

# CEM EXECUTIVE'S AGENDA 2017: A DATA-DRIVEN APPROACH TO DELIGHT CUSTOMERS

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Omer Minkara  
Vice President & Principal Analyst, Contact Center & Customer Experience Management

## Report Highlights

**p2**

The #1 challenge CX executives face is balancing the dynamics brought forward by customer empowerment.

**p5**

Best-in-Class are more than twice as likely to provide employees with real-time access to relevant customer data.

**p8**

Best-in-Class are 38% more likely to have established an infrastructure to deliver Omni-channel customer conversations.

**p12**

55% of businesses use 10 channels to interact with customers.

Customer experience (CX) executives must keep up with changing buyer needs and behavior to excel in today's ultra-competitive marketplace. This report will highlight the top priorities that are driving CX programs in 2017 and beyond. We'll specifically discuss how a group of top performing businesses use a data-driven approach to alleviate the challenges impacting their ability to delight customers.

## 2

**Data holds the key to success or blunder in CX programs. Companies must follow the lead of the Best-in-Class to learn the art and science of using data to satisfy customers, generate efficiency, and enhance financial results.**

**The number of channels companies use within CX programs increased, from eight to 10, between early-2016 and early-2017.**

### What Keeps Customer Experience Executives Up at Night?

The answer to the above question varies across businesses. Each business is unique, and hence they struggle with the unique challenges in the industries where they operate, as well as the overall macro and micro economic trends, etc. However, there are also commonalities across businesses, specifically in the challenges they face. In January 2017, Aberdeen Group surveyed 124 organizations of various sizes and industries. Table 1 depicts the most common roadblocks experienced by these firms:

**Table 1: Top Challenges for CX Executives in 2017**

Top Challenges (n=124)	All Respondents
Customers are empowered with a wealth of information on many competitive products / services	36%
Customers want to expend less effort to get their needs addressed	24%
Customers expect consistent experiences across multiple touch-points	22%
Proliferation of new customer engagement channels due to technological advancements	22%

Source: Aberdeen Group, February 2017

Note: Respondents to the survey could pick multiple choices for their challenges. This means that companies might struggle from one or more of these challenges simultaneously.

The rise of the empowered customer, one with easy access to a wealth of insights, still poses challenges for many CX executives, as illustrated above. This expanded knowledge influences their purchasing decisions and affects their loyalty to a product or service. It also makes the buyer / seller relationships a lot more transparent in favor of the customer. Therefore, to survive and thrive in this hypercompetitive market – where the balance of power has largely been tipped to the customer's advantage – companies must differentiate based on experiences, instead of just products and pricing. To this point, Table 1 shows that CX

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The Aberdeen maturity class framework places companies in one of three categories based on their self-reported performance across key metrics:

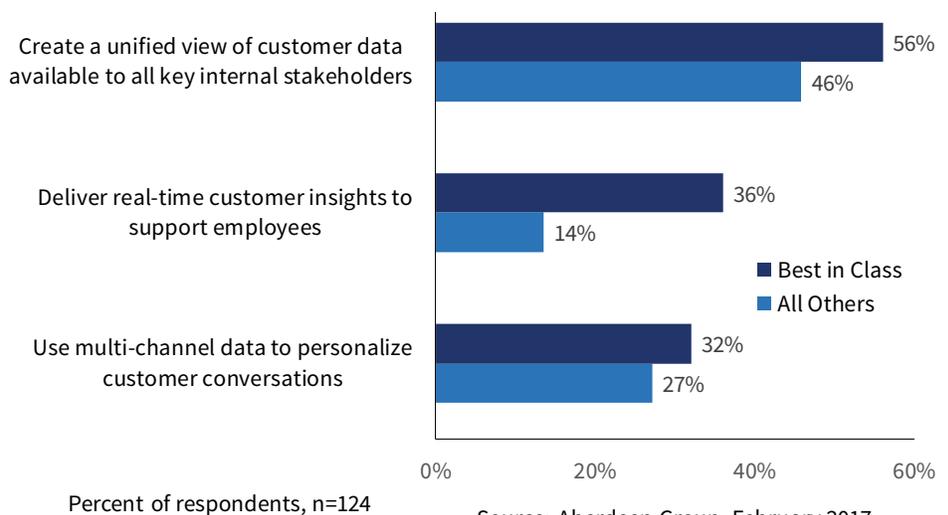
- **Best-in-Class:** Top 20% of respondents based on performance
- **Industry Average:** Middle 50% of respondents
- **Laggard:** Bottom 30% of respondents

Sometimes we refer to a fourth category, **All Others**, which combines Industry Average and Laggard organizations.

executives struggle addressing the necessities to deliver superior customer experiences. Specifically, these necessities include reducing customer effort and delivering consistent interactions across all channels.

