



Rakuten’s Digital Transformation Disruption Focused on Membership and Loyalty

BY SHERYL KINGSTONE

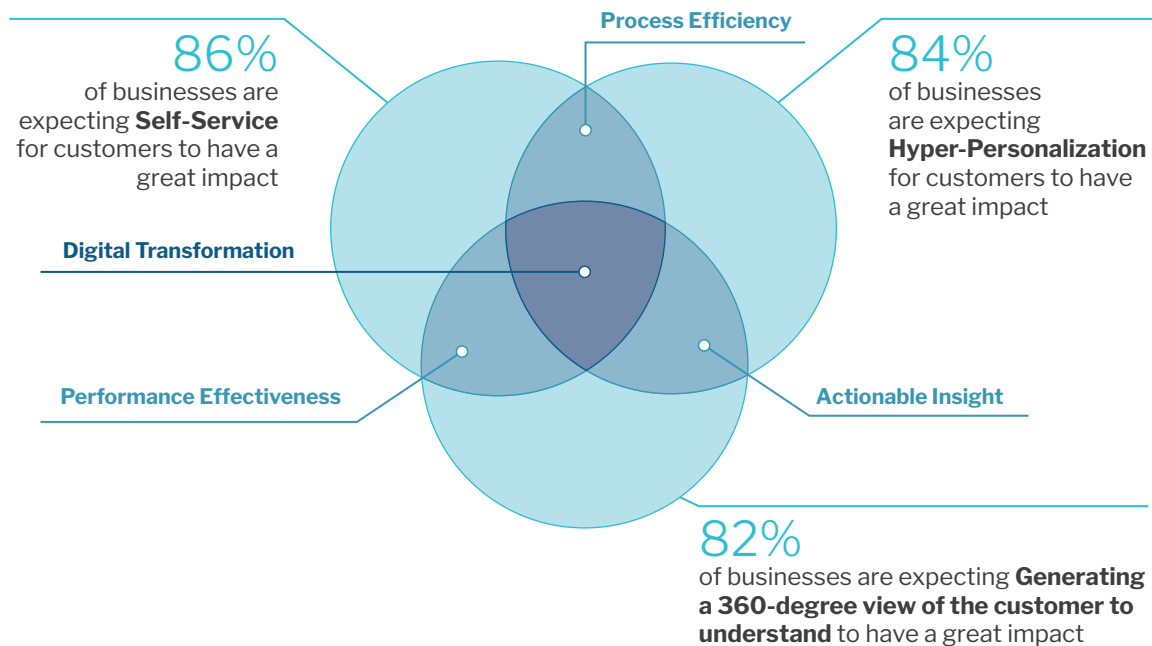
THE 451 TAKE

Rakuten, a multifaceted Japanese conglomerate, is using disruptive technology as a key differentiator as it expands its ecosystem of offerings to become a lifestyle brand providing everything from internet services and financial services to streaming digital content. What Rakuten is not, is a typical communications service provider. Known as the Amazon of Japan, Rakuten was founded in 1997 as an online marketplace with 13 merchants. It now has an ecosystem of more than 70 services, all connected by a common membership and loyalty program. The key to its success is its digital infrastructure backbone that accelerates and optimizes the customer journey from acquisition to engagement, facilitates the on-boarding processes, monetizes services and evolves the customer experience to embrace a loyalty-centric approach. The result is an optimized and personalized digital experience for customers from shopping to billing.

451 Research data shows that the Rakuten approach is helping it lead the industry by leveraging technology to redefine the overall customer experience. The company is dedicated to delivering not only a differentiated experience, but also an emotional connection where members feel invested in the brand. Rakuten has capitalized on hyper-personalization, digital self-service empowerment and a unified view of the customer to ensure a connected lifestyle for its members.

Drivers of Enhanced Customer Experience

Source: 451 Research



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SPECIAL REPORT

For virtually every communications service provider, the business is being redefined amid a shift from a simple transactional relationship between companies and consumers toward a more nuanced, tangled relationship between humans and the automated systems and devices they use to engage with the world. Heightened customer demand for context, convenience and control in all interactions require companies to reevaluate how they provide contextually relevant experiences for their customers.

Rakuten is dramatically disrupting the communications industry with its unique approach to membership and loyalty. The company is capitalizing on consumers' desire to subscribe to services rather than buy products outright. The subscription model changes the short-term economics and long-term relationships with customers, necessitating new business and engagement approaches. The result will be a stronger focus on loyalty and relationships built on consistent, positive interactions with customers.

Rakuten's recent technology investments demonstrate that the company understands the importance of capturing, analyzing, understanding and acting on information. This includes the ability to recognize patterns, comprehend ideas, plan, predict, problem-solve, identify actions and make decisions. The explosion in connectivity, intelligent devices and digital interfaces generating this information makes it increasingly possible to convert such data into high-value personalized experiences, augmented by real-time context and customer preferences. The most meaningful (and ultimately profitable, for those that provide them) experiences will be informed by data-driven context clues, which will only increase as the amount of available data – especially unstructured data – proliferates. This will continue to accelerate with the growth of new types of connected devices capturing unprecedented volumes of behavioral data.

BUSINESS IMPACT

FOCUS ON THE EXPERIENCE. Experiences, not products, will be the battleground of the future, and data plays a powerful role in improving the context of those experiences. Organizations can digitally transform their businesses to best attract, win, retain and support customers by leveraging the latest applications, analytics and infrastructure to deliver a differentiated experience that is not a luxury, but a necessity for survival.

INVESTMENT IN CLOUD-NATIVE TECHNOLOGIES WILL BRING EFFICIENCY AND SCALE. In technology terms, successful execution demands new investment in more modern digital and cloud platforms. This requires a well-planned approach to business and IT innovation, with the goal of aligning around a disruptive culture that drives investments in new tactics to remain relevant in the eyes of customers. Addressing customers' demand for new immersive experiences relies heavily on rich media content, prescriptive insight and intelligent automation to build deeper connections, recommend next best actions and create more contextually driven interactions. Investing in algorithmic technologies such as machine learning and AI help achieve scalable contextual relevance as intelligent applications take over execution, freeing up resources across the business.

EXPANSION TO THE MOBILE-FIRST EDGE WILL HELP EMPOWER THE END-USER EXPERIENCE. Rakuten is deploying a converged network core and distributed edge to deliver a high degree of service automation, as well as innovative products and hyper-personalized experiences. The company's lifestyle brand image demands the delivery of new services such as home security, pet trackers, ride sharing, shopping cash-back and more. Enabling software has provided the foundation for Rakuten to define and automate highly personalized customer journeys and to deliver mobile-first digital experiences across any customer-facing channels.



Service differentiation requires a technology strategy that allows innovation to blossom. Rakuten chose Netcracker's Digital BSS solution to give them the tools to create, deliver and monetize mobile services offerings with content-rich, customer-driven vision that fits well with the company's membership-based business model. Netcracker's solution has helped define and automate personalized customer journeys that fundamentally change how the on-boarding process transpires and how customers become empowered to manage their own experience. Netcracker's Digital BSS offering has helped Rakuten to greatly improve their customer engagement while simultaneously driving stickiness across Rakuten's entire ecosystem by utilization of its Super Points loyalty program. This transforms the customer engagement model to a uniquely proactive one, and becomes a model for other CSPs to consider as they transform their own operations.