

3 New Ways to Understand & Improve Your Customers' Experience



Insight into customers' journeys drives meaningful engagements and revenue

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Introduction

Today's customers expect brands to know them and to anticipate what they want—and when they need it. They expect positive experiences and personalized service on demand wherever and whenever they interact with an organization.

But with interactions taking place across multiple channels, applications and devices, it is not easy for organizations to connect the data dots of a customer's journey. Seeing the whole picture of customer experience trends can pose a challenge. Without this broad view, organizations might have difficulty identifying opportunities or addressing potential problems in a timely manner.

But when it comes to analyzing the entire customer experience, what does the right solution look like?

An optimal solution should reveal how customers are interacting across channels and devices, so organizations could see the actual buying experience through the customer's eyes. The right analytics solution should provide rich capabilities for understanding customers better so they can be engaged in more meaningful ways.

An effective solution should:

- Provide the ability to perform root cause analysis into customer behavior
- Enable visualizations of the customer journey across channels
- Deliver the ability to easily pivot from one type of analytics to another to find out what is happening, understand why it is happening and determine the impact



The Customer Experience Gap

Organizations are on a quest to improve the customer experience. They are making it a top priority: by 2016, 89 percent of companies expect to compete mostly on the basis of customer experience.¹ Even with such an important goal, many organizations find it hard to achieve.

There is often a gap between what the organization perceives and what the customer experiences. A 2015 IBM study reported that 81 percent of consumer brands surveyed claim to contextually understand their customers, but only 38 percent of customers agreed with this assessment.²

From the customer's perspective, a great experience interacting with an organization appears to happen easily and effortlessly. But for the organization, a great experience requires deep knowledge of customers and proper management of customer engagement using the right tools and capabilities.

Why is There a Customer Experience Gap?

There are three main causes behind the customer experience gap.

- Data is fragmented across many systems
- Analytical tools are not well integrated
- Organizations operate in siloes

Organizations can no longer afford a fragmented view of their customers. Research shows that a majority of customers take more than one sales avenue: 56 percent of customer interactions happen during a multi-event, multichannel journey.³ Analysts need an integrated view of the omnichannel customer experience to understand the whole journey. The objective is not to understand the customer interaction on any single digital property, but to focus on people as they move through the overall buying process.

Moreover, today, analysts work in multiple tools to answer the questions they have about their customers' experience. They have a web analytics solution that helps to answer what is happening on digital properties, and a separate tool for mobile. Perhaps they have invested in customer behavior analytics, or voice-of-the-customer solution to help them understand why things are happening. And likely, they are exporting data from these tools to a spreadsheet to calculate the impact. Working in multiple tools makes it difficult and time consuming to answer all the questions you have about your customers' experience, ensuring that you don't have timely insights needed to deliver an outstanding experience.

And finally, delivering a superior customer experience is a function that spans all customer facing departments within an organization. Many organizations use analytic tools and capabilities that are highly siloed and departmentalized. Sales, marketing, e-commerce and customer service departments often have their own separate analytics and data sets. For example, e-commerce information might be siloed within a customer experience or e-commerce solution. But when the e-commerce department is performing a customer retention analysis and wants to look at customer longevity, loyalty and buying cycles, the marketing data becomes critical. Likewise, if the marketing group wants to examine the buying journey for high-value customers, it needs customer relationship management (CRM) data to determine which customers are most profitable.

In the past, to overcome these three challenges, organizations manually aggregated data to piece together a complete picture. They conducted extensive internal work, spending time and resources they would rather dedicate to actually performing analysis and gaining insight. Many companies export data from various data silos into a spreadsheet, where analysts conduct one-off analyses to answer specific questions. That approach is inadequate for solving today's complex problems.

Connected consumers

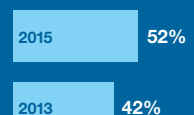
Today's digital consumer is more connected and more empowered. An average digital consumer:

Owens **4 devices**



Consumes **60 hours** of digital content per week⁴

According to a Pew Research survey, **more than half** of respondents (52 percent) now use two or more social media sites, compared with 42 percent in 2013.⁵



Customer Experience Analytics in Action: Improving Conversion Rates

A major retailer is gearing up for the launch of version 2.0 of an exciting new smart watch.

The challenge

To meet the aggressive target of increasing revenues by 10 percent in a very competitive market, the marketing team decides to develop a multichannel campaign and target customer segments based on engagement preferences.

