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Balance between 'high tech' and 'high touch'

E-stuff: In the rush for high tech, have we forgotten the high touch?

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Abstract

Business on the Net is really no different to old-economy principles — fundamentals such as one-to-one customer servicing, CRM programmes and interactivity are in fact probably even more crucial for internet businesses. Why? Now that we have potentially gone more 'high tech', remote and impersonal via mobile, Internet and interactive media, research strongly suggests that consumers desire some compensating 'high-touch' factors, such as individualised personal service, hand-holding guidance and highly tailored promotions.

The stakes are, if anything, raised higher: these 'high-touch' factors will continue to prove to be the critical success factors in business.

Introduction

This paper seeks to demonstrate that there needs to be a 'balancing effect' whenever new technology is introduced: 'high-tech' solutions (remote, automation) invariably only become effective when 'high touch' (human interaction, personalisation) is also present.

There is an inherent danger that as we potentially go more remote in society — via the Internet, home shopping and mobile communications — strong counterbalancing drivers are needed to compensate for this lack of 'high touch'.

Why do we believe this to be true? For a start, there are precedents throughout history when technology has been introduced. When telephones were first introduced over 100 years ago, they were thought to be useful only for business. They were deemed too impolite for social use, where the social mores and customs of the day demanded human interaction — hence messenger boys and calling cards.

'The Americans may have need of the telephone, but we do not. We have plenty of messenger boys.' Sir William Preece, chief engineer, British Post Office, 1876

When cars were introduced, the human touch again prevailed.

'There will never be a mass market for motor cars — about 1,000 in Europe — because that is the limit on the number of chauffeurs available!' Spokesperson for Daimler Benz

Remember tele-cottaging? In the early 1990s, it was predicted that many of us would leave our offices in droves and work from home via remote

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access. Not true — there has been a swing back to more office-related environs, because people felt they were missing out on the latest issues and developments, and were starved of social interaction or even plain simple office gossip.

This paper thus seeks to show that in the rush for e-commerce solutions and high-tech opportunities, companies are in danger of missing out unless they adhere to certain principles.

'High touch' underplayed

Customer empowerment on Net grows

- To have 'high-touch' customer-responsive programmes in place to enable e-commerce strategies to work. In other words, single access channels are limiting in e-business.
- To develop the fulfilment end of the process comprehensively (orders delivered successfully), which to date has been significantly under-resourced by dot.coms. There is potential here to develop 'customer delight'.
- To understand the need for a more two-way, interactive process between the customer and company. There is a fundamental change in the way customers can now access companies more freely — the balance of power in the brand relationship is shifting.
- The potential for one-to-one marketing can really come of age: customisation and personalisation of content *and* messages mean not just tailored campaigns, but online 'community branding'.

The paper aims to show via a series of hypotheses that these issues need urgent redress if companies are to succeed in the e-economy.

Source material

These ideas will be substantiated by research conducted at the HPI Research Group across a wide number of consumer and business-to-business markets. This paper is a *tour de force* of where 'high touch' is required, from telephony to transportation, grocery to professional services, finance to office supplies, education to travel. In addition it will be citing from both qualitative and quantitative research. In the former case, this is via *ad hoc* studies conducted for clients, where one can draw out common (and repeating) themes, and in the latter instance from a syndicated survey carried out among SMEs (small and medium-sized enterprises).

HPI research credentials and techniques

A few words on methodology first of all. HPI has taken a highly pragmatic approach to research techniques: e-commerce is, prosaically, in the author's view merely just a new distribution channel. The research has not used any significant new techniques, but possibly a reinterpretation of existing ones.

Most importantly, the paper focuses on views about the *principle* of using the Net and e-commerce, rather than the detail of browsing, website functionality and interface. Therefore it is not dependent on online surveys etc. In any event, a recent report from e-MORI¹ points out that online surveys represent less than 5 per cent of the value of research conducted in the UK. In the author's opinion these are sure to have decreased further since the dot.com bubble burst.