While many of the executives surveyed know they must address these challenges to delight customers, they struggle in doing so. Therefore, we must turn to Best-in-Class organizations (see sidebar) that have excelled in building customer trust and loyalty by alleviating these hurdles. Figure 1 shows the top strategies these top performers put in place to outpace their peers.

**Figure 1: Best-in-Class Put Data into Action**



Note: Respondents to the survey could pick multiple choices for their strategies. This means that companies might use one or more of the above strategies simultaneously.

As illustrated above, creating a unified view of customer data throughout the business is the top strategy used by Best-in-Class firms. Doing so means eliminating data silos in the business that result from capturing customer data through different systems such as CRM, ERP, marketing automation, and interactive voice

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**Eliminating disparate data silos and building a unified view of customer data, must be the first order of business for companies looking to make better use of data in CX programs.**

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response (IVR). By integrating multiple systems capturing data through different channels, companies can provide employees with a holistic view of all customer interactions. This, in turn, supports employees' ability to ensure consistency of interactions across all channels and to personalize conversations with each customer – two of the top three challenges noted in Table 1. (See Aberdeen's July 2016 [Customer Intelligence: Using Data to Drive Loyalty & Advocacy](#) study to learn more on how to integrate data across disparate systems)

Establishing seamless visibility into customer data throughout the business works best when employees can easily access this data to do their jobs. For that, data shows that the second top strategy Best-in-Class firms deploy in their CX programs is supporting employees with real-time customer insights. This is vital, as buyer needs evolve rapidly. For example, a client might have recently used self-service to address a product issue. If a contact center agent has no insight when speaking with the customer after that self-service interaction, it represents a missed opportunity. Getting information beforehand enables the agent to acknowledge the self-service interaction, resulting in a more personalized conversation. This reduces the customer's effort by minimizing the need to ask information already captured through self-service. Top performers are more than twice as likely to support their employees with such real-time insights, compared to other businesses (36% vs. 14%).

#### *What's the Pay-Off for Using Best-in-Class Strategies?*

Thus far, we've observed the top challenges keeping CX executives up at night and the tactics Best-in-Class firms use to alleviate these challenges. Let's now look at how these tactics help the Best-in-Class firms differentiate themselves in Table 2 (next page).

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**Table 2: It Pays Off to Use the Right Strategy**

Company Performance (n=124)	Best-in-Class	All Others
<b>Customer retention rate</b>	85%	74%
<b>Year-over-year change in annual company revenue</b>	45.3%	6.2%
<b>Year-over-year change in customer satisfaction rate</b>	21.3%	3.3%
<b>Year-over-year improvement (decrease) in response time to customer requests</b>	14.3%	3.5%
<b>Year-over-year change in average customer profit margin</b>	5.8%	-2.3%

Source: Aberdeen Group, February 2017

**Note:**

Survey response data was normalized, to ensure each performance cohort, represented in Table 2, featured organizations of all sizes. The findings in Table 2 show average performance results, which may vary, depending on each business. For example, a large \$1 billion firm might achieve 15% improvement in annual company revenue and decrease response time to customer requests by 25%. A smaller, \$10 million firm, on the other hand, might observe 50% annual revenue growth and a 10% increase in customer satisfaction.

Aberdeen used the five performance measures in Table 2 to determine the top performing organizations in meeting and exceeding customer needs. The top 20% of these firms, the Best-in-Class, outshine peers across all categories. Specifically, they retain 15% more of their clientele and drive 7.3 times greater year-over-year increase in annual company revenue, while increasing customer satisfaction by more than 6.5 times, compared to All Others. In short, the strategies put in place by the Best-in-Class help them delight customers. As a result, these buyers spend more, while reducing costs through achieving operational efficiency gains.

Now, let's take a closer look at the four key groups of activities Best-in-Class firms focus on to achieve superior results.

