

VIEWPOINT

Engaging Digital Consumers: An Infosys Survey



Abstract

Infosys, a global leader in business consulting and technology, has released the results of a groundbreaking study that investigates the relationship between digital consumers and the retail, banking, and healthcare industries that serve them.

Engaging with Digital Consumers delivers valuable insights into some of the most important emerging challenges in the digital marketplace. Foremost is the reticence consumers feel about sharing personal information with companies they perceive to be unable or unwilling to safeguard their privacy, or to offer them value in return.

The results come from a survey of 5,000 digitally active adults in Australia, France, Germany, the United Kingdom, and the United States. Their perceptions of the three industries vary greatly. For example, respondents say they're more comfortable sharing information with retailers than with healthcare companies.

The results of the study are a call to action for global corporations to educate consumers and to leverage the latest data mining technologies more effectively. The fact that so many international firms still don't have working platforms that allow them to respond to their customers' needs indicates that products and services associated with Big Data are barely scratching the surface.

The *Engaging with Digital Consumers* survey by Infosys reveals how consumer attitudes are changing and why companies need to utilize data to innovate or risk losing sight of their customers.

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The Value of Data

"I don't have cash. Would you take data instead?" It's a question Martin Illsley, a thought leadership consultant for Infosys in France, enjoys asking companies that are trying to sell him products and services.

Illsley is amazed at how many global corporations are unable to respond to his question. And, more importantly, how most companies don't even have plans in place to address the underlying trend. These are companies, he says, that spend a lot of time and money collecting Big Data in order to better understand their customers. Yet time and again, many of those companies don't take advantage of the technologies or practices they have at their disposal.

Illsley says that for all the surveys on Big Data and how companies can better engage themselves with digital consumers, for the most part global organizations are failing to drive real client value from the data. He points to the comprehensive survey by Infosys of 5,000 consumers across five countries which reveals that 94 percent of digitally savvy consumers would share at least one piece of personal information if it meant they received a more personalized experience at their doctor's office. Their doctors, however, don't seem to capitalize on such data. "It's astounding," says Illsley. "Can you imagine 94 percent of your most digitally savvy customers specifically asking for something and yet nobody moves on it?"

Infosys utilized the survey to drill down into both sides of the world of digital commerce: consumer attitudes about their digital information and how corporations put such data to use. The information gleaned from digital sources was once so vast to be unworkable within traditional data processing frameworks. However, to enterprises using new technologies that can curate these enormous sets of information, Big Data can now translate into valuable insights into consumer behavior.

The survey uncovers the complex and ever-changing relationships between companies and their customers. The results amount to a treasure trove of consumer perceptions about online privacy and digital innovation in the retail, financial services, and healthcare industries. In the Infosys survey, respondents said that 71 percent of mobile promotions from their financial services provider weren't relevant. "If a large swathe of your consumer base tells you that something you're doing isn't working, then you'd better listen and stop doing it," Illsley said.

Organizations that can exploit the results of the latest data mining techniques stand to put even more distance between themselves and their competitors. Companies need to keep pace with evolving consumer perceptions of data sharing, says Anand Arkalgud, vice president at Infosys Labs and head of co-creation at the company's Building Tomorrow's Enterprise workshops. "Listen to what consumers are saying – their mindset has changed and they're willing to give you more than you thought," he said. "Ask yourself how your company is going to deliver on what you're promising."

Arkalgud estimates that eight out of every 10 companies are not maximizing the information that consumers are ready and willing to give to them. He should know: His workshops and consulting engagements with CEOs of global corporations keep him in touch with major decision-makers. There's a tremendous gap," he says. "Companies should be asking themselves what they should be doing to close this gap and to drive value from their customer data."





Retail: Ringing Up the Right Message

The survey validates the importance of finding a community of customers that will share their personal data and on what terms. Consumers are willing to share significant life events and information with certain enterprises, according to Balaji Desikamani, the head of marketing for Infosys Cloud and Big Data businesses. A company, however, should know full well that if it's going to get those types of insights, it's going to have to work hard and give customers something in return. "People aren't going to tell you to come and pick up their data," Desikamani says. "You're going to have to dig it out yourself."

Many companies are unaware of just how rapidly data technology is changing. Desikamani likens the current environment to when the Internet was new and everyone was discussing the promise of e-commerce. Back in the mid- to late-1990s, the average consumer wouldn't dare use his credit card for an online purchase. It was a line that consumers drew in the sand and it was a formidable one – at first. "There was a huge cultural shift with e-commerce," says Desikamani. "The same will be true with Big Data in the near future. Companies need to concentrate their efforts on making insights and gathering information in order to help their clients evolve to this new environment."

