Consumer-Driven Innovation in 2021

CapTech Trends Podcast | Episode 22

Vinnie

Hello and welcome to CapTech Trends, a place where we meet with thought leaders and subject matter experts to discuss emerging technology design and methodology. I'm your host Vinnie Schoenfelder, principal and CTO at CapTech Consulting. Today we are taking a look at our most recent consumer research survey, diving in some to the specifics. Joining me again from our Charlotte office is Bree Basham, a principal at CapTech leading our customer experience practice. Bree, welcome back.

Bree

Thanks, Vinnie. Great to be here.

Vinnie

Great. So we're gonna spend a little time we'll have a link so that people can go take a look at the survey. It's our second survey, and we plan on keeping these going, you know, every year. Bree, why don't you give us a little bit of history about the survey. Why we started it, maybe what we found out last year?

Bree

Yeah, absolutely. Last year, we did the survey for the first time. We really did it trying to dive into the pandemic and understand how consumer expectations had changed as a result of that. Specifically we wanted to measure things like why people make certain decisions around purchasing and what may enable consumers to choose one brand over another. We had a lot of success with the survey and decided to come back this year, and really look at how consumers' perceptions as well as things like their technology usage, and their purchasing behaviors have evolved in 2021, and how that data compares to the 2020 data that we pulled.

Vinnie

Great. So what were some of the big findings or big takeaways from last year?

Bree

From last year we focused a lot around innovation as we did this year. And last year, we learned really that innovation was something that companies were placing priorities around and that consumers were responding to. So that innovation was really meeting the changing times. This year, we're seeing a continuation of that. We're seeing that become even more important than it was. When you think back to 2020 also think about where we were last year, right? There were real limits on availability. We all remember the toilet paper issues that were so prevalent at the time. The spending was really around essentials last year. There was a lot of uncertainty. This year that uncertainty is still there. People are being cautious, but spending is back, and people are looking at how they can prepare for the future.

Vinnie

One of the things I remember about last year, too, was that the perception of brand changed.

Bree

 Yes.

Vinnie

Some of the factors that people consider when identifying with a brand were very different than the previous year, has that continued to be the case coming into this year survey?

Bree

 Yeah, we sort of coined it last year as brand loyalty is changing. It's shifting right, it might even be dead to a certain degree. At least for the time. Availability and convenience were really the things that took precedence over that. This year we're hearing that price is still very important that availability is still very important but people are looking to brands to provide certain things. They want to be able to trust a brand. They're looking for brands that give back or support the local community that take care of their

employees. We're also really hearing that accessibility and inclusive design is very important for people that are making decisions right now. They want to feel that's coming from the brands that they are prioritizing or they're giving preference to.

Vinnie

Yeah, I find that interesting because I think that's been a growing trend. Last year, I think it was employee health and safety around COVID, even though that was indirect to the consumer. They valued that from a corporate identity standpoint. And maybe that's relaxed a little bit because people are more used to this environment. It shifted to that accessibility and inclusion aspect of how companies present themselves digitally as well as analog. Is that correct?

Bree

Yeah, that is we're hearing that these things are ranking very highly in influencing a purchasing decision. In fact, more than 40% of the people we survied have tried a new brand based on their inclusivity of all people including those with disabilities. So that's a huge number, especially for a trend that we didn't dig into too much last year. To see a number come in that strong was very welcomed. I'll say from our end, as you just mentioned previously, this is something we've been watching for a long time. It's something we're prioritizing within our own organization and we're seeing many of our clients heading that direction as well.

Vinnie

What's interesting to me to hear that as 15 or 20 years ago, I was doing website design that included accessibility as part of the fundamental architecture. And you know, I would quote things like eight to 10% of a workforce is visually impaired. So, you need to accommodate that and broader than that 8 to 10%, maybe a little bit more of the communities visually impaired. If you reach out to them, that obviously increases loyalty. What we're seeing is the reaction to that type of design, when promoted correctly, also impacts people who don't have those disabilities. Right. So, it's not just the immediate obvious impact. It's much broader than that because people are respecting the efforts going into it.

Bree

It is very broad and it's really anyone with any kind of impairment. Right, anyone will be able to come to a website and experience at the same way as someone with zero impairments. That covers many different types of different people and different disabilities that they're facing.

Vinnie

That kind of makes me think that it's even more challenging today. I was looking at some of the results of this survey on innovation and channels. We've really moved from omni-channel, which is still a thing, right? You know, consistency of experiences and persistence of experience across devices, to a more micro channel approach. Where some of these interactions are happening on smaller and smaller, more specific devices, whether it be a watch or voice or chat bot or something like that. So, it seems like the CX angle of that of creating a coherent and consistent journey across those things has to be more difficult when you're using more channels.

