



CX AGILITY IN CUSTOMER DATA: 5 KEY BUILDING BLOCKS FOR HYPER-PERSONALIZED INTERACTIONS

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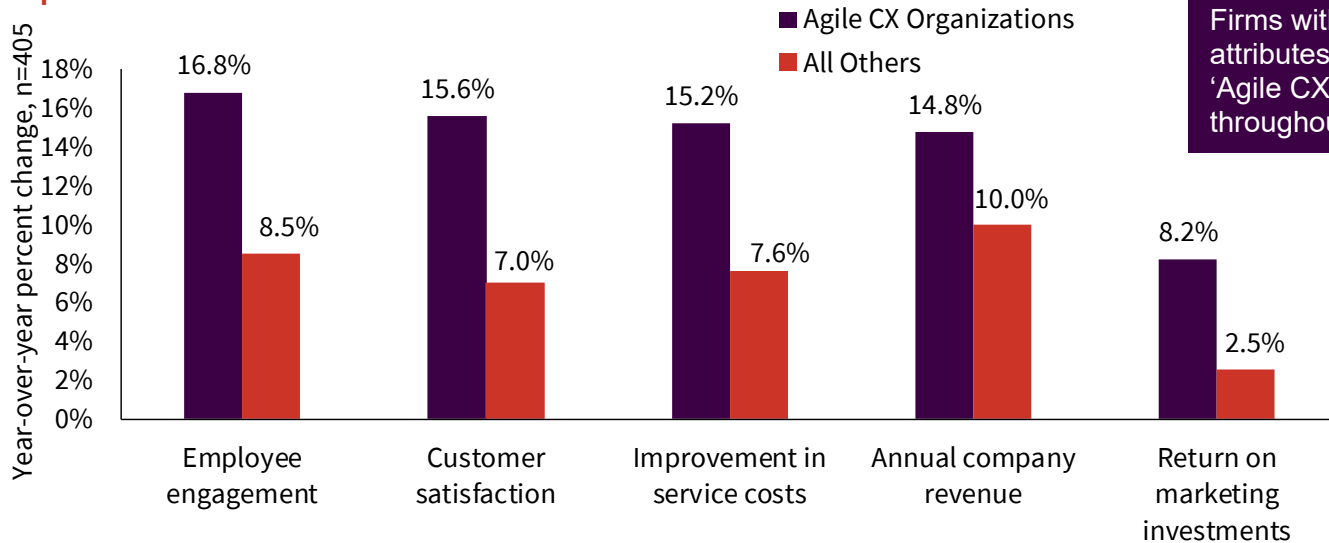
This report highlights the role of connected customer data in helping businesses with customer experience (CX) agility while hyper-personalizing interactions across all customer engagement channels. It also illustrates five key activities firms must use to ensure CX agility through connected customer data.

Agile Organizations Who Master Data Maximize ROI of CX Agility

CX has become one of the few remaining differentiators firms can rely on for long-term competition. Firms that delight their current and potential customers protect and grow their market share while enriching their financial fortune while those that don't, lose their competitive strength and risk joining the fate of brands that lost 'touch' with their clientele. In a world where **78% of CX leaders struggle to achieve their goals due to challenges in using data**, how firms manage data has become a key differentiator. Aberdeen's *CX Executive's Agenda* survey studies responses from 405 businesses from around the world and across all industries about the key trends and best practices influencing their CX activities, and found that **only one out of four businesses have transformed their traditional CX programs into agile CX programs** (see sidebar).

Figure 1 shows that agile CX organizations achieve superior year-over-year (YoY) performance gains, compared to all other organizations (from hereon also referred to as 'firms with traditional CX programs' and 'other businesses').

Figure 1: Agile CX Organizations Enjoy Superior YoY Performance Improvements



Source: Aberdeen, September 2021

Aberdeen's research shows that on average, companies use at least 10 channels (e.g., web, social media, phone, email) to engage customers. As such, firms use numerous systems to collect data across those (often fragmented) channels, making

Definition: CX Agility

For the purposes of this research, Aberdeen defines 'CX Agility' as companies monitoring changes in customer demand and business conditions to predict how they may impact their activities, proactively adjusting their activities to keep-up with (and lead) those changes and facilitate business growth. These activities have three key components:

1. Transform business activities on-time & accurately
2. Innovate & improve customer engagement activities
3. Uncover & take advantage of growth opportunities by adapting business activities

Firms with all of the above attributes are defined as 'Agile CX Organizations' throughout this report.

it harder for employees to ensure consistency in customer conversations. Figure 1 shows that **agile CX organizations enjoy 98% greater YoY increase in employee engagement rates** which signals that they enable their employees with the right information at the right time to help employees excel in doing their jobs (16.8% vs. 8.5%)

Empowered employees are far more likely to meet and exceed customer expectations as they know about specific buyer needs and behavior and can adjust (hyper-personalize) their activities accordingly. To this point, they report **2.2x greater YoY increase in customer satisfaction rates** (15.6% vs. 7.0%).

