QUICK > DIRECT > EASY > FRICTIONLESS > EFFICIENT > ACCESSIBLE > CONVENIENT

the convenience revolution

proof: convenience is your competitive disruptor

a special research article by
JOSH PACKARD, P.h.D. and SHEP HYKEN

PROOF:
CONVENIENCE IS YOUR COMPETITIVE DISRUPTOR

INTRODUCTION by Shep Hyken: The concept of convenience being a competitive advantage seemed obvious to me. So obvious that I decided to write *The Convenience Revolution*, a book on that very subject. I looked at what the best companies were doing to disrupt competitors, and even entire industries, and one of the strategies they were using was convenience. I approached a number of other business experts, and while they agreed with my ideas, there was something that kept bothering me. I had to prove it. There had to be empirical evidence that this was a valid business strategy. Then I met Josh Packard, Ph.D., sociologist, professor and researcher at the University of Northern Colorado, where he serves as the Executive Director of the Social Research Lab. I approached him about doing some research to validate the concept of convenience in business. What you will read below is summary of the concept and a brief analysis of each of the six *Principles of Convenience* covered in the book.

Proof: Convenience In the 21st Century is Disruptive

Convenience is no longer an alternative, it's imperative. Customers want convenience and won't settle for bad, complicated or cumbersome experiences. Convenience is a universal draw and a motivator for customers to choose one company over another, as well as being a salient indicator of how your organization has committed to easing the lives of those customers. In a study about customer choice, 97 percent of participants stated that convenience was the primary criteria motivating their decision about where they spend their time and money.[1]

The convenience revolution is about responding to this fundamental need by delivering a world-class human experience along with a top-notch product or service. It's not enough to simply save people time and energy.[2] In order to create value for customers and get them to become evangelists for your products and services, you need to demonstrate that you understand their pain points, that you know what their lives are like, and that your products and services are designed to alleviate some of the difficulty in their day-to-day lives.

A study published in the *Journal of the Academy of Marketing Science* found that profits rise 43 percent with a loyal customer if the experience is convenient. In fact, its findings demonstrated that there is a positive relationship between price and convenience, meaning that people will intentionally choose to pay more in order to have easier access to what they want and need.[3] When people feel as though they belong to a brand that has considered their access and experience, they will pay a high premium. Instead of racing to make your product or service as cheap as possible for the customer, the research shows there is significant profit to be made through creating a better, more convenient customer experience without lowering prices.

The six convenience principles in this book help you understand the very nature of commerce and consumerism, which will, in turn, help you provide greater value to your customers and your industry. The convenience principles are tactics that your organization should utilize to demonstrate your understanding of what your customers want. Organizations that have embraced the relationship between convenience, time and money, such as those highlighted in this book, have disrupted their competition, and in some cases, their entire industry.

To examine the impact of these components, we analyzed a number of research articles to determine how significant they were on the behavioral choices of the customer. The six key principles in this book are noted in popular publications and are supported by academic theory and literature in the following synopsis.

• Reducing Friction

Removing complications and barriers and creating a more seamless interaction makes people 86 percent more likely to choose you. They are 115 percent more likely to recommend you to others.[4] The research we analyzed looked at how customers will choose a business to work with if it is simple and easy to use. Simplicity, by definition, is a barrier removal because it eliminates unnecessary complications. Keep your structures and processes simple to encourage ease of entry and utilization of your product. Ease means that there aren't frustrating challenges (friction) when utilizing services or purchasing goods.

• Self-Service

In the past, self-service was considered to be on the less convenient end of the spectrum, but research is now showing that that relationship is reversed.[5] In one study, more than 200 managers and 254 customers were surveyed to assess why customers selected businesses with self-service. Respondents answered overwhelmingly that they chose self-service because it made them feel comfortable and confident, and primarily because it was convenient.[6] When customers have control over the transaction with the product, they perceive it to be more convenient, which drives their choice and influences their decision. Convenience is a powerful behavior modifier as it is considered to be a resource, manifested in offerings such as self-service, provided by companies to make the customer's life easier.

• Technology

While mobile e-commerce is not the only form of technology to impact the customer experience, it is one of the most striking examples of how convenient technology has impacted the marketplace. Staggering statistics are connected to the phenomenon of technological purchasing. U.S. e-commerce sales were $304.1 billion for 2014, and are estimated to increase to $491.5 billion in 2018.[7] Customers believe that technology is part of a superior customer service experience, and organizations are starting to consider this when evaluating that experience8. There is little doubt that technology has had a tremendous impact on many facets of our society. The impact of online retail partnered with the mobile industry is now an integral part of the customer experience and one that is very lucrative.

- **Subscription**

Business subscription models have a much higher customer lifetime value, which is a measure of profitability that an organization can implement when there is a sustainable customer base. Subscription services are a form of customer loyalty, which is less costly than acquiring new customers. A 5 percent retention in customers through subscription services can increase profit up to 125 percent.9 Subscription services are a differentiating factor when customers are choosing a product, and can reduce the customer's expenditures on similar, competitive goods or services. For example, in the streaming music industry, subscription services reduce expenditures in other music consumption areas by 11 percent.10 Subscription services are convenient for your organization and for the customer. The predictability of recurring income for your organization and of regular consumption of goods and services for the customer is a relationship of convenience. Once subscriptions are set up, repeated transactions are extremely low maintenance, supporting the continued ease of access to your product or service. This type of model is mutually beneficial for you and your customer and is inherently convenient.