Kishor Gummaraju, a client partner in the company's Retail, CPG, and Logistics practices, thinks the survey sheds light on the urgency for companies to take a multi-channel approach to developing consumer relationships. Today, he says, a digitally savvy customer is likely to be sitting in front of the television with a tablet, emailing and downloading information, all while monitoring his smartphone. He says companies need to figure out how to take what initially tempts a consumer into buying something and amplify that message through other devices.

That practice isn't to be confused with merely repeating the same message on other devices, says Gummaraju. It's about sending contextual, relationship-inspired messages to a potential consumer that will support the original message or advertisement – on whatever device it might take place. Such a practice becomes particularly complicated in the retail sector. Anticipating the desires of a prospective retail customer involves more data points than in the banking or healthcare industries. That's because the retail landscape is far bigger and choice is far greater, he says, and requires more data to predict the same kinds of consumer movement as it would in other industries.

"If I am a customer at a bank, that bank will know fairly quickly that I have a propensity to buy a certain kind of financial product or service," Gummaraju says. "Or if I buy a house, there is a good chance the insurance world knows I will buy a homeowner's policy. But a retail store doesn't know if I am buying something on a whim or really need it; nor do they know if the item is for me or for someone else. There is a lot more data needed to model a retail consumer's behavior."

Historically, according to Gummaraju, the practice of data analytics (even before it became Big Data) was the backbone of a financial services firm's existence. Likewise,

on the research side of the healthcare industry, genetic science used millions of pieces of data to sequence DNA molecules. "The retail world hasn't come close to powering their industry in such ways," he says. "There are so many opportunities there."

According to Gummaraju, one of the survey's key findings is that of differing online consumer habits. In almost every retail category – music, books, travel, clothing, and health & beauty supplies – consumers between the ages of 50 and 69 seem more comfortable making purchases online than are consumers ages

18 to 29. The fact that younger Western consumers use a dazzling array of digital devices doesn't necessarily translate into more opportunities for retailers. "Sure, young people in Western countries have lots of digital devices and always have them turned on. But companies must ask themselves: Who has the greatest buying power now and in the next five to 10 years? It's the older, wealthier consumers who are online and buying things. Why go out of your way to target products and services to a segment that doesn't buy nearly as much?"





Financial Services: Banking on Opportunities

Overall the financial services sector isn't performing much better with Big Data than other industries, according to Arkalgud. During a recent conversation, a bank teller jokingly told Arkalgud that his bank doesn't even use "small data." So Arkalgud began laying out the various disaster scenarios in his head of missed opportunities at a large, consumer banking firm. First, someone walks into the bank to withdraw cash. The teller asks: "Can I help you with anything else?" If not, the teller tells him to have a nice day and sends him on his way.

But suppose that customer had four certificates of deposit that were maturing, says Arkalgud. The bank should be eager to get the customer to make a decision about renewing them or investing in something new. And the teller needs to be armed with that information to know enough to ask about it. "You have money just laying around and yet your teller doesn't bring it up," he says.

Another bank, for instance, keeps sending a customer offers for a home mortgage. Yet that same customer has bought a home and refinanced it twice with the bank. Still, each time he completes a transaction with a checking or savings account, the bank offers him the same mortgage information. Dumping information, according to Arkalgud, is just what it sounds like: It involves moving junk data around. "Dumping more junk isn't the answer, especially if it annoys customers instead of attracting them. Unless that customer proactively asks the bank about other products and services, information about mortgage banking isn't going to travel to the personal banking side. That's unacceptable in today's day and age," Arkalgud says.

Moreover, says Arkalgud, because a bank demonstrated to the customer that it is clueless about his needs, that customer will be hesitant about sharing anything else with the company. He will develop a perception that for all the information he's volunteered, he hasn't received more informed offers. In fact, in the Infosys survey, 49 percent of bank customers said they don't want their purchase and transaction data used to offer new services based on their habits.

This isn't to say, of course, that all banks lack insight into their customers' needs. Arkalgud merely compares the abilities of financial services organizations to get customer responses with companies in other industries. Some airlines, for instance, would (and in fact, have) readily received the name of a customer's first-born child because of how effectively they've used personal information in the past. These companies send the traveler coupons and let him know, based on prior flights, when and where he can switch seats. They've enrolled the customer's spouse in sweepstakes that can end up granting them complimentary tickets.

What impresses Arkalgud the most is that none of these airlines are fretting over mountains of data. What they're focused on is building a relationship with the customer. As they open up to the companies and provide more personal information, companies continue to offer incentives which result in the customer sending even more information. Neither side is over-communicating with the other; they both know what they want out of the relationship.

Indeed, having all the technology in the world doesn't do a company much good if it isn't using it properly. *Engaging Digital Consumers* points to the inability of organizations to start using technology to better connect with their customers. One area, for example, is that more than half of respondents agree strongly or somewhat strongly that they want their banks to use

their purchase data to offer them new services that are customized to their habits. Some 35 percent said that their bank doesn't have a clear process for addressing fraudulent issues with their money or financial information.