Bree

That's right. Yeah, this is something you and I have been talking about a lot lately. We're using the term micro channel to describe all the new ways that have become so crucial for interaction during and post pandemic. I think we've discussed the fact that COVID forced people to catch up with digital adoption that weren't there. Previously, you know, I believe omni-channel referred to sort of a basic combination of things, your in store, your website, your app, and some limited interaction between these channels was where a lot of people were focusing. As you mentioned, now, the need for things like digital wallets, QR codes, touchless transactions, etc. Even things like selling on social or through third party or think about BOPIS and curbside pickup. All those things have taken omni-channel in a new direction.

Vinnie

I'm thinking too. We've talked about this a bit as the interface gets smaller, right? Moving from a traditional monitor to a laptop screen to a tablet to a phone to a watch to just voice without any screen.

To me, it seems like the need for good design increases, because it's more difficult to tailor, especially when you think about accessibility. Those experiences on smaller and smaller and smaller devices that give you less options. Can you speak on that for a bit?

Bree

Yeah, one of the things I keep thinking about what the smaller devices too, is the importance of search as a starter for some of those omni-channel experiences. You think about how many of those experiences between a customer and a brand or company start by them searching for something. So, you think about the importance of enabling search that works just as well on mobile as it does on desktop. One example I think that aligns with with where you were headed.

Vinnie

I'm thinking about all the things that must happen between all of these micro channels. Design is one. I'm thinking strategy is affected by that the individual groups within your organization probably more focused on customer research. How do you go about when people listen to this? They say "Oh, yeah, devices are getting smaller and more specialized in their use cases." What project methodologies, what behaviors must change internally to address designing and delivering for that?

Bree

So, the digital strategy as you mentioned becomes so much more important. That's what's really going to address how all those channels are interacting with each other. The business's main channels and those micro channels. Then we look at what customer research can drive for brands. That's critical to understand those actions and intentions and the attributes that influence those habits across those micro channels. We do a lot of journey mapping with our customers. That's the measurement across channels of how customers are experiencing a brand or a company and where those high points of interaction are, what things are going well, but also where the opportunities are. That research leads directly to understanding a customer's pathway and where those points of improvement can be. You mentioned the design across the channels, we've talked about how important that is to be accessible for

everyone. We also think about the consistency standpoint, right? It has to be consistent over imagine being in a store and using a kiosk then going to your desktop to then going to your phone. How does that brand know where you've been? How can you pick up on the same experience at any given point in time, and have it be consistent in each of those different interaction spaces, as well as within the micro channels?

Vinnie

I was looking at the report again this morning. Something that caught my eye was the digital savviness part of it. Whereas I think last year and the year before that coming into the pandemic, there were certain laggards in terms of people adopting technologies, whether that be home delivery, or touchless, or TeleMed, even Netflix. People were resisting some of those changes. The pandemic made people try those things. You know, strong encouragement. It seems like the digital savviness of our population has increased as a result. Does the survey support that in terms of people sticking with these new approaches, even though the world's opening back up?

Bree

Yeah, because I think people are seeing the benefits of those right? One of the things we saw that came out strongly was that there was recognition of convenience that came from the digital usage. Think about how many people have shifted to online grocery shopping, again, the curbside pickup at the integration with an app, all the delivery services that are now in play. Using those technologies is something that we've seen a lot more adoption of within our older demographics. We had seen it for some time with younger demographics but are now seeing that within the 27 to 50 age group as well as being really prevalent because people are more likely to do continued usage of these different types of activities when they see the benefit of convenience there.

Vinnie

Yeah, I think that's mirrored internally as well. Very early on we had a podcast where I was mentioning that the companies that were performing well early in the pandemic special with remote development.

Were ones that had modern methodologies and modern architectures, they were in place to support that. The pandemic was clearly a catalyst to people who were behind on that to get their methodologies and architectures up to speed. I think we're going to see increased velocity in innovation as a result. On the other side a lot of companies now that they're having those methodologies and architectures in place. They're struggling a bit operationally, like with the relationship between business and IT. Just having a good muscle memory in terms of how to do rapid, iterative development of meaningful functionality. I don't know if that ties back to the strategy stuff we were talking about before in terms of getting those shared priorities correct first or if it's an execution issue, because it's a new way of working. Just curious on your thoughts on that more internal side of, of delivering on this functionality.