The solution

The marketing team uses IBM® Customer Experience Analytics to look at all the touch points and channels that led to successful conversions in the initial smart watch launch. The team can see the most common journey, the journey that led to the highest revenue path, and the journey that led to the shortest conversion path. This is invaluable input for designing a successful campaign.

The outcome

A few days after launch, the marketing team logs into IBM Customer Experience Analytics to check the results. Traffic is up and customers are adding the smart watch to their shopping cart, but conversions are down.

From within the same solution and interface, the marketing team identifies which customer segments are not converting. They drill directly into sessions and discover that a promo code entered by customers is not being accepted by the system.

The team wants to know where this bad code came from. They examine the entire customer journey and discover a typo in the promo code distributed on Facebook.

The team quickly takes action to fix the issue on Facebook. They identify the segment of customers who experienced the code denial and follow up with a personalized message apologizing for the error and providing the correct code.

Once the code is fixed and the follow-up messages sent out, the team sees their conversion rate return to expected levels.

3 New Ways to Understand Customer Experience

Organizations need to understand the online customer experience. To effectively do this you need ways to quantify and visualize the customer journey individually and in aggregate—across devices, channels, time and touchpoints—to pinpoint improvements that will drive customer acquisition, customer retention, revenue and sales. There are three key capabilities needed for effective customer experience analytics:

- Ability to deep dive into customer behavior for root cause analysis
- Ability to visualize the customer journey across channels
- Ability to easily pivot to find out what is happening, understand why it is happening and determine the impact

Analyze customer behavior to understand root causes

Organizations are facing tremendous pressure to increase revenue and reduce costs. They must go beyond customer attraction to seek ways to gain clear visibility into why customers abandon key business processes, such as checkout, site registration, bill pay, and mortgage applications. It is an application or system issue, poor site usability, or a mediocre offer that is affecting customer experience?

To truly understand customer behavior you need the ability to see your digital and mobile channels through the eyes of your customer by replaying customer experiences. But replaying every session isn't feasible. And sampling isn't reliable. You need to automatically identify when customers experience issues and struggles, so you can proactively investigate to find the cause and take action to both fix the problem and follow up with affected customers. For example, an invalid promotional code caused several customers to abandon their carts half way through a purchase transaction.

Customer behavior analytics can provide the insight into individual customers and segments of customers so you can get at the root cause.

With visibility into each and every customer's digital and mobile experiences, organizations can enrich engagement, reduce struggle and prevent churn to deliver superior experiences that keep customers coming back for more. Organizations that invest and act on insights in the best interests of their customers will be equipped to maximize engagement and sales by offering products and content specifically tailored to what they know about each customer in terms of demographics, past buying behavior and current context.

Visualize customer journeys across channels

It is also important for organizations to connect customer data to gain visibility into the entire customer journey. Customer interactions can be understood as one continuous progression across devices and channels, but only if data from each touchpoint can be connected and used together.

Suppose a digital analytics user in the sales department notices the conversion rate is going down but has no idea why. If this analyst continues to operate in a silo without a view to what is happening in other channels, further exploration of the problem will be incomplete. But with the ability to tie data together across the entire journey, the analyst gains a more holistic view of factors impacting a drop in conversion, whether it's poor user experience on the site, or the fact that conversions are happening in a physical channel.

The key to solving this challenge is to make it easy to stitch together data from diverse sources such as social, mobile, call center, store and website, and then surface views of the journeys customers actually took, in a visual, consumable way that answers key questions such as:

- What is the shortest path to conversion?
- What is the most common path to conversion?
- What path yields the most revenue?
- How does activity in one channel impact conversion in another?

This insight enables organizations to replicate successful journeys, and pinpoint activities that drive conversion, revenue and loyalty.

Most organizations—and solution vendors—concentrate on one aspect of the customer journey, such as digital marketing, mobile, social or store. IBM is uniquely focused on bringing together that entire customer experience and provide a holistic view of customers that can increase insight and deliver a relevant, personalized customer experience.

Analytics in Action: Generating increased revenue

Kathy, the customer marketing director at a financial firm, is tasked to increase her company's high-value customer segment revenue by 45 percent in the next 12 months.

The challenge

This is an aggressive goal that will require new actions. Kathy partners with the director of demand generation, José, to better understand—and improve—the buying journey of high-value customers.

Kathy and José turn to IBM Customer Experience Analytics, which allows them to see how these customers interact with the company's digital assets and sales channels over time.