Some guiding principles have been adhered to in using the same tried-and-tested research techniques:

- respondent-led rather than technology-led (as an example, how many websites have been poor due to the design and interpretation of IT specialists alone?)
- research focus groups invariably thrive on *human interaction* — body language and eye contact; the researchers are not advocates of online focus groups, believing the quality of output suffers significantly
- *face-to-face* (high-touch) research in a high-tech environment *precisely* to offset the potential remoteness and lack of personal contact in data collection; for example, the researchers would eschew software-based data looking at usability such as clicks and camera observations on top of PCs.

‘Accompanied Surfs’

So the researchers do tend to stick to the conventional, personal research methods. However, as well as conducting groups and depths, two additional techniques have been utilised. Firstly, ‘accompanied surfs’ are highly beneficial, whereby researchers sit with an end customer at their PC (whether at work or home), and review a number of sites. This technique has been found invaluable as customers conduct the session in their *own* comfort zone (not a lab), at their *own* PC. A one-to-one approach allows researchers to drill down to the real specifics of a website, the interface, the navigation, how the brand design and tone looks, etc.

‘Encounter groups’

Also researchers have conducted ‘encounter groups’ with both end users and the Web designers. This is an invaluable tool to accelerate the learning process for creative designers when a site is launched or redeveloped. The two audiences can learn off one another, creating a win-win situation.

Not least, the beauty of research on the Internet is that one can gauge how well the competition is faring.

Hypotheses

Below are listed six hypotheses where researchers believe e-commerce needs to put its house in order.

H1: Increasingly, it is not necessarily technology *per se* that is holding end customers back from e-commerce, but more a lack of effective ‘high-touch’ customer support strategies

This research demonstrates that end customers are often frustrated when trying to buy online. There is considerable evidence to show that the majority of visitors to a site give up after the first home page impression due to slow download times or navigational problems getting through to the order button, etc. More importantly they often do not come back if they have had a poor experience — and they spread a word of dissatisfaction too — viral negativity.

What people often want is a tangible *mechanism for response* — a telephone number, an online guide or Q and A, even simply a telesales person to ask questions of. Many dot.coms do not appear to have thought

through the need for a 'human' response channel. What is really happening is that as the 'high-tech' stakes are raised, a commensurate need for 'high touch' is being left behind.

There are a number of examples that illustrate the problems of customer service:

**Customer service
even more critical in
.coms**

- in the recent annual *WhichOnline* report, a massive 61 per cent of Internet users disagreed with the statement that customer service is better on the Net²
- surveys of both consumers and business customers indicate that when an e-mail was sent to organisations, no response was given for two to three weeks, never mind days (consumer expectation is that they would hear within *hours*)³
- there are often few contact details on a website for a follow-up call or helpline, particularly for b2b
- in the 'softer' areas such as professional services, education and finance, people need to have someone to *talk* to about issues such as an online VAT form, downloading a test for their children to try, or tax efficiency on use of AVC pensions
- it is interesting to observe that numerous 'pure-play' companies (only on the Internet) are seeking out additional channels in order to build potentially more tangible 'high-touch' presence to complement their Web offering; examples are egg developing high street branches, and Lastminute.com and Thinknatural developing catalogues.

**Role of brand values
is vital**

From this research, people feel they are cast adrift — they seek guidance and hand-holding, in other words *trust*, the ability to deliver to a certain quality and consistency, is needed. These trust values often reside in a *brand*. This is where 'old-economy' brands have the potential to consolidate their position, because, after all, they have a reputation (at risk) and a longer-standing mandate to deliver more effective customer service. 'New-economy' players often lack this track record.

This need for balance between 'high tech' and 'high touch' can be summarised quite adroitly in a couple of quotes.