**Key Activities to Win the Hearts and Minds of Customers***1. Get Data Management Right to Know your Customers*

As a first step, top performers standardize customer data throughout the business. In a world where 'big data' has become the new normal, companies collect a wealth of structured and unstructured data. These come from different channels (e.g. web,

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## Supporting Technologies

Below is a list of some of the technologies Best-in-Class firms use to collect, analyze and act on customer data:

**Web reporting and analytics:** Best-in-Class: 90%; All Others: 71%

**Customer communications management:** Best-in-Class: 65%; All Others: 52%

**Customer analytics:** Best-in-Class: 62%; All Others: 37%

**Digital dashboard / visualization tools for reporting customer activities:** Best-in-Class: 52%; All Others: 39%

**Product content management:** Best-in-Class: 52%; All Others: 33%

**Real-time reporting & alerting:** Best-in-Class: 50%; All Others: 40%

**Customer intelligence:** Best-in-Class: 48%; All Others: 33%

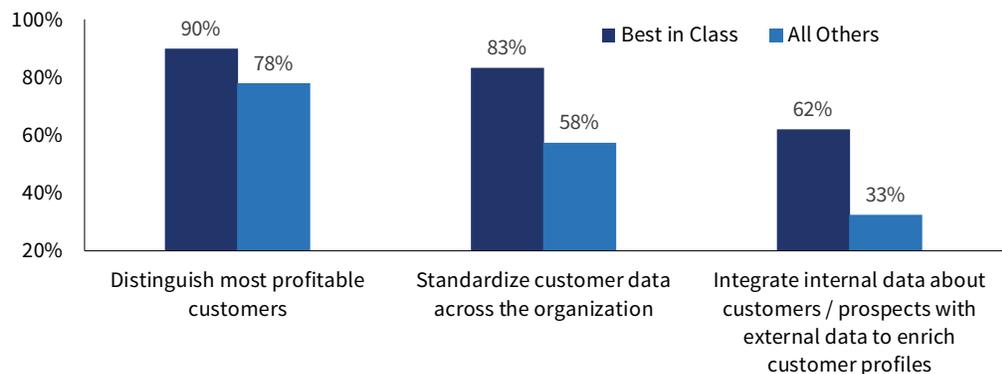
**Predictive analytics:** Best-in-Class: 45%; All Others: 24%

**Machine learning:** Best-in-Class: 26%; All Others: 13%

social media, email, in-store) and geographic locations. To truly build a unified view of customer interaction history, companies must standardize data, using data quality and integration tools to integrate their data across multiple systems.

Unifying customer data, by breaking down silos across the business, is the top strategy Best-in-Class firms use to manage their CX programs, and with good reason. Data shows that only eight percent of businesses are fully satisfied with their ability to manage customer conversations by using data. In other words, almost nine out of ten businesses struggle with building and managing a data-driven CX program. Figure 2 shows the top activities Best-in-Class firms use to alleviate this challenge.

**Figure 2: Build the Right Data Infrastructure to Support Truly Personalized Customer Conversations**



Percent of respondents, n=124

Source: Aberdeen Group, February 2017

Top performers also integrate internal data, such as account information stored in the CRM system – with external data such as customer-generated social media content – to build a richer profile of each customer. This enhances the timeliness and accuracy of data that employees use when managing customer interactions.

A table-stakes capability, marked by 90% Best-in-Class adoption, is segmentation of the customer base by different criteria, including

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**Personalization means delivering truly tailored messages for each customer. If you currently struggle with doing so, start by segmenting your audience and targeting customers based on the segment they fit into. While each customer within the same segment will still have differences, it will provide a certain degree of personalization – enough to produce better results than a ‘one size fits all’ approach.**

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profitability. Segmenting customer base allows employees across sales, marketing, service, and back-office to better understand the characteristics of customers in certain groups by looking at commonalities. This, in turn, helps build conversations that are uniquely tailored to each segment.