Visibility into the broader needs of current and future customers makes it easier for employees across sales, marketing, service, commerce, and even the back-office to monitor changes in those needs and adjust activities throughout the customer journey such that the business adapts to the evolving buying behavior. Specifically, this enables CMOs to improve return on marketing investments (ROMI) by gauging which campaigns are more likely to deliver desired results so they can be repeated to engage relevant targeted audiences while those that don't, can be adjusted to deliver better ROMI – measured by marketing's contribution to company revenue. **Agile CX organizations enjoy 3.3x greater YoY increase in return on marketing investments** (8.2% vs. 2.5%).

Tailoring customer conversations by keeping up with and addressing buyer needs also allows firms to **enjoy 48% greater YoY growth in annual revenue** (14.8% vs. 10.0%). This is important as it illustrates that optimizing the use of data by connecting that data across all sources and using it to hyper-personalize conversations goes beyond creating happy customers – it also helps firms improve their financial health. Although the 4.8% gap in annual revenue growth between agile and traditional CX organizations may appear rather small, it's significant. Assume a firm with \$250 million in annual revenue, the 4.8% gap associated with transforming CX activities of this firm from traditional to agile would mean that this firm would enjoy **\$12 million greater revenue growth each year**.

Mastering use of data also helps firms reveal the efficiency of current business activities and find ways to reduce costs by addressing those inefficiencies. For example, an insurance services provider may observe a sudden increase in the number of phone calls for property damage claims in the aftermath of a hurricane. Using connected customer and operational data, the firm can observe weather reports in advance, predict an increase in call volume, and schedule the right number of agents to address increased traffic. As such, it can reduce agent overtime and telephony costs that it may otherwise incur due to poor operational planning. To this point, data shows that **agile CX organizations enjoy 2.0x greater YoY improvement (decrease) in service costs** (15.2% vs. 7.6%).

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Agile CX
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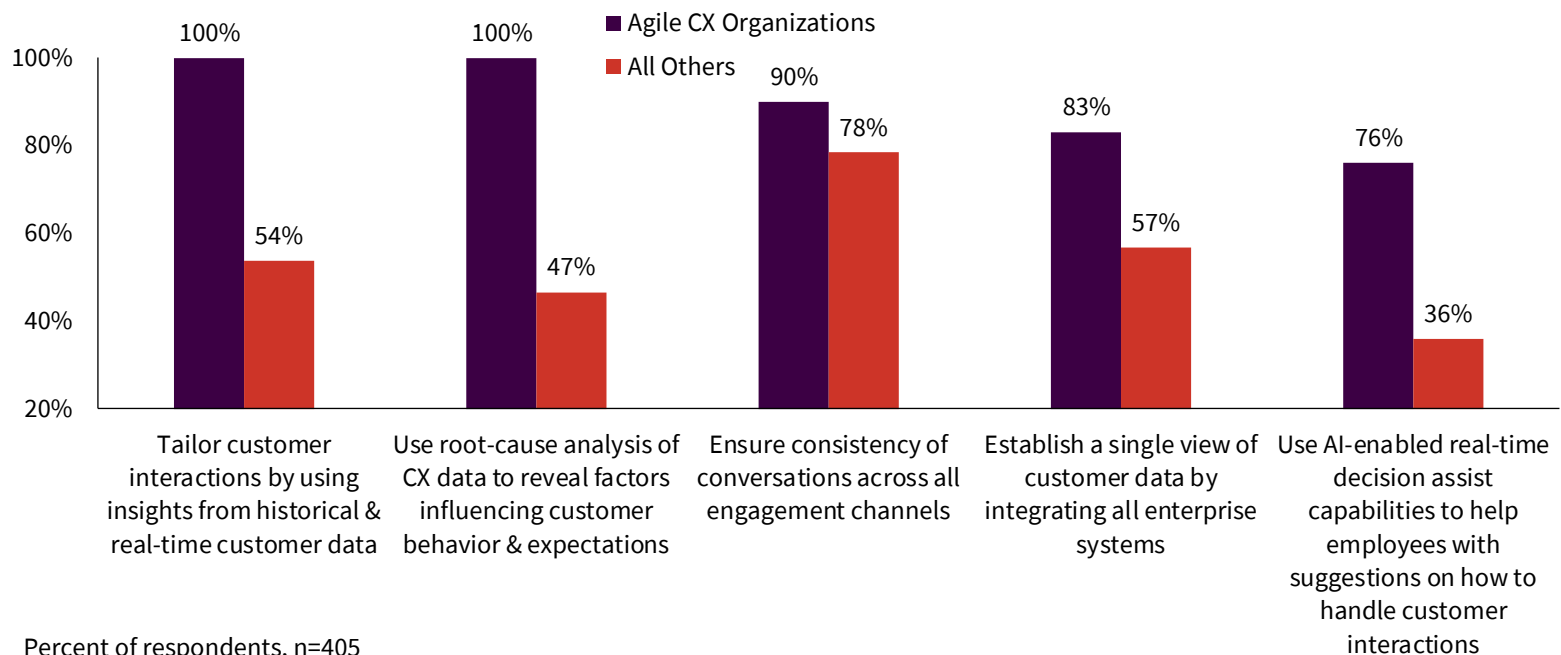
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How to Build and Maintain an Agile, Data-Driven CX Program