'Technology may give a company an advantage for a short time, until others catch up. But it is ultimately replicable. What isn't replicable is a company's culture, their responsiveness to sorting out problems. That's where some companies on the Net will be found out.' (SME, professional services)

'I hate the fact that you go into a site that you really want to see — then it tells you you've got to get different software — when that happens I switch off.' (Consumer, entertainment)

H2: Order fulfilment has been the unsung hero of e-commerce

This area is often neglected, yet perversely the researchers would suggest that fulfilment could offer the best manifestation of customer satisfaction.

The doorstep delivery experience, such as receiving that hard-to-find

book over the Net, getting that copy of an ancient map to give to granddad, is the 'customer delight' factor in e-commerce. HPI has done considerable research for one of the carriers, Parcellforce Worldwide, which naturally see e-business as a highly significant opportunity for residential (and business) delivery. But it goes deeper than that; the man at the door can become the 'brand ambassador' for the vendor — it is likely that the vendor may no longer have any physical interaction with the customer, and the distributor becomes the tangible manifestation of that brand. In the intangible world of the 'high-tech' ordering process, the final culmination of the logistics supply chain is this 'customer delight'.

That is the utopian situation, but currently far from reality, according to this research across both b2c and b2b markets. To date, the greatest source of complaints about e-commerce is the failure to deliver goods ordered on time. Imagine parents' dismay when toys ordered for Christmas do not arrive till early January!

Logistics needs

The challenge is clear from this research into distribution and logistics: many companies have been slow to develop 'back-office' integrated systems to cope, not with the order taking but the order *deployment* and *fulfilment*. This demands customised IT solutions between distributor and vendor, to offer seamless integration in order placing and fulfilment. The areas where problems surfaced were, for example, in

- lack of a cancellations policy
- inadequate returns policy
- lack of phone or e-mail contactability
- delayed orders.

Getting the correlation right between online and offline operations becomes paramount — for example, 'sweating' the supply chain to strip out costs, such as minimising stock held at retail premises by keeping stock replenishment in warehouses available within 24 hours' notice. Secondly, managing pallet-loads of orders no longer going to, say, one wholesaler, but to a host of *individuals* means turning one's logistics operations on their head.

Customer data capture

This individualisation of orders for delivery demands better customer data control and capture by installing new IT systems. Inevitably, this is one of the early manifestations of the need for one-to-one marketing: companies can begin to know an individual's purchase behaviour and habits, which should help to develop marketing practices aimed at driving loyalty, repeat sales and customer satisfaction (Figure 1).

'High touch' support programs

Ultimately the pressure on logistics arising from e-commerce once more leads to the need for 'high-touch' customer support programmes, such as customer enquiries, order tracking, problem solving and building customer relationships. The researchers have even come across companies beginning to utilise their call centre staff as 'Web guiders' — people who will help customers navigate round the site when stuck.

In the final analysis, companies which deliver goods accurately and speedily through efficient fulfilment networks will succeed more readily in the fight for e-business. The implication is that arguably back-office

Figure 1: Role of logistics in one-to-one marketing

systems, not the front-office sexy website, may prove to be the cutting edge.

H3: The balance of the relationship fundamentally changes between customer and supplier through e-commerce

The balance of power now shifts to the consumer: 'I now talk to the brand, as well as the brand talking to me.'

There is excessive debate as to whether we get overexcited about the Net fundamentally changing the way we do business; but we still have markets, target customers — after all, it is just another distribution channel, a new way to communicate.

But the author would like to rekindle the debate in *favour* of the sea change the Internet has created: it does create a quantum shift, a step change in the way business will be done. As well as being a qualitatively different market-place, a cost-effective way of handling and transmitting information, it has become a place for *customer empowerment*, where people can exercise their freedom (via surfing) and their opinion (via e-mails), creating their own community or forum for debate.

Psychologically, once consumers have mastered any techno-fear, technology can potentially put them *in control*. Consumers are increasingly more proactive and confident in the enquiry and sales process, and can have their orders customised and tailored (Figure 2).

Where is the evidence for this empowerment? There are a number of different examples.