The survey points to the fact that companies largely are failing to whet consumer appetites in the online space. Narayan "Nans" Sivaram, who runs the financial services unit of Infosys Labs, the company's 600-person research arm, says they should be looking at other industries for clues to better engage customers. Some new entrants to the space have done a very good job of explaining to their customers why financial regulations are necessary and in the customer's best interest. "They make it quite obvious that they're doing this because these regulations benefit everyone. Instead of ignoring issues, they're being deliberate and proactive in communicating uncomfortable messages to their customer base," he says.

Make no mistake: Bank customers notice. A whopping 82 percent say they want their banks to mine for data to detect anomalies from identity thieves. More than three-quarters of those polled said they would consider switching banks if another firm offered them greater assurance that their data would be safer with them than with their current bank.

Sivaram says that organizations of every complexion can't sit back and assume that a catch-all Internet strategy is enough to draw in mobile users. Nearly 65 percent of respondents in the survey said that they wanted their bank to communicate transaction and account information over their smartphones. Half those polled said they wanted banks to provide them with updates and insights through social media and email.

This wealth of information, along with technology tools that can slice through all the data, means companies can have better intelligence based on their data, says Sivaram. Plus, they can meld this

intelligence and technology with their servicing and marketing functions. He says one of the most fascinating takeaways from the Infosys survey is how profoundly the respondents' willingness to share information drops off after they are asked to provide their telephone number. At first glance it might seem as though things like an educational degree or marital status are too personal, he says. But if companies ask these questions at the right moment and in the right way, they can get the answers. "If you ask them in isolation just for the sake of gathering information, then you'll have a problem. Context is more important than anything else," he says.

Sivaram says financial services firms should be careful not to be seen as focusing only on social media. True, he says, financial institutions want to use external sources for updates. But some banks don't know how to engage customers on social media. Considering the high thresholds for compliance, they can do themselves more harm than good. "It's a moving target not only because of regulations, but because of the addition of consumer watchdog groups. Banks don't want to be perceived as going overboard with social media," he says.





Healthcare: What Ails Online Transactions?

The healthcare industry, especially on the care-giving end, is filled with opportunities to develop a loyal customer base. One of the most overwhelmingly positive responses of the entire Infosys survey, in fact, involved the level of comfort of respondents to share personal information such as their birthdays, insurance information, and medical histories with local hospitals that they might use for occasional visits.

Still, compared with retail and banking, where the mix of transactions are more balanced (that is to say, in the store and online), interactions in the healthcare sector are generally face-to-face. That comfort level has yet to shift in any significant way. That's one hypothesis. But on the flip side, healthcare organizations have been slow to adapt. Online interaction hasn't been seen as providing value to patients or providers, and they haven't resolved to make it easier to adopt online channels of communication.

Some 80 percent of the respondents in the survey said they would sign up for a Web site that would coordinate their treatment and visits with their doctors. Yet the healthcare industry is not picking up on what is a glaring (and oft-repeating) call for change. Is it any wonder that just 40 percent of the same pool of respondents said they would be willing to share medical information with their doctor?

Siva Nandiwada, an analyst with Infosys Public Services, says the industry is developing new models for customer engagement. Online channels for purchasing insurance and the practice of “telemedicine” (using IT to provide health services remotely) are both going to gain traction in the coming years. “Because of the increased adoption of mobility and social media, there will be increased opportunities for digital marketing across the healthcare sector,” he says.

Data-driven decision-making is gaining significant importance in the U.S. healthcare sector, according to Nandiwada. Payers are using targeted communications based on their preferences. Meanwhile, providers are using patient data for better care coordination and through personalized medicine. Beyond that, says Nandiwada, practitioners in the healthcare industry could learn certain tricks of the trade from the retail world: Market segmentation based on data, targeted and personalized consumer communication and engagement, member stratification for accountable care, statistical models for member retention, and even member liability estimation for improving transparency are all types of data practices currently used in the retail sector.

Another big development in the healthcare industry is what Nandiwada says is non-negotiable: privacy. “Greater and deeper data cannot create insecurity in the minds of the patient, or cause hurdles for patients to get better service,” he says. “Payers and providers need to put in the right controls to address this issue.”

The importance of the U.S. Affordable Healthcare Act shouldn’t go unnoticed in this new marketplace. Much of that plan rests on the expectation that uninsured patients start doing things online and then connect to their healthcare providers. So social media and mobile apps can be important ways to connect to U.S.-based consumers. Many healthcare organizations are in the first phase of setting up such

social media platforms, according to Infosys Public Services experts. They’re already building exchanges and putting insurance plans out there.