The performance results of agile CX organizations are clear. But how do firms really go about managing data in a more connected fashion to deliver personalized experiences and elevate business results? The findings show that **all agile CX organizations tailor customer interactions across all channels using data** – Figure 2. Connected customer and operational data enables firms to hyper-personalize all elements of these conversations, including the messaging, timing, and channel. For example, is this a high-value client? What channel do they prefer to buy from? Do they prefer self-service or in-person interactions? Establishing and maintaining a connected view of CX data allows agile firms to quickly put all this data into action to rapidly adapt to changing buyer needs. Figure 2 shows that besides tailoring business activities through CX data, agile firms also use the same data to ensure that conversations across all channels remain consistent – a necessity to ensure omni-channel customer interactions.

Agile CX leaders uncover the context behind customer behavior, so they can hyper-personalize every interaction.

Figure 2: Five Building Blocks for Truly Data-Driven Agile CX Programs



Percent of respondents, n=405
Source: Aberdeen, September 2021

The above figure shows that **all agile CX leaders use root-cause analysis to reveal factors influencing customer behavior and expectations**. In other words, along with hyper-personalizing customer conversations using connected data, using root-cause analysis to reveal and keep-up with the precise factors influencing customer behavior and needs are table stakes to become an agile CX organization. The root-cause analysis leverages customer and operational data from both internal data sources (e.g., CRM, marketing automation, sales automation, and enterprise resource planning systems) and external sources (such as weather, traffic, and social media). Knowing how various factors influence customer behavior and operational needs,

firms can better adapt their activities to proactively address future customer and operational requirements.

Eliminating disparate silos is vital for firms to not only connect customer data but also use this data to understand changes in customer expectations and operational conditions. Using customer data platforms (CDP) allows firms to automatically connect data from various sources to build and maintain a more comprehensive, consistent, and accurate view of customer insights. Figure 2 shows that agile CX organizations are 46% more likely to have such a single view of data available across all channels and business departments (83% vs. 57%).

Although revealing factors influencing customer behavior and expectations are important, those are only useful when firms act on them. Data shows that besides proactively adjusting business activities to adapt to changing business conditions, agile CX organizations also proactively support employees through prescriptive guidance. Specifically, they are **2.1x more likely to guide employees with real-time decision assistance** (76% vs. 36%). Such prescriptive guidance can be in the form of helping marketers pick images that may increase conversion rates in an upcoming marketing campaign. It can include providing sales reps with sales playbooks based on opportunity stage and notes in CRM to help sellers shorten the sales cycle and increase win rates. Overall, using machine learning capabilities combined with natural language understanding (NLU) helps firms interpret context of customer conversations. Using automation and workflows upon detecting context makes it easier for CX leaders to trigger next-best action guidance. All of this evolves over time as the firm executes new activities, analyzes their impact in combination with the root-cause analysis mentioned earlier, and adapts to provide employees with prescriptive guidance that best aligns with evolving customer needs.

Agile CX leaders are

2.1x

more likely to guide employees with real-time decision-assistance.

Key Takeaways

Personalization has evolved far beyond adding customer names to emails. Forward-thinking business leaders tailor customer interactions based on data-driven insights. Those insights allow them to not only keep-up with changing customer needs and business conditions but proactively adapt business activities to address them. Firms that make the leap to such agile CX programs enjoy significant performance improvements across various metrics, including revenue growth, cost reduction, customer satisfaction, and employee engagement. At the heart of it all is data. While 78% of CX leaders struggle with using data, agile CX leaders master using it to achieve their business goals. There are five pillars enabling these savvy business leaders to ensure agility with the help of data:

- ▶ Establish & maintain a holistic view of customer and operational data from across the enterprise
- ▶ Master using connected customer insights to hyper-personalize
- ▶ Use analytics to reveal hidden and emerging trends to adapt business activities to changing market conditions

- ▶ Minimize friction across channels by ensuring consistency across customer interactions across all channels
- ▶ Empower employees with advanced technological capabilities such as AI and automation to make it easier to do their jobs

Figure 2 in this report outlines more detailed steps companies should take to establish and maintain these building blocks. Aberdeen highly suggests that if you're not currently using an agile CX program that you consider doing so. The activities listed in this report will provide the foundation to help with connecting data across all sources so you can better monitor changes in customer behavior and business conditions and adjust activities to rapidly adapt. It's such proactive use of data and CX programs that allows leading firms to ensure long-term growth and fierce customer loyalty.

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