- One of the most popular uses of the Internet is e-mails. Customers now send queries, requests for information (and complaints!) to a company's e-mail addresses. How quickly and effectively the company responds is vital to good customer service practice. But there is a more subtle change occurring: customers now talk directly back to the brand! This two-way feedback presents both an opportunity and a threat.

'This is the first time there's been no intermediary between us and the consumer, and it's very scary.' Gary Prescod, new channels manager, British Airways, 1998

Changing balance of power between supplier and customer

Customers' desire to be 'in control'

Figure 2: Role of Internet in customer empowerment

Need for greater transparency

- Customers *feel* they are in control. They can order when they want (not when the shops are open), and what they want. For example, in financial services the online offer from a major institution gave customers the opportunity to cherry-pick across a savings portfolio; in grocery goods customers could look up dietary information pre-purchasing; in mobile telephony, business customers want to transfer WAP data to their PCs, to browse later.
- Customers expect greater *transparency* from companies when dealing on the Internet. Because customers feel they can interact much more readily, they see this as a *two-way relationship*. The company is no longer a distant corporation — it has ‘doors’ through which customers can access it. This change in attitude has been seen particularly amongst more ‘traditional’ institutions such as financial services, education and professional services such as lawyers and accountants.

Where does all this take us in the ‘high-touch’ arena? It means, quite simply, that customers have a keener sense of seeing themselves as *individuals*. Through the Internet a feedback culture is burgeoning: ‘I talk to the brand, rather than merely the brand talking to me.’ This research has raised instances where customers spontaneously volunteer chat-rooms (for example, swapping anecdotes and advice among similar SMEs encountering business problems) or travel sites that allow customers to exchange honest impressions of a holiday resort on a bulletin board, and provide tips and recommendations.

On-line ‘community’ branding

We are now in the age of *online community branding* — see Figure 3, which illustrates the evolution of marketing.

For instance, through the new forum of community feedback online, Amazon will now utilise chat-rooms to gauge customer response to pricing on a new product format, such as DVD. Procter and Gamble’s launch of Physique hair care has to date witnessed growth through its

Figure 3: The evolution of marketing

deliberate online strategy: young consumers use the Web community to swap views, and word of mouth then spreads about the product.

This, then, is a 'high-touch' strategy: fostering a culture of customer feedback and interchange on the Internet accelerates the change in relationship between customers and a company. Ultimately, this can lead to customers shaping the brand itself. While there are of course inherent risks in how this two-way process is handled and resourced, it does provide tangible benefits: enhanced brand loyalty, cross-selling opportunities and personalised services.

There is a paradigm shift at work here: online brands might become more vulnerable if customers are denied access to their development. In the final analysis, do we want people to talk to our brand?

I talk *back* to the brand . . .

H4: The potential for one-to-one marketing on the Net grows hugely, with a win-win situation for all if correctly deployed

With the growth of interactive media (iTV, PVR, m-commerce), one-to-one marketing will become even more significant. One-to-one marketing has often been hyped up. But through interactive media it can really come of age. In essence, the ability to access a company on a one-to-one basis is highly motivating to a customer.

From this research, customers *want* to volunteer themselves as individuals: 'I don't want to be known as an account number or order number, but as an individual.' They expect services to be highly tailored and customised to themselves: the nature of the Internet and online ordering can offer a true cornucopia of choice.

For example, in publishing HPI undertook research for Booktailor, one of the first online publishers of customised books in the travel market. Their aim is to allow people to create their own personalised travel guide, and send it to them as their own book. This concept of customisation proved to have very significant appeal: the ability to customise your own book, sourced from a wide variety of literature that would be up to date. To add icing to the cake, it would also print on the jacket your own

Real power of one-to-one marketing

'High touch' means individualisation or personalisation

personal details. The concept has now leant itself very easily to being a gift item. Naturally, this is about as true a manifestation of one-to-one marketing as one can get.

In the b2b market HPI has also examined the idea of downloadable documents for SMEs, which could arguably save money (and time) by dispensing with the core activities they might traditionally use their solicitor or accountant for. This again proved a very popular concept: it allows the individual to download the document and personalise or tailor it to their company needs.

