

Why Amazon's and Uber's Digital Strategies Excel

A coherent digital vision is elementary

AMAZON AND UBER are great examples of winners in today's global marketplace; they've helped spearhead a digital revolution that requires businesses to reinvent themselves. Many firms try to assemble digital initiatives piecemeal—e.g., a little social media here, a little e-commerce there. But Amazon and Uber would tell you a piecemeal digital approach is doomed to fail—a successful strategy must be coordinated from the outset.

Seventy percent of 18- to 64-year-olds in the United States buy digitally, yet this revolution is just getting started. Consider these numbers: Every day 4.8 billion interactions take place on Facebook; 1.3 billion smartphone apps are downloaded; 16 billion texts are sent; 5.9 billion Google searches are made; 500 million tweets are posted; and 300 billion emails are sent. In addition, social media generates almost double the marketing leads of trade shows, telemarketing, or Web ads; 71 percent of consumers receiving a quick brand response on social media would recommend that brand; and 68 percent of online users check out companies on social media before buying.

Digital strategy is about leveraging your knowledge of each customer's preferences and using digital tools to customize his experience. CRM relates to how you use customer information to optimize your sales, marketing, and service processes; customer experience management (CXM) involves how you use customer information for your external touch points to optimize your customers' experiences. The challenge is to integrate both into a coherent digital strategy.

I recommend using the "hub and spoke" model, with CRM as the hub containing the customer profile, populated with timely, relevant information. CXM components make up the spokes and include social media, next-best-offer and customer journey models, and mobile apps.

The spokes leverage customer data from CRM to enhance customer engagement. The spokes also send valuable data back into the profile (e.g., social insight from branded, private social media communities). In other words: a two-way exchange of valuable data aimed at enhancing the customer experience.

PICKING YOUR TACTICS

A sound strategy needs the right tactics to support it, including Web site and portal improvements, enhanced mobility, participation in public social media, creation and management of branded, private social media, integration of digital or social insights into ongoing (social) CRM efforts, and more. Smart organizations ask themselves: Given our knowledge of customers, how will each proposed digital activity enhance their experience and deepen their engagement?

Next up: a detailed road map that looks forward at least three years. The road map describes the digital activities to be done when and by whom, and it lays out three inter-

connected tracks: organizational readiness and change management, digital business process enhancement, and digital technology. As with most technology initiatives, 50 percent of success will depend on people issues, particularly around user adoption; 30 percent on achieving effective processes; and 20 percent on technology to support the processes.



TAKING THE PLUNGE

Strategy development can be broken down into three manageable steps: First, conduct a strategy assessment, an objective snapshot of your company's current digital status that identifies opportunities for knitting together individual digital tactics with new initiatives to form a coherent, comprehensive strategy; second, establish a high-level digital vision and road map; and third, form a detailed implementation plan based on your ability to manage all aspects of digital strategy.

Given the staggering speed of change, the need for a sound digital strategy has become urgent. Best-in-class companies are already focusing on the next wave: customer data captured by the 9 billion Internet of Things-connected devices/sensors—which will explode to more than 20 trillion by 2020.

Ask yourself: Do you want your company to follow Amazon's or Uber's trajectory, or that of Polaroid, Radio Shack, or Borders? 

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