

# GETTING AHEAD IN CUSTOMER ANALYTICS: WHICH TECHNOLOGIES DO YOU NEED TO SUCCEED?

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## Report Highlights

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**Best-in-Class firms are 20% more satisfied with their ability to make data-driven customer experience decisions.**

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**58% of businesses use at least eight channels to capture customer data.**

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**Best-in-Class firms are 86% more likely to use data quality & data integration technology.**

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**Top performing businesses use text analytics to convert customer-generated social media content into insight.**

This report will highlight the tools Best-in-Class companies use to overcome challenges in managing customer data. It will specifically focus on how top performers build a unified view of buyer data by integrating data across numerous enterprise systems, and how they use analytics to create actionable insights.

## 2

**Mastering the ability to manage data has a far-reaching impact. Companies struggling with the creation of a truly data-driven CEM program lose clients and fall behind others in terms of financial health.**

### Definitions

For the purposes of this research, Aberdeen makes the following definitions:

**Big Data:** A large, complex set of structured and unstructured data that is difficult to manage with traditional data management and analysis tools.

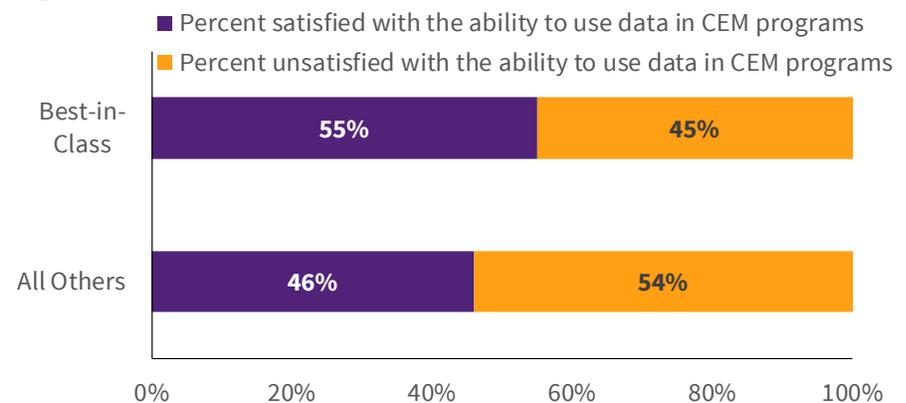
**Customer Analytics:** The use of analytical tools to analyze structured and unstructured customer and operational data in order to execute tailored marketing campaigns across multiple channels.

### Why Managing Customer Data is a Challenge

Bridging the gap between data and insight is a key challenge for many organizations. In fact, while businesses use an average of four channels to collect customer data, the stream of data gleaned from these channels is insufficient to help companies accomplish their goals. Indeed, only 15% of businesses indicate that they are fully satisfied with their ability to use data to manage customer expectations.

As in most aspects of business, some organizations execute certain activities better than others. To this point, Aberdeen's May 2016 study, *CEM Executive's Agenda 2016: Aligning the Business Around the Customer*, identified a leading group of businesses that outpace others in customer experience management (CEM). One of the common attributes of these firms is their ability to build and manage data-driven programs. In fact, Figure 1 shows that the Best-in-Class firms (see sidebar on next page) are 20% more likely to indicate that they are fully satisfied with their ability to use data in CEM programs, compared to All Others (55% vs. 46%).

**Figure 1: Top Performers Do More with their Data**



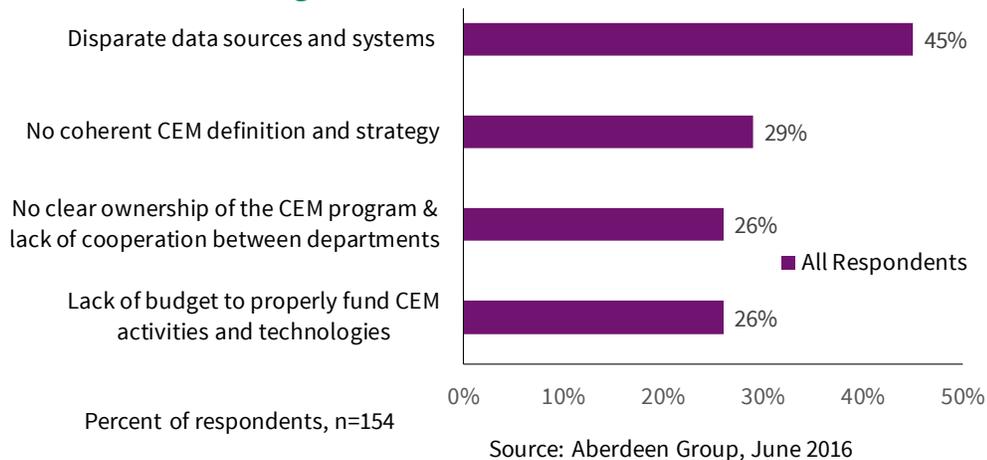
Percent of respondents, n=154

Source: Aberdeen Group, June 2016

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There are myriad reasons why companies struggle with leveraging data to help them understand and address customer needs. Findings from the CEM survey revealed the top roadblocks organizations face when using data to manage buyer interactions — Figure 2.