To be sure, insurance firms tend to act more like banks than healthcare providers. Yet just because insurers are indeed financial services firms doesn’t mean they can’t develop relationships with consumers that are more similar to that of a doctor and patient. In the Infosys survey, for instance, some 65 percent of respondents said they would sign up for an app or Web site that helped them track their health goals. That kind of willingness should be a wake-up call for insurers, according to Arkalgud.

He says his current relationship with his insurer is not unlike what many people face: He pays a premium and then worries about getting reimbursed. Both ends of this interaction with the company, therefore, are negative. “If someone comes by and offers me a better plan, I would easily say good riddance to the old company,” he says.

There’s another side to this story. If an insurance company’s customers are healthier, the amount the company has to reimburse is lower. “So they’re not just being nice by customizing offers based on my health data – it’s good business practice for them, too,” says Arkalgud.

The healthcare sector is evolving very differently in Australia, one of the five countries represented in the Infosys survey. Rich or poor, every Australian citizen and permanent resident is guaranteed care by the federal government. It’s up to Australians over a certain income level to decide whether they will pay for additional services like dental and eye care through private carriers. Some 55 percent of the Australian population is currently covered by private health insurance.

The country is in the middle of an electronic health data initiative. According to Allen Koehn, general manager of public sector for Infosys in Australia, most personal health data resides in unlinked silos and it’s up to individuals to figure out how they want to use their information. “For the segment of the population that’s in private healthcare, they’re in the best position to take advantage of the country’s e-health initiative,” says Koehn. “They’re a little more open to sharing information if it helps them receive optimal care.”

Australians should be encouraged by what they see in the Infosys survey, according to Koehn. “There’s a ton of health information out there and linking it together is the big opportunity,” he says. “A lot of innovative things can happen when designing apps and platforms to give citizens ways to use their health data with doctors, insurers, and hospitals on their terms.”





Trading Up: How Enterprises Can Benefit

Most companies have yet to realize just how tradable an asset customer data has become, according to Illsley. When he lost the owner's manual for his car and wanted to check on a few things before a long road trip, Illsley first tried to replace the manual by visiting the manufacturer's Web site. Nothing turned up. Then he investigated how much it would cost to replace it on a Web site like eBay. The €30 price tag seemed a bit excessive for an old owner's manual, and he wasn't even certain the book was for his exact model and year. Then Illsley found a specialized site that sent him the manual electronically for the price of just €5 ... and some of his personal data. "So my customer data was worth €25," says Illsley. Given what can be done with such data, that's affordable by any standard.

Think of the long-term results of the transaction: The Web site now has valuable customer data that Illsley was all too happy to submit because he got the owner's manual he needed. And because he granted his permission during the registration process, the company can now email him news and offers. Because they know what car he drives and where he lives, the company has since sent him offers on accessories specific to his car. "These are items that are indeed quite tricky to get right," says Illsley. "A roof rack was one example that was very useful."

Compare this situation with the opportunities the car's manufacturer has missed out on in the absence of such data. True, the company still has some customer data as to when he bought the car. But it hasn't been in touch in such a way that it would keep this data fresh. "The lesson of this story is that the key to a relationship around customer data is providing things that the customer needs. Consider what your customer might need, and what data you might get in return, and how you might use it," says Illsley.

Personalization, he says, starts with timely responses. It also uses local knowledge to help interpret customer data in order to differentiate competing products.

The survey shows that customers largely think that marketing efforts from retailers haven't been effective in speaking to them on a personal level. Exploiting the huge differences in the perceptions between consumer groups – such as how Millennials see access to privacy on social media and how Baby Boomers view it – is one of the keys to innovating through mountains of Big Data.

When dealing with consumer data, it's all about how you use it. It's a means to an end, not the end itself. The means to that end, however, are what global corporations are wrestling with as they attempt to put technology into action. It's clear consumers are beginning to understand more about

the value of their personal data. They're willing and ready to be part of this vibrant new marketplace where the sharing of personal information opens up more opportunities.

Yet many companies that serve them have yet to understand consumer behavior and use this insight to create mutually beneficial data trades between themselves and their customers. Those innovators that do will be best positioned to be successful in a lucrative digital world.

Appendix to Infosys Global Survey

Engaging With Digital Consumers: Your Customers Are Ready. Are You?

Research Methodology

This comprehensive global research project studied consumer sentiment on Big Data issues in the retail, financial services, and healthcare industries in Australia, France, Germany, the United Kingdom, and the United States. The study polled 1,000 consumers in each country via an online survey for a total global sample of 5,000 adults between the ages 18 and 69. Independent research firms KRC and Vanson Bourne conducted the study; KRC surveyed respondents in the United States from May 3-7, 2013, and Vanson Bourne surveyed the remaining countries May 8-22, 2013. To qualify for this survey, respondents had to be active Internet users and indicate that they had made an online purchase during the previous six weeks. The majority of respondents also had to indicate whether they had a smartphone or tablet computer.

About Infosys

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