Thus once more the need for 'high touch', in the guise of individualisation or personalisation, can be a very strong customer driver. HPI has in fact found in many projects over the last year that consumers are more than prepared to volunteer information about themselves if they think they will be told about more specific, tailored offers that they are especially interested in. So, for instance, if someone likes wine tasting and touring in France, or antique pottery collecting, they want to hear of offers in that area.

Even in the area of m-commerce (mobile Internet, such as WAP), this customisation is highly attractive. Notwithstanding the current deficiencies of WAP services, the concept of receiving tailored offers via SMS text messages can be appealing, especially on location-based services, such as the nearest cash-point, petrol station etc. People are more than happy to programme in their requirements so that they can get message feeds or alerts about areas of particular interest.

This is probably in itself nothing new, but over the Net they *expect* that these tailored offers will be easier to set up and transmit than by using (wasted) conventional direct mail.

As a final piece of evidence on the need for tailored one-to-one solutions, the author would like to draw on HPI's regular syndicated survey conducted among SMEs into Internet attitudes and behaviour. This is a random sample conducted over the telephone of approximately 900–1,000 SMEs each 'wave'. (SMEs are defined for these purposes as having 1–250 employees.)

Tailored solutions for SMEs

From Figure 4, one can see that there are numerous products and services that SMEs are either using or interested in on the Internet that reflect tailored solutions. One can see that two of the top three ideas are concerned with tailored solutions.

This one-to-one marketing should of course not just be to the advantage of the customer. For the client organisation, they can then capture data about that individual to help refine better targeting, more effective response rates and, of course, repeat sales and ultimately customer loyalty. This is then a 'win-win' situation for both parties.

Significantly, organisations could initiate new forms of CRM (customer relationship management) with customers. Based on one-to-one marketing and the knowledge it could bring, there is an opportunity through customisation for the brand to gain new levels of affinity and trust.

In summary, this is where the author believes greater cooperation between market research and direct marketing could be highly beneficial: the individualisation and need for personalisation is the 'glue' that should

Figure 4: League of interest in Internet services

Meeting point between market research and direct marketing

bind them together. Research can bring the consumer understanding, key drivers and diagnostics to the party, while direct marketing can harness the data more effectively in targeting and efficient response rates.

Again this will be a win-win scenario.

H5: It is not a case of either offline or online shopping — More a case of multi-channel usage

In most markets it will of course be rare to witness the ‘death’ of physical shopping as e-commerce grows. High-touch factors prevail, such as the need for tangibility, or for human interactive advice. Naturally some ‘old-economy’ brand retailers may have misgivings about whether e-commerce means pure cannibalisation of their ‘bricks-and-mortar’ sales. Has the investment resulted in *additional* sales?

While one cannot answer that question directly, HPI knows from its research that purchases can be *cyclical* between offline and online. As we all intuitively know (and research proves), in some markets consumers can feel that remote home shopping can be somewhat intangible, especially where one wants to touch and see the goods, know what the latest offers are, or have people serving/advising you. These situations can apply to fresh food in the supermarket as well as to cars or hi-fi, or financial savings and investments.

HPI’s research has discovered that people can *oscillate* from one purchase channel to the next. For example, in grocery shopping, people may feel home shopping over the Net answers their major problems of time starvation, hassles of parking and kids in tow and total convenience. They may simply hate grocery shopping. But after a while they can feel, according to this research, ‘starved’ of the in-store atmosphere, missing out on offers, the buzz of the store or just simply browsing — shopping with serendipity. So what do they do? They return to the store, have their needs fulfilled — and get re-reminded about all the negatives as to why they wanted to avoid the shop! So they then recommence with remote shopping.