The solution

- José starts his investigation by identifying the steps customers took just before creating a high-value account with the firm. He looks at the five most commonly traveled journeys that ended in success and analyzes the data.
- He notices that half of all high-value customers were acquired when email outreach was combined with a live-person interaction through a phone call or a chat console.
- Comparing the email messages for those who engaged in a phone call or chat versus those who did not, he notices the actual offer within the email was for a "free investment advisor consultation."
- Those who took advantage of the free consultation offer immediately contacted the firm's customer support department.

The outcome

José works with his team to make the free consultation a permanent offer, while Kathy submits a plan to increase call center staff by 30 percent and train them in issues and responses targeted to high-value customers.

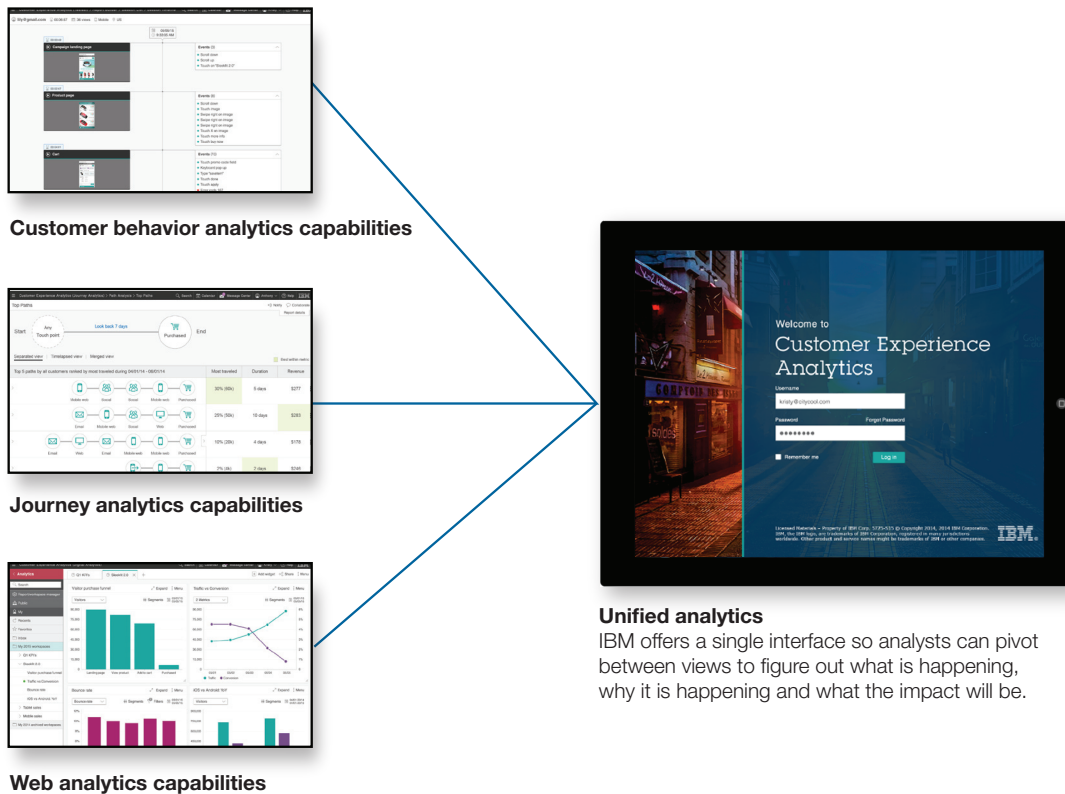


Figure 1. Elements of unified analytics.

Unified analytics

To improve customer engagement, organizations need a holistic view of the factors that influence a customer's interaction with their brand. For instance, to improve mobile sales conversions, a single analytic tool can only point to where the problem is. However, the organization needs to investigate and understand the root cause: Is there a problem with the products or the offers? If analysis shows that many buyers using the company's mobile app are abandoning their shopping carts during a five-step purchasing process, the solution may be as simple as shortening the process to three steps.

Many analysts currently cobble together a holistic view of their customers using multiple analytics tools. In one tool, they can identify trends, but can't drill down into the customer journey to see what is causing the trend. In another tool, they may have a great view of what is happening on the company's website, but cannot identify the conversion struggle experienced by mobile customers.

Instead, analysts need to be able to telescope in and out of an analytic view, or pivot from one type of analytics to another. The process could start with an overall view of the customer buying journey across devices, channels and time. The analyst could use aggregate trends to identify the most common routes that people take to a purchase. From the aggregate trends, the analyst could drill down to understand a single person's journey and their specific struggles. The analyst could then move to digital analytics to analyze a particular customer segment. Ideally, all of this would be accomplished with one login and within one environment, using a unified analytics workbench (see Figure 1).