### *2. Don't Sit on Data; Act on It*

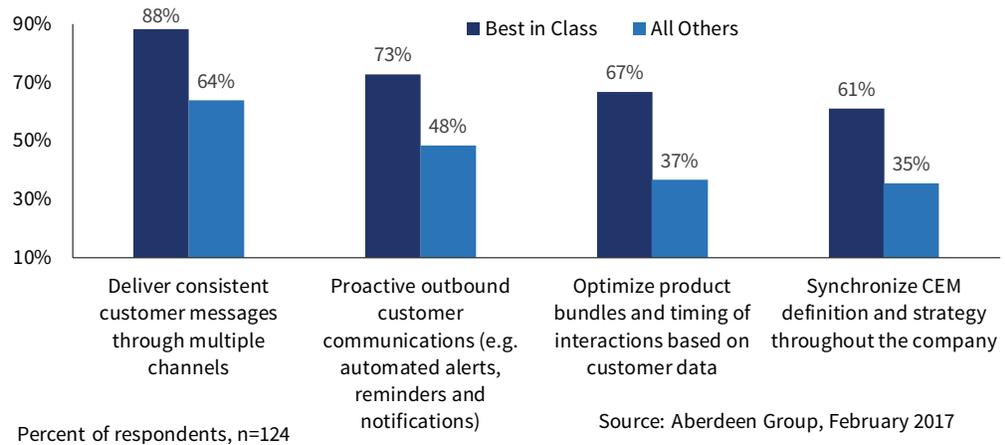
One of the most common mistakes companies make when launching and managing a CX program, is assuming that collecting customer data is good enough to improve customer satisfaction and other measures, such as revenue growth. While some organizations might get lucky and see short-term results, those that achieve long-lasting performance improvements do more than just collect data. They analyze and act on it too.

Industry literature in CX over the years has emphasized the need to generate actionable insights from data. While this is an important step, companies must make sure to act on these insights, in order to achieve the performance results of the Best-in-Class. Figure 3 shows that top performing businesses use numerous activities to put insights – generated through reporting and analysis of data – into action. For example, they are 38% more likely to deliver consistent customer messages across all channels, an activity also known as Omni-channel (see sidebar on next page) customer messaging (88% vs. 64%). This type of messaging is also personalized based on customer data. This means that a marketer, for example, would promote only the relevant product that aligns with the needs inferred based on the customer profile / segment.

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**Definition: Omni-channel**

Aberdeen's December 2015 study, [Omni-Channel Customer Care: Best-in-Class Steps to Success](#) defines Omni-channel as a capability that enables organizations to deliver consistent *and* personalized customer messages across multiple channels.

**Figure 3: Tailor Interactions for Each Customer**

There is a lot of competition to capture customer attention and wallet share. Those who succeed, do so by establishing a unique relationship with clients. The way Best-in-Class firms do this is by using customer data to deliver proactive communications (interactions that are initiated by the company, as opposed to the customer). These types of communications include automated alerts, reminders, and notifications. An airline reminding a passenger that they should check-in for an upcoming flight, or a retailer updating the consumer that their online order has been shipped, are examples of such proactive interactions.

Delivering proactive communications signals that the business is willing to go beyond traditional ways of addressing customer needs, which helps establish trust and loyalty. To succeed in delivering such communications, companies must establish a clear definition of their CX program. This means identifying goals, strategies, and the role of each employee, so that every stakeholder can help accomplish company objectives, including delighting customers.

**3. Empower Employees to Satisfy Customers**

Aberdeen's research shows that only 12% of firms focus on enabling and incentivizing employees to meet customer needs.

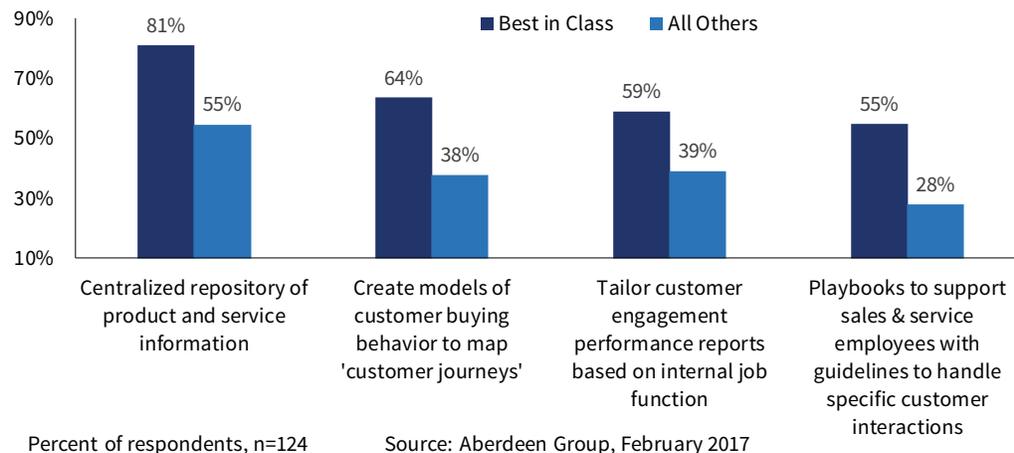
**Answering customer needs when they arise is important, but predicting those needs and proactively initiating a relevant conversation, helps differentiate top performers from All Others.**