**Figure 2: Lack of Systems Integration is the Top Hurdle in Customer Data Management**



*Note: Respondents were allowed to select up to two answers when responding to the question on their top challenges. This means that a company might face multiple roadblocks concurrently when using CEM data.*

As depicted in the above figure, disparate data silos represent the number one challenge hindering an organization's ability to build and manage data-driven CEM programs. Specifically, these silos indicate a lack of integration between systems such as CRM, ERP, e-commerce, and marketing automation. As a result, employees end up with a fragmented view of customer interactions. For example, a company with disparate systems runs the risk of delivering marketing campaigns to which employees in the contact center have no visibility. In such a case,

Findings from Aberdeen's May 2016 *CEM Executive's Agenda 2016: Aligning the Business Around the Customer* study used five performance metrics to identify organizational performance based on two cohorts:

- **Best-in-Class:** Top 20% of respondents based on performance
- **All Others:** Bottom 80% of respondents

The performance metrics used as part of this analysis and the respective results for both categories are as follows:

- **Customer retention rate:** Best-in-Class: 86% vs. All Others: 57%
- **Year-over-year change in customer satisfaction rate:** Best-in-Class: 37.4% vs. All Others: -0.8%
- **Year-over-year change in annual company revenue:** Best-in-Class: 35.4% vs. All Others: 7.7%
- **Year-over-year improvement in response time to customer requests:** Best-in-Class: 32.0% vs. All Others: 3.6%
- **Year-over-year change in average customer profit margin:** Best-in-Class: 18.2% vs. All Others: 2.9%

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**Fifty-eight percent (58%) of businesses use at least eight channels to capture customer data. This brings the perfect storm in blending structured and unstructured insights to build a truly unified view of customer data.**

agents might not be aware of a particular offer when a customer calls the contact center to claim it. This results in a disconnected customer experience. Our analysis later in this document will reveal the technology

Best-in-Class companies use to address such challenges.

#### What Must Be Fixed with Customer Data

Eliminating silos across multiple technology systems is an imperative for companies to start laying the foundation for data-driven CEM programs. However, will data integration alone solve all of a company's challenges?

**Table 1: Companies Must Adopt a Holistic Approach Customer Data Management Challenges**

Top Data Management Challenges (n=154)	All Respondents
Data quality	69%
Linking data together across siloed systems	66%
Data accuracy	65%
Insufficient data	65%
Timeliness of data	63%
Validity of data	57%

Source: Aberdeen Group, June 2016

Table 1 helps us answer the aforementioned question. As depicted above, siloed systems capturing data is the second top challenge firms face. Removing the silos to create a single view of the customer thus remains a top priority for IT executives, not to mention a leading priority for those running lines-of-business such as marketing, sales and contact center.

Another important takeaway from observing Table 1 is that companies struggle with numerous aspects of customer data

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management that go beyond systems integration. These include the quality, timeliness, and even the quantity of data. If companies are going to continue gathering customer data from different channels, they must implement technology and processes that can ensure the relevance and accuracy of the data collected. Not only that, but their employees need to be able to access the data when they need it for personalized and consistent conversations with customers.

### Addressing Data Management Challenges

Despite these, there is some good news. Between 2014 and 2016, Aberdeen surveyed 624 customer experience executives about their challenges and strategies. A trend analysis on these studies reveals that businesses are increasing the pace with which they assemble the building blocks needed to address their data management challenges.

Specifically, Figure 3 shows that the percentage of businesses indicating that providing key stakeholders with a unified view of the customer journey is a top strategy, increased by 57% over the past three years (2016: 47% vs. 2014: 30%). Businesses are increasingly aware that personalization and consistency of messages across all channels requires a truly data-driven CEM infrastructure. In fact, companies with this strategy are 29% more satisfied with their ability to make data-driven customer management decisions, compared to those without it (44% vs. 34%).