Multi-channel offers will be more effective

This is once more evidence that the 'high touch' is paramount: people often feel that they lack human interactivity, and need to develop strategies to reintroduce it. Another example is in online professional services, where if the information or advice sought is deemed to be high-risk, complex or ambiguous (such as advising on maternity leave or tax advice) then a remote system cannot cater for all one's needs. So in this instance one needs to *see* a solicitor or accountant.

H6: It is difficult, almost impossible, to hear of any real success stories where e-businesses are making any profit from e-commerce

b2e (business to employees) could be the next successful .com model

The author would like to end this paper on a predictive note — so the sixth and final hypothesis is in fact an observation on the market-place, rather than based on any evidence. One of the most productive areas for the Internet over the next year or so will be in the area of b2e — business to employees. The Internet could and will be harnessed much more productively *within* an organisation, rather than as an external sales tool or medium. Companies with an open, flexible culture and management style — and a belief in embracing technology — will utilise the Internet for their own processes and internal structures.

One of the major hallmarks of the Internet is the ability to reduce significantly the costs of handling and transmitting of information. So for example, the Internet (or intranets) will allow the following:

Employee benefits

- employees on the road (salesforce, engineers) will be able to download orders, problems etc back to their office 'on the spot', which in turn can pass it to their clients; data transfer could be enormously improved through such streamlining
- more efficient procurement processes by consolidating suppliers on the Net
- provision of better and more up-to-date information to suppliers all the way up the supply chain, thus reducing stock levels
- some HR functions — training of individuals, company benefits, internal recruitment, expense claims — can be conducted online, saving HR time for other tasks
- offering employees discounted benefits (e.g. travel, shopping) via third parties.

All of these types of activities will demand 'high-touch' strategies to make them work effectively. While the activities are overtly demanding more remote behaviour, they will need to be introduced via high consultation and hand-holding. Knowledge management will be the ultimate prize for employees, and the Net will be the facilitator.

In summary, therefore, this paper has attempted to outline some basic principles to observe in developing e-business. Never forget the human equation as we potentially go more 'high tech' — as the stakes are raised in 'high tech', so must they be in 'high touch'. People will always need human interaction; they want to do business with people.

In the author's experience of the Net and e-commerce, therefore, there are a number of lessons to learn as to what clients want from such studies.

Lessons to learn

- There is a desire to understand consumer attitudes to technology: where and when it becomes a friend or foe. What are the opportunities and barriers to transacting online as opposed to conventional channels? This is a complicated subject, suffice to say that there is a tendency for certain customer segments to exploit technology to their own ends, and harness its use quite comfortably (and actively prefer remote, automated contact). However, the vast majority do require greater guidance, hand-holding and customer support services (hence the need for 'high touch') in order to transact and buy online.
- How to optimise the order-taking, transaction and delivery process. Clients are beginning to realise that if the order-taking and fulfilment end of the e-commerce process is not satisfactory, then customers will walk away. Requirements such as more detailed time-window slots, tracking delivery progress online and help with installation (at doorstep) are all increasing.
- How does the Net or other interactive channels *add* to the customer experience? Does it result in sales substitution (we will not go to the shops any more), or is it seen as an *additional* strategy or tool to purchase something we may not have done otherwise? (HPI sees much more of the latter than the former.)
- What is the impact on CRM of offering services and products online? In other words, what customer service support strategies are needed to make the business proposition more viable or effective? To this question there is a resounding and unequivocal answer: without deploying high-touch human support (telephony, Web guidance), the business model is unlikely to succeed. Even further, customers expect an interactive channel such as the Net to do just that. They expect a greater *two-way* process, which can significantly alter the perception and relationship with the provider of those goods or services.
- What are the expectations of the customer in terms of how they wish to be communicated to online? What are the implications for the creative strategy? Customers are looking for a heightened and enriched experience with the provider: a greater expectation and desire for customisation (know my habits and interests), individualisation (you know my e-mail, I am not just a number) and one-to-one dialogue (respond in a more intimate, focused and personalised manner).

A final quote to leave on, from a man ahead of his time:

'Computers are useless. They can only give you answers.' Pablo Picasso

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