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This is disturbing, considering the crucial role employees play in influencing customer experiences. While companies might deploy the latest technology – or optimize all existing processes – it's ultimately the employees who are using these technologies and processes to interact with customers. For example, a company might use a very sophisticated marketing automation platform. However, it won't enjoy maximum results unless the employee using this platform is fully bought-in to their role of achieving CX objectives.

Similarly, a contact center might deploy the latest solutions needed to support Omni-channel interactions, but the agent might not be trained and engaged on the importance of meeting customer needs. In this instance, the latest solutions will likely have minimal impact (on creating happy customers), since that agent might frustrate clients with a poor attitude or unwillingness to solve issues. Figure 4 highlights the activities Best-in-Class firms use to ensure employees help the business achieve its objectives.

**Figure 4: Empower Employees with the Knowledge to Do Their Jobs**



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Findings from Aberdeen's August 2016 [Customer Centricity: Knowledge is Power in the Age of the Customers](#) study showed that the average employee spends up to 11% of their time navigating different applications in search of information needed to do their job. On average, this costs businesses \$1.1 million each year. Best-in-Class firms alleviate this problem by providing employees with a centralized repository of product and service information. This allows employees to easily seek relevant articles through search functionality, and helps to address customer needs in a timely fashion.

The top performers also provide employees with playbooks that guide employees on how to handle specific interactions. For example, sales reps are provided with playbooks available through a salesforce automation (SFA) or CRM system highlighting how to overcome certain customer objections during the proposal stage. Such guidance maximizes employee productivity and instills a sense of engagement to employees, because the company is providing them with the necessary tools and knowledge to address customer needs.

Ultimately, it's also important to provide employees with visibility into how they perform against expectations, particularly in regards to their contribution to CX results. Figure 4 shows that the Best-in-Class firms are 51% more likely to provide reports of how each role in the business influences CX results. Generating such reports is not an easy task. For high accuracy, companies must ensure they have a truly holistic view of customer data and accurately map customer journeys (see sidebar) to determine the role of each stakeholder throughout each trip. They must then seek changes in customer behavior (e.g. purchase decisions, word-of-mouth etc.), through each stage, to detect the role of each stakeholder in influencing customer experiences.

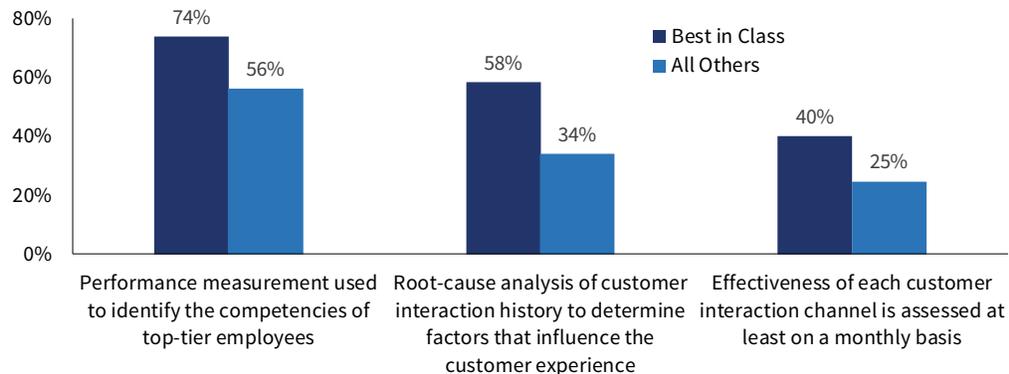
→ [Related Research](#)  
“Customer Journey Mapping: Lead the Way to Advocacy”