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**Companies are getting smarter on where to start their data-driven programs. The percentage of firms indicating plans to eliminate data silos has increased by 57% between 2014 and 2016.**

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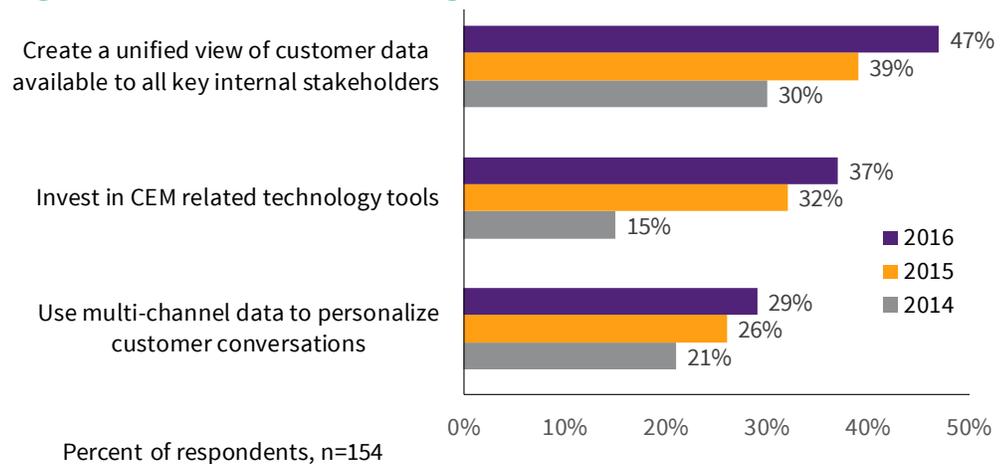
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**Definitions**

For the purposes of this research, Aberdeen uses the following definitions:

**Structured data:** Data that is organized in a pre-defined way or model. Examples would include data regarding a customer's web visitation history or past purchases.

**Unstructured data:** Data that is not organized in a pre-defined way or according to a standard model, such as text in social media messages, recordings of service calls to a contact center, images, etc.

**Figure 3: Companies are Getting Smarter about CEM**

Source: Aberdeen Group, April 2016

Another interesting takeaway from Figure 3 is the significant increase in the percentage of companies reporting that investment in CEM technology is a top strategy (37% vs. 15%). This change suggests that more and more organizations recognize the potential for technology to help alleviate the challenges highlighted in this document.

Let's now take a closer look at some of the tools that Best-in-Class firms use to build a data-driven CEM program that delivers superior results.

**Technologies Best-in-Class Firms Use to Manage Customer Data**

Top performing businesses use a rich set of technology enablers to capture, store, analyze, and use data. Table 2 provides an overview of these technologies according to the following three maturity stage categories:

**Established:** This category refers to technologies that are utilized by more than 60% of Best-in-Class firms. Among them are CRM technologies, the most widely adopted system of record for storing account data. The adoption rate of web analytics

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tools is almost the same across

Best-in-Class and other firms. With 93% of all businesses using the web as part of their CEM programs, it's not surprising that so many analyze website data (e.g. time spent on the site and path to purchase) to drive desired business outcomes.

Top performers also rely on business intelligence tools to identify trends, uncover correlations, and conduct root cause analysis using historical and recent customer data. In this way, these companies can identify evolving buyer needs, assess organizational performance, and refine tactics for attaining company objectives.

We do note a very wide gap in adoption rates for data quality and integration tools (65% vs. 35%) – Table 1.

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**On average, employees spend 11% of their time seeking information across enterprise systems. Minimizing this time by making it easy for employees to access relevant data in a timely manner must be a priority for firms looking to maximize productivity and reduce unnecessary costs.**

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**Table 1: Best-in-Class Firms Utilize a Rich Technology Toolbox**

Technology Maturity Stage	Technology Adoption Rate (n=154)	Best-in-Class	All Others
<b>Established</b>	CRM	73%	62%
	Web reporting & analytics	67%	66%
	Business intelligence	67%	64%
	Data quality / integration	65%	35%
<b>Mid-stage</b>	Real-time decisions assist and guidance	54%	14%
	Digital dashboard / visualization tools	50%	38%
	Real-time reporting and alerting	48%	28%
<b>Early-stage</b>	Predictive analytics	35%	22%
	Prescriptive intelligence or recommendation engine	31%	17%
	Speech analytics	23%	7%
	Text analytics	21%	21%

Source: Aberdeen Group, June 2016

Data quality and integration tools help organizations seamlessly integrate structured and unstructured data gathered from myriad channels and thus build a rich (and complete) view of the buyer's journey. Use of this technology is highly aligned with creating a unified view of account data.

