

2020... The start of a new decade

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FANNEWS

FINANCIAL & ADVISORY NEWS

Global bond investments getting riskier

Risk trends and their interconnections

Updates to the insurance regulatory framework

Anticipate unprecedented types of claims



Ignorance is no longer an excuse

DIGITAL TRANSFORMATION IN HEALTHCARE

Creating rewarding **CUSTOMER ECOSYSTEMS**

One of the trends that we can expect to gain traction in the coming decade is adapting business models towards creating rewarding customer ecosystems.

Simply put, a customer ecosystem is the network of businesses that a customer uses to achieve and manage all aspects of their lives. Most people will have more than one ecosystem, as there may not be an overlap between their investing and hobby ecosystems, although clever businesses are looking at ways to connect these ecosystems.

The client ecosystem

It is virtually impossible to be the only brand within an ecosystem, but if you go about it correctly, you may be the central brand within that ecosystem. Because it is becoming increasingly easy for customers to replace one brand with another, only those brands who strive for mutual benefits instead of just pushing products will be successful within such an ecosystem.

Although the notion of the client ecosystem is relatively new, it has been around in some form for quite a while.

Private banking could be seen as a client ecosystem, where multiple products are tailored to an individual's needs and preferences. However, as technology moved forward, the personal touch and unique understanding of a client's particular needs almost disappeared completely. This necessitated the creation of the Financial Intelligence Centre Act (FICA), to ensure that the now anonymous client's investments and personal data are not compromised.

Understanding the client's ecosystem

So, despite the increased ability provided by technology to personalise the customer

experience, I feel that the large players in the South African financial services industry have not made any great effort to understand their customers' ecosystems. However, this needs to change, because I believe that to be able to survive in the next decade, it will become absolutely essential to build solutions that truly understand clients and offer real value in a product that they actually need.

Many financial services products have been designed to benefit companies and shareholders, with not enough regard to actual client needs.

Big players monopolising these ecosystems

What will be interesting to see is whether we will see the big players entering and totally monopolising these ecosystems, or will there be a natural balance where, if a player becomes so big that it exploits customers, they would rather introduce new providers into their ecosystems. This will depend in large part on how tied into those ecosystems they are.

We have seen that a brand like Apple has been hugely successful in tying customers into their ecosystem with multiple product lines. But, if the customer becomes disgruntled due to price, performance or service, they might leave the entire ecosystem and every single product.

If you look at the businesses that have been successful over the last decade, it is clear that convenience is of huge importance to customers. Coupled with this is urgency. Just think of when you register on a new website. Even though there is a concern about what Facebook does with our data,

we are more inclined to sign up with Facebook in one click, instead of having to fill out a lengthy registration form.

A powerful sales tool

Understanding customer ecosystems can become a powerful sales tool because you can build trust with a client in the knowledge that the only time you would approach them with a product is when you know that they already want that product.

For instance, as a short term insurer, you could recognise that your customer's house has been struck by lightning. Your algorithms can then shop around and find the best deals on replacement products to match the claim amount on damaged goods. This is an incredible service for your clients.

Many providers are sitting on large piles of data, but this has always been used with a view of improving sales or efficiencies. However, it is only with a customer centric view that they will be able to become a major player in an ecosystem that clients will remain loyal to.



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