Comprehensive customer analytics capabilities from IBM

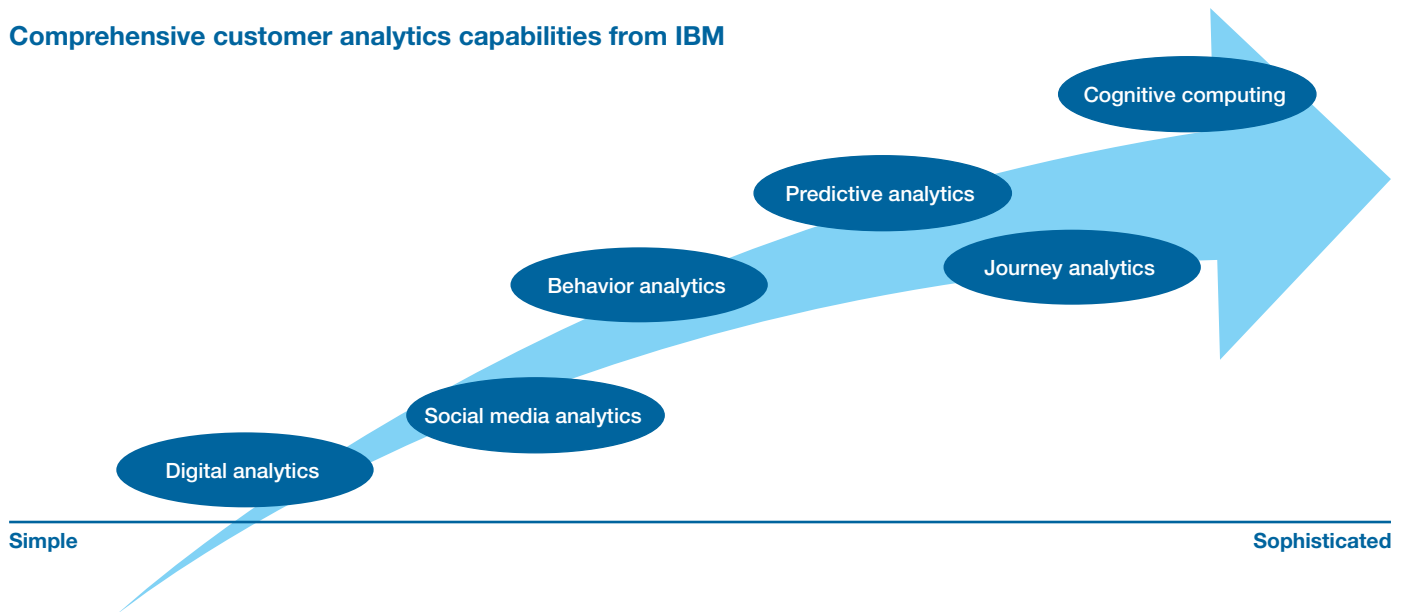


Figure 2. IBM offers a full set of tools to understand your customer's experience and sentiment, and predict the best way to engage them.

Analytics That Grow With You

With the integrated IBM approach, organizations have one data architecture and one place to look for analytics solutions. IBM Customer Experience Analytics is modular in nature, so organizations can adopt what they need today and add additional features as necessary. The comprehensive set of IBM tools includes advanced capabilities such as predictive analytics and cognitive computing for forecasting, learning and refining the most meaningful ways to engage a customer (see Figure 2).

Improve Business Competitiveness with Integrated Customer Experience Analytics

A well-designed, holistic approach to customer experience analytics can provide the insights brands need to enhance their competitive position through dynamic, user-driven experiences and highly personalized, responsive service. Organizations can quickly adopt new customer engagement approaches in today's rapidly evolving market through connected sharing of customer data. A complete view of customer interactions can deliver profound business benefits for your organization, from reduced operating costs and more effective customer acquisition to higher customer satisfaction and increased revenue.

For more information

To learn more about customer experience analytics and the integrated IBM approach, please contact your IBM Business Partner or IBM representative, or visit: ibm.com/cxanalytics

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¹ Sorofman, Jake. "Gartner Surveys Confirm Customer Experience Is the New Battlefield." Posted October 23, 2014. Gartner. <http://blogs.gartner.com/jake-sorofman/gartner-surveys-confirm-customer-experience-new-battlefield>

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⁵ Pew Research Center. "Social Media Update 2014." January 9, 2015. www.pewinternet.org/2015/01/09/frequency-of-social-media-use-2



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