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How the IoT Is Shaping the Future of Customer Experience and Product Development

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It is hard to overstate how revolutionary the Internet of Things (IoT) could be for businesses and customer interactions. The IoT will soon prove invaluable for product management, and it will also offer the chance for companies to understand customer needs like never before. Just as sports organizations can correlate aspects of athletic training to optimize performance, companies can correlate data from connected devices to optimize product performance. This information offers immediate potential to bolster business analytics, leading to more satisfying products and experiences for consumers.

Connected Devices Enable Faster Insights

A company's interaction with its customers used to be limited to the point of sale. Organizations relied largely on anecdotal reporting and product returns to gauge device durability and customer satisfaction. But through new capabilities to manage and analyze the real-time data that connected devices provide, companies can now gain key insights into product performance, consumer trends, and purchasing behavior—at an unprecedented speed and scale. For example, Coca-Cola's data from its Freestyle and other vending machines have enabled the company to gain valuable understanding about patterns in where, when, and how customers are purchasing and consuming their products. For example, through connected vending machines, Coca-Cola has reported that it can see spikes in its beverage consumption on college campuses before certain television shows air, a specific insight that not only leads to better understanding of customer demographics, but one that also presents opportunities for targeted marketing.

The IoT will thus necessitate a significant perspective shift for many companies. The sale, rather than being the culmination, is actually the beginning of the customer relationship. In many ways, when a customer buys a product, the purchase is less valuable than information gleaned over the course of the customer interaction with the product. This will open up new lines of businesses: many organizations will be able to migrate into product service and also use sensor data from connected products to develop new applications.

Delivering Higher Performing Products and Services

The IoT vastly accelerates product R&D. By using sensor, diagnostic, and user interaction data from devices, companies get full product transparency. By seeing how customers are using their products, businesses can quickly update features or adjust future models to more closely align with customer desires and behaviors. They can also better anticipate where consumer preferences are going in the future. This insight is invaluable – rather than going through tedious trial and error, companies can know in real time what is working and what is not, enabling organizations to make data-driven decisions and immediately react to correct or adjust issues. This leads to better product design—both now and in the future. For instance, iRhythm, a company that manufactures a patch that can detect heart problems, leverages its devices to better understand use and ensure that its products operate as intended.

Customer service improves with access to this level of detail. Proactive notification of customers affected by an outage or affected device changes the paradigm of customer service. Companies can also then better position their customer support centers to allow more immediate service, reducing costs and appeasing customers simultaneously.

Using Data from Connected Devices to Refine the Marketing Process

This virtuous feedback loop extends to the channels and methods organizations can use to interact with their customers. With the data from connected devices, companies can better understand and predict their customers' preferences. Thus, rather than creating a general, one-size-fits-all marketing strategy, advertisers and marketers can reach individual segments of their customer base. So instead of flooding all customers with the same offer, marketing teams can create personalized offers that keep the customer engaged and satisfied with the product.

Obviously, this is good for any relationship with a customer, but it also dramatically impacts the bottom line. More targeted, successful marketing efforts mean fewer frivolous marketing expenses and a better understanding of advertising ROI. With data-driven insights from connected devices, companies can know from the start of a campaign how and where to position their new product lines on social media and elsewhere to get the best response from incumbent customers and those they're trying to attract.

Preserving Customer Privacy

Understandably, discussion of the IoT brings to mind privacy concerns for consumers. But personally identifiable information (PII) can be aggregated or omitted to limit the identification of individuals—like public healthcare data, data shared with companies need not be individually specific and can mask any PII. It's much like the type of information consumers provide to websites currently when learning more about products or making purchases. And the tradeoff for customers is worthwhile, as companies are better able to create products and services designed to improve their lives. For example, Bosch, a leading healthcare product company, has created the Health Buddy, a device that monitors the vital signs of patients and records patient inputs. This enables those with chronic health conditions to stay in the comfort of their own homes (and out of the hospital), while keeping medical staff up-to-date on health changes that affect their patients' well being.

Conclusion

The IoT and the data from connected devices are transforming the way that companies and customers interact—with benefits to all involved. Product developers can create higher performing valuable products, based on customer needs. Marketers can build better, long-lasting relationships with their customers, based on data-driven understanding of customer behavior. And customers can get more personalized service and products, while keeping their sensitive information private.

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