Bree

I think we've seen a lot around innovation this year. We've seen a lot of companies start to prioritize that more than they have in prior years. I think one of the biggest takeaways for me of discussions with our clients over the past years, we're now seeing innovation as a track within organizations just like the BAU work is. It's looked at in terms of understanding that it needs to be separate. There needs to be space for it. If we're going to create the space for people to be able to focus on it.

Vinnie

… and BAU for some of you who may not know as business as usual.

Bree

Yes, business as usual. Thank you. I think one of the things you touched on that many companies can still get better at is that rapid prototyping, to test to learn to iterate on that and really optimize, which is something that really ties directly back to all these micro channels. We've been talking about today, that rapid prototyping, even with something like chat to get in there and do a pilot quickly to find what is MVP and learn from that. Optimize as you go is often the way to figure out if those ideas are going to be lasting ones, and to measure how your customer base is really reacting to those things.

Vinnie

Yeah, this can be difficult to fund because it's not a very obvious business initiative. It's more of a R&D kind of thing. And some companies already have sort of R&D, small 20 person groups doing that. One of the things I recommend usually is when looking at changing the methodology, the architecture of these projects, is not to do it all at once across the organization where you're forcing people to make a change. Instead, identify a couple, two to three, high visibility, high impact things that you can do in a three-to-six-month window and do them right top to bottom. Even if you must do it outside of normal processes within your organization to demonstrate how successful and how quickly you can move when you don't have that legacy methodology and technical debt holding you back. Then once everyone sees that and gets an appetite for it, then everyone starts to clamor for it. So, it's easier to go that way and pull people along by showing them the benefits, as opposed to pushing them after some new standard that they may not even believe in.

Bree

Yeah, absolutely. That reminds me of several of the innovation projects we've done in the mobile space where we've done it outside the company's native app to get results more quickly. Not have to take that integration time be able to put something out there and test it not knowing if every concept is necessarily going to be a winner.

Vinnie

Gotcha. The last one I wanted to touch on was personalization. I know that made our our list this year, I think I don't know if it did last year or not. But if not, it certainly came through. You're nodding. I assume it did. Yeah. Is personalization changing? Is it staying the same? Is it now just an expected fundamental?

Bree

Well, we're seeing again, that people are getting more used to the benefits they get from some of these types of modern technologies. People have learned now that if they are able to share some data, and they give a little bit, they're going to get something in return for that. Consumers are willing to exchange

data for a more personalized experience because they see that as a benefit. That then becomes more convenient to them. They get some efficiency out of it. It's more targeted. It's more direct with product recommendations and location-based content, for example. It ties back to the same thing we're seeing earlier where there confidence growing in a lot of these technologies and that is causing additional adoption from consumers.

Vinnie

There's some nuance here because we've talked before about how people will share information if they believe it'll benefit them. If they believe it's just helping the other company, all of a sudden, there's a lot of privacy concerns and doubt, it hurts the brand, right? To the extent this is all perception,to the extent that you do recommendations and personalization, well, versus doing it not well plays to your own credibility and authenticity, and people will think you're less secure, you're not handling the data in a more private manner. They have all these negative views of your brand that are unfounded from a technology standpoint. They're just perceptions based on that interaction and that usability?

Bree

Yeah, absolutely. One thing we've learned is that consumers do have a threshold for how long they're willing to give something their attention, and they need it to ultimately benefit them in some way. Whether that's a perk additional information, you know, early information, etc, they're looking for something in exchange. We talked about optimizing experiences a little bit before. I think that's one of the risks and where we are now, with so much new innovation going out in a widespread manner. There is that willingness from consumers to adopt and to try things. If we don't continue to encourage the optimization of these experiences, and making them worthwhile and valuable from consumers, and getting that actual data, by testing and doing that research with consumers. There will be a shelf life on how long consumers are willing to put up with an experience that is less than seamless, or that they feel isn't delivering for them.

Vinnie

Gotcha. To wrap up, let's direct people to where they can find the survey break, where can they find it?

Bree

We have published a number of materials on our website. Captechconsulting.com and you can search in our Insights section. We have a survey report, that's a condensed four- or five-page document that you can read through see all the themes etc. We also have infographic that's published there that you can do some quick comparison, the 2020 data to the 2021 data. We are available to share the results in more detail for anyone who's interested in learning more about what's driving consumer innovation and purchasing decisions.

Vinnie

Great. Well, Bree, thanks again for being on the podcast. Always a pleasure speaking with you. For those listening, if you're enjoying these, please subscribe. And please refer these to your friends and colleagues. Thank you

Bree

Thanks, Vinnie