**Mid-stage:** This category includes technologies for which adoption rates range between 40% and 59%, a range indicating that the majority of Best-in-Class organizations have either implemented them or are currently assessing the need for implementation. The enablers included in this category are real-time decision assist and guidance technologies, which help support contact center agents and inside sales representative with real-time analysis of customer data and recommendations for next best actions. For example, when a client requests a termination of service, companies with this capability can

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provide the account manager with the action best designed to maximize the likelihood of retaining that client. This next best action is derived from analysis of previous interactions with similar buyers and based on identifying the best path for steering these conversations to desired outcomes.

Providing guidance on achieving desired outcomes is important, but companies must not forget the importance of making human connections when serving buyers. For this reason, it's also critical that businesses provide their employees with timely and relevant views of account information. Data shows that Best-in-Class firms use digital dashboards and visualization tools 32% more widely than other firms (50% vs. 38%). This technology helps employees create customized dashboards and lets them view only the most relevant account information needed to do their jobs.

**Early-stage:** This category applies to tools for which adoption by the Best-in-Class is only at 39% or lower. It includes enablers that are either emerging or have been in the market for a short amount time, as well as those serving specific purposes that might be unique to only certain organizations.

Predictive analytics helps organizations analyze historical customer interaction data, such as website visits and shopping cart abandonment rates, to predict the likelihood of certain events. Every business needs a glimpse into the future, so this technology should be relevant for all organizations. Adoption rate of predictive analytics is towards the higher end for early stage enablers and its adoption should continue to increase as the technology matures.

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**Social media plays a key role in many CEM programs. Use of text analytics helps companies uncover insights hidden behind customer-generated social media content.**

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**You don't need to reinvent the wheel to optimize your customer data management activities. Involve your employees in the process by asking them for feedback on challenges they face when using data to do their jobs.**

**Only 15% of companies are fully satisfied with their ability to use data to engage in truly personalized and consistent customer conversations.**

Speech and text analytics help organizations unlock insights hidden in unstructured data. Specifically, speech analytics helps organizations analyze voice conversations (phone and interactive voice response (IVR)) between customers and the company. This analysis is done in numerous ways, including converting voice data to text and using text analytics to conduct the analysis. Phonetic analysis allows companies to analyze voice data directly, without first converting it into text.

Text analytics also help companies analyze agent notes and customer-generated social media comments, such as tweets and Facebook posts. Companies can use this technology to identify buyer sentiment and alert relevant stakeholders to take necessary actions. Additional applications of this technology include identifying words buyers in certain segments commonly use, thus helping companies determine their customers' common interests and challenges.

#### Recommendations

Companies today understand that using data in their CEM programs is no longer a differentiating factor, it has become essential. Still, only 15% of organizations are fully satisfied with their ability to engage in truly data-driven customer conversations. Lack of a unified view of customer data is the top reason why employees across numerous businesses struggle with delivering a more contextual buyer experience.

We recommend that organizations whose employees are challenged by an inability to access the right information at the right time, along with the inability to conduct consistent, multi-channel conversations, adopt the below activities:

- **Capture employee feedback on challenges accessing and using data.** It is ultimately the employees who must

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use customer data to manage a wide range of activities, from sales and marketing to the back-office. Surveying employees by asking them about the challenges they face when accessing the information needed to do their job should be the first step in determining areas of inefficiency.

- **Map the customer data flow across the business. CEM programs are dynamic. Companies regularly add (or eliminate) channels used to interact with buyers.** We recommend mapping sources of customer data on at least an annual basis. This must be complemented with a map of data flows across different systems. In this way, you can see how data captured in one system feeds into others, and thus begin developing a single view of the customer. This process will reveal which systems from poor integration. We recommend using the following recommendation to eliminate such data silos.
- **Use technology to build a unified view of the customer journey.** Technology supporting improved data quality and management helps organizations integrate the structured and unstructured data captured across multiple channels. Ultimately this will provide you with a holistic view of the entire customer journey. If you don't have the internal expertise to use such tools, we recommend working with a third-party service provider who can implement a systems integration program designed to ensure proper data flow across enterprise systems.

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

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## Related Research

[\*CEM Executive's Agenda 2016: Aligning the Business Around the Customer\*](#); May 2016

[\*Voice of the Customer: How to Convert Feedback and Sentiment into Better Business Results\*](#); April 2016

[\*Building a Best-in-Class VoC Strategy in 2016: Stop Hoarding Data, Start Putting it to Work\*](#); April 2016

[\*Omni-Channel Customer Care: Best-in-Class Steps to Success\*](#); December 2015

[\*Employee Engagement: Paving the Way to Happy Customers\*](#); September 2015

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### 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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