

AVDO

FROM MOATS TO MAZES

PROTECTING A BUSINESS AT THE AGE OF AI

www.avdo.org

Powerful, widely available AI models have radically reduced the barriers to launching digital businesses.

Unfortunately, if a thought can become an enterprise over a lunch break, copying a venture takes even less.

Good ideas attract strong competitors, some of which are inevitably better than the original founders.

Better funded, better run, more creative, more ruthless – able to produce better products with slicker designs and charge less for it.

Product vision and operational efficiency aside, the only chance of survival the original team has at that point – is a loyal customer base attracted by something other than utility. Everything that can be copied will be copied and what remains in the balance – is the will of a sufficient number of people to remain the company's source of income and (ideally) contribute to its growth.

Loyalty can have many roots, some of which (tradition, reputation) are cultivated over a longer period and generally depend on a number of factors not exclusively under the team's control.

A great customer experience, on the other hand, is a matter of planning and very hard to copy because it is rooted in care, and those who copy – rarely truly care. This is not an indictment of opportunism – optimising for profit is a valid strategy – but it comes with inherent weaknesses.

No single moat will protect against a strong opponent, but a network of trenches, a maze, may make the attack burdensome enough for the buccaneers to look for easier prey. With that in mind, here is the framework we use to design multi-dimensional experiences worthy of loyalty.

We begin by identifying the areas a business could differentiate in. Applied to the scenario of an AI-leveraging idea that could be executed in days (obviously relying on a readily available model) these areas could be:

- **Data**
- **Experience**
- **Brand**
- **Community**

Once the areas of differentiation are established, we create an experience appealing to our target audience across four dimensions:

- **Digital** (the product itself)
- **Physical** (the way the product could affect users IRL)
- **Ideological** (for some categories this is just communications, but applied to AI – the subjects of privacy, honesty and sourcing could birth unique advantages)
- **Human** (all human interactions – from leadership's behaviour and customer support to user and developer communities).

The following grid is a smorgasbord that illustrates the principles. Specific executions vary vastly, of course, and not all businesses need (can sustain) an experience that permeates everything. But, in our experience – this is a helpful way to start the conversation.

Over the last year, in collaboration with clients and partners across 11 markets in Europe, Asia, the Middle East and North America, we ran a global research project, exploring Radical Unlock – decisions taken by business leaders across a range of subjects that led to radical improvements in their organisations.

We spoke with business owners, members of oversight boards, top executives and key stakeholders across large public and private enterprises, to learn from their experience and support what was previously a set of proprietary insights, with independent data.

As Generative AI has already begun its march across the markets, most of our interviewees have had the time to form an opinion on its promises and perils. The moat building exercises we ran using this framework helped review corporate strategies and redesign customer experiences in companies as diverse as AI developers, FMCG multinationals, a luxury fashion house and a steelmaker. **Take a look – it may be of use to you too.**

Potential AI areas of differentiation

	DATA	EXPERIENCE	BRAND	COMMUNITY
Digital	Proprietary user and /or product data			
Physical	Physical product recommendations based on user data			
Ideological	Data source & application choices Privacy v. Openness Large scale v. Targeted quality etc.			
Human	Use of data by human operators for excellent customer experience			

Customer experience dimensions

Potential AI areas of differentiation

Customer experience dimensions

	DATA	EXPERIENCE	BRAND	COMMUNITY
Digital	Proprietary user and /or product data	Efficient & delightful app user experience		
Physical	Physical product recommendations based on user data	IRL services based on AI advise – e.g. dry cleaning pick-up following a chat with fashion brand AI bot		
Ideological	Data source & application choices Privacy v. Openness Large scale v. Targeted quality etc.	Honest & efficient execution of data usage principles		
Human	Use of data by human operators for excellent customer experience	Caring & engaging customer support behaviour		

Potential AI areas of differentiation

Customer experience dimensions

	DATA	EXPERIENCE	BRAND	COMMUNITY
Digital	Proprietary user and /or product data	Efficient & delightful app user experience	Relevant design & tone of voice	
Physical	Physical product recommendations based on user data	IRL services based on AI advise – e.g. dry cleaning pick-up following a chat with fashion brand AI bot	Physical brand manifestations: from packaging to pop-ups	
Ideological	Data source & application choices Privacy v. Openness Large scale v. Targeted quality etc.	Honest & efficient execution of data usage principles	An opportunity for a unique vision – Ideological stand to motivate users to support a specific brand	
Human	Use of data by human operators for excellent customer experience	Caring & engaging customer support behaviour	Company leadership's inspiring behaviour	

Potential AI areas of differentiation

Customer experience dimensions

	DATA	EXPERIENCE	BRAND	COMMUNITY
Digital	Proprietary user and /or product data	Efficient & delightful app user experience	Relevant design & tone of voice	Benefits beyond utility: cultivation of the users' sense of belonging
Physical	Physical product recommendations based on user data	IRL services based on AI advise – e.g. dry cleaning pick-up following a chat with fashion brand AI bot	Physical brand manifestations: from packaging to pop-ups	IRL community action: meetings, lessons, runs etc.
Ideological	Data source & application choices Privacy v. Openness Large scale v. Targeted quality etc.	Honest & efficient execution of data usage principles	An opportunity for a unique vision – Ideological stand to motivate users to support a specific brand	Goals community may want to achieve by common action
Human	Use of data by human operators for excellent customer experience	Caring & engaging customer support behaviour	Company leadership's inspiring behaviour	Community leaders & personalised engagement

Potential areas of differentiation

Customer experience dimensions

	DATA	EXPERIENCE	BRAND	COMMUNITY
Digital	Proprietary user and /or product data	Efficient & delightful app user experience	Relevant design & tone of voice	Benefits beyond utility: cultivation of the users' sense of belonging
Physical	Physical product recommendations based on user data	IRL services based on AI advise – e.g. dry cleaning pick-up following a chat with fashion brand AI bot	Physical brand manifestations: from packaging to pop-ups	IRL community action: meetings, lessons, runs etc.
Ideological	Data source & application choices Privacy v. Openness Large scale v. Targeted quality etc.	Honest & efficient execution of data usage principles	An opportunity for a unique vision – Ideological stand to motivate users to support a specific brand	Goals community may want to achieve by common action
Human	Use of data by human operators for excellent customer experience	Caring & engaging customer support behaviour	Company leadership's inspiring behaviour	Community leaders & personalised engagement

Effective transformation can release up to 32% of organisation's resources, and reduce staff churn by 55%. Radical Unlock is neither a survey, nor a collection of case studies. We have conducted deep interviews and were involved in many of the projects that became base of a critical review that examined what made change successful. There is no exact manual to follow, but if a significant number of leaders agree on what saved and, more importantly, almost buried their organisations – it may be worth a read. The first report will be out soon.