



# DON'T JUST DIGITIZE, HUMANIZE

Companies' digital futures will depend on emotional bonds as much as functional superiority

John Marshall and Dan Clay

Digital disruptors have generated undreamt of shareholder value by introducing new and innovative business models that many once considered impossible. In transportation it's been Uber. Retail, Amazon and Alibaba. In hospitality, Airbnb. By leveraging platform economics to their benefit, each of these disruptors created a major advantage in cost, selection, immediacy, and level of service. Not surprisingly, in a recent survey we conducted of 3,500 consumers, digital leaders scored 50 percent higher in the functional benefits

they deliver to customers, such as saving time, making life easier, and customization.

But there's a catch. When we asked how most do on softer attributes such as caring for, listening to, and being on their customer's side, digital leaders are merely at parity. Their resulting loyalty scores are also not significantly higher. Our data shows Facebook, Youtube, Etsy, Uber, and Airbnb have loyalty rankings of 30 percent or lower, compared to 40 percent for Disney, 50 percent for American Express, and 65 percent

## DIGITAL EMOTIONAL TECHNOLOGIES

TOOLKITS FOR FORGING DEEPER EMOTIONAL CONNECTIONS ARE ADVANCING RAPIDLY



### KNOWING

**I'M UNDERSTOOD**

*Be recognized and understood like never before*

**Biometrics:** Biometrics will launch complex decision platforms to act on your behalf like playing the song you'll love based on your mood.

**Tracking:** Tracking will occur automatically, and we'll trade privacy for the benefits of sharing data – like micro-payments for our behavior.

**Predictive modeling:** Human-centric algorithmic personalization platforms will create a more complete data picture with more accurate predictions based on the crowd's collective intelligence.



### CONNECTING

**I BELONG**

*Collaborate in ways you couldn't before*

**Communications:** Centralized agents will free us up to focus on communication rather than coordination by helping us to manage our exchanges across channels, from ChatBots to Digital Assistants.

**Social and sharing:** Social networks will be more vivid (through virtual reality), productive (through shared interest platforms), and cross-functional (with payment and gifting).



### CREATING

**I CONTRIBUTE**

*Make things you couldn't before*

**Authoring, posting, editing:** Platforms will continue to let you easily make and share your creations – from YouTube (content) to TeeSpring (T-Shirts), to Motif (investment portfolios).

**3D printing:** 3D printing will change what can be made, and by whom – we'll 3D print dresses from home and bones from hospitals.



### IMMERSING

**I'M HAPPY**

*Feel things you couldn't before*

**Virtual reality/augmented reality:** The line between "virtual" and "real" will disappear. Your augmented reality overlay will constantly stream relevant knowledge, connecting you intelligently to your surroundings.

**5G speeds:** 5G will power driverless cars, robots, smart cities, and massive sensor networks.

**Speech to speech:** Speech-to-speech translation will break down cultural and political barriers, allowing you to immerse yourself in cross-cultural experiences.



### EMPOWERING

**I'M POWERFUL**

*Do things you couldn't do before*

**Artificial Intelligence:** AI will perform many cognitive tasks better than humans ever could. Within 10 years, 30% of business content will be authored by machines.

**Crowdsourcing:** Constant sharing and streamlined digital platforms will allow us to seamlessly obtain "crowd" advice and action at any moment, helping us complete tasks by outsourcing to the crowd.

**Transparent ratings:** A complex set of "ratings" will manage our work performance, fitness, or sociability, with high ratings equating to access and opportunity.

for USAA. So while many digital businesses have created massive customer value, there is a risk that they are potentially fleeting utilities.

Emotional connection matters. The bond between a consumer and brand drives preference and loyalty. One recent study by Motista, a predictive intelligence company, confirmed that brands with strong emotional engagement enjoy 50 percent higher customer value over their peers. If people don't have that kind of connection with your business, they'll drop you as quickly as they dropped their travel agent, their bookstore, or their yellow cab.

Even more to the point, the kind of human connection that drives lasting value is exactly what technology is ideally suited to deliver, and is ultimately destined to do: listening more, remembering better, knowing more deeply. Technology's toolkit for emotional connection is growing in leaps and bounds. Soon people will be perpetually and seamlessly connected to the network, through their clothes, their wearables, their biometric data, their presence and preferences that will be recognized everywhere and anywhere. Hunching over screens will give way to human dialogue-based interactions such as Alexa and Viv. Intelligent AI will anticipate needs that have not been conceived of, and virtual worlds will immerse people in richer experiences.

To remain successful, therefore, companies will need to adopt a new mindset, one that focuses as much on the emotional as the functional. They will need to understand four fundamental human needs that technology is destined to deliver and build customer experiences around them: understand me, take care of me, let me contribute, and help me belong.

There are examples of how companies – both new and old – are already doing this. Technology listens, remembers what matters, and raises the intimacy of our conversations. Amazon understands you by aggregating your purchases and predicting what you'll like next. Delta knows when and where to help people, and serves up a free meal coupon from the kiosk when a flight is delayed. Motif, an online broker, helps you contribute by letting you "playlist" your own investment portfolio based on your goals and values. And Waze, the crowd-sourced traffic app,

creates shared meaning by engaging its most loyal users as much as new players of the game.

At the heart of this deeper intimacy is an information exchange, the creation of bonds that depend on a trusted level of sharing. But here the data tells another important story. Asked the simple question – do you trust this brand with your data? – digital leaders averaged only one out of three customers saying yes. Dispersion across companies ranged from 14 percent to 62 percent, with social network leaders averaging in the low teens. Truly creating the connections will require a deeper level of trust than that which exists in most businesses today.

The lure of digital technologies is that of scale. We can grow user bases overnight, test new ideas instantly, and improve offerings through perpetual cycles of optimization. But the risk is we lose the human in the data. Long-term, technology's promise isn't efficiency, it's actually intimacy. Once that is achieved, today's functional advantage will be accompanied, and eclipsed, by tomorrow's emotional bonds.

All companies will be forced to profoundly rethink how they can compete in this next-generation, more-human digital world, which is unclaimed territory. For digital natives, the new advances will be a means to form better human connections. For traditional companies with solid customer relationships built up over decades, these technologies could propel them to the front of the digital pack.

---

**John Marshall** is the chief client and strategy officer and **Dan Clay** is a senior associate of Oliver Wyman's Lippincott, a creative consultancy.

This article is adapted from an article that first appeared on *CMO.com*.

