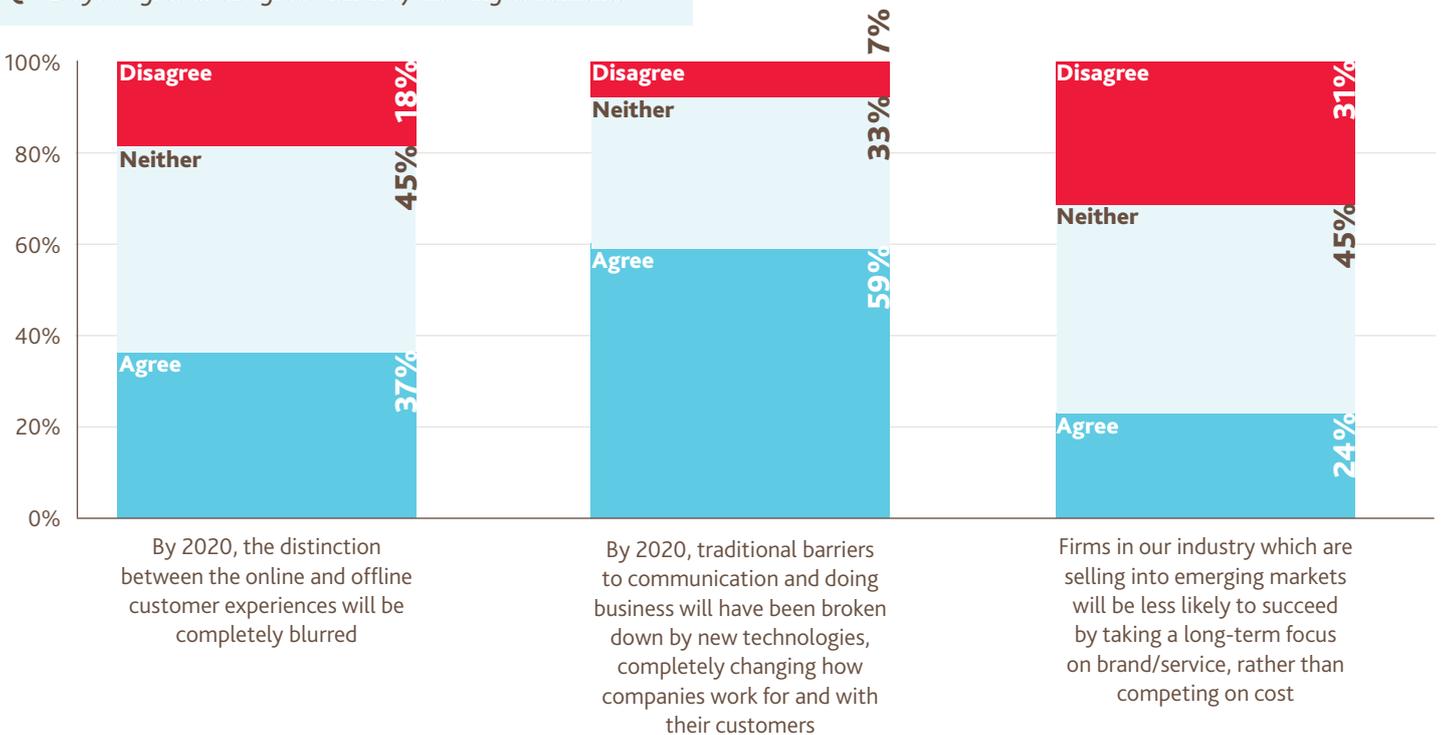
CHART 12*

Q: "Which of the following channels do you use to interact with customers now and which do you expect to use in 2020? Select all that apply"

	Now	in 2020
In person/sales force	398 (83%)	320 (67%)
Stores/outlets	108 (23%)	110 (23%)
Mobile devices	147 (31%)	257 (54%)
Telephone	297 (62%)	206 (43%)
Call centre	115 (24%)	122 (25%)
Email	335 (70%)	303 (63%)
Website	308 (64%)	321 (67%)
Social media	134 (28%)	291 (61%)
Mail	198 (41%)	120 (25%)
Instant messaging services	72 (15%)	188 (39%)
Other, please specify	16 (3%)	24 (5%)

CHART 13*

Q: "Do you agree or disagree with the following statements?"