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#### 4. Use your Rear-View Mirror

Every action (or non-action) you take leaves a mark on your business. For example, if you add a new channel within your channel-mix, customers are given another option to purchase company products, receive support or get information needed to make purchase or loyalty decisions. Conversely, not adding that same channel might mean that customers need to rely on other avenues to accomplish the same objectives. One of the ways companies can ensure meeting customer needs is by capturing [VoC](#) data and acting on these insights. Use of VoC data works best when companies measure if the changes made (in response to customer feedback) produce the desired results. The Best-in-Class use activities, highlighted in Figure 5, to get answers that gauge if their activities meet customer expectations and produce the intended business results. Specifically, they use their rear-view mirror (past performance), to learn if they are on the right path to generating total customer satisfaction.

**Figure 5: Use Historical Performance to Learn What Works in Meeting Customer Needs**



Percent of respondents, n=124

Source: Aberdeen Group, February 2017

→ [Related Research](#)  
**“Getting Ahead in Customer Analytics: Which Technologies Do You Need to Succeed?”**

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**Conduct root-cause analysis to reveal what influences unique customer behavior. This will help tailor future customer conversations to achieve desired results.**

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**Use analytics to learn from your historical results; let your past performance help you improve your future performance.**

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Earlier, we noted the importance of employees in influencing CX results. Figure 5 shows that Best-in-Class firms truly understand the vital role of employees. In fact, they regularly measure employee performance against CX metrics – such as customer satisfaction – as well as other measures that have an indirect influence on customer experiences (e.g., average handle time in the contact center). This analysis allows organizations to identify employees that achieve top-notch results across these measure, as well as building a list of the key skills shared among top performing employees.

Executives across different lines-of-business, such as sales, marketing, and service, as well as the HR team, can then use these skills as part of hiring and training activities. Specifically, these skills would be a part of candidate evaluation during the hiring phase. They would also be used to compare the competencies of existing personnel and build tailored learning programs, so each employee acquires the skills needed to delight customers.

Best-in-Class firms also utilize root-cause analysis to identify specific factors influencing customer behavior. This means detecting how changes in pricing, for example, influence the purchase of specific products or identify how repeat customer contact influences client churn. These insights help companies adjust CX processes to address weaknesses and develop a deeper understanding needed to personalize customer conversations.

Yet another benefit of using the rear-view mirror, when managing CX programs, is the ability to clarify the right channels to use when managing customer conversations. Aberdeen's research shows that 55 percent of companies use 10 channels to interact with customers. In this world of multiple channels, it is easy to add a new one, just because other companies are doing it, or simply because it's trending. Instead, Best-in-Class companies use key performance indicators (KPIs) reflective of success, in attaining their CX objectives. This helps them identify how each channel

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performs across these metrics. This insight helps determine the channels that deliver expected results. In turn, companies are then able to make necessary changes to (including abandoning) their channel-mix to achieve desired results.

## Recommendations

Many organizations still struggle, balancing the changing dynamics in providing customers with more transparency and power. While this might seem a roadblock for some, savvy organizations turn this into an opportunity by finding ways to establish trust and loyalty with their clientele. Doing so is not easy, but it is rewarding. The Best-in-Class firms achieve remarkable results across key metrics, such as annual company revenue growth and customer satisfaction rates. We recommend that CX executives incorporate the following four pillars within their business to join these top performing businesses:

- [Get data management right to know your customers](#)
- [Don't sit on data; act on it](#)
- [Empower employees to satisfy customers](#)
- [Use your rear-view mirror to learn maintain your strengths and address weaknesses](#)

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For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

#### Related Research

[IoT in Customer Experience: Demystifying the Business Impact of Connected Devices](#); January 2017

[Next-Generation CRM: Moving from a System of Record to a System of Engagement](#); January 2017

[Customer Journey Mapping: Lead the Way to Advocacy](#); December 2016

[Customer Lifecycle Management: How to Navigate the Road to Advocacy](#); October 2016

[Customer Intelligence: Using Data to Drive Loyalty & Advocacy](#); July 2016

[Getting Ahead in Customer Analytics: Which Technologies Do You Need To Succeed?](#); June 2016

Omer Minkara, Vice President & Principal Analyst, Contact Management



#### About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Waltham, MA.

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