- **Delivery**

More than 70 percent of the population would choose delivery of a product over physically retrieving it themselves, even when there is a price increase, and they want more flexible delivery options.11 Businesses that aren't meeting the convenience need of offering delivery options risk losing customers to competitors. Forty-six percent of shoppers surveyed about delivery preferences related to an online shopping experience said that "convenience and personalization of the fulfillment options were key factors in online buying decisions."12 Partnered with technological expectations, delivery is a primary desire of customers and is a top-line component of convenience. Customization, such as time-based delivery and the offer of localized options, are additional levels of motivation for customers to choose your organization over another.

- **Access**

Access is a convenience factor with multiple components to consider. In order to be truly accessible, organizations need to understand the impact of their physical place, even if that means eliminating a physical space, adjusting operating hours, and intentionally being more available than the competition.[13] Access is more than just making sure you're easy to get to. People want to be able to find you wherever they are. Eighty-five percent of customers use technology to locate local businesses and will go where goods and services are closest.[14] Being "local" can refer to the proximity of place, or if it is locally owned. In either case, customers are significantly more likely to choose the business that offers the hours, location and ease of access that they need, when they need it.

Experiential theorists have demonstrated that the customer journey is determined by more than transactions.[15] Research shows that the customer goes through stages that begin long before the purchasing decision is made and extend beyond the point of sale. You are part of each stage of this journey. When the barriers to entry are alleviated, the customer is significantly more likely to choose to do business with your company – and will even pay more to do so. These customer decisions and behaviors are a direct result of the changes in our society over the last several decades. There are more people in the workforce than ever before, and the very nature of the workforce has changed. This change dictates a re-evaluation of how you do business, and our analysis of existing research demonstrates that convenience is a driving factor for becoming a leader in your industry. The relevant scientific research tells us that the only way to avoid being disrupted and to dominate your industry in the 21st century is to make your products and services more convenient.

Josh Packard, Ph.D., is a sociologist, professor and researcher at the University of Northern Colorado, where he serves as the Executive Director of the Social Research Lab.

Shep Hyken is a customer service and experience expert, an award-winning keynote speaker, and a New York Times and Wall Street Journal bestselling author. His latest book is The Convenience Revolution: How to Create a Customer Service Experience that Disrupts the Competition and Creates Fierce Loyalty.

FOOTNOTES:

1 Sillapigni S Connaway, L., Timothy J. Dickey, and Marie L. Radford. 2011. "If it is too inconvenient I'm not going after it:" Convenience as a critical factor in information-seeking behaviors. *Library & Information Science Research.* Vol 33: pp. 179-190.

2 Brown, Lew G. and Martha McEnally. 1993. Convenience: Definition, Structure, and Application. *Journal of Marketing Management.* Vol. 2(3): 47–56.

3 Umashankar, Nita, Yashoda Bhagwat and V. Kumar. 2016. Do Loyal Customers Really Pay More for Services? *Journal of the Academy of Marketing Science.* Vol. 45:807–826.

4 Schroeder, Becky. 2017. "Stand Out by Making it Easy for Consumers to Choose You". *Insurance Journal.* Retrieved March 30, 2018 (https://www.insurancejournal.com/blogs/itc-insurance-technologies-corporation/2017/12/05/473243.htm)

FOOTNOTES, CONT.

[5] Collier, Joel E., and Daniel L. Sherrell. 2010. Examining the influence of control and convenience in a self-service setting. *Journal of the Academy of Marketing Science.* 38 (4): 490-509.

[6] Kimes, Sheryl E., and Joel E. Collier. 2015. How customers view self-service technologies. *MIT Sloan Management Review* 57 (1):25.

[7] Sirohi, Gulshan. 2015. "Amazing Facts About Worldwide E-Commerce and Online Shopping". *Online Business News.* Retrieved March 30, 2018 (http://www.seosolutionsindia.com/blog/2015/02/23/amazing-facts-about-worldwide-e-commerceonline-shopping/)

[8] Crandell, Christine. 2013. "Customer Experience: Is It The Chicken or Egg?" Forbes. Retrieved on March 30, 2018 (https://www.forbes.co/sites/christinecrandell/2013/01/21/customer-experience-is-it-the-chicken-or-egg/#30cef2cd3557)

[9] Wild, Kevin. 2017. "7 Reasons to Leverage Subscription Services (And How to Get Subscribers" *Referral Candy Blog.* Retrieved on March 31, 2018 (https://www.referralcandy.com/blog/subscription-services/)

[10] Wlömert, Nils, and Dominik Papies. 2016. On-demand streaming services and music industry revenues — insights from Spotify's market entry. *International Journal of Research in Marketing* 33 (2): 314-27.

[11] Goebel, Philipp, Sabine Moeller, and Richard Pibernik. 2012. Paying for convenience: Attractiveness and revenue potential of time-based delivery services. *International Journal of Physical Distribution & Logistics Management* 42 (6): 584-606.

[12] Rigby, Chloe. 2017. "Customers want more convenient delivery options: study" *Internet Retailing.* Retrieved March 31, 2018 (http://internetretailing.net/2017/09/customers-want-convenient-delivery-options-study/)

[13] Kotler, Philip, and Nancy Lee. 2008. *Social marketing: Influencing behaviors for good.* 3rd ed. Los Angeles: Sage Publications.

[14] Schroeder, Becky. 2017. "Stand Out by Making it Easy for Consumers to Choose You". *Insurance Journal.* Retrieved March 30, 2018 (https://www.insurancejournal.com/blogs/itc-insurance-technologies-corporation/2017/12/05/473243.htm)

[15] Lemon, Katherine N. and Peter C. Verhoef. 2016. Understanding Customer Experience Throughout the Customer Journey. J*ournal of Marketing: AMA/MSI Special Issue.* Vol. 80: 69-96.