* source: Economist Intelligence Unit

CUSTOMER SERVICE MEGATREND 08 *continued*

CUSTOMER EXPECTATIONS
INCLUDING THE PURPOSE
OF THE STORE
ARE EVOLVING
WITH NEW TECHNOLOGY

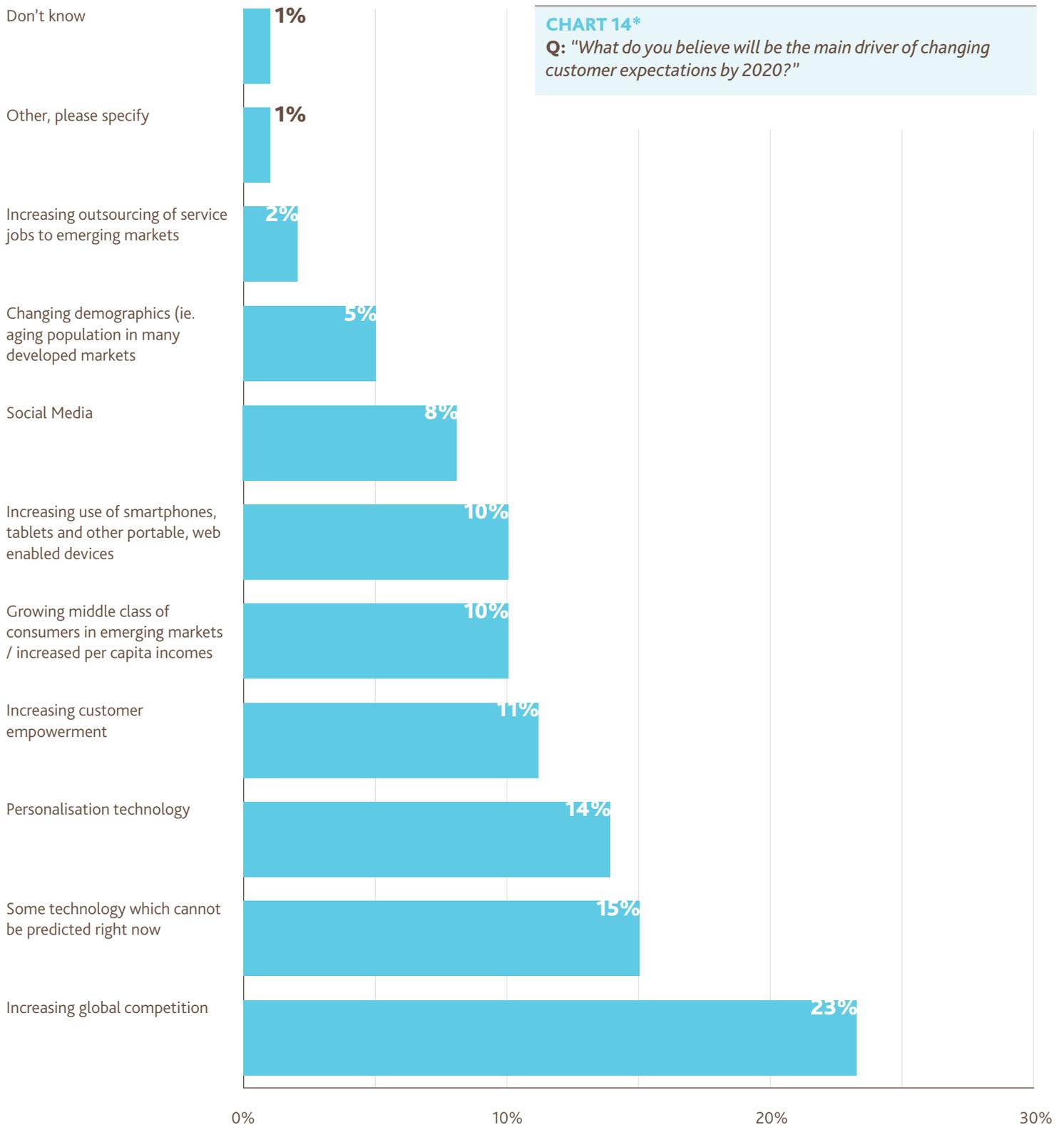
New technologies, such as Square, from a 2010 start-up founded by Jack Dorsey, co-founder of Twitter, enables anyone to add a tiny (free) dongle to a smart phone to allow it to take credit card transactions. "You can now take cards as a small business, or burger van, or coffee shop, so you can completely bypass the traditional route," says Sense Worldwide's Mr Millar.

It is breakthroughs like this that firms, especially in the B2C space, believe will change service in the future: 15% selected "some new technology that can't be predicted right now", second only to increased global competition (23%), in terms of key drivers of change in customer service by 2020. Similarly, over half (59%) of survey respondents believe that by 2020, traditional barriers to communication and doing business will have been broken down by new technology, completely changing how companies work for and with their customers.

More importantly, physical stores will focus more on advising and guiding customers. At the start of this century, for example, many banks saw opportunity to cut costs by curtailing their retail stores in favour of automation, rolling out cash machines and online banking instead.

But this trend has reversed, with many bank branches reopening and becoming advice centres where customers discuss more complex queries, even while normal transactions are carried out on self-service kiosks. "We will need to adapt [to online retailing], but never lose site of our valuable mortar network. It will prove maybe even more valuable to us in 2020 than today," notes one executive polled for this report.

Finally, physical stores will increasingly provide consumers with an experience. Mr Millar dubs this the "fetishisation" of services: the turning of a relatively mundane transaction into an experience. One example is the coffee industry. "Buying coffee 15 years ago was a fairly transactional process," says Mr Millar. "Now it's an extraordinary, customised, fetishised process, which comes with a whole language of its own." In the coming decades, firms looking for an edge will seek out relatively mundane processes and look for ways to make them visible and exciting again. By 2020, even a visit to the dentist may seem appealing.



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